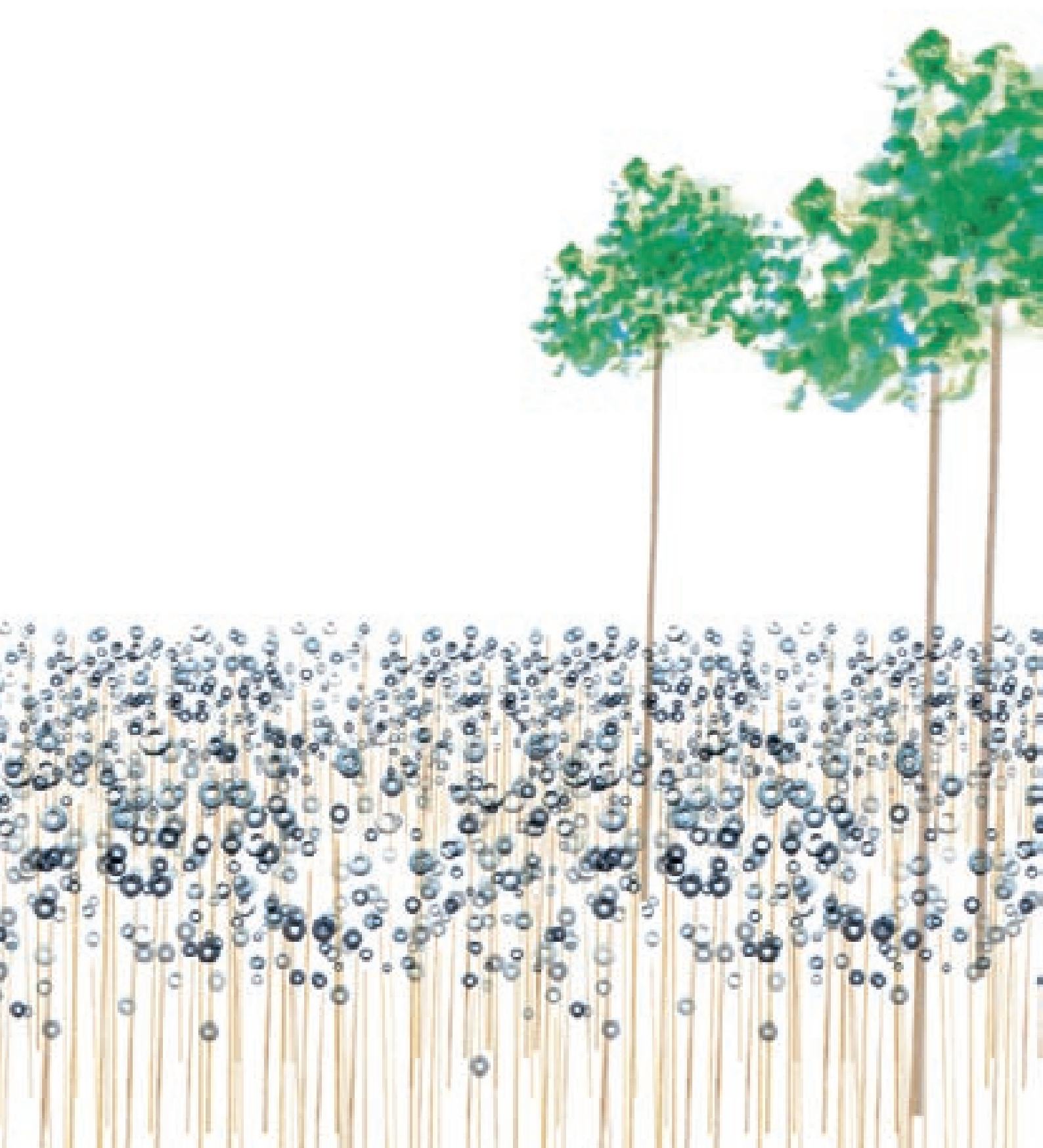


endesa08

SUSTAINABILITY REPORT





[Summary]

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Presentation

For the eighth consecutive year, ENDESA's Annual Sustainability Report provides a detailed analysis of the sustainable development initiatives carried out over the past year.

For this company, and all of us who are proud to belong to it, the commitment to sustainable development is a commitment to the future and to growth.

ENDESA upholds this belief through a rigorous, consistent and transparent adherence to the sustainability principles that underpin its business model and management philosophy. And this has been frequently applauded by the markets and specialist bodies. Suffice to say that ENDESA is one of the few multinational companies to be twice named world sustainability leader in its sector by the Dow Jones Sustainability Index, a selective index whose members have to accredit their use of good practices in the different fields of sustainable development and corporate responsibility.

Today, for a company such as ours, the challenges of sustainable development lie mainly in the need and opportunity to build a new energy model which is both global and sustainable. A model based on having the capacity to supply a growing demand for energy, while at the same time protecting the environment, and, in particular, staving off the unwanted repercussions of energy use, such as climate change. We also need to supply energy to the millions of people across the world who still do not have access. ENDESA aspires to be a key player in the construction of this new energy model.

In 2008, ENDESA embarked on a new phase in the development of its business model, defining a strategic plan anchored on sound economic growth and encompassing the principles of social progress and environmental balance. One of the mainstays of this new development phase is ENDESA's Sustainability Plan (PES) 2008-2012.

The aim of this plan is lay the foundations to allow the company to progress further towards honouring our commitments and incorporate the principles of sustainable development into all management and operational spheres. In its first year of execution, significant steps were taken with the launch of new initiatives and programmes, and other projects already in place were strengthened.

Our company is working to meet, or even exceed, the social expectations of our main stakeholders: security of supply, combating climate change, socio-economic development on a local scale and compliance with the UN Global Compact, among others.

ENDESA's commitment to our customers first and foremost requires us to provide access to energy in the optimum conditions of quality and security. In 2008, ENDESA obtained record figures with regard to continuity of supply. In Spain, the average interruption duration index (TIEPI) stood at 86 minutes, an improvement of 7% on 2007 and signalling the best quality service level achieved in the company's history. In Latin America, the continuity of supply index improved by 11.4%.

With regard to employee management, in 2008 the company approved its Integrated Talent Management model and redoubled its efforts in two main areas: occupational health and safety, obtaining a significant reduction in accident rates and; diversity management, making this a source of wealth, innovation and education for the company and its employees.

In the fight against climate change, ENDESA reduced its specific CO₂ emissions by around 20% compared to 2007, pursuing the trend seen in previous years. Emissions in 2008 were 50% lower than in 1990, compared to an initial target of 35% for the year.

In 2008, the company's total emissions of SO₂, NO_x and particulates across all countries in which it operates were respectively 73%, 13% and 48% lower than in 2007. In Spain and Portugal reductions were achieved thanks to the actions carried out to meet the targets of the national emission reduction plan, entailing an investment of Euro 648 million.

Furthermore, ENDESA is working proactively to keep in step with a constantly-evolving regulatory environment, which regulates the energy model while at the same time introducing new opportunities for energy efficiency and fomenting the use of low-carbon production technology.

Furthermore, we are still one of the companies most actively involved in developing the principles of the Global Compact, on both an international and local level in the different countries where we operate. We understand that this global initiative is essential to spread the conviction that sustainable development and corporate responsibility should form part of the business models of all modern, well-run companies.

One of our most innovative projects is the Ecoelce project in Colombia, involving offering discounts on electricity bills for customers who recycle urban solid waste. It won a prize in the 2008 World Business and Development Awards conferred by the UN Development Programme, the International Chamber of Commerce and the International Business Leaders Forum.

In sum, this Sustainability Report aims to offer society and the markets an account of our performance in the field of sustainable development and our capacity to generate value for the countries and regions where we operate. Both factors are part and parcel of our business philosophy and the way in which we conceive and conduct our business; and are emblems with which we would wish to be identified. However, we also look to the future in this report, to provide an understanding of what ENDESA wants to be tomorrow.

This Sustainability Report has been drawn up in accordance with the Global Reporting Initiative's (GRI) G3 Guidelines and verified by an external, independent entity. It reflects our appraisal of our level of compliance with GRI indicators, AccountAbility principles and the Global Compact as well as our commitment to OECD principles and the United Nations' Millennium Project.

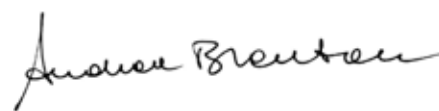
We do not wish to be complacent and offer a detailed balance of our efforts, our successes and our failures. Because this is the only way we can improve every day. And that is our goal.



Rafael Miranda Robredo
Chief Executive Officer



Borja Prado Eulate
Chairman



Andrea Brentan
Executive Vicechairman

ENDESA, one of the largest electricity companies in the world



ENDESA is an international power company that plays a significant role in the supply of energy in the nine countries where it operates. The company is prepared to help face the global challenges involved in guaranteeing a reliable and affordable power supply, with a clear vocation to aid the development of the societies in which it operates. Therefore, social and environmental opportunities are a part of our strategy and business model, particularly those arising as the result of the much-needed transition to a new power supply system based on low CO₂ emissions, ie, a system that is both efficient and respects the environment.

ENDESA's Sustainability Plan (PES) 2008-2012 embodies the company's strategic response in the current climate of change in the power structure, the need to establish stronger ties with local communities and the challenges posed by both of these factors. This plan, which has a more ambitious focus than its predecessor (the Strategic Environment and Sustainable Development Plan, 2003-2007), reflects how the three lines of sustainability (social, economic and environmental) have been woven into the company's strategy.

The PES 2008-2012 is a sound plan, developed after an exhaustive preparation process evidencing the company's genuine commitment to sustainability with more than 250 programmes and initiatives rolled out, with follow-up targets and specific objectives.

Given the scope of the PES 2008-2012, these initiatives are long-term and the plan set targets for 2012. However, already in its first year of execution the plan has evidenced the soundness of the ideas and premises it embodies, clearly aimed at positioning ENDESA strongly in key vectors for the future of the power industry: the fight against climate change on various fronts such as new technologies (given their value in the transition towards low-carbon economies), energy efficiency and the development of carbon credit markets and forging stronger links with the societies in which the company operates.

01. ENDESA KEY FIGURES

	2004	2005	2006	2007	2008
EBITDA (Thousands of euros)	4,521	6,020	7,139	6,368	6,895
Electricity business in Spain and Portugal	2,472	3,266	3,835	3,790	3,930
Electricity business in Latin America	1,522	1,878	2,188	2,541	2,968
Other	527	876	1,116	37	(3)
NET INCOME AFTER TAXES AND MINORITY INTERESTS (thousands of euros)	1,253	3,182	2,969	2,675	7,169
Electricity business in Spain and Portugal	888	1,358	1,843	1,785	2,217
Electricity business in Latin America	127	262	462	471	506
Other	238	1,562	664	419	4,446
Installed capacity (MW)	45,850	45,908	47,113	49,187	39,656
Spain and Portugal	22,503	22,416	23,021	24,490	24,228
Hydro	5,368	5,379	5,362	5,363	5,417
Conventional thermal (1)	12,884	12,632	13,089	14,100	13,136
Thermal-nuclear (1)	3,393	3,397	3,397	3,397	3,641
Cogeneration and renewables (1)	858	1,007	1,173	1,630	2,034
Latin America (2)	14,053	14,095	14,317	14,707	15,284
Europe	9,294	9,397	9,775	9,990	144
Output (GWh)	175,838	185,264	186,411	183,946	149,830
Spain and Portugal (3)	95,679	93,625	88,808	91,058	88,189
Hydro	10,311	7,479	7,571	7,149	7,548
Conventional thermal	58,029	61,006	54,372	58,126	50,942
Thermal-nuclear (1)	25,567	23,020	24,389	22,906	26,112
Cogeneration and renewables (1)	1,772	2,120	2,476	2,877	3,587
Latin America (2)	55,106	57,890	62,028	59,512	60,690
Europe	25,053	33,749	35,575	33,396	951
Sales (GWh)	181,217	203,335	220,299	227,502	172,788
Spain and Portugal	96,731	100,868	109,412	113,375	106,538
Regulated market	65,762	64,095	71,599	72,746	61,327
Deregulated market (4)	30,969	36,773	37,813	40,629	45,211
Latin America	52,314	55,246	58,281	61,610	62,805
Europe	32,172	47,221	52,606	52,517	951

(1) Data consolidated by ENDESA.

(2) Includes the Chilean plant GasAtacama, accounted for using the proportionate consolidation method from 1 January 2008.

(3) Data measured according to busbar cost. In 2008 output from the As Pontes CCGT plant is included from June; output from the Los Barrios thermal plant and the Tarragona CCGT is included to June - the date of their sale to E.On and Nuclenor and output from Tejo Energia is booked throughout the year as these assets were consolidated using the proportionate consolidation method.

(4) To coincide with economic data for this business we include sales made by Endesa Energia in European countries outside of Spain and Portugal.

02. OVERVIEW OF ENDESA'S BUSINESS OPERATIONS IN 2008

BUSINESS IN SPAIN AND PORTUGAL

At the end of 2008, ENDESA had 21,949 MW of ordinary regime capacity in Spain and 1,845 MW of total capacity in renewables and CHP. Ordinary regime output totalled 83,242 GWh and accounting output for renewables and CHP was 3,158 GWh.

In 2008, ENDESA had more than 1.3 million supply points in the deregulated electricity market and 800,000 supply points in the deregulated gas market.

Power sold on the deregulated market totalled 45,211 GWh. At year end ENDESA had 1,353,372 supply points in the Spanish deregulated market. In the regulated market, ie, customers who receive their electricity supply at the tariffs established by the government, ENDESA sold 61,327 GWh in 2008 and distributed 109,096 GWh to end customers.

ENDESA also has a sizeable presence in the natural gas sector. In the regulated market, the company supplied gas to over 397,000 clients at the end of 2008 and distributed 7,373 GWh. Gas sales in the deregulated market were 40,937 GWh, 30% up on 2007, with over 814,000 supply points.

At the end of 2008 ENDESA had 244 MW of installed capacity under the ordinary regime and 190 MW in renewable and CHP capacity. In the year as a whole, ordinary regime output totalled 1,360 GWh and renewable and CHP output was 428 GWh.

ENDESA brought over 340 MW of gross renewable energy capacity on stream in 2008, bringing total capacity up to 2,423 MW at year end, an increase of 15% on 2007.

If cogeneration facilities are included, ENDESA had capacity of 2,695 MW in renewables and CHP at the end of 2008. Net cogeneration and renewable energy output for the whole year was 3,593 GWh.

In 2008 nine new wind farms in which ENDESA has a stake were built, with total capacity of 333.8 MW. As a result, the total installed wind capacity in which the company has a stake reached 2,029 MW at the end of the year, representing a 10% market share.

Another significant development was the purchase by ENDESA of an additional 45% of Proyectos Eólicos Valencianos, S.A., 55% of which it already held. The company owns 295 MW of operational wind farm capacity.

At the end of 2008 ENDESA had interests in 39 mini-hydro plants, with a total capacity of 251 MW and an average stake of 82%.

In the area of solar power, 13 MW of photovoltaic capacity was brought into service, subject to the remuneration scheme provided for by Royal Decree 661/2007. ENDESA is also participating in four solar thermal projects, in which it has a majority holding. These facilities have a total capacity of 200 MW and are expected to be brought on stream by the end of 2011.

ENDESA has interests in six operational biomass and biogas plants, with installed capacity of 57 MW; it also part owns three waste treatment plants (Tirme, Tirmadrid and TRM) with a total capacity of 71 MW.

At the end of 2008 the company had an ownership interest in various cogeneration plants with a total gross capacity of 272 MW.

Lastly, Green Fuel Corporation, a company set up to build and operate biodiesel production facilities, and in which ENDESA has held a stake since 2005, completed work on a plant in Extremadura, which is now undergoing tests.

Net cogeneration and renewable energy output for the whole year was 3,593 GWh.

BUSINESS IN LATIN AMERICA

ENDESA supplies electricity to five of the region's six largest cities (Buenos Aires, Bogota, Lima, Rio de Janeiro and Santiago de Chile), it owns the CIEN interconnection line between Argentina and Brazil and has a stake in the SIEPAC electricity interconnection system that will link six Central American countries.

ENDESA's strategy in Latin America is to build up a broad business platform which will allow it to leverage the huge potential for growth and profitability the region offers. Its investments reflect a determination to build a long-term presence there, working in collaboration with national authorities and within existing regulatory frameworks, with the aim of providing the best electricity service possible to its customers.

ENDESA is the leading private electricity multinational in Latin America and the largest electric utility in Argentina, Chile, Colombia and Peru.

The electric utilities in which ENDESA has interests in Latin America had total capacity of 15,284 MW at the close of 2008. Their aggregate output in the year was 60,690 GWh, 2% up on the previous year, in spite of low levels of rainfall and gas supply problems in several countries, with sales of 62,805 GWh (1.9% up on 2007) to a total of 12.4 million customers.

ENDESA operates in Latin America through its 60.62% stake in Chilean multinational Enersis and its direct holdings in other operators in the region.

02.1. CHALLENGES FOR THE FUTURE: GENERAL PRINCIPLES OF ENDESA'S STRATEGIC PLAN

On 12 March 2009, a document describing the General Principles of ENDESA's Strategic Plan was submitted to the Spanish Securities Exchange Commission (Comisión Nacional del Mercado de Valores or CNMV), to offer the markets a preview of the plan's highlights.

The basic aim of these principles is to bring the Strategic Plan into line with developments in the market, seriously affected by the current financial crisis, and establishing the strategic priorities detailed below.

On 24 March ENDESA'S Strategic Plan - Business Plan, which follows the strategic guidelines set out in the General Principles document, was approved by the Board of Directors.

Leadership in key markets

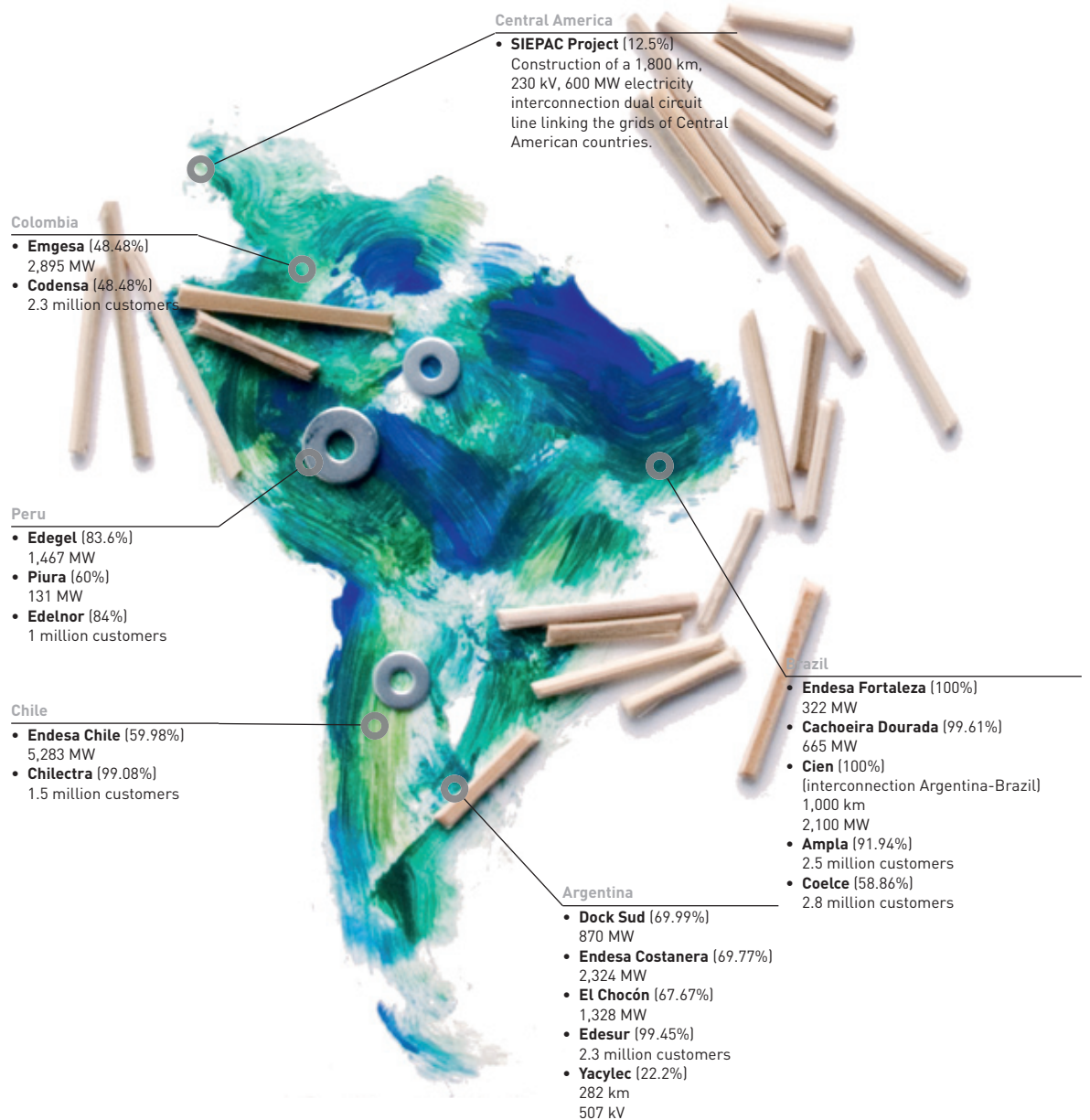
In Spain and Portugal the objective is to secure a leading position through outstanding operational quality and adapting our capacity plan to new market conditions, where there has been an appreciable slowing of demand.

The company's distribution service quality is above the average for the Spanish electricity sector, and it aims to maintain these levels. By 2015, 100% of ENDESA's metering is expected to be digital. The know-how of Enel, ENDESA's majority shareholder, which has pioneered the use of this technology, will be of great value in achieving this.

In Latin America, especially in Chile, Colombia and Peru, where ENDESA has already secured a leading position, the company plans to take advantage of opportunities for organic growth. Furthermore, in Chile, ENDESA will continue to invest in the development of long-term projects that are key to reducing the country's dependence on foreign power via the sustainable use of its hydro resources.

In Brazil and Argentina the priority is to maximise the return on the company's asset portfolio.

ENDESA IN LATIN AMERICA



Another of ENDESA's strategic priorities is to guarantee satisfactory standards in quality of supply in all the Latin American markets in which it operates.

Turning to Europe, in Ireland, where ENDESA is currently the second largest operator, with generation assets of 1,068 MW, the company will roll out a plan for industrial repowering and improving efficiency in power plants, which is expected to be completed by the first half of 2012.

Expanded synergies plan to ensure maximum efficiency

In December 2007, after the incorporation of Enel as the company's major shareholder, ENDESA launched a synergy and efficiency plan, under which it was estimated that recurrent synergies of Euro 630 million could be achieved by 2012. In June 2008 this figure was revised upwards to Euro 734 million.

It should be noted that synergies of Euro 266 million were achieved in 2008. Of this total Euro 224 million are recurrent, 43% higher than the Euro 157 million target set for 2008.

Synergies of Euro 266 million were achieved, 43% higher than the target set for the first year of the Synergy and Efficiency plan.

ENDESA has identified additional sources of synergy with its majority shareholder, made possible through the fuller integration of their activities. An initial study pinpointed additional sources of savings, allowing a new synergies target to be set for 2012 of Euro 813 million. Furthermore, ENDESA will continue seek to identify other sources of efficiency in addition to those to which it is already committed.

Investment plan

To meet the strategic priorities set out above, ENDESA plans to invest Euro 13,500 million in the period 2009-2013.

Some 58% of this amount (Euro 8,000 million) will be invested in Spain and Portugal, 31% in Latin America, while the remaining 11% will be mostly used for developing the industrial platform in Ireland.

This investment plan, which will focus on organic investment and maintenance, will enable ENDESA to strengthen its leadership in the key markets in which it operates.

The investment plan also reflects market conditions, which have been severely hit by the current recession, with a direct impact on demand for energy, resulting in a reduction in the need for new power infrastructure (both generation and distribution).

Maintaining financial strength

Lastly, we would point out that ENDESA will develop its Strategic Plan for 2009-2013 without jeopardising the financial strength and flexibility which are the hallmarks of the company, while continuing to ensure the creation of value for its shareholders.

03. SUSTAINABILITY AT ENDESA

For ENDESA, sustainability means responsible growth, that is, integrating social and environmental opportunities into its strategy and management model, achieving its business objectives and maximising value created in the long term in order to build trusting relationships with the communities in which it operates.

ENDESA is firmly committed to the principles of sustainable development. Therefore, to ensure these principles are adhered to, the company has worked to make sustainability criteria and values an integral part of the way it conducts its business. Unbiased data demonstrate that this approach has allowed the company to generate significant value for its business and for the communities in which it is present.

ENDESA adheres to the concept of sustainability most widely accepted by experts. The company understands this to be a three-dimensional concept shaping its responsible social, economic and environmental conduct, and that the principles relating to it should be fully and effectively incorporated into values, business mission and vision and decision-making processes.

For this commitment to be real and effective, all companies forming part of the ENDESA business group and all the people who work for them should expressly apply these principles to their remuneration policies and codes of conduct extending to all employees. The same commitment is required of ENDESA's suppliers.

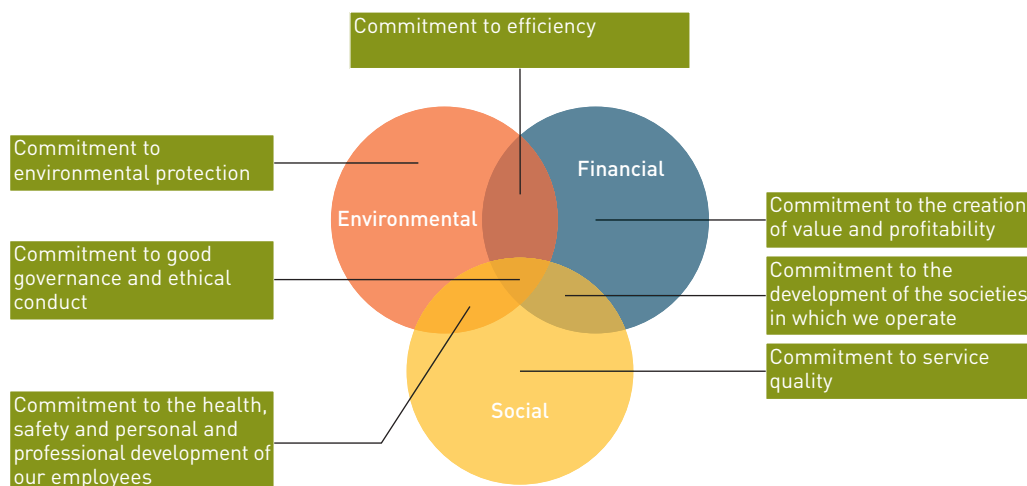
This global concept is clearly reflected in the Seven Commitments to Sustainable Development issued by the company five years ago that form the basis of its sustainability policy. These seven commitments encompass the obligations and responsibilities that ENDESA voluntarily takes on vis-à-vis its customers, shareholders, employees, the communities where it operates, ethical conduct and transparency, technical innovation, energy efficiency and the environment.

ENDESA's Mission, Vision and Values

VISION	ENDESA is a power sector operator and provider of associated services, focused on electricity.
	A responsible, efficient and competitive multinational company, committed to safety, health and the environment.
	A company ready to compete on a global level.
MISSION	To maximise the value of our shareholders' investments.
	To serve our markets and exceed customers' expectations.
	To contribute to the development of our employees.
VALUES	People: We work to ensure development opportunities for all company employees, based on merit and their professional contribution.
	Health and safety: We make a firm commitment towards occupational health and safety by promoting a preventive culture.
	Team work: We encourage working towards achieving a common goal, sharing information and knowledge.
	Ethical conduct: We encourage professionalism, moral integrity, loyalty and respect to others.
	Customer focus: The focus of ENDESA's efforts is to boost customer satisfaction by providing competitive, high-quality solutions.
	Innovation: We strive constantly to improve and find innovative solutions to meet the maximum profitability criteria.
	Focused on results: Our activities are aimed at achieving the objectives of our business project and profitability for our shareholders, endeavouring to exceed expectations.
	Community and the environment: We have made a social and cultural commitment to the community and adapt our business strategies to preserve the environment.

ENDESA's Sustainability Policy

ENDESA's Seven Commitments



ENDESA's commitment to sustainable development is set out in its Sustainability Policy:

"We are an international energy utility, with electricity as our core business and a growing presence in the gas industry, and a supplier of other related services. Our objective is to supply our customers with quality service responsibly and efficiently, while providing a return to our shareholders, fostering our employees' professional development, assisting with the development of the social environments where we operate and using the natural resources necessary for our activities in a sustainable manner.

We are aware that we must fulfil our economic, social and environmental responsibilities in a balanced way, based on criteria of sustainability, if we are to maintain our current leading position and reinforce it in the future.

The following commitments to sustainable development constitute the guidelines and foundation for our conduct in this area. Compliance is expressly promoted by company management and concerns each and every one of us who work at the company or on its behalf; this is why we extend them to our contractors and suppliers and allow third parties to evaluate our compliance."

The policy is developed through seven commitments to sustainable development:

- To our customers: commitment to service quality.
- To our shareholders, commitment to the creation of value and returns.
- To our employees, commitment to the health, safety, and personal and professional development of persons working at ENDESA.
- Our conduct: commitment to good governance and ethical behaviour.
- Our environment: commitment to environmental protection.
- Innovation, commitment to efficiency.
- Society: commitment to the development of the communities in which we operate.

04. ENDESA SUSTAINABILITY PLAN (PES) 2008-2012

ENDESA's Sustainability Plan 2008-2012 (PES) embodies the strategy and actions carried out by the company in this area, aligning the whole organisation towards meeting its business objectives of balanced growth which contribute to sustainable development.

In 2008, ENDESA embarked on the PES 2008-2012, a plan that embodies the sustainability initiatives to be taken on by the company during the period.

The PES has been designed on the basis of the company's Sustainability Policy and its Seven Commitments to Sustainable Development, and builds on the results achieved by the 2003-2007 Strategic Environment and Sustainable Development Plan (PEMADS).

It also takes into account the results of a comprehensive process of consultation with the company's stakeholders and a detailed analysis of their expectations of ENDESA's corporate behaviour.

Once the priority lines of action to address these expectations had been defined while at the same time complying with the company's strategic objectives, the PES was structured as follows:

- Seven main lines, extending the seven afore-mentioned commitments, focused on taking advantage of opportunities for improvement and consolidating achievements already made.
- Two challenges the fight against climate change and the need to strengthen local ties in the countries and territories where the company operates. These two issues will be critical for ENDESA in the coming years.

The lengthy and exhaustive process began in 2007. Once the plan and all its projects had been established, execution started in 2008.

The PES 2008-2012 comprises more than 250 projects and initiatives that demonstrate the company's genuine and solid commitment to sustainability.

SEVEN MAIN LINES

ENDESA's PES contains more than 100 work programmes designed to comply further with the seven commitments to sustainable development, on the premise that these are still the cornerstone of the company's sustainability strategy.

When the plan has been completed, ENDESA is expected to be leader in supply and service quality; ensuring that its culture is based on innovation, commitment and excellence in its relations with the workforce; that it has the best ratios in health, safety, commitment and talent management and is a model of transparency, ethics and good corporate governance.

Furthermore, it aims to make ENDESA the benchmark electricity company for investors concerned about climate change; striving for excellence in its use of natural resources and ensuring that all processes, systems and employees are environmentally aware; that it is a technology leader in the industry, and that it successfully disseminates these principles to its entire supply chain.

The main lines of the plan include over 100 projects which will consolidate ENDESA's leadership position achieved after meeting its seven commitments.

Therefore, ENDESA believes that although there are two challenges that require particular attention due to their significance and the scope for improvement they represent, the company should also unlock the value of its successes and existing strengths after meeting its seven commitments and continue to work on developing the seven main lines.

OPPORTUNITIES POSED BY THE CLIMATE CHANGE CHALLENGE

The PES encompasses ENDESA's strategic response to the opportunities thrown up by the climate change challenge. This response is formulated through five strategic programmes:

- Active participation in the development of renewable energies.
- Spearheading new developments in technology that lead to reduced CO₂ emissions and a change in the energy model. This implies developing one of the 12 European projects for carbon capture and storage (CCS) by 2015, developing combined cycles and installing peak capacity, among other actions.
- Developing the opportunities related to energy efficiency and cogeneration in all business areas.
- Leading the development of a sustainable transport model based on electric vehicles.
- Building a portfolio of Clean Development Mechanisms (CMDs) that allow the company to strengthen its position of leadership in this market, ensuring the coverage of its emissions and generating a surplus.

In 2008, almost two years after the start of the process leading to the definitive PES, the results achieved reflect the success of focusing on these strategic lines, as they are key points in regulatory and market developments and therefore burning issues for stakeholders and the centre of public debate.

The PES 2008-2012 features the widest-ranging climate change programme in the sector to develop a global and sustainable energy model through five strategic lines.

STRENGTHENING LINKS WITH LOCAL COMMUNITIES

The second key challenge facing the company addressed by the PES is forging ties with local communities. The PES envisages the implementation of a number of country-specific plans between 2008 and 2010 with the following objectives:

- Stepping up contact with local communities, offering a unified image of the company.
- Boosting the company's capacity to address local energy needs.
- Bolstering messages of closeness and the credibility of these messages.
- Promoting ENDESA's position as a key partner in projects which help resolve the environmental, social and energy challenges facing each of the countries where the company operates.

ENDESA's operation scenarios are essentially two, with distinct socio-economic conditions:

- Europe, where the key objective is to strengthen ties and social legitimacy in the different communities, at the same time as gaining acceptance and social support for the company's projects, bearing in mind the specific needs of the island territories where the development of power supply infrastructure is key.
- The second scenario is Latin America, where security of supply, excellence in operations, regulatory stability and collaboration in social issues, are particularly relevant.

The PES 2008-2012 encompasses projects adapted to national and regional environments to strengthen ENDESA's social commitments and how the company is perceived by the communities where it operates.

05. COMPLIANCE WITH INTERNATIONAL BENCHMARKS FOR SUSTAINABLE MANAGEMENT

As part of its objective to become a key player in the construction of a new, global and sustainable energy model, ENDESA has assumed the main international benchmarks for sustainable development, in particular, with a firm commitment to the United Nations Global Compact and its 10 basic principles, OECD principles and the United Nations Millennium Goals.

The actions performed to ensure compliance with the United Nations Global Compact in all the company's activities and in all the areas in which it operates should be highlighted. In terms of performance, the in-depth analysis comparing the practices implemented by ENDESA and its subsidiaries with international standards of excellence in each management area and with respect to each of the Global Compact principles has unlocked a large number of excellent practices (now in force) and led to more than 200 actions being implemented across the group companies to shore up ENDESA's position of leadership vis-à-vis the Global Compact.

The process to ensure compliance with the principles of the United Nations Global Compact has been completed, confirming the leadership position of ENDESA and all its subsidiaries in this field, with more than 200 improvements designed.

Furthermore, the shift in focus from social action to social development has brought ENDESA closer to achieving the millennium goals and strengthens its capacity to contribute to these. In late 2008, the company drew up its human rights policy, which will be approved in 2009. This directive, linked to the company's Sustainability Policy, examines in greater depth the competencies and responsibilities linked to universal human rights, as they apply to ENDESA's corporate purpose.

*Main actions in compliance with the United Nations Global Compact,
GRI indicators and Millennium Development Goals*

Principles of the Global Compact	GRI Indicators (direct relevance)	GRI Indicators (indirect relevance)	Millennium Development Goals	Initiatives created in 2008
Human rights				
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.	HR1-9	LA4, LA13, LA14; S01	Goal 1: To eradicate extreme poverty and hunger. Goal 2: To achieve universal primary education. Goal 3: To promote gender equality and empower women. Goal 4: To reduce child mortality. Goal 5: To improve maternal health Goal 6: To combat HIV/AIDS, malaria and other diseases. Goal 7: To ensure environmental sustainability Goal 8: To develop a global partnership for development	– Design of a corporate human rights policy and a policy for each subsidiary – Dissemination of this policy (via internet, informative notices) – Dissemination of the Universal Declaration of Human Rights – Inclusion of Human Rights and Ethical conduct clauses in contracts with suppliers and contractors – Express inclusion of Human Rights commitments in communications – Publication of leaflets on Human Rights to distribute among suppliers and contractors – Development of training modules on Human Rights (ie, the “boas vindas” programme) – Analysis to extend the use of Ethos indicators and Ethos Abradee surveys
Principle 2: Businesses should make sure that they are not complicit in human rights abuses.	HR1-2, HR8			
Labour standards				
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	HR5; LA4, LA5		Goal 2: To achieve universal primary education.	– See section on our Commitment to Employees – Dissemination of HR sustainability policies at corporate level – Development of measures to improve the work/life balance(eg, reduced and flexible working hours) – Improvements in the transparency of information relating to human resources indicators (eg, website link to the area where promotions and actions are announced) – Strengthening communications channels (eg, installing suggestion boxes)
Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour.	HR7	HR1-3	Goal 3: To promote gender equality and empower women.	
Principle 5: Businesses should uphold the abolition of child labour.	HR6	HR1-3		
Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.	HR4; LA2, LA13, LA14	HR1-2; EC5, EC7; LA3		
Environment				
Principle 7: Businesses should support a precautionary approach to environmental challenges;	4.11	EC2		– See section on our Commitment to Protecting the Environment
Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.	EN2, EN5-7, EN10, EN13-14, EN18, EN21-22, EN26-27, EN30	EC2; EN1, EN3-4, EN8-9, EN11-12, EN15-17, EN19-20, EN23-25, EN28-29; PR3-4		

*Main actions in compliance with the United Nations Global Compact,
GRI indicators and Millennium Development Goals*

Principles of the Global Compact	GRI Indicators (direct relevance)	GRI Indicators (indirect relevance)	Millennium Development Goals	Initiatives created in 2008
Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies	EN2, EN5-7, EN10, EN18, EN26-27		Goal 7: To ensure environmental sustainability	<ul style="list-style-type: none"> - Measurement of and information on the impact caused by the Costanera Sur environmental reserve - Restructuring of Global Management System policies. - Dissemination on the website of environmental impact generated by the company - Agreements to develop CDM projects with public and private institutions - Monitoring and control of the consumption of natural resources - Paper recycling agreement reached with charity organisations - Environmental audits - Publication and dissemination of environmental objectives via corporate media - Evaluation of environmental impact on different business lines - Measurement of consumption indicators with environmental impact
Anti-Corruption				
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	S02-4	S05-6		<ul style="list-style-type: none"> - Review, development and publication of anti-corruption policies - Development of additional ethics channels on the website and improved access to these channels - Training for employees and contractors on ethical conduct. - Collaboration with local authorities to develop joint campaigns - Strengthening ethics committees, increasing the frequency of their meetings and publishing the results - Selection of sites to visit and drawing up an action plan to increase awareness of plant and substation personnel in anti-corruption issues - Creation of working groups (Ethics committees) to develop anti-corruption policies - Creation of internal control areas to support the anti-corruption programme, among other functions

06. DIALOGUE WITH STAKEHOLDERS

The participation of stakeholders is one of the mainstays of ENDESA's strategic response to the goal of building a sustainable, competitive and secure energy model.

ENDESA is a player in a sector of strategic importance for the development and welfare of society. The energy sector is facing serious problems, such as the lack of resources, higher global energy needs, the impact of power production on the environment, treatment of waste, the role of the various agents involved - regulators, shareholders, consumers, companies, etc. Given the complex sector environment, ENDESA has adopted new ways of relating to and collaborating with stakeholders, as "all are part of the solution".

Based on this premise, that highlights the importance of dialogue and collaboration to develop a long-term outlook, ENDESA has built into its strategy the reflections and expectations of its major internal and external stakeholders.

06.1. STAKEHOLDER PARTICIPATION IN THE PES

The in-depth, systematic analysis of stakeholders' expectations with regard to ENDESA's sustainability actions has been key to defining the strategy, objectives and priorities set down in the PES 2008-2012

The PES was drawn up following an in-depth analysis of the company's situation, the needs of the communities in which it operates and the expectations of its different stakeholders.

Stakeholders were involved in this process through four types of study:

- ENDESA's positioning on sustainability issues. Analyses and results from the Dow Jones Sustainability Index, Storebrand Investments, EIRIS and SiRi studies, along with general surveys, press coverage and advertising position.
- Expectations of stakeholders and opinion-makers, on the basis of in-depth interviews with key opinion leaders in the field of sustainability - experts in sustainable development and journalists specialising in sustainability issues.
- Internal expectations and opinion, through in-depth interviews with the company's senior management and field work carried out in the five regional units in Spain and other countries where it is present.
- Expectations of the general public, on the basis of public opinion surveys in Spain and Latin America.

This far-reaching process of analysis, strategic reflection and identification of key factors meant that objectives and priorities could be clearly defined in the form of the new thematic and project lines (seven main lines plus two challenges) of the PES.

In general terms, the conclusions and recommendations of the stakeholders consulted signalled some aspects of ENDESA's sustainability model that should be maintained and other areas which needed to be improved:

- ENDESA has a sound sense of sustainability, amply meets its commitments in this area and communicates these commitments to experts and opinion leaders. However, the company does not widely report its achievements in the field, especially via advertising channels, which detracts security and credibility from its messages and does not help to disseminate sustainable development principles to society at large. To address this shortcoming, in 2008 the company carried out a large-scale institutional advertising campaign, based on the principles of sustainable development, which was widely recognised and accepted (the second most spontaneously-remembered advertising campaign during the time it was run, with a top mark and 65% total recognition according to quantitative and qualitative studies carried out by ENDESA to assess the

impact of the campaign). Along these lines, the PES contains a wide range of projects designed to strengthen the large-scale dissemination of sustainability issues and report these issues widely to public experts. It is worth noting that, according to studies performed, public opinion is largely unaware of sustainability issues or associates the concept of sustainability solely with the environment. Therefore, the actions envisaged by the plan to promote widespread awareness will allow ENDESA to increase public knowledge of sustainability in the communities where the group operates.

- ENDESA shows a good performance in all areas of sustainability, although it is not leader in any of them. Therefore, the aim of the PES is to foster sustained and consistent action in all areas of sustainable development, with a particular focus on the two challenges which have the largest social repercussions and where the company has the clearest scope for improvement: the fight against climate change and strengthening ties with the local communities where it operates.

06.2. ENDESA'S COMMUNICATIONS CHANNELS WITH STAKEHOLDERS

ENDESA's operating excellence is underpinned by on-going interaction with the community groups it is involved with in the performance of its activities. Through communications channels and procedures that make up its management model the company acquires a sound knowledge of the needs and expectations of its stakeholders, and their development.

STAKEHOLDERS	CHANNEL	AREA	SCOPE 2008
SHAREHOLDERS AND INVESTORS	Shareholders' Office	ENDESA	4,500 calls dealt with 1,025 postal or electronic information mailings sent. 260 visits
	Investor Relations	ENDESA	Five public presentations to analysts and investors. Contact with 45 financial institutions that carry out regular research on ENDESA.
	Website channel	ENDESA	ENDESA's website (www.endesa.es), specifically under the "Information for Shareholders and Investors" section, facilitates access to the company's main economic/financial documents and reports.
EMPLOYEES	Hotlines	Spain	700 internal communiqués (hard copy and digital) with information on the company's activities
		Latin America	1,917 communiqués issued by ENDESA's Latin American subsidiaries.
	Corporate Portal	ENDESA	13,580 daily visits.
	Actualidad Endesa	Spain	Internal monthly magazine for distribution to ENDESA employees in Spain. A copy of Actualidad Endesa is issued to each one of the company's 13,561 employees in Spain.
	América Endesa	Latin America	Internal bi-monthly magazine for distribution to ENDESA employees in Latin America. A copy of América Endesa is issued to each one of the company's 12,896 employees in Latin America.
	Canal Endesa	ENDESA	Audiovisual network with TFT panels at workplaces with a high number of workers who do not use a PC for their everyday tasks Canal Endesa TV is watched daily by 10% of the company's workforce in Spain, approximately 1,358 employees, although this is a pilot scheme and there are only screens in 25 work centres.

STAKEHOLDERS	CHANNEL	AREA	SCOPE 2008
EMPLOYEES (continued)	Notices	Spain	95 notices (hard copy and digital) of internal communications
		Latin America	600 internal notices in all the group's companies in Latin America.
	Meetings with senior management	Spain	25 meetings for the company management to learn about employees' interests, concerns and aspirations.
		Latin America	A total of 217 meetings in Brazil, Chile and Colombia.
SUPPLIERS & CONTRACTORS	CIDE	Endesa Group	<p>ENDESA's Innovation Circles (CIDE) are an initiative bringing together over 40 of its global suppliers that stand out for their innovative approach. The CIDE helps identify technological opportunities and targets, express expectations, and transmit these to suppliers.</p> <p>In 2008, ENDESA's CIDE projects, which take the form of forum events in which the company participates with its key suppliers, continued to work under the coordination of the Endesa Network Factory (ENF). There are seven forums, in which 29 innovation initiatives have been developed to date. These are the following: High-Voltage Lines and Cables Forum, Electric Substations Forum, Medium and Low Voltage Forum, Network Automation Forum, Telecommunications Forum, Sales Forum and Thermal and Hydroelectric Plant Forum.</p>
CUSTOMERS	Sales offices	Spain	<p>43 offices, four of these outside the distribution area. 1.1 million operations on the regulated market.</p> <p>436 service points, 55 of these outside the distribution area. 3.9 million operations on the regulated market.</p>
		Argentina (Edesur)	<p>21 offices, 20 of these equipped with self-help models.</p> <p>95 service points.</p> <p>5 million contacts.</p> <p>212,844 million queries via self-help models.</p>
		Peru (Edelnor)	<p>11 offices, 44 of these equipped with self-help models.</p> <p>55 service points.</p> <p>130,311 contacts.</p> <p>2,053,418 million queries via self-help models.</p>
		Brazil (Coelce and Ampla)	<p>274 offices, 27 of these equipped with self-help models.</p> <p>4.8 million contacts.</p>
		Colombia (Codensa)	<p>20 offices, 18 of these equipped with self-help models.</p> <p>19 service points.</p> <p>1,401,420 contacts and 955,933 queries dealt with via self-help models</p>
		Chile (Chilectra)	<p>14 offices, 20 of these equipped with self-help models.</p> <p>1,399,401 contacts and 2,460,134 queries dealt with via self-help models</p>
	Call Centres (CAT) 24/7 service	Spain	<p>3 physical platform, under single management.</p> <p>11.8 million calls dealt with in Spain relating to commercial management and grid incidents.</p> <p>9.26 million calls on the regulated market (1.2%).</p> <p>2.59 million calls on the deregulated market (1.2%).</p>
		Peru (Edelnor)	<p>One call centre.</p> <p>2.08 million calls processed.</p>
		Brazil (Coelce and Ampla)	<p>181 call centres.</p> <p>9.97 million calls processed.</p>
		Colombia (Codensa)	<p>1 call centre.</p> <p>5.97 million calls processed.</p>
		Argentina (Edesur)	<p>One call centre.</p> <p>2.3 million calls processed.</p>
		Chile (Chilectra)	<p>Two call centres.</p> <p>2.45 million calls processed.</p>

STAKEHOLDERS	CHANNEL	AREA	SCOPE 2008
CUSTOMERS (continued)	Customers Internet Channel (ENDESA Online)	Spain	More than 300,000 registered customers. More than 3 million queries.
		Peru (Edelnor)	116 queries.
		Brazil (Coelce and Ampla)	132,803 registered customers (Coelce only, no data are available for Ampla). 1.6 million queries managed.
		Colombia (Codensa)	133,151 registered customers. 23,641 queries managed.
		Argentina (Edesur)	195,300 registered customers. 24,188 queries managed.
		Chile (Chilectra)	292,966 registered customers. 49,150 queries managed and an average of 121,116 individual visits per month.
	Personalised attention from commercial managers	Spain	352 managers divided by segments: large customers (86), SMEs (149), new building (54), small businesses (38) and general public (25) 56,271 visits.
	Ombudsman	Spain	919 complaints. 78% successfully resolved through mediation, the remaining 22% resolved by the Ombudsman. 54% of these upheld the customer's claim either fully or in part.
SOCIETY	Advisory councils	Spain	In regional markets (Catalonia, Andalusia and Badajoz, Balearic Islands, Canary Islands and Aragon), these councils comprise company directors and representatives of the social and economic fabric.
	Ethics Channel	ENDESA	73 complaints submitted.
MEDIA	Press releases	Spain	944 press releases. 73 press conferences.
		Latin America	1,166 press releases 40 press conferences.
	Contact with the media ¹	Spain	1,242 contacts in person and interviews. 13,280 contacts by telephone and e-mail.
		Latin America	998 contacts in person and interviews. 13,260 contacts by telephone and e-mail.

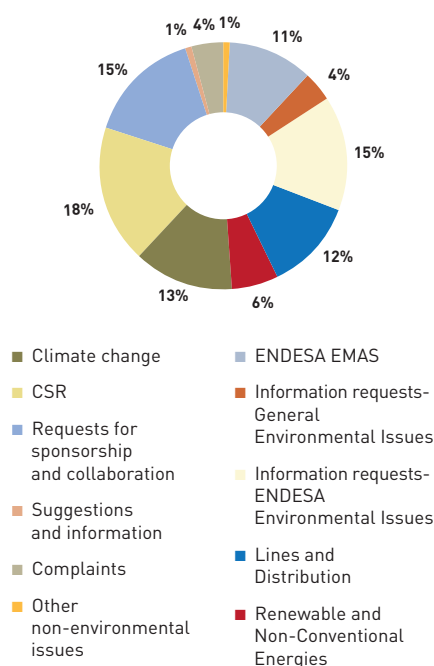
¹ Estimated figures for contacts by telephone, e-mail and in person.

06.2.1. Sustainability on ENDESA's website

In line with the company's criteria of offering its stakeholders transparent and objective information on its compliance with sustainability targets, ENDESA has made available to the public via its corporate website, (www.endesa.es), its strategy, objectives and performance, in addition to annual sustainability reports, specific documents published by the company concerning strategic planning in sustainability and its commitments in this area, and other information related to this field.

06.2.2. Environmental and Sustainable Development Mailbox

Breakdown of queries made (2008)



ENDESA has a specific contact tool for internal and external stakeholders, designed to address queries relating to general environmental or sustainability issues, thereby upholding the principle of transparency in the company's sustainability policy. This is the Environmental and Sustainable Development mailbox which is accessible via the corporate website.

In 2008, the mailbox received 82 e-mails, 17% more than in 2007. 90% of these queries were sent by external sources and the remaining 10% from employees.

18% of the queries received dealt with corporate responsibility issues, 15% were requests for sponsorship and collaboration, another 19% requested information on various environmental issues (15% related to the company, and 4% general); 13% were specifically addressed to climate change; 12% related to power lines and distribution; 11% related to environmental management systems at ENDESA's installations; 6% to renewable energies; 4% were complaints relating to company installations and actions; 1% were suggestions and information and a further 1% to non-environmental issues.

07. ABOUT THIS REPORT



This is ENDESA's eighth annual Sustainability Report. In line with previous report, it contains detailed information relating to the company's activities and performance throughout the previous year in the areas contained in the sustainability policy, in addition to economic, social and environmental indicators structured in such a way as to represent the level of compliance with these factors. Clearly, the actions described in this report belong to the first year of ENDESA's Sustainability Plan 2008-2012 (PES).

The information relayed corresponds to ENDESA, S.A. and its investees in the Iberian Peninsula (Spain and Portugal) and Latin America (Chile, Argentina, Brazil, Colombia and Peru).

For the third consecutive year, this report has been prepared in accordance with Global Reporting Initiative (GRI) 2006 Guidelines (G3) and the three principles of AccountAbility assurance standard AA1000AS, ISAE 3000. Namely: the materiality and relevance of all issues covered in the report; integrity of information and the ability to respond to stakeholders. It has also been verified externally by the audit firm, Deloitte, S.L.

Also, GRI guidelines for defining the content of the Report have been followed, applying the four principles to assure that balanced, fair information on the company's performance is furnished.

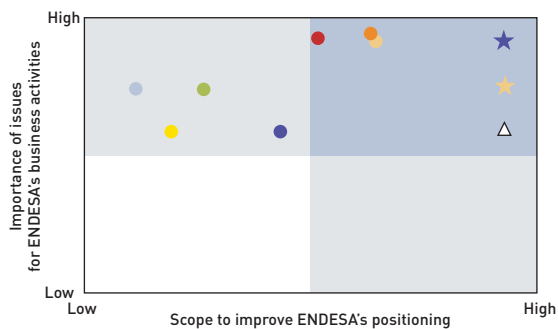
According to the application levels defined by GRI, this Report is rated A+:

	C	C+	B	B+	A	A+
Self-declaration						✓
GRI review						✓

MATERIALITY PRINCIPLE

The results of the exhaustive process of drawing up ENDESA's Sustainability Plan 2008-2012 were adhered to in 2008 as the main benchmarks for the principles of inclusivity, materiality and response that guide ENDESA's performance standards as accounted for in this report.

The materiality study carried out in 2007 within the framework of the PES, and based on AccountAbility standard AA1000, identified the significant information and the importance of these issues for ENDESA's business activities and the scope for improvement they offer the company.



Overview 2008-2012

- Commitment to our customers.
- Commitment to our employees.
- Commitment to good governance, ethical behaviour and transparency.
- Commitment to our investors.
- Commitment to the environment.
- Commitment to innovation and technology.
- Commitment to society: our collaborators.

New challenges: 2008-2012

- ★ Commitment to the environment: ENDESA and the challenges posed by climate change.
- ★ Commitment to society: ENDESA and the communities it works in.
- △ Communication in sustainability.

ENDESA has monitored the comments on the company and its CSR policy appearing in the major studies published by the different observatories and other entities. Bearing in mind the revised studies, no additional issues to those included in the PES have been identified.

Information sources used to prepare the 2008 Sustainability Report

1. Fundación de Estudios Financieros (FEF) Good Governance Observatory 2008 report.
2. *CSR in Corporate Governance in Ibex 35 companies. A transparency analysis*. Instituto de Innovación Social; Esade 2009.
3. *Carbon Disclosure Project: 2008 report on Spain* (IBEX 35) ECODES 2009.
4. *Corporate social responsibility in the annual reports of IBEX 35 companies: An analysis of 2007*. Observatorio de Responsabilidad Social Corporativa. Quinta Edición.
5. Analysis carried out by the Observatorio de Responsabilidad Social Corporativa (CSR Observatory) on the quality of information relating to CSR content in ENDESA's annual report (2007). This study forms part of reference 4.
6. *ENDESA's public profile*, EIRIS; January 2008.
7. *Annual CSR index. A Trade Union Vision*. Fundación de Estudios Sindicales (FES-CC.OO.) and Astime.
8. *CSR culture, policies and practices at Ibex 35 companies*. 2008. Observatorio de RSE. UGT.
9. *Sector report on workers' participation in Ibex 35 companies*. 2008. Observatorio de RSE. UGT.
10. *The Road to Credibility: A survey of sustainability reporting in Brazil*. 2008. SustainAbility Ltd, Fundação Brasileira para o Desenvolvimento Sustentável (FBDS / WBCSD Brasil) and the United Nations Environment Programme (UNEP). ENDESA group companies Ampla and Coelce are 3rd in the ranking.
11. *A profile of ENDESA* Triodos Bank; December 2007.
12. *2007 Report on European CSR Survey*; RSM Erasmus University; July 2007.

PRINCIPLE OF STAKEHOLDERS' PARTICIPATION

ENDESA has met the stakeholders' expectations identified through the materiality study and the broad consultancy process carried out within the framework of the PES.

Furthermore, it makes the communication channels described in this report available to its stakeholders, in order to bolster two-way communication and encourage these groups to undertake a fluid dialogue with the company.

PRINCIPLE OF SUSTAINABILITY CONTEXT

ENDESA's commitment to the sustainable development of its activities is part of the company's vision, as it defines itself as a competitive, effective and responsible multinational, providing a basic service for the community at large.

The commitment, and the channels used by ENDESA to carry out this commitment, are reflected in the challenges identified by the group, its results presentations, and the new targets set for business management and its sustainable development strategy.

PRINCIPLE OF EXHAUSTIVITY

The three principles outlined above have been taken into account to establish the report's scope and coverage. Priority is given to information considered to be material and all the social, economic and environmental impacts are included using a system of data collection standard to all ENDESA's business areas and including significant information for stakeholders.

PRINCIPLES OF INFORMATION QUALITY

- **Precision and clarity.** The report contains several tables, charts and diagrams, with the level of detail necessary to allow the company's performance to be fairly assessed.
- **Frequency of information.** ENDESA reports annually on its financial, social and environmental performance. This information is also published on its webpage, which is continuously updated, and publishes its annual Sustainability Report at the same time it publishes its Annual Report, Financial information (balance sheet, financial statements and management reports) and Corporate Governance report.
- **Reliability.** For the fifth consecutive year this report includes an Independent Report, on this occasion carried out by Deloitte.
- **Balance.** The report spans positive and negative aspects in order to present an un-biased image of the issues addressed.
- **Comparability.** The information included in the report has been organised to facilitate understanding of the changes occurring in comparison to previous years.

