

# **OPEN POWER FOR A BRIGHTER FUTURE.**

WE EMPOWER SUSTAINABLE PROGRESS.

NON-FINANCIAL INFORMATION STATEMENT

FISCAL YEAR 2019

**endesa**

# **Consolidated Non-Financial Information Statement of ENDESA, S.A. and Subsidiaries**

(Translation from the original issued in Spanish. In the event of discrepancy, the Spanish-language version prevails)

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## **ORGANISATION OF THE ENDESA GROUP**

### **1. Business Model for the Management and Organisation of Group Activities**

#### **1.1. Name of the Organisation**

ENDESA, S.A. and subsidiaries, hereinafter ENDESA or ENDESA GROUP.

#### **1.2. Activities, Products and Services**

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

ENDESA's electricity generation and supply businesses are managed jointly, thus optimising this integrated position compared with managing the two activities separately. The organisation is divided into the generation, supply and distribution businesses, each of which includes electricity and, where applicable, gas activities.

#### **1.3. Location of the Head Office**

Calle Ribera del Loira, no. 60.  
28042 Madrid - Spain  
Spain

#### **1.4. Location of Operations**

See section 1.7.

#### **1.5. Criteria for preparing the Consolidated Non-Financial Information Statement**

This document, which forms an integral part of the ENDESA Group's consolidated management report at 31 December 2019, has been drawn up in accordance with the requirements of Law 11/2018, of 28 December, amending the Code of Commerce, the revised text of the Corporate Enterprises Act approved by Royal Decree Law 1/2010, of 2 July, and Law 22/2015, of 20 July, on the auditing of accounts, with regard to non-financial and diversity information.

In order to provide this information, the ENDESA Group has been based on the Global Reporting Initiative for Sustainability Reports (GRI Standards) and its sector supplement "Electric Utilities Sector Supplement" for the indicators broken down according to the attached Annex.

The scope of this consolidated Non-Financial Information Statement includes the consolidated information relating to the 2019 financial year of the ENDESA Group in accordance with the Basis of Presentation of the Consolidated Financial Statements described in Note 2 of the Notes to the Consolidated Financial Statements for the financial year ended 31 December 2019.

## 1.6. Ownership and Legal Form

ENDESA, S.A. was established on 18 November 1944 and has its registered office at Calle Ribera del Loira 60, Madrid.

Its corporate object is the electricity business in its various industrial and commercial activities; the exploitation of primary energy resources of all types; the provision of industrial services or services related to its main business, particularly those relating to gas and those that are preparatory or complementary to the activities included in the corporate object, and the management of the business Group consisting of investments in other companies. The Company carries out its corporate objects in Spain and abroad directly or through its investments in other companies.

The main sector of the National Classification of Economic Activities (CNAE) into which the corporate object of ENDESA, S.A. fits is that corresponding to section E, division 40, sub-class 40.10.

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

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

ENDESA, S.A. and its subsidiaries are part of the ENEL Group, which is headed by ENEL Iberia, S.L.U. in Spain.

At 31 December 2019 the ENEL Group held 70.101% of the share capital of ENDESA, S.A., through ENEL Iberia, S.L.U.

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

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

### **Electricity generation: ENDESA Generación, S.A.U.**

This company was set up on 22 September 1999 with a view to concentrating ENDESA's generation and mining assets in it.

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

### Energy distribution: ENDESA Red, S.A.U.

This company was set up on 22 September 1999, marking the culmination of the process of integrating ENDESA S.A.'s regional distribution companies in Spain.

This company encompasses, among others, Edistribución Redes Digitales, S.L.U. (formerly ENDESA Distribución Eléctrica, S.L.U.) (100%), which engages in regulated electricity distribution, and ENDESA Ingeniería, S.L.U. (100%).

### Energy supply: ENDESA Energía, S.A.U.

ENDESA Energía, S.A.U. was established on 3 February 1998 to carry out supply activities, responding to the demands deriving from the deregulation process of the Spanish electricity sector. Its main business is the supply of energy to customers wishing to exercise their right to choose their supplier and receive the service on the deregulated market, and other products and services related to the development of efficient energy infrastructures and maintenance services.

ENDESA Energía, S.A.U. also holds 100% of the equity of Energía XXI Comercializadora de Referencia, S.L.U. (formerly ENDESA Energía XXI, S.L.U.), ENDESA Operaciones y Servicios Comerciales, S.L.U., which provides commercial services related to energy supply, ENDESA Energía Renovable, S.A.U. and ENDESA Soluciones S.L., dedicated to the supply of all types of energy products, in particular, electricity and natural gas specifically from renewable sources and of added value products and services respectively.

ENDESA Energía, S.A.U. supplies the deregulated markets of Germany, France, the Netherlands and Portugal.

ENDESA X, S.A.U. was created on 26 June 2018 to develop and market new services adapted to trends in the energy market. The ENDESA X Business Line covers four lines of action: e-Home, e-Industries, e-City and e-Mobility, which seek opportunities in electric mobility, demand management, distributed generation, energy storage and the expansion of the services provided to domestic, industrial and institutional customers.

## 1.7. Markets Served

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

With the exception of mainland coal-fired thermal power plants, ENDESA's electricity generation and supply businesses are managed jointly, thus optimising this integrated position compared with managing the two activities separately.

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

### Spanish market

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

- Conventional mainland electricity generation is a deregulated activity, although specific remuneration is available for generation from renewable sources.
- On the other hand, conventional generation in the TNP is subject to specific regulations addressing the particularities deriving from their geographical location, and remuneration is regulated. There are incentives for investment in generation from renewable sources in the TNP to reduce costs.
- **Supply of electricity, gas and other products and services:** This activity consists of supplying energy on the market and the sale of other products and services to customers. The supply of energy is a deregulated activity.
- **Electricity distribution:** The purpose of the electricity distribution activity is to distribute electricity to the consumption points. Electricity distribution is a regulated activity.

### Portuguese market

- **Electricity generation** Electricity generation in Portugal is carried out in a competitive environment.
- **Supply of electricity and gas and other products and services:** This activity is deregulated in Portugal.

## 1.8. 2020-2022 Strategic Plan: Objectives and strategy

### Energy Policy Context.

During 2019 ENDESA made further progress and passed new milestones on its committed path towards a more sustainable, dynamic and efficient business model, aligned with its strategic vision of being a leading player in the energy transformation that Spain is faced with and capitalising on any new opportunities that may arise as a result of this great challenge.

The European Union (EU) has made a clear commitment in the fight against global warming, aiming for a climate-neutral Europe in 2050. The European Union (EU) thus subscribes to the Paris Agreement, the objective of which is to prevent the average global temperature from rising to more than 2°C above pre-industrial levels, as well as to promote additional efforts that make it possible for global warming not to exceed 1.5°C.

The transposition of these objectives into Spanish legislation is in process, and in this regard on 22 February 2019 the Ministry for Ecological Transition launched a public consultation on the Strategic Energy and Climate Framework, which basically contains the following documents (see Section 3. Regulatory Framework of the Consolidated Management Report):

1. Draft Law on Climate Change and Energy Transition:
2. Draft of the National Integrated Energy and Climate Plan (PNIEC) for 2021-2030:
3. Fair Transition Strategy.

During COP 25 in Madrid in December 2019, the European Commission presented the European Green Deal, an ambitious package of measures with which Europe seeks to lead the fight against climate change and head the transition of the world economy towards a clean and fair model. To



do this, the document includes more than 35 initiatives in all areas of European Union (EU) activity, which will have to be implemented in the coming years.

## Strategic pillars

The fulfilment of these ambitious decarbonisation objectives in Spain will mean facing great challenges between now and 2030. With the publication of the 2020-2022 Strategic Plan, ENDESA reiterates its firm commitment to contributing to the development of a new energy model, based on a high degree of electrification from renewable sources, as a more efficient and sustainable energy vector that ensures a fair and inclusive transition.

The main lines of the new Strategic Plan are closely aligned with the new energy paradigm, both in order to capture the new growth opportunities associated with the energy transition and to continue consolidating the current leadership position. This Plan is based on the following priorities:

1. Acceleration in the decarbonisation commitments at its generation facilities, by strongly promoting renewable energies and the gradual closure of technologies with higher emissions.
2. Electrification of demand, consolidating the current leadership position by leveraging management based on customer value and the development of customised solutions and new tools.
3. Progress in the development and operation of more efficient networks that facilitate the integration of renewable energies and the electrification of demand, always with the ambition of being the digital network operator that achieves excellence in the sector.
4. Promotion of new platforms and ecosystems that serve to lay the foundations for future business opportunities.

In addition, all the objectives of ENDESA's Strategic Plan confirm the commitments of the Company's business model to the Sustainable Development Goals adopted in 2015 by the United Nations, especially with SDGs 7 (Affordable and Clean Energy), 9 (Industry, Innovation and Infrastructure), 11 (Sustainable Cities and Communities) and even more especially 13 (Climate Action), to which more than 90% of the Plan's investments are dedicated (see Section 8.3. ENDESA's contribution to the United Nations Sustainable Development Goals (SDGs) in this Consolidated Management Report).

### 1) Acceleration in decarbonisation commitments of generation facilities

ENDESA's commitment to gradually reducing emissions to achieve the final zero emissions targets in 2050 is reflected in the following strategic lines:

- Acceleration of the investments in Renewables in the period 2019-2022, amounting to €3.8 billion, almost doubling the amount of investments envisaged in the previous plan. During the 2020-2022 period ENDESA will add capacity of 2.8 GW, so that by the end of the Plan it will have increased its renewable installed capacity by almost 38% since the end of 2019, which already includes the 879 MW awarded in capacity auctions held in 2017.
- This commitment to decarbonisation was endorsed again in September of this year when the ENDESA Board of Directors announced, through a Price-Sensitive Information Disclosure, the discontinuity of coal-generated electricity generation activity in the



Peninsula having announced in its 2020-2022 Strategic Plan the cessation of mainland coal activity by 2022 and the total abandonment of its coal activity by 2030.

As part of that process, the closure of the Compostilla and Teruel plants was requested in December 2018 and the closures of the As Pontes and Litoral plants have been requested in December 2019, without prejudice to the right of withdrawal, in the event that, as a result of the co-combustion tests with different types of biomass that are still being carried out, a fuel mixture is identified that allows the technical, environmental and economic viability of the facilities, as a whole or in part.

Also, in December 2018, the closure of coal groups 1 and 2 of the Alcudia plant was requested, which was authorised by the competent authorities in March 2019, with these groups having been removed from the Register of Electrical Power Production Facilities in January 2020. Additionally, from 1 January 2020, coal groups 3 and 4 of the Alcudia plant will operate a maximum of 1,500 hours per year, which will be reduced by up to 500 hours per year from August 2021. The total power of the coal plants in the process of closing represents 39% of the total installed power in the ENDESA thermal generation pool (12.8 GW) in Spain.

This profound transformation of the generation mix will allow ENDESA to obtain an emission-free mainland production estimated for 2022 of 85% of the total, with a 60% share of renewable sources, as well as a 70% reduction in specific carbon dioxide (CO<sub>2</sub>) emissions in 2030 compared to 2017, which will put ENDESA in a good position to achieve the goal of total decarbonisation by 2050.

## 2) Electrification of demand

ENDESA expects an increase in future electricity demand as a result of greater penetration of electrification, since this is the cleanest and most sustainable source of energy. That is why we must be prepared to meet the new and more complex needs of our customers, as well as staying ahead of market trends, anticipating the creation of new, more efficient and sophisticated products and services. This will involve the implementation of the following actions:

- Consolidate ENDESA's current leadership position in the gas and electricity supply businesses in Spain, through active management based on customer value, developing comprehensive and customised solutions that allow the capture of the most sophisticated profiles.
- Focus on the customer experience, obtaining a greater knowledge of ENDESA's customer base and their needs by developing analytical capabilities that increase the perceived added value, thus increasing its business margin.
- Strengthen efficiency and operational excellence in dealings with the customer base with the launch of new digital and self-service channels.
- Launch of new commercial channels that will complement the traditional ones.
- Implementation of new commercial strategies that favour customer retention in both electricity and gas, through preventive campaigns based on advanced analysis and prediction models.

### 3) Development of networks as a facilitating and integrating element

Development of the electricity grid has long been a fundamental pillar of ENDESA's strategy. Projected investment, driven by the electrification of demand and the inclusion of renewable energies, aims to improve grid quality and efficiency, reducing operating costs, and increasing the value of assets through investments in smart grids and the pursuit of excellence.

To this end, ENDESA continues with its investment effort aimed at becoming the reference digital operator, and for this it will allocate €1.1 billion in the 2019-2022 period to the development, automation and modernisation of the network. This amount represents approximately 55% of the €2 billion total investment envisaged for this business in the plan.

These digitisation initiatives will help to improve grid reliability and service quality. In particular, ENDESA intends to cut interruptions by 19%, grid losses by 0.3 percentage points, and operating costs per customer by 9% in three years.

### 4) Promotion of new platforms and ecosystems that serve to lay the foundations for future business opportunities.

The changes in the electricity sector that will derive from the application of supranational energy transition policies, and which in the case of Spain have been reflected in the Integrated National Energy and Climate Plan (PNIEC), will lead to an increase in electricity consumption as a proportion of total final energy consumption reflected in the generalised use of:

- Electric vehicles, for which the Integrated National Energy and Climate Plan (PNIEC) estimates that 5 million units in service will be reached in 2030, tripling the electricity consumption of transport to 24 TWh.
- Residential electrification, an area in which an increase is expected in the share of total electricity consumption from the current 38% to 45% in 2030.

These changes in consumption patterns and the development of new platforms open the door to new business opportunities that ENDESA expects to exploit and expand under the ENDESA X business line.

Quantitatively, mature businesses, which include the e-Home and e-Industries lines, will absorb about two-thirds of the almost €200 million of investment allocated to ENDESA X in order to maintain the growth path achieved in the last few years. These businesses will lay the foundations for the development of new ones that involve future business opportunities, such as e-Mobility, storage by means of batteries and services associated with electric vehicles and demand management. With regard to mobility, ENDESA has presented a plan to encourage electric mobility, with the aim of rolling out 36,000 public and private recharging points throughout Spain by 2022.

These four strategic lines of action are combined with the strong commitment that ENDESA maintains to the search for continuous efficiency through the digitalisation of its businesses. To this end, ENDESA intends to deploy digitisation investment programmes across all businesses, amounting to €1.3 billion between 2019 and 2022, which will involve an estimated improvement in EBITDA of €150 million by 2022. The largest such investments will come in Distribution, with €1.1 billion invested in digitalising said business, accounting for approximately 85% of the investments envisaged for the period.

More details on the 2020-2022 Strategic Plan can be found on the Company's website at <https://www.ENDESA.com/en/sobre-ENDESA/a201610-estrategia-plan-estrategico.html>

## Main financial indicators

The 2020-2022 Industrial Plan contains an investment target, net of subsidies and assets assigned by customers, of €7.7 billion between 2019 and 2022, 20% more than in the previous Strategic Plan.

The breakdown of this Plan by nature of investments is as follows:

- Investments in asset development (62%).
- Investments in asset maintenance (30%).
- Investments in customers (8%).

The breakdown of the investment plan by Business Lines is as follows:

- Generation (€5.2 billion) Investments in renewable generation amount to €3.8 billion and will focus on the development of new capacity of approximately 2.8 GW in addition to the 879 MW allocated in the 2017 auctions which came on stream at year-end 2019. The rest of the mainland investments mainly consist of recurring maintenance investments. In terms of amounts, it is especially worth mentioning those destined for the nuclear power plants with the objective of ensuring their optimal operation, safety and long-term profitability, as well as the investments for efficiency improvement planned in the combined cycle gas plants which will become the reference support of the System as the cessation of activity of the coal plants is completed.
- Distribution (€2 billion), with investments in maintenance and growth investments aimed at modernising and developing new infrastructures that respond to decarbonisation and electrification trends in the economy. The digitisation initiatives will continue to increase the level of automation and digitisation of the network, with significant projects such as a new phase of the Quality Plan and the Remote Control of the Network.
- Supply and ENDESA X (€500 million), with investment in developing new IT tools to foster customer digitalisation and the development of new service channels and other products and services.

On the basis of the strategic pillars described above, and taking account of market and regulatory estimates for the next few years, ENDESA has drawn up a business plan including, among other parameters, forecasts of economic indicators for the Group's consolidated results. In accordance with this, ENDESA expects a positive trend as follows:

- EBITDA: €4.3 billion in 2022.
- Net ordinary income: €1.9 billion in 2022.
- Net cash flows from operating activities, which are expected to total €9.5 billion in 2020-2022, will enable ENDESA to carry out its investment plan and maintain an attractive shareholder remuneration policy.

Notwithstanding the foregoing, prospective information cannot be considered a guarantee of the Company's future performance as plans and forecasts are subject to risks and uncertainties, which could result in ENDESA's future performance not matching the initial forecasts.

## 1.9. Factors and Trends that may affect our future evolution

See the Internal Control and Risk Management System chapter of this document and Chapter 7. Main Risks and Uncertainties in connection with ENDESA's Business from the risk management report).

## 2.- ENDESA Dimension

### 2.1. ENDESA in figures

	2017	2018	2019
Gross Operating Profit (EBITDA) (millions of euros) <sup>(1)</sup>	3,542	3,627	3,841
Benefits after Taxes and Minority (millions of euros)	1,463	1,417	171
Share Capital (millions of euros)	1,271	1,271	1,271
Non-Current Financial Debt (millions of euros)	4,414	4,975	5,652
FINAL HEADCOUNT (EMPLOYEES)			
Spain and Portugal	9,706	9,763	9,952
GROSS INSTALLED CAPACITY (MW)			
Spain and Portugal	23,678	23,766	24,231
Hydroelectric	4,752	4,753	4,712
Conventional thermal	8,130	8,077	7,659
Nuclear	3,443	3,443	3,443
Combined cycles	5,678	5,678	5,677
Renewables and Cogeneration	1,676	1,815	2,740
ELECTRICITY PRODUCTION (GWH)			
Spain and Portugal (2)	78,648	74,193	61,402
Hydroelectric	5,004	8,339	5,721
Conventional thermal	31,906	28,997	13,346
Nuclear	26,448	24,067	26,279
Combined cycles	11,849	8,957	11,687
Renewables and Cogeneration	3,441	3,833	4,369
FINAL CUSTOMER ELECTRICITY SALES (GWH)			
Spain and Portugal	96,513	89,639	89,441
Regulated Price	12,919	12,356	11,385
Liberalised market	83,594	77,283	78,056

<b>Number of Customers (Electricity) (6) (THOUSANDS)</b>			
<b>Spain and Portugal</b>	<b>10,848</b>	<b>10,754</b>	<b>10,635</b>
Regulated market (4)	5,255	5,029	4,807
Liberalised market (3)	5,593	5,725	5,828
<b>Gas sales (GWh)</b>			
<b>Total (7)</b>	<b>79,834</b>	<b>86,729</b>	<b>79,784</b>
Deregulated market	46,578	47,810	45,584
Regulated market	1,372	1,430	1,295
International market	24,523	25,270	19,968
Wholesale business	7,361	12,219	12,937
<b>NUMBER OF GAS CUSTOMERS (8) (THOUSANDS)</b>			
<b>Total</b>	<b>1,560</b>	<b>1,604</b>	<b>1,649</b>
Regulated market	246	233	230
Deregulated market	1,314	1,371	1,419
<b>DISTRIBUTED ENERGY (2) (GWh)</b>			
<b>Spain and Portugal</b>	<b>117,961</b>	<b>117,029</b>	<b>116,611</b>
<b>TAX INFORMATION</b>			
Public subsidies received (9) (€ million)	315	287	273
Contributions to foundations and non-profit organisations (€ million)	3.71	4.94	4.18

(1) EBITDA = Income - Procurements and Services + Self-constructed assets - Personnel expenses - Other fixed operating expenses.

(2) Data measured at power plant busbars.

(3) For consistency with the economic data referred to this business that are provided in this report, it includes the sales made by ENDESA Energía to customers in European countries outside the Iberian market.

(4) Customers at a rate. Customers for tolls are not included.

(5) Data from the date of takeover of ENEL Green Power España, S.L.U. by ENDESA Generación, S.A.U., on 27 July 2016.

(6) Supply points

(7) Excluding own generation consumption.

(8) Supply points.

(9) We only receive subsidies in Spain.

## 2.2. Tax information by country

(Data in € millions)

Country	Total revenue						Accounting profit before tax	
	2019			2018			2019	2018
	Third party income	Intragroup transactions	Total	Third party income	Intragroup transactions	Total		
Spain	17,772	626	18,398	18,193	130	18,323	155	1,798
Portugal	1,075		1,075	1,079		1,079	40	19
France	425		425	554		554	31	(7)
Germany	260		260	239		239	2	5
Netherlands								1
Morocco							2	2

(Data in € millions)

Country	Income tax paid (1)		Accrued income tax (2)		Accumulated earnings		Tangible assets other than cash and cash equivalents		ENDESA Profit/loss for the year (Parent Company)		Number of employees by geographic location	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Spain	444	338	416	354	6,898	6,981	20,957	21,834	112	1,397	9,839	9,657
Portugal	-4		4		-6	1	367	3	33	20	60	57
France		-12	2		3	13	5	3	23	-9	44	40
Germany						-6			1	6	9	9
Netherlands					2	1				1		
Morocco									2	2		

(1) (+) payment, (-) collection

(2) (+) Income from income tax, (-) expense from income tax. Refers to the current tax for the year

### NOTE:

The criterion for determining the accounting result is on a consolidated basis.

The data corresponding to the Income Tax corresponds to the Corporate Income Tax paid/collected in the reporting period. In this case, indicate that ENDESA and its subsidiaries resident in Spain which are 100% owned, are part of the Tax Consolidation Group whose parent company is ENEL S.p.a., with the Company representing the Tax Group in Spain being ENEL Iberia, S.L. Therefore, the data that is recorded is the amount paid/collected by ENDESA and its subsidiaries included in the Tax Group, to ENEL Iberia, S.L., who, in accordance with the regulations of the Tax, declares and liquidates the tax of the Tax Group before the Tax Administration. On the other hand, for the rest of the subsidiaries of the consolidated commercial group that are not part of the fiscal consolidation group, the amount paid / charged to the Tax Administration is taken into account.

Morocco consolidates in the group by the equity method, so the accounting result corresponds to the result after taxes in the percentage in which ENDESA participates.



### 3.- Significant changes in the organisation

During the 2019 financial year the significant changes occurring in the Company correspond to the formalisation of the following deals involving the acquisition and incorporation of Companies:

Transaction	Activity	2019 Company Incorporations			
		Stake as at 31 December 2019 (%)		Stake as at 31 December 2018 (%)	
		Control	Economic	Control	Economic
Energía Neta Sa Caseta Lluçmajor,	Acquisition	Photovoltaic	100.00	100.00	-
ENDESA Energía Renovable, S.L.U. (2)	Incorporation	Supply	100.00	100.00	-
Baleares Energy, S.L.U. (1)	Acquisition	Photovoltaic	100.00	100.00	-
Baikal Enterprise, S.L.U. (1)	Acquisition	Photovoltaic	100.00	100.00	-
Renovables La Pedrera, S.L.U. (1)	Acquisition	Wind	100.00	100.00	-
Renovable Mediavilla, S.L.U. (1)	Acquisition	Photovoltaic	100.00	100.00	-
ENDESA Soluciones, S.L.U. (2)	Incorporation	Supply	100.00	100.00	-
Dehesa PV Farm 03, S.L.U. (1)	Acquisition	Photovoltaic	100.00	100.00	-
Dehesa PV Farm 04, S.L.U. (1)	Acquisition	Photovoltaic	100.00	100.00	-
Emintegral Cycle, S.L.U. (1)	Acquisition	Photovoltaic	100.00	100.00	-
Envatios Promoción I, S.L.U. (1)	Acquisition	Photovoltaic	100.00	100.00	-
Envatios Promoción II, S.L.U. (1)	Acquisition	Photovoltaic	100.00	100.00	-
Envatios Promoción III, S.L.U. (1)	Acquisition	Photovoltaic	100.00	100.00	-
Envatios Promoción XX, S.L.U. (1)	Acquisition	Photovoltaic	100.00	100.00	-
Fotovoltaica Yundillos, S.L.U. (1)	Acquisition	Photovoltaic	100.00	100.00	-
Olivum PV Farm 01, S.L.U. (1)	Acquisition	Photovoltaic	100.00	100.00	-
Pampinus PV Farm 01, S.L.U. (1)	Acquisition	Photovoltaic	100.00	100.00	-
Torrepalma Energy, S.L.U. (1)	Acquisition	Photovoltaic	100.00	100.00	-
Xaloc Solar, S.L.U. (1)	Acquisition	Photovoltaic	100.00	100.00	-
Bogaris PV1, S.L.U. (1)	Acquisition	Photovoltaic	100.00	100.00	-

(1) Companies acquired by ENEL Green Power España, S.L.U. (EGPE) for the development of renewable energy generation projects.

(2) Companies established by ENDESA Energía, S.A.U.

These transactions are aimed at strengthening ENDESA's presence in the Iberian generation market by expanding the portfolio of renewable assets in its production mix.

The Companies acquired are currently applying for the permits and licences to carry out their projects, so construction of the renewable energy facilities has not yet started and no ordinary revenue has been generated since acquisition date.

## 4. Commitment to a Sustainable Energy Model.

### 4.1. The Open Power Strategic Positioning.

The energy sector is experiencing a profound change caused by the main macro-trends (climate change, urban concentration, strengthening of civil society, technological and digital revolution), and by other emerging fruits of technological and social changes.

ENDESA in response to these changes and through the Open Power concept, which constitutes the mission, vision and values of the Company, has always been at the forefront of the different advances produced in the energy sector, bringing safe, affordable and sustainable energy to millions of people. Therefore, aware of this change, it is positioned in a new era of energy which is more open, participatory and digital. This positioning is summarised in the concept of Open Power with the vision of facing up to some of the greatest challenges in the world through values such as responsibility, innovation, trust or proactivity:

#### Mission

- Open up energy to more people.
- Open up energy to new technologies.

- Open up new ways of managing energy for the consumer.
- Open up energy to new uses.
- Open ourselves up to more collaborators.

Vision:

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

Values:

- Responsibility.
- Innovation.
- Trust.
- Proactiveness.

## 4.2. Sustainability Policy

Maintaining a leadership position and strengthening it for the future involves a balanced fulfilment of ENDESA's responsibilities in economic, social and environmental matters, based on ethical criteria.

Accordingly, ENDESA's sustainability policy aims to formalise and specify the company's commitment to Sustainable Development, as evidenced by its Open Power strategic positioning and to achieve the creation of shared value, ensuring that the activity that it carries out has a positive impact on the communities in which it operates, as the best way of guaranteeing returns for its shareholders in the short, medium and long term.

Accordingly, the Sustainability Policy establishes nine commitments for the future:

- **Our customers:** commitment to digital quality, commercial excellence and efficient energy consumption.
- **Our shareholders and investors:** commitment to creating value and profitability.
- **Our people:** commitment to personal and professional development, diversity and work-life balance, and the occupational health and safety of the people who work for ENDESA.
- **Our conduct:** commitment to good governance, transparency and ethical behaviour.
- **Our environment:** commitment to reducing our environmental footprint and protecting the environment.
- **Innovation:** commitment to innovation in technology and the scope of services.
- **Society:** commitment to the socio-economic development of the communities in which the Company operates.
- **Institutions:** commitment to developing public-private partnerships to promote sustainable development.
- **Our employees:** commitment of those who work with us to be actively involved in sustainability.

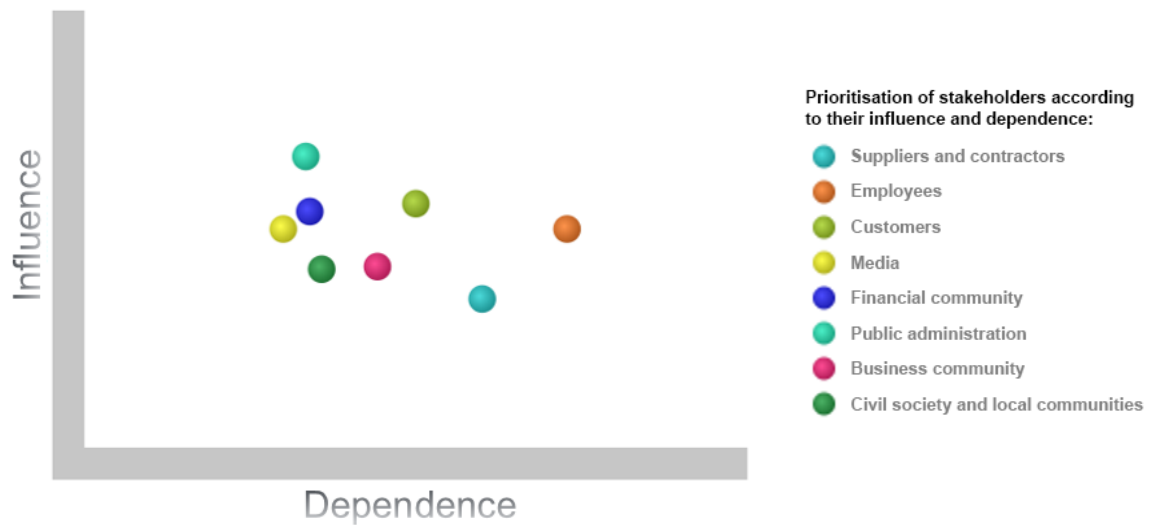
The commitments for the future set out in the Sustainability Policy constitute the basis and guidelines for ENDESA's conduct in the promotion of a sustainable business model. Compliance with the policy is expressly driven by Senior Management; it concerns employees, contractors and suppliers, and it is exposed to third party valuation:

- These commitments are fully integrated into the Company's strategic vision and day-to-day work and are constantly reviewed and improved through the definition of objectives, programmes and actions which are included in successive Sustainability Plans.
- ENDESA has monitoring and evaluation mechanisms available that exhaustively measure the achievement of these commitments. In this regard, the Audit and Compliance Committee carries out an annual monitoring of the corporate social responsibility strategy and practice and the Board of Directors approves the sustainability plan, the Non-Financial Information Statement and the Sustainability Report.
- ENDESA's focus is on steady and fluid dialogue with stakeholders, with the aim of incorporating their expectations in a structured manner and in alignment with its strategy.
- ENDESA is committed to the application of responsible communication practices as its principal vehicle for conveying the strength and solidity of its commitment to sustainable development to its various stakeholder groups.

## 5.- Dialogue with Stakeholders

ENDESA, aware that stakeholders and their expectations constitute the basis on which it articulates its sustainability strategy and serve to guide its industrial plan in a way that responds to those needs, reducing risks and taking advantage of business opportunities that are generated by satisfying these expectations, makes a commitment to the promotion of a continuous dialogue with its different groups, for which it reviews, identifies and catalogues, on an annual basis, its stakeholders both globally and in its local operations. In this way, for each stakeholder a segmentation is carried out that allows each of the groups that it comprises to be identified and thus optimise the identification of dialogue and consultation channels to assess their perception of the company's management.

This prioritisation is carried out according to three variables: the level of dependence on the activity of the company, the ability to influence the decision-making process of the company and the level of special and immediate attention required by the stakeholder. This analysis in 2019 maintains that public institutions, investors and customers are the stakeholders with the greatest capacity to influence the Company, while employees are those with the highest degree of dependence.



This methodology is also applied in the local operations of the company in order to increase the level of detail, thus seeking to identify relevant local stakeholders that allow designing effective responses under the approach of creating shared value between the company and the stakeholders. This also makes it possible to implement a continuous interaction with them through the use of different communication channels and procedures, which allows them to acquire a solid knowledge of the needs and expectations of the stakeholders, as well as their evolution.

