

Code of Ethics

Contents

1. Introduction	5
2. General principles	9
3. Business conduct guidelines	
Section I. Business conduct guidelines for dealing with shareholders	15
Section II. Business conduct guidelines for dealing with all other stakeholders	19
Chapter I. Business conduct guidelines for dealing with employees	22
Chapter II. Business conduct guidelines for dealing with customers	30
Chapter III. Business conduct guidelines for dealing with suppliers	33
Chapter IV. Business conduct guidelines for dealing with society	36
4. Implementation and enforcement	
Audit and Compliance Committee duties with respect to implementing and overseeing the Code of Ethics	45

CODE OF ETHICS

1. Introduction

This Code itemises the ethical business commitments and duties to which the professionals at Endesa, S.A. and its subsidiaries¹, be they directors or staff at these companies and no matter their position, are bound in the course of managing the businesses and their corporate activities.

Endesa's mission is to generate and distribute value in the international energy market by delivering what its customers need, generating shareholder returns, contributing to raising the competitiveness of its operating markets and meeting the expectations of everyone working for the company.

Endesa is beholden to its communities, protecting the environment and ensuring personal safety, all with a view to ensuring a better world for future generations.

Endesa aspires to erect and preserve relationships built on trust in the areas in which it has business interests, i.e., with the categories of individuals, groups or institutions whose contribution is necessary to enabling Endesa to achieve its mission or which have any stake whatsoever in this mission or in Endesa's ability to attain its objectives.

Stakeholders encompass all parties that make investments that are entwined with Endesa's business activities, firstly its shareholders, and latterly, its professionals, customers, suppliers and partners. In the broader sense, stakeholders similarly encompass all individuals and groups, including the organisations and institutions that they represent, whose interests are influenced directly or indirectly by the activities of Endesa: this broader definition brings the local and national communities where Endesa has business operations, environmental associations, the generations to come, etc. into the stakeholder fold.

Unethical behaviour compromises the relationship of trust between Endesa and its stakeholders. Conduct by any party, be it an individual or organisation, designed to appropriate the benefits of the contributions of others for themselves, taking advantage of positions of power, is deemed unethical and fosters hostilities in relation to the company. A good corporate reputation is an essential intangible asset.

A healthy reputation in dealings with third parties nurtures and boosts shareholder investing, customer loyalty, the ability to attract the best talent, supplier trust and credibility *vis-à-vis* creditors. In internal relations, a good reputation contributes to conflict-free decision making and execution, while facilitating a working environment free of red tape and excessive use of authority.

Since the Code of Ethics outlines Endesa's obligations *vis-à-vis* all stakeholders (fiduciary duties), adherence to it is used as a benchmark for assessing Endesa's reputation. Against this backdrop, the Code of Ethics comprises:

- The general principles governing relations with stakeholders that define Endesa's benchmark business principles in an abstract manner
- The standards of conduct for dealing with all stakeholders, enshrining the specific guidelines and rules which Endesa's professionals must adhere to in order to uphold the general principles and avoid unethical behaviour
- Implementation mechanisms which describe the system for monitoring and enforcing compliance with the Code of Ethics as well as facilitating ongoing improvement

This Code, framed by a cooperative spirit, is intended to generate mutually beneficial advantages for the stakeholders, respecting each party's role at all times. Endesa therefore requires that all its stakeholders engage with it so as to uphold principles and rules inspired by an equivalent notion of ethical business conduct.

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

Further, Endesa requires that all affiliated companies and investees and its main suppliers and partners conduct themselves in a manner consistent with the general principles set out in this Code.

The Code of Ethics is valid in Spain and abroad, albeit at all times respecting the cultural, social and economic differences across the various countries in which Endesa operates.

¹ Hereinafter, "Endesa" shall refer to Endesa, S.A. and all its direct and indirect subsidiaries.

2. General principles

2.1 Impartiality

In decisions that influence its stakeholder relationships (e.g., selecting clients for service supply, shareholder dealings, HR management, work allocation, supplier and partner selection and management, interactions with neighbouring communities and the institutions representing them), Endesa avoids all manner of discrimination by virtue of the age, gender, sexual orientation, health, nationality, political leanings or religious convictions of its counterparties.

2.2 Honesty

In the performance of their professional duties, Endesa's professionals must duly respect prevailing law, the Code of Ethics and in-house rules. Under no circumstances may the interests of Endesa be used to justify dishonest behaviour.

2.3 Appropriate conduct in the event of conflicts of interest

All efforts must be made in the pursuit of any goal to avoid situations in which the parties implicated in a transaction are or appear to be conflicted. A conflict of interests is understood as a situation in which a professional has interests that diverge from the company's mission and the balance of interests of the implicated parties, situations in which a professional uses the companies' business opportunities for personal gain and situations in which the parties representing customers, suppliers or public authorities act against the fiduciary duties implied by their positions in dealing with Endesa.

2.4 Confidentiality

Endesa pledges that the information in its possession will be kept confidential and refrains from seeking out inside information unless so doing is expressly authorised and also provided for in prevailing legislation. Moreover, use by Endesa's professionals of inside information for non job-related purposes, such as insider trading or market manipulation, is not tolerated.

2.5 Shareholder relations

Existing and prospective shareholders are not simply a source of financing but parties with a variety of moral opinions and predilections. As a result, shareholders need all available information of significance to guide them in their investment decision-making and social deliberations. Endesa seeks to create an environment that is propitious to facilitating broad and well-informed shareholder participation in the decisions falling within their remit, promising that all shareholders will receive the same information. It also defends the interests of Endesa and its shareholders as a whole against initiatives that are not guided by the principles of transparency and ethical conduct.

