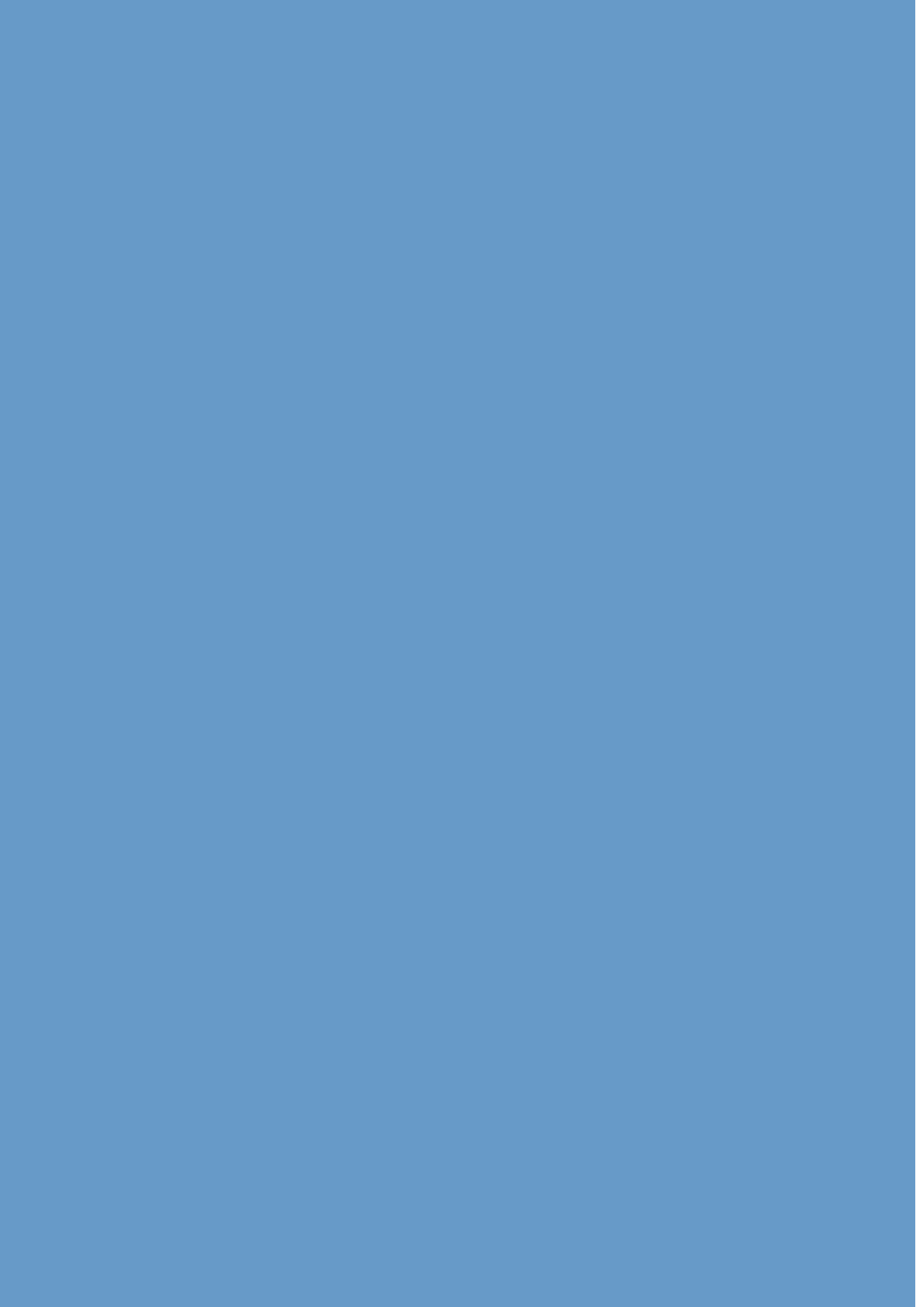




Sustainability Report

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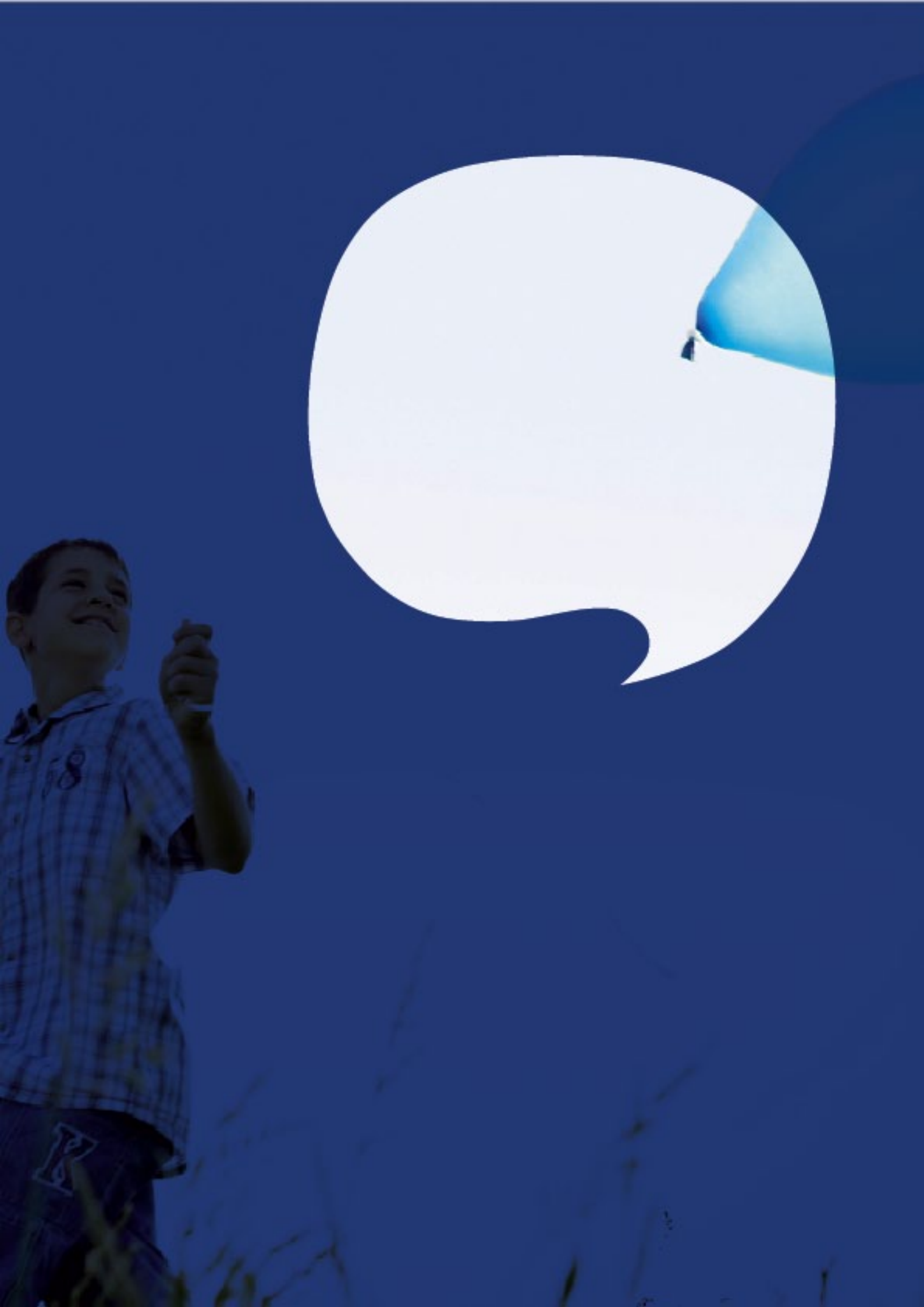




Endesa
Sustainability Report
2010

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Presentation



Borja Prado Eulate
Chairman

ENDESA publishes its tenth annual Sustainability Report this year, becoming one of the first companies in the world to accomplish this. Throughout the decade ENDESA's commitment to sustainable development has been one of the main pillars of the company's strategy and management model.

ENDESA's sustainability policy is based on its Seven Commitments for Sustainable Development published in 2003. These commitments to ethical conduct and transparency, technical innovation, and energy efficiency and the environment have been made to customers, shareholders, employees and the communities where the company operates.

ENDESA's strategy in the area of sustainable development is set out in its 2008-2012 Sustainability Plan (PES 2008-2012). This report reflects ENDESA's compliance with the objectives set to implement this strategy at company level.

2010, the third year of the plan, has continued to involve the intensive roll-out of initiatives, as shown in this publication. Taking stock and looking at how far the Sustainability Plan's programmes and actions have progressed, data show that at December 2010 more than the scheduled progress had been made. The greatest progress has been made with regard to the measures taken by the company to fight climate change.

ENDESA's commitment to sustainable development has been assumed by senior management and affects all areas of the company. The Sustainability Plan 2008-2012 comprises a total of 74 tracking indicators, 47 of which are included in the senior management's Sustainability Scoreboard, evidencing that sustainability is not just a statement of intent for ENDESA, but is a roadmap leading to tangible action.

It is without doubt allowing the company to successfully and competitively face some of the major challenges affecting the global sector: the recession, growing energy demand, climate change, and the development of a sustainable and diversified energy mix.

This report has been prepared following the new Global Reporting Initiative (GRI) G3.1 guidelines launched in 2010. ENDESA is one of the first companies to be awarded an A+ rating by GRI under these new guidelines and has been independently verified by an external entity.

The report also includes the specific Electric Utilities Sector Supplement from the GRI and all the principles of the AA1000 APS (2008) and the Global Compact.

This tenth anniversary of ENDESA's Sustainability Report is not only cause for us to celebrate our achievements but also strengthens our commitment to continue improving our social, economic and environmental performance.

A handwritten signature in black ink, consisting of stylized, overlapping letters that appear to read 'B. Prado Eulate'.

Borja Prado Eulate
Chairman



Andrea Brentan
Chief Executive Officer

ENDESA is committed to responsible and sustainable growth. To achieve this objective, the company has included environmental and social opportunities in its strategy and management model, setting business objectives that encompass the long-term creation of value in the communities where it operates. This commitment to sustainability extends to the entire company and to all people who work in and for ENDESA.

We firmly believe that effort and investment we are currently making in this area are an essential condition for our company to continue to develop a bright future.

This is reflected in Endesa's 2008-2012 Sustainability Plan which includes the seven commitments to:

1. Our people
2. Our customers
3. Our investors
4. Good governance and transparency
5. The environment
6. Technology and innovation
7. Our partners, and
8. Two main targets: the fight against climate change and strengthening local ties in the countries and territories where the company operates.

Specifically, this report sets out the main progress made by the company in each of these areas in 2010.

1. In respect of **our people**, the first and foremost concern is the safety of all individuals who work in and for Endesa. To do this, we have extended our health and safety policy to all people who work with the group. Numerous actions have been carried out among this larger group, reducing the number of serious accidents by 68% in 2010 and we are working hard to achieve our goal of zero accidents. We have also made significant progress in the area of responsible people management, obtaining the "Equality in the Workplace" award from the Ministry of Health, Social Policy and Equality, and signing the Women's Empowerment Principle of the United Nations Global Compact.
2. This concern with the health and safety of our people was evidenced in the work climate survey carried out in 2010, where the commitment rating stood at 83.5%, up by more than five points from 2009. In our **relations with customers**, all people who work in and for Endesa have renewed their focus on customer satisfaction. We have developed a broad portfolio of innovative products and services designed to satisfy our customers' energy needs. We have invested in systems and in creating the largest customer service network in Spain. Thanks to these measures, the time required to contract power has been reduced by 14%; satisfaction with telephone support services has improved by 7% and

online contracting services are now offered at the company's virtual office www.endesaonline.com.

Our customer-oriented focus has enabled us to maintain high quality service levels: In 2010, the average interruption time (TIEPI) was 75 minutes, cementing Endesa's position as one of the best electric utilities in this field.

3. With regard to **shareholders and investors**, for the tenth consecutive year the company has been listed on the Dow Jones Sustainability Index (DJSI), the DJGI (Global Index) which selects the top 10% of the highest scoring companies in the annual survey carried out by Sustainable Asset Management (SAM).
For Endesa, it is extremely important to maintain a fluid relationship with shareholders, both private and institutional, and to resolve any queries they may have. Therefore, the company makes quarterly results presentations, releases an annual strategy plan and offers a personalised customer service through the shareholder office.
4. In the area of **good governance**, in 2010 Endesa developed a new Code of Ethics and Zero Tolerance programme to tackle corruption, reinforcing and unifying the existing guidelines: the Employee Code of Conduct, the Charter governing senior management and the Charter governing executives.
5. In terms of the **environment**, numerous projects have been implemented to recover industrial areas. In **Spain**, an economic, social and environmental solution was provided for the closure of the As Pontes mine, building a large lake in the hole left by the mine and recovering the waste dump. Work on this project will be completed in 2011. In **Brazil**, the Ecoelce has been developed to encourage the recycling of rubbish in exchange for discounts on the electricity bill. This generates an increase in customer income and improves their quality of life. In addition to reducing the environmental impact of waste through recycling.
6. **Technology and innovation** are key to sustainable development and leadership. In 2010, I would like to highlight the milestones achieved in relation to the development of intelligent networks. The roll out of remote management systems by Endesa, in collaboration with Enel, involves the installation of 13 million electronic meters in Spain by 2015, of which 100,000 have already been installed.
7. In 2010, the company further expanded its **Supplier** rating system, increasing the number of purchasing families from six to nine. 393 strategic suppliers and contractors were also identified and assessed according to their commitment to the global compact and on whether they have a code of ethics.
8. Significant advances have also been made in the area of **climate change**. In 2010, 71% of Endesa's output in Spain was free of CO2 emissions, compared to 46%

in the rest of the sector and 54% in Latin America. The company reduced its CO2 emissions by 17.81% in 2010 and by 59.42% compared to 1990.

ENDESA has also focused on sustainable mobility through several key collaboration agreements signed with manufacturers and distributors of electric vehicles such as Renault, Nissan, Mitsubishi, Peugeot and Toyota.

9. To **strengthen ties with local communities**, Regional Sustainability Plans for the period 2010-2012 have been developed for Andalusia and Extremadura, Aragon, the Balearic Islands, the Canary Islands, and Catalonia. The most outstanding social initiatives carried out **in Spain** included disseminating information and training and educating young people in the main principles of sustainable development through the Endesa EDUCA programme. Almost 18,000 students in Spanish schools have already taken part in this programme. **In Latin America**, the company has helped in the search for missing persons in various Latin American countries by carrying their photographs on electricity bills. The activities carried out by the Fundación Endesa Colombia are also noteworthy, with projects relating to the development of organic crops, fish farms and cattle farming to benefit a number of communities.

As a result of these efforts, Endesa has obtained numerous awards, becoming the only Spanish company in 2010 to be included in the Global Compact Lead, an exclusive platform for the 55 companies most committed to the principles of the Global Compact.

Sustainability is part of Endesa's genetic make-up. Therefore, in parallel with meeting economic objectives, the company's various business lines are developing these plans and projects which are systematically measured in order to achieve key sustainability targets set by the company.

We firmly believe that working in this direction will not only contribute to sustainability in our environment but will also be key for the development and leadership of our company.



Andrea Brentan
Consejero Delegado



ENDESA, a leading
group in the global
electricity market



ENDESA is the leading Spanish electric utility and the largest private electricity multinational in Latin America. It consolidated its leading position in 2010 both in terms of business activity and its commitment to sustainable development. The company's key objectives include securing reliable and affordable energy supplies in the regions where it operates and incorporating social and environmental issues into its management model.

ENDESA's 2008-2012 Sustainability Plan (PES 2008-2012) fully incorporates all three sustainability areas (economic, social and environmental) into the company's strategy. In 2010, the third year of the plan, the company had completed 63% of it, 3% more than scheduled.

63%
completion
of PES 2008-2012 in
the 3rd year of
the plan

ENDESA publishes
its 10th annual
Sustainability report

The ENDESA 2010
Sustainability Report
follows new GRI
G3.1 Guidelines

ENDESA, the only
Spanish electric utility
to be part of the
Global
Compact Lead

01. ENDESA in figures

	2008	2009	2010
EBITDA (Euro million)	6,895	7,228	7,474
Business in Spain and Portugal	3,927	4,060	4,079
Business in Latin America	2,968	3,168	3,395
Other countries	0	0	0
Net income after taxes and minority interests (Euro million)	7,169	3,430	4,129
Business in Spain and Portugal	2,209	2,759	3,498
Business in Latin America	506	671	631
Other countries	4,454	0	0
Workforce*	26,586	26,305	24,732
Spain and Portugal ⁽¹⁾	13,560	13,442	12,194
Latin America	12,896	12,633	12,427
Other countries	101	230	111
Other business	29	—	—
Installed capacity (MW)	39,656	39,642	40,141
Spain and Portugal	24,228	22,577	23,115
Hydroelectric	5,417	4,729	4,731
Conventional thermal ⁽²⁾	13,136	13,375	14,720
Thermal – nuclear ⁽²⁾	3,641	3,670	3,664
Cogeneration and renewables ⁽⁷⁾	2,034	803	1,518
Latin America ⁽³⁾	15,284	15,853	15,835
Other countries ⁽²⁾	144	1,212	1,191
Output (GWh)	149,830	137,053	130,484
Spain and Portugal ⁽⁴⁾	88,189	72,707	67,049
Hydroelectric	7,548	8,533	9,208
Conventional thermal	50,942	38,506	29,665
Thermal – nuclear ⁽²⁾	26,112	22,630	27,619
Cogeneration and renewables ⁽⁷⁾	3,587	3,038	4,208
Latin America ⁽³⁾	60,690	62,767	62,416
Other countries ⁽²⁾	951	1,579	1,020
Sales (GWh)	172,788	169,966	175,217
Spain and Portugal	109,032	104,618	106,894
Regulated market	61,327	23,445	—
Deregulated market ⁽⁵⁾	47,705	81,173	106,894
Latin America	62,805	63,745	67,275
Other countries ⁽²⁾	951	1,603	1,048
Number of customers (thousands)	24,066	24,607	25,002
Spain and Portugal	11,649	11,700	11,729
Regulated market ⁽⁶⁾	10,296	—	—
Deregulated market ⁽⁵⁾	1,353	11,700	11,729
Latin America	12,417	12,907	13,273
Other countries	—	—	—

⁽¹⁾ In contrast to previous years, 2008, 2009, and 2010 data include figures for Asociación Nuclear Ascó-Vandellós, Carbopego, Nuclenor, Pegop Energía Eléctrica, Tejo Energía, Endesa Ingeniería, Endesa Gas Distribución and Endesa Gas Transportista due to changes to the consolidation scope.

⁽²⁾ Data consolidated by ENDESA.

⁽³⁾ Includes the Chilean plant GasAtacama, accounted for using the proportional 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 proportional consolidation.

⁽⁵⁾ To provide coherent economic data for this business, we include sales made by Endesa Energía and customers in European countries outside of Spain and Portugal.

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

⁽⁷⁾ See section 02.2.5 Enel Green Power Spain.

* Workforce data broken down by countries differs from that published in the Annual Report, as said report bases calculations on where most of the business in question is located, while the Sustainability Report uses criteria based on the actual location of staff.

02. About us

ENDESA is the leading operator in the Spanish electricity sector and the largest private multinational electricity company in Latin America, with operations in nine countries (Spain, Portugal, Chile, Argentina, Colombia, Peru, Brazil, Ireland and Morocco). The company has a workforce of 24,732, a total of 25 million clients and installed power of 40,141MW.

In 2010, ENDESA increased its net income by 20.4% to Euro 4,129 million and revenues by 20.3% to Euro 31,177 million.

Despite the drop in electricity generation, an increase in energy sold and the company's margins saw EBITDA in the year reach Euro 7,474 million, 3.4% more than in 2009. EBIT was Euro 5,031 million, down 0.4% against 2009.

02.1. Main Business Areas

ENDESA's core businesses are electricity generation, distribution and sales, although it also operates in the natural gas business (supply, distribution and sales), as well as cogeneration and renewable energies. In these two latter areas, the company mainly focuses on wind farms, mini-hydro plants, waste-fuelled power and biomass.

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

The company's operations are structured by business lines, giving it flexibility and the ability to respond to its customers' needs in the regions and business areas where it operates.

02.1.1. Spanish and Portuguese Business Unit

Endesa Spain and Portugal is comprised of various companies that, due to legal requirements, are legally independent:

Endesa Generación

Endesa Generación was set up as a holding vehicle for ENDESA's power generation and mining activities in Spain, and those previously held by Endesa Europe in Portugal and Endesa Cogeneración y Renovables (ECyR). In March 2010, Enel Group merged the renewable energy operations of ENDESA and Enel Green Power (EGP) in Spain and Portugal into a single organisation under EGP, a company 100% owned by Enel, of which ENDESA now owns 40% after it contributed its entire renewable energy assets to the project.

Endesa: Spanish
 electricity market
leader in
 supply to customers

Endesa Red

Endesa Red was born from the merger of ENDESA's regional distribution companies in Spain. The company includes:

- Endesa Distribución Eléctrica, S.L.: regulated power transmission and distribution businesses.
- Endesa Operaciones y Servicios Comerciales, S.L.: sales support for ENDESA's power companies.
- Endesa Gas, S.A.: this brings together the company's holdings in regulated natural gas market companies. In 2010, the company agreed to sell 80% of Endesa Gas to several infrastructure funds managed by Goldman Sachs, retaining the remaining 20% and a call option on the stake sold. Following the deal, Endesa Gas now distributes natural gas via Gas Aragón (Aragón), Distribuidora Regional del Gas (Castilla and León), D.C. Gas Extremadura, Gasificadora Regional Canaria, Gesa Gas (Balearic Islands) and Endesa Gas Distribución (Andalusia, Castilla-La Mancha and Valencia Region).

Endesa Energía

ENDESA sells energy products on the deregulated market, responding to the demands of Spanish electricity market deregulation. The company's core businesses are the provision of energy supplies and value-added services to those customers who exercise 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 Business Unit

This business unit oversees an extensive number of Latin American companies in which ENDESA holds a controlling shareholding position. The key companies in the Endesa Group are:

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

02.2. Energy business

02.2.1. Spain

At the close of 2010, ENDESA had 22,471 MW of ordinary regime capacity in Spain, with net production of 65,833 GWh.

Power sold on the deregulated market totalled 106.9 TWh. At year end the company had 11,729,319 supply points. In the regulated market, i.e. the market of customers who receive their electricity supply at the tariffs set by the government, ENDESA distributed a total of 117,670 GWh to final clients.

Furthermore, the company operates in the natural gas business. In the regulated market, it supplied gas to 425,900 users and distributed 9,781 GWh as per the close of 2010, representing an increase of 3% and 19% respectively. Gas sales in the deregulated market were 49.7 TWh, 7.1% up on 2009, with over 1,083,729 supply points.

02.2.2 Portugal

At the close of 2010, ENDESA had installed capacity of 644 MW in Portugal under the ordinary regime (244 MW at Tejo Energia and 400 MW at the first Elecgas group, now finished). In the year as a whole, net ordinary regime output totalled 658 GWh, corresponding solely to the 38.9% stake in Tejo Energía.

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

02.2.3. Latin America


ENDESA is the leading private electricity multinational in Latin America and the largest electric utility in Chile, Argentina, Colombia and Peru. It also holds a solid position in Brazil. 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 link six Central American countries.

As per the close of 2010, ENDESA investee companies in Latin America held a total of 15,853 MW of installed power. During the year they generated 62,415 GWh, 0.6% less than the previous year, and sold 67,275 GWh, 5.5% more than in 2009, to a total of 13,273 thousand clients.

ENDESA operates in Latin America through its 60.62% ownership interest in Chilean multinational Enersis and its direct holdings in other electric utilities in the region.

02.2.4. Business in other countries

ENDESA's main businesses in 2010 outside of the Iberian Peninsula and Latin America were as follows:



Endesa:
leading
 private multinational
 electric utility in Latin
 America

Number 2

operator in Ireland

02.2.4.1 Ireland

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

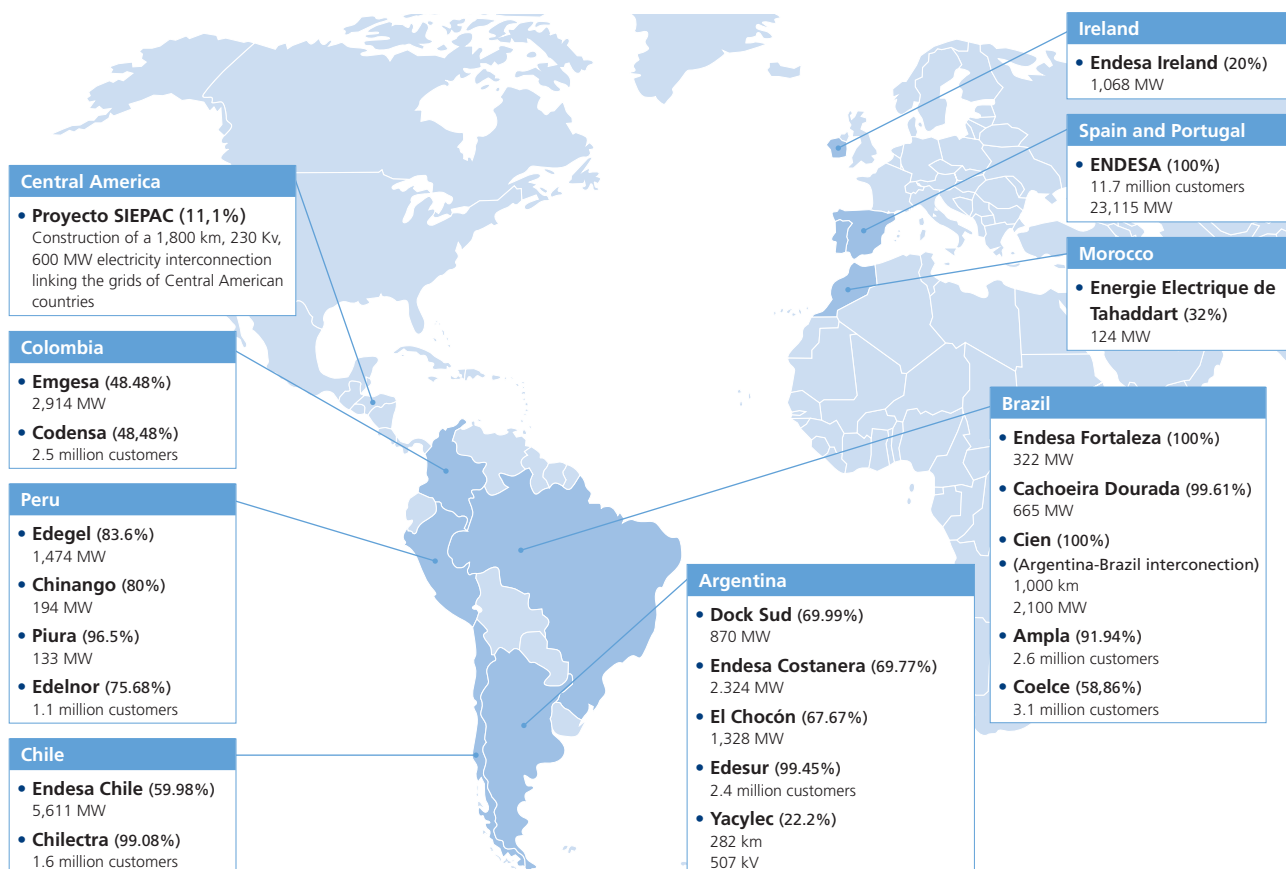
The acquisition included 1,068 MW of operational power across four sites: Tarbert, with four fuel oil units and 620 MW total installed capacity, Great Island, with three fuel oil units and 240 MW total installed capacity, and Tawnaghmore and Rhode, each with two gas oil units and 104 MW capacity. A further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

The plants acquired account for approximately 16% of total installed capacity in the Republic of Ireland and make ENDESA the second largest operator in that country. In 2010, Endesa Ireland had output of 299.83 GWh and sales of 328.42 GWh.

02.2.4.2. Morocco

ENDESA operates in Morocco through the 32% stake that it holds in Energie Electrique de Tahaddart, a company that owns a 384 MW CCGT plant in Tahaddart. The other shareholders in this company are Office National d'Electricité (ONE), with a 48% stake, and Siemens, with 20%. In 2010 output at this plant totalled 2,153.7 GWh.

ENDESA in the world 2010



In June 2010, Energie Electrique de Tahaddart paid a dividend against 2009 earnings of which Euro 4.2 million was payable to ENDESA.

In December, the plant successfully passed the annual audit for ISO 14001 environmental certification.

02.2.4.3. Wholesale markets for power

ENDESA operates in several European wholesale markets, managing its generation and supply activities outside Spain and Portugal. Among other benefits, this ensures that the group has the power supply it needs to cover contracts with European customers and balance out risk positions in the markets where it operates.

ENDESA is active in the Portuguese, French, German, Dutch and Belgian markets via Enel Trade, which operates in these kinds of markets.

The introduction of market coupling between European markets and the consequent balancing of prices have led to lower levels of trading but also to improved management of positions in different markets.

The use of generation assets has also been optimised by exporting power via the Spain-France interconnection. In 2010 ENDESA began operations in the United Kingdom, where it is active in the UK market itself and in interconnection with Ireland, having been allocated capacity in the annual interconnection auction.

In European markets, Endesa Trading managed total delivered energy of 48.3 TWh in 2010. This business focuses on interconnections, tollings and VPPs (Virtual Power Plants) in France and Germany.

02.2.5. Enel Green Power España

In March 2010, the ENEL Group merged the renewable energy operations of ENDESA and Enel Green Power in Spain and Portugal into a single operator, ENEL Green Power España, S.L., operating under Enel Green Power, a company 100% controlled by ENEL and which provides renewable energy all over the world. ENDESA contributed all of the renewable energy assets that it held in Spain and Portugal through its subsidiary Endesa Cogeneración y Renovables, S.A.U. As a result of this operation, ENDESA's and Enel's renewable assets in Spain and Portugal are now managed and run under a single platform, Enel Green Power España, in which ENDESA and Enel Green Power have stakes of 40% and 60% respectively.

At 31 December 2010, total net renewable installed capacity at Enel Green Power España stood at 1,517.98 MW broken down between various technology types: 1,353.82 MW of wind energy, 57.38 MW mini-hydro, 22.76 MW biomass plants, 13.33 MW solar and 70.7 MW cogeneration plants.

02.3. Other businesses

Apart from the energy business, ENDESA operates other businesses, such as the acquisition of materials, equipment, works and services, which in 2010 was worth a total of Euro 5,012 million. The savings achieved in supply management were approximately 10%.

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

Through these companies, ENDESA promotes the regeneration of industrial areas, using idle electrical installations and unlocks the value of its real estate assets, through the transformation of land into developable areas, management of own or leased buildings, and the implementation of sustainable development models in areas of great environmental value. This last objective is carried out through the Endesa Natural Surroundings programme (Endesa Entornos Naturales).

03. Commitment to sustainability

ENDESA, faithful to its commitment to generate growth in a responsible manner, pursues real and consistent sustainability management, incorporating environmental and social opportunities into its management strategy and model, thereby establishing business objectives that include the creation of long-term value for the communities where it operates.

03.1. Mission, vision and values

The principles of sustainability are reflected in the company's values, business mission, vision and decision-making processes.

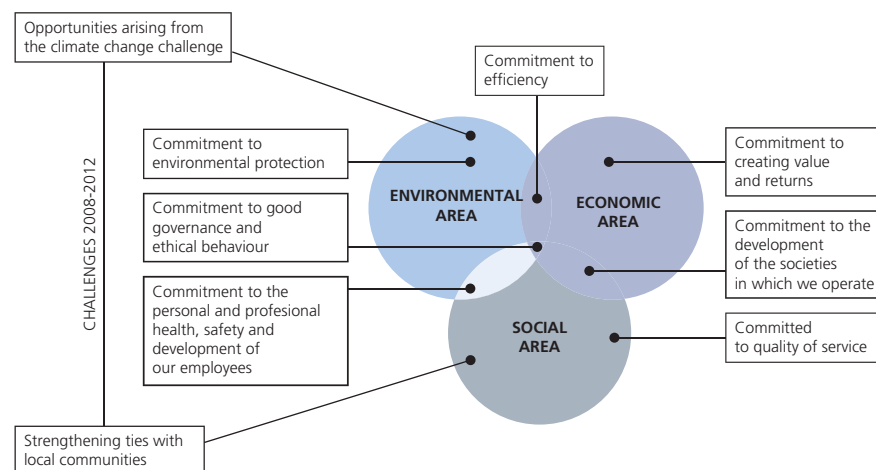
Mission	<ul style="list-style-type: none"> • To maximise the value of our shareholders' investments • To serve our markets and exceed customers' expectations • To contribute to the development of our employees.
Vision	<ul style="list-style-type: none"> • ENDESA is an energy sector operator and provider 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.
Values	<ul style="list-style-type: none"> • People: We work to ensure development opportunities for all company employees, based on merit and professional contributions made. • 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 behaviour: we encourage professionalism, moral integrity, loyalty and respect for others. • Customer focus: the focus of our efforts is to boost customer satisfaction by providing competitive, high-quality solutions. • Innovation: we strive constantly to improve and find innovative solutions to meet the maximum profitability criteria. • Focused on results: our activities are aimed at achieving the objectives of our business project and profitability for our shareholders, endeavouring to exceed expectations. • Community and the environment: We have made a social and cultural commitment to the Community and adapt our business strategies to protecting the environment.

This commitment to Sustainability extends across all Group companies and to every member of staff. It also explicitly includes economic remuneration systems and codes of conduct, and is extended to partners and other agents that work with ENDESA or in its name.

ENDESA's sustainability policy is based on the Seven Commitments for Sustainable Development that the company published in 2003. These commitments to ethical conduct and transparency, technical innovation, energy efficiency and the environment are made voluntarily to our customers, shareholders, employees and the communities where ENDESA operates.

04. ENDESA's 2008-2012 Sustainability Plan (PES 2008-2012)

ENDESA's 7 commitments



ENDESA's sustainable development strategy includes the 2008-2012 Sustainability Plan (PES 2008-2012), which in 2010 passed its halfway stage having achieved the full inclusion of all economic, social and environmental aspects, as well as long term value generation.

The 2008-2012 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 in the 2003-2007 Strategic Environment and Sustainable Development Plan.

The 2008-2012 Sustainability Plan 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, including the monitoring of indicators and specific objectives.

One unique feature of the plan is that it has undergone changes over the last three years (2008-2010), to adjust for actual situations and progress at any given time, making this an evolving and constantly relevant plan.

ENDESA's 2008-2012 Sustainability Plan**Overview**

- Our customers: commitment to service quality.
- Our investors and shareholders: commitment to creating value and profitability.
- 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.
- Commitment to our partners.

Challenges

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

Commitment to our customers

ENDESA aims to be the best perceived electricity company, both for its service quality and excellent engagement with clients. To reach this goal, four strategic targets have been set out:

1. Improving its perception as a reliable supplier, avoiding reputational crises.
2. Achieving commercial excellence.
3. Ensuring that each interaction with the customer has a positive effect.
4. Promoting value-added products and services and making ENDESA a benchmark in the sector.

Commitment to our employees

ENDESA aspires to be one of the most desirable companies to work for among the top professionals in its sector. To achieve this the company has set four strategic objectives:

- To ensure sustained improvement in preventing labour risks and the health of both its own staff and contractors, to be recognised as a leader in the global electricity sector.
- To consolidate a labour relations model based on dialogue with employees and their representatives, adjusting to the laws and the peculiarities of each country, aligned with the company's strategy and business needs.
- To promote a culture of respect for individuals and their diversity, of social responsibility and commitment to the organisation, positioning ourselves as an attractive company to work for.
- To establish a unique and globally leading model for managing leadership and talent, to guarantee the professional development of staff based on merit, generating high-quality management and guaranteeing the company's future sustainability.

Commitment to good governance

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

More than **250**
programmes and
initiatives under the
2008-2012 plan

- To maintain its position as a world leader in good governance and transparency.
- To become a standard bearer in the sector for 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 those institutional investors who take social, environmental and ethical considerations into account when choosing investments, and to be the preferred electricity company for investors concerned by climate change. To achieve this three strategic objectives have been set:

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

Commitment to the Environment

ENDESA aspires to have an "excellent" environmental management policy, focusing on environmental impacts and protection of the environment in the communities in which it operates.

Due to its strategic importance, climate change has become a sufficiently important challenge to warrant being given specific attention.

Excellence in environmental management 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 at 100% of its facilities.
- Improving the management of biodiversity conservation

Commitment to Innovation and Technology

ENDESA aspires to be a technological leader in the electricity industry and, to achieve this, 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 and enabling the group's strategic vision.
- 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 leader due to the sophistication and excellence of its procurement processes and the management of its relations with suppliers and contractors. To this end, the company has set the following strategic objectives:

- To promote and encourage workplace safety at contractors and suppliers.
- To extend sustainability commitments along the entire supply chain.
- To guarantee the supply of goods and services.

The Climate Change challenge

ENDESA aspires to take 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 create a portfolio of CDMs.
- 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 development. To this end the company has set the following strategic objectives:

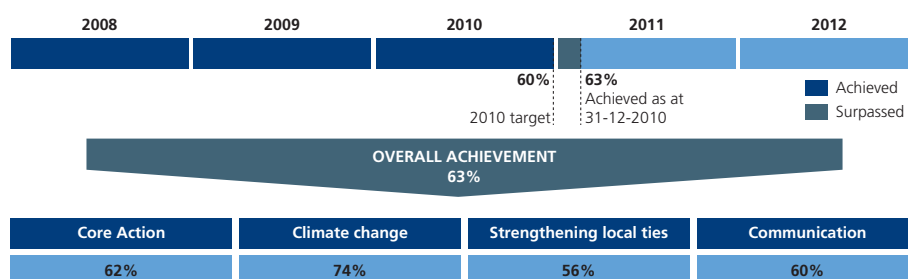
- To complement its function as a provider of a basic service: access to electricity.
- To develop projects linked to the nature and characteristics of the company's businesses, allowing it to apply its know-how.
- To provide access to goods and services related to electricity.
- To respond to the needs 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 accounting which is communicated to society.

04.1. Real results

Over 2010, the third year of the 2008-2012 sustainability plan, numerous programmes and actions were undertaken, with the strategy now beginning to extend to all regions where the company operates, through individual country plans (Argentina, Brazil, Colombia, Chile and Peru) and territorial plans (Andalusia and Extremadura, Aragon, Balearic Islands, Canary Islands and Catalonia).

Significant progress was made in the PES 2008-2012 monitoring and measuring system, which reports every six months to the company's senior executives; the Sustainability scorecard, which gives an overall view of success in meeting the key goals, reflecting ENDESA's performance and compliance on sustainability issues.

The plan comprises a total of 74 tracking indicators, of which 47 are included in the senior management's Sustainability Scorecard. Taking stock and looking at how far the Plan's programmes and actions have progressed, data show that as at 31 December/2010, 63% of the overall 2008-2012 sustainability plan has been put into action, which is more than the scheduled figure (60%).



The greatest progress made in the sustainability plan, with much more activity than originally planned, related to action taken by the company to combat climate change, followed by action in the areas of Basic Lines, Communication, and finally, Strengthening Local Ties:

Combating Climate Change: very fast progress, particularly in the second half of 2010, with achievements well above expectations (74%). There has been an outstanding performance in renewable energies, CDM portfolios and energy efficiency:

Core Action: achievement in line with the established plan (62%). Actions with clients, people, investors, technology and innovation and partners stand out.

Communication: communicating, raising awareness and bringing out the value of sustainability issues is progressing as planned.

Strengthening local ties: slightly behind schedule (56%). Good action taken in setting up country and territorial committees and approving territorial and country sustainability plans.

This report demonstrates the progress made by the company on sustainability issues in 2010, detailing the action taken and results achieved in each area.

05. Compliance with international benchmarks for sustainable management

As a key player in establishing a new, global and sustainable energy model, ENDESA subscribes to the main international agreements 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.

