



# OPEN POWER FOR A BRIGHTER FUTURE.

WE EMPOWER SUSTAINABLE PROGRESS.

**STATEMENT OF NON-FINANCIAL  
INFORMATION AND SUSTAINABILITY FOR 2020**





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**D. Juan Sánchez-Calero  
Guilarte**

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Chairman



**D. José Damián Bogas  
Gálvez**

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CEO

**Presentation  
letter**

We are pleased to present this new Statement of Non-Financial Information and Sustainability for 2020 to our stakeholders to show how we integrate our strong commitment to sustainability into our actions.

We continue to strive to create a global and sustainable energy model and we follow the international reference frameworks promoted by the United Nations. In doing so, we remain fully committed to the ten Principles and the seventeen Sustainable Development Goals (SDGs) of the UN Global Compact and to the UN Guiding Principles on Business and Human Rights. ENDESA's undeniable commitment to the UN SDGs included in the 2030 Agenda is confirmed by the allocation of 94% of the investments planned in the operational objectives 2021–2023 of the Strategic Plan to climate action, SDG 13 (Climate Action), which in turn encompasses SDG 7 (Affordable and Clean Energy), SDG 9 (Industry, Innovation and Infrastructure) and SDG 11 (Sustainable Cities and Communities). Although its main contribution is to these climate-related SDGs, ENDESA also works towards achieving SDG 4 (Quality Education) and SDG 8 (Decent Work and Economic Growth).

Furthermore, in the Strategic Plan 2021–2023 we update our ambition to lead the decarbonisation and energy transition process that form part of the climate objectives of the EU as a whole and Spain and Portugal in particular. Installed renewable capacity is set to grow by 50% in the period 2021–2023. As a result, 89% of peninsular production will be free of CO<sub>2</sub> emissions by the end of 2023.

The Plan places decarbonisation at the centre of its strategy, with 40% of the planned investment for 2021–2030 dedicated to renewable energy. In this way, we have been able to set a specific emissions target of 95 gCO<sub>2</sub> eq/kWh by 2030, in line with the objectives that international standards set as necessary to comply with the 2015 Paris Agreement and prevent the increase in average temperatures of the planet from exceeding 1.5°C relative to pre-industrial levels.

So we want to prepare ourselves to accept the challenges and seize the opportunities that a zero-emissions future will present by 2050. The investment indicated above to ensure that 80% of production is emission-free by 2030 represents an acceleration in our strategy to achieve that future with zero emissions. Furthermore, we are promoting this transformation with the closures of our coal-fired power plants, which include the implementation of just and fair transition plans. We are well aware that full com-

mitment to the energy transition process can have negative socioeconomic consequences for the areas where the power plants are established, so in order not to leave anyone behind, and through active collaboration with the various administrations involved, we aim to mitigate these effects on the local population by means of initiatives that promote economic dynamism in the affected areas.

Another effort, linked to the decarbonisation of the economy as a whole, is the drive to digitise the network, which will involve an investment of 2.6 billion euros in the period 2021–2023. This investment will make it possible to boost electrification and thereby shift the consumption of fossil fuels in other sectors towards electricity based on renewable sources. For this reason, we also allocate resources for the electrification of residential demand, as well as of sectors such as industry and transport.

In addition, two other concepts linked to two other SDGs have been taking on greater significance in our strategic vision, as reflected in our Strategic Plan 2021–2023. The first is the circular economy (SDG 12 Responsible Production and Consumption), which is shaping up to become an essential element for achieving a sustainable economic model, for which reason integrating circular thinking into the culture of all areas of the organisation is one of our priorities. The second concept has to do with the fundamental importance that the search for partnerships has taken on (SDG 17 Partnerships to achieve the Goals). At ENDESA we have a long tradition of seeking alliances to increase and improve the effects of our business on society. Indeed, the idea of "Open Power", which constitutes our mission, vision and values, is based on opening up the company to society. And one of the fundamental axes in that opening is the search for alliances. This concept has acquired a special relevance at this time. On the one hand, to provide an appropriate response to the great challenge of the just transition towards decarbonisation mentioned above, since only with the collaboration of all the social agents involved can a satisfactory solution be reached. And on the other hand, given the exceptional circumstances that have arisen this year as a result of the COVID-19 health crisis, the collaboration of the private sector and the various administrations and civil society organisations has been essential to alleviate the negative effects of this crisis.

The COVID-19 health crisis has had a human and economic impact unprecedented in our recent history. In the economic response required by the recovery from the pandemic, we are determined to promote a new, more responsible and inclusive economic model, focusing in-

vestments on those sectors and activities that ensure a more sustainable future. This is a vision shared with the highest EU institutions, as demonstrated by the launch of the “Next Generation EU” initiative, increasing funds for the period 2021–2024 by Euros 750 billion through Recovery Funds. At ENDESA we want to play a significant role in this sustainable recovery of economic activity by accelerating our investment plan to combat the economic recession after the pandemic.

But, in addition to this long-term vision, in 2020 we also helped to meet some of the most urgent needs that are brought about by a crisis of this magnitude. Our ENDESA Public Responsibility Plan contributed to alleviating the social and economic consequences of the pandemic with a fund of Euros 25 million. From the activation of its first phase last March, for the direct purchase of sanitary material together with donations to public and private institutions focusing on the fight against the pandemic, to a second phase, activated in June, to promote basic needs projects, education and job training to support families in vulnerable situations in the most affected territories, as well as programmes to help economic reactivation aimed at SMEs badly affected by the pandemic. In total, the Plan numbers 152 projects carried out or in process, more than 160 conventions or donations made, more than 800 collaborating institutions and, most important of all, 1.7 million beneficiaries.

This external management to alleviate the effects of the COVID-19 crisis has been complemented by our internal management, which has at all times given priority to protecting the health of the people who work for the company. To this end we have put into practice a broad range of measures, such as: promoting working from home in all the territories where we operate, protective measures for those continuing to work in their usual positions because they are considered critical or essential personnel for the development of our business, travel restrictions, testing, taking temperatures, dividing up buildings and work centres, cordoning off and defining new uses for communal spaces, making starting and finishing times more flexible and providing protection kits with the mandatory use of masks. And we have also informed our contractors and suppliers of these measures and impressed upon them how important they are.

To all the employees of the great family that is ENDESA, we are proud of our ability to continue improving in terms

of sustainability. Detailed results demonstrating our continuous improvement and fulfilment of our ambitious targets can be viewed in detail on the following pages. However, we cannot omit to mention the dark shadow cast over the good news of this special year by the terrible misfortune involving the death of a worker from a contractor company as a result of an accident in repairing an ENDESA substation in the Parque Alcosa neighbourhood of Seville. We wish to take advantage of these lines to reiterate, on behalf of all the people who work at ENDESA, our most sincere condolences to his family and our absolute commitment to the safety and health of all the workers who work for the company, a commitment that we extend not only to our employees, but also to those who perform work for our company from other contractor companies.

In this regard, we are acutely aware that we must continue to maintain the highest demands in our daily activities. In our commitment to maintaining good Corporate Governance that contributes to transparency and business ethics, we have placed ourselves at the forefront in the application of good practices, some of which have a direct impact on the Sustainability Plan and Policy:

In July the Board of Directors established a new board committee, the Sustainability and Corporate Governance Committee, with the commitment of integrating sustainability into the management of all the activities of the ENDESA group, at the highest level, promoting the energy transition through the commitment to renewable energy, digitisation and innovation.

In December the Board of Directors approved a new updated Sustainability Policy to meet the new market needs and ensure compliance with good corporate governance practices established in the 2020 Good Governance Code update of the National Securities Market Commission (CNMV).

In December, ENDESA’s Director Candidate Selection Policy was modified, replacing the gender diversity goal of 30% women on the Board of Directors with the new goal of 40% women on the Board before the end of financial year 2022. With this objective, among other measures, ENDESA seeks to promote diversity in all facets and at all levels of its professional team as an essential factor for competitiveness.

This demanding approach has allowed us to make some remarkable achievements this year, which demonstrate

the consolidation of sustainability at the centre of our business strategy, some of which are mentioned below: ENDESA obtained an all-time record high score in two sustainability indices, the DJSI World Index and the Vigeo Eiris Index, reaching the fifth position in its sector and the second overall position respectively.

During 2020, the incorporation of three new female directors has strengthened the presence of women on the Board of Directors, raising it to 30.77%. Likewise, the percentage presence of women on all Board Committees increased during the year to 40%.

ENDESA has positioned itself as the first Spanish company in the energy sector to join the global disability inclusion initiative The Valuable 500, placing diversity as a key factor in sustainability.

Each and every one of us will face the challenges that come our way with the same strength as in other years, always with our excellent performance and our determination to lead the energy sector.



**D. Juan Sánchez-Calero Guilarte**  
Chairman



**D. José Damián Bogas Gálvez**  
CEO

# 2

## **COMMITMENT TO SUSTAINABILITY**



# COMMITMENT TO SUSTAINABILITY

## 1. Who we are

### 1.1. ENDESA in figures

102-7 EU1 EU2 EU3

	2018	2019	2020
Gross Operating Profit (EBITDA) (millions of euros) <sup>1</sup>	3,627	3,841	3,783
Profit for the year (millions of euros) <sup>2</sup>	1,417	171	1,394
Ordinary Profit for the year (millions of euros) <sup>3</sup>	1,511	1,562	2,132
Share Capital (millions of euros)	1,271	1,271	1,271
Non-Current Financial Debt (millions of euros)	4,975	5,652	5,937
<b>FINAL HEADCOUNT (Employees)</b>	<b>9,763</b>	<b>9,952</b>	<b>9,591</b>
<b>NET INSTALLED CAPACITY (MW)</b>	<b>22,718</b>	<b>23,365</b>	<b>21,652</b>
Conventional thermal	7,428	7,159	5,098
Nuclear	3,318	3,318	3,328
Combined cycles	5,445	5,480	5,445
Renewables	6,527	7,408	7,781
Hydroelectric	4,763	4,748	4,749
Wind	1,751	2,308	2,423
Photovoltaic	13	352	609
<b>ELECTRICITY PRODUCTION (GWh)<sup>4</sup></b>	<b>74,193</b>	<b>61,402</b>	<b>56,269</b>
Conventional thermal	28,997	13,346	5,650
Nuclear	24,067	26,279	25,839
Combined cycles	8,957	11,687	11,365
Renewables	12,172	10,090	13,415
Hydroelectric	8,459	5,861	7,681
Wind	3,688	4,127	5,235
Photovoltaic	24	101	498
Other	1	1	1
<b>SALES OF ELECTRICITY TO END CUSTOMERS (GWh)</b>	<b>89,639</b>	<b>89,441</b>	<b>80,772</b>
Regulated Price	12,356	11,385	11,342
Deregulated market <sup>5</sup>	77,283	78,056	69,430
<b>NUMBER OF ELECTRICITY CUSTOMERS<sup>6</sup> (thousands)</b>	<b>10,754</b>	<b>10,635</b>	<b>10,420</b>
Regulated market <sup>6</sup>	5,029	4,807	4,730
Deregulated market <sup>5</sup>	5,725	5,828	5,690
<b>GAS SALES (GWh)<sup>7</sup></b>	<b>86,729</b>	<b>79,784</b>	<b>70,045</b>
Deregulated market	47,810	45,584	39,665

	2018	2019	2020
Regulated market	1,430	1,295	1,225
International market	25,270	19,968	17,440
Wholesale business	12,219	12,937	11,715
<b>NUMBER OF GAS CUSTOMERS<sup>8</sup> (thousands)</b>	<b>1,604</b>	<b>1,649</b>	<b>1,673</b>
Regulated market	233	230	233
Deregulated market	1,371	1,419	1,440
<b>POWER DISTRIBUTED<sup>4</sup> (GWh)</b>	<b>–</b>	<b>126,454</b>	<b>124,658</b>
<b>TAX INFORMATION</b>			
Public subsidies received (€ millions) <sup>9</sup>	0.9	1.7	0.5
Contributions to foundations and non-profit organisations (€ millions) <sup>10</sup>	5.3	8.4	27.2

<sup>1</sup> EBITDA = Revenues - Procurements and Services + Self-constructed assets - Personnel expenses - Other fixed operating expenses.

<sup>2</sup> Net Income = Net Income of the Parent Company.

<sup>3</sup> Ordinary Net Income = Net Income of the Parent Company - Net Gains and Losses on Disposals of Non-Financial Assets (over Euros 10 million) - Net Losses due to Impairment of Non-Financial Assets (over Euros 10 million).

<sup>4</sup> Data measured in power plant busbars.

<sup>5</sup> In the interests of consistency with the economic data referring to this business that are provided in this report, this includes sales made by ENDESA Energía to customers in European countries outside the Iberian market.

<sup>6</sup> Rate customers. Toll customers not included.

<sup>7</sup> Excluding own generation consumption.

<sup>8</sup> Supply points.

<sup>9</sup> The data on public grants received correspond to the total amount of public grants received in 2020, all in Spain (their amount in 2019 being Euros 1.7 million and both amounts in Spain).

Until now the figure reported in this section was the balance of capital grants, the amount of which at 31 December 2020 was Euros 261 million (Euros 273 million at 31 December 2019).

<sup>10</sup> The 2020 figure has been increased by the contributions to the COVID-19 public responsibility plan made until 31 December 2020.

## 1.2. ENDESA's business

### 1.2.1. Main areas of business

102-1 102-2

ENDESA, S.A. and its subsidiaries (ENDESA or the Company) carry out their activities in the electricity and gas business mainly in the market of Spain and Portugal. To a lesser extent, they also sell electricity and gas in other European markets as well as other products and services related to their main business.

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

### 1.2.2. Main markets

102-4 102-6

In order to effectively face all the risks and seize all the opportunities of a constantly changing Energy Sector, ENDESA's business model is structured in distinct Business Lines so as to act with agility in the markets where it operates and take account of its customers' needs in the territories and businesses in which it is present.

ENDESA carries on the activities of electricity and gas generation, distribution and supply, mainly in Spain and Portugal, and, to a lesser extent, from its platform in Spain it supplies electricity and gas to other European markets, in particular Germany, France and the Netherlands.

With the exception of the mainland coal-fired thermal power plants, ENDESA manages its generation and supply businesses jointly, thus optimising this integrated position compared with managing the two activities separately (see Section 2.3.2. Operating Expenses in the Consolidated Management Report for 2020).

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

### 1.2.2.1. Spanish market

**Electricity generation** ENDESA carries out its electricity generation activities in the mainland system and in the non-mainland territories, which comprise the Balearic and Canary Islands and the autonomous cities of Ceuta and Melilla.

- > Conventional mainland electricity generation is a deregulated activity, although specific remuneration is available for generation from renewable sources.
- > Generation in the non-mainland territories is subject to specific regulations addressing the particularities deriving from their geographical location, and remuneration is regulated. There are incentives for investment in generation from renewable sources in the non-mainland territories to reduce costs.

**Supply of electricity, gas and other products and services:** This activity consists of supplying energy on the market and the sale of other products and services to customers. The supply of energy is a deregulated activity.

**Electricity distribution:** The purpose of the electricity distribution activity is to distribute electricity to the consumption points. Electricity distribution is a regulated activity.

### 1.2.2.2. Portuguese market

102-4

**Electricity generation** Electricity generation in Portugal is carried out in a competitive environment.

**Supply of electricity and gas and other products and services:** This activity is deregulated in Portugal.

In the current context, the activities to which ENDESA companies are engaged have been classified as essential activities and are carried out under regulated frameworks.

Up to the date of approval of the Consolidated Management Report, ENDESA has continued to provide its services without any particular problems other than those existing prior to the emergence of COVID-19 and, although it has had to adapt some processes to the circumstances deriving from the health crisis, its ability to provide services has not been significantly compromised.

### 1.2.3. Organisational structure

102-2 102-5 102-45

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.

For the organisation of the various Business Lines, ENDESA, S.A. works primarily through the following Companies:

#### 1.2.3.1. Energy generation: ENDESA Generación, S.A.U.

ENDESA Generación, S.A.U. brings together, among others, the holdings in Gas y Electricidad Generación, S.A.U. (100%), Unión Eléctrica de Canarias Generación, S.A.U. (100%), which manage the generation assets located in the non-mainland territories and ENEL Green Power España, S.L.U. (EGPE) (100%), which manages assets generated from renewable sources.

At 31 December 2020, ENDESA's total net installed capacity in Spain amounted to 21,652 MW, of which 17,326 MW in the mainland electricity system and 4,326 MW in the non-mainland territories of the Balearic and Canary Islands, Ceuta and Melilla. At that date, net installed capacity in renewables was 7,781 MW, of which 7,719 MW in the mainland electricity system, representing 45% of its net installed capacity (see Section 2.6. Statistical Appendix to the Consolidated Management Report).

ENDESA's power plants reached a total net production of 56,269 GWh in 2020, of which 39,254 GWh free of emissions (sum of net nuclear and renewable production including hydroelectric).

## NET INSTALLED CAPACITY 2020

	MW	%
Petroleum	2,334	10.78
Coal	2,764	12.77
Natural gas	5,445	25.14
Renewables	7,781	35.94
Nuclear	3,328	15.37
<b>Total</b>	<b>21,652</b>	<b>100</b>

## NET ELECTRICITY PRODUCTION 2020

	GWh	%
Petroleum	4,217	7.49
Coal	1,433	2.55
Natural gas	11,365	20.20
Renewables	13,415	23.84
Nuclear	25,839	45.92
<b>Total</b>	<b>56,269</b>	<b>100</b>

**1.2.3.2. Energy Distribution: ENDESA Red, S.A.U.**

This company holds, among other, Edistribución Redes Digitales, S.L.U. (100%), which engages in regulated electricity distribution, and ENDESA Ingeniería, S.L.U. (100%). At 31 December 2020, ENDESA distributed electricity in 24 Spanish provinces (A Coruña, Almería, Badajoz, Barcelona, Cádiz, Córdoba, Girona, Granada, Huelva, Huesca, Balearic Islands, Jaén, Las Palmas, León, Lleida, Málaga, Ourense, Santa Cruz de Tenerife, Seville, Soria, Tarragona, Teruel, Zamora and Zaragoza) of eight Autonomous Regions (Andalusia, Aragón, Balearic Islands, Canary Islands, Castilla y León, Catalonia, Extremadura and Galicia) and in the Autonomous City of Ceuta, with a total area of 195,488 km<sup>2</sup> and a population close to 21 million.

The number of customers with an access contract to ENDESA's distribution networks exceeded 12 million at that date and the total energy distributed by ENDESA's networks, measured in plant bars, reached 124,658 GWh in 2020 (see Section 2.6. Statistical Appendix to the Consolidated Management Report).

**1.2.3.3. Supply of energy and other products and services: ENDESA Energía, S.A.U. and ENDESA X Servicios S.L.**

ENDESA Energía, S.A.U. was established on 3 February 1998 to carry out supply activities, responding to the

demands deriving from the deregulation process of the Spanish electricity sector. Its main business is the supply of energy to customers wishing to exercise their right to choose their supplier and receive the service on the deregulated market.

In addition, ENDESA Energía, S.A.U. holds 100% of Energía XXI Comercializadora de Referencia, S.L.U., a trading company in the regulated market, ENDESA Operaciones y Servicios Comerciales, S.L.U., whose purpose is to provide commercial services linked to the supply of energy and ENDESA Energía Renovable, S.A.U., which is dedicated to the supply of electricity and natural gas specifically from renewable sources. ENDESA Energía, S.A.U. also supplies energy to the deregulated markets of Germany, France, the Netherlands and Portugal.

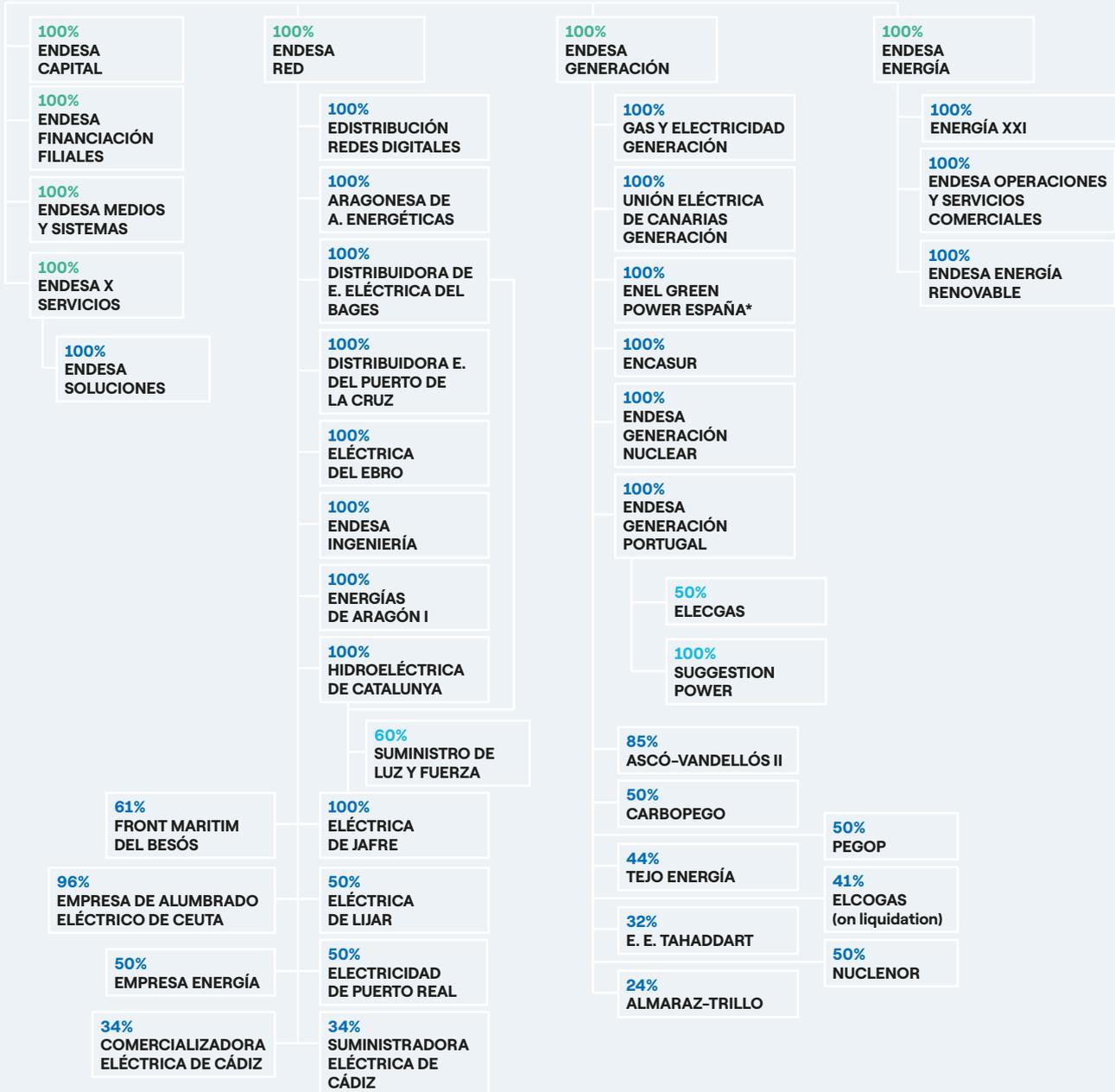
On 1 September 2020, ENDESA X Servicios, S.L.U. was incorporated by means of a partial spin-off ENDESA Energía, S.A.U. and ENDESA Ingeniería, S.L.U. to carry out development and marketing activities for new services adapted to the evolution of the energy market. Its activity is focused on four lines of action: e-Home, e-Industries, e-City and e-Mobility (see Note 2.3.1 to the Consolidated Financial Statements for the year ended 31 December 2020 and Section 2.5. Scope of Consolidation in the Consolidated Management Report).

In 2020, net electricity sales amounted to 80,772 GWh and at 31 December 2020 the customer portfolio in the electricity market consisted of 10.4 million supply points. The total volume of gas sold in 2019 amounted to 70,045 GWh and at 31 December 2020 the customer portfolio in the conventional natural gas market consisted of 1.7 million supply points (see Section 2.6. Statistical Appendix to the Consolidated Management Report).

Appendix I to the Consolidated Financial Statements for the year ended 31 December 2020 lists ENDESA's subsidiaries and joint operation entities.

Appendix II to the Consolidated Financial Statements for the year ended 31 December 2018 lists ENDESA's associates and joint ventures.

There follows a corporate map of ENDESA showing in diagram form its main investees at 31 December 2020:



\* See next chart.

100%  
ENEL GREEN  
POWER ESPAÑA

51% AGUILÓN 20	100% EMINTEGRAL CYCLE	55% EÓLICAS DE FUENCALIENTE	100% NAVALVILLAR SOLAR	58% PARQUE EÓLICO SIERRA DEL MADERO	36% SOTAVENTO GALICIA
100% ARANORT DESARROLLOS	100% ENERGÍA EÓLICA ALTO DEL LLANO	40% EÓLICAS DE FUERTEVENTURA	100% OLIVUM PV FARM 01	100% PARQUE EÓLICO TICO	51% TAUSTE ENERGÍA DISTRIBUIDA
100% BAIKAL ENTERPRISE	100% ENERGÍA NETA SA CASETA LLUCMAJOR	50% EÓLICAS DE LA PATAGONIA	33% OXAGESA (on liquidation)	56% PLANTA EÓLICA EUROPEA	45% TERMOTECENERGÍA (on liquidation)
100% BALEARES ENERGY	55% ENERGÍAS ALTERNATIVAS DEL SUR	40% EÓLICAS DE LANZAROTE	100% PAMPINUS PV FARM 01	30% PRODUCTORA DE ENERGÍAS	100% TICO SOLAR 1
100% BAYLIO SOLAR	67% ENERGÍAS DE GRAUS	50% EÓLICAS DE TENERIFE	90% PARAVENTO	100% PROMOCIONES ENERGÉTICAS DEL BIERZO	100% TICO SOLAR 2
100% BOGARIS PV1	77% ENERGÍAS ESPECIALES DE CAREÓN	60% EÓLICOS DE TIRAJANA	30% PARC EOLIC LA TOSSA-LA MOLA D'EN PASCUAL	33% PROYECTOS UNIVERSITARIOS DE ENERGÍAS RENOVABLES	33% TOLEDO PV
40% BOIRO ENERGÍA	80% ENERGÍAS ESPECIALES DE PEÑA ARMADA	70% EXPLOTACIONES EÓLICAS DE ESCUCHA	30% PARC EOLIC LOS ALIGARS	100% RENOVABLES MEDIAVILLA	100% TORREPALMA ENERGY
51% BOSA DEL EBRO	100% ENERGÍAS ESPECIALES DEL ALTO ULLA	74% EXPLOTACIONES EÓLICAS EL PUERTO	100% PARQUE EÓLICO A CAPELADA	100% RENOVABLES LA PEDRERA	100% VALDECABALLERO SOLAR
100% CASTIBLANCO SOLAR	50% ENERGÍAS ESPECIALES DEL BIERZO	51% EXPLOTACIONES EÓLICAS SANTO DOMINGO DE LUNA	50% PARQUE EÓLICO BELMONTE	50% SALTO DE SAN RAFAEL	87% VIRULEIROS
33% CENTRAL HIDRÁULICA GÚÉJAR-SIERRA	100% ENVATIOS PROMOCIÓN I	65% EXPLOTACIONES EÓLICAS SASO PLANO	80% PARQUE EÓLICO CARRETERA DE ARINAGA	67% SAN FRANCISCO DE BORJA	100% XALOC SOLAR
20% COGENERACIÓN EL SALTO (en liquidación)	100% ENVATIOS PROMOCIÓN II	90% EXPLOTACIONES EÓLICAS SIERRA COSTERA	75% PARQUE EÓLICO DE BARBANZA	45% SANTO ROSTRO COGENERACIÓN (on liquidation)	40% YEDESA COGENERACIÓN (on liquidation)
38% COMPAÑÍA EÓLICA TIERRAS ALTAS	100% ENVATIOS PROMOCIÓN III	80% EXPLOTACIONES EÓLICAS SIERRA LA VIRGEN	82% PARQUE EÓLICO DE SAN ANDRÉS	100% SEGUIDORES SOLARES PLANTA 2	36% TREVAGO RENOVABLES
25% CORPORACIÓN EÓLICA DE ZARAGOZA	100% ENVATIOS PROMOCIÓN XX	100% FOTOVOLTAICA YUNGULLOS	66% PARQUE EÓLICO DE SANTA LUCÍA	28% SISTEMA ELÉCTRICO DE CONEXIÓN VALCAIRE	
100% DEHESA DE LOS GUADALUPES SOLAR	100% EÓLICA DEL CIERZO	100% FURATENA SOLAR 1	90% PARQUE EÓLICO FINCA DE MOGÁN	96% SISTEMAS ENERGÉTICOS MAÑÓN ORTIGUEIRA	
100% DEHESA PV FARM 03	100% EÓLICA DEL PRINCIPADO	30% HIDROELÉCTRICA DE OUROL	76% PARQUE EÓLICO MONTES DE LAS NAVAS	65% SOCIEDAD EÓLICA DE ANDALUCÍA	
100% DEHESA PV FARM 04	51% EÓLICA VALLE DEL EBRO	51% HISPANO GENERACIÓN DE ENERGÍA SOLAR	100% PARQUE EÓLICO MUNIESA	50% SOCIEDAD EÓLICA EL PUNTAL	
40% DEPURACIÓN DESTILACIÓN RECICLAJE	80% EÓLICAS DE AGAETE	37% MINICENTRALES DEL CANAL IMPERIAL-GALLUR	52% PARQUE EÓLICO PUNTA DE TENO	60% SOCIEDAD EÓLICA LOS LANCES	

Additions, removals and changes in ENDESA's corporate map during 2020 are described in Notes 2.3, 2.4 and 2.5 to the Consolidated Financial Statements for the year ended 31 December 2020.

### 1.2.3.3.1. Energy business in Portugal

ENDESA's presence in the Portuguese electricity system is mainly concentrated in the electricity generation and supply activities in the deregulated market.

The assets invested in by ENDESA in 2020 equate to installed capacity in the ordinary regime of 1,483 MW distributed through its interests in Tejo Energia (628 MW) and Elecgas (855 MW).

ENDESA holds a 43.75% stake in Tejo Energia, the company that owns the coal-fired power plant, and a 50% stake in Elecgas, which owns the gas power plant, both established in Pego. In turn, ENDESA owns 100% of the energy produced by Elecgas, through the tolling contract in force between both parties.

The Pego coal and gas plants generated 300 GWh and 3,053 GWh respectively (3,184 GWh corresponding to ENDESA), which meant a 6.5% share of Portugal's total electricity consumption.

The operation and maintenance of the Pego coal-fired power station and combined cycle plant is carried out by Pegop, a company in which ENDESA has a 50% equity interest. ENDESA also owns 50% of Carbopego, the company that supplies the coal for the plant.

ENDESA continues to be one of the main operators in the Portuguese deregulated electricity market. At the end of the year, ENDESA had supplied 7.6 TWh to more than 407,000 supply points, distributed as follows: nearly 35,000 points in medium voltage and more than 372,000 points in low voltage. As for gas, more than 5.1 TWh were supplied and there were more than 111,000 active supply points at year-end.

### 1.2.3.3.2. Business in other countries

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 2020, the plant reached

a production of 1,485 GWh (475 GWh corresponding to ENDESA's 32%).

In France, ENDESA supplied nearly 11.0 TWh of gas in 2020 to more than 5,600 active supply points.

In Germany, ENDESA supplied nearly 1.8 TWh of electricity and 0.2 TWh of gas, to almost 250 active supply points in total.

In the Netherlands, the Company supplied nearly 0.6 TWh of electricity and nearly 1,200 GWh of gas, to more than 100 active supply points each in electricity and gas at the end of the year.

## 2. Driving sustainable progress

### 2.1. Commitment to a sustainable energy model

#### 2.1.1. The Open Power strategic positioning

The new corporate needs of the energy sector have served as the basis for the creation of the Open Power model as a strategic and operational approach for the Enel Group, to which ENDESA belongs.

Thus, the Open Power culture is part of the mission, vision and values of the Company to provide a more open, participatory, digital, safe, affordable and sustainable form of energy to face energy development with responsibility, innovation, trust and proactivity.

#### 2.1.2. Commitment to sustainability

ENDESA considers sustainability as an essential element of its corporate culture that allows the Company to maintain a leadership position and strengthen it for the future. To this end, it integrates sustainability into its strategy and contributes to sustainable development through the creation of long-term value.

To successfully overcome the challenges in terms of sustainability that society faces, ENDESA has defined a series of principles and transversal commitments based on the Company's corporate values, which gov-

## MISSION 2025

- Open up energy to more people
- Open up energy to new technologies
- Open up new ways of managing energy for the consumer
- Open up energy to new uses
- We open up to more collaborators

## VISION

Open Power to face up to some of the biggest challenges in the world.

## VALUES

### Responsibility

Each of us is responsible for the group's success, at all levels. We pour our energy into helping people to improve their lives and live them more sustainably.

### Innovation

We are inquisitive in work and life, we strive to go beyond the norm and overcome our fears to open up energy to new uses, technologies and people. Learning from mistakes as well as successes.

### Trust

We act competently, honestly and transparently, to gain the trust of our colleagues, customers and external collaborators, valuing individual differences. In turn, we rely on your ability to create value and share it.

### Proactivity

We take charge of our work in the first person, we continuously interpret the world scenarios and challenges to anticipate changes, redefining the properties if the context requires it.

ern both management and actions in economic, social, ethical and environmental matters and relations with all its stakeholders.

These principles and commitments are included in the new Sustainability Policy, approved by the Board of Directors on 19 December 2020, the purpose of which is to formalise and specify the principles that guide sustainability management and the future commitments that constitute ENDESA's framework of action with Sustainable Development, as manifested in the Vision, Mission and Values of the Company. The reference to the Sustainability Policy can be consulted on the website: [https://www.endesa.com/content/dam/enel-es/home/inversores/gobiernocorporativo/politicascorporativas/documentos/Politica-Sostenibilidad-ENDESA-21\\_12\\_2020.pdf](https://www.endesa.com/content/dam/enel-es/home/inversores/gobiernocorporativo/politicascorporativas/documentos/Politica-Sostenibilidad-ENDESA-21_12_2020.pdf)

The Sustainability and Corporate Governance Committee is in charge of reviewing the sustainability policy and informing the Board of Directors of possible modifications to the policy and the Sustainability Plan in accordance with the functions and powers established in the Regulations of the Sustainability and Corporate Governance Committee.

Annually, the Sustainability and Corporate Governance Committee will receive the proposal for the Sustainability

Plan that will include the details of all the actions and objectives defined to comply with the principles and commitments included in this policy in the following three years and having examined it will submit it for approval to the Board of Directors.

In the same way, the Sustainability and Corporate Governance Committee will annually monitor the degree of fulfilment of the Sustainability Plan.

### 2.1.3. ENDESA's sustainable business model

Given that sustainability management at ENDESA is a cross-cutting issue for the entire Company, the principles and commitments of sustainability are integrated into the daily management of the business and the specific objectives of the Company's sustainability strategy are defined. These principles extend to ENDESA's entire value chain, since they constitute key elements for achieving its purpose overall, being a significant player in sustainable development and leading the energy transition process.



## 2.2. Commitment to the United Nations agenda

102-12 | 103-1 Management approach: non-discrimination

103-2 Management approach: non-discrimination

103-3 Management approach: non-discrimination

ENDESA assumes the main international reference frameworks promoted by the United Nations for sustainable management as a key agent in the process of building a new global and sustainable energy model. Thus, it maintains a firm commitment to the Ten Principles of the Global Compact, the Guiding Principles on Business and Human Rights and the Seventeen Sustainable Development Goals.



## 2.2.1. The ten principles of the Global Compact

102-12 | 103-1 Management approach: non-discrimination

103-2 Management approach: non-discrimination

103-3 Management approach: non-discrimination

In 2002 ENDESA was one of the first Spanish companies to adopt the Global Compact, incorporating its principles into its Corporate Integrity standards, sustainability policy and strategy, and extending this approach to all regions in which it is present.

Its subscribing to the Global Compact was perceived positively by its stakeholders, as well as by sustainable investment funds and sustainability rating agencies, contributing to a favourable climate of dialogue and collaboration among all social agents, for which the Global Compact has proven a very useful tool.

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 this regard, ENDESA once again reached the advanced level of the Global Compact in 2020, the highest category with which progress reports can be classified, due to its high level of performance in Sustainability and to its reporting on a set of good corporate sustainability governance and management practices.

In 2020 ENDESA maintained its commitment to the Global Compact. In this regard, it played an active part in the Spanish Global Compact Network, as a member of its Executive Committee, especially in relation to the promotion of the Sustainable Development Goals and the Guiding Principles on Business and Human Rights.

## 2.2.2. The Guiding Principles on Business and Human Rights

103-1 Management approach: human rights assessment

103-2 Management approach: human rights assessment

103-3 Management approach: human rights assessment

ENDESA has a permanent commitment to respect and promote 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. Likewise, ENDESA has historically

developed pioneering activities to ensure respect for human rights in its activities and those of its supply chain, continuously developing processes to identify risks and potential human rights impacts.

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.

## 2.2.3. The Sustainable Development Goals

On 25 September 2015, the United Nations approved the 2030 Agenda on Sustainable Development for countries and their societies to be able jointly to solve the critical problems facing mankind. The Agenda has 17 Goals and 169 targets to be achieved by 2030. ENDESA collaborated in the drawing up of this Agenda and is firmly committed to it. It recognises the historic opportunity represented by the Sustainable Development Goals (SDGs) and the involvement of the private sector to overcome the main challenges that society faces, from the fight against climate change to the eradication of poverty and the assurance of economic and social progress.

This vision is shared within the ENEL Group, which has publicly committed to four SDGs and redefined its objectives for fulfilment of the 2030 Agenda.

- > SDG 13 (Climate Action): In line with the 1.5°C trajectory of the Science Based Targets Initiative and the 1.5°C scenario of the IEA, there is a commitment to reduce specific GHG emissions in Scope 1 to 82 gCO<sub>2</sub>eq/kWh in 2030.
- > SDG 9 (Industry, Innovation and infrastructure) and SDG 11 (Sustainable communities and cities): Approximately 49 million end users with active smart meters and the installation of approximately 780,000 public and private charging points in 2023.
- > SDG 7 (Affordable and Clean Energy): In the year 2023, approximately 70% installed net renewable capacity.

Indirectly, ENEL contributes to SDGs 4, 8 and 7 through social programmes and initiatives whose commitment is the following:

- > SDG 4 (Quality Education): 5 million beneficiaries in 2015-2030.

- > SDG 7 (Affordable and Clean Energy): 20 million beneficiaries in 2015–2030.
- > SDG 8 (Decent work and economic growth) 8 million beneficiaries in 2015–2030.

ENDESA, for its part, assumes these commitments and adapts them to the context in which it operates. Thus, since announcing its specific contribution to the 2030 Agenda in 2016, it has continued to make progress with respect to its commitment to four main goals that directly affect its business model:

- > SDG 13 (Climate Action): Decarbonisation of the energy mix by 2050, setting ambitious targets for the reduction of Scope 1 specific CO<sub>2</sub> emissions relative to 2017 of around 80% by 2030 and 100% by 2050. It has also set an objective of approximately 75% emission-free production in 2023, 80% in 2030 and 100% in 2050.
- > SDG 9 (Industry, Innovation and infrastructure) and SDG 11 (Sustainable communities and cities): Capital expenditure of Euros 2.6 billion (+30%) in infrastructures and networks in the period 2020–2023 and Plan to deploy public infrastructures for 56,000 EV charging points (public and private) in 2023.
- > SDG 7 (Affordable and Clean Energy): As a direct contribution, ambitious targets are incorporated into the industrial plan of 11.5 GW of renewable capacity in 2023, increasing its capacity by approximately 50% relative to 2020, with 89% CO<sub>2</sub>-free production. As an indirect contribution, educational and training programmes on energy, accessibility and the promotion of energy efficiency are being run and will reach a total of 4.1 million beneficiaries over the period 2015–2030.

In addition, ENDESA, as part of the Enel group, contributes indirectly to SDG 4 (Quality Education), having made a public commitment to reach 0.8 million beneficiaries in the period 2015–2030, and to SDG 8 (Decent Work and Economic Growth) for which it has made a public commitment to reach 1.9 million beneficiaries in the same period through the social initiatives carried out.

These six are the highest priority SDGs for ENDESA and therefore those on which it places the greatest emphasis, but it also acts decisively on all the SDGs, on which it has been setting objectives and reporting since their appear-

ance. To do this, ENDESA's Sustainability Plan 2021–2023 determines the roadmap for the next three years to contribute to the 2030 Agenda, thus aligning its sustainability strategy to this universal framework.

### **The internal communication campaign “Together we can do it”**

ENDESA has been developing an internal awareness-raising campaign in relation to the SDGs since September 2020 with a threefold objective:

- > to make employees aware of ENDESA's commitment to the SDGs;
- > to familiarise employees with the SDGs;
- > and to spur employees to action.

To this end, a network of SDG Ambassadors was created with 224 employees, who participated in the various proposals that have been made to them. Once the campaign is over, these ambassadors will be able to devote themselves to spreading ENDESA's message and its contribution to the 2030 Agenda and mobilising their social environment.

Over a period of more than a year following an initial launch meeting with the participation of the company's top management, monthly meetings were held with all the ambassadors in which each month the focus was on one of the SDGs. All 17 SDGs were covered, explaining their aims and the commitment or initiatives that ENDESA has for each of them.

The campaign has had great internal and external success, having been recognised in the XI Corresponsables Awards in the category of “Best Responsible Communication”.

## **2.3. ENDESA's plan for facing the crisis deriving from the COVID-19 pandemic**

ENDESA's global action plan for coping with COVID-19 has included measures to contribute to the fight against the spread of the virus, ensure energy supply, provide facilities to its customers and help mitigate the health, economic and social impacts of the pandemic.

Throughout the unprecedented crisis we have been living through as a result of the COVID-19 pandemic, our team has continued working, committed to quality, ensuring energy supply, helping our customers and taking care of our employees. In addition, a public responsibility action plan for COVID was immediately launched, with an endowment of Euros 25 million to help alleviate the critical situations that the Spanish population has experienced in different areas such as the lack of sanitary material, the coverage of basic needs, the unemployment generated by the crisis and help in reactivating the economic fabric. ENDESA, as an essential agent for socio-economic development in the regions in which it operates, carried out an analysis in 2020 to assess the risk factors that could be exacerbated by the health crisis and that could affect both business activities, as well as its financial situation or performance. The result of this analysis was the identification of the real and potential impacts that could be caused by the appearance of a new outbreak of the virus or by the prolongation of the economic crisis. More information on the risk analysis and the identification of the resulting impacts can be found in section 7.1. COVID-19 Health Crisis in the Consolidated Management Report for 2020.

### **Always looking for ways to help our customers**

A priority action for ENDESA, from the beginning of the state of alarm, has been to help customers with initiatives such as:

**Freezing supply cuts:** during the state of alarm we suspended all power and gas cuts for our residential customers. To avoid travel and physical contact, we provided information on how to use the direct debit system to pay bills. We also provided information to customers on how to do this through their bank's website, the *endesaclientes* mobile app, telephone using a bank card, or by clicking on this link: <https://www.endesa.com/es/te-ayudamos/endesa-covid-19>

**Dealing with urgent repairs:** we made the required and appropriate technical teams available to attend to urgent repairs with respect to electricity supply, household appliances, gas and equipment (boilers, immersion heaters, etc.). We also dealt with faults affecting essential electricity and gas supplies to companies (residents' associations, boiler rooms, hospitals, public services and transformer substations) and we offered a 100% discount on

all our maintenance and repair services for 3 months for new registrations.

**Facilities for SMEs and the self-employed:** A global action plan was designed and the ENDESA Te Ayuda Plan was launched with special discounts and personalised advice.

A series of measures were deployed tailored to different needs, depending on the size of the company or business. The measures applied solely to the supply contract for professional or business premises. The possibility of postponing payment of bills, reducing power free of charge and temporarily suspending the supply of energy at no cost were the main initiatives we launched to help SMEs and the self-employed.

**Changes in Customer Service:** The state of alarm decreed by the Government included a series of measures that also affected ENDESA's Customer Service. Our highest priority is the well-being of customers and employees, which is why we adopted the following global plan:

- > No residential customers had their supply cut off during the state of alarm.
- > We attended all urgent repairs of gas installations, boilers, electrical breakdowns, residential communities, hospitals, etc.
- > Changes in Customer Service: in compliance with the governmental decree, we closed our customer service offices on 16 March. From 11 May, we began to reopen them with new hygiene and safety measures. We continued to assist customers by telephone and through our online channels.

Our customers were able to continue making their urgent arrangements with ENDESA through the following channels:

- > Telephone
- > Requesting an appointment at an ENDESA office.
- > Digital: through the ENDESA Customer Area and the ENDESA mobile app, with access to all invoices and contracts, as well as to controlling energy consumption.

In addition, through the telephone service, the provision of services regarding urgent gas repairs continued to be provided, as did the servicing of individual domestic hot water boilers, urgent electrical repairs and, of course, assistance for essential supplies (hospitals, boiler rooms, etc.).

For updated information on ENDESA's service, see: [www.endesa.com](http://www.endesa.com). ENDESA's website has been a channel of constantly updated information for customers.

### **We have adopted health and safety measures to protect our employees**

In addition to working to ensure the supply of energy and serve customers during the COVID-19 state of alarm, ENDESA implemented the necessary measures to guarantee the safety of workers obliged to go to their places of work, and has a safe, gradual reincorporation plan for when the time comes for employees in general to return to their places of work.

One of our priorities during the health crisis is protecting the health of the people who work for the company. Accordingly we have taken the necessary measures to promote working from home in all the regions in which we operate and to provide the necessary protection measures to all those who continue to work in their usual positions because they are considered critical or essential personnel for the performance of our business.

As the lockdown measures decreed by the Government become more flexible, we will be able to resume some of our usual activities in person. In order for this return to work to be carried out safely, we are implementing measures such as testing, taking temperatures, dividing up buildings and work centres, delimiting and defining new uses for communal spaces, making starting and finishing times more flexible and providing protective kits, with the mandatory use of masks.

These actions come on top of the package of measures put in place since the beginning of the health emergency to prevent the spread of the virus among employees in society in general:

- > Restricting national and international travel and encouraging all employees to redefine their work patterns, making use of digital technologies and holding virtual meetings.
- > Suspending training courses, corporate events and participation in face-to-face external conferences and events, except where necessary to ensure our operation as a company.
- > Extra cleaning at all facilities

- > Supplying additional personal protective equipment (such as masks, gloves, hand sanitiser) for people and work sites that require it, depending on the type of work carried out.
- > Maintaining constant communication with workers so that they all have up-to-date information on any health and hygiene indication or recommendation issued by the health authorities.
- > Establishing an internal procedure to make it easy for any workers with flu-like or respiratory symptoms to notify us immediately.
- > Restricting external visits to our work locations.
- > Informing our contractors and suppliers of the measures we have adopted to minimise exposure to COVID-19, appealing to their responsibility as employers to urge them to implement all necessary measures to guarantee the safety of their own workforces.

### **We launched the ENDESA Public Responsibility Plan for the COVID-19 Health Crisis**

As part of its commitment to society and given the situation of health, economic and social emergency into which society has been plunged by the COVID-19 pandemic, ENDESA decided in 2020 to set up a Public Responsibility Plan, with an endowment of Euros 25 million, in order to alleviate the impact of the crisis in its different aspects in collaboration with public administrations, social institutions, civil society and businesses. The company made its financial, technical and human capacities available to society in the execution of the Public Responsibility Plan for COVID, which has had two distinct phases:

#### **Phase I: Immediate response to urgent needs**

Activated last March, when the unprecedented health emergency caused by COVID-19 demanded immediate measures of assistance in the country, to support public and private institutions focused on the fight against the pandemic and with pressing needs.

This phase of the Plan had three lines of action:

- > **Purchase and donation of medical supplies and equipment.** Aimed at the provision of both protective equipment for health or public service personnel as well as

the medical equipment necessary for the care of hospitalised patients.

- > **Special energy supply conditions for field hospitals and medical hotels** In this second line of action, ENDESA made its capacity as an energy supplier available to the public service through two channels. The first was the provision of the equipment and personnel necessary to guarantee the electricity supply in these centres, with actions such as the supply of generator sets, emergency connections, power increases, troubleshooting, etc. The second course of action was the supply of free energy during the period of the first state of alarm and confinement, to field hospitals and medical hotels that were ENDESA customers.
- > **Monetary donations** to public institutions, NGOs and Foundations to help alleviate the basic needs detected during the health crisis. In this regard, in addition to the contributions of the company, a collaboration channel

was opened with the employees in some initiatives, so that they could contribute resources if they wished. As a result, an additional €240,000 was raised, thanks to the contributions of 1,406 employees. It should also be noted that part of the resources of this axis were allocated to scientific research projects that would help alleviate the pandemic.

The main recipients of aid were:

- > Government, public administrations and NGOs, according to the degree of impact of the pandemic.
  - > Hospitals, nursing homes, health centres and medical facilities.
  - > Public service teams, such as the local police, the UME (military emergencies unit) and civil protection among others.
- NGOs and foundations.

Axis	Material/Service	Some actions
Axis 1- Donation of sanitary material	Sanitary material for regional governments and town councils	Donation for the purchase of sanitary material
	Face masks	<ul style="list-style-type: none"> <li>&gt; Acquisition of 376,000 FFP2 masks to be made available to health authorities and nursing homes</li> <li>&gt; Acquisition of 2 million surgical masks. Donations to INGESA (National Institute of Healthcare Management) and autonomous regions</li> </ul>
	Respirators	Purchase of 95 respirators for the Autonomous Regions of Andalusia, Catalonia and Madrid
	Portable X-ray machines	<ul style="list-style-type: none"> <li>&gt; Purchase of 8 portable X-ray machines monetary donation to the Autonomous Region of Andalusia</li> <li>&gt; Purchase of 2 portable X-ray machines through a monetary donation to the Autonomous Region of Aragón, for Teruel and Calatayud</li> </ul>
	Mass testing robots	Purchase, installation and maintenance of four robots for donation to hospitals in the Balearics, Canary Islands and Andalusia
	CAT	Purchase of 1 EVO CAT scanner through monetary donation to the Government of Aragón
	Thermometers and pulse oximeters	Purchase of 300 non-contact infrared thermometers and 175 pulse oximeters for nursing homes in Madrid
	Visors (ENDESA Foundation)	25,000 protective visors delivered to hospitals and nursing homes throughout Spain
	Malaga University	Help with the purchase of material for the Respira Andalucía project
	Echocardiography machines	Purchase of a transesophageal ultrasound probe for donation to the Teruel Hospital
	Property donated by thermal power plants	Donation of a property in Andorra for use as a medical centre
	Material in stock from cross-sectional areas and business lines of the company (thermal and renewable and nuclear generation), donated to local institutions (health centres, nursing homes, security forces, etc.)	23,665 FFP2 masks, 1,260 surgical masks, 1,392 disposable coveralls, 869 antacid and waterproof coveralls, 86 pairs of goggles, 2,575 plastic bags, 175 cans of hydrogel (1/2 litre), 112 anti-splash screens, 41 boxes of nitrile gloves and 490 polypropylene sheets
Axis 2- Supply conditionS	Field hospitals by the supply company	Supply of free energy to 7 field hospitals in Andalusia, Aragón, Catalonia, Galicia and the Canary Islands during the critical period of the pandemic
	Medical hotels by the supplier	Free energy supply to 33 medical hotels
	Field hospitals by distribution	Urgent connection to the electricity grid for field hospitals

Axis	Material/Service	Some actions	
Axis 3- Monetary donationS	Basic needs of vulnerable people (food, hygiene, health, etc.)	Red Cross	Contribution of the "Red Cross Responds" project
		Food Bank	Donation to cover food needs.
		Cáritas	Donation to cover food needs.
		Other NGOs	Associations (Norte Joven, Padre Pulgar, Arrabal, Apanid) and Foundations (Altius, Save the Children, Safa, Integra, Tomillo, Casals des Infants, San Juan del Castillo and Secretariado Gitano)
	Research	CSIC (Spanish National Research Council)	Research against COVID-19
		Paremos el COVID ("Let's stop COVID")	Research and testing project to combat the COVID-19 virus.

## Phase II: Socio-economic reactivation

Launched in June 2020, the second phase of the ENDESA Public Responsibility Plan for COVID has been aimed at promoting the country's socio-economic recovery and providing help to those who have suffered most and are most vulnerable.

Phase II of the plan has two themes and four lines of action aimed at the groups most affected at a socio-economic level due to the pandemic:

### ENDESA Families

Its objective is social inclusion through projects to support families in vulnerable situations.

- > **Coverage of basic needs.** Second phase of covering basic needs for families in vulnerable situations, to minimise the risk of exclusion. This axis has responded to the needs of food, hygiene, health and protection, with special focus on children, youth and families in vulnerable situations.
- > **Digital divide and education:** Minimisation of the digital gap for students and teachers in the new post-COVID relationship model and education support programmes. Its objective is to minimise the impact on children and young people from different economic environments when education becomes virtual and specific tools are needed to access classrooms. Training has been provided for teachers and students to help them take advantage of new technologies and their possibilities.
- > **Training for employment and employability.** Actions that promote the improvement of employability in

groups in vulnerable situations. Employment is another of the most pressing needs resulting from this crisis, so training to improve access to the labour market is another of the programme's aid channels. Programmes have been implemented to promote employability in vulnerable groups who are unemployed as a result of the pandemic, through accompaniment, training and skills development.

### ENDESA Activa

With the aim of promoting the reactivation of the Spanish business fabric.

- > **Economic revival.** Advice, digitisation and support for SMEs, VSEs and the self-employed as a fundamental element of the Spanish business fabric. The crisis has highlighted the need to continue supporting the sectors financially hardest hit by the health crisis, through the creation of new, innovative ways of interacting. It also frames support for specific local reactivation plans.

The main recipients of aid have been:

- > SMEs, VSEs and the self-employed.
- > Regional education ministries.
- > Chambers of Commerce.
- > Municipalities
- > NGOs and foundations.

Axis	Type of programmes	Some actions
Axis 1 – ENDESA families: basic needs	Reception and support programmes for vulnerable children	Food Bank, SOS Children's Villages, Cáritas Mallorca, Rafael Nadal Foundation, etc.
	Basic needs coverage programmes	
Axis 2 – ENDESA families: digital gap in education	Programmes to provide devices to minimise the digital divide	Provision of more than 5,000 computers and connection cards to more than 400 educational centres and institutions.
	Digital training and educational reinforcement programmes	Training in digital skills for nearly 60,000 teachers and students. Educational reinforcement for minors in social exclusion.
Axis 3- ENDESA families: training for employment and employability	Comprehensive support programmes for job placement	<ul style="list-style-type: none"> <li>&gt; Promote women – Adecco Foundation.</li> <li>&gt; New employment niches – Altius Foundation.</li> </ul>
	Training programmes in new employment niches	<ul style="list-style-type: none"> <li>&gt; Jobs in organic fruit growing – Cáritas Menorca.</li> <li>&gt; Professional diversification – Red Cross.</li> </ul>
	Programmes to develop digital skills:	<ul style="list-style-type: none"> <li>&gt; Factoría 5 – Digital Talent Programme – Don Bosco Foundation and Formació i Treball Foundation.</li> <li>&gt; Click A Digital skills – Red Cross.</li> </ul>
	Programmes to improve basic competencies to improve employability	<ul style="list-style-type: none"> <li>&gt; Son Roca Talent – Naüm Son Roca.</li> <li>&gt; FORO Programme – Associació Espiral.</li> </ul>
Axis 4-ENDESA activa: economic reactivation	Digitisation programmes for SMEs and digital marketing	<ul style="list-style-type: none"> <li>&gt; Digital lighting for SMEs in rural areas – Afammer.</li> <li>&gt; Business digitisation – CC Mallorca.</li> </ul>
	Mentoring and microcredit programmes for SMEs	<ul style="list-style-type: none"> <li>&gt; Microcredits and Mentoring – Youth Business Spain.</li> <li>&gt; Senior talent at the service of SMEs – Mas Humano Foundation.</li> </ul>
	Entrepreneurship support programmes	<ul style="list-style-type: none"> <li>&gt; Help for entrepreneurs and SMEs – Mentor Day.</li> <li>&gt; ENDESA Dona + Impuls – CC Mallorca.</li> </ul>
	Support programmes for local reactivation	<ul style="list-style-type: none"> <li>&gt; Madrid Future: Regeneration plan.</li> <li>&gt; Volveremos si tu vuelves (We'll be back if you will!)- City Hall Zaragoza.</li> </ul>

A total of 25 million euros have been allocated to Phases I and II of the Public Responsibility Plan, which is estimated to benefit more than 1.7 million people through collaboration with nearly 800 institutions. Part of the management of the projects started this year will continue during 2021.

## Lessons learned

ENDESA's Public Responsibility Plan, managed in collaboration with the ENDESA Foundation, has established and strengthened collaboration ties with entities, institutions and other foundations, in addition to providing help to those who needed it most in sometimes very difficult times, joining forces with others. According to ENDESA CEO José Bogas, "the ability of society to agilely join forces and turn the direction of its projects towards a different and supportive focus, should be one of those lessons learned that are here to stay. Life is unpredictable, true, but what is predictable is that it takes an effort from everyone to overcome challenges".

## 2.4. Respect for human rights

### 2.4.1. ENDESA's human rights policy

[103-1 Management approach Human rights assessment](#)

[103-2 Management approach Human rights assessment](#)

[103-3 Management approach Human rights assessment](#) [102-15](#)

In May 2020 the Board of Directors of ENDESA, S.A. approved the updated version of the human rights policy originally approved in June 2013, thus following the recommendations established by the UN Guiding Principles on Business and Human Rights. This policy includes ENDESA's commitment and responsibilities in relation to all human rights, and especially those that affect its business activity and the operations developed by ENDESA employees, both managers and employees. It also promotes the adherence of its contractors, suppliers and business partners to the same principles, paying particular attention to conflict and high risk situations.

With the aim of applying the commitments included in the Human Rights policy, and following the recommendations of the guiding principles, in 2017 ENDESA carried out a Due Diligence process to ensure its implementa-

tion and monitoring. The implementation of the actions included in that action plan was successfully completed in subsequent years until reaching 100% compliance in 2019. This plan is supervised annually by ENDESA's Board of Directors.

In 2020 another Human Rights Due Diligence process took place, the result of which was an action plan with six actions to be carried out in the next three years.

The policy identifies eight principles framed in two broad areas, labour practices and communities and societies:

The policy is available at [www.endesa.com](http://www.endesa.com)



### 2.4.2. The Due Diligence process

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ENDESA carried out an initial due diligence process during 2017 through which it assessed the level of compliance with its policy and the Guiding Principles. This process covered all of its business activity in Spain, including electricity generation, distribution and marketing activities, as well as supply chain management, asset purchase processes and corporate functions.

This process was developed based on a first identification of the perceived macro level of risk in the environment in which the Company operates, a subsequent evaluation of the real and potential impacts of ENDESA's activity on human rights and, finally, the design of an action plan.

The entire process was presented to the Audit and Compliance Committee of the Board of Directors on 29 January 2018 to report the main results of the Due Diligence and the action plan designed, for the purpose of follow up on an annual basis. In its meeting of 24 February 2020, the Audit & Compliance Committee was informed of the actions carried out in 2019 to comply with the aforemen-

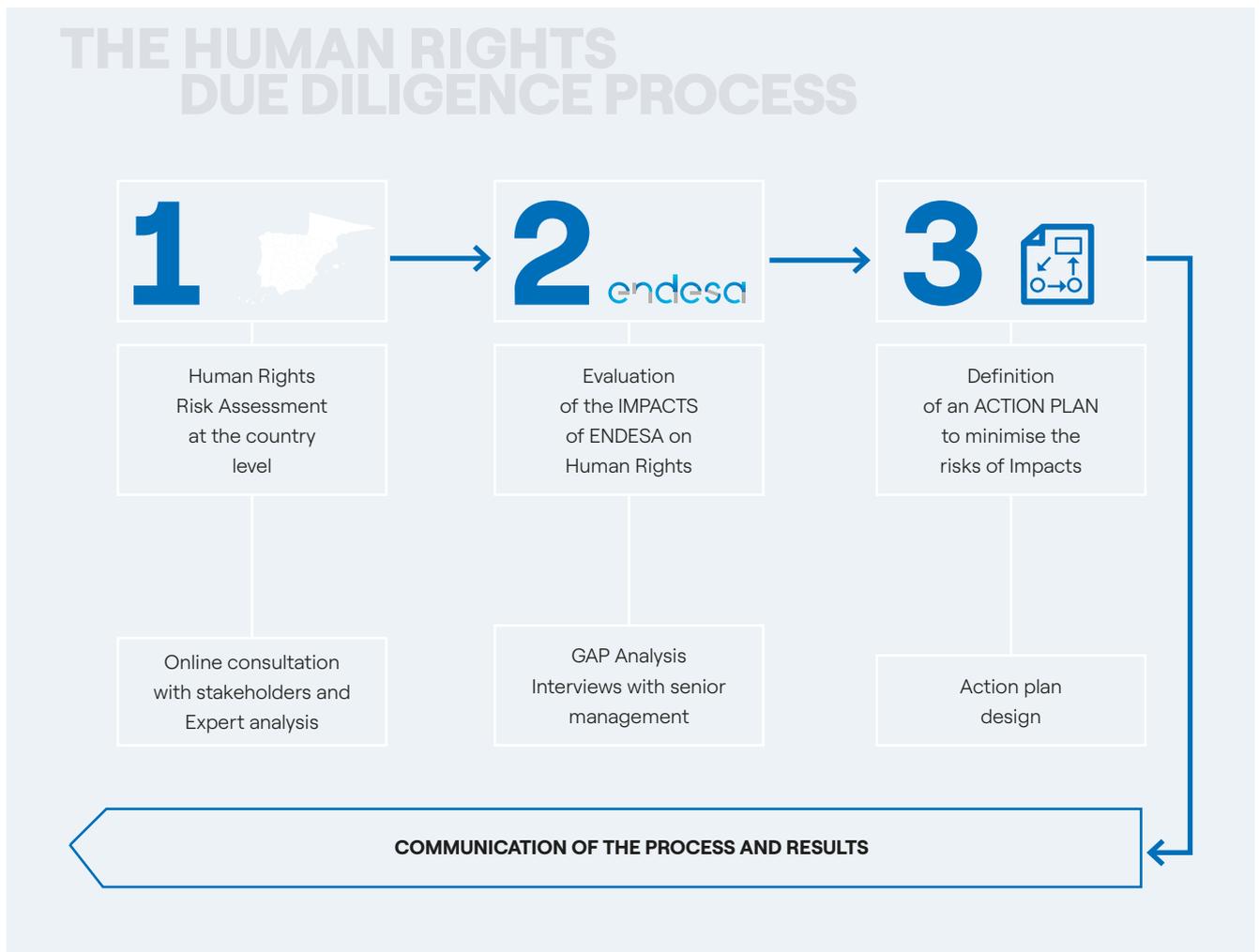
tioned action plan, the result of which was 100% compliance with the actions.

The execution of this plan allowed a series of actions to be carried out, among which the following stood out:

- > Design and progressive development of a human rights training programme aimed at facilitating general training for all employees.
- > Promotion of measures to avoid discriminatory attitudes during the selection process (inclusive language in publications, at least one woman in the finalists, exhaustive reporting of the percentage of women in all phases of the selection process, etc.).
- > Inclusion of Human Rights criteria in the evaluation process (vendor rating) of suppliers.
- > Inclusion of Human Rights aspects in the sustainability questionnaire made to contractors.
- > Communication and dissemination of the ethics channel to suppliers and contractors.
- > New counterpart evaluation procedure with a focus on Human Rights in coal suppliers.

- > Roll-out of the emergency plan for hydraulic dams in 100% of assets.
- > Incorporation of a focus on Human Rights in the focus groups carried out with NGOs to prepare the materiality analysis.
- > Incorporation of the relationship function with local communities at the facility level.
- > Creation of a specific channel (sostenibilidad\_csv@enel.com) to receive queries, complaints or requests for clarification about projects that might be carried out, which will be included in the panel sites of each of the works of the renewable parks.

Although the execution of this action plan meant a reduction to the minimum of the potential opportunities for improvement in the management of Human Rights, in 2020 this same Due Diligence process was repeated, to continue with the commitment of continuous evaluation of compliance with the Guiding Principles and ENDESA's Human Rights policy.



### 2.4.2.1. Context Assessment

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, ENDESA carried out a consultation in 2020 with more than 150 sources from among its interest groups, which was completed with an analysis by experts in the field of Human Rights. This consultation has allowed the Company to classify each of the principles included in the human rights policy according to the level of risk, no element with high or very high risk having been identified.

### 2.4.2.2. Impact assessment of ENDESA's business activity

The objective of the second phase of the process was to carry out an analysis of the ENDESA value creation chain in order to identify real and potential impacts of the Company on each of the aspects included in the human rights policy and in the applicable Guiding Principles. To do this, it acted on two levels:

- > conducting in-depth interviews with Senior Management in order to analyse the latest situation as regards the integration of respect for human rights into the daily management of the company, thus being able to identify potential risks and opportunities; and
- > Internal evaluation 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 related to management business.

This analysis made it possible to verify that that ENDESA already had a set 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:

Aspects	Level of Management and Maturity in ENDESA	Mechanisms for Risk Management
Scope: Labour 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 Labor Organization (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 in the workforce. The conditions of hiring employees are clearly detailed in the contract itself and collective agreements regulate the performance of overtime, there being a commitment to their 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 In addition, the collective agreement regulates the existing equality plan in the company.
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 ratios. In addition, the prevention of occupational hazards is integrated into the activities, processes, practices and facilities throughout all the management bodies of the company.
Fair and Favourable Working Conditions	Robust	Working conditions are regulated through collective agreements agreed with trade union organisations. In addition, the different mechanisms and procedures of People and Organisation management are aimed at promoting working conditions that exceed the requirements established by current regulations.

Aspects	Level of Management and Maturity in ENDESA		Mechanisms for Risk Management
Scope: Communities and Society			
Respect for the Rights of the Communities	Responsible Relations with the Communities	Robust	<p>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.</p> <p>This methodology is implemented throughout the useful life of the asset.</p>
	Security management	Robust	<p>ENDESA makes use of private security forces in accordance with the provisions of current regulations.</p> <p>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 periodic review and evaluation processes by the State’s law enforcement authorities.</p>
	Environment	Robust	<p>ENDESA has environmental management systems certified by ISO 14001 for 100% of its electricity generation and distribution activity. Through these systems, the Company establishes environmental monitoring plans and continuous improvement measures that go beyond the requirements established by current regulations.</p>
Integrity and Ethical Conduct	Robust	<p>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, ENDESA has established specific action protocols in order to guide the actions of its employees regarding accepting and offering gifts and entertainment, and in dealings with public officials and authorities. ENDESA also has a crime prevention 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.</p>	

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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 the management of both aspects are detailed below:

Appearance	Management Mechanisms
Supply Chain	
Supplier and Contractor Management	<p>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.</p> <p>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.</p>
	<p>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.</p>
Fuel Provision	<p>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 the European ones) 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 Supply Chain section of this report.</p>

Appearance	Management Mechanisms
Responsible Relations with the Customer	
Privacy and Communications	<p>ENDESA has a system certified by AENOR for the treatment of commercial and Customer Service advisors that is based on a specific ethical code 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.</p> <p>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.</p> <p>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.</p>
Access to Energy for Vulnerable Customers	<p>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.</p> <p>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 end and thus promote social and economic development that is inclusive and sustainable.</p> <p>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 the vulnerable customers.</p> <p>In addition, the Company develops different actions aimed at promoting energy efficiency and saving the electricity bill of this type of groups.</p>

### 2.4.3. Opportunities for Improvement and action plan

During the process of evaluating compliance with 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 the performance of its industrial activity, and commercial.

To cover these opportunities for improvement an action plan was defined containing 6 actions, the development of which was planned for 2021 and subsequent years and whose follow-up is submitted to the Board of Directors of ENDESA, S.A. through the Audit and Compliance Committee.

The main improvement opportunities identified and the actions to be carried out in the action plan are detailed below:

Opportunity identified	Planned actions
Evaluate in detail the aspects related to Human Rights in the deployment of all activities	Develop an on-site Due Diligence methodology for thermal and renewable generation plants.
	Develop an on-site Due Diligence pilot programme in two generation plants.
	Continue the deployment of the CSV methodology in all business lines
Monitor working hours	Digitise the hourly record of the working day of each worker
Continue promoting and deepening prevention in occupational health and safety	<p>Put into operation new Health and Safety committees with the representations obtained in the last union elections as a forum for channelling issues regarding Occupational Risk Prevention.</p> <p>Continue with the actions associated with the Prevention of Occupational Risks:</p> <ul style="list-style-type: none"> <li>&gt; Hold the meetings of the Participation Commission</li> <li>&gt; Initiate an in-depth investigation of any significant accident or incident with the Root Cause methodology</li> <li>&gt; Continue with an inspection system in which all operations of all business lines are analysed both in actions carried out with its own personnel and with contractor personnel.</li> <li>&gt; Analyse and classify the ORP actions of the Health and Safety coordinators in those operations in which their presence is required.</li> </ul>

#### 2.4.4. Whistleblowing and complaint mechanisms

ENDESA's human rights policy provides that when any person related to ENDESA, whether an employee or an external person, considers that there is a situation contrary to what is stated in the policy itself, that person may inform report it by writing to the Ethical Mailbox or to the postal or e-mail addresses available for the purpose.

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 through which complaints or suggestions on issues relating to human rights can also be received. In this regard, it is worth mentioning the existence of a sustainability mailbox through which any stakeholder can contact the company.

In any case where, based on a communication of this type, it is determined that there has been a breach of the principles set forth in this Policy, the corresponding procedure provided in the Code of Ethics will apply. 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@enei.com](mailto:sostenibilidad_csv@enei.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 park works.

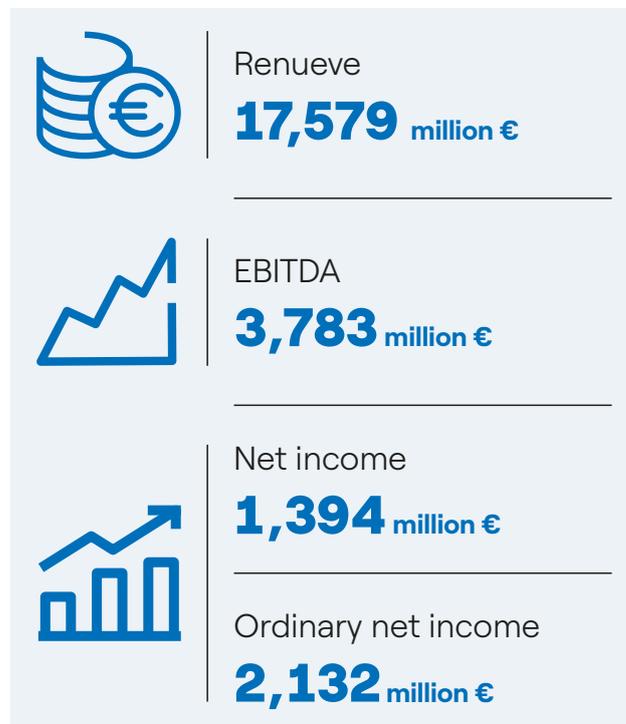
#### 2.4.5. Cases of violation of human rights

In 2020 there were no reports relating to human rights ("psychological harassment" or corporate climate and people and organisation management), while in 2019 there were 2 complaints about issues related to human rights, in which no breaches were verified.

## 3. Results 2020

### 3.1. Financial results

#### Main financial indicators



#### 3.1.1. Consolidated results

ENDESA reported ordinary net income, not including non-recurring effects, of Euros 2,132 million in 2020, representing an increase of 36.5% on the previous year.

Net income attributable to the Parent Company amounted to Euros 1,394 million in 2020, representing an increase of 715.2% compared with the Euros 171 million obtained in 2019. The decrease in ENDESA's net income in 2019 was due to the recognition of a net impairment of Euros 1,409 million corresponding on the one hand to the total carrying amount of the mainland coal-fired thermal generation assets (Euros 1,105 million) and on the other hand to the Cash Generating Units (CGUs) of the non-mainland territories (Euros 304 million). For more details see section 2.3.2. Operating Expenses in the Consolidated Management Report for 2020.

The breakdown of net profit and ordinary (recurring) net profit for 2020 among ENDESA's Businesses and their variation relative to the previous year is presented hereunder.

Millions of Euros	Net Income <sup>1</sup>				Ordinary Net Income <sup>2</sup>			
	2020	2019	% Var.	% Contribution to Total	2020	2019	% Var.	% Contribution to Total
Generation and Supply	558	(823)	(167.8)	40.0	1,035	586	76.6	48.5
Distribution	989	1,077	(8.2)	70.9	1,157	1,059	9.3	54.3
Structure and Others <sup>3</sup>	(153)	(83)	84.3	(11.0)	(60)	(83)	(27.7)	(2.8)
<b>Total</b>	<b>1,394</b>	<b>171</b>	<b>715.2</b>	<b>100.0</b>	<b>2,132</b>	<b>1,562</b>	<b>36.5</b>	<b>100.0</b>

<sup>1</sup> Net Income = Net Income of the Parent Company.

<sup>2</sup> Net Ordinary Income = Net Income of the Parent Company - Net Gains or Losses on Sales of Non-Financial Assets (greater than Euros 10 million) - Net Impairment Losses on Non-Financial Assets (greater than Euros 10 million) - Net Initial Provision for Personnel Expenses in respect of Workforce Restructuring Plans related to the Decarbonisation Plan and the Digitisation of Processes - Net Expenses corresponding to the Public Responsibility Plan for the COVID-19 Health Crisis.

<sup>3</sup> Structure, Services and Adjustments.

### 3.1.2. Revenues, EBITDA and operating results

Revenues in 2020 totalled Euros 17,579 million, Euros 37 million (-12.8%) less than in 2019. To see the gross operating profit (EBITDA) and the operating profit (EBIT) by segments (Generation and Supply; Distribution and Structure and Others) see section 2.4 Results by Segments of the 2020 Consolidated Management Report.

	Results 2020					
	Income		EBITDA		EBIT	
	Millions of Euros	% chge. from 2020	Millions of Euros	% chge. from 2020	Millions of Euros	% chge. from 2020
Spain and Portugal	17,579	-12.8	3,783	-1.5	1,886	386.1

### 3.1.3. Investments

In 2020, ENDESA made gross investments of Euros 1,846 million. Of this amount, Euros 1,823 million were related to investments in property, plant and equipment and intangible assets, and the remaining Euros 23 million to financial investments, as follows:

Millions of Euros

	Reference <sup>1</sup>	Investments <sup>2</sup>		
		2020	2019	% Var.
Generation and Supply		897	1,290	(30.5)
Generation in Non-Mainland Territories		102	80	27.5
Other Generation and Supply		795	1,210	(34.3)
Distribution		614	609	0.8
Structure and Others <sup>3</sup>		78	26	200.0
<b>Total property, plant and equipment<sup>4,5</sup></b>	<b>6.2</b>	<b>1,589</b>	<b>1,925</b>	<b>(17.5)</b>
Generation and Supply		185	160	15.6
Generation in Non-Mainland Territories		3	5	(40.0)
Other Generation and Supply		182	155	17.4
Distribution		22	40	(45.0)
Structure and Others <sup>3</sup>		27	34	(20.6)
<b>Total intangible assets<sup>5</sup></b>	<b>8.1</b>	<b>234</b>	<b>234</b>	<b>-</b>
<b>Financial investments</b>		<b>23</b>	<b>43</b>	<b>(46.5)</b>
<b>Total gross investments</b>		<b>1,846</b>	<b>2,202</b>	<b>(16.2)</b>
Capital grants and Facilities Sold		(135)	(133)	1.5
Generation and Supply		(7)	(4)	75.0
Distribution		(128)	(129)	(0.8)
<b>Total NET INVESTMENTS<sup>6</sup></b>		<b>1,711</b>	<b>2,069</b>	<b>(17.3)</b>

<sup>1</sup> Notes to the Consolidated Financial Statements for the year ended 31 December 2020.

<sup>2</sup> Does not include corporate acquisitions made during the year (see Note 5 to the Consolidated Financial Statements for the year ended 31 December 2020 and Section 2.6. Scope of Consolidation in this Consolidated Management Report).

<sup>3</sup> Structure, Services and Adjustments.

<sup>4</sup> In 2020 this includes recognition of rights of use amounting to Euros 182 million (Euros 138 million in 2019) (see Note 6.1 to the Consolidated Financial Statements for the year ended 31 December 2020).

<sup>5</sup> In 2020 this includes Euros 1,647 million relating to investments for low-carbon products, services and technologies (Euros 1,931 million in 2019).

<sup>6</sup> Net investments = Gross investments - Capital grants and facilities sold.

Gross investment in generation in 2020 corresponded, for the most part, to the construction of facilities for the generation of electricity from renewable sources for an amount of Euros 394 million, of which Euros 17 million and Euros 75 million correspond to companies acquired and/or incorporated in 2020 and 2019, respectively (Euros 610 million in 2019). It also includes the recognition of a right of use asset corresponding to the land where certain renewable generation facilities are located, for an amount of Euros 97 million.

Gross investments in supply in 2020 mainly related to the development of the new products and services activity for Euros 24 million (Euros 26 million in 2019). In 2019 they also included recognition of a right-of-use asset, corresponding to the charter contract of a methane vessel for the transport of liquefied natural gas (LNG), for an amount of Euros 121 million.

Gross distribution investments relate to grid extensions and capital expenditure aimed at optimising its functioning, with a view to improving efficiency and quality of service.

### 3.1.4. Generation of wealth in 2020

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

The economic value generated and distributed by ENDESA during the 2020 and 2019 financial years was as follows:

Millions of euros

	Generation of Wealth	
	2020	2019
Direct Economic Value Generated	17,615	20,184
Economic Value Distributed	16,796	18,445
Dividends	2,132	1,562
Operating costs and other operating expenses	12,791	15,485
Personnel expenses	1,147	1,022
Taxes and levies <sup>1</sup>	521	155
Investments in social development	34	12.5
Financial expense	171	209
Retained Economic Value	819	1,739

<sup>1</sup> Notes to the Consolidated Financial Statements for the year ended 31 December 2020.

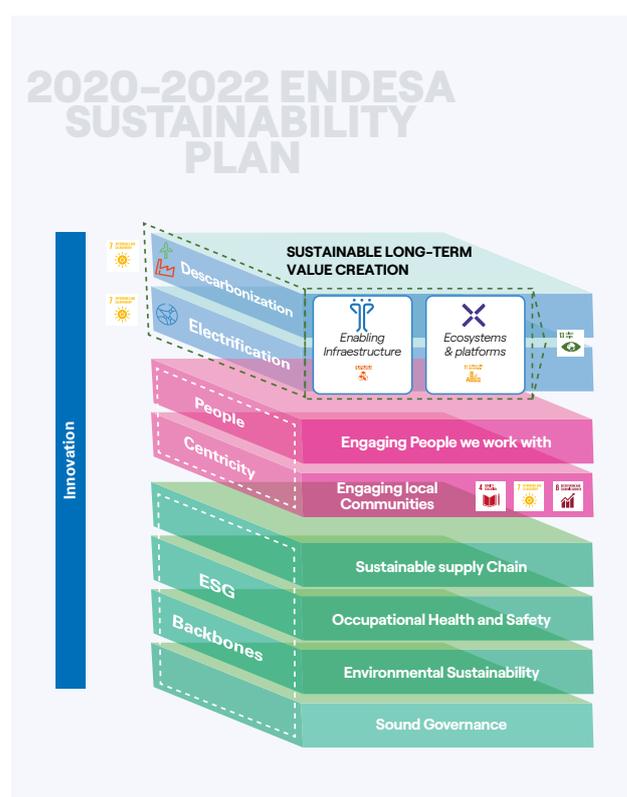
The balance of capital grants at 31 December 2020 amounted to Euros 261 million (Euros 273 million at 31 December 2019). This figure consists mainly of grants received under the partnership agreements entered into to improve the quality of supply in the electricity distribution network with, inter alia, the Ministry for Ecological Transition (previously the Ministry of Energy, Tourism and the Digital Agenda) and public bodies of the regional governments for the construction of electricity distribution facilities.

For additional information on ENDESA's economic performance, please consult the Company's Consolidated Management Report.

## 3.2. ENDESA's non-financial performance

### Fulfilment of ENDESA's 2020-2022 Sustainability Plan

Acknowledging the importance of its stakeholders, and with a view to demonstrating the genuine nature of its efforts, ENDESA endeavours to bring together its financial and non-financial performance through its Sustainability Plan in favour of the Sustainable Development Goals, with particular emphasis on SDG 13 Climate Action, SDG 7 Affordable and Clean Energy, SDG 9 Innovation and Infrastructure and SDG 11 Sustainable Cities and Communities.



ENDESA has responded to each of the priorities and strategic pillars defined in the 2020-2022 Sustainability Plan, through more than 100 quantitative management objectives, with an overall attainment rate of more than 91%.

	2020 Objective	2020 Profit/ Loss	Achievement
Reduction of specific CO <sub>2</sub> emissions (g/kWh)	277	180	
CO <sub>2</sub> -free production <sup>1</sup> (% of total production)	60%	70%	
Decrease in installed fossil thermal capacity <sup>2</sup> (MW)	11,221	11,187	
Increase in renewable capacity <sup>2</sup> (MW)	7,893	7,825	
Production from renewable sources <sup>3</sup> (GWh)	13,255	13,415	
Storage capacity installation (capacity increase in MW)	4MW	–	
Maintain high efficiency in renewable power plants	W: 94.8% H: 98.8%	W: 94.2% H: 98.5%	
ISO 9001 quality certification in thermal and renewable generation assets	100%	100%	
Decarbonisation			93%
Investment in digitisation in power generation <sup>4</sup> assets (€ millions)	12.02	18	
2020 Circular Economy internal disclosure campaign	1	1	
Inclusion of a course on the Circular Economy in ENDESA's training portfolio in 2021	N/A (Objective for 2021)	N/A	
Informative sessions per year for employees in 2020-2024 (no. of sessions)	7	11	
Performance of one experiential project per year in the period 2020-2024	1	1	
Second life search for assets from thermal power plants that cease operations (No. of plants)	2	2	
Application of circularity criteria in the award of tender contracts (No. of criteria)	1	1	
Futur-e Projects (No. of projects)	5	5	

<sup>1</sup> Estimate considering the total production measured in plant bars.

<sup>2</sup> Gross Installed Capacity.

<sup>3</sup> Net production.

<sup>4</sup> Includes thermal generation + renewable.

Line of action	2020 Objective	2020 Profit/ Loss	Achievement
Reduction of electricity losses <sup>1</sup> (% losses measured in substation busbar)	9.39%	9.85%	
Energy recovery (GWh)	1,201	1,205	
Improvement of supply continuity (SAIDI <sup>2</sup> , min)	59.6	60.3	
Deployment of the remote management plan in the Low Voltage network (remote meters installed)	12,334,269	12,389,380	
Electrification - Enabling infrastructures			100%
Installation of remote controls in the Medium Voltage network (accumulated)	23,413	23,955	
SIMON Project: Technological update of the High Voltage remote control system (accumulated)	361	336	
Number of new connections of renewable producers (No. of connections)	608	1,687	
Power of new connections of renewable producers (GW)	380	2,065	

<sup>1</sup> OS criterion.

<sup>2</sup> Own + programmed TIEPI (SAIFI).

Line of action		2020 Objective	2020 Profit/Loss	Achievement
Electrification – Ecosystems and platforms	Investment in the digitalisation of assets, the customer and our people (€ millions invested)	301.65	314.35	100%
	Investment in customer digitalisation (€ millions invested) <sup>1</sup>	47.88	60.20	
	Digital customers (millions of contracts that have made a contact via digital channel)	4.8	5.7	
	Digital sales (% of sales of digital channels over total sales)	10.50%	12.20%	
	Promotion of electronic billing (millions of contracts)	4.10	4.40	
	Promotion of the virtual assistant in Care via CAT1 (% of interactions attended by the Virtual Assistant)	6.00%	9.10%	
	Quality: Improvement of global customer satisfaction	7.4	7.4	
	Number of electric vehicle charging points (Public and private use)	36,000 by 2022	N/A	

<sup>1</sup> Includes EE + ENDESA X.

Line of action		2020 Objective	2020 Profit/Loss	Achievement
Commitment to our employees	Increase the presence of women in management <sup>1</sup> positions (% women)	18.5%	19.7%	91%
	Increase the presence of women in intermediate positions <sup>1</sup> (% women)	32.8%	32.6%	
	Promotion of gender diversity in selection processes (% women)	36%	36%	
	Promotion of gender diversity in personnel recruitment (global % of women)	38%	32%	
	Professional guidance in STEM areas for women	595	572	
	Scope of the employee satisfaction survey (% employees) <sup>2</sup>	100%	100%	
	Employee satisfaction	70%	90%	
	Scope of the performance evaluation processes (% employees)	84%	86.5% <sup>3</sup>	
	Participation in performance evaluation processes (% employees)	99%	99.6% <sup>3</sup>	
	Employees who have conducted a feedback interview	93%	75.7% <sup>3</sup>	
	Number of people included in the knowledge transfer initiatives (mentoring, age and gender)	100	120	
	Travel safety: Expansion of the e-Travel digital portal to add itinerary planning functions and authorisations	100%	100%	
	Launch of specific campaigns to integrate disability and make possible new cases emerge. (number of specific communications)	2	2	
	Promotion of in-person training to employees (hours/employee)	38.1	12.5	
	Promotion of online training to employees (hours/employee)	16.0	30.1	
	Skill enhancement and retraining programmes for employees affected by the energy transition (training hours per year/person)	118	122	
	Continuous learning and entrepreneurship – Dissemination of “train the trainer” approach (no. of courses given by internal instructor)	66	71	
	Training programme for new recruits (number of courses per person/year)	8	20	
	Employees participating in digital transformation training programmes (No. of employees)	450	4,197	
	Promotion of services that favour employees’ work-life balance <sup>4</sup> (number of services)	78	69	
Promotion of smartworking (number of employees)	2,410	6,180		
Improvement of work areas in offices (no. employees benefited)	1,829	701		

<sup>1</sup> Management positions: TOP 200 + managerial level + local managers // middle managers: CGI + Agreement with staff in charge.

<sup>2</sup> Biannual survey.

<sup>3</sup> 2019 performance evaluation conducted in 2020.

<sup>4</sup> The data refer to the total number of services offered in the set of the 7 ENDESA headquarters, such as: financial advice, nutritionist, travel agency, vehicle rental, vehicle cleaning and repair, dry cleaning, catering, changing room, breast-feeding room, etc.

Line of action		2020 Objective	2020 Profit/Loss	Achievement
Commitment to local communities	Education (number of beneficiaries)	52,000	112,365	94%
	Access to energy (number of beneficiaries)	300,000	225,563	
	Socio-economic development (number of beneficiaries)	130,000	139,228	
	Implementation of projects to create shared value for local communities (number of CSV plans under management)	> 55 CSV plans in development	67	
Line of action		2020 Objective	2020 Profit/Loss	Achievement
Sustainable supply chain	Promotion of the qualification system: Volume of purchases made from qualified suppliers (% of the total)	80%	91%	94%
	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%	
	Purchase volume on which performance is evaluated	40%	75%	
	Evaluation of contractor companies in social, environmental and ethical matters (% of contractor companies evaluated)	15.00%	8.80%	
	Contracts that include the K of sustainability (% of the total)	50%	83%	
Line of action		2020 Objective	2020 Profit/Loss	Achievement
Occupational Health and Safety	Reduction of fatal accidents (number of fatal accidents)	0	1	65%
	Reduction of the combined accident frequency rate	0.69	0.36	
	Promotion of the performance of safety inspections in own and contractor facilities (number of inspections)	70,000	73,547	
	Promotion of ECoS (extra checking on site) (number of ECoS)	24	13	
	Promotion of medical examinations (number of examinations)	6,370	4,400	

Line of action	2020 Objective	2020 Profit/Loss	Achievement
Implementation of environmental management systems certified by ISO 14001 (% of facilities)	100%	100%	
Reduction of the environmental footprint	11,227	6,098	
Emissions of SO <sub>2</sub> (g/kWhbc)	0.33	0.17	
NO <sub>x</sub> emissions (g/kWhbc)	0.91	0.77	
Particle emissions (g/kWh)	0.02	0.01	
Mercury emissions (mg/kWh)	0.002	0.0003	
Reduction of water catchment in the electricity generation process (m <sup>3</sup> /MWh)	400	90.69	
Promote efficiency in the management of waste generated in the electricity generation process (metric tons)	Hazardous: 8,273.5 Non-hazardous: 28,378	Hazardous: 7,821 Non-hazardous: 23,137	
Implementation of biodiversity conservation programme (number of actions)	>20	26	
Certification in environmental energy management and indoor air quality in offices (% of total area)	50%	53%	
Reduction of energy consumption <sup>1</sup> (% annual reduction)	0.5%	176%	
Reduction of water consumption <sup>1</sup> (% annual reduction)	0.5%	26.6%	
Reduction in the generation of waste paper and cardboard <sup>1</sup> (% reduction)	0.5%	0.5%	
Reduction of the generation of single-use plastics in offices <sup>2</sup> (% vs. 2018)	50%	64%	
Reduction of space in all ENDESA buildings (reduction in m <sup>2</sup> )	8,443	1,252	
Reduction of CO <sub>2</sub> emissions in buildings <sup>3</sup>	7,472	4,719	83%
Development of actions with social function on patrimonial assets (number of actions per year)	10	8	
Improve the integration of buildings in the environment (€ million invested)	10.3	2.5	
Sustainable fleet management: electrification and optimisation: EVs	230	185	
Sustainable fleet management: electrification and optimisation: ICE vehicles	1,000	1,157	
Sustainable fleet management: electrification and optimisation: hybrids	202	178	
Sustainable fleet management: electrification and optimisation: PEVs	668	546	
Reduction of CO <sub>2</sub> emissions in the management of ENDESA's fleets	4,432	4,136	
Electrification of car parks at HQs (No of places) <sup>4</sup>	600	719	
Responsible management of taxi use <sup>5</sup> : Shared taxi (% of employees)	42%	38%	
Responsible management of taxi use <sup>6</sup> : % km travelled in ecotaxi	75%	72%	
Promotion of the e-carsharing service (km travelled)	60,000	5,645	
E-car sharing (number of employees)	60	N/A <sup>7</sup>	
E-bike service (km travelled)	22,000	4,095	
Electric scooter service (km travelled)	8,000	989	
Transport card (number of employees)	860	831	

<sup>1</sup> Only SIGAEC environmentally certified buildings are included.

