

endesa09

SUSTAINABILITY REPORT



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Presentation



Borja Prado Eulate

Chairman

ENDESA is presenting its ninth consecutive Annual Sustainability Report. This document is intended to inform all our stakeholders about the sustainable development initiatives undertaken by the company in 2009.

Endesa's commitment to sustainability is one of our hallmarks and defining traits. We understand this commitment as a three-dimensional concept that shapes our responsible social, economic and environmental conduct.

We pledge that the principles relating to this concept are fully and effectively incorporated into our values, business mission and vision and decision-making processes. We believe that this commitment can only be real and effective if it is also required from all the companies in our business Group and all our employees. It is therefore an integral part of our economic compensation systems and codes of conduct for employees and partners who work with us.

This global concept is clearly reflected in the Seven Commitments to Sustainable Development issued by the company in 2003 that form the basis of our sustainability policy. These seven commitments reflect the obligations and responsibilities that we hold vis-à-vis our customers, shareholders, employees and the communities in which we operate. They address issues such as ethical conduct and transparency, technical innovation, energy efficiency and the environment.

Ensuring a reliable, accessible supply of energy in the areas where we operate and including the social and environmental aspects of our activity in our business management model are two of ENDESA's most important objectives, and the company worked particularly hard on them in 2009. We have further cemented our position of leadership in this activity, in addition to our contribution to sustainable development.

The report describes the activities undertaken in respect of each of these seven commitments and in respect of our two main priorities: combating climate change and strengthening ties with local communities.

In addition, in our day-to-day activity we face enormous global challenges such as the international economic crisis, new regulatory frameworks, increased access to energy supply and environmental protection. The initiatives carried out by ENDESA in 2009 not only demonstrate that the company has the capacity to deal with new market demands but also that it is prepared to take advantage of the opportunities that arise.

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.

Lastly, we would like to stress that we still have work to do. Our achievements so far prompt us to work harder to be what we want to be: An indispensable partner in the economic, social and environmental progress of the countries where we operate.



Borja Prado Eulate
Chairman



Andrea Brentan
Chief Executive Officer

These are times of challenges and crucial transformations, in which a company's quest for results cannot be purely financial.

Given the impact our business has and our aim to play a leading role in the economic, social and cultural development of the areas where we operate, we at ENDESA are convinced that a leader, above all in a strategic sector for society like energy, must work hard to achieve the best results, not only financial but also in the area of sustainability.

With this conviction and the support of two pillars of our corporate culture — care for the areas where we do business and our pledge to being a “good citizen” — we launched the ENDESA 2008-2012 Sustainability Plan. 2009 marked the second year of the Plan, which fully integrates the three dimensions of sustainability in the Company's strategy and embraces ENDESA's seven core commitments and two main objectives for the period.

This report describes the actions carried out in relation to each of these commitments (to our customers, to people, to investors, to good governance and transparency, to the environment, to technology and innovation and to our partners) and to the two main objectives (combating climate change and strengthening ties with local communities).

In 2009, ENDESA continued to work on bring customers closer and adapting to their needs and expectations. It upgraded and extended its infrastructure, improved customers services and created new channels of communications to strengthen relations with customers. These efforts paid off, as ENDESA achieved a higher global customer satisfaction rating in Spain than its peers.

For its efforts to bear fruit, it is crucial that the company take care of and promote the talent of its more than 26,000 employees. For ENDESA, its ties with commitments to these men and women are at the heart of the company and are essential elements of its culture. For this reason, we have continued to develop the Integrated Talent Management model, aimed at fostering the commitment of our people and making them proud of belonging to the company. Strides have also been made in managing work-life balance, diversity and equality, and the company has continued disseminating OHS (occupational health and safety), with ongoing awareness campaigns, training courses and communication for its employees and partners.

The fourth Workplace Satisfaction Survey, conducted in 2009, confirmed the good results of this work. ENDESA achieved its highest ever rating for this type of survey — 79% employee participation — and maintained a high level of employee commitment to the company (78%), higher than the average of the companies we used as a benchmark.

Specifically, the 2009 Workplace Satisfaction Survey showed that employees consider OHS to be one of the values that most symbolises ENDESA. This view is fully aligned with the criteria followed by the company's management, which believes that “zero accidents” is an undeniable target in our strategy and corporate behaviour.

ENDESA also considers complying with good corporate governance standards as one of its main obligations in social responsibility, basing its management on principles of ethics and transparency with respect to its stakeholders.

Meanwhile, the company is aware that it must respect and adapt to the peculiarities of each area where it operates in order to communicate and implement its social actions effectively. To achieve this, in 2009 the company designed and implemented Country Sustainability Plans, aimed at further adapting its actions to local needs, while it remained involved in local social cooperation, educational, cultural and environmental awareness-raising initiatives, which comprise the four cornerstones of its social action strategy.

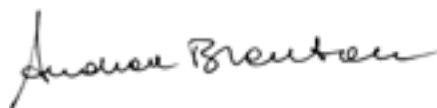
In midst of the world's worst economic crisis ever, ENDESA views confidence to be a core value. To uphold this conviction and face a difficult and ever-changing environment, the company counts on two fundamental qualities of its culture: ethics and honesty. In this respect, it stepped up its commitment to transparency in 2009, reporting on its actions regarding social investments in two ways: with its own reporting and, for the first time, through the international standard, the *London Benchmarking Group*.

As for the environment, ENDESA is always aware of the impact that energy generation and distribution has on the environment and that it is an unassailable part of the development and well-being of society. Its commitment to preserving the environment is real and realistic. It understands that climate change is one of the greatest environmental challenges to be faced and has therefore adopted a clear strategic approach, predicated on technology and innovation.


After two years in the making, the ENDESA Climate Change Programme has become a benchmark in the field thanks to its commitment to, inter alia, energy efficiency, investment in RDI, and the launch of pioneering carbon capture and CO₂ emission reduction initiatives. In a bid to gain energy independence and improve the quality of the air and noise levels in cities, ENDESA is strongly committed to promoting electric vehicles as one of the cornerstones of its fight against climate change.

2009 also featured a significant change in ENDESA's shareholder structure after Enel became the owner of 92.06% of its shares, affording it control over the Group. By integrating sustainability into its business managing, ENDESA was also able to make a smooth transition, joining one of the world's leading multinational energy groups.

With the presentation of the 2009 Sustainability Report, its ninth annual report, ENDESA is meeting one of its primary objectives: to keep stakeholders aware of its performance in this field. We pledge to continue working to improve on our performance in 2010.



Andrea Brentan
Chief Executive Officer



ENDESA, a benchmark
group in the world
power market

More than **24** million
customers

26,305 employees in
Europe and Latin America

38,408 MW
installed in 2009

92.06% of ENDESA
share capital owned by Enel

ENDESA's main objectives include ensuring a reliable, accessible supply of energy in the areas where it operates and including the social and environmental aspects of its activity in its business management model. ENDESA is a benchmark international power company and in 2009 has strengthened its leading position both in business activity and in its contribution to sustainable development.

ENDESA's Strategic Sustainability Plan 2008-2012 (SSP 2008-2012) fully integrates the three aspects of sustainability (economic, social and environmental) in the company's strategy.

01. ENDESA KEY FIGURES

	2007	2008	2009
EBITDA (€ million)	6,368	6,895*	7,228
Business in Spain and Portugal	3,790	3,927	4,060
Business in Latin America	2,541	2,968	3,168
Other countries	37	0	0

NET INCOME AFTER MINORITY INTERESTS (€ million)	2,675	7,169*	3,430
Business in Spain and Portugal	1,785	2,209	2,759
Business in Latin America	471	506	671
Other countries	419	4,454	0

WORKFORCE	27,019	26,586	26,305
Spain and Portugal (1)	12,677	13,560	13,442
Latin America	12,169	12,896	12,633
Other countries	2,173	130	230

INSTALLED CAPACITY (MW)	49,187	39,656	38,408
Spain and Portugal	24,490	24,228	21,620
Hydro	5,363	5,417	4,633
Conventional thermal (2)	14,100	13,136	12,662
Thermal-nuclear (2)	3,397	3,641	3,521
Cogeneration and renewables (2)	1,630	2,034	803
Latin America (3)	14,707	15,284	15,596
Other countries (2) (7)	9,990	144	1,191

OUTPUT (GWh)	183,946	149,830	136,990
Spain and Portugal (4)	91,058	88,189	72,708
Hydro	7,149	7,548	8,533
Conventional thermal	58,126	50,942	38,507
Thermal-nuclear (2)	22,906	26,112	22,630
Cogeneration and renewables (2)	2,877	3,587	3,038
Latin America (3)	59,512	60,690	62,746
Other countries (2)	33,396	951	1,537

SALES (GWh)	227,502	172,788	169,966
Spain and Portugal	113,375	109,032	104,618
Regulated market	72,746	61,327	23,445
Deregulated market (5)	40,629	47,705	81,173
Latin America	61,610	62,805	63,745
Other countries (2)	52,517	951	1,603

NUMBER OF CUSTOMERS (thousands)	23,454	24,066	24,607
Spain and Portugal	11,481	11,649	11,700
Regulated market (6)	10,326	10,296	—
Deregulated market	1,155	1,353	11,700
Latin America	11,973	12,417	12,907
Other countries	—	—	—

* LFL data for the segment at 31/12/08.

(1) In contrast to previous years, 2008 and 2009 data include figures relating to Asociación Nuclear Ascó-Vandellós, Carbopego, Nuclenor, Pegop Energía Eléctrica, Tejo Energía, Endesa Ingeniería, Endesa Gas Distribución and Endesa Gas Transportista due to changes in the consolidation scope resulting from the joint control of the two main shareholders in the company in that year.

(2) Data consolidated by ENDESA.

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

(4) Data measured according to busbar cost. 2009 hydro output sold to Acciona is included to June and output from Nuclenor and Tejo Energía throughout the year as these assets were accounted for using proportionate consolidation.

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

(6) Tariff customers. Does not include toll customers.

(7) In 2009, 1,212 MW from Endesa Ireland was included.

02. WHO ARE WE?

ENDESA is the leading Spanish electric utility and the biggest private electricity multinational in Latin America. It operates in 10 countries, has 26,305 employees, 24.6 million customers and 38,408 MW of installed capacity.

ENDESA's main business activity is the generation, transmission, distribution and supply of electricity. The company is an increasingly important operator in the natural gas sector, has significant operations in renewables, and provides various other energy-related services.

In 2009 the company reported net income of Euro 3,430 million, EBITDA of Euro 7,228 million, EBIT of Euro 5,052 million and total revenues of Euro 25,692 million.

ENDESA has become part of one of the world's largest multinational power groups since Enel increased its stake in the company's capital in 2009.

02.1. MAIN BUSINESS AREAS

ENDESA's business is structured by business line, meaning it can act flexibly and bear in mind the needs of its customers in the territories and business areas in which it operates.

The company's main activity is the generation, distribution and supply of power in Spain and Portugal, Latin America (Chile, Argentina, Colombia, Peru and Brazil), where it is the leading private power company, and in other countries (Ireland and Morocco).

ENDESA also supplies, distributes and sells natural gas and has operations in cogeneration and renewables, where its business focuses on wind power, mini hydro, biomass and waste-fuelled power.

Outside the field of energy, other businesses include Bolonia Real Estate, Endesa Network Factory, and the sale of mining equipment.

02.1.1. Spain and Portugal

Due to regulatory requirements, ENDESA's business in Spain and Portugal comprises various legally independent companies:

Endesa Generación

Endesa Generación was created as a holding vehicle for ENDESA's power generation and mining activities in Spain, as well as those previously held by Endesa Europe in Portugal and Endesa Cogeneración y Renovables (ECyR).

Endesa Red

The creation of Endesa Red marked the culmination of the integration of ENDESA's regional distribution companies in Spain. This company includes:

- Endesa Distribución Eléctrica, S.L.: regulated power transmission and distribution activities.
- Endesa Operaciones y Servicios Comerciales, S.L.: commercial support to ENDESA's power companies.
- Endesa Gas, S.A.: brings together ENDESA's holdings in companies operating in the regulated natural gas market.

Endesa Energía

ENDESA retails energy on the deregulated market, responding to the requirements of the Spanish electricity sector post-deregulation. The company supplies energy and value-added services to customers exercising their right to choose an energy supplier and receive services on the deregulated market.

Endesa Servicios

Provides support services to ENDESA's holdings:

- Corporate purchasing.
- IT and telecommunications services.
- Information systems.
- Asset management.
- Control and supply of goods and equipment.
- General advisory and business management services.

02.1.2. Latin America

ENDESA Latin America was created to channel ENDESA's presence in the Latin American market through the management of a large number of companies in which ENDESA has controlling interests. The most important Latin American companies in the Endesa Group are:

Country	Company	
Chile	Enersis	
	Endesa Chile	
	Chilectra	
Argentina	Edesur	
	Endesa Costanera	
	Hidroeléctrica El Chocón	
	Endesa Camsa	
	Central Dock Sud	
Brazil	Endesa Brasil	
	Ampla Energia e Serviços	
	Endesa Cachoeira	
	Endesa Cien	
	Endesa Fortaleza	
	Coelce	
Colombia	Emgesa	
	Codensa	
Peru	Edegel	
	Edelnor	
	Empresa Eléctrica de Piura	

02.1.3. ENDESA in the world



02.2. ENERGY BUSINESS

02.2.1. Spain and Portugal

11,571 GWh
output from cogeneration
and renewables

At the end of 2009, ENDESA had 20,596 MW of installed capacity under the ordinary regime and 803.5 MW total capacity in renewables and CHP. Ordinary regime output totalled 69,669 GWh and attributable output for renewables and CHP was 3,038 GWh. If we include the 8,533 GWh from hydro power plants under the ordinary regime, ENDESA's output from cogeneration and renewables totalled 11,571 GWh.

Power sold on the deregulated market totalled 81,173 GWh. At year end ENDESA had 11,699,681 supply points in the Spanish deregulated market. In the regulated market, i.e., customers who receive their electricity supply at the

tariffs established by the government, ENDESA sold 23,445 GWh in 2009 and distributed 115,265 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 412,000 customers at the end of 2009 and distributed 8,366 GWh. Gas sales in the deregulated market were 46,396 GWh, 13.3% up on 2008, with over 1,070,506 supply points.

In 2009, ENDESA had more than 11.6 million supply points in the deregulated electricity market and over a million in the gas market.

2nd largest operator
in the Portuguese
deregulated power market

The company continued to supply electricity on the Portuguese deregulated market and at the end of the year was the second largest operator in that market.

The most significant event occurring during the year was the transfer of wind and mini-hydro assets to Acciona, as part of Enel's payment for its stake in ENDESA. A total of 1,158 MW of wind-powered assets, fully owned by ENDESA, were transferred, with the following geographical breakdown: 342 MW in Andalusia, 182 MW in Castile-La Mancha, 21 MW in Castile-Leon, 309 MW in Galicia and 304 MW in Valencia. In addition, 173 MW of mini-hydro assets, fully owned by ENDESA, were transferred, with the following geographical breakdown: Aragon, 88 MW; Cantabria, 44 MW; and Catalonia, 41 MW.

02.2.2. Latin America

ENDESA is the leading private electricity multinational in Latin America and the largest electricity utility in Chile, Argentina, Colombia and Peru. It supplies electricity to five of the region's six largest cities (Buenos Aires, Bogota, Santiago, Lima and Rio de Janeiro), it owns the CIEN interconnection line between Argentina and Brazil, and has a stake in the SIEPAC electricity interconnection system that will eventually 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.

15,596.4 MW
of installed capacity
in Latin America

The companies in which ENDESA has interests in Latin America had total installed capacity of 15,596.4 MW at the close of 2009. Their aggregate output in the year was 62,746 GWh (a 3.4% advance on the previous year's level) with sales of 63,745 GWh, i.e. 1.5% more than in 2008, to a total of 12.9 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.

02.2.3. Business in other countries

Subsequent to the agreement reached in April 2007 between Enel, Acciona and E.On, ENDESA sold its stake in Endesa Europa to E.On, discontinuing its operations in four European countries: Italy, France, Poland and Turkey.

02.2.3.1. Ireland

2nd largest operator
in Ireland

ENDESA has been operating in the Irish Republic since January 2009 through Endesa Ireland and is the second largest power company in the country. The Spanish utility acquired 20% of the assets put up for sale by ESB in the summer of 2008.

The acquisition encompassed 1,068 MW in operation across four sites: Tarbert, with four fuel oil units and 620 MW total installed capacity, Great Island with three fuel oil units and 240 MW total installed capacity, and Tawnaghmore and Rhode, each with two gas oil units and 104 MW capacity. A further two sites were purchased, which could be used in the future for additional capacity.

02.2.3.2. Morocco

ENDESA operates in Morocco through the 32% stake it holds in Energie Electrique de Tahaddart, the company which owns the 384 MW CCGT plant in Tahaddart. The other shareholders in this company are: Office National d'Electricité (ONE) which has a 48% stake and Siemens, with the remaining 20%. In 2009 output totalled 2,843 GWh.

02.2.3.3. Wholesale markets for power

ENDESA operates in several European wholesale markets to manage its generation and supply activities outside the Iberian region. Among other targets, this gives the group the necessary power supply to meet its contracts with European customers and balance out risk positions in those areas where it operates.

In 2009 price hedging operations have been carried out on the French and German market, taking advantage of correlation between European prices. ENDESA has also extended its activities in European wholesale gas markets to increase the value of its portfolio.

The company carries out its activities against the backdrop of a growing trend towards removing barriers between countries by building interconnections and the creation of pan-European markets such as the Dutch APX, EPEX in France and Germany, and Belpex in Belgium.

02.3. OTHER BUSINESSES

As well as its energy business, ENDESA engages in other activities, which include procurement and the acquisition of materials, equipment, works and services for a total of Euro 3,248 million and the work of Bolonia Real

Estate, S.L., a company fully owned by ENDESA, which is directly responsible for the company's real estate activity in Spain. ENDESA delegates Latin American activities in this field to Inmobiliaria Manso de Velasco Ltda., a company fully owned by Enersis.

03. COMMITMENT TO SUSTAINABILITY

For ENDESA, sustainability means responsible growth: 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.

The company understands this to be a three-dimensional concept, shaping its responsible social, economic and environmental conduct. The principles of sustainability are reflected in the company's values, business mission and vision and decision-making processes.

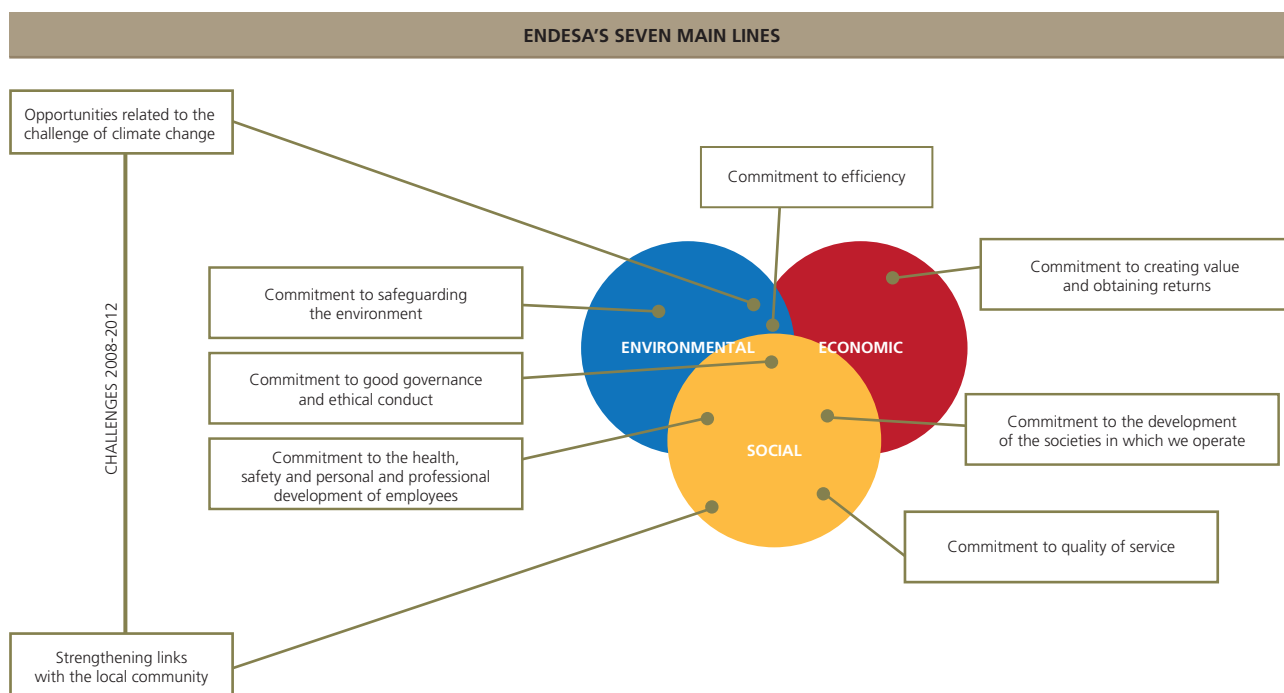
All companies forming part of the ENDESA business group and all the people who work for them are expressly required to apply these principles to their remuneration policies and codes of conduct. The same commitment is required of ENDESA's suppliers.

ENDESA's sustainability policy is based on the Seven Commitments for Sustainable Development that the company published six years ago. These commitments to ethical conduct and transparency, technical innovation, and energy efficiency and the environment are made voluntarily to customers, shareholders, employees and the communities where ENDESA operates.

03.1. VISION, MISSION AND VALUES

Vision	<ul style="list-style-type: none"> • ENDESA is an energy 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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 to 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 for 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 revenues 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.

04. ENDESA'S 2008-2012 SUSTAINABILITY PLAN (PES 2008-2012)



ENDESA's strategy in the area of sustainable development is set out in the company's 2008-2012 Strategic Sustainability Plan (SSP), which lays down corporate policies aimed at achieving full integration between the three aspects of sustainability (financial, social and environmental) and generating value for the company.

ENDESA's 2008-2012 Strategic Sustainability Plan has been designed based on 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.

The SSP 2008-2012 was structured according to the importance to ENDESA of the issues it covers and the scope for improvement. It is based on seven main lines and two challenges, showing the company's real commitment to sustainability through over 250 programmes and initiatives with monitoring indicators and specific objectives.

Seven main lines

- Our customers: commitment to service quality.
- Our shareholders: commitment to creating value and returns.
- Our people: commitment to the health, safety, and personal and professional development of our employees.
- Our conduct: commitment to corporate governance, ethical behaviour and transparency.
- Our environment: commitment to the environment.
- Innovation: commitment to efficiency.
- Society: commitment to the development of the communities in which we operate.

The challenges

- The climate change challenge.
- Strengthening ties with local communities and the company's legitimacy in the areas where it operates.

In 2009, the second year in which the SSP was implemented, we were extremely active in carrying out the programmes described in the plan and began to roll out the country plans for Chile, Argentina, Colombia, Peru and Brazil.

Given the importance of the challenges identified in the SSP 2008-2012 and their implications for ENDESA's business, this report devotes a chapter to each of them, describing in detail the measures taken by the company in 2009 with a view to achieving the targets set for 2012.

Commitment to our customers

ENDESA aims to be the best regarded power company, both for the quality of its service and its excellent customer relations. To achieve this, the company has set five strategic objectives:

- Improving perception of it as a reliable supplier, avoiding reputation crises.
- Achieving commercial excellence.
- Ensuring each interaction with the customer has a positive effect.
- Promoting value-added products and services and making ENDESA a benchmark in the sector.
- Ensuring ENDESA is known for customer care.

Commitment to our employees

ENDESA aims to be one of the most sought-after companies to work for among the top professionals in its sector. To achieve this ENDESA has set six strategic objectives:

- Achieving excellence in occupational health and safety, becoming a standard bearer in the world electricity sector.
- Upholding the principles forming the current labour relations model and implementing the model in accordance with corporate strategy and the businesses' requirements.
- Attaining a significant increase in employee satisfaction (+20% at group level) and external recognition as an attractive employer.
- Implementing 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.
- Working towards increasing diversity of work teams to promote innovation and operating excellence.
- Extending programmes and practices focusing on obtaining a healthy work-life balance which promote flexibility and contribute to diversity.

Commitment to good governance

ENDESA aims to set the highest standards in good corporate governance and in ensuring that all practices in this area are permeated by its commitment to sustainability and corporate integrity. To this end the company has set two strategic objectives:

- To maintain its position as a world benchmark company in good governance and transparency.
- To become a standard bearer in the sector in its compliance with codes of ethics and the fight against fraud and corruption.

Commitment to our investors

ENDESA aims to be the power company most often included in the portfolios of institutional investors which take social, environmental and ethical considerations into account in their composition, and to be *the* electricity company for investors concerned about climate change. To achieve this ENDESA has set three strategic objectives:

- To continue setting the standard for transparency in the investor community.
- To build greater awareness among investors about ENDESA's sustainability initiatives.
- To be a model for clarity of information, with a website which is accessible and fully updated.

Commitment to the environment

ENDESA aspires to have an "excellent" environmental management policy and is concerned about its environmental impacts and protection of the environment in the communities in which it operates. It has consequently set the following strategic objectives:

- Excellence in environmental management, which includes:
 - Improving water management through an integrated management system.
 - Achieving a balance between assumable risks and investment costs.
 - Further developing environmental management systems:
 - > Advancing towards certification of the management systems of 100% of its facilities.
 - > Incorporating sustainability criteria in assessing new projects.
 - Optimising internal management of facilities.
 - Limiting the impact of emissions regulations on ENDESA.
 - Improving management of biodiversity conservation.
 - > Integrating biodiversity conservation into the company's operations.
 - > Promoting an internal culture of biodiversity conservation.

Commitment to innovation and technology.

ENDESA aspires to be a technological leader in the electricity industry and, to achieve this, the company has set four strategic objectives:

- To maintain a portfolio of R&D projects which meet the challenges faced by each business in terms of the type and volume of investment.
- To become a leader in technology, underpinning ENDESA's strategic vision and enabling it to be realised.
- To promote ENDESA's internal image as a highly innovative company.
- To ensure that ENDESA is recognised externally for its technology and innovation.

Commitment to our partners

ENDESA aspires to be a sector benchmark for the sophistication and excellence of its procurement processes and the management of its relations with suppliers and subcontractors. To this end the company has set the following strategic objectives:

- To become a benchmark in the sector and obtain recognition from associations and the authorities.
- To continue certifying suppliers and subcontractors, positioning itself as a sector benchmark.
- To be recognised by the sector as a company promoting the development of environmentally friendly materials and equipment.
- To integrate the planning of business lines and procurement so that they are adapted to the real needs of the business.
- To take maximum advantage of opportunities for global procurement.

The climate change challenge

ENDESA aspires to a leading role in combating climate change. To this end the company has set the following strategic objectives:

- To analyse new eco-efficient systems leading to reduced CO2 emissions.
- To participate actively in the development of renewable energies.
- To develop energy efficiency and cogeneration opportunities.
- To analyse the development of a CDM portfolio.
- To contribute to the development of a sustainable transport model based on electric vehicles.

The challenge of strengthening ties with local communities

ENDESA aspires to be seen as involved in the social concerns of the countries and regions where it operates and as an indispensable partner in their economic, social and environmental progress. To this end the company has set the following strategic objectives:

- To complement its function as a provider of a basic service: access to electricity.
- To develop projects linked to the nature and characteristics of the company's businesses. To do what the company does best.
- To provide access to goods and services that are related to electricity.
- To respond to the needs of the main communities with which ENDESA deals.
- To realise ENDESA's potential to help create wealth and employment.
- To be sustainable over time and able to replicate the most successful measures.
- To address the needs of underprivileged groups, including rural communities and displaced urban communities.
- To work with the social representatives of communities involved in projects.
- Systematic, transparent accountability which is communicated to society.

This report presents progress made during the last year in the wide range of measures being implemented by ENDESA to meet the objectives set out in its 2008-2012 Sustainability Plan.

05. COMPLIANCE WITH INTERNATIONAL BENCHMARKS FOR RESPONSIBLE MANAGEMENT

As a key player in the construction of a new, global and sustainable energy model, ENDESA subscribes to the main international benchmarks for sustainable management. It is firmly committed to the United Nations Global Compact and its 10 basic principles, the OECD principles and the United Nations Millennium Goals.

Edesur, ENDESA's subsidiary in Argentina, was chosen to be one of 11 members of the governing committee of the country's UN Global Compact network for 2009-2011. This confirms ENDESA's leading position in this area in Latin America, as a member of the executive bodies of the local Global Compact networks in nearly all the countries where it operates. ENDESA's position has been consolidated by being a founder member of the Global Compact's Regional Center for Latin America and the Caribbean.

ENDESA and its subsidiaries have also participated actively in disseminating Global Compact principles by taking part in numerous forums and contributing to publications, including the following from the UN: "Doing Business in a Multicultural World", describing the case of the Pehuén Foundation; "Empowering Women, Examples of Good Practice by Business", which describes the company's experience of managing the incorporation of women in the



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ÉCONOMIQUES







workplace in the corporation and its subsidiaries, and "Embedding Human Rights Into Business Practice III", with the example of Ecoelce.

In 2009 the process to ensure compliance with the principles of the United Nations Global Compact was completed. Through this process, applying objective indicators taken from independent international organisations, ENDESA has carried out an analysis of the overall risk of non-compliance with each of the blocks of principles in the Global Compact in the countries where it operates. Subsequently, it has set standards taken from the main international guides for the measures the organisation requires of itself to ensure that there is no failure to comply with the principles of the Global Compact. To ensure systematic compliance with the commitments of the Global Compact, an analysis has been carried out of the application of these standards in each of the group's companies and a series of corrective measures established in cases where differences were detected between the standard set and the activities of the company. The process has been very productive, generating over 200 improvements, with the following results:

- It has been possible to further incorporate the concept of sustainability in all areas of management and all group companies.
- The company's commitment to the principles of sustainability has been strengthened via a fuller commitment to compliance with the principles of the Global Compact by each individual subsidiary.
- It has provided a useful additional tool for complete evaluation of performance in the area of sustainability, the use of which can lead to specific improvements, inspired by best international practice, in the action plans for each country.
- It has provided access to best practice, allowing group companies to share know-how and advance in sustainability issues.

Once this process is complete, internal audits are envisaged in the second half of 2010 to verify the implementation of the corrective measures proposed and to ensure that there are no longer any differences between the standards set and companies' actual performance.

Compliance with Global Compact, GRI indicators and Millennium Goals

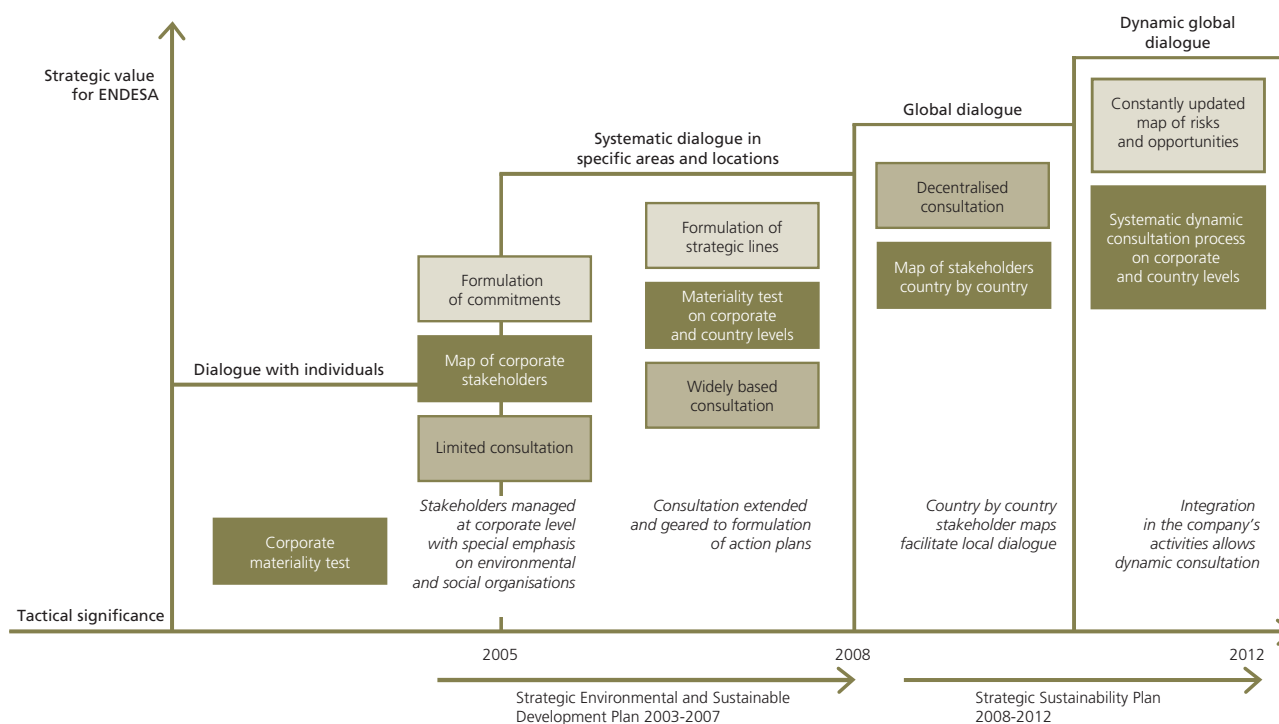
GLOBAL COMPACT PRINCIPLES	GRI INDICATORS (Directly relevant)	GRI INDICATORS (Indirectly relevant)	MILLENNIUM DEVELOPMENT GOALS	MEASURES INTRODUCED IN 2009
				
HUMAN RIGHTS				
Principle 1. Businesses should support and respect the protection of internationally proclaimed human rights.	HR1-9	LA4, LA13, LA14, SO1	Goal 1: To eradicate extreme poverty and hunger. Goal 2: To achieve universal primary education.	— Inclusion of Human Rights and Ethical conduct clauses in contracts with suppliers and contractors — Cooperation and cultural, educational and environmental measures as part of ENDESA's commitment to social development.
Principle 2. Businesses should make sure that they are not complicit in human rights abuses.	HR1-2, HR8		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	
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. Goal 3: To promote gender equality and empower women.	— See section on our Commitment to Employees — Delfos OHS management system fully rolled out to all ENDESA businesses and countries where it operates. — Participation in the consultation process of signatories to the <i>Global Compact</i> concerning Principles for Women (UNO-Unifem) — Integration plan for people with disabilities in Spain. — Adherence to the Diversity Charter in Spain. — 87% of staff are covered by collective labour agreements.
Principle 4. Businesses should uphold the elimination of all forms of forced and compulsory labour.	HR7	HR1-3		
Principle 5. Companies 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		
THE ENVIRONMENT				
Principle 7. Businesses should support a precautionary approach to environmental challenges;	4.11	EC2	Goal 7: To ensure environmental sustainability	— See chapter on Commitment to environmental protection and climate change — Ongoing programme for introduction and certification of environmental management systems at main facilities — Development of the Biodiversity Conservation Programme. — Active participation in the development of renewable energies. — Agreements to develop CDM projects with public and private institutions — Membership of the World Bank's new <i>Carbon Partnership Facility</i> fund for clean energy projects. — Evaluation of environmental impact on different business lines — Monitoring and control of the consumption of natural resources — Measurement of consumption indicators with environmental impact
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		
Principle 9. Businesses should encourage the development and diffusion of environmentally friendly technologies.	EN2, EN5-7, EN10, EN18, EN26-27			
ANTI-CORRUPTION				
Principle 10. Businesses should work against corruption in all its forms, including extortion and bribery.	SO2-4	SO5-6		— Fuller and more up to date information available on company website. — Programmes to strengthen culture of integrity. — Development of channels for dialogue with stakeholders. — Developing the Shareholder's Office. — Updating of Ethics Channel and complaint management. — Training for employees and contractors on ethical conduct.

06. ENDESA AND ITS STAKEHOLDERS

The company's strategic management of sustainability issues is based on adopting a structured approach to stakeholders' key expectations. This approach is intended to identify levers which will make a safe, sustainable and competitive energy model viable.

Although the company has been developing mechanisms to incorporate the opinions of different stakeholder groups regarding the sustainable orientation of its strategic management since the late 1990s, the process was first systematically applied and extended to all the areas in which it operates in 2007 during the development of the ENDESA 2008-2012 Sustainability Plan.

Different stakeholder groups were consulted with a view to establishing priorities for the proposals included in the ENDESA 2008-2012 Sustainability Plan. The consultation process helped the organisation to identify key issues in sustainability and their importance for pursuing the aims of the business, and to assess performance.



Map of ENDESA stakeholders (Principle of Inclusiveness)

The formulation of ENDESA's 2008-2012 Sustainability Plan began with a process of strategic reflection so that key factors determining the company's performance on sustainability issues could be identified. In this stage extensive work was undertaken to identify and understand the expectations of ENDESA's main stakeholder groups regarding the company's commitments in the area of sustainability.

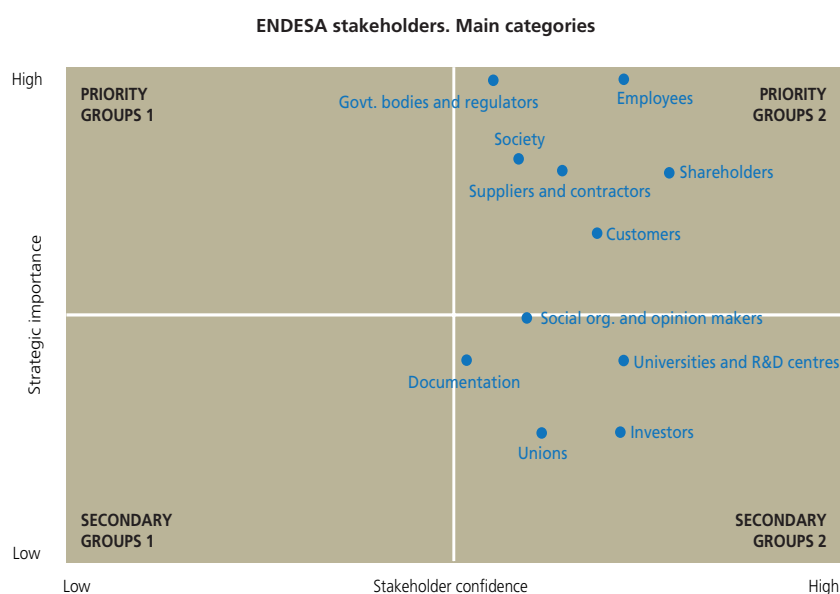
This first attempt to draw up a map of stakeholders involved the following steps:

- **An analysis of ENDESA's prior positioning on sustainability issues.** A detailed study of European Committee for Standardization results, DJSI, Storebrand, EIRIS and SiRI rankings, and general surveys, press reports and positioning in advertising campaigns.
- **Expectations of key external and internal stakeholders and opinion makers.** In-depth interviews with opinion makers including experts in sustainable development and journalists specialising in sustainability issues.
- **Expectations and opinions of ENDESA employees.** In-depth interviews with members of ENDESA management and field studies in different regions and other countries.
- **Public opinion and expectations.** Opinion surveys among the wider public and customers in Spain and Latin America.

The process has led to fuller knowledge of the expectations of the company's stakeholders concerning its policy on sustainability in future years. Key issues and scope for improvement in its positioning have been identified and measures which need to be incorporated in strategic planning have been prioritised.

This approach has become fundamental to the development of the company's strategy regarding its stakeholders.

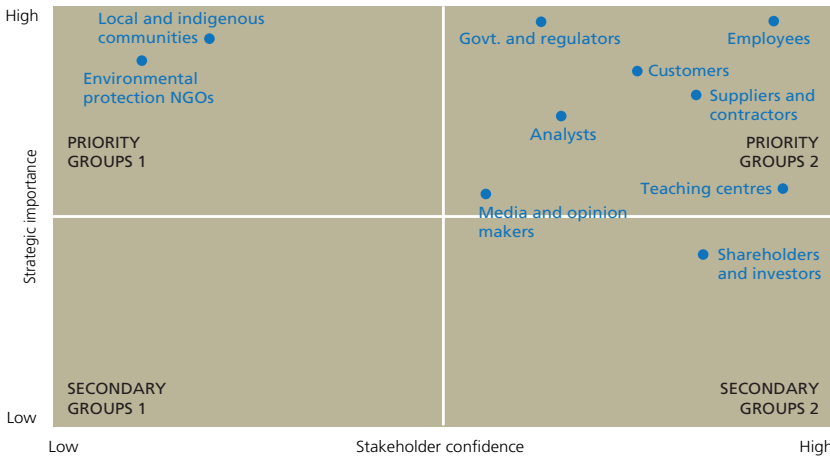
The results, which are subject to constant revision, enabled us to draw up a map of ENDESA stakeholders, dividing them into categories according to their strategic importance for the company and the confidence each group has in it.



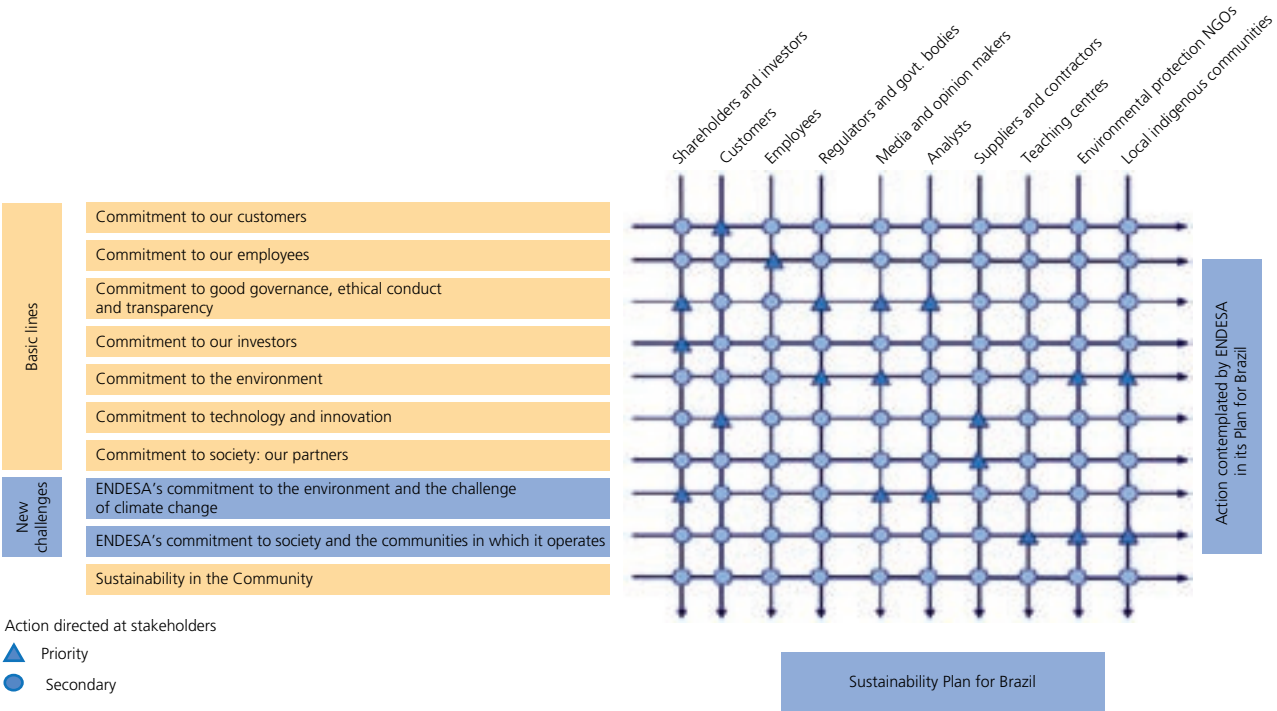
The methodology used made it easy to extend its use to other areas in which the company operates, thus increasing the amount of detailed information available and helping to provide effective responses. Maps of stakeholders in each of the countries where ENDESA operates could therefore be drawn up, adapted to local circumstances and including significant stakeholder groups in each area.

The diagrams below provide examples of the analysis transferred and adapted to different countries so that issues related to strategic objectives could be prioritised.

Map of Endesa stakeholders in Chile



Prioritisation of stakeholders for achievement of Endesa's strategic objectives in Brazil



An approach to management based on the most advanced principles

Over the last year ENDESA has been working to bring its approach to managing stakeholders in line with the AA1000 APS standard (2008). The aim of this standard is to guide organisations in the strategic management of interaction with stakeholders, based on their correct identification (Principle of Inclusiveness), the prioritisation of issues which call for special attention by the company (Principle of Materiality) and responding to the expectations creating most value for the company and the community it serves (Principle of Responsiveness).

ENDESA is therefore making a great effort to define a new strategic framework for its activities which is consistent and valid for a number of years, so that it can engage in flexible, structured dialogue with key stakeholder groups and is able to respond dynamically to the challenges posed by stakeholders.

This ambitious task involves the following priorities:

- a) More accurate identification of company stakeholders on the stakeholder map (Principle of Inclusiveness).
- b) Defining a mechanism for dynamically assessing and prioritising issues in different areas (Principle of Materiality).
- c) Standardising response processes, including information compiled in consultation processes in strategic plans, and specific communication on sustainability (Principle of Responsiveness).

a) More accurate identification of company stakeholders on the stakeholder map

In 2009, based on the work described above during the production of the map of ENDESA stakeholders for the formulation of the ENDESA Sustainability Plan 2008-2012, progress was made in defining key features of each group in different corporate areas:

- A complete system of classification.
- Identification of key interlocutors in each category and development of consultation methodology.
- Description of the communication channels and processes used, in order to bolster two-way communication and encourage groups to engage in fluid dialogue with the company.
- Determining internal responsibilities so that this process can be ongoing and identifying the main opinion formers.

During this analysis existing processes for the identification, evaluation and prioritising of critical issues for each stakeholder category and sub-category were reassessed. This operation was first approached via consultation carried out by those responsible for corporate relations with stakeholders, during which a complete analysis was made of existing mechanisms for identifying and prioritising key issues.

The company aims to complete its description of the key elements in managing stakeholder groups in the different businesses and countries in which it operates in the near future, so that a global stakeholder map can be produced which reflects the situation in different areas. The objective is to obtain tangible, comparable results which can be incorporated in strategic planning and which can be replicated over time.

The following charts show some examples of the application of the model for identifying key elements at corporate and country level.

EXAMPLE. Model for identifying key elements. Relations with investors (Corporate)

Stakeholder	Representative bodies	Person responsible (corporate level)	Channel of communication	Person responsible for channel of communication
Controlling shareholder	Enel S.p.A.	Deputy Director General for Risk and Investor Relations-Investor Relations Manager	Permanent coordination (phone, e-mail, face-to-face meetings, etc.)	Investor Relations Manager
Investors (institutional and private)	Spanish Association of Minority Shareholders in Listed Companies (AEMEC) Spanish Securities Market Commission (CNMV)	Deputy Director General for Risk and Investor Relations-Investor Relations Manager Shareholders' Office	Publication of financial reports, conference calls, meetings at ENDESA premises, visits to investors, IR mailbox, Investor Days Shareholder's Office mailbox, provision of documentation, free phone line	Investor Relations Manager
Financial analysts	Investment banks, ratings agencies, etc.	Deputy Director General for Risk and Investor Relations-Investor Relations Manager	Service permanently available via telephone, internet, visits, meetings	Investor Relations Manager

1. Key issues

Stock market performance.
 Shareholder remuneration policy.
 Company earnings.
 Business Plan and Strategic Plan.
 General Shareholders' Meeting.

2. Criteria used for prioritising issues

Percentage holding of company capital. "Institutional Investor" report: conducts a survey of analysts and investors to evaluate quality of Investor Relations departments. Detects areas with good ratings and aspects to be improved.

3. Response

Investor Relations programmes are intended to encourage investors to view the company positively and reduce potential volatility in share ownership in periods of market instability. The strategy is twofold: shareholders are kept informed of the company's progress and potential investors and new sources of financing can be attracted.

EXAMPLE. Model for identifying key elements. Endesa Energía customers (Spain and Portugal)

Stakeholder	Representative bodies	Person(s) responsible (corporate level)	Channel of communication	Person(s) responsible for channel of communication
Customers-General public and business	Represented by consumer associations	Customer service: Head of Customer Service Sales: Head of General Public Segment Customer Ombudsman	Telephone service, sales offices and sales outlets, internet channel.	Head of Customer Service
Customers-Companies	Represented by consumer associations and federations	Customer service: Head of Customer Service Sales: Head of Corporate Segment Customer Ombudsman	Customer service agents and regional customer service supervisors detect new concerns and can give a unified response via all channels and in all areas.	Head of Customer Service
Customers-Large customers	Represented by consumer associations and federations	Customer service: Head of Customer Service Sales: Head of Large Customers Segment Customer Ombudsman	Regional Complaints Units are mainly responsible for relations with Municipal Consumer Information Offices.	Head of Customer Service
Consumer associations	UCE, OCU, CECU, FACUA, CEACCU	Head of Customer Service	Meetings, conference calls, electronic channels, etc.	Head of Customer Service
Public bodies	Directorates General for Industry, Consumption and Energy (depending on autonomous communities), Catalan Ombudsman, Municipal Consumer Information Offices, etc.	Head of Customer Service	The Head of Consumer Relations ensures communication with regional and national Consumer Associations and Public Organisations through regular contact. Focus groups to deal with specific issues (e.g. to analyse changes in regulations).	Head of Customer Service

4. Key issues*Customers:*

Impact of regulation on customers: monthly billing and estimated consumption, tariff of last resort, discount rate.
Offers available from catalogue (both for customers entitled to tariff of last resort and others).

Associations and public bodies:

Impact of regulation on customers: monthly billing and estimated consumption, tariff of last resort, discount rate.
Monitoring migration and billing under the new regulatory regime.
Offers available from catalogue (for customers entitled to tariff of last resort and others) and competition in the market.
Plans to replace meters.
The company subscribes to consumer arbitration schemes.

5. Criteria used for prioritising issues

Segmentation based on a range of criteria.

6. Customer Ombudsman

A figure working independently from the company's management teams appointed to provide customers with an additional means of dialogue in connection with the services that ENDESA provides in the market; and listen to the views of those wishing to address the organisation either from inside or outside.

7. Response*Customers:*

Letters to customers informing them about the effect of the new regulations.
The internet portal www.energiaproxima.com was set up in 2009 to provide essential information to customers in accessible language.
Presentations of regulatory changes to consumer associations and public bodies and information about how ENDESA will adapt to them.

Associations and public bodies:

Review of certain processes to facilitate migration of contracts and billing.
Letters sent giving information on specific service problems.
Special offers for different types of customer.
Letters sent giving information on these offers.
Campaigns in the media (TV, press, radio, internet) publicising offers available.
Presentations to consumer associations on ENDESA's position.

b) Dynamic mechanism for evaluating and prioritising

A sustainable approach to decision making calls for knowledge of critical issues and how and to what extent they can be considered risks or opportunities for the objectives set in each area of activity.

The more dynamically the mechanisms for carrying out this process are applied during the year, the more efficient they are, independently of the formulation of plans or annual reports.

The following are considered to be key features in the process:

- Updating corporate stakeholder maps and those for the individual countries in which the company operates.
- Regular reassessment of priorities through materiality studies to identify and evaluate sustainability issues which are significant for business by defining their maturity in the sector and the risk they pose for the company.
- Activating or adjusting the communication mechanisms needed to determine the importance of the issues identified and their priority, based on the degree of correlation with the company's business objectives and the potential for creating value for the community.
- Developing the process on a corporate level and for each company in the group to obtain a robust global system which allows the company to carry out an increasingly complete assessment of its approach to sustainability and the measures undertaken and to include them in the Sustainability Plan.

In the last year the company has undertaken a process of strategic analysis to draw up a reference framework to identify and assess its performance in the areas covered by its sustainability commitments via consultation with internal and external parties to evaluate the efficiency of the system and make improvements to it.

A new study of materiality was carried out according to the guidelines of the international AA1000 APS standard. The object of the study was to identify and better understand those sustainability issues which were relevant for stakeholders and which could, therefore, constitute risks or opportunities for the company's image and reputation. In this way the approach to tackling and responding to the need for information about sustainability issues could be structured. Materiality was gauged according to two main variables: the maturity of the issues identified in the sector and their importance for certain significant stakeholders.

In 2010 work will be completed on designing a process which will allow for ongoing assessment of risks and opportunities in areas of the company's activity involving its sustainability commitments.

It will establish assessment criteria which are replicable and enable us to identify and analyse information relevant to decision making in a thorough, balanced manner. The aim is to have tangible, comparable results which can be incorporated in strategic planning and which can be repeated easily over time and in different settings, in line with the objectives and principles set out in the company's strategy.

c) **Standardising response processes, including information compiled in consultation processes in strategic plans, and specific communication on sustainability**

ENDESA responds to the expectations of its stakeholders concerning sustainability via measures specifically designed for this purpose.

ENDESA's responses to the priorities expressed by its stakeholders are included in the ENDESA Sustainability Plan 2008-2012. Each year, through the channels of dialogue described above, on both the corporate and country-by-country level, appropriate tactics are devised. These plans, which are being developed for Argentina, Brazil, Chile, Colombia and Peru, are aligned with corporate strategic objectives and the main challenges and strategic projects.

Through the formulation of these plans the response is reinforced and applied uniformly in all geographical areas to establish robust objectives and work programmes which respond closely to the monitoring indicators.

In 2010 ENDESA proposes to pursue this line:

- By establishing closer links between risk analysis and the company's strategic opportunities, allowing it to develop specific measures in its different areas of activity beyond the framework for strategic planning and communication regarding sustainability.
- By developing response mechanisms for the establishment of commitments, objectives and performance monitoring. In particular, we aim to improve systems to evaluate the effectiveness of measures by establishing key monitoring indicators for the identification of priority areas and devising corrective action.
- By developing specific skills and abilities in the people responsible for relations with stakeholders and normal management practice in the company.

07. ABOUT THIS REPORT

Aims of the Report

This is ENDESA's ninth annual Sustainability Report. In line with previous reports, it contains detailed information relating to the company's activities and performance throughout 2009.

This report has been drawn up to provide an accurate, balanced and comprehensive view of ENDESA's performance in areas related to its sustainability policy. This report is complemented by others issued by the company, including reports on Business Activity, Finance, and Corporate Governance, and by the contents of the "Sustainability" section on the ENDESA website.

Coverage of the Report

The information it contains corresponds to Endesa, S.A. and its investees in the Iberian Peninsula (Spain and Portugal), Latin America (Chile, Argentina, Brazil, Colombia and Peru) and other countries (Morocco and Ireland).

As a rule, for environmental data, we include 100% of those facilities majority-owned by ENDESA and where it therefore controls operations. An exception is made to this rule in the case of renewable energy and nuclear power facilities, which are accounted for according to the percentage owned. Data is also included for certain facilities which are not majority-owned. These include nuclear power stations, the thermal power station at Pego (Portugal), and the combined cycle plant in Atacama (Chile).

Data for employees refers to companies managed by ENDESA and investees in countries where it operates. The employees of investees in France, Holland and Germany are also included.

In the case of safety, data is included for the employees of companies majority-owned by ENDESA and where it is therefore responsible for operations.




Information concerning social programmes relates to the activities of ENDESA, its foundations and its subsidiaries in Spain, Portugal and Latin America.

The Report indicates individual cases where the scope of the information differs from the above criteria. For the fourth consecutive year, this report has been prepared in accordance with the Global Reporting Initiative G3 Guide. It also includes, for the first time, a supplement for the power sector (Electric Utilities Sector Supplement) and reference to the principles laid down in the AA1000 APS standard (2008).

The GRI G3 Guide and the supplement for the electric utilities sector contain a set of principles and performance indicators, together with a series of guidelines on technical aspects of the production of reports, intended to define the content of the report and ensure that the information provided is material, exhaustive, reliable, complete, balanced and comparable.

The AA1000 APS standard is intended to guide organisations in identifying and responding to the expectations and concerns of their main stakeholders. This generally applied standard makes it possible to evaluate, confirm and reinforce the credibility and quality of an organisation's sustainability report in line with its main processes, systems and competences to respond to the expectations of stakeholders. The main principles governing this standard are inclusiveness, materiality and responsiveness.

According to the GRI scale, this Report is rated A+.

Level of compliance with GRI 3	C	C+	B	B+	A	A+
Own declaration 						→ ✓
External verification 						→ ✓
GRI review 						→ ✓

To ensure the reliability of its content, the application of the GRI guide and the degree of compliance with the AA1000 APS principles, this report has been externally verified by KPMG Asesores, S.L., who have drawn up an independent review including the objectives and scope of the process, the verification procedures used and their conclusions and main recommendations regarding the degree of compliance with AA1000 APS criteria.