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

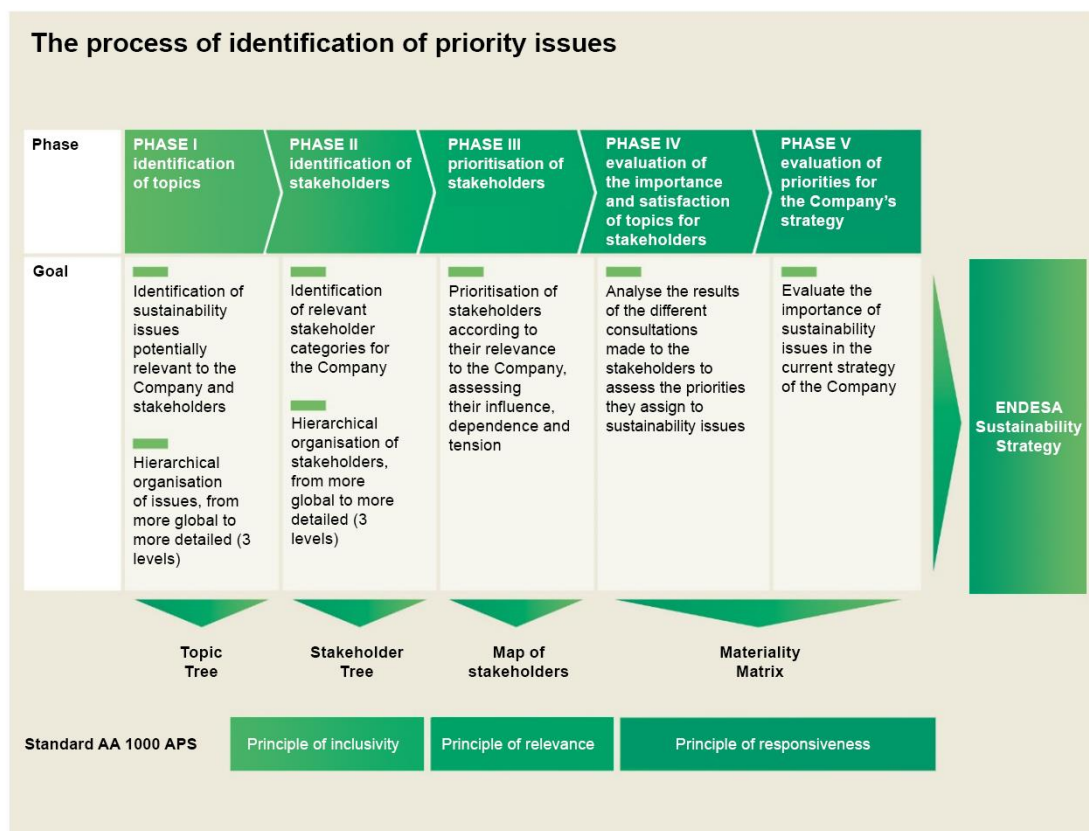
	<ul style="list-style-type: none"> <li>Forums and conferences</li> <li>Web channel</li> <li>Web and Twenergy</li> <li>Social networks</li> <li>Ethical channel</li> <li>Sustainability Mailbox</li> </ul>
Suppliers and Contractors	<ul style="list-style-type: none"> <li>Direct contacts</li> <li>Web channel</li> <li>Committees</li> <li>Forums and conferences</li> <li>Working groups</li> </ul>

## 6. Materiality Study: Identification of Priorities from the Dialogue with Stakeholders.

### 6.1. The Priority Identification Process.

ENDESA, based on the continuous dialogue with the Stakeholders and in order to integrate their expectations in a structured way and aligned with the purpose of the company, annually carries out a priority identification process to evaluate and select the economic, ethical, environmental and social issues that are relevant to stakeholders and to the company's strategy.

This process is aligned with the international standards AA 1000, which are intended to guide the organisation in the strategic management of interaction with its stakeholders to identify, prioritise



and respond to sustainability challenges and improve performance over the long term through compliance with a set of principles: inclusiveness, relevance and responsiveness.

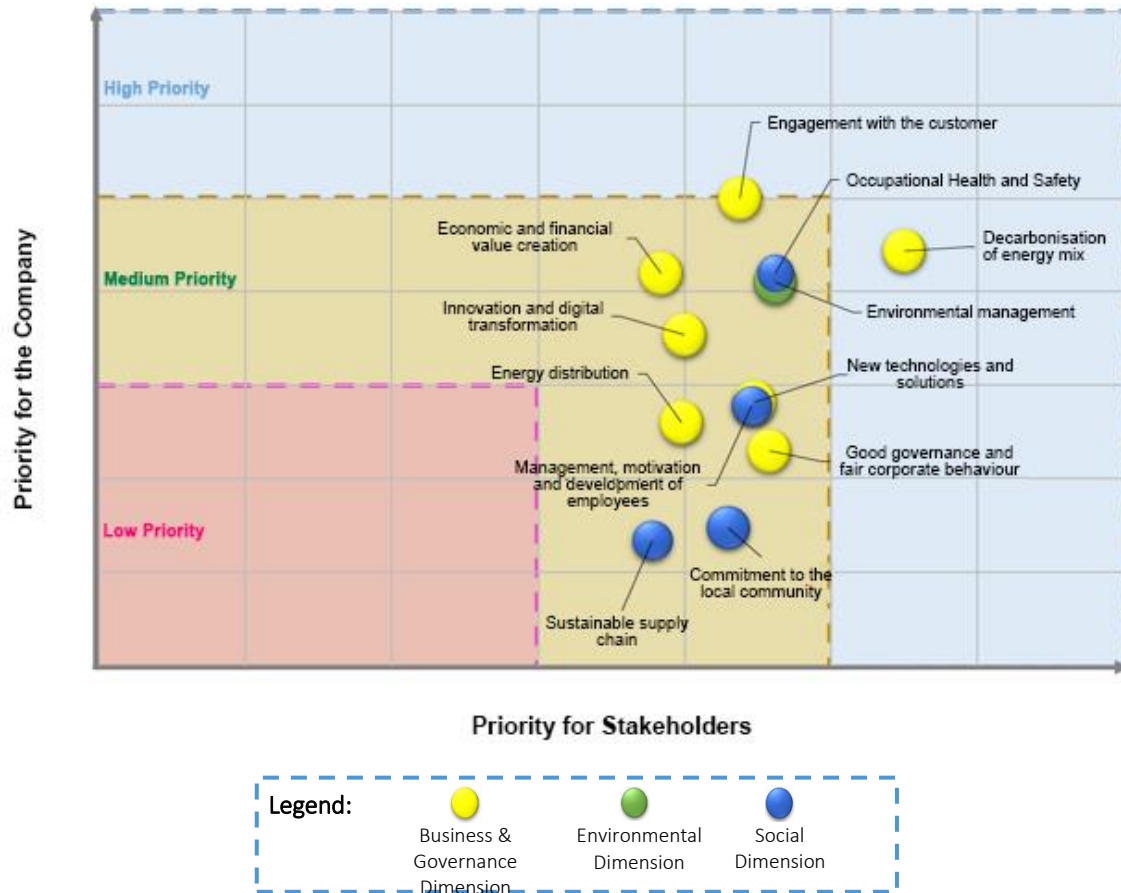
## **6.2. Materiality Study 2019 - Consultation of Stakeholders on Economic, Environmental and Social Issues.**

In 2019 ENDESA has carried out a materiality study that has served as a basis for defining the priorities of its 2020-2022 ENDESA Sustainability Plan and for this, it has carried out the following analyses and works:

- Analysis of trends in the field of energy and sustainability with possible current or future effect on the activity of the Company.
- Analysis of investors, proxy advisors and investment analysts on sustainability issues.
- Review of the assigned relevance and the degree of maturity of the issues in the management of the main companies in the electricity sector.
- Analysis of media and social networks.
- Online consultations and in-depth telephone interviews with different external stakeholders.
- Focus group with key employees in the management of the Company's sustainability issues.
- In-depth interviews with ENDESA Senior Management.
- Analysis of existing reports that incorporate issues related to the sustainability of the Company: corporate reputation report, Employee Climate survey, customer satisfaction survey and other studies carried out in previous years.

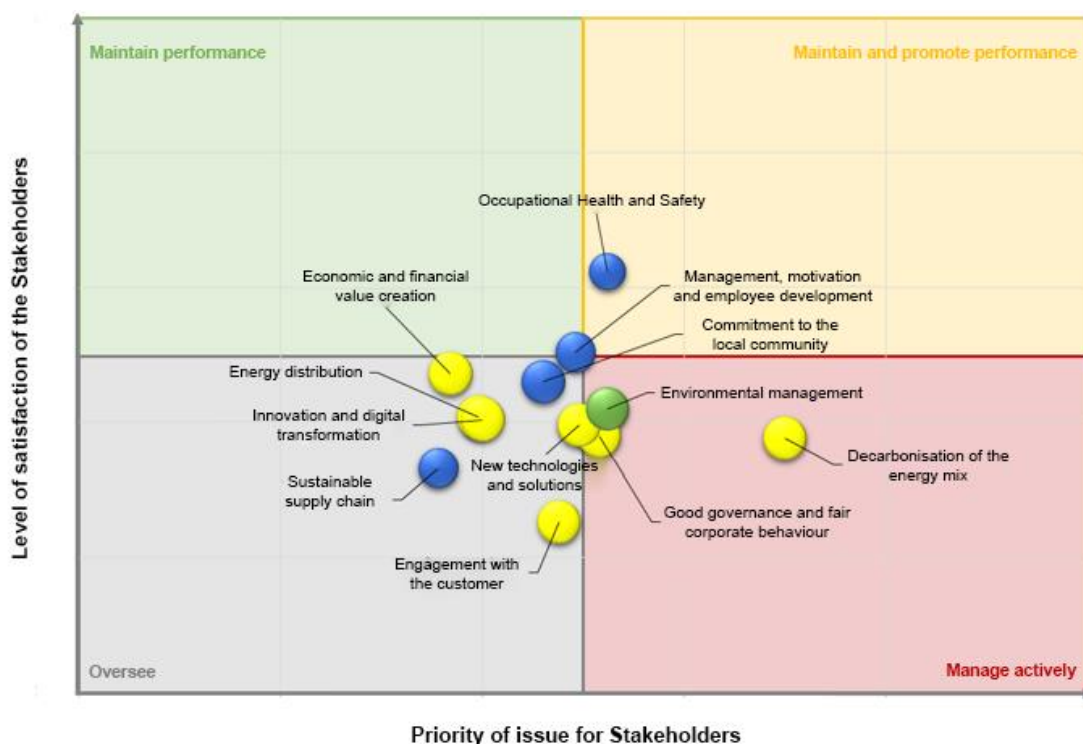
From the combined analysis of the relevance in the business strategy and the priority for the stakeholders of each of the topics, the result is the following matrix:





As the previous matrix shows, among the most relevant issues for the sustainability of the company and with some changes with respect to the previous year, the decarbonisation of the energy mix, the commitment to the customer, occupational health and safety and environmental management appear.

In addition, the level of satisfaction of the stakeholders regarding these issues has been analysed, identifying the decarbonisation of the energy mix as the material issue that should be managed more actively.



To identify the issues on which ENDESA should focus its actions in the coming years to guarantee the creation of shared value and the best generation of benefit to the Company and its shareholders in the long term, the Company combines the results of the previous analysis with the of the business model, the sector and the expectations of stakeholders. The result identifies the following areas of action:

- *Response of the sector to climate change*: international commitments and technological development promote the decisive impulse to renewable energies and the progressive reduction of the weight of generation from fossil sources in the energy mix.
- *Models of value creation for the new energy scenario*: increased competition, technological development and new consumer demands, will foreseeably lead energy companies to transform their business model towards one more focused on distribution (promoting their digitalisation) and marketing (developing and diversifying the offering of services, especially in the field of renewable energy, energy efficiency, mobility and digital services).
- *Strengthening social legitimacy*: the energy sector has a high public exposure, promoted by greater social awareness in this regard. Therefore, it is essential to continue working on the improvement of social perception to continue competing in the new energy scenario and in the implementation of the shared value creation model in all phases of the life cycle of the company's operations.
- *Responsible business management*: increases the importance of environmental, social and government issues in determining a responsible company. These include aspects related to human rights, human capital development, occupational health and safety, environmental management, cybersecurity and the extension of sustainability to the supply chain.

In short, according to the stakeholders consulted, the creation of the company's value must be based on a set of requirements necessary to operate (such as corporate governance, environmental management, health and safety, human rights, supply chain or community relations) and incorporate a set of elements aimed at generating future value for the business (such as customer orientation, new business solutions, digitalisation and operational efficiency). All this must be done on the basis of the promotion of an emission-free energy model by 2050 and through the continuous commitment to the development of highly qualified human capital that will lead the energy transition.

## **7. The ENDESA Sustainability Plan.**

### **7.1. 2019-2021 ENDESA Sustainability Plan (PES)**

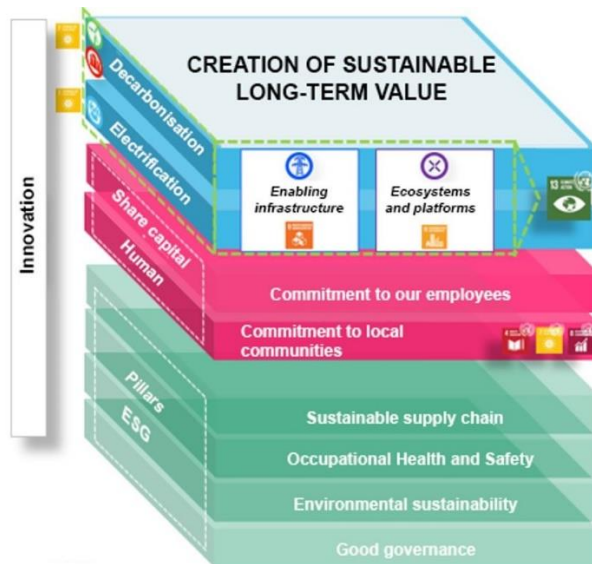
For ENDESA, sustainability plays a central role when defining the direction of our business, and in order to integrate it with the management of the business and the decision-making processes, there must be maximum alignment between the business strategy and the sustainability strategy, so that both are aimed at the attainment of the same objective and provide mutual feedback to achieve it, thereby generating economic value for the Company in the short and long-term. Therefore, ENDESA's materiality analysis feeds the strategic reflection that defines the Industrial Plan. Additionally, the 2019-2021 ENDESA Sustainability Plan (PES), through more than 100 quantitative management objectives, responded to each of the priorities and strategic pillars identified, with a global compliance of 92%.

As part of its commitment to transparency and in the interest of building trust with its stakeholders, ENDESA duly renders account of its achievement of the objectives and actions included in its 2019-2021 ENDESA Sustainability Plan in this Statement of Non-Financial Information (see subsequent chapters) and in the 2019 Sustainability Report, which will be made available on its website [www.ENDESA.com](http://www.ENDESA.com).

### **7.2. 2020-2022 ENDESA Sustainability Plan (PES)**

On 27 November 2019, ENDESA presented to the investment community the update of its 2020-2022 Strategic Plan and, aligned with it, ENDESA has carried out an analysis and reflection process based on the results of the materiality study carried out in 2019 for the design of its new 2020-2022 ENDESA Sustainability Plan. This plan is based on the achievements and improvement opportunities identified in the previous plan, thus identifying priorities for action for the next 3 years.

## Structure of the 2020-2022 ENDESA Sustainability Plan



The new 2020-2022 ENDESA Sustainability Plan (PES) continues along this path, which promotes the creation of long-term sustainable value through the establishment of the following strategic priorities:

- **Decarbonisation:** With a clearly defined roadmap for decarbonisation in 2050, the new plan continues to increase the ambition of the objectives in favour of the development of renewable energies and complementary technologies to favour the new energy model, such as increasing storage capacity and fossil fuel reduction.
- **Electrification:** Through a focus on innovation and digitalisation, the PES includes lines of action aimed at promoting a quality service that increases the electrification of the Company. For this, it develops sustainable business solutions aimed at responding to new customer demands, as well as maintaining a high level of excellence in relationships and quality of service. Likewise, the objectives aimed at promoting efficiency along the value creation chain and the promotion of digital transformation in the 3 main areas in which it works are: generation and distribution assets, customers.
- **Human Capital:**
  - **Commitment to our employees:** Due to the strategic nature of human capital in an environment of change like the one currently experienced by the energy sector, ENDESA maintains and incorporates new objectives in the field of talent development, job satisfaction, diversity and achieving a balance between working and personal life.
  - **Commitment to local communities:** The ENDESA Sustainability Plan once again includes objectives aimed at promoting socio-economic development, education and access to energy as fundamental axes of its commitment to local communities and ensuring the implementation of the shared value creation approach in the development of its activities.
- **ESG Pillars:**

- **Sustainable supply chain:** The ENDESA Sustainability Plan establishes lines of action aimed at monitoring environmental, safety and human rights parameters in the selection of suppliers and contractors.
- **Occupational Health & Safety:** Objectives are set to reduce accidents in employees and contractors, as well as to promote healthy habits.
- **Environmental sustainability:** The ENDESA Sustainability Plan sets objectives to reduce the company's environmental footprint throughout its entire perimeter of activity.
- **Corporate governance:** Lines of action are established to maintain a high level of excellence in fulfilling their commitments and ethical responsibilities and in the implementation of good corporate governance practices.

All the strategic lines marked together with the incorporation of lines of action in the field of innovation, digitalisation and cybersecurity allow the creation of long-term economic and financial value.

This 2020-2022 ENDESA Sustainability Plan reaffirms, therefore, ENDESA's determined commitment to sustainability, which is put into practice through the more than 115 quantitative management objectives.

The most relevant objectives of the 2020-2022 ENDESA Sustainability Plan are detailed in the following chapters of this Non-Financial Information Statement, while the details of all the objectives will be available in the 2019 Sustainability Report and the corporate website [www.ENDESA.com](http://www.ENDESA.com)

## INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

### 1. General Risk Management and Control Policy

The General Risk Management and Control Policy establishes the basic principles and the general framework for the control and management of risks of all kinds that might affect the attainment of the objectives, ensuring that they are identified, analysed, assessed, managed and controlled systematically and within the levels of risk established.

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

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

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

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

The risk control and management model implemented in the Company is aligned with international standards following a methodology based on the 3 lines of defence model, as described in the General Risk Control and Management Policy published on the Company website.

<https://www.ENDESA.com/es/accionistas-e-inversores/gobierno-corporativo/politicas-corporativas.html>

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

The General Risk Management and Control Policy defines the Internal Control and Risk Management System for ENDESA as an interwoven system of rules, processes, controls and reporting systems in which overall risk is defined as the total consolidated amount of all risks to which it is exposed, taking into account the mitigating effects for the different exposures and risk classes, allowing for consolidation and appraisal of risk exposure, from the Company's different



business units and areas, as well as the development of management information relevant to making decisions on risk and the proper use of capital.

The risk control and management process consists of the identification, evaluation, monitoring and management in time of the different risks, and contemplates the main risks to which the company is exposed, whether endogenous (for internal factors) or exogenous (for external factors).

- **Identification** The purpose of the risk identification process is to generate the risk inventory based on events that could prevent, degrade or delay the achievement of the objectives. The identification must include risks whether their origin is under the control of the organisation or whether it is due to unmanageable external causes.
- **Evaluation** The objective is to obtain the parameters that allow the measurement of the economic and reputational impact of all risks for their subsequent prioritisation. Evaluation includes different methodologies according to the characteristics of the risk, such as the assessment of scenarios, the estimation of the potential loss from the impact and likelihood evaluation distributions.
- **Monitoring** The objective is to monitor the risks and establish management mechanisms allowing the risks to be kept within the established limits and the appropriate management actions to be taken.
- **Management** The objective is the performance of the actions aimed at keeping risk levels at optimum levels and in any case within the established limits.

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

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

## 2. ENDESA's criminal and anti-bribery risk prevention model

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

In accordance with the provisions of this Organic Law, ENDESA has developed certain internal rules that have satisfied the need for adequate control and management systems applied in the

area of criminal detection and prevention, particularly in conduct aimed at restricting the crime of bribery.

The ENDESA Criminal and Anti-Bribery Regulatory Compliance Management System (hereafter referred to as the “Compliance System”) comprises an integrated body of provisions on the basis of the Criminal and Anti-Bribery Compliance Policy, which is respectful of legal requirements Spanish in this matter and sufficient to meet the expectations that are deposited in the Organisations that operate according to the highest levels of commitment in the most advanced markets.

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

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

The functions of verification, monitoring and updating of the Compliance System are performed by the Criminal Risk Supervision Committee and, ultimately, the operation and compliance of the System is supervised by the Audit and Compliance Committee (CAC) of the Board of Directors.

For more details, see section 2.3 and 2.4 of the section Fight against Corruption and Bribery in this document.

### **3. The Internal Control System for Financial Reporting (SCIIF)**

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

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

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

#### **4. Risk control and management.**

ENDESA has established a process of control and management of risks that allows it to obtain a complete vision of all the risks to which it is exposed, considering the mitigation effects between the different exposures and categories thereof, as well as the preparation of the corresponding management information for decision making in terms of risk and appropriate use of capital.

The Risk Committee supervises the management and monitoring of all risks other than those of a criminal nature and those related to internal control and financial information, referring the results of its deliberations and conclusions to the Audit and Compliance Committee of the Board of Directors of ENDESA S.A.

Risk Control is the area delegated by the Risk Committee to define the procedures and norms of the internal control and risk management system, to ensure that all the risks are homogeneously and periodically identified, characterised, quantified and properly managed in the area of responsibility that affects the entity, including off-balance sheet, monitoring risk exposure and the control activities implemented. To carry out its functions, Risk Control relies on other areas and committees that have specific and complementary risk control and management models and policies.

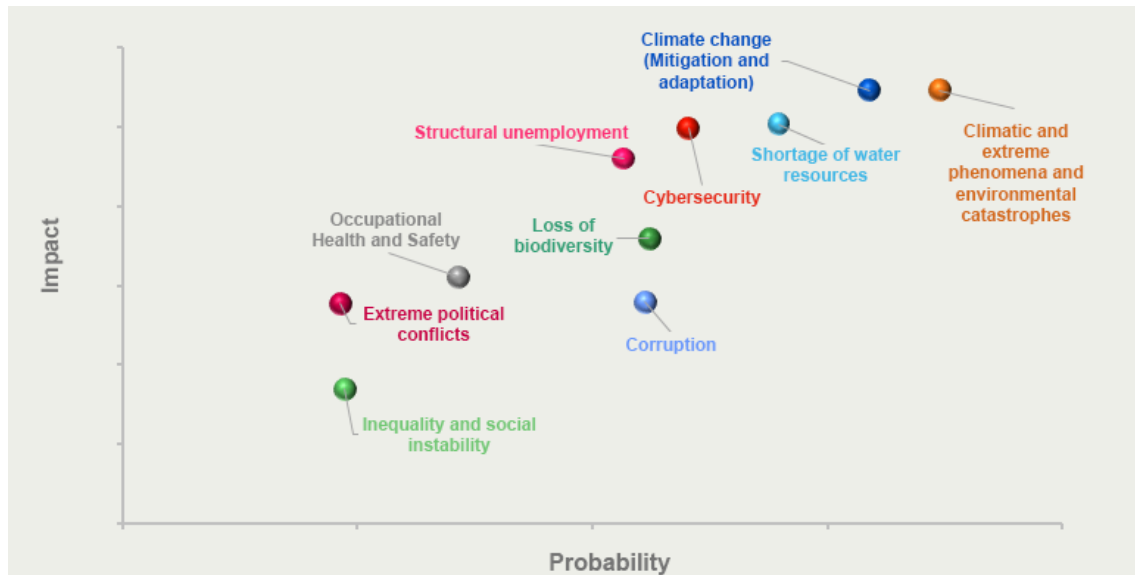
#### **5. Main Sustainability Risks - Impacts of Risks and Opportunities Related to Environmental and Social Issues.**

ENDESA is exposed to certain risks that it manages through the application of identification, measurement, control and management systems. In this sense, the different types of risk, financial and non-financial (operational, technological, legal, social, environmental, political and reputational) that the Company faces, are taken into consideration. These aspects are integrated into the company's risk management and control system and are supervised by the Audit and Compliance Committee (CAC) of the Board of Directors.

In 2019, ENDESA, as it has been doing systematically and on an annual basis, has updated the identification of emerging sustainability risks with medium and long-term impact related to any of the dimensions that make up sustainability, with the aim of analysing the impact on the business and establish the necessary measures for its control and prevention.

To this end, ENDESA has taken as a reference the identification of global risks prepared by the World Economic Forum based on a consultation with 1,000 experts from the business world, university, civil society and public sector on the perception of global risks in a time horizon of 10 years. This map has been adjusted to ENDESA's operating context based on the queries made by the Company to the stakeholders as part of the materiality study, thus identifying the most relevant sustainability risks and the query made to the stakeholders within the Human Rights Due Diligence to identify risks at the country level. These three factors (analysis of the World Economic Forum, materiality study and risk analysis in the Due Diligence) determine both the probability and the impact of the different risks. This analysis is complemented by that of the Company's exposure to each of the risks carried out taking into account the analyses of MSCI and Sustainalytics.

The resulting risk map varies slightly from that of the previous year since some of the macro-trends identified in previous years have been accentuated, such as climate change and its effects, loss of biodiversity and the associated environmental activism, among others:



Risk	Description	Potential Impact on ENDESA	Main Management and Mitigation Measures
<b>Climate Change (Mitigation and Adaptation)</b>	The measures that are being taken in the fight against climate change by States and the business sector may be insufficient for mitigation and adaptation.	Increase in regulatory requirements to accelerate the transition to an energy mix free of greenhouse gas emissions (increased production cost overruns based on fossil fuels). Increase in the demands by investors regarding the management of the impact of the different climate change scenarios.	<p>ENDESA has established a roadmap towards the Decarbonisation of its energy mix by 2050 that sets intermediate targets for reducing CO2 emissions for the years 2020, 2030 and 2040. This roadmap is supported by a clear commitment to renewable energy and the optimisation of thermal generation assets during the transition. With the new 2020-2022 Strategic Plan, this commitment to decarbonisation has been reinforced, announcing the abandonment of the activity of mainland coal in 2022, which has been materialised throughout 2019 in the request for the closure of the thermal power plants of Litoral, As Pontes and groups 1 and 2 of the Alcudia plant, which completes the closure requests for the Teruel and Compostilla plants made in 2018. That same Plan contemplates an increase in the period between 2020 and 2022 of approximately 40% in installed renewable capacity.</p> <p>An adaptation project has been carried out that includes both the assessment of internal vulnerability and the evaluation of future benefits and opportunities. The conclusions of the aforementioned project show that the risks to which the business lines would be subjected are classified as low and very low and are also expected to materialise slowly and in the future.</p>
<b>Extreme Climate Phenomena and Environmental Disasters</b>	<p>Climate change is generating associated phenomena such as increasing the occurrence and intensity of adverse weather events (floods, storms, etc.).</p> <p>On the other hand, a greater incidence of environmental catastrophes caused by nature itself (tidal waves, earthquakes, etc.), or by humans (industrial discharges, air and/or radioactive pollution, etc.) has a considerable impact on business activity.</p>	<p>Incidents in distribution networks and generation plants motivated by the occurrence of adverse meteorological phenomena.</p> <p>Environmental sanctions derived from the potential provocation of environmental catastrophes in the operation of power plants or the distribution network (fires, radioactive emissions).</p>	<p>ENDESA has environmental management systems for all its generation and distribution assets, certified by ISO 14001 and aimed at promoting excellence in environmental management and going beyond the requirements established in environmental legislation.</p> <p>On the other hand, the Company participates actively and continuously over time both in national and international initiatives and in the development of studies and projects in order to deepen the evaluation of the impacts of climate change on the infrastructure elements that allow it to establish adaptation measures to minimise risks.</p> <p>Additionally, it prepares its facilities for possible eventualities derived from extreme climatic phenomena and environmental catastrophes. In this regard, among other actions, in 2018 the deployment of emergency plans for hydroelectric dams was completed.</p>

Risk	Description	Potential Impact on ENDESA	Main Management and Mitigation Measures
			ENDESA has environmental liability and civil liability insurance to deal with potential breaches of environmental regulations and cover claims arising from damage to third parties.
<b>Cybersecurity</b>	The digital transformation entails greater exposure to potential cyber attacks that may jeopardise the security of computer systems and databases with sensitive information.	Economic losses and reputational impacts that arise in the event that ENDESA's information systems are affected by a cyberattack. Likewise, the Company's critical infrastructure could also be exposed to such attacks that could have a serious impact on the essential services they provide (e.g. nuclear power plants). The danger of fraudulent impersonation in the commercial activity is increasing and it is necessary to take the security measures and protection of the personal data of the customers.	ENDESA has a cybersecurity strategy that is aligned with international standards and government initiatives. As part of this strategy ENDESA carries out a process of evaluation of the main risks and identification of vulnerabilities, as well as an exhaustive digital surveillance through which it analyses the information and implements corrective actions to mitigate risks. Additionally, it deploys training and awareness actions in the use of digital technologies among its employees, both in the professional and private spheres, to mitigate risks.
<b>Inequality and Social Instability</b>	There is a worldwide increase in inequality that, in the case of Spain and Portugal, is accentuated by high levels of unemployment. Likewise, the social instability caused by the lack of leadership and the weakness of representative democracy, together with an increased capacity by people to organise themselves and increase their demands on governments and companies, are contributing to a strengthening of civil society.	Social instability and the strengthening of civil society are causing further questioning of the activities of the company, which needs to increase the intensity of its communication and develop more participatory relationship models with society.	ENDESA is developing different actions to facilitate access to energy for vulnerable groups.  ENDESA has signed 272 agreements in force, of which 6 are with Autonomous Communities and 5 with Federations of Municipalities and it maintains contact with 537 municipalities.  In addition, the Company is implementing a methodology for creating shared value in the surroundings of its local operations in order to ensure that it produces a positive impact on local communities, contributing to respond to the challenges that these communities face, which include unemployment and inequality and the ensuing social instability.
<b>Loss of Biodiversity</b>	Due to the increased demographic pressure and human activity, characterised by high consumption of natural resources, a loss of the biodiversity of ecosystems is being produced.	Increased environmental requirements for the development of new electricity generation and distribution projects.	ENDESA within its Biodiversity Conservation Plan, develops projects for the protection, conservation and enhancement of Biodiversity, promotes the increase of its scientific knowledge, seeks synergies that help its conservation and develops tools that help to understand the interaction of biodiversity with the activity it develops.
<b>Shortage of Water Resources</b>	The demographic explosion and the consumption patterns of today's society entails a greater pressure on those natural resources that have to supply the needs of the population, especially water	Restrictions on the use or availability of water for electricity generation.	ENDESA incorporates into its environmental management systems actions aimed at promoting efficiency in the consumption of water resources.
<b>Structural unemployment</b>	Different factors such as population growth, the impact of automation, cyclical economic crises, the seasonality of employment or the lack of adaptation of the industrial fabric to the new competitive conditions determine that high levels of unemployment are continuously maintained.	Less economic activity that has an impact on lower energy demand and value-added products and services and greater volume of customers in vulnerable economic situations, with difficulties in dealing with the electricity bill.	ENDESA has a fair transition plan through a methodology for creating shared value in the environment of its local operations where employment for its workers is guaranteed.  In 2019, ENDESA allocated more than €3.1 million according to the LBG methodology, in projects aimed at creating economic fabric in the communities, improving employability and creating jobs.  In addition, ENDESA incorporates sustainability criteria in its tenders, among which, in general, it prioritises the supplier/contractor to employ local workers.  ENDESA establishes agreements with the Public Administration to avoid the supply cut of vulnerable customers and thus reduce the risk of default.  In addition, ENDESA has a series of rates according to the economic situation of the different groups

Risk	Description	Potential Impact on ENDESA	Main Management and Mitigation Measures
			(PVPC, Small Consumer Sale Price) as well as the management of the Bono Social discount rate for those with vulnerable economies.
<b>Corruption</b>	The existence of corruption is an obstacle to economic development, represents a greater unpredictability and risk for the development of economic activity	Greater difficulty in developing the activity, impact on the general perception of country risk that may affect access to financing.	The management and mitigation measures for this risk are described in point 2 of this section and in greater detail in the section Fight against corruption and bribery of this document.
<b>Health and Occupational Safety</b>	Occupational health and safety aspects are critical. The type of industrial activity carried out can determine a greater exposure to this type of risk	Occurrence of accidents with an impact on the health of workers.	<p>ENDESA gives absolute priority to the health and safety of its employees, so this issue is closely followed by Senior Management that meets at least monthly to analyse the evolution of the indicators and take appropriate measures before potential deviations.</p> <p>In addition, performance in this area is one of the indicators that determines the variable remuneration of Senior Management.</p> <p>ENDESA has a management policy and associated procedures such as the ENDESA and Business Occupational Health and Safety Management System and its corresponding Operating Rules in Technical Instructions.</p> <p>In addition, Strategic Health and Safety Plans have been established in the medium term with annual renewals or as a result of an abnormal concentration of accident rate.</p> <p>Within ENDESA, as stipulated by Law 31/1995 on Occupational Risk Prevention and regulations that develops it, the prevention and protection service has been organised with the "JOINT PREVENTION SERVICE" figure with a series of tasks to be developed.</p>
<b>Political conflicts and extremism</b>	The geopolitical situation in certain countries, political polarisation and extremist religious movements are causing an increase in terrorist attacks in developed countries.	Increase of the risk on the security of infrastructures in general and with greater intensity in the critical infrastructures that can potentially be the object of terrorist attacks, such as nuclear power plants and reduction of income due to the economic slowdown derived from the uncertainty generated by political polarisation.	ENDESA has security policies that guarantee the implementation of the physical, technical and organisational measures necessary for the protection of people, infrastructure and information systems, in line with the identified risks and the threat assessment; all in accordance with private security regulations and in compliance with the legal and regulatory provisions related to the protection of critical infrastructure and essential services, and in permanent cooperation with the competent authorities in matters of public safety.

