

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

WE EMPOWER SUSTAINABLE PROGRESS.

SUSTAINABILITY REPORT 2019

**endesa**

# SUSTAINABILITY REPORT 2019

Translation of a report originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails

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102-14

We are pleased to present the ENDESA Sustainability Report for 2019 which, as in previous years, gives expression to our commitment to transparency in matters concerning sustainable development.

For some years now ENDESA has been committed to the main international reference frameworks promoted by the United Nations as a key agent in the construction of a new global and sustainable energy model. Therefore, we maintain a firm commitment to the Ten Principles of the Global Compact, to the Guiding Principles on Business and Human Rights, and to the Seventeen Sustainable Development Goals. In 2019 we confirmed our determination to contribute to the attainment of the United Nations' Sustainable Development Goals, particularly SDGs 7 (Affordable and Clean Energy), 9 (Industry, Innovation and Infrastructure) and 11 (Sustainable Cities and Communities), and most especially 13 (Climate Action), to which more than 90% of the investments of the 2020-2022 Strategic Plan are dedicated. ENDESA also contributes indirectly, through the development of social programmes and initiatives, to the attainment of SDGs 4 (Quality education) and 8 (Decent Work and Economic Growth).

This past year was especially important for us because in November we presented our inspiring and challenging 2020-2022 Strategic Plan, a plan that presents a firm commitment to a sustainable, dynamic, efficient business model aligned with the strategic vision of being the leading actor in the energy transformation of society.

The 2020-2022 Plan is organised around decarbonisation and the necessary process of electrification of demand, creating infrastructures to facilitate these processes and ecosystems and platforms to support them. To do this, we have set ourselves the objective of increasing the installed capacity in renewables by more than 38% in 2022, with associated investment of Euros 3.8 billion. Furthermore, as part of this commitment to decarbonisation, the 2020-2022 Plan includes the cessation of mainland coal-fired generation in 2022 and the total ending of coal activity in 2030.

To meet this, in 2019 we announced the closure in the short term of a very significant part of the coal-fired power stations:

- Closing of generators 1 and 2 of the Alcodia thermal power plant, already effective from January 2020, and operation until August 2021 of generators 3 and 4 with a maximum of 500 hours per year, after which they will only be operational for up to 500 hours year.
- request to close the Compostilla and Teruel thermal power plants by 30 June 2020.
- request to close the As Pontes and Litoral thermal power plants.

Our applications for closure are accompanied by action plans to mitigate the impact caused by the decrease in activity by promoting the development of economic activities and generating job creation in the areas where the two plants are located. Additionally, in September 2019 ENDESA signed 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.

We foresee an increase in electricity demand in the future, deriving from greater penetration of electrification. Therefore we must be prepared to meet the new and more complex needs of our customers and stay ahead of market trends, anticipating the creation of new, more efficient and sophisticated products and services.

Development of the electricity grid has long been a fundamental pillar of ENDESA's strategy. The projected investment in this area, needed to drive the electrification of demand and the integration of energy from renewable sources, aims to improve grid quality and efficiency, reducing operating costs, and increasing the value of the assets through investments in smart grids and the pursuit of excellence. To this end, ENDESA continues to invest heavily in the digitisation of the network, with Euros 1.1 billion earmarked for this in its 2020-2022 Strategic Plan for the period 2019-2022.

We thus reiterate our 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.

However, there is one particular event that undoubtedly casts a pall over this good news and we which we must mention: at the end of the year there was a terrible tragedy for all of us who work at ENDESA, the death of one of our workers, as a result of an accident in the revision work of the fire prevention system of the Cijara hydroelectric power station. We take this opportunity to reiterate, on behalf of all of us who work at Endesa, our most sincere condolences to his relatives and our absolute commitment to the safety and health of all company employees.

We also want to reflect the main advances made in each of our strategic lines and show our commitment to integrating sustainability into the strategy and operations of our businesses. The details that we include in this Report provide insight and confirmation that ENDESA is progressing successfully along these lines.

- Regarding decarbonisation, the ambitious strategic plan has led us to obtain reductions of 44% in absolute and 32% in specific CO<sub>2</sub> emissions compared with 2018, in both cases surpassing the objectives set.
- At ENDESA we continue to give close attention to personal development. During 2019 more than 1,100 employees took part in the various actions carried out in ENDESA to enhance their capabilities. We held 2,198 training sessions, in which 9,060 workers took part, reaching an average of 40.5 hours per employee.

It is also important to highlight the fact that on 23 January 2020, the Fifth ENDESA Collective Framework Agreement was signed, between ENDESA and the majority union UGT. The 102-14 Collective Agreement for ENDESA, S.A. and its electricity subsidiaries domiciled in Spain. Voluntary Suspension or Termination Agreement for employment contracts were also signed.

- Regarding Occupational Health and Safety, although this cannot compensate for the sad news of the death of the Endesa worker that occurred at the end of the year, it should be noted that the combined accident frequency rate of own workers and contractors stood at 0.68, clearly below the 0.80 target.

In terms of customer service, as a result of the continuous improvement process that we carry out at ENDESA, in 2019 we implemented a new way of managing complaints,

with a customer and end-to-end view of the process. This new model led to a 42% reduction in the volume of complaints and a 36% reduction in handling times, from 11 days in 2018 to 7.03 in 2019.

- In terms of Corporate Governance, we worked to define and establish a sustainable leadership model that would allow us to fulfil our economic, social and environmental responsibilities from a balanced and fair perspective. In December 2019, the need to promote diversity as an essential factor to ensure competitiveness led us to make some changes to the Policy on Selection of Directors in order to bring ENDESA's governance into line with best practices in this area.
- We realise how important it is to extend our commitment to sustainability to the supply chain, which is why in 2019 89% of contractors and new qualified ENDESA suppliers were examined on criteria relating to human rights, the environment and Occupational Health & Safety.
- ENDESA has followed a shared value creation approach in the deployment of its activities, combining the interests of the company with the priorities and needs of the local communities in which it has a presence. For this we have invested Euros 12.5 million in social initiatives, having carried out 203 projects that have generated 1,070,620 direct beneficiaries.

We must not omit to mention the leading role that ENDESA played in the United Nations Conference on Climate Change (COP 25), held in Madrid between from 2 to 13 December 2019. ENDESA was one of its main sponsors of this event and took an active part in it, regularly monitoring the negotiations and expounding its vision and experience in several sessions that it organised and in others in which it took part, both within the COP venue itself and in our headquarters in Madrid.

Our company faces a future of change from a position of firm commitment to the society to which we owe ourselves, excellence in our performance and our determination to lead this transformation.

Juan Sánchez-Calero

Chairman

José D. Bogas Gálvez

CEO

## 1. COMMITMENT TO SUSTAINABILITY

## COMMITMENT TO SUSTAINABILITY

### 1.1. WHO WE ARE

#### 1.1.1. ENDESA in figures

102-7/EU1/EU2

	2017	2018	2019
Gross Operating Profit (EBITDA) (millions of euros) (1)	3,542	3,627	3,841
Profit for the Year (millions of euros) (2)	1,463	1,417	171
Ordinary Profit for the Year (millions of euros) (3)	1,452	1,511	1,562
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)	9,706	9,763	9,952
GROSS INSTALLED CAPACITY (MW)	23,678	23,766	24,231
Conventional thermal	8,130	8,077	7,659
Nuclear	3,443	3,443	3,443
Combined cycles	5,678	5,678	5,677
Renewables	6,428	6,568	7,452
Hydroelectric	4,752	4,804	4,792
Wind		1,751	2,308
Photovoltaic		13	352
ELECTRICITY PRODUCTION (GWh)(4)	78,648	74,193	61,402
Conventional thermal	31,906	28,997	13,346
Nuclear	26,448	24,067	26,279
Combined cycles	11,849	8,957	11,687
Renewables	8,445	12,172	10,090
Hydroelectric	5,004	8,459	5,861
Wind		3,688	4,127
Photovoltaic		24	101
Other		1	1
SALES OF ELECTRICITY TO END CUSTOMERS (GWh)	96,513	89,639	89,441
Regulated Price	12,919	12,356	11,385
Deregulated market (5)	83,594	77,283	78,056
Number of Customers (Electricity) (8) (THOUSANDS)	10,848	10,754	10,635
Regulated market (6)	5,255	5,029	4,807
Deregulated market (5)	5,593	5,725	5,828
GAS SALES (GWh) (7)	79,834	86,729	79,784
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 <sup>(8)</sup> (THOUSANDS)</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>POWER DISTRIBUTED <sup>(4)</sup> (GWh)</b>	<b>117,961</b>	<b>117,029</b>	<b>116,611</b>
<b>TAX INFORMATION</b>			
Public subsidies received (€ millions)	315	287	273
Contributions to foundations and non-profit organisations (€ million)	3.71	4.94	4.18

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

(2) Net Income = Net Income of the Parent Company.

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

(4) Data measured at power plant busbars.

(5) For consistency with the economic data referring 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.

(6) Customers at a rate. Toll customers not included.

(7) Excluding own generation consumption.

(8) Supply points.

## 1.1.2. Main areas of business

### 102-1/102-2

ENDESA, S.A. and its Subsidiaries carry out their activities in the electricity and gas business mainly in the Spanish and Portuguese markets. 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, particularly in Germany, France and the Netherlands.

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

## 1.1.3. Main markets

### 102-4/102-6

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 it supplies electricity and gas to other European markets, in particular Germany, France and the Netherlands. The markets in which ENDESA carries out its activities are described as follows:

### 1.1.3.1. Spanish market

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

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

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

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

### 1.1.3.2. Portuguese market

102-4

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

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

### 1.1.4. Organisational structure

**102-2/102-5/102-45**

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

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

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

**102-45/102-5**

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, and ENEL Green Power España, S.L.U. (EGPE) (100%), which manages assets generated from renewable sources.

102-2/102-5/102-45

**102-10**

At 31 December 2019, ENDESA's total gross installed capacity in Spain stood at 24,231 MW. At that date, the net installed capacity in renewables was 7,452 MW. ENDESA's power plants reached a total net production of 61,402 GWh in 2019.

**ENDESA electricity production\* (GWh)**



	2017	2018	2019
Nuclear	26,448	24,067	26,279
Conventional thermal	31,906	28,997	13,346
Combined cycles	11,849	8,957	11,687
<b>Renewables</b>	8,445	12,172	10,090
<b>Total</b>	<b>78,648</b>	<b>74,193</b>	<b>61,402</b>

\* at power plant busbars

Gross installed capacity (MW)		
	2018	2019
Nuclear	3,443	3,443
Conventional thermal	8,077	7,659
Combined cycles	5,678	5,677
Renewables	6,568	7,452
<b>Total</b>	<b>23,766</b>	<b>24,231</b>

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

This company holds, 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%).

##### 102-10

At 31 December 2019, ENDESA distributed electricity in 27 Spanish provinces in ten autonomous regions (Andalusia, Aragon, Balearic Islands, Canary Islands, Castile and Leon, Catalonia, Valencia, Extremadura, Galicia and Navarre) and in the autonomous city of Ceuta, with a total area of 195,500 km<sup>2</sup> and a population of close to 21 million.

102-2/102-5/102-45

The number of customers with an access contract to ENDESA's distribution networks exceeded 12 million at that date and the total energy distributed by ENDESA's networks, measured at plant busbars, reached 116,611 GWh in

2019.

#### 1.1.4.3. Energy supply: ENDESA Energía, S.A.U. and ENDESA X, 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.

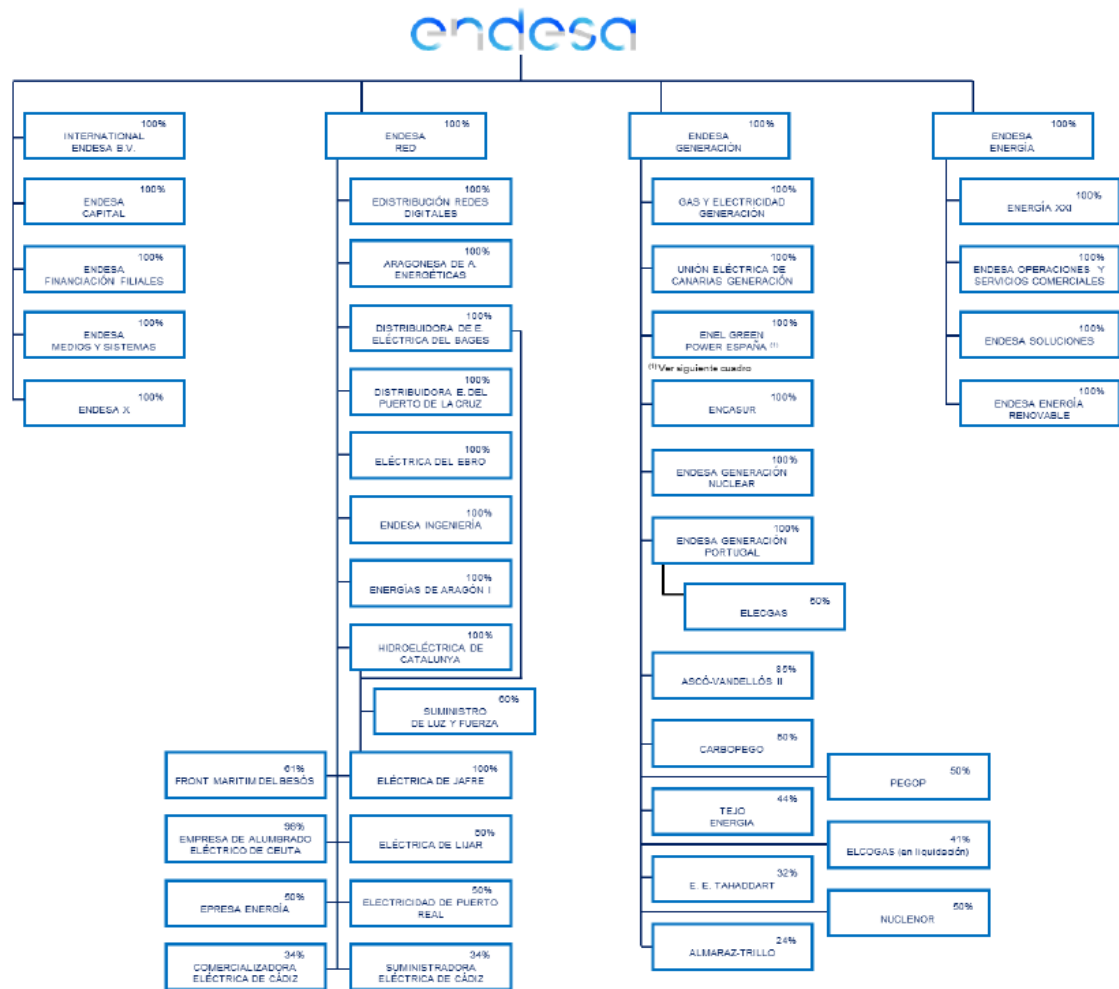
ENDESA Energía, S.A.U. also holds 100% of the equity of Energía XXI Comercializadora de Referencia, S.L.U. (formerly ENDESA Energía XXI, S.L.U.), ENDESA Operaciones y Servicios Comerciales, S.L.U., which provides commercial services related to energy supply, ENDESA Energía Renovable, S.A.U. and ENDESA 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.

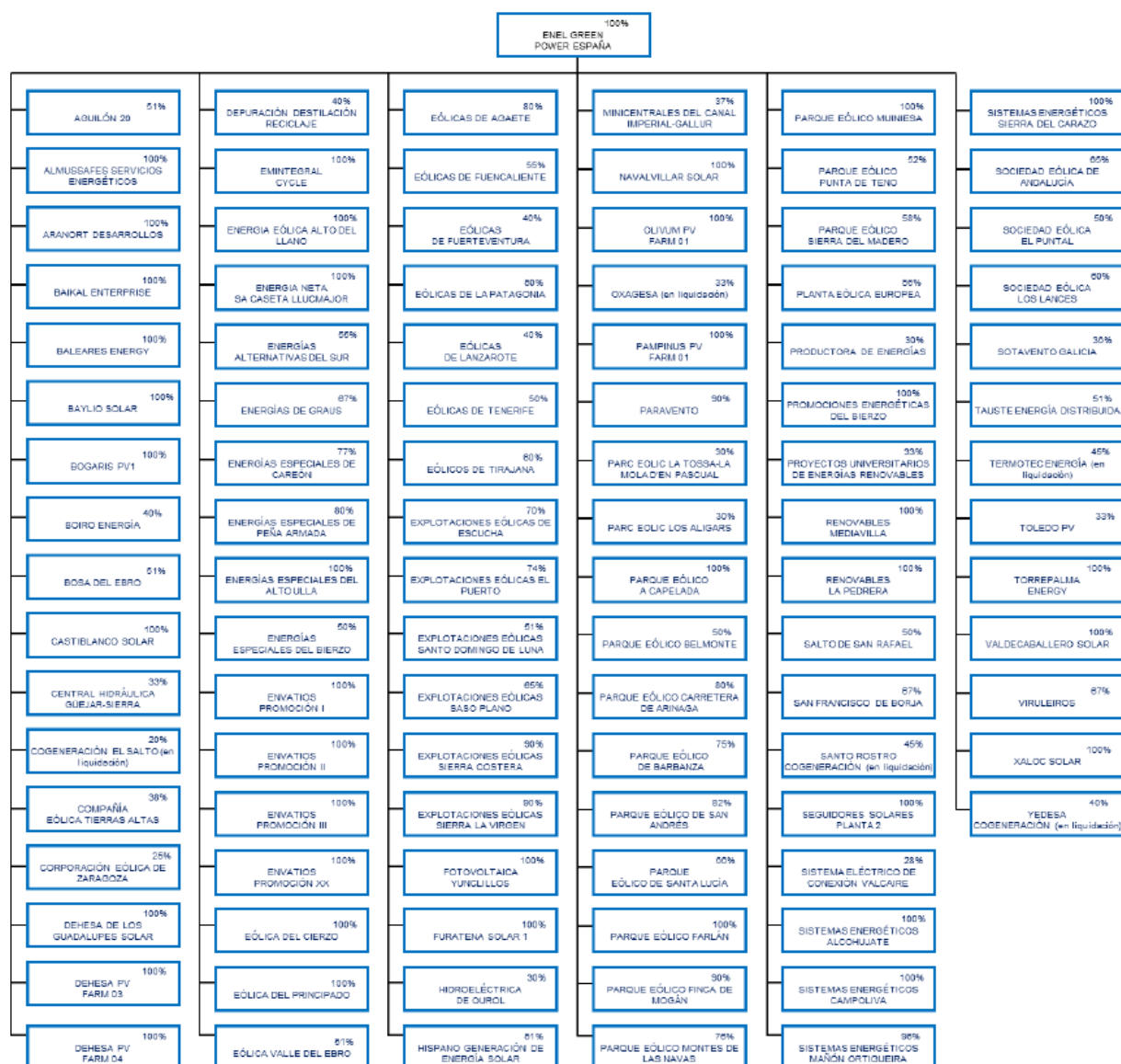
ENDESA Energía, S.A.U. supplies the deregulated markets of Germany, France, the Netherlands and Portugal.

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.

In 2019, net electricity sales amounted to 89,441 GWh and at 31 December 2019 the customer portfolio in the electricity market consisted of 10.6 million supply points. The total volume of gas sold in 2019 amounted to 79,784 GWh and at 31 December 2019 the customer portfolio in the conventional natural gas market consisted of 1.6 million supply points.

There follows a corporate map of ENDESA showing in diagram form its main investees at 31 December 2019:





### 1. 1.4.3.1. Energy business in Portugal

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

The assets invested in by ENDESA in 2019 equate to installed capacity in the ordinary regime of 1,483 MW distributed through its interests in Tejo Energia (628 MW) and Elecgas (855 MW).

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

The Pego coal and gas plants generated 1,078 GWh and 2,340 GWh respectively (2,812 GWh corresponding to ENDESA), which meant a 5.6% share of Portugal's total electricity consumption.

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

ENDESA continues to be one of the main operators in the Portuguese deregulated electricity market. At the end of the year, ENDESA had supplied 7.2 TWh to more than 350,000 supply points, distributed as follows: more than 30,000 points in medium voltage and more than 320,000 points in low voltage. As for gas, almost 4.7 TWh were supplied and there were more than 87,000 active supply points at year-end.

### 1. 1.4.3.2. Business in other countries

#### **102-5/102-45**

ENDESA is present in **Morocco** through a 32% stake in Energie Electrique de Tahaddart, which owns a 392 MW combined cycle power plant located to the north of Asilah, near the River Tahaddart. In 2019, the plant reached a production of 2,102 GWh (673 GWh corresponding to ENDESA's 32%).

In **France**, ENDESA supplied 14.0 TWh of gas in 2019 to almost 4,800 active supply points.

In **Germany**, ENDESA supplied more than 2.1 TWh of electricity and 55 GWh of gas, with almost 250 active supply points in total.

In the **Netherlands**, the Company supplied 0.7 TWh of electricity and more than 1,200 GWh of gas; with more than 100 active supply points each in electricity and gas at the end of the year.

## 1.2. DRIVING SUSTAINABLE PROGRESS

### 1.2.1. COMMITMENT TO A SUSTAINABLE ENERGY MODEL

#### 1.2.1.1. The Open Power strategic positioning.

##### **G4-DMA General management approach**

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.

In response to these changes, through the Open Power concept, which constitutes the mission, vision and values of the Company, ENDESA has always been at the forefront of the various advances produced in the energy sector, bringing safe, affordable and sustainable energy to millions of people.

Accordingly, in response to and anticipation of these changes, the company is positioning itself in a new, more open, participative and digital energy era, opening up the world of energy to new technologies, opening energy management to people, with the possibility of new uses of energy and a greater number of alliances.

This positioning is summarised in the concept of Open Power, with the vision of facing up to some of the world's greatest challenges by means of values such as responsibility, innovation, trust and pro-activeness:

MISSION 2025
Open up energy to more people Open up energy to new technologies Open up new ways of managing energy for the consumer Open up energy to new uses We open up to more collaborators
VISION
Open Power to face up to some of the biggest challenges in the world.
VALUES
Responsibility Each of us is responsible for the group's success, at all levels. We pour our energy into helping people to improve their lives and live them more sustainably.
Innovation We are inquisitive in work and life, we strive to go beyond the norm and overcome our fears to open up energy to new uses, technologies and people. Learning from mistakes as well as successes.
Trust We act competently, honestly and transparently, to gain the trust of our colleagues, customers and external collaborators, valuing individual differences. In turn, we rely on your ability to create value and share it.
Proactivity We take charge of our work in the first person, we continuously interpret the world scenarios and challenges to anticipate changes, redefining the properties if the context requires it.

### 1.2.1.2. Commitment to sustainability

Maintaining a leadership position and strengthening it for the future requires a balanced fulfilment of ENDESA's responsibilities in economic, social and environmental matters, based on ethical criteria, and that is why, in line with the Open Power strategic positioning, ENDESA has placed sustainability at the centre of its corporate culture, integrating it into its strategy and contributing to sustainable development based on the interchange of value creation inside and outside the company.

After updating the sustainability policy, the purpose of which is to formalise and specify the company's commitment to Sustainable Development, as evidenced in the Open Power strategic positioning and to achieve the creation of shared value, ENDESA laid the foundations to successfully overcome the energy challenges faced by today's society.

The future commitments set out in the policy constitute the basis and guidelines for ENDESA's conduct in managing its business, and their fulfilment, expressly driven by the Company's management, concerns employees, contractors and suppliers, and is evaluated by third parties. Through its Audit and Compliance Committee, the Board of Directors supervises the proper implementation of the principles of the policy throughout the company's entire value creation chain.

The policy is implemented by means of ENDESA's various Sustainability Plans and on the basis of nine future commitments:

- **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 ENDESA 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.

### 1.2.1.3. ENDESA's sustainable business model

ENDESA's sustainable business model is defined by its strategic positioning, its commitment to sustainability and the main challenges it addresses, integrating sustainability throughout the energy value chain and being characterised by digitisation and the promotion of a low-carbon economy.

Energy Management
Optimisation of the energy mix
Distribution
Digitalisation.
Operational excellence.
Quality of service.
Thermal generation



Key role in the safe and competitive transition to a low-carbon energy mix. Asset optimisation through digitalisation.
Sales
Customer focus. Promotion of responsible energy consumption.
e-Solutions
Essential function in the transformation of the energy model. Focus on the customer and the development of new sustainable solutions.
Renewables
Growth engine towards “zero emissions” generation
An integrated and sustainable business model creating synergies and long-term value

## 1.2.2. SUSTAINABILITY GOVERNANCE AND MANAGEMENT SYSTEM

**102-18/102-19/102-20/102-21/102-26/102-27/102-29/102-30/102-32**

ENDESA has a sustainability management and governance system that involves all areas of the company. This ensures that ENDESA's commitment to sustainability remains firm in all decision-making processes and in the performance of its daily activity.

Thus, the Board of Directors is responsible for the approval of the sustainability policy and plan and assigns to the Audit and Compliance Committee supervisory functions, including:

- reviewing the company's sustainability policy, making sure that it is aimed at creating value;
- To monitor the corporate social responsibility strategy and practices and assess compliance therewith.
- supervising and assessing the engagement processes with the various stakeholder groups;
- assessing all aspects of the Company's non-financial risks, including operational, technological, legal, social, environmental, political and reputational risks;
- To coordinate the process for reporting non-financial and diversity information in accordance with the applicable regulations and international benchmarks.

This Committee also has other functions related to certain aspects of sustainability:

- Examining and reporting on proposals to amend the Company's Code of Ethics and supervising compliance with same;
- overseeing compliance with the company's corporate governance rules and periodically assessing the appropriateness of the corporate governance system to ensure that it meets its objective of promoting the company's interests while at the same time taking due account of the legitimate interests of other stakeholder groups.

On the other hand, the Executive Management Committee, made up of the CEO and the General Managers, is the executive body in charge of developing and implementing ENDESA's sustainability strategy and ensuring the integration of social, environmental and ethical aspects into the top level decision-making processes.

Sustainability management at ENDESA is a cross-cutting issue for the entire company, therefore there is a working group, made up of all business and support areas, in charge of integrating the principles of sustainability into the daily management of the business, defining the objectives and actions included in the sustainability plan.

Furthermore, in order to extend the sustainability strategy and incorporate ENDESA's specific local features, there are seven regional sustainability committees, chaired by the Company's highest representative in the territory, the main functions of which are to enhance and complement the lines of action established in the sustainability plan by fine-tuning ENDESA's performance to local conditions and translating the objectives and commitments into the reality on the ground.

Lastly, the General Sustainability Directorate, which reports directly to the CEO and is present on the Executive Management Committee, assumes the functions of coordinating and promoting ENDESA's sustainability strategy.

GOVERNANCE AND SUSTAINABILITY MANAGEMENT MODEL
Board of Directors
Executive Committee
Territorial Sustainability Committees
Sustainability Working Group
Directorate General for Sustainability
Audit and Compliance Committee
Composition
2 Executive Directors
4 Proprietary Directors
5 Independent Directors
6 Directors (1 proprietary and 5 independent)
Chief Executive Officer
13 General Managers
Directorate General for Sustainability
Sustainability managers and experts
Territorial Directors
Business and corporate areas
Functions
Approval of the Sustainability Policy and Plan
Review, monitoring and evaluation of sustainability management
Design, development and execution of the sustainability strategy
Coordination, promotion and awareness-raising
Functional and territorial deployment of the strategy

### 1.2.3. COMMITMENT TO THE UNITED NATIONS AGENDA

**102-12/ 103-1 Management approach: non-discrimination /103-2 Management approach: non-discrimination /103-3 Management approach: non-discrimination**

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



The Ten Principles of the Global Compact
United Nations initiatives
The Endesa Response
Integration of the principles in the Code of Conduct and internal regulations
Development of an internal mechanism to ensure compliance with the Ten Principles
The Guiding Principles of Business and Human Rights
Protect, Respect and Remedy
Preparation of the Human Rights Policy
Development of Due Diligence in Human Rights and preparation of the action plan
The 17 Sustainable Development Goals
Enel Group commitments and ENDESA contributions

### 1.2.3.1. The ten principles of the Global Compact

**102-12/ 103-1 Management approach: non-discrimination /103-2 Management approach: non-discrimination /103-3 Management approach: non-discrimination**

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

Since the launch of the initiative, ENDESA has reaped benefits from its voluntary adherence to the Global Compact, and considers it a valuable tool for further integrating the concept of sustainability into all management areas, strengthening ENDESA's firm commitment to the principles of sustainability. This performance has been viewed positively by our stakeholders, as well as by sustainable investment funds and sustainability rating agencies, contributing to a favourable climate of dialogue and collaboration among all social agents, for which the Global Compact has proven a very useful tool. Moreover, by belonging to the Global Compact, ENDESA is able to share experiences with other companies committed to sustainability, secure in the knowledge that it is doing so within an internationally recognised framework backed by the United Nations.

The Global Compact requires participating companies to prepare an Annual Progress Report detailing the work done to integrate the ten principles into business strategies and operations, which must be public and available to stakeholders. In this regard, ENDESA once again attained the Advanced Level of the United Nations Global Compact in 2019, the highest category with which progress reports can be classified. The Advanced Level is awarded to those companies that show a high degree of sustainability performance and that adopt and report on a set of good management and governance practices for Corporate Sustainability. In this way, ENDESA renews its commitment to this initiative in order to continue making progress in complying with the principles of the Global Compact.

In 2019 ENDESA maintained its commitment to the Global Compact. In this regard, ENDESA played an active part in the Spanish Global Compact Network, as a member of its Executive Committee, especially in relation to the promotion of the Sustainable Development Goals and the Guiding Principles on Business and Human Rights.

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

**103-1 Management approach: human rights assessment, 103-2 Management approach: human rights assessment /103-3 Management approach: human rights assessment**

ENDESA has a permanent commitment to respect and promote human rights. This commitment is reflected in its corporate policies and is manifested through its adherence to the United Nations Global Compact, which incorporates support and respect for the

protection of human rights and non-complicity in its violation within its first two principles. Likewise, ENDESA has historically developed pioneering activities to ensure respect for human rights in its activities and those of its supply chain, continuously developing processes to identify risks and potential human rights impacts.

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

### 1.2.3.3. The Sustainable Development Goals

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

This vision is shared within the ENEL Group, which has publicly committed to six SDGs and redefined its objectives for the year 2030.



ENEL'S CURRENT COMMITMENT
Combating climate change 230 g CO <sub>2</sub> /kWh <sub>eq</sub> by 2030 <sup>(1)</sup>
46.9 million smart meters by 2021
5.4 billion CAPEX digitalisation by 2021
455,000 charging points by 2021
55% Renewable capacity by 2021 <sup>(2)</sup>
10,000,000 beneficiaries Access to energy (cumulative 2015-2030)

2,500,000 beneficiaries Education support (cumulative 2015-2030)
8,000,000 beneficiaries Socioeconomic development (cumulative 2015-2030)
(1) the CO <sub>2</sub> reduction target for 2050 was redefined and certified by the Science Based Target intensive in September 2019. After this redefinition, it is our goal of reducing CO <sub>2</sub> emissions by 2030 equals 125 g CO <sub>2</sub> /kWh eq.
(2) Includes managed capacity.

ENDESA, for its part, assumes these commitments and adapts them to the context in which it operates. Thus, since it announced its specific contribution to the 2030 Agenda in 2016, the company has continued to make progress with regard to its commitment to six objectives. Four of them directly affect its own business model:

- SDG 13 (Climate Action): Decarbonisation of the energy mix by 2050, setting ambitious targets for the reduction of specific CO<sub>2</sub> emissions relative to 2017 of around 70% by 2030 and 100% by 2050. It has also set an objective of 60% emission-free production in 2020, 75% in 2030 and 100% in 2050.
- SDG 9 (Industry, Innovation and infrastructure) and SDG 11 (Sustainable communities and cities): Investment of Euros 1.3 billion in the period of validity of the Strategic Plan 2019-2022 to lead the future of energy through digitisation, installation of 12 million high and low voltage smart meters in 2022 and Plan to deploy public infrastructure for 36,000 electric vehicle charging points (public and private) in 2022.
- SDG 7 (Affordable and Clean Energy): As a direct contribution, ENDESA incorporates ambitious objectives into both its Industrial Plan and its Sustainability Plan: Euros 3.8 billion of investment in development and management of assets in renewables for the 2019-2022 period, allowing us to reach approximately 60% of mainland capacity based on renewable sources by 2022 with 85% of production free of CO<sub>2</sub>. As an indirect contribution, educational and training programmes on energy, accessibility and the promotion of energy efficiency are being run and will reach a total of 4.8 million beneficiaries over the period 2015-2030.

In addition, ENDESA contributes to SDG 4 (Quality Education), having made a public commitment to reach 700,000 beneficiaries in the period 2015-2030, and SDG 8 (Decent Work and Economic Growth) for which it has made a public commitment to reach 1,700,000 beneficiaries in the same period through the social initiatives carried out.

## Compromiso revisado 2019 Endesa

	<b>100%</b> descarbonización del mix energético en 2050
 	<b>1,3 miles MM €</b> en digitalización 2019-2022 <b>12 MM de contadores</b> inteligentes de alta y baja tensión 2022 <b>36.000</b> Puntos recarga públicos y privados en 2022
	<b>4.800.000 beneficiarios</b> Acceso a la energía 2015-2030 <b>3.8 miles MM€</b> inversión en renovables 2019-2022
	<b>700.000 beneficiarios</b> Apoyo a la educación 2015-2030
	<b>1.700.000 beneficiarios</b> Desarrollo socioeconómico 2015-2030

2019 Endesa revised commitment	
100% decarbonisation of the energy mix in 2050	
€1.3 billion in digitalisation 2019-2022 12 million high and low voltage smart meters 2022 36,000 public and private charging points in 2022	
4,800,000 beneficiaries Access to energy 2015-2030 €3.8 billion investment in renewables 2019-2022	
700,000 beneficiaries Support for education 2015-2030	
1,700,000 beneficiaries Socioeconomic development 2015-2030	

These six are the highest priority SDGs for ENDESA and therefore those on which it places the greatest emphasis, but it also acts decisively on all the SDGs, on which it has been setting objectives and reporting since their appearance. To do this, ENDESA's Sustainability Plan 2020-2022 determines the roadmap for the next three years to contribute to the 2030 Agenda, thus aligning its sustainability strategy to this universal framework.

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

ENDESA has been developing an internal campaign in relation to the SDGs since September 2019 with a triple objective:

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



To this end, a network of SDG Ambassadors has been created among employees, who will take care of spreading ENDESA's message and its contribution to the 2030 Agenda and mobilising other employees.

Over a period of more than a year following an initial launch meeting with the participation of the company's top management, monthly meetings are being held with all the ambassadors in which each month the focus will be on one of the SDGs.

In order to maximise dissemination of the initiative and promote the involvement of all employees, in addition to general internal communication elements, graphic elements have been deployed at ENDESA headquarters in the various regions and a particular region will also play a leading role in each monthly meeting, hosting it.

## 1.2.4. RESPECT FOR HUMAN RIGHTS

### 1.2.4.1. ENDESA's human rights policy

**103-1 Management approach: human rights assessment / 103-2 Management approach: human rights assessment / 103-3 Management approach: human rights assessment / 102-15**

The Board of Directors of ENDESA, S.A. approved the human rights policy on 2013, 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.

With the aim of applying the commitments included in the Human Rights policy, and following the recommendations of the guiding principles, in 2017 ENDESA carried out a Due Diligence process to ensure its implementation and monitoring. The implementation of the actions included in that action plan, scheduled for 2018 and beyond, were 100% completed in 2019. This plan is supervised annually by ENDESA's Board of Directors.

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

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



#### THE PRINCIPLES OF THE HUMAN RIGHTS POLICY

Labour practices

Rejection of forced or compulsory labour and child labour.
Respect for diversity and non-discrimination.
Freedom of association and collective bargaining.
Occupational Health & Safety
Fair and favourable working conditions.
Communities and society
Respect for the rights of the communities
Integrity: Zero tolerance for corruption.
Privacy and communications

#### 1.2.4.2. The Due Diligence process

##### 102-15

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

This process was developed based on a first identification of the 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.



EXTERNAL COMMUNICATION OF THE PROCESS AND THE RESULTS
Human Rights Risk Assessment at the country level
Analysis of the environment
Evaluation of the Impacts of Endesa on Human Rights
Analysis of the current situation of ENDESA
Definition of an Action Plan to minimise the risks of Impacts

Given the importance of this subject for ENDESA, the entire process was presented to the Audit and Compliance Committee 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 24 February 2020, the Audit and Compliance Committee was informed of the actions carried out in 2019 to execute the aforementioned action plan. In 2019, 100% of the actions in the action plan resulting from the Due Diligence were carried out.

The due diligence review process is carried out every three years. Thus ENDESA will start a new Due Diligence process in 2020.

#### 1.2.4.2.1 Identification of the level o country risk

In order to gain a better understanding of the context in which ENDESA operates as regards human rights and to identify any issues that, due to regulatory and social conditions, might pose a higher level of starting risk, ENDESA conducted a consultation of more than 50 experts from various 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.

#### 1.2.4.2.2 Impact assessment of ENDESA's business activity

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

- conducting in-depth interviews with Senior Management and the CEO in order to analyse the latest situation as regards the integration of respect for human rights into the daily management of the company, thus being able to identify potential risks and opportunities; and
- Internal evaluation of the company's policies, procedures, systems and practices in each of the business and management areas, based on the analysis of more than 130 indicators that measure performance in the different aspects of human rights related to management business.

This analysis made it possible to verify that 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>

### 1.2.4.3 Opportunities for Improvement and Action Plan.

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

102-15

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 follow-up of which is reported to the Board of Directors of ENDESA, S.A. through the Audit and Compliance Committee.

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 online 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> </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:

- Expansion of the information contained in the Sustainability Report.
- Incorporation of the relationship function with local communities at the facility level.
- Promotion of measures to avoid discriminatory attitudes during the selection process (inclusive language in publications, at least one woman among finalist candidates, 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.
- Communication and dissemination of the ethics channel to suppliers and contractors.
- New counterpart evaluation procedure with a focus on Human Rights in coal suppliers.
- 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.
- Creation of a specific channel ( [sostenibilidad\\_csv@enel.com](mailto:sostenibilidad_csv@enel.com) ) to receive queries, complaints or requests for clarification about projects that might be carried out, which will be included in the panel sites of each of the works of the renewable parks.

#### 1.2.4.4 Whistleblowing and complaint mechanisms



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

For issues relating to the workplace, ENDESA has the necessary mechanisms to establish a continuous dialogue with the various trade union organisations through which they can transmit complaints or claims to the company. Likewise, through the Open Power strategic positioning, ENDESA seeks to establish an increasingly continuous and close dialogue with civil society organisations through which complaints or suggestions on issues relating to human rights can also be received. In this regard, it is worth mentioning the existence of a sustainability mailbox through which any stakeholder can contact the company.

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

Additionally, within the Due Diligence Action Plan, a specific channel ([sostenibilidad\\_csv@enel.com](mailto:sostenibilidad_csv@enel.com)) has been created to facilitate the reception of queries, complaints or requests for clarification on any projects that might be developed. Information on the existence of this channel will be available, in addition to the usual ENDESA communication channels, on the panel sites located in all the renewable park works.

#### **1.2.4.5 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 the 2019 reports was referred to a specialist for handling, following the established protocol and in neither case was non-compliance verified.

### **1.3. RESULTS 2019**

#### **1.3.1. ENDESA's Economic Performance**

##### **Main financial indicators**

Ingresos 20.158 millones €

EBITDA 3.841 millones €

Resultado neto 171 millones €

Resultado ordinario neto 1.562 millones €

##### **1.3.1.1. Consolidated results.**



ENDESA reported ordinary net income, not including non-recurring effects, of Euros 1,562 million in 2019, representing an increase of 3.4% on the previous year.

Net income attributable to the Parent Company amounted to Euros 171 million in 2019, representing a decrease of 87.9% compared with the Euros 1,417 million obtained in 2018.

The decrease in ENDESA's net profit in 2019 was due to the recognition of a net impairment of Euros 1,409 million corresponding on the one hand to the total carrying amount of mainland coal-fired thermal generation assets (Euros 1,105 million) and on the other hand to the Cash Generating Units (CGUs) of the non-mainland territories (Euros 304 million). For more details see section 2.3.2. Operating Expenses in the Consolidated Management Report for 2019.

The breakdown of net profit and ordinary (recurring) net profit for 2019 among ENDESA's Businesses and their variation relative to the previous year is presented hereunder.

Millones de Euros

	Resultado Neto ...				Resultado Ordinario Neto ...			
	2019	2018	% Var.	% Aportación al Total	2019	2018	% Var.	% Aportación al Total
Generación y Comercialización	(823)	396	(307,8)	(481,3)	586	490	19,6	37,5
Distribución	1.077	1.046	3,0	629,8	1.059	1.046	1,2	67,8
Estructura y Otros <sup>(1)</sup>	(83)	(25)	232,0	(48,5)	(83)	(25)	232,0	(5,3)
<b>TOTAL</b>	<b>171</b>	<b>1.417</b>	<b>(87,9)</b>	<b>100,0</b>	<b>1.562</b>	<b>1.511</b>	<b>3,4</b>	<b>100,0</b>

(1) Estructura, Servicios y Ajustes.

(2) Resultado Neto = Resultado Neto de la Sociedad Dominante.

(3) Resultado Ordinario Neto = Resultado Neto de la Sociedad Dominante - Resultado Neto en Ventas de Activos no Financieros (superiores a 10 millones de euros) - Pérdidas Netas por Deterioro de Activos no Financieros (superiores a 10 millones de euros).

### 1.3.1.2. Revenues, EBITDA and operating results

Revenues in 2019 totalled Euros 20,158 million, Euros 37 million (0.2%) less than in 2018. To see the gross operating profit (EBITDA) and the operating profit (EBIT) by segments (Generation and Supply; Distribution and Structure and Others) see section 2.4 Results by Segments of the 2019 Consolidated Management Report.

		RESULTS 2019				
	Income		EBITDA		EBIT	
	Millions of euros	% chge. from 2018	Millions of euros	% chge. from 2018	Millions of euros	% chge. from 2018
<b>Spain and Portugal</b>	20,158	-0.2	3,841	+5.9	388	-79.8

### 1.3.1.3. Investments

In 2019 ENDESA's gross investments totalled Euros 2,202 million (Euros 1,470 million in 2018), as follows:

Millones de Euros

	Referencia <sup>(1)</sup>	Inversiones <sup>(2)</sup>		
		2019	2018	% Var.
Generación y Comercialización		1.290 <sup>(3)</sup>	585	120,5
Generación Territorios No Peninsulares (TNP)		80	66	21,2
Resto de Generación y Comercialización		1.210	519	133,1
Distribución		609	609	-
Estructura y Otros <sup>(4)</sup>		26	9	188,9
<b>TOTAL MATERIAL <sup>(5)</sup></b>	<b>6.2</b>	<b>1.925</b>	<b>1.203</b>	<b>60,0</b>
Generación y Comercialización		180	140	14,3
Generación Territorios No Peninsulares (TNP)		5	1	400,0
Resto de Generación y Comercialización		155	139	11,5
Distribución		40	61	(34,4)
Estructura y Otros <sup>(4)</sup>		34	30	13,3
<b>TOTAL INMATERIAL <sup>(5)</sup></b>	<b>8.1</b>	<b>234</b>	<b>231</b>	<b>1,3</b>
<b>FINANCIERAS</b>		<b>43</b>	<b>36</b>	<b>19,4</b>
<b>TOTAL INVERSIONES BRUTAS</b>		<b>2.202</b>	<b>1.470</b>	<b>49,8</b>
Subvenciones de Capital e Instalaciones Cedidas		(133)	(160)	(16,9)
Generación y Comercialización		(4)	-	Na
Distribución		(129)	(160)	(19,4)
<b>TOTAL INVERSIONES NETAS <sup>(6)</sup></b>		<b>2.069</b>	<b>1.310</b>	<b>57,9</b>

(1) Notas de la Memoria de las Cuentas Anuales Consolidadas correspondientes al ejercicio anual terminado a 31 de diciembre de 2019.

(2) No incluye las adquisiciones societarias realizadas durante el ejercicio (véanse Nota 5 de la Memoria de las Cuentas Anuales Consolidadas correspondientes al ejercicio anual terminado a 31 de diciembre de 2019 y Apartado 2.5. Perímetro de Consolidación de este Informe de Gestión Consolidado).

(3) Incluye altas por derechos de uso por importe de 138 millones de euros (véase Nota 6.1 de la Memoria de las Cuentas Anuales Consolidadas correspondientes al ejercicio anual terminado a 31 de diciembre de 2019).

(4) Estructura, Servicios y Ajustes.

(5) En el ejercicio 2019 incluye 228 millones de euros relativos a inversiones para productos, servicios y tecnologías bajos en carbono (155 millones de euros en el ejercicio 2018).

(6) Inversiones netas = Inversiones brutas - Subvenciones de capital e instalaciones cedidas.

(1) Notes to the Consolidated Financial Statements for the year ended 31 December 2019.
(2) Does not include corporate acquisitions made during the year (see Note 5 of the Notes to the Consolidated Annual Accounts corresponding to the year ended 31 December 2019 and Section 2.5. Scope of Consolidation in this Consolidated Management Report).
(3) Includes registrations for rights of use amounting to €138 million (see Note 6.1 of the Notes to the Consolidated Annual Accounts corresponding to the year ended 31 December 2019).
(4) Structure, Services and Adjustments.
(5) In 2019 it includes €228 million relating to investments for low-carbon products, services and technologies (€155 million in 2019).
(6) Net investments = Gross investments – Capital grants and facilities sold.

Gross investments in generation in 2019 related mainly to investments for the construction of the wind and photovoltaic power capacity awarded in the auctions held in 2017 for an amount of Euros 610 million.

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

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

## 1.3.2. Generation of wealth in 2018

### 201-1/201-4

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

Generation of Wealth (Millions of euros)		

	<b>2018</b>	<b>2019</b>
<b>Direct Economic Value Generated</b>	20,233	20,184
<b>Economic Value Distributed</b>	18,911	18,432
<b>Dividends</b>	1,511	1,562
<b>Operating costs and other operating expenses</b>	15,779	15,485
<b>Personnel expenses</b>	947	1,022
<b>Taxes and levies*</b>	504	155
<b>Investments in social development</b>	11.3	12.5
<b>Financial expense</b>	170	208
<b>Retained Economic Value</b>	1,322	1,752

\*Includes corporation tax of continued activities accrued in the financial year, duties and levies

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

### 1.3.3. Tax Transparency

#### 1.3.3.1. Tax policy

ENDESA complies with tax regulations as part of the principles that inspire the company's corporate responsibility, applying responsible tax policies and promoting cooperative and transparent relations with the Tax Administrations.

The Board of Directors of ENDESA, in its meeting of 20 December 2010, agreed ENDESA's adherence to the Code of Good Tax Practices. Likewise, on 25 January 2016, it ratified the adherence of ENDESA, S.A. and its Spanish controlled subsidiaries to the Code, after the incorporation of an Annex with new conduct obligations for both the Company and the Administration.

In compliance with the Corporate Governance rules on tax matters and the provisions of the Code of Good Tax Practices, ENDESA's Head of Tax Affairs periodically informs the Audit and Compliance Committee of the company's tax situation.

ENDESA has been presenting the Reinforced Transparency Report to the State Tax Administration Agency since 2016. The aforementioned Report is a breakdown of information that ENDESA voluntarily presents to the Administration in accordance with the provisions of the Annex to the Code of Good Tax Practices. On 5 July 2019 it presented the Report for the year 2018.

Apart from this, and in compliance with the provisions of Law 31/2014 of 3 December amending the Corporate Enterprises Act, on 15 June 2015 ENDESA's Board approved both the ENDESA Tax Strategy (<https://www.ENDESA.com/content/dam/enel-es/home/inversores/gobiernocorporativo/politicascorporativas/documentos/estrategia-fiscal-2017.pdf>) and ENDESA's Risk Control and Management Policy, which includes tax risks, subsequently updated on 19 June 2017 ([https://www.ENDESA.com/content/dam/enel-es/home/inversores/gobiernocorporativo/politicascorporativas/documentos/Politica%20de%20Control%20y%20Gesti%C3%B3n%20de%20Risgos%20de%20ENDESA%20\(16\\_12\\_19\).pdf](https://www.ENDESA.com/content/dam/enel-es/home/inversores/gobiernocorporativo/politicascorporativas/documentos/Politica%20de%20Control%20y%20Gesti%C3%B3n%20de%20Risgos%20de%20ENDESA%20(16_12_19).pdf)).

Likewise, on 30 January 2017 ENDESA's Board approved ENDESA's Tax Risk Control and Management Policy, which aims to establish a tax control framework within the company ([https://www.ENDESA.com/content/dam/enel-es/home/investors/corporate government / corporate policies / documents / Politica% 20de% 20gestion% 20y% 20control% 20de% 20risgos% 20fiscales% 20ENDESA% 20 \(January% 202017\).pdf](https://www.ENDESA.com/content/dam/enel-es/home/investors/corporate%20government/corporate%20policies/documents/Politica%20de%20gestion%20y%20control%20de%20risgos%20fiscales%20ENDESA%20(January%202017).pdf)).

#### **ENDESA OBTAINS THE FIRST POSITION IN THE CONTRIBUTION AND TRANSPARENCY REPORT**

ENDESA is the most transparent and responsible IBEX 35 company in tax matters, according to the 2018 Contribution and Transparency Report, published by the Fundación Compromiso y Transparencia ("Commitment and Transparency Foundation").

The Report, which gives ENDESA 23 points out of 24, highlights ENDESA's best practices in this area, such as the launch of the section on tax transparency on the Company's website, where it voluntarily reports on its tax strategy, its adherence to the Code of Good Tax Practices and the annual presentation of the Reinforced Transparency Report to the Tax Administration.

This recognition reflects ENDESA's degree of commitment in terms of tax transparency and responsibility for the economic and social contribution it makes in the jurisdictions in which it operates.



#### **1.3.3.2. Tax contribution**

In line with ENDESA's commitment as regards tax management, since 2014 the most significant tax payments made in the countries in which it operates, which are mainly Spain and Portugal, have been voluntarily published, demonstrating its commitment to transparency in paying taxes.

ENDESA's activity not only generates an important direct contribution to the Administration through the payment of taxes, but also a notable contribution through the collection of third-party taxes generated as a result of the company's activity, for which reason it is considered appropriate to show both amounts, albeit separately.

In 2019, ENDESA's total tax contribution amounted to Euros 4,113 million, of which Euros 1,669 million refer to amounts paid by the group and Euros 2,444 million to amounts collected as a result of ENDESA's business activity.

Figures in Millions of Euros

CONTRIBUCION TOTAL ENDESA 2019		Importes pagados	Importes recaudados	Importes pagados	Importes recaudados	Importes pagados	Importes recaudados	Importes pagados	Importes recaudados	Importes pagados	Importes recaudados
		ESPAÑA		PORTUGAL		FRANCIA		ALEMANIA		HOLANDA	
I.	IMPUESTOS SATISFECHOS EN EL GRUPO FISCAL:										
IMPUESTOS SOBRE BENEFICIOS		431	-	-	-	-	-	-	-	-	-
Impuesto sobre Sociedades (1)		431	-								
SUBTOTAL IMPUESTOS SATISFECHOS GRUPO FISCAL		431	-	-	-	-	-	-	-	-	-
II.	IMPUESTOS SATISFECHOS A LA HACIENDA PUBLICA:										
IMPUESTOS SOBRE BENEFICIOS		42	73	(1)	0	1	0	0	0	0	0
Impuesto sobre Sociedades		13	-	(4)							
Impuesto sobre Actividades Económicas		29	-	3		1					
Otras retenciones		0	73								
IMPUESTOS SOBRE PROPIEDADES		65	0	0	0	0	0	0	0	0	0
Impuesto sobre Bienes Inmuebles (municipal)		62									
Otros (2)		3									
IMPUESTOS ASOCIADOS AL EMPLEO		133	230	1	2	1	0	0	0	0	0
Pagos realizados a la Seguridad Social (3)		133	27	1	2	1					
Retenciones rendimientos del trabajo		-	203								
IMPUESTOS SOBRE PRODUCTOS Y SERVICIOS		255	1.290	0	128	0	55	0	42	0	0
I.V.A. liquidado (4)		1	1.290		128		55		42		
Tasa Aprovechamiento de dominio público		196	-								
Otros cánones de dominio públicos y otros (5)		58	-								
IMPUESTOS MEDIOAMBIENTALES		728	520	13	6	0	59	0	28	0	11
Impuesto sobre el valor de la producción eléctrica		259	-								
Impuesto sobre el combustible nuclear		134	-								
Canon Hidráulico		57	-								
Tasas por Servicios Nucleares		178	-								
Impuestos Medioambientales (regionales)		52	-	13							
Impuesto sobre la Electricidad		-	481		4				27		8
Impuesto sobre los Hidrocarburos		0	39		2		59		1		3
Impuesto sobre el Carbón		48	0								
SUBTOTAL IMPUESTOS SATISFECHOS (6)		1.223	2.113	13	136	2	114	0	70	0	11
		Importes pagados		Importes recaudados		Total					
CONTRIBUCIÓN TRIBUTARIA TOTAL		1.669		2.444		4.113					
III.	OTROS PAGOS REGULATORIOS (7) :										
BONO SOCIAL (España)		51									
BONO SOCIAL (Portugal)		9									
EFICIENCIA ENERGÉTICA (España)		29									
OTROS (Francia)		5									
SUBTOTAL OTROS PAGOS REGULATORIOS.		94									
		Importes pagados		Importes recaudados		Total					
PAGOS TOTALES A LAS ADMINISTRACIONES PÚBLICAS		1.763		2.444		4.207					

- Given that the requirements set forth in Chapter VI of Title VII of Law 27/2104 of 27 November on Corporation Tax are met, since 2010, ENDESA and certain subsidiaries resident in Spain have been part of the Tax Consolidation Group whose parent company is Enel S.p.a., the company representing the Tax Group in Spain being Enel Iberia. It is this company that, as the entity representing the Tax Group, maintains the ultimate relationship with the Public Treasury regarding this Tax.
- The amount related to "Others" within the Property Tax category, refers mainly to the Tax on the Increase in Value of Urban Land, the Tax on Construction, Installations and Works and Fees for licenses and authorisations for works.
- The Social Security amounts paid by ENDESA in Spain are included, since, in line with the philosophy implemented

<sup>1</sup> The sections relating to Corporation Tax include the tax actually paid during the year (affected by instalment payments and tax refunds from previous years).

by the OECD in analysing a country's tax burden, they are mandatory contributions that generally constitute a significant part of the state's income and, given that they are imposed rather than voluntary contributions, they are clearly analogous to a tax.

- (4) Regarding VAT paid, the amount reported is the difference between output VAT and deductible input VAT.
- (5) The item 'Other charges in the public domain' includes amounts mainly related to the granting and regulation of dams, public rates and others.
- (6) Where applicable, each tax item includes amounts paid by way of outlay resulting from inspection proceedings and voluntary regularisations, as well as returns received during the year. Delay interest or surcharges are not included, as they are considered not to be part of the tax contribution.
- (7) Likewise, 'Other Regulatory Payments' are reported separately; these are paid to the Authorities by ENDESA as a statutory requirement, a consequence of the regulation of the sector in which it operates, although these are not strictly taxes and therefore cannot be included in the Total Tax Contribution; specifically:
  - Energy efficiency: gas and electricity supply companies are obliged under the energy efficiency obligation system to make an annual financial contribution to the national energy efficiency fund. This obligation was instituted by Royal Decree 8/2014 of 4 July.
  - "Social bonus" (special cheap rate): obligation of companies owning electricity generation facilities to contribute to the financing of the "social bonus" imposed by Law 24/2013 of 26 December.
  - Others: corresponds to the payment in France to a Government Association regarding the gas tax to finance pensions in the sector.

## Breakdown of total tax contribution

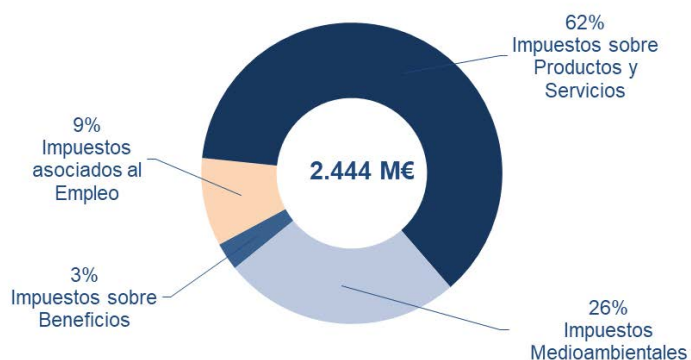
Tax borne
44% Environmental Taxes
16% Tax on Products and Services
28% Income Tax
4% Property Tax
8% Taxes associated with Employment
€1,669,000



Tax collected
9% Taxes associated with Employment
3% Income Tax

62% Tax on Products and Services
26% Environmental Tax
€2,444,000

### Impuestos recaudados



### Breakdown of total tax contribution and accounting results by geographical region

Spain was the jurisdiction where ENDESA logically contributed most to the payment of taxes, representing more than 92% of the total taxes paid and collected by ENDESA in 2019.

Figures in Millions of Euros

Importe total de los pagos realizados a las Administraciones Públicas						
Desglose por países en los que ENDESA opera						
País	España	Portugal	Francia	Alemania	Holanda	TOTAL
Impuestos soportados	1.656	12	1	0	0	1.669
Impuestos recaudados	2.114	135	114	70	11	2.444
<b>Contribucion Tributaria Total</b>	<b>3.770</b>	<b>147</b>	<b>115</b>	<b>70</b>	<b>11</b>	<b>4.113</b>
<b>Porcentaje CTT sobre el total</b>	<b>92%</b>	<b>4%</b>	<b>3%</b>	<b>2%</b>	<b>0%</b>	<b>100%</b>
Otros pagos regulatorios	España	Portugal	Francia	Alemania	Holanda	TOTAL
Bono Social	51	9	0	0	0	60
Eficiencia energética	29	0	0	0	0	29
Otros	0	0	5	0	0	5
<b>Total otros pagos a las Administraciones Públicas</b>	<b>80</b>	<b>9</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>94</b>
<b>TOTAL DE LOS PAGOS REALIZADOS A LAS ADMINISTRACIONES PÚBLICAS</b>	<b>3.850</b>	<b>156</b>	<b>120</b>	<b>70</b>	<b>11</b>	<b>4.207</b>



Importe total de los Resultados Contables							
Desglose por países en los que ENDESA opera							
Pais	España	Portugal	Francia	Alemania	Holanda	Marruecos	TOTAL
Ingresos totales	18.398	1.075	425	260			20.158
Resultado Contable antes de impuestos (1)	155	40	31	2		2	230
Impuesto sobre Beneficios Pagado (2)	444	(4)					440
Impuesto sobre Beneficios Devengado (3)	416	4	2				422
Ganancias acumuladas	6.898	(6)	3		2		6.897
Activos tangibles distintos de tesorería e instrumentos equivalentes a tesorería	20.957	367	5				21.329
Nº de empleados	9.839	60	44	9			9.952
Subvenciones públicas recibidas	273						273

- (1) The criterion for determining the accounting result is on a consolidated basis.
- (2) The data corresponding to the Income Tax corresponds to the Corporate Income Tax paid/collected in the reporting period. In this case, we would point out that ENDESA and its subsidiaries resident in Spain which are 100% owned, are part of the Tax Consolidation Group whose parent company is ENEL S.p.a., the Company representing the Tax Group in Spain being ENEL Iberia, S.L. Therefore, the figure recorded is the amount paid/collected by ENDESA and its subsidiaries included in the Tax Group, to ENEL Iberia, S.L., which, in accordance with the tax regulations declares and settles the tax of the Tax Group with the Tax Administration. On the other hand, for the rest of the subsidiaries of the consolidated commercial group that are not part of the fiscal consolidation group, the amount paid / charged to the Tax Administration is taken into account.
- Morocco consolidates in the group by the equity method, so the accounting result corresponds to the result after taxes in the percentage in which ENDESA participates.
- (3) Accrued Income Tax corresponds to the Current Corporation Tax recognised in the period.

### 1.3.3.3. Use of tax havens

ENDESA's policy is that investments are not made in or through territories classified as tax havens in order to reduce the tax burden. They are only carried out if there are important economic reasons that justify it other than the one mentioned. Furthermore, ENDESA has never used entities located in tax havens in order to hide the true owner of income, activities, assets or rights.

It is true that ENDESA has carried out in the past some non-material activity in other countries which, while not considered tax havens by the Spanish tax authorities, are considered by certain external observers as territories that, they believe enjoy more favourable tax regimes than Spain. ENDESA is well aware of how important it is to be seen by society always to act with absolute transparency, and has therefore considered it advisable to report on the activities carried out by its subsidiaries in these territories which, without being tax havens, are sometimes considered to enjoy low tax pressure, as is the case of the Netherlands. In any case, it is important to mention that the Netherlands, although it is included in the Tax Justice Network list (November 2009), has an Agreement with Spain to avoid Double Taxation with an information exchange clause, signed in October 1972 and maintains a rate of Corporation Tax very similar to that existing in Spain.

ENDESA's only financial company in the country is International Endesa, B.V. (IEBV), a company incorporated in 1993 and wholly owned by Endesa, S.A. to raise funds through, among other things, the Euro Medium Term Note (EMTN) and Euro Commercial Paper Programme (ECP) debt issuance programmes. The economic and judicial characteristics of the Netherlands at the time these activities were started allowed more



efficient access to financial markets with a legal context recognised by investors. The recent evolution in the regulations of the Spanish market now allows the operational transfer of these activities to Spain. The Dutch company has already moved the activity of issuing ECPs to ENDESA, S.A. and is in the process of transferring the only remaining live EMTN issue. If the transfer can be completed, IEBV will be dissolved.

### **1.3.4. Creating value for shareholders**

#### **1.3.4.1. ENDESA's stock market performance**

##### **102-7**

This past year was a positive year for international financial markets, which closed with generally high returns in both equity and fixed income markets. This evolution was achieved despite the uncertainty generated by Brexit in Europe and the trade tensions between China and the United States, which put global economic growth at risk. Thanks to the changes in monetary policy made by the central banks to deal with the situation, the main global stock indices managed to close the year with double-digit increases, mostly offsetting the losses posted in the previous year.

A total of 22 shares in the IBEX-35 closed 2019 in positive territory, with 10 of them registering increases of more than 20% at closing and four of them with revaluations greater than 40%.

The main stocks in the energy sector closed in prominent positions within the index, leading the way by capitalisation. Shares in the oil and energy sectors amounted to Euros 143 billion in market capitalisation at year-end compared with Euros 129.5 billion for the banking sector.

Within this ranking, ENDESA, S.A. shares were in the second best position in the sector, and in the number 13 position within the IBEX-35, with an upward trend throughout 2019 and an accumulated revaluation of 18.18%. Within the European sector index Eurostoxx Utilities, which closed with an increase of 22.2%, ENDESA, S.A. shares were also in an outstanding seventh position.

ENDESA's shares behaved positively during the first half of the year, buoyed by the presentation of the draft of the National Energy and Climate Plan 2021-2030 and by the signing of the Nuclear Protocol for the gradual closure of nuclear power plants by ENRESA and companies in the sector. The biggest ups and downs in the annual evolution of ENDESA's shares occurred in July, when the first drafts of the new remuneration for the sector were published by the National Commission on Markets and Competition (CNMC), although the stock resumed its upward trend shortly afterwards.

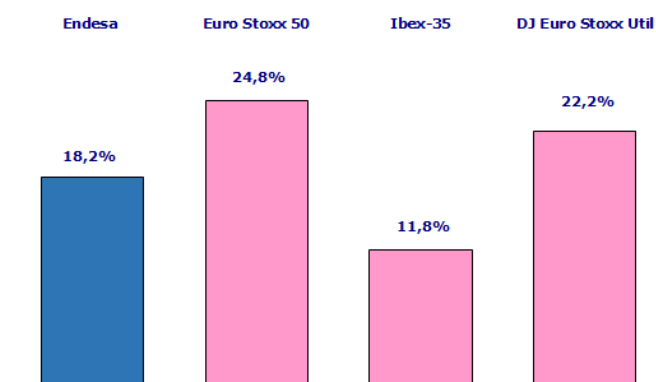
The second half of the year was marked by the announcement of the discontinuation of the operation of the mainland coal-fired power plants and by the presentation of the Company's new Strategic Plan 2020-2022, betting heavily on renewable energy and digitisation. This ambitious Strategic Plan, which will allow ENDESA to lead the energy transition process that has begun in the country, received a very favourable reception from the market, which has continued to appreciate the Company's solid evolution, the stability of its income and the high dividend yield granted to its shareholders.

#### **Main statistical data of ENDESA shares in 2019**

Mercado continuo	Máximo	Mínimo	Medio	Cierre	% Revalorización anual	% Rentabilidad total	Volumen títulos negociados
ENDESA (€/acción)	25,490	20,070	22,948	23,790	18,2%	25,3%	404.075.920

Fuente: Bolsa de Madrid

## ENDESA's performance on the Madrid Stock Exchange and comparison with the main benchmarks. Year 2019



### 102-7

At the end of the year, ENDESA's market capitalisation stood at Euros 25,188 million, placing it as the eighth largest capitalisation of the Ibex-35, one position above the previous year.

### 1.3.4.2. Dividend

#### 103-1 Management Approach: Economic Performance / 103-2 Management Approach: Economic Performance / 103-3 Management Approach: Economic Performance

In line with the Dividend Policy approved by ENDESA's Board of Directors on 20 November 2018 for the period 2018-2021, ENDESA's General Shareholders' Meeting held on 12 April 2019, approved the distribution of a total ordinary dividend charged to the final profit for financial year 2018 for a gross amount of Euros 1.427 per share, an amount equivalent to Euros 1,511 million in total. This dividend was paid to shareholders in two cash payments made on 2 January 2019, Euros 0.70 gross per share (Euros 741 million in total), and 2 July 2019, Euros 0.727 gross per share (Euros 770 million).

For the coming years, the Dividend Policy for the 2019-2022 period, approved by the Company's Board of Directors at its meeting held on 26 November 2019, establishes that the Board of Directors will see to it that, for the years 2019 and 2020, the ordinary dividend per share approved for distribution for those years will be equal to 100% of the net ordinary profit attributable to the Parent Company in the consolidated financial statements of the Group headed by it.

For financial year 2021, the Board of Directors will ensure that the ordinary dividend per share approved for distribution for the year is equal to 80% of the net ordinary profit attributable to the Parent Company in the Group's consolidated financial statements.

For financial year 2022, the Board of Directors will ensure that the ordinary dividend per share approved for distribution for the year is equal to 70% of the net ordinary profit attributable to the Parent Company in the Group's consolidated financial statements.

The intention of the Board of Directors is that the ordinary dividend be paid exclusively in cash in two payments (January and July) on such specific date as may be determined in each case and which will be appropriately disseminated.

With regard to ordinary dividends charged to 2019 results, ENDESA, S.A.'s Board of Directors agreed to distribute to its shareholders an interim dividend for a gross amount of Euros 0.70 per share.

**103-1 Management Approach: Economic Performance / 103-2 Management Approach: Economic Performance / 103-3 Management Approach: Economic Performance**

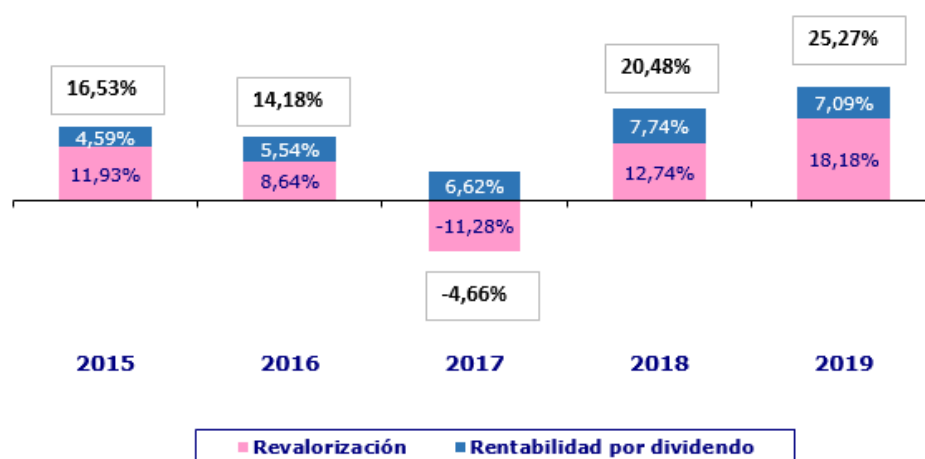
### 1.3.4.3. Shareholder return

The total return for ENDESA shareholders reached a positive value of 25.27% in 2019, since the return provided by the dividends paid in the year, 7.09%, was added to the 18.18% appreciation of the share.

In the last five years, the average total return to ENDESA shareholders has been 14.36%.

*The total return on the ENDESA share in 2019 was + 25.3%*

### Evolution of total return to ENDESA shareholders 2015-2019



### 1.3.5. ENDESA's non-financial performance

#### Fulfilment of ENDESA's 2019-2021 Sustainability Plan

ENDESA is aware that the rendering of accounts on its economic performance in the foregoing pages, while important, provides only part of the picture of the company's overall performance. In order for all stakeholders to have a complete and real view of ENDESA's performance, it is necessary to complete this rendering of economic accounts with the one on its performance in non-financial aspects. For this, in addition to preparing the Statement of Non-financial Information, available at [www.endesa.com](http://www.endesa.com), ENDESA presents this sustainability report, which includes its main achievements and provides monitoring of progress against the objectives set in its Sustainability Plan 2019-2021

The Plan, driven by innovation, established four strategic priorities: growth through low-carbon technologies and services; operational improvement for better service, involvement and inclusion of local communities; involvement and inclusion of our people, and five basic pillars for responsible management: Occupational Health and Safety, Good Governance and ethical conduct, Environmental sustainability, Sustainable supply chain and creation of economic value.




#### 2019-2021 ENDESA Sustainability Plan





Energy transition
Decarbonisation
Digitalisation
Electrification
Urban planning
Customers
Innovation boost
Growth through low carbon technologies and services
Operational improvement for a better service
Involvement and inclusion of local communities
Involvement and inclusion of our people
Occupational Health & Safety



Good governance and ethical conduct
Environmental sustainability
Sustainable supply chain
Creation of economic value

ENDESA has responded to each of the priorities and strategic pillars defined in the 2019-2021 Sustainability Plan, through more than 100 quantitative management objectives, with an overall attainment rate of more than 92%.



		Línea de actuación	Objetivo 2019	Resultado 2019	Consecución
Objetivos del Plan	 Crecimiento a través de tecnologías y servicios bajos en carbono	Reducción de las emisiones absolutas de CO <sub>2</sub> (Mton)	27,95	17,31	88%
		Reducción de emisiones específicas CO <sub>2</sub> (g/kWh)	382	282	
		Producción libre de CO <sub>2</sub> (% producción)	52%	59%	
		Desarrollo de las energías renovables <sup>1</sup> (MW instalados)	7.439	7.452	
		Mejoras ambientales en las centrales térmicas (ME)	48,6	89,2	
		Instalación de capacidad de almacenamiento (MW)	17	0	
		Disminución de la capacidad térmica fósil instalada <sup>1</sup> (MW instalados)	13.605	13.625	
		Producción a partir de fuentes renovables (GWh)	11.436	10.090	
		Eficiencia de las instalaciones de energía eólica	94,8%	94,8%	
		Eficiencia de las centrales de energía hidráulica	98,8%	97,8%	
	 Mejora operativa para un mejor servicio	Instalaciones de generación térmica certificadas por ISO 9001	100%	100%	93%
		Instalaciones de generación renovable certificadas por ISO 9001	100%	100%	
		Pérdidas de electricidad en distribución <sup>2</sup> (%)	9,2%	9,53%	
		Tiempo de Interrupción (TIEPI) propio + programado (min)	55,5	67,6	
		Recuperación de energía (GWh)	1.311	774	
		Instalación de estaciones de servicio GNV abiertas al público	18	13	
		Inversión en digitalización en centrales térmicas	16,34	14,48	
		Disposición de productos eficientes y sostenibles a través de la tienda online	1.400	1.361	
		Mejora de la satisfacción global del cliente	7,4	7,4	
		Promoción de la innovación abierta (Nº proyectos + Nº retos)	8+3	8+18	
1: Capacidad instalada bruta // 2: Criterio O5					
Objetivos del Plan	 Mejora operativa para un mejor servicio	Promoción de la colaboración con startups (nº proyectos)	5	9	93%
		Promoción de la digitalización de activos, cliente y personas (M €)	349,98	352,21	
		Digitalización de los clientes (M de contratos)	4,2	4,8	
		Promoción facturación electrónica (M contratos)	3,5	3,8	
		Crecimiento ventas digitales (% s/ total de ventas)	14,5%	10%	
		Promoción de las gestiones e-care	83,5%	87%	
		Inversión en el desarrollo de e-solutions (M €)	63,7	26	
		Venta de e-solutions (margen obtenido miles M€)	0,1	0,1	
		Promoción del canal on-line Tveenergy (M visitas)	5,66	4,92	
		Puntos de recarga de vehículos eléctricos de acceso público	393	322	
		Baja Tensión: Instalación de Telecontadores (M telecontadores acumulado)	12,3	12,2	
		Media Tensión: Instalación de Telemandos (miles telemandos acumulado)	21.491	20.858	
		Alta Tensión: Actualización del Telecontrol (nº remotas actualizadas)	257	260	
		Promoción de la ciberseguridad en las aplicaciones web expuestas a internet	100%	100%	
		Respuesta ante emergencias cibernéticas (obtención acreditación nacional del CERT)	Acreditación	Realizado	
		Promoción de la sensibilización sobre ciberseguridad en empleados y familiares	15	16	
		Verificación de la seguridad de las TIC	350	800	

	Ámbito	Línea de actuación	Objetivo 2019	Resultado 2019	Consecución
Objetivos del Plan	 Involucración e inclusión de nuestras personas	Actuaciones de mejora en las zonas de trabajo en oficinas (n° empleados beneficiados)	1.711	569	93%
		Servicios en las sedes de Endesa que favorezcan la conciliación (n° servicios)	76	74	
		Promoción del smartworking (n° empleados)	1.300	2.399	
		Seguridad de viajes (% viajes cubiertos)	100%	100%	
	 Buen gobierno y conducta ética	Discapacidad: Nominación de punto focal	1	1	100%
		Presencia de mujeres en el Consejo de Administración de Endesa	18%	18%	
		Mantener la certificación cumplimiento penal (UNE 19001) y anti-soborno (UNE-ISO 37001)	Mantener	Realizado	
		Verificación anual de los controles del MPRP (prevención riesgos penales)	Verificación	Realizado	
		Formación en conducta ética a Empleados en los últimos 3 años (% empleados) <sup>1</sup>	97,5%	100%	
		Denuncias verificables analizadas en un plazo no mayor a 90 días	100%	100%	
		Puntuación obtenida en el criterio de conducta ética del DJSI index	>95	98	
		Promoción de las prácticas de buen gobierno	Supervisión y reporte anual al CAC del MPRP	Realizado	
		Política de diversidad y seguimiento de la política	Extensión a los comités de supervisión	Realizado	
		Evaluación del consejo de Administración con apoyo de consultor independiente	Evaluación trienal	Realizado	
		Supervisión del plan de acción de la Due diligence de Derechos Humanos	Seguimiento anual por parte del CAC	Realizado	

1: % Acumulado sobre la plantilla actual


	Ámbito	Línea de actuación	Objetivo 2019	Resultado 2019	Consecución
Objetivos del Plan	 Involucración e inclusión de las comunidades locales	Promoción del acceso a la energía (n° beneficiarios)	300.000	423.488	100%
		Apoyo a la educación (n° beneficiarios)	52.000	73.287	
		Desarrollo socioeconómico (n° beneficiarios)	130.000	133.052	
		Sensibilización ambiental y promoción de la biodiversidad (n° beneficiarios)	150.000	330.017	
		Extensión del modelo de creación de valor compartido en las operaciones locales	CSV 26 Inst.	CSV 27 Inst.	
	 Involucración e inclusión de nuestras personas	Involucración en los procesos de evaluación del desempeño (% empleados)	100%	84%	93%
		Participación en los procesos de evaluación del desempeño (% empleados)	96%	NA <sup>1</sup>	
		Participación en las entrevistas de feedback sobre desempeño (% empleados)	93%	NA <sup>1</sup>	
		Alcance de la encuesta de clima (% empleados)	100%	100% <sup>2</sup>	
		Participación en la encuesta de clima (% empleados)	83%	71% <sup>2</sup>	
		Satisfacción de los empleados	65%	60% <sup>2</sup>	
		Altas globales de mujeres	35%	38%	
		Mujeres en posiciones de Dirección (manager)	18%	18,7%	
		Ratio Remuneración media mujer/hombre	97,5%	93,7%	
		Involucración de mujeres en acciones de orientación profesional en áreas STEM	475	595	
		Promoción de la transferencia de conocimiento (mentoring edad y género) (n° empleados)	90	140	
		Plan de sucesión TOP 200 (% mujeres identificadas como sucesoras)	37% <sup>3</sup>	36%	
		Desarrollo de la cultura Open Leadership en las posiciones de responsabilidad(n° personas)	19%	44%	
		Empleados participantes en programas formativos de transformación digital	462	2.139	
		Impulso de la formación a empleados (horas/empleador/año)	38	40,5	
		Impulso de la formación online a empleados (horas/empleador/año)	15	10,1	

1: La campaña de 2019 se ha lanzado el 27 de Enero hasta Marzo de 2020  
2: Encuesta barométrica  
3: Plan de sucesión a 2022



	Ámbito	Línea de actuación	Objetivo 2019	Resultado 2019	Consecución
Objetivos del Plan	 Seguridad y Salud Laboral	Accidentes mortales	0	1	78%
		Índice de frecuencia de accidentes combinado	0,8	0,88	
		Inspecciones de seguridad en instalaciones propias y de contratistas	70.000	81.728	
		Instalaciones evaluadas por el programa EoS (Extra Checking On site)	24	21	
		Realización de reconocimientos médicos a los empleados	6.500	6.526	
	 Sostenibilidad Ambiental	Sistemas de gestión ambiental certificados ISO 14001 (% instalaciones GX y Dx)	100%	100%	90%
		Reducción de la huella ambiental (vs año anterior)	17.301	10.833	
		Emisiones específicas de SO <sub>2</sub> (g/kWh)	0,61	0,43	
		Emisiones específicas de NO <sub>x</sub> (g/kWh)	0,93	0,94	
		Emisiones específicas de partículas (g/kWh)	0,02	0,02	
		Emisiones específicas de mercurio (mg/kWh)	0,002	0,001	
		Consumo específico de agua en generación (m3/MWh)	0,5	0,37	
		Residuos peligrosos y no peligrosos en generación (ton)	42.693	32.895	
		Reutilización de productos de combustión de las centrales de carbón (% cenizas, escorias y yesos)	21%	44%	
		Realización de proyectos de conservación de la biodiversidad	>20	26	
		Evaluación del impacto en la biodiversidad	NA <sup>1</sup>	NA	
		Certificación en gestión energética, ambiental y calidad del aire interior en oficinas	55%	57%	
		Reducción del consumo energético en edificios <sup>2</sup>	0,5%	8%	
		Reducción del consumo de agua en edificios <sup>2</sup>	0,5%	-4,5%	

1: Objetivo 2020-2023 // 2: Sólo se incluyen los edificios del SIGAEC (% reducción consumo respecto al año anterior)



	Ámbito	Línea de actuación	Objetivo 2019	Resultado 2019	Consecución
Objetivos del Plan	 Sostenibilidad Ambiental	Reducción de la generación de residuos de papel en oficinas <sup>1</sup>	10%	23%	90%
		Reducción del espacio en el conjunto de las oficinas (m2 reducidos)	21.304	10.829	
		Inversión para la Integración del espacio en el entorno (M €)	15,2	8,3	
		Actuaciones sociales y ambientales en activos patrimoniales	10	9	
		Reducción de emisiones de CO2 en edificios (ton)	11.176	7.944	
		Reducción de residuos plásticos de un solo uso en oficinas	28%	45%	
		Optimización de la flota (n° vehículos eléctricos)	358	93	
		Optimización de la flota (n° vehículos híbridos)	480	559	
		Optimización de la flota de combustión (n° vehículos de combustión en flota)	1.284	1.420	
		Promoción servicio e-carsharing (kms recorridos)	100.000	108.767	
		Programa e-mobility empleados (n° empleados)	10%	10%	
		Electrificación parking sedes (n° plazas)	550	558	
		Gestión responsable uso taxi (% pasajeros del taxi compartido y % kms en ecotaxi)	45%-72%	41%-74%	
		Reducción emisiones CO <sub>2</sub> flota de Endesa (Tns CO <sub>2</sub> emitidas)	4.104	5.076	
		Comparte e-coche (n° empleados)	75	53	
		Tarjeta transporte (n° empleados)	850	827	
		Proyectos segunda vida centrales con cese de actividad	1	1	

1: Sólo se incluyen los edificios del SIGAEC (% reducción consumo respecto al año anterior)

	Ámbito	Línea de actuación	Objetivo 2019	Resultado 2019	Consecución
Objetivos del Plan	 Cadena de suministro sostenible	Compras realizadas a proveedores calificados (% volumen compras)	80%	80,6%	90%
		% de las calificaciones realizadas a proveedores en las que se verifican aspectos de DDHH	85%	89%	
		% de las calificaciones realizadas a proveedores en las que se verifican aspectos ambientales	85%	89%	
		% de las calificaciones realizadas a proveedores en las que se verifican aspectos SSL	85%	89%	
		Evaluación del desempeño de los proveedores (% volumen compras)	65%	35%	
		Contratistas evaluados por aspectos sociales, éticos y ambientales	15%	11%	
	 Creación de valor económico y financiero	Incremento del EBITDA (mil ME)	3,7	3,7	100%
		Incremento del Beneficio neto (mil ME)	1,5	1,5	
		Inversiones (mil ME)	1,8	1,8	

## 1.4. RISK MANAGEMENT

### 1.4.1. 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 of level of success, preventing uncertain and future events from having a negative influence on its ability to achievement the company's profitability objectives, its operations, sustainability, resilience or reputation in a sustained manner over time, providing an adequate level of guarantees to shareholders and safeguarding their interests, as well as those of customers and other stakeholders.

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

The General Risk Control and Management Policy is implemented through an Internal Control and Risk Management System, 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 three 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 consolidation and appraisal of risk exposure of the Company's various business units and areas, as well as the development of management information for taking decisions on risk and the appropriate use of capital.

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

- **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 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 evaluations of impact and probability 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 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.

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

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

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

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

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

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

The functions of verification, monitoring and updating of the Compliance System are performed by the Criminal Risk 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.

### **1.4.3.- The Internal Control System for Financial Reporting**

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.

### **1.4.4. 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.

### **1.4.5. Main sustainability risks**

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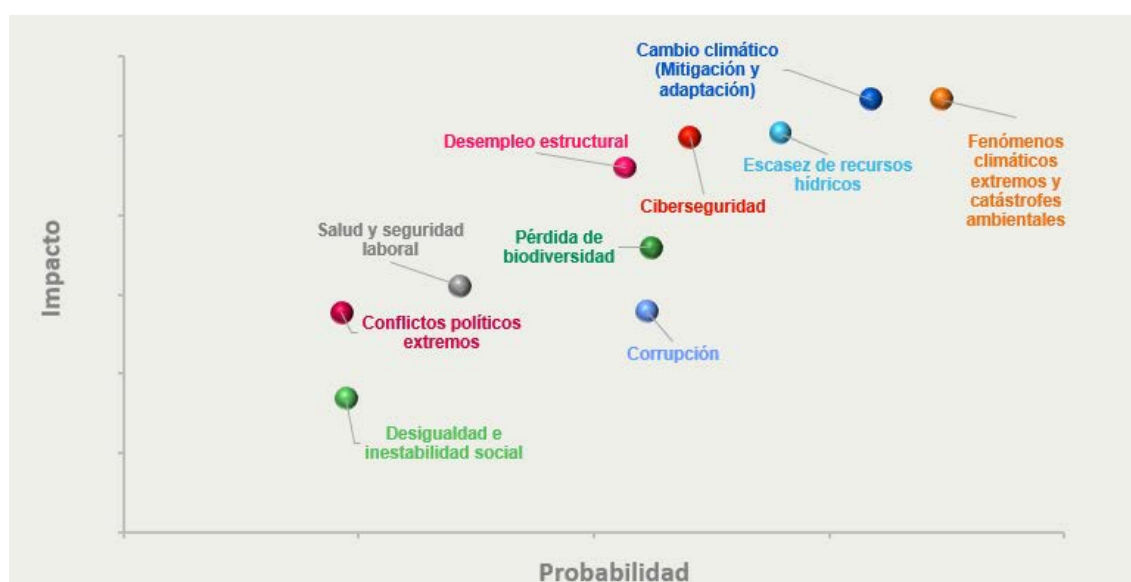
ENDESA is exposed to certain risks that it manages through the application of identification, measurement, control and management systems. In this sense, the different types of risk, financial and non-financial (operational, technological,

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 was adjusted to ENDESA's operating context based on the Company's consultation of stakeholders as part of the materiality study, which thus enabled it to identify the most significant sustainability risks, and on its consultation of stakeholders within the Human Rights Due Diligence to identify risks at 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 Sustainabilitycs.