The pace of progress
on **climate**
change is much faster
than expected



ORGANISATION DE
COOPÉRATION ET
DE DÉVELOPPEMENT
ÉCONOMIQUES



Endesa

is the only Spanish
electricity company
included in the Global
Compact Lead

In 2010, ENDESA's commitment to the Global Compact was reinforced as it joined the select group of 55 companies worldwide making up the Global Compact Lead, an exclusive platform of those companies that have assumed a major commitment to the principals of the Global Compact, and which serve as a model and inspiration for all companies taking part in the Global Compact, in terms of designing and implementing corporate sustainability strategies. ENDESA has been invited to take part in the initiative, and is the only Spanish electricity compact to join the Global Compact Lead.

Furthermore, it has maintained a leading position in all local networks of the Global Compact in the countries where it operates, with various roles on executive committees. It has reinforced such action at the regional level as a founding partner of the Regional Global Compact Centre for Latin America and the Caribbean.

In 2010 ENDESA also took part in the leading events related to the Global Compact, both at the local level in each of the countries where it operates, and at the global level, through participation in events such as the Global Compact Summit in June. At this summit meeting numerous initiatives and documents were presented, with ENDESA playing a prominent role in five of these: *Innovating for a Brighter Future: The Role of Business in Achieving the MDGs*, *Global Compact Participants in Latin America and the Caribbean: Contribution to the Millennium Development Goals*, *A Global Compact for Development*, *Embedding Human Rights in Business Practice II*, with Ecoelce. And *Doing Business in a Multicultural World* involving the Fundación Pehuén at Endesa Chile. ENDESA also took part in a reception in Madrid in July 2010 for the MDG Advocacy Group, with the attendance of the United Nations Secretary General, Ban Ki Moon.

Furthermore, the company and its subsidiaries continue to work actively in spreading the principles of the Global Compact, taking part in international and local initiatives and forums. It is worth pointing out here ENDESA's active participation in the launch and internal implementation of the Women's Empowerment Principles, a United Nations initiative aimed at promoting the effective incorporation of women in the workplace and breaking down existing discriminatory barriers.

The company has actively participated in the initiative from the outset, contributing its best practices, taking part in the launch meeting and setting up an internal work group, with representatives from all countries where it operates, aimed at studying the implications of the organisation's seven principles and providing its conclusions to the Global Compact work group, which will prepare the final text of the initiative, as well as the launch of the initiative in June 2010. ENDESA has informed all of its staff of this adherence through internal communication channels, reinforcing its action with individual communication from the Director General of Organisation and Human Resources to all senior staff, ensuring that, as the text states, it is fully taken into account when management and business decisions are being made, as equal opportunities and, in particular, promoting the empowerment of women in the workplace are an integral part of their commitment as senior executives at the company.

To further consolidate this initiative within the company, in 2011 ENDESA aims to ensure that all its subsidiaries have adhered to the programme, strengthening its internal commitment.

Meanwhile, the company is working on other United Nations initiatives, including the Caring for Climate initiative, putting forward its best practices on the issue, and supporting children's rights. Local initiatives include a specific day dedicated to conserving biodiversity, as part of the Spanish Global Compact Network.

Due to logistical issues, internal audits on compliance with the Global Compact that were planned for 2010 were put off to the following year and are now scheduled for the second half of 2011. These audits are designed to verify the implementation of proposed corrective action, the effective elimination of any deviations from the established standards and the actual performance of group companies, and will be carried out gradually in all countries where ENDESA operates, beginning in 2011 with Chile and Brazil.



Through this internal verification of compliance with Global Compact principles, ENDESA has assessed, using the target indicators of international independent bodies, 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 based on the main international guidelines to ensure that there is no failure to comply with the principles of the Global Compact. It has also assessed the degree to which these standards are incorporated into each group company, identifying a set of corrective measures where it detects shortcomings against the desired standards. 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 through fuller compliance with the principles of the Global Compact at each individual subsidiary.
- It has provided a useful additional tool for the complete evaluation of sustainability performances, which can lead to specific improvements in the action plans for each country, inspired by best international practices.
- It has provided access to best practices, allowing group companies to share knowledge and make progress on sustainability issues.

In 2010, ENDESA published documentation in Spanish and English to spread awareness of this assessment and its possible usefulness for other companies to help them incorporate the principles of the Global Compact and, by extension, improve sustainability and management. These documents can be viewed on the corporate website, www.endesa.com.

Furthermore, as a demonstration of its full commitment to the Global Compact initiative, in 2010 ENDESA sent one of its employees to the New York Global Compact Office to help coordinate local Latin American networks.

Compliance with the Global Compact, GRI and Millennium Goal indicators

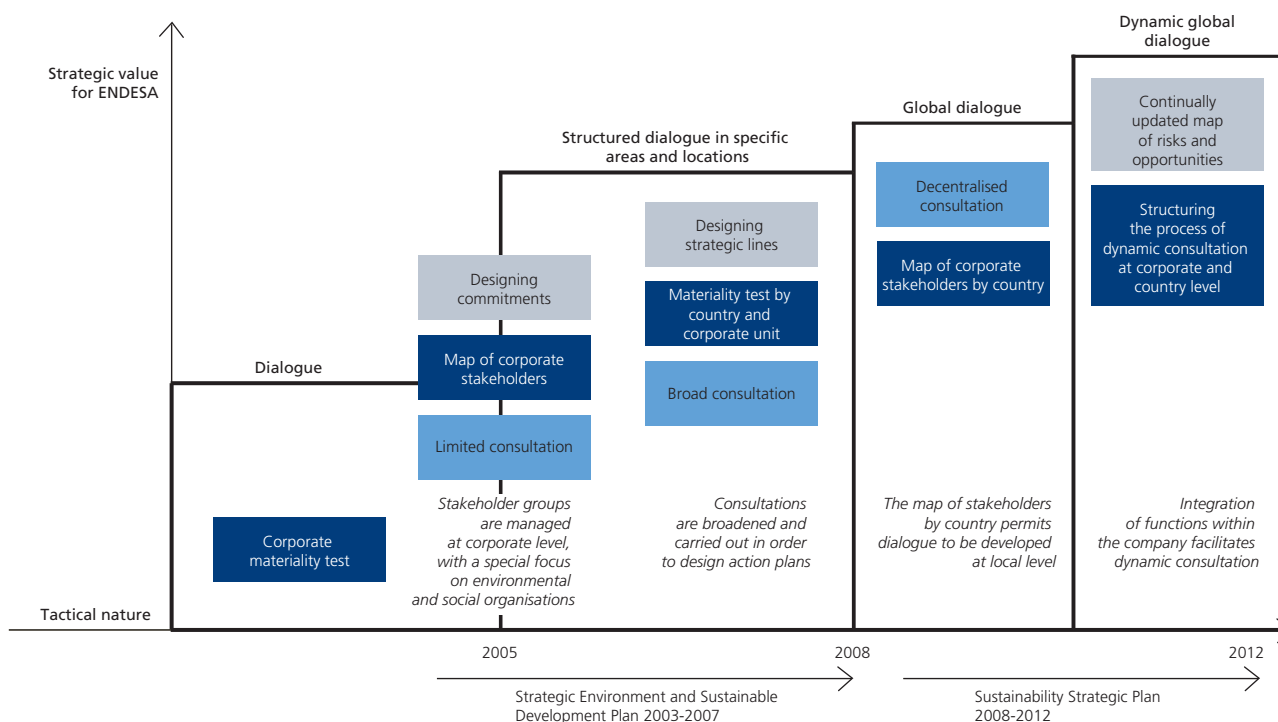
Global Compact Principles	GRI indicators (direct relevance)	GRI indicators (indirect relevance)	Millennium development goals	Initiatives planned in 2010
HUMAN RIGHTS				
Principle 1. Businesses should support and respect the protection of internationally proclaimed human rights.	HR1-9	LA4, LA13, LA14; SO1	Goal 1: To eradicate extreme poverty and hunger. Goal 2: To achieve universal primary education. 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	<ul style="list-style-type: none"> 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			
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.	<ul style="list-style-type: none"> See section on our Commitment to Employees Full implementation of the Delfos system, an information system designed to manage information generated regarding occupational health and safety. Signing the Women's Empowerment Principles of the United National Global Compact. Development of the plan for people with disabilities in Spain. 93% of staff are covered by collective agreements in Spain and Portugal, and 78% in Latin America.
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	<ul style="list-style-type: none"> See chapter on Commitment to environmental protection and climate change Ongoing programme for introduction and certification of environmental management systems at main facilities Developing the Strategic Biodiversity Conservation Programme. Developing carbon footprint calculations. Developing the Global Endesa Energy Efficiency Plan for 2010-2014 (PGE3). Signing of deals with Renault, Nissan, Mitsubishi, Peugeot and Toyota to promote the electric vehicle. Active participation in the development of renewable energies. ENDESA and Enel take a leading position in the global coal market ranking, with a combined portfolio of 105 CDM projects. Evaluation of environmental impact of 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 Y 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		<ul style="list-style-type: none"> In 2010 ENDESA set up a new Code of Ethics and Zero Tolerance programme, which states its commitments and ethical responsibilities in managing its operations. 80.5% of reports made to the Ethics Channel in 2010 were resolved, representing an increase of 6 percentage points against 2009. Programmes to strengthen culture of integrity. Development of channels for dialogue with stakeholders. Developing the Shareholders' Office.

06. ENDESA and its stakeholders

In accordance with its sustainability policy, ENDESA aims to incorporate stakeholders' expectations in a structured manner and in alignment with its strategy. This approach is intended to identify issues that will ensure a safe, sustainable and competitive energy model.

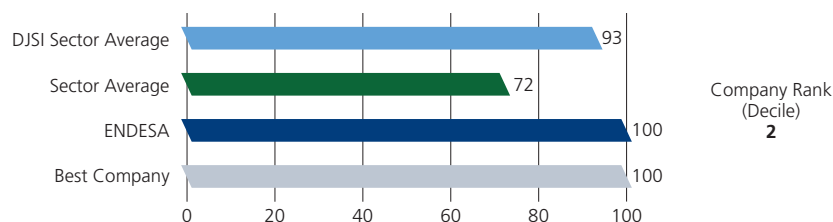
Although the company has been developing mechanisms to include all opinions of stakeholder groups since the late 1990s, the process was first systematically applied and extended to all the areas in 2007, as part of planning for the ENDESA 2008-2012 Sustainability Plan.

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



This management approach won recognition from socially responsible investment analysts. In 2010, ENDESA was given the highest rating in the "Engagement with Stakeholders" section by the SAM agency (Sustainable Asset Management), which is responsible for assessing companies taking part in the Dow Jones Sustainability Index. Among the strengths identified by analysts were:

- Identification of key issues for stakeholders.
- Risk and opportunities analysis through engagement with stakeholders.
- Feedback from stakeholders and members of ENDESA senior management.
- Publication of results and main conclusions from consultations with stakeholder groups.

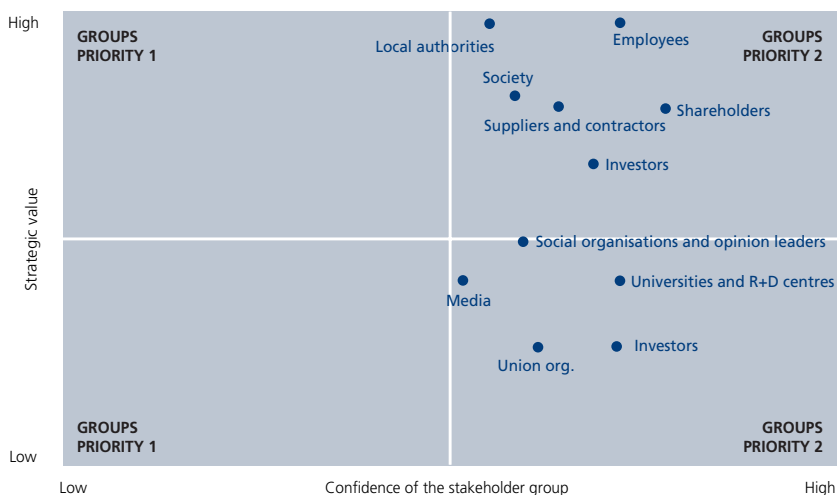
ENDESA's Performance for Stakeholder Engagement**ENDESA's stakeholders**

Planning for the 2008-2012 Sustainability Plan began with strategic reflection to identify the key factors behind the company's performance on sustainability issues. During this stage, extensive work was undertaken to identify and understand the expectations of ENDESA's main stakeholder groups regarding the company's sustainability commitments.

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

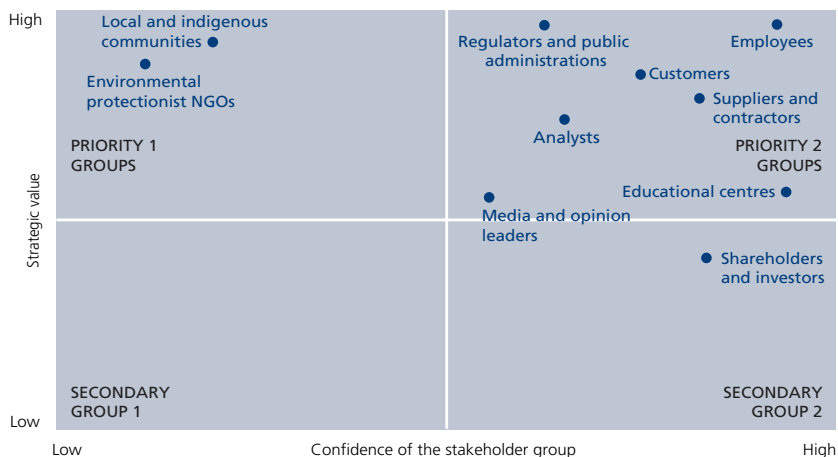
- An analysis of ENDESA's prior position on sustainability issues. Detailed studies of DJSI, Storebrand, EIRIS and SiRi rankings, and general surveys such as press reports and positioning in advertising campaigns.
- Expectations of key external and internal stakeholders and opinion leaders. In-depth interviews with opinion leaders, including experts in sustainable development and journalists specialising in sustainability issues.
- Expectations and opinions of ENDESA employees. In-depth interviews with members of management bodies and field studies in different regions and countries.
- Public opinion and expectations. Opinion surveys among the wider public and customers in Spain and Latin America.

The results of this approach are now fundamental to the company's strategy regarding stakeholders. Based on these results and regular assessment, a first approximation of ENDESA's stakeholders was drawn up.

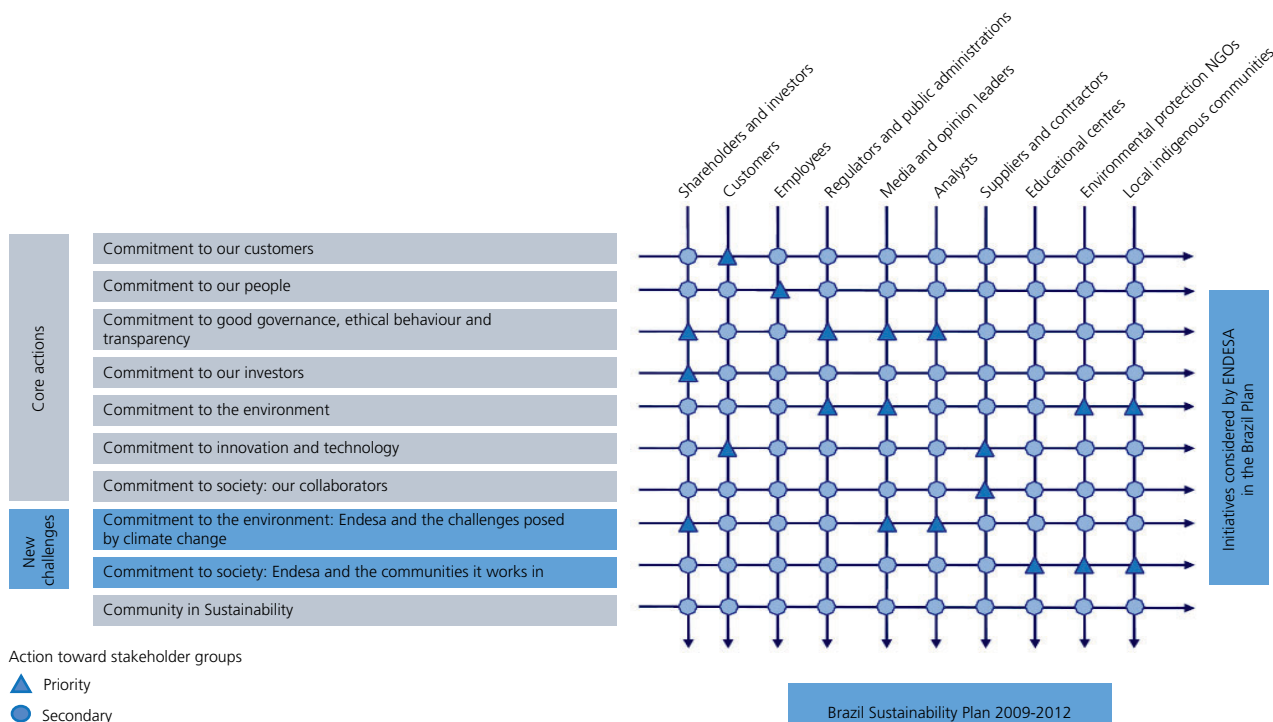
Revised map of stakeholders

The methodology allowed extrapolation to the various regions where the company operates, increasing the level of detail and therefore relevance when preparing and efficient response.

Map of ENDESA stakeholders in Chile



Prioritisation of stakeholders for meeting ENDESA's strategic objectives in Brazil



Review of ENDESA's engagement with stakeholders

In order to standardise its processes for identifying and responding to stakeholder requirements, in 2010 the company began a full review of its approach. The following tasks were carried out:

- A review of existing ENDESA procedures to identify and engage with stakeholders.
- Drawing up of a revised map of stakeholder groups, updated to adjust for the working bases laid out by the company when preparing its 2008-2012 Sustainability Plan.
- Design of a protocol for interaction with stakeholders, which can be included into the company's regulatory framework, referring to structured engagement and consultation with stakeholders.
- Inclusion of specific questions in existing questionnaires, and the design of a questionnaire to consult stakeholders on issues not already included in dialogue channels.

An approach to management based on the most advanced principles

Over the last few years ENDESA has been working to bring its approach to managing stakeholders in line with AA1000 APS standards (2008). This standard has the following aims:

- To act as guidelines in the strategic management of engagement with stakeholders, based on the correct identification of the same (inclusivity principle).
- To prioritise the issues that merit particular attention from the company (relevancy principle).
- To design a response (responsiveness principle) to the expectations of greatest value for the company and the community it serves.

In this sense, ENDESA has been working on a new strategic framework to improve understanding in engagement with key stakeholders, as well as a mechanism to provide a dynamic response to the challenges posed by its main stakeholder groups the various business areas. The company therefore intends to:

- More accurately identify company stakeholders on the stakeholder map (inclusivity principle).
- Define a mechanism for dynamically assessing and prioritising issues in different areas (relevance principle).
- Standardising response, as well as the inclusion of information compiled in consultation within strategic plans, and specific communication on sustainability (responsiveness principle).

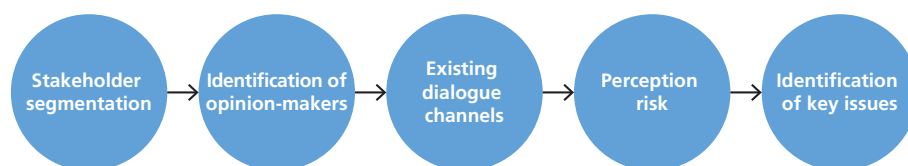
a) More accurately identify company stakeholders on the stakeholder map

The "Review of framework for engagement with stakeholders" programme got underway in 2010. This project is aimed at designing a framework for ENDESA's engagement with stakeholders that will help the company to develop a response methodology.

The process is intended to help identify in a quick, flexible and structured fashion, the various expectations of stakeholders, in order to eventually incorporate them within the company's sustainability strategy and focus.

In the first phase of the project there was a review of the procedures used to identify and engage with stakeholders at the corporate level, through interviews with the heads of each unit in charge of ensuring the proper dialogue with stakeholders. The aims of the interviews were as follows:

- Based on the 2008-2012 plan, to review the map of stakeholders, identify sub-groups and critical opinion leaders for ENDESA.
- To assess the existing channels to engage with stakeholders.
- To identify controversies and/or reputational risks linked to relations with stakeholders.



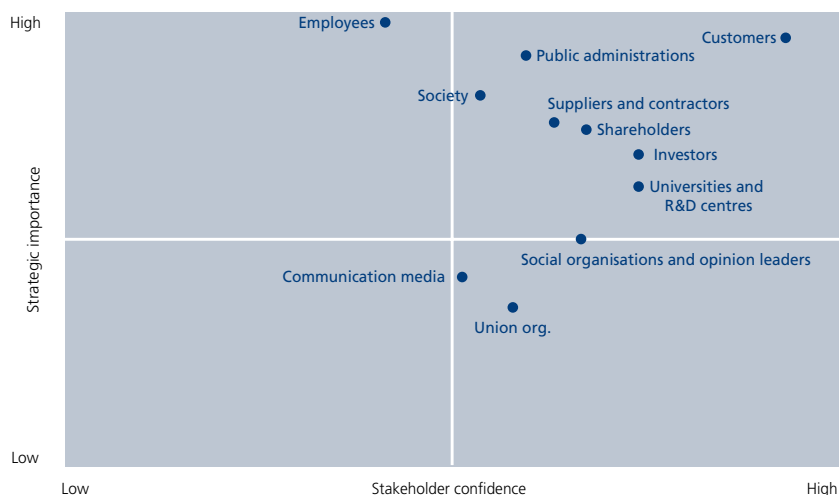
During the diagnostics phase, the company segmented stakeholders based on the opinions of the various areas consulted.

Stakeholder	Sub-group	Stakeholder	Sub-group
Customers	General public	Shareholders and investors	Enel
	Companies		Other institutional investors
	Large companies		Private investors.
			Financial analysts
Employees	Senior Management	Social organisations and opinion leaders	Financial journalists or those specialised in energy
	Executives		Academics/professors
	People managers		Politicians
	Other employees		Unions
	Ex-patriots		Opinion leaders
	Employees with temporary agency contracts	Suppliers and contractors	Large companies
	Interns		Medium
	Early retired		SMEs
Union organisations	Union leaders (Latin America)	Communication media	Printed general interest newspapers
	Federations (Spain)		Printed press financial newspapers
	State union sections (Spain)		National printed press
	Union delegates (Spain and Latin America)		International printed press
	Business committees (Spain)		Local printed press
	Staff delegates (Spain)		General interest radio
	Occupational risks prevention delegates and their counterparts in Latin America		Financial news radio
Business schools and education centres	Public universities		Online media
	Private universities		National television channels
	Business schools		Regional television channels
	Schools of professional training		
Society		R+D centres	
			Social collectives without resources or at risk of exclusion
			Cultural or cultural promoting organisations
			Local, national and international authorities
			Education centres
			Organisations promoting environmental awareness
			Voluntary staff
			Clients with social conscience

There was also a review of the map of stakeholders as part of planning for the 2008-2012 Sustainability Plan, with 11 stakeholder groups being identified on the map based on two variables:

- Strategic importance to ENDESA.
- Level of confidence that the group has in the company.

Revised map of ENDESA stakeholders



b) Dynamic assessment and prioritisation of material issues

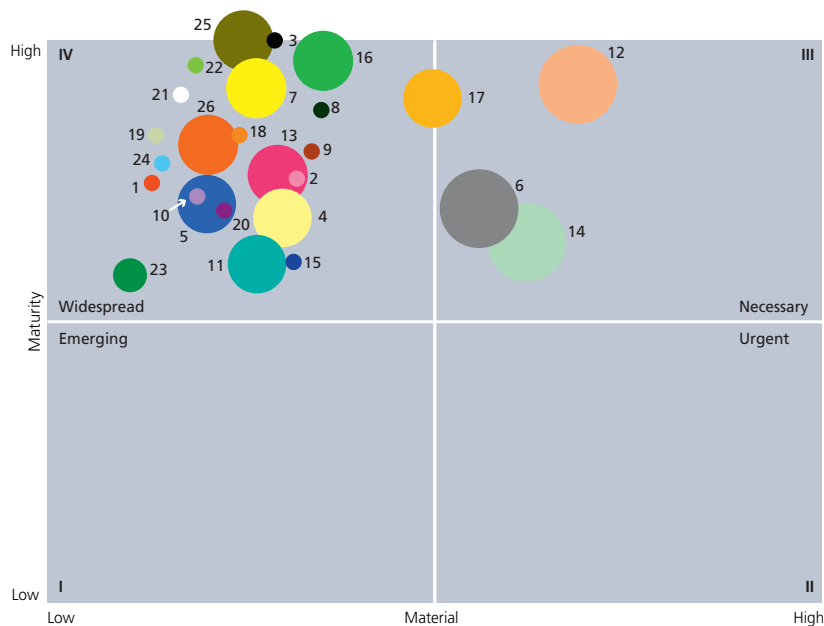
In 2010 the company undertook strategic analysis to define a reference framework to identify and assess its performance regarding sustainability commitments via consultation with internal and external parties, aimed at evaluating the efficiency of the system and to make improvements.

A new materiality study was carried out according to the guidelines of the international AA1000APS standards. The aim of the study was to identify and better understand those sustainability issues that are relevant to stakeholders and that could, therefore, constitute risks or opportunities for the company's image and reputation. The study was used to identify how best to approach and respond to needs for information regarding 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.

ENDESA materiality study

Key issues for ENDESA

- 1 Strategic CSR planning
- 2 Corporate Governance
- 3 Risk Management
- 4 Price Risk Management
- 5 Codes of conduct/corruption and bribery
- 6 Governmental/political/lobby relations
- 7 Customer Relationship Management
- 8 Business Opportunities
- 9 R&D + innovation
- 10 Environmental Management Systems/Environmental Policy
- 11 Operational eco-efficiency/Environmental performance
- 12 Electricity generation-Efficiency
- 13 Transmission and distribution-Efficiency
- 14 Climate Change Strategy
- 15 Development of renewable energies
- 16 Biodiversity
- 17 Environmental education and awareness-building
- 18 Labour practices
- 19 Human rights
- 20 Development of human capital
- 21 Attracting and retaining talent
- 22 Corporate citizenship/Social action
- 23 Commitment to the local community
- 24 Impacts and benefits for society. Commitments
- 25 Relationships with stakeholders
- 26 Health and safety



c) Standardising response processes, as well as including information compiled within strategic plans, and specific communication on sustainability

ENDESA's response to the priorities expressed by its stakeholders are included in the 2008-2012 Sustainability Plan. Each year, through the channels of engagement described above, appropriate tactics are devised on both the corporate and country level. These plans, which are being developed for Argentina, Brazil, Chile, Colombia and Peru, are aligned with corporate strategic objectives and the key challenges and strategic projects. Through these plans, the company's response is strengthened and applied uniformly across all geographical areas to establish robust objectives and work programmes that respond correctly to monitoring indicators.

Meanwhile, in 2010 work began on devising procedures that would allow ENDESA's various business areas to carry out regular risk and opportunity assessments for the issues detailed in its sustainability commitments. This procedure will establish replicable assessment criteria, enabling the company to identify and assess information relevant to decision making in a thorough, balanced manner. The goal is to generate tangible and comparable results and to incorporate these into the company's strategic planning.

In this sense, the procedure aims to help identify systematic data communication and exchange processes with key persons and associations from among ENDESA's most important stakeholders, allowing them to identify their expectations and verify compliance with them.

To identify the key social and environmental expectations for stakeholders ENDESA uses different channels depending on the group in question. Furthermore, the aim is

to supplement established channels at the company with analysis tools to reinforce and give consistency to the company's engagement with stakeholders. The procedure, therefore, aims to understand the following for each stakeholder group:

- General perception of ENDESA's sustainability commitments.
- Assessment of key aspects of sustainability issues.
- Assessment of the company's performance.
- Identification of areas to improve.

06.1. Meeting with stakeholders

In preparation for the 2010 Sustainability Report, ENDESA met with representatives from stakeholder groups, with the aim of improving its understanding of their perception of the company's actions in economic, social and environmental matters, as well as its commitment to sustainability and the 2008-2012 Sustainability Plan.

The meeting was intended to encourage dialogue between the various stakeholder groups and understand their needs and expectations from ENDESA. Several issues were discussed:

- General opinion of ENDESA on issues of sustainability.
- Assessment and suggestions relating to economic and business issues.
- Assessment and suggestions relating to social/environmental issues.
- Assessment and suggestions relating to environmental issues.
- Proposals on how to improve the report and channels of communication.

The company took a further step forward in its engagement with the various stakeholder groups by meeting with nine representatives from economic, social and environmental entities that have relations with the company.

The dialogue led to the identification of strong points where work should be sustained, and suggestions and areas that need to be improved, which ENDESA has committed itself to assess and incorporate as far as possible.



Gonzalo Echagüe, chairman of Conama. Itziar Marín, director of CECU Madrid. Isabel Castillo, head of projects at the Club de Excelencia en Sostenibilidad. Miguel Canales, secretary general of Unesa. Ambros Arias, UGT/Endesa. Gonzalo Sales, director of social innovation at Fundación Seres. Lucila García, director of the knowledge area of Fundación Seres. Karl Van Dijck, manager of corporate issues at Toyota España. María Eugenia Larrégola, director of institutional issues at Fundación Lealtad.

Some of the demands are already included in this Sustainability Report. The full report will only be presented in digital format, while the company will provide a ten-year summary with the triple income statement. Meanwhile, ENDESA's new website has an area reserved for the company's sustainability commitments.

Main conclusions:

a) Strong points

- The focus group valued highly ENDESA's commitments to sustainability, which is based on the ENDESA 2008-2012 Sustainability Plan, stipulating the economic, social and environmental dimensions of the same.
- The Sustainability Report details the development of the company's commitments and challenges, using a clear structure and language.
- The commitment of senior executives to sustainable development and the incorporation of sustainability criteria into the business management model.
- Its commitment to protecting the environment and combating climate change stands out, positioning ENDESA as a leading player in these issues.
- Recognition of the company's commitment to the professional development of staff and occupational health and safety, a culture that it also extends to its partners.
- ENDESA is perceived as a company that is sensitive to the social and environmental concerns in the countries and regions where it operates.

b) Areas to improve

- In terms of communication, the focus group asked for more fluid communications so that the progress of sustainability issues is understood by all stakeholder groups and brings out the value of ENDESA's commitment.
- Improve communications on sustainability issues at the internal level to ensure that all company employees have a strong knowledge of the same.
- Request not to publish the report in print (offline).
- Generate a document or publication that appraises the report's ten year history, including a triple results statement.
- A specific webpage has been suggested (and is now already available on the new ENDESA website) that provides access to any information from the report and GRI indicators.
- More senior executive involvement in communications, now that the sustainability policy has been implemented.
- Specifics about the projects run in Latin America with more examples. Although each country has its own sustainability report, there has been an attempt to extend this information.
- Hold regular meetings with a permanent forum of stakeholder group representatives, to report on the progress made on sustainability issues and give them the chance to offer recommendations.

06.2. Engagement with communities involved in the Hidroaysén project

In Chile, ENDESA, and a local company, Colbún, are developing the Hidroaysén hydroelectric power station project, which includes the construction of five dams in

Aysén, in Chile's Patagonian region, which is aimed at improving the country's electricity supply.

The hydroelectric project is a response to Chile's growing energy demands. Despite its enormous hydroelectric potential, the country generates 70% of its energy from imported fossil fuels. Hidroaysén is expected to help cover an expected increase in energy demand in Chile, injecting a large quantity of clean, safe, renewable and efficient energy, while also helping the region's development and providing a sustainable future for the country as a whole.

From the outset, relations with the local communities in the area have been based on voluntary engagement by the companies to hear any concerns that the local inhabitants may have about the project. Several channels of communication have been opened, such as informational websites, advertising campaigns, a door-to-door informational campaign in the areas affected and voluntary engagement with the public to provide information regarding the project. A "Permanently open homes" project has also been started in Coihaique and Cochrane, in the Aysén region.

The Hidroaysén project is guaranteed to comply with the strictest environmental standards, taking into account the impact on local populations, while using projects to promote the local culture, protect flora and fauna and to assess the area's natural heritage for tourism.

A campaign has been started against the project, known as *Patagonia sin represas* (Patagonia without dams). This campaign is led by local associations and aims to cast into doubt the benefits that the Hidroaysén project could have for Chile.

07. About this report

Aims of the Report

This is the tenth ENDESA Sustainability Report and contains detailed information on the company's activities and performance over 2010.

The report aims to provide an accurate, balanced and comprehensive view of the company's performance in issues 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" area on the ENDESA website, under the "Our Commitment" section.

Scope of the Report

The Group keeps a corporate record permanently updated with information on all its stake holdings, whether direct or indirect, as well as details of any company it may be able to exercise control over. This corporate record is overseen and updated in accordance with procedures governed by the corporate regulation "Endesa Corporate Records Management".

ENDESA's consolidation scope is determined monthly by the Financial General Directorate, based on the information available in the Corporate Records, in accordance with the criteria stipulated by International Accountancy Standards (IAS) 27, 28 and 31, under SIC 12 and other local accounting regulations.



Endesa publishes
its **10th**
Sustainability
report

The information contained in this report corresponds to Endesa, S.A. and its investee companies 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, 100% of those facilities majority-owned by ENDESA are included and where it therefore controls operations. Data are 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 are 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 subsidiaries in Spain, Portugal and Latin America.

The report indicates individual cases where the scope of the information differs from the above criteria. This document has been prepared following GRI G3.1 guidelines, a new version of the G3 indicators for sustainability reports launched by the Global Reporting Initiative in 2010.

The report also includes the specific Electric Utilities Sector Supplement from the GRI and all the principles of the AA1000 APS standards (2008).

The GRI G3.1 Guide and the supplement for the electric utilities sector make up a set of principles and performance indicators, together with a series of guidelines on the technical aspects of generating reports, which are 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 when 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 ability 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+.

A brief description is given below of how ENDESA responds to the principles governing the GRI G3.1 standards and of the Electric Utilities Sector Supplement.

Background to sustainability (GRI G3.1)

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

The Endesa 2010
 Sustainability Report is
 based on the new GRI
G3.1 guidelines

The company's commitment and the methods used to implement the same 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 the 2008-2012 Sustainability Plan 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 G3.1)

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

The 2008-2012 Sustainability Plan is the main framework for tackling the most important sustainability challenges. The Plan's overall aim is to lay the foundations for ENDESA to turn its commitment to sustainability into a tool to generate distinctive abilities and unique advantages, a tool that will build confidence among stakeholder groups, become a part of its business operations and support 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 priority issues for ENDESA's positioning in sustainability.
- Identifying potential sustainability issues which might affect the company's reputation and positioning in communication.
- Prioritising measures in different areas of sustainability.

In the third year of the plan, the company began transferring its strategy to the various regions where it operates, via country plans (Argentina, Brazil, Colombia, Chile and Peru) and regional plans (Andalusia and Extremadura, Aragon, Balearic Islands, Canary Islands and Catalonia).

In this way, ENDESA has structured its approach to tackling and responding to the need for information regarding sustainability issues.

Furthermore, as stated above, the company held a meeting with stakeholder representatives in order to better understand their perception of its economic, social and environmental performance, in preparation for drafting the 2010 Sustainability Report. *For more information see section 0.6. ENDESA and its stakeholders: b) Dynamic assessment and prioritisation of material issues*

The Principle of Responsiveness (AA1000 APS)

ENDESA's response to the principal sustainability challenges laid out by its stakeholders has come in the design and deployment of the Sustainability Plan 2008- 2012 (PES 2008-2012). This is what this report has aimed to demonstrate.

Thanks to the 2008-2012 plan 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 the foundations for ENDESA to turn its commitment to sustainability into responsible growth, incorporating environmental and social opportunities in management models and strategies.

Particular efforts have been made to incorporate regional perspectives into the Plan. These will be applied in greater detail to the country and regional plans. This has been based on four working areas: understanding the commitments, threats and opportunities, integration of opportunities and definition of programmes and indicators.

Completeness (GRI G3.1)

In the "Scope of the Report" section, details are given regarding the scope of the information included.

Principles of information quality (GRI G3.1)

- **Precision and clarity:** The report contains numerous tables, charts and diagrams, with the level of detail thought necessary to allow the company's performance to be fairly assessed.
- **Regularity of information:** ENDESA reports annually on its financial, social and environmental performance. This information is also published on its website, which is permanently updated, while the company publishes its annual Sustainability Report along with 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 provide an understanding of any changes in comparison with previous years. As far as possible all 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 completeness

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.

A nighttime photograph of a cityscape, likely Rio de Janeiro, featuring a large white speech bubble overlay. The background shows a dense urban area with numerous lit-up buildings and a body of water in the foreground. A prominent white, bowl-shaped structure is visible on the left side of the image.

Our customers

Commitment to service quality



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 2010 ENDESA continued to modernise and expand its infrastructure, improving its customer services in order to attain excellence in commercial processes, and creating new channels of communication to bring it even closer to these stakeholders.

Time to contract
electricity reduced
by **14%**

25.1 Mn
customers

84%
more customers
choose e-billing

29
sales offices
& 413 service
points in Spain

Meeting our goals

Challenges in 2010	Action taken
Improving perception as a reliable supplier.	<ul style="list-style-type: none"> Technological projects in operation, development and metering processes: Network projects (ICONO, S2G and CENIT DENISE), active (Pocket SE project), AC&M (MIDAS, DIANA, ALMA, RAM, GIGA). Planning and implementing measures to strengthen the network, ensuring all areas adhere to regulatory quality standards. Optimisation of maintenance measures on the medium voltage network to reduce the number of supply interruptions.
Achieving excellence.	2010 Quality Plan developed: Projects launched in 2010 (e-billing, improved billing process, better information to customers, higher quality of new electricity connections, etc.).
Ensuring all interactions with customers have a positive effect.	<ul style="list-style-type: none"> Cervantes Project (remote management): Standardised meters, 100,000 installed. In October, the Operations Centre was opened in Seville to manage and monitor the system. Optimisation of service bundling to simplify the administrative process, improving programming of maintenance work and redefining contracts.
Promoting value-added products and services and making ENDESA a benchmark in the sector.	Commercial programmes developed: <ul style="list-style-type: none"> Adapting new and existing value-added services to current regulation and customer requirements. Acquiring design capacities.

Key Data

Market share for energy in Spain and Portugal in total sales to end customers	40.1%
Market share in total gas sales (excluding own consumption for generation)	14.5%
Total power distributed in Spain and Portugal	117,670 GWh
Total power distributed in Latin America	67,275 GWh
Customer satisfaction with power supply	8.1 out of 10
Decline of complaints received by Customer Ombudsman in Latin America	34.2%
Availability of ENDESA's electricity service in Spain	99.98%

Key initiatives in 2010

Develop excellence programmes in relevant commercial processes.
Develop commercial programmes: "FV package with financing", forging alliances to develop projects: efficient lighting.
Cervantes Project (remote management): Standardising meters, 100,000 installed. Inauguration of Operations Centre in Seville
Network projects (HV, MV/LV substations and DENISE) and network operations (ICONO, ANINC and ANARED)

In 2011 we propose

Developing technological projects in our distribution processes.
Planning and implementing measures to strengthen the network, ensuring all areas adhere to regulatory quality standards.
Drawing up a Supply Guarantee Plan to offset the effect of emergencies which could cause charging disasters of over 50 MW.
Developing the 2011 Quality Plan.
Ensuring incidents are dealt with swiftly to minimise the time customers are without power.
Simplifying the administrative process, improving scheduled work and establishing quality indicators.

1. ENDESA's electricity supply quality

ENDESA is committed to guaranteeing a high quality of electricity which 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 rural and impoverished areas of Latin America.



Heads of ENDESA and Enel's best distribution practices programme in Madrid.