<sup>2</sup> Objective based on all the offices that are SIGAEC environmentally certified.

<sup>3</sup> The reduction of emissions is determined by the reduction of energy consumption and of office space.

<sup>4</sup> The figure refers to the places that have an electric vehicle recharging system installed.

<sup>5</sup> % of the total number of employees who use the taxi for their business travel.

<sup>6</sup> Ecotaxis use one of the following technologies: hybrid, electric, LPG or CNG.

<sup>7</sup> Service eliminated due to its low use and as a preventive measure against the pandemic.

Line of action	2020 Objective	2020 Profit/Loss	Achievement	
Promotion of good corporate governance practices	Annual supervision and report to the Audit & Compliance Committee of the Penal Risk Prevention Model	Accomplished		
Promotion of the prevention of criminal risks: effectiveness	Annual verification of effectiveness	Accomplished		
Promotion of the prevention of criminal risks: certification	Maintain certifications of criminal and anti-bribery compliance	Accomplished		
Analysis of whistleblowing reports through the ethical channel in <90 days	100%	100%		
Corporate Governance	Maintain a high level of excellence in ethical conduct and be recognised by ISR analysts (DJSI score in "Codes of conduct")	>95%	96%	100%
	Training in ethical conduct in the last 3 years (% employees) <sup>1</sup>	100%	100%	
	Presence of women on ENDESA's Board of Directors (% of women)	30.0%	31%	
	Evaluation of the Board of Directors with the support of an independent consultant	Triennial Evaluation	N/A (Triennial evaluation conducted in 2019)	
	Evaluation of compliance with Human Rights. Supervision of the process, approval and monitoring of the action plan by the Audit and Compliance Committee.	Annual implementation and monitoring by the CAC	Accomplished	
	Recommendations and best practices in Corporate Governance	Recommendations Action Plan	Done and approved	

<sup>1</sup> Cumulative % of total workforce.

Line of action	2020 Objective	2020 Profit/Loss	Achievement	
Promotion of collaboration with start-ups for the development of new energy solutions and the improvement of internal processes (number of collaboration projects)	5	13		
Innovation and Cybersecurity	Promotion of the culture of innovation (number of events)	5	9	100%
	Promotion of cybersecurity in web applications exposed to the internet	100%	100%	
	Promotion of cybersecurity awareness among employees and family members (number of actions)	15	16	

## 4. Risk management

### 4.1. General Risk Management and Control Policy

The General Risk Management and Control Policy establishes the basic principles and the general framework of management and control of risks of all kinds that might affect the attainment of its objectives, ensuring that they

are systematically identified, analysed, evaluated, managed and controlled within the established levels of risk. The General Risk Management and Control Policy identifies the various different types of risk, financial and non-financial, (inter alia, operational, technological, legal, social, environmental, political and reputational, including those related to corruption) that the company is exposed to, including among financial or economic risks, contingent liabilities and other off-balance sheet risks.

The General Risk Management and Control Policy seeks to guide and steer the set of strategic, organisational and operational actions that allow the Board of Directors of ENDESA, S.A. to precisely delineate the acceptable level of risk, so that the managers, staff and service functions of the various Business Lines can maximise the Company's profitability, preservation or increase of its equity and treasury and certainty of level of success, preventing uncertain and future events from having a negative influence on its ability to achievement the company's profitability objectives, its operations, sustainability, resilience or reputation in a sustained manner over time, providing an adequate level of guarantees to shareholders and safeguarding their interests, as well as those of customers and other stakeholders.

The general guidelines of the Risk Management and Control Policy are implemented and supplemented by other specific corporate risk policies for each business line, as well as by limits established for optimal risk management.

The General Risk Control and Management Policy is implemented through an Internal Risk Control and Management System (Spanish abbreviation: SCIGR), which comprises an organisation, principles, a regulatory system and a risk control and management process.

The Internal Control and Risk Management System conforms to a model based on the one hand on an ongoing study of the risk profile, applying current best practices in the energy or benchmark sectors as regards risk management, homogeneous measurement criteria within the same type of risk, segregation of risk managers and controllers, and, on the other hand, on ensuring a link between the risk assumed and the resources needed to operate the businesses, always maintaining an appropriate balance between the risk assumed and the objectives set by the Board of Directors of ENDESA, S.A.

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

The organisation of the Internal Control and Risk Management System is implemented through independent risk management and risk control functions that ensure adequate segregation of duties.

The General Risk Management and Control Policy defines the Internal Control and Risk Management System

for ENDESA as an interwoven system of rules, processes, controls and reporting systems in which overall risk is defined as the total consolidated amount of all risks to which it is exposed, taking into account the mitigating effects for the different exposures and risk classes, allowing consolidation and appraisal of risk exposure of the Company's various business units and areas, as well as the development of management information for taking decisions on risk and the appropriate use of capital.

The risk control and management process consists in the identification, evaluation, monitoring and management over time of the various risks, and takes account of the main risks to which the Company is exposed, whether of internal or external origin:

The Risk Management and Control Policy set and approved by the Board of Directors of ENDESA, S.A., constitutes the central element of the system from which other specific documents and policies are derived, for example, the "Policy on Management and Control of Tax Risks" and the "Criminal Compliance and Anti-Bribery Policy", which are approved by the Board of Directors of ENDESA, S.A. and in which risk and control catalogues are defined.

In addition, in view of the growing interest in the control and management of the risks to which companies are exposed and given how complicated it is becoming to identify them from a comprehensive point of view, it is important for employees to take part at all levels in this process. In this regard a risk mailbox has been created for employees to help identify market risks and come up with suggestions for measures to mitigate them, thereby complementing the existing top-down Risk Management and Control systems and mailboxes and specific procedures for reporting breaches of ethical behaviour, criminal risks and employment risks.

## **4.2. ENDESA's Criminal and anti-bribery risk prevention model**

Organic Law 5/2010 amending Organic Law 10/1995 of 23 November, on the Criminal Code, as subsequently amended by Organic Law 1/2019 of 20 February, established a list of crimes applicable to legal persons, referring to the need to establish surveillance and control measures for their prevention and detection. This legal regime was reformed by Organic Law 1/2015 of 30 March detailing the requirements for allowing legal persons to prove their diligence in the field of crime prevention and detection.

In accordance with the provisions of this Organic Law, ENDESA has developed certain internal rules that have satisfied the need for adequate control and management systems applied in the area of crime detection and prevention, particularly in conduct to restrict bribery.

The ENDESA Criminal and Anti-Bribery Regulatory Compliance Management System (hereafter referred to as the "Compliance System") comprises an integrated body of provisions based on the Criminal and Anti-Bribery Compliance Policy, which complies with relevant Spanish legal requirements and meets the standards expected of Organisations operating according to the highest levels of commitment in the most advanced markets.

The main activities that are carried out in ENDESA for the effective application of the Compliance System are the evaluation of the risks and the control activities and the supervision of the same, thus guaranteeing its design and operability.

The Criminal Compliance and Anti-Bribery Policy was approved by the Board of Directors on 6 November 2017 and is additional to the General Risk Control and Management Policy; 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 functions of verification, monitoring and updating of the Compliance System are performed by the Criminal Risk and Anti-Corruption Supervision Committee and, ultimately, the operation and compliance of the System is supervised by the Audit and Compliance Committee of the Board of Directors.

### 4.3. The System of Management and Control of Tax Risks

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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.

For its part, 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 in the Iberian peninsula, specifically including tax risks, and excluding those already included in the Criminal Risk Prevention Model and those related to the Internal Control of Financial Reporting (ICFR), 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.
- > Supervision 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.

ENDESA's 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 performance 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).

ENDESA has obtained AENOR certification for its Tax Management Compliance System under the UNE 19602 Standard. This new certification recognises:

- > 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 also serves as additional proof to demonstrate to the tax authorities or the courts that our organisation is determined to comply with all its tax obligations.
- > The certification is also compatible with ENDESA's tax responsibility policy and with its financial transparency and ethical compliance policy as regards its relationship with state, regional and local government agencies.

## 4.4. The Internal Control System for Reporting

The Internal Control System for Reporting is a component of the company's internal control system and consists of a set of complete processes that provide reasonable assurance as to the reliability of both internal and external information. ENDESA's Internal Control Unit is the area responsible for identifying the most relevant processes, activities, risks and controls of the Internal Control System for Reporting that it considers material to provide reasonable assurance that the information disclosed externally by ENDESA is reliable and appropriate.

Every six months, ENDESA carries out an Evaluation Process of the Internal Control System for Reporting in which each person responsible for the controls evaluates both their design and their effectiveness. Within the model, an ongoing verification process is also carried out by an independent expert. The results of both processes are reported:

- > To the Board of Directors, to which in accordance with the Corporate Enterprises Act the power of supervision of internal information and control systems is reserved, and
- > to the Audit and Compliance Committee, which, in accordance with the Corporate Enterprises Act has among its functions the supervision of the effectiveness of the internal control of the Company.

## 4.5. Risk Management and Control

ENDESA has established a process of management and control of risks that allows it to obtain a complete vision of all the risks to which it is exposed, considering the mitigation effects between the different exposures and categories thereof, as well as the preparation of the corresponding management information for decision-making in terms of 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 and financial reporting, referring the results of its deliberations and conclusions to the Audit

and Compliance Committee of the Board of Directors of ENDESA S.A.

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. To carry out its functions, Risk Control relies on other areas and committees that have specific and complementary risk control and management models and policies.

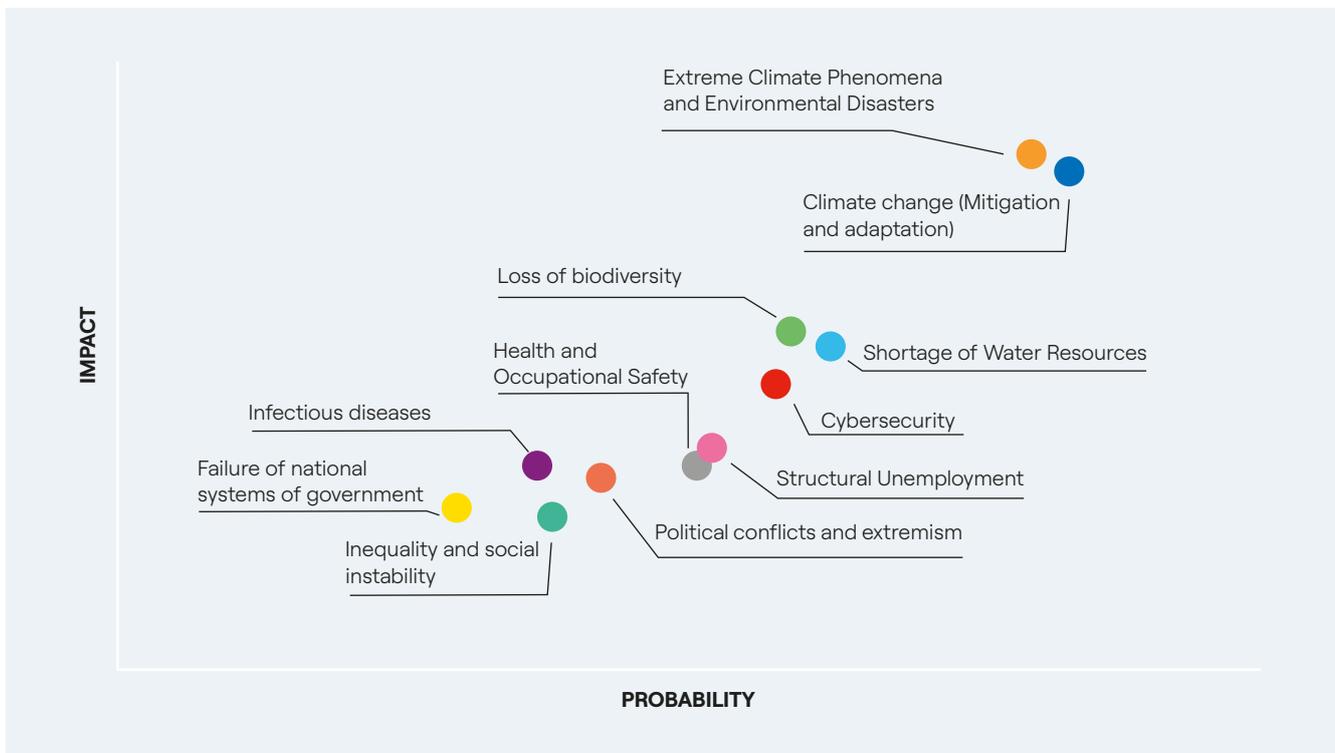
### 4.6. Main sustainability risks

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In the context of sustainability, ENDESA must consider the different types of risk in terms of its financial and

non-financial work in relation to their operational, technological, legal, social, environmental, political and reputational impacts that characterise both the Company and its environment.

The methodology used by ENDESA is based on an annual identification of emerging risks with medium and long-term impact in order to analyse, control and prevent the possible repercussions that the business may suffer. To this end, ENDESA has taken as a reference the identification of global risks prepared by the World Economic Forum based on a consultation with 1,000 experts from the business world, university, civil society and public sector on the perception of global risks in a time horizon of 10 years. In this way, a risk map is obtained adjusted to the characteristics and needs of the stakeholders in the framework of the materiality study, highlighting the most significant sustainability risks; and Human Rights Due Diligence to identify risks in the operating context. This analysis is complemented by that of the Company's exposure to each of the risks carried out taking into account the analyses of MSCI and Sustainalytics.



Risk	Description	Potential Impact on ENDESA	Main Management and Mitigation Measures
Extreme Climate Phenomena and Environmental Disasters	Climate change is generating associated phenomena such as the increasing occurrence and intensity of adverse weather events (floods, storms, tornadoes, etc.).	Incidents in distribution networks and generation plants motivated by the occurrence of adverse meteorological phenomena.	<p>ENDESA has established a roadmap towards the Decarbonisation of its energy mix by 2050 that sets intermediate targets for reducing CO2 emissions. This roadmap is supported by a clear commitment to renewable energy and the optimisation of thermal generation assets during the transition. With the new Strategic Plan 2021-2023, this commitment to decarbonisation has been reinforced, announcing a reduction in specific Scope 1 emissions more ambitious than that published in the previous Plan and which translates into an emission reduction of approximately 80% by 2030. All this supported by the total closure of coal before 2030 and complying with the commitment to stop mainland coal activity in 2021. This same Plan calls for an increase in the period 2021-2023 of approximately 50% in installed renewable capacity, thus reinforcing the portfolio of projects for growth and value creation.</p> <p>An adaptation project has been carried out that includes both the assessment of internal vulnerability and the evaluation of future benefits and opportunities. The conclusions of the aforementioned project show that the risks to which the business lines would be subjected are classified as low and very low and are also expected to materialise slowly and in the future. For more details on the risks associated with Climate Change, please refer to the Decarbonisation chapter.</p>
Climate change (Mitigation and adaptation)	The measures that are being taken in the fight against climate change by States and the business sector may be insufficient for mitigation and adaptation.	<p>Environmental sanctions deriving from possible environmental disasters brought about by the operation of power plants or the distribution network (fires, radioactive emissions).</p> <p>Increase in regulatory pressure to accelerate the transition to an energy mix free of GHG emissions (increased production cost overruns based on fossil fuels). Increase in the demands by investors regarding the management of the impact of the different climate change scenarios.</p>	<p>ENDESA 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>Additionally, it prepares its facilities for possible eventualities derived from extreme climatic phenomena and environmental catastrophes. In this regard, among other actions, in 2018 the deployment of emergency plans for hydroelectric dams was completed.</p> <p>ENDESA monitors its carbon footprint and maintains strict compliance with the emission limit values.</p> <p>ENDESA has environmental liability and civil liability insurance to deal with potential breaches of environmental regulations and cover claims arising from damage to third parties.</p>
Loss of biodiversity	Due to the increased demographic pressure and human activity, characterised by high consumption of natural resources, a loss of the biodiversity of ecosystems is being produced.	Increased environmental requirements for the development of new generation and distribution projects.	<p>ENDESA within its Biodiversity Conservation Plan, develops projects for the protection, conservation and enhancement of Biodiversity, promotes the increase of its scientific knowledge, seeks synergies that help its conservation and develops tools that help to understand the interaction of biodiversity with the activity it develops.</p> <p>For more information, see the chapter on Environmental Sustainability, section 3. Conservation of Biodiversity</p>

Risk	Description	Potential Impact on ENDESA	Main Management and Mitigation Measures
Shortage of Water Resources	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, especially water.	Restrictions on the use or availability of water for electricity generation.	ENDESA incorporates into its environmental management systems actions aimed at promoting efficiency in the consumption of water resources.
Cybersecurity	The digital transformation entails greater exposure to potential cyber attacks that may jeopardise the security of computer systems and databases with sensitive information.	Economic losses and reputational impacts (loss of trust on the part of society) that arise in the event that ENDESA's information systems are affected by a cyberattack. The company's critical infrastructure may also be exposed to such attacks, which could have a serious impact on the essential services they provide (e.g. nuclear power plants). The danger of fraudulent impersonation in the commercial activity is increasing and it is necessary to take the security measures and protection of the personal data of the customers.	ENDESA has a cybersecurity strategy that is aligned with international standards and government initiatives. As part of this strategy ENDESA carries out a process of evaluation of the main risks and identification of vulnerabilities, as well as an exhaustive digital surveillance through which it analyses the information and implements corrective actions to mitigate risks. Additionally, it deploys training and awareness actions in the use of digital technologies among its employees, both in the professional and private spheres, with a view to changing people's behaviour and reducing the risks.  In its assets, ENDESA executes cyber exercises involving a plant or industrial facilities.
Structural Unemployment	Different factors such as population growth, the impact of automation, cyclical economic crises, the seasonality of employment or the lack of adaptation of the industrial fabric to the new competitive conditions determine that high levels of unemployment are continuously maintained.	Less economic activity, which leads to lower demand for energy and value-added products and services and a greater volume of customers in vulnerable economic situations, with difficulties in paying the electricity bill. Furthermore, the transformations of the energy sector, characterised by a strong technological impulse, require the presence of new profiles, as well as a significant cultural and organisational change. In the short term, this risk may be accentuated by the appearance of pandemics	ENDESA has a fair transition plan through a methodology for creating shared value in the environment of its local operations where employment for its workers is guaranteed. To this end ENDESA promotes and plans capacity improvement and recycling programmes for employees affected by the energy transition  Investment in ENDESA's social projects in 2020 increased by 250% compared with the previous year, due to the extraordinary budget of the Public Responsibility Plan for COVID, endowed with Euros 25 million. For more information see section 2.3. ENDESA's plan for the health emergency in the chapter Commitment to sustainability.  In addition, ENDESA transfers sustainability to its supply chain by prioritising those suppliers that incorporate sustainability criteria into their tenders, one of these criteria being that the supplier/contractor employ local workers.  ENDESA establishes agreements with the Public Administration to avoid cutting off the supply of vulnerable customers and thus reduce the risks of non-payment and also has a series of rates according to the economic situation of the different groups (PVPC, Sale Price for Small Consumer) as well as the "social bonus" (subsidised rate) for vulnerable households.

Risk	Description	Potential Impact on ENDESA	Main Management and Mitigation Measures
Infectious diseases	Bacteria, viruses, parasites, or fungi that cause the uncontrolled spread of infectious diseases (for example, as a result of resistance to antibiotics, antivirals, and other treatments) leading to widespread deaths and economic disruption.	<p>Risk of incurring 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 emerging infectious disease that has epidemic or pandemic potential that could limit the regular operation of activities or its supply chain.</p> <p>Furthermore, as a consequence of the Group's global presence and the globalisation of the company, employees and contractors could be exposed to risks related to emerging infectious diseases of an epidemic and potentially pandemic nature, which could have an impact on their health and well-being.</p>	<p>ENDESA has a global action plan against COVID-19 that includes measures to help fight the spread of the virus, ensure electricity supply, provide facilities to its customers and take care of its employees.</p> <p>The aid plan that the Company launched provided Euros 25 million, which in a first phase was used to alleviate immediate and urgent needs at the country level and which was later transferred to its customers and employees.</p> <p>For more information see section 2.3. ENDESA's plan for the health emergency in the chapter Commitment to sustainability.</p>
Health and Occupational Safety	Occupational health and safety aspects are critical. The type of industrial activity carried out can determine a greater exposure to this type of risk	Occurrence of accidents with an impact on the health of workers. This risk may be accentuated in the short term by the influence of the appearance of pandemics.	<p>Occupational Health and Safety is an absolute priority for ENDESA, as reflected in the Materiality analysis each year. Extending the priority from its own personnel to those of subcontractors, 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>ENDESA has a management policy and associated procedures such as the ENDESA and Business Occupational Health and Safety Management System and its corresponding Operating Rules in Technical Instructions.</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>Within 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>For more details, you can consult the Occupational Health and Safety chapter of this report.</p>
Political conflicts and extremism	The geopolitical situation in certain countries, political polarisation and extremist religious movements are causing an increase in terrorist attacks in developed countries.	Increase of the risk on the security of infrastructures in general and with greater intensity in the critical infrastructures that can potentially be the object of terrorist attacks, such as nuclear power plants and reduction of income due to the economic slowdown derived from the uncertainty generated by political polarisation.	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.

Risk	Description	Potential Impact on ENDESA	Main Management and Mitigation Measures
Failure of national systems of government	Political instability, crisis management, certain social situations or the existence of corruption all constitute obstacles to economic development, representing greater unpredictability and risk for the development of economic activity	Greater difficulty in developing the activity, impact on the general perception of country risk that may affect access to financing. This risk may be accentuated in the short term by the influence of the appearance of pandemics.	The management and mitigation measures for this risk are described in point 2 of this section and in greater detail in the section Fight against corruption and bribery of this document.
Inequality and social instability	<p>There is a worldwide increase in inequality that, in the case of Spain and Portugal, is accentuated by high levels of unemployment.</p> <p>Likewise, the social instability caused by the lack of leadership and the weakness of representative democracy, 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.</p>	<p>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>This risk may be affected in the short term by the impact of the appearance of pandemics.</p>	<p>By means of its methodology for creating shared value in the surroundings of its local operations, ENDESA ensures that it produces a positive impact on local communities, contributing to respond to the challenges that these communities face, which include unemployment and inequality and the ensuing social instability.</p> <p>Additionally, it is developing various actions to facilitate access to energy for vulnerable groups.</p> <p>ENDESA has signed 273 agreements that are in force, with another three in process of negotiation. Seven of them are with Autonomous Regions and seven with Federations of Municipalities. It maintains contact with 537 municipalities.</p>

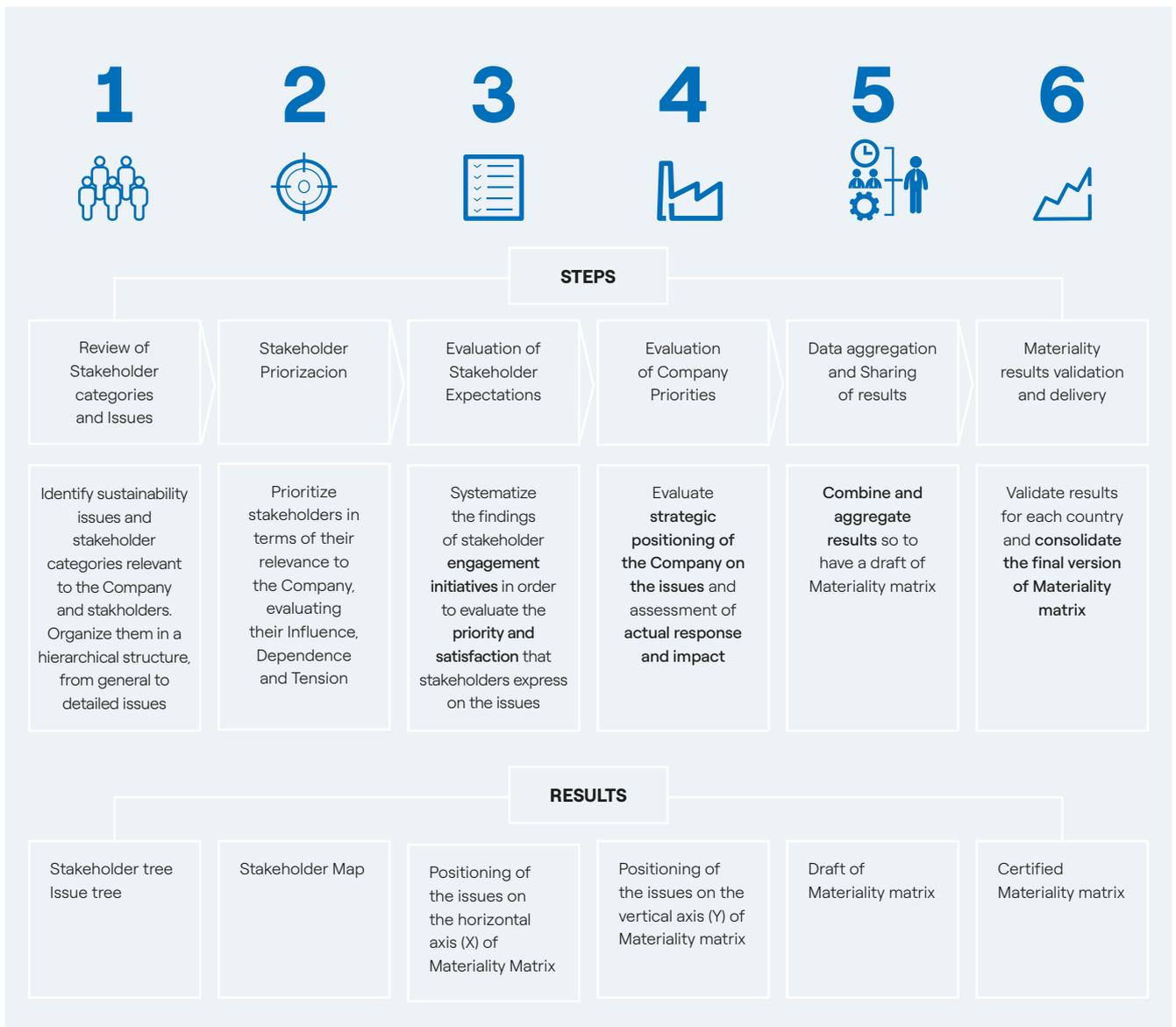
## 5. Materiality study

### 5.1. Process of identifying priority issues

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Continuous dialogue with Stakeholders makes it possible to identify and evaluate expectations correlated with the economic, ethical, environmental and social priorities for the Company and the business strategy in the annual materiality study.

Through a methodology developed around standards such as the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB), AA1000APS and the SDG Compass, the corresponding results are presented throughout this point.



### 5.1.1. Identification of stakeholders

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ENDESA, through the participation of all the Company's units, annually conducts a review, identification and cataloguing of the Company's stakeholders to ensure that all those that are relevant are being considered.

The stakeholders identified in this process are the following:

Level I	Level II	Level III
Business community	Companies/Competitors	Local Businesses
		Multinationals/Foreign companies
		National Companies
		Public enterprises
	Unions	Local unions
		National unions
		Transnational unions
	Trade and professional associations	Local trade associations
		National trade associations
		Professional associations
	Business associations	Transnational trade associations
		Local partners
National partners		
Civil society and local communities	Citizens/Public opinion	Global partners
		International public opinion
		Owners
		Local citizens and public opinion
	Educational and research institutions	National citizens and public opinion
		Disadvantaged groups and minorities
	Environmental NGOs and interest groups	Primary and secondary school
		University, technical and research institutions
		International environmental NGOs and interest groups
	Foundations and voluntary associations	Local environmental NGOs and interest groups
		National environmental NGOs and interest groups
		International voluntary foundations and associations
NGOs and interest groups other than environmental	Local voluntary foundations and associations	
	National voluntary foundations and associations	
	International NGOs and interest groups other than environmental	
	Local NGOs and interest groups other than environmental	
Sustainable development networks	National NGOs and interest groups other than environmental	
	Networks that develop sustainability in other areas	
	Networks that develop sustainability in the area in which the Company operates	
Opinion leaders	International opinion leaders	
	Local opinion leaders	
	National opinion leaders	
Religious institutions	International religious institutions	
	Local religious institutions	
	National religious institutions	
Customers	Consumer associations	Consumer associations
	End customers of the electricity market	Business end customers of the electricity market
		Residential end customers of the electricity market
	End customers of the gas market	Business end customers of the gas market
		Residential end customers of the gas market
	Potential customers	Business Potential End Customers
Residential Potential End Customers		

Level I	Level II	Level III
Financial community	Rating agencies and financial analysts	National rating agencies
		International rating agencies
	Investors	Institutional investors (incl. SRIs)
		Retail investors
	Financial institutions and related government agencies	Banks
		Institutional shareholders
		Other financial institutions
		Public financial institutions
		Retail bond holders
	Governing bodies	
Institutions	Control authorities and bodies	Local and regional authorities and control bodies
		National authorities and regulators
		Transnational authorities and regulators
	Government institutions	Local government
		National government
		Regional government
		Transnational government institutions
	Law enforcement	Transnational multinational institutions
		Local law enforcement agencies
	Political parties	National law enforcement agencies
Supranational / Federal Law Enforcement Agencies		
Media	Traditional media	Political parties
		Traditional media reaching international audience
		Traditional media reaching local audiences in areas of interest
	Digital and social media	Traditional media reaching national audience
		Social network
		National digital media related to local and national affairs
Our people	Employees	International digital media related to local and national affairs
		Blue-collar employees
		Scholarships and temporary workers
		Intermediate positions
		Senior positions
	Union representatives	White-collar employees
		Union delegates
Suppliers and contractors	Contractors	Works councils
		Local contractors
		Multinational contractors
	Fuel suppliers	National contractors
		Local fuel suppliers
		Multinational fuel suppliers
	Potential suppliers and contractors	National fuel suppliers
		Potential suppliers and contractors
	Goods and services suppliers	Local suppliers
Multinational suppliers		
National suppliers		

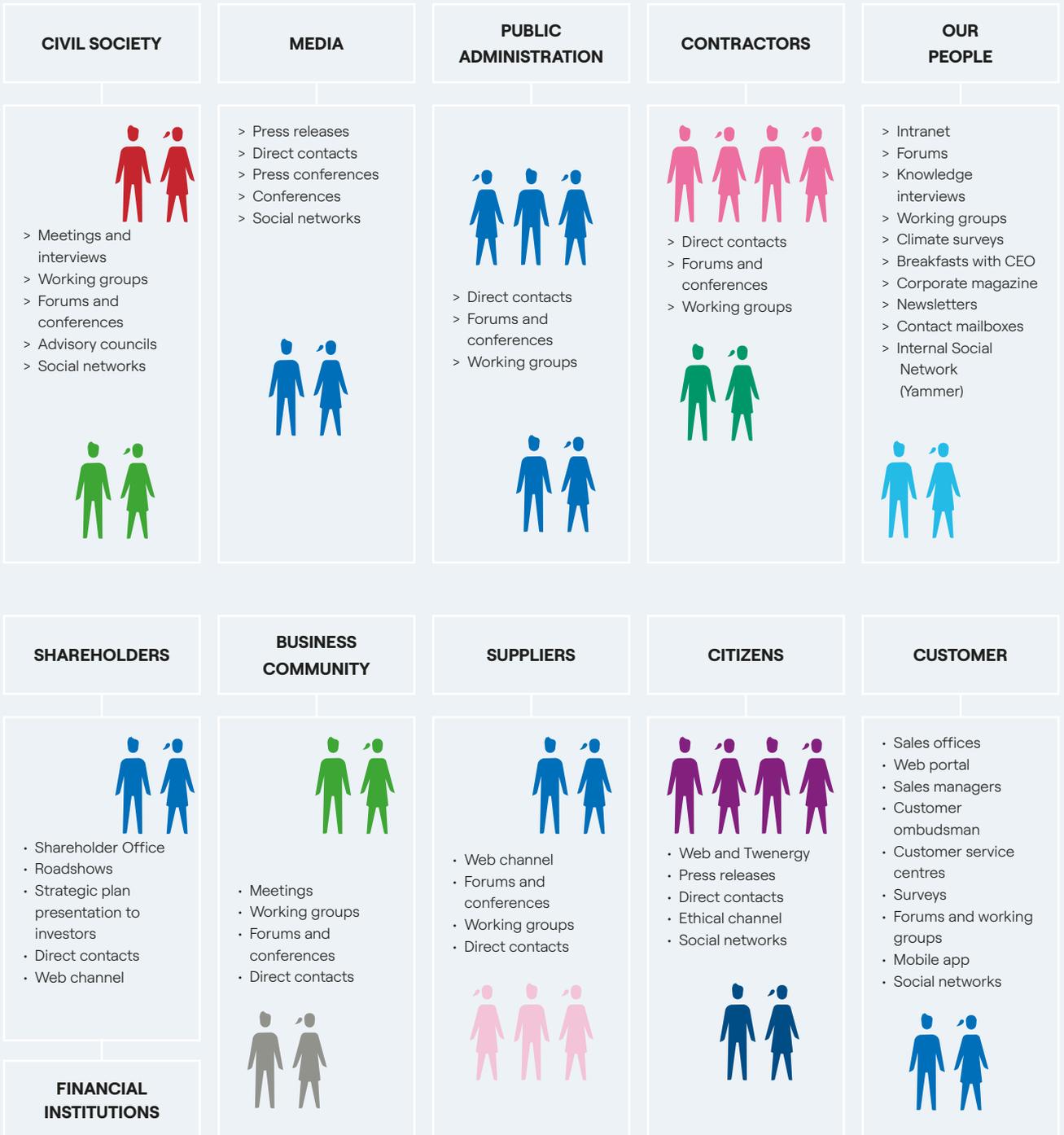
## 5.1.2. ENDESA's communication channels with its stakeholders

102-43

ENDESA's typical communication channels and procedures for acquiring solid knowledge of the evolution of stakeholder conditions have been:

Stakeholder	Main Communication Channels
Public Administration	Direct contacts
	Forums and conferences
	Working groups
Shareholders and Financial Institutions	CNMV
	Corporate website
	Investor Relations Department: Roadshows, Quarterly Results Presentations and Strategic Plan
	Shareholder Office
	General Shareholders' Meeting
Customers	Communications with proxy advisors
	Sales offices
	Sales managers
	Web channel
	Customer service centres
	Forums and Working Groups
	Mobile app
Social media	
Business Community	Direct contacts
	Meetings and working groups
	Forums and conferences
Media	Direct contacts
	Press conferences
	Forums and Conferences
	Social media
Our People	Intranet and internal social network
	Forums and working groups
	Knowledge interviews
	Breakfasts with the CEO
	Contact mailboxes
Civil Society	Corporate magazine and newsletters
	Direct contacts
	Working groups
	Forums and conferences
	Web channel
	Web and Twenergy
	Social media
	Ethical channel
Sustainability Mailbox	
Suppliers and Contractors	Direct contacts
	Web channel
	Committees
	Forums and conferences
	Working groups

# MAIN CHANNELS OF COMMUNICATION WITH STAKEHOLDERS

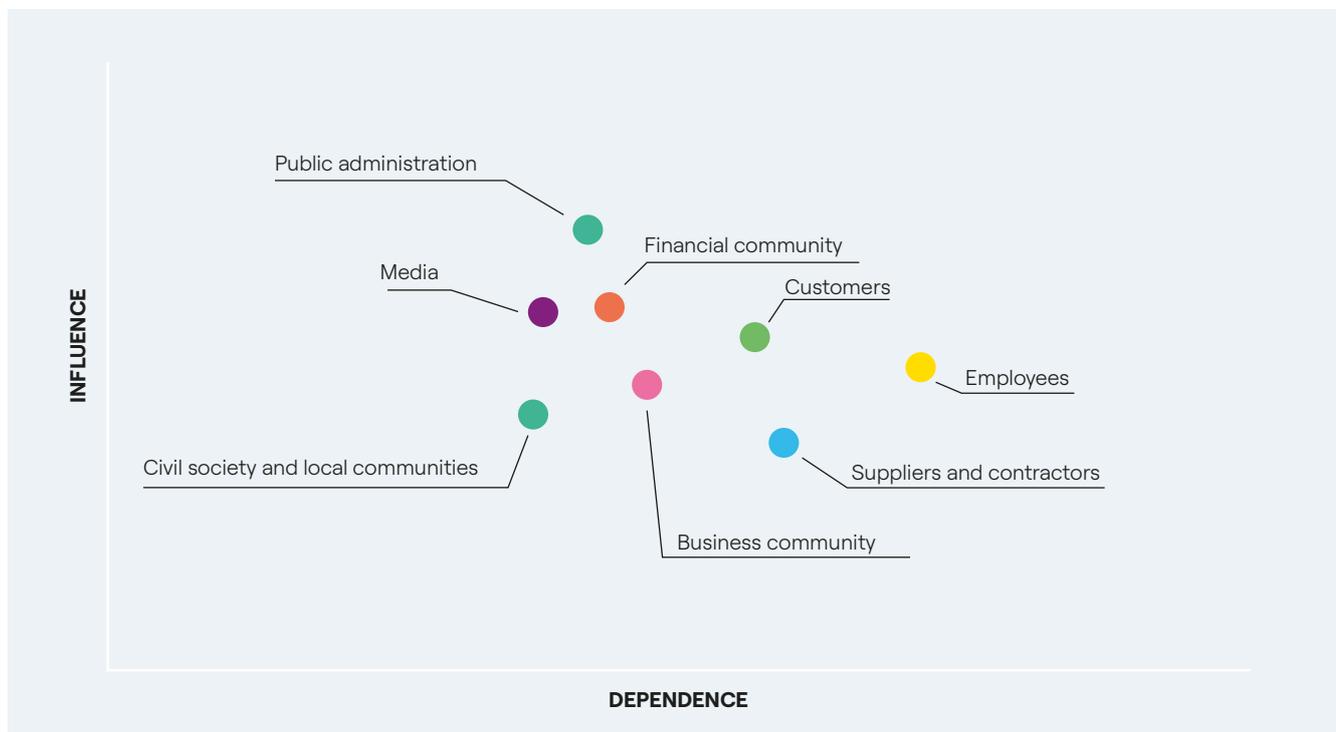


### 5.1.3. Prioritisation of stakeholders

102-42

This prioritisation is carried out according to three variables: the level of dependence on the activity of the company, the ability to influence the decision-making process of the company and the level of special and immediate attention required by the stakeholder. This analysis in 2020 maintains that public institutions, investors and customers are the stakeholders with the greatest capacity to influence the Company, while employees are those with the highest degree of dependence. It also includes the media that did not appear in 2019.

This methodology is also applied in the local operations of the company in order to increase the level of detail, thus seeking to identify relevant local stakeholders that allow designing effective responses under the approach of creating shared value between the company and the stakeholders.



## 5.2. Material aspects

### 5.2.1. Materiality study

102-46

The 2020 materiality study, as the basis for defining the priorities of the 2021-2023 Sustainability Plan, has been carried out around:

- > Analysis of trends in the field of energy and sustainability with possible current or future effect on the activity of the Company.
- > Analysis of investors, proxy advisors and investment analysts on sustainability issues.
- > Review of the assigned relevance and the degree of maturity of the issues in the management of the main companies in the electricity sector.

- > Analysis of media and social networks.
- > Online consultations and in-depth telephone interviews with different internal and external stakeholder groups.
- > In-depth interviews with ENDESA Senior Management.
- > Analysis of existing reports that incorporate issues related to the Company's sustainability.

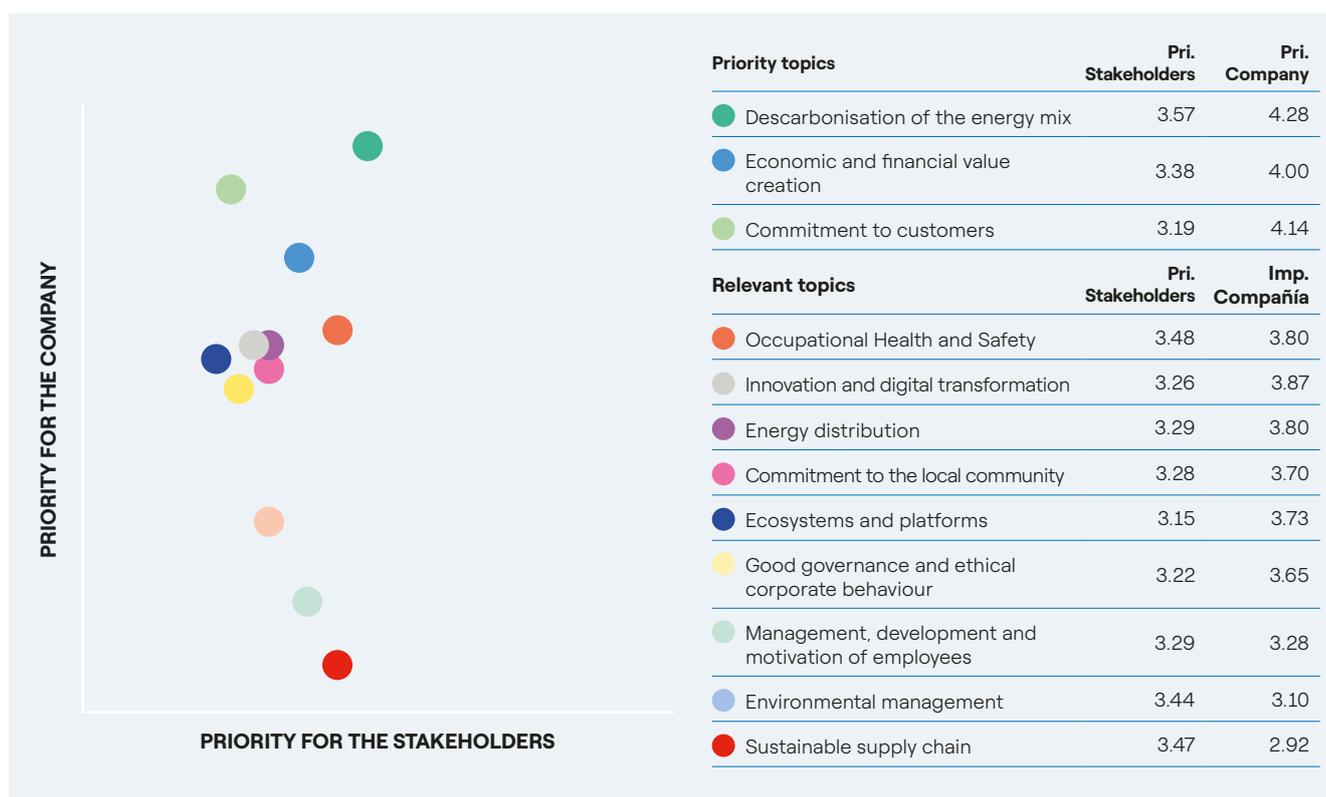
### 5.2.2. Results of the materiality study

102-47

102-15

#### 5.2.2.1. Priorities for the company and stakeholders

From the combined analysis of the relevance in the business strategy and the priority for the stakeholders of each of the topics, the result is the following matrix:



#### Business and Governance Affairs

Decarbonisation of the energy mix  
Economic and financial value creation  
Commitment to customers

#### Social Affairs

Occupational Health and Safety  
Commitment to the local community  
Management, development and motivation of employees  
Sustainable supply chain

#### Environmental Issues

Environmental management

As the foregoing matrix shows, among the most significant issues for the sustainability of the company and with few changes relative to the previous year, the decarbonisation of the energy mix, the creation of economic and financial value and the commitment to the customer appear.

The decarbonisation of the economy and the greater integration of renewable energy sources is shown to be the most relevant issue for the Company's stakeholders with a special focus on the expansion and management of renewables. Stakeholders acknowledge ENDESA's efforts to progressively reduce traditional energy sources and its commitment to a just and orderly transition.

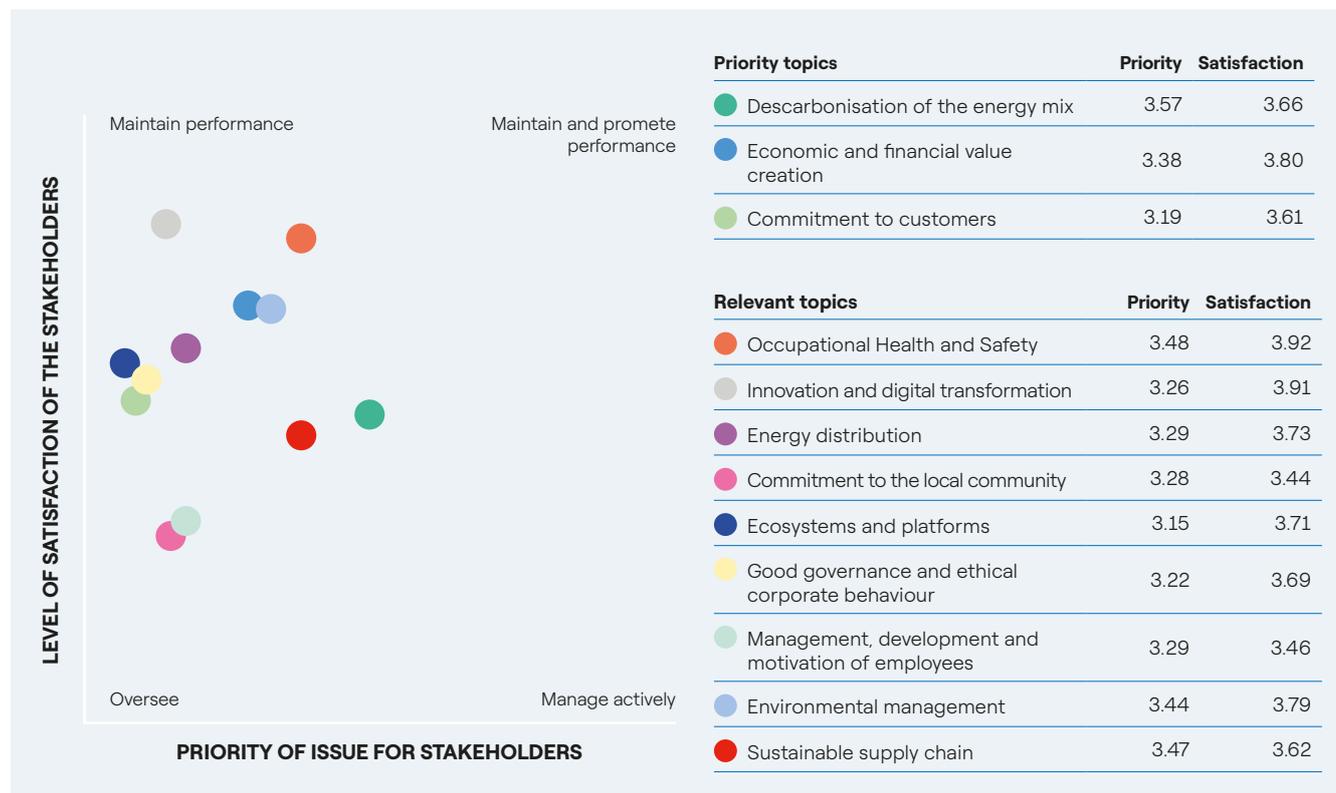
ENDESA, aware of its role in this regard and its ability to contribute to achieving a low-carbon economy, continues in its commitment to the progressive reduction of GHG emissions associated with the generation of elec-

tricity, proof of this being the newly updated version of the Strategic Plan 2021-2023 (for more information on ENDESA's Strategic Plan see point 6.2. Strategic Lines of Action in the 2020 Consolidated Management Report) where ENDESA announces a reduction of specific Scope 1 emissions of 80% by 2030 and maintaining a complete decarbonisation of the energy mix in 2050.

### 5.2.2.2. Stakeholders' satisfaction

102-15

In its 2020 materiality study, ENDESA analysed the level of satisfaction of stakeholders with respect to the various sustainability issues. The results are shown in the graph hereunder:



Based on the consultation made to the Company's stakeholders, among the aspects that ENDESA should manage more actively, the decarbonisation of the energy mix and the sustainable supply chain stand out. The Commitment to the local community and Management, development and motivation of employees are also aspects that the Company must continue to monitor, and that is why through ENDESA's Sustainability Plan 2021-2023 the Company intends to meet their expectations.

### 5.2.2.3. Priority issues and satisfaction for each stakeholder group

102-44

The level of priority that each stakeholder group grants to each of the sustainability issues analysed during the consultation process carried out in the framework of the materiality study is detailed below:

Issue	Stakeholder							
	Business Community	Customers	Financial community	Institutions	Civil Society and Local Corp	Media	Employees	Suppliers and Contractors
Economic and financial value creation	■	■	■	■	■	■	■	■
Good governance and fair corporate behaviour	■	■	■	■	■	■	■	■
Engagement with the customer	■	■	■	■	■	■	■	■
New technologies and solutions	■	■	■	■	■	■	■	■
Innovation and digital transformation	■	■	■	■	■	■	■	■
Energy distribution	■	■	■	■	■	■	■	■
Descarbonisation of the energy mix	■	■	■	■	■	■	■	■
Environmental management	■	■	■	■	■	■	■	■
Management, motivation and development of employees	■	■	■	■	■	■	■	■
Occupational Health and Safety	■	■	■	■	■	■	■	■
Sustainable supply chain	■	■	■	■	■	■	■	■
Commitment to the local community	■	■	■	■	■	■	■	■

■ Priority values from 3.8 to 5.0    
■ Priority values from 2.6 to 3.8    
■ Priority values from 1.4 to 2.6

102-15

Likewise, the degree of satisfaction of each stakeholder group with ENDESA for each of the sustainability issues evaluated is detailed below:

Issue	Stakeholder							
	Business Community	Customers	Financial community	Institutions	Civil Society and Local Corp	Media	Employees	Suppliers and Contractors
Economic and financial value creation	■	■	■	N/A	■	■	■	■
Good governance and fair corporate behaviour	■	■	■	N/A	■	■	■	■
Engagement with the customer	■	■	■	N/A	■	■	■	■
New technologies and solutions	■	■	■	N/A	■	■	■	■
Innovation and digital transformation	■	■	■	N/A	■	■	■	■
Energy distribution	■	■	■	N/A	■	■	■	■
Decarbonisation of the energy mix	■	■	■	N/A	■	■	■	■
Environmental management	■	■	■	N/A	■	■	■	■
Management, motivation and development of employees	■	■	■	N/A	■	■	■	■
Occupational Health and Safety	■	■	■	N/A	■	■	■	■
Sustainable supply chain	■	■	■	N/A	■	■	■	■
Commitment to the local community	■	■	■	N/A	■	■	■	■

■ Priority values from 3.8 to 5     
■ Priority values from 2.6 to 3.8     
■ Priority values from 1.4 to 2.6  
N/A The material issue has not been evaluated by the stakeholders

Depending on the degree of importance and satisfaction indicated by each stakeholder group, ENDESA incorporates these results into its planning process and sets objectives and actions aimed at continuing to improve its performance on the various sustainability issues analysed, in order to successfully respond to the expectations of its stakeholders.

#### 5.2.2.4. Areas of action to promote a sustainable business model

102-15

The priorities of the stakeholder groups together with the sector and business model envisaged by ENDESA give rise to the following areas of action:

- > Sector response to climate change: ENDESA forms part of the drive to boost renewable energy and progressively reduce the use of fossil fuels in the energy mix.
- > Value creation models for the new energy scenario: based on the digitisation of the distribution and supply of its services, with great interest in the field of renewables, energy efficiency, mobility and digital services.

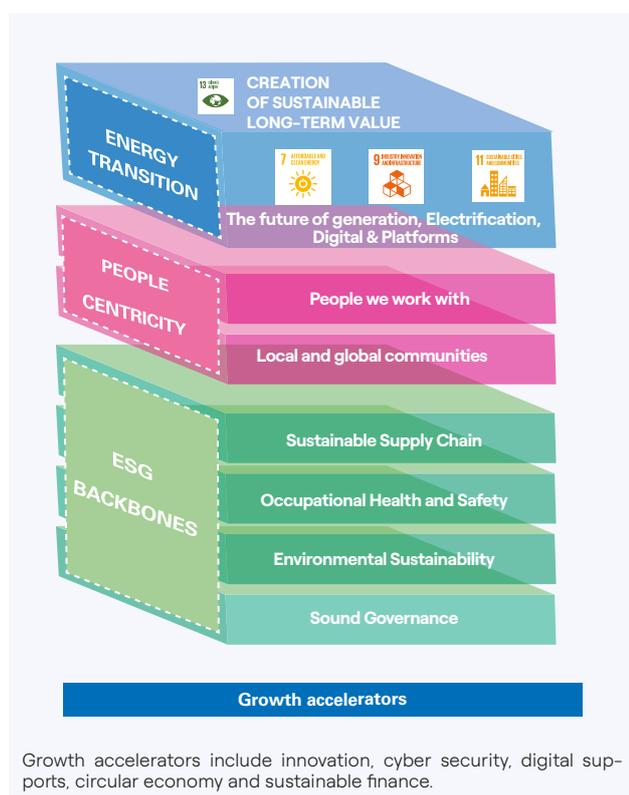
- > Reinforcement of social legitimacy: through the improvement of the traditional social perception and the implementation of a shared value creation model in all phases of the life cycle of the company's operations.
- > Responsible business management: ENDESA, aware of its role in environmental, social and governance matters as key factors to distinguish itself as a responsible company, continues to invest in aspects related to human rights, human capital, occupational health and safety, environmental management, cybersecurity and sustainability throughout its supply chain.

According to the stakeholders consulted, the value creation of the company must be based on a set of requirements necessary to operate and incorporate a set of elements aimed at generating future value for the business, based on the promotion of an emission-free energy model by 2050 and through the continuous commitment to the development of highly qualified human capital.

# 6. ENDESA's 2021-2023 sustainability plan

102-15

## 6.1. Structure of the new 2021-2023 ENDESA Sustainability Plan



ENDESA's 2021-2023 Sustainability Plan continues with the creation of long-term value, based on the following strategic priorities as the foundations of its objectives:

### Energy transition

In line with the new Strategic Plan (for more information on ENDESA's Strategic Plan see point 6.2. Strategic Lines of Action in the 2020 Consolidated Management Report), the priorities relating to climate action continue to focus on the decarbonisation of the energy mix in order to meet the final objectives of being a company free of CO<sub>2</sub> emissions by 2050 and reducing by 2030, according to the latest update, 80% of Scope 1 specific emissions compared with 2017. The replacement of the technologies that emit the most, thanks to investment in renewables and the circular economy, are the bases of ENDESA's future.

Another strategic line is the electrification of demand. Through active customer management with innovative products and services, the development of efficient networks and the presentation of new products, with objectives for ENDESA such as the installation of charging points for private and public use or the promotion of the virtual assistant in telephone attention. For this, it has: the promotion of efficiency and quality in the management of assets, the promotion of sustainable mobility, the attraction of talent and collaboration for the development of new business solutions that promote sustainability and cybersecurity.

All of the above is possible thanks to investment and development in digitisation and platforms.

### Focusing on people

- > **People we work with:** in accordance with the needs of its employees, ENDESA promotes their level of satisfaction, diversity and inclusion, the development of talent, and work-life balance. In turn, those positions affected by the energy transition have specific objectives to mitigate the consequences that this change of model may have.
- > **Global and local communities:** through a shared value creation model the sustainability of which is centred on promoting energy access, socio-economic development and education as fundamental axes of its commitment.

### ESG Pillars

- > **Sustainable Supply Chain:** ENDESA's current behaviour is based on lines of action to continue with the management of control and supervision systems of the supply chain in accordance with the best environmental, safety and human rights criteria. In addition, it promotes sustainability criteria in bidding procedures with its various suppliers.
- > **Occupational health & safety:** The Strategic Plan calls for a further reduction in accidents among employees and contractors, as well as the promotion of adequate control of safety through inspections and medical examinations.
- > **Environmental sustainability:** ENDESA's Environmental Footprint continues to decrease according to the main environmental indicators and the conservation of biodiversity. In addition, its environmental management incorporates objectives and solutions to continue with the reduction of emissions among the fleets.

> **Good governance:** Compliance with the Company's ethical commitments and responsibilities, the implementation of good practices in corporate governance and the promotion of transparency in relations and communications with all its stakeholders continue to be very present in this new Strategic Plan 2021-2023.

102-15

The objectives defined in the new Sustainability Plan for the period 2021-2023 are detailed below:

Line of action	Closing 2020	2021 Objective	2023 Objective
Specific Scope 1 GHG emissions (gCO <sub>2</sub> eq/kWh)	183	<150 by 2023	
CO <sub>2</sub> -free production (% of total production)	70%	~75% by 2023	
Installed renewable capacity <sup>2</sup> (MW)	7,825	11,592 MW at the end of the 2021-2023 period	
Production from renewable sources <sup>3</sup> (TWh)	13.4	13.9	21.0
Peninsular renewable capacity vs. total peninsular capacity <sup>4</sup> (%) (NEW)	45%	54%	62%
Future of generation			
Decrease in installed fossil thermal capacity <sup>5</sup> (GW)	11.2	~3 GW in the period 2021-2023 vs. 2020	
Investment in digitisation in power generation <sup>6</sup> assets (€ millions)	18	~ 34 M€ in the period 2021-2023	
Storage capacity installation (capacity increase in MW)	—	277 MW in the period 2021-2023	
Maintain high efficiency in renewable power plants	W: 94.2% H: 98.5%	94.8% in wind power in 2021-2023 98.8% in hydraulics in 2021-2023	
ISO 9001 quality certification in thermal and renewable generation assets	100%	Maintain 100% in the period 2021-2023	

<sup>1</sup> Estimate considering the total production measured in plant bars.

<sup>2</sup> Cumulative gross installed capacity.

<sup>3</sup> Net production.

<sup>4</sup> Net capacity.

<sup>5</sup> Gross Installed Capacity.

<sup>6</sup> Includes thermal + renewable.

Line of action	Closing 2020	2021 Objective	2023 Objective
Reduction of electricity losses <sup>1</sup> (% losses measured in substation busbar)	9.85%	9.69%	9.49%
Energy recovery (GWh)	1,205	~2.900 GWh in the period 2021-2023	
Improvement of supply continuity (SAIDI <sup>2</sup> , min)	60.3	57.1	45.4
Deployment of the remote management plan in the Low Voltage network (millions of remote meters installed)	12.4	12.5	12.6
Installation of remote controls in the Medium Voltage network (accumulated)	23,955	29,707	43,639
Technological update of the High Voltage remote control system (accumulated)	336	361 in 2021 <sup>3</sup>	
Number of new producer connections (cumulative no.)	1,687	4,727	14,079
Power of new producer connections (cumulative MW)	2,065	1,445	3,628
Electrification			
Investment in customer digitisation (millions of euros invested) <sup>4</sup>	60.2	~ Euros 180 million in the period 2021-2023	
Digital customers (millions of contracts that have made a contact via digital channel)	5.7	5.8	6.0
Electronic invoicing (Millions of contracts)	4.4	4.7	5.3
Electronic invoicing (% of customers using electronic invoicing) <b>(NEW)</b>	29%	33%	36%
Promotion of the virtual assistant in Care via CAT <sup>5</sup> (% of interactions attended by the Virtual Assistant)	9.1%	12.0%	17.5%
Quality: Improvement of global customer satisfaction	7.4	7.45	7.50
Digital, innovative and inclusive Customer Service (% dissemination of the Padius service) <b>(NEW)</b>	N/A	100% dissemination of the Padius service during the period 2021-2023	
Number of electric vehicle charging points (Public and private use)	N/A	56,000 charging points in 2023	
Number of e-Bus charging points <b>(NEW)</b>	126	115 charging points in 2023	

<sup>1</sup> OS criterion.

<sup>2</sup> Own + programmed TIEPI (SAIFI).

<sup>3</sup> The project ends in 2021.

<sup>4</sup> Includes ENDESA Energía + ENDESA X.

<sup>5</sup> CAT: Telephone Attention Channel.

<sup>6</sup> Estimated closing 2020.

Line of action	Closing 2020	2021 Objective	2023 Objective	
	Increase the presence of women in management <sup>1</sup> positions (% women)	19.7%	20%	20.5%
	Increase the presence of women in intermediate positions <sup>1</sup> GCI+NCO (% women)	32.6%	33.0%	33.5%
	Increase the presence of women in intermediate positions: GCI (% women) <b>(NEW)</b>	27.8%	28.8%	29.8%
	Promotion of gender diversity in selection processes (% women)	36%	50%	50%
	Promotion of gender diversity in personnel recruitment (global% of women)	32%	38%	39%
	Professional guidance in STEM areas for women	572	> 1,500 women involved in the period 2021-2023	
	Scope of the employee satisfaction survey (% employees)	100%	100%	100%
	Employee satisfaction <sup>2</sup> (engagement)	90%	90%	90%
	Scope of the performance evaluation processes <sup>3</sup> (% employees)	100% <sup>4</sup>	100%	
	Participation in performance evaluation processes (% employees)	99.6% <sup>4</sup>	99%	
	Employees who have conducted a feedback interview	75.7% <sup>4</sup>	95%	
	Number of people included in the knowledge transfer initiatives (mentoring, age and gender)	120	125	140
People we work with	Travel safety: Expansion of the e-Travel digital portal to add itinerary planning functions and authorisations	100%	100% of the trips in the period 2021-2023	
	Launch of specific campaigns to integrate disability and make possible new cases emerge. (number of specific communications)	2	3 campaigns a year in the period 2021-2023	
	Promotion of in-person training to employees (hours/employee)	12.5	14.0	26.0
	Promotion of online training to employees (hours/employee)	30.1	25.0	25.0
	Skill enhancement and retraining programmes for employees affected by the energy transition (training hours per year/person)	122	150 hours in 2021 and 50 hours in the period 2022-2023	
	Continuous learning and entrepreneurship - Dissemination of "train the trainer" approach (no. of courses given by internal instructor)	71	75 courses a year in the period 2021-2023	
	Training programme for new recruits (number of hours/employee)	N/A	12 hours per employee per year in the period 2021-2023	
	Employees participating in digital transformation training programmes (No. of employees)	4,197	> 1,300 employees in the period 2021-2023	
	Improvement of work areas in offices (no. employees benefited)	701	1,965 employees in the period 2021-2022 <sup>5</sup>	
	Promotion of services that favour the reconciliation of employees <sup>6</sup> (number of services)	69	70 services in 2023	
	Promotion of smartworking <sup>7</sup> (number of employees)	6,180	5,800 employees a year in the period 2021-2023	

<sup>1</sup> Management positions: TOP 200 + managerial level + local managers.

<sup>2</sup> Biennial survey.

<sup>3</sup> Eligible and accessible individuals who have worked in the Group for at least 3 months. In 2020 it represented 86.5% of employees.

<sup>4</sup> 2019 performance evaluation conducted in 2020.

<sup>5</sup> The project ends in 2022.

<sup>6</sup> The data refer to the total number of services offered in the set of the 7 ENDESA headquarters, such as: financial advice, nutritionist, travel agency, vehicle rental, vehicle cleaning and repair, dry cleaning, catering, changing room, breast-feeding room, etc.

<sup>7</sup> Employees with the potential to adopt smartworking.

Line of action		Closing 2020	2021 Objective	2023 Objective
Global and local communities	Education (number of beneficiaries)	~1.9 <sup>1</sup>	800,000 beneficiaries (Period 2015-2030) <sup>1</sup>	
	Access to energy (number of beneficiaries)	~0.7 <sup>1</sup>	4,100,000 beneficiaries (Period 2015-2030) <sup>1</sup>	
	Socio-economic development (number of beneficiaries)	~0.3 <sup>1</sup>	1,900,000 beneficiaries (Period 2015-2030) <sup>1</sup>	
	Implementation of projects to create shared value for local communities (number of CSV plans under management)	67	>65	>85

<sup>1</sup> Accumulated value since 2015.

Line of action		Closing 2020	2021 Objective	2023 Objective
Sustainable supply chain	Verification of human rights aspects in the supplier qualification process (% qualified suppliers)	100%	100% in the period 2021-2023	
	Verification of security aspects in the supplier rating process (% of suppliers rated)	100%	100% in the period 2021-2023	
	Verification of environmental aspects in the supplier qualification process (% qualified suppliers)	100%	100% in the period 2021-2023	
	Evaluation of contractor companies in social, environmental and ethical matters (% of contractor companies evaluated)	8.8%	10%	15%
	Contracts that include the K of sustainability (% of the total)	83%	84%	86%
	Promotion of the qualification system: Volume of purchases made from qualified suppliers (% of the total)	91%	91%	92%

Line of action		Closing 2020	2021 Objective	2023 Objective
Occupational Health and Safety	Reduction of fatal accidents (number of fatal accidents)	1	0 in the period 2021-2023	
	Reduction of the combined accident frequency rate	0.36	0.56	0.45
	Promotion of the performance of safety inspections in own and contractor facilities (number of inspections)	73,547	70,000 inspections in the period 2021-2023	
	Promotion of ECoS (extra checking on site) (number of ECoS)	13	72 ECoS in the period 2021-2023 (24 a year)	
	Promotion of medical examinations (number of examinations)	4,400	6,400 examinations a year in the period 2021-2023	
	Safety awareness-raising (No. of actions) <b>(NEW)</b>	34	34	38

Line of action	Closing 2020	2021 Objective	2023 Objective
Implementation of environmental management systems certified by ISO 14001 (% of facilities)	100%	100% of generation and distribution facilities in the period 2021-2023	
Reduction of the environmental footprint (% reduction vs 2019)	6,098	32% reduction in 2023	
Promotion of ECoS (extra checking on site) (number of ECoS)	2	8 ECoS in the period 2021-2023	
Water consumption catchment in the electricity generation process (m <sup>3</sup> /MWh)	90.69	345	249
Promote efficiency in the management of waste generated in the electricity generation process <sup>1</sup> (Metric tons)	30,958	Waste production <20,000 tonnes in 2023	
Emissions of SO <sub>2</sub> (g/kWhbc)	0.17	0.28	0.21
NO <sub>x</sub> emissions (g/kWhbc)	0.77	0.87	0.76
Particle emissions (g/kWh)	0.01	0.02	0.01
Mercury emissions (mg/kWh)	0.0003	0.00052	0.00007
Implementation of biodiversity conservation programme (number of actions)	26	>20 actions carried out annually in the period 2021-2023	
Certification in environmental energy management and indoor air quality in offices <sup>2</sup> (% of total area)	53%	50% of the certified office area in 2023	
Reduction of energy consumption <sup>2</sup> (% of annual reduction)	176%	0.5% vs. previous year in the period 2021-2023	
Reduction of water consumption <sup>2</sup> (% of annual reduction)	26.6%	0.5% vs. previous year in the period 2021-2023	
Reduction in the generation of waste paper and cardboard <sup>2</sup> in offices (% reduction)	0.5%	3% in the period 2021-2023	
Reduction in the generation of single-use plastics in offices <sup>2</sup> (% reduction)	64%	65%	75%
Reduction of space in all ENDESA buildings (reduction in m <sup>2</sup> )	1,252	10,219 m <sup>2</sup> reduced in the period 2021-2022 <sup>3</sup>	
Reduction of CO <sub>2</sub> emissions in buildings <sup>4</sup> (% reduction vs. 2020)	4,719 <sup>5</sup>	7% reduction in 2023	
Development of actions with social function on patrimonial assets (number of actions per year)	8	10 actions in the period 2021-2023	
Sustainable fleet management: electrification and optimisation: electric vehicles (% EVs in the fleet)	9%	11% of electric vehicles in the fleet in 2023	
Sustainable fleet management: electrification and optimisation: PEVs (% of vehicles in the fleet)	26%	49% of plug-in hybrid vehicles in the fleet in 2023	
Sustainable fleet management: electrification and optimisation: hybrid vehicles (% of vehicles in the fleet)	9%	16% of hybrid vehicles in the fleet in 2023	
Sustainable fleet management: electrification and optimisation: ICE vehicles (% of vehicles in the fleet)	56%	24% of ICE vehicles in the fleet in 2023	
Reduction of CO <sub>2</sub> emissions in the management of ENDESA's fleets (% reduction vs. 2020) <sup>6</sup>	18.3% <sup>7</sup>	24% reduction in the period 2021-2023	
Electrification of car parks at HQs (No of places) <sup>8</sup>	719	820 places for electric vehicles in 2023	
Responsible management of taxi use: Shared taxi (% of employees)	38%	40% employees in shared taxi in 2023 <sup>9</sup>	
Responsible management of taxi use: % km travelled in ecotaxi	72%	74% km done in ecotaxis in 2023 <sup>10</sup>	
Promotion of the e-carsharing service (km travelled)	5,645	70,000 km in the period 2021-2023	
E-bike service (km travelled)	4,095	30,000 km in the period 2021-2023	
Electric scooter service (km travelled)	989	7,000 km in the period 2021-2023	
Transport card (number of employees)	831	> 900 employees in 2023	

<sup>1</sup> Hazardous and non-hazardous waste.

<sup>2</sup> Only SIGAEC environmentally certified buildings are included.

<sup>3</sup> The project ends in 2022.

<sup>4</sup> The reduction of emissions is determined by the reduction of energy consumption and of office space.

<sup>5</sup> Data in metric tons of CO<sub>2</sub>.

<sup>6</sup> Fleet emissions in 2020: 4,136 metric tons of CO<sub>2</sub>.

<sup>7</sup> Reduction vs. 2019.

<sup>8</sup> The figure refers to the places that have an electric vehicle recharging system installed.

<sup>9</sup> % of the total number of employees who use the taxi for their business travel.

<sup>10</sup> Ecotaxis use one of the following technologies: hybrid, electric, LPG or CNG.

Line of action	Closing 2020	2021 Objective	2023 Objective
Promotion of good corporate governance practices	Accomplished	Supervision and annual report to the Audit and Compliance Committee on the Criminal Risk and Anti-Corruption Prevention Model	
Promotion of the prevention of criminal risks	Accomplished	Maintain certifications of criminal compliance (UNE 19601) and anti-bribery (UNE-ISO 37001)	
Analysis of complaints through the ethical channel	100%	100% of complaints in period 2021-2023 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")	96	DJSI score > 95/100 in the period 2021-2023	
Training in ethical conduct in the last 3 years (% employees) <sup>1</sup>	100%	100%	100%
Presence of women on ENDESA's Board of Directors (% of women)	31%	40% on the Board of Directors in 2022	
Evaluation of the Board of Directors with the support of an independent consultant	N/A (Triennial evaluation conducted in 2019)	1 three-year evaluation	
Evaluation of compliance with Human Rights. Supervision of the process, approval and monitoring of the action plan	Accomplished	Annual performance and monitoring by the Sustainability and Corporate Governance Committee	

<sup>1</sup> cumulative % of the current workforce

Line of action	Closing 2020	2021 Objective	2023 Objective	
Number of collaborations launched with start-ups for the development of ENDESA products and services and the improvement of internal processes	13	14 projects with start-ups in the period 2021-2023		
Promotion of the culture of innovation: annual events	9	4 annual innovation events during the period 2021-2023		
Promotion of the culture of innovation: events presented at the "Make it happen!" pitch day <b>(NEW)</b>	N/A	3 events presented at the "Make it happen!" pitch day Per year in the period 2021-2023		
Promotion of open innovation	Challenges: 14 Projects: 13	3 challenge launches and 8 innovation projects annually during the 2021-2023 period		
Investment in the digitalisation of assets, the customer and our people (€ millions invested)	314.35	~ 1,500 M€ in the period 2021-2023		
Promotion of cybersecurity awareness among employees and family members (number of actions)	16	15 events annually during the period 2021-2023		
Execution of cyber exercises involving plant/industrial sites <sup>1</sup> (cumulative no. of cyber exercises) <b>(NEW)</b>	21	36 cyber exercises in the period 2021-2023		
Verification of ICT security (no. of actions per year)	1,139	800 annual verifications in the period 2021-2023		
Accelerators: Innovation, cybersecurity, digitisation, circular economy and sustainable finance	Promote a cultural change that supports the development of the Circular Economy: training	N/A	Inclusion of a course on the Circular Economy in ENDESA's training portfolio in 2021	
	Promote a cultural change that supports the development of the Circular Economy: creation of the Circular Economy Academy <b>(NEW)</b>	N/A	Creation of the Circular Economy Academy in 2021	
	Promote a cultural change that supports the development of the Circular Economy: informative sessions	11	6 informative sessions per year for employees in 2022-2023	
	Second life search for assets from thermal power plants that cease operations	2	4 plants in 2021 and 2 plants in 2022	
	Application of circularity criteria in the award of tenders	1	10 criteria of circularity in the period 2021-2023	
	Proposal for Circular Economy solutions. Identification and feasibility analysis, in collaboration with the various business areas, of Circular Economy solutions and new business models focused on key technologies. (number of solutions proposed) <b>(NEW)</b>	N/A	3	6
	Partnerships with companies <b>(NEW)</b>	N/A	Strengthening alliances with leading companies in the Circular Economy from different sectors, from the design of the alliance with 6 companies in 2021 to the incorporation of companies to the alliance in 2023	
	Exchange of best practices and knowledge with external actors through participation in working groups (number of participations/year) <b>(NEW)</b>	N/A	2	4
	No. of Futur-e projects	5	5 projects a year in the period 2021-2023	

<sup>1</sup> 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).

## 7. Circular economy

The circular economy is a new vision to achieve development that combines competitiveness, innovation and sustainability. Implementing a circular economy model means rethinking the way we use materials and energy to decouple economic activities from resource consumption: minimising those that are consumed and reintegrating the usable resources of waste into the production process.

ENDESA integrates the circular economy throughout the entire value chain, in a new approach based on sustainable (renewable, reusable or recyclable) resources, on maximising the useful life of assets and products and their utilisation factor, and in the recovery of assets at the end of their life cycle. The representation of this vision can be shown through the five pillars of ENDESA of the Circular Economy:

- > **Sustainable procurement:** the use of renewable sources and reused or recycled material resources, minimising the consumption of raw materials.
- > **Extension of useful life of products:** the current trend in the Linear Economy is for single-use (throw-away). Extending the useful life is precisely the step of opposing this trend. To do this, it is necessary to act on the design of the products, to enable their repair, facilitate proper maintenance and as a consequence, extend the useful life of assets or products.
- > **Product as a service:** this is a business model in which the customer instead of buying and owning the product acquires the service assigned to it. This new model improves the quality of the product, of maintenance and of waste management. Since the company providing the service owns the product, it has an interest in keeping it as long as possible and obtaining the residual value at the end of its useful life.
- > **Asset sharing platforms:** digital applications enabling citizens to share assets with one other, increasing the time of use of goods and products.
- > **New life cycles:** closes the circle of the five pillars vision by proposing solutions that preserve the value of assets and products when they reach their end of life and use them in new cycles through reuse, regeneration or recycling.



### 7.1. Circular approach

The energy transition, as a consequence of the fight against climate change, is currently the main challenge that companies in the energy sector must face in the coming years. The firm commitment to the generation of energy from renewable sources, the development of an intelligent and flexible grid that facilitates the implementation of distributed generation, and the electrification of end uses, perfectly describe the way forward to fulfil ENDESA's commitment to contributing its efforts to the decarbonisation of the economy, through the renewal of its generation mix to 2050, with the outstanding milestone of reducing by 80% the specific emissions of Scope 1 in 2030, relative to 2017, and the rest of the actions mentioned, to achieve a progressive reduction in GHG emissions, introducing circular economy criteria as a lever to achieve this objective.

#### Circular decarbonisation

The circular economy is being applied as a tool that incorporates sustainability into the business model, while at the same time creating shared value in ENDESA's current decarbonisation process. These principles are the pillars of the "Futur-e" programme, an initiative for the installations of the thermal power plants that have ceased to

operate. The objective is to identify new alternative uses for existing sites, through investments by the Company or a third party that create value for local communities, according to the potential and priorities of the territory to which they belong. This whole process is managed in an open, transparent and participatory manner.

In addition, managing assets in accordance with the principles of the Circular Economy allows us to generate economic benefits by making better use of infrastructure, buildings and equipment, prolonging their useful life and generating opportunities for new jobs thanks to their redeployment. The reuse of industrial assets also avoids the consumption of new land and reduces the use of new resources to the extent that existing assets such as buildings, electrical and gas connections, etc. are reused.

The circular approach is also applied in the design and construction phases of new plants, with the eco-design of the materials used being taken into account along with sustainable construction criteria such as the use of renewable energy and the recycling of the materials used in the work itself. For more information see the chapter headed Responsible relations with communities, section 2.3 Accompaniment of decarbonisation projects: "Futur-e" Plans.

## Smart and Circular Networks

In recent years, the role of Distribution System Operators has changed: from an electrical network whose purpose was to transmit electrical energy unidirectionally efficiently, from large production plants to the end user, we have moved to a situation in which the flows are bidirectional and hundreds of people can be, at the same time, producers and consumers ("prosumers") thanks to new technologies such as distributed renewable sources, microgeneration and the vehicle-to-grid system whereby electric vehicles can push back energy to the grid.

The circular economy is part of this transformation, for example, through energy platforms that connect network operators, market agents and consumers, so that resources are shared to carry out more efficient network management. The idea, therefore, is that the network operator can use resources that consumers themselves make available through batteries, photovoltaic panels, electric vehicles or even by disconnecting certain loads, instead of resorting to their own assets. With this model, thanks to the integration of new platforms and innovation, a more efficient, sustainable and flexible network is created.

## Circular Economy for customers

ENDESA not only guarantees an adequate supply of energy to customers for the development of activities and businesses, but also puts itself forward as a driver and accelerator of circularity for customers based on a wide range of solutions, fulfilling an innovative role in the market.

### ENDESA Solutions in Circular Economy

ENDESA's solutions aimed at customers promote a new energy model based on renewable energy, energy efficiency and the incorporation of business models such as "Servitisation" (basically the addition of value-added services to products) that help drive the transition towards a circular model. In the residential, tertiary and public administration sectors, ENDESA X offers solutions based on a product and service approach, encompassed in the following types:

- > **Installation, maintenance and repair services of electricity, gas and air conditioning installations:** installing efficient equipment, avoiding and repairing breakdowns that may increase energy consumption in homes, companies and Public Administrations and, in addition, prolonging the life of the facilities. This includes, but is not limited to, installations in homes, buildings, industrial installations and public lighting. Specifically, with respect to public lighting solutions, 3 of the 5 business models of the circular economy are met:
  - Sustainable inputs: the use of materials and technologies that provide greater efficiency and energy savings thanks to LED technology that allows savings compared with traditional lighting;
  - Shared platform: the use of the same resource for several functions, from security cameras to charging infrastructure;
  - Product as a service: ENDESA X, also as a service provider, offers products for customer use in the form of public lighting services
- > **Photovoltaic systems:** capable of capturing solar radiation and converting it into useful energy to feed homes and private and public companies with renewable electricity, satisfying their daily needs. The service may include annual maintenance to ensure the best performance throughout the life of the installation. Photovoltaic plants allow energy circularity by providing greater energy efficiency compared with connecting to

the grid, reducing environmental impact and CO<sub>2</sub> production.

Specifically, the photovoltaic option offered by ENDESA X for households complies with 2 of the 5 business models of the circular economy:

- Sustainable inputs: photovoltaic plants are renewable due to their capacity for self-production of energy and 12% of the materials used to produce them comes from recycled inputs;
- Recycling and reuse: at the end of their life cycle, more than 90% of glass, aluminium and electronic components are recovered and recycled.

> **Heating, ventilation and air conditioning (HVAC) systems:** are a necessary part of the strategy of electrifying demand and “increasing efficiency” aimed at improving long-term energy efficiency at the national level and based on the promotion and dissemination of highly efficient electrical systems, for example, heat pumps, aerothermal, etc. In this area, ENDESA X is also committed to the intelligent management of the operation of HVAC equipment through digital platforms and advanced analytics, allowing optimisation and savings in energy consumption, guaranteeing comfort and therefore well-being.

Domestic condensing boilers specifically comply with 2 of the 5 business models of the circular economy:

- Sustainable inputs: approximately 40% of the steel components used to build the boiler come from recycled inputs;
- Recycle and reuse: condensing technology partially recovers thermal energy, which would be lost with a traditional boiler. At the end of their life cycle, more than 85% of steel components are collected and recycled.

> **Energy management systems:** are systems based on intelligent platforms that help customers (companies or cities) to be aware of their consumption and improve their habits. ENDESA X’s Energy Management Service (SGE) is a complete service, based on a digital platform, which ranges from the measurement of consumption and allows, therefore, to know in an agile way, in which points it is most likely to achieve significant savings, to the implementation of efficiency and savings measures, making it possible to monitor and verify these savings with the information available on the platform.

These solutions fit perfectly into the vision of a new energy model based on renewable energy, the electricity sector and technological applications that can contribute to a rapid transition towards a circular model. This is the first step in a roadmap in which a sustainable approach, based on “servitisation” and improvement of the end-of-life phase of the product are the key points.

ENDESA’s commitment to making electric mobility the best mobility option from all points of view, combining innovation and sustainability, deserves special attention.

ENDESA X is investing in the construction of a public access charging network, with the aim of installing 8,500 public charging stations by 2023. The deployment of these recharging infrastructures is being carried out both in urban centres and along the main roads of the country, with the aim of ensuring the possibility of charging in any situation and need that may arise, thus promoting a more sustainable transport throughout Spain.

The entire public access charging infrastructure deployed by ENDESA is connected to a platform that allows management and access to it easily through an app. This app is freely available to all and allows universal recharging in the infrastructure, whether or not the EV user has a prior contract with ENDESA X. ENDESA X’s recharging network is interoperable with other operators.

## 7.2. Circular economy projects

ENDESA has also developed various Circular Economy initiatives, among which the following projects stand out:

**Melilla Second Life (Second life of batteries):** In the Second Life Battery Energy Storage System project carried out in the Melilla power plant, new and recycled batteries of electric vehicles have been integrated to develop a rapid response storage system. Its objective is to serve as a backup in case of possible generation failures, to avoid load shedding, reducing the consumption of raw materials and extending the life cycle of batteries.

**Circular Dismantling of the Coal Plants (New Life):** Valuation of equipment and spare parts that will be out of use after the scheduled dismantling of the various plants. The objective of the project is to find a second life for the assets of the Compostilla, Teruel, As Pontes and Litoral plants that are going to cease their activity.

Within these second life options the following is contemplated:

- > Reuse of equipment and spare parts in other Group plants.
- > Sale to third parties through companies specialising in the sale of these kinds of assets for their reuse.
- > Assignment of materials and equipment to cultural and educational entities.
- > Recovery of equipment and materials, the sale of which has not been possible, as waste to obtain reusable raw material.

ENDESA's objective is to implement Circular Economy criteria in its business lines and specifically in the dismantling of the plants that are going to close.

**Opportunities for re-industrialisation and business development (Futur-e):** Along with the plans for the dismantling of coal-fired power plants that are going to close, ENDESA has voluntarily submitted Future Plans (called Futur-e), which try to reuse the energy possibilities of the site (e.g. solar photovoltaic, wind, storage), infrastructures, cooperation with local interest groups and innovation. These plans are focused on 4 axes: proactive search for employment for the personnel directly affected, promotion of economic activity and local employment, training to improve employability, aimed at the population of the environment of local influence and actions aimed at mitigating the impact of the closure on the municipality where the plant is located.

**Recovery of ash produced by coal-fired plants.** Ash, as a by-product of coal combustion, is used to replace the limestone necessary for the production of cement and asphalt, reducing the use of raw materials for the production of cement and minimising the shipment of ash to landfill. In 2020, 84% of the coal ash produced was recovered.

**Repair and reuse of wind farm components.** The objectives of this initiative are the optimisation and reduction of the consumption of new equipment when carrying out maintenance activities for wind farms throughout their useful life. Additionally, the objective will be to extend the useful life of the components in such a way as to reduce the consumption of raw materials.

**AIRES Project** The AIRES project was born of the need to guarantee sustainable development and growth of the wind sector. Developing new technologies, methodologies and processes for the design of future wind turbines, as well as for the recycling and reuse of the materials ob-

tained after the dismantling of the current ones, once they exceed their expected life cycle.

**Ecodesign of urban furniture on the campus of the University of La Laguna.** Collaboration agreement signed between the University of La Laguna and ENDESA to use the wooden coils of the cables of electrical power distribution lines to make sustainable urban furniture, thereby favouring the circular economy. The resulting designs will be dedicated to decorating the entire university campus. Promotes the reuse of materials to reduce their environmental impact.

**Zero waste certification.** ENDESA has obtained the AENOR Guaranteed Traceability of Waste Management certificate for the waste recovery system (reuse, recycling and energy recovery) for its three port terminals located in Ferrol (A Coruña), Algeciras (Cádiz) and Carboneras (Almería). Applying circular economy criteria, this system avoids the depositing of waste in landfills and facilitates the traceability of more than 90% of waste.

In this way, waste becomes raw materials in different production processes such as the manufacture of paper and cardboard or cement, among others, avoiding the extraction and use of virgin materials. It is the first energy company to receive this certification.

**Zero Plastics.** The initiative was launched in May 2019 in all ENDESA administrative offices with different measures and the objective of which is to reduce the consumption of single-use plastics in the company. So far, the generation of 11.7 metric tons of single-use plastic waste has been avoided, which represents a reduction of 37% compared with the situation before starting the project. Thanks to the delivery of a recyclable glass bottle to the employees, it has been possible to reduce the consumption of bottled water and therefore avoid the generation of plastic bottle waste, and this has led to a 62% reduction in bottled water in the vending machines at the Madrid headquarters. There are no relevant data available since March 2020 because of the suspension of activity in the work centres due to COVID-19.

## 8. The valuable 500

In 2020 ENDESA, as a company committed to diversity and inclusion and with the firm purpose of creating an inclusive environment for both its workers and its stakeholders, became the first energy company in Spain to join The Valuable 500 initiative.

This initiative is a global movement that places disability on the business leadership agenda and calls for the responsibility of large companies regarding the inclusion of disability in their business models and strategies. ENDESA, as a leading company in the sector in which it operates and because of its commitment to society and the Sustainable Development Goals, wished to be part of this movement by incorporating disability on the Board's agenda. For more information on ENDESA's management of diversity and the inclusion of people with different abilities, see section 6.1.3. Promotion of other dimensions of diversity in the chapter Commitment to our employees. Our joining this movement involves three fundamental commitments:

**1) Incorporation of the inclusion of disability in the**

**Board's agenda.** In this regard, ENDESA's Board of Directors approved the Company's joining the initiative on 28 September 2020. Additionally, the Sustainability and Good Governance Committee, complying with one of its objectives for the 2020-2021 period, which is to push measures to promote disability inclusion, supervised the Action Plan designed for this purpose throughout 2020. Along these lines, the commitment is assumed by the CEO and all areas of the Company.

**2) Making a firm public commitment to act on disability.**

This commitment, led by the CEO, includes the Company's commitment to promoting human rights, non-discrimination, equal opportunities and diversity in all places where it operates and considering the promotion of diversity and inclusion as fundamental elements for the Company's strategy. The pledge is available on The Valuable 500 website: <https://www.thevaluable500.com/the-valuable-500/>

**3) Share commitment internally and externally** through different communication activities

In addition, in order to deepen its commitment, ENDESA has developed an action plan throughout 2020, aimed at both customers and employees and society in general, based on 4 pillars:

- > Disability awareness and training
- > Improving employability
- > Reduction of barriers to improving accessibility
- > Improvement of products and services.

This action plan has been developed with an innovative, multidisciplinary and collaborative vision that has sought the active participation of the affected interest group, people with disabilities, in the identification of needs and the search for solutions for them. To this end, a multidisciplinary internal team has been created, made up of representatives from 11 different areas of the Company. Second, an inclusion community has been created made up of employees with disabilities or those who have people with disabilities in their charge and representatives of associations related to the world of disability. In addition, the most relevant associations at the national level have been identified.

Co-creative methodologies have been developed, analysing in detail jointly with people from the interest group the journeys of people with disabilities throughout their relationship with the company as employees and as customers, to identify the needs that arise in the different stages and design solutions to those needs. The great collaboration and participation of all the members has given rise to more than 45 actions that ENDESA will implement in a period of 3 years and that cover (in summary):

**1) Awareness-raising and training on disability:**

Actions to raise awareness, internally and externally, awareness training aimed at the entire workforce and specific groups such as managers, account executives, people involved in selection processes, etc., and dissemination of the integration of disability through communication campaigns and development of good practices and recommendations for action.

**2) Improving employability:**

Development of new internal initiatives to improve the employability of people with disabilities, from a scholarship plan to improving the selection processes for internal positions. Adaptation of training courses for employees with disabilities, as well as adaptability of tools and work areas so that inclusive spaces are developed.

**3) Reduction of barriers and improvement of accessibility:**

All situations that may occur with both internal and external personnel or visits to the Company's facilities have been analysed, always adopting the best guidelines and protocols for action.

**4) Improvement of products and services:**

It is planned to carry out different studies to identify and quantify the scope of the actions to be carried out to improve the inclusion of customers, in addition to the already

existing services aimed at facilitating accessibility to digital content, commercial channels and company facilities.