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	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

	the different climate change scenarios.	has been reinforced, announcing the cessation of the mainland coal-fired activity in 2022, which found expression during 2019 in the request for the closure of the thermal power plants of Litoral and As Pontes, which completes the closure requests for the Teruel and Compostilla plants made in 2018. Additionally, in 2019 we obtained authorisation for the closure of generators 1 and 2 of the Alcadia plant, requested in 2018. That same Plan contemplates an increase in the period between 2020 and 2022 of approximately 40% in installed renewable capacity.
		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.
<b>Extreme Weather 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>The Company also participates actively and continuously over time both in national and international initiatives and in the development of studies and projects in order to deepen the evaluation of the impacts of climate change on the infrastructure elements that allow it to establish adaptation measures to minimise risks.</p> <p>Additionally, it prepares its facilities for possible eventualities derived from extreme climatic phenomena and environmental catastrophes. In this regard, among other actions, in 2018 the deployment of emergency plans for hydroelectric dams was completed.</p> <p>ENDESA has environmental liability and civil liability insurance to deal with potential breaches of environmental regulations and cover claims arising from damage to third parties.</p>
<b>Cybersecurity</b>	<p>The digital transformation entails greater exposure to potential cyber attacks that may jeopardise the security of computer systems and databases with sensitive information.</p>	<p>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.</p> <p>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.</p>
<b>Inequality and Social Instability</b>	<p>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.</p> <p>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.</p>	<p>ENDESA is developing different actions to facilitate access to energy for vulnerable groups.</p> <p>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.</p> <p>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.</p>
<b>Loss of Biodiversity</b>	<p>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.</p> <p>Increased environmental requirements for the development of new electricity generation and distribution projects.</p>	<p>ENDESA within its Biodiversity Conservation Plan, develops projects for the protection, conservation and enhancement of Biodiversity, promotes the increase of its scientific knowledge, seeks synergies that help its conservation and develops tools that help to understand the interaction of biodiversity with the activity it develops.</p>

<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, which leads to lower demand for energy and value-added products and services and a greater volume of customers in vulnerable economic situations, with difficulties in paying the electricity bill.	<p>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.</p> <p>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.</p> <p>In addition, ENDESA incorporates sustainability criteria in its tenders, among which, in general, it prioritises the supplier/contractor to employ local workers.</p> <p>ENDESA establishes agreements with the Public Administration to avoid the supply cut of vulnerable customers and thus reduce the risk of default.</p> <p>In addition, ENDESA has a series of rates according to the economic situation of the different groups (PVPC, Small Consumer Sale Price) as well as the management of the "Bono Social" discount rate for those in a vulnerable financial situation.</p>
<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>Occupational Health and 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>Extreme Political Conflicts</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.

## 1.5 MATERIALITY STUDY

### 1.5.1. Process of identifying priority issues

102-46

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 AA 1000 international standards, 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.

## 1.5.2. Stakeholders' participation

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.

Based on the Enel Group's "Open Power" positioning, ENDESA establishes the commitment to maintain a continuous dialogue with stakeholders, through which the company further opens up to participation and collaboration, in order to successfully face the future challenges. All this contributes to improving risk and opportunity management, early identification of relevant trends and issues, enhancing credibility and trust, allowing the creation of synergies, favouring decision-making processes and sifting of opportunities for improvement and business opportunities.

The supervision of the stakeholder management process is included among the responsibilities of the Audit and Compliance Committee of ENDESA's Board of Directors.

### 1.5.2.1. Identification of stakeholders

102-40/102-42

All ENDESA units carry out a review, identification and cataloguing of the company's stakeholder list annually, both globally and territorially, to ensure that all relevant stakeholders are considered. 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.

The stakeholders identified in this process are the following:

Level I	Level II	Level III
Business community		
	Companies/Competitors	

		Local businesses
		Multinationals/Foreign companies
		National Companies
		Public enterprises
	Unions	
		Local unions
		National unions
		Transnational unions
	Trade and professional associations	
		Local trade associations
		National trade associations
		Professional associations
		Transnational trade associations
	Business associations	
		Local partners
		National partners
		Global partners
<b>Civil society and local communities</b>		
	Citizens/Public opinion	
		International public opinion
		Owners
		Local citizens and public opinion
		National citizens and public opinion
		Disadvantaged groups and minorities
	Educational and research institutions	
		Primary and secondary school
		University, technical and research institutions
	Environmental NGOs and interest groups	
		International environmental NGOs and interest groups
		Local environmental NGOs and interest groups
		National environmental NGOs and interest groups
	Foundations and voluntary associations	
		International voluntary foundations and associations



		Local voluntary foundations and associations
		National voluntary foundations and associations
	NGOs and interest groups other than environmental	
		International NGOs and interest groups other than environmental
		Local NGOs and interest groups other than environmental
		National NGOs and interest groups other than environmental
	Sustainable development networks	
		Networks that develop sustainability in other areas
		Networks that develop sustainability in the area in which the Company operates
	Opinion leaders	
		International opinion leaders
		Local opinion leaders
		National opinion leaders
	Religious institutions	
		International religious institutions
		Local religious institutions
		National religious institutions
<b>Customers</b>		
	Consumer associations	
		Consumer associations
	End customers of the electricity market	
		Business end customers of the electricity market
		Residential end customers of the electricity market
	End customers of the gas market	
		Business end customers of the gas market
		Residential end customers of the gas market
	Potential customers	
		Business Potential End Customers
		Residential Potential End Customers
<b>Financial community</b>		



	Rating agencies and financial analysts	
		National rating agencies
		International rating agencies
	Investors	
		Institutional investors (incl. SRIs)
		Retail investors
	Financial institutions and related government agencies	
		Banks
		Institutional shareholders
		Other financial institutions
		Public financial institutions
		Retail bond holders
		Governing bodies
<b>Institutions</b>		
	Control authorities and bodies	
		Local and regional authorities and control bodies
		National authorities and regulators
		Transnational authorities and regulators
	Government institutions	
		Local government
		National government
		Regional government
		Transnational government institutions
		Transnational multinational institutions
	Law enforcement	

		Local law enforcement agencies
		National law enforcement agencies
		Supranational / Federal Law Enforcement Agencies
	Political parties	
		Political parties
<b>Media</b>		
	Traditional media	
		Traditional media reaching international audience
		Traditional media reaching local audiences in areas of interest
		Traditional media reaching national audience
	Digital and social media	
		Social network
		National digital media related to local and national affairs
		International digital media related to local and national affairs
<b>Our people</b>		
	Employees	
		Blue-collar employees
		Scholarships and temporary workers
		Intermediate positions
		Senior positions
		White-collar employees
	Union representatives	
		Union delegates
		Works councils
<b>Suppliers and contractors</b>		
	Contractors	
		Local contractors
		Multinational contractors
		National contractors
	Fuel suppliers	
		Local fuel suppliers
		Multinational fuel suppliers
		National fuel suppliers
	Potential suppliers and contractors	
		Potential suppliers and contractors
	Goods and services suppliers	
		Local suppliers
		Multinational suppliers

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

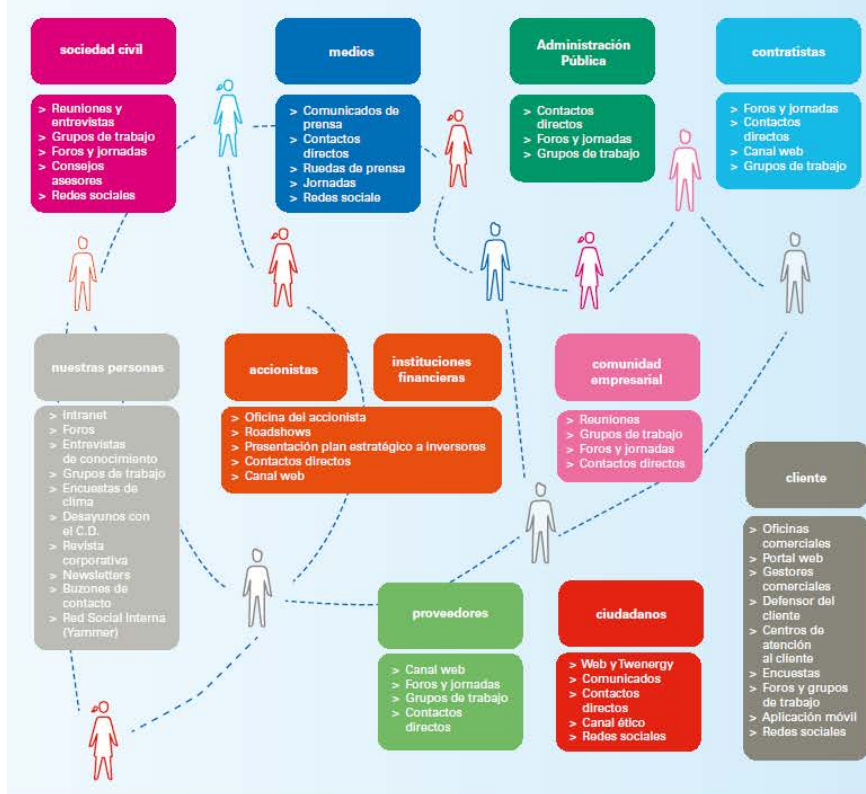
### 102-43

ENDESA's operational excellence relies on continuous interaction with them through the use of various communication channels and procedures, which allows it to acquire a solid knowledge of stakeholders' needs and expectations and how they evolve.

During 2019, ENDESA maintained continuous dialogue with its stakeholders through various different communication channels.

Stakeholder	Main Communication Channels
Public Administration	· Direct contacts
	· Forums and conferences
	· Working groups
Shareholders and Financial Institutions	· CNMV
	· Corporate website
	· Investor Relations Department: Roadshows, Quarterly Results Presentations and Strategic Plan
	· Shareholder Office
	· Shareholders' General Meeting
	· Communications with proxy advisors
Customers	· Sales offices
	· Sales managers
	· Web channel
	· Customer service centres
	· Forums and Working Groups
	· Mobile app
	· Social networks
Business Community	· 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
	· Forums and conferences
	· Web channel
	· Web and Twenergy
	· Social networks
	· Ethical channel
	· Sustainability Mailbox
Suppliers and Contractors	· Direct contacts
	· Web channel
	· Committees
	· Forums and conferences
	· Working groups

## PRINCIPALES CANALES DE COMUNICACIÓN CON LOS GRUPOS DE INTERÉS



MAIN CHANNELS OF COMMUNICATION WITH STAKEHOLDERS
civil society
Meetings and interviews
Working groups
Forums and conferences
Advisory councils
Social networks
media
Press releases
Direct contacts
Press conferences
Conferences
Social networks
Public Administration
Direct contacts
Forums and conferences
Working groups
contractors
Forums and conferences
Direct contacts
Web channel
Working groups
our people

Intranet
Forums
Knowledge interviews
Working groups
Climate surveys
Breakfasts with CEO
Corporate magazine
Newsletters
Contact mailboxes
Internal Social Network (Yammer)
shareholders
financial institutions
Shareholder Office
Roadshows
Strategic plan presentation to investors
Direct contacts
Web channel
business community
Meetings
Working groups
Forums and conferences
Direct contacts
customer
Sales offices
Web portal
Sales managers
Customer ombudsman
Customer service centres
Surveys
Forums and working groups
Mobile app
Social networks
suppliers
Web channel
Forums and conferences
Working groups
Direct contacts
citizens
Web and Twenergy
Press releases
Direct contacts
Ethical channel
Social networks

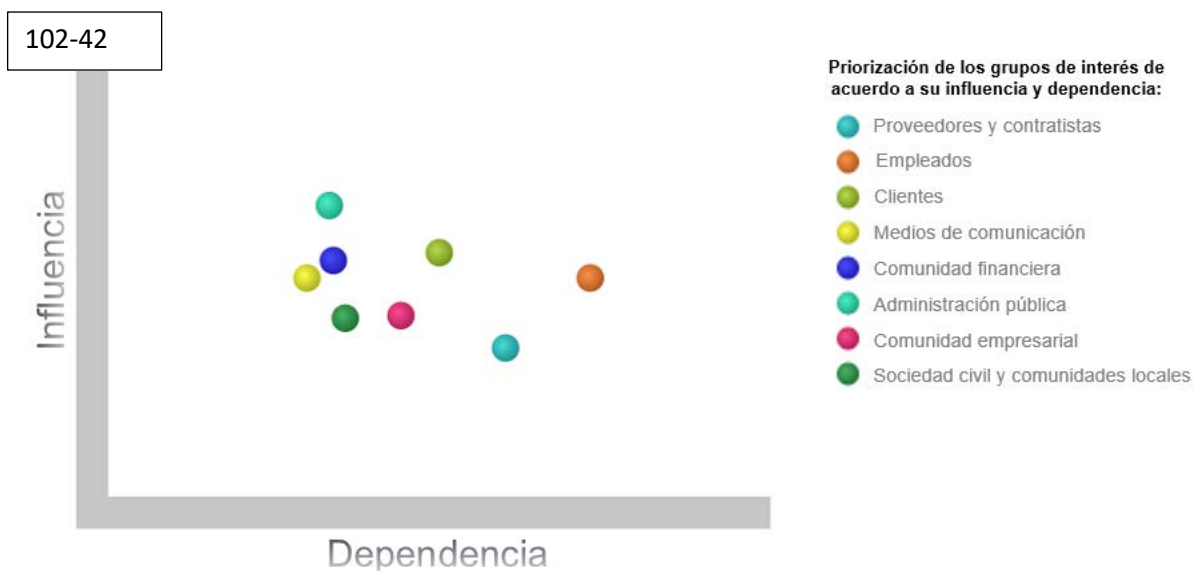
### 1.5.2.3. Prioritisation of stakeholders

#### 102-42

This prioritisation is carried out according to three variables: the level of dependence on the activity of the company, the ability to influence the decision-making process of the company and the level of special and immediate attention required by the stakeholder.

This analysis in 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 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.

### 1.5.3. Material aspects

#### 1.5.3.1. Materiality study

##### 102-46

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

- 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.

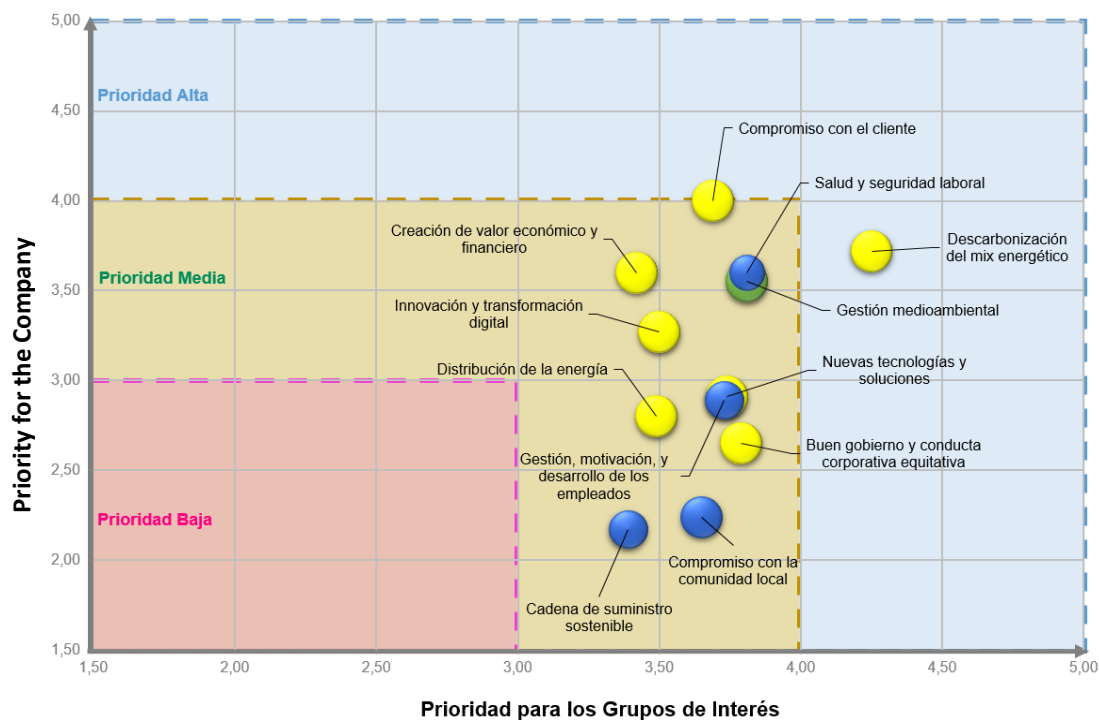
- Focus group with key employees in the management of the Company's sustainability issues.
- In-depth interviews with ENDESA Senior Management.
- Analysis of existing reports that incorporate issues related to the sustainability of the Company: corporate reputation report, Employee Climate survey, customer satisfaction survey and other studies carried out in previous years.

### 1.5.3.2. Results of the materiality study

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

**102-47/102-15**

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:



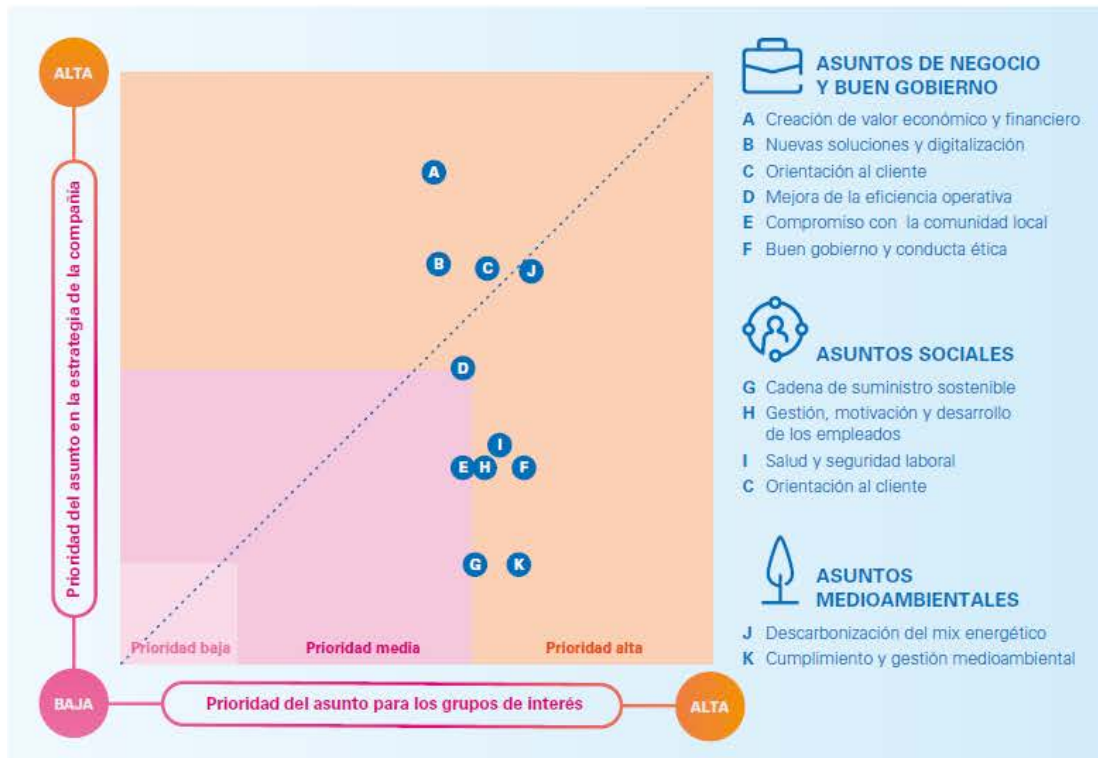
Legend:

Business & Governance  
Dimension

Environmental  
Dimension

Social Dimension

**102-47/102-15**



HIGH
Business priority in company strategy
LOW
Priority of issue for stakeholders
Low priority
Medium priority
High priority
BUSINESS MATTERS AND GOOD GOVERNANCE
A Economic and financial value creation
B New solutions and digitalisation
C Customer orientation
D Improved operational efficiency
E Commitment to the local community
F Good governance and ethical conduct
SOCIAL AFFAIRS
G Sustainable supply chain
H Management, motivation and development of employees
I Occupational Health and Safety
C Customer orientation
ENVIRONMENTAL ISSUES
J Decarbonisation of the energy mix
K Compliance and environmental management

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.

**Decarbonisation of the energy mix** The decarbonisation of the economy and the greater integration of energy from renewable sources into the energy mix are the main trends to be followed in the future market by companies in the electricity sector. After consulting the various stakeholder groups, there is unanimity on the importance of a fair and orderly transition that increasingly integrates renewable energy into its energy mix and progressively reduces energy from conventional sources to minimal or zero levels. Other aspects such as emission mitigation and offset also stand out, with the reduction and elimination of emissions being the desired priority option.

ENDESA, aware of its role in this regard and of its ability to contribute to achieving a low-carbon economy, has included as one of its priorities a gradual reduction of greenhouse gas (GHG) emissions associated with electricity production by placing greater emphasis on energy from renewable sources and optimising the management of traditional technologies. Proof of this is the new update of the Strategic Plan 2020-2022 in which ENDESA announces a 70% reduction in specific emissions by 2030 and complete decarbonisation of the energy mix by 2050.

**Engagement with customers** Currently, a very important transformation is taking place in the energy sector worldwide, promoted by the emergence of a new, more active customer profile, one that demands greater decision-making capacity in the management of their energy consumption. The customer is a major actor for ENDESA, and therefore this matter is of great importance for most of the stakeholder groups analysed.

Companies in the energy sector try to establish long-term relationships with their customers. In this regard companies focus their efforts on implementing policies that favour the accessibility and transparency of information on the services contracted by consumers and, additionally there is a notable increase in the number of surveys aimed at gaining an understanding of users' needs, focusing mainly on the points that consumers rate as priority. The price of energy and the advice available when contracting a service are the variables to which users attach the greatest importance.

Likewise, excellence in commercial service must be the main value in the relationship with the customer, always seeking maximum efficiency and constant improvement. ENDESA has a plan for excellence in commercial service aimed at offering its customers the best possible care and considers customer orientation to be one of the fundamental lines of action of its 2020-2022 Sustainability Plan.

Accompanying the two most important issues are optimal management of occupational health and safety, which has a direct impact on companies' economic performance since it allows productivity to be increased and associated personnel costs to be reduced, and environmental management.

This last material issue, which this past year has proven to be one of the most significant issues, has become a global priority in the past few years. In this context, the correct and early identification of risks and impacts and their mitigation pose a challenge that companies in the energy sector have to face if they do not wish to see their reputations damaged.

Most of the stakeholder groups analysed agree on the need to incorporate environmental management and environmental protection criteria to a greater extent in their decision-making, in addition to other types of criteria more directly related to the business.

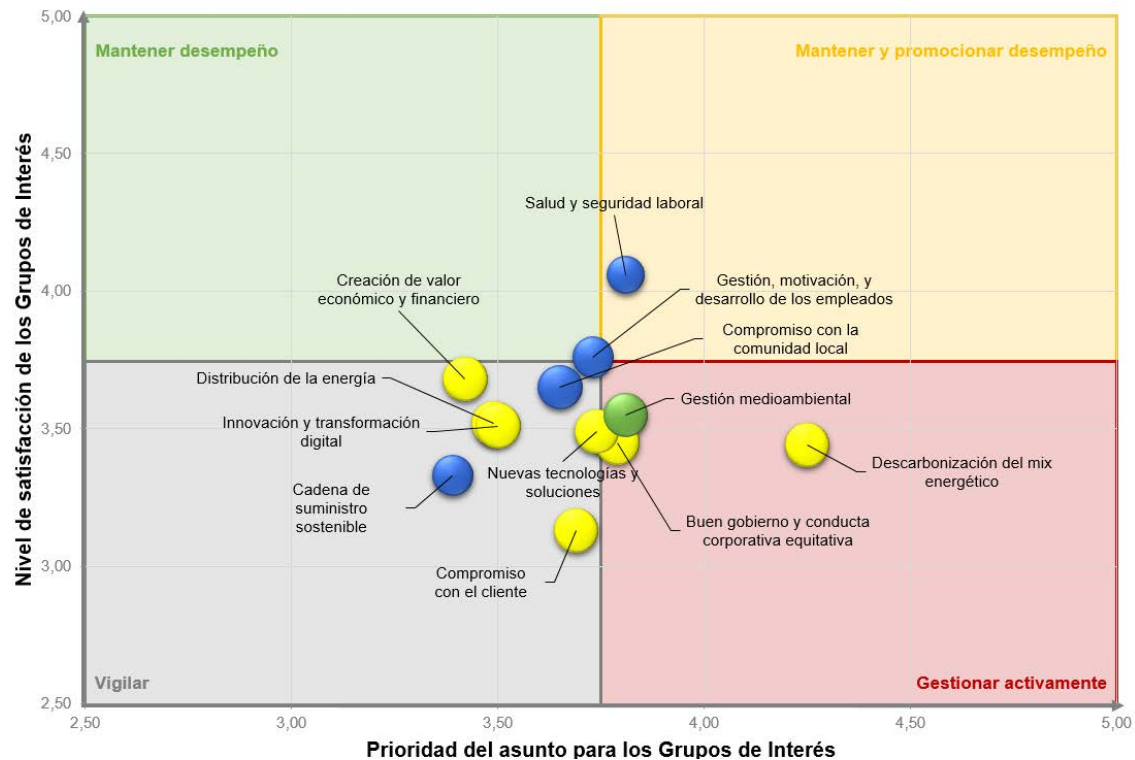
The conservation of biodiversity and the protection of natural capital stand out as important issues, raising the need for the Company to establish specific biodiversity strategies and policies that promote its care and conservation.

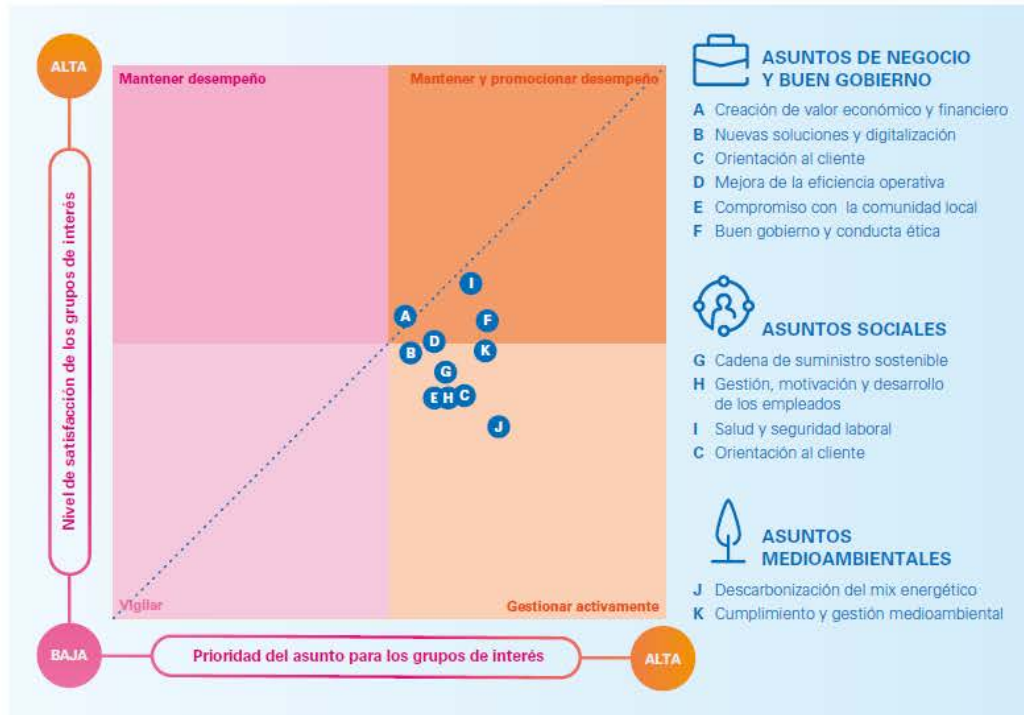
In this sense, ENDESA, always committed to excellence in environmental management, continues to assume among its environmental priorities aspects such as the improvement of air quality, the efficient use of energy and the promotion of responsible consumption of water resources.

### 1.5.3.2.2. Stakeholders' satisfaction

In its 2019 materiality study, ENDESA analysed the level of satisfaction of stakeholders with respect to the various sustainability issues. The results are shown in the graph hereunder:

102-15





102-15

HIGH
Level of satisfaction of the stakeholders
LOW
Priority of issue for stakeholders
Maintain performance
Maintain and promote performance
Oversee
Manage actively
BUSINESS MATTERS AND GOOD GOVERNANCE
A Economic and financial value creation
B New solutions and digitalisation
C Customer orientation
D Improved operational efficiency
E Commitment to the local community
F Good governance and ethical conduct
SOCIAL AFFAIRS
G Sustainable supply chain
H Management, motivation and development of employees
I Occupational Health and Safety
C Customer orientation
ENVIRONMENTAL ISSUES
J Decarbonisation of the energy mix
K Compliance and environmental management




According to the stakeholders consulted, prominent among the aspects that the company should manage more actively is the decarbonisation of the energy mix. In this regard, the material issues identified as having a low level of stakeholder satisfaction form part of the strategic priorities in the new ENDESA Sustainability Plan 2020-2022 in order to respond to their expectations.

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

102-44

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

Asunto \ Grupo de Interés	Comunidad Empresarial	Clientes	Comunidad Financiera	Instituciones	Sociedad Civil y CCLL	Medios	Empleados	Proveedores y Contratistas
Creación de valor económico y financiero								
Buen gobierno y conducta corporativa equitativa								
Compromiso con el cliente								
Nuevas tecnologías y soluciones								
Innovación y transformación digital								
Distribución de la energía								
Descarbonización del mix energético								
Gestión medioambiental								
Gestión, motivación y desarrollo de los empleados								
Salud y Seguridad laboral								
Cadena de suministro sostenible								
Compromiso con la comunidad local								

 Valores de prioridad de 3,8 a 5,0  
 Valores de prioridad de 2,6 a 3,8  
 Valores de prioridad de 1,4 a 2,6

Stakeholder
Issue
Business Community
Customers
Financial community
Institutions
Civil Society and Local Corp
Media
Employees
Suppliers and Contractors
Economic and financial value creation
Good governance and fair corporate behaviour
Engagement with the customer
New technologies and solutions
Innovation and digital transformation
Energy distribution
Decarbonisation of the energy mix
Environmental management
Management, motivation and development of employees
Occupational Health and Safety
Sustainable supply chain
Commitment to the local community
Priority values from 3.8 to 5.0

Priority values from 2.6 to 3.8
Priority values from 1.4 to 2.6

The matrix shows differences among stakeholder groups as to the identification of the most important sustainability issues, with most stakeholder groups assigning higher levels of importance to issues more relevant to themselves.

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

Asunto	Grupo de Interés	Comunidad Empresarial	Clientes	Comunidad Financiera	Instituciones	Sociedad Civil y CCLL	Medios	Empleados	Proveedores y Contratistas
Creación de valor económico y financiero					N/A				
Buen gobierno y conducta corporativa equitativa					N/A				
Compromiso con el cliente					N/A				
Nuevas tecnologías y soluciones					N/A				
Innovación y transformación digital					N/A				
Distribución de la energía					N/A				
Descarbonización del mix energético					N/A				
Gestión medioambiental					N/A				
Gestión, motivación y desarrollo de los empleados					N/A				
Salud y Seguridad laboral					N/A				
Cadena de suministro sostenible					N/A				
Compromiso con la comunidad local					N/A				

102-15/102-44

N/A El asunto material no ha sido evaluado por el Gdl

Valores de satisfacción de 3,7 a 5,0  
Valores de satisfacción de 2,4 a 3,7  
Valores de satisfacción de 1,1 a 2,4

Stakeholder
Issue
Business Community
Customers
Financial community
Institutions
Civil Society and Local Corp
Media
Employees
Suppliers and Contractors
Economic and financial value creation
Good governance and fair corporate behaviour
Engagement with the customer
New technologies and solutions
Innovation and digital transformation
Energy distribution
Decarbonisation of the energy mix
Environmental management
Management, motivation and development of employees
Occupational Health and Safety
Sustainable supply chain
Commitment to the local community
N/A
The material issue has not been evaluated by the stakeholders
Priority values from 3.7 to 5.0

Priority values from 2.4 to 3.7
Priority values from 1.1 to 2.4

In general, the various stakeholder groups consulted mostly rate performance moderate or high in most matters, with economic and financial value creation standing out as the highest scoring. In any case, ENDESA incorporates these results in its planning process and sets objectives and actions aimed at continuing to improve its performance on the various sustainability issues analysed, in order to successfully respond to the expectations of its stakeholders.

#### **1.5.3.2.4. Areas of action to promote a sustainable business model**

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 above analysis with those of analyses of the business model, the sector and stakeholders' expectations. 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 developments and new consumer demands will foreseeably lead energy companies to transform their business model towards one more focused on distribution (promoting their digitisation) and marketing (developing and diversifying the offering of services, especially in the field of renewables, 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.

## **1.6. ENDESA's 2020-2022 SUSTAINABILITY PLAN**

### **102-15**

Continuing with its priority of integrating sustainability into the management of the business and into the decision-making processes, ENDESA seeks alignment between the business strategy and the sustainability strategy, so that both are aimed at the attainment of the same objective and thus generate economic value for the Company in the short and long term. On 27 November 2019 ENDESA presented the update of the Strategic Plan for the period 2020-2022.

For the design of its new Sustainability Plan 2020-2022, ENDESA carried out a process of analysis, consultation and strategic reflection based on the achievements and opportunities for improvement identified in the previous plan and allowing the identification of priorities for action for the next three years. Detail of this analysis, as well as the main conclusions, can be found in section 1.5 Materiality Study.

The new 2020-2022 Sustainability Plan, like the previous one, also defines ENDESA's contribution to the United Nations Sustainable Development Goals. This framework forms the basis of the sustainability plan and serves as a reference to establish a sustainability strategy that allows long-term value to be generated for both the company and the environment in which it operates.

### **Structure of the new 2020-2022 ENDESA Sustainability Plan**





CREATION OF SUSTAINABLE LONG-TERM VALUE
Enabling infrastructure
Ecosystems and platforms
Commitment to our employees
Commitment to local communities
Sustainable supply chain
Occupational Health and Safety
Environmental sustainability
Good governance
Decarbonisation
Electrification
Human Capital
ESG Pillars
Innovation

The new 2020-2022 Endesa Sustainability Plan seeks to promote the long-term creation of sustainable value, establishing the following strategic priorities and defining more than 100 quantitative management objectives:

- **Decarbonisation:** The new Sustainability Plan, aligned with the Strategic Plan, maintains as a priority the decarbonisation of the energy mix to lead the transformation of the energy model, with the final objective of being a company free of CO<sub>2</sub> emissions by 2050 and with a roadmap that sets ambitious



intermediate targets, such as a 70% reduction in specific emissions by 2030 relative to 2017, aligning its objectives with the science. All this will be possible by means of investment in renewable energy and the closure of facilities using technologies with high levels of emissions. In addition, through the new circular economy approach, ENDESA strives to instil the low-carbon culture in its people, develop lines of action to generate a second life for its assets and promote a more sustainable supply chain.

- **Electrification: Electrification:** Another strategic line of this 2020-2022 Sustainability Plan is the electrification of demand. To this end, ENDESA is committed to active customer management through innovative products and services, the development of efficient and intelligent networks and the development of new products, ecosystems and platforms, paying special attention to customer relationships and the quality of the service provided. Along these lines, the new Sustainability Plan includes some infrastructure objectives for customers, such as the 36,000 charging points, for private and public use, for electric vehicles and the promotion of the virtual assistant in the telephone service. To achieve this, lines of action are included aimed at promoting efficiency and quality in the management of the company's assets and the sustainable mobility of employees on the move for work and personal reasons. In addition, through an open innovation approach, the Sustainability Plan includes lines of action aimed at promoting the attraction of external talent and exploring new ways of collaboration for the development of new business solutions that promote sustainability. Digitisation is essential to achieve a sustainable energy model, hence the investment objectives set out in this 2020-2022 Sustainability Plan. It also pays special attention to cybersecurity in order to minimise the risks associated with digital transformation.

#### **Human Capital:**


- **Commitment to our employees:** In order to fulfil all its purposes and face the challenges it has set itself, ENDESA needs its most important asset, its people. For this reason, the new Sustainability Plan includes objectives that will allow it to continue promoting the level of satisfaction of its employees, diversity and inclusion, the development of talent and work/life balance. But, in addition, this new Sustainability Plan includes objectives aimed at supporting people affected by the energy transition that ENDESA has set out to lead.
- **Commitment to local communities:** Through the shared value creation model, ENDESA aims to integrate sustainability throughout the value chain. In the same way that it consults its various stakeholders in its materiality study prior to preparing the Plan, the company tries to combine its interests with the priorities and needs of local communities. For this reason, the Sustainability Plan includes objectives aimed at promoting access to energy, socio-economic development and education, as fundamental axes of its commitment.

#### **ESG Pillars:**

- **Sustainable Supply Chain:** The new Sustainability Plan establishes lines of action aimed at increasing supply chain control and supervision systems in accordance with environmental, security and human rights criteria, in addition to incorporating sustainable criteria in competitive bidding processes with the various suppliers.



- **Occupational Health & Safety:** In order to maintain the performance attributed to ENDESA in terms of occupational health and safety by its various stakeholders and with the aim of maintaining a zero accident rate and the well-being of everyone involved directly or indirectly in the company's activity, the Sustainability Plan sets objectives aimed at reducing accident rates among employees and contractors, as well as promoting adequate checks on safety by means of inspections and on health by carrying out medical examinations as appropriate.
- **Environmental Sustainability:** ENDESA continues with the objective of reducing its environmental footprint and for this, the new 2020-2022 Sustainability Plan includes objectives for reducing the main environmental indicators, as well as for promoting the conservation of biodiversity by striving for excellence in environmental management. In addition, in fleet management, objectives and alternative solutions are presented in order to continue reducing emissions.
- **Good Governance and Ethical Conduct:** The new Sustainability Plan includes the objectives necessary to maintain a high level of excellence in meeting the Company's ethical commitments and responsibilities, the implementation of good practices in corporate governance and the promotion of transparency in relations and communications with all its stakeholders.

The objectives defined in the new Sustainability Plan for the period 2020-2022 are detailed below:

102-15				
 <b>Descarbonización</b>	Indicador	Cierre 2019	2020	2022
	Reducción de las emisiones específicas de CO <sub>2</sub> (g/kWh)	282	277	172
	Producción libre de emisiones de CO <sub>2</sub>	59%	60%	69%
	Disminución de la capacidad térmica fósil instalada <sup>2</sup> (GW)	NEW	5,3 GW en el período 2020-2022	
	Incremento de la capacidad de renovables <sup>3</sup> (GW)	7,4	2,8 GW en el período 2020-2022	
	Producción a partir de fuentes renovables <sup>3</sup> (TWh)	10	13,3	17,8
	Instalación de capacidad de almacenamiento (Incremento de la capacidad en MW)	0	4MW en 2020 en Melilla y 2MW en 2021 en Baleares	
	Mantener una elevada eficiencia en las centrales de renovables	E: 94,8 % H: 97,8 %	E: 94,8 % en 2020-2022 H: 98,8 % en 2020-2022	
	Certificación de calidad ISO 9001 en los activos de generación térmica y renovable	100%	Mantener el 100% en el periodo 2020-2022	
	Inversión en digitalización en los activos de <i>power generation</i> <sup>4</sup>	NEW	21 M€ en el periodo 2020-2022	
	Impulsar un cambio cultural que apoye el desarrollo de la Economía Circular	NEW	Campaña de divulgación interna, curso de formación, sesiones divulgativas y realización de un Proyecto <i>experiential</i> en el periodo 2020-2022	
	Búsqueda de segunda vida para activos de centrales térmicas que cesen en su actividad	NEW	2 centrales al año en 2020 y 2021	
	Aplicación de criterios de circularidad en la adjudicación de licitaciones	NEW	3 criterios de circularidad en 2021 e incremento del peso ponderado sobre el total de licitación en al menos un 0,5% en 2022	
	Nº de proyectos <i>Futur-e</i>	NEW	5 proyectos en 2022	



Decarbonisation
CREATION OF SUSTAINABLE LONG-TERM VALUE
Reduction of specific CO <sub>2</sub> emissions (g/kWh)
CO <sub>2</sub> -free production
Decrease in installed fossil thermal capacity <sup>2</sup> (GW)
Increase in renewable capacity <sup>3</sup> (GW)
Production from renewable sources <sup>3</sup> (TWh)
Storage capacity installation (Capacity increase in MW)
Maintain high efficiency in renewable power plants
ISO 9001 quality certification in thermal and renewable generation assets
Investment in digitalisation in <i>power generation</i> <sup>4</sup> assets
Promote a cultural change that supports the development of the Circular Economy

Second life search for assets from thermal power plants that cease operations
Application of circularity criteria in the award of tenders
No. of Futur-e projects
5.3 GW in the period 2020-2022
2.8 GW in the period 2020-2022
4 MW in 2020 in Melilla and 2 MW in 2021 in the Balearic Islands
Maintain 100% in the period 2020-2022
€21 million in the period 2020-2022
Internal dissemination campaign, training course, informative sessions and realization of an experiential project in the period 2020-2022
2 power plants a year in 2020 and 2021
3 circularity criteria in 2021 and increase of the weighted weight over the total tender by at least 0.5% in 2022
5 projects in 2022




	Indicador	Cierre 2019	2020	2022
 <p><b>Infraestructura habilitadora</b></p> <p>1. Cierre 2019 2. TIEPII: Instalación y programación</p>	Reducción de las pérdidas de electricidad <sup>1</sup> (% pérdidas medidas en barra de subestación)	9,53%	9,39%	9,15%
	Recuperación de energía (GWh)	774	3.200 GWh en el período 2020-2022	
	Mejora de la continuidad del suministro (TIEPII, min)	67,6	59,6	51,9
	Despliegue del plan de telegestión en la red de Baja Tensión (M telecontadores instalados)	12,2	12,3	12,5
	Instalación de telemandos en la red de Media Tensión (acumulados)	20.858	23.431	31.214
	Proyecto SIMON: Actualización tecnológica del sistema de telecontrol en Alta Tensión (acumulados)	260	361	361
	Número de nuevas conexiones de productores renovables	NEW	608	629
	Potencia de nuevas conexiones de productores renovables (MW)	NEW	380	385
	Inversión en la digitalización de los activos, el cliente y nuestras personas (M€ invertidos)	352,21	~ 950M€ en el período 2020-2022	
	Inversión en la digitalización del cliente (M€ invertidos) <sup>1</sup>	NEW	~ 150 M€ en el período 2020-2022	
 <p><b>Ecosistemas y plataformas</b></p> <p>1. Incluye BB-1, BB-2 y BB-3 2. CAT-1, CAT-2 y CAT-3</p>	Ciudades digitales (Mill. de contratos que han realizado un contacto por canal digital)	4,2	4,8	5,0
	Ventas digitales (% de ventas de canales digitales sobre el total de ventas)	10%	10,5%	14%
	Promoción de la facturación electrónica (Mill. de contratos)	3,8	4,1	4,5
	Promoción del asistente virtual en la Atención vía CAT <sup>2</sup> (% de interacciones atendidas por el Asistente Virtual)	NEW	6,0	9,0
	Calidad: Mejora de la satisfacción global del cliente	7,40	7,40	7,45
	Número de puntos de recarga de vehículos eléctricos (Uso público y privado)	322	36.000 puntos de recarga en 2022	

Closing 2019
Indicator
Enabling infrastructure
Ecosystems and platforms
Reduction of electricity losses <sup>1</sup> (% losses measured in substation busbar)
Energy recovery (GWh)
Improvement of supply continuity (SAIDI <sup>2</sup> , min)
Deployment of the remote management plan in the Low Voltage network (Millions of installed remote counters)
Installation of remote controls in the Medium Voltage network (accumulated)
SIMON Project: Technological update of the High Voltage remote control system (accumulated)
Number of new producer connections renewed
Power of new connections of renewable producers (MW)
Investment in the digitalisation of assets, the customer and our people (€ millions invested)
Investment in customer digitalisation (€ millions invested) <sup>1</sup>
Digital customers (Millions of contracts that have made a contact via digital channel)
Digital sales (% of sales of digital channels over total sales)
Promotion of electronic billing (Millions of contracts)
Promotion of the virtual assistant in Care via CAT <sup>2</sup> (% of interactions attended by the Virtual Assistant)

Quality: Improvement of overall customer satisfaction
Number of electric vehicle charging points (Public and private use)
3,200 GWh in the period 2020-2022
~€650 million in the period 2020-2022
~€150 million in the period 2020-2022
36,000 charging points in 2022

	Indicador	Cierre 2019	2020	2022
 <b>Innovación y Ciberseguridad</b>	Promoción de la colaboración con Startups para el desarrollo de nuevas soluciones energéticas y la mejora de los procesos internos	9	15 proyectos con Startups en el periodo 2020-2022	
	Promoción de la cultura de innovación	5	5 Eventos de innovación con carácter anual	
	Promoción de la ciberseguridad en las aplicaciones web expuestas a internet	100%	100%	100%
	Promoción de la sensibilización sobre ciberseguridad en empleados y familiares (nº de actuaciones)	16	45 actuaciones en el periodo 2020-2022	
 <b>Compromiso con nuestros empleados</b>	Incrementar la presencia de la mujer en las posiciones de Dirección <sup>1</sup> (% mujeres)	18,7%	18,5%	19%
	Incrementar la presencia de la mujer en las posiciones intermedias <sup>1</sup> (% mujeres)	32,7%	32,8%	33,3%
	Promoción de la diversidad de género en los procesos de selección (% mujeres)	35%	38%	38%
	Promoción de la diversidad de género en la contratación de personal (% altas globales de mujeres)	38%	38%	39%
	Orientación profesional en áreas STEM para mujeres	595	> 1.800 mujeres en el periodo 2020-2022	
	Alcance de la encuesta de satisfacción del empleado	100%	100%	100%
	Participación en la encuesta de satisfacción del empleado	71%	85%	85%
	Satisfacción del empleado	60%	65%	70%
	Involucración de los empleados en los procesos de evaluación del desempeño	100%	100%	100%
	Participación en los procesos de evaluación del desempeño (% empleados)	37% <sup>4</sup>	99%	99%
	Empleados que han realizado entrevista de feedback	37% <sup>4</sup>	93%	95%

Closing 2019
Indicator
Innovation and Cybersecurity
Commitment to our employees
Promotion of collaboration with Start-ups for the development of new energy solutions and the improvement of internal processes
Promotion of the culture of innovation
Promotion of cybersecurity in web applications exposed to the internet
Promotion of cybersecurity awareness among employees and family members (number of actions)
Increase the presence of women in Management <sup>1</sup> positions (% women)
Increase the presence of women in intermediate positions <sup>1</sup> (% women)
Promotion of gender diversity in selection processes (% women)
Promotion of gender diversity in personnel recruitment (global% of women)
Professional guidance in STEM areas for women
Scope of the employee satisfaction survey
Participation in the employee satisfaction survey
Employee satisfaction
Involvement of employees in performance evaluation processes
Participation in performance evaluation processes (% employees)
Employees who have conducted a feedback interview
15 projects with Start-ups in the period 2020-2022
5 Innovation events on an annual basis
45 actions in the period 2020-2022
>1,800 women in the period 2020-2022

 <p><b>Compromiso con nuestros empleados</b></p> <p><small>1. Corredores/Puntos de atención y nuevos miembros</small></p>	Indicador	Cierre 2019	2020	2022
	Número de personas incluidas en las iniciativas de transferencia de conocimiento ( <u>mentoring</u> , edad y género)	140	100	283
	Seguridad de viajes: Ampliación del portal digital e-Travel/ para agregar funciones de planificación de itinerarios y autorizaciones para todos los países.	100%	100% de los viajes en el período 2020-2022	
	Discapacidad. Lanzamiento de campañas específicas para integrar la discapacidad y afiorar posibles nuevos casos. (n° de comunicaciones específicas)	NEW	2	2
	Fomento de la formación presencial de los empleados (horas/empleador)	40,5	38,1	38,3
	Fomento de la formación online de los empleados (horas/empleador)	10,1	16	13
	Programas de mejora de las capacidades y reciclaje para los empleados afectados por la transición energética (horas de formación al año/persona)	NEW	118	118
	Aprendizaje continuo y emprendimiento - Difusión del enfoque, "enseñar al que enseña" (n° de cursos impartidos por monitor interno)	NEW	66	68
	Programa de formación para nuevas incorporaciones (n° de cursos por persona/año)	NEW	8	8
	N° de empleados participantes en programas formativos de transformación digital	2.139	450	454
	Promoción de servicios que favorezcan la conciliación de los empleados (n° servicios)	74	78	80
	Promoción del <u>smartworking</u> (n° empleados)	2.399	2.410	2.420
Mejora de las zonas de trabajo en oficinas (n° empleados beneficiados)	569	1.829 empleados en el período 2020-2022		
 <p><b>Compromiso con las comunidades locales</b></p>	Indicador	Cierre 2019	2020	2022
	Educación (n° beneficiarios)	73.287	750.000 beneficiarios (Período 2015-2030)	
	Acceso a la energía (n° beneficiarios)	423.468	5.000.000 beneficiarios (Período 2015-2030)	
	Desarrollo socioeconómico (n° beneficiarios)	133.052	2.000.000 beneficiarios (Período 2015-2030)	
	Implementación de proyectos para crear valor compartido para las comunidades locales (N° Planes CSV en gestión)	NEW	>55	>75
	Promoción del sistema de calificación: Volumen de compras realizados a proveedores calificados (% sobre el total)	80%	80%	80%
	Verificación de aspectos de derechos humanos en el proceso de calificación de proveedores (% proveedores calificados)	100%	100% <u>en el período 2020-2022</u>	
	Verificación de aspectos de seguridad en el proceso de calificación de proveedores (% proveedores calificados)	100%	100% <u>en el período 2020-2022</u>	
	Verificación de aspectos ambientales en el proceso de calificación de proveedores (% proveedores calificados)	100%	100% <u>en el período 2020-2022</u>	
	Volumen de compras sobre el que se evalúa el desempeño	35%	40%	40%
	Evaluación de empresas contratistas en materia social, ambiental y ética (% empresas contratistas evaluadas)	11%	15%	15%
	Contratos que incluyen la K de sostenibilidad (% sobre el total)	NEW	>50% de licitaciones en el período 2020-2022	
 <p><b>Cadena de suministro sostenible</b></p>	Indicador	Cierre 2019	2020	2022
	Educación (n° beneficiarios)	73.287	750.000 beneficiarios (Período 2015-2030)	
	Acceso a la energía (n° beneficiarios)	423.468	5.000.000 beneficiarios (Período 2015-2030)	
	Desarrollo socioeconómico (n° beneficiarios)	133.052	2.000.000 beneficiarios (Período 2015-2030)	
	Implementación de proyectos para crear valor compartido para las comunidades locales (N° Planes CSV en gestión)	NEW	>55	>75
	Promoción del sistema de calificación: Volumen de compras realizados a proveedores calificados (% sobre el total)	80%	80%	80%
	Verificación de aspectos de derechos humanos en el proceso de calificación de proveedores (% proveedores calificados)	100%	100% <u>en el período 2020-2022</u>	
	Verificación de aspectos de seguridad en el proceso de calificación de proveedores (% proveedores calificados)	100%	100% <u>en el período 2020-2022</u>	
	Verificación de aspectos ambientales en el proceso de calificación de proveedores (% proveedores calificados)	100%	100% <u>en el período 2020-2022</u>	
	Volumen de compras sobre el que se evalúa el desempeño	35%	40%	40%
	Evaluación de empresas contratistas en materia social, ambiental y ética (% empresas contratistas evaluadas)	11%	15%	15%
	Contratos que incluyen la K de sostenibilidad (% sobre el total)	NEW	>50% de licitaciones en el período 2020-2022	

Indicator
Closing 2019
Commitment to our employees
Number of people included in the knowledge transfer initiatives (age and gender)
100% of the trips in the period 2020-2022
Travel safety: Expansion of the e-Travel digital portal to add itinerary planning functions and authorisations for all countries.
Disability. Launch of specific campaigns to integrate disability and make possible new cases emerge. (number of specific communications)
Promotion of in-person training to employees (hours/employee)
Commitment to our employees
Promotion of online training for employees (hours/employee)
Skill enhancement and retraining programmes for employees affected by the energy transition (training hours per year/person)
Continuous learning and entrepreneurship - Dissemination of the approach, "training the trainer" (no. of courses given by internal instructor)
Training programme for new recruits (number of courses per person/year)
1,329 employees in the period 2020-2022
Number of employees participating in digital transformation training programmes

Promotion of services that favour the work-life balance of employees (number served) Promotion of smartworking (number of employees)
Improvement of work areas in offices (no. employees benefited)

Closing 2019
Indicator
Commitment to local communities
Sustainable supply chain
Education (number of beneficiaries)
Access to energy (number of beneficiaries)
Socio-economic development (number of beneficiaries)
Implementation of projects to create shared value for local communities (number of CSV plans under management)
Promotion of the qualification system: Volume of purchases made from qualified suppliers (% of the total)
Verification of human rights aspects in the supplier qualification process (% qualified suppliers)
Verification of security aspects in the supplier classification process (% qualified suppliers)
Verification of environmental aspects in the supplier qualification process (% qualified suppliers)
Purchase volume on which performance is evaluated
Evaluation of contractor companies in social, environmental and ethical matters (% of contractor companies evaluated)
Contracts that include the K of sustainability (% of the total)
750,000 beneficiaries (Period 2015-2030)
5,000,000 beneficiaries (Period 2015-2030)
2,000,000 beneficiaries (Period 2015-2030)
100% in the period 2020-2022
>50% of tenders in the period 2020-2022

<p><b>Salud y seguridad laboral</b></p>	Indicador	Cierre 2019	2020	2022
	Reducción de los accidentes mortales (nº accidentes mortales)	1	0 en el período 2020-2022	
	Reducción del índice de frecuencia combinado de accidentes	0,68	0,67	0,68
	Promoción de la realización de inspecciones de seguridad en instalaciones propias y de contratistas (nº inspecciones)	81.728	210.000 inspecciones en el período 2020-2022 (70.000 anuales)	
	Promoción de la realización de ECoS (extra checking on site) (nº de ECoS)	21	72 ECoS en el período 2020-2022 (24 anuales)	
<p><b>Sostenibilidad ambiental</b></p>	Promoción de la realización de reconocimientos médicos (nº de reconocimientos)	6.526	~18.700 reconocimientos el período 2020-2022 (~ 6.244 anuales)	
	Implantación de sistemas de gestión ambiental certificados por ISO 14001 (% de instalaciones)	100%	100% de instalaciones de generación y distribución en el período 2020-2022	
	Reducción de la huella ambiental (% de reducción vs 2019)	10.883	22% de reducción en 2022	
	Emisiones de SO <sub>2</sub> (g/kWh <sub>net</sub> )	0,43	0,33	0,23
	Emisiones de NO <sub>x</sub> (g/kWh <sub>net</sub> )	0,94	0,91	0,78
<p><b>Sostenibilidad ambiental</b></p>	Emisiones de partículas (g/kWh)	0,02	0,02	0,01
	Emisiones de mercurio (mg/kWh)	0,001	0,002	0,000
	Reducción del captación de agua en el proceso de generación de electricidad (m³/MWh)	0,37	0,40	0,34
	Promover la eficiencia en la gestión de los residuos generados en el proceso de generación de electricidad	32.895	Producción de residuos¹ < 25.000 toneladas en 2022	
	Implantación del programa de conservación de biodiversidad (nº de acciones)	26	> 20 acciones desarrolladas anualmente en el período 2020-2022	
<p><b>Sostenibilidad ambiental</b></p>	Indicador	Cierre 2019	2020	2022
	Certificación en gestión energética, ambiental y calidad del aire interior en oficinas	57%	50% de la superficie de oficinas certificada en 2022	
	Reducción del consumo energético¹ (% de reducción anual)	8%	0,5% en el período 2020-2022	
	Reducción del consumo de agua¹ (% de reducción anual)	-4,5%	0,5% en el período 2020-2022	
	Reducción de la generación de residuos de papel y cartón¹ (% de reducción)	23%	>3% en el período 2020-2022	
<p><b>Sostenibilidad ambiental</b></p>	Reducción de la generación de plásticos de un solo uso en oficinas²	45%	50%	70%
	Reducción del espacio en el conjunto de los edificios de Endesa (m² reducidos)	10.829	8.443 m² reducidos en el período 2020-2022	
	Reducción de las emisiones de CO <sub>2</sub> en edificios (% de reducción vs 2019)	7.944	6% de reducción en 2022³	
	Desarrollo de actuaciones con función social sobre activos patrimoniales (nº acciones/año)	9	> 10 actuaciones en el período 2020-2022	
	Mejorar la integración de los edificios en el entorno (M€ invertidos)	8,3	~ 10M€ en el período 2020-2022	
<p><b>Sostenibilidad ambiental</b></p>	Gestión sostenible de las flotas: electrificación y optimización: Vehículos eléctricos	93	16,5% de vehículos eléctricos en la flota en 2022	
	Gestión sostenible de las flotas: electrificación y optimización: Híbridos enchufables	NEW	48,5% de vehículos híbridos enchufables en la flota en 2022	
	Gestión sostenible de las flotas: electrificación y optimización: Híbridos	559	15% de vehículos híbridos en la flota en 2022	
	Gestión sostenible de las flotas: electrificación y optimización: Vehículos de combustión	1.420	71% de reducción de vehículos de combustión en la flota en 2022 (vs 2019)	
	Reducción de las emisiones de CO <sub>2</sub> en la gestión de las flotas de Endesa (% de reducción vs 2019)	5.076	32% de reducción en 2022	
<p><b>Sostenibilidad ambiental</b></p>	Electrificación del parking de las Sedes (nº de plazas)	558	650 plazas para vehículos eléctricos en 2022⁴	
	Gestión responsable del uso del taxi: Taxi compartido (nº empleados)	41%	46% empleados en taxi compartido en 2022⁵	
	Gestión responsable del uso del taxi: % km recorridos en ecotaxi	74%	78% km. recorridos en ecotaxi en 2022⁶	
<p><b>Sostenibilidad ambiental</b></p>	Indicador	Cierre 2019	2020	2022
	Promoción del servicio e-carsharing (km recorridos)	108.787	> 320.000 km en el período 2020-2022	
	Comparte e-coche (nº empleados)	53	80 empleados en 2022	
	Servicio de e-bike (km recorridos)	NEW	24.000 km en el período 2020-2022	
	Servicio de patinetes eléctricos (km recorridos)	NEW	9.000 km en el período 2020-2022	
<p><b>Sostenibilidad ambiental</b></p>	Tarjeta de transporte (nº empleados)	827	~ 880 empleados en 2022	
	Promoción de las prácticas de buen gobierno	Realizado	Supervisión y reporte anual al CAC del Modelo de Prevención de Riesgos Penales	
	Promoción de la prevención de los riesgos penales	Realizado	Verificación anual de la efectividad del Modelo de Prevención de Riesgos Penales Mantener certificación cumplimiento penal (UNE 19601) y anti-soborno (UNE-ISO 37001)	
	Análisis de las denuncias a través del canal ético	100%	Analizadas en < 90 días el 100% de las denuncias en período 2020-2022	
	Mantener un elevado nivel de excelencia en conducta ética y ser reconocida por analistas ISR (puntuación DJSI en "Codes of conduct")	98	Puntuación > 95/100 en DJSI en período 2020-2022	
<p><b>Buen Gobierno y conducta ética</b></p>	Formación en conducta ética en los últimos 3 años (% empleados)¹	100%	100%	100%
	Presencia de mujeres en el Consejo de Administración de ENDESA (% de mujeres)	18%	30% en el Consejo de Administración en 2020	
	Evaluación del consejo de administración con apoyo de consultor independiente	Realizado	1 Evaluación trianual	
	Due Diligence Derechos Humanos. Supervisión del proceso, aprobación y seguimiento del plan de acción por el Comité de Auditoría y Cumplimiento	Realizado	Realización y seguimiento anual por parte del CAC	
	Recomendaciones y mejores prácticas en Gobierno Corporativo	NEW	Análisis del próximo Código de Buen Gobierno de las Sociedades Cotizadas a publicar por la CNMV durante el ejercicio 2020 y actuaciones a realizar.	

Closing 2019
Indicator
Occupational Health and Safety
Environmental sustainability
Reduction of fatal accidents (number of fatal accidents)
Reduction of the combined accident frequency rate
Promotion of the performance of safety inspections in own facilities and those of contractors

(number of inspections)
Promotion of ECoS (extra checking on site) (number of ECoS)
Promotion of medical examinations (number of examinations)
Implementation of environmental management systems certified by ISO 14001 (% of facilities)
Reduction of the environmental footprint (% reduction vs 2019)
Emissions of CO <sub>2</sub> (g/kWh <sub>be</sub> )
NOx emissions (g/kWh <sub>be</sub> )
Particle emissions (g/kWh)
Mercury emissions (mg/kWh)
Reduction of water catchment in the electricity generation process (m <sup>3</sup> /MWh)
Promote efficiency in the management of waste generated in the electricity generation process
Implementation of biodiversity conservation programme (number of actions)
0 in the period 2020-2022
210,000 inspections in the period 2020-2022 (70,000 annually)
72 ECoS in the period 2020-2022 (24 annually)
~18,700 checks in the period 2020-2022 (~6,244 annually)
100% of generation and distribution facilities in the period 2020-2022
22% reduction in 2022
Waste production <sup>1</sup> <25,000 tonnes in 2022
>20 actions carried out annually in the period 2020-2022

Closing 2019
Indicator
Environmental sustainability
Certification in energy, environmental and indoor air quality management in offices
Reduction of energy consumption <sup>1</sup> (% of annual reduction)
Reduction of water consumption <sup>1</sup> (% of annual reduction)
Reduction in the generation of waste paper and cardboard <sup>1</sup> (% reduction)
Reduction of the generation of single-use plastics in offices <sup>2</sup>
Reduction of space in all Endesa buildings (reduction of m2)



Reduction of CO <sub>2</sub> emissions in buildings (% reduction vs 2019)
Development of actions with social function on patrimonial assets (n = shares/year)
Improve the integration of buildings in the environment (€ million invested)
Sustainable fleet management: electrification and optimisation: Electric vehicles
Sustainable fleet management: electrification and optimisation: Plug-in hybrids
Sustainable fleet management: electrification and optimisation: Hybrids
Sustainable fleet management: electrification and optimisation: Combustion vehicles
Reduction of CO <sub>2</sub> emissions in the management of Endesa's fleets (% reduction vs 2019)
Electrification of car park at headquarters (number of places)
Responsible management of taxi use: Shared taxi (number of employees)
Responsible management of taxi use: % km travelled in ecotaxi
50% of the office space certified in 2022
0.5% in the period 2020-2022
0.5% in the period 2020-2022
>3% in the period 2020-2022
3,443 m <sup>2</sup> reduced in the period 2020-2022
8% reduction in 2022
>10 actions in the period 2020-2022
~€10 million in the period 2020-2022
16.5% of electric vehicles in the fleet in 2022
48.5% of plug-in hybrid vehicles in the fleet in 2022
15% of hybrid vehicles in the fleet in 2022
71% reduction in combustion vehicles in the fleet in 2022 (vs 2019)
32% reduction in 2022
650 seats for electric vehicles in 2022 <sup>4</sup>
46% employees in shared taxi in 2022 <sup>5</sup>
78% km covered in ecotaxis in 2022 <sup>6</sup>

Closing 2019
Indicator
Environmental sustainability
Good governance and ethical conduct

Promotion of the e-carsharing service (km travelled)
Share e-car (number of employees)
E-bike service (km travelled)
Electric scooter service (km travelled)
Transport card (number of employees)
Promotion of good governance practices
Promotion of the prevention of criminal risks
Analysis of complaints through ethical channel
Maintain a high level of excellence in ethical conduct and be recognised by ISR analysts (DJSI score in "Codes of conduct")
Training in ethical conduct in the last 3 years (% employees)
Presence of women on ENDESA's Board of Directors (% of women)
Evaluation of the board of directors with the support of an independent consultant
Human Rights Due Diligence. Supervision of the process, approval and monitoring of the action plan by the Audit and Compliance Committee.
Recommendations and best practices in Corporate Governance
>320,000 km in the period 2020-2022
80 employees in 2022
24,000 km in the period 2020-2022
9,000 km in the period 2020-2022
~880 employees in 2022
Supervision and annual report to the Audit and Compliance Committee (CAC) of the Criminal Risk Prevention Model
Annual verification of the effectiveness of the Criminal Risk Prevention Model (% verification)
Maintain penalty compliance (UNE 16601) and anti-bribery (UNE-ISO 37C01) certification
100% of complaints in period 2020-2022 analysed in <90 days
Score> 95/100 in DJSI in period 2020-2022
30% on the Board of Directors in 2020
1 three-year evaluation
Annual implementation and monitoring by the CAC
Analysis of the next Code of Good Governance of Listed Companies to be published by the CNMV in 2020 and actions to be taken

## 1.7. CIRCULAR ECONOMY

The planet is currently faced with challenges related to economic development and environmental sustainability. This vision has guided Endesa in the transition of recent years towards a sustainable business model, in which the concept of the circular economy represents an important pillar.

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

ENDESA is well aware of this reality and therefore integrates the circular economy throughout the entire value chain, in a new approach based on sustainable resources,

in other words resources that are renewable, reusable or recyclable, on maximising the useful life of assets and products and their utilisation factor, and in the recovery of assets at the end of their life cycle. The representation of this vision can be shown through Endesa's five pillars of the Circular Economy:

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

Endesa's commitment to the circular economy is reflected in the circular approach implemented in the company with the aim of seeking competitive solutions from an economic, environmental and social point of view.



CIRCULAR DESIGN
PLATFORMS FOR SHARING
PRODUCTS AS A SERVICE
USEFUL LIFE EXTENSION
OPTIMAL USE
NEW LIFE CYCLES
CIRCULAR INPUTS
VALUE RECOVERY

## 1.7.1 CIRCULAR APPROACH

### Circular Procurement

The role of procurement represents a significant component of the circularity of a company due to the great impact on its own businesses. Thus, it is necessary to know in detail the component flows, the environmental impact and the recyclability of the products.

For this reason, Endesa has launched the Circular Economy project for Supplier Commitment, based on the Environmental Product Declaration (EPD), the objective of which is to quantify and objectify data (consumption of water, carbon dioxide, soils, emissions, etc.) relating to the entire life cycle of the product supplied, which had hitherto not been compiled or studied in a homogeneous and comparative way.

In this way, a process of “continuous improvement” of internal and supplier performance has begun, making the production and distribution of goods increasingly sustainable.

### Circular Decarbonisation

The circular economy is being applied as a tool that incorporates sustainability into the business model, while at the same time creating shared value in ENDESA's current decarbonisation process. These principles are the pillars of the “Futur-e” programme, an initiative for the installations of the thermal power plants that have ceased to operate. The objective is to identify new alternative uses for existing sites, through investments by the Company or a third party that create value for local communities, according to the potential and priorities of the territory to which they belong. This whole process is managed in an open, transparent and participatory manner.

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

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

### Smart and Circular Networks

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

sources, microgeneration and the vehicle-to-grid system whereby electric vehicles can push back energy to the grid.

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

Apart from this, smart meters are already being designed with eco-design criteria to favour the recycling and use of their components (such as plastic and copper material) in the manufacture of new meters or other products.

### Circular Economy for customers

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

Using an eco-design logic in the solutions means taking into account the modularity, durability, repair and recycling of the products and services offered.

ENDESA X analyses its own solutions through five key dimensions, which measure its level of circularity. Especially:

1. suppliers' commitment to the principles of the Circular Economy in the creation of the products and services that constitute the solution;
2. the presence of elements that make circular consumption models possible and incentivise their complete use while at the same time favouring the extension of their useful lives and reuse, increasing the product's life cycle;
3. comparison with competitors of best practices and programmes aimed at increasing efficiency in the use of resources and in the installation and maintenance phases;
4. the management of the useful life of each product, through innovative and sustainable methods, in order to maximise the recovery of materials;
5. promoting and supporting the development of environmental awareness of customers and the participation of suppliers through virtuous mechanisms that improve the performance and environmental impact of the products and services offered.

The scale of circularity of ENDESA X solutions can be measured in five levels or ENDESA X Score. The evaluation of ENDESA X solutions not only serves to reinforce the level of circularity of each offer, but also as a transparency instrument for our customers, who can more easily recognise the elements of sustainability when comparing the various solutions offered.

### e-Mobility

Endesa X is a catalyst for change, driving new opportunities by leveraging expertise in electric mobility, advanced energy solutions, flexibility services and demand management. Endesa X develops and markets electric mobility solutions for residential, industrial, commercial and public administration customers.

Endesa X is investing in the construction of public recharging infrastructures, with the aim of installing 8,500 recharging stations between now and 2023. This will mean that everyone will always have a recharging point less than 100 kilometres away.

All the infrastructure deployed in the Plan will be connected to the Enel X global digital platform, allowing interoperability and remote control of the charging points. Endesa X aims to offer a seamless recharging experience through the JuicePass application that will provide users with full access to information on the state of the infrastructure and will allow them to manage recharging sessions.

#### **The metric: Circulability Model.**

One of the main challenges relating to the circular economy is the defining of circularity indicators that will allow us to pass from general, qualitative considerations to more concrete and quantitative considerations. Thus, the role of metrics is fundamental.

Enel has developed a model to measure the circularity of its own business, assets, services and products that it supplies to customers.

This model, called the CirculAbility Model, also used by suppliers, applies the five pillars of circularity in a quantitative way and simultaneously takes account of both materials and energy, giving a single circularity indicator.

The model has been shared with competing companies and institutions, to foster a positive dialogue. It is also accessible online so that the general public can get to know it and share points of view to improve it later.

Currently the CirculAbility Model, which represents an integrated vision of the Group, is being applied with specific approaches of the various units of the Group.

## **1.7.2. CIRCULAR ECONOMY PROJECTS**

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

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

**Recovery of ash produced by coal-fired plants.** Ash, as a by-product of coal combustion, is used to replace the limestones necessary for the production of cement and asphalt, reducing the use of raw materials for the production of cement and minimising the shipment of ash to landfill. In 2019, 66% of the coal ash produced was recovered.

**Development of fish farms next to thermal power plants.** At the Alcudia power plant in Palma de Mallorca, the residual heat of the refrigeration circuit is recovered, preventing

its loss and converting it into an increase in temperature and performance for the fattening and growth of fish at the farm. The production of sea bass from the plant represents almost 15% of the national market.

**Cultivation of microalgae for the capture of CO<sub>2</sub>.** The Litoral (Almería) and Alcudia (Palma de Mallorca) thermal power plants operate plants that recover CO<sub>2</sub> from the combustion gases of each plant for use in the cultivation of microalgae.

In this way, the circular economy model represents for ENDESA a great opportunity to enable new business models and solutions that improve its competitiveness and sustainability.

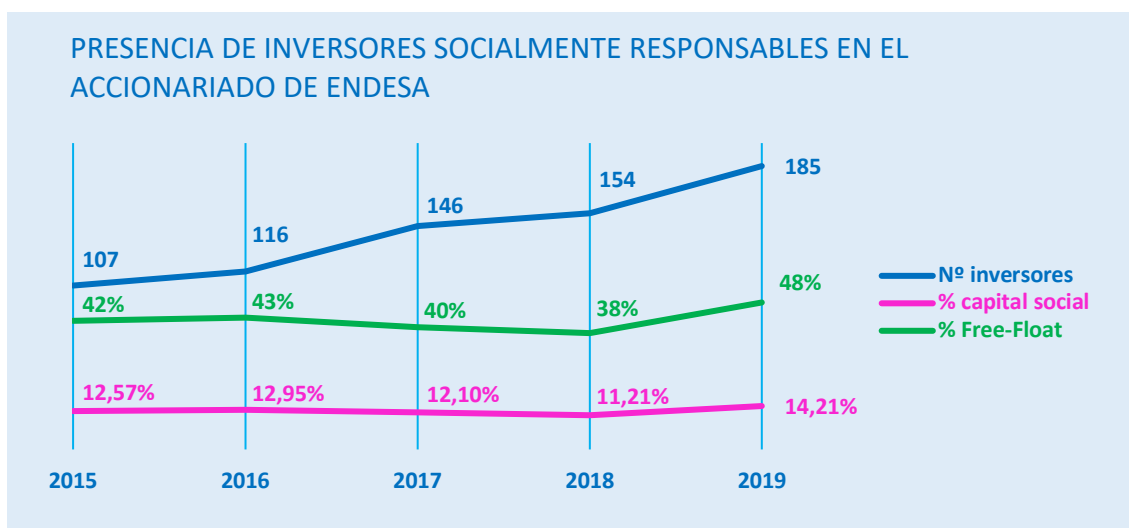
**Zero Plastics.** This project aims to minimise the consumption of single-use plastics in the company, as well as promoting a change in culture and habits among ENDESA employees as regards the use of plastics. The initiative was launched in May 2019 at all ENDESA administrative offices, which has meant, among other benefits, the elimination of 232,700 plastic cups in seven months and a 64% reduction in consumption of bottled water 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.

## **1.8. ENVIRONMENTAL, SOCIAL AND GOVERNANCE RATINGS AND INDICES**

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

For the fifth consecutive year, in 2019 ENDESA carried out a study to identify shareholders, with a special focus on those foreign institutional investors who have a responsible investment policy and are active in non-financial matters. This study determined that ENDESA has at least 185 socially responsible investors (16 percentage points up compared with 2018), representing 14.21% of the share capital and 48% of the free float. In compliance with Spanish legislation regarding the identification of shareholders, the analysis was carried out at the level of investment advisor, without

being able to drill down to the level of the investment fund.



### 1.8.1. Sustainability indices and rankings

ENDESA is aware that a prominent presence in the main socially responsible investment indices tends to attract this type of investor and therefore the Company pays great attention to this. Additionally, to obtain financing on favourable terms it is becoming increasingly important to be well rated by the various agencies and indices, as it is becoming generally accepted that genuine integration of sustainability into the management of the company reduces the risks associated with financing. Also, ENDESA's presence in these indices recognises its sincere and rigorous commitment to the integration of social, environmental, ethical and good governance aspects into business management and decision-making processes, reaching a high level of performance. And last but by no means least it allows ENDESA to deepen this commitment by precisely identifying areas for improvement in integrating sustainability into company management; in other words it is a tool for continuous improvement in its sustainability management.

In 2019, ENDESA maintained its presence in all the sustainability indices in which it had been present in the previous year, and it is noteworthy that it was also included for the first time in the gender diversity index prepared by the prestigious US financial company Bloomberg, in which they select the 325 world companies with the best performance in the field.

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

#### MAIN SUSTAINABILITY RATINGS AND INDICES IN WHICH ENDESA IS PRESENT

ESG FOCUS			
 In Collaboration with RobecoSAM	 FTSE4Good	 Euronext Vigeoiris	 SUSTAINALYTICS
83/100	4.8/5	67/100	17.6/100



- Present in the DJSI World for the 19th consecutive year
- 7th position in the ranking of the electric utilities sector
- Present for the third consecutive year
- 3rd position in the conventional electricity sector
- Maximum score 5/5 in the social and governance dimensions.
- Renews its presence in the Euronext Vigeo 120 indices (World, Europe and Euro zone)
- 3rd position in the electric and gas utilities sector.
- Renews its presence in the STOXX ESG Leaders indices (Global, Government, Environmental and Social).
- In Sustainalytics it reached 4th position in the sector ranking of electric utilities.



Included in:

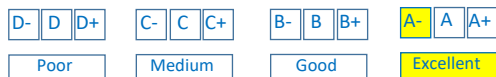
- ECPI World ESG Equity
- ECPI Euro ESG Equity
- ECPI Global Carbon Liquid
- ECPI Global Clean Energy
- ECPI Global Renewable Energy Liquid



Included in:

- Developed Markets (ex-US) Best Practices Index (Global, Environmental and Social)
- Europe Best Practices Index (Global, Environmental and Social)

## ENVIRONMENTAL FOCUS



- Maintains rating <A->, level <Leadership>, which reflects firm commitment to the fight against climate change.



- Improved score of the previous year, reaching rating <A->, level <Leadership> in water management.

## SOCIAL FOCUS



68.75/100

- Included for the second consecutive year



68.28/100

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

## 1.8.2. Sustainable finances

Sustainable finances play a key role in promoting sustainable development, as was clearly seen once again in 2019 at COP25. For this reason, in recent years financing that applies sustainable criteria to offer advantageous conditions has become very significant and its volume has increased substantially, as have the number of financial institutions committed to international initiatives such as the United Nations Principles for Responsible Investment and the variety of financial instruments that already incorporate sustainability criteria.

Following the ratification in 2015 of the Paris Agreement on Climate Change and the adoption of the 2030 Agenda, the European Union is developing a financial system that

supports sustainable development. In March 2018, the European Commission published its Action Plan to finance sustainable development in response to the recommendations presented in January 2018 by the High Level Group of Experts.

Within the framework of this Action Plan, in May 2018 the European Commission presented a legislative initiative for the definition of a unified European system of classification (taxonomy) of environmentally sustainable economic activities, entrusting the Technical Expert Group on Sustainable Finance (TEG) created in June 2018 with the development of the technical aspects of the taxonomy. In December 2019, the Council of the European Union and the Parliament reached an agreement on the regulation of the taxonomy based on the first proposal published by the TEG in June 2019.

In this context, and taking advantage of its firm commitment to sustainability, ENDESA is developing a pioneering activity into which it is determined to go more deeply in the coming years. In 2019 ENDESA obtained two green loans linked to investments in renewable energy for a value of Euros 635 million:

- In March 2019, ENDESA obtained the first green loan from the EIB (European Investment Bank), for Euros 335 million.
- In May 2019, ENDESA received the first green loan granted by the ICO (Spain's Official Credit Institute), of Euros 300 million.

These Euros 635 million were earmarked for the construction and commissioning in 2019 of 15 wind farms, with a capacity of 446 MW, and three photovoltaic plants, with a capacity of 339 MW, located in Aragon, Castilla la Mancha, Extremadura, Galicia, Murcia and Castilla y León. These projects contributed to the creation of 1,700 jobs during the construction phase. These investments are part of both ENDESA's 2020-2022 Strategic Plan and the 2020-2022 Sustainability Plan, which establish the objective of applying sustainable criteria to new financing obtained from third parties during the period of validity of the plans, on the road to sustainable debt, which will be achieved by applying sustainable criteria in all financial instruments and actively promoting the application of these criteria among its counterparties.

The formalisation of financing operations linked to sustainability criteria is additional evidence of ENDESA's strategic commitment. On the one hand, the company maintains an active preference for providers of financing aligned with sustainability criteria. On the other hand, ENDESA's solid position as a benchmark in sustainability allows it to obtain funds on preferential terms from the capital markets, the banking market, state and multilateral financial institutions and others.

## **1.9. PARTICIPATION IN ASSOCIATIONS**


ENDESA participates pro-actively in various forums and associations aimed at promoting sustainable development. Participation in these types of organisations allows ENDESA to show its commitment to sustainability, interact with the main agents of change generating shared value between the company and its environment, learn and share good practices, as well as strengthening relationships with stakeholders.

### **1.9.1. Participation in sustainability forums and associations**

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Detail of the main sustainability forums and associations in which ENDESA participated in 2019:




Organisation	Type of association	ENDESA's position	ENDESA's participation in 2019
 <b>Pacto Mundial</b> Red Española	Multi-stakeholder association which acts as the focal point for the United Nations Global Compact in Spain.	Member of the Executive Committee.	<ul style="list-style-type: none"> <li>• Promotion of the Ten Principles of the UN Global Compact.</li> <li>• UN Sustainable Development Goals</li> <li>• Human Rights Working Group.</li> </ul>
 <b>Club de Excelencia en Sostenibilidad</b>	Association of large companies and national partner of CSR Europe.	Founding Partner.	<ul style="list-style-type: none"> <li>• Energy efficiency.</li> <li>• Sustainable mobility.</li> <li>• Socially Responsible Investment.</li> <li>• Responsible procurement.</li> <li>• Responsible communication.</li> <li>• Circular economy.</li> <li>• Corporate governance.</li> <li>• Human resources</li> <li>• Business management of biodiversity.</li> <li>• Integration of CR in the company.</li> </ul>
 <b>Forética</b>	Multi-stakeholder association and national partner of WBCSD and CSR Europe.	Promoter Partner and member of the Board of Directors.	<ul style="list-style-type: none"> <li>• Climate change.</li> <li>• Integrity, good governance and transparency.</li> <li>• Circular economy.</li> <li>• Social impact.</li> </ul>
 <b>FORO MADRID</b> FORO DE EMPRESAS MADRID	Public-private meeting space for a more sustainable and innovative city.	Associate company.	<ul style="list-style-type: none"> <li>• Electric mobility.</li> </ul>
 <b>seres</b> fundación sociedad y empresa responsable	Private foundation aimed at bringing about a more significant role for business in the improvement of society.	Patron of the Foundation.	<ul style="list-style-type: none"> <li>• Participation in different working groups.</li> </ul>



	Corporate volunteer network.	Managing partner.	<ul style="list-style-type: none"> <li>• Contribution to local development.</li> <li>• Corporate volunteering.</li> </ul>
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It should be noted that ENDESA also participates in other forums and associations whose mission is to advance the management of a specific sustainability issue, such as the fight against climate change or social action.

Similarly, ENDESA participates in forums and associations aimed at promoting the interests of the business sector in general or the energy sector in particular, among which the following stand out:

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Organisation	Function	ENDESA's position	ENDESA's participation in 2019
	National business association.	Member of the Committees on Industry, International Relations, Health and Consumption, Economic and Financial.	<ul style="list-style-type: none"> <li>• Participation in the various committees.</li> </ul>
	Association of the electrical sector.	Executive partners.	<ul style="list-style-type: none"> <li>• Participation in working documents, committees on the various energy areas, forums and meetings.</li> </ul>
	Association of the gas sector.	Executive partners, presence in the Permanent Committee.	<ul style="list-style-type: none"> <li>• Participation in committees in different areas: marketing, communication, legal, tax.</li> <li>• Presence in forums and meetings.</li> <li>• Collaboration in working groups to prepare working documents.</li> </ul>

	Portuguese Business Association with the state of the chamber of commerce.	Vice Presidency of the Executive Directorate.	<ul style="list-style-type: none"> <li>• Strengthening the development of Institutional and Commercial relations, in Portugal, with AIP associates.</li> <li>• Participation in committees.</li> </ul>
	AFIEG brings together French companies and subsidiaries of European operators in the electricity and gas sectors.	Vice presidency and members of the board of directors.	<ul style="list-style-type: none"> <li>• Dialogue with the General Directorate of Energy and Climate to present initiatives.</li> <li>• Response to public consultations of the Energy Regulation Commission (CRE).</li> <li>• Presentation of suggestions to the Ministry of Ecological and Solidarity Transition.</li> <li>• Participation in forums on access to consumer data in France.</li> <li>• Participation in working groups on biogas and CEE.</li> </ul>

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




ENDESA considers the management of respect for human rights to be a strategic issue that is a fundamental part of its strategy for sustainability and relations with stakeholders. For this reason, the company actively participates in the different debates and discussion forums that take place in Spain on this matter. Thus, for example, it is worth highlighting ENDESA's participation in the Human Rights Working Group of the Spanish Network of the Global Compact, which aims to share good practices among the business sector on this matter and design methodologies that help companies, especially SMEs, to integrate human rights into their business strategies.

Apart from this, ENDESA actively participated in the consultation process developed by the Government of Spain for the preparation of the National Business and Human Rights Plan approved by the Council of Ministers on 28 July 2017. This plan, which reflects




Spain's commitment to protecting human rights against any impact that business activity may have on them, responds to the recommendations made within the framework of the European Union through the renewed EU Strategy for 2011-2014 on corporate social responsibility and its Action Plan on human rights and democracy 2015-2019.

Additionally, ENDESA regularly participates in forums aimed at promoting Human Rights and especially to disseminate the approach of the United Nations Guiding Principles in the academic field.

### 1.9.3. Participation in environmental forums and associations

Organisation	Type of association / initiative	Endesa's position	ENDESA's participation in 2019
	Spanish Environment Club	Associate	<ul style="list-style-type: none"> <li>Non-profit association to promote at the national level the knowledge, dissemination and development of an environmental culture compatible with sustained progress and clean production.</li> </ul>
 Grupo Español Crecimiento Verde	Association created to promote public-private collaboration and jointly advance in the environmental challenges we are currently facing	Founding Partner	<ul style="list-style-type: none"> <li>Circular Economy</li> <li>Climate Change</li> </ul>
 PLATAFORMA ESPAÑOLA DE ACCIÓN CLIMÁTICA COLABORACIÓN PÚBLICO PRIVADA	Spanish Platform for Climate Action	Participant	Constitution of the platform, which was created with the purpose of promoting public-private collaboration against climate change and contributing to a green and decarbonised economy.

	#PorElClima Community	Participant	Network for action against climate change.
	Biodiversity Foundation	Signatory	<ul style="list-style-type: none"> <li>Endesa is a signatory to the Pact for Biodiversity led by the Biodiversity Foundation.</li> </ul>
	Spanish Business and Biodiversity Initiative	Participant	<ul style="list-style-type: none"> <li>Endesa has been a member since June 2013 of this public-private platform promoted by the MITECO Biodiversity Foundation</li> </ul>
	Spanish Association for Standardisation	Committee Participant	<ul style="list-style-type: none"> <li>Participation in committees on renewables, climate change, environmental management and energy efficiency.</li> </ul>
	Voluntary agreements to reduce greenhouse gas emissions	Participant	<ul style="list-style-type: none"> <li>Verification of Endesa Distribución's activities in Catalonia</li> </ul>
	Carbon Disclosure Project	Participant	<ul style="list-style-type: none"> <li>Participation in the climate change, supply chain and water initiative</li> </ul>
	Non-State Actor Zone for Climate Action (NAZCA)	Participant	It was launched at the UN Climate Change Conference in Lima in December 2014 (COP20) and records the commitments for action by companies, cities, regions, sub-national governments and investors to tackle climate change.

	COP25	Participant / Main Sponsor	Endesa actively participated in the Conference of the Parties to the United Nations Framework Convention on Climate Change between 2 and 13 December 2019 in Madrid.
	Natural Capital Factory	Participant	Platform that brings together the Spanish community around natural capital approaches, with the aim of ensuring that nature is included in organisations' decision making
	CONAMA: Continuous working groups:  1. Adaptation to Climate Change. 2. Business and Biodiversity	Participant	Advancing knowledge on adaptation to climate change and biodiversity, through sharing the experience and ideas of the participants
102-13			

#### 1.9.4 Transparency in institutional relations

Endesa manages relations with the institutions according to the principles established in the regulatory provisions and its Code of Ethics, providing its vision or positioning and offering comprehensive, transparent information for making the most appropriate decisions.