An Executive Committee has been set up comprising general managers of Enel Distribuzione and Endesa Red to promote the synergies deriving from the "best distribution practices" in the following projects:

- Remote Management.
- Standardisation of materials and procedures.
- Control and automation of the medium and low voltage grid.
- Efficient public lighting.
- Network planning and asset management.
- Organisation and outsourcing.
- Benchmarking of costs and investments.

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 208,000 km² and with a total population of around 22 million.

The number of distribution customers increased 0.6% in 2010 to nearly 11.8 million. The contracted capacity of these customers was 80.6 GW, an increase of 1.5%.

ENDESA supplied 106.9 TWh of power to deregulated customers in 2010. This represents 40.1% of the total power supplied, making the company the undisputed leader in the sector. It is worth noting that its average market share in those areas not covered by its distribution grid exceeded 14%.

ENDESA's network supplied 117,670 GWh of power in 2010, an increase of 1.9%, measured at busbar cost. This gave the company a leading position in the Spanish electricity market.

According to the Spanish transmission system operator, domestic energy demand stood at 275,252 GWh in 2010.

11.78 Mn
customers
in Spain and Portugal

Sector
leader
in Spain & Portugal
in power supplied

ENDESA in the Spanish and Portuguese Supply Market

	2008	2009	2010	% chg 2010-2009
Number of regulated market customers (thousands)	10,296	10,022	9,537	-4.8%
Number of deregulated market customers (thousands)	1,353	1,664	2,155	29.5%
Power supplied to the regulated market (GWh)	61,372	23,445	28,765	22.7%
Power supplied to the deregulated market (GWh)	47,705	57,070	71,882	26%
Length of distribution-grid lines (km)	305,113	312,336	317,275	1.6%
Number of substations (high and medium voltage)	988	1,234	1,242	-0.02%

38_{new}
high and medium
voltage substations

01.1.1. Development and improvement of distribution infrastructure

In 2010, the lines making up ENDESA's distribution grids were extended by 1.6%, to 317,275 km. Underground lines accounted for 39% of this total.

During the year, 38 new high and medium voltage substations came on stream, putting the total number of substations at 1,242 at year-end.

Transmission

Article 35.2 of Act17/2007 amending Electricity Sector Act 54/1997, stipulates that the transmission network manager (Red Eléctrica de España) will be the sole transmission system operator, on an exclusive basis.

As a result, ENDESA and REE signed a contract on 1 July 2010 by virtue of which Endesa Distribución has sold all its transmission assets to REE. The transaction includes 120 substations and over 2,500 km of networks, primarily in the Canary Islands and the Balearic Islands.

The transaction marks the definitive consolidation of the Spanish sole transmission system operator model.

In addition to the development of this infrastructure, a number of activities to improve the quality of supply were carried out. These included increasing maintenance work, upgrading facilities and improving the automation of the high and medium voltage networks. As a result, the company continued to roll out its Medium Voltage Grid Automation Plan, with a total of 23,280 remote-controlled elements.

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

ENDESA electricity distribution facilities

	2009	2010	% change 2010-2009
High voltage overhead lines (km) ¹	20,348	18,200	-10.6
High voltage underground lines (km) ¹	1,076	680	-36.8
Medium voltage overhead lines (km)	80,375	80,570	0.2
Medium voltage underground lines (km)	37,006	38,098	3
Low voltage overhead lines (km) ²	93,902	94,752	1
Low voltage underground lines (km) ²	80,686	84,974	5.3
Substations (no.) ¹	1,273	1,242	-2.4
Substations (MVA) ¹	83,216	82,727	-0.6
Transformer centres	123,024	127,843	3.9

¹ Transmission assets were sold in 2010² The length of the low voltage network is estimated**01.1.2. Continuity of supply**

ENDESA's distribution grid is designed, operated and maintained to ensure the continuity of electricity supply to its 11.8 million customers in Spain.

Supply continuity is gauged through two main indexes, TIEPI and NIEPI, which measure, respectively, the time and number of supply interruptions (in terms of equivalent power interrupted). The calculation procedure for these indexes is regulated by Royal Decree 1955/2000 and the results are audited annually by an independent company.

In 2010, the Time of Equivalent Supply Interruptions in markets supplied by ENDESA was 88 minutes, one minute less than in 2009. This implies availability of service equal to 99.98% of total hours for the year. The number of equivalent interruptions of the power supply in 2010 stood at 1.6, up 0.1% compared with 2009.

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 the company has distribution operations experienced average interruption times of around 30 minutes. Teruel, Palma de Mallorca, Almería, Girona, Huesca and Las Palmas de Gran Canaria — one third of the total — all experienced times of 20 minutes or less.

In 2010, the energy losses as a percentage of the total energy supplied by ENDESA through the grid was 7.77%.

Average interruption times (minutes)

Interruption time	2008	2009	2010	Change 2010-2009
Aragon	73	72	69	-4.17%
Catalonia	68	70	68	-2.86%
Andalusia and Extremadura	119	121	114	-5.79%
Balearic Islands	57	65	52	-20%
Canary Islands	43	51	61	19.61%
Endesa Red	86	89	88	-1.12%

Aside from interruptions related to the distribution grid, there were a high number of supply interruptions during 2010 due to weather conditions classified as *force majeure*. For example, on one single day, 8 March, Gerona recorded the highest *force majeure* interruption time of all the autonomous regions where ENDESA operates. Likewise, the Canary Islands recorded the highest number of *force majeure* meteorological incidents of all ENDESA's markets.



Heavy snow falls in Gerona

On 8 March 2010, Gerona suffered a heavy snow fall which affected the whole of the region's grid with sticky snow falling and sticking to power lines and supports. Temperatures then plummeted causing the wet snow to freeze and form a heavy mass. This was followed by high winds which caused the frozen masses to swing, breaking the power lines and supports.

Some 306,109 customers (245,814 in Gerona, 35,708 in Maresme and 24,587 in the rest of Catalonia) were affected.

The storm affected 36 high voltage pylons on 19 circuits, over 1,800 medium voltage pylons belonging to 266 lines and destroyed over 1,000 low voltage supports.

ENDESA mobilised over 1,600 operatives in Catalonia, 1,511 of them working out in the field, and installed 376 electric generators to resume the electricity service.

A customer free phone service was set up (900 847 384), 18 Service Points in the region were reinforced and 500 staff were dispatched to the company's call centres to notify customers.

Given the extent of the damage caused in Gerona and Maresme, the Government declared the incident a "disaster" through RD 344/2010 of 19 March 2010. The regional government of Catalonia followed suit with Decree 43/2010 of 23 March (published in the official gazette on 25 March).

On 5 August the Generalitat ruled in its final incident report that the interruption to supply, was caused by force majeure.

In 2010, Endesa Distribución launched an action plan to prevent and attenuate major supply interruption incidents which is based on the following principles:

Action plan to prevent
supply interruption
incidents

- **Incident anticipation:** early meteorological warning system, risk maps, emergency operating plans, coordination with the System Operator and knowledge management.
- **Incident prevention:** Preferential action plans, technical disaster information systems, reliability plan for substations, innovation on power lines, management of generator groups and mass squad mobilisation.
- **Incident management:** Crisis committee, crisis leader, personalised attention for councils affected, information via various communication channels and transparency.

01.2. Latin America

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

There were 366,000 new customers recorded in the region in 2010, bringing the total to 13.3 million in five countries.

In the year, ENDESA distributed 67,275 GWh in the region, 5.54% more than in 2009. Of particular note are the 8.8% and 7.2% increases in sales Brazil and Peru respectively. Overall demand in the region rose 5.54%.

ENDESA's customers in Latin America (thousands)

Country	2008	2009	2010	% chg 2010-2009
Chile	1,513	1,579	1,610	1.9
Argentina	2,262	2,305	2,353	2.1
Colombia	2,285	2,476	2,547	2.8
Peru	1,028	1,060	1,098	3.5
Brazil	5,308	5,487	5,665	3.2
Total	12,396	12,907	13,273	2.8

ENDESA's sales in Latin America (GWh)

Country	2008	2009	2010	% chg 2010-2009
Chile	12,535	12,585	13,098	4.1
Argentina	16,160	16,026	16,759	4.6
Colombia	11,822	12,164	12,515	2.9
Peru	5,599	5,716	6,126	7.2
Brazil	16,690	17,254	18,777	8.8
Total	62,806	63,745	67,275	5.5

01.2.1. Development and improvement of distribution infrastructure

The concession surface area of the six distribution companies in which ENDESA has an interest in Latin America totals 210,165 km², equivalent to 42% of the total surface area in Spain.

High voltage lines had a total length of 11,362 km at year-end 2010, an increase of 87 km year-on-year, while medium and low voltage lines totalled 148,458 km and 135,935 km, respectively, increases of 7,047 km and 7,740 km, compared to 2009.

Installed capacity at substations owned by these companies totalled 32,425 MVA at 31 December 2010, up by 4,184 MVA year-on-year.

In 2010, EDESUR either upgraded or built 1,079 kilometres of electricity grid in Argentina, installed 789 medium and low voltage transformers and increased to 440,000 the number of electronic meters installed (20% of the network).

In Peru, as part of the mass electrification programme, approximately 145 km of grid and some 5,582 low and medium voltage pylons have been installed, serving a total of 18,346 households.

ENDESA Electricity Distribution Facilities

	2009	2010	% chg 2009-2010
High voltage overhead lines (km)	11,178	10,698	-4
High voltage underground lines (km)	95	663	598
Medium voltage overhead lines (km)	135,876	133,958	-1
Medium voltage underground lines (km)	5,534	9,626	74
Low voltage overhead lines (km)	114,918	111,935	-3
Low voltage underground lines (km)	13,276	19,529	47
High voltage substations and transformer centres (no.)	223,797	240,630	7.5
High voltage substations (MVA)	30,757	32,425	5.4

01.2.2. Continuity of supply

Energy losses in the region totalled 11% in 2010, the same figure as in 2009.

Quality of service by ENDESA's companies was affected by various extraordinary external factors, including the earthquake in Chile, heavy rain in Rio de Janeiro, and periods of abnormally hot and cold weather in Buenos Aires. As a result, the average annual interruption time per customer in 2010 was 11.3 hours, 26% higher than the previous year.

However, improvements were seen in other areas such as in Ceará in Brazil where the number of interruptions (FEC) fell 0.3 times to 5.6, while the interruption time (DEC) dropped by 0.2 hours to 7.5 hours.

Supply-Quality Indicators in Latin America (Minutes)

	2008	2009	2010	% chg 2009-2010
Average Interruption Time (TIEPI)				
Chile	2.9	2.7	3.2	18.5%
Argentina	4.3	4.3	7.5	74.4%
Colombia	13.7	12.4	14.2	14.5%
Peru	6.2	7.7	9.0	16.9%
Brazil-Ampla	13.2	19.5	23.8	22.1%
Brazil-Coelce	8.2	7.6	7.5	-1.3%
Number of equivalent interruptions of installed capacity (NIEPI)				
Chile	1.3	2.6	1.4	-46.2%
Argentina	2.7	2.3	3.3	43.5%
Colombia	13.5	9.7	14.2	46.4%
Peru	2.3	3.1	3.2	3.2%
Brazil-Ampla	10.1	11.9	12.7	6.7%
Brazil-Coelce	6.8	5.9	5.6	-5.1%

NOTE: TIEPI and NIEPI are equivalent values calculated according to the indicators of each company (using the criteria defined by 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).

Percentage of the population unserved in ENDESA's distribution areas

	Argentina	Chile	Brazil	Peru	Colombia
Population without electricity supply-2009	278,315	4.800	38,514	400,000	77,683
Population without electricity supply-2010	0	160	40,516	389,844	0
% of total population-2009	4.4%	0.1%	0.3%	9.47%	0.8%
% of total population-2010	0%	0.00094%	0.3%	8.19%	0

Number of residential disconnections for non-payment, broken down by duration of disconnection and by regulatory regime 2010

	Spain and Portugal	Latin America	Total
Total number of residential disconnections for non-payment	721,172	2,288,972	3,010,144
Number of residential disconnections for non-payment lasting less than 48 hours	321,146	1,338,203	1,659,349
Number of residential disconnections for non-payment lasting 48 hours-1 week	51,235	248,555*	299,790
Number of residential disconnections for non-payment lasting 1 week-1 month	60,584	252,028*	312,612
Number of residential disconnections for non-payment lasting 1 month-1 year	81,436	71,319*	152,755
Number of residential disconnections for non-payment lasting more than 1 year	22	673**	695
Number of residential customers reconnected after 24 hours	319,700	1,835,786***	2,155,486
Number of residential customers reconnected after 24 hours and less than 1 week	301,755	31,630***	333,385
Number of residential customers reconnected after more than 1 week	1,478	44,403****	45,881

* Figures for Argentina and Colombia unavailable.

** Figures for Argentina, Chile and Colombia unavailable.

*** Figures for Chile and Colombia unavailable.

**** Figures for Colombia unavailable.



Chilectra operatives working to restore power supply in the capital.

Swift response to earthquake in Chile

Just four days after the devastating earthquake which shook central and southern Chile in the early hours of 27 February 2010, Chilectra had restored the power supply to 91% of its customers. The company activated its Emergency Plan in coordination with the government and other public bodies.

Chilectra's General Manager, Cristián Fierro, who headed up the Crisis Committee, thanked company employees for their hard work, particularly the technical field workers and those working in customer service channels.

01.2.3. Operations in other countries

Endesa Energía's portfolio in Portugal at the end of the year was 5,222 GWh/year, with 2429 supply points at the medium voltage tariff and 2,138 at the special low voltage tariff. A total of 3,547 GWh were supplied in 2010 in addition to 1,470GWh of gas.

In France, Endesa Energía supplied 1,547 GWh to industrial customers, representing growth of around 70% on 2009. The company has a portfolio of active contracts for 2011 of 686 GWh/year with 31 supply points. In the year, the company supplied 721 GWh of gas with a portfolio of active contracts for 2011 of 3,072GWh/year.

At year end, ENDESA's photovoltaic portfolio included eight facilities and 586 Kwp, representing a business volume of Euro 2,263,000 and a margin of Euro 345,000. Construction work on four further sites was completed in 2010.

70%
more power supplied
to industrial customers
in France

In Germany, Endesa Energía supplied 768 GWh of electricity and has a portfolio of 850 GWh/year. The company has contracts for 2012 and 2013, representing final consumption of 1,032 GWh. In the carbon credits market, the company executed EUA/ERC swaps in the industrial customers segment.

In Benelux, Endesa Energía supplied 121 GWh in 2010. The portfolio for 2011 totalled 458 GWh/year with 281 GWh contracted for 2012 and 2013.

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

01.3. Programmes to improve or maintain access to electricity

ENDESA ha continuado con el desarrollo de su política de mejora o mantenimiento para el acceso a la electricidad y los servicios de atención al cliente, tanto en España como en Latinoamérica.

01.3.1. Spain and Portugal

In 2010, the company continued to apply the *bono social* (discount rate) in Spain. This implies freezing electricity prices at the rate in force at 30 June 2009. 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 2010, 1,076,677 customers were eligible for this discount, of which 907,825 received it automatically. This is 32,086 more customers than the previous year for those classified according to their family, work or financial circumstances. Customers automatically eligible for the discount rate (< 3 kW contracted) fell by 95,055 in the year. The reason for this decline is that in July 2009, when the discount rate was introduced, the rate was applied automatically on a mass scale. With time, and following a series of recommendations by the audit department, those contracts receiving this discount but which do not meet all the requirements (natural person, habitual residence, etc) are being eliminated.

In addition, the company is carrying out a campaign to upgrade power control switches which has led many customers who were paying the discount rate to increase their power capacity.

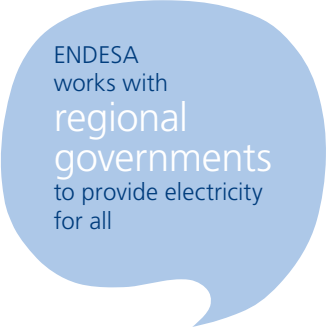
01.3.2. Latin America

In Brazil, ENDESA has two programmes:

- **Discount rate for low income customers:** Residential and rural customers on low incomes benefit from a 65% discount.
- **Electricity for all:** This is a government initiative, in conjunction with regional governments to help bring electricity to rural areas with free connection for all households. In 2010, Coelce helped 17,000 households connect to the grid. Between 2004 and 2010, a total of 150,000 homes in the state of Ceará (Brazil) were connected.



Over
1 M
customers with
Social Bond



ENDESA
works with
regional
governments
to provide electricity
for all

Along these lines, in 2010 Codensa (Colombia) signed an agreement with the Cundinamarca local government to help supply electricity to nearly 282 customers in four municipalities. Due to the high cost of rural electrification and the remote nature of these locations the operator had deemed that investment here would not be profitable. Work will be carried out in 2011.

As part of its programme to recover public spaces, since 1994 Chilectra has provided lighting for 155 sports facilities in Santiago de Chile. Neighbourhood organisations organise all manner of activities for the local community there, such as sports events, arts events, meetings, etc.

In Argentina, the Framework Agreement remains in force between Edesur, the federal government and the regional government to supply underprivileged areas of the capital and the greater Buenos Aires area. Under this agreement, customers can apply for financing through their electricity bill.

02. ENDESA's customer service excellence plan

Excellence is a key value guiding ENDESA in its relationship with customers. The company constantly seeks maximum efficiency in customer services channels, tools and platforms through innovation and constant improvement.

02.1. Customer Services Excellence Plan

In 2010, ENDESA's Customer Services Excellence Plan, which was launched in 2003, focused on four areas:

- Reducing the time required to contract electricity supply.
- Continuous improvement in customer services, especially telephone services and complaints.
- Better billing procedures (new services for the mass market and implementation of e-billing for local government, in accordance with established requirements).
- Better quality of data, with modelling of variables that impact overall satisfaction and improvement in customer contact information.

The results throughout the year have been very positive, particularly the following:

- The time to contract electricity managed by ENDESA's traditional sales channels has been reduced by 14%.
- Overall satisfaction with the Call Centres in the mass market has risen by 7%.
- Satisfaction with reading and billing in the residential segment improved by 2%.
- The company has reviewed procedures for sales, activations, quality control and contracting forms.



Time to contract
electricity
reduced by
14%

To ensure fulfilment of the improvements identified in the Plan, monthly monitoring is performed of 10 key indicators that can verify the impact on improvement of ENDESA's sales quality. Some of these indicators are recorded directly in the company's sustainability scorecard.

In 2010, regulatory stability predominated in customer interaction with the company, with the volume of interactions between the company and its customers the same as before the introduction of the latest regulatory changes (monthly billing and the definitive end to regulated tariffs).

02.1.1. Personal contact

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

- **Large customers and companies:** ENDESA's management team is organised by sector as well as by territory. This gives the company in-depth knowledge of customer needs and allows it to offer them customised competitive solutions. The company has over **400** personal sales managers throughout the country, in addition to a telephone hotline and a dedicated website. The company also 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 offer made with other products and services in areas where it does not operate.
- **General public:** ENDESA has 29 sales offices and 413 service points in Spain, which are complemented by call centres (CAT for its initials in Spanish) and the virtual office at endesaonline. (www.endesaonline.com)

413
service points &
29
sales offices

ENDESA'S personal service network in Spain

	2008			2009			2010		
	Sales offices	Service points	Total points	Sales offices	Service points	Total points	Sales offices	Service points	Total points
Aragon	4	32	36	3	29	32	2	30	32
Catalonia	7	152	159	6	135	141	4	125	129
Balearic Islands	3	25	28	3	25	28	1	24	25
Andalusia-Extremadura	22	139	161	21	141	162	15	130	145
Canary Islands	3	33	36	3	34	37	3	31	34
Own distribution market	39	381	420	36	379	415	25	340	365
Outside distribution market	4	55	59	4	68	72	4	73	77
Total	43	436	479	40	447	487	29	413	442

02.1.2. Call Centres (CATs)

In 2010, ENDESA's call centres dealt with nearly 18 million calls related to sales management issues and grid incidents. This is 2.4 million fewer than in 2009. This decline is the result of higher traffic the previous year following the introduction of the tariff of last resort (TLR), while in 2010 the company closed down all customer service points for queries relating to this regulatory change.

Breakdown of calls received at call centres

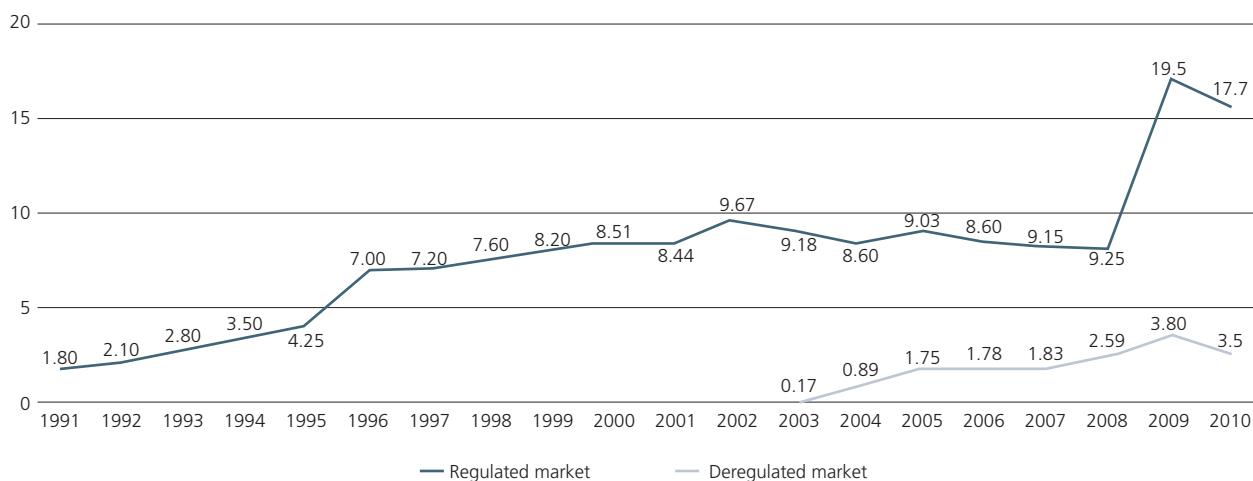
Calls received	2009	2010
Tariff of last resort (TLR)	11,793,221	9,353,319
General public, deregulated market	3,822,051	3,585,682
Businesses and Large Customers	771,868	749,352
Sales	417,109	402,463
Distribution	2,389,995	3,232,492
Mixed	404,631	417,958
Total	19,598,875	17,741,266

This trend is apparent in all services provided at the company's call centres apart from the distribution business where, according to current regulation, power control switches must be installed at all electricity facilities and remote metering introduced. As a result, one million more phone calls were received in this regard.

In 2010, call centre capacity was increased following the addition of nearshore centres (under outsourcing contracts) in Córdoba, León and Terrassa, increasing the company's customer service capacity by 35%. This increase has enabled the company to take on traffic from management processes as well as sales and customer service campaigns while keeping access standards on target, with service levels in excess of 96%.

The main challenge was incorporating new work centres while ensuring that quality standards for customers were unaffected by the learning curve. The company has managed to improve quality standards (in excess of 90%), while operating standards recorded an error rate of under 5%, improving customer perception of the company compared to 2009.

As part of its endeavours to improve customer services, in 2010 a pilot scheme was rolled out for the first ENDESA customer services platform, located in Bogota (Colombia). The 23 staff working there since 15 November answered 70,000 calls. In 2011, one of the main lines of action of the CAT will be to establish this pilot scheme in other permanent work centres under the offshore model.

Numbers of calls dealt with at Call Centres in 2010 (millions)

Calls received by call centres in Latin America

	2009	2010	%
Brazil	9,688,709	10,405,317	7.4%
Argentina	5,992,101	8,400,721	63.25%
Peru	2,218,229	2,437,084	9.87%
Colombia	5,146,030	2,320,920	-54.9%
Chile	2,449,112	2,201,033	-10.13%

02.1.3. endesaonline

The www.endesaonline.com virtual office has seen significant growth in 2010, with user numbers up by 130,000 to 550,000. These customers carried out 8.3 million transactions with over one million requests, up 23% on 2009.

In 2010, online contracting was introduced enabling users to carry out any contractual process online, including receiving and returning contracts. E-billing was also actively promoted with 84% more customers choosing to dispense with printed bills.

84%
more customers
choose e-billing

02.2. Quick solutions for complaints and new-contract applications

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

In 2010, the number of complaints received fell by 1.76% to 740,302. Of these complaints, 95% were resolved within the year.

Also:

- 85.8% of complaints related to Royal Decree 1955/2000 were resolved within five days.
- The average turnaround time for complaints was 14.64 days, including the handling of 53,117 complaints caused by the heavy snowfall in Gerona which affected 130,000 customers. In this instance special procedures were followed.
- Customer communications have also been improved and reinforced both in terms of managing information and closing cases.
- Despite the higher number of complaints received, the times customers have contacted the company about the same complaint (customer repeat index) is estimated to have fallen 48% in 2010.

86% of
complaints resolved
within five days

02.2.1. ENDESA's Customer Ombudsman

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.

02.2.1.1. Spain and Portugal

José Luis Oller Ariño, was appointed ENDESA Customer Ombudsman in 2005. In 2010, the Customer Ombudsman's office received a total of 2,104 complaints, 19% more than in 2009. Nevertheless, the Customer Satisfaction Index has remained virtually unchanged (for more information on Customer Satisfaction Levels see point 03 on page 59).

Of these complaints, 1,182 fell within the Ombudsman's direct remit, 21% more than the previous year. These basically related to billing (36%), the quality of supply (21%), contracts (14%), meter readings (13%) and the collection of payments and others (8%).

Some 89% of the complaints were resolved satisfactorily, with 80% resolved by mediation between the customer and the company, 18% resolved via a resolution by the Ombudsman and the remaining 2% resolved by other means.

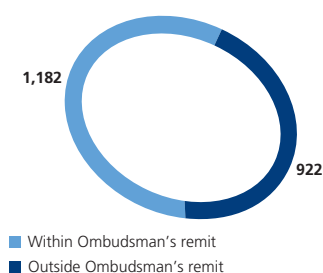
During the course of 2010, the Ombudsman recommended a series of improvements regarding the following items:

- Refunding of the guarantee deposit upon termination of a contract.
- Information regarding consumption estimates on bills.
- Controls to avoid supply cuts to clients who have a track record of paying on time.
- Special treatment of repeat complaints relating to the supply cycle.
- Communication of the report on the damage to receivers caused by incidents on the electricity grid in Catalonia.

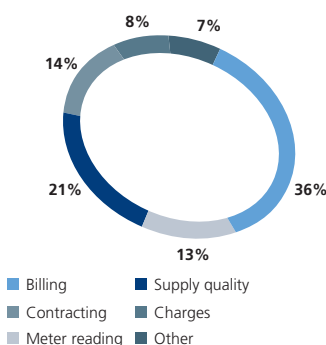
89%

of complaints
resolved satisfactorily

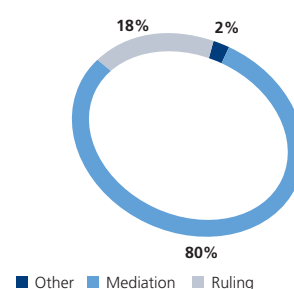
Complaints received in 2010

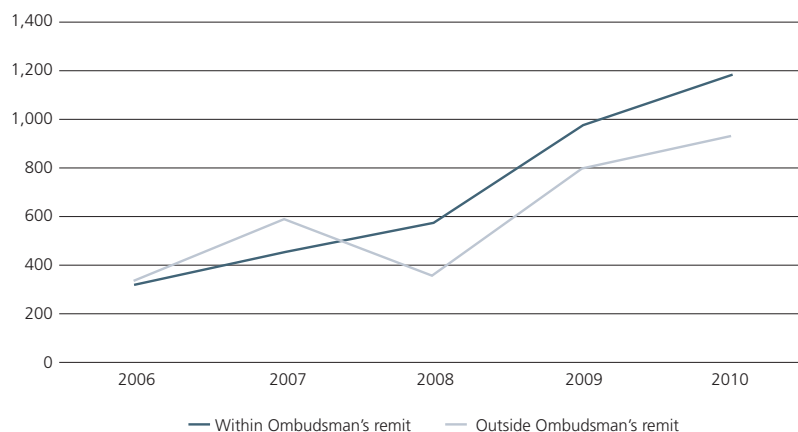


Complaints by type



Breakdown of complaints by type of settlement



Complaints received

34.1%
fewer claims

02.2.1.2. Latin America

ENDESA has a Customer Ombudsman or similar function in the five countries where it operates in Latin America. In 2010, the number of complaints received fell 34.2%. The majority of the complaints received related to meter reading, billing and collection of payments.

Number of complaints received by Customer Ombudsman (thousands)

	2009	2010	% chg 2009-2010
Argentina	82	20	-75.7%
Brazil	No figures available	2	No figures available
Chile	30	25	-17.1%
Colombia	No figures available	20	No figures available
Peru	2	8	266.3%
Total	114	75	-34.1%

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.

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.

Thus, in 2009 the company created a business unit to manage relations with consumers' associations and public bodies which was strengthened in 2010. 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.

ENDESA's willingness to go beyond the legal requirements is also apparent by the various ethic and conduct codes to which commercial communications must adhere.

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

In Chile, ENDESA is a signatory of the Chilean Code of Advertising Ethics which is based on the International Code of Advertising Practices of the Paris International Chamber of Commerce. This takes into consideration any extensions, amendments and updates proposed by the associations comprising the National Advertising Regulatory Council.

In Peru, Edelnor adheres to the Code of Conduct of the National Association of Advertisers.

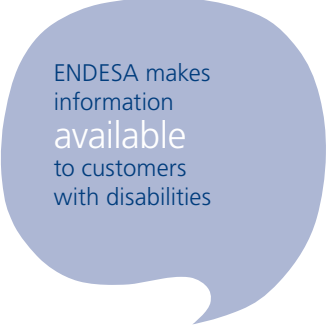
02.3.1. Eliminating language barriers

ENDESA's commitment to customer information is borne out by the efforts made to communicate with customers with disabilities.

Bills are printed in Braille in Peru, Brazil, Colombia and Argentina and Edesur sends audio bills to its visually-impaired customers. Coelce has also introduced Brazilian sign language training courses for its customer services staff.

ENDESA also sends its customers information in the language of the region where they live.

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



ENDESA makes
information
available
to customers
with disabilities

Also, and in order to improve the impact of the energy efficiency campaigns promoted by the Institute for Diversification and Savings to be sent out with electricity bills, ENDESA proposed that the information leaflets be printed in Spanish, Catalan, Esquerra and Gallego. In 2010, these campaigns were carried out in these four languages.

Furthermore, the Ethics Channel is available in the 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.

03. Customer satisfaction levels

03.1. Spain and Portugal

In Spain, the general customer satisfaction index remained unchanged in 2010 (8.19 in 2009 and 8.1 in 2010). This is despite the higher number of complaints received by the Customer Ombudsman (for more information see point 02.2.1.1 Spain and Portugal on page 56).

The majority of the parameters assessed improved, with meter reading and billing showing the highest improvement (+2.9% to 6.34). This was followed by supply, which rose 1.6% to 7.12; the company, which improved 0.3% to 6.67 and image, which was 0.2% up at 6.57. Meanwhile, customer satisfaction with advice received shrank 5.3% to 6.11 while prices declined 18.8% to 3.98.

Customer satisfaction improved greatly in 2010 in all dealings with the public. The traditional sales channels recorded the highest increases: customer satisfaction with the offices rose 15% to 7.9 while satisfaction with service points increased 14.8% to 7.69. Customer satisfaction with ENDESA's call centre (CAT) improved 6.0% on 2009 to 6.93.

The most highly valued aspect in all the channels is the "treatment" received, with satisfaction up on the previous year.

Treatment	2009	2010	Change %
Call centres	7.08	7.38	+4.2%
Offices	7.52	8.26	+9.8%
Service points	7.38	8.03	+8.8%

Satisfaction level by customer service channel

	2009	2010	%
Offices	6.87	7.9	15
Service points	6.7	7.69	14.8
Call centres	4.33	6.93	6

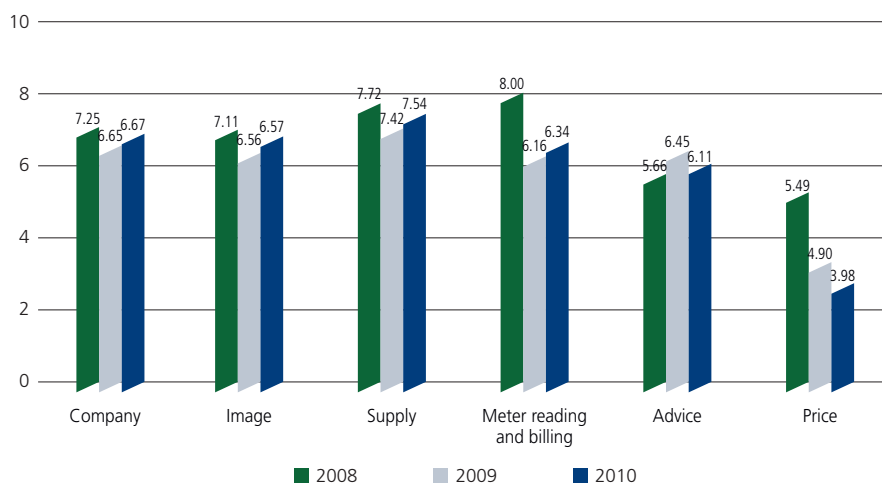
Customer
satisfaction
has improved
in all channels

Over **400**
audits of sales offices
and service points

The company continually carries out customer surveys by telephone to monitor satisfaction levels, with monthly and quarterly reports based on the results. Mock purchases are made in the Mystery Shopper exercises the company carries out. Since 2009, the company has carried out an annual online survey among its Large Corporate Customers. Customer managers email questionnaires to the heads of the purchasing, technical and financial departments at companies in Spain to ascertain their degree of satisfaction, concerns and the strong and weak points of the service provided by ENDESA.

In 2010, ENDESA continued its efforts to gather up-to-date information on customers' satisfaction with its products and services offered and with the customer service they receive through the company's telephone and face-to-face commercial channels. A total of 80,000 telephone interviews were carried out in addition to more than 400 audits of sales offices and service points.

Level of customer satisfaction in Spain



03.2. Latin America

In Latin America
customer
satisfaction
levels improved greatly

In Latin America, customer satisfaction levels improved greatly. Chile recorded the highest improvement, with customer satisfaction increasing 20.3% to 8.3, followed by Colombia with a 4.9% increase to 8.6% and Argentina which rose 1.3% to 7.6.

However, customer satisfaction in Peru and Brazil declined 4.1% and 1.2% to 7.0 and 8.3, respectively.

Endesa Chile carries out an annual customer satisfaction survey to assess and identify areas in need of improvement. According to the VI Quality of Service Survey carried out in 2010, the customer satisfaction index was 81%, with customers "satisfied". The highest valued areas were the sales staff, communication channels and the billing process.

In Brazil, satisfaction was 92.2% according to the 2010 Perceived Quality Satisfaction Index (ISCAL) survey, much higher than the average for the country of 77.3%.

In Peru, the company carried out a local Cier residential customer satisfaction survey with the general satisfaction index at Edelnor coming in at 50.6% and the Perceived Quality Satisfaction Index (ISCAL) at 57.4%.

In Colombia, the Perceived Quality system (SCP) is applied to 15 products representing 95% of the company's portfolio, covering 97% of customer transactions and entails 2,500 monthly surveys and the preparation of 250 annual reports on customer satisfaction with the company's products.

The **Perceived Quality Satisfaction Index** (ISCAL) obtained by Codensa in the 2010 CIER study was 77.5%. Codensa's customers rated highly both the quality of supply and billing.

Customer satisfaction levels in Latin America

	2009	2010
Peru	7.3	7.0
Brazil	8.4	8.3
Chile	6.9	8.3
Colombia	8.2	8.6
Argentina	7.5	7.6

Average complaint response time in Latin America (days)

	2009	2010
Peru	5	30
Brazil	No figures available	No figures available
Chile	20.3	14.4
Colombia	No figures available	14.4
Argentina	15.4	13.6

04. Efficient products and services

04.1. Spain and Portugal

On the commercial front, in 2010 ENDESA continued to strengthen its range of Value Added Products and Services (VAPS) designed for the responsible and efficient use of energy which it supplies to private homes and small and large businesses.

The company's Energy Efficiency Plan (PE³) (further information in the chapter on commitment to innovation and technology on page 163) is one of the main driving forces behind improvements to its value-added products and services. It covers three main areas of activity:

- Regulator management: to work jointly on developing and implementing standards, programmes and agreements focused on moderating consumption and responsible production.

VAPS
consolidate ENDESA
as sector leader

- Commercial initiatives (VAPS): products and services that help customers engage in responsible consumption.
- Communication actions: to foster the efficient use of energy among customers and showcase the company's strong commitment to saving energy.

ENDESA's VAPS cover three clearly distinct areas:

- Distributed energy and thermal solutions.
 - Photovoltaic solar energy.
 - Solar thermal energy.
 - Inverter air conditioning and thermal fluids.
 - Cogeneration.
 - Condensing boilers.
- Energy efficiency.
 - Ilumina Plan.
 - Energy audits.
 - Condenser batteries.
- Other.
 - Provision of electrical equipment such as resettable differentials, protection, emitters, etc.
 - Electrical and gas projects.
 - Installations (UPS, generating sets).
 - Maintenance (electricity, gas and climate control).
 - Advisory and consulting services (environment, tariffs, subsidies, etc.)

It is worth noting the following initiatives carried out in 2010: development of condenser batteries, the Ilumina Plan (viewing efficiency as a service), and energy audits.

The company considers that the sale of these products and services can lead to energy savings that reduce demand by between 15% and 85% and that the system's load curve can be shifted towards cheaper periods of demand.

04.2. Latinoamérica

Chilectra cuenta con un conjunto de Soluciones Eléctricas Eficientes:

- **Full Electric:** corresponde al uso de la electricidad para el abastecimiento de todas las necesidades energéticas de un hogar: calefacción, equipamiento de cocina, agua caliente sanitaria y climatización. Los hogares Full Electric se benefician de una tarifa especial (Tarifa Flexible THR Plus), que a través de un mecanismo de diferenciación de precios incentiva el consumo de la energía en horarios fuera de las horas de punta, particularmente en el horario nocturno. Más del 80 por ciento de los clientes con la THR Plus obtuvieron importantes ahorros en su cuenta mensual de electricidad entre abril de 2009 y marzo de 2010. En 2010, se ha llegado a las 40.000 viviendas Full Electric, alcanzando una participación cercana al 40 por ciento, colocando más de 30.000 KW de potencia.

- **Full Eficiencia:** es un servicio de monitorización de centrales térmicas que permite a las empresas ir mejorando su estándar y eficiencia. Chilectra ofrece dos variantes para la medición de parámetros energéticos: *online* e *in situ*.
- **Full Ambiental:** ofrece a las empresas asesoramiento en la implementación de medidas de reducción de emisiones de CO₂ a través de la eficiencia energética y/o las energías renovables.

04.3. Raising customer awareness of efficient energy use

04.3.1. Spain and Portugal

ENDESA carries out communication campaigns to raise awareness among customers and the general public about the efficient use of energy. These include:

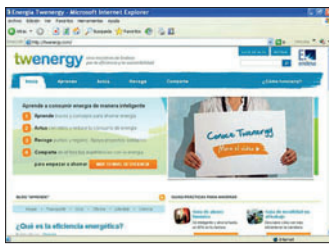
- **Twenergy:** in 2010 Twenergy became the largest professional and private internet community for those interested in sustainability and energy efficiency with over 18,000 members. Twenergy is now also available on Facebook and Twitter. The company has also designed apps aimed at promoting recycling and guides on how to be more energy efficient and consume less.
- **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 electricity and gas installations.

In 2010, the company also took part in the following trade fairs, seminars and conferences:

- **GENERA 2010**, where ENDESA showcased its experience in cogeneration with real-life cases for the industrial, tertiary and residential sectors.
- **Econstrucción** (1st Sustainable Construction Fair), where it presented solutions for energy efficiency and savings in sustainable construction.
- Sponsored **International Eco-Friendly Vehicle and Sustainable Mobility Show**.
- **1st Energy Efficiency Congress**.