Compliance of the key milestones in 2008

ENDESA'S COMMITMENTS	AREAS OF ACTION	2008 TARGETS	KEY MILESTONES
Commitment to service quality	<ul style="list-style-type: none"> Capacity and quality programmes to achieve excellence in sales processes. 	<ul style="list-style-type: none"> Progress with the Loss Control Programme (Energy Efficiency Programme) 	<ul style="list-style-type: none"> Development of distribution infrastructure: Euro 1,372 million invested and distribution lines extended by 1,155 km in Spain and Portugal. In 2008, TIEPI (interruption index) in the markets supplied by ENDESA in Spain reflected the best quality of supply level achieved on record, at 86 minutes; an improvement of 7% on 2007.
		<ul style="list-style-type: none"> Develop a public-awareness strategy in all countries where the company operates to foster rational energy use 	<ul style="list-style-type: none"> Information for customers to promote efficient energy use: welcome pack, advice and dissemination of energy saving measures via the technical advisory committee, bills and leaflets. Sale of efficient products.
	<ul style="list-style-type: none"> After-sales services 	<ul style="list-style-type: none"> Take on board any opportunities for improvement identified while rendering services to customers 	<ul style="list-style-type: none"> ENDESA Energía's Customer Service Excellence Plan focuses on the continuous improvement of those processes most relevant to customers: contracting, complaints, after-sales service. Excellence in the corporate website: The website has double A accessibility according to W3C/WAI international standard WCAG 1.0. Inclusion of the customer's voice in Colombia for the corporate quality management system. ENDESA scored more than 7.77 in all categories assessed by customers. In Spain, ENDESA carried out a total of 49,000 telephone interviews with customers and over 1,200 audits at sales offices and service points.
Commitment to creating value and returns	<ul style="list-style-type: none"> Suppliers and contractors form part of our commitment to customers 	<ul style="list-style-type: none"> Build an image of effectiveness, proximity and credibility in technical services 	<ul style="list-style-type: none"> ENDESA's CIDE projects, which take the form of forum events in which the company participates with its key suppliers, progressed further in 2008 under the coordination of Endesa Network Factory (ENF). To date, 29 innovation initiatives have been developed through these forums.
	<ul style="list-style-type: none"> Strengthening communication to analysts and investors regarding sustainability, climate change and renewable energies. 	<ul style="list-style-type: none"> Value creation within a framework of transparency. 	<ul style="list-style-type: none"> 23.7% average annual return for the shareholder in 2005-2008. ENDESA has secured a place in the Dow Jones Sustainability Index for the eighth year running. Furthermore, the company cemented its position in the Storebrand Investment and Pacific Sustainability Index.
	<ul style="list-style-type: none"> Increasing communications on renewable energies through Investor Relations. 	<ul style="list-style-type: none"> Meetings held with investors and analysts. 	<ul style="list-style-type: none"> 4,500 phone calls and 260 visits.
	<ul style="list-style-type: none"> Strengthening the commitment to sustainability in the investor relations space on ENDESA's website. 	<ul style="list-style-type: none"> Promoting learning and disseminating knowledge. Greater commitment to sustainable development. 	<ul style="list-style-type: none"> Sustainability day held for ENDESA employees. Meetings held with socially responsible investors. More than 10 questionnaires on sustainability carried out.

ENDESA'S COMMITMENTS	AREAS OF ACTION	2008 TARGETS	KEY MILESTONES
	<ul style="list-style-type: none"> Strengthening communications to analysts and investors regarding the focus and outlook of commitments to climate change. 	<ul style="list-style-type: none"> Incorporation of the renewables newco. New business plans to deal with climate change and new CO₂ reduction targets: -50% in 2008-2020. 	<ul style="list-style-type: none"> The changes in the composition of ENDESA's shareholder structure have led to the reassessment of this goal. Incorporation of strategic targets relating to climate change in ENDESA's Sustainability Plan 2008-2012 to meet the new challenges assumed in the period. Reduction of almost 50% in CO₂ emissions compared to 1990.
Commitment to the health, safety, and personal and professional development of persons working at ENDESA	<ul style="list-style-type: none"> Systems to attract, develop and retain talent. 	<ul style="list-style-type: none"> Expansion of the performance management system to Chile, Brazil, Argentina and the company CAM. 	<ul style="list-style-type: none"> The performance management system has been extended to Chile, Brazil, Argentina and CAM, affecting a total of 5,684 people worldwide, more than 22% of ENDESA's employees. Development of a new policy to attract and retain talent within the framework of ENDESA's HR sustainability programme. Start of a process to identify and validate strategic talent.
	<ul style="list-style-type: none"> Employee satisfaction and commitment 	<ul style="list-style-type: none"> Implementation and analysis of results of the working climate survey 	<ul style="list-style-type: none"> In the first half of 2008 presentations were made to the different businesses, business lines and company management committees in all areas, describing the overall and specific results of the working climate and commitment survey. As a result, several areas for improvement were identified. At the end of 2008 the Perceived Quality survey was carried out for management and employee self-service in Colombia and Peru. The overall level of employee and management satisfaction was 3.5 out of 5.
	<ul style="list-style-type: none"> Two-way dialogue with employees and employee representatives. 	<ul style="list-style-type: none"> Improvements in social dialogue 	<ul style="list-style-type: none"> In 2008, ENDESA drew up a social dialogue policy. This policy helps to consolidate achievements in its Labour Relations model and encompasses the five principles applied in collective agreements: legality, equality, trust and good faith, freedom of association and consensus. 21 new collective agreements are signed, including ENDESA's 3rd framework collective agreement in Spain.
		<ul style="list-style-type: none"> Implementation of the potential evaluation committees model. 	<ul style="list-style-type: none"> 23 potential evaluation committee meetings held overall, with the aim of providing training for management committee members entrusted with the role of evaluating and validating decisions.
		<ul style="list-style-type: none"> Certification as a family-friendly company extended to the entire company. 	<ul style="list-style-type: none"> ENDESA obtained accreditation as a Family Responsible Employer from Fundación + Familia in the IFREI study (IESE Family Responsible Employer Index) for striking a healthy work-life balance.

ENDESA'S COMMITMENTS	AREAS OF ACTION	2008 TARGETS	KEY MILESTONES
	<ul style="list-style-type: none"> Initiatives to promote a preventive culture 	<ul style="list-style-type: none"> Promoting awareness and preventive training. 	<ul style="list-style-type: none"> 3rd corporate meeting on Workplace Health and Safety and 2nd edition of the Apolo awards. More than 40% decrease in the accident rate and accident severity rate compared to 2007.
	<ul style="list-style-type: none"> Globalisation of management model for occupational health and safety 	<ul style="list-style-type: none"> Increased scope of the DELFOS information system. 	<ul style="list-style-type: none"> ENDESA has extended the same working conditions in OHS for all people who work for the company, whether they are ENDESA's own employees or workers employed by its associates. The implementation of the Delfos System, initiated in Spain and Colombia in 2007, has been gradually rolled out in Peru and Brazil and is expected to be implemented in Chile and Argentina in 2009.
	<ul style="list-style-type: none"> Commitments in the area of diversity and work-life balance 	<ul style="list-style-type: none"> Roll-out of an on-line platform for training personnel managers in skills relating to diversity and work-life balance. 	<ul style="list-style-type: none"> Start up of training initiatives in the areas of diversity and work-life balance directed at personnel managers, project heads in corporate areas or staff with responsibilities in different group companies/ countries located in Spain. Following the approval of the Corporate Diversity Management Policy, in 2008 the pertinent action plan was rolled out. Highlights include the creation of ENDESA's Diversity Strategy Committee, responsible for defining strategic priorities, setting global objectives, designing corporate programmes and projects, giving support to the plans and programmes specific to each business and measuring the impact in all areas using ENDESA's Global Diversity Balanced Scoreboard, originally created to monitor the main indicators relating to diversity management and equal opportunities.
Commitment to good governance and ethical behaviour	<ul style="list-style-type: none"> Strengthening processes and practices to ensure transparency of information. 	<ul style="list-style-type: none"> Further implementation of systematic measures to ensure compliance with Global Compact principles. 	<ul style="list-style-type: none"> Actions to ensure compliance with UN Global Company principles, GRI indicators and Millennium Goals: <ul style="list-style-type: none"> Review, development and publication of anti-corruption policies Development of additional ethics channels on the website and improved access to these channels Training for employees and contractors on ethical conduct. Strengthening ethics committees, increasing the frequency of their meetings and publishing the results of these meetings. Creation of internal control areas to support the anti-corruption programme, among other functions. Obtaining the highest (A) rating awarded by the Fundación de Estudios Financieros (FEF), in the fifth edition of the study "Observatory of Corporate Governance and Transparency of Information of Companies Listed on the Spanish Stock Market 2008".
	<ul style="list-style-type: none"> Strengthening and expanding the internal regulations and processes governing corporate integrity. 		<ul style="list-style-type: none"> In 2008 ENDESA approved new regulations for the procurement of goods, works and services. This regulation is applicable to the entire group and represents an adaptation to the new commitments taken on by ENDESA (Law 31/2007, CSR principles and the Global Compact).

ENDESA'S COMMITMENTS	AREAS OF ACTION	2008 TARGETS	KEY MILESTONES
Commitment to environmental protection		<ul style="list-style-type: none"> Approval and implementation of the Sustainability Strategic Plan 2008-2012. 	<ul style="list-style-type: none"> In 2008, the plan and its projects were defined and development initiated. This plan includes the environmental targets specified in the 2007 Sustainability Report and extends the deadline for implementation to 2012.
	<ul style="list-style-type: none"> Development of systems to identify, evaluate, manage and control environmental risks and contingencies. 	<ul style="list-style-type: none"> Detailed assessment of environmental risk. 	<ul style="list-style-type: none"> ENDESA categorises its facilities, makes detailed assessments of environmental risk and is promoting a new programme for managing environmental risks deemed critical as well as eliminating environmental contingencies.
	<ul style="list-style-type: none"> Strengthening initial evaluation systems for projects to ensure their legitimacy and credibility in the face of public opinion. 		<ul style="list-style-type: none"> 25 environmental studies, including ozone studies, atmospheric and spillage models, in addition to mandatory environmental impact studies and applications for integrated environmental permits required by law and in accordance with market regulations in the areas in which the company operates.
	<ul style="list-style-type: none"> Strengthening integrated water management at all business stages. 	<ul style="list-style-type: none"> Efficiency and integrated management. 	<ul style="list-style-type: none"> In 2008 additional actions to improve efficiency in consumption, water quality and the integrated environmental management of large reservoirs were implemented.
	<ul style="list-style-type: none"> Strengthening the management systems for emissions regulations. 	<ul style="list-style-type: none"> Contributing to the development of a new global and sustainable energy model, in accordance with the basic lines of the company's strategic plan. 	<ul style="list-style-type: none"> Aligning the company's strategy via the climate change programme based on five main strategic projects: renewable energies, new technological developments which reduce CO₂ emissions, opportunities in energy efficiency and cogeneration, a sustainable transmission model and a CDM portfolio. Accreditation obtained for 91.4% of the energy produced.
	<ul style="list-style-type: none"> Progress towards achieving global accreditation for the company's integrated management systems. 	<ul style="list-style-type: none"> ISO 14001 accreditation for the remaining distribution territories. 	<ul style="list-style-type: none"> 100% of the power distributed by ENDESA in Spain and Latin America obtains accreditation under ISO 14001.
	<ul style="list-style-type: none"> Defining and strengthening the company's commitments and programmes in the area of biodiversity conservation. 	<ul style="list-style-type: none"> Continuation of biodiversity conservation programmes. 	<ul style="list-style-type: none"> The new Sustainability Strategic Plan 2008-2012 established work programmes to continue to work towards the target of integrating biodiversity conservation into the company's operations and promoting an internal culture of biodiversity conservation. ENDESA maintains collaboration agreements with different institutions to carry out research and studies into biodiversity conservation and the preservation of cultural heritage. In 2008, the regeneration of the areas surrounding ENDESA's mining installations increased significantly, due to the new initiatives rolled out as part of the PES framework (2008-2012), with more than 338 hectares of land restored. 2008 AEDME award for "the recovery of the ecosystem adjoining the Colombian thermal plant of Cartagena, consisting of a lake and a mangrove swamp".
		<ul style="list-style-type: none"> Incorporation of a new company, the renewables newco, to encompass all ENDESA's renewable energy assets in 2008. 	<ul style="list-style-type: none"> The changes in composition of ENDESA's shareholder structure have led to the reassessment of this goal.

ENDESA'S COMMITMENTS	AREAS OF ACTION	2008 TARGETS	KEY MILESTONES
		<ul style="list-style-type: none"> Development of the 2008-2012 Environment Plan 	<ul style="list-style-type: none"> In 2008, the 2008-2012 Environment Plan was drawn up, in response to the need to plan, implement and meet the environmental strategic objectives defined in ENDESA'S 2008-2012 Sustainability Plan.
Commitment to efficiency	<ul style="list-style-type: none"> Bolstering ENDESA's position as leader and benchmark in the field of Innovation and Technology. 	<ul style="list-style-type: none"> Continue to improve the quality, efficiency and sustainability of customer services. Speed up improvements in costs, quality and services in the distribution business. 	<ul style="list-style-type: none"> Direct investment of Euro 8 million in technological projects for distribution networks. Development of technological projects on advanced networks: "Knowledge is Power-KIP" project; Telegestión (remote management) project.
	<ul style="list-style-type: none"> Development of a leadership culture in innovation and technology using training tools and programmes applied internally and externally. 	<ul style="list-style-type: none"> Improve the company's global status, given the growing challenges facing sustainability. Help raise ENDESA's value. 	<ul style="list-style-type: none"> ENDESA has promoted the creation of the International Utilities Alliance (IUA), an alliance created by European utility companies ENEL, EDF, EDP and RWE, all of which are at the vanguard of technology in their respective countries, as an expansion of the Endesa Innovation Circles (CIDE). Founding member of the Spanish Platform of Electricity Networks (FUTURED). Presides over the Spanish Technological Platform for Energy Efficiency (PTE-EE). Attendance of technology conferences, forums and training schools: ENDESA Energía, Master's degree ENDESA-ICAI.
	<ul style="list-style-type: none"> Development of tools to maintain a portfolio of R+D projects. 	<ul style="list-style-type: none"> Spearheading new developments in technology that lead to a response to the challenges posed by climate change, with reduced CO₂ emissions and more cutting-edge technology. 	<ul style="list-style-type: none"> Collaboration on and development of projects for technological improvement and optimisation of natural resources such as: <ul style="list-style-type: none"> Storage of CO₂ CIUDEN project. Novare Biohydrogen.
		<ul style="list-style-type: none"> Make progress on the CENIT Denise project to establish the framework for an intelligent, safe and efficient electricity distribution grid. 	<ul style="list-style-type: none"> Completion of the second year of the CENIT Denise project.
		<ul style="list-style-type: none"> Carry out audits at ENDESA work centres to analyse and promote eco-efficient practices. 	<ul style="list-style-type: none"> Two energy efficiency audits performed at ENDESA's headquarters in Spain and Chile.
		<ul style="list-style-type: none"> Further study the scope for developing electric vehicles and potential synergies deriving from their connection to the grid. 	<ul style="list-style-type: none"> The company has joined the work group created by the Ministry for Industry and Tourism to analyse and expedite the introduction of electric vehicles in Spain. Collaboration with public entities and transport departments with a view to stimulating the spread of this technology. ENDESA forms part of the European G4V consortium to integrate electric vehicles into distribution networks. The electric vehicle Working Package designed for the Smart City project proposal.
		<ul style="list-style-type: none"> Participation in the development of pilot houses, neighbourhoods and cities for real eco-efficiency models 	<ul style="list-style-type: none"> Sustainable urban planning projects: MASH (Malaga Smart House) project and project for Eco-Digital Public Lighting.

ENDESA'S COMMITMENTS	AREAS OF ACTION	2008 TARGETS	KEY MILESTONES
Commitment to the development of the societies in which we operate	<ul style="list-style-type: none"> Strengthening the company's ability to respond to local energy needs. 	<ul style="list-style-type: none"> Continue the rollout of the Corporate Volunteer Programme giving employees a strategic and operational framework in which to exercise their solidarity. 	<ul style="list-style-type: none"> Among others, several volunteer projects initiated in previous years were continued ("ENDESA Solidarios" [Spain]) and new projects were also embarked on such as the "Edelnor Corporate Volunteer Programme", offering support to the community in the Puente Piedra and Pariñas districts.
	<ul style="list-style-type: none"> Promotion of ENDESA's position as a key partner in projects which help resolve the challenges of sustainable energy and social development. 	<ul style="list-style-type: none"> Development of the basic aspects for the economic-social advancement of the community in general and, more specifically, its most vulnerable groups. 	<ul style="list-style-type: none"> Especially significant are the rural electrification programmes, through which ENDESA not only facilitates access to rural communities and underprivileged areas lacking electricity but also improves the power network and addresses other problems relating to the power supply. The Codensa Hogar (Codensa Home) programme finances home appliances and home improvements through the Codensa Crédito Fácil (Easy Credit Facility). Bills issued in Braille for Chilectra customers.
	<ul style="list-style-type: none"> Bolstering messages of closeness and their authenticity. 	<ul style="list-style-type: none"> Continue to achieve a positive impact and promote the Millennium Development Goals (MDGs). 	<ul style="list-style-type: none"> Prize awarded to the Ecoelce project by the UN in the World Business and Development Awards, the first awards to recognise the role played by private companies in meeting the Millennium Development Goals. The Ecoelce project involves exchanging refuse for energy for low-income inhabitants of the state of Ceará, the region in which Coelce distributes power. This encourages recycling in exchange for discounts on electricity. Among other actions, as part of Edelnor's Corporate Volunteer Programme (Peru) employees gave their time and money to help build and open the Fe y Alegría school in San Clemente. Collaboration with the education community. Development of awareness programme on the natural environment, the recovery of natural species, and the protection of endangered animals or plants, in addition to the sponsorship of environmental forums and congresses.
	<ul style="list-style-type: none"> Stepping up contact with local businesses, transmitting a unified image of the company. 		<ul style="list-style-type: none"> Contribution to social development via direct investment in local initiatives, enabling employees to dedicate more time and interest to corporate volunteer programmes, and a wide range of collaboration initiatives with groups, entities, organisations and institutional representatives in the communities in which its installations are located and where it conducts its commercial and industrial activities.

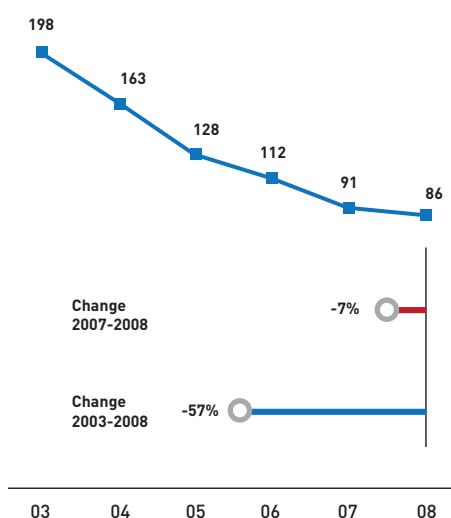
CHALLENGES IN 2009

Customers	Implement the capacity and quality plan	Manage the disappearance of the regulated electricity tariffs	Roll out integration programme for suppliers and contractors
	Promote energy efficiency measures among clients	Carry out improvements to the company website	Broaden the scope of the Tic-Tac model
	Develop the contingency plan	Develop the excellence programmes in the sales and post sales processes	Improve ENDESA'S standing in image and reputation rankings
Good governance	Overhaul the company web	Roll out work programme regarding internal regulations	Obtain recognition of the company's leadership position in corporate governance, regulatory compliance and transparency through the DJSI
People	Motivate staff and manage change	Talent Management: manage potential, strategic groups and diversity	Support other aspects pertaining to the social dimension of sustainability: occupational health and safety, management of contractors, and social dialogue model
	Foster excellence in Human Resources: efficiency, internal communications/ employee portal, internal and external marketing and information systems.		
Technology and Innovation	Develop innovation circles	Develop "Innovation to cash" programme	Foster RD&I with NOVARE prizes
	Develop training and awareness initiatives (masters courses, innovation sessions, image and communication campaigns...)	Improve generation efficiency	
Climate change	Spearhead new technological developments to meet the challenges posed by climate change, with reduced CO ₂ emissions and more cutting-edge technology.	Carry out further studies on the potential of electric vehicles and possible synergies deriving from their connection to the grid.	Increase public awareness of electric vehicles.
	Promote the marketing of efficient EMPs	Carry out audits at ENDESA work centres to analyse and promote eco-efficient practices.	Obtain public recognition for efforts in fight against climate change
	Take a leading role in technological platforms related to climate change	Promote PE 3 Energy Efficiency Plan	Develop CO ₂ capture technologies
	Develop solar energy technologies	Participate in international forums on climate change, renewable energies, and energy efficiency	
Environment	Define and classify emissions to be controlled, and develop control and measurement programmes	Incorporate biodiversity conservation criteria in operating procedures.	Develop the strategic biodiversity conservation programme.
	Revise environmental accounting	Develop a software tool for the integration and treatment of environmental data and indicators.	Review the pertinent forums, and awards and recognition given for CSR initiatives
	Unlock the value of preserving the natural surroundings of our assets.	Improve integrated management for reservoir use	Analyse the new regulations
Social	Introduce sustainability principles into contracts with suppliers.	Incorporate sustainability elements into global contracting rules	Extend these criteria to subsidiaries.

09. ENDESA 2008 KEY DATA, RELATING TO SUSTAINABILITY COMMITMENTS

09.1. COMMITMENT TO SERVICE QUALITY

*Average Interruption index at ENDESA
(minutes/year)*



09.2. COMMITMENT TO CREATING VALUE AND RETURNS

ENDESA-key financial figures (millions of Euro)

	2004	2005	2006	2007	2008
Operating revenues	13,665	18,229	20,580	18,073	22,836
Operating income	2,844	4,244	5,239	4,619	5,234
Net income	1,253	3,182	2,969	2,675	7,169
Total assets	47,182	55,365	54,088	58,522	58,546
Net financial debt	18,698	18,281	19,840	20,834	14,003
Earnings per share (Euro)	1.19	3.01	2.8	2.53	6.77
Total shareholder return (%)	18	32.8	72.1	6.9	17.1*

* Pending approval at the General Shareholders' Meeting.

09.3. COMMITMENT TO THE HEALTH, SAFETY AND PERSONAL AND PROFESSIONAL DEVELOPMENT OF THE PEOPLE WHO WORK AT ENDESA

Accident rate (frequency index)-ENDESA Employees*

	2006	2007	2008	% chg. 2008/2007
Spain	9.80**	7.59**	3.75	-50.6
Latin America	3.19	2.75	2.47	-10.2
Others**	14.2	8.04	—	—
TOTAL	6.45	5.05	3.02	-40.2

* Accident rate/frequency index: Number of accidents resulting in sick leave of more than one day, per million hours worked.

** Electricity & mining

09.4. COMMITMENT TO GOOD GOVERNANCE AND ETHICAL BEHAVIOUR

Breakdown of complaints submitted by geographical area (%)

	Improper activities by external suppliers and contractors	Embezzlement	Conflicts of interest	Items in accounts	Safety	Business opportunities	Falsification of contracts	Revenge	Improper use of privileged information	Improper use of company property	Environment and health	Other
Spain and Portugal	1	0	4	0	0	0	5	0	0	0	1	4
Latin America												
Argentina	7	4	0	0	0	0	1	0	0	0	0	12
Brazil	1	1	10	1	0	0	1	3	0	0	0	3
Chile	5	2	4	2	1	4	0	0	0	0	0	8
Colombia	0	0	1	0	0	0	0	3	0	0	0	10
Peru	1	0	0	0	0	0	0	0	0	0	0	0

09.5. COMMITMENT TO ENVIRONMENTAL PROTECTION

CO₂ emissions by ENDESA's companies (kg/kWh)

	2006	2007	2008
Spain and Portugal	0.5	0.5	0.43
Latin America	0.16	0.24	0.24
Argentina	0.31	0.39	0.42
Chile	0.14	0.29	0.25
Peru	0.23	0.2	0.25
Colombia	0.006	0.04	0.05
Brazil	0.02	0.001	0.01
ENDESA	0.42	0.44	0.35

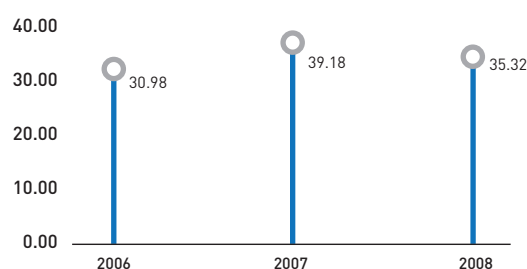
09.6. COMMITMENT TO EFFICIENCY

Efficiency of ENDESA's thermal power plants (%)

	2006	2007	2008
Spain and Portugal			
Coal-fired thermal plants	35.52	36.29	36.04
Fuel-gas-fired thermal plants	34.15	34.79	37.64
Combined-cycle thermal plants (natural gas)	53.53	52.55	54.41
Latin America			
Coal-fired thermal plants	33.24	33.77	33.12
Fuel-gas-fired thermal plants	31.6	31.81	32.42
Combined-cycle thermal plants (natural gas)	46.34	49.76	50.07

09.7. ENDESA'S COMMITMENT TO THE DEVELOPMENT OF THE COMMUNITIES IN WHICH IT OPERATES

*ENDESA's investment in social development
(Millions of Euro)*



ENDESA's compliance with sustainability commitments



To Our Investors

[Creating Sustainable Value]



ENDESA continues to be recognised as a world leader in sustainability according to various indices, including Best in Class in the Carbon Disclosure Project and the Dow Jones Sustainability Index, which make a thorough assessment of companies' performance regarding shareholders, investors, climate change and financial markets.

Through its Sustainability Plan 2008-2012 ENDESA is strengthening its commitment to investors, so that it can be recognised by markets as a company which creates sustainable value.

The context

A substantial and increasing number of institutional and private investors take the view that the social, environmental and ethical practices of a company, especially one which is listed, are a good indicator of the quality of its management and governance. This has given rise to an increasing number of market indicators according to which companies must accredit advanced standards in sustainability.

Furthermore, most of the main asset managers in the market have investment portfolios slanted towards companies which have a better performance regarding sustainability issues.

Where energy companies are concerned, there are important international initiatives such as the Carbon Disclosure Project, which recognised ENDESA as the world leader in its sector for its strategy on Climate Change in 2008, and the Institutional Investors Group on Climate Change, comprising the major institutional investors in the world. These schemes subject the 48 companies which they cover to rigorous scrutiny to determine their strategic approach to the fight against climate change and the results achieved.

ENDESA's approach

ENDESA has gained the right to be included in the portfolios of institutional investors which take social, environmental and ethical considerations into account in their composition.

In the context of its Sustainability Plan 2008-2012 the company proposes strengthening its commitment to investors. This commitment has two main features:

- Improving the information provided to markets on specific aspects of business and other issues related to sustainability which are of interest.
- Positioning the company as sustainable and achieving recognition by investors.

In short, the company plans to strengthen its position in major relevant international rankings over the next few years.

€5.90 dividend per share¹

Total shareholder return of **23.7%**
for 2005-2008

4,500 phone calls and **260** visits
by private shareholders in 2008

¹ Pending approval at the General Shareholders' Meeting.

01. ENDESA CREATES SUSTAINABLE VALUE

01.1. ENDESA, CLOSE TO SOCIALLY RESPONSIBLE INVESTORS

The company responds to the information needs of socially responsible investors by disclosing information about its composition as well as financial, ethical, social and environmental matters.

To this end it makes its earnings and activities public, explaining voluntarily how it has obtained the former and carried out the latter, i.e. how the management team has implemented its commitment to sustainable growth and made responsible use of resources.

It is worth noting that ENDESA - which takes part in a considerable number of forums - has proved able to hold its position at the forefront of best business practice as seen by socially responsible investors. To achieve this it has managed knowledge related to socially responsible investment by promoting internal initiatives with the participation of practically all departments in the company.

In 2008 ENDESA secured a place in the Dow Jones Sustainability index for the eighth year running and cemented its position as Best in Class according to Storebrand; it has also been selected as the world's leading company by the Carbon Disclosure Project for its fight against climate change.

Dow Jones Sustainability Index

In 2008 ENDESA secured a place in the Dow Jones Sustainability World Index for the eighth year running, obtaining the highest ratings for the Codes of Conduct/Corruption & Bribery, Customer Relationship Management, Climate Strategy, Biodiversity and Labor Practice Indicators.

www.sustainability-indexes.com

Storebrand Investments

In 2008 ENDESA cemented its position as Best in Class in the Storebrand Investment index.

Storebrand is a Scandinavian financial services institution that manages investment and pension funds based on principles of social responsibility and analyses the social and environmental performance of over 1,700 companies, selecting those who are among the top 30% in each sector as Best in Class.

ENDESA has held this distinction since 2003.

www.storebrand.com

Carbon Disclosure Project

According to the CDP, ENDESA obtains the highest rating among the world's electricity companies in the fight against climate change. The CDP is the most prestigious index for evaluating companies' activities and strategies in this area.

The company's ability to reduce CO2 emissions, its strategy for attaining this target, the transparency of its published figures on emissions, its drive towards clean energy and support for R&D (with an emphasis on CO2 capture and storage), and the internal and external dissemination of its policy and initiatives dealing with climate have all placed ENDESA at the forefront of the movement to combat climate change.

www.carbondisclosureproject.com

Pacific Sustainability Index

ENDESA was recognised in 2008 as one of the best companies in the world in the electric and gas sector based on the corporate information available on its website about its sustainable development activities, according to a study conducted by the Roberts Environmental Center, an environmental research institute at Claremont McKenna College, one of the most prestigious in the United States.

www.roberts.cmc.edu

01.2. A CLOSE RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

ENDESA maintains ongoing relationships with its shareholders, both private and institutional investors, as well as with the leading stock market analysts, and provides them with a steady stream of detailed information on the company's performance. For this purpose, ENDESA has an Investor Relations Department and a Shareholders' Office in Madrid.

The activities of the Investor Relations Department in 2008 included five public presentations to analysts and investors. Four of these focused on the company's quarterly results and the fifth gave details of the ENDESA assets subsequently sold to Germany's E.On under an agreement signed on 2 April 2007 by Acciona, Enel and E.On.

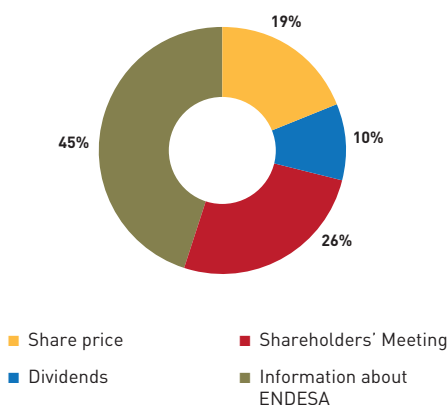
The General Shareholders' Meeting was held on 30 June with a record quorum of 93.8% of the share capital.

ENDESA's Shareholders' Office provides a free shareholder relations service, either in person, or by telephone or e-mail, answering any queries shareholders may have and providing them with information on the company: earnings, dividends, share prices, new bond issues, General Shareholders' Meetings, etc.

In 2008, the Shareholders' Office handled some 4,500 telephone enquiries and 260 visits from private investors, most regarding the General Shareholders' Meeting on 30 June. It also sent more than 1,025 postal or electronic information mailings.

Website channel: "Shareholder and Investor Information"

Type of information requested by ENDESA private shareholders in 2008



One of the most useful sources of information for private investors is www.endesa.es, where there is a special channel providing "Information for shareholders and investors".

This provides access to its main financial documents and publications, summaries of reports issued by leading analysts, investment banks or rating agencies, documents related to the General Shareholders' Meeting, documents concerning takeover bids, and information on corporate governance, etc.

In addition, the conference calls on quarterly earnings are broadcast in real-time via this channel.

02. IMPACT OF ENDESA'S BUSINESS

02.1. INCOME GENERATED

ENDESA reported net income of Euro 7,169 million in 2008, an increase of Euro 4,494 million compared to 2007. This figure includes income from discontinued operations; i.e. capital gains from the sale of the company's entire shareholding in Endesa Europe, and the Los Barrios and Tarragona thermal plants in Spain, to E.On, in addition to income generated by these assets during the period of the year in which they were owned by ENDESA.

Stripping out discontinued operations, income from continuing operations attributable to ENDESA shareholders was Euro 2,371 million, an increase of 5.8% on 2007.

The table below shows a breakdown of income from continuing operations attributable to ENDESA shareholders, by business unit.

Net income of continuing operations attributable to ENDESA shareholders

	Millions of Euro	% chg vs. 2007	% contr. to total net income attributable to ENDESA shareholders from continuing operations
Spain and Portugal	1,873	7.8	79.0
Latin America	506	7.4	21.3
Other	(8)	N.a.	(0.3)
TOTAL	2,371	5.8	100.0

02.2. REVENUES, EBITDA AND EBIT

Generation costs rose sharply in 2008, mainly due to increases in fuel prices, and this in turn caused sale prices to rise in both the Spanish wholesale market and in Latin America during this period. In Spain, the increase in costs was also affected by the rise in the price of CO₂ emission rights.

As a result, in 2008 ENDESA reported revenue growth of 26.4% whilst variable expenses increased by 47%, leading to an 8% rise in the gross margin.

Fixed costs rose 7.3%, putting EBITDA at Euro 6,895 million, up 8.3% on 2007.

EBIT grew to Euro 5,234 million (+13.3%), as a result of higher EBITDA and the 5% drop in the depreciation and amortisation charge. This decrease was due to a Euro 82 million provision included in the 2007 charge, recognised to restate to fair value of CO₂ emission rights acquired by the group from third parties to cover its emissions deficit (Euro 58 million in 2008), and a Euro 32 million provision for the amortisation of renewable energy assets, which are not amortised this year as they are classified as held for sale.

	Revenues		EBITDA		EBIT	
	Millions of Euro	% chg vs. 2007	Millions of Euro	% chg vs. 2007	Millions of Euro	% chg vs. 2007
Spain and Portugal	13,489	31.3	3,930	3.7	2,834	6.4
Latin America	8,354	14.3	2,968	16.8	2,408	25.5
Other	993	101.8	(3)	N.a.	(8)	N.a.
TOTAL	22,836	26.4	6,895	8.3	5,234	13.3

02.3. INVESTMENT

ENDESA invested a total of Euro 4,150 million in 2008, excluding investment in assets held for sale. Of this, Euro 3,613 million was capex and investment in intangible assets with the remaining Euro 537 million corresponded to financial investments. Of this latter amount, Euro 324 million relates to the buying out of minority shareholders in the Peruvian companies Edegel and Edelnor as a result of the ex post facto takeover bids arising from Enel and Acciona taking control of ENDESA.

Investment (*)

	Millions of Euros		
	Capex and intangible assets	Financial	TOTAL
Spain and Portugal	2,460	168	2,628
Latin America	1,074	368	1,442
Other	79	1	80
TOTAL	3,613	537	4,150

(*) Excludes investment of Euro 595 million in the renewable energy assets which were to be contributed to a joint venture with Acciona.

ENDESA has been awarded 20% of ESB's (Ireland) generation assets, namely four plants with operational capacity of 1,068 MW and two sites. These assets were acquired in January 2009 at a cost of Euro 440 million.

02.4. DISCONTINUED OPERATIONS

ENDESA reported income from discontinued operations of Euro 4,884 million in 2008.

Pursuant to the agreement signed on 2 April 2007 between Acciona, S.A., Enel, S.p.A., and E.On AG, on 26 June 2008, ENDESA sold E.On its entire shareholding in Endesa Europa excluding the trading business and assets located outside of Italy, France, Poland and Turkey and the Los Barrios and Tarragona thermal plants in Spain.

The sale price for Endesa Europa was Euro 7,126 million, subject to possible adjustments for changes in the debt incurred by the companies sold occurring between 31 May and 25 June 2008. Furthermore, the buyer will assume the intra-group net debt balance of Endesa Europa and its investees with Endesa Financiación Filiales to the amount of Euro 1,159 million.

The agreed sale price for the Los Barrios and Tarragona power stations was Euro 769 million.

ENDESA recognised a gross capital gain on these sales of Euro 4,564 million.

The remaining income from discontinued operations relates to income generated by the assets disposed of from the start of the year to the time of their sale.

03. CREATING VALUE FOR SHAREHOLDERS

03.1. ENDESA'S SHARE PERFORMANCE

ENDESA's share performance was seriously affected by the impact of the world financial crisis on Spain, which was especially noticeable after the summer of 2008. One of its most marked effects was an unprecedented level of volatility in the market.

After a first half in which prices declined slightly, the company's shares fell sharply in July, coinciding with the first bankruptcies of major players in the international financial sector. Shares recovered part of the loss in September but in October there were sharper downturns in all sectors, leading to ENDESA's shares closing at a low of Euro 18.63 on October 10, a level similar to that recorded in September 2005, shortly before the first takeover bid for the company, launched by Gas Natural.

The last quarter of 2008 was still marked by extremely volatile conditions, although the share price managed to climb away from these lows to end the year at Euro 28.6, 21.32% lower than a year earlier.

Although ENDESA's share price fell in this unfavourable economic climate, it outperformed the market benchmark indices (the Ibex-35 average was down 39.43% while the Eurostoxx 50 fell by 44.28%) and sector benchmark indices, such as the Eurostoxx Utilities (down 38.01%).

As a result of falling share prices in 2008, the company's market capitalisation stood at Euro 30,280 million at year-end 2008. However, over the 2005-2008 period, the years during which takeover bids were made for the company, its capitalisation increased by a total of 29%.

2008, the worst year in the history of the Spanish stock market

As a result of the financial crisis which began in mid-2007, 2008 was the worst in the history of the Spanish stock market.

Interest rate cuts and the economic-stimulus packages introduced by most governments in developed countries were unable to bring about a recovery in the economy and this was clearly reflected in stock market trends.

The main Spanish index, the Ibex-35, fell 39.43% in 2008, in line with the drops experienced by other European stock market indicators. The German Dax Xetra lost 40.4% in the year, while Britain's FTSE fell by 31.3% and France's CAC by 42.7%. Meanwhile the Dow Jones Eurostoxx 50 index closed the year 44.28% down.

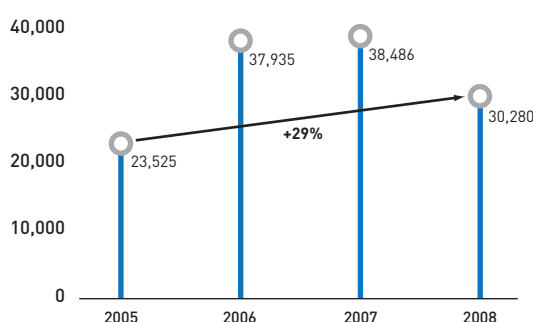
It should be noted that of the 35 companies listed on the Ibex-35 only Unión Fenosa ended the year with gains (up 15.13% as a result of Gas Natural's takeover bid for the company at Euro 18.33 per share in July). Other companies in the Spanish electricity sector ended the year with losses which were even greater than that sustained by ENDESA, in line with Ibex-35 averages.

As a result of the stock market movements described above, total returns for ENDESA shareholders in 2008 were negative for the first time since 2002.

Nevertheless, the company's shareholders were able to partly offset the stock market losses incurred during the year, thanks to the dividend of Euro 1.53 per share, equivalent to a return of 4.21%. This produced an overall negative yield of 17.1%.

Extending our analysis to the four years during which takeover bids for the company were made, the total average annual return for ENDESA shareholders was 23.7%.

*ENDESA's stock market capitalisation
(Millions of Euro)*



03.2. ENERSIS AND ENDESA CHILE SHARE PRICE PERFORMANCE

The world financial crisis also produced substantial falls in the Chilean stock market, which ended 2008 at its lowest level for ten years. The main Chilean indicators, the IPSA and the IGPA, suffered extremely volatile periods, in line with world markets, and ended the year with losses of 22.13% and 19.6% respectively.

Despite the adverse economic environment, ENDESA's main subsidiaries in Chile ended the year with positive results. Enersis' share price rose 3.05% to 164.73 pesos per share while Endesa Chile performed even better, rising 16.32% to 733.96 pesos per share at year end.

Enersis and Endesa Chile were once again two of the most traded shares in the Chilean stock market in 2008. Enersis shares saw a total trading volume of US\$2,563 million and Endesa Chile US\$1,958 million.

On the New York Stock Exchange Enersis' ADR (American Depositary Receipt) closed the year down 20.52% at US\$12.74, while Endesa Chile lost 10.86% to end the year at US\$33.49. Despite these losses, both shares relatively outperformed the benchmark indices. The Standard & Poor's ADR index closed the year down 44.7%, while the S&P 500 dropped 38.49% and the Dow Jones Industrial Average fell by 33.84%.

On the Latibex market, Enersis fell by 17.26% to Euro 9.11 per share, and Endesa Chile dropped 6.19% to end the year at Euro 24.37 per share. That said, both companies managed to outperform the benchmark indices: the FTSE Latibex was down 51.8% and the FTSE Latibex Top fell by 44.7%.

Key share price data for ENDESA, Enersis and Endesa Chile in 2008

	High	Low	Average	Closing price	Annual gain/loss (%)	Trading volume
Spanish stock market						
ENDESA (euros/share)	37.2	18.63	29.69	28.6	-21.32%	235,640,055
The Chilean Stock Exchange						
Enersis (pesos/share)	188.48	113	163.87	164.73	3.05%	8,709,067,583
Endesa Chile (pesos/share)	833.73	500.11	722.61	733.96	16.32%	1,639,854,018
NYSE						
Enersis (US\$/ADR)	19.93	11.3	15.95	12.7	-20.52%	190,301,912
Endesa Chile (US\$/ADR)	52.33	30.52	42.06	33.49	-10.86%	52,710,219

04. CREATING VALUE IN 2008

ENDESA's corporate purpose, the generation and supply of electricity, is a key element for social and economic development, as it is indispensable for growth, competitiveness and job creation. ENDESA plays a decisive role in ensuring that the countries and areas where it operates have balanced, diversified, efficient and environmentally-friendly power generation and distribution infrastructures.

The company is a major driving force behind wealth generated directly and indirectly through shareholder return, the creation of jobs within its own workforce and with its suppliers and contractors, RDi investment, tax payments to cover the needs of the community and a voluntary increase in company efforts aimed at benefiting the communities where it operates.

ENDESA's activity is a key element for social and economic development in the communities in which it operates.

Millions of Euro	2006**	2007***	2008
Direct economic value generated	17,329	18,849	27,803
Economic value distributed	13,942	15,605	23,936
Dividends	1,737	1,917	5,897
Operating and other fixed expenses	8,867	10,277	14,305
Personnel expenses	1,444	1,593	1,693
Taxes and duties*	917	985	1,204
Contributions to development	16	19	17
Educational initiatives	3	3	6
Cultural initiatives	8	12	10
Socio-environmental initiatives	5	2	2
Financial expenses	945	797	802
Retained economic value	3,387	3,244	3,867

* Includes corporate tax paid in the year on continuing activities, duties and other taxes.

** The figures for 2006 differ from those given in the 2006 Sustainability Report because of the application of IFRS-5 (non-current assets held for sale), as explained in Notes 3.J and 28 to the 2007 Consolidated Financial Statements.

*** As mentioned in Note 2 to the Consolidated Financial Statements, in 2008 ENDESA changed the accounting criteria used for jointly controlled investments from the equity method to the proportionate consolidation method. Figures for 2007 have been adjusted to make comparison possible.

04.1. VALUE FOR LOCAL SUPPLIERS

ENDESA is fully aware of the importance of establishing strong local connections in the countries and regions in which it operates. Greater ability to respond locally and greater use of local staff are criteria which the company always applies in the selection of suppliers.

The breakdown of purchases for 2008 shows ENDESA's contribution to the development of local economies.

Suppliers 2008	Number of suppliers	Value of purchases of materials and services from suppliers (Euro '000)
Spain and Portugal	8,844	3,454,902
Latin America	11,345	1,412,442
Argentina	1,277	230,566
Chile	2,881	439,238
Brazil	3,609	455,219
Peru	1,616	121,023
Colombia	1,962	166,396
TOTAL ENDESA	20,189	4,867,344

Suppliers 2008	Value of purchases from 10 largest suppliers (Thousands of Euro)	Value of purchases from 10 largest suppliers (% of total)	Value of purchases from 50 largest suppliers (Thousands of Euro)	Value of purchases from 50 largest suppliers (% of total)
Spain and Portugal	1,142,156	38.39	1,766,905	59.38
Latin America	630,857	36.22	1,118,136	67.48
Argentina	46,561	27.49	113,809	67.19
Chile	268,983	46.21	400,376	68.79
Brazil	178,109	33.85	351,315	66.78
Peru	75,289	42.80	127,958	72.74
Colombia	61,915	30.75	124,678	61.92
TOTAL ENDESA	1,773,013	36.58	2,885,041	66.13

New organisational model for procurement

ENDESA has introduced a new system to manage procurement for all of its businesses and has accordingly set up the General Purchasing Department, whose main aim is to strengthen and optimise purchasing processes, capture synergies and opportunities arising from the combined purchasing potential of ENDESA and its main shareholder Enel, and apply common, integrated processes.

In December 2008 ENDESA approved new regulations for the procurement of goods, work and services covering the entire corporate group to replace the individual procedures in place in Spain and Latin America.

Corporate Governance

[The basis of a culture of integrity]



ENDESA is faced with many changes, mostly related to the consequences of the world economic recession, new regulations in many of the countries in which it operates, and increasingly strict environmental requirements, which are leading it to adopt a different business model. Important changes have also been taking place within the company. To meet the challenge the company has solid foundations in its ethical and transparent conduct regarding corporate governance.

Under the ENDESA Sustainability Plan 2008-2012 the company is renewing its commitment to good governance and undertaking various programmes to strengthen the implementation of its culture of integrity.

The context

After the publication of the fifth edition of the study "Observatory of Corporate Governance and Transparency of Information of Companies Listed on the Spanish Stock Market 2008", the Fundación de Estudios Financieros (FEF) analysed the situation and development of the principles of corporate governance of these companies in the context of the Spanish market, once the recommendations of the Unified Good Governance Code had been incorporated.

Of the total of responses given in the Annual Reports on Corporate Governance by the 135 companies analysed for compliance with the 58 recommendations in the Code 73% were affirmative (ENDESA responded affirmatively to 74%). The percentage of compliance is higher among Ibex35 and larger companies. 9% of the recommendations are complied with partially and only 10% are not complied with at all (ENDESA fails to comply with 13%). The remaining 8% were not applicable to the companies studied (in the case of ENDESA four recommendations, 7% of the total, were not applicable).

The individual assessments for corporate governance and transparency of information made by the Observatory using data for 2007 are reflected in its FEF rating, which uses a scale of A-B-C-D, A being the highest level of compliance.

ENDESA was rated A on this scale.

ENDESA's approach

Corporate integrity is fully assumed as part of ENDESA's good governance. The company's Corporate Integrity Rules obliges all its employees to behave in an appropriate manner in all their dealings with stakeholders (shareholders, employees, suppliers, customers, creditors and the authorities) and thereby lay ethical foundations for social responsibility.

The Corporate Integrity Rules consists of the Charter Governing Senior Managers, the Charter Governing Executives and the Employees' Code of Conduct.

This set of ethical rules establishes the company's principles and values, determines the rules governing the treatment of customers and suppliers, and fixes the principles staff must apply in their professional work: ethical conduct, professionalism and confidentiality.

These rules, which are applicable to ENDESA's staff and activities worldwide, are in line with those established by the OECD. Their interpretation, for the purposes of dealing with queries, requests for authorisation and information on questions related to their application, is the responsibility of an Interpretation Committee consisting of the Legal Advisory Department, the Audit Department, and the Organisation and HR Department, which coordinates them. The latter Department is also the one which is contacted in the event of possible non-compliance and is responsible for issuing appropriate instructions in such cases.

ENDESA and all its subsidiaries are committed to the UN Global Compact.

The company has established operating rules and procedures setting standards which must be applied throughout the organisation. These rules and procedures are designed to ensure that corporate policies and codes, and the guidelines laid down by senior management regarding corporate conduct, are known at all levels of the organisation. All employees are responsible for applying these policies and codes and protecting their integrity. Furthermore, ENDESA's collective agreements with staff representatives of all its businesses include clear commitments to exclude discrimination and prevent work-related hazards.

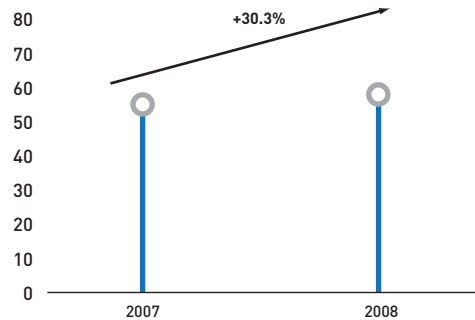
In order to adapt to current legislation and respond to the demands of its stakeholders, the company created a mailbox to deal with ethical issues in 2005. It is available in the languages of all the countries in which ENDESA operates. Members of all groups can use this channel to make complaints and express their concerns regarding areas such as accounting, auditing, internal accountancy and possible irregularities related to the Corporate Integrity Rules.

A special procedure has been put in place to guarantee confidentiality in the use of this channel. The mailbox is managed by an external company, EthicsPoint, with extensive experience in this area. EthicsPoint is responsible for passing on all the complaints and concerns while guaranteeing the anonymity of those submitting them.

It is essential for the scheme to be used responsibly: unreasonable or unfounded complaints may lead to civil or criminal cases being brought, in accordance with the law.

Trends

Complaints recorded via Ethics Channel



ENDESA has raised the profile of its Ethics Channel to create a climate of greater confidence within the company.

"A" rating from Fundación de Estudios
Financieros (FEF) Good Governance
Observatory

Access to Ethics Channel in **all**
countries where ENDESA has
consolidated businesses

73 complaints dealt with through
ENDESA's Ethics Channel

01. ENDESA, A MODEL OF GOOD GOVERNANCE AND TRANSPARENCY

ENDESA is permanently committed to good governance, transparency and integrity. These commitments have been reinforced through various programmes forming part of its Sustainability Plan, the most important being strengthening the Shareholders' Office, improving information about the company on the website and improving channels for dialogue with stakeholders.

Other initiatives are geared at placing ENDESA at the forefront in corporate governance within its sector. The company extends training to its board members and ensures that best practice is observed in documents and regulations which govern internal functioning and the guidelines for conduct which different groups in the company must respect, keeping them updated and in line with new developments.

01.1. PARTICIPATION BY SHAREHOLDERS

ENDESA's corporate governance model is based on transparency of information and promoting the participation of shareholders.

On 30 June 2008 ENDESA held its General Shareholders' Meeting with a quorum of 93.84% of the share capital, surpassing the previous attendance record set at the Extraordinary General Meeting in 2007.

ENDESA considers transparency to be a key element for generating confidence and certainty in markets, especially in the current climate, characterised by change and uncertainty.

01.2. LEADERSHIP OF THE BOARD OF DIRECTORS

The complex market situation in 2008 showed the importance of having solid corporate management, capable of leadership in a period of profound change.

ENDESA is tackling the situation with new strategic tools which focus on its experience and its ability to deal with new market demands and take advantage of the growth opportunities they offer.

ENDESA's Board of Directors has continued to respond to global and corporate circumstances throughout 2008, establishing the company's general strategy, approving plans and policies for managing it and its subsidiaries, defining risk profiles and establishing policies on information and communication.

During the year the Board met on 11 occasions with the Chairman in attendance at all.

ENDESA Board of Directors: key data for 2008		Total
Total number of directors		10
Number of non-executive directors		7
Number of independent directors		1
Number of directors representing minority shareholders		2
Number of women on the Board of Directors		1
Number of Board meetings		11
Shares owned or controlled by members of the Board or significant individual shareholders (%)		92.063

Composition of ENDESA's Board of Directors at 31/12/08

Position	Name	Date of appointment	Type	Committee
Executive Chairman	José Manuel Entrecañales Domecq	18-10-2007	Proprietary executive	EC
Deputy Chairman	Andrea Brentan	18-10-2007	Proprietary	EC, ACC, ARC, FIC, IPSSC
Chief Executive Officer	Rafael Miranda Robredo	11-02-1997	Proprietary executive	EC, IPSSC
Members	Carmen Becerril Martínez	18-10-2007	Proprietary	FIC, IPSSC
	Luigi Ferraris	18-10-2007	Proprietary	EC, FIC, IPSSC
	Claudio Machetti	18-10-2007	Proprietary	FIC
	Valentín Montoya Moya	18-10-2007	Proprietary	EC, ACC, FIC, IPSSC, ARC
	Esteban Morrás Andrés	18-10-2007	Proprietary executive	EC, FIC, IPSSC
	Fernando d'Ornellas Silva	20-06-2007	Independent	ACC, ARC
	Borja Prado Eulate	20-06-2007	Other external directors	ACC, ARC
Secretary (non director)	Salvador Montejo Velilla	01-07-1999	—	EC, ACC, ARC, FIC, IPSSC

EC – Executive committee	ACC – Audit and Compliance Committee	ARC – Appointments and Remuneration Committee
Chairman: José Manuel Entrecañales Domecq	Chairman: Borja Prado Eulate	Chairman: Fernando d'Ornellas Silva

EC: Executive Committee
 ACC: Audit and Compliance Committee
 ARC: Appointments and Remuneration Committee
 FIC: Finance and Investment Committee
 IPSSC: Industrial Planning, Strategy and Synergies Committee

In 2008 the Executive Committee met on one occasion, the Audit and Compliance Committee met six times, the Appointments and Remuneration Committee seven times, the Finance and Investment Committee sixteen times, and the Industrial Planning, Strategy and Synergies Committee five times.

01.3. REMUNERATION OF DIRECTORS

The total remuneration of ENDESA's Directors in 2008 was Euro 8,643,173.

Remuneration of Directors in 2008 (Euro)

	Directors	Executive Chairman	Chief Executive Officer	Total
Fixed compensation	954,231	1,364,158	1,227,742	3,546,131
Variable compensation	2,090,123	827,144	1,320,537	4,237,804
ENDESA attendance fees	584,986	26,044	40,067	651,097
Attendance fees other companies	45,769	—	125,363	171,132
Other remuneration	7,214	—	29,795	37,009
TOTAL	3,682,323	2,217,346	2,743,504	8,643,173

Directors' responsibilities and duties

According to Articles 27 and 28 of the Board of Directors' Regulations, which sets out the duties of Board members, directors have the following responsibilities:

- Directors shall contribute to the role of the Board to promote and oversee the management of the Company. In performing their functions, they will act faithfully in the corporate interest, and with loyalty and due care. Their conduct must be guided solely by the corporate interest, interpreted with full independence, and they will ensure at all the times that the interests of the stockholders as a whole, from whom authority originates and to whom they are accountable, are best defended and protected..
- In particular, a Director must by virtue of his office disclose transactions by family members and companies related, by ownership, to the Director if such transactions are material to the management of the Company
- Directors may not use for private purposes nonpublic information of the Company, unless there is no detriment to the Company, or if the information is irrelevant for transactions to buy or sell securities of the Company Market. In any event, the rules of conduct established by legislation and by the Company's Internal Regulations on Conduct in Securities Markets must be observed.
- No Director may personally use the assets of the Company or use his position in the Company to obtain a financial advantage unless sufficient consideration is paid. If he has a dispensation from the obligation to pay such consideration, the financial advantage thus obtained will be treated as indirect compensation and must be authorised by the Appointments and Compensation Committee.
- Individuals subject to the Code (Directors, Senior Executives, Executives, employees, external advisors) must inform the General Secretary of any conflict of interest that may arise in connection with the ownership of personal or family property or with any cause that interferes with the pursuit of the activities subject to these Regulations
- Should there be any doubt over the existence of a conflict of interest, the persons subject to these Regulations must consult the General Secretary who will rule on it in writing.
- The General Secretary may refer the matter to the Audit and Compliance Committee if he sees fit due to its importance or difficulty.
- If the person affected by the potential conflict of interest is a member of the Audit and Compliance Committee or the Chief Executive Officer, the Committee will rule on its existence or absence. If the person affected is the General Secretary, he must communicate to the Chief Executive Officer the potential conflict of interest so that the latter rule on its existence or, as the case may be, refer the matter to the Audit and Compliance Committee.

02. COMPLIANCE WITH CODE OF ETHICS AND THE FIGHT AGAINST FRAUD AND CORRUPTION

ENDESA has a proven record of compliance with the ethical rules and principles which guide the conduct of its employees and help the company to combat fraud and corruption.

ENDESA's compliance and integrity apply to the company's internal operations and the relations existing within it as well as its external relations with public bodies, governments and any other type of business or organisation.

The present scheme of integrity and compliance is being reinforced over the 2008-2012 period with the formulation and implementation of new rules on transparency and ethics, applicable in particular to the management of the group's equity and property investments, with the wider availability of the Ethics Channel and improvements to it, while the company's Code of Ethics is being introduced in all the countries in which it operates and adapted to them.