2.6 Protection of shareholders' investments

Endesa works towards financial targets that safeguard and increase the company's value so as to adequately reward its shareholders for the risks they assume by investing their capital.

2.7 Value of human capital

Endesa's professionals are essential to the company's success. For this reason, Endesa nurtures and fosters the value of its human capital with a view to enhancing and increasing each professional's skill sets and competitive standing.

2.8 Management fairness

In the arrangement and management of contractual relationships that imply official hierarchical structures, especially in relation to employees, Endesa pledges to ensure that authority is used fairly and properly and is never abused.

Specifically, Endesa ensures that authority does not translate into the exercise of power so as to undermine employee dignity or autonomy and promises that work allocation decisions will protect the value of its employees.

2.9 Integrity

Endesa guarantees the physical and moral integrity of its employees, working conditions that respect individual dignity, rules of conduct inspired by good manners and safe and healthy workplace environments. Further, it acts so that episodes of harassment or bullying do not occur in the workplace.

The company will not tolerate solicitations or threats intended to incite people to break the law or violate the Code of Ethics or to behave in a manner that contradicts their moral or personal convictions.

2.10 Information transparency and integrity

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. Specifically, when it comes to arranging potential contracts, Endesa takes special care to inform the counterparty, in a clear and comprehensible manner, of the conduct required of him or her in all foreseeable circumstances.

2.11 Diligence and precision in executing tasks and fulfilling contracts

Work contracts and assignments must be undertaken in keeping with the terms willingly agreed between the parties. Endesa undertakes not to take advantage of possible ignorance, lack of knowledge or inability on the part of the counterparty.

2.12 Propriety and fairness in managing and possibly renegotiating contracts

Endesa shall endeavour to prevent situations whereby someone acting in the name or on behalf of Endesa could attempt to take advantage of potential contractual loopholes or unforeseen developments to renegotiate a contract with a view to taking advantage of a possible weak bargaining position as a consequence of a situation of dependence or otherwise on the part of the counterparty.

2.13 Supply and product quality

Endesa aims to please its customers by satisfying their needs and upholding their interests, taking into consideration suggestions designed to enhance the quality of its products and services. To this end, Endesa directs its research, development and marketing activities to the attainment of high standards of service and product quality.

2.14 Fair competition

Endesa aims to uphold the principle of fair competition by abstaining from collusive or predatory behaviour and from abusing its position of power.

2.15 Social responsibility

Endesa is aware of the impact, albeit indirect, that its business activities can have on the living conditions, economic and social development and general well-being of society at large, as well as the importance of generating social goodwill in its operating markets.

To this end, Endesa aims to make environmentally sustainable investments, respecting its local and national communities and supporting social welfare and cultural initiatives in order to enhance its reputation and social goodwill.

2.16 Environmental protection

The environment is a primary good that Endesa pledges to protect; for this purpose, it calibrates its business activities with a view to striking a balance between financial imperatives and essential environmental requirements, considering unwaveringly the rights of the generations to come.

Endesa undertakes, therefore, to reduce its environmental footprint and the impact of its business activities on the landscape and to prevent risks for the population and the environment not only by upholding prevailing regulations but also factoring in the progress being made on the scientific research front and best practice in the environmental protection field.

3. Business conduct guidelines

Section I.

Business conduct guidelines for dealing with shareholders

3.1 Corporate governance

Endesa has adopted a corporate governance system inspired by the highest standards of transparency and propriety in business management. This corporate governance system complies with all applicable legislation, the standards required by the CNMV (Spanish securities market regulator), including the Unified Code of Good Governance approved in 2006, and best international practice.

As well as constituting an essential tool for guaranteeing effective management and due oversight of its business activities, the corporate governance system adopted by Endesa is intended to:

- Create value for shareholders
- Boost customer service standards
- Keep business risks in check
- Enhance transparency *vis-à-vis* the market
- Reconcile the interests of all members of its shareholder ranks, especially minority shareholders
- Promote awareness of the ramifications of Endesa's business activities and the attendant need to devote due consideration to all vested interests in pursuit of such activities

The governance bodies tasked with pursuing these objectives are primarily the General Shareholders' Meeting, the Board of Directors and its expert and advisory committees, the Chairman, Chief Executive Officer and Audit and Compliance Committee of Endesa S.A.

In the internal control arena, Endesa has adopted a system specifically designed to: (i) check that the various business processes are adequate in terms of efficiency and effectiveness, including cost effectiveness; (ii) guarantee the reliability and accuracy of the accounting records; (iii) safeguard the company's assets; and (iv) ensure that its business operations comply with the internal and external standards and business guidelines in place to guarantee solid and effective management.

The process by which Endesa S.A. engages its auditor to audit its individual and consolidated annual financial statements is fully transparent and compliant with prevailing regulations.

Any mandate from Endesa to its auditor or parties related thereto to perform work other than the audit should be considered an exceptional development permitted only under patently warranted circumstances (from a legal, financial or service quality standpoint) and limited exclusively to services that the auditor or its related parties are legally permitted to provide.

In order to guarantee the independence of its audit firm and the transparency and propriety of the audit process, the regimes for engaging the auditor or its related parties to provide additional services are governed by specific protocols.