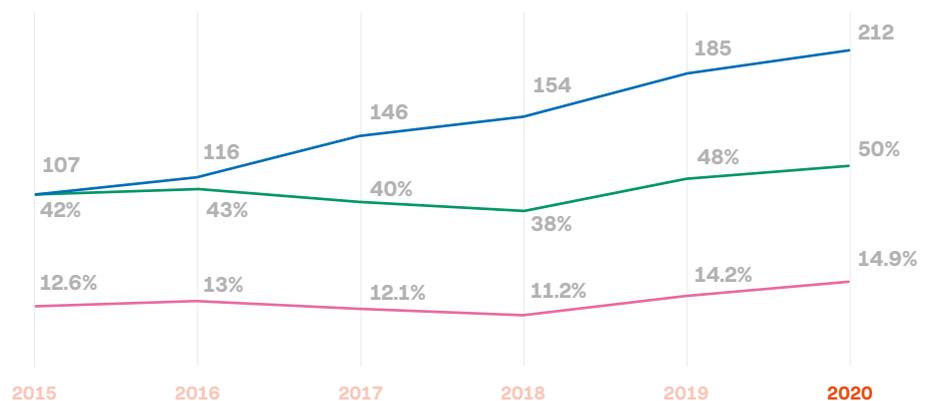
## 9. Environmental, social and governance ratings and indices

ENDESA works actively to be a reference company for investors who take account of social, environmental and ethical considerations in their investment policies, generating a long-term relationship with them.

For the fifth consecutive year, in 2020 ENDESA carried out a study to identify shareholders, with a special focus on those foreign institutional investors who have a responsible investment policy and are active in non-financial matters. This study determined that ENDESA has at least 212 socially responsible investors (almost twice as many as in 2015), representing 14.9% of the share capital and 50% of the free float. In compliance with Spanish legislation regarding the identification of shareholders, the analysis was carried out at the level of investment advisor, without being able to drill down to the level of the investment fund.

### PRESENCE OF SOCIALLY RESPONSIBLE INVESTORS IN ENDESA SHAREHOLDERS

- Number of investors
- % share capital
- % Free Float



## 9.1. Sustainability indices and rankings

ENDESA is aware that a prominent presence in the main socially responsible investment indices tends to 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. Also, ENDESA's presence in these indices recognises its sincere and rigorous commitment to the integration of social, environmental, ethical and good governance aspects into business management and decision-making processes, reaching a high level of performance. And last but by no means least it allows ENDESA to deepen this commitment by precisely identifying areas for improvement in integrating sustainability into company management; in other words it is a tool for continuous improvement in its sustainability management.

Among the achievements made by ENDESA in 2020 are:

- > ENDESA has renewed its presence in the DJSI World for the 20th consecutive year, with 87 points (4 points more than in 2019), reaching its all-time scoring record. With this, the company occupies 5th position among electric utilities included in the DJSI World (up two places compared with 2019) and 7th position in the complete DJSI Family.
- > ENDESA has maintained its presence in the Euronext Vigeo-Eiris World 120, Europe 120 and Eurozone 120 indices, reaching its historical scoring record with 75 points (8 points more than in 2019) and achieving the 2nd position among companies in the sector and 2nd position in all sectors worldwide.
- > ENDESA has renewed its presence in the FTSE4Good indices, improving its score compared with the previous edition to place it in 2nd position among conventional electricity companies.
- > ENDESA has been included in List A of CDP Climate, recognising its leadership in reducing risks and seizing opportunities to face climate change. Likewise, ENDESA has been added to List A of CDP Water, highlighting its performance in risk management and opportunities associated with water.

The main sustainability indices in which ENDESA is present are listed below:

### ESG FOCUS

#### S&P Dow Jones Indices

A Division of S&P Global

87/100

- > Renews its presence at DJSI World for the 20th consecutive year.
- > 5th position of the electrics included in the DJSI World and seventh position in the complete DJSI family.



FTSE4Good

4,9/5

- > Renews its presence for the 5th consecutive year.
- > 2nd position in the conventional electricity sector.
- > Maximum score 5/5 in the environmental and governance dimensions.



75/100

- > Renews its presence in the Euronext Vigeo 120 World, Europe and Eurozone indices.
- > 2nd position in the electric and gas utilities sector.
- > 2nd position in the world of all sectors.



SUSTAINALYTICS

22,1/100\*

- > Among the 6% of the best rated electric utilities.
- > Among the 8% of the best rated utilities.
- > Renew its presence in the STOXX ESG Leaders Index.

REFINITIV 

84/100

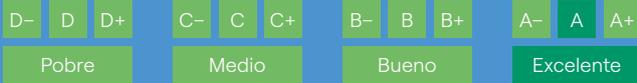
- > 5th position of electric utilities & IPPS.
- > Included in Refinitiv 5-Network ESG Best Practices index.
  - Developed Markets (ex-US) (Global, Ambiental y Social)
  - Europe (Global, Ambiental y Social).

ECPI  Sense in sustainability

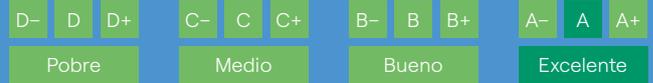
Included in:

- > ECPI World ESG Equity
- > ECPI Euro ESG Equity
- > ECPI Global Carbon Liquid
- > ECPI Global Clean Energy
- > ECPI Global Renewable Energy Liquid

## ENVIRONMENTAL FOCUS



> Improved score of the previous year and is included in List A, recognizing its leadership in reducing risks and capturing opportunities to face climate change.



> Improved score of the previous year and is included in List A, highlighting its performance in risks management and opportunities associated with water.

## SOCIAL FOCUS



70,92/100

> Included for the first time in this index which selects the 325 global companies with the best performance on gender diversity issues.

\* ESG risk assessment.

## 9.2. Sustainable finance

The year 2020 was marked by the COVID-19 pandemic, and the sustainable finance market did not escape the negative impact that this global crisis had on financial markets as a whole.

Despite its devastating effects on health and the economy, this crisis has been an invitation to reflect on the essential role that sustainability must play in economic reconstruction. This represents a great opportunity for sustainable financing, posing great challenges when developing innovative financial products that provide an agile and adequate response to the new needs of investors, companies and other stakeholders.

The European Union has assumed a leadership position in achieving the objectives of the 2030 Agenda and its Member States have pointed out some of the keys to accelerating the financing of these objectives with their rapid, solidarity-based and coordinated response to the crisis through the Euro 750 billion Recovery Plan which will entail not only the acceleration of pre-existing investment plans but also a stimulus to undertaking substantial additional investments in sustainable projects.

This leadership position has been endorsed with the recent announcement that the requirement to reduce greenhouse gas emissions will be increased, from the current target of 40% to 55% by 2030, and that at least 30% will be allocated from the budget to actions against climate change.

The announcement by the ECB that from 1 January 2021 it will include bonds linked to sustainability objectives in its debt purchase programme also clearly supports innovation in sustainable finance.

2020 also saw significant progress in harmonising sustainability criteria, with the entry into force in July of Regulation (EU) 2020/852 of 18 June 2020, the "Taxonomy Regulation". Along the same lines, the supervisory bodies of the financial markets reinforced their commitment to actively promoting sustainability criteria. Thus, the European Banking Authority (EBA) plans to send a report to the European Parliament, Council and Commission in the middle of 2021 in which it will evaluate the inclusion of ESG risks in the regulatory and supervisory framework for credit institutions and investment firms. For its part, the European Securities and Markets Authority (ESMA) has included the supervision of ESG reporting as one of the

priorities of its supervisory convergence function in its 2021 Work Programme.

In its Strategic Plan 2021–2023 (for more information on ENDESA's Strategic Plan see point 6.2. Strategic Lines of Action in the 2020 Consolidated Management Report), ENDESA has ratified its firm commitment to a fully sustainable business model inspired by the UN Sustainable Development Goals (SDGs), as well as its determination to lead the energy transition and its conviction that sustainability is a source of long-term value creation.

As an active participant in the sustainable finance market, ENDESA is taking an ambitious approach to sustainable finance instruments to support its strategy and to promote sustainability among stakeholders.

Along these lines, ENDESA is developing innovative financial products that go beyond the traditional schemes based on the nature of the assets financed (use of proceeds) included in the Green Bond Principles of the International Capital Market Association (ICMA), giving greater weight to general purpose financing transactions linked to sustainability through KPIs representative of ENDESA's sustainability strategy.

This new approach was favourably received in ENDESA's sustainable financing transactions in 2020:

- > In April 2020, in order to strengthen its liquidity position following the declaration of the pandemic, ENDESA signed two medium-term bank financing transactions in Club Deal form for a total of Euros 550 million. Both transactions are linked to a sustainability objective.
- > In May 2020, ENDESA marked a milestone in the Euro Commercial Paper market with the registration with the CNMV of its SDG7 Euro Commercial Paper Programme for an amount of Euros 4 billion, since it is the first corporate programme linked to sustainability objectives listed in Europe.
- > In December 2020, ENDESA signed bank guarantee facilities linked to sustainability objectives for a total of Euros 630 million.

Additionally, ENDESA extended this approach to other short-term and working capital financial instruments, as shown in the factoring transactions for receivables on retail customers, public administrations and major customers concluded in September and December.

However, this ambition is not limited solely to supporting the strategic role played by sustainable finance, since ENDESA also uses sustainable finance as a valuable instrument to promote sustainability among the various stakeholders, among which financial institutions and suppliers occupy a prominent place.

Thus, in December 2020, ENDESA signed two agreements with financial institutions for a total of Euros 329 million to introduce sustainability criteria in their confirming transactions for the advance payment of invoices to suppliers. These are the first confirming lines linked to sustainability criteria signed by ENDESA, and also the first for Spain's energy sector. With these transactions, ENDESA fosters the commitment to sustainable objectives both among its suppliers and among the financial institutions with which it does business, which offer more advantageous terms to suppliers that demonstrate best practices in environmental management.

Additionally, in July 2020 ENDESA signed a long-term loan of Euros 35 million with the European Investment Bank (EIB) to finance the deployment of 8,500 electric vehicle charging points over four years. This investment will help accelerate the transition to electric mobility in Europe, help reduce polluting emissions from road transport and will have a positive impact on job creation at a critical time due to the health crisis.

Although transactions with supra-state lenders such as EIB or state lenders such as Spain's Official Credit Institute (ICO) are based on the 'use of proceeds' model, the high standards that these entities apply in terms of sustainability make them important allies of ENDESA for the development of its sustainable strategy.

As a result of these operations, sustainable finance represented 45% of total gross financial debt at the end of 2020, a very significant advance compared with the figure for 2019, which stood at 27%. Considering only debt to third parties, this percentage increases to 76%. In the coming years we expect steady growth in sustainable debt as a proportion of total gross financial debt, reaching approximately 60% in 2023.

ENDESA intends to broaden the range of sustainability objectives considered in sustainable financing and will pay special attention to the new opportunities that will undoubtedly arise from the EU Recovery Plan, for which ENDESA has already identified a wide range of eligible projects.

# 10. Participation in associations

ENDESA participates pro-actively 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.

## 10.1. Participation in sustainability forums and associations

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Detail of the main sustainability forums and associations in which ENDESA participated in 2020:

Organisation	Type of association	ENDESA's position	ENDESA's participation in 2020
	Multi-stakeholder association which acts as the focal point for the United Nations Global Compact in Spain.	Member of the Executive Committee.	<ul style="list-style-type: none"> <li>&gt; Promotion of the Ten Principles of the UN Global Compact.</li> <li>&gt; UN Sustainable Development Goals.</li> <li>&gt; Human Rights Working Group.</li> </ul>
	Association of large companies and national partner of CSR Europe.	Founding Partner.	<ul style="list-style-type: none"> <li>&gt; Energy efficiency.</li> <li>&gt; Sustainable mobility.</li> <li>&gt; Socially Responsible Investment.</li> <li>&gt; Responsible procurement.</li> <li>&gt; Responsible communication.</li> <li>&gt; Circular economy.</li> <li>&gt; Corporate governance.</li> <li>&gt; Human resources</li> <li>&gt; Business management of biodiversity.</li> <li>&gt; Integration of CR in the company</li> </ul>
	Multi-stakeholder association and national partner of WBCSD and CSR Europe.	Promoter Partner and member of the Board of Directors.	<ul style="list-style-type: none"> <li>&gt; Climate change.</li> <li>&gt; Integrity, good governance and transparency.</li> <li>&gt; Circular economy.</li> <li>&gt; Social impact.</li> </ul>

Organisation	Type of association	ENDESA's position	ENDESA's participation in 2020
	Public-private meeting space for a more sustainable and innovative city.	Associate company.	> Electric mobility.
	Private foundation aimed at bringing about a more significant role for business in the improvement of society.	Patron of the Foundation.	> Participation in different working groups.
	Corporate volunteer network.	Managing partner.	> Contribution to local development. > Corporative volunteering.

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.

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:

Organisation	Function	ENDESA's position	ENDESA's participation in 2020
	National business association.	Member of the Committees on Industry, International Relations, Health and Consumption, Economic and Financial.	> Participation in the various committees.
	Association of the electrical sector.	Executive partners.	> Participation in working documents, committees on the various energy areas, forums and meetings.
	Association of the gas sector.	Executive partners, presence in the Permanent Committee.	> Participation in committees in different areas: marketing, communication, legal, tax. > Presence in forums and meetings. > Collaboration in working groups to prepare working documents.
	Portuguese Business Association with the state of the chamber of commerce.	Vice Presidency of the Executive Directorate.	> Strengthening the development of Institutional and Commercial relations, in Portugal, with AIP associates. > Participation in committees.
	AFIEG brings together French companies and subsidiaries of European operators in the electricity and gas sectors.	Vice presidency and members of the board of directors.	> 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 working groups on biogas and CEE.
	Confederation of businessmen of Andalusia (CEA)	Executive partners.	> Representation, promotion and defence of the general interests of the electricity sector in Andalusia. Consultation and collaboration with the Administrations.

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

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ENDESA considers the management of respect for human rights to be a strategic issue that is a fundamental part of its strategy for sustainability and relations with stakeholders. For this reason, 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 Spanish Network of the Global Compact, 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. Apart from this, 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 on 28 July 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 especially to disseminate the approach of the United Nations Guiding Principles in the academic field.

## 10.3. Participation in environmental forums and associations

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Organisation	Type of association / initiative	ENDESA's position	ENDESA's participation in 2020
	Association created to promote public-private collaboration and jointly advance in the environmental challenges we are currently facing.	Founding Partner	<ul style="list-style-type: none"> <li>&gt; Circular Economy.</li> <li>&gt; Climate Change.</li> </ul>
	Spanish Platform for Climate Action.	Participant	<ul style="list-style-type: none"> <li>&gt; 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.</li> </ul>
	#PorElClima Community.	Participant/Award winner	<ul style="list-style-type: none"> <li>&gt; Network for action against climate change.</li> <li>&gt; ENDESA featured for the second consecutive year in the yearbook of the 101 best initiatives for the climate organised by the community.</li> </ul>
	Biodiversity Foundation.	Signatory	<ul style="list-style-type: none"> <li>&gt; ENDESA is a signatory to the Pact for Biodiversity led by the Biodiversity Foundation.</li> <li>&gt; ENDESA was a finalist in 2020 in the Business and Biodiversity category of the European Business Awards for the Environment for the project called "Integrated evaluation of ecosystem services in the environment of several ENDESA hydroelectric reservoirs".</li> </ul>
	Spanish Business and Biodiversity Initiative.	Participant	<ul style="list-style-type: none"> <li>&gt; 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.</li> </ul>

Organisation	Type of association / initiative	ENDESA's position	ENDESA's participation in 2020
	Spanish Association for Standardisation.	Committee Participant	<ul style="list-style-type: none"> <li>&gt; Participation in committees on renewables, climate change, environmental management and energy efficiency.</li> </ul>
	Voluntary agreements to reduce greenhouse gas emissions.	Participant	<ul style="list-style-type: none"> <li>&gt; Verification of ENDESA Distribución's activities in Catalonia.</li> </ul>
	Carbon Disclosure Project.	Participant	<ul style="list-style-type: none"> <li>&gt; Participation in the climate change, supply chain and water initiative.</li> </ul>
	Non-State Actor Zone for Climate Action (NAZCA).	Participant	<ul style="list-style-type: none"> <li>&gt; It was launched at the UN Climate Change Conference in Lima in December 2014 (COP20) and records the commitments for action by companies, cities, regions, sub-national governments and investors to tackle climate change.</li> </ul>
	Natural Capital Factory	Participant	<ul style="list-style-type: none"> <li>&gt; 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.</li> </ul>
	<p>CONAMA: Continuous working groups to prepare documents through the technical committees of experts:</p> <ul style="list-style-type: none"> <li>Adaptation to Climate Change.</li> <li>Business and Biodiversity</li> <li>Emission rights trading.</li> <li>Directive on Industrial Emissions in the taxonomy of sustainable investments.</li> <li>Non-Financial Information Statement</li> <li>Energy and City.</li> </ul>	Participant	<ul style="list-style-type: none"> <li>&gt; Advancing knowledge on adaptation to climate change and biodiversity, through sharing the experience and ideas of the participants.</li> </ul>

## 10.4. 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. It does not exert any type of direct

or indirect pressure on political exponents (for example, through public concessions to ENDESA, acceptance of suggestions for hiring, consultancy contracts, etc.)."

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 2020, annual contributions paid to the organisations referred to in the form of membership fees totalled Euros 3.34 million. In particular, the three most important contributions corresponded to "Association of

Electric Power Companies- AELEC” (Euros 2.10 million), “Nuclear Forum” (Euros 0.28 million) and “Spanish Confederation of Business Organisations - CEOE” (Euros 0.21 million).

The institutional dialogue with the business and employer associations in which ENDESA participated in 2020 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 2020 was Euros 2.79 million.
- > **Business regulation:** related to increasing business competitiveness, including, among other topics, industrial legislation, tax regulation and labour law issues. The contribution in 2020 was Euros 0.55 million.

The following table shows the amounts by type of contribution made between 2017 and 2020.

## CONTRIBUTIONS AND OTHER EXPENSES

(millions of euros)

	2017	2018	2019	2020
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	3.71	3.44	3.09	3.34
Other	0	0	0	0
<b>Total Contributions and Other Expenses</b>	<b>3.71</b>	<b>3.44</b>	<b>3.09</b>	<b>3.34</b>

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 registry 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.

# 3

## DECARBONISATION



# DECARBONISATION

13 CLIMATE  
ACTION

	Line of action	2020 Objective	2020 Profit/Loss	Key actions
Decarbonisation of the energy mix	Specific CO <sub>2</sub> emissions (g/kWh).	277	180	In 2020, two of the main coal-fired plants on the mainland were closed: the Compostilla and Teruel thermal power plants.
	CO <sub>2</sub> -free production (% of production).	60	70	ENDESA managed to connect 391 new MW to the grid, joining the 926 MW connected during 2019. This new power corresponds to 12 new wind and photovoltaic parks and one hydroelectric repowering.
	Renewable capacity (MW installed).	7,893	7,825	
	Installed fossil thermal capacity (MW installed).	11,221	11,187	Progressive cessation of peninsular coal activity by 2021.

## 1. Decarbonisation

### 1.1. Global commitment to combating climate change

The Paris Agreement is the first universal and legally binding agreement on climate change, adopted at the 2015 UN Paris Climate Conference (COP21), its objective being to limit the increase in temperature to less than two degrees Celsius and if possible not more than 1.5 degrees relative to pre-industrial levels.

#### 1.1.1. A context of call to action

December 2019 saw the publication of the European Green Deal, the roadmap drawn up to provide the EU with a sustainable economy, with the aspiration of being climate neutral by 2050. Achieving this objective requires us to continue to transform climate and environmental challenges into opportunities in all areas and to achieve a just and inclusive transition for all.

In March 2020, the European Commission published the proposal for a Climate Change Law which, among other aspects, proposes legislating the goal of carbon neutrality by 2050. This goal calls for an increase in ambition to 2030 and the definition of a path through an intermediate goal in 2040. On 17 September 2020, together with the evaluation of the national energy and climate plans of the Member States for 2021–2030, the Commission Communication on the 2030 objective was published, proposing a 55% reduction in emissions from 1990 levels instead of the current 40%. It was a proposal as ambitious as it is necessary for Europe to achieve carbon neutrality by 2050, in line with the



Paris Agreement and with the aspiration of limiting the global temperature increase to 1.5°C, and which was endorsed on 11 December by unanimous agreement of the heads of state of the 27 member states in the European Council, once again putting the EU at the head of the fight against climate change.

The new climate target for 2030 is expected to help focus Europe's much-needed economic recovery after the coronavirus pandemic. It will stimulate investment in a resource-efficient economy, foster innovation in clean technologies, boost competitiveness, and create green jobs. Member States can draw on the Euros 750 billion from the Next Generation EU recovery facility and the next long-term EU budget to make these investments in ecological transition. To support the necessary investments, the Commission also adopted the rules that will regulate the new EU renewable energy financing mechanism to facilitate collaboration among Member States in the financing and deployment of projects in the field of renewable energy.

With all this, it is expected that before June 2021 the legislative proposals to apply the new objective will be made known through the following measures: review and expand the EU emissions trading system (ETS); adapt the Effort Sharing Regulation and the framework for emissions in the LULUCF (Land Use, Land Use Change and Forestry) sector; increase energy efficiency through the Energy Efficiency Directive, renewable energy policies through the Renewables Directive, and tighten the CO<sub>2</sub> rules applicable to road vehicles by means of emission standards for cars and vans.

Spain has already committed to climate neutrality by 2050 at the latest. For this, it has the National Integrated Energy and Climate Plan (PNIEC), which establishes the roadmap for the next decade, a Plan that goes beyond the initial ambition of the EU, aligning itself with the increase in ambition to 55% agreed at the end of 2020 by the Heads of State of the 27 member countries. Spain defines in the National Integrated Energy and Climate Plan (PNIEC) the measures necessary to achieve a 23% reduction in greenhouse gas emissions by 2030 relative to 1990 levels. The aim of going from the 334.3 MtCO<sub>2</sub>-eq emitted in 2018 to 221.8 MtCO<sub>2</sub>-eq in 2030, which implies removing approximately one third of the current emissions between the two dates, gives an idea of the scale of the ambition of the measures defined in the PNIEC: a 42% presence of

renewables in final use energy, an improvement of 39.5% in energy efficiency and a 74% penetration of renewables in electricity generation.

### 1.1.2. ENDESA's commitment regarding climate change



Stopping the rise in temperature requires urgent action to reconcile growth and economic well-being with reducing emissions, and this will only be possible with an energy model that allows safe, affordable and clean energy for all. The role of the electricity sector is crucial to achieve decarbonisation objectives, since it allows the incorporation of renewable energies to final uses and is key to achieving improvements in energy intensity and efficiency values.

Climate change is the main environmental challenge facing the planet and ENDESA is well aware of the urgency of tackling it decisively and studying the risks and opportunities that it entails. For this reason, combating global warming is an integral part of its business strategy and a basic pillars for maintaining a sustainable business model. The reduction of GHG emissions, the improvement of energy efficiency and the electrification of demand are key aspects that support the important role that ENDESA plays in achieving low-carbon, sustainable, safe and efficient energy. Precisely the most significant aspects that it addresses in its climate change management model are the commitment to society and the setting of objectives, accompanied by measures to reduce emissions and forest restoration projects, all accompanied by transparency in reporting its performance and results, following the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures).

## 5 years of the Paris Agreement

It has been five years since measures were established worldwide to reduce greenhouse gas emissions to implement the United Nations Framework Convention on Climate Change.

The main objective of the Paris Agreement is to restrict the increase in global temperatures to 2°C, with the intention to keep it within 1.5°C compared to the pre-industrial period. But the Agreement does not stop there. It also sets out a path for achieving it, and introduces the requirement to achieve carbon neutrality, which developed economies are required to achieve by 2050.

It was a historic global agreement. A total of 190 plans to combat climate change were presented, covering around 99% of emissions from all the parties to the United Nations Framework Convention on Climate Change (UNFCCC).

For ENDESA, tackling climate change has been an unprecedented challenge, with the establishment of ambitious

objectives through the successive Strategic Plans drawn up since then, with the firm commitment to have zero CO<sub>2</sub> emissions by 2050 and charting a path with intermediate objectives of absolute emission reduction.

In just four years since the entry into force of the Paris Agreement, ENDESA has gone almost half way towards the goal set for 2050: reducing its emissions by 48% since 2015 (almost 70% since 2005, the year in which the Kyoto Protocol came into force). The update to the Strategic Plan for 2021-2023 presented at the end of November 2020 reaffirms the company's commitment to the fight against climate change:

It is thus once again playing a key role in the fight against climate change, demonstrating leadership and significantly contributing to the fulfilment of national and international commitments that address the decarbonisation of the planet. As recognised this year by the CDP, an index that is clearly the reference for investors, which has included ENDESA in List A, which recognises leading companies in climate action and transparency, and to which only four utilities have been admitted this year. Obtaining this type of qualification from this independent and prestigious entity is a ringing endorsement of the trajectory that ENDESA has carried out in such a short time.

### Business model: Promotion of a fair transition

ENDESA, always up to date with the intense international negotiations, aligns its business strategy in accordance with the global commitments and objectives that have currently been set out in the fight against climate change. In this way it remains committed to contributing to the principle of "leaving no-one behind", ensuring that the transition is fair and promoting the creation of sustainable and decent jobs. For ENDESA, collaboration among governments, the private sector, civil society and other stakeholders will be essential to achieve the climate ob-

jectives set out in the Paris Agreement following an inclusive approach.

In this context, ENDESA considers the fair transition to be part of its business model, and at the end of 2019 it signed up to the United Nations commitment on the Fair Transition under the initiative "Climate Action for Work". This commitment has found expression in the Future projects, a unique voluntary initiative managed by means of dialogue with local communities and aimed at promoting the development of economic activities and job creation in areas where the power plants that are being closed down are located.

## 1.2. Corporate governance

ENDESA is well aware of the effects of climate change on its business and integrates this vision not just as an element in its environmental and climate management policy but as a weighty component in its decision-making at the business level and in determining its strategic plans, which means that decisions are taken at the highest levels of management.

ENDESA establishes its strategic plans taking into account geopolitical, regulatory and technological macro-trends, placing special 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, among others). Climate change and the energy transition is one of the main pillars of the Company's strategy, and it is the Board of Directors that is responsible for its development and implementation. ENDESA's governance structure is led by the Board of Directors, which supervises the company's performance on climate change. The Appointments and Remuneration Committee is responsible, among other things, for proposing to the Board of Directors the appointment of directors and the Remuneration Policy. Through this committee, objectives for reducing CO<sub>2</sub> emissions linked to variable remuneration are approved and monitored, along with the initiatives that make it possible to achieve this reduction, included in the company's Strategic Plan. ENDESA has established an incentive system for its executives related to the Company's performance in the management of climate change. In the Strategic Incentive Plan, whose participants are the Executive Directors of the Company, as well as executives whose participation is considered essential in the achievement of the Strategic Plan, one of the objectives is directly linked to the reduction of specific CO<sub>2</sub> emissions, and attaining it determines 10% of the incentive. This objective is reviewed annually, with each long-term incentive plan, the last objective set at the closing date of this report being that corresponding to the 2020-2022 Plan, in line with the industrial objectives contained in the 2020-2022 Strategic Plan.

The Audit and Compliance Committee is responsible for overseeing and controlling the processes of preparation and presentation of financial and non-financial information, the independence of the auditor and the effectiveness of the internal climate change Risk Management and Control systems. In terms of risk management, on the one hand, the business units are responsible for identifying

and measuring risks, while the risk function controls and manages risks and the Internal Audit function supervises the efficiency of the risk controls established.

We would highlight the creation in 2020 of the Sustainability and Corporate Governance Committee, whose role is partly supervisory and partly advisory, counselling the Board of Directors on environmental and sustainability matters, human rights and diversity, in relation to the strategy for social action, as well as in the area of the Company's corporate governance strategy. Its responsibilities include the review of the company's sustainability and environmental policies, the supervision of the sustainability plan or strategy and the periodic evaluation of the degree of achievement of the objectives set.

## 1.3. Strategy

The effects of climate change are manifesting themselves with increasing force and the response must be global and ambitious, promoting rigorous objectives and reinforcing alliances that help combat climate change.

The intergovernmental group of experts on climate change (IPCC) issued a special report at the end of 2018 that states that to limit global warming to 1.5°C, "fast and extensive" transitions would be needed on land, energy, industry, buildings, transport and cities, and that it would be necessary for global net CO<sub>2</sub> emissions of human origin to decrease by 45% compared with 2010 levels by 2030, and to continue to decrease until reaching "zero net emissions" approximately by 2050.

In 2020 ENEL, ENDESA's parent company, renewed the certification of its climate targets under the Science Based Targets Initiative (SBTi), increasing its ambition to align itself with a scenario that allows global warming to be limited to 1.5°C, and committing to reduce its specific emissions of Scope 1 greenhouse gases by 80% by 2030, taking 2017 as the reference year. Also, by 2030, ENEL has pledged to reduce by 16% its indirect emissions related to the sale of natural gas in the retail market, also taking 2017 as the reference year.

Taking the aforementioned IPCC report as a reference, and considering ENEL's SBTi-certified targets, ENDESA has defined its new Strategic Plan 2021-2023, with which it aspires to become a leader in the global transformation process and to contribute decisively to the collective objective of limiting global warming to 1.5°C, and for this reason it allocates 94% of its investment effort for that period (amounting to Euros 7.9 billion) to SDG 13 Climate

Action, which will allow it to increase its installed capacity in renewables by more than 50% in 2023 compared with 2020. For more details on the strategic lines of action, see section 6 Outlook in the 2020 Consolidated Management Report.

One of ENDESA's fundamental strategic pillars is the energy transition towards total decarbonisation of electricity generation by 2050, ensuring security of supply at all times, through an emissions reduction plan that has once again been made more ambitious, and that establishes a path with intermediate milestones, until reaching an 80% reduction in specific Scope 1 emissions of CO<sub>2</sub> equivalent in 2030, compared with 2017, by which time 80% of the generation mix will be CO<sub>2</sub>-free. This ambitious plan will reduce specific emissions to 150 gCO<sub>2</sub>-eq/kWh in 2023 and below 95 gCO<sub>2</sub>-eq/kWh in 2030, an emission level aligned with the SBTi criterion to limit the temperature increase to 1.5°C. For this, a roadmap for the progressive reduction of coal activity has been defined, involving a reduction of 99% in 2022, with mainland thermal coal generation ending in 2021 and complete cessation in 2027. In this regard, on 30 June 2020 two of the main coal plants on the mainland were closed, the Compostilla Thermal Power Plant with 1,052 MW of installed power, and the Teruel Thermal Power Plant with 1,098 MW. These closures would be joined by the closures of the As Pontes and Litoral coal-fired plants in mid-2021, in accordance with the closure requests submitted at the end of 2019, leaving only generators 3 and 4 of the Alcúdia thermal power station in operation, which would operate in a very limited way and only to guarantee the electricity supply on the island of Mallorca until a new connection cable with the mainland comes into operation.

Accompanying the applications for closure, ENDESA has voluntarily prepared and submitted an action plan for each plant to mitigate the impact caused by the decrease in activity. Called the Futur-e Plan, it aims to promote the development of economic activities and foster job creation in the areas where the two plants are located. During 2020, the evaluation process of the proposals to be developed at the Compostilla Thermal Power Plant was closed and at the end of the year the tender for the presentation of projects for the Litoral power plant site in Almería was published.

The commitment to decarbonisation also includes the objective of reducing indirect emissions relating to the sale of natural gas in the retail market by 16% by 2030 compared with 2017, an objective already established in 2019.

Accompanying the closure of the main GHG emitting centres, significant growth in renewable generation is being undertaken. ENDESA's development and management of renewable energy in Spain is carried out through ENEL Green Power España (EGPE) (100% owned by ENDESA).

At the end of 2020, ENDESA had 7,781 net installed MW of renewable power, of which 4,670 MW corresponded to large hydro, 2,423 MW to wind power, 609 MW to photovoltaic solar, 79 MW to mini hydro, and 0.5 MW to biogas plants.

	2019	2020
<b>Capacity, Spain and Portugal (MW)</b>	<b>7,408</b>	<b>7,781</b>
Hydroelectric	4,668	4,670
Wind	2,308	2,423
Mini hydroelectric	80	79
Solar	352	609
Biomass	0.5	0.5

## Connection of new renewable power during 2020

ENDESA, through Enel Green Power España (EGPE), has continued with its growth in installed renewable power despite the severe difficulties caused by the paralysis of critical segments during 2020, which has affected the planning of the development of the projects. Despite all this, ENDESA has managed to connect 391 new MW to the grid, joining the 926 MW connected during 2019. This new power corresponds to 12 new wind and photovoltaic parks and one hydroelectric repowering. These projects have been developed in the autonomous regions of Aragón, Extremadura, Andalusia, the Balearic Islands and Castilla la Mancha.

Date	Project	Technology	Community	Power (MW)
May -20	Sierra de Oriche	Wind	Aragón	13.9
Jul-20	Dehesa de Mallen	Wind	Aragón	3.5
Jul-20	Motilla del Palancar	Wind	Castilla la Mancha	51.0
Jul-20	Ribarroja Gr 3	Hydroelectric	Aragón	1.5
Aug-20	Cañaseca	Wind	Aragón	18.0
Dec-20	Los Gigantes	Wind	Aragón	21.3
Dec-20	San Francisco de Borja	Wind	Aragón	23.9
Dec-20	Augusto	Photovoltaic	Extremadura	49.9
Dec-20	La Vega I	Photovoltaic	Andalusia	43.2
Dec-20	La Vega II	Photovoltaic	Andalusia	43.2
Dec-20	Sa Caseta	Photovoltaic	Balearic Islands	21.8
Dec-20	Los Naranjos	Photovoltaic	Andalusia	49.5
Dec-20	Las Corchas	Photovoltaic	Andalusia	49.9
<b>Total<sup>1</sup></b>				<b>390.7</b>

<sup>1</sup> At 31 December 2020 and 2019 the additional capacity was 391 MW and 926 MW respectively.

All this additional power, added to the improvements in the operation and maintenance of the renewable farms and parks, has led to ENDESA's breaking its production records, both wind and solar photovoltaic this year.

Beyond the construction process and the generation of employment which the implementation of these projects involved, the development model followed by ENDESA included actions to create social value for the environments in which they are located: the CSV (Creating Shared Value) model. These initiatives are very diverse in nature and respond to the needs of each municipality, after conducting studies with local authorities.

All these initiatives included within the development concept "Sustainable construction site", include job training in renewable energy for people from the municipalities, advice on energy efficiency, projects to replace lighting with LED technology, self-consumption with installation of photovoltaic panels in old people's homes and other municipal facilities, as well as local socio-cultural projects.

## Expansion of the portfolio of projects in development

In addition to all the construction efforts made this year, we must highlight the considerable push made in 2020 to increase the portfolio of renewable projects in order to meet the ambitious objectives set in the company's strategic plan. At the end of 2020 ENDESA had a portfolio of projects with more than 7,000 MW with connection, of which approximately 70% was solar photovoltaic

and 30% wind power. Additionally, more than 18 GW are available in projects with a lower level of development. Thus, the objective contained in the plan is to connect approximately 700 MW in 2021, basically new wind and photovoltaic power, 1,400 MW in 2022 and in 2023 an additional 1,700 MW up to the 3,900 MW foreseen in the 2021-2023 Plan.

With this broad development portfolio, which we will continue to work to increase in the coming months, the continuous growth of renewable capacity in the coming years is ensured in accordance with the company's strategic plan and the possibility of concluding commercial agreements for the sale of renewable energy is increased. This growth in the portfolio of renewable projects is key to achieving the company's decarbonisation objectives, allowing the gradual replacement of the coal-fired power that is being closed down.

### 1.3.1. Scenarios

ENDESA uses climate, energy and macro-economic scenarios at the short (strategic plan), medium (PNIEC) and long-term (2050) horizons, to evaluate the flexibility and resilience of its Strategic Plan. In these scenarios, the impact of climate change is of great importance, producing effects that can be analysed in terms of:

- > Extreme events: heat waves, torrential rains, hurricanes, etc. and their potential impact on industrial facilities.

- > Chronic phenomena: to consider gradual changes in climatic conditions such as an increase in average temperatures, a rise in sea levels, etc. affecting the production of power plants, and consumption profiles.
- > Transition: from different sectors to a green economy, characterised by being more decarbonised.

The aspects related to the projections of the climatic variables, in terms of chronic phenomena and extreme events, define the physical scenarios, and the aspects related to the industrial and economic transition towards decarbonised solutions define the transition scenarios. These scenarios are built with the objective of having a reference framework that ensures consistency between climate projections and transition assumptions.

The adoption of the aforementioned scenarios and their integration into the ordinary management of the company, as recommended by the TCFD, allows the evaluation of the risks and opportunities associated with climate change.

The acquisition and processing of the large volume of data obtained from the application of the scenarios, as well as the identification of the methodologies and metrics necessary to interpret complex phenomena, requires a continuous dialogue with both external and internal experts. To this end, at the Enel Group level, we work with a platform approach, providing the tools that guarantee solid and accessible information for all. The process that translates the conclusions of the application of the scenarios into useful information for industrial and strategic decisions can be summarised in five steps:

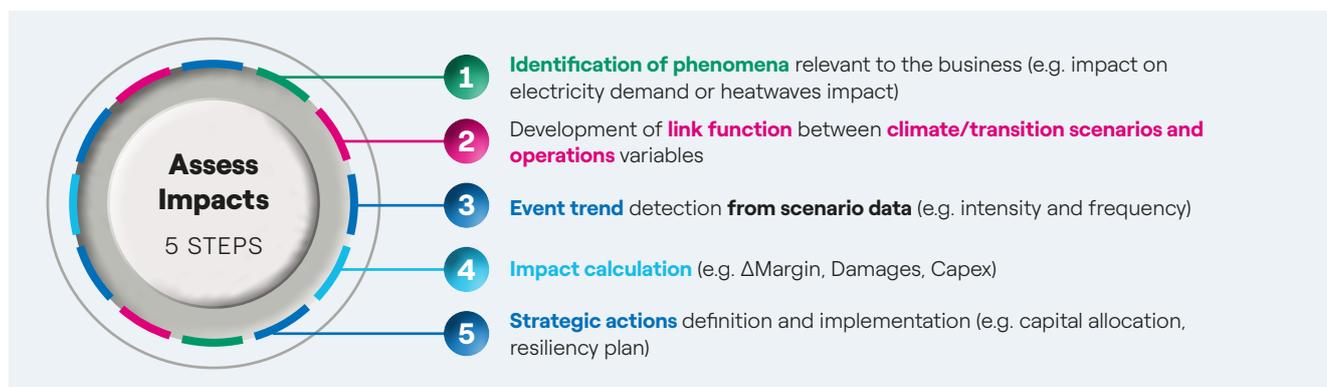
### 1.3.1.1. Physical scenarios

For physical risks, climate scenarios published in the Fifth report of the Intergovernmental Panel on Climate Change (IPCC) are used, specifically:

- > Representative Concentration Pathway (RCP) 2.6: scenario aligned with a global increase in temperature of 1.5°C in 2100 compared with pre-industrial levels (1850-1900).
- > Representative Concentration Pathway 4.5 (RCP 4.5): intermediate scenario that estimates that the global increase in temperature with respect to pre-industrial levels will be about 2.4°C in the period 2081-2100. This scenario has been considered as the most representative of the current climate and geopolitical context at a global level.
- > Representative Concentration Pathway 8.5 (RCP 8.5): scenario that considers that no specific measures will be carried out to combat climate change. In this scenario, it is estimated that the global increase in temperature compared with pre-industrial levels will be around 4.3°C in the period 2081-2100.

The RCP 8.5 scenario is considered the most adverse one, and has been used to evaluate the consequences of climate impacts in an extreme scenario, which is currently considered to be unlikely to occur. Scenario RCP 2.6 is used to assess the consequences of climate impacts associated with an energy transition that achieves ambitious mitigation targets.

According to the climatic projections according to the RCP 8.5 scenario, the Mediterranean region will suffer an increase in the average temperature and a decrease in



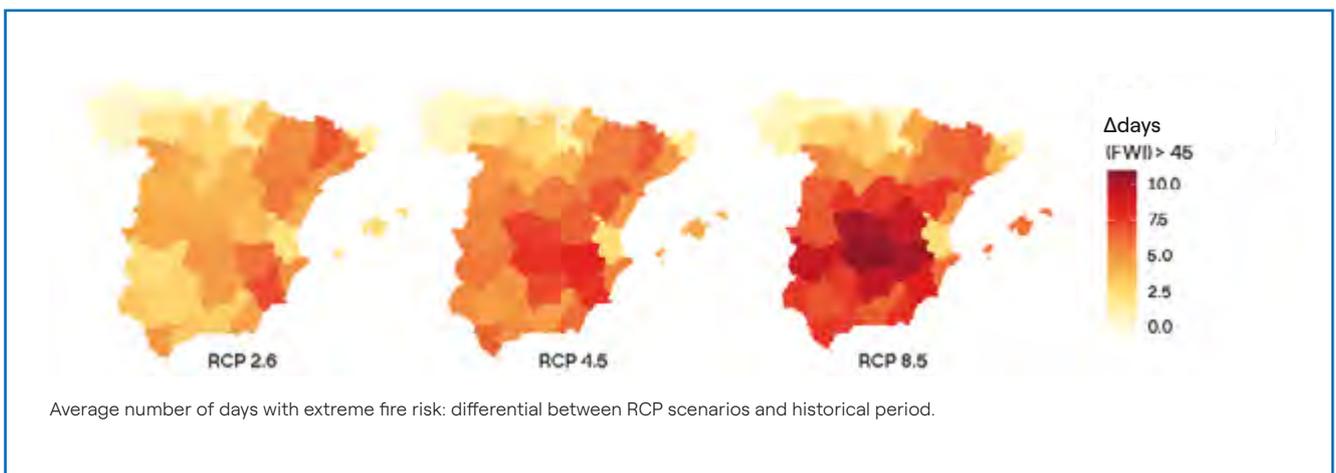
rainfall, effects that will be more pronounced in the second half of the century. According to the climatic projections of the RCP 2.6 scenario, the effects will be analogous, but less intense, with a less pronounced trend in the second half of the century, noting a large difference between the estimated effects of both scenarios in 2100. The scenarios used are global, so in order to define the effects at the level of the specific areas in which the ENEL Group carries out its activity, we have had the collaboration of the Earth Sciences department of the International Centre for Theoretical Physics (ICTP) in Trieste. The work carried out by the ICTP has made it possible to have projections of the most important climatic variables with a resolution equivalent to a grid of between 12 and 100 square kilometres for a time horizon between 2030 and 2050. The main variables considered are temperature, precipitation and solar radiation. To achieve a more robust analysis, we are currently working on the basis of a combination of three regional climate models, the one defined by the ICTP plus two others selected from the most representative of the climate models referred to in the specialised literature.

The work carried out with the climatic scenarios considers both chronic phenomena and extreme events. The analysis of certain aspects depends not only on climate projections, but also on the characteristics of the territory, so it is necessary to make a more specific modelling to

achieve a representation with high resolution. To achieve this, in a complementary way to the climate scenarios developed by the ITCP, Natural Hazard maps are used. Thanks to the use of these maps, it is possible to obtain, with a high spatial resolution, the expected frequencies for a series of climatic events such as storms, hurricanes or floods. The conclusions of this type of analysis using historical series are being used to optimise the strategy in the field of insurance. Work is currently being done to integrate these conclusions with the projections of the climate scenarios.

The work carried out in 2019 and 2020 has allowed the following conclusions to be drawn regarding the territories in which ENDESA operates:

- > Extreme events: in the 2030–2050 period, heat waves are expected to increase in frequency, and to be more marked in the southern area. Extreme rainfall will increase in intensity, but will decrease in frequency, while extreme snowfall will remain in the same geographic areas as today, but could significantly decrease in frequency, and also in intensity. Regarding the risk of fire, an increase in the number of days with extreme risk compared with the historical average is estimated, an increase that will be more marked in the RCP 8.5 scenario than in RCP 2.6.

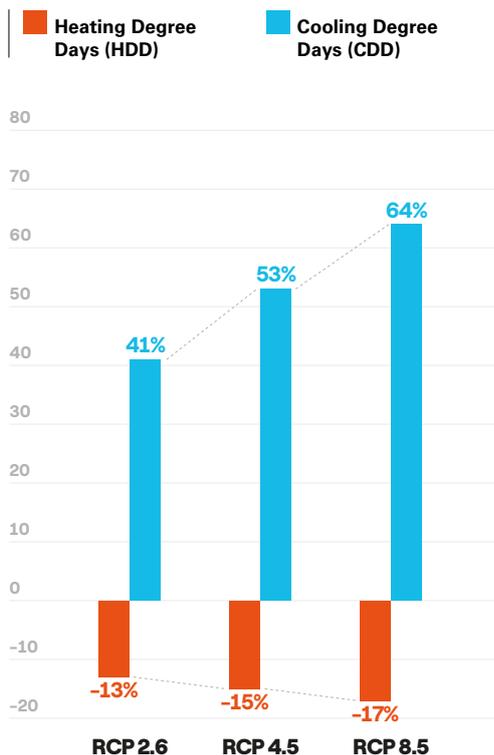


> Chronic phenomena: an increase in the average annual temperature is expected in the period 2030-2050 in all the RCP scenarios. For the RCP 8.5 scenario, it is estimated that the average temperature increase in said period will be about 1.4°C with respect to the pre-industrial period (with a value in the range of 1.2°C to 1.8°C). For the RCP 4.5 scenario, an average temperature increase is estimated for the same period of about 1.2°C (value in the range of 1°C to 1.5°C), and for the RCP 2.6 scenario the expected increase is 1°C (value between 0.8° C and 1.3° C). The differences between the RCP 2.6, RCP 4.5 and RCP 8.5 scenarios increase significantly in the second half of the century. Air conditioning needs are estimated based on the evolution of "Heating Degree Days" (HDD)<sup>1</sup> and "Cooling Degree Days" (CDD)<sup>2</sup>. In the

2030-2050 period, this varies between a 13% reduction in HDD and a 41% increase in CDD in the RCP 2.6 scenario and a 17% reduction in HDD and a 64% increase in CDD in the RCP 8.5 scenario.

It should be noted that ENDESA has been a pioneer in the use of climate scenarios. In 2009, it launched its first project in order to analyse and assess the vulnerability of all its businesses and facilities globally, which is why it was chosen by the former Ministry of Agriculture and Fisheries, Food and Environment (currently the Ministry for Transition Ecological and the Demographic Challenge) as a representative of the energy sector for the ADAPTA I and II initiative. After this, ENDESA has continued to look in-depth at the subject, participating in multiple international initiatives and developing projects related to different fields.

See detail in section 1.4.2. Adaptation to climate change of this chapter



### 1.3.1.2. Transition scenarios

The transition scenario represents the trends in the production and consumption of energy in the various different sectors in an economic, social and regulatory context consistent with the trend in GHG emissions and therefore related to the climate scenarios.

In this regard, the ENEL Group develops transition scenarios which, starting out from the assumptions about the evolution of the context, allow projections to be made of energy demand, electricity demand, production of electrical energy, penetration of renewables, electric vehicles, etc. and in general all the relevant variables that characterise an energy system, and therefore the activities carried out by the company.

Regarding the assumptions established to define the transition scenarios, we should highlight:

- > The assumptions relating to the regulatory context regarding climate change, which regulate aspects such as the reduction of CO<sub>2</sub> emissions, the efficiency of the energy system, the decarbonisation of the electricity sector, the reduction of oil consumption, etc.
- > The macro-economic and energy context (for example, in terms of GDP, population and commodity prices),

<sup>1</sup> Heating Degree Days (HDD): annual summation of the difference between the interior temperature (estimated at 18°C) and the exterior temperature, considering all the days of the year that have an exterior temperature lower than or equal to 15°C.

<sup>2</sup> Cooling Degree Days (CDD): annual summation of the difference between the interior temperature (estimated at 21°C) and the exterior temperature, considering all the days of the year that have an exterior temperature greater than or equal to 24°C.

considering international references such as the International Energy Agency (IEA), Bloomberg New Energy Finance (BNEF), the International Institute for Applied Systems Analysis (IIASA), etc.

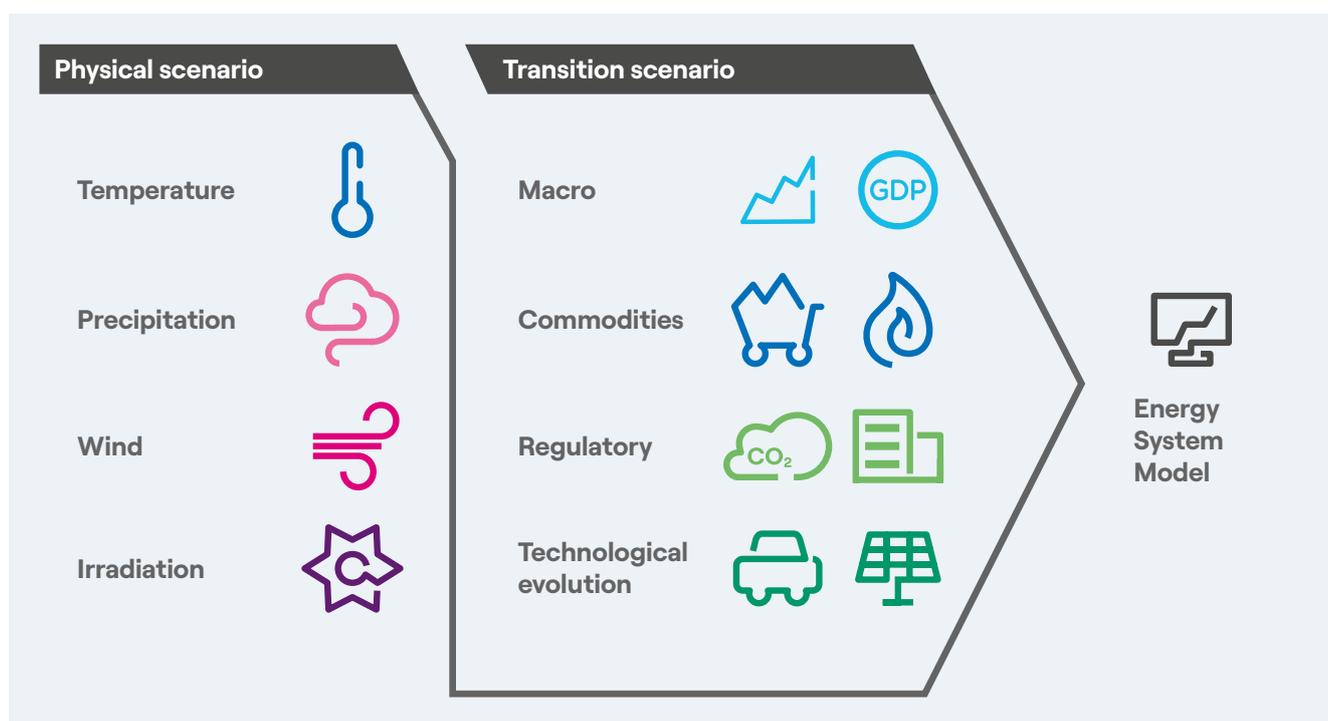
Based on these assumptions, the reference framework used by the Group to carry out the impact analysis of climate and transition risks and opportunities considers two scenarios: one inertial (*Reference*), built on the basis of existing or planned policies, as well as on internal assumptions regarding the evolution of the variables of interest, and another more ambitious one (*Brighter Future*), consistent with the Paris Agreement, which considers more ambitious objectives in terms of reducing CO<sub>2</sub> emissions or increasing efficiency, as well as the possible acceleration in the reduction of costs of certain technologies. This second scenario estimates an incremental growth in the generation of electricity from renewable sources, as well as a higher demand for electricity due to a greater electrification of final consumption.

For the elaboration of transition scenarios in the main countries in which it operates, the Group builds quantitative tools that, based on the assumptions about the evolution of policies, technologies and other context variables, allow projection of energy demand, electricity demand, penetration of renewables, electric vehicles, etc. – in short, the set of relevant variables that characterise

the national energy system with respect to the Group's activities.

The case of Spain constitutes a particular case of the general methodology used at the Group level, since the 2021-2030 PNIEC presented by the Spanish Government involves a level of ambition consistent with the Paris Agreement and, therefore with climate scenario RCP 2.6. In this way, the *Brighter Future* scenario should be considered a refinement based on a higher level of electrification compared with that foreseen in the PNIEC 2021-2030.

The *Brighter Future* scenario foresees higher rates of penetration of electrical energy and the consequent improvement in efficiency levels. In particular, the significant increase in electric vehicles and heating/cooling systems based on heat pumps, determine an increase in demand of 4% in 2030 compared with the Reference scenario, which it is estimated will have positive effects on sales of both electricity and the value-added services offered by ENDESA X. The greater penetration of heat pumps could generate a reduction in gas sales in the general public segment due to the gradual electrification of its consumption; however, it is estimated that the overall effect should be positive from the point of view of EBITDA, also accompanied by a reduction in PNIEC CO<sub>2</sub> emissions, for which ENDESA has set a target in its Scope 3.



## 1.4. Risk management

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ENDESA has a General Risk Management and Control Policy, approved by the Board of Directors. This policy establishes the basic principles and the general framework for the control and management of risks of all kinds that might affect the attainment of the objectives, ensuring that they are identified, analysed, evaluated, managed and controlled systematically and within the levels of risk established. The General Risk Management and Control Policy identifies the different types of risk, financial and non-financial (among others, operational, technological, legal, social, environmental, including those related to climate change, political and reputational, including those related to corruption) that the Company faces, including among financial or economic risks contingent liabilities and other off-balance sheet risks.

For more information on risk management, see the General Risk Management and Control Policy published on the company's website (<https://www.endesa.com/en/shareholders-and-investors/corporate-governance/corporate-policies>)

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

All organisational levels are involved in the process of identifying and assessing risks, in a coordinated manner and directed by the Company's risk control system. Each line of business and facility identifies and evaluates the risks and opportunities that arise from its activities, including those derived from its geographical location. Specifically for climate change, risks are assessed based on established levels of risk tolerance, considering: exposure (climate impacts that could affect facilities), sensitivity (potential effects and their consequences for business or facilities), and vulnerability (ability to adapt to over-

come the impacts of climate change in view of financial, technological and knowledge-related requirements).

Climate change and the energy transition will have an effect on ENDESA's activities. As recommended by the TCFD, to identify the different types of risks and opportunities and their impacts on the company's different businesses, ENDESA has defined a reference framework. The risks are classified as physical and transitional. Physical risks are in turn classified as acute (extreme events) and chronic. The former occur as a consequence of extremely intense climatic conditions, and the latter are related to gradual and structural changes in climatic conditions. Extreme events expose ENDESA to potential unavailability, of variable duration, in facilities and infrastructure, repair costs, impact on customers, etc. The chronic change in weather conditions exposes ENDESA to other risks and opportunities, such as changes in the production regime of different technologies, as well as changes in electricity demand. In reference to the energy transition process towards a more sustainable model characterised by a progressive reduction in CO<sub>2</sub> emissions, risks and opportunities are identified linked to both the regulatory and regulatory context, and the evolution of technological development, electrification and consequent market developments.

In line with what we foresee in the climate and transition scenarios adopted for defining risks and opportunities, we are starting to see changes in customer behaviour, industrial strategies in the various economic sectors, and regulatory changes. ENDESA wants to play an active role in the transition, and therefore defines facilitating actions in its Strategic Plan, with the aim of making the most of the opportunities that arise, identified thanks to the analyses carried out based on scenarios. All this means that 94% of the investments foreseen in the Strategic Plan are earmarked for climate actions.

Scenario	Risk and opportunity category	Time horizon	Description	Description of the impact	Management mode
Acute physical change	Extreme events	In the short term (1-3 years)	Risk: extreme (intense) weather events	Extreme events can have an impact in terms of damage to facilities and reduced availability	ENDESA adopts the best practices for incident management. Regarding risk management from an insurance point of view, the company manages a Loss Prevention programme for property risks, also aimed at evaluating the main exposure factors associated with natural events. In the future, changes in climate evolution that are expected to manifest from the medium term will also be considered in the evaluation.
Chronic physical	Chronic physical	In the long term (2030-2050)	Risk/Opportunity: increase or decrease in electricity production and demand	Electricity demand is influenced by temperature, variations in which can have an impact on results.	Geographical and technological diversity allows the impact of variations (positive or negative) in a single variable to be mitigated. In order to adequately manage the impact of weather phenomena, weather forecasting activities, supervision and control of the facilities in real time, and long-term climate scenarios are implemented.
Transition	Policies and regulation	In the medium term (2022-2030)	Risk / opportunity: policies on price and CO <sub>2</sub> emissions; incentives for the energy transition; resilience-related regulation	The effects of the policy on energy transition and resilience may have an impact on investments	ENDESA minimises exposure to risks through the progressive decarbonisation of its production system. ENDESA's strategic actions mitigate potential risks and take advantage of the opportunities associated with the energy transition.
Transition	Market	In the medium term (2022-2030)	Risk / opportunity: changes in the price of commodity and energy; evolution of the energy mix; change in consumption in the residential sector	Considering two alternative transition scenarios, ENDESA evaluates the effects of evolution in terms of the penetration of renewables in the energy mix and electrification to assess potential impacts	ENDESA maximises opportunities thanks to a strategy geared towards the energy transition, strong development of renewable production and a clear commitment to the electrification of demand.
Transition	Products and services	In the medium term (2022-2030)	Opportunity: higher margins and greater investment capacity as a result of the transition, considering the penetration of new electrical technologies for domestic consumption and electric transport	The evolution of transportation and residential electrification will have potential impacts on the business	ENDESA maximises opportunities through a strong strategic positioning on new business opportunities and services.
	Technology	In the medium term (2022-2030)		Considering two alternative transition scenarios, ENDESA evaluates, on the basis of the evolution of transport electrification, the potential opportunities to increase its investments	ENDESA maximises opportunities thanks to a strong strategic positioning on electrical infrastructure.

ENDESA establishes its Strategic Plan with the aim of minimising risks and maximising opportunities, considering the medium and long-term phenomena identified for its conception.

The reference framework for risks and opportunities included in the previous table shows the relationships be-

tween physical scenarios, transition scenarios and the factors that influence ENDESA's business. Such effects, related to the described scenario phenomena, materialise in different time horizons, which leads to evaluate their impact on three time horizons:

- > Short term (1-3 years) in which sensitivity analyses can be made based on the Strategic Plan presented to the markets on 25 November 2020.
- > Medium term (until 2030) in which it is possible to appreciate the effect of the energy transition.
- > Long term (2030-2050) in which chronic structural changes at climate level should begin to manifest.

The following sections describe the main risks and opportunities identified, as well as the adaptation measures and best operational practices put in place for the management of such weather phenomena as may arise.

### 1.4.1. Chronic and acute physical risks and opportunities

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In reference to the risks and opportunities associated with the physical variables, and taking as a reference the scenarios defined by the IPCC, we attempt to evaluate the evolution of the following variables and the operational and industrial phenomena as potential risks and opportunities:

### Chronic physical changes and associated potential risks and opportunities

From the scenarios prepared together with the Earth Sciences Department of the ICTP, it can be inferred that there is no evidence of significant changes before 2030 and that variations could begin to be seen in the period from 2030 to 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.
- > **Thermoelectric production:** variation of the average level of temperature of bodies of water, with effects on thermoelectric production.
- > **Hydroelectric production:** variation in average levels of precipitation and temperatures with potential increase and/or decrease in hydroelectric production.
- > **Photovoltaic production:** variation in the average level of solar radiation, temperature and rainfall with potential increase and/or decrease in photovoltaic production.

		EVENT TYPE				
						
		Rain/Snow	Wind	Irradiance	Sea level	Temperature
	Thermal				Higher	Higher
	Solar	Higher		Higher		Higher
	Wind		Higher			
	Hydro	Higher				
	Demand					Higher

ESTIMATED IMPAC ■ Lower ■ Higher

> **Wind production:** variation in mean levels of wind strength and frequency, with potential increase and/or decrease in wind production.

An identification of the impacts related to the most relevant chronic physical changes for each generation technology has been carried out, and an analysis has been started to determine the impact on their production, taking into account the facilities individually.

### **Acute physical changes and associated potential risks and opportunities**

The intensity and frequency of acute physical phenomena, extreme events, can cause significant and unexpected damage to facilities, and potential consequences derived from service interruption.

Acute physical phenomena (gales, floods, heat waves, cold snaps, etc.) are characterised by high intensity and a moderate frequency of occurrence in the short term, but with an upward trend in long-term climate scenarios.

### **Risk assessment methodology for extreme events**

To quantify the risk in the face of extreme events, ENDESA uses a consolidated catastrophic risk analysis methodology, used in the insurance field and also in IPCC reports.<sup>3</sup>

The methodology can be applied to all analysable extreme events, such as gales, heat waves, floods, etc. All types of natural catastrophe are taken into account:

- > **The probability of the event (Hazard)**, i.e. the theoretical frequency in a given period, the 'return period'.
- > **Vulnerability**, which indicates, in percentage terms, the value lost or affected as a consequence of the extreme event. This allows both the effects on the facilities and the impact on the continuity of the service to be taken into account, both in production and in distribution. ENDESA carries out vulnerability analyses of its facilities, which allow it to define a matrix that relates the types of facilities with the extreme events that might significantly affect them.
- > **Exposure** is the set of economic values, present in ENDESA's portfolio, which may be affected in a non-negligible way in the event of catastrophic natural events. Also for this parameter, specific analyses are carried out for the different production technologies, for the distribution infrastructures and for the services provided to the end customer.

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

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<sup>3</sup> 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.

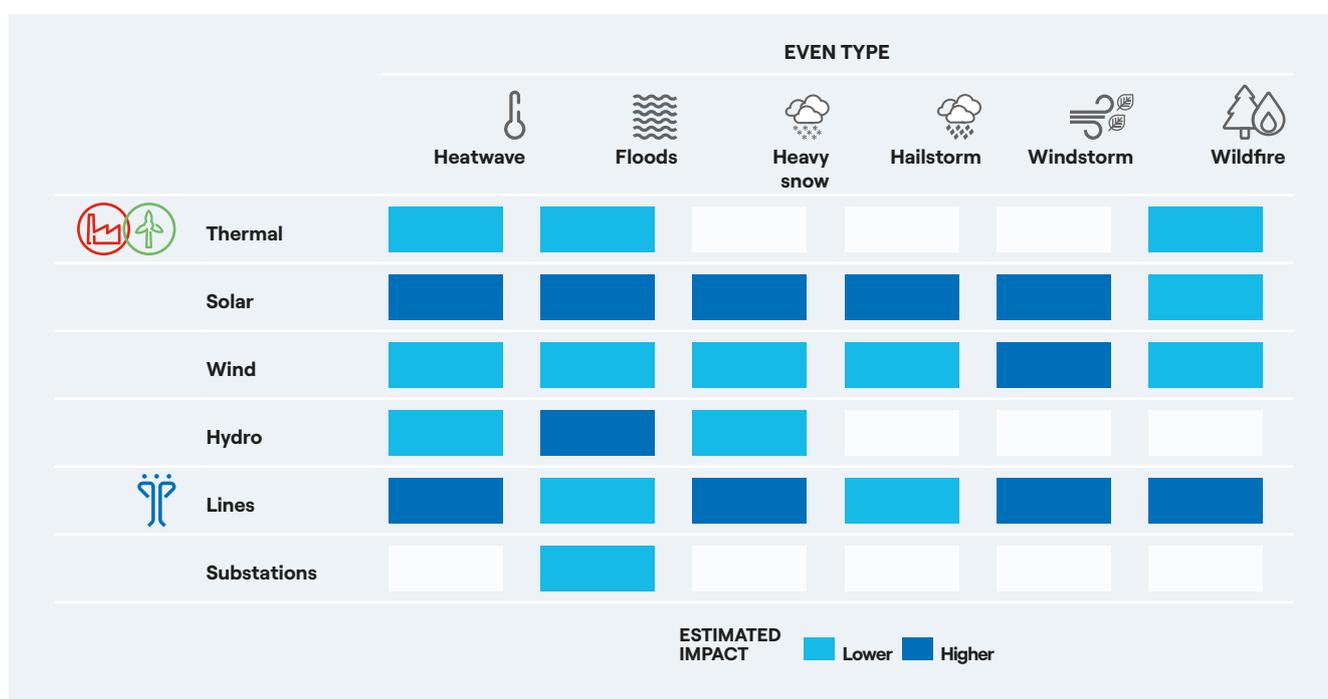
Nasim Uddin, Alfredo H.S. Ang. (eds.), 2012, Quantitative Risk Assessment (QRA) for Natural Hazards, American Society of Civil Engineers CDRM Monograph no. 5.

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.

Time horizon	Hazard	Vulnerability	Exposure
Short term (1-3 years)	Probability maps based on historical series and meteorological models	Vulnerability is related to the type of event, and to the technology, and is fairly independent of the time horizon	ENDESA's values in the short term
Long term (until 2050 and/or 2100)	Probability maps and specific studies for the different IPCC RCP climate scenarios		Evolution of ENDESA's values in the long term

The image shows vulnerability to different extreme events of the different types of installations present in ENDESA's portfolio:



The analysis carried out based on the scenarios allows us to conclude that chronic physical changes in the trend of physical variables will be seen from 2030. In any case, in order to have a rough estimate of the potential impacts, it is possible to perform a stress test of the industrial plan based on factors potentially influenced by the physical scenario, without taking into account their direct relationship with climatic variables. For example, annual variations of +/-1% in electricity demand, considering the potential impacts on the entire business, would produce a small effect, less than Euros 30 million per year (with a positive or negative sign). Regarding renewable produc-

tion, a positive or negative variation of 10% in a single year, stressed separately at the level of each technology, would have a marginal effect: for each technology the impacts would be less than Euros 30 million (with positive or negative sign). These data refer to the impact over a single year for a single production technology, and include both the volume and price effect.

### Insurance

ENEL annually defines insurance coverage programmes for its different businesses, which cover all the Group's

subsidiaries, including ENDESA. The two main programmes are:

- > **The Global Property Programme** which covers, within the terms of the policies, the costs of rebuilding the affected facility, and the economic loss as a result of the facility's being out of action.
- > **The Global Liability Programme** which covers, within the conditions of the policy, damage to third parties for which ENEL is civilly liable for the development of the activity.

The conditions of the policies are defined based on an appropriate risk assessment, including extreme events associated with climate change. As seen with past events, the impact of extreme events on ENDESA's activity may be significant.

In any case, the actions that ENDESA carries out in the area of preventive maintenance of generation and distribution facilities are also important and necessary. These actions allow, on the one hand, the impact of extreme events to be mitigated, and on the other the costs of global insurance programmes to be optimised.

## 1.4.2. Adaptation to climate change

### 1.4.2.1. Management of the risk of extreme events in the short term.

In the short term (1-3 years) ENDESA, in addition to the risk assessment and quantification measures explained previous sections, is launching actions with the aim of reducing the impact of extreme events on its businesses.

## Generation

The following initiatives stand out:

- > Improvement of cooling water management systems to compensate for possible flow reductions in rivers.
- > Actions ("Fogging Systems") to improve air flow and compensate for the reduction in power as a consequence of the increase in ambient temperature.
- > Installation of pumps for drainage, periodic cleaning of channels and other actions with the aim of eliminating risks of landslides as a result of torrential rains or floods.
- > Periodic reassessment of torrential rain and flood scenarios for hydroelectric facilities. The scenarios are

managed through mitigation actions and interventions on the facilities.

Likewise, a series of good practices have been adopted for the appropriate management of adverse weather phenomena:

- > **Weather forecasts** to monitor the availability of renewable resources and occurrence of extreme events, with warning systems to ensure the protection of people and facilities.
- > **Hydrological simulations, topographical surveys** (including with drones) and **monitoring of possible vulnerabilities** by means of digital GIS (Geographic Information Systems).
- > **Advanced supervision** of more than 100,000 parameters (with more than 160 million historical measurements) taken in reservoirs and hydraulic civil works.
- > **Remote real-time supervision** of electrical production facilities.
- > **Adoption of specific guidelines** for the execution of hydrological and hydraulic studies in the initial phases of development, with the aim of evaluating risks both in the area of the installation and in the surrounding areas.
- > **Estimation of extreme wind speeds** using updated databases that contain records of historical series of gales, in order to choose the most suitable wind turbine technology for the sites.

In addition, in order to react quickly to adverse events, ENDESA adopts specific procedures for managing emergencies with real-time communication protocols, planning and management of all activities to resume activity safely in the shortest possible time, and predefined lists for damage evaluation.

## Distribution

For the management of extreme weather events, ENDESA has adopted a "4R" approach that defines the measures to be adopted both in the preparation phase for an emergency, and in the subsequent commissioning phase after the facilities have been damaged by an extreme event. This management is set out in Policy 486 (4R Innovative Resilience Strategy for power distribution networks) and is defined through four phases of action:

- 1) Risk prevention:** includes actions that reduce the probability of losing network elements as a result of an event, and/or minimise its impact, and includes actions with the aim of increasing the robustness of infrastructures, as well as maintenance actions.
- 2) 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.
- 3) Response:** includes the evaluation phase of the operational capacity to face an emergency once the extreme event occurs, considering both the ability to mobilise operational resources on the ground, as well as the possibility of carrying out remote-controlled feedback manoeuvres through back-up connections.
- 4) Recovery:** it is the last phase, which aims to return the network to service, as soon as possible, under normal operating conditions, in those cases in which the extreme event has caused service interruptions despite all the preventive measures adopted.

The distribution business has adopted various policies and specific actions to integrate the various aspects and risks relating to climate change.

- > Policy 1073 (Guidelines for Readiness, Response and Recovery Actions during Emergencies) includes guidelines for the final three phases of the 4R management approach.
- > Policy 387 (*Guideline for Network Resilience Enhancement Plan*) aims to determine the actions to be carried out to minimise the impact on the network of extreme events, based on operating history.
- > Policy 439 (*Measures for Risk Prevention and Preparation in case of wildfires affecting the electrical installations*) sets out an integrated approach to emergency management applied to fires in wooded areas, whether originated by the network or by external causes.
- > Support actions: implementation of weather forecast systems, supervision of the state of the network, preparation of operational plans and conducting drills. We would highlight the fact that agreements have been reached to mobilise extraordinary resources (internal and from contractors) to face emergency situations.

In addition to the protocols provided for situations that arise in the short term, in collaboration with research organisations, we are analysing the impact on the network in the short/long term of extreme events identified as significant (heat waves, wildfires, weather bombs, etc.).

Extreme priority events	 Fire	 Heat waves	 Ice deposition	 Gales
	Policy 486	Policy 486	Policy 486	Policy 486
Policy	Policy 1073	Policy 1073	Policy 1073	Policy 1073
	Policy 439	Policy 387	Policy 387	Policy 387

## Heat waves

- > During 2020 the impact analysis began, brought about by the increased number of days with high temperatures and no rainfall, which makes it difficult to evacuate heat from underground lines, and causes an anomalous increase in the risk of breakdown in the grid, especially in urban and tourist areas. The Spanish distribution network contains relatively very few underground lines, and an initial analysis of its operating history did not reveal a significant correlation between heat waves and failures in the grid.

## Fires

- > In relation to the risk of fires, and despite the fact that the events suffered to date have not been very significant, a detailed analysis is being carried out in the scenarios for the 2030-2050 period.

### 1.4.2.2. Generation of knowledge on adaptation

October 2020 saw the publication of the National Plan for Adaptation to Climate Change (PNACC) 2021-2030, which constitutes the basic planning instrument to promote coordinated action to face 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, taking advantage of the experience obtained in the development of the PNACC 2013-2020. The recently published PNACC defines objectives, criteria, areas of work and lines of action to promote adaptation and resilience to climate change.

Using the same criteria and in a complementary way to the analysis of physical risks associated with climate change, and their management, ENDESA has been working on adaptation to climate change for years. In 2011, it began to develop the project "Towards a strategy for adaptation to climate change" which consisted of an analysis of vulnerability to climate change of all the Company's facilities globally. To date, ENDESA has built up extensive experience in the matter, including public-private collab-

orations with numerous entities ranging from universities to the Administration itself.

ENDESA developed the first vulnerability project for its facilities, selected by the Spanish Office for Climate Change (OECC), of the Ministry for the Ecological Transition and the Demographic Challenge, as the representative of the energy sector for the ADAPTA INITIATIVE. A programme to develop tools that allow the incorporation of risk and vulnerability to climate change in the business strategies of the basic sectors of Spanish society (energy, tourism, construction, agriculture and transport). Since then, the company has continued to make significant efforts to develop projects in the field of adaptation to climate change, with the intention of advancing its knowledge on the matter and applying the results to optimise the management of its businesses. The most significant projects developed in the field are listed below:

### HIDSOS IV Project: sustainability of water resources under global change (2016)

Developed in collaboration with the Catalan Institute for Water Research (ICRA), it contributed to the assessment of the effects of global change on the hydrological resources available for electricity generation.

### Water reservoirs and climate change (2016)

Developed in collaboration with FLUMEN (UPC + CIMNE), the project pursued the objective of studying and evaluating the impact of global change (climate change plus change in water resources and land use) on the design and operation of the company's hydroelectric plants.

### Adaptation to climate change in ENDESA's distribution business (2016-2017)

The objective of the project was to identify and evaluate the most significant impacts of climate change on the electricity distribution infrastructure, its monetisation and use of the information collected to optimise its management.

## RESCCUE Project (2016–2020)

ENDESA continued during 2020 with its participation in the first major European project on the subject, recently completed, focusing on innovation and urban resilience in the face of climate change. It was carried out in three European cities, Barcelona, Lisbon and Bristol, with the aim of evaluating the impact of climate change on the operation of essential services in cities, such as energy and water supply, and providing practical and innovative models and instruments to serve as a catalyst in the field of urban resilience and as a starting point of reference in Europe to move towards more resilient cities in the face of climate change.

Prominent among the broad results obtained by RESCCUE were the identification of four climate threats (floods, droughts, rise in sea levels and water quality), and the better understanding of the links among urban services to face climate events. Some results that will be used to plan climate adaptation actions, such as the implementation of different systems based on nature to retain a greater amount of water during future extreme and moderate rain events, and a tool to predict failures in the electricity network in the event of flooding, reducing the impacts produced by extreme meteorological phenomena.

In Barcelona, the climate data obtained showed that phenomena such as extreme rainfall, heat waves and droughts could experience significant increases due to an acceleration of the hydrological cycle. In this way, RESCCUE has provided the knowledge and information necessary to update and improve its 2018–2030 Climate Plan.

Finally, it should be noted that ENDESA continues to participate in the main national and international forums on the matter, such as the Continuous Working Group of the National Environment Congress (CONAMA) on Adaptation to Climate Change, which will present the results of the work of the last two years in the next edition of the Congress, which is scheduled to be held in April 2021.

## 1.4.3. Transition risks and opportunities

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In identifying the risks and opportunities presented by transition, both the evolution of the current situation up to the reference scenario that constitutes the PNIEC, and an increase in the level of electrification, in line with the Brighter Future scenario, have been considered. The following paragraphs describe the main risks and opportunities identified in relation to the transition scenarios.

### Policy and regulation

- > Emissions and price of carbon dioxide (CO<sub>2</sub>): Introduction of regulations to achieve the transition and the Paris Agreement, introducing stricter emission limits and/or requirements for the electricity generation portfolio not guided by price signals; regulatory interventions on carbon pricing mechanisms, carbon tax in non-ETS sectors, or expansion of the ETS.
  - Opportunities: mechanisms to strengthen the CO<sub>2</sub> market with stable price signals. Risks: control-and-command regulatory adjustments to CO<sub>2</sub> leading to price instability.
- > Development of renewable energy and energy efficiency: use of low-emission energy sources as the main basis of the country's energy mix, with incentives and opportunities for the development of renewable sources, energy efficiency and flexibility of the electricity and energy system and positive impacts in terms of ROI and new business opportunities.
  - Opportunities: positive externalities in volumes and investment margins. The PNIEC for 2021–2030 sets an ambitious target for the penetration of renewables, foresees that in 2030 74% of the total electricity generation will be of renewable origin, consistent with a trajectory towards a 100% renewable electricity sector in 2050, and complemented by increasing growing additional power in storage. Likewise, in terms of energy efficiency, which is one of the pillars of the PNIEC, an improvement target of 39.5% is set in 2030.

- Risks: difficulty in developing projects due to situations such as lack of access to the network, obtaining environmental permits, etc.
- > Regulation on resilience to improve standards, or introduction of ad hoc mechanisms to regulate investment in resilience.
  - Opportunities: benefits associated with the allocation of investments aimed at reducing the risks of quality and continuity of service for customers.
  - Risks: impact on reputation derived from damage and service replacement times in the event of extreme events. Possible penalties associated with a lack of adequate response regarding service replacement after an extreme event.
- > Policies to incentivise the transition in financial matters: the new EU Recovery Plan, the ultimate goal of which is to help Member States cope with the economic and social repercussions of the COVID-19 pandemic. Spain will receive close to Euros 140 billion, of which Euros 72 billion will be outright grants and a minimum of 30% of this fund (Euros 42 billion) will be used to decarbonise the economy.
  - Opportunities: positive externalities in terms of lower financing costs and greater investment capacity.
  - Risks: incentives for less mature technologies, which diminishes support for electrification by reducing the competitive advantage of the technologies adopted by ENDESA.

## Market

- > Market dynamics, such as those related to the variability of prices of raw materials, the increase in electricity consumption due to the energy transition, and the penetration of renewables have an impact on trading parameters, notably on margins, production volumes and sales.
  - Opportunities: the positive effects derived from the increased demand for electricity and the greater space for renewable energy have positive effects on the volumes and returns on investment.
  - Risks: exposure of “merchant” technologies to the volatility of market prices.

## Technology

- > Progressive penetration of new technologies such as storage, demand response and green hydrogen; digital lever to transform operating models and platform business models.
  - Opportunities: investments in the development of technological solutions.

Electricity grids play a leading role in the PNIEC as facilitators to allow the integration of new renewable capacity in the system, while at the same time facilitating flexibility and demand management. The National Integrated Energy and Climate Plan (PNIEC) allocates 24% of the estimated investments to its development, reaching a total of Euros 58,579 million.

## Products and services

- > Progressive penetration of products capable of guaranteeing lower costs and less impact in terms of emissions.
  - Opportunities: increased demand for low-carbon products and services.
  - Risks: tariff structure that does not allow generating an efficient price signal to encourage the penetration of low-carbon products and services. Entry of new agents in the market.
- > Electrification of the transport and residential sectors by means of the use of more efficient modes of transport and HVAC from the point of view of climate change, with particular reference to the development of electric mobility and charging infrastructures as well as greater penetration of heat pumps.
  - Opportunities: positive effects derived from the increased demand for electricity and higher margins related to the penetration of electric transport.
  - Risks: rate structure that does not allow generating an efficient price signal to encourage the electrification of transport. Entry of new agents in the market.

The PNIEC will be implemented along three paths, one of which is the electrification of the economy, which will help fulfil (among others) the objective of having renewables account for 42% of total consumption of final energy by 2030, as well as achieving a 39% reduction in diffuse GHG emissions by the same year relative to 2005. More specifically and in parallel with the development of renewable energies, the electrification of demand must contemplate a strong development of electric mobility and the use of

electricity in residential heating. The PNIEC foresees that the presence of renewables in the mobility/transport sector will be a driving force behind the decarbonisation of the sector, with the number of electric vehicles expected to reach five million by 2030. Likewise, the National Integrated Energy and Climate Plan (PNIEC) incorporates ambitious plans for the renovation of residential equipment.

## 1.5. Metrics and objectives

### 1.5.1. Reporting model: Transparency

ENDESA promotes a reporting model based on transparency, with the aim of making it clear to stakeholders that its commitment and ambition in the fight against climate change is firm, determined and realistic.

### 1.5.2. Carbon footprint

[103-1 Management Approach Emissions](#)

[103-2 Management Approach Emissions](#)

[103-3 Management Approach Emissions](#)

On 21 January 2020 the Council of Ministers declared the climate emergency with the commitment to adopt thirty priority lines of action to combat climate change. One of the first five planned measures was to define the long-term decarbonisation path, a strategy that was approved on 3 November and that sets the path to reach climate neutrality by 2050. The path established in the Long-Term Decarbonisation Strategy (ELP 2050) will reduce GHG emissions by 90% by 2050 compared with 1990. The remaining 10% will be absorbed by carbon sinks.

ENDESA has a proven track record in the decarbonisation of its activity, with a 70% reduction in its CO<sub>2</sub> emissions since 2005. This path will maintain its trend thanks to the Strategic Plan 2021-2023, which establishes even more ambitious objectives than in the previous Strategic Plan, now set for the entire Scope 1 of the company, to achieve an 80% reduction in specific emissions of CO<sub>2</sub> equivalent in 2030 compared with 2017, which allows it to be aligned with a scenario of maximum increase in global average

temperature of 1.5°C compared with the pre-industrial period.

A roadmap has been established to achieve the total decarbonisation of the energy generation mix in 2050 and the calculation of the carbon footprint is a key instrument to achieve this since it allows a detailed inventory of GHG emissions generated by a company.

ENDESA has voluntarily calculated and verified its carbon footprint since 2009.

During 2020, ENDESA verified its Carbon Footprint for the 2019 financial year and published the corresponding report (<https://www.endesa.com/content/dam/endesa-com/home/prensa/publicaciones/otraspublicaciones/documentos/Huella-de-carbono-2019.pdf>).

ENDESA has registered its carbon footprint since 2013 and has a proven track record on emission reduction in accordance with the criteria established by the Spanish Climate Change Office.

Since registering its 2016 Footprint, it has been awarded the 'Calculate' and 'Reduce' seals. With the registration of the Carbon Footprint of 2017, the 'Compensation' seal was also activated, a recognition that has been renewed again with the registration of the Carbon Footprint of 2019, since the 'ENDESA Forest' initiative has made it possible to offset the emissions associated with employee travel and paper consumption in our buildings, in addition to those associated with the generators of the hydroelectric plants and the operation of the photovoltaic plants.

ENDESA is the first company in the Spanish energy sector that has managed to renew those three Carbon Footprint Register seals for a third consecutive year.



### 1.5.3. Direct and indirect Greenhouse Gas (GHG) emissions

[305-1](#) [305-2](#) [305-3](#) [305-5](#)

#### CO<sub>2</sub>-EQ EMISSIONS SCOPES 1, 2 & 3

	CO <sub>2</sub> eq (t) Scope 1	CO <sub>2</sub> eq (t) Scope 2	CO <sub>2</sub> eq (t) Scope 3
2018	31,292,646	519,352	29,485,680
2019	17,474,762	460,890	25,359,022
<b>2020</b>	10,298,760	512,960	22,663,490

The results listed in the table above for the years 2018 and 2019 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 2020 is in the process of verification. ENDESA calculates and verifies its emissions according to the guidelines contained in the GHG Protocol, with the location-based approach. This international standard provides the norms and guidelines for companies and other organisations regarding the preparation of the inventory of greenhouse gas emissions.

Regarding the emissions produced in the different scopes, it is worth highlighting:

#### Scope 1. Direct emissions

Direct GHG emissions, meaning those that come from sources that are controlled by the company itself.

This classification includes:

- > Carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>) and nitrous oxide (N<sub>2</sub>O) emissions deriving from the consumption of fuels (coal, diesel, natural gas and biogas) for the production of electricity in generation plants.
- > Fugitive sulphur hexafluoride (SF<sub>6</sub>) emissions in electricity distribution facilities owned by ENDESA and in thermal and nuclear generation plants.
- > Fugitive emissions of hydrofluorocarbons (HFCs) in the management of port terminals.
- > Fugitive carbon dioxide (CO<sub>2</sub>) emissions in fire extinguishing equipment in the management of port terminals.

- > Fugitive emissions of methane (CH<sub>4</sub>) in the reservoirs owned by ENDESA associated with hydroelectric generation.
- > Carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>) and nitrous oxide (N<sub>2</sub>O) emissions deriving from the consumption of fuels in boilers and generators in administrative activities in ENDESA buildings.
- > Carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>) and nitrous oxide (N<sub>2</sub>O) emissions deriving from the consumption of fuels in the Company's own fleet of vehicles.

Scope 1 decreased by more than 41% in 2020 compared with 2019. The bulk of this Scope, in ENDESA's case, comes from the use of fuels in the generation of electricity and the variation in emissions depends largely on factors such as annual rainfall, the increase or decrease in energy demand and the contribution of renewables to the energy mix.

The generation of thermal energy decreased in 2020 by more than 32% compared with 2019, leading to a reduction in absolute GHG emissions, which was also accompanied by a reduction in specific emissions, both as a consequence of the gradual phasing out of coal-fired generation thanks to ENDESA's investment efforts dedicated to transforming the business model and reducing the environmental impact of its activity as well as the particular features of 2020 brought about by the pandemic.

[305-4](#)

The intensity of CO<sub>2</sub> emissions is calculated from the ETS certified direct emissions from thermal generation facilities, divided by the net electricity production.

The following table shows the evolution of the intensity of emissions.

	Absolute (metric tons of CO <sub>2</sub> )	Specific (kgCO <sub>2</sub> /kWh)
2018	30,979,870	0.418
2019	17,287,446	0.282
<b>2020</b>	10,127,953	0.180

In 2020 we reduced specific emissions by 36% compared with 2019 and almost 57% compared with 2018, thus announcing an acceleration on the path of decarbonisation and the energy transition.

Additionally, to demonstrate that the company's emissions reductions are on track to attain the objective set in the Strategic Plan 2021–2023 of reducing Scope 1 specific CO<sub>2</sub> equivalent emissions to 150 gCO<sub>2</sub>-eq/kWh by 2023 and to below 95 gCO<sub>2</sub>-eq/kWh by 2030, in line with the Science Based Targets initiative (SBTi) criterion for limiting the temperature increase to 1.5 °C, we calculate the intensity of Scope 1 emissions, which in 2020 was 183 gCO<sub>2</sub>-eq/kWh.

## Scope 2. Indirect emissions from energy

305-2

Scope 2 indirect emissions are those emissions deriving from the company's activity, but generated by other entities. These emissions include:

- > Emissions associated with the generation of electricity necessary to compensate for the technical losses produced during the distribution of electricity not generated by ENDESA.

## Scope 3. Other indirect emissions

305-3

They include the rest of the indirect emissions that are a consequence of the company's activities, but that have been generated from sources that are not owned or controlled by the company. This scope includes all those associated with the different stages of the life cycle of electricity that are not controlled by the company and that have not been included in the previous scopes.

This scope includes:

- > Emissions associated with the extraction, production and transport of fuels consumed in the company's operation.
- > Emissions associated with the manufacture and transport of chemical products consumed in the company's operation.
- > Emissions associated with the transport and treatment of waste generated in the company's operation.

- > Extraction, production, transport and use by the end user of the natural gas marketed.
- > Generation of marketed electricity that has not been generated in ENDESA's own generation plants.
- > Emissions associated with business trips by air, rail and rental cars.
- > Emissions associated with the vehicle fleet of maintenance and facilities subcontractors (electricity distribution, renewable generation).
- > Emissions associated with employees' commuting.

The limits that define the geographical scope of the Carbon Footprint are determined by:

- > The location of the facilities included in the systems considered, for Scope 1 and 2 emissions.
- > The countries and regions where the different stages of the life cycles that make up the indicated systems take place, as well as the marketing and sales activities for scope 3 emissions.

### 1.5.4. Objectives

In the 2021–2023 Strategic Plan, we set out our commitment to achieve a 100% decarbonised economy by 2050, in line with the EU objectives of combating climate change:

- > Reduce specific scope 1 CO<sub>2</sub> equivalent emissions by 80% by 2030 compared with 2017 enabling us to stay aligned with a scenario of a maximum increase in global average temperature of 1.5°C compared with the pre-industrial period.
- > Increase renewable generation facilities from the current 7.7 GW to 11.5 GW in 2023, with an associated investment of some Euros 3 billion and the aspiration to exceed 18 GW in 2030 with an investment of approximately Euros 10 billion.

This will allow us to reach generation which is 80% CO<sub>2</sub> emission-free by 2030.

In the short term, the Strategic Plan for 2021–2023 increases investment by 25% to Euros 7.9 billion to accelerate decarbonisation and digitisation.

This significant increase in investment focuses on renewable energies and digitalisation of the grid, as well as on the electrification of residential demand and demand from sectors such as industry and transport, streamlining the path to decarbonisation and the energy transition.

## 1.6. Transparency and recognition

### 1.6.1. Carbon Disclosure Project

ENDESA, in its commitment to the environment, participates voluntarily in the Carbon Disclosure Project (CDP). CDP is an international, non-profit organisation whose objective is to provide the largest and most comprehensive global environmental dissemination system, allowing investors, companies, authorities and governments to mitigate risks in the use of energy and natural resources, as well as to identify opportunities for a more responsible approach to the environment.

In 2020, more than 515 institutional investors with assets worth US\$106 trillion, and more than 150 large customers with US\$4 trillion in purchase volume urged companies to disclose their performance on environmental impacts, risks and opportunities through the CDP platform. More than 9,600 companies responded to the questionnaires sent out in 2020, companies that represent more than 50% of the world market capitalisation.

ENDESA has participated since 2006 in the CDP Climate Change initiative, the most prestigious index on climate change, which offers global information on the management of risks and opportunities identified by the largest companies worldwide.

ENDESA renews its Leadership rating, although this year with the highest possible score as it is included in List A. ENDESA is playing a key role in the fight against climate change, demonstrating its leadership and significantly contributing to the fulfilment of national and international commitments that address the decarbonisation of the planet. This past year 2020, CDP included ENDESA in List A, which recognises leading companies in climate action and transparency.

### 1.6.2. Climate Projects

ENDESA continues to participate in the Climate Projects led by the Spanish Office for Climate Change and, for the second consecutive year, obtained the "Certificate of recognition of verified emission reductions" from the Ministry for the Ecological Transition and the Demographic Challenge, after an exhaustive verification process of its projects during 2020.

Climate Projects are projects promoted by the Ministry for Ecological Transition and the Demographic Challenge, through the Carbon Fund for a Sustainable Economy (FES-CO<sub>2</sub>), with the primary objective of reducing greenhouse gas (GHG) emissions in the so-called "diffuse sectors" and mark a path of transformation of the productive system towards a low carbon model.

In 2020, ENDESA saw its verified emission reductions recognised thanks to six activities focusing on the areas of mobility and sustainable engineering.