In this regard, particularly and as established in its Code of Ethics: “Endesa does not finance parties, their representatives or candidates in Spain or abroad, nor does it sponsor congresses or parties whose sole purpose is political propaganda. It does not exert any type of direct or indirect pressure on political exponents (for example, through public concessions to Endesa, acceptance of suggestions for hiring, consultancy contracts, etc.)”.

Endesa participates in business and employers' associations which, among other things, represent their members in public regulatory processes and, in general, within the framework of the consultation processes of energy and business policy initiatives developed by public institutions. In 2019, annual contributions paid to the organisations referred to in the form of membership fees totalled Euros 3.09 million. In particular, the three most important contributions corresponded to “Association of Electric Power Companies- AELEC” (Euros 1.97 million), “Nuclear Forum” (Euros 0.28 million) and “Spanish Confederation of Business Organisations - CEOE” (Euros 0.21 million).



The institutional dialogue with the business and employer associations in which Endesa participated in 2019 focused on supporting the consultation and regulatory development processes in the following areas:

- ➔ Policy development: aimed at promoting a sustainable energy model, including, among other topics, energy efficiency, the growth of renewable energy, the development of smart grids and digitisation. The contribution in 2019 was Euros 2.65 million.
- ➔ Business regulation: related to increasing business competitiveness, including, among other topics, industrial legislation, tax regulation and labour law issues. The contribution in 2019 was Euros 0.45 million.

The following table shows the amounts by type of contribution made between 2016 and 2019.

#### **Contributions and Other Expenses (millions of euros)**

	2016	2017	2018	2019
Lobbying, interest representation or similar	0	0	0	0
Local, regional or national political parties / representatives or candidates / political campaigns	0	0	0	0
Business and employers associations	4.00	3.71	3.44	3.09
Other	0	0	0	0
<b>Total Contributions and Other Expenses</b>	<b>4.00</b>	<b>3.71</b>	<b>3.44</b>	<b>3.09</b>

In Europe, the supervision of this type of activities is carried out through voluntary registration on the platform created for this purpose by the European Commission - (<http://ec.europa.eu/transparencyregister>), with which Endesa has been registered since 2011. The registry aims to provide citizens with a single, direct point of access to information about who carries out activities aimed at influencing the EU decision-making process, the interests pursued and the resources invested in these activities.

## **1.10. PROFILE OF THE REPORT**

### **102-50/102-51/102-52/102-54/102-56**

The 2019 Sustainability Report constitutes the nineteenth published by the Company since it began publishing Sustainability Reports in 2001, an activity that it has been carrying out since then on an annual basis. ENDESA has prepared its Sustainability Report in accordance with the Essential option of the Standards of the GRI (Global Reporting Initiative) guide. Annex III includes the GRI Content Index.

With this 2019 Sustainability Report, ENDESA aims to offer a transparent and global vision of the Company's performance in terms of Sustainability, in accordance with its Sustainability Policy and its 2019-2021 Sustainability Plan, which has already been renewed with the 2020-2022 Plan.

The Sustainability Report is published together with other annual reports of the Company, such as the Legal Documentation and the Corporate Governance Report, as

well as with the contents of the Sustainability section of the ENDESA website ( [www.ENDESA.com](http://www.ENDESA.com) ).

The Board of Directors, the highest governance body of the company, and senior management participate in the request for external verification, which is entrusted to Ernst & Young, an entity of proven competence, unconnected with the Company, which applies professional criteria. and follows systematic processes based on empirical verification. The public independent review report is included in Annex II.

### **1.11. COVERAGE OF THE REPORT**

ENDESA maintains a continuously updated corporate register which includes all of its equity interests, whatever their nature, whether direct or indirect, as well as any entity over which it has the capacity to exercise control.

The scope of the information offered in this report covers both ENDESA, S.A. and its investee companies in Spain and Portugal and is the same as that followed by the reports in the Legal Documentation. For more information see the Organisational structure section of this chapter.

As a general criterion, the environmental data are for 100 percent of the facilities in which ENDESA has a majority stake and therefore, responsibility for operation (control). In addition, data are included for facilities in which there is no majority stake, the percentage interest being reported, as with the nuclear facilities and the Pego thermal power plant in Portugal.

Regarding employee data, both the companies managed by ENDESA and the investees in Spain and Portugal are included. In addition, employees of investees in France, the Netherlands and Germany are included.

In terms of security, the data of the employees of the companies in which ENDESA has a majority stake and, therefore, responsibility for operation (control) are included.

The information regarding the social programmes corresponds to the activities carried out by ENDESA, its foundations and its subsidiaries in Spain and Portugal.

Regarding the material aspects identified, it should be noted that all of them are relevant both within and outside the organisation for all the entities that make up ENDESA.

Throughout the Report, specific cases are indicated where the scope of the information included differs from the criteria described here.

This document has been prepared following the guidelines of the GRI Standards Guide for the preparation of sustainability reports of the Global Reporting Initiative (GRI). The Report has also been complemented with the specific sector supplement for the electric sector (Electric Utilities Sector Supplement) of the GRI and with the principles established by the AA1000 APS (2008) standard.

## 2. CREATION OF LONG-TERM SUSTAINABLE VALUE

### 2.1. DECARBONISATION AND OPERATIONAL EFFICIENCY

#### 2.1.1. DECARBONISATION

#### 2.1.2. OPERATING EFFICIENCY

## DECARBONISATION



**66.3%**

Reduction of absolute CO<sub>2</sub> emissions (vs 2005)

**47.9%**

Reduction of specific CO<sub>2</sub> emissions (vs 2005)

**59.2%**

Net zero-emissions production

**7,452 MW**

Renewable Installed Capacity

### ENDESA SUSTAINABILITY PLAN COMPLIANCE 2019-2021

	Line of action	2019 target	2019 result	Key actions
Decarbonisation of the energy mix	Specific CO <sub>2</sub> emissions (g/kWh)	382	282	-Announcement of the cessation of peninsular coal activity for the year 2022.- Increase in installed renewable capacity (+0.3 GW Solar and +0.6 GW wind) -New green loans linked to investments in renewable energy: - €635 million
	CO <sub>2</sub> -free production (% production)	52%	59%	
	Renewable capacity (installed MW)	7,439	7,452	
	Installed fossil thermal capacity (installed MW)	6,453	13,625	

# 1.- Climate change, the greatest environmental challenge of the 21st century

## 1.1. Global commitment to combating climate change

### International agreements on Climate Change

The Paris Agreement, adopted in December 2015, entered into force on 4 November 2016 with three key objectives in the areas of climate change mitigation, adaptation and financing:

- **Mitigation:** limit temperature rise to 2° C and continue efforts to limit it to 1.5° C, relative to pre-industrial levels.
- **Adaptation:** increase adaptive capacity, strengthen resilience and reduce vulnerability to climate change.
- **Climate finance:** Developed countries will support developing countries with climate finance (transfer of resources to finance actions to combat climate change), encouraging developing countries to also provide resources on a voluntary basis to the extent possible.

According to recent estimates by the Intergovernmental Panel on Climate Change (IPCC), temperatures have already increased by 1° C from pre-industrial levels, and the increase is likely to reach 1.5° C between 2030 and 2050 if it continues to grow at the current rate.

Furthermore, greenhouse gas (GHG) emissions have continued to rise steadily over the past decade and there are no clear signs that these will peak in the coming years. Consequently, the scientific community demands urgent actions to accelerate the transition towards a zero net emissions economy, since it would be the only opportunity to minimise the negative impact of climate change.

In the aforementioned IPCC report, however, science holds the door open to hope, stating that it is still possible to limit the increase in temperature to 1.5° C above pre-industrial levels, although to achieve this, a radical and urgent transformation of all systems on an unprecedented scale is required. This would require reducing net global man-made CO<sub>2</sub> emissions by approximately 45% by 2030 from 2010 levels.

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 pro-actively by promoting not only the reduction of GHG emissions in the electricity production process, but also supporting the decarbonisation of other sectors of the economy through the electrification of energy demand.

### COP 25



Held in Madrid between 2 and 13 December 2019 under the presidency of Chile, the United Nations Conference on Climate Change (COP25) had as its central theme of work to address the need to increase ambition in the field of mitigation to limit the increase in global temperature to below 1.5° C, which means achieving climate neutrality in 2050, to which ENDESA contributes through its zero emissions target.

ENDESA was one of the main sponsors and actively participated in the climate change event by regularly following the negotiations and presenting its vision and experience in several events that it organised and others in which it actively participated, both at the COP venue and at its headquarters in Madrid, addressing such necessary issues as the fair transition, the circular economy, the decarbonisation of isolated electrical systems, and carbon sink projects such as the ENDESA Forest.

The ENDESA Teruel Forest initiative is part of the actions carried out within the framework of COP25. A reforestation action located in the fire-ravaged mountains of Ejulve, La Zoma and Aliaga in the Sierra de Arcos, in the province of Teruel. Visitors to ENDESA's stand in the green area had the opportunity to participate in it and assign their name to the planting of a tree.

Additionally, ENDESA participated in the “Castellana Verde” programme, consisting of various actions that contributed to the fight against climate change and that were carried out during the days of the COP, although outside the official venue. Among them was the environmental



volunteer action carried out in the ENDESA Forest, in the Doñana Natural Park, with the intention of recovering part of the natural environment that was devastated after the fire of the summer of 2017.

On 11 December 2019, a conference organised by the World Business Council for Sustainability Development WBCSD was held at ENDESA headquarters within the framework of COP25. The session was attended by representatives of international companies and by the Minister for the Ecological Transition and the Demographic Challenge, Teresa Ribera. José Bogas, CEO of ENDESA, stressed that the energy transition offers new opportunities, but for this it is necessary to change historical trends in energy consumption, with an important weight still being held by fossil fuels. For her part, Teresa Ribera highlighted the role of sustainable finance as fundamental in the process of energy transition towards decarbonisation of the economy.



In the photo, from left to right: Juan Sánchez-Calero, Chairman of ENDESA, Francesco Starace, CEO of Enel, Teresa Ribera, Minister for the Ecological Transition and the Demographic Challenge, and José Bogas, CEO of ENDESA.

Regarding the chapter of the negotiations in the field of the COP, after the entry into force of the Paris Agreement, finalisation of the Book of Rules of the Paris Agreement is still pending. These rules are defined almost in their entirety, with the exception of the section on market mechanisms (Article 6) and some technical points related to transparency or common deadlines and timetables for the contributions of countries to the objectives of the Paris Agreement, which should be settled at the next COP 26 to be held in Glasgow, Scotland, between from 9 to 19 November 2020.

With regard to the results of COP 25, it is worth highlighting the adoption of an agreement called **“Chile-Madrid Time to Act”**, which lays the foundation for countries to present more ambitious emission reduction commitments in 2020, to bridge the gap between the current ones and those necessary to meet the Paris objective, thus avoiding a temperature rise of more than 1.5 degrees, consistent with what science says and with what an increasingly aware society demands.

### Climate action in the European Union

Europe responds to the challenge of climate change through the Emission Reduction Strategy for the European Union by 2050 (presented by the EC on 28 November 2018), the Climate and Energy Package until 2020, and the Framework for climate and energy by 2030, with its top priority being to significantly reduce greenhouse gas (GHG) emissions and to encourage other states and regions to do the same.

In response to the Paris Agreement, Europe is developing the 2030 Energy and Climate Package and is in the process of negotiating the approval of a Strategy by 2050, urging the Parties to send their decarbonisation strategies to 2050 by 2020. This approved Communication does not constitute a legal document nor does it include specific regulations, but it does offer signals about the Commission's vision regarding: the objectives to be met in 2050, its technological and



economic viability, and the principles that can guide future legislative frameworks for climate and energy policies.

In this sense, the recent package of measures of “A European Green Pact” plans to request member states in 2020 to approve a European Climate Law that creates the necessary legislative framework to achieve the objective of carbon neutrality in 2050, and clearly establish the conditions for an effective and fair transition, to provide predictability to investors and to ensure that the transition is irreversible.

For its part, the package of measures on climate and energy until 2020 specifies climate and energy objectives assumed by the European Union for 2020, including the 20% reduction target for GHG emissions relative to 1990 levels.

To give continuity to the Package, new emission reduction and renewable energy targets are proposed with the Climate and Energy Framework for 2030, establishing the binding emission reduction target of the European Union of at least 40% relative to the levels of 1990 by 2030, thus allowing the European Union to contribute to the fulfilment of the Paris Agreement.

In order to achieve the reduction target of at least 40%, the sectors included in the European Union emissions trading scheme (ETS sectors), must achieve a reduction of 43% relative to 2005 levels, and the non-ETS sectors must achieve a reduction of 30% relative to 2005 levels through binding targets in each Member State.

In this regard, the aforementioned European Green Pact, in light of the results of science, which states that with the level of global effort in the fight against climate change currently committed, the objectives of the Agreement will not be met, it proposes an increase in the European climate ambition foreseen in the Climate and Energy Framework for 2030, going from the current 40% to between 50 and 55%, compared with 1990, at that horizon.

#### National climate response

After ratifying the Paris Agreement, Spain made a commitment to work within a legislative framework that would allow it to fulfil the commitments it made in terms of reducing greenhouse gas emissions. To fulfil these commitments, work began to prepare what will be the future **Law on Climate Change and Energy Transition**, which aims to be transversal across all sectors, and in which both civil society and the government are participating.

During 2017, specifically in the period from 18 July to 10 October, the then Ministry of Agriculture and Fisheries, Food and Environment, currently the Ministry for the Ecological Transition and the Demographic Challenge, opened the process of consultation for the development of the future Law with great success, receiving more than 350 proposals to the aforementioned document. In this regard, ENDESA played a very active role in the process, taking part in various forums and initiatives. In addition, the company participated in the aforementioned public consultation, sending to the currently Ministry for the Ecological Transition and the Demographic Challenge its contributions and its commitment to work towards a low carbon and climate resilient economy.

The current Ministry for Ecological Transition and Demographic Challenge has published a Draft of the Bill on Climate Change and Energy Transition. It is an ambitious document that pursues the global objective of reducing greenhouse gas emissions by 2030 for the Spanish economy as a whole by at least 20% compared with 1990. Likewise, with the aim of complying with the internationally assumed commitments, and without prejudice to the regional powers, it stresses that by 2050 a carbon neutral economy must be achieved, presenting a vision that can lead us to achieve zero by 2050 net greenhouse gas emissions, with an electricity system based exclusively on renewable sources of generation.

On the other hand, in compliance with Regulation (EU) 2018/1999, of the European Parliament and of the Council of 11 December 2018 on the governance of the Energy Union and Climate Action, which establishes that all Member States must prepare an Integrated National Energy and Climate Plan for 2021-2030, the Spanish Government has presented its Plan, which contains a number of objectives that are intended to be achieved in 2030: a 23% reduction in GHG emissions



compared with 1990, 42% of total final energy consumption to come from renewable sources, a 39.5% improvement in energy efficiency and 74% of renewable energy in electricity generation, thus favouring the transition to a low-carbon economy.

#### Business model: Promotion of a fair transition.

ENDESA, always up to date with the intense international negotiations, aligns its business strategy in accordance with the global commitments and objectives that have currently been set out in the fight against climate change. This means ENDESA is committed to contributing to the transition being fair and the creation of sustainable and decent jobs. A greenhouse gas-neutral 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.

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. This commitment has a first materialisation in the Futur-e project, a project managed through dialogue with local communities, and aimed at promoting the development of economic activities and job creation in the areas where the plants that cease their activity are located.

**See detail of the Futur-e project in Section 2.3. Support to decarbonisation projects: Futur-e Plans, in the chapter “Responsible Relationship with Communities”, and in Section 1.7.1. “Circular approach”, from the chapter “Commitment to Sustainability”**

#### Reporting model: Transparency

ENDESA promotes a reporting model based on transparency, with the aim of showing stakeholders that their commitment and ambition in the fight against climate change is firm and realistic.

ENEL, parent of ENDESA, made a public commitment in June 2017 to adopt the recommendations of the Task Force on Climate-Related Financial Disclosure (TCFD). However, given the importance that this initiative has taken on, 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 manner the way it is giving a satisfactory response to the recommendations of the TCFD.

## 1.2. Corporate 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 objective in force for the 2020-2022 Plan, in line with the industrial objectives contemplated in the 2020-2022 Strategic Plan, of 171.5 gCO<sub>2</sub>/kWh (ENDESA's specific CO<sub>2</sub> emissions in Spain and Portugal in 2022, meaning the ratio between absolute CO<sub>2</sub> emissions due to ENDESA's electricity generation and ENDESA's total net production for that year.)

### 1.3. Strategy

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

The intergovernmental group of experts on climate change (IPCC) issued a special report at the end of 2018 that states that to limit global warming to 1.5°C, "fast and extensive" transitions would be needed on land, energy, industry, buildings, transport and cities, and that it would be necessary for global net CO<sub>2</sub> emissions of human origin to decrease by 45% compared 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 aforementioned 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 adoption of an indirect emission reduction target of 16% by 2030.
- The increase in installed capacity in renewables by more than 38% in 2022, compared to 2019, with an associated investment of €3.8 billion, which will allow the reaching of 10.2 GW of renewable installed capacity in 2022, compared to 7.4 GW at the end of 2019.
- A smooth transition to decarbonisation, ensuring security of supply and avoiding inefficient new investments in fossil fuels, and setting dates on a 99% reduction in coal activity roadmap by 2022 and a complete cessation of activity in the year 2030. For which steps have already been taken in 2019, including the closing of the Alcudia 1 and 2 facilities, the commitment to close Compostilla and Teruel by 30 June 2020, for which it

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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).

requested its closure in 2018, and the closure request submitted to the competent authorities on 27 December 2019 for the As Pontes and Litoral plants <sup>3</sup>. Accompanying the applications for closure, Endesa has voluntarily prepared and submitted an action plan for each plant to mitigate the impact caused by the decrease in activity. Called the Futur-e Plan, it aims to promote the development of economic activities and foster job creation in the areas where the two plants are located. *See section 2.3 in the chapter “Responsible Relationship with Communities”, detailing the accompanying projects.*

- The promotion of the electrification of demand, which for the mobility axis is materialised through the Electric Mobility Plan, which drives the development of the electric vehicle as one of the main ways to fight against climate change and promotes electric mobility as an instrument to facilitate a zero emission energy model. The Plan has an ambitious goal of having 36,000 charging points installed between public and private use by 2022.
- A model for developing renewable facilities that incorporates Social Value Creation actions for the environments in which it is built, the so-called CSV model, prioritising the incorporation of local labour, as well as the development of projects of interest to the community.

In the presentation of the 2020-2022 Strategic Plan, ENDESA announced that 90% of its investment effort for the 2019-2022 period (amounting to €7.7 billion) is dedicated to action on climate, goal number 13 of the Sustainable Development Goals of the United Nations:

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 envisages in its Strategic Plan the aforementioned installation of 36,000 charging points through its ENDESA X business line, which in 2019 has continued to develop actions to achieve to reach 2,000 public electric vehicle charging points in 2020, making it easier for any electric vehicle to travel to any point in Spain

In the second phase (2021-2023), a further 6,500 new public access charging points will be installed in shopping centres, car parks, hotel chains, service stations and on public roads to cater to the growth in the electric vehicle market, providing greater charging infrastructure coverage in urban areas and the main strategic transport nodes both on the mainland and in the islands, bringing the total to more than 8,500 public access charging points. Additionally, ENDESA X markets end-to-end value proposals for the deployment of private electric vehicle charging, offering electric mobility solutions for residential, business and commercial customers, as well as those of the public administration.

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, ENDESA had 7,452 MW of gross installed renewable capacity, of which 4,712



MW corresponded to large hydroelectric, 2,308 MW to wind, 80 MW to mini hydro, 352 MW to

<sup>3</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.

solar photovoltaic and 0.5 MW to biogas plants, with a combined production in 2019 of 10,090 GWh. Production from renewable sources represents 16.4% of the company's total production.

#### Connection of 879 MW that ENDESA was awarded in the 2017 renewable auctions.

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.

Beyond the construction process and the generation of employment which the implementation of these projects involved, the development model followed by ENDESA has included actions to create social value for the environments in which they are located: the so-called CSV (Creating Shared Value) model. These initiatives, which have meant a disbursement of more than €2.2 million, are very diverse in nature and respond to the needs of each municipality, after conducting studies with local authorities.

The initiatives include training in renewable energy for people in the municipalities, advice on energy efficiency, lighting replacement projects with LED technology, self-supply with the installation of photovoltaic panels in nursing homes and other municipal facilities, local sociocultural projects, such as the marking or signing of hiking and bicycle touring trails, or heritage recovery, etc.

#### Acquisitions in 2019.

102-10
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The company has acquired 100% of the capital of 13 companies holding photovoltaic projects from the Prodiel Group for €36 million. The thirteen acquired companies have 1,037 MW of capacity to develop through 10 projects. Of this figure, 102.5 MW could be completed and put into operation in 2020, and the rest will be developed until 2022.

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).

#### Expansion of the portfolio of projects in development.

In addition, during 2019, work has been done to increase the portfolio of wind and solar projects, as well as the development of those currently in the portfolio. These projects are expected to materialise in the coming years as new capacity (both in the current REE infrastructures, and in their future planning for the period 2021-2026).

This ensures the continued growth of renewable capacity in the future and increases the possibility of closing commercial agreements in the sale of renewable energy. This is just the beginning of the great challenge of accelerating investment in renewable energy and decarbonisation.

**INSTALACIONES DE RENOVABLES DESARROLLADAS POR ENDESA  
EN EL MARCO DE LAS SUBASTAS DEL GOBIERNO**

Proyecto	UBICACIÓN	INVERSIÓN (mill €)	Potencia (MW)	GWh/año
<b>SUBASTA TECNOLOGÍA EÓLICA</b>				
Serra das Penas	Lugo	48,89	42	142,632
Paradela	Lugo	13,94	12	42,31
Ref. Pena Ventosa	Lugo	9,5	8	28
Amp. Los Llanos	Burgos	22,6	20	78,06
Sto. Domingo Luna	Zaragoza	29,2	29,865	116,33
Loma Gorda	Zaragoza	25,6	24	70,50
El Campo	Zaragoza	23	19,8	75,57
La Estanca	Zaragoza	25,4	24	96,77
Los Arcos	Málaga	35,5	34,65	101,386
Muniesa	Teruel	47,66	46,8	151,684
Farlán	Teruel	37,12	41,4	129,334
San Pedro de Alacón	Teruel	38,53	39,9	131,112
Allueva	Teruel	27,6	25,2	90,314
Pelarda	Teruel	16	14,4	54,258
Sierra Costera I	Teruel	44,6	48,9	141
Campoliva I	Zaragoza	41,1	35,99	110,386
Campoliva II	Zaragoza	39	39,375	119,363
Primoral	Zaragoza	33,6	34,65	107,595
<b>TOTAL SUBASTA EÓLICA</b>		<b>558,84</b>	<b>540,93</b>	<b>1.427,434</b>

<b>SUBASTA TECNOLOGÍA SOLAR</b>				
Totana	Murcia	59	84,7	150
Logrosán -Baylio	Cáceres	31,23	42,213	80,5
Dehesa de los Guadalupe	Cáceres	31,23	42,213	80,5
Furatena	Cáceres	31,23	42,213	80,5
Navalvillar	Badajoz	33,06	42,3	83,1
Castilblanco	Badajoz	33,06	42,3	83,1
Valdecaballeros	Badajoz	33,06	42,3	83,1
<b>TOTAL SOLAR</b>		<b>251,9</b>	<b>338,24</b>	<b>641</b>
<b>TOTAL SUBASTA (EÓLICA + SOLAR)</b>		<b>810,74</b>	<b>879,173</b>	<b>2.068,434</b>

	2019	2018
<b>Production. Iberian Peninsula (GWh)</b>	<b>10,090</b>	<b>12,172</b>
Hydroelectric	5,721	8,339
Wind	4,127	3,688
Mini hydroelectric	140	120
Solar	101	24
Biomass	1	1

	2019	2018
<b>Power. Iberian Peninsula (MW)</b>	<b>7,452</b>	<b>6,527</b>
Hydroelectric	4,712	4,712
Wind	2,308	1,751
Mini hydroelectric	80	51
Solar	352	13
Biomass	0.5	0.5

### 1.3.1. Risks and opportunities

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 applied in three time horizons: short term corresponding to the Strategic Plan, medium term corresponding to the PNIEC coverage terms, and long term established in 2050, to evaluate the flexibility and resilience of its Strategic Plan. The analysis of the impact of climate change is evaluated based on the following aspects:

- Extreme events: heat waves, torrential rains, etc. and its potential impact on industrial facilities.
- Chronic phenomena: to consider gradual changes in climatic conditions, such as an increase in average temperature, an increase in sea level, etc. affecting the production of power plants, and the consumption profiles of the residential and commercial sectors.
- Transition: from different sectors to a green economy, characterised by being more decarbonised.

The aspects related to the projections of the climatic variables, in terms of chronic phenomena and extreme events, define what we call physical scenarios, and the aspects related to the industrial and economic transition towards decarbonised solutions define the transition scenarios. The adoption of the aforementioned scenarios and their integration into the ordinary management of the company, as recommended by the TCFD, allows the evaluation of the risks and opportunities associated with climate change.

#### 1.3.1.1. Physical scenarios

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

- Representative Concentration Pathway 2.6 (RCP 2.6): scenario that estimates that the global increase in temperature will remain below +2°C in 2100 with respect to pre-industrial levels, with an average increase +1°C, with respect to 2005, in the period 2081-2100.
- Representative Concentration Pathway 8.5 (RCP 8.5): scenario that considers that no specific measures will be carried out to combat climate change, “business as usual”, and therefore it is estimated that the global increase in temperature will be +3.7°C, compared to 2005, in the period 2081-2100.

According to the climatic projections according to the RCP 8.5 scenario, the Mediterranean region will suffer an increase in the average temperature and a decrease in rainfall, effects that will be more pronounced in the second half of the century. According to the climatic projections of the RCP 2.6 scenario, the effects will be analogous, but less intense, with a less pronounced trend in the second half of the century, noting a large difference between the effects of both scenarios in 2100.

The indicated scenarios are global, so in order to define the effects at the level of the specific areas in which the ENEL Group carries out its activity, we have had the collaboration of the Earth Sciences department of the International Centre for Theoretical Physics (ICTP) in Trieste. The work carried out by ICTP has made it possible to have projections of the most important climatic variables with a resolution equivalent to a grid of 50 km on each side, and a time horizon between 2030 and 2050. The main variables considered are temperature, rainfall of snow and rain, and solar radiation. The first phase of the work carried out in 2019 has allowed the following conclusions to be drawn regarding ENDESA's activity:



- Extreme events: in the 2030-2050 period, heatwaves are expected to increase in frequency, and to be more marked in the southern area. Extreme rainfall will increase in intensity, but will decrease in frequency, while extreme snowfall will remain in the same geographic areas as today, but could significantly decrease its frequency, and also its intensity, with expected reductions of 30%.
- Chronic phenomena: an increase in the average annual temperature is expected in the period 2030-2050 for the two RCP scenarios 2.6 and 8.5. For the RCP 8.5 scenario, the average temperature increase is estimated to be 0.4°C higher than the RCP 2.6 scenario in the period 2030-50, and this difference will increase significantly in the second half of the century. Regarding hot days (heating days HD) and cold days (cooling days CD), a decrease in HD (-6%) and an increase in CD (+29%) is expected in the RCP 2.6 scenario, and for the RCP 8.5 scenario, a greater reduction in HD is expected (-10%) and at the same time a greater increase in CD (+43%).

It should be noted that 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 look in-depth at the subject, participating in multiple international initiatives and developing projects related to different fields.

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

#### 1.3.1.2. Transition scenarios

The transition scenario represents the evolution of the industrial and commercial sectors in an economic, social and regulatory context consistent with the evolution of greenhouse gas emissions, and therefore related to the chosen climatic scenarios RCP 8.5 and 2.6. With this purpose, ENDESA has equipped itself with tools that, based on assumptions about the evolution of the context, allow projections of energy demand, electricity demand, production of electrical energy, penetration of renewables, electric vehicles, etc. in general, all the relevant variables that characterise an energy system, and therefore the activities carried out by the company.

Regarding the hypotheses established to define the transition scenarios, it should be noted:

- The hypotheses related to the macroeconomic and energy context at the commodity price level, interest rate, gross domestic product, etc., referring to international benchmarks such as the International Energy Agency (IEA), **Bloomberg New Energy Finance** (BNEF), **International Institute for Applied Systems Analysis** (IIASA), etc.
- The hypotheses related to the regulatory context regarding climate change, which regulate aspects such as the reduction of CO<sub>2</sub> emissions, the efficiency of the energy system, the decarbonisation of the electricity sector, the reduction of oil consumption, etc. have been established based on the 2021-2030 Integrated Energy and Climate Plan presented by the Spanish Government.

## 1.4. RISK MANAGEMENT

201-2

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 risks to which ENDESA is exposed, whether financial or non-financial, are covered by the policy, including risks related to climate change

**For more information on risk management, see section 1.4 Risk management in the chapter “Commitment to Sustainability”.**

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).

Climate change and the energy transition, as already stated in the previous sections, will have an effect on ENDESA's activities.

As recommended by the TCFD, to identify the different types of risks and opportunities and their impacts on the company's different businesses, ENDESA has defined a reference framework. The risks are classified as physical and transitional. Physical risks are in turn classified as acute (extreme events) and chronic. The former occur as a consequence of extremely intense climatic conditions, and the latter are related to gradual and structural changes in climatic conditions.

Extreme events expose ENDESA to potential unavailability, of variable duration, in facilities and infrastructure, repair costs, impact on customers, etc. The chronic change in weather conditions exposes ENDESA to other risks and opportunities, such as changes in the production regime of different technologies, as well as changes in electricity demand.

In reference to the energy transition process towards a more sustainable model characterised by a progressive reduction in CO2 emissions, risks and opportunities are identified linked to both the regulatory and regulatory context, and the evolution of technological development, electrification and consequent market developments.

201-2

Scenario	Risk and opportunity category	Time horizon	Description	Description of the impact	Management mode
Acute physical change	Extreme events	In the short term (1-3 years)	Risk: extreme weather events by its intensity and frequency	Extreme events can have an impact in terms of damage to facilities and reduced availability	ENDESA adopts the best practices for incident management. Regarding risk management from an insurance point of view, the company manages a <i>Loss Prevention</i> programme for property risks, also aimed at evaluating the main exposure factors associated with natural events. In the future, changes in climate evolution that are expected to manifest from the medium term will also be considered in the evaluation.
Transition	Policies and regulation	In the medium	Risk / opportunity:	The effects of the policy on energy	ENDESA minimises exposure to risks



		term (2022-2030)	policies on price and CO2 emissions; incentives for the energy transition; resilience-related regulation	transition and resilience may have an impact on investments	through the progressive decarbonisation of its production system. ENDESA's strategic actions mitigate potential risks and take advantage of the opportunities associated with the energy transition.
Transition	Market	In the medium term (2022-2030)	Risk / opportunity: changes in the price of commodity and energy; evolution of the energy mix; change in consumption in the residential sector	Considering two alternative transition scenarios, ENDESA evaluates the effects of evolution in terms of the penetration of renewables in the energy mix and electrification to assess potential impacts	ENDESA maximises opportunities thanks to a strategy geared towards the energy transition and a strong development of renewable production.
Transition	Products and services	In the medium term (2022-2030)	Opportunity: higher margins and greater investment capacity as a result of the transition, considering the penetration of new technologies for domestic consumption and for electric transport	The evolution of transportation and residential electrification will have potential impacts on the business	ENDESA maximises opportunities through a strong strategic positioning on new business opportunities and services.
	Technology	In the medium term (2022-2030)		Considering two alternative transition scenarios, ENDESA evaluates, on the basis of the evolution of transport electrification, the potential opportunities to increase its investments	ENDESA maximises opportunities thanks to a strong strategic positioning on infrastructure.

ENDESA establishes its Strategic Plan with the aim of minimising risks and maximising opportunities, considering the medium and long-term phenomena identified for its conception. The reference framework for risks and opportunities included in the previous table shows the relationships between physical scenarios, transition scenarios and the factors that influence ENDESA's business. Such effects, related to the described scenario phenomena, materialise in different time horizons, which leads to evaluate their impact on three time horizons:

- Short term (1-3 years) in which sensitivity analyses can be made based on the Strategic Plan presented to the markets at the end of 2019.
- Medium term (until 2030) in which it is possible to appreciate the effect of the energy transition.
- Long term (2030-2050) in which chronic structural changes at climate level should begin to manifest.

The following sections describe the main risks and opportunities identified today.

### 1.4.1. Chronic and acute physical changes.

201-2

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

Acute physical changes:

- Extreme events: incidence and frequency of extreme physical phenomena that can cause potential relevant and unexpected physical risks in facilities and infrastructure and negative externalities associated with service interruption.

Chronic physical changes as a source of risks and opportunities (structural variations expected between 2030 and 2050):

- Thermoelectric production: variation of the average level of temperatures with effects on thermoelectric production.
- Hydroelectric production: variation in the average level of the rain and snow regime and temperatures with potential increase and/or decrease in hydroelectric production.
- Photovoltaic production: variation in the average level of solar radiation, temperature and rainfall regime with potential increase and/or decrease in photovoltaic production.
- Wind production: variation of the mean level of the wind regime with potential increase and/or decrease in wind production.

Additionally, the progressive change in sea level may have repercussions on the operation of generation plants.

For the correct management of adverse meteorological phenomena in the field of electricity generation, ENDESA adopts a series of best practices, such as:

- Weather forecast to monitor the availability of resources and extreme events, with warning systems to guarantee the protection of people and facilities.

- Management of insurance policies, which include coverage of damage to assets and negative externalities due to lack of production.
- Remote real-time monitoring of production plants.

In addition, in order to react quickly to adverse events, ENDESA adopts specific procedures for emergency management with real-time communication protocols, planning and management of all activities to restore operational activities in the shortest possible time, and lists of standard verification for damage evaluation.

### 1.4.2. Adaptation to climate change

#### 201-2

In parallel to the analyses described in the previous points, ENDESA has developed several projects that help to broaden knowledge about the company's exposure to climate change, and what measures can be taken to adapt accordingly, thus minimising the possible risks that affect the company's activity. It is worth highlighting the HIDSOS IV project on "Sustainability of water resources under global change", which focuses on the analysis of the implications of global change on the hydroelectric business and the ecosystems in its environment, as well as the project for adaptation to climate change focused on the business line of ENDESA's electricity distribution, through which the impacts associated with climate change capable of affecting the electricity distribution infrastructure, its monetisation and, therefore, the optimisation of the decision-making process for their management, were identified and evaluated. Also mention the active participation in the continuous working group of the National Congress of the Environment (CONAMA) in adaptation to climate change.

The conclusion of the vulnerability study carried out in 2019 is that the general risk of exposure of the company's infrastructure is low, although it should be noted that, in the field of electricity distribution, an increasing negative economic impact is beginning to show, mainly due to the increase in the occurrence of episodes related to extreme weather events.

Below are some of the projects and initiatives in adaptation to climate change that ENDESA has developed during 2019:

#### **RESCCUE Project ("Resilience to face Climate Change in Urban Areas"), to improve urban resilience to climate change.**

It is the first major European project for innovation in urban resilience. The initiative, co-financed by the EU's Horizon 2020 programme, seeks to improve the capacity of cities to prepare, absorb and recover as soon as possible from a crisis. Specifically, the RESCCUE project focuses on assessing the impact of climate change phenomena on the operation of essential services in cities, such as water or energy, and on providing practical and innovative models and tools to improve the resilience of cities to current and future climate scenarios. RESCCUE has a budget of €8 million and runs for 48 months around three case studies in Barcelona, Lisbon and Bristol.



ENDESA is working on the Barcelona case study, which analyses the risks associated with floods, droughts, heatwaves or a possible rise in sea level in urban services such as water supply, energy, transport, telecommunications and waste treatment in Barcelona. To this end, the interdependencies in place between these essential services are analysed.

ENDESA's role is focused on quantifying the impact of climate change on the recovery capacity of the electricity supply and its interaction with the water cycle. The project thus analyses the

improvements that smart grids and, specifically, micro grids (small-scale systems that combine electricity generation, storage and distribution), can contribute to the resilience of cities.

#### **Project: “HYDROELECTRIC RESERVOIRS AND CLIMATE CHANGE”.**

Initiative developed by ENDESA in collaboration with the Flumen Institute, a mixed university institute created by the Polytechnic University of Catalonia (UPC) and the International Centre for Numerical Methods in Engineering (CIMNE).

Based on the study of the thermal/hydrodynamic behaviour of three of the hydroelectric reservoirs managed by ENDESA (Sau, Ribarroja and Matalavilla) developed by Flumen in the past, the project analyses the incidence of global change (climate change plus change in water uses and of the territory) in the internal organisation (annual thermal cycle) of Spanish water bodies, in order to provide useful information for the management of hydroelectric reservoirs managed by ENDESA.

This general objective is specified in three specific phases implemented between 2017 and 2019:

- A. Identification of the key parameters in the annual internal organisation (thermal cycle) of hydroelectric reservoirs, their interdependence and their possible relationship with global change.
- B. Quantitative evaluation of the susceptibility of the reservoirs to global change.
- C. Analysis of criteria for the operation of hydroelectric reservoirs for their adaptation to global change and the mitigation of associated environmental effects.

As a conclusion to the project, it is shown that the Spanish water bodies studied integrate the changes that occurred in their basins and present recent trends of change in their internal dynamics. Furthermore, most of the global change forecasts simulated by the two-dimensional numerical model lead to an increase in the position of the thermocline and a cooling of intermediate levels that extends to deep levels at the end of the stratification period. Given the importance of the thermal impact caused by the different simulated intake depth management strategies, it becomes clear that the ability to influence or adapt to the thermal and hydrodynamic effects of global change in reservoirs through water management is very elevated.

#### **Project Anywhere (2016-2019). Innovation in detecting extreme weather events.**

Included in the H2020 initiative of the European Union, the project aims to strengthen the capacity of anticipation by civil society vis-à-vis the impact of climate change. To this end, work is carried out at the European level in several countries in the implementation, among others, of innovative technology and early warning systems to improve the protection of society against climate change. In this area, ENDESA participates in collaboration with the Centre for Applied Research in Hydrometeorology (CRAHI) of the Polytechnic University of Catalonia (UPC), focusing on the businesses of hydroelectric generation and electrical distribution.

This initiative will have a risk platform that helps to identify the expected climate-induced impacts and their location in time and space before they occur. In this way, a faster and more exhaustive analysis can be carried out before the event occurs, better coordination will be achieved in emergency actions and will help the population at risk to be prepared to react. The platform will provide alerts and personalised support services for decision-making regarding weather events.

### **1.4.3. Transition changes.**

The following paragraphs describe the main risks and opportunities identified in relation to the transition scenarios.

#### **Policy and regulation**

- **CO<sub>2</sub> emissions and price:** introduction of regulations to achieve the transition and the Paris Agreement, introducing stricter emission limits and/or requirements for the

electricity generation portfolio not guided by price signals; regulatory interventions on carbon pricing mechanisms, carbon tax in non-ETS sectors, or ETS expansion.

- Risk: control and command type regulatory adjustments to CO<sub>2</sub> with negative effects on price stability.
  - Opportunities: mechanisms that strengthen the CO<sub>2</sub> market with stable price signals.
- **Development of renewable energy and energy efficiency:** use of low-emission energy sources as the main basis of the country's energy mix, with incentives and opportunities for the development of renewable sources, energy efficiency and flexibility of the electricity and energy system and positive impacts in terms ROI and new business opportunities;
  - Opportunities: positive externalities in volumes and investment margins. The PNIEC sets an ambitious target for the penetration of renewables, foresees that in 2030 74% of the total electricity generation will be of renewable origin, consistent with a trajectory towards a 100% renewable electricity sector in 2050, and complemented by growing power additional in storage. Likewise, in terms of energy efficiency, which is one of the pillars of the PNIEC, an improvement target of 39.5% is set in 2030.
  - Risks: lack of evacuation capacity in the electrical network.
- **Regulation on resilience** to improve standards, or introduction of ad hoc mechanisms to regulate investment in resilience.
  - Opportunities: benefits associated with the allocation of investments aimed at reducing the risks of quality and continuity of service for customers.
  - Risks: impact on reputation derived from damage and service replacement times in the event of extreme events. Possible penalties associated with a lack of adequate response regarding service replacement after an extreme event.
- **Policies to encourage the transition in financial matters:** introduction of public and private financial instruments, funds or subsidies, facilities for access to financing or state aid.
  - Opportunities: positive externalities in terms of lower financing costs and greater investment capacity.
  - Risk: incentives for less mature technologies, which reduce support for electrification by reducing the competitive advantage of the technologies adopted by ENDESA.

## Market

- Market dynamics, such as those related to the variability of commodity prices, the increase in electricity consumption due to the energy transition, and the penetration of renewable energies have an impact on trade parameters, with an effect on margins and production and sales volumes
  - Opportunities: the positive effects derived from the increased demand for electricity and the greater space for renewable energy have positive effects on the volumes and returns on investment.

- Risks: less market space for short-term residual thermoelectric technologies

### Technology

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

Electricity grids have a leading role in PNIEC, as a facilitator to allow the integration of new renewable capacity in the system, while facilitating flexibility and demand management. For its development, the PNIEC allocates 24% of the estimated investments, reaching a total of €58.579 billion.

### Products and services

- Progressive penetration of products capable of guaranteeing lower costs and less impact in terms of emissions.
  - Opportunity: Increased demand for low-carbon products and services.
  - Risks: tariff structure that does not allow generating an efficient price signal to encourage the penetration of low-carbon products and services. Entry of new agents in the market.
- Electrification of the transport and penetration of electric cars, use of more efficient modes of transport from the point of view of climate change, with particular reference to the development of electric mobility and charging infrastructures; electrification of industrial energy consuming consumption.
  - Opportunities: positive effects derived from the increased demand for electricity and higher margins related to the penetration of electric transport.
  - Risks: rate structure that does not allow generating an efficient price signal to encourage the electrification of transport. Entry of new agents in the market.

The PNIEC is brought about through 3 routes, and one of them is the electrification of the economy, which will help fulfil, among others, the objective established by 2030 of reaching 42% of renewable energy over total consumption of final energy, as well as achieving a reduction of diffuse greenhouse gas emissions by 39% in the same year compared to 2005. More specifically and in parallel with the development of renewable energies, the electrification of demand must contemplate a strong development of electric mobility and the use of electricity in residential heating. The PNIEC foresees that the presence of renewables in the mobility-transport sector will be a driving force to drive its decarbonisation, expecting to reach 5 million electric vehicles by 2030. Likewise, the PNIEC incorporates ambitious plans for renovating residential equipment.

## 1.5. METRICS AND OBJECTIVES

### 1.5.1. Carbon footprint

**103-1 Management Approach Emissions/103-2 Management Approach Emissions**

The calculation of the carbon footprint is key to face the challenges of the fight against climate change from a global and integrated perspective. It is an instrument that offers a detailed inventory of the greenhouse gas (GHG) emissions generated by the Company, thus making it possible to make a careful judgment of the results and establish ambitious and effective reduction targets.

2019 has turned out to be the greenest year in the Spanish electricity system in the last 10 years, thus demonstrating that the climate objectives are being met, but there is still work to be done. The goal is clear: 100% renewable energy by 2050.

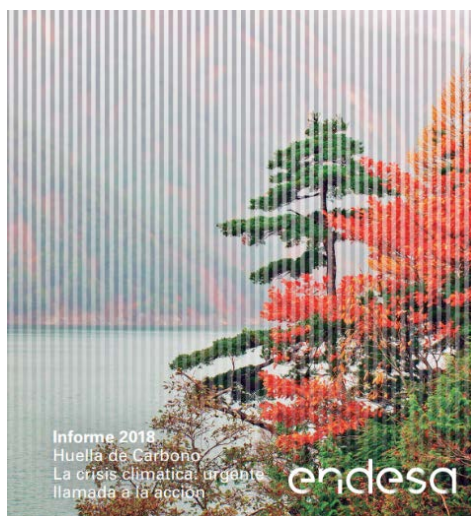
The fight against global warming continues to gain positions. Investors are taking more and more into account the environmental policies of companies and are aware that the climatic factor constitutes an investment risk, which leads them to carry out an in-depth review of risks and assets. In this way, the Carbon Footprint becomes a fundamental element of transparency, which reflects the company's climate impacts in detail and true to reality.

ENDESA calculates and verifies its carbon footprint voluntarily since 2009 under ISO 14064-1. In addition, it was one of the first companies to register its carbon footprint in the National Carbon Footprint Registry of the Spanish Office for Climate Change, having registered all its footprints since 2013.

ENDESA's Carbon Footprint includes the development of a calculation methodology, as well as its own computer tool, the implementation of a management system and the determination of an inventory of GHG emissions and removals in its entirety. This inventory covers both the direct emissions generated by all the activities controlled by the company, and the indirect emissions associated with the entire value chain of the business, over which there is no control, but which are a consequence of the activity carried out.

In this way, ENDESA manages to incorporate the "carbon component" into the Company's decision-making, allowing, through this indicator, to design the main climate strategies, detect risks and opportunities and establish emission reduction objectives.

During 2019, ENDESA has verified its Carbon Footprint for the 2018 financial year and has published the corresponding report ([https://www.endesa.com/content/dam/enel-es/home/prensa/publicaciones/otraspublicaciones/documentos/Carbon-footprint-2018\\_eng.pdf](https://www.endesa.com/content/dam/enel-es/home/prensa/publicaciones/otraspublicaciones/documentos/Carbon-footprint-2018_eng.pdf)).



In 2019, the Ministry for Ecological Transition and the Demographic Challenge has once again recognised ENDESA's efforts and results in its carbon footprint. For the second consecutive year, the Spanish Office for Climate Change has awarded the company the triple seal of the Carbon Footprint Registration, granted to those organisations committed to calculating, reducing and offsetting their emissions.

Since 2013, ENDESA has the “Calculo” (Calculation) seal for voluntarily calculating and registering its Carbon Footprint. In 2016, it obtained the “Reduzco” (Reduction) seal for the first time, for meeting the strict criteria of the Ministry that demonstrate a downward trend in emissions. Finally, the “Compenso” (Offset) seal has been achieved for the second consecutive year, after being the first company in the energy sector to obtain it last year. This seal was obtained as a result of the Company's decision to offset, with the “ENDESA Forest”, part of the emissions that it has not been able to reduce.



The “ENDESA Forest” (see section 4.2.3. *Projects with a socioenvironmental component of the Environmental Sustainability Chapter*) is a forest restoration project in degraded areas with native species, which has made it possible to offset direct emissions from vehicles, the life cycle of fuels and the waste associated with ENDESA's photovoltaic plants in 2018, making ENDESA's photovoltaic activity completely neutral in emissions.

In this way, ENDESA's objective is, on the one hand, to contribute to the reduction of greenhouse gas emissions and, on the other hand, to increase the absorption by carbon sinks.

## 1.5.2. Direct and indirect CO2 emissions

**305-1/305-2/305-3/305-5**

	Scope 1, 2 and 3 CO2 emissions		
	CO2 (t) Scope1	CO2 (t) Scope2	CO2 (t) Scope3
<b>2017</b>	34,801,749	707,019	35,237,225
<b>2018</b>	31,292,646	591,547	30,004,109
<b>2019</b>	17,470,846	723,653	27,675,782

The results provided for the years 2017 and 2018 in this report have been verified. Any difference with previously published data corresponds to the fact that at the time of publication of the previous report, the external verification process was being carried out according to the UNE EN ISO 14064 standard for said numbers, and the results were subject to some modification. Currently the calculation of ENDESA's Carbon Footprint results for 2019 is in the process of verification.

ENDESA calculates and verifies its emissions according to the guidelines contained in the GHG Protocol, with the location-based approach. This international standard provides the norms and guidelines for companies and other organisations regarding the preparation of the inventory of greenhouse gas emissions.

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

- **Scope 1. Direct emissions:**

Direct GHG emissions, meaning those that come from sources that are controlled by the company itself. This classification includes emissions derived from:



- Fuel consumption (coal, fuel/diesel, natural gas) for the production of electricity by generation plants
- Use of SF6 as a refrigerant in transformers of ENDESA-owned electricity distribution facilities and nuclear power plants.
- HFC consumption in the cooling equipment at port terminals.
- Methane leaks generated in the reservoirs of hydroelectric power plants.
- Air conditioning of buildings (use of fuels in boilers or generators) and transport of personnel in cars owned by ENDESA.
- Own fleet of vehicles, both for maintenance of facilities (buildings, electricity distribution, hydroelectric, thermal, wind and solar generation, buildings) and for sales and marketing.

The bulk of Scope 1 in the case of ENDESA is given by the use of fuels in electricity generation. Therefore, the variation in emissions depends largely on factors such as annual rainfall, the increase or decrease in energy demand and the contribution of renewable energy to a greater or lesser extent to the energy mix.

In this sense, the generation of thermal energy has decreased in 2019 by more than 30%, which has led to a reduction in both absolute CO<sub>2</sub> emissions, which has also been accompanied by a reduction in specific emissions, also as a consequence ENDESA's investment efforts dedicated to transforming the business model and reducing the environmental impact of its activity.

The decrease in thermal production has been unevenly distributed among the different technologies: a 66% decrease in production in coal-fired power plants and a 15% decrease in production in fuel-gas power plants, and a 23% increase in production in combined cycles.

CO <sub>2</sub> emissions at thermal generation facilities		
	Absolute (tonnes)	Specific (kg/kWh)
2017	34,517,220	0.439
2018	30,979,870	0.418
2019	17,287,446	0.282

The results provided for the years 2017 and 2018 in this report have been verified. Any difference from previously published data corresponds to the fact that the verification process was still being carried out at the time of publication of the previous report.

- **Scope 2. Indirect energy emissions:**

Indirect GHG emissions corresponding to the technical losses produced during the transport and distribution of electrical energy not generated by ENDESA.

- **Scope 3. Other indirect emissions:**

Scope 3 of ENDESA's Carbon Footprint includes those emissions that, not being generated in sources controlled by ENDESA, are a consequence of ENDESA's activities. This scope includes all those associated with the different stages of the life cycle of electricity that are not controlled by the company and that have not been included in the previous scopes, considering:

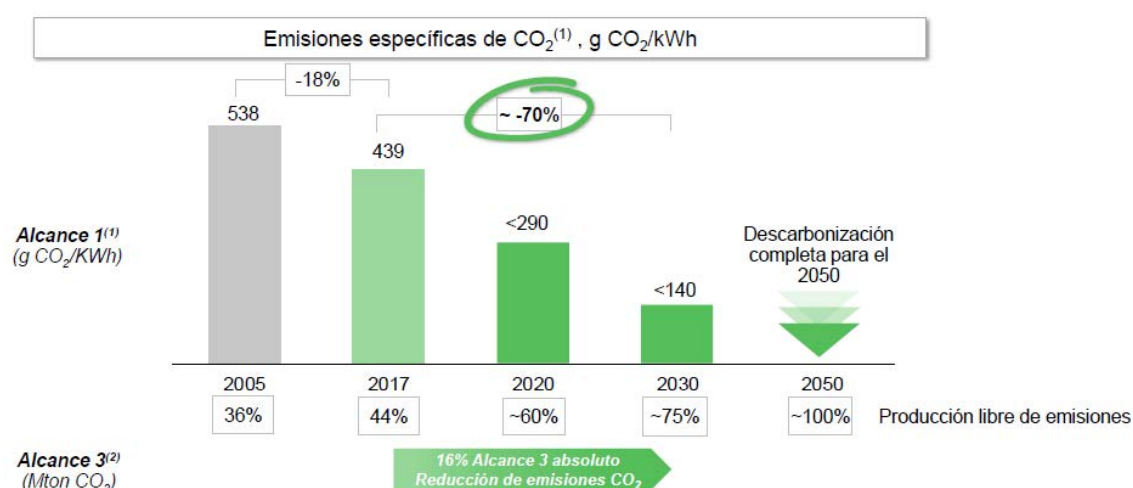
- Extraction, production and transportation of fuels consumed in the operation.
- Manufacture and transportation of chemical products consumed in the operation.
- Transport and treatment of waste generated in the operation.
- Extraction, production, transport and use by the end user of the marketed natural gas.
- Generation of marketed electricity that has not been generated in own generation plants. It is accounted for based on the country electricity mix.
- Trips made by staff by plane, train and rental/lease vehicles.
- Fleet of vehicles for maintenance and facilities (electricity distribution, hydroelectric production and wind and solar generation) owned by contractors.
- Travel of ENDESA employees from home to work (in itinere).

The variation in emissions in Scope 3 depends, to a large extent, on the balance between electricity generated and sold by the company, the natural gas sold, and the life cycle of the fuels used in thermal generation.

### 1.5.3. Objectives

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.

In the month of November 2019, ENDESA presented the 2020-2022 Strategic Plan. 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. Likewise, a target of 16% reduction in indirect emissions is established.



Specific emissions of CO <sub>2</sub> <sup>(1)</sup> , g CO <sub>2</sub> /kWh
Scope 1 <sup>(1)</sup> (g CO <sub>2</sub> /kWh)
Scope 3 <sup>(2)</sup> (Mton CO <sub>2</sub> )
Full decarbonisation by 2050
Zero-Emissions production
16% Scope 3 absolute
Reduction of CO <sub>2</sub> emissions

## 1.6. Transparency and recognition

### 1.6.1. Carbon Disclosure Project

ENDESA, in its commitment to the environment, collaborates voluntarily with CDP. CDP is an international, non-profit organisation whose objective is to provide the largest and most comprehensive global environmental dissemination system, allowing investors, companies, authorities and governments to mitigate risks in the use of energy and natural resources, as well as to identify opportunities for a more responsible approach to the environment. The organisation represents more than 525 institutional investors with combined assets of US\$96 trillion.

ENDESA participates in the CDP Climate Change, CDP Supply Chain and CDP Water initiatives.

***The information on participation in the CDP Water is developed in section 2.4 Water resources in the chapter “Environmental Sustainability”.***

#### CDP Climate Change

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

In the last edition, ENDESA has obtained an “A-” score, “Leadership” level. This excellent result reflects ENDESA’s firm commitment in the fight against climate change. This recognition by CDP values, among other things, the integration of climate change in ENDESA’s business strategy, its transparency in communicating it and its relationship with the value chain regarding climate change. Furthermore, the company adopts best practices for managing its emissions and sets ambitious short and long-term emissions reduction targets, evaluating their progress and implementing effective reduction actions.

#### CDP Supply Chain

Thanks to ENDESA’s participation in the CDP Supply Chain programme, the company can design strategies to increase the commitment of its suppliers by analysing the risks and opportunities associated with climate change and the management of greenhouse gas (GHG) emissions. It is a collaborative and innovative approach, which contributes to the sustainable development of the value chain.

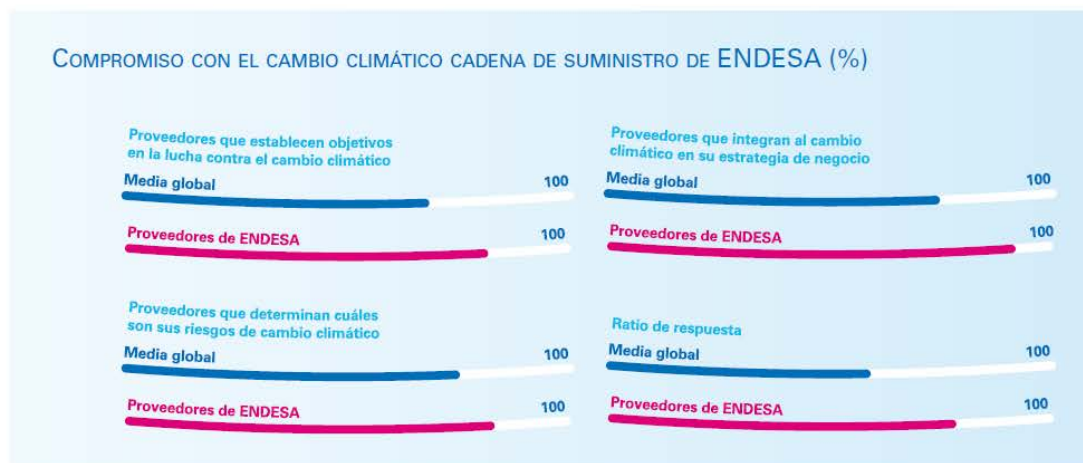
Since 2010, ENDESA has involved its suppliers and requested their collaboration in the CDP Supply Chain questionnaire, with the idea of transferring their commitment to climate change and reducing emissions.

In 2019, the response rate obtained in the CDP Supply Chain on Climate Change was 86%, compared to 70% obtained by the average of the companies participating in the initiative.

In general, ENDESA has a supply chain highly committed to climate change. 95% of its suppliers indicate that they have established objectives for combating climate change, compared to 67% for responding to this same item for the global average. In turn, CDP positively values transparency in communicating emissions from suppliers, the development of reduction initiatives to meet these objectives and the fact of identifying the risks of climate change, which has resulted in more than 20.7 million tonnes of CO<sub>2</sub> of reduced emissions associated with these initiatives by ENDESA suppliers, according to CDP data.

Updated data for the SR 2019 chart:

	ENDESA supply chain suppliers 2019	Global supply chain 2019 average
Established targets for emissions reduction	95%	67%
Integration of Climate Change in business strategy	100%	81%
Report of risks associated with climate change	95%	78%
Response rate	86%	70%



### 1.6.2. Climate Projects

ENDESA has participated in 2019, for the fourth consecutive year, in the call for Climate Projects launched by the Spanish Office for Climate Change. On this occasion, he has presented three proposals focused on the field of mobility and sustainable engineering.

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

Within the scope of mobility and covered by the second Sustainable Mobility Plan 2018-2020, e-Movement, the 2019 Electric Mobility Plan for employees has been presented, which is developed in **section 5.1.2.2. Promotion of the electric vehicle for employees, from the chapter "Environmental Sustainability"**.

Also within the e-Movement, is the 2019 Electric Mobility Plan for construction vehicles, which aims to replace the combustion vehicles used in the displacement of 5 planned construction works for renewable plants, by 100% electric vehicles.

In the field of Sustainable Engineering, the activity Sustainable Engineering on site with solar energy has been presented. This project consists of the installation of photovoltaic panels in each of the 34 construction works for new planned renewable plants, to generate electrical energy, thus reducing fossil fuel consumption in the generator sets.

With these activities recognised within the Climate Projects, a total reduction of more than 800 tonnes of CO<sub>2</sub> per year is estimated.

As of the writing of this report, the final selection of 2019 projects has not been published, the Call to Tender is in the Project Assessment phase.

## 1.7. Other initiatives on climate change

### 1.7.1. The carbon market and offsetting mechanisms

Flexible project-based emission reduction mechanisms, such as the Clean Development Mechanism (CDM), continue to represent an important part of ENDESA's climate change strategy

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

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

### 1.7.2. Carbon funds

#### **EU5**

ENDESA has participated in 3 carbon funds managed by the World Bank: Community Development Carbon Fund (CDCF), Spanish Carbon Fund (SCF) and Carbon Partnership Facility (CPF).

Since its inclusion in them, ENDESA has not only contributed to the reduction of emissions, but has also participated in the complementary benefits provided to the most disadvantaged communities. A large part of the projects in which ENDESA has been and continues to be a participant have contributed to improving the quality of life of more than 18.2 million people.

### 1.7.3. Voluntary offsets of greenhouse gas emissions

#### **EU5**

ENDESA in 2019 voluntarily offset the greenhouse gas emissions of several of its national and international customers, for this purpose using credits not only from its portfolio of CDM projects but also specific credits from the voluntary market (VERs "Voluntary Emission Reduction").

In addition, the company continued with its policy of offsetting greenhouse gas (GHG) emissions at events in which it participates as a sponsor, its own internal events and publications. From the year 2019, highlight the GHG emissions offsetting of the General Shareholders' Meeting and of the ENDESA Energía Energy Talks Days, as well as the basketball games played during COP25 in the ENDESA league, ENDESA women's league and Euroleague competitions, and the Ñ route ("ruta Ñ") of the Spanish women's national team. In addition, ENDESA has calculated and offset the GHG emissions from the entire production and transportation process of the company's Annual Reports, as well as the Carbon Footprint Report. In total, more than 1,300 tonnes of CO<sub>2</sub> equivalent have been offset.

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

### 1.7.4. Carbon capture and reuse

During 2019, ENDESA has continued to carry out various initiatives in the field of Carbon Capture, Storage and Use (CCUS):

- Since 2011, ENDESA has operated a microalgae cultivation pilot plant for the capture and revaluation of CO<sub>2</sub>, located in the Litoral de Almería thermal power plant. The main objective of this plant is to test new types of photobioreactors, cultivation methods, as well as microalgae and to develop processes for the recovery of the biomass obtained. In this area, the Algae for Healthy World (A4HW) project has been completed this year,

which is a consortium led by ENDESA and made up of seven research entities and organisations with the aim of advancing the research and development of different types of microalgae for application for food purposes with very high added value. Likewise, the European LIFE ALGAR-BBE project has begun, where the aim is to value the biomass generated to obtain biostimulants with biocidal activity. The project will implement, evaluate and disseminate a new approach in the context of sustainable agriculture through the use of biostimulants with biocidal activity containing microalgae, mitigating the adverse effects on the environment and human health of chemical pesticides that are currently use.



Microalgae pilot plant at the Almería Thermal Power Plant.

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

## OPERATING EFFICIENCY

### 1.THE QUALITY AND SAFETY OF ELECTRICAL SUPPLY AS A PRIORITY



The own **TIEPI** was **60.9** minutes, in line with the 2018 value.

**99.9%** service reliability in the year.

**3%** advantage over the competition in Customer Satisfaction

More than **15.5** million phone calls answered by the Call Centre

#### ENDESA SUSTAINABILITY PLAN COMPLIANCE 2019-

	Line of action	2019 target	2019 result	Key actions
Operating efficiency	Interruption Time (own TIEPI + programmed) (min)	55.5	67.6	The complex weather events in December have considerably penalised the closing value of the year, although the value of the previous year has been maintained.
	Energy recovery (GWh)	1,311	774	Change of the computer system to handle recovery files.
Customer orientation	Promotion of e-care efforts (%)	83.50%	87%	New platforms and digitalisation of channels for billing.
	Number of CNG service stations open to the public associated with fuel changes	18	13	



# 1. The Quality and Safety of electricity supply as a priority

## 1.1. Development and improvement of distribution infrastructure

***EU10/ 103-1 Management Approach Availability and Reliability EUSS/103-2 Management Approach Availability and Reliability EUSS/103-3 Management Approach Availability and Reliability EUSS***

### ***Length of the distribution network lines***

***High voltage: 19,593 km***

***Medium voltage: 116,066 km***

***Low voltage: 181,100 km***

***316,760 km of distribution network lines***

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

The length of ENDESA's distribution network lines in Spain stood at 316,760 kilometres, of which 40.1% were underground lines. The number of substations at year-end was 1,295.

Along with the development of these infrastructures, a large number of actions were carried out aimed at improving the quality of supply, such as maintenance work, the renovation of facilities or the increase in the degree of automation of the high and medium voltage network. Regarding this last activity, during 2019 the Company's Medium Voltage Network Automation Plan has continued to be developed, with a total of 54,399 remotely controlled elements.

Other actions have focused on reducing the environmental impact of the networks, and on the development of different specific plans agreed with the Administrations.

<b>Electricity distribution facilities in Spain and Portugal</b>			
	<b>2017</b>	<b>2018</b>	<b>2019</b>
Length of distribution network lines (km)	318,702	319,613	316,760
High voltage overhead lines (km)	18,791	18,838	18,807
High voltage underground lines (km)	770	787	786
Medium voltage overhead lines (km)	77,347	77,343	75,181



Medium voltage underground lines (km)	40,816	41,188	40,885
Low voltage overhead lines (km)	96,351	96,390	95,679
Low voltage underground lines (km)	84,626	85,067	85,421
Substations (number)	1,270	1,275	1,295
Substations (MVA)	86,407	87,149	87,932
Transformation Substations (number)	133,512	133,971	127,206

## 1.2. Continuity in supply

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

During 2019, Endesa's SAIDI in the markets supplied by e-distribution stood at 60.9 minutes, in line with the 2018 value. The reliability of the service has been 99.99% of the hours of the year.

### **EU28**

Endesa's SAIFI stood at 1.4 in 2019, reducing the data from the previous year by one tenth.

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

- Peninsula: The year 2019 has had a different behaviour according to the Autonomous Communities. While Catalonia has shown an increase in the indicator, in Aragon, Andalusia and Extremadura it has been reduced. In Andalusia, the value of Endesa's SAIDI is 70 minutes, in Aragon 58 minutes, Catalonia 54 minutes and Extremadura 74 minutes.
- Islands: In the case of the islands, an increase in the value of Endesa's SAIDI has been observed in the Canary Islands, with 50 minutes, while in the Balearic Islands it decreased slightly to 51 minutes.
- Ceuta: In 2019, the quality levels of 2017 have been recovered, after an exceptional year in terms of incidents of own responsibility recorded especially in the month of March.

The behaviour of Endesa's SAIDI throughout 2019 has been more favourable than in 2018, although the complex weather episodes in December (Storms Daniel, Elsa and Fabien) have considerably detracted from the closing value for the year. It is expected that throughout the first quarter of 2020, communications will be published that allow

incidents of such episodes to be classified as force majeure, with which the annual value of Endesa's SAIDI will be reduced.

## EU29

ENDESA's SAIDI (System Average Interruption Duration Index) (minutes)					
Endesa's SAIDI		2017	2018	2019	Variation 2019-2018
Andalusia		75	73	70	-4%
Aragon		82	70	58	-17%
Balearic Islands		41	54	51	-6%
Canary Islands		43	40	50	+25%
Catalonia		49	53	54	+2%
Extremadura		60	80	74	-8%
Ceuta		1.2	28.7	5.5	-81%
<b>ENDESA</b>		<b>61</b>	<b>61</b>	<b>61</b>	<b>0%</b>

## 1.3. Safety at facilities

**103-1 Customer health and safety EUSS/103-2 Customer health and safety EUSS/103-3 Customer health and safety EUSS/102-1 Customer health and safety/103-2 Customer health and safety/103-3 Customer health and safety/416-1**

The Occupational Safety and Health of its professionals and contractors are a priority for ENDESA, which is not only limited to complying with all labour laws in this area. In many aspects, the company's internal obligations exceed the legislative requirements on which they are developed. Therefore, well-being is promoted and a culture of prevention is promoted in all the activities carried out by the company.

The Joint Prevention Service is a significant tool that allows all professionals, regardless of their geographical location or activity, to carry out their activities safely. Annual awareness campaigns are promoted with the aim of generating greater awareness among employees about the importance of protecting their own health, avoiding risks and developing healthy lifestyle habits.

ENDESA is firmly committed to guaranteeing the highest possible level of Health and Safety to its professionals and this is how it is included in the Integrated Quality, Health, Safety and Environment Policy.

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 carried out at our customers' facilities, the Coordination of Business Activities is fundamental and always involves 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 for 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.

### **1.3.1 EU25 Case Rate**

In August 2017, a fortuitous and totally exceptional incidence was registered in an ENDESA transformation substation located on the N-340 by Valdevaqueros in Tarifa, which caused a deflagration that caused the death of 2 workers at the 100% Fun Hotel where said transformation substation was located and caused injuries to 6 other workers at said hotel. From the outset, ENDESA placed itself at the disposal of the Local Public Administration to convey its condolences to the relatives of all the wounded and

deceased, offering support with wherever was required, and providing the help that was requested.

Likewise, ENDESA immediately launched an investigation into the accident that is still open, given the complexity of what occurred and the lack of access to key elements such as the transformer, which are subject to judicial seal. The procedure continues with the investigation phase, pending the completion of the requested experts to open the accident transformation substation. It is quite exceptional that a similar event occurs in a transformer substation. It was in a normal state of operation, in the middle of its useful life, with all the regulatory reviews carried out and in compliance with current regulations.

Regarding the management and response to the incident, ENDESA acted according to its internal protocols for the management of critical events, responding quickly and showing its collaboration to the different public services involved. Likewise, the company installed a generator set to guarantee the supply to the 13 customers of the transformer substation affected. Subsequently, the affected transformer substation was repaired and the service reconnected.

Likewise, and as a preventive measure, ENDESA reinforced its winter campaign to review the state of the electricity distribution network and transformer substations, increasing its scope, analysing a greater number of substations and increasing the overhaul work to be carried out. ENDESA is developing a particularly prudent, careful and detailed investigation work to elucidate the causes of the incident, not ruling out any hypotheses. However, at present the case is under judicial investigation and, therefore, the court decision must be awaited to determine the cause of the incident and settle responsibilities where necessary.

## **2. EXCELLENCE IN COMMERCIAL SERVICE**

### **2.1. Commercial Service Excellence Plan**

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

ENDESA has a Commercial Service Excellence Plan, in order to offer its customers the best possible service. The aim is to improve the main indicators of customer satisfaction year after year.

This plan focused its activities in 2019, among others, on the following aspects:

- Management of Dissatisfaction in all measurement areas of the Commercial Quality area.
- Launch of the Universal Measurement of Perceived Quality Project.
- Continuous improvement of the quality perceived by customers in Digital Channels; web and APP.
- Improvement of data quality.
- Act on the two levers with the greatest impact on the satisfaction (deadlines and steps) of corporate customers with complaints.
- R&N claims: Improve customer perception and increase resolution in the first instance.

In order to ensure compliance with the improvements identified in the Plan, the key indicators are monitored in order to verify the impact on the improvement of ENDESA's commercial quality.

Among the most significant results of the Plan in 2019, the following stood out:

- The continuous improvement in customer satisfaction in the non-General Public with the management of their claims in the marketing sphere (+14%).
- The continuous improvement with the satisfaction of the Endesa Clientes website during the period (7.22; 1% above the 2018 valuation).
- Significant improvement in satisfaction with the service offered at ENDESA Supply Points (8.79; 3% above the 2018 valuation).

#### ENDESA, PLATINUM MEDAL IN SUSTAINABILITY

Madrid, 18 February 2020 - Endesa has received the platinum medal in sustainability, the highest distinction, granted by the independent international analyst Ecovadis, after a new update in the analysis on its performance in this area (the last one was in July last year).

This score is the result of an extensive questionnaire that explores Endesa's sustainability performance, and also an evaluation of the documentary evidence submitted by the company to justify the answers.

This extensive evaluation allows the quality of the company's Corporate Social Responsibility management system to be measured, through its policies, actions, results and is used by certain customers to select the most sustainable suppliers.

To achieve this, Ecovadis assesses the different dimensions of sustainability: environment, labour practices and human rights, ethics, sustainable purchasing, as well as general aspects related to sustainability.

Obtaining the Ecovadis platinum medal is another example of Endesa's firm commitment to sustainability, which is evident in its policies, its daily activity and results.

#### **Endesa, medalla de platino en sostenibilidad**



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

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

- **Large Customers and Companies (B2B):** ENDESA has a team of managers, organised by sector and territory, through which it aims to achieve in-depth

knowledge of customer needs and offer competitive personalised solutions. The Company has around 350 personalised sales managers distributed throughout the country and complements its coverage through a telephone and internet customer care service.

- **General Public (B2C):** ENDESA has 11 sales and distribution offices in Spain and 2 in Portugal, as well as 254 service points distributed throughout the country, assisted by the Call Centre (CAT) and ENDESA's virtual office ([www.endesa.com](http://www.endesa.com)).

	Service points	Sales offices
Andalusia-Extremadura	83	3
Aragon	23	1
Balearic Islands	18	1
Canary Islands	23	2
Catalonia	61	3
<b>Own territory</b>	<b>208</b>	<b>10</b>
Expansion	46	1
Portugal	0	2
<b>ENDESA</b>	<b>254</b>	<b>13</b>

### 2.1.2. Customer Service Call Centre.

The ENDESA Call Centre managed 15.5 million interactions in 2019, with a 19% decrease in traffic on the Iberian Peninsula compared to the previous year. The demand for contact presented different evolutions in Portugal, where activity decreased by 7% due to efficiency actions carried out in said market, while in Spain it decreased significantly (20%) based on plans to improve the solution. At the first contact, the push to digitalise from the channel, automation and interaction management with the help of bots.

Customers who chose the call centre channel to contact ENDESA did so in 54% for reasons related to the business cycle, 18% for reasons of unavailability of supply, and 4% to make requests for new sign-ups, maintaining the Customer Service Call Centre as one of the main sales channels of the company. 4% of the activity managed by the call centre channel occurred through digital support channels that have been developed since 2018 to reinforce communication with the customer, which means that the weight of digital channels within the call centre channel is increasing higher.

In 2019, the call centre channel continued its progress towards the cognitive contact centre, and became a benchmark in the sector by obtaining the Excellence in Customer Relations Award for the Best Innovation Project. These awards are organised by the AEERC (Spanish Association of Customer Relations Centres). This award recognises the lines of work that have allowed the development of the artificial intelligence integration model in voice channels as just another agent, as well as the development of new customer care services through Alexa and Google Home.

The most differentiating points of the project, and that mark a way forward within the contact centre industry, are based on the design of a homogeneous experience for the customer by using a unique conversational model and the full integration of artificial intelligence through from Watson, the IBM virtual assistant.

Furthermore, the working model of the call centre channel was also recognised as one of the best Latam Customer Experience strategies by the Latin American Alliance of Organisations for Interaction with Customers (ALOIC).

Under this framework, the following lines of work that have been developed in this exercise should be highlighted:

- **Digitalisation of the Contact Centre**, in which the technological renovation project of the channel infrastructure is being developed, self-service is promoted with the incorporation of natural language dynamics and the support of Artificial Intelligence, and new voice channels have been developed with virtual assistants. Progress continues in the backlog, and new use cases have been incorporated for their treatment with Artificial Intelligence.
- **Process quality**, in which a diagnosis of the operational model has been made to implement ISO 19285 in the channel, the detected GAPs have been closed, and in 2020 it is expected to have AENOR certification, becoming one of the first companies in Spain which will be able to boast this certification and thus have a fully customer-oriented contact centre operations model.
- **Efficiency and quality through the Cronos project**, a project that seeks to reduce management times with the customer, improving the perceived quality, and for which we have the collaboration of all the partners that provide service for the call centre channel.

Within this framework, 2019 was once again a very positive year for the channel, which continues to develop the basis for improving customer service in 2020.

#### NEW AWARD FOR ENDESA IN CUSTOMER SERVICE

The Latin American Association of Organisations for Interaction with Customers (ALOIC) has recognised ENDESA for having the best Customer Service Strategy with the case “Transcending Borders beyond Service”, which is based on a training model and career plan such as results improvement engine, supported by e-learning tools, documentary support and even a simulator using avatars.

This new award recognises the work carried out by the Company in recent years, based on a strategy of innovative initiatives and the implementation of a delocalised service with the standardisation of solutions that allow processes to be homogenised.



## ENDESA RECOGNISED AGAIN

Endesa has been recognised with the Excellence in Customer Relations award for the Best Innovation Project, and as one of the Best Customer Experience Strategies in Latin America.



### 2.1.3. Online attention

At the end of 2019, ENDESA's commercial website, [www.endesa.com](http://www.endesa.com), reached 2.3 million registered customers (11% more than in 2019), with more than 3.3 million contracts. These users have carried out more than 2.5 million interactions per month, with bill consultation being the most common operation both on the web and the app.

**2.3** million registered customers at [www.endesa.com](http://www.endesa.com), **11%** more than in 2019.

During 2019, electronic billing has also received a great boost. In 2019 it has been consolidated with 3.8 million contracts in force with e-billing.

The main features added during 2019 were:

- Chatbot available from the Endesa Clientes website to help the agent in the login process.
- Functional improvements for the Luz Happy 50 product (signing up process, customer communications, bill availability notices, etc.).
- Creation of a website ( [www.energiaxxi.com](http://www.energiaxxi.com) ) and specific app for Regulated Market customers.

Since March 2013, there have been more than 1.1 million downloads of ENDESA's Apps, with 276,000 occurring in 2019.

In 2019, more than 74,000 cases were handled on WhatsApp, Twitter and Facebook (in 2018, 46,000 were handled, meaning this was an increase of 50%). Mail and chat continue to be the digital channels with the highest volume, exceeding 600,000 procedures per year.

ENDESA is currently developing a digital transformation process where the customer positions itself as a fundamental element of said transformation. For more information, see section 3. From the chapter "Digitalisation" in this report.

## 2.2. Resolution of claims and service registrations

### **103-1 Management Approach Customer Privacy/103-2 Management Approach Customer Privacy/103-3 Management Approach Customer Privacy/418-1**

Claims handling at ENDESA is managed from the Claims Handling 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 rises to the total figure of 601,391, whose resolution has been 101%. 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, with a highlight being 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 made to Customer Service and Sales decreased by

30% and 31% respectively, due to the reduction of customer claims regarding contracts made by door-to-door salespeople. The claims have a higher resolution in the Customer Service Channels that are able to resolve in the first instance with the customers themselves, and the procedures that cannot be resolved in the first instance pass to the teams that can resolve them, including the Business Cycle teams which also deal with claims. In 2019, more than 80% of the claims of the reseller (Residential) have been resolved within a period of less than 5 days.

## 2.3. Responsibility in informing the customer regarding ENDESA's products and services

**103-1 Management Approach Marketing and Labelling/103-2 Management Approach Marketing and Labelling/103-3 Management Approach Marketing and Labelling/417-1**

ENDESA customers have the right to be informed about the characteristics of the products and services they consume. For this reason, the Company complies with the regulatory requirements for information to customers in the various phases of the business cycle. These regulations cover the following issues:

- When establishing a supply contract or modifying it, the customer is informed of the different types of tariffs and the most appropriate power for their needs.
- When making power outages for scheduled tasks on the network, customers and the general public are notified well in advance.
- When shutting off a customer's service for non-payment, all the certified demands for payment established by current regulations are made prior to this act, including a notice made 15 days before the shut-off, informing them of the date from which the same will be effective. These shut-offs for non-payment are only carried out if the Company has proof of this fact. In no case are customers considered "essential" by the regulations cut off for non-payment.
- There are other times when deadlines for reporting are defined, both when budgeting for new supplies and when handling customer complaints.

Regarding the liberalised market, ENDESA systematically complies with the obligation to report the origin of the electricity on the bill.

Furthermore, it goes beyond the legal requirements to achieve excellence in the practice of informing customers. Thus, the Company created in 2009 a unit to manage the relationship with consumer associations and public bodies, which has been consolidated since then. This unit has held regular meetings and has participated in different forums in the field of consumers, in which the measures adopted by ENDESA with respect to its customers have been transmitted and the main concerns expressed by them have been gathered, to adopt the measures more appropriate at all times in terms of consumption.

**103-1 Management Approach Marketing and Labelling/103-2 Management Approach Marketing and Labelling/103-3 Management Approach Marketing and Labelling/417-**

### 2.3.1. Eliminating barriers to accessing information about products and services

**103-1 Management Approach Provision of Information EUSS/103-2 Management Approach Provision of Information EUSS/103-3-3 Management Approach Provision of Information EUSS**

ENDESA strives to overcome the possible existing barriers, be they physical, social or language in the information of its products and services.

ENDESA, on the [www.endesa.com](http://www.endesa.com) website, has a wide-ranging section to explain electricity and gas bills in detail, both on the free market and on the regulated market, item by item.

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

The website [www.endesa.com](http://www.endesa.com), in addition to Spanish and Catalan, is also available in English. This is intended to respond to the demands of foreign customers. It is estimated that 900,000 Britons live temporarily or permanently in Spain, mainly on the Mediterranean coast and on the islands, in addition to the rest of the nationalities that use English as a second language. You can also communicate in English through the Apps and the online chat channel, email, Twitter, Facebook and WhatsApp, covering the information and sales service needs of these customers on the internet.

The website has means and formats to guarantee access to customer service to people with disabilities or the aged.

**103-1 Management Approach Provision of Information EUSS/103-2 Management Approach Provision of Information EUSS/103-3-3 Management Approach Provision of Information EUSS**

A project has been developed to adapt the website to comply with the WCAG (Web Content Accessibility Guidelines) of the W3C (World Wide Web Consortium), at its AA level. The AA accessibility certificate issued by AENOR has been obtained.

The customer service call centre attends in both Spanish and Catalan. For those customers who cannot communicate in these languages, there is a specialised service that handles calls in English, with a dedicated telephone number, and whose target audience is mainly customers with their residence abroad. It also has a service to facilitate communication with people with hearing or speech difficulties that allows communication with an agent through the Pedius app.

ENDESA's Sales Offices and Service Points are located at street level, with access adapted for people with reduced mobility.

ENDESA becomes the first company to enable a channel aimed at people with hearing or speech disabilities, which allows the customer to ask any questions about their bill or contract and to receive personalised information.

### **3. ACCESS TO ENERGY FOR VULNERABLE CUSTOMERS**

**103-1 Management Approach EUSS Access to Electricity EUSS/103-2 Management Approach EUSS Access to Electricity EUSS/103-3 Management Approach EUSS Access to Electricity EUSS**

ENDESA is a company strongly committed to the fight against energy poverty, and this is demonstrated by the numerous actions and initiatives that it has been starting up in recent years aimed at families in this situation, some of them being pioneering actions in the sector.

Sales service to customers in a situation of energy poverty has become a priority line of action for the company and, beyond the customer, and as a sign of the company's commitment to society at large, different initiatives have been started up for families in a situation of energy poverty, in collaboration with different entities of the third sector and regardless of whether they are customers of the company or not.

In 2019, the new Bono Social discount rate model approved in 2018 has been consolidated, which offers discounts on the electricity bill to vulnerable customers. At the end of 2019 ENDESA had 435,484 customers covered by the Bono Social discount rate: 228,821 were vulnerable and 206,663 were severely vulnerable.

ENDESA has various customer service channels (in-person, call centre and online) to inform about the conditions of application of the new Bono Social discount rate, the documentation that must accompany the application and how to submit it.

Additionally, ENDESA has implemented, through its customer service channels, a policy of splitting or deferring payment of bills for up to 24 months, to apply to customers in vulnerability certified by social services, with conditions flexible enough so that customers can face the payment of their energy bills without having their supply suspended.

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

**103-1 Management Approach EUSS Access to Electricity EUSS/103-2 Management Approach EUSS Access to Electricity EUSS/103-3 Management Approach EUSS Access to Electricity EUSS**

Currently there are 272 agreements in force, 6 of them with the Autonomous Communities and 5 with Municipal Federations and contact is being 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.

In 2019 ENDESA and the Red Cross renewed their Collaboration Agreement to protect and guarantee the energy supply in the primary residence of individuals and families in situations of vulnerability and avoid the suspension of the supply of electricity or gas, as a consequence of non-payment of bills.

Additionally, Endesa develops various projects with third sector entities with the aim of training vulnerable families on efficiency and optimisation of bills. ***For more information, see the chapter “Responsible Relationships with Communities”.***

## 4. SHUT-OFFS FOR NON-PAYMENT AND RECONNECTIONS FOR DOMESTIC CUSTOMERS

### ***EU27***

With the entry into force of Royal Decree Law 15/2018, of 5 October, on urgent measures for the energy transition and consumer protection, the essentiality has been regulated, that is, the impossibility of suspending the supply of electricity to those who, as beneficiaries of the Bono Social discount rate, have had a non-payment of their electricity bill. In addition, they must have accredited that they are part of a family unit, in the terms established in the regulations, in which the following are included: (i) at least one person under 16 years of age, (ii) a member in a situation of grade II or III dependency, (iii) a disability equal to or greater than 33%, and, the social vulnerability of these groups is accredited by document issued by the social services of the competent Public Administrations.

In 2017 there was a reduction in shut-offs due to the adaptation of the new procedure for shut-offs for non-payment regulated in Royal Decree 879/2017, of 6 October, in which supply suspensions were paralysed. However, in 2018 and 2019, once the procedure was implemented and with Royal Decree-Law 15/2018 in force, it is observed that the number of shut-offs is lower than in 2016.

In 2019, of the residential customers disconnected due to non-payment, 67.5% had a shut-off of less than 48 hours and 9.3% had a shut-off lasting between 48 hours and a week, 5.3% between a week and one month, and 1.2% between one month and one year.

Likewise, 80.7% of disconnected domestic customers have been reconnected within the next 24 hours, 2.3% between 24 hours and a week and only 0.3% more than a week after disconnection.

Shut-offs for non-payment in the residential sector, broken down by duration of disconnection and regulatory regime (number)

EU27

	2017		2018		2019	
	Domestic	General Public	Domestic	General Public	Domestic	General Public
Disconnected household customers	55,034	74,468	92,062	123,455	123,950	148,031
Domestic customers disconnected for less than 48 hours	34,393	46,353	47,285	68,079	83,717	101,761
Domestic customers disconnected for less than 48 hours, regulated market	18,117	22,032	24,357	31,468	42,051	46,613
Domestic customers disconnected for less than 48 hours, liberalised market	16,276	24,321	22,928	36,611	41,666	55,148
Domestic customers disconnected between 48 hours and a week	4,350	5,883	8,653	11,621	11,473	13,822
Domestic customers disconnected between 48 hours and one week, regulated market	2,412	3,147	4,599	5,643	5,766	6,438
Domestic customers disconnected between 48 hours and a week, liberalised market	1,938	2,736	4,054	5,978	5,707	1,677
Domestic customers disconnected between one week and one month	3,239	4,424	5,762	7,775	6,591	7,926
Domestic customers disconnected between one week and one month, regulated market	1,698	2,241	3,191	3,953	3,981	4,409
Domestic customers disconnected between one week and one month, liberalised market	1,541	2,183	2,571	3,822	2,610	3,517
Domestic customers disconnected between one month and one year	1,592	2,317	2,292	2,832	1,516	1,706
Disconnected domestic customers between one month and one year, regulated market	1,245	1,740	1,256	1,562	1,430	1,604
Domestic customers disconnected	347	577	1,036	1,270	86	102



EU27

between one month and one year, liberalised market						
Domestic customers disconnected more than a year	0	0	0	0	0	0
Domestic customers disconnected for more than a year, regulated market	0	0	0	0	0	0
Domestic customers disconnected for more than a year, liberalised market	0	0	0	0	0	0
Domestic customers reconnected in the next 24 hours	38,114	51,992	60,133	84,915	100,048	121,096
Domestic customers reconnected in the next 24 hours, regulated market	21,227	26,346	31,373	40,142	51,570	57,208
Domestic customers reconnected in the next 24 hours, liberalised market	16,887	25,646	28,760	44,773	48,478	63,888
Domestic customers reconnected between 24 hours and a week	4,434	5,735	3,323	4,647	2,850	3,623
Domestic customers reconnected between 24 hours and a week, regulated market	1,877	2,359	1,762	2,169	1,449	1,626
Domestic customers reconnected between 24 hours and a week, liberalised market	2,557	3,376	1,561	2,478	1,401	1,997
Domestic customers reconnected more than a week later	906	1,100	473	667	352	444
Domestic customers reconnected more than a week later, regulated market	321	397	235	280	184	204
Domestic customers reconnected more than a week later, liberalised market	585	703	238	387	168	240

## 5. ENDESA'S ENERGY SOLUTIONS

### ***Management Approach Demand Management EUSS***

ENDESA complies with all regulations related to the information and labelling of its products and services. 69% of ENDESA's information and labelling procedures require:

- Information about the origin of the components of the product or service.
- Information about the content, especially regarding substances that could have an environmental or social impact.
- Information about the safe use of the product.
- Information about the disposal of the product, and its environmental impact.

