2013 Annual Corporate Governance Report
(Spanish Securities Exchange Commission Circular 5/2013, of 12 June-Appendix I)
Issuer’s particulars

END OF RELATIVE FINANCIAL YEAR:
31/12/2013

COMPANY TAX ID NO.:
A-28023430

CORPORATE NAME:
ENDESA, S.A.

REGISTERED OFFICE:
C/ Ribera del Loira, nº 60.
Madrid - CP 28042
Contents

A. Ownership Structure ........................................ 4
B. General Shareholders’ Meeting ............................ 7
C. Company Management Structure ....................... 8
D. Related-Party and Intragroup Transactions ............. 24
E. Risk Control and Management Systems ................. 31
F. Internal Control over Financial Reporting (ICFR) ...... 35
G. Degree of Compliance with Corporate Governance Recommendations ........................................ 51
H. Other Information of Interest ............................. 62
A. Ownership Structure

A.1. Complete the following table on the company’s share capital.

<table>
<thead>
<tr>
<th>Date of last modification</th>
<th>Share capital (Euros)</th>
<th>Number of shares</th>
<th>Number of voting rights</th>
</tr>
</thead>
<tbody>
<tr>
<td>01/10/1999</td>
<td>1,270,502,540,40</td>
<td>1,058,752,117</td>
<td>1,058,752,117</td>
</tr>
</tbody>
</table>

Indicate whether different types of shares exist with different associated rights.

No

A.2. List the direct and indirect holders of significant ownership interests in your organisation at year-end, excluding directors.

<table>
<thead>
<tr>
<th>Name or corporate name of shareholder</th>
<th>Number of direct voting rights</th>
<th>Name or corporate name of director</th>
<th>Number of voting rights</th>
<th>% of total voting rights</th>
</tr>
</thead>
</table>

Indicate the most significant movements in the shareholder structure during the year.

A.3. Complete the following tables on company directors holding voting rights through company shares.

<table>
<thead>
<tr>
<th>Name or corporate name of director</th>
<th>Number of direct voting rights</th>
<th>Name or corporate name of director</th>
<th>Number of voting rights</th>
<th>% of total voting rights</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borja Prado Eulate</td>
<td>4,889</td>
<td></td>
<td></td>
<td>0.000</td>
</tr>
<tr>
<td>Fulvio Conti</td>
<td>200</td>
<td></td>
<td></td>
<td>0.000</td>
</tr>
<tr>
<td>Andrea Brentan</td>
<td>100</td>
<td></td>
<td></td>
<td>0.000</td>
</tr>
<tr>
<td>Massimo Cioffi</td>
<td>100</td>
<td></td>
<td></td>
<td>0.000</td>
</tr>
<tr>
<td>Gianluca Comin</td>
<td>100</td>
<td></td>
<td></td>
<td>0.000</td>
</tr>
<tr>
<td>Alejandro Echevarría Busquet</td>
<td>200</td>
<td></td>
<td></td>
<td>0.000</td>
</tr>
<tr>
<td>Luigi Ferraris</td>
<td>100</td>
<td></td>
<td></td>
<td>0.000</td>
</tr>
<tr>
<td>Salvador Montejo Veilà</td>
<td>20</td>
<td></td>
<td></td>
<td>0.000</td>
</tr>
<tr>
<td>Miquel Roca Junyent</td>
<td>363</td>
<td></td>
<td></td>
<td>0.000</td>
</tr>
</tbody>
</table>

A.4. Indicate, as applicable, any family, commercial, contractual or corporate relationships between owners of significant shareholdings, insofar as these are known by the company, unless they are insignificant or arise from ordinary trading or exchange activities.

<table>
<thead>
<tr>
<th>Related party name or corporate name</th>
<th>Type of relationship</th>
<th>Brief description</th>
</tr>
</thead>
</table>

A.5. Indicate, as applicable, any commercial, contractual or corporate relationships between owners of significant shareholdings, and the company and/or its group, unless they are insignificant or arise from ordinary trading or exchange activities.

<table>
<thead>
<tr>
<th>Related party name or corporate name</th>
<th>Type of relationship</th>
<th>Brief description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enel, S.p.A.</td>
<td>Corporate</td>
<td>Endesa Brasil, S.A. (an Endesa Group subsidiary) and Enel Brasil Participacoes Ltda (an Enel Group subsidiary) hold stakes of 0.5756% and 99.0244%, respectively, in the share capital of Enel Green Power Modelo I Eólica, S.A. and Enel Green Power Modelo II Eólica, S.A.</td>
</tr>
<tr>
<td>Enel, S.p.A.</td>
<td>Corporate</td>
<td>Endesa, S.A. and Enel Investment Holding BV hold 50% stakes in the share capital of Enel Insurance NV. Enel Insurance NV holds 100% of the share capital of Compostilla RE, S.A.</td>
</tr>
<tr>
<td>Enel, S.p.A.</td>
<td>Corporate</td>
<td>Endesa Ingeniería, S.L.U. (an Endesa Group subsidiary) and Enel Sole, S.r.L. (an Enel Group subsidiary) hold 50% stakes in the following temporary joint ventures: Mérida, Abarán and Rincón de la Victoria.</td>
</tr>
<tr>
<td>Enel, S.p.A.</td>
<td>Corporate</td>
<td>Endesa Generación, S.A.U. (an Endesa Group subsidiary) and Enel Green Power International BV (an Enel Group subsidiary) hold 40% and 60% stakes, respectively, in the share capital of Elcogas, S.A.</td>
</tr>
<tr>
<td>Enel, S.p.A.</td>
<td>Corporate</td>
<td>Endesa Generación, S.A. (an Endesa Group subsidiary) and Enel Green Power España, S.L.</td>
</tr>
</tbody>
</table>

A.6. Indicate whether any shareholders’ agreements have been notified to the company pursuant to articles 530 and 531 of the Spanish Corporate Enterprises Act (Ley de Sociedades de Capital, LSC). Provide a brief de-
scription and list the shareholders bound by the agreement, as applicable.

No

Indicate whether the company is aware of the existence of any concerted actions among its shareholders. Give a brief description as applicable.

No

Expressly indicate any amendments to or termination of such agreements or concerted actions during the year.

A.7. Indicate whether any individuals or bodies corporate currently exercise control or could exercise control over the company pursuant to article 4 of the Spanish Securities Market Act (Ley del Mercado de Valores). If so, identify.

Yes

Remarks
Enel, S.p.A. is sole shareholder of Enel Energy Europe.

A.8. Complete the following tables on the company’s treasury shares.

At year-end:

<table>
<thead>
<tr>
<th>Number of shares held directly</th>
<th>Number of shares held indirectly (*)</th>
<th>% of total share capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

(*) Through:

<table>
<thead>
<tr>
<th>Name or corporate name of direct shareholder</th>
<th>Number of shares held directly</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total:</td>
<td></td>
</tr>
</tbody>
</table>

Give details of any significant changes during the year, pursuant to Royal Decree 1362/2007.

<table>
<thead>
<tr>
<th>Date reported</th>
<th>Total direct shares acquired</th>
<th>Total indirect shares acquired</th>
<th>% of total share capital</th>
</tr>
</thead>
</table>

A.9. Give details of the applicable conditions and time periods governing any resolutions of the general shareholders’ meeting authorising the board of directors to purchase and/or transfer treasury shares.

At the Ordinary General Meeting held on 21 June 2010, shareholders authorised the Company and its subsidiaries to acquire treasury shares pursuant to the provisions of article 75 and additional provision one of the former Spanish Companies Act (Ley de Sociedades Anónimas).

I. To revoke and make void, as to the unused portion, the authorisation for the derivative acquisition of treasury shares granted at the Ordinary General Shareholders’ Meeting held on June 30, 2009.

II. To once again authorise the derivative acquisition of treasury shares, as well as the pre-emptive rights of first refusal in respect thereto, pursuant to article 75 of the Spanish Companies Act under the following conditions:

a) Acquisitions may be made via any legally accepted method, directly by Endesa, S.A., by its Group companies or by proxy, up to the maximum legal limit.

b) Acquisitions shall be made at a minimum price per share of its par value and a maximum equal to their trading value plus an additional 5%.

c) The duration of this authorisation shall be 5 years.

The authorization also includes the acquisition of shares which, as the case may be, must be delivered directly to the employees and directors of the Company or its subsidiaries, as a consequence of the exercise of stock option rights held thereby.
A.10. Indicate, as applicable, any restrictions on the transfer of shares and/or the exercise of voting rights. In particular, indicate any restrictions that could prevent a party from taking control of the company by acquiring its shares on the market.

No

A.11. Indicate whether the general shareholders’ meeting has agreed to take neutralisation measures to prevent a public takeover bid by virtue of the provisions of Act 6/2007.

No

If applicable, explain the measures adopted and the terms under which these restrictions may be lifted.

A.12. Indicate whether the company has issued shares that are not traded on a regulated EU market.

Yes

If so, indicate the different classes of shares and, for each class, the rights and obligations carried thereby.

The Company’s share capital amounts to Euros 1,270,502,540.40 and has been fully subscribed and paid.

The share capital is represented by 1,058,752,117 shares of the same class (ordinary shares) with a par value of Euros 1.20 each, traded by the book-entry system.

The 1,058,752,117 shares that comprise the share capital, represented by book entries, are considered to be securities and are governed by the provisions governing the Spanish Securities Market.

Endesa’s shares, traded by the book-entry system, have been registered in the Iberclear Central Registry, the entity responsible for accounting for shares.

The shares of Endesa, S.A. are traded on the Spanish stock exchanges and on the Santiago de Chile Offshore Stock Exchange.
B. General Shareholders’ Meeting

B.1. Indicate the quorum required for constitution of the general shareholders’ meeting. Describe how it differs from the system of minimum quorums established in the Spanish Corporate Enterprises Act (LSC).

No

<table>
<thead>
<tr>
<th>Quorum required for first call</th>
<th>Quorum % other than that established in article 193 of the LSC for general cases</th>
<th>Quorum % other than that established in article 194 of the LSC for the special cases described in article 194</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Description of differences

B.2. Indicate and, as applicable, describe any differences between the company’s system of adopting corporate resolutions and the framework set forth in the LSC.

No

Describe how they differ from the rules established under the LSC.

B.3. Indicate the rules for modifying the company’s bylaws. In particular, indicate the majority vote required to modify the bylaws and any rules for safeguarding shareholders’ rights in the event of such modification.

Pursuant to article 26 of the Bylaws, in order for the Annual or Special Shareholders’ Meeting to validly agree on the amendment to the Corporate Bylaws, at first notice shareholders representing at least 50% of the subscribed capital with voting rights must be present. At second notice, 25% of the capital must be represented.

When less than 50% of the subscribed voting share capital is present, the resolutions referred to above may only be validly adopted when two-thirds of the capital present or represented at the Meeting casts a vote in favour thereof.

B.4. Indicate the attendance figures for the general shareholders’ meetings held during the year reported and the preceding year.

<table>
<thead>
<tr>
<th>Date of General Meeting</th>
<th>% attending in person</th>
<th>% by proxy</th>
<th>% remote voting</th>
</tr>
</thead>
<tbody>
<tr>
<td>22/04/2013</td>
<td>92.070</td>
<td>1.293</td>
<td>0.000</td>
</tr>
<tr>
<td>22/06/2012</td>
<td>92.075</td>
<td>1.381</td>
<td>0.000</td>
</tr>
</tbody>
</table>

B.5. Indicate whether the bylaws impose any minimum requirement on the number of shares required to attend the general shareholders’ meetings.

No

B.6. Indicate whether certain decisions that entail a structural modification of the company (“subsidiarisation”, sale or purchase of essential operating assets, operations tantamount to the liquidation of the company, etc.) must be put to vote at the general shareholders’ meeting, even where such approval is not expressly required in prevailing legislation.

No

B.7. Indicate the web address and mode of accessing corporate governance content and other information for shareholders in respect of the general shareholders’ meetings, all on the company’s website.

The Company’s website is www.endesa.com. Information on corporate governance can be accessed from the homepage via two separate channels:

- A link to “Corporate Governance” appears directly on the home page.
- The “Corporate Governance” section can also be accessed through by clicking on the “Investors” link and then “Corporate Governance”.

To access information on the General Shareholders’ Meetings, a direct banner link is posted on the home page from the time the meeting is called until it is held. Once the meeting has been held, the information can be accessed through two channels:

- Corporate Governance-Shareholders Meetings
- Investors-Corporate Governance-Shareholders Meetings
C. Company Management Structure

C.1. Board of Directors

C.1.1. List the maximum and minimum number of directors included in the bylaws.

| Maximum number of directors | 15 |
| Minimum number of directors | 9 |

C.1.2. Complete the following table with board members’ details.

<table>
<thead>
<tr>
<th>Name or corporate name of director</th>
<th>Representative</th>
<th>Position on the board</th>
<th>Date of first appointment</th>
<th>Date of last appointment</th>
<th>Election procedure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borja Prado Eulate</td>
<td>—</td>
<td>Chairman</td>
<td>20/06/2007</td>
<td>09/05/2011</td>
<td>Vote at Shareholders’ Meeting</td>
</tr>
<tr>
<td>Fulvio Conti</td>
<td>—</td>
<td>Vice Chairman</td>
<td>25/06/2009</td>
<td>22/04/2013</td>
<td>Vote at Shareholders’ Meeting</td>
</tr>
<tr>
<td>Andrea Bentan</td>
<td>—</td>
<td>Chief Executive Officer</td>
<td>18/10/2007</td>
<td>26/06/2012</td>
<td>Vote at Shareholders’ Meeting</td>
</tr>
<tr>
<td>Massimo Cioffi</td>
<td>—</td>
<td>Director</td>
<td>26/06/2012</td>
<td>26/06/2012</td>
<td>Vote at Shareholders’ Meeting</td>
</tr>
<tr>
<td>Gianluca Comin</td>
<td>—</td>
<td>Director</td>
<td>14/09/2009</td>
<td>22/04/2013</td>
<td>Vote at Shareholders’ Meeting</td>
</tr>
<tr>
<td>Alejandro Echevarria Busquet</td>
<td>—</td>
<td>Director</td>
<td>25/06/2009</td>
<td>22/04/2013</td>
<td>Vote at Shareholders’ Meeting</td>
</tr>
<tr>
<td>Luigi Ferraris</td>
<td>—</td>
<td>Director</td>
<td>18/10/2007</td>
<td>26/06/2012</td>
<td>Vote at Shareholders’ Meeting</td>
</tr>
<tr>
<td>Salvador Montejo Velilla</td>
<td>—</td>
<td>Secretary-Director</td>
<td>26/06/2012</td>
<td>26/06/2012</td>
<td>Vote at Shareholders’ Meeting</td>
</tr>
<tr>
<td>Miquel Roca Junyent</td>
<td>—</td>
<td>Director</td>
<td>25/06/2009</td>
<td>22/04/2013</td>
<td>Vote at Shareholders’ Meeting</td>
</tr>
</tbody>
</table>

Total number of directors: 9

Indicate any board members who left during this period.

<table>
<thead>
<tr>
<th>Name or corporate name of director</th>
<th>Status of the director at the time</th>
<th>Leaving date</th>
</tr>
</thead>
</table>

C.1.3. Complete the following tables on board members and their respective categories.

**Executive Directors**

<table>
<thead>
<tr>
<th>Name or corporate name of director</th>
<th>Committee proposing appointment</th>
<th>Post held in the company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borja Prado Eulate</td>
<td>Appointments and Remuneration Committee</td>
<td>Chairman</td>
</tr>
<tr>
<td>Andrea Bentan</td>
<td>Appointments and Remuneration Committee</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>Salvador Montejo Velilla</td>
<td>Appointments and Remuneration Committee</td>
<td>Secretary of the Board of Directors</td>
</tr>
</tbody>
</table>

Total number of executive directors: 3
% of the board: 33.333

**External Proprietary Directors**

<table>
<thead>
<tr>
<th>Name or corporate name of director</th>
<th>Committee proposing appointment</th>
<th>Name or corporate name of significant shareholder represented or proposing appointment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fulvio Conti</td>
<td>Appointments and Remuneration Committee</td>
<td>Enel, S.p.A.</td>
</tr>
<tr>
<td>Gianluca Comin</td>
<td>Appointments and Remuneration Committee</td>
<td>Enel, S.p.A.</td>
</tr>
<tr>
<td>Luigi Ferraris</td>
<td>Appointments and Remuneration Committee</td>
<td>Enel, S.p.A.</td>
</tr>
<tr>
<td>Massimo Cioffi</td>
<td>Appointments and Remuneration Committee</td>
<td>Enel, S.p.A.</td>
</tr>
</tbody>
</table>

Total number of proprietary directors: 4
% of the board: 44.444

**Independent External Directors**

<table>
<thead>
<tr>
<th>Name or corporate name of director</th>
<th>Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alejandro Echevarria Busquet</td>
<td>Holds a degree in Business Administration from the University of Deusto, with a specialisation from the Higher School. Recipient of the Jaume de Cordelles Prize (ESADE) Award, the Best Basque Entrepreneur Award, the Best Business Administrator Award and the Business Values in the Media Award.</td>
</tr>
<tr>
<td>Miquel Roca Junyent</td>
<td>Law graduate from the University of Barcelona; Lecturer in Constitutional Law at the Pompeu Fabra University in Barcelona and holder of an Honorary Doctorate from the distance learning universities of León, Gerona and Cádiz.</td>
</tr>
</tbody>
</table>

Total number of independent directors: 2
% of the board: 22.222
List any independent directors who receive from the company or group any amount or payment other than standard director remuneration or who maintain or have maintained during the period in question a business relationship with the company or any group company, either in their own name or as a significant shareholder, director or senior manager of an entity which maintains or has maintained the said relationship.

Yes

If applicable, include a statement from the board detailing the reasons why the said director may carry on their duties as an independent director.

Name or corporate name of director

Miquel Roca Junyent

Nature of the relationship

The Roca Junyent Law Office provides services to the Endesa subsidiary Endesa Distribución Eléctrica.

Reasons:

- the Audit and Compliance Committee and the Board of Directors approved the contracting of the services of the law office

- the fees paid are not significant

- the Roca Junyent Law Office was selected in an open request for services among several competitors, and the service is rendered in market conditions

- services are engaged from the Roca Junyent Law Office and not from the individual director

- Mr. Roca did not participate in the decision-making process or in negotiating the contract, neither in representation of the law office nor of Endesa. Mr. Roca excused himself from the Endesa Board of Director’s debate on and approval of the agenda point regarding the engagement of the Roca Junyent Law Office.

Other External Directors

<table>
<thead>
<tr>
<th>Name or corporate name of director</th>
<th>Committee proposing appointment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total number of other external directors

% of the board

List the reasons why these cannot be considered proprietary or independent directors and detail their relationships with the company, its executives or shareholders.

<table>
<thead>
<tr>
<th>Name or corporate name of director</th>
<th>Reasons</th>
<th>Company, executive or shareholder with whom the relationship is maintained</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

List any changes in the category of each director which have occurred during the year.

<table>
<thead>
<tr>
<th>Name or corporate name of director</th>
<th>Date of change</th>
<th>Previous category</th>
<th>Current category</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
C.1.4. Complete the following table on the number of female directors over the past four years and their category.

<table>
<thead>
<tr>
<th>Number of female directors</th>
<th>% of total directors of each type</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Year t</td>
</tr>
<tr>
<td>Executive</td>
<td>—</td>
</tr>
<tr>
<td>Proprietary</td>
<td>—</td>
</tr>
<tr>
<td>Independent</td>
<td>—</td>
</tr>
<tr>
<td>Other external</td>
<td>—</td>
</tr>
<tr>
<td>Total</td>
<td>0</td>
</tr>
</tbody>
</table>

C.1.5. Explain the measures, if applicable, which have been adopted to ensure that there is a sufficient number of female directors on the board to guarantee an even balance between men and women.

Explanation of measures

No specific measures have been implemented to incorporate female directors on the Board of Directors. However, Endesa does have an Equality Plan in place for employees, confirming its commitment to ensuring gender equality in the Company.

C.1.6. Explain the measures taken, if applicable, by the nomination committee to ensure that the selection processes are not subject to implicit bias that would make it difficult to select female directors, and whether the company makes a conscious effort to search for female candidates who have the required profile.

Explanation of measures

Article 15 of the Board of Directors’ Regulations requires the members of the Appointments and Remuneration Committee to ensure that selection processes contain no implicit bias against women candidates.

When, despite the measures taken, there are few or no female directors, explain the reasons.

Explanation of reasons

This situation is exclusively due to chance, without any predetermined reasons or intention.

C.1.7. Explain how shareholders with significant holdings are represented on the board.

92.063% of Endesa’s share capital is owned by a single shareholder, the Italian company Enel S.p.A. There is no significant owner of the remaining 7.94%.

The Board of Directors of Endesa, S.A. comprises nine members: two independent directors, four proprietary directors (representatives of Enel, S.p.A.), and three executive directors (Chairman, Chief Executive Officer and Secretary-Director), which were appointed to their posts with Enel, S.p.A. as the controlling shareholder.

C.1.8. Explain, when applicable, the reasons why proprietary directors have been appointed upon the request of shareholders who hold less than 5% of the share capital.

Provide details of any rejections of formal requests for board representation from shareholders whose equity interest is equal to or greater than that of other shareholders who have successfully requested the appointment of proprietary directors. If so, explain why these requests have not been entertained.

No

C.1.9. Indicate whether any director has resigned from office before his or her term of office has expired, whether that director has given the board his/her reasons and through which channel. If made in writing to the whole board, list below the reasons given by that director.

No

C.1.10. Indicate what powers, if any, have been delegated to the chief executive officer.

No
### C. Company Management Structure

#### C.1.11. List the directors, if any, who hold office as directors or executives in other companies belonging to the listed company’s group.