Within the scope of Sustainable Mobility, there is the Electric Mobility Plan through Car-Sharing (Madrid and Zaragoza), which aims to promote a modal change in the use of employee transport, promoting the use of electric vehicles instead of taxis for their trips for work, with the consequent reduction of emissions that this implies.

On the other hand, there are the Electric Mobility Plans for employees of 2017 and 2018. These plans again offer workers the possibility of having an electric vehicle at a lower cost for a period of three years that can be extended. Finally, there is the Electric Mobility Plan for construction vehicles, the objective of which is to replace internal combustion engine (ICE) vehicles used to transport materials for the construction of new renewable plants, with 100% electric vehicles, thus reducing CO<sub>2</sub> emissions.

Finally, the Sustainable Engineering programme includes Sustainable Engineering on site with solar energy. This project consists of the installation of photovoltaic panels in construction works for new renewable plants, to generate electrical energy, thus reducing fossil fuel consumption by generators.

Thanks to its participation in Climate Projects, ENDESA achieved recognition of the reduction of more than 600 metric tons equivalent of CO<sub>2</sub> in 2020 and almost 2,000 metric tons in total.

Lastly, the company was once again recognised by the Ministry for the Ecological Transition and the Demographic Challenge, two ENDESA projects having been selected in the last tender process launched by the FES-CO<sub>2</sub> (Carbon Fund for a Sustainable Economy): Call for Climate Projects 2019. These are the Electric Mobility projects for

Employees and construction vehicles, and the Sustainable Engineering on site with Solar Energy.

## 1.7. Other initiatives on climate change

In ENDESA's opinion, the "cap and trade" system is the most efficient method to reduce emissions, especially in industrialised economies. Defining an absolute emissions target guarantees efficiency in achieving the environmental target, while the market price signal guarantees economic efficiency and minimisation of costs. In general, ENDESA believes that a "cap and trade" system within a solid regulatory framework ensures the certainty of long-term climate objectives and allows market mechanisms to determine prices consistent with macroeconomic cycles and market conditions.

On the other hand, environmental taxation can be analysed for the so-called diffuse sectors, made up of distributed sources of emissions. The debate on the relative merits of the "cap and trade" system and a carbon tax must be conducted from a number of different perspectives, weighing up the cost-effectiveness of regulatory mechanisms against their technical and regulatory feasibility.

In any case, considering the level of climate ambition proposed at the EU and national level, it is important to consider the possibility of extending the application of carbon pricing mechanisms to those emissions not currently covered, mainly those associated with diffuse sectors. It is logical to suggest that, based on the "cap and trade" system or through environmental taxation, all GHG emissions should be covered by some form of price mechanism, otherwise the proposed climate ambition would be inconsistent, with a carbon price mechanism covering only about 40% of emissions.

It should be emphasised that carbon pricing mechanisms cannot be interpreted as a sufficient solution for the decarbonisation of the economy. In general and especially for certain sectors, such as transport or residential, in addition to their high segmentation there are barriers such as inelasticity of demand, lack of correspondence between use and ownership, financing difficulties or the absence of the required infrastructure,

so that the price mechanisms should be part of a package of measures that allows a broad decarbonisation to be achieved.

Therefore, ENDESA recognises the role of carbon pricing mechanisms in providing an appropriate price signal for CO<sub>2</sub> emissions and as the most effective way of bringing about the attainment of the emission reduction targets that have been committed to. ENDESA's environmental and climate change pillars are based on those of the EU, so it welcomes the EU Green Deal and supports the ongoing review of the Directive on the Emissions Trading Scheme, although, whether through its expansion or through emission tax instruments, ENDESA considers that there should be an appropriate price signal for any emission, regardless of its origin.

### 1.7.1. The 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 activity of monitoring CDM projects, development of the voluntary market and ENDESA's participation in different Funds managed by the World Bank has been carried out by the Global Front Office unit.

Global Front Office has allowed ENDESA and Enel to continue to be an international benchmark in the carbon market.

### 1.7.2. Carbon funds

EU5

ENDESA has participated in three carbon funds managed by the World Bank: Community Development Carbon Fund (CDCF), Spanish Carbon Fund (SCF) and Carbon Partnership Facility (CPF).

Despite no longer participating, since being included in them ENDESA not only contributed to the reduction of emissions, but also participated in the complementary

benefits provided to the most disadvantaged communities.

### 1.7.3. Voluntary offsets of greenhouse gas emissions

EU5

ENDESA continued with its policy of offsetting GHG emissions from events in which it participates as a sponsor, its own internal events and publications, using credits from its portfolio of CDM projects for the purpose. A highlight of 2020 was the offsetting of GHG emissions from basketball matches played during the Copa del Rey and the Copa de la Reina. ENDESA calculated the emissions associated with these sporting events, generated by consumption, transport, catering and overnight stays, as well as sending material to the participants of two internal sustainability awareness programmes. In total, more than 1,400 metric tons of CO<sub>2</sub> equivalent were offset.

On this occasion, the credits used to offset internal events come from various hydroelectric generation projects in Southeast Asia.

### 1.7.4. Carbon capture and reuse

During 2020, ENDESA has continued to carry out various initiatives in the field of Carbon Capture, Storage and Use (CCUS):

> Since 2011, ENDESA has operated a microalgae cultivation pilot plant for the capture and revalorisation of CO<sub>2</sub>, located in the Litoral thermal power plant in Almería. The main objective of this plant is to test new types of photobioreactors, cultivation methods, as well as microalgae and to develop processes for the recovery of the biomass obtained. In this area, during 2020



Microalgae pilot plant at the Almería Power Plant.

the milestones of the European LIFE ALGAR-BBE project continued to be met. This project aims to recover the biomass generated to obtain biostimulants with biocidal activity. The project will implement, evaluate and disseminate a new approach in the context of sustainable agriculture through the use of biostimulants with biocidal activity containing microalgae, mitigating the adverse effects on the environment and human health of chemical pesticides that are currently used. In parallel, collaborations have been carried out with the universities of Granada and Cádiz in projects based on the development of medicinal applications of microalgae, and a patent has been obtained in this field.

Microalgae pilot plant at the Almería Thermal Power Plant. As a consequence of the excellent results obtained in the microalgae pilot plant, a larger plant (approximately 2 ha) and much more productive capacity is being built, which would be installed on the land currently occupied by the thermal power plant and which would allow it to start up in an industrial way the results obtained in the projects developed in recent years at the pilot plant.

# 4

## ELECTRIFICATION



# ELECTRIFICATION

## Enabling infrastructures

9 INDUSTRY, INNOVATION  
AND INFRASTRUCTURE



	Line of action	2020 Objective	2020 Profit/Loss	Key actions
	Improved supply continuity: Own + programmed TIEPI (SAIFI) (min.).	59.6	60.3	Trends in the TIEPI (SAIFI) in 2020 were more favourable than in the previous year, mainly due to the more resilient behaviour of the network, as well as a lower climatic impact.
Enabling infrastructures	Number of new connections of producers of renewable energy.	608	1,687	The Protur Hotels project is the self-supply project with the highest power in the hotel sector in Spain and one of the biggest in Europe.
	Power of new connections of renewable producers (GW).	380	2,065	

## 1. The quality and safety of electrical supply as a priority

the number of customers with access contracts to the Company's distribution networks increased during 2020 by 0.5%, reaching 12.3 million.

ENDESA supplied 96,596 GWh in 2020 to the customers of its distribution networks, 5.7% less than in 2019.

The total energy distributed by ENDESA's networks reached 110,063 GWh in 2020, measured in power plant bars, which represents 44% of the total demand in Spain.

Total demand in Spain reached 249.7 TWh, according to the national grid operator (REE Report: "The Spanish electrical system. 2020 closing forecast").

### 1.1. Development and improvement of distribution infrastructure

EU10 [103-1 Management Approach Availability and Reliability EUSS](#)

[103-2 Management Approach Availability and Reliability EUSS](#)

[103-3 Management Approach Availability and Reliability EUSS](#)

To ensure the correct energy supply to its customers, ENDESA's Distribution Network infrastructures are planned and operated in such a way that they are continually adapted to the capacity demanded by existing customers, to the network expansions requested by new customers, and to the correct attention to the regulatory, legal and subject to agreements actions.

The length of ENDESA's distribution network lines in Spain stood at 315,365 kilometres, of which 40.1% were underground lines. The number of substations at year-end was 1,314.

## ELECTRICITY DISTRIBUTION FACILITIES IN SPAIN AND PORTUGAL

	2018	2019	2020
<b>Length of distribution network lines (km)</b>	<b>319,613</b>	<b>316,320</b>	<b>315,365</b>
High voltage overhead lines (km)	18,838	18,796	18,849
High voltage underground lines (km)	787	786	793
Length of high voltage lines (km)	19,625	19,592	19,642
Medium voltage overhead lines (km)	77,343	75,172	72,970
Medium voltage underground lines (km)	41,188	40,771	41,033
Length of medium voltage lines (km)	118,531	115,943	114,003
Low voltage overhead lines (km)	96,390	95,514	95,696
Low voltage underground lines (km)	85,067	85,281	86,024
Length of low voltage lines	181,457	180,795	181,720
Substations (number)	1,275	1,284	1,314
Substations (MVA)	87,149	87,930	88,673
Transformation Substations (number)	133,971	129,749	130,056

## 1.2. Continuity in supply

EU28 EU29

The continuity of supply in Spain is measured through the indicators SAIDI (System Average Interruption Duration Index) and SAIFI (System Average Interruption Frequency Index), whose calculation procedure is regulated by Royal Decree 1955/2000. The SAIDI and SAIFI levels are audited annually by an independent external company.

During 2020, the own TIEPI (SAIFI) in the markets supplied by e-distribution stood at 46.9 minutes, which means

that the reliability of the service was 99.99% of the hours of the year. The own NIEPI (SAIDI) stood at 1.23 in 2020.

Trends in the own TIEPI (SAIFI) during 2020 were more favourable than in the previous year, mainly due to more resilient behaviour of the network, as well as a lower climatic impact, the only exception being Storm Gloria in January 2020.

The table shows the continuity of supply indicators for the main Autonomous Communities in which ENDESA provides services.

### ENDESA'S SAIDI (SYSTEM AVERAGE INTERRUPTION DURATION INDEX) (MINUTES)

ENDESA's SAIDI	2018	2019	2020	Variation 2020-2019
Andalusia	73	66	57	-14%
Aragón	70	55	58	+5%
Balearic Islands	54	49	36	-26%
Canary Islands	40	43	38	-10%
Catalonia	53	55	40	-27%
Extremadura	80	76	58	-24%
<b>ENDESA</b>	<b>61</b>	<b>59</b>	<b>48</b>	<b>-19%</b>

### 1.3. Safety at facilities

103-1 Customer health and safety EUSS

103-2 Customer health and safety EUSS

103-3 Customer health and safety EUSS

103-1 Customer health and safety

103-2 Customer health and safety

103-3 Customer health and safety 416-1

ENDESA complies with the provisions of current legislation regarding safety for people, whether employees or citizens in general, for all facilities:

- > High and medium voltage installations are subject to three-year safety and suitability inspections, action plans being established to resolve any defects identified.
- > Facilities connected to the HV/HV and HV/MV distribution substations have protective devices that isolate any defects that may occur.
- > The MV lines have intermediate protections such as lightning rods and self-valves, in prevention of surges caused by atmospheric discharges.
- > MV/LV transformation centres and LV lines have similar safety measures.
- > Regarding the connections of the supplies to the grid, the link facilities have their corresponding protective devices, in accordance with current regulations.

Regarding the health of the population, ENDESA shares with the rest of the operators in the electricity sector and with society in general the concern about the potential impact that the electromagnetic fields generated by its facilities could cause. Therefore, different technical actions are carried out of verification and, where appropriate, adaptation, so that it is ensured that their operation does not generate incidents hazardous to public health.

ENDESA is constantly updated with the latest studies in this area and actively participates in the forums of the electricity sector to contribute our knowledge and initiatives (technical, constructive, operational, etc.) in the field of prevention of health risks related to these causes.

Health and safety impacts are evaluated in all of ENDESA's product and service categories.

## 2. Excellence in commercial service

### 2.1. Commercial Service Excellence Plan

For ENDESA, excellence in sales service is the main value in the relationship with its customers, always seeking maximum efficiency in the operation of its sales service channels, tools and platforms through constant innovation and improvement processes.

ENDESA considers customer-mindedness as one of the fundamental lines of action in its customer relations. To this end, it focuses its efforts on improving the main indicators of customer satisfaction, monitoring key indicators to verify the impact on the improvement of ENDESA's commercial quality.

#### 2.1.1. In-person or personalised attention

ENDESA's in-person service is organised by customer segment, in order to better adjust to the needs of each of them:

- > **General Public (B2C):** ENDESA has 11 commercial offices in Spain and 2 in Portugal, as well as 253 service points distributed throughout the country.

#### FACE-TO-FACE ASSISTANCE CENTRES FOR THE GENERAL PUBLIC

	Service points	Sales offices
Andalusia-Extremadura	85	3
Aragón	23	1
Balearic Islands	18	1
Canary Islands	23	2
Catalonia	58	3
<b>Own territory</b>	<b>207</b>	<b>10</b>
Expansion	46	1
Portugal	0	2
<b>ENDESA</b>	<b>253</b>	<b>13</b>

The face-to-face channels remained closed during the state of alarm due to the impact of COVID-19. At the end of May, they were reopened to the public once all the necessary sanitary measures had been implemented to ensure safety in customer service. The main actions taken were: installation of methacrylate screens in all customer service positions, distribution of masks, gels and gloves and the placement of various information posters with the main messages to avoid contagion. Additionally, prior appointment and video-calling services were promoted.

Various audits were carried out through a specialised company, to ensure that the sanitary measures adopted were being complied with.

> **Attention to and management of Major Customers and Companies (B2B):** ENDESA has a team of highly qualified account executives to understand and respond competitively to the demanding needs of this type of customer in a personalised way.

The current structure has around 350 account executives, organised by sector of energy demand and territory (nationwide coverage), and complements its coverage by means of telephone and internet service channels managed in a way that is appropriate to B2B customers, while at the same time sharing technological infrastructure synergies with the equivalent channels in the B2C segment.

### 2.1.2. Customer service call centre

The ENDESA Call Centre handled 17.4 million calls in 2020, with a 18% decrease in traffic on the Iberian Peninsula compared with the previous year, due mainly to the exceptional situation in 2020. An important part of this additional traffic was managed thanks to the implementation of new use cases supported by Artificial Intelligence (AI). Customers who chose the call centre channel to contact ENDESA did so in 46% for reasons related to the business cycle, 17% for reasons of unavailability of supply, and 6% to make requests for new sign-ups, maintaining the Customer Service Call Centre as one of the main sales channels of the company.

In 2020, the call centre channel continued its progress towards becoming a "cognitive contact centre", and became a benchmark in the sector by obtaining the Excel-

lence in Customer Relations Award for the Best Innovation Project. These awards are organised by the AEERC (Spanish Association of Customer Relations Centres) and recognise the great advances made during 2020 in the transformation of the contact centre from the point of view of customer service, agent management and supplier relations.

Within this framework, the following lines of work developed in 2020 stood out:

> **Digitisation of the Contact Centre:** promoting self-service through Artificial Intelligence as a pillar of customer service. The integration of Watson (IBM AI) as one more agent of the Contact Centre providing a homogeneous experience for the customer through a unique conversational model marks a way forward in the Contact Centre industry.

The use of AI has also been a basic pillar to ensure customer service during the months of March to June, when due to the pandemic and confinement, it was not possible to provide service through other channels.

Likewise, digitisation has been complemented with Virtual Hold solutions that reduce customer effort while ensuring target levels of accessibility.

> **Operational efficiency:** deployment of a robust work-from-home solution in all regions where the Contact Centre is present, allowing all agents to be kept in operation, ensuring health and safety conditions, supported by remote supervision solutions to ensure compliance with the established service levels.

> **Efficiency and quality through the Cronos project,** a project that seeks to reduce customer handling times, improving the perceived quality, and in which all the partners that provide service for the telephone channel collaborate.

With respect to the Portuguese market, during 2020 more than 2.1 million calls were answered, which represents an increase of 25% compared with 2019.

> Among the most notable projects in 2020 in telephone service in Portugal was the integration of the telephone channel within the BPO that ENDESA manages with third party experts. In this way, the integral operational management of all Front office channels with their Back offices is guaranteed, which allows a better quality of

customer service and, at the same time, encourages the operator to seek operational synergies, productivity improvements and the application of technology/robotics with benefits for the customer (for example in terms of better identifying quality problems, introducing automation that reduces response time, greater commitment to digitisation and customer self-management, etc.).

All in all, despite the very adverse context of 2020, the development of the Telephone channel was very positive, maintaining service to ENDESA's customers at times when other channels were unable to do so due to the lockdown situation.

### 2.1.3. Customer service online and through digital channels

The special situation experienced in 2020 meant an acceleration of the digitisation process, and therefore a strong boost in online service. All this was possible thanks to the plans to reinforce the infrastructures, human teams and technological resources that the people of ENDESA put in place during the first days of the pandemic.

## 2.7 million registered customers with ENDESA websites, 17% more than in 2019

At the end of 2020, ENDESA's commercial website, [www.endesa.com](http://www.endesa.com), reached 2.7 million registered customers (17% more than in 2019), with more than 2.6 million contracts. These users carried out more than 2 million interactions per month, with bill consultation being the most common operation both on the web and the app, which was downloaded 900,000 times over the course of the year.

ENDESA also serves the regulated market through Energía XXI, whose website [www.energiaxxi.com](http://www.energiaxxi.com) serves 1 million customers and received 300,000 visits in 2020, the first full year since its launch.

During 2020, electronic billing also received a great boost. It consolidated its growth, with 4.4 million contracts in force with e-billing.

During 2020 ENDESA's digital assets (public website and on-line office) were renovated in order to offer better service to customers, unifying the access points to commercial and corporate information, and positioning the customer as a fundamental element in the digital transformation process. The main new features incorporated are:

- > Creation of a "home" vision that allows the various different contracts relating to the same household to be grouped together, which better suits customers' requirements and gives them a comprehensive view of the household's energy consumption.
- > Simplification of navigation, so that all the procedures can be found in the same place.
- > Introduction of improvements in functionality, implementing a traceability and alert management system for customers' requests, allowing them to check the status of their request at any time.

Apart from this, further progress was made with the programme to automate procedures in the most used channels (chat and WhatsApp), incorporating Artificial Intelligence in the customer service processes, thus allowing a faster response to customers' most frequent needs, and absorbing the excess traffic handled online due to the effects of the pandemic.

## 2.2. Elimination of barriers to access for the most vulnerable customers to information on products and services

[103-1 Management Approach Provision of Information EUSS](#)

[103-2 Management Approach Provision of Information EUSS](#)

[103-3 Management Approach Provision of Information EUSS](#)

ENDESA strives to overcome such barriers as may possibly exist, be they physical, social or linguistic, in the information on its products and services.

The websites [www.endesa.com](http://www.endesa.com) and [www.energiaxxi.com](http://www.energiaxxi.com) have extensive sections explaining electricity and gas bills in detail.

Both websites are available in English as well as in Spanish and Catalan. You can also communicate in English through the Apps and the online chat channel, email, Twitter, Facebook and WhatsApp, covering the information and sales service needs of these customers on the internet.

All commercial and information communications that ENDESA sends to its customers in Spain can be written in Spanish and Catalan, including bills and information brochures.

The customer service call centre attends in both Spanish and Catalan. For customers who cannot communicate in these languages, there is a specialised service that handles calls in English, with a dedicated telephone number, and whose target audience is mainly customers with their residence abroad.

The digital online channels have resources and supports to ensure access to customer service for persons with disabilities and the elderly.

Since 2019 ENDESA has adapted its websites to comply with the WCAG (Web Content Accessibility Guidelines) standards of the W3C (World Wide Web Consortium), at its AA level, making them possible to use for all types of users, including those with some kind of disability.

The AA accessibility certificate issued by AENOR has been obtained.

ENDESA's Sales Offices and Service Points are located at street level, with access adapted for people with reduced mobility and with sanitary arrangements appropriate to the COVID-19 crisis.

ENDESA was the first company to enable a channel aimed at people with hearing or speech disabilities, by means of the Padius app, which allows customers to ask any questions about their bill or contract and to receive personalised information.

## 2.3. Effective resolution of customer complaints

[103-1 Management Approach Customer Privacy](#)

[103-2 Management Approach Customer Privacy](#)

[103-3 Management Approach Customer Privacy](#) [418-1](#)

The effective and objective management of customer complaints is a key strategic objective at ENDESA. Complaints are managed by the Claims & Complaints Attention Unit (UAR in the Spanish abbreviation) centrally and through people working in the six Territorial Units (UTRs in the Spanish abbreviation). Its main duties consist of:

- > Ensure customer satisfaction in the management of their claims.
- > Detect the causes that negatively affect the usual commercial activity.
- > Define the measures to solve them and specify the improvements in the management systems.
- > Look for cost efficiencies in the resolution of claims.
- > Resolve claims in the shortest possible time.
- > Act as interlocutors with public or private consumer defence entities.
- > Intervene in social networks when faced with joint claims filed therein.
- > Respond to the requests that the CNMC presents to ENDESA including the quarterly reports on claims made.

The year 2020 consolidates the new claims management model with an "end to end" vision by the customer and with teams that are unrivalled in resolving complaints. This entails more efficient management in costs and in customer quality since it simplifies the management and results in a shorter management time and a positive valuation by the customer. The changes in the Customer Service systems have also led to an improvement in the management of complaints with a classification of complaints in the customer's language. It should be noted that the pandemic has not led to a reduction in claims filed by customers, but has resulted in a change in their entry channel, with a significant increase in the number coming in through the Digital Channels. However, there has been a reduction in those received from the Public Administrations.

The volume of complaints in 2020 was approximately 315,000, which represents an increase of 23% compared with the previous year, influenced by an incident with invoicing. The number of requests also decreased in volume by 28% to 248,000.

The sum total of both requests and complaints amounted to approximately 562,000, and their resolution rate was 89%. Thus, fewer complaints and requests were resolved than were received, so the number pending increased.

Throughout 2020, billing incidents and system changes led to a worsening in complaints handling times, from about 6.5 days in 2019 to 7.2 days in 2020, which is 11% higher, related to billing incidents.

By type of processes, the 88% increase in complaints related to meter readings and billing stands out, as does the 17% increase in complaints about ATR with regard to the application of discounts in campaigns carried out during the COVID period. Finally, complaints made to Customer

Service decreased by 18%, due to the reduction in customer complaints regarding attention received through the channels. By stage of handling, complaints have a higher resolution rate in the Customer Service Channels that are able to resolve in the first instance with the customers themselves, and the procedures that cannot be resolved in the first instance pass to the teams that can resolve them, including the Business Cycle teams which also deal with complaints. In 2020, more than 73% of the claims of the reseller (Residential) have been resolved within a period of less than 5 days.

### 3. Energy poverty and access to electricity for vulnerable customers

103-1 Management Approach EUSS Access to Electricity EUSS

103-2 Management Approach EUSS Access to Electricity EUSS

103-3 Management Approach EUSS Access to Electricity EUSS

ENDESA maintains a strong commitment to the fight against poverty and to helping those who are most vulnerable due to adverse economic situations, carrying out various actions and initiatives aimed at groups and families affected by energy poverty.

Actions in terms of service, advice, billing and collection, are priority lines of action for the company in its permanent commitment to society. For this reason, different initiatives are carried out aimed at people and families living in energy poverty, in collaboration with associations and social services, whether or not they are customers of the company.

In 2020, the impact of COVID-19 led to a health crisis, but it also led to an economic crisis with complex situations causing unemployment and temporary layoffs leading to a substantial reduction in income. As a result, on 30 September 2020, a decree was approved including these groups as beneficiaries of the "Social Bonus" (subsidised electricity rates) until 30 June 2021.

The "social bonus" approved in 2018, giving a discount on the electricity bill to customers affected by energy poverty, is also maintained.

ENDESA makes its face-to-face, telephone and online service channels available to consumers to inform them of the conditions of the new Social Bonus, as well as the documentation they must present in order to avail themselves of it.

ENDESA, through its customer service channels and in collaboration with social services, facilitates staggered or deferred payments of invoices up to 24 months for vulnerable customers, thus relaxing the conditions so that customers can meet the cost of energy supply and so avoid having it cut off.

ENDESA maintains in force the agreements signed since 2014 with local/Autonomous Community administrations and third sector entities to avoid shutting off supply to customers with energy poverty status who are certified by social services, while emergency aid is processed by the latter for the payment of electricity or gas bills for these customers.

Currently there are 273 agreements in force, seven of them with Autonomous Regions and seven with Federations of Municipalities, and contact is maintained with 537 municipalities. As a result of these agreements, in 2020 ENDESA attended to 123,364 requests amounting to Euros 30,350,630 from vulnerable customers with difficulties in paying their bills.

ENDESA and the Red Cross continued to work under their Collaboration Agreement to protect and guarantee the energy supply in the primary residence of individuals and families in situations of vulnerability and avoid the suspension of the supply of electricity or gas, as a consequence of non-payment of bills.

Additionally, ENDESA carries out various projects with third sector entities to provide training on efficiency and optimising the electricity bill, also reinforcing security measures and risk prevention for vulnerable families.

#### 3.1. Cut-offs for non-payment and reconnections for domestic customers

EU27

In 2020 there was a very considerable reduction in cut-offs compared with previous years. Specifically, 78% less than in 2019 and 70% less than in 2018. This reduction was due to the public health emergency situation caused

by COVID-19 and, specifically, to the publication of Royal Decree-Law 11/2020 of 31 March adopting urgent complementary measures in the social and economic sphere to deal with COVID-19, which prohibited cutting off the supply of electricity and gas to natural persons in their habitual residence except for reasons of security or safety of supply, people or facilities, until one month after the end of the state of alarm.

Subsequently, with the publication of Royal Decree-Law 26/2020 of 7 July on economic reactivation measures to face the impact of COVID-19 in the areas of transport and housing, cuts were prohibited until 30 September 2020, with the same conditions as those mentioned above.

From the start of the state of alarm and until 31 December 2020, ENDESA did not cut off or cancel any supply of gas or electricity due to non-payment, extending this guarantee to all domestic customers without their having to provide any kind of justification.

In the months of 2020 in which there were electricity cuts due to non-payment of domestic customers, 66.2% had a cut of less than 48 hours and 10% had a cut of between 48 hours and a week, 5.6% between a week and a month and 1.4% between a month and a year, the remainder not having been reconnected.

Likewise, 80.6% of disconnected domestic customers have been reconnected within the next 24 hours, 2.3% between 24 hours and a week and only 0.2% more than a week after disconnection.

In the case of gas supply, 27.6% of residential customers disconnected due to non-payment had a cut of less than 48 hours, 9.7% had a cut lasting between 48 hours and a week, 5% between a week and one month, and 4.6% between one month and one year.

Also, 8.6% of disconnected domestic gas customers were reconnected within the next 24 hours, 27.8% between 24 hours and a week and 9.8% more than a week after being disconnected.

#### CUT-OFFS OF DOMESTIC CUSTOMERS FOR NON-PAYMENT BROKEN DOWN BY DURATION OF DISCONNECTION AND REGULATORY REGIME (NUMBER)

	2018	2019	2020
Customers disconnected	92,062	123,950	27,686
Customers disconnected for less than 48 hours	47,285	83,717	18,521
Customers disconnected for less than 48 hours, TUR market ("last resort" rates)	24,357	42,051	8,231
Customers disconnected for less than 48 hours, non-TUR market	22,928	41,666	10,290
Customers disconnected between 48 hours and a week	8,653	11,473	2,737
Customers disconnected between 48 hours and a week, TUR market	4,599	5,766	1,294
Customers disconnected between 48 hours and a week, non-TUR market	4,054	5,707	1,443
Customers disconnected between one week and one month	5,762	6,591	1,545
Customers disconnected between one week and one month, TUR market	3,191	3,981	814
Customers disconnected between one week and one month, non-TUR market	2,571	2,610	731
Customers disconnected between one month and one year	2,292	1,516	144
Customers disconnected between one month and one year, TUR market	1,256	1,430	72
Customers disconnected between one month and one year, non-TUR market	1,036	86	72
Customers disconnected more than a year	0	0	0
Customers disconnected for more than a year, TUR market	0	0	0
Customers disconnected for more than a year, non-TUR market	0	0	0
Customers reconnected within 24 hours	60,133	100,048	22,304
Customers reconnected within 24 hours, TUR market	31,373	51,570	10,304
Customers reconnected within 24 hours, non-TUR market	28,760	48,478	12,000
Customers reconnected between 24 hours and a week	3,323	2,850	625
Customers reconnected between 24 hours and a week, TUR market	1,762	1,449	307
Customers reconnected between 24 hours and a week, non-TUR market	1,561	1,401	318
Customers reconnected more than a week later	473	352	227
Customers reconnected more than a week later, TUR market	235	184	200
Customers reconnected more than a week later, non-TUR market	238	168	27

## 4. Responsibility and customer satisfaction

### 4.1. Responsibility in information on and offer of products and services

103-1 Marketing and labelling management approach

103-2 Marketing and labelling management approach

103-3 Marketing and labelling management approach

103-1 Information provision management approach

103-2 Information provision management approach EUSS

103-3 Information provision management approach EUSS 417-1

ENDESA customers have the right to be informed about the characteristics of the products and services they consume. For this reason, the Company complies with the regulatory requirements for information to customers in the various phases of the business cycle. These regulations cover the following issues:

- > When establishing a supply contract or modifying it, the customer is informed of the different types of tariffs and the most appropriate power for their needs.
- > When making power outages for scheduled tasks on the network, customers and the general public are notified well in advance.
- > When shutting off a customer's service for non-payment, all the certified demands for payment established by current regulations are made prior to this act, including a notice made 15 days before the shut-off, informing them of the date from of which the same will be effective. These shut-offs for non-payment are only carried out if the Company has proof of this fact. In no case are customers considered "essential" by the regulations cut off for non-payment.
- > There are other times when deadlines for reporting are defined, both when budgeting for new supplies and when handling customer complaints.

Regarding the deregulated market, ENDESA systematically complies with the obligation to report the origin of the electricity on the bill.

Furthermore, it goes beyond the legal requirements to achieve excellence in the practice of informing customers. Thus, the Company created in 2009 a unit to manage

the relationship with consumer associations and public bodies, which has been consolidated since then. This unit has held regular meetings and has participated in different forums in the field of consumers, in which the measures adopted by ENDESA with respect to its customers have been transmitted and the main concerns expressed by them have been gathered, to adopt the measures more appropriate at all times in terms of consumption.

### 4.2. Customer satisfaction, key at ENDESA

103-1 Marketing and Labelling Management Approach

103-2 Marketing and Labelling Management Approach 102-43

103-3 Marketing and Labelling Management Approach 102-44

The customer occupies the central place in ENDESA's business model, and therefore the measurement of the Customer Experience is essential. Thus, all segments, products, channels, services and processes have adequate tools to carry out this function.

The integration sought with the various customer "journeys" provides robustness between the customer's contacts (proactive or reactive) and the customer experience. These actions have led directly to a reduction in customer saturation and a better contextualisation of the parameters to be assessed. Customer invasion has been reduced by creating much more fluid communication channels that allow dissatisfaction to be better managed.

Traceability of records is a crucial issue for understanding consumer concerns. In 2020, more than 200 million records were managed in Spain to ensure a number of representative interviews in all biases (population, geographic, tariff, supply, supplier, etc.). In another line, the traceability of customers has allowed the creation of time lines to know their state of complacency at all times and manage the times to remain overlapped with the actions carried out. This is possible thanks to the use of "big data" environments.

Automation is another element that has made it possible to detect customer interactions in real time and influence them at that precise moment. In this way, the valuation is achieved at the right time to be measured, avoiding that time could dilute the customer's perception.

The main methodology used to ascertain the level of customer satisfaction is interviews through digital channels. This responds to the technological transformation, both of the company and of society as a whole.

Compared with the rest of the electricity sector, in 2020 ENDESA continued to be the leader in mass customer satisfaction in the electricity sector. This position has been held for more than 10 consecutive years.

#### CUSTOMER SATISFACTION INDEX (GENERAL PUBLIC, DEREGULATED ELECTRICITY MARKET)<sup>1</sup>

2017	2018	2019	2020
7.03	7.18	7.27	7.31

<sup>1</sup> Generic SCP Study (ENDESA Energía Commercial Quality).

Overall in 2020 customer satisfaction rates improved with respect to Electricity Supply (2% improvement vs. 2019), with respect to Business Cycle services (+3%) and with respect to Price (+17%). Likewise, the perception of ENDESA as a leading company in satisfaction with Advice and a benchmark in customer orientation was consolidated, placing the company's image in a preferential position relative to the competition.

Regarding customer loyalty, in 2020 ENDESA obtained a Net Promoter Score (NPS) of 7%, an improvement of 5 pp compared with the previous year.

For customers susceptible of personalised treatment (non-mass), a clear improvement is detected in terms of satisfaction with the company (+3% vs. 2019), which values both the supply service (+4% compared with 2019) and the operation of the Business Cycle (+3%), specialised advice (+5%) and, standing out above the rest, satisfaction with the Price (+16%).

Focusing on gas customers (mass market), ENDESA achieved a satisfaction index of 7.56 (improvement of 2 points compared with 2019).

By item, ENDESA remains the leader in customer satisfaction with gas prices (9% improvement vs. previous year); as well as a valuation close to 8 in the Business Cycle (where the usefulness of the information on invoices and its clarity usually stand out, compared with the competition).

#### 4.2.1. Operational management of customer satisfaction and experience

The main axes of Customer Satisfaction and Experience management with ENDESA Energía at an operational level are summarised below, as well as some of the key results obtained in 2020.

#### Customer Experience – Sales and commercial activity

The monitoring of the Quality offered by the sales channels (Task Force, Stand and Telesales) in Spain in mass customer segments globally reaches a value of "Very satisfied" (higher than 4 on a scale of 0 to 5).

By channels, it exceeds 88% in Task Force, 90% in Stand and 93% in Telesales (data to October 2020). The indicators of satisfaction with ENDESA's service menu, certified by AENOR, exceed the 80% marked as a reference in the case of the Clarity and Friendliness indicators.

#### Customer Experience – Customer service channels

The level of service of ENDESA's offline customer service channels is highly rated both by customers served by telephone (reaching 8.07) and in-person (Offices: 8.91; Service Points: 8.84).

In the call centre channel that serves Free Market customers from the General Public, ENDESA has improved significantly in practically all the dimensions measured. Particularly noteworthy are the valuation of Call Handling (+3% compared with 2019) and the percentage of customers who consider the time used to be appropriate to their query/procedure (+10%).

Among the customers of Companies the best evaluations are in the Personal Attention and the Knowledge demonstrated by the interlocutor.

The in-person channels in 2020 continued to be the best valued channels in ENDESA with outstanding values close to 9 out of 10 both in Offices and in Service Points. Among all the attributes in measurement, the assessment of satisfaction with Treatment, Order of Establishment and Management of the Visit stands out. In general, the rest of the attributes also improved in 2020, with Office Management and waiting times in both Offices (+9%) and Service Points (+7%) standing out.

#### Customer Experience – Commercial and operational processes

In 2020, satisfaction with all processes measured increased, with values higher than 8, except in the case of Complaints, which despite the especially sensitive year reached a value higher than the approved one.

The indicators that performed best in 2020 were Global Satisfaction with the Ease of Contract Registration and Amendments, and the Information that ENDESA provides on the procedures required during the energy contracting process. In Contract amendments, customers' positive perception of the total time taken by the process stands out

#### 4.2.2. New projects

Since 2018, ENDESA Energía's Commercial Quality area has been gradually implementing a digitisation approach with the aim of obtaining a 360° view of the relationship with the customer. This strategy brings together ENDESA's different strategic projects and integrates with the systems to optimise the customer experience and reduce areas of possible dissatisfaction.

In 2020, Dissatisfaction Management continued to improve, focusing on clearly identifying possible problems and referring their solution to the most competent area. In parallel, the internal user is helped to learn and correct the processes, contrasting the initial and final information, in a process of continuous improvement.

Finally, following a pilot phase, Machine Learning technology is being implemented for two main tasks: on the one hand, to identify patterns and classify responses to streamline the categorisation for Dissatisfaction Management (Supervised Learning); and on the other to analyse the customer's voice to better understand the cases that affect them and to be able to identify the root causes of the main problems (unsupervised clustering).

During 2020, projects continued to be developed on various fronts to improve the quality of care and satisfaction with ENDESA Portugal's service, among which are:

- > **Inclusion of telephone service within the existing BPO in Portugal:** This new approach allows for significant front-back integrations, as well as pushing the provider to actively participate in improvement and automation initiatives.
- > **My endesa 2.0:** Usability improvements and increased functionalities in the customer's online office to maximise the procedures to be carried out by the customer in this channel.
- > **New digital invoice and creation of the QR code:** Information improvements, increase in digital capabilities and facilitation of customer navigation to boost the use of this customer service channel.

- > **Implementation of more demanding SLAs in the BPO** to improve processes and thus reduce the risk of incidents and increase customer satisfaction.

## 5. Endesa's energy solutions

### 5.1. ENDESA: products and services for customers

[302-5](#) [103-1 Management Approach Demand Management EUSS](#)

[103-2 Management Approach Demand Management EUSS](#)

[103-3 Management Approach Demand Management EUSS](#)

In the midst of a revolution in the energy paradigm, ENDESA adapts to the demands of society with a vision based on the three main guidelines for development – decarbonisation, electrification and digitisation – and which can be summarised in the formula sustainability = value. In this sense, it advances by developing innovative products and digital solutions in the areas where energy currently enables the greatest transformations: city, housing, industry and electric mobility. From the beginning, ENDESA bet on sustainability at the centre of its model, with the aim of creating an ecosystem capable of making the best use of the opportunities offered by digitisation, to create more social, environmental and economic value for all. A goal that it meets every day through a platform-based model that enables consumers to participate actively in energy markets and reduce system costs by maximising the impact of innovation.

In order to carry out its role as “value multiplier” and “accelerator of the transition” towards sustainability as effectively as possible, ENDESA organises its activity in the following Business Units, aligned with the sectors that can be further transformed to meet the demands of society:

- > **Energy area**
- > **Services area, ENDESA X**
- > **E-City**
- > **E-Industries**
- > **E- Home**
- > **E-Mobility**

### 5.1.1. Actions on customers of the Public Administration (B2G)

**E-City** in the urban sphere, through this business unit, ENDESA deals with technological convergence driven by digitisation that leads to the creation of cities provided with smart systems and more energy-efficient equipment capable of ensuring more sustainable, economic and personalised services according to the demands of the citizen.

## ENDESA installed two new charging units using a pantograph for the Barcelona Bus network



ENDESA installed two new ultra-fast pantograph charging devices for electric buses on the H16 line in Barcelona, linking the Forum with Zona Franca. The objective is to ensure that the 22 TMB (Barcelona Metropolitan Transport) electric buses are kept charged so as to deliver better service to passengers.

The ultra-fast pantograph charging system has two parts: the charger, a pillar approximately five metres high with the connecting bell, like a lamppost, which is installed at the beginning and end of the line to take

advantage of the times when buses are stopped to not interfere with the route's timetables; and the pantograph, a kind of retractable mechanical arm on the roof of the bus, which lifts and attaches to the charger to begin charging.

Thanks to this type of opportunity recharging, located at the beginning and end of the line, and the 500 kW of power from the chargers, a recharge capacity of 80% of the bus battery is achieved in less than 5 minutes, through the pantograph on the roof of the vehicle.

### 5.1.2. Actions with business and industrial customers (B2B approach)

**E-Industries:** this line seeks to promote the energy transition of commercial and industrial consumers, helping them make more efficient use of energy, saving costs and monetising their flexibility through innovative and sustainable solutions such as demand management, energy monitoring services, distributed generation and storage among others. In addition, it offers new solutions that adapt to both the current context and the needs of customers, such as Air Quality, a service that helps manage indoor air quality.

ENDESA promotes a new energy model that is committed to sustainable generation and more efficient and responsible consumption.

> **The energy management system (EMS)** allows us to know, in an agile way, at which points it is more likely to achieve significant savings. In addition, the EMS has procedures that allow knowing the energy savings generated, after having carried out a measure of energy efficiency.

With the monitoring of these elements and correct proactive management with regulation of parameters, consumption can be reduced by 10-20%. Energy savings by replacing equipment can reduce energy consumption by 15-25% in the case of boilers and/or chillers older than 15 years.

> **Air Quality:** ENDESA X's new solution that allows customers to adapt to the new conditions deriving from COVID-19 quickly and effectively, as well conveying to

its customers an image of safety and awareness of the health crisis.

This solution focuses on the two most effective factors to minimise the risk of contagion of COVID-19: on the one hand, monitoring and ventilation, through the installation of CO<sub>2</sub>, temperature and humidity sensors, and on the other, the control of capacity in the facilities.

- > **Comfort Management:** ENDESA X's new solution for the intelligent management of companies' Air Conditioning Systems. Through the use of Machine Learning and Artificial Intelligence techniques, Comfort Management dynamically optimises the Air Conditioning Systems, allowing continuous modulation and maintaining comfort, while generating high energy savings in consumption.
- > **Solar energy:** In 2020 ENDESA established itself as one of the main players in the solar photovoltaic market for self-consumption in Spain, making an additional effort

to be able to meet the delivery commitments for the works in progress. Through its experience, quality and technical knowledge, it is helping to empower its customers with the necessary technology to accelerate the efficient consumption of energy, helping its customers obtain the following benefits:

- Supply a considerable part of its total consumption with clean and renewable energy. Depending on the adequacy of the generation curve to the customer's consumption curve, the energy from the photovoltaic system can cover up to 40% of customer demand.
- Have considerable savings in your annual electricity bill (up to 50%), achieving price stability in the purchase of energy in the long term.
- Contribute to the company's sustainability objectives by reducing CO<sub>2</sub> emissions into the atmosphere.

## ENDESA builds the largest self-supply photovoltaic project in the hotel sector in Spain



Through its subsidiary ENDESA X, ENDESA is building the largest photovoltaic project for private self-supply in the hotel sector in Spain, with a total power of 2.8 MWp and a production of 5,000 kWh per year for Protur Hotels, in the town of Sa Coma, in the municipality of Sant Llorenç del Cardassar (Mallorca).

- > The project is a milestone for both Protur Hotels and ENDESA, as it is the self-supply project with the highest power in the hotel sector in Spain and one of the largest in Europe.

- > In environmental terms, it represents an annual reduction in emissions of 1,648 tons of CO<sub>2</sub>, equivalent to planting 103,824 trees.
- > Of the plant's total production, 70% will be used for self-supply.
- > This facility covers approximately 44% of current consumption in the 5 Protur Hotels connected to the photovoltaic plant, saving almost Euros 250,000 a year.

### 5.1.3. Actions on homes and small businesses (B2C, Business to Customer Approach)

**E-Home** aims to offer products to improve energy efficiency. ENDESA wants to bring home management services closer to its residential consumers, creating a sustainable and accessible ecosystem for all. This area offers air conditioning, solar photovoltaic and smart home products.

ENDESA X encourages self-consumption in the domestic market through “turnkey” sale of photovoltaic installations and, together with home management initiatives, aims to meet the needs of sustainability, decarbonisation and digitisation.

### 5.1.4. Electric mobility

**E-Mobility** plans to have a network of 8,500 public access charging points nationwide before the end of 2023. The installation of these charging points will accompany the growth of the electric vehicle market in Spain. For this

reason, ENDESA X promotes the transition from public and private transport to electrification. Electric mobility solutions for residential and business consumers and public administrations are grouped in this area.

This is one of the many examples of ENDESA X’s daily commitment to find solutions capable of improving everyone’s quality of life, every day, always and solely based on a simple equation: sustainability = value.

## 5.2. Raising customer awareness of efficient energy use

302-5

ENDESA has implemented various programmes that help better manage demand for residential customers, promoting a more efficient use of energy.

## ENDESA X launches OneElectric, the first “all-inclusive” electric renting scheme

With the aim of making it easier for companies to switch to electric mobility, ENDESA X has partnered with Athlon to create the first All-in-One electric renting scheme for companies: OneElectric, as opposed to renting an EV on the one hand and installing a charging point on the other.

OneElectric offers in a single fixed monthly fee the renting of a plug-in hybrid electric vehicle of any brand, insurance, maintenance and tyres. And, what is more innovative, the installation of the recharging points, their maintenance

and even the possibility of incorporating a kilowatt voucher to be able to recharge in ENDESA X’s public network, Athlon being the only intermediary.

In its first week, dozens of requests for information were received. Those responsible for OneElectric clarify that “the offer is available to the self-employed and small companies with one or two cars, and to those with 400 or 500 vehicles.”



## Advice and awareness to residential customers on the efficient use of energy

ENDESA continuously carries out communication actions to raise awareness of the efficient use of energy. Examples of these product and service lines are:

Info Energía	It is a free information and advice service so that customers can control and manage the electricity consumption of their homes, relying on a digital and easily customisable service. Customers access detailed information that helps them understand their light consumption, comparing it to that of homes with a consumption pattern similar to theirs (in their neighbourhood, municipality and province) and personalised tips and tools that guide them on how to reduce the amount of their bills. In this way, they will be able to become more aware of their energy consumption habits and know how they can be increasingly efficient, thus having the possibility of achieving a reduction in their electricity bills.
Energy efficiency diagnostics	It is a free online advisory service exclusively for small businesses. Through the website of the Online Energy Efficiency Diagnosis service, a small business can evaluate its energy efficiency and receive improvement measures to optimise the consumption of its installation and, therefore, reduce its bill.
Tips and guides	Advice on the invoice: reserved space on the front of the invoice to offer advice to customers on how to save energy and protect the facilities. Savings advice at <a href="http://www.endesaclientes.com">www.endesaclientes.com</a> Specific communications to customers in their first year of contract (information brochures, guides etc.).

## Product lines for homes and small businesses

The E-Home line aims to offer products to improve energy efficiency. In this way ENDESA brings home management services closer to its residential consumers, creating a sustainable and accessible ecosystem for all. This area offers air conditioning, solar photovoltaic and smart home products.

Additionally, ENDESA encourages self-consumption in the domestic market through "turnkey" sale of photovoltaic installations and, together with home management initiatives, aims to respond to the needs of sustainability, decarbonisation and digitisation.

## 5.3. Security measures in products and customer services

103-1 Management approach Customer health and safety EUSS

103-2 Management approach Customer health and safety EUSS

103-3 Management approach Customer health and safety EUSS

103-1 Customer health and safety

103-2 Customer health and safety

103-3 Customer health and safety

416-1

In the works carried out at customers' facilities, ENDESA always relies on the Health and Safety Coordinator or Prevention Officers, who ensure the proper development of the works from the Safety point of view, as well as conducting Safety and Health Inspections in the field for verification.

These inspections are carried out both by the staff of each business line, as well as by the SPM (Joint Prevention Service) and third parties contracted for this purpose, monitoring all preventive activity in the training sessions of the different business lines, as well as in the Health and Safety Committee and the Participation Commission, the highest body on prevention in ENDESA.

This effort is rewarded with the ISO 45001 certification of ENDESA's Health and Safety Management System for the sale, installation and maintenance of added value products and services related to the supply of electrical energy, telecommunication, thermal installations, gas and/or sanitary hot water, recharge facilities for electric vehicles, maintenance and repair of in-person technical services linked to the supply of electricity and gas, and the sale, installation, repair and maintenance of products and services for residential customers.

417-2

There were no breaches of the regulations regarding information and labelling of products and services resulting in fines.

There were no non-compliances in this matter that resulted in a warning.

The total number of instances of non-compliance with the voluntary codes regarding information and labelling of products and services was 142.

# Ecosystems and platforms

11 SUSTAINABLE CITIES AND COMMUNITIES



	Line of action	2020 Objective	2020 Profit/Loss	Key actions
Ecosystems and platforms	Customer digitisation (millions of digital contracts)	4.8	5.7	Launch of Única, a service with a personalised fixed fee individually adapted to the consumption of each customer.
	Promotion of electronic billing (millions of contracts with e-billing)	4.10	4.40	In 2020 we participated in the MUDA project with the aim of encouraging Portuguese consumers to sign up for digital services such as digital invoicing and facilitating their doing so.
	Promotion of the virtual assistant in the CAT telephone assistance channel (% of interactions attended by the Virtual Assistant)	6.00%	9.10%	ENDESA has developed a new CallBack channel that allows increasing customer satisfaction in their interaction and avoiding abandonment at times of high demand in the Contact Centre.

## 1. Focus

The digital transformation of a company is the process to transform it into an organisation fully connected to the digital ecosystem, with a smart, efficient customer focus. These new technologies basically connect people and objects, and give new access to both traditional and newly created products and services.

This transformation requires a fundamental change in how we understand relations between customers and companies: we need to revise the strategy and the business model from the point of view of customer needs; and, starting with the customer experience, to start redesigning internal processes by incorporating new technologies and new ways of doing things.

ENDESA is very aware of this reality and of the opportunities it presents and, therefore, the digital transformation was an essential part of its 2020-2022 sustainability plan, with an investment of more than 314 million euros in 2020. These strategic lines of action are combined with the strong commitment that ENDESA maintains to the search for continuous efficiency through the digitisation of its businesses. To this end, ENDESA plans to develop investment plans in digitisation in all its businesses amounting to Euros 1.5 billion between 2021 and 2023. The largest such investments will come in Distribution, with Euros 1.3 billion invested in digitising the business, accounting for more than 85% of the investments announced for the period.

### INVESTMENT IN DIGITISATION BY BUSINESSES (MILLIONS OF EUROS)

	2019	2020
Distribution	274.7	236.2
Generation	14.5	18.0
Supply	58.0	48.7
ENDESA X	4.0	11.5
<b>Total</b>	<b>351.2</b>	<b>314.4</b>

### The customer

ENDESA is developing new IT tools to improve customer digitalisation and as well as new service channels and other products and services.

Consumer access to new technologies, their adoption and massive use, have 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 be digital, connected and social customers.

### 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. The digitisation initiatives will continue to increase the level of automation and digitisation of the network, with significant projects such as a new phase of the Quality Plan and the Remote Control of the Network. All this is aimed at improving security of supply and service quality and 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 operating efficiency of the plants and improve their integration into the electricity system.

## 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 the 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 the organisational culture and the way things are done in the company. Therefore, the company expects that 100% of its staff will be able to develop their digital skills within the next three years.

ENDESA's digital transformation also includes improving data management processes, which entails, among other aspects, the use of the latest cloud-based data storage technologies and the development of digital platforms that enable growing interactivity and connectivity. ENDESA also prioritises compliance with demanding standards for promoting cybersecurity to drive digital transformation with the lowest possible risk.

ENDESA aims to be a data-driven company, using Big Data to guide its strategic, tactical and operational decisions. In this regard, management of qualitative and quantitative data will enable ENDESA to make decisions for a long-term sustainable competitive advantage. The company is working to position its existing data heritage at the centre of its business strategy.

ENDESA is also aware that the ways of working and interacting within companies are changing. That's why the

company has decided to promote the agile (agile) methodology to support current transformations. This new way of working, which emerged from the Information Technology areas and is beginning to spread to other areas of the company, entails focusing on making deliveries to customers, in a short time and quite frequently, combining methodological thoroughness adapted to customer needs and the context of the development of products and services.

## 2. Digitisation of ENDESA's assets

### 2.1. Digitisation of the thermal and renewable generation facilities

The generation facilities have two major digitisation programmes underway: Digiworld, which covers the Operation and Maintenance processes, both in thermal and renewable plants, and another that covers the engineering and construction processes: E&C Revolution 2.0.

#### Digiworld

It is an integrated operation and maintenance digitisation programme that will facilitate the homogenisation of processes between thermal and renewable technologies, generating a coherent and effective platform.

The digitisation of all operation and maintenance processes will increase efficiency and help in decision-making. All this will also contribute to improving the safety of workers, as well as that of the facilities.

All the tools have an architecture, a user experience and common adoption in all technologies and locations, always within the framework of the platform, in line with the company's strategy.

The programme also has post go-live support for users, as well as a measurement of the use and effectiveness of the tools in order to promote their continuous improvement.

This programme is designed to be developed in 4 years, from 2020 to 2023 and includes various important initiatives, the main ones being:

- > **Contract Revolution:** platform that allows plant supervisors to manage the contracting process, including contract lists, documentation, workbooks and connection with other platforms that will ensure the traceability and efficiency of the entire process.
- > **Digital Worker transformation:** development of mobile tools for field operators that enable them to provide key information in the field easily and quickly, reducing the time needed to complete work and improving operational security.
- > **Global Operational System:** development and implementation of a single global system to more efficiently manage the analysis processes of the facilities through standardisation, guaranteeing the quality of the data, automation in the collection of information from the plants, and integration with other O&M processes.
- > **HSEQ-Digitisation of Waste Management:** to improve the safety and traceability of waste management at the plant by introducing digital technologies.

## E&C Revolution

It is a programme for the digitisation and homogenisation of processes, which is based on three main drivers:

- > Automation of operations.
- > Digitisation: fusion of data, technological platforms and physical devices to optimise processes and maximise the quality of information transfer to operation and maintenance.
- > Innovation.

It includes various tools, the main ones being:

- > **IUP: integrated user platform,** platform that supports all E&C processes.
- > **BIM: building information modelling,** project engineering design automation.
- > **Digsilent:** software for modelling and studying electrical power systems, that creates both static and dynamic models and simulations.
- > **Active Safety System:** device for detecting people close to work areas with machinery.
- > **GPS excavator:** precision excavation system with GPS technology, which can be semi-automatic, guided or manual.

These digitisation programmes are supported by a powerful technological infrastructure (servers, storage, networking and security), as well as communications, control systems (currently in technological renewal for the entire renewable line) and all of this ensuring the Company's cybersecurity policies.

## 2.2. Digitisation of distribution grids

### 2.2.1. Remote management and measurement control

#### EUSS Demand Management Approach

The objective of ENDESA's Remote Management Project has been to implement an automatic remote control and management system for electricity supply for domestic customers.

Throughout 2020, ENDESA carried out a total of 141,910 replacements, reaching 99.6% of the type 5 meters with an active contract and contracted power of up to 15 kW (11.82 million supplies).

This year, 84,229 type 4 equipment installations with remote management capacity (of supplies with contracted power between 15 and 50 kW) were also undertaken, reaching 94.6% of the target type 4 park.

Low voltage <sup>1</sup> Remote Management Plan (M installed remote management meters)			Medium voltage Remote control installation plan (number)			High voltage Remote control update (number)		
2019	2020	2023	2019	2020	2023	2019	2020	2023
12,178,152	12,389,380	12,645,997	20,858	23,955	43,639	260	336	361

<sup>1</sup> In BT it includes type 4 and type 5 meters.

## Other projects in Commercial Network Operations

**AMMS (Automatic Meter Management System):** In 2020, the necessary functionality was developed to comply with the new regulation:

- > Creation of the new access rates established by the Tolls Circular and adaptation of the system to allow remote programming of all remotely managed meters before 1 April 2021.
- > In compliance with the Operating Procedures published in BOE 305 of 20 December 2019, the functionality of taking a scheduled reading has been incorporated into the e-distribution website. Additionally, the option to request a repeated reading during a time interval configurable by customers has been added.
- > The management in AMMS of supplies with self-consumption has been automated.

In the field of communications:

- > Improvements have been implemented in the management of communications with the concentrators by the AMMS system, which has mainly made it possible to optimise on-line queries to the Telemangement meters.
- > The possibility of communicating with the concentrators via fibre optics was incorporated into the system.

Finally, AMMS has developed all the necessary functionality to collect and process the information provided by the LVS (Low Voltage Supervisor) devices, installed in the transformation centres for their monitoring and alarm management.

### Digitisation of the Energy Recovery Process:

- > **Predictive models for detection of non-technical losses:** Work continues on application of machine learning and deep learning techniques to detect abnormalities and fraud, improving existing models and developing new models aimed at detecting new pockets of losses.
- > **Predictive model for the automatic file evaluation:** Application of machine learning and deep learning techniques for automatic file evaluation with in-house predictive models developed at ENDESA.

## 2.2.2. Smart grid development

ENDESA's networks are being configured according to the SmartGrid model. Technification and the incorporation of Information and Communication Technologies (ICT) enable networks to give an effective response to users' needs.

Smart grids make possible a better integration of renewable and distributed generation in the electricity system, enabling strategies for its better operation, associated with consumption, and also allowing demand to be managed, making the load curve flatter and thus maximising the use of electrical infrastructures. At the same time they enable the development of the electric vehicle and the roll-out of the most comprehensive and advanced energy services and improve the quality of the electricity supply by reducing the response times in the event of breakdowns and facilitating the adoption of preventive and predictive maintenance strategies.

ENDESA is developing the Smart Grid concepts in different projects and innovation initiatives, with a strong role for the end user and always seeking to validate and test in real operating conditions.

The purpose of these lines of work is to analyse the evolution of the current energy model towards sustainability by implementing innovative technological solutions. The main objective is to contribute to the development and implementation of integrated energy solutions that enable energy savings and reduce CO<sub>2</sub> emissions, in line with the EU's 2030 objectives, with a sharp focus on the decarbonisation of the economy.

The following are some of the more notable projects for the development of smart grids:

- > **Network Digital Twin (NDT):** It is a highly computerised, digital replica of physical assets and their management, development and maintenance processes, a large set of constantly updated, real-time field data from information originating from several sources. There are five important blocks in this project: 3D modelling and digitalisation of assets, IoT and dynamic data, Human interface, BIM modelling and Open NDT. In 2020, the 3D modelling system was launched, as well as the capture of information in the Malaga and Barcelona areas. In the same way, the first tests with augmented reality and virtual reality glasses have been carried out.
- > **DIGI&N Iberia:** This is the programme for the digital transformation of the 30 most critical processes in the Iberian peninsular Infrastructures and Networks. Its ob-

jective is to promote best practices among the Group's countries, through disruptive efficiency, an agile operational model and the convergence of cutting-edge technology. In Iberia, after the end-to-end redesign of all 30 processes, during 2020 all the initiatives identified were started and carried out, under the operational model inspired by the agile philosophy, focusing on the customer, whether internal or external, as the central figure. After working on the investigation and introduction of new technologies to promote innovation and systems convergence (IoT sensors, digital devices, augmented reality, robots, big data systems and machine learning), we developed the associated functionalities, constantly applying the working and project and process management methodology based on the "agile pillars". At the end of 2020 all 47 initiatives were under way.

### 3. Digitisation of customers

[EUSS Demand Management Approach](#)

#### 3.1. ENDESA: Towards leadership in digital transformation

Consumer access to new technologies, their adoption and massive use, have transformed customers. This up-

take 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 be digital, connected and social customers.

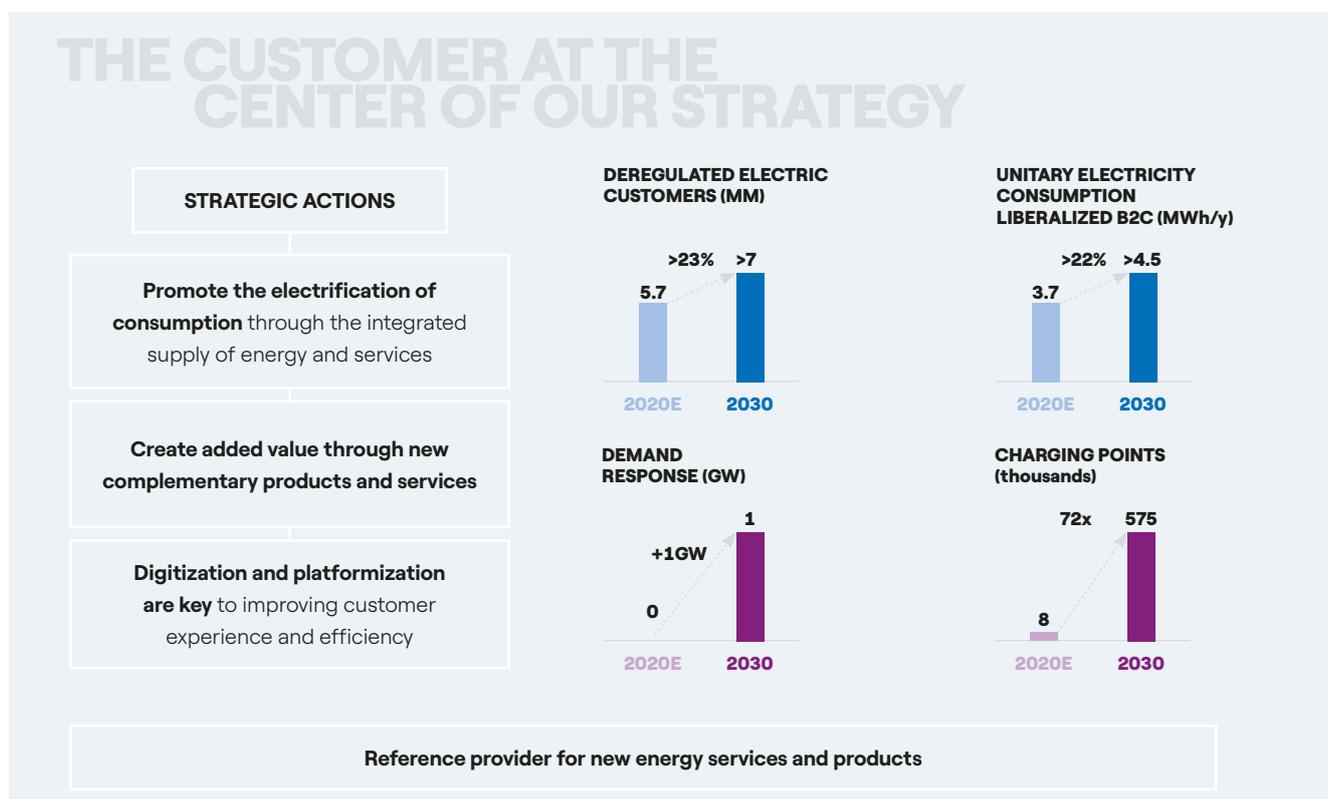
Since it is the customer that leads the way, ENDESA is developing new channels of attention and service, new IT tools that favour customer digitisation, as well as products and services that are essentially digital by their very nature.

In this context, digitisation is one of the basic pillars of ENDESA's Strategic Plan, as a lever to improve the "customer journey" with ENDESA and the efficiency of the processes.

Thus, through the adoption of new digital tools for the integrated management of value proposals and campaigns, time-to-market and commercial efficiency are improved, supported by the implementation of new processes and new technological platforms for the application of Customer Intelligence and Advanced Analytics capabilities.

At the same time, advances in digitising processes also allow us to capture opportunities to improve costs, thus fulfilling the ambitious goals of operational efficiency while at the same time maintaining a high level of customer service.

As a result of all this effort, in 2020 ENDESA received the ERC award for the Best Digital Transformation Project



awarded by the Spanish Association of Experts in Customer Relations (AEERC).

### 3.2. Personalisation of the customer offer: Launch of the Única subscription model

As one of the key milestones of this digitisation and sustainability strategy, in November 2020 ENDESA launched Única, a revolution in the electricity market in Spain, since, unlike traditional electricity and gas rates, it is a personalised fixed fee that is individually adapted to the consumption of each customer. Única uses 100% renewable energy sources, and there are no lock-in periods or penalties. The scheme also rewards efficient consumption by giving customers bonuses.

The company has set out to establish new relationships with electricity and gas consumers by committing to

adapting to different types of families and their way of life. ENDESA sees this is a particularly appropriate scheme at a time when households' electricity consumption is uneven because of the situation caused by the pandemic. Única by ENDESA gives users, whether or not they are customers of the company, the opportunity to see what their personalised gas or electricity charge would be in just a couple of minutes, free of charge, thanks to the predictive models in the sign-up chat.

Based on the user's household consumption history, the platform analyses and presents different packages, adapted individually to their habits. The less gas or electricity they use, the lower the instalment will be.

This allows ENDESA to give consumers the freedom to choose the services they wish to include in Única. To do this, it is offering three types of fee arrangement depending on which services the customer wants to include, which may also include annual maintenance reviews or repairs.

## Única by ENDESA



"ENDESA presents a new way of consuming energy as unique as you are.

- > **Unique** because you have a personalised fixed monthly fee, based on your consumption history and the services you need.
- > **Unique** because you have all the energy of your home in a single bill.
- > **Unique** because you can consume what you need without your fixed fee being altered, as long as it is moderate and responsible consumption.

- > **Unique** because all the electricity you consume comes from 100% renewable sources and the gas is free of CO<sub>2</sub> emissions to the atmosphere.
- > **Unique** because you can choose from among the packages with the services that best suit you.
- > **Unique** because you contract without complications.
- > **Unique** because you reduce your bill even more by overcoming a few simple efficiency challenges in your consumption."

Única will also be used as a platform that will gradually include services from different sectors to make life easier for households.

### **Bonuses for overcoming energy efficiency challenges**

ENDESA, in its desire to encourage Única by ENDESA customers to adopt efficient consumption habits and make energy savings, is also offering the additional innovation of financial bonuses if they manage to achieve some simple monthly challenges. These challenges are set individually to encourage energy-saving habits and lower consumption. Users who manage to meet their monthly challenges will get a reward from ENDESA, which will automatically apply a discount to the next instalment.

### **The first ecological rate, with 100% sustainable energy**

In addition, ENDESA intends to continue making progress towards the sustainable development of its customers' energy by encouraging them to take care of the environment. For this reason the electricity supplied to customers who sign up for this rate comes entirely from renewable generation sources (wind, solar, hydraulic, etc.), certified by the CNMC.

Apart from this, ENDESA offsets the CO<sub>2</sub> emissions linked with its customers' gas consumption by participating in forestry projects that contribute to the mitigation of climate change and are verified using the main national and international standards. These projects are based on reducing emissions using the sink effect of forests, which also improve biodiversity and help communities in the countries in which they are implemented. They were verified by VERRA, a highly reputable non-profit organisation that issues these certificates after undertaking rigorous checks. As Única grows, we will continue to rely on organisations with the same profile to maintain the same standard in the quality of our emissions offset credits.

With this new proposal, ENDESA will be helping to promote good energy consumption habits among its customers with a more personalised offer, without surprises and with an environmental conscience thanks to the use of 100% sustainable energy.

## **3.3. New digital and sustainable platforms and capabilities, putting the customer at the centre**

With the customer as the central focus of its action, ENDESA continues to develop its "digital and sustainable ecosystem". Specifically, during 2020 it continued to complete this digital ecosystem. Important milestones included:

- > **New channels:**
  - The possibility of interacting via voice assistants such as Alexa and Google Home has been made available to customers, as have Accounts with the WhatsApp Business certification for customer service through the WhatsApp channel.
  - **CallBack in Telephone Channel**, to increase customer satisfaction in their interaction through the CAT and avoid abandonment at peak times in the Contact Centre.
- > Strengthening of **alliances with leading digital platforms** (Google, Amazon) and the **network of collaborators** (resellers, aggregators) that amplify and enhance the response capacity to customers.
- > **Digitisation of channels and communications:**
  - Redesign of the corporate and customer websites to unify them in a single entry point ([www.endesa.com](http://www.endesa.com)); implementation of the EnergiaXXI website and app (regulated market supplier).
  - Advances in digitisation of customer communications, etc.
- > In Portugal, the following stood out in 2020:
  - Launch of **MyENDESA 2.0**, based on the improvement of UX for the customer and the implementation of new functionalities and information.
  - **Launch of the Fotofactura (photo invoice) Channel:** digital channel through which customers can send a photo of their invoice, on the basis of which ENDESA makes an offer tailor-made for their case, in a simple and agile way for the customer.
  - Inclusion of **telephone service within the existing BPO** in Portugal: This new approach allows for significant front-back integrations, as well as pushing the provider to actively participate in improvement and automation initiatives.
  - Participation in the **MUDA project**, with more than 2.5 million people affected, with the aim of encouraging and facilitating Portuguese consumers to sign up for digital services (such as digital invoicing, communication via e-mail, use of the private area of the online office, etc.).

At the end of 2020, there were already more than 5.5 million ENDESA customers who regularly used this digital ecosystem. We would highlight:

- > The promotion of the digital invoice and the help provided to customers in understanding it (more than 600,000 new customers with digital invoice in 2020);
- > The development of new digital, sustainable products in addition to Única, such as the Homix home solution, which gives simple control over heating, security, lighting and all other devices in the ecosystem of a smart home.
- > Increase in customer digital transactions without damaging their experience with ENDESA Portugal, with 62% of customer orders (cases created in Salesforce) being placed through digital channels in 2020.

As regards new comprehensive customer relationship platforms, during 2020 and 2021 new CRM systems are being implemented with domestic customers (B2C) and business customers (B2B), which improve their relationship and experience with ENDESA processes, as well as internal efficiency, based on:

- > The redesign of the applications based on the functional needs of the customer (central focus) and their relationship over time with ENDESA;
- > Their adding value to customers' experience as users of the channels and responding to their degree of digitisation,
- > And their improving the quality of customer service and response times, from any device and at all times, based on the Salesforce technology platform.

Additionally, Advanced Analytics digital capabilities continue to be developed to improve the quality of the service offered and the quality of internal processes, on specific issues such as, for example:

- > Providing the sales forces and service channels with digital tools enabling them to provide better customer advice based on their profile;
- > Proactively using information on complaints, enhancing their diagnosis and establishing corrective measures in time, etc.

## 4. Digitisation of our people

ENDESA is continuing to make important changes to transform itself into a more digital and innovative company, and considers it necessary to continue training its employees and equipping them with the best digital tools, thus contributing to promoting the cultural change required by the Company.

### 4.1. Work environment

#### Open Power Space

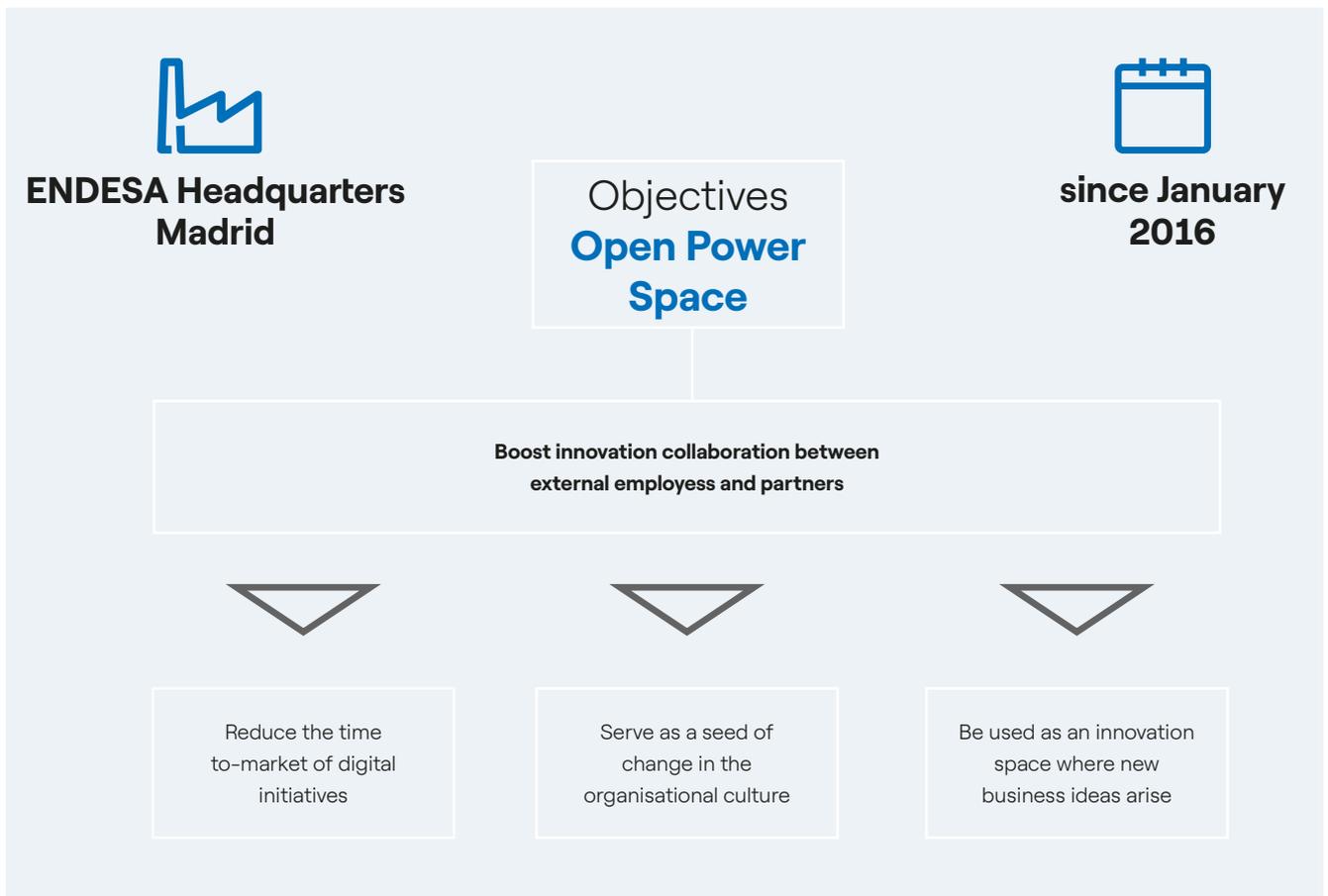
##### The work environment as the priority of the company's cultural and digital transformation

Open Power Space is a collaborative work nucleus designed to promote creative processes and connections among people. It also facilitates the development of innovative projects capable of responding to the challenges emerging from a new, more efficient and sustainable energy model. But beyond a physical space, the Open Power Space is charged with promoting the cultural and digital transformation of the Company and its people. Furthermore, its open design is conceived to enhance collaboration, creativity, the use of new work methodologies, as well as the way to foster connections between ENDESA personnel and its external collaborators.

The Coronavirus health crisis has affected all areas of life. But there was a positive side: the Open Power Space adapted quickly and, relying on new technologies, has managed to continue its activity.

During 2020, three breakfasts were organised with the CEO and the general managers of all business lines. The latest trends in management and innovation to face the challenges emerging in the energy sector were presented. The topics covered were: how to generate value through new leadership models, behavioural economics and platforms as a business model.

Three lectures were also held, aimed at disseminating knowledge aligned with the three pillars of the Open Power Space concept (technology and innovation, new methodologies and collaborative tools).



The Open Power Space also hosted the presentation of the new interactive training on unconscious biases, HER. In this gamification, HER is an artificial intelligence that aims to make conscious and objective decisions thanks to the person who takes the course. And that is what determines the score, the type of decision that is made and the time it takes to choose it.

These initiatives draw attention to the work done in each area and open collaboration between the different lines of business regarding certain technologies to provide solutions to new business challenges. Surveys show that these sessions facilitate connection among employees from different lines of business and add value to their work routine.

The Open Power Space has a web page that employees can access to see the activities and events organised. In addition, the materials presented in the sessions are published on this website, promoting transparency and knowledge transfer among employees.

### Open Work

With the aim of adapting its spaces to a new way of working and improving energy efficiency, ENDESA started work

on the Open Work project at its headquarters in 2019. In previous years, a pilot experience had already been carried out in the headquarters of the new ENDESA X business line. After a good reception from employees, this model has been extended to the entire building.

Thanks to Open Work, work at ENDESA will be more agile, technological, efficient, flexible and open. This layout is also aligned with the digital transformation of the company and with the agile methodology, a consequence of the current digital environment. In 2020, more than 375 employees moved to this new workspace, bringing to nearly 730 the number of people from the Digital Solutions, Procurement and Power Generation units currently enjoying these completely renovated spaces.

These spaces have been fully renovated with individual workstations, isolated work areas, closed meeting rooms, open informal meeting areas and reception areas for employees who are visiting from other locations. Lighting has also been upgraded, replacing old fluorescent tubes with LED lamps for greater energy efficiency.

Acoustics have also been taken into account by replacing the ceiling of the entire floor. Sound absorbing panels have been used in work areas, with filter panels in transit areas and meeting rooms with a high filter to reduce noise

levels. There are specific printing and scanning areas and each meeting room has a new technological equipment. These spaces have collaborative technology, aligned with the Company's strategic objectives. The new space is equipped with 100% wireless connectivity. All meeting rooms with "Salas Conecta" have the latest video conferencing technology to connect with the touch of a button. They also have high definition cameras and an interactive whiteboard. Touch screens allow remote interaction and collaboration with colleagues via email. There are also wireless projection facilities through corporate devices. During 2020 we continued to extend these new work spaces in Madrid, redesigning them to adapt them to the new COVID-19 prevention scenario and promoting collaborative spaces.

### Tech Bar and virtual workshops

This space is in ENDESA's headquarters in Madrid and facilitates daily use of technology for a better user experience in an open and friendly environment, in line with the ways we currently consume technology. Employees receive personal support at their disposal through a technician who helps them resolve doubts or incidents with their corporate technology.

Likewise, the Tech Bar is a place for learning about new ways of working, through workshops, demonstrations and explanatory talks on how to make the most of computer programmes in their daily activities.

Continuing with the dissemination work of previous years, during 2020, 55 workshops were held, of which only 8 were face-to-face during the first quarter, being virtual the rest of the year, on collaborative work tools and Digital Routines, which were "attended" by 526 people, who highlighted in the surveys the effectiveness of these short and practical sessions and gave a high assessment of them.

This year 5 routines were published, focused on archiving in the cloud, OneDrive, SharePoint and Teams, essential for the development of remote work without affecting the teams. Teams has established itself this year as the corporate collaboration tool.

The '21 Dias' Digital Routines site received 63,327 visits from 5,540 different users and 299 subscribers who permanently follow all the publications.

## 4.2. Digital skill development

As part of its digitisation strategy, ENDESA focuses on the value of people since digital transformation is closely linked to the transformation of people.

ENDESA's digital skill training programmes allow people to add to their technical knowledge of technology, change management skills that are the new paradigm of 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 2020 reached a record in recent years with the delivery of 33,174 hours.

In 2020, a year marked by the COVID-19 pandemic, the digitisation process on which ENDESA was already embarked accelerated and brought with it a new work model that has been a boost to the training of people in digital skills, adapting their professional skills to those that are in demand in today's market.

Working from home, implemented in 2017, was extended to the majority of the workforce and with this, training in digitisation increased in quantity, quality and efficiency, to promote transformation; help people to change, to grow, to gain efficiency; and strengthen the values: trust, proactivity, innovation and responsibility.

# TRAINING PROGRAMMES



## Data Driven

Collecting, improving, analyzing, and understanding how and why data has become essential to be competitive and maintain ENDESA's growth. Guide people in the implementation of a data-driven culture, in the adoption of new technologies such as machine learning, and in the empowerment of their talent and the necessary skills.



## Digital Skills

Training program aimed at people who require a vision of the digital world at its most technical level, delving into the digital tools of the different areas of ENDESA.



## Digital Soft Skills

People are key players to achieve a successful digital transformation. Therefore, information and training are essential to help people to acquire these necessary skills to face new challenges. Some of the aspects that are covered are **Design Thinking tools, innovation management and business agility**, which come from idea generation, prototyping, co-creation or bimodal management.



## Office 365

Training people to better use the tools included in the Microsoft Office suite.



## Digital routines

Promoting good digital practices to be able to incorporate new routines every 21 days. It is an on-line training itinerary with practical tips and suggestions to exploit the potential of digital tools, both in personal and collaborative use. Short videos of 2-4 minutes duration with clear and concise directions, to go digital in 21 days.



## Seguimos junt@s

Webinars and on-line courses to accompany people in their learning about digital collaborative tools, team management, communication, and emotional intelligence.



## Teleworking

Leadership and management, time management and emotional management.



## Agile Transformation

Knowing in depth Agile development techniques to take teams to a high-performance level in the delivery and integrate the value of service management in an agile work dynamic.

# 5

## **INNOVATION AND CYBERSECURITY**



# INNOVATION AND CYBERSECURITY

## Innovation

9 INDUSTRY, INNOVATION  
AND INFRASTRUCTURE11 SUSTAINABLE CITIES  
AND COMMUNITIES

	Line of action	2020 Objective	2020 Profit/Loss	Key actions
Innovation	Promotion of open innovation (number of projects + number of challenges launched).	Projects: 8 Challenges: 3	Projects: 13 Challenges: 14	The use of Open Innovability as a platform to present innovation and sustainability challenges continued.
	Promotion of collaboration with start-ups for the development of new energy solutions and the improvement of internal processes (number of projects).	5	13	Development of the relationship with entrepreneurship ecosystems, with entrepreneurs and start-ups through the Innovation Hub Europe.

## 1. Innovation at ENDESA

### 1.1. Investing in innovation

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[103-3 Management approach Research and development EUSS](#)

ENDESA has a strong commitment to innovation. The Company considers it a strategic element to address the challenges of all areas of the company, which means that it must be part of all its activities.

For this reason, ENDESA develops projects, invests resources and, ultimately, takes the initiative in this matter from all its business lines.

#### INVESTMENT IN R&D (MILLIONS OF EUROS)

	2018	2019	2020
Supply	0.15	0.28	0.52
Generation	3.81	5.14	1.85
Nuclear	2.09	2.12	1.63
Renewables	0.15	0.44	1.84
Distribution	4.27	11.46	7.20
<b>Total</b>	<b>10.47</b>	<b>19.44</b>	<b>13.04</b>

### 1.2. The open innovation model

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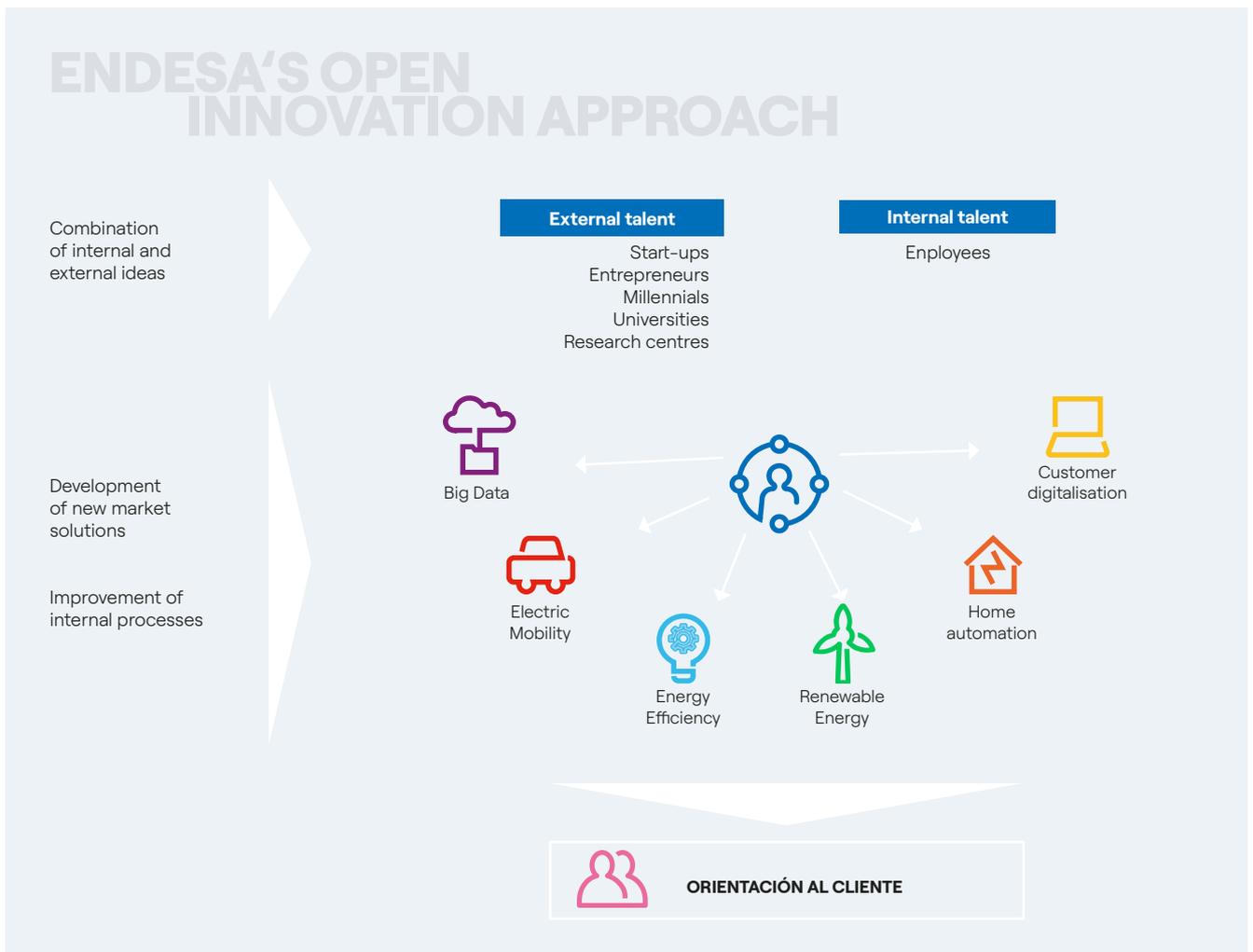
[103-3 Management approach Research and development EUSS](#)



ENDESA has an open innovation model that allows it to create the best solutions, products and services with the aim of continuously transforming the current energy model. This model allows us to maintain a privileged relationship with universities, research centres, entrepreneurs and suppliers promoting collaboration and knowledge exchange. The adoption of this model by ENDESA seeks to maximise the capacity for innovation from within and from outside the

organisation. From within, developing a culture of innovation in employees that fosters this continuous improvement, creativity and continuous transformation of the energy model. From the outside, taking advantage of the opportunities that our collaborators offer us through an ecosystem that encourages the creation of new business opportunities, growth and the development of new business ideas throughout the energy value chain. All the businesses take part in this model in order to be constantly improving and growing; from conventional generation, renewable generation, the infrastructures and networks that transport it, to value-added products and services for all kinds of customers, whether residential, SMEs or large companies.

The digitisation of the business has remained constant in recent years at the centre of ENDESA's efforts. This digitisation has allowed ENDESA to adapt to a totally digital environment that has been experienced as a result of the pandemic, not only allowing the relationship with customers to be handled remotely, but also allowing the Company to continue improving its own business processes in this exceptional situation and developing increasingly disruptive products and services.



### 1.2.1. Openinnovability.com: our global digital gateway

OPEN INNOVABILITY (<https://openinnovability.enel.com/>) is the platform through which ENDESA presents innovation and sustainability challenges, both for Group employees and for start-ups, independent innovators, universities, research centres, potential business partners, NGOs and other associations.

Through this channel, the company publishes specific challenges related to topics of special interest, openly to the entire entrepreneurial ecosystem, or to employees of the entire group, thus maximising the generation of ideas and business opportunities with companies who propose their ideas.

During 2020, a multitude of challenges were launched, relating to such varied topics as renewable facilities, security, solutions for persons with disabilities, smart cities and the digital experience with customers. These challenges cover all the needs of Sustainability, Environment, Generation, Distribution and both residential and business customers.

Some examples of these challenges are:

- > Improving automation in the construction of renewable facilities.
- > Improving the operation and maintenance of renewable plants.
- > Improving the safety of employees
- > Remote maintenance for industrial and residential facilities.
- > Collaboration with the European Space Agency for the reduction of plastics.
- > Improving the mobility of persons with disabilities in buildings.
- > Open Data Solutions for Cities.
- > Improving customers' digital experience

### 1.2.2. Attraction of external talent: ENDESA and entrepreneurs

ENDESA maintains its commitment to working with entrepreneurs and start-ups, due to their capacity for disruptive innovation, their use of technology, their know-how and, above all, their agility to develop and bring products and services to market in the shortest possible time.

ENDESA, as part of the Enel Group, benefits from the activity of the Group's ten Innovation Hubs, and specifically from the Enel Innovation Hub Europe opened in Madrid in 2017. These Innovation Hubs are located in important entrepreneurship centres and strategic markets for the Group around the world: Brazil, Chile, Spain, Israel, Italy (Milan, Pisa and Catania), Russia and the United States (Boston and Silicon Valley). The Enel Innovation Hub Europe is responsible for developing the relationship with the relevant entrepreneurial ecosystems in Europe, including the entrepreneurial ecosystems of the Spanish and Portuguese markets, where ENDESA is present, and for prospecting European start-ups and SMEs that can provide a response to the challenges of ENDESA, as well as the rest of the Enel Group companies.

Despite the difficult scenario caused by the COVID-19 pandemic, the ENEL Group maintained its activity with entrepreneurship ecosystems throughout 2020, taking advantage of digital communication channels, thanks to which it carried out the prospecting of more than 2,600 solutions developed by start-ups and SMEs around the world. Of these, more than 190 are Spanish and Portuguese. Also, more than 60 collaborations with start-ups and SMEs were activated globally, of which 7 were Spanish start-ups. As part of the start-up prospecting activities, in 2020 the ENEL Group launched "ReShape: Innovability to build a brighter future", a global call with nine challenges, throughout the entire value chain of the company, that have gained relevance or that have arisen as a result of the new scenario.

Among the collaborations carried out by ENDESA and other ENEL Group companies in 2020 with start-ups and SMEs from Spain, Portugal and other European countries, the following stand out:

## Collaborations

Alesea	Italy	Devices for the intelligent monitoring of cable reels.
Appfollow	Finland	Solution for the automatic management of comments received on ENDESA's apps.
Ates Tech	Spain	Robotic pipeline inspection.
DAIL Software	Spain	Solution for the Trading area based on natural language processing (NLP).
Game Learn	Spain	Training based on experiences aimed at the sales force.
Hovering	UK	Robotic inspection of pipes and open channels.
Karten Space	Spain	Processing of satellite images with application in various business areas.
NIDO Robotics	Spain	Underwater ROV for inspection and intervention in thermal generation facilities.
Nnergix	Spain	Analysis of the impact of atmospheric catastrophes and map of risks in distribution infrastructures.
Odit-e	France	Meter mapping algorithm to identify the configuration of the electricity grid.
Officina del Sole	Italy	Portable kit for the calibration of pyranometers in the field.
Omniflow	Portugal	Smart lamppost that integrates lighting, surveillance and telecommunications services for applications in smart cities.
Optimitive	Spain	Artificial Intelligence applied to the optimisation of the combustion process in thermal generation.
Recyclalia	Spain	Recycling of wind turbine blades.
Relogable	Spain	Sensorisation of high and medium voltage networks to measure the sag of the line.
Smart Tower	Spain	Sensorisation of high and medium voltage networks for the analysis of their structural integrity.
Sonobex	UK	Specialised materials for reducing the noise of HV/MV transformers.
Weber Solutions	Spain	Analytical tool for monitoring the activities carried out by agents in the call centre.
Wegaw	Switzerland	Solution based on the processing of satellite data to predict the impact of thaw on the level of reservoirs.