Twenergy
largest internet
community
for sustainability



Josep Maria Rovira, General Manager of ENDESA in Catalonia with Enric Lacalle, President of Barcelona Meeting Point real estate fair

ENDESA uploads video to Youtube to promote energy efficiency

ENDESA has uploaded a video to Youtube aimed at encouraging consumers to use energy more responsibly. The video shows how small individual actions can add up to make an important contribution to energy efficiency and, more importantly, encourages viewers to use the Twenergy portal (www.twenergy.com).

ENDESA Sustainable Real-Estate Development Awards

In 2010, ENDESA gave out the "ENDESA Sustainable Real-Estate Development Awards" at the Barcelona Meeting Point real estate fair.

A total of 59 projects were registered, more than double last year's figure, highlighting how these awards are growing in importance and gaining recognition in the real estate industry.

The winning prize went to the Fundación Barredo for its solar-cooled eco offices. In the most sustainable government-sponsored housing development category, the winner was the solar semi-circle 92 unit in Móstoles (Madrid), while the municipal nursery in La Font del Rieral de Santa Eulàlia de Ronçana (Barcelona) won in the non-residential category. The project to renovate 28 homes in Zaragoza also won a prize.

04.3.2. Latin America

In 2010, customers in Colombia also received energy efficiency advice along with their bills. Codensa also set up a minisite on its corporate website where corporate customers were able to download recommendations and advice on how to launch their own energy efficiency awareness campaign. The minisite received 1,300 visits.

Likewise, Codensa sent out a guide on efficient energy usage to 1,500 of the country's largest companies, including information on: lighting, electric motors and electrical conductors, among others.

In Brazil, the Coelce Energy Efficiency Programme includes a range of initiatives to raise awareness among consumers.

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 faults 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.

Fuse box awareness campaign

To coincide with World Consumer Rights Day, Endesa Energía's General Public and Customer Service channels and the Customer Ombudsman launched a joint campaign to inform residential customers about their fuse box, its basic functions and the features it must have to safeguard and protect all installations and receivers.

On the whole, customer knowledge of their electrical installations is insufficient, making them less able to take action in the event of an incident or not adopting sufficient safety measures.

The company therefore designed an information leaflet and stickers which were sent out to customers and posted on its website.



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 Colombia, ENDESA responded to stakeholder concerns about the possible health risks of electro-magnetic fields and carried out five monitoring exercises to check that the variables were below the recommended exposure limits.

Chilectra voluntarily measured levels on its lines despite this not being mandatory in the country. The results were substantially lower than the levels recommended by the International Commission on Non-Ionizing Radiation Protection (ICNIRP).

Edelnor has an “Alumbrado Público para tu Seguridad” programme in place to improve street lighting and safety.

The company's website likewise offers information on using electricity safely and recommendations on how to act in the case of an emergency. Information leaflets are also included with customers' bills offering advice on keeping homes and loved ones safe. Customers are also invited to attend safety workshops organised by the Technical Unit.



Edelnor
develops
public lighting
for your safety
programme

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**



ENDESA strives to be one of the most sought-after companies to work for among the top professionals in its sector. For this reason it has worked for years to guarantee optimum satisfaction levels among its employees.

In 2010, ENDESA continued to work to safeguard the health and safety of its employees and to reduce its accident rate. The company has upheld its commitment to talent management and professional advancement and has pursued a responsible management policy by promoting equality, diversity, a healthy work-life balance and social dialogue.

Meeting our goals

Challenges In 2010	Action taken
Action to promote equality of opportunity and support for diversity.	<p>ENDESA's CSR Plan for HR (Senda Plan): a medium-term plan focusing on diversity and equal opportunities, promoting awareness campaigns.</p> <p>A taskforce was set up and a new HR policy proposed.</p> <p>Awareness campaigns with Social Responsibility and Equality Workshops.</p> <p>Teleworking pilot project.</p> <p>"Family-friendly Company" accreditation renewed.</p> <p>Work-life balance managers trained.</p>
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.	<p>Appraisal policies and systems extended to relevant countries/groups.</p> <p>New leadership model rolled out.</p> <p>360° feedback: senior management appraisal model rolled out.</p> <p>Meritocracy: specific actions for employees showing high potential.</p> <p>Appraisal models extended (Global).</p> <ul style="list-style-type: none"> • Endesa Energy School Master's Degree. • Creating high performing teams. • Leadership: "from thought to action" programme. • Leadership for Energy Management Programme. • Junior Energy Training. • Latam Management Strategic leadership. • Latam Crucial conversations. • Latam negotiating • Post-graduate studies.
Measures to stimulate change.	<p>International Assignment Policy.</p> <p>Twin Exchange Programme.</p> <p>International mailbox (Global Opportunities) to proactively recruit candidates interested in an international career.</p> <p>Roll out of a deferred remuneration plan for the company's strategic groups. Regulations, alerts and terms and conditions drawn up for those wishing to take part.</p> <p>Roll out of remuneration programmes to compensate best contributions. Design plan and features. Identified participants. Alerts and applications.</p>

96.3%
of workforce hold
permanent contracts

24,732
employees

Frequency Index
down 6.8%

Outstanding
Equality
policy

Key figures

Employees:	24,732
% assessed by competencies management scheme:	51.5
% assessed by performance management scheme	38.66
Reduction of accident frequency index:	6.8%
Reduction in absenteeism:	5.31%
Number of BARS appraisals carried out:	9,561
Number of managers subject to performance assessment:	594
% employees trained:	80
Total hours of training:	1,091,099
Investment in training (Euro million):	11.07
New hires in 2010:	1,585
% of workforce with permanent contract:	96.3
Number of employees included in benefits plan:	24,328.5

Key actions in 2010

Design of new staff policy.
Global and Country Senda Plans drawn up.
PLAN SAFETY. Roll out of OHS plan at ENDESA.
Plan 5+ 1': measures encompass all areas of OHS with senior management participating directly.
At 31 December, nearly all of ENDESA's operating facilities were OHSAS 18001 certified.
ENDESA rolls out a new talent management model.
Implementation and strengthening of all measures included in the Equal Opportunity Plan applicable to Spain.
Signing of the Women's Empowerment Principles of the United Nations Global Compact.
Family-friendly company accreditation renewed in Spain (granted three years ago).
Pilot project for teleworking launched involving 41 employees
Work-life balance managers trained.
Two online surveys were carried out by ForORH to ascertain employees' satisfaction and suggestions..
Action Plan to improve workplace climate designed with 53 action points.
Two new channels of dialogue opened in 2010 between ENDESA and employees.

In 2011 we propose

Plan Safety: Roll out of OHS plan at ENDESA.
Global and Country Senda Plans drawn up.
Communication plan for new staff policy. Identifying key areas to apply policy to.
Extension of family-friendly company model to Latin America.
Continue extending appraisal policies and systems to remaining countries and groups.
Continue implementing new leadership model.
New individual development plans for employees.

24,732
employees1.585
nuevas contrataciones
en 2010

01. ENDESA's workforce

At 31 December 2010, ENDESA had a total of 24,732 employees, 5.98% less than a year earlier. Of this amount, 49.8% worked in Spain and Portugal, 50.1% in Latin America and the remaining 0.1% in other countries.

ENDESA's average workforce in 2010 totalled 25,579, with 1,585 new employees hired during the year.

ENDESA's workforce at 31 december*

	2008	2009	2010	% chg 2009-2010
Spain and Portugal	13,560	13,442	12,194	-9.28%
Latin America	12,896	12,633	12,427	-1.63%
Other countries **	101	230	111	-51.74%
Other businesses (Endesa Network Factory and Bolonia Real Estate)	29	—	—	—
Total	26,586	26,305	24,732	-5.98%

* Workforce data broken down by countries differs from that published in the Annual Report, as said report bases its calculations on the majority location of the business in question, while the Sustainability Report uses criteria related to the true location of staff.

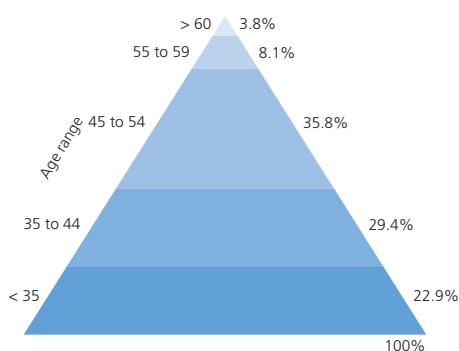
** Includes Endesa Ireland (109) and Energie Electrique de Tahaddart (2) employees.

Average workforce by location

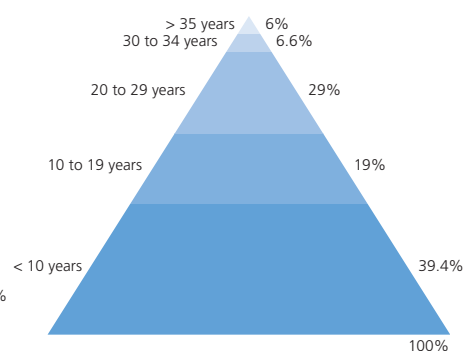
	2008	2009	2010	% chg 2009-2010
Spain and Portugal	13,646	13,578	12,990	-4.33%
Latin America	12,699	12,963	12,423	-4.17%
Other countries *	80	229	167	-27.17%
Other businesses (Endesa Network Factory and Bolonia Real Estate)	26	—	—	—
Total	26,451	26,770	25,579	-4.45%

* Includes Ireland (130), Greece (36) and Morocco (1)

Workforce age pyramid



Years at company



96.3%
of workforce hold
permanent contracts

ENDESA's human capital combines youth and experience, with the majority of its employees aged between 35 and 54 years old.

The company offers staff decent, competitive working conditions, which are above the market average in all the countries where it operates with 96.3% of its contracts permanent ones.

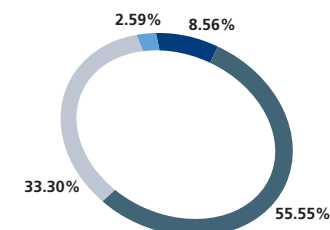
Also, and in order to promote employment among the younger population and provide access to the job market, in 2010 ENDESA offered 1,458 people internships or scholarships.

By gender, ENDESA's workforce comprises 19,678 men (79.6%) and 5,054 women (20.4%).

ENDESA is working hard to increase the number of women it employs (for more information see point 5.1.1 below on page 91, ENDESA's commitment to equal opportunities).

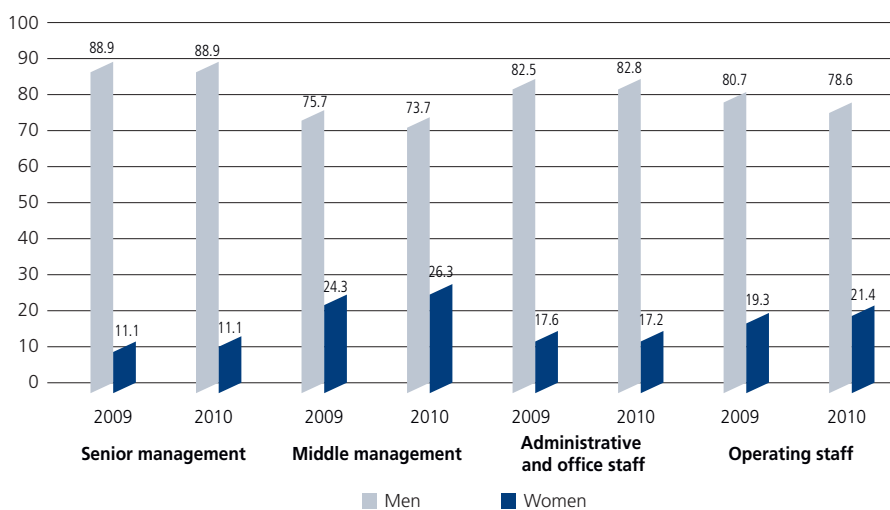
Some 61,208 contractors' personnel provide services for ENDESA. Of these, 57,584 are full-time and 3,624 are part-time.

Breakdown of staff
by category



■ Administrative and office staff
■ Middle management
■ Senior management
■ Operating staff

Breakdown of workforce by gender



Employees eligible to retire in the next 5 and 10 years broken down
by job category (%)

	5 YEARS Spain & Portugal	10 YEARS Spain & Portugal	5 YEARS Latin America	10 YEARS Latin America
Executives	5.4	14.71	7.5%	16.11
Middle management	0.8	7.42	5.61%	12.19
Administrative and office staff	0.7	11.51	3.71%	7.34
Manual workers	0.9	6.91	2.82%	8.12
Total	0.92	9.92	4.06%	7.59

02. Responsible management at ENDESA

ENDESA aims to maintain a staff of qualified, committed and motivated individuals, who do their best to contribute to the company's success. It therefore tries to create a healthy, well-balanced working environment where respect and personal consideration take priority, an environment that offers professional development opportunities based on merit and ability.

ENDESA's various Human Resources policies reflect its commitment to its staff: selection and integration, occupational health and safety, identifying and developing talent, diversity management, remuneration and benefits, work-life balance, prevention of workplace harassment, international assignments, management of contractors and social dialogue.

In 2010, the company began to revise all of these policies to:

- simplify the current model by drawing up and approving a single and comprehensive staff policy.
- create an up-to-date, comprehensible and coherent design in line with the company's current situation.
- use the new staff policy to stimulate individual performance and ensure a high level of commitment among employees.



Virtually
all facilities hold
OHSAS 18001
certification

03. Occupational health and safety at ENDESA

ENDESA applies a wide range of measures to achieve international excellence in the field of occupational health and safety.

03.1. Common OHS management systems

The Delfos system comprises an IT platform designed to manage all information generated in relation to the occupational health and safety of ENDESA's own personnel and employees of contractors. The system was rolled out across the board in 2010 and an e-mobility programme was launched to include safety inspections using PDAs.

Progress was made on gaining OHSAS 18001 accreditation and, at 31 December 2010, nearly all of ENDESA's facilities were certified.

ENDESA has also obtained accreditation for its OHS management systems according to the OHSAS 18001:2007 standard which is the international reference document for this area.

Some of the company's centres hold this certification include: Endesa Gas Distribución, Endesa Gas Transportista, Distribuidora Regional de Gas, Transportista Regional de Gas, Endesa Servicios, Túnel el Melón (Chile), Endesa Cien (Brazil), Endesa Costanera (Argentina), Endesa Fortaleza (Brasil), and nine facilities at Ampla (Brazil).

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

03.2. Occupational risk prevention

In 2010, ENDESA took far-reaching measures aimed at occupational risk prevention, demonstrating the strategic importance it gives to the physical, psychological and moral health and integrity of all its employees.

Noteworthy steps taken in 2010 include the following:

- **"Plan 5+ 1"**: this comprises a wide-ranging and ambitious series of measures encompassing all areas of OHS with senior management participating directly. The plan is intended to bring about substantial improvements in occupational health and safety in the company.
- The chain of command plays a prominent role here with the prevention services acting as evaluators to ensure the plan is adhered to globally.
- The main objectives of "Plan 5+1" are:
 - The establishment of a culture of safety at the company and encouraging the same at partner companies.
 - Deployment of mechanisms to improve safety levels at partner companies.
 - Situation assessment and proposals for improvement (structural and organisational safety).
 - Standardisation of internal prevention management systems and associated technological tools.
 - Specific OHS plan applied to large project construction.
 - Development and application messages and communication support to improve safety and reputation in this area.
 - Supplier rating system and emergency safety plan to strengthen ENDESA's commitment to the safety of its employees and partners.
 - Action plan to prevent cardiovascular disease: includes assessing the key criteria for preventing cardiovascular disease and discussing these personally with all members of staff during health check-ups.
 - Improving skills of contractors' employees. This plan was introduced in Latin America. It comes on top of plans aimed at workers most at risk and includes OHS management monitoring plans.
 - Measures to prevent psychosocial risks.
 - Assessment of psychosocial risks and planning of preventative measures.
 - Continued work on Prevention Observatory in Spain in conjunction with government bodies, social representatives and health and prevention associations. The aim is to analyse, study and debate the various issues related to occupational risk (identifying best practices, predictive safety, the causes of accidents and legislative and social trends), to identify areas for improvement and determine action to be taken.



Psychotherapy following the earthquake in Chile

After February's earthquake in Chile, the company carried out a preventative mental health programme based on group psychotherapy for its workers. As a result, all the workers at the affected plant returned to work with no-one needing time off for mental illness or stress.

ENDESA'S main prevention programmes by country

Type of programme	Countries
Preventing work stress	Spain and Argentina
Preventing cardiovascular diseases	Spain, Argentina, Chile, Colombia and Peru
Tackling muscular problems	Spain, Argentina and Colombia
Preventing cancer and serious illnesses	Spain, Argentina, Peru and Colombia
Preventing drug addiction and giving up smoking	Spain, Argentina and Chile
Food and nutrition programme	Argentina, Chile, Peru

Number of health checks in 2010

Spain and Portugal	10,936
Argentina	1,464
Chile	4,080
Brazil	1,385
Peru	639
Colombia	502
Total	19,006

Including preventative and periodical checks and special requests.

03.3. Promoting a culture of occupational health and safety

Before defining and disseminating its OHS actions, ENDESA carries out a series of awareness campaigns, offers courses and develops a communication plan. In Spain, for example, the company gave out first-aid books from the Mayo Clinic. As part of its "Vivir Bien, estar Bien" wellbeing programme, in 2010 Edelnor arranged 11 talks on cardiovascular risk, cancer, AIDS and other issues.

Over **6,000**
employees took part
in Safety Week



Accident frequency
index down
6.8%

High turnout for Safety Week

More than 6,000 ENDESA employees took part in over 120 activities organised by ENDESA in Spain and Latin America between 8 and 12 November as part of the Enel Group's International Safety Week.

The keynote event in Spain took place at ENDESA's headquarters and focused on the health effects of smoking and drinking and featured Dr. Palma Gamiz, one of the country's most prestigious cardiologists. At the event, ENDESA's head of prevention, Segundo Caeiro, outlined the company's OHS plans.

During the week, three of the company's facilities received awards for their work in the area of employee safety.

- Ebro-Pirineo Hydro Production Unit (Spain): zero accidents award.
- Alcudia Thermal Power Plant (Spain): Best Project Award for agreement signed with contractors.
- Cachoeira Dourada (Brazil): Innovation Award for mechanical support for pylons.

At the end of the week, the Endesa Security Observatory met in Spain to identify trends in the area of prevention.

Meanwhile, in the five Latin American countries where the group operates, ENDESA organised prevention events and "safety walks" with managers from the various companies.

There were also various communication campaigns (emails, posters, leaflets, etc.), including a docufilm entitled "Los casos de la vida" (real-life cases).

03.4. The results of a joint effort

ENDESA's commitments to occupational health and safety issues have led to a significant drop in accidents over the last few years.

This trend continued in 2010:

- **The combined accident frequency index for ENDESA and its contractors** fell by 6.8% (from 4.96 in 2009 to 4.62 in 2010)
- The combined **index of seriousness** was similar to the level recorded in 2009 (0.104 vs. 0.100).

Accident frequency indices in 2010 by gender ⁽¹⁾. (A.F.⁽²⁾)

	Company employees		Contracted workers	
	2009	2010	2009	2010
Spain and Portugal	N/A	2.78	7.51	6.37
Male	—	2.98	—	—
Female	—	1.87	—	—
Latin America	2.75	2.50	4.73	4.89
Male	—	0.00	—	—
Female	—	76.65	—	—
Argentina	3.50	4.20	2.92	2.06
Male	—	4.91	—	—
Female	—	0.00	—	—
Chile	2.29	2.39	6.35	8.06
Male	—	2.50	—	—
Female	—	1.94	—	—
Brazil	2.95	1.39	3.36	3.38
Male	—	1.18	—	—
Female	—	1.99	—	—
Peru	1.53	0.82	1.31	1.57
Male	—	0.53	—	—
Female	—	1.74	—	—
Colombia	2.84	2.81	9.04	8.34
Male	—	3.82	—	—
Female	—	0.00	—	—
Other countries	0.00	0.00	0.01	0.00
Male	—	0.00	—	—
Female	—	0.02	—	—
Ireland	0.00	0.00	7.79	0.00
Male	—	0.00	—	—
Female	—	0.00	—	—
Morocco	N/A	0.00	0.00	0.00
Male	—	0.00	—	—
Female	—	N/A	—	—
Total	3.37	2.58	5.52	5.34
Male	—	2.86	—	—
Female	—	1.46	—	—

⁽¹⁾ Includes fatal accidents.⁽²⁾ Total number of accidents excluding journeys to and from work vs. total number of hours worked multiplied by 100.Index of seriousness in 2010⁽¹⁾. (I.S.⁽²⁾)

	Company employees		Contracted workers	
	2009	2010	2009	2010
Spain and Portugal	0.24	0.21	0.09	0.11
Latin America	0.06	0.07	0.07	0.52
Argentina	0.11	0.15	0.52	0.09
Chile	0.05	0.02	0.09	0.13
Brazil	0.05	0.09	0.13	0.10
Peru	0.06	0.00	0.10	0.09
Colombia	0.03	0.06	0.09	0.10
Other countries	0.00	0.00	0.00	0.00
Ireland	0.00	0.00	0.00	0.00
Morocco	N/A	0.00	0.00	0.00
Total	0.14	0.13	0.10	0.10

⁽¹⁾ Includes fatal accidents.⁽²⁾ Total number of days lost, excluding journeys to and from work vs. total number of hours worked multiplied by 1,000.

- The **absenteeism rate** fell 5.31% to 5,686.58 days lost due to illness vs. the total number of days worked by the same group, multiplied by 200,000.

Absenteeism rate for ENDESA employees by gender ⁽¹⁾. (A.R. ⁽²⁾)

	2009	2010
Spain and Portugal	6,546.09	6,119.96
Male		5,539.27
Female		8,814.42
Latin America		
<i>Argentina</i>	<i>7,973.88</i>	<i>6,827.39</i>
Male		6,688.71
Female		7,649.89
<i>Chile</i>	<i>5,531.72</i>	<i>5,485.75</i>
Male		4,782.14
Female		8,324.88
<i>Brazil</i>	<i>6,520.40</i>	<i>6,373.03</i>
Male		6,424.03
Female		6,222.76
<i>Peru</i>	<i>1,729.77</i>	<i>1,791.06</i>
Male		1,144.40
Female		3,904.87
<i>Colombia</i>	<i>1,889.59</i>	<i>2,115.49</i>
Male		1,820.04
Female		2,939.03
Other countries		
<i>Ireland</i>	<i>0.00</i>	<i>7,625.87</i>
Male		9,183.50
Female		0.00
<i>Morocco</i>	<i>N/A</i>	<i>N/A</i>
Male		N/A
Female		N/A
Total	6,005.61	5,686.58

(1) The days lost due to absenteeism do not include vacations, public holidays, authorised absences (maternity and paternity leave, etc.), or absences for training.

(2) Total number of working days lost due to absenteeism during the year vs. the total number of days worked during the same period, multiplied by 200,000 (this corresponds to 50 working weeks of 40 hours for every 100 employees).

- The **total number of accidents** combined fell by 5.7% to 883. The number of serious accidents also declined by 68.1% to 46, and the number of minor accidents was 10% down at 827. There were nine fatal accidents, one fewer than in 2009.

The majority of the fatal accidents, seven, were caused by electrocution while one worker was killed during a fall. Most of the serious accidents were caused by falls (24), nine were caused by electrocution and four were road accidents. In both cases, the remaining accidents were caused by other incidents.

Workplace accidents among endesa employees

	Fatal		Serious		Minor ⁽¹⁾	
	2009	2010	2009	2010	2009	2010
Spain and Portugal	0	0	20	4	70	55
Male	0	0	—	4	—	48
Female	0	0	—	0	—	7
Latin America	0	0	7	6	69	65
Male	0	0	—	6	—	57
Female	0	0	—	0	—	8
Argentina	0	0	5	3	18	24
Male	0	0	—	3	—	24
Female	0	0	—	0	—	0
Chile	0	0	0	0	17	16
Male	0	0	—	0	—	13
Female	0	0	—	0	—	3
Brazil	0	0	0	3	19	8
Male	0	0	—	3	—	4
Female	0	0	—	0	—	4
Peru	0	0	1	0	3	2
Male	0	0	—	0	—	1
Female	0	0	—	0	—	1
Colombia	0	0	1	0	12	15
Male	0	0	—	0	—	15
Female	0	0	—	0	—	0
Other countries	0	0	0	0	0	0
Male	0	0	—	10	—	0
Female	0	0	—	0	—	0
Ireland	0	0	0	0	0	0
Male	0	0	—	0	—	0
Female	0	0	—	0	—	0
Morocco	0	0	0	0	N/A	0
Male	0	0	—	10	—	0
Female	0	0	—	0	—	0
Total	0	0	27	10	139	119
Male	0	0	—	10	—	104
Female	0	0	—	0	—	15

⁽¹⁾ Includes accidents requiring sick leave of 1-30 days.

Workplace accidents among contractors

	Fatal		Serious		Minor ⁽¹⁾	
	2009	2010	2009	2010	2011	2012
Spain and Portugal	1	5	68	11	228	259
Latin America	9	4	48	25	415	450
Argentina	1	0	9	3	28	20
Chile	2	0	15	7	109	137
Brazil	3	3	11	5	106	113
Peru	1	0	6	5	9	15
Colombia	2	1	7	6	163	166
Other countries	0	0	1	0	0	0
Ireland	0	0	1	0	0	0
Morocco	0	0	N/A	N/A	N/A	N/A
Total	10	9	117	36	643	709

(1) Includes accidents requiring sick leave of 1-30 days.

In Spain, the introduction of specific programmes to tackle stress, muscular problems and cardiovascular diseases resulted in lower absenteeism through illness in 2010.

In Chile, a decline was noted in cardiovascular and metabolic disorders as well as cancer and mental illnesses.

04. People leadership and development

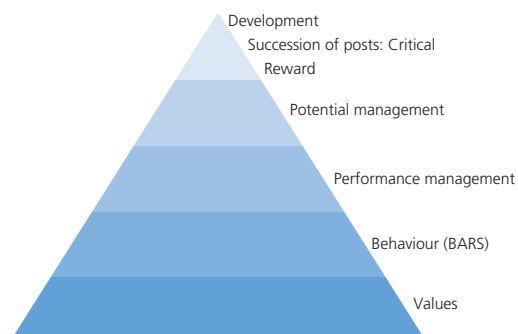
ENDESA works to identify individuals and teams who can help the company to grow.

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.

04.1.1. New talent management model

In 2010, ENDESA, as part of the Enel Group, implemented a new talent management model to ensure personal development based on recognition of merit and quality leadership. The model aims to identify individuals and teams who can help the company to grow, support its development and professional training and effectively manage their commitment and job satisfaction.



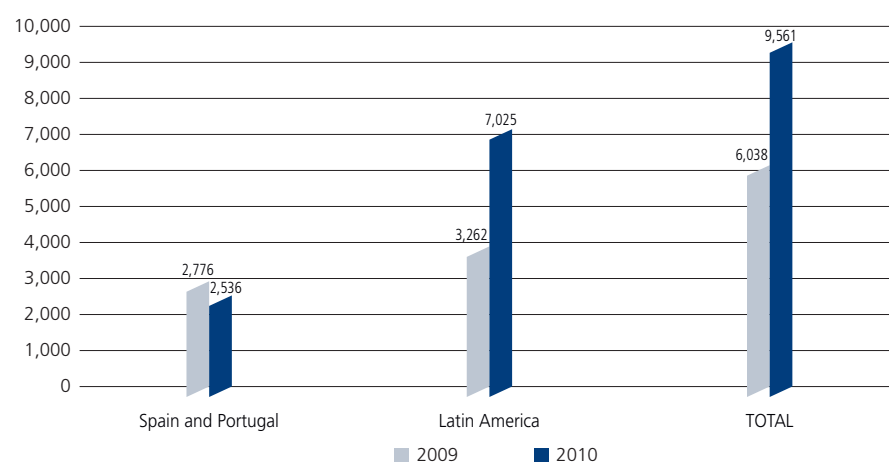
Initiatives rolled out in 2010 include:

- Launch of "BARS" (*Behaviorally Anchored Rating Scales*). This assesses a series of observable behaviour patterns which enable managers to identify leadership qualities in their team members based on seven specific factors: "acts and feels like a member of the group", "assumes responsibilities and risks", "helps team members to develop", "copes well with job", "steers change", "gives priority to workplace health and safety" and "is results oriented". In 2010, some 9,561 BARS appraisals were conducted.

9,561
BARS appraisals

58% more
performance
and professional
development appraisals
in 2010

Number of performance and professional development appraisals in 2010



Dissemination of regular (at least once a year) performance and development appraisals

		Spain and Portugal	Argentina	Chile	Brazil	Peru	Colombia	Total
Percentage of employees receiving regular performance and development appraisals	2009	N/A	38.87	92.78	93.91	99.27	91.41	N/A
		Female	6.49	8.67	18.07	23.22	22.47	12.21
	2010	Male	19.56	30.21	71.43	69.65	72.10	60.38
Total number of employees appraised	2009		3,619	1,250	2,803	2,839	1,220	1,638
		Female	792	283	551	684	269	440
	2010	Male	2,385	986	2,178	2,052	863	1,190
Executives appraised	2009		457	39	103	53	22	28
		Female	48	2	4	3	4	5
	2010	Male	335	34	93	29	18	19
Middle management appraised	2009		2,687	471	1,653	1,175	605	910
		Female	646	94	312	405	149	328
	2010	Male	1,834	383	1,344	812	431	621
Administrative and office staff appraised	2009		333	740	1,044	1,304	590	688
		Female	94	187	235	276	115	106
	2010	Male	213	569	741	1,202	413	543
Operatives appraised	2009		11	0	3	307	3	12
		Female	4	0	0	0	1	1
	2010	Male	3	0	0	9	1	7

ENDESA continues to roll out its 360° appraisal model for senior management and executives using a tool aimed at providing structured feedback on a variety of aspects pertaining to leadership qualities.

- Individual development interviews: These are intended to guarantee the sound professional development of all employees which are critical to the company, those showing special potential and new executives. These interviews offer a deeper insight into non-executive members of staff and help analyse their ambitions and willingness to move within the company and abroad thereby guaranteeing their professional growth within an international group.

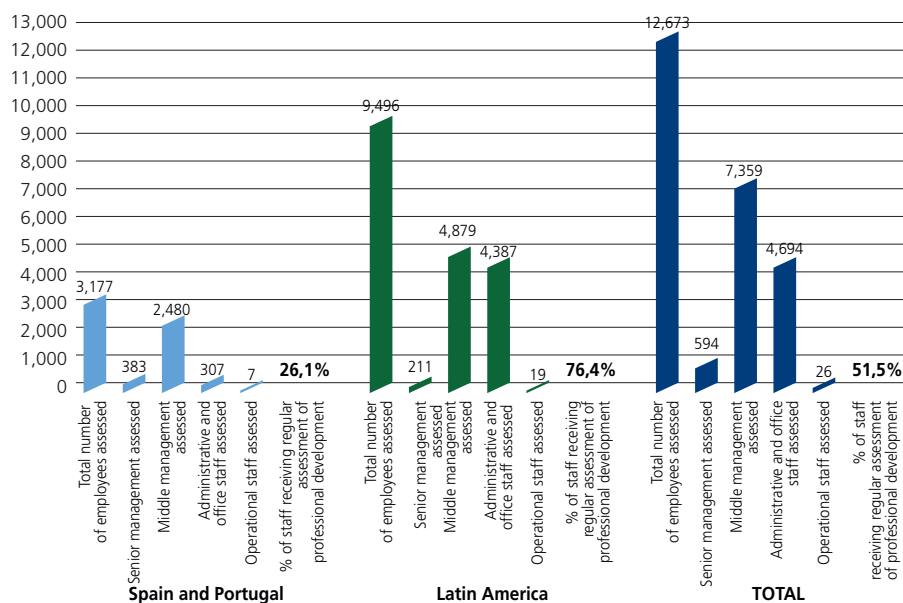
Potential appraisal
for **594**
executives

04.1.3. Potential appraisal

In 2010 the company appraised the potential of 594 of its executives.

Following this appraisal, development areas have been identified and new individual development plans are being drawn up to be executed over the next two years.

Number of employees involved in competency evaluation process in 2010



04.2. Development training

For ENDESA, training is one of the basic cornerstones which guarantees the ongoing professional development of its employees to ensure its business project is successfully carried out.

ENDESA's key training programmes include:

- **Leadership for Energy Management Programme.** this is aimed at non-executives showing talent and potential. The programme is developed in conjunction with the IESE and SDA Bocconi business schools and is intended to foster strategic thinking, reinforce managerial skills through the Enel Leadership Model and promote the development of "agents of change" and networking. In 2010, three sessions were held, attended by 44 ENDESA employees.
- **Junior Enel International Programme:** This programme is intended for employees who have recently joined the group, who hold degrees or similar qualifications and have a maximum of two years' previous professional experience. The programme's objective is to reinforce the development of a multicultural and international attitude within the group. In 2010, four sessions were held involving 12 ENDESA employees.

- ***"From thought to action" leadership programme:*** This programme is intended to continue the natural trend of leadership development at ENDESA. It is aimed at managers and employees who have completed the Personal Leadership Programme. This programme, which is offered in conjunction with the Francisco de Vitoria University, aims to implement the behaviour and skills of Enel's leadership model. A pilot scheme involving 24 executives was carried out in June 2010 with the first editions held shortly after.

Other training programmes introduced in 2010 were:

- Training programme for Endesa Ireland: aimed at employees involved in environmental protection work. During the year, 750 people received 20,000 hours of training.
- A training programme for remote management project personnel to improve their knowledge and acquire the necessary technical skills. A total of 375 employees received 2,575 hours of training.
- Language plan with 1,683 participants and 75,570 hours of training.
- Some 438 employees received environmental awareness training with over a total of 6,738 hours.
- Customer Service reorganisation: A "one step forward" course covering the changes to be implemented was designed and offered to all operating personnel while managers attended a "leading change" course.
- In Spain, 1,500 people, including ENDESA employees and contractors, attended Occupational Risk Prevention seminars. In Latin America initiatives included:
 - In Colombia, 7,646 hours of training were offered to company employees and 60,205 hours to contractors.
 - In Chile, company employees received 90,800 hours of training.
- "From thought to action" leadership programme: Aimed at managers and key groups who have previously completed personal leadership courses. Some 70 employees took part in the three editions.
- A joint programme with Chile's Universidad Adolfo Ibáñez was organised to equip executives in Latin America with even more successful management tools. Two modules were offered in Santiago de Chile and Rio de Janeiro.
- Campus ENDESA was also launched in 2010 for the group's companies in Peru. Employees can use this virtual forum to share knowhow with creativity and knowledge sharing encouraged through e-learning courses.

04.2.1. Energy School

ENDESA 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 energy sector is facing a serious problem of generational change. It is also believed that professionals in the sector will not be sufficiently well prepared to face these challenges. This is why the company is assigning ever greater importance to the training of engineers, graduates and employees. Hence, from 2010, the Energy School has been part of the Human Resources unit in the ENDESA organisation.

The main objective of the school is to develop technological leadership at ENDESA in the management of technical skills. The school seeks to build a technology network of know-how and talent in which a number of universities and research institutes can concentrate their efforts.

More than 110 students have passed through the school. Some 40% of them are part of ENDESA and 80% of the rest have joined different areas of the company in Spain and Latin America, as well as Enel.

In the last five years, the Energy School has organized more than 25 technology seminars (Marine renewable energies, R&D, Innovation management, etc.) fulfilling the needs of the company and staying abreast of the latest innovations in the market (upcoming seminars on nuclear energy and electric vehicles).

Since its founding, the Energy School has organised conferences and seminars on energy technology and many other activities, such as the Novare Awards, technical courses for non-expert personnel, collaboration with NGOs, co-editing of publications or sponsorship of the Summer School (b-Tec foundation with the Massachusetts Institute of Technology, the Polytechnic University of Catalonia, and the University of Barcelona), among others.

The most noteworthy of the Endesa Energy School's activities include:

- The ENDESA-ICAI Electrical Technology Master's Degree.
- Upcoming launch of the Master in Nuclear Energy with the Polytechnic University of Catalonia: In June, the Energy School and Westinghouse are going to hold a conference on technology and nuclear energy as they present the master in Madrid.
- Forthcoming launch of the Master in Project Management in the University of Seville and the San Telmo Business School.
- Collaboration with the first Master in Electric Vehicles run by the EOI.
- Collaboration with the Master in Energy Efficiency run by La Salle in Barcelona.
- Organising technology workshops and conferences.
- Keynote addresses: Valentin Fuster, Ignacio Perez Arriaga, etc.
- Elaboration of ENDESA course on Business Knowledge with the collaboration of 35 ENDESA experts.
- Research Project on management of intellectual capital. At the forefront in knowledge management and detection of knowledge gaps in the company.

The Endesa Energy School promotes the development of technological leadership at ENDESA by managing technical skills

The ENDESA-ICAI Master's Degree is the only one in Europe focusing on energy technology

THIRD EDITION OF ENDESA-ICAI MASTER IN ELECTRICAL TECHNOLOGY CONCLUDED WITH AN ADDRESS BY DR. VALENTÍN FUSTER

On 24 June 2010, the Third Edition of the ENDESA-ICAI University Master in Electric Technology came to a close in the auditorium at ENDESA's central offices in Madrid. As the year of occupational health and risk prevention for Enel and ENDESA, Dr. Valentin Fuster, the renowned cardiologist and director of the Division of Cardiology of the Mount Sinai Hospital in New York, delivered a keynote address on fostering mental and cardiovascular health: the challenges from 2010 to 2020.



Andrea Brentan with students and the organisers of the ENDESA-ICAI Master's Degree.



Antoni Giró, Rector of the Polytechnic University of Catalonia, and Andrea Brentan, Chief Executive Officer of ENDESA.



María Victoria Catalá, José Enrique Fernández del Río, Miguel Ángel Martínez, Juan Antonio Fernández and Leoncio Peiró.

ENDESA-ICAI Master's Degree

The master's degree is organised by the Endesa Energy School and the Universidad Pontificia de Comillas (ICAI) with the collaboration of Tecnatom, the Massachusetts Institute of Technology (MIT), the University of Seville and the University of Zaragoza and has become a European leader in high-level technical education.

ENDESA's intention is that through this course, solutions will be found 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.

Its methodology and content are consistent with the business strategy and the technology plan of ENDESA and it issues a degree that has been certified by the Ministry of Education and the Bologna Treaty. To date, the degree has been completed by 78 people. In the 2010-2011 edition, changes have been introduced, such as the internationalisation of the master, with some 30% of the classes given in English.

Launch of the Official Master in Nuclear Technology with the Polytechnic University of Catalonia (UPC)

In November, the CEO of ENDESA and the Rector of the UPC signed an agreement under which the ENDESA Energy School will launch in September 2011 an Official Master in Nuclear Technology with the support of the UPC. There is no specific nuclear technology degree in Spain that meets the future needs of ENDESA. Hence, intensive additional training of is needed of engineers recruited for this activity. Moreover, the nuclear energy sector must undergo a generational change of higher and technical engineers in the coming years, in which it is estimated that some 50% of engineers will have to be replaced.

Official Master's Degree in Nuclear Technology

In 2010, ENDESA signed an agreement with the Polytechnic University of Catalonia (UPV) to launch the Official Master's Degree in Nuclear Technology in September 2011. This is the first specific technology degree in Spain.

Agreement between ENDESA and the European University of Madrid

ENDESA and the European University of Madrid signed a collaboration agreement to provide employee access to graduate and post-graduate courses.

Under this agreement, all ENDESA employees, their spouses and children will be entitled to a 10% discount in course fees.

04.2.2. Assessing training processes

In 2010, a total of 1,091,099 hours of training courses were given, which was 16.2 less than in 2009. The average per employee was 44.12, which was 11.1% less than in the previous year. 17.66% of these hours were online training and 80.75% were classroom training.

A total of 19,733 employees received training during the year, which is equal to 79.79% of the workforce.