A brief description is given below of how ENDESA responds to the principles governing the GRI G3 standard and of the Electric Utilities Sector Supplement.

Background to sustainability (GRI G3)

ENDESA's commitment to sustainability is part of the company's vision of 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.

The development stage of ENDESA's Sustainability Plan 2008-2012 included a process of strategic reflection to determine the position of companies in the sector from the viewpoint of sustainability.

Relevance (AA1000 APS)-Materiality (GRI G3)

Our first approach to formulating the ENDESA stakeholder map enabled us to identify key issues and opportunities for improvement to determine priorities to be included in strategic planning for sustainability.

The ENDESA Sustainability Plan 2008-2012 is the main reference framework within which the company tackles the most important challenges posed by sustainability. The Plan's overall aim is to lay foundations for ENDESA to turn its commitment to sustainability into a tool which can generate distinctive abilities and unique advantages, a tool which can create confidence among stakeholder groups, be a part of business development and underscore the achievement of the company's medium- and long-term aims.

The following activities are of special importance in determining the relevance of the issues identified:

- Identifying of priority issues for ENDESA's positioning in sustainability.
- Identifying potential sustainability issues which can affect ENDESA's reputation and positioning in communication.
- Prioritising measures in different areas of sustainability.

In 2009, the second year in which the SSP was implemented, work began on adapting it to the countries in which ENDESA operates via country plans for Argentina, Brazil, Chile, Colombia and Peru.

As part of ongoing improvements to the SSP system, we aim to develop the company's ability to review and update its priorities for key issues and make corresponding modifications to the plans and programmes which deal with these issues.

In 2009 a new study of materiality was carried out according to the guidelines of the international AA1000 APS standard. The object of the study was to identify and better understand those sustainability issues which were relevant for stakeholders and which could, therefore, constitute risks or opportunities for the company's image and reputation.

In this way ENDESA can structure its approach to tackling and responding to the need for information about sustainability issues. Materiality was gauged according to two main variables: the maturity of the issues identified in the sector and their importance for certain significant stakeholders.

The Principle of Responsiveness (AA1000 APS)

ENDESA's response to the main challenges of sustainability raised by its stakeholders is expressed in the formulation and implementation of its Sustainability Plan (SSP 2008-2012), which we have tried to reflect in this Report.

As mentioned previously, the SSP 2008-2012 has been developed through a process of prioritising information, considering the social, economic and environmental impact, using a system to collect data from ENDESA's businesses, making every effort not to omit information which is significant for its stakeholders.

Through the SSP 2008-2012 the company is meeting its commitment to transparency and trust in its relations with social stakeholders, in every area of corporate activity and in all geographical locations.

The Plan's overall aim is to lay foundations for ENDESA to turn its commitment to sustainability into responsible growth, incorporating the environmental and social opportunities put forward as part of its management models and strategies.

The 2008-2012 Sustainability Plan contains seven commitments and seven other basic lines of action which will be applied to all the company's activities in all the countries in which it operates. Special efforts have been made to incorporate regional perspectives into the Plan. These will be applied in greater detail in the country plans.

The uniform structure used to lay down the basic lines of the Plan, and its transfer to the country plans, consists of four elements: understanding the commitment, threats and opportunities, integration of opportunities, and definition of programmes and indicators.

Exhaustiveness (GRI G3)

In the section "Coverage of the Report" details are given of the scope of the information it includes.

Principles of information quality (GRI G3)

- **Precision and clarity** The report contains several tables, charts and diagrams, with the level of detail considered 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 website, which is continuously updated, and the company 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.** This Report includes an independent review by KPMG Asesores, S.L.

- **Balance.** The report spans positive and negative aspects in order to present an unbiased image of the issues addressed.
- **Comparability.** The information included in the report has been organised to facilitate understanding of the changes occurring in comparison with previous years. As far as possible information is presented in a way consistent with that used by companies in the same sector.

Principle of sustainability context

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

The commitment is 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 exhaustiveness

The Report gives priority to information considered to be material, and all social, economic and environmental impacts are included using a standard system of data collection in all ENDESA's business areas and including significant information for stakeholders.

08. AWARDS AND DISTINCTIONS







The standard of excellence achieved by ENDESA in the field of sustainability has been widely recognised in the market, through various distinctions and awards.

COMMITMENT TO OUR CUSTOMERS		
Distinction	Awarded by	
<ul style="list-style-type: none"> • CIER quality and customer satisfaction award given to Coelce, the group's distribution company in Brazil. 	CIER (Brazil's regional commission for electricity integration).	
<ul style="list-style-type: none"> • Coelce was also recognised as the best distribution company in Brazil and the most highly-valued by its customers in the Abradee Awards. 	Associação Brasileira de Distribuidores de Energia Elétrica (Abradee).	












COMMITMENT TO OUR EMPLOYEES		
Distinction	Awarded by	
<ul style="list-style-type: none"> • Enersis was awarded the Chilean Safety Association's honorary prize for the group's low accident rates and its accident prevention efforts as part of a fundamental corporate value. 	Asociación Chilena de Seguridad.	
<ul style="list-style-type: none"> • The company's efforts at home and abroad to Safeguard and Protect Information at all levels, areas, businesses, activities and processes received the SIC award. 	SIC.	
<ul style="list-style-type: none"> • The National Irish Safety Organisation (NISO), charged with promoting occupational health and safety throughout the country, also honoured Endesa Ireland with its Safety Quiz Award. 	National Irish Safety Organisation (NISO).	
<ul style="list-style-type: none"> • Chilectra received an award for its work in risk prevention as part of the events marking the 47th anniversary of the Chilean National Annual Safety Contest. 	Chilean National Annual Safety Contest.	
<ul style="list-style-type: none"> • For the third consecutive year Endesa Chile came 10th in the ranking of best companies for working parents, published by the Chile Unido Foundation and the El Mercurio newspaper's Ya magazine. 	Chile Unido Foundation and Ya magazine.	
<ul style="list-style-type: none"> • "Excellence in Risk Prevention" distinction awarded to Endesa Chile for reducing accident rates by at least 25% compared with the average for recent years. Awarded by the Chilean National Safety Council. 	Chilean National Safety Council.	

COMMITMENT TO GOOD GOVERNANCE		
Distinction	Awarded by	
<ul style="list-style-type: none"> • Emgesa in Colombia received the Andesco CSR Award for corporate governance. 	Andesco.	
<ul style="list-style-type: none"> • Endesa Chile was recognised as Best Company in the Utilities Sector for Corporate Governance in the IR Global Ranking 2009. 	IR Global Ranking.	
<ul style="list-style-type: none"> • Endesa Chile was awarded the highest rating (A+) for its Sustainability Report 2008. 	Global Reporting Initiative.	

COMMITMENT TO OUR CUSTOMERS		
Distinction	Awarded by	
<ul style="list-style-type: none"> Endesa Chile came first in Latin America in the Best Managed Company in the Utilities sector ranking published by Euromoney magazine. 	Euromoney.	
<ul style="list-style-type: none"> Edegel won the Asociación Perú 2021 award for Social Responsibility and Sustainable Development in the Shareholder category. 	Asociación Perú 2021.	

ENVIRONMENTAL COMMITMENT AND THE CHALLENGE OF CLIMATE CHANGE		
Distinction	Awarded by	
<ul style="list-style-type: none"> The Emgesa power generation company in Colombia received the Andesco CSR Award for best performance on environmental issues. 	Andesco.	
<ul style="list-style-type: none"> The 2008 AEDME award for Enterprise Sponsorship and Patronage in the Environment category for Emgesa's biodiversity conservation project carried out at the Cartagena power plant in Colombia. 	Spanish Association for Enterprise Sponsorship and Patronage (AEDME).	
<ul style="list-style-type: none"> Chilectra's programme "Eco Chilectra: recycling with energy" won an award from the Centre for Information Technology Research at the Pontificia Universidad Católica de Chile (CETIUC). 	Centre for Information Technology Research at the Pontificia Universidad Católica de Chile (CETIUC).	
<ul style="list-style-type: none"> Award for the Best Description of Environmental Management, Endesa Chile Sustainability Report, 2008. 	Acción RSE.	
<ul style="list-style-type: none"> "Silver Class" distinction awarded to Endesa Chile in the SAM Sustainability Yearbook, supported by PricewaterhouseCoopers. 	Sustainable Asset Management.	
<ul style="list-style-type: none"> Award from the European Union for a LIFE bird protection scheme in Aragón in which ENDESA participates. 	European Union.	

COMMITMENT TO TECHNOLOGY AND INNOVATION		
Distinction	Awarded by	
<ul style="list-style-type: none"> ENDESA received the 2nd Research, Development, Innovation and Company prize from the Andalusia Academy for Social Sciences and the Environment in conjunction with the Andalusia Confederation of Businessmen and the Andalusia Council of Chambers of Commerce, Industry and Navigation. 	Andalusia Academy for Social Sciences and the Environment.	
	Andalusia Council of Chambers of Commerce, Industry and Navigation.	
	Andalusia Confederation of Businessmen.	
<ul style="list-style-type: none"> The Operating Excellence Award from the internationally-renowned US-based Electric Power Research Institute (EPRI) which carries out research and development in the electricity sector. 	EPRI (Electric Power Research Institute).	

THE CHALLENGE OF THE LOCAL COMMUNITY		
Distinction	Awarded by	
<ul style="list-style-type: none"> • Edelnor, ENDESA's subsidiary in Peru, has received the Integration and Solidarity Award from the country's leading radio station, for its Nuevo Pachacútec Electricity School project. 	Radio Programas del Perú (RPP).	
<ul style="list-style-type: none"> • Energis was named The New Economy's Energy Company of the Year, Latin America. 	<i>The New Economy</i> magazine.	
<ul style="list-style-type: none"> • ENDESA's University-Company collaboration efforts were recognised by the University of Seville. 	University of Seville.	
<ul style="list-style-type: none"> • For the second consecutive year, ENDESA received the AUTELSI Award in the Social and Environmental Commitment category. 	Spanish Association of Telecom and Information Society Users (AUTELSI).	
<ul style="list-style-type: none"> • Aberje Award for corporate communication in Brazil for the "New way of disseminating information regarding Corporate Social Responsibility" project. 	Brazilian Society for Business Communication (ABERJE).	
<ul style="list-style-type: none"> • Chilectra placed fourth in the Fifth CSR Ranking 2009, organised by the Prohumana Foundation in conjunction with the Manufacturing and Trade Federation (CPC) and the Qué Pasa review. 	Prohumana Foundation.	
<ul style="list-style-type: none"> • Endesa Chile placed 10th in the Fifth CSR Ranking 2009, organised by the Prohumana Foundation and the Qué Pasa review. 	Prohumana Foundation.	
<ul style="list-style-type: none"> • Chilectra is the power sector's top company in generating value in Chile, according to the EVA ranking drawn up each year by Econsult and the Qué Pasa review, and among the leading companies in the general classification. 	Econsult and the Qué Pasa review.	
<ul style="list-style-type: none"> • Chilectra won an award in the "Public Utility" category in the Fourteenth Annual Awards for Corporate Reports, organised by the Gestión review and PricewaterhouseCoopers, which gives recognition to the best annual reports in Chile. 	Gestión review and PricewaterhouseCoopers.	
<ul style="list-style-type: none"> • Endesa Chile placed second in the ranking of "Most admired companies in 2009", published by Diario Financiero and PricewaterhouseCoopers. 	Diario Financiero and PricewaterhouseCoopers.	
<ul style="list-style-type: none"> • Award in the "Business Group" category of the Fourteenth Annual Awards for Corporate Reports 2009 for Endesa Chile. 	PricewaterhouseCoopers.	
<ul style="list-style-type: none"> • Emgesa was among the top four companies in the power sector in the "1001 Companies of the Year in Colombia", published by Cambio magazine. 	Cambio magazine.	
<ul style="list-style-type: none"> • Emgesa ranked twelfth in the list of the 500 largest and most successful companies in Colombia published by Gerente magazine. 	Gerente magazine.	
<ul style="list-style-type: none"> • Edesur (ENDESA's subsidiary in Argentina) was chosen to be one of 11 members of the governing committee of the country's UN Global Compact network for 2009-2011. 	Argentine UN Global Compact network.	
<ul style="list-style-type: none"> • Pangue power station in Chile receives Bicentenary Award. 	Chilean Government Bicentenary Commission.	



Our customers

Commitment to service
quality

24.6 million
customers

8.06 satisfaction rating
for VAPS

Time to contract gas supply
cut by 30%

40 sales offices and 447
service points in Spain

ENDESA aims to be the best regarded power company in all the markets in which it operates, both for the quality of its service and for its excellent customer relations.

As a demonstration of this commitment to quality, during 2009 ENDESA modernised and extended its infrastructures, improved its customer services, and created new channels of communication to bring it even closer to these stakeholders.

Meeting our goals	
CHALLENGES IN 2009	INITIATIVES CARRIED OUT
Implement the capacity and quality plan	<ul style="list-style-type: none"> • Quality Plan 2009: <ul style="list-style-type: none"> — Design of a system for measuring and monitoring achievement of objectives. — Improve the quality of direct new gas contracts. — Implement multi-point invoicing. — Use the invoice as a tool for managing the customer portfolio. — Develop a model for managing Large Corporate Customers. — Improved monitoring of the working conditions of sub-contractors' employees. — Refinement of monitoring tools (through six Quality Committees). • Plan and implement measures to strengthen the network, ensuring all areas meet regulatory quality standards.
Manage the disappearance of the regulated electricity tariffs	<ul style="list-style-type: none"> • Launch of an information campaign on the tariff of last resort and the deregulation of the power market. • IT Systems Revision Plan. • Information sent to customers and contacts with over 300 associations and public bodies to provide information. • Media campaign to inform the public about the new market conditions (newspaper spreads, interviews, etc). • Informative video posted on Youtube. • Creation of dedicated website on these issues (www.energiaproxima.com).
Roll out integration programme for suppliers and contractors	<ul style="list-style-type: none"> • Achievement of targets on monitoring of the working conditions of sub-contractors' employees (under the 2009 Quality Plan).
Promote energy efficiency measures among clients	<ul style="list-style-type: none"> • ENDESA's Energy Efficiency Plan (PE³): <ul style="list-style-type: none"> — Educational projects aimed at making more efficient use of energy.
Improvements to the company website	<ul style="list-style-type: none"> • Updates to the commercial website with new products and energy efficiency services.
Develop the Contingency Plan	<ul style="list-style-type: none"> • Optimisation of maintenance measures on the Medium Voltage network to reduce the number of supply interruptions.
Develop programmes of excellence in sales and post-sales services.	<ul style="list-style-type: none"> • Programme of Excellence for key commercial processes (contracting, customer service, delivery and post-sales). • ENDESA's Customer Service Excellence Plan focuses on: <ul style="list-style-type: none"> — Reducing the time needed to contract gas supply. — Clearer information relating to billing and services. — Improved internal quality control (employee relations plan and commercial targets). • Improved customer service channels: <ul style="list-style-type: none"> — Personal contact: Over 1,100 audits of sales offices and service points in Spain. Work carried out by Chilectra to monitor compliance with customer service protocols in sales offices. Codensa completed development of customer satisfaction forms for 100% of products and customer segments. — Call Centre: Project to redesign ENDESA's Call Centre with notable results in terms of quality and accessibility. Chilectra: Simplification of customer service process in Call Centre. — On-line channel: New initiatives. Spain: <i>energiaproxima</i>. Latin America: Amigos de Medios Electrónicos minisite, interactive procedures guide, "Você é o Presidente" (You're the Chairman) and "Conselho de Consumidores" (Consumers' Council). Advanced internet features (videos, surveys, etc.). — New Internet initiatives (twenergy virtual community). Extension of SCP approach to Latin American countries.

Key figures	
Market share of total ordinary regime power generation	29.4%
Share of distribution market	43.2%
Market share of sales to CDM customers	41.7%
Market share of total sales to end customers.	42%
Total power distributed	115,265 GWh
Customer satisfaction with power supplies	7.08 out of 10
Availability of ENDESA's electricity service in Spain	99.98%

Key initiatives in 2009
Expansion of VAPS portfolio
New internet initiatives: Twenergy and Energía Próxima

In 2010 we propose
To change the structure of the website
To approve the Board of Directors' Regulations
To adapt the company's Internal Regulations on Conduct in Securities Markets
To revise and approve a new group-wide Code of Ethics

01. ENDESA'S ELECTRICITY SUPPLY QUALITY

ENDESA is committed to guaranteeing that electricity is available to the greatest possible number of people, with safety, quality and efficiency as its watchwords. The company pays particular attention to developing the infrastructure necessary to meet the needs of the most vulnerable sectors of the population in the areas where it operates, mainly in certain rural areas of a number of Latin American countries.

01.1. SPAIN AND PORTUGAL

In Spain, ENDESA distributes electricity in 20 provinces across nine autonomous regions (Catalonia, Andalusia, the Balearic Islands, the Canary Islands, Aragon, Extremadura, Castile-Leon, Navarre and Valencia), covering an area of 200,000 km² with a total population of around 22 million.

11.7 million
 customers in the
 deregulated market in Spain
 and Portugal

The number of distribution customers increased during 2009 by 0.4% to 11.7 million.

ENDESA maintained its leadership position in the Spanish electricity market as a whole throughout the year. The company has a 29.4% market share in ordinary regime electricity generation, 43.2% in distribution, 41.7% in the deregulated market, and 42.0% in sales to end customers.

ENDESA's network supplied 115,265 GWh of power in 2009, measured at busbar cost, a reduction of 3.5% on 2008. The reduction for the entire Spanish electricity system was 4.4%, according to data from UNESA.

A key event in 2009 was the full deregulation of the retail market and the separation of grid and energy supply activities from 1 July, as a result of the transposition into Spanish law of the 2003 European Directive.

Pursuant to Royal Decree 485/2009 and Ministerial Order ITC 1659/2009, Endesa Distribución transferred its supply contracts to supply companies, maintaining the grid access contracts held with customers. This implied the transfer of more than 11 million contracts without affecting supplies to the customers concerned.

ENDESA's presence in the Spanish and Portuguese market

	2007	2008	2009	% chg. 2009-2008
No. regulated market customers (thousands)	10,326	10,296	—	—100
No. deregulated market customers (thousands)	1,155	1,353	11,700	765
Power supplied to the regulated market (GWh)	72,746	61,327	23,445	—61.8
Power supplied to the deregulated market (GWh)	40,629	47,705	81,173	70.2
Length of distribution-grid lines (km)	303,958	305,113	313,392	2.7
No. of substations (high and medium voltage)	954	988	1,273	28.8

01.1.2. Development and improvement of distribution infrastructure

In 2009, the lines making up ENDESA's distribution grids were extended by 2.7%, to 313,392 km. Underground lines accounted for 26% of this total.

21 new high and medium voltage substations in 2009

During the year, 21 new high and medium voltage substations came on stream, putting the total number of substations at 1,273 at year-end.

Significant developments in the year include the coming on stream of the Don Rodrigo-Morón high voltage line in Seville, the Alcorisa-Andorra line in Teruel, and the Buixalleu-Salt, Cas Tresorer-Son Orlandis and Buenos Aires-Guajara lines in Girona, Mallorca and Tenerife, respectively (this last is a 66 kV underground line extending more than 7 km). Six new substations were constructed in Barcelona province, four in the Balearic Islands, four in Tenerife and three in Seville.

In 2009, the company continued to develop its Medium Voltage Grid Automation Plan with a total of 21,376 remote-controlled elements. Furthermore, all substation switches are remote controlled, with 6,178 breakers in place.

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

ENDESA electricity distribution facilities

	2008	2009	% chg. 2009-2008	Brought on stream in 2009
High-voltage overhead lines (km)	20,257	20,348	0.4	277
High-voltage underground lines (km)	958	1,076	12.3	93
Medium-voltage overhead lines (km)	79,893	80,375	0.6	713
Medium-voltage underground lines (km)	35,225	37,006	5.1	1,013
Substations (no.)	988	1,273	28.8	17
Substations (MVA)	79,803	83,216	4.3	0

01.1.3. Continuity of supply

The basic purpose of ENDESA's distribution grid is to ensure continuity of electricity supply to its 11.7 million customers in Spain and Portugal.

The indicator which measures the continuity of supply is Average Interruption Time, and the procedure for calculating this is regulated by Royal Decree 1955/2000. The results are audited annually by an independent company.

In 2009, the Average Interruption Time in markets supplied by ENDESA was 70 minutes. This is three minutes more than in 2008. This is an excellent result given the damage caused to the company's grids by the adverse weather conditions experienced across all regions, especially at the start and the end of the year. This Average Interruption Time implies an availability of the service equal to 99.98% of total hours for the year.

Average Interruption
Time in provincial capitals
in Spain of **30** minutes

All the cities and urban areas supplied by ENDESA enjoy levels of service quality on a par with the best in Europe. The capital cities of the provinces in which ENDESA has distribution operations experienced Average Interruption Times of around 30 minutes.

Average Interruption Time (minutes/year)				
	2007	2008	2009	% chg. 2009-2008
Aragon	73	73	72	-1.37
Catalonia	70	68	70	2.94
Andalusia and Badajoz	125	119	121	1.68
Balearic Islands	97	57	65	14.04
Canary Islands	52	43	51	18.60
Endesa Red	91	86	89	3.49

The number of equivalent interruptions of installed capacity in Spain in 2009 was 1.7, up 0.1 compared with 2008 (1.6%).

The distribution grid covers all of Spain. If there are any specific, individual cases where the grid is not available, it is due to factors outside the control of the company, such as it not having been requested, or the local authority refusing permission to contract distribution services.

Furthermore, in 2009 ENDESA installed in Spain the first system to prevent interruptions to the power supply, known as the DVR (Dynamic Voltage Restorer) (see chapter on climate change for further information).

01.2. LATIN AMERICA

ENDESA is the leading private electricity company in Latin America, being the leader in Chile, Argentina, Colombia and Peru, and the third largest in Brazil.

12.9 million
customers in Latin America

The company's customer numbers in the region increased by 3.9% in 2009 to 12.9 million. ENDESA's network in Latin America supplied 63,745 GWh of power in 2009, up 1.5% on 2008.

ENDESA customers in Latin America (thousands)				
Country	2007	2008	2009	% chg. 2009-2008
Chile	1,483	1,513	1,579	4.4
Argentina	2,228	2,262	2,305	1.9
Colombia	2,209	2,285	2,476	8.4
Peru	986	1,028	1,060	3.1
Brazil	5,067	5,308	5,487	3.4
TOTAL	11,973	12,396	12,907	4.1

ENDESA's sales in Latin America (GWh)

Country	2007	2008	2009	% chg. 2009-2008
Chile	12,923	12,535	12,585	0.4
Argentina	15,833	16,160	16,026	-0.8
Colombia	11,441	11,822	12,164	2.9
Peru	5,201	5,599	5,716	2.1
Brazil	16,212	16,690	17,254	3.4
TOTAL	61,610	62,806	63,745	1.5

01.2.1. Development and improvement of distribution infrastructure

Chilectra in Chile is currently planning the expansion of its electricity infrastructures using simulation models and planning criteria that enable the company to identify the short-, medium- and long-term investment needs which will meet growing demand for electricity from users in the areas in which Chilectra has operating concessions. Investment plans for 2010-2014 were drawn up in 2009. These plans will be updated annually in response to changes in demand, regulatory and environmental requirements and, in general, to reflect the interests of the community.

ENDESA electricity distribution facilities

	2008	2009	% chg. 2009-2008
High-voltage overhead lines (km)	9,090	11,178	23.0
High-voltage underground lines (km)	657	95	-85.5
Medium-voltage overhead lines (km)	127,675	135,876	6.4
Medium-voltage underground lines (km)	9,130	5,534	-39.4
Low-voltage overhead lines (km)	110,231	114,918	4.3
Low-voltage underground lines (km)	18,831	13,276	-29.5
High-voltage substations (no.)	403	582	44.4
High-voltage substations (MVA)	30,002	30,757	2.5
Transformer centres (n°)	323,305	223,215	-31.0

01.2.2. Continuity of supply

In 2009, the Average Interruption Time improved in the majority of the Latin American markets supplied by ENDESA. Other quality indicators are used in the region, similar to Average Interruption Time, but figures from the different countries are not comparable due to variations in the local regulations governing the measurement of interruption times (causes, source, duration and type of facility).

ENDESA's performance on the main quality indicators in the Brazilian state of Ceará improved in 2009. The number of interruptions (FEC) fell nine-fold to 5.9, while the interruption time (DEC) dropped by 0.4 hours to 7.7 hours. Energy losses, at 11.57%, were 15% lower than in the previous year.

ENDESA invested Euro 127.7 million in Brazil in 2009 to improve the quality of supply and minimise energy losses, 26% more than in 2008.

Chilectra's supply quality indicators continued to improve in 2009 in both urban and rural areas. There was a particularly notable improvement in the management of the urban sector, with a reduced number of incidents associated with emergency plans. The average supply interruption time per transformer in the medium- and low-voltage grid was 3.08 hours (12.8%) in 2009, 45 minutes less than in 2008.

Supply-quality indicators in Latin America

Average Interruption Time (TIEPI)	2007	2008	2009	% chg. 2009-2008
Chile	3.3	2.9	2.7	-6.90
Argentina	4.5	4.3	4.3	0
Colombia	15.3	13.7	12.4	-9.49
Peru	7.3	6.2	7.7	24.19
Brazil-Ampla	14.5	13.2	19.5	47.7
Brazil-Coelce	9.4	8.2	7.6	-7.3
Number of equivalent interruptions of installed capacity (NIEPI)	2007	2008	2009	% chg. 2009-2008
Chile	1.5	1.3	2.6	100
Argentina	2.6	2.7	2.3	-14.81
Colombia	12.9	13.5	9.7	-28.15
Peru	2.6	2.3	3.1	34.78
Brazil-Ampla	10.6	10.1	11.9	17.8
Brazil-Coelce	7.9	6.8	5.9	-13.2

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). 2009 figures for Brazil not available.

Percentage of the population unserved in ENDESA's distribution areas

	Argentina	Chile	Brazil	Peru	Colombia
Population without electricity supply	278,315	4,800	Ampla: 5,800 Coelce 32,714	400,000	77,683
% of total population	4.4%	0.1%	Ampla: 0.1% Coelce: 0.38%	9.47%	0.8%

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 Argentina, 4.4% of the population in the areas covered by distribution operations has no service. In Brazil the figure in the area where Ampla operates is 0.1% and 0.38% in the area covered by Coelce. The figure for Peru is higher, at 9.47%.

01.3. OPERATIONS IN OTHER COUNTRIES

Regulatory changes in Portugal have enabled the company to renew sales in the country, with 41% of the market having been deregulated during the year. Endesa Energia's portfolio at the end of the year was 2,550 GWh/year, with 746 supply points at the MV tariff and 1,068 at the special low voltage tariff (BTE). A total of 1,271 GWh were supplied in 2009, representing a 15.5% share of the Portuguese deregulated market.

Projects forming part of the Plan to Promote Efficient Electricity Consumption supported by the regulatory entity ERSE were also carried out in 2009 at a cost of Euro 1.06 million. Endesa Energía also began selling electricity in the residential sector, closing the year with over 10,000 customers.

ENDESA became Ireland's second largest operator following the acquisition of 20% of the generation assets of power company ESB. The assets awarded total 1,068 MW already on stream divided up between four sites, and two additional sites with evacuation capacity of up to 300 MW. These represent around 16% of the Republic of Ireland's total installed capacity.

In France, Endesa Energía supplied 911 GWh to industrial customers, representing growth of 82% on 2008. The company has an active contracts portfolio for 2010 of 1,670 GWh with 42 supply points, 50% higher than in 2009. Endesa Energía has also been awarded a license to supply gas in France and has begun selling to industrial customers. The contracts signed at the end of the year represented a portfolio of 69 GWh to six supply points in 2010, and 787 GWh to the same number of supply points in 2011.

The French business has continued to develop its photovoltaic solar energy activities with three projects totalling 239 kWp signed with customers, representing turnover of Euro 1,114,186.

In Germany, Endesa Energía supplied 1,157 GWh of electricity to 113 industrial customers and has a portfolio for 2010 of 177 customers representing consumption of 857 GWh/year. Particular efforts were made to create new business opportunities, most notably the sale of EUAs and EUA/ERC swaps. The company also participated in capacity auctions through Endesa Trading and took the first steps towards obtaining a license to supply gas in Germany.

In Benelux, Endesa Energía contracted 156 GWh to 15 supply points in Holland, representing growth of 50% on the electricity supplied in 2009. A number of notable initiatives have been implemented to develop new lines of business, with the first sales of Green Certificates in 2009 with an annual volume of 25 GWh, the renewal of the company's license to sell electricity in Belgium and the first steps taken to obtain licenses to supply gas in the two countries.

In Andorra, Endesa Energía has renewed its 250 GWh/year contract to supply electricity to Andorran power company FEDA, representing 40% of the power consumed in the country.

01.4. PROGRAMMES, INCLUDING THOSE CARRIED OUT IN PARTNERSHIP WITH GOVERNMENTS, TO IMPROVE OR MAINTAIN ACCESS TO ELECTRICITY AND CUSTOMER SERVICES

ENDESA has continued implementing its policy of improving and maintaining access to electricity and customer services in both Spain and Latin America.

01.4.1. Spain and Portugal

Creation of the bono social. When the deregulation process was completed on 1 July, a discount rate (bono social) was created for customers on the tariff of last resort (TLR) to benefit economically disadvantaged groups. In practice, the discount rate means freezing electricity prices at the rate in force at 30 June 2009. The discount received by these customers against current prices will therefore become more significant over time as increases are applied to the TLR.

The beneficiaries are customers with supplies below 3kW, pensioners, families whose members of working age are all unemployed and large families.

At the end of 2009 1,140,646 customers received the discount, of which 1,002,880 received it automatically.

Over **1 million** customers receive the discount rate

01.4.2. Latin America

Of particular note was the signing of a **Framework Agreement** between the Argentine government, the province of Buenos Aires and power companies to guarantee payment for the electricity consumed in the shanty towns of the Greater Buenos Aires area.

In Chile, the company has worked constantly to provide improved services in the city of Santiago, investing in new facilities and the maintenance of existing infrastructures, and optimising emergency plans and arrangements.

A key measure in Peru was the **“Alumbrado Público para tu Seguridad” (Public lighting for your safety) programme**. This initiative by Enelдор focuses on three aspects (the quality of the lighting, continuity of service, and communication) to improve the lighting in the squares, parks and streets of districts where the company operates. Electricity is also being installed in locations where people have settled, helping poorer sectors to develop and making these areas safer.

The company also provides information on the safe and efficient use of electricity through the distribution of leaflets and on its website. Meanwhile, its programmes to improve health and combat malnutrition have also been maintained, distributing and selling at accessible prices books such as “Anchoveta para todos” and “Todo sobre la papa” about cooking with anchovies and potatoes.

Programmes in Brazil include:

- **The “Electricity for all” programme.** This federal initiative, in which regional governments also participate, is aimed at ensuring universal access to electricity supplies in the country’s rural areas so that the entire population can enjoy the benefits of electricity.
- **“Low income” programme,** giving customers on low incomes discounts of 65%.
- **Ecoelce.** A programme run by Coelce, ENDESA’s Brazilian subsidiary, to ensure the poorest members of society have access to electricity while at the same time encouraging recycling and raising awareness about the environment (see *chapter on establishing ties with local communities for more information on the Ecoelce programme*).

In Colombia, the company identifies newly developed areas that need new connections, deals with applications by communities for new supplies and coordinates with local authorities to implement services in line with local development plans. In 2009, services in the municipalities of Soacha, Vergara and El Peñon were standardised.

02. EXCELLENCE IN CUSTOMER SERVICES

ENDESA has continued to strengthen its commitment to its customers with a range of initiatives to contribute to the social and economic development of the communities in which it operates.

02.1. CUSTOMER SERVICES EXCELLENCE PLAN

Endesa Energía’s Customer Services Excellence Plan, launched in 2003, is intended to ensure that the customer services provided through all commercial channels and processes are satisfactory, in particular those which are most important to the customer: contracting, complaints, and after-sales service.

In 2009, this Plan has focused on reducing the time needed to register for gas supply, clearer information relating to billing and services (large multi-point customers and the general public) and internal quality control (employee relations plan and commercial targets).

Time to contract gas supply reduced by **30%** in deregulated market

Highlights of the results obtained include the more than 30% reduction in the time needed to contract gas supply services in the deregulated market, the adaption of billing models to the needs of multi-point customers and increased efficiency in the management of sales targets.

02.1.1. Personal contact

In 2009, sales channels' efforts have concentrated on the change to monthly billing, the final disappearance of the regulated tariffs and the creation of the tariff of last resort and the discount rate (bono social).

Following the full deregulation of the Spanish market, the company launched a new tariff with a discount of up to 12% on regulated market prices. Customers with power requirements of over 15 kW were offered a discount of 8% up to 31 December. Users contracting the new tariff before 31 May were offered an additional discount of 2-4%, depending on their location.

As a result of the introduction of these new features, the company's commercial channels had to be resized to deal with a considerable increase in activity. This involved the design and implementation of training plans for over 2,000 employees.

ENDESA's personal sales service is structured as follows, depending on the customer segment:

- **Business segment:** customer service channels dedicated to business customers are staffed by over 400 sales managers across the country, and there is also a dedicated telephone line and an internet channel.
- **Domestic segment:** ENDESA has 40 sales offices and 447 service points around the country (39 and 381, respectively, in 2008).
- **Large customers:** ENDESA's management team is organised by sector as well as by territories. This allows us to gain in-depth knowledge of their needs and offer them customised competitive solutions.
- **New buildings:** The company has a channel to deal personally with new housing developers in areas where it 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.

ENDESA's personal service network in Spain

	2007			2008			2009		
	Sales offices	Service points	Service points	Sales offices	Service points	Total points	Sales offices	Service points	Total points
Aragon	6	29	35	4	32	36	3	29	32
Catalonia	7	156	163	7	152	159	6	135	141
Balearic Islands	3	24	27	3	25	28	3	25	28
Andalusia-Extremadura	23	142	165	22	139	161	21	141	162
Canary Islands	3	30	33	3	33	36	3	34	37
Own distribution market	42	381	423	39	381	420	36	379	415
Outside distribution market	4	47	51	4	55	59	4	68	72
TOTAL	46	428	474	43	436	479	40	447	487

In Brazil, the company has 276 establishments offering face-to-face services, and two mobile units in the state of Ceará providing a 24-hour service.

Condensa in Colombia has 10 Service Centres in Bogotá, three in Sabana and seven in Cundinamarca. The company expanded its presence in supermarkets from one to 10 in 2009, and continued to operate from five superstores in Bogotá. The service dealt with 1.6 million cases, 31% more than in 2008. The number of self-help information systems also increased, with 37 now installed in customer service centres.

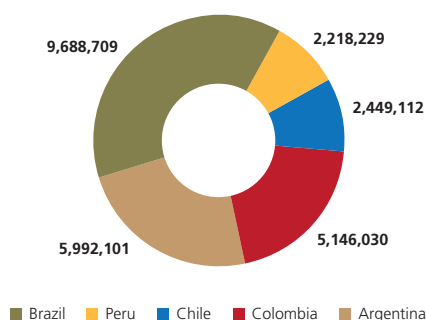
02.1.2. Call Centres (CAT)

Three telephone service platforms in the Call Centres (CAT) dealt with almost 20 million calls related to sales management issues and grid incidents in 2009, 58% more than in 2008, mainly due to the number of regulatory changes in the sector.

Breakdown of calls received at Call Centres

Calls received	2009
Tariff of last resort (TLR)	11,793,221
General public, deregulated market	3,822,051
Businesses and Large Customers	771,868
Sales	417,109
Distribution	2,389,995
Mixed	404,631
TOTAL	19,598,875

Calls received by Call Centres in Latin America

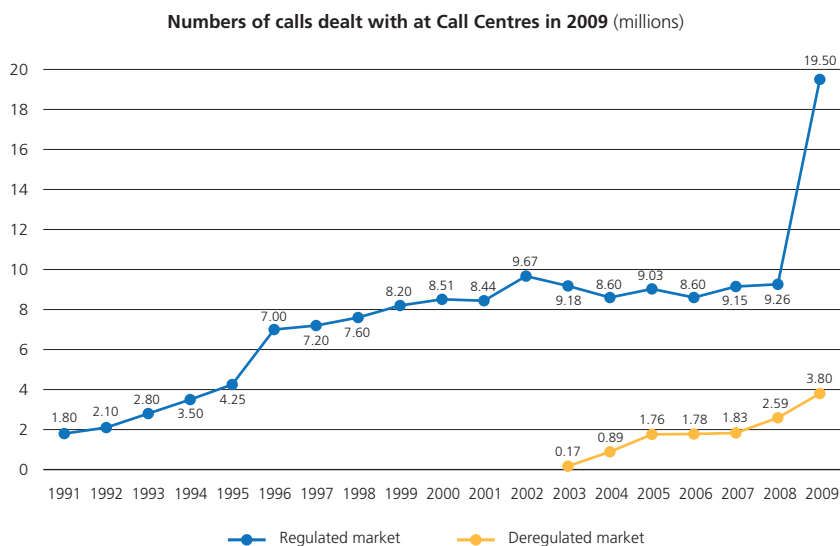


In 2009, the redesign of the service model was completed as part of ENDESA's CAT transformation project, intended to respond to the challenges posed by the deregulation of the electricity market and succeeding in doing so with notable improvements in quality and accessibility.

The regulatory changes introduced in 2009 represented a major test for the company's customer services, as customers sought answers to all the issues raised. The range of services has been widened as the number of contacts by customers, especially concerning billing and payment, has fallen.

The Call Centres' overall Quality Indicator for the year was 88.6%, and that for commercial transactions dealt with by the CAT was 96%.

ENDESA's Call Centre (CAT) in Colombia received 4.2 million calls in 2009 of which 3.4 million were answered, representing an efficiency rate of 84%. In terms of service levels, 69.1% of calls were answered within 20 seconds.



02.1.3. Endesa Online

The **www.endesaonline.com** virtual office has seen significant growth in 2009, with user numbers up by 100,000 to 420,000. These customers carried out over eight million transactions, compared with 3.2 million in 2008, a growth rate of 250%.

The internet's capacity to generate business opportunities, especially among the general public, has also been confirmed, with over 60,000 contact requests received compared with 39,000 in 2008, an increase of nearly 50%.

Major regulatory changes introduced in 2009 meant customers had new needs for information, reflected in a sharp increase in the number of requests for advice through *Endesa Online* to almost one million in the year.

Codensa, meanwhile, continued developing its new portal, which will go live in 2011. On-line customer awareness was raised during the year through initiatives such as the Amigos de Medios Electrónicos minisite, Radar Codensa and an interactive procedures guide. Advances have also been made on sending bills in pdf format using the company's new VID billing standard, and on developing the account statement for the Crédito Fácil (easy credit) programme so customers can check the details of their loan without having to visit the company's offices.

02.1.4. New internet initiatives

In response to new customer needs, a new initiative has been launched via *Endesa Online*. Customers can find information on regulatory changes, obtain detailed explanations of bills and send in queries to the **EnergíaProxima** site. This site contains advanced internet features such as videos and questionnaires and customers can evaluate and share its content.

Energía Próxima and Twenergy, new internet initiatives

Its web 2.0 features allow the inclusion of audiovisual content such as a video explaining the tariff of last resort, and users can send queries, evaluate and share the content via e-mail and social networking sites, take part in surveys, etc.

ENDESA has also launched the **Twenergy** site, reflecting the company's strategic commitment to energy efficiency. This on-line community uses web 2.0 technology to enable users to learn about energy efficiency, share experiences and advice and create their own energy efficiency plans.



Francisco Arteaga, ENDESA's general manager for Andalusia and Extremadura, speaking at the conference.

FIRST ENDESA SERVICE POINT CONFERENCES

Under the slogan "One, la fuerza de ser uno", Endesa Energía held its first Service Point Conferences in 2009 in five cities around Spain (Las Palmas de Gran Canaria, Palma de Mallorca, Barcelona, Zaragoza and Seville).

Against the backdrop of changes in the market, Endesa Energía organised these sessions to provide information on its 2008 results and to communicate Service Points' targets for 2009, together with a range of perspectives on the business and on how these targets can be achieved. They were intended to strengthen the links between the company and its service points and demonstrate how they can improve their daily activities.

02.2. QUICK SOLUTIONS FOR COMPLAINTS AND NEW-CONTRACT APPLICATIONS

The function of ENDESA'S corporate Complaints Unit (UCR), which is organised through six regional centres, is to detect the causes of disruptions to normal commercial services, define measures to resolve them and to specify improvements to management systems. It also acts as an intermediary in dealings with public or private consumers' rights organisations.

In 2009, the number of complaints received by ENDESA'S UCR grew by 74% (from 439,741 in 2008 to 765,756 in 2009). Nevertheless, 96% of the complaints were resolved within the year.

Furthermore, 60% of the complaints received were resolved within five days.

The level of ENDESA customer satisfaction with metering, billing and charging is 6.38 out of 10.

02.2.1. ENDESA's Customer Ombudsman

ENDESA's Customer Ombudsman, uniquely in the power sector, is an independent figure in the company's management structure. The role was created in 2001 by the Board of Directors to provide customers and third parties with an alternative channel of communication.

02.2.1.1. Spain and Portugal

76% of claims satisfactorily resolved

ENDESA's Customer Ombudsman works independently from the company's management teams and was appointed to provide customers with an additional means of dialogue in connection with the services that ENDESA provides in the market; listening to external and in-house representatives and proposing immediately to the company recommendations for ascertaining customers' needs and expectations and improving quality service. ENDESA's Customer Ombudsman has been José Luis Oller Ariño since June 2005.

In 2009, ENDESA's Customer Ombudsman's office received a total of 1,764 complaints, 92% more than in 2008. Of these, 975 fell within the remit of the Ombudsman, an increase of 70% on 2008.

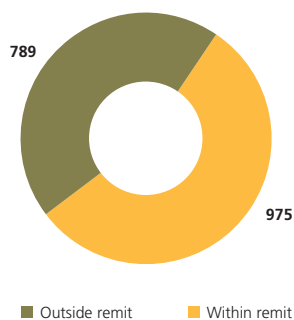
Of the complaints falling within the Ombudsman's direct remit, 44% related to billing, 25% to supply quality, 11% to meter reading, 14% to contracting, and the remainder to other issues.

Of the complaints that met the requirements for being dealt with by the Ombudsman, 76% were satisfactorily resolved by mediation between the customer and the company while the remaining 21% were resolved via a resolution by the Ombudsman.

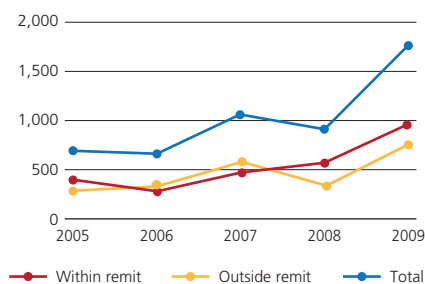
In 2009, the Customer Ombudsman made seven recommendations to the company on improvements with regard to:

- The need for an information campaign for customers on the quality and safety of electrical installations in their homes.
- The contracting of the Gas Plus maintenance and repair service.
- The information to be provided to private customers requesting a new supply.
- The information provided to customers in the appendix on pricing included in the contract conditions for electricity supply in the deregulated market.
- Reducing the number of complaints related to estimated bills.
- Complaints about bills received after meters have been removed.
- The contracting of new supplies.

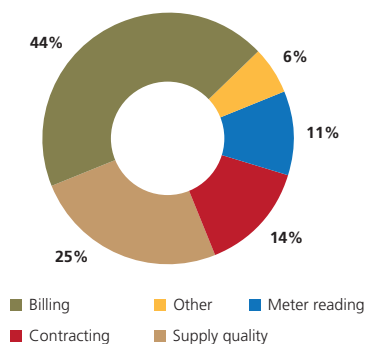
Complaints received in 2009

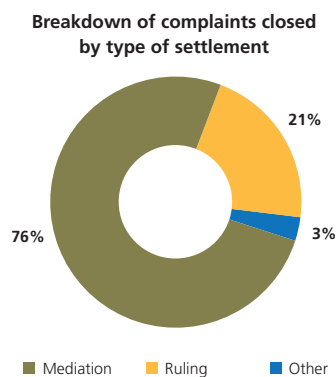


Complaints received



Complaints by type





In 2009, 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.

He took part in the "Energy and Consumers' Rights" Conference organised by the Spanish Confederation of Consumers and Users Cooperatives (Hispacoop) and the Confederation of Consumers and Users (Cecu).

ENDESA's Customer Ombudsman, José Luis Oller, has been appointed chairman of the European Energy Ombudsmen Group (EEOG), the first independent customer ombudsman group for the European energy sector.

The European Energy Ombudsmen Group (EEOG) held its 2009 meeting in Manchester, with the aim of strengthening Ombudsmen's links with major European bodies and associations, to raise awareness of the role of the Customer Ombudsman, and to identify and encourage improvements in customer services processes. The EEOG also took part in the second European Citizens' Energy Forum held in London on 29 and 30 September with the purpose of fostering transparency in the sector and protecting consumers' rights.



José Luis Oller, ENDESA's Customer Ombudsman (fourth from the left) with other participants in the seminar.

ENDESA's Customer Ombudsman organises conference on the conditions making deregulation a success for customers

ENDESA's Customer Ombudsman, José Luis Oller, organised a seminar in 2009 on the "Conditions for making deregulation a success for customers".

The main purpose of the seminar was to examine the main problems facing customers as a result of the implementation of the tariff of last resort (TLR) on 1 July, after which the Spanish electricity market was fully deregulated.

02.2.1.2. Latin America

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

ENDESA's Customer Ombudsman in Colombia dealt with 1,388 cases in 2009. In 75% of these cases he requested the company to change or revoke its initial decision, in the interests of fair trading. The company's position was upheld in 25% of cases.

The Customer Ombudsman's office, drawing on its experience and accumulated contact with customers, has designed a programme called "Customer Ombudsman for a Day" in which managers and employees from the company take on the role of customer ombudsman and actively participate in the resolution of disputes between the company and customers, thereby helping to strengthen the company's self-regulation mechanisms.

Employees from the technical, legal, commercial, financial and administration, organisation and human resources, production and planning, and control departments took part in the programme in 2009.

In Brazil, the Customer Ombudsman provides customers with a wide range of direct communication channels with the company, via a free phone service, in person, at the corporate offices, by e-mail or post. In 2009 ENDESA's Brazilian Customer Ombudsman received 29,703 requests, including queries, complaints, requests for information and applications, and acted as an impartial mediator in disputes.

In 2009, Edesur's Customer Ombudsman in Argentina dealt with 82 complaints referred directly from the Official Ombudsman and other bodies, in addition to handling and responding to complaints falling outside the remit of the normal channels, with advice from the Department of Legal Affairs, as in the previous year.

**Number of complaints received by the Customer Ombudsman
in Colombia, Brazil and Argentina**

	2008	2009	% chg. 2009-2008
Colombia	1,091	1,388	27.22
Brazil	No figures	No figures	
Argentina	107	82	-23.4

02.3. RESPONSIBILITY FOR INFORMING CUSTOMERS

ENDESA believes that it has a fundamental responsibility to ensure customers can exercise their rights to full information on the products and services that they purchase. The company complies with regulatory requirements regarding the information provided to customers at all stages of the commercial cycle. These regulations on information related to electricity or gas products state that:

- 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.

Excellence in
the provision of information
to customers

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

Nevertheless, ENDESA goes beyond the legal requirements to achieve excellence in the provision of information to customers.

In Spain, ENDESA was aware of the problems the public experienced in understanding the many regulatory changes introduced in 2009 (the change to monthly billing in the regulated market and the creation of the TLR and the discount rate), which had a great impact on customers and their relationship with the company. In response to these problems, ENDESA set up the Energía Próxima portal (www.energiaproxima.com).

Consumers' associations and public bodies also responded to the aforementioned legislative changes, providing consumers and the general public with information and explanations about the changes, and defending their interests.

A unit was set up to manage relations with consumers' associations and public bodies in order to inform them about the legislative changes. The unit held regular meetings and took part in consumers' forums to communicate the measures taken by ENDESA with regard to its customers and to find out what their main concerns are, in order to be able to take the most appropriate measures.

In Spain, in 2009 ENDESA signed the Agreement on the Self-Regulation of Environmental Information in Commercial Communications. This initiative, driven by the Ministry of the Environment, the Spanish advertising self-regulation organisation, and companies in the power and automobile sectors, sets out rules for member companies with regard to the development, implementation and distribution of messages with environmental content and references.

ENDESA also guarantees the privacy and security of its customers' data. No significant complaints were received in this respect in 2009. The company did, however, pay a fine to the Colombian Residential Public Utility Superintendency (SSPD) as a result of an incident in 2005 when it began billing using the new commercial system (SICEB).

In Chile, the company is a signatory to the Chilean Code of Advertising Ethics drawn up by the National Association of Advertisers (ANDAs), of which ENDESA is a member. This code sets out standards of ethical conduct that "safeguard the public interest and encourage healthy competition".

In Brazil, customers can send their views to the company's chairman via the direct "link between you and the chairman" on the website. The company also has a Consumers' Council in Brazil whose members include representatives of different customer segments and consumers' organisations.

02.4. ELIMINATING LANGUAGE BARRIERS

All commercial and informative communications sent to ENDESA's customers in Spain are produced in Spanish and Catalan, including bills and leaflets. Furthermore, 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.

ENDESA also takes into account the communication needs of segments of the population at risk of social exclusion. For example, in Brazil, Colombia and Peru, the company issues bills in Braille.

03. HIGH VALUE-ADDED PRODUCTS AND SERVICES

ENDESA has a range of value-added products and services (VAPS) designed for responsible and efficient use of energy which it supplies to private homes and small businesses.

03.1. ENDESA'S TECHNICAL SERVICE

ENDESA's Technical Service aims to bring about improvements in services which are provided directly to customers. The main sources of information used to identify customers' needs and implement improvements are quality surveys and complaints, together with the key indicators for each process.

In 2009 various projects were undertaken with a view to improving interaction with customers and giving a positive impression whenever services were provided. One example is the Cervantes Remote Management Project, ENDESA's latest generation remote management solution which incorporates cutting edge technology in terms of its components and functions. It is based on a system developed by Enel which has been successfully rolled out to over 32 million customers.

The remote management system supplies information that helps make the entire power system more efficient and helps to manage demand, contributing to energy efficiency and reducing CO2 emissions.

The joint working group set up by Endesa Distribución and Enel Distribuzione made significant progress in 2009 on adapting systems, developing meters and laying the groundwork for the implementation of the Cervantes Remote Management Project. The project will be rolled out in 2010 to the 13 million customers that ENDESA forecasts it will have by the end of the implementation period.

In Brazil, a number of ENDESA's technical processes are ISO9001:2000 certified. Various technical improvements were implemented in 2009, including the automation of the 13.8 kV line, making it easier to reconnect customers' power supplies as problems can be resolved remotely. A system has also been installed for monitoring the low voltage grid and branches of the medium voltage grid, identifying problem points and re-establishing supplies more quickly.

03.2. ENDESA'S EFFICIENCY PRODUCTS AND SERVICES

03.2.1. Spain and Portugal

ENDESA made particular efforts to expand its VAPS portfolio in 2009, making the company a sector leader.

Expansion of **VAPS**
portfolio,
making ENDESA leader

The company's Energy Efficiency Plan (PE³) (*further information in the chapter on innovation and technology*) is one of the main driving forces behind improvements to its value-added products and services. It covers three main areas of activity:

- 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.

ENDESA's VAPS cover a range of areas:

- Solar thermal energy.
- Photovoltaic solar energy.
- Air conditioning and inverter heat pumps.
- Heaters with efficient regulating mechanisms to rationalise consumption.
- Condensing gas boilers.
- Condenser batteries (only available to business customers).

The company also sells products and services designed to protect electrical installations, such as circuit breakers with pick-up and voltage stabilisers.

The Business Department also offers other products which may be considered of added-value:

- Cogeneration.
- Biomass.
- Advisory services on sustainable and efficient building.
- Heating, cooling and lighting control systems.

03.2.2. Latin America

In Argentina, ENDESA sells a range of efficient electrical equipment including generators, demand control systems, switches, batteries and cables. In 2009 it has developed a line of Efficient Lighting Systems which it plans to launch in 2010.

In 2009 the company also signed a Framework Agreement between the Argentine government, the province of Buenos Aires and power companies to guarantee payment for the electricity consumed in the shanty towns of the Greater Buenos Aires area.

In Brazil, ENDESA runs the “Electricity for all” programme in partnership with the federal and state governments, aimed at ensuring universal access to electricity supplies in the country's rural areas.

The Ecoelce Programme also provides access to electricity to the poorest members of society in this country. The programme involves customers collecting waste in return for electricity credits. Launched in 2007, the project was extended to benefit a total of 189,000 people in 2009.

In addition, Ampla, an ENDESA subsidiary in Brazil, began the implementation of the LEAN project in Latin America, part of the work carried out under ENDESA's *Distribution Clearinghouse* initiative to promote best practice in the company's distribution activities. The LEAN approach is intended to achieve continuous improvement in processes and eliminate inefficiencies.

03.3. INFORMATION FOR CUSTOMERS TO PROMOTE EFFICIENT ENERGY USE

03.3.1. Spain and Portugal

ENDESA carries out communication campaigns to raise awareness among customers and the general public about the efficient use of energy and offering advice on protecting electrical equipment in the home. These include:

- **Welcome Pack:** provides information on the fuse box and advice on maintaining it correctly and protecting the home. It also gives advice on the proper use of domestic appliances such as fridges, washing machines, air conditioning, etc.
- **Advice on bills:** a space is reserved on the back of bills to inform customers on how to save energy and protect their power installations.
- **Leaflets:** to encourage energy efficiency and the protection of installations.
- **Advertising campaign** on energy efficiency based on real cases: advertisements in the press, radio and internet to explain the energy efficiency solutions ENDESA offers commercially and to promote the use of sustainable energy alternatives among customers.
- **Youtube:** ENDESA has uploaded a video to Youtube aimed at encouraging consumers to use energy more responsibly.
- **Agreement with Vodafone** to provide advice on measures to make the operator's communications networks more energy efficient.
- **Agreement with Camper** to reduce and optimise energy consumption in the company's facilities.



Agreement between ENDESA and Camper.

The company also took part in the following trade fairs, seminars and conferences:

- **Conferences in the Chambers of Commerce** of Madrid, Tenerife, Malaga and Seville on the use of renewable energies in the business sector.
- **The “A+S, Architecture and Sustainability” series of conferences**, promoting sustainable development and the use of renewable energies in new buildings, under the slogan “Efficient solutions for building”.
- **The Iberian Construction Fair (FICON)**, Presenting products and services aimed at maximising the energy efficiency of the construction industry (*More information in the chapter on climate change*).
- **Barcelona Meeting Point**, presenting the “III ENDESA Sustainable Real-Estate Development Awards”.



The prizewinners at the III “ENDESA Sustainable Real Estate Development Awards”

“III ENDESA Sustainable Real Estate Development Awards”

The “III ENDESA Sustainable Real Estate Development Awards” were presented at the Barcelona Meeting Point 2009 real estate fair (BMP’09). The awards were presented by ENDESA’s General Manager in Catalonia, Josep Maria Rovira and Enrique Lacalle, chairman of the Barcelona Meeting Point real estate fair.

The 2009 award for “Most Sustainable Real Estate Development” went to “Le Querce” in Rome, by developers Carners Invest. The nine homes have been built according to good bioclimatic criteria, with turf roofing, the use of natural materials, geothermal and greenhouse heating systems and domotic lighting.

The prize for the “Most Sustainable Property Development” exhibited at the real estate fair went to the head offices of the Blood and Tissue Bank in Barcelona. The bioclimatic construction features of the building include two-layer interior case without heat bridges, the use of phreatic water and a highly efficient heating and cooling system.

03.3.2. Latin America

- In Colombia, Codensa organises a Customer Education programme to teach them about issues of common interest such as the efficient use of electricity and domestic appliances. A total of 283 meetings were held in 2009 attended by over 136,500 users.
- In Argentina, Edesur signed a cooperation agreement with the Government of the city of Buenos Aires’ Environmental Protection Agency to promote energy efficiency.
- In Brazil, the Coelce Energy Efficiency Programme includes a range of initiatives to raise awareness among consumers. “Caminos Eficientes” (Routes to efficiency) is a travelling educational project that presents the process of generating energy and how to use it efficiently, and “Conciencia Ampla de Futuro” (Ampla Awareness of the Future) involves activities in schools to teach consumer awareness.