<table>
<thead>
<tr>
<th>Name or corporate name of director</th>
<th>Corporate name of the group company</th>
<th>Post</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borja Prado Eulate</td>
<td>Enersis, S.A.</td>
<td>Vice Chairman</td>
</tr>
<tr>
<td>Andrea Brentan</td>
<td>Enersis, S.A.</td>
<td>Director</td>
</tr>
<tr>
<td>Luigi Ferraris</td>
<td>Enersis, S.A.</td>
<td>Director</td>
</tr>
</tbody>
</table>

#### C.1.12. List any company board members who likewise sit on the boards of directors of other non-group companies that are listed on official securities markets in Spain, insofar as these have been disclosed to the company.

<table>
<thead>
<tr>
<th>Name or corporate name of director</th>
<th>Name of listed company</th>
<th>Post</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borja Prado Eulate</td>
<td>Mediaset España Comunicación, S.A.</td>
<td>Director</td>
</tr>
<tr>
<td>Fulvio Conti</td>
<td>RCS MediaGroup S.p.A.</td>
<td>Director</td>
</tr>
<tr>
<td>Fulvio Conti</td>
<td>AON Corporation</td>
<td>Director</td>
</tr>
<tr>
<td>Fulvio Conti</td>
<td>Barclays Plc</td>
<td>Director</td>
</tr>
<tr>
<td>Alejandro Echevarría Busquet</td>
<td>Compañía Vinícola del Norte de España</td>
<td>Director</td>
</tr>
<tr>
<td>Alejandro Echevarría Busquet</td>
<td>Mediaset España Comunicaciones, S.A.</td>
<td>Chairman</td>
</tr>
<tr>
<td>Miquel Roca Junyent</td>
<td>ACS, S.A.</td>
<td>Director</td>
</tr>
</tbody>
</table>

#### C.1.13. Indicate and, where appropriate, explain whether the company has established rules about the number of boards on which its directors may sit.

No

#### C.1.14. Indicate the company’s general policies and strategies that are reserved for approval by the board of directors in plenary session:

<table>
<thead>
<tr>
<th>Area</th>
<th>Approval Required?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment and financing policy</td>
<td>X</td>
</tr>
<tr>
<td>Design of the structure of the corporate group</td>
<td>X</td>
</tr>
<tr>
<td>Corporate governance policy</td>
<td>X</td>
</tr>
<tr>
<td>Corporate social responsibility policy</td>
<td>X</td>
</tr>
<tr>
<td>The strategic or business plans, management targets and annual budgets</td>
<td>X</td>
</tr>
<tr>
<td>Remuneration and evaluation of senior officers</td>
<td>X</td>
</tr>
<tr>
<td>Risk control and management, and the periodic monitoring of internal information and control systems</td>
<td>X</td>
</tr>
<tr>
<td>Dividend policy, as well as the policies and limits applying to treasury shares</td>
<td>X</td>
</tr>
</tbody>
</table>

#### C.1.15. List the total remuneration paid to the board of directors in the year.

| Remuneration paid to the board of directors (thousands of Euros) | 5,920 |
| Amount of total remuneration corresponding to vested rights in pension plans (thousands of Euros) | 4,414 |
| Total board remuneration (thousands of Euros)                  |       |

#### C.1.16. List any members of senior management who are not executive directors and indicate total remuneration paid to them during the year.

<table>
<thead>
<tr>
<th>Name or corporate name</th>
<th>Post(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Francisco Borja Acha Beiga</td>
<td>General Manager - Legal Advisory</td>
</tr>
<tr>
<td>José Damián Bogas Gálvez</td>
<td>General Manager - Spain and Portugal</td>
</tr>
<tr>
<td>Paolo Bondi</td>
<td>General Manager - Economic and Financial</td>
</tr>
<tr>
<td>Francesco Buresti</td>
<td>General Manager - Purchasing</td>
</tr>
<tr>
<td>Enrique Durand Baquerizo</td>
<td>General Manager - Audit</td>
</tr>
<tr>
<td>Rafael López Rueda</td>
<td>General Manager - Systems and Telecommunications</td>
</tr>
<tr>
<td>Alfonso López Sánchez</td>
<td>General Manager - Communications</td>
</tr>
<tr>
<td>Héctor López Vilaseco</td>
<td>General Manager - Strategy and Development</td>
</tr>
<tr>
<td>José Luis Puche Castillejo</td>
<td>General Manager - Human Resources and Organisation</td>
</tr>
<tr>
<td>Alberto Fernández Torres</td>
<td>General Manager - Communications</td>
</tr>
<tr>
<td>Federico Fea</td>
<td>General Manager - Innovation</td>
</tr>
<tr>
<td>Ignacio Antoñanzas Alvear</td>
<td>General Manager - Latin America / General Manager - Chile</td>
</tr>
</tbody>
</table>

| Total remuneration received by senior management (thousands of Euros) | 10,844 |
### C.1.17. List, if applicable, the identity of those directors who are likewise members of the boards of directors of companies that own significant holdings and/or group companies.

<table>
<thead>
<tr>
<th>Name or corporate name of director</th>
<th>Corporate name of significant shareholder</th>
<th>Post</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borja Prado Eulate</td>
<td>Enel Energy Europe, S.R.L.</td>
<td>Director</td>
</tr>
<tr>
<td>Fulvio Conti</td>
<td>Enel, S.p.A.</td>
<td>Chief Executive Officer and General Manager</td>
</tr>
<tr>
<td>Fulvio Conti</td>
<td>Enel Energy Europe, S.R.L.</td>
<td>Chairman</td>
</tr>
<tr>
<td>Andrea Brentan</td>
<td>Enel Energy Europe, S.R.L.</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>Andrea Brentan</td>
<td>Enel Green Power, S.p.A.</td>
<td>Director</td>
</tr>
<tr>
<td>Andrea Brentan</td>
<td>Enel Investment Holding</td>
<td>Director</td>
</tr>
<tr>
<td>Luigi Ferraris</td>
<td>Enel Green Power, S.p.A.</td>
<td>Chairman</td>
</tr>
<tr>
<td>Luigi Ferraris</td>
<td>Enel Factor, S.p.A.</td>
<td>Chairman</td>
</tr>
<tr>
<td>Luigi Ferraris</td>
<td>Enel Servizi, S.R.L.</td>
<td>Chairman</td>
</tr>
<tr>
<td>Luigi Ferraris</td>
<td>Enel Distribuzione, S.p.A.</td>
<td>Director</td>
</tr>
<tr>
<td>Luigi Ferraris</td>
<td>Enel Produzione, S.p.A.</td>
<td>Director</td>
</tr>
<tr>
<td>Luigi Ferraris</td>
<td>Enel Investment Holding</td>
<td>Director</td>
</tr>
<tr>
<td>Gianluca Comin</td>
<td>Enel Servizi, S.R.L.</td>
<td>Chief Executive Officer Delegado</td>
</tr>
</tbody>
</table>

List any relevant relationships, other than those included under the previous heading, that link members of the board of directors with significant shareholders and/or their group companies.

### C.1.18. Indicate whether any changes have been made to the board regulations during the year.

No

### C.1.19. Indicate the procedures for appointing, re-electing, evaluating and removing directors. List the competent bodies, procedures and criteria used for each of these procedures.

#### Selection and Appointment:

Pursuant to article 38 of the Bylaws, the shareholders in General Meeting shall be responsible for both the appointments and the removal of the members of the Board of Directors.

In the event of a vacancy arising on the Board of Directors, the Board shall appoint a Director until the next General Shareholders’ Meeting is held (articles 5 and 6 of the Board of Directors’ Regulations).

Likewise, the Appointments and Remuneration Committee is vested, inter alia, with the powers and authorities of informing and proposing to the Board of Directors the appointment of Directors, either by co-option or by means of a proposal to the General Shareholders’ Meeting (articles 53 and 15 of the Bylaws and Board of Directors’ Regulations).

Proposals for the appointment or re-election of Directors brought by the Board shall be made in respect of persons of recognised prestige who possess the adequate experience and professional knowledge for the performance of their duties and who assume a commitment of sufficient dedication for the performance of the tasks of the Board (article 5 of the Board of Directors’ Regulations). In this regard, the Regulations also guarantee that the process of filling Board vacancies has no implicit bias against female candidates (article 15.7 of the Board of Directors’ Regulations).

The Appointments and Remuneration Committee shall also evaluate the competencies, knowledge and experience necessary on the Board, thereby identifying the functions and aptitudes necessary in the candidates to cover each vacancy, and evaluating the time and dedication required in order that they may properly perform their mandate (article 15 of the Board of Directors’ Regulations).

#### Re-election:

At Endesa, Directors can be reappointed (article 5 of the Board of Directors’ Regulations). The term of office of Directors is four years and they may be re-elected for periods of like duration (article 39 of the Bylaws).

Pursuant to article 24 of the Board of Directors’ Regulations, the Appointments and Remuneration Committee shall necessarily report on the proposed re-election of the Directors the Board decides to present at the General Shareholders’ Meeting. In this regard, the proposal for appointment or re-election of Directors brought by the Board of Directors to
the General Shareholders’ Meeting shall be approved by the Board of Directors at the proposal of the Appointments and Remuneration Committee, in the case of Independent Directors, and following a report by said committee in the case of the remaining Directors (article 21 of the Board of Directors’ Regulations).

**Evaluation:**

Pursuant to article 6.5 of the Board of Directors’ Regulations, on an annual basis, the Board shall evaluate the quality and efficiency of the functioning of the Board and the performance of their duties by the Chairman of the Board and the CEO, based on a report presented by the Appointments and Remuneration Committee.

Also, the Chairman shall be responsible for the efficient functioning of the Board and therefore shall organise and coordinate with the chairmen of the relevant committees the periodic evaluation of the Board (article 34.3 of the Board of Directors’ Regulations).

**Removal:**

As noted above, the office of Director is waivable, revocable and reappointable (article 5 of the Board of Directors’ Regulations) and the term of office of Directors shall be four years (article 39 of the Bylaws).

In this regard, article 25 of the Board of Directors’ Regulations states that Directors shall cease in their position when the period for which they were appointed has expired, as well as in all other applicable circumstances in accordance with the law and Endesa’s internal regulations. Pursuant to article 38 of the Bylaws, the shareholders in General Meeting shall be responsible for the removal of members of the Board of Directors.

Directors must tender their resignation when:

A) their remaining on the Board of Directors may impair the credit and reputation of the Company, or

B) they are subject to any of the cases of incompatibility or prohibition provided by law and when the Board, following a report by the Appointments and Remuneration Committee, resolves that the Director has seriously violated his or her obligations.

Also, when due to any cause the removal of a Director takes place, the latter may not render services at another competing entity during a period of two years, unless the Board exempts him or her from this obligation or shortens the duration of the aforesaid prohibition.

Finally, in the event that a Director ceases in his or her position, whether due to resignation or otherwise, prior to the end of his or her mandate, that Director must explain the reasons in a letter addressing all Board members. Without prejudice to said removal being reported as a material fact, a report must be given on the reason for the removal in the Annual Corporate Governance Report.

**C.1.20. Indicate whether the board has evaluated its performance during the year.**

Yes

**C.1.21. Indicate the cases in which directors must resign.**

Directors must resign in the events described in article 25.2 of the Board of Directors’ Regulations. These are when:

A) their remaining on the Board of Directors may impair the credit and reputation of Endesa

B) they are subject to any of the cases of incompatibility or prohibition provided by law and when the Board, following a report by the Appointments and Remuneration Committee, resolves that the Director has seriously violated his or her obligations.
In the event that a Director ceases in his or her position, whether due to resignation or otherwise, prior to the end of his or her mandate, the Director must explain the reasons in a letter addressing all Board members. Without prejudice to said removal being reported as a material fact, a report must be given on the reason for the removal in the Annual Corporate Governance Report (article 25.4 of the Board of Directors’ Regulations).

C.1.22. Indicate whether the duties of chief executive officer fall upon the chairman of the board of directors. If so, describe the measures taken to limit the risk of powers being concentrated in a single person.

No

Indicate, and if necessary, explain whether rules have been established that enable any of the independent directors to convene board meetings or include new items on the agenda, to coordinate and voice the concerns of external directors and to oversee the evaluation by the board of directors.

No

C.1.23. Are qualified majorities, other than those prescribed by law, required for any type of decision?

No

If applicable, describe the differences.

C.1.24. Indicate whether there are any specific requirements, apart from those relating to the directors, to be appointed chairman.

No

C.1.25. Indicate whether the chairman has the casting vote.

Yes

Matters where the chairman has the casting vote

Pursuant to article 47 of the Bylaws, the Board will deliberate on the matters contained on the agenda and also on all those matters that the Chairman or majority of the Directors present or represented propose, even if the matters are not included on the agenda. Resolutions must be adopted with the favourable vote of the absolute majority of the Directors attending the meeting in person or by proxy. In the event there is an equal number of votes, the Chairman, or whosoever substitutes him or her at the meeting, will cast the decisive vote. The provisions of this section shall be applicable without prejudice to those resolutions for which a qualified majority of the Board members is required in accordance with the corporate Bylaws or current laws in force.

C.1.26. Indicate whether the bylaws or the board regulations set any age limit for directors.

No

C.1.27. Indicate whether the bylaws or the board regulations set a limited term of office for independent directors, other than that established in prevailing regulations.

No

C.1.28. Indicate whether the Bylaws or board regulations stipulate specific rules on appointing a proxy to the board, the procedures thereof and, in particular, the maximum number of proxy appointments a director may hold. Also indicate whether only one director of the same category may be appointed as a proxy. If so, give brief details.

Pursuant to article 45 of the Bylaws, proxies must be granted in writing and specifically for each Board meeting. No Board member may hold more than three proxies, except the Chairman, to whom this limit shall not be applicable, although he or she may not represent the majority of the Board of Directors.

Likewise, article 11 of the Board of Directors’ Regulations states that each Director may be represented by another member of the Board in accordance with the provisions of the Company’s Bylaws.

C.1.29. Indicate the number of board meetings held during the year and how many times the board has met without the chairman in attendance. This calculation
should include attendance through proxy when specific instructions were given.

<table>
<thead>
<tr>
<th>Number of board meetings</th>
<th>12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of board meetings held in the absence of the chairman</td>
<td>0</td>
</tr>
</tbody>
</table>

Indicate the number of meetings of the various board committees held during the year.

<table>
<thead>
<tr>
<th>Number of meetings of the executive or delegate committee</th>
<th>0</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of meetings of the audit committee</td>
<td>9</td>
</tr>
<tr>
<td>Number of meetings of the nomination and remuneration committee</td>
<td>9</td>
</tr>
<tr>
<td>Number of meetings of the nomination committee</td>
<td>—</td>
</tr>
<tr>
<td>Number of meetings of the remuneration committee</td>
<td>—</td>
</tr>
<tr>
<td>Number of meetings of the ______ committee</td>
<td>—</td>
</tr>
</tbody>
</table>

C.1.30. Indicate the number of board meetings held during the year with all members in attendance. This calculation should include attendance through proxy when specific instructions were given.

<table>
<thead>
<tr>
<th>Attendance of directors</th>
<th>12</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of attendances of the total votes cast during the year</td>
<td>100 %</td>
</tr>
</tbody>
</table>

C.1.31. Indicate whether the individual and consolidated financial statements are certified before they are submitted to the board for authorisation for issue.

Yes

Identify, where applicable, the person(s) who certified the company’s individual and consolidated financial statements prior to their authorisation for issue by the board.

<table>
<thead>
<tr>
<th>Name</th>
<th>Post</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paolo Bondi</td>
<td>General Manager - Economic and Financial</td>
</tr>
<tr>
<td>Andrea Brentan</td>
<td>Chief Executive Officer</td>
</tr>
</tbody>
</table>

C.1.32. Explain the mechanisms, if any, established by the board of directors to prevent the individual and consolidated financial statements it authorises for issue from being presented at the general shareholders’ meeting with a qualified audit report.

Prior to the Board of Directors meeting at which the financial statements will be authorised for issue, and in order to avoid that the individual and consolidated financial statements so authorised are presented at the General Shareholders’ Meeting with a qualified audit report, the auditor provides the Board of Directors will a letter setting out the main conclusions of its audit work.

**C.1.33. Is the secretary of the board also a director?**

Yes

**C.1.34. Explain the procedures for appointing and removing the secretary of the board, indicating whether his/her appointment and removal have been notified by the appointments committee and approved by the board in plenary session.**

Appointment and removal procedure

Pursuant to article 37 of the Board of Directors’ Regulations, the Board, in plenary session, at the Chairman’s proposal and following a report by the Appointments and Remuneration Committee, shall appoint a Secretary, who must hold a degree in Law.

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Does the nomination committee propose appointments?</td>
<td>X</td>
</tr>
<tr>
<td>Does the nomination committee advise on dismissals?</td>
<td>X</td>
</tr>
<tr>
<td>Do appointments have to be approved by the board in plenary session?</td>
<td>X</td>
</tr>
<tr>
<td>Do dismissals have to be approved by the board in plenary session?</td>
<td>X</td>
</tr>
</tbody>
</table>

Is the secretary of the board entrusted in particular with the function of overseeing corporate governance recommendations?

Yes

Remarks

Pursuant to article 37 of the Board of Directors’ Regulations, the Secretary shall ensure observance of corporate govern-
C.1.35. Indicate and explain, where applicable, the mechanisms implemented by the company to preserve the independence of the auditor, financial analysts, investment banks and rating agencies.

Pursuant to article 52 of the Bylaws, the main task of the Audit and Compliance Committee is to promote compliance with good corporate governance and ensure the transparency of all actions of the Company in the economic and financial area and external and compliance audits and internal audits. It shall liaise with external auditors or audit firms in order to receive information on all matters which may place at risk their independence, and any others related to the procedures concerning the audit of the accounts. It shall also supervise the efficiency of the Company’s Internal Control System, internal auditing services and risk management systems, as well as those communications as provided by account auditing laws and technical auditing standards. The Audit and Compliance Committee shall also receive annually from the auditors or auditing companies written confirmation of their independence vis-à-vis the Company and/or related parties, as well as additional services provided; and issue annually, prior to the issuance of the auditors’ report, a report expressing an opinion on the independence of the auditors or audit firms. This report must address the provision of the additional services referred to in the above section.

Moreover, there is no relationship with financial analysts, investment banks and credit rating agencies other than that derived from professional activities.

C.1.36. Indicate whether the company has changed its external audit firm during the year. If so, identify the incoming audit firm and the outgoing auditor.

No

C.1.37. Indicate whether the audit firm performs non-audit work for the company and/or its group. If so, state the amount of fees paid for such work and the percentage they represent of all fees invoiced to the company and/or its group.

No

<table>
<thead>
<tr>
<th></th>
<th>Company</th>
<th>Group</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount of non-audit work (thousands of Euros)</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Amount of non-audit work as a % of the total amount billed by the audit firm</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

C.1.38. Indicate whether the audit report on the previous year’s financial statements is qualified or includes reservations. Indicate the reasons given by the chairman of the audit committee to explain the content and scope of those reservations or qualifications.

No

C.1.39. Indicate the number of consecutive years during which the current audit firm has been auditing the financial statements of the company and/or its group. Likewise, indicate for how many years the current firm has been auditing the financial statements as a percentage of the total number of years in which the financial statements have been audited.

<table>
<thead>
<tr>
<th></th>
<th>Company</th>
<th>Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of consecutive years</td>
<td>3</td>
<td>3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Company</th>
<th>Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of years audited by current audit firm/ Number of years the company’s financial statements have been audited (%)</td>
<td>9.09%</td>
<td>11.54%</td>
</tr>
</tbody>
</table>

C.1.40. Indicate and give details of any procedures through which directors may receive external advice.

Yes

Details of the procedure

Article 30 of the Board of Directors’ Regulations governs the right to advice and information.

Directors will, whenever the performance of their functions so requires, have access to all the Company’s services and may
request such information and counselling as they may require on any matter. The right to information extends to investees. The request will be made by the Chairman through the Board Secretary and conveyed by the Chief Executive Officer.

The Directors will, by majority, also have the power to propose to the Board the engagement, at the Company’s expense, of such legal, accounting, technical, financial, commercial or other advisers as they consider necessary in order to be aided in the discharge of their duties where it concerns specific problems of a certain importance and complexity related to the performance of their work.

The above proposal must be notified to the Company Chairman through the Board Secretary and will be conveyed by the Chief Executive Officer. The Board may refuse to approve financing for the advisory services referred to in the preceding paragraph on the grounds that they are not necessary for the performance of the functions entrusted, that their amount is disproportionate to the importance of the problem, or if it considers that such technical assistance could be adequately provided by Company personnel.

The Company shall establish an orientation programme providing new Directors with a speedy and sufficient knowledge of the Company, as well as of its rules of corporate governance. In addition, it shall also offer Directors knowledge refresher programs when circumstances so advise.

C.1.41. Indicate whether there are procedures for directors to receive the information they need in sufficient time to prepare for meetings of the governing bodies.

Yes

Details of the procedure

Article 42 of the Bylaws states that the Directors, by virtue of their position, are obliged, in particular, to: a) Obtain the necessary information and prepare adequately the meetings of the Board of Directors and the statutory corporate bodies to which they belong. Pursuant to the above, the Company provides Directors with the information pertaining to the meeting, seven days in advance, if possible, or at least 48 hours prior to said meeting.

C.1.42. Indicate and, where appropriate, give details of whether the company has established rules obliging directors to inform the board of any circumstances that might harm the organisation’s name or reputation, tendering their resignation as the case may be.

Yes

Details of rules

Article 25 of the Board of Directors’ Regulations stipulates that Directors shall cease in their position when the period for which they were appointed has transpired, as well as in all other applicable circumstances in accordance with the Law, the Bylaws and these Regulations.

Directors must tender their resignation in the following circumstances: when they are subject to any of the cases of incompatibility or prohibition provided by law and when their remaining on the Board of Directors may impair the credit and reputation of the Company, or when the Board, following a report from the Appointments and Remuneration Committee, resolves that the Director has seriously violated his or her obligations.

C.1.43. Indicate whether any director has notified the company that he/she has been indicted or tried for any of the offences stated in article 213 of the Spanish Corporate Enterprises Act.