Investment in training during the year totalled Euro 11,072,758, not including lost profits.

Training hours by type

		Spain and Portugal	Latin America	Total
Online management training	2009	5,000	22,630	27,630
	2010	15,882	21,086	36,968
Classroom management training	2009	52,340	137,200	189,540
	2010	52,626	78,165	130,791
Online technical/specific training	2009	128,630	73,790	202,420
	2010	114,965	40,772	155,737
Classroom technical/specific training	2009	398,870	483,860	882,730
	2010	360,983	389,259	750,242

Average training hours per employee, by gender

	Spain and Portugal	Argentina	Chile	Brazil	Peru	Colombia	TOTAL
Executive training							
2009	69.01	36.32	47.28	208.37	50.16	82.81	N/A
2010	51.52	54.01	49.57	102.50	49.60	1.68	53.03
Male	48.90	55.80	48.20	100.50	52.70	1.90	
Female	70.80	32.40	77.00	115.60	35.60	0.90	
Middle management training							
2009	60.30	29.92	63.25	110.29	56.87	101.73	N/A
2010	58.85	32.49	57.02	82.23	41.66	61.50	59.21
Male	56.7	56.7	57.6	87.3	47.0	67.2	
Female	64.9	64.9	54.6	72.3	26.1	51.0	
Administrative and office staff training							
2009	48.17	10.35	58.94	79.79	31.96	46.47	N/A
2010	37.04	8.14	37.20	52.64	19.03	58.41	34.05
Male	38.6	8.7	38.4	45.7	21.4	62.0	
Female	29.4	4.9	33.3	81.3	10.5	41.4	
Manual worker training							
2009	23.72	1.05	18.64	67.55	7.77	93.12	N/A
2010	28.25	1.74	0.00	29.38	25.75	22.49	27.99
Male	33.5	1.9	0	34.6	23	23.1	
Female	12.5	0	0	4.5	28.5	7.5	

80%
of employees receive
continuous training

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

ENDESA dedicates special attention to occupational health and safety training. As evidence of this, some 15.28% of training hours were allocated to this subject.

In Spain, ENDESA has organised four seminars on occupational risk prevention, attended by a total of 603 employees.

It has also implemented a stress management programme for persons who deal with customers in sales facilities and provided training related to visiting risks and safe driving for the sales team.

Training in Sustainability, Health and Safety and Environment

		Spain and Portugal	Latin America	Other countries	Total
Average training hours in sustainability (environment, health and safety, etc.) per employee	2009	17	16.74	N/A	33
	2010	10.4	6.16	n/a	8
Total hours of sustainability training	2009	208,650	193,468	n/a	402,118
	2010	133,204	71,216	n/a	204,420
Total hours of health and safety training	2009	193,310	86,716	n/a	280,026
	2010	117,558	49,230	n/a	166,788
Total hours of environment training	2009	15,340	106,753	n/a	122,093
	2010	15,646	21,987	n/a	37,632

In addition, in 2010 some 21% of security personnel received training in human rights issues in relation to organisation procedures. This training aims to preserve the health and physical integrity of employees.

Security personnel trained in human rights aspects of ENDESA policies and procedures relevant to their activities

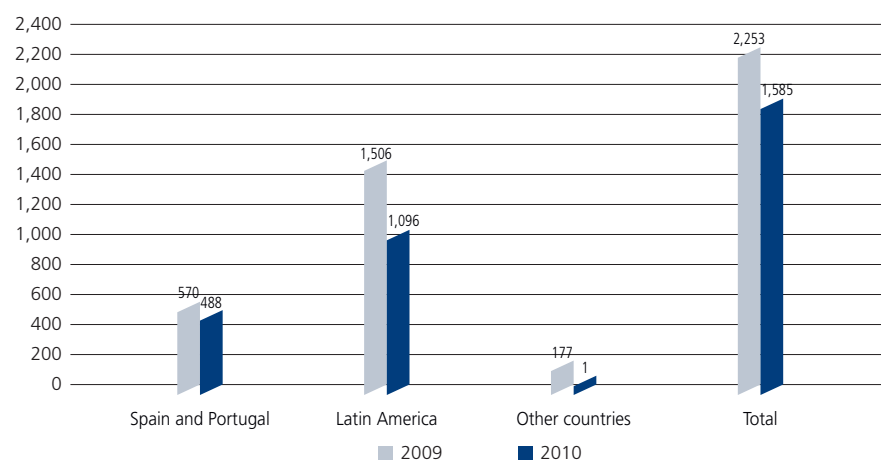
	Security personnel workforce	Number of people trained	Percentage of security personnel trained (%)
Spain and Portugal	122	88	72.1
Latin America	98	42	42.8
Argentina	20	15	75
Brazil	37	5	13.5
Chile	17	16	94.1
Colombia	7	6	85.7
Peru	17	0	0.0
Total	220	47	59.1

04.3. Attracting and retaining talent

Since 2008, ENDESA has had a Global Talent Attraction Policy in place within the framework of its Talent Management Policy, which updates its value proposition for future employees, making it stand out and ensuring it remains credible and consistent with internal practices.

In 2010, the company added 1,585 employees, 87.95% of which are local employees (people born or with permanent residency in the same geographic market as the operation). 30.8% of new employees were hired in Spain and Portugal, 69.1% in Latin America and 0.06% in other countries. A total of 93 of these 1,585 new employees are executives and middle management staff.

Number of new hires in 2010



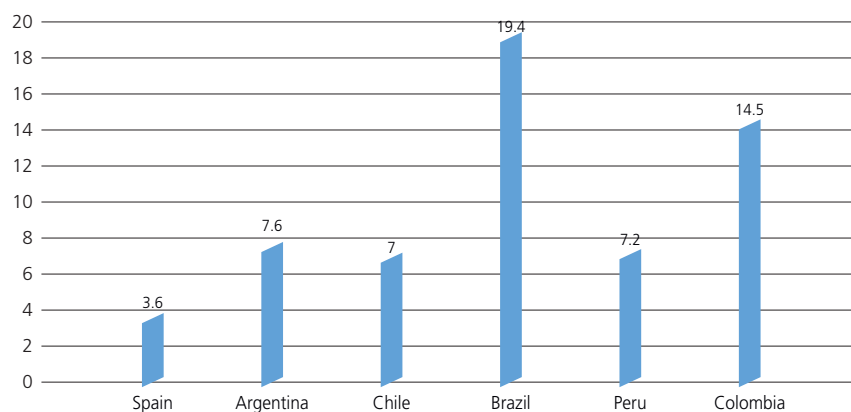
With regard to departures, 2,970 employees resigned voluntarily or owing to a dismissal or retirement. Of these, 1,753 were in Spain and Portugal, 1,162 in Latin America and 55 in Ireland.

LOCAL EMPLOYEES HIRED

		Spain and Portugal	Argentina	Chile	Brazil	Peru	Colombia	TOTAL
Total employees hired	2009	570	207	324	270	186	519	2,084
	2010	488	237	241	245	91	282	1,585
Total local employees hired	2009	N/A	N/A	N/A	N/A	N/A	N/A	0
	2010	352	237	213	225	85	282	1,394
% local employees of total hired	2010	72.13	100	88.38	91.84	93.41	100	87.95

⁽¹⁾ Full time employee data is used for this indicator. The term "local" refers to persons either born in or with permanent residence rights (e.g. naturalised citizens or holders of permanent visas) in the same geographic market as the operation.

Changes in category or professional grade in 2010 (% of total employees)



82.4%
of new managers are
promoted internally

Internal promotion is the basis ENDESA's philosophy in forming its executive team, with preference given to internal professionals with records of outstanding performance of their duties. Hence, in 2010, 17 new executives were appointed in ENDESA, of which 14 were internal promotions.

04.3.1. International mobility

ENDESA's commitment to mobility, as a company in the Enel Group, resulted in an increase in international mobility in 2010, with a larger number of expatriations between Italy and Spain. The number of movements within Latin American countries and from Latin America to Spain and Italy should also be noted. This has meant an increase in international mobility, with a total of 39 international assignments, 28 repatriations and 1 localisation.

Other important initiatives in international mobility include:

- **ORH international development programme:** is a project for the geographic exchange of workers, with stays of approximately one year in countries where the Enel Group has operations. It is directed at professionals in the Organisation and Human Resources units
- **Twin Exchange Program:** this consists of the exchange between different countries of professionals performing the same duties. Its main objectives are professional development, creation of a group of professionals with the capacity to work in international settings, sharing of know-how and best practices and fostering of innovation.

04.4. Remuneration policy

ENDESA's system of remuneration, which complies with local labour legislation and the relevant collective bargaining processes, is linked to the strategy, culture and values of the company and is intended to generate value.

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. Any individualisation results solely from the results attained and the individual contribution of each person.

For management personnel, all remuneration processes are based on merit, performance and the attainment of concrete and tangible targets and results. After the 2010 salary review, remuneration for managers is, on average, in line with market conditions in each country.

In 2010, the **Plan 15x15** rewarded a group of managers who had been selected for their high levels of performance (approximately 15% of the managers in each country) an amount that is equal to 15% of their salary, on average. The objective was to recognise merit and the most outstanding individual performances and to strengthen these employees' commitment to the company.

A long-term bonus plan based on overlapping three-year programmes was also approved, called the **Loyalty Plan**. The first 2010-2012 programme is subject to the achievement of demanding economic and profitability targets by ENDESA and the Enel Group. It is targeted at some 1,200 people, management personnel across the world and specific personnel in Spain.

Percentage difference between AVERAGE basic salary for men vs. women

		Spain and Portugal	Argentina	Chile	Brazil	Peru	Colombia	Ireland
Executives	2009	N/A	74.1	69.9	104.6	106.8	81.5	44.9
	2010	84.8	74.1	69.9	104.6	106.8	81.5	100.0
Middle management	2009	N/A	86.9	80.3	93.6	79.3	89.6	0.0
	2010	85.6	86.9	80.3	93.6	79.3	89.6	0.0
Administrative and office staff	2009	N/A	90.8	86.7	75.3	97.6	104.6	41.9
	2010	92.1	90.8	86.7	75.3	97.6	104.6	N/A
Manual workers	2009	N/A	64.9	N/A	66.6	142.8	89.3	59.4
	2010	95.5	64.9	0.0	66.6	142.8	89.3	100.0
Total	2009	N/A	91.5	70.8	102.0	92.1	109.7	51.6
	2010	88.3	91.5	70.8	102.0	92.1	109.7	102.5

0.4.5. Pension plan and social benefits

In the area of Social Welfare, ENDESA maintains its pension commitments to current employees, employees taking early retirement, and retired employees. These commitments totalled Euro 8,131 million at the end of 2010.

The company has outsourced all its pension commitments in those countries where this is mandatory. A total of Euro 4,903 million was outsourced at the end of 2010, of which the pension plan for ENDESA employees amounts to Euro 2,400 million for 23,047 participants and beneficiaries. Pension plans managed in Brazil total Euro 641 million.

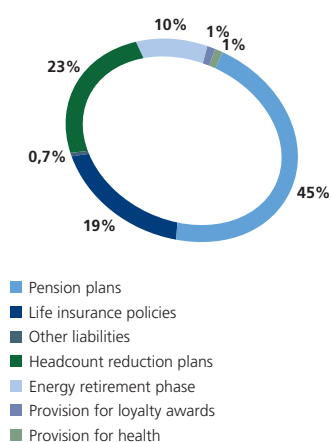
The remaining obligations relate to commitments for headcount reduction plans through insurance policies in Spain.

Non-externalised commitments totalled Euro 3,228 million.

In the area of social benefits, noteworthy is the implementation in Spain of the social benefit record system in 2010. Its purpose is to provide, on an individual basis, better knowledge and information on the rights and commitments in additional social benefits to which each employee is entitled.

The ENDESA pension plan was also granted an award by Investments & Pensions Europe, a leading private institution in information and reporting in pension funds and plans.

Percentage of ENDESA's investment in social benefit commitments at 31/12/10



Social benefits not required by law (Euros)

		Spain and Portugal	Argentina	Chile	Brazil	Peru	Colombia	TOTAL
Medical care	2009	5,310.90	497.9	3,389.70	7,648.70	553.4	805.8	18,206.40
	2010	5,494.60	5,494.60	4,132.20	8,650.30	318.1	573.1	24,662.90
Cultural and recreational activities	2009	211.8	0	1,209.80	N/A	362.3	567.2	2,351.10
	2010	161	0	3,303.00	N/A	470.4	429.3	4,363.70
Financing of electric consumption	2009	19,657.50	0	652.9	N/A	0.4	70.3	20,381.10
	2010	22,215.40	0	810.5	N/A	2.3	399	23,427.20
Non-occupational accident insurance	2009	561.5	18	n/a	385,4	5.4	43.4	1,013.70
	2010	973.9	973.9	1,382.40	352,9	0	40.4	3,723.50
Pension funds	2009	66,292.40	0	n/a	N/A		2,823.30	69,115.70
	2010	65,178.50	0	807.9	0	0	2,766.60	68,753.00
Others (for example: (seniority bonus, wedding and housing allowances, etc.)	2009	13,463.60	73.4	1,393.80	N/A	185	2,733.70	17,849.50
	2010	16,335.80	16,335.80	1,638.50	N/A	213.3	2,678.80	37,202.20
Number of employees benefiting from these policies	2009	13,209.00	2,628.00	2,936.00	3,069.00	1,222.00	1,313.00	24,377.00
	2010	12,697.50	3,152.00	3,158.00	2,713.00	1,196.00	1,412	24,328.5



Global CSR
plan for Human
Resources

05. Boosting employee commitment and satisfaction

ENDESA remains committed to finding out company employees' opinions and concerns with a view to seeking out actions and solutions that will enhance the efficiency and quality of internal and external management processes and systems.

05.1. Management of diversity, equality and work-life balance

In line with the aims of the 2008-2012 Sustainability Plan and its human resources policy, the company has drawn up and approved a **Global Corporate Social Responsibility Plan with regard to human resources, the "Plan Senda"**.

The Senda Plan strives to advance the development of a culture of social responsibility in management of human resources. This plan is intended to:

- Foster within the organisation a culture of responsibility, inclusion and commitment based on respect and the development of people and involvement in the social challenges facing the community.
- Boost commitment and satisfaction as a vehicle for optimising employee performance and productivity.
- The Senda Plan sets out strategic lines, action lines and objectives for 2011-2012 in the following fields:
 - Managing diversity and equal opportunities
 - Work-life balance and flexibility
 - Integration of disabled persons and people at risk of social exclusion.
 - Encouragement of volunteerism
 - Socially responsible investment.

Employees as an interest group

Given the importance to the company of responsible business management of its chain of supply, the Senda Plan expressly envisages actions to extend its human resource management policies and practices to the entire supply chain.

The Senda Plan is being deployed locally through country-specific Senda Plans in Argentina, Brazil, Colombia, Chile, Spain and Peru, in accordance with the deployment model of the 2008-2012 Sustainability Plan.

05.1.1. ENDESA's strong commitment to equality

For years, ENDESA has been strongly committed to the principles of gender equality and non-discrimination it has sought to consolidate in 2010. During the year, specific and quantifiable targets were set for increasing the number of women hired and strengthening their presence in managerial posts and other positions of responsibility.

As a result, the percentage of women in ENDESA workforce increased from 19.8% in 2009 to 20.4% in 2010.

The proportion of women holding managerial positions rose from 10.8% in 2009 to 11.8% on 31 December 2010.

Further, all the measures envisaged in the Equal Opportunity Plan in the 3rd framework collective agreement in Spain are being implemented and consolidated. The plan is evaluated and monitored by company management and trade unions through a joint equal opportunities committee as provided for in the collective agreement.

The Spanish Ministry of Health, Social Policy and Equality awarded ENDESA its "Equality in the Workplace" accolade, granted to companies with an outstanding record in ensuring equal treatment and equal opportunities for their workers.

Various aspects are taken into account when granting the award, including balanced participation of men and women in the decision-making process, access to senior positions, the establishment of up-to-date job classification and remuneration criteria and systems that facilitate a fair assessment of the work carried out by men and women.

Outstanding
equality
policy



Equality in the Company

ENDESA and its subsidiaries adhere to UN Women's Empowerment Principles



Employee speaks in SR and equality workshop

ENDESA has also signed the Women's Empowerment Principle of the United Nations Global Compact.

The Chief Executive Officer of ENDESA, Andrea Brentan, signed these principles in June 2010. The UN Global Compact initiative is aimed at empowering women to participate fully in economic life across all sectors and throughout all levels of economic activity, which is essential to build strong economies, establish more stable and just societies, and achieve internationally-agreed goals for development, sustainability and human rights, among other objectives.

ENDESA subsidiary companies, which are now members of the UN Global Compact, will adhere to these principles on an individual basis throughout 2011.

Other actions in the sphere of equality of opportunities included:

- Identification of women managers and key groups with a clear potential for development and the setting up of specific development plans and succession plans for senior positions.
- Agreements with regional governments to recruit women holding degrees in technical fields of occupational training.
- In Chile, the IGUALA agreement was signed with the National Service for Women, to advance in fostering a culture of equal treatment of men and women in employment and to introduce better practices in this area.

Social Responsibility and Equality Workshops

In 2010, ENDESA organised Social Responsibility and Equality Workshops in Madrid and Seville. Their main purpose was to strengthen ENDESA's position as a sustainable and socially responsible company and advance in the adoption of a common culture based on the principles of equality, work-life balance and diversity.

At the ENDESA headquarters in Madrid, speakers included José Luis Puche, General Manager of Organisation and Human Resources; Miguel Ángel Martínez, Human Resources for Spain and Portugal, and Alfonso Arias Cañete, General Manager of Nuclear Energy.

Both workshops were informed of the objectives, scope and content of the action plans comprising the social responsibility and equal opportunity plan of ENDESA.

Workshops were also held in Zaragoza, Barcelona, the Canary Islands, Ponferrada and the Balearic Islands. A total of nearly 1000 people attended these workshops.

05.1.2. Striking a balance between professional, personal and family life

ENDESA continues to take steps to reinforce a flexible working environment and seeks to enable its employees to strike a balance between personal, family and professional life.

In Spain, the company renewed its certification as a Family-Friendly company after the initial three years, progressing from a "committed" company to a "proactive" company. The audit firm made the following comment:

ENDESA renews certification as a **family-friendly** company

"The organisation is to be congratulated for the results obtained, recognising the efforts made towards continuous improvement in far-reaching projects, such as teleworking, or its commitment to expand the concept of work-life balance and global equality without restricting its efforts to a single country."

In addition, teleworking constitutes a further step in ENDESA's commitment to maintaining and developing a framework of relations based on confidence, responsibility and flexibility with its employees.

In 2010, a pilot teleworking programme of six months was initiated in Spain, in which 41 people participated. The aim was to ascertain and analyse the advantages and shortcomings of teleworking, in addition to its technical viability in order to clarify factors of success and risk, define possible types and make decisions on its possible gradual implementation.

41 people
took part in a
pilot teleworking
scheme

Colombia is a benchmark within ENDESA not only for its advanced practices and teleworking applications, but because it has also implemented a new quality of life plan in 2010 that strives to enhance the balance between the professional and personal lives of company employees.

Actions of this kind were also taken in Chile in 2010. This is why ENDESA companies in Chile are among the most highly rated by working mothers and fathers. The magazine *Ya*, the newspaper *El Mercurio* and the Chile Unido Foundation have published for the sixth consecutive year the ranking of the best companies for working fathers and mothers, with Endesa Chile, Chilectra and Enersis in eighth place.

Maternity and paternity leave

There were 189 maternity leaves and 205 paternity leaves in 2010. Of these 394 employees, two men were not reinstated in their positions owing to non-medical leave taken and 10 women were not reinstated (nine took non-medical leave and one took medical leave).

Work-life balance survey

In 2010, ENDESA conducted the second work-life balance survey in Spain. Overall, significant improvements were seen in employees' perception of work-life balance and a clear understanding of the value of this tool in improving performance.

Analysis of the results yielded two major areas in which improvement is needed: Communication and training/awareness raising.

In the former of these, the design and implementation of a communication plan has been conceived, including actions such as a specific communication/marketing plan, a work-life balance suggestion box and the redesign of the work-life balance section of the corporate website.

For the latter, a specific training plan has been designed, including different actions for all groups.

05.1.3. Commitment to differently-abled people

ENDESA also takes actions to integrate disabled persons. Hence, the workforce includes 187 differently-abled people. In 2010, the company hired 14 people falling into this group.

With 107 such employees, Spain has the most disabled people in its workforce, followed by Brazil (68) and Chile (8).

Thus, there is a plan in Spain for the integration of people with disabilities, under which and the following actions have been taken:

- Subcontracting of auxiliary services of the main offices of ENDESA in Spain to the Sifu Group, thus providing jobs to 114 people with disabilities.
- 20 new hires in Endesa Spain, either directly or through special employment centres, and another 9 in Latin American countries.
- As alternatives to direct hiring, ENDESA's efforts have mainly focused on indirect hiring through the purchase of goods and services from special employment centres for Euro 2,587,989, which is an increase of 113% over 2009.
- Nine open workshops were held in the main workplaces of ENDESA in which the Randstad Foundation advised and assisted employees and their families on a number of issues related to disabilities.
- Communication of the integration plan through the social responsibility and equality workshops.
- Continuity of the family plan implemented by the Adecco Foundation, with the participation of more than 70 families.
- Continued collaboration with the Universia Foundation to reduce the low level of representation of people with disabilities in universities. ENDESA sponsors communication campaigns in more than 67 universities and in more than 2,970 secondary education centres and sponsors scholarships for students with disabilities.
- In Latin America, ENDESA has also launched a plan to integrate disabled employees.
- In Chile, ENDESA initiated the Entrada Project in 2010, with the main objective of creating a learning structure in the organisation for the incorporation of disabled people in the Group workforce. A cooperation agreement has been signed with the National Institute of Rehabilitation, PAC, and the Teletón Institute for support and guidance. Through this Project, 12 differently-abled students from different universities and training centres were given internships in the company.



113%
more invested in
purchases from special
employment centres

El índice
de compromiso mejora
en más de 5 puntos:
83,5%



5.2. Work climate

After carrying out the 2009 Workplace Satisfaction and Commitment Survey, and once the results were analysed, several areas of possible improvement were identified and a Workplace Environment Improvement Action Plan was designed and carried out in 2010.

The following overall action areas were defined:

Communication of strategy	Sharing of the company strategy.
Customer/Environment	Information on customers, competitors and market.
Organisation	Information on responsibilities, duties and objectives.
Change	Pace and management of change.
Fair Treatment	Diversity and respect for people's differences.

Some 56 actions have been defined. Twenty-one are for global application, 32 are specific to businesses in Latin America and Spain and Portugal, and three are ancillary actions.

The 2010 action plan to improve workplace climate was shared with everyone in ENDESA in June and a minisite on the corporate Intranet was set up to make available to the entire workforce all information on its content and its degree of implementation and compliance.

In December 2010, the Enel Workplace Environment survey was conducted with ENDESA involved for the first time as a member of the group. Although final overall figures are not available as of the date of this report, it can be revealed that the percentage of participation exceeded 82% and the index of commitment was 83.5%, surpassing 2009 levels by more than five points.

Total number of employees participating in workplace environment survey

	Spain and Portugal	Argentina	Chile	Brazil	Peru	Colombia	TOTAL
2009	8,776	2,592	2,551	2,844	1,094	1,657	19,514
2010	8,161	2,719	1,955	2,444	800	1,461	17,540

5.3. Dialogue with employees

In 2010, ENDESA designed and implemented channels of dialogue and communication with its employees. The company seeks to take into account their interests, aspirations and needs, and incorporate these factors into its decision-making process.

The following actions are worthy of note:

- **ForORH:** Through this initiative, which is based on online surveys, telephone interviews, in-depth personal interviews and workshops, the purpose is to gain first-hand knowledge of the opinions of employees and the chain of command on a number of subjects. In 2010, an online survey was conducted through ForORH of perceptions and opinions of the process of change in ENDESA and the process of incorporating the people who joined the company in 2009.

- **“A cup of coffee with the Chief Executive Officer”** this initiative consists of personal meetings between the company CEO and employees in all professional categories. Three editions were held in 2010, with more than 50 employees participating.

5.4. Social dialogue

Overall working conditions in ENDESA are regulated by collective agreements that generally improve the labour regulations in the fields where the company operates.

In Latin America, there were 52 collective agreements in 2010: 7 in Argentina, 12 in Brazil, 21 in Chile, 3 in Colombia, 8 in Peru and 1 which, although entered into in Spain, covers employees who work for the parent company in Latin America. In total, such agreements regulate the working conditions of 9,690 people.

Of these 52 collective agreements, 18 expired in 2010. Two agreements were negotiated in Peru, 4 in Brazil, 1 in Chile and 2 in Argentina. Negotiations are ongoing for 5 collective agreements in Argentina, 1 in Brazil and 3 in Colombia.

In Spain, 5 collective agreements were in force at the end of 2010, covering 11,245 people. One collective agreement exists in Ireland.

The following are some of the most important collective agreements reached in 2010:

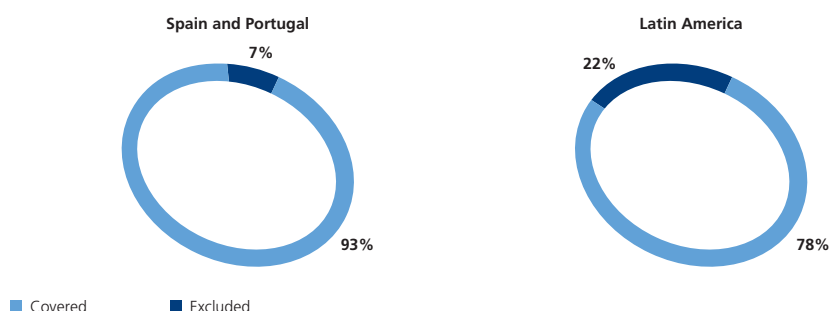
- Agreement establishing the rights and guarantees of workers affected by the transfer of the assets of Endesa Distribución Eléctrica to Red Eléctrica de España and the obligations of the former to these workers.
- Agreement establishing the obligations to be assumed by the assignee company to personnel transferred in the transfer of transport assets from Endesa Distribución Eléctrica to Red Eléctrica.
- In countries where occupational health and safety is treated more broadly in collective agreements, issues like PPE, joint OHS committees, training and education, among others, are included.
- For example, the 3rd Framework Collective Agreement of ENDESA provides in Chapter XVII on Prevention of Occupational Risks for a number of consultative and participatory bodies for workers in the area of prevention of occupational risks: Committee on Management Participation and Control of Preventive Activities, Territorial or Regional Occupational Health and Safety Committees, Provincial or Local Occupational Health and Safety Committees, Singular Building Occupational Health and Safety Committees, Power Plant Occupational Health and Safety Committees, Mining Occupational Health and Safety Committees, and Gas company Occupational Health and Safety Committees.

The subjects to be addressed and agreed on with trade unions include: personal protective equipment, participation of workers' representatives in inspections, analysis of training to be provided for workers carrying out specific job risks, etc.

In every country, collective agreements include, at minimum, observance of local laws on occupational health and safety and agreements with workers' representatives specifically for health support.

- In Argentina, collective agreements include the obligation to observe and comply with occupational health, hygiene and safety regulations. The main issues are the composition of the Health and Safety Committee, workers' obligation to comply with companies' safety rules and companies' obligation to provide training.
- In Peru, the Edegel collective agreement includes compliance with the internal safety regulations and the company's obligation to cover a percentage of the cost of a basic private health plan for all workers and their direct family members.
- In Colombia, the collective agreement provides medical and dental benefits for employee families.

Percentage of employees covered by collective bargaining agreements



06. Protection of human rights

ENDESA is committed to the protection of human rights in all its fields of influence. The company and its investees have adhered to the UN Global Compact and they comply with the labour standards set forth in articles 3, 4, 5 and 6 of the Compact.

The company's Sustainability Policy promotes compliance with these principles. 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 communities in which ENDESA operates.

Internal audits ensure compliance with the principles of the Global Compact

ENDESA expressly condemns child labour and forced labour in its Code of Ethics, and it extends this commitment to its suppliers and takes the measures necessary to contribute to their abolition in the world.

The 2008-2012 Sustainability Plan promotes the assured compliance with these principles by means of an analysis of the general risk of non-compliance in each of the blocks of principles of the Global Compact in the countries where the company operates; defining of actions the company demands from itself to strengthen the guarantee of systematic compliance, and the performance of internal audits to verify implementation of proposed corrective actions.

In addition to the company's mechanisms for extending compliance with its commitment to the Global Compact to the entire value chain (further information in the chapter Our partners, page 178) and application of the guidelines in its Code of Ethics, examples of other measures taken by subsidiaries in the fight against child labour and forced labour include:

Brazil

In addition to the application of required principles in the selection of contractors and suppliers and the guidelines of the Code of Ethics, the company has carried out, for a second year, an educational campaign against forced and child labour for employees, contractors and suppliers, providing information and incentives for taking measures against these forms of labour.

Chile

Endesa Chile clearly establishes in its Workplace Order, Safety and Hygiene regulation and in its Labour Code the prohibition against hiring minors for any business duties or tasks and it specifies the procedure to be adopted by both the company and workers to prevent forced labour. Here, it should be noted that the company's dealings with the trade unions provide an opportunity to report any such abnormalities.

Colombia

In accordance with corporate standards, the Code of Ethics was issued for group companies in Colombia and is presently being disseminated.

Every area of the company is committed to verifying and promoting dignified labour on a daily basis in the company. Any anomalies are reported to the management of the organisation and human resources. In 2010, no cases of non-compliance were found.

ENDESA subsidiaries in Colombia audit their suppliers and contractors to ensure compliance with its policy against hiring minors.

Peru

ENDESA in Peru audits its suppliers and contractors in compliance with standard SA8000:2008 implemented in the generation facilities and identifies all contractor workers performing any activity at company facilities.

In 2010, no formal complaints were lodged in ENDESA or its subsidiaries related to human rights (further information on page 111 of the chapter Good Governance and Transparency, point 02.1.1. Ethics Channel).

A photograph of a person's hands holding a small, green evergreen branch. The person is wearing a blue long-sleeved shirt. The background is a dense, out-of-focus forest of similar evergreen trees. A large white speech bubble is overlaid on the lower left of the image, containing the text.

Corporate Governance and transparency

**Commitment to corporate governance
and ethical behaviour**



ENDESA aims to set the highest standards for its ethical commitment and corporate governance standards, which are included in its Sustainability Plan.

In 2010, ENDESA rolled out its Ethic Code and Zero Tolerance Plan Against Corruption which strengthens its corporate integrity regulations and sets out the commitments and ethical behaviour adopted by all the company's partners in their day-to-day business. These new codes are in addition to the Employee Code of Conduct, the Charter governing senior management and the Charter governing executives.

103

communications
received through Ethics
Channel

80.5%

of complaints resolved
in 2010

93.9%

participation in the
General Shareholders'
Meeting

11

Board Meetings

Meeting our goals

Challenges in 2010	Action taken
To overhaul our website.	More comprehensive information made available and improved layout
To approve the Board of Directors' Regulations.	Board of Directors' Regulations approved.
To adapt the company's Internal Code of Conduct in Securities Markets.	Internal Code of Conduct in Securities Markets adapted. Ethics Code and ZTP.
To revise and approve a new Group-wide Ethic Code.	<ul style="list-style-type: none"> • Management of Ethics Channel improved. • New Group-wide Ethic Code reviewed and approved.

Key data

Participation in the Extraordinary General Shareholders' Meeting (%)	93.9%
Number of Board meetings	11
Total directors	9
Fixed remuneration of directors (Euro)	1,911,600
Variable remuneration of directors (Euro)	2,590,864

Key initiatives in 2010

Draft sustainable economy act studied and analysed.
CNMVs proposal to amend regulations in accordance with Unified Code of Good Governance studied and analysed.
Information sessions for directors: special workshops for business lines.
Zero Tolerance Plan Against Corruption
New Group-wide Ethic Code reviewed, approved and disseminated.
Internal Code of Conduct in Securities Markets adapted.

In 2011 we propose

Shareholder forum and regulations.
Amendments to the Board of Directors' Regulations and Shareholders' Meeting Regulations.
Study of the duties of the Audit and Compliance Committee in accordance with Additional Provision 18 of the Securities Market Act.
Dissemination of new corporate integrity standards.

01. ENDESA, a model of good governance and transparency

ENDESA's commitment to corporate governance and transparency is present in its everyday work. In 2010, the company adopted a new Ethic Code and Zero Tolerance Plan (which bolstered the existing Employee's Code of Conduct, Charter governing senior management and the Charter governing executives) which outline the company's ethical responsibilities and commitments in managing its businesses and corporate objectives and which has been adopted by ENDESA's partners and subsidiaries.

93.9%
participation in the
General Shareholders'
Meeting

01.1. Shareholder participation

The General Shareholders' Meeting was held on 21 June 2010 with the participation of 93.9% of the share capital.

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

01.2. Leadership of the Board of Directors

In order to meet the challenges of a complex business environment in constant flux, ENDESA's Board of Directors has approved various plans and management policies for the company and its investees defining their risk profile and establishing all information and communication policies.

During the year, the Board met on 11 occasions with the Chairman in attendance at all of them, in order to analyse the company's performance and the demands of the market.

ENDESA Board of Directors: key data for 2010

Total directors	9
Non-executive directors	7
Independent directors	3
External proprietary directors	4
Board Meetings	11
Shares owned or controlled by directors or significant individual shareholders	6,499

ENDESA's Board of Directors does not include any female members at the present time. Nevertheless, 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; work/life balance improvement; protection of pregnant employees and those taking maternity or paternity leave; protection for victims of domestic violence and an 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 merit, to positions where they are under-represented.

Composition of ENDESA's Board of Directors at 31/12/10

Position:	Name	Date (first appointment)	Type of director	Committee
Executive Chairman	Borja Prado Eulate	20/06/07 (*)	Executive	EC
Deputy Chairman	Fulvio Conti	25/06/09	External Proprietary Director	EC
Chief Executive Officer	Andrea Brentan	18/10/07	Executive	EC
Directors	Luigi Ferraris	18/10/07	External Proprietary Director	EC, 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, AC
	Alejandro Echevarría Busquet	25/06/09	External-Independent	AC
Secretary (non director)	Salvador Montejo Velilla	01/07/99		

* Appointed Chairman on 24/03/09

EC: Executive Committee

ACC: Audit and Compliance Committee

ARC: Appointments and Remuneration Committee

01.3. Directors' remuneration

The total remuneration received by ENDESA's directors in 2010 was Euro 4,896,006.

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

Fixed compensation in 2010 (Euro)

	Fixed	Compensation
Borja Prado Eulate	48,081	812,000
Fulvio Conti (1) (3)	48,081	—
Andrea Brentan (4)	—	714,952
Luigi Ferraris (1)	48,081	—
Claudio Machetti (1)	48,081	—
Gianluca Comin (1)(2)	48,081	—
Luis de Guindos Jurado (3)	48,081	—
Miquel Roca Junyent (3)	48,081	—
Alejandro Echevarría Busquet (3)	48,081	—
Subtotal	384,648	1,526,952
Total	1,911,600	

(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 September 2009.

(3) Has been a member of the Board of Directors since 25 June 2009.

(4) Amounts due to this director as Fixed Salary up to 30 June 2009 were paid directly to Enel, S.p.A., pursuant to its internal regulations.

Variable compensation in 2010 (Euro)

	Benefits	Compensation
Borja Prado Eulate	195,698	477,691
Fulvio Conti (1) (3)	97,849	—
Andrea Brentan (1)	97,849	368,200
Luigi Ferraris (1)	195,698	—
Claudio Machetti (1)	195,698	—
Gianluca Comin (1)(2)	65,233	—
Luis de Guindos Jurado (3)	97,849	—
Miquel Roca Junyent (3)	97,849	—
Alejandro Echevarría Busquet (3)	97,849	—
José Manuel Entrecanales Domecq (4)	48,924	—
Rafael Miranda Robredo (5)	97,849	—
Carmen Becerril Martínez (6)	97,849	—
Valentín Montoya Moya (6)	97,849	—
Esteban Morrás Andrés (6)	97,849	—
Fernando d'Ornellas Silva (7)	114,157	—
Jorge Vega-Penichet López (8)	48,924	—
Subtotal	1,744,973	845,891
Total	2,590,864	

(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 September 2009.

(3) Has been a member of the Board of Directors since 25 June 2009.

(4) Has not been a member of the Board of Directors since 24 March 2009.

(5) Has not been a member of the Board of Directors since 30 June 2009.

(6) Has not been a member of the Board of Directors since 25 June 2009.

(7) Has not been a member of the Board of Directors since 20 July 2009.

(8) Member of the Board of Directors from 24 March to 25 June 2009.

Attendance fees in 2010 (Euro)

	ENDESA	Other Companies
Borja Prado Eulate	38,064	6,236
Fulvio Conti (1) (3)	22,037	—
Andrea Brentan (1)	—	—
Luigi Ferraris (1)	42,071	—
Claudio Machetti (1)	40,067	—
Gianluca Comin (1)(2)	22,037	—
Luis de Guindos Jurado (3)	42,071	34,636
Miquel Roca Junyent (3)	58,098	—
Alejandro Echevarría Busquet (3)	32,054	—
Rafael Miranda Robredo (4)	—	39,924
Total	296,499	80,796

(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 September 2009.

(3) Has been a member of the Board of Directors since 25 June 2009.

(4) Has not been a member of the Board of Directors since 30 June 2009.

Pursuant to the Unified Good Governance Code, directors are expected to dedicate the necessary time and effort to perform their duties effectively. As a result, directors should apprise the Appointments and Remuneration Committee of any other professional obligations in case they may detract from the required dedication.

Pursuant to Article 26 of the Board of Directors' Regulations, which details the duties of Board members, directors have the following responsibilities:

- It is the duty of all Directors to 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 their authority originates and to whom they are accountable, are best defended and protected.
- A Director must, by virtue of his office, disclose transactions by family members and by companies related, by ownership, to the Director if such transactions are material to the management of the company.
- Article 29 regarding the use of information and corporate assets, stipulates that: Directors may not use for private purposes non-public information of the company, unless there is no detriment to the company, or if the information is irrelevant for transactions to buy or sell securities of the company.
- In any event, the rules of conduct established by legislation and by the company's Internal Regulations on Conduct in the Securities Markets must be observed.
- No Director may personally use the assets of the company or use his position in the company to obtain a financial advantage unless a sufficient consideration is paid. If he has a dispensation from the obligation to pay such consideration, the financial advantage thus obtained shall be treated as indirect remuneration and must be authorised by the Appointments and Remuneration Committee.

Finally, the Internal Code of Conduct in Securities Markets regarding conflicts of interest states that:

- Persons subject to these Regulations (Directors, Senior Management, 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 shall 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, if appropriate, refer the matter to the Audit and Compliance Committee.

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.

Since 2008 the company has drawn up and rolled out new transparency and ethics regulations to be applied throughout the company and in all the countries where we are present.

02.1. Culture of integrity and ethic codes



New
Ethic Code
and Zero Tolerance
Plan Against Corruption

In 2010, the company adopted a new Ethic Code and Zero Tolerance Plan (which strengthens the existing Employee's Code of Conduct, Charter governing senior management and the Charter governing executives) which outlines the ethical responsibilities and commitments in managing its businesses and corporate objectives and which has been adopted by ENDESA's partners and subsidiaries.

Given that the Ethic Code outlines ENDESA's obligations to all those involved (fiduciary duties), adherence to it is used as a benchmark for assessing the company's reputation. The Ethic Code comprises:

- General principles regarding relations with stakeholders which define ENDESA's values.
- Rules of behaviour for dealing with all stakeholders which provide guidelines and regulations which ENDESA's partners must adhere to in order to uphold the company's general principles and avoid unethical behaviour.
- Implementation mechanisms which describe the necessary controls to ensure compliance with the Ethic Code and ensure it is constantly improved.