02.1. THE CULTURE OF INTEGRITY AND ENDESA'S CODES OF ETHICS REINFORCE COMPLIANCE WITH THE COMPANY'S COMMITMENTS

As mentioned above ENDESA has drawn up a set of rules on corporate integrity, comprising three Codes of Ethics, which draw their inspiration from the company's values. Their main features are outlined below:

ENDESA'S rules on Corporate Integrity

ENDESA's rules on corporate integrity are intended to establish principles governing the behaviour and activities of the groups at which they are aimed. All three codes are based on ENDESA's values: people, workplace health and safety, team work, ethical conduct, customer focus, focus on earnings, innovation, and the community and the environment.

The Employee Code of Conduct applies to all employees of ENDESA and the subsidiaries in which it is the majority shareholder. In the companies in which ENDESA holds a non-controlling stake, it proposes that the governing bodies approve a similar or identical Code of Conduct. ENDESA's suppliers also have a copy of the Code, so they can familiarise themselves with it and feel involved in its implementation.

The Charter Governing Senior Managers and the Charter Governing Executives are similar mechanisms, regulating proper conduct for these groups. There are three general principles guiding the actions and behaviour of employees: Ethical Conduct, Professionalism and Confidentiality, to which a fourth principle can be added in the case of Senior Managers and Executives: dedication.

02.1.1. The Ethics Channel

As mentioned above, ENDESA has an Ethics Channel, which is accessible via its website, so that all stakeholders can report, securely and anonymously, any irregular, unethical or illegal conduct which has, in their opinion, occurred in the course of the company's activities.

The procedure established ensures the confidentiality of this system, since the Channel is managed by an external company (EthicsPoint), which processes all complaints and communications.

The Ethics Channel classifies complaints in accordance with 13 corporate management fields, arranged in accordance with aspects of ENDESA's Code of Conduct, thereby optimising the monitoring of compliance with principles of conduct through internal audits.

The Ethics Channel is available in all five languages used in the countries where ENDESA operates, and can be accessed by employees in Argentina, Brazil, Chile, Colombia, Spain, Portugal, France, Greece, Ireland, Italy and Peru.

Since it was set up, the main concerns expressed by people using the Ethics Channel have been improper behaviour by suppliers and contractors, embezzlement and conflicts of interests.

In 2008 ENDESA's Ethics Channel received a total of 73 complaints.

Complaints submitted to the Ethics Channel, by type

	Total complaints	Shareholders	Financial suppliers	Customers	Employees	Community/ environmental NGOs/ other groups	Suppliers
Spain and Portugal	11	0	0	1	6	0	4
Latin America	62	0	0	12	33	2	15
Argentina	17	0	0	8	3	0	6
Brazil	15	0	0	0	9	0	6
Colombia	10	0	0	1	8	1	0
Chile	19	0	0	3	12	1	3
Peru	1	0	0	0	1	0	0
TOTAL ENDESA	73	0	0	13	39	2	19

Enquiries into 64% of the cases reported in 2008 were concluded in the year. Of the complaints made, corrective action was applied in 16% of the cases: in some cases links with contractors were severed, individuals were dismissed when this step was appropriate, and in other cases suitable measures were adopted for each individual situation.

64% of the complaints received in 2008 were dealt with during the year.

It should be pointed out that 42% of the cases identified as possible fraud corresponded to requests for investigation from the company's own business lines.

To ensure the complaints received via the Ethics Channel are dealt with properly, ENDESA has a Corporate Audit Department, reporting to ENDESA's Board of Directors via its Audit and Compliance Committee, which centralises and channels complaints. Since 2007 this department has had a fraud prevention division, whose work is exclusively concerned with responding to the Ethics Channel, dealing with complaints received through any channel of communication, and developing mechanisms to reduce the risk of fraud.

Reports made via channels other than the Ethics Channel are forwarded to the Corporate Audit Department, in accordance with ENDESA's internal procedures. This department acts independently of the opinions and actions of all the other departments in the organisation. It has access to all the company documents necessary for the performance of its functions, monitors the implementation of the recommendations included in its audit reports and selects external auditors.

Types of complaint submitted via the Ethics Channel by year (%)

	2006	2007	2008
Improper activities by external suppliers and contractors	19	20	15
Embezzlement	14	11	7
Conflicts of interest	14	20	19
Items in accounts	5	9	3
Safety	5	0	1
Business opportunities	5	2	4
Falsification of contracts	3	2	7
Victimisation	3	2	6
Improper use of privileged information	0	0	0
Improper use of company property	0	0	0
Environment and health	0	4	1
Other	32	30	37

Outcome of complaints submitted via the Ethics Channel by year (%)

	2006	2007	2008
Cases closed	81	76	64
Complaint has led to corrective measures/ sanctions/ redesign of processes	16	25	18
Unfounded	14	31	28
Operational	51	20	18
Still open	19	24	36
In progress - operational	8	0	0
In progress - non-operational	11	24	36

Complaints submitted to Ethics Channel by geographical area

	Improper activities by external suppliers and contractors	Embezzlement	Conflicts of interest	Items in accounts	Safety	Business opportunities	Falsification of contracts	Victimisation	Improper use of privileged information	Improper use of company property	Environment and health	Other
Spain and Portugal	1	0	4	0	0	0	5	0	0	0	1	4
Latin America												
Argentina	7	4	0	0	0	0	1	0	0	0	0	12
Brazil	1	1	10	1	0	0	1	3	0	0	0	3
Chile	5	2	4	2	1	4	0	0	0	0	0	8
Colombia	0	0	1	0	0	0	0	3	0	0	0	10
Peru	1	0	0	0	0	0	0	0	0	0	0	0

Complaints submitted to Ethics Channel by geographical area (%)

	2006	2007	2008
Europe	16	27	15
Spain	16	23	15
Rest of Europe	0	4	0
Latin America	84	73	85
Argentina	19	17	23
Brazil	8	10	21
Colombia	11	13	14
Chile	16	29	26
Peru	30	4	1

02.2. ENDESA'S RESPONSIBLE CONTRACTING POLICY. SUPPLIERS AND HUMAN RIGHTS: COMPLIANCE WITH THE UN GLOBAL COMPACT

In December 2008 ENDESA approved new regulations for the procurement of goods, work and services for the company. They constitute a new set of guidelines for the whole group, replacing the individual procedures previously used in Spain and Latin America. These regulations simplify procurement processes and are adapted to the company's current situation and commitments, such as Act 31/07, the principles of Corporate Social Responsibility and the obligations arising from the UN Global Compact.

In connection with the Global Compact, ENDESA encourages its contractors to comply with the rules relevant to them concerning legal matters, employment, safety and environmental protection. In particular it has begun to look into the conduct of its suppliers regarding human rights in its Chilean operations.

In connection with risks related to corruption, ENDESA expressly condemns any practice of this kind in its Code of Conduct and does everything possible to combat it. It extends this commitment to its suppliers, all of whom are monitored to ensure that they comply with current legislation in the countries where it operates.

The purchase of goods, work and services from contractors is also subject to the regulations mentioned above, as they are designed to ensure effective compliance with the company's business principles, especially those concerning human rights, the prevention of corruption in all its forms and respect for the principles of the Global Compact.

Regarding compliance with the Global Compact, ENDESA has carried out an analysis of its companies' practices in all the markets where it operates, to determine the extent of risks related to corruption. The training of staff in company anticorruption policies and procedures is one of the standards set in the project to ensure compliance with the principles of the Global Compact. As a result of this analysis certain areas have been detected where training needs to be reinforced.

For matters of occupational health and safety, ENDESA has specific guidelines for contractors and service providers, such as rules on health and safety in the workplace; the special regulations for contractors; policies on occupational health and safety and the integrated model, the Occupational Health and Safety management manual, and the definition of responsibilities in the event of emergencies or evacuation..

Endesa Chile's responsible contracting policy

It is interesting to note in this connection that Endesa Chile¹ has introduced general rules for environmental protection and risk prevention for contractors and suppliers of hazardous materials.

Through its External Suppliers Register the company's purchasing units gather information about contractors' compliance with the principles of the Global Compact. They also monitor working conditions enabling them to make decisions when purchasing and to check the status of current suppliers regarding their obligations as employers and concerning human rights. In this connection we would point out that none of Endesa Chile's contractors have had negative reports about human rights, as they have always respected labour legislation and the agreements of the International Labour Organization (ILO).

For the third year running Endesa Chile has assessed the social records of contractors in its supply chain.

In 2008, for the third year running, Endesa Chile carried out its Contractors' Evaluation Process for social issues (including workers' rights, occupational health and safety), environmental and financial matters, according to the regulations governing the company's register of contractors.

A total of 111 companies were assessed and an Award for Excellence was given to the companies Sigdo Koppers S.A. and Everis Chile. Awards also went to the companies Segel Regiones, S.A. and Luis Omar Gutiérrez Alfaro for achieving the best results in social matters, including compliance with employment rules, environmental and safety regulations, and the contractor's treatment of employees.

The assessment focused on the analysis of nine factors, the highest scores being for compliance with labour legislation (89.7%), environmental regulations (86.6%), safety regulations (85.1%), and treatment of employees (83.8%).

In 2008 the Integrated Management Systems were certified under ISO standards 9001, ISO 14001 while the SMEs providing services to Endesa Chile were awarded OHSAS 18001 accreditation, a process started in 2007 and co-funded by the Corporation for the Promotion of Production (CORFO). Eight companies within this group were awarded accreditation in 2008 and a further seven contractors embarked on the process.

¹ All politics and alignments are available at the location "Premiación Contratistas Destacados 2008". www.endesa.cl

As stipulated in the company's internal regulations, and in particular the OHSAS Management System Manual, the employees of contractors providing services on the company's premises must receive regular training in Occupational Health and Safety, with a view to minimising the potential risks associated with the type of work they do. Contractors must submit an annual programme for the prevention of occupational hazards, including a programme of training in this area. The company also invites them to attend the talks, workshops and emergency simulations it offers its own employees and makes some e-learning courses available to them via the "Campus Latam: Knowledge management" platform. In 2008, 168 employees of contractors took part in courses on electrical and mechanical accident prevention, civil engineering projects and occupational health and safety legislation. A total of 8,192 hours of live tuition were provided for the staff of these companies in the form of induction courses, inspection and observation workshops, and sessions on emergency procedures and basic first aid.

100% of Endesa Chile's power generation facilities hold OHSAS 18001 accreditation.

Lastly, over 1,500 employees of Endesa Chile contractors were given training via 45-minute talks before starting work on certain tasks, such as work at great height, or were invited to meetings on safety and activities to publicise health programmes, designed for the company's own staff and dealing with the use and abuse of drugs, healthy eating and cardiovascular risk. A total of 1,800 hours of training was provided.

Assessment of contracts (%)



02.3. SANCTIONS APPLIED IN 2008

ENDESA's activity is subject to a strict framework of ethical conduct, compliance with the law and with internal regulations, and has rigorous systems and procedures in place for its activities.

In 2008, ENDESA was claimed and sanctioned on a number of occasions and their coverage are aprovisioned in the annual statements. The financial details are given below:

Monetary value of significant sanctions and fines imposed on ENDESA in 2008 (Euro million)

	Provisions for litigation, compensation and similar
Balance at 31/12/07	1,090
Net provisions recognised in the income statement	350
Operating expenses	161
Financial expenses	48
Other expenses	141
Provisions charged to fixed assets	2
Payments	(37)
Exchange rate differences	(58)
Transfers and other	22
Balance at 31/12/08	1,369

To our customers [Committed to quality]



Electricity is a service whose provision is sometimes not apparent. There is thus a certain paradox regarding the high levels of quality demanded in relation to this service and the invisibility of the infrastructures that make it possible to provide it. In fact, the factors that most influence the customer's perception are continuity of supply and the standard of the attention provided by the customer service channels set up by the company, above all those dedicated to dealing with complaints.

ENDESA is constantly strengthening its sales channels, one of the main aims being to standardise the service customers receive in all their dealings with the company. This is based on a thorough segmentation of these customers, according to consumption level, economic sector and region.

The context

ENDESA, ready for change

Spanish electricity and gas consumers have been able to choose their supply company since 2003. On 1 July 2008, the regulated tariff for high voltage customers was discontinued, and on 1 July 2009 the low-voltage tariff for customers with contracted capacity of over 10 kW was also discontinued, representing supplies to over 500.000 customers across Spain. On this date the so-called Tariff of Last Resort (TLR) came into force covering all customers receiving low-voltage supplies with contracted capacity of below 10 kW.

These are major changes that ENDESA and the other power companies must communicate to their customers in accordance with legislative requirements. This information must be communicated between May and July 2009 through documentation included with bills sent to customers with contracted capacity of below 10 kW. There is also a requirement to inform low-voltage customers with contracted capacity of over 10 kW.

Nevertheless, ENDESA preferred to go beyond the statutory requirements and has put in place additional measures to inform its customers, especially those with contracted capacity of over 10 kW who are not covered by the TLR. These measures have involved both direct communication with customers and action carried out in cooperation with consumers' associations.

Also, customers covered by the TLR who wish to do so can change over to a new type of supplier, known as Suppliers of Last Resort (SLR). ENDESA has created its own, Endesa Energía XXI.

To summarise, the company has done everything necessary to deal with these changes. It has drawn up an IT Systems Revision Plan to adapt its systems to the changes brought about by the TLR so that they would be ready by 1 July 2009. From that date, ENDESA will issue bills applying the TLR. Customers' consumption up to 30 June will be charged under the terms of their contract with the supplier providing the service up to that date and ENDESA will apply the TLR to consumption from 1 July 2009 onward.

ENDESA has also drawn up a training plan so that those groups most involved in the changes will have detailed knowledge of the new market structure. The plan includes:

Over 7.000 hours of training for the 800 people who provide customer service by telephone.

- Direct contact channels: over 11.000 hours of training for the 1.000 people who work in the company's 43 sales offices and 436 service points.
- Complaints: over 1.100 hours of training for staff working in corporate and regional complaints units.

ENDESA's approach

The company's record shows constant improvements in factors affecting customer satisfaction and confidence.

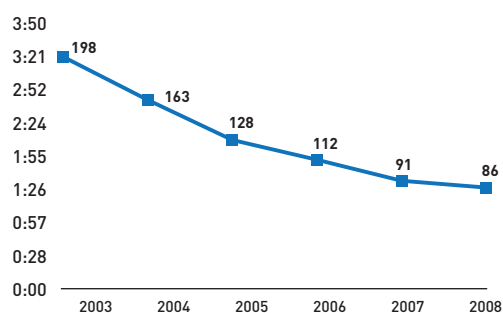
The two key elements which determine customers' perception and the image they have of ENDESA are the ability to maintain a high quality of supply and the attention provided by the company's commercial channels, especially the way in which complaints are dealt with.

As the regulatory changes in the Spanish energy market are generating new demands and expectations in the customer-company relationship, ENDESA has drawn up a Capacity and Quality Plan, which incorporates improved communication with customers, to ensure that it will exercise responsible leadership in the deregulation process so as to attain the highest standards in customer care and offer a value product which is attractive to customers.

The aim of these and other similar initiatives is to make ENDESA the electricity company with the best customer perception in the markets in which it operates.

Trends

Average Interruption Time (minutes/year)



ENDESA has reduced its Average Interruption Time by 56.56% since 2003

24 million customers:

11.6 million in Spain and
12.4 million in Latin America

99.98% availability

of ENDESA electricity
service in Spain

7% reduction

in average interruption time
vs. 2007

01. THE QUALITY OF ENDESA'S ELECTRICITY SUPPLY

One of the main responsibilities assumed by ENDESA is to guarantee that electricity is available to the greatest possible number of people, providing a safe, efficient, high quality supply.

In 2008 ENDESA invested Euro 1.372 million in distribution facilities in Spain and Portugal, this being the factor which most influences the quality and continuity of supply.

The company pays particular attention to developing the infrastructure necessary to meet the needs of the most vulnerable sectors of the population; in ENDESA's business context they are largely concentrated in certain rural areas of a number of Latin American countries.

The main factors valued by ENDESA's customers regarding the service provided by the company are quality and continuity of supply.

01.1. SPAIN

ENDESA achieved a 32.2% market share of ordinary regime generation, 42.8% of distributed energy and 43.1% of sales to deregulated-market customers.

In Spain, ENDESA distributes electricity to a regulated market covering an area of approximately 200.000 km² in 20 provinces in seven regions (Catalonia, Andalusia, Balearic Islands, Canary Islands, Aragon, Extremadura, and Castile-Leon).

ENDESA has a total of 11.6 million customers in Spain. 1.3 million of them in the deregulated market. In 2008 it supplied a total of 119,529 GWh to its customers in Spain.

The company is able to deal with a large volume of requests for the provision of electricity in Spain, thanks to the automated processing of such requests. Customers record a 7.33 level of satisfaction with this service.

ENDESA's presence in the Spanish and Portuguese market

	2006	2007	2008	% chg. 2008-2007
No. of clients – regulated market*	10,042,000	10,326,000	10,296,138	-0.29
No. of clients – deregulated market**	1,078,000	1,147,180	1,352,993	17.94
Power supplied to the regulated market (GWh)	71,599	72,746	61,327	-15.70
Power supplied to the deregulated market (GWh)**	37,813	40,629	45,211	11.28
Length of distribution-grid lines (km)	298,550	303,958	305,113	0.40
No. of substations (high and medium voltage)	923	954	988	4.50
No. of MV-LV transformer centres	111,535	115,143	119,880	4.10
Installed transformer capacity (MVA)	75,465	79,020	79,803	1.00

The data for 2007 may differ in certain cases from that published in the notes to the financial statements due to post-publication inventory updates.

* Tariff customers. Does not include toll customers.

** These differences are due to the deregulation of the high voltage market in 2008.

01.1.2. Development of distribution infrastructures for ongoing improvement in the quality and safety of supply

In 2008 ENDESA invested Euro 1.372 million in distribution facilities in Spain and Portugal.

During the year the lines making up ENDESA's distribution grids were extended by 1.155 km to 305.113 km. Underground lines account for 36.8% of this total.

Also during the year, 36 new substations, 4.737 medium-to-low voltage transformer centres and 546 metering centres for medium-voltage customers were brought into operation. As a result, by the end of the year ENDESA had 988 substations, 119.880 transformer centres and 37.076 metering centres.

Transformation installed capacity increased by 783 MVA, equivalent to 1% of available supply at the end of 2007.

To improve supply quality, the company has intensified its maintenance work, the renovation of facilities and the degree of automation of its MV grid.

In addition to the development of this infrastructure, a number of activities to improve power supply quality were carried out. These include intensifying maintenance work, upgrading facilities and increasing the automation of the medium-voltage (i.e. <36 kV) grid.

In 2008, 476 remote control devices were put into operation under the company's Medium Voltage Network Automation Plan, representing a 6.6% increase over the number previously in use.

Other initiatives focused on reducing the environmental impact of the grids and developing several rural electrification plans backed by respective local governments and the European Union.

ENDESA electricity distribution facilities

	2008	2007	% chg.
High-voltage aerial lines (km)	20,257	20,106	0.7
High-voltage underground lines (km)	958	867	10.6
Medium-voltage aerial lines (km)	79,893	79,254	0.8
Medium-voltage underground lines (km)	35,225	32,905	7.0
Substations (n°)	988	954	3.8
Substations (MVA)	79,803	79,020	1.0
Transformer centres (n°)	119,880	115,143	4.1

The data for 2007 may differ in certain cases from that published in the notes to the financial statements due to post-publication inventory updates. At the close of 2008, the total length of low-voltage lines stood at 168.780 km.

01.1.3. Continuity of supply

In 2008 ENDESA improved on its own previous record for service quality in Spain, with results above the sector average.

The most commonly used indicator to measure continuity of supply is average interruption time. Its calculation is regulated by Royal Decree 1955/2000 and the results are audited annually by an independent external company.

In 2008, the Average Interruption Time for the markets supplied by ENDESA was 86 minutes, five minutes (7%) less than in 2007.

In 2008 the Average Interruption Time for distribution in the markets supplied by ENDESA in Spain was 86 minutes. 7% less than in 2007.

Average interruption time for the market in Andalusia was 50% better than five years ago. thus fulfilling the commitment made by the company to the regional government in 2003.

Average Interruption Time (minutes/year)

Region	2006	2007	2008	% var. 2008-2007
Aragon	80	73	73	0
Catalonia	104	70	68	-3
Andalusia and Badajoz	142	125	119	-5
Balearic Islands	74	97	57	-42
Canary Islands	62	52	43	-16
Endesa network	112	91	86	-7

Incidents in the electricity network in Mallorca and Menorca

On 13 November 2008 an incident occurred which affected the electricity supply throughout Mallorca and Menorca. The incident was triggered by the thermal power plant at Alcudia which cut out completely at a time when, according to the network configuration established by the system operator (Red Eléctrica de España), it was supplying 53% of all power requirements.

This set off a chain reaction, putting all the other power plants out of service and leading to an interruption in supply to all the customers on the two islands, who account for 86% of the total for the Balearic Islands.

Work on re-establishing service began immediately, via remote control operations on the high and medium voltage network. Service in Menorca was fully restored within two hours of the incident.

01.2. LATINO AMERICA

ENDESA is the leading electricity company in Chile, Argentina, Colombia and Peru, and the third largest in Brazil. In 2008 sales of electricity grew in all these countries except Chile.

At the end of 2008 ENDESA had a total of 12.4 million customers in Latin America. 3.4% more than in 2007. supplying 62.806 GWh to them.

ENDESA's sales in Latin America (GWh)

Country	2006	2007	2008	% chg. 2007-2008
Chile	12,377	12,923	12,535	-3.00
Argentina	14,837	15,833	16,160	2.07
Colombia	10,755	11,441	11,822	3.33
Peru	4,874	5,201	5,599	7.65
Brazil	15,438	16,212	16,690	2.95
TOTAL	58,281	61,610	62,806	1.94

ENDESA customers in Latin America (thousands of customers)

Country	2006	2007	2008	% chg. 2007-2008
Chile	1,437	1,483	1,513	3.20
Argentina	2,196	2,228	2,262	1.50
Colombia	2,138	2,209	2,285	3.30
Peru	951	986	1,028	3.70
Brazil	4,859	5,067	5,308	4.30
TOTAL	11,581	11,973	12,396	3.40

01.2.2. Continuity of supply

In 2008 Average Interruption Time was significantly reduced in all ENDESA's Latin American markets. Other benchmark indicators for quality of supply are similar to average interruption time, although the values in different countries are not directly comparable owing to differences in local regulations on how interruptions are recorded (causes, sources, duration and facilities involved).

In Chile the Loss Control Programme, introduced in 2007, has led to positive developments in quality indicators. In 2008 the Frequency of Interruption in the Network was 3.86 times and the duration of Average Interruption Time was 2.02 hours. Both indicators are calculated on a per customer basis, over a period of 12 months and take all types of events into account. The reduction in Average Interruption Time was 12.65%.

Supply-quality indicators in Latin America (minutes)

Average Interruption Time (TIEPI)	2007	2008	% chg. 2007-2008
Chile	3.32	2.9	-12.65
Argentina	4.49	4.3	-4.23
Colombia	15.25	13.7	-10.16
Peru	7.33	6.2	-15.42
Brazil-Ampla	14.47	13.2	-8.78
Brazil-Coelce	9.4	8.2	-12.77

Number of equivalent interruptions of installed capacity (NIEPI)	2007	2008	% chg. 2007-2008
Chile	1.5	1.3	-13.33
Argentina	2.6	2.7	3.85
Colombia	12.9	13.5	4.65
Peru	2.6	2.3	-11.54
Brazil-Ampla	10.6	10.1	-4.72
Brazil-Coelce	7.9	6.8	-13.92

NOTE: TIEPI and NIEPI are equivalent values calculated according to the indicators of each company (using the criteria defined in each country) weighted for the respective installed kVA. The figures cannot be compared directly given the different local regulations regarding calculation of interruptions (causes, sources, duration and facilities involved).

01.3. BUSINESS IN OTHER COUNTRIES

Outside Spain, Endesa Energía is one of the leading European suppliers to large customers, with a portfolio generating 2,500 GWh in sales in Germany, France, the Netherlands and Portugal.

In Portugal Endesa Energía decided to reduce its customer portfolio in 2008, in line with the targets set for trading volume following the introduction of the Iberian Electricity Market (MIBEL). At year end the portfolio totalled 38 GWh,

corresponding to 203 BTE (special low voltage tariff) supply points, compared to 2,500 GWh/year at the date when the MIBEL became operative.

However, in 2009 the Portuguese deregulated market may be reactivated, as there are expectations of an opening in the market with the tariff for new entrants to the electricity sector and of further developments in the deregulation of the gas market.

In 2008 projects forming part of the Plan to Promote Efficient Electricity Consumption supported by the regulatory entity ERSE were carried out at a cost of Euro 0.3 million. These focused on improvements in energy efficiency by the replacing conventional light bulbs with LED lights and the correction of reactive power supplies by the use of condenser batteries.

On 31 December ENDESA proceeded to wind up Sodesa, a company in which it held a 50% stake, together with Sonae. With effect from January, the company's activity in Portugal will be conducted directly by Endesa Energía. For this purpose a subsidiary, Endesa XXI Comercialização de Energia, has been created.

In Germany the customer portfolio at the end of 2008 was 1,589 GWh. A considerable effort was made to develop new business opportunities, in particular the sale of EUAs and the exchange of CERs and EUAs, as well as participation in the German market's capacity auctions via Endesa Trading.

In France the supply of electricity to Large Customers continued to be affected by the TARTAM tariff. Under this regime nearly 100% of the 2007 portfolio was renewed and new contracts were signed, as a result of which it is estimated that a 600 GWh supply volume can be attained in 2009. Another important aspect of the company's energy services was the development of projects geared to the sale of photovoltaic solar installations in the Large Customers segment.

Finally, in the Netherlands, the intense activity in client management and the negotiations under way with major industrial groups led to contracts for 106 GWh. In 2009 Endesa Energía will continue to promote the marketing of photovoltaic power projects.

02. ENDESA'S CUSTOMER SERVICE EXCELLENCE PLAN

02.1. CUSTOMER SERVICE EXCELLENCE PLAN

The purpose of Endesa Energía's Customer Service Excellence Plan is to assure satisfactory customer service through all the sales channels and processes used by customers in their relationship with the company. It is therefore designed to consolidate improvements in those processes which are most important for the customer: contracting, complaints and after-sales service.

*The formula for excellence in ENDESA's customer service is:
Customer relations model + key quality differentiation factors + community
relations plan = Best market practices in customer service.*

In 2008 the Plan's activities focused on two areas: first, to extend regional cover and reach, and second, to homogenise customer-company relations by integrating the different channels of communication: personal contact, telephone and internet.

Personal contact

A total of 43 sales offices and 436 service points: increased coverage and reach. 54,000 repairs and 206,000 maintenance visits at customers' homes. This is an increase of 54% on the figures for 2007.

Call Centres (CAT)

A total of 9.26 million calls were dealt with for the regulated market (+1.2% vs. 2007) and 2.59 million calls for the deregulated market (+41%).

On-line sales channel

New functions introduced. Digital billing for all customer segments. Certified for accessibility. Information service for mobile devices. Over 300,000 customers signed up for the service; 3,000,000 transactions and queries — over 20% more than in 2007. A leader in web-based service.

- **ENDESA's personal sales service** takes the following forms, depending on the customer segment:
 - **Large customers.** ENDESA's Large Customer management team is organised by sector as well as by area. This allows us to gain in-depth knowledge of their needs and offer them customised competitive solutions. In 2008 ENDESA's Large Customer customised sales network was given a rating of 7.65.
 - **Companies.** A corporate channel is also available, offering customised power supplies and added-value services. In 2008 the Channel's customised sales network was given a 7.39 rating by users.
 - For **New Building**, ENDESA has a channel to deal personally with new housing developers in areas where the company operates as a distributor and to contract the sale of future supplies, supplementing the offers made with other products and services in areas where the company does not operate.
 - For the **Domestic sector**, ENDESA deploys an extensive personal-service network, consisting of 39 sales offices and 381 service points in areas where the company operates as a distributor. There are also four sales offices or ENDESA shops and 55 service points in virtually all the regions where the company does not operate as a distributor. ENDESA thus makes a network of 479 personal-service points available to its domestic sector customers in Spain.

- **ENDESA's Call Centre (CAT)** is the company's main vehicle for liaising with customers. In 2008 11.8 million calls relating to sales management and grid incidents were dealt with. The CAT has three physical call-centre platforms: one in Seville and two in Barcelona. In 2008 the service model was redesigned as part of ENDESA's CAT transformation project, intended to respond to the challenges posed by the deregulation of the electricity market which will take place in 2009. The main aim of the CAT improvement process is to make customer service a distinguishing feature which will add value, making it central to the business model and offering a unified view of service quality, operational practices and sources of information.

- **Endesaonline** has maintained its leading position in the market for the number of transactions which can be carried out via the website. There has been a significant increase in the number of registered users, totalling 300,000 at the end of 2008. They used the service for over 3,000,000 transactions and queries, an increase of over 20% on the figure for 2007. The growing importance of internet as a generator of new business opportunities is of particular interest. For example, over 26,000 requests for contact with a view to subsequent purchase were received in the domestic sector alone, an increase of over 15% on 2007. In 2008 over two million e-mail communications were sent to ENDESA customers via internet.

endesaonline: new developments, accessibility and additional uses

In 2008 ENDESA's website retained its double A accessibility rating according to W3C/WAI international standards WCAG 1.0, as certified by Technosite. These accessibility features not only help those who suffer from some form of disability but also those who, while not being disabled, have problems accessing the web (because of a slow connection, for example) or who are temporarily disabled.

The company also made changes to the web to inform customers about the regulatory changes announced in 2008, including tools to simulate tariffs, calculators, etc.

A number of additional functions were introduced to provide better service. They included direct on-line contracting of electricity and gas, the possibility of an Express Connection request via the On-line Office, sites showing products to promote the use of solar power and the development of new international channels.

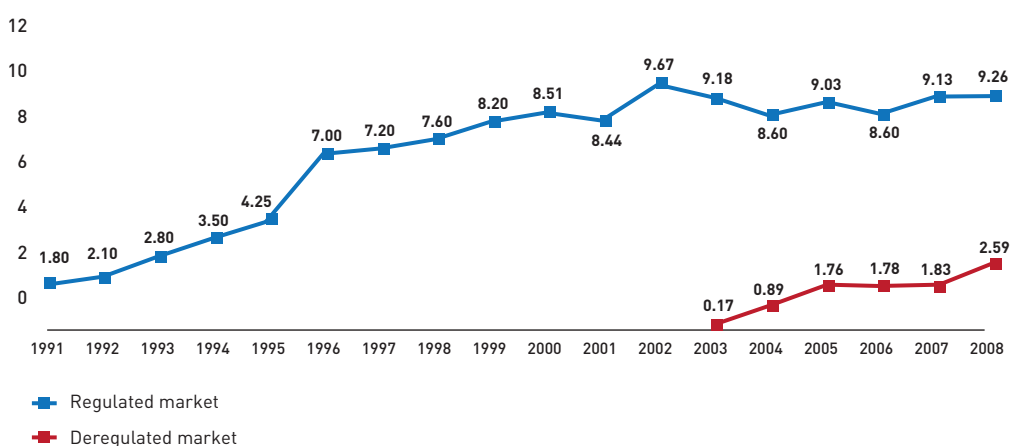
ENDESA's personal service network in Spain

	2007			2008		
	Sales offices	Service points	Total	Sales offices	Service points	Total
Aragon	6	29	35	4	32	36
Catalonia	7	156	163	7	152	159
Balearic Islands	3	24	27	3	25	28
Andalusia-Extremadura	23	142	165	22	139	161
Canary Islands	3	30	33	3	33	36
Own distribution market	42	381	423	39	381	420
Outside distribution market	4	47	51	4	55	59
TOTAL	46	428	474	43	436	479

Numbers of calls dealt with at Customer Call Centres (millions)

Market	2006	2007	2008
Regulated	8.6	9.15	9.26
Deregulated	1.78	1.83	2.59

Number of calls dealt with at Customer Call Centres in 2008 (millions)



02.2. QUICK SOLUTIONS FOR COMPLAINTS AND NEW-CONTRACT APPLICATIONS

ENDESA has a Corporate Complaints Unit, organised through six regional centres. The Corporate Complaints Unit also promotes ongoing improvement by detecting the causes of any disruption in normal business and fostering ongoing learning. Besides its core activity, this unit defines the criteria for processing complaints, represents ENDESA before public or private consumer organisations, and identifies areas for improvement in management systems, determining how they can be implemented.

In 2008, the last year of the application of the Customer Service Excellence Plan, there was a 10% reduction in complaints about the regulated market and the number pending at year end fell by 11.5% compared with 2007. Some 97.3% of complaints about sales were dealt with inside the established time limits, a 0.4% improvement on the previous year.

The average time during which complaints are pending, in the cases of both electricity and gas, is 9.02 days for complaints which are in the process of being dealt with, and 2.74 days in the case of complaints submitted over 30 days previously.

The level of ENDESA customer satisfaction with metering, billing and charging is 8.05 out of 10.

02.2.1. ENDESA's Customer Ombudsman

SPAIN

In 2008 the ENDESA Customer Ombudsman received a total of 919 complaints from the company's customers in Spain. Of these, 66% were resolved directly by the office. The remainder, once they had been studied and initial contact had been made with the customers involved, were passed on for final processing to the usual service channels made available by the company.

Of the complaints that met the requirements for being dealt with by the Ombudsman, 77% were satisfactorily resolved by mediation, an agreement being reached between the company and the customer. The remaining 22% were resolved by rulings from the Ombudsman, 54% of which upheld the customer's claim either fully or in part.

Of the complaints falling within the Ombudsman's direct remit, 40% related to issues of supply quality, 33% to meter reading, billing and charging issues, 14% to contracting, and the remainder to other issues.

90% of the complaints dealt with by the Ombudsman were submitted by domestic customers. 84% of the complaints received were related to the supply of electricity, 13% to the supply of gas and the rest to other services.

ENDESA Customer Ombudsman Office

The Ombudsman's activities cover three main areas: processing and managing complaints, drawing up recommendations, and developing projects and activities.

In 2008, the Ombudsman's recommendations to the company focused on improving the information and advice given to customers on the changes brought about by the deregulation of the energy market and on the new legal framework, governing such issues as contracting, the disappearance of the night-time rate, customers' installations and the management of complaints regarding metering.

In order to obtain better knowledge of the Spanish energy market and to provide more information on consumer rights and better protection, the Ombudsman's Office organised a survey based on a sample of 1,000 customers to determine their awareness, opinion of and attitude to the energy market deregulation process in Spain.

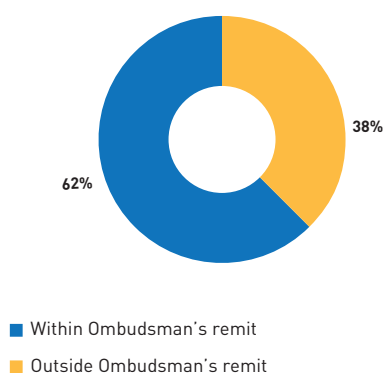
As in 2007, a series of informative workshops were organised to improve communication and relations with customers.

On an international level, the Ombudsman took part in a number of events organised by the European Union:

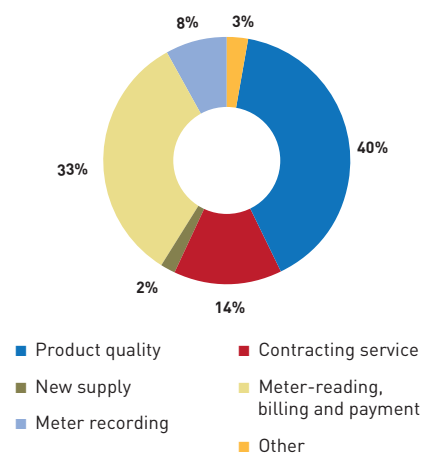
- The creation of a charter on the rights of energy consumers, as proposed by the European Commission. At the meeting, ENDESA's Ombudsman gave a presentation on the Office's mission and how it functions.
- The first European Citizen's Energy Forum in London, at which representatives of the EU member countries' main consumers' associations, national regulatory bodies and European power and gas companies discussed the EU's third package of energy market legislation. The Forum's conclusions included a recommendation that all energy companies in the EU create a post such as ENDESA's Customer Ombudsman.
- The Ombudsman attended a meeting in Sweden of the Forum for European Energy Companies' Customer Ombudsmen to launch a comparative study of the consequences of deregulation for customers.

In 2008, as in previous years, ENDESA's Customer Ombudsman continued to foster relationships with public administration representatives, consumer organisations and regulatory bodies, as well as with a range of internal contacts.

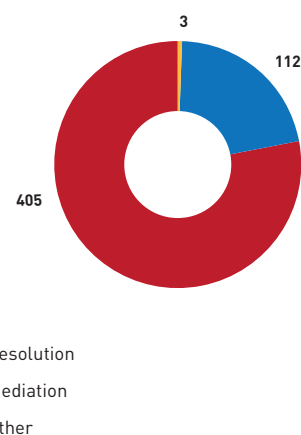
Total complaints received



Complaints by type



	Number	% of total
Resolution	112	22
Mediation	405	77
Other	3	1
Total	520	100



LATIN AMERICA

In Latin America ENDESA has customer Ombudsmen in Colombia, Brazil and Argentina.

Projects carried out by the Customer Ombudsman's Office in Colombia: "Ombudsman for a day"

In Colombia, Codensa's Customer Ombudsman received and dealt with 1,091 complaints in 2008.

The Ombudsman resolves conflicts between customers and the company concerning the public domestic power supply service and related businesses. This calls for an appreciation of the customer's point of view to mediate with the company and propose solutions based on current legislation and criteria of equity and "contractual balance", so that what is legally admissible is also fair for both sides.

The Ombudsman's role provides valuable experience which can be shared, one of the post's objectives being to help others to learn about the principles of conflict resolution.

A system was therefore set up, in coordination with General Management, for managers and other professionals in the company to take turns at being "Ombudsman for a day".

Inclusion of the "Customer's voice" in the corporate quality management system. The purpose of this initiative is for cases dealt with by the Customer Ombudsman to be analysed by other departments in the company via Focus Groups, to identify opportunities for improvement in processes and to record comments and objections in the corporate quality management system.

Once the cause of the problem has been established, action plans can then be defined to provide solutions, thus avoiding future disagreements with customers over the same issues and making the "Customer's voice" part of the company's quality system.

EDESUR's Customer Ombudsman

In Argentina, EDESUR's Customer Ombudsman dealt with 3,920 complaints in 2008.

The purpose of the Ombudsman's work is to improve those activities and processes which can lead to greater customer satisfaction with the company's services.

To this end the Ombudsman monitors all activities and processes related to customers, so that action can be undertaken where necessary to achieve a higher level of customer satisfaction. As part of the same scheme, courses were organised in 2008 for executives in all operational divisions.

The strategy used involves detecting and responding to warning signals from the monitoring of indicators and relevant contacts. For each of these signals an action plan is drawn up. Work then proceeds via groups which meet regularly to analyse the case, monitor progress with the action plan and introduce amendments if there are new signals or should changes occur.

Changes in regulations and controlling bodies' policies:

In 2008 Act 24.240 on consumer protection was passed in Argentina, giving consumer protection associations powers to monitor and sanction any irregularities. They thus have similar regulatory status to that granted to the national electricity sector regulator (ENRE) under Law 24.065 in 1993.

Number of complaints received by the Customer Ombudsman's Office in Colombia (Codensa)

	2006	2007	2008
Within the Customer Ombudsman's remit	586	807	1,091

Number of complaints received by the Customer Ombudsman's Office in Colombia (Codensa) by type of service

	2006	2007	2008
Distribution	30	49	36
Sales	49	25	22
Codensa Hogar (non-electricity business)	17	23	39
Other	4	3	3

Number of complaints received by the Customer Ombudsman's Office in Colombia (Codensa) by type of customer (%)

	2006	2007	2008
Domestic	76	82	84
Retail	14	12	10
Manufacturing	10	5	6
Government	0	1	0

02. 3. RESPONSIBILITY FOR INFORMING CUSTOMERS

Customers have the right to be informed about the products and services that they acquire. At ENDESA we understand that enabling customers to exercise this right is a key part of our responsibility as a business. Consequently, we comply strictly with all regulations related to customer information at all stages of the sales cycle.

Clarity and reliability of information to customers regarding products and services

The obligations governing gas and electricity product information are regulated and cover matters such as:

- When a supply contract is signed or amended, customers must be informed about the different tariffs available and the power rating most suited to their needs.
- When power supplies are interrupted because of programmed work on the grid, customers and the general public must be given sufficient advance warning.
- If a customer's supply is to be cut off because bills have not been paid they must be informed in advance. The company must have proof that this has been done before proceeding to cut off supplies.
- There are also other circumstances in which time limits for providing information are prescribed, such as giving estimates for new supplies and dealing with customer complaints.

On the deregulated market all bills must state the source of the electricity supplied. ENDESA complies strictly with this requirement.

Similarly, ENDESA guarantees the privacy and security of its customers' data. In 2008 there were no significant well-founded complaints related to this issue.

The Spanish deregulated market envisages a product called Green Electricity Tariff, which involves obtaining a certificate accrediting that all the electricity supplied by the company under this tariff has been obtained from renewable sources.

03. HIGH CAPACITY IN TECHNICAL SERVICE TO CUSTOMERS

ENDESA'S TECHNICAL SERVICE

The main aim of ENDESA's Technical Service is to bring about improvements in services which are provided directly to customers.

It is a process of ongoing improvement guided by the customer, who determines exactly how the service should be provided. This process begins with information provided by customers in perceived-quality surveys and complaints received, supplemented by the insight provided by the key indicators for the relevant processes.

Structured analysis of the information obtained from these sources allows us to identify scope for improvements and to incorporate them in our processes.

In 2008 various projects were undertaken with a view to improving interaction with customers and giving a positive impression whenever services were provided.

DIANA-RAM project to manage tasks performed at ENDESA customers' homes in Spain

2008 saw further work on implementing the DIANA system in Spain. Project Diana enables operating costs to be reduced by 20%, response times cut and customer service improved by using portable terminals for meter-related tasks at customers' homes.

The purpose of the second phase of the project, carried out in 2008, was to extend the system to cover all possible types of work in the customer's home and to redesign meter equipment (RAM project).

The project has been rolled out to all areas where ENDESA has a distribution market.

04. HIGH VALUE-ADDED PRODUCTS AND SERVICES

ENDESA is developing an energy efficiency plan, approaching the question from three directions:

- Developments in regulations, taking advantage of the introduction of new regulations and specific measures for responsible output and reduced consumption.
- Commercial initiatives, specific tools, such as sustainable energy, lighting, temperature control and other newer developments which make it easier to consume power responsibly.
- Information to promote the efficient use of energy.

04.1. ENDESA'S PORTFOLIO OF EFFICIENT PRODUCTS

ENDESA has a range of products and services designed for responsible and efficient use of energy which it supplies to private homes and small businesses. These are:

1. Thermal solar energy.
2. Photovoltaic solar energy.
3. Air conditioning and inverter heat pump.
4. Heaters with efficient regulating mechanisms to rationalise consumption.
5. Condensing gas boilers.
6. Condenser batteries (only available to business customers).

Products and services designed to protect electrical installations are also available. These include:

1. Circuit breakers with pick-up.
2. Voltage stabilisers.

04.2. INFORMATION FOR CUSTOMERS TO PROMOTE EFFICIENT ENERGY USE

As well as this range of products, ENDESA conducts information campaigns to raise customers' awareness of the efficient use of energy and offers advice to protect home installations. The most significant are:

- **Welcome Pack:** new customers receive a welcome pack with information about:
 - Functions of the fuse box and advice on its maintenance and protecting the home.
 - How to save electricity. Advice on the proper use of domestic appliances: fridge and freezer, vitroceramic hob, oven, microwave, dishwasher, washing machine, clothes dryer, water heater and air conditioning.
 - How to save gas: hot water, cooking and heating.
- **Advice on bills:** on the back of their bills, customers will find advice on saving energy in the home and protecting their installation (a Post-It space is available on the back of the bill to send messages to customers).
- **Leaflets:** saving energy and protecting installations.
- **Advice on energy questions:** available to any customer requesting it from ENDESA's Call Centre.

ENDESA also supports the introduction of corrective measures to improve the energy efficiency of the customer's installation. For this purpose it processes applications for grants and subsidies on behalf of the customer and invests in certain items of equipment whose cost is amortised according to a formula for shared savings.

Efficient lighting: Bright Christmas

In November 2008 ENDESA signed an agreement with the Barcelona Shopkeepers Federation and the City Council, called "Efficient lighting. Bright Christmas".

Under this agreement, which is to run until June 2009, the company contributed the power supply necessary for efficient lighting (using low energy bulbs) along the 20 main shopping streets in Barcelona (where there are 6,300 shops).

The scheme provides support for shopkeepers, promotes energy efficiency and encourages initiatives for innovation and improving the quality of the urban environment.

Agreement with Toyota

ENDESA and Toyota have signed a cooperation agreement under which, as a first step, Toyota will supply ENDESA's sales network with over 400 Toyota Prius cars, the first mass produced hybrid vehicle.

This vehicle saves a tonne of CO₂ per year, an amount equivalent to the absorption capacity of 72 trees. By using these vehicles ENDESA will cut its CO₂ emissions by over 400 tonnes a year.

Microgeneration

ENDESA is the first company to offer this innovative system in new residential builds. With the combined generation of electricity + heat + cold (cold only in the case of trigeneration) an improvement in energy efficiency of around 30% is achieved, compared with conventional systems.

LUZE Project

The LUZE (Luz Endesa) Project brings together a series of applications, among which is a light flow regulator which, when connected to the head of installations, allows voltage to be stabilised and regulated, adapting it to lighting needs at any moment.

With this application, energy savings of up to 40% can be achieved, the useful life of bulbs extended and maintenance costs reduced.

This system is suitable for installations where the use of lighting is intensive and prolonged: stores, petrol stations, street lighting, etc.

Launch of ENDESA's own brand of heaters

ENDESA, through its sales division, has launched its own brand of electric heaters. ENDESA's heaters are the flagship product within its electric heating product range. Heaters such as these have been the fastest growing product of recent years.

ENDESA is the first utility in Spain to launch a proprietary brand of heater, underscoring its stated goal of offering customers value-added products and services that contribute to more efficient power consumption.

Valdespartera Eco-city

In 2008 ENDESA sponsored "Architectural Visions of Projects: Valdespartera eco-city, a sustainable and ecological model city in Zaragoza".

In this way ENDESA strengthened its position in the market as a company supporting sustainability in building. It also contributed to the creation of a space for meetings, discussion and reflection about the most significant and innovative aspects of sustainable building.

Finally, through a subsequent visit to the eco-city, the company's current and potential customers were shown the facilities installed there, to demonstrate the usefulness of this type of renewable energy.

ENDESA Sustainable Real-Estate Development Awards.

In 2008 ENDESA presented its Sustainable Real-Estate Development Awards, which reflect the company's commitment to promoting and raising awareness of sustainable development.

05. RECOGNITION OF CUSTOMER SERVICE

05.1. PERCEIVED QUALITY

In 2008, ENDESA maintained its efforts to determine its customers' level of satisfaction with the company's products, services and customer service provided through its sales channels, by telephone or in person.

Customer satisfaction with ENDESA's supply scored 7.77 out of 10.

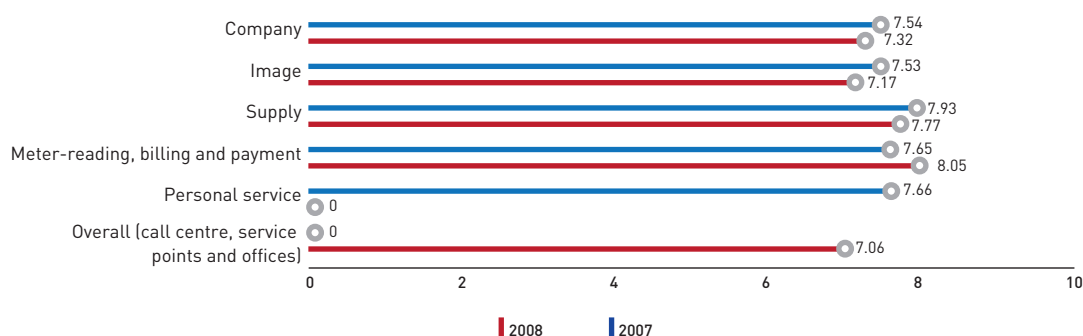
Over 1,200 audits performed at sales offices and service points.

To this end, the company carried out 49,000 telephone interviews with customers and more than 1,200 audits in its sales offices and service points in Spain. The company scored 7.32 out of 10 for all aspects valued by its customers. 60.2% of those interviewed said they had no intention of changing company and would be willing to recommend ENDESA's services.

In Latin America, satisfaction surveys indicated improvements in how ENDESA is perceived by its customers. In Chile the level of customer satisfaction was 82% and in Peru it was 85%.

Level of customer satisfaction in Spain

Area	2007	2008
Overall level of satisfaction with call centre, service points and offices	N/A	7.06
Personal service	7.66	N/A
Meter-reading, billing and payment	7.65	8.05
Supply	7.93	7.77
Image	7.53	7.17
Company	7.54	7.32



06. SAFETY AND ONGOING IMPROVEMENT AT ALL STAGES IN THE LIFE CYCLE OF ENDESA'S PRODUCTS AND SERVICES

ENDESA has a full set of mechanisms in place to ensure the safety of its customers and the population as a whole with regard to its services.

The products that require the closest attention in this respect are those related to the distribution and use of electricity and gas.

ENDESA's Energy Management System holds UNE 216301:2007 accreditation.

According to the company's records, in 2008 its activities did not jeopardise the health and safety of any of its customers or other residents of the areas in which it operates.

Evaluation of safety and ongoing improvement at all stages in the life cycle of ENDESA's products and services

All ENDESA's main products are subject to procedures to eliminate any impact on the health and safety of clients using them.

Regarding the distribution and supply of electricity:

- All installations connected to HV/HV and HV/MV distribution substations have safety systems, to isolate any fault that may occur. MV power lines have intermediate circuit breakers. Installations are equipped with lightning conductors and automatic valves to prevent surges caused by atmospheric discharges.
- All HV and MV installations are inspected three times a year for safety and suitability, and are remotely controlled. Similar safety measures are in place for MV/LV transformer centres and LV lines.
- Link installations for network supply connections have appropriate protection, in accordance with current legislation.
- The safety of customers on their own premises is also within the company's competence. In compliance with current regulations, ENDESA requires that the customer's equipment be installed by an officially authorised installer and subsequently recorded in an official installers' report. The report, which is a prerequisite for contracting new supplies and bringing new installations into operation, certifies that the protection systems forming part of the installation have been verified.

Concerning the distribution and use of gas:

- Every supply line is fitted with safety valves at distribution, regulation and measuring stations to prevent excess pressure or pipe breakages. Six-monthly inspections are carried out to check the general condition of the installation and the functioning of the safety devices.
- At distribution, regulation and measuring stations (ERM) a remote-control system is in place, connected to the gas control centre, enabling the key operating variables to be determined at any time. In distribution grids, the channelling route is inspected every two years for minor leaks.
- Overhead parts and electrical equipment at regulating and measuring stations are earthed to avoid surge issues and to eliminate the risk of electrical discharges from contact with employees.
- A system is in place to detect leaks at transport, distribution and delivery points and LNG plants, with special emergency plans for transport and distribution networks, as well as self-protection plans for liquefied-gas plants.

Finally, the process of standardisation and selecting suppliers of added value products and services sold by the company includes an analysis of the possible impact on the health and safety of customers.

ENDESA's management of disasters and emergencies

The management of emergencies at nuclear sites is organised through regional nuclear emergency plans which are in turn based on the Basic Nuclear Emergency Plan (PLABEN).

These plans are specifically for regions with nuclear installations and are only applied in the event of nuclear emergencies. They are drawn up by the Directorate General for Civil Protection and Emergencies of the Ministry of the Interior and involve all relevant parties: governments (national and regional), the Nuclear Safety Council (CSN), security forces, nuclear facilities, etc.

Nuclear facilities also have their own internal emergency plans for each site. These plans are coordinated with the nuclear emergency plans and are intended to organise the facility's response in the first stages of a possible emergency.

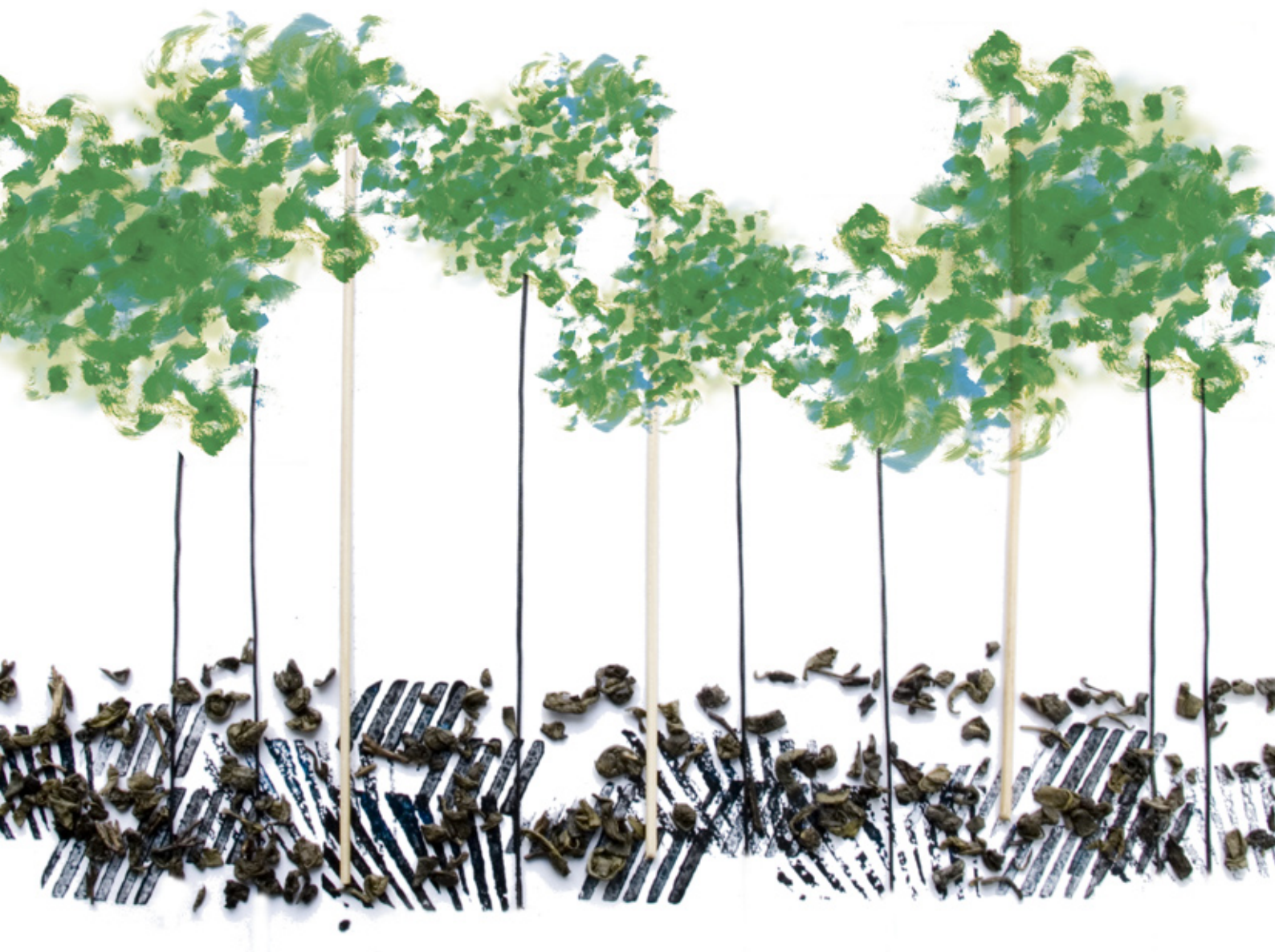
Simulations of internal emergencies are held at all nuclear sites every year with simulations of emergencies of varying scope covered by external plans held at various intervals.

By means of these simulations the effectiveness and response capability of the different organisations involved in the event of a nuclear emergency can be checked. Based on the results, adjustments can be made to emergency procedures and, if appropriate, the emergency plans.

The deployment of emergency systems and the restoration of basic services are included in the emergency plans referred to above.

Commitment to environmental protection

[Excellence in environmental management]



ENDESA is fully committed to safeguarding the environment where it operates. A correct management of natural resources entails improving energy efficiency, guaranteeing its rational use and minimising waste, emissions, spillage and other environmental impacts, as well as an efficient use of the resulting services and goods and related savings.

ENDESA's constant endeavours to improve its environmental behaviour are based on the basic principles which are incorporated into its decision making and actions:

- Integrating environmental management and the concept of sustainable development in its corporate strategy.
- Combating climate change.
- A rational use of resources and minimising environmental impacts.
- Conserving the natural environment surrounding our facilities.
- Promoting the use of renewable energies.
- The strategic development of R&D activities to increase energy efficiency and develop new energy vectors and technologies.
- Raising environmental awareness through internal and external training and collaboration with third parties.
- Requiring suppliers and contractors to employ environmental policies.
- Promoting the rational use of energy and savings among users and society.
- Ensuring compliance with environmental legislation.
- Obtaining environmental accreditation.