## RESPECT FOR HUMAN RIGHTS

### 1. ENDESA Human Rights Policy

ENDESA has a permanent commitment to respect and promote human rights. This commitment is reflected in its corporate policies and is manifested through its adherence to the United Nations Global Compact, which incorporates support and respect for the protection of human rights and non-complicity in its violation within its first two principles. Likewise, ENDESA has historically developed pioneering activities to ensure respect for human rights in its activities and those of its supply chain, continuously developing processes to identify risks and potential human rights impacts.

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

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

The policy identifies 8 principles framed in two broad areas, such as labour practices and communities and societies:

#### Labour practices:

- Freedom of association and collective bargaining.
- Rejection of forced or compulsory labour and child labour.
- Respect for diversity and non-discrimination.
- Occupational Health & Safety.
- Fair and favourable working conditions.

#### Communities and Societies:

- Respect for the rights of communities.
- Integrity: zero tolerance for corruption.
- Privacy and communications.

The policy is available at <https://www.ENDESA.com/content/dam/ENDESA-com/home/sostenibilidad/plandesostenibilidad/documentos/pol%C3%ADtica-de-derechos-humanos/Pol%C3%ADtica-Human-Rights-ENDESAES.pdf> .



## **2. The Due Diligence Process.**

In order to apply the commitments contained in the human rights policy, and following the recommendations of the Guiding Principles, ENDESA undertakes to establish adequate due diligence processes that guarantee its implementation and monitoring, evaluating the possible impacts and risks existing in matters of human rights and establishing measures for their mitigation.

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

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

Given the relevance that this issue has for ENDESA, the entire process was presented to the Audit and Compliance Committee (CAC) on 29 January 2018 to report the main results of the Due Diligence and the action plan designed, for the purpose of Follow up on an annual basis. Also, at the session on 28 January 2019, the CAC was informed of the actions carried out in 2018 to comply with the aforementioned action plan. In the year 2019, 100% of the actions of the action plan resulting from the Due Diligence were completed, and the CAC was informed again in its February 2020 session.

One of the improvements included in the action plan has been to proceed with the periodic execution of Due Diligence to ensure that there is a permanent review of ENDESA's activity to ensure a level of excellence in compliance with the Human Rights Policy and Guiding Principles. This periodicity has been set at 3 years to allow time for, once identified possible deficiencies, the appropriate corrective measures are established. Therefore, having conducted the first Due Diligence in 2017, a new Due Diligence will be carried out throughout 2020. The results included in the following points refer to the analysis carried out in 2017 and the actions carried out to cover the identified deficiencies were carried out between 2018 and 2019.

### **2.1. Country Risk Level Identification.**

In order to know the context in which ENDESA operates in the field of human rights and identify those issues that, due to regulatory and social conditions, could pose a higher level of starting risk, ENDESA conducted a consultation in 2017 to more than 50 experts from different fields such as: United Nations, civil society, academic institutions, citizenship, customers and supply chain.

This consultation allowed the Company to classify each of the principles included in the human rights policy according to the level of risk of non-compliance in Spain (marked mainly by the level of development of current legislation and the social context of the country), where the Company operates.

## 2.2 Impact Evaluation of the Business Activity of ENDESA. Aspects and mechanisms for risk management

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

- Conduct in-depth interviews with Senior Management and the CEO in order to analyse the “state of the art” of integrating respect for human rights in the daily management of the company, thus identifying potential risks and opportunities.
- Internal evaluation of the company’s policies, procedures, systems and practices in each of the business and management areas, based on the analysis of more than 130 indicators that measure performance in the different aspects of human rights related to management business.

This analysis made it possible to verify that ENDESA already had a set of very robust management mechanisms and systems in place at the time of the due diligence process, enabling it to guarantee respect for human rights and properly manage existing risks. In this regard, the main results and existing management mechanisms identified in 2017 are summarised below:

Aspects		Level of Management and Maturity in ENDESA	Mechanisms for Risk Management
			<b>Scope: Labour Practices</b>
Freedom of Association and Collective Bargaining		Robust	More than 90% of the workforce covered by collective agreements agreed with the different trade union organisations and adjusted to the treaties in force of the International Labor Organization (ILO) ratified by Spain. The functioning of these organisations and the right to union action are expressly included in the collective agreements.
Rejection of Forced or Compulsory Labour and Child Labour		Robust	The management systems and procedures of People and Organisation guarantee the absence of minors in the workforce. The youngest employee at the time of the due diligence was 22 years old. As at 31/12/2019 the youngest employee was 22 years old. The conditions of hiring employees are clearly detailed in the contract itself and collective agreements regulate the performance of overtime, there being a commitment to their remuneration and minimisation.
Respect for Diversity and Non-Discrimination		Robust	ENDESA has a diversity and inclusion policy and action plan that establishes objectives and lines of action in four areas (gender, age, nationality and disability) in order to spread a culture that pays attention to diversity as an element of generation of value. In addition, the collective agreement regulates the existing equality plan in the company.
Occupational Health and Safety (OHS)		Robust	ENDESA work centres have occupational health and safety management systems certified by the international standard OHSAS 18.001, through which appropriate measures are established to manage the risks inherent to ENDESA's industrial activity and reduce the accident ratios. In addition, the prevention of occupational hazards is integrated into the activities, processes, practices and facilities throughout all the management bodies of the company.
Fair and Favourable Working Conditions		Robust	Working conditions are regulated through collective agreements agreed with trade union organisations. In addition, the different mechanisms and procedures of People and Organisation management are aimed at promoting working conditions that exceed the requirements established by current regulations.
			<b>Scope: Communities and Society</b>
Respect for the Rights of the Communities	Responsible Relations with the Communities	Robust	ENDESA is currently implementing a methodology for creating shared value in the management of its local operations, through which it integrates the expectations of local communities in the management of assets and seeks solutions that generate value in the Company, thus contributing to obtaining the “social licence” to operate. This methodology is implemented throughout the useful life of the asset.
	Security management	Robust	ENDESA makes use of private security forces in accordance with the provisions of current regulations. Security services are provided by external personnel duly accredited and authorised by the Ministry of Interior. As part of their training, aspects of Private Security legislation, basic rights of people and human rights are included. Likewise, they undergo periodic review and evaluation processes by the State's law enforcement authorities.
	Environment	Robust	ENDESA has environmental management systems certified by ISO 14001 for 100% of its electricity generation and distribution activity. Through these systems, the

		Company establishes environmental monitoring plans and continuous improvement measures that go beyond the requirements established by current regulations.
Integrity and Ethical Conduct	Robust	ENDESA has a Code of Ethics, a Zero Tolerance Plan with Corruption and other regulations in accordance with the most advanced compliance models. In addition, among other aspects, Endesa has established specific action protocols in order to guide the actions of its employees regarding accepting and offering gifts and entertainment, and in dealings with public officials and authorities. Endesa also has a crime prevention model that complies with the regulations applicable to the group regarding corporate criminal liability. This model was certified in 2017 under the UNE 19601 standard: 2017. Finally, since 2017 the Company has a legal and anti-bribery compliance policy, as well as an anti-bribery management system certified by the UNE-ISO 37.001-2017 standard.

During the due diligence process, the extension of the commitment to human rights throughout the entire value chain, including the supply chain and responsible customer relations, was also analysed. The main mechanisms for the management of both aspects are detailed below:

Appearance	Management Mechanisms
	Supply Chain
Supplier and Contractor Management	<p>The general contracting terms and conditions include obligations for suppliers and contractors in relation to respect for human rights during the provision of the service contracted by ENDESA.</p> <p>Likewise, since 2017 the supplier qualification process includes criteria for the evaluation of human rights for the families of suppliers with higher risks. If necessary, audits and on-site visits are planned, as well as the establishment of improvement plans by suppliers and, if appropriate, the loss of qualification and the possible suspension of the contract.</p>
Fuel Provision	<p>The electricity sector must be supplied with fossil fuels whose origin is, in many cases, from countries where there are less stable legal frameworks and with a higher risk of breach of human rights. Therefore, ENDESA systematically performs a counterpart analysis prior to contracting such services. This analysis allows identifying relevant controversies that may entail legal and reputational risks for the Company and incorporates elements related to human rights.</p> <p>Likewise, during the last few years there has been a lot of pressure on the part of Civil Society and investors regarding coal mining, transferring this pressure to the electrical companies (especially the European ones) that use this fuel for the operation of their thermal power stations. Although ENDESA has announced the abandonment of its mainland coal activity in 2022 and has already requested the closure of all its mainland coal plants and Groups 1 and 2 of the Alcudia thermal power plant, still and as part of the ENEL Group, it is part of the Bettercoal initiative. Promoted by a group of European electricity companies, this global initiative aims to promote the continuous improvement of corporate responsibility in the coal supply chain, including human rights as one of its main elements. Thus, mining companies must adopt the Bettercoal code and implement a set of good practices and undergo continuous evaluation and improvement processes. For more details see the Supply Chain section of this report.</p>
	Responsible Relations with the Customer
Privacy and Communications	<p>ENDESA has a system certified by AENOR for the treatment of commercial and Customer Service advisors that is based on a specific ethical code aimed at ensuring that the commercial activity complies with current legislation, respects private life, guarantees the protection of minors and respect those who do not want commercial information.</p> <p>Regarding the protection of personal data, ENDESA has the appropriate monitoring and review systems and mechanisms to comply with the Organic Law on Data Protection.</p> <p>With regard to advertising communications there is an internal control system that seeks to minimise risks and avoid messages that may threaten human dignity or human rights.</p>
Access to Energy for Vulnerable Customers	<p>ENDESA recognises the essential role that access to energy constitutes to guarantee the fulfilment of human rights, since it is directly related to the well-being of people and their quality of life.</p> <p>In this sense, the States have the main responsibility of guaranteeing sustainable, safe and affordable access to basic energy services. However, the electricity sector can contribute to this end and thus promote social and economic development that is inclusive and sustainable.</p> <p>In this context, ENDESA is aware of the serious problem of the inability to deal with the energy bill in many Spanish homes and, therefore, the Company has pioneered the signing of agreements with the Public Administration to guarantee the supply to the vulnerable customers.</p> <p>In addition, the Company develops different actions aimed at promoting energy efficiency and saving the electricity bill of this type of groups.</p>

### 3. Opportunities for Improvement and Action Plan.

During the process of evaluating compliance with human rights policy and its alignment with the Guiding Principles, a set of improvement opportunities were identified to strengthen the Company's commitment to respect for human rights in the performance of its industrial activity, and commercial.

Thus, these opportunities for improvement are classified into four areas: reinforce and disseminate ENDESA's commitment to human rights; promote the integration of human rights in

business activity among employees; strengthen relations with local communities; and extend commitment and control to the value chain.

To respond to these four areas of action, an action plan was defined containing 27 actions, the development of which was planned for 2018 and subsequent years and whose follow-up is submitted to the Board of Directors of ENDESA, S.A. through the Audit and Compliance Committee (CAC).

The main improvement opportunities identified and the actions carried out in the action plan that were presented in detail to the Audit and Compliance Committee (CAC) of 28 January 2019 are detailed below. In the table it can be verified that as of 31 December 2019 a degree of achievement of 100% has already been reached.

Scope of Improvement	Main Actions	Status as at 31/12/2019
Strengthen and disseminate ENDESA's commitment to human rights, both to employees and to external stakeholders.	<ul style="list-style-type: none"> <li>Inclusion of a reference to the commitment to Human Rights and due diligence in public documentation related to the policy and management of nuclear assets</li> <li>External dissemination of ENDESA's commitment to human rights and the actions being carried out.</li> </ul>	<ul style="list-style-type: none"> <li>Added text explaining the commitment to Human Rights and due diligence in specific nuclear section.</li> <li>Communication of Human Rights policy and intense communication campaign between September and December through the intranet.</li> </ul>
Promote the integration of human rights in ENDESA's business activity among employees.	<ul style="list-style-type: none"> <li>Training on human rights to ENDESA staff.</li> <li>Promotion of diversity and inclusion programmes and promotion of the improvement of diversity ratios.</li> <li>Improvement of safety ratios (frequency, severity and fatal accidents).</li> </ul>	<ul style="list-style-type: none"> <li>Launch of an internet course for all employees in December 2018.</li> <li>Improvement objectives already included in the 2019-2021 PES and in the 2020-2022 PES.</li> <li>Improvement objectives included in the 2019-2021 PES and in the 2020-2022 PES.</li> </ul>
Strengthen relations with local communities.	<ul style="list-style-type: none"> <li>Continuation of the implementation of mechanisms and actions for the management of relations with local communities in the activities of electricity generation and distribution.</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of Shared Value Creation methodology in thermal and renewable assets in O&amp;M and adjustment of the methodology for generation and distribution to put more focus on Human Rights.</li> </ul>
Extend commitment and control to the value chain.	<ul style="list-style-type: none"> <li>Analysis of the feasibility of including Human Rights criteria in the vendor rating process</li> <li>Continuation of the extension of the evaluation criteria in human rights to the asset purchase processes.</li> </ul>	<ul style="list-style-type: none"> <li>Criteria included. Pilot made in early 2019.</li> <li>Extended to asset purchase operations (Ceuta Distributor).</li> </ul>

Additionally, other relevant actions have also been developed within the due diligence action plan:

- Extension of the information collected in the Sustainability Report.
- Promotion of measures to avoid discriminatory attitudes during the selection process (inclusive language in publications, at least one woman in the finalists, exhaustive reporting of the percentage of women in all phases of the selection process, etc.).
- Awareness-raising among managers about the company's commitment to minimising the number of overtime hours.
- Inclusion of Human Rights criteria in the evaluation process (vendor rating) of suppliers.
- Inclusion of Human Rights aspects in the sustainability questionnaire made to contractors.

- New counterpart evaluation procedure with a focus on Human Rights in coal suppliers.
- Communication and dissemination of the ethics channel to suppliers and contractors.
- The emergency plan for hydraulic dams has been deployed in 100% of assets.
- Incorporated a focus on Human Rights in the focus groups carried out with NGOs to prepare the materiality analysis.

#### 4. Complaint and Claim Mechanisms.

ENDESA's human rights policy provides that when any person related to ENDESA, whether an employee or an external person, considers that there is a situation contrary to what is stated in the policy itself, they may inform the Audit Function of the business.

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

On the other hand, for those issues related to the workplace, ENDESA has the necessary mechanisms to establish a continuous dialogue with the different trade union organisations through which they can transmit complaints or claims to the company. Likewise, through the strategic positioning of Open Power, ENDESA seeks to establish an increasingly continuous and close dialogue with civil society organisations through which complaints or suggestions on issues related to human rights can also be received. In this regard, it is worth mentioning the existence of a sustainability mailbox ([sustainability@endesa.es](mailto:sustainability@endesa.es)) through which any stakeholder can contact the company.

In any case where, based on a communication of this type, it is determined that there has been a breach of the principles set forth in this Policy, the corresponding procedure provided in the Code of Ethics will apply. Likewise, ENDESA is committed to developing the appropriate remediation mechanisms, without prejudice to allowing access to other judicial and non-judicial mechanisms that may exist.

Additionally, within the Due Diligence Action Plan, a specific channel ([sustainability\\_csv@ENEL.com](mailto:sustainability_csv@ENEL.com)) has been created to facilitate the reception of doubts, complaints or clarifications for all assets and projects. Information on the existence of this channel is available, in addition to the usual ENDESA communication channels, in the information panels (panel sites) located in all facilities.

##### 4.1. Complaints for cases of violation of human rights. Cases of discrimination and corrective actions taken

In 2019 there were 2 complaints on issues related to human rights (mobbing or corporate climate and people management and organisation), in 2018 we had 3 complaints on issues related to human rights.

One of them has been referred to a specialist for management, since the protocol has been established, and in none of them has non-compliance been verified.

## CORPORATE GOVERNANCE

### 1. Diversity of Competencies and Points of View of the Members of the Administration, Management and Supervisory Bodies by Age, Gender and Educational and Professional Background.

#### 1.1. Composition of the Highest Governing Body.

COMPOSITION OF THE ENDESA BOARD OF DIRECTORS ON 31-12-2019			
Board position	Name or company name with director	Category of Director	Date of first appointment
Chairman	Mr Juan Sánchez-Calero Guilarte	Independent	12-Apr-19
Vice Chairman	Mr Francesco Starace	Proprietary	16-Jun-14
CEO	Mr José D. Bogas Gálvez	Executive	7-Oct-14
Director	Mr Miquel Roca Junyent	Independent	25-Jun-09
Director	Mr Alejandro Echevarría Busquet	Independent	25-Jun-09
Director	Mr Antonio Cammisecra	Proprietary	27-Sep-19
Director	Mr Alberto de Paoli	Proprietary	4-Nov-14
Director	Ms Helena Revoredo Delvecchio*	Independent	4-Nov-14
Director	Mr Ignacio Garralda Ruíz de Velasco	Independent	27-Apr-15
Director	Mr Francisco de Lacerda	Independent	27-Apr-15
Director	Ms Maria Patrizia Grieco	Proprietary	26-Apr-17
Secretary	Mr Borja Acha Besga	-	1-Aug-15

\*Ms Helena Revoredo ceased in her duties as a company director on 15 January 2020.

DIRECTORS	QUALITIES AND SKILLS							DIVERSITY			
	Finance and Risks	Engineering	Legal	Management	Strategy	ICT	Human resources	Years in office	Nationality	Gender	Age
Juan Sanchez-Calero Guilarte			✓	✓	✓			1	SP	M	62
Francesco Starace	✓	✓		✓	✓			5	IT	M	64
José Bogas Gálvez	✓	✓		✓	✓			5	SP	M	64
Alberto De Paoli	✓			✓	✓			5	IT	M	54
Miquel Roca Junyent	✓		✓	✓	✓		✓	10	SP	M	79
Alejandro Echevarría Busquet	✓			✓	✓			10	SP	M	77
Maria Patrizia Grieco	✓		✓	✓	✓	✓		2	IT	W	67
Antonio Cammisecra	✓	✓		✓	✓			1	IT	M	49
Helena Revoredo Delvecchio	✓			✓	✓			5	ARG	W	72
Ignacio Garralda Ruíz de Velasco	✓		✓	✓	✓			4	SP	M	68
Francisco de Lacerda	✓			✓	✓			4	PORT	M	59



## 1.2. Nomination and selection of the Highest Governing Body.

The Regulations of the Board of Directors, in its Article 9.- Selection, appointment, ratification and re-election of Directors, establishes that: *“The Board of Directors, at the proposal of the Appointments and Remuneration Committee, shall approve a specific and attestable policy for selecting candidates for the office of director, ensuring that the proposed appointments of directors are based on a previous analysis of the needs of the Board, and which favours a diversity of knowledge, experiences and gender.”*

In this regard, the Board of Directors approved on 10 November 2015 a Policy for the selection of Directors (modified on 16 December 2019, in order to technically improve the content of the Policy and to adapt to the best governance practices corporate) concrete and verifiable, which seeks the integration of different professional and management experiences and competences (including those that are specific to the business developed by the Company, the economic-financial and legal), promoting, in addition, to the extent of the possible, the diversity of gender and age.

Likewise, Article 9 of the Regulations indicates that *“The proposals for the appointment, ratification or re-election of Directors made by the Board will fall on persons of recognised prestige who have the appropriate professional experience and knowledge to carry out their duties and assume a commitment of sufficient dedication for the performance of the tasks of that one.”*

*The General Shareholders’ Meeting or, as the case may be, the Board shall be responsible for appointing Board members in accordance with the provisions set forth in the Spanish Capital Corporations Act (Ley de Sociedades de Capital) and the Articles of Association. The position of Director is waived, revocable and re-eligible.*

*Proposals for the appointment, ratification or reappointment of Directors made by the Board of Directors to the General Shareholders’ Meeting, or as approved by the Board of Directors itself in the case of proposals for appointment, shall be made at the proposal of the Appointments and Remuneration Committee, in the case of Independent Directors, and following a report by said Committee for all other types of Directors.”*

## 1.3. Diversity in Government Bodies.

The Policy for the selection of Directors (approved on 10 November 2015, and amended on 16 December 2019, in order to technically improve the content of the Policy and the adaptation to the best corporate governance practices), sets on the Article 5 for the promotion of gender diversity: *“ENDESA understands that diversity in all its forms, at every level of its professional team, is a key component to ensuring the Company’s competitiveness and also plays a key role in its corporate governance strategy that ensures a critical attitude, as well as the expression of different points of view and positions and the analysis of its strengths and weaknesses.*

*For this, it ensures equal opportunities and fair treatment in the management of people at all levels, maximising the value contribution of those elements that differentiate people (gender, culture, age, abilities, nationality, etc.) within the Board of Directors, the Audit and Compliance Committee and the Appointment and Compensation Committee, taking into account the limitations presented by the smaller size of the Committees.*

*In this regard, the Director Selection Policy shall promote the objective of having female directors account for at least 30% of the total number of Board members by 2020.*



#### 1.4. Remuneration of Directors.

Directors shall be entitled to the following remuneration based on their condition as such: a monthly fixed salary and attendance allowances for each meeting of the governing bodies of the Company and its committees.

- “Monthly fixed allocation”: the amount applied for this concept as of January 2013, which amounts to €15,600 gross, is maintained as of the date of issuance of this Report. Additionally, this item includes €1,000 gross per month for the positions of Chairman of the Audit and Compliance Committee and the Appointments and Remuneration Committee, and €2,100 gross per month for the Coordinating Director.
- “Attendance allowances” for each session of the Board of Directors, Audit and Compliance Committee and Appointments and Remuneration Committee, maintaining the amount approved by the Board on 21 January 2013 and amounting to €1,500 gross.

Detailed information on the remuneration of the Directors of the Company can be found in the documents “ENDESA Remuneration Policy” and “Annual Report on Directors’ Remuneration” published on the Company’s website.

The following is the average remuneration of the Directors in their capacity as such, in 2019 financial year:

	TOTAL AVERAGE		AVERAGE FOR MEN		AVERAGE FOR WOMEN	
€ thousand	2019	2018	2019	2018	2019	2018
PERMANENT	237.1	194.7	256.9	197.5	187.7	187.7
ALLOWANCE	39.9	38.4	44.7	42.9	27.7	27.0
TOTAL	277.0	233.1	301.7	240.4	215.5	214.7

The Board of Directors of ENDESA consists of 11 Directors. However, the data are calculated on the seven Directors (5 men and 2 women) who receive remuneration as such. The other 4 remaining Directors (all men) have renounced any payment as Directors in their capacity as such and that is why, in order not to distort the average, their inclusion has not been considered.

In ENDESA there is no gender gap in the remuneration of Directors, since the amounts of the remuneration items are the same for men and women. The difference of 29% in the average remuneration is due to two fundamental reasons: on the one hand, in the “fixed” concept to the fact that the positions of Chair of the Committees and Coordinating Director have an additional remuneration and in the case of ENDESA said positions are not held by any women and on the other hand, in the item “allowances” to which they are associated with belonging to the Board Committees or not and attending meetings.

## FIGHT AGAINST CORRUPTION AND BRIBE

### 1. Material Aspects and Objectives.

#### 1.1. List of Material Aspects.

Integrity and ethical conduct constitute fundamental pillars to guarantee the responsible management of a Company. In recent years, the ethical conduct practices of listed Companies have become subject to increasing scrutiny by markets, regulators and society in general. ENDESA's financial performance is conditioned, among other factors, to strict compliance with ethical norms and principles, both internally and externally. In this way, ethical conduct allows ENDESA to build trust between its shareholders and investors, and it becomes a brand differentiation factor that builds customer loyalty, factors that are reflected in the economic results and that contribute to consolidating the leadership position and reference ENDESA holds in the market.

In this sense, in the consultations carried out by ENDESA to its most relevant stakeholders, the following aspects related to integrity management and ethical conduct have been identified among the most relevant: integrity in the organisational model and management of good corporate behaviour, transparency in communication (financial, fiscal and sustainability) and in the relationship with institutions.

#### 1.2. How the organisation manages material aspects - ENDESA Sustainability Plan (PES)

ENDESA, through its ENDESA Sustainability Plan and the implementation of its ethical compliance model, responds to these expectations and establishes objectives and actions aimed at this end.

The following is a summary of the level of compliance achieved in the most relevant objectives of the 2019-2021 ENDESA Sustainability Plan linked to priorities in the field of ethical conduct, as well as the new objectives established in the framework of the new 2020-2022 ENDESA Sustainability Plan.

The full detail of all the objectives in the field of integrity and ethical conduct included in the Sustainability Plans will be included in the 2019 Sustainability Report, which can be accessed at [www.ENDESA.com](http://www.ENDESA.com)

#### Compliance with the main objectives in the field of integrity and ethical conduct of the 2019-2021 ENDESA Sustainability Plan (PES)

SCOPE 2019-2021 PES	DESCRIPTION OF THE OBJECTIVE	OBJECTIVE 2019	RESULT 2019	LEVEL OF COMPLIANCE
Integrity and Ethical Conduct	Annual verification of the effectiveness of the Criminal Risk Prevention Model (% verification)	100%	100%	100%
	% employees trained in ethics in the last 3 years	97.5%	100%	100%
	Be a reference in the sector and one of the Companies best valued for their ethical, integral and faultless behaviour (DJSI score)	>95%	96%	100%
	% verifiable complaints analysed in a period not exceeding 90 days	100%	100%	100%
	Execution of the action plan to comply with the guidance of the National Securities Market Commission (CNMV) on Audit Commissions	100%	100%	100%

## New objectives in the field of integrity and ethical conduct for the 2020-2022 ENDESA Sustainability Plan (PES)

SCOPE 2020-2022 PES	MAIN OBJECTIVES	OBJECTIVE 2020	OBJECTIVE 2022
Integrity and Ethical Conduct	Certification of the Criminal Risk Prevention and Anti-Bribery Model, according to UNE 19601 and UNE-ISO 37001	YES	Yes
	% employees trained in ethics in the last 3 years	100%	100%
	Be a reference in the sector and one of the Companies best valued for their ethical, complete and faultless behaviour (DJSI score in the "Codes of conduct" section)	>95%	>95%
	% verifiable complaints analysed in a period not exceeding 90 days	100%	100%
	Supervision and annual report to the Audit and Compliance Committee (CAC) of the Criminal Risk Prevention Model	YES	YES
	Due Human Rights Diligence: Supervision of the process, approval and monitoring of the action plan by the Audit and Compliance Committee.	YES	YES

## 2.- Policy Practiced by the Company in Corruption and Bribery Issues.

Endesa is fully committed to compliance with ethical principles and all legislation and regulations in force governing its relations with its stakeholders, and in all its activities.

The Company has a Code of Ethics, a Zero Tolerance to Corruption Plan and other regulations in accordance with the most advanced "compliance" models, which include the values, commitments and ethical responsibilities binding upon all its collaborators. In addition, among other aspects, Endesa has established specific action protocols in order to guide the actions of its employees regarding accepting and offering gifts, and in dealings with public officials and authorities.

Endesa also has a crime prevention model that complies with the regulations applicable to the group regarding corporate criminal liability. The document "General Principles for the Prevention of Criminal Risks" summarises the guiding principles of action applicable to all employees, which reflect key values of the company to achieve its business objectives and prevent the materialisation of criminal risks within the company.

The Code of Ethics, the Zero Tolerance Plan with Corruption, the General Principles for the Prevention of Criminal Risks, the Protocol of Good Practices in dealing with public officials and authorities and Corporate Integrity Protocols can be consulted on the web: <https://www.ENDESA.com/es/accionistas-e-inversores/gobierno-corporativo/conducta-etica>

### 2.1. Code of Ethics.

The Code of Ethics is composed of:

- 16 General Principles governing relations with stakeholders and defining reference values in ENDESA activities.
- Behaviour Criteria in the relations with each stakeholder, which specifically provide the guidelines and norms to which ENDESA employees must adhere to respect the general principles and to prevent the risk of unethical behaviour.
- Implementation Mechanisms, which describe the organisational structure around the Code of Ethics, responsible for ensuring the adequate knowledge, understanding and compliance of the same by all employees.

Likewise, according to the Code of Ethics, Endesa does not finance parties, their representatives or candidates in Spain or abroad, nor does it sponsor congresses or parties whose sole purpose is political propaganda.

Additionally, ENDESA refrains from any type of direct or indirect pressure on political exponents (for example, through public concessions to ENDESA, acceptance of suggestions for hiring, consultancy contracts, etc.).

## **2.2. Zero Tolerance Plan with Corruption.**

ENDESA has a plan against corruption; the Zero Tolerance Plan with Corruption that represents the specific commitment of the Company in the fight against corruption and full rejection of any form in which it is manifested, in compliance with the tenth principle of the Global Compact, to which ENDESA adheres: "Companies are committed to fighting corruption in all its forms, including extortion and bribery."

## **2.3. Anti-bribery policy.**

In 2017, the "Criminal and Anti-Bribery Compliance Policy" was added to the above internal regulatory instruments, which, together with those mentioned above, make up the ENDESA group's "Criminal and Anti-Bribery Compliance Management System". This is an integrated body of provisions that not only complies with Spanish legal requirements in this area, but is also sufficient to meet the expectations reasonably placed on organisations that operate with the highest levels of commitment in advanced markets, such as the ENDESA group.

ENDESA is aware that certain criminal acts that are identified under the generic name of "bribes" constitute a phenomenon that, among other effects, raises serious moral, economic and political concerns, undermines good governance, hinders development, destroys trust in institutions and interferes with the correct and efficient functioning of markets. Therefore, the Criminal Regulatory Compliance System pays special attention to the prevention, detection and adequate reaction against such strictly prohibited conduct, conveying the importance of the entire Organisation's contribution to the fight against all forms of "bribery".

The main actions that, on a permanent basis, ENDESA will develop for the effective application of the Criminal Regulatory Compliance System are:

- Risk assessment and control activities. The identification of the activities in which criminal acts can be committed is carried out in coordination with the Supervisory Committee and those responsible for the processes within the Organisation.
- Supervisory activities: Evaluation of the Criminal Regulatory Compliance System, action plans for deficiencies, response to non-compliance and information and Communication.

## **2.4. Criminal Risk Prevention Model.**

ENDESA has a Criminal Risk Prevention and Anti-Corruption Model (hereinafter, the "Model"), which provides the Company with a control system with the objective of preventing or significantly reducing the risk of committing crimes within its business activity, in compliance with the provisions of the Criminal Code regarding criminal liability of the legal entity, a regime introduced in the Spanish legal system in 2010.

The Audit and Compliance Committee (CAC) is the body responsible for monitoring the operation and compliance of the Model and the functions performed by the Supervisory Committee, which is responsible, among other tasks, for monitoring and updating the Model. The Supervisory

Committee is composed of the Director General of Audit, the Secretary General and the Board of Directors (which is its Chairman), the Director General of Corporate Legal Advice and Compliance, the Director of Business Legal Counsel and the Director General of Human Resources and Organisation.

During 2019 the Supervisory Committee met on 3 occasions, and in these sessions the main issues related to the Criminal Risk Prevention and Anti-Corruption Model were followed, including the intervention of those responsible for different areas of the Company to inform to the Committee on relevant aspects within its purview.

At the beginning of each fiscal year, the Supervisory Committee prepares an Activities Programme in which priorities are established based on qualitative criteria based on a risk approach, for the development of which, and by virtue of the powers conferred and the required specialisation is supported by the Audit, Legal Advisory and People and Organisation General Directorates. In addition, on an annual basis, the Committee submits a report on the execution of the programme to the Audit and Compliance Committee (CAC), including details of the activities carried out and conclusions reached.

The activities carried out in 2019 include:

- The review, update and evaluation of the events of risk of commission of the crimes and of adaptation and update of its mitigating controls included in the matrix of the Model,
- Verification of the adequate effectiveness and operation of the Model by reviewing the appropriate design and operability testing of certain control activities,
- The carrying out of various training and dissemination initiatives to the Company's staff on the ethical reference and criminal prevention compliance framework in force at ENDESA.
- Review and update of the Model in order to maintain the certificates that accredit the Criminal Compliance Management System in accordance with UNE 19601:2017 and an anti-bribery Management System in accordance with UNE-ISO 37001.