In order to ensure transparency and propriety in substance and in form with respect to related party transactions, Endesa plans to approve a set of rules, which will be duly disclosed to the market, outlining the procedures for approving and executing this class of transactions.

These rules will similarly establish a system of notifications and certifications designed to identify on a timely basis, and at any rate before the transactions are consumed, the related party transactions involving Endesa S.A.'s appointed directors and auditor and the executives entrusted with business strategy duties (or parties related thereto).

3.2 Market information

Endesa acts in a wholly transparent manner, enforcing dedicated procedures for ensuring the accuracy of its corporate disclosures (financial statements, quarterly earnings releases, prospectuses, etc.) and preventing corporate crime (inaccurate or misleading corporate disclosures or impeding the work of the regulatory authorities, etc.) and market abuse (insider trading and market manipulation).

In addition, Endesa discloses all the information needed to enable investors to take their decisions based on familiarity with and understanding of its business strategies and management performance so as to pave the way for the forecast returns on investment.

All of Endesa's financial communications are characterised by not only upholding the various regulatory provisions but also by their use of plain and simple language, for being exhaustive and timely and for treating all investors equally.

Endesa believes it is in its own best interests to maintain an open communications channel with its shareholders as a whole and with its institutional investors in particular based on mutual understanding of the respective roles. In relation to the institutional investor and financial analyst communities, Endesa undertakes to provide suitable information through specific presentations and regular meetings with investors. Specifically as regards its minority investors, Endesa promises to guarantee:

- Equal access to informative documents by publishing all the documents targeted at institutional investors on its website
- Providing such information at the same time as it is provided to institutional investors
- Dynamic tools for contacting the company through the website

3.3 Inside information protection

Endesa has in place specific rules for managing and handling confidential information containing specific references to inside information. These rules contain the protocols for the third-party disclosure of Endesa-related information and documents.

Endesa's officers, staff and other professional collaborators are obliged to refrain from conduct that could give rise to abuse of confidential information or market manipulation by insiders or third parties. In order to ensure the utmost transparency in this respect, it plans to adopt procedures for handling confidential information that conform with prevailing legislation and best practice worldwide.

Endesa's annual report discloses the number of Endesa shares bought and sold by the members of the Board of Directors of Endesa S.A. and the officers tasked with the company's strategic management, as well as the number of shares these parties hold at year-end.

Endesa has established a register (which it updates regularly) itemising the natural and legal persons with access to inside information as a result of their professional activities or the duties undertaken on behalf of Endesa. The purpose of this register is to raise awareness among the parties listed therein of the importance and sensitivity of the inside information to which they have access, facilitating by the same token oversight by the regulatory authorities of compliance with the rules in force to safeguard market integrity.

Section II.

Business conduct guidelines for dealing with all other stakeholders

3.4 Information handling

Endesa handles its stakeholders' information respecting their confidentiality and privacy requirements in full. To this end, Endesa applies and continually updates specific procedures for protecting information. Specifically, Endesa:

- Has established an organisational structure for handling information in order to guarantee due separation of powers and duties
- Classifies information as a function of hierarchical criticality, adopting safeguards appropriate to each level
- Requires third parties with access to information to sign confidentiality agreements

3.5 Gifts, presents and favours

It is forbidden to extend any form of gift that may be interpreted as a gesture that exceeds standard business practice or common courtesy or is in any way designed to bring about preferential treatment in the pursuit of any activity that may be linked to Endesa. More specifically, it is forbidden to extend gifts to Spanish or foreign civil servants, auditors, directors of Endesa S.A. or its subsidiaries or any of their relatives that may influence the independence of their judgement or induce them to guarantee any manner of favour.

This rule may not even be overruled in countries in which gift-giving to business partners is common practice and applies to presents promised or offered as well as to those already received. Note that gifts are deemed to encompass any manner of favour (free participation in seminars, promises of a job offer, etc.). In any event, Endesa refrains from all practices disallowed under applicable legislation or ill-advised by the prevailing business or ethical codes, to the extent it is aware thereof, of the companies or entities with which it has dealings.

The gifts given by Endesa are notably designed to raise the profile of Endesa's brand image. All gift-giving, with the exception of those of negligible value, must be handled and authorised pursuant to the applicable protocols and duly documented. Any Endesa professionals that receive unauthorised gifts or favours should notify the Audit Department of Endesa S.A. which will assess whether or not they are appropriate.

3.6 Third-party communication

Endesa's communication in the areas in which it does business (including through the media) is characterised by respect for the right to information; false or misleading statements or news releases are not tolerated under any circumstances. All communication activities respect applicable laws, rules and standards of professional conduct and are intended to be clear, transparent and timely, paying special attention to the safe-keeping of price-sensitive information and trade secrets.

Endesa avoids any form of pressure or preferential treatment by the media. All press releases can be downloaded from the corporate website (www.endesa.com), thereby maximising access. Endesa's institutional portal also allows users to activate online services, and contains a series of dedicated tabs designed to provide deeper information on issues related to the core business (the environment, ecology, science and the geo-economics of energy resources, etc.) and to facilitate idea interchange and online debate.

To ensure that information remains complete and coherent, Endesa may only interact with the media when coordinated with the pertinent in-house communications departments.