The Ethic Code and Zero Tolerance Plan can be consulted at www.endesa.com

Infringements of Ethic Code by type

	Total infringements	Shareholders	Customers	Employees	Suppliers	Other
Spain and Portugal	4	—	2	—	1	1
Latin America	15	8	3	1	2	1
Argentina	4	3	1	—	—	—
Brazil	8	4	1	1	1	1
Colombia	2	1	1	—	—	—
Chile	—	—	—	—	—	—
Peru	1	—	—	—	1	—
Total	19	8	5	1	3	2

Infringements of the Ethic Code by geographical area (n°)

	2009	2010
Spain and Portugal	3	4
Latin America	10	15
Argentina	5	4
Brazil	4	8
Colombia	—	2
Chile	—	—
Peru	1	1
Total	13	19

0.2.1.1. Ethics channel

ENDESA has an Ethics Channel, which is accessible via its website (www.endesa.com) 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.

In 2010 ENDESA's Ethics Channel received a total of 103 complaints. In 80.5% of the cases reported in 2010, the investigation was closed during the same year, a 6% increase on 2009.

In 2010, 27 people were dismissed following complaints received.

80.5%
of complaints resolved
in 2010

27
dismissals in 2010
based on complaints
received by Ethics
Channel

Complaints submitted to the Ethics Channel, by type

	Total complaints	Shareholders	Customers	Employees	Suppliers	Other
Spain and Portugal	16	4	4	2	5	1
Latin America	87	31	18	18	13	7
Argentina	16	7	5	3	1	—
Brazil	40	18	5	10	4	3
Colombia	15	4	1	4	5	1
Chile	6	1	1	1	1	2
Peru	10	1	6	—	2	1
Total	103	35	22	20	18	8

Complaints submitted to Ethics Channel by geographical area (number)

	2008	2009	2010
Spain and Portugal	15	16	16
Latin America	85	87	87
Argentina	23	19	16
Brazil	21	28	40
Colombia	14	18	15
Chile	26	16	6
Peru	1	6	10

18%
of complaints
resulted
in corrective action

Of the complaints made, corrective action was applied in 18% of the cases: in some cases links with contractors were severed or sanctions applied, 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, 16% corresponded to requests for investigation from the company's own business lines.

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 complaints and passes them on 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 (number)

	2008	2009	2010
Cases closed	64	73	83
Complaint has led to corrective measures/ sanctions/ redesign of processes	18	30	30
Unfounded	28	22	23
Operational	18	21	30
Still open	36	26	20
In progress-operational	0	0	0
In progress-non-operational	36	26	20

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

	2008	2009	2010
Improper activities by external suppliers and contractors	15	13	8
Embezzlement	7	10	22
Conflicts of interest	19	25	18
Items in accounts	3	1	1
Safety	1	1	3
Business opportunities	4	2	1
Falsification of contracts/registers	7	3	9
Victimisation	6	5	1
Improper use of privileged information	0	0	0
Improper use of company property	0	13	4
Environment and health	1	0	0
Other	37	28	33

02.2. Ongoing litigation

At 31 December 2010, 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. (single member company) (hereinafter, "Endesa Latinoamérica"), Repsol YPF, S.A. (hereinafter "Repsol") and YPF S.A. (hereinafter "YPF") seeking the payment of USD 56 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 Latinoamérica 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 the claim and the counterclaim. As a result, Endesa Latinoamérica was required to pay EdF USD 100 million in 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. On 16 December 2009, the Court of Appeal's judgment was made public (Resolution of 9 December 2009) 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. At the beginning of February 2010, EdF issued an extraordinary federal appeal against the Resolution of 9 December which was thrown out on 9 March. However, EdF filed a new claim before the Supreme Court appealing against the resolution which rejected its extraordinary federal appeal. In July 2010, the Supreme Court rejected EdF's latest appeal and ENDESA will not have to make any payment. The arbitration ruling is now concluded. However, EdF has unsuccessfully sought to have the ruling enforced in Spain, the United States, Chile and Brazil.

- The Generalitat de Catalunya fined Endesa Distribución Eléctrica, S.L. (EDE) Euro 10 million for the power outage in Barcelona on 23 July 2007. The company appealed against this ruling and appealed for an adjournment which was agreed on 2 July 2009 by the Catalunya Supreme Court (hereinafter the "TSJ" for its initials in Spanish). The court appearance was held on 23 November 2010 and is awaiting sentence.
- On 11 May 2009, the Ministry of Industry, Tourism and Commerce published a Ministerial Order in which it issued four fines totalling Euro 15 million to Endesa Generación, in its capacity as operator of the Ascó I nuclear plant, regarding the release of radioactive particles in December 2007. These infringements were considered serious in accordance with the Nuclear Energy Act 25/1964, of 29 April. The company has appealed to the National Court of Appeals. At the same time, the Director General of Energy Policy and Mines issued two fines totalling Euro 90,000 for minor infringements arising from the above incident. The company appealed against these fines. A ruling by the National Court of Appeal on 1 December 2009, at the request of ENDESA, suspended the second ruling and ENDESA presented the Court with a bank guarantee for Euro 15 million as payment of the original fine. A ruling on the appeal is still pending and the case entered the conclusion period on 14 September 2010 and is pending sentencing.

- 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 causing deliberate delays in the process of changing supplier. The Association of Independent Energy Suppliers (hereinafter "ACIE" for its initials in Spanish) submitted its claims in writing, and ENDESA submitted its counterclaims on 26 November 2009. To date, no progress has been made on a possible fine although the case has been extended to include more parties (for example the Spanish Energy Industry Association (UNESA for its initials in Spanish), and claims (including possible collusion to capture large customers). The Department of Investigation has presented its proposed resolution and ENDESA submitted its allegations on 13 August 2010. The case was passed on to the European Commission and a ruling is due from the Board of the CNC.
- In 2002, the Río de Janeiro regional government ruled that the ICMS tax must be set and paid on the 10th, 20th and 30th days of the month accrued. However, Ampla has continued to pay the tax in accordance with the previous system (up to the 5th day of the month following its accrual). Despite an informal agreement with the State of Rio de Janeiro and two tax amnesties, in October 2004 the State began legal proceedings to fine Ampla for late payment. Ampla subsequently appealed against this. In February 2007 Ampla was notified of the government's decision which confirmed the State's ruling. On 23 March the company appealed to the regional Taxpayers' Council which also ruled in favour of the fine on 26 August 2010. Ampla lodged another appeal, this time to the plenary Taxpayers' Council. A decision is still pending. The amount in question is Euro 76 million.
- 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 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. On 15 September 2010 ENDESA was granted a copy of the file and proceedings are still ongoing at the CNC.

- On 2 March 2010 it was ruled that EDE be fined Euro 6 million due to serious incidents concerning the supply of power following the outages in the Mallorca-Menorca system on 13 November 2008 which gave rise to sanction procedures against EDE on 2 July 2009. The company has filed an appeal with the Supreme Court of the Balearic Islands against the administrative penalty imposed.
- The regional government of the Canary Islands issued a decision on 29 March 2010 whereby EDE was given a minimum sanction of Euro 6 million following interruptions to the electricity supply on 26 March 2009 in Tenerife. Sanction proceedings were begun against EDE due to its infringement of Article 60.a.12 of the Electricity Sector Act. The company has filed an appeal with the Supreme Court of the Canary Islands against the administrative penalty imposed.
- At 31 December 2010 the regional Department of Employment, Industry and Commerce of the Canary Islands has four disciplinary hearings pending due to presumed serious infringements of Act 54/1997. Two are against EDE due to the power outages in Tenerife on 18 February and 1 March 2010. The other two are against UNELCO, due to the power outages in Tenerife and La Palma on 18 February and 16 April 2010, respectively. In each case the fine is Euro 6 million.
- In 1998 Cien signed a power supply and capacity contract with Tractebel to import 300 MW of power from Argentina via the interconnection pipeline linking Argentina and Brazil, which it owns. Because of the financial crisis in Argentina, Cien was unable to supply Tractebel and was taken to court in November 2009 whereby Tractebel requested out of court that the contract be cancelled and Cien pay a number of fines totalling approximately Euro 380 million. Tractebel then filed a lawsuit for Brazilian real 117,666,976 (just over Euro 50 million) plus other amounts (penalties for unavailability of firm capacity and related energy as per the terms and conditions of the contract dated 5 May 1998, interest and costs, etc.) which will be determined once judgement has been handed down. Cien contested the claim, alleging force majeure due to the Argentinean crisis. The legal process is still ongoing with evidence due to be submitted. Also, in May 2010 Tractebel notified Cien out of court of its intention to exercise its right to acquire 30% of Line I belonging to Cien.
- As with the previous lawsuit, in 1998 Cien signed a supply contract with Furnas of Brazil, to supply 700 MW of energy imported from Argentina via the Argentina-Brazil pipeline, which it owns. Due to the Argentine crisis, Cien was unable to honour its supply agreements with Furnas. On 15 June 2010, Cien was notified that Furnas had filed for breach of contract. Furnas also stated that it was rescinding the contract and would retain 70% ownership of the line, claiming Euro 235 million plus undetermined damages. At the end of July Cien filed its written statement and at the beginning of October 2010 the judge declared that evidence be presented.

For more information, please see ENDESA's *Legal Documentation 2010*.

ENDESA's directors deem 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



ENDESA strives to be the benchmark electricity company for investors concerned about sustainability and climate change.

In 2010, the company has once again proven itself a world leader in sustainability, as reflected by its inclusion on Dow Jones Sustainability Index and the Carbon Disclosure Project. ENDESA remains committed to proximity and transparency with shareholders and investors.

20.4%
more income
generated in 2010

€1.017
dividend per share

3,132
responses to requests
from analysts and
investors

10th
consecutive year
in the DJSI

Meeting our goals

Challenges in 2010	Action taken
To continue setting transparency standards in the investor community.	Update of sustainability content on the ENDESA website.
To build greater awareness among investors about ENDESA's sustainability initiatives.	<ul style="list-style-type: none"> • Communication plan on the renewables strategy to be followed by company. • Dissemination of information on renewables in ENDESA public presentations.
To hold investor meetings about sustainability issues.	<ul style="list-style-type: none"> • To hold investor meetings about sustainability issues. • Comments in meetings on company commitments in this field.

Key Data

Historic rating on Dow Jones Sustainability Index	80 out of 100
Average quorum at Shareholders' Meeting (%)	93.995%
Euros a share at close of 2010	Euro 19.295/share
Percentage of total shareholder return (%)	4.29%
Shareholder and investor contacts through Shareholder's Office	3,132

Key initiatives in 2010

High liquidity enabled ENDESA to advance to 27th on the IBEX 35 by capitalization in early 2011
Presence on DJSI for 10th consecutive year
Revenue increased by 20.3%

In 2011 we propose

To maintain communication and transparency with investors in matters of sustainability.
To remain a benchmark for transparency.

01. Generating sustainable value

01.1. Proximity to socially responsible investors

ENDESA strives to be seen by investors as a benchmark in sustainability. This is why it remains committed to informational transparency to reflect its sustainable growth and responsible use of resources.

01.1.1. Dow Jones Sustainability Index

ENDESA has renewed its presence for the tenth consecutive year on the Dow Jones Sustainability Index (DJSI). The company achieved its best ever score of 80 out of 100 and surpassed the average for sector companies of 53.

In 2010, there was an improvement compared to 2009 in the financial dimension (13%), the best score in the sector, a mild advance in the environmental dimension (+4.5%) and a slight worsening in the social dimension (-7%).

Of the issues comprising the financial dimension, the company achieved a score of 90 out of 100 in ethical codes of conduct, management of risks and crisis, market opportunities and management of consumer relations.

In the environmental dimension, ENDESA attained the highest possible score: that is, 100 out of 100 in biodiversity and climate change strategy. It also achieved 90 points for its Environmental Report and Environmental Policy/Management Systems.

In the social dimension, the company scored 100 points in its commitment to stakeholders and surpassed 90 points in occupational health and safety and in social reporting.

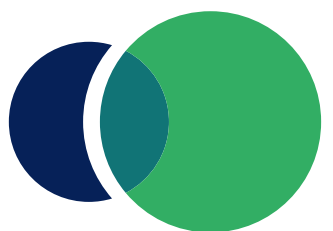
For further information: www.sustainability-indexes.com

01.1.2. Carbon Disclosure Project

ENDESA is participating for another year in the Carbon Disclosure Project, a questionnaire that collects and discloses information on greenhouse gas emissions and climate change strategies of more than 3,000 organisations in 60 countries across the world.

The CDP's mission is to speed up climate change solutions by placing relevant information obtained in the questionnaire at the centre of business and investment decisions. CDP investors pursue this mission by requesting information on climate change risks and opportunities from the largest companies in the world. CDP acts on behalf of 551 institutional investors with a total of 71 billion dollars under management.

Through the questionnaire, CDP provides this information to 551 institutional investors and distributes it throughout world markets in order to increase transparency about climate-related investment risks and the business opportunities and investments necessary to advance towards a low-carbon economy.



**Dow Jones
Sustainability Indexes**

ENDESA's score can be found in the CDP Global 500 Report of 2010 through the following link: <https://www.cdproject.net/CDPResults/CDP-2010-G500.pdf>

For further information, see the following website: <https://www.cdproject.net>

01.1.3. Sustainability communication

In 2010, ENDESA implemented a sustainability communication plan for investors and analysts with the goal of conveying the company's commitment to sustainable development. It also initiated a communication plan on renewables for analysts to familiarize them with the strategy. Company public presentations have also emphasised its strategy on renewables.

01.2. Close relations and transparency with shareholders and investors



Left to right: Fulvio Conti Vice-Chairman of ENDESA, Borja Prado, Chairman and Andrea Brentan, Chief Executive Officer.

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

0.1.2.1. Investor Relations

The activities of the Investor Relations Department in 2010 included four public presentations to analysts and investors. These presentations focused on the company's quarterly results.

In 2010, the annual survey among equity analysts on the perceived quality of Investor relations yielded a result of 9.4 out of 10.

ENDESA held its General Shareholders' Meeting on 21 June 2010, at its headquarters in Madrid. The Meeting approved all the points on the Agenda, with a record quorum of 93.995% of the share capital.

01.2.2. ENDESA Shareholders' Office

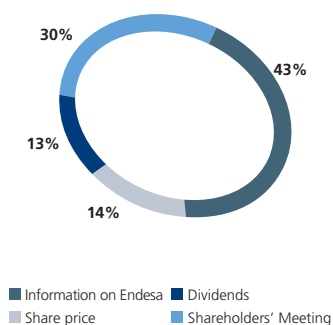
The ENDESA Shareholders' Office provides a 24-hour service to its private investors through a number of channels to respond to their requests and provide information: in person, by telephone or mail. In 2010, the Shareholders' Office handled some 2,626 telephone enquiries and 106 visits, most regarding the abovementioned Shareholders' Meeting, and sent more than 400 information mailings by post or e-mail.

One of the main sources of information offered to private shareholders is the "Investors" section of the company's website (www.endesa.es).

In 2010, the information in greatest demand among private shareholders related to ENDESA itself, followed by the General Shareholders' Meeting, share price and dividends.

3,132 contacts
with shareholders
and investors in 2010

Type of information
requested by ENDESA
private shareholders in 2010



02. Impact of ENDESA's business

02.1. Income generated

ENDESA reported net income of Euro 4,129 million in 2010, Euro 699 million more (+20.4%) than in 2009. This figure includes Euro 1,975 million from disposals carried out in 2010, compared to Euro 1,254 million recognised for this item in 2009.

ENDESA 2010 net income

	Euro million	% change 2009	% contribution to total net income
Spain and Portugal	3,498	26.8	84.7
Latin America	631	-6	15.3
Total	4,129	20.4	100

20.3%
increase in revenues
generated in 2010

02.2. Revenues, EBITDA and EBIT

Despite the fall in output, the increase in energy sold and margins on sales resulted in 3.4% rise in EBITDA versus 2009, to Euro 7,474 million.

Revenues rose 20.3% to Euro 31,177 million. Meanwhile, the increase in variable costs (+34.4%) was offset by the more moderate rise in fixed costs, which were up just 0.6%.

EBIT totalled Euro 5,031 million in the year, 0.4% lower than in 2009.

2010 results

	Revenues		EBITDA		EBIT	
	Euro million	% change 2009	Euro million	% change 2009	Euro million	% change 2009
Spain, Portugal and other	21,191	21.3	4,079	0.5	2,483	-2.8
Latin America	9,986	18.2	3,395	7.2	2,548	2
Total	31,177	20.3	7,474	3.4	5,031	-0.4

02.3. Investment

ENDESA invested a total of Euro 3,408 million in 2010. Of this figure, Euro 3,021 million was capex and the remaining Euro 387 million related to financial investments.

2010 Investment (Euro million)

	Capex and intangible assets	Financial investments	Total	% change 2009
Spain, Portugal and other	1,980	231	2,211	-25.6
Latin America	1,041	156	1,197	-0.9
Total	3,021	387	3,408	-18.5

02.4. Deferred revenues

ENDESA's deferred revenue increased by 8.3% in 2010 to Euro 3,936 million.

Euro 3,852 million correspond to subsidies and connection rights and Euro 84 million to emission rights.

2010 Deferred revenue (Euro million)

	Total	Spain	Portugal	Chile
Deferred revenues	3,936.10	3,913.95	15.85	6.30
Capital subsidies	354	353	—	1.2
Free ICAs	1,353	1,353	—	—
Non-free ICAs	1,940	1,940	—	—
Extension rights	199	199	—	—
Deferred revenues-non-reimbursable final contributions	1.5	1.4	—	0.1
Deferred revenues-reimbursable final contributions	4.8	0	—	4.8
Deferred revenue-emission rights	84	68	15,8	—
Total	3,936	3,914	16	6

03. Creating value for shareholders

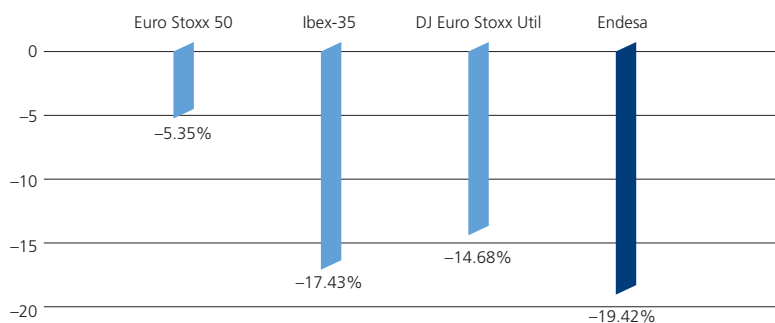
03.1. ENDESA's share performance

20,492
million in market
capitalisation in 2010

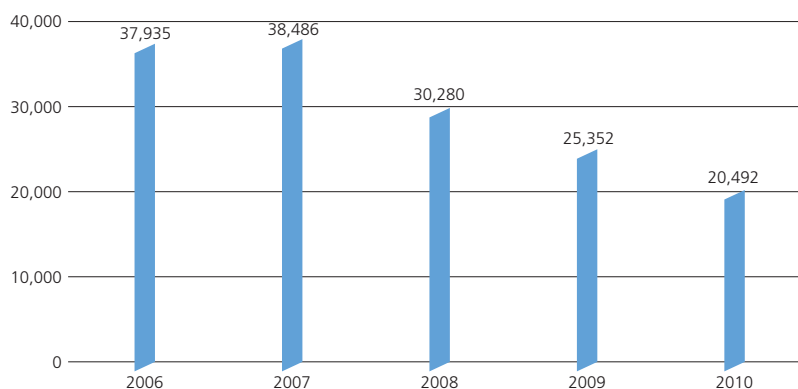
2010 was a year that will be remembered for the sovereign debt crisis in the Eurozone, particularly in the so-called peripheral countries. To tackle this situation, European Governments introduced a series of strict austerity plans in an attempt to meet deficit targets and restore market confidence. This situation affected Europe's main equity indices. Their performance varied considerably, but the tone was predominantly negative.

There was actually an improvement in the underlying fundamentals of the European electricity sector in 2010 following a weak 2009, but it was not enough to boost share prices, which were also weighed down by the spectre of new sector taxes. As a result, the Dow Jones Eurostoxx Utilities fell 14.68%. The UK's *FTSE* rose 9.09%, while the French CAC 40 and the Dow Jones Eurostoxx 50 (benchmark index for the European equity market) finished the year down 3.34% and 5.35% respectively. Spain's IBEX 35 fell 17.43% in the year.

ENDESA's share performance was also affected, as it fell 19.42% and closed the year at Euro 19.25 a share. The year-end close was 13.9% above the low of Euro 16.93 registered at the close on 1 July, while the high of Euros 24 per share was registered at the close on 14 January.

Share price performance: ENDESA versus benchmark indices, 2010

As a result of the drop in its share price, ENDESA's value, as measured by its market capitalisation, stood at Euro 20.492 billion at year-end 2010.

ENDESA market capitalisation 2006-10 (Euro million)**03.2. Dividends**

At two different stages during the course of 2010, ENDESA distributed a gross dividend of Euro 1.017/share on its 2009 results, with a total payout of Euro 1.088 billion.

The first of these two payments, of Euro 0.50 per share, was made on 4 January 2010, after the Board of Directors at its meeting on 14 December 2009 agreed to distribute an interim dividend against 2009 results. This payment involved a payout of Euro 529 million.

The second dividend, of Euro 0.528 per share, was distributed on 1 July 2010, following its approval by the General Shareholder Meeting on 21 June.

Additionally, at its meeting held on 20 December 2010, ENDESA's Board of Directors agreed to pay a gross dividend to shareholders of Euro 0.50 per share against 2010 earnings. This was paid on 3 January 2011 and involved a payout of Euro 529 million.

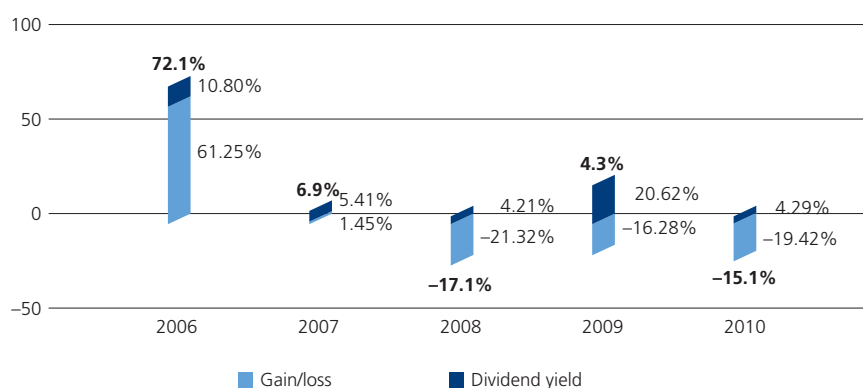
4.29%

total shareholder
return in 2010

03.3. Return

Following the payment of the dividend in July, ENDESA's share price registered its low for the year of Euro 16.93 on 1 July. From this level, it rebounded sharply to close the year at Euro 19.295 per share, 19.42% down on 2009. The drop in the share price was partially offset by the dividend yield of 4.29%, which left shareholders' total return in 2010 at -15.3%.

The average total return for shareholders over the last five years has been +10.20% per annum.



03.4. IBEX 35

Following completion of the bid by Enel and Acciona in October 2007, ENDESA returned to the IBEX 35, albeit with a market capitalisation coefficient of 5% due to its resulting free float of 7.94%.

This meant that it was ranked 33rd in the IBEX capitalisation ranking at the end of 2010. However, at its meeting on 9 December 2010, the IBEX 35 Advisory Committee decided to increase the coefficient applied to ENDESA's capitalisation to 10%. As a result of this adjustment, and as of 3 January 2011, the company is now number 27 in the index's capitalisation ranking.

In absolute terms, including trading on the Spanish stock market (continuous market) as well as block trades and special transactions, the average number of shares in the company traded on a daily basis in 2010 was 603,864, 68.6% less than in 2009 (1,924,981).

In economic terms, the effective volume traded in 2010 was Euro 3,079 million, down 80.3% on 2009.

Share price
of Enersis and
Endesa Chile rises
8.49%
and **18.5%**
in Latibex

03.5. Enersis and Endesa Chile share price performance

The main Latin American stock market indices closed 2010 with substantially higher gains than their European counterparts.

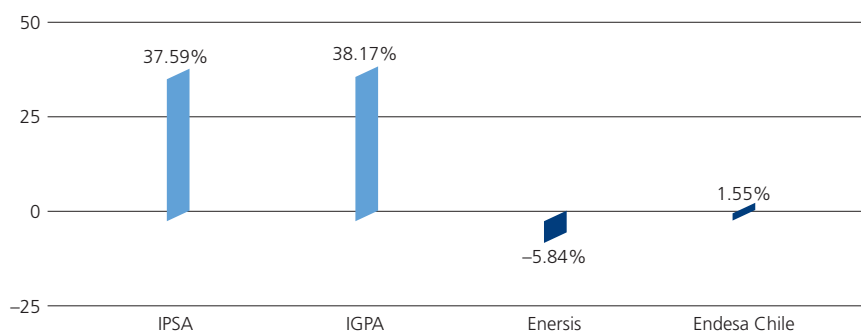
In Chile, the Santiago stock exchange hit new all-time highs. The IGPA index rose 38.17%, while the IPSA index, comprising the market's most liquid stocks, provided an annual return of 37.59%; On the other hand, ENDESA's main listed subsidiaries in Chile failed to benefit from these favourable stock market conditions, and were weighed down by selling from local pension funds, which took advantage of the highs registered by both stocks to unwind their positions.

Enersis' share price slipped 5.84%, closing the year at Pesos 217.42 per share, while Endesa Chile managed to finish the year in positive territory, with a rise of 1.55% to Pesos 876.70.

In spite of this performance in 2010, Enersis and Endesa Chile were once again two of the most traded shares on the Chilean stock market. The total trading volume in Endesa Chile shares was 1,578,266 million pesos and 1,285,735 million pesos in Enersis.

The average daily trading volume at Enersis was 24.09 million shares, 15.6% more than the 20.84 million seen in 2009. Average daily trading volume in Endesa Chile rose 50%, from 5.1 million shares to 7.65 million, exceeding also the 2008 figure.

Performance of Enersis and Endesa Chile in Santiago de Chile Stock Exchange and comparison with main benchmark indices in 2010



The stock market performances of Enersis and Endesa Chile in dollar terms were slightly better than on a local-currency basis. In the New York Stock Exchange, Enersis' ADR (*American Depositary Receipt*) closed the year with a gain of 1.57% at USD 23.22, while Endesa Chile's ADR rose 11.82% to close the year at USD 56.21.

Enersis' shares gained 8.49% on the Latibex to Euro 42.47 per share, while Endesa Chile shares gained 18.49%, closing the year at Euro 17.50 per share.

Key share price data for ENDESA, Enersis and Endesa Chile in 2010

	2010 high	2010 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	-19.42%	154,984,387
The Chilean Stock Exchange						
Enersis (pesos/share)	244.36	198.56	221.83	217.42	-5.84%	1,285,735,218,600
Endesa Chile (pesos/share)	936.64	780.61	862.22	876.70	1.55%	1,578,265,642,000
NYSE						
Enersis (US\$/share)	25.29	18.34	21.80	23.22	1.57%	3,262,823,154
Endesa Chile (US\$/ ADR)	57.73	43.11	50.86	56.21	11.82%	1,588,389,916

04 Wealth generation in 2010

ENDESA's activity as a producer and supplier of electricity is a key element in the economic and social development of the areas in which it operates.

The company contributes directly and indirectly to the generation of wealth by creating direct employment and through collaborators, returns for shareholders, investments in R&D, payment of taxes and social initiatives in communities where it operates.

Wealth generation (Euro million)

	2008	2009	2010
Direct economic value generated	27,803	27,248 ⁽⁴⁾	33,545
Economic value distributed	24,282	21,652	27,715
Dividends	6,243 ⁽¹⁾	1,088 ⁽²⁾	1,077 ⁽³⁾
Operating and other fixed expenses	14,327	16,476	21,757
Personnel expenses	1,693	1,994	1,852
Taxes and duties*	1,204	1,375	1,710
Investment in social projects	35	39	47
Finance expenses	802	682	1,272
Retained economic value	3,521	5,596	5,830

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

(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 5.897 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.

(3) At its meeting on 22 February 2011, ENDESA's Board of Directors agreed to pay shareholders an interim dividend charged against 2010 earnings of Euro 1.017 per share, bringing total shareholder remuneration to Euro 1,076.8 million.

(4) Has carried out a correction in the 2009 data.



Commitment
to the environment



Euro

1,227 Mn

accumulated
environmental
investment

390 Mt

fewer CO₂ emissions
at ENDESA's head office
since 2004

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 2010, ENDESA therefore continued to meet 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, using water efficiently and dedicating resources to protecting biodiversity.

Meeting our goals

Challenges in 2010	Action taken
Steps to improve the integrated water management system.	<p>Course on Biodiversity and Water Use designed and offered.</p> <p>Creation of a preliminary database of all hydro facilities located in protected natural areas in Spain.</p> <p>Quality controls carried out on liquid effluent.</p> <p>Design and application of controlled swells allowing the river ecosystem to regenerate and control population development in the Lower Ebro region.</p>
Implementation of management methodology and programmes to achieve a balance between assumable risks and investment costs.	<p>Environmental risks assessed and methodology rolled out.</p> <p>Classification of facilities.</p> <p>Inventory of liabilities carried out and critical elements removed.</p>
Further development of environmental management systems by obtaining certification for more facilities.	<p>Certification of new facilities, four in Spain and Portugal, three in Latin America and two in other countries.</p> <p>Maintenance of previously certified facilities.</p> <p>Preparatory work to implement an environmental management system for energy efficiency at the company's headquarters in accordance with regulation UNE-EN 16001, and an indoor air quality system in accordance with regulation UNE 171330-3.</p> <p>New projects assessed from a sustainability aspect and stakeholders in key projects identified.</p>
Limit the impact of emissions regulations on ENDESA and draw up measurement protocols.	<p>Protocols to classify and measure emissions drawn up. Reduction programmes rolled out:</p> <ul style="list-style-type: none"> • Work completed on the desulphurisation facilities in group I of the Litoral de Almería thermal power station. • Thermal facilities in Chile and Colombia adapted to new, stricter regulations regarding emissions limits and control. <p>Facilities adapted to continual measurement controls.</p>
Take steps to manage biodiversity conservation.	<p>Unlocking the value of preserving our natural heritage by valuing and drawing up a base line for companies regarding to biodiversity.</p> <p>Developing conservation projects in Latin America such as the Huinay and Chimay initiatives.</p> <p>Earmarking Euro 388,000 to protect and preserve the local birdlife by introducing ways to reduce the risk of electrocution:</p> <ul style="list-style-type: none"> • Collaboration agreement signed with Seo/Birdlife to conduct an assessment and monitoring study. • Agreement with the Andalusia local government to adapt overhead lines and install new anti-electrocution devices. • Agreement with the Balearic Ministry of the Environment and Gesa-ENDESA renewed. • In Aragon, the company signed an agreement to adapt its facilities in 2010-2013, extending the previous agreement. • Benchmarking (maintenance, corporate communications, measuring and regulation).

Volume of As Pontes lake will be over
540 Hm³

100%
of installed capacity in Latin America holds accreditation

Key actions in 2010

Creation of a preliminary database of all hydro facilities located in protected natural areas in Spain.

Assessment of environmental risks and rolled out methodology.

New projects were assessed from a sustainability aspect and stakeholders in key projects identified.

Protocols to classify and measure emissions were designed.

A strategic biodiversity conservation programme was developed in Huinay and Chimay.

Participation in Global Compact meetings on biodiversity

Key figures

Percentage reduction in ENDESA's emissions since 2008.	36.3% SO ₂
	26.4% NOx
	11.7% particulates
Percentage reduction in ENDESA's emissions in Spain and Portugal since 2008.	37.5% SO ₂
	25.3% NOx
	47.6% particulates

In 2011 we propose

Extending and maintaining certifications at our facilities and improving our environmental management systems.

Complete the fill in of As Pontes mining excavation in La Coruña, with a volume of over 540 Hm³.

01. ENDESA's response to environmental challenges

Sustainability is a priority area of ENDESA's strategy and includes our commitments to safeguarding the environment. This commitment clearly distinguishes us from other companies. It is a positive difference which shapes our behaviour and is included in our corporate values. Through this commitment, the company aims to minimise the impact of its activities on the environments within which it operates. It encompasses initiatives primarily related to combating climate change, exemplary management of waste, reducing and controlling emissions, discharges and contaminated land among others.

ENDESA's environmental management is aimed at reducing its consumption of natural resources as well as promoting efficient water management at its hydro and thermal plants and preserving the biodiversity in the areas where it operates.

Assessment of the environmental risks inherent in the company's activities and the environmental accreditations obtained from external agents help ensure excellence in the company's environmental management which is fully integrated into and aligned with its corporate strategy.

01.1. ENDESA's 2008-2012 environment plan

The company's commitment to respect and preserve the environment directly influences the decisions taken by senior management. The environment is one of the key strategies of ENDESA's 2008-2012 Sustainability Plan (PES) and its 2008-2012 Environment Plan implements the objectives, programmes and initiatives of the PES.

The Plan has three main principles: **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 entails integrated water management, the management of environmental risks and liabilities, advanced environmental management and managing emissions regulation and **preserving biodiversity**.

The key aspects of our action plans are:

A. Combating climate change (for more information see the chapter on climate change):

- Participate actively in developing renewable energies.
- Spearhead new technological developments leading to reduced CO₂ emissions and a change to the energy model.
- Develop energy efficiency and cogeneration opportunities.
- Lead the development of a sustainable transport model based on electric vehicles.
- Develop a Clean Development Mechanisms (CDM) portfolio.



Environmental
conservation
is part of the
decision making
processes

B. Striving for excellence in environmental management**B1. Integrated water management:**

- Promote an efficient use of water and protect water quality in all processes.
- Treat waste water and ensure an effective control of spillages at all facilities, including minimising waste and spills.
- Manage river flows with specific programmes to ensure minimum flows.
- Integrated reservoir management, by measuring the quality of the water and applying corrective measures where necessary to improve the physical and ecological conditions and use of reservoirs.

B2. Management of environmental risks and liabilities.

- Classify all facilities according to the environmental risks and liabilities to which they are exposed.
- Risk evaluation by applying the methodology developed in 2010.
- Risk management by implementing measures to mitigate risks classified as critical and eliminate specific environmental liabilities.

B3. Advanced environmental management.

- Integrated management systems: environment, quality and safety where appropriate, and certification in accordance with the prevailing three regulations at the majority of our facilities.
- Development of a new methodology for evaluating new projects based on sustainability criteria.
- Progress on implementing Environmental Audit.
- Extension of benchmark environmental management programme to contractors and suppliers.
- Management of penalty proceedings in each company.
- Improve environmental reporting.
- Continue with ISO 14001 and EMAS certification programmes in Europe and improve quality of environmental management.

B4. Managing emissions regulation.

- Adhere to new regulations and assess impact on the business
- Control and measure emissions
- Adhere to emissions reduction plans and programmes in the various businesses

C. Management of biodiversity conservation.

- Incorporate biodiversity conservation criteria into operational procedures of facilities, as a decisive factor in operating and managing our assets, implementing action plans which avoid risks in this area.
- Create a corporate culture based on preserving biodiversity.
- Develop a Biodiversity Conservation Strategic Programme to be applied in all facilities and ENDESA companies.
- Unlock the value of preserving the natural surroundings of our assets.
- Translation of picture: Euro 1,227 Mn accumulated environmental investment

Euro
1,227 Mn
accumulated
environmental
investment

02. Significant investments

ENDESA has invested heavily to achieve excellence in the area of environmental management. In 2010, accumulated environmental investments and expenditure amount to Euro 1,227 million. Environmental expenditure amounted to Euro 38 million of which Euro 17 million were provisioned for depreciation and amortisation of the aforementioned investment.

Accumulated investment in environmental assets (Euro million)

2008	2009	2010
1,158	1,214*	1,227

* 2009 figures have been corrected.

Environmental expenditure (Euro million)

2008	2009	2010
62	70	38

03. Certification of environmental management systems

During 2010, 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.

03.1. Spain and Portugal

03.1.1. Generation

At year end, 87.85% of the ISO 14001-certified thermal capacity in Spain and Portugal was owned by ENDESA. All hydro and nuclear plants and ports are also certified.

In 2010, ISO 14001 certification was awarded to the combined cycle thermal plant at As Pontes (La Coruña) and the Compostilla thermal production unit (Ponferrada, León).

The As Pontes plant, the Almería thermal production unit (Carboneras) and the Los Barrios port were also registered with the EMAS during the year.

In addition, 96.3% of Unelco Generación's thermal units are ISO 14001 certified while 46.6% are EMAS registered.

At Gesa Generación, 75.1% of its thermal facilities hold ISO 14001 accreditation.

ENDESA's accredited energy (%)

	2008	2009	2010
Spain and Portugal	85.5	88.91	98.9
Latin America	99.7	99.83	100
Other countries	n/a	40.49	100
Total	91.4	93.37	99.5

ENDESA's accredited capacity (%)

	2008	2009	2010
Spain and Portugal	76.47	85.03	92.6
Latin America	100	97.08	100
Other countries	n/a	72.22	100
Total	85.57	89.58	95.9

03.1.2. Mining

In 2010, the Puertollano mining complex in Ciudad Real was granted ISO 14001 accreditation. Now all of the mining operations managed by ENDESA in Spain and Portugal hold this certification.

03.1.3. Distribution

All of ENDESA's distribution facilities in Spain and Portugal are ISO 14001 certified.

During the year, Endesa Distribución Eléctrica renewed the accreditation for its environmental management systems in the Balearic Islands and Catalonia. With these renewals, the company maintains and cements its commitment to this accreditation in Aragón, Andalusia, the Balearics, the Canary Islands, Catalonia and Extremadura.

03.1.5. ENDESA's headquarters

ENDESA's headquarters in Madrid has an environmental management system in place which was certified since it was rolled out in 2004.

Improvements have been introduced over the years which have led to substantial savings compared to the reference year (2004): 42% in water consumption, 46% in natural gas and 28% in electricity which has seen CO₂ emissions slashed by 390 Mt.

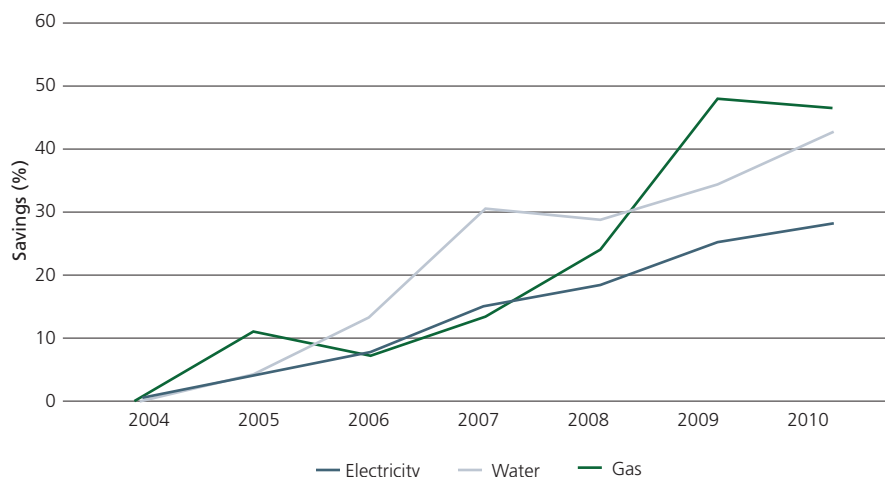
In 2010, the following improvements were undertaken:

- Consumption:
 - Flex thermostatic mixer showers were fitted in the changing rooms to reduce water and electricity consumption.
 - Staff training and awareness campaigns were carried out.
 - The amended regulation for thermal installations in buildings (R.D. 1826/2009) was applied.
- Separating waste at source:
 - Ongoing staff training and awareness campaigns.
 - 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.