No

Indicate whether the Board of Directors has examined the matter. If so, provide a justified explanation of the decision taken as to whether or not the director should continue to hold office or, where appropriate, indicate the pertinent actions taken by the board to date or that it intends to implement.

C.1.44. Indicate the significant agreements to which the company is party and which take effect, undergo changes or terminate upon a change of control following a takeover bid and the effects thereof.
Endesa and its subsidiaries have loans and other borrowings from banks of approximately Euros 663 million that might have to be repaid early in the event of a change of control over Endesa. It also has derivatives with a gross market value of Euros 2.55 million (notional amount of Euros 30 million) that might have to be settled early as a result of a change of control.

C.1.45. Identify, in aggregate form and provide detailed information on agreements between the company and its officers, executives and employees that provide indemnities, compensation or “golden parachute” clauses for the event of resignation, unfair dismissal or termination as a result of a takeover bid or other operation.

Number of beneficiaries
43

Category of beneficiary
Executive directors, senior executives and executives.

Description of agreement
These clauses are the same in all the contracts of the Executive Directors and senior executives of the Company and of its Group and were approved by the Board of Directors following the report of the Appointments and Remuneration Committee. The agreements provide for certain benefits in the event of termination of the employment relationship and a post-contractual non-competition clause.

The clauses for Executive Directors and senior executives set out the following:

Termination:
- By mutual agreement: termination benefit equal to an amount from one to four times the annual remuneration, on a case-by-case basis.
- Unilateral decision by an executive: no entitlement to termination benefit, unless the decision to terminate the employment relationship is based on the serious and culpable breach by the Company of its obligations, the position is eliminated, or in the event of a change of control or any of the other cases for compensation for termination provided for in Royal Decree 1382/1985.
- As a result of termination by the Company: termination benefit equal to that described in the first point.
- At the decision of the Company based on the serious wilful misconduct or negligence of the executive in discharging his or her duties: no entitlement to termination benefit.

These conditions are alternatives to those derived from changes to the pre-existing employment relationship or its termination due to early retirement for senior executives.

Post-contractual non-competition clause:
In the vast majority of contracts, the outgoing senior executive is required to refrain from engaging in a business activity in competition with Endesa for a period of two years; in return, the executive is entitled to an amount equal to 1.25 times his or her annual fixed remuneration payment.

Although contracts for members of management do not usually include termination benefit clauses, where such clauses do exist, they can be grouped as follows:

1. Similar to those described for Executive Directors and senior executives, except for certain specific termination benefits agreed for senior executives.
2. Those that establish the right to receive up to one year’s total remuneration, in the event of dismissal for reasons not attributable to the executive.
3. Those that establish the right to receive a month and a half of remuneration per year of service, in certain cases where the relationship with the Company is discontinued.

Indicate whether these agreements must be reported to and/or authorised by the governing bodies of the company or its group.

<table>
<thead>
<tr>
<th>Body authorising clauses</th>
<th>Board of Directors</th>
<th>General Shareholders’ Meeting</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Are the shareholders informed of such clauses at the General Meeting?
X
C.2. Board committees

C.2.1. Indicate all the board of directors’ committees, the members of the committees, and the percentage of proprietary directors and independent directors thereon.

Executive or Delegate Committee

<table>
<thead>
<tr>
<th>Name</th>
<th>Post</th>
<th>Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borja Prado Eulate</td>
<td>Chairman</td>
<td>Executive</td>
</tr>
<tr>
<td>Andrea Brentan</td>
<td>Member</td>
<td>Executive</td>
</tr>
<tr>
<td>Fulvio Conti</td>
<td>Member</td>
<td>Proprietary</td>
</tr>
<tr>
<td>Luigi Ferraris</td>
<td>Member</td>
<td>Proprietary</td>
</tr>
<tr>
<td>Miquel Roca Junyent</td>
<td>Member</td>
<td>Independent</td>
</tr>
</tbody>
</table>

% of executive directors 40%
% of proprietary directors 40%
% of independent directors 20%
% of other external directors

Audit Committee

<table>
<thead>
<tr>
<th>Name</th>
<th>Post</th>
<th>Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Miquel Roca Junyent</td>
<td>Chairman</td>
<td>Independent</td>
</tr>
<tr>
<td>Alejandro Echevarría Busquet</td>
<td>Member</td>
<td>Independent</td>
</tr>
<tr>
<td>Borja Prado Eulate</td>
<td>Member</td>
<td>Executive</td>
</tr>
<tr>
<td>Luigi Ferraris</td>
<td>Member</td>
<td>Proprietary</td>
</tr>
</tbody>
</table>

% of executive directors 25%
% of proprietary directors 25%
% of independent directors 50%
% of other external directors

Appointments and Remuneration Committee

<table>
<thead>
<tr>
<th>Name</th>
<th>Post</th>
<th>Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alejandro Echevarría Busquet</td>
<td>Chairman</td>
<td>Independent</td>
</tr>
<tr>
<td>Luigi Ferraris</td>
<td>Member</td>
<td>Proprietary</td>
</tr>
<tr>
<td>Miquel Roca Junyent</td>
<td>Member</td>
<td>Independent</td>
</tr>
<tr>
<td>Massimo Cioffi</td>
<td>Member</td>
<td>Proprietary</td>
</tr>
</tbody>
</table>

% of executive directors
% of proprietary directors 50%
% of independent directors 50%
% of other external directors

C.2.2. Complete the following table regarding the number of female directors serving on the board committees during the past four years.

<table>
<thead>
<tr>
<th></th>
<th>Year t</th>
<th>Year t-1</th>
<th>Year t-2</th>
<th>Year t-3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Committee</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Audit Committee</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Appointments and Remuneration Committee</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

C.2.3. Indicate whether the audit committee is responsible for the following.

Yes | No
---|---
To supervise the preparation process and monitoring the integrity of financial information on the company and, if applicable, the group, and revising compliance with regulatory requirements, the adequate boundaries of the scope of consolidation and correct application of accounting principles. | X
To regularly review internal control and risk management systems, so main risks are correctly identified, managed and notified. | X
To safeguard the independence and efficacy of the internal audit function; propose the selection, appointment, reappointment and removal of the head of internal audit; propose the department’s budget; receive regular report-backs on its activities; and verify that senior management are acting on the findings and recommendations of its reports. | X
To establish and supervise a mechanism whereby staff can report, confidentially and, if necessary, anonymously, any irregularities they detect in the course of their duties, in particular financial or accounting irregularities, with potentially serious implications for the firm. | X
To submit to the board proposals for the selection, appointment, reappointment and replacement of the external auditor, and the engagement conditions. | X
To receive regular information from the external auditor on the progress and findings of the audit programme and check that senior management are acting on its recommendations. | X
To ensure the independence of the external auditor. | X

C.2.4. Describe the organisational and operational rules and the responsibilities attributed to each of the board committees.

Committee name: Appointments and Remuneration Committee

Brief description: The Appointments and Remuneration Committee is regulated by article 15 of the Board of Directors’ Regulations:
15.1. The Appointments and Remuneration Committee shall be formed by a minimum of four and a maximum of six members of the Board of Directors, appointed with the favourable vote of the majority of the Board itself. Non-executive Directors must form a majority of its members. The Board of Directors shall strive to appoint the members of the Appointments and Remuneration Committee, taking into consideration their knowledge, aptitudes and experience.

15.2. The Chairman of the Appointments and Remuneration Committee shall be appointed by the Board of Directors from among the Non-executive Directors, with the favourable vote of the majority of the Board itself. The Chairman must be substituted every four years and may be re-elected after one year after vacating office. In the Chairman’s absence, the acting chairman shall be the committee member designated provisionally by the Board of Directors and, failing this, the oldest committee member.

15.3. The Appointments and Remuneration Committee will meet as often as convened by its Chairman, when so resolved by the majority of its members or at the request of the Board of Directors. Committee meetings will take place at the Company’s registered offices or at such other venue as may be determined by the Chairman and stated in the meeting notice. Committee meetings will be validly assembled when the majority of the Committee members attend in person or by proxy.

15.4. Resolutions must be adopted with the favourable vote of the majority of the Directors attending the meeting. In the event of a tie, the Chairman or Acting Chairman will have the casting vote.

15.5. The Appointments and Remuneration Committee may seek external advice when it deems necessary for the performance of its duties.

15.6. The Secretary of the Committee shall be that of the Board of Directors. The Secretary will draft the minutes of the resolutions passed at Committee meetings and the Board will be informed of these resolutions.

15.7. The Appointments and Remuneration Committee will be entrusted with, among other functions, the functions of reporting and proposing the appointment of the members of the Board of Directors, whether in the event of co-optation or for proposal at the General Shareholders’ Meeting, guaranteeing that the selection procedures do not suffer from implicit flaws which impair the selection of female Directors. Furthermore, it shall report on their remuneration.

The Committee will also be entrusted with the following functions: To evaluate the balance of skills, knowledge and experience on the Board. Consequently, to define the functions and aptitude necessary in the candidates to cover each vacancy, and evaluate the time and dedication required in order that they may properly perform their mandate.

To propose to the Board of Directors the members to form part of the Executive Committee and each of the Board Committees.

To report to the Board of Directors on Endesa Senior Management appointments and removals, and on Chief Executive appointments at Enersis, Chilectra and Endesa Chile.

To approve the remuneration of the members of Senior Management in the terms defined in the preceding section.

To decide on the adoption of remuneration arrangements for Senior Management that take into account the earnings of the companies. Also, it must ascertain and assess the Company’s policy on executives, particularly in the areas of training, promotion and recruitment.

To determine the specific rules on relationships between the Chairman and the Chief Executive Officer, and the Company.

To prepare, amend and approve the Charter Governing Senior Management.

To oversee compliance with the remuneration policy set by the Company.

These duties will be deemed to be without limitation and without prejudice to such other duties as may be entrusted to the Committee by the Board of Directors. The Board may require the Committee to prepare reports on matters falling specifically within its jurisdiction.
The Appointments and Remuneration Committee shall consult the Chairman and the Chief Executive Officer of the Company, especially when dealing with matters relating to Executive Directors and senior executives. Any Director may request that the Appointments and Remuneration Committee take into consideration, if deemed suitable, potential candidates to fill Director vacancies.

**Committee name:** Executive or Delegate Committee.

**Brief description:** Article 13 of the Board of Directors’ Regulations regulates the Executive Committee:

13.1. The Executive Committee will be composed of at least five and not more than seven Directors, including the Chairman and the Chief Executive Officer.

The Chairman of the Board of Directors will chair the Executive Committee and the Secretary of the Board of Directors will act as such on the Executive Committee. The rules on substituting such officers are as stipulated for the Board of Directors.

13.2. The Executive Committee has the power to adopt resolutions pursuant to the powers delegated to it by the Board.

13.3. The appointment of the members of the Executive Committee will require the favourable vote of at least two thirds of the members of the Board.

13.4. Resolutions of the Executive Committee on matters for which it has been delegated powers by the Board must be implemented as soon as they have been adopted. However, in cases where, in the opinion of the Chairman or of the majority of the members of the Executive Committee, the importance of the matter so advises, the resolutions of the Executive Committee will be submitted for subsequent ratification by the Board.

13.5. The Secretary of the Executive Committee, who will be the Secretary of the Board, will draw up minutes of the resolutions adopted, and apprise the Board of them in its next meeting.

**Committee name:** Audit and Compliance Committee

**Brief description:** The Audit and Compliance Committee is regulated by article 14 of the Board of Directors’ Regulations:

14.1. The Audit and Compliance Committee will comprise a minimum of four and a maximum of six members of the Board of Directors, appointed with the favourable vote of the majority of the Board itself. Non-executive Directors must form a majority of its members. At least one of the members of the Audit and Compliance Committee shall be independent and shall be appointed in consideration of his or her knowledge and experience in the area of accounting, auditing or both.

14.2. The Chairman of the Audit and Compliance Committee shall be appointed by the Board of Directors from among the non-executive Directors or members who do not hold management or executive duties at the entity, nor maintain a contractual relationship other than the condition by which they are appointed, with the favourable vote of the majority of the Board itself. The Chairman must be substituted every four years and may be re-elected after one year after vacating office. In the Chairman’s absence, the Committee member designated provisionally by the Board of Directors will substitute for him and, failing this, the oldest Committee member.

14.3. The Board of Directors shall strive to appoint the members of the Audit and Compliance Committee, especially its Chairman, bearing in mind their knowledge and experience in accounting, auditing or risk management.

14.4. The Audit and Compliance Committee will meet as often as convened by its Chairman, when so resolved by the majority of its members or at the request of the Board of Directors. Committee meetings will take place at the Company’s registered offices or at such other venue as may be determined by the Chairman and stated in the meeting notice. Committee meetings will be validly assembled when the majority of the Committee members attend in person or by proxy.

14.5. Resolutions must be adopted with the favourable vote of the majority of the Directors attending the meeting. In the event of a tie, the Chairman or Acting Chairman will have the casting vote.
14.6. The Audit and Compliance Committee may seek external advice, when it deems necessary for the performance of its duties as well as summon any employee or officer of the Company.

14.7. The Secretary of the Committee shall be that of the Board of Directors. The Secretary will draft the minutes of the resolutions passed at Committee meetings and the Board will be informed of these resolutions.

14.8. The main task of the Committee is to promote good corporate governance and ensure the transparency of all actions of the Company in the economic and financial area and external and compliance audits and internal audits, and in any event it will be entrusted with the following functions:

A) Report any matters proposed by shareholders on matters of its competence to the General Shareholders’ Meeting.

B) Propose the auditors or audit firms to the Board of Directors who will refer this issue to the General Shareholders’ Meeting, pursuant to article 58 of the Company’s Bylaws.

C) Supervise the efficiency of the Company’s Internal Control System and risk management systems, as well as discuss with the auditors or auditing firms the significant weaknesses of the internal control system detected in performing the audit.

D) Supervise the process for preparation and presentation of regulated financial reporting.

E) Supervise the internal auditing services, which includes, inter alia, the following duties:

1. Strive for the independence and efficiency of the internal auditing function; propose the selection, appointment, re-election and removal of the person responsible for the internal auditing service; propose the budget for such service; receive periodic information on its activities; and verify that senior management takes into consideration the conclusions and recommendations of its reports.

2. Establish and supervise a mechanism that allows employees to communicate confidentially and, if deemed appropriate, anonymously, any potentially important irregularities, especially financial or accounting ones, observed from within the Company.

F) Liaise with the auditors or audit firms and, in particular:

1. Bring before the Board the proposals relating to selection, appointment, reelection and substitution of the auditor, as well as the conditions for contracting same.

2. Regularly receive from the auditor information on the audit plan and the results of the execution thereof, and verify that senior management bears in mind its recommendations.

3. Ensure the independence of the auditor, and, for such purpose:

i) The Audit and Compliance Committee shall receive annually from the auditors or auditing companies written confirmation of their independence vis-à-vis the Company and/or entities directly or indirectly related to the Company, as well as information on the additional services of any type rendered.

ii) The Audit and Compliance Committee shall issue annually, prior to the issuance of the auditors’ report, a report which will express an opinion on the independence of the auditors or auditing companies. This report must in any case pronounce on the provision of the additional services referred to in the above section.

iii) That the Company report as a material fact to the Spanish Securities Market Commission (Comisión Nacional del Mercado de Valores; CNMV) the change of auditor and accompany a declaration on the eventual existence of disagreements with the outgoing auditor and, if any, the content thereof.

iv) That it be ensured that the Company and the auditor respect rules in force on the provision of non-auditing services, limits on the concentration of the auditor’s business and, in general, further rules established in order to ensure the independence of the auditors;

v) That in case of resignation of the auditor, it examine the circumstances motivating same.
4. In the case of groups, the Committee should urge the group auditor to take on the auditing of all component companies.


These duties will be deemed to be without limitation and without prejudice to such other duties as may be entrusted to the Committee by the Board of Directors.

14.9. The person responsible for internal auditing shall present to the Audit and Compliance Committee its annual work plan; it shall report directly on any incidents which occur in development thereof; and it shall present at the end of each fiscal year an activities report.

14.10. The Audit and Compliance Committee shall report to the Board, prior to the adoption by the latter of the pertinent decisions, on the following matters:

A) The financial information that all listed companies must periodically disclose. The Committee should ensure that interim statements are drawn up under the same accounting principles as the annual statements and, to this end, may ask the external auditor to conduct a limited review.

B) The creation or acquisition of stakes in special purpose vehicles or entities domiciled in countries or territories considered to be tax havens, as well as any other transactions or operations of an analogous nature which, due to their complexity, may discredit the transparency of the group.

C) Related-party transactions, in the terms regulated by the Board of Directors.

C.2.5. Indicate, as appropriate, whether there are any regulations governing the board committees. If so, indicate where they can be consulted, and whether any amendments have been made during the year. Also, indicate whether an annual report on the activities of each committee has been prepared voluntarily.

Committee name: Appointments and Remuneration Committee

Brief description: The Appointments and Compensation Committee is regulated by the Bylaws and the Board of Directors’ Regulations. These regulations can be consulted on the Company’s website www.endesa.com.

The Appointments and Remuneration Committee prepares an annual report on Directors’ remuneration.

Committee name: Executive or Delegate Committee

Brief description: The Executive Committee is regulated by the Bylaws and the Board of Directors’ Regulations. On 10 May 2010 article 13 of the Board of Directors’ Regulations concerning the Executive Committee was partially amended. These regulations can be consulted on the Company’s website www.endesa.com.

Committee name: Audit and Compliance Committee

Brief description: The Audit and Compliance Committee is regulated by the Bylaws and the Board of Directors’ Regulations. These regulations can be consulted on the Company’s website www.endesa.com.

The Audit and Compliance Committee issues an annual report on its activities and a report on the independence of the external auditor.

C.2.6. Indicate whether the composition of the executive committee reflects the participation within the board of the different types of directors.

Yes
D. Related-Party and Intragroup Transactions

D.1. Identify the competent body and explain, if applicable, the procedures for approving related-party or intragroup transactions.

Competent body

Board of Directors

Procedures

The Audit and Compliance Committee examines all related-party transactions, except for the following:

- routine transactions, which refers to those transactions that, due to their purpose or their nature, fall within the main activities of Endesa, S.A. and the companies it directly or indirectly controls, and do not entail specific critical aspects in terms of their characteristics, risks in respect of the other party, or timing.

- those related-party transactions that meet all of the following conditions:
  - They are governed by standard form contracts applied on an across-the-board basis to a large number of clients;
  - They go through at market prices, generally set by the person supplying the goods or services;
  - Their amount is no more than 1% of the Company’s annual revenues.

The Audit and Compliance Committee is entrusted with authorising transactions up to a threshold of Euros 25 million. For transactions in excess of that amount, the Audit and Compliance Committee issues a report thereon to the Board of Directors. The Chairman of the Audit and Compliance Committee submits to the Board of Directors, for its consideration, all related-party transactions that come before the Audit and Compliance Committee.

D.2. List any relevant transactions, by virtue of their amount or importance, between the company or its group of companies and the company’s significant shareholders.