Endesa participates in conferences, seminars and round table forums and sponsors the publication of business-related papers of a technical, scientific, social or economic nature in keeping with the following rules of conduct:

- The participation of a limited number of Endesa professionals at each seminar
- The Communications Department of Endesa S.A. is notified before the event

Chapter I. Business conduct guidelines for dealing with employees

3.7 Hiring

Assessment of job candidates must be predicated on whether their professional profiles match the varying anticipated needs of the business, consistently applying the principal of equal opportunities for all interested parties.

Any information requested of candidates shall serve exclusively to verify aspects relating to the professional profile or psychological aptitude of the candidate, respecting his or her personal opinions and private life at all times. On the basis of the information in its possession, the Organisation and Human Resources Department shall adopt the opportune measures for preventing the use of favouritism, nepotism or other forms of cronyism in the selection and hiring phases (for example, by ensuring that the personnel recruitment officer does not have any blood ties with any of the candidates).

3.8 Employment contracting

Employees must be hired by means of a legal job contract; no manner of illegal work arrangements are tolerated. When signing an employment contract, each employee receives specific information relating to:

- The specifics of the job and associated duties
- Applicable standards and compensation as per the collective agreement
- The rules and procedures to be followed to prevent potential workplace accidents

Employees are asked to acknowledge that they have received and fully understood this information.

3.9 HR management

Endesa refrains from all forms of discrimination with respect to its own employees.

Throughout the HR management and career development process, including the hiring phase, decisions are based on the match between the positions to be filled and the candidates' profiles (e.g., in the case of a promotion or transfer) and/or merit-based considerations (e.g., performance-based bonus payments).

Promotion in terms of duties or job category is similarly based on skills and knowledge; in addition, to the extent compatible with overall workplace efficiency, Endesa promotes a flexible work structure so as to facilitate management of maternity events and childcare in general.

Job performance assessment is as all-encompassing as possible, involving the pertinent superiors, the HR Department and, wherever possible, the other peers that have had professional dealings with the evaluatee.

Based on available information and within the limits imposed by data protection rules, the HR Department is tasked with preventing all forms of nepotism (e.g., by preventing superior-subordinate relationships between relatives).

Prevailing HR policies are made available to all employees through the firm's corporate communication tools (intranet, corporate web TV channel, organisational documentation and memoranda from superiors).

Superiors are charged with fully utilising and valuing the professional skills at their disposal by fostering the development and growth of all their team members (e.g., through task rotation, coaching, specific assignments designed to broaden responsibilities).

Against this backdrop, feedback from superiors with respect to their subordinates' strong and weak points becomes particularly important in enabling the latter to raise their skill profiles through dedicated training efforts.

Endesa provides all its professionals with in-house and long-distance information and learning tools, with a view to assessing their specific skills and preserving the value of its human capital.

Training resources are allocated to groups or individual professionals on the basis of their specific career development needs; further, each employee can avail of unassigned distance learning (provided via Internet, Intranet or CD) as a function of their own interests outside of working hours. The strategy is to provide institutional training in conjunction with specific career milestones (e.g., new hires are given an induction overview of the company and business) and ongoing training to operations staff.

Each employee's training records are stored in the HR databases in an attempt to monitor use of training resources and design future training initiatives.

Superiors are obliged to streamline their subordinates' working hours by asking for contributions in keeping with the discharge of their duties and the work allocation plans. It is considered an abuse of authority to solicit, leveraging a position of hierarchical superiority, services, personal favours or any other form of conduct that violates this Code of Ethics.

Workers should be included in planning by fostering their meaningful participation in debates and line decisions affecting the attainment of business objectives. Employees should participate showing team spirit and independence of judgement. Listening to differing points of view while always keeping the business requirements in mind will inform a superior's final decisions; in any event, employees should always contribute to execution of the established initiatives.

3.10 Changes in the work structure

In the event that work activities are restructured, management should safeguard the value of its human capital by providing training and/or facilitating job transfers whenever necessary. To this end, Endesa applies the following criteria:

- Personnel restructuring costs should be distributed as evenly as possible across all professionals in keeping with the efficient and effective pursuit of the company's business activities
- In the event of new or unexpected situations, employees may be assigned different job responsibilities than formerly pursued, safeguarding their professional skills at all times

3.11 Health and safety

Endesa pledges to build and disseminate a culture of workplace safety by raising awareness of the risk factors and promoting responsible behaviour on the part of all its professionals; it also works to preserve, primarily by means of preventative measures, the health and safety of its workers as well as the interests of its other stakeholders.

Endesa's goal is to protect its own human capital, assets and wealth by continually seeking out the required synergies not only within the company but also with suppliers, shareholders and customers with vested interests.

To this end, a far-reaching internal structure, which is always on the watch for trends in its surroundings and any attendant shifts in the corresponding risk factors, engages structurally and technically by:

- Introducing an integrated workplace health and safety organisation and management system
- Continually assessing risk factors and the critical aspects of the processes and assets to be protected
- Adopting the best technology
- Monitoring and updating working methods
- Organising training and information sessions

Endesa additionally works to constantly streamline the business structures and processes that contribute to continuity of supply and national security in general, an area that includes participation in civil protection events.

3.12 Data protection

Employee privacy rights are protected by standards specifying the information that the company can ask its professionals to provide and the rules for handling and archiving that information.

No digging into the personal ideas, preferences or, generally, private lives of its employees is tolerated. These standards similarly forbid the communication/dissemination of personal data without the prior consent of the implicated party, except as expressly provided for by law, and establish the ways in which each employee can monitor protection of his/her data protection rights.