From the activities carried out during the year, it is concluded that ENDESA's Criminal Risk and Anti-Corruption Prevention Model is operational in all the relevant Group Companies and is being executed effectively, being generally adequate to mitigate commission risks of the offenses established in the applicable regulations.

### **3. Cases of Complaints Related to Corruption and Fraud and Corrective Actions Taken.**

During the year 2019, all the processes established for the correct application of the ethical code have been fully complied with by society. During 2019, ENDESA has received, either through the Ethics Channel or by other means, a total of 11 complaints of different types. Of these, 7 had to do with corruption or fraud. The investigation of all of them was closed during the same year or in January 2020.

Of the complaints related to corruption and fraud which were received and closed, 2 breaches of the Code of Ethics have been verified, which have been referred for management by a specialist, following the established protocol.

COMPLAINTS RELATED TO CORRUPTION AND FRAUD			
	2017	2018	2019
Conflicts of interest / Corruption	3	0	4
Fraud or theft against the Company. / Misuse of resources	1	1	3
Total	4	1	7

#### 4. Measures to Fight Money Laundering.

ENDESA is not within the subjective scope of Law 10/2010, of 28 April on prevention of money laundering and terrorist financing (Article 2) and other regulations for the development of the same, or applicable EU regulations, all of this without prejudice to full respect for the legal provisions in said matter as they were applicable in ENDESA commercial trade.

Notwithstanding the foregoing, the ENDESA Criminal Risk and Anti-Corruption Prevention Model, which constitutes a structured and organic system of surveillance and control procedures and activities suitable for preventing the commission of crimes, expressly establishes the crime under its scope of application money laundering, which is considered adequate and sufficient measure to prevent the commission of such criminal offences, in response to ENDESA's activity. The ENDESA Model includes 24 specific control activities against the risk of money laundering, in different Group Companies.

As a key element of the Model, ENDESA promotes a culture of compliance through the training of employees in this area. Accordingly, the Company has launched an online course on the Model, whose content deals with the crimes under the Spanish Criminal Code that involve criminal responsibility for the legal entity, with a focus on those that are applicable in the context of ENDESA, among which money laundering is considered.

The aforementioned Model has, since October 2017, with the UNE-19601/2017 certification referred to "Compliance Management Systems", as well as with the UNE-ISO 37001/2017 certification referred to "*Anti-bribery Management Systems*" that has been renewed for the years 2018 and 2019.

Additionally, there are policies and procedures that regulate certain processes of the Company that could have risks related to money laundering.

## ENVIRONMENTAL SUSTAINABILITY

### 1. Material Aspects and Objectives.

#### 1.1. List of Material Aspects.

In 2019 ENDESA has identified the decarbonisation of the energy mix and the minimisation of environmental impacts as the most relevant environmental issues for the promotion of a sustainable business model and, therefore, on which the Company must continue moving forward in order to meet with the expectations expressed by the stakeholders in the consultations carried out in the framework of the 2019 materiality study.

ENDESA, aware of its role in the fight against climate change and its ability to contribute to a low carbon economy, places among its priorities the progressive reduction of greenhouse gas (GHG) emissions associated with the generation of electric energy, through a greater role of renewable energy and optimising the management of traditional technologies. All this without losing sight of the public commitment to achieve the decarbonisation of the energy mix in 2050, which will be achieved following the roadmap set for the new update of the 2020-2022 Strategic Plan, which entails an increase in the level of ambition of the intermediate commitments of this road map.

The care of the environment and the minimisation of environmental impacts have become one of the main shaping factors of the state of opinion regarding the Companies in the sector. Likewise, the regulations have intensified significantly, which has led to an increase in the level of demand required of companies in their performance to minimise their environmental footprint. In this sense, ENDESA, always committed to excellence in environmental management, continues to assume among its environmental priorities aspects such as the improvement of air quality, the efficient use of energy and the promotion of responsible consumption of water resources.

#### 1.2. How the organisation manages the material aspects - ENDESA Sustainability Plan (PES).

ENDESA incorporates the material aspects detected in its sustainability plans, and establishes quantitative objectives aimed at promoting excellence in their management, thus allowing assessment of the level of commitment and performance achieved.

In this regard, the level of compliance achieved in the most relevant objectives of the 2019-2021 ENDESA Sustainability Plan (PES) linked to the described environmental priorities is summarised below, as well as the new objectives established in the framework of the new 2020-2022 ENDESA Sustainability Plan (PES).

The full detail of all the environmental objectives included in the Sustainability Plans will be collected in the 2019 Sustainability Report, which can be accessed at [www.ENDESA.com](http://www.ENDESA.com)



## Compliance with the environmental objectives of the 2019-2021 ENDESA Sustainability Plan (PES)

SCOPE 2019-2021 PES	DESCRIPTION OF THE OBJECTIVE	OBJECTIVE 2019	RESULT 2019	LEVEL OF COMPLIANCE
Decarbonisation Energy Mix	Absolute emissions of CO <sub>2</sub> (Millions of tonCO <sub>2</sub> )	27.95	17.31	100%
	Specific emissions of CO <sub>2</sub> (kg/kWh)	0.382	0.282	100%
	Free production of CO <sub>2</sub> (%)	52%	59%	100%
Reduction of Environmental Impact	Reduction of specific SO <sub>2</sub> emissions (g/kWh)	0.61	0.43	100%
	Reduction of specific NO <sub>x</sub> emissions (g/kWh)	0.93	0.94	99%
	Reduction of specific emissions of particles (g/kWh)	0.02	0.02	100%
	Specific water consumption in generation (m <sup>3</sup> /MWh)	0.50	0.37	100%

## New environmental objectives for the 2020-2022 ENDESA Sustainability Plan (PES).

SCOPE 2020-2022 PES	MAIN OBJECTIVES	OBJECTIVE 2020	OBJECTIVE 2022
Decarbonisation of the Energy Mix	Absolute emissions of CO <sub>2</sub> (Millions of tonCO <sub>2</sub> )	18.29	10.96
	Specific emissions of CO <sub>2</sub> (kg/kWh)	0.277	0.172
	Free production of CO <sub>2</sub> (%)	60%	69%
Reduction of Environmental Impacts	Reduction of specific SO <sub>2</sub> emissions (g/kWh)	0.33	0.23
	Reduction of specific NO <sub>x</sub> emissions (g/kWh)	0.91	0.78
	Reduction of specific emissions of particles (g/kWh)	0.015	0.013
	Specific water consumption in generation (m <sup>3</sup> /MWh)	0.40	0.34

## 2. Environmental Policy

ENDESA considers environmental excellence to be a fundamental value of its business culture, and in January 2020 its Board of Directors approved an update of its Environmental Policy, the first version of which dates back to 1998, to adapt it to the current context and the demands of its commitment to combating global warming. ENDESA carries on its activities respecting the environment and in accordance with the principles of sustainable development, and is firmly committed to the conservation and sustainable use of resources in line with the principles of the circular economy.

In fulfilling its environmental commitments, ENDESA identifies, evaluates and manages the environmental aspects and impacts deriving from its activities, striving to minimise the negative and maximise the positive effects by applying the following basic principles of action, which constitute the foundations of its Environmental Policy:

- Integration of environmental management, the focus on the circular economy and the concept of sustainable development into the Company's corporate strategy, using environmental criteria documented in the planning and decision-making processes and in the processes for studying new business opportunities, mergers or acquisitions.
- Permanent monitoring, at all locations, of compliance with the legislation in force and with the voluntary agreements acquired, and regular reviews of its plants' environmental performance and safety, reporting on the results obtained.

- Establishing appropriate management systems to achieve excellence, based on continuous improvement, aimed at preventing pollution and ensuring compliance with applicable environmental legislation in the centres, and with the management standards adopted.
- Sustainable use of energy and water resources and raw materials, and the measurement and reduction of the environmental impact by applying the best techniques and practices available, promoting innovation and establishing actions aimed at combating climate change.
- Protection, preservation and promotion of biodiversity, ecosystems and its services in operations relating to its business, focusing on the goal of No Net Loss of Biodiversity.
- Contribution to the fight against climate change through progressive decarbonisation of the energy mix, promoting the development of renewable energies, energy efficiency and the application of new technologies and also offering solutions for a gradual electrification of society.
- Raising awareness of and sensitivity to environmental protection issues, through internal and external training programmes and collaboration with public-sector authorities, institutions and citizens' associations in all areas in which it is active.
- Establishing a constructive dialogue and adopting a collaborative attitude with public administrations, official bodies, shareholders, customers, local communities and other stakeholders, and taking into account their expectations, relevant issues and, in short, the environmental challenges that is facing the society in which the company acts when defining its business strategies, guiding them to respond to these challenges.
- Requiring its contractors and suppliers to implement environmental policies based on these same principles that cover all processes throughout their value chain.

### 3. Business model: Combating climate change.

Global warming has already increased by 1°C compared to pre-industrial levels, and is likely to exceed 1.5°C between 2030 and 2050 if it continues to grow at the current rate, according to estimates by the Intergovernmental Group of Experts on Change Climate (IPCC), something that would have catastrophic consequences for the planet and threaten civilisation as we know it. However, despite this negative message, science is keeping an open door to hope, and this same group in its special report at the end of 2018 states that a world with a temperature increase limited to 1.5°C is still possible, although a radical and urgent transformation of all economic systems on an unprecedented scale is necessary to achieve this.

To address this challenge requires the proactive collaboration of all stakeholders, including governments, businesses, financial institutions and civil society. In this context, the role of the business sector is essential, since it is responsible for most global emissions, while having a unique ability to develop innovative solutions to reduce them on a large scale. In particular, the electricity sector can contribute proactively by promoting not only the reduction of GHG emissions in the electricity production process, but also supporting the decarbonisation of other industries and services by promoting the electrification of energy demand.

For ENDESA, the fight against climate change is one of the biggest challenges that companies must face in their most immediate future, and it has joined that momentum taken by the energy sector in full awareness of its leading role.

ENDESA is part of a leadership context in the fight against global warming by the European Union, and proof of this has been its leading role in the United Nations Conference on Climate Change (COP 25) held in Madrid on 2-13 December 2019 under the presidency of Chile, which

had as a central theme of work to address the need to increase the ambition in terms of mitigation of limiting the increase in global temperature to below 1.5°C, which means achieving climate neutrality by 2050, to which ENDESA is contributing through its goal of zero emissions.

ENDESA has been one of the main sponsors of this and has actively participated in the climate change event by regularly following the negotiations and presenting its vision and experience in several events that it has organised and others in which it has actively participated, both on the COP site and at its headquarters in Madrid, addressing such necessary issues as the fair transition, the circular economy, the decarbonisation of isolated electrical systems, emission offsetting projects such as the ENDESA Forest, or the financing of the sector.

Decarbonisation is the main challenge facing ENDESA in the coming years. The conclusions of the materiality analysis carried out in 2019 confirm the relevance of this aspect for its stakeholders, as well as the need that they convey for the Company to make an important commitment in this regard. All this is specified in the responsible management of issues related to climate change in order to establish an industrial plan and a subsequent sustainability plan that respond to this aspect, making a commitment to a new sustainable energy model, based on the electrification of demand, since this is the most efficient energy vector, and based on renewable energy.

The ENDESA Strategic Plan aims to consolidate its leadership position in the markets in which it operates taking into account the impact of climate change on the energy business model, and the transition to a new energy ecosystem, reducing the risks it represents for its business and maximising the opportunities that this transition and this new ecosystem are going to offer. This plan is formalised through highly ambitious objectives that contribute significantly to the fight against climate change and involve the alignment of the company with the objectives of the Paris Agreement and with the latest findings of science. Proof of this is the commitment to decarbonisation of its energy mix with a sustainable approach in which it contributes to SDGs 7 (Affordable and non-polluting energy) and 13 (Climate Action) establishing an ambitious goal of 100% decarbonisation of the generation mix in the year 2050 with intermediate milestones, reaching a 70% reduction in specific CO<sub>2</sub> emissions by 2030 compared to 2017.

In the 2020-2022 Strategic Plan, presented on 27 November 2019, ENDESA increases its ambition and establishes the objective of increasing by more than 38% the capacity installed in renewables in 2022 with an associated investment of €3.8 billion, as well as the commitment to work in a smooth transition towards decarbonisation, guaranteeing security of supply, avoiding new inefficient investments in fossil fuels and putting dates on a road map of 99% reduction in coal activity by 2022 and a complete cessation of its activity in the year 2030. In order to achieve it, steps were already taken in 2019, such as the closure of the Alcodia 1 and 2 facilities, the commitment to close Compostilla and Teruel by 30 June 2020 and the closure request submitted to the currently-entitled Ministry for the Ecological Transition and the Demographic Challenge on 27 December 2019 for the As Pontes and Litoral plants 1.

ENDESA is committed to contributing to the transition being fair and the creation of sustainable and decent jobs. A zero-emission economic system in the second half of the current century, as foreseen in the Paris Agreement, will require major technological, social and economic transformations. For this reason there needs to be a fair transition, in which jobs are sustainable and decent, greenhouse gas emissions can be neutral, poverty is eliminated and communities are prosperous and resilient.

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<sup>1</sup>The company reserves the right to withdraw this application, either wholly or in part, in the event that, as a result of additional combustion tests to be conducted with different fuel mixtures in the coming months at both the As Pontes and Carboneras plants, the results vary and guarantee the viability of the plants.

ENDESA is fully convinced that decarbonisation is a real opportunity for society as a whole, but it is essential that the transition be understood by all as a benefit, and not as a change that will be beneficial to some and harmful to others. Therefore, forward-looking policies need to be developed to take advantage of these opportunities and ensure a fair transition for all, leaving no one behind. Collaboration between governments, the private sector, civil society and other stakeholders will be essential to achieve the climate objectives set out in the Paris Agreement following an inclusive approach.

In this context, ENDESA has demonstrated its commitment by signing in September 2019 its adherence to the United Nations commitment in the area of Fair Transition under the “Climate Action for Work” initiative that Spain leads together with Peru and entities such as the ILO.

ENDESA has been working to implement an inclusive energy transition, and to that end it accompanies its requests to close with voluntary projects with actions to mitigate the impact caused by the decrease in activity, aimed at promoting the development of economic activities and generation of employment in the areas where the plants are located.

Transport emissions in Spain have increased by almost 50% since 1990. The transport sector is one of the main sources of carbon dioxide (CO<sub>2</sub>) emissions in the Spanish economy, accounting for about 27% of national emissions, according to the National Inventory Report of Greenhouse Gas Emissions for the year 2018 published in January 2020 by the Ministry for Ecological Transition and the Demographic Challenge. That is why one of the basic objectives of the future Law on Climate Change and Energy Transition will be to promote a policy of sustainable mobility and transport. From this we can deduce that the fundamental challenge of developed societies, in terms of mobility, is to evolve towards low-carbon economic models and reduce pollution, mainly in cities. ENDESA aspires to lead the response to this challenge through the promotion of electrification of energy demand and efficient consumption, developing plans and programmes aimed at promoting electric mobility, smart grids and energy efficiency.

## **TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURE**

ENDESA has been considering the recommendations of the Task Force on Climate-Related Financial Disclosure (TCFD) since the appearance of the final report in June 2017 when reporting its climate change management. However, given the importance that this initiative has taken, to the point of becoming a benchmark for investors, institutions and society in general, ENDESA has decided to incorporate in this non-financial information statement the following sections, which follow the structure of core elements contained in the final report of recommendations, to detail in a more clearly identifiable way how it is responding satisfactorily to the recommendations of the TCFD.

### **Governance**

The energy sector, which is partly responsible for climate change, will also be affected by its incidence, since its consequences will impact the entire value chain, from generation to distribution. For this reason, ENDESA integrates this vision not only as an element in its environmental (and climate) management policy but as a component with weight in its decision-making at the business level and determination of its strategies, which means that decisions are taken at the highest levels of management.

ENDESA establishes its strategic plans taking into account geopolitical, regulatory and technological macro-trends, placing special emphasis on the markets in which it operates, and considering the risks and opportunities it faces (taking into account operational, technological,

market and transition aspects, and physical risks, among others). Climate change and the energy transition is one of the main pillars of the Company's strategy, and it is the Board of Directors that is responsible for its development and implementation. Likewise, ENDESA has established an incentive system for its executives related to the Company's performance in the management of climate change. In the Strategic Incentive Plan, whose participants are the Executive Directors of the Company, as well as executives whose participation is considered essential in the achievement of the Strategic Plan, one of the objectives is directly linked to the reduction of specific CO<sub>2</sub> emissions whose compliance determines 10% of the incentive. This objective is reviewed annually, with each long-term incentive plan, being the last objective approved for the previous 2019-2021 Plan, in line with the industrial objectives contemplated in the previous 2019-2021 Strategic Plan, of 332.2 gCO<sub>2</sub>/kWh (ENDESA's specific CO<sub>2</sub> emissions in Spain and Portugal in 2021, understood as the ratio between absolute CO<sub>2</sub> emissions due to ENDESA's electricity generation and ENDESA's total net production for that year.)

## Strategy

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

In September 2019, ENEL, ENDESA's parent company, certified climate-based scientific objectives, SBTi, committing to reduce its direct greenhouse gas emissions by 70%<sup>2</sup> per kWh by 2030, taking 2017 as the reference year. Also, by 2030, ENEL has pledged to reduce by 16% its indirect emissions related to the sale of natural gas in the retail market, also taking 2017 as the reference year.

Taking the IPCC report as a reference, and considering the objectives certified with a scientific basis by ENEL, ENDESA has defined its new 2020-2022 Strategic Plan, with which it aspires to become a leader in the global transformation process and to contribute decisively to the collective objective of reducing global warming to 1.5°C. Among the strategic pillars defined by ENDESA are:

- The decarbonisation of the energy mix by 2050, through an emission reduction plan that has increased its ambition with respect to the one provided for in the previous 2019-2021 Strategic Plan, and which establishes intermediate milestones such as the 70% reduction in specific emissions of CO<sub>2</sub> by 2030, compared to 2017, a year in which 75% of the generation mix is expected to be free of CO<sub>2</sub>;
- The increase in installed capacity in renewables by more than 38% in 2022, compared to 2019, with an associated investment of €3.8 billion; and
- A smooth transition towards decarbonisation, guaranteeing security of supply and avoiding new inefficient investments in fossil fuels.

The Company is aware that the path towards an efficient and sustainable energy model will be possible thanks to a greater presence in the renewable energy generation mix, and the electrification of demand. Within the path of electrification of demand, and with special emphasis on transport, it provides for its installation of 36,000 charging points in its Strategic Plan.

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<sup>2</sup> The commitment is equivalent to reducing CO<sub>2</sub> emissions to 125 g per kWh by 2030 compared to 411 g recorded in the reference year (2017).

The development and management of renewable energies of ENDESA in Spain is carried out through ENEL Green Power España (100% owned by ENDESA), the fourth-largest Spanish operator in the Spanish renewable energy sector.

At the end of 2019 ENEL Green Power Spain had 2,723 MW of gross installed renewable power, of which 2,291 MW corresponded to wind power, 80 MW to mini hydro, 352 MW to photovoltaic and 0.5 MW to biogas plants, with a joint production during 2019 of 4,369 GWh. This capacity is joined by 4,668 MW gross installed capacity of large-scale hydropower. Production with renewable sources represents 16.4% of the total production of the Company.

### **Risk management**

The process of identifying risks and opportunities includes those related to climate change, from its more short-term side (transition risks, related to regulation, new technologies, market changes and reputation), to its more long-term side (those related to the potential physical impacts related to climate change). These risks are evaluated based on established risk tolerance levels, considering: exposure (climate impacts that could affect the facilities), sensitivity (potential effects and their consequences for business and facilities), and vulnerability (adaptive capacity for overcome the impacts of climate change considering financial, technological and knowledge requirements).

In this context ENDESA has decided to use recognised climate scenarios to assess the flexibility and resilience of its Strategic Plan. For the physical risks, the climatic scenarios published in the fifth report of the IPCC are used, while for the transition risks, the National Integrated Energy and Climate Plans of Spain and Portugal are used.

In any case, ENDESA as a company has been a pioneer in the field. In 2009, it launched its first project in order to analyse and assess the vulnerability of all its businesses and facilities globally, which is why it was chosen by the former Ministry of Agriculture and Fisheries, Food and Environment (currently the Ministry for Transition Ecological and the Demographic Challenge) as a representative of the energy sector for the ADAPTA I and II initiative. After this, ENDESA has continued to work more deeply on the matter, participating in multiple international initiatives and developing projects related to innovation in urban resilience in the face of climate change (RESCCUE project, a new European system to fight against natural disasters); the analysis of the implications of the global change in the hydroelectric business and the surrounding ecosystems (HIDSOS project); the development of early warning systems against climate change (ANYWHERE project, included in the EU H2020 initiative); or the analysis and monetisation of the effect of climate change on the integrity and operation of electricity distribution infrastructure elements.

ENDESA has a risk management and control policy, approved by the Board of Directors, which serves as a general framework for action. The policy regulates all stages of the process, including identification, evaluation, prioritisation and management, as well as constant supervision and control. All the risks to which ENDESA is exposed, financial and non-financial, are covered by the policy, including risks related to climate change (for more information see the chapter Internal Control and Risk Management System of this Statement).

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



facilities), and vulnerability (ability to adapt to overcome the impacts of climate change in view of financial, technological and knowledge-related requirements).

### **Metrics and objectives**

The calculation of ENDESA's Carbon Footprint is an essential element of information and transparency that helps to manage the risks and opportunities before our Company in order to eliminate the emission of GHG in a global and integrated way.

The objective of the calculation of the Carbon Footprint must be to know the reality and impact in terms of Greenhouse Gas (GHG) emissions from the Company's activities, as well as the emissions associated with the full business value chain, allowing the incorporation of the "carbon component" within decision-making.

The Company has been calculating its Carbon Footprint, covering all its business lines, as well as its offices, since 2009. In addition, since 2013, ENDESA has been registering its Carbon Footprint in the National Carbon Footprint Register of the Spanish Office of Climate Change, a symbol of transparency and commitment by the Company in the fight against climate change.

After the verification of the calculation of the Carbon Footprint corresponding to the 2018 financial year, it has moved ahead with inclusion in the Carbon Footprint Register, carbon dioxide offsetting and absorption projects by the Ministry for Ecological Transition (MITECO). The objective of this register is to contribute to the reduction of greenhouse gas emissions at the national level, to increase the absorption by carbon sinks in Spanish national territory and thus to facilitate the fulfilment of the international commitments assumed by Spain in terms of climate change.

ENDESA for the second consecutive year has achieved the activation of the seal in its three areas, "calculate", "reduce" and "offset", through the "ENDESA Forest" initiative, which seeks the restoration of degraded or burned forest areas with native and resilient species, and with which the emissions associated with ENDESA photovoltaic plants have been offset.

It should be noted that it remains the only project in the energy sector to obtain registration accompanied by the activation of the seal in all its phases (Calculate, Reduce and Offset) in the Carbon Footprint Register, offsetting and absorption projects of the Spanish Climate Change Office (OECC) of the Ministry for Ecological Transition.

Scope 1 of the carbon footprint includes direct emissions of greenhouse gases, that is, those from sources controlled by the Company. Specifically, emissions from electricity production in thermal generation plants, use of SF<sub>6</sub>, methane leaks generated in hydraulic plant reservoirs, office air conditioning and its own fleet are included.

Scope 2 of the carbon footprint includes technical losses produced during the distribution of electrical energy not generated by the Company.

Scope 3 of the carbon footprint includes those emissions which are not produced by sources controlled by ENDESA, but which are the result of its activity. Within this scope, it is worth highlighting the emissions derived from the use of marketed natural gas.

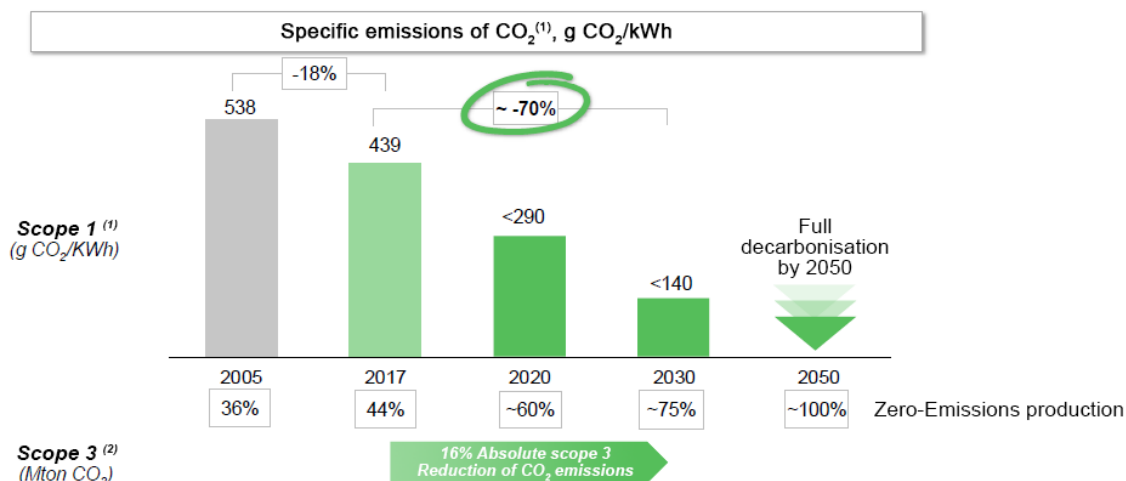
The 2019 emissions data for the three scopes are subject to change due to the fact that at the time of publication of this Statement, the external verification process is being carried out according to the requirements of the UNE EN ISO 14064 standard. The data for the years 2017 and 2018 have already been verified.



SCOPE 1, 2 AND 3 CO <sub>2</sub> EMISSIONS			
Year	CO <sub>2</sub> (t) Scope1	CO <sub>2</sub> (t) Scope2	CO <sub>2</sub> (t) Scope3
2017	34,801,749	707,019	35,237,225
2018 (1)	31,292,646	591,547	30,004,109
2019	17,470,846	723,653	27,675,782

(1) The scope 1, 2 and 3 emission data corresponding to the year 2018 have been updated, providing the data obtained after the completion of the external verification process.

The Company annually updates the ENDESA Sustainability Plan (PES), reacting to the changes that occur in climate and energy policies, and renewing its reduction objectives accordingly, always with the idea of going beyond and complying with the challenge of curbing climate change. As we have already described in the chapter Organisation of the ENDESA group in section 1.8 of the 2020-2022 Strategic Plan, ENDESA has a firm commitment to contribute to the development of a new energy model and therefore establishes in its 2020-2022 PES intermediate objectives that will allow it to reach 100% emission-free production by 2050.



## 4. Environmental management.

### 4.1. Current and foreseeable effects of the company's activities on the environment and health and safety.

For ENDESA, sustainable development is an essential pillar of its strategy, including environmental protection as one of its most important commitments. This attitude constitutes a sign of positive and differential identity for the Company, since it is a fundamental principle of behaviour that is expressly included in its business values.

Through this commitment the aim is to minimise the impact of ENDESA's industrial activity on the natural environment in which it operates. Fundamentally, it addresses aspects related to the fight against climate change, adequate waste management, air emissions, discharges, contaminated soils and other potential negative impacts.

In addition, ENDESA's environmental management aims at the sustainable use of natural and energy resources, betting on the protection of biodiversity and the ecosystems of the environments where it operates.

The evaluation of the environmental risks associated with the development of the company's activities and the environmental certifications granted by external entities help ensure excellence in ENDESA's environmental management, which is integrated and aligned with its corporate strategy.

In a broad sense, the impact of ENDESA's activities has diminished significantly in recent years, as can be seen in the following sections of the document, as a result of the actions carried out as a result of the commitment acquired by the Company with decarbonisation, which includes the gradual abandonment of the use of certain fuels, as well as investments to adapt the facilities to the new regulatory requirements. Specifically, in 2019, reductions of 93% in specific SO<sub>2</sub> emissions, 52% in specific NO<sub>x</sub> emissions and 86% in specific particle emissions have been achieved, in all cases compared to 2005, reductions that imply a comfortable compliance with the applicable environmental legislation. As established in the 2020-2022 PES, ENDESA has established certain paths in which these pollutants will continue to decrease, reaching a 96% reduction in specific SO<sub>2</sub> emissions in 2022, of 59% in specific NO<sub>x</sub> emissions and 89% in specific particle emissions, all values compared to 2005.

The achievement of the 2020-2022 ENDESA Strategic Plan, which reinforces the commitment to decarbonisation by 2050, will allow to further reduce the impact of the Company's activities, while contributing to reducing the impact of other sectors of the economy, which the Company wants to accompany in its decarbonisation process via electrification, highlighting in an important way the transport sector, which will contribute to Sustainable Development Goal 3, which focuses on health and well-being.

## **4.2. Environmental evaluation or certification process**

ENDESA, as explicitly stated in its Environmental Policy, is committed to achieving excellence in the environmental management of its business activity throughout the entire value chain. Therefore, it has maintained in its 2019-2021 Sustainability Plan the objective of maintaining 100% of its generation and distribution facilities certified by the International Standard ISO 14001. This objective, which was fully met in 2019, is maintained in the new 2020-2022 PES.

## **4.3. Resources dedicated to the prevention of environmental risks.**

ENDESA makes a major investment effort to achieve excellence in environmental management. Thus, during 2019, ENDESA's investments in environmental activities reached €131 million, which contributed to an increase in accumulated investment by 7.7% in 2019.

ENDESA is subject to environmental regulations, which affect both the normal course of its operations and the development of its projects, leading to increased risks and costs. Additionally, ENDESA is exposed to environmental risks inherent in its business, which include the risks arising from the management of waste, discharges and emissions from the electrical production units and therefore can be held liable for damages to the environment, for damages to its employees or third parties, or for any other type of damage associated with its power generation, supply and distribution facilities, as well as the activities at port terminals.

In 2019 ENDESA began the implementation of a new methodology of "Assessment of Environmental Aspects, Impacts and Risks", which is applicable to all ENDESA businesses. Starting from the result of the evaluation of the significance of environmental aspects (as defined

in the Environmental Management Systems corresponding to each business), the methodology incorporates the consideration of other aspects of an organisational, strategic, economic, reputational nature, etc. associated with the activity and infrastructure of the businesses. Legal compliance is also evaluated, as well as the effectiveness of the operational controls (technical, documentary, etc.) implemented, so that finally a “residual risk” assessment is obtained. The different levels of resulting final risk determine the obligation to launch specific action plans to mitigate the associated environmental risks. The results of this evaluation allow the levels of environmental risk resulting among different facilities, businesses, etc. to be compared.

It should be highlighted that annually and within the framework of Environmental Management Systems, according to the requirement of ISO 14001:2015, each business carries out an identification and evaluation of environmental aspects and an identification and evaluation of risks and opportunities. The former seeks to identify the environmental aspects associated with the activities that it carries out, evaluate the significance of the environmental aspects identified and determine which environmental aspects generate or might generate significant environmental impacts in order to give them adequate treatment and control. The latter aims to define the methodology for the identification, evaluation and management of risks and opportunities within the activity that will ensure that the expected results are achieved by mitigating the identified risks and enhancing the opportunities; in short, that continuous improvement is achieved.

The Company also has an environmental responsibility policy that covers personal and/or material damage to third parties, and also covers damage to Biodiversity according to EU Directive 35/2004 and equivalent National Legislation (Law 26/2007 of Environmental Responsibility).

## 5. Key Performance Indicators.

The following sections show the evolution of the most representative environmental indicators of ENDESA's activity. Its evolution during the year 2019 has been positive. A decrease in the absolute values is observed as a result of a lower operation of the thermal power plants, but also a decrease in the specific values, fruit of the Company's investment efforts focused on reducing the environmental impact of its activity.

### 5.1. Emissions.

#### 5.1.1. Emissions of greenhouse gases.

The decrease in CO<sub>2</sub> emissions is due to a lower operation during the year 2019 of coal thermal power plants due to the profound change in market conditions that has led to these plants having suffered a significant lack of competitiveness in the coverage of market demand and, consequently, their exclusion from it has been accentuated.

#### CO<sub>2</sub> emissions in the power generation process.

CO <sub>2</sub> EMISSIONS AT THERMAL GENERATION FACILITIES			
	2017	2018	2019
Absolute (tonnes)	34,517,220	30,979,870	17,287,446
Specific (kg/kWh)	0.439	0.418	0.282

The emissions data for the year 2019 has been extracted from the last Annual Notification Report of each of the ENDESA thermal power plants, according to the version available as of the date of preparation of this Non-Financial Information Statement. This data could be subject to minor

adjustments as a result of the ongoing verification process by AENOR, prior to submission to the competent Public Administrations before 28 February.