The context

Safeguarding the environment has become one of the main opinion-shapers for companies in the energy sector. In recent years public expectations concerning the social and environmental behaviour of companies in the sector have increased considerably.

Of particular relevance are those aspects concerning climate change. Environmental standards have also risen significantly while at the same time the implementation of standard environmental management systems and the pertinent accreditation has become widespread at the most advanced companies.

The infrastructure related to the electricity sector is highly visible and, on occasion, has impacted sharply on the environment. In society's eyes, the relationship between this infrastructure and the quality of the power supply is not readily apparent and neither is its role in satisfying electricity demand. Transparency in the environmental management of assets is therefore particularly important to avoid tension between public opinion and companies involved in planning, constructing, operating and maintaining these facilities.

Sustainability is based on dialogue with stakeholders. Therefore, social acceptance of projects not only requires stringent and credible procedures to analyse and study the environmental impact, but also calls for companies to listen to, assess and assimilate public opinion, particularly in the location in which they operate. At the same time, companies must be active in raising awareness of and disseminating social responsibility concerning the use of natural resources as a basic and vital concept for sustainability.

We must also be steadfast in our efforts. Safeguarding the environment is a dynamic concept, aided by technological and scientific knowledge about environmental problems and the implementation of solutions.

ENDESA's approach

ENDESA's response to these challenges is contained in its 2008-2010 Sustainability Report (PES for its initials in Spanish). The PES is the framework which provides ENDESA with advances in this area. This new strategy is more ambitious than the previous 2003-2007 Strategic Environment and Sustainable Development Plan (PEMADS for its initials in Spanish) and is rooted in the company's environmental policy. It is also based on the experience and achievements of the PEMADS.

Commitment to the environment particularly means making an effort to reduce the environmental impact of the electricity business. This calls for the correct management of environmental risks and damages and is incorporated into the framework of global environmental management systems. There are certain aspects which warrant special mention such as the integrated management of water, the minimisation of environmental risks and damage and biodiversity conservation.

A strategy to safeguard the environment is an integral part of ENDESA's objective to promote a new, global and sustainable energy model.

ENDESA's commitment to the environment as expressed in the PES 2008-2012, also centres on combating climate change through two lines of action: excellence in environmental management and biodiversity conservation. Excellence in environmental management includes the integrated management of water, advances in environmental management systems and the pertinent accreditation, controlling environmental risks and damage as well as supervising emissions regulations.

2008-2012 ENVIRONMENT PLAN

The 2008-2012 Environment Plan reflects the need to plan, implement and meet the strategic objectives which are defined in ENDESA'S 2008-2012 Sustainability Plan.

The Plan has three main lines: combating climate change, fully implemented in the PES 2008-2012, due to its particular relevance and implications for the business; striving for Environmental Management Excellence which in turn has implemented three strategic objectives: Integrated water management, environmental risks and damages and advanced environmental management; the third line focuses on managing biodiversity conservation.

Various work programmes have been created as part of the strategic objective to improve water management, including:

- Reducing water consumption.
- Treating waste water.
- Eliminating dried up sections in rivers.
- Integrated management of dams.

Projects in the risk area include:

- Categorising facilities in terms of their risk.
- Evaluating risks.
- Managing critical environmental risks and damage.

Those concerning advanced environmental management are:

- ISO14001 and EMAS accreditation.
- Integrated systems: environment, quality and risk prevention.
- Sustainability criteria in assessing new projects.
- Environmental accounting.
- Environmental supplier management.
- Management of penalty proceedings.
- Environmental reporting.

With regard to regulation concerning emissions to minimise the impact on the business, we would highlight:

- Defining and categorising emissions.
- Regulatory monitoring.
- Control and measurement programmes.

The following working programmes are defined in our biodiversity conservation strategic objective:

- Incorporating conservation criteria into the business.
- Biodiversity as a decision-making factor in operating and managing assets, with two clear objectives:
 - Unlocking the value of preserving the natural surroundings of our assets.
 - Incorporating conservation criteria in operating procedures.
- Developing the Strategic Biodiversity Conservation Programme.
- Financial support programmes.

For all of these programmes ENDESA's Environmental Plan establishes a timeframe, annual objectives and targets and a series of monitoring indicators.

The Plan's initiatives are executed in the annual sustainable development plans and explained in the Environmental Protection section.

The environmental responsibility objectives of the PES 2008-2012 for this period are executed through ENDESA's new Environmental Plan which is based on the company's environmental policy and is predicated on the experience and achievements of the Strategic Environment and Sustainable Development Plan (PEMADS) between 2003 and 2007.

100% of the energy distributed by
ENDESA worldwide holds environmental
accreditation

86.5% of ash generated in 2008
by the company recovered

339 hectares of mining space
restored in 2008

01. EXCELLENCE IN ENVIRONMENTAL MANAGEMENT

To attain excellence in environmental management, ENDESA, in addition to facing the important challenge of climate change, has set up five action lines as part of its Sustainability Plan (PES 2008-2012):

- Integrated water management, improving its efficient usage, preserving the quality of the company's processes and improving the management of surrounding dams and rivers.
- Management of environmental risks and damage.
- Advanced environmental management through accreditation of its environmental management systems.
- Management of the impact on ENDESA of the framework for regulating emissions.
- Biodiversity conservation.

ENDESA aims to minimise the impact on the environment of each of its actions and go one step further by protecting and improving the environment where it operates.

The objectives of the PES and the group's environmental policy are the main guidelines for running a responsible, efficient and competitive business. These guidelines steer the company toward excellent environmental management, building upon a solid integration of the criteria and values of sustainable development in the manner with which ENDESA carries out and manages its activity.

01.1. ENVIRONMENTAL INVESTMENT

ENDESA invests heavily in maintaining and improving its environmental management. In 2008, ENDESA invested Euro 1,158 million and spent Euro 62 million, respectively. These amounts are on a par with the total investment of previous years, although the amount was lower in absolute terms.

Accumulated investment in environmental assets (Millions of Euro)

2006	2007	2008
1,245	1,482	1,158

Expenditure on environmental assets (Millions of Euro)

2006	2007	2008
109	109	62

ENDESA's environmental investment was mainly earmarked for waste management infrastructure, reducing the visual impact of its installations, environmental improvements in the quality of service and reducing internal losses on the transformation, distribution of electricity and purchase of carbon certificates.

Environmental expenses mainly relate to environmental protection activities, regeneration of areas with high ecological value (rubbish dump clean-up operations, reforestation), environmental studies, implementation of environmental management systems, and management of waste, gas emissions and industrial dumping.

Environmental investment and expenses mainly relate to environmental protection activities, environmental management systems, improvements at facilities, regeneration of areas with high ecological value and the purchase of carbon certificates.

02. CLIMATE CHANGE CHALLENGE: SOLUTIONS AND OPPORTUNITIES

ENDESA is responding to climate change and other climatic challenges set by the company, the electricity sector and society as a whole, with a clear strategic focus as laid out in its 2008-2012 Sustainability Plan.

One year into the PES it is already clear that the schemes chosen have made ENDESA one of the key vectors of the future of the electricity sector: the commitment to energy efficiency and technological developments have ushered in a transition towards economies with reduced CO₂ emissions.

ENDESA furthers its commitment to combating climate change and responds with its PES 2008-2012 via its Climate Change Programme, defining five key lines of action: renewable energies, new technological developments which reduce CO₂ emissions, opportunities in energy efficiency and cogeneration, a sustainable transmission model and a CDM portfolio.

CO₂ emissions have fallen **50%**
compared to 1990

ENDESA, the world's leading company
for its climate change strategy,
according to the Carbon Disclosure Project

A new company is set up:
Endesa Carbono

02.1. ENDESA CREATES VALUE BY LEVERAGING THE OPPORTUNITIES OFFERED BY ITS COMMITMENT TO COMBATING CLIMATE CHANGE

ENDESA's climate change objectives are fully incorporated into its corporate strategy, taking advantage of the business opportunities offered by the markets with regard to climate change, optimising the use of traditional energy sources and spearheading new technological developments which lead to lower CO₂ emissions and a new energy model.

ENDESA is responding to the opportunities associated with combating climate change by being prepared and having a clear strategy in its PES 2008-2012. The company is aligned on five strategic programmes and is committed to:

- Actively participating in the development of renewable energies.
- Spearheading new developments in technology that lead to reduced CO₂ emissions and a change to the energy model. This implies developing one of the 12 European carbon capture and storage projects (CCS) by 2015, developing combined cycles and installing peak capacity, among other actions.
- Developing the opportunities related to energy efficiency and cogeneration (in all business areas such as generation, distribution and supply).
- Leading the development of a sustainable transport model based on electric vehicles.
- Building a portfolio of Clean Development Mechanisms (CDMs) that allow the company to strengthen its position of leadership in this market, ensuring the coverage of its emissions and generating a surplus.

As a large number of these programmes relate to technological improvements and innovation at facilities, some are explained in greater detail in the chapter on efficiency and innovation.

In 2008, ENDESA focused on implementing, with differing degrees of urgency, various programmes which follow the five lines of action listed above.

02.2. INSTITUTIONAL LEADERSHIP IN CLIMATE CHANGE

02.2.1. Organisation and responsibilities in combating climate change

The strategic focus of ENDESA's lines of action in combating climate change has prompted the company to involve all the areas of responsibility in obtaining the related objectives.

Decisions regarding climate change are taken at the highest level with the Environment and Sustainable Development Committee being ultimately responsible for steering the company's policy, guidelines and objectives relating to the environment and climate change.

ENDESA's Environment and Sustainable Development Committee is ultimately responsible for directing the fight against climate change.

Everyone at ENDESA is involved in the climate change challenge and meeting the objectives laid out in the company's Sustainability Plan.

A climate change working group was responsible for designing the strategy and objectives of the PES. It was coordinated by ENDESA's Environment and Sustainable Development department and comprised various general managers, subdivisions and divisions of the renewables business unit, the engineering unit, electricity output, the environment and climate change, strategy, management control, energy planning, quality and commercial strategy business units.

ENDESA assumes, in all its decisions and actions, both the risks and the opportunities offered by climate change.

02.2.2. ENDESA is involved in the implementation of the regulatory framework for combating climate change

Due to the ever increasing number of regulations concerning climate change, ENDESA actively takes part in all key meetings and pertinent sector initiatives and proactively monitors and analyses all regulatory developments.

EUROPEAN UNION REGULATORY FRAMEWORK

On 23 January 2008 the European Commission submitted a series of proposals comprising its Climate and Energy Package. There then began nearly a year of negotiations, both in the European Council and Parliament. A major milestone in

these discussions was the political endorsement announced on 11 and 12 December 2008 concerning certain important issues which were still pending resolution. The European Parliament, in plenary session, formally approved the package on 17 December 2008.

The key issues resolved are:

- the emissions trading scheme directive;
- the effort-sharing decision;
- the directive on the carbon capture and storage (CCS) legal framework; and
- the renewable energies directive.

ENDESA has analysed the regulatory risks and market opportunities contained in this new package.

Within the framework of its implementation, and in particular, in response to the opportunities offered by the directive concerning the capture and geological storage of CO₂, ENDESA successfully submitted a proposal to construct pilot plants to develop CCS technology.

THE INTERNATIONAL CONTEXT POST KYOTO: THE POZNAN SUMMIT

The 14th Conference of the Parties to United Nations Framework Convention on Climate Change and the 4th Meeting of the Parties to the Kyoto Protocol together with subsidiary bodies, SBI and SBSTA, took place in Poznan (Poland) on 1-12 December 2008, with over 9,000 delegates and observers in attendance.

The Poznan Conference was intended to be a transition summit between the Bali Conference, held in December 2007, and the Copenhagen Summit, due to be held in December 2009, where the objective agreed was to have in place a successor once the first commitment period of the Kyoto Protocol expires in 2012.

A significant breakthrough was the decision to enter a formal negotiation phase with convention member countries having in place a first draft and a decision concerning the working of an adaptation fund by June 2009. It was therefore agreed to begin formal talks and a working plan was drawn up for 2010 for both the Convention and the Protocol.

The main conclusions reached were:

1. The definition of the legal capacity of the adaptation fund.
2. The Poznan strategic technological programme.
3. Concrete improvements for CDMs in terms of their working and geographical distribution.
4. Progress on work regarding reducing emissions from deforestation.
5. A fund for less developed countries.

In his closing speech, Yvo de Boer, secretary of the Convention, highlighted the commitments made by some parties for 2020 compared to 1990 levels: the US pledged to return to 1990 levels; Norway is to cut emissions by 30%, the UK will reduce emissions by 26%, Sweden by 35% and the EU by 20%.

ENDESA also took part in and led various working groups and forums, debates and information sessions.

ENDESA's presence in Spanish climate change prevention bodies

Chair of the Spanish CO₂ Association.

AENOR Technical Standards Committee for Climate Change and Renewable Energies.

UNESA (Spanish Association for the Electricity Industry) Working Group on Climate Change.

Strategic National Consortium for Technical Research on CO₂ (CENIT CO₂).

Founding member of the Spanish Hydrogen Association together with another 33 companies, 17 research centres and different public bodies.

Founding partner of the Foundation for the Development of New Hydrogen Technologies in Aragon.

Participation in the Ministry of Education and Science's Singular CO₂ Strategic Project.

Fundación Entorno Climate Change and Energy Working Group.

Environment and Climate Change working group of the Excellence in Sustainability Club.

Member of Fundación Entorno's CO₂Action initiative.

ENDESA's presence in European and international climate change prevention bodies

Carbon Disclosure Project: an organisation committed to ensuring corporate transparency on climate change-related issues.

Eurelectric (European Electricity Industry Association): via the voluntary Energy Wisdom Programme (EWP), projects aimed at improving energy efficiency and reducing GHGs; Climate Change Working Group and flexible mechanisms subgroup. Economy and Environment Working Group. Carbon capture and storage (CCS) task force and the EU ETS task force. Part of the Eurelectric delegation in Poznan.

A signatory to the Poznan declaration, an initiative promoted by the University of Cambridge for the industry and the Prince of Wales Corporate Leaders Group on Climate Change.

Member of the Advisory Board and several working groups within the European Zero Emissions technology platform (ZEP).

Founder member of IETA (International Emissions Trading Association). It participates in several of its working groups, including the European emissions trading and CO₂ storage working groups.

Participation in the R&D projects carried out by the VII European Framework Project on carbon capture and storage. Dynamis, Cachet, C3-Capture, Geocapacity and Nanoglowa.

Member of CO₂NET, a European network for the development of CO₂ capture and storage technology.

Member of the E8 Climate Change Group.

Participation in Carbon Expo 2007 in Cologne and San Francisco.

Member of the Global Roundtable on Climate Change (GROCC).

Participation in the 3C - Combat Climate Change initiative

Member of the Advisory Board of the NEEDs (New Energy Externalities Development for Sustainability) Project of the European Commission.

Energy and Climate Change Working Group of the European Round Table of Industrialists (ERT) Eurocoal.

A signatory to the UN Global Compact's Caring for Climate initiative, UNEP and WBCSD.

A member of Eurocoal.

02.3. KEY STRATEGIES FOR COMBATING CLIMATE CHANGE

02.3.1. Emissions trading

By the end of 2008 ENDESA had produced 54.42 million tonnes of CO₂ with its business in Spain and Portugal contributing 39.7 million tonnes.

ENDESA is currently active on the main European wholesale emissions markets (NordPool, Powernext and ECX) and is entered in emission rights registries in Denmark, France and Spain (RENADE) to optimise its emission rights trading strategies.

European greenhouse gas emissions trading business

In 2008 the second phase of the Kyoto protocol came into effect (2008-2012) along with the second phase of the emissions trading scheme. The European emissions trading scheme is articulated in the National Allocation Plans (NAPs).

2008-2012 National Allocation Plan for Spain

The 2008-2012 NAP was approved on 14 November 2007:

- (i) It establishes the total volume of rights to be assigned to the sectors and facilities affected by Law 1/2005, including the electricity sector.
- (ii) It defines and describes the allocation methodologies for these sector allocations to obtain the individual allocations by installation.
- (iii) It announces and covers the use of carbon credits arising from projects based on the flexibility mechanisms of the Kyoto Protocol.

The NAP 2008-2012 establishes an average annual allocation of 146 million tonnes of rights, to which are added 6.3 million tonnes of reserve annual emission rights (4.3% of the annual allocation), resulting in a total of 152.3 million tonnes of annual emission rights. This is a 16% reduction on the allocation in the NAP 2005-2007 and a decrease of almost 20% compared with 2005 emissions. The electricity sector has been awarded a combined average annual allocation of 54.42 million tonnes in the 2008-2012 period, with the option of using credits from projects associated with the flexibility mechanisms of the Kyoto Protocol of up to 42% of the allocation awarded (at installation level 42% of the individual allocation is applied).

ENDESA's allocation for all its thermal plants is an annual average of 24.3 million tonnes of CO₂, a 38% reduction compared to the average allocation for 2005-2007. Taking into account the 42% flexibility margin, ENDESA's installations will be permitted to use 10 million tonnes/year of Emissions Reduction Credits (ERCs).

2008-2012 National Allocation Plan for Portugal

Portugal's National Allocation Plan, approved on 5 May 2008, allocates a total of 34.81 million tonnes of CO₂ a year, of which 14 million tonnes were allocated to the electricity sector.

The Pego plant, in which ENDESA holds a stake, was allocated 2.72 million tonnes of CO₂ a year.

2008-2012 National Allocation Plan for Ireland

In accordance with Decision 2002/358/EC concerning the approval on behalf of the European Community of the Kyoto Protocol, Ireland adopted the commitment whereby the average amount of annual greenhouse gases may not be in excess of 13% of the emissions of the reference year (1990 for CO₂, N₂O and CH₄ emissions and 1995 for PFCS, HFCS and SF₆ emissions) during the 2008-2012 period.

Therefore, the rights allocated to Ireland in the country's National Allocation Plan for Emission Trading 2008-2012 (NAP2) totalled 111.4 million.

In accordance with the Final Allocation Decision of 4 March 2008, the allocation of these rights was done in two stages:

- The emission rights for each sector were determined (those recognised in the plan are the general sector, the cement sector and the energy generation sector).
- The amount for each installation in each sector was calculated.

Also, a New Entrants Reserve and a Cogeneration Reserve are planned as well as the auction of 0.5% of the total to cover the administrative costs arising from the management of the emissions trading scheme.

The energy generation sector is therefore entitled to 13 million rights.

For Endesa Ireland, the annual average of allocations for all the thermal plants totals 1.69 million tonnes for 2008/12.

02.3.2. ENDESA leads the way in clean development mechanisms and joint action projects

In 2008 ENDESA strengthened its international position gained in the area of CDMs, becoming the leading power company and one of the five most active in this field worldwide, having received 5% of the total credits granted by the UN.

Endesa Carbono, a new ENDESA company resulting from the Endesa Climate Initiative, was set up following the acquisition of AHL Carbono (Asing Holding Limited) in the US which worked to identify CDM projects. This newly-created company now comprises all ENDESA's assets in the sector as well as those acquired following the purchase of AHL.

With the creation of Endesa Carbono, ENDESA reaffirms its commitment to the flexibility mechanisms of the Kyoto Protocol. ENDESA has become increasingly active in these mechanisms and they are now not just an imperative part of its compliance strategy but also of its sustainability policy.

ENDESA believes that the flexible mechanisms of the Kyoto Protocol are environmentally and financially efficient and promote the transfer of technologies to developing countries.

Creating Endesa Carbono

Cutting emissions through reduction projects is an important part of ENDESA's strategy to combat climate change.

In 2008 ENDESA launched its new company, Endesa Carbono. This company's main objective is to provide ENDESA S.A. with the necessary CERs/ERUs to ensure its targets for 2008/2020 are met; secondly, to seize new business opportunities in the emerging carbon markets worldwide.

Endesa Carbono reports directly to ENDESA's Environment and Sustainable Development department. It has offices in Madrid, Washington DC, Lima, Manila, Shenzhen, Shanghai and Beijing.

The company's project portfolio includes wind, geothermal and hydroelectric power CDMs, cogeneration, sanitary landfills, water treatment, natural gas, clinker and cements, as well as methane capture in coal mines in 14 different countries.

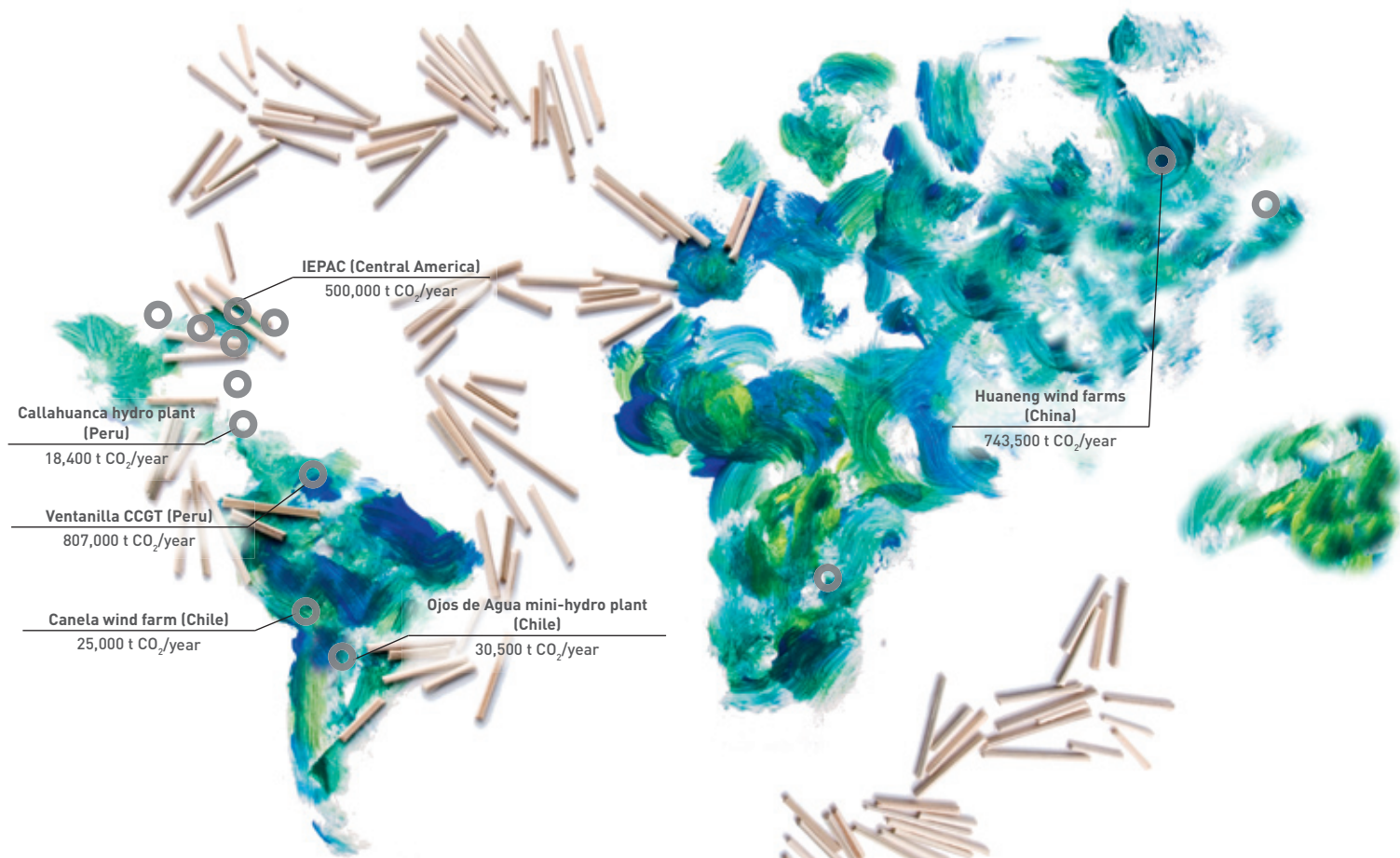
CDM PORTFOLIO

In 2008 ENDESA's CDM portfolio amounted to 89 million CERs, of which 78 million were ERPA's and 11 million were LOIs. The portfolio comprised 46 projects, of which 37 were ERPA's and nine were LOIs.

The company registered five new CDM projects under the UN programme in 2008, setting the total number at the end of year at 20. These registered projects issued 12 million ERCs during the year, which have already been reflected in the financial statements for Endesa Generación.

At 31 December 2008, ENDESA's CDM portfolio comprised 89 million CERs corresponding to 46 projects worldwide.

Endesa Carbono in the world and ENDESA's CDM portfolio



ENDESA CDM projects underway include the repowering of the Callahuanca hydroelectric plant (Peru), the Ventanilla CCGT plant; the Ojos de Agua project (Chile) registered in 2007, the Canela wind farm (Chile) and SIEPAC, the Central American interconnection line.

The repowering of the Callahuanca hydro plant was registered as part of the United Nations Framework Convention on Climate Change. The project represents an expected reduction in CO₂ emissions of almost 240,000 tonnes over 13 years, some 18,400 tonnes each year.

The Canela wind farm project has been registered with the UN and has already obtained letters of approval from Chile and Spain. Canela is the first wind farm in Chile to be connected to the Central Interconnection System (SIC). The facility has an installed capacity of 18.15 MW and with an estimated annual production of around 47 GWh. It is expected to reduce CO₂ emissions by some 25,900 tonnes/year, and almost 181,00 tonnes during the seven years of the CDM.

DNV has also been assessing the Ventanilla project (a CCGT in Peru), with approximate capacity of 350,000 ERCs/year, which DNV.

Ojos de Agua was registered by the UNFCCC as a CDM at the start of 2007, and was the first of ENDESA's own projects to be registered.

CARBON FUNDS

ENDESA participates in a number of carbon funds, including the Clean Development Carbon Fund, the Spanish Carbon Fund and the Umbrella Carbon Facility of the World Bank, the MCCF Fund, co-managed by the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD).

ENDESA has become the leading company in the world in terms of climate change management and strategy in 2008, according to the Carbon Disclosure Project.

ENDESA JOINS THE CARBON PARTNERSHIP FACILITY

ENDESA has joined the World Bank's new fund aimed at providing investment for CDMs in developing countries beyond 2012. The company will invest Euro 35 million in exchange for receiving carbon credits.

02.3.3. Technological leadership in cutting CO₂ emissions

In 2008, ENDESA embarked on a new programme to lead technological development for cutting CO₂ emissions.

With this programme, which falls within the framework of the PES, ENDESA intends to meet the requirements of the EU's energy policy, in line with the Energy Package; lead the new regulatory environment; spearhead a European CCS project at one of its installations, drive the strategic focus of this issue and help offset the reduction of ENDESA's thermal gap in the electricity sector.

The main aims of this programme are:

- To promote the development of one of 12 CCS projects in Europe to be rolled out by 2015 and which will be unique for Spain.
- To have 3,600 MW at its CCGTs by 2012.
- To install new peak capacity (400 MW of pumping consumption by 2012, to be increased by 30%, and gas turbines), in accordance with regulations.
- To develop hydrogen technology to be used as fuel in thermal plants.

ENDESA's carbon capture and storage activities (CCS)

The advancement in CCS technological development with correct technical, financial, efficiency and social criteria is increasingly important. This development is particularly significant in the context of the European Parliament Environment Committee's proposal of October 2008 to reduce the allocation of specific rights to 500 g/kWh from 2015 for new joiners with facilities whose capacity exceeds 300 MW.

ENDESA contributes to the EU's project with its technological and institutional capacity to validate CCS technology. To this end, in 2008 it began participating in three of the 10-12 pilot projects for CCS technologies promoted by the EU.

The La Pereda carbonisation/calcination project (2008-2011)

This project aims to identify an affordable carbon capture process which is valid for existing and new plants.

The project entails developing and rolling out a 1 MWt carbon capture plant using carbonisation-calcination technology which will validate said technology for preindustrial use. Small-scale laboratory tests began in 2008 to improve the plant's design. ENDESA participates in this project along with the Hunosa Group and CSIC.

CO₂ capture tests using chemical absorption at Compostilla (2006-2009)

The objectives of this project are to design, manufacture, install and operate a pilot plant to capture CO₂ using chemical absorption as part of Module 4 of the CENIT CO₂ project. It also develops and evaluates new chemical absorbers, based on amines, which are more resistant combustion gas pollutants (O₂, SO₂, NO_x) and which have a lower energy requirement for regeneration.

This project comprises a technical and financial evaluation of this CO₂ capture technology and basic engineering for an existing 350 MWe coal plant. It also optimises the CO₂ capture process with chemical absorption and evaluation of new absorbents which are developed in this project.

Endesa Generación is involved in this project along with Técnicas Reunidas, Duro Felguera, Besel, Inerco and Alquimia.

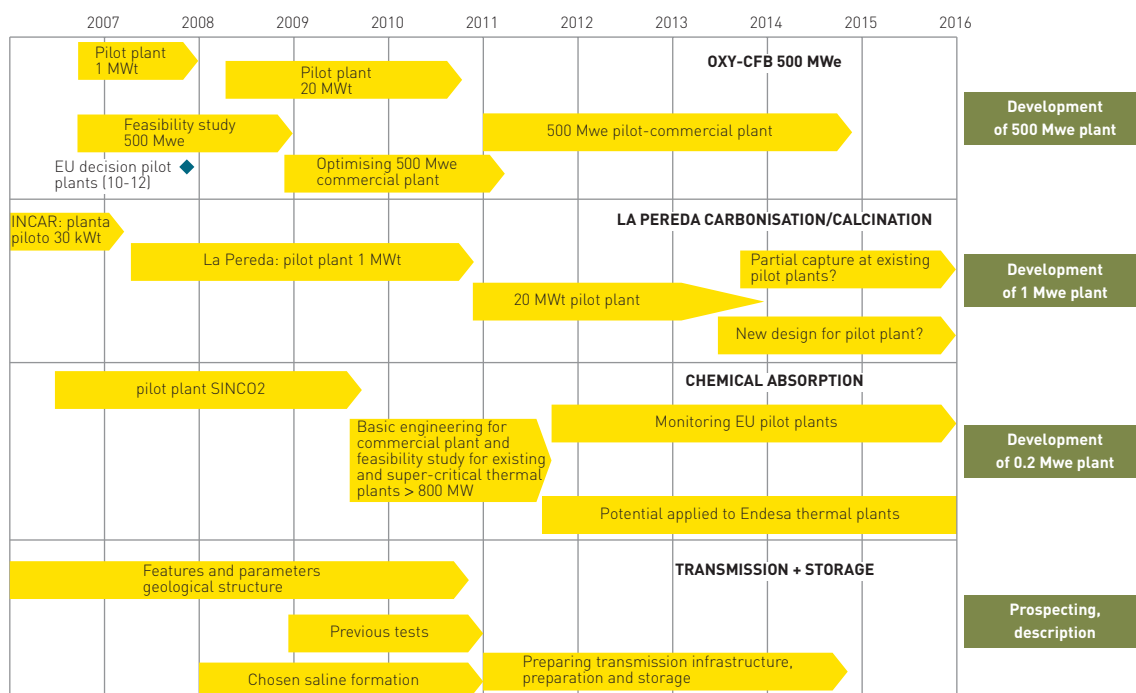
OXYCFB500 project using circulating fluid bed oxycombustion technology (2008-2011)

This proposed project, submitted by ENDESA and Foster Wheeler to the VII EU Framework Programme to cover technological development (2009-2011) aims to be one of the 10-12 commercial fossil fuel plants using CO₂ capture planned by the EU.

This would be ENDESA's first CCS commercial plant and involve integrating capture, transmission and storage.

EU support for ENDESA's CCS proposals underscores the company's leading role in adapting current facilities and technologies to the challenges and opportunities posed by climate change and the new energy model, as it is the only Spanish company involved.

Endesa's strategic CCS projects: 2007-2016



02.3.4. Energy efficiency for less intensive CO₂

Recent EU directives and Spanish legislation promote responsible output and consumption. In response to this situation and leveraging its, at times pioneering, experience in supplying products and services in the field of energy efficiency, ENDESA has implemented a new programme which will see it become a benchmark company in energy efficiency.

ENDESA's Energy Efficiency Plan (PE3) is based on three core elements:

- Promoting value-added products and services for existing customers (VAPs) concerning clean energy and efficiency. To this end the company will carry out audits and promote solar thermal energy, integrated energy management and cogeneration.
- Developing efficient alternatives and clean energy for the future.
- Becoming a benchmark in terms of efficiency through a plan which strengthens initiatives launched with specific actions.

The design of the company's PE3 energy efficiency programme places it at the centre of the market in terms of efficiency and the environment, highlighting its VAPs.

ENDESA is committed to efficiency to satisfy the increasing energy needs of its customers within the framework of its commitment to combating climate change.

02.3.5. Renewable energies

At 31 December 2008, ENDESA's installed capacity in renewable energies and cogeneration in Spain and Portugal totalled 2,695 MW. Net cogeneration and renewables output totalled 3,593 GWh for the year as a whole.

In 2008 ENDESA brought on stream 340 MW of new output at its renewable energy facilities.

ENDESA ECO

Endesa Eco, a wholly-owned subsidiary of Endesa Chile, manages renewable energy projects in Latin America. In June 2008 the company brought the Ojos de Agua run-of-river power plant into operation, in the Maule river area (Chile), with 9 MW installed capacity. This plant was recognised as a CDM project in 2007 and its construction will prevent the emission of 20,870 tonnes of CO₂.

Endesa Eco is also developing the Canela II wind farm project in the vicinity of the existing Canela wind farm, which has capacity of 18 MW. Canela II will have installed capacity of 59 MW and is slated to come on stream in 2009.

WIND ENERGY

In 2008 nine new wind farms in which ENDESA has a stake were built, with total capacity of 333.8 MW. As a result, the total installed wind capacity in which the company has a stake reached 2,029 MW at the end of the year, representing a 10% market share.

In Spain ENDESA inaugurated the Alto Palencia I and II wind farms in the province of Castellón with a combined capacity of 74 MW. These wind farms, in addition to the Mazorral, Cerro Rajola, Casillas I & II and Alto Palencia III wind farms (ENDESA holds stakes in all of them), form part of a 203 MW area known as "Zone 6" of the Valencia region's wind energy plan which entails aggregate investment of more than Euro 200 million.

ENDESA is participating in this project with 498 MW of wind plant capacity divided between three areas. The Plan will be rolled out over the next two years and will require a total investment of more than Euro 500 million by the company.

The construction and development of the wind farms is being carried out through Proyectos Eólicos Valencianos, S.A. (in which ENDESA is the controlling shareholder having acquired an additional 45% stake in 2008).

In Portugal ENDESA also wholly owns Finerge, which at the end of 2008 had gross capacity of 184 MW in operation in wind farms, plus another 36 MW in wind farms under construction. In 2008, Finerge generated 348 GWh of wind power.

Finerge also has a 38% stake in Empreendimentos Eólicos do Vale do Minho (EEVM), which had gross capacity of 292 MW and output of 435 GWh in 2008.

Also noteworthy is the 1,200 MW wind power contract awarded by the Portuguese government in 2006 via tender to the Eólicas de Portugal consortium in which ENDESA holds a 30% stake through its shareholdings in Termica Portuguesa and Finerge. The first 266 MW will come on stream in 2009 and the entire 1,200 MW is slated to be operational by 2012. A total of over Euro 1,500 million will be invested between 2007 and 2012 in the Eólicas de Portugal project to develop 48 wind farms with capacity of between 20 and 25 MW each and the resulting creation of 1,500 new jobs.

MINI-HYDRO PLANTS

At the end of 2008 ENDESA had interests in 39 mini-hydro plants, with a total capacity of 251 MW and an average stake of 82%.

PHOTOVOLTAIC AND SOLAR THERMAL ENERGY

In the field of solar power, ENDESA brought into service 13 MW of photovoltaic capacity in 2008, subject to the remuneration scheme provided for by Royal Decree 661/2007.

ENDESA is also participating in four solar thermal projects, in which it has a majority holding. These have a total capacity of 200 MW and are expected to be brought on stream by the end of 2011.

BIOMASS-BIOGAS

ENDESA has interests in six operational biomass and biogas plants, with total installed capacity of 57 MW. Of these, three are bio-gas plants: one at the Aguas de Jerez wastewater-treatment plant (Cadiz) and the other two at the urban solid waste landfill sites in Can Mata and El Garraf (Barcelona). ENDESA has also carried out feasibility studies into the development of biomass plants in the Autonomous Communities of Andalusia, Aragon and Castile-Leon, and is carrying out a further study in Galicia.

CHP

At the end of 2008 the company had ownership interests in a number of cogeneration plants with a total gross capacity of 272 MW. Of particular note is Finerge in Portugal, which at the end of 2008 had gross capacity of 184 MW in operation in wind farms, and 37 MW in cogeneration, plus another 36 MW in wind farms under construction.

In addition, ENDESA and Sonae, one of Portugal's largest industrial groups, jointly (50/50) own Sociedade Termica Portuguesa, which had capacity of 57 MW in cogeneration and renewables and output of 211 GWh in 2008.

BIODIESEL

Green Fuel Corporation, a company set up to build and operate biodiesel production facilities, and in which ENDESA has held a stake since 2005, finished work on a plant in Extremadura, which is now undergoing tests.

WASTE TREATMENT

ENDESA part owns three waste treatment plants (Tirme, Tirmadrid and TRM) with a total capacity of 71 MW.

02.4. TRENDS IN ENDESA'S MAIN CLIMATE CHANGE PERFORMANCE INDICATORS

02.2.2. Carbon intensity

By the end of 2008 ENDESA had produced 54.42 million tonnes of CO₂ while its business in Spain and Portugal had produced 39.7 million tonnes and its business in Latin America had produced 14.5 million tonnes.

ENDESA cut its CO₂ emissions by half, from 695 g/kWh in 1990 to 352 g/kWh in 2008, largely due to investment as part of the national emission reduction plan (NERP), the roll out of new combined cycles and the sale of assets in Europe.

ENDESA cut CO₂ emissions by half between 1990 and 2008.

CO₂ emissions at ENDESA's companies (kg/kWh)

	2006	2007	2008
Spain and Portugal	0.50	0.50	0.43
Europe*	0.53	0.62	—
Argentina	0.31	0.39	0.42
Chile	0.14	0.29	0.25
Peru	0.23	0.20	0.25
Colombia	0.006	0.04	0.05
Brazil	0.02	0.001	0.01
Latin America	0.16	0.24	0.24
TOTAL ENDESA	0.42	0.44	0.35

* Includes Italy and France

ENDESA's indirect greenhouse gas emissions, i.e. excluding electricity generation, in other words, from exhaust fumes, are considered irrelevant in like-for-like terms.

ENDESA's emissions in absolute terms (Thousand tonnes of CO₂)

	2007	2008	chg. %
Spain and Portugal	51,047	39,701	-22.23
Europe*	19,772	—	-100.00
Argentina	6,655	6,242	-6.21
Chile	6,226	5,362	-13.88
Peru	1,711	2,196	28.35
Colombia	491	703	43.18
Brazil	6	28	366.67
Latin America	15,089	14,531	-3.70
TOTAL ENDESA	85,908	54,231	-36.87

* Includes Italy and France

03. ENDESA IMPROVES MANAGEMENT OF SPILLAGES

ENDESA's in-house procedures help control and reduce spillage into water systems and improve water quality, mainly through waste water treatment facilities.

In 2008 there were no large-scale spillages at any company installation.

As regards dumping, this was mainly industrial, and originated in the refrigeration systems of thermal power plants. All dumping activity was monitored regularly in accordance with applicable local legislation, and complied with the established restrictions.

Industrial waste for 2008 (hm³)

Spain and Portugal	
Coal fired plants	34.34
Fuel and gas plants	0.49
Combined-cycle plants	0.52
Nuclear	0.66
Latin America	
Thermal power plants	3.45

04. ENDESA IMPROVES MANAGEMENT OF ENVIRONMENTAL RISKS AND DAMAGE

ENDESA's management of environmental risks and damage is aimed at seeking a balance between assimilated risks and investment. The company categorises its facilities, carries out a detailed assessment of the environmental risks and, through its Environment Plan, promotes a new programme of managing environmental risks deemed critical as well as eliminating environmental damage.

04.1. INTEGRATED ENVIRONMENTAL AUTHORISATION AND IMPACT STUDIES

In Spain the Integrated Environmental Authorisation (IEA) has replaced previous environmental requirements, grouping together all mandatory environmental authorisations, mainly for waste water, waste and emissions. These authorisations are granted by the environment departments of the various regions.

In 2008, ENDESA obtained 15 final environmental authorisations and five provisional authorisations. Of the 33 installations which applied for IEAs from the pertinent regional environmental bodies, only three (in Ceuta, Andalusia and Catalonia) took the maximum 10 months to process.

This year, eight IEAs have been submitted (initial and environmental documents):

Environmental report of groups 2 and 3 of the El Palmar diesel plant.
Environmental document on the HVL at the Fayón CC Mequinenza substation.
Initial document of the III CC at Barranco de Tirajana.
Initial document of the Guillena CC.
Environmental report of groups 12 and 13 of the Ceuta diesel plant.
Initial document of the 15 MW gas turbine and 16 diesel group at the Los Guinchos diesel plant.
Initial document of the HVL at the Ledesma CC and Piñuel substation.
Environmental document of the HVL at the Puerto Gijón CC and Carrió substation.

In addition, 12 impact studies and IEA requests were submitted:

IEA for the Son Reus photovoltaic plant.
IEA for the new substation at the Mahón plant.
Ledesma CC.
Puerto de Gijón CC.
Revised text of diesel groups 11, 12 and 13 at the Punta Grande diesel plant.
Antigua thermal plant.
Bescanó CC.
Compostilla thermal plant landfill site.
Groups 12 and 13 at Ceuta diesel plant.
Electrogen groups at Las Gaviotas.
El Contador CC (Malaga).
Revised text of diesel groups 10 and 11 at Las Salinas diesel plant.

In addition, 25 studies on various issues were carried out (ozone studies, complementary studies and additional information on impact studies and environmental authorisations in progress, atmospheric and spillage models, etc.).

In 2008, ENDESA carried out 25 environmental studies, including ozone studies, atmospheric and spillage models, in addition to mandatory environmental impact studies and requests for integrated environmental authorisations.

ENDESA aims to go beyond compliance with the rules and regulations of the markets in which it operates in its commitment to the environment. In 2008 no significant fines were imposed for environmental breaches. Nevertheless, despite its best efforts, there are three legal actions ongoing amounting to over Euro 2 million against Endesa Distribución Eléctrica and it is possible that compensation paid for various claims for damages and injury from forest fires in Catalonia could total Euro 44 million.

Also, the Ministry for Industry has fined the management team of the Ascó I nuclear plant Euro 15.39 million for the release of radioactive particles. There were six breaches in total (four serious and two minor).

In 2008 there was an incident at the La Tinta and La Junca hydro plants, both in Colombia, with a spillage occurring in the La Tinta ravine due to a faulty air valve failing to close. The incident lasted two hours and personnel failed to check whether nearby water had been affected. A collection tank for any future spillages will be built and a feasibility study is underway concerning the conduit of the load tube between the two plants.

Also in the year there was a spillage of hydraulic oil at the number 1 unit of the Taltal thermal plant in Chile due to a mechanical fault after a packing machine broke down. This accident led to the pollution of waste land (the surrounding land is desert along the country's northern coastline), which necessitated removing the polluted soil and categorising it as hazardous waste. The situation was eventually brought under control.

In 2008 there were 18 environmental incidences in Chilectra's distribution lines and electricity substations which involved the spillage of 3,631 litres of dielectric oil. There was also a serious spillage of approximately 2,000 litres of dielectric oil at the Caleu substation which contaminated some 53 tonnes of earth. This was caused by a malfunction, attributable to third parties, at the transformer which, being located on sloping ground, caused the oil to spill downhill. The swift action of Chilectra's teams and an authorised company saw the spillage contained with most of the contaminated material disposed of correctly.

04.2. ENDESA CONSTANTLY REVIEWS ITS MANAGEMENT SYSTEMS AND WASTE REDUCTION INITIATIVES

ENDESA's internal regulations on waste management and dumping at the facilities lay down specific criteria and procedures for the necessary treatment, as well as for contracting proper management services.

ENDESA constantly reviews its waste management and reduction systems, enabling it to identify and implement management improvements and minimise their impact. Waste reduction has been effective in terms of containers, the reuse of oil, the replacement of batteries with others that have a longer life or are rechargeable, the removal of transformers containing PCBs, the gradual removal of components containing asbestos, the recovery of inert waste and the treatment to reuse cleaning solvents.

The main waste materials generated by ENDESA's activities are:

- gypsum, ash and slag from the thermal and coal-fired units with a large part being sold as a by-product or reused at the same facility, thereby reducing the environmental impact.
- waste from the dams associated with hydroelectric plants with the formation of sediment from slowing the speed or flow of the nearby river and which must be removed on a regular basis.
- low- and medium-intensity radioactive waste from ENDESA's nuclear plants managed by Enresa and deposited in specially-adapted installations located at El Cabril.
- waste generated by distribution activities principally consisting of oil/PCB-contaminated transformers and batteries and mineral oil from the substations, as well as non-hazardous waste such as scrap metal and cardboard.
- Mining-related waste.

Waste at ENDESA in 2008 (t)

	Hazardous waste (HW)	Non-hazardous waste (HW)
Spain and Portugal		
Thermal generation units	8,196.36	49,342.17
Hydroelectric generation units	309.67	129.86
Mining	211.54	435.69
Nuclear	524.33	2,118.85
Renewables	343.68	4,404.12
Distribution	27,462.84	147,077.47
Latin America		
Thermal generation units	1,642.27	1,933.50
Hydroelectric generation units	94.52	495.10
Distribution	1,550.33	50,940.76

In 2008 the amount of hazardous and non-hazardous waste managed by the distribution business in Spain increased. The majority of the hazardous waste generated corresponds to contaminated soil in Aragon (18,000 tonnes) and Andalusia (2,000 tonnes), which was removed following an accident at two transformer stations, an attempted robbery and also the clean-up operation required under the ISO 14001 audits. A further increase is expected in 2009 in Andalusia due to the clean-up associated with the ISO 14001 standard and the Department of the Environment of Andalusia's plans to review IPS and some installations.

Non-hazardous waste produced in 2008 was over 100,000 tonnes more than the previous year with 81,000 tonnes of metallic waste and 2,700 tonnes of packaging being produced in Aragon and over 20,000 tonnes produced in Catalonia.

Also in 2008, this time in Argentina, a clean-up operation took place at the group's electricity substations there, leading to an increase in the waste managed. Various actions were undertaken including the clean-up, emptying of transformer cisterns and recovery of copper from insulation cables.

ENDESA's plan to review and remove PCB content

In 2008, following the campaign to review the PCB content in the oil in Endesa Distribución's transformers, a total of 23,433 pieces of equipment were analysed, corresponding to MV/LV distribution transformers and transformers for ancillary services and neutral coils at substations.

A total of 12,114 studies were carried out by the Endesa Ingeniería chemical laboratory corresponding to Andalusia, Extremadura and the Canary Islands with a few also being carried out by the CEIS and SGS chemical laboratories. SGS laboratories carries out most of the analyses for Catalonia and the Balearic Islands as well as the analyses for PCB content prior to removal of equipment with oil that has not been analysed or the analysis of which does not offer guarantees for the future and does not have the necessary traceability to determine the absence of PCB.

The Endesa Distribución chemical laboratory also performs analyses of PCB for other businesses at ENDESA with a total of 13,599 of which 4,820 were of other types such as physical-chemical analyses of oil, analyses of gases in oils and silicone analyses.

The campaign has concluded that Endesa Distribución has 1,712 transformers with a total weight of 1,581 tonnes with over 500 ppm, with at least half due to be removed in 2009.

In 2008, 444 tonnes of transformers with over 500 ppm of PCB and 1,182 tonnes of transformers with 50-500 ppm had reached the end of their useful life, were leaking or were not correctly placed in the system to prevent leakages and therefore remain in service.

Once the Endesa Generación review of the PCB content in transformers was concluded, 151 tonnes of equipment relating to thermal and hydro power plants and mines was eliminated, thereby meeting the requirements of Royal Decree 228/2006 on PCB. Of the 151 tonnes eliminated, 58 correspond to thermal plants, well in excess of the 33% stipulated in the Royal Decree for 2008 as the amount eliminated was around 48% of the inventory at the beginning of the year.

Work continued in 2008 on the Strategic Plan for PCB elimination at Endesa Chile and its subsidiaries in South America. Last year 26.88 tonnes of PCB from the Cartagena plant and 29.9 tonnes from the Termozipa plant were disposed of. These correspond to equipment and contaminated oil. Also, six transformers were replaced at the Cartagena plant with a view to replacing equipment contaminated with PCB in 2009.

04.3. RECOVERY OF ASH AND SLAG

ENDESA recovers the residual ash and slag waste produced at its coal-fired plants which are mostly located in the Iberian Peninsula. The waste is largely used as a raw material for other industrial uses.

86.5% of the ash generated in the coal-fired plants in 2008 was recovered.

Production and management of ash, slag and gypsum at ENDESA's coal-fired plants in Spain and Portugal

	2006	2007	2008
Ash (t/year)			
Produced	3,016,358	2,833,624	1,911,279
Recovered	1,932,895	2,033,646	1,654,192
Restored	988,238	722,942	90,256
Landfill	95,225	64,679	166,831
Slag (t/year)			
Produced	527,149	481,640	321,848
Recovered	37,986	55,318	14,880
Restored	171,023	99,142	2,791
Landfill	304,867	317,881	304,177
Gypsum (t/year)			
Produced	806,862	827,076	1,133,493
Recovered	1,062	1,073	8,773
Restored	0	0	0
Landfill	805,800	826,003	1,124,720

Production and management of ash, slag and gypsum at ENDESA's coal-fired plants in Latin America

	2006	2007	2008
Produced (Thousand tonnes/year)	94.8	158.1	105.1

05. ENDESA PROGRESSES IN THE ACCREDITATION OF ITS MANAGEMENT SYSTEMS

In 2008 work continued at ENDESA on the implementation and accreditation of its environmental management systems under the ISO 14001 and EMAS standards at the facilities in its main business areas: generation, distribution, renewables, headquarters, etc.

At the end of 2008, 91.4% of the energy produced by the company worldwide held ISO 14001 accreditation. Of this amount, 85.5% corresponds to ENDESA's installations in Spain and Portugal while 99.7% is from its operations in Latin America.

18,526 MW of its installed capacity in Spain already holds accreditation. While in Latin America this figure is 100%.

Noteworthy of the initiatives carried out in the generation business is the EMAS registration of the Teruel thermal plant. Projects for implementing environmental management systems at the Compostilla thermal and the As Pontes combined cycle plants were also launched.

Accreditation was also granted for the first of ENDESA's five wind farms located in Tahivilla, near to Tarifa (the Cortijo de Iruelas, El Gallego, El Ruedo, La Manga and Río Almodóvar farms).

ENDESA's accredited energy (%)

	2006	2007	2008
Spain and Portugal	87.5	89.18	85.5
Latin America	95.9	94.20	99.7
Total	91.5	90.05	91.4

Despite the company's advances in obtaining accreditation for its installations, the sale of generation assets which already held accreditation and that of new facilities pending accreditation means the energy produced with accreditation in Spain and Portugal in 2008 fell compared to the previous year.

The Andorra mining complex already held ISO 14001 accreditation and in 2008 this was extended to the limestone quarry while an Environmental Management System (EMS) was implemented at the Puertollano mining complex for subsequent accreditation.

Also in 2008, the Carboneras and Los Barrios port terminals obtained ISO 14001 accreditation, joining Ferrol port. All of ENDESA's port terminals now hold the pertinent accreditation.

In the distribution business, in accordance with the programme for implementing EMSs under the company's 2003-2007 PEMADS, the EMS for Endesa Distribución Eléctrica in Extremadura and Andalusia was granted accreditation. Consequently, all the regions in Spain where Endesa Distribución Eléctrica operates now hold accreditation under this regulation.

Now, 100% of the energy distributed by ENDESA in Spain and Latin America holds accreditation.

All of the energy distributed to ENDESA's 24.4 million customers worldwide holds accreditation.

Following the implementation in Latin America of the EMS at generation facilities there, Argentina, Brazil, Chile, Colombia and Peru were granted accreditation under the ISO 14001 standard.

In 2008 the Integrated Management Systems obtained accreditation under the ISO 9001, ISO 14001 and OHSAS 18001 standards. This process started in 2007 and was co-funded by the Corporation for the Promotion of Production (CORFO) for the SMEs providing services to Endesa Chile. Eight companies within this group were granted accreditation and a further seven contractors embarked on the process.

06. EMISSIONS OF SO₂, NO_x AND PARTICLES

ENDESA closely monitors all its emissions to verify the characteristics and the amounts released. The company ensures that all emissions meet applicable regulations, implements technologies to minimise emissions and designs corrective measures for the impacts generated.

ENDESA spent Euro 648 million in Spain and Portugal on reducing emissions at power stations included in the National Emission Reduction Plan: Compostilla, Foix, Litoral de Almería, Puentes, Teruel and San Adrià, on the Spanish mainland, Alcudia in the Balearic Islands, and Candelaria and Jinamar in the Canary Islands.

Activities carried out range from installing desulphurisation facilities and low NO_x burners, to adapting boilers to burn imported coal and installing combustion optimisation systems. This helped cut SO₂ emissions by 87% in 2008. Likewise, NO_x emissions have been reduced by 35% while particles emissions have been slashed by 65%.

These measures are a continuation of those implemented in other ENDESA power stations in previous years and underline the company's commitment to cutting emissions from its electricity generation facilities in accordance with the National Emission Reduction Plan for Large Combustion Plants in effect since 1 January 2008.

In 2008, the company's total emissions of SO₂, NO_x and particles across all countries in which it operates were respectively 73%, 13% and 48% lower than in 2007.

In 2008 in Spain and Portugal, SO₂ emissions were 1.11 g/kWh, a 79% reduction on 2007, while NO_x emissions amounted to 1.57 g/kWh, down 19%, and particle emissions fell 44% to 0.09 g/kWh.

Latin American facilities reported small increases in SO₂ and NO_x emissions due to the growth in demand and electricity production in Chile, Peru and Colombia. The noticeable reduction in particle emissions (0.04 g/kWh) was mainly the result of the sleeve filter brought into operation at the Bocamina thermal plant in Chile.

ENDESA follows the CE Regulation 2037/2000 about substances involved with the weakness of the ozone's shell according with the restrictions of use of halons and clorofluorcarbides (CFC), so as the control of use of hydroclorofluorcarbides (HCFC). At the same times, according with de CE Regulation 842/2006, the company has introduced the leak control of HCFC and the sulphur hexafluoride (SF₆). In every case, the emissions of these substances are not significant.

In 2008 ENDESA's SO₂ emissions in Spain and Portugal were 79% lower than in 2007.

Emissions of SO₂, NO_x and particles

	2006	2007	2008
Spain and Portugal			
SO ₂ (g SO ₂ /kWh)	5.67	5.29	1.11
NO _x (g NO _x /kWh)	1.83	1.94	1.57
Particles (g particles/kWh)	0.11	0.09	0.05
Europe*			
SO ₂ (g SO ₂ /kWh)	1.62	1.51	—
NO _x (g NO _x /kWh)	0.83	0.89	—
Particles (g particles/kWh)	0.07	0.04	—
Latin America			
SO ₂ (g SO ₂ /kWh)	0.26	0.41	0.46
NO _x (g NO _x /kWh)	0.20	0.3	0.36
Particles (g particles/kWh)	0.30	0.12	0.04
Total			
SO ₂ (g SO ₂ /kWh)	3.21	3.11	0.85
NO _x (g NO _x /kWh)	1.13	1.24	1.09
Particles (g particles/kWh)	0.17	0.09	0.05

* Includes Italy and France

In 2008, ENDESA made progress on its project for improving technology at the Compostilla thermal power plant in León. A total of Euro 50 million will be spent on this project through to 2010.

During the year work continued on replacing the control systems, automating the coal store and water plants, modernising the reception of fuels and renovating components in the turbines, alternators and boilers at the power station.

07. BIODIVERSITY CONSERVATION

Over **2 millions of Euro** spent
on researching the zebra mussel since 2002

Limnological characterisation
of **15 unexplored lakes**
in Chilean Patagonia

Over **40 new species**
discovered during investigations made
by the Huinay Foundation

Biodiversity conservation is not a new concept for ENDESA. One of the principles of its environmental policy, which was approved and published in 1998, was "conservation of the facility's natural surroundings by adopting measures designed to protect plants and animals and their habitats." This principle forms part of its commitment to Protecting the Environment in its Sustainability Policy. In fact, one of the corporate programmes of its 2003-2007 Strategic Environment and Sustainable Development Plan (PEMADS) was Biodiversity Conservation.

One of the principles of ENDESA's environmental policy is the conservation of the facilities' natural surroundings by adopting measures designed to protect plants and animals and their habitats.