3.13 Respect for the individual

Endesa pledges to safeguard the moral integrity of its employees by guaranteeing their right to respectful working conditions. To this end, it protects its workers against psychological aggression and fights against all forms of conduct that discriminate or harm the individual and his/her beliefs and preferences (e.g., slander, threats, isolation, invasion of privacy or other forms of professional curtailments).

Sexual harassment is not tolerated and behaviour or speech that could offend employees' sensibility must be avoided (e.g., showing images with sexual connotations, persistent and continual sexual references, etc.).

Any Endesa professional who believes they have been a victim of harassment or discrimination on account of their age, gender, sexual orientation, race, health conditions, nationality, political convictions or religious beliefs, etc., should inform the company so that it can assess whether the Code of Ethics has indeed been violated. Differences of opinion shall not be considered discrimination if they are justified or justifiable on the basis of objective criteria.

The head of HR is tasked with regular statistical analysis to determine the existence or otherwise of discrimination against specific collectives; this information is sent to the company's senior executives and the Audit Department.

3.14 Employee obligations

Endesa's professionals are bound to act in good faith with a view to respecting the obligations assumed by virtue of their employment contracts and all the provisions of the Code of Ethics, guaranteeing the services required of them. Employees should use the pertinent channels to report any violation of the rules of conduct established in the company's in-house procedures.

Employees are obliged to be familiar with and apply in full the company's policies on information security in order to guarantee its integrity, confidentiality and availability. Staff should draft documents using clear, objective and exhaustive language, allowing their peers, superiors and authorised third parties to check them as warranted.

All Endesa professionals must avoid situations that could give rise to a conflict of interest and refrain from obtaining personal gain from business opportunities based on information secured in the course of their professional duties. By way of illustration, without intending to be exhaustive, the following situations could constitute a conflict of interests:

- Holding a senior position (general manager, director, department head) and having vested interests (personal or family-held) *vis-à-vis* suppliers, customers or competitors (through shareholdings, professional positions, etc.)
- Managing relationships with suppliers and pursuing professional activities, directly or through relatives, for the same suppliers
- Accepting money or favours from people or companies with or seeking business dealings with Endesa

Should a potential conflict of interest arise, or even only appear to arise, the conflicted professional must notify his/her superior who will inform the Audit Department of Endesa S.A. using the pertinent channels, which will evaluate each case individually. Professionals are similarly obliged to report to the company on their extra-professional business activities where they could appear to conflict with the interests of Endesa.

All Endesa's professionals are obliged to act diligently to safeguard the company's assets, acting responsibly and following the guidelines governing their use, which must be accurately documented. Specifically, each professional must:

- Use the assets entrusted to him/her with care and due discretion
- Avoid improper use of corporate assets, meaning conduct that could damage or render them less useful or in any way violate the company's interests

Professionals are directly responsible for protecting the resources entrusted to them and are obliged to duly report possible threats to Endesa or other harmful developments to the pertinent business units.

Endesa reserves the right to prevent the illicit use of its assets and infrastructure by means of the use of accounting systems, financial control reports and risk prevention and analysis tools, all of which in keeping with prevailing law (such as laws governing privacy rights, workers' statutes, etc.).

With respect to computer software, each professional must:

- Comply scrupulously with corporate security policy and provisions so as not to jeopardise the IT system's operation or security
- Refrain from sending threatening or slanderous e-mails, using improper language or making inappropriate comments that could be construed as personally offensive and/or harmful to the company's image

- Browse on websites containing unseemly or offensive content

Chapter II. Business conduct guidelines for dealing with customers

3.15 Impartiality

Endesa undertakes not to discriminate arbitrarily among its customers

3.16 Customer contracts and communication

Contracts entered into and communications sent to Endesa's customers (including advertising messages) must be:

- Clear and simple, using language that mirrors as closely as possible that used by the recipients (e.g., for general public customers avoiding clauses that can only be understood by experts, indicating prices inclusive of VAT and illustrating each cost component with clarity)
- Compliant with prevailing regulations, without using elusive wording or any form of impropriety (such as unfair procedures or contractual terms);
- Complete, such that they do not omit any item that is material to the customer's decision-making
- Available on the corporate web pages

The purpose and recipients of customer communications shall determine on a case-by-case basis the choice of the most suitable channel (bill, telephone, newspaper, e-mail, etc.) for transmitting the content, without exercising undue pressure or being excessively insistent; the company further undertakes to avoid the use of misleading or false advertising tools.

Lastly, Endesa undertakes to notify all information pertaining to the following on a timely basis:

- Possible contract amendments
- Possible changes in the financial terms or terms of supply of service and/or good
- The results of checks dictated by the regulatory authorities

3.17 Professional conduct in relation to customers

Endesa's approach when it comes to dealing with its customers is to be readily available, respectful and courteous in an attempt to build collaborative and markedly professional relationships. Endesa further promises to minimise the bureaucracy required of its customers and to introduce simple and secure payment procedures that are automated and free of charge to the extent possible.

3.18 Quality control and customer satisfaction

Endesa undertakes to guarantee adequate quality standards on the services/products it markets in keeping with predefined benchmarks and to regularly analyse the results of this effort in terms of perceived quality.

3.19 Customer engagement

Endesa promises to continually take on board the suggestions and complaints lodged by its customers and by consumer protection associations, making available suitable and opportune communication systems to this end (e.g., customer call centres and electronic mailboxes), paying particular attention to disabled customers' needs. Endesa must confirm receipt when it receives communications from its customers, letting them know how long it will take to answer them; response times must be kept to a minimum.