***416-1/103-1 Management Approach Customer Health and Safety EUSS/103-2 Management Approach Customer Health and Safety EUSS/103-3 Management Approach Customer Health and Safety EUSS/103-1 Management Approach Customer Health and Safety /103-2 Management Approach Customer Health and Safety/103-2 Management Approach Customer Health and Safety***

In addition, all ENDESA's categories of products and services have been evaluated, in view of their improvement, for their impacts on health and safety.

### **417-2**

At ENDESA, in 2019, there were cases of non-compliance with the regulations or voluntary codes related to the information or labelling of its products or services, specifically in 83 cases. See section 2.6 Litigation from the chapter on Good Governance and Ethical Conduct.

## 5.1. ENDESA: products and services for customers

***302-5/103-1 Management Approach Demand Management EUSS/103-2 Management Approach Demand Management EUSS/103-3 Management Approach Demand Management EUSS***

In the midst of a revolution in the energy paradigm, ENDESA adapts to the demands of society with a vision based on the three main guidelines for development – decarbonisation, electrification and digitalisation – and which can be summarised in the formula sustainability = value. In this sense, it advances by developing innovative products and digital solutions in the areas where energy currently enables the greatest transformations: city, housing, industry, electric mobility and the “fintech” system. From the beginning, ENDESA bet on sustainability at the centre of its model, with the aim of creating an ecosystem capable of making the best use of the opportunities offered by digitalisation, to create more social, environmental and economic value for all. A goal that it meets every day through a platform-based model that enables consumers to participate actively in energy markets and reduce system costs by maximising the impact of innovation.

In order to carry out its role as “value multiplier” and “accelerator of the transition” towards sustainability as effectively as possible, ENDESA organises its activity in the following

Business Units, aligned with the sectors that can be further transformed to meet the demands of society:

- Energy area.
- Service area:
  - E-City
  - E-Industries
  - E- Home
  - E-Mobility

### **5.1.1. Actions on business customers (B2G, Business to Government and B2B, Business to Business Approach)**

**E-City** in the urban sphere, through this business unit, ENDESA deals with technological convergence driven by digitalisation that leads to the creation of cities equipped with smart systems capable of ensuring more efficient, economic and personalised services according to the demands of the citizen.

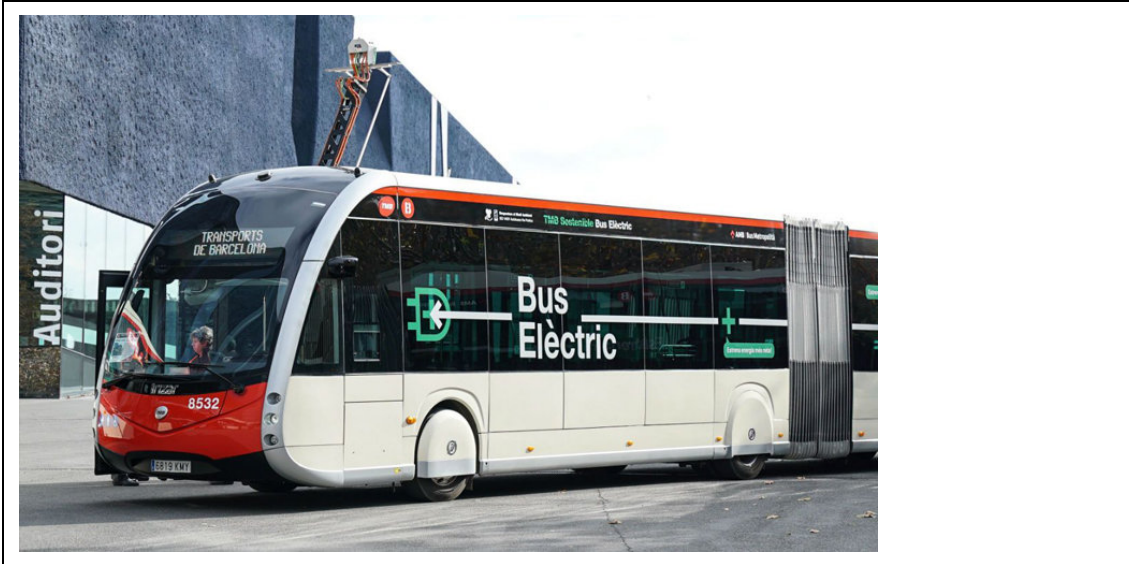
#### **ENDESA will be installing two new charging units using a pantograph for the Barcelona Bus network.**

ENDESA will install two new ultra-fast pantograph charging devices for electric buses on the H16 line in Barcelona, linking the Forum with Zona Franca. The objective is to ensure that the 22 TMB (Barcelona Metropolitan Transport) electric buses are kept charged so as to deliver better service to passengers.

How does it work?

The ultra-fast pantograph charging system has two parts: the charger, a pillar approximately five metres high with the connecting bell, like a lamppost, which is installed at the beginning and end of the line to take advantage of the times when buses are stopped to not interfere with the route's timetables; and the pantograph, a kind of retractable mechanical arm on the roof of the bus, which lifts and attaches to the charger to begin charging.

Thanks to this type of opportunity recharging, located at the beginning and end of the line, and the 500 kW of power from the chargers, a recharge capacity of 80% of the bus battery is achieved in less than 5 minutes, through the pantograph on the roof of the vehicle.



**E-Industries:** This line seeks to involve commercial and industrial consumers in the energy transition, helping them save costs and monetise their flexibility through innovative and sustainable solutions such as demand response, energy management services, distributed generation and storage.

**ENDESA develops an isolated 400 kWp self-consumption photovoltaic plant and storage at the facilities of the Sociedad Cooperativa Andaluza Costa de Huelva in Lucena del Puerto, Huelva**

Currently, the electricity supply associated with part of the Cooperative's production process is provided by 2 two diesel generator sets. This project seeks to replace part of this consumption with the installation of a photovoltaic system of 400 KW peak power, including a storage system of 80 kWh capacity, which, together, will cover approximately 30% of current electricity consumption with a source of clean and renewable energy. With this, the customer will avoid the consumption of approximately 93,000 litres of diesel per year, which entails avoiding the emission into the atmosphere of around 243 tonnes of CO<sub>2</sub> per year.



ENDESA promotes a new energy model that is committed to sustainable generation and more efficient and responsible consumption.

- The Corporate Energy Diagnosis is the ideal solution to have initial knowledge of the state of the facilities in the B2B segment, and offers a Customised Comprehensive Study of the energy consumption of companies that helps to optimise the performance of the facilities through a structured plan savings in supplies and energy consumption.

As a general conclusion, it can be highlighted that, while in 2014 it was reported that 81% of the companies analysed had not yet implemented improvements in energy efficiency, the awareness of companies with energy consumption is beginning to be reflected. Observing the evolution of the average consumption by consumption section, this has been diminished in the last 4 years.

- The energy management system (EMS) allows us to know, in an agile way, at which points it is more likely to achieve significant savings. In addition, the EMS has procedures that allow knowing the energy savings generated, after having carried out a measure of energy efficiency.

In this service, there is the possibility that a personalised energy manager is responsible for monitoring and analysing the data obtained through the installed measurement devices, with which reports will be prepared that include proposals for energy saving measures and a monitoring of those already implemented. These savings would be guaranteed if the manager's energy recommendations are met.

With the monitoring of these elements and correct proactive management with regulation of parameters, consumption can be reduced by 10-20%. Energy savings by replacing equipment can reduce energy consumption by 15-25% in the case of boilers and/or chillers older than 15 years.

- Solar energy: In 2019 ENDESA has established itself as one of the main players in the self-consumption photovoltaic solar market in Spain. Through its experience, quality and technical knowledge, it is helping to empower its customers with the necessary technology to accelerate the efficient consumption of energy, helping its customers obtain the following benefits:
  - Supply a considerable part of its total consumption with clean and renewable energy. Depending on the adequacy of the generation curve to the customer's consumption curve, the energy from the photovoltaic system can cover up to 40% of customer demand.
  - Have considerable savings in your annual electricity bill (up to 50%), achieving price stability in the purchase of energy in the long term.
  - Contribute to the company's sustainability objectives by reducing CO2 emissions into the atmosphere. The photovoltaic projects contracted to ENDESA in 2019 will mean a reduction of up to 13,500 tonnes/year by its customers.

### **5.1.2. Actions on homes and small businesses (B2C, Business to Customer Approach)**

**E-Home** aims to offer products to improve energy efficiency. ENDESA wants to bring home management services closer to its residential consumers, creating a sustainable and accessible ecosystem for all. It offers air conditioning, solar photovoltaic and smart home products, and aims to meet the needs of sustainability, decarbonisation and digitalisation.

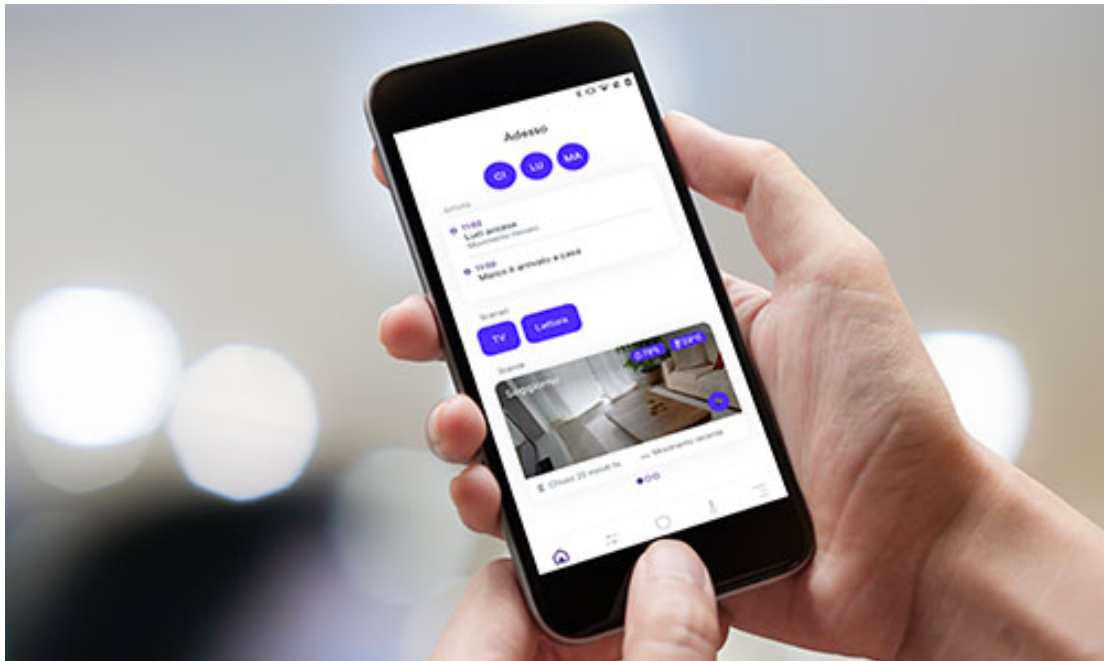
### Homix: Endesa's smart home device

**Homix** is the smart home device developed by the **e-Home** business line in conjunction with **Amazon**, which is currently available in **Spain** in **stores of Amazon, Enel X and ENDESA Energía**.

**Homix** learns the habits of home use in order to offer, autonomously, answers to people's needs, being able to simplify the life of any family thanks to the **integrated management** of heating, security, lighting etc.

The integrated touch interface with **Alexa**, Amazon's smart voice service hosted in the cloud, is designed to offer maximum ease of use and, using voice commands, **Alexa** can be asked to raise or lower the temperature in the home, set reminders for daily activities, provide updates on traffic conditions, weather, or access **Amazon Music**.

**Homix**, totally innovative, comfortable and easy to use, will become the device that you cannot do without for a more comfortable, efficient and safe home.





GESTIONA TODOS  
LOS DISPOSITIVOS  
CON UNA SOLA APP!

homix

alexa built-in

TERMOSTATO  
PARA RADIADOR  
DANFOSS ALLY

ENCHUFE SMART

BOMBILLA SMART  
(MULTI - COLOR)

CÁMARA SMART

MULTI - SENSOR

SENSOR CONTACTO

### 5.1.3. Electric mobility

With the evolution of technology and the infrastructure plan for charging public access in the field of **E-Mobility**, the installation of 8,500 charging points in the territory is expected in the next 4 years. The installation of these charging points will determine the growth in demand for electric vehicles. For this reason, Endesa X promotes the transition from public and private transport to electrification. Electric mobility solutions for residential, commercial, industrial and public administration consumers are grouped in this area.



### **Agreement between Endesa X and Calidad Pascual for the installation of recharging solutions for their vehicle fleets in their factories, regional sales offices and offices.**

In the framework of developing electric mobility solutions adapted to all types of customers, Endesa X has continued to establish agreements with large companies to promote the use of electric mobility in its vehicle fleets. As an example, Endesa X and Calidad Pascual reached an agreement for the installation of 76 charging points between their 27 regional sales offices, their 6 factories and the central headquarters located in Madrid; as well as the use of public recharging infrastructures, managed by this company throughout the country.

This project is framed in the Environmental Impact Plan 2020, whose objective is to reduce by 20% the CO2 emissions that come from mobility.

José Carlos Espeso (Sustainable Mobility Coordinator of Calidad Pascual): “With this we want to support all our users of plug-in hybrid vehicles, since they will have a recharge offering at national level. The plan will culminate with new agreements for the installation of electrical recharging points in the homes of users and collaborators with advantageous conditions.”

According to Elena Bernárdez, director of electric mobility at Endesa X, “supporting Calidad Pascual in its sustainable mobility plan is to work together in a single direction: the decarbonisation of transport. At Endesa X we firmly believe that it is essential to change the energy model to achieve a sustainable world, and the electrification of transport is a fundamental part of this process. That is our commitment and we are putting in our effort so that this transition can be accessible in all areas, the individual and the business.”



These are some of the many examples of Endesa X's daily commitment to find solutions capable of improving everyone's quality of life, every day, always and solely based on a simple equation: sustainability = value.

## **5.2. Raising customer awareness of efficient energy use**

ENDESA continuously carries out communication actions to raise awareness of the efficient use of energy. The most notable are:

**NOTA PARA EL MAQUETADOR: MODIFICACIONES EN EL CUADRO:**

**Eliminar la fila de Twenergy**

**Eliminar la fila de Foros y Plataformas**

	<b>info energía</b>	Es un <b>servicio de información y asesoramiento gratuito</b> para que los clientes puedan controlar y gestionar el consumo eléctrico de sus viviendas, apoyándose en un servicio digital y fácilmente personalizable. Los clientes acceden a información detallada que les ayuda a comprender su consumo de luz, comparándolo con el de viviendas con un patrón de consumo similar a la suya (en su barrio, municipio y provincia) y a consejos y herramientas personalizadas que le orientan sobre cómo reducir el importe de sus facturas. De este modo, podrán tener mayor conciencia de sus hábitos de consumo energético y conocer cómo pueden ser cada vez más eficientes, teniendo así la posibilidad de alcanzar una reducción de sus facturas de luz.
	<b>diagnóstico de eficiencia energética energía</b>	Es un <b>servicio de asesoramiento gratuito online</b> exclusivo para pequeños negocios. A través de la página web del servicio Diagnóstico de Eficiencia Energética Online, un pequeño negocio puede evaluar su eficiencia energética y recibir medidas de mejora para optimizar el consumo de su instalación y, por tanto, reducir su factura.
	<b>consejos y guías</b>	<b>Consejos en la factura:</b> espacio reservado en el anverso de la factura para ofrecer consejos a los clientes sobre cómo ahorrar energía y proteger las instalaciones. <b>Consejos de ahorro</b> en <a href="http://www.endesaclientes.com">www.endesaclientes.com</a> Comunicaciones específicas a los clientes en su primer año de contrato (folletos informaciones, guías...).

energy info
It is a free information and advice service so that customers can control and manage the electricity consumption of their homes, relying on a digital and easily customisable service. Customers access detailed information that helps them understand their light consumption, comparing it to that of homes with a consumption pattern similar to theirs (in their neighbourhood, municipality and province) and personalised tips and tools that guide them on how to reduce the amount of their bills. In this way, they will be able to become more aware of their energy consumption habits and know how they can be increasingly efficient, thus having the possibility of achieving a reduction in their electricity bills.
energy efficiency diagnosis for energy
It is a free online advisory service exclusively for small businesses. Through the website of the Online Energy Efficiency Diagnosis service, a small business can evaluate its energy efficiency and receive improvement measures to optimise the consumption of its installation and, therefore, reduce its bill.
twenergy
Twenergy is ENDESA's digital ecosystem around sustainability and energy efficiency. Launched in 2009, it has registered in 2018 more than 5 million

visits (considering visits to the blog and the online store). It has half a million registered users and a community on social networks of more than 150,000 followers. Twenergy is organised around a content blog, an online store for efficient products with more than 1,200 items and own profiles on the main social networks: Facebook, Twitter, YouTube and Instagram.
tips and guides
Advice on the invoice: reserved space on the front of the invoice to offer advice to customers on how to save energy and protect the facilities. Savings advice at <a href="http://www.endesaclientes.com">www.endesaclientes.com</a> Specific communications to customers in their first year of contract (information brochures, guides etc.).
forums and platforms
Regarding participation in the most relevant national and international forums and platforms for knowledge and dissemination of energy efficiency, through the “Companies for Energy Efficiency” Platform, promoted by ENDESA since 2011, in which top-level companies from different sectors, the objective is to unite efforts to achieve greater energy efficiency by promoting more sustainable behaviour with the environment. To this end, it promotes collaboration in various efficient lighting and air conditioning initiatives, the use of alternative sources in production processes, equipment modernisation and process optimisation. With this, savings of 3.5 million tonnes of CO2 have been achieved, equivalent to the emissions of 750,000 average Spanish families per year.

## 6. CUSTOMER SATISFACTION

### 7. *Nota para el maquettador Hacer dos destacados con los datos 2019*

- ***Leader for 10 consecutive years in General Public customer satisfaction in the electricity sector***
- ***3% above the competition***

***103-1 Marketing and Labelling Management Approach/103-2 Marketing and Labelling Management Approach/103-3 Marketing and Labelling Management Approach/102-43/102-44***

The customer occupies the central place of ENDESA's business model, and therefore the measurement of the Customer Experience is essential. Thus, all segments, products, channels, services and processes have adequate tools to carry out this function.

For the measurement of consumer satisfaction, in 2019 more than 65,000 complete telephone interviews were carried out in Spain and more than 300,000 were completed online to customers, encompassing around 1,500 items. In order to manage this volume of information in a BIG DATA environment, more than 200 million records with traceability in Systems were managed.

The main methodology used to ascertain the level of customer satisfaction is interviews through digital channels. This responds to the technological transformation, both of the company and of society as a whole. The use of digital media has increased by more than 25 pp, being able to detect customer interactions in real time and have an impact on them at that precise moment. In this way, the valuation is achieved at the right time to be measured, avoiding that time could dilute the customer's perception.

In 2019, ENDESA continues to lead for 10 consecutive years in General Public customer satisfaction in the electricity sector, with a 3% advantage over the competition in the last year.

Customer satisfaction index (general public electricity free market)(1)			
2016	2017	2018	2019
6.91	7.03	7.18	7.27

1. Generic SCP Study (Endesa Energía Commercial Quality).

Likewise, ENDESA's perception as a leading company in satisfaction with Advice (+8% above the competition) has been consolidated, increasing the GAP reached in the previous period. The image of the company is located in a preferred position compared to the competition (+3%). In the same way it happens with the satisfaction of the Business Cycle (+2%), highlighting the evaluation of the Clarity of the Bill (+9% vs. Competition) and its usefulness (+9 pp). It can be said that ENDESA is a benchmark in customer orientation.

In terms of customer loyalty, ENDESA is above the competition (+4%), giving 1% more cases of effective recommendations compared to those of the competition.

Among the General Public customers in the gas sector, ENDESA leads satisfaction as a company for the sixth consecutive year, having a valuation as outstanding.

ENDESA in Gas is a leader in customer satisfaction with Price: +4% compared to the Competition. With an evaluation close to 8 in the Business Cycle, the Usefulness of Information in Bills (+6% vs. Competition) and Clarity (+6% vs. Competition) stand out. In addition, there is an advantage in satisfaction with Advice (+3%) and Image (+3%) compared to the Competition.

As for non-General Public customers, a clear improvement in price perception is detected (+6% vs. 2018). Advice improves 2% compared to the previous period. Clarity of Bills has improved (+2% vs. 2018) and positions ENDESA in the Utility of Bill Information above our competitors (+6 pp). In advice (+3% vs. 2018), there is a positive gap between the percentage of customers of ENDESA and the competition with the information provided on SVAS products (+8%).

The service provided by the Associate Manager to non-General Public customers exceeds the rating of 9 for the first time after five consecutive years on the rise. The best rated attributes are satisfaction with Information and Advice, obtaining a rating of 9.03; and the Manager's Resolution Capacity (8.92 in 2019). Proactivity is highly valued in aspects such as Manager Availability (9.11 out of 10).

#### ➤ Customer Experience - Sale

The monitoring of the Quality offered by the sales channels (Task Force and Telesales) in Spain of General Public customers reaches values of 8.58 in Task Force and 8.47 in Telesales. The satisfaction indicators of the ENDESA service list certified by Aenor, reach ratings higher than 8.

#### ➤ Customer Experience - Customer service channels

The level of service of ENDESA's offline customer service channels is highly rated both by customers served by telephone (improvement of 5% compared to 2018) and in-person (improvement of 3% compared to 2018).

In the call centre channel that serves Free Market customers from the General Public, ENDESA has improved significantly in practically all the dimensions measured. It stands out the valuation of the Waiting Time (+9%), the Knowledge of the interlocutor (4%) and the percentage of customers who consider the time used to be adequate for their query/handling (9%). Among the customers of Companies the best evaluations are in the Personal Attention and the Knowledge demonstrated by the interlocutor.

The in-person channels in 2019 continue to be the best valued channels in ENDESA with outstanding values close to 9 both in Offices and in Service Points. Among all the attributes in measurement, the best valued correspond to satisfaction with the Attention, Order of Establishment and Clarity of Explanations. Overall significant improvement of all attributes, highlighting satisfaction with Waiting Time both in Offices (17%) and in Service Points (11%). Punctuality and Attention with customers who have requested the Appointment service stand out for their good rating.

#### ➤ **Customer Experience - Processes**

The satisfaction of all the measured processes increases, highlighting that of the customers who file a claim (+13%). The indicators that performed best in 2019 were Global Satisfaction with the Information that we give in the signing up process, the Simplicity of the Procedures to carry it out and the Advice, both in registration and in the Contract Modification process. The Claims indicators improve notably in all cases, highlighting the information provided (8%), the interest in keeping the customer informed (21%), the speed of response (13%) and the information provided in the resolution document (12%).

**103-1 Marketing and Labelling Management Approach/103-2 Marketing and Labelling Management Approach/103-3 Marketing and Labelling Management Approach/102-43/102-44**

#### ➤ **New projects**

Since the end of 2017, the Commercial Quality area has embarked on a digitalisation project with the aim of obtaining a 360° vision. This idea is currently being integrated into strategic projects being developed by ENDESA, and it grows fully in keeping with the development of the company.

Complementary to the above, Dissatisfaction Management, already consolidated thanks to the Quality Thermometer project, has been developed, increasing its area of influence. Now it has been integrated into its own systems, and seeks to ascertain and overhaul the customer experience to reduce dissatisfaction. In parallel, it helps the user to learn and correct the processes, contrasting the initial and final information.

## 2.2. FOCUSING ON PEOPLE

### 2.2.1. OUR PEOPLE

### 2.2.2. RESPONSIBLE RELATIONSHIP WITH COMMUNITIES

## OUR PEOPLE



**9,952** employees

**6,825** employees benefited from some of the work-life balance measures in 2019

**40.5** Training hours per employee (average)

**96.1%** of the workforce with a permanent contract

## ENDESA SUSTAINABILITY PLAN COMPLIANCE 2019-

	Line of action	2019 target	2019 result	Key actions
Human Capital	Promotion of gender diversity in selection processes (% women)	35%	38%	Action plan to promote gender equality
	Increase the presence of women in positions of responsibility (% female managers)	18.00%	18.70%	
	Promotion of in-person training to employees (hours/employee)	38.0	40.5	Digital skills training and agile methodology
	Promotion of online training to employees (hours/employee)	15.0	10.1	
	Promotion of smartworking (number of employees)	1,300	2,399	
	Promotion of services that favour the work-life balance of employees (number of services)	76	74	<ul style="list-style-type: none"> <li>-Car repair services</li> <li>-Dry cleaning and shoe repair service</li> <li>-Locker room service</li> <li>-Personal management service</li> <li>-Clothes repair service</li> <li>-Car cleaning service</li> </ul>



# 1. ENDESA WORKFORCE

102-8

ENDESA had 9,952 employees as at 31 December 2019, of which 9,916 were from Spain and 36 from Portugal.

ENDESA workforce as at 31 December			
	2017	2018	2019
Spain	9,668	9,723	9,916
Portugal	38	40	36
Total	9,706	9,763	9,952

Distribution of the workforce as at 31 December			
		Number	%
Women	2017	2,248	23.2
	2018	2,279	23.3
	2019	2,379	23.9
Men	2017	7,458	76.8
	2018	7,484	76.7
	2019	7,573	76.1

Average headcount by gender				
	2017	2018	2019	% variation 2018/2019
Spain and Portugal	9,856	9,695	9,761	0.68
Men	7,601	7,445	7,472	0.36
Women	2,255	2,250	2,288	1.73

During 2019, 426 people have joined, of which 375 are due to new hires in Spain and Portugal and the rest due to transfers of Group companies and reinstatement of leaves of absence. During this year 251 contract terminations have been registered for the following reasons:

Contract terminations			
	2017	2018	2019
Voluntary departures	51	55	73
Voluntary redundancy*	426	194	11
Retirements	5	6	23
Layoffs	4	7	21

Others**	225	186	123
<b>Total</b>	<b>711</b>	<b>448</b>	<b>251</b>

\* voluntary redundancy: early retirement is considered

\*\*others: the vast majority are due to contract terminations.

Below, we present some data that allows us to characterise the whole of ENDESA's workforce as at 31 December 2019.

#### 405-1

- The segmentation of the workforce by age; shows that the highest number of employees, 54.8%, is in the range between 30 and 50 years. The average age of the workforce is 47.3 years.

#### Data Pyramid of the Workforce\* of Spain and Portugal

	More than 50 years	30-50 years	Under 30 years
%	41.4	54.8	3.8

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

\*Workforce as at 31 December 2019

#### Age Pyramid Data Directors of Spain and Portugal

	More than 50 years	30-50 years	Under 30 years
%	59.0	41.0	0

#### Age Pyramid Data Middle Management of Spain and Portugal

	More than 50 years	30-50 years	Under 30 years
%	29.2	66.4	4.4

#### Age Pyramid Data Administration and Management of Spain and Portugal

	More than 50 years	30-50 years	Under 30 years
%	48.0	47.8	4.2

### Age Pyramid Data Operators from Spain and Portugal

	More than 50 years	30-50 years	Under 30 years
%	45.2	53.1	1.7

- Distribution of the workforce at the end of the year by gender: the workforce was made up of 76.1% men and 23.9% women. Regarding the composition of the workforce by professional category, 48.1% corresponded to administration and management personnel, followed by the group of middle managers 34.5%, operators 14.6% and managers 2.8%.

### 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

### Distribution of the Workforce in Spain and Portugal as at 31 December (%)

Executives	Middle Management	Admin staff Management	Operators
2.8	34.5	48.1	14.6

### Distribution of the Average Workforce in Spain and Portugal (%)

Executives	Middle Management	Admin staff Management	Operators
2.9	33.7	40.2	23.2

Type of contract: during 2019 we can highlight that 96.1% of labour contracts were permanent, with a total number of 9,562 contracts. The number of temporary contracts came to 390. The average time spent in the company is 16.7 years, highlighting the fact that more than 68.6% of employees have been working for the Company for more than 10 years.

Type of working day: the vast majority of the workforce had a full working day. The number of employees with a full-time contract was 9,951 and 1 was part-time.

Permanent Contract Hiring by Gender in Spain and Portugal (%)	
Men	Women
76.1	23.9
Temporary Contract Hiring by Gender in Spain and Portugal (%)	
Men	Women
75.4	24.6
Part-Time Contract Hiring by gender in Spain and Portugal (%)	
Men	Women
Full-Time Contract Hiring by Gender in Spain and Portugal (%)	
Men	Women
76.1	23.9

PERCENTAGE OF CONTRACTS (%)	PERMANENT CONTRACT HIRING		TEMPORARY CONTRACT HIRING	
	Men	Women	Men	Women
2017	76.8%	23.2%	78.5%	21.4%
2018	76.7%	23.3%	74.9%	25.1%
2019	76.1%	23.9%	75.4%	24.6%

PERCENTAGE OF CONTRACTS (%)	PART-TIME CONTRACT HIRING		FULL-TIME CONTRACT HIRING	
	Men	Women	Men	Women
2017	75%	25%	76.9%	23.1%
2018	100%	0%	76.6%	23.4%
2019	100%	0%	76.1%	23.9%

Contract employees by type of employment		Spain
Full time	2017	13,535
	2018	15,838
	2019	15,247
Part time	2017	2,699
	2018	3,034

	2019	2,980
<b>Total</b>	<b>2019</b>	<b>18,227</b>

#### EU15

Employees in Spain with the possibility of access to retirement in the coming years by professional category (%)		
	Retirement next 5 years	Retirement next 10 years
<b>Executives</b>	2.7	3.0
<b>Middle Management</b>	20.0	21.4
<b>Admin staff</b>	57.7	18.1
<b>Operators</b>	19.6	57.5
<b>TOTAL</b>	<b>100</b>	<b>100</b>

#### 403-9

Hours worked by gender 2019			
	Spain	Portugal	Iberia
Workforce as at 31 December	9,916	36	9,952
Men	12,737,140	33,241	12,770,381
Women	3,827,004	34,175	3,861,179
Total hours worked in the year	16,564,144	67,416	16,631,560

Regarding the total number of hours worked referring to contractors in 2019, they came to 34,003,191.

## 2. LEADERSHIP AND PERSONAL DEVELOPMENT

In 2019, ENDESA has continued to make progress on its digital transformation process with the aim of adapting its value proposition to the new digital customer and successfully implement the latest technologies. As part of this transformation process, and with the

aim of being an agile organisation close to its people, the Human Resources department has adopted the name of “People and Organisation”. Likewise, ENDESA began the implementation of an *agile* organisational model with which each person is to be held responsible for the Company’s objectives and to achieve more efficient product development processes. This work philosophy, with a more transversal perspective and management, seeks to increase the commitment of professionals to the Company and allow for more collaborative and flexible work environments, moving towards flatter and less hierarchical structures.

The adoption of this new work methodology is aligned with *Open Power* values (responsibility, trust, proactivity and innovation), placing people at the core in a context increasingly oriented towards collaboration, openness to dialogue and transparency.

Likewise, this organisation aims to be a reflection of rapid adaptation to new challenges, projected into the future, capable of sensing market demand and responding to customer needs.

## 2.1. Leadership model

### 404-3

ENDESA’s leadership model is based on the Company’s vision, mission, values and codes of conduct. *Open Power* values are present in all people management systems.

# VALORES

**Responsabilidad**  
Cada uno de nosotros es responsable del éxito del grupo, a todos los niveles. Ponemos nuestra energía al servicio de las personas para mejorar su vida y hacerla más sostenible.

**Innovación**  
Vivimos y trabajamos con curiosidad, nos esforzamos por ir más allá de lo habitual y superamos nuestros temores, para abrir la energía a nuevos usos, tecnologías y personas. Aprendiendo de los errores igual que de los aciertos.

**Confianza**  
Actuamos de manera competente, honesta y transparente, para ganarnos la confianza de nuestros compañeros, clientes y colaboradores externos, valorando las diferencias individuales. A su vez, confiamos en su capacidad para crear valor y compartirlo.

**Proactividad**  
Nos hacemos cargo de nuestro trabajo en primera persona. Interpretamos continuamente los escenarios y retos mundiales para adelantarnos a los cambios, redefiniendo las prioridades si el contexto lo requiere.

VALUES
Responsibility
Each of us is responsible for the group’s success, at all levels. We pour our energy into helping people to improve their lives and live them more sustainably.
Innovation
We are inquisitive in work and life, we strive to go beyond the norm and overcome our fears to open up energy to new uses, technologies and people. Learning from mistakes as well as successes.
Trust

We act competently, honestly and transparently, to gain the trust of our colleagues, customers and external collaborators, valuing individual differences. In turn, we rely on your ability to create value and share it.
Proactivity
We take charge of our work on an individual level. We are continuously interpreting global scenarios and challenges in order to anticipate changes, and we redefine priorities as the context requires it.

## COMPREHENSIVE PERFORMANCE EVALUATION SYSTEM

8,598 employees evaluated  
86.4% of the workforce

Behaviour evaluation systems  
8,443 *Open Feedback Evaluation* (OF)

Variable remuneration objective evaluation systems

- ✓ 262 Management by Objectives for *Managers* (MBO)
- ✓ 2,587 *Annual Bonus* (AB)
- ✓ 242 Sales Force Objective (OFV)



COMPREHENSIVE PERFORMANCE EVALUATION SYSTEM
8,273 employees evaluated
85.35% of the workforce
10,522 Evaluations carried out
3.4 times higher than 2015
4 Evaluation systems
Performance Management (GR)
Management By Objectives (MBO)
Sales Force Objective (OFV)
Performance Appraisal (PA)



ENDESA incorporated an innovative process to evaluate people's behaviour based on the exchange of feedback among all the people in the Organisation: "Open Feedback Evaluation" (OFE) in 2018. This process replaced the Performance Appraisal (PA) and introduced two significant innovations:

- Evaluations can be carried out by any person within the Organisation (previously only the manager made the evaluation)
- The feedback evaluation process is open all year round (previously it was done at a specific time).

In 2019 the Open Feedback process was kept open to the entire organisation in order to enhance the culture of exchange of feedback at all levels, which is an ongoing process open throughout the year.

In 2019, 84.8% of ENDESA employees were eligible to be evaluated through the Open Feedback tool. The evaluation campaign was launched in January 2020, so participation data and results will not be available until the end of the campaign, which is scheduled for the end of the first quarter of the year. The delay was due to the fact that improvements have been made to the Open Feedback Evaluation tool with which the behaviours were evaluated, aligned to the Open Power values of the previous year. This development and continuous improvement of the behaviour evaluation tool is based on facilitating access to evaluation and feedback to all people in the organisation.

404-3

Added to this process are the Management by Objectives (MBO) and *Annual Bonus* (AB) evaluation systems, which apply respectively to managers and employees with variable remuneration and the Sales Force Objectives system, which affects all with variable remuneration, excluded from MBO and AB.

32.6% of employees have participated in the evaluation of objectives with variable remuneration in 2019.

	Evaluations carried out (Objectives)	Evaluations carried out (Behaviours)
2017	2,725 <sup>(1)</sup>	8,670 <sup>(2)</sup>
2018	3,088	8,530 <sup>(3)</sup>
2019	3,091	8,443 <sup>(4)</sup>

<sup>(1)</sup> Includes *Management By Objectives* (MBO), Sales Force Objective (OFV) evaluations, and for the first time this year the Annual Bonus (AB)

<sup>(2)</sup> Performance Appraisal (PA) behaviour evaluations are included.

<sup>(3)</sup> Eligible for evaluation through OFE (Open Feedback Evaluation)

<sup>(4)</sup> Eligible for evaluation through OF (Open Feedback)

<b>Dissemination of regular performance and professional development evaluations (at least once a year)</b>
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			Evaluation of Objectives	Evaluation of Behaviours
Employees who receive regular performance and career development reviews	%	2017	32.1%	89.3%
		2018	32.2%	87.4%
		2019	32.6%	84.8%

Employees receiving regular performance and career development reviews (male/total evaluated)	%	2017	69.9%	76.3%
		2018	69.5%	76.0%
		2019	69.3%	75.7%
Employees receiving regular performance and career development reviews (women/total evaluated)	%	2017	30%	24%
		2018	30%	24%
		2019	31%	24%
<b>Total employees evaluated</b>	n.	<b>2017</b>	<b>3115</b>	<b>8,670</b>
		<b>2018</b>	<b>3145</b>	<b>8,530</b>
		<b>2019</b>	<b>3242</b>	<b>8,443</b>

The figures and percentages for evaluating business objectives and people's behaviours to achieve these objectives are reflected below. The percentages correspond to the volume by professional category with respect to the total number of employees with objective evaluation.

#### Evaluations by professional category

		Evaluation of Objectives (people)	Evaluation of Objectives (%)	Evaluation of Behaviours (people)	Evaluation of Behaviours (%)
Executives	2017	192	6%	281	3%
	2018	282	9%	251	3%
	2019	272	8%	234	3%
Middle Management	2017	2,664	86%	2,842	33%
	2018	2,618	83%	2,930	34%
	2019	2,732	84%	2,975	35%
Administration and Management Staff	2017	255	8%	3,485	40%
	2018	242	8%	3,499	41%
	2019	237	7%	4,199	50%
Operators evaluated	2017	4	0.1%	2,062	24%
	2018	3	0.1%	1,850	22%

	2019	1	0.0%	1,035	12%
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## 2.2. Talent development

### 404-2

ENDESA is committed to talent development and personal and professional growth as part of its business strategy focused on the sustainability of human capital. In this sense, in 2019 different professional development actions have been carried out adapted to the specific needs of each business. Highlights include the workshops aimed at people managers, for the improvement of people leadership skills ("Coach Manager" and "Gestor Manager+" courses), coaching actions (both team and individual), mentoring actions, consultancy adapted to the specific requirements demanded by each business and the implementation of actions from the Enel Group (managerial appointments, succession plans and job shadowing).

Some of these actions are detailed below:

- **Onboarding:** This process aims to facilitate the incorporation of new employees into the organisation and transmit ENDESA's values and culture to them. One of the achievements of this action is to streamline administrative procedures by digitalisation of documents, the establishment of electronic signatures, the synchronisation of information between systems and the use of mobile devices. As a result, the new hires have all the necessary elements to carry out their work and the accesses required from the outset. In addition, aspects associated with the worker's occupational health and safety are considered, such as the evaluation of the risk profile and the coordination of medical visits. In this area, also active for some of the business lines is the convening of specific training courses based on their risk profile and initial training so that they know the company, the business scope into which they have joined so that they can add value as soon as possible. Finally, this *Onboarding* reinforces the figure of the tutor as an accompaniment reference that supports the new employee in their integration and carries out a permanent evaluation of their satisfaction.
- **Knowledge interviews:** ENDESA's People and Organisation professionals have continued to conduct *knowledge interviews* with their people in order to find out their interests and aspirations. Special attention is paid to this process to achieve these objectives through new tools with the premise of digital transformation of the Company. In 2019, 6,313 interviews were carried out, representing a reach of 74.8% of the workforce, whose data is available through "*People Analytics*" tools aimed at managing the people in which the employee is in the centre of the processes.
- **Coaching:** ENDESA has continued to make a strong commitment to coaching. During 2019, more than 200 people benefited from this type of individual or group action, carried out through the in-house coaching network in which over 30 in-house coaches assist the company's professionals. This coaching team is one area where ENDESA is seen as a benchmark by other Ibex 35 companies.

During the year, actions continued to be implemented to enhance and professionalise the Internal Coaching Network, increasing the skills of the internal coaches who provide these services to ENDESA staff. This translates into supervision, tutoring, internal and external training sessions, which allow growth in the quality of the services provided.

In 2019 ENDESA was awarded First Prize for “Coaching Culture in the Company” by the Spanish Association of Executive and Organisational Coaching (AECOP) for its work promoting the personal and professional development of people in the Company through coaching.

- **Skills Workshops:** ENDESA held the “Coach Manager” course, aimed at people managers for the development of skills and competencies through coaching. The content of the manager coach course offers managers tools to transform the manager profile in ENDESA. In 2019 thirty workshops were held in thirteen different geographical locations, using in-house trainers from ENDESA’s Internal Coaching Network, reaching more than 350 people managers.

Additionally, to evolve this workshop and expand the culture of coaching in the Company, in September 2019 the “Manager Coach+” workshop was launched offering new tools related to coaching applicable to the day-to-day work of People Management. About 80 people participated in this workshop, in the cities of Madrid, Barcelona and Seville. It is expected to continue in 2020 due to the high demand received.

- **Mentoring:** This is a knowledge transfer project in which leading professionals in a specific area of expertise accompany other colleagues for a period of 3 to 6 months. More than 80 people have participated in mentoring programmes this year.

In 2019 a new edition of “Women Mentoring” was begun, in which 11 women have been highlighted as knowledge references to participate as mentors. The objective of this mentoring programme, in addition to knowledge transfer, is to give visibility to and empower the Company’s female talent.

- **People and Organisation Consulting:** One of the great achievements of this development is being able to put in place tailored solutions for businesses that need it. During the year ENDESA further reinforced a line of internal consultancy that provides *ad hoc* solutions to needs expressed by the businesses. This action is carried out by in-house development experts applying personal coaching and consulting techniques and tools. In 2019, 10 workshops were held in which almost 150 people participated.

One of the most notable milestones is the project to support the Generation Business at this time of uncertainty regarding the change produced by the new decarbonisation events in the sector and the change in technologies in the energy production processes. The Talent Development area has designed and implemented workshops aimed at accompanying and managing change with people from a set of production centres.

The objectives of these workshops are:

- Raise awareness among participants about the situation ENDESA is experiencing.
  - Get the participants to understand the process we are experiencing when there is a change to allow them to be able to accept it and face it effectively.
  - Provide participants with the necessary tools for self-management in times of uncertainty.
  - Illusion and predispose to challenges that are taking place in the organisation and in the changing environment in which it develops.
  - Generate a collective vision that helps align common and corporate goals.
- **Succession Plans:** in 2019 ENDESA continued with the identification of successors for the positions of greatest managerial responsibility. Through a new platform, the people who occupy the highest positions of the Company (Top 200) share among themselves in a transparent and automatic way the appointments of their successors in order to broaden the vision of talents and promote transversality. Optionally, people who occupy managerial positions may also share this information with other managers of the Company.

Succession plans identify both people who are ready for succession in the short term, and people who will be prepared in the medium-long term. Identification is governed by specific segmentation criteria, giving relevance to groups of women and youth. For the successors, specific development actions have been identified based on their needs that are integrated into the annual development plans.

- **Job Shadowing:** It is one of the programmes linked to knowledge transfer and the promotion of networking. It is an initiative in which more than 100 employees who participated had the opportunity to choose a colleague with whom to exchange a week of work, and through a structured daily schedule learn from a business different from their own, developing empathy skills, innovation, networking, collaborations, challenges, acquiring a more transversal business vision.

## 3. TRAINING

### 3.1. Main figures and relevant aspects

#### TRAINING AT ENDESA IN 2019

9,060 employees trained  
91% of the workforce

2,198 training sessions  
402,953 hours of training

€34.1 million invested (direct and indirect)

€12.9 million of direct costs

ENDESA TRAINING IN 2016
8,728 employees trained

90% of the workforce
3,150 Training events
444,063.4 hours of training
€27.2 million invested (direct and indirect)
€4.34 million of direct costs



ENDESA offers its employees a broad range of training options 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 range is aimed at achieving compliance with the Company's strategic objectives and at promoting its values.

To undertake this activity, ENDESA invested €34.1 million, of which €12.9 million were for direct costs of training activities.

#### 404-1

In 2019, ENDESA held 2,198 training sessions with 9,060 employees. This activity allowed 402,953 hours of training to be given, reaching an average of 40.5 hours per employee.

ENDESA's strategy to maintain its leadership includes having a workforce that is trained and capable of adapting to the new requirements demanded by the technological and cultural transformation in which the company is immersed. The information on the average hours of training per employee is information that confirms this strategy.

Total hours of training	2017	342,745
	2018	370,416
	2019	402,953

Total hours of in-person and online training	People trained	Participation	No. of Events	Total Training Costs (thousands of EUR)
402,953	9,060	63,339	2,198	12.9

Number of hours of training by type of training		
		Spain and Portugal
Online management training	2017	11,918
	2018	11,855
	2019	18,604
In-person management training	2017	54,028
	2018	180,011
	2019	169,952
Technical/specific online training	2017	70,718
	2018	52,988
	2019	81,945
Technical/specific in-person training	2017	175,444
	2018	132,453
	2019	132,452

Training Courses by Teaching Source (number)		
	2018	2019
In-house training	1,041	945
External training	138	212

	Average and Training Hours broken down by gender and professional category											
	Executives						Middle Management					
	Medium			Total hours			Medium			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	35.0	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					
	Medium			Total hours			Medium			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	43.3	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	64,934

In order to continue promoting training (both online and in person), ENDESA has established a new objective in its 2020-2022 Sustainability Plan:

#### Year-end 2019

In-person: 40.5

Online: 10.1

Global: 50.6

#### 2019 target

In-person: 38



Online: 15  
Global: 53

#### **2020 target**

In-person: 38.1  
Online: 16  
Global: 54.1

#### **2022 target**

In-person: 38.3  
Online: 13  
Global: 51.3

### **3.2. Type and content of the training**

**404-2/410-1/412-2/103-1 Management Approach Education and Training / 103-2 Management Approach Education and Training / 103-3 Management Approach Education and Training / 103-1 Management Approach Employment EUSS/103-2 Management Approach Employment EUSS/103-3 Management Approach Employment EUSS/205-2**

ENDESA's commitment to people is to promote their professional and personal development through continuous training, aligned with the Company's strategic objectives, in all areas of its activity, so that they contribute to the Company's excellence.

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 constantly strives to identify and develop the potential of its employees, so that their performance can help make the Company a benchmark within the sector. In addition, training, teamwork and knowledge sharing are fostered, generating a work environment in which dialogue, creativity and initiative are rewarded.

The training actions respond to the needs detected in different analysis processes that ensure continuous and updated learning in the different types defined:

**NOTA MAQUETADOR: HACER UN NUEVO GRÁFICO CON EL MISMO CONTENIDO, DE ACUERDO AL MANUAL DE ESTILO DE 2019**



Skills: transversal training to develop personal and professional attitudes and skills.

Technical: training necessary for the correct performance of each job.

Safety: mandatory risk prevention and occupational health and safety training etc.

Prescribed: training necessary to comply with regulations (legal or business), certifications or required by units other than those of the student.

ENDESA is firmly committed to complying with current legislation in relation to each and every one of the areas in which it carries out its activities. This supposes the inclusion of numerous training actions, among which stand out those related to occupational health and safety, prevention of criminal risks, fight against corruption, respect for human rights, sustainability and the environment.

### Sustainability training

Commitment to sustainable development is an essential part of ENDESA's activity. Therefore, training in this area is important, with the design, development and implementation of courses aimed at making sure that ENDESA employees take on board the sustainability principles in their private and professional activities, and by changing their energy behaviour become examples for society to follow.

205-2/403-5/404-2/103-1 Management Approach Employment EUSS/103-2 Management Approach Employment EUSS/103-3 Management Approach Employment EUSS

Training in sustainability according to type						
	2017		2018		2019	
	hours		hours	Number of employees	hours	Number of employees
Occupational Health & Safety	106,096		101,351	6,306	107,740	6,521
Environment	7,707		7,707	2,188	2,074	557
Ethical code			727	1,140	140	110
Anti-corruption			616	1,467	2,179	3,506
Diversity			17	1	527	79
Relationship with communities			42	3	183	7
Human rights			335	1,014	422	1,280
Total	113.803		110,795	12.119	113,265	12.206

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### Health and safety training

#### 403-5

With regard to occupational health and safety (OHS), the workplace risk prevention courses are compulsory for all employees, and consist of both online methodologies and classroom sessions depending on contents and the target audience. Specific courses of action are also carried out for positions with specific levels of responsibility in relation to prevention, such as: the Prevention Representatives, Prevention Officers and members of emergency teams. Courses and recycling workshops are used to update knowledge of regulations and also of ENDESA's own procedures.

ENDESA, in its commitment to the digitalisation of processes and in line with the security strategy, has incorporated virtual reality into training in Occupational Safety and Health (SSL). In 2019, it launched the “VIVES” training programme (Virtual, Investment, Vision, ENDESA, Safety) that combines innovation with safety.

### **Environmental training**

Environmental training was further strengthened in 2019 with around 2,075 hours of training provided to ENDESA employees. With this training, the Company complied with requirements for renewal of its different ISO 14001, energy efficiency and Integrated Environmental, Energy Efficiency and Indoor Air Quality Management System certificates.

The “Raising Environmental Awareness” online course, available to all employees, has been updated; it reviews the progress made by people in their relationship with the environment and, in particular, the nature of ENDESA's relationship with and commitment to the environment.

In 2019, the online programme “Environmental aspects in Infrastructure and Networks” was added to the training catalogue. Although it is aimed at people in the distribution business area, it is also available to all employees.

### **Training on digitalisation**

As in previous years and as a result of ENDESA's digital and cultural transformation, training in digital transformation has been a major focus in 2019, with 22,559 hours of training provided.

In 2019 we launched the “Digital Routines in 21 days” programme (R21D), the aim of which is to promote good digital practices so as to be able to incorporate new routines every 21 days. This is an online training course with practical tips to get more performance out of digital tools, both in personal and collaborative use: short videos between 2 and 4 minutes long with clear and concise indications on how to become digital in 21 days.

Also in 2019 the range of courses on digitalisation was expanded, with the addition in particular of courses on data management, programming and modelling; “Salesforce”; “Business Analytics”; “Digital Marketing” and “Social Media Management”.

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404-2/103-1 Management Approach Employment EUSS/103-2 Management Approach Employment EUSS/103-3 Management Approach Employment EUSS
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### **Other training activities**

Through its courses in management, social and leadership skills, ENDESA provides employees with tools to ensure their personal and professional development. These

courses are managed transversally among different Business Lines and Support Areas. In 2019, 141,815 hours of skills management programmes were provided.

We highlight the launch of various training programmes in relation to the different dimensions of diversity:

- In the gender dimension: Course *“Take the lead”*: aimed at women in *middle management* positions or who lead a team. The content of the workshop is aimed at mitigating unconscious biases and limiting beliefs, as well as reinforcing a personal brand.
- Regarding age: Course *“Managing generational diversity”*: focused on promoting work in intergenerational teams.
- Regarding disability: Online training aimed at raising awareness of different abilities as well as universal accessibility

Training in agile methodologies has been a key part of the company's goal of implementing agile management methods. In 2019 the *“Let's talk about Agile”* programme was launched. Intended for all employees, the idea is for them to learn about the components of the agile method and how it works, and also the reasons and basic considerations for implementing the standard agility model and starting to work in accordance with this methodology. With a focus on this methodology, technical training on the different roles and project management has been incorporated into the training catalogue.

In 2019, a new training programme was incorporated on new work methodologies, called *“New Ways of Working”*, which focuses on the development of innovation and creativity skills, with courses such as *“Design Thinking”*, *“Visual Thinking”*, *“Lean Startup”* and *“Creative problem-solving”*.

Another of ENDESA's fundamental commitments, which remains constant throughout the years, is the technical training of employees. This assists their professional development and gives them the qualifications to go about their tasks. Thus, in 2019, 119,525 hours of technical training were given in the Generation Digital areas; Renewable; Infrastructure and Networks; Sales and Marketing; *Global Digital Solutions* (GDS); Purchases and Support Areas.

Finally, ENDESA promotes language classes, chiefly in English and Italian, with a wide range of programmes in different formats.

### **Security personnel training**

#### ***410-1/103-1 Management Approach Security/103-2 Management Approach Security/103-3 Management Approach Security***

Physical security services in facilities (surveillance) are provided by external personnel and their organisation adapts to the need to cover the services necessary to safeguard the company's assets at all times.

In any case, these services are provided by professionals duly accredited and authorised by the Ministry of the Interior. As part of their training, aspects of Private Security legislation, basic rights and Human Rights are included.

### **Training of employees in Human Rights policies or procedures**

## 412-2

Respect for Human Rights is one of the principles on which our activity is based in all the countries and in all the territories in which we are present, with the development and implementation of a policy dedicated to respect for Human Rights that strengthens and extends the commitment already established in the Code of Ethics, the Zero Tolerance Plan against Corruption and the 231 Compliance Programme.

With the aim of spreading this commitment, knowledge about human rights and about the actions that ENDESA carries out to respect these rights, the Human Rights online course is available to all staff.

Through this course, we renew our own commitment, directly involving all people in the company, sharing stories and practices that help us understand the crucial role that human rights play in today's business world.

Through this training programme, ENDESA promotes knowledge, not only of its human rights policy and related implementation practices, but also of the due diligence process to identify, prevent, mitigate and report on the potential risks and consequences derived from the daily action of the employees.

Human Rights Training											
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%

## 4. ATTRACTING AND RETAINING TALENT

In order to attract the best talent, ENDESA focuses on Employer Branding to promote the company in the job market and be considered an attractive place to work. Over the past few years, the focus has been on attracting young talent. As part of these initiatives, it has attended job fairs in different universities, international employment congresses and vocational training centres, as well as holding a number of different innovation, technology and diversity events, mainly for young people in order to improve their technological skills and knowledge. In this regard, the "Flow Your Talent" project implemented in ENDESA aims to enhance skills and develop young talents. Within this framework of action, we highlight initiatives such as the Student Formula or Innovation Flow, programmes through which young talents who are taking a scholarship at ENDESA can propose innovative ideas for real business challenges.

Other actions under way with the objective of attracting talent to the company are the "Recruitment Days", aimed at finding the profiles that the business requires, and "Data Day", an event aimed at selecting data experts.

Given the need to incorporate STEM (Science, Technology, Engineering, Mathematics) profiles, medium and long-term actions are being taken to encourage technological vocations at earlier ages (schools and institutes), with a special focus on girls, according to the business strategy of gender diversity.

In a digital environment, communication and the relationship with candidates change quickly, which is why the company has reinforced and improved its presence in social media and other online platforms. These digital channels are one of the main recruitment

channels. An example of this is the conducting of video interviews, which help us digitise and streamline selection process times.

## 4.1 Hiring

In 2019, 180 young graduates were recruited through the ENDESA Grants Programme, boosting their employability and giving them the opportunity to put into practice the knowledge acquired at university and begin a professional career. Once the scholarship period is over, some of them will be incorporated into the ENDESA workforce.

ENDESA not only carries out internal selection processes for each country, but also occasionally arranges employee exchanges between countries. This aspect has come to the fore since ENDESA joined the Enel Group.

In 2019, ENDESA continued to roll out international mobility programmes for employees in order to contribute to their development in international arenas, widen their global business vision and boost their technical knowledge.

In 2019, some 400 external job vacancies were processed for permanent and temporary staff in Spain and Portugal in order to fill permanent and temporary vacancies.

### 401-1

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.

**Note for layout designer: show these data on the graphs.**

New Hires		
Total new hires	2017	256
	2018	393
	2019	426

New hires by gender (%)	
Men	62.1
Women	37.9

New hires by age range 2019 (%)	
<30 years	35.3
Between 30 and 50 years	59.8
>50 years	4.9

Contract terminations for the last three years, by gender, are:

Contract terminations by gender			
Total departures by women (voluntary departures, voluntary redundancy and retirement)	no.	2017	92
		2018	126
		2019	68
Total departures by men (voluntary departures, voluntary redundancy and retirement)	no.	2017	360
		2018	321
		2019	183
Total departures by women out of the total female workforce (%)	%	2017	4.09
		2018	5.55
		2019	2.84
Total departures by men out of the total workforce of men (%)	%	2017	4.83
		2018	4.29
		2019	2.42

#### 401-1

ENDESA wants to be an excellent company to work for, therefore, attention is paid to low staff turnover, as an indication of the satisfaction of the people who work for our Company. The turnover rate in Spain in 2019 was 2.6%, a figure within the values expected by the Company.

Staff turnover rate	
Women	2.8%
<30	12%
30-50	3%
>50	1%
Men	2.40%
<30	18%
30-50	2%
>50	2%
Total	2.60%

The average time spent at the company is 16.7 years, highlighting that more than 68.6% of employees have been working for the Company for more than 10 years.



Average length of service in the company	number
Employees with less than 10 years in the Company	3,129
Employees with 10-19 years in the Company	3,320
Employees with 20-29 years in the Company	1,684
Employees with 30-34 years in the Company	910
Employees with more than 35 years in the Company	909

## 4.2. International mobility

In 2019, ENDESA continued to roll out international mobility programmes for employees in order to contribute to their development in international arenas, widen their global business vision and boost their technical knowledge.

International mobility programmes were efficiently managed and promoted a global career, thus enhancing a multinational culture. In 2019, ENDESA managed 67 processes for expatriate employees and 19 for returnees.

In these processes, special attention is paid to the following aspects:

- Ensuring that expatriate staff maintain living conditions similar to those of the country of origin.
- Compensating for difficulties related to expatriation.
- Offering a significant package of employee benefits.

In the framework of compliance with the Diversity Policy, special attention is paid to the integration of the expatriate in the destination, by assigning a tutor/mentor during the expatriation period.

## 4.3. Personnel selection

**202-2/103-1 Management Approach Market Presence/103-2 Management Approach Market Presence/103-3 Management Approach Market Presence**

In 2019 ENDESA has continued to promote the participation of its employees in the selection processes, giving priority to the internal publication of job offers. In this way, internal mobility has been enhanced, offering the opportunity to improve their professional development, according to their interests and the motivations of each person.

In 2019 ENDESA has carried out around 200 internal movements to cover vacancies.

In cases where ENDESA is unable to promote employees from within the company, the company seeks to hire people directly linked to its activities through internships, grants or specific contracts, in addition to using different databases.

In 2019, some 400 external job vacancies were processed for permanent and temporary staff in Spain and Portugal in order to fill permanent and temporary vacancies.

<b>Total employees incorporated into the workforce throughout the year</b>	2017	256
	2018	393
	2019	426
<b>Total local employees incorporated into the workforce throughout the year</b>	2017	241
	2018	361
	2019	375
<b>Total of local Senior Managers (executives + middle managers) incorporated into the workforce throughout the year</b>	2017	116
	2018	189
	2019	174

In relation to top management (members of the Executive Management Committee) come from the local community:

<b>Number of senior managers from the local community</b>	<b>15</b>
<b>Total number of senior managers</b>	<b>17</b>

#### Rejection of forced and child labour

**103-1 Management Approach Child Labour, 103-2 Management Approach Child Labour, 103-3 Management Approach Child Labour/103-1 Management Approach Forced Labour, 103-2 Management Approach Forced Labour, 103-3 Management Approach Forced Labour /408-1/409-1/103-1 Management Approach Market Presence/103-2 Management Approach Market Presence/103-3 Management Approach Market Presence**

ENDESA expressly condemns child labour as well as forced labour through its Code of Ethics, committing itself to rigorous compliance with international standards, such as the United Nations Global Compact, with the aim of promoting a work environment that respects Human Rights. The condemnation of child labour and forced labour have also been expressly reflected in the ENDESA Human Rights Policy approved by its Board of Directors on 24 June 2013. It should also be noted that ENDESA operates in an environment (Spain and Portugal) where there is a regulatory framework that establishes the necessary guarantees to ensure that there are no violations of child or forced labour. ENDESA has the most advanced prevention, control and monitoring mechanisms in place to guarantee strict compliance with current legislation, international standards and ILO principles in this area. As a result, there have been no complaints in this matter during 2019.

This approach is also extended to all contractor companies and suppliers with which it maintains a relationship. To this end, it incorporates human rights clauses in the general contracting conditions, evaluates human rights aspects in the supplier qualification system and carries out social audits to verify compliance.

**For more information, please see the chapter “Supply Chain”.**

## 4.4. Remuneration policy

**102-36/103-1 Management Approach Market Presence, 103-2 Management Approach Market Presence, 103-3 Management Approach Market Presence**

ENDESA's remuneration policy is aligned with Spanish and international regulatory recommendations in the area of corporate governance. The company's main objective is to draw, retain and motivate the best professionals, ensuring that internal equality and external competition are maintained, and establishing remuneration according to best market practices.

ENDESA's remuneration policy therefore seeks to ensure competitive and equal compensation among its employees. Remuneration is determined according to an external competition analysis based on market wage surveys, using a valuation methodology that assesses similar posts in companies with a similar number of employees and turnover.

ENDESA's remuneration policy is also merit-based. In 2019, as in previous years, the individual salary review process was carried out for all employees in all professional categories. The objective of these processes is to recognise the efforts of personnel and their commitment to the Company, adjusting remuneration on a case by case basis, while ensuring that the minimums established in the Fourth Framework Collective Labour Agreement are observed. This policy also strengthens the manager's role in recognising employees' achievements.

In 2019, an exercise in transparency in communication to the personnel of the salary review process was carried out, with special emphasis on the gender perspective.

**102-36/103-1 Management Approach Market Presence, 103-2 Management Approach Market Presence, 103-3 Management Approach Market Presence**

**401-2**

Employee benefits not required by law			Spain and Portugal
Medical assistance	(Thousands of EUR)	2017	3,086
		2018	3,176
		2019	3,611
Cultural and recreational activities	(Thousands of EUR)	2017	972
		2018	983
		2019	1,042
Financing of electricity consumption	(Thousands of EUR)	2017	12,735
		2018	15,230
		2019	15,828
Accident insurance outside the professional sphere	(Thousands of EUR)	2017	1,090
		2018	625
		2019	853
Pension funds	(Thousands of EUR)	2017	51,407
		2018	50,621
		2019	43,243
Others (e.g. seniority bonus, special allowances for marriage, home purchase, etc.)	(Thousands of EUR)	2017	17,675
		2018	15,405
		2019	15,122
Employees involved in the employee benefits policy	(n.)	2017	9,599
		2018	9,946
		2019	9,952

## Flexible Remuneration

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

**102-36/103-1 Management Approach Market Presence, 103-2 Management Approach Market Presence, 103-3 Management Approach Market Presence**

## Working overtime hours

On the other hand, through the different Collective Agreements, the Management of the Company and the Labour Representatives agree on the need to minimise overtime, through the establishment of work organisation tools and systems that enable a permanent improvement of the Organisation's efficiency, respecting in any case, the legislation in force and especially, the provisions of Royal Decree 1561/1995, of 21 September 1995. Thus, the Collective Agreement establishes that, in the event of the need for overtime, employees may choose between economic compensation mechanisms or mixed compensation mechanisms (economic and rest hours).

## Remuneration of Managers and Employees.

Next, the average salaries and their evolution are broken down by gender, age and professional classification. Fixed, variable wages and social benefits have been considered.

Average remuneration 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
Medium	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

## 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 are added other variables, also historical, 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.

#### 405-2

	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%

Administrative staff	17.8%	12.5%	15.4%
Operators	5.4%	-6.3%	1.7%
Average (1) or Median (2)	12.1%	8.4%	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

**102-36/103-1 Management Approach Market Presence, 103-2 Management Approach Market Presence, 103-3 Management Approach Market Presence**

Total median	€ 58,721	€ 57,231	€ 58,356
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## Relationship between initial remuneration and minimum remuneration

### 202-1

The relationship between the initial salary at ENDESA and the minimum salary in Spain, which in 2019 amounted to 1.88, is shown in accordance with the company's remuneration policy, which seeks to apply the best market practices, ensuring external competitiveness, in order to attract, retain, and motivate the best professionals.

Relationship between initial remuneration and minimum remuneration				
	2018		2019	
	Women	Women	Women	Men
Initial remuneration	23,680.92	23,680.92	23,680.92	23,680.92
Minimum remuneration Spain	10,302.6	10,302.6	12,600	12,600
Relationship between initial remuneration and minimum remuneration	2.30	2.30	1.88	1.88

## 4.5. Social welfare

### 201-3

All ENDESA employees are members of the Pension Plan, unless they expressly opt out. With the signing of the first Framework Agreement on 25 October 2000, a defined contribution pension scheme was established for retirement, and a defined benefit

scheme for death and incapacity. In 2019 the total number of employees with an individual pension fund sponsored by the company was 9,741.

A scheme involving combined contributions by the company and the employee was established, with a maximum 6% of the pensionable pay being borne by the Company and 3% of the same pay by the employee. The company's contribution to the pension plan in 2019 was €32.26 million (this figure only includes the defined contribution group).

Additionally, there are workers affected by origin agreements, prior to the Framework Agreement, who benefit from additional contributions that vary according to each origin agreement.

ENDESA's pension plans are administered in accordance with the general restrictions on management and risk assumption in the respective laws and regulations in force and applicable in Spain.

At present, the pension fund which manages the pension schemes promoted by ENDESA companies assumes the risks that are inherent in the assets in which it is invested, which are mainly:

- Risks of investment in fixed income assets arising from interest rate variations and the credit risk of the portfolio shares.
- Risks of investment in equities arising from the potential impact of volatility (changes) in the prices of the related assets, which is greater than that of fixed income.
- Risks of investment in derivative financial instruments arising in accordance with the degree of related leverage, making them especially vulnerable to changes in the prices of the underlying assets (benchmark asset).
- Investment in assets denominated in currencies other than the euro, which are subject to additional risk relating to changes in exchange rates.
- Investments in non-tradable assets, made in less efficient markets with scant liquidity, pose measurement risks arising from the approaches used and the lack of market prices for comparison.

ENDESA's pension plan is operated by a manager that takes into account socially responsible investment criteria. For this, the manager has prepared and approved a Declaration of Socially Responsible Investment Policy that summarises the framework in which the activity of the company in this matter is developed with the assets under management. The plan manager incorporates environmental, social and good governance (ESG) issues in the investment analysis and decision-making processes. It expects the companies and issuers in which it will invest to develop and carry out an ESG strategy that maximises long-term value for its shareholders and investors. It will positively value the adherence of companies to the United Nations Global Compact.

## **5. SOCIAL DIALOGUE**

***102-41/407-1/103-1 Management Approach Freedom of Association and Collective Bargaining / 103-2 Management Approach Freedom of Association and Collective Bargaining / 103-3 Management Approach Freedom of Association and Collective Bargaining / 103-1 Management Approach Relations between Workers and Management / 103-2 Management Approach Relations between Workers and Management / 103-3 Management Approach Relations between Workers and Management***



The consultation and participation of workers in occupational health and safety issues has been instrumentalised by virtue of the provisions of Articles 115 et seq of the 5th ENDESA Collective Agreement.

With respect to collective bargaining procedures in 2019 they were performed in strict accordance with the Spanish and ENDESA regulations regarding reorganisations, transfers of workers between Group companies, etc., as well as with the negotiation of the 5th ENDESA Collective Agreement. In Portugal, working conditions are set through the employment contract.

The collective working conditions are regulated in ENDESA through the various Collective Agreements, the terms of which are more favourable than those required by labour legislation in each area in which the Company operates. The freedom of association of workers is guaranteed in ENDESA and in all contractor companies and suppliers with which it maintains a relationship.

#### **102-41**

In ENDESA there were 4 collective agreements in force at the end of 2019, affecting 9,032 employees, 90.75% of the workforce.

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

#### **402-1**

Pursuant to Spanish labour regulations and with ENDESA's labour regulations in 2019, the criteria to be followed in the event of business reorganisation and corporate restructuring have been established, whereby Union representatives will be informed at least 30 days before any such corporate restructuring and reorganisation is actually implemented.

The most important actions regarding collective bargaining in 2019 were as follows:

- Negotiation of the 5th ENDESA Collective Framework Agreement.
- Negotiation on the procedure for managing relocation of surplus thermal generation personnel.
- Negotiation on the procedure for managing relocation of surplus B2B personnel

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).

43.98% of employees are affiliated with a union at the end of 2019.

Spain has been an ILO signatory since its foundation, and ENDESA's conventional regulations meet the existing Conventions ratified by Spain.

## 6. EMPLOYMENT CLIMATE

ENDESA conducts a climate survey every two years to gauge the motivation and commitment of employees with the company. The last one was in November 2018, and the result was 60.5/100. During 2019 action plans were implemented in various areas of the Company and at all levels, with the aim of increasing employees' motivation, well-being and commitment to the organisation.

The initiatives forming part of these plans aim to leverage ENDESA's strengths to address the areas of improvement identified. A large number of these were aimed at further improving management skills in environments that are increasingly flexible and diverse. Another important group of measures was aimed at encouraging employee participation in decision-making on projects and processes, developing the values of trust, proactiveness, responsibility and innovation on which ENDESA bases its management model.

Notable examples of actions included in these plans included:

- The Cambiamos cultural transformation project, which aims to define a communication strategy with a strong emotional character, to inform employees of the transformation process in which the company finds itself; the solvency and soundness of its strategic plan; the commitment to sustainability and climate change as ENDESA's purpose, and employee initiative as the engine of change.
- Continuing flexibility policies as a powerful driver of the "Remote Working" project. This project has undoubtedly helped to drive working flexibility policies and to establish a solid basis for a new working model.
- The "Smart Workplace" pilot scheme in ENDESA X, which revolutionises several basic aspects of the way a business unit works: physical spaces, technology, processes and HR policies. By harmoniously integrating these aspects of day-to-day work, the aim is to make the teams more creative, innovative and agile in the development of their projects, thereby improving the performance and results of the Business.

Workplace action plans were regularly monitored to ensure that they conformed to the planning and targets set for 2019.

## 7. RESPONSIBLE MANAGEMENT OF PEOPLE AT ENDESA

***/ 103-1 Employment Management Approach / 103-2 Employment Management Approach / 103-3 Employment Management Approach***

ENDESA, within its focus on responsible management of people, carries out various activities annually on each of these issues:

- Diversity management and equal opportunities.
- Work-life balance and flexibility
- Integration of people with disabilities and people at risk of social exclusion
- Promotion of volunteer work

## 7.1. ENDESA's commitment to diversity

***103-1 Non-discrimination Management Approach / 103-2 Non-discrimination Management Approach / 103-3 Non-discrimination Management Approach / 103-1 Diversity and Equal Opportunity Management Approach / 103-2 Diversity and Equal Opportunity Management Approach / 103-3 Management Approach to diversity and equal opportunities***

ENDESA believes in diversity among its employees as an enriching element for the Company. The progressive increase in women in the workforce, the incorporation of people of other nationalities, as well as people with disabilities, are a sign of respect for the different issues that make up its Diversity Policy. With regard to age, younger people have gradually been incorporated, which makes it possible to have a workforce that combines both seniority and gradual renewal.

### **ENDESA HAS BEEN AWARDED WITH THE DIVEM AWARD, FOR ITS MANAGEMENT OF CULTURAL DIVERSITY**

ENDESA has been awarded the DIVEM award for Socially Responsible Companies. This award recognizes the value of the economic and social contribution generated by cultural diversity in the business world.

Our Company has been recognized for its project aimed at encouraging girls to pursue science and technology careers, and challenging stereotypes. Within this framework, ENDESA has signed an agreement with the Community of Madrid, and is developing this project in public and charter schools where there are with an immigrant background, which favours real access with equal opportunities.

The winning companies of the 2019 edition have been: Coca Cola, Huete, Alimerka, Nueva Pescanova, Epyme, Tiebel and ENDESA.



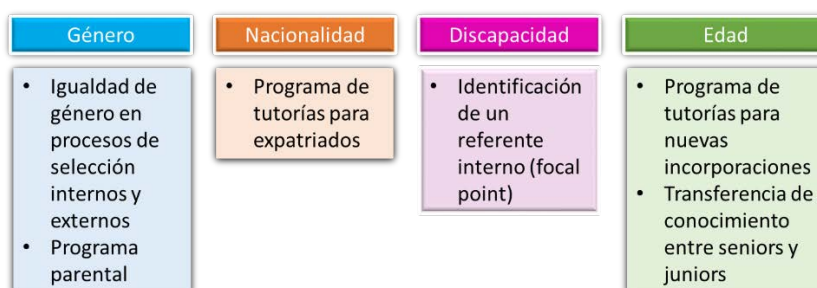
### 7.1.1. The Diversity and Inclusion Policy

ENDESA, as part of the Diversity and Inclusion Policy and the company's Human Rights Policy, rejects all manner of discrimination and undertakes to guarantee and promote diversity, inclusion and equal opportunities. ENDESA does everything possible to encourage and maintain a climate of respect for the dignity and individuality of people, and ensures the highest standards of confidentiality with respect to any information related to employee privacy, of which it is aware. As a result, in accordance with and as a part of the values included in the ENDESA Code of Ethics, ENDESA adopts the following fundamental principles:

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, defining the following action plan:

**MAQUETADOR: HACER UN NUEVO GRÁFICO CON EL MISMO CONTENIDO, DE ACUERDO AL MANUAL DE ESTILO 2019**



Gender
Gender equality in internal and external selection processes
Parental programme
Nationality
Expat tutoring programme
Disability
Identification of an internal reference (focal point)
Age
Tutoring programme for new hires
Knowledge transfer between seniors and juniors

#### 406-1

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

### 7.1.2. Promotion of gender equality

ENDESA promotes gender equality in all areas of the Company, with special attention to positions of responsibility and the hiring of personnel, both objectives included in ENDESA's Sustainability Plan 2019-2021.

Thus, in 2019 the proportion of women hired reached 37.9%.

With regard to positions of responsibility, the percentage of positions of responsibility (managers) filled by women in 2019 grew to 18.7% (17.5% in 2018).

#### Policy enforcement

ENDESA promotes gender equality in all areas of the company and, to this end, has defined a Gender Action Plan aligned with the Diversity Policy aimed at meeting three major 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 being pursued.

One of these major actions in the short term is the goal of reaching 50% of women in the selection processes and the commitment to include at least one woman in the final list of such selection processes. Since 2017, ENDESA monitors the evolution of this data through the quarterly report on the Diversity and Inclusion Policy.

To improve the amount of women in traditionally male positions, ENDESA is working on long-term initiatives, such as the promotion of technological vocations, specifically technical studies, also called *STEM* (the acronym for science, technology, engineering and mathematics) among female students.

ENDESA has made an important commitment in 2019 to arouse interest among young women. Nearly 600 girls have participated in initiatives with this aim, among which are:

- Programs like Orienta-T, for more information see *section 4.3 Education Projects in the Responsible Relationship with Communities chapter*.
- Another notable project in 2019 is the project Dismantling Stereotypes. This is a coeducation initiative in classrooms in which ENDESA, together with expert psychologists, has approached various schools to “dismantle” gender stereotypes and bring science closer to girls through workshops aimed at students and teachers.

Another line of action of the Gender Plan raises the profile of female talent and streamlines career development and promotion of women to senior management positions. These efforts include a selection of programmes aimed at encouraging this, such as Women Mentoring and Take the Lead, which set out to develop, empower and draw attention to women in middle management positions within the company.

Along these lines, with the aim of reinforcing the role of women in technology and giving visibility to our employees in technical positions, ENDESA sponsored, and was represented by one of its employees, the WiDS 2019 Conference - *Women in Data Science*. It is a global event organized by Stanford University and Fundación Telefónica the objective of which is to inspire and educate data scientists worldwide and support the role of women in this discipline.

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.

ENDESA develops parental programs aimed at balancing the needs of people as parents and their aspirations for professional growth. These consist of a series of structured interviews between employees, their managers and Business Partners, who are ENDESA professionals who work closely with the business line to identify and meet their needs, optimizing professional development and the well-being and satisfaction of employees, before and after the experience of motherhood and fatherhood, to increase their value, both for the worker and for the Company.

As a complement to this programme, ENDESA has made the online educational platform “Managing children” available to its employees, in which more than 40 education experts collaborate. The objective of the initiative is to support mothers and fathers in the work of educating their children.

In December 2019, within the framework of the Days of Diversity, the Educating for the Future workshops were held in the headquarters of Seville and Zaragoza, with the aim of sensitizing participants to education as a driver of gender equality and promoting talent development through an education free of gender biases.

### **Voluntary Commitments with the Administration**

Within the framework of the voluntary commitments that ENDESA has acquired with the Ministry of Health, Social Services and Equality (hereinafter the Ministry), the following should be noted:

1. Company Equality Badge
2. Initiative “More women, better companies”
3. Initiative “For a society free of gender violence”

#### Company Equality Badge

As a result of ENDESA's commitment to equality, the Ministry granted ENDESA in 2010 the “Equality in the Company” badge.

In 2017, ENDESA obtained the renewal of the Equality in Company Badge issued by the Ministry until 2020, when the next renewal will be requested. The corresponding reports are submitted annually to maintain said badge. Furthermore, ENDESA is part of the Business Network with the Equality badge and has actively collaborated in the different initiatives promoted by this Network.

#### Initiative “More women, better companies”

As a sign of its commitment to promote and advance in the field of gender diversity, ENDESA signed in 2019 the new protocol with the Ministry of Equality. This protocol sets ambitious objectives during the validity period of the protocol 2019 -2023 in order to promote and increase the presence of women in positions of responsibility. This action is framed within the initiative of the Ministry of Equality “More women, better companies”.

### **Convention Equality Plan**

ENDESA has an Equality Plan that contains Human Resources Policies that promote the implementation of the necessary actions to facilitate the inclusion of women in decision-making positions and with greater amounts of responsibility. The Plan guarantees the effective application of the principle of equal remuneration for work of equal value and, specifically, the non-existence of remuneration differences based on gender.

Likewise, the Plan includes the possibility of adapting the working day, through flexible hours, a temporary change in hours, reductions of working hours, and family care leave. Likewise, it has specific measures for the protection of pregnancy and maternity, and special measures for the protection of victims of gender violence. As a tool to help in the care of children, for both mothers and fathers, the Plan foresees the establishment of agreements with kindergartens, and raising awareness of equality through information and communication.

In this way, in Spain all the measures provided for in the Equality Plan have been developed. Its evaluation and monitoring is carried out jointly by the Company Management and the Social Representation, through the Joint Equality Commission provided for in the aforementioned Collective Bargaining Agreement.

Finally, as part of the fight against gender-based violence, it should be remembered that ENDESA's Equality Plan, included in the Collective Framework Agreement, includes special measures for the protection of victims of gender violence.

### **7.1.3. Promotion of other issues of diversity (age, nationality and disability)**

#### **Age**

To manage generational diversity, ensuring integration, motivation and knowledge transfer, ENDESA has launched the following initiatives:

1. Tutoring programme for new hires
2. Knowledge transfer initiatives.

Mentoring programmes are intended to support employees in their main transition periods, and especially after hiring with the Company.

Knowledge transfer initiatives include both mentoring programmes and internal training actions in which the trainers are senior or junior expert staff.

#### **Nationality**

To manage the differences between people of different nationalities and promote their integration, there is a tutoring programme for expatriates through which they are assigned a tutor from the destination country who helps and supports them during their expatriation period.

#### **Disability**

ENDESA has continued offering its employees the Family Plan, developed by the Adecco Foundation. Through this plan, 76 employee family members with some disability received personalised counselling and therapy in 2019. Also through the Adecco Foundation, for the second year running ENDESA has offered the beneficiaries of the Family Plan a one-week summer camp in which 18 children of employees with disabilities participated.



Along these lines, with the aim of supporting employees in this area, in collaboration with the Randstad Foundation we have continued to offer a specialized confidential consultation service to provide information and advice on disability.

In addition, in this area, with the aim of expanding knowledge about disability and raising awareness of the importance of their labour inclusion, in 2019 an online training workshop accessible to all employees was launched, aimed at raising awareness and eliminating disability stereotypes.

Within the framework of the Days of Diversity, in the field of disability, a virtual reality experience was held at the Seville headquarters with more than 60 participants with the aim of raising awareness about the inclusion of people with visual disabilities. These participants were able to experience how visually impaired people cope with everyday situations in the workplace.

#### 405-1

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

## 7.2. Reconciliation of professional, personal and family life

In 2019, 6,825 employees (2,020 women and 4,805 men) benefited from some form of action aimed at reconciling professional, personal and family life at ENDESA.

Number of employees who benefited from the initiatives to promote work-life balance in 2019.	
Women	2,020
Men	4,805

103-1 Employment Management Approach/103-2 Employment Management Approach/103-3 Employment Management Approach

ENDESA continued to take steps to consolidate its flexible working environment which is designed to enable its employees to strike a balance between personal, family and professional life. The measures that the Company is taking to facilitate the reconciliation of work and personal life fall into five main groups: quality of employment (permanent contract, pension plans, health and well-being, support for expatriates, etc.), temporal and spatial flexibility (reductions in working hours, leave of absence, paid leave, etc.), support for the family (leave of absence, leave and flexibility for the care of family members, help for elderly dependants, etc.), professional

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

In 2019 ENDESA has continued to offer its people measures that allow the working day to adapt to their needs, through time flexibility, temporary changes to hours, reductions in working hours, family care leave, paid leave, unpaid leave and absences and telework.

Among these measures, ENDESA has continued to promote the “Work Out of the Office” project. This innovative form of work based on trust allows employees greater flexibility and independence in choosing spaces, times and forms of work. In total, 2,399 employees (1,183 women and 1,216 men) took part in this initiative in 2019.

Furthermore, the “Days without school” programmes and the camps have continued to offer employees’ children a leisure alternative to provide solutions on days or holidays when the employees have to work and need to reconcile their professional, personal and family life.

In the Barcelona, Madrid and Seville offices, in order to favour women who have been mothers, the breastfeeding room service has continued to be offered.

ENDESA is a company firmly committed to its employees’ health, and has been promoting the Training Programme since 2011. This programme encourages the practice of sport, through a company subsidy to employees for a maximum of 25 euro per month. At the end of 2019, 4,297 employees were on this programme.

Total number of people by type of measure (*)	
Work Out of the Office	2,399
Train Yourself programme	4,297
Flexible timetable	1,413

(\*) a single employee can benefit from more than one conciliation measure.

ENDESA makes a specific Offers Channel available to all its people as employees. The corporate intranet allows the channel to include a wide variety of products and services at competitive prices, ranging from leisure offers to others related to personal well-being. There is also a section on training that includes a series of learning programmes in different disciplines, for example, in languages. In this sense, there are courses both in Spain and other countries, aimed at adults or employees’ children. Finally, this Offers Channel is also open to solidarity, since there is a section for donations to different social entities aimed at improving the living conditions of those most in need.

103-1 Employment Management Approach/103-2 Employment Management Approach/103-3 Employment Management Approach

In 2019, ENDESA has continued to make its “To Do” room available to its employees at the Madrid headquarters, which, working continually and through on-line payment, brings together services that help facilitate the employees’ lives. Specifically: clothing and footwear repairs, dry cleaning, laundry, financial advice, repair of mobile phones, tablets and computers. There is also an app that allows people to share the private vehicle on their way to and from the office, e-sharing car service with a fleet of electric vehicles for professional use, cleaning and car repairs, yoga classes, pilates and maintenance gymnastics, nutritionist and travel agency.

**401-3**

Levels of return to work and retention after maternity or paternity leave, by sex (number)	
Employees taking paternity leave	265
Employees taking maternity leave	82
Employees who returned to their jobs after their paternity leave	262
Employees who returned to their jobs after their maternity leave	67
Employees who returned to work after their paternity leave ended and who remained in their posts for twelve months after returning to work	230
Employees who returned to work after their maternity leave ended and who remained in their posts for twelve months after returning to work	96

### 7.3. Investment in people with different abilities

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

- 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.
- Collaboration in disseminating the communication campaign of the Adecco Foundation at the 3 December "Employment Filter", through ENDESA's internal communication channels.

As alternative measures, ENDESA has continued to commit to indirect contracting by purchasing goods and services from special employment centres.

103-1 Employment Management Approach/103-2 Employment Management Approach/103-3 Employment Management Approach

### 7.4. Corporate volunteering

ENDESA supports corporate volunteering and therefore collaborates in the development of various social development projects with the involvement of its employees. Corporate volunteers are a catalyst for other initiatives and bring the Company closer to its stakeholders, fostering the development and commitment of the participants. Furthermore, it constitutes a firm commitment to the development of the communities in which it operates, by offering its own personnel in activities that combine the interest of the Company and its stakeholders, such as providing groups in vulnerable situations with access to energy, promoting employability and quality education, or improving the environment.

As a consequence of this firm commitment, ENDESA has supported Voluntare since its inception in 2011. This international network for the promotion of corporate volunteering is the result of the alliance between companies and academic entities and from the third sector, to promote the expansion and professionalisation of corporate volunteering. This network is currently made up of 38 companies and 45 social entities.

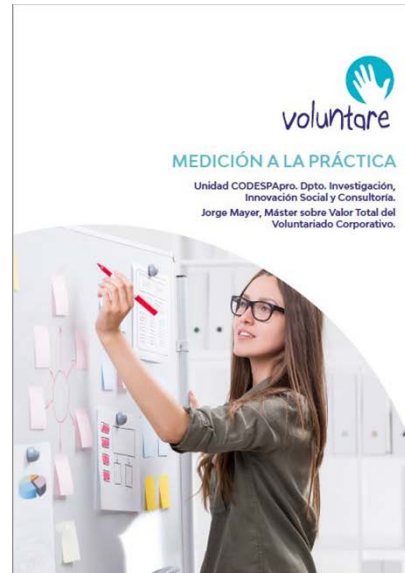
Within this framework, Voluntare promotes the meeting, generation and exchange of knowledge by encouraging work groups, identifying and disseminating good practices, organising and participating in reference events and workshops.