- In Peru, information on the efficient use of electricity is distributed via leaflets and the website as part of the “Alumbrado Público para tu Seguridad” (Public lighting for your safety).

04. RECOGNISING CUSTOMER SERVICE

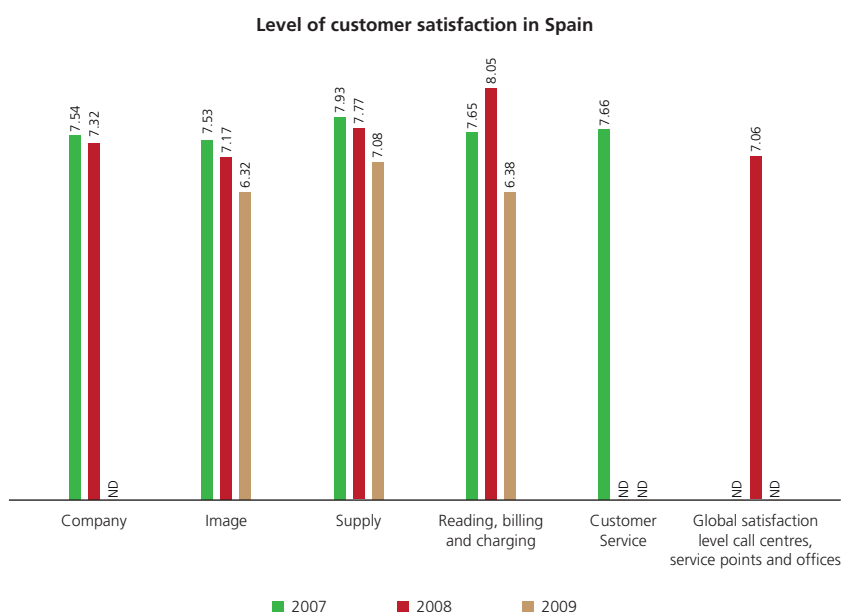
04.1. PERCEIVED QUALITY

8.06% satisfaction level with VAPS

In Spain, ENDESA has achieved overall satisfaction levels 3% higher than those of the competition, with a ranking of 7.08 out of 10. The perception of ENDESA as the leading company in the sector is also 12% higher than that of the competition. Users gave the company's Value-Added Products and Services (VAPS) a ranking of 8.06 out of 10.

The company continually carries out customer surveys by telephone to monitor satisfaction levels, with monthly and quarterly reports based on the results. ENDESA also carries out *Mystery Shopper* exercises twice a year, making mock purchases.

In 2009, ENDESA continued its efforts to gather up-to-date information on customers' satisfaction with its products and services and with the customer service they receive through the company's telephone and face-to-face commercial channels. A total of 54,000 telephone interviews were carried out and over 1,100 audits of sales offices and service points.



Level of customer satisfaction in Latin America in 2009

Peru	7.3
Brazil	No figures
Chile	6.9
Colombia	8.2
Argentina	7.5

In Colombia in 2009 ENDESA has completed the development of satisfaction forms for all its products and customer segments: eight forms for domestic customers, five for business customers, over 350 quality features monitored, almost 100 reports a year generated and 2,500 user questionnaires a month.

The SCP approach has also been extended to two group companies in Colombia: Emgesa and Empresa de Energía de Cundinamarca.

In the CIER-Residential Customers Satisfaction Survey, Condesa achieved a Perceived Quality Satisfaction Index (ISCAL) of 81.9%, ranked ninth in its category (Major companies in Latin America and Central America), its highest position since 2003.

Chilectra carried out a number of studies in Chile to obtain customers' opinions on the service received, such as a weekly sampling of residential customers through face-to-face interviews. Interviews are also carried out with customers in the real estate and municipal sectors.

Chilectra's customers' satisfaction levels in 2009 with the various service channels were maintained: Sales Offices (74%), Call Center (78%) and website (76%).

In Peru, ENDESA also carries out an annual survey of customers' perception of its image, interviewing customers in their homes. It also performs face-to-face surveys of customers attended to at service centres, and other research including the Opinion Leaders Monitor Study and a study of the quality of the public lighting service.

The customer satisfaction index in this country was 7.3 in 2009, an increase of 0.6 points on the previous year. Edelnor attributes this improvement to the increase in the number of people benefiting from its Social Responsibility projects, up to 160,000 in 2009, and to the positive images viewed in the media by 72 million people.

In Brazil, Coelce won the Abradee Award (Brazilian Electrical Energy Distribution Association) for best energy distributor in the country and was the best ranked company by customers in the region, with a satisfaction index of 92.7%.

The company also received the IASC Award for best energy distributor in the north west of the country. The award, presented by the National Quality Agency, reflects Coelce's satisfaction index in the area of 78.98%.

Edesur in Argentina also carries out regular reviews to measure customer satisfaction. These draw on two types of study performed by external consultants: *mystery shopper* exercises to measure compliance with customer service procedures, and customer satisfaction surveys.



Olga Carranza and Daniele Couto (centre) representing Coelce at the awards ceremony.

Coelce wins CIER Award for Quality and Customer Satisfaction

Coelce, ENDESA's distribution company in Brazil, received the 2009 CIER Award for Quality and Customer Satisfaction.

The CIER (Regional Electrical Integration Commission) is a non-governmental body with representatives from 10 Ibero-American countries, whose purpose is to encourage cooperation at a regional level between the power sectors in these countries.

The CIER Award was presented to Coelce in recognition of its good practices focused on improving residential customers' satisfaction with the power service.

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

ENDESA has a full system of mechanisms to ensure the safety of its customers and the general population, with particular focus on the products and services related to distribution and the use of electricity and gas.

Electricity distribution and supply:

- Installations connected to HV/HV and HV/MV substations feature safety devices to isolate any defects that arise. MV lines are equipped with intermediary protective devices such as lightning conductors and automatic valves to prevent surges caused by atmospheric discharges.
- All high and medium voltage installations are inspected three times a year for safety and suitability, and are remotely monitored. MV and LV transformer centres and LV lines feature similar safety measures.
- Link installations for network supply connections are also fully protected, in accordance with current legislation.

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. Inspections are carried out twice a year, checking the general condition of the facility and the operation of safety devices.
- Distribution, regulating and measuring stations are equipped with a remote monitoring system connected to the Gas Control Centre so that key operating variables can be determined at all times.
- In distribution grids, the channelling route is inspected every two years for possible 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.

- ENDESA has a system to detect leaks at transport, distribution and delivery points and liquefied natural gas (LNG) plants.
- The company also has emergency plans in place for transport and distribution networks, as well as self-protection plans for liquefied gas plants.

In Peru, information on the safe use of electricity is distributed via leaflets and the website as part of the “Alumbrado Público para tu Seguridad” (Public lighting for your safety) programme (see section 01.4.2 for more information). Substations and the areas around them are also monitored for noise and electromagnetic fields to determine their effects on the local community. The quality of water discharged into rivers from hydroelectric plants is also monitored.

In Brazil, the company's electrical installations are constantly monitored to identify elements at risk of breakage. If a breakage occurs, the system contains mechanisms to strengthen the automatic network in the affected area.

In Argentina, since 1997 ENDESA has run a campaign to raise awareness among schoolchildren in the area where it operates about the safe, rational and efficient use of electricity. Parents and teachers are also involved in this campaign.

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.



Our people

Commitment to the health,
safety and personal and
professional development of
our employees

95.9% permanent contracts

26,305 ENDESA employees in 2009

74% commitment in fourth climate survey

Social Dialogue Policy approved

ENDESA is committed to promoting a culture based on innovation, commitment and excellence with the best health and safety rates, while nurturing talent and striving to be among the most sought-after companies to work for among the top professionals in its sector.

In 2009 the company maintained its commitment to safeguarding the health and safety of its employees and to creating a motivating and stimulating working environment. Managing talent has been fundamental to developing each employee's potential and that of strategic groups and we have strengthened our commitment to diversity and to ensuring equality of opportunity and compliance with human rights protection.

Meeting our goals	
CHALLENGES IN 2009	INITIATIVES CARRIED OUT
Motivate staff and manage change	<ul style="list-style-type: none"> • Approval of long-term loyalty plan. • Remuneration linked to results, individual contribution and potential of each employee.
Talent management: potential, strategic groups and diversity.	<ul style="list-style-type: none"> • Corporate scheme for Integrated HR Management. • Introduction of System to manage potential, Plans to evaluate talent and Plans for individual development. • Participation in setting up Diversity Observatory. • Internal dissemination of good practice in work-life balance.
Strengthen occupational health and safety and the model for social dialogue.	<ul style="list-style-type: none"> • Model for corporate audits and training in occupational health and safety. • Project Apolo. • Praevenio Plan 2008-2012. • Roll-out of Delfos system in all countries. • OHSAS 18001 accreditation for nearly all of ENDESA's facilities in Europe and Latin America. • Approval and dissemination of the Social Dialogue Policy.
Excellence in Human Resources: efficiency, internal communications/ employee portal, internal and external marketing and information systems.	<ul style="list-style-type: none"> • Improve working of selection processes, evaluating potential, individual personal development plans, and occupational health and safety. • Internal communication campaigns. • New two-way channel for Human Resources.

Key figures 2009	
Employees	26,305
Spain and Portugal	13,442
Latin America	12,633
Other countries	230
% assessed by competencies management scheme	50
% assessed by performance management scheme	24
Increase in employees assessed for potential	279%
% employees trained	83
Staff assessed by potential evaluation committees	1,848
Managers assessed under 360° scheme	142
Total hours of training	1,302,271
Investment in training (millions of Euro)	12.6
Employees with pension plans	68,780

Key initiatives in 2009
Approval of long-term loyalty plan.
Social Dialogue Policy approved.
First year of application of Equality and Diversity Plan.
Support for disabled people to enter the labour market.
Adherence to the Diversity Charter in Spain.
Twenty collective bargaining agreements signed.
Member of the executive bodies of the local Global Compact networks in all the countries where it operates.
Restructuring of the human resources department.
OSHAS 18001 certification for 100% of ENDESA facilities in Latin America and Spain (except nuclear and renewables).
New two-way channel for Human Resources.
Fourth Climate-commitment survey conducted.

In 2010 we propose
Measures to stimulate change.
Action to promote equality of opportunity and support for diversity.
Development of Talent Management Model: system for managing competencies, performance management, and a system for identifying and validating potential, and its uniform application in all parts of the world.

Human Resources Policy
• Selection and integration.
• Occupational health and safety.
• Identification and development of talent.
• Management of diversity.
• Remuneration and benefits.
• Striking a balance between personal, family and professional life.
• Prevention of workplace harassment.
• Overseas assignments.
• Management of contractors.
• Social dialogue.

01. REORGANISATION OF HUMAN RESOURCES

One of 2009's major events was the reorganisation of the human resources department. The department's organisation model was reviewed in September to adapt it to the company's new circumstances. The cornerstones of this reorganisation are as follows:

- Integrating the human resources units in all the geographical areas where ENDESA operates into a single unit reporting to the company's Organisation and Human Resources department.
- Transferring the organisational function to the Human Resources Department.
- Achieving organisational efficiency and capturing possible synergies.
- Ensuring that a quality service is provided to the businesses.
- Bringing people together within the company.

In accordance with these principles, the Department has been structured in seven areas: Occupational Health and Safety, Policies and Reporting, Organisation and Planning, Development, Social Welfare and Safety, Human Resources for Spain and Portugal, and Human Resources for Latin America.

01.1. ENDESA EMPLOYEES

At the end of 2009, ENDESA's total headcount was 26,305 employees, 1.1% less than in the previous year. Of these employees, 51.1% worked in Spain and Portugal, 48.0% in Latin America, and 0.9% in other countries.

26,305 employees

ENDESA's workforce in Spain and Portugal fell from 13,560 people at year end 2008 to 13,442 people at year end 2009, a decrease of 0.9%; in the Latin American business, it stood at 12,633 people at the end of 2009, a decline of 2.0%, while in other countries the workforce rose to 230, following the addition of Ireland to the consolidation scope.

The average number of employees in 2009 was 26,770, an increase of 1.21% on the figure for 2008.

ENDESA workforce 31 December 2009

	2007	2008	2009	% chg. 2009-2008
Spain and Portugal*	12,677	13,560	13,442	-0.87
Latin America	12,169	12,896	12,633	-2.04
Other countries **	2,147	101	230	127.72
Other businesses (Endesa Network Factory and Bolonia Real Estate)	26	29	—	—
TOTAL	27,019	26,586	26,305	-1.1

* The workforce in Spain and Portugal includes Corporation and Services employees (1,327 and 370 people, respectively).

** Includes Endesa Hellas (52 people), Energie Electrique de Tahaddart (1) and Endesa Ireland (164).

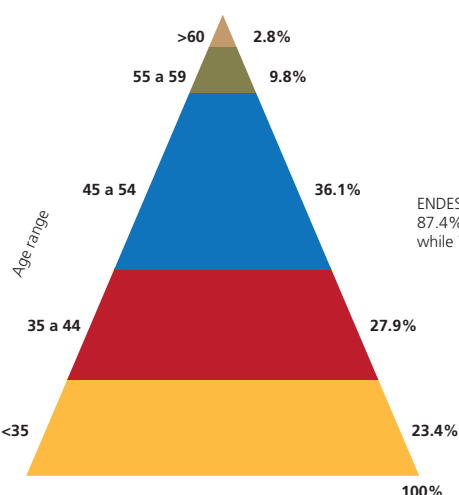
Average workforce by location

	2007	2008	2009	% chg. 2009-2008
Spain and Portugal*	12,666	13,646	13,578	-0.5
Latin America	12,111	12,699	12,963	2.1
Other countries **	2,172	80	229	186.25
Other businesses (Endesa Network Factory and Bolonia Real Estate)	32	26	—	—
TOTAL	26,981	26,451	26,770	1.21

* La plantilla del Negocio de España y Portugal incluye las plantillas de la Corporación y de Servicios (1.327 y 370 personas respectivamente).

** Incluye Endesa Hellas (52), Energie Electrique de Tahaddart (1) y Endesa Ireland (164) personas.

Workforce age pyramid



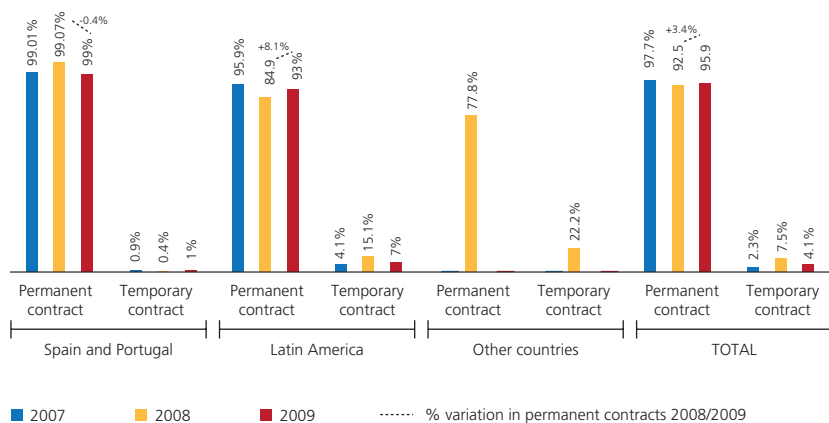
ENDESA's staff combines youth and experience. 87.4% of the staff are aged under 54, while 76.6% are aged over 35.

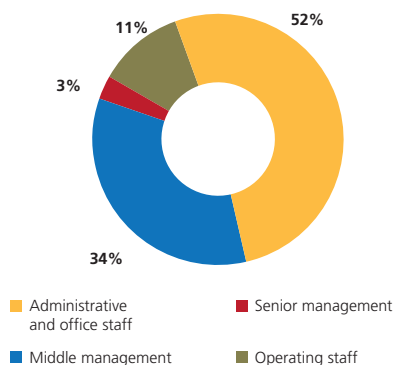
02.1. BREAKDOWN OF WORKFORCE BY TYPE OF CONTRACT

95.9% of staff have permanent contracts

ENDESA employees enjoy favourable and competitive conditions of employment with a high level of job stability. In Spain and Portugal 99% of staff have permanent contracts and in Latin America the percentage has risen by 8.1% compared with 2008 and now stands at 93.0%. In other countries 77.8% of staff have permanent contracts. In total 95.9% of all ENDESA employees in the world have permanent contracts, an increase of 3.43% on 2008. This, together with a positive, safe working environment, demonstrates the company's commitment to sustainability in human resources.

Breakdown of workforce by age range



Breakdown of staff by category


02.2. BREAKDOWN OF WORKFORCE BY PROFESSIONAL CATEGORY

In 2009, 3% of staff belonged to senior management, of whom 460 were in Spain and Portugal, 253 in Latin America, and six in other countries.

In total, 34% of staff belonged to middle management, of whom 3,634 were in Spain and Portugal, 5,344 in Latin America, and 35 in other countries.

Administrative and office staff account for more than half of the workforce (52%), 6,996 in Spain and Portugal, 6,658 in Latin America, and 86 in other countries.

Operational staff account for 11% of employees.

Of these, 2,345 are in Spain and Portugal, 385 in Latin America and 103 in other countries.

02.3. BREAKDOWN OF WORKFORCE BY GENDER

ENDESA's workforce consists of 21,081 men (80%) and 5,224 women (20%). In Spain and Portugal 81% of employees are men while 19% are women. In Latin America women account for 21% of employees and men for 79%. In the case of other countries 81% of staff are men and 19% women.

Staff breakdown by gender


03. MANAGEMENT MODEL FOR OCCUPATIONAL HEALTH AND SAFETY

To ensure a uniform standard of occupational health and safety (OHS) in all the fields in which it operates, ENDESA applies a wide range of measures to achieve excellence and be an international standard bearer in this area.

The *Apolo* Project, which began in 2005 and will be completed in 2010, integrates all the OHS projects being conducted in ENDESA's businesses and companies around the world, in order to improve OHS in the company and consolidate its position as a standard bearer in the global power sector. In Latin America the project has been developed as "Apolo Latam" and a wide array of initiatives have been launched to implement corporate OHS guidelines.

In Spain and Portugal the Praevenio Plan 2008-2012 has been revised and updated, taking the preventive measures needed by the businesses into account.

ENDESA undertakes a wide range of activities with the aim of achieving excellence and becoming an international standard bearer in the field of Occupational Health and Safety.

03.1. COMMON OHS MANAGEMENT SYSTEMS

The Delfos OHS management system, initiated in 2007, was fully rolled out in 2009 to all ENDESA businesses and countries where the company operates. The business warehouse is the only information extraction module pending implementation. The 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 its contractors' employees.

Considerable progress was made on gaining OHSAS 18001 accreditation and at 31 December 2009 nearly all of ENDESA's facilities in Europe and Latin America were certified, thus covering two thirds of the company's employees worldwide.

ENDESA has also obtained accreditation for its OHS management systems (largely through Aenor), according to the OHSAS 18001:1999 standard. This international reference document establishes a set of requirements related to occupational health and safety systems. Many of the company's centres have been accredited with this certification. They include:

- Los Barrios (Cadiz) port terminal.
- Endesa Distribución Eléctrica and Sevillana Endesa in Cadiz.
- Power facilities in Vallesos and el Maresme (Barcelona).
- ENDESA power stations in the Canary Islands.
- Endesa Servicios.
- ENDESA plant in Melilla.

ENDESA's staff and their representatives participate extensively in the management of health and safety issues and there are also joint committees to deal with topics related to OHS, particularly investigation of accidents.

The involvement of staff and their representatives in the prevention of occupational risks, through Occupational Health and Safety Committees, is fundamental to ENDESA's OHS model.



Endesa Ireland
wins National Irish Safety
Award

ENDESA LEADS IN HEALTH AND SAFETY IN IRELAND

The generation units of Endesa Ireland (164 people) joined ENDESA in the year following the pertinent OHS diagnosis and assessments. ENDESA's preventive management guidelines were duly applied there.

The company has been bestowed the blue ribbon award of the National Irish Safety Organisation, the country's leading and most respected authority in the field. Endesa is currently Ireland's second largest operator, with 16% of the country's installed capacity.

03.2. PSYCHOSOCIAL RISK AND HEALTH MANAGEMENT

The company adopts a "healthy company" approach to its prevention policy by seeking to improve the health (physical, mental and social) of its employees. Various action plans have been introduced on how to manage stress, tackle muscular problems, prevent cardiovascular disease, fight alcohol, tobacco and drug abuse and encourage healthy eating habits, etc.

As part of Spain and Portugal's *Prævenio* Plan, an analysis of psychosocial risks covering 3,200 people has been conducted in Endesa Generación, Gesa Generación, Unelco Generación, Endesa Cogeneración y Renovables and Saltos de Nansa. 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, work has continued on the programmes designed to manage risks to which employees are exposed, including epidemiological surveillance, preventing muscular-skeletal injuries, avoiding cardiovascular disease, fighting alcohol, tobacco and drug abuse, etc. Health risk monitoring is also performed, for example in relation to lighting and electromagnetic radiation.

In relation to psychosocial risks, Latin American companies provide psychological evaluations and, if necessary, psychiatric analysis; social support for workers or family members with long-term illnesses, and coaching workshops.

Another facility provided by the Medical Service is the issue of medication for short-term treatment in the workplace as well as the processing of Social Security prescriptions in autonomous communities where the Ministry of Health allows this.

THE VIEW FROM THE TOP...

"ENDESA can be considered a cutting-edge company in Occupational Healthcare in Spain. We participate in research going beyond our own company and we have been one of the pioneers in Spain in the study and assessment of the psycho-social risk associated with each job."

Javier Prieto, Head of the Medical Division
of ENDESA's Joint Prevention Service

03.3. CULTURE AND AWARENESS OF OCCUPATIONAL HEALTH AND SAFETY

Once the main OHS actions are defined and disseminated, it is important to initiate ongoing awareness campaigns, offer courses, develop an internal and external communication plan and extend employees' knowledge of OHS.

- **Safety Week**

Safety Week, held from 30 November to 4 December, raised awareness of the importance of working in a safe environment. This initiative had the support of ENDESA senior managers and the heads of contracting companies, who demonstrated their commitment to OHS and presented action plans.

As part of **Safety Week**, Enel presented awards to two ENDESA facilities for their outstanding performance in Health and Safety: the mine at As Pontes (A Coruña) in Spain and the Malacas-Eepsa thermal power plant, in Peru.

- **ENDESA Preventive Observatory**

In 2009, ENDESA rolled out its Prevention Observatory in which government bodies, social representatives and health and prevention associations also took part. The aim of this forum is to analyse, draw up and return to society knowledge regarding good practices and predictive safety, the causes of accidents and legislative and social trends.



Safety Week Conference.

70% reduction
in accident frequency
rate in four years

ENDESA, THE MINISTRY OF LABOUR AND ANEPA START UP THE FIRST BUSINESS OBSERVATORY FOR OCCUPATIONAL HEALTH AND SAFETY

This platform has been created to monitor all aspects relating to occupational health and safety in Spain (initiatives, projects, regulations, statistics, best practices, costs, etc.). The initiative coincided with the International Occupational Health and Safety Week held by ENDESA within the framework of a project by the Enel Group. ENDESA has witnessed a steady fall in accident rates across its entire business group over the past few years. Between 2005 and October 2009, the accident frequency rate fell by 70% in Spain and Portugal.

- In Spain and Portugal **nine awareness workshops** were held for 1,300 executives and team managers. Prevention and health and safety courses totalling 280,025 training hours were also held (21.5% of total training hours provided during the year).

- **World Day for Safety and Health at Work.**

ENDESA has organised activities to mark this event for a number of years. They include free medical check-ups for staff in Brazil, courses on evacuating buildings in Argentina and campaigns for awareness raising and communication in Peru, Chile and Colombia.

- **Conference on Safety and Prevention in the Workplace organised jointly with the Government of Catalonia.**

In 2009 a conference organised jointly by ENDESA's Spain and Portugal general management and the Government of Catalonia was held at the company's headquarters in Barcelona as part of the protocol established between them concerning safety and prevention in the workplace.

During the event the **Praevenio Awards** were presented to the ENDESA centres in Spain which had obtained the best results in accident prevention in 2008:



Managers of ENDESA centres in Spain who received Praevenio awards.

- Endesa Distribución Eléctrica Huesca.
- Endesa Distribución Eléctrica Llobregat.
- Endesa Distribución Eléctrica Cádiz.
- Gas Aragón.
- Fóix thermal power plant.
- Cristóbal Colón combined cycle plant.
- Cas Tresorer combined cycle plant.
- Ceuta diesel plant.
- El Palmar diesel plant.
- Mahón diesel plant.
- Mina de Andorra and Endesa Energía.

Presentation was also made of OHSAS 18001:2007 certificates obtained by Endesa Distribución centres in Catalonia:

- EDE Barcelona.
- EDE Valles Manresa.
- EDE Lérida and EDE Manresa.
- Endesa Generación's thermal power plants at Foix and San Adrián.

Awards were also presented to ENDESA centres in Latin America which had obtained outstanding results in accident prevention. A new category was introduced in 2009: Best Occupational Health and Safety Idea.

- **Motivation and awards**

Criteria are established each year to evaluate and reward occupational health and safety best practices followed by the company's business units and the employees of ENDESA and its contractors. A system exists for setting OHS targets, which affects most ENDESA employees.

ENDESA rewards its companies for following best practices in occupational health and safety, and promotes knowledge of these best practices and applies them in other operational areas.

Awards in the field of OHS included the Novare Occupational Health and Safety Awards.



THIRD NOVARE AWARDS FOR EMPLOYEES

A total of 2,013 entries from 25 ENDESA companies were received for the third Novare Awards for Employees. They were assessed by the company's Technology Committee and leaders of innovation processes in each business. On this occasion, as well as the five categories included in previous editions, a new category for Occupational Health and Safety was added. The winning ideas were as follows:

- **Best Idea in Innovation: "Earth connections for overhead MV lines"**, presented by Raúl Alberto Chávez Álvarez, of Edelnor (Peru).
- **Best commercial idea: "Solar powered cooling"**, presented by Alejandro Humberto Carreno Adarme, of Chilectra (Chile).
- **Best corporate idea: "Knowledge network"**, by Félix Gila Berdun, of Endesa Energía (Spain).
- **Best distribution idea: "Theft prevention system (coil burn-out)"**, by Cleyton da Conceição Ribeiro, of Ampla (Brazil).
- **Best generation idea: "Intelligent signalling"**, by Gregorio Hatero Pérez, of Endesa Generación (Spain).
- **Best occupational health and safety idea: "Protecting personnel with earth rods in threaded sections"**, by Leonardo Alberto Gutiérrez Rubio, of Codensa (Colombia).

ENDESA TOOK PART IN THE SEVENTH CO-RESPONSIBILITY CONFERENCE "THE VALUE OF A HEALTHY ORGANISATION"

ENDESA took part in the Seventh Co-responsibility Conference "The Value of a Healthy Organisation" and was one of the event's sponsors. In Barcelona 15 experts on Social Responsibility and Health spoke about their experiences and thoughts concerning the value of a healthy organisation. The round table on healthy practice opened with a contribution by Manuel Rafael Prieto, Head of the Technical section of ENDESA's Joint Prevention Service, who drew attention to "the decrease of approximately 80% in the accident seriousness and frequency indices from 2004 to 2008, following the introduction of the Praevenio strategic prevention plan". Prieto expressed his conviction that "a safe, healthy company is a productive business with a good working environment".



Scene from the Seventh Co-responsibility Conference.

03.4. THE RESULTS OF A JOINT EFFORT

In 2009, ENDESA's OHS indicators maintained the improvement seen in the previous five years. Overall, they were reduced by two thirds compared to 2004, and in 2008 the company became one of the leading utilities worldwide in this area.

- The **accident frequency index among ENDESA employees** remained flat at around three (3.37).
- The **index of seriousness of workplace accidents involving ENDESA employees** rose slightly (up 0.02 to 0.14). The total number of calendar days lost was approximately 0.1% of total time worked.
- **Absenteeism for non-work related accidents and common illness among ENDESA personnel** rose 4.7% compared to 2008 (2.66 vs. 2.54).

In 2009, ENDESA's occupational health and safety indicators remained at the same high levels as in the previous five years.

100% score for OHS
in the Dow Jones
Sustainability Index

The company achieved a rating of 100 (the maximum score) in the OHS category in the Dow Jones Sustainability World Index.

04. PEOPLE LEADERSHIP AND DEVELOPMENT

One of our greatest challenges is to identify individuals and teams who can enable the company to grow, support its development and manage its commitment effectively.

04.1. IDENTIFYING AND VALIDATING TALENT

Identifying talent is based on transparent and responsible management, and involves dialogue between manager and employee throughout the process.

ENDESA's Talent Management Model includes various systems which allow the organisation to identify and manage talent:

04.1.1. ENDESA competencies system

The aim of the ENDESA Competencies Model is to provide the organisation with a common language to identify and manage talent, permitting the establishment of ambitious performance standards in line with demanding strategic goals, along with individual development plans which strive for growth in competencies, succession plans and functional mobility.

50% of staff assessed under Competencies Management schemes

ENDESA's Competencies Model is shared by all its businesses and, as a corporate model, is being extended to become the only model for all employees in the company.

In 2009, great efforts were made to improve the management of talent and it was extended to other groups, increasing coverage from 20% of staff in 2008 to 26% (6,890 people) in 2009. There are also local schemes for managing competencies, which apply to 24% of the workforce. In total, 13,239 employees are thus covered by either the corporate model or local schemes.

04.1.2. Performance Management System

24% of employees assessed by corporate Performance Management System

In 2009, the Performance Management System (PMS) was extended to new groups of employees in more of ENDESA's subsidiaries. Its main aims are: to align individuals with company strategy, establish criteria to distinguish merit and recognise excellence, and define development plans which ensure that we have the right person for the job.

A total of 6,253 individuals are currently assessed using this system (570 more than in 2008) representing 24% of the company's total workforce. Local schemes cover a further 4,937 employees. A total of 11,190 employees are assessed by one of the two methods.

279% increase in systems to identify and validate potential

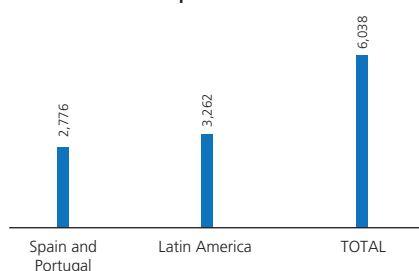
04.1.3. System to Identify and Validate Potential

The purpose of the system is to develop individuals and assess how they fit into future scenarios in order to anticipate and follow their progress, focusing on individuals with high growth potential. It is the basis for developing and managing people's medium- and long-term commitment.

In 2008, ENDESA started identifying and validating potential, firstly in the primary levels of the company in each country. In 2009, the process was also introduced with other strategic groups (certain employees in Spain and their counterparts in Latin America).

In 2009, 77 Potential Evaluation Committees dealt with 1,848 people (1,185 more than in 2008, an increase of 279%). As a result of their deliberations Some 759 development proposals involving 241 people were drawn up.

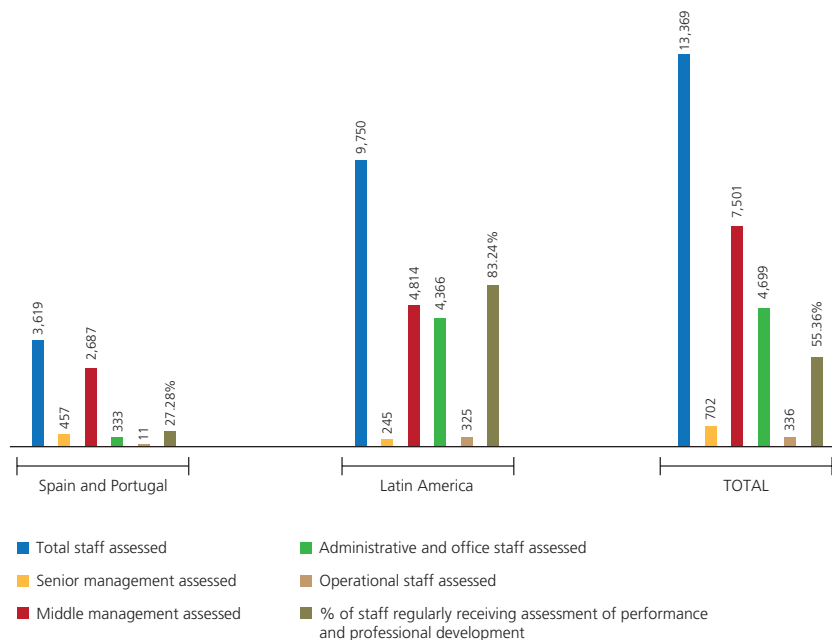
Assessments of performance and professional development in 2009*



* Figures reflect the number of complete assessments corresponding to ENDESA's Single General Management Competencies Model.

Competencies assessment, the leadership model, and the evaluation of performance and potential are the basis for defining individual development plans.

Number of employees whose competencies were assessed in 2009



* In the case of Colombia and Peru all employees are assessed via ENDESA's Single General Management Competencies Model (Corporate Competencies Model).

** In the case of Spain, Portugal, Argentina, Chile and Brazil, the number of staff assessed also includes those who are assessed via other local systems. In Spain they account for 15.06% of all those assessed, in Argentina 86.88%, in Brazil 90.03% and in Chile 81.81%.

04.2. DEVELOPMENT OF OUR EMPLOYEES

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.

By developing this leadership potential ENDESA helps to:

- Strengthen individual commitment.
- Align its team of leaders and managers with company strategy and thereby boost its development.
- Identify and develop potential through succession plans to cover critical posts.

In 2009, work on identifying and developing ENDESA's leaders was approached from five directions:

- **Corporate assessment:** Processes for Competencies Management, Performance Management and Potential Management, giving rise to individual development plans for professional growth.

- **Individual development:** Plans for key personnel where the main driver is Human Resources Management, following individuals through the different stages of their development and encouraging the involvement of the manager.

Specific, individualised plans were drawn up for each new appointment made in 2009 (38 in all) and for the promotion of senior managers where necessary.

- **International mobility**, geared to developing leaders with a more global viewpoint.
- **Training** focusing on knowledge of the environment, self-knowledge and self-development.
- **Identifying the source of future leaders.**

142 senior managers
were assessed in 2009

In 2009, ENDESA continued to apply and extend its systems of evaluation for development (360° Feedback) associated with the corporate development programme for personal leadership and talent management, aimed at senior managers with a view to individual and organisational development. During 2009, 1,657 people took part in this programme, with more than 142 360° evaluations and 309 coaching sessions taking place.

To date 560 senior managers have been assessed under the programme.

The 360° assessment approach is carried out in a training context based on the development of leadership skills together with coaching or mentoring by an expert to give guidance on specific measures for development.

04.3. LEADERSHIP TRAINING

Training is a key element in the professional development of employees and the creation of value for the company.

On the managerial level various training and consolidation programmes for staff are being provided by the Enel University, aimed at ENDESA managers and other key personnel:

- **“Leadership for Energy Executive Programme”**, for managers with high potential. The course was developed jointly with Harvard Business School, with a view to expanding, sharing and globally implementing the leadership model, understanding in greater depth the strategic challenges facing Enel, encouraging international development and the integration of the management team of the future, and team building.
- **“Leadership for Energy Management Programme”**, for non-managers identified as having high potential. The course was developed jointly with two of Europe’s leading business schools, IESE and SDA Bocconi, to share, disseminate and apply skills and knowledge which will ensure international growth and integration in the Enel group, in line with its strategy and business plan.

- **"Personal Leadership and Talent Management in ENDESA"**, began in 2006 and concluded in 2009. Eleven events were held with 220 management staff taking part, totalling 6,994 hours of live tuition and coaching. The main aims of this programme are: the obtention of a full understanding of leadership through the study of models and tools which contribute to personal development, the cultivation of leadership skills, and an action plan to detect strengths and improve weaknesses.

Other corporate programmes include:

- **Skill-building, Potential Management 2009:** 24 live-tuition events were held totalling 4,832 hours aimed at assessors and evaluators of the process for managing potential (302 people).
- 1,557 people have been trained in the same skills via **on-line courses**, a total of 8,823 hours of tuition.
- 42 **Human Resources employees** were trained to be evaluators.
- **Post-graduates.** In 2009 the company authorised funding for 20 post-graduate programmes for executives and key personnel worldwide.

ENDESA is committed to developing a comprehensive medium-term vision, which guides activity at the local level, and a global training programme which meets transversal and long-term needs.

04.3.1. Energy School (Technological Training and Innovation)

Another of the key features of ENDESA's strategy is the management of intellectual capital and technological talent to integrate and coordinate learning and the management of its employees' technical knowledge. The mission of the Endesa Energy School is to boost our capacity to generate and share knowledge and innovation across the company and to foster fruitful relations with the international scientific and academic community.

Significant events during the year included:

- The start of the third **ENDESA-ICAI Master's Course in Electrical Technology**, for which 30 students have enrolled.
- Sponsorship of the **Fourth Barcelona Tech Summer Sessions (BTSS)**, attended by 70 participants.

04.3.2. Assessing training processes

Over **1.3** million hours
of training

In 2009, a total of 1,302,271 hours of training were given, an average of 51.98 hours per employee. Of this total, 17.7% was distance-learning and 81.9% live tuition.

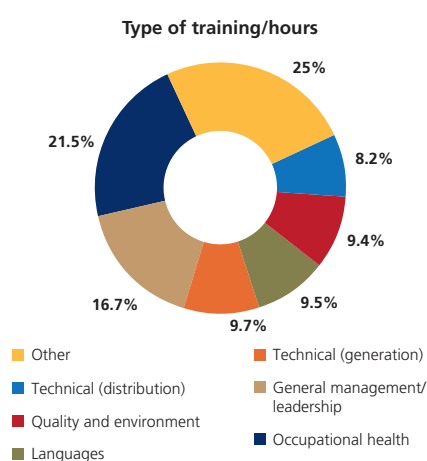
Euro 12.6 million
invested in training

A total of 21,918 employees took part, or 87.5% of the average workforce for the year. Investment totalling Euro 12,603,000 was earmarked for training programmes.

04.3.3. Training and Learning in the field of Occupational Health and Safety

ENDESA placed special emphasis on OHS training, devoting 21.5% of tuition time to this area and training 14,331 employees. In terms of tuition time and staff trained this area was followed by general management and leadership skills (16.7%), as well as technical and corporate-wide competences such as generation (9.69%), languages (9.52%), quality and the environment (9.38%) and distribution (8.16%).

A total of 16,145 employees received training in sustainability (the environment, OHS, and corporate social responsibility, in particular), a total of 25 hours per employee.



OHS Training				
	Participants	Events	Hours	% hours
OHS	14,331	2,496	280,025	21.50
General management / leadership competencies	7,539	1,222	217,147	16.67
Technical generation	2,504	740	126,229	9.69
Languages	2,201	501	124,036	9.52
Quality and Environment	3,976	478	122,092	9.38
Technical distribution	4,335	683	106,314	8.16
Technical (other)	2,945	551	79,934	6.14
Sales and Marketing	2,008	382	74,911	5.75
IT	3,219	523	65,498	5.03
Economic-financial	1,308	338	60,681	4.66
Human resources	2,938	236	39,939	3.07
Other	175	41	5,465	0.42
TOTAL	21,918	8,191	1,302,271	100

ENDESA SALES SCHOOL HOLDS SECOND IN-HOUSE TRAINERS COMMUNITY EVENT

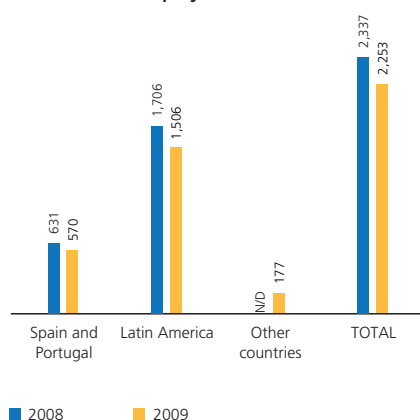
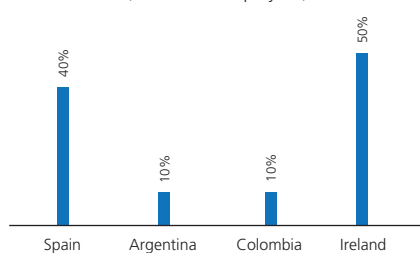
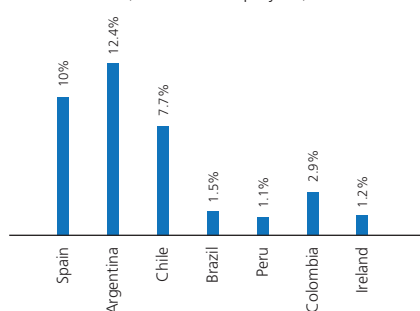
In 2009, the Sales School held the Second In-house Trainers Community event, at which the contribution of all those who took part in the initiative was acknowledged and rewarded. The results in this, its second year, were announced, as was the specific plan for 2009 and new areas of work planned for 2011.

In 2009, the Sales School held 33 different courses with a total of 82 sessions. The average evaluation of the tuition received was 8.9, an improvement on the figure of 8.7 for 2008. Attendance was excellent, at 98%. In-house training leads to substantial savings, estimated at Euro 342,984 this year.



The governing board of the Sales School with the award winners.

Total employees 2008 vs 2009

Internal promotion in 2009
(% of total employees)Changes in category or professional grade in 2009
(% of total employees)

04.4. ATTRACTING AND RETAINING TALENT

In 2008, ENDESA defined its Global Talent Attraction Policy within the framework of its Talent Management Policy for the company to attract prospective employees, with a policy which is distinctive, credible and consistent with internal practices. This policy takes into account the diverse social, economic and demographic situations in which the company operates, so that it can establish a distinctive identity and recruit quality candidates.

04.4.1. Staff joining ENDESA in 2009

In 2009, 2,253 professionals joined the Endesa Group, 38 of them as managers. Of the new recruits 25.3% were in Spain and Portugal, 66.8% in Latin America, and 7.6% in other countries.

04.4.2. Selection processes

In 2009, 76 selection processes were opened with a total of 307 internal applications received (3-4 candidates per process). Candidates were proposed proactively for 39 upcoming positions, as part of the company's succession plans.

During the year, 2,529 employees left the company voluntarily or through dismissal or retirement: 1,778 in Latin America, 740 in Spain and Portugal and 11 in other countries.

ENDESA PARTICIPATED IN A PROGRAMME TO PROMOTE AND ATTRACT TALENT SET UP BY THE IESE BUSINESS SCHOOL

In 2009, the IESE business school presented the programme it has introduced to assist and promote the careers of talented young university students from all parts of the world. The initiative has the support of a number of multinational companies which are leaders in their respective sectors, including ENDESA.

The aim of the **"Young Talent Program"** is to identify students with potential, so that when they finish their degrees they can be offered places on IESE master's degree courses and helped to find jobs with the multinationals which have signed cooperation agreements with the school.

The programme is also supported by a number of prestigious universities in different parts of the world.

04.4.3. International mobility

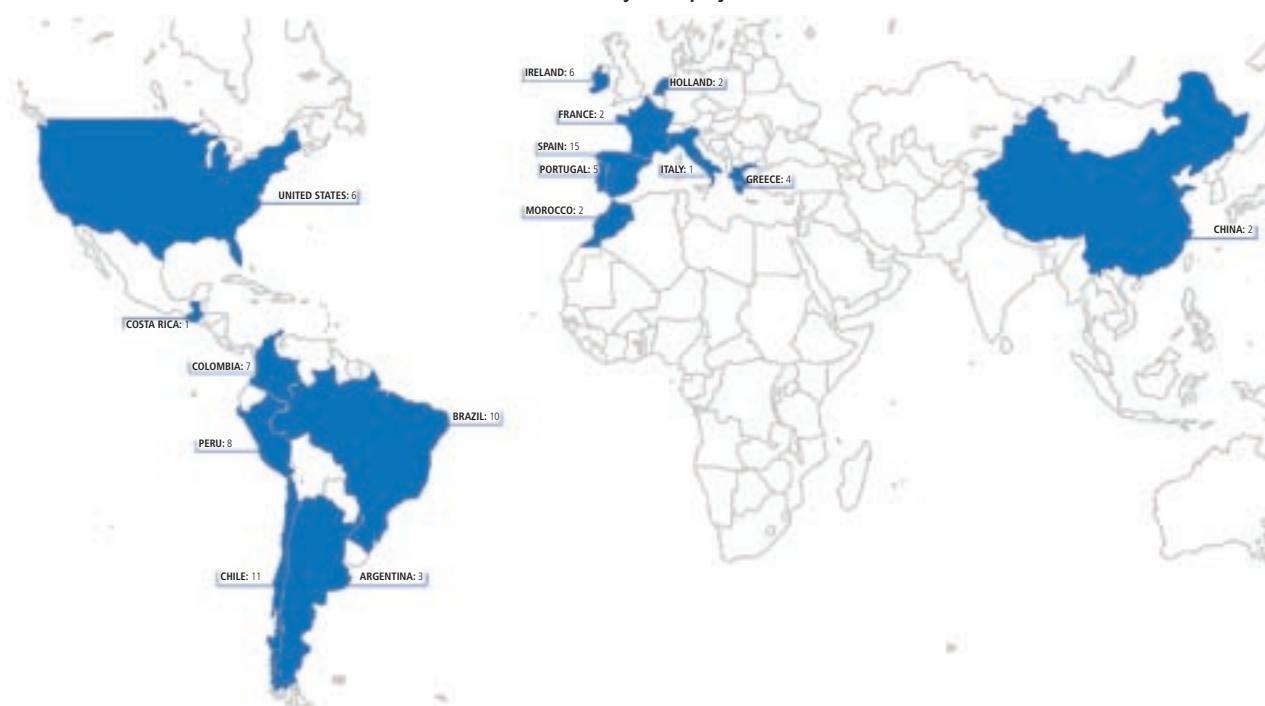
ENDESA is committed to the principle of diversity in working teams to foster innovation and excellence. ENDESA's International Assignment Policy is designed to develop the business and its people, irrespective of origin, promote a shared

culture, and support the company's foreign operations. In 2009, 28 members of staff began a new stage in their careers with ENDESA, working abroad. One localisation contract was signed and repatriations made. At the end of 2009 a total of 85 employees were working abroad, in 15 different countries.

ENDESA also played an active part in preparing and launching the White Paper on International Mobility, published in October 2009 by the Spanish Expatriation Forum. This is a series of measures covering tax, labour, migration and social security issues to be put before the government.

ENDESA is committed to making its International Assignment Policy more flexible in the near future, so that it is more in line with current needs.

International Mobility of Employees in 2009



04.4.4. Appointment of managers

Over **60%** of new managers are internally promoted

In 2009, 38 new managers were appointed, 25 in Europe and 13 in Latin America. Over half (61%) of these appointments were internal promotions. In 2009 the breakdown of the executive workforce was as follows:

Number of ENDESA managers

	Europe*	Latin America	TOTAL
Senior Management	27	4	31
Deputy General Managers	14	—	14
Managers	112	59	171
Deputy Managers	313	190	503
TOTAL	466	253	719

* Figures for Europe include European countries with workforces (Spain, Portugal, Ireland, Greece, Holland, Germany, France) and Morocco (one person).

04.5. REMUNERATION POLICY

ENDESA's corporate policies include its remuneration policy, which supports the application of the Talent Management Model.

The purpose of these policies is to identify, attract, select, integrate, retain and develop the best professionals, as a key factor in ensuring the sustainable success of the company.

Remuneration linked to each employee's results, individual contribution and potential.

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 each employee's results, individual contribution and potential.

Remuneration is calculated based on individual merit and local labour markets, and tends to be close to the average in each reference labour market.

All remuneration for ENDESA managers is in line with the company's commitment to manage staff on the basis of merit and excellence.

After the 2009 salary review, remuneration for managers is, on average, in line with market conditions in each country.

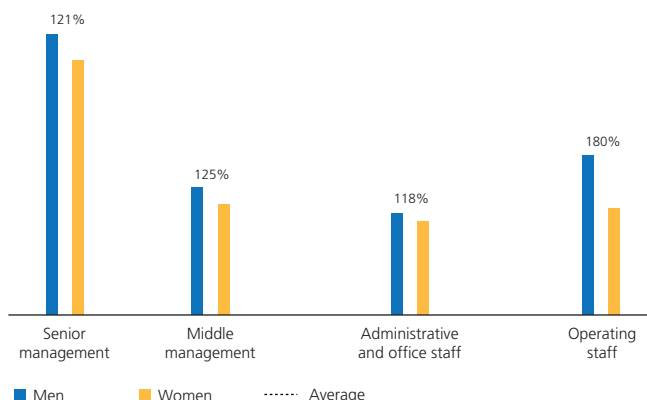
Approval of
long-term
loyalty plan

In 2009, the company approved a long-term Loyalty Plan linked to meeting certain objectives with regard to EBITDA for ENDESA and net profit for both Enel and ENDESA. Some 1,200 people (executives in all Endesa Group companies and other key staff) will be entitled to participate. This plan is intended to:

- Promote loyalty among key personnel.
- Focus the efforts of key personnel on ENDESA's strategic objectives.
- Align remuneration policy with market practice.

The collective labour agreements in force at ENDESA establish minimum salaries for employees based on their professional category, while differences in salary due to gender are not permitted.

Basic salary for men as percentage of basic salary for women



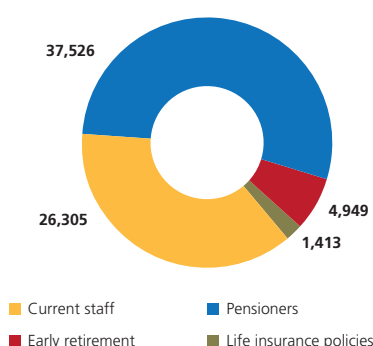
04.6. PENSION PLAN AND SOCIAL BENEFITS

ENDESA has pension or similar commitments with some 68,780 persons, including current employees, employees taking early retirement, and retired employees. These commitments totalled Euro 7,770 million at the end of 2009.

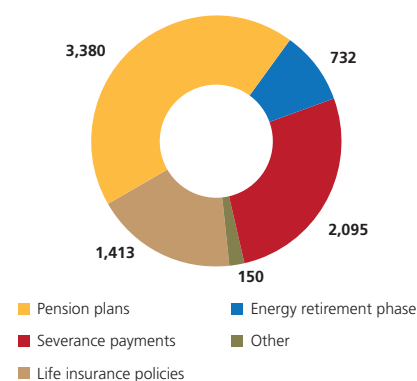
68,780 employees
with pension plans

The company has contracted out all its pension commitments in those countries where this is mandatory. The total amount contracted out at year-end 2009 was Euro 4,670 million, of which over Euro 2,640 million related to commitments to the 23,199 members and beneficiaries of the ENDESA Group employees pension plan, Euro 521 million to pension plans in Brazil, and another Euro 176 million to employees of Ascó-Vandellós. The remaining obligations relate to commitments for headcount reduction plans through insurance policies in Spain.

**Employees managed with commitments
by pensions and others at 31-12-2009**



**Commitments assumed at 31-12-09
(Euro million)**



Pension commitments not contracted out totalling Euro 3,100 million were recorded in the company's balance sheet and cover the following agreed obligations: Euro 1,995 million to severance payments in Spain and Portugal, Euro 732 million to Energía Eléctrica for retirement pensions and the remaining Euro 395 million mainly to internal pension funds in Latin America and, to a lesser degree, commitments to defined benefit pension schemes in Spain and Portugal and index-linked pension costs in Spain and Portugal resulting from an increase in the CPI.

In addition to the legal requirements for each country, the company applies a range of social benefits designed for different groups of employees. These include study grants, help with mortgage loans, the supply of electricity, a subsidy on canteen meals plus life insurance and medical insurance. ENDESA's total outlay on these items was Euro 60.2 million.

ENDESA provided a range of social benefit programmes in addition to those legally required, at a total cost of Euro 60.2 million.

Investment in non-mandatory social benefits

	Spain and Portugal	Latin America	Other countries	TOTAL
Healthcare (thousands of euros)	5,310	12,895	23	18,299
Cultural and recreational activities (thousands of euros)	212	2,139	—	2,351
Financing for power consumption (thousands of euros)	19,658	724	—	20,381
Non-occupational accident insurance (thousands of euros)	562	452	—	1,014
Pension funds	66,292	2,823	656	69,772
Other (seniority bonus, wedding and housing allowances, etc.) (thousands of euros)	13,463	4,385	400	18,249
Number of employees benefiting from these policies	13,209	11,657	205	25,071

The Corporate Property Security Management Centre began operating in 2009. Located in the premises at Ribera del Loira (Madrid), this centre oversees and operates the video surveillance and intrusion detection systems in ENDESA's remote installations. During the year 30 sub-stations belonging to Endesa Red have been connected to the centre, which provides 24-hour support for any property security function or incident.

05. BOOSTING EMPLOYEE COMMITMENT AND SATISFACTION

ENDESA continues to strive to ascertain the opinions and concerns of its employees so that solutions can be found and action taken to improve the quality and efficiency of both internal and external management processes and systems. In 2009, new initiatives were introduced in this area.

05.1. WORKING ENVIRONMENT AND COMMITMENT SURVEY

79% participation
in the Fourth Working
Environment and
Commitment Survey

From December 3 to December 22 the Fourth Working Environment and Commitment Survey was conducted. It was aimed at all staff with 79% responding, a considerable improvement on the 61% who responded to the previous survey.

The results show that the areas most highly valued are "Occupational Health and Safety", "My boss" and "Organisation", with a significant improvement in the first two compared with the 2007 results.

The index for ENDESA employee commitment was also consolidated with a 78% positive response recorded once again, a figure which is considerably above the average.

The Working Environment Survey is an important management tool for ENDESA and is the basis for many decisions in human resources management.

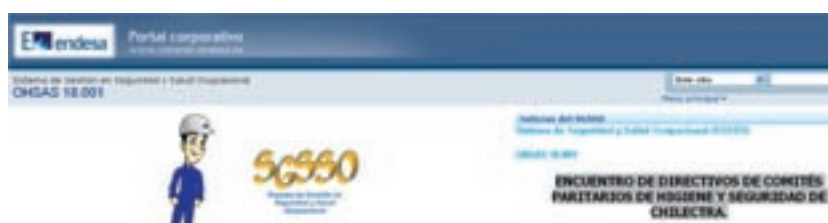


In ENDESA's 2009 Working Environment and Commitment Survey both the level of participation and the index of commitment were well above benchmark levels for the sector and country, at 74% and 78% respectively.

05.2. CHANNELS FOR COMMUNICATION WITH EMPLOYEES

In 2009 the following channels of communication with employees were used:

- **Ad hoc communication campaigns.** In 2009 work in this area was stepped up as the first part of an approach within the framework of Human Resources' internal communication strategy, providing employees with personalised information on processes, management systems and other topics of interest.
- **New two-way channel for Human Resources.** A weekly bulletin currently sent to some 850 people in the company with information about subjects of interest to the human resources community.
- **Campaigns aimed at different segments of the company.** Launch of the 2009 Potential Management process and the Performance Management process, the 2009 Working Environment and Commitment Survey, and Safety Week.
- **ECOS** The number of collaborative workspaces (ECOS) has increased considerably. At present 400 ECOS exist and 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 2009, work focused on improvements to selection processes, the evaluation of potential, individual personal development plans, and occupational health and safety. Two new services have been added: time sheet and employee services.

In 2009 an ambitious programme was undertaken to improve internal human resources communication and this will be consolidated in 2010.



THE CANAL ENDESA TV CHANNEL REINFORCED AND EXTENDED, ACCESSIBLE AT www.canalendesatv

The company's internal support for audiovisual communication has been reinforced with the introduction of access to Canal Endesa TV via the computers in the ENDESA network. Access is already available at www.canalendesatv. Four recently produced company videos can be seen on the tariff of last resort, ENDESA's activities in the fight against climate change, measures related to occupational health and safety, and the social projects carried out by our Latin American companies. These videos will be replaced by new titles in due course.

Social Dialogue Policy approved

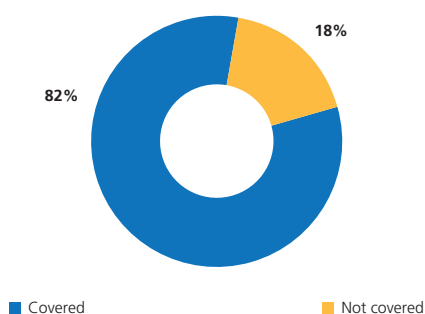
05.3. CLIMATE OF DIALOGUE AND COLLECTIVE AGREEMENT

As part of its respect for human rights ENDESA maintains a policy of dialogue and collective agreement, freedom of association and the right to collective bargaining.