The Sustainability Plan 2008-2012 establishes three programmes to advance in the company's objectives of integrating biodiversity conservation into its operations and creating a sustainable corporate culture and for ENDESA to become a pioneering company in the integral management of the principles for conserving natural resources:

- **Unlocking the value of preserving the natural surroundings of our assets.** With a strong presence in the Iberian Peninsula, various European countries and particularly Latin America, ENDESA has an extensive land portfolio, some of which, for various reasons, is home to species and areas of high ecological value. The company endeavours to identify the value and state of conservation of the area in question, in order to determine the best options for managing it and therefore preserving the biodiversity and promoting sustainable development. The conservation value will indicate the intrinsic value of each area while the state of conservation will indicate the degree of change that has taken place and the need for corrective measures to return the conservation value.
- **Incorporating conservation criteria in operating procedures.** Environmental accreditation of ENDESA's entire electricity production and distribution business is undoubtedly the first step towards applying the concept of sustainability to the operation of its businesses and, thereafter, to biodiversity conservation. It does, however, require a programme which, regardless of the best practices in handling natural resources, includes specific objectives, programmes and developments concerning biodiversity. That is the basis of ENDESA's Strategic Biodiversity Conservation Programme, a summary of which follows.
- **Developing the Strategic Biodiversity Conservation Programme.** In the day-to-day running of a large company with close ties to the various regions where it operates and natural resources, there are inevitably many situations of cause and effect which, far from being viewed as solely environmental impacts which have been more or less resolved, must be seen as challenges and opportunities for improving biodiversity conservation. ENDESA's programme is based on a simple and efficient approach: cross referencing the company's conservation objectives with areas where its activity can be implemented. The result is a sound, complete and realistic programme.

07.1. ENDESA'S STRATEGIC BIODIVERSITY CONSERVATION PROGRAMME

ENDESA's Strategic Biodiversity Conservation Programme included in its Sustainability Plan, puts into practice all the company's potential with regard to biodiversity conservation.

The areas of activity of ENDESA's Strategic Biodiversity Conservation Programme cover all countries and regions where the company is present, without excluding other parts of the world where there are opportunities for biodiversity conservation which match the company's objectives and possibilities. The programme is coordinated by ENDESA's Environment and Sustainable Development department (ESDD) through the biodiversity committee, integrated by the department and three sub-divisions of the ESDD, a representative of each business unit's operating line, a representative of Endesa Entornos Naturales (natural surroundings) and the programme's executive coordinator who is in charge of progress as per the guidelines put in place by the biodiversity committee.

The Biodiversity Committee is responsible for coordinating and managing the initiatives included in the Strategic Biodiversity Conservation Programme.

ENDESA's Biodiversity Conservation Programme centres on a pragmatic and straight-forward approach, including its priority concerning actions and implementation. Its application is two-fold:

- Initiatives focused on the businesses' own facilities and their respective spheres of influence. These are preventative in nature and correct the environmental interaction between the company and the regions and natural ecosystems where it is present. It contains priority and completion initiatives for the short and medium term.
- Socio-environmental projects and studies, with general or specific research. It aims to promote sustainable development initiatives, preferably applied to its direct spheres of influence, with different key objectives. These are divided into:
 - Socio-environmental programmes and initiatives, aimed at fostering and promoting social values concerning the environment, not including related environmental schemes within the framework of developing the business.
 - Participating in and rolling out research projects, collaborating in scientific and technical programmes aimed at appreciating biodiversity, protecting it and unlocking its value, with special attention paid to controlling invasive species and recognising ecosystems, with special emphasis on, but not exclusively, the spheres of influence of the various business lines.
 - Then there are the one-off projects and studies. These are special projects in response to a variety of proposals and areas. Due to their high value in terms of understanding biodiversity, its conservation and promoting sustainability, they are promoted in ENDESA's programme, adding value to the company.

There are five lines of action which ENDESA considers accessible within its 2008-2012 Programme, and which enable it to sufficiently cover the chosen areas.

- Adapting the physical environment and encouraging biodiversity.
- Managing environmental factors which help improve the habitat of certain species or their biotopes.
- Promoting awareness of natural ecosystems as a key to correctly identifying the ability to respond to pressures concerning its use and ability to unlock the natural surroundings where they are located and which they represent.
- Preserving native species by specifically focusing on:
- Controlling and eradicating invasive species which have a high ecological impact and a significant impact on ENDESA's business.

The basic aims of the company's Biodiversity Conservation Programme are the following:

- To promote the efficient use of natural resources used in the company's activities.
- To reduce the environmental impact of its works, facilities and activities.
- To aid social awareness and the correct allocation of environmental responsibilities concerning the use and consumption of natural resources by promoting sustainability and biodiversity conservation proposals.
- Fostering research and, in particular, transmitting and unlocking the value of progress made.
- Aiding one-off initiatives which have a high environmental value and limited resources.

The table below includes the main actions of ENDESA's Biodiversity Conservation Programme in all areas:

Country	Sample actions of ENDESA's Biodiversity Conservation Programme
Spain	<ul style="list-style-type: none"> Final phase in the reconditioning of the glacial lakes surrounding the hydroelectric systems in the central Aragonese Pyrenees. This physical reconditioning, which is at different stages, is providing some very good results concerning the recovery of biodiversity. The project has been extended to include the areas surrounding all of ENDESA's hydro plants in Spain. The withdrawal of obsolete installations, freeing-up space which has been earmarked for aesthetic and functional renewal as part of the Management Plan for the Use and Activities of the Aigüestortes i Estany de Sant Maurici national park in Lerida. Actions to minimise the impact of the company's installations on the surrounding birdlife, vegetation and scenery through European Union LIFE programmes. These initiatives have been carried out in the five territories where ENDESA distributes electricity within Spain. The main initiatives include burying overhead lines, improving the insulation of cables, implementing anti-collision measures, modifying and changing pylons as well as maintaining the security distances by cutting back surrounding vegetation. Thermo-graphic inspections also continued, checking the power lines for overheating so as to avoid fires. Research projects to eradicate exotic invasive species such as the zebra mussel, based on a study of the possibilities offered by managing hydro plants to control the mussel population in dams. Also, remote means of detecting the adult mussel have been installed. This is an RDI project [2007-2009] jointly financed by the Ministry of the Environment and another step towards understanding the spread of this pest and means of controlling it. The hydraulic management of dams and rivers gives the company some scope in controlling planktonic larvae populations and adult benthos. The scheme aims to maximise control while leaving the dam largely unaffected. In the field of remote detection, hydroacoustic experiments have been carried out, the results of which have been put into practice by the Ministry of the Environment and Rural and Marine Affairs. Analysis of the carbon cycle of dams and its effect on climate change. This study was carried out at the Sau Dam in Gerona over a full year. The results are interesting and provide information on carbon's ability to adhere to dams and its relationship with the terrestrial ecosystem the dams replace. Management of hydraulic works(habitat management) which is compatible with preserving the habitat of various protected species (the native crayfish, the river mussel, bullhead fish, salaria fluviatilis (freshwater Blenny), otters...).
Chile	<ul style="list-style-type: none"> In Huinay (Southern Chile), the San Ignacio de Huinay Foundation continued its preservation work on the world's last remaining temperate rainforests in the Comau fjord. Traditionally linked to the study of marine invertebrates, the Foundation also carries out microbiological studies of thermal sources, plant and animal life inventories and limnological studies of water bodies which had never before been analysed. The result of these scientific endeavours is the discovery of a sizeable number of new species and singular ecosystems. The second scientific expedition to the fjord took place in 2008 to study the limnological characterisation of the Huinay water bodies. Ten new water bodies were identified bringing the total to 17. These are a varied sample of previously-unexplored Patagonian lakes with low mineral levels and planktonic communities which are structured very differently to any seen before in Chile or neighbouring waters. The recovery of land surrounding ten enclosures (> 20,000 ha) including the Isla Grande de Pilmaiquén in Chile, an outstanding area of natural beauty, with specific research, conservation, eco-tourism and education programmes.
Colombia	<ul style="list-style-type: none"> The conservation project in the Cartagena de Indias bay concerns the recovery and conservation of the natural biodiversity of the lake and the tropical wetland close to the thermal power plant. The project was the winner of the 2008 Award to Enterprise Sponsorship and Patronage in the Environment category, granted by the Spanish Association for Enterprise Sponsorship and Patronage (AEDME).
Brazil	<ul style="list-style-type: none"> Work continued on the projects for research into the fish life of the Paranaíba river in collaboration with the Sao Carlos Federal University and local fishermen's associations. The aim of these activities was to study, develop and improve the river's ecosystem, its fish population and fishing as a source of income for the area; improving habitats and generating biodiversity through preservation of the biota in Serra do Baturité, and donating land for the creation of the Mata Atlântica natural park.
Peru	<ul style="list-style-type: none"> The main activity in Peru focused on the study of the physical habitat for fish colonies in the Tulumayo river, and the forestation of the Chillón river with a view to creating a safety area to protect local communities from floods.
Argentina	<ul style="list-style-type: none"> The main activity in Argentina in 2008 focused on the Arroyito hydro plant and entailed protecting the site and preventing access to unauthorised personnel thereby ensuring the indigenous bird population would not be disturbed.

The regeneration of the areas surrounding ENDESA's mining installations continued. In 2008, this activity increased sharply due to new initiatives implemented as part of the PES 2008-2012.

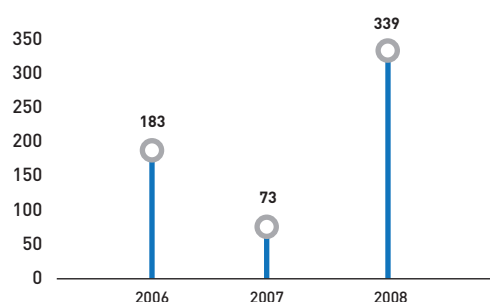
Restoration of mining areas

ENDESA continued work on one of its traditional, priority projects concerning biodiversity conservation, i.e. the restoration of mining areas.

To date 2,742 hectares have been restored around the As Pontes, Andorra and Puertollano mining areas in addition to the land already restored at other mines such as Peñarroya.

In 2008, restoration work, including improvements to the surrounding landscape, hydrological and geomorphological systems, was carried out on 338.7 hectares.

Surface restored at the As Pontes and Puertollano mines (Ha)



Recovery of mining land by ENDESA in 2008

(Hectares)	2006	2007	2008
As Pontes	80	45	264
Andorra	23.27	16.71	53.62
Puertollano	80	10.88	21.05

The main restoration work in 2008 was carried out at As Pontes since mining stopped in 2007. Work began on turning the hole left by the mine into a lake covering 8 km², 200 metres deep and containing 540mn m³ of water. The lake will make a significant contribution to the local environment while having a positive socio-economic impact owing to its tourism and leisure potential. Work is expected to last four years.

After several years of work, native animal species which had been long absent from the area have been naturally re-introduced.

Similar initiatives are being implemented at the Emma mine in Puertollano (Ciudad Real), Andorra (Teruel), Peñarroya (Cordoba) and Es Fangar in Sineu (Majorca).

To date, 2,742 hectares of land have been restored around ENDESA's mines.

Endesa Natural Surroundings

Through the Endesa Natural Surroundings programme, the company coordinates and implements a number of environmental conservation and protection projects, including advanced biodiversity actions.

Under the Endesa Natural Surroundings programme, a number of ENDESA units and companies work to recover areas with great ecological value, restore dumps, maintain water resources and agricultural areas, reforest land, carry out scientific research, and develop low-impact renewable energies.

Following the provisions of the Law on Natural Heritage and Biodiversity, ENDESA signed a framework agreement with the Department for the Environment of the Autonomous Regional Government of Andalusia and the Network for Custody of the Territory of Andalusia for the performance of custody and protection activities at the company's sites in the region. The agreement lays down the guiding principles to be followed in subsequent specific deals with entities specialising in this field.

Endesa Natural Surroundings initiatives in 2008:

- Forest fire prevention plans were designed for all ENDESA land in forested areas in Andalusia.
- Agreement with the Catalan L'Esplai Foundation to cede certain tracts of land in the area of the Camara reservoir, to be used as a setting for environmental education projects.
- An agreement was signed with the Sierra Nevada National Park for the plantation of indigenous birch trees in the Barranco de los Alisos and the Loma de las Corzas areas, on land owned by the company in the municipalities of Durcal and Dilar.
- An agreement was signed with the Rio Tinto town council for the demise of the Bella Vista Presbyterian chapel, which will be subject to renovation work with a view to hosting socio-cultural activities.
- The year also saw the launch of the Offset Plan for CO₂ emissions resulting from energy consumption at the company's headquarters. This plan is aimed at completely covering all the emissions from energy consumption at the headquarters. To this end, some 600 hectares of land are due to be reforested. A Technical Forestry Plan has been drawn up and work has already begun on the preparation of the sites.
- A project has been launched as part of the plan for the environmental enhancement of Bolonia (Cadiz), for the improvement of gallery forests and thickets while another project has been set up to create the Biodiversity Research Centre at Bolonia Bay.
- Project for environmental improvements in the Sineu Lake (Majorca).

The table below shows the land that is owned, leased or managed by the company and which is in, or close to, protected areas or areas considered of great biodiversity interest.

Protected area	Plants or other managed assets
Valle de Laciana biosphere reserve	Rioscuro hydro plant
	Las Ondinas hydro plant
Sierra la Encina da Lastra natural park	Quereño hydro plant
Sanabria lake natural park	Moncabril hydro plant
Fragas do Eume natural park	Eume hydro plant
Las Médulas archaeological area	Cornatel hydro plant
Brown bear special protection area	Las Ondinas hydro plant
Aigües Tortes i Estany de Sant Maurici national park	Sant Maurici hydro plant
Ordesa y Monte Perdido national park	La Fortunada-Cinca hydro plant
	Moralets hydro plant
Posets Maladeta natural park	Eriste hydro plant
	La Fortunada-Cinqueta hydro plant
	Montamara and Tavascan Superior hydro plant
Alt Pirineu natural park	Llavorsí hydro plant
	Esterri hydro plant
Sierra Nevada national park	Dílar hydro plant
	Dúrcal hydro plant
Estrecho natural park	Bolonia Bay
Sierras de Cazorla, Segura y las Villas natural park	Los Órganos hydro plant
	Tíscar plant (Quesada, Jaén)
Sierra de Andújar natural park	Encinarejo hydro plant
Sierra Norte de Sevilla natural park	Pintado hydro plant
los Gaitanes gorge natural area	Nuevo Chorro hydro plant
Upper Guadalquivir natural area	Doña Aldonza hydro plant
	Pedro Marín hydro plant
Cordobilla reservoir natural area	Cordobilla hydro plant
Tilos biosphere reserve (island of la Palma)	El Mulato hydro plant
Island of El Hierro biosphere reserve	Llanos Blancos substations
Landscape protection on the island of Gran Canaria	Las Casillas land
	Bco. Seco substations
Special protection on the island of Gran Canaria	Aruca substations
Hydrological and landscape protection on the island of Tenerife	Tacoronte substations
	Güimar hydro plant
Protection of the natural ecological worth of the island of Lanzarote	S. Bartolomé substations
Landscape protection on the island of Lanzarote	Playa Blanca substations
Paposo (Chile)	Taltal-Montecristo plant
El Totoral (Chile)	Canela wind farm
La Escuadra (Chile)	Ojos de Agua mini-hydro plant
Pehuenche (Chile)	Pehuenche plant
	Los Cóndores-Ancoa line
Alto Polcura (Chile)	Ralco hydro plant
Rayenco (Chile)	Ralco hydro plant
Pangue (Chile)	Pangue plant
Ralco (Chile)	Ralco hydro plant
Isla Grande de Pilmaiquén (Chile)	Pilmaiquén plant

Biodiversity conservation in the Cartagena Bay (Colombia)

The Cartagena thermal plant is located in northern Colombia. Its installations cover 13 hectares in the industrial area of Mamonal (Cartagena de Indias), on the shores of the Caribbean.

This project focuses on the recovery and conservation and promotion of the indigenous biodiversity of the lagoon adjoining the plant and its tropical wetland, the mangrove swamps. These areas, a part of which are within the plant site boundaries, are home to valuable plant and animal species. Entailing the physical, biological and functional recovery of the lagoon and the wetland area, this project aims to be a general benchmark for the development of environmental education and communication programmes involving both the local community and the private sector present in the bay area.

The project is divided into two phases:

Phase I: Ecological recovery, characterisation and conditioning of the area:

- Awareness (talks and workshops)
- Initial recovery of the lagoon (removal of rubble)
- Inventory and characterisation of the lagoon and wetlands
- Environmental education activities
- Conditioning of habitats. Strengthening vegetation and animal species. Usage and management plan for recovered areas

Phase II: Environmental integration of the plant in the Cartagena bay area:

- Creating an ecological corridor between the lagoon and the bay
- Strengthening and protecting threatened species
- Introducing extinct indigenous species
- Creating a mixed ecological-industrial reserve
- Environmental monitoring of the initiatives

The project was the winner of the 2008 Award to Enterprise Sponsorship and Patronage in the Environment category, granted by the Spanish Association for Enterprise Sponsorship and Patronage (AEDME).

To employees

[Global talent policy]



ENDESA has been committed to promoting a culture based on innovation, commitment and excellence for many years. It has been the company's priority to achieve the best health and safety rates, while focusing on nurturing talent and striving to be among the most sought-after companies to work for among the top professionals in its sector.

ENDESA is aware that training leaders in areas such as diversity and global culture plays an important role in building a responsible and sustainable business management model and corporate culture.

The context

Leadership development is a fundamental objective for any company aiming to be at the forefront. Its leaders must promote coherent dynamics which reconcile the company's message on sustainable development, the way in which it internalises these issues in its policies, systems and procedures, and the impact of all this on the organisation's culture.

The company's ability to achieve success in its management and businesses and its potential to act as a driver for renewal in its own organisation will, to a large extent, depend on how it responds to the challenge of developing its current and future leaders; underpinned by the key skills required to integrate social, environmental and ethical issues into the decision-making process. This is a very pertinent matter considering the current economic crisis, which is raising questions about the traditional model for achieving corporate success.

ENDESA's approach

The company understands that the commitment it has to its employees is multi-faceted, involving:

- Promoting excellence in terms of health and safety in the workplace.
- Developing an appropriate labour relations framework.
- Generating high levels of commitment and satisfaction.
- Managing diversity, clear support for equal opportunities and achieving the right work-life balance.
- Attracting, integrating and nurturing talent and leadership sustainability.

ENDESA's Sustainability Policy is the foundation of a global, shared culture. This policy is balanced through an approach which is sensitive to local issues, ensuring that local labour relations models deal with inclusion and social care. This approach ensures unique, global policies are implemented through a decentralised management system in an effort to achieve efficiency.

Trends

ENDESA has significantly improved its main occupational health and safety indicators during the last three years, achieving a 40% cut in the frequency and a 41% decrease in the seriousness of accidents in the workplace.

26,586 employees on payroll
at 31 December 2008

2,054 new recruits in 2008

€16.3 million invested in training

01. A GREAT TEAM

At the 2008 year end, ENDESA's total headcount was 26,586 employees, 1.6% less than in the previous year. 51.1% of these employees worked in Spain and Portugal, 48.5% in Latin America, and 0.4% in other countries.

Variations by business compared to 2007 were as follows:

- **Spain and Portugal:** 6.97% increase due to changes in the consolidation scope. Like-for-like, there has been a 1.2% decrease.
- **Latin America:** 5.9% rise.
- **Europe:** 95.3% reduction due to the divestments made during 2008.

ENDESA's workforce in Latin America accounts for 48.5% of its total headcount, and has grown by 9.3% since 2003.

Workforce at year end

	2006	2007	2008	% chg. 2008/2007
Spain and Portugal*	12,625	12,677	13,560	6.97
Latin America	11,962	12,169	12,896	5.97
Other countries **		2,147	101	-95.30
Other businesses ***	2,171	26	29	11.54
TOTAL	26,758	27,019	26,586	-1.60

Average workforce

	2006	2007	2008	% chg. 2008/2007
Spain and Portugal*	12,663	12,666	13,646	7.74
Latin America	12,078	12,111	12,699	4.86
Other countries **	2,172	2,172	80	-96.32
Other businesses ***	35	32	26	-18.75
TOTAL	26,948	26,981	26,451	-1.96

* The workforce of the Spain and Portugal Business includes the Corporate and Services headcounts.

** The decrease in workforce in 2008 is due to the sale of Endesa Europe to E.ON.

*** Bolonia Real Estate and Endesa Network Factory.

The company's human capital offers an excellent combination of youth and experience. 98.95% of the total workforce is under 60 years old, while more than 76% are over 35 years old.

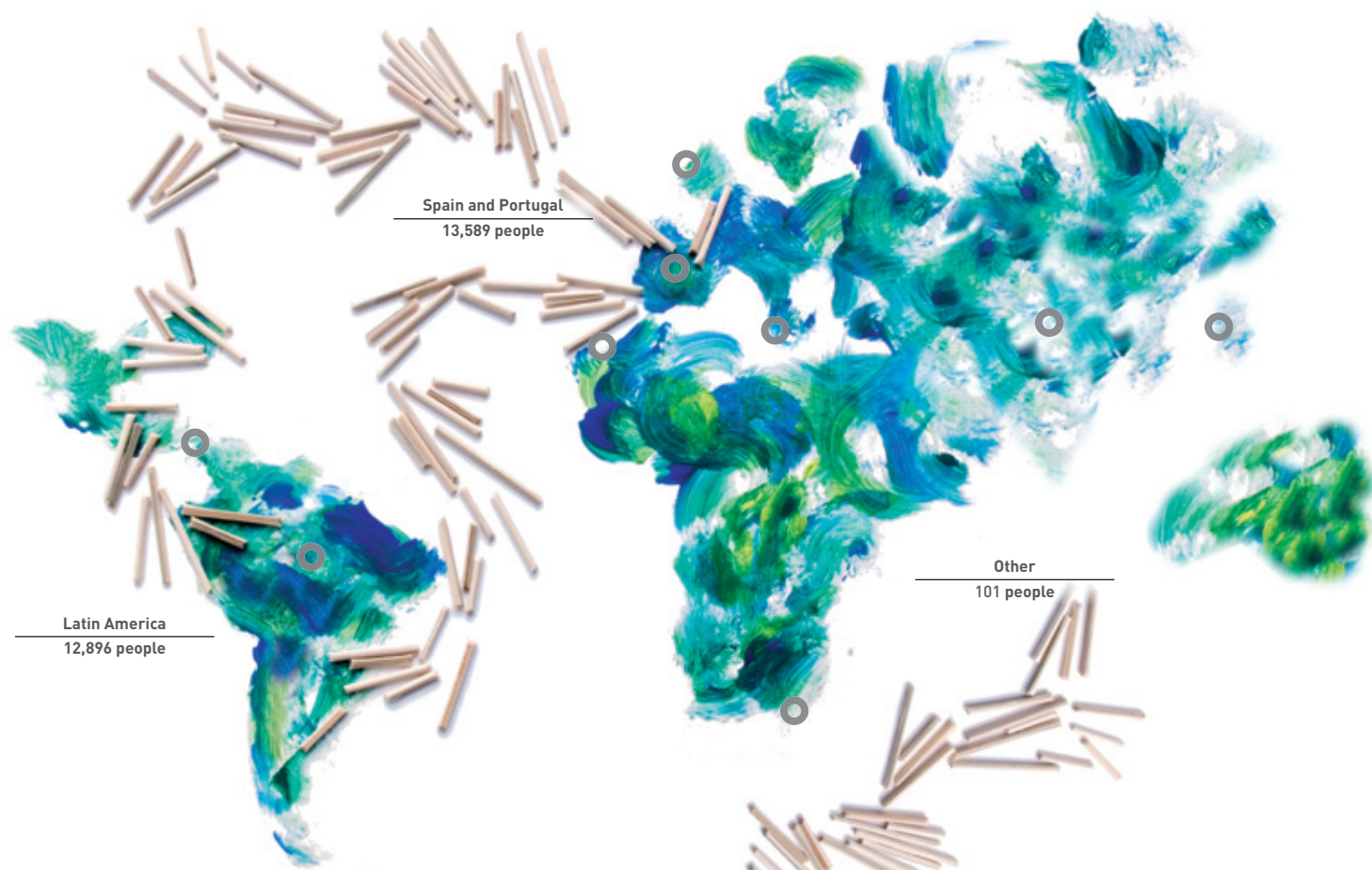
	Spain and Portugal*		Latin America	
	%	Workforce at 31.12.2008	%	Workforce at 31.12.2008
Under 35	14.19	1,928	33.21	4,283
35 to 44	26.53	3,605	32.58	4,202
45 to 54	47.50	6,455	24.73	3,189
55 to 59	10.73	1,458	6.48	836
Over 60	1.05	143	2.99	386
TOTAL	100	13,589	100	12,896

* Includes Bolonia Real Estate and Endesa Network Factory.

Type of contract [%]	2006	2007	2008	% chg. 2008/2007
Spain				0.56
Permanent contract	98.02	99.09	99.65	
Temporary contract	1.98	0.91	0.35	
Latin America				10.93
Permanent contract	94.6	95.87	84.94	
Temporary contract	5.4	4.13	15.06	
TOTAL				5.20
Permanent contract	97.3	97.67	92.47	
Temporary contract	2.7	2.33	7.53	

The profile of ENDESA's workforce provides diversity, promotes integration and builds stability.

ENDESA operates in nine countries and has a total workforce of 26,586 people



02. LEADING HUMAN RESOURCE MANAGEMENT THROUGH AN INTEGRATED APPROACH

ENDESA has decided to promote an integrated personnel management approach, as set out in the Endesa Sustainability Plan 2008-2012, in which six strategic objectives to foster talent are established:

- Achieve excellence in occupational health and safety, becoming a benchmark in the world electricity sector.
- Uphold the principles forming the current labour relations model and implement the model in accordance with corporate strategy and the businesses' requirements.
- Attain a significant increase in employee satisfaction (+20% at group level) and external recognition as an attractive employer.
- Implement the integrated talent management model in all group companies; extending assessment and development systems to all strategic groups and optimising the management of succession to key technical and management positions.
- Work towards increasing diversity of work teams, which promotes innovation and operating excellence.
- Extend programmes and practices focusing on work-life balance which promote flexibility and help to achieve the diversity objective.

Simultaneously, ENDESA implements an integrated talent management model which is applicable to all its companies and each country in which it operates. To this end, in the last three years it has drawn up a series of personnel management policies with a single, global approach.

This integrated management model is implemented through a management approach which is both centralised and decentralised:

- It is centralised in the sense that it involves information at a global level, enabling strategic decisions to be taken which are also visible globally.
- It is decentralised because managers have a wide range of management processes and tools, above all IT tools, at their disposal to manage personnel.

During 2008, ENDESA rolled out a global communications strategic plan to disseminate information on personnel management policies, the processes in place to help the organisation implement these policies, and the tools available to managers and employees to organise themselves within this new framework. To this end, the company has prepared its Human Resources Sustainability Plan, comprising a series of policies which transfer sustainability principles onto personnel management and clarify ENDESA's commitment in terms of the following:

- Diversity and work-life balance management;
- Prevention of workplace harassment;
- Occupational health and safety guidelines;
- Labour management of contractors;
- International assignments; and
- Talent management.

The integrated talent management policies have been disseminated among executives of all ENDESA's companies and over the Intranet to ensure all ENDESA employees have access to them, thereby helping to ensure personnel management remains transparent.

The policies implemented underpin a global human resource and personnel management sustainability strategy.

Furthermore, the shift in focus from social action to social development has brought ENDESA closer to achieving the UN Millennium Development Goals and strengthens its capacity to contribute to these.

At the end of 2008, the company drew up its Human Rights Policy, which will be approved in 2009. This directive, linked to the company's Sustainability Policy, examines in greater depth the competencies and responsibilities linked to universal human rights, as they apply to ENDESA's corporate purpose.

03. PEOPLE LEADERSHIP AND DEVELOPMENT

Through its mission, values and policies, ENDESA recognises the critical need to encourage the development of the people and teams in its organisation, as well as the workforce serving ENDESA through third parties.

This requires that it must be well capable of identifying and developing the knowledge, skills and performance of the workforce; facilitating professional development; providing clear, specific and constructive feedback on performance; and ensuring personnel use their skills and knowledge in areas where they can contribute the most value to the organisation.

Personnel development is implemented through two lines of action:

- Firstly, **People Leadership**, which aims to drive the development of talent at all levels of the organisation through the leaders.
- Secondly, **Expert Leadership**, to strengthen through people, the development and retention of expert knowledge which is most critical to the business.

PEOPLE LEADERSHIP

ENDESA considers the development of leadership as a process that must occur at all levels of the organisation and which begins the moment a person joins the company.

People Leadership is founded on the principles of “self-awareness” and “self-development”. To achieve this, the company encourages and develops the self-awareness of its employees through feedback, 360° assessments, and coaching processes. It also supports self-development through a joint-responsibility scheme between personnel and the company; a key aim of which is to maximise returns on the investment in each individual.

People Leadership includes both the professional and personal life of an employee. Occupational health and safety, diversity management, and the work-life balance are therefore top priorities in the company’s leadership development model.

EXPERT LEADERSHIP

ENDESA is also aware of the need to develop and retain the technical knowledge which is most critical to its organisation. The competencies management model, the development of professional career paths and the certification processes for both individual and occupational competencies are aimed at ensuring the employability of individual employees and improving the quality and efficiency of their work, as well as guaranteeing the sustainability of the company through the capture and transmission of the knowledge required for the operation and development of its businesses.

03.1. IDENTIFYING AND VALIDATING POTENTIAL

The company considers that individuals with critical skills and knowledge in the area of People Leadership and Expert Leadership are Strategic Talent.

These people (individuals or groups) ensure the company is profitable, grows, generates above average value for shareholders, customers and employees, and is a source of innovation. Since 2008, one of the strategic objectives outlined in the Integrated Talent Management Model has been to identify these people.

ENDESA has used this model to start identifying and validating potential, firstly in the primary levels of the company in each business and country in which it operates. This process is based on transparent and responsible management, and involves dialogue between manager and collaborator.

Before starting this identification and validation process, the necessary training has been given in various areas on the conceptual model, the methodology to be applied during the process, and the system used to perform assessments and compile information.

03.2. ASSESSING TRAINING PROCESSES AND THEIR ADDED VALUE

ENDESA has designed a scorecard comprising the key indicators for monitoring training and its impact on the value each employee creates for the organisation. This score card is linked to a strategic reflection process enabling long-term objectives to be fixed for training. The score card is used to monitor fulfilment of two-year training objectives in terms of the following:

- 1) Critical nature of group.
- 2) Critical nature of content.
- 3) Critical nature of method of training.
- 4) Value added by employees.

In general terms, during 2008 the activity indicators associated with training reached similar levels in terms of investment and added value as in 2007, although training hours and attendance were down.

- A total of Euro 16.3 million was invested in training in 2008, with an average investment per employee of Euro 631.48.
- A total of 867,515 training hours took place; an average of 33.48 for each employee.
- A total of 72,757 participants took part in training events, with an average participation of 2.8 events per employee.
- The value added per employee, measured in terms of gross profit, was Euro 396,000.

<i>Training</i>							
	Spain-Portugal	Argentina	Chile	Brazil	Peru	Colombia	Other
Training hours per employee (classroom and distance learning)	43.60	16.49	24.65	9.65	26.57	48.30	2.97
Thousands of training hours (classroom + distance learning)	586,699	53,114	74,151	31,288	32,852	82,969	6,441
Thousands of training hours (distance learning)	87,495	1,296	16,018	0	1,106	7,038	0
Thousands of training hours (classroom)	499,200	51,818	58,133	31,288	31,746	75,931	6,441

<i>Training hours (thousands)</i>			
	Spain and Portugal	Latin America	Other
Number of training hours	586.70	274.5	6.4

<i>ENDESA's total training figures</i>			
	2006	2007	2008
Total hours of training/employee	50.14	61.5	33.48
External costs/employee (Euro)	433.56	541.79	631.48

03.3. TRAINING AND LEARNING LINKED TO EXCELLENCE IN OCCUPATIONAL HEALTH AND SAFETY

Occupational health and safety training workshops were run around the world for ENDESA executives, with a total of 17 sessions being organised in Spain, Chile, Columbia, Brazil, Peru and Argentina for a total of 553 executives.

As part of the Praevenio Plan in Spain and Portugal, four awareness workshops were also held during 2008 for 480 executives and team managers, as well as a number of prevention and health and safety courses totalling 150,000 training hours (22.6% of total training hours provided during the year).

04. SKILLS AND PERFORMANCE MANAGEMENT

04.1. ENDESA SKILLS MODEL

ENDESA's Skills Model is designed to provide its organisation with a common language for identifying and managing talent. This model is shared by all ENDESA's companies and includes a total of 120 technical-functional competences and 10 generic-management competences associated with each occupation/post.

The skills required can therefore be identified in terms of observable behaviours, in order to objectively evaluate whether or not someone is suitable for a specific post.

Moreover, the model permits the establishment of ambitious performance standards in line with demanding strategic goals, along with individual development plans which strive for growth in competencies and succession plans and functional mobility.

The ENDESA Skills Model is the same for every member of the company.

Skills assessments are performed for over 20% of ENDESA's total workforce, while the same group is subject to the Performance Management System. In some countries, this practice already covers almost 100% of the workforce.

04.2. PERFORMANCE MANAGEMENT SYSTEM

In 2008, the Performance Management System (PMS) was extended to new groups of employees in more of ENDESA's subsidiaries. A total of 5,684 individuals are currently evaluated using this system, representing 22.4% of the company's total workforce.

04.3. INTERNATIONAL MOBILITY. GLOBAL TALENT

ENDESA's International Assignment Policy, which was introduced in 2003, enables employees to request transfers abroad for a fairly long period of time to perform a specific task in another of ENDESA's subsidiaries. The aim of this policy is to develop the business and people, promote a shared culture, and support the company's foreign operations.

ENDESA's International Mobility Plan leverages its international profile to promote professional development and improve the quality of its employees work.

International movement of employees during 2008

Country	Total
Argentina	3
Brazil	10
Chile	16
China	2
Colombia	7
Costa Rica	1
Spain	14
United States	1
France	1
Greece	4
Netherlands	2
Morocco	1
Peru	8
Portugal	4
Total ex-patriots at 31.12.2008	74

05. ATTRACTING AND RETAINING TALENT IN A MULTINATIONAL COMPANY

ENDESA's action to position itself as an employer of choice which attracts talent evolves as the needs of its business change, taking into account the diverse social, economic and demographic situations in which it operates. ENDESA subsidiaries operate in labour markets which are increasingly more globalised and competitive, and face difficulties trying to stand out from competitors and find quality candidates at the right time to cover vacancies in the business.

In 2008, ENDESA defined its Global Talent Attraction Policy within the framework of its Talent Management Policy, which updates its value proposition for future employees, making it stand out and ensuring it remains credible and consistent with internal practices.

05.1. NEW JOINERS AND LEAVERS

In 2008, a total of 2,054 professionals joined the various ENDESA Group companies. The majority of these new recruits are less than 35 years old (61.6% in Corporate, 78.7% in Spain and Portugal, and 72.3% in Latin America); females in Corporate (52.8%) and males in Spain and Portugal (71.3%) and in Latin America (75.5%). 17% of all new recruits were in Spain, 32% in Chile, and 20% in Brazil. During the year, 691 selection processes were conducted in Spain to fill 850 vacancies. Some 181 interns were also taken on by the company (103 females and 78 males), 54% of which worked in the Energy and Generation lines of business.

During the year, 1,135 professionals left the company voluntarily or through dismissal or retirement. Leavers from Corporate and in Latin America mainly comprised under 35 year olds (53.5% and 44.3%, respectively); while in Spain and Portugal, they were primarily aged 45 to 54 years old (48.4%). 57.7% of those leaving Corporate were female, while 89.9% in Spain and Portugal and 78.6% in Latin America were male.

An analysis of total recruits and leavers shows that between 2007 year end and 2008 year end, the female workforce grew by 0.7%, the proportion of under 35 year olds rose by 0.5%, and there was a 1.3% increase in over 55 year olds.

Staff turnover in Spain

	Staff turnover (in absolute terms)			Staff turnover rate (%)		
	2006	2007	2008	2006	2007	2008
Male	47	66	172	0.38	0.52	1.28
Female	10	14	25	0.08	0.11	0.19
< 30 years old	2	3	19	0.02	0.02	0.14
30-50 years old	38	51	137	0.31	0.4	1.02
> 50 years old	16	26	41	0.13	0.2	0.30

05.2. INTEGRATED TALENT MANAGEMENT

During 2008, ENDESA continued with the work on Integrated Talent Management it started in previous years, by intensifying and expanding the systems it has developed to manage talent in the different areas of operation, since talent management is one of the cornerstones of its sustainable development and human resources strategy.

Integrated Talent Management

Attracting talent
Selection and integration
Identification and management of talent
Development
Remuneration

In order to support this Integrated Talent Management model, ENDESA has developed its Nostrum Personnel Management System in recent years, which is SAP-based and is currently in use by all group companies. The objectives set for the extension of this system were as follows:

1. Integrate management and efficiency of human resources development processes.
2. Decentralise the human resources function to managers and workers.

In order to meet the first objective, the system supports the management of processes including selection; training; remuneration; skills, performance and potential assessment; and individual development plans, as well as storing all the information on individuals and the organisation.

To fulfil the second objective, self-service applications have been devised which enable managers and workers to play an active role in each of the processes linked to Integrated Talent Management.

In 2008, efforts focused on functionalities related with selection, identifying potential, and managing individual development plans, which were reflected in the corresponding self-service applications.

05.2.1. New policy to attract talent

ENDESA's efforts to attract the necessary talent to the organisation led it to devise a Talent Attraction Plan in 2008.

This proposal sets out global guidelines on action to ensure the different group companies devise plans and measures at local level which help to strengthen the brand's position as an employer of choice.

In this regard, and as explained above, 691 selection processes were conducted during 2008 to fill 850 vacancies, while 181 interns were taken on by the company. Numerous measures were also taken to identify the strengths, weaknesses and

opportunities of the organisation with regard to attracting talent. This information enables strategic action to be taken in the future to increase the organisation's ability to attract talent.

Employer of Choice brand analysis (6 countries)

This analysis was conducted during 2008 to analyse public awareness of ENDESA's local brands and to what extent they attract talent, as well as the impact of associating local brands with the ENDESA brand. The attributes which are the most attractive, make ENDESA stand out from competitors, and have the greatest degree of credibility have also been identified.

Talent Attraction Internal Survey (perception of human resource managers)

This work has enabled ENDESA to identify the main problems associated with recruiting and attracting talent in each country, and the most critical profiles and recruitment strategies used to date.

Diagnosis sessions with managers in charge of personnel selection/development in each of the group's companies/countries

These sessions have permitted ENDESA to identify the challenges faced in attracting talent and the possible measures that can be adopted to improve the brands' position in relation to attracting talent.

Preliminary identification of main attributes of Employer of Choice branding

These attributes support the "Architecture of Sustainability Messages".

Analysis of Working Environment/Culture/Commitment Survey

Analysis of employees' perception of ENDESA as "an excellent company to work for" based on the results of the Working Environment-Commitment Survey conducted in December 2007.

05.3. ASSESSING PERSONNEL DEVELOPMENT: 360° FEEDBACK

In 2008, ENDESA continued to implement and extend the personnel development evaluation systems: 360° Feedback. ENDESA has three types of application catering for three different target groups:

- People Leadership: 360° Feedback applied in the corporate leadership programme aimed at the company's executives.
- People Leadership: 360° Feedback applied in local management development programmes. This process targets HR managers.
- Personal and Natural Team Development. 360° Feedback targeting natural teams.

All these systems have been designed by ENDESA based around the company's generic management competences and values, and have been designed to achieve the following:

- Personal/professional development and growth through self-awareness.
- Increase motivation and commitment.
- Optimise the results of each business unit.
- Encourage the formation of teams.
- Improve the working environment.

In 2008, this system was applied in three business units: the Corporate Audit Department, representing this department's second application; units pertaining to the Human Resources Department, as part of the cultural change management, learning and reflection programme; and ELSA (leader in Spain of the Latin America business).

Over 100 ENDESA employees have been evaluated through 360° Feedback.

05.4. REMUNERATION POLICY

ENDESA's remuneration policy is designed to generate value and is linked to the company's strategy, culture and values. Remuneration is specifically linked to results, individual contribution and the potential of each employee. Remuneration

is calculated based on individual merit and the status of local labour markets, and tends to be close to the average in each reference labour market.

The collective labour agreements in force in ENDESA establish minimum salaries for employees based on their professional category, while differences in salary due to gender are not permitted.

Annual remuneration by professional category in ENDESA (thousands of Euro)

	2007	2008
Managers and university graduates	40.2	41.21
Employees with college diplomas	38.75	39.72
Middle management	32.34	33.15
Administrative staff and manual workers	24.25	24.86

Forecast Spanish CPI + 0.5%, as per collective labour agreement.

05.5. PENSION PLAN AND SOCIAL BENEFITS

32,832 of the ENDESA Group's employees are covered by its pension plan, the commitments of which exceed Euro 2,784 million.

ENDESA has externalised all its pension commitments in those countries where this is mandatory.

ENDESA's pension commitments totalled Euro 4,219 million at the end of 2008. Of this total, Euro 2,564 million corresponds to pension plans, Euro 1,535 million to commitments with active and retired employees through insurance policies, and Euro 120 million to severance payments.

In total, ENDESA has pension commitments with more than 62,500 persons. This total is comprised of current and former employees, employees taking early retirement, and retired employees.

ENDESA offers its employees a series of social benefits in addition to those it is required to provide by law. These include study grants, help with mortgage loans, the supply of electricity, a 55% subsidy on meals, and life insurance and healthcare, for which ENDESA assumes 100% of the costs at a total outlay of Euro 42.3 million.

05.6. STRIKING A BALANCE BETWEEN PERSONAL, FAMILY AND PROFESSIONAL LIFE

Since 2007, ENDESA has had a Work-life Balance Policy and a Corporate Action Plan applicable to all its businesses.

Conciliation

Equal Opportunity Plan (ENDESA)
Workplace Harassment Prevention Plan (ENDESA)
Disabled People Integration Plan (ENDESA)
Family-friendly Company (ENDESA)
Ben Viver (Good Living) Programme (Ampla)
Viva Mejor (Live Better) Programme (CAM)
Company and Family Programme (Edelsur)
Returning After Childbirth Programme (Chilectra)
Welfare Programme (Emgesa)
Conciliation Plan Programme (Endesa Chile)

MOST SIGNIFICANT CONCILIATION PROGRAMMES AND PROJECTS AT GLOBAL LEVEL

The following activities have been noteworthy during 2008:

- First conciliation survey/diagnosis.
- Extension of Family-friendly Company certification to entire business in Spain and Portugal.
- As a result of this business's action plan, all employees received a book entitled La Pirámide Hueca (The Hollow Pyramid) promoting awareness of the work-life balance.
- Start of process to design an on-line course aimed at all employees to encourage discussions about the work-life balance.
- Pilot conferences on conciliation run by the Human Resources Department.
- Incorporation of a "Family-friendly Company" team comprising personnel from all lines of business and regions.

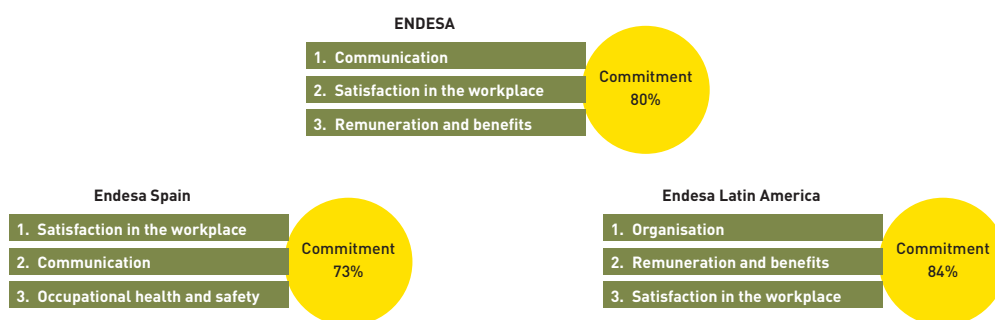
06. BOOSTING EMPLOYEE COMMITMENT AND SATISFACTION

ENDESA is continuously increasing efforts to find out about its employees' opinions and concerns. To this end, it performs various consultation processes and surveys aimed at identifying users' views on and levels of satisfaction regarding the different management processes and systems, which provide valuable results which can be used to make ongoing improvements.

06.1. WORKING ENVIRONMENT AND COMMITMENT SURVEY

In the first half of 2008, presentations were made to the different management committees of the businesses, lines of business and companies in all areas in which the company operates, describing the overall and specific results of the Working Environment and Commitment Survey. Over 30 presentations were given in total, which ended with a proposal for possible critical action points.

The overall results and results by business concerning commitment and the factors affecting it were as follows:



The global action plans also established the following improvement points:

- Increase and improve communication: managers to communicate strategy and guidelines for action within the organisation.
- Increase and improve cross-organisation collaboration: optimise knowledge of projects and functions and collaboration between units.
- Improve efficiency: internal management processes, resource allocation and time management.
- Development of a recognition of merit culture (financial and non-financial).

- Piloting of a Global and Integrated Working Environment and Commitment Balanced Scorecard: management and monitoring of objectives, indicators, goals and action plans at all levels of the organisation, linked to planning and performance management.
- Identification of local improvement plans (business lines-region/country-company).

These measures will be rolled out and a preliminary assessment of objectives and targets will be performed during 2009.

06.2. SYSTEM AND PROCESS QUALITY

Another way in which ENDESA controls the working environment and employee satisfaction is by evaluating the quality of its systems and processes.

At the end of 2008 the Perceived Quality Survey was carried out for management and employee self-service points in Colombia and Peru. The overall level of employee and management satisfaction was 3.5 out of 5.

06.3. CHANNELS FOR COMMUNICATION WITH EMPLOYEES

During 2008, a significant effort was made by Human Resources to promote the use of personalised e-mail and sending documentation related with personnel management systems and policies directly to employees' inboxes.

- **Human Resources Policies** All employees have been given access to the human resources policies through all the group companies' intranets and a personalised mail shot. All members of the company's management and executives have also received hard copies of these policies through a "HR Policies Box".
- **Management Processes Guide** At the same time as the global management processes (Performance Management and Talent Management) were launched, a considerable effort was made to ensure that everyone involved receives associated help guides and documentation. This information has been published on intranets and sent by mail shot, while hard copies have also been distributed. Awareness campaigns have also been conducted.
- **ECOS** The number of collaborative workspaces (ECOS) has increased considerably. 366 ECOS currently exists, which are used by 12,140 employees throughout the company.
- **Self-service points** The channels designed to establish lines of communication with employees include the Employee and Manager Self-service Points which are integrated into the Nostrum Human Resource Management System.

During 2008, work focused on improving functionality related with selection processes, evaluating potential, individual personal development plans, and occupational health and safety.

06.4. CLIMATE OF DIALOGUE AND COLLECTIVE AGREEMENT

ENDESA maintains a policy of dialogue and collective agreement as part of its long-standing respect for freedom of association.

In order to reinforce this policy, in 2008 ENDESA drew up a Social Dialogue Policy, which helps to consolidate its Labour Relations Model, and includes the five principles which it applies to collective agreements in the company: legality, equality, trust and good faith, freedom of association, and consensus.

In Spain, the main measures set out in the third ENDESA Framework Agreement in force since April 2008 ensure that workers' representatives are informed sufficiently in advance of organisational changes; explaining the reasons for the changes and their likely impact on employees.

92% of employees in Spain, 64% in Argentina, 49% in Chile, 81% in Brazil, 70% in Peru, and 42% in Columbia are covered by a collective labour agreement.

<i>Employees covered by a collective labour agreement (%)</i>	
Spain	92.2
Latin America	61.2

<i>Employees who are members of a trade union (%)</i>	
Spain	50.2
Latin America	61.2

07. ENDESA; COMMITTED TO DIVERSITY AND EQUAL OPPORTUNITY

For ENDESA, managing diversity means valuing, promoting and encouraging differences in thinking, gender, culture, abilities and generations between employees as a tool for enrichment, innovation and learning for the organisation and for employees themselves.

ENDESA female workforce(% of total)

	2006	2007	2008
Spain	15.6	17.2	18.07
Latin America	17.0	16.9	22.82

Structure of ENDESA's workforce by gender and professional category in 2008

	Spain				Latin America			
	Male		Female		Male		Female	
Managers and university graduates	2,663	19.74%	750	5.56%	229	1.79%	22	0.17%
Employees with college diplomas	3,243	24.04%	587	4.35%	1,063	8.29%	240	1.87%
Middle management	3,049	22.60%	520	3.86%	0	0.00%	0	0.00%
Administrative staff and manual workers	2,096	15.54%	580	4.30%	8,606	67.11%	2,664	20.77%
TOTAL	11,051	81.93%	2,437	18.07%	9,898	77.18%	2,926	22.82%

Following the approval of the Corporate Diversity Management Policy, in 2008 the pertinent action plan was rolled out.

The most significant measures taken include the creation of ENDESA's Diversity Strategy Committee, which is responsible for implementing corporate policies in this area. This committee is in charge of defining strategic priorities, setting global objectives, designing corporate programmes and projects, giving support to the plans and programme specific to each business, and measuring the impact in all areas using ENDESA's Global Diversity Balanced Scoreboard created to monitor the main indicators relating to diversity management and equal opportunities.

The company is reinforcing the roll-out of this policy through specific management training measures, the most noteworthy of which are as follows:

- Signing of a collaboration agreement with Catalyst and joining the European Management Committee.
- ENDESA's involvement as a founding company of the Diversity Charter Spain.
- ENDESA's participation in the European research project promoted by Eurelectric on demographic change in the European electricity sector. This research has been designated as a benchmark in Europe.

07.1. ENDESA REINFORCES EQUAL OPPORTUNITIES MANAGEMENT

Personnel in the Spanish electricity sector are traditionally male, which is reflected in the profile of ENDESA's workforce. Consequently, ENDESA in Spain, Endesa Colombia, Edesur (Argentina) and Enersis (Chile) have been working to ensure that their personnel selection processes guarantee equal opportunities. A good example of this is the composition of the Endesa Peru Management Committee, 50% of who are female.

The Diversity and Equal Opportunities Strategic Committee is responsible for developing policies and measures in this area.

ENDESA approves its Equal Opportunity Plan

Spanish Organic Law 3/2007 of March 22, 2007 governing effective gender equality requires companies with over 250 employees to establish an equal opportunity plan comprising measures to achieve equality in treatment and opportunities for both males and females in an orderly and systematic manner.

During 2008, ENDESA agreed to the Equal Opportunity and Conciliation Plan with trade union representatives, which is included in Chapter Nine of the Third ENDESA Collective Framework Agreement.

ENDESA's Equal Opportunity Plan is the result of the willingness of the company and workers' representatives to guarantee that policies aimed at guaranteeing equal treatment and opportunities for both males and females are applied effectively, and that measures to promote a healthy work-life balance are implemented.

ENDESA regards any act of discrimination as a serious offence which must be dealt with by the bodies established in its codes of conduct. During 2008, no complaints about discrimination were filed.

Other measures against discrimination include the following:

- Measures regarding human resources policy: positive discrimination to employ females, encouraging and involving women in training in traditionally male-dominated areas, encouraging the appointment of women to senior posts, the eradication of sexual harassment and/or gender-based discrimination..
 - Conciliation measures: improvements to legislation regarding paid leave, leave for childcare purposes, travel, etc.
 - Flexible timetables and possibility of splitting full working day into two shifts.
 - Protection for pregnant women, maternity and paternity leave.
 - Protection provided to victims of domestic violence: economic support and professional help.
 - Protocol in the event of sexual harassment and/or gender-based discrimination.
-

In Latin America, the projects implemented by Edesur (Argentina) through the Company and Family Programme which has been run since 2003, stand out among practices aimed at equal opportunities for women and the commitment to quality of life. These projects focus on promoting the development of tools which help women into the workplace.

The policy in place in Endesa Brazil companies of hiring and promoting employees during maternity periods and providing maternity leave of 180 days also stands out. These work practices have resulted in Ampla being ranked as one of the best companies in which women work by the Great Place to Work Institute.

In Chile, Enersis, Endesa Chile and Chilectra were included among the eTen Best Companies for Working Parentsí. Such recognition results from practices such as the inclusion in all the company's internal regulations and Code of Conduct of the principle of equal opportunities and non-discrimination; the signing of a "Good working practices and gender equality agreement" with SERNAM, and various measures relating to the gradual return to work from maternity leave, flexible hours, breast feeding facilities, and education for parents and support for their families.

07.2. INTEGRATION PLAN FOR PEOPLE WITH DISABILITIES

In 2008, ENDESA strengthened measures in this area by incorporating a multi-disciplinary team dedicated exclusively to drawing up a Disabled People Integration Plan for People with Disabilities.

This plan has the following objectives:

- Ensure compliance with legal requirements.
- Develop and implement measures which complement Corporate Social Responsibility.
- Provide an integrated response to the current social climate and the situation in each area (sustainability/diversity/equal opportunities).

The most significant milestones have been:

- Signing of collaborative agreements with foundations promoting the employment of disabled people.
- Establishment of a procedure to make donations to foundations specialising in integrating disabled people into society and the workplace, thereby ensuring compliance with prevailing legislation through alternative channels.
- Hiring of 21 disabled people through direct employment or temporary employment agencies.
- Establishment of a communication plan related with this plan.

07.3. THE UN GLOBAL COMPACT: LABOUR STANDARDS AND THE PROTECTION OF HUMAN RIGHTS

ENDESA adheres to the Global Compact, which strengthens the protection of human rights within the sphere of influence of the company and its subsidiaries by complying with the first two principles of the Global Compact. Principles 3, 4, 5 and 6 of the Compact also relate to labour standards.

The company's Seven Commitments to Sustainable Development and the ENDESA Sustainability Policy contribute to ensuring these principles are fulfilled. Such commitments include those relating to the health and safety and personal and professional development of those working in the company, the commitment to good governance and ethical conduct, and the commitment to social and economic development in the societies in which ENDESA operates.

ENDESA expressly condemns child and forced labour through its Code of Conduct, and extends this commitment to its suppliers. It also ensures that all its contractors comply with the prevailing legislation in the countries in which it operates.

In December 2008, the company approved new internal regulations for the procurement of products, works and services. These regulations are applicable to the entire group and replace the individual procedures previously used in Spain and Latin America, simplify procurement processes, and are adapted to ENDESA's current situation and new commitments, such as Law 31/07, the principles of Corporate Social Responsibility, and the obligations arising from the UN Global Compact.

In 2008, ENDESA was included on the list of companies with a human rights statement and/or policy by the Business & Human Rights Resource Centre, along with 237 other multinationals. The Resource Centre is an independent, international non-governmental organisation which works in association with Amnesty International and prominent academic institutions. Mary Robinson, former United Nations High Commissioner for Human Rights and President of Ireland, is chair of this international advisory network.

ENDESA is among the most active companies in implementing the labour and human rights standards established in the UN Global Compact.

08. GLOBALISATION OF MANAGEMENT MODEL FOR OCCUPATIONAL HEALTH AND SAFETY

ENDESA believes that occupational health and safety (OHS) is a basic principle which should be guaranteed across the whole of its organisation and has therefore, publicly declared its commitment to the health, safety and personal and professional development of those people who work for ENDESA. It fulfils this commitment by implementing a wide range of initiatives to achieve excellence and be an international benchmark in this area.

At the 2008 year end, all indicators confirmed the downward trend in occupational accidents in the company. The frequency index for accidents among ENDESA employees, which measures the number of accidents requiring sick leave for each million hours worked, stood at 3.02% in 2008, an improvement of 66.8% since 2004.

In 2008, ENDESA surpassed the occupational health and safety targets it established for 2012.

A major part of ENDESA's activities in relation to OHS are conducted under the umbrella of the Apolo Project; a long-term corporate initiative (2005-2012) which integrates all the OHS projects being conducted in ENDESA's businesses and companies around the world, in order to radically improve OHS in the company.

The project was started in 2005 with a diagnostics phase lasting until 2007, followed by an implementation phase which will run to 2010. A period of continuous improvements will then begin, aimed at transforming the company into the world's leading electric utility in terms of OHS.

The Apolo Project has entailed a wide range of activities. As part of the Apolo Latam subproject, ENDESA companies and businesses in Latin America have launched a wide array of initiatives to implement corporate OHS guidelines. The 2005-2009 Praevenio Plan in Spain and Portugal, which has the same objective but under a different name, has proven its worth by making a decisive contribution to ENDESA becoming an OHS benchmark in Spain. Following this initial success, the 2008-2012 Praevenio Plan was been drawn up, which takes a more proactive approach. It combines prevention with a social focus and adopts as a key pillar of both approaches, the idea of occupational health - understood as "social well-being" and not just low sick leave rates.

The Praevenio Plan has involved more than 100,000 health-related initiatives in the area of occupational healthcare aimed at improving health, health risk prevention, medical checks, medical care, and health inspections as part of the various plans to tackle stress, muscular-skeletal problems, cardiovascular illnesses, diet, smoking, alcohol and other drugs, the prevention of carcinomas, sedentary lifestyles, (temporary and permanent) sick leave, and the social well-being of employees.

In 2008, ENDESA approved the 2008-2012 Praevenio Plan to consolidate the company as a benchmark in occupational health and safety in Spain.

Occupational health and safety for own personnel and contractors

ENDESA's occupation health and safety policy stems from the company's Vision and Values and its Seven Sustainable Development Commitments. These documents also provide the inspiration behind ENDESA's Occupational Health and Safety Management Model.