Continuous contact between start-ups and ENDESA experts during the development of projects encourages the generation of new challenges and ideas, as well as improvements to be made, which becomes a framework of mutual benefit for entrepreneurs and the company, enabling the rapid development of new solutions.

As a sign of ENDESA's support for entrepreneurship, the company sponsored the "South Summit" for the seventh consecutive year, the largest show of innovation and entrepreneurship in southern Europe, which took place between 6 and 8 October 2020. On this occasion and adapting to the circumstances, the event was streamed, reaching an audience of 52,000 people in 120 countries.



### 1.2.3. The innovation culture at ENDESA: Idea Hub

The creation of a culture of innovation among ENDESA employees as a key factor for transformation in a context of energy transition is a priority objective for the company.

In this way ENDESA structures its activities through Idea Hub to promote creativity, a culture of innovation and intrapreneurship in the company, through the promotion of the use of creativity methodologies, intrapreneurship projects and training programmes in specific innovation tools.

This activity is established through different programmes:

#### Programmes

"Make it Happen":	The intrapreneurship programme that offers ENDESA employees the possibility of becoming entrepreneurs within the Company.
Challenge Driven Sessions:	Application of innovative methodologies (Creative Problem Solving, Design Thinking, Lean Start-up) for the search for solutions to challenges faced by the company.
Innovation ambassadors	Global network of energising employees within the company with actions to facilitate, mentor and disseminate innovation.
Shakers Community	Online thematic community for employees interested in innovation.
Innovation Academy:	Training programme specialising in innovation tools.

### 1.3. Innovation in energy supply

ENDESA has completed the Confía project, an Agile project to improve the management of vulnerable customers with blockchain. This project is an example of open innovation in which ENDESA, the Malaga City Council, the University of Malaga, two software providers and Alastria have collaborated on a world pioneering project that allows better coordination between the public administrations involved, social services and energy companies. Blockchain technology allows the creation of a shared, reliable, immutable, traceable and secure grid that prevents power cuts to vulnerable customers. This project combines ENDESA's social commitment, technological innovation and the constant search for efficiency in processes.

ENDESA has launched the first energy subscription model: Única. It represents a revolution in the sale of energy. Thanks to digitisation and 'big data', an individual personalised price is offered for each customer, allowing the customer to always pay the same, without penalties, with 100% renewable electricity and emissions-neutral gas, 100% digital, and also includes a plan of challenges in which efficient consumption is rewarded. With this proposal, ENDESA also offers additional services that can be included in Única, such as annual maintenance reviews or repairs and little by little, services from different sectors will be incorporated to make life easier for homes.

### 1.4. 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 external entities, such as start-ups, large technology providers and research centres, and through the promotion of internal innovation, by creating specific programmes for the generation of new ideas, such as the Make it Happen programmes and the PowerG programme specifically focused on generation activities. This model promotes innovation as a key tool in incremental improvement and in the evolution of the entire business value chain in the medium term.

The focus of new innovation projects, in line with the change experienced in generation technologies in recent years, is aimed at accompanying this technological change and validating new systems and technologies that will be of great importance in the medium term in the context of fully decarbonised electricity generation. From that point of view, innovation is a key tool to foster this transformation.

Although this open innovation model applies to all generation lines and technological areas, both in the construction phase and in operation, in 2020 the following strategic areas can be highlighted where a very important part of the main innovation projects of the generation business line was developed:

- > Energy storage projects, with special interest in new technologies that reduce the cost of energy storage, as well as improving its environmental impact by reducing the use of toxic or flammable elements. In this area, we must highlight the SELF project in Melilla for the use of second-life batteries from electric vehicles as stationary storage, the demonstration projects for flow and solid-state batteries developed in Mallorca, and the feasibility studies of the technology of energy storage in liquid air.
- > Projects for the introduction of robotic solutions in plant Operation and Maintenance processes, in order to improve asset inspections, both in technical capacities, being able to inspect areas that were not accessible, as well as reducing risks for people, by reducing people's access to areas with intrinsic danger, such as underwater tasks, confined spaces, or work at height. In this line, the deployment of drone-based solutions has continued both for conventional power plants and for hydroelectric, solar and wind plants, with the creation of pilot schemes among internal personnel. The development of solutions based on robots for underwater inspection and maintenance actions has also continued. Finally, specific projects have been started for the development of maintenance robots in solar photovoltaic plants, as well as robots for the inspection of conduit and channel infrastructures in hydroelectric plants.
- > Projects focused on the construction process of new renewable generation plants. This type of project fundamentally seeks to improve three aspects:
  - The efficiency of the process, allowing a reduction in development costs and minimising the environmental impact.
  - A reduction in the time required to carry out the work, a key aspect in the accelerated decarbonisation process promoted by the company.
  - Improvement in safety aspects for workers on site, reducing existing risks.
 Some of the most outstanding activities in this field include the incorporation of systems for conducting virtual visits to monitor the work, the incorporation of exoskeletons to help with the assembly of equipment, and the incorporation of BIM technology and artificial intelligence for monitoring the construction process.
- > Innovation projects to improve the end of life of equipment and systems, with a circular economy approach. Within this type of projects, it should be noted that two

projects have been started focused on the end of life of wind assets with a special focus on recycling the composites that make up wind turbine blades, and a second project focused on the recycling process of lithium ion batteries.

- > Projects to improve the environmental impacts of generation activities. In this area, it is worth highlighting the agrovoltaic pilot projects that have been started this year in 5 plants in Murcia, Extremadura and Andalusia. Also activities focused on the validation of new processes for the treatment of contaminated soils and more environmentally sustainable solutions for use in landfills in process of closure. Finally, the project based on artificial intelligence to improve the protection of bird life in the vicinity of wind farms should be highlighted.
- > Projects for the reduction of occupational risks in the activities of operation and construction of new plants. In this type of projects, we would mention the use of artificial intelligence technologies for artificial vision, new technologies of intrinsic safety in machinery, as well as virtual reality technologies for training.

#### **1.4.1. Innovation in generation from nuclear energy**

ENDESA has continued to invest in R&D in the nuclear field, through participation in different programmes. ENDESA holds the secretariat of the CEIDEN Spanish Nuclear Fission 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. Some particularly important programmes are:

- > EPRI nuclear programme, which aims to achieve operational excellence in nuclear power plants. In 2020 investment amounted to Euros 1.7 million.
- > Investment in the R&D and Technological Innovation (IT) projects of the investee nuclear power plants of Ascó and Vandellós (ANAV) was Euros 3.8 million, obtained from the 2019 tax deductions.

ENDESA's nuclear power plants, thanks to investments in innovation, are prepared for long-term safe operation, beyond 40 years. This long-term operation of the plants, which do not emit CO<sub>2</sub>, and their 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 distributed throughout the world.

More details of the programmes that are carried out can be found at <https://www.epri.com/research/sectors/nuclear>

## 1.5. Innovation in the electricity distribution network

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Projects are classified into several areas of action:

### 1.5.1. Smart Grids/SmartCities projects

Their objective is to enable grids to offer an effective response to their users' needs.

- > ENDESA is implementing different initiatives for the digitisation of the network, validating technological solutions in Living Labs. These laboratories are real environments, under normal operating conditions and with the presence of end users, where products and services typical of smart grids are tested and evaluated. In urban environments, and medium and low voltage networks, **SmartCity Málaga Living Lab** has been the scene of innovation projects for ten years. This Living Lab, a member of the ENoLL network of European laboratories, currently hosts one of the demonstration regions of the European COORDINET project, together with Cádiz, focused on providing the distribution network with flexibility, in addition to facing the second year of the PASTORA project, with the development of predictive and ana-

lytical tools for improved maintenance and operation of medium and low voltage.

- > Preventive Analysis Project for Smart Networks with Operation in Real Time and Integration of Renewable Assets (**PASTORA**): Complementary project of the Advanced Monitoring and Control Project for Medium and Low Voltage distribution networks (MONICA). In 2020, the development of the linking algorithm with field tests continued and a network monitoring application was developed (ADMS) as well as the installation of Smart transformers and Smart panels in the Living Lab training centres.
- > Project "Resilience to cope with Climate Change in Urban Areas" (**Resccue**): This project focuses on assessing the impacts of climate change on the functioning of essential services in cities such as water and energy, and on providing models and practical and innovative tools to improve the resilience of urban areas to current or future climate scenarios. During 2020 the project was completed and the results presented to the European Union.

### 1.5.2. Flexibility Projects

Development of projects to create the network and platform conditions that will allow consumers to supply power that is not currently used back to the grid, taking advantage of the flexibility of small generators to improve the stability of the network. This category includes the Coordinet and Microgrid Blue initiatives.

- > "**Coordinet**" project: Creation of a European energy platform to open the market to consumers, taking advantage of the flexibility that small generators can provide and of power that is currently not used to improve the stability of the network. During 2020, the sensorisation tools and the necessary platform started to be developed to carry out the first demonstrations in real scenarios, in Malaga and Cádiz.
- > **Microgrid Blue** project: the project "Intelligent microgrids for the massive integration of renewable energies distributed in the electrical systems of the Canary Islands and West Africa", is developing tools to help the management of electrical networks and the operation

of island systems in scenarios of massive penetration of low power renewable sources.

### 1.5.3. Projects and proofs of concept for network innovation

Development of innovation projects that allow rapid technological validation through a test in live laboratories on the network.

Project	Description	Activities 2020
Aerial-Core	Development of an integrated aerial cognitive robotic system (drone) that will have capabilities in the range of operation, handling of network elements with a robotic arm and security in the interaction with people.	Development of functional specifications.
Risk map (NENERGIX)	Creation of an application to measure risks in airlines, combining the data and functionalities of the NENERGIX Sentinel application and Vegetation risk maps.	Development of the architecture and implementation of a test on a Weather Sentinel platform.
E-Access control (I'm in) (Open&me)	PoC for changing the access procedure to remotely controlled facilities through an application that communicates with the control centre and incorporates the functionality of access control on demand through the use of a padlock and smart key.	Completion of the integration of the system in the control centres and initiation of tests with a second manufacturer of electronic locks.
Delimitation of areas in thermal plants (Holoroach)	Development of a high-precision monitoring system to help prevent access to risk areas within closed spaces such as substations (MV/LV).	Start of product definition work for field testing in 2021.
Cable reel monitoring (Alesea)	Validation of smart cable reel monitoring devices to detect the amount of cable used and the location of the reels and their use.	Sensor installation and testing.
HV/MV transformer noise reduction (Sonobex)	Limitation of noise emissions through the use of specialised materials for noise reduction.	Testing with a transformer in urban areas of Barcelona and sonometric studies.
Reconstruction of the network topology (Odit-e)	Development of a meter mapping algorithm to identify the configuration of the electricity grid and the customers connected to each distribution transformer, line and phase.	Carrying out the first algorithm tests.
Advanced monitoring of HV lines	In forest environments, and high and medium voltage networks, the Garraf Living Lab (Barcelona) is starting to conduct tests of different sensorisation technologies, for line sag and structural integrity. These technological tests are carried out in collaboration with Thales Alenia, Relogable and SmartTower.	Installation of two local autonomous weather stations, as well as the use of tools based on satellite technology to monitor the pylons and power lines.
Predictive maintenance of HV substations (DT)	The objective of the project is the predictive maintenance of substations through temperature measurement.	Temperature measurement in MV cabinets in MATA and other substations.
Reset	Development of a low voltage 4-branch Statcom converter. The objective is the reduction of neutral currents and the minimisation of technical losses of the network.	Installation of the Living Lab Málaga with remote assistance, correcting the imbalance between phases of the same low voltage line.
Satellite vegetation prediction (CGI)	Algorithm to estimate the growth of vegetation combining satellite images to estimate the growth parameters of vegetation and trees.	Development of the algorithm for estimating growth parameters.

## 1.6. Innovation at ENDESA X

### Transforming cities to improve citizens' quality of life

Innovation projects in the environment of cities aim to facilitate access to ever better and faster services, creating a cleaner and more sustainable urban environment, in short, improving citizens' quality of life. The main innovation projects carried out in 2020, and which have been marked by the search for solutions for the COVID-19 pandemic, are:

#### City Analytics

This technology, developed by Innovability, is a support tool for public administrations that allows a detailed description of the situation in urban centres to be obtained. Using big data analysis, and fully complying with current privacy regulations, information is collected, analysed, and processed from open data sensors, cameras, and other points located in a city. The data collected is stored in the cloud and processed to create statistical models and forecasts, comparing data from previous days and months, transforming a large volume of disparate data into useful information.

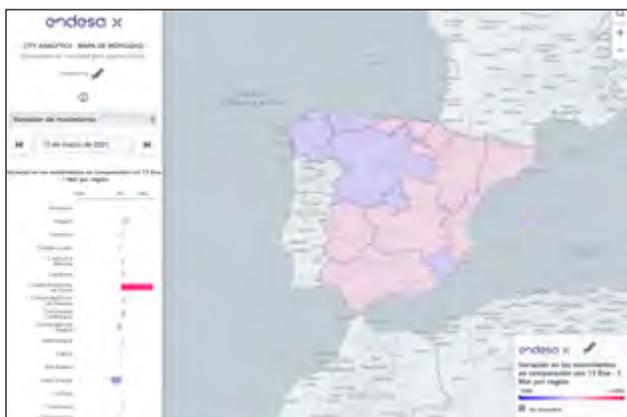
**City Analytics - Mobility Map** is a new City Analytics functionality that aims to facilitate the management of containment measures for the COVID-19 epidemic. It has been offered free of charge by ENDESA X on its website to facilitate the analysis of mobility between provinces and Autonomous Regions in Spain.

HERE tech and Lotadata provide the raw data from connected cars and mobile apps, respectively. These data are processed with artificial intelligence tools and algorithms patented by ENEL X. The result is an interactive map that allows easy visualisation of the variation in the number of trips, average distance travelled and flows in and out of a reference area, in comparison with a reference period prior to the emergency. The data are available at the regional, provincial and municipal levels and are updated every day at noon.

#### Launch of new challenges

As part of the Open Innovation tools, one of the most significant challenges launched in 2020 in relation to cities was:

#### Open Data in solutions for smart cities



New Smart City  
solutions enabled by  
Open Data

Many of the real problems of cities could be addressed with solutions based on the use and analysis of Open Data. The main focus is to extract the pragmatic value of open data analysis of which could serve to improve the operation and maintenance of infrastructures and services or to increase the resilience of the city and the quality of its citizens' lives.

This challenge seeks solutions that can diversify and expand ENDESA X's services for cities (video analysis, artistic lighting, adaptive lighting, City Analytics, etc.).

**ReShape Challenge: “New technologies for remote assistance to industrial and residential customers”**



In order to safeguard the health of ENDESA X customers during the COVID-19 pandemic, it is particularly important to reduce the number of home visits made by technicians, while continuing to serve them more efficiently and safely.

In this challenge, low-cost solutions are sought to offer remote assistance to industrial and residential customers and that can run on the most common personal devices.

**The Digital Lab in Madrid, key to testing technology and the customer experience**

The Madrid Digital Laboratory is a space for testing technological solutions and new innovative products for the

e-Home, interacting with other devices on the market and with customers.

Throughout 2020, various tests were carried out at the Digital Lab in Madrid to analyse the operation of sensors for air quality monitoring, as well as to select the supplier that best suits each project.



**Road condition monitoring with 5G technology in electric vehicles**

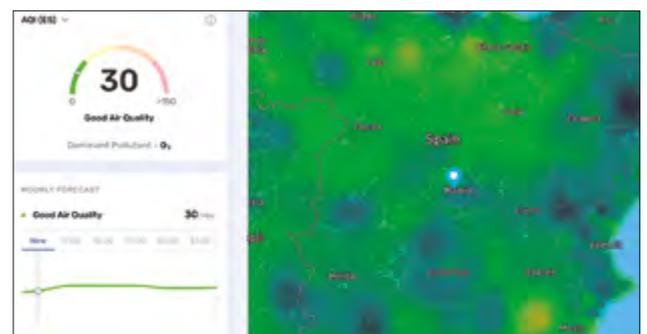
This is a system to be installed in electric vehicles, consisting of various sensors. From the measurements taken by them, and after processing, information is obtained regarding the state of the roads and the driving style, as well as detecting technical problems of the vehicle.

**Air quality monitoring**

As part of the road condition monitoring project, in 2020 a new added functionality was developed: the monitoring of air quality along the route of the vehicle in which the system is embedded.

In both cases, the 5G network is used, which allows the information collected by the installed systems to be combined so that, after processing, the desired data can be displayed on a heat map.

CYBERSECURITY



# Cybersecurity



	Line of action	2020 Objective	2020 Profit/Loss	Key actions
Cybersecurity	Promotion of cybersecurity in web applications exposed to the internet (% of applications).	100%	100%	In 2020, news and newsletters on cybersecurity were distributed, especially during the emergency period for the management of the COVID-19 pandemic.
	Promotion of cybersecurity awareness among employees and family members (number of actions).	15	16	Conducting cybersecurity courses among employees.

## 1. Cybersecurity

[103-1 Customer privacy management approach](#)

[103-2 Customer privacy management approach](#)

[103-3 Customer privacy management approach](#)

[103-2 Cybersecurity management approach](#)

Technological components are increasingly integrated into the digital life of the business world and, at the same time, cyber threats inherent to each of these environments are becoming more frequent and sophisticated. That means that cybersecurity has become a global issue, and one of the pillars on which the Group's digitalisation strategy has been built.

The ENEL Group has a holistic, systemic model for implementing and managing cybersecurity, which covers all ENEL Group companies, including ENDESA. This is driven by Senior Management and has participants from all corporate business areas, and those responsible for design, management and operation of computer systems. Likewise, ENDESA, as part of the ENEL Group has a Cybersecurity Unit that reports directly to the Chief Information Officer (CIO) through the CISO (Chief Information Security Officer), to streamline the decision-making process at a global level, in a context where response time is pivotal. Senior management and global strategic management are committed to the cybersecurity governance model and establish the need to use first-class technologies, design ad hoc business processes, increase people's cyber awareness, and transpose regulatory cyber requirements.

A "risk-based" approach makes risk analysis an essential step in all strategic decisions. Since 2017, a new cyber risk management model is being applied to the entire ENEL Group and therefore also to ENDESA. This model is based on a methodology that is applied to all types of computer systems (IT / OT / IoT), which identifies, prioritises and quantifies cyber security risks associated with the use of these systems, whose ultimate objective is to identify and adopt the most appropriate security measures to minimise and mitigate them. Therefore, in line with this methodology, ENDESA identifies information systems that require risk analysis, based on which the appropriate mitigation actions are established based on the type and severity of the risk.

In addition, adopting a global "cybersecurity by design" approach allows cybersecurity activities to focus on cybersecurity activities from the early stages of computer systems design and implementation, to fortify their resilience to cyber attacks.

As part of the ENEL Group, ENDESA shares cyber security best practices and operational models and helps to define guidelines, standards and regulations with private organisations, institutions and academies.

Likewise, the ENEL Group has also created its own team of computer analysts, among the Cybersecurity Unit, (Cyber Emergency Readiness Team-CERT) and since 2018 it has had its Control Room for proactive management of cyber incidents and to activate the response to cyber emergencies, cooperating with national and international CERT communities for all group companies, including ENDESA.

The CERT is active in national communities through membership of nine national CERTs, including, since 2018, the Spanish “national CERT”. There are also international collaborations with “Trusted Introducer”, a network of 380 CERT in 60 countries, and since 2018 with “FIRST”, the largest collaboration community in the sector, with more than 510 members from 90 countries.

When the CERT detects any type of risk or incident regarding information security, it analyses it and classifies it by 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 focused on:

- > Prevention, detection and response to cybersecurity incidents
- > Surveillance of cyber security threats, by collecting and processing detailed information on cyber threats, events and incidents.
- > The exchange of information and collaborations between all actors is essential in case of a cybersecurity incident, in a context of “safe” communication, considering the principle of “trust” vis-à-vis information to be exchanged, that is, in accordance with the principles of “need to share” and “need to know” of the different parties involved.

The main activities carried out in 2020 by cyber security areas include:

- > **CERT:** During 2020, the CERT strengthened the ENEL Group’s perimeter protection methods both through the improvement of technological solutions in the field (Machine Learning) and through the continuous delivery of training courses aimed at employees of industrial sites (cyber exercises) from all the ENEL Group countries, including ENDESA.
- > **Awards and participations:** In 2020 the Cybersecurity Unit participated in the writing of three reports of the

World Economic Forum (WEF) on the subject of cyber resilience:

- “Cyber Resilience in the Electricity Ecosystem: Playbook for Boards and Cybersecurity Officers” (Cyber Resilience in the Electricity Ecosystem: Manual for Boards of Directors and Cybersecurity Managers);
- “Cyber resilience in the electricity Industry: Analysis and recommendations on Regulatory Practices for the Public and Private Sectors” (Cyber resilience in the Electricity Industry: Analysis and recommendations on Regulatory Practices for the Public and Private Sectors”
- “Cyber resilience in the Electricity Ecosystem: securing the value chain” Cyber resilience in the Electricity Ecosystem: Securing the value chain).

> **Cyber security education, training and awareness:**

During 2020, the Cyber Security Unit began to prepare cybersecurity courses aimed at the entire ENEL Group population. In addition, during the emergency period for the management of the COVID-19 pandemic, news and bulletins were distributed through various communication channels (mainly the Intranet) aimed at the entire ENEL Group. In addition, in 2020, 16 cybersecurity awareness actions were carried out at the global level.

In 2019 the ENEL Group purchased cyber security risk insurance to mitigate cyber risk, valid for the entire Group. To continue advancing in cybersecurity management, ENDESA has set the following objectives in its ENDESA 2021-2023 Sustainability Plan:

- > Achieve 45 actions (in total, cumulative over 3 years) to promote awareness about cybersecurity among employees and their families (“Disseminating the IT security culture and changing people’s behaviour in order to reduce risks”).
- > Achieve 36 performances (in total, cumulative over 3 years) of cyber exercises aimed at employees of industrial sites of all the countries of the ENEL Group, including ENDESA (“Execution of cyberexercises involving industrial plants/sites”).

# 6

## HUMAN CAPITAL



# HUMAN CAPITAL

## Commitment to our employees

4 QUALITY  
EDUCATION5 GENDER  
EQUALITY

	Line of action	2020 Objective	2020 Profit/Loss	Key actions
Human capital	Promotion of gender diversity in selection processes (% women).	36%	36%	ENDESA has defined a Gender Diversity Action Plan, aligned 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.
	Increase the presence of women in positions of responsibility (% female managers).	Management 18.5% Intermediate 32.8%	Management 19.7% Intermediate 32.6%	
	Promotion of in-person training to employees (hours/employee).	38.1	12.5	ENDESA has started to implement a new learning model, working on the globalisation of processes; in the "user experience" of employees, the development of new tools, new ways of thinking, new processes, a new culture, a new climate of recognition and motivating leadership.
	Promotion of online training to employees (hours/employee).	16	30.1	
	Promotion of smartworking (number of employees).	2,410	6,180	
	Promotion of services that favour the work-life balance of employees (number of services).	78	69	
				In 2020 ENDESA continued to offer measures that allow the working day to be adapted to requirements, through time flexibility, temporary changes to hours, reductions in working hours, family care leave, paid leave, unpaid leave and absences and working from home.

## 1. ENDESA workforce

102-7

102-8

ENDESA had 9,591 employees as at 31 December 2020, of which 9,577 were from Spain and 14 from Portugal.

### ENDESA WORKFORCE AT 31 DECEMBER

	2018	2019	2020
Spain	9,723	9,916	9,577
Portugal	40	36	14
<b>Total</b>	<b>9,763</b>	<b>9,952</b>	<b>9,591</b>

### WORKFORCE AT 31 DECEMBER BY GENDER

	Men			Women		
	2018	2019	2020	2018	2019	2020
Total	7,484	7,573	7,235	2,279	2,379	2,356
%	76.7	76.1	75.4	23.3	23.9	24.6

### AVERAGE HEADCOUNT BY GENDER

	2018	2019	2020	% variation 2019/2020
Spain and Portugal	9,695	9,761	9,721	0.41%
Men	7,445	7,472	7,388	-1.12%
Women	2,250	2,289	2,333	1.92%

405-1

The segmentation of the workforce by age; shows that the highest number of employees, 54.9%, is in the range between 30 and 50 years. The average age of the workforce is 47.6 years.

#### WORKFORCE AT 31 DECEMBER BY AGE

	2018	2019	2020
<30	384	375	352
30-50	5,509	5,454	5,264
>50	3,870	4,123	3,975

#### WORKFORCE AT 31 DECEMBER BY AGE AND PROFESSIONAL CATEGORY

	<30	30-50	>50
Executives		104	167
Middle Management	175	2,284	1,074
Administration and management	162	2,173	2,214
Operators	15	703	520

102-8

405-1

Distribution of the workforce at the end of the year by gender: the workforce was made up of 75.4% men and 24.6% women. Regarding the composition of the workforce by professional category, 47.4% corresponded to administration and management personnel, followed by the group of middle managers 36.8%, operators 12.9% and managers 2.8%.

#### DISTRIBUTION OF THE WORKFORCE IN SPAIN AND PORTUGAL BY GENDER AND PROFESSIONAL CLASSIFICATION

	Men			Women		
	2018	2019	2020	2018	2019	2020
Executives	234	221	217	50	53	54
Middle Management	2,165	2,319	2,380	1,043	1,123	1,152
Administration and management	2,768	3,633	3,441	1,119	1,154	1,109
Operators	2,317	1,400	1,197	67	49	41

#### DISTRIBUTION OF THE WORKFORCE IN SPAIN AND PORTUGAL AT 31 DECEMBER

	Executives	Middle Management	Admin staff Management	Operators	Total
Workforce	2.8%	36.8%	47.4%	12.9%	100%
Average workforce	2.8%	35.5%	47.7%	13.9%	100%

## Breakdown of hires

102-8

In 2020 97.41% of employment contracts were indefinite, the total number of contracts being 9,342. Temporary contracts accounted for 2.59%.

Type of working day: the vast majority of the workforce had a full working day. The number of employees with a full-time contract was 9,584, while 7 had part-time contracts.

### DISTRIBUTION OF EMPLOYEES BY TYPE OF CONTRACT AND WORKING DAY IN SPAIN AND PORTUGAL AT 31 DECEMBER 2020

(%)

	Men	Women
Permanent contract	75.51	24.49
Temporary contract	72.68	27.32
Part time	48.95	51.05
Full time	75.45	24.55

### NUMBER OF EMPLOYEES BY TYPE OF CONTRACT AT THE END OF THE YEAR

	Full time			Part time			Total		
	2018	2019	2020	2018	2019	2020	2018	2019	2020
Permanent	9,425	9,561	9,335	1	1	7	9,426	9,562	9,342
Temporary	337	390	249	0	0	0	337	390	249
<b>Total</b>	<b>9,762</b>	<b>9,951</b>	<b>9,584</b>	<b>1</b>	<b>1</b>	<b>7</b>	<b>9,763</b>	<b>9,952</b>	<b>9,591</b>

### CONTRACTS BY SEX - AVERAGE WORKFORCE

	Permanent contract						Temporary contract					
	Full time		Part time		Total		Full time		Part time		Total	
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Women	2,202	2,250	0	2	2,202	2,252	87	79	0	1	87	80
Men	7,194	7,138	1	4	7,195	7,142	277	247	0	0	277	247
<b>Total</b>	<b>9,396</b>	<b>9,388</b>	<b>1</b>	<b>6</b>	<b>9,397</b>	<b>9,394</b>	<b>364</b>	<b>326</b>	<b>0</b>	<b>1</b>	<b>364</b>	<b>327</b>

### CONTRACTS BY AGE - AVERAGE WORKFORCE

	Permanent contract						Temporary contract					
	Full time		Part time		Total		Full time		Part time		Total	
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
<30	328	270	0	0	328	270	120	94	0	0	120	94
30-50	5,423	5,048	0	6	5,422	5,054	232	216	0	1	232	217
>50	3,645	4,070	1	0	3,646	4,070	12	16	0	0	12	16
<b>Total</b>	<b>9,396</b>	<b>9,388</b>	<b>1</b>	<b>6</b>	<b>9,397</b>	<b>9,394</b>	<b>364</b>	<b>326</b>	<b>0</b>	<b>1</b>	<b>364</b>	<b>327</b>

## CONTRACTS BY PROFESSIONAL CATEGORY - AVERAGE STAFF

	Permanent contract						Temporary contract					
	Full time		Part time		Total		Full time		Part time		Total	
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Executives	286	275	0	0	286	275	0	0	0	0	0	0
Middle Management	3,202	3,375	0	1	3,202	3,376	86	79	0	0	86	79
Admin Management	3,767	4,469	0	4	3,767	4,473	158	162	0	1	158	163
Operators	2,141	1,269	1	1	2,142	1,270	120	85	0	0	120	85
<b>Total</b>	<b>9,396</b>	<b>9,388</b>	<b>1</b>	<b>6</b>	<b>9,397</b>	<b>9,394</b>	<b>364</b>	<b>326</b>	<b>0</b>	<b>1</b>	<b>364</b>	<b>327</b>

The stability of the company's workforce is reflected by the fact that the total number of temporary employees represents just 3.4% of the average workforce. Furthermore, the difference between the average number of contracts over the year and the year-end figures, at 1.3%, is not significant.

EU15

### EMPLOYEES IN SPAIN WITH THE POSSIBILITY OF ACCESS TO RETIREMENT IN THE COMING YEARS BY PROFESSIONAL CATEGORY

(%)

	Retirement next 5 years	Retirement next 10 years
Executives	2.8	3
Middle Management	21.9	23.9
Admin staff	60.4	59.7
Operators	14.9	13.4
<b>Total</b>	<b>100</b>	<b>100</b>

401-1

During 2020, 253 people joined, 249 of them new hires in Spain and Portugal and the other four due to reinstatement after leave of absence and other reasons.

The new hires constitute an indicator that shows ENDESA as a generator of employment. These figures are important because they represent a thermometer of the renewal of the Company and its adaptation to new trends.

### NEW HIRES

	2018	2019	2020
Total new hires	393	426	253

### NEW HIRES

	Men	Women	Total
<30 years	69	39	<b>108</b>
Between 30 and 50 years	104	35	<b>139</b>
>50 years	6	0	<b>6</b>
<b>Total</b>	<b>179</b>	<b>74</b>	<b>253</b>

During this year 596 contract terminations have been registered for the following reasons:

### CONTRACTS COMING TO AN END

	2018	2019	2020
Voluntary departures	55	73	34
Voluntary redundancy with incentive <sup>1</sup>	194	11	291
Retirements	6	23	83
Layoffs	7	21	10
Others <sup>2</sup>	186	123	178
<b>Total</b>	<b>448</b>	<b>251</b>	<b>596</b>

<sup>1</sup> Voluntary redundancy with incentive: includes early retirement.

<sup>2</sup> Others: the vast majority are due to contracts coming to an end.

Contract terminations for the last three years, by gender, are:

### CONTRACT TERMINATIONS BY GENDER

	2018	2019	2020	
Total departures by men (voluntary departures, voluntary redundancy with incentive and retirement)	Men	321	183	498
	Women	126	68	98
Total departures as % of total workforce	Men	4.29	2.42	6.88
	Women	5.5	2.84	4.16

401-1

ENDESA wants 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 2020 was 6.22%, a figure within the values expected by the Company.

## TURNOVER RATE FOR EACH GENDER AND AGE SEGMENT

(%)

	Women	Men	Men
<30	14.69	13.95	14.21
30-50	6.47	12.51	11.40
>50	2.18	1.60	1.76
<b>Total</b>	<b>4.16</b>	<b>6.88</b>	<b>6.22</b>

The average time spent at the company is 19.11 years, highlighting that more than 77.46% of employees have been working for the Company for more than 10 years.

Average length of service in the company	Number
Employees with less than 10 years in the Company	2,162
Employees with 10-19 years in the Company	3,358
Employees with 20-29 years in the Company	1,915
Employees with 30-34 years in the Company	1,208
Employees with more than 35 years in the Company	948

## Layoffs

In 2020 there were 10 layoffs in ENDESA, 1 woman and 9 men, which represents 0.10% of the total workforce at the end of the year.

### LAYOFFS IN 2020

	Gender		Age			Professional category			
	Women	Men	<30	30-50	>50	Executives	Middle Management	Admin and Management	Operators
2019	3	18	2	10	9	4	3	7	7
<b>2020</b>	1	9	1	2	7	1	2	4	3

## 2. Leadership and talent management

The circumstances that occurred during 2020 challenged the leadership style of the organisation. Similarly, ENDESA's digitisation process and the adoption of new forms of work linked to agility, as well as data-based decision-making, took on special relevance in 2020. From the first appearance of the health crisis, as a precautionary measure, People and Organisation opted for the remote work of as many people as possible. For this rea-

son, from March on a series of initiatives were launched to support the leaders of the organisation in the remote management of people, through the planning of weekly objectives, the encouragement of communication, use of collaborative tools and the search for spaces and new channels to inquire about people's well-being.

In these times more than ever, at all levels it was necessary to demonstrate the commitment to the business project and to continue advancing in achieving the objectives and overcoming the challenges that the environment and the sector demand of us. In this sense, there are projects such as the "Cambiamos" project that aims to engage

employees emotionally with the company's purpose and with its firm commitment to sustainability and people. The response at all levels has validated the company's commitment to the adoption of digital and collaborative tools, as well as the importance of trust in people and their empowerment.

## 2.1. Leadership model

404-3

ENDESA's leadership model is based on the Company's vision, mission, values and codes of conduct. The Open Power values (responsibility, trust, proactivity and innovation) are present in all people management systems, allowing our leaders and all the people in the organisation to have a clear guide on a management style and behaviours based on belief in people and their potential. All this made it possible to give a quick and concise response to the health emergency caused by COVID-19.

### BEHAVIOURAL EVALUATION SYSTEM

	2019	2020
Open Feedback Evaluation (OF)	8,443	8,301

404-3

### EVALUATIONS BY PROFESSIONAL CATEGORY AND GENDER

	2018				2019				2020			
	Evaluation of Objectives		Evaluation of Behaviours <sup>1</sup>		Evaluation of Objectives		Evaluation of Behaviours		Evaluation of Objectives		Evaluation of Behaviours	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Executives	232	50	N/A	N/A	217	52	190	44	214	53	174	47
Middle Management	1,777	839	N/A	N/A	1,857	876	3,213	998	2,019	939	2,135	1,067
Administration and management staff	177	67	N/A	N/A	174	65	1,977	986	191	89	3,068	980
Operators	1	2	N/A	N/A	0	1	1,008	27	0	0	809	21
Total	2,187	958	N/A	N/A	2,248	994	6,388	2,055	2,424	1,081	6,186	2,115

<sup>1</sup> No breakdown is available for participants in the Behaviour Assessment for 2018.

### VARIABLE REMUNERATION OBJECTIVE EVALUATION SYSTEMS

	2019	2020
Management by Objectives for Managers (MBO)	262	201
Annual Bonus (AB)	2,587	2,725
Sales Force Objective (SFO)	242	409
Other Variable Remuneration systems	—	170

In 2020 ENDESA kept the Open Feedback process open to the entire organisation in order to enhance the culture of exchange of feedback at all levels, which is an ongoing process throughout the year.

For the 2020 Evaluation process, the group of eligible persons is currently set at 8,301, which represents 86.55% of ENDESA's employees. 100% of those eligible must be evaluated by their managers (except for system errors or absences).

Added to this process are the Management by Objectives (MBO) and Annual Bonus (AB) evaluation systems, which apply respectively to managers and employees with variable remuneration and the Sales Force Objectives system, which affects all sales personnel with variable remuneration excluded from MBO and AB and other performance-based remuneration systems.

36.5% of employees participated in the evaluation of objectives with variable remuneration in 2020.

## PERCENTAGE OF EVALUATIONS BY PROFESSIONAL CATEGORY AND GENDER

	2018				2019				2020			
	Evaluation of Objectives		Evaluation of Behaviours <sup>1</sup>		Evaluation of Objectives		Evaluation of Behaviours		Evaluation of Objectives		Evaluation of Behaviours	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Executives	11%	5%	N/A	N/A	10%	5%	3%	2%	9%	5%	3%	2%
Middle Management	81%	88%	N/A	N/A	83%	88%	50%	49%	83%	87%	35%	50%
Administration and management staff	8%	7%	N/A	N/A	8%	7%	31%	48%	8%	8%	50%	46%
Operators	0%	0%	N/A	N/A	0%	0%	16%	1%	0%	0%	13%	1%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>N/A</b>	<b>N/A</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

<sup>1</sup> No breakdown is available for participants in the Behaviour Assessment for 2018.

## 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.

Some of these actions are detailed below:

> **Onboarding:** this process aims to facilitate the incorporation of new employees into the organisation and transmit ENDESA's values and culture to them. The process is automated and digitised, with the incorporation of electronic signatures, the synchronisation of information between systems, management through mobile devices and the coordination of actions so that new employees are integrated into the organisation and carry out the training required by their job.

> **Coaching:** ENDESA continues to be fully committed to coaching by means of individual or group actions, carried out mainly through the in-house coaching network in which over 35 in-house coaches assist the company's professionals. This coaching team is one area where ENDESA is seen as a benchmark by other Ibx 35 companies.

During this complicated year of pandemic, the Internal Coaching Network launched an action with sessions of emotional support for all company employees requesting it through a specific mailbox or their People Business Partner.

In 2020 ENDESA was once again recognised as one of the most influential organisations linked to coaching, awarded on this occasion with the first prize of Expo-

coaching 2020 for its work promoting the personal and professional development of people in the Company through coaching.

> **Skills Workshops:** ENDESA held the "Coach Manager" and "Coach Manager +" courses, aimed at people managers for the development of skills, competencies and tools associated with coaching. In its commitment to the culture of feedback, coaching tools are an element that positively contributes to team management in highly efficient environments.

> **Mentoring:** Continuing with the line of action started in previous years, ENDESA maintains this knowledge transfer project in which leading professionals in a specific competence or area of knowledge supervise and mentor other colleagues for a period of 3 to 6 months.

> **People and Organisation Consulting:** One of the great achievements in the area of talent development is being able to put in place tailored solutions for businesses that need it. During 2020 ENDESA further reinforced a line of internal consultancy that provides *ad hoc* solutions to needs expressed by the businesses.

One of the most notable milestones is the project to provide emotional support to the Generation Business in the context of uncertainty regarding the changes entailed by the decarbonisation of the sector and the shift in production processes to renewables. This project contributed positively to the process of relocation of people, predisposing them emotionally to the "re-skilling" processes that have been deployed.

> **Succession Plans:** in 2020 ENDESA continued with the identification of successors for the positions of greatest managerial responsibility.

Succession plans identify both people who are ready for succession in the short term, and people who will be prepared in the medium-long term. Identification is governed by shared suggested criteria, giving importance and opportunity to women and young people. These criteria contribute to the achievement of the Gender Diversity objectives, to which ENDESA is fully committed.

As part of the Succession Plans process, development actions have been identified for the designated successors; They are specific actions based on their needs that are integrated into the annual development plans of all of ENDESA's people.

Development actions	Participants
Mentoring	88
Coaching	137
Manager Coach and Manager Coach + workshops	219

## 2.3. Attracting and retaining talent

During 2020 ENDESA participated in various job fairs to offer vacancies to recent graduates and especially to those with STEM profiles.

Likewise, the style of publication of job vacancies has been modified in order to use a vocabulary and writing style that is more inclusive and closer to candidates.

In addition, a project called Internship Journey has been launched to try to increase the number of recruitments to the workforce of students who complete their scholarship at ENDESA.

Also, in order to optimise the process as much as possible, the "Agile" model is followed to fill the most critical and urgent vacancies such as those for people with renewable energy or digital solutions profiles. The goal is to optimise the process as much as possible.

### 2.3.1. International mobility

In 2020, ENDESA continued to roll out international mobility programmes for employees in order to contribute to their development in international arenas, widen their global business vision and boost their technical knowledge.

In 2020, ENDESA managed 52 processes for expatriate employees and 16 for returnees. These are efficiently

managed international mobility programmes promoting global careers and fostering 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.

In the framework of compliance with the Diversity Policy, special attention is paid to the integration of the expatriate in the destination, by assigning a tutor/mentor during the expatriation period.

### 2.3.2. Personnel selection

202-2	103-1 Management Approach Market Presence
	103-2 Management Approach Market Presence
	103-3 Management Approach Market Presence

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 part of the position, but also the competency aligned with corporate values.

At ENDESA, the participation of employees in the selection processes is promoted, in order to favour internal mobility and provide development and learning opportunities for employees.

In cases where it is not possible to promote employees from within the company, the company seeks to hire people who have been directly linked to its activities through internships, scholarships or specific temporary contracts. If this option is exhausted, vacancies are offered on the ENDESA website and job portals.

In 2020, due to the situation of the pandemic, candidates' capacity for autonomy and discipline was also analysed. New hires had to be able to start working from home from day one if necessary.

ENDESA has globally applicable guidelines and the ENDESA Collective Agreement sets out the particularities of the process of filling vacancies applicable in Iberia.

## EMPLOYEES INCORPORATED

	2018	2019	2020
Total local employees incorporated into the workforce throughout the year	361	375	223
Total of local Senior Managers (executives + middle managers) incorporated into the workforce throughout the year	189	174	132

Most of the top management (members of the Executive Management Committee) come from the local community:

Number of senior managers from the local community	13
<b>Total number of senior managers</b>	<b>16</b>

### 2.3.3. Rejection of forced and child labour

[103-1 Child Labour Management Approach](#)

[103-2 Child Labour Management Approach](#)

[103-3 Child Labour Management Approach](#)

[103-1 Forced Labour Management Approach](#)

[103-2 Forced Labour Management Approach](#)

[103-3 Forced Labour Management Approach](#) [408-1](#) [409-1](#)

ENDESA expressly condemns child labour as well as forced labour through its Code of Ethics, committing itself to rigorous compliance with international standards, such as the United Nations Global Compact, with the aim of promoting a work environment that respects Human Rights. The condemnation of child labour and forced labour have also been expressly reflected in the ENDESA Human Rights Policy approved by its Board of Directors on 24 June 2013. 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 of child or forced labour. ENDESA has the most advanced prevention, control and monitoring mechanisms in place to guarantee strict compliance with current legislation, international standards and ILO principles in this area. As a result, there have been no complaints in this matter during 2020.

This approach is also extended 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 carries out social audits to verify compliance. For more information, see section 3.2 Respect for Human Rights in the Supply Chain chapter.

### 2.3.4. Remuneration policy

[102-36](#) [103-1 Management Approach Market Presence](#)

[103-2 Management Approach Market Presence](#)

[103-3 Management Approach Market Presence](#)

ENDESA's remuneration policy is aligned with Spanish and international regulatory recommendations in the area of corporate governance. The company's main objective is to draw, retain and motivate the best professionals, ensuring that internal equality and external competition are maintained, and establishing remuneration according to best market practices.

ENDESA's remuneration policy therefore seeks to ensure competitive and equal compensation among its employees. Remuneration is determined according to an external competition analysis based on market wage surveys, using a valuation methodology that assesses similar posts in companies with a similar number of employees and turnover.

ENDESA's remuneration policy is also merit-based. In 2020, 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 recognise people's effort, responsibility and commitment to the Company, adjusting remuneration on a case by case basis, while ensuring that the minimums established in the collective labour agreement are observed. This policy also strengthens the manager's role in recognising employees' achievements.

In 2020, an exercise in transparency in communication to the personnel of the salary review process was carried out, with emphasis on the gender perspective.

Digital tools ensure that decisions on salary review for employees are made taking due account of their impact

on the gender gap, trying to minimise the unconscious biases that could influence them.

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## EMPLOYEE BENEFITS NOT REQUIRED BY LAW, SPAIN AND PORTUGAL

(Expressed in thousands of euros)

	2018	2019	2020
Medical assistance	3,176	3,611	1,724
Cultural and recreational activities	983	1,042	1,031
Financing of electricity consumption	15,230	15,828	10,309
Accident insurance outside the professional sphere	625	853	1,206
Pension funds	50,621	43,243	55,498
Others (e.g. seniority bonus, special allowances for marriage, home purchase, etc.)	15,405	15,122	15,895
Employees involved in the employee benefits policy (expressed in number of employees)	9,763	9,952	9,591

102-36

103-1 Management Approach Market Presence

103-2 Management Approach Market Presence

103-3 Management Approach Market Presence

### Flexible Remuneration

In 2020, the number of ENDESA employees adhering to its Flexible Remuneration plan has continued to increase, reaching a membership rate of 50.3% (4,820 employees). It 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. By contracting certain products and services through the Company, employees can increase their net availability due to the tax advantages granted by the Personal Income Tax Law to certain products and services. ENDESA's plan includes the products Health Insurance, Childcare Ticket, Food Card, Transportation and Training Card.

### Working overtime hours

On the other hand, through the different Collective Agreements, the Management of the Company and the Labour Representatives agree on the need to minimise overtime, through the establishment of work organisation tools and systems that enable a permanent improvement of the Organisation's efficiency, respecting in any case, the legislation in force and especially, the provisions of Royal Decree 1561/1995, of 21 September 1995. Thus, the Collective Agreement establishes that, in the event of the need for overtime, employees may choose between economic compensation mechanisms or mixed compensation mechanisms (economic and rest hours).

### Remuneration of Managers and Employees.

Next, the average salaries and their evolution are broken down by gender, age and professional classification. Fixed, variable wages and social benefits have been considered.

## AVERAGE REMUNERATION<sup>1</sup> BY AGE (€) FIXED + VARIABLE SALARY + SOCIAL BENEFITS

Spain and Portugal			
	2018	2019	2020
<30	34,671.10	34,785.01	41,380.66
30-50	59,452.55	57,070.49	62,600.03
>50	75,764.04	74,767.60	81,065.62

<sup>1</sup> The calculations of average remuneration do not include data for the following companies: Endesa X Sucursal en Portugal and Saltos del Navia.

AVERAGE REMUNERATION<sup>1</sup> BY PROFESSIONAL CATEGORY AND GENDER (€) FIXED + VARIABLE SALARY + SOCIAL BENEFITS

	Spain and Portugal														
	Executives			Middle Management			Administrative and office staff			Operators			Medium		
	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020
Men	193,017	200,544	204,209	77,805	76,721	79,674	61,970	57,857	61,308	57,695	54,407	58,765	69,300	67,240	70,888
Women	156,028	171,476	174,203	67,474	67,913	71,268	50,958	50,646	54,283	54,562	57,838	58,456	60,937	61,565	65,366
Medium	186,517	195,189	197,953	74,450	73,864	76,927	58,830	56,134	59,603	57,607	54,518	58,754	67,362	65,901	69,532

<sup>1</sup> The calculations of average remuneration do not include data for the following companies: Endesa X Sucursal en Portugal and Saltos del Navia.

**Wage gap**

In 2020, a detailed study on the salaries of employees and the differences between men and women was carried out, and two types of indicators, the average and the median, were analysed to come to a deeper understanding of their causes.

On the one hand, the average salary between men and women of ENDESA was analysed, which showed an improvement over 2019 of 0.6 percentage points (from 8.4% to 7.8%).

On the other hand, the median was analysed as an indicator of the wage gap in ENDESA. This indicator avoids the effect of the most extreme values and throws specific information on the salary discrimination data since it is not affected by the number of people that make up each group. The values located in the middle zone show a 3% gap in 2020, thus confirming the absence of wage discrimination.

Comparative analyses were carried out of positions of the same value, and segregated by different activities. These analyses show that the few cases with large differences are explained by the number of years service with the company, inclusion in different collective agreements and a lower presence of women in certain positions of high technical content. It can 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 have to be taken into account: The industrial nature of the Company, the low turnover rate of the workforce and the historical gender composition of the Company, due to historical cultural and sociodemographic factors, which translates into a greater average seniority of men versus women. To this are added other variables, also historical, such as the conditions of agreements of origin.

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## AVERAGE FIXED SALARY + VARIABLE + SOCIAL BENEFITS (SPAIN AND PORTUGAL)

	Salary gap <sup>1,2</sup> Women vs. Men 2018	Salary gap <sup>1,2</sup> Women vs. Men 2019	Salary gap <sup>1,2</sup> Women vs. Men 2020
Executives	19.2	14.5	14.7
Middle Management	13.3	11.5	10.6
Administrative staff	17.8	12.5	11.5
Operators	5.4	-6.3	0.5
Average <sup>1</sup>	12.1	8.4	7.8

<sup>1</sup> The difference between the **average salary** of men and women, as a percentage of **the average salary** of men, considering fixed, variable salary and social benefits, in accordance with Law 11/2018, of 28 December, ENDESA, S.A.

<sup>2</sup> The calculations of the wage gap do not include data for the following companies: Endesa X Sucursal en Portugal and Saltos del Navia.

## MEDIAN FIXED SALARY + VARIABLE + SOCIAL BENEFITS (SPAIN AND PORTUGAL)

(%)

	Salary gap <sup>1,2</sup> Women vs. Men 2019	Salary gap <sup>1,2</sup> Women vs. Men 2020
Executives	4.9	6.3
Middle Management	11.7	10.7
Administrative staff	15.4	13.2
Operators	1.7	0.1
Median <sup>2</sup>	2.5	3.0

<sup>1</sup> The difference between the **median salary** of men and women, as a percentage of the **median salary** of men, considering fixed, variable salary and social benefits, in accordance with Law 11/2018 of 28 December ENDESA, S.A.

<sup>2</sup> The calculations of the wage gap do not include data for the following companies: Endesa X Sucursal en Portugal and Saltos del Navia.

## MEDIAN FIXED + VARIABLE SALARY (SPAIN AND PORTUGAL)<sup>1</sup>

(€)

	Men	Women	Median by professional category
Executives	166,433	155,878	164,755
Middle Management	75,467	67,383	72,876
Administrative staff	59,305	51,459	57,530
Operators	55,062	55,028	55,048
Total median	62,798	60,911	62,444

<sup>1</sup> The calculations of the wage gap do not include data for the following companies: Endesa X Sucursal en Portugal and Saltos del Navia.

## Relationship between initial remuneration and minimum remuneration

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The ration of the initial salary at ENDESA to the legal minimum salary in Spain, which in 2020 stood at 1.86, 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.

## RELATIONSHIP BETWEEN INITIAL REMUNERATION AND MINIMUM REMUNERATION

	2019		2020	
	Women	Men	Women	Men
Initial remuneration	23,680.92	23,680.92	24,762.50	24,762.50
Minimum remuneration Spain	12,600	12,600	13,300	13,300
Relationship between initial remuneration and minimum remuneration	1.88	1.88	1.86	1.86

### 2.3.5. Social welfare

201-3

All ENDESA employees are members of 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 2020 the total number of employees with an individual pension fund sponsored by the company was 9,791.

A scheme involving combined contributions by the company and the employee was established, with a maximum 6% of the pensionable pay being borne by the Company and 3% of the same pay by the employee. Additionally, there are workers affected by original agreements who have a defined contribution for the 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 2020 for the entire Defined Contribution group was Euros 33.9 million and employees' contribution was Euros 12.4 million.

There are also two large groups of workers affected by original agreements with Defined Benefit Plans for retirement, death and disability:

- > Workers of the Electrical Ordinance of 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 2020 amounted to Euros 5 million for a total of 1,282 people.

- > Workers in the Fecsa/Enher/HidroEmpordá area. Closed group, in which the benefit is linked to the evolution of 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 said benefits, by means of which any future obligation with respect to said group is eliminated. For this group, there is a provision in the internal fund that amounts to Euros 192.5 million, the calculation of which is carried out in accordance with the International Accounting Standards, which together with the plan assets currently cover 100% of the present obligation. The company's contribution in 2020 amounted to Euros 3.6 million for a total of 818 people. Additionally, in 2020 a total of Euros 7 million was paid for the plan deficit.

ENDESA's pension plans are administered in accordance with the general restrictions on management and risk assumption in the respective laws and regulations in force and 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: interest rate risk, credit quality, leverage through derivatives, exchange rate risk, liquidity risk and valuation risks.

ENDESA's pension plan is operated by a manager that takes into account socially responsible investment criteria. For this, the manager has prepared and approved a Declaration of Socially Responsible Investment Policy that summarises the framework in which the activity of the company in this matter 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.

In turn, the pension fund is developing its own sustainability policy, its conceptual framework being three main pillars: The SDGs, the commitment, through a policy of specific involvement and voting and finally the exclusions.

## 3. Training

[103-1](#)[103-2](#)[103-3](#)

In its commitment to people, ENDESA focuses on their training and offers an extensive catalogue of learning actions to provide and improve the technical qualifications they need in the performance of their duties and grow in their personal development.

In its learning strategy, ENDESA is aware of the need to offer an upgrade in its course catalogue and offers content that points to the skills most demanded in a context of uncertainty and complexity, both for the "soft" part (leadership by values, mindfulness, positive energy, storytelling, etc.) and the "hard" part (big data, phyton, deep learning, etc.). In this way, it contributes to the development of professionals, to encourage their curiosity for the most avant-garde topics and to take care of and reinforce the integral well-being of people.

The evolution from the concept of "training" to that of "learning" is consolidated, which places the person at the centre and makes them the promoter and protagonist of their professional updating. A new way of learning, which learning communities are joining on the global digital platform "eEducation", to share knowledge and develop the social aspect through the exchange of knowledge and information among all the people of the Enel Group, as well as the public evaluation of the contents.

2020 was marked by the health crisis caused by the COVID-19 pandemic, and remote work became a new work model. This had the consequence of accelerating the transformation of traditional face-to-face courses into

virtual courses, with shorter formats and with adapted dynamics, and increasing the online learning content on the e-learning platform, “eDucation”.

Likewise, webinars became the main way of accompanying people so that they can continue working together remotely and taking care of their well-being in three spheres: mind, emotion and body. This format allowed the entire workforce to be convened for short learning sessions, with a focus on both emotional and professional support content to improve the work situation during the pandemic. We would highlight the programme launched at the beginning of the health crisis “aperitifs: we are still together”, which invited everyone to take a half-hour break several times a week, to receive advice on how to improve the well-being of people in conditions of confinement.

In the same way, the circumstances experienced in 2020 gave a very significant role to online, synchronous and asynchronous training, and placed the learning platform “eDucation” in the axis that articulates all the training of its people and that allowed a notable increase in the number of courses on various topics, and where collaborative spaces are created so that the way in which ENDESA learns evolves.

In 2020 ENDESA started to implement a new learning model, working on the globalisation of processes; on the “user experience” of employees (including the social part of evaluating courses and learning communities); and on the development of new tools, new ways of thinking, new processes, a new culture, a new climate of recognition and motivating leadership.

### 3.1. Main figures and relevant aspects

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#### TRAINING IN ENDESA IN 2020

Employees trained	9,444
Percentage of staff trained	98.47%
Number of training events	4,418
Total hours of training	348,700
Direct and indirect investment (expressed in millions of euros)	30.8
Direct costs (expressed in millions of euros)	12.37

To undertake this activity, ENDESA invested Euros 30.8 million, of which Euros 12.3 million were for direct costs of training activities.

404-1

In 2020, ENDESA held 4,418 training sessions with 9,444 employees. This activity allowed 348,700 hours of training to be given, reaching an average of 36.36 hours per employee.

Having a workforce that is trained and capable of adapting to the new requirements demanded by the operational, technological and cultural transformation in which the company is immersed forms part of ENDESA's strategy for maintaining its leadership and growing its human capital. The information on the average hours of training per employee is information that confirms this strategy.

	2018	2019	2020
Total hours of training	370,416	402,953	348,700

#### NUMBER OF HOURS OF TRAINING BY TYPE OF TRAINING IN SPAIN AND PORTUGAL

	2018	2019	2020
Online management training	11,855	18,604	94,074
In-person management training	180,011	169,952	54,617
Technical/specific online training	52,988	81,945	142,631
Technical/specific in-person training	132,453	132,452	57,378

#### TRAINING COURSES BY TEACHING SOURCE

(Number)

	2018	2019	2020
In-house training	1,041	945	3,046
External training	138	212	1,372

## AVERAGE AND TRAINING HOURS BROKEN DOWN BY GENDER AND PROFESSIONAL CATEGORY

	Executives						Middle Management					
	Medium			Total hours			Medium			Total hours		
	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020
Men	34.1	62.7	30.7	7,977	14,390	6,692	37.2	46	34.2	80,584	106,202	81,548
Women	39.2	52.4	41.4	1,947	2,764	2,223	38.4	43	34.9	40,024	48,284	40,183
<b>Total</b>	<b>35.0</b>	<b>60.8</b>	<b>32.8</b>	<b>9,924</b>	<b>17,154</b>	<b>8,914</b>	<b>37.6</b>	<b>45</b>	<b>34.5</b>	<b>120,608</b>	<b>154,486</b>	<b>121,731</b>
	Administration and management staff						Operators					
	Medium			Total hours			Medium			Total hours		
	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020
Men	37.9	37.3	34.9	104,953	135,376	120,155	43.3	45	55.81	100,361	62,891	66,907
Women	29.2	26.9	25.4	32,661	31,003	28,139	28.3	42	68.52	1,908	2,043	2,853
<b>Total</b>	<b>35.4</b>	<b>34.8</b>	<b>32.6</b>	<b>137,614</b>	<b>166,379</b>	<b>148,294</b>	<b>42.9</b>	<b>45</b>	<b>56.24</b>	<b>102,269</b>	<b>64,934</b>	<b>69,760</b>

Evidence of ENDESA's commitment to promoting training (both online and face-to-face), as a way to grow Human Capital is provided by the objectives included in the 2021-2023 Sustainability Plan:

Average hours of training per year per employee

## TRAINING IN ENDESA IN 2020

	Closing 2020	2020 Objective	2021 Objective	2023 Objective
In-person	38.1	12.5	14	26
On-line	16	30.1	25	25
Global	54.1	52.36	39	51

## 3.2. Type and content of the training

[404-1](#) [404-2](#) [103-1 Management Approach Education and Training](#)

[103-2 Management Approach Education and Training](#)

[103-3 Management Approach Education and Training](#)

[EUSS 103-1 Management Approach Employment](#)

[EUSS 103-3 Management Approach Employment EUSS](#) [205-2](#)

Commitment to sustainable development is an essential part of ENDESA's activity. Therefore, training in this area is important, with the design, development and implementation of courses aimed at making sure that ENDESA employees take on board the sustainability principles in their private and professional activities, and by changing their energy behaviour become examples for society to follow. Here are some of the most significant training programmes carried out in 2020.

## MOST OUTSTANDING PROGRAMMES

Occupational health & safety	<ul style="list-style-type: none"> <li>&gt; Risk Prevention Work Outside The Office</li> <li>&gt; Leadership in prevention</li> <li>&gt; ISO 45001</li> </ul>
Environment	<ul style="list-style-type: none"> <li>&gt; ISO 14001</li> <li>&gt; Environmental awareness</li> </ul>
Sustainability	<ul style="list-style-type: none"> <li>&gt; Education4All "Sustainability Fridays"</li> <li>&gt; Circular economy: inspire-action cycle</li> </ul>
Digitalisation	<ul style="list-style-type: none"> <li>&gt; Digital Routines in 21 days (R21D)</li> <li>&gt; We continue together</li> <li>&gt; inData</li> <li>&gt; During 2020, a total of 33,174 hours of training in digital skills were given</li> </ul>
Technical	<ul style="list-style-type: none"> <li>&gt; Technical training programmes in the areas of Generation; Renewables; Infrastructure and Networks; Supply; Global Digital Solutions (GDS); Purchasing and Support Areas.</li> </ul>
Human rights	<ul style="list-style-type: none"> <li>&gt; Online course Human Rights</li> </ul>
Other training activities	<ul style="list-style-type: none"> <li>&gt; Diversity programmes: HER_Unconscious biases, Take the lead</li> <li>&gt; Programmes on agile methodology: Let's talk about agile, Scrum master</li> <li>&gt; New work methodologies: design thinking, visual thinking, creative problem solving.</li> <li>&gt; Languages</li> </ul>

## Sustainability training

In 2020, the Education4all training programme stands out, to understand why Sustainability has become a fundamental aspect of the business; and the incorporation of learning in the circular economy, an essential topic to confidently look to the future and face the transition towards increasingly sustainable and competitive models.

## TRAINING BY THEME OR TYPE

	2018		2019		2020	
	Hours	Number of employees	Hours	Number of employees	Hours	Number of employees
Occupational health & safety	101,351	6,306	107,740	6,521	59,186	5,755
Environment	7,707	2,188	2,074	557	2,463	835
Ethical code	727	1,140	140	110	1,530	1,787
Anti-corruption	616	1,467	2,179	3,506	1,134	2,035
Diversity	17	1	527	79	1,772	1,190
Relationship with communities	42	3	183	7	34	4
Human rights	335	1,014	422	1,280	196	594
<b>Total</b>	<b>110,795</b>	<b>12,119</b>	<b>113,265</b>	<b>12,206</b>	<b>66,315</b>	<b>12,200</b>

### Security personnel training

410-1 103-1 Management Approach Security

103-2 Management Approach Security

103-3 Management Approach Security

Physical security services in facilities (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 duly accredited and authorised by the Ministry of the Interior. As part of their training, aspects of Private Security legislation, basic rights and Human Rights are included.

### Training of employees in Human Rights policies or procedures

412-2

Respect for Human Rights is one of the principles on which the business and people management is based in all the countries and territories in which ENDESA is present. It also finds expression in the development and implementation of a policy dedicated to respect for Human Rights which strengthens and extends the commitment established in the Code of Ethics, the Zero Tolerance of Corruption Plan and the Compliance Programme 231.

With the aim of spreading this commitment, knowledge about human rights and about the actions that ENDESA carries out to respect these rights, the Human Rights online course is available to all staff.

Through this course, ENDESA renews its own commitment, directly involving all people in the company, sharing stories and practices that help us understand the crucial role that human rights play in today's business world.

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 derived from the daily action of the employees.

### HUMAN RIGHTS TRAINING

	2018	2019	2020
Employee training hours on policies and procedures relating to human rights relevant to their activities	335	423	196.02
Number of employees who received human rights training	1,014	1,280	594
Total number of employees	9,763	9,952	9,591
Percentage of employees who received human rights training (%)	10.39	13	6.19

## 4. Social dialogue

102-41 407-1 102-43

103-1 Management Approach Freedom of Association and Collective Bargaining

103-2 Management Approach Freedom of Association and Collective Bargaining

103-3 Management Approach Freedom of Association and Collective Bargaining

103-1 Management Approach Relations between Workers and Management

103-2 Management Approach Relations between Workers and Management

103-3 Management Approach Relations between Workers and Management

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 with the Trade Union Sections signatory to ENDESA's Collective Agreements as interlocutors nec-

essary to facilitate the resolution of any conflicts that may arise in the socio-labour dynamics of ENDESA.

The consultation and participation of workers in occupational health and safety issues has been instrumentalised by virtue of the provisions of Articles 115 et seq of the 5th ENDESA Collective Agreement.

With respect to collective bargaining procedures in 2020 they were performed in strict accordance with the Spanish and ENDESA regulations regarding reorganisations, transfers of workers between Group companies, etc., as well as with the signing of the 5th ENDESA Collective Agreement. In Portugal, working conditions are set through the employment contract.

The collective working conditions are regulated in ENDESA through the various Collective Agreements, the terms of which are more favourable than those required by labour legislation in each area in which the Company operates. The information relating to Social Dialogue is detailed in the 2019 Sustainability Report.

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In ENDESA there were 4 collective agreements in force at the end of 2020, affecting 8,562 employees, 89.3% of the workforce.

## ENDESA EMPLOYEES

Spain	Employees		%		Portugal	Employees		%		Total Spain and Portugal 2020	
	2019	2020	2019	2020		2019	2020	2019	2020	Employees	%
Staff covered by agreement	9,029	8,562	91.05	89.40	Staff covered by agreement	3	0	8.33	0	8,562	89.27
Staff outside agreement	887	1,015	8.95	10.60	Staff outside agreement	33	14	91.67	100	1,029	10.73
<b>Total Spain</b>	<b>9,916</b>	<b>9,577</b>	<b>100</b>	<b>100</b>	<b>Total Portugal</b>	<b>36</b>	<b>14</b>	<b>100</b>	<b>100</b>	<b>9,591</b>	<b>100</b>

402-1

103-1 Management Approach Relations between workers and management

103-2 Management Approach Relations between workers and management

103-3 Management Approach Relations between workers and management

103-1 Management Approach Freedom of association and collective bargaining

103-2 Management Approach Freedom of association and collective bargaining

103-3 Management Approach Freedom of association and collective bargaining

Pursuant to Spanish labour regulations and with ENDESA's labour regulations in 2020, the criteria to be followed in the event of business reorganisation and corporate restructuring have been 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 regarding collective bargaining in 2020 were as follows:

- > Signing of the 5th ENDESA Framework Collective Agreement.
- > Signing of the Framework Guarantee Agreement for ENDESA SA and its electricity subsidiaries domiciled in Spain.
- > Voluntary Agreement on Suspension or Termination of employment contracts 2019-2024
- > Agreement on the inclusion of ENDESA Ingeniería in the functional scope of the 5th ENDESA Framework Collective Agreement.
- > Agreement on the transfer of ENDESA Energía employees to ENDESA X Servicios, SL.

43.49% of employees are affiliated with a union at the end of 2020.

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 set forth in the ENDESA regulations.

Regarding the total number of hours worked referring to contractors in 2020, they came to 35,194,356.69.

### HOURS WORKED BY GENDER 2020

	Spain	Portugal	Iberia
Workforce at 31 December	9,577	14	9,591
Men	12,370,186	11,520	12,381,706
Women	3,843,303	15,360	3,858,663
<b>Total hours worked in the year</b>	<b>16,213,489</b>	<b>26,880</b>	<b>16,240,369</b>

## Right to disconnect

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 interfere with the work-life balance of people. That is why we are working on the development of a more detailed digital disconnection policy.

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.

## 5. Employment climate

102-43

At ENDESA we launch a **climate survey** every two years to find out about the motivation and commitment of employees to the company. At the end of 2020, a new Climate survey was carried out ("Open listening - interview to build our future"), as a sensor of satisfaction in all the territories in which ENDESA is present. In this survey, a 90/100 employee engagement result was obtained, exceeding the 70/100 target set in the Sustainability Plan for this indicator. In the previous survey, carried out in November 2018, a result of 60.5/100 was obtained.

In 2020, due to the health crisis situation during which the work model had to be transformed, different surveys were carried out at different levels of the organisation, to find out how employees felt and how they were adapting to the new remote work model, incorporating items on leadership, motivation, workload and commitment. The participation rate of the management team in the last survey carried out in July was 93%, and that of the rest of the employees 78%.

The results have been shared with the entire workforce through an infographic that shows the score obtained in the different items and the main lines of improvement actions. Likewise, the action plan has been shared in greater detail with the managers in virtual sessions and with the Management Committee.

Action plans have been put in place in different areas of the organisation and at all levels, with the aim of accompanying employees during the health crisis, focusing on safety and with the aim of increasing physical and emotional well-being, in addition to increasing motivation and maintaining commitment to the company.

The initiatives forming these plans aim to leverage ENDESA's strengths and values to address the areas of improvement identified. A large number of these were aimed at further improving management skills in environments that are increasingly digital, flexible and diverse. Another important group of measures was aimed at en-

couraging employee participation in decision-making on projects and processes, developing the values of trust, proactiveness, responsibility and innovation on which ENDESA bases its management model.

Notable examples of actions included in these plans included: Accompaniment actions for employees (“We Follow Together” Appetisers), actions on leadership, time management and emotional management, as well as projects to increase pride of belonging (We change), or guidelines for a New Work Model. So that people have them available and can consult them to apply them in their day-to-day lives, a specific site has been created on the company’s intranet.

Regarding the climate action plans that were defined after the 2018 climate survey, they have been periodically monitored, to ensure compliance with the planning and the effectiveness of the actions, as well as the objectives set for 2020.

## 6. Responsible management of people at ENDESA

103-1 Employment Management Approach

103-2 Employment Management Approach

103-3 Employment Management Approach

### 6.1. ENDESA’s commitment to diversity

103-1 Non-discrimination Management Approach

103-2 Non-discrimination Management Approach

103-3 Non-discrimination Management Approach

103-1 Diversity and Equal Opportunity Management Approach

103-2 Diversity and Equal Opportunity Management Approach

103-3 Management Approach Diversity and Equal Opportunity

ENDESA believes in diversity among its employees as an enriching element for the Company. The progressive increase in the number of women in the workforce, the incorporation of people of other nationalities, the incorporation of younger people to rejuvenate the workforce, the recognition of the most veteran people, as well as the integration of peo-

ple with disabilities are signs of compliance with the various dimensions that make up its Diversity and Inclusion Policy (age, gender, culture and disability).

103-1 Management Approach diversity and equal opportunities

103-2 Management Approach diversity and equal opportunities

103-3 Management Approach diversity and equal opportunities

103-1 Management Approach non-discrimination

103-2 Management Approach non-discrimination

103-3 Management Approach non-discrimination

103-1 Management Approach Employment

103-2 Management Approach Employment

103-3 Management Approach Employment

#### 6.1.1. The Diversity and Inclusion Policy

ENDESA, as part of the Diversity and Inclusion Policy and the company’s Human Rights Policy, rejects all manner of discrimination and undertakes to guarantee and promote diversity, inclusion and equal opportunities. ENDESA does everything possible to encourage and maintain a climate of respect for the dignity and individuality of people and ensures the highest standards of confidentiality with respect to any information related to employee privacy, of which it is aware. As a result, in accordance with and as a part of the values included in the ENDESA Code of Ethics, ENDESA adopts the following fundamental principles:

- > Non-discrimination.
- > Equality of opportunity and dignity for all forms of diversity.
- > Inclusion.
- > Balancing of personal, family and professional life.

406-1

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 2020 there were no incidents of discrimination at ENDESA, a figure that the Company periodically reports to the Workers’ Representatives. Furthermore, ENDESA has developed an action protocol against sexual harassment, which guarantees its activation whenever there is a complaint of sexual or labour harassment.

## 6.1.2. Promotion of gender equality

ENDESA promotes gender equality in all areas of the Company, paying special attention to both internal and external gender objectives, which are included in the Strategic Sustainability Plan (2021–2023):

### DIVERSITY AND INCLUSION

(%)

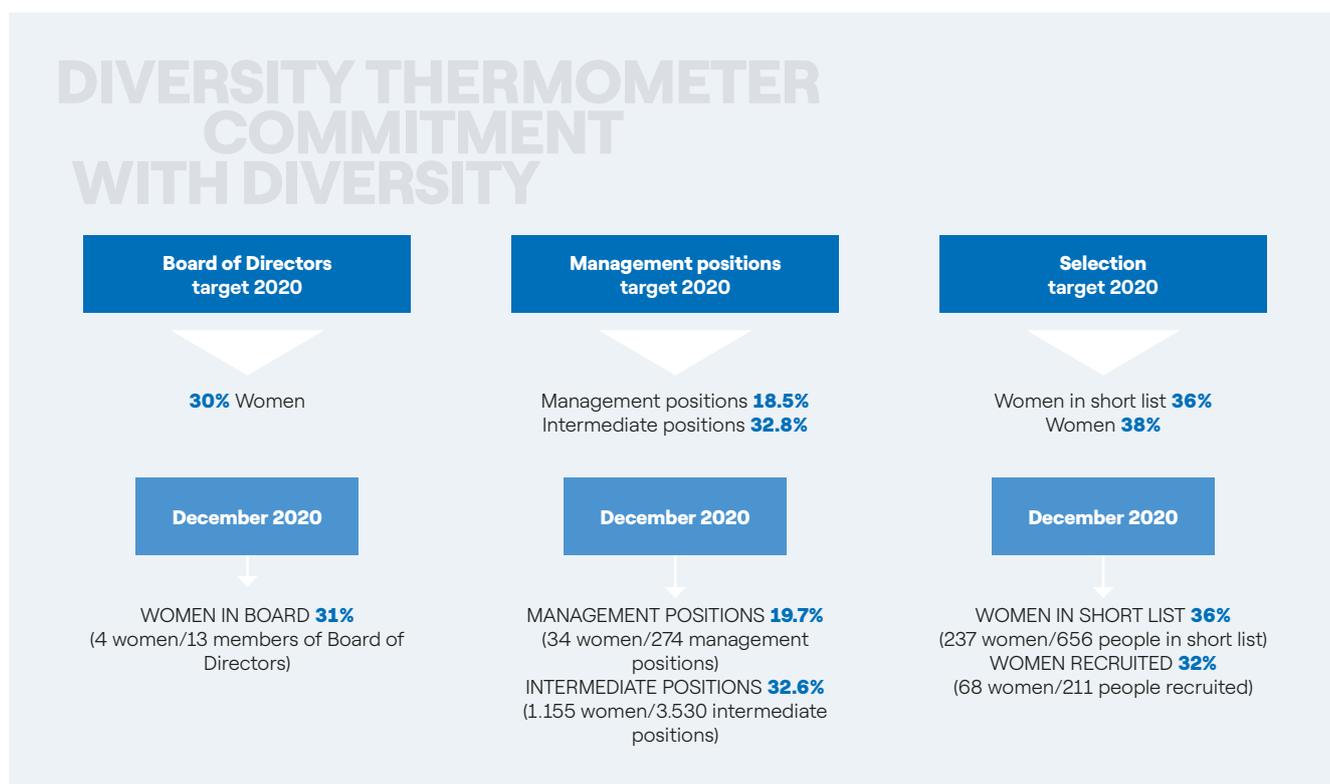
		2021-2023 Targets			
		2020	2021	2022	2023
Increase the presence of women in positions of responsibility (%)	Management Positions <sup>1</sup>	18.5	20.0	20.0	20.5
	Intermediate positions <sup>1</sup>	32.8	33.0	33.3	33.5
Promotion of gender diversity in selection processes (% women)		36	50	50	50
Promotion of gender diversity in personnel recruitment (global% of women)		38	39	39	40
Professional guidance in STEM areas for women		>2,500 women involved in the period 2020-2023			

Every month, the data and results of the actions carried out in the area of gender diversity are published and the evolution is analysed, with respect to the objectives set for 2020.

Compared with the previous year, the number of women in selection processes has increased, as well as the number of women on the Board of Directors, and in positions of responsibility:

In 2020, the percentage of women hired reached 32%.

Regarding positions of responsibility, the percentage of women in managerial category positions in 2020 reached 32.6% in middle management, only 0.2% from achieving the goal, and 19.7% in management positions, compared with 18.7% in the previous year.



## 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.

In addition, ENDESA has defined a Gender Diversity Action Plan, aligned with the Diversity and Inclusion Policy, aimed at three main objectives: increasing the presence of women in the company, increasing the presence of women in positions of responsibility and guaranteeing equal pay. To achieve these goals, various initiatives structured around three pillars are developed: Attraction of talent, Awareness and Promotion of female leadership. In addition, complementary communication actions are carried out, external commitments are established and the evolution of the actions and their impact are monitored.

## Voluntary Commitments with the Administration

Within the framework of the voluntary commitments that ENDESA has acquired with the Ministry of Health, Social Services and Equality (hereinafter the Ministry), the following should be noted:

- > Company Equality Badge
- > Initiative "More women, better companies"
- > Initiative "For a society free of gender violence"

There are also commitments with other entities and public reports of the objectives:

- > Equality Plan in the 5th Framework Agreement
- > CEOs for Diversity (since 2019).
- > Sustainable Development Goal: SDG 5: Gender equality.

<p><b>TALENT ATTRACTION</b></p> <ul style="list-style-type: none"> <li>&gt; Implement new wording with inclusive language in the selection processes</li> <li>&gt; Ensure parity in the selection processes</li> <li>&gt; STEM actions to improve vocations:               <ul style="list-style-type: none"> <li>• Orienta-T</li> <li>• Desmontando estereotipos</li> </ul> </li> </ul>	<p><b>SENSIBILIZATION</b></p> <ul style="list-style-type: none"> <li>&gt; HER training on unconscious biases</li> <li>&gt; Cross-sectional product "Conscious decisions"</li> <li>&gt; Action map preparation for CEOs for Diversity</li> </ul>	<p><b>CONCILIATION</b></p> <ul style="list-style-type: none"> <li>&gt; Equality Plan: 68 measures in the Agreement</li> <li>&gt; Executing the "Parental Program"</li> <li>&gt; Availability of the "Managing children" platform</li> </ul>	<p><b>WOMEN LEADERSHIP</b></p> <ul style="list-style-type: none"> <li>&gt; "Take the Lead" Training</li> <li>&gt; "Woman Mentoring" Program</li> </ul>
<p><b>COMUNICACION</b></p> <ul style="list-style-type: none"> <li>&gt; International Women's Day</li> <li>&gt; International Day for the Elimination of Violence against Women. Diversity Thermometer Video (Positive People, Newsletter)</li> <li>&gt; We Accomplish Together: SDG 5</li> <li>&gt; Days and Inclusion Days</li> <li>&gt; Dissemination of campaigns and initiatives on Social Networks</li> </ul>	<p><b>KPI TRACKING/REPORTING</b></p> <ul style="list-style-type: none"> <li>&gt; Quarterly Diversity Report</li> <li>&gt; Diversity Thermometer</li> <li>&gt; Monitoring of the Equality Commission (Social Representation)</li> <li>&gt; Bloomberg Gender-Equality Index</li> <li>&gt; MERCO Report</li> <li>&gt; Equality Distinctive renovation</li> </ul>	<p><b>COMMITMENTS</b></p> <ul style="list-style-type: none"> <li>&gt; Ministry of Equality</li> <li>&gt; Protocol «More Women better companies»</li> <li>&gt; CEOs for Diversity</li> </ul>	

## Company Equality Badge

As a result of ENDESA's commitment to equality, the Ministry granted ENDESA in 2010 the "Equality in the Company" badge, which has been renewed every three years since then. The monitoring reports required in order to maintain the badge are presented annually, and in 2020 the third extension of the badge was requested. Furthermore, ENDESA is part of the Business Network with the Equality badge and has actively collaborated in the different initiatives promoted by this Network.

## Initiative "More women, better companies"

Within the framework of the "More women, better companies" initiative, with which ENDESA has been collaborating since 2014, it maintains its commitment to the Protocol 2019-2023 to promote a balanced participation of women and men in pre-managerial and managerial positions and 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 objectives committed to in this Protocol are monitored through biannual reports.

## CEOs Alliance for Diversity

In addition to the commitments signed with the Ministry, ENDESA has maintained its commitment to the CEOs Alliance for Diversity in force since 2019, promoted by the Adecco and CEOE foundations. By signing the Alliance, the CEO of ENDESA recognises diversity, equity and inclusion as fundamental values that enrich companies and strengthen their competitiveness. And he undertakes to promote diversity strategies at ENDESA, to involve its Management Committees and to create a common vision of diversity.

## Convention Equality Plan

[103-1 Employment Management Approach](#)

[103-2 Employment Management Approach](#)

[103-3 Employment Management Approach](#)

ENDESA has an Equality Plan that contains Human Resources Policies that promote the implementation of the

necessary actions to facilitate the inclusion of women in decision-making positions and with greater amounts of responsibility.

The plan has been negotiated and agreed with the Social Representation, and its application is supervised within the framework of the Equality Commission. It is structured in 4 sections:

- > Measures aimed at promoting equal treatment and opportunities between women and men.
- > Measures relating to the reconciliation of personal and family life with working life.
- > Specific measures for the protection of pregnancy, of the biological mother, of the other parent other than the biological mother and for the care of the breastfeeding infant.
- > Special measures for the protection of victims of gender violence and victims of terrorism.

The Plan guarantees the effective application of the principle of equal remuneration for work of equal value and, specifically, the non-existence of remuneration differences based on gender.

Likewise, the Plan includes the possibility of adapting the working day, through flexible hours, a temporary change in hours, reductions of working hours, and family care leave. Likewise, it has specific measures for the protection of pregnancy and maternity, and special measures for the protection of victims of gender violence. As a tool to help in the care of children, for both mothers and fathers, the Plan foresees the establishment of agreements with kindergartens, and raising awareness of equality through information and communication.

In this way, in Spain all the measures provided for in the Equality Plan have been developed. Its evaluation and monitoring is carried out jointly by the Company Management and the Social Representation, through the Joint Equality Commission provided for in the aforementioned Collective Bargaining Agreement.

Finally, as part of the fight against gender-based violence, it should be remembered that ENDESA's Equality Plan, included in the Collective Framework Agreement, includes special measures for the protection of victims of gender violence.

### 6.1.3. Promotion of other issues of diversity (age, nationality and disability)

	Programmes
Age	<ul style="list-style-type: none"> <li>&gt; Mentoring programmes are intended to support employees in their main transition periods, and especially after being hired by the Company.</li> <li>&gt; <b>Knowledge transfers:</b> include mentoring programmes and internal training actions.</li> <li>&gt; <b>Our greatest Values:</b> initiative to recognise the professional trajectory of older people.</li> </ul>
Nationality	<ul style="list-style-type: none"> <li>&gt; <b>Tutoring for expatriates:</b> assignment of a tutor from the country of destination who helps and supports them during their expatriation period.</li> </ul>
Disability	<ul style="list-style-type: none"> <li>&gt; <b>Family Plan of the Adecco Foundation:</b> counselling and assistance therapies for family members with disabilities.</li> <li>&gt; <b>Specialised</b> confidential consultation service to provide information and advice on disability from the Randstad Foundation.</li> <li>&gt; <b>Training for people in the People and Organisation function</b> to broaden their knowledge of disability and raise awareness of the importance of the inclusion of persons with disabilities in the workplace and of all current regulations in this area.</li> <li>&gt; <b>Awareness</b> activities for the entire staff on Diversity Days.</li> </ul>

#### 405-1

The Company has provided support service to the 82 employees with disabilities that we have this year in the workforce.

#### PERSONS WITH DISABILITIES HIRED

	2018	2019	2020
	76	79	82

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 signed up to "The Valuable 500", an initiative aimed at 500 private sector companies with the aim of promoting and integrating the business, social and economic value of people with different capabilities around the world. The company, which already has disability on the agenda of its Board of Directors, has thus acquired a public commitment to action on disability. For more information see section 8. THE VALUABLE 500 in the chapter Commitment to sustainability.

#### Integration and universal accessibility of people with disabilities

ENDESA complies with current regulations on disability, as approved in the General Disability Law, ENDESA also complies with all local regulations and building codes applicable in the countries where it operates in terms of accessibility to its facilities for people with disabilities. In this regard, ENDESA has Operational Instruction 715 of

the Comprehensive Office Improvement Project, in whose Manual of Construction Standards for ENDESA offices, it is established that "It is essential that in all buildings access and use is facilitated that is non-discriminatory, independent and safe for people with disabilities", defining the parameters of accessibility that, apart from current legislation, must be mandatory in all company buildings. ENDESA develops actions in the field of integration of people with disabilities, collaborating with foundations working to this end.

## 6.2. Reconciliation of professional, personal and family life

[103-1 Employment Management Approach](#)

[103-2 Employment Management Approach](#)

[103-3 Employment Management Approach](#)

In 2020, 7,583 employees (2,218 women and 5,365 men) benefited from some form of action aimed at reconciling professional, personal and family life at ENDESA.

#### NUMBER OF EMPLOYEES WHO BENEFITED FROM THE INITIATIVES TO PROMOTE WORK-LIFE BALANCE IN 2020

Women	2,218
Men	5,365

ENDESA continued to take steps to consolidate its flexible working environment which is designed to enable its employees to strike a balance between personal, family

and professional life. The measures that the Company is taking to facilitate the reconciliation of work and personal life fall into five main groups: quality of employment (permanent contract, pension plans, health and well-being, support for expatriates, etc.), temporal and personal flexibility (reductions in working hours, leave of absence, paid leave, etc.), support for the family (leave of absence, leave and flexibility for the care of family members, help for elderly dependants, etc.), professional development (professional / technical training / skills training / language training, volunteer programmes, coaching, etc.) and equal opportunities (professional assistance for victims of gender violence, medical advice, etc.).

In 2020 ENDESA has continued to offer its people measures that allow the working day to adapt to their needs, through time flexibility, temporary changes to hours, reductions in working hours, family care leave, paid leave, unpaid leave and absences and telework.

Among these measures, ENDESA has continued to promote the "Work Out of the Office" project. Up until March 2020 this innovative form of work based on trust allowed employees greater flexibility and independence in choosing spaces, times and forms of work. As a result of the COVID-19 pandemic, the "Work Outside the Office" modality has evolved to respond to the legal requirements derived from the implementation of the State of Alarm at the start of the pandemic in Spain. More than 6,000 people began to do their work in Telework mode, to guarantee their health and safety against contagion. Throughout 2020, teleworking has continued to be applied in all those cases in which it is possible to carry out the activity remotely, as a way to preserve health against contagion, while continuing to accompany people to maintain motivation and results.

Furthermore, the "Days without school" programmes and the camps have continued to offer employees' children a leisure alternative to provide solutions on days or holidays when the employees have to work and need to reconcile their professional, personal and family life.

In the Barcelona, Madrid and Seville offices, in order to favour women who have been mothers, the breastfeeding room service has continued to be offered.

ENDESA is a company firmly committed to its employees' health, and has been promoting the Training Programme since 2011. This programme encourages the practice of sport, through a company subsidy to employees for a maximum of 25 euro per month. During 2020, 4,650 employees, 3,223 men and 1,427 women enjoyed this programme.

#### TOTAL NUMBER OF PEOPLE BY TYPE OF MEASURE (\*)

Work Out of the Office	6,180
Train Yourself programme	4,650
Flexible timetable	2,152

ENDESA makes a specific Offers Channel available to all its people as employees. 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 also open to solidarity, since there is a section for donations to different social entities aimed at improving the living conditions of those most in need.

In 2020, ENDESA has continued to make its "To Do" room available to its employees at the Madrid headquarters, which, working continually and through on-line payment, brings together services that help facilitate the employees' lives, such as shoes and clothing, dry cleaning, laundry, financial advice and the repair of mobile phone, tablets and PCs.

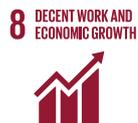
There is also an app that allows people to use services such as car pooling, car e-sharing with a fleet of electric vehicles for professional use, cleaning and car repairs, yoga classes, pilates and maintenance gymnastics, nutritionist and travel agency.

401-3

#### LEVELS OF RETURN TO WORK AND RETENTION AFTER MATERNITY OR PATERNITY LEAVE, BY SEX (NUMBER)

	2018		2019		2020	
	Paternity	Maternity	Paternity	Maternity	Paternity	Maternity
Employees taking leave	235	102	265	82	237	89
Employees who returned to their jobs after their leave	215	77	262	67	235	82
Employees who returned to work after their leave ended and who remained in their posts for twelve months after returning to work	175	76	230	96	260	67

# Responsible relationship with communities



	Line of action	2020 Objective	2020 Profit/Loss	Key actions
Local communities	Access to energy (Number of beneficiaries)	300,000	225,563	During the confinement period it supplied free energy to field hospitals and medical hotels.
	Education (Number of beneficiaries)	52,000	112,365	In 2020, actions were developed to minimise the digital divide for students and teachers in the new post-COVID relationship model.
	Socio-economic development (Number of beneficiaries)	130,000	139,228	ENDESA provided advice and digitisation solutions to SMEs, VSEs and the self-employed as an element for their economic reactivation: training, mentoring, microcredits and digitisation.

## 1. ENDESA'S commitment to communities

- 413-1 103-1 Indirect economic impacts Management approach
- 103-2 Indirect economic impacts Management approach
- 103-3 Indirect economic impacts Management approach
- 103-1 EUSS Local communities Management approach
- 103-2 EUSS Local communities Management approach
- 103-3 EUSS Local communities Management approach
- 103-1 Local communities Management approach
- 103-2 Local communities Management approach
- 103-3 Local communities Management approach

ENDESA's commitment to the development of the communities in which it operates is part of the Company's Creating Shared Value (CSV) Policy, which establishes the general principles and the methodology for the implementation of actions that allow the value that business

assets and projects can contribute to local communities to be maximised. This perspective makes it possible to combine the objectives of the company with the priorities of local stakeholders. It is proposed with the ultimate objective of legitimising the business throughout the entire value chain and consolidating its sustainability through roots and acceptance in the communities, promoting progress in the local environment where it operates.

## 2. Action under the CSV approach

- 413-1 103-1 Indirect economic impacts Management approach
- 103-2 Indirect economic impacts Management approach
- 103-3 Indirect economic impacts Management approach
- 103-1 Local communities Management approach
- 103-2 Local communities Management approach
- 103-3 Local communities Management approach

# CSV METHODOLOGY



ENDESA, since 2016, has been in a process of integrating sustainability into business strategy and operations under the CSV approach. To this end, an exhaustive and rigorous accompanying methodology is applied to the company's assets in 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.

The application of the CSV Process has four phases, that begin with an analysis of the local environment where the asset or project is located. This is followed by a phase of dialogue with local interest groups in which they are shown the asset or project and invited to express their perceptions and sensitivities about it. Through a participatory process, we move on to phase 3, preparing the

CSV plan, which is carried out jointly with the stakeholders, and whose objective is to maximise the positive impacts that the project or asset can generate in that local environment, also minimising negative impacts. Finally, in phase 4, the actions included in the CSV plan are monitored and updated with the required frequency according to the nature of the actions and the evolution of the environment.

The progressive implementation of the CSV model is planned in all of the Company's businesses. Implementation in the Distribution business line has started, and it has been implemented in 100% of the thermal and renewable generation facilities throughout the value chain, with different degrees of progress.