Within reason, Endesa pledges to consult with consumer protection associations concerning projects with a significant impact on the customer (layout of bills, information on pricing choices, etc.).

To guarantee that these standards of conduct are upheld, Endesa has established an integrated system governing dealings with customers and consumer associations to monitor conduct and related procedures.

Chapter III. Business conduct guidelines for dealing with suppliers

3.20 Supplier selection

Procurement processes are intended to seek out the greatest competitive advantage for Endesa, while guaranteeing equal opportunities for all suppliers; supplier relations are based on pre-contractual conduct and contractual interactions designed to foster loyalty, transparency and mutual collaboration. Specifically, the Endesa professionals tasked with handling these processes must:

- Not deny any party fulfilling the required prerequisites the chance to participate in contract tenders, using objective and transparent criteria to choose among candidates
- Guarantee sufficient competition in each tender by ensuring an adequate number of bidders

For certain product categories, Endesa has a supplier register whose rating criteria do not constitute an access barrier. The key supplier prerequisites demanded by Endesa are:

- The duly documented availability of sufficient means, including financial resources, organisational infrastructure, skills and project experience
- The existence and effective application, when so required by Endesa specifications, of proper corporate quality control systems (e.g., ISO 9000 certification) and respect for safety regulations
- In the event that the supplier is transferring third-party know-how or rights, the company should obtain a significant share of the value-added from the supplier

In any event, should the supplier, in the course of its work for Endesa, behave in a manner that violates the general principles enshrined in this Code of Ethics, Endesa reserves the legitimate right to take the opportune measures, which could include ruling out further collaboration with said supplier.

3.21 Integrity and independence in supplier relations

Supplier relations at Endesa are regulated by common principles and are subject to ongoing oversight by Endesa S.A. These relations extend to financial and consultancy agreements.

The signature of a contract with a supplier must always be based on fully transparent relations, always steering clear, to the extent feasible, of forms of dependence. By way of illustration and without purporting to be exhaustive:

- It is not deemed appropriate to encourage a supplier to sign an unfavourable contract by insinuating a more advantageous contract down the line
- It is advisable to avoid fulfilling long-lasting binding projects with short-term contracts that require continual renewals with price reset clauses or consultancy agreements that do not provide for sufficient transfer of know-how, etc.
- Close attention must be paid to the arrangement and management of contracts whose estimated amount is particularly material with respect to the supplier's turnover

In order to guarantee the utmost transparency and efficiency in the procurement process, the professionals tasked with the procurement function are encouraged to rotate. The following measures are also taken:

- Separation of powers between the unit applying for the service or good to be supplied and the unit arranging the contract
- Power to search and trace the various decisions
- Safe-keeping of the associated information, including the official tender and contract documents, for the periods set down in applicable law and referred to in the company's internal procurement procedures.

Lastly, to guarantee transparent relations, Endesa has a system for monitoring the financial situation of its suppliers.

3.22 Ethical conduct in order placement

In order to ensure that its procurement activities comply with the ethics standards in place, Endesa pledges to insist on corporate responsibility measures (such as the existence of an environmental management system) and respect for health and safety rules on certain orders.

Violation of the general principles enshrined in the Code of Ethics triggers disciplinary action intended to prevent crimes that could imply liability on the part of Endesa. Each supplier contract accordingly contains the appropriate language to this effect.

Specifically, contracts with suppliers located in 'at-risk' countries, designated as such by international organisations, include clauses providing for:

- Acknowledgement by the supplier of specific social obligations (e.g., measures to guarantee respect for workers' fundamental rights, equal opportunities and non-discrimination, warranties with respect to avoidance of child labour)
- Permission to inspect suppliers' manufacturing bases and head offices in order to confirm compliance with said requirements

3.23 Environmental policy

Endesa S.A. ensures that its numerous subsidiaries pursue objectives that dovetail with the Group's environmental protection strategy.

To exploit all possible synergies, environmental policy definition and its application are managed centrally and consistently. This central management:

- Defines environmental and sustainable development policies
- Elaborates the environmental policy guidelines against which the subsidiaries should benchmark their efforts
- Identifies performance indicators and guarantees that the environmental impact of the company's business operations are duly monitored and controlled
- Analyses trends in national and EU environmental policy, establishing the guidelines applicable at the subsidiary level
- Nurtures the company's relations with the environmental entities, institutes and agencies and promotes, applies and coordinates agreements and programmes with these bodies and other institutions

Each subsidiary designates and devotes professionals and/or organisational resources to these tasks and to handling specific environmental issues.

3.24 Environmental policy strategy and tools

Endesa's environmental policy is also underpinned by the strategy of raising awareness of the fact that the environment may constitute a competitive advantage in a market that is increasingly all-encompassing and demanding in terms of quality and behavioural standards.