ENDESA's vision and its corporate values explicitly refer to OHS. The company's vision in this regard is reflected as follows: "To be an operator in the energy business and related services, focusing on electricity; a multinational company that is responsible, efficient and competitive, committed to safety, health and the environment; and a company which is capable of competing globally."

ENDESA has extended the same OHS conditions everyone who works for the company, whether they be ENDESA's own personnel or employees of contractors.

The main measures related with occupational health and safety are implemented through the following lines of activity:

ADVANCES IN IMPLEMENTING OHS MANAGEMENT SYSTEMS AND OBTAINING OHSAS 18001 ACCREDITATION

At the 2008 year end, all ENDESA electricity generation and distribution companies in Latin America had obtained OHSAS 18001 accreditation for their OHS management systems. In Spain and Portugal, all Endesa Generación centres are OHSAS 18001-accredited, while 80% of the areas of Distribution, Endesa Energía's Madrid and Barcelona centres, and Endesa Servicios' Madrid, Barcelona, Seville and Saragossa centres have obtained this accreditation.

IMPLEMENTATION OF DELFOS PROJECT

During 2008, the work to install the Delfos Information System, which commenced in Spain in the previous year, was extended to the other countries in which the company operates. This system comprises an IT platform designed to manage all information generated in relation to the occupational health and safety of ENDESA's own personnel and employees of contractors. It therefore comprises a standard tool for all ENDESA companies, although certain specific local characteristics exist due to differences in occupational health and safety legislation between countries. This system has been gradually installed throughout Latin America; starting in Columbia and followed by Peru and Brazil. It is slated to be installed in Chile and Argentina during 2009.

PSYCHOSOCIAL RISK AND HEALTH MANAGEMENT

As part of Spain and Portugal's Praevenio Plan, an analysis of psychosocial risks has been conducted in Endesa Generación, Gesa Generación, Unelco Generación, Endesa Cogeneración y Renovables and Saltos de Nansa, covering 3,200 people. Further analysis of risks in coal-fired power plants, A, B and C type power plants, combined cycle power plants and hydraulic power plants has also been performed.

In Latin America, the programmes designed to manage risks to which employees are exposed have continued, including epidemiological surveillance, prevention of muscular-skeletal injuries, the risk of cardiovascular illnesses, UV radiation, alcohol and other drugs, tobacco, cancer prevention among women, and prevention of sexually-transmitted diseases. Health risk controls are also performed, such as those conducted in relation to lighting and electromagnetic radiation.

In relation to psychosocial risks, Latin American companies continue to conduct psychological evaluations and, if necessary, psychiatric analysis; social support for workers or family members with long-term illnesses; coaching workshops; stress surveys and follow-up of results; and psychosocial risk analysis in relation to dangerous activities.

OHS TRAINING AND AWARENESS RAISING

International Occupational Health and Safety Workshops continued to be run for ENDESA executives during 2008, with a total of 17 sessions being held in Spain, Chile, Colombia, Brazil, Peru and Argentina, attended by 553 executives.

As part of the Praevenio Plan in Spain and Portugal, four awareness workshops were also held during 2008 for 480 executives and team managers, as well as a number of courses totalling 150,000 training hours (28.1% of all OHS training hours provided during the year).

Most of the OHS training in Latin America took place within the respective company management programmes. Some companies organise or participate in so called OHS "rodeos", which aim to encourage safe practices through competition.

IMPLANTATION OF PREVENTIVE INDICATORS

Subsequent to completing the process of introducing impact indices (frequency index, seriousness index, absentee rate, and number of fatal accidents) in 2007, work continued in Latin America during 2008 to implement the key preventive index, referred to as the Índice de Prevención de Accidentes Laborales (Occupational Accident Prevention Index) quantifying the risk detected during surveys and inspections of operating activities, and establishing the procedure for performing workplace inspections and surveys.

100% of Latin American electricity distribution companies and CAM completed the procedure required for the Occupational Accident Prevention Index, following up on findings through recognition and sanction programmes. Many contractors of this line of business have also adopted the same methodology as a proactive strategy for controlling risks which could lead to occupational accidents. 100% of electricity generation companies and Ingendesa also implemented the Occupational Accident Prevention Index during 2008, performing not only workplace inspections in the area of distribution, but also inspections of installations.

COMPLIANCE AND CONTROL AUDITS

In order to comply with the Spanish Occupational Health and Safety Law, 49 audits of OHS management systems were conducted in the different work centres in the Spain and Portugal business. All the centres audited received accreditation. 61 audits of OHSAS 18001-adapted OHS management systems were also audited, with 59 receiving accreditation.

In Latin America, all OHSAS 18001-accredited companies fulfilled the commitment to perform internal audits and follow-up audits by the certifying agency. Personnel qualified in risk prevention also inspected work centres and installations as part of the process to confirm in situ, compliance with occupational accident prevention criteria using the Occupational Accident Prevention Index methodology. In Distribution and CAM, over 8,300 inspections of own personnel and contractors were completed, while over 100 individuals were inspected in Ingendesa, all of whom were contractors. In Generation, approximately 200 installations were inspected, along with almost 600 own personnel and contractors.

08.1. ENDESA, COMMITTED TO THE HEALTH AND SAFETY OF SUPPLIERS AND CONTRACTORS

Contractors account for more than 70% of the workforce associated with ENDESA.

In accordance with its integration policy, in 2008 ENDESA held the second round of international Apolo Awards for contractors, the objective of which is to promote excellence in OHS management and develop new initiatives in this area.

These awards enable ENDESA to show its public commitment to the OHS of all people working in or for the company, whether they be part of its own workforce or contractors. It also helps foster a culture of risk prevention across the board.

Awards were given to the following companies proposed by an independent international panel of judges and ratified by ENDESA's Management Committee:

- Apolo Award for the initiative entitled "Best practice in work at height or in confined spaces" implemented by Skanska del Perú, S.A. in recognition of achieving standardised planning and action in the event of an accident.
- Apolo Award for the initiative entitled "SK standards for preventing fatalities" implemented by the engineering and construction company, Sigdo Koppers, S.A. in recognition of the impact it has had on the company's culture and its occupational health and safety management system.
- Apolo Award for the "Virtual sub-station" initiative of Isastur, S.A. in recognition of the new technologies it has applied and the fact that it can be transposed onto other companies as a best practice.

As well as these awards, all Endesa companies conducted programmes to recognise best OHS practices among their contractors.

Additionally, as part of the Praevenio Plan of the Spain and Portugal business, over 33,000 tasks were reviewed to ensure contractors complied with occupational risk prevention standards. Work also continued through the Alliance with Contractors Project, which aims to communicate ENDESA's culture of prevention to workers hired by contractors in the Canary Islands, the Balearic Islands, Aragon, Andalusia, and Catalonia served by Endesa Distribución; in the work carried out by Ingeniería Generación in the Litoral thermal power plant in Almería and in the Besós combined cycle power plant; in the Litoral thermal power plant in Almería, Melilla, Ceuta, Ponferrada and Catalonia served by Endesa Generación; and in Catalonia by Endesa Servicios.

A significant part of the work to manage OHS among contractors is conducted in Latin America, due to the high volume of workers from contractors (who account for 77% of the workforce of Endesa companies in the region).

During 2008, a total of 150 audits of companies conducting activities involving risk were completed during 2008 to verify the quality of their management programmes, and confirm they are implemented, local OHS standards are met, contractual clauses are honoured, occupational incidents and accidents are appropriately reported on a timely basis and subsequently investigated, etc.

Contractor management programmes have also been developed and improved, which include programmes designed to avoid electrical risk and falls, promote road safety, ensure the safe lifting of loads and people, etc.

In order to guarantee that all workers providing services to ENDESA are aware of its OHS Policy and bring this policy into line with the policies of the companies for which they work, periodic meetings are held with these individuals, as well as technical meetings with the OHS, general and operations managers in their respective companies.

08.2. THE RESULTS OF A SUSTAINED EFFORT

ENDESA's occupational accident indices during 2008 were as follows:

- **The accident frequency index among ENDESA employees**, which measures the number of accidents requiring sick leave for each million hours worked, stood at 3.02% in 2008, a 40.2% improvement compared to 2007 (5.05%).
- **The index of severity of workplace accidents involving ENDESA employees**, which measures the number of days of accident-related sick leave for each million hours worked, showed a 41.2% improvement (121.57 in 2008 against 206.58 in 2007). A total of 5,794 calendar days were lost due to occupational accidents, approximately 0.1% of total time worked.
- **Absenteeism for non-work related accidents and common illness among ENDESA employees**, measured as a percentage of work days lost for such causes, stood at 2.54, a fall of 12.7% on 2007's figure of 2.91.
- **There were 12 workplace fatalities in 2008:** one ENDESA employee, who died from natural causes, and eleven sub-contracted workers. This is down 25% on the average of the last four years.

The improvement in OHS indicators achieved in prior years continued throughout 2008.

The most significant changes in these indicators by business are as follows:

- The accident frequency index fell 50.6% (2008: 3.75 versus 2007: 7.59) in ENDESA's Spanish electricity and mining business, and 10.2% in the Latin American business (2.47 versus 2.75).
- The index of severity dropped 43.2% in the Spanish electricity and mining business (230.68 versus 406.13) and 14.2% in Latin America (38.84 versus 45.26).
- Absenteeism for non-work related accidents and common illnesses fell in both businesses. It fell by 7.7% (2.98 compared to 3.23) in the Spanish electricity and mining business, and dropped by 19.6% (2.09 versus 2.60) in Latin America.

Accident rate (frequency index) Employees*

	2006	2007	2008	% chg. 2008/2007
Spain	9.80**	7.59**	3.75	-50.6
Latin America	3.19	2.75	2.47	-10.2
Others**	14.2	8.04	—	—
TOTAL	6.45	5.05	3.02	-40.2

* Accident rate/frequency index: Number of accidents resulting in sick leave of more than one day, per million hours worked.

** Electricity & mining

Index of severity () Employees*

	2006	2007	2008	% chg. 2008/2007
Spain	451.09	406.13	230.68	-43.2
Latin America	57.2	45.3	38.84	-14.2
Others**	428.6	245.13	—	—
TOTAL	245	206.58	121.57	-41.2

* Index of severity: number of sick leave days resulting from workplace accidents, per million hours worked.

** Electricity & mining

Number of fatal accidents

		2006	2007	2008
Spain	ENDESA employees	4	0	1
	Sub-contracted workers	4	2	1
Latin America	ENDESA employees	0	0	0
	Sub-contracted workers	10	7	10
TOTAL	ENDESA employees	4	0	1
	Sub-contracted workers	14	9	11

Absenteeism for non-work related accidents and common illnesses () Employees*

	2006	2007	2008
Spain	3,2**	3,2**	3
Latinoamérica	1,9	2,6	2,1
TOTAL	2,9	2,9	2,5

* Percentage of work days lost due to common illnesses and non-work related accidents

** Electricity & mining

Efficiency and innovation

[Striving for technological leadership]



ENDESA has an advanced technological capacity and is highly innovative in the electricity sector. ENDESA's scientific-technical, institutional and financial capacity is contributing to the necessary transition to a new low-carbon, efficient and environmentally-friendly energy supply system.

ENDESA is focusing on efficiency and innovation to increase its commitment to energy efficiency and the development of a new sustainable business model, which is set out in its 2008-2012 Strategic Sustainability Plan.

ENDESA will mobilise 1.2% of the company's EBITDA for R&D&I and will strive to maximise collaboration with and contributions from third parties.

In context

In its recent report entitled "Power to Change", the World Business Council for Sustainable Development (WBCSD) emphasised the importance of developing innovative technologies to meet global energy objectives. The energy sector needs new technologies to improve efficiency and reduce carbon intensity in its energy mix, if it is to ensure electricity is available to all and reliable infrastructures are built which form the foundations of local development. One of the keys to achieving these technological advances is the ability to mobilise resources and form partnerships with other agents.

ENDESA's Approach to Sustainability

ENDESA maintains its commitment to efficiency in its new Sustainability Plan. Efficiency is a key value for ENDESA's business. Improving efficiency equates to consuming fewer natural resources (fuels, energy and process water), fewer impacts on the environment (carbon dioxide emissions, etc.), lower production and service costs, and a greater ability to meet energy demand.

ENDESA is dedicated to technological innovation in its search for higher levels of efficiency and specific solutions to the challenges faced during the transition to a sustainable energy model.

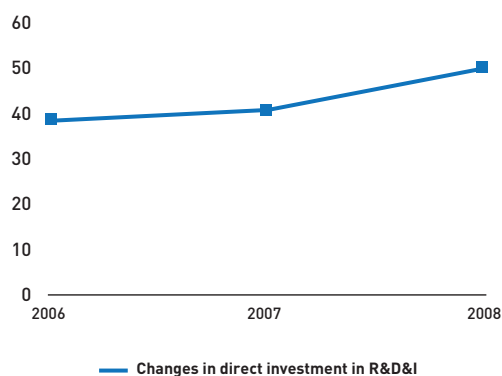
This commitment is articulated through the four strategic objectives outlined in the ENDESA Strategic Sustainability Plan:

- Maintain a portfolio of R&D projects which meet the challenges faced by each business in terms of the type and volume of investment made.
- Become a leader in technology which underpins and enables ENDESA's strategic vision to be realised.
- Promote ENDESA's internal image as a highly innovative company.
- Ensure that ENDESA is recognised externally for its technology and innovation.

Trends

Every year, ENDESA increases its direct investments in R&D&I projects.

Direct investment in R&D&I (Millions of Euro)



€ 51 million invested in R&D&I in 2008,
€10 million more than in 2007

€ 78 million mobilised through R&D&I
own projects and consortiums

4 Novare Award projects aimed at the
scientific community, **29** CIDE projects
launched in conjunction with suppliers

01. RESEARCH, DEVELOPMENT AND INNOVATION FOR CLEANER ENERGY

Lower rainfall in part of the year triggered higher load factors at ENDESA's thermal power plants. ENDESA handled 14.12 million tonnes of coal in 2008, a year-on-year decrease of 21.9%. With regard to liquid fuels, the company handled 1.73 million tonnes of fuel-oil (1.5% more than in 2007) and 1.16 million tonnes of diesel (down 7%).

These decreases in the quantities of coal and liquid fuels used were due to lower consumption as demand for electricity decreased. ENDESA also supplied 1.6 million tonnes of coal to third parties.

Finally, Endesa Generación managed 2.16 bcm of gas for CCGT consumption and 0.15 bcm for consumption by bio-fuel thermal power plants. Gas supplied for sale by Endesa Energía stood at 3.29 bcm and the volume supplied to third parties was 0.08 bcm.

FUEL SUPPLIED TO ENDESA, INCLUDING OWN PRODUCTION

Fuel supplied to ENDESA in Spain and Portugal, including own production

Type of fuel	2007	2008	% chg. 2008/2007
Spanish coal (thousands of tonnes)	7,413	5,081	-31.5
Imported coal (thousands of tonnes)	10,411	8,801	-15.5
Oil coke (thousands of tonnes)	266	242	-9.1
Liquid fuels (thousands of tonnes)	2,959	2,897	-2.1
Natural gas biofuel plants (millions of m ³)	128	151	18.8
Natural gas, combined cycle plants (millions of m ³)	1,532	2,165	41.3

Fuel consumption in Latin America

Type of fuel	2006	2007	2008
Fuel oil (thousands of tonnes)	436.4	545.6	495
Natural gas (millions of m ³)	3,389.4	3,314.9	3,355
Coal (thousands of tonnes)	747.4	1,051.6	1,056
Gas oil (millions of m ³)	87.8	1,428.9	1,205

Energy consumption in Spain and Portugal (GWh)

	2006	2007	2008
Thermal power unit	2,563.5	3,177.7	2,695
Hydroelectric power unit	24.4	131.0	182
Nuclear power	201.0	1,067.0	1,085
Cogeneration and renewables	11.4	N/A	N/A
Distribution	56.9	84.0	N/A

Energy consumption in Latin America (GWh)

	2006	2007	2008
Thermal power unit	738.4	867.4	754
Hydroelectric power unit	239.7	185.72	212
Distribution	37.3	55.42	N/A

PROCESS WATER

Integrated water management is one of the cornerstones of ENDESA's commitment to the environment and is included in the 2008-2012 Environment Plan. The main programmes implemented by ENDESA aim to reduce consumption through efficiency measures, improve water quality by controlling spillages and waste water, and manage reservoirs to ensure that sections of rivers do not dry up.

ENDESA is continuously working to improve the rivers regulated by its hydraulic power plants by ensuring minimum environmental river flows, building fish runs, and entering into agreements with local environmental authorities to protect fish populations in general, especially salmonids.

Throughout 2008, ENDESA continued to implement its integrated environmental management programme for major reservoirs, along with projects to design, implement and monitor controlled repopulations of the lower section of the River Ebro.

Process water consumption (thousands of m³)

	2006	2007	2008
Spain and Portugal			
Thermal power unit	61,206	62,273	54,369
Nuclear power	N/A	15,116.64	15,088.79
Mining	214	931	3,310
Distribution	107	249	89
Latin America			
Thermal power unit	2,539	3,444	8,036
Distribution	510	368	268

EFFICIENCY OF THERMAL POWER PLANTS

The energy efficiency ENDESA achieves using the natural resources at its disposal is a key parameter for the company's generation business.

In recent years, ENDESA has improved efficiency indicators in all countries as a result of ENDESA's ongoing technological development and innovation.

Efficiency at thermal power plants in Spain and Portugal (%)

	2006	2007	2008
Coal-fired thermal power plants	35.52	36.29	36.04
Fuel gas-fired thermal power plants	34.15	34.79	37.64
Combined-cycle thermal power plants (natural gas)	53.53	52.55	54.41

The efficiency of ENDESA's power plants in Latin America which use liquid and gas fuels, including combined cycle power plants, was 46.10% taken as a whole.

Efficiency of thermal power plants in Latin America (%)

	2006	2007	2008
Coal-fired thermal power plants	33.24	33.77	33.12
Fuel-gas-fired thermal power plants	31.6	31.81	32.42
Combined-cycle thermal power plants (natural gas)	46.34	49.76	50.07

Endesa Chile's generation business has presented its first annual report on progress made with the Energy Efficiency Programme approved by the Management Committee in March 2008. Evaluations of the various measures were performed at 31 December 2008.

The objective of this first work programme was to position the concept of Energy Efficiency (EE) in the company as the reduction in energy used in production processes without affecting or decreasing the quality of goods and services supplied, the company's competitiveness, and people's quality of life.

During the first year of the EE Programme, the majority of the objectives proposed for the 11 projects implemented have been met.

	Weighting	Achieved	Total
1 Definition of EE indicators and establishment of baseline	20	100	20
2 Implementation of EE improvements, Santa Rosa Building	15	100	15
3 EE audit programmes in auxiliary services of power plants	15	100	15
4 Efficiency of primary generation units	10	100	10
5 Energy efficiency of new projects	4	50	2
6 Intercompany Energy Efficiency Circle	3	100	3
7 ENDESA Customer Collaboration Plan	3	100	3
8 EE in the Community	10	100	10
9 Innova Programme	9	100	9
10 Worker training	8	100	8
11 Collaboration with universities	3	0	0
TOTAL	100	0	95

Since 2005, Chilectra has implemented an Energy Efficiency Plan, which is updated each year in order to promote and reinforce this concept in the community. This plan involves three areas of action: Education, Dissemination, and Customers and Innovation.

Education. During 2008, the first University Thesis Competition was held. It was also the third year that the industrial colleges competition was run. The second Energy Efficiency Diploma was also organised in collaboration with the Mayor University, while an energy efficiency guide (The World of Energy) was published and distributed.

Dissemination. During 2008, a television campaign entitled "Chispita te aconseja" ("Advice from Sparky") was run, providing advice on the efficient use of different forms of energies and water saving. Advice continued to be provided on the back of bottles and the various magazines sent to customers. A section of Chilectra's website is also dedicated to energy efficiency and provides an interactive energy calculator.

Customers and Innovation. During 2008, work has continued to consolidate the use of thermoelectric solar energy, which provides hot water and industrial fluids from solar energy and electricity. Various products and services, such as Full Electrix and Tarifa Flexible, have been developed, energy efficient products sold, and integrated energy advice given to industrial customers.

Programme to reduce demand during peak times

Estimated capacity (MW) saved through demand programmes	2006	2007	2008
Saved demand during peak times	262	252	1,292
Estimated energy (MW) saved through demand programmes			
Saved demand during peak times	37,915	38,500	106*

* The reduction compared to previous years results from measures taken to ration energy in the country during peak times. Source: Chilectra S.A.

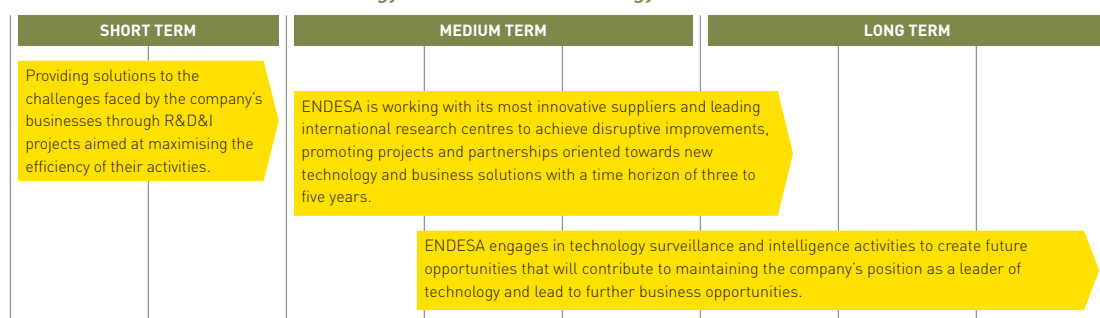
02. TECHNOLOGICAL LEADERSHIP, FUTURE ADVANTAGE

ENDESA's 2008-2012 Technology Plan, which is integrated into its Strategic Sustainability Plan, includes R&D&I projects across all its lines of business and corporate technology initiatives.

ENDESA's 2008-2012 Technology Plan: Objectives

- Allocate 1.2% of the company's EBITDA for R&D&I and strive to maximise collaboration with and contributions from third parties.
- Establish an optimal R&D&I project portfolio aimed at providing solutions for the challenges faced by the company's businesses and creating new opportunities in the future.
- Create an environment that favours collaboration with suppliers, universities and technology centres to develop new technology.
- Boost the company's technology know-how and maximise dissemination of this know-how.
- Consolidate the management system to maximise efficiency of R&D&I activities.

ENDESA's strategy in the field of technology over three time horizons



02.1. TECHNOLOGY MANAGEMENT MODEL

ENDESA's innovation and technology activities are coordinated firstly by the Services and Technology Department, which works alongside the different business lines within the company in all the geographical areas in which it operates, and secondly by Endesa Network Factory, a subsidiary specialising in R&D&I projects and activities.

ENDESA's Innovation Management Model is UNE 166002-accredited. ENDESA was the first Spanish energy company to obtain this seal of excellence.

In 2008, ENDESA consolidated its Regional Model of Innovation and new business development for Latin America, which unifies management processes, albeit taking into account the specific regulatory and business circumstances in each country.

02.1.1. Technological Intelligence Model

Project MINERVA has allowed ENDESA to consolidate the Intelligence Cell established in previous years. The company now has an advanced system for technology-related strategic decision-making, and the most advanced methods and tools for collating information and technical documentation.

During the year, a wealth of IT reports and essential intelligence documents were produced covering the technology-related areas most relevant to the company's strategic decision-making needs.

02.2. INVESTMENTS IN R&D&I

Throughout the year, the company mobilised approximately Euro 78 million for ENDESA-led R&D&I projects. The investment made directly by ENDESA in these projects and consortiums amounted to Euro 51 million, up 19% on 2007.

In 2008, ENDESA made accumulated direct investments of Euro 51 million in R&D&I projects. A total of Euro 78 million was mobilised for R&D&I during the same period.

Funds designated by public institutions to support the development of projects in ENDESA's portfolio exceeded Euro 10 million, in the form of aid, grants and interest-free loans.

03. TECHNOLOGICAL RESPONSE TO ENERGY CHALLENGES

ENDESA has a significant portfolio of R&D projects which meet the challenges faced by each business in terms of the type and volume of investment made, in order to further the achievements reached in relation to efficiency and maintain ENDESA's position as a leader of technology in the electricity sector.

ENDESA's technological innovation projects are structured around six key technology areas

Clean combustion	Generation
Renewables and energy storage	Generation
Efficiency in the use of energy	Supply
IT/ Smart Grids	Distribution
Networks	Distribution
Natural surroundings	Generation and Distribution

03.1. TECHNOLOGICAL PROJECTS ON ADVANCED DISTRIBUTION NETWORKS

Throughout 2008, Endesa Distribución has continued to focus on innovation in each of its areas of activity, making a direct investment of Euro 8 million.

ENDESA's vision in this area involves concentrating especially on low-emission sustainable energy models that effectively integrate various source of energy, primarily renewable, with distributed storage and the active participation of end consumers. Consequently, as well as developing Smart Grids, new eco-energy services could be developed that transform customers into active agents in the distribution network by enabling them to contribute distributed generation capacity and storage; provide energy efficiency management services; offer improved responses to demand, enable electric vehicles to be recharged and discharged, and boost the awareness and commitment of end consumers, etc. All these services are strategic and present ENDESA with a challenge. Nevertheless, they also represent an excellent business opportunity.

03.1.1. IT/ Smart Grids

TELECOMS

Project "Knowledge is Power-KIP". This project encompasses all ENDESA's initiatives focusing on the development of an intelligent, safe and sustainable electricity network, both in financial and environmental terms. The tasks involved are structured into two phases: Basic Smart Grid (remote management, basic virtual operator, Failure Mode Effects and Analysis) and Advanced Smart Grid (RCM, CGUM, automatic network resumption).

PRÓXIMA. A modular, scalable, flexible, easily extendable solution that may eventually cover all the needs of the distributor in a MV/LV transformer centre, from a simple fault bypass detector to full remote control.

Project Telegestión (Remote Management Project). This project aims to define, specify and develop a system for the automatic, remote control and management of electricity supply to domestic customers. Once its technical viability has been established, it will gradually bring about the transformation of some 10,700,000 home meters, thereby achieving a substantial improvement in the management, control, analysis and efficiency of electricity supply. The system will also trigger an increase in the economic efficiency and sustainability of the electricity system, as well as improving the management of non-technical losses.

Project CENIT DENISE (Intelligent, Safe and Efficient Electricity Distribution). This is the chief Spanish initiative in the area of intelligent networks. The project involves the creation of a national consortium of 16 companies and 9 research agencies under ENDESA's leadership to research and develop technologies and information systems in order to enter a new era of energy distribution.

NETWORK INTELLIGENCE

Smart City. Preparation of the proposal for a demonstration project of different technologies to be applied in a Smart Grid, concentrated in one urban area, including intelligent distribution, mini-generation and micro-generation, energy efficiency devices and active management of demand in homes and SMEs, and electric vehicles.

03.1.2. Networks

WORK ON HIGH-VOLTAGE POWER LINES AND CABLES

- High-voltage Conductors Project.
- Project to evaluate the condition and estimate the useful life of high-voltage cable networks.
- High-voltage grid asset management system based on dynamic parameters.

WORK ON ELECTRICITY SUB-STATIONS

- Electrical sub-station monitoring.
- Compact sub-station project.
- IEC 61850 Sub-station. Sub-station Bus.
- Application of RCM Model in electrical sub-stations.

WORK ON GRID AUTOMATION

- SCADA-interfaced fault bypass detection.
- Remote control with automatic breakers.
- Automated remote control with protection and closer.

WORK ON AUTOMATED MANAGEMENT OF DISTRIBUTION NETWORK

- Project ICONO (Intelligent Control Network Operation). This project aims to automate, assist and improve the work of network operators by forecasting network conditions and specifying the control measures to be taken to assure network stability and security and to achieve an optimal balance between loss reduction and higher operation costs.
- Project *CENIT DENISE (Intelligent, Safe and Efficient Electricity Distribution)* in collaboration with the Spanish Ministry of Industry.

WORK ON DISTRIBUTION QUALITY

- Mobility Plan.
- Plan to automate medium-voltage network.

WORK ON ACCESS AND METERING

- Remote control of low-voltage meters connected to Power Line Communications.
- Deployment of Project Diana (real-time functions installed in customers' homes). TDC (Tasks in Customer's Home), which will represent a significant advance on the current Service Order Module of ENDESA's commercial system.
- Project Alma. This project aims to promote meter reading management with a view to achieving improvements in terms of quality and communications with suppliers.
- Plan to provide simpler access for contractors to the company's IT systems.
- Project MIDAS (a system for forecasting non-technical losses based on data mining and artificial intelligence techniques).
- A device for detecting electricity fraud by measuring current differentials.

CENIT DENISE: Intelligent, Safe and Efficient Electricity Distribution Networks

During 2008, the second year of Project CENIT DENISE, approved by the board of the Ministry of Industry's Centre for Technological and Industrial Development (CDTI) as part of the second round of the CENIT Programme performed during 2007, was completed.

This four-year project has a budget of Euro 24 million. The aim of the project is to carry out research into distribution network control, focusing primarily on ensuring the efficient management of supply and demand and the maintenance of a secure network. The overriding purpose is to establish the framework for an intelligent, safe and efficient electricity distribution grid.

The foundations of this project were laid during the first and second years of the project through prospective surveys; establishing a general reference framework; analysing future active demand; making the necessary formal requests; and performing preliminary research and testing. A considerable part of the work performed during the first two years has involved standardising and aligning all the work conducted and to be conducted during the projects.

03.2. TECHNOLOGICAL PROJECTS ON COMMERCIALISATION AND ADDED VALUE PRODUCTS AND SERVICES: EFFICIENCY IN THE FINAL USE OF ENERGY

Endesa Energía supplies a wide range of products and services to improve energy efficiency, and is able to adapt them to the specific requirements of individual customers by performing energy assessments, temperature control projects, gas maintenance services, etc.

ENDESA considers that energy savings of between 15% and 85% (e.g. on lighting) can be achieved through the sale of these products and service, depending on the product or service acquired by the customer, and that the load curve can be shifted towards periods of demand which are cheaper.

Value proposals are currently being devised (e.g. relamping, leading to energy savings of up to 85% for customers) and educational projects (Plan E3) aimed at encouraging energy efficiency, as part of ENDESA's Energy Efficiency Plan.

Action taken during the year:

- 2009: Luminous flux regulator/stabiliser: permits energy savings (of up to 40%), reduces emissions, can be controlled remotely, lengthens useful life of lighting, cuts maintenance and repair costs, and improves load factor. Average amortisation of three years. Goal: approximately 40,000 units.
- 2009: Efficient multipoint lighting audits in five Coviran supermarkets.
- 2009: Planned sale of efficient light bulbs at supply points.
- 2009: Seven temperature control projects (six integrated energy management projects and a temperature control project).
- over 1,000 energy audits in various industries and services.
- More than 100 photovoltaic solar installations.
- Sale of efficient air conditioning and heating equipment: Over 30,000 units sold during 2008.

Active Demand Management

Novare OPTIGES. The purpose of this project is to analyse the possibilities for large-scale active demand management in the SME sector, and developing the necessary infrastructure for its implementation. The necessary prototypes for the OPTIGES local controller were developed in 2008, as well as the algorithms executed in the central controller.

Electric vehicles

The Electric Vehicle Working Package was designed for the Smart City project proposal. The objective is to deploy a small fleet of electrically-driven cars and motorcycles, and intelligently manage their recharging through the use of renewable energies. The project envisages the design of intelligent urban charge points, the application of V2G technology in demonstrations and the integration of vehicle charges in the low voltage network.

G4V. This European project, included under the Seventh Framework Programme of the European Union, evaluates the impact of the mass introduction of EVs, the possibilities opened by demand management and the storage of energy through V2G technology, the definition of recommendations on ICT use, auxiliary services, the integration of renewables, the impact on electricity prices and the impact on energy sales.

Sustainable urban planning

Project MASH (Malaga Smart House). The purpose of this project is to lay the foundations for a new standard of collective social housing from an eco-effective perspective.

Ecodigital Public Lighting Project. Its purpose is to design and implement a high-efficiency street lighting solution using LED lamps and an advanced control system. This will allow a reduction in energy consumption in the region of 50%, resulting in CO₂ emission reductions throughout the useful life of the installation.

03.3. TECHNOLOGY PROJECTS FOR IMPROVED EFFICIENCY IN ELECTRICITY GENERATION

ENDESA is making progress in improving the efficiency of its electricity generation processes through ongoing technological improvements and optimising the use of natural resources.

03.3.1 Clean combustion

CAPTURE AND STORAGE OF CO₂

Carbon dioxide storage. This project is aimed at locating and confirming deep geological structures that may be used for storing CO₂ in safe, stable conditions.

Cenit CO₂. Since 2006, ENDESA has spearheaded project CENIT CO₂ (Strategic National Consortium for Technical Research on CO₂). 13 companies and 16 research centres are involved in this initiative, which constitutes Spain's foremost R&D effort in the fight against climate change.

CIUDEN. In late 2008, ENDESA signed a strategic agreement with CIUDEN (Energy City Foundation) for the establishment of a global demonstration programme on CO₂ capture and storage technologies.

EMISSION REDUCTION

Novare Plasmacol. This project focuses on developing technology to treat combustion gases from coal-fired thermal power plants through a combination of hybrid filters and non-thermal plasma.

Novare CO₂SOLSORB. This project aims to develop and demonstrate a new type of absorbent based on a solid substrate with amines that may be used to capture CO₂ from conventional thermal power plants.

RFCS NoDioxCom. This focuses on designing and implementing a continuous monitoring system for heavy metals, with particular emphasis on mercury.

EFFICIENCY AND PROCESS IMPROVEMENT

CFB500. A European project to develop a supercritical fluids platform. This involves the conversion of various boilers to new types of fuel, thereby improving efficiency and reducing CO₂, SO₂ and NO_x emissions.

Project CMD. A system of distributed servers, interconnected through the Chilean corporate network, enabling the monitoring, processing and storage of the operation variables of all ENDESA generation plants in Latin America. This will result in fewer failures and improved management of plant operations and maintenance.

CIDE Condition-based Maintenance Project. The project title defines its purpose: attaining and implementing a maintenance system for Chilean hydroelectric power plants based on the condition of the plant. This will allow plant managers to identify the best time to conduct equipment maintenance.

FUELS

Novare Biohydrogen. A project for producing hydrogen from the organic fraction of certain waste products. Different biological techniques are being applied to simultaneously produce methane and stabilised biomass.

03.3.2. Renewables and energy storage

RENEWABLES

Novare Hydro. A Chilean-based project that aims to develop a hydrological forecast model using satellite-supplied data, to support the country's hydroelectric power generation, taking into account the best predictions on snow and water reserves.

Hidráulica. Project for the optimised production of hydrogen through wind power.

GDV 500. System for direct steam generation through high temperature solar energy. This process delivers higher efficiency while lowering environmental risks. ENDESA is a founding partner of the Protermosolar Association, which promotes the technological and industrial development of solar energy in Spain.

R&D activity in Endesa Chile

The most significant activities Endesa Chile has conducted during 2008 have been as follows:

- Promoting energy efficiency.
 - Increase in energy efficiency of hydraulic power plants by installing new more efficient turbine wheels.
 - Application of best practices and technologies available to cut energy consumption in the Santa Rosa corporate headquarters.
- Electricity generation using ocean energy. A preliminary phase is being conducted to identify the most appropriate technologies and areas with the greatest potential off the coast of Chile.
- Project EDAC, load disconnection system which sends information via satellite in order to guarantee availability of electricity transmission lines in the north of Chile.
- Project CEN, remote control of ENDESA's hydraulic power stations from corporate headquarters in Santiago.
- Project CIDE, predictive maintenance system based on the condition of the various machines in each hydraulic power plant to ensure inspections are programmed at the most appropriate time.
- Improvements to global information systems, such as Project CMD, permitting the operation variables of ENDESA's generation plants in Latin America to be monitored, processed and stored; thereby avoiding breakdowns and improving the management of operations and maintenance.

04. CULTURE OF INNOVATION, ATTRACTION AND MANAGEMENT OF TECHNICAL KNOW-HOW

ENDESA promotes its internal image as a highly innovative company in order to recognise, support and reinforce the results achieved by the company's intellectual capital. To this end, it offers the people in its value chain a corporate environment which develops and fosters the management of applied technical know-how and a culture of innovation.

The company increasingly places more importance on training engineers and university graduates in order to meet the growing demand in the electricity sector for qualified individuals with high levels of specific technical training. The main initiatives carried out to achieve this objective are as follows:

Personnel development in ENDESA is conducted in accordance with the vision and global models established through the Endesa Leadership School (development of people leadership) and Endesa Energy School (development of technological and innovation leadership at ENDESA) platforms.

Endesa Leadership School: Cultivating excellence

This centre of excellence in the leadership field was opened in 2008 with the aim of ensuring that all ENDESA training units: 1.) share a common vision of leadership development; 2.) share knowledge, content, methodologies and best practice in leadership matters; and 3.) use common tools for leadership development in their own particular fields. This space provides participants at leadership events with certain tools and sources of knowledge that they can use for their own personal development. During 2008, over 400 people took part in the leadership development programme worldwide, with more than 4,000 360° evaluations and over 800 coaching sessions taking place. In 2009, the Endesa Leadership School aims to actively develop this model across all levels of the organisation through on-line training and knowledge management tools.

Endesa Energy School: Developing technology leadership

The main objective of this platform is to develop technological leadership at ENDESA. The school is working to set up a technological network of knowledge and talent which combines the work of various universities and research centres, suppliers that participate in ENDESA Innovation Circles and the company's own employees.

The school currently runs a portfolio of activities in different areas, through which it transfers the strategic commitment to innovation and technology onto the company's businesses and personnel, thereby developing a channel of communication with ENDESA experts.

The most noteworthy of the Endesa Energy School's activities include: 1.) the development of the ENDESA-ICAI Electrical Technology Official Master's Degree to train engineers and university graduates in order to meet the growing demand in the electricity sector for qualified individuals with high levels of specific technical training; 2.) organising technology workshops and conferences focusing on the strategic challenges faced by the electricity sector in collaboration with MIT; and 3.) promoting technological innovation through the Novare Awards given to suppliers, researchers and employees.

ENDESA-ICAI Master's Degree

In 2008, the ENDESA-ICAI Master's Degree in Electrical Technology was consolidated on completion of the first course and start of the second course. 121 students have successfully completed this master's degree.

ENDESA's intention is that this master's degree will enable it to find solutions to the main scientific challenges faced by its businesses; providing specialised technical training in electricity generation and distribution technologies, and IT and communication technologies applied in the various technical processes.

The master's degree, which focuses on energy technologies in Europe, has been coordinated by the Endesa Energy School and the Pontificia de Comillas University (ICAI), in collaboration with the Massachusetts Institute of Technology (MIT), the University Polytechnic of Catalonia, the University of Seville, the University of Saragossa and Tecnatom.

The Endesa Energy School, which organises the master's degree in collaboration with the training department of the Spain and Portugal business, has actively participated in designing the content, methodology and implementation of the course in order to expand the students' knowledge and train them to meet the actual needs of electricity companies. It also provides students with the opportunity to obtain direct work experience in a leading company in the Spanish electricity sector.

The master's degree has also involved 26 of ENDESA's employees and experts, who have designed and taught around 40% of the course. 14 employees from various geographical areas and businesses have also completed the course.

The first course was sat by six foreign students who were selected for their excellent academic record and potential. These students were also given a placement in several of the company's departments during the course, enabling them to work and study at the same time. All these students have now joined ENDESA on permanent contracts.

Technological seminars

Two technological seminars have been held, attended by more than 900 people - one in Malaga on distributed generation, and the other on electric cars in Seville.

B-TEC

The Endesa Energy School was the main sponsor of this summer school held during July in Barcelona. It also helped organise this prestigious event dealing with new and cutting-edge issues in the energy, water and transport sectors. In its fourth year, B-TEC was attended by more than 120 representatives of all ENDESA's businesses.

Strategic challenges facing the energy sector

For the second consecutive year, the Endesa Energy School has organised the "Strategic challenges facing the energy sector" conference, which this year, covered efficiency and sustainability, electric vehicles and distributed energy systems. The conference was held in the auditorium of the Madrid headquarters and was attended by around 400 participants.

On this occasion, five speakers shared with the audience their ideas and predictions about the selected themes. Kenneth A. Oye, professor of political studies reflected on the future of emerging technologies based on past experience. Timothy Gutowski, professor of mechanical engineering, analysed the implications of efficiency on the actual use of resources. Kent Larson, scientific researcher from the architecture department, presented his research on people's energy use patterns. John B. Heywood, professor of mechanical engineering and director of the Automotriz Sloan Laboratory, presented an analysis of the future of electric cars. Finally, Sanjoy K. Mitter, professor of electrical and systems engineering, reflected on control systems in distributed energy systems. As well as ENDESA representatives, the event was attended by members of companies such as Iberdrola, Unión Fenosa, Telefónica, Repsol YPF, suppliers and other sector companies.

Renewal of the agreement with the ILP of the MIT

Endesa Energy School's agreement with MIT was extended at the end of 2008 until 2011. It has been decided that a MIT-ENDESA space will be created on the Endesa Energy School's website to help ENDESA collate knowledge on the state of the art of energy technology. This space will also provide access to MIT reports, files and databases, the "MIT Insider" magazine, the MIT Technology Review digital news portal and magazine, etc.

The agreement establishes that MIT technological seminars at ENDESA will continue, that MIT scholarships in ENDESA will be increased, and students will be given the opportunity to carry out internships. ENDESA will also have a presence on the MIT Campus: attending the MIT Fall Career Fair, conducting annual recruitment campaigns among technology students to fill vacancies in Spain and in Endesa companies around the world, carrying out tests in conjunction with the MIT Careers Office, and temporarily placing post-graduate degree students in ENDESA to work on R&D projects and energy technology projects in general. The possibility of MIT participating on Project Novare and other R&D&I projects in ENDESA is also being considered.

Innovation Week

ENDESA organised Innovation Week, during which it presented the company's main research projects and its main partners. During the week, Innovation Day was held on 4 December, during which the second round of Novare Awards for employees, the Suppliers Circle (CIDE) Awards, and the Novare Scientific Awards were presented.

Endesa Innovation Circles (CIDE)

ENDESA's CIDE projects, which take the form of forums in which the company participates with its key suppliers, continued making progress in 2008 under the coordination of Endesa Network Factory (ENF).

There are seven forums, in which 29 innovation initiatives have been developed to date : High-Voltage Lines and Cables Forum, Electric Substations Forum, Medium and Low Voltage Forum, Network Automation Forum, Telecommunications Forum, Sales Forum and Thermal and Hydroelectric Power Plant Forum.

Extension of the CIDE model: Endesa Innovation Circles

During 2008, ENDESA continued to extend the CIDE model to group companies in Latin America and those involved in generation and sales activities, and started to expand this initiative to its main European electricity companies.

In 2008, the use of the computer application to collect employees' ideas spread to Latin America. The system allows employees to directly submit their ideas for improvement. 4,500 ideas have been collected through this application since its installation.

Furthermore, several value proposals from suppliers have been identified during the year, while more than 14 R&D&I projects in the various Innovation Forums organised within CIDE have been successfully managed: Distribution, Generation, Telecoms, and Commercialisation.

During 2008, ENDESA continued offering technological consultancy services and conducting projects related with identifying, analysing, evaluating and promoting best technology practices in the telecoms industry, which have been followed directly in the company.

The majority of these activities continue to focus on developing future intelligent distribution networks. Special mention should be given to the efforts of several internal work groups to identify technological telecoms and remote control solutions for HV/MV electricity sub-stations and MV/LV transformer stations, as well as the remote control of meters.

The MARTE Project has continued during the year, which aims to migrate the current package switching technology used in the real-time grid for remote control services to a fully IP multi-service grid, minimising costs of this technological advance.

Equally, the PROXIMA Project focuses on developing a compact, reliable and low-cost remote thermal unit solution to cover the automation needs of the MV grid.

Various R&D&I projects have also continued, which use broadband Power Line Communications technology in communications equipment for HV and MV grids (the Broadband Carrier Project, funded by the CDTI) and for the LV remote management grid.

05. ENDESA, LEADER IN TECHNOLOGY AND INNOVATION

Ensure that ENDESA is recognised externally for its technology and innovation.

05.1. INTERNATIONAL UTILITIES ALLIANCE (IUA)

ENDESA has promoted the creation of the International Utilities Alliance (IUA), an association with the European utility companies ENEL, EDF, EDP and RWE, all of which are at the cutting edge of technology in their respective countries, as an expansion of the Endesa Innovation Circles (CIDE). This model allows demand for innovation in the electricity industry to be channelled to the suppliers taking part in the initiative, while also offering companies a privileged forum in which to exchange experiences and engage in collaborative projects.

The objectives of this alliance include meeting European electricity regulations ahead of schedule, collaboration in energy efficiency projects, and the establishment of several commitments relating to the security of electricity supply and the reduction of CO₂ emissions.

Five work groups were set in motion under the umbrella of the alliance in 2008: Smart Metering, Energy Storage, Electric Vehicles, Intelligent Networks and New designs under IEC 61850.

05.2. PARTICIPATION IN TECHNOLOGY PLATFORMS

ENDESA is an active participant in all the major national and international technology platforms, some of the results of which are described below:

Capture and storage of CO₂ and clean coal combustion

European Zero Emissions Fossil Fuel Power Plants (ZEP) technology platform. The main objective of this platform is to promote future clean coal generation to facilitate renewal and growth in current thermal generation, implementing zero-emission generation plants in Europe by 2020. In Spain, ENDESA holds the office of Technical Secretary of the Spanish CO₂ Technology Platform (PETCO2).

The Spanish CO₂ Association was created to provide a legal framework and support for PETCO2. ENDESA is a member of the Association, and currently manages its Technical Secretariat.

Intelligent networks and Power Line Communications (PLC)

ENDESA takes over the office of Technical Secretary of the Spanish Platform of Electricity Networks (FUTURED), an initiative for the technological advancement of Spanish electricity transport and distribution networks.

At the European scale, ENDESA plays an active role in the Smartgrids platform, an entity that aims to increase automation, efficiency and safety in electricity networks, harnessing the full potential of information and communication technologies, and changing their model of operation to encourage decentralised decision-making and remote action.

Endesa Network Factory (ENF) participates in the Broadband PLC Standardisation and Regulation Bodies: CENELEC, ETSI PLT and CISPR/I.

The company is also a member of the PLC Utilities Alliance (PUA), which encompasses three major European electricity companies with a market potential in excess of 100 million customers. ENDESA has presided over the Alliance since its creation.

Energy efficiency

ENDESA holds the presidency of the Spanish Technological Platform for Energy Efficiency, which groups the most prominent industrial companies, research centres, universities and national and regional entities related to the promotion of research and development of energy efficiency technology. The aim of this technological platform is to encourage collaboration between the public, industrial and scientific sectors to increase the level of energy efficiency in Spanish industry.

In the regional sphere, ENDESA is a founding sponsor and an active member of the Catalan Institute for Energy Research (IREC) and the Efficiency Cluster. In Andalusia, the company is a member of the Andalusian Technology Corporation and the Advanced Technology Centre for Renewable Energies (CTAER).

Electric vehicles

ENDESA has joined the work group created by the Ministry of Industry and Tourism to analyse and expedite the introduction of electric vehicles in Spain, and has embarked on collaborative projects with public agencies and transport departments with a view to stimulating the spread of this technology.

Novare Scientific Awards

In 2008, ENDESA held a new round of the Novare Scientific Awards, which recognise the investigative work of the international scientific community.

A total of 40 entries were analysed, which were received from universities, laboratories, private individuals and businesses from 10 different countries.

The winners in the four categories were as follows:

- Project HYDRO for the use of satellite technology to predict hydrological resources, submitted by Starlab and the Universidad Pontificia Católica of Chile.
- Project C02 SOLSORB for the reduction of CO₂ emissions at thermal power plants, submitted by Centro Elettrotecnico Sperimentale Italiano (Cesi Ricerca S.p.A.).
- Project SMARTIE to improve the integration of renewable energies in electricity networks, submitted by the University of Seville.
- Project SUPERCABLE for the design of a new power superconductor cable, submitted by the Material Science Institute of the Spanish Scientific Research Council CSIC and the French company Nexans.

ENDESA is also a founding member of the Spanish Platform of Electricity Networks (FUTURED) and occupies the role of Technical Secretary for FUTURED through the Endesa Network Factory. This initiative is part of the National Energy Programme and is promoted by the Technology Department of the Ministry of Education and Science, for the technological advancement of Spanish electricity transport and distribution networks.

Finally, the company presides over the Spanish Technological Platform for Energy Efficiency (PTE-EE). This Ministry of Science and Innovation initiative was introduced in 2008 at the call of the main energy companies and research centres. The aim of PTE-EE is to promote innovation of products and services enabling them to be transferred to the market and contribute to more intelligent and sustainable consumption of the different energy sources.

Support from the EU and international technology centres and institutions for ENDESA's proposals confirms its leadership role in adapting its current installations and technologies to the challenges and opportunities associated with climate change and the transition to a new energy model based on efficiency.

To Society

[Key to development and sustainability]



Since its incorporation, one of the key features of ENDESA's identity has been its significant ties with the countries and communities in which it operates, leading it make a firm commitment to their social, economic and environmental development. As part of this commitment, ENDESA supports a wide number of initiatives concerning social cooperation, education, culture and environmental awareness, i.e. the four cornerstones on which its social action is based.

ENDESA's contribution to social development is encompassed in its 2008-2012 Sustainability Plan, which considers strengthening community links as one of its two strategic challenges.

The context: energy and development

One of the main challenges faced by the international community is to find an effective solution to the world's energy needs, especially in developing countries. These needs include access to an electricity supply, which is essential for economic growth, reducing poverty and achieving the Millennium Development Goals.

ENDESA is committed to the objective of providing access to electricity at an affordable price, while simultaneously ensuring efficiency, security and environmental protection. The company conveys this principle to its subsidiaries as a best practice and incorporates their experiences in this field.

ENDESA's approach

Consolidate local ties and legitimacy, a priority objective.

As part of its commitment to social development, ENDESA has proposed implementing Country Plans and regional Plans in order to:

- Bring it even closer to the societies in which it operates, offering a global image of the company.
- Strengthen its ability to meet local energy requirements.
- Reinforce in situ relations.
- Promote ENDESA's position as a key partner in order to collaborate on projects to find solutions to the social, environmental and energy challenges in each country and region in which it operates.

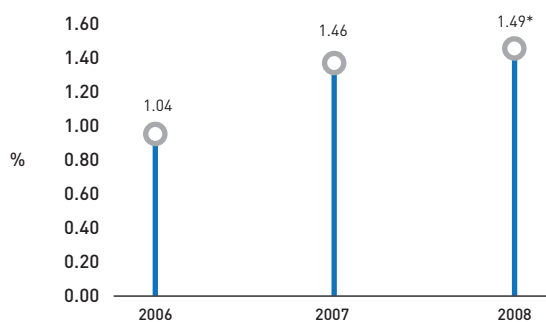
In this regard, it is worth remembering that ENDESA basically operates in two geographical areas with very different socioeconomic characteristics:

- Europe, where the key objective is to strengthen social ties and legitimacy in the different regions, while gaining social support for the company's projects.
- Latin America, where issues concerning energy security and collaboration to find effective solutions to the serious social problems affecting certain countries are of most relevance.

Trends

ENDESA continues to invest in social development. Practically the same percentage of net profit was invested in social initiatives in 2008 as in the previous year.

*ENDESA's investment in social initiatives
(% of net income)*



* Net income of continuing operations attributable to ENDESA shareholders.

€ 35.3 million invested in social development initiatives in 2008

46% of social development funds allocated to cooperation

13.4 million invested in social development by ENDESA's Latin American companies

01. ENDESA REINFORCES THE LINK BETWEEN THE VALUE GENERATED AND THE CONTRIBUTION MADE TO SOCIETY BY ITS BUSINESS ACTIVITY

Part of ENDESA's raison d'être is to contribute to local development, since the company is aware of society's expectations and its responsibility as a basic service provider.

This commitment to the community is established in the Values to which the company subscribed in 1999 and the seven Sustainable Development Commitments it published in 2003. Its employees are formally required to comply strictly with these principles and they are evaluated in this regard as part of the company's remuneration schemes. The new 2008-2012 ENDESA Sustainability Plan (PES) is a further step to promoting a corporate culture which values and nurtures its social and relational capital.

ENDESA's contribution to social development includes investing directly in local initiatives, enabling employees to dedicate time to corporate volunteer programmes, and a wide range of collaborations with groups, entities, organisations and institutional representatives in the communities in which its installations are located and where it conducts its commercial and industrial activities.

Since 2008, ENDESA has formed part of the London Benchmarking Group (LBG) in Spain, an initiative which has adopted a methodical approach to measuring and assessing the company's social initiatives in terms of their impact on society. To this end, in addition to its own methodology for reporting on social action, during 2009 ENDESA will also present an inventory of its community initiatives in accordance with the LBG model.



The LBG model offers the following advantages:

- Provides an additional and complete view of the scope and value of investments in the community.
- Measures the impact of these initiatives on the community.
- Offers support in managing relations with the community and non-profit making organisations.
- Results in improvements to the company's internal and external communications.
- Facilitates assurance of relations with the community and non-profit making organisations.

ENDESA's contribution to social development involves projects implemented through its corporate headquarters, its regional offices in Spain, through foundations established by the company or its subsidiaries in various countries, and through direct action by these group companies. These projects can be classified into four categories:

Cooperation initiatives

Focused on covering basic individual or group needs in the markets where the company is present, as well as fostering community development.

These activities are split into two sub-categories:

- Basic needs.
- Cooperation in local development.

Educational initiatives

Focused on basic literacy, training and general education in local communities and groups, for both children and adults.

Cultural initiatives

Focused on preserving local cultural identity, supporting study and research into communities' history, conserving cultural heritage, promoting cultural awards, etc.

Socio-environmental initiatives

Focused on promoting and developing values related with environmental protection within communities. Does not include those directly related with environmental protection which ENDESA performs as part of its normal business activity.

01.1. INVESTMENT CRITERIA AND CONTRIBUTION TO SOCIAL DEVELOPMENT

The basic criteria at that ENDESA's Social Action Policy must:

- Complement ENDESA's role as a basic service provider, i.e. offering access to electricity.
- Develop projects linked to the nature and characteristics of the company's businesses.
- Promote access to an electricity service.
- Respond to the needs of the main communities with which ENDESA has a relationship.
- Realise ENDESA's potential to contribute to wealth and employment generation.
- Continue this action over time in order to repeat successful initiatives.
- Help the most disadvantaged groups.
- Collaborate with social representatives of communities involved in projects.
- Systematically publish transparent accounts.

01.2. INVESTMENT IN SOCIAL INITIATIVES IN 2008

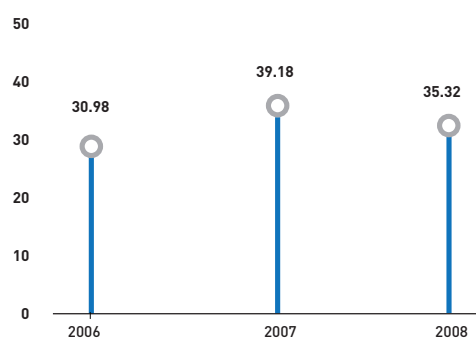
In 2008, ENDESA allocated Euro 35.3 million to conducting and promoting activities focusing on social development and general interest, an amount equivalent to 1.49% of net income from continued operations attributable to the company's shareholders.

*ENDESA's investments in social development and general interest activities in 2008 (thousands of Euro)**

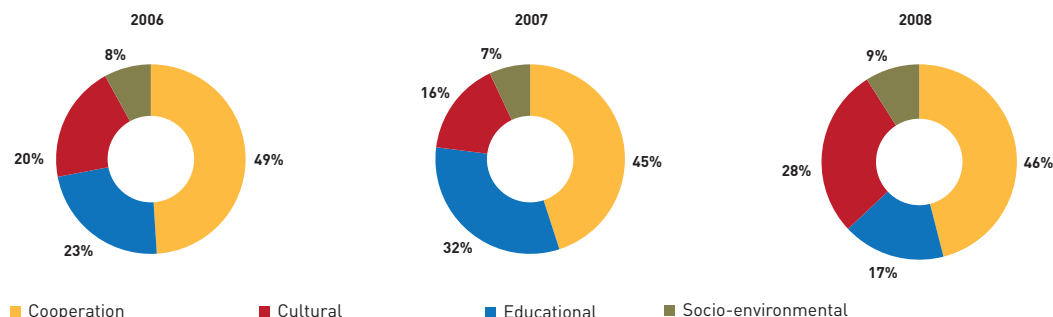
Spain	21,955
Endesa Foundation	6,000
Initiatives through corporate headquarters	13,025
Initiatives through local brands	2,936
Latin America	13,359
TOTAL	35,320

* Includes own projects, cultural events, donations from third parties, conferences, sponsorship of cultural initiatives and media partnerships. Excludes investment in rural electrification (Euro 69,051,134) and contribution to United Nations Framework Convention on Climate Change Adaptation Fund (Euro 4.39 million), as these investments are directly related to conducting ENDESA's business.