<table>
<thead>
<tr>
<th>Name or corporate name of significant shareholder</th>
<th>Name or corporate name of the company or its group company</th>
<th>Nature of the relationship</th>
<th>Type of transaction</th>
<th>Amount (Thousands of Euros)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA, S.A.</td>
<td>Contractual</td>
<td>Financial expenses</td>
<td>30,489</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA, S.A.</td>
<td>Contractual</td>
<td>Financial expenses</td>
<td>57</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA FINANCIACIÓN FILIALES, S.A.</td>
<td>Contractual</td>
<td>Financial expenses</td>
<td>1,827</td>
</tr>
<tr>
<td>ENEL ENERGY EUROPE, S.r.l.</td>
<td>ENDESA FINANCIACIÓN FILIALES, S.A.</td>
<td>Contractual</td>
<td>Financial expenses</td>
<td>92</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA GENERACIÓN, S.A.</td>
<td>Contractual</td>
<td>Financial expenses</td>
<td>5,260</td>
</tr>
<tr>
<td>ENEL ENERGY EUROPE, S.r.l.</td>
<td>ENERSIS, S.A.</td>
<td>Contractual</td>
<td>Financial expenses</td>
<td>6</td>
</tr>
<tr>
<td>ENEL ENERGY EUROPE, S.r.l.</td>
<td>CODENSA, S.A. E.S.P.</td>
<td>Contractual</td>
<td>Financial expenses</td>
<td>2</td>
</tr>
<tr>
<td>ENEL ENERGY EUROPE, S.r.l.</td>
<td>EMGESA, S.A. E.S.P.</td>
<td>Contractual</td>
<td>Financial expenses</td>
<td>2</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA ECO, merged with COMPAÑÍA ELECTRICA TARAPACÁ, S.A.</td>
<td>Contractual</td>
<td>Financial expenses</td>
<td>1</td>
</tr>
<tr>
<td>ENEL ENERGY EUROPE, S.r.l.</td>
<td>INMOBILIARIA MANSO DE VELASCO LIMITADA</td>
<td>Contractual</td>
<td>Financial expenses</td>
<td>1</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA, S.A.</td>
<td>Contractual</td>
<td>Management or partnership agreements</td>
<td>5</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>BOLOGNA REAL ESTATE, S.L.</td>
<td>Contractual</td>
<td>Management or partnership agreements</td>
<td>10</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENEL INSURANCE N.V.</td>
<td>Contractual</td>
<td>Management or partnership agreements</td>
<td>105</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENEL INSURANCE N.V.</td>
<td>Contractual</td>
<td>Management or partnership agreements</td>
<td>310</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA ENERGÍA, S.A.</td>
<td>Contractual</td>
<td>Management or partnership agreements</td>
<td>4,760</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA ENERGÍA XXI, S.L.</td>
<td>Contractual</td>
<td>Management or partnership agreements</td>
<td>10</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA OPERACIONES Y SERVICIOS COMERCIALES, S.L.</td>
<td>Contractual</td>
<td>Management or partnership agreements</td>
<td>85</td>
</tr>
<tr>
<td>Name or corporate name of significant shareholder</td>
<td>Name or corporate name of the company or its group company</td>
<td>Nature of the relationship</td>
<td>Type of transaction</td>
<td>Amount (Thousands of Euros)</td>
</tr>
<tr>
<td>------------------------------------------------</td>
<td>----------------------------------------------------------</td>
<td>---------------------------</td>
<td>---------------------</td>
<td>-----------------------------</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA SERVICIOS, S.L.</td>
<td>Contractual</td>
<td>Management or partnership agreements</td>
<td>81</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA GENERACIÓN, S.A.</td>
<td>Contractual</td>
<td>Management or partnership agreements</td>
<td>4,020</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>CARBOEX, S.A.</td>
<td>Contractual</td>
<td>Management or partnership agreements</td>
<td>141</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>EMPRESA CARBONÍFERA DEL SUR, S.A.</td>
<td>Contractual</td>
<td>Management or partnership agreements</td>
<td>280</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>UNIÓN ELECTRICA DE CANARIAS GENERACIÓN, S.A.</td>
<td>Contractual</td>
<td>Management or partnership agreements</td>
<td>2,080</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>GAS Y ELECTRICIDAD GENERACIÓN, S.A.</td>
<td>Contractual</td>
<td>Management or partnership agreements</td>
<td>923</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENERGÍAS DE ARAGÓN I, S.L.</td>
<td>Contractual</td>
<td>Management or partnership agreements</td>
<td>40</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA GENERACIÓN PORTUGAL, S.A.</td>
<td>Contractual</td>
<td>Management or partnership agreements</td>
<td>227</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>DISTRIBUIDORA ELECTRICA DEL PUERTO DE LA CRUZ, S.A.</td>
<td>Contractual</td>
<td>Management or partnership agreements</td>
<td>30</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA RED, S.A.</td>
<td>Contractual</td>
<td>Management or partnership agreements</td>
<td>41</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA DISTRIBUCIÓN ELÉCTRICA, S.L.</td>
<td>Contractual</td>
<td>Management or partnership agreements</td>
<td>15,020</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA INGENIERÍA, S.L.</td>
<td>Contractual</td>
<td>Management or partnership agreements</td>
<td>130</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA GAS, S.A.</td>
<td>Contractual</td>
<td>Management or partnership agreements</td>
<td>5</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA ENERGÍA, S.A.</td>
<td>Contractual</td>
<td>Leases</td>
<td>20</td>
</tr>
<tr>
<td>ENEL ENERGY EUROPE, S.r.l.</td>
<td>CENTRAIS ELÉTRICAS CACHOEIRA DOURADA, S.A.</td>
<td>Contractual</td>
<td>Leases</td>
<td>7</td>
</tr>
<tr>
<td>ENEL ENERGY EUROPE, S.r.l.</td>
<td>AMPLA ENERGIA E SERVIÇOS, S.A.</td>
<td>Contractual</td>
<td>Leases</td>
<td>561</td>
</tr>
<tr>
<td>ENEL ENERGY EUROPE, S.r.l.</td>
<td>CENTRAL GERADORA TERMELETRICA FORTALEZA, S.A.</td>
<td>Contractual</td>
<td>Leases</td>
<td>16</td>
</tr>
<tr>
<td>ENEL ENERGY EUROPE, S.r.l.</td>
<td>COMPANHIA ENERGETICA DO CEARÁ, S.A.</td>
<td>Contractual</td>
<td>Leases</td>
<td>515</td>
</tr>
<tr>
<td>ENEL ENERGY EUROPE, S.r.l.</td>
<td>COMPAÑÍA DE INTERCONEXION ENERGÉTICA, S.A.</td>
<td>Contractual</td>
<td>Leases</td>
<td>9</td>
</tr>
<tr>
<td>ENEL ENERGY EUROPE, S.r.l.</td>
<td>ENDESA, S.A.</td>
<td>Contractual</td>
<td>Services received</td>
<td>29,092</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA, S.A.</td>
<td>Contractual</td>
<td>Services received</td>
<td>128</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA, S.A.</td>
<td>Contractual</td>
<td>Services received</td>
<td>1,328</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA, S.A.</td>
<td>Contractual</td>
<td>Services received</td>
<td>580</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA, S.A.</td>
<td>Contractual</td>
<td>Services received</td>
<td>1,077</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA, S.A.</td>
<td>Contractual</td>
<td>Services received</td>
<td>194</td>
</tr>
<tr>
<td>ENEL ENERGY EUROPE, S.r.l.</td>
<td>ENDESA ENERGÍA, S.A.</td>
<td>Contractual</td>
<td>Services received</td>
<td>31,560</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA ENERGÍA, S.A.</td>
<td>Contractual</td>
<td>Services received</td>
<td>660</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA ENERGÍA, S.A.</td>
<td>Contractual</td>
<td>Services received</td>
<td>10</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA ENERGÍA, S.A.</td>
<td>Contractual</td>
<td>Services received</td>
<td>130</td>
</tr>
<tr>
<td>ENEL ENERGY EUROPE, S.r.l.</td>
<td>ENDESA OPERACIONES Y SERVICIOS COMERCIALES, S.L.</td>
<td>Contractual</td>
<td>Services received</td>
<td>10,999</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA OPERACIONES Y SERVICIOS COMERCIALES, S.L.</td>
<td>Contractual</td>
<td>Services received</td>
<td>12</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA OPERACIONES Y SERVICIOS COMERCIALES, S.L.</td>
<td>Contractual</td>
<td>Services received</td>
<td>110</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA OPERACIONES Y SERVICIOS COMERCIALES, S.L.</td>
<td>Contractual</td>
<td>Services received</td>
<td>70</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA OPERACIONES Y SERVICIOS COMERCIALES, S.L.</td>
<td>Contractual</td>
<td>Services received</td>
<td>129</td>
</tr>
<tr>
<td>ENEL ENERGY EUROPE, S.r.l.</td>
<td>ENDESA SERVICIOS, S.L.</td>
<td>Contractual</td>
<td>Services received</td>
<td>2,781</td>
</tr>
<tr>
<td>ENEL ENERGY EUROPE, S.r.l.</td>
<td>ENDESA GENERACION, S.A.</td>
<td>Contractual</td>
<td>Services received</td>
<td>14,340</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA GENERACION, S.A.</td>
<td>Contractual</td>
<td>Services received</td>
<td>3,290</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA GENERACION, S.A.</td>
<td>Contractual</td>
<td>Services received</td>
<td>300</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA GENERACION, S.A.</td>
<td>Contractual</td>
<td>Services received</td>
<td>60</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA GENERACION, S.A.</td>
<td>Contractual</td>
<td>Services received</td>
<td>110</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA GENERACION, S.A.</td>
<td>Contractual</td>
<td>Services received</td>
<td>840</td>
</tr>
<tr>
<td>ENEL ENERGY EUROPE, S.r.l.</td>
<td>ASOCIACION NUCLEAR ASCÓ-VANDELLÓS II, A.I.E.</td>
<td>Contractual</td>
<td>Services received</td>
<td>162</td>
</tr>
<tr>
<td>ENEL ENERGY EUROPE, S.r.l.</td>
<td>CARBOEX, S.A.</td>
<td>Contractual</td>
<td>Services received</td>
<td>447</td>
</tr>
<tr>
<td>ENEL ENERGY EUROPE, S.r.l.</td>
<td>EMPRESA CARBONÍFERA DEL SUR, S.A.</td>
<td>Contractual</td>
<td>Services received</td>
<td>431</td>
</tr>
<tr>
<td>Name or corporate name of significant shareholder</td>
<td>Name or corporate name of the company or its group company</td>
<td>Nature of the relationship</td>
<td>Type of transaction</td>
<td>Amount (Thousands of Euros)</td>
</tr>
<tr>
<td>-------------------------------------------------</td>
<td>----------------------------------------------------------</td>
<td>---------------------------</td>
<td>---------------------</td>
<td>---------------------------</td>
</tr>
<tr>
<td>ENEL ENERGY EUROPE, S.r.l.</td>
<td>UNIÓN ELÉCTRICA DE CANARIAS GENERACIÓN, S.A.</td>
<td>Contractual</td>
<td>Services received</td>
<td>2,870</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>UNIÓN ELÉCTRICA DE CANARIAS GENERACIÓN, S.A.</td>
<td>Contractual</td>
<td>Services received</td>
<td>10</td>
</tr>
<tr>
<td>ENEL ENERGY EUROPE, S.r.l.</td>
<td>GAS Y ELECTRICIDAD GENERACIÓN, S.A.</td>
<td>Contractual</td>
<td>Services received</td>
<td>1,146</td>
</tr>
<tr>
<td>ENEL ENERGY EUROPE, S.r.l.</td>
<td>ELEGAS, S.A.</td>
<td>Contractual</td>
<td>Services received</td>
<td>5</td>
</tr>
<tr>
<td>ENEL ENERGY EUROPE, S.r.l.</td>
<td>ENDESA RED, S.A.</td>
<td>Contractual</td>
<td>Services received</td>
<td>1,000</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA DISTRIBUCIÓN ELÉCTRICA, S.L.</td>
<td>Contractual</td>
<td>Services received</td>
<td>3,000</td>
</tr>
<tr>
<td>ENEL ENERGY EUROPE, S.r.l.</td>
<td>ENDESA DISTRIBUCIÓN ELÉCTRICA, S.L.</td>
<td>Contractual</td>
<td>Services received</td>
<td>61,420</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA DISTRIBUCIÓN ELÉCTRICA, S.L.</td>
<td>Contractual</td>
<td>Services received</td>
<td>680</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA DISTRIBUCIÓN ELÉCTRICA, S.L.</td>
<td>Contractual</td>
<td>Services received</td>
<td>60</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>INTERNATIONAL ENDESA B.V.</td>
<td>Contractual</td>
<td>Services received</td>
<td>180</td>
</tr>
<tr>
<td>ENEL ENERGY EUROPE, S.r.l.</td>
<td>ENDESA LATINOAMÉRICA, S.A.</td>
<td>Contractual</td>
<td>Services received</td>
<td>500</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA LATINOAMÉRICA, S.A.</td>
<td>Contractual</td>
<td>Services received</td>
<td>170</td>
</tr>
<tr>
<td>ENEL ENERGY EUROPE, S.r.l.</td>
<td>ENERSIS, S.A.</td>
<td>Contractual</td>
<td>Services received</td>
<td>102</td>
</tr>
<tr>
<td>ENEL ENERGY EUROPE, S.r.l.</td>
<td>EMPRESA DISTRIBUIDORA SUR, S.A.</td>
<td>Contractual</td>
<td>Services received</td>
<td>20</td>
</tr>
<tr>
<td>ENEL ENERGY EUROPE, S.r.l.</td>
<td>CODENSA, S.A. E.S.P.</td>
<td>Contractual</td>
<td>Services received</td>
<td>253</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>CODENSA, S.A. E.S.P.</td>
<td>Contractual</td>
<td>Services received</td>
<td>95</td>
</tr>
<tr>
<td>ENEL ENERGY EUROPE, S.r.l.</td>
<td>EMPRESA DE ENERGÍA DE CUNDINAMARCA, S.A. E.S.P.</td>
<td>Contractual</td>
<td>Services received</td>
<td>17</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA BRASIL, S.A.</td>
<td>Contractual</td>
<td>Services received</td>
<td>624</td>
</tr>
<tr>
<td>ENEL ENERGY EUROPE, S.r.l.</td>
<td>CHILECTRA, S.A.</td>
<td>Contractual</td>
<td>Services received</td>
<td>715</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>CHILECTRA, S.A.</td>
<td>Contractual</td>
<td>Services received</td>
<td>227</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>EMPRESA NACIONAL DE ELECTRICIDAD, S.A. (CHILE)</td>
<td>Contractual</td>
<td>Services received</td>
<td>68</td>
</tr>
<tr>
<td>ENEL ENERGY EUROPE, S.r.l.</td>
<td>EMPRESA NACIONAL DE ELECTRICIDAD, S.A. (CHILE)</td>
<td>Contractual</td>
<td>Services received</td>
<td>431</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>EMPRESA NACIONAL DE ELECTRICIDAD, S.A. (CHILE)</td>
<td>Contractual</td>
<td>Services received</td>
<td>501</td>
</tr>
<tr>
<td>ENEL ENERGY EUROPE, S.r.l.</td>
<td>EMGESA, S.A. E.S.P.</td>
<td>Contractual</td>
<td>Services received</td>
<td>63</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>EMGESA, S.A. E.S.P.</td>
<td>Contractual</td>
<td>Services received</td>
<td>371</td>
</tr>
<tr>
<td>ENEL ENERGY EUROPE, S.r.l.</td>
<td>ENDESA COSTANERA, S.A.</td>
<td>Contractual</td>
<td>Services received</td>
<td>33</td>
</tr>
<tr>
<td>ENEL ENERGY EUROPE, S.r.l.</td>
<td>HIDROELECTRICA EL CHOCON, S.A.</td>
<td>Contractual</td>
<td>Services received</td>
<td>13</td>
</tr>
<tr>
<td>ENEL ENERGY EUROPE, S.r.l.</td>
<td>EDEGEL, S.A.A.</td>
<td>Contractual</td>
<td>Services received</td>
<td>62</td>
</tr>
<tr>
<td>ENEL ENERGY EUROPE, S.r.l.</td>
<td>INMOBILIARIA MANSO DE VELASCO LIMITADA</td>
<td>Contractual</td>
<td>Services received</td>
<td>4</td>
</tr>
<tr>
<td>ENEL ENERGY EUROPE, S.r.l.</td>
<td>ICT SERVICIOS INFORMATICOS LIMITADA</td>
<td>Contractual</td>
<td>Services received</td>
<td>3</td>
</tr>
<tr>
<td>ENEL ENERGY EUROPE, S.r.l.</td>
<td>EMPRESA DE DISTRIBUCIÓN ELÉCTRICA LIMA NORTE, S.A.A.</td>
<td>Contractual</td>
<td>Services received</td>
<td>188</td>
</tr>
<tr>
<td>ENEL ENERGY EUROPE, S.r.l.</td>
<td>ENDESA CEMSA, S.A.</td>
<td>Contractual</td>
<td>Services received</td>
<td>8</td>
</tr>
<tr>
<td>ENEL ENERGY EUROPE, S.r.l.</td>
<td>EMPRESA ELÉCTRICA DE PIURA, S.A.</td>
<td>Contractual</td>
<td>Services received</td>
<td>14</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA ENERGÍA, S.A.</td>
<td>Contractual</td>
<td>Purchase of goods and work in progress</td>
<td>67,230</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA ENERGÍA XXI, S.L.</td>
<td>Contractual</td>
<td>Purchase of goods and work in progress</td>
<td>670</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA ENERGÍA XXI, S.L.</td>
<td>Contractual</td>
<td>Purchase of goods and work in progress</td>
<td>1,160</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA GENERACIÓN, S.A.</td>
<td>Contractual</td>
<td>Purchase of goods and work in progress</td>
<td>280</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA GENERACIÓN, S.A.</td>
<td>Contractual</td>
<td>Purchase of goods and work in progress</td>
<td>48,654</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>CARBOEX, S.A.</td>
<td>Contractual</td>
<td>Purchase of goods and work in progress</td>
<td>5,600</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA DISTRIBUCIÓN ELÉCTRICA, S.L.</td>
<td>Contractual</td>
<td>Purchase of goods and work in progress</td>
<td>46,280</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>EMPRESA NACIONAL DE ELECTRICIDAD, S.A. (CHILE)</td>
<td>Contractual</td>
<td>Purchase of goods and work in progress</td>
<td>9,294</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>EMPRESA NACIONAL DE ELECTRICIDAD, S.A. (CHILE)</td>
<td>Contractual</td>
<td>Purchase of goods and work in progress</td>
<td>64</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>EMPRESA ELÉCTRICA PEHUENCHÉ, S.A.</td>
<td>Contractual</td>
<td>Purchase of goods and work in progress</td>
<td>2</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>EMPRESA ELÉCTRICA PEHUENCHÉ, S.A.</td>
<td>Contractual</td>
<td>Purchase of goods and work in progress</td>
<td>35</td>
</tr>
<tr>
<td>Name or corporate name of significant shareholder</td>
<td>Name or corporate name of the company or its group company</td>
<td>Nature of the relationship</td>
<td>Type of transaction</td>
<td>Amount (Thousands of Euros)</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>----------------------------------------------------------</td>
<td>---------------------------</td>
<td>---------------------</td>
<td>---------------------------</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>EMPRESA NACIONAL DE ELECTRICIDAD, S.A. (CHILE)</td>
<td>Contractual</td>
<td>Purchase of finished goods and work in progress</td>
<td>1,744</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA ENERGÍA, S.A.</td>
<td>Contractual</td>
<td>Losses on derecognition or disposal of assets</td>
<td>70</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA ENERGÍA, S.A.</td>
<td>Contractual</td>
<td>Other expenses</td>
<td>10</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA ENERGÍA, S.A.</td>
<td>Contractual</td>
<td>Other expenses</td>
<td>100</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA ENERGÍA, S.A.</td>
<td>Contractual</td>
<td>Other expenses</td>
<td>140</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA GENERACION, S.A.</td>
<td>Contractual</td>
<td>Other expenses</td>
<td>780</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA GENERACION, S.A.</td>
<td>Contractual</td>
<td>Other expenses</td>
<td>184,270</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA CARBONO, S.L. (liquidated in December 2013)</td>
<td>Contractual</td>
<td>Other expenses</td>
<td>10</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA INGENIERÍA, S.L.</td>
<td>Contractual</td>
<td>Other expenses</td>
<td>40</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA INGENIERÍA, S.L.</td>
<td>Contractual</td>
<td>Other expenses</td>
<td>220</td>
</tr>
<tr>
<td>ENEL ENERGY EUROPE, S.r.l.</td>
<td>CODENSA, S.A. E.S.P.</td>
<td>Contractual</td>
<td>Other expenses</td>
<td>28</td>
</tr>
<tr>
<td>ENEL ENERGY EUROPE, S.r.l.</td>
<td>ENDESA BRASIL, S.A.</td>
<td>Contractual</td>
<td>Other expenses</td>
<td>10</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA, S.A.</td>
<td>Contractual</td>
<td>Finance income</td>
<td>8</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA, S.A.</td>
<td>Contractual</td>
<td>Finance income</td>
<td>34</td>
</tr>
<tr>
<td>ENEL ENERGY EUROPE, S.r.l.</td>
<td>ENDESA FINANCIACIÓN FILIALES, S.A.</td>
<td>Contractual</td>
<td>Finance income</td>
<td>1,560</td>
</tr>
<tr>
<td>ENEL ENERGY EUROPE, S.r.l.</td>
<td>ENERSIS, S.A.</td>
<td>Contractual</td>
<td>Finance income</td>
<td>4</td>
</tr>
<tr>
<td>ENEL ENERGY EUROPE, S.r.l.</td>
<td>CODENSA, S.A. E.S.P.</td>
<td>Contractual</td>
<td>Finance income</td>
<td>7</td>
</tr>
<tr>
<td>ENEL ENERGY EUROPE, S.r.l.</td>
<td>CHILECTRA, S.A.</td>
<td>Contractual</td>
<td>Finance income</td>
<td>100</td>
</tr>
<tr>
<td>ENEL ENERGY EUROPE, S.r.l.</td>
<td>EMPRESA NACIONAL DE ELECTRICIDAD, S.A. (CHILE)</td>
<td>Contractual</td>
<td>Finance income</td>
<td>21</td>
</tr>
<tr>
<td>ENEL ENERGY EUROPE, S.r.l.</td>
<td>EMGESA, S.A. E.S.P.</td>
<td>Contractual</td>
<td>Finance income</td>
<td>2</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA, S.A.</td>
<td>Contractual</td>
<td>Management or partnership agreements</td>
<td>31</td>
</tr>
<tr>
<td>ENEL ENERGY EUROPE, S.r.l.</td>
<td>ENDESA, S.A.</td>
<td>Contractual</td>
<td>Management or partnership agreements</td>
<td>5,661</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA, S.A.</td>
<td>Contractual</td>
<td>Management or partnership agreements</td>
<td>133</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA, S.A.</td>
<td>Contractual</td>
<td>Management or partnership agreements</td>
<td>136</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA, S.A.</td>
<td>Contractual</td>
<td>Management or partnership agreements</td>
<td>66</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA, S.A.</td>
<td>Contractual</td>
<td>Management or partnership agreements</td>
<td>6,725</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA, S.A.</td>
<td>Contractual</td>
<td>Management or partnership agreements</td>
<td>183</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA, S.A.</td>
<td>Contractual</td>
<td>Management or partnership agreements</td>
<td>258</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA, S.A.</td>
<td>Contractual</td>
<td>Management or partnership agreements</td>
<td>340</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA, S.A.</td>
<td>Contractual</td>
<td>Management or partnership agreements</td>
<td>783</td>
</tr>
<tr>
<td>ENEL ENERGY EUROPE, S.r.l.</td>
<td>ENDESA SERVICIOS, S.L.</td>
<td>Contractual</td>
<td>Leases</td>
<td>4,819</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA GENERACION, S.A.</td>
<td>Contractual</td>
<td>Leases</td>
<td>2,500</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA SERVICIOS, S.L.</td>
<td>Contractual</td>
<td>Leases</td>
<td>919</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA, S.A.</td>
<td>Contractual</td>
<td>Services rendered</td>
<td>232</td>
</tr>
<tr>
<td>ENEL ENERGY EUROPE, S.r.l.</td>
<td>BOLONIA REAL ESTATE, S.L.</td>
<td>Contractual</td>
<td>Services rendered</td>
<td>30</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA ENERGÍA, S.A.</td>
<td>Contractual</td>
<td>Services rendered</td>
<td>90</td>
</tr>
<tr>
<td>ENEL ENERGY EUROPE, S.r.l.</td>
<td>ENDESA SERVICIOS, S.L.</td>
<td>Contractual</td>
<td>Services rendered</td>
<td>4</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA SERVICIOS, S.L.</td>
<td>Contractual</td>
<td>Services rendered</td>
<td>20</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA GENERACION, S.A.</td>
<td>Contractual</td>
<td>Services rendered</td>
<td>160</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA GENERACION, S.A.</td>
<td>Contractual</td>
<td>Services rendered</td>
<td>360</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA GENERACION, S.A.</td>
<td>Contractual</td>
<td>Services rendered</td>
<td>110</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA RED, S.A.</td>
<td>Contractual</td>
<td>Services rendered</td>
<td>147</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA DISTRIBUCIÓN ELÉCTRICA, S.L.</td>
<td>Contractual</td>
<td>Services rendered</td>
<td>610</td>
</tr>
<tr>
<td>ENEL ENERGY EUROPE, S.r.l.</td>
<td>ENDESA DISTRIBUCIÓN ELÉCTRICA, S.L.</td>
<td>Contractual</td>
<td>Services rendered</td>
<td>1,430</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA DISTRIBUCIÓN ELÉCTRICA, S.L.</td>
<td>Contractual</td>
<td>Services rendered</td>
<td>300</td>
</tr>
</tbody>
</table>
### D.3. List any relevant transactions, by virtue of their amount or importance, between the company or its group of companies and the company’s managers or directors.