### 5.1.2. Polluting emissions to the atmosphere.

In addition to the decrease in pollutant emissions in 2019 due to a lower operation of thermal power plants, a significant decrease in specific emissions is observed thanks to the implementation of efficiency and environmental protection measures in the facilities.

ABSOLUTE AND SPECIFIC EMISSIONS OF SO <sub>2</sub> , NO <sub>x</sub> AND ENDESA PARTICLES			
	2017	2018	2019
SO <sub>2</sub> (tonnes)	60,287	47,845	26,492
NO <sub>x</sub> (tonnes)	83,842	70,313	57,811
Particles (tonnes)	1,844	1,532	1,035
SO <sub>2</sub> (gSO <sub>2</sub> /kWh)	0.77	0.64	0.43
NO <sub>x</sub> (gNO <sub>x</sub> /kWh)	1.07	0.95	0.94
Particles (g particles/kWh)	0.02	0.02	0.02

### Measures to prevent or reduce emissions that affect air quality.

ENDESA has an exhaustive control system for all its emissions to control them in real time and ensure compliance with emission limit values at all times. For this, it carries out an exhaustive control and maintenance of the chimney measurement equipment and submits them to annual inspections carried out by external accredited laboratories. The Company meets the parameters required by the regulations applicable, implements technology to minimise emissions, and applies corrective measures to the impacts generated.

ENDESA has carried out major actions and procedures at the plants focused on complying with the emission levels required by the industrial emissions regulations during its operation in 2019, such as:

- In the combined cycle pool ENDESA is investing in the improvement of the combustion systems of its turbines to improve their operational flexibility and improve their emission standards.
- Within the scope of Directive 2010/75, on industrial emissions and the BREF of large combustion facilities, significant investments have been made to reduce emissions in the island generators at Mahón TC, Barranco de Tirajana TC and Granadilla TC and the acceptance of regimes of limited operation of some facilities in Jinamar TC and Candelaria TC.
- In the Barranco de Tirajana TC and Granadilla TC, the installation of primary measures (OFA "Over Fire Air" + burner retrofit for low NO<sub>x</sub>) and a transient SNCR system, which will be replaced by an SCR catalytic system, has been carried out in order to reach the limit values established in the best available techniques document.
- In Mahón DC, primary measures have been installed to reduce the emissions of TG 3, 4 and 5, among which are the installation of EPA air filters for the elimination of the possible particulate material present in the aspirated air and introduced in the turbines; and the

installation of Jensen fuel filters which improve combustion in turbines, reducing particle emissions. Additionally, in order to reduce NOx emissions, a water injection system has been installed in gas turbines 3, 4 and 5. In order to minimise the consumption of a scarce commodity such as water, this will be obtained from the discharge of the WWTP from the neighbouring city of Mahón. This last phase of the project is currently being undertaken.

- Finally, mention the closure of Alcudia 1 and 2 dated January 1, 2020, the planned closure of Compostilla thermal power plant and Teruel thermal power plant by mid-2020, as well as the closing request submitted by the Company for As Pontes thermal power plant and Carboneras thermal power plant at the end of 2019. This request accompanied by a reservation of right of withdrawal, total or partial, in the event that, as a result of additional combustion tests with different fuel mixtures, the results could be varied and the viability of the plants guaranteed.

In addition to the large investments aimed at reducing emission levels, ENDESA's facilities continue to make small modifications within the process of continuous improvement in order to optimise emission control systems and reduce them. The most notable action of the year 2019 is:

- In the field of automatic measurement systems: ENDESA facilities have continued with the calibration and verification of the automatic measurement systems of their facilities under EN-UNE Standard 14181. Throughout 2019, a pilot project was developed at the Los Guinchos diesel power plant for the replacement of the analysers of one of its generator sets with a new hot measurement system at 180°C, without prior sample cooling, which significantly reduces the maintenance of the analysers and improves their reliability and availability. Similarly, the combined cycle plants in San Roque and Cristobal Colon have replaced their automatic measurement systems in order to increase their reliability.

The success of the implementation of all the mentioned measures is observed in the results obtained for the environmental indicators related to air pollution in 2019.

## 5.2. Consumption.

### 5.2.1. Fuel consumption.

The materials used to produce electricity are mainly fuels and are considered non-renewable. A lower consumption is observed in almost all fuels except in natural gas, associated with a greater functioning of the combined cycles.

CONSUMPTION OF MATERIALS				
Type of fuel	units	2017	2018	2019
Coal	kt	12,245	11,409	4,040
Fuel oil	kt	1,448	1,325	1,187
Diesel oil	kt	788	809	794
Natural gas	10 <sup>6</sup> M <sup>3</sup>	1,797	1,356	1,721
Uranium	t equivalent of Uranium	61.35	63.54	54.27

The table includes fuels consumed in all ENDESA activities. It is worth mentioning the use in electricity generation (all fuels), electricity distribution (diesel) and to a lesser extent in buildings (diesel and natural gas) and vehicle fleet (diesel).

## 5.2.2. Energy consumption.

### Internal energy consumption

The organisation's energy consumption is associated with the fuels consumed for all ENDESA activities. In this sense, the table includes the consumption corresponding to the processes of generation, distribution and sale of electricity. In accordance with the reporting criterion of indicator GRI 302-1, the electrical consumption of the generation, distribution and office facilities is not reported since they are supplied with the electricity produced by the organisation itself.

There is a decrease in the total value of energy consumption derived from a lower operation of coal-fired power plants during the year 2019.

INTERNAL ENERGY CONSUMPTION BY PRIMARY SOURCE (TJ) *			
Type of fuel	2017	2018	2019
Coal	244,764	221,079	81,527
Fuel oil	58,205	53,313	47,755
Diesel oil	33,357	34.59	34,457
Natural gas	67,676	51,160	64,932
Uranium	280,139	254,926	279,042
<b>ENDESA total consumption</b>	<b>684,142</b>	<b>615,336</b>	<b>507,614</b>

\* TJ: Terajoules

### Energy intensity.

Energy intensity has been calculated considering internal energy consumption. The energy intensity value is affected by the proportion in the different generation technologies and the operation of each of them in the year. Continuing with the criteria established in 2018, in this year the energy consumption derived from Uranium was also included in the calculation. There was a decrease in the Company's energy intensity, which is the result of the continuous improvement actions that the Company is applying in all its processes.

Total Energy Consumption (TJ*)			Net Production (MWh)			Energy Intensity (TJ/MWh)		
2017	2018	2019	2017	2018	2019	2017	2018	2019
684,142	615,336	507,614	78,222	74,193	61,402	8.75	8.29	8.27

\*TJ: Terajoules

### Reduction of energy consumption - Energy saving.

In 2019 ENDESA has saved 17,846 GJ of energy thanks to the development of energy efficiency improvement programmes. Among the programmes focused on the conservation and adaptation of the equipment, standouts include the modifications in the lighting systems that have been transformed to LED systems, as well as in the air conditioning systems of the buildings. This year the actions regarding the redesign of processes in the thermal power plants, as well as the actions

in the distribution facilities, are also very important. This energy saving means a decrease in the Company's carbon footprint and contributes to the reduction of the business operating costs.

ENERGY SAVING DUE TO CONSERVATION AND IMPROVEMENTS IN EFFICIENCY (GJ)			
	2017	2018	2019
Redesign of processes	0	0	10,181
Upkeep and adaptations of equipment	415.78	171.49	7,665
<b>Total</b>	<b>415.78</b>	<b>171.49</b>	<b>17,846</b>

Additionally, ENDESA has implemented measures related to the mobility of its employees, which have had an important impact measured in reducing energy consumption. We should highlight among these types of actions the collective transport in generation centres and the employee mobility plan. The energy savings associated with these measures was 38,066 GJ.

### External energy consumption

For the year 2019, external energy consumption was estimated at 63.39 TJ, considering the fuel expenditure of the vehicles of the suppliers that work regularly with ENDESA, and considering the same perimeter as in previous years. The calculation is made based on the carbon footprint tool that is verified by AENOR according to UNE EN ISO 14064. The data are subject to some modification because at the time of publication of this Statement the external verification process is being carried out according to the requirements of the UNE EN ISO 14064 standard.

### 5.2.3. Water consumption.

#### Volume of process water by source.

The consumption of process water decreased compared to 2018 due to a lower performance of thermal generation technologies. In the case of nuclear generation, in 2019 there was increased production, and consequently there was a slight increase in water consumption.

CATCHMENT OF PROCESS WATER (Hm <sup>3</sup> )			
	2017	2018	2019
Thermal Production Unit (UPT)	50.43	42.90	20.46
Nuclear Generation	1.75	1.71	2.2
Mining	0.02	0.02	0
<b>TOTAL</b>	<b>52.21</b>	<b>44.63</b>	<b>22.66</b>

To comply with the new water requirements established by GRI, the following table is provided, which includes water consumption for the different technologies, as well as in the main buildings of the Company:



WATER CONSUMPTION (Hm <sup>3</sup> )		
	2018	2019
Thermal Production Unit (UPT)	24.38	6.49
Nuclear Generation	0.032 (1)	0.26
Mining	0.02	0
Buildings	0.06	0.06
Total	24.50	6.81

- (1) An error was detected in the units of water consumption in nuclear generation corresponding to the year 2018, the corrected data is provided in the table.

### Total water catchment by source.

With respect to water catchment by source, there is a decrease compared to the year 2018 of water catchment for all uses.

Note that the water used for refrigeration use is returned to the environment in adequate conditions to guarantee its subsequent uses, and that in volume it represents 99% of the total water collected.

TOTAL WATER CATCHMENT BY SOURCES (Hm <sup>3</sup> )				
		2017	2018	2019
Industrial use	Freshwater catchment	49.39	41.49	20.08
	from surface waters	48.44	40.27	19.31
	from wells	0	0	0
	from municipal network	0.95	1.22	0.77
	Seawater catchment	0	0	0
	Seawater catchment (desalinated)	2.80	3.12	2.58
	Wastewater catchment (internal use)	0.015	0.015	0.161
Use for Refrigeration	Marine water (open cycle) (1)	4,386.60	4,220.16	3,860.66
	Surface waters (open cycle)	1,502.80	1,753.91	1,628.40
	Water (closed cycle)			
	Volume of processed water	285.29	272.38	236.40
	Drainage from cooling towers	246.27	251.86	212.75
CIVIL USE		0.24	0.19	0.220
TOTAL*		6,188.12	6,270.69	5,724.85

\*: The total volume of processed water used for closed cycle cooling is not included in the total.

- (1) The figure for seawater catchment for use in refrigeration, in open cycle, from previous years has been corrected due to an error in the units of the data associated with nuclear generation.

### Water sources affected by catchment.

WATER SOURCES THAT HAVE BEEN AFFECTED SIGNIFICANTLY BY WATER CATCHMENT (no.)			
Bodies of water significantly affected			
	2017	2018	2019
For uptake $\geq 5\%$ vol. average annual total of body of water	124	124	124
For catchment in bodies of water considered significant	9	9	9
For catchment in Ramsar wetlands or in protected areas	8	8	8
For catchment in sources located in areas with national protection	76	76	76
For catchment in sources located in areas with international protection	73	73	73
<b>Total bodies of water significantly affected</b>	<b>290</b>	<b>290</b>	<b>290</b>
Characteristics of bodies of water significantly affected			
	2017	2018	2019
Volume (m3)	395,324,000	395,324,000	395,324,000
Flow rate (m3/sec)	2,525.70	2,525.70	2,525.70
Classified as protected	76	76	76
Value of its biodiversity 1=YES; 0=NO	0	0	0

### Recycled and reused water

The recycled water reported corresponds to wastewater that is reused, either in the same process, or in a different one, but always within the same facility.

RECYCLED WATER (HM <sup>3</sup> )		
2017	2018	2019
0.015	0.015	0.161

### 5.3. Noise and light pollution.

The limit values under which both the noise and light pollution parameters must be found are established in the environmental legislation and, in a consistent manner, the applicable limits are included in the authorisations of the different ENDESA facilities. Assurance of maintenance of the values within regulated margins is achieved through environmental management systems certified by independent third parties.

## 5.4. Circular economy.

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

- **Sustainable provisioning:** this is based on the use of renewable sources and reused or recycled material resources.
- **Extension of the useful life:** the current trend in the Linear Economy is for single-use. Extending the useful life is precisely the step of opposing this trend. To do this, it is necessary to act on the design of the products, to enable their repair, facilitate proper maintenance and as a consequence, extend the useful life of assets or products.
- **Product as a service:** this is a business model in which the customer instead of buying and owning the product acquires the service assigned to it, such as car sharing or product rental. This new model provides advantages over the previous one, such as the improvement of product quality, maintenance and waste management, since the property belongs to the company that provides the service, interested in having a product as long as possible and obtain the residual value at the end of its useful life.
- **Platforms for sharing:** these are digital applications in which citizens can share assets with each other, increasing the time of use of goods and products.
- **New life cycles:** closes the circle of the five pillars vision by proposing solutions that preserve the value of assets and products when they reach their end of life and use them in new cycles through reuse, regeneration or recycling.

ENDESA's public commitment to the circular economy materialised with the early accession to the Pact for a Circular Economy in November 2017, promoted by the then-Ministries of Agriculture and Fisheries, Food and Environment, and of Economy, Industry and Competitiveness.

ENDESA's most outstanding action towards a change in the circular model is its commitment to the decarbonisation of the generation mix by 2050, with an intermediate objective in 2030 to generate 75% of the electricity CO2 emission-free; aspiring to reach an energy model based on the consumption of renewable energy sources. Consequently, not only is efficiency increased and emissions and pollution reduced, but the consumption of raw materials is minimised by using renewable resources.

In the decarbonisation process itself, the principles of the Circular Economy are being applied, among which a highlight is the **Futur-e programme**: an initiative for the installations of thermal power plants that have ceased or are slated to cease operation. The objective is to identify new alternative uses for existing sites, through investments by the Company or a third party that create value for local communities, according to the potential and priorities of the territory to which they belong. This whole process is managed in an open, transparent and participatory manner. Only circular projects that meet the economic, environmental and social requirements reach the final phase of selection.

In addition, in relation to internal mobility, the Company has approved a sustainable and safe mobility plan (2018-2020) with two fundamental objectives such as reducing the number of

kilometres travelled and electrifying the transport of its employees and fleets. The programmes in this plan related to the circular economy are:

- **Employee Mobility Plan**, a project that aims to promote sustainable mobility among its employees through the rental of electric cars.
- **Car-Sharing service for electric vehicles for employees**, which increases the utilisation ratio of ENDESA's electric fleet and encourages electric mobility among employees.
- **Mobility 2 Wheels**, through which a digital application has been created with which you can request its use and easily manage reservations and cancellations.
- **Shared taxi**, which has allowed 70% of kilometres travelled in ecotaxi, which has meant a reduction of 8.7 tn CO<sub>2</sub>, with 44% of passengers having shared routes.

#### 5.4.1. Waste management: prevention, recycling, reuse and other forms of waste recovery and disposal.

ENDESA has environmental management systems in place that include specific operating procedures for the management of waste produced by all its activities, which are continuously reviewed to detect and drive improvements.

ENDESA works from its Environmental Management System for Energy Efficiency and Indoor Air Quality (SIGAEC) to promote the prevention, recycling and use of waste, as well as the use of less polluting materials, with the ultimate goal of not wasting natural resources, and also guaranteeing the correct management and destination of waste generated at ENDESA offices. In 2019 this certificate has been renewed confirming the effectiveness of SIGAEC and the remarkable effort made since its implementation in 2004.

Regarding the non-hazardous waste generated in our offices, paper and cardboard, plastic containers and metal containers are recovered 100%, and municipal solid waste is recovered 70% as a result of the segregation at origin performed by all employees. The following table shows the amounts of waste generated:

Type of waste (kg)	
MSW	235,874
PAPER AND CARDBOARD	51,700
PLASTIC BOTTLES	15,997
METAL CONTAINERS	480
TOTAL Non-hazardous waste	304,051

A notable initiative due to its transversal nature is the **Zero Plastics** project, which aims to minimise the consumption of single-use plastics in the Company, as well as promoting a change in culture and habits among ENDESA employees in relation to use of plastics. The initiative was launched in May 2019 at all ENDESA administrative offices, which has meant, among other benefits, the elimination of 232,700 plastic cups and the reduction of the consumption of bottled water by 64% at the Madrid head office. All the measures implemented have so far prevented the generation of 5.5 tonnes of single-use plastic waste, which represents a 45% reduction.

Throughout 2019, they have continued to be implemented and various actions have been launched in thermal power plants aimed at continuous improvement and efficiency of combustion

facilities. These specific actions necessarily entail a spontaneous increase in the generation of certain waste.

The most common waste produced by ENDESA's activity (without considering coal combustion products) is construction and demolition waste, water treatment sludge and metallic materials, such as non-hazardous waste, and machinery and equipment, sludge and materials contaminated with hazardous substances such as hazardous waste.

ENDESA manages its waste according to the waste hierarchy (prevention, preparation for reuse, recycling, other types of recovery (including energy) and finally disposal), always starting from prevention, and when that is not possible, prioritising recovery and recycling treatments for the waste it generates, especially inert waste, as well as the treatment for reuse of those hazardous wastes that allow it, for example, used oils or cleaning solvents).

EVOLUTION OF ENDESA WASTE (Tonnes)				
	Non-hazardous waste (RnP)			
	2018	2018	2019	2019
	Produced	Valued	Produced	Valued
<b>TOTAL</b>	<b>69,678.81</b>	<b>62,805.23</b>	<b>61,100.71</b>	<b>55,102.12</b>
Thermal Production Units (UPT)	47,463.81	41,375.88	21,168.14	16,187.82
Hydraulic Production Units (UPH)	717.60	678.65	423.19	372.41
Port Terminals	530.60	511.37	402.39	386.79
Nuclear	2,040.00	1,444.40	2,690.94	2,062.61
Distribution	18,872.18	18,735.31	36,108.15	35,855.39
Renewables (wind, photovoltaic, biomass)	37.06	37.06	3.84	3.80
Buildings	324.15	248.52	304.05	233.29
EVOLUTION OF ENDESA WASTE (Tonnes)				
	Hazardous Waste (RP)			
	2018	2018	2019	2019
	Produced	Valued	Produced	Valued
<b>TOTAL</b>	<b>10,480.59</b>	<b>6,094.09</b>	<b>9,322.59</b>	<b>6,295.47</b>
Thermal Production Units (UPT)	6,644.72	3,013.32	6,252.97	3,918.81
Hydraulic Production Units (UPH)	418.49	354.31	222.94	162.75
Port Terminals	11.6	10.93	12.67	12.67
Nuclear	303.84	81.86	370.24	114.37
Distribution	3,002.30	2,536.34	2,318.66	1,959.27
Renewables (wind, photovoltaic, biomass)	103.61	101.31	143.56	126.34
Buildings	1.81	1.28	1.5	1.3

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

- **Recovery of waste generated in coal plants:** The ashes, as a by-product of the combustion of coal, are used to replace the limestone necessary for the production of cement and asphalt, and the plaster we obtain from desulphurisation are sold for construction.

- **Cultivation of microalgae for the capture of CO<sub>2</sub>.** Recovery of CO<sub>2</sub> from the combustion gases of each plant through the cultivation of microalgae.
- **Fish farm development next to thermal power plants.** Recovery of the residual heat of the refrigeration circuit, preventing its loss and converting it into an increase in temperature and performance for the fattening and growth of fish in the farm.
- **Second life of batteries.** In the 2nd life Battery Energy Storage System project, new and recycled batteries of electric vehicles have been integrated to develop a rapid response storage system.
- **The SmartNet project.** The ultimate goal is to improve both the efficiency and the stability of the electricity grid through a more circular and flexible network where the use of customer resources will be increased and where there will be a decrease in losses and emissions by reducing overloads in electrical distribution networks.

## 5.5. Renewable energies.

ENDESA makes a clear commitment to renewable energy, and for this its first performance was the acquisition in 2016 of the remaining capital of ENEL Green Power España, S.L.U. (60% was still not in its possession), in order to address its commitment to growth in renewables.

The consolidation of the commitment is articulated through the roadmap for decarbonisation that ENDESA has established in its 2020-2022 Strategic Plan, which sets the objective of increasing by more than 38% the capacity installed in renewables to reach 10.2 GW in 2022, compared to 7.4 GW at the end of 2019, with an associated investment of €3.8 billion in the 2019-2022 period.

The development and management of renewable energies of ENDESA in Spain is carried out in this way through ENEL Green Power España (100% owned by ENDESA), the fourth-largest Spanish operator in the Spanish renewable energy sector.

At the end of the year 2019 ENEL Green Power Spain had 2,723 MW of gross installed renewable power, of which 2,291 MW corresponded to wind power, 80 MW to mini hydro, 352 MW to photovoltaic and 0.5 MW to biogas plants, with a joint production during the year 2019 of 4,369 GWh. This capacity is joined by 4,668 MW gross installed capacity of large-scale hydropower. Production with renewable sources represents 16.4% of the total production of the Company.

ENDESA, through Enel Green Power España (EGPE), has successfully completed the milestone of connecting to the grid before 31 December 2019 the total capacity that was awarded to it by the Government in the auctions held in 2017. Together, 879 MW (540 MW wind and 339 MW solar) developed through 25 projects in Aragon, Andalusia, Extremadura, Galicia, Castilla León and Murcia have been put into operation, with a total investment of more than €800 million. This power has a production capacity of 2,068 GWh per year, which will prevent the annual emission of 1.3 million tonnes of CO<sub>2</sub> into the atmosphere each year.

On 23 December 2019, 100% of the capital of 13 companies holding photovoltaic projects was acquired from the Prodiel Group. The thirteen Companies acquired have 1,037 MW of capacity to develop through 10 projects. Of this figure, 102.5 MW is expected to be completed and launched in 2020, and the rest will be developed over the next few years until 2022, which allows significant progress in achieving the new capacity targets.

When they enter into operation, the estimated production of all these projects will amount to 1,990 GW/h per year (or what more than 500,000 households consume), which will prevent the emission into the atmosphere of more than 1.6 million tonnes of CO<sub>2</sub> annually.

Throughout the year, ENEL Green Power España S.L.U. made other acquisitions of companies promoting renewable projects, including: Sa Caseta and Biniatria (21.93 and 15.34 MW photovoltaic respectively in Mallorca), Son Cartet (2 MW photovoltaic in Menorca) and Nudo Mudejar in Teruel (31.6 MW photovoltaic and 49.4 MW wind).

## 5.6. Protection of biodiversity.

### 5.6.1. Measures taken to preserve or restore biodiversity.

Biodiversity conservation is not a new concept for ENDESA. In its first Environmental Policy, approved and published in 1998, one of the reference principles “Conserve the natural environment of its facilities by adopting measures to protect species of fauna and flora and their habitats” was already established. Likewise, biodiversity conservation has already been established as one of the seven Commitments for Sustainable Development within the framework of the first ENDESA Sustainability Plan. As a result of this commitment, in 2012 the structure was designed of the Biodiversity Conservation Plan, which began to be implemented in 2013, achieving a remarkable efficiency and a high degree of success in achievement since its origins. ENDESA has now gone one step further and in January 2020 its Board of Directors approved a biodiversity policy, which allows the Company’s commitment to the matter to be strengthened and consolidated.

The ENDESA Biodiversity Conservation Plan provides a structure that allows to select and assess, first and under criteria of scientific, social and applied interest, all initiatives received, both internal and external, in terms of biodiversity conservation.

With respect to the objectives of the Biodiversity Conservation Plan, the main lines of action, already formulated in 2012, were maintained for 2019:

- Adapting the physical environment of ENDESA’s land and facilities to increase the capacity to accommodate biodiversity in a manner that is biogeographically compliant.
- Managing environmental factors at the company’s facilities to help to improve the habitat of certain species and their biotopes.
- Recognising ENDESA’s natural heritage and the ecosystems it is home to, their value and state of conservation.
- Protecting native species in and around ENDESA’s plants and controlling invasive species that have a high ecological impact and an impact on ENDESA’s business.

At the end of 2019, the Biodiversity Conservation Plan had 26 courses of action under way, of which 21 were launched in previous years (5 of them ended in 2019, and 16 are still in progress) and 5 new courses of action were begun last year. A breakdown of locations shows that 61.5% of them were carried out in areas affected by ENDESA’s facilities and 20% were research projects which, in the majority of cases included the publication of articles and scientific papers.

The following table shows the distribution of ENDESA’s Biodiversity Conservation Plan actions in operation in 2019, classified according to the Plan’s governing matrix and the 20 types of actions it contains, which can be deduced by crossing rows by columns:



		Areas of application (components of Biodiversity)				
		A. Uses and infrastructure management	B. Habitat management	C. Native species	D. Invasive alien species	
Areas of activity:	1. Own facilities	5	1	2	0	8
	2. Areas of influence	3	1	3	1	8
	3. Research projects	1	0	2	2	5
	4. Socio-environmental projects	1	3	1	0	5
	5. Emblematic projects	0	0	0	0	0
		10	5	8	3	26

Distribution of actions by subject	No of actions	%
Birdlife	10	38.46
Water resources	4	15.38
Forest resources	4	15.38
Restoration of Natural Spaces	4	15.38
Biodiversity management tools	4	15.38
TOTAL	26	100

These actions took place throughout Spain and Portugal and included many of ENDESA's business lines. Specifically, generation accounted for 38% of the activities, distribution 35% and the remaining 27% were in the corporate area.

### 5.6.2. Impacts caused by activities or operations in protected areas.

As a process included in the environmental management systems implemented in ENDESA's business lines, and in accordance with the provisions of the environmental authorisations and environmental monitoring plans applicable in each case, ENDESA monitors all significant environmental aspects and ensures that in each case its environmental impact is minimised and offset. This includes in particular those facilities that are within a protected natural space.

It was considered of interest to obtain, as a measure of the impact caused by the mere presence of ENDESA facilities in protected natural areas, the area occupied by the Company's centres and infrastructure within spaces belonging to the Natura 2000 Network (ZEC, LIC and ZEPA). These data have been obtained as part of the Biodiversity Indicator System launched during the last two years. In addition to the occupied area, in the case of hydroelectric production, data on the volume of reservoir water and number of kilometres of regulated river within Natura Network spaces are included. These data are presented below:

Thermal generation	
Surface (km <sup>2</sup> ) occupied by facilities in Natura 2000 Network spaces	1.57
Renewable generation	
Surface (km <sup>2</sup> ) occupied by facilities in Natura 2000 Network spaces (wind and solar)	0.73
Surface (km <sup>2</sup> ) occupied by facilities in Natura 2000 Network spaces (reservoirs)	110.76

During the year 2019, renewable energy facilities were also incorporated into the Biodiversity Indicator System, meaning 100% of ENDESA's facilities were covered.

## PEOPLE

### 1. Material Aspects and Objectives.

#### 1.1. List of Material Aspects.

The well-being of workers has become, in recent years, a priority issue for the Company. In the 2019 materiality study conducted by ENDESA, the stakeholders consider it necessary for Companies to invest in the development of people (training and education, recognition and meritocracy or improvement in hiring and remuneration policies), which foster respect of the rights of employees and that promote a quality corporate life.

Particularly, the stakeholders point out that, if decent working conditions are established, both they and the Companies for which they work will be favoured: on the one hand, the former will be satisfied, which will be reflected in a positive attitude at work, and, on the other hand, the Companies will achieve the desired talent retention.

The digital transformation is also another objective in which ENDESA works to achieve an organisation fully connected to the digital environment by applying the “Agile” methodology in both projects and operational models.

For ENDESA, its people constitute the main asset of the company for the creation of value in a sustainable way. In an environment of change towards a new energy model, having a human capital that has the best capabilities, is as diverse as possible and shows a strong commitment to the business project, is essential to lead such change. For this reason, ENDESA establishes among its labour priorities the management of diversity (especially of gender and age), the management of cultural change, the availability of adequate working conditions, labour flexibility and meritocracy.

#### 1.2. How the Organisation manages the material aspects - ENDESA Sustainability Plan (PES).

ENDESA incorporates these priorities in its sustainability plans and establishes quantitative objectives aimed at promoting excellence in the management of human capital, thus allowing the level of commitment and performance achieved to be assessed.

In this regard, the level of compliance achieved in the most relevant objectives of the 2019-2021 ENDESA Sustainability Plan (PES) linked to the priorities in the workplace described above, as well as the new objectives established in the framework of the new 2020-2022 ENDESA Sustainability Plan (PES) are summarised below.

The full detail of all the objectives in the labour field included in the Sustainability Plans will be collected in the 2019 Sustainability Report, which can be accessed at [www.ENDESA.com](http://www.ENDESA.com)

## Compliance with the main objectives in the field of promotion of human capital from the 2019-2021 ENDESA Sustainability Plan (PES).

SCOPE 2019-2021 PES	DESCRIPTION OF THE OBJECTIVE	OBJECTIVE 2019	RESULT 2019	LEVEL OF COMPLIANCE
Promotion of human capital	Overall additions of women	35%	38%	100%
	Women in management positions	18%	18.7%	100%
	Promotion of in-person training to employees (hours/employee/year)	38	40.5	100%
	Promotion of online training for employees (hours/employee/year)	15	10.1	67%
	Promotion of smartworking (number of employees)	1,300	2,399	100%
	Promotion of services that favour the reconciliation of employees <sup>1</sup> (number of services)	76	74	97%

## New objectives in the field of human capital promotion for the 2020-2022 ENDESA Sustainability Plan (PES).

SCOPE 2020-2022 PES	MAIN OBJECTIVES	OBJECTIVE 2020	OBJECTIVE 2022
Promotion of human capital	Overall additions of women	38%	39%
	Women in management positions	18.5%	19%
	Promotion of employee training (hours/employee/year) (in-person and online)	54.1	51.3
	Promotion of smartworking (number of employees)	2,410	2,420
	Promotion of services that favour the work-life balance of employees (number of services)	78	80
	Capacity improvement and recycling programmes for employees affected by the energy transition	118	118

## 2. Policies on Human Capital issues.

ENDESA considers its people to be its most important asset, therefore it works on the identification and development of their potential, so that their performance contributes to making the Company a benchmark in the sector. Under this perspective, the performance evaluation and development processes guarantee professional growth based on merit and the contribution itself. In addition, a more transversal management model has been implemented that seeks to increase the commitment of professionals to the Company.

The digital transformation and changes in the ways of working have made the Company adapt its value proposition to the new digital customer. As a result, ENDESA continues with the implementation of an Agile organisational model with which it is desired that each person take responsibility for the Company's objectives as their own. Similarly, ENDESA works to be an agile organisation and a customer-driven data-driven company.

The training of its people is a priority at ENDESA. For this reason, its people management model establishes an annual plan that ensures the professional development of the workforce. To do this, it provides them with permanent access to the training catalogue.

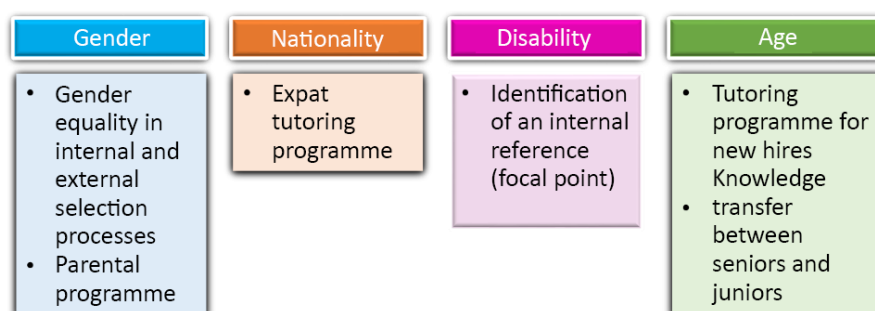
The ENDESA Human Rights Policy, approved by the Board of Directors in 2013, establishes its rejection of all forms of discrimination and undertakes to guarantee and promote diversity, inclusion and equal opportunities. In addition, ENDESA has a set of robust management mechanisms and systems that allow it to guarantee respect for human rights and properly manage existing risks.

ENDESA encourages and maintains a climate of respect for the dignity, honour and individuality of people, and ensures the highest standards of confidentiality with respect to any information related to employee privacy of which it may become aware.

In compliance with the values included in the ENDESA Code of Ethics, and as part of it, ENDESA adopts the following fundamental principles:

1. Non-discrimination.
2. Equality of opportunity and dignity for all forms of diversity.
3. Inclusion.
4. Balancing of personal, family and professional life.