390 Mt
fewer CO₂ emissions
at ENDESA's head office
since 2004



Work was carried out in 2010 to integrate an energy efficiency system into the environmental management system at the headquarters in accordance with Regulation UNE-EN 16.001 and an interior air quality system in accordance with Regulation UNE 171.330-3, which will come into effect on 28 March 2011. All three systems at ENDESA's headquarters in Madrid should therefore be certified by the first quarter of 2011 making it one of the first buildings in Spain to obtain triple accreditation



100%
of installed capacity
in Latin America holds
accreditation

Virtually all of ENDESA's generation and distribution facilities in Latin America hold ISO14001 accreditation.

In 2010, Endesa Chile's Diego de Almagro, Huasco and Quintero thermal plants were all awarded certification. A further 15 plants renewed their accreditation and 10 are currently being monitored.

Meanwhile, Chilectra and the generation companies in Argentina, Endesa Costanera, Hidroeléctrica El Chocón and Central Dock Sud renewed their ISO 14001 certification in the year.

Throughout the year, all our generation facilities in Colombia were audited for ISO 14001 accreditation renewal.

In Colombia, as part of the environmental improvement initiatives carried out, the contingency plans at the Termozipa Plant and the Betania hydro facility were updated. An environmental vulnerability study was also carried out at the plants along the Bogotá River, a line gauge for solid waste was installed in the outlet channel and an emergency sluice gate installed at the end of the ash channel at the Termozipa Plant.

03.3. Other countries (Ireland and Morocco)

In 2010, ENDESA worked on adapting the four thermal plants it had acquired in Ireland in 2009. The Rhode and Tawnaghmore Plants were awarded ISO 14001 certification in the year while the Tarbert and Great Island facilities maintained this accreditation. At the end of the year, 100% of the company's installed capacity in

the country (1,068 MW) was certified. In November, the environmental regulating body granted a preliminary environmental permit to the future Great Island combined cycle plant with the definitive permit expected to be granted at the beginning of 2011.



In Morocco, the Tahaddart combined cycle power plant in Tangiers, in which ENDESA holds a 32% stake through Energie Electrique de Tahaddart, obtained ISO 14001 certification in December 2009 making it a sector benchmark in Morocco and the first in Africa to obtain environmental accreditation.

The findings of the external audit which was concluded in December 2010 note the plant's excellent environmental management including the surrounding protected natural environment.

A temporary waste storage facility was built to optimise waste segregation and maximise the recycling of all waste generated. Environmental awareness courses were also offered to key employees and contractors.

04. Biodiversity conservation

Biodiversity conservation is not a new concept for ENDESA. It already featured in the company's environmental policy, which was approved in 1998. The objectives of ENDESA's Biodiversity Conservation Programme, included in its 2008-2012 Environment Plan, are:

- Adapting the physical environment of the company's land and facilities and encouraging biodiversity.
- Managing environmental factors which help improve the habitat of certain species or their biotopes.
- Promoting awareness of natural ecosystems as a key to correctly identifying the ability to respond to pressures concerning their use and the ability to unlock the natural wealth that they house and represent.
- Specific programmes to preserve the indigenous species living at our facilities and the surrounding areas as well as controlling and eradicating invasive species which have a high ecological impact on ENDESA's business.

These actions are aimed at promoting an efficient use of natural resources, reducing the environmental impact of any work carried out, of ENDESA's facilities or its activities, helping raise awareness and correctly assigning responsibilities as to the use and consumption of natural resources as well as promoting research, dissemination and the subsequent unlocking of the value of the knowledge acquired.

04.1. Key actions in Spain and Portugal in 2010

- We have created a preliminary database of all the hydro facilities located in protected natural areas in Spain. We have also started a database to monitor the progress of the Biodiversity Conservation Plan.



Visit to the Tahaddart combined cycle plant.

Volume of As Pontes
lake will be over

540 Hm³



- In 2010, ENDESA designed a course on biodiversity and hydro power which took place at the Northwest Hydro Production Unit. The course will be offered to the whole of the Spanish hydro business in 2011.
- The former mining excavation at As Pontes (A Coruña) continues to be filled with runoff water and water from the River Eume. The perimeter of the lake will be 18 kilometres, with a maximum depth of 206 metres and a volume of 540 cubic metres. Filling is scheduled to conclude at the end of 2011.
- Swells from ENDESA's regulated dams in the reaches of the Lower Ebro are controlled to encourage permanent regeneration of the river's ecosystem and to control excessive population growth of some of its components such as underwater vegetation.
- A journal outlining ENDESA's commitment to biodiversity and natural ecosystems is planned, with one volume being published a year between 2010 and 2014. The first volume will appear in 2011.
- Follow-up study on the zebra mussel in the Ribarroja reservoir: ENDESA has finished a preliminary study into this species which inhabits the Ribarroja reservoir (lower Ebro river, Tarragona), using a simulation model to determine how the hydraulic management of the reservoir can help reduce zebra mussel numbers and which products can be used to control this species.
- The company has begun a study into Climate Change and Hydro Resources which will explore the quality of water and its availability in recent years and how this could be affected by certain variables (climate change, demand,...). This study is part of ENDESA's participation in the SCARCE Project and its own comprehensive water management programme.

In 2010, ENDESA published various papers on the activities of its Biodiversity Conservation Programme:

- M. Cardona, M.A. Colomer, A. Margarida, A. Palau, I. Pérez-Hurtado, M.J. Pérez-Jiménez & D. Sanuy (2010). *A computational modelling for real ecosystems based on P systems*. Nat. Comput. DOI 10.1007/s11047-010-9191-3.
- Alonso, M. (2010). *Branchiopoda and Copepoda (Crustacea) in Mongolian Saline Lakes*. *Mongolian Journal of Biological Sciences*, 8(1): 9-16.
- Palau, A., I. Cia, R. Casas & E. Rosico (2010). *Zebra mussel distribution and habitat preference in the lower Ebro river (North East, Spain)*. In: *The Zebra Mussel in Europe* (G. van der Velde, S. Rajagopal & A. de Vaate, Eds). Margraf Publishers GMBH: 113-118

Birdlife protection

In 2010, ENDESA Distribución spent Euro 388,000 on protecting and preserving the country's birdlife. Some 178 supports were adapted to prevent electrocution and 27.5 km of power lines were analysed. Some of the main initiatives are detailed below:

- ENDESA signed a collaboration agreement with Seo/Birdlife to assess the efficiency of existing signposting and to monitor those areas with the highest casualties along its medium voltage lines in Lanzarote and Fuerteventura.
- ENDESA, in conjunction with the Andalusia regional government, is developing a new anti-electrocution device and over 6 km of high voltage lines in the Doñana National Park have been adapted, virtually eradicating the risk of electrocution.
- In the Balearic Islands, the collaboration agreement between the regional Ministry of the Environment and Gesa-ENDESA to protect birdlife was renewed. Since this was rolled out in 2004, both bodies have invested over Euro 450,000 in more than 700 initiatives.
- In Aragon, work continued on adapting the company's facilities to protect the surrounding birdlife. In 2010, a new agreement was signed with the Aragón regional government extending the previous agreement which will run from 2010 to 2013.



Left to right: Victor M. Arias, AGBAR; Ricardo Ferro, Repsol; Hernán Cortés, ENDESA; Juan Jiménez, Generalitat Valenciana; Juan de la Mota, Chairman of the Spanish Global Compact Network; Luis M. Jiménez Herrero, Spanish Sustainability Observatory; and Isabel Garro, Director of the Spanish Global Compact Network.

Global Compact Biodiversity Workshop

In June 2010, ENDESA hosted the Global Compact Biodiversity Workshop at its headquarters within the framework of the UN's International Year of Biodiversity. ENDESA, Agbar and Repsol presented a series of practices which they are currently pursuing in this field.

In attendance at the workshop were Juan de la Mota, Chairman of the Spanish Global Compact Network, Jesús Abadía, Head of ENDESA's Environment and Sustainable Development Department, the Vice Chairman of the Spanish Global Compact Network and Hernán Cortés, ENDESA's Deputy General Manager of Sustainability among others.

04.2. Key actions in Latin America in 2010

During 2010, ENDESA's Biodiversity Committee, which was founded in 2009, met twice in Chile. Among its activities, the Committee prepared an inventory of its companies' biodiversity activities, identified the companies' natural premises, forged collaboration agreements with the various authorities and drew up an information plan on the group's policy in this area.

Chile

In 1998, Endesa Chile and the Pontificia Universidad Católica de Valparaíso created the San Ignacio del Huinay Foundation, a private, non-profit making institution created with the aim of defending and preserving the bio-geographical heritage of Huinay and the fjord region. In 2010, this Foundation carried out various activities:

- The third scientific expedition to the Patagonian lakes. Four water masses, ranging from lakes to lagoons, representing the region's typical ecosystem were studied.
- Since 2005, 10 expeditions have taken place using Huinay as a base. Some 29 researchers from 11 different countries have gathered 3,183 samples from 126 different locations. In December, the 10th expedition to the Navarino and Añihue Islands, located in the country's 12th and 11th regions, respectively, took place. Some 500 samples were gathered from 21 dives.
- During the year, the book *Benthic Fauna in the Chilean Patagoni*, was published, summarising the findings of the 10 years of scientific research carried out in the region using Huinay as a base. This publication is an invaluable reference book for this field of work and was discussed at the National Congress of the Environment (CONAMA 10) held in Madrid in November 2010. It describes 473 species, 49 of which are new to scientists.
- Also published was the book titled *San Ignacio del Huinay* summarising the achievements and advances made in preserving the bio-geographical heritage of the region and disseminating this information.

Brazil

Three years ago, Endesa Cachoeira embarked on a project to restore the vegetation on the shores around the reservoir at the Cachoeira Dourada plant. In 2010, around 50,000 trees were planted over 30 hectares. Since the start of the project, 84 hectares have been recovered and 120,000 native species planted.

Peru

Edegel continued to study the impact which the reduced river flow below the Tulumayo reservoir has had on the aquatic habitats in the Tulumayo River. The quality of this stretch of water has improved greatly due to management of exit flows in 2010 and previous years.

During the year, Empresa Eléctrica de Piura (ENDESA-Eepsa), which belongs to the Endesa group, continued its environmental conservation work with the reforestation programme at the thermoelectric plants located in Talara, Piura and surrounding areas.

This project aims to improve the area's microclimate and control soil erosion by planting 17 hectares of desert with indigenous trees, such as the carob tree which can survive in very high temperatures.

A further 3 hectares have been planted with lemon, mango, papaya and coconut trees with these crops helping to improve the financial wellbeing of the communities living near the Eepsa power plant. These actions underscore ENDESA's commitment to safeguarding the environment.

Colombia

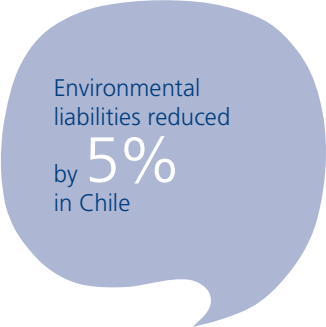
The Codensa forest. Under this initiative, the company will offset its paper consumption by reforesting certain areas such as:

- The Majuy Hill in Cota. This land is home to a large indigenous population which is allowed to live without government intervention. The reserve was devastated by a massive forest fire in February 2007 which razed 260 hectares.
- Trees were planted in wetlands around the village of Villapinzón where the water table is extremely high given its proximity to the Bogotá River.
- Two areas in Suesca were reforested. The first around Uita, 3 kilometres from the main road leading to the town where the land has been declared a protected site. Other companies such as BP and Citi Bank are also financing the planting of forests in this area. The second area is near the river and lies 2 kilometres from the main road. Here, heavy water flows in winter have caused soil erosion and deforestation.

05. 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.

In 2010, the company implemented its environmental risk assessment methodology and successfully concluded its analysis of the facilities programmed for the year as well as of its generation and distribution companies in Spain and Latin America.



Environmental
liabilities reduced
by **5%**
in Chile

05.1. Eliminating environmental liabilities

An environmental liability is a debt a project owes to the environment or which, 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.

In Chile, ENDESA reduced the 43 liabilities identified on 1 January 2010 by 5% (equivalent to two liabilities). It has achieved this by regulating the operating conditions of the water treatment plant at the Taltal thermoelectric plant and by reforesting land around the El Toro hydro plant with indigenous species.

At EDESUR, previous liabilities identified include two substations with noise pollution problems which are being remedied. Issues at two transformer centres with magnetic fields of > 25 µT have already been remedied.

06. Advanced environmental management.

0.6.1. Integrated environmental authorisation and impact studies

06.1.1. Spain

In Spain, ENDESA obtained three Environmental Impact Statements (EIS) and two final Integrated Environmental Permits (IEP) during 2010. IEPs are issued by the Spanish regional governments and replace previous environmental requirements, grouping together all mandatory environmental permits.

Two Environmental Impact Evaluations (initial and environmental documentation) have also been initiated, while eight Environmental Impact Assessments (EIA) have been performed, six of which have been submitted for public consideration. Six new IEP requests and one renewal request have also been filed with the authorities.

Additionally, 15 reports on non-substantial amendments to environmental permits for various power plants have been prepared due to projects to modify these facilities, as well as 23 studies on issues such as environmental impact, environmental permits, studies into potential generation sites, new waste discharge systems, atmospheric modelling etc. The various regional authorities have accepted all the criteria included in the documents for non-substantial amendments. Five greenhouse gas emissions permits have been applied for, with three granted to date (December 2010).

Finally, authorisation for the Litoral Almería power plant to manage non-toxic waste (ash, slag and gypsum) was granted, while the land at the former thermal plant in Malaga received final environmental classification and a risk analysis was carried out.

	Spain	Latin America
Environmental Impact Statements (EIS)	3	—
Integrated Environmental Permits (EIPs)	2	—
Initial or environmental documentation	2	—
Environmental Impact Studies (EIS)	8	9
Environmental management plan	—	1
Requests/renewals EIPs	7	—
Non-substantial amendments	15	—
Waste authorisations	1	—
Land classification	1	—
GHG requests/authorisations	5	—

06.1.2. Latin America

In Chile, 12 of Endesa Chile's 28 plants currently in operation hold Environmental Impact Studies (EIS) in accordance with prevailing legislation. Assessments have been carried out at a further two to obtain funding from the World Bank. The remaining 14 do not carry out these assessments whereas an EIA has been conducted at the Bocamina II plant which is currently under construction.

All of Endesa Chile's generation plants have contingency manuals which identify the main risks according to the location of each site. There are also onsite and offsite emergency and communication plans and recovery and restoration plans.

Construction of the Bocamina II power plant is deemed to pose a significant impact given the need to relocate the surrounding community. Likewise, all the company's thermal plants in operation pose a potential impact as they may negatively affect air quality should the established limits be exceeded.

To mitigate any impacts construction of the Bocamina II plant might have, the company, the local community and the authorities have drawn up a relocation plan involving 375 families. In 2010, 126 families were rehoused, bringing the total number to date to 220, all of whom now enjoy better living conditions. The scheme is due to conclude in 2011.

According to the Environmental Impact Study for the Neltume hydro plant (Chile), the site's environmental impact is minimal as it is a run-of-river facility with construction work being carried out underground. These sites will help the country reduce its reliance on more expensive energy sources or those from abroad and will help reduce CO₂ emissions at existing thermoelectric plants.

Fears that some towns and villages will be flooded due to higher water levels in the nearby lake, affecting an important ecosystem and harming or killing rare flora and fauna are unfounded. The project entails establishing an ecological river flow which will help sustain the various uses of the Fuy River which, in certain months, experiences higher water levels than those established by prevailing water rights. The plant will cease operating immediately should the water in the Neltume lake rise to the level it would normally have during a 1/5 recurrence interval. This commitment implies limiting the lake's maximum fluctuation levels thereby reducing the flood levels the project might cause on surrounding land.

Turning to the plant's neighbouring wetlands, the flood plain for the Cuá Cuá wetlands would only be affected between areas 195 and 197, with a higher risk of flooding. Endesa Chile's EIA plans to mitigate this impact by reforesting other sectors in the area of influence.

The Environmental Permit for the Quimbo hydro plant in Colombia outlines environmental compensation which focuses on developing programmes for managing waste from excavation work, care and protection of critical or vulnerable areas, the restoration of areas being used temporarily, the management of solid waste, sources of emissions or noise, vegetation and terrestrial habitats, local wildlife and the possible recovery of fish species.

Approximately 17% of the project's total budget, Euro 143 million, has been earmarked for these environmental and social programmes.

In 2010, Edesur in Argentina carried out Environmental Impact Studies on its projects to increase the supply by 132 kV between the Perito Moreno substation and the Alberdi, Ciudad and Autónoma de Buenos Aires substations, as well as extending the Quilmes substation (from 80 to 120 MVA) in the province of Buenos Aires.

Endesa Costanera also carried out an Environmental Impact Study on the outflow into the Río de la Plata of refrigeration water used by the plant to analyse the effect of higher temperatures on the aquatic ecosystem.

In Peru, Edelnor submitted an Environmental Management Plan to the pertinent authorities on the construction and operation of the 60/10 KV SET Zárate transmission substation.

06.2. Environmental incidents

Despite ENDESA's willingness to go beyond the legal requirements for safeguarding the environment, some incidents did arise in 2010.

06.2.1. Spain

On 21 January 2011, an incident was reported at the Ascó 1 and Ascó 2 nuclear plants during which workers moved a gate above the spent fuel tank, which weighs approximately 1,400 kg, during maintenance work and fuel refilling. This action is in breach of the Operating Technical Specifications which states that weights of over 1,000 kg may not be moved above the spent fuel tank. The event, classified as Level 1 on the International Nuclear Event Scale, posed no risk to workers, the neighbouring population or the environment.

06.2.2. Latin America

Endesa Chile reported a serious accidental spillage 2010. On 4 July, during a stoppage at unit 4 of the El Toro hydro plant, the low oil level alarm was sounded. The unit was inspected and the fault was swiftly repaired although traces of oil were detected in the Polcura River the next morning. Some 40 litres of oil leaked during this incident.

In Argentina, Endesa Costanera reported that approximately 100 litres of hydrocarbons leaked into a river. The river was cleaned up and the residue disposed of. The national electricity sector regulator (ENRE) fined the company Euro 26,300 for failure to comply with the environmental management system.

In Peru in 2010, the relevant authority dismissed proceedings against Edelnor concerning the high voltage lines at the Garagay archaeological site in Lima as well as the need to present an EIA for the Huacho substation. Both cases had been pending since 2002.

06.3. 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 legally-stipulated parameters, rolling out technologies that curb emissions and designing measures to reverse any resulting impacts.

06.3.1. Spain and Portugal

In 2010, work on the Group I desulphurisation unit at the Litoral thermal power plant in Almería was completed, the last stage in the company's environmental measures to reduce sulphur, nitrogen oxide and particulate emissions at its thermal power stations in Spain.

Over the same period, the company reduced sulphur emissions in Spain and Portugal by 22.5%, nitrogen oxide emissions by 24% and particulate emissions by 25%.

06.3.2. Latin America

In 2010, the company cut sulphur emissions in Latin America by 2.7%. However, nitrogen oxide and particulate emissions rose by 31.3% and 50%, respectively.

ENDESA invested heavily to adapt its thermal generation facilities in Chile and Colombia to the requirements of the new regulations which came into force in both countries in 2010 (Agreement No. 5 of 26 November 2010 and Resolution 909, respectively). Under these regulations, emissions must be reduced and pollutants controlled.

All of Endesa Chile's thermoelectric plants must report and record all pollution emissions to ensure compliance with environmental regulation and adopt any measures necessary to avoid exceeding the maximum levels permitted by the authorities thereby ensuring the quality of the air and the health of the neighbouring population.

06.3.3. Other countries (Ireland and Morocco)

In 2010, sulphur emissions in Ireland and Morocco were cut by 14.2% and nitrogen oxide emissions by 38.2%. Particulate emissions however rose by 55.6%.

ENDESA's emissions of SO₂, NO_x and particulates

Spain and Portugal	2008	2009	2010
SO ₂ (gSO ₂ /kWh)	1.11	0.89	0.69
NO _x (gNO _x /kWh)	1.57	1.54	1.17
Particulates (g particles/kWh)	0.05	0.04	0.03
Latin America			
SO ₂ (gSO ₂ /kWh)	0.46	0.37	0.36
NO _x (gNO _x /kWh)	0.36	0.32	0.42
Particulates (g particles/kWh)	0.04	0.04	0.06
Other countries			
SO ₂ (gSO ₂ /kWh)	n/a	1.83	1.57
NO _x (gNO _x /kWh)	n/a	0.89	0.55
Particulates (g particles/kWh)	n/a	0.18	0.28
Total			
SO ₂ (gSO ₂ /kWh)	0.85	0.66	0.54
NO _x (gNO _x /kWh)	1.09	0.97	0.80
Particulates (g particles/kWh)	0.05	0.04	0.04

06.4. 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 the 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 focus on reusing oil, removing transformers contaminated with PCB (polychlorophenols), gradually removing components containing asbestos, recovering inert waste, and treating cleaning solvents for reuse.

Most of the waste recovered by ENDESA is at its external facilities with 41% of non-hazardous and 89% of hazardous waste recovered.

06.4.1. Spain and Portugal

In 2010, the amount of waste recovered declined, with 53% of non-hazardous and 17% of hazardous waste recovered. The majority of the waste generated by ENDESA's power plants was recovered in the year with 45% of non-hazardous and 96% of hazardous waste recovered.

06.4.2. Latin America

In Latin America in 2010, 6% of non-hazardous and 61% of hazardous waste were recovered.

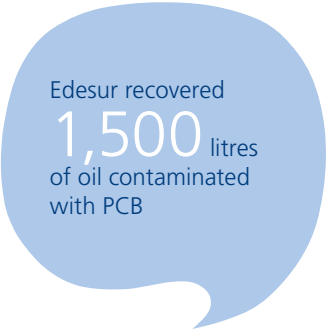
In Argentina, Edesur removed all of its PCB-contaminated transformers which were subsequently de-chlorinated. It also recovered 1,500 litres of oil contaminated with PCB which would previously have been burnt off. In doing so, the company managed to reduce CO₂ emissions by 4 tonnes.

Virtually all of Chilectra's substations are equipped with collection systems to help avoid any pollution caused by spilt oil. To date, 81 ditches have been dug at 50 of its 51 substations.

Endesa Costanera is currently replacing all equipment insulated with asbestos. New silencers are also being fitted to steam turbine units to minimise noise while noise pollution studies are being conducted at the combined cycle unit.

06.4.3. Other countries (Ireland and Morocco)

In 2010, the amount of non-hazardous and hazardous waste produced declined by 42% and 66% respectively in Ireland and Morocco. Some 62% of non-hazardous and 52% of hazardous waste were recovered.



Edesur recovered
1,500 litres
of oil contaminated
with PCB

Waste at ENDESA (tonnes)

	Hazardous waste (HW)		Non-hazardous waste (NHW)	
	2009	2010	2009	2010
Spain and Portugal				
Thermal generation units	8,218.72	5,332.70	78,024.40	12,251.30
Hydroelectric generation units	242.09	364.40	1,452.49	505.95
Mining	310.05	91.27	1,359.77	973.53
Nuclear	519.35	478.38	2,815.59	2,499.90
Distribution	4,865.13	5,593.37	115,842.08	82,087.35
Latin America				
Thermal generation units	867.31	1,028.35	1,985.26	3,636.64
Hydroelectric generation units	396.19	181.43	2,384.95	2,322.51
Renewables	1.30	1.88	1.18	0.75
Distribution	1,195.26	1,458.67	75,131.31	95,515.99
Other countries				
Thermal generation units	850.16	286.73	405.85	236.56

Non-hazardous waste and amount recovered in 2010 (tonnes)

	Spain and Portugal	Latin America	Other countries
Sludge	6,332.16	440.58	21
amount recovered at external facilities	5,503.59	3.35	21
Machinery and equipment	1,529.88	5,005.96	5.5
amount recovered at external facilities	1,518.74	1,188.85	5.5
Packaging	5,115.15	193.79	0.12
amount recovered at external facilities	5,114.55	148.49	0
Solid waste	84,240.4	95,577.24	209.94
amount recovered at external facilities	26,052.31	7,458.71	120.4
Other liquids	58.01	0	0
amount recovered at external facilities	58.01	0	0
Other waste*	1,154,754.86	51,334.77	0
amount recovered at external facilities	522,696.21	233.4	0
Total produced	1,252,030.45	152,552.33	236.56
Total recovered	560,943.4	9,032.8	146.9

* Other waste includes ash, gypsum and slag.

Hazardous waste and amount recovered in 2010 (tonnes)

	Spain and Portugal	Latin America	Other countries
Used oils	2,977.57	778.77	95.49
amount recovered at external facilities	2,757.35	613.54	55.20
Machinery and equipment	3,971.24	773.76	5.15
amount recovered at external facilities	3,969.35	695.11	0.00
Used batteries	150.78	22.12	7.66
amount recovered at external facilities	143.95	14.14	7.66
Materials with asbestos	586.81	49.01	0.00
amount recovered at external facilities	585.59	0.00	0.00
sent for vitrification	0.00	0.01	0.00
Solid waste	2,171.76	466.58	5.45
amount recovered at external facilities	1,924.92	229.74	0.10
Other liquids	652.42	491.83	112.99
amount recovered at external facilities	614.46	23.32	86.39
Other waste*	2,267.01	0.00	60.00
amount recovered at external facilities	2,260.48	0.00	0.00
Total produced	12,777.59	2,582.08	286.73
Total recovered	12,256.10	1,575.86	149.35

* Other waste includes ash, gypsum and slag.

Special nuclear waste at ENDESA in 2010 (m³)

Spain	2010
Liquids (high radiation)	4.02
Solids (high radiation)	10.62
Liquids (low, medium and high radiation)	3.97
cannot be disposed of above ground or just below ground	0.00
Inflammable solids (low, medium and high radiation)	0.00
Compact solids (low, medium and high radiation)	139.51
Solids (low, medium and high radiation) – other treatments	101.87
Total solids (low, medium and high radiation)	241.38
cannot be disposed of above ground or just below ground	33.36
released as special waste following disintegration period	1.41
temporarily stored at the plant	16.25
Total produced	259.99

06.5. 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 Peninsula, 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)

	2008	2009	2010
Ash (t/year)			
Produced	1,911,279	1,207,449	666,155
Recovered	1,654,192	947,889	497,216
Restored	90,256	27,387	0
Landfill	166,831	232,174	168,939
Slag (t/year)			
Produced	321,848	143,624	82,999
Recovered	14,880	7,708	36,161
Restored	2,791	1,030	0
Landfill	304,177	134,886	46,838
Gypsum (t/year)			
Produced	1,133,493	769,896	463,869
Recovered	8,773	48,990	50,187
Restored	0	0	0
Landfill	1,124,720	720,907	413,681

Production and management of ash, slag and gypsum at ENDESA's coal-fired power stations (Latin America)

	2008	2009	2010
Produced (thousand t/year)	105.1	66.6	110.9

06.6. Spillage control

ENDESA has procedures in place to help control and reduce accidental discharges into water systems and to improve water quality, mainly through waste water treatment facilities.

During 2010, the company reduced spillages by 14% at all its power plants and by 22% at its thermal plants.

In Argentina, Endesa Costanera carries out quarterly quality controls on all liquid discharges and regular checks at its water treatment plant. EDESUR meanwhile checks the rainwater outflow at its deposits.

ENDESA's industrial spills (Hm³)

	2008	2009	2010
Spain and Portugal			
Conventional thermal power stations	34.83	31.8	22.6
Combined-cycle plants	0.52	0.5	0.6
Nuclear	0.63	1.01 *	1.08
Latin America			
Thermal power plants	3.45	3.2	4.3
Other countries			
Thermal power plants	n/a	0.01	0.02

* Updated in 2010 by nuclear general directorate, only includes industrial use.

Liquid radioactive spillages are discharges from the plant's treatment system for liquid radioactive waste into the surrounding water. In these discharges the level of radioisotopes is controlled and fall below the legally-stipulated limit.

Spillages at nuclear plants in Spain (Hm³)

	Spain
Conventional	158.25
reused by plant	0.00
Discharges	158.2
used to dilute radionuclides in waste water	0.05
Radioactive	0.06
reused by plant	0.01
Discharges	0.05
TOTAL	158.37

0.6.7. Reporting

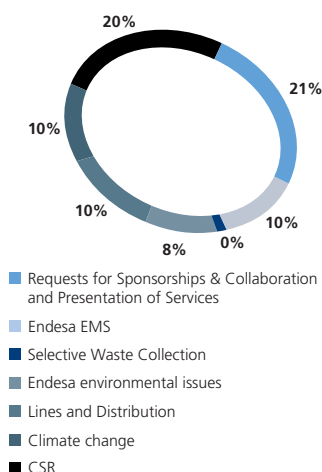
In 2010, the company has worked to improve the quality of the information submitted by the various businesses using the existing corporate systems at its facilities. A corporate database, designed by ENEL, has also been rolled out across the group.

In Latin America, ENDESA has designed an environmental information system where environmental indicators are input monthly. The system is equipped with a warning system giving the company greater control and the ability to hone the quality of the data. This system can be accessed via the internet and the intranet and has been incorporated into the environmental management systems at the company's facilities.

07. 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. The company has identified water as the critical resource which is most seriously affected by climate change. According to OECD forecasts, 47% of the world's population will live in areas of high water stress in 2030 unless new policies are drawn up. The availability of water will have both a positive and a negative effect on companies who will play an important role in developing and implementing solutions. This is why ENDESA, as one Spain's leading power companies, has subscribed to the CDP Water Disclosure initiative which provides critical water-related data from the world's largest corporations to inform the global market place on investment risk and commercial opportunity and guide investors towards sustainable water use.

Percentage of emails sent to the Green Mailbox (2010)



07.1. Green mailbox

During 2010, a total of 60 emails were received, the majority of which (98%) were sent from outside the company through ENDESA's website.

Of these emails, 20% concerned corporate social responsibility while 21% were requests for sponsorship and collaboration.

Innovation

Commitment to efficiency



E 
endesa
VEHÍCULO ELÉCTRICO



ENDESA aspires to be a technological leader in the electricity industry and recognised as such by the markets, its customers, the scientific community, and society in general.

Therefore, in 2010 ENDESA continued to pursue its research, technological development and innovation activities to achieve the highest levels of efficiency in all its business lines.

48 M

de euros de inversión
propia en proyectos de
I+D+i durante 2010

6

new patents
for proprietary
solutions applied
for in 2010

100.000

remote smart meters
installed in 2010

Málaga

Smartcity,
Europe's largest
eco-efficient city
initiative

Key figures

Overall efficiency rate of thermal power stations in Spain and Portugal: 39.68%

Percentage reduction in tonnes of coal compared to 2009: 39.3%

Percentage reduction in tonnes of liquid fuels (fuel oil and gas oil) compared to 2009: 5.6%

Direct investment in R&D in 2010: Euro 48 million

Maximum savings envisaged in Ilumina Plan: 80%

Key actions in 2010

Application for grants for new projects.

Leadership in national and international consortia.

First 2,500 smart meters installed in Malaga SmartCity.

Preparation of organisational and structural model (joint committees with Enel).

Present in technical secretariats or chairs of relevant platforms.

Novare Awards for employees.

100,000 remote smart meters installed.

Remote management operations centre in Seville inaugurated

ENDESA's large-scale energy storage Store Project approved.

In 2011 we propose

Technological plan coordinated with ENEL. Management of synergy groups.

Launch of ENDESA-led consortium.

Development of technological knowledge, capture and training initiatives (technological intelligence programme, technosphere, hiring MBA students etc.).

Quarterly system to monitor project portfolio and manage synergies groups.

Optimise the return on state aid and tax benefits.

Design strategic Foresight Plan for key technologies.

Introduce new employee ideas management system for 2.0.web environment.

Technosphere: promote knowledge dissemination.

External Communications Plan.

2010 challenges	Action taken
Launch of ENDESA 2010-2014 Energy Efficiency Global Plan (PGE3).	Promoting the development of efficiency initiatives in Latin America and creation of the Energy Efficiency Committee
Improvements in energy efficiency in Generation and Distribution.	Project to reduce losses: reducing technical losses in the grid and rationalising energy consumption. Participation in five distribution taskforces in line with Best Practice Sharing. Configuration of grids to facilitate work affecting generators and consumers
Roll-out of latest generation remote management infrastructure through Project CERVANTES.	Standardised meters, 100,000 installed in 2010. In October the Operations Centre was opened in Seville to manage and monitor the system
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.	Roll out of new energy efficient products: low cost batteries, the concept of efficiency as a service (Ilumina Plan), rental solutions for photovoltaic solar equipment, etc.
Implementation of 2009-2013 Technology Plan.	Technology Plan implemented as scheduled.
Participation in most relevant technology platforms.	Present in technical secretariats or chairs of relevant platforms.
Action to set an example as a model energy consumer with respect for the environment.	Established objectives to encourage responsible energy use among end consumers, including roll out energy efficiency measures at certain head offices for subsequent Energy Management System accreditation, stabilising consumption at head offices, etc.

01. R&D - in search of cleaner energy

During 2010, ENDESA reiterated its research, technological development and innovation activities. It also consolidated its new organisation and coordinated its strategic portfolio of R&D projects with Enel, with a view to maximising medium- and long-term added value. Both companies intensified their efforts to take advantage of synergies in the areas in which they operate.

01.1. Fuel consumption

In 2010, ENDESA managed 7.2 million tonnes of coal, which represents a 39.3% decrease on 2009. It handled 3.85 million tonnes of liquid fuels (fuel and gas oil), which is 5.6% less than the previous year.

Fuel supplied to ENDESA in Spain and Portugal, including own production

Type of fuel	2008	2009	2010	% chg 2010-2009
Spanish coal (thousands of tonnes)	5,081	3,614	1,320	-63.5
Imported coal (thousands of tonnes)	8,801	7,049	4,991	-29.2
Petroleum coke (thousands of tonnes)	242	413	5	-98.9
Liquid fuels (thousands of tonnes)	2,897	2,721	2,734	0.5
Natural gas biofuel (millions of m ³)	151	95	29	-69.4
Natural gas, combined cycle plants (millions of m ³)	2,165	1,126	3,607	220.5

Fuel consumption in Latin America

Type of fuel	2008	2009	2010
Coal (thousands of tonnes)	1,056	1,184.5	882.1
Fuel oil (thousands of tonnes)	495	351.2	495
Gas oil (thousands of metric tons)	1,018.2	787.6	537.8
Natural gas (millions of m ³)	3,355	3,766.7	4,758.9

Fuel consumption in other countries

Type of fuel	2008	2009	2010
Coal (thousands of tonnes)	n/a	n/a	n/a
Fuel oil (thousands of tonnes)	n/a	220.8	83.7
Gas oil (millions of m ³)	n/a	3.5	2.9
Natural gas (millions of m ³)	n/a	154.6	119.5

Energy consumption in Spain and Portugal (GWh)

	2008	2009	2010
Thermal power unit	2,695	2,262.8	1,652.7
Hydroelectric power unit	182	133.8	137.7
Nuclear power	1,085	1,033.7	1,206.13
Distribution	n/a	14.6	n/a

Energy consumption in Latin America (GWh)

	2008	2009	2010
Thermal power unit	754	748.4	866.6
Hydroelectric power unit	212	502.7	318.7
Cogeneration and renewables	0.42	3.95	4.38
Distribution	n/a	39.9	87.9

Energy consumption in other countries (GWh)

	2008	2009	2010
Thermal power unit	n/a	148.6	50.1

In addition to fuel, ENDESA uses other types of resources, putting total consumption at 234 kilotonnes.

Resources used (tonnes)

	Spain and Portugal	Latin America	Other countries
Lime	435.37	1.86	0.00
Iron chloride	193.35	13.23	0.00
Ammonia	533.34	13.45	0.64
Caustic soda	604.77	1,811.67	2.24
Sulphuric acid and chlorhydric acid	1,199.59	3,602.80	2.24
Sodium hypochlorite	843.67	21,80.73	41.92
Magnesium oxide	279.48	0.00	0.00
Limestone used for combustion gas desulphurisation	202,048.60	0.00	0.00
Lubricating oil	5,048.82	329.39	0.00
Dielectric oil	120.44	26.82	0.00
Other*	14,624.36	159.62	7.86
Total	225,931.79	8,139.56	54.90

* Includes other less common materials used in production processes.

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, ensuring water quality by controlling spillages and waste water, and reservoir management to prevent dried up sections of rivers.

A pilot scheme has been drawn up for the database and monitoring system for the first three programmes: 1) controlling water usage; 2) controlling water quality; and 3) improving the ecology of regulated rivers. For the second programme, ENDESA has already studied the trophic conditions in reservoirs in the Ebro basin and the inland basins of Catalonia.

The company has also improved the treatment of waste water at its hydro plants, replacing authorised effluent systems with confined and controlled removal processes.

Process water consumption (thousands of m³)

	2008	2009	2010
Spain and Portugal			
Thermal power unit	36.45	41.63	28.67
Nuclear power*	1.12	1.14	1.25
Mining	2.22	3.09	2.92
Latin America			
Thermal power unit	5.39	7.36	12.37
Other countries			
Thermal power unit	n/a	0.43	0.47

* 2008 and 2009 data have been amended due to corrections made on applying the percentage of participation of nuclear plants. In 2009, the criteria used was changed thereby affecting the data published in the 2008 Sustainability Report. According to the new criteria, the cooling water included in open circuits is not considered to be used for "industrial use".

In 2010, fresh, sea and wastewater was used at the company's plants. This water was used sustainably and efficiently at all times.

Water harnessed (thousand m³)

		Spain and Portugal	Latin America	Other countries	Total
Industrial use	Freshwater ⁽¹⁾	26.09	11.77	0.27	38.14
	surface water	22.81	2.35	n/a	25.16
	wells	2.79	6.43	0.002	9.23
	municipal network	0.49	2.98	0.27	3.75
	Seawater	2.62	n/a	0.19	2.82
	seawater (desalinated)	2.87	0.60	n/a	3.47
	waste water (internal use)	0.01	n/a	n/a	0.01
cooling	Seawater (open cycle)	4,513	2,001	n/a	6,514
	Surface water (open cycle)	1,880	139	128	2,147
	Water (open cycle)	360.21	2.51	n/a	362.72
	volume of water processed	195.88	2.16	n/a	198.05
	drainage from cooling towers	164.32	0.35	n/a	164.67

⁽¹⁾ Does not include water consumption of the cooling circuits of a closed cycle.

01.3. 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.

Total efficiency at its plants in Spain and Portugal in 2010 was 39.68%.

39.68%
total efficiency at
thermal plants in Spain
and Portugal

Efficiency at thermal power plants in Spain and Portugal (%)

	2008	2009	2010
Coal-fired thermal power plants	36.04	35.42	37.98
Fuel-gas-fired thermal power plants	37.64	35.87	39.11
Combined-cycle thermal power plants (natural gas)	54.41	53.07	51.40

The overall efficiency of ENDESA's power stations in Latin America which use liquid, coal and gas fuels, including combined cycle power stations, was 46.50%.

Efficiency of thermal power plants in Latin America (%)

	2008	2009	2010
Coal-fired thermal power plants	33.12	34.08	33.05
Fuel-gas-fired thermal power plants	32.42	30.24	31.65
Combined-cycle thermal power plants (natural gas)	50.07	50.25	50.91

Efficiency of thermal power plants in Latin America by country (%)

	Colombia	Peru	Brazil	Chile	Argentina
Coal-fired thermal power plants	26.60%	n/a	n/a	37.30%	n/a
Fuel-gas-fired thermal power plants	27.50%	31.50%	n/a	29.53%	32.15%
Combined-cycle thermal power plants (natural gas)	n/a	50.47%	49.70%	51.00%	51.17%
Average efficiency	26.81%	44.19%	49.70%	48.29%	47.27%

Technical improvements are being made at the company's power generation facilities to boost the efficiency of energy transformation processes (for more information see point 02.3.1. CO₂ emissions, page 203 of the chapter on climate change).

02. Technology leadership model

ENDESA conducts R&D projects in all its lines of business, in addition to corporate technology activities. This work is set out in the 2009-2013 Technology Plan, included in the 2008-2012 Sustainability Plan, and divided over 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 R&D 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 engages in technology surveillance and intelligence activities to create future opportunities that will contribute to maintaining the company's position as a leader of technology and lead to further business opportunities.		