Endesa's strategy is notable for its focus on investments and activities that uphold the principles of sustainable development, specifically:

- Earmarking a significant share of investing activity to the production of energy from renewable sources
- Sponsoring initiatives and conduct that consider the environment to be a strategic factor, under the aegis of national and international bodies and programmes

Endesa promotes the following environmental policy tools:

- Voluntary agreements with ecological and professional institutions and associations
- Environmental management systems certified under the international ISO 14001 standard and Europe's Eco-Management and Audit Scheme (EMAS) and designed to deliver continual improvements in environmental performance and structures
- Regular compilation of environmental data to guarantee control over the performance of the various industrial activities
- Environmental awareness and training sessions for employees designed to showcase in-house the initiatives underway and raise employees' skills and professionalism
- Programmes designed to foster rational energy usage on the part of Endesa's customers
- Maintenance of portals devoted to spreading an environmentally-friendly culture and promoting the initiatives pursued by Endesa in this area²

3.25 Environmental reporting and accountability

Each year, Endesa gives an account of implementation of its environmental policy and the degree to which its results match the targets set by publishing an environmental report which is an integral part of Endesa's sustainability report. This report illustrates:

- The most significant environmental events (e.g., EMS certifications, facility environmental upgrades, voluntary agreements and initiatives of various kinds for protecting the environment and landscape)

² <http://twenergy.com>

- The key environmental management results (energy efficiency, development of renewable energy sources, use of water, emission-cutting performance, waste management, etc.)
- The company's environmental footprint (systematic gathering of resource consumption and emission data for the preceding five-year period, etc.) and key performance indicators (e.g., analysis of its environmental performance over time)
- Case studies showcasing Endesa S.A. subsidiaries that stand out for their efforts on various fronts or for taking their environmental management to the next level

Endesa pledges to provide access to its environmental performance records, while protecting its trade secrets as warranted.

3.26 Economic dealings with political parties, trade unions and other associations

Endesa does not fund political parties or their representatives or candidates in Spain or abroad; nor does it sponsor meetings or rallies whose sole purpose is political propaganda. Endesa refrains from lobbying politicians directly or indirectly (e.g., by lobbying for the award of public concessions, accepting tendering suggestions, via consultancy contracts, etc.).

Endesa does not extend aid to organisations with which it may be conflicted (e.g., unions, environmental associations or consumer protection associations); however, it may cooperate with these organisations, even providing financial aid, on specific projects on the basis of the following criteria:

- The cause is linked to Endesa's mission
- The use of the proceeds is well-defined and documented
- Express authorisation is given by the departments within Endesa S.A. tasked with managing such relations

Potential situations warranting critical observation of the above criteria must, subject to complying with prevailing law, be first approved by the Audit Committee of Endesa, S.A.

3.27 Institutional relations

Relations with the institutions representing Spain and foreign states are based exclusively on communication channels intended to evaluate the implications of legislative and regulatory initiatives for Endesa, respond to extra-official demands and inspections by the authorities (enquiries, questions, etc.) or understand these nations' stances by any means on issues of relevance to Endesa. To this end, Endesa undertakes to:

- Establish, in a non-discriminatory fashion, communication channels with all institutional counterparties at the international, European and regional levels
- Represent the interests and positions of Endesa's subsidiaries in a transparent, rigorous and consistent manner, steering clear of any form of collusive behaviour

With a view to ensuring the utmost transparency in these relations, contacts with institutional representatives must be channelled exclusively through the representatives explicitly designated to this end by the senior officers of Endesa S.A.

Endesa has specific organisational structures in place to prevent criminal activity *vis-à-vis* government.

3.28 Stakeholder relations

Endesa believes that open dialogue with associations representing its stakeholders' interests are of strategic importance to duly delivering its business targets, to which end it has established a stable communication channel for interacting with these associations. The aim is to cooperate with these associations, respect mutual interests, present Endesa's positions and prevent potential conflicts. To this end, Endesa:

- Promises to respond to any and all observations made by these associations
- Attempts to inform and engage, to the extent feasible, the most qualified or representative stakeholder associations on issues of interest to specific groups falling under the scope of its business activities

3.29 Charity and sponsorship

Endesa S.A., along with other Group companies, has set up the Endesa Foundation to intervene in certain non-profit fields with the goal of thereby guaranteeing mutual benefits for the implicated parties, respecting the role and ethics of all sides.

As a result, the Endesa Group does not entertain other requests for aid in this area other than in the exceptional cases provided for in the prevailing, applicable business rules.

By means of sponsorships and specific agreements, Endesa supports initiatives encompassing quality-assured and guaranteed original and effective social, environmental, sporting, stage, arts, scientific and technology learning events of national interest or that meet specific territorial needs (where Endesa plans to undertake initiatives in regions of industrial interest) that engage the citizens, institutions and associations with which Endesa collaborates.

When it comes to selecting which projects to support, Endesa pays close attention to possible conflicts of interest of a personal or corporate nature (e.g., blood ties with interested parties or ties to entities that could, on account of their activities, favour Endesa's business in any way). Financial support and sponsorships of this calibre are regulated by a specific protocol to ensure consistency.

3.30 Anti-trust and regulatory bodies

Endesa complies scrupulously with anti-trust regulations and with the rules imposed by the market regulators.

Endesa S.A. provides the master guidelines with respect to anti-trust policy to all its companies and provides the support needed to implement it. Endesa does not refuse, withhold, manipulate or delay the delivery of any piece of information required by the anti-trust or regulatory authorities when they are carrying out inspections and collaborates actively throughout their reviews.

In order to guarantee the utmost transparency, Endesa pledges not to allow conflicts of interest to arise involving employees of the authorities or their relatives.