Based on the above principles, ENDESA undertakes to implement specific actions to promote non-discrimination and inclusion in the following areas of diversity, each of which has a defined action plan:



ENDESA promotes gender equality in all areas of the Company, especially with regard to positions of responsibility and the hiring of personnel.

The freedom of association of workers is guaranteed in ENDESA and in all contractor companies and suppliers with which it maintains a relationship.

## 2.1. Leadership and Talent Development.

ENDESA has talent management tools that contribute to the growth of its people, both personally and professionally, and thus achieve success at the organisational level. The development actions, directed both for people and for teams, are carried out considering the different businesses and territories, adapting to the existing needs at all times.

During the year 2019 more than 1,100 people have participated in the different actions that are carried out in ENDESA to enhance their capabilities.

These actions include skills workshops (such as the “Manager Coach” course or its continuity “Manager Coach +”), knowledge transfer actions such as *Mentoring* or *Job Shadowing*, as well as *coaching* processes (individual or team), and other development actions designed to fit the needs of different businesses.

## 2.2. Diversity. Policy against all types of discrimination: Elimination of discrimination in employment and occupation, forced labour and child labour.

ENDESA, through its Code of Ethics, expressly condemns child labour, as well as forced labour, committing itself to rigorous compliance with international standards, such as the United Nations Global Compact. The objective is to promote a work environment that respects Human Rights. The condemnation of child labour and forced labour have also been expressly reflected in the ENDESA Human Rights Policy approved by its Board of Directors on 24 June 2013. Likewise, it should be noted that ENDESA operates in an environment where there are regulatory frameworks with the necessary guarantees so that there are no violations regarding child labour or forced labour.

ENDESA has advanced control mechanisms that guarantee strict compliance with current legislation, as well as international standards and ILO principles in this area. Additionally, this issue has been reviewed in the due diligence of Human Rights carried out by ENDESA, the details of which can be found in section 2 of the chapter on Human Rights. This year there were 2 complaints, but neither of them was verified as a non-compliance.

This approach is extended to all contractor companies and suppliers with which ENDESA maintains a relationship. To this end, it incorporates Human Rights clauses in the general hiring terms and conditions. Likewise, it evaluates aspects of Human Rights in the supplier qualification system and performs social audits to verify compliance. For more information, please see the “supply chain” chapter.

## 2.3. Labour Disconnection Policies.

ENDESA recognises the right to labour disconnection, given the risk that the impact of technology on the Company and its influence on new forms of existing flexible work may interfere with the work-life balance of people. That is why we are working on the development of a more detailed digital disconnection policy.

In that sense, after the approval at the end of 2018 of Organic Law 3/1028, of 5 December, of “Protection of Personal Data and guarantee of digital rights”, ENDESA identified the need to move forward in the preventive field and address new measures that reduce or mitigate possible cases of computer stress or fatigue in line with the provisions of said regulations.

## 3. Key Performance Indicators.

### 3.1. Employees.

#### 3.1.1. Number of employees.

WORKFORCE			
	2017	2018	2019
Spain	9,668	9,723	9,916
Portugal	38	40	36
<b>Total*</b>	<b>9,706</b>	<b>9,763</b>	<b>9,952</b>

\*31 December 2019

### 3.1.2. Workforce distribution by gender, age, country and professional classification.

ENDESA considers diversity an enriching element for the Company. The figures presented below show the progressive increase of women in the workforce, which increase their proportion over total workers, which is important and demonstrates the firm commitment of the Company to gender diversity, even with all the difficulties that this entails in the energy sector, due to the shortage of women in technical profiles. This increase in diversity has a special importance, taking into account the size of the workforce, its historical composition and the stable nature of labour relations.

Regarding age, the data reflects a solid and secure company, which combines both veteran staff and a gradual renewal.

#### Workforce distribution by gender

DISTRIBUTION OF THE WORKFORCE						
	Number			%		
	2017	2018	2019	2017	2018	2019
Women	2,248	2,279	2,379	23.2	23.3	23.9
Men	7,458	7,484	7,573	76.8	76.7	76.1

\*31 December 2019

#### Workforce distribution by age

COMPOSITION OF THE WORKFORCE BY AGE			
	2017	2018	2019
<30	336	384	375
30-50	5,524	5,509	5,454
>50	3,846	3,870	4,123

NOTE: The data on the composition of the workforce by age, have been updated following the new criteria established for the age groups, in which any employee whose age exceeds 50 years and one day is assumed as >50.

#### Workforce distribution according to professional classification

DISTRIBUTION OF THE WORKFORCE IN SPAIN AND PORTUGAL BY GENDER AND PROFESSIONAL CLASSIFICATION												
	Executives			Middle Management			Admin staff Management			Operators		
	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019
Men	234	234	221	2,117	2,165	2,319	2,789	2,768	3,633	2,319	2,317	1,400
Women	46	50	53	990	1,043	1,123	1,146	1,119	1,154	65	67	49

### 3.1.3. Employees with disabilities.

ENDESA expresses its commitment to the labour integration of people with different abilities. In 2019, the Family Plan, developed by the Adecco Foundation, continues to be made available to

its people. Through this plan, 76 family members with disabilities of active employees received personalised counselling and welfare therapy.

In collaboration with Randstad Foundation: in 2019 a specialised service for consultation and advice on disability was provided. Cases that can be considered within the scope of disability are treated in a personal and confidential manner.

ENDESA develops actions for the integration of people with disabilities, the details of which can be found in section 3.6.2 of this document.

The Company has provided support service to the 79 employees with disabilities that we have this year on staff.

PERSONS HIRED WITH DISABILITIES		
2017	2018	2019
80	76	79

### 3.1.4. Hiring; Impact of the Company's activity on employment: New hires/staff turnover.

The new hires constitute an indicator that shows ENDESA as a generator of employment. These figures are important because they represent a thermometer of the renewal of the Company and its adaptation to new trends.

NEW HIRES		
2017	2018	2019
256	393	426

ENDESA, with the aim of being an excellent company to work for, pays attention to the low staff turnover as an indicator of satisfaction of the people working in the Company. The turnover rate in Spain in 2019 was 2.6%, data within the values expected by the Company.

### 3.1.5. Distribution of hiring.

Employees by type of contract						
	Full time		Part time		Total	
	2018	2019	2018	2019	2018	2019
Permanent	9,425	9,561	1	1	9,426	9,562
Temporary	337	390			337	390
Total	9,762	9,951	1	1	9,763	9,952

Average contracts by gender												
	Permanent contract						Temporary contract					
	Full time		Part time		Total		Full time		Part time		Total	
	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019
Women	2,181	2,201			2,181	2,201	68	87	1		69	87
Men	7,239	7,194	1	1	7,240	7,195	205	277			205	277



Average contracts by age												
	Permanent contract						Temporary contract					
	Full time		Part time		Total		Full time		Part time		Total	
	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019
<30	344	328			344	328	105	120			105	120
30-50	5,248	5,423			5,248	5,423	159	231	1		160	231
>50	3,828	3,645	1	1	3,829	3,646	9	12			9	12

Average contracts by professional category												
	Permanent contract						Temporary contract					
	Full time		Part time		Total		Full time		Part time		Total	
	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019
Executives	283	286			283	286						
Middle Management	3,077	3,202			3,077	3,202	70	86			70	86
Admin Management	3,778	3,766	1		3,779	3,766	120	158	1		121	158
Operators	2,282	2,141		1	2,282	2,142	83	120			83	120

### 3.1.6 Layoffs

In 2019 there were 21 layoffs in ENDESA, 3 women and 18 men, which represents 0.21% of the total workforce at the end of the year.

Layoffs in 2019									
	Gender		Age			Professional category			
	Women	Men	<30	30-50	>50	Executives	Middle Management	Admin and Management	Operators
2018	4	3		3	4		3	3	1
2019	3	18	2	10	9	4	3	7	7

### 3.1.7. Measures taken to promote employment.

ENDESA promotes vacancy coverage first through internal mobility, but due to the complexity of the profiles and the growth in some business lines, external hiring is also carried out.

The greatest recruitment of resources is taking place in areas related to the new energy model, in line with ENDESA's strategic commitment. In this sense, profiles that are going to develop renewable energies, electric mobility, as well as technological profiles are being incorporated to face the important business challenges the Company is experiencing.

ENDESA promotes employment mainly among young people, through internship plans and scholarships that are a source of talent attraction and places a special focus on the incorporation of women according to the Diversity and Inclusion Policy.

In line with the Diversity and Inclusion Policy, ENDESA has agreements with Special Employment Centres and uses specialised recruitment web portals for people with disabilities, so that they can join the Company.

### 3.2. Remuneration of Directors, Managers and Employees.

#### 3.2.1. Remuneration of Directors.

See section 1.4. Remuneration of the Directors of the Corporate Governance chapter of this document.

#### 3.2.2. Remuneration of Managers and Employees.

Next, the average salaries and their evolution are disaggregated by gender, age and professional classification. Fixed salaries, variables and social benefits have been considered following the general practice of Ibex 35 companies.

Average remuneration by age (€) FIXED + VARIABLE SALARY			
SPAIN and PORTUGAL			
	2017	2018	2019
<30	33,630.97	34,671.10	34,785.01
30-50	57,668.97	59,452.55	57,070.49
>50	73,491.12	75,764.04	74,767.60

NOTE: Due to the new criteria established in the age groups and due to lack of availability of disaggregated values for the recalculation of previous years, the remuneration data for the years 2017 and 2018 have not been updated to said criterion, although since their difference is based on average values, it is not significant.

Average remuneration by professional category and gender (€) FIXED + VARIABLE SALARY															
SPAIN and PORTUGAL															
	Executives			Middle Management			Administrative and office staff			Operators			Medium		
	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019
Men	192,707.45	193,017	200,544	78,119.62	77,805	76,721	60,448.43	61,970	57,857	57,640.24	57,695	54,407	68,839.53	69,300	67,240
Women	155,034.47	156,028	171,476	69,671.93	67,474	67,913	50,727.67	50,958	50,646	51,677.82	54,562	57,838	61,150.47	60,937	61,565
Average	186,719.28	186,517	195,189	75,461.19	74,450	73,864	57,640.24	58,830	56,134	57,452.22	57,607	54,518	67,080.51	67,362	65,901

#### 3.2.3. Wage gap

In 2019, a detailed study on the salaries of employees and the differences between men and women was carried out, and two types of indicators, the average and the median, were analysed to come to a deeper understanding of their causes.

On the one hand, the average salary between men and women of ENDESA was analysed, which showed an improvement over 2018 of 3.7 percentage points (from 12.1% to 8.4%). This result is a consequence of the action through the salary review processes, in which meritocracy has been combined with gender review monitoring, to avoid possible biases.

Even so, the 8.4% salary difference data has been studied in depth. A disaggregated analysis has been carried out to compare the positions of the same value, and from this study it was concluded that there are no significant differences in the average salaries of men and women. In the cases with the greatest differences it can be observed that they are caused by the effect of the number of years of permanence in the company, the incorporation under different collective agreements and by a lower presence of women in certain positions of high technical content.

We can therefore conclude that, in ENDESA, wage discrimination is not primarily responsible for the wage gap, being the composition of the workforce, with a much larger number of men in positions of greater responsibility, and the effect of the time of incorporation into the company, the main origin of the wage gap.

To understand the existence of this inequality in the composition of the ENDESA staff, several factors have to be taken into account: The industrial nature of the Company, the low turnover rate of the workforce and the historical gender composition of the Company, due to historical cultural and sociodemographic factors (fewer women historically accessing university studies, lower female presence in technical careers, etc.), which translates into a greater average seniority of men versus women. To this, other variables are added, including historical ones, such as the conditions of agreements of origin.

On the other hand, the median was analysed as an indicator of the wage gap in ENDESA. This indicator avoids the effect of the most extreme values and throws specific information on the salary discrimination data since it is not affected by the number of people that make up each group. From the above, we understand that the median is a more adequate indicator to measure the wage gap caused by gender pay discrimination. With this analysis, the values located in the middle zone show a 2.5% gap in 2019, thus confirming the absence of wage discrimination.

For greater transparency and in order to allow comparability with last year's data, this year we exceptionally also include the data calculated using the average, according to the same criteria as last year.

	FIXED + VARIABLE SALARY (SPAIN and PORTUGAL)		
	Salary gap (1) Women vs Men 2018	Salary gap (1) Women vs Men 2019	Salary gap (2) Women vs Men 2019
<b>Executives</b>	19.2%	14.5%	4.9%
<b>Middle Management</b>	13.3%	11.5%	11.7%
<b>Administrative staff</b>	17.8%	12.5%	15.4%
<b>Operators</b>	5.4%	-6.3%	1.7%
<b>Average (1) or Median (2)</b>	(1) 12.1%	(1) 8.4%	(2) 2.5%

(1) The difference between the **average salary** of men and women, as a percentage of the **average salary** of men, considering fixed, variable salary and social benefits, in accordance with Law 11/2018, of 28 December ENDESA, S.A.

(2) The difference between the **median salary** of men and women, as a percentage of the **median salary** of men, considering fixed, variable salary and social benefits, in accordance with Law 11/2018, of 28 December ENDESA, S.A.

	MEDIUM FIXED SALARY + VARIABLE 2019 (SPAIN and PORTUGAL)		
	MEN	WOMEN	Median by professional category
Executives	€160,231	€152,337	€159,609
Middle Management	€72,567	€64,064	€69,627
Administrative staff	€55,785	€47,173	€53,995
Operators	€51,021	€50,171	€51,006
Total median	€58,721	€57,231	€58,356

### 3.3. Work organisation

#### 3.3.1. Organisation of working time

The annual working day is established in accordance with the terms set forth in the ENDESA regulations.

The Management of the Company and the Labour Representatives agree on the need to minimise overtime, through the establishment of work organisation tools and systems that enable a permanent improvement of the Organisation's efficiency, respecting in any case, the legislation in force and especially, the provisions of Royal Decree 1561/1995, of 21 September 1995. ENDESA envisages the possibility that, in case of need for overtime, employees can choose between economic remuneration mechanisms or mixed remuneration mechanisms (economic and rest hours).

#### 3.3.2. Number of hours of absenteeism

Hours of absenteeism during the year			
	2017	2018	2019
Spain (1)	2,291,283	2,220,379.005	1,849,043.125

(1) Hours lost due to absence do not include vacations, holidays, or authorised absences for family reasons (maternity leave, paternity leave, etc.), or absence due to training.

Note: ANAV is not included in these hours since such information is not available

#### 3.3.3. Measures to facilitate work-life balance

ENDESA makes available to its people a wide range of work-life balance measures in order to increase their commitment and satisfaction with the Company. At the same time, these measures actively promote and strengthen corporate values of responsibility, trust, proactivity and innovation. In this sense, ENDESA continues to favour initiatives that constitute a non-monetary remuneration supplement, which favour flexible work and allow the personal, family and professional balance of its professionals.

ENDESA develops measures to facilitate the reconciliation of work and personal life that fall into five large groups: quality of employment (indefinite contract, pension plans, health and welfare, support for expatriates, etc.), temporary and spatial flexibility (reductions in working hours, leave of absence, paid leave and breastfeeding rooms (offices in Madrid, Barcelona, Seville and Palma de Mallorca) etc.), support for the family (leave, leave and flexibility for family care, assistance to

dependent elderly), etc.), equal opportunities (professional assistance for victims of gender-based violence, medical advice, etc.) and professional development (professional / technical / skills / language training, volunteer programmes, coaching, etc.).

In 2019, 6,825 people (2,019 women and 4,086 men) benefited from some form of action aimed at reconciling professional, personal and family life at ENDESA. The modality of “Work Outside the Office”, started in 2017 continues having great success. This initiative, aligned with the promotion of reconciliation and digitalisation of the Company, contributes to building trust between the manager and the collaborator, as well as enhancing skills such as flexibility, autonomy and responsibility for results. In total, 2,399 employees (1,183 women and 1,216 men) took part in this initiative in 2019.

The number of ENDESA members adhering to the Flexible Remuneration plan has also continued to increase. In 2019, an adhesion percentage of 44.8% (4,462 employees) was reached. It is a remuneration system through which each employee voluntarily decides how to receive part of their monetary remuneration to suit their personal and family needs at all times. By contracting certain products and services through the Company, employees can increase their net availability due to the tax advantages granted by the Personal Income Tax Law to certain products and services. ENDESA’s plan includes the products Health Insurance, Childcare Ticket, Food Card, Transportation and Training Card.

Likewise, ENDESA, during 2019 has worked on the consolidation and progressive expansion of the catalogue of services that favour the work-life balance of employees in areas such as personal management, health, sports and advice in certain areas.

### **3.4. Social relationships**

#### **3.4.1. Management by the company of the right of workers to be informed and consulted**

ENDESA maintains a permanent dialogue with workers’ representatives, through which it seeks to maintain a collaborative space that benefits both the company and its employees, thereby respecting the information and consultation rights of the Labour Representatives and negotiating, if necessary, the conditions of the workers.

ENDESA complies with the existing regulations, and communicates organisational and corporate changes to the Labour Representatives at least 30 days in advance.

ENDESA makes available to its employees continuous updated information on the projects it carries out, as well as all the Company’s policies, through the corporate intranet. In addition, the informative contents are published on a regular basis through newsletters, two days a week, as well as an audiovisual summary of the Company’s news one day a week. 100% of employees have access to these channels.

#### **3.4.2. Principle of inclusion. How the organisation has responded to the reasonable expectations and interests of employees**

ENDESA carries out actions to respond to the areas of improvement identified through the climate survey.

As noted above, the Company maintains a permanent dialogue with the workers’ representatives, through which it seeks to maintain a collaborative space from which both the Company and its employees benefit.

There are different bodies in the Company through which it is possible to address the negotiation processes that are necessary to adapt to the needs of the Company. Likewise, and in accordance with current labour regulations, ENDESA complies with the information and consultation rights of the Labour Representatives, providing the information and consultation that is necessary, so that it can carry out its union activity.

The area of “People and Organisation” (Human Resources) has the figure of the “*People Business Partner*”, in order to give close support and advice to employees.

### 3.4.3. Term of notice for operational changes

In accordance with the existing labour regulations, as well as the ENDESA labour regulations in Spain, the criteria that must operate in case of corporate reorganisations and business reorganisations are established. Thus, the regulations provide that they will be informed of the Labour Representatives, at least 30 days before the effectiveness of these operations.

### 3.4.4. Measures taken to apply international labour conventions in the Company (ILO; OECD)

ENDESA promotes respect for human rights based on all the Agreements established by the International Labor Organization (ILO), in all its commercial relations, adhesion of its contractors, suppliers and business partners to the same principles, paying particular attention to situations of conflict and high risk, as well as the rejection of forced or compulsory labour and child labour, respect for diversity and non-discrimination, freedom of association and collective bargaining, occupational health and safety, fair and favourable working conditions.

### 3.4.5. Percentage of employees covered by collective agreement

In ENDESA and the Companies that are part of the consolidation perimeter, the number of workers that in 2019 were affected by Collective Agreement, in different legal terms, whether in force or because they had the contractual conditions, came to 9,032 people, 90.75% of the workforce. With regard to contractor workers, 97.8% of ENDESA contractor employees were covered by a collective agreement.

ENDESA employees									
Spain	Employees		%		Portugal	Employees		%	
	2018	2019	2018	2019		2018	2019	2018	2019
Staff covered by agreement	8,915	9,029	91.69	91.05	Staff covered by agreement	4	3	10	8.33
Staff outside agreement	880	920	8.31	8.95	Staff outside agreement	36	33	90	91.67
Total Spain	9,723	9,916	100	100	Total Portugal	40	36	100	100

Within the scope of ENDESA in Spain, it should be noted that on 23 January 2020, the 5th Framework Collective Agreement of ENDESA was signed, as well as the Framework Agreement of Guarantees for ENDESA, S.A. and its electricity subsidiaries domiciled in Spain and the Voluntary Measures on Suspension or Termination of Employment Contracts (see Note 38 to the Consolidated Financial Statements for the year ended 31 December 2019).

### 3.5. Training

ENDESA offers its employees training in order to equip and improve the technical qualifications they need to perform their duties, and to encourage the growth of attitudes and skills for their personal development. This offer is aimed at achieving compliance with the Company's strategic objectives and at promoting its values.

In the training implementation policy, ENDESA places the person as the main promoter of their individual process of acquiring knowledge and improving their skills.

ENDESA promotes training as a way to develop the capabilities of its people. In addition, it promotes collaboration and knowledge sharing, which contribute to creating a work environment that fosters dialogue, creativity and personal initiative.

In 2019, ENDESA held 2,198 training sessions, in which 9,060 employees took part. 402,953 training hours were given, with an average of 40.5 hours per employee.

#### 3.5.1. Hours of training by gender and professional category

ENDESA is committed to having a staff trained and capable of adapting to the new requirements demanded by the technological and cultural transformation in which the sector is immersed, forming part of its strategy to maintain leadership. This strategy is credited by the data on the average hours of training given per employee.

	Training Hours broken down by gender and professional category											
	Executives						Middle Management					
	Average			Total hours			Average			Total hours		
	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019
Men	36.2	34.1	62.7	8,459.50	7,976.80	14,390.10	43.3	37.2	46	91,639.50	80,583.90	106,202.00
Women	40.7	39.2	52.4	1,865.00	1,947.50	2,763.90	44.9	38.4	43	44,499.00	40,024.00	48,284.00
Total	36.9	35	60.8	10,324.50	9,924.30	17,154.00	43.8	37.6	45	136,138.50	120,607.90	154,486.00
	Administration and management staff						Operators					
	Average			Total hours			Average			Total hours		
	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019
	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019
Men	32.8	37.9	37.3	91,429.30	104,953.10	135,376.40	31.4	64,934.00	45	72,877.40	100,360.90	62,891.50
Women	26.6	29.2	26.9	30,524.50	32,661.40	31,002.90	22.3	28.3	42	1,450.50	1,908.10	2,042.50
Total	31	35.4	34.8	121,953.80	137,614.50	166,379.20	31.2	42.9	45	74,327.90	102,269.00	

#### 3.5.2. Training of employees in Human Rights policies or procedures

Respect for Human Rights is one of the principles on which ENDESA bases its activity in all the countries and territories in which it is present. Its policy of respect for Human Rights strengthens and extends its commitment established in the Code of Ethics, the Zero Tolerance Plan with Corruption and the Compliance Programme 231.

With the aim of spreading this commitment, knowledge about human rights and the actions that ENDESA carries out to respect them, the Human Rights online course is available to all staff. The objective of this course is to show the crucial role that human rights play in the current business



framework. This training also discloses the due diligence process that the Company implements to identify, prevent and mitigate potential risks and consequences arising from employee action.

Human Rights Training											
Employee training hours on policies and procedures related to human rights relevant to their activities			Number of employees who received human rights training			Total number of employees			Percentage of employees who received human rights training		
2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019
1,200	335	423	6	1,014	1,280	9,706	9,763	9,952	0.06%	10.39%	13.00%

## 3.6. Equality

### 3.6.1. Explanation of the concepts of diversity and non-discrimination

The Diversity and Inclusion programmes are framed in the Human Rights Policy approved by the Board of Directors of ENDESA, S.A. on 24 June 2013. This policy incorporates among its principles respect for diversity and non-discrimination. ENDESA rejects all forms of discrimination and maintains the commitment to ensure that all its workers, both current and potential, are treated with respect for their diversity, also promoting equal opportunities, either when the employment relationship is established or at any stage of its development

The diversity and inclusion programmes have the following general principles:

- **Non-discrimination:** All employees are treated exclusively on the basis of their professional abilities and skills in all decisions that affect the employment relationship.  
  
All forms of discrimination, political, religious, national, ethical, racial, linguistic, gender or age, are prohibited. Likewise, ENDESA rejects any form of personal discrimination based on beliefs, sexual orientation, affiliation and union activity, and any other form of social discrimination. Under the same principles, harassment or intimidation is not tolerated.
- **Equality of opportunity and dignity for all forms of diversity:** Diversity is a value that must be promoted and equal treatment and opportunities are guaranteed for any type of diversity. The personal factors related to the reconciliation of personal, family and professional life do not provide any basis for less favourable treatment.
- **Inclusion:** ENDESA undertakes to establish actions, practices, processes and services of inclusion without limiting its access to any of the parties involved, be they employees, customers or contractors. All people have the opportunity to participate in the processes of the Company, and there should be no explicit or implicit barrier with respect to any unit, function, country, gender, religion, culture, beliefs, sexual orientation, disability, age or another kind of diversity.
- **Balancing of personal, family and professional life:** ENDESA promotes work-life balance solutions that support the real and daily needs of employees, in order to foster respect for all types of situations that a person could encounter during their working life.

### 3.6.2. Explanation of how the organisation manages diversity and non-discrimination

As part of its policy of Diversity and Inclusion, ENDESA rejects all forms of discrimination and undertakes to guarantee and promote diversity, inclusion and equal opportunities in all dimensions covered by the policy (gender, age, disability and nationality, etc.).

- **Gender:** ENDESA promotes gender equality in all areas of the company and to this end has defined a gender action plan with different objectives: to increase the presence of women in the Company, increase the presence of women in positions of responsibility and ensure equality in salary matters. To achieve these goals, various short, medium and long term initiatives are developed.

One of these main short-term actions is to reach 50% of women in the selection processes and the commitment to include at least one woman in the final list of the selection processes. When this is not possible, the reason is specified and recorded.

To improve the female quota in traditionally male positions ENDESA works on long-term initiatives, such as the promotion of technological vocations or specifically in technical studies also called *STEM* (acronym in English for science, technology, engineering and mathematics) among female students. To this end, programmes and collaborations with schools and institutes are established: in 2019 about 600 girls have participated in these initiatives.

Another of the lines of action of the Gender Plan is aimed at making women's talent visible and fostering the development and incorporation of women at levels of responsibility within the Company. In this sense, different development programmes have been carried out, such as *Women Mentoring* and the *Take the Lead* project. Both programmes are aimed at making visible and empowering female talent in the company.

In addition, ENDESA annually carries out the exercise of designing the Succession Plan for those positions with strategic responsibility in the organisation. Among the established criteria that must be met for the identification of possible successors is gender diversity. This means that at least one of the proposed successors for each position must be female.

As a sign of its commitment, ENDESA signed a new protocol with the Ministry of Equality to increase the participation of women in positions of responsibility during the period of validity of the protocol (from 2019 to 2023). Additionally, ENDESA has voluntary agreements with the Ministry of Equality, notably the "More women, better companies" and "For a society free of gender-based violence" initiatives, that have allowed it to be awarded the "Equality in the Company" distinction.

In addition, in ENDESA there are parental programmes aimed at balancing the needs of employees as parents and professionals. They consist of a series of structured interviews between employees, their managers and Business Partners (figure intended to close support and advice for employees on different matters), before and after the experience of maternity, to leverage that experience both for the worker and for the Company.

This year ENDESA joined the "Alliance for diversity" promoted by the Adecco Foundation and the CEOE Foundation. This Alliance is formed by a group of sixty CEOs of the main companies in the country. This initiative, a first at European level, aims to bring together the commitment of the top representatives of companies with the aim of promoting the implementation of diversity and inclusion policies.

- **Age:** ENDESA aims to recognise, respect and manage differences between generations, ensuring integration, motivation and knowledge transfer. For this, the following actions have been carried out:

Tutoring programme aimed at young people who have just joined the Company. The objective of the programme is to accompany young talent in its initial months. This programme can be requested voluntarily and with a variable duration depending on the needs of each specific situation.

Programmes aimed at valuing senior talent through knowledge transfer initiatives and recognition of their experience such as: “Our highest values”, an initiative aimed at employees over 55 years of age with an exceptional contribution in their professional career, who receive recognition from the organisation, their direct manager and their peers, in the form of participation in experiential or business activities.

In order to value the senior talent of the Company, taking advantage of their expertise and Know How with their participation in knowledge transfer initiatives, as well as acting as internal trainers.

- **Nationality:** Another of the objectives of the ENDESA Diversity and Inclusion Policy is to seek recognition, respect and integration of people with different nationalities working in the Company. Therefore, those expatriates are assigned a tutor from the country of destination, who helps them during their period of expatriation.
- **Disability:** ENDESA develops actions in the field of integration of people with disabilities, collaborating with foundations working to this end. These actions are specified both in projects that favour the work placement of this group, as well as in services that support employees with disabilities and family members with employees' disabilities:

Actions aimed at the internal public:

- With Adecco Foundation: the Family Plan continues to be made available to people in active employment. Through this plan, 76 family members with disabilities received personalised counselling and welfare therapy. In addition, beneficiaries of the Family Plan are offered a summer camp for their children.
- With Randstad Foundation: a specialised service for consultation and advice on disability is provided.

In addition to collaboration with foundations, ENDESA has identified a reference person who is responsible for centralising all issues and serving both managers and employees on this subject.

Actions aimed at the external public:

In 2019, in order to collaborate on the integration of people with disabilities, collaboration was maintained with the Adecco, Randstad, Prevent and Universia Foundations. In collaboration with these entities, various actions were performed such as:

- With Fundación Adecco and Fundación Randstad: training volunteer activities aimed at people at risk of social exclusion, among which people with disabilities, victims of gender-based violence and long-term unemployed.
- In collaboration with the Prevent Foundation and the Universia Foundation: the scholarship programme for university education and higher-level cycles aimed at students with disabilities was supported, with the aim of promoting equal opportunities in higher education and contributing to the training of qualified professionals for their work placement.

During 2019, the Diversity and Inclusion Days have continued to be held. The activities scheduled during these days seek to increase awareness-raising in the four areas of the

ENDESA Diversity and Inclusion Policy. A total of 5 participatory activities were carried out in the cities of Barcelona, Madrid, Seville and Zaragoza.

ENDESA, in application of the alternative measures established in the framework of the General Disability Law, continues to commit itself to indirect contracting, through the purchase of goods and services from special employment centres. These purchases in 2019 reached the value of €2,375,854.50.

### **3.6.3. Protocols against sexual harassment**

ENDESA has developed an action protocol against sexual harassment, which guarantees its activation whenever there is a complaint of sexual or labour harassment.

### **3.6.4. Integration and universal accessibility of people with disabilities**

ENDESA complies with all local regulations and building codes applicable in the countries where it operates in terms of accessibility to its facilities for people with disabilities. In this regard, ENDESA has Operational Instruction 715 of the Comprehensive Office Improvement Project, in whose Manual of Construction Standards for ENDESA offices, it is established that "It is essential that in all buildings access, a non-discriminatory, independent and safe use for people with disabilities is facilitated", defining the parameters of accessibility that, apart from current legislation, must be mandatory in all company buildings.

ENDESA develops actions in the field of integration of people with disabilities, collaborating with foundations working to this end, as described in section 3.6.2.

### **3.6.5. Cases of discrimination and corrective actions taken**

In 2019 there were no incidents of discrimination at ENDESA, a figure that the Company periodically reports to the Workers' Representatives.

## OCCUPATIONAL HEALTH & SAFETY

### 1. Material Aspects and Objectives

#### 1.1. List of material aspects

Despite the fact that in 2019 the material issue of occupational health and safety was identified with the highest level of satisfaction for our stakeholders, ENDESA continues to commit and move forward with the aim of meeting the expectations expressed in the framework of the materiality study for 2019.

The optimal management of occupational health and safety has a direct impact on the economic performance of companies as it allows the increase of productivity and the reduction of the associated labour costs. It also contributes significantly to fostering employee loyalty and commitment to ENDESA and the work they perform. Consequently, this aspect is configured as a fundamental pillar of sustainability at ENDESA and contributes to the operational excellence of the Company.

#### 1.2. How the organisation manages the material aspects. Results of ENDESA Sustainability Plan (PES)

ENDESA incorporates these priorities into its sustainability plans and establishes quantitative objectives aimed at improving occupational health and safety, thus allowing the level of commitment and performance achieved to be assessed.

In this regard, the level of compliance achieved in the most relevant objectives of the 2019-2021 ENDESA Sustainability Plan (PES) linked to the priorities in the workplace described above, as well as the new objectives established in the framework of the new 2020-2022 ENDESA Sustainability Plan (PES) are summarised below.