Along these lines, in 2019 ENDESA hosted the “Volunteer Point” event at its Madrid headquarters, a pioneering initiative carried out to be a benchmark event for the presentation of strategic corporate volunteering projects to companies interested in offering their employees high added value activities for both society and companies and the volunteers themselves; to provide companies with an annual meeting point with a new format, structured to access a wide range of specific projects in the same morning; and to enable the social entities to promote their corporate volunteer projects in an agile and efficient way. The format was that of a marketplace in which companies have been able to discover high-impact volunteering projects focused on the SDGs. Thirty social entities took part, presenting 48 projects to 80 companies.



ENDESA also participated in the working groups on “Corporate volunteering in the energy field” and “Measurement in practice”, the results of which were presented at the event celebrating the 8th anniversary of Voluntare held in Madrid in July.



In 2019, ENDESA launched a corporate volunteer review project that consisted of a corporate volunteering survey of all employees and obtained a response from 17.33% of the workforce, which represents a high level of participation and interest in the subject, followed by focus groups with employees in Barcelona, Madrid and Seville, interviews with those responsible for the areas involved in corporate volunteering and, finally, a design thinking workshop with the employees. Among the conclusions, a high interest in environmental issues in line with the company's purpose emerged from the whole of this process.

ENDESA also launched the We Meet Together communication campaign, described in the section on Respect for Human Rights in Chapter 1, Commitment to Sustainability. One of the objectives of the campaign is to mobilise employees to action through their participation in volunteer activities or in other types of challenges proposed by both ENDESA and themselves.

In this context, ENDESA joined the # COMPANIES4SDGs initiative and the SDGs at School multi-company corporate volunteering project.

- # COMPANIES4SDGs aims: to promote the SDGs among companies and their employees; to promote sustainable habits among employees and convey to them how to contribute to the global challenges of the SDGs; to sensitise the population about the global challenges of the world and how they can participate; to align and promote corporate volunteering in line with the SDGs, through a global campaign; to offer companies the chance to join the main global social movement with guidance from experts, other companies and with the support of IMPACT 2030. It has 43 member companies and 100 participants and, as of June 2019, more than 428,909 employees in 45 countries had received information about the SDGs and approximately 80,000 volunteers had been mobilised.
- SDGs at School is a dynamic and attractive educational proposal to share the SDGs and the 2030 Agenda with schools and particularly among primary school children, and thus promote their social participation and active citizenship.

Regarding the corporate volunteering programmes started up in 2019, 14 volunteering projects were developed involving 277 volunteers in working hours and 19 after-hours.

Of the total of 296 volunteers, 12 collaborated in both modalities. These projects have involved a total contribution of 2,094 hours during working hours and 140 hours after-hours. Over 6,900 people benefited from these initiatives in 2019.

With these corporate volunteering projects, ENDESA has contributed to the following SDGs:

Contribución de los Proyectos de Voluntariado corporativo a los Objetivos de Desarrollo Sostenible										
Proyectos de Voluntariado Corporativo	ODS 2	ODS 3	ODS 4	ODS 5	ODS 8	ODS 9	ODS 10	ODS 13	ODS 15	ODS 17
Bosque ENDESA								x	x	X
Reto Fórmula Student						x				X
Proyecto Coach			X		x					X
Orienta-T			X	x						X
ODS al cole			x							X
Sabes más si compartes lo que sabes					X		X			X
Taller de eficiencia energética					X		x			X
Programa de certificación de competencias de voluntarios ONU					X					X
Cambiando vidas					X		X			X
Programa de mentoring para jóvenes emprendedores (Compe10cias LED)					x		x			X
Formación profesional en el sector eléctrico para personas en riesgo de exclusión en España (Aula Endesa)					x		x			X
Campaña de recogida de alimentos	x	x								x
Proyecto de rehabilitación de guardería en Oeiras			x				X			
Desayunos y meriendas con corazón	x	x								x

*For more information, see section 4.5 Corporate Volunteering in the chapter Responsible relationship with communities (for the ENDESA Forest project, see section 4.2.3. Projects with a socio-environmental component, of the Environmental Sustainability Chapter).*

**Energy efficiency workshop:** In collaboration with the Prevent Foundation, this corporate volunteering initiative is aimed at people in situations of vulnerability and/or with special educational needs, with the aim of their learning to understand and optimise an electricity bill, to improve consumption habits in their homes and to know the



possibilities of the social bonus. One volunteer took part in this second collaboration, this year in Barcelona, who gave a workshop attended by 6 people in vulnerable situations.

**UNO volunteer skills certification programme:** This is a pilot programme promoted by UN Volunteers to certify the skills acquired during their volunteering and to promote, among other things, better employability among United Nations volunteers. The methodology is based on the experience of evaluating skills and competences of the private sector and is supported by the voluntary participation of experts in human resources or people with extensive experience in team management. ENDESA participated in this pilot project with 3 volunteers who certified the competencies of the 4 UN volunteers.

#### **Mentoring programme for young entrepreneurs (LED Compe10ces):**

In the Canary Islands, in the month of March, its employees promoted one of their periodic food collections, this time for the Food Bank, Cáritas, Comedor del Rosario (Church of Santo Domingo) and Te acompañamos. In total, 2,977 kg were collected and 26 volunteers took part in its organisation.

In collaboration with the Spanish Red Cross, ENDESA participated in the corporate volunteer initiative “Breakfasts and snacks with a heart” in Madrid on 5, 6 and 7 April, with the collaboration of 3 volunteers. After the food collection, the Red Cross delivered 503,194 breakfasts and snacks to girls and boys belonging to families at risk of social exclusion in the Community of Madrid.

Finally, ENDESA continued to support various solidarity careers, such as *Atades por un nuevo cole*, *Carrera de las Empresas* in Zaragoza, and *Hay Salida* in Madrid, and contributed to the refurbishment of a school in Portugal.



## Responsible relationship with communities



More than **1 million**  
beneficiaries in the 203 social  
development projects  
organised in 2019

**€12.5 million**

in social investment in 2019  
according to LBG  
methodology

**37%** of the investment  
directed to projects to promote  
access to energy

Alliances with nearly  
**1,700** public and private  
institutions in social  
development projects

## Compliance with Endesa Sustainability Plan 2019-2021

	Line of action	2019 target	2019 result	Key actions
<b>Local communities</b>	Access to energy (number of beneficiaries)	300,000	423,468	52 Energy access projects: >272 agreements signed with public institutions against energy poverty > Energy volunteering > Training for technicians in social services and of the Third Sector
	Education (number of beneficiaries)	52,000	73,267	28 Education projects:>Endesa Red Chairs >OrientaT Programme >School and Talent. Inclusive and quality education >Tech. Challenge. Promotion of STEM vocations
	Socio-economic development (number of beneficiaries)	130,000	133,052	48 Socio-economic Development projects: >Candelaria training for employment >Led Compe10ces >Savia

				>Assignment of use of company assets
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## 1.-ENDESA's commitment to the communities

***103-1 Indirect economic impacts Management approach/103-2 Indirect economic impacts Management approach/103-3 Indirect economic impacts Management approach/103-1 EUSS Local communities Management approach/103-2 EUSS Local communities Management approach/103-3 EUSS Local communities Management approach/103-1 Local communities Management approach/103-2 Local communities Management approach/103-3 Local communities Management approach***

ENDESA's commitment to the development of the communities in which it operates is part of the company's Creating Shared Value 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 aim is to legitimise the business and strengthen its sustainability, generating roots in the communities and promoting progress in the local environment where it operates.

The CSV Model seeks to incorporate Sustainability in the Company's operations, increasing its competitive advantages by offering a perspective that combines the company's objectives with the priorities of the stakeholders.

For this, it seeks to take advantage and effectively and efficiently optimise the capacities and competences that the company has from an integrated perspective and generate benefits that are measurable in society by responding to its current and/or future requirements.

This approach is a key tool which is added to the rest of the planned actions to respond to the strategic priority of "*responsible relations with communities*" to face three identified critical factors, according to the 2019 materiality survey:

***103-1 Indirect economic impacts Management approach/103-2 Indirect economic impacts Management approach/103-3 Indirect economic impacts Management approach/103-1 Local communities Management approach/103-2 Local communities Management approach/103-3 Local communities Management approach***

- Growing concern for the conservation of the environment: There is a growing social awareness regarding this and due to the social affections it may entail, as it implies a paradigm shift in the management of the sector as we know it (decarbonisation, distributed generation, sustainable mobility, energy efficiency, circular economy, etc. )
- The role that ENDESA can play in today's society, as a key agent for its development, mainly at the local level in the business environment, with electricity as an essential element for the maintenance of social well-being and the socio-economic development of communities.
- A political, technological, environmental and social context with global, complex and interconnected challenges, which makes it essential to innovate in the way of approaching and interacting with the client/citizen, to meet new expectations of society and build bonds of trust that guarantee the sustainability of long-term business.

To meet these challenges, three areas of action have been identified:

- Promotion of active listening by leading social and institutional agents in material matters of the Company, establishing collaborative alliances and CSV that promote local rooting and social trust.
- Implementation of sustainability initiatives and projects aligned with materiality and with the commitments to the United Nations Sustainable Development Goals, assumed by ENDESA, bringing CSV in to form part of the business operations.
- Measurement, dissemination and awareness: Measuring the impacts on the community and the returns for the Company of sustainability projects, improving the quality of the information offered and adequately communicate them, thus bringing the company closer to the citizens.

ENDESA has contributed 12.5 million euro to the social development of the communities in which it operates, of which 9.4 million are monetary or in-kind.

## 2. Action under the approach of Creating Shared Value

**413-1/103-1 Indirect economic impacts Management approach/103-2 Indirect economic impacts Management approach/103-3 Indirect economic impacts Management approach/103-1 Local communities Management approach/103-2 Local communities Management approach/103- 3 Local communities Management approach**

ENDESA, since 2016, has been in a process of integrating sustainability into business strategy and operations under a new CSV approach. This is a step forward in the way the Company operates, which allows the social variable to be integrated in an orderly and real manner throughout the entire business chain, with the aim of maximising the value generated in the local community.

To implement this approach, an exhaustive and rigorous methodology has been applied to support the company's assets in all phases of the value chain: From the beginning with the construction of the asset or project, through the operation of the installation, until closure and dismantling at the end of its useful life. This approach allows the incorporation of the social and environmental variable in the Company's decision-making and provides a differential value that distinguishes it positively from other operators in the sector, by sustainably maximising the contribution to the environment since it manages to combine the company objectives with the priorities and needs of the community in which operates.

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

**Maquetador: Rehacer según manual estilo 2019**



CSV - Creating Shared Value
How to integrate sustainability into the business
Carrying out environmental analyses that allow a deep understanding of the local context and the identification of the main stakeholders related to the project/business asset.
Analysis of the local context
THERMAL AND RENEWABLE GENERATION
DISTRIBUTION NETWORKS
SALES AND MARKETING
Monitoring, evaluation and reporting
Supervision, evaluation and reporting to verify the value contribution and ensure the key information through monitoring indicators and results.
Contrast with social partners
Contact with the representative social agents of the community, through a consultation process, which allows identifying their priorities and needs, as well as the perceived risks and impacts of the project/business asset in which they are working.
Execution of the CVC Plan
Execution of the CSV Plan implementing the actions reflected in it, in its case, with the participation of local partners (NGOs, public institutions, social companies, etc.).
Design of the CSV Plan
Identification of actions and projects that can build long-term relationships with the local environment, together with stakeholders, which are included and specified in a Shared Value Creation Plan (CSV Plan).

The progressive implementation of the CSV model is foreseen in all the Company's businesses, having already been implemented in 100% of the thermal and renewable generation facilities, with different degrees of progress, and in 100% of the construction projects of new wind and solar farms, which have covered the power awarded in auctions held since 2017.

In 2019, there were 299 applications of the CSV model in 293 facilities at different stages of the value chain. The application of a CSV process is considered the use of at least one CSV tool in relation to an asset or project. CSV applications in the "Business Development" or "Engineering and Construction" phase may be related to assets in operation where modernisation projects are being carried out.

413-1

### Maquetador: Rehacer según manual estilo 2019

#### Procesos CSV en ENDESA

	 Generación Térmica	 Generación Renovable	TOTAL
Desarrollo de Negocio	1	5	6
Ingeniería y Construcción	3	27	30
Operación	26	237	263
<b>TOTAL</b>	<b>30</b>	<b>269</b>	<b>299</b>

CSV - Creating Shared Value
How to integrate sustainability into the business
Carrying out environmental analyses that allow a deep understanding of the local context and the identification of the main stakeholders related to the project/business asset.
Analysis of the local context
THERMAL AND RENEWABLE GENERATION
DISTRIBUTION NETWORKS
SALES AND MARKETING
Monitoring, evaluation and reporting
Supervision, evaluation and reporting to verify the value contribution and ensure the key information through monitoring indicators and results.
Contrast with social partners
Contact with the representative social agents of the community, through a consultation process, which allows identifying their priorities and needs, as well as the perceived risks and impacts of the project/business asset in which they are working.
Execution of the CVC Plan
Execution of the CSV Plan implementing the actions reflected in it, in its case, with the participation of local partners (NGOs, public institutions, social companies, etc.).
Design of the CSV Plan
Identification of actions and projects that can build long-term relationships with the local environment, together with stakeholders, which are included and specified in a Shared Value Creation Plan (CSV Plan).

As an example of the CSV actions implemented in 2019, the work done in the renewable generation facilities stands out, both for the new plant construction projects and in the application of the sustainable plant model for plants in operation. Regarding thermal generation, the support being given with the plants under the CSV approach stands out, both in those in operation and those already in the process of being closed.

### **2.1. CSV support to new renewable park construction projects**

The CSV support works are currently under way for the 27 new renewable farm construction projects (18 wind farms and 9 solar farms). 24 CSV Plans of these new projects are defined and in execution and 3 facilities are in the phase of analysis of the surroundings.

For the design of these CSV Plans, meetings have been held with 36 municipalities and 60 public entities and local associations in order to understand the material issues of the surroundings of each of the facilities, and to identify the actions best considered for implementation.

The CSV Plans under way consist of 4 lines of action: Sustainable construction. For more information see section 3. Operational efficiency through the sustainability of the chapter Environmental Sustainability; Promotion of employment and employability among the local population; Promotion of energy efficiency in nearby municipalities, and; environmental actions (not included in the environmental impact statement). In 2019, 80 sustainable construction initiatives and 74 social development initiatives were carried out for the surrounding communities in the 27 farms under construction.

### **2.2. CSV support to facilities in operation.**

The plants with the greatest progress in CSV plans are the thermal generation facilities in the Canary Islands and the Balearic Islands where, apart from their operation, projects are being developed to adapt to European emissions regulations. However, shared value actions have been developed in all assets.

Furthermore, CSV support in renewable power plants in operation frames the Sustainable Plant model that combines both sustainable operational efficiency measures and a focus on local communities and fostering their development to promote long-term sustainable relationships. (Examples of social development projects in section 3. Operational efficiency through sustainability, of the chapter Environmental Sustainability)

### **2.3. Support to decarbonisation projects: Futur-e Plans**

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, ENDESA has planned the installation of 1,884MW of renewable generation in Andorra, 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.

### **3. Categorisation of sustainability projects**

#### **203-2**

ENDESA's Sustainability projects and initiatives are implemented in the different territories where the Company operates and for each of the Business areas, in addition to the ENDESA Foundation.

Regarding the implemented categorisation of projects, 4 groups of projects with impact on the communities are established, and a fifth group internally, related to sustainable operational efficiency, which would be outside the scope of this chapter (so the analysis focuses on categories 1 to 4 from now on).



## Proyectos de Sostenibilidad: Categorización de los proyectos/iniciativas



Sustainability Projects: Categorisation of projects/initiatives
Access to energy
Projects related to energy that contribute:
Minimisation of economic barriers to vulnerable groups
Education and training in the field of energy
Technological or infrastructure accessibility
Promotion of energy efficiency
Promotion of energy knowledge
Socioeconomic development
Projects that promote the economic development of the communities:
Improving employability
Infrastructure development
Transfer of skills and knowledge to communities
Support for local business activities
Community network
Education
Activities that involve children, schools, institutes, universities, research and development centres, etc. (Not related to energy)
Support to communities
Activities unrelated to energy or economic development that help communities and promote their well-being:
Support for family and social services
Investing in local events and initiatives
Promotion of culture
Promotion of sport
Promotion of health and safety
Protection of the environment and biodiversity
Operational efficiency through sustainability
Projects not referring to normal business operations, but to initiatives that provide internal efficiency under a sustainable approach, having defined its scope, measurement, result and created value:
Efficient use of water resources.

Mitigation of environmental impacts
Efficient use of energy.
Efficient use of information technologies.
Corporate life (axis: work-life balance, diversity, etc.)
Community-focused social projects
Internal projects in include the actions of sustainable assets

This categorisation seeks to order the management of projects to align them according to the materiality and priorities of the company according to its commitments to the United Nations Sustainable Development Goals (SDGs), through their monitoring, as well as their measurement and enhancement.

As part of the Company's sustainability strategy, ENDESA in 2019 consulted its stakeholders, in which it was identified that the aspects related to the most relevant social development initiatives are to facilitate 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.

The basic motivation that guides ENDESA's contribution in the social field is:

- To provide social value to business activities, through the creation of bonds of trust that generate long-term roots in communities and promote social progress.
- To complement the role of the Company as a provider of a basic service, facilitating access to electricity for the most vulnerable groups.
- To offer a global and local response to the needs of the main stakeholders with which the company is related.
- To boost the generation of wealth and the progress of society.

Therefore, shared value projects will be projects:

- That accompany the business, generating value for the local community.
- Responding to material issues in the social sphere of our stakeholders.
- With a special focus on sensitive groups (families in vulnerable situations, infancy and youth, the elderly, unemployed, new entrepreneurs, etc.).
- Managed in collaboration with the social representatives of the communities participating in the project.
- With continuity in time and potential to repeat successful actions.
- With obvious and measurable benefits for society and returns in the company.
- With systematic and transparent account rendering, adequately communicated to society.

## 4. Details of sustainability projects

### 4.1 Energy Access Projects

ENDESA is committed to the development and well-being of the company, which cannot occur without having access to a basic commodity such as energy. In this 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 700,000 beneficiaries in this type of project for the period 2015-2030.



<b>Compromiso 2015-2030</b> 	<b>Promoción del acceso a la energía sostenible, asequible y moderna, favoreciendo a 4,8 millones de beneficiarios</b>
<b>Logros 2015-2019</b> 	<b>1,6 millones de beneficiarios</b>

Commitment 2015-2030
Promotion of access to sustainable, affordable and modern energy, benefiting 4.8 million beneficiaries
Achievements 2015 -2019
1.6 million beneficiaries

37% of ENDESA's social budget, according to LBG methodology, has been invested in projects to facilitate access to energy.

In 2019 and according to LBG methodology, ENDESA has invested around €4.7 million in social projects in this area, with the management of 52 initiatives that have benefited more than 423,000 people.

The most relevant are:

- **Agreements signed against energy poverty.** ENDESA is aware of the serious problem of energy poverty in many Spanish households, and, since 2015, has addressed a line of action to respond to this social problem. In fact, the Company has pioneered the signing of agreements with town halls, councils, autonomous communities and public bodies to guarantee supply to vulnerable families, conveniently accredited by the social services, and in a situation of default. In 2019, the number of agreements in force was 272, just like in 2018. Of these, 6 correspond to Autonomous Communities and 5 to Federations of Municipalities. Thanks to them, in 2019 they have benefited 36,723 families that are estimated to encompass more than 110,000 people.
- **Energy Volunteering:** a project started in 2015, promoted by ENDESA and the ENDESA Foundation, in collaboration with the Red Cross and Ecodes, aimed at households in a situation of energy poverty, with two levels of action: Recommendations to families for the optimisation of their electric bill and the reduction of their energy consumption, including distribution of efficiency kits for DIY and identification of risk situations in the electrical installations of the most vulnerable homes, which are subsequently corrected by certified installers.

Within the scope of the programme (14 territories), 4 sites were included in which it was intended to strengthen the relationship of 4 thermal generation plants with the community, through CSV actions. The 2018/2019 edition closed with 2,410 families benefited, of which 772 were dealt with in 2019. A new edition of the project has now been started and will be developed in 2020.



- **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. In 2019, training sessions were held in Tenerife, Fuerteventura and Zaragoza, with the participation of some 77 institutions that expect to advice nearly 9,000 people a year over energy poverty. ENDESA plans to maintain and expand this kind of initiative.



- **ReluCe Project.** An initiative based on an innovative management system consisting of the implementation of an electric energy recharging system for families in a vulnerable situation, which encourages consumption efficiency and which can become an expense control mechanism. Likewise, it establishes a power limitation in cases of balance depletion, as an alternative to cutting the supply. Structured through an alliance between ENDESA, the Ecology and Development Foundation (Ecodes) and the Calatayud Town Council in Aragon. The pilot trial involved 18 families in vulnerable situations, who received training on the operation of the project, as well as on efficient consumption habits. An energy characterisation of their homes was also developed and the families were suggested how to optimise their contracts. The project has allowed participating families to reduce their energy bills by 23%.



- **Open plant actions:** The aim is to facilitate community awareness of the business through scheduled visits to the plant by different groups. In 2019 more than 8,200 visits were made by schools, universities and the general public; almost 4,200 visits to hydraulic and solar plants and the other 4,000 to 13 thermal generation facilities in the Canary Islands, Balearic Islands, Andalusia and Galicia.

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 for people in unemployment. In 2019, close to €643,000 was invested in 8 projects of this type, which benefited 734 people, of which it is estimated that, on average, more than 29% find work.

- **Renewable energy training programmes:** Part of the new farms’ CSV plans, their objective is 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, 11 courses on renewable energies in Zaragoza, Andorra, Motilla del Palancar, Totana, Paradela, Cogollos, Almargen, Logrosan 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.
- **Vocational training in the electricity sector for people at risk of exclusion.** Promoted by the ENDESA Foundation, its aim is to improve the employability of young people and adults in a situation of special vulnerability, as well as the long-term unemployed. In 2019 the initiative was carried out in Andalusia, Catalonia, the Canary Islands, the Balearic Islands, the Northwest, Aragon and Madrid, in collaboration with NGOs such as Cáritas, the Asociación Padre Pulgar and Norte Joven, as well as by Public Administrations and public and private educational institutions. Practices are done out in the company's own facilities or with different contractors. In this edition, 17 ENDESA volunteers gave training on cross-cutting issues. In 2019, 95 people received training in the electricity sector thanks to the course “Auxiliary Operations of Assembly of Electro-technical Installations and Buildings Telecommunications” of Cáritas, and another 61 also did it thanks to the Asociación Norte Joven; 344 people also trained in 3D Printing with the Endesa Classroom programme with Padre Pulgar. Since 2011, the Endesa Foundation has trained more than 2,000 people through these initiatives.





For more information on Energy Access Projects, more examples are provided in section 4.5. Corporate Volunteer Projects, in this chapter.

#### 4.2. Community Socio-Economic Development Projects (\*)

ENDESA is committed to the socioeconomic development of the communities in which it is present, promoting initiatives that boost its progress through the support, generation and creation of local economic fabric and programmes that promote employability and job creation. In this way ENDESA contributes to the Sustainable Development Goal 8, establishing a public commitment of 700,000 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.



<b>Compromiso 2015-2030</b> 	<b>Promoción del empleo y del desarrollo económico sostenible, inclusivo y sostenido para 1,7 millones de beneficiarios</b>
<b>Logros 2015-2019</b> 	<b>0,5 millones de beneficiarios</b>

Compromiso 2015-2030	Commitment 2015-2030
Promoción del empleo y del desarrollo económico sostenible, inclusivo y sostenido para 1,7 millones de beneficiarios	Promotion of employment and sustainable, inclusive and sustained economic development for 1.7 million beneficiaries
Logros 2015-2019	Achievements 2015 -2019
0,5 millones de beneficiarios	0.5 million beneficiaries



20% of social investment in Spain and Portugal according to the LBG methodology, was allocated to socio-economic development projects.

We highlight some of the most important initiatives:

- **Candelaria Train Yourself Employment:** A Candelaria industry employment programme, within the plant's CSV plan. Candelaria Town Council and ENDESA, together with the Spanish Red Cross, in May 2019 renewed the agreement for the socio-labour integration of residents in the municipality. The programme is aimed at training in all areas that allow participants to meet the requirements and minimum qualifications required to work in industrial facilities, thereby improving their position and participation in the jobs market. The project is currently being managed and consolidated results are expected for 2020.
- **LED Compe10ces:** An entrepreneurial skills development programme to promote the talent of young people between 18 and 35 years old with limited resources, promoted by the ENDESA Foundation in collaboration with Youth Business International. The beneficiaries have a business idea but do not have the training, financial resources, or experience to implement it. Thanks to this programme, students from all over Spain have received training in the 10 skills that a successful entrepreneur needs, through dynamic and experiential workshops. In 2019, 11 ENDESA volunteers worked as mentors, 382 young entrepreneurs were trained and 78 businesses and 101 jobs were created. Since its launch in 2016, the programme has led to the creation of 314 businesses and 513 jobs.



- **SAP:** A project launched in 2018 between the ENDESA Foundation and the Máshumano Foundation, with the aim of helping more than one million unemployed people over 50 in Spain. Through an on-line platform, they receive advice, training, face-to-face and on-line events, information and professional services. It currently has about 20,000 registered senior professionals and a network of more than 130



collaborating entities that make tools and resources available to senior citizens in order to improve their employability and find new work alternatives.

➤ **Assignment of the use of company assets:** ENDESA transferred the use of multiple assets and facilities of the company in 2019 to Councils and other social institutions, in order to promote the social and economic development of the communities, to promote the tourist activity of the area and to stimulate the local economy. As examples, we highlight:

- Assignment of the use of company assets from hydraulic generation facilities in Andalusia, Galicia, Catalonia and Cantabria for different social uses: Shores of the Prada reservoir for use as a river beach and recreational uses; Disused homes attached to the Las Buitreras hydroelectric power station in Malaga, to set it up as a recreation area and centre for interpreting the natural site of the gorge; Use of the Pavón hydroelectric power station, in disuse and in ruins, to Reocin Council (Cantabria), to rehabilitate it as a protected area; etc.



Inmueble cedido para su uso como museo

- Regulation of the water flow of the UPH Ebro Pirineos and UPH Este to allow sports activities to promote the area's economic development. As an example, in 2019 the ICF Canoe Freestyle World Championships were held in Sort, in which Endesa also collaborated with cotton bags and reusable bottles to avoid the consumption of plastics.



For more information on “Socio-economic Development Projects”, more examples are provided in section 4.5. Corporate Volunteer Projects, in this chapter.

### 4.3. Education Projects

ENDESA is committed to promoting access to inclusive and quality education, through support for training activities that involve students, families, colleges and universities and the promotion of academic training, in general, not related to energy. In this way ENDESA contributes to 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 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 (40% up on the number of beneficiaries in 2018).

Compromiso 2015-2030	Apoyo a la educación de 0,7 millones de beneficiarios a través de diferentes proyectos educativos
Logros 2015-2019	0,19 millones de beneficiarios

Commitment 2015-2030
Support to the education of 0.7 million beneficiaries through different educational projects
Achievements 2015 -2019
0.19 million beneficiaries

In this sense, multiple initiatives related to this field are developed, including:

- **ENDESA Red Chair:** In collaboration with the University of Seville, the University of the Balearic Islands, the University of Las Palmas and the Polytechnic University of Catalonia, the initiative frames different types of activities that serve as a bridge between the academic and business spheres through seminars, conferences, final year projects and doctoral theses, as well as research in the electrical sector.
- **School&Talent.** Promoted by the Endesa Foundation, the programme aims to provide access to an inclusive and quality education to gifted students from the network of schools of the Sagrada Familia Foundation in rural areas of Andalusia, and families with limited resources. In 2019, more than 1,380 children joined the programme from 8 provinces and 26 schools, and 19 were selected and supported.
- **Foundation Foundation Tech. Challenge.** A public-private alliance between the ENDESA Foundation and the Ministries of Education of the Autonomous Communities of Madrid, Aragón and Andalusia, whose objective is to promote educational innovation through technological entrepreneurship in schools. In the 2018/2019 school year, 5,400 students were trained and 360 teachers collaborated from 90 schools (75 in Madrid and 15 in Aragón).



The economic investment in the education projects of both ENDESA and the ENDESA Foundation amounted in 2019 to more than 1.8 million euro, according to LBG methodology, with more than 73,000 beneficiaries.

For more information on Education Projects, more examples are provided in section 4.5. Corporate Volunteering Projects.

#### 4.4 Local Community Support Projects

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.

Almost 3.5 million euro allocated to projects to support local communities, of which more than 1.3 million euro went to the environment and biodiversity and more than 2.2 million euro to other initiatives.

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, which corresponds to almost €3.5 million, 75 projects managed and almost 441,000 beneficiaries.

##### 4.4.1. Projects to support the family and social services:

ENDESA in 2019, developed several actions focused on alleviating critical situations of families and people at risk of exclusion. Some stand out:

➤ **Campaigns to collect resources and aid for disadvantaged groups:**

ENDESA collaborated with various NGOs in collecting and/or donating resources to help disadvantaged people through different initiatives. In 2019, a new food collection campaign was carried out in all of the Canary Islands, targeting families in vulnerable situations, in which 26 volunteers took part. Some 2,977 kg of non-perishable food were collected, which were donated to Food Banks, Social Kitchens, Caritas delegations and Social Affairs departments of different municipalities of the islands.



On the other hand, ENDESA, in collaboration with the Madre Coraje Foundation, set up a collection point for used clothing at the Madrid Headquarters, for use by

employees. Responsible action with the environment is thus fostered by the company staff through recycling, while contributing to a social cause. The donated used clothing is collected by the Foundation, which sends it to people in vulnerable situations or recycles it to obtain resources for social projects. In 2019, some 2,535 kg of clothing were collected, filling approximately 24 containers.

- **Assignment of company furniture and material:** In 2019, the company's material was donated in Andalusia, the Canary Islands, Valencia and Madrid, with an approximate value of about €23,000, in collaboration with different social organisations (Cáritas, Norte Joven, Fundación Padre Garralda Horizontes Abiertos and public institutes)
- **Collaborations with various NGOs and foundations to alleviate the precarious situations of vulnerable groups.** ENDESA has collaborated with various initiatives to help these institutions, including the contribution to the NGO Maghreb Secour in Tangier (Morocco), which offers solutions to combat social exclusion through education and adequate facilities for children in vulnerable situations, or with the Nazareth Foundation in the Balearic Islands, which welcomes children from families who cannot meet their basic needs.

#### 4.4.2. Culture promotion projects

ENDESA maintains an interest in promoting culture in society, collaborating in multiple initiatives in this field such as the Teatro Real or the Museo Thyssen in Madrid. In addition, it has promoted initiatives aimed to disseminate such cultural activities to the general public such as the Digital Box of the Teatro Real in Madrid, the Orfeo Català Foundation of the Palau de la Música in Barcelona. It also participated in exhibitions, concerts, museums, etc. in 2019, such as its collaboration with the Friends of the Prado Museum Foundation, the Madrid Italian Film Festival and its collaboration in the United Nations Concert for Human Rights. These initiatives are estimated to have benefited nearly 72,000 people.

Likewise, the ENDESA Foundation continues its commitment to conserve and recover culture and art in its various facets. Specifically, 2019 saw it devote a part of its resources to the artistic lighting of high-impact heritage, in addition to promoting their energy efficiency with these actions. As examples we highlight the artistic and efficient lighting of the Altarpiece of San Juan Bautista of the Church of the Annunciation in Seville, the Chapter Hall of Toledo Cathedral and the Sanctuary of Covadonga in Asturias.



#### 4.4.3. Health and safety promotion projects

In 2019, nearly 285,000 euro were invested in projects of this type, benefiting more than 15,000 people, in three main lines of action:

- **Health projects.** The Company supports different NGOs and associations in the field of health, either in the investigation of diseases or in support and help for patients and

families. These include collaboration with the ProCNIC Foundation for cardiovascular research or support for the Marató TV3, dedicated to strokes and traumatic injuries of the brain and spinal cord, which promoted new research projects to raise awareness and mobilise society. Likewise, it collaborates with institutions that support hospitalised people, such as the NGO Sonrisa Médica in the Balearic Islands, a pioneer in the field of support with “Hospital Clowns” to patients, who pay attention to intensive, paediatric and chronic care units for implementation of laughter therapy in curative care.



- **Care projects for people with disabilities or health problems.** ENDESA collaborates with different associations and foundations whose objective is to support people with physical or intellectual disabilities and their families. As an example, it is worth mentioning the collaboration with the Spanish Wheelchair Basketball Association or the collaboration with the Madrid Children's Oncological Association ASION, in a basketball event with old and new players from the Student Club and with boys and girls from the association that have overcome cancer.
- **Initiatives to promote security.** ENDESA collaborates assiduously with state bodies to promote the community security. As an example, in 2019 the demolition facilities of the Cristóbal Colón Thermal Power Plant in Huelva were offered for a rescue drill for the fire department's dogs unit.



#### 4.4.4. Projects to protect the environment and biodiversity

It contemplates company projects that voluntarily enhance the dissemination, conservation, research, recycling, regeneration and improvement of the environment in general and of biodiversity in particular for the conservation and improvement of community environment. In 2019 ENDESA allocated 11% of its total social investment to these projects, according to the LBG methodology.

11% of ENDESA's social investment, according to the LBG methodology, was invested in environmental protection and biodiversity projects.

Some initiatives are highlighted:

- **Research and dissemination actions on Environmental and Biodiversity**



**issues.** During 2019, ENDESA promoted the publication of various contents and studies, in order to promote the dissemination and awareness of society over these issues. As examples: the “XXX Balearic Ornithological Yearbook”, the study, monitoring and actions to reduce the impacts of birds of prey on the Ávila wind farms, the study of plant and animal biodiversity of five restored mining areas operated by Endesa, the preparation of a national inventory of damage to oaks and cork oaks (*Quercus*) caused by the “SECA” syndrome and collaboration with the Fondena Foundation. These projects involved an investment of more than 173,000 euro.



Afección del síndrome “SECA”

- **Bird life and other species protection programmes.** ENDESA carries out numerous projects on a voluntary basis, in order to protect birds in general and, especially, those that are in danger of extinction, as well as some other animal (chiropterans, turtles, etc.) and vegetable species. During 2019, among others, the conservation of endangered bat species in ENDESA hydroelectric plants, conservation measures for the population of the black vulture (*Aegypius monachus*) and other carrion birds, the recovery project of the red kite in the Balearic Islands and the conservation measures of the European rattle or the expansion of the study of the shearwater colonies, a species of protected bird life, with the implementation of a nest identification campaign and identification of flight routes through the monitoring of individuals marked with GPS and radar. ENDESA contributed more than 155,000 euro to these types of initiatives in 2019.

Pardela Cenicienta - Canarias



- **Regeneration of natural spaces.** As is tradition, ENDESA goes beyond its legal obligations regarding the regeneration of spaces, and in addition to complying with the corresponding legislation, it continues to invest in improving spaces near the plants. In 2019, several projects we carried out, among which we highlight the Endesa Forest is a project that consists of the restoration of degraded and burned land in the territory of the Iberian Peninsula through direct sowing techniques and the planting of native forest species. This is a pioneering project, being the first from a company in the energy sector to obtain registration in the CO<sub>2</sub> sinks section of the Carbon footprint, compensation and absorption registry projects of the Spanish Office of Climate Change (OECC) of the Ministry for Ecological Transition (MITECO). In 2019, it was carried out in both Doñana (Huelva) and Valdequemada (Madrid) and had the collaboration of 39 Endesa volunteers.



Also, annually and on a recurring basis, important work is done to clear and maintain access roads to the company's wind power plants, which are made available to local communities and serve as firewalls in the event of forest fires.

In total, more than 940,000 euro have been allocated to projects in this category.

For more information see section 4.2.3 Projects with a Socio-environmental component, Environmental Sustainability chapter.

#### 4.5 Corporate Volunteering

With its commitment to corporate volunteering, ENDESA cooperates in the development of numerous social development projects with the involvement of its employees. Corporate volunteers are a catalyst for other initiatives and bring the company closer to its stakeholders, fostering the development and commitment of the participants.

In 2019, 14 volunteering projects were developed, involving 277 volunteers during working hours and 19 after-hours. This represents a total of 296 volunteers, of which 12 collaborated in both modalities. A total of 2,094 hours were put in by the volunteers during working hours, which would be valued at close to 75,000 euro, and 140 hours by the volunteers who collaborated in their free time.

Nearly 6,900 people benefited from these initiatives in 2019.

Some of the most outstanding projects in this area are the following:

##### **EU26**

##### **a) Volunteering in Energy Access projects**

- **Student Formula:** Collaboration in a university project that consists of supporting a competition between students from universities around the world, of electric single - seaters in this case, designed, built, developed and driven by the students themselves. The teams bring together students from different fields and degrees united by a passion for electric mobility and innovation projects. The project had the collaboration of 6 Endesa volunteers who supported the students through coaching and mentoring.





- **Vocational training in the electricity sector for people at risk of exclusion in Spain.** See section 4.1 Energy Access Projects.

#### b) Volunteering in projects of community socio-economic development

- **Coach Project:** In collaboration with the Exit Foundation, this corporate volunteering programme aims to improve the employability of young people at risk of social exclusion by working on their self-esteem, motivation and professional orientation with coaching or mentoring techniques. For young people, it is a great experience to get to know the business world from the inside, and this serves as an incentive to continue studying. After going through the programme, 82% of young people pass the course and 76% continue training. In 2019, ENDESA participated in the editions in Barcelona, Madrid, Palma de Mallorca, Seville and Zaragoza, benefiting 10 young people with the support of 10 volunteers.



- **You know more if you share what you know:** In collaboration with the Randstad Foundation, this corporate volunteering programme offers employees the possibility of improving the social and work integration of disabled people and others at risk of exclusion in the process of actively seeking employment. The skills, knowledge and experiences of ENDESA employees are valued through a training programme in which the volunteers themselves are the trainers. Twelve volunteers participated in the 2019 edition in Barcelona, Madrid, Seville, Las Palmas, Valencia, giving 54 workshops and training 279 people.
- **Changing lives:** A Fundación ENDESA programme, in collaboration with Fundación Integra, whose objective is to improve the employability of people at risk of exclusion, offering them the necessary tools to integrate into the jobs world. In 2019, 360 people were trained and 192 of them found a job. Part of the training is given in strengthening schools in which the trainers are ENDESA's own volunteers. 76 corporate volunteers participated in the 2019 edition.

#### c) Volunteering in Education projects

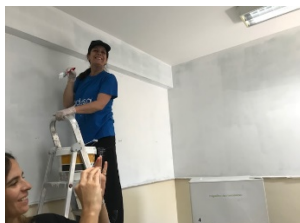
- **Orienta-T Programme:** ENDESA collaborated another year in the development of the *Orienta-T* educational programme together with the *Junior Achievement Foundation* and other companies, in promoting *STEM* studies (Science, Technology, Engineering and Mathematics) in young girls. Aimed at 3rd year ESO students (14 to 16 years old) and secondary school teachers, the initiative aims to raise young people's awareness of employability opportunities in *STEM* careers and to promote the leadership of women in this field.

In 2019, 1,228 students from 22 schools in 11 Spanish provinces (A Coruña, Almería, Madrid, Barcelona, Lérida, Zaragoza, Valencia, Seville, Palma de Mallorca, Huelva and Tarragona) participated in the programme. Likewise, 48 Endesa volunteers were involved, who collaborated through talks in the classrooms of the schools and at the events held nationwide.

- **SDGs in School:** An educational project that seeks to share the Sustainable Development Goals and the 2030 Agenda with schools, and in particular among boys and girls in Primary Education, in a fun and attractive way that seeks to educate the little ones to achieve a better world. ENDESA volunteers participate by providing training on the SDGs in primary schools.

#### d) Volunteering in projects to Support Local Communities

- **Food collection campaign:** see section 4.4.1 Projects to support families.
- **Nursery refurbishment project in Oeiras (Portugal):** Collaboration in the improvement and conditioning of a social solidarity nursery that supports around 56 children from 4 months to 3 years, by 27 ENDESA volunteers.



## 5.- Quantification of ENDESA's social investment in the community

### 203-1

For the eleventh consecutive year, ENDESA's social action report was presented according to the London Benchmarking Group methodology, according to the Corporate Citizenship Limited (CCL).

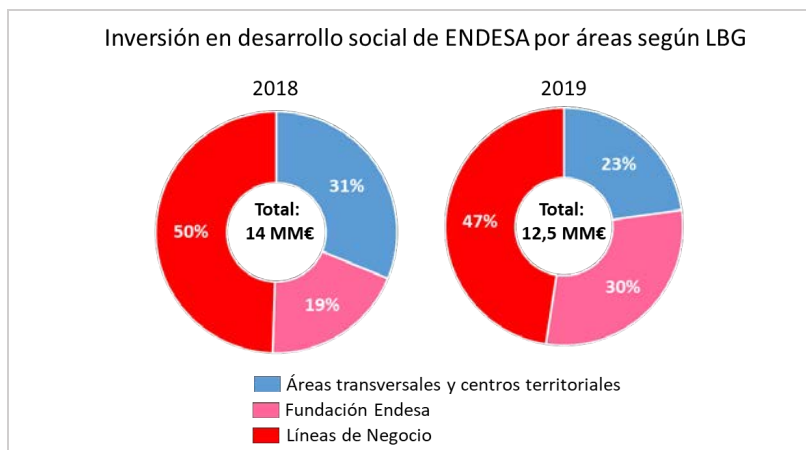
ENDESA uses London Benchmarking Group (LBG) methodology to measure its social projects. This methodology allows the contributions, achievements and impacts of the Company's investment in social development in society to be measured, managed, evaluated and communicated.

In 2019, and according to the LBG methodology, ENDESA contributed 12.5 million euro in social investment to the communities in the environments in which it operates, 9.4 million of which are monetary or in-kind contributions.

ENDESA's investment in social development projects 2019

(thousands of euros)				
By area	Money+kind	Time spent	Administrative expenses	TOTAL
Transverse areas and territorial centres	2,360	445	30	2,835
Endesa Foundation	3,417	266	18	3,702
Business lines	3,617	2,146	163	5,925
<b>Total Iberia</b>	<b>9,394</b>	<b>2,857</b>	<b>211</b>	<b>12,462</b>

**Maquetador: hacer grafico según manual estilo 2019**



ENDESA investment in social development by areas according to LBG
Total: €14 million
Total: €12.5 million
Transverse areas and territorial centres
Endesa Foundation
Business Lines

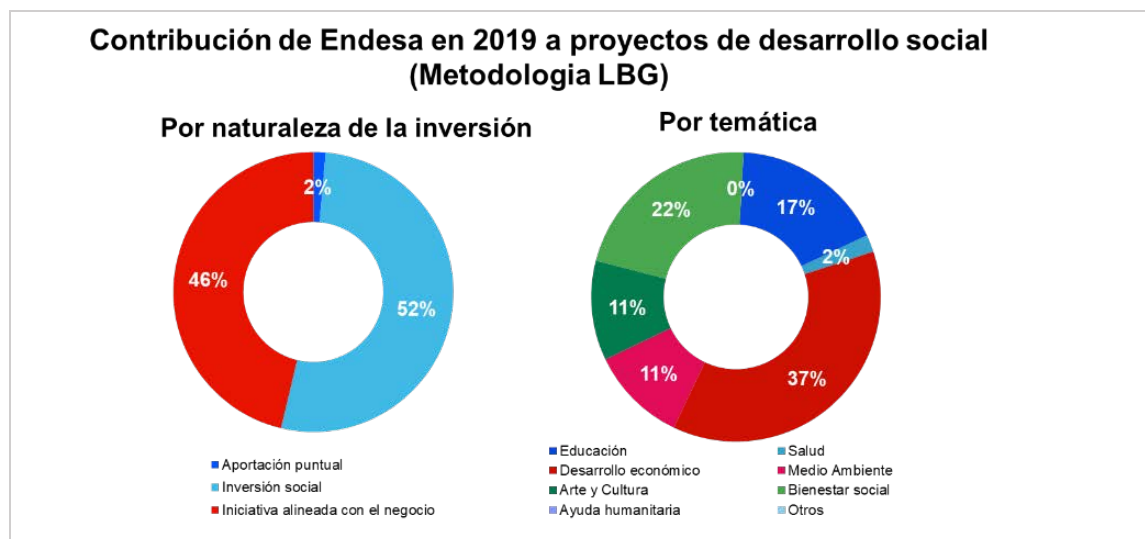
LBG investment in ENDESA's social projects in 2019 fell by 11% compared to the previous year. ENDESA continues to develop the approach of optimising and improving management, drawing on the synergies, involving employees and minimising accessory costs. In this sense, the contribution of time spent by company personnel increased by 14% and the contribution in kind has almost quadrupled. With this investment too, the number of managed projects increased (203 in 2019 compared to 163 in 2018) and the number of beneficiaries of said projects was practically maintained with a slight difference of 7 percentage points (1,070,620 direct beneficiaries in 2019 compared to 1,148,888 direct beneficiaries in 2018).

It is important to highlight that, for the second consecutive year, practically half of the investment made in social development projects came from the Company's Business Lines, as a result of the implementation of the CSV Model that seeks to accompany the Business in all phases of its value chain, fostering its rooting in the communities where it operates.

The level of investment in the social sphere for 2019, considering only the economic and contribution in kind, represented 5.5% of the net profit of the continued activities attributable to ENDESA shareholders, significantly increasing the level of the ratio

reached last year (0.8% in 2018). This is a consequence of the net income attributable to the Parent Company amounting to 171 million euro in 2019, representing a decrease of 87.9% compared with the 1,417 million euro achieved in 2018.

The decrease in ENDESA's net income in 2019 was due to the recognition of a net impairment of 1,409 million euro corresponding on the one hand to the total carrying amount of mainland coal-fired thermal generation assets (1,105 million euro) and on the other hand to the Cash Generating Units (CGUs) of the non-mainland territories (TNP) (304 million euro)



Endesa's contribution in 2019 to social development projects (LBG Methodology)
By nature of investment
By theme
One-off contribution
Social investment
Initiative aligned with business
Education
Economic development
Art and culture
Humanitarian aid
Health
Environment
Social welfare
Other

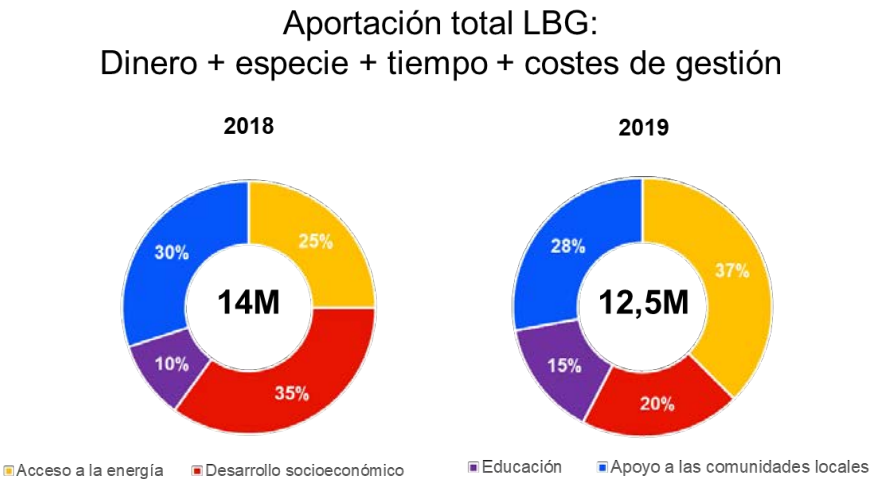
Regarding the nature of the projects, the LBG methodology distinguishes between: social investment initiatives, which consist of projects on strategic issues of the company with long-term commitment and initiatives aligned with the business, which seek to promote business interests through support for social causes.

In 2019, a balance was maintained between both categories, with 6.5 million euro in social investment (52%) and 5.8 million in initiatives aligned with the business (46%),

which in turn reflects the long-term strategic commitment to the communities in which it operates under the CSV approach between the company and the local community.

From a thematic point of view, according to the LBG categorisation, 37% of the investment was directed at economic development initiatives, 22% to projects to promote well-being, 17% to education, and subsequently with 11% each, there are the categories of art and culture and the environment. Lastly, 2% of the investment was allocated to projects in the field of health.

On the other hand, if we look at the internal classification of projects (explained in the previous section), the distribution of investment according to the LBG methodology was as follows:



LBG Total Contribution: Money + species + time + management costs
14 million
12.5 million
Access to energy
Socioeconomic development
Education
Support to Local Communities

There was a significant percentage increase in investment in energy access projects, going from 3.5 million euro (25% of the total) in 2018 to 4.7 million euro (37% of the total) in 2019. This is due to the projects' greater alignment with the requirements of the local community in the surroundings of our assets, which are integrated into the shared value plans, which shows the commitment to reinforce this line of action in the social field.

Investment in socio-economic development projects fell significantly from 4.8 million in 2018 to 2.56 in 2019 (from 34% in 2018 to 20% in 2019). However, the number of projects increased from 36 in 2018 to 48 in 2019 and the number of beneficiaries exceeded the target set for this year (130,000 beneficiaries as the 2019 target and the achievement of more than 133,000 beneficiaries). The reason for the decline was the completion in 2018 of high-investment development projects for certain infrastructures at the local level.

The education projects increased their level of investment compared to the previous year, going from 10% in 2018 to 14% in 2019, which in absolute terms gives an

investment in 2018 of 1.4 million euro and 1.8 in 2019. Likewise, it has had a significant rise in the number of beneficiaries, reaching more than 52,000 beneficiaries in 2018, and more than 73,000 in 2019.

Support projects for local communities had a slight decrease of 2 percentage points compared to 2018, translating into almost €700,000 less investment. This is due, above all, to the decrease in investment in cultural initiatives for to promote greater alignment of the themes of the projects with the stakeholders' requirements.

Finally, in 2019 there were no physical movements of people from local communities, derived from the company's activities.

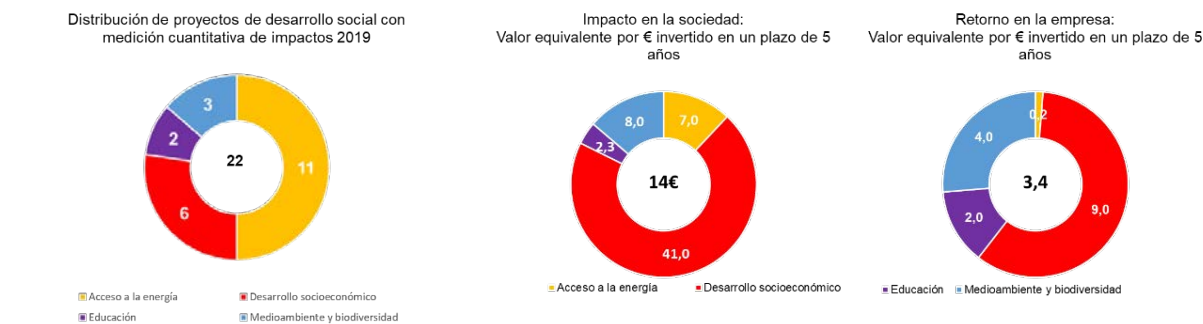
### 5.1. Achievements, impacts and returns

#### 203-1/203-2

In 2019, the implementation and development of the methodology that allows the achievements, impacts and returns of social development projects in the communities to be rigorously estimated was maintained. For this, a tool defined under the LBG framework is used, as a result of ENDESA's participation in the LBG Spain working group, the objective of which is to establish the premises, criteria and variables to be able to estimate said information.

Progress has also been made in improving the impact and return measurement systems of the projects at a quantitative level. For this, a measurement system has been applied through indicators that allow us to monetise the benefit for society (SROI method) and the possible return for the company (own method).

In this sense, ENDESA in 2019 took thirty measurements of impacts and quantitative returns of projects under way or completed, of which 22 correspond to social development projects and 8 to internally sustainable operational efficiency projects.



Distribution of social development projects with quantitative impact measurement 2019
Access to energy
Education
Socioeconomic development
Environment and biodiversity
Impact on society: Equivalent value € invested within 5 years
Access to energy
Socioeconomic development
€14



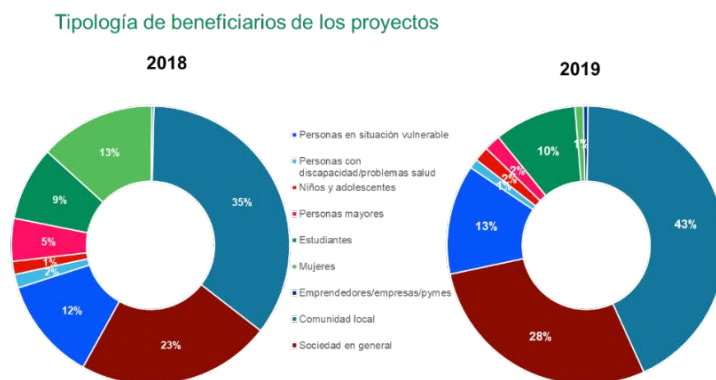
Return in the company: Equivalent value per € invested in a period of 5 years
3.4
Education
Environment and biodiversity

The result with respect to the 22 social development projects measured in 2019 is that for every euro invested, over a period of 5 years the community receives a value equivalent to €14 and the company recovers a value equivalent to €3.4.

**5.1.1. Achievements:** These are the quantified or estimated result obtained from an investment made through a social development project, in a certain period of time

**Number of beneficiaries:** In 2019, a total of 1,070,620 direct beneficiaries were estimated for of the 203 social development projects carried out by ENDESA, which is a slight decrease over the previous year (1,148,888 beneficiaries in 2018).

More than 1 million beneficiaries in the 203 social development projects organised in 2019



Technology of project beneficiaries
People in vulnerable situation
People with disabilities/health problems
Elderly people
Students
Women
Entrepreneurs/companies/SMEs
Local community
Society in general

Of these, 43% correspond to local communities as a consequence of the CSV objective wherever the company operates. Next come the projects aimed at society in general, which stand out with 28% of the beneficiaries. In third place, with 13% and 10% of the total, respectively, are people in vulnerable situations and students. It is also noteworthy that the category of entrepreneurs, companies and SMEs which in 2018 reached 0.3%



of the total beneficiaries (2,982 people), in 2019 almost doubled its number with about 1% of the total corresponding to 5,729 beneficiaries.

**Number of collaborators:** 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 and 36% public institutions. Next, with 7%, were the collaborations with NGOs and social foundations.



Type of the institutions with which it has collaborated
Public institutions
Primary and secondary schools
Universities
NGO/Social Foundation
Social and environmental platforms
Cultural entities
Local Businesses
Other

**Amount of third-party contributions:** Considering the multiplier effect, as an additional result of ENDESA's social projects, other agents contributed a total of 110.6528 euro to them, through economic or investments in kind.



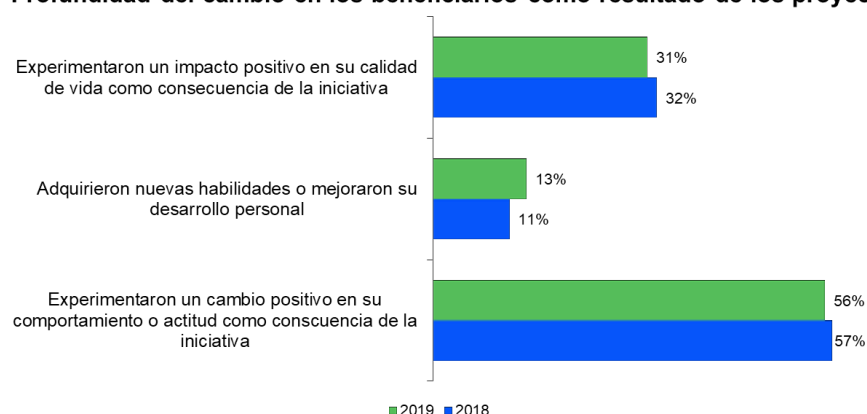
Contributions of other agents to ENDESA 2019 social development projects

Employees - other
Other external collaborators
Other sources

**5.1.2 Impacts:** These are the estimate of how the initiative has influenced the reality of the agents involved.

**In the beneficiaries:** Of the total estimated beneficiaries, about 328,000 people experienced a positive impact on their quality of life as a result of the projects, representing 31% of the total beneficiaries obtained in 2019. 13%, 143,000 people, acquired new skills or improved their personal or professional development (126,000 people in 2018). And finally, about 600,000 (56%) experienced a positive change in their behaviour or attitude as a result of the initiative. In general, the results are similar to those obtained the previous year.

#### Profundidad del cambio en los beneficiarios como resultado de los proyectos

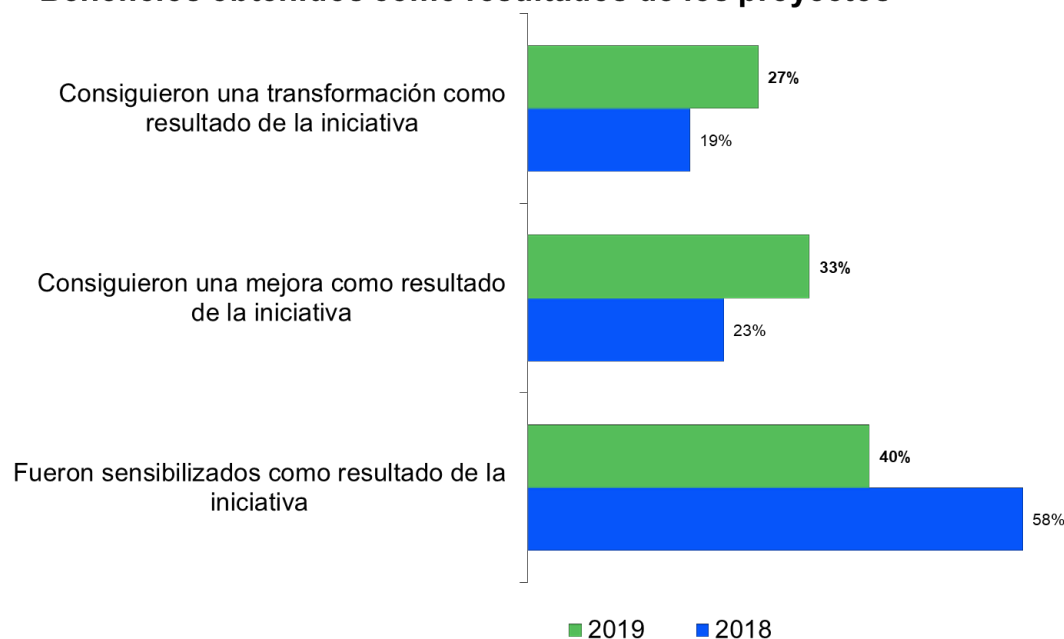


Depth of change in beneficiaries as a result of projects
They experienced a positive impact on their quality of life as a consequence of the initiative
They acquired new skills or improved their personal development
They experienced a positive change in their behaviour or attitude as a consequence of the initiative

Likewise, about 290,000 people (213,000 in 2018) achieved a positive and relevant transformation in their lives as a result of the initiatives. This is an 8-percentage point increase over the level of achievement of the previous year. 33% achieved an improvement and 40% became more aware thanks to the projects. 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 better quality of life and an improvement as a

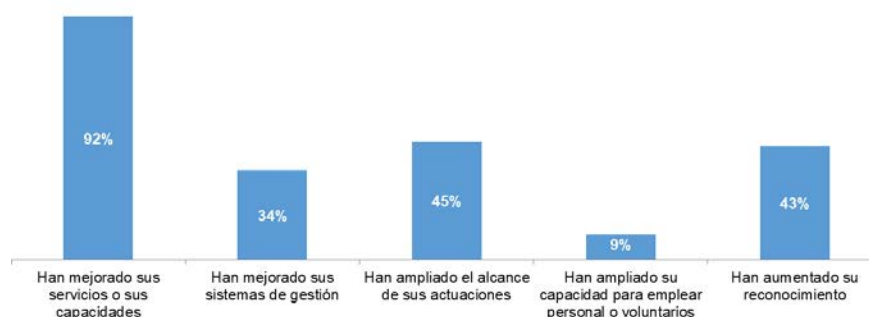
result of the initiatives have risen.

### Beneficios obtenidos como resultados de los proyectos



Benefits obtained as a result of the projects
They achieved a transformation as a result of the initiative
They got an improvement as a result of the initiative
Their awareness was raised as a result of the initiative

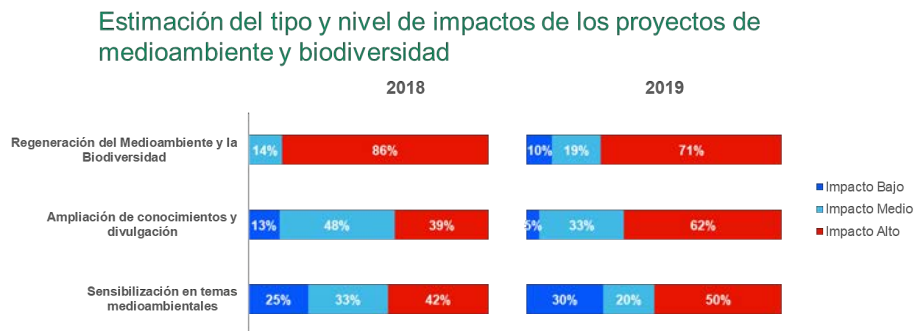
**In the collaborators:** It is estimated that the benefits obtained by the 1,693 institutions with which ENDESA has collaborated in 2019, for the management of the social projects that it has carried out, have translated in 92% of the cases, in an improvement of its services or an increase in their 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.



Their services or capabilities have improved
They have improved their management systems
They have expanded the scope of their actions
They have expanded their ability to employ staff or volunteers

They have increased their recognition

**In the environment:** The types and level of positive impacts on the environment and biodiversity were assessed in the 24 social development projects that addressed this issue. The highest impact occurred in projects for the regeneration of the environment in specific areas, as well as biodiversity conservation actions, with a special focus on endangered species. Likewise, the level of impact rose in the rest of the projects, both in the expansion of knowledge and educational and scientific dissemination, and in awareness-raising on environmental issues, in relation to the previous year.

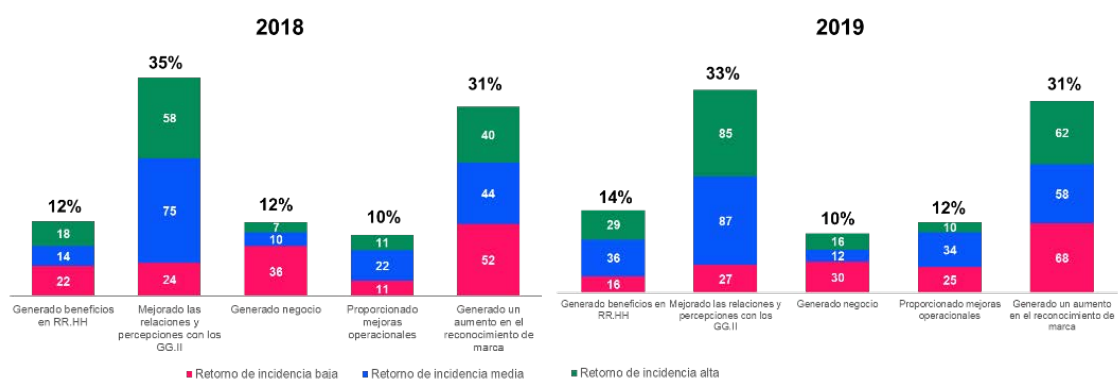


Estimation of the type and level of impacts of environmental and biodiversity projects
Regeneration of the Environment and Biodiversity
Knowledge expansion and dissemination
Awareness on environmental issues
Low Impact
Medium Impact
High Impact

**5.1.3. Returns:** They are the benefits that the company can receive from the management of social projects, beyond the social licence.

It has been estimated that there were 595 positive impacts on the company derived from the 203 social projects performed in 2019. Where these returns had the most impact is in the improvement of relations and perceptions of the stakeholders (33%) and, secondly, in the increase in brand recognition (31%). These coincide with the main two estimates in 2018.

Estimación de retornos para ENDESA de los proyectos de desarrollo social realizados



Estimate of returns for ENDESA from social development projects carried out
Generated benefits in HR
Improved relationships and perceptions with stakeholders
Generated business
Provided operational improvements
Generated an increase in brand recognition
Generated benefits in HR
Improved relationships and perceptions with stakeholders
Generated business
Provided operational improvements
Generated an increase in brand recognition
Low incidence return
Return of average incidence
High incidence return

## 2.3. INNOVATION

### 2.3.1. INNOVATION

### 2.3.2. DIGITALISATION AND CYBERSECURITY

## INNOVATION



**€19.44** million invested  
in innovation

### ENDESA SUSTAINABILITY PLAN COMPLIANCE 2019-

	Line of action	2019 target	2019 result	Key actions
Innovation	Promotion of open innovation (number of projects + number of challenges launched)	8 projects □ 3 challenges	8 projects □ 18 challenges	Open Innovability is the new platform for launching Endesa's innovation and sustainability challenges, both for employees and for start-ups, etc.
	Promotion of collaboration with Start-ups for the development of new energy solutions and the improvement of internal processes (number of projects)	5	9	
	Promotion of the culture of innovation (number of events)	5	5	



## 1. Innovation at ENDESA

### 1.1. Investing in innovation

**103-1 EUSS Research and development Management approach 103-2 EUSS Research and development Management approach 103-3 EUSS Research and development Management approach**

ENDESA has a strong commitment to innovation. The Company considers it a strategic element to address the challenges of all areas of the company, which means that it must be part of all its activities.

For this reason, ENDESA develops projects, invests resources and, ultimately, takes the initiative in this matter from all its business lines.

Inversión en I+D (millones de euros)			
	2017	2018	2019
Comercialización	5,47*	0,15**	0,28
Generación	4,54	3,81	5,14
Nuclear	2,09	2,09	2,12
Renovables	0,24	0,15	0,44
Distribución	4,61	4,27	11,46
TOTAL	11,48	10,32	19,44

\* technology projects and the people who carried them out have been transferred to Enel X Global since 2018

### 1.2. The open innovation model

**103-1 EUSS Research and development Management approach 103-2 EUSS Research and development Management approach 103-3 EUSS Research and development Management approach**

ENDESA has an open innovation model aimed at finding quality ideas to develop innovative solutions to transform the current energy model.

Open innovation is a new model used by companies to relate to external players (such as universities, start-ups, research centres and other companies in the same or a different sector) to promote collaboration and the sharing of knowledge.

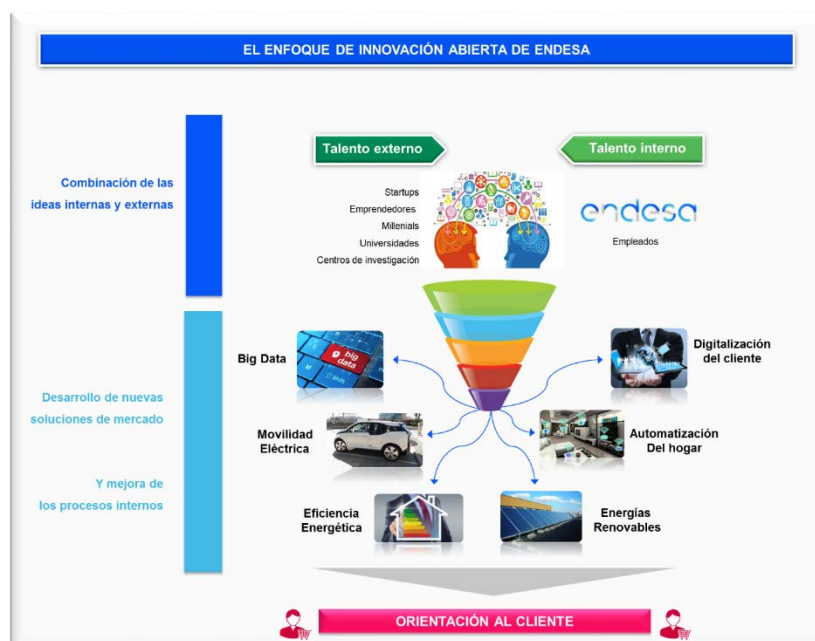
Nota para maquetado: cambiar según manual estilo IS 2019



Specialised consultancies
Forums and fairs
Suppliers
Universities and Research Centres
Start-ups
Focus groups
Employees

The adoption of this model by ENDESA is intended to maximise innovation capacity through an ecosystem that encourages the creation of new business opportunities, thereby contributing to companies' growth and development. The purpose has always been to develop a new culture of innovation that transforms the current energy model, generating creative value solutions throughout the energy value chain. All businesses and the entire value chain must be constantly improving and growing; from conventional generation, renewable generation, the infrastructures and networks that transport it, to value-added products and services for all kinds of customers, whether residential, SMEs or large companies.

The digitisation of the company is now at the centre of our efforts. Through it we improve the relationship with our customers, empowering the end customer, always from a technological point of view. This leads us to progressively improve our own business processes through increasingly disruptive solutions.



ENDESA'S OPEN INNOVATION APPROACH
Combination of internal and external ideas
External talent
Internal talent
Start-ups
Entrepreneurs
Millennials
Universities
Research centres
Employees
Development of new market solutions
And improvement of internal processes
Big Data
Electric Mobility
Energy Efficiency
Renewable Energy
Home automation
Customer digitalisation
CUSTOMER ORIENTATION

### 1.2.1. Openinnovability.com: our global digital gateway

OPEN INNOVABILITY is the new platform that ENDESA uses to launch innovation and sustainability challenges, both for Group employees and for start-ups, independent innovators, universities, research centres, potential business partners, NGOs and other associations.

Through this channel, the company openly publishes specific challenges related to topics of special interest to the entire entrepreneurial ecosystem, and additionally makes it an internal channel for identifying innovative initiatives from employees throughout the group.

In 2019, 18 challenges were launched related to topics such as energy storage, augmented reality, development of local economies and mass customisation. Also in 2019, 3 challenges were launched on this platform that will enable us to better serve our customers:

<https://openinnovability.enel.com/projects/Mass-Customisation-&-Inclusion>  
<https://openinnovability.enel.com/projects/New-Augmented-Reality-solutions-for-the-energy-market>

 <p><b>enel x</b> Powering Up New Opportunities</p> <p>In collaboration with Enel Innovation Hubs</p> <p><b>Enel X   POTENCIANDO NUEVAS OPORTUNIDADES</b></p> <p>Fecha de vencimiento: <b>ABIERTO</b></p> <p>En Enel X trabajamos para impulsar la evolución del sector energético y confiamos en la tecnología y la innovación para crear nuevas oportunidades para nuestros clientes, de modo que puedan beneficiarse y participar del progreso.</p>	 <p><b>Soluciones innovadoras para reducir el coste de mantenimiento del alumbrado público en ciudades</b></p> <p>Fecha de vencimiento: <b>20/09/2019</b></p> <p>Enel cree que la innovación es inseparable de la sostenibilidad y busca las tecnologías más eficientes y sostenibles, lo que requiere un constante esfuerzo centrado en el cliente.</p>	 <p><b>Diseño de puntos de recarga de vehículos eléctricos con integración sostenible en aceras</b></p> <p>Fecha de vencimiento: <b>17/05/2019</b></p> <p>Enel X se dedica a desarrollar productos innovadores y soluciones digitales en sectores en los que la energía muestra un gran potencial transformador: ciudades, hogares, industrias y movilidad eléctrica.</p>
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Enel X   PROMOTING NEW OPPORTUNITIES
Expiry date: OPEN
At Enel X we work to drive the evolution of the energy sector and we rely on technology and innovation to create new opportunities for our customers, so that they can benefit and participate in progress.
Innovative solutions to reduce the cost of maintaining public lighting in cities
Expiry date: 20/09/2019
Enel believes that innovation is inseparable from sustainability and seeks the most efficient and sustainable technologies, which requires a constant effort focused on the customer.
Design of electric vehicle charging points with sustainable integration in footpaths
Expiry date: 17/05/2019
Enel X is dedicated to developing innovative products and digital solutions in sectors where energy shows great transformative potential: cities, homes, industries and electric mobility.

### 1.2.2. Attraction of external talent: ENDESA and entrepreneurs

ENDESA has a strong interest in working with entrepreneurs and start-ups, due to their capacity for disruptive innovation, their use of technology, their know-how and, above all, their agility to develop and bring products and services to market in the smallest possible time.

ENDESA, as part of the Enel Group, benefits from the activity of the Group's ten Innovation Hubs, and specifically from the Enel Innovation Hub Europe opened in Madrid in 2017. These Innovation Hubs are located in important entrepreneurship centres and strategic markets for the Group around the world: Brazil, Chile, Spain, Israel, Italy (Milan, Pisa and Catania), Russia and the United States (Boston and Silicon Valley). The Enel Innovation Hub Europe is responsible for developing the relationship with the relevant entrepreneurial ecosystems in Europe, including the entrepreneurial ecosystems of the Spanish and Portuguese markets, where ENDESA is present, and for prospecting

European start-ups that can provide a response to the challenges of ENDESA, as well as the rest of the Enel Group companies.

As a result of the work carried out during 2019, the Enel Group has prospected more than 2,700 start-ups worldwide. Of these, more than 280 are Spanish and Portuguese. Also, more than 90 collaborations with start-ups have been activated globally, of which 9 have been with Spanish start-ups

Among ENDESA and other Enel Group companies' collaborations in 2019 with Spanish and Portuguese start-ups identified from the work of the Enel Innovation Hub Europe, we can highlight the progress in the relationship with Spanish start-ups:

- NIDO Robotics, which has conditioned an underwater drone according to ENDESA Generación's specifications, which is used for remote inspection and intervention in maintenance work on thermal generation facilities. This drone has also been implemented in the inspection of underwater cables by the Enel Group's global Distribution business line in Italy.
- DAIL Software, which has developed a solution for ENDESA's Trading area, based on natural language processing.

It is also worth noting the Portuguese start-up Omniflow, with which progress is being made in the development of a smart post.

The Enel Innovation Hub Europe also carries out activities aimed at developing the entrepreneurship ecosystem. In 2019, with the consulting firm Innobooster, it organised a workshop at its facilities in The Cube (Madrid) aimed at entrepreneurs interested in learning about ENDESA's financing conditions, and the "Open Innovation Games" meeting, organised with the consulting firm Spacestartup and aimed at the community of entrepreneurs. Here, they openly discussed the start-ups' B2B business strategy with corporations and other leading industry players and how to establish successful business relationships with large enterprise.

### **1.2.3. The innovation culture at ENDESA: Hub Ideas**

The creation of a culture of innovation among ENDESA employees as a key factor for transformation in a context of energy transition is a priority objective for the company.

Through Ideas Hub, ENDESA therefore structures its activities to promote creativity, a culture of innovation and intrapreneurship in the company, through the promotion of the use of creativity methodologies, intrapreneurship projects and training programmes in specific innovation tools.

This activity is established through different programmes:

- MAKE IT HAPPEN is the intrapreneurship entrepreneurship programme that offers ENDESA employees the possibility of becoming entrepreneurs within the Company. The programme channels both more operational innovation projects and new business models that can be developed in collaboration with a professional accelerator.
- CHALLENGE DRIVEN SESSIONS: workshops for the application of innovative methodologies ("Creative Problem Solving", "Design Thinking", "Lean Start-up") for

the search for innovative solutions to challenges faced by the company. During the year, 34 sessions were held in which 14 challenges were addressed, involving more than 400 employees.

- **AMBASSADORS INNOVATION NETWORK:** in 2019 the Innovation Ambassadors Network was formed by employees of the company who voluntarily receive specific training to become drivers of innovation within their areas.
- **INNOVATION FLOW:** in order to continue engaging young talents to foster their growth and promote useful innovative ideas for our business emerged the first edition of Innovation Flow, an employer branding project guided by the concept of “Flow Your Talent”. Fifteen young people from eight different business lines, divided into three teams, resolved the challenge launched by Enel X to bring the new NILM (Non Intrusive Load Monitoring) technologies from e-Home to the market. This is a non-intrusive electrical system that allows users to analyse the load curve of an electrical supply to discover the behaviour of the electrical devices operating in it. The programme has passed through different phases: ideas workshop, business model definition and hypothesis validation.
- **INNOVATION ACADEMY:** a specific training programme with the objective of training employees in methodologies and work skills, to enable them as facilitators of the culture of innovation and entrepreneurship.

### 1.3. Innovation in energy commercialisation

ENDESA has started the Confía project, the Agile project to improve the management of vulnerable customers with blockchain. This project will improve coordination between the public administrations involved, the social services and energy companies. Blockchain technology will allow the creation of a shared, reliable, immutable, traceable and secure repository that prevents power cuts to vulnerable customers. This project combines ENDESA's social commitment, technological innovation and the constant search for efficiency in processes.

ENDESA has started a completely accessible telephone service channel for customers with hearing disabilities. This has been possible thanks to our active commitment to inclusive and diversity-promoting policies. The technological solution is a mobile app capable of turning voice into text and vice versa in real time and through VoIP. This app has been developed by the start-up Pedius, as part of our strategy of Open Innovation and support for start-ups.

In the field of training, ENDESA has provided its employees with interactive training based on 3D immersive virtual reality of real physical spaces (such as the Control Centre, generation plants, etc.), which significantly improve learning capacity, interaction and access to facilities, avoiding physical risks, carried out by the 6DLab start-up.

### 1.4 Innovation in electricity generation

ENDESA continued to develop technological innovations in 2019 to improve the efficiency of its electricity generation processes and reduce the impact of its activity on the environment. Under an Open Innovation strategy, ENDESA incorporates the contribution of external agents in order to accelerate the introduction of new technologies with a clear focus on the rapid implementation of results in the business line.

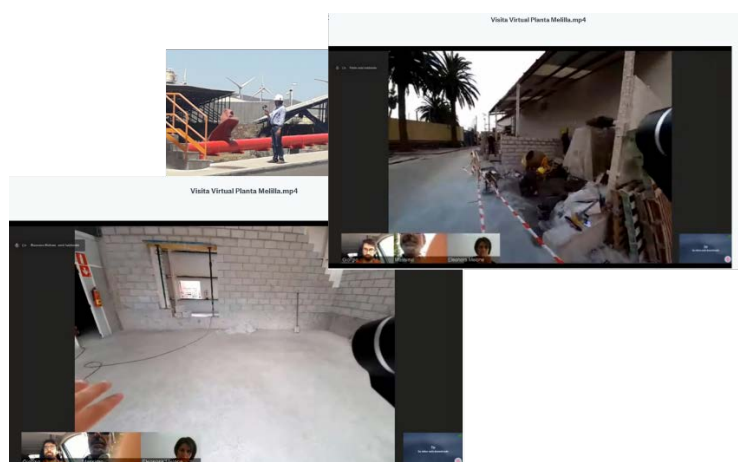
#### 1.4.1 Innovation in fossil fuel generation



ENDESA remains committed to technological improvement with the introduction of new technologies and processes that improve the efficiency of its plants and reduce the consumption of natural resources and the amount of emissions and waste from them. It is also incorporating new technologies in the engineering and construction phase, which allow it to save time and are more efficient during the design and execution of its new renewable capacity.

One of the basic pillars in this period is the digitisation of the generation processes and the introduction of new digital technologies, which make it possible to achieve these improvements in the production process. The technologies being evaluated improve both the field of operation and maintenance of the plants, and that of safety and environment. The following projects should be highlighted:

- **VIRTUAL VISIT:** Digital system for making virtual visits to industrial facilities with a view to reducing lead times for bidding processes with contractors. At the same time, this tool allows for faster remote support in the field.



Virtual Visit System.

- Development of artificial intelligence systems based on **Machine Learning** for the detection of anomalies and incipient problems in thermal generation facilities.
- **IOT Besós:** A demo project to implement new digital technologies at the Besós combined cycle plant. Among the technologies analysed are wearables, predictive maintenance tools based on machine learning, IoT and wireless monitoring, artificial vision, and the implementation of RFID and NFC technologies.
- **E-SENSE:** New advanced systems for monitoring and diagnosing high, medium and low voltage circuit breakers.
- **DIGITAL SUBSTATION:** Innovative digital solutions for the improvement of the monitoring of power transformers and substation elements.





Continuous monitoring system of the main transformer of Besos plant Group 3.

- **ROBOTICS:** Use of a new underwater robot for use in inspection and cleaning tasks in underwater infrastructure.



**Robotics:** submarine robot for infrastructure inspection and underwater cleaning tasks.

- **MEMPHIS:** A project funded within the RETOS [challenges] programme of the Ministry of Science, Innovation and Universities for the development of a system that allows the measurement of temperature in boiler components through the use of fibre optics as a direct application sensor.
- **MOP:** A pilot project for the introduction of an operation aid system based on artificial intelligence and cognitive models.
- **Virtual Reality for Training:** Use of virtual reality for immersive training in the field of personal safety.
- **Drones:** Deployment of drone-based tools to improve the inspection of generation facilities.

During this year and within the scope of innovative projects in the environmental area, the following projects were undertaken, aimed at reducing the emissions of polluting gases, the reuse of by-products and the reduction of the consumption of natural resources such as water:

- **MATCHING Project:** A project carried out alongside a number of other companies and R&D+i centres, co-financed by the European Horizon 2020 Programme. The main objective is to reduce water consumption in the energy sector through the use of new technology. It also involves the validation of these technologies in 2 pilot facilities installed at the As Pontes thermal power plant.
- **CUBIC:** Use of ultrasonic emission systems to improve cleaning of cooling circuits of generation plants and reduce consumption of chemicals.
- A pilot plant for **oil-water separation** using water-repellent membranes.
- **GYLLI Project:** A pilot project for the recovery of leachate water and desulphuration water using a new technology based on vibrating membranes.
- **ACTICEN Project:** A project aimed at the recovery of ashes from the coal combustion process in thermal power plants. For more information see section 1.7. Circular Economy of the Commitment to Sustainability chapter.
- **A4HW:** For more information see section 1.7. Circular Economy of the Commitment to Sustainability chapter.
- **LIFE ALGAR-BBE:** A project financed by the European LIFE funds, which aims to reuse CO<sub>2</sub> in the production of micro-algae, with the aim of generating biostimulants with biocidal activity mitigating the adverse effects on the environment and human health of chemical pesticides.
- **BiofuelL:** Analysis of the viability of the use of biofuels created by catalytic hydrothermal carbonisation for replacing fossil fuels.

Different projects have also been developed to improve efficiency and flexibility in electricity generation processes, with direct implications in reducing emissions and the consumption of material resources such as:

- **Energy Harvesting Project:** Validation of an energy capture system for sensor power based on thermoelectric technology.
- “Coat”: Validation of new paints with microparticles for use as thin thermal and acoustic insulators
- **DEMFORE:** Development of a system for the prediction of photovoltaic ramps to improve the management of thermal generation on the island of Tenerife. Application on the island of Tenerife.

Another important area of work in the field of generation innovation has been the area of personal safety. In this area, different projects have been undertaken focused on improving the intrinsic safety of the facilities and validating new technologies that reduce physical effort and reduce fatigue for field workers. The following projects should be highlighted:

- **ACTS Project:** Advanced systems for increasing people's intrinsic safety by detecting presence in the vicinity of risk areas.
- **LEAKS:** Visual detection of gas leaks through the use of adapted thermographic cameras.
- **Digital access control and on-line monitoring system** for restricted or high-risk areas.



- **Active Safety System:** A device for detecting people close to areas where work is under way with machinery so as to avoid people being run over and other accidents.
- **Thermoelectrika** – Validation of a system for early detection of hot spots that generate fires.
- **Brains:** Development of an artificial vision system for the detection of unsafe behaviours in industrial plants and areas under construction.
- **Exoskeleton:** The use of an exoskeleton for fatigue reduction in field activities with high physical wear.



**EXOSKELETON:** Validation tests for the use of exoskeleton to reduce physical effort in field activities

In the area of energy storage, important innovative projects are being developed both in the area of batteries and in other types of storage solutions. We can highlight the following projects:

- **SELF Second Life Batteries Project:** For more information see section 1.7. Circular Economy of the Commitment to Sustainability chapter.



**SELF Project:** Construction of the second-life battery demonstration plant for electric vehicles

- **TES Project:** Study for the integration of a pilot thermal storage scheme in solid materials in order to recover waste heat at the Las Salinas thermal plant in Fuerteventura.

#### 1.4.2 Innovation in generation from nuclear energy

ENDESA has continued to invest in R&D in the nuclear field, through participation in different programmes. ENDESA holds the secretariat of the CEIDEN Spanish Nuclear Fission Technology Platform, which coordinates R&D+i activities in the sector. Likewise, through the Nuclear Energy Committee of the Nuclear Forum, the Company promotes research projects of interest to its nuclear power plants. Some particularly important programmes are:

- **EPRI nuclear program**, which aims to achieve operational excellence in nuclear power plants. In 2019 the investment was €1.6 million.
- In 2019, an analysis was made of the **R&D and Technological Innovation projects of the investee nuclear power plants of Ascó and Vandellós (ANAV)**. The value of the identified projects was €116,197 in Ascó I and II, and €395,493 in Vandellós II.

#### 1.4.3. Innovation in renewable generation

Among the projects focused on optimising engineering work, the following activities should be highlighted:

- Introduction of **excavator machinery with GPS** to allow precision excavation, with a semi-automatic or guided system.
- **Robotisation of construction processes.** Use of drones in monitoring progress. Validation of a robot for the automation of the installation process of photovoltaic panel modules.
- Use of a new design of **prefabricated foundations** for wind towers, achieving savings in construction time and reducing the environmental impact of the work.

## 1.5 Innovation in the electricity distribution network

**103-1 Management approach Research and development EUSS 103-2 Management approach Research and development EUSS 103-3 Management approach Research and development EUSS**

One relevant event in 2019 was the launch of the **Coordinet** project, the purpose of which is to define the requirements applicable to a unified European energy platform. It sets out to demonstrate how system operators and distributors will act in a coordinated manner using the same pool of resources to procure grid services in the most reliable and efficient way to eliminate barriers to cooperation with market participants.