ENDESA's commitment to dialogue is reflected in its Human Resources Sustainability Plan and the approval of its Social Dialogue Policy.

In total 82% of staff are covered by one of its 55 collective bargaining agreements. In 2009, 20 collective bargaining agreements were signed in Brazil, Chile, Spain, Ireland and Peru, affecting 3,429 people. In Spain, there were six collective agreements in force at the end of 2009, affecting 12,387 employees. In Latin America 48 collective agreements are in force, affecting 10,468 employees.

Percentage of employees covered by collective bargaining agreements in ENDESA



During the year an agreement was signed in Spain regarding the rights and entitlements of all employees affected by the disposal of UPH Ebro Pirineos, Saltos del Nansa and ECyR, while labour agreements were reached and initiatives rolled out amid a positive working climate.

In Ireland the current collective labour agreement covers 164 employees.

05.4. TRADE UNION REPRESENTATION

Union membership among the workforce of ENDESA and its subsidiaries in Spain and Latin America stood at 49% and 67%, respectively. The highest membership levels were in Brazil and Peru.

In its seven most important countries of operation ENDESA companies have 1,296 workers' representatives.

Membership of international union membership breaks down as follows:

Structure of union membership at ENDESA

ICEM	18%
ICEM and ISP	26%
UNI	13%
PSI	4%
Other	38%

ICEM: International Federation of Chemical, Energy, Mine and General Workers' Unions.

UNI: Global Union

PSI: Public Services International

06. MANAGING DIVERSITY, EQUAL OPPORTUNITIES AND WORK/LIFE BALANCE

As part of the company's social responsibility policy and its commitment to its employees, ENDESA believes that it has a responsibility to ensure that its staff can work in a healthy, flexible, balanced environment, where diversity is an asset, equality of opportunity is guaranteed and human rights are fully protected.

ENDESA employs 5,224 women, of whom 80 hold senior management positions, 2,187 occupy middle management positions, 2,411 are administrative and office staff, and 546 are manual workers.

06.1. MANAGING DIVERSITY AND EQUAL OPPORTUNITIES

For ENDESA, managing diversity means valuing, promoting and encouraging differences between employees in thinking, gender, culture, abilities and generations as a tool for enrichment, innovation and learning for the organisation and for employees themselves.

Following the approval of the Corporate Diversity Management Policy, the following measures were introduced in 2009:

- **Participation** in the consultation process for signatories to the *Global Compact* concerning Principles for Women (UNO-Unifem) which aims to promote female advancement in the business, economic and social spheres.
- The **'Enjoying Diversity'** on-line training programme was completed with 2,475 Endesa Group HR managers taking part.
- **ENDESA became a signatory of the Diversity Charter in Spain.** This EC-sponsored initiative is aimed at eradicating gender discrimination in compliance with the EU directive.

First year of application
 of **Equality
 and Work-life
 Balance Plan.**

THE EQUALITY AND WORK-LIFE BALANCE PLAN COMPLETES ITS FIRST YEAR IN 2009

The Equality and Work-life balance plan for ENDESA staff, introduced in 2008, produced excellent results in its first year.

Up to the end of April 2009, 317 employees had reduced their number of working hours or taken on flexible timetables, as provided for in the Plan. The plan also includes:

- The possibility of teleworking.
- Special and unpaid leave.
- Special help for victims of gender violence and sexual harassment.

The Social Responsibility and Equality Programme forms part of the General Management Strategic Culture Plan and includes four plans for specific measures concerning work-life balance and diversity, managing employees with disabilities, emotional management and psychosocial risk, and equality. In 2009 a number of information and awareness-raising campaigns were organised in locations including Seville, Barcelona, Zaragoza and Mallorca, in favour of equality of opportunity between men and women and an improved work-personal/family life balance.

06.1.1. Spain and Portugal

Since the passing of Spanish Organic Act 3 of March 22, 2007, governing effective gender equality, and the 2008 agreement with union representatives on ENDESA's Equality and Work-life Balance Plan, a large number of measures have been introduced in Spain aimed at achieving equal treatment and opportunities for men and women in the workplace.

The following awareness-raising activities were organised in 2009:

- Six **Gender Equality and Equality of Opportunity** seminars held with 482 participants.
- Five **Social Responsibility and Equality Workshops** were held, aimed at communicating the company's comprehensive vision of and commitment to social responsibility (582 participants).
- **Launch of on-line equality course** to inform managers about Endesa Spain and Portugal's Equality and Work-life Balance Plan.

Training and promotion activities:

- **Seminar on "Leadership tools for women"** to make available resources which are relevant to the situation of professional women and which can facilitate their access to and success in positions of responsibility.

- Agreement signed for **“Code of Good Practice concerning the prevention of sexual harassment and gender-based discrimination”**.

06.1.2. Latin America

Chile

- The first **“Women, architects of the future”** programme was held, aimed at encouraging leadership among female employees. Award of 10 grants to women on work placements in Enersis Group companies.
- As part of the **Latin American Youth Employment Project (Prejal)** 27 students received grants for work placements in Chilectra.



The President of Chile, Michelle Bachelet (left), and the General Manager of Chilectra, Cristián Fierro (right), during the 2009 awards ceremony.

CHILECTRA DEVELOPS JOINT PROJECT WITH SERNAM

To foster good working practices between men and women the National Service for Women (SERNAM) has developed a joint working plan with Chilectra to analyse and promote measures which ensure equality of opportunity in selection, promotion, development and access to training.

Argentina

- Edesur works with **Job Posting** to ensure that all employees have the same opportunities for professional development and mobility.

Colombia

- All Codensa employees are informed about the **Diversity Code**.

ENDESA continues to be firmly committed to the effective equality of women and men in employment and respect for and encouragement of diversity, as shown by various initiatives in 2009.

06.2. WORK-LIFE BALANCE AND FLEXIBILITY

06.2.1. Spain and Portugal

In 2007 ENDESA launched its Work-life Balance Plan and was recognised as a Family Friendly Company. This certification was extended to all parts of the business in 2008. Since then a number of measures have been implemented with the aim of developing a flexible work culture which facilitates the personal balance and professional development of staff.

ENDESA's Family Friendly
Company certification
renewed



For the third consecutive
year Endesa Chile was one
of the Top 10 companies
for working parents

In 2009 the Work-life Balance Plan was incorporated in the Strategic Map for the Spanish business, Family Friendly Company certification was renewed according to the new regulations, while existing work-life balance measures were given a higher profile and staff informed about them.

06.2.2. Latin America

Chile

The Enersis Group has introduced a new **"Family psychology counselling service"** which provides support and information by telephone and is available to all staff.

In 2009 Endesa Chile was named for the third consecutive year as one of **"The Top 10 companies for working parents"** by Chile's Unido Foundation and the Ya magazine of El Mercurio newspaper.

Argentina

Edesur has a **Company and Family Programme** to help employees and their families to improve their quality of life and facilitate their work-life balance. Employees are also entitled to modify their working hours to deal with personal matters if needed.

In 2009, 34 events were held for students taking part in the **Trainee Programme**, dealing with topics of special interest to them, including the Life Project Programme, Vocational Guidance Programmes, Micro-enterprises, and Sustainable Self-employment.

Brazil

In Brazil ENDESA runs the **"Bem Viver" ("Living well")** quality of life programme, with a range of measures and activities which contribute to the quality of life and well-being of staff. The programme has now been extended to the Coelce and CGTF companies in Ceará state.

Colombia

In 2009 various **leisure activities** took place, providing opportunities for employees and their families to integrate and enjoy themselves. The activities were organised jointly by the two companies operating in the country: Codensa and Emgesa.

They included ecological walks, sporting activities, the Flying Days programme and the Cultural Breakfast programme.

Peru

In 2009 Edelnor pioneered the introduction of paternity leave.

ENDESA provides a wide range of opportunities for flexible working arrangements and work-life-family balance, adapted to the situation in each country in which it operates.

06.3. INTEGRATION OF PEOPLE WITH DISABILITIES

06.3.1. Spain and Portugal

In 2009 the company continued to apply its Plan for Integrating People with Disabilities, launched in 2008. It is intended to facilitate the incorporation of people with disabilities in the workforce, by direct or indirect contracting, via the purchase of goods and services, and by contracting services from Special Employment Bureaus.

The following activities took place as part of the Plan.



- **Cooperation agreements** signed with the **UNIVERSIA Foundation**.
- The Special Employment Bureaus have been encouraged to participate in **major tender processes and in those for smaller purchases of goods and services**, while the company also outsourced the auxiliary services at its main workplaces in Spain to the Sifu group's Special Employment Bureau, providing work for over 100 people in Spain, 90% of whom suffer from some type of disability.
- ENDESA launched the **Endesa-ADECCO Foundation Family Plan** to help the disabled family members of employees to enter the labour market (58 families signed up for this scheme in 2009).
- **Improvements to internal communication**, including the creation of a mini-website dealing with integration and disability on the corporate portal.

ENDESA employed a total of 184 disabled workers in 2009, 67 of whom work in Latin America.

SUPPORT FOR DISABLED PEOPLE TO ENTER THE LABOUR MARKET

ENDESA is engaged in joint projects with Adecco, Randstad and the ONCE Foundation to help disabled people to enter the labour market, as part of its Plan for Integrating People with Disabilities. These agreements assist with training, selection and mediation between the disabled and the working world, helping to eliminate barriers of accessibility and adaptation to jobs.



Left to right: Germán Medina, ENDESA's General Manager for Human Resources in 2008 and Alberto Durán, Executive Vice-President of the ONCE Foundation.

06.3.2. Latin America and other countries

Edesur is committed to transferring to new positions all employees who, as a result of their work, develop physical or psychological limitations which make it impossible for them to continue working normally in their present jobs.

In 2009 ENDESA continued to implement a range of effective measures for helping disabled people to enter the labour market.

06.4. THE UN GLOBAL COMPACT: PROTECTION OF HUMAN RIGHTS

As a signatory of the Global Compact, ENDESA is committed to protecting human rights in all its spheres of influence and in its subsidiaries and to complying with the Compact's first two principles. 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. The 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.

Last year the company approved new internal regulations, applicable to the whole group, which govern the procurement of products, work and services. They simplify procurement processes, and are adapted to ENDESA's current situation and new commitments, such as Act 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 273 companies with a human rights statement and/or policy by the Business & Human Rights Resource Centre.

In 2009 the company continued to adopt the main international benchmarks in this area, particularly focusing its efforts on the **United Nations Global Compact**, **OECD Principles** and the **UN's Millennium Goals**.

Edesur, ENDESA's subsidiary in Argentina, was chosen to be **one of 11 members of the governing committee of the country's UN Global Compact network for 2009-2011**. This confirms ENDESA's leading position in this area in Latin America, as a member of the executive bodies of the local Global Compact networks in all the countries where it operates. ENDESA's position has been consolidated by being a founder member of the Global Compact's Regional Centre for Latin America and the Caribbean.

ENDESA is among the most active companies in implementing the labour and human rights standards established in the UN Global Compact.



Good governance
and transparency

Commitment
to corporate governance
and ethical behaviour

103 communications
received through the Ethics
Channel in 2009

74% of complaints
resolved in the same year

93.54%
participation in the General
Shareholders' Meeting

15 Board meetings

ENDESA aims to set the highest standards in good corporate governance and in ensuring that all practices in this area are permeated by its commitment to sustainability and corporate integrity.

Ethical, transparent behaviour is ENDESA's most valuable asset in a constantly changing environment. In the international arena, the company faces challenges such as the global economic crisis and new regulatory frameworks in the countries where we operate. ENDESA responded to this situation in 2009 with new strategic tools which capitalise on the company's experience and ability to deal with new market demands, while also taking advantage of the growth opportunities offered.

Meeting our goals	
CHALLENGES IN 2009	INITIATIVES CARRIED OUT
Implement the programme for updating the company website	<ul style="list-style-type: none"> • Fuller and more up-to-date information available on the company website. • Project "change of website" carried out to overhaul the company website.
Roll out work programme regarding internal regulations	<ul style="list-style-type: none"> • Programmes to strengthen culture of integrity. • The rules on corporate integrity require all employees to behave in an appropriate manner in their relations with third parties. This constitutes a basic ethical principle. The Rules include the Charter Governing Senior Managers, the Charter Governing Executives and the Employees' Code of Conduct.
Obtain recognition of the company's leadership position in corporate governance, regulatory compliance and transparency through the DJSI	<ul style="list-style-type: none"> • Recognition of the company's leadership in corporate governance by the Dow Jones Sustainability Indexes was achieved in the Good Governance and Transparency category.

Key figures	
Participation in the Extraordinary General Shareholders' Meeting (%)	93.75
No of Board meetings	15
Total directors	9
Fixed remuneration of directors (Euro)	2,469,338
Variable remuneration of directors (Euro)	5,688,398

Key initiatives in 2009
Update of procedure F110 "Ethics Channel and complaint management".
74% of the complaints filed with the Ethics Channel in 2009 were resolved in the same year.
New rules on transparency and ethics in managing company assets and property investment drafted and rolled out to every country where the company operates.

In 2010 we propose
Overhaul of our website.
Approval of Board of Directors' Regulations.
Adaption of the company's Code of Conduct in Stock Markets.
Review and approval of new Group-wide Code of Ethics.

01. ENDESA, A MODEL OF GOOD GOVERNANCE AND TRANSPARENCY

ENDESA's commitments to good governance, transparency and integrity are permanent and unwavering. These commitments translate into, and are reinforced by, a number of initiatives under the Strategic Sustainability Plan. The most notable of these include strengthening the Shareholders' Office, improving information about the company on the corporate website and improving channels for dialogue with stakeholders.

With the aim of being at the forefront of the industry in the area of corporate governance, ENDESA provides its directors with suitable training and updates the documents and regulations governing internal operation and conduct across the different groups within the company.

01.1. SHAREHOLDER PARTICIPATION

Transparency of information and promoting shareholder participation are the cornerstones of ENDESA's corporate governance model.

93.54%
 participation in the General
 Shareholders' Meeting

The General Shareholders' Meeting was held on 30 June 2009 with the participation of 93.54% of the share capital. An Extraordinary General Meeting was held on 14 December 2009 with a quorum of 93.75%.

Transparency of information and promoting shareholder participation are the cornerstones of ENDESA's corporate governance model.

01.2. LEADERSHIP OF THE BOARD OF DIRECTORS

The complex market situation in 2009 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 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 2009, 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 15 occasions with the Chairman in attendance at all.

As regards Board Committees, the Audit Committee held six meetings in 2009, and the Appointments and Remuneration Committees held 12 meetings.

Words from the Chairman

"On 20 February ENDESA recovered its status as a normal company, with a single core shareholder (Enel) of outstanding stature. A shareholder with a genuine commitment of permanence whose only interest is to invest in the long-term development of the company's industrial project."

Borja Prado Eulate, Chairman of ENDESA

ENDESA Board of Directors: key data for 2009

	TOTAL
Total directors	9
Non-executive directors	7
Independent directors	3
Directors representing minority shareholders	3
Board Meetings	15
Shares owned or controlled by directors or significant individual shareholders	6,291

ENDESA's Board of Directors does not include any female members at the present time. ENDESA has an Equality Plan in place which underscores its commitment to ensuring gender equality.

The Plan includes measures in the areas of human resources policy (positive discrimination: selection, training, remuneration and initiatives against sexual harassment), work/life balance improvement (working hours flexibility of up to one hour per day, possibility to temporarily change split timetables for a continuous working day under certain circumstances, paid leave, leaves of absence, timetable reduction or modification), protection of pregnant employees and those taking maternity or paternity leaves (special working hours for female employees with closed shifts), protection of victims of gender-related violence and the action protocol in the event of sexual harassment.

In the framework of ENDESA's Corporate Social Responsibility policies, the company's recruitment policy provides for the inclusion of positive discrimination clauses to encourage the access of women, on conditions of equal merits, to positions where they are under-represented.

Composition of ENDESA's Board of Directors at 31/12/09

Position	Name	Date (first appointment)	Type of director	Committee
Executive Chairman	Borja Prado Eulate	20/06/07 (*)	Executive	EC, ACC
Deputy Chairman	Fulvio Conti	25/06/09	External Proprietary Director	EC
Chief Executive Officer	Andrea Brentan	18/10/07	Executive	EC
Members	Luigi Ferraris	18/10/07	External Proprietary Director	ACC, ARC, ACC
	Claudio Machetti	18/10/07	External Proprietary Director	ARC
	Gianluca Comin	14/09/09	External Proprietary Director	
	Luis de Guindos Jurado	25/06/09	External-Independent	EC, ARC
	Miquel Roca Junyent	25/06/09	External-Independent	ARC, ACC
	Alejandro Echevarría Busquet	25/06/09	External-Independent	ACC
Secretary (non director)	Salvador Montejo Velilla	01/07/99		

EC: Executive Committee

ACC: Audit and Compliance Committee

ARC: Appointments and Remuneration Committee

(*) Appointed Chairman on 24/03/09

01.3. REMUNERATION OF DIRECTORS

The total remuneration of ENDESA's directors in 2009 was Euro 38,487,954.

The compensation received by each member of the Board of Directors is detailed as follows:

Fixed compensation in 2009 (Euro)			Variable compensation in 2009 (Euro)		
	Fixed	Compensation		Benefits	Compensation
Borja Prado Eulate	48,081	617,722	Borja Prado Eulate	174,497	—
Fulvio Conti (1) (3)	24,040	—	Fulvio Conti (1) (3)	—	—
Andrea Brentán (11)	24,040	350,000	Andrea Brentán (1)	174,497	—
Luigi Ferraris (1)	48,081	—	Luigi Ferraris (1)	174,497	—
Claudio Machetti (1)	48,081	—	Claudio Machetti (1)	174,497	—
Gianluca Comin (1)(2)	16,027	—	Gianluca Comin (1)(2)	—	—
Luis de Guindos Jurado (3)	24,040	—	Luis de Guindos Jurado (3)	—	—
Miquel Roca Junyent (3)	24,040	—	Miquel Roca Junyent (3)	—	—
Alejandro Echevarría Busquet (3)	24,040	—	Alejandro Echevarría Busquet (3)	—	—
José Manuel Entrecanales Domecq (4)	12,020	340,767	José Manuel Entrecanales Domecq (4)	174,497	1,492,525
Rafael Miranda Robredo (5)	24,040	613,871	Rafael Miranda Robredo (5)	174,497	1,959,777
Carmen Becerril Martínez (6)	24,040	—	Carmen Becerril Martínez (6)	174,497	—
Valentín Montoya Moya (6)	24,040	—	Valentín Montoya Moya (6)	174,497	—
Esteban Morrás Andrés (6)	24,040	118,261	Esteban Morrás Andrés (6)	174,497	491,126
Fernando d'Ornellas Silva (7)	28,047	—	Fernando d'Ornellas Silva (7)	174,497	—
Jorge Vega-Penichet López (8)	12,020	—	Jorge Vega-Penichet López (8)	—	—
Manuel Pizarro Moreno (9)	—	—	Manuel Pizarro Moreno (9)	—	—
Francisco Javier Ramos Gascón (9)	—	—	Francisco Javier Ramos Gascón (9)	—	—
Alberto Recarte García-Andrade (9)	—	—	Alberto Recarte García-Andrade (9)	—	—
Juan Rosell Lastortras (9)	—	—	Juan Rosell Lastortras (9)	—	—
José Serna Masiá (9)	—	—	José Serna Masiá (9)	—	—
Alberto Alonso Ureba (10)	—	—	Alberto Alonso Ureba (10)	—	—
José María Fernández Cuevas (10)	—	—	José María Fernández Cuevas (10)	—	—
José Manuel Fernández Norriella (10)	—	—	José Manuel Fernández Norriella (10)	—	—
Rafael González-Gallarza Morales (10)	—	—	Rafael González-Gallarza Morales (10)	—	—
Manuel Ríos Navarro (10)	—	—	Manuel Ríos Navarro (10)	—	—
Subtotal	428,717	2,040,621	Subtotal	1,744,970	3,943,428
TOTAL	2,469,338		TOTAL	5,688,398	

(1) All amounts due to this director are paid directly to Enel, S.p.A, pursuant to its internal regulations.

(2) Has been a member of the Board of Directors since 14/09/09.

(3) Has been a member of the Board of Directors since 25/06/09.

(4) Has not been a member of the Board of Directors since 24/03/09.

(5) Has not been a member of the Board of Directors since 30/06/09.

(6) Has not been a member of the Board of Directors since 25/06/09.

(7) Has not been a member of the Board of Directors since 20/07/09.

(8) Member of the Board of Directors from 24/03/09 to 25/06/09.

(9) Has not been a member of the Board of Directors since 18/10/07.

(10) Has not been a member of the Board of Directors since 20/06/07.

(11) Amounts due to this Board member as Fixed Salary in 2008 and up to 20/06/09 were paid directly to Enel, S.p.A., pursuant to its internal regulations. Remuneration as Chief Executive Officer since 30/06/09 (Euro 350,000) is paid directly to Andrea Brentán.

(1) All amounts due to this director are paid directly to Enel, S.p.A, pursuant to its internal regulations. In the case of Mr Brentan, this circumstance applied only up to 30 June 2009.

(2) Has been a member of the Board of Directors since 14/09/09.

(3) Has been a member of the Board of Directors since 25/06/09.

(4) Has not been a member of the Board of Directors since 24/03/09.

(5) Has not been a member of the Board of Directors since 30/06/09.

(6) Has not been a member of the Board of Directors since 25/06/09.

(7) Has not been a member of the Board of Directors since 20/07/09.

(8) Member of the Board of Directors from 24/03/09 to 25/06/09.

(9) Has not been a member of the Board of Directors since 18/10/07.

(10) Has not been a member of the Board of Directors since 20/06/07.

Attendance fees in 2009 (Euro)

	ENDESA	Other Companies
Borja Prado Eulate	50,084	28,074
Fulvio Conti (1) (3)	12,020	—
Andrea Brentán (1)	28,047	—
Luigi Ferraris (1)	52,088	—
Claudio Machetti (1)	30,051	—
Gianluca Comin (1)(2)	8,013	—
Luis de Guindos Jurado (3)	24,040	14,654
Miquel Roca Junyent (3)	30,051	—
Alejandro Echevarría Busquet (3)	20,034	—
José Manuel Entrecanales Domecq (4)	6,010	—
Rafael Miranda Robredo (5)	18,030	125,285
Carmen Becerril Martínez (6)	16,027	—
Valentín Montoya Moya (6)	28,047	—
Esteban Morrás Andrés (6)	12,020	—
Fernando d'Ornellas Silva (7)	40,067	19,540
Jorge Vega-Penichet López (8)	10,017	—
Manuel Pizarro Moreno (9)	—	—
Francisco Javier Ramos Gascón (9)	—	—
Alberto Recarte García-Andrade (9)	—	—
Juan Rosell Lastortras (9)	—	—
José Serna Masiá (9)	—	—
Alberto Alonso Ureba (10)	—	—
José María Fernández Cuevas (10)	—	—
José Manuel Fernández Norniella (10)	—	—
Rafael González-Gallarza Morales (10)	—	—
Manuel Ríos Navarro (10)	—	—
TOTAL	384,646	187,553

(1) All amounts due to this director are paid directly to Enel, S.p.A, pursuant to its internal regulations. In the case of Mr Brentan, this circumstance applied only up to 30 June 2009.

(2) Has been a member of the Board of Directors since 14/09/09.

(3) Has been a member of the Board of Directors since 25/06/09.

(4) Has not been a member of the Board of Directors since 24/03/09.

(5) Has not been a member of the Board of Directors since 30/06/09.

(6) Has not been a member of the Board of Directors since 25/06/09.

(7) Has not been a member of the Board of Directors since 20/07/09.

(8) Member of the Board of Directors from 24/03/09 to 25/06/09.

(9) Has not been a member of the Board of Directors since 18/10/07.

(10) Has not been a member of the Board of Directors since 20/06/07.

Other compensation (Euro)

Name	2009	2008
Borja Prado Eulate	4,200	—
Andrea Brentan	3,003	—
José Manuel Entrecanales Domecq (1)	9,666,744	—
Rafael Miranda Robredo (2)	18,349,241	29,795
Esteban Morrás Andrés (1)	1,734,831	7,214
TOTAL	29,758,019	37,009

(1) "Other compensation" in 2009 includes contractual compensation paid to Mr Entrecanales and Mr Morrás, whose employment terminated on 24 March 2009 and 25 June 2009 respectively.

(2) "Other compensation" in 2009 includes the aggregate financial benefits accrued by Mr Miranda on account of early retirement, from 30 June 2009 until the time of his retirement.

01.4. DIRECTORS' RESPONSIBILITIES AND DUTIES

According to Articles 27 and 28 of the Board of Directors' Regulations, which details 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 shall ensure at all the times that the interests of the shareholders 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 non-public information related to 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. 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 his position in the company to obtain a financial advantage unless a sufficient consideration is paid. If he has a dispensation from obligation to pay such consideration, the financial advantage so obtained shall be treated as indirect remuneration and will be subject to authorisation by the Appointments and Remuneration 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 shall 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 may rule on its existence or, as the case may be, refer the matter to the Audit and Compliance Committee.

Formulation and
implementation of
**new rules on
transparency
and ethics**

02. CODES OF ETHICS AND THE FIGHT AGAINST FRAUD AND CORRUPTION

ENDESA is fully committed to compliance with ethical rules and principles, both within the company and in its external relations, particularly as regards the fight against fraud and corruption.

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 codes of ethics are being introduced in all the countries in which it operates and adapted to them.

02.1. ENDESA'S CULTURE OF INTEGRITY AND CODES OF ETHICS

ENDESA has a set of Corporate Integrity Rules in place, which comprises three codes of ethics based on the company's core values: people, occupational health and safety, team work, ethical conduct, customer focus, focus on results, innovation, 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 will propose that the governing bodies approve a similar or identical Code of Conduct. The company has transmitted the Code of Ethics and the Seven Commitments for Sustainable Development to its suppliers.

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, independent 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 Spain, Portugal, Argentina, Brazil, Peru, Chile, Colombia, France, Greece, Ireland and Italy.

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.

74% of complaints resolved in 2009

In 2009, ENDESA's Ethics Channel received a total of 103 complaints. In 74% of the cases reported in 2009, the investigation was closed during the same year, a 10% increase on 2008.

Complaints submitted to the Ethics Channel, by type

	Total complaints	Shareholder	Customers	Employees	Suppliers	Other
Spain and Portugal	16	2	1	8	4	1
Latin America	87	24	15	29	16	3
<i>Argentina</i>	19	9	1	5	3	1
<i>Brazil</i>	28	7	5	11	4	1
<i>Colombia</i>	18	5	4	5	4	0
<i>Chile</i>	16	2	2	8	4	0
<i>Peru</i>	6	1	3	0	1	1
TOTAL	103	26	16	37	20	4

Of the complaints made, corrective action was applied in 13% 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.

Of the cases identified as possible fraud, 28% corresponded to requests for investigation from the company's own business lines.

Also, in order to improve the company's Ethics Channel and widen its dissemination, we updated procedure F110 "Ethics Channel and complaint management".

ENDESA's Corporate Audit Department ensures that all complaints received through the Ethics Channel are correctly processed. This unit, which reports to the Board of Directors through the Audit and Compliance Committee, centralises and channels all complaints and presents them to the Board of Directors. 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.

Complaints 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 other departments in the organisation. It has access to all the company documents necessary to carry out its functions, monitors the implementation of the recommendations included in its audit reports, and selects external auditors.

Outcome of complaints submitted via the Ethics Channel (%)

	2007	2008	2009
Cases closed	76	64	73
<i>Complaint has led to corrective measures/ sanctions/ redesign of processes</i>	25	18	30
<i>Unfounded</i>	31	28	22
<i>Operational</i>	20	18	21
Still open	24	36	26
<i>In progress - operational</i>	0	0	0
<i>In progress – non-operational</i>	24	36	26

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

	2007	2008	2009
Improper activities by external suppliers and contractors	20	15	13
Embezzlement	11	7	10
Conflicts of interest	20	19	25
Items in accounts	9	3	1
Safety	0	1	1
Business opportunities	2	4	2
Falsification of contracts	2	7	3
Victimisation	2	6	5
Improper use of privileged information	0	0	0
Improper use of company property	0	0	13
Environment and health	4	1	0
Other	30	37	28

Complaints submitted to Ethics Channel by geographical area (%)

	2007	2008	2009
Spain and Portugal	23	15	16
<i>Argentina</i>	17	23	19
<i>Brazil</i>	10	21	28
<i>Colombia</i>	13	14	18
<i>Chile</i>	29	26	16
<i>Peru</i>	4	1	6
Latin America	73	85	87
Other countries	4	0	—

02.2. SANCTIONS APPLIED

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 2009, the company was fined on a number of occasions; the financial details are given below:

Monetary value of significant penalties and fines imposed on ENDESA in 2009 (Euro million)

	Provisions for litigation, compensation and similar
Balance at 31/12/08	1.369
Net provisions recognised in the income statement	54
Operating expenses	80
Finance expenses(*)	12
Other expenses	(38)
Provisions charged to fixed assets	—
Payments	(136)
Exchange rate differences	65
Transfers and other	(84)
Balance at 31/12/09	1.268

03. ONGOING LITIGATION IN 2009

At 31 December 2009, the most significant cases of litigation and arbitration involving Group companies were the following:

- In 2002, EdF International (hereinafter, "EdF") filed a claim before the International Court of Arbitration of the International Chamber of Commerce against Endesa Internacional S.A. (today known as Endesa Latinoamérica, S.A) (hereinafter, "Endesa Latinoamérica"), Repsol YPF, S.A. (hereinafter, "Repsol") and YPF S.A. (hereinafter, "YPF"), seeking the payment of USD 256 million plus interest from Endesa Latinoamérica and USD 69 million plus interest from the Repsol YPF Group. Endesa Latinoamérica, Repsol and YPF contested the claim and filed a counterclaim demanding payment by EdF of USD 58 million to Endesa Latin America and USD 14 million to YPF. The origin of the dispute lies in the sale of YPF's and Endesa Latinoamérica's stakes in the Argentine companies Easa and Edenor to the French group EdF. The court of arbitration issued its ruling on 22 October 2007. Briefly, the court partially upheld both the claim and the counterclaim. As a result, Endesa Latinoamérica was required to pay EdF USD 100 million net debt with added interest. None of the parties were required to pay court costs. All the parties, including the claimant and the co-defendants, have filed for partial annulment of the ruling. In April 2008, the Argentine National Chamber of Appeals in Commercial Matters ruled in favour of Endesa Latinoamérica and YPF, granting a suspension of the effects of the arbitration ruling until conclusion of the annulment proceedings, thus preventing the enforcement of the ruling by EdF. EdF has nonetheless sought to have the ruling enforced in the United States, France and Spain via the respective proceedings of *exequatur* [French law: an order to enforce the judgment of a foreign court]. The proceedings

failed in Spain and in the United States and succeeded in France, where none of the defendants has assets or interests. On 16 December 2009 the Court of Appeal's judgment was made public, declaring the arbitration award of 22 October 2007 null and void. The award was therefore rendered "devoid of any legal effect" and ENDESA's liability of approximately USD 100 million was invalidated, as were the associated interests.

- On 24 June 2009, the Ministry of Economy's Department of Investigation lodged a complaint with the Spanish Competition Commission (hereinafter referred to as "the CNC") against a number of electricity distribution companies (ENDESA, Iberdrola, Hidrocantábrico, Unión Fenosa and E.On) for an alleged infringement of Article 1 of Act 15/2007 of 3 July on Fair Competition and Article 81 of the EC Treaty. The CNC claimed that these companies had colluded to suppress, curtail or distort competition in the Spanish electricity distribution market. The CNC opened proceedings to determine the existence of any unlawful pacts between the companies for causing deliberate delays in the process of changing supplier. To date, there is no indication in the proceedings as to the possible amount of the penalty.
- On 19 March 2009 an arbitration court, constituted in 2005 by the "reconciliation and arbitration chamber of the Getúlio Vargas Foundation in Rio de Janeiro" on the motion of Enertrade Comercializadora de Energia, S.A. to hear an arbitration claim against ENDESA Latinoamérica's Brazilian subsidiary Ampla Energia e Serviços, SA, arising from a dispute over a power supply contract, issued an award demanding that the ENDESA subsidiary pay the amount sought by the claimant plus late-payment interest, and deciding that the existing supply contract be terminated. The financial impact of the award is estimated at around 73 million Brazilian reals (approximately Euro 29 million). The various options for opposing the arbitral award in court are now being considered. The decision was appealed against, and Civil Court no 8 of Niteroi suspended enforcement.
- On 19 May 2009 the Town Council of Granadilla de Abona (Tenerife) notified a local authority decree whereby ENDESA is fined with Euro 72 million for building a combined cycle plant without the necessary planning permission. On 2 June the Autonomous Regional Government of the Canary Islands suspended urban planning regulations in force to enable this permission to be granted to ENDESA. Unión Eléctrica de Canarias Generación, S.A. (hereinafter "Unelco") filed an appeal with the ordinary courts against the administrative penalty imposed.
- Endesa Generación is currently involved in arbitration proceedings to review the price of a long-term gas supply contract. The proceedings are not expected to be concluded until 2010. If the ruling were unfavourable to the interests of Endesa Generación, the price of gas already purchased since August 2008, as well as gas to be received under the same contract and until the next price review, would have to be increased. The potential effects of this claim cannot be accurately predicted at the present time.

- The CNC has been investigating alleged restrictive competition practices in the Spanish electricity market. Based on information obtained and the preliminary analysis carried out, the CNC has begun penalty proceedings against Endesa, S.A. and other power companies after detecting rational indications of infringement of articles 2 and 6 of the Anti-Trust Act 16 of 1989 (hereinafter, "ATA") by certain power generating companies consisting of an abuse of a dominant position in resolving technical restrictions. The CNC also states in its decision that the similarity of the actions of the agents involved in resolving technical restrictions and the actions of their power retailers could constitute a coordinated action which, if this was the case, breaches article 1 of Act 16/1989 and article 1 of the Act on Fair Competition.
- On 31 August 2009, the partner of Endesa Cogeneración y Renovables, S.A (hereinafter, "ECyR") in the Portuguese company TP - Sociedade Térmica Portuguesa, S.A. initiated arbitration proceedings for ECyR's alleged breach of certain terms of the Shareholders' Agreement, claiming indemnities of at least Euro 14 million. On 10 September 2009 ECyR contested the claim and filed a counterclaim against the aforementioned partner.
- On 1 October 2009 penalty proceedings were initiated for alleged actions that are restricted in articles 1 and 6 of Act 16/1989 of 3 July 1989 on Fair Competition (abuse of a dominant position) and articles 1 and 2 of the same Act (collusive practices). The possible penalty has not been quantified.
- In a ruling dated 2 April 2009, the Spanish Competition Commission, the CNC, fined EDE Euro 15 million for a breach of article 6 of the Act on Fair Competition of 2007 and to article 82 of the EC Treaty, in the form of an alleged abuse of a dominant position by obstructing access by the distribution company Centrica Energía, SLA to the SIPS system of point-of-supply information created by Royal Decree 1535/2002 and assigning the claimant's business data on customers to the ENDESA Group's own distributor, ENDESA Energía, SA (hereinafter, "Endesa Energía"). An appeal was filed before the Spanish Supreme Court on 18 May requesting that the decision be suspended. On 27 May 2009 the CNC decided not to enforce the decision until a ruling is issued by the Spanish Supreme Court.

For more information, please see ENDESA's *Legal Documentation 2009*.

ENDESA's directors consider that the provisions on the consolidated balance sheet sufficiently cover the risks associated with the legal action, arbitrage, and other proceedings described above, and therefore do not expect additional liabilities to arise as a result of these incidents.

Due to the nature of the risks covered by these provisions, it is not possible to reasonably estimate the timing of any disbursements that may have to be made in relation to these incidents.



Shareholders and investors

Commitment to creating
value and returns

Income up **1%** on 2008

Record dividend of
Euro 5.897 per share

6,120 contacts with
analysts and investors

9th consecutive year
on the DJSI

ENDESA aims to be the power company most often included in the portfolios of institutional investors which take social, environmental and ethical considerations into account in their composition, and is *the electricity company* for investors concerned about climate change.

In 2009, the company has once again proven itself a world leader in sustainability, as reflected by its inclusion on prestigious international and European sustainability indices, such as the Dow Jones Sustainability Index and the Carbon Disclosure Project. ENDESA strives to be the benchmark electricity company for investors concerned about sustainability and climate change.

Meeting our goals

CHALLENGES IN 2009	INITIATIVES
Continue setting the standard for transparency in the investor community.	<ul style="list-style-type: none"> • Five public presentations to analysts and investors. • 6,120 contacts with analysts and investors.
Position the company as sustainable and achieve recognition by investors.	<ul style="list-style-type: none"> • Ranked 8th on the Dow Jones Sustainability Index. • Ranked 8th in the 2009 European Investor Relations Benchmark Study, due to its strong relationship with investors.

Key figures

Points on the Dow Jones Sustainability Index	78/100
Average quorum at Shareholders' Meetings (%)	93.65
Dividend per share at close of 2009	Euro 23.95 per share
Total shareholder return (%)	4.34

Key initiatives in 2009

Main shareholder/partner: Enel.
Robust liquidity levels have allowed ENDESA to retain its position on the IBEX 35.

In 2010 we propose

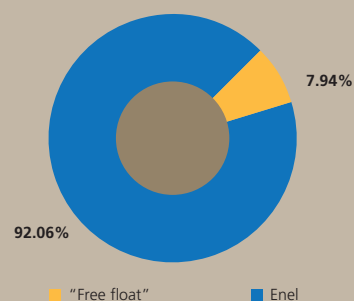
Greater awareness among investors about ENDESA's sustainability initiatives.
Investor meetings about sustainability issues.
Setting transparency standards in the investor community.

ENDESA shareholder structure

In 2009, ENDESA's shareholder structure underwent important changes. Following the takeover of ENDESA by Acciona and Enel in October 2007, Acciona owned 25.01% of the company's share capital and Enel owned 67.05%.

However, on 20 February 2009, Enel and Acciona signed an agreement under which Enel acquired Acciona's entire stake in ENDESA. As a result of this transaction, Enel became the owner of 92.06% of ENDESA, and assumed control over the Endesa Group.

The company's current shareholder structure is shown in the chart below.



This transaction led to the automatic termination of the shareholders' agreement between Enel, Enel Energy Europe S.L. (EEE), Finanzas Dos and Acciona signed on March 2007 which was announced in compliance with the provisions of article 112 of the Security Markets Act 24/1988, of 28 July.

The Board of Directors of ENDESA intends to approve the Business Plan adapted to reflect the change in the company's shareholder structure that occurred in 2009. This plan will examine the possible synergies that may arise from ENDESA's integration into the Enel Group, always with a view to furthering the interests of ENDESA and its subsidiaries.

01. CREATING SUSTAINABLE VALUE

01.1. ENDESA: ATTUNED TO SOCIALLY RESPONSIBLE INVESTORS

ENDESA is committed to establishing a transparent relationship with its investors, providing them with information about its financial, ethical, social, and environmental performance that evidences its sustainable growth policy and its responsible use of resources.

The company is a pioneer in best business practices with socially responsible investors and is ranked on the main sustainability indices.

01.1.1. Dow Jones Sustainability Index



For the ninth year running, the company has been included along with other leading utilities in the world for its commitment to sustainability as measured by the Dow Jones Sustainability World Index. In the evaluation ENDESA achieved a higher score than last year, 78 points out of 100 compared with 70 in 2008 – just six points lower than the company with the highest score and 22 points higher than the utilities industry average of 56 points out of 100.

Main rankings

TOTAL POINTS	78/100
Social	86/100
Investment in social initiatives	100/100
Social reporting	93/100
Occupational health and safety	100/100
Commitment to stakeholders	97/100

ENDESA performed best in the social area, achieving 86 points, only one point behind the top-performing company in this field.

The company also achieved a perfect score (100%) in occupational health and safety, and investment in social initiatives, and made a strong showing in social reporting and commitment to stakeholders.

We would highlight that ENDESA has been the world leader in its sector on two occasions, in 2002 and 2006, and has retained its position in the leading group for the ninth consecutive year.

www.sustainability-indexes.com

01.1.2. Carbon Disclosure Project

The CDP Electric Utilities Report 2009 published by the Carbon Disclosure Project (CDP) leadership index, the undisputed benchmark for climate change, recently awarded ENDESA the highest score of all electric companies worldwide in the fight against climate change.

According to the index, ENDESA, boasting a score of 85%, comes in ahead of all other electric companies in terms of best practices, thanks to its high-quality responses and detailed descriptions of the risks and opportunities that climate change poses for the company, along with the strategies it is pursuing to incorporate climate change measures into its core business activities.

The report on ENDESA highlighted its ability to reduce CO₂ emissions and its strategy for attaining this target, the transparency of its published figures on emissions (direct and indirect), its drive towards clean energy and R&D (with an emphasis on CO₂ capture and geological storage) and the internal and external dissemination of its policy coupled with initiatives geared towards combating climate change. The 2009 results will be announced in the coming months of 2010.

www.carbondisclosureproject.com

01.1.3. European Investor Relations Benchmark Study

ENDESA ranked eighth in the utilities sector in the 2009 Benchmark Investor Relations Study, which assessed which utility companies had the best relationship with shareholders. The ranking analysed about 40 companies in total. In Spain, ENDESA was ranked seventh among listed companies out of the 48 that were analysed.

0.1.2. CLOSENESS AND TRANSPARENCY WITH SHAREHOLDERS AND INVESTORS

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



From left to right, Fulvio Conti, Borja Prado and Andrea Brentan.

01.2.1. Investor Relations Department

Among the activities carried out by the Investors Relation Department in 2009 we would highlight the five public presentations for analysts and investors, four focused on the company's quarterly results while the fifth reported on ENDESA's assets in Latin America, the economic backdrop and the various regulatory frameworks in place in the region.

It has also held meetings with shareholders and investors about sustainability issues, both in Spain and Portugal and in Latin America.

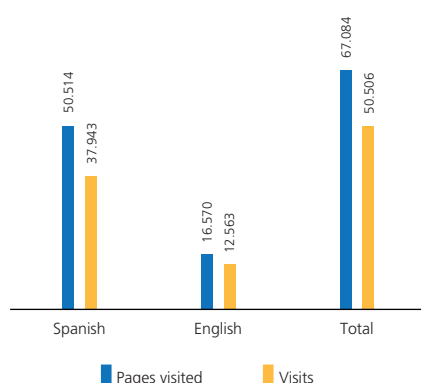
We would also point out that 33 financial institutions carry out regular research on ENDESA, making it one of the electric utilities most closely followed by international markets.

MASSIVE QUORUM IN THE GENERAL SHAREHOLDERS' MEETING

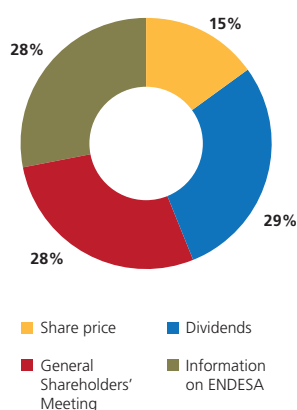
The General Shareholders' Meeting was held in June 2009, with a record quorum of 93.8% of the share capital. In addition, on 14 December 2009, an Extraordinary General Meeting was held, with a similar quorum (93.76%) at which the proposed modification of some of the company's bylaws were submitted for approval. Therefore, in 2009, the average quorum at General Shareholders' Meetings was 93.65%.

6,120 contacts with
shareholders and investors

**Visits to the Shareholders
and Investors section
of ENDESA's website in 2009**



**Type of information requested
by ENDESA shareholders in 2009**



01.2.2. ENDESA Shareholders' Office

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

In 2009, the Shareholders' Office handled some 5,110 telephone enquiries and 310 visits, most regarding the Shareholders' Meetings, and sent more than 700 information mailings by post or e-mail. Therefore, there was a sum total of 6,120 contacts with shareholders and investors in 2009.

One of the main sources of information for shareholders is the Shareholders and Investors section of ENDESA's website (www.endesa.es). In 2009, 50,506 investors visited this resource, accessing 67,084 pages. Of these, 37,943 people accessed the Spanish language version of the website, while 12,563 accessed the English language one.

This provides access to its main financial documents and publications, summaries of reports issued by top analysts, investment banks or rating agencies, documents related to the General Shareholders' Meeting and information on corporate governance, etc. In addition, the conference calls on quarterly earnings are broadcast in real-time via this channel.

Most of the information requested by private shareholders of ENDESA in 2009 concerned issues related to dividends, followed by requests for information regarding the General Shareholders' Meeting, general information, and information about ENDESA's share price.

ENDESA also sends investors and shareholders press releases, quarterly results statements, reports, corporate magazines and other corporate publications at their request.

02. IMPACT OF ENDESA'S BUSINESS

02.1. INCOME GENERATED

ENDESA's 2009 net income was Euro 3,430 million. This figure is a 1% increase vs. 2008 on a like-for-like basis, i.e., excluding from 2008 accounts earnings from the sale of assets to E.On until the transaction date and the capital gains from the divestment (Euro 4,798 million, net) and excluding the sale of assets to Acciona (Euro 1,035 million) from 2009 results. Stripping out these factors, net income would have fallen by 52.2%.

Net income of continuing operations attributable to ENDESA shareholders

	Euro million	% chg. vs. 2008 (1)	% contribution to total net income
Spain and Portugal	2,759	24.9	80.4
Latin America	671	32.6	19.6
TOTAL	3,430	52.2	100.0

(1) Income for 2008 included Euro 4,454 million relating to discontinued activities in Europe sold to E.On in June 2008.

02.2. REVENUES, EBITDA AND EBIT

In 2009, electricity generation declined due to a fall-off in demand, although both revenues and costs rose, due to changes in Spanish laws governing distribution. Revenues jumped to Euro 25,692 million, posting an increase of 12.5%, while variable costs rose 15.7% and fixed costs went up 14.7%, which put EBITDA at Euro 7,228 million, 4.8% more than in 2008.

Euro **494** million in synergies with Enel (113% of the stated target)

EBIT stood at Euro 5,052 million, 3.5% less than the previous year. The fall in EBIT with respect to the increase in EBITDA owes to the Euro 515 million rise (31%) in the depreciation and amortisation charge, of which Euro 212 million correspond to one-off items. Also in 2009, Euro 494 million of synergies were obtained with Enel, 113% of the stated target. The greatest savings were made through improved distribution practices (Euro 164 million) and improved generation and fuel practices (saving Euro 157 million). The rest of the synergies were obtained in systems and other areas such as underlying structure and general services.

	2009 results					
	Revenues		EBITDA		EBIT	
	Euro million	% chg. vs. 2008	Euro million	% chg. vs. 2008	Euro million	% chg. vs. 2008
Spain and Portugal	17,473	20.7	4,060	3.4	2,555	9.6
Latin America	8,219	1.6	3,168	6.7	2,497	3.7
TOTAL	25,692	12.5	7,228	4.8	5,052	3.5

02.3. INVESTMENTS

ENDESA invested Euro 4,180 million in 2009. Of this amount, Euro 3,493 million was capex and the remaining Euro 687 million corresponded to financial investments, including the acquisition of part of the assets of the Irish state electricity company, Electricity Supply Board (ESB), for Euro 444 million. The acquisition encompassed 1,068 MW in operation across four sites, representing close to 16% of Ireland's aggregate nameplate capacity.

Investments: Euro 2009 million

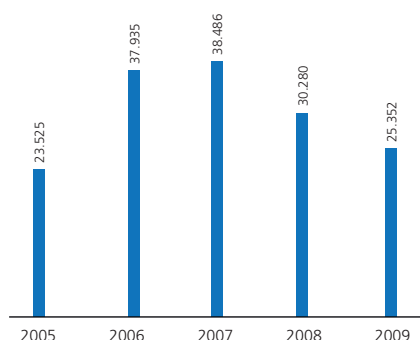
	Capex and intangible assets	Financial investments	Total
Spain and Portugal	2,403	569	2,972
Latin America	1,090	118	1,208
TOTAL	3,493	687	4,180

03. CREATING VALUE FOR SHAREHOLDERS

03.1. ENDESA'S SHARE PERFORMANCE

Despite the economic crisis, the world's leading stock markets closed the year with gains due the improved macroeconomic outlook that took hold during the second half of 2009. The electricity sector was one of the underperformers and all the European electricity companies were affected by the fall in demand and the sharp decline in electricity prices. The 0.82% drop registered by the Eurostoxx Utilities index was a clear reflection of sector companies' weak share price performance.

ENDESA's market capitalisation 2005-2009
(Euro million)



ENDESA was not exempt from this trend although corporate issues such as the changes in the shareholder structure following the agreement signed between Acciona and Enel on 20 February 2009, the decision taken by National Energy Commission (CNE) on 3 March to free Enel from the obligation of launching a de-listing tender offer and the unprecedented dividend of Euro 5.897 per share paid on 16 March also had a significant impact.

As a result of this share price performance, ENDESA had a total market capitalisation of Euro 25,352 million at year-end 2009.

03.2. HIGHEST DIVIDEND EVER

On 16 March 2009, ENDESA paid shareholders the highest dividend in the history of the company, Euro 5.897 per share (gross) against 2008 earnings.

This dividend, which implied a total payout of Euro 6,243 million, included an ordinary dividend of Euro 1.5934 per share and Euro 4.3036 per share relating to the distribution of 100% of the net capital gain obtained in 2008 from the sale of assets to the German group E.On.

This ordinary dividend, equivalent to a distribution of Euro 1.5934 gross per share, represented a 12% increase on the total ordinary dividend paid to shareholders against 2007 earnings.

Additionally, at its meeting held on 14 December 2009, ENDESA's Board of Directors agreed to pay a gross dividend to shareholders of Euro 0.50 per share against 2009 earnings. The final dividend for 2009 amounted to Euro 0.528 per share (gross) and was paid on 4 January 2010 and involved a total payout of Euro 529 million.

SHAREHOLDER QUESTIONS...

Could I have more details on the breakdown of the gross dividend amount of Euro 5.897 per share that the company will pay out on 16 March?

ENDESA's Board of Directors, at its meeting on 20 February 2009, agreed to pay shareholders an interim dividend charged against 2008 earnings of Euro 5.897 per share, bringing total shareholder remuneration to Euro 6,243 million.

This interim dividend coincides with the total amount the Board of Directors will propose to the General Shareholders' Meeting as part of the agreement on the distribution of 2008 earnings.

This dividend includes the payment of 100% of the net capital gains obtained by the group in 2008, which totalled Euro 4,556 million and Euro 1,687 million in dividends to be charged against ordinary profit. This represents a 12% increase on the total ordinary dividend paid to shareholders charged against 2007 earnings. Given that Endesa's share capital comprises 1,058,752,117 shares, this is equivalent to Euro 5.897 per share. Euro 4.303 correspond to a special dividend and the remaining Euro 1.594 to the ordinary dividend.

Shareholders' Office

03.3. PROFITABILITY

The total return for ENDESA's shareholders in 2009 was affected by the payment of the aforementioned record dividend.

Total shareholder return
of **4,34%** in 2009

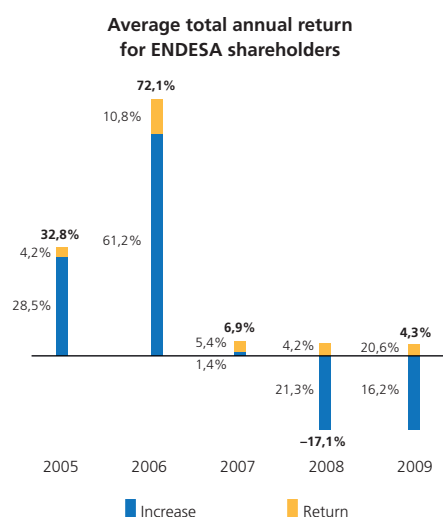
As we have already seen, following the dividend paid in March, the share price hit a low of Euro 13.96 on 30 March. From this level, ENDESA's share price rebounded sharply to close the year at Euro 23.945 per share, 16.28% down on 2008. However, this stock market loss was offset by the 20.62% dividend yield, putting the total shareholder return in 2009 at a positive 4.34%.

In the last five years, the total annual return for ENDESA shareholders has averaged 19.79%.

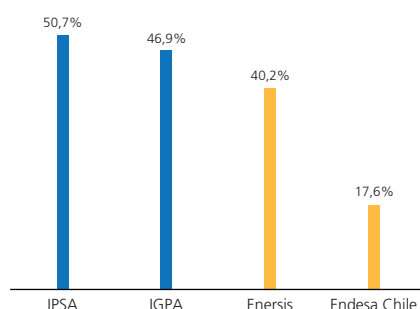
03.4. ENDESA ON THE IBEX-35

Following Enel and Acciona's successful takeover bid in October 2007, ENDESA returned to the Ibex-35 index, although with a free float market cap of 0.05, reflecting its free float of 7.94%.

One of the main reasons why ENDESA is still listed on the Ibex-35 is its high liquidity.



Performance by Enersis and Endesa Chile on the Santiago Stock Exchange and comparison with the main benchmark indices (2009)



ENDESA's investment in **Enersis** and **Endesa Chile** in New York increased **79.43%** and **50.10%** in 2009, respectively

In absolute terms, including trading on the Spanish stock market (continuous market) and block trades and special transactions, the average daily number of shares traded in the company in 2009 was 1,924,981, up 107.5% on the figure of 927,717 shares traded in 2008.

The effective volume traded in 2009 was Euro 15,627 million, i.e. 124.5% higher than in 2008.

03.5. SHARE PERFORMANCE BY ENERSIS AND ENDESA CHILE

The main Latin American stock market indices closed 2009 with substantially higher gains than their European counterparts, putting them at the forefront of the expected global recovery.

In Chile, the Santiago Stock Exchange closed at a record high. ENDESA's main Chilean investees were driven up by this positive stock market performance and closed the year with substantial gains. Enersis' share price rose 40.17% to close at 230.91 pesos per share, the highest price seen since 2000. Endesa Chile shares rose 17.62% to 863.29 pesos, very close to the record high reached on 15 July of the same year (902.39 pesos per share).

The stock market performance of Enersis and Endesa Chile shares in dollars was better than the performance in local currency. Enersis' ADR (American Depositary Receipt) closed the year up 79.43% at USD 22.86. Endesa Chile's ADR rose 50.10%, closing the year at USD 50.27.

On the Latibex market, Enersis rose by 77.06% to Euro 16.13 per share, and Endesa Chile increased 46.41% to close the year at Euro 35.68 per share.

Key share price data for ENDESA, Enersis and Endesa Chile in 2009

	High	Low	Average	Closing price	Annual gain/loss (%)	Volume of shares traded
Madrid stock exchange						
ENDESA (Euro/share)	29.67	13.96	20.03	23.945	-16.28	488,945,396
The Chilean Stock Exchange						
Enersis (pesos/share)	230.91	163.13	189.36	230.91	40.17	5,211,026,229
Endesa Chile (pesos/share)	902.39	710.36	809.57	863.29	17.62	1,275,190,243
NYSE						
Enersis (USD/ADR)	22.86	12.96	17.14	22.86	79.43	164,878,510
Endesa Chile (USD/ADR)	51.11	34.14	43.85	50.27	50.10	38,225,245

04. WEALTH GENERATION IN 2009

At ENDESA we are aware that we are suppliers of a service that is vital to social and economic development. The company plays a decisive role in helping create a balanced, diversified, efficient and environmentally-friendly power generation and distribution infrastructure in the countries and areas where it operates.

ENDESA is therefore a major driving force behind wealth generated directly and indirectly through shareholder return, job creation either as staff or suppliers and contractors, RDI investments, tax payments to cover the needs of the community and social initiatives aimed at benefiting the communities where it operates.

Wealth generation			
Euro million	2007**	2008***	2009
Direct economic value generated	18,849	27,803	25,692
Economic value distributed	15,605	24,282	21,652
Dividends	1,917	6,243 (1)	1,088 (2)
Operating and other fixed expenses	10,277	14,327	16,476
Personnel expenses	1,593	1,693	1,994
Taxes and duties*	985	1,204	1,375
Investment in social projects	36	35	39
Finance expenses(*)	797	802	682
Retained economic value	3,244	3,521	5,596

* 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.

(1) At its meeting on 20 February 2009, ENDESA's Board of Directors agreed to pay shareholders an interim dividend charged against 2008 earnings of Euro 5.887 per share, bringing total shareholder remuneration to Euro 6,243 million, which was paid on 16 March 2009.

(2) At its meeting on 22 February 2010, ENDESA's Board of Directors agreed to pay shareholders an interim dividend charged against 2009 earnings of Euro 1.028 per share, bringing total shareholder remuneration to Euro 1,088 million.