4. Implementation and enforcement

Audit and Compliance Committee duties with respect to implementing and overseeing the Code of Ethics

4.1 Audit and Compliance Committee duties with respect to implementing and overseeing the Code of Ethics

The following duties are reserved to the Audit and Compliance Committee with respect to the Code of Ethics:

- Taking decisions on significant violations of the Code of Ethics referred to it by the head of Endesa S.A.'s Audit Department
- Issuing binding opinions on changes to the most important policies and protocols in order to ensure consistency with respect to the Code of Ethics
- Spearheading a regular review of the Code of Ethics

To this end, the Committee evaluates:

- Communications plans and ethical training initiatives
- The sustainability report
- The work plan prepared by the head of Endesa S.A.'s Audit Department and its periodic reports

4.2 Tasks of the Audit Department of Endesa S.A.

The head of the Audit Department of Endesa S.A. is tasked with the following duties:

- Monitoring application of and compliance with the Code of Ethics by means of initiatives specifically intended to monitor and promote ongoing improvement in Endesa's business ethics via analysis and assessment of the ethical risk control processes
- Reviewing the initiatives set in motion to foster familiarity with and understanding of the Code of Ethics, specifically: guaranteeing the execution of ethical learning and training activities, analysing proposals to modify policies and business procedures with a significant impact on Endesa's business ethics and drafting potential solutions for referral to the Audit and Compliance Committee for assessment
- Receiving and analysing reports of violation of the Code of Ethics
- Verifying the integrity and reliability of the sustainability record presented
- Proposing amendments and additions to the Code of Ethics to the Audit and Compliance Committee

These activities are undertaken with the assistance of the audit departments of the various subsidiaries, the implicated business units and availing freely of any documentation deemed useful.

4.3 Communication and training

The Code of Ethics is distributed to all internal and external parties by means of specific communication initiatives (e.g., delivery to all Endesa professionals of a copy of the Code, dedicated tabs on the corporate website, addition of disclosure regarding application of the Code in all contracts, etc.).

To ensure that all Endesa professionals adequately understand the Code of Ethics, at the behest of the Audit Department of Endesa S.A., the HR Department prepares and executes an annual training plan designed to boost familiarity with the standards and principles of business conduct and ethics.

These training initiatives vary as a function of the role and responsibilities of the employees to which they are targeted. New hires will be targeted with a specific and mandatory training programme outlining the contents of the Code.

4.4 Stakeholder feedback

Endesa takes care to establish dedicated communication channels for each stakeholder group through which the latter can send their suggestions (e.g., units responsible for relations with consumer, environmental, supplier and employee associations, the customer call centre, etc.).

Alternatively, any stakeholder can report any perceived or suspected violation of Endesa's Code of Ethics³ to the Audit Department of Endesa S.A., which will in turn arrange a review of the report, interviewing the informer and the alleged culprit as warranted.

The Audit Department of Endesa S.A. takes action to protect the informer from any form of reprisal, understood as any act that could imply or simply appear to constitute any form of discrimination or punishment (e.g., suspension of trade relations in the case of suppliers or withholding a promotion in the case of employees, etc.). In addition, the Department guarantees protection of the informer's identity, except as required by law.

³ Instances of violation can be notified to Endesa's dedicated ethics mailbox (<http://codigoconducta.endesa.es/>) or by letter addressed to: Endesa, S.A. Corporate Audit Department, Ribera del Loira 60, 28042-Madrid

4.5 Violation of the Code of Ethics

Endesa S.A.'s Audit Department sends reports on violations of the Code of Ethics detected by means of the above reporting or through its audit work, including the pertinent recommendations:

- To the Audit and Compliance Committee in the most significant cases which, following the relevant analysis, informs the Chief Executive Officer of Endesa S.A. or the Board of Directors of the violations and derivative measures
- Directly to the General Manager of the implicated subsidiary in all other instances, providing the Chief Executive Officer of Endesa S.A. and the Audit and Compliance Committee with a summary report

The competent business departments, following the instructions of the General Manager of the implicated subsidiary, then define the measures to be taken, implement them and prepare a report containing the results thereof for the head of Endesa S.A.'s Audit Department.

4.6 Sustainability Report

Endesa undertakes to prepare a Sustainability Report each year following best practice in Spain and abroad examining the three areas of its sustainability performance: economic, social and environmental.

The Sustainability Report offers a clear, truthful and accurate account of the results achieved in all areas of stakeholder engagement with respect to the principles and commitments assumed in the Code of Ethics as well as outlining the improvement targets set periodically and presenting up-close analysis of extraordinary or exceptional developments (scope additions or new acquisitions).

4.7 Tasks assigned to the corporate social responsibility division

The unit tasked with managing the firm's corporate social responsibility effort, defined as the company's commitment to attaining a sustainable development model, is responsible for the following tasks, which are inspired by the Code of Ethics:

- Guaranteeing dissemination of the social responsibility effort, raising the profile of the company's sustainable development commitment, cooperating specifically with the business units at Endesa responsible for its communication
- Maintaining open communication channels with all the sustainability analysts and rating agencies in order to promote Endesa's Best Practices in Sustainability, thereby boosting socially responsible investors' interest in Endesa
- Preparing the Sustainability Report and the corresponding periodic reports
- Engaging stakeholders in setting sustainability targets and preparing the report
- Submitting the Sustainability Report to the Audit and Compliance Committee for approval
- Cooperating with the various business units across Endesa on identifying social responsibility targets and the related projects and collaborating on the drafting of the business plan as far as sustainability issues are concerned

4.8 External control

Endesa submits its Sustainability Report for external assurance by an accredited independent company. It also participates in national and international activities intended to foster the introduction of social responsibility standards and criteria.