CSV processes at ENDESA\*

	 Thermal Generation	 Renewable Generation	 Infrastruct. and networks	Total
<b>Business Development</b>	2	12	0	14
<b>Engineering and Construction</b>	9	26	1	36
<b>Operation</b>	21	249	0	270
<b>Total</b>	32	287	1	320

\* Application of a CSV process is considered to mean the use of at least one CSV tool in relation to an asset or project. CSV applications in the "Business Development" or "Engineering and Construction" phase may be related to assets in operation where modernisation projects are being carried out.

In 2020 there were 320 applications of the CSV model in 313 facilities at different stages of the value chain. ENDESA, within the Strategic Plan, has a very demanding path towards decarbonisation, with a complete restructuring of the generation mix in just 2-3 years. And this change in the energy model is being carried out in a responsible way with local communities. In all actions addressed by the generation business, special focus is placed on local communities. Each of the renewable construction projects is accompanied by a specific CSV plan. And all thermal power plants in operation have a CSV monitoring process. In the rest of the assets, a progressive implementation plan has been defined with a calendar scheduled for 2021. Finally, the four projects for the total closure of coal plants that ENDESA has currently presented are accompanied by a Future Plan that is pre-

presented to the competent Ministry on a voluntary basis and with the aim of mitigating their negative impact on the local community.

## 2.1. CSV support to new renewable park construction projects

It is proposed with the aim of promoting the link between the asset and the local community from the earliest phase of the asset, with the construction project, and then for more than 25 more years of the parks' operation. The support takes shape through CSV plans, which in this engineering and construction phase have 3 lines of action:

## EXAMPLES OF CSV PLANS IN RENEWABLE CONSTRUCTION PROJECTS

### SUSTAINABLE CONSTRUCTION



- > **Autonomous photovoltaic panels**, with donation for public use\*.
- > **Rainwater collection tanks**, with a future donation for public use.
- > **Lighting and efficient lighting in sites.**
- > **Recycling of waste and composting** of the organic fraction.
- > **Electric vehicles** for E&C equipment and charging points\*.
- > **Defibrillators.**
- > Early communication of the project to the community (**panel site and open day**).

\* Clima Projects

### TRAINING AND LOCAL EMPLOYMENT



- > **Training of the local population** in:
    - panel mounting (solar).
    - operation of renewable plants.
    - ORP of the construction sector.
  - > **Promotion of local hiring** for work on construction projects.
  - > **Facilitation of purchases from local SMEs** and use of services in the area (restaurants, hotels,...).
- In closures: Promotion of **local activity associated with a second use of the site**. Futur E.
- In renewables: Promotion of **primary sector activities** with local stakeholders for shared use of land (agrivoltaic, beekeeping, livestock...).

### SUSTAINABLE MUNICIPALITIES



- > **Energy efficiency measures in the municipality.**
  - LED lighting.
  - Efficient lighting in public buildings.
  - Energy audits.
  - Solar panels for consumption and pumping.
  - Electric mobility.
  - Sistemas digitalización.
- > **Energy advisers** in schools in the area.
- > **Training for NGOs and social services** for efficient uses.
- > Actions to **support forest management and mitigation of fire risk** in the area.

- > Sustainable engineering and construction, with initiatives that go beyond what is required by environmental regulations in the construction of renewable parks.
- > Promotion of employment and improvement of the employability of the local population:
  - Training courses, which allow the recycling of the local population in the renewable sector, with growth potential in the area:
    - Trackers and photovoltaic panels assembly course. During 2020, 413 people in the construction project environment received this training.
    - Operation and maintenance courses in renewables. During 2020, 103 people around the construction projects received this training.
  - Promotion of activities with benefit to the community that allow hybridisation between solar parks and the primary sector (agrivoltaic and beekeeping projects). ENDESA is developing 2 agrivoltaic projects in Totana and Valdecaballeros and plans to implement in 2021 three new initiatives in La Vega I and II, in Malaga, Las Corchas and Los Naranjos in Seville, and Augusto in Badajoz. These projects consist in incorporating different crop varieties (aromatic, different types of cereal, and some fruit and vegetables) between the solar panels, seeking sustainable exploitation models, which are respectful of the environment and carried out with the participation of local communities. Additionally, in Las Corchas and Los Naranjos a pioneering project has been implemented consisting of the installation of an apiary - “solar apiary” - within the photovoltaic plant for the production of honey by local beekeepers. This apiary is also planned to be a training space where training courses will be developed and where different technological solutions will be piloted in the field of beekeeping. This increases the productivity of the crops (due to the pollination work carried out by the bees), and constitutes a dynamic element of the local socioeconomic development.
- > Actions of sustainable municipalities: With the implementation of actions in the municipalities where the parks are located, which allow them to become a reference for energy transition, incorporating sustainability in energy consumption and efficiency. Renewables in production and efficiency in consumption.

## 2.2. CSV support to facilities in operation

The CSV accompaniment in the generation plants is framed under the implementation of the Sustainable Plant model that combines sustainable operational efficiency measures (optimisation of water and waste management, reduction of emissions, etc.) with a focus on approach and participation of local communities, to develop the integration of the asset with its environment, promoting local development and a long-term sustainable relationship.

- > In 2020, the implementation of the model was launched in 12 renewable plants (9 hydraulic and 3 wind) through sustainable efficiency measures and with the aim of measuring the impacts of the operation's activities on waste (reuse of sediments, reuse and recycling of river debris, etc.), emissions (use of electric vehicles by operation and maintenance personnel, LED lighting, etc.), water and people (promotion of sustainable tourism, sustainable maintenance of operational excellence, promote the increase from farm income, protection of wildlife near transformers, etc.). Its objective is to mitigate negative impacts and maximise positive ones under the approach of creating shared value, promoting the circular economy, through specific action plans.
- > In thermal generation, the plants with the greatest progress in CSV plans are the thermal generation facilities in the Canary Islands and the Balearic Islands where, apart from their operation, projects are being developed to adapt to European emissions regulations. However, shared value actions have been developed in all thermal generation assets. In addition, the deployment of the sustainable plant model has begun, the implementation of which is scheduled for 2021.

## 2.3. Support to decarbonisation projects: Futur-e Plans

ENDESA maintains a firm commitment to the decarbonisation of society, as indicated in the 2021-2023 ENDESA Strategic Plan.

From its commitment to local communities, together with the closure request, ENDESA has voluntarily submitted

Future Plans that contribute to mitigating the negative impacts derived from the closure in the affected areas.

The Future Plans have 4 main lines of action:

- > Proactive job search for directly affected staff members. ENDESA will respect the jobs of all plant employees, trying to minimise their geographical mobility. Likewise, the company will prioritise the hiring of personnel from the surrounding area to undertake the dismantling of the plants, as well as the development of new renewable facilities.
- > Promotion of economic activity and employment. With the commitment to the development of the local community with a focus on attracting investment and generating employment in the vicinity of the closures, through own investment in renewable generation in those locations where it is viable and/or the search for alternative uses to placement in those locations where the above is not feasible. The latter is managed through an ideas competition, so that companies, institutions and other public and private agents can present viable alternatives, through a participatory, transparent and open process, in order to seek investment and job creation projects on the site of the plants or in their surrounding areas.
- > Education and training to improve employability. Aimed at the population of the area of influence and focused on training in skills necessary for the dismantling of the plants and construction and operation of the new renewable parks.
- > Sustainability in the municipality. Destined to mitigate the impact derived from the closure in the municipality where the plant is located.

Specifically, in axis 3 of Training and training, it is planned to provide training to 2,400 people. In 2020, five risk prevention courses have already been given in the dismantling of plants in Compostilla and Teruel, having trained 200 people. This training is carried out with the collaboration of local entities.

Additionally, local contracting is being prioritised both for projects for the dismantling of plants in closure and for the construction of new renewable power in the area, through the inclusion of a binding percentage (minimum 30%) of local contracting in tenders, with an incentive mechanism in a range of up to 80%.

## 3. Sustainability projects: categorisation

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Sustainability projects are initiatives promoted, supported, managed and/or subsidised by the company on a voluntary basis and aligned with the needs of the environment, which generate a benefit in the society in which it operates, beyond the normal management of the business, or that promote efficiency or improvements in the management of the company internally.

This approach allows combining the activity in the social sphere of the company with the priorities of the stakeholders, to respond to the strategic priority of "responsible relations with the communities" to face three critical factors identified, according to the 2020 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 socio-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 for the protection of the health and safety of the communities, in a year governed by an unprecedented health, economic and social impact derived from the COVID-19 pandemic.

To meet these challenges, three areas of action have been identified:

- > Promotion of active listening to social and institutional agents, establishing collaborative alliances and creating shared value that promote local roots and social trust.
- > 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 so-

ciety on its performance and thus bringing the business closer to citizens.

- > Launch of the ENDESA Plan for Public Responsibility in the face of COVID, endowed with Euros 25 million, in order to alleviate the health, economic and social emergency situation in which the country has been immersed due to the COVID-19 pandemic. For more information see section 2.3. ENDESA's plan for the health emergency in the chapter Commitment to sustainability.

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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.

Regarding the implemented categorisation of projects, 4 groups of projects with impact on the communities are established, and a fifth group internally, related to sustainable operational efficiency, performance of which has already been commented on in section "2.2. CSV support to facilities in operation." So, from now on, the analysis focuses on categories 1 to 4.

## SUSTAINABILITY PROJECTS: CATEGORISATION OF PROJECTS/INITIATIVES

### 1 ACCESS TO ENERGY



Projects related to energy that contribute:

- > Minimisation of economic barriers to vulnerable groups.
- > Education and training in the field of energy.
- > Technological or infrastructure accessibility.
- > Promotion of energy efficiency.
- > Promotion of energy knowledge.

### 2 SOCIOECONOMIC DEVELOPMENT



Projects that promote the economic development of the communities:

- > Improving employability.
- > Infrastructure development.
- > Transfer of skills and knowledge to communities.
- > Support for local business activities.
- > Community network.

### 3 EDUCATION



Activities that involve children, schools, institutes, universities, research and development centres, etc. (Not related to energy).

### 4 SUPPORT TO COMMUNITIES

Activities unrelated to energy or economic development that help communities and promote their well-being:

- > Support for family and social services.
- > Investing in local events and initiatives.
- > Promotion of culture.
- > Promotion of sport.
- > Promotion of health and safety.
- > Protection of the environment and biodiversity.

### 5 OPERATIONAL EFFICIENCY THROUGH SUSTAINABILITY

Projects not referring to normal business operations, but to initiatives that provide internal efficiency under a sustainable approach, having defined its scope, measurement, result and created value:

- > Efficient use of water resources.
- > Mitigation of environmental impacts.
- > Efficient use of energy.
- > Efficient use of information technologies.
- > Corporate life (axis: work-life balance, diversity, etc.).

- Community-focused social projects.
- Internal projects in include the actions of sustainable assets.

The sustainability projects will be projects:

- > That accompany the business, generating value for the local community.
- > Responding to material issues in the social sphere of stakeholders.
- > With a special focus on sensitive groups (families in vulnerable situations, infancy and youth, the elderly, unemployed, new entrepreneurs, etc.).
- > Managed in collaboration with the social representatives of the communities participating in the project.
- > With continuity in time and potential to repeat successful actions.
- > With obvious and measurable benefits for society and returns in the company.
- > With systematic and transparent account rendering, adequately communicated to society.

## 4. Details of sustainability projects

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### 4.1. Energy access projects



ENDESA is committed to the development and well-being of the company, which cannot occur without having access to a basic commodity such as energy. In this regard the company promotes initiatives, aligned with its core business, that minimise economic barriers to vulnerable groups, offer training in the field of energy, ensure technological or infrastructure accessibility and promote energy efficiency and awareness about its use. In this way ENDESA contributes to the SDG 7, establishing a public commitment of 700,000 beneficiaries in this type of project for the period 2015-2030.

In 2020 and according to LBG methodology, ENDESA invested more than Euros 2.6 million in social projects in this area, with the management of 35 initiatives that benefited more than 225,500 people. It should also be noted that, included in this category, for example, is the initiative of free supply to medical hotels and field hospitals, which was carried out during the period of confinement. Likewise, in the category of "Access to energy", among other actions, employability and job creation in the energy sector are promoted as there is a subcategory "Training and qualification in the field of energy" that frames courses, internships and creation of professional opportunities for unemployed people. In 2020, close to Euros 349,000 was invested in 13 projects of this type that benefited 1,031 people.

Some of the most relevant projects stand out:

Category	Subcategory	Project	Description	Results 2020	Scope	Volunteering	Project partners
Access to energy	Minimisation of economic barriers	Energy Volunteering	Aimed at households that are in a situation of energy poverty, with two levels of action: Recommendations to families for the optimisation of their electric bill and the reduction of their energy consumption, including distribution of efficiency kits for DIY and identification of risk situations in the electrical installations of the most vulnerable homes, which are subsequently corrected by certified installers.	153 families	Aragón, Catalonia, Andalusia, Northwest, Canary Islands, Balearic Islands	109 ENDESA employees 214 hours in business hours	Red Cross Ecodes
			The project was halted in the first half of 2020 due to the pandemic, and in the second half it was resumed in online format. It is currently in process				
		Training in efficient energy consumption habits and optimisation of the bill	Programme of training courses aimed at workers of social entities in matters such as energy saving and efficiency measures, new social bonus, optimisation of the electricity bill or protection against cuts due to non-payment so that, in this way, they can better develop their advisory work and support for families in vulnerable situations. Currently in online format.	136 institutions 21,710 people in energy poverty benefited Course rating: 4.5/5	General Spain, Andalusia, Extremadura and Aragón		ACA EAPN-ES
	Promotion of energy awareness	Open plants	Educational visits organised to the thermal and renewable generation plants by local primary and secondary school pupils. The initiative was launched in the first quarter of the year, and came to a halt in March.	465 students 23 schools	Thermal power plants of the Canary Islands and the Balearic Islands. Renewable plants in Northwest and the Canary Islands		Schools and institutes in the areas
	Employability and job creation in the sector	Vocational training in the electricity sector for people at risk of exclusion.	Promoted by the ENDESA Foundation, its aim is to improve the employability of young people and adults in a situation of special vulnerability, as well as the long-term unemployed.	512 people trained	Palma de Mallorca, Ponferrada, Tenerife, Huelva, Mondoñedo-Ferrol, Huesca, Tarragona and Madrid	9 ENDESA employees 36 hours during business hours	Cáritas Diocesana, Asociación Norte Joven, Asociación Padre Pulgar and Fundación Magtel

## 4.2. Community Socio-Economic Development Projects (\*)



ENDESA is committed to the socioeconomic 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 contributes to the SDG 8, establishing a public commitment of 1.9 million beneficiaries in this type of project for the period 2015–2030.

This area encompasses projects unrelated to energy that contribute to employment development, infrastructure development, skills transfer and training and support to local business activities.

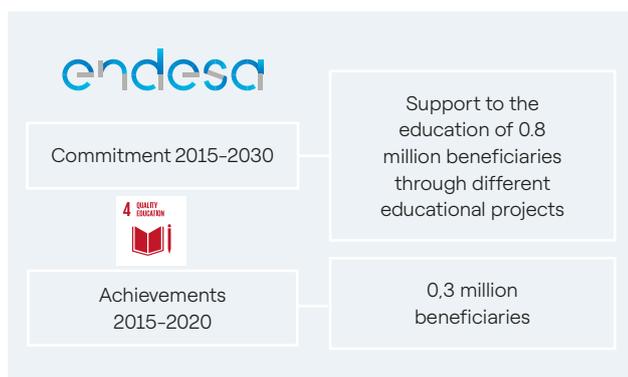
In 2020 the company invested more than Euros 9.7 million according to LBG methodology in this type of initiative, representing 29% of the total investment, with the management of 93 projects (48 in 2019) that benefited more than 139,000 people. Of these, 48 projects correspond to the second phase of the ENDESA Plan for Public Responsibility for COVID, many of which will be developed throughout 2021. For more information see section 2.3. ENDESA's plan for the health emergency in the chapter Commitment to sustainability.

## 29% of social investment in Spain and Portugal according to the LBG methodology, was allo- cated to socio-economic development projects.

We highlight some of the most important initiatives:

Subcategory	Project	Description	Results 2020	Scope	Volunteering	Project partners
Employability	Training in occupational risk prevention - Canary Islands	Framed in the CSV Plans of generation plants in the Canary Islands, this initiative aims at the socio-labour inclusion of groups in vulnerable situations through training designed to encourage their inclusion in the labour market. The training coincides with the improvement works that are being undertaken in the power plants in order to improve the training of the unemployed in the municipalities and promote contracting between local companies.	92 beneficiaries	Granadilla and Candelaria thermal power stations (Tenerife) and Barranco de Tirajana thermal power station (Gran Canaria)		Red Cross Municipalities of Candelaria, Granadilla de Abona and San Bartolomé de Tirajana
	Savia	Initiative of the ENDESA Foundation whose purpose is to help the more than one million unemployed people over 50 years old in Spain, helping to create a movement of change in favour of senior talent, generating new professional opportunities and creating a meeting and innovation space to develop initiatives that increase the employability of the elderly. At the same time, it offers the business community (start-ups, SMEs, NGOs, training centres, etc.) the experience of these professionals to strengthen their organisations.	30,000 beneficiaries of the activities.	General Spain	30 ENDESA employees 120 hours during working hours	Mashumano Foundation
Support for local development	Assignment of the use of company assets	ENDESA transferred the use of multiple assets and facilities of the company in 2020 to Municipalities and other social institutions, in order to promote the social and economic development of the communities, to promote the tourist activity of the area and to stimulate the local economy. Examples of this would be the transfer of Ademuz and Vallanca land and buildings, the rehabilitation of the bell tower of the church of San Miguel de Jánovas (Huesca) or the transfer of ENDESA premises in Adamuz to the Parish of San Andrés, in Córdoba.	More than 22,000 local beneficiaries	Rural villages Spain (Castell de Mur, Espot, La Guingueta d'Aneu; La Torre de Capdella; Lladorre; Poba de Segur; Tremp, Vielha, Lepe, Ademuz and Vallanca, Jánovas, Llavorsí, Talarn, Compostilla, As Pontes, Espiñaredo and Adamuz.)		Municipalities of La Guingueta, Castell de Mur, Espot, Torre de Capdella, Llavorsí, Caspe, Lepe, Ademuz, Vallanca, Talarn y As Pontes, Forestalia, Parroquia de San Andrés, Centro Excursionista de Cataluña; Club Nautic; Consell Generau de la Vall d'Aran; Federació de Entidades Excursionistas de Cataluña; Forestal Catalana

### 4.3. Education Projects



ENDESA is committed to promoting access to inclusive and quality education, through support for training activities that involve students, families, colleges and universities and the promotion of academic training, in general, not related to energy. In this way ENDESA contributes to SDG 4, establishing a public commitment of 800,000 beneficiaries in this type of project for the period 2015-2030.

In 2020 and according to the LBG methodology, the Company invested more than Euros 4.3 million in this type of project, representing 13% of the social investment with the management of 56 actions that benefited more than 112,000 people (73,000 in 2019). This increase is due to

the extraordinary actions to minimise the digital gap in education, carried out within the ENDESA Plan for Public Responsibility against COVID. For more information see section 2.3. ENDESA's plan for the health emergency in the chapter Commitment to sustainability.

In the educational field, multiple initiatives were developed, among which the following stand out:

Subcategory	Project	Description	Results 2020	Scope	Volunteering	Project partners
Education	ENDESA Red Chair:	In collaboration with Spanish universities, the initiative frames different types of activities that serve as a bridge between the academic and business fields through the holding of seminars, conferences, final projects and doctoral theses, as well as research in the electricity sector.	Estimated about 350 beneficiaries. Initiative affected by lockdown	Andalusia, Aragón, Balearic Islands, Canary Islands and Catalonia		University of Seville, University of the Balearic Islands, University of Las Palmas, University of Catalonia (UPC) University of Zaragoza (UZ)
	Virtual campus "Gigantes"	Initiative focused on education, the values of sports, entertainment and helping families with healthy activities for children during the post-confinement period.	400 children	General Spain		Gigantes Campus
	RetoTech Foundation ENDESA	Technological challenge ENDESA Foundation for the training of teachers and students of 110 Education centres of the Madrid, Aragón and Andalusia Regions in technological entrepreneurship, reinforcing knowledge in creative technology through programming and robotics.	7,040 beneficiaries between teachers and students	Madrid, Aragón and Andalusia		Departments of Education of the Autonomous Regions of Madrid, Aragón and Andalusia
	Donation of material to support inclusive education	ENDESA in Portugal donated computers and furniture to associations, NGOs and educational centres to minimise the digital divide and facilitate access to education for groups in vulnerable situations	877 beneficiaries	Lisbon (Portugal)		Comunidade Vida e Paz (Lisbon); Vitae Alcantara - Alcântara Acolhimento Center, Volunteer Firefighters of Vila Nova de Poiares, Salesian College of Manique and Entrajuda

**The economic investment in the education projects of both ENDESA and the ENDESA Foundation amounted in 2020 to more than Euros 4.3 million, according to LBG methodology, with more than 112,000 beneficiaries.**

#### 4.4. Projects in support of 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, preserving their heritage, improving the environment and local biodiversity, promoting sport, encouraging healthy habits and meeting basic needs.

When carrying out these actions, ENDESA is based on the knowledge and sensitivity of each local reality and collaborates with the main social organisations in the environment where it operates, relying on territorial units. This pillar of action had an investment of 50% of the budget according to LBG, which corresponds to almost Euros 17 million, 127 projects managed (75 in 2019) and more than 1.8 million beneficiaries (441,000 in 2019). This increase is due to the extraordinary actions both in the field of health and safety and in the coverage of basic needs, carried out within the ENDESA Plan for Public Responsibility against COVID. For more information see section 2.3. ENDESA's plan for the health emergency in the chapter Commitment to sustainability.

**About Euros 17 million allocated to projects to support local communities, among which the more than Euros 8.8 million stands out, according to LBG, which were allocated to health protection initiatives and the more than Euros 5.3 million to cover basic needs.**

#### 4.4.1. Projects to support the family and social services

ENDESA carried out fifty-three actions in 2020 aimed at alleviating critical situations of families and people at risk of exclusion, of which 43 were framed in the ENDESA Plan for Public Responsibility against COVID. This meant an investment of more than Euros 5.3 million. Of the 10 remaining actions, the following stand out:

Category	Subcategory	Project	Description	Results 2020	Scope	Volunteering	Project partners
Support to Local Communities	Support for family and social services	Food collection campaign	ENDESA employees in the Canary Islands, both at the Granadilla, Candelaria and Barranco de Tirajana plants and the corporate areas, carried out different campaigns to contribute both financial resources and food, to alleviate critical situations of families in the area	More than 3,000 kg of food. Contribution of more than Euros 4,400. Estimate of more than 900 beneficiaries	Granadilla and Candelaria thermal power stations (Tenerife) and Barranco de Tirajana thermal power station (Gran Canaria)	20 volunteer employees 20 hours during business hours	Municipal Social Services, in collaboration with the Red Cross, Cáritas and other NGOs. "El Rosario" foodbank in Las Palmas de Gran Canarias, Banco de Alimentos de Canarias and the Association "Te Acompañamos"

#### 4.4.2. Culture promotion projects

In 2020 ENDESA maintained its interest in promoting culture in society, collaborating in initiatives such as the Royal Theatre and Friends of the Prado Museum.

#### 4.4.3. Health and safety promotion projects

In 2020, more than Euros 8.8 million were invested in projects of this type (Euros 285,000 euros in 2019) with 45 initiatives that benefited more than 1.2 million people (15,000 in 2019). This increase is due to the extraordinary actions in the field of health and safety, carried out within the ENDESA Plan for Public Responsibility against COVID. For more information see section 2.3. ENDESA's plan

for the health emergency in the chapter Commitment to sustainability.

Of the five actions not framed in said Plan, the following stand out:

Category	Subcategory	Project	Description	Results 2020	Scope	Project partners
		Medical Smile	Collaboration with the NGO Sonrisa Médica ("Medical Smile") in the Balearic Islands, a pioneer in the field of support with "Hospital Clowns" to patients, which serves ICUs and paediatric and chronic care units for implementation of laughter therapy in curative care.	3,360 children cared for 94 face-to-face performances 25 online performances	4 hospitals in the Balearic Islands	Medical Smile
Support to Local Communities	Health and safety promotion projects	Ventilators for the Abrantes hospital	Support in the acquisition of ventilators for intensive care to patients affected by COVID-19	Estimate of more than 390 patients attended	Abrantes (Portugal)	Abrantes Hospital
		Contribution to the fund to fight the coronavirus in Morocco	Contribution for the coverage of social and health needs deriving from the COVID-19 pandemic	Estimate of more than 2,700 beneficiaries	Morocco	Government of Morocco

#### 4.4.4. 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. In 2020 ENDESA allocated more than Euros 424,000 to these projects, according to the LBG methodology. Some initiatives are highlighted:

Category	Subcategory	Project <sup>1</sup>	Description	Results 2020	Scope	Project partners
Support to Local Communities	Research and dissemination on Environmental and Biodiversity issues.	Environmental monitoring of invasive algae species (Rugulopteryx okamuræ).	Evaluation of the impact of these invasive algae on the ecosystem and local species around the industrial areas of the Bay of Algeciras (Cádiz). Characterisation of its annual cycle, strengths and weaknesses, in order to obtain a specific management plan for its control.	The project generates new scientific knowledge about an invasive species that alters the local marine ecosystem.	Bay of Algeciras (Cádiz)	FIUS
	Bird life and other species protection programmes.	Conservation of Endangered Species of Bats (ENDESABATS)	Scientific research that facilitates the increase of knowledge about populations of bat species in hydroelectric power plants of the Noguera Pallaresa river basin (NE Spain). Surveillance of bat groups throughout the year in some places of interest.	Greater scientific knowledge about bats, their needs, preferences and population parameters. Bats are great allies against pests that can degrade agricultural and forest ecosystems or transmit diseases to the human population.	ENDESA Hydroelectric Power Plants	CTFC

<sup>1</sup> See Section 3.3. Environmental restoration of the environmental sustainability chapter for more information.

## 4.5. Corporate volunteering

With its commitment to corporate volunteering, ENDESA cooperates in the development of numerous social development projects with the involvement of its employees. Corporate volunteers are a catalyst for other initiatives and bring the company closer to its stakeholders, fostering the development and commitment of the participants. Furthermore, it constitutes a firm commitment to the development of the communities in which it operates, by offering its own personnel in activities that combine the interest of the Company and its stakeholders, such as providing groups in vulnerable situations with access to energy, promoting employability and quality education, or improving the environment.

In 2020, and as a result of the pandemic, numerous volunteer initiatives were suspended during the first half of the year. During the second half, all those that could be carried out on-line were reactivated. 24 volunteer projects were carried out, involving 485 volunteers during working hours and 69 after-hours. This represents a total of 554 volunteers, of which 69 collaborated in both modalities. A total of 1,341 hours were put in by the volunteers during working hours, which would be valued at more than Euros 59,800, and 207 hours by volunteers who collaborated in their free time.

In the initiatives in which ENDESA volunteers collaborated in 2020, more than 41,000 people benefited.

As an example, the following initiatives stand out:

EU26

Category	Project	Description	Results 2020	Volunteering	Scope	Project partners
Socioeconomic development	Changing lives:	An ENDESA Foundation programme, in collaboration with Fundación Integra, whose objective is to improve the employability of people at risk of exclusion, offering them the necessary tools to integrate into the jobs world. Part of the training is given in schools in which the trainers are ENDESA employees.	712 people trained	130 ENDESA volunteers 520 hours during business hours	Barcelona, Seville, Madrid and Zaragoza	Integra foundation
	Coach Project	Improving the employability of young people at risk of social exclusion, affecting their self-esteem, motivation and professional orientation, using coaching or mentoring techniques T.	14 people trained After going through the programme, 82% of young people passed the course and 76% continued training.	14 ENDESA volunteers 149 hours during business hours	Barcelona, Madrid, Seville, Las Palmas, Valencia	Exit Foundation
Education	SDGs in School:	A dynamic and attractive educational proposal to share the SDGs and the 2030 Agenda with schools and particularly among primary school children, and thus promote their social participation and active citizenship.	Dissemination among the youngest of the values of the UN Sustainable Development Goals to raise awareness and promote responsible citizens. More than 1,000 participating children in 2020	18 ENDESA volunteers 39 hours during business hours	Doñana (Andalusia), Teruel and La Atalaya (Madrid)	Volunteering and Strategy
Support to Local Communities	Kestrel rescue	Kestrel rescue by workers from the Carboneras (Almería) power plant and delivery to the Administration's environmental agents, to enable their reintroduction into the environment once recovered.	Preservation of the biodiversity of the local environment	3 ENDESA volunteers 11 hours during business hours	Carboneras (Almería)	Ministry of Agriculture, Livestock, Fisheries and Sustainable Development

## 5. Quantification of ENDESA's social investment in the community

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For the twelfth consecutive year, the report on ENDESA's social action is presented according to the LBG methodology. ENDESA has been part of the London Benchmarking Group (LBG) Spain working group since 2008. This methodology allows the contributions, achievements and impacts of the Company's investment in social development in society to be measured, managed, evaluated and communicated.

In 2020, and according to the LBG methodology, ENDESA contributed 33.6 million euro in social investment to the communities in the environments in which it operates, 32 million of which are monetary or in-kind contributions.

### ENDESA'S INVESTMENT IN SOCIAL DEVELOPMENT PROJECTS 2020

(thousands of euros)

Area	Money	Species	Time spent	Administrative expenses	Total
Transverse areas and territorial centres	27,778	197	25.3	562	<b>28,563</b>
ENDESA Foundation	3,029	0	33	600.5	<b>3,663</b>
Business Lines	890	113	1.7	358.5	<b>1,363</b>
<b>Total Iberia</b>	<b>31,697</b>	<b>310</b>	<b>60</b>	<b>1,521</b>	<b>33,588</b>

### ENDESA'S INVESTMENT IN SOCIAL DEVELOPMENT PROJECTS (LBG METHODOLOGY)

(%)

Area	2020	2019
Transverse areas and territorial centres	85	23
ENDESA Foundation	11	30
Business Lines	4	47

LBG investment in ENDESA's social projects in 2020 has multiplied over the previous year by more than 2.6, due to the extraordinary budget of the Public Responsibility Plan against COVID, endowed with Euros 25 million euros. For more information see section 2.3. ENDESA's plan for the health emergency in the chapter Commitment to sustainability.

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 exclu-

sively to the contribution of the time used by the company personnel in the management of the projects, since most people were working from home from March and therefore other costs were very limited. It should also be noted that with this investment 311 projects have been carried out (203 in 2019), benefiting more than 2.3 million people (1,070,620 direct beneficiaries in 2019)

It is relevant to note that this year, exceptionally, the bulk of the investment made in social development projects came from the corporate areas, as these were managers of the budget of the ENDESA Plan for Public Responsibility against COVID.

The level of investment in the social sphere for 2020, considering only financial contributions and contribution in kind in kind, represented 2.3% of the net profit from continuing activities attributable to ENDESA shareholders (5.5% in 2019). This is due to the fact that in 2019 the net result attributable to the Parent Company decreased.

## ENDESA'S CONTRIBUTION IN 2020 TO SOCIAL DEVELOPMENT PROJECTS (LBG METHODOLOGY)

(%)

By theme	2019	2020
Education	17	14
Health	22	26
Economic development	37	30
Environment	11	1
Art and culture	11	3
Social welfare	0	10
Humanitarian aid	0	16
Other	2	0

## ENDESA'S CONTRIBUTION IN 2020 TO SOCIAL DEVELOPMENT PROJECTS (LBG METHODOLOGY)

(%)

By nature of investment	2019	2020
One-off contribution	2	77
Social investment	52	11
Initiative aligned with business	46	12

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 2020, a balance was maintained between both categories, with Euros 3.8 million in investment in both, which in turn reflects the long-term strategic commitment to the communities in which it operates under the approach of creating value to be shared between the company and the local community.

Of note is 77% of the investment in one-off contributions, which refer, on an extraordinary basis, to the ENDESA Public Responsibility Plan for COVID. In the same vein and from the point of view of themes, according to the LBG categorisation, it should be noted that 26% of the investment was directed to health protection initiatives. For more information see section 2.3. ENDESA's plan for the health crisis in the chapter Commitment to sustainability. 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 + SPECIES + TIME + MANAGEMENT COSTS

(%)

	2019	2020
Access to energy	37	7
Socioeconomic development	20	29
Education	15	13
Support to Local Communities	28	50
<b>Total (millions of euros)</b>	<b>12.5</b>	<b>33.68</b>

There was a significant percentage increase in investment in projects to support local communities, since this category encompasses both initiatives to cover basic needs and health protection projects, both of which are thematic, along with socioeconomic development (29 % of the total investment), integrated into the ENDESA Public Responsibility Plan for COVID.

Finally, in 2020 there were no physical movements of people from local communities, derived from the company's activities.

## 5.1. Achievements, impacts and returns

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In 2020, the implementation and development of the methodology that allows 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).

In 2020 ENDESA carried out forty-nine measurements of the impacts and quantitative returns of projects planned, in progress or carried out, of which 4 correspond to internal sustainable operational efficiency and 3 were pre-evaluations of initiatives that were put on hold due

to the confinement. The rest – 42 – correspond to social development projects with the following distribution by categories and results.

#### DISTRIBUTION OF SOCIAL DEVELOPMENT PROJECTS WITH QUANTITATIVE IMPACT MEASUREMENT 2020

	2019	2020
Access to energy	11	20
Socioeconomic development	6	9
Education	2	3
Support to Local Communities		
Environment and biodiversity	3	7
Health	0	3
<b>Total</b>	<b>22</b>	<b>42</b>

#### RETURN IN THE COMPANY: EQUIVALENT VALUE PER EURO INVESTED IN A PERIOD OF 5 YEARS

(€)

	2019	2020
Access to energy	0.2	1.8
Socioeconomic development	9	2.1
Education	2	1.3
Support to Local Communities		
Environment and biodiversity	4	12.1
Health	–	3.5
<b>Total</b>	<b>3.4</b>	<b>2.6</b>

#### IMPACT ON SOCIETY: EQUIVALENT VALUE PER EURO INVESTED IN A PERIOD OF 5 YEARS

(€)

	2019	2020
Access to energy	7	3.8
Socioeconomic development	41	5.8
Education	2.3	3.2
Support to Local Communities		
Environment and biodiversity	8	5.8
Health	–	5.7
<b>Total</b>	<b>14</b>	<b>4.6</b>

The result with respect to the 42 social development projects measured in 2020 is that for every euro invested, over a period of 5 years the community receives a value equivalent to Euros 4.6 million and the company recovers a value equivalent to Euros 2.6 million. The difference compared with 2019 is not significant as different projects have been measured.

##### 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

Number of beneficiaries: In 2020, a total of 2,331,751 direct beneficiaries of the 311 social development projects

carried out by ENDESA have been estimated, which represents a considerable increase compared with the previous year (1,070,620 beneficiaries in 2019), derived from the extraordinary actions carried out in the ENDESA Public Responsibility Plan for COVID (1,580,881 beneficiaries). For more information see section 2.3. ENDESA's plan for the health emergency in the chapter Commitment to sustainability.

## More than 2.3 million beneficiaries in the 311 social development projects organised in 2020

#### TYPE OF PROJECT BENEFICIARIES

(%)

	2019	2020
People in vulnerable situation/ unemployed	13	14
People with disabilities / health problems / users of medical services	1	38
Children and adolescents	2	0.2
Elderly people	2	1
Students	10	5
Women	1	7
Entrepreneurs/companies/SMEs	0	1
Local community	43	11
Society in general	28	7
Health personnel/Law enforcement	–	15

Of these, in 2020 38% correspond to users of medical services, 15% to a new category integrated in an exceptional way this year of Health Personnel and Law Enforcement and 14% to people in vulnerable situations or unemployed. This result is in line with the critical requirements experienced this year, as the company's social actions have been directed at those groups with the most pressing needs. Likewise, it is noteworthy and, for the same reason, that the category of entrepreneurs, companies and SMEs, which in 2019 had 5,729 beneficiaries, almost tripled in 2020 with 14,573 beneficiaries, although at a relative level the percentage increase has little variation. Number of collaborators: In 2020, 100% of the projects 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 1,977 public and private institutions to develop the 311 projects that

were carried out in the social field. 70% were primary and secondary schools, 15% public institutions and 10% were NGOs and social foundations. This year, exceptionally, the category of Health Institutions / Law Enforcement was included, with 3% (59 institutions) of the total.

#### TYPE OF INSTITUTIONS WITH WHICH IT HAS COLLABORATED

(%)

	2019	2020
Social and environmental platforms	4	1
Cultural entities	2	0.2
Local Businesses	1	0.3
Public institutions	36	15
Primary and secondary schools	46	70
Universities	2	1
NGO/Social Foundation	7	10
Other	2	0.4
Health institutions / security forces	–	3

**Amount of third-party contributions:** Considering the multiplier effect, as an additional result of ENDESA's social projects, ENDESA's employees, either through payroll discounts or through donations in kind, contributed a total of Euros 252,068 to social development projects in 2020. 95% correspond to voluntary payroll discounts by 1,406 employees, to contribute to the ENDESA Plan for Public Responsibility against COVID.

#### 5.1.2. Impacts

413-2

These are the estimate of how the initiative has influenced the reality of the agents involved.

**In the beneficiaries:** Nearly 935,000 people (290,000 in 2019) achieved a positive and relevant transformation in their lives as a result of the initiatives. This derives from the response to critical needs related to the COVID-19 crisis. 41% (33% in 2019) achieved an improvement and 19% became more aware thanks to the projects. These estimated results have a low degree of comparability with respect to the normal management of the company, since they are influenced by the extraordinary actions that ENDESA carried out urgently to alleviate the health, social and economic needs derived from the pandemic.

#### BENEFITS OBTAINED BY BENEFICIARIES AS A RESULT OF THE PROJECTS

(%)

	2019	2020
They achieved a transformation as a result of the initiative	27	40
They got an improvement as a result of the initiative	33	41
Their awareness was raised as a result of the initiative	40	19

**In the collaborators:** It is estimated that the benefits obtained by the 1,977 institutions with which ENDESA has collaborated in 2020, for the management of the social projects that it has carried out, have translated in 99% of the cases, in an improvement of its services or an increase in their capacities, in 64% in an extension of the scope of their activities and in 59% in an increase in their recognition. 56% of institutions have undergone these three results simultaneously.

#### BENEFITS OBTAINED BY EMPLOYEES AS A RESULT OF THE PROJECTS

(%)

	2019	2020
Their services or capabilities have improved	92	99
They have improved their management systems	34	33
They have expanded the scope of their actions	45	64
They have expanded their ability to employ staff or volunteers	9	3
They have increased their recognition	43	59

**In the environment:** The types and level of positive impacts on the environment and biodiversity were assessed in the 21 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 raising awareness on environmental issues, in relation to the previous year, despite the difficulty of carrying them out in 2020 due to lockdown.

## ESTIMATION OF THE TYPE AND LEVEL OF IMPACTS OF ENVIRONMENTAL AND BIODIVERSITY PROJECTS

(%)

		2019	2020
Regeneration of the Environment and Biodiversity	High Impact	71	80
	Medium Impact	19	15
	Low Impact	10	5
Knowledge expansion and dissemination	High Impact	62	40
	Medium Impact	33	60
	Low Impact	5	0
Awareness on environmental issues	High Impact	50	44
	Medium Impact	20	33
	Low Impact	30	22

### 5.1.3. Returns

They are the benefits that the company can receive from the management of social projects, beyond the social licence.

It has been estimated that there were 760 positive impacts on the company derived from the 311 social projects performed in 2020. Where these returns had the most impact is in the improvement of relations and perceptions of the stakeholders (40%) and, secondly, in the increase in brand recognition (36%). These coincide with the main two estimates in 2019.

## ESTIMATE OF RETURNS FOR ENDESA FROM SOCIAL DEVELOPMENT PROJECTS CARRIED OUT

		2019	Total 2019	2020	Total 2020
Generation of benefits in human resources	High incidence return	29	14%	43	8%
	Return of average incidence	36		16	
	Low incidence return	16		4	
Improved relationships and perceptions with stakeholders	High incidence return	85	33%	231	40%
	Return of average incidence	87		33	
	Low incidence return	27		43	
Generating business	High incidence return	16	10%	1	7%
	Return of average incidence	12		21	
	Low incidence return	30		32	
Provided operational improvements	High incidence return	10	12%	16	8%
	Return of average incidence	34		32	
	Low incidence return	25		11	
Generated an increase in brand recognition	High incidence return	62	31%	154	36%
	Return of average incidence	58		56	
	Low incidence return	68		67	

# 7

## SUPPLY CHAIN



# SUPPLY CHAIN



Line of action		2020 Objective	2020 Profit/Loss	Key actions
Supply chain	Purchases made from qualified suppliers (% volume purchases)	80%	91%	In 2020 ENDESA developed a library of social, environmental, ethical and occupational safety indicators, to measure the performance of suppliers adapted to the nature of the product or service requested.
	% of qualifications made to suppliers in which human rights aspects are verified	100%	100%	
	% of qualifications made to suppliers in which environmental aspects are verified	100%	100%	
	% of qualifications made to suppliers in which environmental aspects are verified	100%	100%	
	Supplier performance evaluation (% purchase volume)	40%	75%	
	Contractors evaluated for social, ethical and environmental aspects	15%	8.8%	

## 1. Responsible management of the supply chain

[102-9](#) [102-10](#) [414-1](#)

### 1.1. 2020 results

In 2020, ENDESA worked with 4,867 suppliers, including suppliers subject to delegated purchasing.

The amount of purchases from suppliers decreased 10% compared with the 2019 figure, down to a total of 2.176 billion euros.

#### NUMBER OF ENDESA SUPPLIERS

	Number of suppliers			Value of purchases from suppliers (millions of euros)		
	2018	2019	2020	2018	2019	2020
Spain and Portugal	5,210	6,115	4,867	2,646	2,427	2,176

#### VALUE OF PURCHASES FROM ENDESA'S MAIN SUPPLIERS IN 2020

	Value of purchases from the 15 largest suppliers (thousands of euros)	Value of purchases from the 15 largest suppliers (% of total)	Value of purchases from the 50 largest suppliers (thousands of euros)	Value of purchases from the 50 largest suppliers (% of total)
Spain and Portugal	861,800	39.6%	1,259,331	57.87%

EU17

The number of days worked by contractors or subcontractors involved in construction, operation and maintenance activities in 2020 was 3,773,503, a decrease of 11.22% compared with 2019.

403-9 102-8

The total number of hours worked by contractors in 2020 was 34,003,191.

## 1.2. Commitment to local communities

102-9 204-1

ENDESA's activity in the countries and territories in which it operates is geared towards creating value for local suppliers. In line with the commitment to them, 87% of the budget used (Euros 1,852 million) was dedicated to these suppliers, understanding as such those established in Spain and Portugal. In 2020, 1.615 billion contracts for amounts greater than 1 million euros were awarded to local suppliers.

As far as contracts related 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 the strictly necessary transfer personnel and in compliance with the required specialisations.

### PURCHASES FROM LOCAL SUPPLIERS' WITH CONTRACTS OVER EUROS 1 MILLION

Number of suppliers			Value of purchases from local suppliers with a contract greater than Euros 1 million (millions of euros)			% of total purchases made from local suppliers with contracts over 1 million euros		
2018	2019	2020	2018	2019	2020	2018	2019	2020
336	272	230	1,974	1,631	1,615	74	67	74

<sup>1</sup> Local suppliers are suppliers of materials, products and services located in the same geographic market in which the organisation operates (i.e. no international payment is made to the supplier).

In order to create value for local suppliers in the countries in which ENDESA is present, the percentage of purchases with contracts exceeding €1 million that were made to foreign suppliers stood at 13% in 2020.

## NUMBER OF FOREIGN SUPPLIERS IN EACH COUNTRY OVER EUROS 1 MILLION

Number of suppliers			Value of purchases from foreign suppliers with contracts exceeding Euros 1 million (millions of euros)			% of purchases from foreign suppliers with contracts exceeding €1 million of total purchases		
2018	2019	2020	2018	2019	2020	2018	2019	2020
51	44	40	399	406	238	15	17	13

### 1.3. The comprehensive purchasing process at ENDESA

[103-1 Management Approach Acquisition Practices](#)

[103-2 Management Approach Acquisition Practices](#)

[103-3 Management Approach Acquisition Practices](#) [102-9](#)

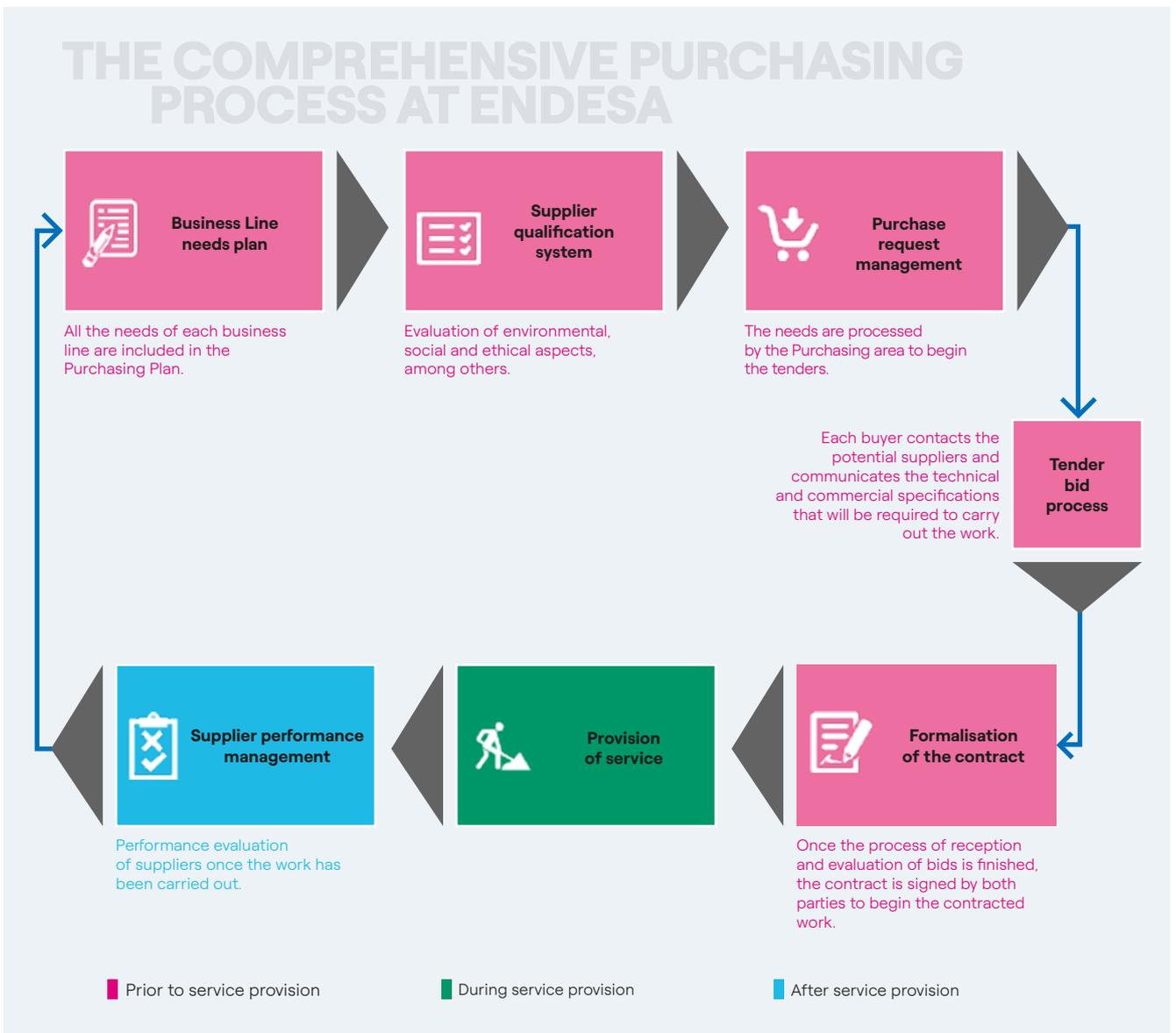
All ENDESA contracts include specific clauses in their General Conditions regarding the commitment of other parties to human rights, the safety of people, the environment and corruption.

In order to promote responsible management in the supply chain, ENDESA has a comprehensive purchasing process, a process that begins with the planning of needs by the different Business Lines, and in which all suppliers have to be rated, not only the supplier to be contracted but also all those invited to the corresponding bidding process.

ENDESA also has a system to monitor the performance of its Suppliers (called Supplier Performance Management - Consequence Management) during the purchasing process and the creation and execution of the contract in order to manage the supplier and the contract in accordance with the established requirements.

Every month the data recorded is 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 include, among others, actions aimed at promoting excellent behaviour.



## 1.4. Sustainability requirements in contracting

- 103-1 Child labour management approach
- 103-2 Child labour management approach
- 103-3 Child labour management approach
- 103-1 Forced or compulsory labour management approach
- 103-2 Forced or compulsory labour management approach
- 103-3 Forced or compulsory labour management approach
- 103-1 Management approach social evaluation of suppliers
- 103-2 Management approach social evaluation of suppliers
- 103-3 Management approach social evaluation of suppliers 414-1
- 103-1 Management approach environmental assessment of suppliers
- 103-2 Management approach environmental assessment of suppliers
- 103-3 Management approach environmental assessment of suppliers
- 308-1 408-1 409-1 412-3

All ENDESA contracts include specific clauses on the protection of human rights, based on the Seventh Edition of the ENEL Group Global General Conditions of Contract (GCC), which apply to 100% of the company's contracts. Through these contractual clauses, the company requires its contractors, suppliers and subcontractors to respect and protect internationally recognised human rights and respect ethical and social obligations in terms of: protection of child and women's labour, equal treatment, prohibition of discrimination, freedom of association, association and representation, forced labour, health, safety and environmental protection, sanitary conditions and regulatory, remunerative, contributory, insurance and tax conditions. Suppliers must also commit to adopt and implement the Ten Principles of the Global Compact, ensuring that they are satisfied in the performance of all activities carried out by their employees and subcontractors.

Suppliers must also commit to 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.

In addition, they must apply International Labour Organisation agreements or the legislation in force in the country in which the activities are to be carried out if these are more restrictive.

In this context, ENDESA reserves the right to carry out any control and monitoring activity aimed at verifying compliance with the above obligations, both by the contractor and by the subcontractors or persons designated thereby for the performance of the contract, immediately terminating the contract in the event of proven breaches of the aforementioned obligations (with special attention to violations of the principles of the Global Compact and any breach of human rights, including indirect breach).

Finally, it should be noted that ENDESA also promotes sustainability among its suppliers through confirming lines, linking the invoice advance operation through financial entities with sustainability criteria, offering a discount to suppliers that demonstrate better environmental practices.

## 2. Supplier qualification

414-1 409-1 412-1 308-1

ENDESA has established a supplier qualification system that allows for a careful selection and assessment of the companies that wish to participate in bidding procedures through the evaluation of the technical, economic, financial, legal, environmental, security and human rights requirements and ethical and trustworthiness requirements in order to guarantee a suitable level of quality and reliability when awarding energy sector contracts.

Before starting a relationship with other parties in the field of trading or project development, 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 according to the specific implications and risks associated with each group, for example, for a group of environmental products ISO14001 certification is generally required, while for works-related groups, ISO 45001 management system certification is needed.

In 2020, ENDESA, as part of the ENEL Group, benefited from in-depth analysis of the product group tree carried out worldwide, involving global procurement, business units (H&S, Environmental Manager, Sustainability) through a mapping of the activities included in each group and assigning a risk level for each argument (security, environment, human rights, expenditure, non-replaceable supplier etc.) After the aforementioned risk assessment, each group will be classified into different families associated with the related risk as assessed.

All groups have been categorised into three types according to the risk inherent to each (reputation, safety and health, environmental and technical). The three categories are Advanced, Standard and Fast Track. Within the different Merchandise Groups, some have been identified as "High Risk" based on pre-established criteria.

The qualification system, which is governed by internal procedure OP 162, was created in accordance with local and EU laws and regulations.

The process requires the presentation of a series of documents (self-certification on the possession of general requirements, financial statements, certifications etc.) and, among other things, adherence to the principles expressed by the Code of Ethics, the Zero Tolerance with Corruption Plan, Human Rights Policy and the Global Compact, with specific reference to the absence of actual or potential conflict of interest.

Contractors who are already included in ENDESA's Register of Qualified Suppliers are constantly monitored – including through external databases – regarding events related to the company itself and its main exponents.

By the end of 2020, the Supplier Qualification System had been implemented in 577 purchasing families, 241 global families (international qualification), and 336 local families throughout ENDESA. In 2020, 189 new contractors were recognised whose sum of contracts exceeds the amount

of €1.5 million (172 local and 17 foreign). Additionally, in 2020 aspects of integrity, corruption and bribery were verified through the Thomson Reuters external service World Check One to 1,495 suppliers.

414-1 412-2

Within the process of qualification of suppliers of local families of ENDESA, during 2020 a total of 934 suppliers were analysed in the field of human rights (by analysing a questionnaire provided for this purpose in the qualification circuit), of which 137 were significant.

## Sustainability in the supply chain

ENDESA's objective is to select the best contractors in terms of health and safety, the environment and human rights. To this end, in September 2016, the group's Global Procurement adopted a "Global Assessment Model for Sustainability Requirements", identifying the sustainability risk factors in the supply chain through the mapping of the risk level of the various Groups of Merchandise. This is a precisely defined operating model that will be applied globally to assess the possession of sustainability requirements by contractors for works, services and supplies who wish to qualify for registration or renew their

qualification. This Operation Note provides several control categories: Safety and Health, Environment, Human Rights. All these topics refer to quality standards, such as the possession of the ISO 45001 or ISO 14001 certification.

Therefore, in order to access ENDESA's supplier registry as part of the qualification process, the supplier has to undergo a specific and mandatory assessment of environmental, health and safety and human rights requirements. In practice, the supplier is required to fill out questionnaires and submit the appropriate supporting documentation for evaluation. In the case of activities considered to be of high safety or environmental risk, an on-site audit is planned to verify such 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 aforementioned individual sustainability, human rights, health and safety and environmental requirements contributes to the general evaluation of the admission or non-admission of said company to the ENDESA rating system.

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.

## GROWTH OF THE SUPPLIER QUALIFICATION SYSTEM

Total classifications:  
**2.371**  
 representing a total of  
**1.462**  
 qualified suppliers.  
 The amount of purchases  
 from qualified suppliers  
 has reached  
**91%**  
 of the volume of purchases made.

EVOLUTION OF 2020

**1.326** news classifications **934** news qualified suppliers

**1.326** supplier qualification processes have reviewed job security requirements, meaning: 89% of the ratings reviewed.

**1.326** supplier qualification processes have reviewed environmental requirements, meaning: 89% of the ratings reviewed.

No supplier with a negative social impact has been identified.

In order to promote continuous improvement to responsible management of the supply chain, ENDESA has reviewed and improved the sustainability requirements established in the supplier qualification process. In this way, the requirements for occupational safety, the environment and integrity have been updated, with the implementation of a new human rights-related requirement. Within this new context, ENDESA has set the following objectives for its ENDESA Sustainability Plan 2021-2023, relating to the verification of sustainability criteria in the supplier qualification system pursuant to the new system:

#### SUPPLIER QUALIFICATION SYSTEM OBJECTIVES

(%)

	2021	2023
Human rights	100	100
Occupational safety	100	100
Environment	100	100

Note: Objectives established according to the new ENEL Group system for the verification of sustainability aspects in the supplier qualification process.

Within the process of evaluating sustainability requirements, it is planned to carry out in-depth audits which may include 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: <https://globalprocurement.enel.com/es.html>

[414-1](#) [414-2](#) [308-1](#) [308-2](#)

#### SUPPLIER EVALUATION ACCORDING TO CRITERIA

	Environmental	Social
% new suppliers assessed	100%	100%
Number of suppliers assessed	934	934
Number of suppliers identified with negative impact	10	0
% of suppliers with negative impacts with which improvement measures have been agreed as a result of an assessment	1.1%	0%
% of suppliers with negative impacts with which the relationship has ended as a result of the assessment	0%	0%

## 2.1. Supplier selection, the K for sustainability

414-1 409-1 412-1

In addition to the foregoing, with reference to the supplier qualification process and in view of the importance of extending its commitment to supply chain sustainability, in 2018 ENDESA began to apply sustainability criteria to product and service tenders. In 2020 it strengthened the use of a library of social, environmental, ethical and occupational safety indicators, from which those most adjusted to the nature of the product or service provided are selected for each tender, with the performance of potential suppliers with respect to those indicators taken into account and assessed together with the economic and technical proposal.

Furthermore, in 2020 ENDESA incorporated a total of 1,614 indicators or KPIs related to sustainability (certifications, health and safety, social aspects, circular economy, environment), affecting a total of 489 contracts and an approximate amount of Euros 538 million (66% of the amount contracted). These indicators show different commitments that suppliers acquire when contracting with ENDESA.

Periodically, and in particular over the past two years, meetings have been organised with contractors on sustainability issues, with a number of workshops held with over 700 suppliers.

In addition, on an annual basis and as part of the group's Sustainability Plan, ENDESA includes specific objectives in the supply chain. For example: "Integration, strengthening and homogenisation of environmental, security and human rights issues in supplier qualification and performance evaluation processes", "Promotion of information activities with suppliers", and "Development of projects in line with the principles of Circular Economy", in order to have a "Zero waste" approach in the latter case and extend it successively to business activities.

# 3. ESG management of the supply chain

## 3.1. Integrity and the fight against corruption

103-1 Social evaluation of suppliers

103-2 Social evaluation of suppliers

103-3 Social evaluation of suppliers 414-2

ENDESA adheres to the Global Compact and, in compliance with its tenth principle, intends to continue its commitment to fight 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 declares to recognise 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.

## 3.2. Respect for Human Rights

414-1 412-1 412-3

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 ENEL 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.
- > 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 26 and 27), which reflect the supplier's commitment to comply with the principles of the Global Compact, which

includes 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. With this criterion and based on contractual clauses, 100% of the operations will be subject to a human rights impact review or assessment.

#### CONTRACTS FOR THE SUPPLY OF MATERIALS AND SERVICES THAT INCLUDE HUMAN RIGHTS CLAUSES

	Significant contracts* that include clauses on human rights (No.)			Significant contracts* that include clauses on human rights (%)		
	2018	2019	2020	2018	2019	2020
Spain and Portugal	248	223	303	100%	100%	100%

\*Contracts over one million euros are considered significant

In 2020, 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 2020, a total of 1,326 human rights evaluations were carried out on supplier qualification files (local and global, with scope of application in Spain).

### 3.3. Environmental management

103-1 Management approach environmental assessment of suppliers

103-2 Management approach environmental assessment of suppliers

103-3 Management approach environmental assessment of suppliers

308-1

308-2

103-1 Management approach environmental assessment of suppliers

103-2 Management approach environmental assessment of suppliers

103-3 Management approach environmental assessment of suppliers

In the General Conditions of Contract (GCC) of the Group's contractual regulations, there are clauses that require compliance with environmental regulations. For example, Article 12.3 establishes that "In addition, the Contractor must have a thorough knowledge of current legislation concerning health, safety at work and the environment and the activity to be carried out and the relative documentation that will be presented to ENDESA in compliance with the law and business regulations." In addition, Article 24 (Protection of the Environment) of the aforementioned GCC establishes that "The Contractor undertakes to adopt the appropriate measures to guarantee compliance with its environmental obligations under applicable law".

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 Sup-

pliers 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 are 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.

The environmental assessment criteria differ according to the product category. Each group of goods has been assigned a low, medium or high risk level. For high environmental risk groups, the ISO 14001 certification or equivalent is always required. In addition, an audit in the field and at the contractor's offices is scheduled for these product categories.

In both visits, the company will be evaluated on the main areas of attention with regard to environmental matters:

- > Organisational structure and management system
- > Risk assessment
- > Training management
- > Control of machinery and work equipment
- > Emergency plans

ENDESA only grants the Supplier Qualification as registered in the Qualified Companies Register to contractors who have also passed the Environmental Requirements assessment.

During 2020, environmental evaluations were carried out on a total of 1,326 supplier qualification files (local and global with the scope of Spain), which is more than 7 times the number of evaluations carried out in 2019 in this area.

In terms of qualified suppliers, this implies a level of compliance of 100% of verified suppliers in environmental

matters out of the total of those qualified, reaching the target of 100%.

### 3.4. Occupational health & safety

414-1

ENDESA's objective is to minimise accidents at work, respecting the Environment and Human Rights. For this, it has several instruments available.

These include 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. Work accidents in recent years have decreased significantly thanks to the numerous initiatives undertaken by ENDESA aimed at raising awareness among contractors on these issues.

The Group has also adopted an Operating Instruction on repeated breaches of occupational safety and purchasing processes, which specifically regulate the way in which accidents or incidents (near misses) are assessed and the limits to be placed on the allocation of new contracts after these events.

In particular, by virtue of this operating instruction, ENDESA monitors 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 can:

- > Suspension of 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 evalu-

ated 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).

#### 414-1

In 2020, a total of 1,326 environmental evaluations were carried out on supplier qualification files (local and global, with scope of application in Spain).

In terms of qualified suppliers, this implies a level of compliance of 100% of verified suppliers in workplace health and safety matters out of the total of those qualified, reaching the target of 100%.

## 4. Responsible management of the coal supply chain (Bettercoal)

### 4.1. Control of the coal supply chain

ENDESA has a process for the selection of suppliers of coal called Know Your Customer, whereby it assesses, for each counterparty, reputational and economic-financial aspects and the possession of the appropriate commercial technical requirements. In addition, the provider's non-membership of specific "blacklists" of the United Nations, the European Union and the Office of Foreign Assets Control (OFAC) of the United States is verified. These are nominative lists that identify individuals or organisations associated with terrorist activities, organisations subject to economic sanctions by the EU and organisations called SDN (Specially Designated Nationals) subject to sanctions by the United States for accusations, including terrorism and drug trafficking.

Additionally, ENDESA assesses sustainability aspects of potential suppliers, including of coal, through verifications in matters of workplace safety, the environment and human rights, in order to ensure that the supplier complies with the standards of ENDESA and the ENEL Group. If additional checks are deemed necessary, they can be the subject of site visits, carried out directly by the company's experts. Finally, ENDESA's sustainability principles are applied to each supplier in the contracting phase, with the company reserving the right to terminate the contract in serious cases of non-compliance with these principles. Lastly, to mitigate the risks arising from the transport of fuels by sea, the Company has a vetting system for the carriers used. The activity of vetting is an industrial standard recognised by oil carriers, but for some years, the Company and a growing set of operators have begun to apply this methodology also for the transport of solid masses.

## 4.2. Bettercoal

As part of the ENEL group and together with other major European electricity companies, ENDESA plays an active role in the Bettercoal initiative, a global initiative that promotes the continuous improvement of corporate responsibility among international coal suppliers. Bettercoal has published a code of conduct based on existing sustainability standards. It sets out in detail the guidelines that mining companies can follow to define their own social, environmental and ethical policy. The Bettercoal Code conveys to the suppliers the expectations of the members regarding their practices in relation to four macro categories: management, ethical commitment and transparency, human and labour rights and environmental management, promoting continuous improvement.

In 2020, Bettercoal finalised a new version of the Code to align it with the latest best practices in sustainability and contribute positively to the achievement of the SDGs. In addition, a governance review was prepared with the aim of achieving a more inclusive organisation while still following a multi-stakeholder approach and involving the entire coal supply chain.

After signing a letter of commitment, suppliers adhering to the initiative begin a virtuous path represented by the insurance system, agreeing to undergo on-site verifica-

tions, carried out by independent third parties on the application of the principles listed in the Code and agreeing on a continuous improvement plan to overcome possible deficiencies.

Bettercoal has been gaining an increasingly prominent presence in forums related to the sustainability of coal and the supply chain, becoming an example of collaboration aimed at improving socially responsible practices in the supply chain. Furthermore, in 2020, Bettercoal's evaluations covered 400 Mt of coal production, two working groups specifically dedicated to Russia and Colombia continued their work, with clear and transparent work plans. Despite the fact that the global COVID-19 pandemic prevented the planned verifications from being carried out at the sites located in Russia, Colombia and the United States, in the course of the year 14 improvement plans were actively monitored, 25% of the planned actions being completed. Additionally, to promote greater transparency, three reports on the evaluations carried out at the sites were published and are publicly available on the Bettercoal website. Likewise, the first communication on the progress of the Global Compact and the annual report was published with the collaboration of an external NGO. For further information please visit the website: [www.bettercoal.org](http://www.bettercoal.org).

# 8

## OCCUPATIONAL HEALTH & SAFETY



# OCCUPATIONAL HEALTH & SAFETY

## 3 GOOD HEALTH AND WELL-BEING



	Line of action	2020 Objective	2020 Profit/Loss	Key actions
Occupational Health & Safety	Fatal accidents.	0	1	In 2020, safety inspections were carried out of works and/or projects by the company's own personnel and contractors, which contributed significantly to reducing workplace accidents.
	Combined accident frequency rate	0.69	0.36	
	Safety inspections at own & contractors' facilities.	70,000	73,547	
	ECoS carried out (extra checking on site).	24	13	
	Medical Examinations of employees.	6,370	4,400	

## 1. ENDESA, a safe and healthy environment

[103-1 Management Approach EUSS Occupational Health and Safety](#)

[103-2 Management Approach EUSS Occupational Health and Safety](#)

[103-3 Management Approach EUSS Occupational Health and Safety](#)

[103-1 Management Approach Employment](#)

[103-2 Management Approach Employment](#)

[103-3 Management Approach Employment](#)

[103-1 Management Approach Employment EUSS](#)

[103-2 Management Approach Employment EUSS](#)

[103-3 Management Approach Employment EUSS](#)

### Occupational Health and Safety Policy

ENDESA considers Occupational Health and Safety a priority and a fundamental value to preserve at all times for

all who work for the Company, without distinction between its own personnel and that of its partner companies.

[403-2](#) [403-7](#)

This objective is integrated into ENDESA's strategy through the implementation of Occupational Health and Safety (OHS) policies in all the Group's companies and the implementation of specific work plans, emphasising not only the physical environment but also the emotional one and the promotion of safe and healthy habits.

To ensure that all operations are performed safely, ENDESA has implemented a company-wide safety inspection programme. Inspections are performed partly by the company's own personnel and partly through collaborating entities that have previously received training on ENDESA's work procedures and on actions or behaviours that we consider not to be acceptable from the standpoint of risk prevention.

To see the Health and Safety Policy and Work Conditions, consult the ENDESA website: <https://www.endesa.com/content/dam/endesa-com/home/sostenibilidad/medio-ambiente/documentos/politica-salud-seguridad-condiciones-trabajo-05-20.pdf>.

## Occupational Health and Safety Management System

403-1 403-8

ENDESA's new Occupational Health & Safety Management System (OHSMS), conforming to ISO 45001, allows it to identify and collaborate in controlling its health and safety risks, reduce accidents, support in the control of compliance with laws and improve performance in general, promoting a safe and healthy environment.

The OHSMS is made up of the set of responsibilities, processes and resources available to carry out the management of the production process, achieving the objectives of the Health and Safety and Working Conditions Policy.

## Hazard identification, risk assessment and incident investigation

403-2 403-8

103-1 Occupational Health and Safety Management Approach

103-2 Occupational Health and Safety Management Approach

103-3 Occupational Health and Safety Management Approach

Based on the procedures of its Management System, specifically, "ENDESA-SGSST-PG. 02 - Identification of hazards, evaluation 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. Of the different procedures mentioned, it is worth highlighting:

Procedure PG.02 presents the following phases of the risk assessment and control process:

- > Hazard identification.
- > Elimination of risks.
- > Risk Assessment.

- > Actions subsequent to the risk assessment.
- > Risk control.
- > Risk Assessment Review.

Regarding PG. 11, it is important to note that the following will be investigated:

- > All incidents that occur affecting the personnel of the companies that are members of ENDESA's Joint Prevention Service inside or outside its facilities, as well as to the contractor personnel who carry out work at the facilities of these joint companies or their customers.
- > In the case of third party incidents, only those that occur at ENDESA's facilities or those caused by it will be investigated, as described in this procedure.
- > Occupational diseases of own personnel.

Compliance with occupational health and safety objectives can be seen in the Commitment chapter, in section 3.2 ENDESA's non-financial results.

### 1.1. Common management of occupational health and safety

403-3

ENDESA offers all its employees, regardless of their risk level, health care through its basic health units. In this regard, it has also arranged with the collaborating social security mutual insurer to cover contingencies arising from workplace illnesses. ENDESA is also a self-insuring company in occupational accidents, collaborating directly with the public health system in the treatment of these contingencies.

### 1.2. Workplace risk prevention, training and inspections

403-1 403-2 403-5

During 2020, ENDESA provided a total of 59,186 hours of training in occupational health and safety for its own personnel. 5,755 people attended preventive training courses.

In 2020, 73,547 safety inspections were made on works and/or related projects by the company's own personnel and contractors, which contributed significantly to re-

ducing workplace accidents. The number of Safety Walks carried out in 2020 amounts to 386.

### 1.3. Promotion of a culture of health and safety at work

403-6

In addition to carrying out the usual health campaigns (including prevention against COVID-19), "safety walks", safety inspections and internal and external audits, a series of basic principles, information, preventive recommendations and awareness videos are disseminated. Knowing how to detect unsafe situations is a key aspect of ENDESA's culture and requires everybody's commitment and participation.

ENDESA began in 2019 to verify the effectiveness of its contractor companies in the area of Occupational Risk Prevention through the Contractor Assessment programme, in which 80 preventive aspects are assessed through a company specialised in Consulting and Auditing in Occupational Risk Prevention. Based on the score obtained, the company is qualified to be an ENDESA contractor or, on the contrary, an action plan is required to eliminate the aspects found. An action plan is established for the corrective measures until its achievement.

In 2020, 165 company evaluations were carried out.

During 2020, it is also worth highlighting the dissemination of safety slogans to our own personnel and contractors that are transmitted to the entire workforce and mentioned in all meetings, the awareness of risks to third parties, the design of training courses, signage in buildings, broadcasting of "lessons learned" and "best practices", as well as making videos about accidents.

In this regard, and with the motto "SHARE YOUR SAFETY", this initiative continues, with a special focus, as well as the seasonal campaigns, on behaviours and healthy habits that can favour the prevention of risks to oneself and to others. With this initiative, the company seeks to solidify knowledge already offered to employees, but to do so in a more current way and in a digital environment.

403-6

ENDESA's medical services manage health promotion, prevention and surveillance in accordance with the company's health model, coordinating both the activities of its own personnel and those of contracted external Prevention Services. They are also responsible for medical leave and assisting those who have an accident at work or suffer from an occupational disease. They also monitor the appropriate plans for the control and reduction of common contingencies, emerging diseases and professional contingencies.

Medical services manage occupational health comprehensively, concerned not only with the physical environment, but also the psychosocial, emotional and healthy habits of people, both in their professional and personal lives. To make the goal of achieving comprehensive health a reality, we start with 3 basic pillars of 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 behaviours or lifestyles.
- > 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 latest stages to try to improve quality of life.

### 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.

In the preventive action, consultation and participation with unions is based on a series of pillars that encourage it, such as the degree of maturity in the management of risk prevention (effective management procedures), trust

and credibility in occupational health and safety policy and in prevention technicians, the vision of prevention as a process in which all the company's stakeholders contribute their knowledge and experience, as well as transparency and prior information.

The consultation and participation of workers, in matters of Occupational Health and Safety within the scope of the ENDESA Group, is carried out through the Prevention Delegates integrated into the following bodies:

- > Committee on Participation in Planning and Control of Preventive Activity Management.
- > Generation Occupational Health and Safety Committee.
- > Thermal Power Plants/Combined Cycles Occupational Health and Safety Committees.
- > Renewables/North/South/Central-Northwest Occupational Health and Safety Committees.
- > Distribution Occupational Health and Safety Committee.
- > Divisional/Control Centres and Corporate Distribution Units Occupational Health and Safety Committees.
- > Commercial Occupational Health and Safety Committee.
- > ENDESA Energía/EOSC/ENDESA X Servicios Occupational Health and Safety Committees.
- > ENDESA SA Occupational Health and Safety Committee
- > ENEL Iberia Occupational Health and Safety Committee
- > ENDESA Medios y Sistemas Occupational Health and Safety Committee.

> Transversal Occupational Health and Safety Committees: North/ South/Central Northwest.

The competences, powers and operating regime of the Commission for Participation in the Planning and Control of the Management of Preventive Activity are those set out in its deed of incorporation of 2 April 1998, amended as regards the composition of the social representation, as provided for in this Agreement, Article 105, and which are otherwise specified in its Internal Operating Regulations.

The Occupational Health and Safety committees are joint and collegiate bodies for participation in occupational health and safety in each organisational area and are made up of members from the Management Representation and the Social Representation.

During a good part of 2020, the Health and Safety committees were governed by their regulations, derived from the 5th ENDESA Framework Agreement, which establishes 7 ordinary meetings for the regional committees, thermal power plants and single buildings and 3 for the autonomous ones. At present, a new regulation is being negotiated and new committees are being set up in accordance with the 5th Framework Agreement.

## 1.5. Reduction in accident rate

403-9 403-10

	Number of accidents at work <sup>1</sup>			Frequency rate <sup>2</sup>			Severity rate <sup>3</sup>		
	2019	2020	Dif	2019	2020	Dif	2019	2020	Dif
Spain and Portugal	35.98	18.41	-48.8%	0.68	0.36	47.05%	0.06	0.06	-
Own	6	2.85	-52.5%	0.37	0.18	51.35%	0.03	0.08	166.66%
Contractors	29.98	15.56	-48.09%	0.82	0.44	46.34%	0.08	0.06	-25%

<sup>1</sup> Includes fatal accidents.

<sup>2</sup> Total number of accidents, excluding on the way to or from work, with respect to the total hours worked, multiplied by 1,000,000.

<sup>3</sup> Total number of days lost due to accident, excluding on the way to or from work, with respect to the total hours worked multiplied by 1,000. The data do not include Enel Iberia or the ENDESA Foundation. In addition, they take into account the percentage interest in ANA (85.41%).

### NUMBER OF ACCIDENTS AT WORK<sup>1</sup>

	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Spain and Portugal	36,27	3	39,27	34,98	1	35,98	16,56	1,85	18,41
Own	4,85	1	5,85	6	0	6	2	0,85	2,85
Contractors	31,42	2	33,42	28,98	1	29,98	14,56	1	15,56

<sup>1</sup> Includes fatal accidents.

FREQUENCY RATE<sup>1</sup>

	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Spain and Portugal	0,87	0,24	0,72	0,86	0,08	0,68	0,42	0,15	0,36
Own	0,4	0,27	0,37	0,48	0	0,37	0,16	0,22	0,18
Contractors	1,06	0,22	0,87	1,03	0,12	0,82	0,54	0,12	0,44

<sup>1</sup> Total number of accidents, excluding on the way to or from work, with respect to the total hours worked, multiplied by 1,000,000.

SEVERITY RATE<sup>1</sup>

	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Spain and Portugal	0,07	0,01	0,06	0,08	0,01	0,06	0,08	0,02	0,06
Own	0,03	0,01	0,03	0,03	0	0,03	0,09	0,05	0,08
Contractors	0,09	0,01	0,07	0,1	0,01	0,08	0,07	0	0,06

<sup>1</sup> Total number of days lost due to accident, excluding on the way to or from work, with respect to the total hours worked multiplied by 1,000.

During 2020 no occupational disease declared in ENDESA was detected.

	Fatal accidents			Serious accidents			No. of non-serious accidents <sup>1</sup>		
	2019	2020	Dif	2019	2020	Dif	2019	2020	Dif
Combined	1	1	0%	2	4	100%	32,98	13,41	-59,3%
Own	1	0	-100%	0	1	100%	5	1,85	-63%
Contractors	0	1	100%	2	3	50%	27,98	11,56	-58,6%

<sup>1</sup> Includes accidents with sick leave of 2 to 30 days.

## NO. OF FATAL ACCIDENTS

	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Spain and Portugal	0	0	0	1	0	1	1	0	1
Own	0	0	0	1	0	1	0	0	0
Contractors	0	0	0	0	0	0	1	0	1

## NO. OF SERIOUS ACCIDENTS

	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Spain and Portugal	2	0	2	2	0	2	4	0	4
Own	0	0	0	0	0	0	1	0	1
Contractors	2	0	2	2	0	2	3	0	3

## NO. OF NON-SERIOUS ACCIDENTS

	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Spain and Portugal	34,27	3	37,27	31,98	1	32,98	11,56	1,85	13,41
Own	4,85	1	5,85	5	0	5	1	0,85	1,85
Contractors	29,42	2	31,42	26,98	1	27,98	10,56	1	11,56

## ABSENTEEISM<sup>1</sup>

	2018	2019	2020
Absenteeism rate <sup>2,3</sup>	2.69	3.08	2.57
ENDESA employees lost days due to absence during the year <sup>2</sup>	50,485	66,662	55,647
Number of hours of absenteeism <sup>2</sup>	2,220,379	1,849,043	2,036,835

<sup>1</sup> This Absenteeism Index does not include jointly controlled companies consolidated proportionally.

<sup>2</sup> Hours lost due to absence do not include vacations, holidays, or authorised absences for family reasons (maternity leave, paternity leave, etc.), or absence due to training.

<sup>3</sup> Total number of working days lost due to absence during the year with respect to the total number of days worked by the group during the same period, multiplied by 200,000 (this factor corresponds to 50 working weeks of 40 hours per 100 workers).

The absenteeism rate decreased compared with 2019 by 16.56%. This reduction is fundamentally motivated by teleworking that was implemented since March due to COVID-19. With this measure, journeys were reduced and as a consequence, commuting accidents decreased by 76% compared with 2019.

## DEATH RATE

	2019	2020
Employees	0.06	0
Contractors	0	0.03

## SERIOUS ACCIDENT RATE, EXCLUDING FATAL ACCIDENTS

	2019	2020
Employees	0	0.06
Contractors	0.05	0.09

## 2. Extending health and safety to collaborating companies

ENDESA transmits the following commitments with the aim of extending Occupational Health and Safety among its collaborating companies:

- > Rating of safety technical requirements for activities with risk.
- > Promoting current certifications for these activities.
- > Comprehensive commitment to Occupational Health and Safety management and information in General Contract Conditions.

Contractors are examined before the contracting process and during the contractual activity, with the possible application of an administrative and/or economic sanc-

tion in the event of non-compliance with safety regulations or having suffered a significant incident.

The set of regulations in force establishes a framework of action that the contractor must comply with prior to carrying out the works and in particular the obligatory nature of the elaboration of a Specific Prevention Plan for the contracted works. Likewise, follow-up and control actions will be carried out during the works (*in vigilando*). In addition, each accident is analysed in a Committee made up of experts from the Prevention Service, the unit in which it occurred, and Supplies, establishing corrective measures to prevent another similar situation from occurring.

For their part, the General Contract Conditions 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.

Prior to the start of the work activity, it is verified that all workers have training and information on the prevention of the occupational risks linked to the activity to be carried out. In addition, it is ensured that they are medically fit to carry out the work and that they have acknowledged receipt of the 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 in the execution of the work.

### 2.1. Risk activities control programme

403-8

ENDESA's new OHSMS, conforming to ISO 45001, allows it to identify and collaborate in controlling its health and safety risks, reduce accidents, support in the control of compliance with laws and improve performance in general, promoting a safe and healthy environment. The OHSMS is made up of the set of responsibilities, processes and resources available to carry out the management

## 100% of ENDESA's workforce in Spain and Portugal work in ISO 45001-certified workplaces

of the production process, achieving the objectives of the Health and Safety and Working Conditions Policy.

ENDESA continues to carry out various annual initiatives in its long-term strategy of continuous improvement of Occupational Health and Safety. The activities carried out within the framework of this strategy have focused mainly on specific action plans against accidents, maintaining and creating new alliances with collaborating companies, and various action plans with contractor companies with high accident rates.

ENDESA executes a control plan on all risk activities in order to guarantee that the works are carried out with the same levels of safety and control as those carried out by its own personnel.

- > Inspection plan for the analysis and control of the risk work carried out.
- > Extra Checking On Site "ECoS" action programme.
- > Supplier Safety Assessment to identify critical areas in OHS processes.

Likewise, instructions are developed for standards of action during the pandemic situation, instructions are disseminated to Workplace Health and Safety Coordinators for the incorporation of COVID Action Plans in construction sites.

## 2.2. Contractor training

EU18

In 2020, 100 percent of workers in ENDESA's contractors and subcontractors received training from their companies in occupational health and safety relevant to their activities. This is a legal requirement contained in ENEL's Operational Instruction 010.

Until 2012, the number of qualified suppliers considered the number of ratings plus the audits carried out on suppliers that did not have OHSAS 18001 certification for purchasing lines that required it.

In 2013, strategic lines in Occupational Health and Safety were included in the qualification system where, in addition to Occupational Health and Safety requirements, quality and/or environmental management systems and legal and financial aspects were assessed.

Throughout 2020, checks continued on companies in the sectors considered to be the most dangerous, with an emphasis on maintenance activity.

### CONTRACTORS AND SUBCONTRACTORS WHO HAVE RECEIVED TRAINING IN OCCUPATIONAL HEALTH AND SAFETY

	2018	2019	2020
Spain and Portugal	19,886	18,227	17,451

### QUALIFIED SUPPLIERS

	2018	2019	2020
Spain and Portugal	617	1,118	1,094



# 9

## **ENVIRONMENTAL SUSTAINABILITY**



# ENVIRONMENTAL SUSTAINABILITY



	Line of action	2020 Objective	2020 Profit/Loss	Key actions
Environmental sustainability	Reduction of the environmental footprint	11,227	6,098	
	Specific SO <sub>2</sub> emissions (g/kWh)	0.33	0.17	In 2020, safety inspections were carried out of works and/or projects by the company's own personnel and contractors, which contributed significantly to reducing workplace accidents.
	Specific NO <sub>x</sub> emissions (g/kWh)	0.91	0.77	
	Specific particle emissions (g/kWh)	0.02	0.01	
	Reduction of water consumption in the electricity generation process (m <sup>3</sup> /MWh)	400	90.69	Internal launch of the WAVE project for the search and implementation of improvements aimed at reducing the consumption of fresh process water.
	Promote efficiency in the management of waste generated in the electricity generation process (tonnes produced)	Hazardous: 8,273.5 Non-hazardous: 28,378	Hazardous: 7,821 Non-hazardous: 23,137	ENDESA has received the AENOR certificate of Guarantee of Traceability of Waste Management for the waste recovery system of its three port terminals.
	Implementation of biodiversity conservation projects	>20	26	Approval, in January 2020, of ENDESA's Biodiversity Policy.
	Progressive electrification of the fleet	230 EVs	185 EVs	The reduction in the number of combustion vehicles has continued.
	Implementation of the e-bike service (km)	22,000	4,095	
	Electrification of car parks at Headquarters/Offices (No. places)	600	719	Promotion of electric vehicle pools in the main locations.
Promotion of car e-sharing (km)	60,000	5,645		
Operational efficiency and innovation	Maintain high efficiency in renewable power plants (wind and hydro)	W: 94.8% H: 98.8%	W: 94.2% H: 98.5%	ENDESA has the certification of its management system for all of its generation facilities.
	Thermal generation facilities certified by ISO 9001	100%	100%	
	Renewable generation facilities certified by ISO 9001	100%	100%	

# 1. Environmental management

103-1 Management approach Materials

103-2 Management approach Materials

103-3 Management approach Materials

103-1 Management approach Energy

103-2 Management approach Energy

103-3 Management approach Energy

For ENDESA, sustainable development is an essential pillar of its strategy, including as one of the most important environmental protection commitments. This attitude constitutes a sign of positive and differential identity for the company, since it is a fundamental principle of behaviour that is expressly included in its business values.

Through this commitment, the aim is to minimise the impact of ENDESA's activity on the natural environment in which it operates. Fundamentally, it addresses aspects related to the fight against climate change, adequate waste management, protecting biodiversity, minimising air emissions and dumping, managing contaminated soils and other potential negative impacts.

In addition, ENDESA's environmental management aims at the sustainable use of natural and energy resources, betting on the protection of biodiversity and the ecosystems of the environments where it operates in order to stimulate their natural capital.

The evaluation of the environmental risks associated with the development of the company's activities and the environmental certifications granted by external entities help ensure excellence in ENDESA's environmental management and demonstrate that it is integrated and aligned with its corporate strategy.

## 1.1. ENDESA's Environmental Policy

103-1 Management approach Materials

103-2 Management approach Materials

103-3 Management approach Materials

103-1 Management approach Energy

103-2 Management approach Energy

103-3 Management approach Energy

103-1 Management approach Environmental Compliance

103-2 Management approach Environmental Compliance

103-3 Management approach Environmental Compliance

102-11

ENDESA considers environmental excellence as a fundamental value of its business culture, and formalises its commitment through the Environmental Policy, the last update of which was approved by the Board of Directors in January 2020, to adapt it to the current context and the requirements entailed by its commitment to combating global warming. ENDESA carries on its activities respecting the environment and in accordance with the principles of sustainable development, 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.

In fulfilling its environmental commitments, ENDESA identifies, evaluates and manages the environmental aspects and impacts deriving from its activities, striving to minimise the negative and maximise the positive effects by applying the following basic principles of action, which constitute the foundations of its Environmental Policy:

ENDESA's environmental policy is available at the following link: <https://www.endesa.com/content/dam/endesa-com/endesa-en/home/sostenibilidad/medioambiente/documentos/endesa-environmental-policy.pdf>

## 1.2. Environmental objectives

102-11

EU12

ENDESA annually reviews the environmental objectives established within the Sustainability Plan in order to update its ambition and match it with the expectations of its stakeholders. The consultations carried out in the framework of the 2020 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 minimising environmental impacts.

Consequently, ENDESA includes specific objectives for these areas in its Sustainability Plan.

For more information see section 6.1. 2021–2023 Sustainability Plan

### 1.3. A significant investment effort

ENDESA makes a major investment effort to achieve excellence in environmental management.

During 2020, ENDESA's investments in environmental activities involved a 3.3% increase in cumulative investments compared with 2019.

#### ANNUAL GROSS INVESTMENT IN THE ENVIRONMENT

Millions of Euros	2019	2020	% Var.
Property, plant and equipment			
Generation and Supply	122	51	(58.2)
Distribution	9	10	11.1
Structure and Others <sup>1</sup>	–	–	–
<b>Total</b>	<b>131</b>	<b>61</b>	<b>(53.4)</b>

<sup>1</sup> Structure, Services and Adjustments.

#### CUMULATIVE GROSS INVESTMENT IN THE ENVIRONMENT

Millions of Euros	2019	2020	% Var.
Property, plant and equipment			
Generation and Supply	1,476	1,526	3.4
Distribution	360	371	3.1
Structure and Other	–	–	–
<b>Total</b>	<b>1,836</b>	<b>1,897</b>	<b>3.3</b>

#### ANNUAL SPENDING ON ENVIRONMENT

Millions of Euros	2019	2020	% Var.
Annual expenses			
Generation and Supply	147	207	40.8
Distribution	30	31	3.3
Structure and Others <sup>1</sup>	–	–	–
<b>Total<sup>2</sup></b>	<b>177</b>	<b>238</b>	<b>34.5</b>

<sup>1</sup> Structure, Services and Adjustments.

<sup>2</sup> Of total spending relating to environmental activities, Euros 180 million in 2020 and Euros 115 million in 2019 correspond to the charge for depreciation and amortisation of investments.

### 1.4. Managing environmental risks and impacts

#### Resources dedicated to the prevention of environmental risks.

ENDESA is subject to environmental regulations, which affect both the normal course of its operations and the development of its projects, leading to increased risks and costs. Additionally, ENDESA is exposed to environmental risks inherent in its business, which include the risks arising from the management of waste, discharges and emissions from the electrical production units and therefore can be held liable for damages to the environment, for damages to its employees or third parties, or for any other type of damage associated with its power generation, supply and distribution facilities, as well as the activities at port terminals.

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 current Ministry for Ecological Transition and the Demographic Challenge, the objective of which 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 through an environmental risk analysis. In view of the results of the environmental risk analyses of all thermal and combined cycle power plants, the corresponding formal statements were submitted to the Administration.

ENDESA has implemented a methodology for "Assessment of Environmental Aspects, Impacts and Risks", which is applicable to all ENDESA businesses. Starting from the result of the evaluation of the significance of environmental aspects (as defined in the Environmental Management Systems corresponding to each business), the methodology incorporates the consideration of other aspects of an organisational, strategic, economic, reputational nature, etc. associated with the activity and infrastructure of the businesses. Legal compliance is also evaluated, as well as the effectiveness of the operational controls (technical, documentary, etc.) implemented, to obtain a "residual risk" assessment. The different levels of resulting final risk determine the obligation to launch specific action plans to mitigate the associated environ-

mental risks. The results of this evaluation make it possible to compare the resulting levels of environmental risk between different facilities, businesses, etc. In the field of renewable generation, the analysis has led to the conclusion that in no case are there significant residual risks, and there is an adequate level of control over them. With regard to the field of thermal generation, after the analysis carried out, a reputational risk related to climate change was identified, which is mitigated by compliance with the planned closure plans for coal plants, and by the planned growth in energy from renewable sources.

The company also has an environmental responsibility policy that covers personal and/or material damage to third parties, and also covers damage to Biodiversity according to EU Directive 35/2004 and equivalent National Legislation (Law 26/2007 on Environmental Responsibility).

As a result 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 the Decarbonisation chapter. See section 1.4. Risk management.

## 1.5. Environmental management systems

ENDESA is committed to achieving excellence in the environmental management of its business activity throughout the entire value chain. Therefore, in its 2020-2022 Sustainability Plan it established the objective of maintaining 100% of its generation and distribution facilities certified by the International Standard ISO 14001. This objective, which was fully met in 2020, is maintained in the new 2021-2023 PES.

The monitoring of all businesses at an environmental level is carried out through environmental management systems and their indicators. The indicators 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.