Commitment
to the environment

100% of electricity distribution around the world is certified

93.37% of the energy generated is ISO 14001 certified

83.1% deduction in SO₂ emissions in Spain and Portugal since 2007

Founding of
Biodiversity Committee
 in Latin America

ENDESA aspires to have an “excellent” environmental management policy, focusing on its environmental impacts and protection of the environment in the communities in which it operates. Environmental awareness is strong across all the company’s processes, systems and people and characterises its corporate culture.

In 2009, ENDESA therefore continued to fulfil its Commitment to the Environment by conducting its activities in an environmentally-friendly manner, making progress with the roll-out and certification of environmental management systems and dedicating resources to conserving biodiversity. The company also remains committed to ensuring environmentally-related information is transparent and to providing training and disseminating information on environmental issues.

Key actions in 2009

Roll-out of a significant part of the structure of the Biodiversity Conservation Strategic Programme.

Founding of the Biodiversity Committee in Latin America, responsible for launching and implementing the biodiversity conservation strategy in the region.

ISO 14001 certification obtained for the Tahaddart combined cycle power station (Tangiers), which is 32% owned by ENDESA, making it the first electric power station in Morocco to receive international certification.

Completion of the environmental action plan to reduce atmospheric emissions from the company's thermal power stations in Spain.

In 2010 we propose

Steps to improve the integrated water management system.

Implementation of the management methodology and programmes to achieve a balance between assumable risks and investment costs.

Further development of the environmental management systems by obtaining certification for more facilities.

A limit of the impact of emissions regulations on ENDESA. Measurement protocols.

Steps to manage biodiversity conservation.

Key figures

Percentage of hydroelectric and nuclear power stations, ports, mines and distribution facilities awarded ISO 14001 certification.	100%
Percentage decrease in environmental risks in Chile.	12.5%
Percentage reduction in SO ₂ , NO _x and particulate emissions from ENDESA's thermal power stations in the last three years.	78.8% SO ₂
	21.8% NO _x
	55.5% particulates
Percentage reduction in SO ₂ , NO _x and particulate emissions from thermal power stations in Spain in the last three years.	83.1% SO ₂
	20.61% NO _x
	55.5% particulates
Hectares of land at ENDESA's mines restored in 2009.	257.11 ha

Meeting our goals	
CHALLENGES IN 2009	ACTION TAKEN
Definition and classification of emissions to be controlled, and develop control and measurement programmes.	<ul style="list-style-type: none"> • Completion of the Environmental Action Plan to reduce atmospheric emissions from thermal power stations in Spain. • 78.8% reduction in SO₂ emissions, 21.8% cut in NO_x emissions, and a 55.5% decrease in particulate emissions over the last three years. • Roll-out in Latin America of European methodology for controlling CO₂ emissions from thermal power stations. • Preparation of Annual Report on Atmospheric Emissions from Endesa Chile's thermal power stations.
Incorporation of biodiversity conservation criteria in operating procedures.	<ul style="list-style-type: none"> • Founding of a Biodiversity Committee in Latin America. This Committee's first tasks are: <ul style="list-style-type: none"> — To perform an inventory of the biodiversity measures adopted to date. — To compile information on regulations, policies and plans relating to biodiversity conservation and similar issues in each country. — To identify tenders relating to this issue, in which projects performed by the companies comprising the Committee could potentially partake.
Development of the biodiversity conservation strategic programme.	<ul style="list-style-type: none"> • Implementation of the Biodiversity Conservation Programme to reinforce an internal culture, unlock the value of our assets, and instil this culture across all the company's operations. • San Ignacio del Huinay Foundation in Chile: <ul style="list-style-type: none"> — Protect and perform research into fiords. — Publish the guide on benthic fauna in the Chilean Patagonia. — Second scientific expedition to the Patagonian lakes. • In Spain: <ul style="list-style-type: none"> — Clean-up and removal of waste, restoration of perimeter fence, and improvements to access to Sineu Lagoon (Majorca). — Project for environmental improvement at the Cortijo de La Torre located at Bolonia Cove in Tarifa (Cadiz). • Signing of agreements with different entities.
Review of environmental accounting.	<ul style="list-style-type: none"> • ENDESA's accumulated environmental investments and expenditure: Euro 1,920 million and Euro 70.29 million, respectively. • Environmental investments and expenses mainly relate to environmental protection activities, environmental management systems, improvements of facilities, regeneration of areas with high ecological value, and the purchase of carbon certificates.
Software tool for the integration and treatment of environmental data and indicators.	<ul style="list-style-type: none"> • System for the thorough monitoring of all emissions to control characteristics and volumes emitted thereof. • Compliance with parameters stipulated by law, roll-out of technologies that curb emissions, and design measures to reverse resulting impacts. • Completion of the Environmental Action Plan to reduce atmospheric emissions from thermal power stations in Spain.
Review of the pertinent forums, and awards and recognition given for Corporate Social Responsibility initiatives.	<ul style="list-style-type: none"> • Participation in most pertinent forums. Four Corporate Social Responsibility awards and recognition for environmental work.
Unlocking the value of preserving the natural surroundings of our assets.	<p>Through the Endesa Natural Surroundings programme, the company coordinates and implements a number of environmental conservation and protection projects, leading to advanced biodiversity measures including:</p> <ul style="list-style-type: none"> • Carbon Offset Plan. • Signing of agreements with different entities.
Improvement of integrated management of reservoir usage.	<ul style="list-style-type: none"> • Characterisation of reservoirs based on three factors: quality and use of the water, and ecology. • Endesa Chile study into the trophic state of reservoirs in the Ralco and Pangué mountain range.
Analysis of new regulations.	<ul style="list-style-type: none"> • Collection of information on different regulations on the elimination of dried up sections of rivers applicable in each country.

01. ENDESA'S RESPONSE TO ENVIRONMENTAL CHALLENGES

ENDESA is committed to boosting energy efficiency, the rational use of natural resources, and minimising waste, emissions, spillages, and other environmental impacts.

This environmental activity, founded on continual improvements, forms one of the sustainability building blocks of ENDESA's decision-making process and work.

In recent years, several factors have driven ENDESA to give priority to the environment. On the one hand, environmental conservation has become one of the issues that the public value most highly when judging the performance of energy companies. Meanwhile, environmental legislation has been tightened and it has become commonplace for companies in the sector to introduce certified environmental management systems across the board.

In order to minimise the company's impact on the environment, achieve full social acceptance, and position itself as a leader in environmental conservation, ENDESA is committed to achieving a high degree of transparency in this regard, and to moving forward hand-in-hand with its stakeholders. This commitment is reflected in its Environmental Policy, which governs all the company's actions in this area.

ENDESA'S ENVIRONMENTAL POLICY

ENDESA regards environmental excellence as a core value of its corporate culture. Accordingly, in all its activities the Company is respectful of the environment and conforms to the principles of sustainable development, and is firmly committed to the conservation and efficient use of resources.

To fulfil its environmental commitments, ENDESA applies the following basic principles, which are enshrined in its environmental policy:

- Integration of environmental management and the concept of sustainable development in corporate strategy, using environmental criteria documented in the planning and decision-making processes.
- Rational use of resources and reduction of waste, emissions, effluents and other environmental effects, through the application of continuous improvement programmes and the establishment of environmental objectives and targets, ensuring that ENDESA's plants and activities are increasingly respectful of the environment.
- Permanent monitoring, at all locations, of legislative compliance and regular reviews of its plants' environmental performance and safety, reporting on the results obtained.
- Conservation of the facilities' natural surroundings by adopting measures designed to protect plants and animals and their habitats.
- Application of the cleanest, most efficient and economically viable technologies at its facilities and promotion of technological research and development of renewable energy sources.
- Raising awareness of and sensitivity to environmental protection issues, through internal and external training programmes and collaboration with public-sector authorities, institutions and citizens' associations in all areas where it is active.
- Encouraging contractors and suppliers to implement environmental policies based on these same principles.
- Promoting energy saving and the rational and balanced use of energy sources among its customers and across society in general.

The company's response to the significant environmental challenges faced is embodied in the programmes and measures comprising the 2008-2012 Environment Plan, which ENDESA has devised to promote a new, global and sustainable energy model.

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.

01.1. ENDESA'S 2008-2012 ENVIRONMENT PLAN

ENDESA's 2008-2012 Environment Plan sets out the objectives, programmes and initiatives included in the 2008-2012 Sustainability Plan, and underpins the progress made through the 2003-2007 Strategic Environment and Sustainable Development Plan (PEMADS), and therefore applies the principles established in the company's Environmental Policy.

The Plan has three main goals: combating climate change, one of the key goals established in the 2008-2012 Environment Plan due to its particular relevance to and implications for the business; striving for excellence in environmental management, which in turn revolves around three key areas: integrated water management, the management of environmental risks and liabilities, and advanced environmental management; and managing biodiversity conservation.

Strategic goals and action plans:

Combating climate change*, achieved through five strategic objectives:

1. Active participation in the development of renewable energies.
2. Spearheading new developments in technology leading to reduced CO₂ emissions and a change to the energy model.
3. Development of energy efficiency and cogeneration opportunities.
4. Leading the development of a sustainable transport model based on electric vehicles.
5. Developing a portfolio of Clean Development Mechanisms (CDM).

Striving for excellence in environmental management, achieved through three strategic objectives:

1. **Integrated water management.** Several work programmes will be rolled out:
 - Promotion of efficient use of water and protect water quality in all processes.
 - Treatment of waste water and ensure effective control of spillages at all facilities, including minimising waste and spills.
 - Elimination of dried up sections of rivers through programmes to ensure minimum flows.
 - Integrated reservoir management, involving measuring the quality of water therein and applying corrective measures where necessary to improve the physical and ecological conditions and use of reservoirs.

* Information on steps taken by ENDESA to combat climate change is disclosed in the chapter on climate change.

2. **Management of environmental risks and liabilities.** Through steps such as:

- Classification of all facilities based on the environmental risks and liabilities to which they are exposed.
- Risk evaluation by applying the methodology developed in 2009.
- Risk management by implementing measures to mitigate risks classified as critical and eliminate specific environmental liabilities.

3. **Advanced environmental management.** The following steps will be taken to achieve this goal:

- ISO 14001 and EMAS certification programmes, improve the quality of environmental management and minimise impacts on the environment.
- Integrated systems: environment, quality, safety and risk prevention.
- Development of a new methodology for evaluating new projects based on sustainability criteria.
- Environmental Audit Programme.
- Application of benchmark environmental management programme by contractors and suppliers.
- Management of penalty proceedings in each company.
- Improvements to environmental reporting.

4. **Management of biodiversity conservation.** Three work programmes will be conducted to fulfil this strategic objective:

- Incorporation of biodiversity conservation criteria into operational procedures of facilities.
- Implementation of measures to avoid risks to biodiversity to ensure this issue is factored in to decision-making regarding the use and management of assets.
- Development of a Biodiversity Conservation Strategic Programme to be applied in all facilities and ENDESA companies.

The milestones reached in relation to these strategic goals and the main activities performed during 2009 are described on the following pages.

The objectives of the 2008-2012 Strategic Sustainability Plan and the Environmental Policy are ENDESA's main guidelines for running a responsible, efficient and competitive business.

02. SIGNIFICANT INVESTMENTS

ENDESA has invested heavily to achieve excellence in the area of environmental management. In 2009, accumulated environmental investments and expenditure amounted to Euro 1,920 million and Euro 70.29 million, respectively, exceeding the amounts spent in the previous year and remaining in line with that spent previously.

Euro 762 million
in investments in 2009

Accumulated investment in environmental assets (Euro million)		
2007	2008	2009
1,482	1,158	1,920

Expenditure on environmental assets (Euro million)		
2007	2008	2009
109	62	70

The company's environmental investments were mainly earmarked for waste management infrastructure, reducing the visual impact of its installations, environmental improvements in the quality of service, cutting internal losses during the transformation and distribution of electricity, and purchasing carbon certificates.

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

Classification
of facilities
incorporated into
**Enel's Risk
Programme**

03. MANAGING ENVIRONMENTAL RISKS AND LIABILITIES

The balance between assumable risks and investment costs lies at the heart of ENDESA's approach to managing environmental risks and liabilities. As part of its Environment Plan, the company performs detailed assessments of environmental risks at its installations, and rolls out programmes aimed at mitigating critical environmental risks and eliminating environmental liabilities.

The process of classifying ENDESA's facilities in both Spain and Latin America has been incorporated into Enel's Risk Programme during 2009.

03.1. INTEGRATED ENVIRONMENTAL PERMITS AND ENVIRONMENTAL IMPACT ASSESSMENTS

03.1.1. Spain

In Spain, ENDESA obtained five Environmental Impact Statements (EIS) and one provisional and six final Integrated Environmental Permits (IEP) during 2009. IEPs are issued by the Spanish regional governments and replace previous environmental requirements, grouping together all mandatory environmental permits.

Six Environmental Impact Evaluations (initial and environmental documentation) have also been initiated, while nine Environmental Impact Assessments (EIA) have been performed, five of which have been presented for public consideration. Five new IEP requests have also been filed with the authorities.

Additionally, nine reports on non-substantial amendments to environmental permits for various power stations have been prepared due to projects to modify these facilities, as well as 27 studies on issues such as environmental impact, environmental permits pending, atmospheric modelling, waste, etc.

Finally, several projects have been presented on the accumulation of non-hazardous waste at thermal power stations, while the land on which the former Malaga thermal power station was located has been subject to environmental classification.

03.1.2. Latin America

For the past decade, Endesa Chile has conducted Environmental Impact Assessments (EIA) for all its thermal power stations. These assessments define the environmental management approach to be adopted during construction, planning, operation and decommissioning of these facilities, in order to strictly comply with the environmental legislation prevailing in each region in which the company operates. During 2009, the measures established in these assessments were taken to mitigate, minimise or avoid negative impacts during each of the projects to build power stations and associated systems. The company has also performed 10 internal inspections to ensure compliance with all the conditions established by the environmental authority to receive the permits for constructing the power stations and new associated systems. Consequently, the company has not received any fines or warnings in this regard.

The environmental impacts of transmission are controlled through specific assessments and the guarantee extended by the transport secretaries of the regional governments of Chile which oversee the EIAs. Two measures have been taken during 2009 to strictly control the impact of working facilities on the environment:

- Procedures have been introduced to identify, assess and monitor environmental impacts associated with the operation of power stations, which are established in the ISO 14001-certified environmental management systems.
- Plans have been put in place to ensure the environmental commitments established in order to obtain environmental permits for projects prior to construction are fulfilled.

For example, this is the eleventh year that the Ralco hydroelectric power station (Chile) has been subject to external audit regarding the specific environmental commitments it assumed with the public authorities.

Regarding other studies, an investigation has been carried out to define a strategy for measuring methane emissions from Endesa Chile's reservoirs. A methodology has also been devised to calculate the carbon footprint of the Bocamina and Rapel power stations, as part of a pilot project.

In Chilectra, an Environmental Impact Statement was prepared for the project to reinforce the 110 kV San Cristóbal, Tap Recoleta and El Salto power lines, which also led to an assessment of gas and particulate emissions. Studies of electromagnetic fields and radio interference were also conducted.

In Columbia, the Environmental Management Plan for the operation and maintenance of high-voltage power cables has also been presented to the authorities, while the Environmental Authority has approved the environmental section of the plan to construct the Florida substation.

Integrated Environmental Permits and Environmental Impact Assessments		
Spain	Environmental Impact Statements	Compostilla CC
		La Pereda CC
		Ceuta DP, expansion with GT 12 and DG 13
		Las Salinas DP, expansion with DGs 10 and 11
		Punta Grande DP, expansion with DGs 11, 12 and 13
	Integrated environmental authorisations	Compostilla CC
		Ceuta DP, expansion with GT 12 and DG 13
		Las Salinas DP to DG 9
		Candelaria TP
		Jinámar TP
		Arona GTs
		El Palmar DP (provisional)
	Environmental Impact Assessment reports	15 MW GT and DG 16 of the Los Ginchos DP
		HV cable for Escatrón CC
		HV cable for Ledesma CC
		Water supply for Ledesma CC
		DG 15 for Melilla DP
		Gas pipeline for Puerto de Gijón CC
	Environmental Impact Assessments provided for public consultation	CC III for Barranco de Tirajana TP
		Barranco de Guerepe (Fuerteventura) GT
		DGs 16 and 17 for Llanos Blancos DP
		DGs 6B, 7 and 8 and Ibiza DEP
		Alcalá de Guadaira distributed GT
	IEP requests made to public authorities	Barranco de Tirajana TP, expansion with CC III
		Barranco de Guerepe GT
		Expansion of Ibiza DEP with GTs
		Expansion of Las Salinas DP with DPs 10 and 11
		Alcalá de Guadaira GT
	Reports on non-substantial amendments to environmental permits	Los Guinchos DP
		Cas Tresorer TP
		Son Reus TP
		Ibiza DEP (2)
		Melilla DP (2)
	Projects on non-hazardous waste deposits	Ceuta DP (2)
		Constructive documentation on the closure of the Valdeserrana deposit (Teruel TP)
		Project to improve the waste deposit at the Alcudia TP
		Project to seal and improve the waste deposit at the Compostilla TP
		Technical and environmental definition and improvement of the non-hazardous waste deposit at the Litoral Almería TP
	Land classification	Former Malaga TP
Colombia	Environmental Impact Assessments	Quimbo HP
Chile	Environmental Impact Assessments	Prospecting gallery at Neltume HP
		Expansion of Bocamina S/E
		Expansion of ash deposit at Bocamina TP
		Piriquina SHP
Ireland	Environmental Impact Assessments	Punta Alcalde TP
		Great Island TP
		Tarbet TP

CC: Combined Cycle. TP: Thermal Power Station. DP: Diesel-fired Power Station. HP: Hydroelectric Power Station. SHP: Small Hydroelectric Power Station. GT: Gas Turbine. DG: Diesel Group.

03.2. ENVIRONMENTAL INCIDENTS

As this report shows, ENDESA's concern for the environment drives it to go beyond merely complying with environmental legislation. Despite its efforts, some incidents did arise during 2009.

03.2.1. Spain

There are three legal actions ongoing amounting to over Euro 2 million against Endesa Distribución Eléctrica, S.L. and it is possible that compensation payable for various claims (damages and injury from forest fires in Catalonia) could total Euro 44 million.

The Catalan Regional Government fined the company Euro 10 million for power cuts in Barcelona in 2007. An appeal has been filed to suspend this fine, which has been accepted by the Catalan Supreme Court of Justice.

The Ministry of Industry, Tourism and Trade also imposed four fines totalling Euro 15 million on Endesa Generación, S.A., in its capacity as the operator of the Ascó I nuclear power station, in relation to the emission of radioactive particles from this plant which led to four serious offences. This order has been appealed against in the Supreme Court. The Director General of Energy Policy and Mines also imposed two fines totalling Euro 90,000 for minor offences committed in relation to the same incident. Appeals have been filed against these fines, which are currently pending resolution.

03.2.2. Latin America

Chile

As part of ongoing improvements, Endesa Chile immediately reacts to environmental contingencies by implementing mitigation measures. It also registers environmental incidents in order to investigate and analyse these events and establish processes that permit steps to be taken to minimise the risk reoccurring in the future. During 2009, two environmental fines were received in relation to the Bocamina and Taltal thermal power stations. The first fine was for the emission of suspended particulate matter, and a breach of the maximum noise levels at night. A fine of Euro 5,200 was imposed. Taltal was fined because it was detected that its waste water treatment plant was not working. A fine of Euro 5,200 was also imposed for this offence.

In Chile, the San Isidro thermal power station registered two environmental incidents: on the one hand, the 1,500 m³ diesel retaining pool, which receives waste from the cleaning of filters and rainwater, overflowed and contaminated approximately 1 m² of land. A sack of contaminated material also burst during maintenance work, leading to the spillage of oil on the ground. Fifty litres of petroleum was split at the Huasco thermal power station as a result of a leak from an intermediate chamber in the storage tank.

Finally, a heat exchanger at the Sauzal thermal power station ruptured, leading to the, presumably gradual, spillage of 2,000 litres of oil in the power station's unloading area and the contamination of water in the transformer box.

Colombia

In Colombia, Codensa had to deal with three incidents in the San Mateo, Muzó and La Paz substations, which led to the spillage of oil on gravel. These incidents, which were properly dealt with by the substation's maintenance crew, did not lead to ground or water contamination, and the material impregnated with oil was treated by authorised centres.

ENDESA's directors consider that the provisions on the consolidated balance sheet sufficiently cover the risks associated with the legal action, arbitrage, and other proceedings described above, and therefore do not expect additional liabilities to arise as a result of these incidents.

Due to the nature of the risks covered by these provisions, it is not possible to reasonably estimate the timing of any disbursements that may have to be made in relation to these incidents.

03.3. ELIMINATION OF ENVIRONMENTAL LIABILITIES

12,5%
reduction
of environmental liabilities
in Chile

In 2009, the 16 environmental liabilities still remaining in the power stations in Chile were reduced by 12.5% (equivalent to two liabilities) by resolving issues related with the construction of transformer boxes and eliminating fuel contaminated with lead.

As a result of the new definition of an environmental liability, which includes liabilities arising during the operation of power stations, 67 liabilities still remained at year end. This new scenario applies to facilities in Argentina, Chile and Peru.

What is an environmental liability?

An environmental liability is a debt a project owes to the environment; or, during the operational phase, comprises equipment, components or materials which, for environmental reasons, are not currently authorised for use in the generation of electricity.

Environmental liabilities must be eliminated, and are therefore given a code to ensure they are correctly identified and classified according to their relative importance.

04. WASTE MANAGEMENT AND REDUCTION

ENDESA has established systems for cutting and managing waste, which are continually revised in order to identify and make improvements.

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

- **Gypsum, ash and slag** from the thermal and coal-fired units, a large part of which is sold as a by-product or reused at the same facility.

- **Waste from the reservoirs** associated with hydroelectric plants, comprising sediment deposited as a result of the reduced speed and volume of river flow 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 reduction measures applied

Waste reduction measures focus on recycling containers, reusing oil, replacing batteries with others that have a longer life or are rechargeable, removing transformers containing PCBs (polychlorophenols), gradually removing components containing asbestos, recovering inert waste, and treating cleaning solvents for reuse.

During the year, the programme to eliminate transformers containing more than 500 ppm of PCB continued in accordance with Royal Decree 228/2006. A large number of transformers contaminated with between 50 and 500 ppm of PCB were also removed by Endesa Distribución Eléctrica after reaching the end of their useful lives, or because it was decided that they would be scrapped because they needed to be dismantled due to changes in voltage or power rating or some other reason. These transformers make up approximately 8% of the total inventory of assets with this level of contamination.

Waste at ENDESA in 2009 (tonnes)

	Hazardous waste (HW)	Non-hazardous waste (NHW)
Spain and Portugal		
Thermal generation units	8,218.72	78,024.40
Hydroelectric generation units	242.09	1,452.49
Mining	310.05	1,359.77
Nuclear	519.35	2,815.59
Renewables	132.08	7,995.82
Distribution	4,865.13	115,842.08
Latin America		
Thermal generation units	867.31	1,985.26
Hydroelectric generation units	396.19	2,384.95
Renewables	1.30	1.18
Distribution	1,195.26	75,131.31
Other countries		
Thermal generation units	850.16	405.85

04.1. RECOVERY OF RESIDUAL ASH AND SLAG

ENDESA recovers the residual ash and slag produced at its coal-fired power stations which are mostly located on the Iberian Peninsular, for use as a raw material in other industrial processes.

**Production and management of ash, slag and gypsum
at ENDESA's coal-fired power stations (Spain and Portugal)**

	2007	2008	2009
Ash (t/year)			
Produced	2,833,624	1,911,279	1,207,449
Recovered	2,033,646	1,654,192	947,889
Restored	722,942	90,256	27,387
Landfill	64,679	166,831	232,174
Slag (t/year)			
Produced	481,640	321,848	143,624
Recovered	55,318	14,880	7,708
Restored	99,142	2,791	1,030
Landfill	317,881	304,177	134,886
Gypsum (t/year)			
Produced	827,076	1,133,493	769,896
Recovered	1,073	8,773	48,990
Restored	0	0	0
Landfill	826,003	1,124,720	720,907

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

	2007	2008	2009
Produced (thousand t/year)	158.1	105.1	66.6

05. CERTIFICATION OF ENVIRONMENTAL MANAGEMENT SYSTEMS

93.37%
of energy generated is
ISO 14001 certified

During 2009, ENDESA continued to roll out and obtain ISO 14001 and EMAS certification for its environmental management systems at the facilities in the main areas and countries in which it operates.

05.1. SPAIN AND PORTUGAL

05.1.1. Generation

At year end, 80.63% of the ISO 14001-certified thermal power capacity in the generation business was owned Endesa España y Portugal. All hydroelectric and nuclear power stations, ports, mines and distribution facilities are 100% ISO 14001-certified. The Almeria thermal power unit and the Cristóbal Colón combined cycle power station (both of which are ISO 14001-certified) were registered with the EMAS during the year.

At year end, 93.37% of the energy produced by the company worldwide held ISO 14001 accreditation. Of this amount, 88.91% corresponds to ENDESA's installations in Spain and Portugal while 99.8% is from its operations in Latin America and 40.49% corresponds to its business in Europe.

Continuing its policy of obtaining accreditation for its environmental management system and registering all new facilities with the EMAS, during 2009 the company implemented the Environmental Management System in the thermal power unit in Compostilla (Leon), which is now prepared for certification in 2010; while phase I of the process to obtain certification for the As Pontes combined cycle power station (A Coruña) has been completed. On obtaining accreditation for these two facilities, 87% of the installed thermal power capacity will be certified. It is planned that these two power stations will be registered with the EMAS in 2010.

ENDESA's accredited energy (%)

	2007	2008	2009
Spain and Portugal	89.18	85.5	88.91
Latin America	94.20	99.7	99.83
Other countries	n/a	n/a	40.49
TOTAL	90.05	91.4	93.37

ENDESA's accredited capacity (%)

	2008	2009
Spain and Portugal	76.47	85.03
Latin America	100	97.08*
Other countries	n/a.	72.22
TOTAL	85.57	89.58

* The Quintero TP has been brought on line, which will be certified in 2010.

05.1.2. Mining

In mining, ISO 14001 accreditation for the Andorra mining complex has been extended to include the limestone quarry, while work has started to implement an environmental management system at the Puertollano mining complex for subsequent accreditation.

05.1.3. Distribution

In 2009, ENDESA obtained certification for Endesa Distribución Eléctrica in Andalusia and Extremadura, whereby the five major regions in which ENDESA distributes electricity are now accredited. Consequently, 100% of the company's electricity distribution in Spain is certified.

During the year, several external annual audits were successfully completed in the Canary Islands, Aragon and Catalonia, and Andalusia and Extremadura. An extraordinary audit in Aragon was also completed successfully, along with a

review to verify progress of the plan to implement corrective measures adopted to obtain accreditation. Finally, an audit was also performed to renew Endesa Distribución Eléctrica's certification in the Balearic Islands.

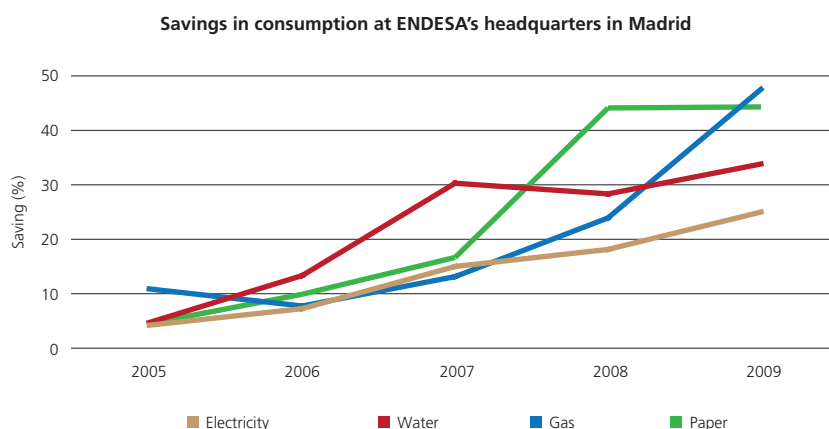
05.1.4. Endesa Cogeneración y Renovables (ECyR)

ECyR has obtained ISO 14001:2004 certification for the environmental management system in the Garraf joint venture (Barcelona), which is also registered with the EMAS.

05.1.5. ENDESA headquarters

ENDESA's headquarters in Madrid also has an environmental management system, which was certified after it was rolled out in 2004.

During 2009, several steps were taken to reduce energy consumption and separate waste, which have led to electricity savings of 8.47%, a 7.87% reduction in water consumption, a 31.6% decrease in the use of natural gas, a 0.48% reduction in the amount of paper used, and a 20% improvement in the separation of waste at source since these measures were adopted.



During 2009, measures taken to reduce consumption and separate waste included the following:

- Replacement of 50 W halogen bulbs for 11 W energy efficient bulbs.
- Installation of sun screens on the fifth floor and one of the building's façades.
- Programming of air conditioning unit to increase the period during which air is cooled using free-cooling.
- Campaigns to raise awareness of and provide training on separating waste at source.
- Increased supervision of contractors to ensure they comply with their environmental obligations.
- Ongoing control to ensure waste is correctly separated in the different containers located throughout the building.



ENDESA headquarters in Madrid.

AENOR certifies high quality of the air in the headquarters in Madrid

The Spanish Association for Standardisation and Certification (AENOR) has certified ENDESA's indoor air quality inspection procedures in accordance with UNE 171330-2:2009 Indoor Air Quality. This accreditation refers to the quality of the air breathed in with respect to cleaning and filtering (dust, particles in suspension, micro-organisms, and allergens), the lack of noxious gases, humidity, and temperature.

05.2. LATIN AMERICA

Practically 100% of ENDESA's facilities in Latin America are ISO 14001-certified. In the generation business, 97.08% of installed capacity is certified, while in distribution, 100% of the distribution companies hold ISO 14001 accreditation. Facilities that are in the process of obtaining certification are in Chile and involve new generation projects.

05.3. OTHER COUNTRIES

05.3.1. Endesa Ireland

The four thermal power stations acquired by ENDESA in 2009 were subject to a preliminary exhaustive environmental due diligence to assess the status of their installations and the land on which they are located.

At the end of the year, 99.21% of the energy generated by ENDESA in Ireland held ISO 14001 accreditation.

In Ireland, 99.21% of the energy generated by ENDESA's power stations is certified, representing 80.52% of its certified installed capacity.

The company has drawn up an Environmental Master Plan setting out a series of activities affecting its power stations and its subsidiary's processes and organisation.

ENDESA is also working on obtaining environment permits for two new combined cycle power stations to ensure they are more efficient and environmentally friendly, and total global CO₂ emissions to be cut.

05.3.2. Morocco

The Tahaddart combined cycle power station in Tangiers, in which ENDESA has a 32% stake through Energie Electrique de Tahaddart, has successfully obtained ISO 14001 certification, which it officially received in March 2010 making it the first electric power station in Morocco to obtain international

1st certified electric
power station
in Morocco

accreditation. The installations, located in a nature reserve, are already a benchmark in this country.

06. SPILLAGE CONTROL

ENDESA has procedures in place to help control and reduce spillage into water systems and improve water quality, mainly through waste water treatment facilities.

During 2009, projects were conducted to confine contaminated waste water from the four hydroelectric power stations to sealed septic tanks, while decanting tanks have been installed at a further two facilities. No significant spillages were reported at the company's installations during the year. Discharges, mainly from the cooling systems of thermal power stations, have primarily been industrial in nature. All these discharges have been regularly monitored and fall within the limits stipulated by applicable local law.

In 2009, spillages across all ENDESA's power stations fell by 6% compared to 2008. This reduction was 8% among thermal power stations over the same period.

Spillages from
thermal power
plants fell
8% in 2009

ENDESA's industrial discharges (Hm³)

	2008	2009
Spain and Portugal		
Conventional thermal power stations	34.83	31.8
Combined-cycle plants	0.52	0.51
Nuclear	0.66	1.53
Latin America		
Thermal power stations	3.45	3.24
Other countries		
Thermal power stations	n/a	0.01

Exhaustive
system for
monitoring
all emissions

07. AIR QUALITY: CHANGES IN AIR POLLUTION EMISSIONS

ENDESA closely monitors all its emissions to verify their characteristics and the amounts released. The company complies with parameters stipulated by law, rolling out technologies that curb emissions and designing measures to reverse resulting impacts.

07.1. SPAIN AND PORTUGAL

In 2009, the environmental action plan to cut atmospheric emissions from ENDESA's thermal power stations in Spain was completed.

The outcome has been a significant reduction in gas and particulate emissions. Thanks to this plan, 83.1% of SO₂, 20.61% of NO_x and 55.5% of particulate emissions have been cut over the last three years.



Litoral thermal power station, Almería

ENDESA completes its environmental action plan to reduce atmospheric emissions from its thermal power stations in Spain and Portugal

The environmental action plan to reduce atmospheric emissions from ENDESA's thermal power stations in Spain has entailed an investment of Euro 648 million and basically involved the following:

- Installation of flue-gas desulphurisation to cut sulphur emissions.
- Installation of systems to optimise combustion, as well as new burners to reduce nitrogen oxide emissions.
- Improvements to solid particulate filtration systems.
- Adaptation of installations to be able to burn higher quality fuels and thereby cut atmospheric pollution.

The latest project has involved the construction of desulphurisation facilities in group I of the Litoral de Almería thermal power station.

07.2. LATIN AMERICA

Thanks to its pledge to protect the environment and going beyond its legal obligations, during 2009 Endesa Latinoamérica continued to implement European methodology for curbing CO₂ emissions from thermal power stations, which is much stricter than prevailing local regulations and is based on Commission Decision 2007/589/EC.

Application of Endesa Chile's Regulation 19 on atmospheric emissions from thermal generation plants has also been revised in all Latin American countries. The aim is to obtain information on conventional pollutants emitted by power stations that is of the quality and accuracy required by this Regulation, and to ensure this information can be compared and contrasted with all the company's data in this regard. An Annual Atmospheric Emissions Report has therefore been drawn up for Endesa Chile's thermal power stations in Argentina, Chile, Brazil, Columbia and Peru.

Over the last three years, SO₂ emissions from facilities in Latin America have fallen by 9.75%, and particulate emissions are down 66.6%. Emissions of NO_x have risen slightly by 6.6% due to the operating regime of power stations and the quality of fuels used.

As a result of the various measures taken at facilities over the last three years, ENDESA has achieved a 78.8% reduction in SO₂ emissions, cut NO_x emissions by 21.8%, and reduced particulate emissions by 55.5%.

ENDESA's emissions of SO₂, NO_x and particulates

Spain and Portugal	2007	2008	2009
SO ₂ (gSO ₂ /kWh)	5.29	1.11	0.89
NO _x (gNO _x /kWh)	1.94	1.57	1.54
Particulates (g particles/kWh)	0.09	0.05	0.04
Latin America			
SO ₂ (gSO ₂ /kWh)	0.41	0.46	0.37
NO _x (gNO _x /kWh)	0.3	0.36	0.32
Particulates (g particles/kWh)	0.12	0.04	0.04
Other countries			
SO ₂ (gSO ₂ /kWh)	n/a	n/a	1.83
NO _x (gNO _x /kWh)	n/a	n/a	0.89
Particulates (g particles/kWh)	n/a	n/a	0.18
Total ENDESA			
SO₂ (gSO₂/kWh)	3.11	0.85	0.66
NO_x (gNO_x/kWh)	1.24	1.09	0.97
Particulates (g particles/kWh)	0.09	0.05	0.04

08. BIODIVERSITY CONSERVATION

The basic principles and values set out in ENDESA's environmental policy include conserving the natural environment in the regions in which its facilities are located by adopting measures to protect flora and fauna and their habitats.

The 2003-2007 Strategic Environment and Sustainable Development Plan included biodiversity conservation among its corporate programmes. This programme also formed the basis of the current Biodiversity Conservation Strategic Programme included in ENDESA's 2008-2012 Environment Plan, and has been realised through a number of valuable activities to conserve habitats and species.

08.1. ENDESA'S APPROACH

It is impossible to transform natural resources into products and services for humans without affecting to some extent the natural ecosystems in which these resources are found. During 2009, ENDESA followed this clear and simple principle to implement the second year of its Biodiversity Conservation Strategic Programme by continuing its proactive approach to minimising waste, emissions, spillages and other environmental impacts on natural resources, while at the same time promoting the efficient and responsible use of the assets and services that derive from these resources. All these issues are critical to preserving biodiversity. Moreover, ENDESA has built upon its strategic programme by exploring opportunities and partaking in activities to directly conserve biodiversity, as shown in the following sections.

08.2. STRUCTURE OF THE BIODIVERSITY CONSERVATION STRATEGIC PROGRAMME

ENDESA's Biodiversity Conservation Strategic Programme takes a two-pronged approach which combines the action areas of this programme and the biodiversity components they target.

Biodiversity Conservation Plan matrix		Biodiversity components				
		Spaces		Species		
		Use management	Habitat management	Indigenous species	Invasive exotics	
		Adaptation of use of space to a region's vocation and possibilities	Management of characteristics of the habitat to protect, restore or develop populations of target species	Direct measures to protect target indigenous species	Measures to control and/ or eradicate species that threaten biodiversity	
Action areas	Own facilities	Integration of own facilities into local environment and minimisation of environmental impacts	A1	B1	C1	D1
	Affected areas	Integration of own facilities into the environment from a wide geographical, environmental and social perspective	A2	B2	C2	D2
	Research projects	Scientific-technical projects aimed at understanding, protecting and unlocking the value of biodiversity	A3	B3	C3	D3
	Socio-environmental projects	Reinforcement and promotion of social values linked to the environment and natural resources	A4	B4	C4	D4
	Flagship projects	One-off projects to study biodiversity according to location and goals	A5	B5	C5	D5

This matrix, which was conveniently updated in 2009, defines a total of 20 divisions representing the 20 types of action taken by ENDESA in relation to biodiversity. This structure enables the company to find solutions to the interactions between its own activity, biodiversity conservation, sustainable management of its assets, and society's calls for the rational use of natural resources.

As shown below, the geographical scope of the Biodiversity Conservation Strategic Programme is not limited to the specific countries or regions in which ENDESA operates, but goes beyond these boundaries to encompass any area where there is an opportunity to protect biodiversity that fits in with the company's objectives and capabilities.

08.3. STEPS TAKEN IN 2009 AS PART OF ENDESA'S BIODIVERSITY CONSERVATION PROGRAMME

2009 was a landmark year for ENDESA in terms of biodiversity conservation, since the majority of its Biodiversity Conservation Strategic Programme was rolled out with the participation of all the company's lines of business. The main steps taken focused on two priority areas:

- Projects to restore and improve local habitats and areas affected by the company's facilities.
- Projects and studies on conserving biodiversity with a socio-environmental component.

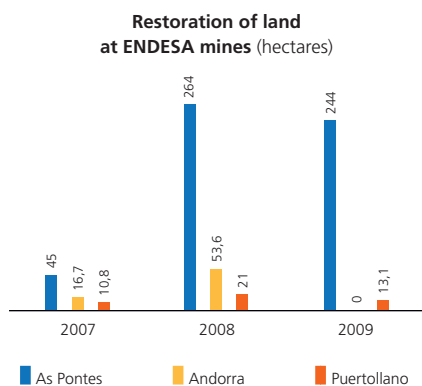
In addition to these two priority areas for 2009, biodiversity activities set out in practically all the divisions of the basic matrix of the programme have continued. In general, this work has focused on achieving the following specific objectives:

- Adapting the physical environment to increase its ability to encourage biodiversity.
- Managing environmental factors (processes) which help improve the habitats of certain species in particular or the biotopes they comprise.
- Identifying natural ecosystems in order to identify their ability to respond to pressures caused through their use, or to unlock the value of the natural assets they represent or house.
- Preserving indigenous species.
- Controlling and eradicating invasive exotics with a severe ecological impact.

In 2009, the company selected 30 initiatives relating to different biodiversity components and in several action areas. All these initiatives are described hereon, accompanied by the division to which they belong based on the basic programme matrix using alphanumerical codes.

08.3.1. Spain and Portugal

- In Aragon, the company has completed work to isolate, signpost and divert six electricity cables as part of an agreement with the Aragon Regional Government. Work has been conducted on 325 kilometres of overhead power cables, improving 61 installations in 18 Areas of Special Interest for birdlife in the three provinces of Aragon. This project has received a European award. (A2)
- Work to decommission obsolete installations or remnants of work in areas related to hydroelectric power stations has continued. This activity has contributed to freeing up spaces that integrate into their surroundings from an aesthetical and functional perspective. In 2009, work was conducted in the areas affected by 17 hydraulic power stations; six in the Ebro-Pirineos hydroelectric production unit and 11 in the Sur hydroelectric production unit. Three of these projects (Nuevo Chorro, Cordobilla and Sant Maurici) were conducted in nature reserves, enabling natural habitats and landscape to be restored. (B1)
- The joint research project with the CSIC, the Andalusian Regional Government, and ENDESA has continued to develop new materials and devices that avoid birdlife being electrocuted by overhead power cables. (A3)



Recovered land at what was once part of the As Pontes mine

- An agreement has been signed with the consortium of local councils in the Ribera del Segre area (Lleida) to cede installations for promoting and disseminating information on the natural values of aquatic ecosystems. (A4)
- Regarding the restoration of mining land, ENDESA is working to restore land at the As Pontes (A Coruña) mine by converting the opencast pit into the largest “natural” lake on the Iberian Peninsular. (B2)
- Work has continued at the Emma mine in Puertollano (Ciudad Real) and the Andorra Mining Complex to restore the local environment, which is contributing very significantly to boosting biodiversity. (B1)
- Endesa Distribución in the South, Andalusia and Extremadura, has continued its collaboration with the Andalusian Regional Government, which started in 2008, providing joint funding for the LIFE+ project entitled “Conservation and management of areas of special protection for steppe birdlife in Andalusia”. This project was selected by the European Commission’s LIFE Committee in 2009 and will run over 47 months starting in January 2010. (B3)

ENDESA participates in I International Conference of Sustainable Mining

ENDESA has participated in the I International Conference of Sustainable Mining in Santiago de Compostela, organised by the Galicia Chamber of Mines in collaboration with the Galician Department of Innovation and Industry, the Official College of Mining Engineers of the Northwest of Spain, the Mining Engineering School at the University of Vigo, and the Galician Official College of Mining Technical Engineers. The evolution of As Pontes and the restoration technique used at this mine were subject to considerable interest and analysis over the three-day event. A selection of the more than three hundred experts that partook in the debates visited the mine to witness at first hand the work to restore the slag heap, and progress made on creating the lake at the mine.

- In order to restore the surroundings of the Sineu Lagoon (Majorca), work has been completed to clean and remove waste, replace the perimeter fence, and improve access to the lagoon. (B2)
- As part of the agreement between ENDESA, the Environment Department of the Andalusian Regional Government, and the Andalusian Network for Land Protection, a project has been completed to improve the environment at Cortijo de La Torre located at Bolonia Cove in Tarifa (Cadiz). (B4)
- Under the project entitled “Endesa Natural Spaces”, the company conducts and coordinates campaigns to conserve and protect the environment on its own land by taking advanced measures relating to biodiversity, such as the Carbon Offsetting Plan, the objective of which is to offset emissions deriving from the energy consumed by ENDESA’s headquarters in Madrid through reforestation. In 2009, Phase I of the project to replant the outer area of the

Through
Endesa Natural Spaces
 the company conducts
 advanced biodiversity
 campaigns

former As Pontes mine (A Coruña) with 38,500 trees was completed, resulting in the reforestation of 47 hectares of land. (B4)

- Measures to protect the osprey and black kite in the Balearic Islands have been completed. Studies performed by the Balearic authorities and ornithologists have shown that the number of incidents involving the overhead cables covered by the project have fallen notably. (C2)
- Finalisation of the study to identify risks affecting birdlife relating to overhead power cables on Lanzarote and Fuerteventura, performed in collaboration with the Spanish Ornithological Society. This work has permitted the identification of critical risk points for birdlife in terms of electrocution from sitting on cables and collision with cables. The most appropriate corrective measures are being rolled out. (A3)



"Inhabitants of the Slag Heap"

ENDESA has launched the book "Inhabitants of the Slag Heap" containing a full inventory of the wide variety of vertebrates living on the slag heap at the As Pontes de García Rodríguez mine (A Coruña). This is a good example of the steps taken by the company to restore the natural environment and is one of the most outstanding activities of its kind in Spain because it has been conducted as part of a project to create a lake in the former mine pit and restore its slag heap.

- Collaboration with the Forest Technology Centre of Catalonia to perform a study into ENDESA's impact on birdlife in the Ebro Basin (Pla d'Urgell district). (A2)
- Study of the biodiversity of entomostracan crustaceans in the Palaearctic region (Iberian lakes and lakes of Mongolia). A limnological catalogue of the lakes and lagoons of Mongolia is being collated, covering more than 400 water bodies and three species of planktonic crustaceans that are new to science (*Gallaziella murae*, *Alona flossneri* and *Linderiella baetica*).
- This project (http://oslo.geodata.es/mongolian_lakes/index.php?page=home&lang=en) is paving the way to draw up a classification and working model for Iberian steppe lakes based on the pristine environments in Mongolia. The work performed has involved a permanent exhibition at the Valladolid Science Museum entitled "Oases of water in thirsty lands", offering information on the ecological characteristics of steppe lakes and the biodiversity existing among planktonic communities. The Mongolian Government's Water Agency, the Asia Foundation and the WWF have deemed this study of significant interest. (C5)
- Research project to eradicate invasive exotics such as the zebra mussel. This study, which is an RDI project that is jointly funded by the Ministry of the Environment (2007-2009), has analysed new methods for controlling the zebra mussel population in reservoirs, as well as fine-tuning techniques for the remote detection of adult zebra mussels. Among the activities performed, a simulation model has been devised to predict how the hydraulic

management of reservoirs can help reduce zebra mussel numbers. New environmentally-friendly products to control and eradicate this species have also been tested. (D3)

08.3.2. Latin America

In 2009, ENDESA founded and installed a Biodiversity Committee in Latin America, the purpose of which is to coordinate and adapt the corporate biodiversity strategy to the specific characteristics of the Latin American companies.

Chile

The San Ignacio del Huinay Foundation has identified **50** new species for science

- Founded in 1998 by Endesa Chile and the Pontificia Universidad Católica de Valparaíso, the San Ignacio del Huinay Foundation is a private, non-profit making institution created with the aim of defending and preserving the bio-geographical heritage of Huinay. Traditionally linked to the study of marine invertebrates, in recent years this Foundation has also started conducting new lines of research such as microbiological studies of thermal sources, plant and animal life inventories, and, more recently, limnological studies of water bodies which had never before been analysed. The result of these scientific endeavours is the discovery of 50 new species and the identification of singular ecosystems. During 2009, the Scientific Centre of the San Ignacio del Huinay Foundation performed the following activities:
 - Establishment of a tree nursery for indigenous forest species using seeds from species found in the local environment. This task was performed as part of the Foundation's plan to actively preserve the environment. (B4)
 - The San Ignacio del Huinay Foundation provides socio-environmental support to the Huinay community, which involves the following: medical and dental care, electricity supply, rapid and free transport for inhabitants, and education through talks and workshops. The aim of this work is to preserve the local population and its interaction with the land through the sustainable use of natural resources. (B4)
 - Limnological research. Work has continued on the study of lake environments within the region covered by the Huinay Foundation, which has led to the characterisation of all 16 water bodies of significant interest. The majority of these water bodies had never been explored, and in order to adapt to extreme conditions, some have quite distinctive annual cycles. The studies into the biodiversity of planktonic communities will help fill in the gaps in knowledge at a regional (Patagonia) and international level. (B5)
 - Marine research. Nineteen research projects have been conducted into the biodiversity of the Comau Fiord. Most noteworthy has been the publication of a book on the benthic marine fauna of Chilean Patagonia, summarising 10 years of research and a total of nine scientific expeditions. (C3)
 - Scientific expedition to the Reñihué Fiord to identify new water bodies and characterise from a biodiversity perspective some of the known water bodies. (C3)
- Other more generic activities include work to protect marine nature reserves and an active involvement in the Alerce Consulting Committee.

Colombia

- Continuation of the project to restore the lagoon and mangrove swamp at the Cartagena de Indias power station, which involves restoring and protecting the indigenous species in the lagoon and tropical swamp on the site of the thermal power station. (B1)
- In April 2009, work started on the conservation and characterisation of ecosystems bordering the Betania hydroelectric power station, which have a high degree of biodiversity. This project involves establishing a reserve for local wildlife and migratory species that use this very fragile area of significant value as a feeding ground or as a stopover or place to rest. The project is being conducted by the Natura Colombia Foundation and involves groups of volunteers comprising workers from Emgesa and its contractors. (B2)
- Planting of 15,300 indigenous trees in the upper basin of the Bogotá River as a voluntary means of offsetting paper use for administrative purposes. (B4)

Brazil

A total of 33 Nature Protection Sites are located in the area covered by Ampla's concession, comprising forests, parks, reserves and ecological stations. Within these areas, the company's facilities occupy an area equivalent to approximately 4.8 ha. The company also has facilities close to several Nature Conservation Units, occupying approximately 6.5 ha. There are 198 kilometres of transmission lines crossing these areas.

The following steps are being taken to preserve biodiversity in these protected spaces:

- Locating power lines above the tree canopy to avoid felling and restricting tree growth.
- Using wooden posts and systems to protect birdlife.
- Reforesting recovered areas.
- Rolling out measures to avoid the fragmentation of ecosystems, visual contamination and the electrocution of fauna.
- Ampla has also developed an operational procedure for installing new grids or connections in Nature Protection Sites and Nature Conservation Units. (A2)
- Projects aimed at studying ichthiofauna in the Paranaíba River in collaboration with the São Carlos Federal University and local fishing associations to improve habitats and promote biodiversity in the Serra do Baturité biota. (B3)
- Donation of land to establish the Mata Atlântica Nature Reserve. (B4)
- Reforestation and maintenance of land surrounding the reservoir of the Cachoeira Dourada hydroelectric power station. Flora and fauna occupying the company's land downstream from the dam have also been protected. (B1)

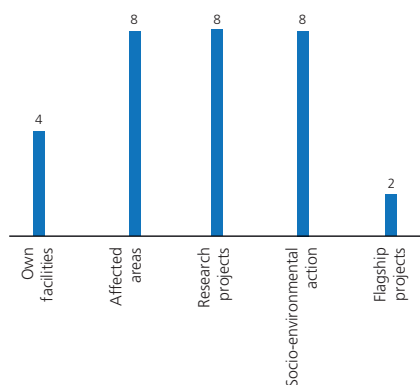
Peru

- Continuation of the study to characterise the physical habitat for fish colonies in the Tulumayo River. (B3)
- Forestation of the Chillón River with a view to creating a forested buffer zone protecting local communities from floods. (B4)
- Edegel's 2010-2012 Biodiversity Working Plan has been drawn up, which has the following targets:
 - Establishment of ENDESA's Biodiversity Committee in Latin America, which will benefit from the participation of ENDESA in Peru.
 - An inventory of regulatory plans and programmes related to biodiversity in Peru.
 - Characterisation and reconnaissance of areas and ecosystems that are of significant value in terms of biodiversity located in areas affected by ENDESA's operations in Peru.
 - Implementation of the Biodiversity Conservation Strategic Programme.
 - Incorporation of conservation criteria in operating procedures and guidelines.

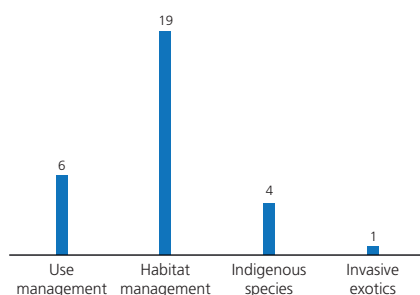
Argentina

- Efforts have continued to protect the environment around the Arroyito hydroelectric power station to boost the indigenous bird population. (B2)

Number of projects performed in 2009
by action area



Number of projects performed in 2009
by biodiversity components



Summary

During 2009, ENDESA conducted its activity in the field of biodiversity focusing on the two main lines of the Biodiversity Conservation Programme: integrating its own facilities into the local environment and areas affected by operations, and conducting projects with a socio-environmental component aimed at strengthening and promoting social values related to the environment and natural resources.

Of the 30 projects conducted during the year, 12 correspond to one of the categories of the first line of action described above (A1/A2, B1/B2, C1/C2, D1/D2), while eight were performed in relation to the second line of action (A4, B4, C4, D4). As part of its efforts to preserve biodiversity, most of the projects (19 in all) conducted by the company focused on habitat management (B1, B2, B3, B4 and B5).

Finally, in 2009 ENDESA made a noteworthy contribution in the area of biodiversity research (A3, B3, C3, D3), with eight projects, and the completion of two research-based flagship projects (A5, B5, C5, D5), which clearly and strongly emphasise the company's commitment to conserving biodiversity where it has had the opportunity.

ENDESA's **Green Mailbox** provides an environmental information service

09. ENVIRONMENTAL INFORMATION AND REPORTING

ENDESA is committed to ensuring environmentally-related information is transparent and to providing training and disseminating information on environmental issues through its environmental service, the "Buzón Verde" (the "Green Mailbox"). This service is used to publish information on its involvement in social initiatives and its participation in workshops, conferences and other events in order to share information on best practices in the field of environmental protection.

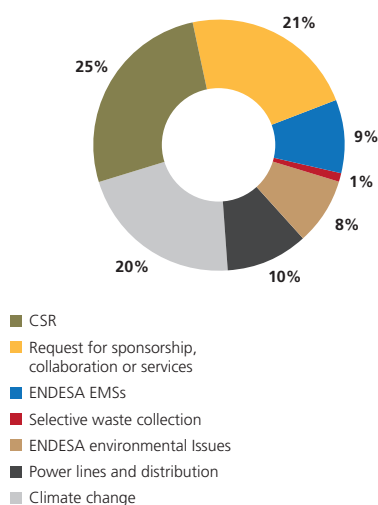
09.1. GREEN MAILBOX

The Green Mailbox is an environmental information service ENDESA offers citizens. The Environment and Sustainable Development Department responds to all emails received or forwards them to the pertinent departments.

During 2009, a total of 79 emails were received, the majority of which (97%) were sent from outside the company through ENDESA's website.

A quarter of the emails sent to the Green Mailbox in 2009 concerned corporate social responsibility, followed by requests for sponsorship and collaboration. Other emails were received in relation to climate change, distribution lines and other environmental issues.

Percentage of emails sent to the Green Mailbox in 2009

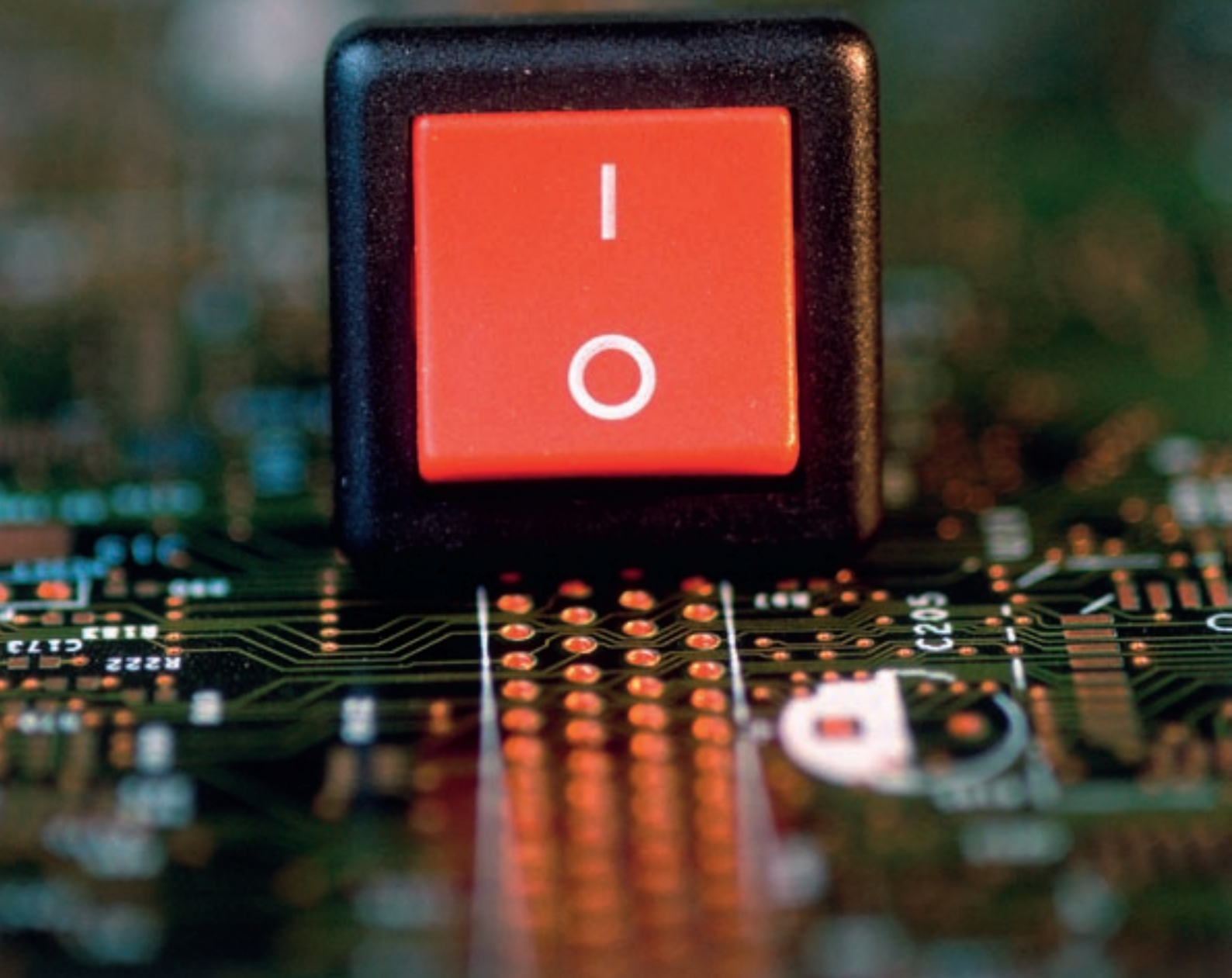


THE GREEN MAILBOX RESPONDS

Does having ISO 14001 certification provide assurance that 100% of the energy consumed has been generated using renewable energies?