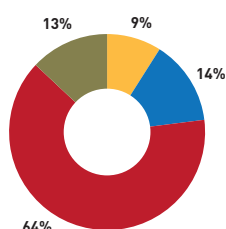
ENDESA's investment in social development (Millions of Euro)



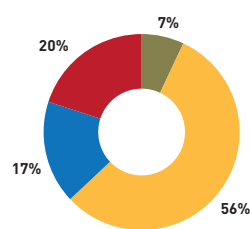
*Overall historic performance in social development by category
(% of total social initiatives per annum)*



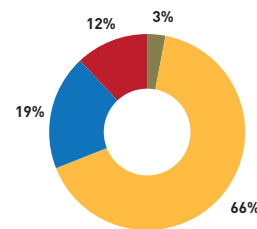
*Social investment
of Endesa Foundations
in Spain in 2008*



*Social investment
by ENDESA in Spain through
its corporate headquarters
and regional offices in 2008*



*ENDESA's social investment
in Latin America
in 2008*



Of the Euro 22 million invested in social action in Spain, Euro 6 million was invested through the Endesa Foundation and Euro 16 million through direct action by the company. Euro 2.9 million of this latter amount was invested through initiatives implemented by its regional brands in Spain and its main power plants.

In 2008, ENDESA's subsidiaries in Latin America invested Euro 13.4 million in social initiatives, representing 38% of ENDESA's total contribution.

46% of the social initiatives performed during 2008 involved cooperation projects.

A complete list of the initiatives performed during 2008 is provided in the Appendix.

01.3. COOPERATION INITIATIVES

The key to ENDESA's social initiatives is cooperation. This work is based on knowledge of the needs of the communities in which the company is present and is intended to help develop the ability of interested parties to independently find solutions to their own needs.

Individuals have therefore been appointed in each region and subsidiary to identify, select and promote social development initiatives. ENDESA collaborates with leading local social organisations during the process of managing this type of contributions.

ENDESA's corporate headquarters also invests in social cooperation initiatives when the economic contribution required is especially significant or an initiative simultaneously involves several regions in which the company operates.

01.3.1. Basic needs

Initiatives to meet basic needs are designed to cover and tackle a specific issue which is essential to a community in general or a specific disadvantaged group. This type of action is performed both in communities in need of basic attention and in more developed communities in which vulnerable groups exist.

The activities performed to meet these needs include rural electrification, Christmas campaigns, donations to libraries and hospitals, and health and nutrition programmes.

Rural electrification is especially significant for ENDESA's social action because it provides electricity to marginal, disadvantaged rural communities and groups. In 2008, ENDESA's Latin American subsidiaries invested Euro 69 million in this type of project.

In Brazil, under the Luz para Todos (Electricity for All) programme, the rural electrification initiatives of Ampla and Coelce helped meet the objectives set out in the Brazilian regulator's Mainstreaming Programme. Codensa in Columbia, Edelnor in Peru and Edelsur in Argentina also carry out rural electrification and street lighting projects which benefit thousands of citizens every year.

The rural electrification programmes clearly demonstrate the company's concerns about guaranteeing safe access to electricity supply. The projects conducted include not only programmes to extend electricity supply but also to improve and rearrange power lines and tackle problems and irregular practices which represent a safety risk, such as power theft.

These projects are accompanied by specific training on the efficient use of energy and incentives designed to promote a socio-cultural change which encourages legitimate connection to the electricity grid. An additional social benefit of these projects is that users who connect to the electricity grid correctly can, in some cases, get their homes or telephone services officially registered.

Chilectra invests five times more in its Community Social Action Programme

In 2007, Chilectra launched a Community Social Action Programme aimed at improving service quality to homes, carrying out community work at grass-roots level, and reducing power theft. The success of this experience encouraged the company to multiply its efforts five-fold in 2008 to the benefit of over 10,000 inhabitants, five times more than when the project started.

This participation-based programme aims to promote communication and inclusion, permitting a socio-cultural change among customers in marginalised settlements. The initiative is rolled out by multi-disciplinary team that informs the target community about the work performed by the company in this area and educates community members about the efficient use of energy. As well as improving and reorganising local electrical installations and installing medium-voltage distribution networks, the professionals involved in the Community Social Action Programme also work closely with the local community to encourage the habit of connecting to the electricity grid correctly.

Chilectra has also designed a series of programmes which provide specific benefits to inhabitants living in these areas who chose to use the service correctly, specifically discounts on bills, home energy audits, pre-university education scholarships for young people on low incomes, etc.

An example of this type of action was to connect 550 families living in shanty towns with no electricity to the grid in 2008. A general switchboard is used with an automatic trip, differential protection and earth, which provides a higher level of safety than would exist if shanty town inhabitants choose to hook up to the grid illegally to obtain electricity. This type of work is funded directly by Chilectra, sometimes with the support the local authorities.

Socially responsible products and services enable ENDESA to perform charitable actions. An example is to make the company's sales channels or installations, such as its billing system and sales network, available for social projects which require extensive dissemination.

Ecoelce (Brazil): discounts on electricity bills for customers who recycle waste

The Brazilian distributor, Coelce, encourages its customers to protect the environment through recycling by offering discounts on electricity bills equivalent to the market value of the material collected for recycling.

This programme provides low-income groups with better access to electricity and promotes recycling, while improving the population's environmental awareness.

Some of the most striking results of this project have been a reduction in diseases caused by the inappropriate disposal of waste, such as dengue fever, a decrease in the environmental impact of depositing rubbish on the streets, and the creation of over 52 direct jobs and 200 indirect jobs in recycling.

In 2008, more than 107,000 families took part in the programme, obtaining discounts on their bills of approximately Euro 220,000. 4.8 million tonnes of waste were also recycled (equivalent to 12,000 MWh of energy collected) through 61 collection points.

The Ecoelce project was recognised by the UN in the World Business and Development Awards 2008; the top awards given worldwide by this organisation in recognition of the role of private companies in meeting the Millennium Development Goals, i.e. the objectives established by the United Nations to promote sustainable development as the basis for social and economic progress in all countries.

Coelce (Brazil): Efficiency Change

Coelce's Cambio Eficiente (Efficiency Change) programme targets low-income customers, encouraging them to change their inefficient refrigerators for new, more efficient appliances.

This initiative results in energy savings through lowering electricity consumption and a reduction in repairs. The old refrigerators are also disposed of appropriately to ensure the environment is protected.

Codensa (Colombia): complementary services for customers

In Columbia, the distributor, Codensa, implements the Codensa Hogar (Codensa Home) programme, which subsidises home appliances and home improvements through the Codensa Crédito Fácil (Easy Credit Facility), offering customers the opportunity to purchase authorised products from different approved points of sale. In 2008, this initiative was extended to include insurance to protect homes and content against accident and disaster, and provide low-income families with economic support in the event of the death of the head of the household.

During the year, 354,000 of Codensa's customers took out policies for the different types of cover offered.

The Codensa Easy Credit Facility was used to purchase approximately 30% of electrical appliances sold in Bogota. At the end of 2008, the initiative had 94 credit application offices, 386 approved points of sale and 748,533 customers, 100,000 of whom are mothers who are heads of households, 83,000 are on the minimum wage, and 54,000 are pensioners. During the year, 70,000 new credits were extended, 73% of which were for acquiring home appliances and 27% for home improvements (redecorating and construction).

Endesa Energía (Spain): "Tu puedes ser un Rey Mago" ("You can be a Wise Man")

In 2008, ENDESA initiated a Christmas charity campaign in Spain, offering Euro 5 to a charity project for every customer registering with the Online Billing Service. Customers were able to choose the project to which the donation would go, among three possibilities. This initiative led to Euro 11,435 being donated to the various charity projects.

Adapting the company's normal practices and services, such as billing, to **disabled people** is another of ENDESA's significant social initiatives.

Chilectra (Chile) and Ampla (Brazil): energy bills in Braille

In 2008, Chilectra started issuing bills in Braille for its blind customers. The project was initially started as a pilot scheme for 75 people put forward by the Chilean Association for the Blind, with a view to extending the scheme over time. The Minister of Planning, Alejandra Krauss, highlighted the importance of this project as it provides tangible help for disabled people to become integrated into society.

Furthermore, since 2003 Ampla has sent all its visually-impaired customers a newsletter in Braille providing information about their electricity bills. In From 2005, the company extended the type of information provided through this newsletter. The programme includes Kit Ampla Visión (billing and information in Braille), increased text size for key information to facilitate reading, and the dissemination of e-mails with key account information through the DOSVOX programme (using speech synthesis to communicate with users) which has been installed on visually-impaired customers' computers.

Chilectra (Chile): telephones for the deaf

In 2008, Chilectra started providing telephones for the deaf and hard of hearing in its sales offices. These telephones include an alphanumeric keypad and screen enabling written messages to be exchanged, thereby helping deaf people to communicate. These telephones are free and will continue to be installed in the sales offices with the greatest number of customers.

The company has also adapted its office in the Matucana district to improve disabled access. This new office, located in the Avenida de Providencia, is the company's most complete and modern office. It has sales assistants who can use sign language, installations designed to permit access to all customers, and a special customer service telephone system for the hard of hearing. As a result of these measures, this office is the first customer service centre which is fully adapted for disabled customers.

13 of Chilectra's customer service centres in the Metropolitan Area also have disabled access, especially for wheelchair-bound customers.

Corporate Volunteer Programme Corporate volunteers play an important role in ENDESA's social action programme, not only because of their contribution to community development, but also because those who partake in these programmes learn important values from these experiences which are then transferred to the rest of the company's workforce.

Endesa (Spain): "Endesa Solidarios" ("Endesa Charity Workers")

In 2008, the "Endesa Solidarios" (Endesa Charity Workers) campaign was run for the second time. This initiative provides employees with a collaborative channel which helps them to raise donations for charity projects selected and run by them, promotes volunteer work, and provides volunteer training.

In 2008, more than 500 workers were involved in Endesa Solidarios, raising in excess of Euro 60,000 for social projects involving an elderly companion programme, support for terminally ill patients, support for education of autistic children, a programme to help integrate young people at risk of social exclusion, and work to eradicate child labour.

Endesa (Chile): model corporate volunteer programme

In 2008, Endesa Chile launched a pilot corporate volunteer programme. The initiative started with an employee survey to identify concerns and assess their availability to participate on this type of project. The activities devised based on the results of the survey were integrated into a control system to facilitate management of human and economic resources and assess the activity performed.

Edelnor (Peru): Corporate Volunteer Programme

Edelnor employees contributed their time and money to build and open the Fe y Alegría de San Clemente School, the educational and Christmas campaign at the Sagrada Familia Centre in the Puente Piedra district, and to provide electricity to 23 homes in the "Sarita Colonia" sector in the Pariñas district, Talara Province.

Ampla (Brazil): Volunteer Sharing

The Compartir Voluntariado (Volunteer Sharing) initiative involved the company donating the equivalent of eight work hours for those employees wishing to partake in social action, contributing the resources required to acquire material to make improvements in several institutions, and replacing the electrical installations in these.

During the year, a total of eight campaigns were run as part of this initiative, benefiting a total of 10,090 people.

Edelnor (Peru): support for the Sagrada Familia Association

For over 10 years, Edelnor has supported La Sagrada Familia, a non-profit making organisation which looks after over 250 abandoned children and orphans. The company installs internal electrical systems and lighting for sports facilities, improves street lighting near the organisation's buildings, and donates school supplies and books for its library.

Copa Chilectra

The Copa Chilectra (Chilectra Cup) is an initiative in which Chilectra employees are involved in collaboration with UNICEF, CONACE (Peruvian National Drug Agency) and the Iván Zamorano Foundation, and is in its sixth year.

It involves a "baby football" and volleyball competition involving around 6,000 children from the Metropolitan Area and is held in the sports centres which the company has provided lighting for since 1994 as part of its commitment to recovering public spaces for the local community. Company employees participate in the event by organising it, helping participating teams and promoting the cup in schools.

01.3.2. Cooperation in local growth

ENDESA promotes initiatives to develop infrastructure and perform other local interest activities.

Pehuén Foundation (Chile)

The objective of this Foundation is to promote the social and economic development of the Pehuenche indigenous people through programmes aimed at increasing productivity and improving infrastructure, education, personal skills development and professional training, at the same time as preserving their traditions and cultural identity.

The Foundation's management model promotes participant involvement at all levels, from forming part of the management structure to making decisions about how to allocate funds.

ENDESA and its subsidiaries promote sports activities, above all basic sports which encourage integration and provide healthy recreational alternatives for children and young people.

Hidroeléctrica El Chocón (Argentina): Gigantes del Sur- Proyecto Neuquén Voleibol

In 2008, Hidroeléctrica de El Chocón took part for the third consecutive year in Proyecto Neuquén Voleibol (Neuquén Volleyball Project) which forms part of the Provincial Volleyball Development Scheme designed to promote this sport and encourage team work among children.

During the first phase, this scheme involved more than 1,000 children aged between seven and 14, who were encouraged to play volleyball in schools around the Neuquén Province. The project is also promoted by the Los Gigantes del Sur volleyball team which plays in the A-1 volleyball league.

Sponsorship of ADO Programme

The ADO (Spanish Olympic Association) Programme provides additional funding to top-level sports programmes organised by Spanish sporting federations to help sportsmen and women prepare for the Olympic Games.

Grants are extended to sportsmen and women and their trainers through this programme in recognition of their dedication to high level sport, and the results of the scheme have had a significant social impact..

01.4. EDUCATIONAL INITIATIVES

ENDESA also works closely with the academic community. The company has entered into agreements and directly participates or promotes programmes at each level of education, from early years through to university and professional training. It is especially involved in education relating to energy and electricity, providing training for electricians or educating young people about energy efficiency.

01.4.1. Endesa Educa: energy saving and efficiency

The aim of Endesa Educa (Endesa Educates) is to encourage Spanish school children to use electricity in an efficient and rational manner. The programme helps teachers to organise activities related to the use of energy resources and analyse the role of electricity in today's society.

The programme is adapted to each level of education. In the primary segment, the programme centres on basic knowledge of energy from a social and cultural perspective. At compulsory secondary level, the focus is on technology, scientific experiments and social sciences. While for those aged between 16 and 18, the programme concentrates on physics, industrial technology, mechanics, electrical engineering, chemistry, electronics, earth sciences, and environmental studies. Lastly, at a professional level, the programme focuses on electricity and electronics, mechanical manufacturing, and maintenance and services for the chemical and manufacturing industries.

In 2008, Endesa Educa enabled 568 activities to be run for over 20,000 students.

In 2008, over 20,000 students attended courses on energy saving and efficiency organised by Endesa Educa.

A Look at Energy: Young people committed to energy efficiency

In Spain ENDESA has been involved in running an educational programme for young people focusing on energy efficiency entitled "El recorrido de la energía" (A Look at Energy).

The aim of this programme is to promote energy saving and encourage new environmentally-friendly consumer habits. The programme also provides information on the different facets of energy, energy sources, energy distribution and technological innovation.

El Instituto Superior Tecnológico Pachacútec (Peru)

The Instituto Superior Tecnológico Pachacútec (Pachacútec Technology College) was created by the Peruvian electricity distributor Edelnor and the International Labour Organisation (ILO) to improve employment prospects for young people in disadvantaged sectors by training future professionals in the electricity sector.

Edelnor professionals are involved in teaching and course design, while Edelnor also takes in trainees during the practical phase of their training.

This programme has achieved two important objectives:

- To train young people from disadvantaged socio-economic sectors and prepare them for work in the electricity distribution business.
- To provide practical work experience for trainees.

01.5. CULTURAL INITIATIVES

ENDESA is involved in conserving and promoting the local heritage and culture in the areas in which it operates. In 2008, 28% of ENDESA's social action comprised activities in this area. A significant number of these activities are related to illuminating monuments or organising artistic and cultural events.

Illuminating historic buildings and monuments. During 2008, ENDESA illuminated over 75 historic buildings and monuments in Spain and Latin America, improving their aesthetic value, increasing their appeal for tourists, and making the local community prouder of its cultural heritage.

Ampla (Brazil). Consciência Ampla Superação

The Consciência Ampla Superação (Ampla Awareness Raising) programme has been conducted by the Brazilian electricity distribution company Ampla since 2004 and has involved thousands of families.

While the children participate in drawing and painting workshops, group games, educational games on computers and prize draws, their parents attend talks and workshops on energy saving and participate in interactive activities. Participants can also receive advice on the electricity service, join the low-income register, make payments by instalment, join the Consciência EcoAmpla móvil programme and make exchanges, participate in draws for energy efficient home appliances through an exchange scheme, and use public utility services provided in conjunction with local agents. In order to attend these activities, families only have to bring along an ordinary light bulb and exchange it for a more efficient one.

Coelce Cinema (Brazil)

Coelce runs animation workshops in neighbourhoods surrounding the city of Fortaleza to enable children and teenagers to make films about education, recycling and safe and efficient energy use. These films are then shown at exhibitions held in the capital and around the Metropolitan Area.

01.6. SOCIO-ENVIRONMENTAL INITIATIVES

ENDESA promotes awareness and values regarding environmental protection, protecting endangered flora and fauna, and repopulating and conserving areas of special ecological value. It also sponsors forums and conferences on the environment.

ENDESA's socio-environmental activities made up 9% of its social initiatives in 2008. These activities did not include environmental work conducted as part of its normal energy operations, which are described in a separate section on environmental protection.

Support for developing countries which are signatories to the Kyoto Protocol. During 2008, ENDESA contributed Euro 4.39 million to the United Nations Framework Convention on Climate Change Adaptation Fund to help signatories to the Kyoto Protocol, especially developing nations, tackle climate change.

2% of the Certificates of Emission Reductions issued for Clean Development Mechanism projects are pumped into this adaptation fund.

Enersis and Endesa Chile: Huinay Foundation

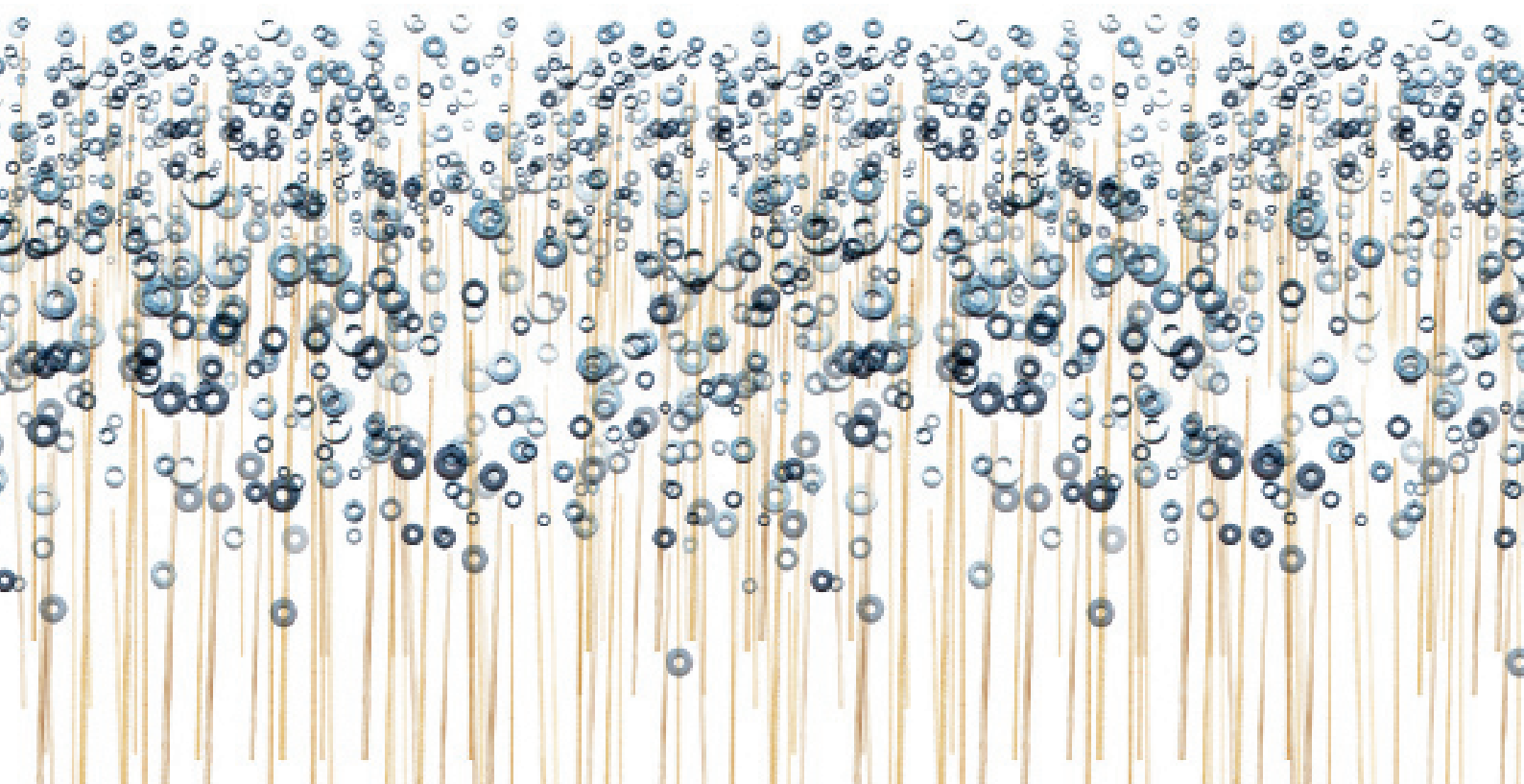
The Scientific Centre of the Huinay Foundation carried out a total of 12 research projects during 2008 and recorded more than 40 new species.

The most noteworthy projects were the Huinay Fiords 6 Expedition (HF6) and the research into the circulation of material in the Comau Fiord. Foundation personnel were also involved in three scientific conventions including the First Marine Biodiversity Conference in Valencia (Spain).

The Foundation also ran workshops for children from the school in Huinay and implemented a number of social support programmes for the inhabitants of this area in Southern Chile.

Since it was founded, the Huinay Foundation has contributed to scientific and environmental progress, arranging six scientific expeditions and 55 research projects. It has also been involved in the development of the Huinay population by running courses and providing medical supplies, electricity and communications.

Appendices



APPENDIX I

ENDESA, COMMITTED TO REPORTING ON SUSTAINABILITY

For ENDESA, sustainability is an instrument which enables it to develop its businesses, foster trust among its interlocutors, and achieve its medium and long term objectives.

ENDESA's commitment to sustainability is founded on its mission, vision and values which require that it acts with integrity and transparency. The company is committed to informing the public about the progress made in reaching its sustainable development targets through annual Sustainability Reports and other channels of communication.

Key to ENDESA's transparency objective is the publication of its Sustainability Report as well as other corporate reports on an annual basis. Other annual corporate reports published include the Operations Review, Legal Documentation Report, which includes comprehensive information on its Balance Sheet and Income Statement and also the Corporate Governance Report. The company also discloses information on its activities relating to social commitments in Spain through the Endesa and Sevillana Endesa Foundations' Annual Reports.

The company issues a specific publication to make the quarterly information supplied to the financial markets available to its shareholders, investors and other stakeholders. Furthermore, all of the Latin American companies in which ENDESA holds a stake publish their own Annual Operations Review which are available on their respective websites. Many of these companies, especially those which are more in the public eye, publish their own annual Sustainability Reports.

In short, ENDESA's Sustainability Report facilitates the excellent management of the company and provides a unique opportunity to communicate with its stakeholder groups and incorporate their opinions and points of view.

Below is a list of web and physical addresses for ENDESA's various communication channels with target stakeholder groups. They are also available for anyone wishing to participate in preparing subsequent reports.

WEBSITES

ENDESA	www.endesa.es	Spain and overview of the Endesa Group
Group	www.enersis.cl	Chile
Chilectra	www.chilectra.cl	Chile
Emgesa	www.emgesa.com.co	Colombia
Codensa	www.codensa.com.co	Colombia
Edelnor	www.edelnor.com.pe	Peru
Edegel	www.edegel.com	Peru
Edesur	www.edesur.com.ar	Argentina
Coelce	www.coelce.com.br	Brazil

CUSTOMER-SPECIFIC CHANNELS

Customer Service Centre	Customer Service Telephone 902 509 950.
Online office	www.endesaonline.es 902 52 58 52 offers customers online help
Customer Ombudsman	www.defensordelcliente.endesa.es

SHAREHOLDERS AND INVESTORS

Investor Relations	Spain: Ribera del Loira, 60. 28042 Madrid. Tel. + 34 91 213 1829, ir@endesa.es
Shareholders' office	Spain: Ribera del Loira, 60. 28042 Madrid. Tel. 900 666 900. eoaccionista@endesa.es

SUPPLIERS

Cenit (ENDESA's service for external suppliers)	Subdirección de Facturación, Cobros y Pagos. C/ Ribera del Loira, 60. 28042 Madrid. Telephone: 91 213 4848. Fax: 91 213 48 49. e-mail: cenit@endesa.es
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EMPLOYEES AND THEIR REPRESENTATIVES

Corporate Portal	Intranet
Employees' suggestions	Environment and Sustainable Development mailbox Corporate Communication mailbox Assessment Quality Thermometer mailbox Corporate Intranet Suggestions mailbox Nostrum Forums for Spain and Portugal Nostrum Suggestions mailbox Enersis-Chile Queries mailbox
ENDESA's trade unions websites	www.ugtendesa.com www.ccooendesa.com

CUSTOMER SERVICE POINTS

"Contacte con nosotros" ("Contact Us") channel	comunicacionendesa@endesa.es
Ethics channel	http://codigoconducta.endesa.es/

For all sustainability and environmental issues, as well as other aspects regarding the contents of ENDESA's Sustainability Report, please contact:

Jesús Abadía
 Environment and Sustainable Development Director, ENDESA
 Ribera del Loira, 60
 28042 Madrid (Spain)
 Email: dmads@endesa.es

APPENDIX II
SOCIAL INITIATIVES*Cooperation initiatives: community development*

Country	Implementing organisation/company	Project
Spain	Erz Endesa (Aragon)	Collaboration with Ceste Foundation to organise Red@tón 2008
		Sponsorship of and collaboration with the Pilar 2008 Festival in Zaragoza
		Sponsorship of Aragon Basketball Club for 2008-2009 season
		Sponsorship of Club de Marketing Forum
		Sponsor of the Zaragoza City of Knowledge Foundation
		Sponsorship of Ebrópolis-Association for the Strategic Development of Zaragoza and surrounding area
	Gesa Endesa (Balearic Islands)	Help arranging Christmas activities
		Sant Sebastià de Palma festival week
	Unelco Endesa (Canary Islands)	Sponsorship of PIT Tenerife
		Sponsorship of Planeta GC Gran Canaria
		Sponsorship of Gran Canaria Basketball Club
		Sponsorship of 25 th Anniversary of Canarias 7
		Involvement in Patrona de Canarias Virgen del Pino 2008 Festival
		Involvement in Lustrales Ntra. Sra. de Guadalupe Festival
		Sponsorship of Puerto del Rosario Festival
		Sponsorship of Gran Canaria Royal Sailing Club
		Sponsorship of Ser Canario Awards
		Collaboration in Las Palmas de Gran Canaria Carnival
		Involvement in Santa Cruz de Tenerife Carnival
		Sponsorship of Tenerife Rural Basketball Club
	Dirección Territorial Sur de Comunicación (Andalusia and Badajoz)	Sponsorship of 2007 Sustainability Report of the Escuela de Organización Industrial (Industrial Organisation College)
		Sponsorship of ABG Golf Tournament
		Sponsorship of Padel Tournament of the A.A. de Ingenieros (Andalusian Association of Engineers)
		Sponsorship of "Challenger Ciudad de Sevilla" encouraging tennis among young people
	Fecsa Endesa (Catalonia)	Sponsorship of Extremeños de Hoy Awards
		Gresol Economic Workshops
		Vallés Business Evening 2008
		Cambrils International Music Festival

Country	Implementing organisation/company	Project
Spain (continued)	Fecsa Endesa (Catalonia) (continued)	Involvement in the Poble Sec (Barcelona) neighbourhood festival
		Santa Cristina d'Aro (Girona) Piano Recital Season
		Illumination of sports area of La Celler de Ter (Girona)
		16 th Valls Theatre Festival
		Involvement in various neighbourhood associations in Vallés Maresme area
		Montbrí del Camp Music Festival
		Sant Pere Sallavinera (Barcelona) Cultural Evenings
		Sponsorship of 2008 Summer Camp
		Involvement in publishing of Santa Susana (Barcelona) map-guide.
		15 th Villa de Horta basketball tournament
		19 th Pyrenean Business Congress
		Development of the new Colonia Güell Visitor Centre
		Events arranged by the Igualada Festival Association
		Patronal de la Luz Festival
		150 th Anniversary of Vic (Barcelona) Fire Service
		Collaboration with the Lleida Association of Electrical Installers
		Involvement in the Terrassa and District Association of Electrical Installers patron saint festival
		Involvement in the Association of Electrical Installers patron saint festival
		Yearly subscription to the Spanish Executives Association
		Yearly membership fee for the Círculo de Economía
		Revitalisation of catchment area of Girona shopkeepers
		Association fee
	North East	Collaboration with Asprona Bierzo
		Sponsorship of Galicia congresses
		Sponsorship of recreational activities in As Pontes district
		Involvement in the As Pontes festival
		Sponsorship of the Endesa-As Pontes Sports and Cultural Association
		Sponsorship of Orense-Zamora Cultural and Sports Club
		Collaboration with SD Ponferradina to win promotion to Second Division A
		Contributions to foundations
		Sponsorship of Endesa Football Club
		Sponsorship of Compostilla Sports Club
		Involvement in patron saint festivals
		Sponsorship of cultural activities
	Endesa Foundation	Sponsorship of Viana do Bolo (Orense) library
		Collaboration with the Mequinenza Town Council to improve swimming pool toilets and changing rooms
		Collaboration with the Camarasa Town Council
		Sponsorship of Fundación Global para el Desarrollo y la Democracia (Democracy and Development Global Foundation)
		Sponsorship of Proyecto Hombre Nuevo (New Man Project)
		Sponsorship of Fundación España-Guinea Ecuatorial (Equatorial Guinea-Spain Foundation)
		Sponsorship of ASHOKA Social Innovators
		Sponsorship of Fundación Rehabilitación del Lesionado Medular (Spinal Injury Rehabilitation Foundation)
		Sponsorship of Fundación para la Libertad (Freedom Foundation)
		Sponsorship of Fundación Galicia Emigración (Galician Emigration Foundation)

Country	Implementing organisation/company	Project
Spain (continued)	Endesa Foundation (continued)	Sponsorship of Asociación Antiguos Alumnos Agustínianos de León (Alumnae Association of Agustínianos de León)
		Sponsorship of Centro Internacional Carlos V "IV Iberian International Business"
		Sponsorship of ENDESA Pensioners and Retirees Association
	Form Selec	Involvement in the 2008 Conference of the AIESEC Association Sponsorship of the event, participation in the forum, stand, collection of CVs, organisation of debate
	Endesa Energía	Collaboration with Aesleme (Association for Research into Spinal Injuries)
		Involvement in Rock in Rio
		Collaboration with Láminas Foundation to organise the 2008 marathon Efficient lighting: Navidad brillante (Bright Christmas)
	Corporate	Sponsorship of La Razón supplement: "A tu salud" ("To your good health")
		La Razón newspaper for schools
		Involvement with "La Espuela" economics radio show
		Involvement in "Solidaridad 2008" La Voz de Galicia programme: environmental and social awareness for dependents and ill people
		ABC Mi Cartera, Suplemento Artes y Letras, RSC, En Clase and National Geographic agreement
		Publishing Unit support Proyecto Universidades, Energías Renovables, Desarrollo Sostenible y El Mundo.es (Universities, Renewable Energies, Sustainable Development and El Mundo.es Project)
		Endesa hospitality and corporate event at Expo Zaragoza 2008
		Sponsor of ADO (Spanish Olympic Association)
		Sponsorship of Pirena
		Joint sponsorship of programa 1.º Empleo (First Job Programme) for APM (Madrid Press Association)
		Support for La Mina Gypsy Cultural Centre
		Sponsorship of Club Español de la Energía (Enerclub)
		Sponsorship of Expoagua Zaragoza 2008
		Sponsorship of Federación Minerometalúrgica de Castilla y León (Castilla y León Mining and Metal Industry Federation) event: "Corporate Social Responsibility"
		Sponsorship of Alternativas Forum Foundation
		Endesa Bienes del Patrimonio Histórico sponsorship of the Arte Viva Europe Foundation
		Príncipe de Asturias Foundation grant
		Endesa membership of Elcano Royal Institute
		Sponsorship of horse riding events and competitions arranged by Hípica Almenara (Almenara Riding School)
		Sponsorship of ENDESA Gran Prix at San Sebastian Horse Racing Course
		Sponsorship of Endesa Generación Golf Tournament at Meis (Galicia)
		Sponsorship of San Sebastian horse riding competition
		Sponsorship of Egética 2008-International Trade Fair in Valencia
		Sponsorship of Women's Forum for The Economic & Society
Argentina	Central Dock Sud (Argentina)	Project Envión. During 2008, CDS has continued to support the Envión Programme, which is run by the Avellaneda Council, promoting conditions which help teenagers in local socially-excluded neighbourhoods to join the labour market, improve socio-affective integration and encourage involvement in society.
	Endesa Costanera (Argentina)	Children's Day. To offer support to the various institutions and projects related with children, Endesa Costanera's Charity Network joined forces to provide various institutions with toys and sweets for the Children's Day celebrations. It also arranged a show for the children to brighten their day.

Country	Implementing organisation/company	Project
Argentina (continued)	Endesa Costanera (Argentina) (continued)	<p>Collaboration with APACIL AM.</p> <p>APACIL AM is a parents association located in Villa Adelina in the Buenos Aires Province, which prepares people for work and promotes social integration and mutual support among people with different capabilities.</p> <p>Endesa Costanera's Charity Network is actively involved in the Association and donates computers to enable young people to learn and prepare for work.</p> <p>The Charity Network celebrated Christmas along with the young people.</p> <p>Endesa Costanera's Charity Network joined forces to provide several institutions with toys and sweets for the Christmas festivities. It also arranged a show for the children to brighten their day.</p>
	Hidroeléctrica El Chocón (Argentina)	<p>Gigantes del Sur: Neuquén Volleyball Project.</p> <p>HECSA is aware of its role as an important social player in the province, and in order to increase the company's integration into the local community, it was involved for the third year running in the Neuquén Volleyball Project, which is part of the "Plan de Desarrollo Provincial del Voleibol" ("Provincial Volleyball Development Scheme"), which aims to inform children about this sport and encourage them to play it. As the company is aware that sport is a key factor in personal development; instilling values associated with healthy competitiveness, integration and personal and group effort, it considered that this proposal was a valid option to which it could subscribe. During the first phase, the scheme attracted over 1,000 children aged between seven and 14, who were mentored and encouraged to play volleyball in schools around the Neuquén Province. The project also benefits from the support of the Los Gigantes del Sur volleyball team which plays in the A-1 volleyball league in Argentina. The team disseminates information about the project and encourages children from all over the province to play volleyball.</p> <p>"Lucha contra el Fuego" ("Fire Fighting") Seminar</p> <p>The company organised a "Fire Fighting" Seminar for the Fire Station in Villa El Chocón.</p> <p>"El Fuego y la Electricidad en Instalaciones de Alta y Baja Tensión" ("Fire and Electricity in High and Low Voltage Installations") information manual.</p> <p>The company donated four copies of the "Fire and Electricity in High and Low Voltage Installations" information manual to the Villa El Chocón Fire Station. This manual provides up-to-date information on how to tackle fires in electrical installations and helps to ensure fire fighters are armed with the latest fire fighting knowledge.</p> <p>Educational Visit.</p> <p>The company was involved for the fourth consecutive year in the initiative organised by the C.P.E.M. N.º 9 secondary school, assuming the costs of sending pupils from the fifth year to the City of Buenos Aires to receive information on the academic possibilities open to them for their training and personal development.</p> <p>Thanks to the company's funding, the children visited Buenos Aires accompanied by their teachers in order to see the capital of the Republic and find out what academic opportunities were open to them for their future careers. They also enjoyed new cultural experiences during the trip.</p> <p>Children's Day.</p> <p>The Parents Association of Villa El Chocón organised a Children's Day during which HECSA gave out educational toys to children from the area.</p>
Peru	Edelnor (Peru)	<p>Modern "Mirabus" tourist buses.</p> <p>Three modern buses were put into service and assigned to a tourist route around the historic centre of Lima. This measure aims to increase internal tourism by raising awareness of the country's cultural heritage.</p>
	Edegel	<p>The Orchids of Pacaybamba Bee Keeping Project</p> <p>Edegel funded a bee colony consisting of 20 hives in order to increase the production and productivity of 20 families which produce honey and improve product quality through technical assistance and training.</p> <p>Project to restore bee hives in Los Ángeles.</p> <p>The aim of the project is to restore 27 bee hives belonging to 10 families to increase production and improve product quality through ongoing technical assistance in the collection and sale of the honey. The aim of providing ongoing technical assistance is to guarantee the project's sustainability - closing the chain of production from collection through to placing the product on the market.</p>

Country	Implementing organisation/company	Project
Colombia	Codensa (Colombia)	<p>Contributions to the Endesa Colombia Foundation.</p> <p>Donations are used to fund planning and implementing production projects and social programmes, including Paneleros (panela makers) and the illumination of cathedrals.</p> <p>Sponsorship of the Alimentarte Gastronomic Festival.</p> <p>Funding was provided for electrical installations in the park in which the activity was conducted and the brand publicised.</p> <p>Sponsorship of Colombia Charity Walk.</p> <p>Funding was provided for electrical installations at the various locations in which the activity was conducted and the brand publicised.</p> <p>Agreement with the Colombian Confederation of Chambers of Commerce.</p> <p>Promotion of corporate social responsibility practices among collaborating companies in order to encourage them to conduct social initiatives in their areas of activity.</p> <p>Sponsorship of Social Responsibility Forums held by the la República newspaper.</p> <p>Forums were held on current issues and best corporate social responsibility practices.</p> <p>Sponsorship of Nautical Festival.</p> <p>Sponsorship of the 7th Guavio Nautical Festival to promote tourism in the area, while also publicising the brand.</p> <p>Sponsorship of Confecamaras Social Responsibility Meeting.</p> <p>Sponsorship of Social Responsibility Seminar-Workshop for the energy sector in Latin America.</p> <p>Sponsorship of the Seminar-Workshop, during which companies in the sector shared their experiences of implementing social initiatives.</p> <p>Support for the Juan Felipe Gómez Foundation. Organising the Duran Duran concert.</p> <p>Caravanas de la Fidelidad (Loyalty Trains) and promotion of Bogotá D.C. and Cundiamarca.</p> <p>Support for municipal activities (fairs and festivals, peasant farmer days, cultural events).</p> <p>Social recognition and strategic relations:</p> <p>Activities aimed at highlighting the company's areas of action in communities with notable levels of power theft and commitments to the work performed by the company in the city.</p> <p>07 Agreement between public service companies with registered offices in Bogotá D.C. and UAESP (Special Public Service Administration Unit).</p> <p>Agreement which encourages society to participate in and oversee local public services.</p> <p>Campaign to raise social awareness of XXXX (FALTA INFO DE LA ENFERMEDAD), which causes a high number of deaths among women.</p>
	Emgesa (Colombia)	<p>Ubalá, Gachalá, Gama and Tocancipá Peasant Farmer Day.</p> <p>Support for activities highlighting the specific characteristics of the region.</p> <p>Transport scheme on the El Guavio Reservoir.</p> <p>Programme providing communities in the area affected by the reservoir with financial support to help them get around.</p> <p>Tourist and light festival in El Colegio, collaboration with Guavio Nautical Festival, support for Environmental and Cultural Week, organisation of Campoalegre Rice Festival, organisation of Gigante Festival, support for Yaguará Water Festival, support for Book Fair.</p> <p>Support for cultural activities in the various municipalities.</p> <p>Bambuco - Neiva Huila National Festival.</p> <p>Support for cultural activities in these municipalities, aimed at promoting the folklore and traditions of these communities.</p>
Brazil	Ampla (Brazil)	<p>Consciência Ampla na Tela.</p> <p>All the magic of a travelling cinema which takes a big screen with digital sound and image to several cities. This project is called Consciência Ampla na tela (Ampla Awareness on the Big Screen) - an open-air cinema for all the family to enjoy the latest national releases free of charge. The first port of call in each community is the local school, where state pupils are encouraged to become filmmakers, scriptwriters, cameramen and women, actors and actresses and directors. Talks are given on filmmaking and the rational use of energy. At the end of each workshop, the pupils prepare a short film which is then shown prior to the main feature shown in each of their respective cities.</p>

Country	Implementing organisation/company	Project
Chile	Enersis (Chile)	Book donations: donation of books to Paredones Municipal Library.
		Sponsorship of III Congreso Internacional de Educar "Lecto-Escritura, Estrategias que Funcionan" (3 rd Educar International Conference, "Reading and Writing, Strategies that Work").
		Sponsorship of 9 th Cycle for Regional Development organised by Diario Financiero.
		Sponsorship of Diario Estrategia seminars and round tables.
		4 th International Chilean Broadcasters Conference.
	Endesa Chile	CSR programmes in areas covered by Proyectos 2008.
		Endesa Chile CSR programmes; Energy for Education 2008
		CSR programmes; Ralco 2008 Relocation Plan.
		CSR programme; Comunidad de Quillota (San Isidro Plant) 2008
	Chilectra (Chile)	Chilectra Cup. For the seventh consecutive year, Chilectra has organised this "baby football" competition for girls and boys, in which over 40 thousand children have taken part. This purpose of this competition is to encourage young people to play sports and avoid sedentary lifestyles, alcoholism and drug dependency among the young. The Cup forms part of the activities comprising the Sports Fields Lighting Programme, through which over 153 sports fields have been reopened for use by the local community. Since 2007, the Chilectra Cup also forms part of the Nutrirse Project (Healthy Eating Project), an initiative organised by Acción RSE comprising companies working to reduce national obesity indices and promote healthy lifestyles.
		Plaza de Armas Book Fair. Chilectra supports other local fairs and events organised in the Metropolitan Area, such as the Book Fair held in April in the Plaza de Armas as part of World Book Day.
		Santiago International Book Fair. The most important cultural event in the country is supported by Chilectra; its sponsor since 2003. The company has developed a close strategic relationship with the Chilean Association of Publishers, Distributors and Booksellers.
		The social impact of the fair is clear, with over 250 thousand visitors attending this cultural and literary event each year. Leading members of Chilean culture, academia and business attend the opening ceremony, accompanied by diplomats and politicians, while Colombia was invited as guest country of honour last time the event was held. As well as the book fair, a large and diverse programme of over 400 cultural events are organised for all the family.
		Chilectra holds two "Women's Days", during which women can attend the events and presentations that have been especially designed for them, free of charge.
	Pehuén Foundation	Pehuén Foundation 2008. The objective of this Foundation is to promote the social and economic development of the Pehuenche indigenous people through programmes aimed at increasing productivity and improving infrastructure, education, personal skills development and professional training, at the same time as preserving their traditions and cultural identity. One of the most noteworthy aspects of the Foundation is its management model, with participation being a key element. This participation runs from deciding on the management structure to making decisions about investments in the different communities.

Cooperation initiatives: basic needs

Country	Implementing organisation/company	Project
Spain	Gesa Endesa (Balearic Islands)	Gran Gala Illa de Menorca
		Colegio La Salle de Inca (Majorca) Centenary
		Support for the Nazaret Foundation
		Round-the-world bicycle ride
	Unelco Endesa (Canary Islands)	Helping the Casa de Galicia to collect toys
		Sponsorship of the Da Silva Foundation
		Collaboration with the Asociación Nuevo Futuro during the "XXI Rastrillo" (flea market)
		Donation of Unelco Endesa vehicle fleet to the Red Cross
		Collaboration with the San Juan Foundation
	Dirección Territorial Sur de Comunicación (Andalusia and Badajoz)	Collaboration with summer camps for autistic children
		Collaboration with summer camps and calendars for children with Down's Syndrome
		Supporting activities for the disabled
	Fecsa Endesa (Catalonia)	Ninth meeting of families affected by Down's Syndrome
		Collaboration with La Marató charity programme aired by TV3
		Charity trip to West Africa in 2008
		Charity Establishments Guide
		Collaboration with Centro Solidario del distrito del Casco Antiguo de Barcelona (Barcelona Old Quarter Charity Centre)
	North East	Support for help groups and fight against drug dependency
		Collaboration with charity support associations
	Endesa Foundation	Collaboration with Carboneras Parish Church
		Sponsorship of la Asunción Clarisas Convent(Zamora)
	Endesa Energía	Christmas campaign: "Usted también puede ser un rey mago" ("You Too Can Be a Wise Man")
		Christmas cards published by the Menudos Corazones Foundation.
	Corporate	Collaborative agreement with AMREF Flying Doctors
		Sponsorship of 14 th "Los Nuevos Latinoamericanos" ("New Latin Americans") Forum
		Donation to Padre Pulgar Association
		Donation to Confederación Española de Asociaciones y Organizaciones a favor de personas con discapacidad intelectual (Spanish Confederation of Associations and Organisations for People with Intellectual Disabilities) to perform the study "El Esfuerzo Económico de las Familias con Hijos con Discapacidad Intelectual" ("Economic Impact on Families with Children with Intellectual Disabilities").
		Donation to the María Virgen Madre Parish Church

Country	Implementing organisation/company	Project
Argentina	Edesur (Argentina)	<p>Campaign to find missing children.</p> <p>Within the area of social development and children's rights, Edesur has continued with its Missing Children in Argentina agreement for the sixth consecutive year; helping in the search for missing children by providing free space on its electricity bills to post photos of children missing from their homes.</p>
		<p>Programme of cooperation with children's canteens.</p> <p>"Nuestro aporte + su vuelto = comida para + niños" campaign</p> <p>Programme to donate food to community kitchens in the poorest areas of the south of Gran Buenos Aires. During 2008, Edesur delivered over 110,313 kilogrammes of food, as well as 77,870 litres of oil.</p>
		<p>"Edesur for the Children" programme</p> <p>For the 11th consecutive year, the "Edesur for the Children" campaign teaches basic concepts about the safe, efficient and rational use of electricity to children.</p> <p>Through this campaign, Edesur has reached over 200,000 children in the area in which it operates. The campaign involves a theatre show especially designed for children, with the following characters: Dicri (our super hero), Luciana, Lucero, Tubito, Oscuro, Luci and Eli.</p> <p>The "Edesur for the Children" campaign is especially designed for deaf children from the schools in the area in which we operate, in collaboration with CONADIS (the National Advisory Commission for the Integration of the Disabled).</p>
	Central Dock Sud (Argentina)	<p>Children's Day.</p> <p>For the second year running, Central Dock organised a street party in conjunction with the local public library as part of Children's Day. The event attracted over 400 local youngsters who were treated to clowns, music, games and food and sweets. In this way, the company continues to strengthen its ties with the community.</p>
		<p>Dock Sud Public Library.</p> <p>CDS provided the public library with computer equipment to give local children and teenagers the tools required to improve their chances of finding work. It also provided building materials to construct a workshop and training room.</p>
	Endesa Costanera (Argentina)	<p>Collaboration with the 29th Paediatrics Department of the Muniz Hospital.</p> <p>More than 300 children infected with HIV are treated and monitored in this department (95% of whom contracted the virus directly from their mothers). These children are treated to control and avoid recurrent infections. To this end, since 2000 the department has operated a short-stay policy, which has resulted in no deaths to date. The social and economic causes, progression of the disease and the difficulties inherent in treating it mean that the short-stay policy: 1. reduces the number of days patients are admitted; 2. optimises hospital resources; and 3. humanises the medical treatment by preserving the link with the family and encouraging patients to follow the course of treatment. This multidisciplinary care approach requires a hospital stay of 12 days per annum. It avoids traditional lengthy stays due to respiratory problems and/or other complications. It guarantees patients are more likely to stick with the treatment. It enables patients to rapidly return to their families, community and school. Endesa Costanera provided: two beds, a cot, a computer, a printer, three tables, 20 chairs, a desk, consumables, 18 sets of bedclothes, 18 mattresses, a cot mattress and sheets, baby clothing, a baby chair, and a bath.</p>

Country	Implementing organisation/company	Project
Argentina (continued)	Endesa Costanera (Argentina) (continued)	<p>Collaboration with the Padre Vasco canteen to help the local community. Community canteen which provides support to locals on low incomes. Caters for local children and adults who visit the canteen each day looking for shelter. The aim of the canteen is to provide local children not only with breakfast, lunch and afternoon snacks, but also a wide range of activities such as games, help with homework, etc.</p> <p>The Charity Network provided construction materials and furniture to improve conditions in the canteen.</p> <p>Collaboration with the Padre A. Hurtado Centre to help the local community. The Padre A. Hurtado Centre is a NGO run by the Santo Cristo Obispado de Avellaneda Parish Church. It receives grants which only cover 20% of its requirements, plus individual donations. Principal activity: children who are at risk and have been separated from their families are redirected to the centre from the Juvenile Court and the Children's Service for the Southern Area. At the Centre, assistants mentor and provide company for the children, and also try to promote their development during their stay. At the same time, they work with close and extended family members to establish rules ensuring the children receive support and help with their recovery in order that they can be reintegrated into a family. Children are then either reunited with their family or put up for adoption. Endesa Costanera's Charity Network provided the Centre with materials to enclose the centre's backyard to give the children a sheltered area in which they can play even during winter.</p>
	Hidroeléctrica El Chocón (Argentina)	<p>Basic supplies for the Villa El Chocón Hospital.</p> <p>As a result of receiving a formal request for help to cover basic needs, Hidroeléctrica El Chocón donated electrocardiograph equipment, two peak flow meters for children and two peak flow meters for adults to the Villa El Chocón Hospital. The El Chocón Plant is located in a small rural area in which the only health centre is this hospital. It is therefore essential that the company meet the hospital's needs.</p> <p>Ambulance for the Villa El Chocón Hospital.</p> <p>Hidroeléctrica El Chocón also donated basic supplies for the hospital's ambulance to help improve the service it provides.</p> <p>Maintenance of the Fire Station's engine.</p> <p>In order to help the fire crew in their work, as in previous years, the company has donated equipment, spare parts and maintenance work for the only fire engine close to the plant.</p> <p>School supplies.</p> <p>School supplies and furniture not in use are donated by employees and given to the Escuela Vida Neuquén playgroup, to help ensure the infants are brought up in a healthy and stimulating environment.</p> <p>IT equipment.</p> <p>In 2007, Hecsa donated furniture and other resources to the Cepen N.º 9 School to establish an IT room where pupils can learn to use what will be an essential tool in their future careers. This year, the company donated IT equipment to ensure the IT room is better equipped.</p>
Peru	Edelnor (Peru)	<p>Promoting sport: "Iluminación de Losas Deportivas" ("Sports Fields Lighting"). In order to promote sport, Edelnor installed lighting at sports facilities in 10 districts, helping to create recreational and social areas which can be used at night, and contributing to building healthy, drug-free communities.</p> <p>Corporate Volunteer Programme.</p> <p>This programme helps ENDESA employees to carry out voluntary work by providing them with time off and funds to construct and open the Fe y Alegría de San Clemente School, and run the school and Christmas campaign at the Sagrada Familia Centre in the Puente Piedra District. Girls and boys from the Víctor Raúl Haya settlement in la Torre Ventanilla benefited from the work carried out to supply electricity to 23 homes in the "Sarita Colonia" sector, Pariñas District in the Talara Province.</p>

Country	Implementing organisation/company	Project
Peru (continued)	Edelnor (Peru)	<p>Delivery of national identity cards to children from low-income families. Low-income communities received help in obtaining their national identity cards. We contributed to socially educating customers to help them avoid future problems of exclusion or exposure to a life where abuse, violence, and child labour are the most serious threats.</p> <p>“Edelnor Cuida tu salud” (“Edelnor looks after your health”) Free Campaigns. Providing health service access to low-income customers.</p>
	Edegel	<p>Analysis and diagnosis of the Tulumayo Lower Basin. Conducted to analyse local problems in situ and identify the needs, strengths and priorities of communities located on the lower basin of the Tulumayo River, Chanchamayo Province, Junín Región. This research will also help define and prioritise the programmes and projects that will form part of a proposed development plan for the basin, with the aim of strengthening Edegel’s social responsibility programme and synergies between this programme and other local and regional development plans and priorities.</p> <p>Highway maintenance and infrastructure work. Maintenance of the roads connecting the various settlements located in the Santa Eulalia and Rimac river basins is essential, as they provide locals with access to their communities and enable Edegel workers to reach the company’s installations such as hydroelectric power stations, the Marcapomacocha lakes, and the Sheque and Yuracmayo dams. Support is also provided to improve the classrooms and kitchen-dining room at the Orquídeas de Pacaybamba, Yanayacu (Chimay Plant) and San José de Utcuyacu (Yanango Plant) schools.</p> <p>Hydro Power Plant Health Campaign. Campaigns focusing on promoting and improving health were conducted in three stages: diagnosis of illnesses, medical care, and full medicals for inhabitants.</p> <p>Santa Rosa Plant Health Campaign. Campaigns focusing on promoting and improving health were conducted to diagnose illnesses, provide medical care and perform full medicals for inhabitants.</p> <p>Nutrition and Hygiene Programme. This programme targets mothers working at local canteens to inform them about nutrition, preparing meals using regional produce, techniques for looking after the body, correct posture and stress prevention, to improve the lives of their families.</p> <p>Nutrition and Health Programme at Santa Rosa Plant settlements. This programme targets those living in the settlements surrounding the Santa Rosa Plant and aims to encourage best practices regarding food preparation, health and nutrition through eight workshops on food handling.</p> <p>School Breakfasts. Over 15,000 breakfasts were provided through this programme in order to help improve the nutrition of children living in the areas around the Yanango and Chimay plants.</p> <p>Christmas Campaign. Toys and games, books and panetone cakes were given to the girls and boys living in the areas around our Junín and Lima plants.</p> <p>Maths for All. Improve children’s maths skills and provide school books. In 2008, one of the schools in which the Maths for All programme was run achieved first place in the maths competition organised by the Chanchamayo Education Department and the Huarochiri 15 Education Department.</p>

Country	Implementing organisation/company	Project
Peru (continued)	Edegel (continued)	<p>Training of community and youth leaders by Edegel.</p> <p>Aimed at young people aged between 13 and 18, this programme has been running for nine years at the Chosica and Santa Eulalia schools. Training is given on what to do in the event of an accident or disaster, health, the environment, first aid, how to earn an income, and personal development; all of which aim to nurture the potential of participants.</p> <p>School Campaign.</p> <p>Provide basic school resources to children from low-income families living in areas around Edegel's installations.</p> <p>Training on how to avoid accidents involving anti-personnel mines.</p> <p>In order to raise awareness among affected population, teachers and local students from the Lurigancho-Chosica area of Lima have received training and talks about the dangers of handling these devices and their components.</p> <p>Promoting Healthy Activities and Social Skills.</p> <p>Aimed at encouraging children and teenagers among the urban marginal community to practice healthy activities, sport (five-a-side football, volleyball, swimming, chess) and educational-cultural activities (theatre, dance and music).</p>
	Eepsa (Peru)	<p>Support for cultural activities.</p> <p>Presentation of travelling cinema during the Peru-Ecuador Border Tour: Eepsa and the Nómadas Association present an open air cinema project aimed at low-income communities who do not normally have access to this leisure activity.</p>
Colombia	Codensa (Colombia)	<p>Sponsorship of the Tejido Humano Association.</p> <p>Dinner entitled "Las Voces de la Vida" ("Voices of Life")</p> <p>Special children's celebrations (Film show-Christmas presents).</p> <p>Improve the quality of life of the poorest children from 22 municipalities around Cundinamarca.</p> <p>Development Programme for the Paz de Magdalena Plant.</p> <p>The objective is to develop an integral and sustainable human development programme at local, regional and national level. The purpose of this programme is to promote peace and social justice in the affected communities and install dignity into its members' lives.</p> <p>Paneleros de Gualivá Project.</p> <p>Continue to support the panela-making sector in the region, enabling them to make their produce in a clean and environmentally-friendly manner.</p>
	Emgesa (Colombia)	<p>Donations to Family Welfare Centres in the municipality of Gachalá.</p> <p>Basic provision of equipment to ensure children receive full care and attention from birth to five years old.</p> <p>Improving the San José Rural School in El Colegio.</p> <p>Improvements to the school's facilities.</p> <p>Help in running the Mámbita School via the Endesa Colombia Foundation.</p> <p>Sponsorship of the school, which provides an education to children from low-income families in the area.</p> <p>Support for Intelligent Classrooms in the Pablo Neruda School in the municipality of Sibaté.</p> <p>Improvements to the quality of education by providing IT resources. Recognition as a socially responsible company.</p> <p>Support for the Municipal Institutional Development Programme.</p> <p>Education to reinforce the local public administration and improve its operations.</p> <p>Recognition as a socially responsible company.</p> <p>Donation to the nursery school in the municipality of Yaguará.</p> <p>Improvements to the school's facilities.</p> <p>Projects to help people generate income organised through the Endesa Columbia Foundation.</p> <p>Programme carried out through the Endesa Columbia Foundation to help low-income communities generate income.</p>

Country	Implementing organisation/company	Project
Brazil	Ampla (Brazil)	<p>Consciência Ampla Oportunidade.</p> <p>Established in 2004, this initiative targets young people aged between 18 and 24 living in local communities. The Consciência Ampla Oportunidade (Ampla Opportunity Awareness) Programme offers training to people looking for their first job in order to help improve their chances of finding work. The workshops entail talks and group activities on interview techniques, successful employee profiles and professional ethics. Participants receive training on using electricity responsibly; a key issue for anyone working in an energy distribution company. Ampla's service providers hire many young people, especially as meter readers, who receive complementary training. Electrician courses are also run for participants who stand out during the workshops. Approximately 100 individuals partake in the Consciência Ampla Oportunidade courses each year.</p>
		<p>Consciência Ampla Eficiente.</p> <p>Established in 2005, this initiative targets local communities and public utility institutions. In accordance with technical and safety standards, Consciência Ampla Eficiente (Ampla Efficiency Awareness) programme repairs electrical installations in the homes of low-income families, schools, residences, public hospitals, etc. to reduce consumption and educate users about using energy efficiently. The project includes a programme to exchange refrigerators and low-energy solutions such as home lighting using PET bottles and heat exchangers for showers.</p>
		<p>Volunteer Sharing.</p> <p>Developed to encourage charity work among Ampla employees, this initiative has attracted over 800 volunteers since 2004. These volunteers run self-help groups in institutions attending to children and fund-raising campaigns, as well as organising the Father Christmas Volunteer programme through which a number of volunteers visit the homes of employees with children under ten years old.</p>
		<p>"Desenvolver".</p> <p>This campaign involves raising funds for families which are especially disadvantaged. Donations are made through Ampla employees' pay cheques.</p>
Chile	Enersis (Chile)	<p>Book donations: donation of books to Pedro Mariño Lobera Municipal Library</p> <p>Contributions to public interest foundations and institutions</p>
	Chilectra (Chile)	<p>Red Cross Campaign.</p> <p>As part of Chilectra's alliance with the Chilean Red Cross since 2005, it conducted three campaigns during 2008: an annual energy efficiency campaign for locals and schools, an annual Safe Kite campaign, and the "Safe Christmas" campaign to prevent electrical accidents in the home.</p>

Country	Implementing organisation/company	Project
Chile (continued)	Chilectra (Chile) (continued)	<p>Sports Fields Lighting Programme</p> <p>14 years ago, Chilectra decided to take part in the local community and became another neighbour through its Sports Field Lighting Programme. The company's conviction that it should contribute directly to recovering public spaces for the members of the city's neighbourhoods, above all for those on the lowest incomes, led it to develop this project in 1994. The project involves delivering, installing and maintaining full lighting systems for sports fields. To date, we have installed lighting systems at 153 sports fields in 33 municipalities around the Metropolitan Area. Over 50,000 people have benefited directly from this programme and an uncountable number of activities have been organised as a result. Illuminating sports fields does not only encourage young people to practice sport. These facilities have also become focal points for cultural and recreational activities and have become invaluable meeting points for locals. New Year celebrations, national public holidays and Mother's Day are all held in these spaces. Community members have been involved in this process so that they make these spaces their own; thereby encouraging social integration. Each of these floodlit sports fields offers an opportunity to strengthen ties with neighbourhood committees, local authorities and other social organisations.</p> <p>As well as the activities arranged by the locals themselves, each year Chilectra organises the following two activities in these spaces: the Chilectra Cup and the "Cine en su Cancha" ("Cinema on your sports field") season.</p>
	Fundación Chilectra Activa (Chile)	<p>"Volantín Seguro" ("Safe Kite") preventive campaign.</p> <p>This initiative is carried out each year in August and September in order to reduce the number of accidents caused by kite flying in unsuitable areas or close to Chilectra's overhead power cables. This campaign includes giving talks on safety in schools, printing and distributing educational material and the "Safe Kite" Drawing Competition, in which 10 thousand primary school children have participated. As well as helping to raise children's awareness of the dangers, this event also helps to develop their artistic creativity.</p>

Educational initiatives

Country	Implementing organisation/company	Project
Spain	Erz Endesa (Aragon)	Sponsorship of the 2008 Don Bosco National Award
	Gesa Endesa (Balearic Islands)	Financing of the "21 st Ornithology Yearbook"
	Unelco Endesa (Canary Islands)	25 th Anniversary of the Universitaria Foundation-Postgraduate Innova Grants
		Unelco Endesa exhibits its hydroelectric projects in the Civil Engineering College
		Academic collaboration with the associated centre of UNED
		Fundación Universidad de Verano de La Gomera (La Gomera Summer University Foundation)
		Aeonium School Campaign
	Dirección Territorial Sur de Comunicación (Andalusia and Badajoz)	Pablo de Olavide University summer camps
		2008 energy seminar for journalists
	Fecsa Endesa (Catalonia)	Conference on Infancy and Young People in Manresa
		Energy Week
		Collaboration with the Lleida College of Electrical Installers
		Annual sponsorship of the University of Girona's Polytechnic School
		Conferences organised by Tribuna Barcelona
		Research project on intelligent monitoring of electrical bandwidth quality
		Membership fee of Friends of the University Polytechnic of Catalonia Association
		Donation to the Endesa Educa programme
	North East	Collaboration with schools in Galicia to arrange visits to wind farms
	Endesa Foundation	Sponsorship of Teruel Summer University courses
		Collaboration with the Santa María de Albarracín Foundation. Activities programme

Country	Implementing organisation/company	Project
Spain (continued)	Endesa Foundation (continued)	Help for Cervantes Institute (Spanish courses in Tangier)
		Sponsorship of the Andrés Bello Chair. Chilean Embassy
		Carlos III University grants
		Sponsorship of Hispano Brasileña Foundation. Digitalisation and publishing of documents
		Sponsorship of Centro Académico Romano Foundation
		Sponsorship of 18 th Ibero-American "Youth and Development" Summit. El Salvador
		Sponsorship of Centro Rey Juan Carlos Foundation at University of New York
		Sponsorship of President's Circle. Club de Madrid
		Sponsorship of Sociedad Iberoamericana de Amigos del Libro y de la Edición (Ibero-American Friends of Literature and Publishing Society)
		Agreement with Georgetown University. Príncipe de Asturias university chair
		Agreement with Salamanca University. Endesa Grants
		Agreement with Carolina Foundation
		Sponsorship of Fundación Escuela Asturiana de Estudios Hispánicos (Asturia Hispanic Studies School Foundation)
		Sponsorship of Las Palmas University Foundation
		Sponsorship of San Pablo-CEU University Foundation
		Sponsorship of LID Sustainability Dictionary
		Sponsorship of ICAI Engineers Association
		Sponsorship of Loyola de Palacios university chair
		Agreement with Zaragoza Department of Law
		Agreement with Guardia Civil and University of Granada
Form Selec		Attendance at job fairs and forums.
		Attendance at events, stand, collecting CVs, guidance on careers in ENDESA and the labour market in general, etc.
		Developing and nurturing relations with academic institutions.
		Helping to design Talentia Scholarships and, in return, taking on Talentia scholarship holders, disseminating in academic environment information on employment-related green technologies, helping to improve training technology to be applied in the Andalusian education system, working to establish Endesa Red university chairs, plus Endesa Red grants to sit master's degrees, etc.
		Design and coordination of an official master's degree.
		Coordination and design of Master Universitario en Tecnología y Gestión de Sistemas de Energía Eléctrica (Electrical Systems Technology and Management Master's Degree) in conjunction with the Electrical Engineering Department in the Engineering School of the University of Seville.
		New European Space for Higher Education. University education and development of professional qualifications.
		Help in defining new academic models and designing the course content of university degrees and post-graduate degrees.
		Involvement with the teams responsible for analysing and designing INCUAL (Spanish Institute of Qualifications) professional qualifications.
		Contacts with Government and collaborative agreements with autonomous regions.
Escuela de Energía		Participation in OBSERVAL (professional validation observatory) as members of Spanish work group.
		Participation as members of the Consejo General de la Formación Profesional (Professional Training General Council).
		Scholarship holder meeting.
		National meeting of all ENDESA scholarship holders when the meeting was held to offer them a global insight into the company and its businesses, as well as its culture and values.
		ENDESA-ICAI Electrical Technology Official Master's Degree: designed to strengthen ENDESA's technical capabilities, recruit talent and serve as a knowledge management tool for ENDESA.