The purpose of the “**Aerial-Core**” project in December 2019 was to develop central technology modules and an integrated aerial cognitive robotic system that will have unprecedented capabilities in the range of operation and safety in interaction with people (air co-workers).

Projects are classified into several areas of action:

### 1.5.1. Digitisation of distribution grids:

- **Network Digital Twin (NDT)** *Digital and highly computerised replica of physical assets and their management, development and maintenance processes.* The project design was defined in 2019 based on the 3D modelling block by scanning several substations in the Malaga and Barcelona areas.
- **DIGI&N Iberia:** *a global programme for the digital transformation of all ENEL Infrastructure and Network processes, through disruptive efficiency, an agile operational model and convergence of cutting-edge technology, fostering best practices among the Group's countries.*

### 1.5.2. “Smart Grids” / “SmartCities” projects

Their objective is to enable grids to offer an effective response to their users' needs.

- ENDESA is developing its “Smart Grid” concepts on its “SmartCity” programmes, where it is a leader in the sector with various active projects. It is nine years since the “**SmartCity**” project was launched in Málaga, Spain. In 2019, “Smartcity Málaga Living Lab” is still certified in the European Network of Living Labs (“ENoLL”).
- Preventive Analysis Project for Smart Networks with Operation in Real Time and Integration of Renewable Assets (**PASTORA**): Complementary project of the Project



for the Advanced Monitoring and Control of Medium and Low Voltage Distribution Networks (**MONICA**).

- Project “Resilience to cope with Climate Change in Urban Areas” (**Resccue**): This project focuses on assessing the impacts of climate change on the functioning of essential services in cities such as water and energy, and on providing models and practical and innovative tools to improve the resilience of urban areas to current or future climate scenarios.
- “**Growsmarter**” project: Predictive maintenance project developed in collaboration with Disruptive Technologies, consisting of monitoring the temperature of cable connectors in medium voltage cabins of substations to detect faults.

### 1.5.3. Flexibility Projects

- “**Smartnet**” Project: to improve the efficiency and stability of the electricity grid, making use of the flexibility offered by the new role played by consumers, who are now also producers of energy using collaborative models.
- “**Flexiciency**” project: the final phase of the demonstration has been carried out, within the area of the “Smartcity Malaga Living Lab”. It pointed to the potential for flexibility offered by large-scale low-voltage micro-grids and new services for all agents in the European electricity market based on the access to almost-real-time data from meters.
- “**Coordinet**” project: Creation of a European energy platform to open the market to consumers, taking advantage of the flexibility that small generators and demand they can supply to the System and which is currently not used to improve the stability of the network.

### 1.5.4. Projects and tests of innovative concepts in networks.

- **Standardisation-Security-Synchronisation Connected Substation “3S-CS”** project: Development of an integral system to control electricity substations based on IEC61850, with wireless and “IoT” capability.
- “**Aerial-Core**” project: Development of central technology modules and an integrated aerial cognitive robotic system that will have unprecedented capabilities in the range of operation and safety in interaction with people (air co-workers).
- “**Reset**” project: develop a 4-branch STATCOM converter in full bridge in low voltage to correct the imbalance of loads between phases that causes the appearance of homopolar currents, additional losses in the network or load malfunctions.
- “**I’m in**” project: change of procedure for access to remotely controlled facilities; switching from a procedure based on a custom-developed telephone call to an app-based system, which communicates with the control centre.
- “**Open & me**” project: Uses the same platform as the “I’m in” project, incorporating the functionality of access on demand control through use of a smart padlock and key. With this solution, owner and worker security is increased without compromising operations.

## 1.6. Innovation at ENDESA X.

### 1.6.1. Innovation in products and services for business customers (B2G, Business to Government and B2B, Business to Business Approach)

Transforming cities to improve citizens’ quality of life.

Transforming cities by reinventing the way they operate, giving citizens better access and faster services, creating a cleaner and more sustainable urban environment, in short, improving citizens' quality of life. This is one of Endesa X's objectives, on which it works with an innovative focus on people, their needs and their problems.

With this approach, in 2019, technicians from the municipalities of 14 Spanish cities were interviewed to validate new solutions for cities, designed with citizen-centred innovation methodology.

When starting the interviews we presented **City Analytics**, a support tool for territorial planning and urban planning departments, and the areas of tourism, mobility and citizen security, which enables services to be organised according to real demand. The system uses big data analysis to obtain a detailed description of the situation in urban centres.

Data is collected with the express consent of users in compliance with applicable privacy regulations, using popular applications on mobile phones and through open data, sensors, cameras and other sources.



The data collected is stored in the cloud and processed to create statistical models and forecasts, comparing data from previous days and months. Transforming large amounts of heterogeneous data into useful information makes it easier to take decisions regarding mobility and security at events and during demonstrations, or during periods of high tourist influx, and to position bulletin boards and publicity to achieve a larger audience.



In addition to the **City Analytics** tool, which attracted much interest, new developments in **public lighting solutions or Smart Poles were presented**, which consider safety, health, mobility and connectivity needs of citizens.

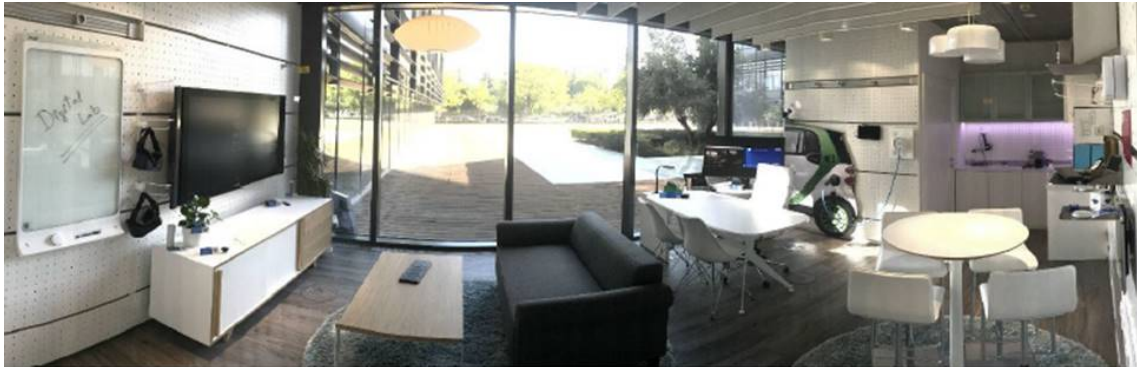
These interviews concluded that 80% of municipalities were very interested in the **Smart Pole** concept, as a “flagship” piece of street furniture in renovation projects and high-visibility areas.



### 1.6.2. Innovation in products and services for homes and small businesses (B2C Approach, Business to Customer)

#### The Digital Lab in Madrid, open for testing technology and the customer experience

The Madrid Digital Laboratory is a space for testing technological solutions and new innovative products for the e-Home, interacting with other devices on the market and with customers.



In 2019, a Proof of Concept (PoC) was carried out with NILM technology (an algorithm used to analyse changes in the voltage of a fuse box, determining which appliances are used in the home and their individual energy consumption).

This PoC compared five different devices and software available on the market, in terms of installation experience (difficulty and need for an installer...), functionalities and effectiveness of the devices and their applications to determine which are more attractive for customers.

The tests revealed which brand works best in certain aspects (algorithm, user experience from the customer's point of view...) to offer them the best service with the most attractive and comprehensive products.

In 2019, functional and integration tests of the **Endesa X** "Homix" Smart Home Platform were performed at the Digital Lab in Madrid. These tests evaluated the stability of the solution, testing different functionalities and integrating with other external IoT devices such as motion sensors, cameras, opening sensors and more. A boiler was also been installed in order to teach the solution in an environment similar to that of a home, where the boiler is controlled by the smart thermostat.

The platform was also integrated with Alexa, to be able to interact with voice commands.



## 1.7. Participation in technology platforms

In 2019, ENDESA continued to be an active participant in different technological platforms aimed at promoting the development of a far more advanced distribution network, capable of responding to the challenges of the future. Among them, it is worth highlighting the collaboration with the **Futured** platform, as part of the governing group, which is a forum for dialogue and debate between different agents to increase knowledge and define a shared vision of the network of the future.

Similarly, ENDESA has held the presidency of the **Meters and More** association since 2018, promoting standardisation of the communications protocol for metering solutions. More than 40 million meters have already been installed in the world and the organisation has more than 45 members.

At the same time, once again this year, ENDESA collaborated with the **Pro Rebus Foundation**, whose objective is to collaborate with the Royal Academy of Engineering, driving and developing activities that contribute to its promotion and dissemination, particularly its use in business and by society at large.

In 2019 ENDESA was a driving force behind the second edition of the **go! SDG Awards** organised by the Spanish Global Compact Network in collaboration with the Rafael del Pino Foundation. The awards recognise and give visibility to outstanding innovative projects and initiatives that help achieve the United Nations' Sustainable Development Goals (SDGs) of the 2030 Agenda. The awards were handed out for all 17 categories on 20 February 2020 at the headquarters of the Rafael del Pino foundation in Madrid.

## DIGITALISATION AND CYBERSECURITY



**A total of 99.3%** of all meters below 15 KW is already remotely managed

**There are 4.8 million** digital customers and **3.8 million** e-billing contracts

### ENDESA SUSTAINABILITY PLAN COMPLIANCE 2019-

	Line of action	2019 target	2019 result	Key actions
Digitalisation of assets, customers and people	Low voltage: Installation of digital electric meters (accumulated) (millions of digital electric meters)	12.3	12.2	-Digitalisation projects to improve the distribution service -Smart grid development projects
	Medium voltage: Remote Control Installation (no.)	21,491	20,858	
	High voltage: Remote control update (number of remotes updated)	257	260	
	Customer digitalisation (millions of digital contracts)	4.2	4.8	-New platforms and digitalisation of billing channels
	Promotion of electronic billing (millions of contracts with e-billing)	3.5	3.8	
	Developing employees' digital skills	100%	100%	-Digital skill development programs: A total of 22,559.47 hours of training in digital transformation.

Cybersecurity	Promotion of cybersecurity in web applications exposed to the internet (% applications)	100%	100%	-Cybersecurity has become a global issue, and one of the pillars on which the Group's digitalisation strategy has been built.
	Cyber emergency response	National CERT accreditation and affiliation with First and Trusted Introducer	Accreditation obtained and membership of international organisations	
	Cybersecurity awareness actions for employees	15	16	

## 1. Focus

The digital transformation of a company is the process to transform it into an organisation fully connected to the digital ecosystem, with a smart, efficient customer focus. It is a process that requires significant change management to successfully address the challenge of incorporating new digital technologies. These new technologies basically connect people and objects, and give new access to both traditional and newly created products and services.

This transformation requires a paradigm shift in the way of understanding the relationships between the company and its customers. This new approach is based on the need to review the strategy and the business model from the perspective of customer needs; and, starting with the customer experience, to start redesigning internal processes by incorporating new technologies and new ways of doing things.

ENDESA is very aware of this reality and of the opportunities it presents and, therefore, the digital transformation was an essential part of its 2019-2021 sustainability plan, with an investment of more than 352 million euros in 2019. These strategic lines of action are combined with the strong commitment that ENDESA maintains to the search for continuous efficiency through the digitisation of its businesses. To this end, ENDESA plans to develop investment plans in digitalisation in all its businesses amounting to €1,300 million between 2019 and 2022. The largest such investments will come in Distribution, with €110bn invested in digitalising the business, accounting for approximately 85% of all investments envisaged for the period.

Investment in digitalisation by businesses (millions of euros)		
	2019	2018
Distribution	275.7	282
Generation	14.5	10.2

Supply	58	46
ENDESA X	4	3.7
<b>TOTAL</b>	<b>352.2</b>	<b>341.9</b>

### The customer:

ENDESA is developing new IT tools to improve customer digitalisation and as well as new service channels and other products and services.

Consumer access to new technologies, their adoption and massive use, have transformed customers. This uptake involves new habits and customs by consumers in their personal and professional lives, and of course, in their relationships with companies. The vast majority of them are already or will be digital, connected and social customers.

### Corporate assets:

- Distribution grid: ENDESA is making significant growth investments aimed at modernising and developing new infrastructures that respond to decarbonisation and electrification trends in the economy. The digitisation initiatives will continue to increase the level of automation and digitisation of the network, with significant projects such as a new phase of the Quality Plan and the Remote Control of the Network. With all this we want to improve security of supply, service quality and provide for future customer demands.
- Electric power plants: Likewise, to increase the operational efficiency of plants and improve their integration into the electricity system, ENDESA is increasing its efforts to digitalise its power plant management.

### People:

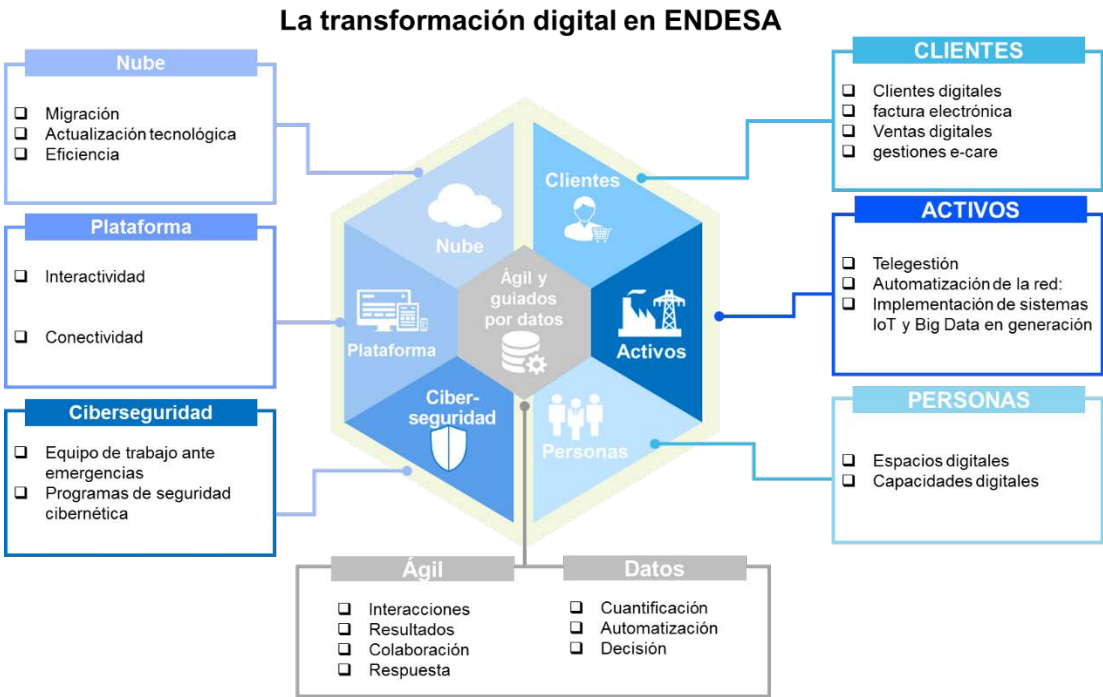
Considering that the digital transformation means that the company has to adapt its value proposition to the new digital customer and adopt new technologies in its value chain, one of the great challenges for the company is the development of a digital culture that allows development of the skills necessary to successfully lead the transformation. In this regard, ENDESA is working in different areas to further the change in the organisational culture and the way things are done in the company. Therefore, the company expects that 100% of its staff will be able to develop their digital skills within the next three years.

ENDESA's digital transformation also includes improving data management processes, which entails, among other aspects, the use of the latest cloud-based data storage technologies and the development of digital platforms that enable growing interactivity and connectivity. ENDESA also prioritises compliance with demanding standards for promoting cybersecurity to drive digital transformation with the lowest possible risk.

ENDESA aims to be a data-driven company, using Big Data to guide strategic decisions. In this regard, management of qualitative and quantitative data will enable ENDESA to make decisions for a long-term sustainable competitive advantage. The company is working to position its existing data heritage at the centre of its business strategy.

ENDESA is also aware that the ways of working and interacting within companies are changing. That's why the company has decided to promote the agile (agile) methodology to support current transformations. This new way of working, which emerged from the Information Technology areas and is beginning to spread to other areas of the company, entails focusing on making deliveries to customers, in a short time and quite frequently, combining methodological thoroughness adapted to customer needs and the context of the development of products and services.

Nota para el maquetador: Ajustar el gráfico al manual de estilo del IS 2019



The digital transformation at ENDESA
Customers
Cloud
Agile and data-guided processes
Active employees
Cyber-security
People
Migration
Technological update
Efficiency
Interactivity
Connectivity
Emergency work team
Cyber security programs
Digital customers
electronic bill
Digital sales
e-care management
Remote Management
Network automation:

Implementation of IoT and Big Data systems in generation
Digital spaces
Digital capabilities
Quantification
Automation
Decision
Interactions
Results
Collaboration
Reply
Agile
Data

## 2. Digitalisation of Endesa's assets

ENDESA puts digitalisation at the heart of its value chain, with generation, distribution, marketing and people as a key drivers for improving efficiency. The most outstanding aspects and investments undertaken this year were as follows:

- In Generation, predictive diagnosis, digital transformation of the worker and response of the control system.
- In Distribution, digitalisation of processes and systems integration, data-based networks (quality plan, loss reduction, remote control) and smart meters.
- In Marketing, advanced analysis, new platforms (new CRM), channel digitalization (electronic billing, etc.), new digital invoicing platform.
- At Endesa X (new businesses), development of digital platforms.

### 2.1. Digitalisation of power plants

Among the cross-cutting initiatives to improve infrastructure and generation of new operational data, the following activities were carried out in 2019:

- **New IT Infrastructure:** Development of IoT and Data Lake platforms for integration of information generated on different platforms and development of data analysis tools and “Business Intelligence”.
- **Cybersecurity:** Increased cybersecurity measures for IT and OT power plant systems, particularly regarding critical generation infrastructures.
- **Plant Connectivity:** Improved access and data transmission in plants. Updated primary and secondary bandwidth in critical thermal power plants. LAN coverage extends to relevant areas of the plant for digitalisation.
- **Sensors:** Initiatives to increase the number of wireless and newly designed sensors in ENDESA's power plants. The objective is to expand the operating data available in the plant as basic information for operating other digital systems.
- **PI 2.0:** For renewable plants, all real-time and historical data have been integrated into the PI platform for accessibility and reporting by all O&M personnel.



For hydraulic and thermal plants, the level of robustness of the plant operation history systems has been increased to ensure the correct flow of data to other digital systems.

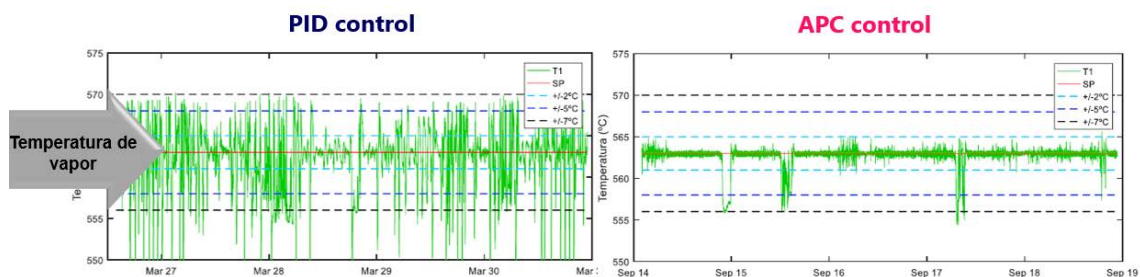
➤ **Robotics and Drones:**

- Robots and drones technology have been applied to E&C activities:
  - Robotisation for installation of photovoltaic panels.
  - Drones to control progress with works.
- Robots and drone technology have been applied to use cases of O&M activities.
  - Artificial intelligence is applied to image recognition.
  - Autonomous drones are combined with a platform to manage drone fleet activities to facilitate implementation at plants.
  - A new remotely operated underwater robot is now being used, designed for inspection and intervention in maintenance work at its power plants. As well as reducing occupational risks, the robot reduces the cost of these underwater tasks and optimises response times in case of incidents.

### 2.1.1 Digitalisation in thermal power plants

The DIGI PLANT Programme was carried out in 2019. It started in 2018 with the deployment of digital technologies validated during the previous year that provide greater added value to ENDESA's thermal power plants. The technologies being evaluated aim to improve plant operation and maintenance and improve safety and health of staff and the environment. The programme was rolled out through 18 digital initiatives and involves up to 28 production production centres in the 2018-2021 period. The main initiatives are the following:

- **APC:** Implementation of advanced adaptive predictive control systems to improve the behaviour of the main control loops of power stations, increasing efficiency and availability.



APC: Improved combined cycle boiler operation

- **Predictive Diagnosis:** Use of machine learning techniques and analysis of operational data to detect and diagnose faults in main plant equipment to reduce unavailability and avoid catastrophic breakdowns.
- **Efficiency management:** Development of software to improve plant efficiency monitoring and to detect inefficiencies in their normal operation.

- **Global Operational System:** Development and implementation of a single global system to manage process efficiency and performance improvement, including a multi-year review planning module.
- **Digital Report:** Development and implementation of a single global system to generate reports using a visualisation tool, with access to data from the main generation applications incorporating a digital assistant for voice information.
- **HSEQ- Digitalisation of Waste Management:** To improve the safety and traceability of waste management at the plant by introducing digital technologies.
- **Digital warehouse:** Implementation of RFID technology in materials warehouses of power plants to improve inventory control and reduce consumption of spare parts.
- **HMI:** System to rationalise operating alarms to reduce and prioritise them. The objective is to develop a software tool that allows plant operators to make faster, more efficient decisions.
- **Digital Worker transformation:** Development of mobile information software tools for field operators that enable them to provide key information in the field easily and quickly, reducing the time needed to complete work and improving operational security.
- **Digital management lorry access/exit:** Development of a system for access control and automatic management of inflows and outflows of materials from plant and associated permits.

### 2.1.2 Digitalisation of renewable power plants

Through its renewables subsidiary ENEL Green Power España, in 2019 the following digital initiatives were undertaken:

- **SENTINEL:** Development of a real-time mobile phone application for hydro, wind and solar technology assets. It is integrated with PI, with the control centre, and also displays technical data on assets and forecasts energy price data.
- **Predictive diagnosis using Condition Monitoring System (CMS):** Five software platforms for vibration analysis have been implemented in wind turbines. Predictive system that helps to determine the necessary steps to reduce maintenance costs and avoid breakdowns.

All Enel Group wind turbines are integrated in the Conditioning Monitoring Room.

- **GAIA:** Modernisation and integration of control systems of Hydraulic Production units. The project improves efficiency of control centre processes and enables savings by unifying the platform.
- **GAIABOT:** Chatbot for querying static data in the field of hydraulic technology. It includes an intelligent system for searching documents and searching for specific content within documents.

The system may be accessible from WEB and Smartphone.

- **AUTHID:** Web tool for automation and streamlining of the current production scheduling process for Iberia's hydraulic plants.

This tool also aims for greater efficiency in the dialogue between Hydro Operation & Maintenance and Energy Management, which is currently based on the exchange of information using Excel files.

Several engineering and construction digitalisation projects in the renewable field:

- **IUP: integrated user platform**, platform that supports all E&C processes.
- **BIM: building information modelling**, project engineering design automation.
- **Digsilent**: software for modelling and studying electrical power systems, that creates both static and dynamic models and simulations.
- **Active Safety System**: device for detecting people close to work areas with machinery.
- **GPS excavator**: precision excavation system with GPS technology, which can be semi-automatic, guided or manual.

## 2.2. Digitisation of the distribution grids

### 2.2.1. Remote management and measurement control

#### ***EUSS Demand Management Approach***

The objective of ENDESA's Remote Management Project has been to implement an automatic remote control and management system for electricity supply for domestic customers.

In 2019, ENDESA has made a total of 229,000 replacements, a cumulative figure of 12.2 million. This represents 99.3% of all meters with active contracts and contracted power of up to 15 kW (11.82 million supplies).

This year, 187,000 type-4 equipment installations (on supplies with contracted power between 15 and 50 kW) were carried out, making a total of 194,292 equipment with remote management capacity and accounting for more than 60% active equipment.

ENDESA is therefore an established leader in the development of this technological solution in the national market, encouraging energy efficiency and the sustainability of the electricity system.

ENDESA has a total of 12.2 million supplies with type 4 and type 5 remote management meters.

LOW VOLTAGE (*)	MEDIUM VOLTAGE (**)	HIGH VOLTAGE
Remote Management Plan (M installed remote management meters)	Remote control installation plan (number)	Remote control update (number)

2018	2019	2022	2018	2019	2022	2018	2019	2022
11.8	12.2	12.5	18,044	20,858	31,214	160	260	361

(\*) In BT it includes type 4 and type 5 meters

(\*\*) In MT the values decrease because the scope of the plan was expanded.

As for concentrators, this has been completed to a total of 136,000 installed devices, more than 99%. This allows immediate integration of equipment in the remote management system and its remote operation.

ENDESA is complying with the legal obligations arising from the Resolution of the Secretary of State for Energy of 2 June 2015 (PVPC), governing customers with contracted power of up to 15 kW who have a smart meter integrated into the remote management system.

The Meters and More association, founded by ENDESA and Enel in 2010 and based in Brussels, manages the evolution and dissemination of this protocol and already has more than 45 members, who include leading companies in the electricity sector, meter manufacturers, technology companies and service companies around the world.

ENDESA works proactively and makes the remote management solution available to other distribution companies inside and outside Spain, adapting it to different frameworks of application. ENDESA also participates in national and European projects on innovation and energy efficiency through technical committees, seminars, conferences, etc. in order to assist in the advancement of the European deployment of remote management, and the evolution and development of SmartGrids.

### Other projects in Commercial Network Operations

**AMMS:** In 2019, the remote management system has been evolved to allow remote installation and operation of direct and semi-direct type-4 meters. In addition, the system has been adapted to a new meter firmware that mainly includes a change in the format of the energy load curve that is stored in the equipment, switching from the current incremental load curve to recording the absolute load curve with extended quality qualifier. This means that not only does the system adapt to the new format of the load curve, but also allows the correct coexistence of both formats. At the same time it was necessary to adapt automatic reading of measurement curves for the new meter firmware.

During 2019, on-line consultation with remote management meters progressed substantially, with two developments that led to clear benefits for our customers:

- Connection of the remote management system with low voltage control centres for fault management, for greater efficiency in their detection and management.
- Launching the e-distribution website of a service that allows users to make an instant, accurate meter reading, check the power consumed at that time and the status of the power control. It even allows remote reconnection when power control has already been activated. The maximum power demanded each month has also been added to the website, allowing customers to adapt contracted to real demand.

In the field of communications, improvements have been made to PLC communication management, starting with the implementation of a new hub firmware that has led to major adaptations to the AMM system and a new hub incident response module is underway, which will be implemented in the first quarter of 2020.

#### Digitalisation Energy Recovery Process:

- **EXABEAT\_RdE:** In 2019, a new module has been implemented in EXABEAT for Energy Recovery for managing notices and records of anomalies and fraud. This will harness the full potential of EXABEAT in terms of measurement processing and future information corresponding to the measurement equipment available.
- **Predictive models for detection of non-technical losses:** Work continues on application of machine learning and deep learning techniques to detect abnormalities and fraud, improving existing models and developing new models aimed at detecting new pockets of losses.
- **Predictive model for the automatic file evaluation:** Application of machine learning and deep learning techniques for automatic file evaluation with in-house predictive models developed at ENDESA.
- **Training to Inspector:** Training and education program in virtual 3D format, with different field scenarios, which allow inspectors to interact directly with the meter and the different tools for carrying out the inspections.

#### 2.2.2. Smart grid development

ENDESA's networks are being configured according to the SmartGrid model. Technification and the incorporation of Information and Communication Technologies (ICT) enable networks to give an effective response to users' needs.

Smart grids allow connection and operation of renewable and distributed generation, associated with consumption and enable demand management, flattening the load curve and maximising use of electrical infrastructures. They can deploy of the electric vehicle and develop integral, advanced energy services and improve the quality of the electrical supply by reducing the response times in the event of breakdowns and facilitating the adoption of preventive and predictive maintenance strategies.

ENDESA is developing its "Smart Grid" concepts within its "SmartCity" programmes, where it is a leader in the sector with several active projects. It is now nine years since the "SmartCity" project was introduced in Málaga. In 2017, Smartcity Málaga Living Lab was certified in the ENoLL network of European laboratories, becoming a space in which to manage projects in all areas of smart grid technology.

Since 2010, Malaga has been a testing ground for the development of Enel's smart grids, thanks to the development of projects characterised by the integration of a wide variety of technologies in the city's electricity distribution network.

The purpose of this line of work is to analyse how the current energy model can evolve towards sustainability by implementing innovative technological solutions. The main objective is to offer integrated energy solutions that enable energy savings and reduce CO2 emissions, in line with the EU's 2020 objectives. Thanks to these projects, all framed within the Enel group's Innovation strategy, Malaga is an international benchmark for electricity distribution technologies.

The following are outstanding smart grid development initiatives:

- **SmartNet:** This project aims to improve the efficiency and stability of the electricity grid by taking advantage of the flexibility that the new role of consumers, now also energy producers, offers to the grid, using collaborative models in coordination with the distribution network operator to create a more flexible energy market.

ENDESA leads the Spanish demonstrator being held in Barcelona, with the coverage repeaters that Vodafone has installed throughout the city. The demonstrator consists in that, at the request of the distribution company, these repeaters disconnect from the network and use their batteries, helping to relieve pressure, when necessary, on the grid in the city of Barcelona while stabilising the network at system operator level.

In 2019, congestion management field tests were carried out in substations using the flexibility offered by third party assets, establishing the basis for the provision of flexibility services for the distributor.

- **RESCCUE:** ENDESA is part of the Resccue project (Resilience to face Climate Change in Urban Areas), the first major European urban resilience innovation project. The initiative, co-financed by the European Union's Horizon 2020 programme, is designed to improve the capacity of cities to prepare, absorb and recover from crises as quickly as possible. For more information see section 1.4.2. Adaptation to climate change of the Decarbonization chapter.
- **Network Digital Twin (NDT):** It is a highly computerised, digital replica of physical assets and their management, development and maintenance processes, a large set of constantly updated, real-time field data from information originating from several sources. There are five important blocks in this project: 3D modelling and digitalisation of assets, IoT and dynamic data, Human interface, BIM modelling and Open NDT. The project design was defined in 2019 based on the 3D modelling block by scanning several substations in the Malaga and Barcelona areas.
- **DIGI&N Iberia:** This is a global programme for the digital transformation of all ENEL Infrastructure and Network processes, through disruptive efficiency, agile operational model and convergence of cutting-edge technology, promoting best practices among countries of the Group. In Iberia, during 2019, all 30 “end-to-end” processes of distribution were redesigned under a new operational model inspired by Agile philosophy, focused on the internal and external customer centrality. Work has been done to analyse and introduce new technologies that promote innovation and systems convergence (IoT sensors, Digital devices, Augmented reality, Robots, Big Data systems, Machine Learning), also introducing and developing a new work methodology and project and process management, based on “agile pillars”.
- **Project for the Preventive Analysis of Smart Grids with Real-Time Operation and Integration of Renewable Assets (PASTORA):** complementary project to the Project for the Monitoring and Advanced Control for Medium and Low Voltage Distribution Networks (MONICA), started at the end of 2018, which will build an intelligence layer over the next 3 years to take advantage of the potential of the more than 10 million daily measurements that are being obtained with the infrastructure deployed in MONICA. In the final stage, different lines of work have been chosen to give more immediate results and to focus resources. The data storage architecture has also been adapted to new requirements for greater flexibility.
- **“Growsmarter”:** ENDESA is involved in this project as part of the European Union's Horizon 2020 Programme. It provided several solutions for the Barcelona demo, in which progress has been made in the digitalisation of transformation centres. Predictive maintenance project developed in collaboration with Disruptive

Technologies, consisting of monitoring the temperature of the cable connectors of the medium voltage cabins of substations in order to detect defects. All the information obtained is sent to PI, where algorithms have been created that compare the temperature with the current of each conductor, and alarms are generated based on the results to be able to take action. During 2018, all the tests were carried out on the sensors, and the 25kV park of the Mata Electric Substation was installed. During 2019 the algorithms were created and the results were monitored.

- **“I'm in” project:** It consists of a change in the procedure for accessing remotely-controlled facilities. change of procedure from one based on a custom-developed telephone call to an app-based system, which communicates with the control centre. In addition to reducing the waiting times for field technicians to access the facilities, fewer calls are received in the control centre and worker safety is enhanced because they know who is on the premises. After the tests carried out in 2018 by I'm in, in 2019 work began to compare the solutions and a further step was taken with “Open me”.
- **The “Open&me” project:** uses the same platform as the “I'm in” project, incorporating the functionality of access control on demand through the use of a smart padlock and key. This solution increases owner and worker security without compromising operations. During 2019 a Proof of Concept (PoC) was carried out in 24 field substations in Gibraltar.

### 2.2.3. Smartcities development

#### SmartCity Malaga

In recent years, a number of state-of-the-art technologies have been developed and installed regarding distributed energy production and storage, recharging infrastructures for electric mobility and pioneering energy efficiency solutions in buildings, companies and homes, with the active involvement of consumers. This experience demonstrated the feasibility of this new energy management model in cities by achieving energy savings of more than 20%, a 20% reduction in CO<sup>2</sup> emissions per year and a notable increase in energy from renewable sources. SmartCity Malaga has been rolled out in an area of the city that houses 12,000 domestic, 300 industrial and 900 service clients.

In the wake the success and recognition achieved by this pioneering smart city project at the international level, the city of Malaga has become a Living Lab, a real laboratory for the development of smart distribution technologies on the electricity grid (SmartGrids).

This new phase of the project guarantees continuity and consolidates SmartCity Málaga as a centre for experimentation and development of ENDESA's electrical energy distribution technologies. The Flexiciency projects - PALOMA, MONICA and PASTORA - are being developed on these facilities and it has become a platform for new experimentation proposals such as the group's Living Lab that demonstrate ENDESA's commitment to the development of new network technologies. Also, within the global Network Digital Twin project was launched 2019. SmartCity Malaga is essential to the development of initiatives applied to urban environments: sensorisation in MT / BT, dynamic linkage, state estimator, etc. To achieve this, it is planned to transform it into a test space and showroom for other technologies planned within this ambitious project, such as virtual and augmented reality.



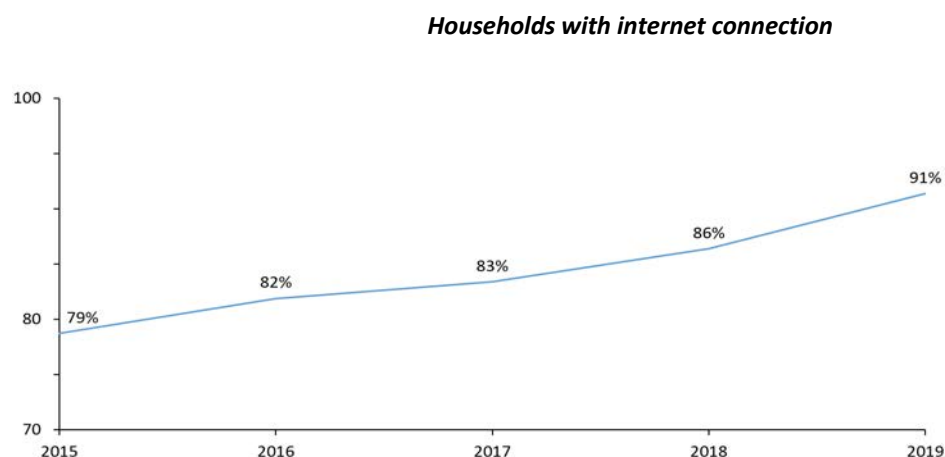
This commitment was been recognised in 2018 by the European Community which approved the implementation of the Coordinet project within the H2020 programme. Endesa Distribución will be the coordinator of a consortium of 23 European companies and research centres and is designed to facilitate demonstrations in the field of network flexibility where ENDESA will pioneer the management of generation and consumption flexibility in Cádiz and in the city of Malaga. The project started operating in January 2019.

### 3. Customer digitalisation

#### ***EUSS Demand Management Approach***

Consumer access to new technologies, their adoption and massive use, have transformed customers.

Digitalisation has already arrived in Spanish society. This is confirmed by the latest survey published by the Instituto Nacional de Estadística (National Statistics Institute (INE)) in November 2019 on equipment and use of information and communication technologies in homes, which revealed that **91.4% of Spanish homes are now connected to the internet**, 5% more than the previous year.



Another relevant finding of this study is the leading role of mobile devices. A total of 86.2% of Spaniards between the ages of 16 and 74 have access to the internet through some type of mobile device, almost 3% more than in 2018.

This uptake of digitalisation in society involves new habits and customs by consumers in their personal and professional lives, and of course, in their relationships with companies. The new habits and customs mean:

- **Digital, Connected and Social customers:** who adopt changes in new technologies at high speed, accessing the Internet any time, anywhere, interacting on an equal footing with companies and sharing their experiences on social networks.

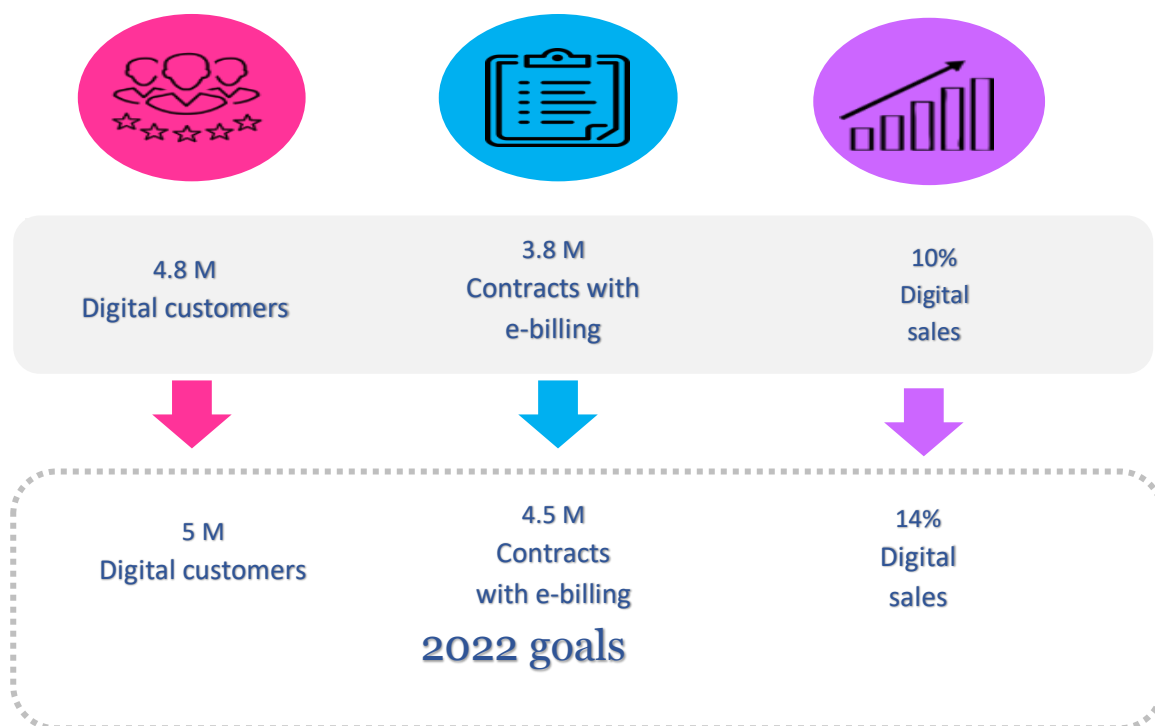
- **Empowered customers:** who are proactive and take the initiative to manage their needs with websites and apps (in self-service mode), make informed decisions related to energy (with the help of tools), and easily compare the options available in the market.
- **Demanding customers who want things immediately with a new quality standard:** “Any time, any place, any device”
- **Sophisticated customers:** They want more transparency and control in the client-company relationship and trust and credibility are essential to their choice of products and services.

That’s why, ENDESA is working to develop the digital customer experience, with new value propositions, new ways and channels for interaction, and new business models. This drive is accompanied by initiatives drive digitalisation of internal processes and develop a digitised culture.

As a result of all these efforts, in 2019 the following significant advances in digitisation of the customer relationship are worth mentioning.

Indicators:

## Achievement 2019



New developments, skills and digital functionalities:

Line of action	Outstanding in 2019:
ENDESA is working on its customer relationships to	<ul style="list-style-type: none"> <li>• ENDESA is still forming its <b>digital relationship ecosystem</b>.</li> </ul>

<p>satisfy <b>new expectations</b> regarding <b>relationships with “its brands” in a digital world...</b></p>	<ul style="list-style-type: none"> <li>- It gives customers the option to interact with voice assistants such as Alexa and Google Home.</li> <li>- It has WhatsApp Business certification for customer service through the WhatsApp channel, and is a pioneer in the sector.</li> </ul> <p>As for the website and app, in 2019 the website and the energiaxxi app, the new ENDESA brand was made available to retailer MR.</p> <p>Throughout the year, our corporate and customer websites have been reworked for access through single point of entry (<a href="http://www.endesa.com">www.endesa.com</a>)</p> <ul style="list-style-type: none"> <li>• Advances in <b>digitalisation of customer communications</b>.</li> <li>• We are still driving <b>adoption of the digital billing</b> by customers - 900 thousand additional contracts in 2019 with digital billing (historical record) - and the use of the digital ecosystem - 4.7 million are already digital clients (registered at <a href="http://endesaclientes.com">endesaclientes</a> and / or interacting through digital channels)</li> </ul>
<p>... encouraging “<b>your purchase</b>” through <b>digital channels</b> and offering products adapted to the digital ecosystem that surrounds our customers...</p>	<ul style="list-style-type: none"> <li>• More improvements to the <b>digital recruitment process</b></li> <li>• Reach more customers in the digital ecosystem, with <b>own channels and through alliances</b> (Google, Amazon ) and <b>collaborators</b> (resellers, aggregators)</li> <li>• Advances in the development of <b>products adapted to the digital ecosystem</b>%, such as the Homix home solution, which gives simple control over heating, security, lighting and all other devices in the ecosystem of a smart home.</li> </ul> <p>This has helped to increase digital contracts by 65%.</p>
<p>... Harnessing <b>the potential of data</b> to personalise the “<b>customer experience</b>”...</p>	<p>Almost 100 <b>Advanced Analytics</b> initiatives are underway related to customers, enabling, for example:</p> <ul style="list-style-type: none"> <li>• Measuring the risk that a customer will leave and take preventive measures</li> <li>• Provide sales forces with digital tools to enable better customer advice</li> <li>• Customer care agents receive support in claims handling with an assistant that shows how to classify the claim based on customer feedback.</li> </ul>
<p>... Not to forget our ongoing efforts to <b>digitise processes</b></p>	<ul style="list-style-type: none"> <li>• The company has continued with the plan to implement <b>new digital platforms</b> for business processes based on Salesforce technology.</li> <li>• It has incorporated new functionalities and tools based on <b>Artificial Intelligence, Robotics and Blockchain</b> in its internal and customer services processes.</li> </ul> <p>These include, for example:</p> <ol style="list-style-type: none"> <li>1) <b>Claims reclassifier</b> (data-based and self-learning system that supports service agents when handling a claim by recommending how to classify the claim based on customer feedback)</li> <li>2) <b>CONFÍA</b> project for processing data in cases of Energy Poverty based on Blockchain.</li> </ol> <p>When managing vulnerable clients information is shared by Autonomous Regions, City Councils, Social Services and the clients that generate many operational problems. There is a mismatch of</p>

	<p>information between the parties that does not allow Social Services to intervene in a timely fashion. Blockchain can guarantee that information is reliable for all parties, creating a decentralised, secure registry that reveals the status of a process in real time, which is reliable and unchangeable.</p> <p>That's why Endesa is leading a pioneering project in Europe, in a first step with the Malaga City Council, to start up and test the technology.</p>
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## 4. Digitalization of our people

ENDESA is continuing to make important changes to transform itself into a more digital and innovative company, and considers it necessary to continue training its employees and equipping them with the best digital tools, thus contributing to promoting the cultural change required by the Company.

### 4.1. Work environment

#### *Open Power Space*

#### **The work environment as the priority of the company's cultural and digital transformation**

*Open Power Space* is a collaborative work nucleus designed to promote creative processes and connections between people. It also facilitates the development of innovative projects capable of responding to the challenges emerging from a new, more efficient and sustainable energy model. But beyond a physical space, the *Open Power Space* is charged with promoting the cultural and digital transformation of the Company and its people. In addition, the open design is designed to enhance collaboration, creativity, and the use of new working methodologies.

In 2019, this collaborative space organised twenty presentations to disseminate knowledge aligned of the three pillars of the *Open Power Space* concept (technology and innovation, new methodologies and collaborative tools). Some speakers were external, experts from different *start-ups* and companies, and others were company employees. In these presentations, two were priority themes for the Company, since they are related to its strategic plan: *agile* transformation and adopting a *data-driven* company approach.

These initiatives draw attention to the work done in each area and open collaboration between the different lines of business regarding certain technologies to provide solutions to new challenges. Almost 1,000 people, including workers from other countries, participated in these initiatives.

Likewise, to demonstrate that the *Open Power Space* goes beyond physical space, three events were held in our headquarters in Tenerife, Gran Canaria and Malaga. At these

conferences, which had a total of 150 attendees, local experts discussed topics of innovation, best practices, new methodologies and digital tools. With these meetings, we wanted to show that innovation is everywhere, not only in big cities and large technology companies. In 2019, in collaboration with the *Digital Solutions* area, specific workshops on collaborative tools in the cloud were organised. These tools allow people to create, share and edit documents at any time and from any device.

In 2019, in collaboration with the Talent Development area, the Open Power Space promoted the “*Empower*” initiative, a training programme to promote an entrepreneurial culture in the organisation. The objective is to improve entrepreneurship and innovation skills and methodologies through training and teamwork. In 2019, two editions were held, with 60 participants and a scope of 16 business lines in twelve territories.

During 2019, three breakfasts were organised with the CEO and the general managers of all business lines. In collaboration with the *Harvard Business Review* magazine, or independently from the unit, the latest trends in management and innovation to face the challenges that are emerging in the energy sector were presented. The topics covered were: Artificial Intelligence and Big Data, 360° Vision of PPA's and Energy Storage.

Likewise, the *Open Power Space* has a web page that employees can access to see the activities and events organised. In addition, the materials presented in the sessions are published on this website to encourage knowledge transfer between employees.

**NOTA MAQUETADOR: maquetar con manual de estilo del IS 2019**



ENDESA Headquarters Madrid
Open Power Space Objectives
since January 2016
Boost innovation and collaboration between external employees and partners
Reduce the time-to-market of digital initiatives
Serve as a seed of change in the organisational culture

## Open Work

With the aim of adapting its spaces to a new way of working and improving energy efficiency, Endesa started work on the *Open Work* project at its headquarters in July 2019. In previous years, a pilot experience had already been carried out in the headquarters of the new Endesa X business line. After a good reception from employees, this model has been extended to the entire building.

Thanks to *Open Work*, work at Endesa will be more agile, technological, efficient, flexible and open. This layout is also aligned with the digital transformation of the company and with the *agile* methodology, a consequence of the current digital environment.

In December 2019, more than 340 people moved to this renovated area on the first floor of the building. These spaces have been fully renovated with individual workstations, isolated work areas, closed meeting rooms, open informal meeting areas and reception areas for employees who are visiting from other locations. Lighting has also been upgraded, replacing old fluorescent tubes with led lamps for greater energy efficiency.

Acoustics have also been taken into account by replacing the ceiling of the entire floor. Sound absorbing panels have been used in work areas, with filter panels in transit areas and meeting rooms with a high filter to reduce noise levels. The renovated area also features some important technological advances with respect to the previous space. Everyone has the latest computer equipment. There are specific printing and scanning areas and each meeting room has a new technological equipment. These spaces have collaborative technology, aligned with the Company's strategic objectives. The new space is equipped with 100% wireless connectivity. All meeting rooms with "Salas Conecta" have the latest video conferencing technology to connect with the touch of a button. They also have high definition cameras and an interactive whiteboard. Touch screens allow remote interaction and collaboration with colleagues via email. There are also wireless projection facilities through corporate devices.

This new space represents an important improvement, the main one being that it facilitates greater interaction between colleagues as it is an open space. The elimination of barriers between workstations encourages the creation of a collaborative work environment.

## Tech Bar

This space is in Endesa's headquarters in Madrid and facilitates daily use of technology for a better user experience in an open and friendly environment, in line with the ways we currently consume technology. Employees receive personal support at their disposal through a technician who helps them resolve doubts or incidents with their corporate technology. During 2019, the *Tech Bar* managed 3,063 employee requests through different means (451 by email, 1,660 hardware-software resolutions and access incidents, and 952 questions and telephone incidents, as well as equipment loans). Likewise, the *Tech Bar* is a place for learning about new ways of working, through

workshops, demonstrations and explanatory talks on how to make the most of computer programmes in their daily activities.

Throughout 2019, there were 118 workshops on collaborative work tools and digital routines attended by 754 people, who rated these short, practical sessions as extremely effective and valuable.

In 2019, we continued to hold workshops on Digital Routines to encourage good digital practices aimed at facilitating work both in and outside the office. A total of seven routines have been published on topics such as collaborative work in the cloud with *Office365*, *Teams* and the use of high-productivity applications on *smartphones*. In the *sharepoint*, where all the information about these contents is hosted, 16,919 visits were received from 2,739 different users and 266 subscribers follow all these publications.

## 4.2. Digital skill development

As part of its digitalisation strategy, Endesa focuses on the value of people since digital transformation is closely linked to the transformation of people.

Endesa's digital skill training programmes allow people to add to their technical knowledge of technology, change management skills that are the new paradigm of the digital age, to attain a more systemic vision and achieve a positive, sustainable impact.

Training in digital transformation was a priority in 2019, with more than 22,559.47 hours taught.

### Training programs



<b>Data Driven</b>
Collecting, improving, analysing and understanding how and why data have become essential to be competitive and maintain Endesa's growth. Guide people in the implementation of a data-centric culture, in the adoption of new technologies, such as machine learning, and in the empowerment of their talent and necessary skills.
<b>Digital Skills</b>
Aimed at people who require a vision of the digital world in its most technical



degree, delving into the digital tools of the different areas of Endesa
Digital Soft Skills
People are key to successful digital transformation. For this reason, information and training are essential, helping people to acquire these necessary skills to face new challenges. Some of the aspects covered are Design Thinking tools, innovation management, business agility, idea generation processes, prototyping, co-creation or bimodal management.
Digital routines
Promote good digital practices to be able to incorporate new routines every 21 days. It is an online training Itinerary with practical tips and tricks to get more out of digital tools, both in personal and collaborative use. Short videos between 2 and 4 minutes long with clear and concise indications, to become digital in 21 days
Office
Empower people to better use the tools in the Microsoft Office suite
Agile transformation
In-depth knowledge of Agile development techniques to bring teams to a high level of performance in delivery and Integrate the value of service management in an agile work dynamic

## 5.Cybersecurity

### **103-1 Customer privacy management approach**

#### **103-2 Customer privacy management approach, 103-3 Customer privacy management approach**

Technological components are increasingly integrated into the digital life of the business world and, at the same time, cyber threats inherent to each of these environments are becoming more frequent and sophisticated. That means that cybersecurity has become a global issue, and one of the pillars on which the Group's digitalisation strategy has been built.

The ENEL Group has a holistic, systemic model for implementing and managing cybersecurity, which covers all ENEL Group companies, including ENDESA. This is driven by Senior Management and has participants from all corporate business areas, and those responsible for design, management and operation of computer systems. Likewise, ENDESA, as part of the ENEL Group has a Cybersecurity Unit that reports directly to the Chief Information Officer (CIO), to streamline the decision-making process at a global level, in a context where response time is pivotal. Senior management and global strategic management are committed to the cybersecurity governance model and establish the need to use first-class technologies, design ad hoc business processes, increase people's cyber awareness, and transpose regulatory cyber requirements.

A "risk-based" approach makes risk analysis an essential step in all strategic decisions. Since 2017, a new cyber risk management model is being applied to the entire ENEL Group and therefore also to ENDESA. This model is based on a methodology that is applied to all types of computer systems (IT / OT / IoT), which identifies, prioritises and quantifies cyber security risks associated with the use of these systems, whose ultimate objective is to identify and adopt the most appropriate security measures to minimise and mitigate them. Therefore, in line with this methodology, ENDESA identifies information systems that require risk analysis, based on which the appropriate mitigation actions are established based on the type and severity of the risk.

In addition, adopting a global “cybersecurity by design” approach allows cybersecurity activities to focus on cybersecurity activities from the early stages of computer systems design and implementation, to fortify their resilience to cyber attacks.

As part of the ENEL Group, Endesa shares cyber security best practices and operational models and helps to define guidelines, standards and regulations with private organisations, institutions and academies.

Likewise, the ENEL Group has also created its own team of computer analysts, among the Cybersecurity Unit, (Cyber Emergency Readiness Team-CERT) and, in 2018, a new Control Room for proactive management of cyber incidents and to activate the response to cyber emergencies, cooperating with national and international CERT communities for all group companies, including ENDESA.

The CERT is active in national communities through membership of nine national CERTs, including, since 2018, the Spanish “national CERT” and, since 2019, the USA national CERT (NCCIC). There are also international collaborations with “Trusted Introducer”, a network of 380 CERT in 60 countries, and since 2018 with “FIRST”, the largest collaboration community in the sector, with more than 510 members from 90 countries.

When the CERT detects any type of risk or incident regarding information security, it analyses it and classifies it by severity. If the incident generates a crisis situation with a potential impact on the business continuity, the profitability of the company or its reputation, ENDESA will act immediately, in accordance with existing crisis and emergency management security policies.

The CERT is focused on:

- Prevention, detection and response to cybersecurity incidents
- Surveillance of cyber security threats, by collecting and processing detailed information on cyber threats, events and incidents.
- The exchange of information and collaborations between all actors is essential in case of a cybersecurity incident, in a context of “safe” communication, considering the principle of “trust” vis-a-vis information to be exchanged, that is, in accordance with the principles of “need to share” and “need to know” of the different parties involved.

The main activities carried out in 2019 by cyber security areas include:

- **CERT:** During 2019, the CERT strengthened the ENEL Group's perimeter protection methods by improving technological solutions in the field, and through actions to broaden the scope of its application: In 2019 it was accredited to the USA National CERT (NCCIC).
- **Cyber security education, training and awareness:** The global awareness campaign “Hackers Love Data. Save it “. The campaign is aimed at all Group employees and is available in Italian, English and Spanish, using several communication channels. In 2019, two “waves” on the subjects of “Spear phishing” and “Social engineering” were activated.

In addition, in 2019, 16 cybersecurity awareness actions were carried out. In general, communication activities were provided on an ongoing basis and aimed to disseminate updated information on cyber security among all Group employees. In addition, there was continuous and widespread activity to share information and “warnings” of major cyber threats, as happened, for example, in the case of an attack by hackers on one of the world's leading messaging systems in May 2019.

Finally, in 2019 the ENEL Group purchased cyber security risk insurance to mitigate cyber risk, valid throughout the Group.

To continue advancing in cybersecurity management, ENDESA has set the following objectives in its ENDESA 2020-2022 Sustainability Plan:

- Promotion of cybersecurity in 100% of web applications exposed to the internet. In 2019, we protected 100% of web applications with advanced cybersecurity systems.
- There were 45 actions to promote awareness of cybersecurity among employees and family members.

### 3.PILLARS

3.1. GOOD GOVERNANCE AND ETHICAL CONDUCT

3.2. OCCUPATIONAL HEALTH & SAFETY

3.3. ENVIRONMENTAL SUSTAINABILITY

3.4. SUPPLY CHAIN

## GOOD GOVERNANCE AND ETHICAL CONDUCT



**18%**

Women on Endesa's Board of Directors

% employees trained in ethics in the last 3 years

### ENDESA SUSTAINABILITY PLAN COMPLIANCE 2019-2021

	Line of action	2019 target	2019 result	Key actions
Corporate integrity	Presence of women on ENDESA's Board of Directors	18%	18%	
	Promotion of good governance practices	Supervision and annual report to the Audit and Compliance Committee (CAC) of the Criminal Risk Prevention Model	100% complete at 12/31/2019	
	Promotion of the prevention of criminal risks.	- Annual verification of the effectiveness of the Criminal Risk Prevention Model - Maintain criminal compliance certification (UNE 19601)	100% complete at 12/31/2019	
	Training in ethical conduct in the last 3 years (% employees).	97.5%	100%	
	Analysis of complaints through the ethical channel. (% term <90 days)	100%	100%	
	Maintain a high level of excellence in ethical conduct and be recognised by ISR analysts (DJSI score)	95/100	96	

## 1. GOOD GOVERNANCE MODEL

### 1.1. Leadership of the Board of Directors 102-18

The Board of Directors, who shall have the broadest power and authority to manage, direct, administer and represent the Company, shall, as a general rule, delegate the day-to-day management of the Company to delegated management bodies and shall focus its activity on supervising and discussing matters that are particularly important for the Company and its group of companies.

In accordance with the provisions of legislation in force and the Articles of Association, the Board of Directors shall establish an Audit and Compliance Committee and an Appointments and Remuneration Committee and may also establish an Executive Committee.

#### 102-22/102-23

COMPOSITION OF THE ENDESA MANAGEMENT BOARD ON 31-12-2019					
Board position	Name or company name with director	Category of Director	Date of first appointment	Audit and Compliance Committee	Appointments and Remuneration Committee
Chairman	Mr Juan Sánchez-Calero Guilarte	Independent	12.04.2019		
Vice Chairman	Mr Francesco Starace	External-Proprietary (1)	16.06.2014		
CEO	Mr José D. Bogas Gálvez	Executive	07.10.2014		
Director	Mr Alberto de Paoli	External-Proprietary (1)	04.11.2014	04.11.2014	04.11.2014
Director	Miquel Roca Junyent:	External - Independent	25.06.2009	30.06.2009	30.06.2009- *19.09.2016
Director	Alejandro Echevarría Busquet	External - Independent	25.06.2009	20.07.2009	24.07.2012
Director	Ms Maria Patrizia Grieco	External-Proprietary (1)	26.04.2017		
Director	Mr Antonio Cammisecra	External-Proprietary (1)	27.09.2019		
Director	Ms Helena Revoredo Delvecchio	External - Independent	04.11.2014	04.11.2014	04.11.2014
Director	Mr Ignacio Garraza Ruíz de Velasco	External-Independent	27.04.2015	07.05.2015 - *19.09.2016	07.05.2015
Director	Mr Francisco de Lacerda	External-Independent	27.04.2015	07.05.2015	07.05.2015
Secretary	Mr Borja Acha Besga		01.08.2015		

(\*) Appointment as Chairman of the Committees

#### 405-1/102-18

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

#### 102-18/102-24

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, on 10 November 2015, the Board of Directors approved 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.

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 may be renounced, revoked and reappointed, notwithstanding the provisions of Article 13.4 of the regulation of the board of directors.

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.”

Additionally, regarding the Audit and Compliance Committee, article 23 of the regulation states that *“The Board of Directors shall aim to appoint members to the Audit and Compliance Committee shall be carried out such that the members as a whole have knowledge and experience in accounting, auditing, finances, internal control and risk management, as well as proper training in the area of corporate governance and corporate social responsibility.” As a whole, members of the Committee shall have relevant technical knowledge in terms of the electricity and gas industries in which the Company operates.*

*The Chairman of the Audit and Compliance Committee shall be appointed by the Board of Directors from among the independent directors sitting on the Committee, with the favourable vote of the majority of the Board itself, and taking into account their knowledge and experience in accounting, auditing or risk management. The Chairman must be replaced every four years but may be re- elected after one year has elapsed from his vacating the office.*

Finally, regarding the Appointments and Remuneration Committee, article 24 of the Regulations establishes that: “ The Board of Directors shall aim to appoint members to the Appointments and Remuneration Committee based on their knowledge, skills and experience.

The Chairman of the Appointments and Remuneration Committee shall be appointed by the Board of Directors, by a favourable vote of the majority thereof, from among the Independent Directors on the Committee. In the Chairman’s absence, the Independent Director with the most seniority on the Committee or, failing this, the oldest Independent Director on the Committee, shall act as the Chairman.

During 2019, the Board of Directors held 13 meetings. The Chairman participated in all of them.

ENDESA'S BOARD OF DIRECTORS: RELEVANT DATA 31.12. 2019	
Total directors	11
Non-executive directors	10

Independent directors	6
External shareholder-appointed directors	4
Meetings of the Board of Directors	13
Shares owned or controlled by members of the Board of Directors or relevant persons	33,760 (0.00% of capital)

The policy for selecting Endesa's directors aims that the number of female directors should represent at least 30% of the total members of the Board of Directors by 2020.

## 1.2. Remuneration of Directors

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

"Fixed monthly allocation" at the date of issuance of this Report: the amount applied for this concept has been maintained since January 2013, and is 15.6 thousand euros gross. 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	
thousands of euros	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 consisted of 11 Directors at 31.12.2019. However, the data are calculated on the seven Directors (five men and two women) who receive remuneration as such. The four remaining Directors (all men) have renounced all payment as Directors in their capacity as such and that is why, in order not to distort the average, their inclusion has not been considered.

In ENDESA there is no gender gap in the remuneration of Directors, since the amounts of the remuneration items are the same for men and women. The difference of 29% in the average remuneration is due to two fundamental reasons: on the one hand, in the "fixed" 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 Director 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.

### 1.3. Responsibilities and duties of the Directors

#### 102-25

Article 28 and 28 bis of the Regulations of the Board of Directors govern Conflicts of Interest and the duty of information:

**Conflicts of Interest:** Directors shall take the necessary measures to avoid becoming involved in situations in which their interests, whether personally or on behalf of another party, may conflict with the corporate interest and their duties to the Company.

In particular, the duty to avoid conflicts of interest requires directors to abstain from:

- A) Carrying out transactions with the Company, except for ordinary transactions carried out on standard terms for all customers and which are immaterial, understood as not requiring to be reported in order to express a true and fair view of the Company’s assets, financial position and results.
- B) Using the Company’s name or using their status as a Director of the Company to unduly influence private transactions.
- C) Using corporate assets, including the Company’s confidential information, for private purposes.
- D) Taking advantage of the Company’s business opportunities.
- E) Obtaining advantages or remuneration from third parties other than the Company and its group for performing their duties, except for minor hospitality.
- F) Performing activities, whether for themselves or on behalf of third parties, potentially or actually involving effective competition with the Company or which, in any other manner, place the Director in a permanent conflict of interest with the Company.

The provisions set forth in this section shall also apply when the beneficiary of the restricted actions or activities is related to the Director.

The waiver of the obligations set forth in this section, as the case may be, shall require approval of the Board of Directors or of the General Shareholders’ Meeting, in accordance with the provisions of law and all other internal regulations of the Company.

Directors shall abstain from participating in the deliberation and voting on agreements or decisions regarding which they and/or a related person has a direct or indirect conflict of interest. Agreements or decisions that affect their status as Directors, such as their appointment to or removal from roles on the Board of Directors, its Committees and the Executive Committee, or other analogous agreements or decisions shall be excluded from the aforementioned obligation to abstain.

In any case, conflicts of interest affecting the Directors of the Company shall be reported in accordance with the law in force.

**Duty of information:** Directors must notify the Board of Directors, through the Secretary of the Board, of any situation of conflict, direct or indirect, that they may have with the interests of the Company.

Likewise, Directors shall notify the Company, via the Board Secretary, of any legal criminal investigation or proceedings, in Spain or abroad, in which they are involved, as well as of all developments related thereto. The Appointments and Remuneration Committee will analyse the

information available, presented by the Director, via the Secretary, to determine whether the case could damage the

Company's credit or reputation.

In cases where the investigation or criminal proceedings lead to a Director being indicted or tried for any of the crimes stated in company law, the Board of Directors shall examine the matter as quickly as possible and, following a report by the Appointments and Remuneration Committee, will decide on the course of action it considers most appropriate to the company's interests. In the event that such criminal proceedings take place in a jurisdiction outside of Spain, similar concepts or legal categories of analogous significance to those provided for in Spanish law will be applied.

The Directors shall execute and sign renew an annual declaration stating the activities performed and securities owned thereby and, where appropriate, by any related persons, which may be relevant to the performance of their duties.

Furthermore, according to article 25, 26 and 27 of the Board Regulations, the directors have the responsibility to act with due diligence, loyalty and confidentiality:

**Duty of diligence:** Directors shall carry out their position and perform the duties imposed thereon by law, the Articles of Association and these Regulations with the diligence of a prudent businessman, taking into account the nature of the position and duties attributed to the Director.

Directors shall have the necessary dedication and shall adopt those measures necessary for the proper management and control of the Company.

In performing their duties, the Directors have a duty to request, and the right to gather, all information from the Company which may be appropriate or necessary in order to perform their duties, and shall properly prepare all meetings of the Board and of any corporate body of which they are a member.

Furthermore, Directors shall attend the meetings of all corporate bodies on which they sit and shall actively participate in their debates with a view to effectively contributing to the decision-making process. If a Director is unable, for just cause, to attend a meeting to which he/she has been called, he/she shall provide instructions to the Director representing him/her, if any.

The Company may purchase an insurance policy to cover the civil liability of Directors and Executives arising in the performance of their duties, except as regards actions that are uninsurable under Spanish law.

**Duty of loyalty:** Directors shall act as loyal representatives in performing their duties, acting in good faith and in the best interests of the Company, interpreted with full independence, and they shall ensure at all the times that the interests of the shareholders as a whole, from whom their authority originates and to whom they are accountable, are best defended and protected.

Directors shall, by virtue of their office, be required, in particular, to:

- A) Refrain from exercising their powers for purposes other than those for which they were granted.
- B) Perform their duties under the principle of personal responsibility with freedom of expression or judgement and independence as regards the instructions of, or relations with, third parties.
- C) Comply with general principles and rules regarding behaviour as set forth in the Company's Code of Ethics.

**Duty of confidentiality:** The Directors, even after ceasing to perform their duties, shall keep all information, data, reports and records to which they had access in carrying out their position confidential, even when they have ceased to hold said office, except in such cases as required or permitted by law.

Where the Director is a legal entity, the representative thereof shall be bound by the duty of confidentiality.

## 1.4. Shareholder participation

On April 12, 2019, ENDESA held its Ordinary General Shareholders' Meeting with a participation of 85.75% of the capital.

### 1.4.1. Transparency and closeness with shareholders and investors

#### 102-43

ENDESA maintains a constant relationship with its shareholders, with private and institutional investors, and with the main stock market analysts, providing continuous, detailed information through the Investor Relations Department and the Shareholder Office, located in Madrid.

In this regard, on November 11, 2015, ENDESA's Board of Directors, in accordance with the Code of Good Governance of Listed Companies, approved the "Policy Regarding Communication and Contacts with Shareholders, Institutional Investors and Proxy Advisors". The main objective of this Policy is for the Company to provide transparent, complete and truthful information, permanently fostering its relations with shareholders and institutional investors.

The general principles by which this policy is governed are transparency, immediacy, continuous information, equal treatment, affinity with the social interest and regulatory compliance.

The Audit and Compliance Committee is responsible for supervision of the communications strategy and relationships with shareholders and investors, including small and medium shareholders. In compliance with this policy, at its meeting on 16 December 2019, the Audit and Compliance Committee supervised the Communication and Relationship Strategy with Shareholders and Investors and other Stakeholders for the year 2019.

The conclusions of this Committee indicated that ENDESA's information dissemination channels function properly and are carried out in accordance with the general principles of ENDESA's Policy and in accordance with best corporate governance practices.

### **1.4.2. Investor Relations Department**

#### **102-43**

Among the activities carried out by the Investor Relations Department in 2019, it is worth highlighting the public presentations made to analysts and investors about the Company's quarterly results and its strategic plan.

In this regard, on 27 November 2019, ENDESA presented an update of the strategic plan for the period 2020-2022 to the market.

During 2019, ENDESA carried out two Non Deal Roadshows. The first was carried out in Europe and the United States during the months of February and March, after the presentation of results for the 2018 financial year. The second, also in Europe and the United States, was held in November and December, following the presentation of the update of the 2020-2022 strategic plan, with the aim of informing the main investors of the society. At these two Roadshows, ENDESA visited a total of 14 cities, where it met with 111 investors. ENDESA also participated in six Reverse Roadshows when it held meetings with 60 investors in Madrid.

ENDESA's Investor Relations Department also attended a total of eight international conferences on the sector, meeting with 101 investors in seven different cities.

As part of its daily activity, it should also be noted that the Investor Relations Department answered a total of 839 inquiries from analysts, investors and rating companies via telephone, email or in person meetings.

Finally, ENDESA held its Ordinary General Meeting on 12 April 2019 at the Hotel Madrid Marriott Auditorium in Madrid, when all the items on the agenda were approved, reaching an attendance quorum of 85.75% of capital.

### **1.4.3. The ENDESA Shareholder Office**

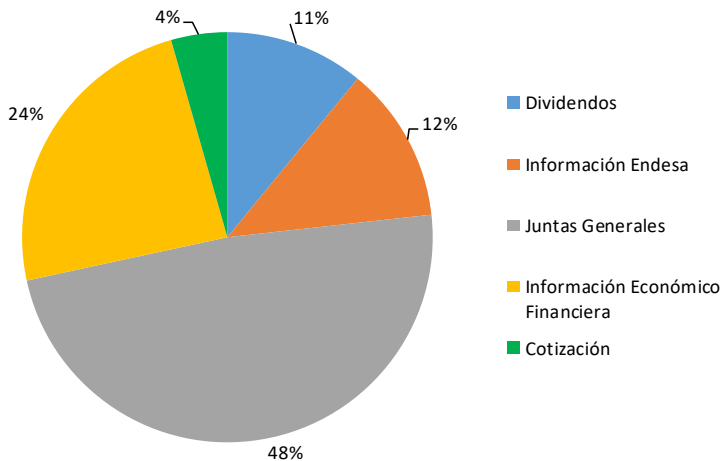
#### **102-43**

One of the most important channels that the company makes available to its private shareholders is "Information for Shareholders and Investors" published on its corporate website ( [www.ENDESA.Com](http://www.ENDESA.Com) )

In 2019, 1,809 phone calls were handled by the ENDESA Shareholder Office, 589 visits were received and 1,332 document deliveries were made.

Type of information requested from ENDESA's Shareholder Information Office in 2019

*The shareholder's office dealt with 3,730 requests from shareholders*



Dividends
Endesa Information
General Meetings
Economic-financial information
Quotation

## 2. ETHICAL CONDUCT AND COMPLIANCE

102-16

### 2.1. Zero Tolerance of Corruption Plan:

**103-1 Anti-corruption Management Approach / 103-2 Anti-corruption Management Approach / 103-3 Anti-corruption Management Approach / 103-1 Unfair Competition Management Approach, 103-2 Unfair Competition Management Approach, 103-3 Unfair Competition Management Approach / 205-2 / 205-3 / 103-1 Public Policy Management approach / 103-2 Public Policy Management approach / 103-3 Public Policy Management approach / 103-1 Socio-economic compliance Management approach / 103-2 Socio-economic compliance Management Approach/ 103-3 Socio-economic compliance Management Approach**



All the Company's employees, executives, members of the Board of Directors and majority and minority partners have been informed of the company's Anti-Corruption Policy.

ENDESA is fully committed to complying with ethical standards and principles, as well as current legislation, both internally and in its external relations.

To achieve this, the company has a Code of Ethics and a Zero Corruption Tolerance Plan, which represent its pillars of ethical culture and integrity. These documents require administrators, managers and employees to carry out activities and relationships with their stakeholders in a comprehensive manner.

The Code of Ethics is composed of:

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

**415-1 / 103-1 Public Policy Management Approach / 103-2 Public Policy Management Approach / 03-3 Public Policy Management Approach**

Likewise, according to the Code of Ethics, Endesa does not finance parties, their representatives or candidates in Spain or abroad, nor does it sponsor congresses or parties whose sole purpose is political propaganda. *For more information, see section 1.9.4 Transparency in institutional relations in the Commitment to Sustainability chapter.*

**102-16 / 103-1 Anti-corruption Management Approach / 103-2 Anti-corruption Management Approach / 103-3 Anti-corruption Management Approach / 103-1 Socio-economic Compliance Management Approach / 103-2 Socio-economic Compliance Management Approach / 103-3 Approach Socio-economic Compliance Management**

It does not exert any type of direct or indirect pressure on political exponents (for example, through public concessions to Endesa, acceptance of suggestions for hiring, consultancy contracts, etc.).

In the last three years, 78% of employees have completed at least one course in ethics, and all suppliers undertake in writing to be bound by the general principles of the Criminal Risk Prevention Model, in the General Contracting Conditions.

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

The Code of Ethics and the Zero Corruption Tolerance Plan are available on the

company's website. <https://www.endesa.com/es/inversores/a201611-conducta-etica.html>

## 2.2. Corporate Integrity Protocols:

In the framework of ethical and compliance regulations, Endesa has the following specific protocols:

- **Protocol regarding the acceptance and offering of gifts and entertainment:**  
Whose purpose is to establish clear action principles to be followed by ENDESA Collaborators for everything related to the offering and reception of gifts and hospitality, derived from their interaction with public officials, customers and suppliers, in order to ensure the adequacy of their behaviour to the Code of Ethics and the Zero Tolerance Plan with Corruption of the Company.
- **Protocol of good practices in dealing with public officials and authorities**  
Whose purpose is to establish clear principles of action that guide the actions of employees, managers, administrators and third parties hired by ENDESA when dealing with public officials or authorities, guaranteeing the excellence of the services provided by ENDESA and ensuring the application of the principles of transparency and correction in relations with the public sector.

These protocols are available on the company's website. [www.endesa.com](http://www.endesa.com)

## 2.3. Criminal Risk Prevention and Anti-Bribery 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 in the 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.

In 2019, the Endesa Model was reviewed and the certifications obtained in 2017 for the Model for the Prevention of Criminal Risks and anti-bribery that were certified by its conformity with the UNE 19601:2017 standards for Criminal Compliance Management and UNE-ISO 37001 have been maintained for the Anti-Bribery Management System.

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 three 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 Criminal Risk Prevention 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 Criminal Risk Prevention 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 Prevention Model is operational in all the relevant Group Companies and is being executed effectively, being generally adequate to mitigate commission risks of the offences established in the applicable regulations.

## 2.4. Accomplishment of the goals

Integrity and ethical conduct are among the basic pillars of ENDESA's sustainability strategy. Therefore, the ENDESA Sustainability Plan 2018-2020 included specific objectives aimed at maintaining a high level of excellence in this area, reaching an overall level of compliance of 100%.

Description of the objective	Objective achievement
Annual verification of efficiency of the Criminal Risk Prevention Model	100%
97.5% employees trained in ethics in the last 3 years (accumulated % of the total workforce)	100%
Be exemplary in the sector and a leading company for ethical, integral and impeccable behaviour (DJSI score > 95)	100%
% verifiable complaints analysed in a period not exceeding 90 days	100%

## 2.5. Ethics Channel

**102-17/103-1 Anti-corruption Management Approach/103-2 Anti-corruption Management Approach/103-3 Anti-corruption Management Approach**

ENDESA makes available to all its stakeholders an Ethics Channel, accessible through its website ([www.endesa.com](http://www.endesa.com)) and on its intranet, allowing them to communicate, in a

safe and anonymous way, any irregular, unethical or illegal conduct that they believe to be taking place in the development of the Company's activities.

The procedure established for the use of the channel guarantees confidentiality, as it is managed by an external and independent firm, through which all communications are processed. In addition, there is an internal policy that describes the process for receiving, analysing and investigating complaints, published on the company's intranet. The policy establishes, among other matters, that the company will adopt disciplinary measures against any type of retaliation against whistleblowers, as well as against those who knowingly make false reports.

The communications received through the Ethics Channel correspond mainly to the improper use of resources, issues related to conflicts of interest, personnel management, and inappropriate supplier and contractor activities.

In addition to the Ethics Channel, complaints are received through other channels, such as email and letter, and are always routed to the General Directorate of Audit in accordance with ENDESA's internal procedures.

The General Directorate of Audit is responsible for ensuring the correct handling of complaints received, acting according to its own judgement, independently of other units in the organisation. It has access to all Company documents necessary for the exercise of its functions and monitors the implementation of the recommendations included in its audit reports.

In addition, the General Directorate of Audit is a body attached to the Board of Directors through its Audit and Compliance Committee, which centralises and channels complaints of significant relevance and elevates them to the Board.

During the 2019 financial year, all the processes established for the correct application of the Code of Ethics were fully complied with by the Company. During 2019, ENDESA 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 resulted in their being managed by a specialist following the established protocol.

<b>Complaints received 2019 according to complainant</b>	<b>Customers</b>	<b>Employees</b>	<b>Suppliers</b>	<b>Shareholder</b>	<b>Community</b>	<b>Anonymous</b>	<b>Total</b>
<b>Iberia</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>11</b>

<b>Complaints received in 2019 according to the affected or potentially affected stakeholder</b>	<b>Customers</b>	<b>Employees</b>	<b>Suppliers</b>	<b>Shareholders</b>	<b>Community</b>	<b>Other</b>	<b>Total</b>
<b>Iberia</b>	<b>3</b>	<b>2</b>	<b>4</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>11</b>

Status and conclusion of complaints received	2016	2017	2018	2019
<b>Closed</b>	<b>10</b>	<b>9</b>	<b>8</b>	<b>11</b>
Non-compliances	2	1	0	3
Unfounded	8	8	8	8
<b>Open</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>

Non-compliances by type	2016	2017	2018	2019
Conflicts of interest / Corruption	1	1	0	1
Fraud or theft against the Co. / Misuse of resources	1	0	0	1
Other	0	0	0	1
<b>Total</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>3</b>

In addition to the investigation of complaints, in 2019, 47 internal audit projects took place, 31 of them (66%) covered compliance risks and 16 (34%) covered the risk of corruption. The analyses carried out reached 100% of business lines, covering those processes of the company with the highest risk. No corruption-related cases were detected in these reviews.

## 2.6. Litigation

### *LITIGATION ON MONOPOLISTIC AND ANTI-COMPETITIVE PRACTICES*

#### **206-1**

The total number of lawsuits regarding monopolistic and anti-competitive practices is 4. The value of the fines amounts to 11.5 million euros.

The four cases are described below:

1- Energía XXI, S.L.U. In June 2017, the CNMC agreed to initiate sanction proceedings against Endesa Energía XXI, S.L.U. for the alleged commission of practices contrary to article 3 of Law 15/2007 on the Defence of Competition ("LDC") consisting of using the bills of clients availing themselves of PVPC/TUR to publicise the services offered by the free marketer, or direct them to the Service Points linked to the free marketer. On 20 June 2019, the CNMC issued a Resolution in proceedings S/DC/0552/15, imposing a fine of 5.5 million euros on Energía XXI, S.L.U. Said Resolution has been appealed to

the National Court, with a request for the provisional suspension of the enforcement of the Resolution, the matter currently pending in administrative proceedings.

2- Endesa GENERACION, S.A.U. On 30 November 2017, the CNMC agreed to initiate sanction proceedings against Endesa Generación, S.A. for alleged undue alteration of the dispatch of the Besós Combined Cycle Power Plant, groups 3 and 5, in the period October 2016 - January 2017 (File SNC/DE/174/17). The CNMC considers that ENDESA GENERACIÓN, S.A. proceeded to assign abnormal or disproportionate price values to the daily market offers of groups 3 and 5 of the Besós combined cycle plant, in the period October 2016 - January 2017, in order to exclude these groups in said market, and for the programming to take place within the framework of the process of technical restrictions. According to the CNMC, this conduct occurred with the company fully aware of the high probability of allocation in said process, where it would earn more than the daily market. The allegations have been made in said proceedings, without acknowledging responsibility for the facts and justifying the behaviour as being consistent with the applicable regulations. The maximum applicable fine is up to 6 million euros, to be quantified by the CNMC

3- EDistribución Redes Digitales, S.L.U. and Energía XXI, S.L.U. On 6 September 2018, the National Commission on Markets and Competition (“CNMC”) issued a Resolution obliging vertically integrated reference distribution and marketing companies—in Endesa's case, Endesa Distribución S.L. and Endesa Energía XXI S.L.—to adopt a series of measures, all in order to comply with the obligation provided for in articles 12.3 of the Electricity Sector Law and 63.6 of the Hydrocarbon Sector Law not to create confusion in the information and in the presentation of its brand and image regarding the identity of the subsidiaries of the same group that carry out free marketing activities.

Both Endesa Distribución S.L. and Endesa Energía XXI S.L.U. appealed the Resolution before the National Court with a request for a provisional suspension of the enforcement of the measures imposed by the CNMC. For its part, the National Court issued an Order on 31 January 2019, rejecting the request for provisional suspension of the enforcement of the appealed Resolution. Endesa Distribución S.L. and Endesa Energía XXI S.L. have submitted a brief in the framework of the ordinary proceedings pending before the National Court.

4- Endesa Generación, S.A.U. On 2 March 2018, the Decision issued by the European Commission of 27 November 2017 in the case SA.47912, Environmental incentive for coal-fired power plants, was published in the Official Journal of the European Union. 47,912, *environmental incentive for coal-fired power plants*.

In said Decision, the Directorate General for Competition of the European Commission (“Commission”) agreed to initiate a formal investigation procedure under article 108.2 of the Treaty on the Functioning of the European Union (“TFEU”), in order to determine whether the environmental incentive (“Incentive”) for coal plants provided for in Order ITC/3860/2007 constitutes State aid compatible with the internal market. According to the literal wording of the Decision, the Commission has reached the preliminary conclusion that the Incentive constitutes State aid within the meaning of Article 107.1 TFEU and has doubts about its compatibility with the internal market, since it considers that it constitutes aid to investments made solely for the purpose of adapting coal-fired

power plants in line with Community environmental standards<sup>4</sup>, in particular Directive 2001/80 on large combustion plants.

On 13 April 2018, Endesa Generación S.A.U., in its capacity as an interested third party to the proceedings, forwarded its pleadings to the Directorate General defending the following:

- (i) The incentive for environmental investment that is the subject of the proceedings does not constitute State aid within the meaning of Article 107.1 TFEU, since not all the elements provided for in said Article are present and, in particular, it is not selective.
- (ii) Subsidiarily, and in the event that the European Commission reaches the final conclusion that the Incentive constitutes State aid, it is compatible with the internal market under Articles 106.2 and 107.3 TFEU, since it is an investment incentive to guarantee the viability of the beneficiary coal plants and, ultimately, to guarantee the electricity supply.
- (iii) Ultimately, the principle of legitimate expectations is invoked in order to defend the non-obligation to recover the alleged aid. This is because the European Commission knew and has examined the incentive in question in various previous proceedings without there being any objection from the Community competition authority.

Subsequently, on 30 July 2017, the appeal filed by Gas Natural against the decision of the European Commission initiating the reference investigation procedure was published in the DOUE.

To date, there has been no pronouncement by the EU institutions.

Endesa Generación, S.A.U. Kingdom of Spain, notification of State Aid. Following the entry into force of Royal Decree 738/2015, of 31 July, which regulates the activity of electricity production and dispatch procedure in the electrical systems of non-mainland territories ("Royal Decree 738/2015"), the Kingdom of Spain proceeded to notify the Directorate General for Competition of the European Commission of the remuneration regime provided for in said Royal Decree, for its approval.

Notwithstanding that this is a procedure between the Kingdom of Spain and the European Commission and that Endesa Generación, S.A.U. is not part of it, various informal meetings have been held with the European Commission in order to speed up the authorisation procedure. As of today, the matter is still pending approval by the European Commission, without a formal investigation procedure into State aid having begun.

## **ENVIRONMENTAL LITIGATION**

### **307-1**

The total number of environmental lawsuits amounts to 53, and the total monetary value of the fines is 69,357,288.14 euros.

These 53 lawsuits can be broken down as follows:

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- 10 matters related to renewable energy (wind).
- 3 matters related to (nuclear) generation. The amount of these fines is 15,375,000 euros.
- 4 matters related to generation (water, gas and coal).
- 36 matters related to distribution.
- There were no matters related to renewable hydroelectric energy.

## ***CLAIMS RELATING TO DATA PROTECTION***

### **418-1**

Of the total of 7,339 duly substantiated internal complaints received in Spain and Portugal in 2019 in relation to breaches of privacy: (i) 54 of them correspond to e-Distribution, (ii) 4,280 to Endesa Energía, (iii) 755 to Energía XXI and (iv) 2,250 correspond to the subsidiary of Endesa Energía in Portugal.

No leaks, thefts or losses of client personal data in Spain or Portugal have been registered or notified.

Of a total of 61 administrative procedures initiated in 2019 by the Spanish Agency for Data Protection and the National Data Protection Commission of Portugal: (i) 26 of them correspond to Endesa Energía, (ii) 3 to e-Distribution, (iii) 6 to Energía XXI and (iv) 26 to the subsidiary of Endesa Energía in Portugal.

## ***CLAIMS AND FINES IN THE SOCIAL AND PROCEDURAL AREA***

### **419-1**

The amount of significant fines resulting from non-compliance with regulations in relation to the supply and use of the organisation's products and services amounts to 1,596,760 euros, with 85 administrative or judicial penalties imposed on the organisation resulting from non-compliance with the legal rules or regulations related to the provision and services of the company.

## ***CLAIMS AND FINES RELATING TO THE IMPACTS OF PRODUCTS AND SERVICES ON HEALTH AND SAFETY***

### **416-2/EU25**

There were no incidents resulting from non-compliance with legal regulations or voluntary codes related to the impacts of products and services on health and safety that resulted in a fine or sanction, or a warning.

## ***CLAIMS AND FINES RELATING TO NON-COMPLIANCE REGARDING INFORMATION AND LABELLING OF PRODUCTS AND SERVICES***

### **417-2**

The total number of non-compliances with the regulations regarding information and labelling of products and services, resulting in a fine, was 83.

There were no non-compliances in this matter that resulted in a warning.