It is impossible to confirm that 100% of the energy consumed by a user has come from renewable energy sources because all the energy produced by the different generation companies, irrespective of its source, is mixed prior to being distributed to end consumers. In order to obtain environmental certification, it would however be possible to establish objectives and targets to reduce consumption and encourage efficient electricity use at our facilities.

Green Mailbox



Innovation
and technology
Commitment to efficiency

Euro **45** million earmarked for in-house R&D projects in 2009

70 innovation projects during 2009

37.36% total efficiency rate among all thermal power stations in Spain

1st Spanish company with a remote management system conforming with Spanish and European directives

ENDESA aspires to be a technological leader in the electricity industry and be recognised as such by the markets, its customers, the scientific community, and society in general.

In order to fulfil this goal, during 2009 ENDESA stepped up its research, technological development and innovation activities to achieve the highest levels of efficiency and find solutions to the challenges faced in moving towards a sustainable transport model, focusing on energy efficiency and the development of the electric car.

Meeting our goals	
CHALLENGES IN 2009	ACTION TAKEN
Develop innovation circles (CIDE)	<p>Six forums involving key suppliers and coordinated by the Endesa Network Factory (ENF), through which 29 innovative projects have been developed:</p> <ul style="list-style-type: none"> • High-voltage lines and cables forum. • Electric substations forum. • Medium- and low-voltage forum. • Grid automation forum. • Telecommunications forum. • Supply forum. • Hydroelectric and thermal power stations forum.
Develop "Innovation to cash" programme	70 projects.
Foster RDI with Novare Awards	<ul style="list-style-type: none"> • New edition of the Novare Awards for employees. • New edition of the Novare Awards for the scientific community. A total of 36 entries were studied, which were received from universities, laboratories, private individuals and businesses from four different countries.
Develop training and awareness initiatives (master's degree courses, innovation sessions, public relations and communication campaigns, etc.)	<ul style="list-style-type: none"> • ENDESA-ICAI Master's Degree: <ul style="list-style-type: none"> — Completion of the second course and start of the third. — Jointly coordinated by the Endesa Energy School and the Universidad Pontificia de Comillas (ICAI). — 26 of ENDESA's employees and experts were involved in designing and running the course (40% of its content). • B-TEC: <ul style="list-style-type: none"> — Main sponsor of this Summer University in Barcelona's 22@ district. — Participation in the company. Deals with cutting-edge issues in the energy, water and mobility industries. • Technological Intelligence Programme. Over 30 products have been prepared and disseminated. • Launch of "Tecnósfera" knowledge network, and implementation of a communication plan to raise awareness externally. • Intense involvement in technology platforms. Chair of Spanish Energy Efficiency Technology Platform, and presentation of the Malaga SmartCity programme at the international Smarter Cities conference in Berlin.
Improve generation efficiency	<ul style="list-style-type: none"> • Efficiency and process improvement: <ul style="list-style-type: none"> — CFB500 Project. — CMD Project. — CIDE Condition-based Maintenance Project. • Fuels: <ul style="list-style-type: none"> — Novare Biohydrogen.

Key figures	
Overall efficiency rate of thermal power stations in Spain	37.36%
Percentage reduction in tonnes of coal compared to 2008	20.7%
Percentage reduction in tonnes of liquid fuels (fuel oil and gas oil) compared to 2008	7.4%
Millions of Euros invested in 2009-2013 Technology Plan	233
Energy saved through the Malaga SmartCity project	20%
Movele Plan for electric vehicle recharging stations in Spain	546

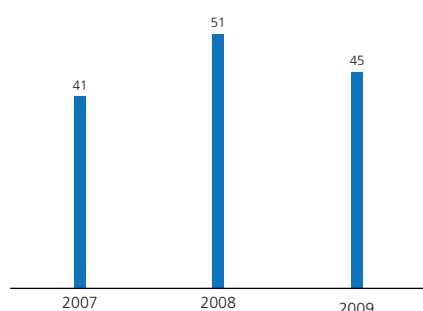
Key actions in 2009
Sector leader in electric mobility.
Intense involvement in various technology platforms.

In 2010 we propose
Launch of ENDESA 2010-2014 Energy Efficiency Global Plan (PGE ³).
Improvements in energy efficiency in Generation and Distribution.
Roll-out of latest generation remote management infrastructure through Project CERVANTES.
Implementation of ENDESA's Energy Efficiency Plan (PE ³). Marketing and sale of products and services related with the efficient use of energy and co-generation.
Implementation of 2009-2013 Technology Plan.
Participation in most relevant technology platforms.
Action to set an example as a model energy consumer with respect for the environment.

ENDESA's 2008-2012 Technology Plan
Allocating 1.2% of the company's EBITDA for RDI and striving to maximise collaboration with and contributions from third parties.
Establishing an optimal RDI project portfolio aimed at providing solutions to the challenges faced by the company's businesses and identifying new opportunities in the future.
Creating an environment that strengthens collaboration with suppliers, universities and technology centres in the development of new technology.
Boosting the company's technological know-how and promoting its dissemination to the maximum possible extent.
Consolidating the management system to maximise its efficiency in RDI activities.

01. RDI IN SEARCH OF CLEANER ENERGY

Direct RDI investment
(Euro millions)



During 2009, ENDESA strengthened its research, technological development and innovation activities to achieve higher levels of efficiency and find solutions to the challenges faced in moving towards a sustainable energy model. The strategic portfolio of RDI projects has been coordinated with Enel in order to optimise its added value in the mid to long term, while efforts have been made to strengthen the areas of interest in the markets in which the company operates.

01.1. FUEL CONSUMPTION

During 2009, ENDESA has managed 11.84 million tonnes of coal, which represents a 20.7% decrease from 2008. It has handled 4.08 million tonnes of liquid fuels (fuel oil and gas oil), which is 7.4% less than in the previous year.

Fuel supplied to ENDESA in Spain and Portugal, including own production

Type of fuel	2007	2008	2009	% Chg
Spanish coal (thousands of tonnes)	7,413	5,081	3,614	-28.9
Imported coal (thousands of tonnes)	10,411	8,801	7,049	-19.9
Oil coke (thousands of tonnes)	266	242	413	70.8
Liquid fuels (thousands of tonnes)	2,959	2,897	2,721	-6.1
Natural gas biofuel (millions of m ³)	128	151	95	-37
Natural gas, combined cycle plants (millions of m ³)	1,532	2,165	1,126	-48

Fuel consumption in Latin America

Type of fuel	2007	2008	2009
Fuel oil (thousands of tonnes)	545,6	495	351,2
Natural gas (millions of m ³)	3,314,9	3,355	3,766,7
Coal (thousands of tonnes)	1,051,6	1,056	1,184,5
Gas oil (thousands of metric tons)	1,207,4	1,018,2	787,6

Fuel consumption in other countries

Type of fuel	2007	2008	2009
Fuel oil (thousands of tonnes)	n/a	n/a	220.8
Natural gas (millions of m ³)	n/a	n/a	154.6
Coal (thousands of tonnes)	n/a	n/a	0
Gas oil (thousands of metric tons)	n/a	n/a	3.5

Energy consumption in Spain and Portugal (GWh)

	2007	2008	2009
Thermal power unit	3,177.7	2,695	2,262.8
Hydroelectric power unit	131.0	182	133.8
Nuclear power	1,067.0	1,085	1,033.7
Cogeneration and renewables	n/a	n/a	52.2
Distribution	84.0	n/a	14.6

Energy consumption in Latin America (GWh)

	2007	2008	2009
Thermal power unit	867.4	754	748.4
Hydroelectric power unit	185.7	212	502.7
Distribution	55.4	n/a	39.9

Energy consumption in other countries (GWh)

	2007	2008	2009
Thermal power unit	n/a	n/a	148.6

01.2. DATA ON 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 focus on efficient consumption, water quality by controlling spillages and waste water, and reservoir management to avoid dried up sections of rivers.

ENDESA has gradually improved the state of the rivers controlled by its hydroelectric power stations through the following measures:

- Application of environmental minimum flows.
- Construction of fish runs and agreements with environmental authorities to preserve fish populations in general and salmonoids in particular.

Process water consumption (thousands of m³)

	2007	2008	2009
Spain and Portugal			
Thermal power unit	62,273	54,369	48,698
Nuclear power	n/a	1,756	1,740
Mining	931	3,310	3,042
Distribution	249	89	n/a
Latin America			
Thermal power unit	3,444	8,036	9,276
Distribution	368	268	n/a
Other countries			
Thermal power unit	n/a	n/a	435

37.36% overall efficiency rate among all thermal power stations in Spain

01.2. EFFICIENCY IN 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.

The overall efficiency rate at ENDESA's power stations in Spain is 37.36%.

Efficiency at thermal power plants in Spain and Portugal (%)

	2007	2008	2009
Coal-fired thermal power plants	36.29	36.04	35.42
Fuel-gas-fired thermal power plants	34.79	37.64	35.87
Combined-cycle thermal power plants (natural gas)	52.55	54.41	53.07

The efficiency of ENDESA's power stations in Latin America which use liquid and gas fuels, including combined cycle power stations, was 45.20% taken as a whole.

Efficiency of thermal power plants in Latin America (%)

	2007	2008	2009
Coal-fired thermal power plants	33.77	33.12	34.08
Fuel-gas-fired thermal power plants	31.81	32.42	30.24
Combined-cycle thermal power plants (natural gas)	49.76	50.07	50.25

Technical improvements are being made at the company's power generation facilities to boost the efficiency of the energy transformation processes.

ENDESA has cut CO₂ emissions from its electricity facilities by 12.5 million tonnes over the last five years thanks to the various measures taken by the company in both its generating plants and distribution networks. This figure translates as an annual reduction of approximately 2.5 million tonnes, which is equivalent to 5.5% of the company's total emissions per annum. These measures are part of ENDESA's strategy to combat climate change, one of the cornerstones of its Sustainability Plan.

ENDESA is also developing projects in the power generation area which will enable it to cut CO₂ emissions by 900,000 tonnes each year and save 150,000 tonnes petroleum equivalent of primary energy. These measures have involved substantial investments totalling over Euro 1,300 million to date.

02. MODEL OF TECHNOLOGY LEADERSHIP

ENDESA conducts RDI projects in all its lines of business, as well as corporate technological activities. This work is set out in the 2009-2013 Technology Plan, included in the 2008-2012 Sustainability Strategic Plan, and split into three time frames:

Technology strategy over three different time frames

Short term	Mid term	Long term
Providing solutions to the challenges faced by the company's businesses through RDI projects aimed at maximising the efficiency of their activities.		
ENDESA is working with its most innovative suppliers and leading international research centres to achieve disruptive improvements, promoting projects and partnerships oriented towards new technology and business solutions with a time horizon of five years.		
ENDESA is working with its most innovative suppliers and leading international research centres to achieve disruptive improvements, promoting projects and partnerships oriented towards new technology and business solutions with a time horizon of five years.		

Euro **233** million budget
for the 2009-2013
Technology Plan

The 2009-2013 Technology Plan has a budget of Euro 233 million of investment by ENDESA itself. A further amount of approximately Euro 87 million has been contributed by the technological partners participating in projects carried out through consortia. This type of cooperation is consistent with the open and shared innovation model established in 2004.

Euro **45** million earmarked
for in-house
R&D projects in 2009

In 2009, ENDESA directly invested Euro 45 million in RDI activities, mobilising a further Euro 16 million through technological partners participating in projects and consortia led by the company.

The company has also received Euro 12 million from public institutions to support the development of its projects in the form of aid, grants and interest-free loans.

Work was conducted in two areas during 2009:

- Electric mobility
- Energy efficiency

All RDI work is developed and coordinated through the Corporate Unit working with the various business lines in each of ENDESA's markets. It unifies project selection criteria and models for managing and building technological knowledge, taking into account the differences in regulation and businesses in each country.

Project MINERVA has allowed ENDESA to consolidate the Intelligence Cell, whereby it now has an advanced system for technology-based strategic decision-making.

In 2009, a wealth of technology reports and essential intelligence tools were also produced covering the technology-related areas most relevant to the company's strategic decision-taking needs.

Preparation of
Endesa 2010-2014
**Energy Efficiency
Global Plan**
(PGE3 2010-2014)

Furthermore, in 2009 ENDESA's 2010-2014 Energy Efficiency Global Plan (PGE³) was drawn up. This plan is included in ENDESA's 2008-2012 Sustainability Plan and is part of the company's endeavours to meet the 20-20-20 targets established by the European Union to boost energy efficiency by 20%, ensure 20% of total energy demand is met using energy generated using renewable sources, and cut CO₂ emissions by 20% by 2020.

The objective of this plan is to achieve excellence in energy efficiency, which involves four specific challenges:

- Achieve excellence in energy transformation processes.
- Develop smart distribution grids that permit efficiency measures to be rolled out across the entire electricity system in order to minimise energy losses during transmission and distribution.
- Ensure we are our customers' preferred partner by offering the most advanced energy efficiency solutions.
- Be a model consumer that respects the environment.

The PGE³ is being implemented by ENDESA and all its subsidiaries and investees in all the countries where it operates.

Spanning five years, the PGE³ sets out certain strategic priorities and actions relating to energy efficiency.

03. TECHNOLOGICAL RESPONSE TO ENERGY CHALLENGES

During 2009, Endesa Distribución continued to invest in innovation, making a direct investment of Euro 20 million to develop sustainable, low-emission energy models.

Consequently, as well as developing smart grids, ENDESA will develop new eco-energy services that transform customers into active agents in the distribution network, contributing distributed generation capacity and storage; energy efficiency management, demand response, electric vehicle recharging and discharging, etc. All these services represent a strategic challenge for ENDESA but are also a significant business opportunity to be pursued.

03.1. TECHNOLOGICAL PROJECTS ON ADVANCED DISTRIBUTION NETWORKS

Distribution networks have a critical role in the electricity system. There are ever increasing challenges that have to be met: safely integrating increasing shares of renewable energy generation capacity that is dispersed and cannot be managed, and finding solutions to consumers' needs such as tailor-made billing, electric vehicle recharging, energy services or home automation solutions.

The main projects conducted during 2009 were as follows:

1st Spanish company to develop a remote management system conforming with Spanish and European directives

- **Project CERVANTES (*smart grid system*):** This project was designed to define, develop and roll out an automatic and remote electricity supply control and management system for domestic customers. Its ultimate goal is to gradually transform domestic meters. This innovative remote management system, the first of its kind in Spain, will be installed in the homes of more than 13 million of the company's customers over a period of six years (2010-2015) to replace conventional electricity meters, three years ahead of the legal timeframe. This will help to boost the economic efficiency and sustainability of the electricity system. ENDESA is also the first Spanish company to develop its own remote management system in line with pertinent Spanish and European directives.
- **Project INTEGRIS:** This is a European-wide project led by ENDESA for the development of ICT infrastructure for smart grids that allow for the integration and operation of power line communication (PLC) and wireless communication technologies.
- **OPTIGES Active Demand Management Project:** This project was designed to achieve large-scale active demand management in the SME sector.

**Project
Cenit Denise**
will position the Spanish
electricity distribution sector
and supply industry as
world leaders

- **Project ICONO:** The project aims to automate, assist and improve the work of network operators with elements that forecast network conditions and provide control measures in order to guarantee stability and security.
- **Project S2G:** The aim of this project is to design and put into service an advanced power distribution monitoring, tracking and maintenance system from substations to transformer centres.
- **Project CENIT DENISE (Intelligent, Safe and Efficient Electricity Distribution):** This is the chief Spanish initiative in the area of smart grids. This project is part of the CENIT programme (Spanish strategic technical research consortia) led by ENDESA to research and develop technologies and information systems that meet the energy distribution requirements of emerging societies. The project (2007-2010) has a budget of Euro 24 million and is intended to position the Spanish electricity distribution sector and supply industry as world leaders.

THE VIEW FROM THE TOP...

"The new smart grid remote management system, integrating cutting-edge technology will reduce distribution losses and provide value added services. It will also lay the foundations for rolling out smart grid applications in the future".

José Luis Marín López-Otero, General Manager of Endesa Red

3.1.1. IT/Smart Grids

Telecoms

- **Project "Knowledge is Power-KIP":** This project encompasses all ENDESA's initiatives focusing on the development of a smart, safe, profitable and sustainable electricity network. 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 an MV/LV transformer centre, from a simple fault bypass detector to full remote control.
- **Project CERVANTES (smart grid system):** Explained in point 3.1.

Energy efficiency

In 2009, ENDESA launched the **MALAGA SMARTCITY** project, the largest energy efficiency project in Europe involving investment in smart grids and sustainable urban development combined within the concept of a "smart city".

SmartCity
will lead to energy savings
of **20%**

The SmartCity project is headed by ENDESA, which is leading a group of 11 multinational technology companies to develop a new energy management model for cities to boost energy efficiency, reduce CO₂ emissions and increase consumption of renewable energy.

The project has a budget of Euro 31 million, partly financed by the European Regional Development Fund with backing from the Andalusian regional government and the Ministry of Science and Innovation's Centre for the Development of Industrial Technology (CDTI).



From left to right: Francisco de la Torre, Mayor of Malaga; José Antonio Griñán, President of the Andalusian Regional Government; and Borja Prado Eulate, Chairman of Endesa, during the presentation of the SmartCity project in Malaga.

SmartCity, the first of its kind in Spain, will lead to energy savings of 20%, which translates into a reduction in CO₂ emissions of 6,000 tonnes per annum in the city of Malaga (12,000 electricity customers), and will increase consumption of renewable energy.

MALAGA, A SUSTAINABLE CITY

The SmartCity project will be conducted in the Playa de la Misericordia district of Malaga. Some 300 industrial customers, 900 services and 11,000 domestic customers will benefit from this project over four years, which will integrate renewable energy sources into the grid in an optimal manner. Photovoltaic panels will be installed on public buildings, electricity will be generated in some hotels using micro-generation, and small wind turbines will be installed in the area. Furthermore, recharging stations will be installed and a small fleet of vehicles will be dispatched to encourage the use of electric cars.

3.1.2. Networks

During 2009, Endesa Distribución drove innovation in each of the areas in which it operates through the following projects:

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.

Work on electricity sub-stations

- Electric substations monitoring.
- Compact sub-station project.
- IEC 61850 Sub-station. Sub-station Bus.
- Application of the RCM (Reliability Centred Maintenance) model in electric substations.

Work on automated management of distribution network

- Project ICONO (Intelligent Control Network Operation).
- Project CENIT DENISE (Intelligent, Safe and Efficient Electricity Distribution) in collaboration with the Spanish Ministry of Industry.

Work on quality of distribution

- Mobility Plan.
- Plan to automate medium-voltage network.

Work on grid automation

- SCADA (Supervisory Control and Data Acquisition) interfaced fault bypass detection.
- Remote control with automatic breakers.
- Automated remote control with protection and closer.

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 supplier-orientated 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.

3.2. EFFICIENCY IN THE 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, and gas maintenance services.

The company considers that the sale of these products and services can lead to energy savings that reduce demand by between 15% and 85%, depending on the product or service acquired by the customer, and that the system's load curve can be shifted towards periods of demand which are cheaper.

ENDESA is currently developing value proposals such as the RELAMPING pilot project and educational projects aimed at encouraging energy efficiency, as part of ENDESA's Energy Efficiency Plan (PE³).

ENDESA's Energy Efficiency Plan (PE³) has been designed to position ENDESA as a leader in the environment and energy efficiency market.

During 2009, Endesa Chile continued to position the concept of energy efficiency in the company by, for example, reducing the amount of 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.

Since 2005, Chilectra has updated the Energy Efficiency Plan each year to promote and reinforce this concept in the community. The plan takes a three-pronged approach:

- **Education:** The most outstanding action taken in this area during 2009 was as follows:
 - Support for the Energy Efficiency Diploma in Chile (in conjunction with the Universidad Mayor).

PE³
is ENDESA's project aimed
at encouraging efficient
energy use

- Running of the University Thesis Competition (at national level).
 - Competition for projects conducted by industrial colleges.
 - Distribution of energy efficiency guides (“The World of Energy”) to schools in the area in which Chilectra has a concession.
- **Dissemination:** During 2009, several communication campaigns were conducted to raise awareness in the community of the importance of adopting new, more responsible and efficient habits regarding energy consumption.
 - **Customers and Innovation:** During the year, Chilectra offered its customers a range of products and services that facilitate using energy more efficiently and improve quality of life and business productivity.

03.2.1. Active Demand Management

Novare Optiges stands out in terms of the use of innovative methods for managing demand in the Companies sector.

Novare OPTIGES. The purpose of this project is to analyse the possibilities for large-scale active demand management in the SME sector, and develop the necessary infrastructure for its implementation.

03.2.2. Sustainable urban planning

Microgeneration. ENDESA has installed microgeneration equipment in homes. This system uses piped gas to generate electricity in such a way that heat can be used to cover the demand for heating and hot water in the homes in which it is installed. Prevailing legislation stipulates that solar thermal systems for hot water for sanitation can be replaced by microgeneration systems.

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.

Project for Eco-Digital Public Lighting. Its purpose is to design and implement a high-efficiency street lighting solution using LED lamps and an advanced control system. These measures will lead to a 50% reduction in energy demand and CO₂ emissions over the useful life of the installation.

ENDESA HEADS PROJECT STORE

In conjunction with the Centre for the Development of Industrial Technology (CDTI), ENDESA has conducted the first European project for the large-scale and economically viable storage of energy, which will directly promote the uptake of electric cars in society. This project will also encourage the full integration of renewable energies, since electrical storage will boost the operating capacity of these energies to 24 hours a day, irrespective of the specific demands of the system.

NEW SOLAR PLANT IN SEVILLE

In 2009, the photovoltaic solar plant constructed by Endesa Energía in Cantillana (Seville) became operational. Costing Euro 43 million, the solar panels will generate enough energy to meet the demand of 5,000 households. This project is one of the most innovative in Andalusia involving the development of solar energy and caring for the environment.

Awareness raising

ENDESA has started to use new platforms such as virtual communities to promote energy efficiency. The company posted a video on Youtube showing consumers how to use energy in a more rational manner through both individual actions and collaborating collectively through the Twenergy (www.twenergy.es) portal, as explained in the chapter on establishing ties with local communities.

03.3. TECHNOLOGY PROJECTS FOR IMPROVED EFFICIENCY IN ELECTRICITY GENERATION

The company continues to make 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

ENDESA invests in the best technology and optimising the use of natural resources to improve efficiency in its power generation processes.

Carbon capture and storage (further information in the chapter on the climate change challenge)

- **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). A total of 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. Work continued during the year, with significant results being achieved.

- **The CIUDEN Project and the OXY-300 CCS demonstration plant.** This is a global programme geared towards demonstrating carbon capture and storage (CCS) technologies. It involves the development of commercially viable technologies that reduce emissions in electricity production. The project, which is the only Spanish project of its kind selected by the EU, will develop oxy-combustion-CFB technology for CCS in deep saline aquifers.
- **Project Plan Algae.** This is a pilot plant located in the Litoral thermal power station in Almeria set up for the recovery of carbon dioxide from combustion gases through microalgae in order to obtain commercial products such as biofuels.
- **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.



Eduardo Santos, ENDESA's Deputy General Manager of Engineering, during the launch of the project in Oviedo.

PILOT CARBON CAPTURE PROJECT IN ASTURIAS

ENDESA and Hunosa have joined forces with the Carbon Institute and Foster Wheeler as a technology partner to design a project to build a 1 MW pilot carbon capture plant in La Pereda (Mieres, Asturias). The project will involve separating very pure carbon dioxide from coal burning and compressing it to reach pressures that convert it into a liquid which can then be injected into the ground.

During 2009, ENDESA completed construction of the CCS test facilities at the Compostilla thermal power station (Leon).

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 aim of this project is to design, develop and implement a condition-based maintenance system for the Chilean hydroelectric power stations. This will enable the company to determine the most appropriate time to perform maintenance work.

NEW PROTOTYPE OF ELECTRIC SUBSTATION

ENDESA is heading the first project of the Technology Fund approved by the board of the Centre for the Development of Industrial Technology (CDTI) to roll out an advanced substation monitoring, control and maintenance system, which is at the cutting edge of technology worldwide. The project will enable data to be collected in real time on all the parameters and energy flows in an installation. Two of ENDESA's substations in Andalusia will be used and the project will run until 2013.

Fuels

- **Novare Biohydrogen.** This project involves the production of hydrogen using the organic component of various types of waste. Biological techniques are employed to also obtain methane and stabilised biomass.

03.3.2. Renewables

- **Project GDV-500.** This project is designed to develop new systems to harness solar thermal power and generate steam more efficiently, while reducing environmental risks.
- **Project El Hierro.** The El Hierro Project was carried out in collaboration with the Island Authority of El Hierro and the Technology Institute of the Canary Islands (ITC) to supply the island with wind power and regulate it through a pumping system, thereby making up for the power not provided due to a lack of wind.
- **Project Novare Hydro.** This project, carried out in Chile in conjunction with Starlab and Pontificia Universidad Católica de Chile, was designed to introduce satellite remote sensing technologies in renewable hydro energy management.
- **Project Hidráulica.** Pilot to optimise the production of hydrogen using wind power.

RDI in Chile

- **Promoting energy efficiency.** Increase in the energy efficiency of hydroelectric power stations. Policy to cut the energy demand of the corporate headquarters in Santa Rosa.

- **Electricity generation using marine energy.** Identification of most suitable technologies and areas off the Chilean coast with the greatest potential. This work will be conducted during 2010.
- **Project EDAC.** Satellite-controlled load disconnection system aimed at guaranteeing the availability of electricity transmission lines in the north of Chile.
- **Project CEN.** Remote control of ENDESA's hydroelectric power stations from corporate headquarters in Santiago.
- **Project CIDE.** Predictive maintenance system based on the condition of the various machines in each hydroelectric power station 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.
- **Commissioning of the Canela II wind farm.** This is the largest wind farm in the country with a capacity of 60 MW, adding to the existing 18.15 MW of installed capacity.

03.3.3. Nuclear

ENDESA performs R&D in nuclear energy through its participation in different programmes. In addition, it holds the position of secretary in the Spanish nuclear fission energy technology platform, CEIDEN, which coordinates sector RDI.

In this field, highlights during 2009 include:

- **Nuclear Energy Committee of the Spanish Electricity Industry Association.** ENDESA conducts nuclear research through this committee.
- **EPRI nuclear programme,** which aims to achieve operating excellence in nuclear power stations.
- Coordinated Research Programme, involving companies from the sector and Spain's Nuclear Safety Council and aimed at analysing safety in nuclear power stations.

In 2009, the Vandellós II nuclear facility ratified its commitment to safety and ongoing improvements during the assessments performed by experts from the International Atomic Energy Agency (IAEA). Among best practices at this power station, the experts highlighted the design and use of an interactive tool to train personnel, all of whom receive the same level of initial and ongoing training.

In 2008, ENDESA also established a Nuclear Energy Department (DGEN) to provide the nuclear business with the best resources and strengthen management of its nuclear facilities. This department's mission currently involves

maximising the value of ENDESA's nuclear assets while ensuring they operate safely, and aims to set an example in terms of the safe, reliable and efficient use of its assets.

Strengthening nuclear safety is at the heart of the company's mission and it is convinced that the ongoing improvements it is making will boost the operating results of these facilities.

04. A CULTURE OF INNOVATION AND KNOWLEDGE MANAGEMENT

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.

04.1. ENDESA ENERGY SCHOOL

The Endesa **Energy School** promotes the development of technological leadership at ENDESA by managing technical skills

The main objective of this platform is to develop technological leadership at ENDESA by managing technical skills. 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 most noteworthy of the Endesa Energy School's activities include:

- Offering the ENDESA-ICAI Electrical Technology Master's Degree.
- Organising technology workshops and conferences.
- Promoting technological innovation through the Novare Awards given to suppliers, researchers and employees.

CONFERENCE ON MANAGING INNOVATION

During 2009, the Endesa Energy School held a conference on managing innovation at the Massachusetts Institute of Technology (MIT) chaired by Charles Cooney and Lita Nelson, lecturers at this institute. The event was held at the company's headquarters and was attended by 70 people.

These events form part of the agreement between ENDESA and the MIT in force until 2011. One of the tasks has been to design an MIT-ENDESA space on the Endesa Energy School's website to disseminate information on the MIT.

04.2. ENDESA RED CHAIR

In 2009, the Endesa Red Chair on Energy Innovation was established as a result of the collaboration between Endesa Red and the University of the Balearic Islands. The chair has been set up with the aim of tackling the most relevant RDI challenges in the energy sector while ensuring environmental sustainability issues remain at the core. The chair's activities are two-fold: teaching and information provision, and RDI, which involved two projects during 2009 relating to renewable energies and their integration into the electricity grid.

04.3. ENDESA-ICAI MASTER'S DEGREE

2009 was the third year of the ENDESA-ICAI Master's Degree. ENDESA's intention is that through this course, it will 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 ENDESA-ICAI
Master's Degree
 is the only one in Europe
 focusing on energy
 technology

The master's degree, which focuses on energy technologies in Europe, has been coordinated by the Endesa Energy School and the Comillas Pontifical University (ICAI), in collaboration with the Massachusetts Institute of Technology (MIT), the Universidad Politécnica de Catalunya, the University of Seville, the University of Zaragoza, and Tecnatom.

During 2009, the master's degree also involved 26 of ENDESA's employees and experts, who designed and taught around 40% of the course.



Andrea Brentan with students and organisers of the ENDESA-ICAI Master's Degree.

NEW MASTER'S DEGREE IN INFORMATION TECHNOLOGY MANAGEMENT

In 2009, ENDESA and the University of Seville, in collaboration with Sadiel, designed a new Master's Degree in Information and Communications Technology Management. The new qualification responds to the need to offer a training programme providing the industrial sector with professionals able to work on high impact systems and telecommunications units with a global reach. The course is aimed at IT Higher Engineering and Technical Engineering graduates.

Companies such as IBM, SAP, Oracle, Telvent, Google, the Vodafone Foundation, the Conecta Group and Everis along with the Andalusian Regional Government and Fidetia have all worked to create and design this master's degree course with additional assistance from the Massachusetts Institute of Technology (MIT) with which ENDESA has a collaboration agreement through the Industrial Liaison Program (MIT ILP).

04.4. B-TEC

During 2009 the Endesa Energy School was the main sponsor of this Summer University held in Barcelona's 22@ district during July and covering the latest issues in the energy, water and mobility industries.

04.5. 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 2009 under the coordination of Endesa Network Factory (ENF).

In total, 29 initiatives have been developed through the different forums:

- High-voltage lines and cables forum.
- Electric substations forum.
- Medium- and low-voltage forum.
- Grid automation forum.
- Telecommunications forum.
- Supply forum.
- Hydroelectric and thermal power stations forum.

04.6. TECHNOLOGICAL CONSULTANCY

ENDESA has 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.

Projects carried out during 2009 included the following:

- Work has continued on **Project Marte**, 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, **Project Próxima** focuses on developing a compact, reliable and low-cost remote thermal unit solution to cover the automation needs of the medium-voltage grid.
- **Various RDI 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 low-voltage remote management grid.

ENDESA Innovation Circles (CIDE) benefit from the involvement of **34** technology partners and **7** universities and research centres

05. A LEADER IN TECHNOLOGY AND INNOVATION

05.1. PARTICIPATION IN TECHNOLOGY PLATFORMS

During 2009, ENDESA was heavily involved in the different technology platforms that are critical to the sector such as the Energy Efficiency Technology Platform, chaired by ENDESA, and the Future Electricity Grid Platform (Futured) in which the company acts as technical secretary. The Malaga SmartCity project was also presented during the world Smarter City conference in Berlin.

Work has continued in the areas of research to which ENDESA is committed in the markets in which it operates. The company's involvement with the foundations of the Catalan Energy Research Institute (IREC) and the Andalusian Technology Corporation (CTA) is particularly noteworthy.

The CIDE initiative (ENDESA Innovation Circles) benefits from the involvement of 33 technology partners and seven universities and research centres.

At a European level, ENDESA continues to be involved in the Innovation Utilities Alliance in partnership with Enel, EdF, RWE and EDP-HC to exchange technical know-how and experience and perform joint RDI projects. It is also a member of the European Zero Emissions Fossil Fuel Power Plants (ZEP) Technology Platform promoting the use of CCS in energy generation in the future (2020) which facilitates the replacement and expansion of the current fleet of thermal power stations.

Initiatives were also carried out in Latin America, including participation in the DICTUC-Feedback Corporate Entrepreneurship Platform, designed to develop innovation management within the company, or Chilectra's Innovation Week.

05.2. NOVARE SCIENTIFIC AWARDS



Novare Awards to researchers.

In 2009, ENDESA held a new round of the Novare Scientific Awards, which recognise the investigative work of the international scientific community. A total of 36 entries were analysed, which were received from universities, laboratories, private individuals and businesses from four different countries.

The winning proposals in the four categories of the awards were as follows:

- **Project Valor CO₂:** involves the development of new technologies for the biological scrubbing of flue gases from thermal power stations using photosynthetic microorganisms, enabling products to be obtained such as biofertilisers and/or biofuels through biorefining.
- **Project Vehicle2Microgrid:** finds solutions to resolve the challenges of integrating electric cars into the grid in terms of load, economic impact, new opportunities and power electronics.

- **Project Crave:** encourages research into and the development of stations for the rapid recharging of electric vehicle batteries.
- **Project Energrid:** leads to improvements in building energy management through dialogue between consumers and the energy generation companies themselves and the user.

Support from the EU and international technology centres and institutions for ENDESA's proposals position it as a leader 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.

For yet another year, Chilectra demonstrated its position as a technology leader during the annual awards presented by the Centre for Information Technology Research at the Pontificia Universidad Católica de Chile (CETIUC). The company was awarded for successfully designing the project "Eco Chilectra: recycling with energy", a complex information technology system that helps protect the environment and benefits customers. This project will be rolled out in 2010.



Commitment
to our partners

27,214 suppliersEuro **3,561** million
in purchases
from suppliers**Supplier Rating
System** using
sustainability criteria**25%** decline in accident
rate among suppliers and
contractors

ENDESA's strong desire to contribute to economic, social and environmental development in the regions and countries in which it operates drives it to develop supply chain processes and supplier and contractor management systems that act as a benchmark for the sector due to their level of sophistication and excellence.

During 2009, the company strengthened its supply chain policies by rolling out a Supplier Rating System, which it has used to classify suppliers by purchasing family. It also continued to extend the application of its occupational health and safety policies among its suppliers and to focus on unlocking the value of each one of its purchases.

Meeting our goals	
CHALLENGES IN 2009	ACTION TAKEN
Include sustainability principles in contracts with suppliers.	<ul style="list-style-type: none"> • Launch of process to develop a Supply Rating System that guarantees quality and sustainability thereof. • Proactive effort to notify all strategic suppliers of ENDESA's commitment to the United Nations Global Compact and encourage them to sign this agreement. • Proactive effort to apply Endesa's Code of Conduct throughout its supply chain, in order to transfer the company's objectives and Code of Conduct onto its suppliers.
Strengthen occupational health and safety and management of contractors.	<ul style="list-style-type: none"> • Roll-out of Delfos system in all countries. • Training for contractors to improve occupational health and safety indices and completion of an inspection programme.
Include sustainability elements in global contracting rules.	<ul style="list-style-type: none"> • Review of general terms and conditions of contract to ensure the company's commitments to sustainability are applied throughout the supply chain.
Extend these criteria to subsidiary companies.	<ul style="list-style-type: none"> • Identification of strategic suppliers and purchasing families. • Design and roll-out of ENDESA Supplier Rating System.

Key initiatives in 2009
Review of objectives for suppliers.
Roll-out of Supplier Rating System based on Enel model.
Transfer of obligation to comply with the principles of the Global Compact and availability of a Code of Conduct.
Presentation of awards for best partners in Endesa Chile.
Completion of Supplier Evaluation Process in Endesa Chile.
Formalisation of Purchasing Synergies Plan with Enel.
Strategic alliances with key partners to guarantee commitment to preventing workplace accidents (in Spain).

Key figures	
Suppliers evaluated using the Supplier Rating System.	30
Supply families covered by the Supplier Rating System.	6
Suppliers interviewed to assess their commitment to sustainability.	500
Contractors assessed using the Contractor Evaluation Process in Endesa Chile.	170
Occupational Accident Prevention Index inspections in Latin America.	40,000
Fines for non-compliance in Latin America.	150

In 2010 we propose
Continuing to roll out Supplier Rating System among the remaining families.
Launching the "Vendo rating" system to monitor suppliers with regard to sustainability.
Encouraging the application of OHS criteria by partners.
Boosting the quality of suppliers.

01. COMMITMENT TO OUR PARTNERS

In 2009, the 2008-2012 Sustainability Strategic Plan revised objectives for suppliers, building on the rule approved in 2008 regulating the procurement of products and contracting of work and services by the company. This rule involved simplifying processes and ENDESA adopting and adapting to several commitments such as following CSR principles, signing the Global Compact, and adhering to Act 31/2007 on procedures for contracting services in the water, energy, transport and postal sectors.

ENDESA rolled out a Supplier Rating System during 2009 to transfer its sustainability commitment onto partners, thereby promoting compliance with legal, labour, safety, and environmental protection regulations. This system is based on Enel's model and sets out five criteria that have to be met.

- Overall transfer of ENDESA's commitment to the 10 principles of the United Nations Global Compact.
- Request for a code of conduct similar to that of ENDESA.
- Assessment of compliance with standards on quality (ISO 9001), the environment (ISO 14001), and international agreements on working conditions (SA8000).
- Establishment of a system for rating suppliers based on their occupational safety certificates (OSHAS 18001).
- Establishment of general terms and conditions of contract.

Supplier rating system rolled out for six families

The Supplier Rating System determines whether or not a supplier complies with the requirements established by ENDESA to work with the company. In 2009, it was rolled out for six purchasing families.

- Construction and maintenance of high-voltage power lines.
- Construction and maintenance of substations.
- Rental of electric generators.
- Integrated building maintenance.
- Ancillary services.
- Cleaning of buildings.

30 rated suppliers

Around 30 suppliers were rated using this system during 2009. The purpose of this initiative is to gradually increase the number of purchasing families covered by the system until 2012. Once fully rolled out, it is planned that 70% of purchases will be covered by the system and close to 1,500 suppliers and contractors will have to fulfil the requirements set out therein.

A clause has also been included in contracts with suppliers and contractors in Spain establishing that contracts can be cancelled if these parties do not comply with the principles of the Global Compact and do not have a code of conduct. In Latin America, this clause will become effective during 2010.

500 suppliers interviewed to assess compliance

In order to assess the commitment of partners, at the end of 2009 ENDESA started interviewing its top 500 suppliers, accounting for 80% of purchases. A simple questionnaire has been drawn up to confirm the extent to which the company's partners comply with sustainability criteria and whether or

not they have signed the Global Compact, have a code of conduct, and act in accordance with legal, labour, safety, and environmental protection regulations.

Due for roll-out in 2010, ENDESA has designed another evaluation system called *Vendo Rating* to monitor suppliers working for the company to confirm they comply with sustainability criteria.

01.1. LATIN AMERICA

In Latin America, Edesur (Argentina) developed its own Supplier Rating procedure during 2009, which reinforces its policy on contractor development. It has started to roll out a rating programme (Performance Evaluation) designed to monitor the performance of service providers and foster a company-client relationship.

It also benefits from the Supplier Evaluation procedure, which provides information to control supplier performance, the quality of their services, and ensure purchasing processes are continuously improved.

Dock Sud, Endesa Costanera and El Chocón, ENDESA subsidiaries in Argentina, have also included human rights and ethical conduct clauses in contracts with suppliers and contractors. Another objective for 2010 is to progress with supplier and contractor rating to set an example in the sector.

During 2009, ENDESA's electricity distributor in Peru, Edelnor, included human rights and labour rules in its contracts with its leading contractors, and also started conducting monthly audits to mitigate and avoid legal risks associated with contractors breaching labour laws. ENDESA's electricity generation subsidiaries in Peru also performed 17 audits of contractors.

ENDESA companies in Brazil have also included a specific clause in their code of ethics establishing the obligation for suppliers to verify the suitability of their own suppliers. As with other ENDESA subsidiaries throughout Latin America, these companies have included human rights clauses and labour rules in all contacts with suppliers and contractors. A seminar on social and environmental responsibility was also held for contractors during 2009.

The electricity distribution subsidiary in Colombia, Codensa, held several meetings with its suppliers and contractors to provide them with information on human rights. Contractors working at the company's facilities also received training on labour law.

Endesa Chile encourages its contractors to strictly comply with legal, labour, safety and environmental protection regulations and honour the commitments assumed through the Global Compact.

Endesa Chile's purchasing departments monitor information on its contractors concerning the fulfilment of Global Compact principles and compliance with labour and human rights obligations, enabling the company to make informed purchasing decisions based on the actual status of contractors in this regard.

Supplier evaluation process in Endesa Chile

During 2009, the Contractor Evaluation Process was conducted for the fourth consecutive year in accordance with the regulation on registering contractors to which the company adheres. This evaluation takes into account social, environmental and economic factors. In 2009, 170 contractors were evaluated and during the fourth meeting between Endesa Chile and its subsidiaries, awards were given to the 10 partners that were most highly rated during the year in terms of compliance with labour laws, treatment of personnel, occupational safety and compliance with environmental legislation. The Award for Excellence was given to Acciona Wind Power, S.A. and Jorpa Ingeniería, S.A.

The electricity distribution subsidiary in Chile, Chilectra, is aware that its operations as well as those of its suppliers can have an impact on sustainable development. In virtue of the trust-based partnership between both parties, the company expects its partners to operate in a socially responsible manner. As part of Project ENLACE, the subsidiary has therefore invited partners to voluntarily adhere to the 10 United Nations Global Compact principles and United Nations Millennium Development Goals.

Chilectra is also working with its supply chain to encourage contractors to introduce social responsibility into the business models of contractors based on the principle that it boosts competitiveness and sustainability. This initiative aims to foster dialogue with these companies. In short, it is intended to add value and raise competitiveness through the application of social responsibility criteria. This initiative has been conducted in two phases, described below.

Diagnostics phase

This phase involved the following steps:

- Defining the process for diagnosing the Corporate Social Responsibility criteria of contractors in conjunction with an external consultancy firm.
- Drawing up a document entitled "Commitment to the sustainability of operations", including aspects of the United Nations Global Compact and the United Nations Millennium Goals. This document was signed by 30 partners.
- Raising awareness of contract managers of Chilectra and contractors. Two talks were given by Corporate Social Responsibility experts.
- Performing a diagnosis of 19 contractors out of a total of 30 that signed the aforementioned document.
- Preparing a Corporate Social Responsibility ranking and sending reports to the 19 companies that were subject to diagnosis.

Implementation phase

The following steps were taken during this phase:

- Selecting five companies with the greatest impact on Chilectra, characterised as being companies that have direct contact with Chilectra customers or with society.
- Meetings with the senior management of these companies to notify them about the results of the diagnosis. Drawing up of sustainability-related action points, establishing objectives and goals.
- Training of work groups, establishing regular meetings.
- Conducting Corporate Social Responsibility questionnaires among contractors' employees.

Synergies Plan. Preparation and roll-out

02. PURCHASING SYNERGIES PLAN WITH ENEL

During 2009, ENDESA and Enel drew up a Purchasing Synergies Plan to guarantee the quality of supply, which will give rise to significant savings in both companies up to 2014, improving the purchasing processes and strengthening the Enel Group's market value.

The purpose of this project is to achieve important synergies through the standardisation of a series of components that can be jointly acquired by the two companies, thereby benefiting from economies of scale thanks to cost cutting.

03. EXTENDING HEALTH AND SAFETY CRITERIA ONTO PARTNERS

One of ENDESA's key challenges in terms of occupational health and safety is to extend its commitment in this area onto partners. Contractors are therefore required to fulfil the following requirements:

- Certification of suppliers' health and safety systems under the OHSAS 18001 standard.
- Inclusion of a clause establishing a firm commitment to manage and collate information on occupational health and safety in the general terms and conditions of contract.
- Inspections and audits during projects. In several cases, each contractor must present a card setting out their professional qualifications.
- Evaluation of work on completion.

ENDESA requires that contractors ensure their workers receive specific training on health and safety depending on the risks involved in the activity they have been hired to perform. Special emphasis is given to training personnel exposed to the risk of electric shock, working at height, or

Alliances with partners to promote risk prevention in Spain

responsible for occupational risk prevention on site or when providing a service in their capacity as a site foreman, risk prevention officer, health and safety officer, etc.

The Occupational Health and Safety (OHS) Information Management System (Delfos) comprises an IT platform designed to manage information generated in relation to OHS affecting both employees and contractors.

It also places special emphasis on issues regarding staff turnover and compliance with operating procedures and the use of personal protective equipment (PPE). It is worth noting that in Latin America, over 40,000 on-site IPAL inspections (occupational accident prevention index) were carried out during projects and more than 150 fines were issued for non-compliance with risk prevention criteria. Strategic alliances have been signed in Spain with the top partners to ensure strict compliance with risk prevention criteria.



Back row from left to right: Mario Valcarce, Chairman of Endesa Chile; Germán Medina, ENDESA's former General Manager of Human Resources; Rafael López Rueda, General Manager of Distribution-Latin America. Front row from left to right, representatives of the companies receiving awards: Pietro Corsi from Endesa Chile; Christian Brinck, General Manager of Sigdo Koppers, S.A. and Fernando Alonso, CEO of Isatur.

SECOND ROUND OF ENDESA AWARDS FOR OCCUPATIONAL HEALTH AND SAFETY PRESENTED TO PARTNERS AROUND THE WORLD

These awards were established by the Human Resources Department to recognise those initiatives that stand out for their excellence in occupational health and safety.

ENDESA encourages all its contractors to enter this competition to enable "best practices" on risk prevention to be shared so that they can be adopted by ENDESA and other partners. The winners of the second round of awards were:

- **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. (Chile) 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. (Spain) in recognition of the new technologies it has applied and the immediate transfer of these technologies onto other companies as a best practice.

THE VIEW FROM THE TOP...

"One of ENDESA's overriding commitments to occupational health and safety is that everyone working for the company, irrespective of whether or not they are employees or partners, should enjoy the same working conditions."

Segundo Caeiro, Director of
ENDESA's Joint Risk Prevention Service

25% decrease
in the accident rate among
partners

03.1. THE REWARDS FOR A JOINT EFFORT

In 2009, the occupational health and safety indices of ENDESA's contractors were as follows:

- Ten deaths, all in contractors (one in Spain and nine in Latin America). This is 23% lower than the average of the past five years.
- The accident frequency index among contractors' personnel fell by 25% (5.52 in 2009 vs. 7.35 in 2008).

0.3.2. MOTIVATION AND AWARDS

Criteria are established each year to evaluate and reward occupational health and safety best practices followed by the company's business units and employees of both ENDESA and its contractors.

ENDESA rewards its partners for following occupational health and safety best practices, increases knowledge of these best practices, and applies them in other operational areas.

- Completion of the second round of the Apolo Awards, and announcement of the third round of these awards for partners at an international level.
- Inpar Award (Quality Index of Partners) presented by Ampla (Brazil) during the second quarter of 2009 to those partners with the best commercial, technical service and administrative service operations.
- Chilectra recognises the commitment of the workforces of the partners Azeta and Achondo.

04. CONTRACTOR TRAINING

A significant effort was made during 2009 to provide partners with training on awareness of the environment and expand their knowledge.

This culminated in the certification of Integrated Management Systems according to standards ISO 9001, ISO 14001 and OHSAS 18001, co-funded by the Corporation for the Promotion of Production (CORFO) for the SMEs providing services to Endesa Chile. Six of the companies comprising this group have been certified and 12 have started the process to obtain certification.

The personnel of contractors providing services at Endesa Chile's facilities must receive regular OHS training in accordance with internal rules and the OHSAS Management System Manual, in order to mitigate the risks they face during the working day.

Education and
training of contractors



Endesa Chile provides contractors with access to e-learning courses on its “Latam Campus: Knowledge Management”, by clicking on a special icon for these parties.

In 2009, two training workshops were held in conjunction with Mutual de Seguridad for permanent contractors at all the generating units. The first was on accident investigations, and the second on how to perform OHS inspections and observations.

WORKSHOP FOR OWNERS OF CONTRACTORS ON SAFETY LEADERSHIP AND MANAGEMENT

Endesa Chile organised a workshop for owners of contractors to raise their awareness of occupational safety and develop their leadership, communication and observation skills and take a proactive role in this area. The programme will continue through coaching to help facilitate the process of overseeing the implementation of new practices and safety management.

05. VALUE CREATION FOR LOCAL SUPPLIERS

ENDESA reaffirms its commitment to the countries and regions in which it operates by creating value for local suppliers. The company assesses each supplier’s local response capability and the value of local human resources when selecting suppliers.

ENDESA worked with 34.7% more suppliers in 2009, increasing from 20,189 in 2008 to 27,214 in 2009. In Latin America, the number rose by 67.5%, while in Spain it fell by 7.3%.

	ENDESA's suppliers*			
	Number of suppliers		Value of purchases of materials and services from suppliers (Euro thousands)	
	2009	2008	2009	2008
Spain and Portugal	8,201	8,844	2,294,824	3,454,902
Latin America	19,013	11,345	1,512,974	1,412,442
Argentina	1,173	1,277	114,828	230,566
Chile	6,417	2,881	523,748	439,238
Brazil	6,028	3,609	520,844	455,219
Peru	2,706	1,616	129,481	121,023
Colombia	2,689	1,962	224,073	166,396
TOTAL	27,214	20,189	3,807,798	4,867,344

* ENDESA reports data on companies included in the corporate purchasing tool, which covers 74% of group companies.

Value of purchases from ENDESA's top suppliers*

	Value of purchases from 10 largest suppliers (thousands of euros)	Value of purchases from 10 largest suppliers (% of total)	Value of purchases from 50 largest suppliers (thousands of euros)	Value of purchases from 50 largest suppliers (% of total)
Spain and Portugal	426,882	21.03	969,315	47.76
Latin America	744,708	52.13	1,109,981	74.74
<i>Argentina</i>	123,621	82.89	136,401	91.46
<i>Chile</i>	229,492	48.80	322,250	68.53
<i>Brazil</i>	203,396	50.31	305,232	75.49
<i>Peru</i>	82,753	42.39	143,883	73.71
<i>Colombia</i>	105,446	36.64	202,215	64.50
TOTAL	1,171,590	32.89	2,070,296	58.38

* ENDESA reports data on companies included in the corporate purchasing tool, which covers 74% of group companies.

Concentration of purchases from local suppliers*

	Percentage of total purchases from local suppliers with contracts exceeding Euro 1 million as a percentage of total purchases
Spain and Portugal	74.76%
Argentina	6.37%
Chile	37.95%
Brazil	75.54%
Peru	54.72%
Colombia	64.85%

* ENDESA reports data on companies included in the corporate purchasing tool, which covers 74% of group companies.

As part of ENDESA's policy on community integration, the company stipulates that priority should be given to purchasing goods and services in the local community in order to contribute to the community, generating additional economic inflows. An example of this is in Endesa Chile, which uses local suppliers to house and feed personnel visiting the area and working on site. Over USD 1,663 million was spent on these services during 2009.



The climate change challenge

Responding to the
challenges and opportunities
of climate change

14,143 MW
of renewable energy and
co-generation capacity
installed

Over **50%**
of energy generated
without emitting CO₂

50.5% reduction
in CO₂ emissions between
1990 and 2009

Portfolio of **52** CDM
projects

ENDESA is committed to safeguarding the environment. In this respect, it considers the threat of climate change as one of the greatest environmental challenges to be faced and has adopted a clear strategic approach, investing in technology and innovation, as set out in its 2008-2012 Sustainability Strategic Plan.

Only two years after rolling out the ENDESA Climate Change Programme, the company is already a leader in the fight against climate change thanks to its commitment to renewable energies, investment in RDI, and the launch of pioneering initiatives to curb CO₂ emissions.

Key figures

Installed renewable energy capacity	14,143 MW
Spain and Portugal	5,410 MW
Latin America	8,732 MW
Electricity generated without emitting CO ₂	71,863 GWh
Millions of Euro granted by the EU for the ENDESA-CIUDEN project	180
Reduction in CO ₂ achieved through CDM projects	82 million tonnes of CO ₂
Presence in international organisations tackling climate change	12
CDM projects	52

Key actions in 2009

Involvement in the Carbon Disclosure Project 2009.
One of the first Spanish companies to generate electricity without emitting greenhouse gases.
One of the five most active companies in the world in the CDM market.
Electric vehicle development.
Member of the Carbon Partnership Facility.
Signing of agreements with companies to boost energy efficiency.
Communications campaign on energy efficiency.
Promotion of PE ³ : Progress in equilibrium.
Presentation of first documentary on climate change in Spain produced in partnership with the National Geographic Channel.
Participation in the 2010-2011 Energy Wisdom Programme.
Investment in a pioneering system to improve the quality of the energy supply.

Meeting our goals	
CHALLENGES IN 2009	ACTION TAKEN
Spearhead new technological developments to meet the challenges posed by climate change, with reduced CO₂ emissions and more cutting-edge technology.	<ul style="list-style-type: none"> Conduct one of 12 European carbon capture and storage (CCS) projects until 2015. Conduct the Spanish CCS project, ENDESA-CIUDEN.
Carry out further studies into the potential of electric vehicles and possible synergies from their connection to the electricity grid, and raise public awareness in general about electric vehicles (covered in chapter on innovation and technology).	<ul style="list-style-type: none"> Agreement with ACS and Madrid City Council to develop an electric mobility plan in the capital. Standardisation and certification measures; the Berlin Group at international level and the FOREVE Forum in Spain. RDI projects: leadership on critical G4V (Grids for Vehicles) packages to identify solutions to the electricity grid integration of electric vehicles. Partner in the CENIT VERDE consortium responsible for the most advanced concepts of interaction between electric vehicles and the electricity system. Mobility promotion and demonstration initiatives: the MOVELE Plan and LIVE office (Logistics for the Implementation of the Electric Vehicle). Appointment of Malaga to lead on the European rapid recharging demonstration project as part of the Green Cars initiative. Design of new electric mobility business models: ELVIRE (7th Framework Programme) to define and demonstrate future business models. Acquisition of 400 hybrid vehicles (Toyota Prius) for the sales network. Ongoing provision of information to society on advances in this field.
Promote the marketing of efficient VAPs.	<ul style="list-style-type: none"> ENDESA's PE³ Energy Efficiency Plan. Agreements/alliances to develop products. Launch of Twenergy website and YouTube video on using energy responsibly. Agreement with Vodafone and Camper to boost energy efficiency. Advertising campaign on energy efficiency using real-life case studies.
Carry out audits at ENDESA work centres to analyse and promote eco-efficient practices.	<ul style="list-style-type: none"> Two audits (Spain and Latin America).
Obtain public recognition for efforts in fight against climate change.	<ul style="list-style-type: none"> Included in the Carbon Disclosure Project 2009, and ranked as world leader for its climate change strategy in the 2008 report.
Promote PE³ Energy Efficiency Plan.	<ul style="list-style-type: none"> Development of new products (low cost batteries, etc.), Ilumina Plan: vision of efficiency as a service and roll-out of several commercial programmes.
Develop CO₂ capture technologies.	<ul style="list-style-type: none"> Presentation of proposal to construct demonstration plants to develop carbon capture and storage (CCS) technologies. Involvement in seven CCS projects.
Develop solar energy technologies.	<ul style="list-style-type: none"> Development of financed photovoltaic package and solar thermal energy through subsidies. Stake in five photovoltaic plants with a total installed capacity of 14.4 MW, holding an average stake of 92%. Solar thermal electric technology, stake in the development of four projects totalling 200 MW.
Participate heavily in technology platforms and international forums on climate change, renewable energies, and energy efficiency.	<ul style="list-style-type: none"> Active involvement in national and international bodies, forums or initiatives tackling climate change.