<table>
<thead>
<tr>
<th>Name or corporate name of significant shareholder</th>
<th>Name or corporate name of the company or its group company</th>
<th>Nature of the relationship</th>
<th>Type of transaction</th>
<th>Amount (Thousands of Euros)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA DISTRIBUCIÓN ELÉCTRICA, S.L.</td>
<td>Contractual</td>
<td>Services rendered</td>
<td>50</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA DISTRIBUCIÓN ELÉCTRICA, S.L.</td>
<td>Contractual</td>
<td>Services rendered</td>
<td>170</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA LATINOAMÉRICA, S.A.</td>
<td>Contractual</td>
<td>Services rendered</td>
<td>500</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENERGÍA, S.A.</td>
<td>Contractual</td>
<td>Services rendered</td>
<td>49</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>CHILECTRA, S.A.</td>
<td>Contractual</td>
<td>Services rendered</td>
<td>2</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>CHILECTRA, S.A.</td>
<td>Contractual</td>
<td>Services rendered</td>
<td>3</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA ENERGÍA, S.A.</td>
<td>Contractual</td>
<td>Sale of finished goods and work in progress</td>
<td>12,600</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA GENERACIÓN, S.A.</td>
<td>Contractual</td>
<td>Sale of finished goods and work in progress</td>
<td>17,010</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA INGENIERÍA, S.L.</td>
<td>Contractual</td>
<td>Sale of finished goods and work in progress</td>
<td>360</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA INGENIERÍA, S.L.</td>
<td>Contractual</td>
<td>Sale of finished goods and work in progress</td>
<td>30</td>
</tr>
<tr>
<td>ENEL ENERGY EUROPE, S.r.l.</td>
<td>ENDESA INGENIERÍA, S.L.</td>
<td>Contractual</td>
<td>Sale of finished goods and work in progress</td>
<td>411</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>EMPRESA NACIONAL DE ELECTRICIDAD, S.A. (CHILE)</td>
<td>Contractual</td>
<td>Sale of finished goods and work in progress</td>
<td>11</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>EMPRESA NACIONAL DE ELECTRICIDAD, S.A. (CHILE)</td>
<td>Contractual</td>
<td>Sale of finished goods and work in progress</td>
<td>130</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>EMPRESA ELÉCTRICA PEHUENCHE, S.A.</td>
<td>Contractual</td>
<td>Sale of finished goods and work in progress</td>
<td>332</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENERSIS, S.A.</td>
<td>Contractual</td>
<td>Other income</td>
<td>5</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA GENERACIÓN, S.A.</td>
<td>Contractual</td>
<td>Other income</td>
<td>29,400</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA GENERACIÓN, S.A.</td>
<td>Contractual</td>
<td>Other income</td>
<td>109,680</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA ECO, merged with COMPAÑÍA ELECTRICA TARAPACÁ, S.A.</td>
<td>Contractual</td>
<td>Other income</td>
<td>359</td>
</tr>
<tr>
<td>ENEL ENERGY EUROPE, S.r.l.</td>
<td>ENDESA, S.A.</td>
<td>Contractual</td>
<td>Purchase of property, plant and equipment, intangible or other assets</td>
<td>28,621</td>
</tr>
<tr>
<td>ENEL ENERGY EUROPE, S.r.l.</td>
<td>BOLONIA REAL ESTATE, S.L.</td>
<td>Contractual</td>
<td>Purchase of property, plant and equipment, intangible or other assets</td>
<td>440</td>
</tr>
<tr>
<td>ENEL ENERGY EUROPE, S.r.l.</td>
<td>ENDESA ENERGÍA, S.A.</td>
<td>Contractual</td>
<td>Purchase of property, plant and equipment, intangible or other assets</td>
<td>27,340</td>
</tr>
<tr>
<td>ENEL ENERGY EUROPE, S.r.l.</td>
<td>ENDESA GENERACIÓN, S.A.</td>
<td>Contractual</td>
<td>Purchase of property, plant and equipment, intangible or other assets</td>
<td>2,830</td>
</tr>
<tr>
<td>ENEL ENERGY EUROPE, S.r.l.</td>
<td>UNIÓN ELÉCTRICA DE CANARIAS GENERACIÓN, S.A.</td>
<td>Contractual</td>
<td>Purchase of property, plant and equipment, intangible or other assets</td>
<td>150</td>
</tr>
<tr>
<td>ENEL ENERGY EUROPE, S.r.l.</td>
<td>GAS Y ELECTRICIDAD GENERACIÓN, S.A.</td>
<td>Contractual</td>
<td>Purchase of property, plant and equipment, intangible or other assets</td>
<td>16</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA DISTRIBUCIÓN ELÉCTRICA, S.L.</td>
<td>Contractual</td>
<td>Purchase of property, plant and equipment, intangible or other assets</td>
<td>640</td>
</tr>
<tr>
<td>ENEL ENERGY EUROPE, S.r.l.</td>
<td>ENDESA DISTRIBUCIÓN ELÉCTRICA, S.L.</td>
<td>Contractual</td>
<td>Purchase of property, plant and equipment, intangible or other assets</td>
<td>16,020</td>
</tr>
<tr>
<td>ENEL ENERGY EUROPE, S.r.l.</td>
<td>ENDESA FINANCIACIÓN FIJALES, S.A.</td>
<td>Contractual</td>
<td>Financing agreements: loans and capital contributions (lender)</td>
<td>1,000,000</td>
</tr>
<tr>
<td>ENEL, S.p.A.</td>
<td>ENDESA LATINOAMÉRICA, S.A.</td>
<td>Contractual</td>
<td>Management or partnership agreements</td>
<td>8,620</td>
</tr>
</tbody>
</table>

### D.4. List any relevant transactions undertaken by the company with other companies in its group that are not eliminated in the process of drawing up the consolidated financial statements and whose subject matter and terms set them apart from the company’s ordinary trading activities.
In any case, list any intragroup transactions carried out with entities in countries or territories considered to be tax havens.

<table>
<thead>
<tr>
<th>Corporate name of the group company</th>
<th>Brief description of the transaction</th>
<th>Amount (Thousands of Euros)</th>
</tr>
</thead>
</table>

D.5. Indicate the amount from related-party transactions.

D.6. List the mechanisms established to detect, determine and resolve any possible conflicts of interest between the company and/or its group, and its directors, management or significant shareholders.

Pursuant to article 29 of the Board of Directors’ Regulations, Directors may not use the Company’s name or rely on their status as Directors of the Company to engage in transactions for their own account or for that of persons related to them.

Likewise, no Director may, for his or her own account or for that of persons related thereto, make an investment or engage in any transaction relating to the Company’s assets that have come to his or her attention by reason of their office, where that investment or transaction would have been offered to the Company or the Company would have been interested in it, provided that the Company has not rejected the investment or transaction without the influence of the Director.

Therefore, Directors must disclose to the Board of Directors any direct or indirect conflict of interest between them and the Company. In the event of a conflict of interest, the relevant Director will refrain from involvement in any agreements or decisions relating to any transaction to which the conflict of interest relates and, in any event, information on any conflicts of interest affecting the Directors of the Company will be reported according to the law in force.

The Directors must disclose any direct or indirect interest held by them or their related parties in the capital of a company engaging in an activity of a type identical, analogous or complementary to that constituting the corporate purpose, as well as any offices held or functions performed by them at such company, in each case, according to the law in force.

Furthermore, the Director must report the carrying out of activities as independent contractors or salaried employees, at companies having the same, analogous or complementary activity as the one forming the corporate purpose. Said information shall be disclosed in the annual report in accordance with current law in force.

For the purposes of this article, the following will be deemed to be persons related to Directors:

A) The spouse or spousal-equivalent of a Director.

B) The ascendants, descendants and siblings of a Director or of the spouse of a Director.

C) The spouses of the ascendants, descendants and siblings of a Director.

D) Companies in which a Director is, him or herself or through an interposed person, in any of the positions provided for in article 42 of the Spanish Commercial Code.

Where a Director is a legal entity, the following will be deemed to be related persons:

A) Partners who are, with respect to a legal entity Director, subject to any of the situations of control contemplated by law.

B) De facto or de jure Directors, liquidators and attorneys-in-fact holding general powers of attorney from the Director.

C) Companies forming part of the same group, and their shareholders.

D) Persons who, with respect to the representative of the Director, are deemed to be persons related to Directors in conformity with the provisions of the preceding paragraph.

Article 26 of the same Regulations establishes the Directors’ responsibilities, as it is the duty of all Directors to contribute to the role of the Board to promote and oversee the management of the Company. In performing their functions, they will act faithfully in the corporate interest, and with loyalty and due care. Their conduct must be guided solely by the
corporate interest, interpreted with full independence, and they will 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.

They are under particular obligation to comply with point C):

Disclose transactions by family members and by companies related, by ownership, to the Director if such transactions are material to the management of the Company.

The Employees’ Code of Conduct also deals with conflicts of interest, stating that:

Persons subject to these regulations must inform the General Secretary of any potential conflicts of interest that may arise in connection with the ownership of personal or family property or with any cause that interferes with the pursuit of the activities subject to these regulations.

Should the parties to whom the Charter applies have any doubts about whether a conflict of interest exists, they should consult the General Secretary, who will resolve their doubts in writing. The General Secretary may pass this matter onto the Audit and Compliance Committee in potentially serious or difficult cases.

If the affected party is a member of the Audit and Compliance Committee or the Chief Executive Officer, the Committee itself shall resolve this issue. If the affected party is the General Secretary, the Chief Executive Officer must be informed of a potential conflict of interest so that the latter may rule on its existence, or, if appropriate, refer the matter to the Audit and Compliance Committee.

D.7. Is more than one group company listed in Spain?

No

Identify the listed subsidiaries in Spain.

Indicate whether they have provided detailed disclosure on the type of activity they engage in, and any business dealings between them, as well as between the subsidiary and other group companies.

Indicate the mechanisms in place to resolve possible conflicts of interest between the listed subsidiary and other group companies.
E. Risk Control and Management Systems

E.1. Describe the risk management system in place at the company.

Risk management involves guiding and directing strategic, organisational and operating activities to enable management to maximise Company profit, maintain or increase its equity above certain levels and prevent future events from undermining the Company’s profit targets. Risk management is part of corporate governance and is promoted by the Company’s senior executives. To be effective, risk management must consider risk to be one more aspect of operating plans. Factors that might affect achievement of business objectives must be identified and analysed, and their consequences quantified to determine which actions need to be taken to help ensure that targets will be achieved. The main principles defined by Endesa for its risk management policy are as follows:

1. Global risk strategies addressing tactical and operational issues are established and developed to provide guidance in defining and deploying the various types and levels of risk within the Company, consistently with its business objectives.

2. A Risk Committee is set up in each country, and is responsible for defining, approving and updating the basic principles on which risk-related initiatives are based.

3. The Risk Committees are also responsible for approving the risk policies and strategy, which form the framework guiding the corporate departments and businesses.

4. Any action involving higher levels of potential risk than those established by the Risk Committees must be approved by the committee.

5. In addition to the aforementioned bodies, risk governance is carried out through risk control and risk management functions, which are independent from each other.

Endesa’s risk control system, in which global risk is defined as the risk resulting from consolidation of all risks to which it is exposed, taking into account the mitigating effects between the various risk exposures and risk categories, enables the risk exposure of the Company’s business areas and units to be consolidated and measured, and the corresponding management information to be drawn up for decision-making on risk and appropriate use of capital.

The risk management and control model is based partly on the ongoing study of the risk profile, current best practices in the electricity sector or benchmark practices in risk management, criteria for standardising measurements and the separation of risk managers and risk controllers. It is also based on ensuring that the risk assumed is proportional to the resources required to operate the businesses, optimising their risk-return ratio.

Risk management and control is the set of activities involved in identifying, measuring, controlling and managing the various risks incurred by the Company and its businesses. Its aim is to adequately control and manage those risks.

- Identification. The purpose of identifying risks is to maintain a prioritised and updated repository of all the risks assumed by the corporation through coordinated and efficient participation at all levels of the Company. This process is based on the following tasks:
  - Continuously identify new risks/opportunities of relevance.
  - Include and periodically update the features and descriptions of identified risks.
  - Carry out a preliminary assessment of the risks identified.
  - Prioritise risks by relative importance according to the established classification criteria.
  - Integrate the information gathered into the Endesa Group Risk Map included in the corporate reporting scheme.

- Measurement. The purpose of measuring parameters that allow risks to be aggregated and compared is to quantify overall exposure to risk, including all of the Group’s positions. The following metrics may be applied, depending on the type of decision to be made: Value at Risk, EBITDA at Risk, and Margin at Risk. To achieve this objective, the following steps are taken:
— Timely collection of unique, consistent and reliable information on risk positions and factors.
— Consistent modelling of risk positions and factors.
— Compilation of metrics encompassing all Endesa Group risks.
— Compilation of supplementary metrics to understand the risk structure assumed.
— Inclusion of metrics information in the corporate risk reporting scheme.

• Control. The purpose of risk control is to guarantee that the risks assumed by Endesa are appropriate. To achieve this objective, the following steps are taken:
— Definition of quantitative references (limits) that reflect Endesa’s strategy and its risk predisposition as defined by senior management.
— Monitoring of set limits.
— Identification and consideration of possible breaches of limits.
— Establishment of actions, processes and information flows needed to allow for periodic review of limits in order to take advantage of specific opportunities arising from each activity.

• Management. The purpose of risk management is to implement actions aimed at adjusting the risk levels at each level of the Company to the set risk tolerance and predisposition.

E.2. Identify the bodies responsible for preparing and implementing the risk management system.

Country-level Risk Committees

Objectives:
— Ensure that senior management participates in strategic risk management and control decisions.
— Ensure coordination between the risk management unit of each country and the business lines operating units.
— Provide an integrated vision of risk by business areas in each country.

Duties:
— Approve risk management policies at country level.
— Remain apprised of the risk limits approved by the Group’s Risk Committees.
— Propose risk management strategies for “extraordinary” (non-recurring) transactions.
— Analyse risk exposure and management for each business area.

Composition:
— Administration, Finance and Control
— Compliance and Environment
— Audit
— Energy Efficiency
— Distribution
— Generation
— Risk Management
— Energy Management
— Supply

Country-level Financial Risk Committees

Objectives:
— Coordinate between risk management units and financial units
— Support the Risk Committee in analysing financial risks

Activities:
— Analysis of financial risks
— Ex-ante analysis of relevant transactions
— Evaluation of new types of instruments

Composition:
— AFC (Financial and Economic Area)
— Country-level Risk Management
— Finance - Holding
— Holding Risk Management
Country-level Credit and Counterparty Risk Committees

Objectives:

• Coordinate between risk management units and business units
• Support the Risk Committee in analysing credit and counterparty risks

Activities:

• Analysis of credit and counterparty risks
• Promote exchange of credit-related perspectives

Composition:

• Supply risks-Large clients
• Supply risks-Public
• Energy management risks
• Financial risks
• Country-level risk management
• Credit Holding Risk Management

E.3. Indicate the main risks which may prevent the company from achieving its targets.

Endesa is exposed to the following risks when carrying out its activities:

• Business risk: this type of risk includes:
  — Legal risk, which is the uncertainty deriving from government or legal action in the application or interpretation of contracts, laws and regulations.
  — Strategic and regulatory risk, connected to possible loss of value or losses as a result of strategic uncertainties, changes in the environment or market/competition, and regulatory framework. This includes country risk, the risk of restrictions on dividends and nationalisation, either in full or through expropriation regulations.
  — Market risk: risk of fluctuations in prices and other market variables leading to changes in enterprise value or profits. These risks are classified as:
    — Commodity risk, or risk of fluctuations in the prices of raw materials of energy or fuel, in their respective quoted currencies.
    — Interest rate risk: the risk of fluctuations in interest rates, loan spreads or inflation.
    — Currency risk: the risk associated with foreign currency exchange rates.
    — Liquidity and financial risk: in relation with liabilities, the risk of failing to complete transactions or meet obligations deriving from financial or operating activities due to lack of funds or access to financial markets; in relation with assets, the risk of being unable to find a buyer for assets at their market price at any given time, or the absence of a market price.
    — Equity risk: the risk of fluctuations in share prices or other share indices.
    — Credit or counterparty risk: the risk of insolvency, receivership or bankruptcy or of possible default on payments of quantifiable or monetary obligations, by counterparties to whom the Company has granted net credit, for any reason, and which is pending settlement or collection.
    — Operational risk: the risk of incurring losses due to the absence or inadequacy of procedures, human resources or systems, or due to external events.

E.4. Identify if the company has a risk tolerance level.

Limits are defined and designed to ensure that the risk level is in line with the targets assigned to the businesses. Limits and thresholds are defined to ensure an effective risk management process.

Models and systems have been implemented to analyse, measure and monitor risks. These models and systems provide information on risks and ensure that standard procedures are applied throughout the Group.

Specific procedures are in place to manage risks within each business lines. These procedures are used to analyse all rel-
relevant information to properly assess risk factors and any changes in business conditions.

Risk measurement, monitoring and reporting focus on risk exposure at Group level and in the business units, in accordance with the limits and thresholds established.

The following activities are carried out in that respect:

- Local risks are assessed to ensure that risk factors derived from new contracts or business initiatives are constantly monitored.
- The market in each country and trends in each portfolio are analysed to ensure consistency and the usefulness of risk indicators.
- Information on exposure and coverage is analysed, in order to create a preliminary estimate of risk indicators.
- All information regarding local exposure to risk is reviewed and reported internally.
- Historical data is continuously monitored in order to gauge models and to understand local markets.
- Appropriate measurement and monitoring of risk exposure is ensured.

E.5. Identify any risks which have occurred during the year.

Risks occurring during the year: Endesa is constantly exposed to regulatory, interest rate and exchange rate risk, among others.

Circumstances responsible for this occurrence: These risks remained within normal limits in proportion to the activity carried out during the year.

Operation of control systems: The established control systems worked adequately.

E.6. Explain the response and monitoring plans for the main risks the company is exposed to.

The risk limits system is based on a definition of limits and thresholds.

If risk limits are exceeded, the Risk Unit analyses the situation and may authorise the transaction. If the amount exceeds a specified threshold, the pertinent committee will meet to consider the matter.

The pertinent committee will take the final decision, either authorising an exemption or a change to the limit, or ordering the settlement of the positions needed in order to remain within the established limits.
Describe the mechanisms which comprise the internal control over financial reporting (ICFR) risk control and management system at the company.

Introduction

Disclosure requirements constitute an area of securities market practice that has developed rapidly in recent years. In particular, the rules governing financial reporting by listed companies have been successively refined, while their technical complexity has grown exponentially. To respond to these challenges, it is essential that internal control systems evolve in tandem, so that they are capable of providing the market with reasonable assurance of the reliability of the financial information that listed companies report.

Stakeholders, meanwhile, are requiring companies to make stronger commitments to protecting the interests of their shareholders, customers, creditors, suppliers and of society as a whole. One of the outcomes of these new demands is the establishment by companies of specific measures to reinforce confidence in the financial information, in the broadest sense, they disclose publicly.

A cornerstone of this confidence is the creation of effective internal control over financial reporting systems, which allow:

- The provision of reliable and high-quality financial information by involving the entire organisation.
- The use of systemic and formal controls over financing reporting and the use of best practices to make these controls stronger and more effective.

Against this backdrop, in 2010 the Internal Control Working Group (hereinafter “ICWG”) was set up at the proposal of the Spanish National Securities Market Commission (hereinafter, the “CNMV”, for its acronym in Spanish) in order to draft a set of recommendations on internal control over financial reporting (hereinafter “ICFR”). The work of the ICWG focused on three basic goals:

(I) Reviewing the Spanish regulatory framework with regard to internal control over financial reporting

(II) Establishing a framework of ICFR principles and good practice, including the monitoring of system operation, and

(III) Contributing to enhancing the transparency of the information companies provide to the market regarding their ICFR

Spanish legislation incorporates the internal control regulations set out in EU Directive 2006/46/EC, which requires entities to provide markets with a description of the main features of their internal control and risk management systems in respect of financial reporting.

Spain’s Sustainable Economy Act (Law 2/2011, of 4 March 2011) introduced a new article 61 bis to Spain’s Securities Market Act (Law 24/1988, of 28 July 1988) which regulates the minimum contents of the annual corporate governance report, including the provision that these reports must henceforth include a description of the main features of internal control and risk management systems with regard to statutory financial reporting.

This legal mandate has been implemented through CNMV Circular 5/2013 of 12 June 2013 providing a model annual corporate governance report for listed companies, fleshing out the contents of the ICFR report required under the Securities Market Act.