The full details of all the objectives in the field of occupational health and safety included in the Sustainability Plans will be included in the 2019 Sustainability Report, which can be accessed at [www.ENDESA.com](http://www.ENDESA.com)

#### Compliance with the main objectives in the field of health and safety at the 2019-2021 ENDESA Sustainability Plan (PES)

SCOPE 2019-2021 PES	DESCRIPTION OF THE OBJECTIVE	OBJECTIVE 2019	RESULT 2019	LEVEL OF COMPLIANCE
Occupational Health & Safety	Fatal accidents	0	1	0%
	Combined accident frequency index	0.80	0.68	100%
	Safety inspections at own and contractors' facilities	70,000	81,728	100%
	Performance of ECoS (Extra Checking on Site)	24	21	87.5%
	Performance of medical examinations	6,500	6,526	100%

#### New objectives in the field of health and safety at work for the 2020-2022 ENDESA Sustainability Plan (PES)

SCOPE 2020-2022 PES	MAIN OBJECTIVES	OBJECTIVE 2020	OBJECTIVE 2022
Occupational Health & Safety	Fatal accidents	0	0
	Combined accident frequency index	0.67	0.66
	Safety inspections at own and contractors' facilities	70,000	70,000
	Performance of ECoS (Extra Checking on Site)	24	24
	Performance of medical examinations	5,600	5,600

## 2. Occupational Health and Safety Policy

ENDESA considers Occupational Health and Safety (OHS) a priority and a fundamental value to preserve at all times for all who work for the Company, without distinction between its own personnel and that of its partner companies.

This objective is integrated into ENDESA's strategy through the implementation of Occupational Health and Safety Policies (OHS) in all the group's companies and the implementation of specific work plans, emphasising not only the physical environment but also the emotional one and the promotion of safe and healthy habits.

In this way, the Company develops different initiatives for continuous improvement under a broad conception of the concepts of Safety, Health and Welfare, to eradicate any accident at work and continue persevering in a field where it would not be permissible to succumb to any complacency or overconfidence.

As a result of the correct integration of all the agents involved that constitute our security system, the main actions developed in 2019, both in the business areas and in the staff units, focused on basic pillars of preventive activity, among others:

- surveillance and control through activity inspections;
- adequate identification and management of all risks, with special attention to psychosocial risks;
- the detection of improvable aspects in our activity or in our equipment/facilities;
- the analysis and dissemination of any incident, even if it does not cause personal damage, through increasingly digital channels;
- technological development, innovation and the application of improvements in equipment, and work procedures;
- the promotion among workers in the culture of health and safety, developing and integrating messages and preventive content through periodic campaigns, workshops and awareness-raising workshops.
- the continuity in the work already started with our collaborating companies through periodic evaluations;
- the investment in the improvement of preventive training applying the latest available methodologies;

The Board of Directors also participates in the supervision and control of Occupational Health and Safety management. In this way, the Board at each monthly meeting receives a report with the summary of the most relevant events that have occurred in the area of Occupational Health and Safety in order to carry out continuous monitoring. Likewise, the CEO of ENDESA directs safety meetings on a periodic basis to carry out detailed monitoring of accident indicators.

On the other hand, the participation of the company and its workers, through their union representatives, in the planning, programming, organisation and management control related to the improvement of working conditions and the protection of health and safety of workers, is a basic principle of prevention policy in the company and is considered an important lever for improvement.

### 3. Key Performance Indicators

#### 3.1. Work accidents, their frequency and severity, and occupational diseases by gender

During this year there were no occupational diseases.

The indicators presented below are monitored monthly, offering a reflection of the management developed by the company in this regard.

	NO. WORK ACCIDENTS (1)			FREQUENCY INDEX (2)			SEVERITY RATE (3)		
	2017	2018	2019	2017	2018	2019	2017	2018	2019
ENDESA	37.42	39.27	35.98	0.75	0.72	0.68	0.09	0.06	0.06
Own	4.85	5.85	6	0.30	0.37	0.37	0.01	0.03	0.03
Contractors	32.56	33.42	29.98	0.97	0.87	0.82	0.14	0.07	0.08

<sup>(1)</sup> Includes serious and fatal accidents. The numbers with decimals are due to the fact that Ascó-Vandellós accidents are weighted with the consolidation % which is 85.41%

<sup>(2)</sup> Total number of computable accidents according to ENEL Policy 106 with respect to the total hours worked, multiplied by 1,000,000.

<sup>(3)</sup> Total number of days lost due to accident due to computable accident, with respect to the total hours worked multiplied by 1,000

	NO. OF WORK ACCIDENTS BY GENDER (1)					
	2017		2018		2019	
	Men	Women	Men	Women	Men	Women
ENDESA	35.45	2	36.27	3	34.98	1
Own	4.85	0	4.85	1	6	0
Contractors	30.60	2	31.42	2	28.98	1

<sup>(1)</sup> Includes serious and fatal accidents. The numbers with decimals are due to the fact that Ascó-Vandellós accidents are weighted with the consolidation % which is 85.41%

	FREQUENCY INDEX BY GENDER (2)					
	2017		2018		2019	
	Men	Women	Men	Women	Men	Women
ENDESA	0.94	0.17	0.87	0.24	0.86	0.08
Own	0.40	0.00	0.40	0.27	0.48	0
Contractors	1.19	0.25	1.06	0.22	1.03	0.12

<sup>(2)</sup> Total number of computable accidents according to ENEL Policy 106, with respect to the total hours worked, multiplied by 1,000,000.

	SEVERITY RATE BY GENDER (3)					
	2017		2018		2019	
	Men	Women	Men	Women	Men	Women
ENDESA	0.12	0.01	0.07	0.01	0.08	0.01
Own	0.01	0.00	0.03	0.01	0.03	0
Contractors	0.17	0.02	0.09	0.01	0.10	0.01

<sup>(3)</sup> Total number of days lost due to computable accident according to ENEL Policy 106, with respect to the total hours worked multiplied by 1,000.

	FATAL ACCIDENTS			SERIOUS ACCIDENTS			NON-SERIOUS ACCIDENTS		
	2017	2018	2019	2017	2018	2019	2017	2018	2019
ENDESA	1	0	1	2	2	2	34.42	37.27	32.98
Own	1	0	1	0	0	0	3.85	5.85	5
Contractors	0	0	0	2	2	2	30.56	31.42	27.98

	NO. OF FATAL ACCIDENTS					
	2017		2018		2019	
	Men	Women	Men	Women	Men	Women
ENDESA	1	0	0	0	1	0
Own	1	0	0	0	1	0
Contractors	0	0	0	0	0	0



	NO. OF SERIOUS ACCIDENTS					
	2017		2018		2019	
	Men	Women	Men	Women	Men	Women
ENDESA	2	2	2	0	2	0
Own	0	0	0	0	0	0
Contractors	2	2	2	0	2	0

	NO. OF NON-SERIOUS ACCIDENTS					
	2017		2018		2019	
	Men	Women	Men	Women	Men	Women
ENDESA	31.42	3	34.27	3	31.98	1
Own	3.85	0	4.85	1	5	0
Contractors	27.56	3	29.42	2	26.98	1

## CUSTOMERS

### 1. Material Aspects and Objectives

#### 1.1. List of material aspects

ENDESA, based on the importance of the material issue in its materiality study for 2019 and aware of the need to move towards products and services adapted to the needs of each customer, is working on the development of the digital experience of the customer, with new value propositions, new relationship modes and channels, and new business models.

These new models and digital experiences involve new habits and customs on the part of consumers in their personal and professional life, and of course, in their relationships with companies. The vast majority of them are already or will be digital, connected and social customers.

Considering that the digital transformation means that the company has to adapt its value proposition to the new digital customer and adopt new technologies in its value chain, one of the great challenges for the company is the development of a digital culture that allows development of the necessary skills to successfully lead the transformation.

#### 1.2. How the organisation manages the material aspects. ENDESA Sustainability Plan (PES)

ENDESA incorporates these priorities in its sustainability plans and establishes quantitative objectives oriented to the customer, thus allowing to evaluate the level of commitment and the performance achieved.

In this regard, the level of compliance achieved in the most relevant objectives of the 2019-2021 ENDESA Sustainability Plan (PES) linked to the priorities with the customer is summarised below, as well as the new objectives established in the framework of the new 2020-2022 ENDESA Sustainability Plan (PES).

The complete detail of all the objectives in the customer scope included in the Sustainability Plans will be collected in the 2019 Sustainability Report, which can be accessed at [www.ENDESA.com](http://www.ENDESA.com)

#### Compliance with the main objectives regarding customers of the 2019-2021 ENDESA Sustainability Plan (PES)

SCOPE 2019-2021 PES	DESCRIPTION OF THE OBJECTIVE	OBJECTIVE 2019	RESULT 2019	LEVEL OF COMPLIANCE
Customer orientation	Investment in customer digitalisation (millions of euros)	22.5	38	100%
	Number of digital contracts (millions of euros)	4.2	4.8	100%
	Number of contracts with e-invoice (millions of euros)	3.5	3.7	100%
	Number of CNG service stations open to the public associated with fuel changes	18	13	72%
	Quality: Improvement of global customer satisfaction (1 to 10)	7.4	7.4	100%
	Efficient and sustainable products to solve everyday needs through online store	1,400	1,361	97%

## New objectives in the field of health and safety at work for the 2020-2022 ENDESA Sustainability Plan (PES)

SCOPE 2020-2022 PES	MAIN OBJECTIVES	OBJECTIVE 2020	OBJECTIVE 2022
Customer orientation	Number of digital contracts (millions of euros)	4.8	5
	Number of contracts with e-invoice (millions of euros)	4.1	4.5
	Growth in digital sales (% sales from digital catchment)	10.5	14
	Quality: Improvement of global customer satisfaction (1 to 10)	7.4	7.45
	Promotion of the Virtual Assistant in care via CAT (% of interactions)	6	9

## 2.- Claims and Resolution System

Claims attention in ENDESA is managed from the Claims Attention Unit (UAR from its Spanish initials) centrally and through people working in the six existing Territorial Units (UTR from its Spanish initials). Its main duties consist of:

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

The year 2019 is the beginning of a new form of claims management with an “end to end” vision of the process and with a customer vision, so that regardless of the Departments that act in the management of claims, there is a global vision of the customer effect. This entails more efficient management in costs and in customer quality since it simplifies the management and results in a shorter management time and a positive valuation by the customer. Also in 2019, the digitalisation management of resolution has continued with the second phase of the claims classifier and studying alternatives for automation and artificial intelligence in management.

The volume of claims generated in 2019 was 255,154, a volume that fell by 42% compared to the previous year. The number of requests also decreased in volume by 18% to 346,237.

The global generation of both requests and claims was 601,391, of which 101% were resolved. Thus, more claims and requests have been resolved than have been generated and may reduce part of the number outstanding.

The measures taken throughout 2019 and the decrease in volume have led to an improvement in the claims management deadlines from 11 days of 2018 to 7.03 days for 2019, which is 36% lower.

At the process level, all show a reduction compared to the year 2019, but the reduction of 64% in the claims related to the readings and their billing, and also a 38% reduction in contracting due to the lower effect of the Bono Social discount rate in the year 2019. Finally, the claims of Customer Service and Sales decreased by 30% and 31% respectively, due to the reduction of customer claims on contracts made by door-to-door commercials. The claims have a higher resolution in the Customer Service Channels that resolve in the first instance with the customers themselves, and the procedures that cannot be resolved in the first instance pass to the teams that can resolve

them, including the Commercial Cycle teams which also deal with claims. In 2019, more than 80% of the claims of the reseller (Residential) have been resolved within a period of less than 5 days.

### 3. Measures to Protect Consumers in Health and Safety Issues

ENDESA's own facilities that it has for its customers comply with all the legal requirements and for each one of them the mandatory revisions are planned with the periodicity that it applies in each case: weekly, monthly, quarterly, annual, etc.

In the works that we carry out at our customers' facilities, the Coordination of Business Activities is fundamental and we always have figures such as Health and Safety Coordinator or Prevention Officers, who ensure the proper development of the works from the Safety point of view, as well as conducting Safety and Health Inspections in the field for verification.

This effort will be rewarded with the OHSAS certification to our Health and Safety Management System for the sale, installation and maintenance of products and services related to the supply of electrical energy, thermal installations, gas and/or sanitary hot water, recharge facilities of electric vehicles, maintenance and repair of in-person technical services linked to the supply of electricity and gas, and the sale of energy products and value-added services to customers.

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

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

Regarding the health of the population, ENDESA shares with the rest of the operators in the electricity sector and with society in general the concern about the potential impact that the electromagnetic fields generated by its facilities could cause. Therefore, different technical actions are carried out of verification and, where appropriate, adaptation, so that it is ensured that their operation does not generate incidents hazardous to public health. ENDESA is constantly updated with the latest studies in this area and actively participates in the forums of the electricity sector to contribute our knowledge and initiatives (technical, constructive, operational, etc.) in the field of prevention of health risks related to these causes.

## RESPONSIBLE RELATIONSHIP WITH COMMUNITIES

### 1. Material Aspects and Objectives

#### 1.1. List of material aspects

ENDESA's commitment to involve local communities in its activities and the development of communication technologies have contributed to the increased willingness of local communities to actively participate in those issues that may impact them positively or negatively.

In addition, social opposition to certain projects may entail costs associated with the delay in the execution of the projects undertaken by investee companies or even their own stoppage and, in any case, a loss of trust and social legitimacy towards the Company.

Therefore, in order to guarantee the sustainability of business projects that are developed, minimise risks and maximise business opportunities, ENDESA continues to integrate the expectations of local stakeholders from the beginning, encouraging the development of dialogue and responsible relationships with local communities, applying at all times a shared value creation approach through which it generates value for the company and society.

In this regard, in the consultations ENDESA conducted in 2019 among its stakeholders, the following aspects related to the management of local communities were identified, being among the most relevant facilitating access to electricity, promoting economic development and social community with a focus on employment as the main resource for empowerment and support for local communities both socially and environmentally.

#### 1.2. Explanation of how the organisation manages the material aspects. ENDESA Sustainability Plan (PES)

ENDESA, in order to involve the local communities where it carries out its activity and following the implementation of its Shared Value Creation approach, responds to these expectations and establishes objectives and actions in its sustainability plan oriented towards this end.

The following is a summary of the level of compliance achieved in the most relevant objectives of the 2019-2021 ENDESA Sustainability Plan (PES) linked to the social priorities described, as well as the new objectives established in the framework of the new 2020-2022 ENDESA Sustainability Plan (PES).

The full detail of all the objectives in the workplace included in the Sustainability Plans will be included in the 2019 Sustainability Report, which can be accessed at [www.ENDESA.com](http://www.ENDESA.com)

## Fulfilment of the main objectives in the social scope of the 2019-2021 ENDESA Sustainability Plan (PES)

SCOPE 2019-2021 PES	DESCRIPTION OF THE OBJECTIVE	OBJECTIVE 2019	RESULT 2019	LEVEL OF COMPLIANCE
Local communities	Access to energy (number of beneficiaries)	300,000	423,468	100%
	Socio-economic development (number of beneficiaries)	130,000	133,052	100%
	Education (number of beneficiaries)	52,000	73,267	100%
	Extension of the shared value creation model along the value chain	Renewables: CSV support to renewable projects (estimated about 26 facilities). Application of the sustainable plant model in 9 parks (7 hydraulic and 2 wind).	Renewables: CSV support to 27 renewable construction projects. Application of the sustainable plant model to 12 parks (9 hydraulic and 3 wind)	100%

Note: consider the activities of ENDESA and its Foundation, specifically:

**Access to energy:** It includes energy-related projects that minimise economic barriers to vulnerable groups, offer education and training in the field of energy, ensure technological or infrastructure accessibility and promote energy efficiency and raise awareness of their use.

**Socioeconomic Development:** It includes non-energy related projects that provide employment development, infrastructure development, skills transfer and training and support to local business activities

**Education:** Includes projects to support training activities that involve students, families, schools and universities and the promotion of academic training, in general, not only related to energy, through scholarships, chairs, etc.

## New objectives in the social field for the 2020-2022 ENDESA Sustainability Plan (PES)

SCOPE 2020-2022 PES	MAIN OBJECTIVES	OBJECTIVE 2030
Local communities	Access to energy	4,800,000 beneficiaries until 2030
	Socioeconomic development	1,700,000 beneficiaries until 2030
	Education	700,000 beneficiaries until 2030
	Implementation of projects to create shared value for local communities (number of CSV plans under management)	More than 75 plans in 2022

Note: They consider the activities of ENDESA and its Foundation detailed in the previous table. The data consider the period 2015-2030 (accumulated)

## 2. Relationship Policy with Local Communities

ENDESA's commitment to the development of the communities in which it operates is part of the company's Creating Shared Value Policy (CSV), which establishes the general principles, roles, responsibilities and procedures to be used for the definition, implementation, financing, monitoring and reporting of actions, processes and projects of a social nature, throughout the entire value chain of the company and in all business lines. Its objective is to legitimise the business and strengthen its sustainability, increasing the competitive advantages of the same, through the contribution of a perspective that combines the objectives of the company with the priorities of the stakeholders, creating roots in the communities and encouraging progress in the local environment where it operates.

The application of the Creating Shared Value Model (CSV) has five phases that are:

- Proactive implementation of concrete analyses, which allow obtaining a deep understanding of the local context, identifying key priorities, risks, impacts and main stakeholders related to the project/business asset.
- Consultation and contact process with the social agents representative of the community, which allows identifying priorities and needs of the community, as well as the perceived risks and impacts of the business project/asset in which they are working.
- Together with these stakeholders, identification of actions and projects that can build long-term relationships with the local environment, which are collected and specified in a Creating Shared Value Plan (CSV Plan).

- Execution of the CSV Plan, implementing the actions reflected in it through an internal cross-sectional team and, where appropriate, with the participation of local partners (NGOs, social enterprises, etc.).
- Supervision, evaluation and reporting to verify the value contribution and ensure the key information through monitoring indicators and results.

The actions and projects that make up the CSV Plan must be aligned with ENDESA's general strategy, as well as with the United Nations Sustainable Development Goals (SDGs), with an inclusive social approach, taking advantage of and optimising capacities effectively and efficiently and competencies that the Company has from an integrated perspective, which generates measurable benefits in society by giving a response to its present and future requirements.

### **3. Operations with Local Community Participation, Impact Assessments and Development Programmes**

#### **3.1. Creating Shared Value model**

ENDESA continues its process of implementing the Creating Shared Value model as a tool for integrating sustainability into business strategy and operations. Currently, this Model has been implemented, with varying degrees of progress, in 100% of the facilities that are in the Operation phase of both thermal generation and renewable generation, as well as in the 33 new wind and solar park construction projects which cover the power awarded in auctions held since 2017.

At the end of 2019, the CSV Model had been applied in 293 thermal and renewable generation facilities.

As part of these actions, in 2019 a total of 167 meetings were held with city councils, public entities, social agents, etc., in order to integrate, contrast and prioritise local needs and generate channels of dialogue and participation for the creation of shared value and more than 35 social development projects had been carried out or are under management in these environments. In addition, other information meetings were held with local stakeholders on specific topics (energy efficiency, new Bono Social discount rate, etc.).

#### **3.2. Futur-e plans linked to decarbonisation projects**

ENDESA maintains a firm commitment to the decarbonisation of the Company, as indicated in the 2020-2022 ENDESA Strategic Plan

Based on its commitment to local communities, in order to manage responsibly the closure of the thermal power plants associated with this transformation, together with the request for closure, ENDESA has voluntarily submitted Future Plans (called Futur-e) aimed at promoting development of economic activities and employment generation in the areas of the plants in closing.

The Futur-e Plans have 4 main pillar of action that seek to contribute to the mitigation of the impact of closures on the local community:

1. Proactive job search for directly affected staff members. ENDESA will respect the jobs of all plant employees, trying to minimise their geographical mobility. Likewise, the Company will prioritise the hiring of personnel from the surrounding area to undertake the dismantling of the plants, as well as the development of new renewable facilities.
2. Promotion of economic activity and employment Commitment to the development of the local community with a focus on attracting investment and generating employment in the vicinity of the closures, through own investment in renewable generation in those locations where it is viable and/or the search for alternative uses to placement in those locations where the above is not feasible. The latter is managed through an ideas competition, so that companies,



institutions and other public and private agents can present viable alternatives, through a participatory, transparent and open process, in order to seek investment and job creation projects on the site of the plants or in their surrounding areas.

Specifically in Andorra the Company has presented a plan that provides for the installation of 1,884 MW of renewable generation (pending granting of evacuation rights), which would involve an investment of €1,427 million and is estimated to generate 4,000 jobs in the construction phase and 130 in the operation and maintenance phase. In the case of Compostilla, ENDESA has planned the installation of 390 MW of renewable generation in the area of Villameca, which would involve an investment of €340 million and is estimated to generate 1,100 jobs in the construction phase and 30 in the operation and maintenance phase. Likewise, the Compostilla ideas competition is in the process of receiving proposals on possible new uses of the site, which will be assessed throughout 2020.

3. Education and training for the improvement of employability, aimed at the population of the environment of influence and focused on training in skills necessary for the dismantling of the plants and construction and operation of the new renewable parks.
4. Sustainability in the municipality. Destined to mitigate the impact derived from the closure in the municipality where the plant is located.

## 4. Key Performance Indicators

### 4.1. Evaluation of the management approach. Results of our social objectives

ENDESA wants to be an actor that contributes positively to the Companies in which it is located, going beyond what constitutes its business activity. This is attested through the Company's social investment data which, according to the London Benchmarking Group (LBG) methodology, rises €12.5 million. This final result of ENDESA's social contribution in 2019 represents a decrease of 11% compared to the previous year, as the approach to optimise and improve management, take advantage of synergies, involve employees and minimise accessory costs is still being developed.

Therefore, in 2019, 203 social projects were carried out (163 in 2018) that have generated 1,070,620 direct beneficiaries, assuming a slight decrease compared to the result obtained in 2018 (1,148,888 beneficiaries). However, the level of positive impact on them was raised as a result of the projects since about 290,000 people (213,000 in 2018) achieved a positive and relevant transformation in their lives as a result of these actions, which entails a rise in 8 percentage points with respect to the level of achievement of the previous year.

The projects are classified into four categories, the first three being (Access to energy, Socioeconomic Development and Education) those where we have publicly committed commitments to the United Nations Sustainable Development Goals.

Main figures	2017	2018	2019
Social Investment according to LBG (millions of euros)	13.8	14.0	12.5
Energy access projects (*)	34%	25%	37%
Community socio-economic development projects (*)	25%	35%	20%
Education Projects (*)	Integrated in the "Support to local communities" section	10%	15%
Support projects for local communities	41%	30%	28%

(\*) Achievement commitments publicly acquired with the United Nations Sustainable Development Goals

## 4.2. Energy access projects

ENDESA is committed to the development and well-being of the Company, which cannot occur without having access to a basic commodity such as energy. In this sense, the company promotes initiatives, aligned with its core business, that minimise economic barriers to vulnerable groups, offer training and training in the field of energy, ensure technological or infrastructure accessibility and promote energy efficiency and Aware about its use. In this way ENDESA contributes to the Sustainable Development Goal 7, establishing a public commitment of 4.8 million beneficiaries in this type of projects for the period 2015-2030.

The beneficiaries of this type of projects developed by ENDESA have increased by 5% compared to the previous year, from 403,390 in 2018 to 423,468 beneficiaries in 2019.

Access to energy	2017	2018	2019
Number of beneficiaries	401,141	403,390	423,468

As an example of a project in this category, we highlight the “Training of social services technicians and/or third sector entities in efficient energy consumption habits and invoice optimisation”. Since 2016 and in collaboration with the Association of Environmental Sciences (ACA) and the European Network for the Fight against Poverty and Social Exclusion of the Spanish State (EAPN-ES), a programme of training courses is being taught aimed at workers in social entities on issues such as energy saving and efficiency measures, the new Bono Social discount rate, optimisation of the electricity bill and protection against service cut-offs due to non-payment so that, in this way, they can better develop their advisory and support work for families in vulnerable situations. Through these course cycles, attendees acquire practical and useful training so that they can better develop their advisory and support work. In the sessions given in 2019, some 77 institutions that they estimate provide advice to about 9,000 people a year in energy poverty.

## 4.3. Socio-economic development and job creation projects

ENDESA is committed to the socioeconomic development of the communities in which it is present, promoting initiatives that boost its progress through the support, generation and creation of local economic fabric and programmes that promote employability and job creation. In this way ENDESA contributes to the Sustainable Development Goal 8, establishing a public commitment of 1.7 million beneficiaries in this type of project for the period 2015-2030.

This area encompasses projects unrelated to energy that contribute to employment development, infrastructure development, skills transfer and training and support to local business activities.

In 2019 the Company has invested about €2.5 million according to LBG methodology in this type of initiative, representing 20% of the total investment, with the management of 48 projects (36 in 2018) that have benefited more than 133,000 people.

Likewise, in the category of “Access to energy”, among other actions, employability and job creation in the energy sector are encouraged. In this sense, there is the subcategory of “Training and training in the field of energy”, which frames courses, practices and creation of professional opportunities in the sector, for people in unemployment. In 2019, more than €600,000 was invested in 8 projects of this type that benefited 734 people. As an example, we highlight the courses for the operation of renewables plants whose objective has been to promote the hiring of

local labour, promote employment and create an economic fabric in the area, through the improvement of the employability of people who have some training technical and who live in the surrounding areas of the new renewable plants under construction. In 2019, 16 courses on renewable energies distributed by Zaragoza, Andorra, Motilla del Palancar, Totana, Paradela, Cogollos, Almargen, Logrosán and Casas de Don Pedro were given, in which the 183 people attending them received training in the operation and maintenance of solar and wind farms.

As an example of an initiative not linked to the sector, since 2016 the ENDESA Foundation, in collaboration with Fundación Integra, has carried out the “Changing Lives” project, in order to improve the employability of people at risk of exclusion, offering them the necessary tools to become integrated in the world of work. Made in Barcelona, Seville and Madrid, during 2019, 360 people were trained and 192 of them found a job.

#### **4.4. Education projects**

ENDESA is committed to promoting access to inclusive and quality education, through support for training activities that involve students, families, colleges and universities and the promotion of academic training, in general, not related to energy. In this way ENDESA contributes to the Sustainable Development Goal 4, establishing a public commitment of 700,000 beneficiaries in this type of project for the period 2015-2030.

In 2019 and according to the LBG methodology, the Company has invested more than €1.8 million in this type of project, representing 15% of the social investment with the management of 28 actions that have benefited more than 73,000 people.

A significant initiative in this area is the ENDESA Red Chair in collaboration with the University of Seville, the University of the Balearic Islands, the University of Las Palmas and the UPC (Polytechnic University of Catalonia). The initiative frames different types of activities that serve as a bridge between the academic and business fields through the holding of seminars, conferences, final projects and doctoral theses, as well as research in the electricity sector.

#### **4.5. Support projects for local communities**

ENDESA supports local communities through various types of projects aimed at improving the well-being of individuals and communities, maintaining their cultural identity, preserving their heritage, improving the environment and local biodiversity, promoting sport, encouraging healthy habits and meeting basic needs.

When carrying out these actions, ENDESA is based on the knowledge and sensitivity of each local reality and collaborates with the main social organisations in the environment where it operates, relying on territorial units. This pillar of action has had an investment of 28% of the budget according to LBG methodology, which corresponds to almost €3.5 million, 75 projects managed and about 441,000 beneficiaries.

As examples we highlight the campaigns of food collection and household goods to alleviate critical situations of people in vulnerable situations, initiatives to support cultural activities such as the Teatro Real de Madrid or the Museo del Prado, projects to support people with health problems such as “Medical Smile” which sends clowns to hospitals in the Balearic Islands or the Pro Cnic Foundation for cardiovascular diseases or, finally, initiatives to protect birds and other species such as the European roller conservation project.

## 5. Measurement of Project Impact

It is estimated that the benefits obtained by the 1,693 institutions with which ENDESA has collaborated in 2019, for the management of the social projects that it has carried out, have translated in 92% of the cases, in an improvement of its services or an increase in their capacities, in 45% in an extension of the scope of their activities and in 43% in an increase in their recognition. 38% of institutions have undergone these three results simultaneously.

In 2019, a total of 1,070,620 beneficiaries derived from the management of the 203 social development projects carried out by ENDESA were obtained. It is estimated that, as a result, 40% of the beneficiaries had their awareness raised, 33% achieved an improvement in their circumstances and, finally, 27%, about 295,000 people, achieved a transformation, with this being understood as an enduring positive change. In 2018, this last impact was 19%. These estimated results imply an increase in the quality of the projects managed, as the percentages and the absolute value of the sections for both a transformation and an improvement as a result of the initiatives have risen.

On the other hand, of the total beneficiaries, 43% are people from local communities in the environment where the company operates and 28% are people from society in general. Thirdly, with 13% and 10% respectively, there are people in vulnerable situations and students and finally, with 2% each, children and adolescents and the elderly.

## 6. Association, Collaboration or Sponsorship Actions

In 2019, 100% of the projects were managed through strategic alliances with public and private organisations, a sign of ENDESA's commitment to contribute to projects with a lasting vocation. It collaborated with a total of 1,693 public and private institutions to develop the 203 projects that were carried out in the social field. 46% were primary and secondary schools, 36% public institutions and 7% were NGOs and social foundations. The remaining 10% is distributed among universities, social and environmental platforms, cultural entities and others.

An example of these alliances are the agreements signed against energy poverty. ENDESA, since 2015, has tackled a line of action that offers a response to the social problem of energy poverty. In fact, the Company pioneered the signing of agreements with town halls, councils, autonomous communities and public bodies to guarantee the supply to vulnerable families, conveniently accredited by social services, and that they were in default. Currently there are 272 agreements in force, of which 6 are with Autonomous Communities and 5 with Federations of Municipalities, and contact is maintained with 537 municipalities. As a result of these agreements, in 2019 ENDESA attended to 80,783 requests amounting to €27,390,108 from vulnerable customers with difficulties in paying their bills. Thanks to them, in 2019 they have benefited 36,723 families that are estimated to encompass more than 110,000 people.

## SUPPLY CHAIN

### 1. Material Aspects and Objectives

#### 1.1. List of material aspects

Long-term sustainable growth for any Company involves responsible management of the supply chain, based on the evaluation of environmental, social and ethical performance in a way that allows the evaluation of whether employees who intend to work with the Company comply with the requirements established and are aligned with the objectives and the strategy of sustainable growth.

Suppliers, as members of the ENDESA supply chain, can generate social, economic or environmental impacts derived from the performance of activities for the Companies. In this sense, ENDESA has considered this aspect in the consultation process carried out during 2019 to its stakeholders in order to identify the most relevant aspects and where it should prioritise.

#### 1.2. How the organisation manages material aspects - ENDESA Sustainability Plan (PES)

ENDESA establishes in the ENDESA Sustainability Plan the objectives to promote the responsible management of its supply chain, incorporating objectives of occupational health and safety, environmental and respect for human rights in this regard. The following shows the level of compliance achieved in the main objectives in 2019 and the new objectives set for the coming years.