In 2010 we propose

Leading on the development of technologies that curb CO₂ emissions.

Promoting energy efficiency throughout the company.

Progressing with the development of sustainable transport.

Reinforcing our leadership in the CDM market.

CDP 2010 Water Disclosure Project CDP Supply Chain.

Two publications of Fundación Entorno: CO₂ Action and RDI.

ENDESA calculates its carbon footprint.

Establishment of ENEL Green Power.

01. ENDESA'S CONTRIBUTION TO COMBATING CLIMATE CHANGE

ENDESA provides solutions to the challenges posed by climate change in both the company itself and in the wider society through its 2008-2012 Sustainability Strategic Plan and Climate Change Programme, focusing on five priority areas:

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

ENDESA offers solutions to the challenge of climate change through a programme focusing on five priority areas: renewable energies, technological development, energy efficiency, sustainable transport, and CDMs.

ENDESA's Environment and Sustainable Development Committee is ultimately responsible for steering the company's policy, guidelines and objectives relating to the environment and climate change. Nevertheless, ENDESA's involvement in combating climate change extends to all the areas for which the company is responsible and its entire workforce.

The company Endesa Carbono was also established in 2008, comprising an international team of professionals with a proven track record from private and public companies in the energy and international finance sectors, NGOs, the engineering industry and the World Bank.

01.1. ACTIVE INVOLVEMENT IN DEVELOPING RENEWABLE ENERGIES

Due to the transfer of assets during corporate restructuring, ENDESA is working to redefine the company's strategy regarding renewable energies, building on its high existing potential both in terms of projects in place and the accumulated experience required to develop these energy sources.

In 2009, ENDESA had a total of 5,410.7 MW of installed renewable energy capacity in Spain and Portugal, distributed as follows: 4,633.2 MW in hydroelectric power stations, 26.5 MW in small hydroelectric power plants, 716 MW on wind farms, and 35.1 MW of other renewable energy capacity (biomass, etc).

The company also had a total of 8,732.4 MW in Latin America, distributed as follows: 8,645.2 MW in hydroelectric power stations, 9 MW in small hydroelectric power plants, and 78.2 MW on wind farms.

In 2009, ENDESA therefore had a total installed renewable energy capacity of 14,143.1 MW.

Furthermore, ENDESA's net output of renewable energy was 11.4 TWh in Spain and Portugal, and 37.8 TWh in Latin America.

The role of Enel Green Power has been fundamental to the development of renewable energies.

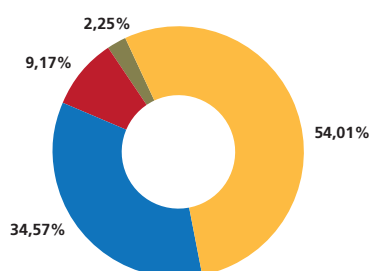
This Enel Group company is dedicated to developing and managing electricity generation using renewable energy sources around the world. Enel Green Power operates in Spain through Enel Unión Fenosa Renovables (EUFER).

Enel and ENDESA also plan to merge ECyR and 50% of EUFER, forming a new company, the shareholders of which will be Enel Green Power (60%) and ENDESA (40%), the latter of which will manage operations and regulatory issues.

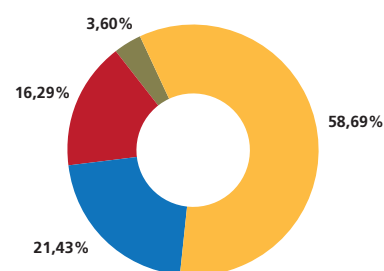
14,143 MW
of installed renewable
energy capacity



ENDESA's electricity generation capacity (%)



ENDESA's electricity generation capacity in Spain and Portugal (%)



■ Thermal (conventional and combined cycle) ■ Hydroelectric ■ Nuclear ■ Other renewable sources

Wind Energy

At the end of 2009, total installed wind energy capacity in Spain and Portugal stood at 1,083.2 MW, 66.1% or 716 MW of which was held by ENDESA on average.

During the year, wind power and small hydroelectric power assets were transferred to Acciona in part payment for Acciona's stake in ENDESA acquired by Enel. These assets total 1,158 MW, and were fully owned by ENDESA.

Two new wind farms with a combined capacity of 70 MW have been commissioned in Spain. Meanwhile in Portugal 12 wind farms with a total capacity of 156 MW have also been brought online by ENEOP, in which ENDESA holds a 30% stake. One wind farm has also been expanded to 4 MW.

Small hydroelectric plants

In 2009, ENDESA held an average stake of 43.4% in 17 small hydroelectric power plants, totalling 26.5 MW of capacity. The Ourol small hydroelectric power plant, with a gross capacity of 2.8 MW in operation, was commissioned during the year.

Photovoltaic and solar thermal electric energy

ENDESA holds a stake in five photovoltaic (PV) farms with a total installed capacity of 14.4 MW, with an average stake of 92%. The Guadarranque PV farm (Cadiz) is fully owned by ENDESA and has a total capacity of 12.3 MW. ENDESA is also involved in developing four solar thermal electric projects with a total capacity of 200 MW, holding a majority stake.

Biomass-Biogas

ENDESA has interests in five operational biomass and biogas plants, with a total installed capacity of 57.1 MW. Two of these plants use biogas, one located in the Jerez wastewater treatment plant (Cadiz), which is fully owned by ECyR; and the other at the El Garraf landfill site in Barcelona, which is 50% owned by ECyR.

The company also holds 9%, 68% and 40% stakes in three biomass plants: Vapor y Electricidad, Energías de la Mancha and Energía de la Loma. 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 at its own thermal power stations in Galicia.

CHP

At the end of 2009, ENDESA held stakes in several co-generation facilities in Spain and Portugal, with a total gross capacity in operation of 159 MW. A total of 149 MW of co-generation plants have been decommissioned this year due to the winding-up of the operators of these plants and divestments.

Waste-to-energy

ENDESA has a stake in two waste treatment plants: Tirme (Palma de Mallorca) in which it holds a 40% stake; and Tirmadrid (Madrid), with a 15% stake, which have a joint capacity of 59 MW.



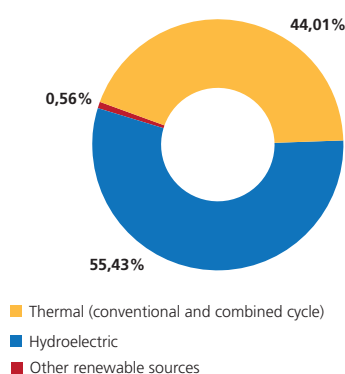
ENDESA AT THE RENEWABLE ENERGY SHOWROOM OF FICON

ENDESA took part in the 17th Iberian Construction Trade Fair (FICON) held from 11 to 14 March in Badajoz. The event brought together companies and professionals from around Spain and Portugal that manufacture or sell products or provide services to the real estate, urban development, environment or renewable energy sectors, among others. The company had a 64 m² stand in the Renewable Energy Showroom, from which it presented products and services from the segment aimed at maximising energy efficiency in the construction industry.

Latin America: Endesa Eco

Endesa Eco, a wholly-owned subsidiary of Endesa Chile, administrates and manages renewable energy projects in Latin America. The following steps were taken during 2009:

ENDESA's electricity generation capacity in Latin America (%)



- Start of procedures to verify greenhouse gas emissions (GGE) avoided by the Ojos de Agua small hydroelectric plant (Chile) in 2008 (16,000 tonnes of CO₂), in order to certify these emissions and sell them through the Clean Development Mechanism (CDM).
- Approval by the United Nations Office on Climate Change of registration of the Canela wind farm (Chile) in the CDM, which facilitates verifying and selling the emissions it avoids. In 2009, some 21,300 tonnes of CO₂ were avoided. The drop in emissions of the Piruquina small hydroelectric power plant (7.6 MW) in the Los Lagos region of Chile was estimated at 17,200 tonnes of CO₂.
- In its effort to identify and develop new projects, through Ingendesa, the company has continued to analyse and study Chile's resources of wind, small hydro and other unconventional renewable energy sources between the regions of Antofagasta and La Araucanía. It has also performed more detailed studies of emerging technologies in the region, such as biomass, solar power, and marine energy.

- Final stage of the agreement with the Centre for Advanced Studies in Arid Zones (CEAZA) of the University of La Serena relating to the project entitled "Evaluation of the wind resource in Norte Chico, Chile, for electricity generation".



ENDESA COMMISSIONS CANELA II, THE LARGEST WIND FARM IN CHILE

ENDESA has started commercial operation of Canela II, the largest wind farm in Chile. This project expands the 18.15-megawatt Canela I wind farm, which has been operating in the region of Coquimbo since the end of 2007, by 60 MW. ENDESA commenced construction of this project in February 2009, which involved the installation of 40 new 1.5-megawatt wind turbines in an area of 1,080 hectares. The new Canela II wind farm will avoid the emission of approximately 90,000 tonnes of CO₂ per annum. The project has been developed by ENDESA Eco, ENDESA's subsidiary in Chile dedicated solely to promoting and developing renewable energy projects such as small hydroelectric power plants, wind farms, geothermal power stations, solar plants and biomass plants. It also acts as the custodian of the emissions reduction certificates obtained from these projects.

Technological leadership to curb emissions

During 2009, ENDESA continued to lead the way on developing technologies to reduce CO₂ emissions through European carbon capture and storage (CCS) and combined cycle projects, as well as the installation of cutting edge capacity, etc. The purpose of this work is to comply with the EU's energy policy responding to the new regulatory framework.

Carbon capture and storage (CCS) projects

Advances in the development of carbon capture and storage (CCS) technologies are particularly significant in the context of the European Parliament Environment Committee's proposal to reduce the allocation of specific emission rights to 500 g/kWh from 2015 for new plants with capacities exceeding 300 MW.

ENDESA is involved in developing plants employing the three CCS technologies currently being studied:

- Pre-combustion through Project ELCOGAS.
- Post-combustion: the Compostilla 3 500-kWt pilot plant (amines); the La Pereda 1-MWt pilot plant (carbonation-calcination), jointly with Hunosa and CSIC-INCAR.
- Oxyfuel combustion at the 30-MWt CIUDEN pilot plant and the 1-MWt CAMNET project.

Testing of CO₂ capture using chemical absorption at the Compostilla facility (2006-2009)

The objectives of this project are to design, manufacture, assemble, commission and operate a pilot plant to capture CO₂ using chemical absorption. As part of this project, a number of new amine-based chemical absorbents that are more resistant to contaminants in flue gases (O₂, SO₂, NO_x) and require less energy to be regenerated will be developed and tested. Endesa Generación is involved in this project along with Técnicas Reunidas, Duro Felguera, Besel, Inerco and Alquimia.

Carbonation-calcination at the La Pereda plant (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 through post-combustion using carbonisation-calcination cycles which will validate this technology for pre-industrial use. During 2008 and 2009, small-scale laboratory tests were conducted to improve the design of the plant, which is forecast to be commissioned in 2011. ENDESA participates in this project with the Hunosa Group and CSIC.

ENDESA-CIUDEN pilot plant

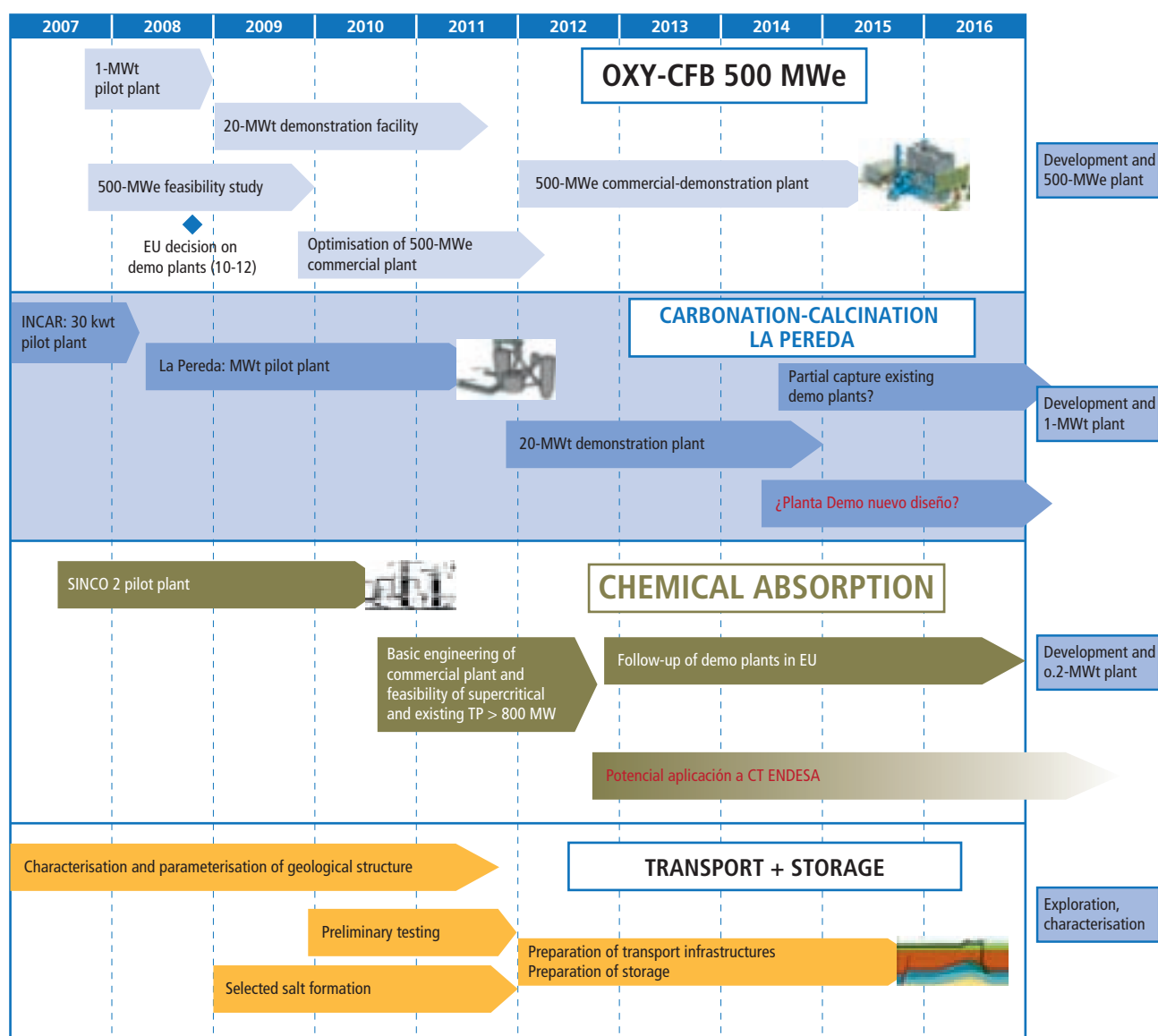
ENDESA and CIUDEN are developing a 30-MWt pilot plant in El Bierzo (Leon) to demonstrate the feasibility of oxycombustion technology in circulating fluid bed plants, a laboratory for testing carbon storage, and the identification and characterisation of potential sites for industrial carbon storage. This pilot plant started to be built in 2009 and is of great importance to Project OXYCFB300.

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

This proposed project, submitted by ENDESA and Foster Wheeler to the EU's Seventh Framework Programme (FP7) to cover technological development (2009-2011), aims to be one of the 10-12 commercial fossil fuel plants using carbon capture planned by the EU. Involving carbon capture and storage, it will be ENDESA's first commercial CCS plant.

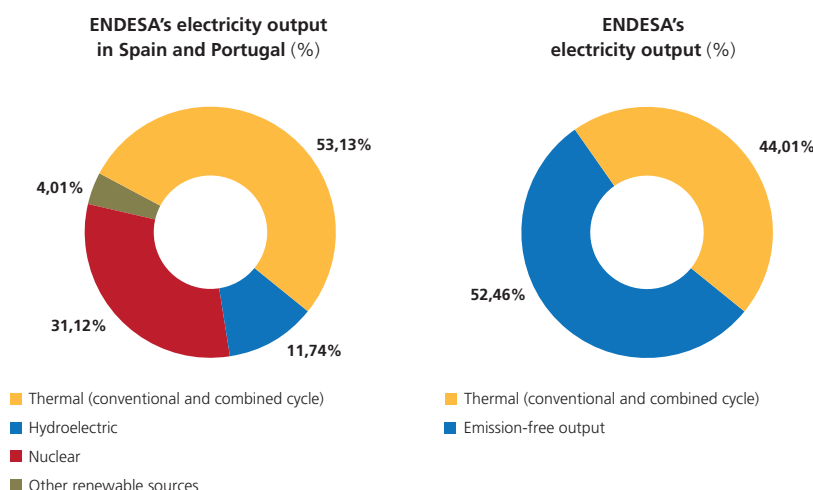
The EU began supporting ENDESA's CCS proposals in 2009 after the project developed by ENDESA was selected as one of six to receive funding through the EEPR programme (European Energy Program for Recovery). This decision confirms the company's position as a pioneer and leader in adapting current facilities and technologies to the challenges and opportunities posed by climate change.

ENDESA's strategic CCS projects: 2007-2016



ENDESA, ONE OF THE FIRST COMPANIES IN SPAIN TO GENERATE ELECTRICITY WITHOUT EMITTING CO₂

ENDESA is one of the first Spanish companies to generate electricity without emitting greenhouse gases. Of the 136,990 GWh of electricity generated by the company worldwide in 2009, 71,863 GWh, i.e. 52.5%, was generated without emitting any CO₂. Of these 71,863 GWh, 64.3% was generated using hydroelectric power, 31.5% using nuclear power, and 4.2% using renewable energy. Some 72,708 GWh was generated in Spain, 46.9% (34,076 GWh) of which was emission-free. These 34,076 GWh were generated using the following technologies: 31% from nuclear power (22,630 GWh), 12% from hydroelectric power (8,533 GWh), and 4% from renewable sources (2,913 GWh). In Latin America, 60.2% (37,787 GWh) of the 62,746 GWh generated over the period was produced without emitting greenhouse gases. Practically all this emission-free output was generated using hydroelectric power. At September 2009, 46% (17,664 MW) of ENDESA's 38,408 MW of capacity worldwide is climate-friendly.



01.2. ENERGY EFFICIENCY TO REDUCE CARBON INTENSITY

ENDESA develops **PE³** to become a benchmark on energy efficiency for its customers

In order to become a leader in the fight against climate change in terms of generating and consuming energy responsibly, ENDESA has developed an Energy Efficiency Plan, PE³, designed to bring together all the energy efficiency solutions that the company offers commercially into a single framework and unlock their value, and to promote the use of alternative sustainable energy by customers. This plan establishes three key priorities:

- Promoting value-added products and services (VAPs) for existing customers concerning clean energy and efficiency.
- Developing efficient alternatives and clean energy for the future.
- Positioning ENDESA as a leader in efficiency through a plan of specific measures related to the initiatives launched onto the market.

During 2009, Endesa Energía developed new products such as “low cost” batteries, inverters, etc. in order to develop VAPSS. Other outstanding initiatives have been the Ilumina Plan and the design of leasing solutions for solar photovoltaic plants.

Technical improvements have been made to generation facilities to boost efficiency in energy transformation processes. In Spain, repowering, technology migration, and efficiency gains have raised the performance of thermal and hydroelectric power stations.

ENDESA has cut CO₂ emissions from its electricity facilities by 12.5 million tonnes over the last five years thanks to the various measures taken by the company in both its generating units and distribution networks. This figure translates into an annual reduction of approximately 2.5 million tonnes, which is equivalent to 5.5% of the company's total emissions per annum.

The company is also developing projects in the power generation area which will enable it to cut CO₂ emissions by 900,000 tonnes each year and save 150,000 equivalent tonnes of primary energy oil. These measures have involved substantial investment, totalling over Euro 1,300 million to date.

ENDESA's 2010-2014 Energy Efficiency Global Plan (PGE3) was also drawn up in 2009 within the framework of its 2008-2012 Sustainability Plan. (*Further information in the chapter on commitment to efficiency and innovation*).

ENDESA has also launched several sustainable communication campaigns such as the Twenergy webpage (*further information in the chapter on establishing ties with local communities*), to promote energy efficiency, or the use of YouTube to spread information and raise public awareness of the importance of energy demand.



“AT ENDESA, WHEN WE TALK ABOUT ENERGY EFFICIENCY WE ARE NOT SELLING HOT AIR”

In 2009, ENDESA launched a new marketing campaign to explain the energy efficiency solutions it offers commercially and to promote this type of sustainable energy alternatives among customers. The campaign is based on real-life cases and clearly and simply describes the company's energy efficiency solutions. Direct statements from the company's customers are presented under the slogan “At ENDESA, when we talk about energy efficiency we are not selling hot air”.



AGREEMENT WITH CAMPER TO REDUCE AND OPTIMISE ITS ENERGY DEMAND

ENDESA has entered into a collaboration agreement with Camper to reduce the company's energy demand. The agreement with the footwear company will be split into different phases from the preparation of energy audits of Camper's headquarters and plant in Idees de Alaró (Majorca) to the performance of energy diagnostics in its stores. ENDESA will then participate as a technology partner on this project's supervisory committee.

The agreement also includes generating sufficient "green" energy to offset Camper's energy consumption in Spain, as well as several campaigns to raise awareness among this company's employees about using energy responsibly.



ENDESA AND VODAFONE SPAIN SIGN AN ENERGY EFFICIENCY AGREEMENT

ENDESA has entered into an agreement with Vodafone Spain to provide advice on rolling out measures to improve the energy efficiency of the operators' communications network.

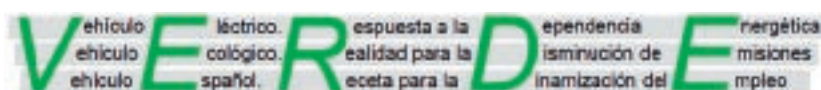
The measures resulting from this agreement will enable Vodafone Spain to invest Euro 10 million within three years in a plan to replace air conditioning systems in base stations with ventilation-based solutions, thereby eliminating or reducing the need for air conditioning. This will lead to significant energy savings estimated at 30 GWh per annum, equivalent to the energy required to supply 7,500 homes per annum, and will avoid the emission of over 9,000 tonnes of CO₂ into the atmosphere each year.

01.3. LEADING ON SUSTAINABLE TRANSPORT: PROMOTING ELECTRIC VEHICLES

Promoting the uptake of electric vehicles has become one of ENDESA's main approaches to tackling climate change.

ENDESA is firmly committed to leading on electric mobility projects in the markets in which it operates, especially Spain, in line with the Spanish government's firm backing of this form of transport. The company is a sector leader in electric mobility in both Spain and Europe, while electric vehicles have become one of ENDESA's key tools for combating climate change.

Sector **leader**
in electric mobility



The main activities during 2009 were as follows:

- **Standardisation and certification measures.**

ENDESA was one of the first companies to join international standardisation and regulation groups for electric mobility equipment, systems and solutions. Of particular note are the Group of Berlin internationally and the FOREVE forum in Spain, organised by the Ministry of Industry.



- **RDI projects.**

In Europe, ENDESA has spearheaded critical packages for the G4V (*Grids for Vehicles*) consortium under the European Union's FP7 for Research and Technological Development in order to create medium- and long-term solutions for the optimal integration of vehicles into electricity grids.

In Spain, ENDESA is a core partner in the CENIT VERDE consortium, approved by the Ministry of Science and Innovation. During this four-year project, which has a budget of nearly Euro 40 million, the company will be in charge of the most advanced concepts for electric vehicle and electric system interaction.

- **Mobility promotion and exhibition initiatives.**

ENDESA has become the company that is most firmly committed to the MOVELE Plan being developed by the Ministry of Industry. This plan involves a pilot programme entailing the installation of 546 electric car recharging points in Madrid (280), Barcelona (191) and Seville (75).

Meanwhile, in Barcelona the 'LIVE' office -LIVE is the Spanish acronym for logistics for the implementation of the electric vehicle- has been set up to unify and manage the city's efficient mobility initiatives.

ENDESA is also working on major European initiatives, such as the city of Malaga's candidacy to lead the demonstration of fast vehicle recharge systems under the *Green Cars* initiative.

- **Design of new electric mobility business models.**

ENDESA is the only European utility chosen by the ELVIRE consortium (FP7), to define and exhibit future electric mobility business models and promote new uses and solutions in this field. Vehicles will be capable of managing recharging and discharging energy flows between the grid, as well as data and added value services between the vehicle and the different types of suppliers.

- In order to reduce CO₂ emissions and the fuel consumption of its sales network, ENDESA also acquired 400 Toyota Prius hybrid cars for this network in 2009.



El alcalde de Madrid, Alberto Ruíz Gallardón, junto al presidente de ENDESA, Borja Prado

One of the five
most active
companies in the
world in the CDM
market

01.4. LEADER IN CLEAN DEVELOPMENT MECHANISMS AND JOINT INITIATIVES (JI)

Following the creation of Endesa Carbono which is responsible for identifying clean development mechanism (CDM) projects, ENDESA has raised its international profile in this area, becoming the leading utility and one of the five most active companies in this field with 6% of the total credits granted by the United Nations.

1.4.1. CDM portfolio

In 2009, 29.7 million tonnes of free CO₂ emission rights were granted to the group: 25.6 million tonnes for Spain, 2.7 for Portugal, and 1.4 for Ireland.

Facilities in Spain used 28.74 million tonnes of emission rights (of which 1.07 have been carbon credits from CDM projects), while those in Portugal consumed 2.835 million tonnes and those in Ireland 0.554 million tonnes of emissions rights.

In 2009, ENDESA's CDM/JI portfolio amounted to 83.6 million Certified Emissions Reductions (CER)/Emission Reduction Units (ERU), 77.2 million of which correspond to Emissions Reduction Purchase Agreements (ERPA), and 6.37 million to letters of intent.

In 2009, 10 new CDM/JI projects were registered. ENDESA's CDM/JI projects generated 13 million CERs/ERUs during 2009, which, added to those issued in previous years, take the total to 20.6 million CERs/ERUs.

At the end of 2009, ENDESA had a portfolio of 52 CDM projects, which represent a reduction of more than 82 million tonnes of CO₂. It is also involved in seven different carbon funds.

A portfolio of
52 CDM projects,
which represent
a reduction of more than
82 million tonnes
of CO₂

1.4.2. ENDESA's own projects

The most outstanding of ENDESA's own CDM projects are the project to repower the Callahuanca hydroelectric power station in Peru, and the Ojos de Agua project and Canela wind farm (registered in 2009) in Chile.

During 2009, the Callahuanca and Ojos de Agua projects, which were registered as CDMs by the Executive Committee of the United Nations Framework Convention on Climate Change in 2008, passed audits enabling them to produce their first CERs.

The Canela wind farm in Chile (18.15 MW of installed capacity) was also registered as a CDM with the United Nations in 2009. It is expected to reduce CO₂ emissions by some 25,900 tonnes/year, and almost 181,300 tonnes during the seven years of the CDM. Canela is the first wind farm of Chile's Central Interconnected System, and the second, 96-megawatt phase of this project has now been commissioned, taking the wind farm's total nameplate capacity to 87.15 MW.

During 2009, this facility avoided the emission of approximately 21,300 tonnes of CO₂, which will be traded on the CDM market once they have been verified during the following period. Measures were taken to fulfil the requirements to obtain the Gold Standard in the voluntary carbon market in order to verify and trade the emissions avoided since the facility was commissioned and registered as a CDM.

In Peru, the Ventanilla combined cycle power station, with a maximum capacity of approximately 350,000 CERs/year, is currently being registered with the United Nations after passing an audit. This CDM project unlocks the value of transforming two open gas cycles of 160 MW each into a 490 MW combined cycle. It is expected that this plant will be registered with the United Nations in the first months of 2010.

The El Quimbo project in Columbia is under consideration. As a CDM, this facility comprises a 400 MW hydroelectric power station located in the Magdalena river basin in the province of Huila. This project will displace 600,000 tonnes of CO₂ per annum.

ENDESA'S OWN PROJECTS

Name	Technology	Region	Country	Counterparty	CERs/annum	
					Certified	In progress
Canela	Wind	Latin America	Chile	Canela (wind farm)	25,000	63,000
Ojos de Agua	Hydro	Latin America	Chile	Ojos de Agua	20,000	—
Quimbo	Hydro	Latin America	Colombia	Emgesa	—	600,000
Callahuanca	Hydro	Latin America	Peru	Callahuanca hydroelectric power station	18,400	—
Ventanilla	CCGT	Latin America	Peru	Ventanilla	—	360,000

CO₂ ABSORPTION BY TREES

The ability of a plant or tree to absorb CO₂ depends on a plethora of factors: the time of year, where it is located, its size, and the species.

The Stone pine is the most efficient (absorbing 27 tonnes of CO₂ per annum), followed by the Aleppo pine, which absorbs 8.8 tonnes of CO₂ per annum). Meanwhile, of the most commonly planted species in urban areas, the Honey locust, the Jacaranda, the Elm, and the Melia absorb the most CO₂ while species including the catalpa, the Judas tree, and the Japanese cherry consume the least CO₂.

Source: University of Seville study presented by professor of biology and winner of the Climate Change and Energy Research Prize, Jesús Castillo Segura.

01.4.3. Carbon funds

In addition to developing or participating in CDM projects, ENDESA is also active in several carbon funds. The most noteworthy are those managed directly by the World Bank, such as:

- Community Development Carbon Fund (CDFC), the objective of which is to provide a stable and organised international environment for developing CDM projects, giving priority to small-scale projects in underdeveloped countries.
- Spanish Carbon Fund.
- Umbrella Carbon Fund.
- Carbon Partnership Facility (CPF).

ENDESA also participates in the Multilateral Carbon Credit Fund (MCCF) of the European Investment Bank and the European Bank for Reconstruction and Development.

MEMBERSHIP OF THE WORLD BANK'S NEW *CARBON PARTNERSHIP FACILITY* FUND FOR CLEAN ENERGY PROJECTS

ENDESA has become the first Spanish company that has made a commitment to fight climate change above and beyond the goals established for the period of the Kyoto Protocol running until 2012. The company will contribute Euro 35 million to this World Bank fund in exchange for carbon credits. Membership was signed during the Carbon Expo trade fair and conference in Barcelona in 2009, of which ENDESA is official sponsor (through its subsidiary Endesa Carbono).

02. INSTITUTIONAL ALLIES IN THE FIGHT AGAINST CLIMATE CHANGE

02.1. ENDESA'S PARTICIPATION IN THE REGULATORY FRAMEWORK

ENDESA is involved in all the main conferences and relevant initiatives in the sector, monitoring and proactively analysing regulatory developments concerning climate change. The latest significant milestones in chronological order have been as follows:

January 2008. The European Commission submits a series of proposals comprising its Climate and Energy Package. This signals the start of a period of intense negotiations by both the European Council and Parliament lasting almost a year.

December 2008. Political agreement reached on the most pressing questions remaining unanswered. On 17 December 2008, a plenary session of the European Parliament votes on and approves by majority the Climate and Energy Package, the principal components of which are as follows:

- 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.

April 2009. The European Parliament and the European Council approve Directive 2009/29/EC amending Directive 2003/87/EC. This new package of legislation comprises measures for Member States beyond 2012 to improve and extend the greenhouse gas emission allowance trading scheme of the Community. The ultimate objective is to cut greenhouse gas emissions by 21% compared to 2005 levels. This directive establishes the following:

- The maximum cap on emissions is established at European level, and therefore the National Allocation Plans (NAP) disappear.
- The need to harmonise allocation in the EU to ensure the same conditions of competition exist.
- No free allowances for electricity generation or CCS will be allocated during the period 2013-2020. All emission rights must be acquired by auction.

- Rules determining the allocation of free rights must be defined by the Commission before 31 December 2010. Rights will be allocated using benchmarks and it will be possible to pass on costs.

As part of the work to roll out the Climate and Energy Package, and in response to the opportunities offered by the European directive on the capture and geological storage of CO₂, ENDESA has successfully submitted a proposal to construct pilot plants to develop CCS technology.

COMMENTS FROM THE EXPERTS...

"Climate change is not today's problem, it is yesterday's problem. We all have a responsibility to build a better future for our children."

Teresa Ribera, Secretary of State for Climate Change, during the presentation by ENDESA and National Geographic of the documentary "Climate Change in Spain: a challenge for all", 21 January 2009

02.2. THE INTERNATIONAL PANORAMA AFTER THE COPENHAGEN SUMMIT

Copenhagen played host to the fifteenth session of the Conference of the Parties of the United Nations Framework Convention on Climate Change (COP 15) and the fifth Meeting of the Parties to the Kyoto Protocol. The Danish summit, which was attended by over 15,000 delegates and observers and 115 heads of state and government, ended with the publication of the **Copenhagen Accord**, a voluntary and non-binding statement of intent outside the Convention and the Kyoto Protocol. The main outcomes of the Accord are as follows:

- A proposed overall objective of cutting emissions to ensure global temperatures do not rise above 2¼C.
- Developed countries (Appendix I of the Convention) have until 31 January 2010 to establish their greenhouse gas emission commitments for 2020 based on the reference year of their choice, and to establish voluntary mitigation measures they intend to implement.
- Recognition of the importance of forests and agreement on the need to establish a mechanism including REDD-plus to enable the mobilisation of financial resources from developed countries.
- The commitment by developed countries to provide new and additional resources approaching USD 30 billion for the period 2010-2012 with balanced allocation between adaptation and mitigation, and the goal of mobilising jointly USD 100 billion dollars a year by 2020 to address the needs of developing countries. The establishment of the Copenhagen Green Climate Fund to manage a significant part of these financial resources.
- The establishment of a High Level Panel accountable to the Conference of the Parties to study the contribution of the potential sources of revenue.

ENDESA subscribed
to the "Copenhagen
Communiqué
on Climate Change"

- The establishment of a Technology Mechanism to accelerate technology development and transfer in support of action on adaptation and mitigation.
- A call for an assessment of the implementation of this Accord to be completed by 2015, including the possible reconsideration of the 2¼C goal in light of scientific developments.
- Bolivia, Cuba, Nicaragua, the Sudan and Venezuela announced they would not sign the Accord.

ENDESA is also a member of the programme “Caring for Climate: The Business Leadership Platform”.

The main objective of this programme is to provide a platform for companies that have signed the United Nations Global Compact and, like ENDESA, are keen to share their know-how and spearhead initiatives to promote environmental protection and combat climate change.

By joining this scheme, ENDESA underlines its commitment to voluntarily play an active role in the fight against climate change as part of its corporate strategy. In particular, it declares its commitment to promote energy efficiency and cut CO₂ emissions and to make public its achievements in these fields each year.

02.3. EMISSIONS TRADING

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.

Until 2012 the European framework will be governed by the Kyoto Protocols implemented in 2008 alongside the second phase of trading of emissions rights. The European emissions rights trading scheme is implemented through the National Allocation Plans (NAP).

2008-2012 National Allocation Plan for Spain

Spain's 2008-2012 National Plan for the Allocation of Greenhouse Gas Emissions Rights (NAP 2008-2012) was enacted through Royal Decree 1402/2007 amending Royal Decree 1370/2006. This NAP establishes the total volume of rights allocated to each sector and facilities covered by Act 1/2005, including the electric sector. It also defines and describes the methodologies for allocating these sector quotas that will be applied to obtain individual quotas for each facility, and announces and establishes the use of carbon credits from projects based on Kyoto Protocol flexibility mechanisms.

Individual emission rights for installations included in the NAP 2008-2012 are allocated via Order PRE/3420/2007, of 14 November. The NAP 2008-2012 establishes an average annual allocation of 146 million tonnes of rights, to which are added six million tonnes of reserve annual CO₂ emission rights (4.3% of the annual allocation), resulting in a total of 152 million tonnes of annual emission rights. An average annual allocation is established for the electric sector of 54 million tonnes for the period 2008-2012, establishing the possibility of using credits from projects associated with Kyoto Protocol flexibility mechanisms up to 42% of the total allocation for the sector.

In the case of ENDESA, an average of 24 million tonnes of CO₂ per annum have been allocated for all thermal power stations. Taking into account the 42% flexibility margin, ENDESA's installations will be permitted to use 10 million metric tonnes/year of credits obtained via emission reduction projects.

2008-2012 National Allocation Plan for Portugal

Portugal has been allocated 2.7 million tonnes of free CO₂ emissions rights. ENDESA's Portuguese power stations have used 2.835 million tonnes of these emission rights.

2008-2012 National Allocation Plan for Ireland

ENDESA was allocated 1.4 million tonnes of free CO₂ emission rights in Ireland in 2009. The Irish power stations have consumed 0.554 million tonnes of these emissions rights.

Latin America

During 2009, in Latin America ENDESA continued to roll out European methodology for controlling CO₂ emissions from thermal power stations. Application of Endesa Chile's Regulation 19 on atmospheric emissions from Latin American thermal power stations has also been revised.

02.3.1. CO₂ emissions

ENDESA's total emissions at the end of 2009 amounted to 32,649 Kt of CO₂ in Spain and Portugal, 13,452 Kt in Latin America, and 1,064 Kt in other countries.

50.5% reduction
in CO₂ emissions between
1990 and 2009

ENDESA's carbon emissions have fallen from 695g of CO₂/kWh in 1990 to 344 g of CO₂/kWh in 2009, a 50.5% reduction.

ENDESA cut CO₂ emissions by 6% between 2008 and 2009.

SPECIFIC CO₂ EMISSIONS BY ENDESA (kgCO₂/kWh)*

	2008	2009	% 2008/2009
Spain and Portugal	0.45	0.45	0
Argentina	0.43	0.37	-14
Chile	0.25	0.21	-16
Peru	0.25	0.19	-24
Colombia	0.05	0.09	80
Brazil	0.01	0.05	400
Latin America	0.24	0.21	-12.5
Ireland	n/a	1.14	n/a
Morocco	n/a	0.38	n/a
Other countries	n/a	0.69	n/a
ENDESA	0.36	0.34	-6

* Data calculated based on net output of each country. 2008 data do not reconcile with those presented in the 2008 Sustainability Report, because the calculation was performed using gross output.

ENDESA emissions in absolute terms (ktCO₂)

	2008	2009	% 2008/2009
Spain and Portugal	39,701	32,649	-17.8
Argentina	6,242	5,817	-6.8
Chile	5,362	4,663	-13.0
Peru	2,196	1,671	-23.9
Colombia	703	1,124	59.9
Brazil	28	177	532.1
Latin America	14,531	13,452	-7.4
Ireland	n/a	716	n/a
Morocco	n/a	347	n/a
Other countries	n/a	1,064	n/a
ENDESA	54,232	47,165	-13.0

**NATIONAL GEOGRAPHIC CHANNEL AND ENDESA PRESENT FIRST DOCUMENTARY ON THE EFFECTS OF CLIMATE CHANGE IN SPAIN**

At the Ministry of the Environment and Rural and Marine Affairs, the National Geographic Channel and ENDESA presented (21/1/09) the documentary that they have produced for the first time showing the direct effects on climate change in Spain. Under the title "Climate change in Spain: a challenge for all", the documentary includes comments by CSIC scientists and experts.

The documentary also confirms ENDESA's commitment to a sustainable corporate model. The documentary visits 10 critical areas throughout Spain which are affected or being threatened by environmental decay. ENDESA has already put in place in many of these areas procedures, either from official bodies or private projects, aimed at stopping or holding back this deterioration which are intended to conserve what we already have and avoid further damage.



Dynamic Voltage Restorer










ENDESA INVESTS IN ENERGY EFFICIENCY WITH A NEW SYSTEM FOR CONTROLLING ENERGY SUPPLY QUALITY







During 2009, ENDESA and Carbueros Metálicos' HYCO plant in La Pobla de Mamufet implemented in Spain the first system for restoring medium-voltage sags. Better known as DVR (Dynamic Voltage Restorer), this device ensures the quality of the electricity supply.

The difference between this technology and other better known devices that ensure supply is not interrupted such as UPS (Uninterruptible Power Supply) is that it does not generate losses from its own power demand except when it is utilised, thereby reducing costs and replacement times. It also does not use batteries, making it low maintenance. Preventing interruptions in the electricity supply means that waste is not generated in an unnecessary manner; contributing efficiently to environmental protection.

03. PRESENCE OF ENDESA IN NATIONAL AND INTERNATIONAL BODIES AND/OR INITIATIVES COMBATING CLIMATE CHANGE

ENDESA is involved in **23** initiatives combating climate change

National bodies	
<ul style="list-style-type: none"> Chair of the Spanish CO₂ Association. 	
<ul style="list-style-type: none"> AENOR (Spanish Standards and Certification Association) Technical Standards Committee for Climate Change and Renewable Energies . 	
<ul style="list-style-type: none"> UNESA (Spanish Association for the Electricity Industry) Working Group on Climate Change. 	
<ul style="list-style-type: none"> Strategic National Consortium for Technical Research on CO₂ (CENIT CO₂). 	
<ul style="list-style-type: none"> Founding member of the Spanish Hydrogen Association together with another 33 companies, 17 research centres and different public bodies. 	
<ul style="list-style-type: none"> Founding partner of the Foundation for the Development of New Hydrogen Technologies in Aragón. 	
<ul style="list-style-type: none"> Participation in the Ministry of Education and Science's Singular CO₂ Strategic Project. 	
<ul style="list-style-type: none"> Fundación Entorno Climate Change and Energy Working Group. Member of Fundación Entorno's CO₂ Action and Energy Efficiency initiative. 	
<ul style="list-style-type: none"> Environment and Climate Change working group of the Excellence in Sustainability Club. 	

International bodies	
<ul style="list-style-type: none"> Carbon Disclosure Project an organisation committed to ensuring corporate transparency on climate change-related issues. 	
<ul style="list-style-type: none"> Eurelectric (European Electricity Industry Association): participation in the voluntary Energy Wisdom Programme (EWP), projects aimed at boosting energy efficiency and reducing GHGs; member of the Climate Change Working group and flexible mechanisms sub-group; in the Economy and Environment working group; in the CCS Task Force and the EU ETS Task Force. Part of the Eurelectric delegation in Copenhagen. 	
<ul style="list-style-type: none"> A signatory to the Copenhagen Communiqué, an industry initiative promoted by the University of Cambridge and the Prince of Wales Corporate Leaders Group on Climate Change. 	
<ul style="list-style-type: none"> Member of the Advisory Board and several working groups within the European Zero Emissions technology platform (ZEP). 	
<ul style="list-style-type: none"> 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. 	
<ul style="list-style-type: none"> Participation in the R&D projects of the FP7 on capture and storage of CO₂: Dynamis, Cachet, C3-Capture, Geocapacity and Nanoglwa. 	
<ul style="list-style-type: none"> Member of CO₂NET, a European network for the development of CO₂ capture and storage technology. 	
<ul style="list-style-type: none"> Attended Carbon Expo 2009 in Barcelona (also a sponsor), and the Asia Carbon Forum in Singapore. 	
<ul style="list-style-type: none"> Energy and Climate Change Working Group of the European Round Table of Industrialists (ERT) Eurocoal. 	
<ul style="list-style-type: none"> A signatory to the UN Global Compact's Caring for Climate initiative, UNEP and WBCSD. 	
<ul style="list-style-type: none"> ENDESA Eco (Chile) involved with the governing body of the Renewable Energies Centre, a project to establish an agency for the promotion of CDM projects, and the Biogas Network public-private committee coordinated by the Pontificia Universidad Católica de Valparaíso. 	

COMMENTS FROM THE EXPERT...

"We, the leaders of European electric utilities meeting in Brussels, have emphasised our belief that a properly functioning competitive market is the best way of achieving this target in a profitable manner, guaranteeing supply and offering responsible supply to citizens and industry."

Lars G. Josefsson, President of Eurelectric.



Establishing ties with
local communities

Strengthening ties with
local communities and the
company's legitimacy in the
areas where it operates

ENDESA aspires to be seen as involved in the social concerns of the countries in which it operates and as an indispensable partner in their economic, social and environmental progress.

Euro 39.2 M in social development in 2009

51% dedicated to cooperative action

More than 560 examples of action taken in 2009

Country Plan, design and roll-out

To this end, the company implemented Country Plans during 2009 to adapt its operations to local needs. One of the basic characteristics of ENDESA's identity is its commitment to society and it is therefore involved in local social cooperation, educational, cultural and environmental awareness raising initiatives, which comprise the four cornerstones of its social initiative strategy. In 2009, the company boosted its commitment to transparency. Dual reporting is provided for investments in community action. On the one hand, using the ENDESA system that is the company's own model that it has used since 2004, and, for the first time, using the London Benchmarking Group international standard.

Meeting our goals	
CHALLENGES IN 2009	ACTION TAKEN
Increase transparency of information on community action.	Adoption and use of dual reporting: ENDESA's traditional method and, for the first time, using the LBG model.
Strengthen corporate volunteers programme.	<ul style="list-style-type: none">• Define and implement volunteer mechanism in Endesa Solidarios.• ENGAGE programme membership for Chilean companies.• Volunteer programmes in place in all Latin American countries and in Spain.
Maintain the level of external social initiatives investment.	In 2009, investments amounted to 1.6% of profit attributable to shareholders.

Key figures	
Percentage of total investment in Latin America	55%
Percentage of total investment in Spain and Portugal	45%
Investment in rural electrification (millions of Euro)	4.5
Percentage of social initiatives comprising educational action	18%
Percentage of social initiatives comprising cultural action	22%
Percentage of social initiatives comprising socio-environmental action	8%

Key initiatives in 2009
Drawing up and implementing Country Plans.
Develop cooperative action.
Develop corporate volunteer programme in every country.
Increase transparency: LBG methodology.
Boost rural electrification in Latin America.
Commitment to disabled people: education and technology.
Conduct educational activities.

In 2010 we propose
Increasing ENDESA's involvement in corporate volunteer forums and platforms.
Participating in or launching a specific study on volunteers to learn from experiences, identify innovative initiatives, and develop indicators.
Collaborating in the debate over terminology regarding Corporate Social Responsibility in the community and offering support instruments to make progress in this area.

01. STRENGTHENING TIES WITH LOCAL COMMUNITIES

By 2012, ENDESA aspires to be involved in the social concerns of the countries and regions in which it operates and an indispensable partner in their economic, social and environmental progress. Under the slogan, "Think globally and act locally", the company applies its corporate vision to local issues. This has been one of the defining characteristics of the company's identity since it was founded.

ENDESA contributes to local development in the following ways to raise its legitimacy in the regions in which it operates, primarily Latin America:

- Roll-out of Country Plans in Latin America to adapt the company's operations to the needs and socio-economic characteristics of each area.
- Social initiatives.

In Latin America, security of supply, excellence in operations, regulatory stability and collaboration in social issues, are particularly relevant.

01.1. COUNTRY PLANS

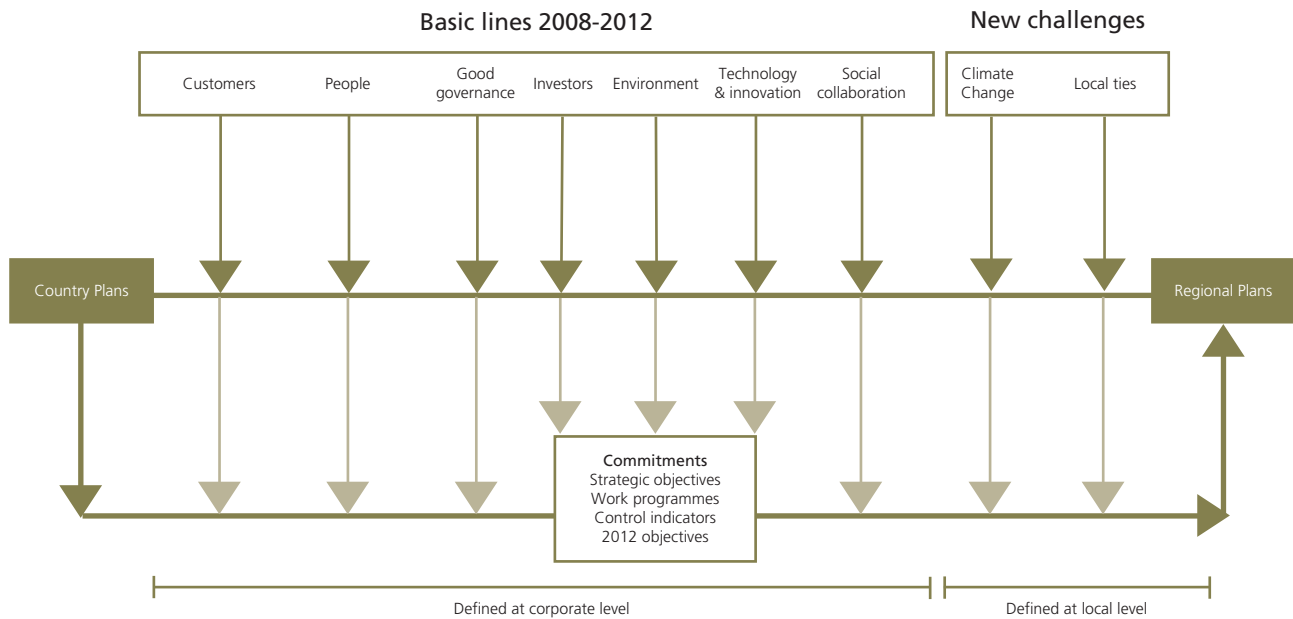
In 2008, ENDESA started to draw up Country Plans. During 2009, these plans were bolstered and stakeholders in each country were given priority; identifying their expectations and adjusting corporate strategies to the specifics of each case. These plans will continue to be rolled out during 2010 until 2012 to fulfil the following objectives:

Country Plan, design and roll-out

- 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.

The five Latin American countries (Chile, Argentina, Columbia, Peru and Brazil) in which ENDESA operates have been applying the 2008-2012 Sustainability Plan to develop their own sustainability plans (Country Plans), which set out the framework for ENDESA's sustainability programme in each country.

These plans, prepared for each Latin American country, are being drawn up after identifying the key challenges and projects in each geographical location included in the 2008-2012 Sustainability Plan. They also enable certain general lines of action established in the 2008-2012 Sustainability Plan to be bolstered and complemented, thereby better adapting the company's work to local characteristics and needs.



Each country's Sustainable Development and Environment Committee oversees the Country Plans, which are coordinated by the Environment and Sustainability Units in each country.

Sustainability Reports in Argentina, Columbia, Chile, Peru and Brazil also set out the specifics of these plans and progress made each year.

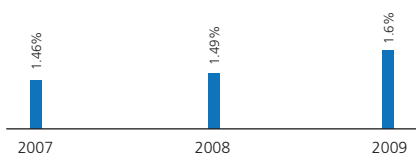
01.2. ENDESA STRENGTHENS LINKS BETWEEN CREATING VALUE FROM ITS BUSINESS AND CONTRIBUTING TO SOCIETY

1.6% of profit attributable to ENDESA's shareholders earmarked for social initiatives

Contributing to local development is part of ENDESA's *raison d'être*. The company is aware of society's expectations and its responsibility as a supplier of a basic resource: electricity.

ENDESA's commitment to the community is set out in the values assumed by the company in 1999, as well as in the seven sustainable development pledges assumed in 2003.

Growth of ENDESA's social initiatives investment
(% of net profit)



* Net profit from continuing operations attributable to ENDESA shareholders.

ENDESA continues to contribute 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 supply and industrial activities.

01.3. CONTRIBUTION TO SOCIAL DEVELOPMENT

The basic criteria guiding ENDESA in its contribution to social development through its Social Initiatives Strategy are as follows:

- Complement its function as a basic service provider: access to electricity.
- Develop projects linked to the nature and characteristics of the company's businesses, allowing it to apply its know-how.
- Provide access to goods and services that are related to electricity.
- Respond to the needs of the main communities with which ENDESA has a relationship.
- Realise ENDESA's potential to help create wealth and employment.
- Be sustainable over time and able to replicate the most successful measures.
- Address the needs of underprivileged groups, including rural communities and displaced urban communities.
- Work with the social representatives of communities involved in projects.
- Systematic, transparent accounting which is communicated to society.

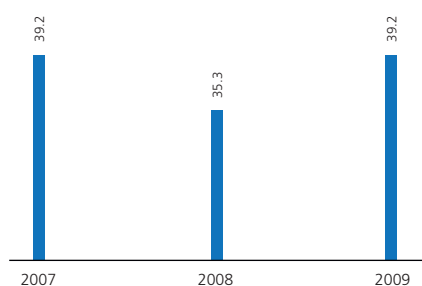
Euro 39.2 M
invested in social initiatives

Under the premise “think globally and act locally”, ENDESA's contribution to social development focuses on projects drawn up by the corporate centre or its regional offices in Spain, through foundations established by the company or its subsidiaries in several countries, and through direct action by these subsidiaries.

Action is taken in four areas:

COOPERATIVE INITIATIVES	CULTURAL INITIATIVES
<p>Focused on covering basic individual or group needs in the markets where the company is present, as well as fostering community development.</p> <p>These activities are split into two sub-categories:</p> <ul style="list-style-type: none">• Basic needs.• Cooperation in local growth.	<p>Focused on preserving local cultural identity, supporting study and research into communities' history, conserving cultural heritage, promoting cultural awards, etc.</p>
EDUCATIONAL INITIATIVES	SOCIO-ENVIRONMENTAL INITIATIVES
<p>Focused on basic literacy, training and general education in local communities and groups, for both children and adults.</p>	<p>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.</p>

ENDESA's investment in social development
(Euro millions)



ENDESA's investments in general interest social development activities in 2009*
(Euro thousands)

Spain and Portugal	17,612
Corporate Centre	9,039
Endesa Foundation	6,000
Spain and Portugal	2,573
Latin America	21,564
TOTAL	39,176

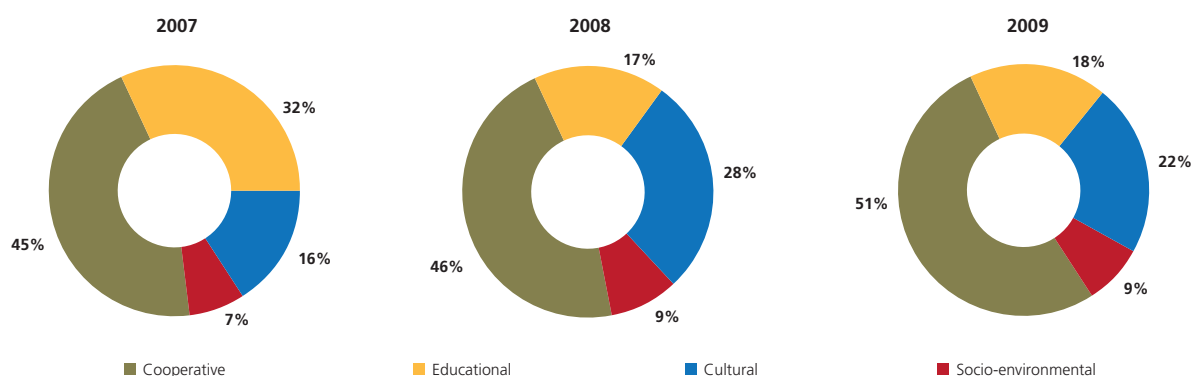
* Excludes investment in rural electrification (Euro 4.55 million) and contribution to United Nations Framework Convention on Climate Change Adaptation Fund (Euro 2.2 million), as these investments are directly related to conducting ENDESA's business.

In 2009, ENDESA allocated Euro 39.2 million to conducting and promoting various social development projects, an amount equivalent to 1.64% of net profit from continued operations attributable to the company's shareholders.

55% of budget invested
in Latin America

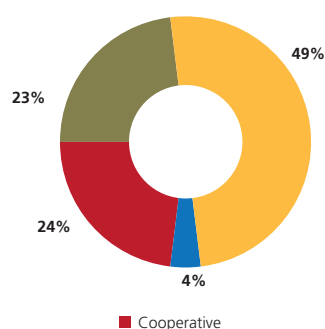
Of this amount, 55% was earmarked for Latin America and 45% for Spain and Portugal.