There were no non-compliances with the voluntary codes regarding information and labelling of products and services.

## ***CLAIMS AND FINES RELATED TO MARKETING COMMUNICATIONS***

### **417-3**

There were no incidents resulting from non-compliance with voluntary codes and regulations related to marketing communications, including advertising, promotion and sponsorship.

## ***TAX LITIGATION***

- There is an ongoing lawsuit regarding the proceedings initiated as a result of the Inspection in 2017 of ENEL Green Power España, S.L.U. (EGPE) in relation to Corporate Income Tax for the years 2010 to 2013. The main issue under discussion concerns the applicability or otherwise of the tax neutrality regime to the merger of ENEL Green Power España, S.L.U. (EGPE) by absorption of ENEL Unión Fenosa Renovables, S.A. in 2011. On 10 December 2019, a dismissal resolution was obtained from the Central Economic-Administrative Court on the Corporate Income Tax for 2011 (as regards the position of ENEL Green Power España, S.L.U. (EGPE) as successor to ENEL Unión Fenosa Renovables, S.A.) and it was decided to lodge an appeal with the National Court; the remaining years are pending resolution by the Central Tax Appeal Board. There is a guarantee covering the suspension of the debt.
- In 2016, the Tax Agency notified ENDESA of the agreement to initiate the proceedings regarding the consolidated tax group number 572/10 to which ENDESA, S.A. belongs and its subsidiaries with respect to Corporate Income Tax for 2011 to 2014. In April 2018, contested tax audit reports were signed by the consolidated group in relation to Corporate Income Tax for 2011 to 2014. On 9 July 2018, the final settlement agreements were issued, which were appealed on 27 July 2018 before the Central Tax Appeal Board and are pending resolution. The items under discussion relate mainly to the difference of opinion on the deductibility of expenses for decommissioning of plants and of certain financial expenses from the period inspected. There is a guarantee covering the suspension of the debt.

## OCCUPATIONAL HEALTH & SAFETY



**1 Fatal accident of own personnel in 2019**

**81,728 job** safety inspections in 2019

**6,526** medical check-ups for ENDESA staff

**5.5%**  
Reduction of the combined accident frequency rate

### ENDESA SUSTAINABILITY PLAN COMPLIANCE 2019-2021

	Line of action	2019 target	2019 result	Key actions
Occupational Health & Safety	Fatal accidents	0	1	1 Fatal accident of own personnel in 2019, in Badajoz
	Combined accident frequency rate	0.8	0.68	
	Safety inspections at own and contractors' facilities	70,000	81,728	Safety inspection plan
	Performance of ECoS (Extra Checking on Site)	24	21	
	Conducting medical examinations of employees	6,500	6,526	

## 1. ENDESA, A SAFE AND HEALTHY ENVIRONMENT

**103-1 Health and Safety at Work Management Approach/103-2 Health and Safety at Work Management Approach/103-3 Health and Safety at Work Management Approach/103-1 Employment Management Approach/103-2 Employment Management Approach/103-3 Employment Management Approach**

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

**403-2/403-7**

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

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 allow complacency or overconfidence.

As a result of the correct integration of all the agents involved in ENDESA's safety system, the main actions carried out in 2019 focused, among other things, on basic pillars of preventive activity, including:

- 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 ENDESA's activity or in its 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 its collaborating companies through periodic evaluations;
- the investment in the improvement of preventive training applying the latest available methodologies;

**103-1 Occupational Health and Safety Management Approach/103-2 Occupational Health and Safety Management Approach/103-3 Occupational Health and Safety Management Approach/403-2/403-7**

To ensure that all operations are performed safely, ENDESA has implemented a company-wide safety inspection programme. Inspections are performed partly by the company's own personnel and partly through collaborating entities that have previously received training

on ENDESA's work procedures and on actions or behaviours that we consider not to be acceptable from the standpoint of risk prevention.

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.

### Occupational Health and Safety Management System

#### **403-1/ 403-8**

100% of ENDESA's locations have OHSAS 18001 certification with workforce implementation of more than 99%. This internationally accepted standard defines the requirements for the establishment, implementation and operation of an effective OHSMS (Occupational Health and Safety Management System). Furthermore, it is compatible with management system standards such as ISO 9001 and ISO 14001, which will facilitate its integration with quality and environmental management systems.

The OHSMS allows ENDESA to identify and collaborate in controlling its health and safety risks, reduce accidents, assist in the control of compliance with laws and improve performance in general, promoting a safe and healthy environment.

The annual review of ENDESA's Occupational Health and Safety Management System (OHSMS) aims to ensure the convenience, adequacy and continued effectiveness of the system itself. This process guarantees that the objectives of Occupational Health and Safety (OHS) are included, that opportunities for improvement can be observed, and the appropriateness of making changes to both the OHSMS and its Occupational Risk Prevention Policy.

**403-1/403-2/403-8/103-1 Occupational Health and Safety Management Approach/103-2 Occupational Health and Safety Management Approach/103-3 Occupational Health and Safety Management Approach**

PLANTILLA SGSST ENDESA  
DESGLOSE IRPLD\* 2019

SOCIEDADES	CON CERTIFICACION OHSAS		SIN CERTIFICACION OHSAS	
	EMPLEADOS CON CERTIF OHSAS	% SOBRE PLANTILLA SGSST	EMPLEADOS SIN CERTIF OHSAS	% SOBRE PLANTILLA SGSST
ENDESA GENERACION	1017	12,18%		
ENCASUR			2	0,02%
GESA	364	4,36%		
UNELCO	572	6,85%		
EDISTRIBUCION REDES DIGITALES	2770	33,17%		
ENDESA INGENIERIA	86	1,03%		
ENDESA RED			43	0,51%
ENDESA ENERGIA	844	10,11%		
EOSC	549	6,57%		
ENEL X (CERTIFICADO E. ENERGIA)	237	2,84%		
E. MEDIOS Y SISTEMAS Y ENEL IBERIA	521	6,24%		
ENDESA SA	1338	16,02%		
FUNDACION ENDESA			9	0,11%
<b>TOTAL CON CERTIFICADO</b>	<b>8298</b>	<b>99,35%</b>		
<b>TOTAL SIN CERTIFICADO</b>			<b>54</b>	<b>0,65%</b>

**TOTAL PLANTILLA SGSST ENDESA** 8352

\* Management Review Report, final stage of the OHSAS 18001 continuous improvement circle on which our OHS Management System and the companies that are part of it are based.

## Hazard identification, risk assessment and incident investigation

### 403-2

Based on the procedures of its Management System (ENDESA OHSMS), hazards are identified, risks are assessed and incidents are investigated, both for in-house employees and for contractors. These procedures are currently under review, although they are briefly described below.

**1. To identify hazards**, the Joint Prevention Service (SPM) requests the Organisational Units which the occupations under evaluation come under to **identify** risks according to the guide/s applicable at ENDESA approved by the Commission on Participation in the Planning and Control of Preventive Activity Management.

The hierarchical chain, the employee representatives in the matter of prevention and the SPM will analyse the data, establishing the risks that can be eliminated in the facilities, but not evaluating them. The Organisational Unit responsible, with the advice of the SPM, will establish the action plan for the elimination of these risks, informing the employee representatives in prevention matters.

Those risks whose elimination is feasible will be eliminated. Risks that cannot be eliminated will be assessed, followed by the necessary preventive measures (which act as risk control) through the appropriate actions. These measures are structured into the following hierarchy:

1. Substituting the dangerous for the non-dangerous.
2. Engineering controls (technical/organisational measures for risk control).
3. Signage/warnings and/or administrative controls.
4. Personal protective equipment.

**403-1/403-2/403-8/103-1 Occupational Health and Safety Management Approach/103-2 Occupational Health and Safety Management Approach/103-3 Occupational Health and Safety Management Approach**

The aforementioned measures (controls) are implemented by assigning responsibilities and establishing resources and deadlines. Also, the effectiveness of the different preventive measures implemented is checked.

**2. The risk assessment** is reviewed, provided that one of the following situations occurs:

- There has been damage to workers' health and as a consequence of the investigation, review is considered appropriate.
- Some of the risks included in the assessment have been eliminated.
- When, as a consequence of periodic controls of working conditions, needs for change are observed in the risk assessment.
- When it is expected that technological changes will take place, whether in the organisation, to activities, to work procedures, or to working conditions.
- By agreement of the HSC (Health and Safety Committee).
- Based on the proper control and maintenance of work equipment and machines,
- Based on the verification of the effectiveness of preventive measures.
- When indicated by the periodic evaluation of compliance with the applicable occupational health and safety legislation and regulations.

The review process will be the same as that included for the initial evaluation and if any change occurs, the SPM will proceed to analyse the new training, information and health surveillance criteria which the worker or workers who occupy the position must be subjected to, as if it were a change of job function.

Any worker who detects a possible risk related to their own safety, that of colleagues, third parties or even of machines and facilities, must report it.

To report risks, other communication systems such as email, fax, etc. can be used as long as the Organisational Unit receives the Risk Communication Report (PCR Format).

The Organisational Unit Responsible for Execution will compile the Non-compliance report.

Within 20 calendar days of receipt of the Risk Communication Report, the Organisational Unit Responsible for Execution will respond with the actions to be carried out or dismissal (stating the reasons) of the Risk Communication Report to:

- Worker or worker representative who has completed the Risk Communication Report
- Secretary of the Health and Safety Committee of the field of action where the risk has been detected, or failing that, the one the worker belongs to, which will send a copy to the members of said Committee.
- SPM for it to act in those communications that require its advice and/or support.

The person who eventually resolves the risk through the appropriate preventive/corrective measures will sign in the box "Resolved by". Finally, the Organisational Unit that received the report will approve these measures, signing in the "Approved by the Organisational Unit" box, thus closing the Risk Communication Report.



Once the non-conformity report for the actions carried out to resolve the Risk Communication Report has been completed, the Organisational Unit Responsible for Execution will communicate it within 7 days through the Risk Communication Report (PCR Format) to the following people:

- To the worker or worker representative who has completed the Risk Communication Report
- Secretary of the Health and Safety Committees of the field of action where the risk has been detected, or failing that, the one the worker belongs to, which will send a copy to the members of said Committees.
- To the SPM.

When a worker, or any interested party, identifies a situation of serious and imminent risk to their safety, regardless of the eventual interruption of the activity or abandonment of the workplace if necessary, they must communicate it verbally and immediately to their hierarchical superior, or, failing that, to the responsible person with the capacity to decide and adopt the necessary measures.

The hierarchical superior, or responsible person with the capacity to decide and adopt measures, will appear at the scene as soon as possible, adopting the measures he/she considers necessary to eliminate and/or control said situation of serious and imminent risk.

The hierarchical superior who assumes responsibility will determine when to restart work in the area, once it has been verified that the serious and imminent risk has been eliminated and/or controlled.

The worker who has communicated the risk verbally, directly or through the workers' representative, must complete, as soon as possible, the Risk Communication Report (PCR Format), delivering it to their hierarchical superior or responsible person with the capacity to decide and adopt measures, who will sign upon receipt of the Communication, with the same systematic distribution of copies described.

The line manager who resolves the reported risk, or where appropriate, who authorises the resumption of the activity, shall draw up a written report.

**3. The person who detects** an incident (including those of third parties) will communicate it to the Organisational Unit through the hierarchical chain.

Information that has not been registered in the Incident Communication to guarantee the confidentiality of sensitive data will be communicated verbally to the safety delegates who request it.

All incidents will be notified internally in the shortest possible time; no longer than 72 hours.

Serious or fatal accidents and relevant incidents will be immediately notified internally by SMS and/or email to ensure communication to the entire organisation (head/management of the organisational unit, human resources, prevention service and workers' representatives) and compliance with the Labour Risks Prevention Law in relation to the power of safety delegates to appear at the location where there has been damage to the health of workers.

In addition to the means of communication described, communication may also be made by phone call or any other means deemed effective for the situation.

External notifications will be made in accordance with current legislation in the Unit's geographical scope of action.

Similarly, it should be noted that additionally, through the "STOP WORK POLICY" that ENDESA, as part of the ENEL Group, applies, the company reminds each employee to act quickly and stop any activity that poses a risk to their own or somebody else's health and safety or that may cause damage to the environment, understood as deterioration of the quality of its components (air, soil, water, flora and fauna) or alteration of the archaeological and artistic heritage of a place. This standard also requires that each member of the organisation promptly communicate to their direct superior, or to the highest-ranking company representative present, any unsafe behaviour, or any action or situation that could potentially cause an accident or environmental damage. This policy will be applied without fear of reprisals; in other words, no blame or liability will be attributed to employees or contractors who, in good faith, report a risky situation or stop a job, even if said action subsequently proves unnecessary.

For the investigation of serious or fatal accidents, electrical accidents, accidents due to falls from height, and relevant incidents (including those of third parties), a committee will be set up immediately, convened by the Organisational Unit responsible for the affected installation.

The committee will issue, within a maximum period of one month (except for duly justified reasons and never later than three months), a report signed by all its members, which will be sent to the Organisational Unit concerned, which will then communicate it to the rest of its Organisation and to the Secretary of the corresponding Health and Safety Committee.

In the case of non-serious accidents and non-relevant incidents, the investigation will be carried out by the SPM (UPTs [Technical Production Units] and/or UPMs [Medical Production Units] according to needs) which will issue, within a maximum period of one month, a report that will be sent to the workers' representatives in the area of prevention and to the head of the Unit to which the facility belongs, who will communicate it to the rest of their Organisation.

Regarding the communication of standard incidents and lessons learned, in cases where the disclosure of an accident is considered important, the Head of the SPM Technical Prevention Unit will take the necessary steps to record it on the intranet, eliminating the personal data of the injured person and any other data that could lead to the injured person being identified.

When a serious or fatal accident occurs, and after it has been investigated, the SPM will prepare a "Lesson Learned" document, which will be communicated by email to organisational units with similar problems.

## **OCCUPATIONAL HEALTH AND SAFETY OBJECTIVES IN ENDESA'S 2020-2022 SUSTAINABILITY PLAN**

### **Reduction of fatal accidents**

0 fatal accidents

### Reduction of the combined accident frequency rate

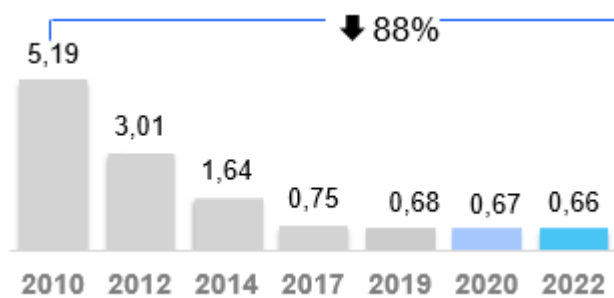
Datos:

2018:0.72 en gris

2019: 0.68 en gris

2020:0.67 en azul

2022:0.66 en azul



Legend: Resultados 2010 a 2019 en gris

Objetivos 2020 y 2022 en azul

### SAFETY

#### Promoting safety inspections at own and contractors' facilities

210,000 inspections carried out in 2020-2022 (70,000 annually)

#### Promoting ECoS (Extra Checking on Site)

72 ECoS inspections carried out in 2020-2022 (24 yearly)

### HEALTH MONITORING

#### Promoting medical examinations

Approximately (Poner el símbolo de aproximadamente) 168,000 examinations carried out in 2020-2022 (~5,600 annually)

OBJECTIVES OF OCCUPATIONAL HEALTH & SAFETY IN ENDESA'S SUSTAINABILITY PLAN 2019-2020
Security
210,000 inspections carried out in 2019-2021 (70,000 annually)
120 ECoS inspections carried out in 2019-2021 (24 annually)
Health surveillance
~19,100 Medical examinations performed in the 2019-2021 period (~5,000 annually)
Reduction of fatal accidents
0 Fatal accidents
Reduction of the combined accident frequency rate



## 1.1. Common management of occupational health and safety

### 403-3

The Delfos tool, designed by ENDESA, covers all Occupational Health and Safety processes; accident management, medical examinations, safety inspections, risk assessment, preventive planning, etc.

An important part of Delfos is the consolidation of data in a Business Warehouse, the source of all reporting information on Occupational Risk Prevention, once monthly interfaces have been uploaded from the rest of the company's management systems. All the information that is sent is extracted in a homogeneous way.

The main objective of Delfos is to offer the companies and businesses of the Group an effective and efficient tool to manage Occupational Health and Safety and to integrate information, as well as to contribute to developing a common management culture that also addresses local considerations.

For its part, the Delfos Mobile application enables safety inspections to be carried out in the field, sending all the information (photographs, texts, geographic coordinates, etc.) in real time to the Delfos System and to all the people who are involved in the process.

### 403-8

100% of ENDESA's workforce in Spain and Portugal work in OHSAS 18001-certified workplaces

## 1.2. Workplace risk prevention, training and inspections

Table one: Training hours training hours in Occupational Health and Safety in 2019.  
Training hours in Occupational Health and Safety 2019 108,067 hours

Table two: 81,728 job safety inspections in 2019

Table three: 286 Safety Walks done in 2019

### 403-5

During 2019, ENDESA provided a total of 108,067 hours of training in occupational health and safety for its own personnel. 6,587 people attended preventive training courses

In 2019, 81,728 safety inspections were made on works and/or related projects by the company's own personnel and contractors, which contributed significantly to reducing workplace accidents. The number of Safety Walks carried out in 2019 amounts to 286.

### 403-1/403-2

The Workplace Risk Prevention Management system requires any accident or incident that occurs in the company to be investigated. For serious, fatal or significant accidents (including accidents involving electricity or working at height) an investigation committee must be set up to analyse the event in detail, using Root Cause Analysis methodology. Further, for any significant accident, once the causes have been clarified and the preventive measures to be implemented have been specified, a Lessons Learned report is prepared to raise awareness across the rest of the organisation of the measures being undertaken to prevent such accidents for happening again.

## 1.3. Promotion of a culture of health and safety at work

For ENDESA, the safety and well-being of its employees is a priority. This responsibility, although it begins with each employee, should not stop there, because it is a shared responsibility.

The individual behaviour of each employee is extremely important in this field to make the company more effective at the Group level in its fight against accidents.

Based on the leadership of our management in this matter, in addition to carrying out the usual health campaigns, "safety walks", safety inspections and internal and external audits, we disseminate a series of basic principles, information, preventive recommendations and videos to raise awareness of aspects that every "citizen" of the company must be aware of and respect. Knowing how to detect unsafe situations is a key aspect of our culture and requires everybody's commitment and participation.

ENDESA's strategy of raising awareness in Occupational Risk Prevention (ORP) is therefore based on constantly promoting a culture of health and safety throughout the year, through both "drip" actions and specific actions.

In this regard, and with the motto “SHARE YOUR SAFETY”, this initiative continues to promote knowledge of ORP among all employees, with a special focus on behaviours that can encourage the prevention of risks to oneself and to others. With this initiative, the company seeks to solidify knowledge already offered to employees, but to do so in a more current way and in a digital environment. The actions begin with the launch of infographics with preventive content of interest and with the subsequent sending of “safety games” in which employees participate in pairs. During the past year, within the framework of this initiative, two “waves” were implemented, the first focused on office risks and the second on safe mobility.

Also, numerous workshops and awareness-raising days were held at ENDESA in different areas and with the participation of representatives from all hierarchical levels to identify preventive and environmental needs, together with the establishment of action plans.

Likewise, weekly and monthly campaigns on risks for operating personnel (electrical risk, falls, shocks and blows, cuts and projections, etc.) were carried out through various electronic media, including the periodic sending of weekly “gamified” videos on accidents and real incidents for the adoption of good practices.

These programmes have contributed to reducing the rate of absenteeism due to illness and accidents in recent years, from 3.23% in 2009 to 3.08% in 2019.

#### **403-6**

Also, a total of 6,526 medical check-ups have been carried out on ENDESA personnel, with the aim of having an impact on health care and prevention.

ENDESA's medical services manage health promotion, prevention and surveillance in accordance with the company's health model, coordinating both the activities of its own personnel and those of contracted External Prevention Services. They are also responsible for medical leave and assisting those who have an accident at work or suffer from an occupational disease. They also monitor the appropriate plans for the control and reduction of common contingencies, emerging diseases and professional contingencies.

ENDESA offers all its employees, regardless of their risk level, health care through its basic health units. In this regard, it has also arranged with the collaborating social security mutual insurer to cover contingencies arising from workplace illnesses. ENDESA is also a self-insuring company in occupational accidents and diseases, collaborating directly with the public health system in the treatment of these contingencies.

Medical services manage occupational health comprehensively, concerned not only with the physical environment, but also the psychosocial, emotional and healthy habits of people, both in their professional and personal lives. To make the goal of achieving comprehensive health a reality, we start with 3 basic pillars of prevention:

- Primary prevention, focused on the prevention of illness or accident before it occurs. This is achieved by avoiding exposure to risks that may cause damage to health and by correcting unhealthy behaviours or lifestyles.
- Secondary prevention, focused on reducing the impact of disease or injury once they appear. This is done through early diagnosis and treatment, preventing relapses and implementing return-to-work programmes.
- Tertiary prevention, mainly aimed at reducing the impact of diseases in their latest stages to try to improve quality of life.

## 1.4. Occupational health and safety committees

### 403-4

The Company has formal Health and Safety committees, in which all the Company's workers are represented.

ENDESA Group workers in Spain are consulted and involved in matters of occupational health and safety through safety delegates integrated into the following bodies, based on the model established previously in the Group's 4th Framework Agreement:

- Committee on Participation in Planning and Control of Preventive Activity Management.
- Territorial or Autonomous Community Health and Safety Committees.
- Provincial/Zonal Occupational Health and Safety Committees.
- Occupational Health and Safety Committees for Extraordinary Buildings.
- Health and Safety Committees for Thermal Power Plants.
- Occupational Health and Safety Committees for Mining Operations.

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

In our preventive action, consultation and participation with unions is based on a series of pillars that encourage it, such as the degree of maturity in the management of risk prevention (effective management procedures that have been in place for a long time), trust and credibility in occupational health and safety policy and in prevention technicians, the vision of prevention as a process in which all the company's stakeholders contribute their knowledge and experience, as well as transparency and prior information.

## 1.5. Reduction in accident rate

### 403-9/ 403-10

All the work and effort carried out by ENDESA in the field of occupational health and safety resulted in a significant decrease in the accident rate in 2019 compared to previous years. In this regard, it is worth highlighting:

- The 6.04% reduction in the combined frequency rate (employees and contractors) compared to 2018.
- The 8.38% reduction in the number of employee and contractor accidents compared to 2018.
- The number of employee days lost due to absence during the year has increased by 3.76%.



However, all these good results have been obscured by the unfortunate fatal accident of a company worker that occurred in November 2019 at the Cíjara hydroelectric plant, in the course of carrying out maintenance work on the fire extinguishing system. ENDESA expresses its deepest regret at this sad event and has immediately proceeded to analyse the accident and all its possible causes. In application of its continuous improvement procedures and its objective of zero accidents, it has implemented the appropriate action plan, incorporating various measures aimed at reinforcing all systems and processes in order to prevent any new accidents.

	NO. WORK ACCIDENTS <sup>1</sup>			FREQUENCY RATE <sup>2</sup>			SEVERITY RATE <sup>3</sup>		
	2018	2019	Dif	2018	2019	Dif	2018	2019	Dif
<b>SPAIN</b>	39.27	35.98	-8.37%	0.72	0.68	-5.55%	0.06	0.06	-
<b>Own</b>	5.85	6	-2.56%	0.37	0.37	-	0.03	0.03	-
<b>Contractors</b>	33.42	29.98	-10.29%	0.87	0.82	-5.74%	0.07	0.08	9.17%

<sup>(1)</sup> Includes fatal accidents.

<sup>(2)</sup> Total number of accidents, excluding on the way to or from work, with respect to the total hours worked, multiplied by 1,000,000.

<sup>(3)</sup> Total number of days lost due to accident, excluding on the way to or from work, with respect to the total hours worked multiplied by 1,000.

The data does not take into account Enel Energy Europe, the ENDESA Foundation, or the first 7 months of Enel Green Power Spain's financial year. It does take into account the percentage of participation in ANAV (85.41%).

		Nº ACCIDENTES DE TRABAJO <sup>1</sup>								
		2017			2018			2019		
		Hombres	Mujeres	Total	Hombres	Mujeres	Total	Hombres	Mujeres	Total
<b>ESPAÑA</b>		35,45	2	37,42	36,27	3	39,27	34,98	1	35,98
<b>Propios</b>		4,85	0	4,85	4,85	1	5,85	6	0	6
<b>Contratistas</b>		30,6	2	32,56	31,42	2	33,42	28,98	1	29,98

		ÍNDICE FRECUENCIA 2								
		2017			2018			2019		
		Hombres	Mujeres	Total	Hombres	Mujeres	Total	Hombres	Mujeres	Total
<b>ESPAÑA</b>		0,94	0,17	0,75	0,87	0,24	0,72	0,86	0,08	0,68

	Propios	0,4	0	0,3	0,4	0,27	0,37	0,48	0	0,37
403-9/403-10		1,19	0,25	0,97	1,06	0,22	0,87	1,03	0,12	0,82

		ÍNDICE GRAVEDAD3								
		2017			2018			2019		
		Hombres	Mujeres	Total	Hombres	Mujeres	Total	Hombres	Mujeres	Total
ESPAÑA		0,12	0,01	0,09	0,07	0,01	0,06	0,08	0,01	0,06
Propios		0,01	0	0,01	0,03	0,01	0,03	0,03	0	0,03
Contratistas		0,17	0,02	0,14	0,09	0,01	0,07	0,1	0,01	0,08

	FATAL ACCIDENTS			SERIOUS ACCIDENTS			NO. OF NON-SERIOUS ACCIDENTS <sup>1</sup>		
	2018	2019	Dif	2018	2019	Dif	2018	2019	Dif
Combined	0	1	100%	2	2	-	37.27	32.98	-11.51%
Own	0	1	100%	0	0	-	5.85	5	-14.52%
Contractors	0	0	-	2	2	-	31.42	27.98	-10.94%

(1) Includes accidents with sick leave between 2 and 30 days.

#### 403-10

		Nº ACCIDENTES MORTALES								
		2017			2018			2019		
		Hombres	Mujeres	Total	Hombres	Mujeres	Total	Hombres	Mujeres	Total
ESPAÑA		1	0	1	0	0	0	1	0	1
Propios		1	0	1	0	0	0	1	0	1
Contratistas		0	0	0	0	0	0	0	0	0

		Nº ACCIDENTES GRAVES								
		2017			2018			2019		

	Hombres	Mujeres	Total	Hombres	Mujeres	Total	Hombres	Mujeres	Total
ESPAÑA	2	0	2	2	0	2	2	0	2
Propios	0	0	0	0	0	0	0	0	0
Contratistas	2	0	2	2	0	2	2	0	2

	Nº ACCIDENTES SIN GRAVEDAD								
	2017			2018			2019		
	Hombres	Mujeres	Total	Hombres	Mujeres	Total	Hombres	Mujeres	Total
ESPAÑA	31,42	3	34,42	34,27	3	37,27	31,98	1	32,98
Propios	3,85	0	3,85	4,85	1	5,85	5	0	5
Contratistas	27,56	3	30,56	29,42	2	31,42	26,98	1	27,98

#### ABSENTEEISM INDEX:

2017: 2.60

2018: 2.69

2019: 3.08

#### DAYS LOST DUE TO ABSENCE FROM WORK - ENDESA EMPLOYEES:

2017: 56,494

2018: 50,485

2019: 66,662

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

<sup>(2)</sup> Total number of working days lost due to absence during the year with respect to the total number of days worked by the group during the same period, multiplied by 200,000 (this factor corresponds to 50 working weeks of 40 hours per 100 workers).

This Absenteeism Index does not include jointly controlled companies that consolidate proportionally.

ABSENTISMO LABORAL Y DÍAS PERDIDOS DE LOS EMPLEADOS POR AUSENCIA	WORK ABSENTEEISM AND LOST DAYS OF EMPLOYEE EMPLOYEES
Índice de absentismo de los empleados de ENDESA (1)(T.A.(2))	ENDESA employee absenteeism index (1) (TA (2))
Días perdidos de los empleados de ENDESA por ausencia durante el año	ENDESA employees lost days due to absence during the year

(1) Los días perdidos por ausencia no incluyen ni las vacaciones, ni los festivos, ni las ausencias autorizadas por motivos familiares (bajas por maternidad, paternidad, etc.), ni las ausencias por formación.	(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.
(2) Número total de días laborables perdidos por ausencia durante el año respecto al total de días trabajados por el colectivo durante el mismo período, multiplicado por 200.000 (este factor corresponde a 50 semanas laborables por 40 horas por cada 100 trabajadores). Este índice de Absentismo no incluye las sociedades de operación conjunta que consolidan proporcionalmente.	(2) Total number of working days lost due to absence during the year with respect to the total number of days worked by the group during the same period, multiplied by 200,000 (this factor corresponds to 50 working weeks for 40 hours per 100 workers). This Absenteeism index does not include jointly operating companies that consolidate proportionally.

Death rate 2019	
Employees	0.06
Contractors	0

Serious accident rate, excluding fatal accidents 2019	
Employees	0
Contractors	0.05

## 2. EXTENDING HEALTH AND SAFETY TO COLLABORATING COMPANIES

**80.424 inspecciones** de seguridad realizadas a contratistas en 2019

**286 Safety Walks** realizados a contratistas en 2019

ENDESA transmits the following commitments with the aim of extending Occupational Health and Safety among its collaborating companies:

- Rating of safety technical requirements for activities with risk.
- Promoting current certifications for these activities.
- Comprehensive commitment to Occupational Health and Safety management and information in General Contract Conditions.

Therefore, contractors are examined before the contracting process and during the contractual activity, with the possible application of an administrative and/or economic sanction in the event of non-compliance with security regulations or having suffered a relevant incident.

The set of regulations in force establishes the general framework of action that the contractor must comply with prior to carrying out the works and in particular the obligatory nature of the elaboration of a Specific Prevention Plan for the contracted works, which must indicate the protective equipment to be used. Likewise, follow-up and control actions will be carried out during the works (*in vigilando*). In addition, each accident is analysed in a Committee made up of experts from the Prevention Service, the unit in which it occurred, and Supplies, establishing corrective measures to prevent another similar situation from occurring.

For their part, the General Contract Conditions require the contracting company to provide specific training for workers in matters of health and safety, depending on the risks posed by the contracted activity.

Prior to the start of the work activity, it is verified that all workers have training and information on the prevention of the occupational risks linked to the activity to be carried out. In addition, it is ensured that they are medically fit to carry out the work and that they have acknowledged receipt of the Personal Protective Equipment suitable for the activity. ENDESA considers that field control is essential to verify that safety conditions are met and to monitor and correct safety defects in the execution of the work. In this regard, 80,424 inspections of works and/or projects carried out by contractors have been conducted in Iberia, which has contributed significantly to reducing accidents. In the past year, inspections and audits have been intensified, several innovation projects have been spearheaded and attention on our accident action plans and health programmes has been maintained.

In addition to the inspections carried out on tasks in the field, 286 Safety Walks, in which a Business Director, accompanied by the Joint Prevention Service of the territory, visit an operational work or industrial facility, have been carried out by the Company's Management to verify safety conditions in the field, checking the points observed and generating a report in the event that any deficiencies are found. Among the corporate programmes, in addition to Safety Walks, there are Accident Preventive Inspections (IPAL) that are a fundamental tool for risk management in contractor personnel.

Special emphasis is placed on controlling the training of personnel with risks relating to electricity, work at height and those who perform functions in the field of occupational risk prevention on the work or service contracted as site manager, prevention officer or health and safety coordinator.

## 2.1. Risk activities control programme

ENDESA executes a control plan on all risk activities involving contractor companies in order to guarantee that the works are carried out with the same levels of safety and control as those carried out by its own personnel.

The integration of this objective in ENDESA's strategy is materialised in the implementation of specific work plans that seek to consolidate the leadership model based on the involvement and example of the entire chain of command, and the application of a unique and global system for observing work behaviours:

- Inspection plan to analyse and monitor hazardous tasks in ENDESA's main lines of business. 80,424 inspections were carried out on the various lines of business in 2019.
- Extra Checking On Site or “ECoS” programme, whereby an expert team trained by co-workers at different companies visits production centres to inspect specific tasks, drawing up comparisons and spreading the good practices observed to the rest of the organisation. In 2019, 21 ECoS were carried out.

ENDESA continues to carry out various annual initiatives in its long-term strategy of continuous improvement of Occupational Health and Safety. The activities carried out within the framework of this strategy have focused mainly on specific action plans against accidents, maintaining and creating new alliances with collaborating companies, and various action plans with contractor companies with high accident rates.

Also, working days have taken place with suppliers, within the framework of the SHE365 initiative, with the main objective of increasing awareness of safety culture among collaborating companies, in a practical and operational way, through the implementation of common ideas and various actions. These meetings focus on strategic topics such as supervision and control, organisation and processes, and the basic training and skills required.

## 2.2. Contractor training

### EU18

In 2019, 100 percent of ENDESA's contractors and subcontractors received training in occupational health and safety relevant to their activities.

100% of contractors in Spain and Portugal received training in Occupational Health and Safety

CONTRACTORS AND SUBCONTRACTORS WHO HAVE RECEIVED TRAINING IN OCCUPATIONAL HEALTH AND SAFETY			
	2017	2018	2019
<b>Spain and Portugal</b>	16,235	19,886	18,227

Until 2012, the number of qualified suppliers considered the number of ratings plus the

audits carried out on suppliers that did not have OHSAS 18001 certification for purchasing lines that required it.

In 2013, strategic lines in Occupational Health and Safety were included in the qualification system where, in addition to Occupational Health and Safety requirements, quality and/or environmental management systems and legal and financial aspects were assessed.

Throughout 2019, checks continued on companies in the sectors considered to be the most dangerous, with an emphasis on maintenance activity.

Qualified suppliers			
	2017	2018	2019
Spain and Portugal	649*	617	1,118

\*Taking into account the fact that the same supplier can be registered in several contracts, the total number of contractors/subcontractors could be 963.

## 2.3. Results of a common effort

403-9/403-10

**NOTA AL MAQUETADOR; ACTUALIZAR GRÁFICO de abajo CON ESTOS DATOS y siguiendo el manual de estilo de este año**



Non-serious accidents			
2017	2018	2019	
30.56	31.42	27.98	Decrease 2018-2019: 8.44%

Serious accidents			
2017	2018	2019	
2	2	2	Reduction 2018-2019: 0%

Fatal accidents
-----------------



2017	2018	2019	
0	0	0	Reduction 2018-2019: 0%

Frequency rate			
2017	2018	2019	
0.97	0.87	0.82	Reduction 2018-2019: 5.74%

ENDESA's performance in raising awareness of Occupational Health and Safety among its employees and contractors has given positive results in recent years.

This year, there have been no fatal accidents among the personnel of contractor companies.

The accident frequency rate of these personnel in Spain and Portugal has gone from 0.97 in 2017 to a 0.82 in 2019.

Serious accidents have remained the same, from 2 in 2017 to 2 in 2019.

The total number of non-serious accidents involving contractor personnel in Spain and Portugal decreased by 8.44 percent compared to 2017, standing at 27.98 in 2019.

Death rate 2019
0

Serious accident rate, excluding fatal accidents 2019
0.05

## ENVIRONMENTAL SUSTAINABILITY



**€1.836** billion cumulative  
environmental investment

**100%**  
Of generation and distribution  
ISO 14001-certified

**93% and 50.2%**  
Reduction of specific SO<sub>2</sub> and  
NO<sub>x</sub> emissions compared to  
2005

**26**  
Biodiversity actions  
implemented in 2019

## ENDESA SUSTAINABILITY PLAN COMPLIANCE 2019-

	Line of action	2019 target	2019 result	Key actions
Environmental sustainability	Reduction of the environmental footprint	17,301	10,883	- Energy efficiency improvement programmes. - decrease in production by coal plants.
	Specific CO <sub>2</sub> emissions (kg/kWh)	0.61	0.43	-Implementation of efficiency and environmental protection measures in facilities.-Activities at the plants focused on reducing their emission levels to meet the levels required by industrial emissions regulations (improvement of turbine combustion systems, primary abatement measures such as the installation of EPA air filters, fuel filters, water injection systems, installation of OFA "Over Fire Air" systems and retrofit of low NO <sub>x</sub> burners).
	Specific NO <sub>x</sub> emissions (g/kWh)	0.93	0.94	
	Specific particle emissions (mg/kWh)	0.02	0.02	

	Reduction of water consumption in the electricity generation process (m3/MWh)	0.5	0.37	-Higher percentage of recycled water.- Water consumption efficiency measures
	Promote efficiency in the management of waste generated in the electricity generation process (tonnes produced)	42,693	30,486	- Prioritisation of recovery and recycling treatments.
	Carrying out biodiversity conservation projects	>20	26	- Continuing the most relevant projects started in previous years.
	Progressive electrification of the fleet	356	93	- Contribute to reducing emissions, saving fuel. 93 electric vehicles and 106 plug-in hybrids in service in our fleet, 10% of the total (2,073)
	Implementation of the e-bike service (km)	10,000	21,461	- Implemented electric bicycle service with a pool of 19 electric bicycles for use by employees for work purposes.
	Electrification of car parks at Headquarters/Offices (No. places)	550	558	-Progressive creation of spaces for electric vehicles at the main offices, where space is available
	Promotion of car e-sharing (km)	100,000	108,767	-23 electric vehicles in service.
Operational efficiency and innovation	Maintain high efficiency in renewable power plants (wind and hydro)	W: 94.8% H: 98.8%	W: 94.8% H: 97.8%	
	ISO 9001-certified thermal generation facilities	100%	100%	-In 2017 the Management System became Integrated, incorporating the quality requirements according to the UNE-ISO 9001 standard.
	ISO 9001-certified renewable generation facilities	100%	100%	-Endesa has expanded the scope of its management system certification, extending it to all of its facilities (hydraulic, wind, solar and biogas), complying with international standards ISO 14001, ISO 9001 and OHSAS 18001.

## 1. ENVIRONMENTAL MANAGEMENT

**103-1 Materials management approach/103-2 Materials management approach/103-3 Materials management approach/103-1 Energy management approach/103-2 Energy management approach/103-3 Energy management approach**

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

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

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

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

***103-1 Materials management approach/103-2 Materials management approach/103-3 Materials management approach/103-1 Energy management approach/103-2 Energy management approach/103-3 Energy management approach/103-1 Environmental Compliance Management Approach/103-2 Environmental Compliance Management Approach/103-2 Environmental Compliance Management Approach***

## 1.1. ENDESA's 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.
- Continue 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 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 facing the society in which the company acts when defining its business strategies, to guide the strategies 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.

ENDESA's environmental policy is available at the following link:  
<https://www.endesa.com/content/dam/endesa-com/home/sostenibilidad/medioambiente/documentos/politica-ambiental-endesa.pdf>

## 1.2. Environmental objectives

### 102-11

ENDESA annually reviews the environmental objectives established within the Sustainability Plan in order to update its ambition and match it with the expectations of its stakeholders. The consultations carried out in the framework of the 2019 materiality study have revealed that the most relevant environmental issues when it comes to promoting a sustainable business model are decarbonising the energy mix and minimising environmental impacts. Consequently, ENDESA's Sustainability Plan includes specific objectives for these areas, with the level of compliance shown in the following table.

	%	2017	2022
Footprint reduction (% 2022 VS 2019)	22%		
REDUCTION OF SPECIFIC CO2 EMISSIONS	61%	439	172

CO2 reduction Fleet	32%	(in 2022 with respect to 2019)
CO2 reduction Buildings	6%	(in 2022 with respect to 2019)

%	2019	2022
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Specific SO2 emissions (g/kWh)*	46%	0.43	0.23
Specific NOx emissions (g/kWh)*	17%	0.94	0.78
Specific particle emissions (g/kWh)	50%	0.02	0.01
Reduction of water consumption in generation	8%	0.37	0.34
Waste production	<25,000 tonnes in 2022		

\*in power plant bars

## EU12

	2015	2016	2017		
Electricity losses	9.90%	8.41%	8.12%	2018	2019
				7.50%	9.53%
	2019	2022			
OBJECTIVES: Electricity losses	9.53%	9.15%			

## 1.3. A significant investment effort

ENDESA makes a major investment effort to achieve excellence in environmental management.

During 2019, ENDESA's investments in environmental activities led to a 7.7% increase in cumulative investments compared to 2018.

Millions of Euros			
Annual Gross Investment in the Environment	2019	2018	% Var.
Property, plant and equipment			
Generation and Supply	122	64	90.6
Distribution	9	6	50.0
Structure and Other <sup>(1)</sup>	-	-	-
<b>TOTAL</b>	<b>131</b>	<b>70</b>	<b>87.1</b>

Millions of Euros			
Cumulative Gross Investment in the Environment	2019	2018	% Var.
Property, plant and equipment			
Generation and Supply	1,476	1,354	9.0
Distribution	360	351	2.6
Structure and Other <sup>(1)</sup>	-	-	-

<b>TOTAL</b>	<b>1,836</b>	<b>1,705</b>	<b>7.7</b>
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Millions of Euros

<b>Annual Spending on Environment</b>	<b>2019</b>	<b>2018</b>	<b>% Var.</b>
Annual expenses			
Generation and Supply	147	78	88.5
Distribution	30	32	(6.3)
Structure and Other <sup>(1)</sup>	-	-	-
<b>TOTAL <sup>(2)</sup></b>	<b>177</b>	<b>110</b>	<b>60.1</b>

(1) Structure, Services and Adjustments.

(2) Of total spending related to environmental activities, 115 million euros in 2019 and 47 million euros in 2018 correspond to the depreciation and amortisation of investments.

<b>Investment breakdown</b>	<b>2019 (millions of euros)*</b>
Waste management	18.4
Protection of ambient air and climate	5.2
Protection of biodiversity and landscapes	11.1

\* The breakdown only includes the most relevant investments and applies different criteria to those established in the General Accounting Plan

## 1.4. Managing environmental risks and impacts

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

To comply with the obligations deriving from the Spanish Environmental Responsibility Law, ENDESA has developed the MIRAT Project, based on a methodology developed at sector level and approved by the current Ministry for Ecological Transition and the Demographic Challenge, the objective of which was to establish the mandatory financial guarantee required by this Law for conventional thermal and combined cycle power plants with a thermal capacity of more than 50 MW through an environmental risk analysis. In view of the results of the environmental risk analyses of all thermal and combined cycle power plants, the corresponding formal statements were submitted to the Administration.

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, to obtain a “residual risk” assessment. The different levels of resulting final risk determine the obligation to launch specific action plans to



mitigate the associated 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).

Lastly, it is appropriate to point out that in its commitment to protecting the environment, ENDESA feels obliged to eliminate environmental liabilities, and, therefore, each facility identifies these liabilities and addresses them within the framework of their environmental management programmes, which may be reflected in their elimination, disposal or reuse.

ENDESA's activity is also affected by the risks associated with climate change, which are described in detail in the Decarbonisation chapter. **See section 1.3.1 Risks and Opportunities.**

## 1.5. Environmental management systems

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

ENDESA's environmental management systems are widely implemented throughout all its business lines. The businesses are monitored at an environmental level by environmental management systems and indicators through which they are implemented. The indicators include the facilities' environmental impact (atmospheric emissions, water consumption, conventional pollutants in effluents, waste, etc.) and enable compliance with all existing legal obligations regarding environmental matters in relation to the business operations to be verified, as well as alignment with the path laid out by ENDESA to evaluate the degree to which the strategic objectives and goals defined.

### 1.5.1. Certification of environmental management systems

100% electric generation (thermal, hydraulic and renewable)



#### 1.5.1.1. Electricity generation

At the end of 2019, all of ENDESA's electricity generation fleet and port terminals were UNE EN ISO 14001:2015 certified.

ENVIRONMENTAL MANAGEMENT SYSTEMS CERTIFIED BY ISO 14.001
Energy produced in certified facilities
Certified power



All of ENDESA's generation facilities (thermal, hydraulic, wind, solar and biogas), are certified in accordance with international standards ISO 14001, ISO 9001 and OHSAS 18001, which allows processes to be managed effectively by adopting high standards of commitment to quality, the environment, and people's health and safety. Also, and for the corresponding plants, the requirements of the EMAS Register and the ISO 50.001 standard for energy efficiency are integrated into it, resulting in a solid, consolidated and aligned control and management scheme.

In 2019, ENDESA managed to achieve UNE EN ISO 50001 energy efficiency certification for 25% of thermal generation plants. Also note that 78.3% of the net installed capacity or power in all thermal power plants corresponds to plants registered in the EU Eco-Management and Audit Scheme ("EMAS"). Likewise, all port terminals are registered with EMAS.

#### 1.5.1.2. Distribution

All the energy distributed by the Company and its infrastructures is included in the scope of a certified Environmental Management System (ISO 14001: 2015), ensuring that the identification, evaluation, control, and measurement of the environmental impacts that its facilities and operations may generate are carried out periodically and systematically. This Management System is audited annually by an official accreditation entity.

Specifically, in 2019 the follow-up audit was carried out for the certification renewed in 2018, which remains valid. The external audit was carried out in the last quarter of the year by the Spanish Association for Standardization and Certification (AENOR), ratifying the involvement of the entire organisation in meeting the environmental objectives and goals established in line with the business strategy.

Noteworthy initiatives in the field of raising environmental awareness among our own personnel included a specific internal training campaign on analysis of environmental aspects and impacts related to the company's facilities and activities, covering the life cycle, applicable legislation, operational control and measurement and monitoring indicators in each case (emissions, waste, etc.). Also, technical workshops were held on constructive solutions for the protection of birdlife, both for new installations and for projects to adapt existing ones.

In the field of digitisation, taking advantage of synergies with ongoing initiatives to implement new tools and computing platforms, new functionalities and improvements have been incorporated in terms of environmental information (data on SF6, PCB, etc.), and on certain operational controls (in particular environmental inspections of works and maintenance works).

Moreover, within the scope of the Environmental Management System, during the 2019 financial year, various organisational units that coordinate cross-cutting functions have been incorporated into the audit dynamics, thus strengthening the extension of environmental management concepts in activities other than “field” activities.

#### 1.5.1.3. Supply

In 2019, the Integrated Management System that certifies gas and electricity commercialisation activity under ISO Quality and Environment standards continued with the improvement of management processes and with it the assurance of compliance with legal requirements and objectives acquired by the Organisation.

In 2019, the activity of technical and economic management of energy-related products and services for industrial customers, private customers, small businesses and public administrations achieved certification under the ISO 14001 standard. The requirements of the new standard have been integrated together with the existing requirements derived from ISO 9001 certification. In this way, an integrated management system has been achieved that simplifies, streamlines and optimises all the organisation's processes related to the system.

#### 1.5.1.4. ENDESA offices

During 2019, improvement continued on the environmental performance of the triple SIGAEC certification system (Environmental Management (ISO 14001), Energy Efficiency Management (ISO 50001) and Indoor Environmental Quality Management (UNE 171330-3) implemented in the headquarters and in the main buildings of the company, by controlling

the environmental, energy and environmental quality aspects indoors, ensuring compliance with legal requirements and planned objectives.

5,494 employees work at certified offices, representing 55% of the workforce.

### **1.5.2. Environmental authorisations**

In order to be able to comply with the emission limit values (ELV) established by the European Directive on Industrial Emissions by 1 January 2020, significant investments have been made in the adaptation of non-mainland plants. Some of the most noteworthy of these investments are the installation of primary NOx reduction measures (low NOx burners) and secondary abatement measures (SNCR) in the Granadilla and Barranco de Tirajana facilities and the installation of water injection in the 3, 4 and 5 gas turbines in Mahón. The latter project, once completed and put into operation, will take advantage of wastewater from the wastewater treatment plant of the city of Mahón to reduce NOx emissions, significantly reducing the use of natural resources as scarce and precious as water.

Regarding renewable generation, in 2019 Enel Green Power Spain (EGPE) met the objective of connecting the 900 renewable MW awarded in the government auctions held in May 2017, with an investment of more than 800 million euros.

A total of 25 projects have been completed across the country, 18 wind farms (540 MW), and 7 solar farms (339 MW). The construction process of these projects was carried out according to the conditions of the corresponding Environmental Impact Declarations, under strict compliance with the applicable environmental regulations and the Quality, Environment and Safety requirements set by the company.

In addition, in coordination with the Environmental Administration, considerable improvements have been implemented with respect to the required environmental compensation measures, by integrating innovative initiatives and improvements in biodiversity into renewable energy projects. These actions correspond to ENDESA's own nature in its commitment to sustainability and generating shared value.

## **Nuclear activity management**

ENDESA is firmly committed to the safe management of its nuclear activity, as expressed in the Nuclear Policy approved by the Board of Directors in 2011 and published on the website of the Companies that conduct this activity.

This policy establishes the commitment to act in such a way that, in all nuclear activities, whether ENDESA is a majority or minority shareholder, the main priorities are: the safety and protection of workers, the public and the environment, as well as the promotion of excellence in all activities, going beyond simply complying with legal requirements

### **1.6.1. Risk prevention and management**

***103-1 Spill and waste management approach EUSS/ 103-2 Spill and waste management approach EUSS/ 103-3 Spill and waste management approach EUSS/***

ENDESA supervises compliance by investee nuclear power plants with the nuclear policy, which includes minimising discharges of effluent into the environment and the generation of radioactive waste.

In line with the technical specifications of each facility, ENDESA nuclear power plants continuously monitor and control liquid and gaseous discharges, with very strict limits established by the regulatory body, the Nuclear Safety Council, in order to avoid affecting the environment and the population. In addition, as provided in said specifications, radiological surveillance of the surrounding environment is carried out, including numerous air, water and soil analyses, as well as extensive sampling and analysis of food. These environmental controls are also monitored and inspected by the regulatory body.

### **1.6.2. Emergency management**

***103-1 Disasters/Emergency planning and response management approach EUSS/103-2 Disasters/Emergency planning and response management approach EUSS/103-3 Disasters/Emergency planning and response management approach EUSS***

ENDESA's nuclear power plants are prepared to face emergency situations with the resources and procedures defined in their Internal Emergency Plan, which is structured according to state regulations. In addition, all the measures adopted in emergency preparedness are coordinated with the External Emergency Plans, which are the responsibility of the State.

The measures to protect the population in the event of a real emergency are defined by state authorities following the guidelines of the nuclear regulatory body based on the categorisation of the emergency (from Pre-Alert to General Emergency) and are supported by the information provided continuously from the emergency centres of the affected nuclear power plant and by their own information systems. Emergency preparedness is ensured through periodic exercises and specific training for all personnel involved.

Stress tests on the safety of nuclear power plants, which were carried out in Spain and throughout Europe immediately after the Fukushima accident, determined safety margins in extreme scenarios (earthquakes, floods, failure of all sources of electrical energy or absence of water to cool the reactors) to check the response of the plants and whether measures were required to increase their robustness to cope with these scenarios.

As a result of this exercise, a series of improvements have been made that have been implemented by all ENDESA plants. These include the availability of portable pumping and power generation equipment that can be easily connected to the plant in the event of a total loss of electrical energy; the installation of passive hydrogen recombiners in the containment building; construction of a new centre for emergency management, and venting systems filtering the atmosphere of the containment building.

The regulatory body maintains a plant safety supervision system, called SISC, the results of which are updated quarterly with the results published on its website ([https://www.csn.es/sisc/index\\_i.do](https://www.csn.es/sisc/index_i.do)) along with the rating of each of the plants. One of the areas under evaluation is emergency preparedness, with three indicators called E1, E2 and E3 that characterise the situation of each plant in this area.

### **1.6.3. Dismantling**

***103-1 Plant dismantling Management Approach EUSS/103-2 Plant dismantling Management Approach EUSS/103-3 Plant dismantling Management Approach EUSS***

In Spain, the dismantling of nuclear power plants and the management of radioactive waste, including spent nuclear fuel, is the responsibility of the State. This responsibility is assigned to ENRESA, a state-owned company.

The General Radioactive Waste Plan, an official document approved by the Ministry of Industry that is currently in its sixth edition, describes the scope, planning and economic assumptions for the provisions of the fund for the dismantling and management of radioactive waste from all Spanish nuclear power plants. This fund is fed by a tax on the monthly contributions of nuclear power plant owners.

## 1.7. Environmental sanctions

### 307-1

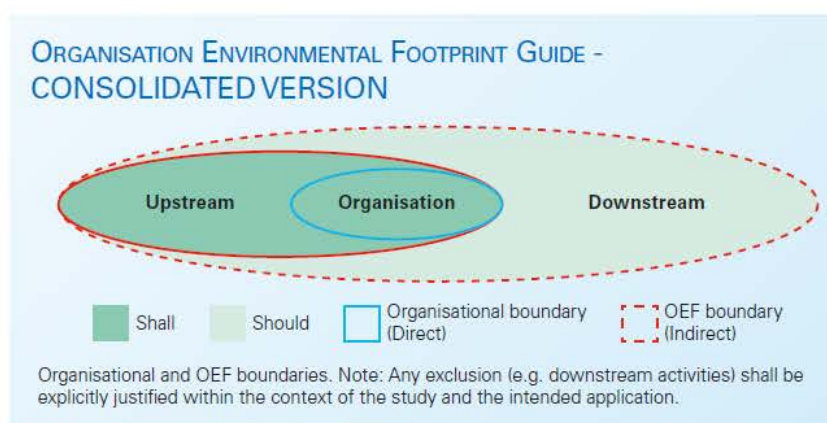
Despite ENDESA's effort to go beyond environmental protection legislation, in 2019 an environmental sanction was received.

**For more information, see the *Litigation section of the Good Governance and Ethical Conduct chapter***

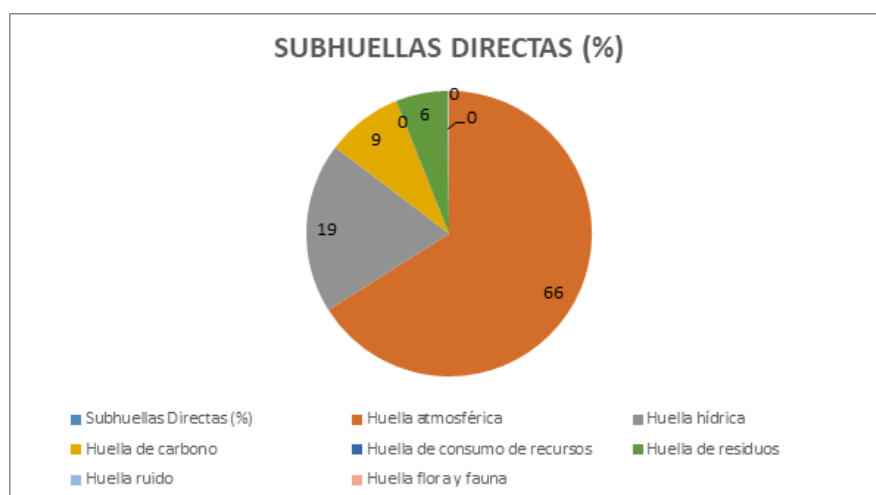
## 2. ENDESA's environmental footprint

ENDESA calculates its environmental footprint using a methodology based on the most relevant international references, including the guidelines developed by the European Union to calculate the environmental footprint of its organisations and products. The environmental footprint is a multi-criteria measure of the company's environmental behaviour with the perspective of the entire life cycle; this means looking at all stages from the extraction of raw materials to how products are managed at the end of their useful life, as well as the production and use stages.

For yet another year, ENDESA's commitment to excellence in environmental sustainability has led it to achieve a 40% reduction in its footprint compared to 2018, which is well above the planned objective. This is mainly down to the decrease in 2019 of production by the group's coal plants, significantly affecting the atmospheric and water sub-prints.



DIRECT SUB-PRINTS 2019



DIRECT SUB-FOOTPRINTS (%)
Direct Sub-Footprints (%)
Carbon footprint
Noise footprint
Atmospheric footprint
Resource consumption footprint
Flora and fauna footprint
Water footprint
Residue footprint

Direct environmental footprint	
Sub-prints	Footprint units
Atmospheric footprint	7184.62
Water footprint	2101.89
Carbon footprint	937.02
Resource consumption footprint	1.78
Waste footprint	639.17
Noise footprint	12.58
Flora and fauna footprint	5.76

## 2.1. Energy resources

### 103-1 Energy Management Approach/103-2 Energy Management Approach/103-3 Energy Management Approach

ENDESA maintains its commitment to energy efficiency, which includes optimising generation processes, reducing losses in distribution networks and the energy consumption of our buildings and facilities, and offering a wide range of efficient products and services to our customers. ENDESA is also involved in public communication and awareness-raising, and participates,



nationally and internationally, in the most important forums for knowledge and dissemination of energy efficiency.

### 2.1.1. Electricity consumption

#### 302-1

In 2019, there was a decrease in total electricity consumption thanks to the introduction of efficiency measures coupled with reduced functioning of some technologies.

ELECTRICITY CONSUMPTION (GJ) *			
	2017	2018	2019
Thermal Production Unit (UPT)	8,162,076.8	7,410,953.4	4,486,293.5
Hydraulic Production Unit (UPH)	350,096.4	501,451.8	312,913.2
Hydraulic Pumping Stations	2,011,836.8	1,319,616.0	1,710,320.4
Nuclear Generation	3,939,458.4	3,470,428.8	3,908,155.1
Mining Centres	1,682.3	1,279.7	0
Port Terminals	29,250.9	30,196.2	18,889.0
Wind generation	688,269.2	472,970.2	508,857.0
Photovoltaic generation	2,153.7	2,645.6	3,439.0
Biomass generation	166.0	1,025.5	40.32
Office buildings	100,037.0	103,217.1	96,404.5
<b>Total</b>	<b>15,285,027.6</b>	<b>13,313,784.3</b>	<b>11,045,312.5</b>

\*GJ: Gigajoules

### 2.1.2. Fuel consumption

#### 301-1/302-1

CONSUMPTION OF MATERIALS (WEIGHT/VOLUME)				
Type of fuel	2017	2018	2019	units
Coal	12,245	11,409	4,040	kt
Fuel oil	1,448	1,325	1,187	kt
Diesel oil	788	809	794	kt
Natural gas	1,797	1,356	1,721	10 <sup>6</sup> M <sup>3</sup>
Uranium	61.35	63.65	54.27	t equivalent Uranium

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.

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).

### 2.1.3. Energy consumption

#### Internal energy consumption

INTERNAL ENERGY CONSUMPTION BY PRIMARY SOURCE (TJ) *			
Type of fuel	2017	2018	2019
	*TJ:	*TJ:	*TJ:
Coal	244,764	221,079	81,527
Fuel oil	58,205	53,313	47,755
Diesel oil	33,357	34,859	34,457
Natural gas	67,676	51,160	64,932
Uranium	280,139	254,926	279,042
<b>ENDESA total consumption (TJ)</b>	<b>684,142</b>	<b>615,336</b>	<b>507,614</b>

\*TJ: Terajoules

The organisation's energy consumption is associated with the fuels consumed for electricity generation, distribution and commercialisation processes. Electricity self-consumption has not been considered since installations are supplied by electricity produced by the organisation itself.

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

#### External energy consumption

##### 302-2

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 Declaration the external verification process is being carried out according to the requirements of the UNE EN ISO 14064 standard.

#### Energy efficiency in internal processes

##### 302-4

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)			
Type of fuel	2017	2018	2019
Redesign of processes	0	0	10,181
Upkeep and adaptations of equipment	415.78	171.49	7,665
Total	415.78	171.49	17,846

- 17,846 GJ of energy saved in 2019 due to efficiency measures

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.

## Energy intensity

### 302-3

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

	Total energy consumption (TJ)	Net production (MWh)	Energy intensity (TJ/MWh)
2017	684,142	78,222	8.75
2018	615,336	74,193	8.29
2019	507,614	61,402	8.27

### 2.1.3. Other consumption

ENDESA uses other consumables necessary to produce electricity. In 2019, total consumption was 179 kilotonnes, 58% lower than in 2017 (432 kilotonnes) in Spain and Portugal, mainly due

to the reduced operation of coal-fired power plants and consequently the reduced consumption of limestone for the flue-gas desulphurisation process.

ENDESA CONSUMABLES (Tonnes)			
Spain and Portugal	2017	2018	2019
Lime	524.41	773.11	486.97
Ferric chloride	450.83	486.87	294.40
Ammonium	707.46	2,711.47	822.38
Caustic soda	959.42	895.8	474.24
Sulfuric and hydrochloric acid	2,074.18	1,668.11	961.67
Sodium hypochlorite	762.18	694.40	549.08
Chlorine dioxide	1.77	0.99	0
Magnesium oxide	128.00	129.9	0
Limestone for the desulphurisation of combustion gases	559,569.94	406,745.43	174,491.60
Lubricant oil	5,423.03	12,328.12	198.51
Dielectric oil	5,751.25	549.65	85.74
Others*	467.40	5,746.35	739.38
<b>Total</b>	<b>576,816.87</b>	<b>432,730.19</b>	<b>179,104.01</b>

\*includes unusual chemical components

#### 2.1.4. Energy efficiency and unavailability in electricity generation

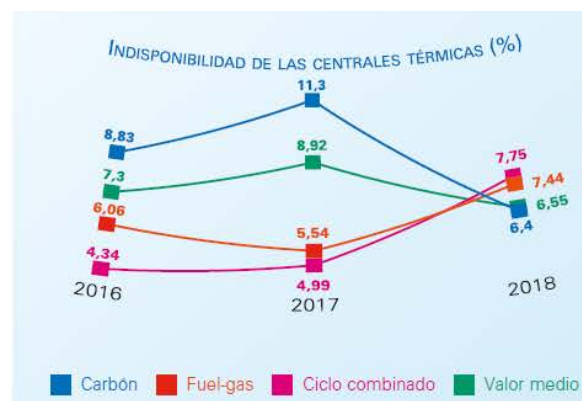
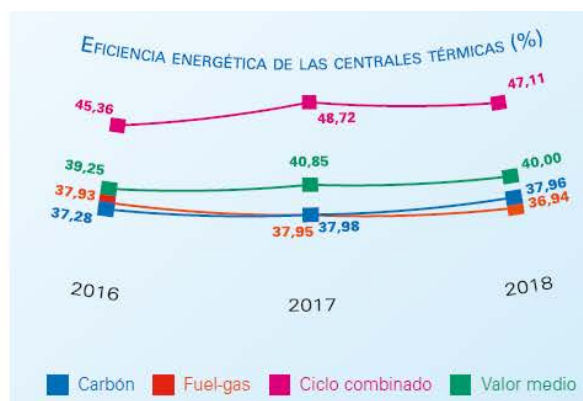
##### **EU11/103-1 System Efficiency Management Approach EUSS /103-2 System Efficiency Management Approach EUSS/103-3 System Efficiency Management Approach EUSS**

ENDESA maintains its commitment to energy efficiency, which includes optimising generation processes, reducing losses in distribution networks and the energy consumption of our buildings and facilities, and offering a wide range of efficient products and services to our customers. ENDESA is also involved in public communication and awareness-raising, and participates, nationally and internationally, in the most important forums for knowledge and dissemination of energy efficiency.

similar to those of the previous year, except for coal-fired power plants whose low operation also had an impact on their efficiency.

An essential part of ENDESA's generation business is the energy yield obtained from the natural resources used. Thus, the efficiency of ENDESA's thermal power plants in 2019 has been maintained at values

	2017	2018	2019
Coal-fired power plants	37.98	37.96	35.28
Mainland combined cycle thermal power plants	55.50	54.33	53.20
Non-mainland thermal power plants	39.78	39.31	40.01
Total unavailability	40.85	39.97	41.51



ENERGY EFFICIENCY OF THERMAL POWER PLANTS (%)
Coal
Fuel-gas
Combined cycles
Average value
UNAVAILABILITY OF THERMAL POWER PLANTS (%)

	2017	2018	2019
Coal-fired power plants	9.3	6.4	11.3
Mainland combined cycle thermal power plants	10	8.7	5.9
Non-mainland thermal power plants	6.4	6.2	4.4
Total unavailability	8.6	7.0	7.6

The criteria for calculating the parameters of efficiency and unavailability have been changed, to separately consider the parameters for the different regulatory regimes as required by GRI. The graph provides the recalculated values for the previous years according to the following criteria:

- Coal-fired power plants: includes coal-fired power plants on the Spanish mainland and the Balearic Islands.
- Mainland combined cycle thermal power plants: includes combined cycle power plants located on the Spanish mainland.
- Non-mainland thermal power plants: includes all thermal power plants located in non-mainland territories, for all technologies except coal.

### EU30

In 2019, the efficiency of nuclear power plants was 35.30%, very much in line with last year's values (efficiency in 2018 was 35.35%). Unavailability in 2019 was 9.58 percent, lower than last year (unavailability in 2018 was 17.24%).

## 2.2. Air quality

### **305-7/103-1 Emissions Management Approach/103-2 Emissions Management Approach/103-3 Emissions Management Approach**

ABSOLUTE 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

SPECIFIC SO <sub>2</sub> , NO <sub>x</sub> AND ENDESA PARTICLE EMISSIONS			
	2017	2018	2019
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

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.

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 NO<sub>x</sub> 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 in the implementation process.
- Finally, we must mention the closure of Alcudia 1 and 2 on 1 January 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 is 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 Cristóbal 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.

## 2.3. Emissions of ozone-depleting substances

### ***305-6/103-1 Emissions Management Approach/103-2 Emissions Management Approach/103-3 Emissions Management Approach/305-7***

During 2019, there were leaks of fluorinated gases into the atmosphere equivalent to 0.79 equivalent tonnes of CO<sub>2</sub>.

During the 2019 financial year, the Company maintained the commitments undertaken in the framework of the 2015-2020 Voluntary Agreement, signed in April 2015, between the Ministry of Agriculture and Fisheries, Food and Environment (now the Ministry for the Ecological Transition and the Demographic Challenge), and the main players in the Spanish Energy Sector (manufacturers and suppliers of electrical equipment that use SF<sub>6</sub>, electric energy transmission and distribution companies, and authorised managers of SF<sub>6</sub> gas residues and equipment that contains it), for joint coordination in the integral management of the use of SF<sub>6</sub>, in a more



environmentally friendly way. The main driver is to contribute to the objective of reducing greenhouse gas emissions in various sectors assigned to Spain.

In 2019, the “Annual Monitoring Report on Waste Managers party to the Voluntary Agreement” was submitted with the management data of each manager for 2018, confirming a significant increase in the equipment managed compared to the previous year (more than 45% of those managed in 2017). Thanks to the data sent by all the members of the Voluntary Agreement to the inventory unit of the Ministry for the Ecological Transition and the Demographic Challenge, compliance with the SF<sub>6</sub> emission reduction objectives for the manufacturing, installation, service and maintenance phases of electrical equipment using SF<sub>6</sub> during 2018 has been verified.

Regarding R&D, ENDESA was involved in work done by some electrical equipment manufacturers to test different gas mixtures to be used in place of SF<sub>6</sub>. These are mixtures of fluorinated gases that have a Heating Potential of less than 2000.

## 2.4. Water resources

### **103-1 Water Management Approach/ 103-2 Water Management Approach/ 103-3 Water Management Approach /103-1 Water Management Approach EUSS/ 103-2 Water Management Approach EUSS/103-3 Water Management Approach EUSS**

ENDESA identifies water as a critical resource that will be affected by climate change so must be protected and preserved. According to the report of 14 March 2018 entitled “Making every drop count: An Agenda for Water Action “prepared by eleven heads of state and a special adviser on water and presented jointly to the UN and the World Bank, 40% of the world population is affected by water scarcity and at least seven hundred million people are at risk of being displaced between now and 2030 due to the lack of this resource. In addition, the World Economic Forum prepares an annual Global Risks report in which it publishes the world's main concerns, requesting information from companies, governments, civil society and thought leaders.

In the 2019 report, the water crisis was the fourth most worrying risk, rising one position compared to the 2018 report.



Companies will play an important role in developing and implementing solutions to the water problem. For this reason, ENDESA, assuming a role of leadership among Spanish electricity companies, has joined the CDP Water Disclosure in 2019, for the tenth consecutive year. This initiative provides data on water and water management reported by the world's largest corporations, in order to inform the global market about investment risk and business opportunities and to help direct investments towards the sustainable use of this resource. This year, the level obtained by ENDESA was “Leadership” with a rating of A-. The result obtained was higher than last year, in which ENDESA achieved the “Management” level.

### **103-1 Water Management Approach/ 103-2 Water Management Approach/ 103-3 Water Management Approach /103-1 Water Management Approach EUSS/ 103-2 Water Management Approach EUSS/103-3 Water Management Approach EUSS**

ENDESA hopes to gain a competitive advantage by aligning its corporate water strategies with the objectives of public policies and initiatives that arise from multiple stakeholders. Through agile and continuous contact with stakeholders, new problems and expectations can be

understood, anticipated and responded to. Open dialogue can also be helpful in preventing and reducing the risk of future water-related conflicts.

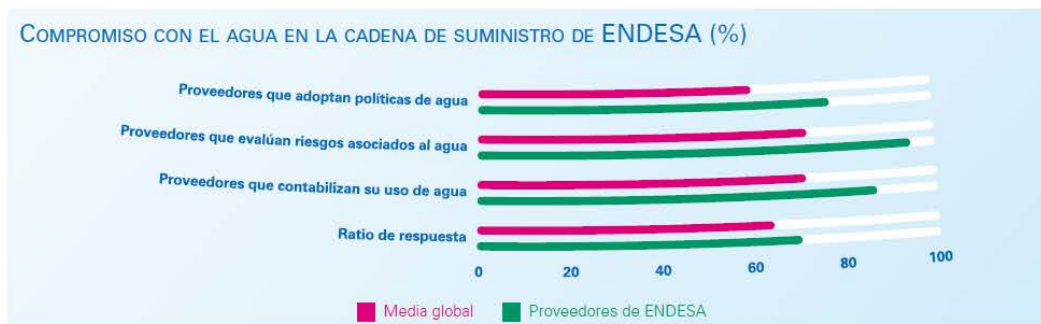
As a result of ENDESA's interest in improving its performance in the area of water, taking into account not only its own management, but also pursuing collaboration and promoting transparency among its suppliers, ENDESA has participated, as it did for the first time in 2017, in the CDP Supply Chain Water programme. In this way, the company demonstrates its commitment to managing its value chain and also requesting information on water management from its suppliers, thus being able to address the risks associated with water and take advantage of opportunities.

The response rate obtained was 72%, compared to 66% of the average of the global companies participating in the initiative. In the case of ENDESA, more than 70% of the suppliers that answered the questionnaire said that they integrated water issues into the management of their business. In the coming years, the list of suppliers invited to participate will be refined, with the aim of identifying those that may have the greatest impact on water resources.

Of the suppliers that reported information on their water strategy, 77% have well-defined objectives and targets to address the water issue, with a well-defined objective understood to be one that specifies the scope, metric and year of compliance.

	ENDESA 2019 suppliers	Global Average 2019
<b>Suppliers that adopt water policies</b>	77%	59%
<b>Suppliers that evaluate risks associated with water</b>	90%	73%
<b>Suppliers that account for their water use</b>	84%	69%
<b>Response rate</b>	66%	70%

COMMITMENT TO WATER IN ENDESA'S SUPPLY CHAIN (%)
Suppliers that adopt water policies
Suppliers that evaluate risks associated with water
Suppliers that account for their water use
Response rate
Global average
ENDESA Suppliers



**103-1 Water Management Approach/ 103-2 Water Management Approach/ 103-3 Water Management Approach /103-1 Water Management Approach EUSS/ 103-2 Water Management Approach EUSS/103-3 Water Management Approach EUSS**

ENDESA, in the interest of preserving water quality and maintaining continuous improvement in its interaction with this resource, carries out its abstractions efficiently and responsibly, always complying with the regulations in force and in accordance with the principles of the environmental management system implemented in all facilities. All uses of water by the generation facilities have been granted taking into account their compatibility with pre-existing users. Plants always operate in coordination with catchment bodies to ensure compliance with easements, maintain environmental flows and encourage the most rational use of the resource.

The facilities built for power generation allow a greater availability of water for other purposes such as irrigation, supply, or conservation of ecosystems. This availability is optimised through cooperation with watershed organisations.

In turn, the construction of hydroelectric power plants in reservoirs intended for irrigation or supply allows renewable energy to be obtained without altering the availability of the resource for the main users. Hydroelectric infrastructures have various benefits associated with them, including the existence of ecosystem services such as provision services, services for the regulation and maintenance of the environment for humans, and cultural services, contributing to their flow being maintained over time and remaining sustainable. For more information see section 4.2.1. Studies and research for the Project to evaluate ecosystem services associated with ENDESA's hydroelectric infrastructures in this chapter.

The preservation of water resources is one of the most relevant factors for ENDESA's environmental management. This is why the company operates under the principle of low consumption, both at the industrial level and in its offices and among its employees. In addition, discharges of previously used water are always done in compliance with the applicable regulations and according to the environmental management system implemented.

ENDESA is aware of the impacts that its activity can have on the water environment, including possible eutrophication, the discharge of wastewater, the heating of water when returning it to the course of the river and the effects on aquatic ecosystems. The company carries out the impact identification process through its environmental management system; once these impacts have been identified, they are addressed with the intention of determining those that are most significant and reducing them as much as possible, following a policy of low water consumption and preservation of the quality of the resource.

ENDESA annually sets objectives to improve its interactions with water. To address these objectives, the company follows an exhaustive process to analyse each impact and objective, implementing various solutions such as water consumption control systems, reuse of rainwater for irrigation, continuous improvement of water quality through control of discharges and wastewater and preservation of the ecological status of reservoirs and associated regulated river sections.

## 2.4.1. Water consumption

### 303-3/301-2/303-1/303-5/306-5

Comprehensive water management is one of ENDESA's biggest concerns. The main tasks in this area entail improvements to consumption efficiency, water quality by controlling dumping and waste water and reservoir management, with an assessment of ecological potential for bird life, control of invasive species and preventing dry-up in regulated rivers.

In 2019, 161,224 m<sup>3</sup> of residual water were reused in processes, which represents 0.711% of the total fresh water abstracted.

99% of the water abstracted by ENDESA for use at its plants is returned to the environment to be reused.

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>ENDESA</b>	<b>52.21</b>	<b>44.63</b>	<b>22.66</b>

RECYCLED WATER (%)	
2017	0.015
2018	0.015
2019	0.161

Additionally, and 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.

The specific consumption of water for electricity generation in 2019 was 0.37 m<sup>3</sup>/MWh.

In terms of water broken down by source, there is a decrease with respect to 2018 of the 303-1/303-3/303-5 and a slight increase in abstraction for use in refrigeration use is returned to the environment in different uses, and that in volume it represents 99% of the total water collected.

TOTAL WATER ABSTRACTION BY SOURCE (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
	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)	3,265.27	3,290.99	3,860.66
	Surface waters (open cycle)	1,502.80	1,753.91	1,628.40
	Water (closed cycle)			
	volume of water processed	285.29	272.40	236.40
	drainage from cooling towers	246.27	251.81	212.75
CIVIL USE		0.20	0.13	0.220
TOTAL (2)		5,066.74	5,341.46	5,724.85

- (1) The figure for seawater abstraction 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.
- (2) The total volume of processed water used for closed cycle cooling is not included in the total.

### 306-5

BODIES OF WATER AFFECTED BY SPILLS		
<b>Bodies of water significantly affected</b>		
For uptake ≥5% vol. average annual total of body of water	2017	4
	2018	4
	2019	4
For catchment in bodies of water considered significant	2017	34
	2018	34
	2019	34
For catchment in Ramsar wetlands or in protected areas	2017	3
	2018	3
	2019	3
For catchment in sources located in areas with national protection	2017	61
	2018	61
	2019	61
For catchment in sources located in areas with international protection	2017	56
	2018	56
	2019	56

<b>Total bodies of water significantly affected</b>	2017	158
	2018	158
	2019	158
<b>Characteristics of bodies of water significantly affected</b>		
Volume (m3)	2017	341,000,000.0
	2018	341,000,000.0
	2019	341,000,000.0
Flow rate (m3/sec)	2017	1,043.8
	2018	1,043.8
	2019	1,043.8
Classified as protected	2017	60.0
	2018	60.0
	2019	60.0
Of value due to its biodiversity	2017	59.0
	2018	59.0
	2019	59.0

### 303-2

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

## 2.4.2. Discharge of water

**103-1 Effluent and waste management approach/ 103-2 Effluent and waste management approach/ 103-3 Effluent and waste management approach/306-1/303-4/303-2/103-1 Effluent and waste management approach EUSS/ 103-2 Effluent and waste management approach EUSS/ 103-3 Effluent and waste management approach EUSS**

ENDESA has a series of procedures to control and reduce discharges to water, as well as to improve their quality, mainly through wastewater treatment facilities. In 2019, discharges from coal-fired power plants decreased compared to 2018 due to their reduced operation.

Vertidos centrales térmicas: 14,10 Hm<sup>3</sup>

Vertidos centrales nucleares: 1,97Hm<sup>3</sup>

**303-4/303-2/306-1/103-1 Effluent and waste management approach/103-2 Effluent and waste management approach/103-3 Effluent and waste management approach**



INDUSTRIAL SPILLS (Hm3)
Thermal power stations
Nuclear power plants

In the process of continuously improving ENDESA's generation facilities, as part of the operation of the plants, specific actions are carried out aimed at reducing water consumption and improving the conditions of discharges, including:

- Teruel Thermal Power Plant: reuse of the excess water from the operation of the plant (purging of the cooling towers) in the desulphurisation process, thus achieving a reduction in the consumption of clean water.
- Almería Coastal Thermal Power Plant: reuse of a portion of purge water in the desulphurisation process, thus avoiding consuming the same volume of desalinated water.
- As Pontes Thermal Power Plant: the recirculation cycles of the cooling towers have been increased, achieving a decrease in the specific consumption of water for cooling.
- Hydraulic Production Units: the policy of eliminating sanitary wastewater discharge points has been continued, with the aim of replacing authorised discharges with sealed confinement systems and controlled withdrawal. The system of effluent confinement, phase separation and selective management of final waste has been developed, and oil detectors are also available in the bilge pits, which are being renovated with more modern technology devices. These resources guarantee a minimum risk of spillage into the public water domain.

This year, the actions derived from the oil spill prevention plan, which began in 2018 with the diagnosis of the points with the highest risk of environmental incident, are being carried out.

**2.4.3. Water stress**



In 2019, ENDESA once again carried out an analysis to identify which of its facilities are in a water stress zone. It is important to highlight that the water stress of an area is inherent to the area, and is not motivated in any case by the presence of an installation.

An area under water stress is one with a water resource availability of less than 1,700 m<sup>3</sup>/person per year, defined by the FAO as the minimum amount of fresh water necessary to cover food, health and hygiene needs.

This year, the water stress analysis was once again done using the computer tool “Global Water Tool for Power Utilities” (GWT), which has been developed by the World Business Council for Sustainable Development (WBCSD) and is aimed at companies and organisations to facilitate the identification and analysis of water consumption during the course of their productive activity, in addition to evaluating the risks related to their global operations and their supply chain in relation to the use of water resources.

The analysis was done on 47 energy production facilities: 30 thermal plants and 17 hydroelectric plants in Iberia.

The conclusions drawn from the study are similar to those of last year:

- A total of 20 facilities are located in areas defined as water resources under stress, which represents 42.6% of ENDESA's plants. However, it is important to note that 70% of the facilities located in areas under stress do not consume fresh water, e.g. thermal power plants because they only use salt water, and hydroelectric plants because they use but do not consume fresh water.
- Facilities located in areas with water resources under stress (<1,700 m<sup>3</sup>/person per year) and with fresh water consumption account for only 12.8% of ENDESA's facilities, which produce 7.4% of the energy.
- ENDESA optimises the use of fresh water in all its facilities, whether located in areas with or without water stress. This is demonstrated by the fact that 70% of the production centres located in areas with sufficient and abundant water resources also do not consume fresh water.

It is important to indicate that all ENDESA production centres that consume water do so within the normal values expected for plants of each particular type of technology.

It is also worth highlighting that all the plants have an ISO 14001-certified environmental management system. Many of their environmental management programmes set objectives for reducing water consumption or improving discharges, measures that will reduce the plants' impact the availability of freshwater resources in their respective catchment areas.

### **303-3**

The abstraction of fresh water for industrial uses in thermal power plants located in water stress zones during 2018 was 0.06 Hm<sup>3</sup>. It must be taken into account that 99% of the abstracted water is returned to the environment in conditions suitable for it to be reused.

## **2.5. Waste**

***301-2/306-2/ Materials management approach EUSS/103-1 Effluent and waste management approach EUSS/103-2 Effluent and waste management approach EUSS/103-3 Effluent and waste management approach EUSS/306-4***

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

The following are the main types of waste generated by ENDESA activity:

- **Coal combustion products** (gypsum, ash and slag) in coal-fired thermal production units, a part of which is traded.
- **Residue from reservoirs** associated with hydroelectric plants, which is formed by materials removed from the intakes and by the sediment generated by the decrease in river speed and flow. This must be removed periodically.
- **Medium and low intensity radioactive waste at ENDESA nuclear power plants**, managed by ENRESA and deposited in facilities specially designed for this purpose located in El Cabril (Córdoba).
- **Waste associated with renewable production**, mainly absorbent rags and lubricating oils, which are sent to the authorised managers for recovery.
- **Waste generated in the distribution activity**, such as electrical and electronic equipment (transformers, switches, counting capacitors, etc.), mineral oils, treated wood poles, and other non-hazardous waste such as metal scrap, plant waste from logging and pruning, paper and cardboard, etc. All such waste is managed by authorised agents in strict compliance with applicable environmental regulations.

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.

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

A considerable portion of all the waste recovered by ENDESA in 2019 derived from its external facilities, representing 90% of its total non-hazardous waste and 68% of its total hazardous waste in Spain and Portugal.

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

		2019
Filtered and reused lubricating oil	tonne	6.35
Recycled paper	tonne	9.31
<b>Total Recycled</b>	<b>tonne</b>	<b>15.66</b>

Recovered waste is considered to be that which is delivered to an authorised manager and that undergoes recovery treatment by the latter. The previous table does not include the production of coal combustion residue (ash, slag and gypsum), the data for which is indicated in a dedicated table.

RADIOACTIVE WASTE (m3) produced			
	2017	2018	2019
Liquids	1.67	1.78	1.60
Solids	196.8	212.88	132.47
Compactable	143.26	166.42	100.97
Other treatments (fragmentation, cementation, etc.)	38.43	32.84	23.87
Other	15.11	13.62	7.64

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 particularly noteworthy initiative is cross-the-board **Zero Plastic** project, see section 1.7 Circular Economy the chapter on Commitment to Sustainability.

### 2.5.1. Coal combustion products

ENDESA recovers part of the waste ash, slag and gypsum generated by its coal-fired plants, located mainly in Spain and Portugal, as a raw material for other industrial uses. In this way, the company generates additional income from the sale of these products. In 2019, there has been a significant drop in activity on account of the fall-off in coal-fired power plant operation.

These products are mainly recovered at facilities located in the national territory. In 2019, the company has continued to export non-hazardous waste to other EU member countries and the USA to increase the percentage rate as much as possible. The cement and construction industries are the main ash and slag recovery markets, while the panel-making sector act as such for gypsum.

**103-1 Materials management approach EUSS/103-2 Materials management approach EUSS/103-3 Materials management approach EUSS/306-1/306-2/306-4**

PRODUCTION AND MANAGEMENT OF ASH, SLAG AND GYPSUM AT ENDESA'S COAL-FIRED POWER PLANTS (SPAIN AND PORTUGAL)			
	2017	2018	2019
<b>Ash (t/year)</b>			
Produced	1,315,879	1,034,177	453,451
Recovery	399,792	472,078	298,284
Restoration	0	0	0
Landfill	916,086	562,099	155,167
<b>Slag (t/year)</b>			

Produced	242,739	196,464	53,005
Recovery	36,880	17,190	38,958
Restoration	0	0	0
Landfill	205,859	179,273	14,048
<b>Gypsum (t/year)</b>			
Produced	1,165,933	864,235	391,217
Recovery	80,060	84,890	53,623
Landfill	1,085,873	779,346	337,594

### 3. Operational efficiency through sustainability

#### Sustainable operational efficiency in renewable generation plants

Both operational efficiency in the engineering and construction phase (Sustainable construction site) and in the operation and maintenance phase (Sustainable plant model) are standards integrated into the shared value creation model (CSV) that provide:

- A decision-making guide to recognise, measure and improve the sustainable performance of each plant or project; Support to the company to assess sustainable options and approaches in the development, design, construction and operation of plants or projects, focusing on environmental protection, the rational use of resources, health care and safety, innovation, the circular economy and the interests of local communities;
- Innovative methods and solutions that promote sustainable plant construction and operation practices, creating scalable and/or transferable technical solutions by introducing advanced practices;
- Metrics and criteria for the ongoing assessment and monitoring of the work done to obtain a map of environmental and social performance at construction sites or plants in operation and to generate mechanisms for continuous improvement;
- A way to promote a sustainable attitude and culture in the business line.

The application of this standard will also serve to optimise the management of both the construction site and the plant in operation and to bring about a virtuous and effective collaboration with internal and external stakeholders.

In 2019, this type of action was implemented in the 27 new projects to build renewable energy plants (18 wind farms and 9 solar farms) and, on a pilot basis, in 11 plants in the operation and maintenance phase (8 hydroelectric power plants and 3 wind farms).

#### Sustainable operational efficiency in the Engineering and Construction phases of Renewable Plants

Application of the “Sustainable construction site” model that is integrated into the category of operational efficiency through sustainability in a CSV Plan.

In the CSV Plans in execution in 2019 for the 27 new renewable energy projects, 80 sustainable construction actions were undertaken to help minimise impacts on the environment. These actions involved the:

- Installation of photovoltaic panels to reduce the use of diesel gensets, which are donated to the community after the work is completed for installation in municipal or public service buildings;
- Installation of rainwater collection tanks to minimise the use of water resources, which may be donated to the community after the plant construction is complete;
- Provision of electric vehicles for the mobility of engineering teams during the construction of the plants, along with the installation of recharging points at construction sites;
- Efficient lighting on construction sites;
- Selective recycling on site and possibility of donating materials to the local population;
- Promotion of the local recruitment of on-site workers and hiring of local transport, catering and accommodation services;
- Early communication to the community of the actions to be carried out in the project through an informative panel at the construction site. In some cases, this has been reinforced by holding a CSV conference to introduce local community agents to members of the engineering team involved in the construction project.