Endesa forms an integral part of the European business group Enel, which applies both the EU Directives and Italian legislation (“Testo Unico della Finanza”, Consolidated Law on Finance), in order to achieve the highest efficiency and transparency standards in its ICFR. To that end, Enel has designed
a standardised ICFR procedure applicable to all group companies, which complies with the legislation of each country in which the group operates.

Endesa has been progressively adopting the Enel Group’s ICFR methodology, and in 2013 had fully implemented the procedures in Spain and Portugal. Endesa is currently standardising the methodology in Latin America as well. Since 2005, Endesa, S.A. and its subsidiaries (hereinafter, "Endesa") have had an official ICFR model in place and have prepared this report following the guidelines laid down in the aforementioned CNMV Circular.

General overview of ICFR at Endesa, S.A.

Financial reporting is a critical communication function vis-à-vis shareholders, investors, financial institutions and the supervisory authorities, which is fed with information taken from various sources. In fact, to a greater or lesser extent, nearly all of Endesa’s organisational units supply information of relevance to the financial reporting process. This is why compliance with the information transparency and accuracy imperatives is the responsibility not only of the Group’s Economic and Finance Department but also of all the units comprising Endesa in their respective areas of expertise. This shared liability is in fact one of the cornerstones of how ICFR works at Endesa.

The Company’s ICFR system is predicated on two classes of control:

(I) General controls (comprising elements such as an Audit Committee, a Code of Ethics, an internal audit function, a suitable organisational structure, etc.), and

(II) Controls in the various business areas over transactions with a financial reporting impact.

Endesa’s ICFR model, defined, updated and monitored by the internal control units in each country in which Endesa operates and drawing from the support and coordination of the Enel Group Holding Management area, currently comprises 735 processes (83 in Spain and Portugal and 652 in Latin America) that have a material impact on the Group’s financial information. In 2013, these processes were arranged in a documentation model in line with that of the Enel Group for Spain and Portugal, while for processes in Latin America, the documentation methodology in place prior to Endesa’s integration in the Enel Group was maintained. However, these processes are currently being brought into line with the Enel Group’s methodology as well.

A total of 6,921 control activities exist for the aforementioned processes (1,988 in Spain and Portugal and 4,933 in Latin America). In addition, there are 197 information technology general control (ITGC) activities corresponding to information systems and processes on a global scale. For each of these control activities, the Group has pinpointed the party responsible for their execution so as to guarantee all the records kept in preparing its financial information can be properly traced back to their source.

The documentation generated in relation to these units and processes includes detailed descriptions of the transactions relating to the financial reporting process from the initial recording to the ultimate accounting entries and their subsequent disclosure, including their handling and certification along the way. To this end, the documentation is prepared with the following basic objectives in mind:

(I) Identification of the critical processes related directly and indirectly to the generation of financial information

(II) Identification of the risks intrinsic to these processes which could give rise to material financial reporting errors (typically related to completeness, validity, recognition, cut-off, measurement and presentation)

(III) Identification and categorisation of the controls in place to mitigate these risks

All of Endesa’s ICFR documentation is held in a corporate computer application, shared with the Enel Group. The IT system information is updated regularly in order to reflect any
changes in transaction treatment or financial reporting controls. Traceability is sufficient to support all kinds of checks.

These regular updates are intended to build upon the initial effort to improve the quality of the existing processes and to strengthen control over the financial information generation mechanisms.

Twice a year, the Group’s management evaluates its ICFR system. During this exercise, each of the parties responsible for the controls identified in the corporate ICFR support system assesses the design and efficacy of these controls. The ICFR model also includes an ongoing certification process carried out by the ICFR Audit unit with a view to validating the evaluation performed by those responsible for the controls.

Twice a year, based on the conclusions of the foregoing ICFR evaluation process, Endesa management draws conclusions on how well its ICFR model is working, establishing action plans as required to address any shortcomings or areas for improvement uncovered in the course of the evaluation process.

The results of the half-yearly evaluation process are analysed by the Group’s Audit and Compliance Committee on behalf of the Board of Directors, which is ultimately responsible for ensuring the existence of an adequate and effective ICFR system at the Group.

F.1. The entity’s control environment

Specify at least the following components with a description of their main characteristics:

F.1.1. The bodies and/or functions responsible for: (i) the existence and regular updating of a suitable, effective ICFR; (ii) its implementation; and (iii) its monitoring.

Board of Directors

The Board of Directors of Endesa is ultimately responsible for the existence and regular updating of an adequate and effective ICFR system. As stipulated in the Board of Directors’ Regulations, this duty has been delegated in the Audit and Compliance Committee.

Audit and Compliance Committee

Article 14, section 8 of the Board of Directors’ Regulations states that the main task of the Audit and Compliance Committee is to promote good corporate governance and ensure the transparency of all Endesa’s actions in the economic and financial, external and internet audit and compliance areas.

To this end, the committee is entrusted with supervising the preparation and presentation of regulatory financial information and monitoring the efficacy of Endesa’s ICFR systems and risk management systems, as well as discussing with the auditors or audit firms any significant weaknesses detected in the internal control system during the course of the audit work.

The committee also supervises the internal audit services, ensuring the independence and efficacy of the internal audit function; proposing the selection, appointment, reappointment and removal of the head of internal audit; receiving regular report-backs on its activities; and verifying that senior management are acting on the findings and recommendations of its reports.

Audit and Compliance Committee members are appointed in light of their knowledge and experience of accounting, audit or risk management.

Transparency Committee

In 2004, Endesa set up a Transparency Committee, made up of senior executives and the Executive Management Committee (comprising the CEO and country heads for Spain and Portugal and Latin America as well as the heads of Strategy, Communication, Legal Counsel and the General Secretariat, Human Resources and Business Organisation, Economic and Finance, IT and Telecommunications, and Procurements) along with other members of Endesa management who are directly involved in the preparation, cer-
tification and disclosure of financial information, including the head of Internal Audit. The Transparency Committee is chaired by the CEO.

This Committee’s main purpose is to ensure compliance with and the correct application of general financial reporting principles (confidentiality, transparency, consistency and responsibility) by evaluating the events, transactions, reports and other matters of relevance disclosed and determining the manner and deadlines for making these disclosures.

The duties of the Transparency Committee also include assessing the findings submitted to it by Endesa’s Economic and Finance Department, based on the report prepared by the Internal Control over Financial Reporting (ICFR) corporate unit, with respect to compliance with and the effectiveness of the ICFR system and the internal controls and procedures concerning market disclosures, taking corrective and/or preventative action and reporting to the Audit and Compliance Committee of the Board of Directors in this respect.

**Economic and Finance Department**

In supporting the Transparency Committee, Endesa’s Economic and Finance Department performs the following ICFR-related duties within the framework of the Enel Group’s policies and procedures:

- Proposing financial reporting policies to the Transparency Committee for approval.

- Evaluating the effectiveness of the controls in place and how well they work, including any breaches of approved internal control policies, on the basis of manager certifications, ICFR reports and reports issued by the ICFR Audit unit, reporting its findings back to the Transparency Committee.

- Disseminating the necessary ICFR procedures.

- Overseeing compliance with internal controls over financial reporting and the internal disclosure controls and procedures, presenting periodical reports on its conclusions with respect to the system’s effectiveness for presentation to the Transparency Committee.

**Internal Control Unit**

Endesa’s Economic and Financial Department includes an Internal Control Unit, which is functionally integrated within the Enel Group’s ICFR. This unit is tasked with the following duties:

- Communicating approval of ICFR policies and procedures to Endesa’s various subsidiaries and business units.

- Maintaining and updating the ICFR model.

- Keeping control and procedural documentation up to date at all times.

- Defining the flow charts for certifying the evaluation of the effectiveness of the controls and procedures defined in the ICFR model.

All matters relating to internal control over financial reporting and the disclosure of financial information are regulated in the Enel Group’s corporate protocol no. 188, which applies to all Endesa Group companies. The purpose of this protocol is to establish the principles and lines of responsibility for the establishment and maintenance of internal controls over financial reporting and internal financial information disclosure controls and procedures in order to ensure their reliability and to guarantee that reports, events, transactions and other material developments are disclosed in an adequate form and timeframe.

The ICFR unit performs its work on the basis of the information flow and information risks, namely any circumstances which could impede or hamper the obtaining, handling and dissemination of the financial information in a reliable and timely manner, in accordance with the risks identified, and on the basis of internal controls, which constitute the body of policies and procedures designed to enable the identification, measurement, processing and recognition of financial
and non-financial information in a consistent, reliable and timely manner. The ICFR system is evaluated and certified in full every six months.

In addition, the Audit and Compliance Committee has tasked the ICFR Audit Unit with independently monitoring the most relevant ICFR controls, verifying their design and effectiveness, and reporting to the committee on any weaknesses detected during its work.

**F.1.2. The existence or otherwise of the following components, especially in connection with the financial reporting process:**

- The departments and/or mechanisms in charge of: (i) the design and review of the organisational structure; (ii) defining clear lines of responsibility and authority, with an appropriate distribution of tasks and functions; and (iii) deploying procedures so this structure is communicated effectively throughout the company.

**Design of the organisational structure**

The Board of Directors, through the CEO and the Appointments and Remuneration Committee (one of the Board’s advisory committees), is responsible for the design and review of the organisational structure and for defining lines of responsibility and authority.

The CEO and the Appointments and Remuneration Committee establish the distribution of tasks and functions, ensuring adequate segregation of duties and coordination mechanisms among the various departments so that everything works as it should.

The Organisation and Change Management Unit is tasked with designing, planning and disclosing the change management framework in the case of major organisational transformations, planning change programmes and the related resources and processes. It is also responsible for defining the guidelines for the Group’s organisational structure and for relevant organisational changes. Lastly, the unit ensures the definition and implementation of the global job posts systems, directly evaluating the key professional functions and executive positions.

Strictly within Endesa, organisational protocol no. 030 defines and establishes the criteria for identifying, developing and implementing organisational guidelines based on general instructions received from Holding, as well as the assessment and evaluation of non-executive positions. The Organisational and Human Resources Department is responsible for implementing this protocol.

The various organisational guidelines are posted on Endesa’s Intranet and are available for viewing by all Endesa employees.

- **Code of conduct, approving body, dissemination and instruction, principles and values covered (stating whether it makes specific reference to record keeping and financial reporting), body in charge of investigating breaches and proposing corrective or disciplinary action.**

**Codes of conduct**

Endesa has the following internal codes of conduct:

**Code of Ethics**

Endesa has a Board-endorsed Code of Ethics which itemises the ethical commitments and duties to which the professionals working for Endesa and its subsidiaries, be they Directors or staff, no matter their positions, are bound in the course of managing these companies’ business and corporate activities.

The Code of Ethics comprises:

- The general principles governing relations with stakeholders that define Endesa’s benchmark business values.

- The standards of conduct for dealing with all groups of stakeholders, enshrining the specific guidelines and rules
which Endesa professionals must adhere to in order to uphold the general principles and avoid unethical behaviour.

• Implementation mechanisms, which describe the tasks assigned to the Audit and Compliance Committee in terms of monitoring and enforcing compliance with the Code of Ethics, the tasks assigned to the Internal Audit Department and the related communication and training efforts.

The principles and provisions of Endesa’s Code of Ethics are applicable to the members of the Board of Directors, the Audit and Compliance Committee and other governing bodies of Endesa and its subsidiaries, as well as these entities’ executives, employees and any other professionals related to Endesa via contractual relationships of any class, including those working for or with them on an occasional or temporary basis.

The Code’s general principles include that of “Information transparency and integrity”, which stipulates that “Endesa’s professionals must provide complete, transparent, comprehensible and accurate information such that when entering a relationship with the Company the implicated parties can take independent decisions that are informed with respect to the interests at stake, the alternatives and the relevant ramifications”.

Zero Tolerance Plan Against Corruption

The Board-approved Zero Tolerance Plan Against Corruption requires all ENESA employees to be honest, transparent and fair in the performance of their work. The same commitments are expected of its other stakeholders, i.e. people, groups and institutions that help the Group meet its objectives or that are involved in the activities it performs in order to achieve its goals.

In compliance with Principle 10 of the Global Compact1, of which Endesa is a signatory, “Businesses should work against corruption in all its forms, including extortion and bribery”, Endesa expressly rejects all forms of corruption, direct and indirect, to which end it has an anti-corruption programme in place.

Charter governing senior management and management and Employees’ Code of Conduct

In 2003, the Board approved dedicated rules of conduct targeted at specific groups of employees, namely the “Charter governing senior management” and the “Charter governing executives” to which all employees meeting the respective definitions of Senior Management and Management are bound. Also in 2003, the Board of Directors approved the Employees’ Code of Conduct which applies to all Endesa employees.

These documents are designed to establish the regimes governing how the various members of the respective affected groups must behave. Among other requirements, these rules stipulate the duty of “ensuring that all books, records and accounts of the organisation for which they may be responsible wholly, accurately and duly reflect the nature and authenticity of the transactions”.

In addition to the above-listed charters and codes, in 2006, the Board approved the Guidelines for the Application of the Charter Governing Management, the Employees’ Code of Conduct and the Incompatibility and/or Non-compete Covens. This compendium of rules lists the Endesa bodies with powers to enforce these rules, their duties, the criteria for taking action and the procedures for controlling and processing breaches.

The general behavioural criteria include:

- A non-compete commitment
- A ban on the provision of services to other Endesa companies
- Exclusive dedication requirement

---

1 Action plan devised by the United Nations in July 2000 on the direct recommendation of its Secretary-General in order to develop a new style of collaboration between the business world and the United Nations by encouraging businesses to adhere to 10 universal principles in the areas of human rights, labour and the environment (www.unglobalcompact.org).
• Criteria for avoiding and handling conflicts of interest (procurements, relations with suppliers and other examples)

All of these documents are part of the body of internal rules and regulations published on the corporate intranet and are designed to ensure that all of the Endesa’s stakeholders act in accordance with stipulated business ethics in all their dealings relating to Endesa’s business. These extend to the dealings relating to the reliability of the financial information produced and compliance with applicable legal provisions, in keeping with the Board’s guidelines.

• “Whistle-blowing” channel, for the reporting to the audit committee of any irregularities of a financial or accounting nature, as well as breaches of the code of conduct and malpractice within the organisation, stating whether reports made through this channel are confidential.

Whistle-blowing channel

Endesa set up its Ethics Channel, which is accessible via its corporate website and intranet to all employees, in July 2005 so that all stakeholders can report, securely and anonymously, any irregular, unethical or illegal conduct which has, in their opinion, occurred in the course of Endesa’s activities. This channel is operated in the five languages of Endesa’s current operating markets.

The procedure in place for using this channel is designed to protect user identity as access to the information received is restricted and managed by an external and independent firm. The Audit Department has established roles and clearance levels for accessing this information for certain Department members.

The Ethics Channel classifies complaints received in accordance with 13 corporate management fields, arranged in keeping with the aspects dealt with in Endesa’s Code of Ethics, thereby enabling due monitoring of compliance with the principles of conduct in internal audits.

There are other communication channels in addition to the Ethics Channel such as the ethics hotline, mailing address and e-mail inbox. Complaints received through these channels are fielded to members of the Internal Audit Department or third parties.

Complaints submitted through the Ethics Channel are periodically reported back to Endesa’s Audit and Compliance Committee, apprising the latter of their receipt and the outcome of each investigation and any measures taken in the event that a complaint proves to be grounded.

• Training and refresher courses for personnel involved in preparing and reviewing financial information or evaluating ICFR, which address, at least, accounting rules, auditing, internal control and risk management.

Training programmes

The Business Organisation and Human Resources Department works together with the Economic and Finance Department to prepare the training schedule for all staff involved in preparing Endesa’s annual financial statements. This schedule includes ongoing updates on business trends and regulatory developments affecting the activities performed by the various Endesa companies, specific IFRS skills courses and training regarding ICFR standards and developments.

In 2013, Endesa’s Economic and Finance Department received 37,260 training hours, of which 25.64% were devoted to the acquisition, refreshment and recycling of financial skills and knowledge, addressing matters such as accounting and audit standards, internal controls, risk management and control and regulatory and business matters with which these professionals need to be familiar in order to properly draw up Endesa’s financial information. The rest of the training hours were earmarked to management skills, workplace health and safety matters and IT skills. Of these hours 28.94% were for language training and 28.86% for leadership and management skills.
In addition, whenever necessary, Endesa provides specific training courses on financial reporting and control matters to staff outside the Economic and Finance Department who are directly or indirectly involved in supplying information used in the financial reporting process.

F.2. Risk assessment in financial reporting

Report at least:

F.2.1. The main characteristics of the risk identification process, including risks of error or fraud, stating whether:

- The process exists and is documented.

- The process covers all financial reporting objectives, (existence and occurrence; completeness; valuation; presentation, disclosure and comparability; and rights and obligations), is updated and with what frequency.

- A specific process is in place to define the scope of consolidation, with reference to the possible existence of complex corporate structures, special purpose vehicles, holding companies, etc..

- The process addresses other types of risk (operational, technological, financial, legal, reputational, environmental, etc.) insofar as they may affect the financial statements.

- Finally, which of the company’s governing bodies is responsible for overseeing the process.

The financial reporting risk identification and maintenance process covers the following financial information objectives:

- Existence and occurrence
- Integrity/completeness
- Measurement/valuation
- Presentation, disclosure and comparability
- Rights and obligations

Further, the financial reporting risk identification and maintenance process also factors in the impact that the other risk factors pinpointed in the risk map may have on the financial statements (primarily operational, regulatory, legal, environmental, financial and reputational).

The ICFR unit, aided by the resources assigned in the different countries and companies and with the support of Global ITC in respect of IT aspects, updates the risk evaluation whenever changes occur to the scope of the model.

The evaluation (in terms of probability and impact) of both inherent and residual risks is updated every time there is a change in processes or whenever a new company is included within the scope. This evaluation can result in the identification of new risks, which will be mitigated by designing new controls or updating existing controls. The financial reporting risk identification process is overseen by the Transparency Committee and the Audit and Compliance Committee as part of their broad mandates to monitor evaluation of the ICFR model, as enumerated in the basic indicator headed “The entity’s control environment” earlier in this report.

Defining the consolidation scope

Endesa keeps a corporate register, which is permanently updated, with information on all its shareholdings, whether direct or indirect, including all entities over which Endesa has the power to exercise control, regardless of the legal structure giving rise to such control (so that this register also includes holding companies and special purpose vehicles).

The management and updating of this corporate register is governed by the corporate protocol entitled “Endesa Corporate Records Management”.

Endesa’s consolidation scope is determined on a monthly basis by the Economic and Finance Department based on the information available in the corporate records and in accordance with the criteria stipulated by International Financial Reporting Standards (hereinafter “IFRS”) and other local accounting regulations. All Endesa companies are informed of any changes to the scope of consolidation.
F.3. Control activities

Indicate the existence of at least the following components, and specify their main characteristics.

F.3.1. Procedures for reviewing and authorising the financial information and description of ICFR to be disclosed to the markets, stating who is responsible in each case, including documentation and flow charts of activities and controls (including those addressing the risk of fraud) for each type of transaction that may materially affect the financial statements, including procedures for the closing of accounts and for the separate review of critical judgements, estimates, evaluations and projections.

Procedures for reviewing and authorising the financial information and description of ICFR

Endesa discloses financial information to the market quarterly. This information is prepared by the General Economic Department, which performs certain controls as part of the closing of accounts procedure in order ensure the reliability of the information disclosed.

The Management Control Unit, which is part of the General Planning and Control Department, also analyses and oversees the information produced.

The Chief Financial Officer analyses the reports received, provisionally certifying the aforementioned financial information for submission to the Transparency Committee.

The Transparency Committee analyses and debates the information received from the Economic and Finance Department. Once it approves the information received, it is sent to the Audit and Compliance Committee.

The Audit and Compliance Committee oversees the financial information presented to it. For the accounting closes, which coincide with the end of each six-month financial period, the Audit and Compliance Committee also receives information from Endesa’s auditor on the results of the work it has performed.

Lastly, the Audit and Compliance Committee presents its conclusions regarding the financial information presented to it to the Board of Directors. Once the Board has approved the information for issue, it is disclosed to the market.

The ICFR report, meanwhile, is presented annually by the Economic and Finance Department to the Transparency Committee. Once approved by the Transparency Committee, the report is reviewed and approved by the Audit and Compliance Committee and subsequently approved by the Board of Directors prior to disclosure to the market.

Documentation and flow charts of activities and controls

Endesa’s ICFR model is in line with the model established for all Enel Group companies, which is based on the COSO Model (Committee of Sponsoring Organizations of the Treadway Commission, US), so as to provide reasonable assurance with respect to compliance with the three major categories of targets enshrined by this model:

- Effectiveness and efficiency of operations
- Reliability of financial reporting
- Compliance with applicable laws and regulations

Firstly, the model features Management Controls or “Entity Level Controls” (hereinafter, “Management Controls” or “ELC”) and “Company Level Controls” (hereinafter, “CLC”), which describe the Endesa policies and guidelines designed to protect its control system. The structural elements of the control system are interrelated across all divisions/companies. These controls are evaluated directly by Endesa’s senior management. The Management Controls guarantee an adequate level of internal control at Endesa and serve as mitigating controls if necessary.

At process level, Endesa, in application of the Enel Group model, has identified the following business cycles common to all its subsidiaries:
1. Fixed assets
2. Accounting close
3. Capital investments
4. Finance
5. Inventory
6. Personnel expenses
7. Procurement cycle
8. Revenue cycle
9. Taxes other than income tax

The ICFR unit manages and continuously updates documentation on each process, following the methodology established in the Enel Group’s organisational protocol no. 188. All organisational changes imply the need to review the control model in order to assess their impact and make any changes required to ensure operational continuity. The primary components of each process are:

- **Risks.** The possibility that an event or action could affect the organisation’s ability to achieve its financial reporting objectives and/or to implement its strategies successfully.