The full detail of all the objectives in the field of supply chain management will be included in the 2019 Sustainability Report, which can be accessed at [www.ENDESA.com](http://www.ENDESA.com)

#### Fulfilment of the main objectives in the scope of the supply chain of the 2019-2021 ENDESA Sustainability Plan (PES)

SCOPE 2019-2021 PES	DESCRIPTION OF THE OBJECTIVE	OBJECTIVE 2019	RESULT 2019	LEVEL OF COMPLIANCE
Supply chain	% of qualifications made to suppliers in which occupational health and safety aspects are verified	80%	89%	100%
	% of qualifications made to suppliers in which human rights aspects are verified	80%	89%	100%
	% of qualifications made to suppliers in which environmental aspects are verified	80%	89%	100%

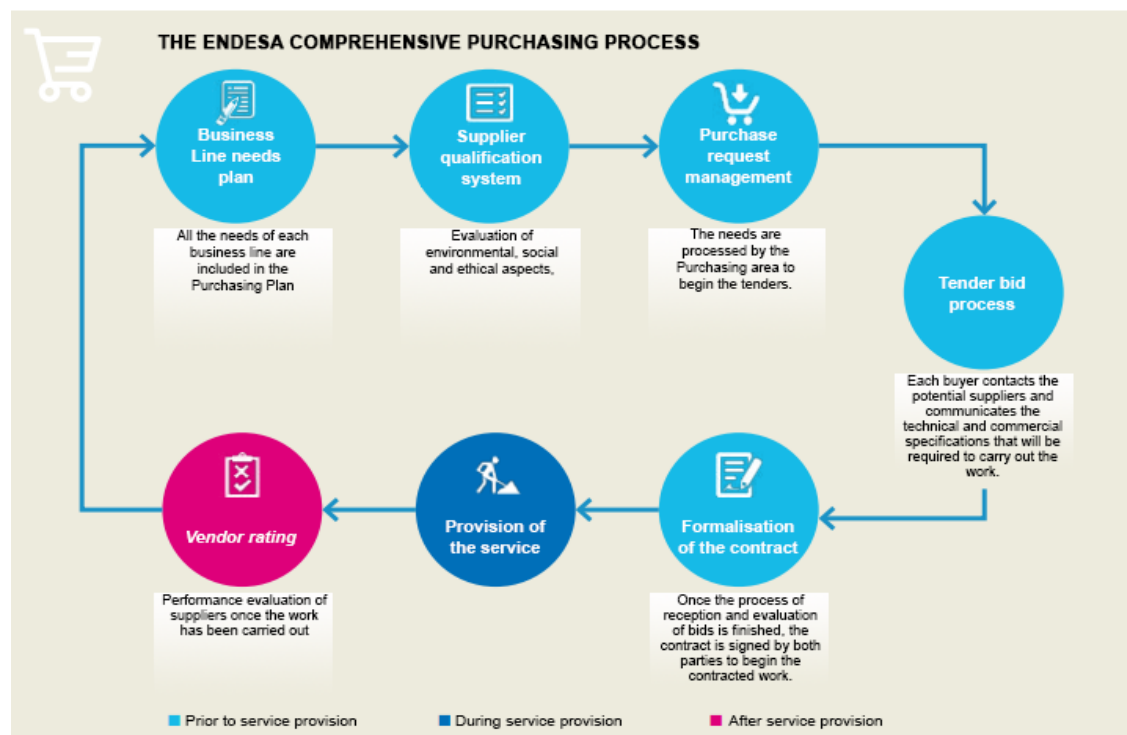
#### New objectives in the scope of the supply chain for the 2020-2022 ENDESA Sustainability Plan (PES)

SCOPE 2020-2022 PES	MAIN OBJECTIVES	OBJECTIVE 2020	OBJECTIVE 2022
Supply chain	% of qualifications made to suppliers in which occupational health and safety aspects are verified	100%	100%
	% of qualifications made to suppliers in which human rights aspects are verified	100%	100%
	% of qualifications made to suppliers in which environmental aspects are verified	100%	100%

### 2. Description of the Supply Chain and Significant Changes in the Supply Chain

In order to promote responsible management in the supply chain, ENDESA has a comprehensive purchasing process, which requires suppliers to be qualified according to sustainability criteria (environmental, social, ethical, integrity, human rights) in addition to technical and economic, prior

to the tender process and the formalisation of the contract. Finally, once the service has been provided, its level of compliance and performance in said provision is evaluated through the Suppliers Performance Management tool.



A significant change in this process has been the introduction, within the scope of the supplier qualification system, of the new Sustainability requirements related to compliance in human rights, environment and occupational health and safety for all suppliers requesting qualification in the families of materials/services/works subject to these controls. Additionally, and as an integration in the requirements of sustainability in occupational health and safety, since 2018, the completion of the SHE 365 safety questionnaires to suppliers was introduced as a mandatory requirement for qualification, which implies a more in-depth analysis related to Company standards in aspects related to safety and the environment.

### 3. Policy on the Qualification of Suppliers according to Social Criteria, Labour Relations, Human Rights, Gender Equality, as well as Environmental

ENDESA has a comprehensive purchasing process, in order to promote responsible management in the supply chain, which requires that, prior to the bidding process and the formalisation of the contract, suppliers are qualified according to criteria of sustainability (environmental, social, ethical, integrity and human rights), as well as technical, legal, economic and reputational criteria.

The current ENDESA supplier qualification system was reviewed and established in 2019. The new OP-162 procedure applies to the whole group of purchasing families, which have been catalogued at different levels of risk through a joint analysis between the supply departments, the business lines and those responsible for Safety, Health, Environment and Quality.



The Supplier Qualification System was started in 2009 to reinforce compliance with applicable regulations in legal, labour, safety and environmental protection matters. Through it, it is determined whether a supplier meets the requirements to work with ENDESA. This system specifically evaluates, in addition to compliance with legal requirements, economic-financial solvency and technical capacity, the level of compliance of the supplier in terms of sustainability, according to criteria previously defined according to the risk associated with the family of purchases to which the supplier belongs:

- Evaluation of compliance with human rights regulations.
- Evaluation of compliance with environmental regulations.
- Evaluation of compliance with labour safety regulations.

The requirements in this area of sustainability for new qualification files entered into force in April 2017, and are applicable to the entire base of qualified suppliers since the entry into force of the OP 162 procedure during 2019.

In addition, as part of the environmental and safety sustainability requirements, the need for possession of the corresponding management system certifications in such matters has been established in accordance with ISO 14.001 / ISO 45.001 and OHSAS 18001 standards for the activities to be carried out by the suppliers according to the family in which they need to be qualified.

At the end of 2019, the Supplier Qualification System had been implemented in 577 purchasing families, 241 global families (international qualification), and 336 locally in ENDESA.

In 2019, 100% of the new ENDESA qualified suppliers were examined on criteria related to human rights; in addition, 100% of contractors are also examined in this area as this requirement is included in the ENDESA General Contracting Terms and Conditions.

#### **4. Policy in the Selection of Suppliers according to Social Criteria, Labour Relations, Human Rights, Gender Equality, as well as Environmental Criteria**

In addition to the foregoing for the supplier qualification process, aware of the relevance of extending its commitment to sustainability to the supply chain, throughout 2019, since the implementation of the new OP 162 procedure, ENDESA has begun to apply sustainability criteria in all the qualifications carried out. Regarding the tenders carried out by ENDESA, a library of social, environmental and ethical indicators has been developed from which a selection is made for each tender of those best-adapted to the nature of the product or service tendered and the performance of potential suppliers of these indicators is taken into account and evaluated, together with the economic and technical proposal.

This methodology has already been used throughout the year 2019, including the two with the highest volume and will continue to be applied systematically in all new tenders as from 2019. At the end of the year, 260 contracts were signed including the K of sustainability.

#### **5. ENDESA Local Suppliers**

Local suppliers are suppliers of materials, products and services located in the same geographic market in which the organisation operates (that is, no international payment is made to the supplier).



Local suppliers			
	2017	2018	2019
Percentage of procurement	92.09%	84.07%	92.95%
Expense (thousands of €)	1,737,896	2,230,176	1,893,400

## 6. Measures Taken to Apply International Labour Conventions (ILO; OECD) in the Supply Chain

### 6.1. Operations and suppliers in which the right to freedom of association and collective bargaining, cases of child labour and forced or compulsory labour could be at risk

As mentioned in the previous section, ENDESA's comprehensive purchasing process determines that, prior to the bidding and contracting phase, the supplier is qualified, among other sustainability criteria, in accordance with human rights criteria and the compliance of the supplier is evaluated in a specific manner, depending on the risk associated with the purchasing family to which the supplier belongs, being able to perform, based on the results of that evaluation, specific audits to verify compliance in the area of Human Rights.

The results of this process have determined that, to date, no suppliers have been identified in which the right to freedom of association and collective bargaining is at risk nor have there been cases of child labour or forced or compulsory labour.

### 6.2. Operations subject to revisions or evaluations of impact on Human Rights

Significant suppliers are understood to be those whose sum of signed contracts is equal to or greater than €1.5 million.

In 2019, 189 new contractors were recognised whose sum of contracts exceeds the amount of €1.5 million (172 local and 17 foreign).

All these contracts include human rights clauses, related to the Global Compact and Ethical Regulations (clauses 26 and 27), which reflects the supplier's commitment to comply with the principles of the Global Compact, which includes those related to Human Rights, as well as the commitment to comply with legal regulations regarding the protection of child labour and women; equal opportunities; the prohibition of discrimination; abuse and harassment; freedom of association and representation; forced labour; safety and environmental protection; sanitary hygienic conditions; as well as compliance with current legislation regarding remuneration, pensions and social security contributions, insurance, taxes, etc., in relation to all workers employed for any purpose for the execution of the Contract.

With this criterion, based on contractual clauses, 100% of the operations would have been subject to review or evaluation of impact on human rights.

MAIN CONTRACTORS AND SUPPLIERS THAT HAVE BEEN THE SUBJECT OF EVALUATION IN THE FIELD OF HUMAN RIGHTS					
Suppliers and significant contractors evaluated on human rights issues			% of suppliers and significant contractors evaluated on human rights issues		
2017	2018	2019	2017	2018	2019
193	248	189	100%	100%	100%

On the other hand, within the process of qualification of suppliers of local families of ENDESA, during 2019 a total of 181 suppliers were analysed in the field of human rights (by analysing a questionnaire provided for this purpose in the qualification circuit), of which 14 were significant.

Expanding the base to qualified suppliers (at local level and in groups of merchandise of international interest), which amounted to 1118 suppliers, in 2019 a total of 997 suppliers were evaluated in the field of human rights, which meant evaluating 89% of suppliers qualified for ENDESA, exceeding the 85% set as a goal in the sustainability plan.

### **6.3. Operations subject to revisions or impact assessments on suppliers and subcontractors of their social and environmental responsibility**

The Supplier Qualification System was started in 2009 to reinforce compliance with applicable regulations in legal, labour, safety and environmental protection matters. Through it, it is determined whether a supplier meets the requirements to work with ENDESA.

ENDESA, reinforced the controls related to the fulfilment of the requirements of integrity of the suppliers, in the groups of articles and contracts more sensitive to this aspect.

During the year 2019, 181 ratings were made (whether new or renewals due to the validity of the previous ones) in which the non-existence of critical data related to corruption has been verified through the use of check bases such as Word Check. For all of them, the suppliers also provided the mandatory Declaration of Trustworthiness.

ENDESA evaluates whether the contracting companies have the requested environmental requirements, examining the performance and organisational quality and management of the companies in terms of Environmental Responsibility, based on various information and documents sent by the company.

During the year 2019, 181 qualifications were made (in 2018, 195 were made), whether new or renewals for the purpose of validity of the previous ones, in which compliance with the environmental matter has been verified by means of the appropriate score in the questionnaires in this matter that are part of the qualification process in terms of sustainability. Of this total, 116 evaluations obtained an optimal score, 65 a sufficient score (corresponding to low or medium risk activities) and in 2 cases an environmental audit was performed.

## **7. Coal supply chain**

### **7.1. Fuel supply**

The selection of the suppliers of solid and liquid fuels is carried out through the Know Your Customer process with which, for each counterparty, reputational, economic-financial aspects and the possession of the appropriate commercial technical requirements are evaluated. In addition, the provider's non-membership of specific "blacklists" of the United Nations, the European Union and the Office of Foreign Assets Control (OFAC) of the United States is verified.

These are nominative lists that identify individuals or organisations associated with terrorist activities, organisations subject to economic sanctions by the EU and organisations called SDN (Specially Designated Nationals) subject to sanctions by the United States for accusations, including terrorism and drug trafficking.

Regarding the evaluation of the sustainability aspects of coal suppliers, an adequate internal process has been defined to verify that the supplier meets the requirements aligned with the ENDESA standard and the ENEL Group in terms of occupational safety, environment and human rights.

The purchase agreements established with each supplier apply the ENDESA principles regarding the Code of Ethics and Zero Tolerance Plan against corruption, to which the supplier must comply, the Company reserving the power, in serious cases of breach of such principles, to terminate the contract.

Additionally, to mitigate the risks arising from the maritime transport of fuels, the Company has been equipped with an evaluation and selection instrument for the carriers used (vetting). The activity of vetting is an industrial standard recognised by oil carriers, but for some years, the Company and a growing set of operators have begun to apply this methodology also for the transport of solid masses.

## 7.2. Coal supply chain

ENDESA has identified the coal supply chain as an area especially relevant for its potential environmental, social and human rights impact. Therefore, for years, it has been reporting in detail on the different initiatives it has launched to ensure that the company's sustainability standards are observed among its coal suppliers. Aware of the requirement of its stakeholders for a greater detail of information, it has been decided to include this specific section in the non-financial information statement regarding this matter.

As indicated throughout this document, the 2020-2022 Strategic Plan sets out determined decarbonisation objectives that include the cessation of mainland coal activity in 2022. In addition, in December 2018, the closure of coal groups 1 and 2 of the Alcudia plant was requested, which was authorised by the competent authorities in March 2019, these groups having been removed from the Register of Electrical Power Production Facilities in January 2020. Additionally, from 1 January 2020, coal groups 3 and 4 of the Alcudia plant will operate a maximum of 1,500 hours per year, which will be reduced by up to 500 hours per year from August 2021. These facts determine that future purchases of coal are not anticipated.

Purchases of coal for consumption by ENDESA thermal power plants already reflect this decrease in 2019, with a decrease of 80% compared to the previous year (974 kt in 2019 compared to 5,154 kt in 2018), being the main countries of origin in 2019 Indonesia, Colombia, South Africa and, to a lesser extent, Russia and the United States.

In any case, ENDESA is part, through its parent company, ENEL, together with other major European electricity companies, of the Bettercoal initiative, a global initiative to promote the continuous improvement of corporate responsibility among international coal suppliers. Bettercoal has published a code of conduct based on existing sustainability standards. It sets out in detail the guidelines that mining companies can follow to define their own social, environmental and ethical policy. The Bettercoal Code conveys to the suppliers the expectations of the members regarding their practices in relation to four macro categories: management, ethical commitment and transparency, human and labour rights and environmental management, promoting continuous improvement.

During the course of 2019, a revision of the Code has begun to be aligned with the most recent Best Sustainability Practices, gathering ideas and feedback from all interested stakeholders.

Suppliers adhering to the initiative, after signing a letter of commitment, begin a virtuous path represented by the insurance system, agreeing to undergo on-site verifications, carried out by independent third parties on the application of the principles listed in the Code and agreeing on a plan of continuous improvement to overcome possible deficiencies.

Bettercoal has been gaining an increasingly prominent presence in forums related to the sustainability of coal and the supply chain, becoming an example of collaboration aimed at improving socially responsible practices in the supply chain. In 2019, Bettercoal's evaluations covered 400 Mt of coal production, two working groups specifically dedicated to Russia and Colombia were reinforced with clear and transparent work plans. Four on-site checks were carried out at sites located in the United States, Colombia and Kazakhstan and 11 improvement plans were actively monitored. Additionally, to promote greater transparency, 4 reports have been published on the on-site assessments carried out that are publicly available on the Bettercoal website, a communication of commitment to the United Nations Global Compact is published and the Annual report with the contribution of an external NGO.

For more information please go to the website: [www.bettercoal.org](http://www.bettercoal.org)

**Content index as required by Law 11/2018, of 28 December, amending the Commercial Code, the Consolidated Text of the Capital Corporations Act approved by Royal Legislative Decree 1/2010, of 2 July, and Law 22/2015, of 20 July, on the auditing of financial statements as regards non-financial and diversity information**

### General areas

Scope		Reporting framework	Reference	Comments / Reason for omission
Business model	<b>Description of the business model:</b> <ul style="list-style-type: none"> <li>– Business environment</li> <li>– Organisation and structure</li> <li>– Markets in which it operates</li> <li>– Objectives and strategies</li> <li>– Main factors and trends that may affect your future evolution</li> </ul>	GRI 102-1, 102-2, 102-3, 102-4, 102-5, 102-6, 102-7, 102-14, 102-15	Organisation 1- Business model for the management and organisation of company activities  Organisation 3- Significant changes in the organisation  Organisation 4 - Commitment to a Sustainable Energy Model  Organisation 7 - The ENDESA Sustainability Plan	
Main risks and impacts identified	Internal Control and Risk Management System	GRI 102-15	Organisation 3- Significant changes in the organisation  Organisation 4 - Commitment to a Sustainable Energy Model  Organisation 7 - The ENDESA Sustainability Plan	
	Risk and impact analysis related to key issues		Internal Control and Risk Management System 5- Main sustainability risks - Impacts, risks and opportunities related to social and environmental issues	

### Environmental issues

Scope		Reporting framework	Reference	Comments / Reason for omission
<b>Management approach</b>				
Environmental management	<b>Current and foreseeable effects</b> of the company's activities	GRI 103-1, 103-2, 307-1	Environmental sustainability 4.1 Current and foreseeable effects of the company's activities on the environment and safety	
	<b>Environmental assessment or certification procedures</b>	GRI 307-1	Environmental sustainability 4.2 Environmental assessment or certification process	
	<b>Resources dedicated</b> to the prevention of environmental risks	Internal framework: Resources for the prevention of environmental risks	Environmental sustainability 4.3 Resources dedicated to the prevention of environmental risks	
	Application of the <b>precautionary principle</b>	Internal framework: Application of the precautionary principle		

	Number of <b>provisions and guarantees</b> for environmental risks	Internal framework: Number of provisions and guarantees for environmental risks	Internal Control and Risk Management System 5- Main sustainability risks - Impacts, risks and opportunities related to social and environmental issues	
Pollution	<b>Measures</b> to prevent, reduce or repair carbon emissions (also includes noise and light pollution)	GRI 305-7	Organisation 3- Significant changes in the organisation Organisation 4 - Commitment to a Sustainable Energy Model Organisation 7 - The ENDESA Sustainability Plan Environmental sustainability 5.3 Noise and light pollution	
Circular economy and waste prevention and management	<b>Measures</b> for prevention, recycling, reuse, other forms of waste recovery and disposal	GRI 306-2, 303-1	Environmental sustainability 5.4 Circular economy. 5.4.1 Waste management: prevention, recycling, reuse and other forms of waste recovery and disposal	
	<b>Actions</b> to combat food waste			
Sustainable use of resources	Water <b>consumption</b> and water supply in accordance with local limitations	GRI 303-1, 303-3, 303-5, 306-5	Environmental sustainability 5.2.3 Water consumption	
	<b>Consumption</b> of raw materials and measures taken to improve the efficiency of its use	GRI 301-1	Environmental sustainability 5.2.1 Fuel consumption	
	Direct and indirect <b>consumption</b> of energy	GRI 302-1, 302-3	Environmental sustainability 5.2.2 Energy consumption	
	<b>Measures</b> taken to improve energy efficiency	GRI 302-4	Environmental sustainability 5.2.2 Energy consumption- Reduction of energy consumption- Energy saving	
	<b>Use</b> of Renewable Energy	Internal framework: Use of renewable energy	Environmental sustainability 5.5 Renewable energies	
Climate change	Important <b>elements</b> of greenhouse gas emissions generated	GRI 305-1, 305-2, 305-3, 305-4, 305-5	Environmental sustainability- Compliance with the environmental objectives of the 2019-2021 ENDESA Sustainability Plan (PES) Environmental sustainability 5.1.1. Emissions of greenhouse gases	
	<b>Measures</b> taken to adapt to the consequences of climate change	GRI 201-2	Environmental sustainability 3. Business model: Combating climate change	
	Reduction <b>goals</b> set voluntarily	GRI 305-5	Environmental sustainability 1.2 - How the organisation manages the material aspects of ENDESA Sustainability Plan Environmental sustainability 5.1.2 - Pollutant emissions to the atmosphere	
Biodiversity protection	<b>Measures</b> taken to preserve or restore biodiversity	GRI 304-3	Environmental sustainability 5.6.1 Measures taken to preserve or restore biodiversity	

	<b>Impacts</b> caused by activities or operations in protected areas	GRI 304-2, 303-2	Environmental sustainability 5.6.2 Impacts caused by activities or operations in protected areas  Environmental sustainability 5.2.3. Water consumption: Water sources affected by catchment.	
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## Social and personnel issues

Scope		Reporting framework	Reference	Comments / Reason for omission
<b>Management approach</b>				
Employment	<b>Total</b> number and distribution of employees by gender, age, country and professional category	GRI 401-1	People 3.1 Employees	
	<b>Total</b> number and distribution of employment contract procedures	GRI 102-8	People 3.1.4 Hiring; impact of the Company's activity on employment People 3.1.5 Distribution of hiring	
	Annual <b>average</b> of permanent, temporary and part-time contracts by gender, age and professional category	GRI 102-8	People 3.1.5 Distribution of hiring	
	<b>Number</b> of layoffs by gender, age and professional category	Internal framework: Number of layoffs by gender, age and professional category	People 3.1. 6 Layoffs	
	Wage gap	Internal framework: Wage gap calculation	People 3.2.2 Remuneration of executives and employees People 3.2.3 - Salary Gap	
	Average <b>remuneration</b> by gender, age and professional category	GRI 405-2	People 3.2.2 Remuneration of executives and employees	
	Average <b>remuneration</b> of Directors by gender	GRI 405-2	People 3.2.1 Remuneration of Directors	
	Average <b>remuneration</b> of managers by gender	GRI 405-2	People 3.2.2 Remuneration of executives and employees	
	Implementation of labour disconnection <b>policies</b>	GRI 103-1, 103-2, 103-3	People 2.3 Labour disconnection policies	
	<b>Employees</b> with disabilities	GRI 405-1	People 3.1.3 Employees with disabilities	
Work organisation	<b>Organisation</b> of working time	Internal framework: Organisation of working time	People 3.3 Work organisation: 3.3.1 Organisation of working time	
	<b>Number</b> of hours of absenteeism	Internal framework: Number of hours of absenteeism	People 3.3.2 Number of hours of absenteeism	



	<b>Measures</b> aimed at facilitating the enjoyment of work-life balance and encouraging the co-responsible exercise of these by both parents	Internal framework: Measures aimed at work-life balance	People 3.3.3 Measures to facilitate work-life balance	
Health and safety	Health and safety <b>conditions</b> at work	GRI 414-1	Occupational health and safety 2- Occupational health and safety policies	
	<b>Number</b> of accidents at work and occupational diseases by gender, frequency and severity rate by gender	GRI 403-9, 403-10	Occupational health and safety 3- Key performance indicators	
Social relationships	<b>Organisation</b> of social dialogue, including procedures for informing and consulting staff and negotiating with them	GRI 102-43	Organisation 5- Dialogue with stakeholders	
	<b>Percentage</b> of employees covered by collective agreement by country	GRI 102-41	People 3.4.5 Percentage of employees covered by collective agreement	
	<b>Balance</b> of collective agreements, particularly in the field of health and safety at work	GRI 102-41	People 3.4 Social relations People 3.4.5 Percentage of employees covered by collective agreement	
Training	<b>Policies</b> implemented in the field of training	GRI 103-1, 103-2, 103-3	People 2.4 Policies implemented in the field of training People 3.5 - Training	
	<b>Total</b> number of hours of training by professional categories.	GRI 412-2	People 3.5.1 Hours of training People 3.5.2 - Employee training in human rights policies and procedures	
Universal accessibility of people with disabilities		Internal framework: Accessibility of people with disabilities	People 3.6.4. Integration and universal accessibility of people with disabilities	
Equality	<b>Measures</b> taken to promote equal treatment and opportunities between women and men	GRI 405-1, 405-2	People 3.6. Equality People 3.6.1. Explanation of the concepts of diversity and non-discrimination	
	<b>Equality plans</b> , measures taken to promote employment, protocols against sexual harassment and harassment due to gender	GRI 103-1, 103-2, 103-3	People 3.6. Equality People 3.6.2. Explanation of how the organisation manages diversity and non-discrimination	
	<b>Integration and universal accessibility</b> of people with disabilities	Internal framework: Integration and universal accessibility of people with disabilities	People 3.6.4. Integration and universal accessibility of people with disabilities	
	<b>Policy</b> against all types of discrimination and, where	GRI 103-1, 103-2, 103-3	People 2.2 Diversity. Policy against all types of discrimination	

	appropriate, diversity management			
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### Information on respect for human rights

Scope	Reporting framework	Reference	Comments / Reason for omission
<b>Management approach</b>			
<b>Application</b> of due diligence procedures in the field of human rights	GRI 102-16, 412-2	Respect for human rights 2- The due diligence procedure	
Prevention of risks of violation of human rights and, where appropriate, <b>measures</b> to mitigate, manage and repair possible abuses committed	GRI 102-16, 412-2	Respect for human rights 2.2- Evaluation of the impacts of the activity. Aspects and mechanisms for risk management	
<b>Reports</b> of cases of violation of human rights	GRI 102-17, 406-1	Respect for human rights 4- Complaints and complaints mechanisms	
<b>Promotion and compliance with the provisions of the ILO fundamental agreements</b> related to respect for freedom of association and the right to collective bargaining, the elimination of discrimination in employment and occupation, and the limitation of forced or compulsory labour and the effective abolition of child labour	GRI 402-1, 403-1, 403-4, 102-41	People 3.4.4 Measures taken to apply international labour conventions in the Company (ILO, OECD) Supply Chain 6. Measures Taken to Apply International Labour Conventions (ILO; OECD) in the Supply Chain	

### Information regarding the fight against corruption and bribery

Scope	Reporting framework	Reference	Comments / Reason for omission
<b>Management approach</b>			
<b>Measures</b> taken to prevent corruption and bribery	GRI 102-16, 102-17, 405-1, 103-1, 103-2, 103-3, 205-3	Fight against corruption and bribery 2- Policies practiced by the company on corruption and bribery issues	
<b>Measures</b> to fight money laundering	GRI 102-16, 102-17	Fight against corruption and bribery 4- Measures to fight money laundering	
<b>Contributions</b> to foundations and non-profit organisations	Internal framework: Contributions to foundations and non-profit organisations	Organisation 2.1 ENDESA in figures	

### Information about the Company

Scope	Reporting framework	Reference	Comments / Reason for omission
<b>Management approach</b>			
Commitments of the company with sustainable development	<b>Impact</b> of the Company's activity on employment and local development	GRI 413-1, 413-3	Responsible relationship with communities 4- Key performance indicators and 5- Measurement of project impact
	<b>Impact</b> of the Company's activity on local populations and in the territory	GRI 413-1, 413-2	Responsible relationship with communities 3- Operations with local community participation, impact assessments and development programmes Supply Chain 5.- Local Suppliers

	<b>Relationships</b> maintained with local community actors and the modalities of dialogue with these	GRI 102-43	Organisation. 5-Social dialogue	
	Partnership or sponsorship <b>actions</b>	Internal framework: Partnership or sponsorship actions	Responsible relationship with communities 6-Partnership, collaboration or sponsorship actions	
Subcontracting and suppliers	<b>Inclusion</b> in the purchasing policy of social, gender equality and environmental issues	Internal framework: Inclusion in the purchasing policy of social, gender equality and environmental issues	Supply chain 4- Policy in the selection of suppliers according to social criteria, labour relations, human rights and gender equality, as well as environmental	
	<b>Consideration</b> in the relations with suppliers and subcontractors of their social and environmental responsibility	GRI 102-9, 102-10	Supply chain 2- Description of the supply chain and significant changes in the supply chain	
	Supervision <b>systems</b> and audits and their results	Internal framework: Supervision systems and audits and their results	Supply chain 3- Policy on the qualification of suppliers according to social criteria, labour relations, human rights and gender equality, as well as environmental criteria	
Consumers	<b>Measures</b> for the health and safety of consumers	GRI 103-1, 103-2, 103-3	Customers 3- Measures to protect consumers in health and safety issues	
	Claim <b>systems</b>	Internal framework: Claim systems	Customers 2- Complaints and resolutions system	
	<b>Complaints</b> received and resolution thereof	Internal framework: Complaints received and resolution thereof		
Tax information	<b>Benefits</b> obtained country by country	GRI 201-2, 201-4	Organisation 2.1 ENDESA in figures Organisation 2.2- Tax information by country	
	<b>Taxes</b> on benefits paid			
	Public <b>grants</b> received			

## Independent verification report of the Non-Financial Information Statement

**ENDESA, S.A. and Subsidiaries.**

**Independent Verification Report of the Non-Financial Information Statement of ENDESA, S.A. and Dependent Companies corresponding to the financial year ended 31 December 2019**

**Independent Limited Assurance Report of the consolidated Non-Financial  
Statement for the year ended December 31, 2019**

**ENDESA, S.A. and SUBSIDIARIES**

## **INDEPENDENT LIMITED ASSURANCE REPORT OF THE CONSOLIDATED NON-FINANCIAL STATEMENT**

Translation of a report originally issued in Spanish. In the event of discrepancy,  
the Spanish-language version prevails

To the Shareholders of ENDESA, S.A.:

Pursuant to article 49 of the Code of Commerce we have performed a verification, with a limited assurance scope, of the accompanying Non-Financial Statement (hereinafter NFS) for the year ended December 31, 2019, of ENDESA, S.A. and subsidiaries (hereinafter, the Group), which is part of the Group's accompanying Consolidated Management Report.

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### **Responsibility of the Board of Directors**

The Board of Directors of the Group are responsible for the approval and content of the NFS included in the Group's accompanying Consolidated Management Report Consolidated of ENDESA, S.A. The NFS has been prepared in accordance with the content established in prevailing mercantile regulations and the criteria of the selected *Global Reporting Initiative Sustainability Reporting Standards*, as well as other criteria described in accordance with that indicated for each subject in section "*Index of content required by Law 11/2018 of 28 December on disclosure of non-financial and diversity information*" of the aforementioned Statement.

The directors are also responsible for the design, implementation and maintenance of such internal control as they determine is necessary to enable the preparation of a NFS that is free from material misstatement, whether due to fraud or error.

They are further responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for the preparation of the NFS is obtained.

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### **Our independence and quality control procedures**

We have complied with the independence and other Code of Ethics requirements for accounting professionals issued by the International Ethics Standards Board for Accountants (IESBA), which is based on the fundamental principles of professional integrity, objectivity, competence, diligence as well as confidentiality and professional behavior.

Our Firm complies with the International Standard on Quality Control No. 1 and thus maintains a global quality control system that includes documented policies and procedures related to compliance with ethical requirements, professional standards, as well as applicable legal provisions and regulations.

The engagement team consisted of experts in the review of Non-Financial Information and, specifically, in information about economic, social and environmental performance.



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## Our responsibility

Our responsibility is to express our conclusions in an independent limited verification report based on the work performed, that refers exclusively to 2019. Our review has been performed in accordance with the requirements established in prevailing International Standard on Assurance Engagements 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (ISAE 3000 Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and the guidelines for verifying Non-Financial Statement, issued by the Spanish Official Register of Auditors of Accounts (ICJCE).

The procedures carried out in a limited assurance engagement vary in nature and execution timing and are smaller in scope than reasonable assurance engagements, and therefore, the level of assurance provided is likewise lower.

Our work consisted in requesting information from Management and the various Group units participating in the preparation of the NFS, reviewing the process for gathering and validating the information included in the NFS, and applying certain analytical procedures and sampling review tests as described below:

- ▶ Meeting with Group personnel to know the business model, policies and management approaches applied, the main risks related to these matters and obtain the necessary information for our external review.
- ▶ Analyzing the scope, relevance and integrity of the content included in the NFS for the year 2019 based on the materiality analysis made by the Group and described in section *"Materiality Study: Identification of Priorities from the Dialogue with Interest Groups"* at the beginning of the attached NFS, considering the content required by prevailing mercantile regulations.
- ▶ Analyzing the processes for gathering and validating the data included in the 2019 Non-Financial Statement.
- ▶ Reviewing the information on the risks, policies and management approaches applied in relation to the material aspects included in the 2019 NFS.
- ▶ Checking, through tests, based on a selection of a sample, the information related to the content of the 2019 NFS and its correct compilation from the data provided by the information sources.
- ▶ Obtaining a representation letter from the Directors and Management.

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## Conclusion

Based on the procedures performed in our verification and the evidence obtained, no matter came to our attention that would lead us to believe that the 2019 NFS of the Group for the year ended December 31, 2018 has not been prepared, in all material respects, in accordance with the content established in prevailing mercantile regulations and the criteria of the selected GRI standards, as well as other criteria described in accordance with that indicated for each subject in section *"Index of content required by Law 11/2018 of 28 December on disclosure of non-financial and diversity information"* of the aforementioned Statement.



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## Use and distribution

This report has been prepared as required by prevailing mercantile regulations in Spain and may not be suitable for any other purpose or jurisdiction.

ERNST & YOUNG, S.L.

(Signature on the original in Spanish)

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Alberto Castilla Vida

February 24, 2020

The Consolidated Management Report of ENDESA, Sociedad Anónima and its SUBSIDIARY COMPANIES for fiscal year ending December 31, 2019, as provided herein, was drafted by the Board of Directors of the company ENDESA, Sociedad Anónima at its meeting on February 24, 2020 and is hereinbelow signed by all of its Directors in compliance with Article 253 of the Spanish Capital Corporations Law (*Ley de Sociedades de Capital*).

<b>D. Juan Sánchez-Calero Guilarte</b> Chairman	<b>D. Francesco Starace</b> Vice Chairman
<b>D. José Damián Bogas Gálvez</b> Chief Executive Officer	<b>D. Antonio Cammisecra</b> Director
<b>D. Alejandro Echevarría Busquet</b> Director	<b>D. Ignacio Garralda Ruiz de Velasco</b> Director
<b>Dña. Maria Patrizia Grieco</b> Director	<b>D. Francisco de Lacerda</b> Director
<b>D. Alberto de Paoli</b> Director	<b>D. Miguel Roca Junyent</b> Director

Madrid, February 24, 2020