Historical global performance in social development by area
(% of total social projects each year)

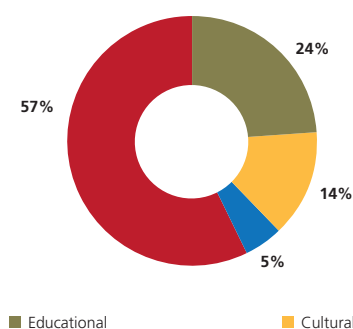


Cooperative action accounted for over half (51%) of social initiatives investments. Cultural action has decreased the most, falling from 28% in 2008 to 22%. Educational and socio-environmental action remains stable.

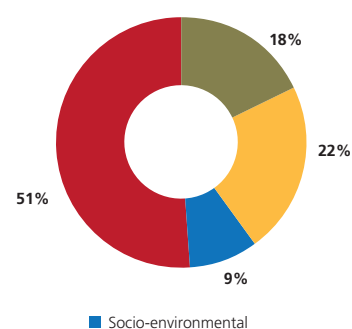
Share of social initiatives of ENDESA foundations in Spain during 2009 (%)



ENDESA's social investment in Spain and Portugal through its corporate centre and regional offices in 2009 (%)



Share of social initiatives in Latin America (%)



Euro 6 million of the Euro 17.6 million invested in social initiatives has been channelled through the Endesa Foundation, Euro 11.6 million of which involved direct action by the company. Euro 2.6 million of this latter amount was earmarked for action taken through the regional organisations in Spain.

London Benchmarking Group, LBG Spain



Since 2008, ENDESA has formed part of LBG 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. This year, ENDESA's social initiatives balance sheet has been presented using the British methodology as well as in the company's external social initiatives report.

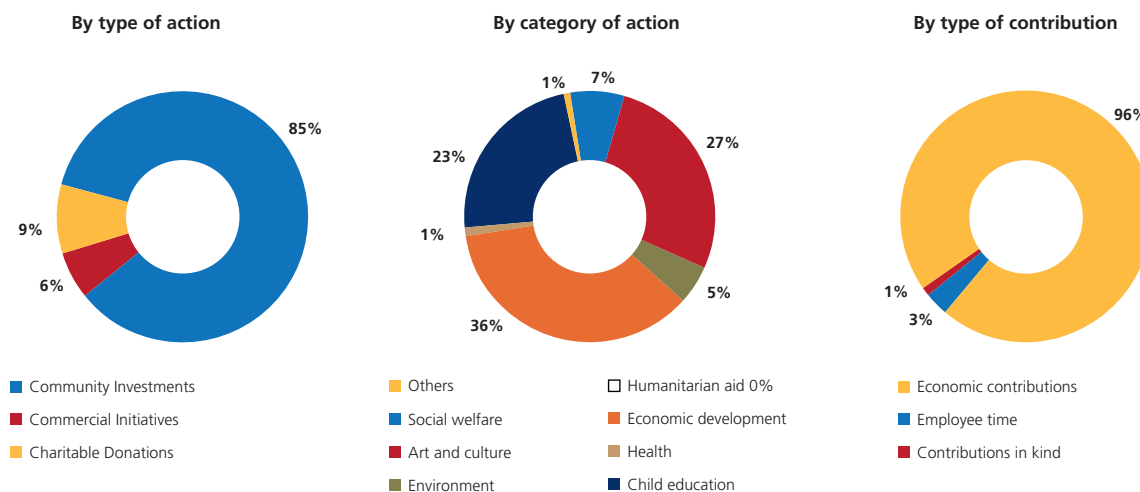
The methodology of LBG, a world leader in the field of social initiatives, helps companies develop strategies for community work that bring added value to both communities and the companies themselves.

ENDESA's contribution to social initiatives in 2009, as per LBG* (thousand of Euro)

Contributions, Spain and Portugal	15,287
Contributions, Latin America	22,353
TOTAL	37,640

* Note: The primary difference in the total result of both reporting systems is due to the way in which the entry comprising Endesa Foundation costs and expenses is booked. ENDESA's traditional system books 100% of the annual provision, while the LBG model only includes the cost of action taken by the Foundation during the reporting period.

ENDESA's contribution to social initiatives in 2009, as per LBG (%)



02. SOCIAL DEVELOPMENT INITIATIVES

02.1. COOPERATIVE ACTION

51% cooperative action

The key element of ENDESA's social development work is social cooperation, which is built on local knowledge and awareness of the needs of the communities in which the company operates, and aims to contribute to strengthening the ability of stakeholders to independently meet 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 contribution.

ENDESA's corporate centre also invests in cooperation initiatives when the economic contribution required is especially significant or an initiative simultaneously involves several regions in which the company operates.

02.1.1. Cooperating with basic social 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. They are carried out both in communities in need of basic attention, and in more developed communities with vulnerable groups or those suffering from a lack of basic attention.

ENDESA's corporate centre or local teams identify, evaluate and assign resources to this type of project. This area of social initiatives is particularly relevant in some of the Latin American countries in which ENDESA operates such as Brazil, Argentina and Peru.

Action aimed at meeting basic needs includes Christmas campaigns, volunteer programmes, donations to libraries and hospitals, and the construction and servicing of schools in poor neighbourhoods.



ENDESA BRAZIL BUILDS SPECIAL NEEDS CLASSROOMS

Endesa Brazil has completed the construction of two classrooms for disabled pupils in the Novo de Goiás high school (INGO) in the Brazilian village of Cachoeira Dorada, at a cost of Euro 18,461. This extension, forming part of the "Transpondo Barreiras" project started by ENDESA 10 years ago, comprises multi-use rooms, toilets, and furniture to care for and educate disabled pupils.

Euro 4.55 M rural electrification

02.1.1.1. Rural Electrification

Rural electrification is especially relevant to ENDESA's social initiatives because it provides electricity to marginalised, disadvantaged rural communities and groups. In 2009, ENDESA's Latin American subsidiaries invested Euro 4.55 million in this type of project. Electrification work was conducted this year in Columbia and Peru.

Rural electrification projects demonstrate the company's concern about the quality and safety of the electricity supply for all users. The projects conducted include not only programmes to extend electricity supply to all users but also to improve and rearrange power lines and tackle problems and irregular practices such as the theft of electricity.

These projects are accompanied by specific training on the efficient use of energy and incentives for users who pay correctly, 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 formally registered.



Shanty towns around Buenos Aires.

EDESUR RENEWS THE FRAMEWORK AGREEMENT TO REGULATE THE SUPPLY TO THE POOREST DISTRICTS OF BUENOS AIRES

After two years of negotiations with the various public administrations in the province of Buenos Aires, Edesur has renewed the agreement to regulate the electricity supply to the poorest districts for a period of four years as from 2007. This agreement guarantees electricity will be supplied to disadvantaged neighbourhoods that are home to close to 500,000 people.

The first agreement came into effect in 1994, also for a period of four years, and ensured the supply of energy to 35,000 families and regulated the electricity grids and installations of 350,000 users.

02.1.1.2. Corporate volunteers

Corporate volunteers play an important role in ENDESA's social initiatives programme, not only because they contribute to developing the communities in which the company operates, but also because volunteers get a lot of value out of the experience. All this also trickles up to the entire organisation, positively affecting the working environment and performance.

EndesaSolidarios 09



Spain and Portugal

The company has established a charity and volunteer platform in Spain: Endesa Solidarios. This is the third year of this platform, which aims to raise awareness and boost the participation of Spanish employees in charity and volunteer programmes for the most disadvantaged.

This platform is a channel through which employees can get involved. The company acts as a facilitator and projects presented are led directly by employees, although they are implemented by respected non-profit organisations for a specific amount of time or have a specific budget. In previous years, Endesa Solidarios benefited 15 projects aimed, among others, at: eradicating child labour, helping in shelters for people at risk of social exclusion, schooling children from poor families, integrating people with disabilities, providing basic infrastructure to poor communities, and providing health care for pregnant women.

To date, more than Euro 100,000 has been raised, over 500 employees in Spain have given donations, and 10 volunteers have given up their time to these projects.

Latin America

- Chile

ENDESA's subsidiaries in Chile have performed corporate volunteer work since 2006. These initiatives, which are channelled through the Enersis Group, reflect a corporate culture committed to education: a discipline that is considered to be critical to social progress.

The Enersis Group currently runs three volunteer programmes:

Encumbra tu Idea (Share your Idea) is an educational programme comprising a competition and focusing on bolstering children's ability to overcome adversity. It requires the continuous involvement of volunteers for six months. In 2009, 145 children up to eighth grade from the Miravalle school in Peñalolén benefited from this programme.

Development activities comprising a flexible programme of one-off interventions involving volunteers helping needy schools to improve their facilities. This programme also comprises specific educational activities aimed at building on content covered in the traditional school curriculum, particularly in the areas of culture, sport and recreation. In 2009, 80 volunteers worked on five projects in the Miravalle school.

Colaborando con Energía (Collaborating with Energy) is run by Endesa Chile to support sections of the population living in precarious conditions or at risk of social exclusion. It focuses particularly on child education. In 2009, close to 190 volunteers comprising workers, their families and contractors in both Santiago de Chile and several regions around the country in which Endesa Chile operates were involved in this programme through this company's operational centres.

The Enersis Group also took part in **Engage Santiago**, a pioneering volunteer programme which, thanks to the involvement of Acción RSE and the municipality of Peñalolén, brought together 10 companies with a common goal: to help the most needy communities. Close to 50 workers from the Enersis Group joined forces to work side-by-side in Peñalolén in November. The team worked on several projects during their two-day stay.

- Peru

ENDESA's corporate volunteer programme in Peru aims to develop communities through charity work that helps to improve the quality of life of people in extreme poverty. The programme covers local initiatives such as projects conducted among populations bordering the company's concessions, and national campaigns responding to natural disasters affecting wider areas.

The corporate volunteer programme in Fria (Sierra Sur), which was affected by an earthquake in 2007, continued throughout 2009. Volunteers helped to plant trees and distributed clothing among 2,500 families.

- Colombia

Since 2008, ENDESA companies in Colombia have implemented the "Adopt an Angel" volunteer programme. This campaign, which is launched every year in December, offers Codensa and Emgesa workers and their families the chance to adopt poor children and elderly people and give them a Christmas present.

This programme was conducted during 2009 with the support of five foundations: Aconir (specialising in cognitive and mental disabilities); Niña María, Hogares Club Michin and Hogares Bambi (specialising in child protection), and the Chaminades Foundation (an organisation that provides shelter for low-income elderly citizens), benefiting a total of 237 socially vulnerable people.

- Argentina

ENDESA's electricity generation subsidiary in Argentina, Endesa Costanera, kicked off its corporate volunteer programme in 2008 to provide support to institutions and projects working with children. This programme followed on from an initiative started by a group of workers from the company, which later gave rise to the establishment and strengthening of Endesa Costanera's charity network.

In recent years, Endesa Costanera's Charity Network has contributed to the development of several institutions such as the Ricardo Gutiérrez Hospital, the Muñoz Hospital, the Padre Hurtado centre, the Padre Vasco meal centre and the Progresar Foundation, which focus on child development and their social insertion.

Through its corporate volunteer programme, Endesa Costanera has also continued with its paper and plastic recycling campaign which provided the Garrahan Foundation with 1,700 kilos of recycled material during 2009.

- Brazil

In Brazil, ENDESA channels the charity work performed by workers and collaborators belonging to its electricity distribution and generation subsidiaries through three corporate volunteer programmes aimed at providing social care and education. The main aim of this work is to make a contribution to society, bringing workers into contact with the community.

Programa Compartilhar (Sharing Programme) is a volunteer programme run by Ampla for children and families in the poorest of the company's concessions: Duque de Caxias, Itaboraí, Magé and São Gonçalo. Since 2004, the Sharing Programme has benefited 30,517 people and 15 welfare institutions, involving the participation of 996 volunteers. During 2009, the electrical installations and buildings of these institutions were upgraded through this initiative, which also involved campaigns to raise donations and, at Christmas, the Volunteer Father Christmas campaign.

Programa Coelce Voluntarios (Coelce Volunteer Programme) was established in 2006 and involves organising campaigns in conjunction with several organisations to cover the basic needs of poor communities.

In 2009, Coelce Volunteers ran a "1+1 campaign" to distribute non-perishable foodstuffs among communities in the interior affected by heavy rains. The campaign involves the company providing a kilo of food for every kilo donated by workers and led to a total of 132 tonnes of food being distributed among 3,300 people during the year. This year has also seen the launch of a campaign to donate plastic lids to the organisation for the elderly, Lar Torres de Melo, in Fortaleza. These lids are sold for recycling and funds raised are used to maintain the institution.

Programa Generación Voluntaria (Volunteer Generation Programme) has been developed by the electricity generation companies Endesa Cachoeira, Endesa Cien and Endesa Fortaleza to support children and adolescents. During 2009, close to 20 Endesa Cachoeira workers involved in this programme refurbished the sports field of the Modelo school, to the benefit of 500 children.

02.1.2.3. Responsible products

Latin America

- Brazil



Project Ecoelce waste collection point for subsequent recycling.

ECOELCE, WASTE FOR ELECTRICITY

Ecoelce is an international example of a corporate social responsibility project that offers direct economic benefits to those involved through discounts on the electricity bill for customers delivering waste to specific collection points for it to be recycled. The Ecoelce projects is a reflection of ENDESA's commitment to sustainability as it encompasses social, economic and environmental factors.

Since its inception in 2006, more than 8,500 tonnes of waste have been recycled under the umbrella of the Ecoelce project, benefiting some 220,000 customers through discounts of around Euro 350,000.

The project has already been extended to another of ENDESA's distribution companies in Brazil, Ampla, and is considered a pilot scheme that will gradually be implemented across all its Latin American subsidiaries.

SOCIETY TALKS...

"In the beginning only two or three neighbours collected rubbish. Now everyone recycles and collects waste."

Gorete Costa, neighbour of Fortaleza and recycling pioneer.

www.youtube.com

- Colombia

Codensa Hogar. 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. At the end of 2009, 25% of electrical appliances in Bogotá were acquired through this Easy Credit Facility with 94 credit application offices in place, serving 678,903 customers.

In November, the client portfolio was sold to the Colpatría Multibanca network, which is a leading provider of customer loyalty cards for well-known retail establishments in Colombia. This entity will be responsible for continuing and expanding the reach of this programme.

02.1.2.4. Integration of people with disabilities

ENDESA is concerned about providing special facilities for the disabled.

Latin America

- Brazil and Chile

Braille electricity bills and telephones for the deaf

Braille electricity bills. Chilectra (Chile) and Ampla (Brazil) have offered their blind or visually-impaired customers the opportunity to receive bills in Braille since 2008 and 2003, respectively. This represents yet another step towards fully integrating the disabled into society.

Telephones for the deaf and hard of hearing. Two years ago, Chilectra installed 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. They are free and are being installed in the sales offices with the greatest number of customers.

02.1.2. Cooperating with social development

ENDESA promotes initiatives to develop infrastructures and perform other social interest activities.

Spain



Ado. ENDESA continues to implement its ADO Programme, which provides additional funding to top-level sports programmes organised by Spanish sporting federations to help sportsmen and women prepare for the Olympic Games.



Twenergy. ENDESA has rolled out Twenergy (www.twenergy.es), a virtual community designed to encourage responsible energy consumption by providing users with solutions and tools to help them become more efficient in their energy usage. Through its various sections, community members can interact and learn how to consume energy more responsibly, enabling them to save on energy and earn points that they can exchange for gifts or votes in support of different charity projects promoted by NGOs.

The objective of the first phase of this project (2009-2010) is to help position ENDESA as a leader in communications and promoter of energy efficiency solutions and their uptake by end customers. As from 2011, the project will take a more commercial approach, providing opinions on efficiency products (marketing campaigns, advertising, products and services, etc.).

Latin America

- Chile



Chilectra Cup. This initiative involves Chilectra employees in collaboration with UNICEF, Conace (Peruvian National Drug Agency), and the Iván Zamorano Foundation. The seventh edition of the event was held in 2009, bringing together almost 6,000 children to take part in football and volleyball competitions at the sports clubs lit by Chilectra in the metropolitan area as part of its commitment to reclaiming public spaces for the community.



Pehuén Foundation. The Pehuén Foundation was established in 1992 by Pangué, S.A., a subsidiary of Endesa Chile, to conduct programmes to improve the quality of life in six Pehuenche communities in the Alto Biobío, adjacent to the Pangué and Ralco hydroelectric power plants. Its aim is to contribute to the social and economic development of communities through programmes aimed at increasing productivity and improving infrastructures, education, personal development and training. During 2009, the Foundation organised cultural programmes, facilitated access to secondary and higher education, encouraged the development of farming, and implemented programmes to avoid the social exclusion of the most disadvantaged families. The Foundation has also joined the United Nations Global Compact.

www.fundacionpehuen.cl

- Peru

Lighting of sports facilities. Edelnor installed lighting at sports facilities and fields in 12 districts, helping to create recreational and social areas which can be used at night, and contributing to building healthy, drug-free communities. So far 57 sports facilities have been lit.



“Edelnor Cuida tu salud” (Edelnor looks after your health) free campaigns. Between 2005 and 2009, over 65,000 and 168,000 people from the poorest sectors of Lima Norte have directly and indirectly had access to healthcare thanks to the support of the Ministry of Health.

Safe water. In order to boost the quality of life of those living in the Orquídeas de Pacaybamba community, a water treatment unit has been installed to provide clean drinking water for 17 families, thereby minimising the risks of contracting diseases associated with the consumption of untreated water.

Christmas Campaign. In December, toys and games, books and cakes were given to the children living in the areas around the Junín and Lima plants.

School Campaign. Some 3,000 pupils from schools in the communities neighbouring the Lima and Junín plants have received basic school supplies.

Integrated Healthcare. A total of 290 families from the Los Ángeles, Yanayacu, Pacaybamba, Orquídeas de Pacaybamba and Marancocha communities have received integrated healthcare.

- Argentina

Campaign to find missing children. Edesur has continued with its Missing Children in Argentina agreement for the sixth consecutive year; continuing to help in the search for missing children by providing free space on its electricity bills and advertising boards in its sales offices to post photos of 82 children missing from home.

- Colombia

Paneleros del Gualivá Programme. The purpose of this programme is to improve the productivity of the panela (sweetener) chain in the Gualivá region, producing high quality product for human consumption and improving the productive infrastructure of the mills. The Endesa Columbia Foundation in partnership with the Colombian Fund for the Modernisation and Technical Development of Micro-, Small- and Medium-sized Companies (Fomipyme) has enabled 75 mills related to the programme to receive training to produce and sell panela in accordance with the government's requirements.

Municipal Institutional Development Programme. This programme continued to be implemented in 12 municipalities in Cundinamarca, involving 169 people including members of the community and public institutions. The diploma with UNIMINUTO was completed during the year, which encourages skills development among public workers from civil institutions and organisations. The aim of this diploma is to achieve good governance and it concentrated on the status of rights in daily life that favour human development and contribute to improving the quality of life of groups of people in the catchment area.

18% educational programmes

02.2. EDUCATIONAL INITIATIVES

ENDESA also works closely with the academic community. It has entered into agreements and directly participates in 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.

Spain and Portugal



- **Endesa Educa.** Programme aimed at Spanish students to promote a more rational and efficient use of energy, and to publicise the company's work. This initiative is implemented by providing schools with educational material related to energy resources; raising awareness among students about energy's importance to general quality of life issues. The programme is adaptable to different levels, offering everything from basic introductory material to visits to ENDESA installations. Furthermore, activities and content can be downloaded from www.endesaeduca.com, such as Endesa E3: an activity involving students analysing the energy consumption of their place of study or home and then proposing efficiency improvements. The 40 products offered by Endesa Educa have led to 584 activities and over 14,000 users. Of these users, 97% rate the content as "good" or "very good".

www.endesaeduca.com

Latin America

- Argentina

El Viaje de la Energía (The Journey through Energy). For the fourth year running, Edesur has run the "El viaje de la energía" programme, an educational initiative providing pupils from 794 primary schools in the company's concession with basic knowledge on electricity such as how it works, how it is distributed from source to home, and how to use it safely and efficiently.

- Colombia

Paseo Itinerante de la Electricidad (Travelling Electricity Exhibit). In 2009, Codensa unveiled this travelling exhibit in order to provide pupils from the 37 municipalities in Cundinamarca with knowledge on the process of transforming electricity in an entertaining, educational and interactive way.

- Peru



Pachacútec. Edelnor has offered young enterprising people on low incomes the chance to receive professional training in the electricity sector, equipping them with better personal and professional skills, through the Pachacútec Technology College, and offering participants practical work experience. The 150-plus young people that have taken part rate very highly the training and labour opportunities

given to them, which have enabled them to improve their self-esteem and communication skills and have contributed to their personal development and that of their families and the communities in which they live. The company has been involved in this project for five years and two classes of specialised technicians have already graduated and are working in the sector.

Matemáticas para Todos (Maths for All). This programme aims to improve maths learning in schools using a new innovative system rolled out through teaching workshops, learning pathways, and the provision of printed material and training videos. In all, 108 teachers from 12 education centres have received special training and a book bank with 5,413 books has been established.

Construyendo Escuelas Exitosas (Building Successful Schools). Eleven head teachers, seven teachers and fathers who teach 289 pupils in single-teacher schools in the community close to the Chimay and Yanango plants have received training on how to manage the administration and curricula of centres.

2.3. CULTURAL INITIATIVES

22% cultural programmes

ENDESA is involved in conserving and promoting the local heritage and cultures in the areas in which it operates. In 2009, 22% of ENDESA's social initiative comprised activities in this area (as per ENDESA's traditional method). A significant number of these activities are related with illuminating monuments or organising artistic and cultural events.

Spain and Portugal



From left to right: Andrea Brentan, Piero Gnudi, Borja Prado, Fulvio Conti, His Majesty King Juan Carlos I, and the President of Italy.

CHARLES III EXHIBITION. BETWEEN NAPLES AND SPAIN

ENDESA and the Italian Embassy, together with the San Fernando Royal Academy of Fine Art, have joined forces to present the exhibition "Charles III. Between Naples and Spain", which was opened in the Italian Embassy in Madrid by His Majesty King Juan Carlos I and Giorgio Napolitano, the President of Italy.

Sponsored by ENDESA and organised by the Italian Embassy, the exhibition traces the political career and life of Charles III in Naples and, from 1759 on, in Spain, as reflected in the art of the period, with all the splendour of the Bourbon court as a backdrop, in the year marking the 250th anniversary of his coronation.

Las Médulas Foundation. ENDESA has collaborated with the Las Médulas Foundation to gain an understanding of and appreciation for the historic and cultural heritage of Bierzo, and unlock the value of the Las Médulas landscape, declared by UNESCO as a world heritage site.

Heritage Conservation Programme. During 2009, ENDESA illuminated over 20 historic buildings and monuments in Spain and Latin America through the Endesa Foundation, improving their aesthetic value, increasing their attractiveness to tourists, and making the local community prouder of their its heritage.

9% socio-environmental programmes

2.4. 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.

Support for developing countries which are signatories to the Kyoto Protocol

With regard to the United Nations Framework Convention on Climate Change (UNFCCC) Adaptation Fund, ENDESA contributes 2% of the investment in the projects it owns, ensuring these contributions are made decisively whenever it is involved in such projects as a purchaser. Nonetheless, in 2009 none of ENDESA's projects gave rise to CERs (Certified Emission Reductions).

- Chile

Huinay Foundation. The Scientific Centre of the Huinay Foundation performed a total of 19 research projects in 2009. The most outstanding being the publication of the book Benthic Fauna in the Chilean Patagonia, summarising 10 years of research and a total of nine expeditions, and containing 473 species, 49 of which are new to science.

www.fundacionhuinay.cl

- Peru

Programa Sembrando Vida (Sowing Life Programme). Edelnor has rolled out this initiative to restore green spaces with the help of communities, local authorities and employees. It is conducted in Nuevo Pachacútec for Lima Norte, Callao, Ventanilla and San Miguel, San Juan de Lurigancho.



Appendices



APPENDIX I

ENDESA, COMMITTED TO REPORTING ON SUSTAINABILITY

For ENDESA, sustainability means growing responsibly. We pledge that the principles relating to this concept are fully and effectively incorporated into our values, business mission and vision and decision-making processes.

Each year we publicly disclose the endeavours undertaken to comply with the duties and responsibilities we have to our customers, shareholders and employees, the progress made in forging ties with the communities where we are present and working in an ethical and transparent manner. We are also committed to technological innovation, energy efficiency, combating climate change and safeguarding the environment.

The ENDESA 2009 Sustainability Report details the main initiatives undertaken in the year to meet the expectations of our stakeholders.

Key to ENDESA's transparency objective is the publication of its Sustainability Report as well as other corporate reports on an annual basis. ENDESA publishes other annual corporate reports, including its Annual Report which comprises Legal Documentation, the Operations Review and the Annual Corporate Governance Report. The company also discloses information on its activities relating to its social commitments in Spain through the Endesa and Sevillana-Endesa Foundations' Annual Reports. The company also 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 Reviews, which are available on their respective websites.

The following channels are available to anyone who wishes to receive detailed information about issues covered in this report, ENDESA'S sustainability commitment and/or who wishes to participate in preparing subsequent reports:

Websites

ENDESA	www.endesa.es	Spain and general information on the ENDESA group
Energis	www.energis.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 United States 410 Park Avenue, Suite 410. New York NY 10022. 1212 7507200. endesanyir@endesana.com
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" 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, Director de Medio Ambiente y Desarrollo Sostenible de ENDESA
Environment and Sustainable Development Director, ENDESA
Ribera del Loira, 60
28042 Madrid (Spain)
Email: dmads@endesa.es

APPENDIX II

OTHER GRI CONTENT

ECONOMIC PERFORMANCE INDICATORS 2009

The rest of the indicators are included in Appendix IV, with their corresponding chapter.

GRI-G3	Indicator	Unit	Spain and Portugal	Latin America	Other countries	TOTAL
EC-6 (P)	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.					
	Locally-based suppliers with contracts > Euro 1,000	no.	274	186	n/a	460
	Foreign-based suppliers with contracts > Euro 1,000	no.	18	27	n/a	45
	Spending on locally-based suppliers with contracts > Euro 1,000	Euro thousands	1,517,258	803,462	n/a	2,320,720
	Spending on foreign-based suppliers with contracts > Euro 1,000	Euro thousands	84,398	302,408	n/a	386,805
	Concentration of expenditure with locally-based suppliers	%	75	n/a	n/a	n/a
	Concentration of expenditure with foreign-based suppliers	%	4	n/a	n/a	n/a

ENVIRONMENTAL PERFORMANCE INDICATORS 2009

The rest of the indicators are included in Appendix IV, with their corresponding chapter.

GRI-G3	Indicator	Unit	Spain and Portugal	Latin America	Other countries	TOTAL
EN10 (a)	Percentage and total volume of water recycled and reused					
	Percentage and total volume of water recycled and reused	%	0.01	n/a	n/a	0.01
EN17 (P)	Other relevant indirect greenhouse gas emissions by weight. Other GHG emissions					
	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.					
EN19 (P)	Emissions of ozone-depleting substances by weight.					
	ENDESA adheres to Regulation (EC) no. 2037/2000 on substances that deplete the ozone layer, thereby complying with the restrictions on using CFCs and HCFCs. In addition, in compliance with Regulation (EC) no. 842/2006, the company has implemented mechanisms to reduce HCFC and SF6 emissions. In any event, emission levels of these substances are insignificant.					
EN27 (P)	Percentage of products sold and their packaging materials that are reclaimed by category.					
	ENDESA does not produce significant quantities of packaged goods intended for sale.					

SOCIAL PERFORMANCE INDICATORS 2009

The rest of the indicators are included in Appendix IV, with their corresponding chapter.

GRI-G3	Indicator	Unit	Spain and Portugal	Latin America	Other countries	TOTAL
LA5 (P)	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	weeks	4	n/a	n/a	n/a

HUMAN RIGHTS INDICATORS 2009

The rest of the indicators are included in Appendix IV, with their corresponding chapter.

GRI-G3	Indicator	Unit	Spain and Portugal	Latin America	Other countries	TOTAL
Aspect: Investment and procurement practices						
HR1 (P)	Total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	no.	32	n/a	n/a	32
	Percentage of significant investment agreements that include human rights clauses or that have undergone human rights screening.	%	11.07	n/a	n/a	11.07
HR3 (a)	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.					
	Sustainability training for employees	hours per employee	17	16.74	n/a	33
	Total hours of sustainability training	hrs	208,650	208,650	n/a	417,300
	Total hours of environmental training	hrs	15,340	15,340	n/a	30,680
	Total hours of safety training	hrs	193,310	193,310	n/a	386,620

ELECTRIC UTILITIES SECTOR SUPPLEMENT INDICATORS 2009

The rest of the indicators are included in Appendix IV, with their corresponding chapter.

GRI-G3	Indicator	Unit	Spain and Portugal	Latin America	Other countries	TOTAL
EU9	Provisions for decommissioning nuclear power sites					
	Future costs which the group must assume relating to the decommissioning of power plants will be added to the value of the asset at present value including the corresponding provision. The group revises estimates for these future costs annually and increases or decreases the value of the asset depending on the outcome of said estimate. For nuclear plants this provision includes the estimated amount the group must pay until, pursuant to Royal Decree 1349/2003, of 31 October and Act 24/2005, of 18 November, Enresa, the public nuclear waste management body, takes over the decommissioning of these facilities.					
EU15	Percentage of employees eligible to retire in the next 5 and 10 years broken down by category and by region.					
	Employees eligible to retire in the next 5 years by category					
	Executives	%	6	13.1	25.00	7.1
	Middle management	%	4.61	5.8	0.00	5.0
	Administrative and office staff	%	1.1	5.3	23.36	2.2
	Manual workers	%	2.12	11.2	23.30	2.9
	TOTAL	%	2.40	5.2	26.00	3.4
	Employees eligible to retire in the next 10 years by category					
	Executives	%	17.56	13.1	10.00	14.7
	Middle management	%	16.17	5.8	6.60	9.8
	Administrative and office staff	%	13.96	5.3	10.42	8.9
	Manual workers	%	14.74	11.2	11.84	14.6
	TOTAL	%	14.82	5.2	13.16	10.0
EU18	Percentage of contractor and subcontractor employees that have undergone relevant health and safety training.					
	Distribution-line and transport workers	no.	n/a	3,885	n/a	3,885
	Fitters	no.	n/a	30	n/a	30
	Substation operators and mechanics	no.	n/a	292	n/a	292
	Operating and auxiliary staff	no.	n/a	6,863	n/a	6,863
	Plant mechanics	no.	n/a	0	n/a	0
	Solderers	no.	n/a	13	n/a	13
	Machine operators/mechanics	no.	n/a	87	n/a	87
	Engineers	no.	n/a	132	n/a	132
	Electricians	no.	n/a	6,796	n/a	6,796
EU20	Approach to managing the impacts of displacement					
	<p>When Endesa Chile is analysing new investment projects it forges relationships with its stakeholders from the outset. The company analyses the project and the site where the facility is to be installed. It assesses the environmental, human and cultural aspects of the site and what direct or indirect impacts the communities living there may have on the project. It also carries out a socio-demographic study to assess the main cultural aspects of these communities. These analyses allow the company to draw up action plans for each of its stakeholder groups and build a positive relationship so it can listen to their demands and concerns from early on.</p> <p>The relationship with the various groups of stakeholders varies according to the characteristics of each project and the groups themselves. There are therefore no standard procedures in place as the communities and regions themselves are not identical; each have their own characteristics which need to be identified individually for a suitable relationship to be established. The company in Peru applies the same procedure as in Chile while in Argentina, Brazil and Colombia it does not..</p>					
EU22	Number of people physically or economically displaced and compensation, broken down by type of project.					

ELECTRIC UTILITIES SECTOR SUPPLEMENT INDICATORS 2009 (continuation)

Total number of people displaced due to construction of new plants		no.	0	331	n/a	331
				n/a Argentina, Brazil, Colombia and Peru.		
EU27	Number of residential disconnections for non-payment, broken down by duration of disconnection and by regulatory regime.					
	Total number of residential disconnections for non-payment	no.	542,411	2,272,581	n/a	2,814,992
	Number of residential disconnections for non-payment lasting less than 48 hours	no.	292,181	1,051,754	n/a	1,343,935
	Number of residential disconnections for non-payment lasting 48 hours-1 week	no.	67,636	234,744	n/a	302,380
	Number of residential disconnections for non-payment lasting 1 week-1 month	no.	55,721	209,743	n/a	265,464
	Number of residential disconnections for non-payment lasting 1 month-1 year	no.	106,304	112,512	n/a	218,816
	Number of residential disconnections for non-payment lasting more than 1 year	no.	73,653	17,332	n/a	90,985
	Number of residential customers reconnected after 24 hours	no.	310,138	1,714,442	n/a	2,024,580
	Number of residential customers reconnected after 24 hours-1 week	no.	124,500	13,951	n/a	138,451
	Number of residential customers reconnected after more than 1 week	no.	4,195	3,716	n/a	7,911
EU28	Power outage frequency.					
	System Average Interruption Frequency Index (SAIFI)	no.	1.7	17.9	n/a	n/a
EU30	Average plant availability factor by energy source and by regulatory regime.					
	Average efficiency	%	62.64	54.8	n/a	n/a
	Average unplanned availability	%	95.74	96.02	n/a	n/a
	Spain					
	Efficiency at coal-fired plants	%	35.42	34.08	n/a	
	Unplanned availability at coal-fired plants	%	10.11	1.08	n/a	
	Efficiency at fuel-gas fired plants (ex-combined cycle)	%	35.87		n/a	
	Unplanned availability at fuel-gas plants (ex-combined cycle)	%	5.74		n/a	
	Efficiency at combined-cycle plants	%	53.07	50.25	n/a	
	Unplanned availability at combined-cycle plants	%	13.33	1.96	n/a	
	Total efficiency at fuel-gas fired plants	%	39.16	30.24	n/a	
	Unplanned availability at fuel-gas fired plants	%	7.41	1.96	n/a	

APPENDIX III INDEPENDENT REPORT



KPMG Asesores S.L.
Edificio Torre Europa
Paseo de la Castellana, 85
28046 Madrid

Independent Assurance Report to the Management of Endesa, S.A.

(Free translation from the original in Spanish.
In case of discrepancy, the Spanish language version prevails.)

We performed a limited assurance review on the non-financial information contained in Endesa, S.A. (hereinafter Endesa) Sustainability Report for the year ended 31 December 2009 (hereinafter “the Report”).

Endesa management is responsible for the preparation and presentation of the Report in accordance with the Sustainability Reporting Guidelines version 3.0 (G3) of the Global Reporting Initiative as described in the section entitled About this report. This section details the self-declared application level, which has been confirmed by Global Reporting Initiative. Management is also responsible for the information and assertions contained within the Report; for the implementation of processes and procedures which adhere to the principles set out in the AA1000 Accountability Principles Standard 2008 (AA1000APS); for determining its objectives in respect of the selection and presentation of sustainable development performance; and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

Our responsibility is to carry out a limited assurance engagement and to issue an independent report based on the work performed, which refers exclusively to the information corresponding to the year 2009. Data corresponding to previous years have not been the object of review. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, “Assurance Engagements other than Audits or Reviews of Historical Financial Information”, issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform the engagement to obtain limited assurance about whether the Report is free from material misstatement and that we comply with the independence requirements included in the International Federation of Accountants Code of Ethics which outlines detailed requirements regarding integrity, objectivity, confidentiality and professional qualifications and conduct. We have also conducted our engagement in accordance with AA1000 Accountability Assurance Standard 2008 (AA1000AS) (Type 2), which covers not only the nature and extent of the organization’s adherence to the AA1000APS, but also evaluates the reliability of performance information as indicated in the scope.

A limited assurance engagement on a sustainability report consists of making inquiries to Management, primarily to the persons responsible for the preparation of information presented in the Report, and applying analytical and other evidence gathering procedures, as appropriate through the following procedures:

- Inquiries of management to gain an understanding of Endesa’s processes for determining the material issues for their key stakeholder groups.
- Interviews with relevant Endesa staff concerning the application of sustainable strategy and policies.
- Interviews with relevant Endesa staff responsible for providing the information contained in the Report.
- Visit to As Pontes thermal power station selected based on a risk analysis considering quantitative and qualitative criteria.
- Analysing the processes of compiling and internal control over quantitative data reflected in the Report, regarding the reliability of the information, by using analytical procedures and review testing based on sampling.
- Reading the information presented in the Report to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of Endesa.
- Verifying that the financial information reflected in the Report was taken from the annual accounts of Endesa, which were audited by independent third parties.

The extent of evidence gathering procedures performed in a limited assurance engagement is less than that for a reasonable assurance engagement, and therefore also the level of assurance provided. Also, this report should not be considered an audit report.

Our multidisciplinary team included specialists in AA1000APS, stakeholder dialogue, social, environmental and economic business performance.

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the data included in the Sustainability Report of Endesa S.A. for the year ended 31 December 2009 have not been reliably obtained, that the information has not been fairly presented, or that significant discrepancies or omissions exist, nor that the Report is not prepared, in all material respects, in accordance with the Sustainability Reporting Guidelines (G3) of the Global Reporting Initiative as described in the Report section entitled About this report. Additionally, and also based on the procedures performed, as described above, nothing has come to our attention that as a result of Endesa implementing the procedures described in sections Map of ENDESA stakeholders (Principle of Inclusiveness), Relevance (AA1000 APS) - Materiality (GRI G3) and The Principle of Responsiveness (AA1000 APS) of the Report, any material issues have been omitted as applies to the principles of inclusivity, materiality and responsiveness as included in the AA1000 AccountAbility Principles Standard 2008.

Under separate cover, we will provide Endesa management with an internal report outlining our complete findings and areas for improvement. Without prejudice to our conclusions presented above, we present some of the key observations and areas for improvement below:

In relation to the INCLUSIVITY principle

Endesa has made an important effort in the development of a stakeholder map, having undertaken a corporate level stakeholder identification and prioritization as a first step, the results of which were then adapted to countries where the company has significant operations. In this line, it is recommended that Endesa continue working to define the processes and tools to allow the company to go more in depth in identifying and prioritizing stakeholders objectively and homogeneously throughout the entire company.

In relation to the MATERIALITY principle

In 2007, Endesa developed its Sustainability Strategic Plan 2008-2012 (PES for its abbreviation in Spanish) in which priority issues for determining its positioning in sustainability issues were identified according to their relevance. In addition, Endesa carries out annually a process to update its material issues. It is recommended as an improvement measure to develop a dynamic process that provides a link between this update of material issues and their consideration in the PES.

In relation to the RESPONSIVENESS principle

Based on the PES 2008-2012, Endesa has developed a series of Country Plans, aimed at transferring the issues identified at corporate level to the different countries in which Endesa has its main operations. In order to evaluate the measure to which stakeholders' expectations are being met through the PES and Country Plans, it is recommended to develop mechanisms that permit stakeholders to participate in the design of the Company's responses to them, as well as permit assessment of their effectiveness.

KPMG Asesores, S.L.

(Signed)

José Luis Blasco Vázquez
Partner

21 May 2010

APPENDIX IV
INDEX OF GRI CONTENT AND INDICATORS

ENDESA 2009 SUSTAINABILITY REPORT

GRI G3 Content

1	STRATEGY AND ANALYSIS	SR Pages
1.1	Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and its strategy	Page 2 - 3 (Introduction)
1.2	Description of key impacts, risks and opportunities	Page 16 - 19 (Challenges and commitments)
2	COMPANY PROFILE	
2.1	Name of the organization	Page 2 (Introduction)
2.2	Primary brands, products, and/or services	Page 8 - 10 (Main business areas)
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	Page 11 - 13 (Energy business)
2.4	Location of organization's headquarters	Page 235 (Contact details)
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	Page 11 (ENDESA in the world)
2.6	Nature of ownership and legal form	Page 30 (Scope of the Report)
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	Page 11 - 13 (Energy business)
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 (for private sector organizations), and quantity of products or services provided	Page 7 (ENDESA key figures) Page 11 (ENDESA in the world)
2.9	Significant changes during the reporting period regarding size, structure, or ownership including: the location of, or changes in operations, including facility openings, closings and expansions; and changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations).	Page 30 - 31 (Scope of the Report)
2.10	Awards received in the reporting period.	Page 35 - 37 (Awards and other forms of recognition)
3	REPORT PARAMETERS	
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Page 2 - 3 (Introduction)
3.2	Date of most recent previous report (if any).	Page 33 (Principles of information quality)
3.3	Reporting cycle (annual, biennial, etc.).	Page 33 (Principles of information quality)
3.4	Contact point for questions regarding the report or its contents.	Page 235 (Contact details)
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.	Page 32 (Relevance (AA 1000 APS) - Materiality (GRI G3))
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	Page 30 - 31 (Scope of the Report)
3.7	State any specific limitations on the scope or boundary of the report.	Page 30 - 31 (Scope of the Report)
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.	Page 30 - 31 (Scope of the Report)
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.	Page 30 - 31 (Scope of the Report)
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/ acquisitions, change of base years/periods, nature of business, measurement methods).	Page 30 - 31 (Scope of the Report)
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Page 30 - 31 (Scope of the Report)
3.12	Table identifying the location of the Standard Disclosures in the report.	Page 282 (Appendix IV: Index of GRI content)
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.	Page 240 (Appendix III: Independent Report)
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.	Page 102 - 103 (Leadership of the Board of Directors), 106 (Directors' responsibilities and duties)
4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).	Page 102 - 103 (Leadership of the Board of Directors)
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.	Page 102 - 103 (Leadership of the Board of Directors)
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Page 107 - 109 (The Ethics Channel)
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).	Page 104 - 105 (Remuneration of Directors)
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Page 102 - 103 (Leadership of the Board of Directors), 106 (Directors' responsibilities and duties)
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 topics.	Page 102 - 103 (Leadership of the Board of Directors), 106 (Directors' responsibilities and duties)
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.	Page 14 (Vision, mission and values), 107 (Culture of integrity and ENDESA's codes of ethics)
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.	Page 102 - 103 (Leadership of the Board of Directors), 106 (Directors' responsibilities and duties)
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Page 102 - 103 (Leadership of the Board of Directors), 106 (Directors' responsibilities and duties)
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Page 107 - 109 (Codes of ethics and the fight against fraud and corruption)
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives which the organization subscribes to or endorses.	Page 21 (Compliance with Global Compact, GRI indicators and Millennium Goals) 75- 77 (Culture and awareness of occupational health and safety)
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.	Page 75 - 77 (Culture and awareness of Occupational Health and Safety), 148 (ENDESA takes part in the 1st International Conference on Sustainable Mining)
4.14	List of stakeholder groups engaged by the organization.	Page 22 - 24 (The map of Endesa's stakeholders)
4.15	Basis for identification and selection of stakeholders with whom to engage.	Page 25 - 27 (An approach to management based on principles)
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Page 22 - 24 (The map of Endesa's stakeholders)
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.	Page 25 - 27 (An approach to management based on principles)

FS Financial statements.
ACGR Annual Corporate Governance Report.

ENDESA 2009 SUSTAINABILITY REPORT
Disclosure on Management Approach

ECONOMIC	SR Pages
Economic performance	Page 122 - 123 (Creating value for shareholders)
Market presence	Page 11 (ENDESA in the world)
Indirect economic impacts	Page 120 - 122 (Income generated)

ENVIRONMENTAL	SR Pages
Materials	Page 158 (Fuel consumption)
Energy	Page 158 (Fuel consumption)
Water	Page 159 (Data on process water)
Biodiversity	Page 145 (ENDESA's approach)
Emissions, Effluents and Waste	Page 199 - 200 (Energy efficiency for less intensive CO ₂), 138 (Waste reduction measures applied)
Products and services	Page 64 - 65 (Safety and ongoing improvement at all stages in the life cycle of ENDESA's products and services)
Compliance	Page 110 (Sanctions applied), 205 (ENDESA's participation in the regulatory framework)
Transmission	Page 18 (The climate change challenge)
Overall	Page 14 (Commitment to sustainability), 15 (The seven main lines)

SOCIAL - Labour practices and work ethics	SR Pages
Employment	Page 70 (Reorganisation of Human Resources), 78 (People leadership and development)
Labour/Management Relations	Page 90 (Trade union representation)
Occupational Health and Safety	Page 73 (Management model for occupational health and safety)
Training and Education	Page 81 - 82 (Leadership training)
Diversity and Equal Opportunity	Page 91 (Management of diversity, equal opportunities and the work-life balance)

SOCIAL - Human rights	SR Pages
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Non-discrimination	Page 107 - 109 (The Ethics Channel)
Freedom of Association and Collective Bargaining	Page 90 (Trade union representation)
Abolition of Child Labour	Page 96 - 97 (The UN Global Compact): protection of Human Rights)
Prevention of Forced and Compulsory Labour	Page 96 - 97 (The UN Global Compact): protection of Human Rights)
Security Practices	Page 73 (Management model for occupational health and safety)
Indigenous Rights	Page 96 - 97 (The UN Global Compact: protection of Human Rights)

SOCIAL - Society	SR Pages
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Corruption	Page 107 (Codes of ethics and the fight against corruption)
Public Policy	Page 218 (Contribution to social development)
Anti-Competitive Behaviour	Page 107 - 109 (The Ethics Channel)
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SOCIAL - Product responsibility	SR Pages
Customer Health and Safety	Page 56 - 57 (Responsibility for informing customers)
Product and Service Labelling	Page 225 - 226 (Responsible products)
Marketing Communications	Page 56 - 57 (Responsibility for informing customers)
Customer Privacy	Page 56 - 57 (Responsibility for informing customers)
Compliance	Page 110 (Sanctions applied), 205 (ENDESA's participation in the regulatory framework)

ENDESA 2009 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	✓	Page 125 (Wealth generation in 2009)
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	C	✓	Page 192 (ENDESA's contribution to the fight against climate change), 204 (Carbon funds)
EC3	Coverage of the organization's defined benefit plan obligations.	C	✓	Page 87 - 88 (Pension plan and social benefits)
EC4	Significant financial assistance received from government.	C	✓	Page 161 - 162 (Model of technology leadership)
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	C	✓	Page 236 (Appendix II: Other GRI Content. Policy, practices, and proportion of spending on locally-based suppliers)
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	C	✓	Page 85 (Appointment of senior managers)
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	C	✓	Page 218 (Contribution to social development)
ENVIRONMENTAL PERFORMANCE				
EN1	Materials used by weight or volume.	C	✓	Page 158 - 159 (Fuel consumption)
EN2	Percentage of materials used that are recycled input materials.	C	✓	Page 139 (Recovery of ash and slag)
EN3	Direct energy consumption by primary energy source.	C	✓	Page 158 - 159 (Fuel consumption)
EN4	Indirect energy consumption by primary source.	C	✓	Page 158 - 159 (Fuel consumption)
EN8	Total water withdrawal by source.	C	✓	Page 159 (Data on process water)
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas. Indicate location and size of land owned, leased, or managed in areas of high biodiversity value outside protected areas.	C	✓	Page 145- 146 (Biodiversity conservation)
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	✓	Page 145- 146 (Biodiversity conservation)
EN16	Total direct and indirect greenhouse gas emissions by weight.	C	✓	Page 208 - 209 (CO2 emissions)
EN17	Other relevant indirect greenhouse gas emissions by weight.	C	✓	Page 236 (Appendix II: Other GRI Content. Environmental performance indicators)
EN19	Emissions of ozone-depleting substances by weight.	C	✓	Page 236 (Appendix II: Other GRI Content. Environmental performance indicators)
EN20	NO, SO and other significant air emissions by type and weight.	C	✓	Page 145 (ENDESA's emissions of SO2, NOx and particles)
EN21	Total water discharge by quality and destination.	C	✓	Page 135- 137 (Environmental incidents)
EN22	Total weight of waste by type and disposal method.	C	✓	Page 137 (Waste management and reduction)
EN23	Total number and volume of significant spills.	C	✓	Page 136 - 137 (Environmental incidents)
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	C	✓	Page 160 (Efficiency of thermal power plants), 164 (Energy efficiency)
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	C	✓	Page 236 (Appendix II: Other GRI Content. Environmental performance indicators)
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	C	✓	Page 135-137 (Environmental incidents)
SOCIAL PERFORMANCE INDICATORS				
LABOUR PRACTICES				
LA1	Total workforce by employment type, employment contract, and region.	C	✓	Page 70 - 71 (ENDESA and the people who work for it), 71 (Composition of the workforce by type of contract)
LA2	Total number and rate of employee turnover by age group, gender, and region.	C	✓	Page 84 (Selection processes)
LA4	Percentage of employees covered by collective bargaining agreements.	C	✓	Page 90 (Climate of dialogue and collective agreement)
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	C	✓	Page 237 (Appendix II: Other GRI Content. Social performance indicators)
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of workrelated fatalities by region.	C	✓	Page 78 (The rewards of a joint effort)
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	C	✓	Page 75- 76 (Culture and awareness of occupational health and safety)
LA10	Average hours of training per year per employee by employee category.	C	✓	Page 82 - 83 (Assessment of training processes)
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	✓	Page 91 - 92 (Management of diversity and equal opportunities)
LA14	Ratio of basic salary of men to women by employee category.	C	✓	Page 86 (Remuneration policy)
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	✓	Page 237 (Appendix II: Other GRI Content. Human rights)
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	C	✓	Page 180 - 182 (Commitment to our partners)
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	A	✓	Page 237 (Appendix II: Other GRI Content. Human rights)
HR4	Total number of incidents of discrimination and actions taken.	C	✓	Page 107 - 109 (The Ethics Channel)
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	✓	Page 90 (Climate of dialogue and collective agreement)
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	C	✓	Page 96 - 97 (The UN Global Compact)
HR7	Operations identified as involving a significant risk of forced or compulsory labor and measures to contribute to the elimination of forced or compulsory labor.	C	✓	Page 96 - 97 (The UN Global Compact)
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	✓	Page 216 - 217 (Country Plans), 229- 230 (Educational initiatives)
SO2	Percentage and total number of business units analyzed for risks related to corruption.	C	✓	Page 107 (Codes of ethics and the fight against corruption)
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	C	✓	Page 107 (Codes of ethics and the fight against corruption)
SO4	Actions taken in response to incidents of corruption.	C	✓	Page 107 - 109 (The Ethics Channel)
SO5	Public policy positions and participation in public policy development and lobbying.	C	✓	Page 205 - 206 (Institutional allies in the fight against climate change)
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	C	✓	Page 110 - 112 (Sanctions applied)
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	✓	Page 64 (Regarding the distribution and supply of electricity)
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	C	✓	Page 56 - 57 (Responsibility for informing customers)
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	C	✓	Page 62 - 63 (Perceived quality)
PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.	C	✓	Page 56 - 57 (Responsibility for informing customers)

C GRI core indicator.

ENDESA 2009 SUSTAINABILITY REPORT
Electric Utilities Sector Supplement

Organizational Profile Disclosures		Verification	SR Pages
EU1	Installed capacity, broken down by primary energy source and by regulatory regime.	✓	Page 193 - 194 (Active participation in the development of renewable energies)
EU2	Net energy output broken down by primary energy source and by regulatory regime.	✓	Page 193 - 194 (Active participation in the development of renewable energies)
EU3	Number of residential, industrial, institutional and commercial customer accounts.	✓	Page 42 (ENDESA's presence in the Spanish and Portuguese market)
EU4	Percentage of medium- and low-voltage power lines	✓	Page 43 (ENDESA's installation of Distribution of Energy)
EU5	Carbon credit purchases	✓	Page 204 (Carbon funds)
Economic Section			
EU6	Management approach to ensure short and long-term electricity availability and reliability	✓	Page 43- 44 (Continuity of supply)
EU7	Promoting energy efficiency	✓	Page 159 - 160 (Efficiency in thermal power stations)
EU8	Research and development activity and expenditure aimed at providing reliable electricity and promoting sustainable development.	✓	Page 44 (Continuity of supply), 161 - 162 (Model of technology leadership)
EU9	Provisions for decommissioning of nuclear power sites	✓	Page 238 (Appendix II: Other GRI Content. Provisions for decommissioning of nuclear power sites)
EU10	Planned capacity against projected electricity demand over the long term, broken down by energy source and by regulatory regime.	✓	Page 43- 44 (Continuity of supply)
EU11	Average generation efficiency of thermal plants by energy source and by regulatory regime.	✓	Page 159 - 160 (Efficiency in thermal power stations)
EU12	Transmission and distribution losses as a percentage of total energy.	✓	Page 43- 44 (Continuity of supply)
EU13	Biodiversity of offset habitats compared to the biodiversity of the affected areas.	✓	Page 145- 147 (Biodiversity conservation)
Social Section			
Labour Practices and Decent Work Disclosures on Management Approach			
EU14	Programs and processes to ensure the availability of a skilled workforce.	✓	Page 83 (Training and learning in the field of occupational health and safety)
EU15	Percentage of employees eligible to retire in the next 5 years broken down by job category.	✓	Page 238 (Appendix II: Other GRI Content. Percentage of employees eligible to retire in the next 5 and 10 years broken down by category and by region).
EU16	Policies and requirements regarding health and safety of employees and employees of contractors and subcontractors.	✓	Page 68 (Key initiatives in 2009)
EU17	Days worked by contractor or subcontractor employees involved in construction, operation & maintenance activities.	✓	Page 180 - 182 (Commitment to our partners)
EU18	Percentage of contractor and subcontractor employees that have undergone relevant health and safety training.	✓	Page 238 (Appendix II: Other GRI Content. Percentage of contractor and subcontractor employees that have undergone relevant health and safety training).
Society Disclosures on Management Approach			
EU19	Stakeholder participation in the decision making process related to energy planning and infrastructure development.	✓	Page 48 - 49 (Programmes, including those carried out in partnership with governments, to improve or maintain access to electricity and customer services)
EU20	Approach to managing the impacts of displacement.	✓	Page 238 (Appendix II: Other GRI Content. Approach to managing the impacts of displacement)
EU21	Contingency planning measures and disaster/emergency management plan and training programs, and recovery/restoration plans.	✓	Page 64 - 65 (Distribution and use of gas), 65 (ENDESA's management of disasters and emergencies)
EU22	Number of people physically or economically displaced and compensation, broken down by type of project.	✓	Page 239 (Appendix II: Other GRI Content. Number of people physically or economically displaced and compensation, broken down by type of project)
Product Responsibility Disclosures on Management Approach			
EU23	Programs, including those in partnership with government, to improve or maintain access to electricity and customer support services.	✓	Page 48 - 49 (Programmes, including those carried out in partnership with governments, to improve or maintain access to electricity and customer services)
EU24	Practices to address language, cultural, low literacy and disability related barriers to accessing and safely using electricity and customer support services.	✓	Page 95 - 96 (Integration of people with disabilities)
EU25	Number of injuries and fatalities to the public involving company assets including legal judgments, settlements and pending legal cases of diseases.	✓	The information available at the time of preparing this report was insufficient to address this indicator. We are currently working to offer a response in the medium term.
EU26	Percentage of population unserved in licensed distribution areas or service areas.	✓	Page 46 (Percentage of population unserved in licensed distribution areas or service areas)
EU27	Number of residential disconnections for non-payment, broken down by duration of disconnection and by regulatory regime.	✓	Page 239 (Appendix II: Other GRI Content. Number of residential disconnections for non-payment, broken down by duration of disconnection and by regulatory regime)
EU28	Power outage frequency.	✓	Page 239 (Appendix II: Other GRI Content. Power outage frequency)
EU29	Average power outage duration.	✓	Page 45 - 46 (Continuity of supply)
EU30	Average plant availability factor by energy source and by regulatory regime.	✓	Page 239 (Appendix II: Other GRI Content. Average plant availability factor by energy source and by regulatory regime)

PUBLISHED BY: ENVIRONMENT AND SUSTAINABLE DEVELOPMENT DEPARTMENT

COMMUNICATIONS DEPARTMENT

DESIGN: COMMUNICATIONS DEPARTMENT

LAYOUT AND PROOFING: CROMOTEX

PRINTING: TF ARTES GRÁFICAS

Committed to the Environment

LEGAL DEPOSIT: M-34401-2010

This publication has been produced according to the ISO 9001:2008 Quality Management System and the ISO 14001:2004 Environmental Management System standards.

These standards verify that at all times both production processes and waste management are carried out to the highest standards according to current legislation. All paper used is elemental chlorine-free (ECF) with neutral pH and free of heavy metals.



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RIBERA DEL LOIRA 60 28042 MADRID | TEL. 912131000 | www.endesa.es