### **Sustainable operational efficiency in the Operation and Maintenance phase of Renewable Plants**

Application of the “Sustainable Plant Model” that is integrated into the category of operational efficiency through sustainability in a CSV Plan.

In 2019, a pilot scheme was carried out to implement the model in 11 renewable generation plants (8 hydroelectric power plants and 3 wind farms) to measure the impacts of the operation's activities on waste, emissions, water and people; to mitigate negative impacts and maximise positive ones via the creating shared value approach and by promoting the circular economy; and to offset non-positive impacts that cannot be managed through a specific action plan.

The model has a catalogue of measures based on four main lines of action:

- Water management: With measures such as optimising the cleanliness of solar plants, oil-free bearings in hydraulic turbines or sustainable wastewater treatment plants.
- Emission reduction: Use of electric vehicles by operation and maintenance personnel, LED lighting, etc.
- Waste management: Reuse of sediment, reuse and recycling of river rubble, etc.
- Local environment: Promotion of sustainable tourism, sustainable maintenance of operational excellence, boosting increased farming income, protection of wildlife near transformers, etc.

In 2019, a study was carried out to assess the feasibility of implementing the actions included in the catalogue, with their implementation and development planned for next year.

## **4. CONSERVATION OF BIODIVERSITY**

***103-1 Biodiversity Management Approach / 103-2 Biodiversity Management Approach / 103-3 Biodiversity Management Approach / 103-1 Biodiversity Management Approach EUSS/103-2 Biodiversity Management Approach EUSS/103-3 Biodiversity Management Approach EUSS***

## THE ENDESA BIODIVERSITY POLICY

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 biodiversity to be strengthened and consolidated.

The ENDESA biodiversity policy can be found on the company website (<https://www.endesa.com/content/dam/endesa-com/home/sostenibilidad/medioambiente/documentos/politica-de-biodiversidad-endesa.pdf>)

### 4.1. Biodiversity conservation plan

The ENDESA Biodiversity Conservation Plan provides a structure that makes it possible firstly, and subject to criteria of scientific, social and applied interest, to select and assess all initiatives received, both internal and external, in terms of biodiversity conservation. Secondly, each initiative is then typified and classified within a matrix according to the scope of application (spaces and species) and the scope of action (installations, areas of influence, research projects, socio-environmental or emblematic projects). Lastly, it is entered on a database for monitoring until the end of the project.

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.

To characterise and describe the annual activity of the ENDESA Biodiversity Conservation Plan, a series of indicators are used for which annual values are obtained, according to the total number of projects started in the current year or previous years, scientific publications, forums, conferences, etc.

The Biodiversity Conservation Plan ended 2019 having undertaken a total of **26** operational **actions** with the following results: 21 ongoing from previous years (5 of which were completed in 2019 and 16 that will continue into this year) in addition to making a start on 5 new actions.

The following table shows the distribution of the ENDESA Biodiversity Conservation Plan actions in 2019 by subject, classified according to the governing matrix of the plan.

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

The plan's actions were undertaken practically all over Spain and Portugal and covered most ENDESA business lines (Generation accounted for 38% of the plan's actions; Distribution for 35% and the Corporate area for the remaining 27%).

#### ENDESA REFORESTS 40 HECTARES OF DOÑANA

ENDESA has signed an agreement with the Andalusian Government to reforest part of the land set on fire in 2017 in Las Peñuelas, in the Doñana National Park. With the signing of this agreement, the foundation has been set for a project that will be developed over the next 40 years, and which is based on three pillars: the environment, the economic promotion of the area, and the social revitalising of the environment.

In 2019, over 18,000 native forest species (cork oak, willow, ash trees, strawberry trees, myrtle, wild olive trees and Iberian pear trees) were sown and planted. The choice of these specimens especially took into account their adaptation to the current and future environmental scenario (forty years from now) that will make it possible to restore the ecological niche of native flora and fauna, improve the water cycle, combat desertification and fix the characteristic dune terrain of Doñana.

The ENDESA Forest Project, in addition to having a high environmental value, will also have an important social and economic dimension for the National Park environment. The improvement of the space that ENDESA has carried out makes it possible to increase the attractiveness of the area, both at a tourist level and in the primary economic sectors that operate in the area owing to the harvesting of pineapples and lumbering.

Socially speaking, ENDESA remains true to its commitment to the employability and well-being of people, has had people at risk of social exclusion for planting operations and has promoted the development of environmental volunteer activities.



## 4.2. Highlights

### 4.2.1. Studies and research

**304-2**

The three main activities in the field of research under the Biodiversity Conservation Programme carried out during 2019 are described below.

#### **Comprehensive assessment of the ecosystem services associated with the ENDESA hydroelectric infrastructure.**

During 2019, progress has been made on the project to assess the ecosystem services in the Noguera Pallaresa river basin that concluded in 2016. According to the latest version of the common international classification of ecosystem services (CICES 5.1) ( <https://cices.eu/> ), promoted by the European Environment Agency, ecosystem services are understood as the contribution that ecosystems make to human well-being. This definition includes both the purpose or use that the public makes of the services as well as the attributes and processes of the ecosystems that make them possible.

Only the proper functioning of the ecosystems that give rise to these services guarantees that their flow is maintained and sustainable. That is why an adequate assessment of the ecosystem services that a territory can provide requires an assessment of the state of the ecosystems that comprise it.

Among the noteworthy activities in 2019 was the continued review in the Talarn reservoir of the method used for its assessment, as the analysis of other reservoirs in different geographical areas raised new questions and solutions. Similarly, progress has been made in the analysis of the ecosystem services associated with the Eume and Cordobilla reservoirs in the hydraulic power units, UPH Noroeste and UPH Sur respectively.

#### **Research and development project on new anti-collision technologies.**

The proposed objective for this project is to develop a prototype anti-collision device that will improve the performance offered by the commercial solutions currently available, based on a series of criteria. In 2019, the final prototype design was chosen that was the one selected in 2017, subsequently optimised in terms of design and materials in 2018. Now that it has been approved, the next stage is its field testing under a pilot scheme. It should be noted that new criteria, such as durability against inclement weather and ease of installation, have been integrated into the design. The pilot test at ENDESA facilities will be carried out throughout 2020.

#### **“Ecological Study of Environmental Impact and Mitigation Measures on the Rampantly Invasive Exotic Seaweed *Rugulopteryx okamurae* in the Bay of Algiers and the Strait of Gibraltar” research project.**

ENDESA, together with the Research Foundation of the University of Seville, through the US Marine Biology Laboratory (LBMUS) is studying the exotic algae *Rugulopteryx okamurae* in the Bay of Algeciras and the Strait of Gibraltar. This project, which is to run until December 2022, aims to measure the extent of the damage that this species is causing in the local ecosystem.

#### **4.2.2. Birdlife protection actions**

**304-2/304-4**

**Coracias Project: conservation measures for the European roller (*Coracias garrulus*) at Aiguamolls de l'Empordà Nature Reserve (PNAE), expanding the study to the Montgrí, Illes Medes i Baix Ter Nature Reserve (PNMMBT).**

This project continued and was expanded in 2019. Great progress has been made by making it possible for European roller meta-populations to come into contact by providing nests between the two reserves, thus reinforcing and favouring genetic exchange in the species' breeding population in Empordà. The main objective of this project, which started two years ago, is to take advantage of the potential positive impact on this species of the presence of distribution lines in the two reserves and their surroundings.

The European roller is a species protected by the Birds Directive and figures on the Spanish List of Wild Species under the Special Protection Regime. The population that breeds in Empordà is the most fragile of those that exist on the Iberian Peninsula as it is the least numerous. The biggest problem faced by the species is the lack of natural holes in which to nest.



#### **PAS Project (Supplementary feeding points for carrion-eating birds in the Pyrenees).**

In 2019, work continued on the project being carried out in the Pyrenees since 2013 with great success. As in previous years, this type of bird has been fed in the Pyrenees and Pre-Pyrenees of Lleida to support the reintroduction project of the black vulture as a vulnerable species. Maintaining the three PAS structure: that of Siall (near Isona), that of Bassella (south of Alt Urgell) and that of Cal Roger (in Montferrer i Castellbó). The project has consisted of monitoring the target species with direct observations and by way of camera trapping. In terms of project results in 2019, it should be noted that the presence of black vultures in the reintroduction project has been detected in all the PAS, with that of Siall being the most widely used by this species. The PAS are also used by other species such as the griffon vulture, the Egyptian vulture, the bearded vulture, etc.



#### **Marking and monitoring of young black vultures (*Aegypius monachus*) in the Tagus International Nature Reserve**

The black vulture is a threatened species all over Europe, its habitation area having decreased considerably compared to the original area. In Portugal, where the species is considered critically endangered, it disappeared as a breeder in the 1970s and only in 2010 did the black vulture reproduce again at the Tagus International, where there are currently around 15 couples.

The objective of this project is to extend the population dynamics of the black vulture colony that exists in this protected area. The method used is based on the marking of the chickens born

in the colony using wing tags and GPS-GSM transmitters. These transmitters make it possible to obtain representative information on the movements of the dispersed youth.



**Osprey conservation project (*Pandion haliaetus*) in the province of Cádiz.** ENDESA continued with this project in 2019, which was started in 2018 by the Migres Foundation. This species had become extinct as a breeder in the province of Cádiz in the 1960s, until in 2003 the Ministry of Environment of the Junta de Andalucía, the Spanish National Research Council (CSIC) and the Migres Foundation began to reintroduce them.

The objective of the project is to guarantee the expansion of the osprey breeding population in the province of Cádiz, especially in the Cádiz Bay area and at reservoirs such as Bornos and Arcos de la Frontera. The objective is also to take dissemination, awareness raising and citizen participation actions in the project through the “Friends of the Fishing Eagle” group and through the Migres Foundation's own platform.



Measures were designed and implemented in 2019 to impact not only on the population of that province, but also on Andalusia and the Western Mediterranean as a whole.

**Radio Tracking Project of a Bonelli's Eagle in the Baix Ebre area (Tarragona):**

This project, which began in 2019, aims to monitor an adult male Bonelli's eagle electrocuted on 13 August last in the Baix Ebre region (Tarragona) using a GPS/GSM transmitter device. This eagle successfully recovered at the animal centre in Vallcalent (Lleida) with laser therapy; a therapy that is also part of another project in the company's Biodiversity Conservation Plan. The specimen has become the first of this threatened species to survive electrocution and it has been possible to reinsert it into its natural environment and verify the possible recolonisation of its territory (occupied by another male). It has also been interesting to monitor and observe the movements of this specimen, studying its behaviour after it recovered and the subsequent interaction it has had with power lines.

In addition to the projects included in the Biodiversity Conservation Plan, ENDESA undertook other actions related to the protection of birdlife in 2019 in the main geographical areas where

it has power lines, prioritising actions related to the protection of protected species. Among these actions the following are particularly noteworthy:

➤ Andalusia:

In keeping with its commitment to the Andalusian Ministry of the Environment, ENDESA has adapted 371 supports. This commitment has been further reinforced with the signing of a Collaboration Agreement with the Junta de Andalucía to protect birds. Under this Agreement ENDESA will correct the facilities that the administration identifies as dangerous and will maintain an inventory of facilities with bird protection elements. The Agreement also promotes the holding of joint workshops for training and knowledge exchange, to conduct studies on the interaction between power lines and birds, the development of new materials and anti-electrocution and anti-collision devices, as well as their testing on ENDESA power lines.

➤ Aragón:

In 2019 ENDESA continued to comply with the Agreement it signed the previous year with the Ebro Hydrographic Confederation, which included adaptations of the power in the province of Teruel, Huesca and Zaragoza.

On 24 July, 2019, the Agreement to modify overhead power lines in Navarra was signed with the Department of Rural Development, Environment and Local Administration of the Government of Navarra to reduce the impact on birdlife. Under it, a medium-voltage line was adapted to the regulation, which involved the fitting of a total of 33 supports and 4.7 km long of signalling with bird protectors.

In 2019, the collaboration bases with SEO BirdLife were agreed, pursuant to which three types of bird protection systems are being installed on overhead power lines in the province of Huesca to verify their effectiveness by way of a multi-annual monitoring.

➤ Balearic Islands:

ENDESA is collaborating, in coordination with the “Servei de Protecció d'Espècies del Govern de les Illes Balears”, with the European Aquila a-LIFE Project to recover the Bonelli's eagle (*Aquila fasciata*) on the Spanish mainland and in the Balearic Islands. It is also collaborating in recovery projects of various birds of prey species on the islands. In 2019, the collaboration focused on the modification and adaptation of supports considered dangerous in the area of distribution of protected birds of prey on the islands, in the Sierra de Tramontana area, west and southwest of the island of Mallorca, and the northern half of Menorca. A total of 76 actions were carried out during the year. These activities fall under the “Collaboration Agreement between the Ministry of Agriculture, Environment and Territories of the Balearic Government and ENDESA”, pursuant to which over 1,473 adaptations have been completed to date.

➤ Catalonia:

ENDESA's investment during the 2017-2019 period of nearly €4.5 million in the Serra de Collserola Nature Reserve is particularly noteworthy. The objective of the project is to integrate and rationalise the power grid that runs through this uniquely preserved natural space in the middle of the Barcelona metropolitan area. The action falls under an agreement signed between ENDESA and the Consortium, thereby reinforcing the collaboration between both parties that begun more than 20 years ago.

Since 2013 there has been a close collaboration between ENDESA and the Rural Ranger Corps in Catalonia in the field of bird protection. Under this collaboration and throughout 2019 and based on the information provided by the Rural Ranger Corps, ENDESA has adapted over 700 electrical supports to minimise the risk of electrocution for birds.

➤ **Canary Islands:**

In 2019, 110 new beacons were installed on the North-Graciosa line on Lanzarote, in addition to the 25 km of power lines already marked out on these islands to protect birdlife, thereby adding continuity to the actions that have already been carried to minimise the risk of collision of birds with medium-voltage power lines.

Corrections were also made in 2019 to avoid bird electrocutions at 34 supports of medium-voltage power lines on Fuerteventura and Lanzarote, within the actions planned in the second year of the LIFE 16 NAT/IT/000659 project to improve the conservation of the *guirre* (the Egyptian vulture subspecies) found on the Canary Islands of Fuerteventura and Lanzarote.

In 2019, 19 supports of several medium-voltage power lines were also adapted in Fuerteventura and Lanzarote under the Agreement signed in 2018 between ENDESA and the Ministry of Territorial Policy, Sustainability and Security of the Canary Islands Government. Albeit beyond the scope of this Agreement, adaptations were also carried out on various supports of medium-voltage power lines to avoid bird electrocutions on Tenerife and La Gomera.

In 2019, the ENDESA Renewables area also carried out additional actions to the ENDESA Biodiversity Conservation Plan for the protection of birdlife in the different territories where there are renewable facilities, among which the following are considered to be the most prominent:

- Monitoring of specimens of red kite using GPS transmitters, which makes it possible to identify potential mortality factors and to analyse the use of space by the breeding population and the dispersion areas of their young in Aragón.
- Study of the behaviour and use of a feeding point (laystall) for carrion-eating birds at El Espinar (Segovia). The study focuses on the assessment and monitoring of the influx of birds to the feeding point and its influence on the routes and habitation areas, thus making it possible to reduce the risk of collisions in wind farms in Ávila.
- Study of the Scopoli's shearwater colonies at Fuencaliente wind farm (La Palma, Canary Islands), undertaken to expand the knowledge of the behaviour of this species and thus design measures that prevent or reduce the risk of collision of this species at the farm.

#### **4.2.3. Social-environmental projects**

##### **304-2**

In 2019, the four projects with a marked socio-environmental component started in previous years have continued:

- **Enhancing of biodiversity in areas with bears in the Pyrenees of Lleida:** these actions form part of the **PirosLIFE project** led by the Brown Bear Foundation, a project that seeks to improve habitats in order to favour the state of the brown bear population reinserted in the



Pyrenees of Lleida and compatibility with human activities in the area.

To achieve the first of these objectives, actions have been carried out such as the planting in forests of more than 9,000 native fruit trees and the restoration of habitats in danger of degradation to improve the trophic quality of the bear habitat in bear connectivity and dispersal areas in the Alt Pirineu Nature Reserve and the Red Natura 2000 “Alt Pallars” area. Compatibility with human activities, including ENDESA's hydroelectric activity, has been ensured through the careful selection of planting places and areas of action and the holding of training and information sessions. Opting for these solutions that integrate and make sustainable the presence of bears in the territory, as well as employing people at risk of exclusion from the territory to work on enriching biodiversity, serve to endow the project with its eminently socio-environmental character.

- **Study of the trophic cascade effect of the actions to improve the forest ecosystem carried out in the Boumort National Hunting Reserve.**

This study focuses on the development of a comprehensive method to recover native vegetation and to promote of the bottom-up effect with respect to the upper levels of the trophic cascade. Actions taken in 2019 have centred on completing the planting of native vegetation, continuing with the ecological restoration work and consolidating the pilot plan to recover the wood grouse population.

- **ENDESA Forest Initiative:**

- **ENDESA La Atalaya Forest**, where a third field inventory has been carried out, replanting done and the status of the project reviewed. The latter aimed to evaluate the status of the reforestation work carried out in 2016 and to consolidate the review and maintenance work done in 2017 and 2018 to ensure 100% survival success of the introduced plants, with a view to ensuring the viability of the forest and the ecosystem services it generates in the long term. As usual, local workers were recruited for the field work, giving priority to the unemployed, young people, women, those over 45 years of age or at risk of exclusion. In this way, the project continues to meet the triple objective set at its outset, which aims to contribute to the mitigation of climate change (absorption of CO<sub>2</sub> by the vegetation planted), provide social benefits and at the same time promote biodiversity recovery.

- **ENDESA Doñana Forest:** where over 18,000 native forest species have been planted and sown (cork oaks, willows, ash trees, strawberry trees, myrtles, wild olive trees and Iberian pear trees). This project, in addition to the environmental component, has a very important social component as ENDESA, in keeping with its commitment to employability and the well-being of people, has recruited people at risk of social exclusion for planting operations and has encouraged the undertaking of environmental volunteer activities.

- **Creation of a Mediterranean turtle-breeding nucleus in the Les Garrigues area, Lleida.** In 2019, the maintenance work on the property as a refuge has continued, as has the monitoring and release of new specimens. On 30 October 2019, volunteers helped to release another 30 adult specimens provided by the Catalan Amphibian and Reptile Recovery Centre (CRARC), to which the 112 released in previous years must be added, along with individual specimens who have already been born in the Bovera breeding nucleus. Members of the press were invited to attend the event, which led to district, provincial and nationwide media coverage.





Two other outstanding projects that have been carried out during 2019 by ENDESA's Renewables area and which are complementary to ENDESA's Biodiversity Conservation Plan are also worthy of mention:

- Study of holm oak and cork oak mortality due to a drought in Spain with a view to looking for effective solutions, as soon as the national inventory has been completed, to alleviate this disease that fundamentally affects the meadows and forests in the south-central area of the mainland (in collaboration with the ENDESA Foundation).
- Animal research project using camera trapping, carried out with the aim of preparing an inventory of terrestrial animal life at the wind farms of Galicia and studying the use of the farm's space and its compatibility with the presence of wind turbines.

#### 4.2.4. Publications

ENDESA continued to promote the dissemination and knowledge of biodiversity in 2019 through active participation in technical and scientific forums, as well as through the publication of studies and articles. Several informative articles were published in the course of 2019. Moreover, 10 papers were read at congresses resulting from various projects of the Biodiversity Conservation Plan.

Likewise, once again, and after 23 years of commitment, sponsorship of the publication “Anuari Ornitològic de les Illes Balears” published by the Grup d'Ornitologia Balear (GOB) has been renewed. Interest in this publication lies in the annual census that has made it possible to establish the evolution of the populations of the different species over 33 years by way of continuous recording.

#### 4.2.5. Training and dissemination events

Among the training activities and dissemination events held in 2019, the following are worthy of special mention:

**Collaboration in the course organised by the Andalusian Institute of Public Administrations** under the title “Impact of Power Lines on Threatened Birdlife. Procedures for Updating the Regulations”, held in October 2019.

Within the framework of **the European project AQUILA a-LIFE** that is being developed in the Balearic Islands, in October 2019, a two-day event was held for all sectors involved in the problem of birdlife electrocutions, with the aim of creating a knowledge exchange space and establishing closer contact between the institutions and their technicians.

**Business debate with the Secretary of State for the Environment.** ENDESA as a member of the Spanish Business and Biodiversity Initiative (IEEB) has participated in this debate with the representative of the Environment from the Ministry for the Ecological Transition and the Demographic Challenge in April 2019.

**Working Group on Natural Capital and Energy.** In September 2019, this first global working group was launched in which ENDESA together with other companies in the Spanish energy sector interested in analysing natural capital, sharing experiences and knowledge in the

processes to identify, measure and assess their impacts and dependence on nature from their different realities and business contexts to promote best practices within the framework of business sustainability and the environmental assets with which they interact.

**Natural Capital Week.** Held at the beginning of November 2019 in Madrid, different debate and work events were scheduled to boost the commitment of the business sector in the conservation of nature and its sustainable use. ENDESA, as a company firmly committed to biodiversity and the SDGs, actively participated in the **Annual Meeting of the Global Partnership on Business and Biodiversity**, in the **We Value Nature Dialogue** at the [Capitals Collaboration Day](#) and in the **Business Training on Natural Capital and Business Training on the Value of Nature**.

**Conference on the Assessment of Natural Capital organised by the University of Salamanca.** Held in late November 2019. ENDESA intervened by expounding on its activity and experience in the assessment of natural capital and ecosystem services in the surroundings of ENDESA facilities.

To these public dissemination initiatives regarding ENDESA's actions in biodiversity, several **volunteer** days can be added, among which we highlight the following:

- **Conservation of the osprey in the province of Cádiz.** (*See details in the corporate volunteering section*).
- **ENDESA forest** initiative. (*See section 4.2.3. Socio-environmental projects in this chapter*).

#### 4.2.6. Other initiatives

**Spanish Business and Biodiversity Initiative (IEEB).** As part of the commitment acquired through the signing of the Pact for Biodiversity, led by the Biodiversity Foundation, ENDESA is an active member of this initiative with which it has been involved since 2015 in several specific working groups.

**European Business and Nature Summit.** At this international event on biodiversity held in November 2019, the second triennial activity report (2016-2018) of the IEEB was presented, at which ENDESA as an active member, was able to present the work carried out in the field of biodiversity over the last three years under its ENDESA Biodiversity Conservation Plan.

### 4.3. Environmental restoration

#### 304-3

Ash, slag and gypsum landfills are an environmental liability caused by electricity generation that uses solid fuels. Once the landfill infrastructures have reached the end of their useful life, restoration solutions need to be proposed for them to enable the partial or total restoration of the affected land.

Accordingly, in 2019 work continued on the second phase of the **monitoring project** using bioindicators of the eco-restored ash dump at the CT Litoral thermal power station (Carboneras, Almería). These indicators provide relevant information on the structure and functioning of the restored semi-arid habitats.



#### 4.4. Impacts caused by activities or operations in protected areas 304-2/EU13

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:

<b>Thermal generation</b>	
Surface (km <sup>2</sup> ) occupied by facilities in Natura 2000 Network spaces	1.57
<b>Renewable generation</b>	
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

## 5. Sustainable mobility

Mobility holds considerable weight in the framework of sustainable development due to its environmental impact, the associated social and economic effects, as well as the interrelationships with other sectors. It comes as no surprise, therefore, that in Spain, the transport sector is already the sector that produces the most CO<sub>2</sub> emissions, so the fight against climate change can only be successful if, in addition to the decarbonisation effort of electricity generation, it is able to decarbonise other sectors and, very especially, the transport sector. The continuous growth that the sector has experienced over the past years and its foreseeable increase makes the challenge of achieving a more sustainable model a strategic priority at local, national, European and global levels.

This priority is even more evident in urban settings, where the private vehicle (mainly internal combustion) is the means of transport most used by its inhabitants, despite the presence of a large public transport service.

Due to the impact that internal combustion vehicles have on air quality, measures are being taken in large cities such as restrictions on the access of internal combustion vehicles to the city centre, or the promotion of alternative fuel vehicles, mainly electrical, with plans to help their acquisition.

Accordingly, modern societies are demanding high and varied mobility, which requires a complex transport system adapted to social needs, and one that guarantees the movement of people and goods in an economically efficient and safe way. Likewise, we must move towards a low-carbon economic model, for which it is essential to develop efficient and flexible transport systems that provide intelligent and sustainable mobility patterns, thus improving people's quality of life and protecting the environment.

Consequently, the process to move towards new sustainable mobility habits involves raising public awareness and promoting solutions, among which electric transport figures as a key part of an integrated and sustainable urban mobility system that presents clear commercial opportunities for a company that, like ENDESA, is committed to leading the transformation towards a sustainable energy model.

ENDESA therefore has taken on sustainable mobility on board as a key element of its strategic and sustainability plans and, therefore, is developing a set of projects that cover different areas, from technological to social, promoting electric mobility as one of the main drivers towards a new energy model with zero emissions, responding to the new needs and expectations that society is increasingly demanding.

## **5.1. The Sustainable Mobility Plan 2018-2020 - e-Movement**

The e-Movement is the plan that includes the set of sustainable mobility measures that ENDESA is promoting and plans to promote among its employees and fleets in the 2018-2020 period.

This is the second plan that the company has put in place and serves to add continuity to the previous one. It focuses on the internal management lines of action targeting company employees and fleets. Owing to their magnitude, external commercial actions fall outside the plan and are dealt with in section 5.2.1 of this chapter: ENDESA's electric mobility offer and on the company's website <https://www.endesax.com/es/movilidad-electrica>

The global environmental impact objectives of the e-Movement are the savings in the 2018-2020 period of:

- 650,885 trips
- 9,500 tonne of CO<sub>2</sub> emissions
- 5,200 kg of NO<sub>x</sub> emissions
- 550 kg of particulate emissions
- < Noise

Cumulative CO<sub>2</sub> emissions savings for the 2018-2020 period will be 9,500 tonne, which are equivalent to the emissions of 175 air trips on the Barcelona-Moscow route, for which 19,000 adult trees would be necessary.

The plan revolves around two strategic objectives: Firstly, the promotion of modal change and the rational and safe use of transport for employees, and secondly the boosting and promotion of transport electrification.

### **5.1.1. Promotion of modal change and the rational and safe use of transport**

This action seeks to reduce the transportation needs of ENDESA employees, the use, if travelling is necessary, of sustainable means of transport, either because they are different from vehicle transport or because, in the case of being a vehicle, it is different from the car, and if it is a car, it must be shared. Therefore, the main lines of action are:

- **Promotion of work outside the office** with the aim that, voluntarily and based on how well the current programme has been received, 2,399 people sign up to this system, which currently allows one day teleworking a week.
- **Facilitation of flexible working hours:**
  - **Flexible working measures** that allow employees to advance or delay entry and exit times to and from work centres.
  - **Continuous working day** that makes it possible to transform the working day into a continuous working day (as per framework agreement conditions).
- **Promotion of means of transport other than private vehicles:**
  - **Car e-sharing service** by promoting electric vehicle pools at the main offices for use by employees on work tasks and by extending the programme to personal use on weekends with the aim of promoting these vehicles, thus contributing to fuel savings and emission reductions. In 2019, 23 electric vehicles provided the service, clocking up 108,767 km. Since the plan was launched in 2016, a total of 388,864 km have been clocked up.
  - **Corporate shared taxi service:** Comprehensive management of corporate taxi transport with the aim of reducing emissions, contributing to sustainable and safe mobility and increasing service digitalisation and traceability, prioritising shared routes between users and that these also use ecotaxis. Since it began in 2016 to date, 375,410 km have been travelled, 74% of which used ECO vehicles, which translates into the avoidance of 11.8 tonne of CO<sub>2</sub>. There has been a total of 28,071 journeys, 22% of which were shared journeys and with 41% of passengers having shared the service.
  - **Car e-sharing:** A digital application so that the employees at the six territorial head offices can share the private vehicle on their daily commute between the home and the workplace.
  - **E-bike** pool of electric bicycles at the main offices to promote their use among employees. The **e-bike** service has been implemented in Madrid, Barcelona, Seville and Zaragoza consisting of a corporate pool of 19 vehicles available to employees for work tasks, while the **e-scooter** service in Madrid and Barcelona has a corporate pool of 8 vehicles available for employees to perform their duties.
  - **Transport card**, with the target of 900 people signed up to this system in 2020.

### 5.1.2. Promoting and encouraging e-transport

This second strategic objective promotes the electrification of transport, as electricity is the most efficient energy vector and does not produce emissions.

What this second objective aims to do, once the need for mobility with private cars of ENDESA employees has been reduced with the measures of the first strategic action, is that if cars are to be used for transport, they should be of the type that pollute as little as possible, in which case e-vehicles have an essential role to play.

Accordingly, since the launch of ENDESA's first sustainable mobility plan in 2014, ENDESA has shown with its own employees and fleets that another type of mobility, a sustainable one based on electricity, is possible. The main lines of action in this area are:

- **Sustainable management of the ENDESA fleet**

One of ENDESA's lines of action to promote sustainable mobility involves managing its own fleet. ENDESA has been implementing measures aimed at optimising its fleet for years, reducing the number of combustion vehicles and promoting electrification by opting for hybrid and electric vehicles.

In 2019, ENDESA had an electrified fleet totalling 93 electric vehicles and 106 plug-in hybrids, which represents a total of 10% of its entire fleet. Moreover, it had 559 hybrid vehicles, which represents 27% of the total.

In order to continue advancing in this area, ENDESA's new Sustainability Plan 2020-2022 includes the actions to sustainably manage the fleet:

Progressive electrification of the fleet			
Vehicle type	Close Result 2019	2020 target	2022 goals
Electric vehicles	93	230	347
Plug-in hybrid vehicles	106	668	1,019
Hybrid vehicles	559	202	320
Combustion vehicles	1,420	1,000	414

The sustainable management of the fleet has made it possible to achieve a 17% reduction in fleet CO<sub>2</sub> emissions compared to 2017. Likewise, it is expected to achieve a reduction of almost 44% in 2022, compared to the 2019 result.

- **Promotion of the electric vehicle for employees:**
  - **Development of electric mobility plans for employees:**

ENDESA, in keeping with its strategic positioning, with respect to which innovation and sustainability are fundamental lines of action, seeks to involve its employees by offering specific solutions, thus giving an opportunity to act with concrete measures that favour a change in behaviour towards a more sustainable energy culture.

As part of the e-Movement programme, ENDESA launched the fifth and latest edition of the Employee Electric Mobility Plan on May 28 2019, to get new employees to join in trying out the benefits of the electric vehicle (EV), thereby reducing pollutant and greenhouse effect emissions mainly caused by commuting to the workplace.

In this new Plan, a value proposition was designed for employees comprising the following elements:

- 100% electric vehicles.
- An all-inclusive lease that provides an electric car for 36 months to overcome the barrier of technological obsolescence
- Economic incentives to help the acquisition or leasing of the electric vehicle in exchange for the employee’s collaboration in aspects related to project communication and image.
- Installation of an ENDESA Integral Solutions domestic recharging point in the home.
- Additional benefits, including preferential access to a pool of parking spaces reserved for electric vehicles at work sites and the possibility of emergency recharging.

The aggregate results of the five Plans – 2015, 2016, 2017, 2018 and 2019 – represent a total of 1,250 electric cars purchased by company employees, representing 5.2% of the total 100% electric passenger car market over these five years. Over this same period, approximately 5,000 tons of CO<sub>2</sub> emissions have been avoided, in addition to contributing to the reduction of emissions of NO<sub>x</sub> and other polluting substances that have a negative impact on people’s health, especially on those who live in cities.

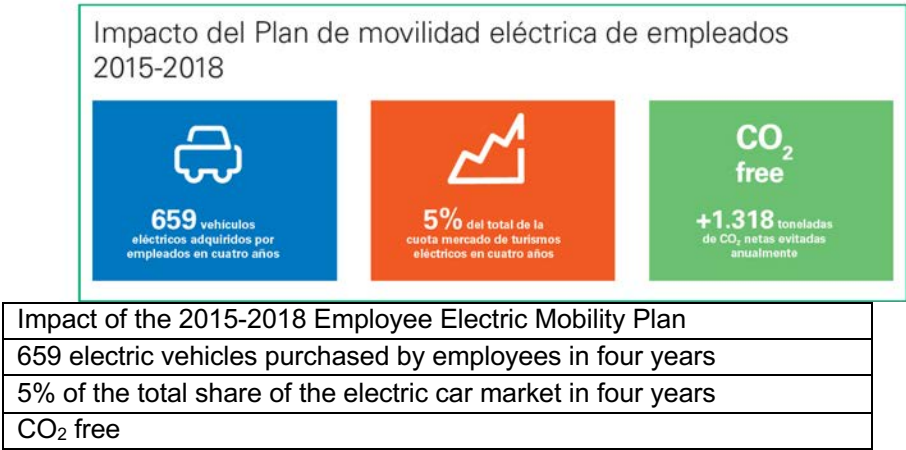
Change the title: **IMPACT OF THE 2019 EMPLOYEE ELECTRIC MOBILITY PLAN**

Change the title: **IMPACT OF THE 2015-2019 ELECTRIC EMPLOYEE MOBILITY PLAN**

Table one: **1,250** electric vehicles purchased by employees in five years.

Table two: **5.2%** of the total market share of electric cars in five years

Table three: **+ 5,000** tons of net CO<sub>2</sub> avoided in five years.





+1,318 tonnes of CO <sub>2</sub> net avoided annually
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Through this initiative, ENDESA employees have become ambassadors for the mobility of the future and a benchmark for society, helping to promote electric mobility and a change towards sustainable consumption habits. In total, thanks to the five years of the plan, 9% of the current workforce (more than 900 employees) already travel using zero-emission means. The new road traffic restriction measures implemented in cities such as Madrid and Barcelona for polluting vehicles increasingly demonstrate the need to implement sustainable mobility policies, among which the electrification of transport is central to achieving this objective.

ENDESA's aim is not only to promote such habits among employees but also to send a message through them to wider society, ensuring an increasing use of electric vehicles in cities and bringing this technology closer to others and favouring the improvement of air quality in cities and their corresponding impact on health.

- **Promotion of the electrification of the executive fleet.**

Within an e-Movement framework, ENDESA has a plan in place to electrify its executive vehicle fleet. This segment currently represents 11% of the total fleet with 226 vehicles – thanks to the measures that make up the plan, 48% of them have already been plug-in hybrids or 100% electric.

To encourage managers to choose this type of model, the company is increasing the share they receive for leasing, providing the charging infrastructure at its headquarters. In cases where the choice remains a traditional combustion vehicle, the company limits CO<sub>2</sub> emissions in this segment, even beyond what is set by European guidelines.

The plan to replace the management fleet with a less polluting one is another of ENDESA's measures to develop a more sustainable energy transport model and thus improve the quality of life in cities, where more than 70% of the population will reside in 2050 (today the figure stands at 50%).

- **Infrastructure implementation in the workplace:**

- **electrification of parking areas**

ENDESA's headquarters in Madrid already have installed 558 charging points for electric vehicles, 97 more than the previous year, with the installation of charging points extended to the rest of the offices.

- **Bicycle parking.**

Bicycle parking for employees at Madrid, Barcelona, Seville, Palma de Mallorca and Zaragoza headquarters has also been expanded and improved.

In addition to these lines of work, the plan is being complemented with other executive action, such as the development of local transport plans, an internal communication plan, which includes communication to employees through the banner on the intranet, sending an electronic postcard, an awareness-raising video to inform employees of the

programmes that the company has made available to them, as well as an initiative consisting of a stand at the entrance to company headquarters giving organic fruit juice to those who come to work using sustainable methods of transport. The mobility plan also contemplates assessment of the environmental impact of the implemented actions, as well as a series of mobility safety training and awareness-raising measures, a total of more than 20 actions that demonstrate with facts and figures that ENDESA's commitment to sustainable mobility is firm and decisive.

The development of the actions of the plan represents an achievement of 128% of the objectives set for 2019 and the confirmation that another type of mobility, based on the change of modal use and the electrification of transport, is already a fact in our company.

A new initiative implemented in 2019 was **Sustainability in Travel**, the aim of which is to offset the emissions of corporate flights taken each year with Iberia by carrying out activities and projects that mitigate climate change.

#### **5.1.2. ENDESA's electric mobility and the 2019 Climate Project**

The Carbon Fund for a Sustainable Economy (FES-CO2) CLIMA Projects are designed to reduce GHG emissions in Spain. Every year, the FES-CO2, the Ministry for Ecological Transition and Demographic Challenge climate finance think tank, announces a call for proposals for the selection of climate projects that promote ways to transform the Spanish production system towards a low-carbon model.

Endesa's Electric Mobility Program was selected in the 2016 CLIMA call for proposals by the then Ministry of Agriculture and Fisheries, Food and Environment, which represents an important recognition of the measures undertaken by the company to combat climate change. In this case, these measures involve promoting the use of electric vehicles instead of traditional ones for ENDESA-employee personal and professional travel. The selected programme focuses on two main activities: the Employee Electric Mobility and the Car e-Sharing Mobility Plans. The aim of these initiatives is to reduce greenhouse gas (GHG) emissions by promoting the use of 100% electric vehicles for use by Endesa employees. This recognition reflects the fact that electric vehicles play a fundamental role in reducing GHG emissions, helping Spain achieve to its objectives to combat climate change.

The CLIMA 2016 project introduces new activities over a four-year period (2016-2019) within the limits of maximum GHG emission reductions forecast for the project. The project saw the new Electric Mobility Plan and Car e-Sharing activities incorporated in 2019. In 2019, the new Employee Mobility Plan was presented and recognised by the Ministry for the Ecological Transition as a Climate project, which allows ENDESA to continue its commitment to electric mobility and the reduction of GHG emissions. **See details on climate projects in Part 1.6.2. of the Decarbonisation section**

### **5.2. ENDESA's commitment to electric mobility**

As part of its commitment to fighting climate change and encouraging more sustainable mobility, ENDESA is committed to the electric vehicle as a key area. Electric mobility therefore constitutes a central piece of its 2020-2022 Strategic Plan, which includes a target of 36,000 electric vehicle charging points by 2022.

In the previous section, we saw how ENDESA's commitment to mobility begins with its own employees and fleets, which, with the success of the e-Movement, have shown that electric mobility is already a reality that allows us to tackle climate change and improve air quality in urban settings and, as a result, people's health.

The expansion of electric mobility in society also presents an opportunity for ENDESA, which is undertaking a range of initiatives to promote its development in three complementary directions with a 360° vision: promotion and dissemination, technological development and the company's commercial offering.

### **5.2.1. ENDESA's electric mobility offer for its customers**

The ENDESA X Business Line promotes the development of electric vehicles as one of the main avenues in the fight against climate change, promoting electric mobility as an instrument to facilitate a zero-emission energy model.

The e-Mobility Endesa X Business Line develops and markets electric mobility solutions for residential, industrial, commercial and governmental clients, playing an active role in this area to position itself as the sector leader in electric mobility.

#### **Public charging:**

- In 2019, action continued to be taken to ensure there are more than 2,000 charging points for electric vehicles by 2020, making it easier for electric vehicles to travel anywhere in Spain.
- In the second phase (2021-2023), a further 6,500 new public access charging points will be installed in shopping centres, car parks, hotel chains, service stations and on public roads to cater to the growth in the electric vehicle market, providing greater charging infrastructure coverage in urban areas and the main strategic transport nodes, both on the mainland and in Spain's islands, bringing the total to more than 8,500 public access charging points.
- In 2019, the new "ENDESA X JuicePass" app was launched, allowing users to oversee the recharging of their electric vehicle directly from their mobile phone, giving access to all the detailed information of the charging point, prices and opening hours, reserve charging points, monitor the details of their charging sessions in real time and access their charging and invoice history.

#### **Private charging:**

In addition, ENDESA continues to market end-to-end value proposals for the roll-out of private electric vehicle charging, offering electric mobility solutions for residential, business and commercial customers, as well as public administrations; already with our advanced technology included in the "Juice" family of equipment, such as the "JuiceBox", "JuicePole", "JuicePump" recharging units etc.

- ENDESA has developed charging infrastructure for domestic use designed for private owners of electric vehicles. The home is the main charging point, where the electric car can be recharged during long breaks, especially at night.
- ENDESA offers businesses a complete solution that includes installation, equipment supply, associated infrastructure maintenance and remote management, providing all necessary information on the use of the recharging infrastructure.
- ENDESA has a complete plan for Spain's public administration to provide the best possible service to its people, consisting of advice, installation, recharging

infrastructure, maintenance and so on, all managed from a control centre with monitoring that ensures that the service is always available.

## SUPPLY CHAIN



**€2.427** billion of materials and services purchased

**6,115** suppliers provided services to ENDESA

**1,118** qualified suppliers over the past four years

**100%** of contractors in Spain and Portugal have received training in Occupational Health and Safety

### ENDESA SUSTAINABILITY PLAN COMPLIANCE 2019-

	Line of action	2019 target	2019 result	Key actions
Supply chain	Purchases made from qualified suppliers (% volume purchases)	80%	80.6%	- Since 2017, sustainability qualification requirements that include assessment of human rights, the environment and occupational health and safety
	% of qualifications made to suppliers in which human rights aspects are verified	85%	89%	
	% of qualifications made to suppliers in which environmental aspects are verified	85%	89%	
	% of qualifications made to suppliers in which environmental aspects are verified	85%	89%	
	Supplier performance evaluation (% purchase volume)	65%	35%	
	Contractors assessed on social, ethical and environmental aspects	15%	11%	

## 1. RESPONSIBLE MANAGEMENT OF THE SUPPLY CHAIN

### 102-9

#### 1.1. 2019 results

In 2019, ENDESA worked with 6,115 suppliers, including the total number of providers who were subject to delegated purchasing.

The amount of purchases from suppliers decreased 8% compared to the 2018 figure, down to a total of 2.427 billion euros.

NUMBER OF ENDESA SUPPLIERS						
	Number of suppliers			Value of purchases from suppliers (billions of euros)		
	2017	2018	2019	2017	2018	2019
Spain and Portugal	5,548	5,210	6,115	1,887	2,646	2,427

VALUE OF PURCHASES FROM ENDESA'S MAIN SUPPLIERS IN 2019				
	Value of purchases from the 15 largest suppliers	Value of purchases from the 15 largest suppliers	Value of purchases from the 50 largest suppliers	Value of purchases from the 50 largest suppliers
	(thousands of euros)	% of total	(thousands of euros)	% of total
Spain and Portugal	952,450	39.2%	1,394,733	57.46%

#### EU17

The number of days worked by contractors or subcontractors involved in construction, operation and maintenance activities in 2019 was 4,250,399, a decrease of 3.42% compared to 2018.

#### 403-9/102-8

The total number of hours worked by contractors in 2019 was 34,003,191.

#### 1.2. Commitment to local communities

##### 102-9/204-1

ENDESA's activity in the countries and territories in which it operates is geared towards creating value for local suppliers. In line with our commitment to them, 82% of the budget used (1.9 billion euros) has been dedicated to these suppliers, understanding as such those established in Spain and Portugal. In 2019, 1.631 billion contracts for amounts greater than 1 million euros were awarded to local suppliers.

As far as contracts related to maintenance services in our Production Centres are concerned, specific contractual clauses are contemplated, through which, the contractor agrees to employ technicians and other staff from the local area, pursuant to current laws and the provisions of the competent authorities, in addition to the strictly necessary transfer personnel and in compliance with the required specialisations.

PURCHASES FROM LOCAL SUPPLIERS* WITH CONTRACTS OVER 1 MILLION EUROS								
Number of suppliers			Value of purchases from local suppliers with contracts over 1 million euros millions of euros			% of total purchases made from local suppliers with contracts over 1 million euros		
2017	2018	2019	2017	2018	2019	2017	2018	2019
215	336	272	1,378	1,974	1,631	73	74	67

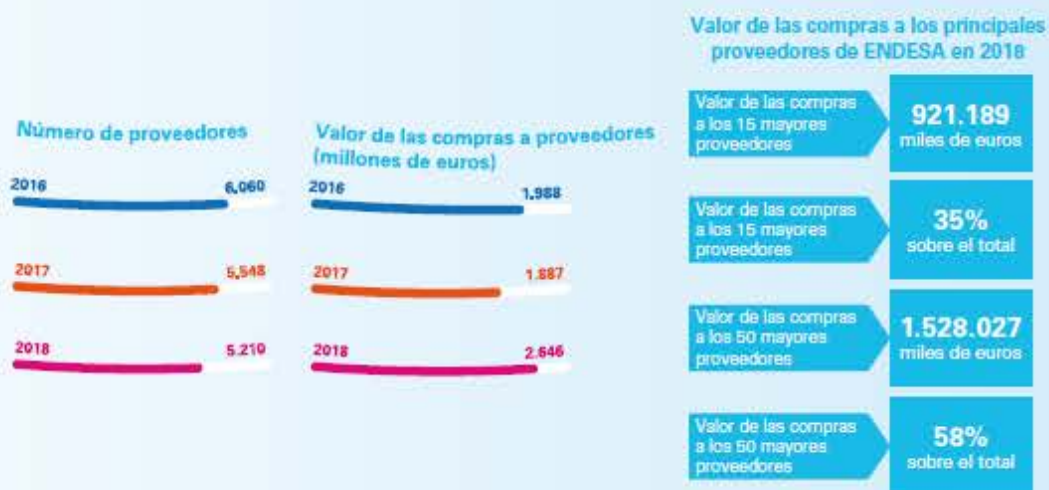
Local suppliers are suppliers of materials, products and services located in the same geographic market in which the organisation operates (i.e. no international payment is made to the supplier).

In order to create value for local suppliers in the countries in which ENDESA is present, the percentage of purchases with contracts exceeding €1 million that were made to foreign suppliers stood at 17% in 2019.

NUMBER OF FOREIGN SUPPLIERS IN EACH COUNTRY* OVER 1 MILLION EUROS								
Number of suppliers			Value of purchases from foreign suppliers with contracts exceeding 1 million euros millions of euros			% of purchases from foreign suppliers with contracts exceeding €1 million of total purchases		
2017	2018	2019	2017	2018	2019	2017	2018	2019
40	51	44	142	399	406	8	15	17



## NÚMERO DE PROVEEDORES DE ENDESA EN ESPAÑA Y PORTUGAL



### NUMBER OF SUPPLIERS OF ENDESA IN SPAIN AND PORTUGAL

Number of suppliers

Value of purchases from suppliers (millions of EUR)

Value of purchases from ENDESA's main suppliers in 2018

Value of purchases from the 15 largest suppliers

€921,189,000

Value of purchases from the 15 largest suppliers

35% of the total

Value of purchases from the 50 largest suppliers

€1,528,027,000

58% of the total



PURCHASES FROM LOCAL SUPPLIERS* WITH CONTRACTS OVER €1 MILLION
Number of suppliers
Value of purchases from local suppliers with a contract greater than €1 million (millions of EUR)
% of total purchases made from local suppliers with contracts over €1 million
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).
NUMBERS OF FOREIGN SUPPLIERS IN EACH COUNTRY
Value of purchases from foreign suppliers with contracts exceeding €1 million euros (millions of EUR)
% of total purchases made from foreign suppliers with contracts exceeding €1 million

### 1.3. THE ENDESA COMPREHENSIVE PURCHASING PROCESS

**103-1 Management Approach Acquisition Practices/103-2 Management Approach Acquisition Practices/103-3 Management Approach Acquisition Practices/102-9**

All ENDESA contracts include specific clauses in their General Conditions regarding the commitment of other parties to human rights, the safety of people, the environment and corruption.

In order to promote responsible management in the supply chain, ENDESA has a comprehensive purchasing process which requires suppliers to be qualified according to sustainability (environmental, social, ethical, integrity and human rights) as well as technical and economic criteria prior to the tender process and the formalisation of the contract. Finally, once the service has been provided, their level of compliance and performance in this regard is evaluated through the Supplier Performance Management tool.

**Nota para maquetador**, editar con el manual de estilo de este año: Este cuadro se queda igual. Solo es necesario modificar el cuadro ROSA, y eliminar vendor rating. Sustituirlo por SPM (Suppliers Performance Management) Evaluación continua del desempeño del proveedor durante la vigencia del contrato.

102-9



The comprehensive purchasing process at ENDESA
Business Line needs plan
All the needs of each business line are included in the Purchasing Plan.
Supplier qualification system
Evaluation of environmental, social and ethical aspects, among others.
Purchase request management
The needs are processed by the Purchasing area to begin the tenders.
Tender bid process
Each buyer contacts the potential suppliers and communicates the technical and commercial specifications that will be required to carry out the work.
Formalisation of the contract
Once the process of reception and evaluation of bids is finished, the contract is signed by both parties to begin the contracted work.

Provision of service
Vendor rating
Performance evaluation of suppliers once the work has been carried out.
Prior to service provision
During service provision
After service provision

#### **1.4. Sustainability requirements in contracting**

**103-1 Approach to child labour management, 103-2 Approach to child labour management, 103-3 Approach to child labour management/103-1 Approach to forced or compulsory labour management, 103-2 Approach to forced or compulsory labour management, 103-3**

**Management approach forced or compulsory labour/103-1 Management approach social assessment of providers/103-2 Management approach social assessment of providers, 103-3 Management approach social assessment of providers/414-1/103-1 Supplier environmental assessment management approach/103-2 Supplier environmental assessment management approach/103-3 Supplier environmental assessment management approach/308-1/408-1/409-1/412-3**

All ENDESA contracts include specific clauses on the protection of human rights, based on the Seventh Edition of the Enel Group Global General Conditions of Contract (GCC), which apply to 100% of the company's contracts. Through these contractual clauses, the company requires its contractors, suppliers and subcontractors to respect and protect internationally recognised human rights and respect ethical and social obligations in terms of: protection of child and women's labour, equal treatment, prohibition of discrimination, freedom of association, association and representation, forced labour, health, safety and environmental protection, sanitary conditions and regulatory, remunerative, contributory, insurance and tax conditions. Suppliers must also commit to adopt and implement the Ten Principles of the Global Compact, ensuring that they are satisfied in the performance of all activities carried out by their employees and subcontractors. Suppliers must also commit to comply with the principles contained in ENDESA's Code of Ethics or, where not possible, be guided by principles equivalent to ENDESA's in the management of their business.

In addition, International Labour Organization agreements and the legislation in force in the country in which the activities shall be observed and, if they are more restrictive, applied.

In this context, ENDESA reserves the right to carry out any control and monitoring activity aimed at verifying compliance with the above obligations, both by the contractor and by the subcontractors or persons designated thereby for the performance of the contract, immediately terminating the contract in the event of proven breaches of the aforementioned obligations (with special attention to violations of the principles of the Global Compact and any breach of human rights, including indirect breach).

## **2. SUPPLIER QUALIFICATION**

### **409-1**

ENDESA has established a supplier qualification system that allows for a careful selection and assessment of the companies that wish to participate in procurement procedures through the evaluation of the technical, economic, financial, legal, environmental, security and human rights

requirements and ethical and trustworthiness requirements in order to guarantee a suitable level of quality and reliability when awarding energy sector contracts.

Before starting a relationship with other parties in the field of trading or project development, ENDESA verifies the trustworthiness thereof through a Counterparty Check (KYC-Know Your Customer) procedure, admitting only those whose standards are in line with those of the Company.

The qualification process works through the use of merchandise groups: each supplier is qualified in relation to one or more specific such groups, with the qualification assigned to the supplier only when it meets all the requirements defined for each group. These requirements vary according to the specific implications and risks associated with each group, for example, for a group of environmental products ISO14001 certification is generally required, while for works-related groups, OHSAS18001 management system certification is needed.

In 2019, ENDESA, as part of the Enel Group, has benefited from in-depth analysis of the product group tree carried out worldwide, involving global procurement, business units (H&S, Environmental Manager, Sustainability) through a mapping of the activities included in each group and assigning a risk level for each argument (security, environment, human rights, expenditure, non-replaceable supplier etc.) After the aforementioned risk assessment, each group will be classified into different families associated with the related risk as assessed.

All groups have been categorised into three types according to the risk inherent to each (reputation, safety and health, environmental and technical). The three categories are Advanced, Standard and Fast Track. Within the different Merchandise Groups, some have been identified as “High Risk” based on pre-established criteria.

The qualification system, which is governed by internal procedure OP 162, was created in accordance with local and EU laws and regulations.

The process requires the presentation of a series of documents (self-certification on the possession of general requirements, financial statements, certifications etc.) and, among other things, adherence to the principles expressed by the Code of Ethics, the Zero Tolerance with Corruption Plan, Human Rights Policy and the Global Compact, with specific reference to the absence of a conflict of interest (including where this is potential).

Contractors who are already included in ENDESA's Register of Qualified Suppliers are constantly monitored – including through external databases – regarding events related to the company itself and its main exponents.

The rating system represents:

- a guarantee for ENDESA, as it constitutes an updated list of issues with proven reliability (legal, economic-financial, technical-organisational, ethical and security) on which to base it;
- the possibility, in compliance with current regulations on the matter, that suppliers are consulted in contracting tenders issued by Group companies.

By the end of 2019, the Supplier Qualification System had been implemented in 577 purchasing families, 241 global families (international qualification), and 336 local families throughout ENDESA. In 2019, 189 new contractors were recognised whose sum of contracts exceeds the amount of €1.5 million (172 local and 17 foreign). Additionally, in 2019 aspects of integrity, corruption and bribery were verified through the Thomson Reuters external service World Check One to 1,495 suppliers.

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.

#### **414-1**

### **SUSTAINABILITY IN THE SUPPLY CHAIN**

ENDESA's objective is to select the best contractors in terms of health and safety, the environment and human rights. To this end, in September 2016, the group's Global Purchasing department adopted a "Global Assessment Model for Sustainability Requirements", identifying sustainability risk factors in the supply chain through the mapping of the risk level of Merchandise Groups, defining a precise global operational model to assess compliance with sustainability requirements by works, service and supply contractors that wish to qualify for registration or to renew their qualification. This Operation Note provides several control categories: Safety and Health, Environment, Human Rights. All these topics refer to quality standards, such as the possession of the OHSAS 18001 or ISO 14001 certification.

Therefore, in order to access ENDESA's supplier registry as part of the qualification process, the supplier has to undergo a specific and mandatory assessment of environmental, health and safety and human rights requirements. These evaluations are added to the usual economic, financial, legal and technical verifications. In practice, the supplier is asked to fill out questionnaires and send the appropriate supporting documentation to assess, for example, the supplier's management system and accident rates, the effective compliance of its policies in matters related to the respect of human rights (e.g. inclusion and diversity, protection and privacy of workers, verification of their supply chain, forced labour/child labour), as well as respect for issues of environmental sustainability and health and safety at work. In the case of activities considered to be of high safety or environmental risk, an on-site audit is planned to verify such aspects.

Additionally, with regard to the safety of people and the environment, ENDESA carries out awareness-raising actions with other parties, reviewing the application of its principles in the work carried out for the Company.

Only with a positive general judgement can the supplier qualify for the Suppliers Registry (or continue to be so where previously qualified) and may be taken into account to participate in the Group's purchasing procedures.

Assessment is mandatory for both new and qualifying providers.

If, on the other hand, the judgement turns out to be negative, the qualification request is rejected, meaning that the contractor will not be consulted on the Group's offers.

The evaluation of the aforementioned individual sustainability, human rights, health and safety and environmental requirements contributes to the general evaluation of the admission or non-admission of said company to the ENDESA rating system.

In the event that non-admission is recognised as a result, for example, of a negative environmental judgement, the supplier may submit a new request for qualification at a later date, uploading the updated data and evidence of the adopted Improvement Plan.

In the collective incentive system, objectives linked to sustainability issues are also generally provided for both managers and employees.

Sustainability aspects, which have always been important for ENDESA, have allowed the best



partners to be selected. This has undoubtedly had a positive impact on contractual performance (efficiency of contract times and related performances), with similarly positive economic effects. ENDESA's "sustainable" attitude also ensures greater customer, user and investor confidence, who are increasingly willing to trust ENDESA as a Supplier and/or to invest in the Group.

- ❖ Total classifications: 1,658, representing a total of 1,118 qualified suppliers.
- ❖ The amount of purchases from qualified suppliers has reached 89% of the volume of purchases made.

2019 evolution:

- ❖ 258 new classifications
- ❖ 220 new qualified suppliers

Of which:

- 997 supplier qualification processes have reviewed job security requirements, meaning: 89% of the ratings reviewed.
- 998 supplier qualification processes have reviewed environmental requirements, meaning: 89% of the ratings reviewed.
- No supplier with a negative social impact has been identified.



GROWTH OF THE SUPPLIER QUALIFICATION SYSTEM
Total qualifications made:
900 corresponding to a total of 617 qualified suppliers.
The amount of purchases or qualified suppliers has reached 80.3% of the volume of purchases made
Evolution of 1018:
195 new qualifications made
145 new suppliers qualified.



359 suppliers have an ISO 9001 quality certificate (represents 95% of the total)*
332 suppliers have an ISO 14001 quality certificate (represents 87% of the total)*
278 suppliers have OHSAS 18001 health and safety certificate (73% of the total)*
* Suppliers qualified as ENDESA Service Points are excluded from monitoring.
195 supplier qualification processes have reviewed job security requirements, which means: 100% of the qualifications reviewed.
195 supplier qualification processes have reviewed environmental requirements, which means: 100% of the qualifications reviewed.
No supplier with a negative social impact has been identified.

In order to promote continuous improvement to responsible management of the supply chain, ENDESA has reviewed and improved the sustainability requirements established in the supplier qualification process. In this way, the requirements for occupational safety, the environment and integrity have been updated, with the implementation of a new human rights-related requirement.

Within this new context, ENDESA has set the following objectives for its ENDESA Sustainability Plan 2020-2022, relating to the verification of sustainability criteria in the supplier qualification system pursuant to the new system:

(Closure of the three objectives, DATA 2019: 89%, the target was 85%)

SUPPLIER QUALIFICATION SYSTEM OBJECTIVES	2020	2022
HUMAN RIGHTS	100%	100%
OCCUPATIONAL SAFETY	100%	100%
ENVIRONMENT	100%	100%



Note: Objectives established according to the new ENEL Group system for the verification of sustainability aspects in the supplier qualification process.

<b>OBJECTIVES OF THE SUPPLIER QUALIFICATION SYSTEM</b>
% of qualifications made to suppliers in which environmental aspects are verified:
Human rights
Occupational safety
Environment
Note: Objectives established according to the new ENEL Group system for the verification of sustainability aspects in the supplier qualification process.

Within the process of evaluating sustainability requirements, it is planned to carry out in-depth audits which may include site visits to verify compliance with the requirements needed to work with ENDESA.

This process is complemented by the Supplier Performance Management system, aimed at monitoring the performance of suppliers during the service provision period. The score obtained in the process can serve as an incentive for future bidding processes and to maintain contractual relationships.

Through these systems (supplier qualification and SPM - Supplier Performance Management), ENDESA establishes a continuous dialogue with its suppliers, identifying opportunities for improvement which require the implementation of action plans by suppliers to maintain the qualification and therefore continue to be an ENDESA supplier. These plans may include actions aimed at improving environmental performance in the provision of the service, guaranteeing strict compliance with and respect for human rights and deploying safety management systems for their employees with the utmost rigour and excellence.

For more information: <https://globalprocurement.enel.com/es.html>

#### **414-1/308-1/308-2**

Supplier evaluation according to criteria		
	Environmental	Social
% new suppliers assessed	98%	98%
Number of suppliers assessed	177	177
Number of suppliers identified with negative impact	0	0
% of suppliers with negative impacts with which improvement measures have been agreed as a result of an assessment	0	0
% of suppliers with negative impacts with which the relationship has ended as a result of the assessment	0	0

### **3. SELECTION OF SUPPLIERS. Sustainability policy**

#### **414-1/412-1**

In addition to the foregoing, with reference to the supplier qualification process and in view of the importance of extending its commitment to supply chain sustainability, in 2018 ENDESA began to apply sustainability criteria to product and service tenders. The following year it strengthened the use of a library of social, environmental, ethical and occupational safety indicators, from which those most adjusted to the nature of the product or service provided are selected for each tender, with the performance of potential suppliers with respect to those indicators taken into account and assessed together with the economic and technical proposal.

This methodology was used in 284 contracts throughout 2019 (to a total value in excess of 650 million euros). In 2020, it is forecast that at least 50% of the contracted amount will include some indicator related to sustainability.

Periodically, and in particular over the past two years, meetings have been organised with contractors on sustainability issues, with a number of workshops held with over 700 suppliers.

Articles are also regularly published on the Global Purchases website, highlighting ENDESA's commitment to sustainability issues.

In addition, on an annual basis and as part of the group's Sustainability Plan, ENDESA includes specific objectives in the supply chain. For example: "Integration, strengthening and

homogenisation of environmental, security and human rights issues in supplier qualification and performance evaluation processes”, “Promotion of information activities with suppliers”, and “Development of projects in line with the principles of Circular Economy”, in order to have a “Zero waste” approach in the latter case and extend it successively to business activities.

#### **4. INTEGRITY AND THE FIGHT AGAINST CORRUPTION**

##### ***103-1 Social evaluation of suppliers/103-2 Social evaluation of suppliers/103-3 Social evaluation of suppliers/414-2***

ENDESA adheres to the Global Compact and, in compliance with its tenth principle, intends to continue its commitment to fight corruption in all its forms. It therefore prohibits the use of any illicit, monetary or other intention, offer or request for payment in order to obtain an advantage in relations with interested parties and this prohibition extends to all its employees. The Contractor declares to recognise the commitments assumed by ENDESA and undertakes not to make use of any offer or request for illegal payments in the execution of the contract in the interest of ENDESA and/or for the benefit of its employees.

In the event of any breach of these obligations, the company reserves the right to terminate the contract and request compensation from the contractor.

Contractual commitments are also envisaged for ENDESA contractors, suppliers and subcontractors aimed at implementing behaviour contrary to any form of corruption and extortion and implementing preventive behaviour so as not to harm the environment, encouraging initiatives that promote greater environmental responsibility and the development and dissemination of environmentally friendly technologies.

In 2006, ENDESA's Board of Directors approved detailed anti-corruption measures in the company's Corruption Zero Tolerance Plan, developed in collaboration with and under the supervision of Transparency International. This Plan joins the Code of Ethics and the Organisational Model as an in-depth analysis on the theme of corruption which seeks to investigate and promote social action and justify ENDESA's adherence to the Global Compact and the PACI (Pact Against Corruption Initiative).

In particular, and in compliance with the tenth principle of the United Nations Global Compact, according to which “companies are committed to fighting corruption in all its forms”, ENDESA shall continue its commitment to fight corruption in all its forms, direct and indirect, applying the principles outlined in its Anti-Corruption Management System, based on the following pillars: the Zero Corruption Tolerance Plan, the Code of Ethics, the Criminal Risk Prevention Models implemented in accordance with the applicable legislation on liability and the Global Compliance Programme as well as the reputational risk associated with corporate criminal liability.

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.

In this regard, organisational procedure number 209, “Verification of trustworthiness requirements” was approved on 26 October 2016.

The company's operational guidelines are designed to reinforce the existing control system in the supply chain through more effective action against corruption and in particular regarding the

following matters:

- The establishment of specific criteria to verify the uniform legal and trustworthiness requirements applicable to the purchasing process (from the qualification phase to the award of each contract) of the documents.
- The identification of the operational methods of verification, aimed at strengthening the available prevention tools and designed to influence in a rational, organic and determined way the opportunities for corruption and the factors that favour dissemination.
- Promotion of a generalised culture of respect for ethical standards.

## **5. RESPECT FOR HUMAN RIGHTS**

**414-1/412-1/412-3/103-1 Social assessment of providers/103-2 Social assessment of providers/103-3 Social assessment of providers**

ENDESA considers each supplier potentially at risk from a human rights point of view. For this reason, both in the qualification phase and in the bidding phase and in the contractual standards “Enel Group General Conditions of Contract”, the company is assessed, selected and monitored on the basis of:

- Voluntary adherence to the 10 Global Compact Principles, the implementation of the Enel Code of Ethics, the Organisation Model, the Corruption Zero Tolerance Plan and the Human Rights Policy.
- The existence or not of crimes against individual persons, such as the reduction or maintenance of slavery or servitude, child prostitution, the use of children in pornography, the possession of child pornography, tourism initiatives aimed at exploiting prostitution child trafficking, human trafficking and the sale and purchase of slaves.

In 2019, 223 new contractors (188 local and 35 foreign) were recognised, with the contract total value exceeding €1.5 million.

All these contracts include human rights clauses, related to the Global Compact and Ethical Regulations (Clauses 26 and 27), which reflect the supplier’s commitment to comply with the principles of the Global Compact, which includes those related to Human Rights, as well as the commitment to comply with legal regulations regarding the protection of child labour and women, equal opportunities, the prohibition of discrimination, abuse and harassment, freedom of association and representation, forced labour, safety and environmental protection, sanitary hygienic conditions and compliance with current legislation regarding remuneration, pensions and social security contributions, insurance, taxes etc. regarding all workers employed for any purpose for the execution of the contract. The Trustworthiness Clause provided for in the Organisational Procedure “Verification of Trustworthiness Requirements” has also been included in all contracts from the second half of 2016 onward, with a view to obtaining a formal commitment by partners and suppliers to respect the obligations assumed by ENDESA and the companies its controls directly or indirectly, in the Code of Ethics, the Corruption Zero Tolerance Plan (Plan TZC) and the Human Rights Policy, as well as adhering to equivalent business and third-party relationship management principles.

ENDESA constantly monitors the current and potential risk related to the activity throughout its supply chain. For example, in 2016 an internal investigation was launched to verify respect for Human Rights throughout the supply chain of suppliers of products that contain or use COBALT:

in-depth analyses and interviews were conducted with the main suppliers and with the introduction of specific contractual clauses to mitigate the risk of child exploitation and forced labour in certain areas considered at risk.

**412-1/412-3/103-1 Social evaluation of suppliers/103-2 Social evaluation of suppliers/103-3 Social evaluation of suppliers**

human rights impact review or assessment.

Contracts for the supply of materials and services that include human rights clauses		
	Year	Spain and Portugal
Significant contracts* that include human rights clauses (number)	2017	288
	2018	248
	2019	223
Significant contracts* that include human rights clauses (%)	2017	100%
	2018	100%
	2019	100%

\*Contracts over one million euros are considered significant

In 2019, coverage of specific human rights assessment criteria in the field of human rights within the supplier qualification processes stood at 89%, exceeding the target of 85% for the year. From the evaluation of the specific human rights questionnaires during the qualification process, no significant negative impacts or complaints were detected and therefore no measures had to be taken.

In order to measure the degree of the company's maturity relation to the ethical principles related to the respect of human rights and the prohibition of child or forced labour, ENDESA examines the performance and the organisational and management quality of the company, pursuant to the guidelines issued by supranational organisations such as the United Nations Global Compact and Children Rights and Business Principles.

Based on the information and documents provided by the company, the following areas are analysed:

1. Certification
2. Ongoing procedures
3. Disclosure
4. Inclusion and diversity
5. Guardianship and privacy
6. Freedom of association
7. Child/forced labour
8. Suppliers
9. Impact on communities

- Integration of documents: request for clarification about the documentation already presented and/or request for other eventual documents, telephone interviews, company meetings at the headquarters etc.
- In-company audit: visit to company facilities

Since the entry into force of the sustainability requirements in April 2017, a total of 1,118 active rating processes (local and global with scope of application Spain) have been analysed, using a questionnaire prepared for this purpose in the qualification circuit.

## **6. ENVIRONMENTAL MANAGEMENT**

### **308-2/103-1 Environmental supplier assessment management approach/103-2 Environmental supplier assessment management approach/103-3 Environmental supplier assessment management approach**

In the General Conditions of Contract (GCC) of the Group's contractual regulations, there are clauses that require compliance with environmental regulations. For example, Article 12.3 establishes that "In addition, the Contractor must have a thorough knowledge of current legislation concerning health, safety at work and the environment and the activity to be carried out and the relative documentation that will be presented to ENDESA in compliance with the law and business regulations." In addition, Article 24 (Protection of the Environment) of the aforementioned GCC establishes that "The Contractor undertakes to adopt the appropriate measures to guarantee compliance with its environmental obligations under applicable law".

To guarantee compliance with environmental requirements and constantly monitor the status of compliance with its obligations, ENDESA reserves the right to carry out monitoring activities of its contractors and to terminate the contract in the event of violations. As a result of this monitoring, a continuous dialogue is established between ENDESA and its suppliers, which, in the event of criticism or deficiencies, leads to the definition of shared improvement actions with the objective of collaboration without the imposition of penalties. In almost all cases, company performance is improved. In addition, in some purchasing procedures, a recognition coefficient can be assigned using a K technical sustainability factor, rewarding environmental aspects – for example, carbon footprint, limitation in the use of SF<sub>6</sub> gas etc.

Within the context of the qualification process, ENDESA has also introduced a specific and mandatory evaluation of environmental requirements for access to the Suppliers Registry that is added to the usual economic-financial, legal and technical obligations, as well as those relating to occupational safety and human rights. In addition, through the Supplier Qualification System and field verification activities, the supplier is also constantly monitored with regard to compliance with environmental requirements.

The process used to assess the resources and possible environmental risks of an ENDESA contractor company are described in the specific operating note. In particular, the ENDESA contractor has to complete a questionnaire indicating the certifications and the environmental management systems it has provided, as well as other useful information regarding the assessment.

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

Specifically, ENDESA will verify that the company:

- Has implemented an organisation and management model in line with the environmental requirements of the country in which it operates.
- Carries out environmental management training activities.
- Has a structure for the implementation and management of the environment (an environmental management team).
- Has procedures integrated into the quality management system, relating to staff training and the execution of standard environmental controls.
- Keeps an up-to-date environmental accident registry, including accident analysis procedures, corrective action and pertinent statistics.
- Prepares and updates the environmental assessment business document related to company activities in accordance with the environmental requirements of the country in which it operates.

The environmental assessment criteria differ according to the product category. Each group of goods has been assigned a risk level of 1 to 3. For high environmental risk groups, the ISO 14001 certification or equivalent is always required. In addition, an audit in the field and at the contractor's offices is scheduled for these product categories.

After document analysis, an in-depth audit at company head offices (office visit) and/or in the field may be considered necessary. Environmental audits are carried out by specialist ENDESA personnel or by third parties.

In both visits, the company will be evaluated on the main areas of attention with regard to environmental matters:

- Organisational structure and management system
- Risk assessment
- Training management
- Control of machinery and work equipment
- Emergency plans

ENDESA only grants the Supplier Qualification as registered in the Qualified Companies Register to contractors who have also passed the Environmental Requirements assessment.

In 2019, a total of 177 environmental evaluations were carried out on supplier qualification files (local and global, with scope of application in Spain).



In terms of qualified suppliers, this implies a level of compliance of 98% of verified suppliers in environmental matters out of the total of those qualified, reaching the target of 85%.

No impact of an environmental nature has been detected in the performance of contractors that have led to qualification suspensions or a proposed improvement plan to be implemented in order to regain the status of a qualified supplier, although in two cases environmental audits were carried out which stemmed from the result of the corresponding questionnaire.

## **7. OCCUPATIONAL HEALTH & SAFETY**

### **414-1**

ENDESA's objective is to minimise accidents at work, respecting the Environment and Human Rights. For this, it has several instruments available.

These include improvement plans – whenever ENDESA observes any critical problem in the conduct of a contractor, a shared improvement plan is defined which seeks to improve management and performance systems and remedy deficiencies in line with ENDESA's requirements.

Work accidents in recent years have decreased significantly thanks to the numerous initiatives undertaken by ENDESA aimed at raising awareness among contractors on these issues. Numerous meetings were held with contractors to brainstorm these issues and clearly communicate the company's approach to them.

The Group has also adopted an Operating Instruction on repeated breaches of occupational safety and purchasing processes, which specifically regulate the way in which accidents or incidents (near misses) are assessed and the limits to be placed on the allocation of new contracts after these events.

In particular, through this operating instruction, ENDESA monitors the safety-related performance of its contractors or the personnel employed (for example, subcontractors) during the execution of the contract. The document regulates the minimum period of suspension during which the Contractor who has committed health and safety violations – both qualified and unqualified (or in the registration phase) – cannot participate in tenders and, in general, in tender award procedures.

More generally, in all cases where a critical occupational safety event is detected, for example, a serious violation or if a fatal accident occurs, ENDESA will evaluate the corrective actions to be taken with the corresponding contractor. In addition to the provisions set forth in the ENDESA General Conditions of Contract and/or the existing contract, after a careful analysis of the specific case and the responsibilities of the supplier, the Qualification Commission can:

- Suspend qualification, in the case of a qualified supplier
- Issue a Critical Note, in the case of an unqualified supplier or in the registration phase

Additionally, within the supplier qualification process and as part of the valuation of sustainability requirements in terms of security, the following 4 parameters are evaluated in order to measure the overall performance of the company in the last three years:

1. Average Frequency Index over the past three years: (number of accidents/hours worked per 1,000,000).

2. Average Severity Index over the past three years (number of days of absence due to accidents/hours worked per 1,000).
3. The Mortality Index – the number of fatal accidents affecting the supplier and its contractors during the execution of a contract with the company in the last three years.
4. If available, the last value and development of the Security category of the Vendor Rating Index relative to the Product Group subject to qualification.

The values obtained for each of the four indicators are compared with the specific thresholds pre-defined by ENDESA and depending on the deviation of these values from the thresholds, the supplier receives a rating that means they can continue the qualification process or have to abandon it. Each year, limit values are defined, appropriate to the country in which the company applies to be qualified and the specific activity that is the subject of the qualification request.

Regarding the evaluation of organisational and management quality in terms of Security, based on the data and documentation provided by the company, ENDESA will check that:

- the company has implemented an organisational and management model in accordance with the security requirements of the country in which it operates;
- it has a suitable workforce to safely carry out the activities subject to qualification in accordance with the safety requirements of the country in which it operates;
- it carries out safety training activities;
- it has a security implementation and management structure (a security management team);
- it has procedures that are integrated into the quality management system itself related to staff training, PPE management and the implementation of standard controls;
- it permanently updates the accident register/single book, accident analysis procedures/corrective measures and accident statistics, as well as the risk assessment document related to the activities themselves.

Within the process of evaluating security requirements and after analysis of the documents, the need could arise to carry out an in-depth audit made up of two parts: a visit to the company's facilities (hereafter "Office visit" below) and one to a site (for the product groups that require activities at the work site and carried out by ENDESA or by third parties) where the company is undertaking the activities at the time of the technical evaluation (Site visit).

414-1

In both cases, the company will be assessed on the main areas of attention regarding occupational health and safety:

- Analysis of accidents that have occurred
- Management system
- Risk assessment
- Operating procedures
- Organisational structure
- Training management
- Management of Personal Protective Equipment
- Control of machinery and work equipment
- Health and safety and preventive planning monitoring and measurement

The completion of the SHE 365 supplier safety questionnaires, included in sustainability in occupational health and safety requirements since 2018, was introduced as a mandatory

requirement for qualification, meaning analysis in greater depth of Company standards in aspects related to safety and the environment.

In 2019, a total of 177 environmental evaluations were carried out on supplier qualification files (local and global, with scope of application in Spain).

In terms of qualified suppliers, this implies a level of compliance of 98% of verified suppliers in workplace health and safety matters out of the total of those qualified, reaching the target of 85%.

## **8. RESPONSIBLE MANAGEMENT OF THE COAL SUPPLY CHAIN (BETTERCOAL)**

### **8.1 Control of the coal supply chain**

The selection of the suppliers of solid and liquid fuels is carried out through the Know Your Customer process, with reputational and economic-financial aspects and the possession of the appropriate commercial technical requirements assessed for each counterparty. 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 lists of names that identify individuals or organisations associated with terrorist activities, organisations subject to economic sanctions by the EU and organisations known as SDNs (Specially Designated Nationals) that are subject to sanctions by the US for suspected involvement in crimes such as terrorism and drug trafficking.

Regarding the evaluation of the sustainability aspects of potential coal suppliers, an adequate internal process has been defined to verify that the supplier meets the requirements aligned with the ENDESA and ENEL Group standard in terms of occupational safety, environment and human rights. If additional checks are deemed necessary, they can be the subject of site visits, carried out directly by the company's experts. Finally, ENDESA's sustainability principles are applied to each supplier in the contracting phase, with the company reserving the right to terminate the contract in serious cases of non-compliance with these principles.

The Company also vets the carriers used in order to mitigate the risks arising from the maritime transport of fuels. For some years, this vetting has been an industrial standard recognised by oil carriers, an approach that the Company and a growing set of operators has also begun to apply to the transport of solid masses.

### **8.2 Bettercoal**

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

Over the course of 2019, a revision of the Code has been aligned with the most recent best sustainability practices, gathering ideas and feedback from all interested stakeholders.

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

By the close of 2019, approximately 70% of all coal purchased by members came from suppliers assessed by Bettercoal.

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. In order to promote greater transparency, four reports have been published on the on-site assessments that are publicly available on the Bettercoal website. A declaration of commitment to the United Nations Global Compact and the Annual report with the contribution of an external NGO has also been published.

For further information please visit the website: [www.bettercoal.org](http://www.bettercoal.org)

## 4. APPENDICES

APPENDIX I ENDESA, committed to providing information on sustainability

APPENDIX II Independent review report

APPENDIX III GRI content index

## APPENDIX I ENDESA, COMMITTED TO PROVIDING INFORMATION ON SUSTAINABILITY

ENDESA puts its commitment to transparency into practice by regularly providing information that it supplies to its stakeholders via its various channels of communication.

Through its corporate website ([www.endesa.com](http://www.endesa.com)), ENDESA reports on its sustainability performance, offering quarterly information to shareholders and financial markets, which are also available via the Endesa Shareholder Office.

On an annual basis at the end of the business cycle, ENDESA publishes its Sustainability Report, which reports on the actions carried out in this area throughout the year, in addition to offering a response to the expectations of interest groups through Endesa's Sustainability Plan.

ENDESA also publishes corporate reports annually at year end, including: an Activity Report, Legal Documentation and the Corporate Governance Report. Information is also provided on social commitment activities carried out by this institution through the Endesa Foundation annual report.

Through such action, ENDESA underlines its commitment to generating long-term value and sustainable business management to its stakeholders.

For further information on sustainability, the reader has the following channels at their disposal:

### Websites

<https://www.endesa.com>

<https://www.endesatarifasluzygas.com/>

[www.edistribución.com](http://www.edistribución.com)

### Customer service centres

- Free market clients: 800 760 909 – From abroad (+34) 937 061 510
- Energía XXI: 800 76 03 33
- Companies: 800 76 02 66
- Endesa One: 900 905 085
- Endesa Distribution: 902 509 600/From abroad (+34) 937 061 513

### email address

[atencionalcliente@endesaonline.com](mailto:atencionalcliente@endesaonline.com)

### Shareholders and investors

Investor Relations Department:

Ribera del Loira 60. 28042 Madrid, Spain

(+34) 912 131 503

**ir@endesa.es**

Shareholder Office

Ribera del Loira 60. 28042 Madrid, Spain

Tel. 900 666 900.

**eoaccionista@endesa.es**

## Suppliers

**<https://globalprocurement.enel.com>**

C/ Ribera del Loira, 60, 28042 Madrid, Spain

Telephone number +34 914 558 838

email: **procurement.enel@enel.com**

## Employees and their representatives

100% of employees have access to the corporate intranet.

Employees also have a multichannel platform (website, telephone and chat) known as “Online” through which they can make inquiries, resolve doubts and carry out tasks related to staff administration. This initiative, which leverages new technologies, is included within the Company’s digital transformation plan which seeks to reduce response times and increase employee satisfaction levels.

ENDESA trade union websites:

**ugtendesa.es**

**<https://www.ccooendesa.com>**

**[www.asie-sindical.com/](http://www.asie-sindical.com/)**

## Customer service in general

Sustainability **[sustainability@endesa.es](mailto:sustainability@endesa.es)**

Ethics Channel: **<https://secure.ethicspoint.eu/domain/media/es/gui/102504/index.html>**

### 102-53

The contact person for the attention of all stakeholders on sustainability-related issues and those related to the content of the ENDESA Sustainability Report:



María Malaxechevarría Grande

**General Manager – Sustainability**

Calle Ribera del Loira 60,

28042 Madrid, Spain.

email: [sostenibilidad@endesa.es](mailto:sostenibilidad@endesa.es)

**102-3**

**Endesa Head Office,**

Calle Ribera del Loira 60,

28042 Madrid, Spain.

# APPENDIX II Independent review report

102-56

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## INDEPENDENT REVIEW REPORT

### ENDESA S.A. 2019 SUSTAINABILITY REPORT

To Endesa S.A. Management

#### Scope of work

On behalf of Endesa S.A. Management (hereinafter, Endesa), we have carried out a review of the sustainability information contained in the company's "2019 Sustainability Report" (hereinafter, the Report) and the GRI Index content that appears in Appendix III. This Report has been prepared pursuant to:

- GRI Sustainability Reporting Standards (GRI Standards) and its sector supplement "Electric Utilities Sector Supplement".
- The principles contained in the AA1000 AP (2018) Standard issued by AccountAbility (Institute of Social and Ethical Accountability).

Endesa's scope for the preparation of the Report is outlined in Part 11 "Report coverage" in Section 1 "Commitment to Sustainability" of the attached Report.

The preparation of the attached Report and its content is the responsibility of Endesa Management, which is also responsible for defining, adapting and maintaining the internal control and management systems from which the information is obtained. Our responsibility is to issue an independent report based on the procedures applied in our review.

#### Criteria

We have carried out our review work pursuant to:

- The Action Guide on review work on Corporate Responsibility Reports issued by the Spanish Institute of Chartered Accountants.
- The ISAE 3000 (revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), with a limited scope of assurance.
- The AA1000 AS (2008) Standard of AccountAbility, under a moderate Type 2 assurance engagement.

#### Procedures undertaken

Our review work has consisted of asking the Sustainability Management and Business Units that have participated in the preparation of the attached Report questions, as well as applying certain analytical procedures and sample review tests that are described in detail below:

- Interviews with those responsible for preparing information on sustainability, in order to obtain knowledge about how sustainability objectives and policies are considered, implemented and integrated into Endesa strategy.
- Analysis of processes to collect and validate the sustainability information contained in the attached report.
- Verification of the processes available to Endesa to determine what the material aspects are, as well as the participation of stakeholders therein.
- Review of the adequacy of the structure and content of sustainability information pursuant to the Global Reporting Initiative "Guidelines for the Preparation of Sustainability Reports" (GRI Standards) and its sector supplement "Electric Utilities Sector Supplement" in the preparation of reports based on the option of essential conformity and to the principles of the AA1000 AP (2018) Standard.
- Verification of the quantitative and qualitative information of the indicators included in the GRI Content Index that appears as Annex III through review tests based on sample selections and its adequate compilation from the data provided by information sources. Revision tests have been defined in order to provide the indicated level of assurance.
- Check that the financial information reflected in the Report has been audited by independent third parties.

These procedures have been applied to the sustainability information contained in the attached Report and in the GRI Content Index that appears as Annex III, within the perimeters and scope indicated above.

The scope of our review is substantially less than that of reasonable security work. Therefore, the security provided is also less.

Under no circumstances should this report be seen as an audit report.

### Independence and quality control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA).

Our firm applies the International Standard on Quality Control (ISQC 1), ensuring a global quality control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory provisions.

The work has been carried out by a team of sustainability specialists with extensive experience in reviewing this type of information.

### Conclusions

As a result of our review, no aspect has been revealed that would lead us to believe that the sustainability information included in the Report has not been prepared, in all significant respects, in accordance with the Global Reporting Initiative "Guidelines for the Preparation of Sustainability Reports" (GRI Standards) and its sector supplement "Electric Utilities Sector Supplement" in terms of the reliability of the data, the adequacy of the information presented and the absence of significant deviations and omissions.

Regarding Endesa's application of the Rule of Principles of AccountAbility AA1000 AP (2018), no aspect has been revealed that indicates that Endesa has not applied the principles of inclusivity, relevance, responsiveness and impact as detailed in the "Commitment to Sustainability" section of the attached report.

### Recommendations

We have presented our recommendations regarding areas for improvement in relation to the application of the principles of Standard AA1000 AP (2018) to Endesa Management. The most significant recommendations refer to:

- **Inclusivity:** Endesa identifies and classifies interest groups at a national and local level. For each stakeholder, it also performs segmentation in order to optimise the identification of the channels of dialogue. We recommend that Endesa continue to carry out regular internal and external consultations with the most relevant stakeholders to update the diagnosis and continue to ensure its inclusion in the Company's sustainability strategy, as well as continuing to include specific human rights consultations with certain stakeholders.
- **Relevance:** Endesa has carried out a process of identification and assessment of the key issues that are relevant to its stakeholders, which are part of the company's priorities and make up the structure of the attached report. We recommend that these interest groups that form a part of the company's priorities continue to be consulted periodically, keeping the report's focus on the central aspects of Endesa's Sustainability Strategy for them.
- **Response capacity:** Endesa has different communication channels for each of its stakeholders. Our recommendation is to exploit regular consultations with these groups in order to continue to assess the effectiveness of these channels and their influence on the company's response capacity with a view to improving corporate communication.
- **Impact** Endesa's announced strategic plan for 2020-2022 supports the company's strategic levers and its medium and long-term pillars of growth. We recommend continuing with the measurement and analysis of long-term value in line with its differential operational approach to creating shared value and continuing with the implementation of the process to evaluate and manage both the direct and indirect impact that its operations have on the different locations where it has influence. We also recommend continuing to focus action plans at the local level to mitigate negative impacts.

This report has been prepared exclusively in the interest of Endesa, pursuant to the terms of our engagement letter.

Ernst & Young S.L.



Alberto Castilla Vida

Partner

Madrid, 20 March 2020

## APPENDIX III GRI content index