### 1.5.1. Certification of environmental management systems

#### CERTIFICATION OF ENVIRONMENTAL MANAGEMENT SYSTEMS ACCORDING TO THE ISO 14001 STANDARD

Activity	% certified
Electricity generation (thermal, hydraulic and renewable)	100%
Electricity distribution.	100%
Port Terminals	100%
Corporate headquarters and office buildings	11 locations

#### 1.5.1.1. Electricity generation

In 2020, all of ENDESA's electricity generation facilities and port terminals were UNE EN ISO 14001:2015 certified. All of ENDESA's generation facilities (thermal, hydraulic, wind, solar and biogas), are certified in accordance with international standards ISO 14001, ISO 9001 and ISO 45001, which allows processes to be managed effectively by adopting high standards of commitment to quality, the environment, and people's health and safety. Also, and for the corresponding plants, the requirements of the EMAS Register and the ISO 50.001 standard for energy efficiency are integrated into it, resulting in a solid, consolidated and aligned control and management scheme.

At present, 22.7% of the thermal power stations are certified UNE EN ISO 50001 for energy efficiency. We would also point out that 73.9% of the net installed capacity in all thermal power plants corresponds to plants registered in the EU Eco-Management and Audit Scheme ("EMAS"). Likewise, all port terminals are registered in EMAS and during 2020 they obtained Zero Waste certification.

#### 1.5.1.2. Distribution

All the distribution infrastructures are included in the scope of an Environmental Management System (ISO 14001: 2015) certification, ensuring that the identification, evaluation and control of the environmental impacts that its facilities and operations may generate are carried out periodically and systematically. This Management System is audited annually by an official accreditation entity.

In the last quarter of 2020, the renewal audit for ISO 14001 was carried out, and at the same time the implementation of the ISO 9001 and ISO 50001 standards was certified, which has allowed ratification of the involvement of

the entire organisation in compliance with the objectives and goals established in line with the business strategy. In addition, a Zero Waste certification pilot scheme was launched for the activities carried out in a sample of territories.

### 1.5.1.3. Supply

In 2020, the Integrated Management System that certifies gas and electricity commercialisation activity under ISO Quality and Environment standards continued with the improvement of management processes and with it the assurance of compliance with legal requirements and objectives acquired by the Organisation. In 2020 the scope was expanded through a certification linked to the existing one, for the supply of electricity from renewable sources.

In 2020, the activity of technical and economic management of energy-related products and services to industrial customers, private customers, small businesses and public administrations continued to improve its performance within the integrated quality and environmental management system.

### 1.5.1.4. ENDESA offices

During 2020, improvement continued on the environmental performance of the triple SIGAEC certification system (Environmental Management (ISO 14001), Energy Efficiency Management (ISO 50001) and Indoor Environmental Quality Management (UNE 171330-3) implemented in the company's 11 main offices, by controlling the environmental, energy and environmental quality aspects indoors, ensuring compliance with legal requirements and planned objectives.

4,715 employees work at certified offices, representing 47% of the workforce.

### 1.5.2. Environmental authorisations

During 2020, all ENDESA generation plants continued to comply with the environmental conditions set out in the reference Environmental Authorisations (AAI) in each fa-

cility, which cover all environmental aspects considered by the competent environmental authorities, in accordance with basic legislation state and the corresponding autonomic.

In order to be able to comply with the emission limit values (ELV) established by the European Directive on Industrial Emissions by 1 January 2020, the modifications required to the non-mainland thermal generating plants came into operation. Additionally, on the same date, generators 1 and 2 of the Alcludia thermal power plant were closed, and on 1 July the planned closure of the Compostilla and Teruel thermal power plants was carried out. Of the latter, it is worth mentioning that the dismantling plans have been presented, designed on the basis of respect for the environment in terms of atmosphere, water and soil, promoting the circular economy with proposals for the reuse of material and machinery in other facilities for the recovery of industrial waste, as well as including projects for a just transition of the areas.

At the end of 2020, ENDESA is processing an environmental impact statement or modification/confirmation of the existing 5,970 MW in renewable installations, of which almost 5,000 MW have been submitted throughout the year 2020.

Additionally, in coordination with the Environmental Administration, considerable improvements have been made regarding the required environmental compensation measures, launching actions aimed at improving biodiversity and conserving the natural values of the area where renewable projects are implemented. These actions tie in with ENDESA's natural inclinations in its commitment to sustainability and generating shared value.

## 1.6. Nuclear activity management

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 simply complying with legal requirements

### 1.6.1. Risk prevention and management

103-1 Spill and waste management approach EUSS

103-2 Spill and waste management approach EUSS

103-3 Spill and waste management approach EUSS

ENDESA supervises compliance by investee nuclear power plants with the nuclear policy, 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.

### 1.6.2. Emergency management

103-1 Disasters

Emergency planning and response management approach EUSS

103-2 Disasters

Emergency planning and response management approach EUSS

103-3 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 Interior 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 Exterior 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.

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 Exterior 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](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.

### 1.6.3. Dismantling

103-1 Plant dismantling Management Approach EUSS

103-2 Plant dismantling Management Approach EUSS

103-3 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 ENRESA, 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 fund is fed by a tax on the monthly contributions of nuclear power plant owners. In March 2020, ENDESA sent the Ministry a draft of the 7th General Radioactive Waste Plan for study and processing.

## 1.7. Environmental sanctions

307-1

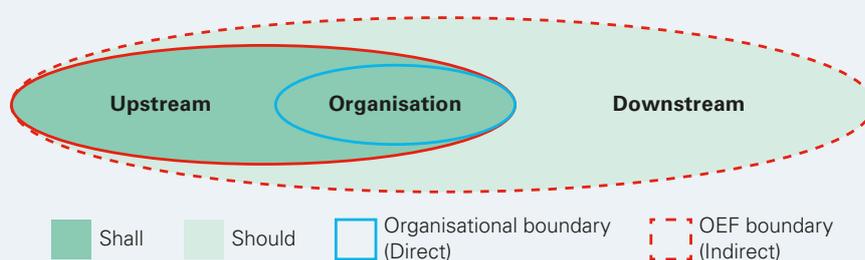
Environmental sanctions can be consulted in section 2.7 Litigation of the Corporate Governance and Ethical Conduct chapter.

ENDESA has insurance coverage of an environmental nature, which 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, as well as its transpositions to the national legislation of the countries where ENDESA is present and any other judicial decision related to environmental damage. The general limit of the policy is Euros 150 million and the general deductible limit is Euros 250,000.

## 2. ENDESA'S 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 foot-

# ORGANISATION ENVIRONMENTAL FOOTPRINT GUIDE- CONSOLIDATED VERSION



Organisational and OEF boundaries. Note: Any exclusion (e.g. downstream activities) shall be explicitly justified within the context of the study and the intended application.

print is a multi-criteria measure of the company's environmental behaviour with the perspective of the entire life cycle; this means looking at all stages from the extraction of raw materials to how products are managed at the end of their useful life, as well as the production and use stages.

During 2020 ENDESA maintained its commitment to excellence in environmental sustainability while meeting the decarbonisation objectives set in its Strategic Plan. All this led the organisation to achieve a reduction of 56% in the value of its footprint compared with 2019, which is well in excess of the planned objective. This has been mainly caused by the progressive cessation of the coal-fired thermal generation activity, accompanied by a general reduction in the operation of most generation technologies due to the uniqueness of the year.

## 2020 DIRECT SUB-FOOTPRINTS

(Footprint units)

	2020
Atmospheric footprint	4,039.17
Water footprint	1,153.21
Carbon footprint	535.90
Resource consumption footprint	1.78
Residue footprint	349.75
Noise footprint	12.57
Flora and fauna footprint	5.76

## 2.1. Energy resources

[103-1 Energy Management Approach](#)

[103-2 Energy Management Approach](#)

[103-3 Energy Management Approach](#)

ENDESA maintains its commitment to energy efficiency, which includes optimising generation processes, reducing losses in distribution networks and the energy consumption of the buildings and facilities, and offering a wide range of efficient products and services to its customers. ENDESA is also involved in public communication and awareness-raising, and participates, nationally and internationally, in the most important forums for knowledge and dissemination of energy efficiency.

### 2.1.1. Electricity consumption

[302-1](#)

The electricity consumed by the facilities is supplied by the company itself, so its value is not reported to avoid double counting.

### 2.1.2. Fuel consumption

[301-1](#) [302-1](#)

The materials used to produce electricity are mainly fuels and are considered non-renewable. A lower consumption is observed in almost all fuels except diesel, associated with a lower performance of all thermal technologies in the year.

The table includes fuels consumed in all ENDESA activities. It is worth mentioning the use in electricity generation (all fuels), electricity distribution (diesel) and to a lesser extent in buildings (diesel and natural gas) and vehicle fleet (diesel).

## CONSUMPTION OF MATERIALS (WEIGHT/VOLUME)

Type of fuel	2018	2019	2020
Coal (kt)	11,409	4,040	907
Fuel oil (kt)	1,325	1,187	867
Diesel (kt)	809	794	809
Natural gas (106 m <sup>3</sup> )	1,356	1,721	1,585
Uranium (t equivalent of uranium)	63.65	54.27	62.06

### 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 has not been considered since installations are supplied by electricity produced by the organisation itself.

There was a significant decrease in the total value of energy consumption deriving mainly from the reduced operation of coal-fired power plants during 2020, as a result of their progressive cessation of activity and coupled with the small share of this technology in the generation mix and the substantial increase in the entry of renewable technologies.

#### INTERNAL ENERGY CONSUMPTION BY PRIMARY SOURCE (TJ)\*

Type of fuel	2018	2019	2020
Coal	221,079	81,527	17,529
Fuel oil	53,313	47,755	34,873
Diesel oil	34,859	34,357	35,040
Natural gas	51,160	64,932	59,791
Uranium	254,926	279,042	273,845
<b>Total</b>	<b>615,336</b>	<b>507,614</b>	<b>421,078</b>

\*TJ: Terajoules

#### External energy consumption

302-2

For the year 2020, external energy consumption was estimated at 46.79 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 publication of this Declaration the external verification process is being carried out according to the requirements of the UNE EN ISO 14064 standard.

#### 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. During 2020 ENDESA intensified this digitisation process to improve the environmental protection and control processes. The most notable projects in this area are:

- > Improvements in emission or discharge data acquisition systems: this project aims to optimise 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: this project enables the 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: a digital platform has been developed for the treatment of environmental information for its internal and external reporting. This platform 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: a customised internal platform has been designed for the integrated management system of the facilities (environment, safety and quality). Through this platform, 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: a platform has been developed that allows all plant personnel to register potential environ-

mental or security incidents (“Near Miss”). This 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.

## Reduction of energy consumption - Energy saving

302-4

In 2020 ENDESA has saved 1,807,954 GJ of energy thanks to the development of energy efficiency improvement programmes. In 2020 the actions regarding the redesign of processes in the thermal power plants are also of great importance, particularly the savings obtained in the Cas Tresorer thermal power plant due to the modification of the curve of the variable inlet guide vane system, of the open gas cycle of one of the plant’s turbines. In the same way, within the programmes focused on the conservation and adaptations of the equipment, the modifications in the lighting systems that have been transformed to LED systems in various buildings and facilities stand out. 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 SAVING DUE TO CONSERVATION AND IMPROVEMENTS IN EFFICIENCY

(GJ)

Type of fuel	2018	2019	2020
Redesign of processes	0	10,181	1,802,006
Upkeep and adaptations of equipment	171.49	7,665	5,948
<b>Total</b>	<b>171.49</b>	<b>17,846</b>	<b>1,807,954</b>

Additionally, ENDESA has been implementing measures for years and promoting more sustainable mobility initiatives among its employees, which have a significant impact measured in terms of reduced energy consumption. We should highlight among these types of actions the collective transport in generation centres. The energy saving associated with these measures was 32,415 GJ.

## 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. Continuing with the criteria established in 2018, in this year the energy consumption derived from Uranium was also included in the calculation. There was a decrease in the company’s energy intensity, the result of the continuous improvement actions that the company is applying in all its processes.

### ENERGY INTENSITY

	2018	2019	2020
Total energy consumption (TJ)	615,336	507,614	421,574
Net production (GWh)	74,193	61,402	56,269
Energy intensity (TJ/GWh)	8.29	8.27	7.48

### 2.1.4. Other consumption

ENDESA uses other consumables necessary to produce electricity. In 2020, total consumption was 24.6 thousand metric tons (kt), 86% less than in 2019 (179 kt) in Spain and Portugal, mainly due to the reduced operation of coal-fired power plants and consequently the reduced consumption of limestone for the flue-gas desulphurisation process.

### ENDESA CONSUMABLES

(Metric tons)

Spain and Portugal	2018	2019	2020
Lime	773.11	486.97	490.36
Ferric chloride	486.87	294.40	213.30
Ammonium	2,711.47	822.38	96.14
Caustic soda	895.8	474.24	480.58
Sulphuric and hydrochloric acid	1,668.11	961.67	671.06
Sodium hypochlorite	694.40	549.08	709.03
Chlorine dioxide	0.99	0	2.77
Magnesium oxide	129.9	0	55.35
Limestone for the desulphurisation of combustion gases	406,745.43	174,491.60	16,212.54
Lubricant oil	12,328.12	198.51	4,253.31
Dielectric oil	549.65	85.74	658.12
Others*	5,746.35	739.38	1,097.68
<b>Total</b>	<b>432,730.19</b>	<b>179,104.01</b>	<b>25,004.81</b>

\*includes chemical components not habitually used

### USE OF RECYCLED MATERIALS

(Metric tons)

	2020
Filtered and reused lubricating oil	79.01
Reused dielectric oil	262.47
Recycled paper	1.40
<b>Total Recycled</b>	<b>342.88</b>

## 2.1.5. Energy efficiency and unavailability in electricity generation

[EU11](#) [103-1 System Efficiency Management Approach EUSS](#)

[103-2 System Efficiency Management Approach EUSS](#)

[103-3 System Efficiency Management Approach EUSS](#)

ENDESA makes a firm commitment to energy efficiency in its generation business, the energy return obtained from the natural resources used being fundamental. Thus, the efficiency of ENDESA's thermal power plants in 2020 remained at similar values to those of the previous year, except for the coal-fired power plants, whose low operation also had an impact on this parameter.

### ENERGY EFFICIENCY OF THERMAL POWER PLANTS

(%)

	2018	2019	2020
Coal-fired power plants	37.96	35.28	29.90
Mainland combined cycle thermal power plants	54.33	54.38	54.51
Non-mainland thermal power plants	39.31	40.01	41.39
<b>Average value</b>	<b>39.97</b>	<b>41.51</b>	<b>43.41</b>

### NON-AVAILABILITY OF THERMAL POWER PLANTS

(%)

	2018	2019	2020
Coal-fired power plants	6.4	9.3	6.4
Mainland combined cycle thermal power plants	8.7	10	14.3 <sup>1</sup>
Non-mainland thermal power plants	6.2	6.4	5.8
<b>Average value</b>	<b>7.0</b>	<b>8.6</b>	<b>8.7</b>

<sup>1</sup> Data without the effect of the As Pontes combined cycle plant during the first nine months of 2020.

For calculating the parameters of efficiency and non-availability the different regulatory regimes are considered separately as required by the GRI. Details of the criteria used for the calculation are:

- > Coal-fired power plants: includes coal-fired power plants on the Spanish mainland and the Balearic Islands. It should be taken into account that several of them compute only for their period of operation in 2020 (from 1 January to closure).
- > Mainland combined cycle thermal power plants: includes combined cycle power plants located on the Spanish mainland.

- > Non-mainland thermal power plants: includes all thermal power plants located in non-mainland territories, for all technologies except coal.

[EU30](#)

In 2020, the efficiency of nuclear power plants was 35.44%, very much in line with last year's values (efficiency in 2019 was 35.30%). Non-availability in 2020 was 10.29%, slightly higher than in 2019 (9.58%).

## 2.2. Air quality

[103-1 Emissions Management Approach](#)

[103-2 Emissions Management Approach](#)

[103-3 Emissions Management Approach](#)

[305-7](#)

### ENDESA TRENDS IN ABSOLUTE EMISSIONS OF SO<sub>2</sub>, NO<sub>x</sub> AND PARTICLES

	2018	2019	2020
SO <sub>2</sub> (tonnes)	47,845	26,492	9,550
NO <sub>x</sub> (tonnes)	70,313	57,811	43,139
Particles (tonnes)	1,532	1,035	757

### ENDESA TRENDS IN SPECIFIC SO<sub>2</sub>, NO<sub>x</sub> AND PARTICLE EMISSIONS

	2018	2019	2020
SO <sub>2</sub> (g/KWh)	0.64	0.43	0.17
NO <sub>x</sub> (g/KWh)	0.95	0.94	0.77
Particles (g/kWh)	0.02	0.02	0.01

In addition to the decrease in pollutant emissions in 2020 due to a lower operation of thermal power plants, and within these more particularly of coal-fired plants, a significant decrease in specific emissions is observed thanks to the implementation of efficiency and environmental protection measures in the facilities.

Despite the special COVID pandemic circumstances, in 2020 ENDESA continued with the exhaustive system to control all its emissions in real time and ensure compliance with the emission limit values at all times. In the same way, it continued with the real-time control of the air quality around its facilities. For this, it carries out an exhaustive control and maintenance of the chimney

measurement equipment and submits them to annual inspections carried out by external accredited laboratories. The company meets the parameters required by the regulations applicable, implements technology to minimise emissions, and applies corrective measures to the impacts generated. During 2020, due to the special pandemic circumstances, access to the facilities by external entities had to be adapted, modifying the work procedures to ensure the safety of both external and internal personnel and allow them to continue with the inspection and quality assurance processes of the facilities' environmental control equipment, as well as the taking of samples to ensure compliance with the environmental requirements deriving from current legislation.

In 2020 ENDESA carried out important actions and procedures in the plants focused on complying with the required emission levels, such as:

- > In the combined cycle pool ENDESA is investing in the improvement of the combustion systems of its turbines to improve their operational flexibility and improve their emission standards.
- > Within the scope of Directive 2010/75/EU on industrial emissions and the BREF on large combustion facilities, the substantial investments to abate emissions continue in the island groups of the thermal power plants of Mahón, Barranco de Tirajana and Granadilla. In the case of the Mahón thermal power plant, the water injection system in gas turbines 3, 4 and 5 is fed by the discharge from the waste water treatment plant of the neighbouring city of Mahón, which contributes to minimising water consumption as well as to improving the quality of the water that reaches the sea.

Additionally, ENDESA's facilities continue to make small modifications within the process of continuous improvement in order to optimise emission control systems and reduce them. In the field of automatic measurement systems, throughout 2020 the fleet's analysers continued to be constantly renewed, older ones being replaced with more modern ones and analysers being installed in locations where it was not a legal requirement, as in the Ceuta plant.

The success of the implementation of all the mentioned measures is observed in the results obtained for the environmental indicators related to air pollution in 2020.

## 2.3. Emissions of ozone-depleting substances

305-6 103-1 Emissions Management Approach

103-2 Emissions Management Approach

103-3 Emissions Management Approach 305-7

During 2020 there were leaks of fluorinated gases into the atmosphere equivalent to 34.53 kt equivalent of CO<sub>2</sub> (19.33 ktCO<sub>2</sub> eq of SF<sub>6</sub> and 15.20 ktCO<sub>2</sub> eq of other fluorinated gases).

During 2020 the Company maintained the commitments agreed in the framework of the Voluntary Agreement 2015-2020 between the Ministry for the Ecological Transition and the Demographic Challenge and the main actors of the Spanish Energy Sector, for a more environmentally friendly comprehensive management of SF<sub>6</sub> use in the electricity industry. The main aim is to contribute to the objective assigned to Spain for the reduction of greenhouse gas emissions in various sectors. Thanks to the data sent by all the members of the Voluntary Agreement to the inventory unit of the Ministry for the Ecological Transition and the Demographic Challenge, compliance with the SF<sub>6</sub> emission reduction objectives for the manufacturing, installation, service and maintenance phases of electrical equipment using SF<sub>6</sub> during 2019 was verified.

## 2.4. Noise and light pollution

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.

## 2.5. Water resources

103-1 Water and effluents Management Approach

103-2 Water and effluents Management Approach

103-3 Water and effluents Management Approach

103-1 Water and effluents Management Approach EUSS

103-2 Water and effluents Management Approach EUSS

EUSS 103-3 Water and effluents Management Approach EUSS

ENDESA, in the interest of preserving water quality and maintaining continuous improvement in its interaction

with this resource, carries out its 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 uses of water by the generation facilities have been granted taking into account their compatibility with pre-existing users. 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. In addition, discharges of previously used water are always done in compliance with the applicable regulations and according to the environmental management system implemented.

The facilities built for power generation allow a greater availability of water for other purposes such as irrigation, supply, or conservation of ecosystems. This availability is optimised through cooperation with watershed organisations.

Hydroelectric infrastructures have various benefits associated with them, including the existence of ecosystem services such as provision services, services for the regulation and maintenance of the environment for humans, and cultural services, contributing to their flow being maintained over time and remaining sustainable.

ENDESA annually sets objectives to improve its interactions with water. To address these objectives, the company follows an exhaustive process to analyse each impact and objective, implementing various solutions such as water consumption control systems, reuse of rainwater for irrigation, continuous improvement of water quality through control of discharges and wastewater and preservation of the ecological status of reservoirs and associated regulated river sections.

Within this improvement process, it is worth highlighting the internal launch of the WAVE project during 2020, aimed at finding and implementing 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 of the city of Mahón as a contribution to the demi water 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.

ENDESA participated in the CDP Water Disclosure project for the eleventh year running. This initiative requires companies to report and reduce their environmental impact in relation to water resource management. This is done in accordance with the requirements of institutional investors and companies with a high purchasing power. The qualification achieved in 2020 was A, within the "Leadership" level, the highest score in water resources management.

### 2.5.1. Water consumption

[301-2](#) [303-1](#) [303-3](#) [303-5](#) [306-5](#)

[103-1 Management approach Water and effluents EUSS](#)

[103-2 Management approach Water and effluents EUSS](#)

[103-3 Management approach Water and effluents EUSS](#)

Comprehensive water management is one of ENDESA's biggest concerns. The main tasks in this area entail improvements to consumption efficiency, water quality by controlling dumping and waste water and reservoir management, with an assessment of ecological potential for bird life, control of invasive species and preventing dry-up in regulated rivers.

In 2020, 133,898 m<sup>3</sup> of residual water were reused in processes, which represents 2.6% of the total volume of water abstracted for industrial use.

99% of the water abstracted by ENDESA for use at its plants is returned to the environment to be reused.

#### CAPTURE OF PROCESS WATER

(Hm<sup>3</sup>)

	2018	2019	2020
Thermal Production Unit (UPT)	42.90	20.46	3.37
Nuclear generation	1.71	2.2	1.73
Mining	0.02	0	0
<b>Total</b>	<b>44.63</b>	<b>22.66</b>	<b>5.11</b>

#### RECYCLED WATER

(Hm<sup>3</sup>)

	2018	2019	2020
	0.015	0.161	0.134

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Additionally, and to comply with the new water requirements established by the GRI, the following table is provided, which includes water consumption for the different technologies, as well as in the main buildings of the company:

#### WATER CONSUMPTION

(Hm<sup>3</sup>)

	2018	2019	2020
Thermal Production Unit (UPT)	24.38	6.49	5.88
Nuclear generation	0.032	0.26	0
Mining	0.02	0	0
Buildings	0.06	0.06	0.05
<b>Total</b>	<b>24.50</b>	<b>6.81</b>	<b>5.93</b>

#### TOTAL WATER ABSTRACTION BY SOURCE

(Hm<sup>3</sup>)

		2018	2019	2020
Industrial use	Freshwater catchment	41.49	20.08	3.12
	from surface waters	40.27	19.31	2.81
	from wells	0	0	0
	from municipal network	1.22	0.77	0.32
	Seawater catchment	0	0	0.05
	Seawater catchment (desalinated)	3.12	2.58	1.93
	Wastewater catchment (internal use)	0.015	0.161	0.058
Use for cooling	Seawater (open cycle)	3,290.99	3,860.66	3,266.73
	Surface waters (open cycle)	1,753.91	1,628.40	1,942.99
	Water (closed cycle)	0	0	0
	volume of water processed	272.40	236.40	9.01
	drainage from cooling towers	251.81	212.75	0.016
Civil use	0.13	0.220	0.489	
<b>Total<sup>1</sup></b>	<b>5,341.46</b>	<b>5,724.85</b>	<b>5,215.34</b>	

<sup>1</sup> The volume of processed water used for closed cycle cooling is not included in the total.

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#### BODIES OF WATER AFFECTED BY SPILLS

Bodies of water significantly affected	2018	2019	2020
For uptake ≥5% vol. average annual total of body of water	4	4	4
For catchment in bodies of water considered significant	34	34	34
For catchment in Ramsar wetlands or in protected areas	3	3	3
For catchment in sources located in areas with national protection	61	61	61
For catchment in sources located in areas with international protection	56	56	56
Total bodies of water significantly affected	158	158	158
Characteristics of bodies of water significantly affected	2018	2019	2020
Volume (m <sup>3</sup> )	341,000,000	341,000,000	341,000,000
Flow (m <sup>3</sup> /sec.)	1,043.8	1,043.8	1,043.8
Classified as protected	60.0	60.0	60.0
Of value due to its biodiversity	59.0	59.0	59.0

The specific capture of water for industrial use in the electricity generation process in 2020 was 90.7l/MWh.

The following table details the water withdrawal by type of source, and a decrease can be observed compared with 2019 in all water withdrawals, except in the capture of surface water for use in cooling in nuclear power plants, due to a general reduction in the operation of the plants. Note that the water used for cooling is returned to the environment in appropriate conditions to guarantee its subsequent uses, and that in volume it represents 99% of the total water collected.

## WATER SOURCES THAT HAVE BEEN AFFECTED SIGNIFICANTLY BY WATER WITHDRAWAL

(NO.)

Bodies of water significantly affected	2018	2019	2020
For uptake $\geq 5\%$ vol. average annual total of body of water	124	124	124
For catchment in bodies of water considered significant	9	9	9
For catchment in Ramsar wetlands or in protected areas	8	8	8
For catchment in sources located in areas with national protection	76	76	76
For catchment in sources located in areas with international protection	73	73	73
Total bodies of water significantly affected	290	290	290
Characteristics of bodies of water significantly affected	2018	2019	2020
Volume (m <sup>3</sup> )	395,324,000	395,324,000	395,324,000
Flow (m <sup>3</sup> /sec.)	2,525.70	2,525.70	2,525.70
Classified as protected	76	76	76
Of value due to its biodiversity	0	0	0

### 2.5.2. Discharge of water

[103-1 Management approach effluents and waste](#)
[103-2 Management approach effluents and waste](#)
[103-3 Management approach effluents and waste EUSS](#)
[303-2](#)
[306-1](#)
[303-4](#)

ENDESA has a series of procedures to control and reduce discharges to water, as well as to improve their quality, mainly through wastewater treatment facilities. In 2020 there was a significant decrease in discharges from thermal power plants compared with 2019 due to their lower level of operation.

#### INDUSTRIAL DISCHARGES

(Hm<sup>3</sup>)

	2018	2019	2020
Thermal power stations	18.63	14.10	2,181.38
Nuclear power plants	1.68	1.97	1.78
<b>Total</b>	<b>20.31</b>	<b>16.07</b>	<b>2,183.16</b>

In 2020 the criteria for calculating water discharge in thermal power plants were changed to include the discharge associated with open-cycle cooling in the calculation. Based on the same criteria used in previous years, the discharge from the thermal power plants in 2020 was 6.43 Hm<sup>3</sup> and the total amount discharged would be 8.21 Hm<sup>3</sup>.

In the process of continuously improving the generation facilities, specific actions are carried out aimed at reduc-

ing water consumption and improving the conditions of discharges, including:

- > As Pontes Combined Cycle Plant: the recirculation cycles of the cooling towers have been increased, achieving a decrease in the specific consumption of water for cooling.
- > Hydraulic Production Units: the policy of eliminating sanitary wastewater discharge points has been continued, with the aim of replacing authorised discharges with sealed confinement systems and controlled withdrawal. The system of effluent confinement, phase separation and selective management of final waste has been developed, and oil detectors are also available in the bilge pits, which are being renovated with more modern technology devices. These resources guarantee a minimum risk of spillage into the public water domain. Additionally, in 2020 all the planned actions deriving from the oil spill prevention plan, which began in 2018 with the diagnosis of the points with the highest risk of environmental incident, were carried out.

### 2.5.3. Water stress

In 2020, ENDESA once again carried out an analysis to identify which of its facilities 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.

In 2020 the water stress analysis was done using the Aqueduct Water Risk Atlas tools of the World Resources Institute (WRI) and the “Global Water Tool for Power Utilities” (GWT) that ENDESA has been using for years, developed by the World Business Council for Sustainable Development (WBCSD), both of which are aimed at companies and organisations to facilitate the identification and analysis of water consumption during the course of their productive activity, in addition to evaluating the risks related to their global operations and their supply chain in relation to the use of water resources.

The analysis was done on 47 energy production facilities: 30 thermal plants and 17 hydroelectric plants in Iberia.

The conclusions drawn from the study are similar to those of last year:

- > A total of 23 facilities are located in areas defined as water resources under stress, which represents 49% of ENDESA's plants. However, it is important to note that 56% of the facilities located in areas under stress do not consume fresh process water, e.g. thermal power plants because they only use salt water, and hydroelectric plants because they use but do not consume fresh water.
- > Facilities located in areas with water resources under stress (<1,700 m<sup>3</sup>/person per year) and with fresh process water consumption account for only 21% of ENDESA's facilities, which produce 9.6% of the energy. The sum of these consumptions is 0.155 Hm<sup>3</sup>.
- > ENDESA optimises the use of fresh water in all its facilities, whether located in areas with or without water stress. This is demonstrated by the fact that 79% of the production centres located in areas with sufficient and abundant water resources also do not consume fresh process water.

The Alcudia thermal power plant in the Balearic Islands, located in a stress zone, with a consumption of fresh process water that represents 84% of the total, is in limited operating conditions, so its water consumption will be greatly reduced.

It is also worth highlighting 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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The withdrawal of fresh water for industrial use in thermal power plants located in areas of water stress during 2020 was 13.7% of the total water withdrawn for industrial use. 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 process water with respect to the total consumption of process water represents only 2.7%. Note that a large part of the process water used in ENDESA's plants is salt water.

## 2.6. Waste Measures for prevention, recycling, reuse, other forms of waste recovery and disposal

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103-1 Management approach materials EUSS

103-2 Management approach materials EUSS

103-3 Management approach materials EUSS

103-1 Management approach effluents and waste EUSS

103-2 Management approach effluents and waste EUSS

103-3 Management approach effluents and waste EUSS

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103-1 Management approach effluents and waste

103-2 Management approach effluents and waste

103-3 Management approach effluents and waste

ENDESA has environmental management systems in place that include specific operating procedures to manage the waste produced by all its activities. These are continuously reviewed to detect and drive improvements. ENDESA manages its waste according to the waste hierarchy (prevention, preparation for reuse, recycling, other types of recovery (including energy) and finally disposal), always starting from prevention, and when that is not possible, prioritising recovery and recycling treatments for the waste it generates, especially inert waste, as well as the treatment for reuse of those hazardous wastes that allow it, for example, used oils or cleaning solvents).

A considerable portion of all the waste recovered by ENDESA in 2020 derived from its external facilities, representing 84% of its total non-hazardous waste and 71% of its total hazardous waste in Spain and Portugal.

## NON-HAZARDOUS WASTE (NHW)

(METRIC TONS)

	2018		2019		2020	
	Produced	Valued	Produced	Valued	Produced	Valued
Thermal Production Units (UPT)	47,463.81	41,375.88	21,168.14	16,187.82	20,020.52	12,029.08
Hydraulic Production Units (UPH)	717.60	678.65	423.19	372.41	524.93	71.81
Port Terminals	530.60	511.37	402.39	386.79	647.46	633.40
Nuclear	2,040.00	1,444.40	2,690.94	2,062.61	2,585.85	2,278.78
Distribution	18,872.18	18,735.31	36,108.15	35,855.39	35,898.04	35,345.18
Renewables (wind, photovoltaic, biomass)	370.6	370.6	3.84	3.80	6.47	6.42
Buildings	324.15	248.52	304.05	233.29	252.12	132.42
<b>Total</b>	<b>69,678.81</b>	<b>62,805.23</b>	<b>61,100.71</b>	<b>55,102.12</b>	<b>59,935.40</b>	<b>50,497.09</b>

## HAZARDOUS WASTE

(Hw)

	2018		2019		2020	
	Produced	Valued	Produced	Valued	Produced	Valued
Thermal Production Units (UPT)	6,644.72	3,013.32	6,252.97	3,918.81	6,859.82	4,179.05
Hydraulic Production Units (UPH)	418.49	354.31	222.94	162.75	198.80	145.65
Port Terminals	11.6	10.93	12.67	12.67	6.61	4.93
Nuclear	303.84	81.86	370.24	114.37	611.93	232.91
Distribution	3,002.30	2,536.34	2,318.66	1,959.27	3,269.96	2,936.34
Renewables (wind, photovoltaic, biomass)	103.61	101.31	143.56	126.34	150.48	126.67
Buildings	1.81	1.28	1.5	1.3	0.43	0.43
<b>Total</b>	<b>10,480.59</b>	<b>6,094.09</b>	<b>9,322.59</b>	<b>6,295.47</b>	<b>11,098.04</b>	<b>7,625.98</b>

Recovered waste is considered to be that which is delivered to an authorised manager and that undergoes recovery treatment by the latter. The previous table does not include the production of coal combustion residue (ash, slag and gypsum), the data for which is indicated in a dedicated table.

## RADIOACTIVE WASTE PRODUCED

(m<sup>3</sup>)

	2018	2019	2020
Liquids	1.78	1.60	5.55
Solids	212.88	132.47	136.18
Compactable	166.42	100.97	86.55
Other treatments (fragmentation, cementation, etc.)	32.84	23.87	44.68
Other	13.62	7.64	4.95

Non-hazardous waste generated in offices - paper and cardboard, plastic containers and metal containers - is 100% valorised. As regards solid urban waste, 67.8% was valorised in 2020. The following table shows the amounts of waste generated:

## TYPE OF WASTE GENERATED IN OFFICES

(kg)

MSW	189,000
Paper and cardboard	51,700
Plastic bottles	6,800
Metal containers	40
<b>Total non-hazardous waste</b>	<b>247,540</b>

## 2.6.1. Coal combustion products

ENDESA recovers part of the waste ash, slag and gypsum generated by its coal-fired plants as a raw material for other industrial uses. The downward trend of this activity continued in 2020, due to the lower operation of the coal-fired power plants planned within the decarbonisation process.

These products are mainly recovered at facilities located in Spain. The cement and construction industries are the main ash and slag recovery markets, while the panel-making sector acts as such for gypsum.

**PRODUCTION AND MANAGEMENT OF ASH, SLAG AND GYPSUM AT ENDESA'S COAL-FIRED POWER PLANTS**  
(Spain and Portugal)

	2018	2019	2020
<b>Ash (t/year)</b>			
Produced	1,034,177	453,451	50,261.63
Recovery	472,078	298,284	42,085.75
Restoration	0	0	0
Landfill	562,099	155,167	8,175.88
<b>Slag (t/year)</b>			
Produced	196,464	53,005	24,168.78
Recovery	17,190	38,958	10,274.23
Restoration	0	0	0
Landfill	179,273	14,048	13,894.55
<b>Gypsum (t/year)</b>			
Produced	864,235	391,217	69,554.84
Recovery	84,890	53,623	15,767.61
Landfill	779,346	337,594	53,787.23

As part of the internal Circular Economy process in which the company is engaged, a global project was carried out in 2020 to study the viability of recovering the waste stored in the landfills of coal-fired plants.

### 3. Conservation of biodiversity

- [103-1 Management approach Biodiversity](#)
- [103-2 Management approach Biodiversity](#)
- [103-3 Management approach Biodiversity](#)
- [103-1 Management approach Biodiversity EUSS](#)
- [103-2 Management approach Biodiversity EUSS](#)
- [103-3 Management approach Biodiversity EUSS](#)

#### ENDESA's Biodiversity Policy

The Global Assessment Report of IPBES (Intergovernmental Scientific-normative Platform on Biological Diversity and Ecosystem Services) presented last year 2019, warns that the current rate of degradation of ecosystems and unprecedented loss of biodiversity shows the need for measures that highlight the impacts, but above all society's dependence on nature, understood as the set of biodiversity, natural capital, and the ecosystem services that it provides us.

Adequately protecting nature's contributions to people requires a globally sustainable economy. The necessary evolution of the financial and economic systems can only be achieved in partnership with the decision-makers, in the Government, but also in an essential way, with the private sector. That is why it is essential to have assessment methods that allow us to take stock of how human activities use and/or change them.

Natural capital is the set of ecosystem services that nature provides us and that contribute directly or indirectly to the well-being of people, the development of society and the global economy. Companies such as ENDESA depend on natural capital and with their operations generate impacts on it.

In this sense, ENDESA as a company firmly committed to the protection of the environment, including biodiversity, works on innovative initiatives in terms of analysis and evaluation of the impacts and dependencies of natural capital and ecosystem services in the environment of its businesses, thus guiding all its activity towards the ultimate goal of "no loss of biodiversity".

ENDESA is committed to mitigating the potential impacts on biodiversity and ecosystem services throughout the life cycle of its activities, and with the aim of considering new approaches and commitments on the matter, for this reason ENDESA's Board of Directors approved in January 2020 the Biodiversity Policy, which includes the commitments acquired by the company in this area. It can be consulted on the company's website: <https://www.endesa.com/content/dam/endesa-com/home/sostenibilidad/medioambiente/documentos/politica-de-biodiversidad-endesa.pdf>

In order to integrate the objectives of this policy into the company's strategy and decision-making, the Biodiversity Committee has been created, which meets at least every two months and includes representatives from all the business lines of the company. During the sessions, the members of the Committee 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 are exposed and analysed at the regional, national and international levels.

### 3.1. Biodiversity conservation plan

ENDESA's Biodiversity Conservation Plan (PCBE) is the instrument under which all the biodiversity measures developed by the company are executed. All the projects of this PCBE initiated after the creation of the Biodiversity Committee have the unanimous approval of all its members.

The PCBE is part of the Biodiversity Policy and one of its most important and distinctive facets, since all the actions included in this plan are carried out either completely voluntarily, or go far beyond mere mandatory environmental requirements.

The main action lines of the Plan are:

- > Restoring the physical environment on the land and facilities to increase their capacity for hosting biodiversity.
- > Managing the factors in the natural environment surrounding the facilities that contribute to improving the habitats of certain species.
- > Recognising the natural capital, the ecosystems it is home to, their value and state of conservation.
- > Preserving native species and controlling invasive species at ENDESA facilities and in the surrounding area.

The Biodiversity Conservation Plan ended 2020 with a total of 26 operational actions with the following results: 21 ongoing from previous years (3 of them were completed in 2020 and 18 continue under way) in addition to making a start on 5 new actions in 2020.

### 3.2. Highlights

Among the many actions carried out during 2020, the following should be highlighted:

- > Studies and research:

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- In 2020, a study was carried out of the bryophyte population (mosses and liverworts) of the Corta Ballesta Este, in the restored mining area of Peñarroya (Córdoba). This group of species had never before been studied in this space. The project has made it possible to add a total of 61 new species to the catalogue of flora in the area (55 bryophytes, 4 macroalgae and 2 vascular plants), bringing the catalogue to a total of 339 species. Of the 55 bryophytes observed, 6 are included in the Red List of threatened bryophytes of mainland and Balearic Spain.
- > Birdlife protection actions:

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In 2020 the company started a project for the recovery of lesser kestrel populations in Aragón, in conjunction with Defence and Study of the Environment (DEMA) and with the support of the Government of Aragón. The objective of the project is to reinforce the Aragonese populations of lesser kestrels, and in turn increase the existing knowledge about the use of space made by the species and the evolution of this use over time. To do this, in June 2020 several chicks were released into a nesting house with a view to consolidating the existing colony. At the same time, the project also contemplates the marking and GPS tracking of a fraction of the released specimens.

Also noteworthy is the black vulture tagging and monitoring project in the International Tagus Natural Park, a cross-border natural reserve between Spain and Portugal, which started in 2018 with the tagging and taking of biological samples of the eight chicks born that year in the colony. The marking and collection of samples continued in 2019 with another 8 specimens. During 2020, the marked specimens were monitored and their

routes and use of the space were analysed. The final objective is to obtain detailed information on the dispersive movements, mortality and incorporation into the reproductive population of the juveniles born in the project colony, as well as their interaction with other Iberian colonies. The black vulture is classified as Critically Endangered in the Red Book of Birds of Portugal and Vulnerable in the National Catalogue of Threatened Species of Spain. The conservation entity Hawk Mountain Sanctuary also participates in this project.

- > Projects with a socio-environmental component:

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Following its collaboration to develop a national inventory of outbreaks of oak decline or dieback in Spain, ENDESA has established a collaboration agreement between the General Directorate of Biodiversity of the Ministry for the Ecological Transition and the Demographic Challenge that will serve to carry out studies subsequent to the national inventory, where ENDESA will participate in the experience and knowledge acquired and that can be applied in the territories where it operates.

- > Publications:

An article was published in the scientific journal BMC Research Notes on the trout transcriptome, a product of the ENDESA research project developed jointly with the University of Lleida and the Institut de Recerca Biomèdica de Lleida on ecological, genetic and metabolic factors of trout mobility.

- > Training and dissemination events:

It is worth highlighting ENDESA's reaching the finals of the European environmental awards in the category of Business and Biodiversity for the Project "Integrated evaluation of ecosystem services in the environment of

several ENDESA hydroelectric reservoirs", which highlights the importance of the conservation and sustainable use of biodiversity for ENDESA.

On the occasion of the presentation of the ENDESA Experience in Natural Capital and Ecosystem Services, a virtual working breakfast on natural capital was held by the Spanish Green Growth Group (GECV) and the Spanish Business and Biodiversity Initiative (IEEB).

The company organised the exhibition of ENDESA's experience in matters of Natural Capital and ecosystem services and of the projects of "Integrated evaluation of ecosystem services in the environment of several ENDESA hydroelectric reservoirs" and "Osprey in the Bay of Cádiz" in the SDG Ambassadors event within the CUMPLIMOS JUNTOS initiative in relation to SDGs 6, 14 and 15 (ecosystems and biodiversity), which is why it took part in the online radio programme 'Challenge: Green Circle'.

It is worth mentioning the participation in other initiatives, such as the working group of the "Life Eurokite" project in which the use of telemetry technology has been sought to identify the use of the spatial habitat of the target species and quantify the key reasons of the mortality of raptor species in the European Union, or the Spanish Business and Biodiversity Initiative (IEEB) working group that the Biodiversity Foundation together with the business sector, has set up to promote economic development compatible with conservation of biodiversity, facilitating a solid framework of cooperation between large companies, Non-Governmental Organisations (NGOs), associations and the Administration, joining efforts to improve and maintain natural capital in Spain.

### 3.3. Environmental restoration

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Since 2016 ENDESA has been making progress with its commitment to environmental restoration, through the ENDESA Forest initiative, a programme that contributes to consolidating the Company's decarbonisation path (66% reduction in CO<sub>2</sub> emissions relative to 2005) consisting of the reforestation of degraded and burned land at the national level through seeding and planting techniques using native forest species, as they are the best adapted to the environment (forests absorb GHGs present in the atmosphere and at the same time are a biodiversity niche).

To date, ENDESA has developed four projects in Spain, two of them registered in the CO<sub>2</sub> sinks section of the National

Registry of Carbon Footprint, Compensation and Absorption Projects of the Spanish Office for Climate Change (OECC) under the Ministry for the Ecological Transition and Demographic Challenge, becoming a pioneering initiative in the Energy Sector. All the information on these projects can be consulted on the company's website: <https://www.endesa.com/en/projects/all-projects/energy-efficiency/environment/trees-against-climate-change-Projects> executed and registered:

- > Bosque ENDESA La Atalaya (Madrid), 2017.
- > Bosque ENDESA Doñana (Andalusia), 2020.

Projects executed and in the registration phase:

- > Bosque ENDESA Pirineo (Catalonia)
- > Bosque ENDESA Teruel (Aragón)

The initiative is a clear example of sustainability, and involves the generation of a positive impact in the environmental, economic and social spheres:

- > Environmental: it involves a mitigation of climate change by absorbing CO<sub>2</sub> from the atmosphere, but it also contributes to generating a positive environmental impact in other areas (favouring adaptation to climate change, promoting the recovery of biodiversity, developing natural capital and ecosystem services, fighting desertification, protecting the water cycle, stopping soil degradation from run-off, among others).
- > Economic: by restoring the forest, the natural capital and associated ecosystem services that it contributes to society are also recovered, especially to the nearby rural environment.
- > Social: when carrying 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 environmental restoration actions active in 2020:

Habitat area (Km <sup>2</sup> ):	1.95
Main species conserved/protected:	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.
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 evolution of 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.
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.
Biodiversity monitoring and notification period at offset sites:	Between 3 and 40 years

### 3.4. Impacts caused by activities or operations in protected areas

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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, as a measure of the impact caused by the mere presence of ENDESA facilities in protected natural areas, the area occupied by the Company's centres and infrastructure within spaces belonging to the Natura 2000 Network (ZEC, LIC and ZEPA) has been calculated. These data have been obtained as part of ENDESA's Biodiversity Indicators System for the year 2020:

#### THERMAL GENERATION

Surface (km <sup>2</sup> ) occupied by facilities in Natura 2000 Network spaces	1.57
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#### RENEWABLE GENERATION

Surface area (km <sup>2</sup> ) occupied by facilities in Natura 2000 Network spaces (hydroelectric generation)	282.42
Surface area (km <sup>2</sup> ) occupied by facilities in Natura 2000 Network spaces (wind generation)	0.87
Surface area (km <sup>2</sup> ) occupied by facilities in Natura 2000 Network spaces (solar generation)	0.82
Surface area (km <sup>2</sup> ) occupied by facilities in Natura 2000 Network spaces (biomass generation)	0.01

#### ELECTRICITY DISTRIBUTION

Surface area (km <sup>2</sup> ) occupied by facilities in Natura 2000 Network spaces (electricity distribution lines)	587.40
Surface area (km <sup>2</sup> ) occupied by facilities in Natura 2000 Network spaces (electrical distribution substations)	0.92

## 4. Sustainable mobility

Mobility holds considerable weight in the framework of sustainable development due to its environmental impact, the associated social and economic effects, as well as the interrelationships with other sectors. The continuous growth that the sector has experienced over the past years and its foreseeable increase makes the challenge of achieving a more sustainable model a strategic priority at local, national, European and global levels.

The process for bringing about change involves raising public awareness and promoting solutions, among which electric transport figures as a key part of an integrated and sustainable urban mobility system that presents clear commercial opportunities for a company that, like ENDESA, is committed to leading the transformation towards a sustainable energy model.

ENDESA therefore has taken on sustainable mobility on board as a key element of its strategic and sustainability plans and, therefore, is developing a set of projects that cover different areas, from technological to social, promoting electric mobility as one of the main drivers towards a new energy model with zero emissions, responding to the new needs and expectations that society is increasingly demanding.

### 4.1. The *Movimiento-e* Sustainable Mobility Plan 2018-2020

*Movimiento-e* is the plan that has included all ENDESA's sustainable mobility measures. This has been the second plan that the company has put in place to focus its action on internal management directed at the company's employees and fleets. External commercial actions, due to their magnitude, fall outside the plan and are dealt with in section 4.2.1 of this chapter: ENDESA's electric mobility offer and on the company's website <https://www.endesax.com/es/movilidad-electrica>

The global environmental impact objectives of *Movimiento-e* in the 2018-2020 period were:

## MOVEMENT-E ENVIRONMENTAL IMPACT, SUSTAINABLE MOBILITY PLAN 2018-2020

	Plan Results	Plan Objectives
Trips avoided or made by public transport	230,650	650,885
CO <sub>2</sub> emissions avoided (metric tons)	19,570	9,500
NO <sub>x</sub> emissions avoided (kg)	14,892	5,200
Particulate emissions avoided (kg)	2,794	550

The end of the plan was significantly affected by the COVID-19 pandemic, one of the main effects of which was on mobility, which was radically altered, implying for the purposes of the plan that certain actions had to be suspended, others intensely promoted (teleworking) and others modified relative to their original conception.

Even so, the plan had a high degree of compliance, it allowed the culture of sustainable mobility to take root in the company and demonstrated externally that sustainable mobility is already a reality full of advantages. The accumulated savings in CO<sub>2</sub> emissions in the 2018-2020 period were 19,570 metric tons, 206% more than the target set at the beginning of the plan.

The plan revolved around two strategic objectives:

- > Promotion of modal change and the rational and safe use of employees' transport
- > Promoting and encouraging the electrification of transport

### 4.1.1. Promotion of modal change and the rational and safe use of transport

The main objective of this strategic axis is to raise awareness among employees to reduce the need for transport and promote the use of sustainable means of transport. The results of the actions were transformed by the situation caused by the arrival of COVID-19, favouring the reduction of both work and private displacements with a positive impact on air quality.

The lines of action included in the modal change and the rational and safe use of transport are the following:

- > Promoting work outside the office/from home. The goal was met 100%. Due to the COVID-19 effect in 2020, the number of people working from home was

6,357 (2,132 women and 4,225 men), which represents 66.28% of the workforce. These data include people at the end of the year with some kind of work-from-home arrangement (5 days a week or any mixed combination that includes at least one work-from-home day) that is not the same as before the pandemic.

- > Facilitation of flexible hours such as the implementation of the "continuous day" (start early, finish early, no lunch break).
- > Promotion of means of transport other than private vehicles, through the following programmes:
  - **Car e-sharing service** by promoting pools of electric vehicles in the main headquarters for the use of employees for business purposes in order to promote their use, contribute to fuel savings and reduce emissions. Since the plan was launched in 2016, a total of 400,154 km have been clocked up. In 2020 the service was provided with 11 electric vehicles which covered 5,645 km. The service has been temporarily suspended since March 2020 as a preventive measure against the COVID-19 pandemic.
  - **Corporate shared taxi service:** Comprehensive management of corporate taxi transport with the aim of reducing emissions, contributing to sustainable and safe mobility and increasing service digitalisation and traceability, prioritising shared routes between users and that these also use ecotaxis. In 2020, 72% of the journeys were made with ECO vehicles and 38% of the passengers shared the service. The situation caused by the COVID-19 pandemic led to a decrease in the volume of the service during 2020.
  - **2-wheel mobility:** Corporate pool of electric bicycles and electric scooters available to employees for their work arrangements and to promote the use of this type of alternative mobility. The service comprises 19 electric bicycles in Madrid, Barcelona, Seville and Zaragoza, which covered 4,095 km in 2020; and 10 electric scooters in Madrid and Barcelona which covered 989 km in 2020. The service has been temporarily suspended since March 2020 as a preventive measure against COVID-19.
  - **Transport card**, with the goal of 1,050 people covered by this system in 2020, closing the year with 831 employees signed up.

## 4.1.2. Promoting and encouraging e-transport

This second strategic objective promotes the electrification of transport, as electricity is the most efficient energy vector and does not produce emissions. The aim of this second objective is that, when cars have to be used, they should be as non-polluting as possible, with electric vehicles playing a fundamental role in this.

The main lines of action in this area are:

### > Sustainable management of the ENDESA fleet:

One of ENDESA's lines of action to promote sustainable mobility involves managing its own fleet. ENDESA has been implementing measures aimed at optimising its fleet for years, reducing the number of combustion vehicles and promoting electrification by opting for hybrid, plug-in hybrid and electric vehicles.

In 2020 ENDESA has an electrified fleet with a total of 185 electric vehicles, 546 plug-in hybrid vehicles and 178 hybrid vehicles, which represents a total of 44% (9%, 26% and 9% respectively) of the total fleet.

### > Promotion of the electric vehicle for employees:

— Development of electric mobility plans for employees:

ENDESA, in line with its strategic positioning, where innovation and sustainability are fundamental lines of action, wants to involve its employees by offering specific solutions.

As part of the *Movimiento-e* programme, ENDESA launched the fifth and latest edition of the Employee Electric Mobility Plan last year, to get new employees to join in trying out the benefits of the electric vehicle (EV), thereby reducing pollutant and greenhouse effect emissions mainly caused by commuting to work. During 2020, although there were no new additions to the Plan, the number of electric vehicles among employees was maintained since the rental contracts for those vehicles that originated in 2018 and 2019 have a duration of 3 years, therefore they will gradually expire during 2021 and 2022.

Through this initiative, ENDESA employees have become ambassadors for the mobility of the future and a benchmark for society, helping to promote electric mobility and a change towards sustainable consumption habits.

In total, thanks to the five editions of the Electric Mobility Plan for Employees, 1,250 employees have acquired electric vehicles, which means that 9.7% of the current workforce (almost 10,000 employees)

now circulates with zero emissions. Thanks to this, it has been possible to avoid more than 6,800 metric tons of CO<sub>2</sub> during the plan period. In the same way, it contributes to developing the electric mobility market and making this sustainable form of mobility an increasingly realistic alternative for society.

ENDESA's aim is not only to promote such habits among employees but also to send a message through them to wider society, ensuring an increasing use of electric vehicles in cities and bringing this technology closer to others and favouring the improvement of air quality in cities and their corresponding impact on health.

— Promotion of the electrification of the executive fleet. Within an e-Movement framework, ENDESA has a plan in place to electrify its executive vehicle fleet. This segment currently represents 10% of the total fleet with 214 vehicles – thanks to the measures that make up the plan, 71% of them have already been plug-in hybrids or 100% electric.

To encourage managers to choose this type of model, the company is increasing the share they receive for leasing, providing the charging infrastructure at its headquarters. In cases where the choice remains a traditional combustion vehicle, the company limits CO<sub>2</sub> emissions in this segment, even beyond what is set by European guidelines.

The plan to replace the management fleet with a less polluting one is another of ENDESA's measures to develop a more sustainable energy transport model and thus improve the quality of life in cities, where more than 70% of the population will reside in 2050 (today the figure stands at 50%).

— Electrification of parking areas

During 2020, the charging infrastructure for the fleet's electric vehicles continued to be reinforced in ENDESA's administrative offices, reaching 719 installed charging points to date.

In addition to these lines of work, the plan is completed with other management actions, such as the development of local transportation plans in the territories where the company operates and an internal communication plan, which includes communication to employees through the banner on the intranet.

The development of the actions of the plan meant 85% of the achievement of the objectives set for 2020. Some of the actions of the plan were not carried out and others had lower results than expected due to the COVID-19

situation and the fact that many of the employees have been carrying out their tasks since the beginning of the pandemic from their homes.

ENDESA is proud of the overall result of the plan, which has been 102.5%, during these three years, which confirms that ENDESA has to bet on this mobility based on the change in modal use and the electrification of transport.

## 4.2. ENDESA's commitment to electric mobility

ENDESA, as part of its commitment to the fight against climate change, is betting on the electric vehicle as a key tool in promoting more sustainable mobility, being one of the main vectors that lead to an energy transition. Electric mobility therefore constitutes an important piece of its 2021-2023 Strategic Plan, which includes a target of 56,000 public and private access electric vehicle charging points installed by 2023.

ENDESA's commitment to sustainable mobility actually begins with the electrification of its fleets as well as the promotion of it among its own employees, successfully promoting it internally since 2015 thanks to its Employee Electric Mobility Plan, where it has helped and advised in the acquisition of different models of electric vehicles, thus demonstrating that electric mobility is possible and that it is already a reality that allows fighting against climate change, improving air quality in urban environments and people's health, as well as achieving a more sustainable energy consumption in the long term.

The democratisation and expansion of electric mobility in society also presents a great opportunity for ENDESA, which is undertaking a range of initiatives to promote its development in three complementary directions with a 360° vision:

- > Promotion and dissemination of electric mobility among the population,
- > Technological development focused on continuous improvement and R&D of its services to end users, whether individuals or companies,

- > Defining a robust and dynamic commercial offer always adapted to the needs of all its customers at all times.

### 4.2.1. ENDESA's electric mobility offer for its customers

The ENDESA X Business Line promotes the development of electric vehicles as one of the main avenues in the fight against climate change, promoting electric mobility as its main instrument to facilitate a zero-emission energy model.

ENDESA X's **e-Mobility** Business Line develops and markets electric mobility solutions for residential, industrial, commercial and governmental customers, playing an active role in this area to position itself as the sector leader in electric mobility. More information can be found on the company's website <https://www.endesax.com/es/movilidad-electrica>

#### Public charging

During 2020 ENDESA X continued with the plans regarding the first stage of the public charging infrastructure deployment plan in Spain, the objective of which was to reach 2,000 electric vehicle charging points installed by the end of 2020. The main objective of this first stage is to make it easier for any electric vehicle to travel anywhere in Spain in the short term.

In the second phase (2021-2023), a further 6,500 new public access charging points will be installed in various types of outlets, providing greater charging infrastructure coverage in urban areas and the main strategic transport nodes, both on the mainland and in Spain's islands, bringing the total to more than 8,500 public access charging points.

During 2019, ENDESA X launched its ENDESA X JuicePass app, which was renewed on 15 October 2020. This app allows users not only to manage the recharges of their electric vehicle directly from the mobile phone, but also to access all the detailed information of the recharging point, prices and access times, to be able to reserve a recharging point, to monitor the details of the charges in real time.

Hand in hand with this new version of the app, JuicePass has launched the first monthly subscription recharge rates on the market, thus adapting to a demand from users who need to recharge on public roads more frequently and who wish to have greater control of spending on recharge.

### **Private charging**

In addition to the public recharging infrastructure deployment plan, ENDESA X continues to market electric mobility services and recharging solutions for the deployment of electric vehicle recharging at a private level for both residential, business and commercial customers, as well as for public administrations. This infrastructure deployment has its greatest differential point in being connected to the intelligent and advanced charging platform, which allows remote control and assistance of the entire family of ENDESA X Juice equipment: the JuiceBox, JuicePole and JuicePump charging equipment.

- > JuiceBox is the electric vehicle charger developed by ENDESA X for domestic use. JuiceBox together with the JuicePole, have also been awarded for their great

functional and aesthetic design at the Compasso d'Oro 2020, the first and most recognised award in the field of industrial design.

- > At the level of companies and public administrations, ENDESA X offers its global and personalised service that includes initial advice to define which solution is appropriate depending on the fleet of vehicles available. Once defined, ENDESA X offers the supply of the full range of Juice recharging equipment, their installation, their start-up and the associated maintenance of this infrastructure. ENDESA X offers fleet managers, thanks to its JuiceNet Manager platform, the management of all the information and details of each charging session made by users in their own charging infrastructure.

Finally, and as a newer point, since September 2020, ENDESA X has been marketing its new proposal 'OneELECTRIC'; the first all-inclusive electric renting for companies: Electric car, insurance, maintenance and the installation of recharging points, both at the company headquarters and at the employees' homes with company vehicles.

# 10

## **CORPORATE GOVERNANCE AND ETHICAL CONDUCT**



# CORPORATE GOVERNANCE AND ETHICAL CONDUCT



	Description of the objective	2020-2022 Targets	2020 Profit/Loss	Key actions
Corporate integrity	Promotion of good governance practices	Annual supervision and report to the Audit & Compliance Committee of the Penal Risk Prevention Model	Accomplished	In 2020 a Sustainability and Corporate Governance Committee was created.
	Promotion of the prevention of criminal risks	Annual verification of effectiveness	Accomplished	
		Maintain certification of criminal compliance and anti-bribery	Accomplished	
	Analysis of complaints through the ethical channel	100%	100%	ENDESA, during 2020, carried out a review of the Criminal Risk Prevention and Anti-bribery Model.
	Maintain a high level of excellence in ethical conduct and be recognised by ISR analysts (DJSI score in "Codes of conduct")	>95%	96%	
	Training in ethical conduct in the last 3 years (% employees) <sup>1</sup>	100%	100%	
	Presence of women on ENDESA's Board of Directors (% of women)	30%	31%	In December 2020, the last modification of the Director selection Policy was made, which promotes gender and age diversity.
	Evaluation of the Board of Directors with the support of an independent consultant	Triennial Evaluation	N/A (Triennial evaluation conducted in 2019)	
	Evaluation of compliance with Human Rights. Supervision of the process, approval and monitoring of the action plan by the Audit and Compliance Committee.	Annual implementation and monitoring by the Audit & Compliance Committee	Accomplished	In 2020, an evaluation of compliance with the human rights policy was carried out, after which an action plan was defined, development of which is planned from 2021.
	Recommendations and best practices in Corporate Governance	Recommendations Action Plan	Done and approved	

## 1. Corporate governance model

### 1.1. Leadership of the Board of Directors

The Board of Directors, who shall have the broadest power and authority to manage, direct, administer and represent the Company, shall, as a general rule, delegate the day-to-day management of the Company to delegated management bodies and shall focus its activity on supervising and discussing matters that are

particularly important for the Company and its group of companies.

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## COMPOSITION OF ENDESA'S BOARD OF DIRECTORS AND BOARD COMMITTEES AT 31 DECEMBER 2020

Board position	Name or company name with director	Category of Director	Date of first appointment
Chairman	Juan Sánchez-Calero Guilarte	Independent	13-Apr-19
Vice Chairman	Francesco Starace	Proprietary	16-Jun-14
Chief Executive Officer	José D. Bogas Gálvez	Executive	7-Oct-14
Director	Mrs. María Eugenia Bieto Caubet	Independent	5 May 2020
Director	Antonio Cammисecra	Proprietary	27-Sep-19
Director	Alejandro Echevarría Busquet	Independent	25-Jun-09
Director	Ignacio Garralda Ruíz de Velasco	Independent	27-Apr-15
Director	Pilar González de Frutos	Independent	5 May 2020
Director	Mrs. Maria Patrizia Grieco	Proprietary	26-Apr-17
Director	Mrs. Alicia Koplowitz y Romero de Juseu	Independent	5 May 2020
Director	Miguel Roca Junyent <sup>1</sup>	Independent	25-Jun-09
Director	Francisco de Lacerda	Independent	27-Apr-15
Director	Alberto de Paoli	Proprietary	4-Nov-14
Secretary	Borja Acha Besga		1-Aug-15

<sup>1</sup> Appointment as Chairman of the Committees.

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 Annex H.1 to the Annual Corporate Governance Report.

During 2020, the Board of Directors held 12 meetings. The Chairman participated in all of them.

### ENDESA'S BOARD OF DIRECTORS: SIGNIFICANT DATA 31 DECEMBER 2020

Total directors	13
Non-executive directors	12
Independent directors	8
External shareholder-appointed directors	4
Shares owned or controlled by members of the Board of Directors or relevant persons	39,819 (0.00% of capital)

The Board of Directors shall constitute, in accordance with the legal provisions, the Audit and Compliance Committee and the Appointments and Remuneration Committee.

Likewise, the Board of Directors will have a Sustainability and Corporate Governance Committee and may set up such other Committees or Commissions as may prove necessary or as it may deem fit for the better performance of its functions.

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.

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The Regulations of the Board of Directors, in its 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, the Board of Directors approved on 10 November 2015 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, as far as possible, gender and age diversity.

Article 5 of this Policy contains a clear commitment to the promotion of gender diversity: “ENDESA is convinced that diversity in all its forms and at every level of its professional team is a key factor in ensuring the Company’s competitiveness and a key element of its corporate governance strategy, which favours a critical attitude, as well as the expression of different points of view and positions and the analysis of its strengths and weaknesses.

For this, it 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 Nomination and Remuneration Committee, taking into account the limitations deriving from the smaller size of the Committees.

In this sense, the Director selection policy will promote the objective that by 2020 the number of female directors will represent at least 40% of the members of the Board of Directors before the end of 2022 and thereafter, not being less than 30% before that.

In order to promote gender diversity in senior management, ENDESA requires in succession plans that at least half of the candidates be women.

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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 regulation 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.”

## 1.2. Remuneration of Directors

Directors shall be entitled to the following remuneration based on their condition as such: a monthly fixed salary and attendance allowances for each meeting of the governing bodies of the Company and its committees.

Detailed information on the remuneration of the Directors of the company can be found in the documents “ENDESA Remuneration Policy” and “Annual Report on Directors’ Remuneration” published on the company’s website.

The following is the average remuneration of the Directors in their capacity as such, in 2019 and 2020:

Thousands of euros	Overall average		Average for men		Average for women	
	2019	2020	2019	2020	2019	2020
Remuneration of Board members <sup>1</sup>						
Fixed Assignment Board members	187.7	187.7	187.7	187.7	187.7	187.7
Board and Committee attendance fees	39.9	30.8	44.7	34.0	27.7	28.9
Remuneration of Board and Committee positions						
Fixed Assignment Chairman of the Board of Directors	600.0	600.0	600.0	600.0	–	–
Fixed Assignment Chairman of the Committees	12.0	12.0	12.0	12.0	–	–
Fixed Assignment Coordinating Director	25.0	25.0	25.0	25.0	–	–

<sup>1</sup> Given that three of the ENDESA Directors joined the Board on 5 May 2020, the allowances have been annualised so that the results of the comparison are homogeneous.

The Board of Directors of ENDESA consisted of 13 Directors at 31.12.2020. However, the data are calculated on the nine Directors (five men and four women) who receive remuneration as such. The four remaining Directors (all men) have renounced all payment as Directors in their capacity as such and that is why, in order not to distort the average, their inclusion has not been considered.

In ENDESA there is no gender gap in the remuneration of Directors, since the amounts of the remuneration items are the same for men and women. The difference of 29% in the average remuneration is due to two fundamental reasons: on the one hand, in the “fixed” part, to the fact that the positions of Chair of the Committees and Coordinating Director have an additional remuneration and in the case of ENDESA these positions are not held by any female Director, and on the other hand, in the “allowances” part, to the fact that they are associated with belonging to the Board Committees and attending meetings.

### 1.3. Responsibilities and duties of the Directors

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The responsibilities and duties of the Directors are developed in the Regulations of the Board of Directors of ENDESA in its TITLE VII OBLIGATIONS OF THE DIRECTORS (<https://www.endesa.com/content/dam/eneles/home/inversores/gobiernocorporativo/normativainterna/documentos/Reglamento%20del%20Consejo-28.09.20.pdf>).

**Duty of diligence** (Article 25.bis of ENDESA’s Board of Directors Regulations): “Directors shall carry out their position and perform the duties imposed thereon by law, the Articles of Association and these Regulations with the diligence of a prudent businessman, taking into account the nature of the position and duties attributed to the Director.”

**Duty of loyalty** (Article 26 of the Regulations of the Board of Directors of ENDESA): “Directors shall act as loyal representatives in performing their duties, acting in good faith and in the best interests of the Company, interpreted with full independence, and they shall ensure at all the times that the interests of the shareholders as a whole, from whom their authority originates and to whom they are accountable, are best defended and protected.”

**Duty of confidentiality** (Article 27 of the Regulations of the Board of Directors of ENDESA): “The Directors, even after ceasing to perform their duties, shall keep all deliberations, information, data, reports and records to which

they had access in carrying out their position confidential, and in general see to it that the confidentiality of the aforementioned items is preserved, even when they have ceased to hold said office, except in such cases as required or permitted by law.”

**Conflict of interest** (Article 28 of the Regulations of the Board of Directors of ENDESA): “Directors shall take the necessary measures to avoid becoming involved in situations in which their interests, whether personally or on behalf of another party, may conflict with the corporate interest and their duties to the Company.”

In particular, the duty to avoid conflicts of interest requires directors to abstain from:

- > Carrying out transactions with the Company, except in the case of ordinary operations, carried out under standard conditions for customers and of little significance.
- > Using the Company’s name or using their status as a Director of the Company to unduly influence private transactions.
- > Using corporate assets, including the Company’s confidential information, for private purposes.
- > Taking advantage of the Company’s business opportunities.
- > Obtaining advantages or remuneration from third parties other than the Company and its group for performing their duties, except for minor hospitality.
- > Performing activities, whether for themselves or on behalf of third parties, potentially or actually involving effective competition with the Company or which, in any other manner, place the Director in a permanent conflict of interest with the Company.

The provisions set forth in this section shall also apply when the beneficiary of the restricted actions or activities is related to the Director.

The waiver of the obligations set forth in this section, as the case may be, shall require approval of the Board of Directors or of the General Shareholders’ Meeting, in accordance with the provisions of law and all other internal regulations of the Company.

Directors shall abstain from participating in the deliberation and voting on agreements or decisions regarding which they and/or a related person has a direct or indirect conflict of interest. Agreements or decisions that affect their status as Directors, such as their appointment to or removal from roles on the Board of Directors, its Committees and the Executive Committee, or other analo-

gous agreements or decisions shall be excluded from the aforementioned obligation to abstain.

In any case, conflicts of interest affecting the Directors of the Company shall be reported in accordance with the law in force.

**Duty of information** (Article 28.bis of the Regulations of the Board of Directors of ENDESA): “Directors must notify the Company, through the Secretary to the Board of Directors, of any situation of conflict, direct or indirect, that they may have with the interest of the Company, any type of investigation or criminal judicial claim, national or foreign, in that they are involved, related or not with their performance in the Company, as well as the unfolding thereof and any other situation that affects the director and that may harm the credit and reputation of the Company; and in general, any event or situation that may be relevant to his or her performance as a director of the Company. ”

## 1.4. Sustainability governance and management system

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In order to guarantee its commitment to Sustainability, ENDESA has a sustainability governance and management system that involves all areas of the company and which found expression in 2020 with the creation of a Sustainability and Corporate Governance Committee.

This Committee is made up of a minimum of three and a maximum of six members of the Board of Directors, always by non-executive directors and with a majority of independent directors. The Chairman has been appointed by the Board of Directors from among the Independent Directors on the Committee.

The Sustainability and Corporate Governance Committee shall meet as often as convened by its Chairman, when so resolved by a majority of its members or at the request of the Board of Directors.

In this way, the Board of Directors, by entrusting the functions to the Sustainability and Corporate Governance Committee, is responsible for:

- > Reporting on proposals for modifying the Company’s mission, vision and values and ensuring that the corporate culture is aligned with those.

- > Periodically reviewing the Company’s sustainability and environmental policies.
- > Monitoring the Sustainability Plan or sustainability strategy and periodically assessing the degree of compliance with the defined objectives
- > Receiving information on the incorporation and position of the ENDESA Group in the most recognised international sustainability indices.
- > Reviewing and monitoring policies on diversity and integration, equal opportunities, work-life balance, ethics and conduct.
- > Monitoring the ENDESA Group’s strategy for social action and its sponsorship and patronage plans, as well as the activities carried out by the ENDESA Foundation.
- > Verifying that the non-financial information statement is in line with the ENDESA Group Sustainability Plan.
- > Reporting and supervising compliance with the Corporate Governance Policy of the Company and the Group and its modifications, as well as the rest of the internal corporate policies and regulations of the Company that make up ENDESA’s corporate governance system, except in matters that fall within the competence of other Committees.
- > To monitor compliance with the Company’s corporate governance rules and regularly assess whether the corporate governance system is appropriate with a view to ensuring that its objective of promoting corporate interests is met, considering, as applicable, the legitimate interests of the remaining interest groups.
- > Issuing a report on the content of the Annual Corporate Governance Report, before its approval by the Board of Directors.
- > Evaluating compliance with the good governance recommendations applicable to the Company, as well as the decisions that may have an impact on their monitoring.
- > To monitor the strategy for communications and relations with shareholders, investors (including small and medium shareholders) and interest groups, in accordance with the Policy on Communication and Relationships with Shareholders, Institutional Investors and Voting Advisors.

In addition, ENDESA has an Audit and Compliance Committee whose functions include:

- > Monitoring the preparation and presentation of all required financial and non-financial information and pre-

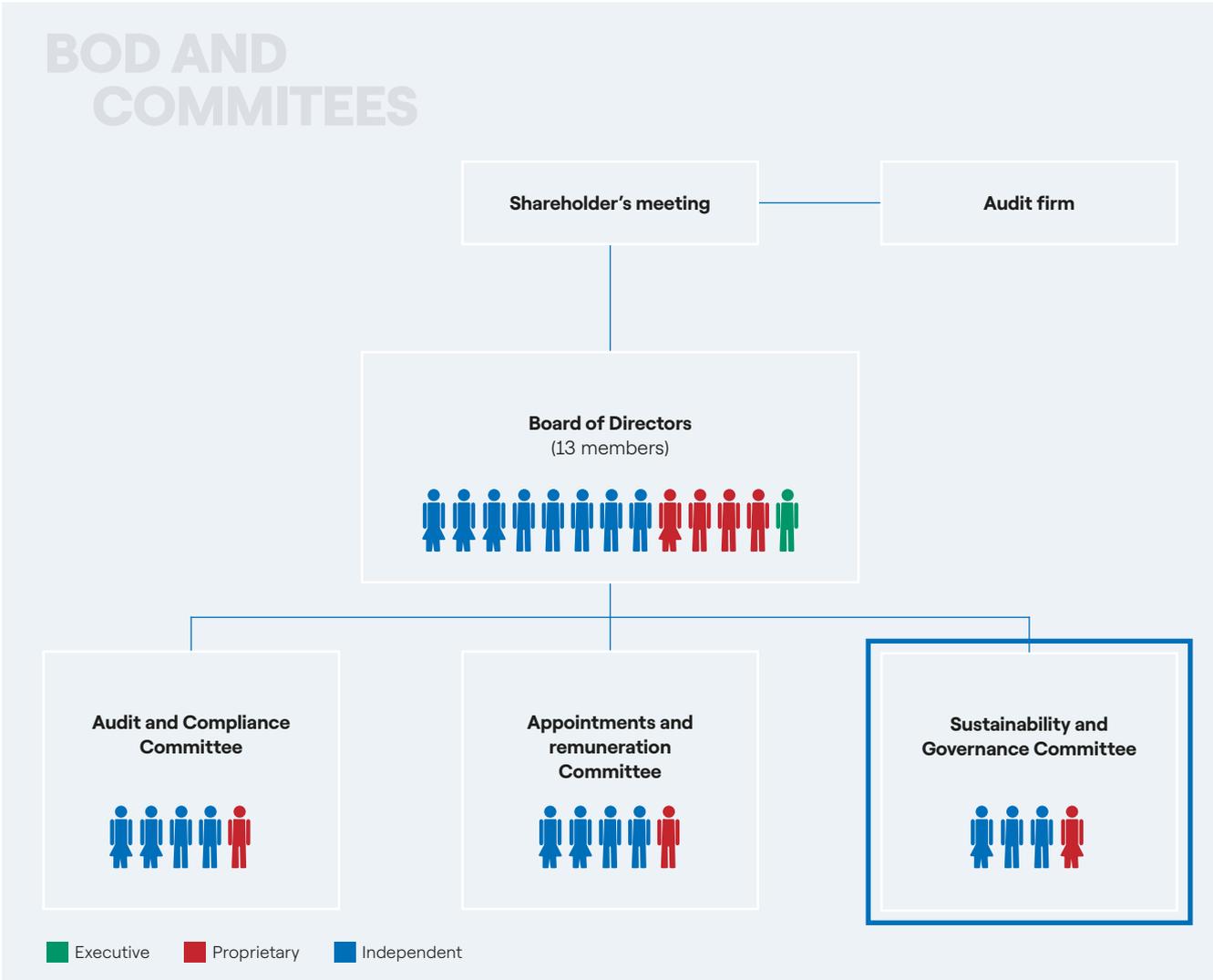
senting recommendations or proposals to the governing body aimed at safeguarding the integrity thereof.

- > To notify the Board of Directors of any proposed amendments to the Company Code of Ethics and to monitor compliance therewith.

On the other hand, the Executive Management Committee, made up of the CEO and the General Managers, is the executive body in charge of developing and implementing ENDESA's sustainability strategy and ensuring the integration of social, environmental and ethical aspects into the top level decision-making processes.

Sustainability management in ENDESA is a transversal matter for the whole company and in order to extend the sustainability strategy and incorporate ENDESA's specific local features, there are seven regional sustainability

committees, chaired by the Company's highest representative in the territory, the main functions of which are to enhance and complement 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. Lastly, the General Sustainability Directorate, which reports directly to the CEO and is present on the Executive Management Committee, assumes the functions of coordinating and promoting ENDESA's sustainability strategy. We present hereunder ENDESA's Corporate Governance Organisation Chart, which shows the place where the Sustainability and Corporate Governance Committee is located, as well as the number of people it comprises and their gender:



## 1.5. Creating value for shareholders

### 1.5.1. ENDESA's stock market performance

102-7

The Spanish IBEX-35 index occupied the last position among the main world stock indices in 2020 after a turbulent year of great volatility, marked by the COVID-19 pandemic and its unpredictable economic consequences.

It should be noted that, despite the negative macroeconomic data, all the stock exchanges recorded a notable recovery from the March lows.

The IBEX-35 finally closed the year with a cumulative fall of 15.45%, affected by the high exposure of the Spanish economy to the tourism sector, the most penalised by COVID-19, and by the poor performance of the financial-banking sector in an ongoing scenario of low interest rates.

Most of the IBEX-35 stocks ended 2020 in losses, but 9 of them managed to end up positive, with companies focused on renewable energy and companies in the pharmaceutical sector standing out. Among the worst performers were banks and insurance companies, companies related to the tourism sector and companies in the energy sector most affected by the falls in the price of oil and natural gas. ENDESA, S.A. shares performed second best in the IBEX 35 Energy sector, and tenth best in the IBEX-35 as a whole.

In a very similar evolution to that of the IBEX-35 index, ENDESA's shares reached their annual maximum on 19

February 2020 at Euros 26.12 per share, a historical maximum level achieved in light of the good earnings expectations that were being discounted at that time in the market. Just one month later, on 16 March 2020, ENDESA's shares reached the annual minimum at Euros 15.5 euros, affected by the declaration of the State of Alarm and the start of the nationwide lockdown. At that time, the cumulative a loss relative to the beginning of the year was 34.85%.

The lifting of the lockdown restrictions at the end of the second quarter, the optimism generated in the sector by the European Recovery Plan and the favourable expectations regarding the update of ENDESA's Strategic Plan in November, with a strong commitment to energy from renewable sources and digitisation, favoured the stock's recovery, and it finally closed the year at Euros 22.35 euros per share. This closing value represented an annual drop in the price of 6.05%.

The high volatility of the market in 2020 was also reflected in an increase in the accumulated trading volume in ENDESA shares, which amounted to 431 million shares and total cash of Euros 9,696 million, 6.7% and 4.5% higher than the previous year, respectively. The average volume of shares traded in each session was 1,676,877, 5.8% more.

Total shareholder return, calculated as the sum of the stock market return and dividend yield, was 0.15% in 2020. Added to the 6.05% positive stock market return are the Euros 1.475 per share distributed as a dividend from 2019 earnings, which gave an additional dividend yield of 6.2%.

#### MAIN STATISTICAL DATA OF ENDESA SHARES IN 2020

Computer-assisted trading system	High	Low	Medium	Closing	% Annual revaluation	% Total return	Volume of securities traded
ENDESA (€/share)	26.120	15.500	22.677	22.350	-6.1%	0.2%	430,957,400

Source: Madrid Stock Exchange

At the end of the year, ENDESA's market capitalisation stood at Euros 23,663 million, placing it as the seventh largest capitalisation of the Ibex-35, one position above the previous year.

#### MAIN STATISTICAL DATA OF ENDESA SHARES IN 2020

(%)

ENDESA	Euro Stoxx 50	IBEX-35	DJ Euro Stoxx Util
-6.1	-5.1	-15.5	9.8

### 1.5.2. Dividend

[103-1 Management Approach: Economic Performance](#)

[103-2 Management Approach: Economic Performance](#)

[103-3 Management Approach: Economic Performance](#)

In line with the Dividend Policy approved by ENDESA's Board of Directors on 26 November 2019 for the period 2019-2022, ENDESA's General Shareholders' Meeting held on 5 May 2020, approved the distribution of a total ordinary dividend charged to the final profit for financial year 2019 for a gross amount of Euros 1.475 per share, an amount equivalent to Euros 1,562 million in total.

This dividend was paid to shareholders in two cash payments made on 02 January 2020, Euros 0.70 gross per share (Euros 741 million in total), and 01 July 2020, Euros 0.775 gross per share (Euros 821 million).

For the coming years, the Dividend Policy for the 2020-2023 period, approved by the Company's Board of Directors at its meeting held on 25 November 2020, establishes that the Board of Directors will see to it that for 2020 the ordinary dividend per share approved for distribution for that year will be equal to 100% of the net ordinary profit attributable to the Parent Company in the consolidated financial statements of the Group headed by it.

For financial year 2021, the Board of Directors will ensure that the ordinary dividend per share that is agreed to be distributed for the year is equal to 80% of the net ordinary profit attributable to the Parent Company in the Group's consolidated annual accounts.

For 2022 and 2023, the Board of Directors will ensure that the ordinary dividend per share approved for distribution for the year is equal to 70% of the net ordinary profit attributable to the Parent Company in the Group's consolidated financial statements.

With regard to ordinary dividends charged to 2020 results, ENDESA, S.A.'s Board of Directors agreed to distribute to its shareholders an interim dividend for a gross amount of Euros 0.70 per share.

The payment of this dividend, which represented an approximate disbursement of Euros 741 million was made effective on 04 January 2021.

### 1.5.3. Profitability

[103-1 Management Approach: Economic Performance](#)

[103-2 Management Approach: Economic Performance](#)

[103-3 Management Approach: Economic Performance](#)

The total return for ENDESA shareholders reached a positive value of 0.15% in 2020, since the return provided by the dividends paid in the year, 6.20%, offset the 6.05% depreciation of the share.

In the last five years, the average total return to ENDESA shareholders has been 11.08%.

#### EVOLUTION OF TOTAL RETURN TO ENDESA SHAREHOLDERS 2016-2020

(%)

ENDESA share	2016	2017	2018	2019	2020
Revaluation	8.64	-11.28	12.74	18.18	-6.05
Dividend yield	5.54	6.62	7.74	7.09	6.20
Total return	14.18	-4.66	20.48	25.27	0.15

**The total return on the ENDESA share in 2020 was + 0.15%**

## 1.6. Shareholder participation

On 5 May 2020 ENDESA held its Ordinary General Shareholders' Meeting with a participation of 85.33% of the capital.

### 1.6.1. Transparency and closeness with shareholders and investors

102-43

ENDESA maintains a constant relationship with its shareholders, with private and institutional investors, and with the main stock market analysts, providing continuous, detailed information through the Investor Relations Department and the Shareholder Office, located in Madrid. In this regard, on 11 November 2015 ENDESA's Board of Directors, in accordance with the Code of Good Governance of Listed Companies, approved the "Policy Regarding Communication and Contacts with Shareholders, Institutional Investors and Proxy 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 Audit and Compliance Committee, the Sustainability and Corporate Governance Committee and the Nominations and Remuneration Committee will be the bodies in charge of supervising, within the scope of their respective competences and in accordance with the internal regulations of the Company, the communications that the Company carry out with shareholders and investors, proxy advisors and other stakeholders, and reporting them to the Board of Directors.

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.

The Board of Directors shall be regularly informed of any changes in shareholdings and of the opinion of significant shareholders, investors and credit rating agencies as regards the Company and its Group.

In compliance with this policy, in their meetings on 21 December 2020, the Committees supervised the Strategy for Communication and Relations with Shareholders, Investors and other Stakeholders for the year 2020.

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.

### 1.6.2. Investor Relations Department

102-43

Among the activities carried out by the Investor Relations Department in 2020, it is worth highlighting the public presentations made to analysts and investors about the Company's quarterly results and the update of its Strategic Plan for 2021-2023 on 25 November 2020.

During 2020, ENDESA carried out three Non Deal Roadshows. The first one took place in Europe and the United States during February and March, after the presentation of results for 2019. The second one, also in Europe and in the United States, took place in May, after the presentation of results for the first quarter of 2020. The third one, also in Europe and the United States, took place in November and December, following the presentation of the update of the 2021-2023 Strategic Plan, with the aim of informing the Company's main investors about the Plan in depth. In these three Roadshows, ENDESA met with a total of 143 investors.

ENDESA also participated in six Reverse Roadshows in Madrid. At which it had meetings with 125 investors.

ENDESA's Investor Relations Department also attended a total of 13 international conferences on the sector, meeting with 196 investors.

It should be noted that, due to the COVID-19 health alert, all meetings with investors since mid-March have taken place virtually.

As part of its daily activity, the Investor Relations Department answered a total of 818 enquiries from analysts, investors and rating agencies by telephone, e-mail or in virtual or face-to-face meetings.

Finally on 5 May 2020, ENDESA held its Ordinary General Meeting, in which all the items on the agenda were approved, with 85.33% of the share capital in attendance.

### 1.6.3. The ENDESA Shareholder Office

102-43

One of the most important channels that the company makes available to its private individual shareholders is the "Information for Shareholders and Investors" channel on its corporate website ([www.endesa.com](http://www.endesa.com))

In 2020, 1,231 telephone calls were handled by the ENDESA Shareholder Office, which also sent out 1,651 documentary dispatches. As a result of the health alert caused by COVID-19, no shareholder visits were received in 2020.

## The Shareholder Office dealt with 2,882 requests from shareholders

#### TYPE OF INFORMATION REQUESTED FROM ENDESA'S SHAREHOLDER OFFICE IN 2020

(%)

Dividends	17
ENDESA information	30
General Meetings	14
Economic-financial information	30
Quotation	10

## 1.7. Tax Transparency

103-1 Tax Management Approach

103-2 Tax Management Approach

103-3 Tax Management Approach

### 1.7.1. Tax policy

207-1 207-2

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.

The Board of Directors of ENDESA, in its meeting of 20 December 2010, agreed ENDESA's adherence to the Code of Good Tax Practices. Likewise, on 25 January 2016, it ratified the adherence of ENDESA, S.A. and its Spanish controlled subsidiaries to the Code, after the incorporation of an Annex with new conduct obligations for both the Company and the Administration.

For its part, ENDESA's Board of Directors, in 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 existing in those countries.

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.

Every year ENDESA prepares and submits an Enhanced Transparency Report to the State Tax Administration Agency 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 16 July 2020 it presented the Report for the year 2019.

Apart from this, and in compliance with the provisions of Law 31/2014 of 3 December amending the Corporate Enterprises Act, on 15 June 2015 ENDESA's Board approved both the ENDESA Tax Strategy (<https://www.ENDESA.com/content/dam/enel-es/home/inversores/gobiernocorporativo/politicascorporativas/documentos/estrategia-fiscal-2017.pdf>) and ENDESA's Risk Management and Control Policy, which includes tax risks, subsequently updated on 19 June 2017 (<https://www.ENDESA.com/content/dam/>

## ENDESA comes first in the taxpayer's transparency report for the second year in a row

ENDESA has been recognised as the company that best reports on tax matters for the second consecutive year according to the 2019 Taxpayer's Transparency Report ranking published by the Compromiso y Transparencia Foundation.

The Report, for which ENDESA scored 24 points out of 24, highlights ENDESA's best practices in tax matters, such as the section on the website called "Transparency in compliance with tax legislation", which has been improving year after year, where it reports in detail, among other issues, on its Tax Strategy, its Tax Risk Management and Control Policy, its commitments regarding Cooperative Compliance, its Tax Payments, the status of its main tax inspections and disputes, the reconciliation of Corporate Tax Expense and, in general, all the tax information incorporated in both the Financial and Non-Financial information of the company; as well as the existence of a tax compliance control system in accordance with the UNE 19602 standard.

This recognition reflects 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.

enel-es/home/inversores/gobiernocorporativo/politicascorporativas/documentos/Politica%20de%20Control%20y%20Gesti%C3%B3n%20de%20Riesgos%20de%20ENDESA%20(16\_12\_19).pdf). 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.

Likewise, on 30 January 2017 ENDESA's Board approved ENDESA's Tax Risk Control and Management Policy, which aims to establish a tax control framework within the company. It was updated on 4 May 2020 to comply with the requirements of the UNE 19602 standard on Tax Compliance Management. (<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>).

ENDESA obtained AENOR certification for its Tax Management Compliance System under the UNE 19602 Standard.

### 1.7.2. Relations with Stakeholders

207-3

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.

In this sense, ENDESA provides through its website, in a single space, information with tax relevance for third parties, trying 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 (<https://www.endesa.com/en/our-commitment/transparency>).

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 different forums on taxes, sustainability and corporate social responsibility, keeping up to date with news and practical improvements 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 Spanish Gas Association (SEDIGAS), the Association of Electric Power Companies (AELEC) and the Spanish Confederation of Business Organisations (CEOE); in the latter case ENDESA participates on behalf of SEDIGAS. 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 2020, ENDESA's participated in the Report prepared by PwC on the Total Tax Contribution of IBEX 35 companies in 2019, which aims to study and promote the Total Tax Contribution of this group.

### **1.7.3. Tax contribution**

207-4

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 2020, ENDESA's total tax contribution amounted to Euros 3,484 million, of which Euros 1,410 million refer to amounts paid by the group and Euros 2,074 million to amounts collected as a result of ENDESA's business activity.