- **Control activities.** Policies, procedures and practices applied by the Company’s staff, software applications and other resources put in place to mitigate the risks identified. The Process Level Controls (hereinafter, “PLCs”) must be integrated into process operations and are designed to ensure that risk is managed properly, with a focus on risk prevention, detection and correction. Depending on how they are designed, control activities may be preventive or detective, manual (staff-driven) or automated (IT-driven). Specifically with respect to IT systems, the control activities in place are called IT General Controls (hereinafter, “ITGCs”), and are managed by ICT Governance within the Global Information and Communication Technologies area (hereinafter, “Global ICT”). Control activities constitute the cornerstone on which the entire control model is articulated and cover the following matters:
  - Integrity and ethics
  - Professional competence commitment
  - Management philosophy and style
  - Organisational structure
  - Establishment of lines of authority and responsibility
  - HR policies and practices

The control activities ensure that, in the ordinary course of business and in respect of all consolidated financial statement headings, Endesa’s control targets are met, in accordance with the aforementioned organisational protocol no. 188.

At present, there are 6,038 PLC and 197 ITGCs for the body of processes, as well as 883 ELC. Overall, the level of coverage of the main consolidated financial statement headings (total assets, revenue, EBITDA, leverage, etc.) exceeds 90%.

All information regarding the ICFR model is documented in the SAP-GRC PROCESS CONTROL internal control tool (hereinafter, “SAP-GRC”). The control managers (designated by the process managers) work under the coordination of the ICFR unit and oversee the half-yearly evaluation.

Process managers are required to document all control activities carried out under their supervision, using the methods and instruments described when designing the control under their hierarchical responsibility.

The ICFR unit monitors progress in the self-assessment, thereby ensuring that process managers receive the support they require.

The ICFR operation is divided into the following stages, which are planned by ICFR on a centralised basis for Endesa and its subsidiaries:

- **Evaluation of control activities:** The evaluator performs tests to verify and evaluate the correct design and operation of all the control activities. This same party identifies and reports any weaknesses detected so that they are addressed.

- **Certification by the Organisational Units:** The responsible party certifies with his/her signature the evaluation of the control activities, taking responsibility for the actions
needed to remedy any shortcomings included in the action plan.

- **Evaluation of Entity Level Controls.** These are evaluated by the parties assigned this responsibility.

The ELCs and CLCs are evaluated by Senior Management, while the PLCs are evaluated at the business level and reach Senior Management by means of successive rounds of certification.

All of these phases are monitored and supported by the Internal Control Unit. The conclusions regarding compliance and effectiveness, resulting from the tests performed by the ICFR Audit Department, are incorporated in the ICFR report along with the self-assessment results. The Economic and Finance Department presents the findings to the Transparency Committee, which evaluates and approves them, presenting them to the Audit and Compliance Committee for analysis and approval along with the report issued by the Internal Audit Department.

The control weaknesses detected are classified as:

- **Material weaknesses** in those cases where the weakness or series of weaknesses lead to the possibility (not remote) of there being a material error in the annual financial statements.

- **Significant weaknesses** in those cases where the weakness or series of weaknesses lead to the, not remote, possibility of there being a material error in the annual financial statements.

- **Insignificant weaknesses** are those which will in no event cause a material error in the annual financial statements.

Each control weaknesses detected in the ICFR system results in a specific action plan. The Internal Control Unit monitors, controls and reports to the Transparency and Audit and Compliance Committees on these weaknesses until they are definitively resolved.

---

**F.3.2. Internal control policies and procedures for IT systems (including secure access, control of changes, system operation, continuity and segregation of duties) giving support to key company processes regarding the preparation and publication of financial information.**

The Global ICT area is responsible for the IT and telecommunications systems for all of Endesa’s businesses and geographic markets. Enel Energy Europe, S.L.U. (the company which owns 92.06% of Endesa, S.A. and which is in turn 100%-owned by the Enel Group) carries on activities in the telecommunications and IT systems sector, and comprises the physical assets, human resources and third-party contracts required to carry on these activities and to undertake the integrated management of these functions for the Enel Group under the aegis of the parent group’s overall strategy for unlocking synergies. In spite of this, the responsibility for this function and for the development and execution of the operating procedures remains located at Endesa and is therefore specified and certified within Endesa’s ICFR system.

The multiple and diverse duties attributed to Global ICT include the definition and monitoring of the security policies and standards for IT infrastructure and software, which include the IT aspects of the internal control model.

Endesa’s internal control model and, in particular, Global ICT’s model, encompass the IT processes, which in turn include the IT environment, architecture and infrastructure, and the applications, which affect transactions with a direct impact on the entity’s key business processes and, ultimately, its financial information and reporting processes. These controls can be implemented by means of automated programming or using manual procedures.

Endesa has an internal control model for all key IT systems used to prepare financial information, which is designed to guarantee the overall quality and reliability of the financial information produced at each close and, by extension, the information disclosed to the market.

The IT system internal control model comprises eleven processes:
1. ICT architecture and technology
2. Standard ICT requests
3. ITC management policies and procedures
4. ITC strategy and planning
5. ITC configuration and asset management
6. ITC capacity management
7. ICT supplier management
8. ICT performance monitoring
9. ICT solutions management
10. ICT incidents and events management
11. ITC problems management

(ITC: Information and Communications Technology)

These processes are in turn divided into sub-processes with the necessary specifics which guarantee a correct level of control of the IT system and ensure the integrity, availability and confidentiality of each company’s financial information.

Endesa’s internal IT system control model contains the control activities needed to cover the risks intrinsic to the following IT system management aspects, processes and systems including those specific to financial information:

**IT environment**
- Global ICT roles and duties
- Application inventory and systems map.
- Telecommunications network map

**Management of application changes**
- Management of demand for software developments and functional improvements
- Specification, authorisation and monitoring of change requests
- Software and systems infrastructure development
- Performance testing during rollout phase
- Application launch
- Documentation and training

**IT operations and management**
- Operations management
- Management of back-up files
- Incident management
- Disaster contingency and recovery plans for critical systems
- Service level agreements

**Physical and logical security**
- Security operations management
- User access control
- Physical security of data processing centres

In terms of IT security, Endesa has a corporate protocol called “Information security” in place, which establishes and defines the operating principles and bodies responsible for IT security and the management of decision rights in relation to critical financial information. On 31 May 2013, Enel Group corporate policy no. 87 entered into force, setting the guidelines regarding management of access to IT systems and applications, in order to reduce the risk of fraud or involuntary access to Group information and to safeguard the confidentiality, accuracy and availability of this information.

In 2007, Endesa set up the Information Security function in response to requirements dictated by legislative, technology and market demands. The Decision Rights Management function was also set up to guarantee regulatory compliance in the financial arena, while functional incompatibilities were defined so that a given person cannot dominate a critical process.

Information Security is the function tasked with protecting each Group company’s information assets in order to achieve and maintain the desired level of security and to enforce the correct use of decision rights so as to reduce internal fraud.

The Management of Decision Rights and Functional Incompatibilities is the function tasked with identifying, managing and controlling the specific clearance levels for enabling decision-making in the business environment.
The basic principles of Endesa’s Information Security Policy are:

- Information and knowledge are core strategic assets.
- Information security is everyone’s responsibility: those generating information, those using it, those processing it and those accessing it.
- Familiarity with all the information handled within the organisation and awareness of its importance and vulnerability.
- Personal data are exclusively personal.
- The value of information lies with its veracity: it must be kept intact.
- Data credibility is predicated on the reliability of the source.
- The most critical business information must be available at all times.
- Disclosure of confidential information poses a grave threat to the entity and its shareholders.
- Safe information technology, communications and infrastructure are the bedrock of secure information.
- The cost of security measures must be proportionate to the value of the data they protect.

The corporate procedure called “Criteria for Safeguarding Information Assets” establishes the method for identifying, classifying, evaluating and analysing the risks to which the information may be exposed and the fundamental obligations to be borne in mind by each of the organisation-al units intervening in the management of its information assets.

The information security management process is continually fine-tuned in an effort, among other things, to maintain optimum security levels. The ultimate goal of this process is to maintain security levels within acceptable thresholds, implementing or developing controls to mitigate risks more effectively.

Endesa’s proprietary methodology allows for standardised data identification, classification and evaluation and subsequent analysis of the risks to which the Group’s information is exposed. It further enables definition of the action plans required to place each information asset at acceptable security levels for the entity.

F.3.3. Internal control policies and procedures for overseeing the management of outsourced activities, and of the appraisal, calculation or valuation services commissioned from independent experts, when these may materially affect the financial statements.

When Endesa outsources an activity involving the issue of financial information, it requires that the supplier provide a guarantee attesting the internal control measures in place for the activities performed. In specific cases specific cases, such as the Data Centre, service providers are asked to obtain an ISAE 3402 “International Standard on Assurance Engagements” report. This report allows Endesa to check whether the service provider’s control objectives and control activities have worked during the corresponding time horizon.

When Endesa engages the services of an independent expert, it first assures itself on the legal and technical competence and skills of the professional(s). Endesa has control activities in place in respect of independent expert reports, as well as staff with the ability to validate the reasonableness of the report findings.

There is also an internal procedure for hiring external advisors, which stipulates a series of clearances depending on the size of the engagement, which may even call for CEO approval. The results and/or reports of outsourced accounting, tax or legal activities are supervised by the Economic and Finance and Legal Counsel Departments along with any other areas whose expertise is deemed of value to this end.
F.4. Information and communication

Indicate the existence of at least the following components, and specify their main characteristics.

F.4.1. A specific function in charge of defining and maintaining accounting policies (accounting policies area or department) and settling doubts or disputes over their interpretation, which is in regular communication with the team in charge of operation and a manual of accounting policies regularly updated and communicated to all the company’s operating units.

Responsibility for application of Endesa’s accounting policies for all its geographic markets is centralised in Endesa’s Economic and Finance Department.

Endesa’s Finance Department has an Accounting Criteria and Reporting Unit which is specifically in charge of analysing the International Financial Reporting Standards (hereinafter, “IFRS”). This Unit’s functions are as follows:

- Defining Endesa’s accounting policies
- Analysing executed or planned one-off transactions to determine the appropriate accounting treatment in line with Endesa’s accounting policies
- Monitoring the new standards being worked on by the International Accounting Standards Board (hereinafter, “IASB”), any new standards approved by the IASB and the related European Union endorsement process, assessing the impact their implementation will have on the Group’s consolidated financial statements
- Resolving any query made by any subsidiary regarding application of Endesa’s accounting policies

The Accounting Criteria and Reporting Unit keeps all those with financial reporting responsibilities at the various levels within Endesa abreast of amendments to accounting standards, settling any doubts they may have and gathering the required information from subsidiaries to ensure consistent application of Endesa’s accounting policies and to enable it to quantify the impact of application of new or amended accounting standards.

If application of accounting standards is deemed particularly complex, Endesa’s Finance Department informs its auditor of the outcome of its internal analysis, asking the auditor to provide an opinion on the conclusions reached.

Endesa’s accounting policies are based on IFRS and are documented in the “Endesa Accounting Manual”. This document is updated regularly and is distributed to the parties responsible for preparing the financial statements of all Endesa companies.

F.4.2. Mechanisms in standard format for the capture and preparation of financial information, which are applied and used in all units within the entity or group, and support its main financial statements and accompanying notes as well as disclosures concerning ICFR.

Endesa has an IT tool in place to cover the reporting requirements associated with its separate financial statements, on the one hand, and to facilitate the consolidation process and subsequent analysis, on the other. This tool manages to centralise into a single system and under a single audit plan all the information corresponding to the separate financial statements of all Endesa subsidiaries, including the notes and additional disclosures needed to prepare the annual financial statements.

This system is managed centrally under the scope of the Enel Group. The technical adequacy of the application, its internal controls and management by the Enel Group have been evaluated and checked by Endesa which has found it to be suitable to the task of producing the consolidated financial statements. In addition, every year Endesa engages an independent expert to certify that the tool does not present any material shortcoming with respect to the process of generating the Endesa consolidated financial statements.

The data is uploaded into this consolidation system automatically by the Financial Information System (transactional),
which is also centralised and in place in virtually all Endesa companies.

In turn, the ICFR model is supported by a single IT system also managed on a centralised basis in the Enel Group scope, and produces all the information needed to draw conclusions with respect to effectiveness of the model.

F.5. Monitoring

Indicate the existence of at least the following components, describing their main characteristics.

F.5.1. The ICFR monitoring activities undertaken by the Audit Committee and an internal audit function whose competencies include supporting the Audit Committee in its role of monitoring the internal control system, including ICFR. Describe the scope of the ICFR assessment conducted in the year and the procedure for the person in charge of the evaluation to communicate its findings. State also whether the company has an action plan specifying corrective measures for any flaws detected, and whether it has taken stock of their potential impact on its financial information.

Every six months, the Finance Department’s Internal Control Unit monitors the process by which the design and functioning of the ICFR system is evaluated and certified. It duly reports its findings to the Transparency Committee, which is the body responsible for ensuring adequate internal control of the information disclosed to the market.

To this end, the Internal Control Unit is supplied with the evaluation of the entity/company, process and IT control (ELCs/CLCs, PLCs and ITGCs, respectively) in order to verify:

• In the event of process changes, whether the identification of control activities has been duly updated and the new control activities sufficiently cover the process control objectives

• Whether all weaknesses in the control system design or functioning have been detected. A weakness refers to an incident which implies that the control system may not be able to guarantee with reasonable assurance the ability to acquire, prepare, summarise and disclose the Company’s financial information.

• Whether the actual/potential impact of the aforementioned weaknesses has been evaluated and any required mitigating control activities put in place to guarantee the reliability of the financial information, notwithstanding the existence of these weaknesses.

• The existence of action plans for each weakness identified

In the course of this process, any incidents of fraud, no matter how insignificant, involving managers or staff participating in processes with a financial reporting impact are identified and reported.

In turn, the ICFR Audit unit, at the instance of the Audit and Compliance Committee and as set down in its annual work programme, independently monitors the most relevant ICFR controls, verifying the design and effectiveness. The results are reviewed by the Audit and Compliance Committee.

In addition, over the course of the year, progress on the actions plans put in place by Endesa to address any shortcomings identified by the process managers and shared with the ICFR unit is monitored and reported to the Audit and Compliance Committee.

The Transparency Committee is informed of and certifies the evaluation of the model, the assessment of weaknesses and the status of related action plans twice a year.

Lastly, every six months, the Economic and Finance Department presents the Audit and Compliance Committee with its conclusions with respect to the evaluation of the ICFR system and the progress on executing the action plans deriving from earlier evaluations.
As of 31 December 2013, the half-yearly evaluations carried out in the year had revealed no material ICFR weaknesses. During the process, 197 ITGCs, 883 entity level controls (279 in Spain and 604 in Latin America) and 6,038 control activities (1,709 in Spain and 4,329 in Latin America) were analysed. Of these, the ICFR Audit Unit reviewed 45 ITGCs, 3 ELCs (in Spain) and 1,036 activity controls (284 in Spain and 752 in Latin America). As a result of both the self-assessment process and the review carried out by the ICFR Audit Unit, 63 control weaknesses (which do not significantly affect the quality of the financial information) were identified (46 in Spain, 14 in Latin America and 3 in respect of ITGC). Plans have been devised to remedy all these weaknesses.

In keeping with the foregoing, Endesa’s management believes that the ICFR model for the period elapsing between 1 January and December 31, 2013 proved effective and that the controls and procedures in place to provide reasonable assurance that the information disclosed by the Group to the market is reliable and adequate are similarly effective.

F.5.2. A discussion procedure whereby the auditor (pursuant to TAS), the internal audit function and other experts can report any significant internal control weaknesses encountered during their review of the financial statements or other assignments, to the company’s senior management and its audit committee or board of directors. State also whether the entity has an action plan to correct or mitigate the weaknesses found.

The internal audit function reports regularly to Senior Management and the Audit Committee on any material internal control weaknesses identified in the review of the different processes during the year, similarly reporting on the status of any action plans put in place to mitigate these weaknesses.

Endesa’s auditor has access to Endesa Senior Management, to which end it holds regular meetings in order to gather the information needed to perform its work and to notify any control weaknesses encountered in the course of its work. The auditor also reports to the Audit and Compliance Committee twice a year on the conclusions drawn from its review of Endesa’s financial statements, additionally presenting any matter deemed relevant.

The auditor presents Senior Management and the Audit and Compliance Committee with a report each year detailing the internal control weaknesses uncovered in the course of its work. This report incorporates all the feedback provided by Endesa’s management and details of any action plans set in motion to correct the corresponding internal control weaknesses.

F.6. Other relevant information

All of Endesa’s material ICFR disclosures are covered in the preceding sections of this report.

F.7. External auditor report

State whether:

F.7.1. The ICFR information supplied to the market has been reviewed by the external auditor, in which case the corresponding report should be attached. Otherwise, explain the reasons for the absence of this review.

In keeping with article 61 bis (h) of Spain’s Securities Market Act (Law 24/88, of 28 July 1988) and CNMV Circular 5/2013 of 12 June 2013, Endesa includes in its 2013 Annual Corporate Governance Report a description of the main features of its internal control and risk management systems with regard to statutory financial reporting, following the structure proposed in the aforementioned Circular.

In addition, Endesa has considered it appropriate to ask its external auditor to issue a report on its review of the information disclosed in this ICFR report in accordance with the pertinent professional conduct guide.
G. Degree of Compliance with Corporate Governance Recommendations

Indicate the degree of the company’s compliance with Corporate Governance recommendations.

Should the company not comply with any of the recommendations or comply only in part, include a detailed explanation of the reasons so that shareholders, investors and the market in general have enough information to assess the company’s behaviour. General explanations are not acceptable.

1. The bylaws of listed companies should not place an upper limit on the votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the company by means of share purchases on the market.

See sections: A.10, B.1, B.2, C.1.23 and C.1.24.

Compliant

2. When a dominant and a subsidiary company are stock market listed, the two should provide detailed disclosure on:

   a) The type of activity they engage in, and any business dealings between them, as well as between the subsidiary and other group companies;

   b) The mechanisms in place to resolve possible conflicts of interest.

See sections: D.4 and D.7

Not applicable

3. Even when not expressly required under company law, any decisions involving a fundamental corporate change should be submitted to the general shareholders’ meeting for approval or ratification. In particular:

   a) The transformation of listed companies into holding companies through the process of subsidiarisation, i.e. reallocating core activities to subsidiaries that were previously carried out by the originating firm, even though the latter retains full control of the former;

   b) Any acquisition or disposal of key operating assets that would effectively alter the company’s corporate purpose;

   c) Operations that effectively add up to the company’s liquidation

See section: B.6

Compliant

4. Detailed proposals of the resolutions to be adopted at the general shareholders’ meeting, including the information stated in Recommendation 27, should be made available at the same time as the publication of the meeting notice.

Compliant

5. Separate votes should be taken at the general meeting on materially separate items, so shareholders can express their preferences in each case. This rule shall apply in particular to:

   a) The appointment or ratification of directors, with separate voting on each candidate;

   b) Amendments to the bylaws, with votes taken on all articles or group of articles that are materially different.

Compliant

6. Companies should allow split votes, so financial intermediaries acting as nominees on behalf of different clients can issue their votes according to instructions.

Compliant
7. The board of directors should perform its duties with unity of purpose and independent judgement, according all shareholders the same treatment. It should be guided at all times by the company’s best interest and, as such, strive to maximise its value over time.

It should likewise ensure that the company abides by the laws and regulations in its dealings with stakeholders; fulfils its obligations and contracts in good faith; respects the customs and good practices of the sectors and territories where it does business; and upholds any additional social responsibility principles it has subscribed to voluntarily.

Compliant

8. The board should see the core components of its mission as to approve the company’s strategy and authorise the organisational resources to carry it forward, and to ensure that management meets the objectives set while pursuing the company’s interests and corporate purpose. As such, the board in full should reserve the right to approve:

a) The company’s general policies and strategies, and, in particular:

i) The strategic or business plans, management targets and annual budgets;

ii) Investment and financing policy;

iii) Design of the structure of the corporate group;

iv) Corporate governance policy;

v) Corporate social responsibility policy;

vi) Remuneration and evaluation of senior officers;

vii) Risk control and management, and the periodic monitoring of internal information and control systems;

viii) Dividend policy, as well as the policies and limits applying to treasury stock.

See sections: C.1.14, C.1.16 and E.2

b) The following decisions:

i) On the proposal of the company’s chief executive, the appointment and removal of senior officers, and their compensation clauses;

ii) Directors’ remuneration, and, in the case of executive directors, the additional remuneration for their executive functions and other contract conditions;

iii) The financial information that all listed companies must periodically disclose;

iv) Investments or operations considered strategic by virtue of their amount or special characteristics, unless their approval corresponds to the general shareholders’ meeting;

v) The creation or acquisition of shares in special purpose vehicles or entities resident in countries or territories considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.

c) Transactions which the company conducts with directors, significant shareholders, shareholders with board representation or other persons related thereto (“related-party transactions”).

However, board authorisation need not be required for related-party transactions that simultaneously meet the following three conditions:

1. They are governed by standard form contracts applied on an across-the-board basis to a large number of clients;
2. They go through at market prices, generally set by the person supplying the goods or services;

3. Their amount is no more than 1% of the company’s annual revenues.

It is advisable that related-party transactions should only be approved on the basis of a favourable report from the audit committee or some other committee handling the same function; and that the directors involved should neither exercise nor delegate their votes, and should withdraw from the meeting room while the board deliberates and votes.

Ideally, the above powers should not be delegated with the exception of those mentioned in b) and c), which may be delegated to the executive committee in urgent cases and later ratified by the full board.

See sections: D.1 and D.6

Compliant

9. In the interests of maximum effectiveness and participation, the board of directors should ideally comprise no fewer than five and no more than fifteen members.

See section: C.1.2

Compliant

10. External directors, proprietary and independent, should occupy an ample majority of board places, while the number of executive directors should be the minimum practical bearing in mind the complexity of the corporate group and the ownership interests they control.

See sections: A.3 and C.1.3.