Country	Implementing organisation/company	Project
Spain (continued)	Escuela de Energía (continued)	B_TECH Summer Sessions: continuous and professional training courses in summer which bring together professionals in the energy industry to share knowledge and learn from peers from various sectors around the world. The knowledge areas shared and studied are: energy, water, mobility and architecture, urban planning and construction.
		"Strategy Challenges in the Energy Sector", given by the MIT
		Four conferences on specific cutting-edge energy technologies.
	Corporate	Sponsorship of <i>El País de los Estudiantes</i> .
		Sponsorship of "El Periódico a L'Escola" <i>El Periódico de Cataluña</i> .
		Ecoaula and <i>El Economista</i> .
		Sponsorship of "Gran Enciclopedia Dirección de Empresas" (company directory) published by Cinco Días.
Argentina	Edesur (Argentina)	Design of E3 Endesa Educa programme and publishing of materials, website, management, training, advice and control of programme. Coordination and implementation of "Tot un mon d'energia" ("A Whole World of Energy").
		Two grants to study a Master's Degree in Journalism. Unidad Editorial, S.A.
Peru	Edelnor (Peru)	"El viaje de la energía" ("A Journey through Energy") educational programme. For the third year running, Edesur has run the "El viaje de la energía" programme, an educational initiative providing primary school pupils with basic knowledge on electricity such as how electricity works, how it is distributed from source to household, and how to use it safely and efficiently. In 2008, over 100,000 children from 900 state and private schools attended "El viaje de la energía", which was run by 2,738 teachers who volunteered to participate in the initiative. A competition was run as part of this programme, with children from participating schools presenting 7,400 projects based on educational material provided by EDESUR.
		Free IT rooms and IT classes for Edelnor customers.
		Offering low-income customers the opportunity to learn basic IT skills.
	Edegel	Pachacútec Technology College.
		Offering young enterprising people on low incomes the chance to receive further education.
		"Construyendo Escuelas Exitosas" ("Building Successful Schools") Programme. Mentoring and training of teachers and pupils from 11 schools in the Tulumayo Lower Basin in order to organise, manage and mobilise them with the aim of giving the pupils a five-year education. This is the second year this programme has been run.
	Eepsa (Peru)	Support for the Santa Elena School.
During 2008, the school has been supported by paying the salaries of two teachers, providing school transport, and donating school supplies.		
Colombia	Codensa (Colombia)	Thanks to its involvement in this project, EEPsa received a sustainability award from the mining, petroleum and energy sector association (Sociedad Nacional de Minería, Petróleo y Energía). It was also a finalist in the RPP (Peru's main radio station) Solidarity and Integration Competition.
		Customer communication and information programme-Informative workshops, mobile customer service centre, mobile unit, electrocution prevention.
		"Vigías de la energía" ("Energy Watches").
	Emgesa (Colombia)	Programme to enable children in Bogotá and Cundinamarca to lead their communities. This programme also teaches children about the fundamentals of electricity.
		Electricity walk-throughs in Bogotá D.C and Cundinamarca.
		Recreational-educational spaces offering visitors explanations of the journey of electricity from source to household, electrocution prevention, and the rational and efficient use of electricity.
	Emgesa (Colombia)	"Días de Vuelo" ("Flying Days") Campaigns.
Description of the initiative and subject matter: interesting space where children learn not to fly kites near overhead power cables.		
Emgesa (Colombia)	Emgesa (Colombia)	Social Responsibility Workshops in municipalities around Betania.
		Education and training to promote social responsibility awareness.

Country	Implementing organisation/company	Project
Brazil	Ampla (Brazil)	<p>Consciência Ampla Futuro.</p> <p>The objective of Consciência Ampla Futuro (Ampla Awareness of the Future) is to train young "message spreaders" in schools to pass on the message about the importance of using electricity and natural resources responsibly. Workshops, games and theatre for pupils from state and private schools have been organised by Ampla since 2004 in conjunction with teachers who receive training from the company during the academic year. As well as issues related with electricity, questions about ethics and citizenship, environmental protection, and the importance of responsible energy use are also tackled.</p>
		<p>Consciência Ampla Saber.</p> <p>The Consciência Ampla Saber (Ampla Knowledge Awareness) workshops and talks provide advice and practical work on using electricity responsibly and safely. This programme, where different approaches are taken for women and men, has been run since 2004 and involves various interactive activities on the following issues: Consumer rights and obligations, environmental education, citizenship and ethics, risks associated with power theft, energy saving practices, family budgets, minor repairs to domestic electricity installations. These events also involve the provision of sales services, exchanging incandescent for fluorescent light bulbs, free gifts, reward schemes, and exchanging refrigerators.</p>
		<p>Consciência Ampla Digital.</p> <p>Responsible energy use from the perspective of enabling communities to move into the digital age forms part of Consciência Ampla Digital (Ampla Digital Awareness). In a centre equipped with classrooms containing computers and free Internet access, instructors trained by Ampla teach the local population to use new information technologies, whilst promoting responsible energy use. This initiative provides courses on producing websites, videos, digital and printed community papers, and photographs which nurture community links and lead to the creation of cooperative networks.</p>
		<p>Consciência Ampla com Arte.</p> <p>Created in 2004 in conjunction with the NGO Casa Amarela, Consciência Ampla com Arte (Ampla Art Awareness) provides courses using recycled materials and cardboard for young people and adults, encouraging the development of local cooperatives. The objective of this project is to detect artistic talent and promote responsible consumption and the sustainable use of natural resources.</p>
Chile	Enersis (Chile)	Sponsorship of the "El Minuto del Buen Lenguaje" ("Correct Language Minute") programme on Radio Agricultura.
	Endesa Chile	CSR Programme, Communications Department of Endesa Chile, 2008
	Chilectra (Chile)	<p>Energy Efficiency Degree and Post Graduate Degree Thesis and Final Project Competition.</p> <p>In 2008, the second Energy Efficiency Degree and Post Graduate Degree Thesis and Final Project Competition was run. This year, the competition was extended to include post graduate degrees and students across the entire country. The objective of the competition is to develop the analytical skills and ability to put forward proposals of students and future professionals, as well as those young people already in the workplace.</p> <p>Participants must present and register a degree thesis or final project to be able apply for a professional qualification or post graduate degree, as applicable, and include specific proposals aimed at finding solutions in this strategic area. In a second stage, participants must present a bound version of their thesis to the Chilectra Foundation, once it has been approved by their respective universities.</p>

Country	Implementing organisation/company	Project
Chile (Continuación)	Chilectra Activa Foundation (Chile)	<p>Chilectra Activa Foundation Bus.</p> <p>One of the permanent objectives of the Foundation is to awaken in children an early interest in electricity, energy and the sciences; complementing their schooling. To date, 40 thousand primary school children from the Metropolitan Area have been taken to the Museo Interactivo Mirador (Mirador Interactive Museum) and other educational centres.</p> <hr/> <p>School Energy Efficiency Competition.</p> <p>In 2008, the third School Energy Efficiency Competition was held, the aim of which is to stimulate the analytical and creative skills of pupils to encourage them to play a key role in this strategically important area in the future. First to fourth-year students in different subjects from technical-industrial institutions around the Metropolitan Area are invited to take part in the competition. The competition is held in three stages: an initial research stage, a second practical stage, and a third innovation stage, involving the preparation of a final project which must offer a specific energy-related solution. The winning prize is a trip to Río de Janeiro to visit Ampla's installations and the key places of interest around the city, including art galleries and cultural centres.</p> <hr/> <p>Publication of "Guía Eficiencia Energética" ("Energy Efficiency Guide").</p> <p>10 thousand copies of the Energy Efficiency Guide: "El Mundo de la Energía" ("the World of Energy") were delivered to various primary schools in Santiago during 2008. The educational material, edited by the Energy Management and Regulation Department of Chilectra and the Foundation, includes a detailed description of energy sources, renewable and non-renewable energies, forms of energy, secondary energy consumption in Chile, a definition of energy efficiency, and specific advice on energy saving in our daily lives.</p> <hr/> <p>Lecturer training.</p> <p>Since 2006, 10 lecturers in electricity from technical-professional colleges around the Metropolitan Area have attended a 150-hour training course in Chilectra held in January. The lecturers attend talks by Chilectra executives on the industry, installations, risk prevention, ISO 9000 and 14000, energy efficiency and innovation, among other topics of interest. The programme also includes fieldtrips during which lecturers can witness at first hand procedures and new technologies being applied in the electricity industry; an experience which enriches their teaching. The purpose of this initiative is to help ensure students are equipped with the knowledge and skills required by the industry.</p> <hr/> <p>Electric Pentathlon.</p> <p>The Electric Pentathlon was started in 2008 to improve the training of technicians for the electricity distribution network. Teams of students from various technical-professional colleges around Santiago took part in the activity, and received training from highly-qualified Chilectra personnel. After initial training, a team competition was held with students performing practical work on low-voltage and medium-voltage circuits. They were assessed on efficiency, speed and safety.</p> <hr/> <p>Donation to Chile Foundation.</p> <p>The Chilectra Activa Foundation donated Chilean Peso 40 million to Educarchile —pertaining to the Chile Foundation— to develop an energy education portal. The tool will offer an alternative, dynamic, young and interactive form of communication and learning which will encourage young people to find new development opportunities through technical-professional education. The agreement was signed on 6 October by Rafael López Rueda, general manager of Chilectra, José Weinstein Cayuela, education director of the Chile Foundation, and Damián Campos, general manager of the Chilectra Activa Foundation.</p>

Cultural initiatives

Country	Implementing organisation/company	Project
Spain	Gesa Endesa (Balearic Islands)	Sponsorship of the nativity scene at the Clarisas Capuchinas Convent
		20 años de premios Obra Cultural Balear (20 years of the Balearic Islands Cultural Awards) book
		Publication of the book by Ferran Pujalte
		Organisation of the Sant Lluís Council's concerts
		Documentary about women in Nepal entitled "Flores de otro jardín" ("Flowers from another garden")
		Organisation of summer concerts in Bellver Castle
	Unelco Endesa (Canary Islands)	Sponsorship of 13 th Quick Painting Competition
		Sponsorship of Editorial Prensa Canaria
		Industrial archaeological exhibition on Gran Canaria
		Sponsorship of the Gabinete Literario (Literary Club) of Las Palmas de Gran Canaria
		24 th Canary Island Music Festival
	Dirección Territorial Sur de Comunicación (Andalusia and Badajoz)	Sponsorship of "Las Charlas" ("Chats") conferences organised by El Mundo in Seville
		Sponsorship of a photographic exhibition on Almeria
		Sponsorship of "Sevilla en el tiempo" ("Seville through history") photographic exhibition
	Fundación Sevillana	Illumination of façade of the Casa-Patio de San Francisco, Isla Cristina (Huelva)
		Illumination of the interior of the Santa Maria de las Nieves Church, Villanueva del Ariscal (Seville)
		Artistic illumination of the Villa Romana del Ruedo, Almedinilla (Córdoba)
		Illumination of façade of the Nuestra Señora de la Cabeza Church in Benahadux (Almeria)
		Illumination of the interior of the San Onofre Chapel in Seville
		Illumination of the façade and interior of the Aurora Chapel in Lebrija (Seville)
		Illumination of the interior of the la Virgen de los Milagros Chapel in El Puerto de Santa María (Cadiz)
		Illumination of the interior of the Nuestra Señora de la Asunción de La Guardia in Jaén
		Illumination of the façade of the El Salvador Church in Seville
		Illumination of the Nuestra Señora de Loreto de Espartinas Church-Sanctuary (Seville)
		Illumination of the interior of the Royal Medical Academy in Seville
		Illumination of the façade of the San Diego Church and the San Nicolás del Puerto stone cross
		Illumination of the interior of the Santa Cruz Church in Seville
		Illumination of the façade of the la Madraza Palace in Granada
		Illumination of the altarpiece, chapel and chancel of the San Juan de la Palma Church in Seville
		Illumination of the altarpiece of the San Francisco Solano de Montilla Church
		Illumination of the altarpiece and chancel of the Nuestro Padre Jesús del Gran Poder Church in Seville
		"Fundación Sevillana Endesa" Award in the 56 th Autumn Art Exhibition in Seville
		Funding of the restoration of the Roman mosaic of Carmona
		Sponsorship of chamber music recitals organised by the Asociación de Amigos de la Real Orquesta de Sevilla (Friends of the Royal Symphony Orchestra of Seville)
		Edition of a book on the history of the Capitanía building in Sevilla
		Publishing of Pedro de Campaña book on art by Enrique Valdivieso
	Fecsa Endesa (Catalonia)	Living nativity scene in Premià de Dalt
		Editing of a book commemorating 100 years of the Barcelona Court of Justice
		Annual collaboration with the Catalonia National Theatre
		Advertising sponsorship of the symphonic concerts of the Barcelona Symphony Orchestra
		28 th Pau Casals Music Festival

Country	Implementing organisation/company	Project
Spain (continued)	Fecsa Endesa (Catalonia) (continued)	14 th International Classical Music Festival of Sant Fruitós de Bages (Barcelona)
		Souvenir of Tarragona's jubilee year
		Commemoration of the 20 th anniversary of district councils
		Flix Spring Music Festival
		23 rd Manresa Music Award
		El Gar Perich International Comedy Award
		Involvement as member of the Asociación para el Progreso de la Dirección (Association for Executive Development)
		Membership fee for Patronato de la Vall de Boí (Vall de Boí Trust)
		Annual membership fee for "Barcelona Centre Financer Europeu" (Barcelona European Finance Centre)
		Cultural activities in Mataró
		Patron of the Fortuny Theatre in Reus
		Empordà Chamber Orchestra
		Catalonia Philharmonic Orchestra
	North East	Sponsorship of Endesa Choir
	Endesa Foundation	Illumination of façade of museum in Barcelona
		Illumination of monument designed by André Ricard in Arán
		Illumination of Casbas Monastery Church and Cloisters
		Illumination of León Council's Vela Zanetti Foundation exhibition rooms
		Illumination of Cistercienses de San Clemente Convent (Toledo)
		Illumination of Jesuit Mission in Argentina
		Illumination of town wall and San Juan Church (Pedraza)
		Donation of electrical equipment Pl. Andrés Ibáñez (Bolivia)
		Illumination of Puente de las Donadas (Montoro-Córdoba)
		Illumination of Llordá Castle (Lleida)
		Illumination of Santa María y Santiago Parish Church (Coruña)
		Illumination of Arucas Church (Las Palmas)
		Illumination of Veger de la Frontera Church (Cadiz)
		Illumination of Borgia Apartments in Vatican City
		Illumination of second phase of San Adrián Church (Ruiseñada)
		Illumination of second phase of Orihuela Cathedral
		Illumination of Vallferosa Tower in Torá (Lleida)
		Illumination of the Gabinete Literario (Literary Club) of Las Palmas de Gran Canaria
		Illumination of La Purificación de la Mare de Déu Parish Church (Algerrí)
		Illumination of the Santa María la Blanca Parish Church (Montecarmelo)
		Illumination of la Vid Monastery (Burgos)
		Illumination of the Nuestra Señora de los Ángeles Parish Church
		Agreement with the Spanish Episcopal Church
		Agreement with the Columbian Episcopal Church
		Agreement with the Chilean Episcopal Church
		Agreement with the Archbishop and City Council of Seville
		Sponsorship of the Turia cultural magazine. Luis Buñuel
		Agreement with the Pro Real Academia Española Foundation (Pro Spanish Royal Academy Foundation)
		Agreement with the Ministry of Culture-Endesa Cultural Heritage Grants
		Restoration of Fecsa Endesa's historical archive
		Restoration of Gesa Endesa's historical archive
		Restoration of Erz Endesa's historical archive

Country	Implementing organisation/company	Project
Spain (continued)	Endesa Foundation (continued)	Sponsorship of Xavier Zubiri Foundation
		Sponsorship of Colegio Libre de Eméritos
		Sponsorship of Guardia Civil Foundation. Exhibition
		Sponsorship of Alfa & Omega
		Sponsorship of Spanish Geographical Foundation
	Corporate	Sponsorship of "Culturas" supplement
		Editing of cultural supplement for Prensa Europea S. XXI
		Sponsorship of Guía España de Ruta en Ruta (Route-by-Route Guide around Spain) by Editorial Everest
		Sponsorship of Teatro Lírico-Teatro Real Foundation
		Collaboration with documentary: "El niño que soñaba con ser alpinista" ("The Child who Dreamed of Being a Mountain Climber")
		Sponsorship of exhibition "Santiago Ramón y Cajal. Nobel Prize winner 1906"
Argentina	Central Dock Sud (Argentina)	<p>Expo Avellaneda Industrial (Avellaneda Industrial Exhibition). In conjunction with companies in the district, Central Dock Sud, S.A. took part in the "Avellaneda Industrial Exhibition" organised by the Secretaría de Industria y Producción (Manufacturing and Industry Secretariat) of Avellaneda. This annual event is sponsored by the Buenos Aires Provincial Government and was attended by 4,000 people during the days it was held.</p> <p><i>Nostalgias Dockenses (Memories of the Dock) book.</i></p> <p>In order to keep the history of the area of Dock Sud alive, this project involved re-editing the book <i>Nostalgias Dockenses</i> to be distributed free in schools and institutions.</p>
Peru	Edelnor (Peru)	<p>Publication of the book <i>Todo sobre la Papa (All about the Potato)</i>. By publishing the book <i>Todo sobre la Papa</i>, Edelnor encourages people to eat this basic and highly nutritious local crop through creative and educational resources.</p> <p>"Hacer Luz" ("Make Light") Illumination Project.</p> <p>The Arequipa Cathedral and the Inmaculado Corazón de María Church in Magdalena, Lima, were illuminated. This project enabled Edelnor to consolidate its image among its customers and the general public as a leading service company in Peru. It has also enabled it to gain recognition as a socially responsible company.</p> <p>Christmas illuminations in the centre of Lima.</p> <p>For the second year running, Edelnor and ENDESA have installed colourful Christmas illuminations in the Plaza de Armas and Palacio de Gobierno, helping to make the historic quarter of Lima more beautiful and promote its national heritage status.</p> <p>Supporting our culture: "Ópera Rigoletto".</p> <p>In order to bring art and culture closer to Peruvians, Edelnor simultaneously presented the opera "Rigoletto" at the Granda Theatre and the Plaza de Armas in Ventanilla.</p> <p>Art and culture: Presentation of the opera "Tosca" by Giacomo Puccini.</p> <p>Open air projection on two giant screens installed on the sports field of the Bertolt Brecht School in San Juan de Lurigancho. Providing people on low incomes with access to art and culture.</p> <p>Sponsoring Culture: Farewell to the tenor Luis Alva.</p> <p>As part of the opera season, the company sponsored a farewell concert to Luis Alva, paying for the Spanish mezzo-soprano Teresa Berganza to sing at the event, along with the Uruguayan tenor Juan Carlos Valls and the Japanese singer Hiroko Morita; underlining Edelnor's commitment to culture and recognition of national values.</p> <p>Cultural workshop: "La ópera, el arte de sentir" ("The opera: The art of feeling")</p> <p>Providing a cultural information service by arranging an opera workshop and showing operas such as "Figaro" and "The Magic Flute". Contributing to and facilitating access to culture.</p> <p>Lima Tradition: "Un día en la Casona de San Marcos" ("A Day in the San Marcos Centre").</p> <p>Edelnor sponsored the "Day in the San Marcos Centre" project, inviting customers and employees to visit the centre in order to protect and promote the culture and tradition of Lima.</p>

Country	Implementing organisation/company	Project
Peru (continued)	Edelnor (Peru) (continued)	<p>Paying honour to the Peruvian singer-songwriter Chabuca Granda.</p> <p>Description of the initiative and subject matter: Contribute to promoting the Lima es mi Orgullo ("I'm Proud of Lima") programme by sponsoring the concert in honour of the most famous Peruvian singer-songwriter, Chabuca Granda, at the Segura Theatre.</p> <p>"Es tanto lo que nos une" ("We have so much in common") photographic exhibition .</p> <p>Photographic exhibition in Jirón de la Unión street showing the diverse ways in which Peru and Spain are linked.</p> <p>"La Gran Semana de Lima" ("Lima Great Week") concert.</p> <p>Offering an innovative and accessible show to our customers involving various personalities from the world of music. The objective of this concert is to make Lima's citizens prouder of belonging to the city.</p> <p>Christmas greetings using Edelnor e-cards.</p> <p>E-cards were designed to enable employees to send Christmas greetings to their friends and family. These cards show a selection of the best cultural activities organised by ENDESA in Peru during 2008.</p>
Colombia	Codensa (Colombia)	<p>Sponsorship of the International Theatre Festival.</p> <p>Funding was provided for electrical installations at the various locations in which the activity was conducted and the brand publicised.</p> <p>Support for the Jóvenes Artistas (Young Artists) Foundation.</p> <p>Sponsorship of the Fernando Botero 2008 Awards.</p> <p>Advertising sponsorship of the magazine <i>Responsabilidad Social</i>.</p> <p>Help to maintain the magazine, which provides information on and promotes CSR best practices throughout the nation's industry.</p> <p>Illumination of the façade of Bogotá D.C. town hall</p>
	Emgesa (Colombia)	<p>Illumination of the San Pedro de Jagua Central Park-Ubala B.</p> <p>Funding for the illumination of the central park, which encourages people to use it for recreation and improves safety</p>
Brazil	Ampla (Brazil)	<p>Consciência Ampla Superação.</p> <p>All the family benefit from the Consciência Ampla SuperAção (Ampla Awareness Raising) programme which has visited various cities since 2004. While the children participate in drawing and painting workshops, group games, educational games on computers and prize draws, their parents attend talks and workshops on energy saving and participate in interactive activities. At the end, everyone gets together to watch a theatre show. In order to attend this event, families only have to bring an ordinary light bulb along and exchange it for a more efficient one. As well as the aforementioned activities, participants can: talk to sales representatives, join the low-income register, make payments by instalment, join the Consciência EcoAmpla móvil programme and make exchanges, participate in raffles for energy efficient refrigerators through an exchange scheme, and use public utility services provided in conjunction with local agents.</p> <p>Consciência Ampla Cultural.</p> <p>Key figures from the world of music, literature and film meet at this educational and cultural festival organised by Ampla. The Consciência Ampla Cultural (Ampla Cultural Awareness) programme is a series of free music, dance and theatre shows, and art workshops and exhibitions held in the municipalities served by the distribution company. Theatre shows, storytelling and literary events are held to enable participants to experience the magical world of literature. The public is able to participate in debates and activities such as toy-making workshops using recycled materials; helping to encourage adults and children to be responsible consumers. The Festival also involves the "O Melhor de Anima Mundi" ("Best Animated Film") showcase, showing a choice of the best national and international animated films prepared for the event.</p>

Country	Implementing organisation/company	Project
Chile	Enersis (Chile)	Illuminating Monuments in the Southern Hemisphere: illumination of the San Pablo de Carahue Parish Church
		Illuminating Monuments in the Southern Hemisphere: illumination of the Nuestra Señora del Tránsito de Molina Church
		Illuminating Monuments in the Southern Hemisphere: illumination of the Sagrado Corazón de Jesús Cathedral
		Bi-centenary Project: "Chile en Cuatro Momentos" ("Chile in Four Moments").
		Sponsorship of the Chilean History Competition "El Ejército de todos los Chilenos" ("The Army of all Chileans")
		Sponsorship of cultural activities in the municipality of Vitacura
		Sponsorship of the "Velázquez en la Obra de Bru y Cienfuegos" ("Vázquez in the Works of Bru and Cienfuegos") exhibition
		Sponsorship of the 2 nd Christmas Concert of the Military School
		Sponsorship of the "Cultural Panorama" programme of Radio Beethoven
	Chilectra (Chile)	<p>Sports field film show programme.</p> <p>In order to offer entertainment and culture, and contribute to improving the quality of life of thousands of people in the Metropolitan Area, we held the "Sports field film show" programme for the second consecutive year.</p> <p>Entire families enjoyed the shows, which were held in 12 settlements during 2008. Children, young people and adults, as well as municipal authorities and members of Chilectra, attended this open air cinema programme.</p> <p>Chilectra Photographic Archive-"Luces de Modernidad" ("Lights of Modernity") books. In 2006, Chilectra started publishing a new collection of books entitled "Lights of Modernity". This collection is based on Chilectra's photographic archive, and will consist of five volumes aimed at highlighting and reflecting the main milestones reached by Chilean society during the last century.</p> <p>In 2006, the first volume was published entitled <i>Mujeres</i> (Women), which dealt with the role of women in modernising the country; while in 2007, the second volume entitled <i>Santiago en Metamorfosis</i> (the Metamorphosis of Santiago) looked at the various changes Chile's capital has undergone in many respects over the last 100 years. During 2008, Chilectra published the third volume entitled <i>Eléctricos, de los artefactos a la publicidad</i> (Electrical appliances —the devices and their advertising) which covers the electrical appliances and apparatus— and the advertising thereof —which have transformed our relationship with the world. These publications will continue to be issued until 2010.</p>

Socio-environmental initiatives

Country	Implementing organisation/company	Project
Spain	Gesa Endesa (Balearic Islands)	Energy efficiency awards
		Sponsor of a red kite breeding programme, which is an endangered species
	Unelco Endesa (Canary Islands)	First International Nature Tourism Conference
		Sponsorship of a "Sostenibilidad" ("Sustainability") supplement. <i>La Gaceta de Canarias</i>
		Island Sustainability Action Campaign on La Palma
		Lanzarote International Environment Festival
		Universidad Ambiental de La Palma (La Palma Environment University)
		Environment and Climate Change Workshop
		First Canary Island Conference on Sustainable Cities and Towns
	Dirección Territorial Sur de Comunicación (Andalusia and Badajoz)	Cinema-forum on climate change in Vejer de la Frontera
		Doñana 21 Forum
		Sponsorship of environment days organised by COPE in Cadiz
		Sponsor of a stork protection study
	Fecsa Endesa (Catalonia)	Walk on Montjuic hillside
		XXV Jornadas Técnicas Forestales 2008 (25 th Technical Forestry Workshops 2008)
		Proyecto Educativo Agenda Escolar de la Garrotxa (la Garrotxa School Educational Project)
	Endesa Foundation	Endesa environmental work agreement
		Agreement to clean up Pyrenean lakes
	Endesa Energía	Collaboration with Cero CO ₂ . Climate protection initiative
		Reforestation in Toledo
		Sponsorship of First Renewable Energies Day at the University of Valencia
		Valdespartera Ecocity
		ENDESA Sustainable Real Estate Development Awards
		"Ecobuilding 2008" (First International Conference and Trade Fair on Bioclimatic Architecture, Sustainable Construction and Energy Efficiency in Construction)
		ENDESA provides integrated solutions for sector professionals under the slogan "Cutting-edge Solutions in Sustainable Construction Materials"
		Exclusive sponsorship of <i>Guía Verde</i> (a National Geographic publication)
		Special edition with practical information on how to reduce every-day use of substances that contaminate the planet
	Corporate	Exclusive official sponsorship of National Geographic Channel: sustainability, renewable energy, and other sources of energy
		Sponsor of The Athens Summit 2008 "Global Climate & Energy Security."
		Funding of CSIC (Spanish Scientific Research Council) to restore natural spaces and resources in mining areas
Argentina	Edesur (Argentina)	Paper and plastic lid recycling programmes.
		Thanks to the agreement entered into with the Hospital de Pediatría Dr. Juan Garrahan Foundation, Edesur continues to implement the paper recycling programme, which benefits this health centre. Over the year, 47,000 kilogrammes of paper and cardboard were donated for recycling.
Peru	Edelnor (Peru)	During 2008, a programme was also initiated to recycle plastic lids, which also raises funds for this Foundation. Since it was started in the last two months of the year, almost 100 kilogrammes of lids have been donated for recycling.
		Environmental programme: "Sembrando la Vida" ("Sowing the Seeds of Life")
		All ENDESA workers in Peru who participated in the programme were given a tree to promote environmental awareness. The trees were planted to create green spaces near government buildings.
		Talks on the efficient use of water.
		The aim of these talks is to inform members of the Nicolás de Piérola settlements in Chosica to ensure water is used correctly and saved. They are also taught about protecting the environment.

Country	Implementing organisation/company	Project
Peru (continued)	Edegel	<p>Risk prevention.</p> <p>The main objective of this initiative is to develop a contingency plan designed to ensure suitable and effective measures are in place to react in the event of a disaster, by gaining the consensus of the local population and relevant sectors. Operations at our installations result in the ongoing training of the local population; infrastructure works; coordination work with authorities; strategic alliances with INRENA (Peruvian Institute of National Resources), Pronamach (Peruvian Water Basin Management and Land Conservation Programme), NGOs, etc.; and continuous communication to guarantee positive relations with the local community.</p> <p>Research into ecological improvement of grasslands and alpaca production in the Marcapomacocha peasant community.</p> <p>The natural grasslands are the main food resource of the population and also help to preserve the local wildlife, conserve water, provide recreational areas, and offer natural defence against erosion. This project involves a programme to increase water levels, improve the genetic pool of alpaca, provide equipment, implement a grazing system to provide sufficient fodder for the animals, and develop a management system which benefits locals who depend on the livestock as their main activity.</p> <p>Forestation and reforestation of the Tulumayo Lower Basin.</p> <p>In October 2008, work started to develop a tree nursery in San Juan de Uchubamba containing 100,000 forest and highly-productive fruit species which can survive in the soils of the upper and lower basins of the Tulumayo River.</p> <p>As well as leading to reforestation of the Tulumayo Basin, direct employment of women —mothers of families— benefits more than 40 families, providing them with a basic income.</p> <p>San José community reforestation project.</p> <p>The San José de Utcuyacu community (Yanango Plant) in the district of San Ramón-Junín has completed the first stage of reforestation with avocado pear, "hass" and "coli" trees for commercial and industrial purposes. The aim of this project is to develop avocado pear plantations to supply the national and international markets, encourage community and private sector involvement, and create wealth and employment in the rural area in which the project is being conducted.</p>
	Eepsa (Peru)	<p>Integrated Plan for Management of Solid Waste (PIGARS).</p> <p>the Public Investment Project entitled "Improvement and Extension of the Integrated Municipal Solid Waste Management System for the Pariñas District in the Province of Talara" was devised to identify what measures need to be taken to improve the handling of solid waste in Talara.</p>
Brazil	Ampla (Brazil)	<p>Consciência EcoAmpla.</p> <p>Consciência EcoAmpla (EcoAmpla Awareness) aims to protect nature and ensure the wellbeing of future generations through recycling. In order to encourage responsible attitudes, Ampla rewards its customers who are socially and environmentally responsible with discounts on their electricity bills if they take recyclable materials to the company's collection points.</p>
Chile	Enersis (Chile)	<p>Publication of <i>Árboles nativos de Chile (Chilean Native Trees)</i>.</p> <p>Climate Change in Latin America: Impact, Mitigation and Financing.</p>
	Enersis and Endesa Chile.	<p>Huinay Foundation.</p> <p>The Scientific Centre of the Foundation carried out a total of 12 research projects, including the Huinay Fjords 6 Expedition and studies on the circulation of matter in the Comau fjord. It also published five articles in specialist journals and the Foundation's personnel were also involved in three scientific conventions including the First Marine Biodiversity Conference in Valencia, Spain.</p> <p>The Foundation also set up workshops for the children at Huinay School and organised social support programmes for local inhabitants.</p>

APPENDIX III

INDEPENDENT REPORT



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Independent Review of ENDESA's 2008 Sustainability Report

Scope of our work

We have reviewed the following aspects of ENDESA's 2008 Sustainability Report (SR):

- Adapting the content of the SR to the GRI Version 3 (G3) Guidelines for drawing up Sustainability Reports and the core indicators proposed in these guidelines.
- The information in the SR as regards relevance, completeness and responsiveness, as set out in the AA1000 Accountability standards.
- Information provided about the extent of progress and degree of compliance regarding sustainability in 2008.

Verification standards and procedure

We have conducted our review in accordance with the ISAE 3000 International Standard on Assurance Engagements other than Audits or Reviews of Historical Financial Information issued by the Auditing and Assurance Standard Board (IAASB) of the International Federation of Accounts (IFAC) and the Guide to conducting reviews of Corporate Responsibility Reports issued by the Instituto de Censores Jurados de Cuentas de España. We have also applied the AccountAbility 1000 Assurance Standard (AA1000AS-2003), issued by AccountAbility.

Our review has consisted of submitting a series of questions to the Environment and Sustainable Development Department and the other ENDESA departments involved in the production of the SR and the application of certain analytical procedures and sampling tests, as described below:

- Meetings with ENDESA staff to learn which principles, systems and management approaches have been used.
- Analysis of the processes for compiling and validating data included in the 2008 SR.
- Review of activities related to identifying and engaging stakeholders during the year through analysis of internal information and available third party reports.
- Analysis of the relevance and integrity of the information included in the sustainability report and ENDESA's ability to perceive the requirements of stakeholders.
- Checking that the contents of the SR do not conflict with any relevant information provided by ENDESA in its Annual Report, which includes the Operations Review, Legal Documentation and the Corporate Governance Report.
- Analysis of the extent to which the content of the SR matches the recommendations of the G3 GRI guidelines and checking that the core indicators included in the SR match those recommended in the aforementioned standard, with an indication of those which are inapplicable or unavailable.
- Checking, by means of a review based on a test sample, the quantitative and qualitative information corresponding to the core GRI indicators included in the 2008 SR and its proper compilation from data provided by ENDESA's information sources.

Conclusions

In the "Index to Content and GRI Indicators", which appears in Appendix III of the SR, details are given of the indicators reviewed and the scope of the review. Those indicators which do not cover all the aspects recommended by the GRI are identified. Our review has not revealed any other aspect to make us believe that Endesa's 2008 Sustainability Report contains significant errors or has not been produced in accordance with:

- the Global Reporting Initiative Version 3.0 (G3) Guidelines for drawing up Sustainability Reports
- the AA1000 (2003) standard regarding the application of the principles of relevance, completeness and responsiveness to stakeholders.

Neither do we have any reason to believe that the information provided about the extent of progress and degree of compliance regarding sustainability in 2008 contains any significant errors.

Responsibilities of the management of ENDESA and Deloitte

- The preparation and contents of the 2008 SR are the responsibility of ENDESA's Environment and Sustainable Development Department, which is also responsible for defining, adapting and maintaining the internal management and control systems from which information is obtained.
- Our responsibility is to issue an independent report, based on the procedures used in our review.
- This report has been drawn up exclusively at the request of ENDESA in accordance with the terms of our commission.
- We have carried out our work in accordance with the standards of independence required by the Code of Ethics of the International Federation of Accounts (IFAC) and the Guide to conducting reviews of Corporate Responsibility Reports issued by the Instituto de Censores Jurados de Cuentas de España
- The scope of a review is considerably less than that of a reasonable assurance study so that the degree of assurance is also less. This report should in no way be understood as an auditor's report.

Observations and recommendations

We have also presented to ENDESA's Environment and Sustainable Development Department our recommendations regarding scope for improvement in the management of sustainability and the application of the principles of relevance, completeness and responsiveness. The most significant recommendations are given below. This does not imply any change to the conclusions expressed in this report.

Relevance and completeness

The study of relevance carried out in 2007 revealed the aspects relevant to stakeholders which have been considered in the drawing up of ENDESA's 2008-2012 Sustainability Plan. In view of stakeholders' developing expectations, the differences between the areas where ENDESA operates and the changes expected in markets in the short- and medium-term, we consider it advisable to conduct regular reviews of aspects identified as relevant and look at the distinguishing features of each country in greater depth. This will allow ENDESA to respond more effectively to the global and local requirements of its stakeholders.

Responsiveness

In 2008 ENDESA took various measures to respond to concerns about material issues: the Sustainability Plan mentioned above was approved, the 2008-2012 Environmental Plan was approved, new Human Resources policies were approved, the Delfos Information System was extended to Peru, Brazil, Chile and Argentina, to deal with a range of tasks, including the management of information about Occupational Health and Safety.

ENDESA has also joined a multi-company working group to improve the management, measurement and dissemination of information on contributions to projects of interest to the community. It will thus be able next year to assess more accurately the resources devoted to social activities and their achievements.

In 2008 we did not detect significant progress in systems for providing information or the scope of the information supplied. We therefore consider that further work is required on systematising the procedure for compiling data and strengthening internal controls on the data provided. It would also be desirable to intensify monitoring of the objectives set by ENDESA as part of the programmes in its Sustainability Plan to determine levels of compliance in each geographical area at regular intervals.

DELOITTE, S.L.



Helena Regondo
Madrid, 19 June 2009

APPENDIX IV INDEX OF GRI CONTENT AND INDICATORS

ENDESA 2008 SUSTAINABILITY REPORT

GRI G3 Content

1	STRATEGY AND ANALYSIS	
1.1	Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and its strategy	2-3
1.2	Description of key impacts, risks and opportunities	7-8, 14, 40-42, 97-98, 141-146

2	ORGANIZATION PROFILE	
2.1	Name of the organization	5
2.2	Primary brands, products, and/or services	7-9
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	7-8, 63, 65-66
2.4	Location of organization's headquarters	165-166
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	7-10
2.6	Nature of ownership and legal form	FS (page 9)
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	7-10, 63
2.8	Scale of the reporting organization, including: number of employees, net sales (for private sector organizations) or net revenues (for public sector organizations), total capitalization broken down in terms of debt and equity, and quantity of products or services provided	6-9, 38, 42-44, 112-113
2.9	Significant changes during the reporting period regarding size, structure, or ownership including: the location of, or changes in operations and changes in the share capital structure and other capital formation	7-8, 41-42
2.10	Awards received in the reporting period	39, 109, 159

3	REPORT PARAMETERS	
3.1	Reporting period (e.g., fiscal/calendar year) for information provided	23
3.2	Date of most recent previous report (if any)	23
3.3	Reporting cycle (annual, biennial, etc.)	23, 25
3.4	Contact point for questions regarding the report or its contents	165-166
3.5	Process for defining report content, including: determining materiality, prioritizing topics within the report, and identifying stakeholders the organization expects to use the report	23-25
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers)	23
3.7	State any specific limitations on the scope or boundary of the report	23-25
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations	23-25
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report	22-25
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	25
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	24-25
3.12	Table identifying the location of the Standard Disclosures in the report	195-198
3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s).	23

4	GOVERNANCE, COMMITMENT AND ENGAGEMENT	
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight	51-53 (pp 8-9 of ACGR)
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	52, (pp 8-9 of ACGR)
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members	52, (pp 8-9 of ACGR)
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	39-40, 54-55, 123-125
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance)	53, (pp 14-20 of ACGR)
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	53-54 (p. 42 of ACGR)
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social issues	(p. 22 ACGR)
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	11-12, 53-54
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles	53-54, 56-57 (p. 31 of ACGR)
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	(p. 23 ACGR)
4.11	Explanation of how the precautionary approach or principle is addressed by the organization	16-19, 132-133, 145-147
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives which the organization subscribes to or endorses	56-58, 88-91, 129-130, 140-149
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: has positions in governance bodies, participates in projects or committees, provides substantive funding beyond routine membership dues, or views membership as strategic	39, 88, 127, 150
4.14	List of stakeholder groups engaged by the organization	19-21
4.15	Basis for identification and selection of stakeholders with whom to engage	23-25
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	18-19, 25
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, through its reporting	18-19, 23-24

FS Financial statements
ACGR Annual Corporate Governance Report

ENDESA 2008 SUSTAINABILITY REPORT	
Disclosure on Management Approach	
ECONOMIC	SR Pages
Economic performance	45, 85-86, 89-94, 141
Market presence	45, 119-120
Indirect economic impacts	157-161
ENVIRONMENTAL	SR Pages
Materials	100, 137
Energy	137
Water	138
Biodiversity	97-98, 103-108
Emissions, effluents and waste	33, 96, 98-99, 102-103
Products and services	141-146
Compliance	58, 98
Transport	Transport is not relevant to Endesa's activity
Overall	82-84, 86-88, 100-101, 141-143
SOCIAL: Labor Practices and Decent Work	SR Pages
Employment	112-113, 120
Labor/management relations	124
Occupational health and safety	128-130
Training and education	117
Diversity and equal opportunity	125-127
SOCIAL: Human rights	SR Pages
Investment and procurement practices	16, 56-58, 127
Non-discrimination	126
Freedom of association and collective bargaining	124-125
Child labor	127
Forced and compulsory labor	127
Security practices	128-130
Indigenous rights	127
SOCIAL: Society	SR Pages
Community	97-98, 104-105, 155-156
Corruption	54-56
Public policy	86-87
Anti-competitive behaviour	51-53, 56-57
Compliance	58, 98
SOCIAL: Product responsibility	SR Pages
Customer health and safety	77-78
Product and service labelling	72-73
Marketing communications	72-73
Customer privacy	72-73
Compliance	58, 98

ENDESA 2008 SUSTAINABILITY REPORT				
GRI G3 Indicators		Type	Verification	SR Pages
ECONOMIC PERFORMANCE				
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	C	✓	45
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	C	✓	85-86, 89-94
EC3	Coverage of the organization's defined benefit plan obligations	C	✓	122
EC4	Significant financial assistance received from government	C	✓	141, (p. 55, note 15 FS)
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	C	✓(1)	45
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	C	✓(2)	119-120
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	C	✓	157-161

ENVIRONMENTAL PERFORMANCE				
EN1	Materials used by weight or volume	C	✓(3)	137
EN2	Percentage of materials used that are recycled input materials	C	✓(4)	100
EN3	Direct energy consumption by primary source	C	✓(5)	137
EN4	Indirect energy consumption by primary source	C	✓(6)	137
EN8	Total water withdrawal by source	C	✓(7)	138
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	C	✓(8)	107-108
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	C	✓	97-98, 103-107
EN16	Total direct and indirect greenhouse gas emissions by weight	C	✓	33, 96
EN17	Other relevant indirect greenhouse gas emissions by weight	C	✓	96
EN19	Emissions of ozone-depleting substances by weight	C	✓	102
EN20	NOx, SOx and other significant air emissions by type and weight	C	✓(9)	103
EN21	Total water discharge by quality and destination	C	✓(11)	96
EN22	Total weight of waste by type and disposal method	C	✓(12)	98-99
EN23	Total number and volume of significant spills	C	✓	96, 98
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	C	✓(20)	141-146
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	C		ENDESA does not produce significant quantities of packaged goods intended for sale
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	C	✓	58-59, 98 (p. 60, note 16.3 FS)

SOCIAL PERFORMANCE INDICATORS				
LABOR PRACTICES				
LA1	Total workforce by employment type, employment contract, and region	C	✓	113, 125
LA2	Total number and rate of employee turnover by age group, gender, and region	C	✓(13)	120
LA4	Percentage of employees covered by collective bargaining agreements	C	✓	125
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements	C	✓(14)(15)	124
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region	C	✓	132-133
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	C	✓	129-130
LA10	Average hours of training per year per employee by employee category	C	✓(16)	117
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	C	✓(17)	52, 113, 125-127
LA14	Ratio of basic salary of men to women by employee category	C	✓(14) (19)	121-122

SOCIAL PERFORMANCE INDICATORS
HUMAN RIGHTS

HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	C	✓(14)	8, 15, 127
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	C	✓(18)	57-58
HR4	Total number of incidents of discrimination and actions taken	C	✓	126
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights	C	✓	124-125
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor	C	✓	127
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor	C	✓	127

SOCIAL PERFORMANCE INDICATORS
SOCIETY

SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting	C	✓	82-83, 97, 105-108, 158-159, 162-163
SO2	Percentage and total number of business units analyzed for risks related to corruption	C	✓(14)	15, 17, 54-56
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures	C	✓(14)	15, 17
SO4	Actions taken in response to incidents of corruption	C	✓	54-56
SO5	Public policy positions and participation in public policy development and lobbying	C	✓	87-90
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	C	✓	58-59, 98 (p. 60, note 16.3 FS)

SOCIAL PERFORMANCE INDICATORS
SOCIAL PERFORMANCE INDICATORS PRODUCT RESPONSIBILITY

PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	C	✓(10)	77-78
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	C	✓(10)	72-73
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	C	✓(15)	72-73
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	C	✓	58-59, 98 (p. 60, note 16.3 FS)

C GRI core indicator.

FS Financial statements.

- (1) No information is given about proportion of spending on locally-based suppliers at significant locations of operation.
- (2) No information is given about the percentage of Senior Management coming from local communities where significant activities are carried out.
- (3) It informs solely on fuel consumption.
- (4) It informs on ashes, slag and gypsum (figures in tonnes per year).
- (5) Figures expressed in tonnes and cubic meters.
- (6) It refers solely to the power consumption in thermal power plants required to its operation, along with the efficiency rates obtained.
- (7) It is just informed about total water consumption, not breaking down by source.
- (8) It is solely informed on the Group activities in Spain and Chile.
- (9) It informs on specific emissions.
- (10) It is solely informed on the Group activities in Spain and Portugal.
- (11) It is not informed breaking down by destination.
- (12) It is not informed breaking down by disposal method.
- (13) It is solely informed about the employee turnover on the Group activities in Spain.
- (14) Only qualitative information is provided for this indicator.
- (15) It is solely informed on the Group activities in Spain.
- (16) There is no breakdown of employee category.
- (17) No quantitative information is given on the number of handicapped employees.
- (18) Information is only given on the number of contractors and distributors analyzed in Chile.
- (19) Information is only provided for employees covered by collective bargaining agreements in Spain.
- (20) Information is not given regarding the degree to which impacts are reduced.

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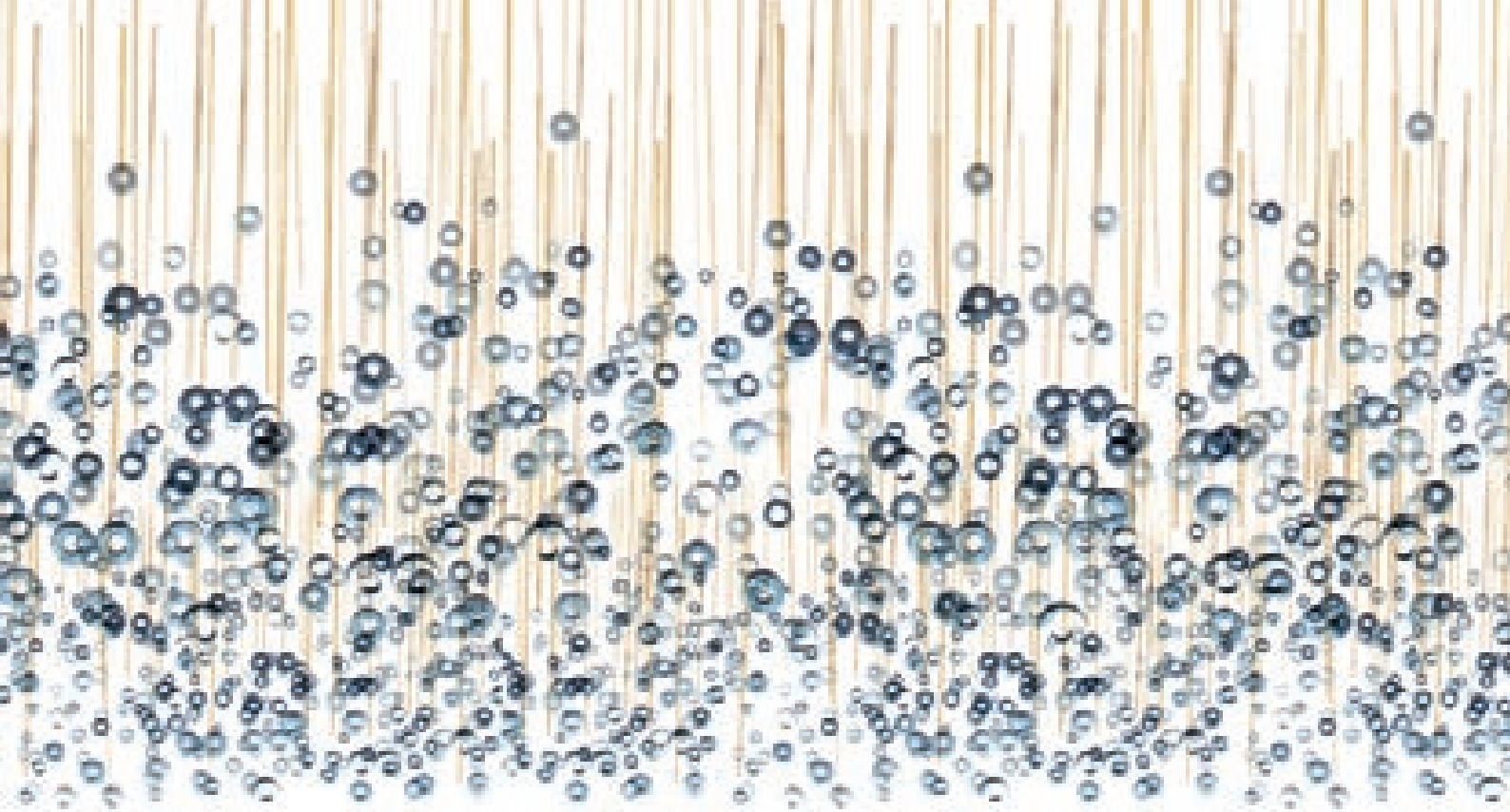
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