## ENDESA'S TOTAL TAX CONTRIBUTION IN 2020

Millions of Euros

	Amounts	Amounts	Amounts	Amounts	Amounts	Amounts	Amounts	Amounts	Amounts	Amounts
	paid	collected	paid	collected	paid	collected	paid	collected	paid	collected
	Spain		Portugal		France		Germany		Netherlands	
<b>I. TAXES PAID IN THE CONSOLIDATED TAX GROUP:</b>										
<b>Income tax</b>	<b>207</b>									
Corporation Tax <sup>1</sup>	207									
<b>Subtotal taxes paid tax group</b>	<b>207</b>									
<b>II. TAXES PAID TO THE TREASURY:</b>										
<b>Income tax</b>	<b>36</b>	<b>74</b>	<b>10</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>-2</b>	<b>0</b>	<b>0</b>	<b>0</b>
Corporate Income tax	12		10		2		-2			
Tax on Trading Income	23				1					
Other withholdings	1	74								
<b>Property taxes</b>	<b>70</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Real Estate Tax (municipal)	66									
Others <sup>2</sup>	4									
<b>Taxes associated with employment</b>	<b>135</b>	<b>253</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Payments made to the Social Security system <sup>3</sup>	135	27	1	1	2					
Withholding on earned income	0	226								
<b>Taxes on products and services</b>	<b>202</b>	<b>974</b>	<b>0</b>	<b>147</b>	<b>0</b>	<b>38</b>	<b>0</b>	<b>34</b>	<b>0</b>	<b>6</b>
VAT paid <sup>4</sup>	2	974		147		38		34		6
Public Domain Utilisation Fee	173									
Miscellaneous public domain charges and others <sup>5</sup>	27									
<b>Environmental taxes</b>	<b>731</b>	<b>449</b>	<b>15</b>	<b>9</b>	<b>1</b>	<b>45</b>	<b>0</b>	<b>28</b>	<b>0</b>	<b>16</b>
Tax on the value of electricity production	254									
Nuclear fuel tax	134									
Hydroelectric fee	32									
Nuclear Services Fees	202									
Environmental Taxes (regional) and others	99		15		1					
Tax on Electricity	0	415		4				28		11
Hydrocarbon Tax	1	34		5		45		0		5
Coal Tax	9									
<b>SUBTOTAL TAXES PAID<sup>6</sup></b>	<b>1,174</b>	<b>1,750</b>	<b>26</b>	<b>157</b>	<b>6</b>	<b>83</b>	<b>-2</b>	<b>62</b>	<b>0</b>	<b>22</b>

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> 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.

<sup>4</sup> Regarding VAT paid, the amount reported is the difference between output VAT and deductible input VAT.

<sup>5</sup> The item 'Other public domain charges' includes amounts mainly related to the concession and regulation of dams, public rates and others.

<sup>6</sup> 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 paid	Amounts collected	Total
<b>Total tax contribution</b>	<b>1,410</b>	<b>2,074</b>	<b>3,484</b>

#### OTHER REGULATORY PAYMENTS<sup>1</sup>

"Social Bonus" (special cheap rate) (Spain)			48
"Social Bonus" (special cheap rate) (Portugal)			14
Energy Efficiency (Spain)			27
Others (France)			4
<b>Subtotal other regulatory payments</b>			<b>93</b>

<sup>1</sup> 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, specifically:

- > Energy efficiency: gas and electricity supply companies are obliged under the energy efficiency obligation system to make an annual financial contribution to the national energy efficiency fund. This obligation was instituted by Royal Decree 8/2014 of 4 July.
- > "Social bonus" (special cheap rate): obligation of companies owning electricity generation facilities to contribute to the financing of the "social bonus" imposed by Law 24/2013 of 26 December.
- > Others: corresponds to the payment in France to a Government Association regarding the gas tax to finance pensions in the sector.

	Amounts paid	Amounts collected	Total
Total payments to public administrations	1,503	2,074	<b>3,577</b>

The scope of companies can be consulted in Annex I, "companies that make up ENDESA", of the consolidated financial statements.

As a sign of its commitment to society in general and to equality and social cohesion in particular, ENDESA allocates 0.7% of its tax payable amount to the Third Sector, contributing to the financing of social projects.

### Main Trends in Total Tax Contribution for 2020 compared with 2019

#### Context

The adverse economic conditions due to the crisis produced by the COVID-19 pandemic led to a contraction in the demand for electricity and gas during 2020, which had an impact on the macroeconomic variables of the ENDESA Group. During 2020 the mainland coal-fired power plants ceased operation as planned.

Consistent with the contraction in demand and the reduction in prices for energy products, the total tax contribution decreased by 15% compared with 2019. In 2020, ENDESA's total tax contribution amounted to Euros 3,484 million, of which 40% corresponded to taxes incurred that represented a cost to ENDESA and 60% referred to taxes collected by ENDESA in carrying out its economic activity. Spain has been the jurisdiction where ENDESA has most contributed to the payment of taxes, representing 90% of the total taxes paid and collected in the year 2020.

#### Details of changes 2019-2020

In Spain, taxes borne decreased by 15%, mainly as a consequence of the following variables:

- > In Corporation Tax, the decrease was basically due to two issues.
  - Reimbursements deriving from definitive declarations: In January 2020, reimbursement of the 2018 Corporation Tax was received, and in addition reimbursement corresponding to the final declaration for 2019 was received. Normally this refund would be received in January 2021, but in this case there are cash inflows in respect of two definitive declarations in the same year.
  - Impairment of coal plants. In 2020 the advance payments of Corporation Tax were reduced by the recovery of part of the accounting impairment of the coal plants recognised in 2019.
- > There was a decrease in taxes on products and services (TOVP and other rates and royalties) associated with the fall in energy sales.
- > Regarding environmental taxes, there are no significant differences because the effect of the fall in the Coal Tax and the Tax on the state hydraulic fee (produced in the first case by a lower use of this fuel and in the second by lower income from electricity production), is offset by the approval in 2020 of a new Ecotax in Catalonia and the update of the rate for nuclear services, which implies a higher cost.

Taxes collected in Spain decreased by 15%, mainly due to the following aspects:

- > The increase in taxes associated with employment as a result of the increase in wages after the signing of the New Framework Agreement of the ENDESA Group was diluted with the reduction of the rest of the taxes collected.

- > There was a decrease in VAT paid, mainly linked, on the one hand, to the contraction of sales and energy consumption during 2020, as well as to the increase in the Coefficient of Coverage in the part of renewable energies in Settlement No. 10 (the definitive one for 2019) with a direct impact on the Distribution business.
- > There was also a reduction in the environmental taxes collected (special taxes on electricity and hydrocarbons), due to the drastic fall in 2020 in electricity consumption and energy demand.

Regarding the rest of the countries (Portugal, France, Germany and the Netherlands), there was a 50% increase in taxes borne due to the improvement in the tax result of the ENDESA Energía Branch in Portugal. On the other

hand, taxes collected decreased by 2%, mainly due to the contraction in the demand for electricity and gas.

The details of ENDESA's tax contribution can be consulted on the corporate website, where it is possible to download the Report on Total Tax Contribution 2020, prepared by PwC (<https://www.endesa.com/en/our-commitment/transparency/tax-information-breakdown>).

### Breakdown of total tax contribution and accounting results by geographical region

Spain was, logically enough, the jurisdiction where ENDESA paid most in taxes, representing more than 90% of the total taxes paid and collected by ENDESA in 2020.

#### TOTAL AMOUNT OF PAYMENTS MADE TO PUBLIC ADMINISTRATIONS BREAKDOWN BY COUNTRY WHERE ENDESA OPERATES

Millions of Euros

Country	Spain	Portugal	France	Germany	Netherlands	Total
Tax borne	1,381	26	6	-2	0	<b>1,410</b>
Tax collected	1,750	157	83	62	22	<b>2,074</b>
<b>Total Tax Contribution</b>	<b>3,131</b>	<b>183</b>	<b>89</b>	<b>60</b>	<b>22</b>	<b>3,484</b>
<b>Tax Contribution as % of total</b>	<b>90%</b>	<b>5%</b>	<b>3%</b>	<b>2%</b>	<b>1%</b>	<b>100%</b>

Other regulatory payments	Spain	Portugal	France	Germany	Netherlands	Total
Social rate	48	14	0	0	0	<b>62</b>
Energy efficiency	27	0	0	0	0	<b>27</b>
Other	0	0	4	0	0	<b>4</b>
<b>Total other payments to Public Administrations</b>	<b>75</b>	<b>14</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>93</b>
<b>Total payments made to public administrations</b>	<b>3,206</b>	<b>197</b>	<b>93</b>	<b>60</b>	<b>22</b>	<b>3,577</b>

## TOTAL AMOUNT OF ACCOUNTING RESULTS BREAKDOWN BY COUNTRIES IN WHICH ENDESA OPERATES

Millions of Euros

Country	Spain	Portugal	France	Germany	Netherlands	Morocco	Total
<b>Total revenue</b>	<b>15,913</b>	<b>1,076</b>	<b>280</b>	<b>258</b>	<b>52</b>	<b>0</b>	<b>17,579</b>
Accounting profit before tax <sup>1</sup>	1,745	60	-6	-2	-10	1	<b>1,788</b>
Income tax paid <sup>2</sup>	219	10	2	-2			<b>229</b>
Accrued income tax <sup>3</sup>	280	7					<b>287</b>
Accumulated earnings	5,042	33	26				<b>5,101</b>
Cash and cash equivalents	20,989	361	4				<b>21,354</b>
Number of employees <sup>4</sup>	9,469	61	48	9	4		<b>9,591</b>
Public grants received <sup>5</sup>	0.5						<b>0.5</b>

<sup>1</sup> The criterion for determining the accounting result is on a consolidated basis.

<sup>2</sup> The figure corresponding to Income Tax corresponds to Corporate Income Tax paid/received in the reporting period. In this case, we would point out that ENDESA and its subsidiaries resident in Spain which are 100% owned, are 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, S.L. Therefore, the figure recorded is the amount paid/collected by ENDESA and its subsidiaries included in the Tax Group, to ENEL Iberia, S.L., which, in accordance with the tax regulations declares and settles the tax of the Tax Group with the Tax Administration. On the other hand, 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 result corresponds to the result after taxes in the percentage in which ENDESA participates.

<sup>3</sup> Accrued Income Tax corresponds to the Current Corporation Tax recognised in the period.

<sup>4</sup> The employee figure refers to the number of active employees at 31 December 2020.

<sup>5</sup> The figure for public grants received corresponds to the total amount of public grants received in 2020, all in Spain (their amount in 2019 being Euros 1.7 million, also in Spain). Until now the figure reported in this section was the balance of capital grants, the amount of which at 31 December 2020 was Euros 261 million (Euros 273 million at 31 December 2019).

### 1.7.4. Use of tax havens

In accordance with the provisions of the Corporate Enterprises Act, ENDESA's Board of Directors has the non-delegable power to approve the creation or taking of holdings in special purpose entities or entities domiciled in tax havens, as well as any other transactions or operations of an analogous nature that, due to their complexity, could undermine ENDESA's transparency.

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. Furthermore, ENDESA has never used en-

tities located in tax havens in order to hide the true owner of income, activities, assets or rights.

ENDESA has carried out in the past some non-material activity in other countries which, while not considered tax havens by the Spanish tax authorities, are considered by certain external observers as territories that they believe enjoy more favourable tax regimes than Spain.

At 31 December 2020, ENDESA does 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. During 2020, the liquidation process of International ENDESA, B.V. (IEBV), based in the Netherlands, was concluded.

## 2. Ethical conduct and compliance

102-16

ENDESA is fully committed to compliance with ethical principles and all legislation 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 to Corruption Plan and other regulations in accordance with the most advanced "compliance" models, which include the values, commitments and ethical responsibilities binding upon all its employees. In addition, among other aspects, ENDESA has established specific action protocols in order to guide the actions of its employees regarding accepting and offering gifts and entertainment, best practices in dealings with public officials and authorities and the defence of personal rights.

ENDESA also has a penal risk prevention and anti-corruption model which complies with the regulations applicable to the Group regarding corporate criminal liability. The document "ENDESA Criminal Compliance and Anti-Bribery Policy" establishes the general principles of criminal compliance 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 of Corruption Plan, the Criminal Compliance and Anti-Bribery Policy, the Penal Risk Prevention and Anti-Corruption Model, the Protocol of Good Practices in dealing with public officials and authorities and the Corporate Integrity Protocols can be consulted on the website:

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

### 2.1. Zero Tolerance of Corruption Plan

103-1 Anti-corruption Management approach

103-2 Anti-corruption Management approach

103-3 Anti-corruption Management approach

103-1 Unfair competition Management approach

103-2 Unfair competition Management approach

103-3 Unfair competition Management approach 205-2

205-3 103-1 Public Policy Management approach

103-2 Public Policy Management approach

103-3 Public Policy Management approach

103-1 Socioeconomic compliance Management approach

103-2 Socioeconomic compliance Management approach

103-3 Socioeconomic compliance Management approach

All the Company's employees, executives, members of the Board of Directors and majority and minority partners have been informed of the company's Anti-Corruption Policy.

ENDESA is fully committed to complying with ethical standards and principles, as well as current legislation, both internally and in its external relations.

415-1

To achieve this, the company has a Code of Ethics and a Zero Corruption Tolerance Plan, which represent its pillars of ethical culture and integrity. These documents require administrators, managers and employees to carry out activities and relationships with their stakeholders in a comprehensive manner.

The Code of Ethics is composed of:

- > 16 General Principles governing relations with stakeholders and defining reference values in ENDESA activities.
- > Behaviour Criteria in the relations with each stakeholder, which specifically provide the guidelines and norms 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.

Likewise, 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 more information, see section 1.9.9.4 Transparency in institutional relations in the Commitment to Sustainability chapter.

Executives must refrain from exerting any kind of direct or indirect pressure on political exponents (for example, through public concessions to ENDESA, acceptance of suggestions for hiring, consultancy contracts, etc.)

In the last three years, 81% of employees completed at least one course in ethics, and all suppliers undertake in writing to be bound by the general principles of the Criminal Risk Prevention Model, in the General Contracting Conditions.

The Zero Tolerance of Corruption Plan, 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 Ethics and the Zero Tolerance of Corruption Plan are available on the company's website.

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

## 2.2. Corporate Integrity Protocols:

In the framework of ethical and compliance regulations, ENDESA has the following specific protocols:

- > **Protocol regarding the acceptance and offering of gifts and entertainment:** the purpose of which is to establish clear action principles to be followed by ENDESA employees in all matters concerning the offering or receiving of gifts and hospitality deriving from their interaction with public officials, customers and suppliers, in order 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 estab-

lish 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.

- > **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 are available on the company's website. <https://www.endesa.com/en/shareholders-and-investors/corporate-governance/ethical-behaviour>

## 2.3. Criminal Risk Prevention and Anti-Bribery Model

103-1 Socioeconomic compliance

103-2 Socioeconomic compliance

103-3 Socioeconomic compliance

102-16

ENDESA has a Criminal Risk Prevention and Anti-Corruption Model (hereinafter, the "Model"), which provides the Company with a control system with the objective of preventing or significantly reducing the risk of committing penal infractions in its business activity, in compliance with the provisions of the Criminal Code regarding criminal liability of the legal entity, a regime introduced in the Spanish legal system in 2010.

In 2020, the ENDESA Model was reviewed and the certifications obtained in 2017 for the Prevention of Criminal Risks and Anti-bribery Model under UNE 19601:2017 standards for Criminal Compliance Management and UNE-ISO 37001 for the Anti-Bribery Management System were maintained.

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 2020, the Supervisory Committee met on three occasions, and in these sessions the main issues related to the Model were followed, including the intervention of those responsible for different areas of the Company to inform to the Committee on relevant aspects within its purview.

At the beginning of each financial year, the Supervisory Committee prepares an Activities Programme in which priorities are established based on qualitative criteria using a risk approach.

The activities carried out in 2020 include:

- > The 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 Risk Prevention and Anti-Bribery Model by reviewing the appropriate design and operability of certain control activities,
- > The carrying out 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 Risk Prevention and Anti-Bribery 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.
- > Definition of a scorecard with compliance indicators that make it possible to measure the main aspects of ENDESA's criminal compliance and Anti-bribery system.

From the activities carried out during the year, it is concluded that ENDESA's Criminal Risk Prevention and Anti-Bribery Model is operational in all significant Group companies and is being executed effectively, being generally adequate to mitigate commission risks of the offences established in the applicable regulations.

## 2.4. Meeting the objectives

Integrity and ethical conduct are among the basic pillars of ENDESA's sustainability strategy. Therefore, the ENDESA Sustainability Plan 2020-2022 included specific objectives aimed at maintaining a high level of excellence in this area, reaching an overall level of compliance of 100%.

Description of the objective	Objective achievement (%)
Annual verification of efficiency of the Criminal Risk Prevention Model	100
97.5% of employees trained in ethics in the last 3 years (cumulative % of the total workforce)	100
Be exemplary in the sector and a leading company for ethical, integral and impeccable behaviour (DJSI score > 95)	100
100 % of verifiable complaints analysed in a period not exceeding 90 days	100

## 2.5. Measures to fight money laundering

ENDESA is not within the subjective scope of Law 10/2010, of 28 April on prevention of 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, the ENDESA Criminal Risk Prevention and Anti-Corruption Model, which constitutes a structured and organic system of surveillance and control procedures and activities suitable for preventing the commission of crimes, 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 17 specific control activities against the risk of money laundering, in different Group Companies. ENDESA promotes a culture of compliance by training employees in this matter; in this regard, the Company maintains an online course on the Model, the content of which deals with the crimes of the Spanish Penal Code that entail criminal responsibility for the legal entity and

periodically organises monographic sessions for different ENDESA groups.

Additionally, there are policies and procedures that regulate certain processes of the Company that could prevent risks related to money laundering.

## 2.6. Ethics Channel

205-3 | 205-1 | 102-17

103-1 Management approach Anti-corruption

103-2 Management approach Anti-corruption

103-3 Management approach Anti-corruption

ENDESA makes available to all its stakeholders an Ethics Channel, accessible through its website ([www.endesa.com](http://www.endesa.com)) and on its intranet, allowing them to communicate, in a safe and anonymous way, any irregular, unethical or illegal conduct that they believe to be taking place in the development of the Company's activities (whistleblower's channel).

The platform on which this channel operates is managed by an external and independent firm, which deals with all complaints and communications to ensure total security and confidentiality. Reports are investigated and managed by Internal Audit, guaranteeing a homogeneous methodology in their treatment.

The General Directorate of Audit is responsible for ensuring the correct handling of complaints received, acting according to its own judgement, independently of other units in the organisation. It has access to all Company documents necessary for the exercise of its functions and monitors the implementation of the recommendations included in its audit reports.

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.

The communications received through the Ethics Channel correspond mainly to issues relating to conflicts of interest and inappropriate supplier and contractor activities.

During 2020 the Company complied fully with all the processes established for the correct application of the compliance regulations. During 2020, ENDESA has received, either through the Ethics Channel or by other means, a total of 4 complaints of different types. Of these, three had to do with conflicts of interest or fraud. The investigation of all of them was closed during the same year, 2020.

In the case of the three reports received and closed relating to conflict of interest and fraud, no breaches of the Code of Ethics were verified.

Reports received <sup>1</sup> in 2020 by type of whistleblower	Customers	Employees	Payable to suppliers	Shareholder	Community	Anonymous	Total
Spain and Portugal	1	0	0	0	1	2	4
Reports received <sup>1</sup> in 2020 by stakeholder group affected or potentially affected	Customers	Employees	Payable to suppliers	Shareholder	Community	Other	Total
Spain and Portugal	1	0	0	3	0	0	4

<sup>1</sup> Number of reports received in the Ethics 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 received <sup>1</sup>	2017	2018	2019	2020
Closed	8	8	11	4
Breaches <sup>2</sup>	1	0	3	0
Unfounded	7	8	8	4
Open	0	0	0	0

Breaches <sup>2</sup> by type	2017	2018	2019	2020
Conflicts of interest / Corruption	1	0	1	0
Fraud or theft against the Co. / Misuse of resources	0	0	1	0
Other	0	0	1	0
<b>Total</b>	<b>1</b>	<b>0</b>	<b>3</b>	<b>0</b>

<sup>1</sup> Number of reports received in the Ethics 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).

<sup>2</sup> 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.

In addition to the investigation of reports, in 2020, 43 internal audit projects took place, 11 of them (26%) covering compliance risks and 7 (16%) covering the risk of corruption. The analyses carried out reached 100% of business lines, covering those processes of the company with the highest risk. No corruption-related cases were detected in these reviews.

## 2.7. Litigation

### Litigation on monopolistic and anti-competitive practices

#### 206-1

The total number of lawsuits regarding monopolistic and anti-competitive practices is five. The value of the fines amounts to 11.3 million euros.

The five cases are described below:

1. Energía XXI, S.L.U. In June 2017, the CNMC agreed to initiate sanction proceedings against ENDESA Energía XXI, S.L.U. for the alleged commission of practices contrary to Article 3 of Law 15/2007 on the Defence of Competition ("LDC") consisting of using the bills of clients availing themselves of PVPC/TUR 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 Resolution in proceedings S/DC/0552/15, imposing a fine of Euros 5.5 million on Energía XXI, S.L.U. This Resolution 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.

2. ENDESA Generación, S.A.U. On 30 November 2017, the CNMC agreed to initiate sanction proceedings against ENDESA Generación, S.A. for alleged undue 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 framework 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 presented its electricity offers oriented to the variable costs of natural gas that it had had in that period. Finally, the CNMC imposed a fine of Euros 5.8 million on ENDESA Generación, S.A.U. ENDESA has appealed this fine before the National Court, requesting suspension of the fine as a precautionary measure and providing a bank guarantee. The precautionary suspension having been rejected, the fine has been paid. Appeal lodged and answered by the State Attorney, carrying out the evidentiary phase. Currently the appeal is pending ruling.
3. ENDESA Distribución Redes Digitales, S.L.U. and Energía XXI, S.L.U. On 6 September 2018, the CNMC issued a Resolution obliging vertically integrated reference distribution and supply companies - in ENDESA's case, ENDESA Distribución S.L. and ENDESA Energía XXI S.L. - to adopt a series of measures, all in order to

comply with the obligation provided in Articles 12.3 of the Electricity Sector Law and 63.6 of the Hydrocarbon Sector Law not to create confusion in the information and in the presentation of its brand and image regarding the identity of the subsidiaries of the same group that carry out deregulated supply activities.

Both ENDESA Distribución S.L. and ENDESA Energía XXI S.L.U. appealed the Resolution before the National Court with a request for precautionary suspension of the enforcement of the measures imposed by the CNMC. For its part, the National Court issued an Order on 31 January 2019, rejecting the request for provisional suspension of the enforcement of the appealed Resolution. ENDESA Distribución SL and ENDESA Energía XXI SL have submitted a claim in the framework of the ordinary procedure before the National Court, which is pending a vote and ruling.

4. Enel Green Power España S.A. On 14 December 2020, the CNMC Competition Directorate notified Enel Green Power España, S.A. ("EGP") of the instigation 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, EGP took advantage of its status as Single Node Interlocutor ("IUN") to favour companies of the same group to the detriment of third-party generating companies.

During the investigation phase that has just begun, the CNMC may send new requests for information to EGP. In turn, pleadings will be formulated against the allegations made by the CNMC and, in particular, any statement of specification of facts and proposed resolution that may be sent will be challenged.

5. ENDESA Generación, S.A. On 2 March 2018, the Decision issued by the European Commission of 27 November 2017 in case SA.47912, Environmental incentive for coal-fired power plants, was published in the Official Journal of the European Union. 47912, 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 Gas Natural against the decision of the European Commission initiating the reference investigation procedure was published in the DOUE.

To date, there has been no pronouncement by the EU institutions.

ENDESA Generación, S.A. Kingdom of Spain, notification of State Aid. Following the entry into force of Royal Decree 738/2015, of 31 July, which regulates the activity of electricity production and dispatch procedure in the electrical systems of non-mainland territories ("Royal Decree 738/2015"), the Kingdom of Spain proceeded to notify the Directorate General for Competition of the European Commission of the remuneration regime provided for in said Royal Decree, for its approval.

Without prejudice to this being a procedure between the Kingdom of Spain and the European Commission to which ENDESA Generación is not party, various informal meetings have been held with the European Commission in order to speed up the authorisation procedure. On 28 May 2020 the European Commission issued a decision to authorise the measure in accordance with the following terms: A. The European Commission declares that the remuneration scheme subject to authorisation constitutes State aid compatible with the internal market, under the provisions of article 106.2 TFEU and the SEIG regulatory framework of 2012 - without the Commission detecting the existence of overcompensation. B. Authorisation was granted until 31 December 2029 for the Canary Islands, Ceuta and Melilla and until 31 December 2025 for the Balearic Islands, all conditional on the systems remaining not interconnected during said period.

In turn, it establishes the need for the Commission to review this remuneration scheme every two years, as required by the 2012 SGEI Regulatory Framework - a review that might take account of some of the points analysed in the Decision of 28 May in order to declare the compatibility of the aid.

## Environmental litigation

307-1

The total number of environmental lawsuits amounts to 58, with a total amount of Euros 66,322,902.47.

These 58 lawsuits can be broken down as follows:

- > 6 matters related to renewable energy (wind), for a total amount of Euros 750,000.
- > 3 matters related to (nuclear) generation. The amount of these fines is Euros 15,375,000.
- > 4 matters related to generation (water, gas and coal).
- > 45 matters related to distribution, for a total amount of Euros 50,197,902.47.
- > There were no matters related to renewable hydroelectric energy.

The total number of environmental sanctioning files is 114:

- > 1 in respect of Renewable Hydraulic Energy with a maximum fine of Euros 600,000.
- > 111 in respect of Birdlife with a total amount of Euros 2,139,000.
- > 2 in respect of fire with a total amount of Euros 550,759.08.

## Complaints relating to data protection

418-1

Of the total of 7,418 duly substantiated internal complaints received in Spain and Portugal in 2020 in relation to breaches of privacy: (i) 84 relate to e-Distribution, (ii) 3,922 to ENDESA Energía, 2,284 corresponding to interested parties without a contract in force, (iii) 370 to Energía XXI, (iv) 144 to ENDESA X Servicios and (v) 2,898 to the ENDESA Energía branch in Portugal.

No complaints were received from suppliers in Spain or Portugal in 2020 in relation to privacy or leaking of personal data.

Of a total of 73 administrative procedures initiated in 2020 by the Spanish Data Protection Agency and the National Data Protection Commission of Portugal: (i) 13 corresponded to ENDESA Energía (all of them filed or not

admitted for processing); (ii) 2 related to Energía XXI (both filed or not admitted for processing); and (iii) 58 related to ENDESA Energía's branch in Portugal.

## Claims and fines in the social and procedural area

419-1

Significant fines resulting from non-compliance with regulations in relation to the supply and use of the organisation's products and services amounted to Euros 13,548,500\*. For the total amount, the files with a proposed sanction of more than Euros 30,000 have been selected.

\*Breakdown of the total amount:

- > Euros 12,000,000: Cases finalised and dismissed.
- > Euros 80,000: Cases finalised, ruled against.
- > Euros 1,120,000: Live cases, legal appeals lodged.
- > Euros 348,500: Live cases in administrative process.

## Claims and fines relating to the impacts of products and services on health and safety

416-2

EU25

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.

## Claims and fines relating to non-compliance regarding information and labelling of products and services

417-2

There were no breaches of the regulations regarding information and labelling of products and services resulting in fines.

There were no non-compliances in this matter that resulted in a warning.

The total number of instances of non-compliance with the voluntary codes regarding information and labelling of products and services was 142.

### **Claims and fines related to marketing communications**

417-3

There were no incidents resulting from non-compliance with voluntary codes and regulations related to marketing communications, including advertising, promotion and sponsorship.

### **Tax Litigation**

> A lawsuit regarding the proceedings initiated by the Inspection in 2017 of ENEL Green Power España, S.L.U. (EGPE) is ongoing (EGPE) in relation to the Corporate Income Tax for the financial years 2010 to 2013. The main issue under discussion concerns the applicability or otherwise of the tax neutrality regime to the merger of ENEL Green Power España, S.L.U. (EGPE) by absorption of ENEL Unión Fenosa Renovables, S.A. in 2011. On 10 December 2019, a dismissal resolution was obtained from the Central Economic-Administrative Court on

the Corporate Income Tax for 2011 (as regards the position of ENEL Green Power España, S.L.U. (EGPE) as successor to ENEL Unión Fenosa Renovables, SA) and it has been decided to file an appeal before the National High Court. Likewise, on 16 June 2020, a partial resolution was received for the Corporate Income Tax for the financial years 2010 to 2013, where the effects of the application of the tax neutrality regime in that period are discussed, which, in the same way, has decided to continue appealing before the National Court. The suspension of the debt is covered by a bank guarantee.

> In 2016, the Tax Agency notified ENDESA of the agreement to initiate the proceedings regarding the consolidated tax group number 572/10 to which ENDESA, S.A. belongs and its subsidiaries with respect to Corporate Income Tax for 2011 to 2014. In April 2018, contested tax audit reports were signed by the consolidated group in relation to Corporate Income Tax for 2011 to 2014. On 9 July 2018, the final settlement agreements were issued, which were appealed on 27 July 2018 before the Central Tax Appeal Board and are pending resolution. The items under discussion relate mainly to the difference of opinion on the deductibility of expenses for decommissioning of plants and of certain financial expenses from the period inspected. There is a guarantee covering the suspension of the debt.

# 11

## APPENDICES



# Appendix I ENDESA, committed to providing information on sustainability

## 1. Profile of the report

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The 2020 Statement of Non-Financial Information and Sustainability of ENDESA, S.A. and its subsidiaries constitutes the twentieth published by the Company since it began publishing Sustainability Reports in 2001, an activity that it has been carrying out since then on an annual basis. This report is the first in which ENDESA has prepared its Statement of Non-Financial Information and Sustainability of ENDESA, S.A. and subsidiaries 2020. This report has been prepared in accordance with the Essential option of the GRI (Global Reporting Initiative) Standards. At the same time it complies with the contents required by Law 11/2018 of 28 December on non-financial information and diversity.

With this 2020 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 2020-2022 Sustainability Plan, which has already been renewed with the 2021-2023 Plan, as well as complying with the Law. Through such action, ENDESA underlines its commitment to generating long-term value and sustainable business management to its stakeholders.

This document, which forms an integral part of the ENDESA Group's consolidated management report at 31 December 2020, has been drawn up in accordance with the requirements of Law 11/2018, of 28 December, amending the Code of Commerce, the revised text of the Corporate Enterprises Act approved by Royal Decree Law 1/2010, of 2 July, and Law 22/2015, of 20 July, on the auditing of accounts, with regard to non-financial and diversity information.

The scope of this Statement of Non-Financial Information and Sustainability includes the consolidated information relating to the 2020 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 2020. In order to provide this information, the ENDESA Group has based it on the GRI Global Standards for Sustainability Reporting and the Electric Utilities Sector Supplement for the indicators broken down according in Appendix III to this document, in which the contents relating to the standards indicated are identified.

This document has been prepared following the guidelines of the GRI Global Standards for Sustainability Reporting and Law 11/2018 of 28 December on non-financial information and diversity. The Report has also been complemented with the specific sector supplement for the electric sector (Electric Utilities Sector Supplement) of the GRI and with the principles established by the AA1000 APS (2018) standard.

In Appendix II, GRI content index, more information in relation to GRI content can be found.

The Statement of Non-Financial Information and Sustainability is published together with other annual reports of the Company, 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](http://www.endesa.com)). Information is also provided in the annual report of the ENDESA Foundation on the social commitment activities carried out by this institution.

Through its corporate website ([www.endesa.com](http://www.endesa.com)), ENDESA reports on its sustainability performance, offering quarterly information to shareholders and financial markets, which is also available via the ENDESA Shareholder Office.

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The Board of Directors, the highest governance 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 V.

## 2. Coverage of the report

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ENDESA maintains a continuously updated corporate register which includes all of its equity interests, whatever their nature, whether direct or indirect, as well as any entity over which it has the capacity to exercise control.

The scope of the information offered in this report covers both ENDESA, S.A. and its investee companies in Spain and Portugal and is the same as that followed by the reports in the Legal Documentation. For more information see section 1.2.3. Organisational structure in the chapter Commitment to sustainability.

As a general criterion, the environmental data are for 100 percent of the facilities in which ENDESA has a majority stake and therefore, responsibility for operation (control). In addition, data are included for facilities in which there is no majority stake, the percentage interest being reported, as with the nuclear facilities and the Pego thermal power plant in Portugal.

Regarding employee data, both the companies managed by ENDESA and the investees in Spain and Portugal are included. In addition, employees of investees in France, the Netherlands and Germany are included.

In terms of security, the data of the employees of the companies in which ENDESA has a majority stake and, therefore, responsibility for operation (control) are included.

The information regarding the social programmes corresponds to the activities carried out by ENDESA, its foundation and its subsidiaries in Spain and Portugal.

Regarding the material aspects identified, it should be noted that all of them are relevant both within and outside the organisation for all the entities that make up ENDESA. Throughout the Statement of Non-Financial Information and Sustainability, specific cases are indicated where the scope of the information included differs from the criteria described here.

## 3. Other data of interest

For further information on sustainability, the reader has the following channels at their disposal:

### 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 centres

- > Free market clients: 800 760 909 – From abroad (+34) 937 061 510
- > Energía XXI: 800 76 03 33
- > Companies: 800 76 02 66
- > ENDESA One: 919 03 94 67
- > ENDESA Distribución: 900 87 81 19 – From abroad (+34) 937 061 513

### email address

[atencionalcliente@endesaonline.com](mailto:atencionalcliente@endesaonline.com)

### Shareholders and investors

Investor Relations Department:

Ribera del Loira 60. 28042 Madrid, Spain  
(+34) 912 131 503

[ir@endesa.es](mailto:ir@endesa.es)

Shareholder Office

Ribera del Loira 60. 28042 Madrid, Spain  
Tel. 900 666 900.

[shareholders@endesa.es](mailto:shareholders@endesa.es)

## Payable to suppliers

<https://globalprocurement.enel.com>  
C/ Ribera del Loira, 60. 28042 Madrid, Spain  
Telephone number +34 914 558 838  
e-mail: [procurement.enel@enel.com](mailto: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" through which they can make inquiries, 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 in general

Sustainability: [sostenibilidad@endesa.es](mailto: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 ENDESA 2020 Statement of Non-Financial Information and Sustainability:

### **María Malaxechevarría Grande**

General Manager – Sustainability  
Calle Ribera del Loira 60,  
28042 Madrid, Spain.  
e-mail: [sostenibilidad@endesa.es](mailto:sostenibilidad@endesa.es)

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ENDESA Head Office,  
Calle Ribera del Loira 60,  
28042 Madrid, Spain.

# Appendix II

## GRI content index



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For the Content Index Service, GRI Services has confirmed that the GRI contents index in the report is clear, and that the references for each content included correspond to the indicated sections of the report.

The service was performed on the English Version of the GRI Content Index in the Spanish version of the report.

GRI Standard	Disclosure	Page number (s) and / or direct answers
<b>GRI 101: Fundamentals 2016</b>		
General contents		
	102-1 Name of the organisation	Ch. Commitment to Sustainability: 1.2.1 Main activities p. 13 Ch. Commitment to Sustainability: 1.2.1 Main activities p. 13; 1.2.3. Organisational structure, pp. 14-18 ENDESA does not sell or market prohibited products or services.
	102-2 Activities, brands, products and services	In distribution activities, two services are provided, the supply of energy and the connection to the grid, both services being regulated, so they are always provided in accordance with the existing regulatory framework. ENDESA Energía sells electricity and gas in compliance with applicable legislation, and ENDESA X does not market any product or service prohibited by Spanish law and always acts in accordance with the law.
	102-3 Location of headquarters	APPENDIX I ENDESA, committed to providing information on sustainability, p. 274
	102-4 Location of operations	Ch. Commitment to sustainability: 1.2.2. Main markets pp. 13-14
	102-5 Ownership and legal form	Ch. Commitment to sustainability: 1.2.3. Organisational structure, pp.14-18
	102-6 Markets served	Ch. Commitment to sustainability: 1.2.2. Main markets pp. 14-18
GRI 102: General content 2016	102-7 Size of the organisation	Ch. Commitment to sustainability: 1.1. ENDESA in figures, pp. 12-13 Ch. Commitment to our employees: 1. ENDESA's workforce pp. 152-153 Ch. Corporate Governance and Ethical Conduct: 1.5.1. ENDESA's stock market performance pp. 254-255
	102-8 Information on employees and other workers	Ch. Commitment to our employees: 1. ENDESA's workforce pp. 152-154
	102-9 Supply chain	Ch. Supply chain: 1.1. Results in 2020 pp. 196-197; 1.2. Commitment to local communities, p. 197; 1.3. ENDESA's integrated purchasing process, pp. 198-199
	102-10 Significant changes in the organisation and its supply chain	Ch. Commitment to sustainability: 1.2.3. Organisational structure, pp. 14-18/Ch. Supply Chain: 1.1. Results in 2020 pp. 196-197
	102-11 Precautionary principle or approach	Ch. Environmental sustainability: 1.1. ENDESA's Environmental Policy, p. 2221; 1.2. Environmental objectives p. 221-222
	102-12 External initiatives	Ch. Commitment to sustainability: 2.2. Commitment to the United Nations agenda, pp. 20-22
	102-13 Membership of associations	Ch. Commitment to sustainability: 10.1. Participation in sustainability forums and associations, pp. 75-76; 10.2. Participation in forums and initiatives for the promotion of human rights, p. 77; 10.3. Participation in environmental forums and associations, pp. 77-78

GRI Standard	Disclosure	Page number (s) and / or direct answers
Strategy		
	102-14 Statement from senior decision-making executives	Cover Letter pp. 7-9
GRI 102: General content 2016	102-15 Main impacts, risks and opportunities	Ch. Commitment to sustainability: 2.4.1 ENDESA's Human Rights Policy pp. 27-28; 2.4.2. The due diligence process, pp. 28-32, 4.5. Main sustainability risks, pp. 44-48; 5.2.2. Results of the materiality study, pp. 55-58; 6. ENDESA's 2021-2023 Sustainability Plan, pp. 59-65

GRI Standard	Disclosure	Page number (s) and / or direct answers
Ethics and integrity		
GRI 102: General content 2016	102-16 Values, principles, standards and norms of conduct	Ch. Corporate Governance and Ethical Conduct: 2. Ethical Conduct and Compliance, pp. 264-267
	102-17 Mechanisms for advice and ethical concerns	Ch. Corporate Governance and Ethical Conduct: 2.5. Ethical Channel, pp. 267-268

GRI Standard	Disclosure	Page number (s) and / or direct answers
Governance		
	102-18 Governance structure	Ch. Corporate Governance and Ethical Conduct: 1.1. Leadership of the Board of Directors, pp. 273-274; 1.4. Sustainability governance and management system, pp. 252-253
	102-19 Delegation of authority	Ch. Corporate Governance and Ethical Conduct: 1.4. Governance and sustainability management system pp. 252-253.
	102-20 Responsibility at the executive level for economic, environmental and social issues	Ch. Corporate Governance and Ethical Conduct: 1.4. Governance and sustainability management system pp. 252-253.
	102-21 Consultation of Stakeholders on Economic, Environmental and Social Issues.	Ch. Corporate Governance and Ethical Conduct: 1.4. Governance and sustainability management system pp. 252-253.
GRI 102: General content 2016	102-22 Composition of the highest governance body and its committees	Ch. Corporate Governance and Ethical Conduct: 1.1. Leadership of the Board of Directors, pp. 249-250
	102-23 Chairman of the highest governance body	Ch. Corporate Governance and Ethical Conduct: 1.1. Leadership of the Board of Directors, pp. 249-250
	102-24 Nomination and selection of the highest governance body	Ch. Corporate Governance and Ethical Conduct: 1.1. Leadership of the Board of Directors, pp. 249-250
	102-25 Conflicts of interest	Ch. Corporate Governance and Ethical Conduct: 1.3. Responsibilities and duties of the Directors, pp. 251-252
	102-26 Role of the highest governance body in the selection of objectives, values and strategy	Ch. Corporate Governance and Ethical Conduct: 1.4. Governance and sustainability management system pp. 252-253

<b>GRI Standard</b>	<b>Disclosure</b>	<b>Page number (s) and / or direct answers</b>
GRI 102: General content 2016	102-27 Collective knowledge of the highest governance body	Ch. Corporate Governance and Ethical Conduct: 1.4. Governance and sustainability management system pp. 252-253
	102-29 Identification and management of economic, environmental and social impacts	Ch. Corporate Governance and Ethical Conduct: 1.4. Governance and sustainability management system pp. 252-253
	102-30 Effectiveness of risk management processes	Ch. Corporate Governance and Ethical Conduct: 1.4. Governance and sustainability management system pp. 252-253
	102-32 Role of the highest governance body in the preparation of sustainability reports	Ch. Corporate Governance and Ethical Conduct: 1.4. Governance and sustainability management system pp. 252-253
	102-36 Process for determining remuneration	Ch. Commitment to our employees: 2.3.4. Remuneration policy, pp. 160-163

<b>GRI Standard</b>	<b>Disclosure</b>	<b>Page number (s) and / or direct answers</b>
Stakeholders' participation		
GRI 102: General content 2016	102-40 List of stakeholders	Ch. Commitment to sustainability: 5.1.1. Identification of stakeholders, pp. 49-51
	102-41 Collective bargaining agreements	Ch. Commitment to our employees: 4. Social dialogue, pp. 167-169
	102-42 Identification and selection of stakeholders	Ch. Commitment to sustainability: 5.1.1. Identification of stakeholders, pp. 49-51; 5.1.3. Prioritisation of stakeholders, pp. 54.
	102-43 Approach for stakeholder participation	Ch. Commitment to sustainability: 5.1.2. ENDESA's communication channels with its stakeholders, pp. 52-53; Ch. Enabling infrastructures: 4.2 Customer satisfaction, key at ENDESA, pp. 118-120; Ch. Corporate Governance and Ethical Conduct: 1.6 Shareholder participation pp. 256-257
	102-44 Key issues and concerns mentioned	Ch. Commitment to sustainability: 5.2.2.3. Priority issues and satisfaction for each stakeholder group, pp. 57-58 / Ch. Enabling infrastructures: 4.2 Customer satisfaction, key at ENDESA, pp. 118-120

GRI Standard	Disclosure	Page number (s) and / or direct answers
Key issues and concerns mentioned		
	102-45 Entities included in the consolidated financial statements	Ch. Commitment to sustainability: 1.2.3. Organisational structure, pp. 14-18
	102-46 Definition of the contents of the reports and the coverage of the subject	Ch. Commitment to sustainability: 5.1. The process of identifying priority issues, pp. 48-54; 5.2.1 Materiality study p. 55/APPENDIX I: ENDESA, committed to providing information on sustainability, pp. 274-275
	102-47 List of material topics	Ch. Commitment to sustainability: 5.2.2. Results of the materiality study, pp. 55-58
	102-48 Restatement of information	The restatements of the information are referenced in each of the chapters.
GRI 102: General content 2016	102-49 Changes in reporting	Elimination of the material topic "New technologies and solutions" that existed in 2019. Creation in 2020 of the material topic "Ecosystems and platforms" not included in the 2019 study.
	102-50 Period covered by the report	APPENDIX I ENDESA, committed to providing information on sustainability, p. 274.
	102-51 Date of last report	APPENDIX I ENDESA, committed to providing information on sustainability, p. 274.
	102-52 Reporting cycle	APPENDIX I ENDESA, committed to providing information on sustainability, p. 274.
	102-53 Contact point for questions about the report	APPENDIX I ENDESA, committed to providing information on sustainability, p. 276.
	102-54 Declaration of preparation of the report in accordance with GRI standards	APPENDIX I ENDESA, committed to providing information on sustainability, p. 274.
	102-55 GRI content index	APPENDIX II GRI content index p. 277.
	102-56 External verification	APPENDIX I ENDESA, committed to providing information on sustainability, p. 274/ APPENDIX V: Public independent review report p. 306

GRI Standard	Disclosure	Page number (s) and / or direct answers
<b>GRI 200 Series of economic standards</b>		
Economic performance		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Ch. Corporate Governance and Ethical Conduct: 1.5.2. Dividend p. 255; 1.5.3. Profitability p. 255
	103-2 The management approach and its components	Ch. Corporate Governance and Ethical Conduct: 1.5.2. Dividend p. 255; 1.5.3. Profitability p. 255
	103-3 Evaluation of the management approach.	Ch. Corporate Governance and Ethical Conduct: 1.5.2. Dividend p. 255; 1.5.3. Profitability p. 255
GRI 201: 2016 economic performance	201-1 Direct economic value generated and distributed	Ch. Commitment to sustainability: 3.1.4. Generation of wealth in 2020, p. 35
	201-2 Financial implications and other risks and opportunities deriving from climate change	Ch. Commitment to sustainability: 4.5. Main sustainability risks, pp. 44-48/Ch. Decarbonisation: 1.4. Risk management, pp. 92-102
	201-3 Obligations of the defined benefit plan and other retirement plans	Ch. Commitment to our employees: 2.3.5. Social security pp. 163-164
	201-4 Financial assistance received from the government	Ch. Commitment to sustainability: 3.1.4. Generation of wealth in 2020, p. 35

GRI Standard	Disclosure	Page number (s) and / or direct answers
Market presence		
	103-1 Explanation of the material topic and its Boundary	Ch. Commitment to our employees: 2.3.2. Selection of personnel, pp. 159-160; 2.3.4. Remuneration policy, pp. 160-163
GRI 103: Management Approach 2016	103-2 The management approach and its components	Ch. Commitment to our employees: 2.3.2. Selection of personnel, pp. 159-160; 2.3.4. Remuneration policy, pp. 160-163
	103-3 Evaluation of the management approach.	Ch. Commitment to our employees: 2.3.2. Selection of personnel, pp. 159-160; 2.3.4. Remuneration policy, pp. 160-163
GRI 202: Market presence 2016	202-1 Ratio of standard entry-level wage by sex to local minimum wage	Ch. Commitment to our employees: 2.3.4. Remuneration policy, p. 163.
	202-2 Proportion of senior executives hired from the local community	Ch. Commitment to our employees: 2.3.2. Selection of personnel, pp. 159-160

GRI Standard	Disclosure	Page number (s) and / or direct answers
Indirect economic impacts		
	103-1 Explanation of the material topic and its Boundary	Ch. Responsible relations with communities: 1. ENDESA's commitment to communities, p. 176; 2. Acting under the CSV approach, pp. 176-180
GRI 103: Management Approach 2016	103-2 The management approach and its components	Ch. Responsible relations with communities: 1. ENDESA's commitment to communities, p. 176; 2. Acting under the CSV approach, pp. 176-180
	103-3 Evaluation of the management approach.	Ch. Responsible relations with communities: 1. ENDESA's commitment to communities, p. 176; 2. Acting under the CSV approach, pp. 176-180
GRI 203: Indirect economic impacts 2016	203-1 Investments in infrastructure and supported services	Ch. Responsible relations with communities: 5. Quantification of ENDESA's social investment in the community, pp. 189-193
	203-2 Significant indirect economic impacts	Ch. Responsible relations with communities: 3. Sustainability projects: categorisation pp. 180-182; 4. Details of sustainability projects, pp. 182-188; 5.1. Achievements, impacts and returns, pp. 190-193

GRI Standard	Disclosure	Page number (s) and / or direct answers
Acquisition practices		
	103-1 Explanation of the material topic and its Boundary	Ch. Supply Chain: 1.3. ENDESA's integrated purchasing process, pp. 198-199
GRI 103: Management Approach 2016	103-2 The management approach and its components	Ch. Supply Chain: 1.3. ENDESA's integrated purchasing process, pp. 198-199
	103-3 Evaluation of the management approach.	Ch. Supply Chain: 1.3. ENDESA's integrated purchasing process, pp. 198-199
GRI 204: Acquisition practices 2016	204-1 Proportion of spending on local suppliers	Ch. Supply chain: 1.2. Commitment to local communities, pp. 197-198

GRI Standard	Disclosure	Page number (s) and / or direct answers
Anti-corruption		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Ch. Corporate Governance and Ethical Conduct: 2.1. Code of Ethics and Zero Tolerance of Corruption Plan, pp. 264-265; 2.6. Ethical Channel, pp. 267-268
	103-2 The management approach and its components	Ch. Corporate Governance and Ethical Conduct: 2.1. Code of Ethics and Zero Tolerance of Corruption Plan, pp. 264-265; 2.6. Ethical Channel, pp. 267-268
	103-3 Evaluation of the management approach.	Ch. Corporate Governance and Ethical Conduct: 2.1. Code of Ethics and Zero Tolerance of Corruption Plan, pp. 264-265; 2.6. Ethical Channel, pp. 267-268
GRI 205: Anti-corruption 2016	205-2 Communication and training on anti-corruption policies and procedures	Ch. Commitment to our employees: 3.2. Type and content of the training, pp. 166-167; Ch. Corporate Governance and Ethical Conduct: 2.1. Code of Ethics and Zero Tolerance of Corruption Plan, pp. 264-265
	205-3 Confirmed cases of corruption and actions taken	Ch. Corporate Governance and Ethical Conduct: Code of Ethics and Zero Tolerance Plan for Corruption pp. 264-265; 2.6. Ethical channel pp. 267-268

GRI Standard	Disclosure	Page number (s) and / or direct answers
Unfair competition		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Ch. Corporate Governance and Ethical Conduct: 2.1. Code of Ethics and Zero Tolerance of Corruption Plan, pp. 264-265
	103-2 The management approach and its components	Ch. Corporate Governance and Ethical Conduct: 2.1. Code of Ethics and Zero Tolerance of Corruption Plan, pp. 264-265
	103-3 Evaluation of the management approach.	Ch. Corporate Governance and Ethical Conduct: 2.1. Code of Ethics and Zero Tolerance of Corruption Plan, pp. 264-265
GRI 206: Unfair competition 2016	206-1 Legal actions related to unfair competition and monopolistic practices and practices against free competition	Ch. Corporate Governance and Ethical Conduct: 2.7. Litigation pp. 268-271

GRI Standard	Disclosure	Page number (s) and / or direct answers
Taxation		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Ch. Corporate Governance and Ethical Conduct: 1.7. Tax Transparency pp. 257-263
	103-2 The management approach and its components	Ch. Corporate Governance and Ethical Conduct: 1.7. Tax Transparency pp. 257-263
	103-3 Evaluation of the management approach.	Ch. Corporate Governance and Ethical Conduct: 1.7. Tax Transparency pp. 257-263
GRI 207: Taxation 2019	207-1: Tax approach	Ch. Corporate Governance and Ethical Conduct: 1.7.1. Remuneration policy pp. 257-258
	207-2: Tax risk control and management process	Ch. Commitment to sustainability: 4. Risk management, pp. 42-43; Ch. Corporate Governance and Ethical Conduct: 1.7.1. Tax policy, pp. 257-258
	207-3: Participation of stakeholders and management of concerns in tax matters	Ch. Corporate Governance and Ethical Conduct: 1.7.2. Relations with Stakeholders pp. 258-259
	207-4: Country-by-country reporting	Ch. Corporate Governance and Ethical Conduct: 1.7.3. Tax contribution pp. 259-263

GRI Standard	Disclosure	Page number (s) and / or direct answers
<b>GRI 300 Series of environmental standards</b>		
Materials		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Ch. Environmental sustainability: 1. Environmental management, p. 221; 1.1. ENDESA's Environmental Policy, pp. 221; 2.6. Waste Measures for the prevention, recycling, reuse and other forms of waste recovery and disposal, pp. 235-237
	103-2 The management approach and its components	Ch. Environmental sustainability: 1. Environmental management, p. 221; 1.1. ENDESA's Environmental Policy, pp. 221; 2.6. Waste Measures for the prevention, recycling, reuse and other forms of waste recovery and disposal, pp. 235-237
	103-3 Evaluation of the management approach.	Ch. Environmental sustainability: 1. Environmental management, p. 221; 1.1. ENDESA's Environmental Policy, p. 221; 2.6. Waste Measures for the prevention, recycling, reuse and other forms of waste recovery and disposal, pp. 235-237
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Ch. Environmental sustainability: 2.1.2. Fuel consumption pp. 227-228
	301-2 Recycled inputs	Ch. Environmental sustainability: 2.5.1. Water consumption, pp. 232-234

GRI Standard	Disclosure	Page number (s) and / or direct answers
Energy		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Ch. Environmental sustainability: 1. Environmental management, p. 221; 1.1. ENDESA's Environmental Policy, pp. 221; 2.1. Energy resources pp. 227-230
	103-2 The management approach and its components	Ch. Environmental sustainability: 1. Environmental management, p. 221; 1.1. ENDESA's Environmental Policy, pp. 221; 2.1. Energy resources pp. 227-230
	103-3 Evaluation of the management approach.	Ch. Environmental sustainability: 1. Environmental management, p. 221; 1.1. ENDESA's Environmental Policy, pp. 221; 2.1. Energy resources pp. 227-230
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	Ch. Environmental sustainability: 2.1.1. Electricity consumption p. 227; 2.1.2. Fuel consumption pp. 227-228
	302-2 Energy consumption outside the organisation	Ch. Environmental sustainability: 2.1.3. Energy consumption p. 228.
	302-3 Energy intensity	Ch. Environmental sustainability: 2.1.3. Energy consumption p. 229.
	302-4 Reduction of energy consumption	Ch. Environmental sustainability: 2.1.3. Energy consumption p. 229
	302-5 Reduction of energy requirements of products and services	Ch. Enabling infrastructures: 5.1. ENDESA: Products and services to customers, pp. 120-123; 5.2 Raising customer awareness of efficient energy use. 123-124

GRI Standard	Disclosure	Page number (s) and / or direct answers
Water and effluents		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Ch. Environmental sustainability: 2.5. Water resources, pp. 231-232
	103-2 The management approach and its components	Ch. Environmental sustainability: 2.5. Water resources, pp. 231-232
	103-3 Evaluation of the management approach	Ch. Environmental sustainability: 2.5. Water resources, pp. 231-232
GRI 303: Water and effluents 2018	303-1 Interaction with water as a shared resource	Ch. Environmental sustainability: 2.5.1 Water consumption, pp. 232-234
	303-2 Management of impacts related to water discharges	Ch. Environmental sustainability: 2.5.2. Water discharge p. 234
	303-3 Water extraction	Ch. Environmental sustainability: 2.5.1. Water consumption, pp. 232-234; 2.5.3 Water stress page 234-235
	303-4 Water discharge	Ch. Environmental sustainability: 2.5.2. Water discharge p. 234
	303-5 Water consumption	Ch. Environmental sustainability: 2.5.1 Water consumption, pp. 232-234

GRI Standard	Disclosure	Page number (s) and / or direct answers
Biodiversity		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Ch. Environmental sustainability: 3. Conservation of biodiversity, p. 237.
	103-2 The management approach and its components	Ch. Environmental sustainability: 3. Conservation of biodiversity, p. 237.
	103-3 Evaluation of the management approach.	Ch. Environmental sustainability: 3. Conservation of biodiversity, p. 237.
GRI 304: Biodiversity 2016	304-1 Owned, leased or managed operations centres located within or next to protected areas or areas of high value for biodiversity outside of protected areas	Ch. Environmental sustainability: 3.4. Impacts caused by activities or operations in protected areas, p. 241.
	304-2 Significant impacts of activities, products and services on biodiversity	Ch. Environmental sustainability: 3.2. Outstanding performances pp. 238-239; 3.4. Impacts caused by activities or operations in protected areas, p. 241
	304-3 Habitats protected or restored	Ch. Environmental sustainability: 3.3. Environmental restoration, pp. 239-240
	304-4 Species that appear on the IUCN Red List and national conservation lists whose habitats are in areas affected by operations	Ch. Environmental sustainability: 3.2. Outstanding actions, pp. 238-239

<b>GRI Standard</b>	<b>Disclosure</b>	<b>Page number (s) and / or direct answers</b>
Emissions.		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Ch. Decarbonisation: 1.5.2. Carbon Footprint, pp. 102 / Ch. Environmental sustainability: 2.2. Air quality, pp. 230-231; 2.3. Emissions of ozone-depleting substances, pp. 231
	103-2 The management approach and its components	Ch. Decarbonisation: 1.5.2. Carbon Footprint, pp. 102 / Ch. Environmental sustainability: 2.2. Air quality, pp. 230-231; 2.3. Emissions of ozone-depleting substances, pp. 231
	103-3 Evaluation of the management approach.	Ch. Decarbonisation: 1.5.2. Carbon Footprint, pp. 102/ Ch. Environmental sustainability: 2.2. Air quality, pp. 230-231; 2.3. Emissions of ozone-depleting substances, pp. 231
GRI 305: Emissions 2016	305-1 Direct GHG emissions (scope 1)	Ch. Decarbonisation: 1.5.3. Direct and indirect CO2 emissions 103-104
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EU15	Percentage of employees eligible to retire in the next 5 and 10 years by job category and by region	Ch. Commitment to our employees: 1. ENDESA's workforce, p. 155

<b>GRI Standard</b>	<b>Content:</b>	<b>Page number(s) and/or direct response</b>
GRI 103: Management Approach 2016 Health and safety at work	103-1 Explanation of the material topic and its Boundary	Ch. Occupational Health & Safety: 1. ENDESA, a safe and healthy environment, p. 210-211
	103-2 The management approach and its components	Ch. Occupational Health & Safety: 1. ENDESA, a safe and healthy environment, p. 210-211
	103-3 Evaluation of the management approach.	Ch. Occupational Health & Safety: 1. ENDESA, a safe and healthy environment, p. 210-211
EU17	Days worked by contractor and subcontractor employees involved in construction, operation and maintenance activities	Ch. Supply chain: 1.1. Results in 2020, p. 197
EU18	Percentage of contractor and subcontractor employees who have received relevant health and safety training	Ch. Occupational Health & Safety: 2.2. Contractor Training, p. 216
EU25	Number of injuries and deaths involving company assets, including court rulings, settlements, and pending legal cases relating to disease	Ch. Good governance and ethical conduct: 2.7. Litigation p. 270

<b>GRI Standard</b>	<b>Content:</b>	<b>Page number(s) and/or direct response</b>
EU27	Number of residential disconnections for non-payment broken down by duration of disconnection and by regulatory regime	Ch. Enabling infrastructures: 3.1. Cut-offs due to non-payment and reconnections for domestic customers, pp. 116-117
EU28	Frequency of power outages	Ch. Enabling infrastructures: 1.2. Continuity in supply, p. 111
EU29	Average duration of power outages	Ch. Enabling infrastructures: 1.2. Continuity of supply, p. 111
EU30	Average availability factor of the plant by energy source and by regulatory regime	Ch. Environmental sustainability: 2.1.5. Energy efficiency and non-availability in electricity generation, pp. 230

GRI Standard	Content:	Page number(s) and/or direct response
Access to EUSS electricity	103-1 Explanation of the material topic and its Boundary	Ch. Enabling infrastructures: 3. Energy poverty and access to electricity for vulnerable customers p. 116
	103-2 The management approach and its components	Ch. Enabling infrastructures: 3. Energy poverty and access to electricity for vulnerable customers p. 116
	103-3 Evaluation of the management approach.	Ch. Enabling infrastructures: 3. Energy poverty and access to electricity for vulnerable customers p. 116
EUSS effluents and waste	103-1 Explanation of the material topic and its Boundary	Ch. Environmental sustainability: 2.6. Waste Measures for the prevention, recycling, reuse and other forms of waste recovery and disposal, pp. 235-236
	103-2 The management approach and its components	Ch. Environmental sustainability: 2.6. Waste Measures for the prevention, recycling, reuse and other forms of waste recovery and disposal, pp. 235-236
	103-3 Evaluation of the management approach.	Ch. Environmental sustainability: 2.6. Waste Measures for the prevention, recycling, reuse and other forms of waste recovery and disposal, pp. 235-236
EUSS water and effluents	103-1 Explanation of the material topic and its Boundary	Ch. Environmental sustainability: 2.5. Water resources, pp. 231-232
	103-2 The management approach and its components	Ch. Environmental sustainability: 2.5. Water resources, pp. 231-232
	103-3 Evaluation of the management approach.	Ch. Environmental sustainability: 2.5. Water resources, pp. 231-232
EUSS materials	103-1 Explanation of the material topic and its Boundary	Ch. Environmental sustainability: 2.6. Waste Measures for the prevention, recycling, reuse and other forms of waste recovery and disposal, pp. 235-236
	103-2 The management approach and its components	Ch. Environmental sustainability: 2.6. Waste Measures for the prevention, recycling, reuse and other forms of waste recovery and disposal, pp. 235-236
	103-3 Evaluation of the management approach.	Ch. Environmental sustainability: 2.6. Waste Measures for the prevention, recycling, reuse and other forms of waste recovery and disposal, pp. 235-236
Biodiversity EUSS	103-1 Explanation of the material topic and its Boundary	Ch. Environmental sustainability: 3. Conservation of biodiversity, pp. 237-238
	103-2 The management approach and its components	Ch. Environmental sustainability: 3. Conservation of biodiversity, pp. 237-238
	103-3 Evaluation of the management approach.	Ch. Environmental sustainability: 3. Conservation of biodiversity, pp. 237-238
EUSS employment	103-1 Explanation of the material topic and its Boundary	Ch. Commitment to our employees: 3.2. Type and content of the training, pp. 166-167/ Ch. Occupational Health & Safety: 1. ENDESA, a safe and healthy environment, pp. 210-211
	103-2 The management approach and its components	Ch. Commitment to our employees: 3.2. Type and content of the training, pp. 166-167/ Ch. Occupational Health & Safety: 1. ENDESA, a safe and healthy environment, pp. 210-211
	103-3 Evaluation of the management approach.	Ch. Commitment to our employees: 3.2. Type and content of the training, pp. 166-167/ Ch. Occupational Health & Safety: 1. ENDESA, a safe and healthy environment, pp. 210-211
EUSS availability and reliability	103-1 Explanation of the material topic and its Boundary	Ch. Enabling infrastructures: 1.1. Development and improvement of distribution infrastructure, pp. 110-111
	103-2 The management approach and its components	Ch. Enabling infrastructures: 1.1. Development and improvement of distribution infrastructure pp. 110-111
	103-3 Evaluation of the management approach.	Ch. Enabling infrastructures: 1.1. Development and improvement of distribution infrastructure pp. 110-111
EUSS research and development	103-1 Explanation of the material topic and its Boundary	Ch. Enabling infrastructures: 1.1. Development and improvement of distribution infrastructure, pp. 110-111
	103-2 The management approach and its components	Ch. Enabling infrastructures: 1.1. Development and improvement of distribution infrastructure, pp. 110-111
	103-3 Evaluation of the management approach.	Ch. Enabling infrastructures: 1.1. Development and improvement of distribution infrastructure, pp. 110-111

<b>GRI Standard</b>	<b>Content:</b>	<b>Page number(s) and/or direct response</b>
EUSS provision of information	103-1 Explanation of the material topic and its Boundary	Ch. Enabling infrastructures: 2.2 elimination of barriers to access for the most vulnerable customers to information on products and services: pp. 114-115; 4.1. Responsibility in information on and offer of products and services p. 118
	103-2 The management approach and its components	Ch. Enabling infrastructures: 2.2 elimination of barriers to access for the most vulnerable customers to information on products and services: pp. 114-115; 4.1. Responsibility in information on and offer of products and services p. 118
	103-3 Evaluation of the management approach.	Ch. Enabling infrastructures: 2.2 elimination of barriers to access for the most vulnerable customers to information on products and services: pp. 114-115; 4.1. Responsibility in information on and offer of products and services p. 118
Dismantling of plants EUSS	103-1 Explanation of the material topic and its Boundary	Ch. Environmental sustainability: 1.6.3. Dismantling, p. 226
	103-2 The management approach and its components	Ch. Environmental sustainability: 1.6.3. Dismantling, p. 226
	103-3 Evaluation of the management approach.	Ch. Environmental sustainability: 1.6.3. Dismantling, p. 226
EUSS disaster/emergency planning and response	103-1 Explanation of the material topic and its Boundary	Ch. Environmental sustainability: 1.6.2. Management of emergencies, pp. 225-226
	103-2 The management approach and its components	Ch. Environmental sustainability: 1.6.2. Management of emergencies, pp. 225-226
	103-3 Evaluation of the management approach.	Ch. Environmental sustainability: 1.6.2. Management of emergencies, pp. 225-226
EUSS Demand Management	103-1 Explanation of the material topic and its Boundary	Ch. Enabling infrastructures: 5.1. ENDESA: Products and services to customers, p. 120.
	103-2 The management approach and its components	Ch. Enabling infrastructures: 5.1. ENDESA: Products and services to customers, p. 120.
	103-3 Evaluation of the management approach.	Ch. Enabling infrastructures: 5.1. ENDESA: Products and services to customers, p. 120.
System Efficiency EUSS	103-1 Explanation of the material topic and its Boundary	Ch. Environmental sustainability: 2.1.5. Energy efficiency and non-availability in electricity generation, p. 230
	103-2 The management approach and its components	Ch. Environmental sustainability: 2.1.5. Energy efficiency and non-availability in electricity generation, p. 230
	103-3 Evaluation of the management approach.	Ch. Environmental sustainability: 2.1.5. Energy efficiency and non-availability in electricity generation, p. 230
EUSS customer health and safety	103-1 Explanation of the material topic and its Boundary	Ch. Enabling infrastructures: 1.3. Safety at facilities, p. 112
	103-2 The management approach and its components	Ch. Enabling infrastructures: 1.3. Safety at facilities, p. 112
	103-3 Evaluation of the management approach.	Ch. Enabling infrastructures: 1.3. Safety at facilities, p. 112

# Appendix III Table of contents required by Law 11/2018 of 28 December regarding non-financial information and diversity

## General areas

Scope	Reporting framework	Reference	
Business model	Description of the business model: Business environment Organisation and structure Markets in which it operates Objectives and strategies Main factors and trends that may affect your future evolution	GRI 102-1, 102-2, 102-3, 102-4, 102-5, 102-6, 102-7, 102-14, 102-15	Ch. Commitment to Sustainability: 1.1. ENDESA in figures, pp. 12-13 Ch. Commitment to Sustainability: 1.2.1. Main activities, p. 13 Ch. Commitment to Sustainability: 1.2.2. Main markets pp. 8-9 Ch. Commitment to Sustainability: 1.2.3. Organisational structure, pp. 13-14 Appendix I ENDESA, committed to information on sustainability, pp. 274-276 Ch. Commitment to sustainability: 2.4.2. The due diligence process, pp. 28-29; 2.4.3. Opportunities for Improvement and action plan, p. 32; 4.6. Main sustainability risks, pp. 44-48; 5.2.2. Results of the materiality study, pp. 55-58; 6.1 Structure of the new 2021-2023 ENDESA Sustainability Plan, pp. 59-65
Main risks and impacts identified	Internal Control and Risk Management System Risk and impact analysis related to key issues	GRI 102-15	Ch. Commitment to Sustainability: 4. Risk management, pp. 40-48; 5.2.2. Results of the materiality study, pp. 55-58; 6.1. Structure of the new 2021-2023 ENDESA Sustainability Plan, pp. 59-65

# Environmental issues

Scope		Reporting framework	Reference
Management approach			
Environmental management	Current and foreseeable effects of the company's activities	GRI 103-1, 103-2, 307-1	Ch. Environmental sustainability: 1. Environmental management, p. 221; 1.1 ENDESA's Environmental Policy, p. 221; 1.7 Environmental sanctions p. 226/ Ch. Corporate Governance and Ethical Conduct: 2.7. Litigation p. 270
	Environmental assessment or certification procedures	GRI 307-1	Ch. Environmental sustainability: 1.5. Environmental management systems, pp. 223-224
	Resources dedicated to the prevention of environmental risks.	Internal framework: Resources for the prevention of environmental risks	Ch. Environmental sustainability 1.4. Managing environmental risks and impacts, pp. 222-223
	Application of the precautionary principle	GRI 102-11	Ch. Environmental sustainability: 1.1 ENDESA's Environmental Policy, p. 221
	Number of provisions and guarantees for environmental risks	Internal framework: Number of provisions and guarantees for environmental risks	Ch. Environmental sustainability: 1.7. Environmental sanctions, p. 226
Pollution	Measures to prevent, reduce or repair carbon emissions (also includes noise and light pollution)	GRI 305-7	Ch. Environmental sustainability: 2.2 Air quality, pp. 230-231; 2.4. Noise and light pollution, p. 231
Circular economy and waste prevention and management	Measures for the prevention, recycling, reuse and other forms of waste recovery and disposal	GRI 306-2	Ch. Commitment to Sustainability: 7. Circular economy, pp. 66-69 Ch. Environmental sustainability: 2.6. Waste Measures for the prevention, recycling, reuse and other forms of waste recovery and disposal, pp. 235-237
	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	Ch. Environmental sustainability: 2.5.1 Water consumption, pp. 232-234
	Consumption of raw materials and measures taken to improve the efficiency of their use	GRI 301-1	Ch. Environmental sustainability: 2.1.2 Fuel consumption, pp. 227-228; 2.1.3 Power consumption, pp. 228-229, 2.1.5. Energy efficiency and non-availability in electricity generation, p. 230
	Direct and indirect consumption of energy	GRI 302-1, 302-3	Ch. Environmental sustainability: 2.1 Energy resources, pp. 227-230
	Measures taken to improve energy efficiency	GRI 302-4	Ch. Environmental sustainability: 2.1.5. Energy efficiency and non-availability in electricity generation, pp. 230
	Use of renewable energy	Internal framework: Use of renewable energy	Ch. Decarbonisation: 1.3 Strategy, pp. 85-91
Climate change	Important elements of greenhouse gas emissions generated	GRI 305-1, 305-2, 305-3, 305-4, 305-5	Ch. Decarbonisation: 1.5.3. Direct and indirect CO2 emissions, pp. 103-104
	Measures taken to adapt to the consequences of climate change	GRI 201-2	Ch. Commitment to sustainability: 4.6. Main sustainability risks, pp. 44-48 Ch. Decarbonisation: 1.4.2. Adaptation to climate change, pp. 97-100
	Reduction goals set voluntarily	GRI 305-5	Ch. Decarbonisation: 1.5.3. Direct and indirect CO2 emissions, pp. 103-104
Biodiversity protection	Measures taken to preserve or restore biodiversity.	GRI 304-3	Ch. Environmental sustainability: 3. Conservation of biodiversity, pp. 237-241; 3.1 Plan for the conservation of biodiversity, p. 238
	Impacts caused by activities or operations in protected areas	GRI 304-1, 304-2, 303-2	Ch. Environmental sustainability: 3.2 Outstanding actions, pp. 238-239; 3.3 Environmental restoration, pp. 239-241; 3.4 Impacts caused by activities or operations in protected areas, p. 241; Ch. Environmental sustainability: 2.5.2. Water discharge, p. 234

# Social and personnel issues

Scope	Reporting framework	Reference	
Management approach			
	Total number and distribution of employees by gender, age, country and professional category	GRI 401-1	Ch. Commitment to our employees: 1. ENDESA's workforce, pp. 152-153
	Total number and breakdown by type of employment contract	GRI 102-8	Ch. Commitment to our employees: 1. ENDESA's workforce, pp. 152-153
	Annual average of indefinite, temporary and part-time contracts by gender, age and professional category	GRI 102-8	Ch. Commitment to our employees: 1. ENDESA's workforce, pp. 152-153
	Number of layoffs by gender, age and professional category	Internal framework: Number of layoffs by gender, age and professional category	Ch. Commitment to our employees: 1. ENDESA's workforce, p. 156
Employment	Wage gap	Internal framework: Wage gap calculation	Ch. Commitment to our employees: 2.3.4. Remuneration policy, pp. 162-163
	Average remuneration by gender, age and professional category	GRI 405-2	Ch. Commitment to our employees: 2.3.4. Remuneration policy, pp. 162-163
	Average remuneration of Directors by gender	GRI 405-2	Ch. Corporate Governance and Ethical Conduct: 1.2 Remuneration of Directors, pp. 250-251
	Average remuneration of managers by gender	GRI 405-2	Ch. Commitment to our employees: 2.3.4. Remuneration policy, p. 162
	Implementation of right to disconnect policies	GRI 103-1, 103-2, 103-3	Ch. Commitment to our employees: 4. Social Dialogue, p. 167
	Employees with disabilities	GRI 405-1	Ch. Commitment to our employees: 6.1.3. Promotion of other aspects of diversity (age, nationality and disability), p. 174
	Organisation of working time	Internal framework: Organisation of working time	Ch. Commitment to our employees: 4. Social Dialogue, p. 169
Work organisation	Number of hours of absenteeism	Internal framework: Number of hours of absenteeism	Ch. Occupational Health & Safety: 1.5. Reduction in accident rate, p. 215
	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	Ch. Commitment to our employees: 6.2. Balancing of work, personal and family life, pp. 174-175
Health and safety	Health and safety conditions at work	GRI 403-1	Ch. Occupational Health & Safety: 1. ENDESA, a safe and healthy environment, p. 211
	Number of accidents at work and occupational diseases by gender, frequency and severity rate by gender	GRI 403-9, 403-10	Ch. Occupational Health & Safety: 1.5. Reduction in accident rate, pp. 213-215
	Organisation of social dialogue, including procedures for informing and consulting personnel and negotiating with them	GRI 102-43	Ch. Commitment to our employees: 4. Social Dialogue, pp. 167-169; 5. Work climate 169-170
Social relationships	Percentage of employees covered by collective agreement by country	GRI 102-41	Ch. Commitment to our employees: 4. Social Dialogue, p. 168
	Balance of collective agreements, particularly in the field of health and safety at work	GRI 102-41	Ch. Commitment to our employees: 4. Social Dialogue, p. 168
Training	Policies implemented in the field of training	GRI 103-1, 103-2, 103-3	Ch. Commitment to our employees: 3. Training, pp. 164-165
	Total number of hours of training by professional categories.	GRI 412-2	Ch. Commitment to our employees: 3.1. Main figures and significant aspects, p. 165

Scope	Reporting framework	Reference
Universal accessibility of people with disabilities	Internal framework: Accessibility of people with disabilities	Ch. Commitment to our employees: 6.1.3. Promotion of other aspects of diversity (age, nationality and disability), p. 174
Measures taken to promote equal treatment and opportunities between women and men	GRI 405-1, 405-2	Ch. Commitment to our employees: 6.1.2. Promotion of gender equality, pp. 171-173
Equality plans, measures taken to promote employment, protocols against sexual and gender-based harassment	GRI 103-1, 103-2, 103-3	Ch. Commitment to our employees: 6.1.2. Promotion of gender equality, pp. 171-173; 2.3.2. Selection of personnel, pp. 159-160
Equality	Internal framework: Integration and universal accessibility of people with disabilities	Ch. Commitment to our employees: 6.1.3. Promotion of other aspects of diversity (age, nationality and disability), p. 174
Integration and universal accessibility of people with disabilities	Internal framework: Integration and universal accessibility of people with disabilities	Ch. Commitment to our employees: 6.1.3. Promotion of other aspects of diversity (age, nationality and disability), p. 174
Policy against all types of discrimination and, where applicable, diversity management policy	GRI 103-1, 103-2, 103-3	Ch. Commitment to our employees: 6.1.1. Diversity and Inclusion Policy, p. 170

## Information on respect for human rights

Scope	Reporting framework	Reference
Management approach		
Application of due diligence procedures in the field of human rights	GRI 102-15, 412-2	Ch. Commitment to Sustainability: 2.4.2. The Due Diligence process, pp. 28-29 Ch. Commitment to our employees: 3.2. Type and content of the training, pp. 166-167
Prevention of risks of violation of human rights and, where necessary, measures to mitigate, manage and repair possible abuses committed	GRI 102-15, 412-2	Ch. Commitment to Sustainability: 2.4.2. The Due Diligence process, pp. 28-29; 2.4.3 Opportunities for improvement and action plan, p. 32 Ch. Commitment to our employees: 3.2. Type and content of the training, pp. 166-167
Reports of cases of violation of human rights	GRI 102-15, 102-17, 406-1	Ch. Commitment to Sustainability: 2.4.2. The Due Diligence process, pp. 28-29; Ch. Commitment to Sustainability: 2.4.4 Whistleblowing and complaint mechanisms, p. 33; 2.4.5 Cases of discrimination and corrective actions taken, p. 33
Promotion and compliance with the provisions of the ILO fundamental agreements related to respect for freedom of association and the right to collective bargaining, the elimination of discrimination in employment and occupation, the elimination of forced or compulsory labour and the effective abolition of child labour	GRI 402-1, 403-1, 403-4, 102-41	Ch. Commitment to our employees: 2.3.3 Rejection of forced and child labour, p. 160; 4. Social Dialogue, pp. 167-169 Ch. Supply Chain: 1.4. Sustainability requirements in contracting, pp. 199-200

## Information regarding the fight against corruption and bribery

Scope	Reporting framework	Reference
Management approach		
Measures taken to prevent corruption and bribery	GRI 102-16, 102-17, 405-1, 103-1, 103-2, 103-3, 205-3	Ch. Corporate Governance and Ethical Conduct: 2. Ethical Conduct and Compliance, pp. 264-271
Measures to fight money laundering	GRI 102-16, 102-17	Ch. Corporate Governance and Ethical Conduct: 2.5. Measures to fight money laundering, pp. 266-267
Contributions to foundations and non-profit organisations	Internal framework: Contributions to foundations and non-profit organisations	Ch. Commitment to Sustainability: 1.1. ENDESA in figures, pp. 12-13

# Information about the Company

Scope	Reporting framework	Reference
Management approach		
Commitments of the company with sustainable development	Impact of the Company's activity on local employment and development	GRI 413-1, 413-2 Ch. Responsible relations with communities 5.1. Achievements, impacts and returns, pp. 190-193
	Impact of the Company's activity on local populations and regions	GRI 413-1, 413-2 Ch. Responsible relations with communities 5.1. Achievements, impacts and returns, pp. 190-193
	Relations maintained with local community actors and forms of dialogue with them	GRI 102-43 Ch. Commitment to Sustainability: 5.1.2. ENDESA's communication channels with its stakeholders, pp. 52-53 Ch. Responsible relations with communities: 4. Details of sustainability projects, pp. 182-188
	Partnership or sponsorship actions	Internal framework: Partnership or sponsorship actions Ch. Commitment to Sustainability: 10. Participation in associations, pp. 75-79/Ch. Responsible relations with communities 5.1.1. Achievements, pp. 191-192/Ch. Enabling infrastructures: 3. Energy poverty and access to electricity for vulnerable customers, pp. 116-117
Subcontracting and suppliers	Inclusion in the purchasing policy of social, gender equality and environmental issues	Internal framework: Inclusion in the purchasing policy of social, gender equality and environmental issues Ch. Supply Chain: 2. Supplier approval, pp. 218-221; 2.1. Selection of suppliers, the key to sustainability, p. 203.
	Consideration of social and environmental responsibility in relations with suppliers and subcontractors	GRI 102-9, 102-10 Ch. Supply Chain: 3. ESG supply chain management, pp. 203-206.
	Supervision systems and audits and their results	Internal framework: Supervision systems and audits and their results Ch. Supply Chain: 1.4. Sustainability requirements in contracting, pp. 199-200
Consumers	Measures for the health and safety of consumers	GRI 103-1, 103-2, 103-3, 416-1 Ch. Enabling infrastructures: 1.3. Safety at facilities, p. 112; 5.3. Security measures in products and customer services, p. 124
	Claim systems	Internal framework: Claim systems
	Complaints received and resolution thereof	Internal framework: Complaints received and resolution thereof Ch. Enabling infrastructures: 2.3. Efficient resolution of customer complaints pp. 115-116
Tax information	Benefits obtained country by country	GRI 201-4, 207-4 Ch. Commitment to Sustainability: 1.1. ENDESA in figures, pp. 12-13 Ch. Commitment to Sustainability: 3.1.4 Generation of wealth in 2020, p. 35
	Taxes paid on income	Ch. Corporate Governance and Ethical Conduct: 1.7.3. Tax contribution, pp. 259-263
	Public grants received	

# Appendix IV SASB content index

Category	Standard Number	Disclosure Number	GRI correspondence	Disclosure Title	Disclosure Type	Reference
Environmental	IF-EU-110	IF-EU-110a.1	305-1	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations, and emissions-reporting regulations	Quantitative	Ch. Decarbonisation 1.5. Metrics and objectives, p. 103
Environmental	IF-EU-110	IF-EU-110a.2	305-3	Greenhouse gas (GHG) emissions associated with power deliveries	Quantitative	Ch. Decarbonisation 1.5. Metrics and objectives, p. 103
Environmental	IF-EU-110	IF-EU-110a.3	102-15; 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	Ch. Commitment to sustainability: 4.5. Main sustainability risks, pp. 44-48; 6. ENDESA's Sustainability Plan 2021-2023, pp. 59-65; Ch. Decarbonisation: 1.4. Risk management, pp. 92-102
Environmental	IF-EU-110	IF-EU-110a.4	N/A	Number of customers served in markets subject to renewable portfolio standards (RPS) and percentage fulfilment of RPS target by market	Quantitative	Not applicable
Environmental	IF-EU-120	IF-EU-120a.1	305-7	Atmospheric emissions of the following pollutants: NOx (excluding N2O), SOx, particulate matter (PM10), lead (Pb), and mercury (Hg); percentage of each in or near areas of dense population	Quantitative	Ch. Environmental sustainability: 2.2. Air Quality, pp. 230-231 Data available for: SO2, NOx, PM10 and Hg.
Environmental	IF-EU-140	IF-EU-140a.1	303-3; 303-5	Total water withdrawn, total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Quantitative	Ch. Environmental sustainability: 2.5.1. Water consumption; pp. 232-234 2.5.2. Water discharge, p. 234  The calculation of the areas affected by water stress is based on the World Resources Institute's (WRI) Water Risk Atlas tool, Aqeduct.
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; 102-15	Description of water management risks and discussion of strategies and practices to mitigate those risks	Qualitative	Ch. Environmental sustainability: 2.5. Water resources, pp. 231-235 Ch. Commitment to sustainability: 4.5. Main sustainability risks, pp. 44-48
Environmental	IF-EU-150	IF-EU-150a.1	306-4	Amount of coal combustion residuals (CCR) generated, percentage recycled	Quantitative	Ch. Environmental sustainability: 2.6.1 Products of coal combustion, pp. 236-237
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	Not applicable

Category	Standard Number	Disclosure Number	GRI correspondence	Disclosure Title	Disclosure Type	Reference
Social	IF-EU-240	IF-EU-240a.1	N/A	Average retail electric rate for residential, commercial, and industrial customers	Quantitative	Not applicable
Social	IF-EU-240	IF-EU-240a.2	N/A	Typical monthly electric bill for residential customers for 500 kWh and 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	Ch. Enabling Infrastructures; 3.1. Cut-offs due to non-payment and reconnections for domestic customers, pp. 116-117
Social	IF-EU-240	IF-EU-240a.4	EU 28; EU 29; EU 10; 103-1; 103-2; 103-3	Discussion of impact of external factors on customer affordability of electricity, including the economic conditions of the service territory	Qualitative	Ch. Enabling Infrastructures; 1. The quality and safety of electricity supply as a priority, pp. 110-112
Social	IF-EU-320	IF-EU-320a.1	403-9; 403-10	Total recordable incident rate (TRIR), fatality rate, and near miss frequency rate (NMFR)	Quantitative	Ch. Occupational Health & Safety; 1.5. Reduction in accident rate, pp. 213-215
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	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 (megawatt hours)	Qualitative/ Quantitative	Not available
Social	IF-EU-540	IF-EU-540a.1	N/A	Total number of nuclear power units, broken down by US Nuclear Regulatory Commission (NRC) Action Matrix Column	Quantitative	Not available
Social	IF-EU-540	IF-EU-540a.2	EU21	Description of efforts to manage nuclear safety and emergency preparedness	Qualitative	Ch. Environmental sustainability; 1.6. Management of nuclear activity pp. 224-226
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	System Average Interruption Duration Index (SAIDI), System Average Interruption Frequency Index (SAIFI), and Customer Average Interruption Duration Index (CAIDI), inclusive of major event days	Quantitative	Ch. Enabling infrastructures; 1.2. Continuity in supply p. 111 Only the indicators SAIDI (called NIEPI following Spanish legislation) and SAIFI (called TIEPI following Spanish legislation) are reported. The CAIDI indicator is not available

Category	Standard Number	Disclosure Number	GRI correspondence	Disclosure Title	Disclosure Type	Reference
Social	IF-EU-000	IF-EU-000.A	N/A	Number of residential, commercial, and industrial customers served	Quantitative	Ch. Commitment to sustainability: 1.1. ENDESA in figures pp. 12-13 Information partially available
General	IF-EU-000	IF-EU-000.B	N/A	Total electricity delivered to residential, commercial, industrial, all other retail customers, and wholesale customers	Quantitative	Ch. Commitment to sustainability: 1.1. ENDESA in figures, pp. 12-13 Information partially available
General	IF-EU-000	IF-EU-000.C	EU4	Length of transmission and distribution lines	Quantitative	Ch. Enabling Infrastructures; 1. The quality and safety of electricity supply as a priority, pp. 110-112
General	IF-EU-000	IF-EU-000.D	EU2	Total electricity generated, percentage by major energy source, percentage in regulated markets	Quantitative	Ch. Commitment to sustainability: 1.1. ENDESA in figures, pp. 12-13 Only the data on electricity generated and the percentage by technology are available.
Economic	IF-EU-000	IF-EU-000.E	N/A	Total wholesale electricity purchased	Quantitative	Not available

# Appendix V: Public independent review report

102-55





2

## Our Independence and Quality Control

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 International Standard on Quality Control 1 (ISQC1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The engagement team comprised 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, based on the work performed.

We conducted our review 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 also lower.

Our work consisted of making inquiries of management and 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, and 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 section 5 "Study of Materiality" in the chapter entitled "Commitment to sustainability" considering the content required by prevailing mercantile legislation.
- Analysis of the processes for compiling and validating the information presented in the Report for 2020.
- Review of the information related to the risks, policies and management approaches applied in relation to the material aspects presented in the Report for 2020.



- Corroboration, through sample testing, of the information relative to the content of the Report for 2020 and whether it has been adequately compiled based on data provided by the information sources.
- Procurement of a representation letter from the Directors and management.

### **Conclusion**

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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 2020 of Endesa, S.A. and subsidiaries for the year ended 31 December 2020 has not been prepared, in all material respects, in accordance with the GRI Standards, core option, and the Electric Utilities Sector Supplement, as described in point 102-54 of the GRI content index.
- b) The Non-Financial Information and Sustainability Statement 2020 of Endesa, S.A. and subsidiaries for the year ended 31 December 2020 has not been prepared, in all material respects, in accordance with the contents included in prevailing mercantile legislation and with the GRI Standards selected, in accordance with each subject area in the "Index of contents required by Law 11/2018, of 28 December 2018 on non-financial information and diversity" of the Report.

### **Other matters**

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On 24 February 2020 a different assurance provider issued a favourable independent assurance report on the Consolidated Non-Financial Information Statement of Endesa, S.A. and its subsidiaries for 2020.

### **Use and Distribution**

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In accordance with the terms of our engagement, this independent assurance report has been prepared for Endesa S.A. in relation to its Non-Financial Information and Sustainability Statement 2020 and for no other purpose or in any other context.

This report has been prepared in relation to the Consolidated Non-Financial Information and Sustainability Statement 2020 in response to the requirement established in prevailing mercantile legislation in Spain, and thus may not be suitable for other purposes and jurisdictions.

KPMG Asesoras, S.L.

*(Signed on original in Spanish)*

Ramón Pueyo Viñuales

23 February 2021

**FORMULATION  
SIGNATURES  
ENDESA, S.A. AND  
SUBSIDIARIES  
CONSOLIDATED  
MANAGEMENT  
REPORT**

for the year  
ended 31 December 2020

(Translation from the original issued in Spanish. In the event of discrepancy, the Spanish-language version prevails)

The Consolidated Management Report of ENDESA, Sociedad Anónima and its SUBSIDIARY COMPANIES for fiscal year ending December 31, 2020 was drafted in electronic format by the Board of Directors of the company ENDESA, Sociedad Anónima at its meeting on February 23, 2021, following the format requirements established in the Delegated Regulation EU 2019/815 of the European Commission, and is hereinbelow signed by all of its Directors in compliance with Article 253 of the Spanish Capital Corporations Law (*Ley de Sociedades de Capital*).

<b>D. Juan Sánchez-Calero Guilarte</b> Chairman	<b>D. Francesco Starace</b> Vice Chairman
<b>D. José Damián Bogas Gálvez</b> Chief Executive Officer	<b>Dña. Eugenia Bieto Caubet</b> Director
<b>D. Antonio Cammisecra</b> Director	<b>D. Alejandro Echevarría Busquet</b> Director
<b>D. Ignacio Garralda Ruiz de Velasco</b> Director	<b>Dña. Pilar González de Frutos</b> Director
<b>Dña. Maria Patrizia Grieco</b> Director	<b>Dña. Alicia Koplowitz y Romero de Juseu</b> Director
<b>D. Francisco de Lacerda</b> Director	<b>D. Alberto de Paoli</b> Director
<b>D. Miquel Roca Junyent</b> Director	

Madrid, 23 February 2021

# **STATEMENT OF RESPONSIBILITY ANNUAL FINANCIAL REPORT**

for the year ended  
31 December 2020

(Translation from the original issued in  
Spanish. In the event of discrepancy, the  
Spanish-language version prevails)

**STATEMENT OF RESPONSIBILITY**  
**ANNUAL FINANCIAL REPORT FISCAL YEAR 2020**

The members of the Board of Directors of Endesa S.A., in accordance with Article 8 of Royal Decree 1362/2007, of October 19, state that, to the best of their knowledge, the Individual and Consolidated Annual Financial Statements for the fiscal year ending on December 31, 2020, drafted at its meeting on February 23, 2021, were issued in accordance with all applicable accounting principles and offer a true and fair view of the equity, financial position, and earnings of Endesa S.A. and the companies within its consolidation perimeter, and that the individual and consolidated management reports for fiscal year 2020 provide a faithful analysis of its business performance and results and of the financial position of Endesa, S.A. and the companies within its consolidation perimeter as a whole, together with a description of the main risks and uncertainties faced thereby.

<b>D. Juan Sánchez-Calero Guilarte</b> Chairman	<b>D. Francesco Starace</b> Vice Chairman
<b>D. José Damián Bogas Gálvez</b> Chief Executive Officer	<b>Dña. Eugenia Bieto Caubet</b> Director
<b>D. Antonio Cammisecra</b> Director	<b>D. Alejandro Echevarría Busquet</b> Director
<b>D. Ignacio Garralda Ruiz de Velasco</b> Director	<b>Dña. Pilar González de Frutos</b> Director
<b>Dña. Maria Patrizia Grieco</b> Director	<b>Dña. Alicia Koplowitz y Romero de Juseu</b> Director
<b>D. Francisco de Lacerda</b> Director	<b>D. Alberto de Paoli</b> Director
<b>D. Miquel Roca Junyent</b> Director	

Madrid, 23 February 2021

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