Compliant

11. That among external directors, the relation between proprietary members and independents should match the proportion between the capital represented on the board by proprietary directors and the remainder of the company’s capital.

This proportional criterion can be relaxed so the weight of proprietary directors is greater than would strictly correspond to the total percentage of capital they represent:

1. In large cap companies where few or no equity stakes attain the legal threshold for significant shareholdings, despite the considerable sums actually invested.

2. In companies with a plurality of shareholders represented on the board but not otherwise related.

See sections: A.2, A.3 and C.1.3

Compliant

12. The number of Independent Directors should represent at least one third of all board members.

See section: C.1.3

Explanation

The Board comprises nine Directors: four Proprietary Directors (44%), three Executive Directors (33.33%) and two Independent Directors (22.22%) In order to adequately assess the proportion of types of Directors on the Board, or in the specific case, the number of Independent Directors, it is necessary to look at the Company’s capital structure. 92.063% of Endesa is held by a single shareholder, Enel, S.p.A., while the remaining 7.94% is free float (i.e., not held by any significant shareholder). In other words, even though Endesa’s free float is only 7.94%, 22% of its Directors are independent. Therefore, even though Endesa is not strictly compliant with this Recommendation, it considers the number of Independent Directors to be correct.
13. The nature of each director should be explained to the general meeting of shareholders, which will make or ratify his or her appointment. Such determination should subsequently be confirmed or reviewed in each year’s Annual Corporate Governance Report, after verification by the nomination committee. The said Report should also disclose the reasons for the appointment of proprietary directors at the urging of shareholders controlling less than 5% of capital; and explain any rejection of a formal request for a board place from shareholders whose equity stake is equal to or greater than that of others applying successfully for a proprietary directorship.

See sections: C.1.3 and C.1.8

Compliant

14. When women directors are few or non existent, the nomination committee should take steps to ensure that, when new vacancies arise:

a) The process of filling board vacancies has no implicit bias against women candidates;

b) The company makes a conscious effort to include women with the target profile among the candidates for board places.

See sections: C.1.2, C.1.4, C.1.5, C.1.6, C.2.2 and C.2.4.

Complaint

15. The chairman, as the person responsible for the proper operation of the board of directors, should ensure that directors are supplied with sufficient information in advance of board meetings, and work to procure a good level of debate and the active involvement of all members, safeguarding their rights to freely express and adopt positions; he or she should organise and coordinate regular evaluations of the board and, where appropriate, the company’s chief executive, along with the chairmen of the relevant board committees.

See sections: C.1.19 and C.1.41

Compliant

16. When a company’s chairman is also its chief executive, an independent director should be empowered to request the calling of board meetings or the inclusion of new business on the agenda; to coordinate and give voice to the concerns of external directors; and to lead the board’s evaluation of the chairman.

See section: C.1.22

Not applicable

17. The Secretary should take care to ensure that the board’s actions:

a) Adhere to the spirit and letter of laws and their implementing regulations, including those issued by regulatory agencies;

b) Comply with the company bylaws and the regulations of the general shareholders’ meeting, the board of directors and others;

c) Are informed by those good governance recommendations of the Unified Code that the Company has subscribed to.

In order to safeguard the independence, impartiality and professionalism of the secretary, his or her appointment and removal should be proposed by the nomination committee and approved by a full board meeting; the relevant appointment and removal procedures being spelled out in the board’s regulations.

See section: C.1.34

Compliant
18. The board should meet with the necessary frequency to properly perform its functions, in accordance with a calendar and agendas set at the beginning of the year, to which each director may propose the addition of other items.

See section: C.1.29

Partially compliant

Regarding the inclusion of new matters on the agenda, article 47 of the Bylaws states that the Board will deliberate on those matters contained on the agenda and also on all those matters that the Chairman or majority of the Directors present or represented, propose. Likewise, article 10 of the Regulations of the Board of Directors states that one third of the members of the Board may, prior to the holding of the Meeting, request the inclusion of such items as they may see fit to deal with.

19. Director absences should be kept to the bare minimum and quantified in the Annual Corporate Governance Report. When directors have no choice but to delegate their vote, they should do so with instructions.

See sections: C.1.28, C.1.29 and C.1.30

Compliant

20. When directors or the secretary express concerns about some proposal or, in the case of directors, about the company’s performance, and such concerns are not resolved at the meeting, the person expressing them can request that they be recorded in the minute book.

Not applicable

21. The board in full should evaluate the following points on a yearly basis:

a) The quality and efficiency of the board’s operation;

b) Starting from a report submitted by the nomination committee, how well the chairman and chief executive have carried out their duties;

c) The performance of its committees on the basis of the reports furnished by the same.

See sections: C.1.19 and C.1.20

Compliant

22. All directors should be able to exercise their right to receive any additional information they require on matters within the board’s competence. Unless the bylaws or board regulations indicate otherwise, such requests should be addressed to the chairman or the secretary.

See section: C.1.41

Compliant

23. All directors should be entitled to call on the company for the advice and guidance they need to carry out their duties. The company should provide suitable channels for the exercise of this right, extending in special circumstances to external assistance at the company’s expense.

See section: C.1.40

Compliant

24. Companies should organise induction programmes for new directors to acquaint them rapidly with the workings of the company and its corporate governance rules. Directors should also be offered refresher programmes when circumstances so advise.

Compliant

25. Companies should require their directors to devote sufficient time and effort to perform their duties effectively, and, as such:
a) Directors should apprise the nomination committee of any other professional obligations, in case they might detract from the necessary dedication;

b) Companies should lay down rules about the number of directorships their board members can hold.

See sections: C.1.12, C.1.13 and C.1.17

Partially compliant

With regard to b) above, the Company does not deem it necessary to lay down formal rules about the number of directorships its Board members can hold as the Directors are aware of and fully comply with the Directors’ duties laid down in the Corporate Enterprises Act and the Company’s Bylaws, namely due diligence and loyalty in performing their duties, among others.

26. The proposal for the appointment or renewal of directors which the board submits to the general shareholders’ meeting, as well as provisional appointments by the method of co-option, should be approved by the board:

a) On the proposal of the nomination committee, in the case of independent directors.

b) Subject to a report from the nomination committee in all other cases.

See section: C.1.3

Compliant

27. Companies should post the following director particulars on their websites, and keep them permanently updated:

a) Professional experience and background;

b) Directorships held in other companies, listed or otherwise;

c) An indication of the director’s classification as executive, proprietary or independent; in the case of proprietary directors, stating the shareholder they represent or have links with.

d) The date of their first and subsequent appointments as a company director; and

e) Shares held in the company and any options on the same.

Compliant

28. Proprietary directors should resign when the shareholders they represent dispose of their ownership interest in its entirety. If such shareholders reduce their stakes, thereby losing some of their entitlement to proprietary directors, the latter’s number should be reduced accordingly.

See sections: A.2, A.3 and C.1.2

Compliant

29. The board of directors should not propose the removal of independent directors before the expiry of their tenure as mandated by the bylaws, except where just cause is found by the board, based on a proposal from the nomination committee. In particular, just cause will be presumed when a director is in breach of his or her fiduciary duties or comes under one of the disqualifying grounds enumerated in Ministerial Order ECC/461/2013.

The removal of independents may also be proposed when a takeover bid, merger or similar corporate operation produces changes in the company’s capital structure, in order to meet the proportionality criterion set out in Recommendation 11.

See sections: C.1.2, C.1.9, C.1.19 and C.1.27

Compliant
30. Companies should establish rules obliging directors to inform the board of any circumstance that might harm the organisation’s name or reputation, tendering their resignation as the case may be, with particular mention of any criminal charges brought against them and the progress of any subsequent trial.

The moment a director is indicted or tried for any of the crimes stated in article 213 of the Corporate Enterprises Act, the board should examine the matter and, in view of the particular circumstances and potential harm to the company’s name and reputation, decide whether or not he or she should be called on to resign. The board should also disclose all such determinations in the Annual Corporate Governance Report.

See sections: C.1.42, C.1.43

Compliant

31. All directors should express clear opposition when they feel a proposal submitted for the board’s approval might damage the corporate interest. In particular, independents and other directors unaffected by the conflict of interest should challenge any decision that could go against the interests of shareholders lacking board representation.

When the board makes material or reiterated decisions about which a director has expressed serious reservations, then he or she must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next Recommendation.

The terms of this Recommendation should also apply to the secretary of the board, director or otherwise.

Not applicable

32. Directors who give up their place before their tenure expires, through resignation or otherwise, should state their reasons in a letter to be sent to all members of the board. Irrespective of whether such resignation is filed as a significant event, the motive for the same must be explained in the Annual Corporate Governance Report.

See section: C.1.9

Not applicable

33. Remuneration comprising the delivery of shares in the company or other companies in the group, share options or other share-based instruments, payments linked to the company’s performance or membership of pension schemes should be confined to executive directors.

The delivery of shares is excluded from this limitation when directors are obliged to retain them until the end of their tenure.

Complaint

34. External directors’ remuneration should sufficiently compensate them for the dedication, abilities and responsibilities that the post entails, but should not be so high as to compromise their independence.

Compliant

35. In the case of remuneration linked to company earnings, deductions should be computed for any qualifications stated in the external auditor’s report.

Not applicable

36. In the case of variable awards, remuneration policies should include technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company’s sector, atypical or exceptional transactions or circumstances of this kind.

Compliant
37. When the company has an executive committee, the breakdown of its members by director category should be similar to that of the board itself. The secretary of the board should also act as secretary to the executive committee.

*See sections: C.2.1 and C.2.6*

**Complaint**

38. The board should be kept fully informed of the business transacted and decisions made by the executive committee. To this end, all board members should receive a copy of the committee’s minutes.

*See sections: C.2.1 and C.2.4*

**Explanation**

At the beginning of all Board meetings, the Chairman of the Executive Committee verbally informs all members present of the decisions taken by the Executive Committee.

39. In addition to the audit committee mandatory under the Securities Market Act, the board of directors should form a committee, or two separate committees, of nomination and remuneration.

The rules governing the make-up and operation of the audit committee and the committee or committees of nomination and remuneration should be set forth in the board regulations, and include the following:

a) The board of directors should appoint the members of such committees with regard to the knowledge, aptitudes and experience of its directors and the terms of reference of each committee; discuss their proposals and reports; and be responsible for overseeing and evaluating their work, which should be reported to the first board plenary following each meeting;

b) These committees should be formed exclusively of external directors and have a minimum of three members. Executive directors or senior officers may also attend meetings, for information purposes, at the committees’ invitation.

c) Committees should be chaired by an independent director.

d) They may engage external advisors, when they feel this is necessary for the discharge of their duties.

e) Meeting proceedings should be minuted and a copy of the minutes sent to all board members.

*See sections: C.2.1 and C.2.4*

**Partially compliant**

With regard to item b) above, we would note that an Executive Director sits on the Audit and Compliance Committee. Even though the Recommendation states that all members should be external, the Company believes it is important that this Executive Director sit on the Committee given his experience and professional knowledge of this area.

Also, and with regard to e) above, we would note that all meetings are minuted but that copies are not sent to all Board members as all Committee members are also Board members. Also, at the beginning of each Board meeting the Chairmen of both Committees verbally inform all members present of the decisions taken at Committee meetings.

40. The job of supervising compliance with internal codes of conduct and corporate governance rules should be entrusted to the audit committee, the nomination committee or, as the case may be, separate compliance or corporate governance committees.

*See sections: C.2.3 and C.2.4*

**Compliant**

41. All members of the audit committee, particularly its chairman, should be appointed with regard to their
knowledge and background in accounting, auditing and risk management matters.

Compliant

42. Listed companies should have an internal audit function, under the supervision of the audit committee, to ensure the proper operation of internal reporting and control systems.

See section: C.2.3

Compliant

43. The head of internal audit should present an annual work programme to the audit committee, report to it directly on any incidents arising during its implementation, and submit an activities report at the end of each year.

Compliant

44. Control and risk management policy should specify at least:

a) The different types of risk (operational, technological, financial, legal, reputational, ...) the company is exposed to, with the inclusion under financial or economic risks of contingent liabilities and other off-balance sheet risks;

b) The determination of the risk level the company sees as acceptable;

c) Measures in place to mitigate the impact of risk events should they occur;

d) The internal reporting and control systems to be used to control and manage the above risks, including contingent liabilities and off-balance sheet risks.

See section: E

Compliant

45. The audit committee’s role should be:

1. With respect to internal control and reporting systems:

a) Properly manage and disclose the main risks identified as a result of the supervision of the efficacy of the company’s internal control and internal audit.

b) Monitor the independence and efficacy of the internal audit function; propose the selection, appointment, reappointment and removal of the head of internal audit; propose the department’s budget; receive regular report-backs on its activities; and verify that senior management are acting on the findings and recommendations of its reports.

c) Establish and supervise a mechanism whereby staff can report, confidentially and, if necessary, anonymously, any irregularities they detect in the course of their duties, in particular financial or accounting irregularities, with potentially serious implications for the firm.

2. With respect of the external auditor:

a) Receive regular information from the external auditor on the progress and findings of the audit programme and check that senior management are acting on its recommendations.

b) Monitor the independence of the external auditor, to which end:

i) The company should notify any change of auditor to the CNMV as a significant event, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same.
ii) The committee should investigate the issues giving rise to the resignation of any external auditor.

*See sections: C.1.36, C.2.3, C.2.4 and E.2*

Compliant

**46.** The audit committee should be empowered to meet with any company employee or manager, even ordering their appearance without the presence of another senior officer.

Compliant

**47.** The audit committee should prepare information on the following points from Recommendation 8 for input to board decision-making:

a) The financial information that all listed companies must periodically disclose. The committee should ensure that interim statements are drawn up under the same accounting principles as the annual statements and, to this end, may ask the external auditor to conduct a limited review.

b) The creation or acquisition of shares in special purpose vehicles or entities resident in countries or territories considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.

c) Related-party transactions, except where their scrutiny has been entrusted to some other supervision and control committee.

*See sections: C.2.3 and C.2.4*

Compliant

**48.** The board of directors should seek to present the annual accounts to the general shareholders’ meeting without reservations or qualifications in the audit report. Should such reservations or qualifications exist, both the chairman of the audit committee and the auditors should give a clear account to shareholders of their scope and content.

*See section: C.1.38*

Compliant

**49.** The majority of nomination committee members — or nomination and remuneration committee members as the case may be — should be independent directors.

*See section: C.2.1*

**Explanation**

The Appointments and Remuneration Committee comprises four members: 50% are Independent Directors and 50% Proprietary Directors. However, it should be noted that 92.063% of the share capital is held by a single shareholder and that the Board comprises only two Independent Directors who also sit on the Appointments and Remuneration Committee.

**50.** The nomination committee should have the following functions in addition to those stated in earlier Recommendations:

a) Evaluate the balance of skills, knowledge and experience on the Board, define the roles and capabilities required of the candidates to fill each vacancy, and decide the time and dedication necessary for them to properly perform their duties.

b) Examine or organise, in appropriate form, the succession of the chairman and chief executive, making recommendations to the board so the handover proceeds in a planned and orderly manner.

c) Report on the senior officer appointments and removals which the chief executive proposes to the board.
d) Report to the board on the gender diversity issues discussed in Recommendation 14 of this Code.

See section: C.2.4

Partially compliant

With regard to b) above we would note that even though the Company’s internal regulations contain a provision to organise the succession of the Chairman, Deputy Chairman and Chief Executive Officer, there is no formal protocol or internal procedure in place. However, given the current structure of Endesa’s share capital, i.e. with a controlling shareholder holding 92.063%, we believe it is appropriate that the said shareholder directly intervenes in planning and organising these successions.

51. The nomination committee should consult with the company’s chairman and chief executive, especially on matters relating to executive directors.

Any board member may suggest directorship candidates to the nomination committee for its consideration.

Complaint

52. The remuneration committee should have the following functions in addition to those stated in earlier Recommendations:

a) Make proposals to the board of directors regarding:

i) The remuneration policy for directors and senior officers;

ii) The individual remuneration and other contractual conditions of executive directors;

iii) The standard conditions for senior officer employment contracts.

b) Oversee compliance with the remuneration policy set by the company.

See sections: C.2.4

Complaint

53. The remuneration committee should consult with the chairman and chief executive, especially on matters relating to executive directors and senior officers.

Compliant
H. Other Information of Interest

1. If you consider that there is any material aspect or principle relating to the Corporate Governance practices followed by your company or its group of companies that has not been addressed in this report and which is necessary to provide a more comprehensive view of the corporate governance structure and practices at the company or group, specify and explain below.

2. You may include in this section any other information, clarification or observation related to the above sections of this report.

C.1.16 Alfonso López Sánchez resigned from the Company in 2013, while Alberto Fernández Torres and Federico Fea joined as members of senior management.

Specifically indicate whether the company is subject to corporate governance legislation from a country other than Spain and, if so, include the compulsory information to be provided when different to that required by this report.

3. Also state whether the company voluntarily subscribes to other international, sectorial or other ethical principles or standard practices. If applicable identify the code and date of adoption.

*Code of Best Practices*

On 20 December 2010, the Board of Directors of Endesa, S.A. approved the adoption of the Code of Best Tax Practices. At its meeting on 24 February 2014, the Audit and Compliance Committee approved the Company’s tax policies pursuant to this Code.

This annual corporate governance report was adopted by the company’s board of directors at its meeting held on 24 February 2014.

Indicate whether any directors voted against or abstained from voting on the approval of this Report.

No
ENDESA Group

Auditor's report on the "Information relating to Internal Control over Financial Reporting (ICFR-SCIIF in Spanish)" for 2013
Translation of a report originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails.

Auditor's report on the "Information relating to Internal Control Over Financial Reporting (ICFR-SCII in Spanish)" of the ENDESA Group for 2013

To the Directors,

At the request of the management of ENDESA, S.A. (the Parent Company) and its subsidiaries (the Group), and in accordance with our engagement letter dated December 5, 2013, we have performed certain procedures on the accompanying "ICFR-related information" included in the 2013 Annual Corporate Governance Report of the Group, which summarizes the Company’s Internal control procedures regarding annual financial information.

The Board of Directors is responsible for taking appropriate measures to reasonably ensure the implementation, maintenance, supervision, and improvement of a correct internal control system, as well as preparing and establishing the content of all the related accompanying ICFR data.

It is worth noting that apart from the quality of design and operability of the ENDESA Group’s internal control system in relation to its annual financial information, it only provides a reasonable, rather than absolute, degree of security regarding its objectives due to the inherent limitations to the internal control system as a whole.

Throughout the course of our audit work on the financial statements, and in conformity with Technical Auditing Standards, the sole purpose of our evaluation of the Group's internal control system was to establish the scope, nature, and timing of the audit procedures performed on the Company's financial statements. Therefore, our internal control assessment, performed for the audit of the aforementioned financial statements, was not sufficiently extensive to enable us to issue a specific opinion on the effectiveness of the internal control over the regulated annual financial information issued.

For the purpose of issuing this report, we exclusively applied the following specific procedures described below and indicated in the Guidelines on the Auditors' report relating to information on the Internal Control over Financial Reporting on Listed Companies, published by the Spanish National Securities Market Commission on its website, which establishes the work to be performed, the minimum scope thereof and the content of this report. Given that the scope of the abovementioned procedures performed was limited and substantially less than that of an audit or a review on the internal control system, we have not expressed an opinion regarding its efficacy, design, or operational effectiveness regarding the Company's annual financial information for 2013 described in the accompanying ICFR. Consequently, had we performed procedures additional to those shown in the abovementioned Guidelines, or carried out an audit or review on the internal control system of regulated annual financial information, other matters might have come to our attention which would have been reported to you.

Since this special engagement does not constitute an audit of the financial statements or a review in accordance with Royal Decree 1/2011, dated July 1, enacting the revised Audit Law, we do not express an opinion in the terms established therein.
The following procedures were applied:

1. Read and understand the information prepared by the Group in relation to the ICFR - which is provided in the disclosure information included in the Management Report - and assess whether such information addresses all the required information which will follow the minimum content detailed in Section F, relating to the description of the ICFR, as per the Annual Corporate Governance Report model established by CNMV Circular nº 5/2013 dated June 12, 2013.

2. Question personnel in charge of preparing the information described in the above section 1, to: (i) obtain an understanding of its preparation process; (ii) obtain information making it possible to evaluate whether the terminology employed is in line with reference framework definitions; (iii) gather information regarding whether the described control procedures are implemented and functioning within the Group.

3. Review the explanatory documentation supporting the information described in section 1 above, which should, mainly, include that information directly provided to those in charge of preparing the descriptive ICFR information. This documentation includes reports prepared by the internal audit function, senior executives and other internal/external specialists in their role supporting the Audit Committee.

4. Compare the information contained in section 1 above with the Group's ICFR knowledge obtained as a result of performing the procedures within the framework of auditing the financial statements.

5. Read the minutes of the Board of Directors Meetings, Audit Committee, and other Company commissions in order to evaluate the consistency between issues described in the minutes related to the ICFR and information discussed in section 1 above.

6. Obtain the representation letter related to the work performed, duly signed by those responsible for preparing and authorizing the issuance of the information discussed in section 1 above.

As a result of the procedures applied on the ICFR-related information, no inconsistencies or inci cences have come to our attention which might affect it.

This report was prepared exclusively within the framework of the requirements of Spanish Securities Market Law 24/1988, of July 28, amended by the Sustainable Economy Law 2/2011, of March 4, and by Circular nº 5/2013, of June 12, of the Spanish National Securities Market Commission related to the description of the ICFR in the Annual Corporate Governance Report.

ERNST & YOUNG, S.L.

(Signed on the original in Spanish)

José Luis Perelli Alonso

February 25, 2014
This publication has been produced according to the ISO 9001:2008 Quality Management System and the ISO 14001:2004 Environmental Management System standards. These standards verify that at all times both production processes and waste management are carried out to the highest standards according to current legislation.

All paper used is elemental chlorine-free (ECF) with neutral pH and free of heavy metals.

Printed on FSC® certified paper
Endesa is an Enel Group Company