ENDESA's direct investment in R&D activities in 2010 amounted to Euro 48 million. Another Euro 16 million were spent by technological partners on R&D projects and consortia led by the company. During the year, and thanks to investment in previous years, ENDESA applied for six new patents for technological solutions related to priority areas of interest.

Euro
48Mn direct
investment in R&D
projects in 2010

6

new patents for
proprietary solutions
applied for in 2010

Work was conducted in two areas during 2010:

- E-mobility
- Energy efficiency

All R&D work is developed and coordinated through the Corporate Unit working with the various business lines in each of ENDESA's markets. This unit unifies project selection criteria and models for managing and building technological knowledge, taking into account the differences in regulation and businesses in each country.

ENDESA has consolidated the Intelligence Cell, whereby it now has an advanced system for technology-based strategic decision-making.

In 2010, 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.

2010-2014 Energy
Efficiency Global Plan
developed
(PGE³)

In the field of energy efficiency, in 2010 ENDESA developed its Energy Efficiency Global Plan (PGE³), within the framework of its 2008-2012 Sustainability Plan, which details potential energy efficiency initiatives for the generation, distribution and supply business as well as actions to maximise energy savings at the company's facilities.

The plan is in line with ENDESA'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 power 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 to minimise energy losses during transmission and distribution.
- Ensure ENDESA is our customers' preferred partner by offering the most advanced energy efficiency solutions.
- Be a model consumer that respects the environment.

This five-year plan will apply to the whole of ENDESA, including subsidiary companies and investees. In Latin America, an Energy Efficiency Committee was set up with representatives of group companies and corporate energy efficiency departments.

ENDESA is also developing various projects with the Enel Group to optimise efficiency in its distribution business:

- **Benchmarking:** The aim is to raise efficiency levels at Endesa Distribución onto a par with sector leaders. We are segmenting and analysing the cost of our distribution processes to identify those practices with the highest scope for improvement.

- **Best Practice Sharing:** Endesa Distribución and ENEL Distribuzione began sharing experiences and responsibilities in 2008 in those processes where the most obvious synergies lie: remote management and standardisation of meters. Since then, the number of projects has been extended to include all processes in this business line and taking into consideration benchmarking results. In 2010, the distribution companies in Latin America also came on board.

There are various taskforces concentrating on key processes such as remote management and metering operations, grid management (planning, assets, automation, maintenance, control centres), equipment and materials procurement and logistics, the regulatory framework, continuity of supply, service bundling and public lighting.

These taskforces are charged with extending their knowledge of existing assets and management procedures to identify sources of value by applying best practices.

- **Organisational excellence:** Attaining excellence in the distribution business also entails introducing changes at the company and to processes. Endesa Distribución has designed and rolled out a series of measures to reduce costs without affecting the current service quality. Measures included simplifying the structure, maximising economies of scale, cutting back on activities which do not offer customers value and applying cutting-edge technology.

03. Technological response to energy challenges

During 2010, ENDESA continued to invest in innovation, developing sustainable, low-emission energy models.

As well as developing smart grids, ENDESA has designed new e-mobility models, new eco-energy services that transform customers into active agents in the distribution network, contributing distributed generation capacity and storage; energy efficiency management 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 grids

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 2010 were as follows:

- **Project CERVANTES (smart grid system):** This project was designed to roll out an automatic and remote electricity supply control and management system for residential customers. 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.

100,000
remote smart meters
installed in 2010

ENDESA is the first Spanish company to originate a remote management system in line with Spanish and EU directives on this matter.

In 2010, work began on manufacturing the concentrator device and the meter. The meter is EU-compliant (module B and D). Between June and August, 25,000 meters and 140 concentrator devices were successfully installed in all autonomous regions in the following cities: Seville, Malaga, Zaragoza, Palma de Mallorca, Las Palmas de Gran Canaria and Barcelona.

At the end of the year, some 100,000 meters had been installed, with Badajoz, Granada, Jaén, Almería and Tenerife added.

Stage 1 began in July whereby work at customers' homes can now be controlled remotely (connections, modifications, disconnections, reconnections, etc.) in addition to technical work carried out (changes to firmware for meters and concentrator devices, configuring the concentrator device, commissioning, self-diagnosis, etc.).

New remote management operations centre

In October 2010, Miguel Sebastián, the Spanish Minister of Industry; José Antonio Griñán, President of the Andalusia Regional Government; Alfredo Sánchez Monteserín, mayor of Seville; and Borja Prado, Chairman of ENDESA inaugurated the company's remote management operations centre.

This operations centre will enable the company to manage and supervise via remote means all work carried out on the electricity grid using the new smart meters being installed in all of ENDESA's customers' homes throughout Spain. The Centre will operate 24 hours a day and will be highly automated.



Borja Prado, Chairman of ENDESA;
José Antonio Griñán, President of
the Andalusia Regional Government;
Miguel Sebastián, the Spanish Minister
of Industry and Alfredo Sánchez
Monteserín, mayor of Seville.

- **Project INTEGRIS:** ENDESA is heading and coordinating the INTEGRIS (INTElligent Electrical GRId Sensor) communications project to design and develop a robust and flexible telecommunications infrastructure capable of obtaining and channelling, efficiently and in real time, all the information required by the new smart distribution grids.

This real-time information will optimise supply and demand management, minimise losses, improve asset management and streamline the operation of the grid in general, offering the customer increased security of supply and the possibility of actively managing demand.

A key aspect of the project is to develop infrastructure with low roll-out costs. To this end, Powerline technology will be employed, which uses the existing electric cable for transmission with telecommunications technology typically found in wireless sensor grids, which are cable-free and extremely energy efficient.

The project has a budget of around Euro 5 million with the European Commission subsidising over 60% of this amount.

- **Project ICONO:** The project aims to automate, assist and improve the work of grid operators with elements that forecast grid conditions and provide control measures 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 for substations to transformer centres.
- **Project CENIT DENISE (Intelligent, Safe and Efficient Electricity Distribution):** This ENDESA-led consortium is part of the CENIT programme (Spanish strategic technical research consortia), set up to research and develop technologies and IT systems that meet energy distribution requirements of emerging companies such as low and medium voltage electricity, the optimal integration of renewable sources and electric vehicles, energy storage, remote management, monitoring and control of critical consumption, new forms of efficient lighting, etc. A total of Euro 24 million was spent on this project which ran from 2007 to 2010.
- **Isolating faults and restoring supply:** The aim is to incorporate smart grids to remotely identify any incidences and distribution connections or disconnections.



A superconductor cable which can reduce power losses by up to 50%

ENDESA's power superconductor project could reduce power losses on some sections of the power grid by half and potentially by as much as 70%. Reducing losses not only implies energy cost savings, but also a significant reduction in CO₂ emissions in light of Spain's current generation mix.

The superconductor cable prototype developed has validated a series of studies focused mainly on energy efficiency thanks to its superconductor features, with virtually no resistance and low inductance; i.e. it carries power without losses caused by material resistance.

03.1.1. 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 grid. The tasks involved are structured in two phases: Basic Smart Grid (remote management, basic virtual operator, Failure Mode Effects and Analysis) and Advanced Smart Grid (RCM, CGUM, automatic grid 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.
- **Project ORIÓN:** aimed at identifying, assessing and rolling out optimum smart grid software for the distribution business in Latin America.



Energy efficiency

ENDESA's Málaga SmartCity Project is Europe's largest eco-efficient city initiative. It aims to increase energy efficiency, reduce CO₂ emissions and boost the use of renewable energy sources.

Since the project began in 2009, ENDESA has pioneered the installation of 2,500 smart meters, delivered the first electric vehicles, introduced the first recharging points, installed the first part of the PLC network to provide grid automation services, installed low consumption LED street lighting and completed the project monitoring and control centre.

Over 25 companies and research bodies form the consortium created to develop the SmartCity Project. This four-year long project has a budget of Euro 31 million. SmartCity, the first of its kind in Spain, will lead to energy savings of 20%, which translates into an annual reduction in CO₂ emissions of 6,000 tonnes in the city of Malaga.

03.1.2. Networks

During 2010, Endesa Distribución drove innovation in each of the areas in which it operates through the following projects:

Process improvement:

- **Project DIANA** (TDC or real-time tasks in customers' homes): The TDC concept represents a significant advance in treating service orders and relationships with suppliers.
- **Project ALMA**: The project aims to improve the quality of meter readings and communications with suppliers.
- **Project MIDAS**: A system for forecasting non-technical losses based on data mining and artificial intelligence techniques.

Research into new technologies applied to manage assets and improve reliability:

- **Project Pocket SE**: Plan to build smaller and more compact substations which fit into the surrounding landscape and are cheaper to run.
- **Corporate protection system**: Implementation of regulation IEC 61850 to design a LAN IP architecture for all inter-communicating equipment in substations (remote control, protection, regulators, HMI,...).

03.2. Efficiency in the use of energy

Endesa Energía supplies a wide range of products and services to improve energy efficiency. The company believes that the sale of these products and services can lead to energy savings are to reduce demand by between 15% and 85%.

Exterior Light Plan
allows energy
savings of up to

73%

Endesa's Energy Efficiency Plan (PE³) has been designed to position the company as a leader in the environment and energy efficiency market. Within the framework of this Plan, in 2010 the company rolled out new energy efficiency products and services such as low cost batteries, the Illumina Plan (the concept of efficiency as a service) and rental solutions for photovoltaic solar equipment, among others.

The Illumina Plan designs and rolls out public lighting solutions which entail greater savings but lower investment, offering energy savings of up to 73%. It is initially aimed at over 60,000 small businesses and offices in Catalonia but is expected to be extended to other autonomous communities. Under the Plan, participating companies could reduce CO₂ emissions by up to 2.7 tonnes a year.

Chilectra's energy efficiency policy is predicated on three cornerstones: education, dissemination and customers and innovation.

- **Education:** Supports eco-energy engineering degrees.
- **Dissemination:** The company's website www.chilectra.cl has a dedicated customer area with advice on how to make optimal use of all types of energy. There is also an energy calculator to calculate consumption in the home.
- **Customers and Innovation:** Chilectra offers its customers a range of products and services that facilitate using energy more efficiently and improve the quality of life and business productivity.

Through its eco-energies business area, Chilectra aspires to become the sector leader in selling products and services which include energy efficiency solutions. It has therefore developed a series of efficient energy solutions: Full Electric, Full Eficiencia and Full Ambiental (for more information see point 04.2. Latin America on page 64).

03.2.1. Active Demand Management

Innovative methods for managing demand in the Companies sector include:

- **Novare ENERGRID:** This entails demonstrating the viability and advantages of a system of smart, distributed infrastructures to manage the supply and demand of power grids enabling the company to manage energy output and consumption through small nodes (homes, buildings, companies) creating a decentralised electricity generation and consumption system. The ENERGRID project aims to improve energy management in homes through dialogue between consumers and the energy generation companies themselves and the user. This is done using a new technological layer using distributed (or grid) computing on top of the traditional distribution grid.

03.2.2. Sustainable urban planning

ENDESA is working on various initiatives, such as:

- **Microcogeneration:** This system uses piped gas to generate electricity in such a way that the heat generated can be used to cover 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.

- **SmartCity Málaga project:** The purpose of this project is to lay the foundations for a new standard of collective social housing from an energy perspective.
- **Ilumina Plan:** Its purpose is to design and implement efficient street lighting solutions.

Project Store for energy storage approved

The CDTI (Centre for the Development of Industrial Technology), belonging to the Ministry of Science and Innovation, has given the green light to Project Store headed by ENDESA. The main objective of this programme is to demonstrate the technical and economic viability of four energy storage systems on a large scale.

ENDESA will test three of its storage technologies in the Canary Islands: flow batteries, electrochemical batteries and ultra-condensers. The fourth technology, thermal storage, will be tested in Extramadura. These four types of batteries are able to store some 8MW of power.

03.3. Technology projects for improved efficiency in electricity generation

In 2010, ENDESA continued to introduce technological innovations to continue improving efficiency in its energy generation processes.

03.3.1. Clean combustion

ENDESA invests in the best technology and optimises the use of natural resources to improve efficiency in its power generation processes such as:

- **Cenit CO₂:** The Cenit CO₂ Project was concluded in 2010. This project, funded by the Ministry of Science and Innovation, was the first in Spain to establish procedures for selecting and characterising deep geological structures for CO₂ storage.
- **The CIUDEN Project and OXY-300 CCS demonstration plant:** This is a global programme geared towards demonstrating carbon capture and storage (CCS) technologies that brings together public research initiatives for combating climate change and ENDESA's private initiatives with a view to developing commercially viable technologies that significantly reduce emissions in electricity production. The project is the only Spanish project of its kind selected by the EU to develop oxy-combustion-CFB technology for CCS in deep saline aquifers.
- **La Pereda project:** ENDESA, in partnership with Hunosa and the Spanish Scientific Research Council (CSIC), started construction in 2010 of a 1MW carbon capture pilot plant in La Pereda (Mieres, Asturias), integrated into the La Pereda thermal plant owned by HUNOSA. The facility, which is due to come on stream in 2011, is designed to treat up to 2,600 m³/h of combustion gases and has a capture capacity of 8 tonnes of CO₂ per day, with efficiency of around 90%.

ENDESA builds first
plant in Spain to capture
CO₂ by chemical
absorption

- **Menos CO₂ Project in Compostilla:** In 2010, ENDESA commissioned the first plant in Spain to capture CO₂ by chemical absorption and the first CCS facility integrated into a thermal power plant at Compostilla (León). The plant treats 800 m³/h of combustion gases and has a capture capacity of 3-5 tonnes of CO₂ per day with efficiencies of 90%.
- **Pilot plant to capture CO₂ using microalgae:** This pilot plant is located at the Almería thermal power and was set up to recover carbon dioxide from combustion gases through microalgae to obtain commercially viable products such as biofuels. This project receives scientific and financial aid from the government through its inclusion in the national PlanE and CDTI programmes.
- **Nanoglowa Project:** This is one of the EU's most important R&D projects for CO₂ capture in thermal power plants. The primary objective of the Nanoglowa project is to develop and optimise nanostructured membranes for CO₂ capture in combustion gases, given the high capture potential demonstrated by these membranes. The project will use membranes manufactured for this purpose and will study both organic and inorganic membranes.
- **CENIT Openaer:** This project aims to develop new concepts for gas turbines (aero and aero-derived industrial) to reduce CO₂ emissions. In this oxy-combustion process, the air entering the gas turbine of a conventional plant is replaced with a mixture of oxygen and recirculated CO₂, which permits high concentrations of CO₂ to be obtained at the end of the process.

03.3.2 Renewables

- **GDV-500 Project:** This project is designed to develop new systems to harness solar thermal power and generate steam more efficiently, while reducing environmental risks.
- **Map of marine energy in Chile:** This project will draw up a map of wave and tidal energy resources along the Chilean coastline to identify the best possible sites for generation plants.
- **Novare Hydro Project.** This project, carried out conjunction with Starlab and the Pontificia Universidad Católica de Chile, was designed to introduce satellite remote sensing technologies in renewable hydro energy management. This project helps Endesa Chile monitor the water cycle via satellite.

03.3.3. Nuclear

Through the Nuclear Energy Committee of the Spanish Energy Industry Association, ENDESA undertakes research projects of interest to its nuclear power plants:

- **EPRI nuclear programme:** This programme pursues operational excellence at nuclear power plants facilitating the long-term management of these assets.
- **Coordinated PCI Research programme:** This programme, involving sector companies and the Nuclear Safety Council, was set up to analyse plant security for both operators and the regulator.
- **Joint PIC programme:** This project has been developed between electric utilities and ENUSA (the national uranium company) to coordinate R&D activities related to nuclear fuel and define projects of common interest.
- In addition, ENDESA holds the position of secretary in the Spanish nuclear fission technology platform, CEIDEN, which coordinates sector R&D.

04. A culture of innovation and knowledge management

ENDESA recognises, supports and reinforces 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.

04.1. Spain and Portugal

The key purpose of the Endesa Energy School is to improve the capacity to share and generate knowledge and innovation across the company. The two main initiatives in 2010 were the Endesa ICAI Electrical Technology Master's Degree and the Official Nuclear Technology Master's Degree (for more information see point 04.2.1 Endesa Energy School on page 85 of chapter 3).

In recent years Endesa Red, in conjunction with the universities in the autonomous regions where it operates (Andalusia and Extremadura, Aragón, the Balearic Islands, the Canary Islands and Catalonia), has set up university chairs to promote research and develop the transmission system. Each chair has its own specialty which is complemented through the sharing of knowledge and initiatives. This initiative is yet another aspect of ENDESA's readiness to promote research and innovation in its activities and to forge closer ties between universities and the corporate world.

04.2. Latin America

The I Regional R&D and Energy Efficiency Congress was held in Chile in 2010, bringing together ENDESA's regional heads and its R&D Spain team. At the meeting the local operating plans were aligned with the group's innovation strategy.

In Chile, ENDESA is a member of the University Adolfo Ibáñez Innovation Club which promotes the exchange of experiences among the country's 30 largest companies with the aim of improving processes.

In the area of knowledge management, a network of external specialists has been set up comprising the main advocates of expert knowledge in the relevant areas of electricity generation. These specialists work together and advise the company's specialists on technical matters and latest trends in the sector.

Chilectra has its own internal innovation process, Crea Chilectra, which is constantly developing constructive ideas and projects for the company and society. In 2010, projects submitted by employees, group companies and external bodies were also included. These projects have been priced, assessed and, in some cases, put before the company's Innovation Committee to become pilot schemes or more specific projects.



I Regional **R&D**
& Energy Efficiency
Congress held in Latin
America

In 2010, Chilectra also organised the first edition of the Innovation Fair where unit heads submitted their innovation ideas and the Re-conocernos Programme to disseminate innovation among company employees.

In Argentina, Edesur signed a cooperative agreement with the Universidad Tecnológica Nacional, Regional Avellaneda covering research and development of a project to mitigate passive and active loops in magnetic fields. Endesa Costanera also has similar agreements in place with the University of Buenos Aires, the Universidad Tecnológica Nacional and the Universidad Argentina de la Empresa.

In Brazil, the Inova programme encourages Ampla employees to propose simple solutions and improvements to make the business more profitable and improve customer satisfaction.

In 2010, 11 proposals from 22 employees were rewarded under this scheme with 13 projects being implemented over 18 months, generating savings of over USD 2 million.

One proposal, which saw the company's vehicle fleet fitted with GPS devices, generated 70% of the total savings of the projects approved by Inova in 2010.

In Coelce, the Inova Programme chose the materials management system (Sigem) which optimises the use of materials and helps reduce losses and reroutings.

05. A leader in technology and innovation

05.1. Participation in technology platforms

ENDESA continues to play an active role in a variety of technology platforms, including the Spanish Technological Platform for Energy Efficiency, in which it holds the presidency, and the Spanish Future Electrical Grid Platform (FUTURED), in which it holds the office of Technical Secretary.

It also continues to conduct research in its markets, being involved in the foundations of the Catalan Energy Research Institute (IREC) and the Andalusian Technology Corporation (CTA).

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 is involved in the Innovation Utilities Alliance in partnership with Enel, Edf, RWE and EDP-HC to exchange technical know-how and experience and execute joint R&D 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.

The company is also a founding partner of the Association for European Distribution System Operators for Smart Grids (EDSO-SG), aimed at increasing cooperation among distribution companies in developing and implementing smart grids in Europe with a particular focus on ensuring supply, reliability, sustainability and efficiency.

In fact, in 2010, ENDESA and Enel created **Meters and more**, an international non-profit association responsible for maintaining and promoting a new generation communications protocol enabling bidirectional data transfer between smart meters and central billing systems.

In Latin America, ENDESA took part in the DICTUC-Feedback Corporate Entrepreneurship Platform aimed at promoting in-house innovation.

ENDESA forms part of the Energy Efficiency Platfor


ENDESA, CEPSA, Philips Ibérica, Renfe, Sol Meliá, Telefónica, Toyota España and Unibail Rodamco, have created the Platform for Energy Efficiency. This is the first sector-wide group of large companies set up to foster joint initiatives aimed at improving energy efficiency through actions designed to save energy and reduce their carbon footprint.

As part of the agreement, the participating companies have committed to achieving energy savings internally and among their customers over the next few years, and to reduce and offset their CO₂ emissions.

Collaboration agreements will also be fostered between the companies and the government to generate synergies and boost R&D activities.



Left to right: Dominique de Riberolles, CEO of CEPSA; Francisco Celso González, general director of Economics and Finance at Renfe; Alberto Andreu Pinillos, head of reputation and corporate responsibility at Telefónica; José Bogás, ENDESA's general manager for Spain and Portugal; Esther Trujillo, VP of Institutional Corporate Diplomacy at Sol Meliá; Simon Thomas Orchard, Managing Director of Unibail Rodamco; José Manuel Torre García-Soto, Vice-Chairman of Philips Ibérica; and Katsuhito Ohno, Chairman and CEO of Toyota España.



Novare,
Awards only ones in
Spain sponsoring R&D
in areas of sustainability
& energy efficiency

05.2. Novare Scientific Awards

In 2010, ENDESA implemented the winning projects from the previous edition of the Novare Scientific Awards. These are the only awards of their kind in Spain which sponsor R&D in the areas of sustainability, energy efficiency, and the fight against climate change. They are aimed at taskforces within the international scientific community, and total Euro 2 million (Euro 500,000 for each of the four successful proposals). The total prize money must be used to finance the development of the winning projects, with ENDESA retaining the industrial property rights, for at least the share of project financed.

The winning projects are:

- **Project Valor CO₂** (clean combustion technologies category): This project, submitted by the University of Almeria, entails reducing CO₂ emissions by developing new technologies for the biological scrubbing of flue gases using microalgae (photosynthetic microorganisms), which allow for value-added products such as biofertilisers and/or biofuels to be produced.
- **Project CRAVE** (energy storage category): Submitted by the CIRCE Foundation (Centre of Research for Energy Resources and Consumption) of Zaragoza, this project aims to design electric vehicle recharging points equipped with renewable energy and storage systems, thereby converting vehicles and their recharging system into assets that stabilise the electricity system.
- **Vehicle2Microgrid** (Sustainable Energy Environments): This project was submitted by the Polytechnic University of Catalonia, the Catalonia Institute for Energy Research and the Leuven Catholic University to study the short term behaviour of vehicles as generators and as loads. The medium-term impact of the widespread roll-out of electric vehicles will also be examined with the results of these studies validated using the microgrid designed.
- **ENERGRID** (energy efficiency category): This project, submitted by the Institute for Advanced Architecture of Catalonia and the Massachusetts Institute of Technology (MIT), will develop technologies for distributed energy management in homes and buildings through dialogue between consumers and the energy generation companies themselves and the user.

SUBMINISTRAT PER:  endesa

Our partners

Commitment to our partners





ENDESA is working to extend sustainability commitments to its partners and support economic, social and environmental development in each region where it operates.

In 2010 the company further expanded its Supplier Rating System, increasing the number of purchasing families from six to nine. ENDESA has also designed an Emergency Safety Plan, to check the compliance of contractors that operate risk activities at ENDESA facilities with all applicable legal, labour, safety and environmental protection regulations. The company has also identified 393 strategic suppliers and contractors.

24,373
suppliers

Euro
5,524m
of purchases from
suppliers

3.3%

reduction
of accidents at suppliers
and contractors

25.9%

more contracts worth
more than Euro 1m with
local suppliers

2010 challenges	Action taken
Further roll out of the Supplier Rating System to include all remaining families.	Inclusion of Enel directives (Coordination Handbook and Nine points of safety) in supplier evaluation and supplier rating criteria for all Endesa Rating System families with technical ratings in 2010
Launch of the "Vendo rating" system to monitor suppliers in the area of sustainability.	Assessment of Vendo Rating system roll-out in line with planning.
Promoting occupational health and safety standards among partners.	<ul style="list-style-type: none"> Promote OHSAS 18000 safety certifications among suppliers. Definition and validation of the strategic families in the area of safety for the 2008-2012 period through the Prevention Service. Monitoring implementation of OHSAS 18000 certification at suppliers (preparation and implementation). Negotiation with key contractors in OHS. Review of contracting models
Improving supplier quality.	Monitoring ISO 9000 at suppliers.

KEY DATA

Assessment of strategic suppliers and contractors	393
Suppliers that comply with the Global Compact and have a Code of Ethics	121
Training in occupational health and safety for all contractors and subcontractors	100%
Deaths	9
Local suppliers with contracts > €1m	579

KEY INITIATIVES IN 2010

Negotiation of partnerships with key contractors in occupational health and safety.
Monitoring development of OHSAS 1800, ISO 14000 and ISO 9000 certification at suppliers.
Monitoring of compliance with the Global Compact and implementation of a Code of Ethics. Extension of ENDESA's Code of Conduct principles to our supplier chain.
Review of contracting models to determine purchasing families or via the General Contracting Conditions.
Definition and validation of strategic families through the Prevention Service.

IN 2011 WE PROPOSE

Communication and monitoring of ENDESA's commitment to deploying the Occupational Health and Safety Management System based on OHSAS 18001 among suppliers.
Communication and monitoring of ENDESA's commitments to rolling out an Environmental Management System in line with ISO 14001 to strategic suppliers in this area.
Communication and monitoring of ENDESA's commitment to ensuring strategic suppliers' adherence to the Global Compact on these issues.
Communication and monitoring of ENDESA's commitment to ensuring that strategic partners have a Code of Ethics on these issues.
Communication and monitoring of ENDESA's commitments to rolling out a Quality Management System in line with ISO 9001 for these issues among strategic suppliers.

01. Commitment to our partners

Throughout 2010 ENDESA continued to pursue its goal of extending its sustainability commitments to partners.

The Supplier Rating System, which was deployed in 2009 to boost compliance with applicable legal, labour, safety and environmental protection regulations, was further developed in 2010.

This system is based on the Enel model and sets out five standards that partners are required to meet.

- General adoption of ENDESA's commitment to the 10 principles of the United Nations Global Compact.
- A code of conduct in line with ENDESA's is requested.
- 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 hiring terms and conditions.

The Supplier Rating System determines whether a supplier meets ENDESA's standards to be able to work with the company. In 2010, the system was extended to nine purchasing families, three more than in 2009.

Supplier rating
system deployed for
nine purchasing families

- Construction and maintenance of high-voltage power lines.
- Construction and maintenance of substations.
- Construction and maintenance of medium-voltage / high-voltage power lines.
- Rental of electricity generators.
- Integrated building maintenance.
- Ancillary services.
- Cleaning of buildings.
- Lighting.
- Disconnections and reconnections.

The goal is to further extend the purchasing family rating system into 2012. Once fully deployed, 70% of purchasing should be covered by the system, with close to 1,500 suppliers and contractors being required to meet the standards set by the system.

Contractors and subcontractors worked a total of 15,280,482 working days on construction, operational and maintenance activities in 2010.

Days worked by contractors/subcontractors in 2010

Construction activities	2,482,981
Operational activities	7,263,817
Maintenance activities	5,533,685
Total	15,280,482

393

strategic
suppliers
or contractors

01.1. Quality, environment and occupation health and safety

In 2010, ENDESA identified 393 strategic suppliers and contractors, which it audited to classify the level of compliance on issues of quality (ISO 9001), the environment (ISO 14001) and occupational safety (OHSAS 18001). 374 hold ISO 9001 certifications, 257 ISO 14001 and 296 OHSAS 18001.

The objective is that 80% of contractors and partners will hold these certifications in 2012.

01.2. Global Compact and Code of Ethics

To assess the commitment of strategic suppliers to the Global Compact and whether they have a Code of Ethics, ENDESA evaluated 121 suppliers that invoice more than Euro 5 million and represent 50% of group billing. 55 are signatories of the Global Compact and 53 have a Code of Ethics.

The Strategic Sustainability Plan (SSP) 2008-2012 aims to ensure that 80% of suppliers are signatories of the Global Compact and have a Code of Ethics by the time the plan has been fully implemented.

Suppliers signing the Global Compact and that have a code of ethics

	Strategic suppliers (Billing > €5m)			Spain and Portugal			Latin America		
	Total	Suppliers complying with requisites	% of total	Total	Suppliers complying with requisites	% del total	Total	Suppliers complying with requisites	% of total
Suppliers-signatories of the Global Compact	121	55	45	83	42	51	38	13	34
Suppliers with a Code of Ethics		53	44		26	31		27	71

In 2010, 530 significant contracts (worth more than Euro 1 million) included clauses on human rights or were assessed for these issues, (representing 73 percent of the total).

A clause has also been included in contracts with suppliers and contractors in Spain establishing that contracts may be unilaterally cancelled if parties do not comply with the principles of the Global Compact and do not have a code of conduct. This clause was included in Latin America during 2010.

Weighting of materials and services supplier contracts that include clauses on human rights

	Number of significant contracts that include clauses on human rights or have been subject to assessment	Total number of significant contracts	% of significant contracts that include clauses on human rights or have been subject to assessment
Spain and Portugal	407	407	100
Latin America	123	319	39
Argentina	4	5	80
Chile	24	53	45
Brazil	43	142	30
Peru	14	30	47
Colombia	38	89	43
Total	530	726	73

Main contractors and suppliers that have been assessed on human rights issues

	Significant suppliers and contractors assessed on human rights issues	Total of significant suppliers and contractors	% of significant suppliers and contractors assessed on human rights issues
Spain and Portugal	70	343	20,4
Latin America	19	274	6,9
Argentina	0	8	0
Chile	1	54	1,9
Brazil	10	103	9,7
Peru	4	34	11,8
Colombia	4	75	5,3
Total	89	617	14,4

01.3. Emergency Safety Plan

In 2010 ENDESA designed an Emergency Safety Plan, identifying all contractors and partners that undertake risk activities at the company's facilities. A total of 489 have been audited to check that they comply with the five criteria of the Supplier Rating System, with a total of 782 audits carried out.

In Spain and Portugal a total of 414 audits were carried on 242 different suppliers, while in Latin America 368 audits were carried out on 247 suppliers. This process will be completed in 2011.

782 audits
carried out as part
of the Emergency
Safety plan

Emergency safety plan audits

	Number of different suppliers audited	Number of audits carried out
Spain and Portugal	242	414
Chile	79	112
Colombia	66	94
Peru	40	77
Argentina	62	85
Brazil	0	0
Total	489	782

02. Purchasing synergies plan with Enel

ENDESA has further expanded its purchasing synergies plan with Enel, which began in 2009, to ensure the quality of supply and to generate savings in purchasing processes.

The aim of the plan is to achieve synergies by standardising purchasing at both companies, in order to optimise costs.

In 2010, ENDESA's Purchasing Department awarded contracts for materials, equipment, work and services worth Euro 5,524 million. The purchasing department achieved savings of approximately 10% compared to the previous year.

“Plan 5 + 1”
includes extending
ENDESA’s occupational
health and safety
cultural to partners

03. Extending health and safety standards at partner companies

One of the key challenges facing ENDESA in terms of occupational health and safety is to extend its own culture and commitment on these issues to its partners. It aims to convey the following commitments to contractors:

- Bringing health and safety in line with OHSAS 18001 standards.
- Inclusion of a clause in contracting general terms and conditions establishing a firm commitment to managing and collating information on occupational health and safety.
- Inspections and audits while projects are underway. In several cases each contractor is required to submit a card stating their professional qualifications.
- Post-completion work assessment.

Spain

In Spain, process Endesa SGSST-PG11 of the occupational health and safety management system and Annex IV of general contract conditions require that the contractor provides specific employee training on health and safety, based on the risks involved in the contracted activity.

Special emphasis is given to the training of personnel exposed to risk of electric shock, those working at height, responsible for on-site occupational risk prevention or those working as site foremen, risk prevention officers, health and safety officers, etc.

Process Endesa SGSST-PG11 of the occupational health and safety management system establishes that contractors must design a specific prevention plan for contracted works, detailing the protection equipment that will be used. Furthermore, the work will be monitored and controlled (invigilation).

Latin America

Argentina

Contractors must meet the occupational health and safety standards established under Argentinean law. Admission requirements are as follows: a safety programme, staff list, A.R.T. insurance, work commencement notification, EPP delivery form, general and specific training, crane inspections, regular and appropriate medical check-ups for special tasks, branching areas, A.R.T. contract.

Chile

Occupational health and safety standards are established in Chile through:

- Subcontracting Law (20,123), Law 16.744, the labour code and the health code. Under current legislation a series of requisites must be complied with, including:
 - Special occupational health and safety regulations for contractors and subcontractors.
 - Internal occupational health and safety regulation.
- OHS management system for group companies based on OHSAS 18.001 standards (2007).

- Contractual requirements on OHS issues and contractor ratings, which will authorise or disqualify companies from working as suppliers. (Frequency, severity, OHS programmes, expert risk prevention requirements, etc.)
- Requisites demanded by ENDESA from its contractors on health and safety issues:
 - OHS policy.
 - Regulations and procedures.
 - Identification of dangers and risks.
 - Risk mitigation measures.
 - Staff training, including DAS.
 - Medical authorisation (occupational / functional).
- Standard ENDESA requirement of specific training being given to certain groups of workers at partner companies, based on specific occupational risks. Movement towards certification of labour skills in the electricity sector, based on a project that began in 2010.
- Standard ENDESA requirements regarding the strict application of working procedures.
- Standard ENDESA requirement in the use of EPP / EPC.
- The Occupational Health and Safety (OHS) Information Management System (Delfos), which handles information generated in relation to OHS affecting both ENDESA staff and its partners.
- Measures taken in all Chilean operations to illustrate ENDESA's commitment to risk prevention.

There is also a special regulation for contractors and subcontractors regarding health and safety management on-site and when providing tasks and services.

Peru

Edelnor:

Peruvian law RSSTAE-RM-161-2007-MEM authorises the use of initial, annual and retirement medical examinations, or at the end of a working relationship, in accordance with occupational risks and practices of the emergency, medical services and first aid programmes. This is a requisite that Edelnor checks when auditing contractors.

Included in specific service contract conditions, Edelnor requires that contractor staff receive occupational health and safety training and specific training applicable for equivalent job positions.

On a monthly basis, Edelnor checks its contractors' annual occupational health and safety programmes to verify the progress being made in terms of meeting established goals.

Edegel:

Based on the ET for works and services, the following demands are made of contractors: risk identification, work procedures, operational controls, use of individual protection equipment (IPE), staff training, PASST, insurance, IPAL inspections and OHSAS certification requirements.

Brazil

Contractual stipulations define contractor employee profiles, including all the proper training for them to carry out their tasks.

The INPAR programmes provides a means of measuring and assessing contractors in terms of safety, health ratings and the satisfaction of contractor staff, its social programmes and respect for the environment.

Furthermore, standards are established for personal protection equipment used during work, in accordance with ENDESA specifications.

Colombia

The health and safety requirements for contractor employees are detailed in the following documents: human resources annexes, which lay out the main contractual and legal obligations and responsibilities in terms of occupational risks, legal requirements and safe operating procedures.

Although no contractor rating procedure has been established for training, when a contract begins an occupational health and safety training programme must be put in place, with audits to check compliance with this requirement.

Likewise, contractual stipulations include training requirements for distribution workers, depending on their tasks, those working on live lines, at height and for rescues at height.

03.1. "Plan 5+1"

In 2010 ENDESA took far-reaching measures aimed at occupational risk prevention, which culminated in Plan "5+1" and established two partner requirements:

- The establishment of a culture of safety at the company and encouraging the same at partner companies.
- Deployment of mechanisms to improve safety levels at partner companies.

03.2. "Zero accidents" safety plan

ENDESA has unveiled its new plan for health and safety in the workplace (Plan Safety 2011-2015) for all countries where it operates, in which it identifies five challenges or areas to improve:

- A reduction of accident severity and elimination of fatal accidents.
- Improvement in accident rates in transport.
- Standardisation between ENDESA and its contractor partners in relation to a culture of risk prevention and occupation health improvements.
- Reduction of legal risk.
- Consolidation of ENDESA as a leading utility in risk prevention.

Furthermore, the supplier rating system and emergency safety plan are intended to reinforce employee safety at partner companies.

03.3. Contractor training

ENDESA insists on the health and safety training for all contractors and sub-contractors prior to work being carried out.

Contractors and sub-contractors receiving occupational health and safety training in 2010

Spain and Portugal	22,807
Latin America	44,221
Other countries	741
Total	67,769

In 2010, 897 suppliers were rated.

Suppliers rated in 2010

Spain and Portugal	481
Latin America	416
Other countries	No figures
Total	897

03.2. The results of a joint effort

ENDESA's commitments to occupational health and safety issues have led to a significant drop in accidents over the last few years.

- The total number of accidents among contractor personnel was down 2.08% in 2010, to 754.
- Serious accidents were down from 117 in 2009 to 36 in 2010.
- There were nine deaths, all at contractor companies (five in Spain and four in Latin America), one less than in 2009.
- The rate of accident frequency among contractor personnel has fallen 3.3%. (5.34 in 2010 compared to 5.52 in 2009).

With the new occupational health plan (Plan Safety 2011-2015) ENDESA is targeting a reduction in the severity of incidents, the complete eradication of fatal accidents and finally to achieve zero accidents.



Reduction
of all accident ratios

04. Commitments to local suppliers

ENDESA aims to create value for local suppliers in the countries and regions where it operates. When choosing suppliers, the company demands that partners are able to respond to its response and supply needs.

In 2010, the number of suppliers with which ENDESA worked shrank by 10.44%, falling from 27,214 in 2009 to 24,373 one year later. While the value of material and service acquisitions from suppliers grew 45% to Euro 5,524,476 thousand.

Number of ENDESA suppliers*

	Number of suppliers			Value of materials and services purchases from suppliers (Euro thousand)		
	2008	2009	2010	2008	2009	2010
Spain and Portugal	8,844	8,201	7,742	3,454,902	2,294,824	3,511,275
Latin America	11,345	19,013	16,631	1,412,442	1,512,974	2,013,202
Argentina	1,277	1,173	945	230,566	114,828	54,722
Chile	2,881	6,417	4,609	439,238	523,748	396,624
Brazil	3,609	6,028	5,650	455,219	520,844	700,773
Peru	1,616	2,706	2,474	121,023	129,481	196,187
Colombia	1,962	2,689	2,383	166,396	224,073	627,515
Other countries	No figures	No figures	570	No figures	No figures	37,381
Total	20,189	27,214	24,373	4,867,344	3,807,798	5,524,476

* The reported information relates to companies included in the corporate purchasing management application, which represent 82% of companies consolidated by ENDESA.

Value of procurement from ENDESA's main suppliers in 2010*

	Value of purchases from 15 largest suppliers (thousands of euros)	Value of purchases from 15 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	1,565,685	44,59	2,186,047	62,26
Latin America	937,867	47,47	1,414,403	71,59
Argentina	24,616	44,98	37,305	68,17
Chile	185,827	46,85	261,493	65,93
Brazil	323,543	46,17	487,566	69,58
Peru	97,734	49,82	143,478	73,13
Colombia	306,156	48,79	484,561	77,22
Other countries	25,475	68,15	32,374	86,61
Total	2,529,027	45,78	3,632,823	65,76

(1) The reported information belongs to companies included in the corporate purchasing management application, which represent 82% of companies consolidated by ENDESA.

ENDESA increased the number of contracts worth over Euro 1 million by 25.87%, up from 460 in 2009 to 579 in 2010.

Concentration of purchases from local suppliers*

	Percentage of total purchases from suppliers through contracts worth more than Euro 1 million (%)	
	2009	2010
Spain and Portugal	75	86
Argentina	6	35
Chile	38	65
Brazil	76	78
Peru	55	52
Colombia	65	75
Other countries	No figures	45

* The reported information belongs to companies included in the corporate purchasing management application, which represent 82% of companies consolidated by ENDESA.

24,373
suppliers

Euro
5,524m
of purchases from
suppliers

The climate change challenge

**Responding to the challenges
and opportunities of climate change**





ENDESA has taken up the climate change challenge as one of the greatest environmental tests it faces, including it in the company's strategic management and making a commitment to technology and innovation, as set out in the 2008-2012 Sustainability Plan.

Three 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 R&D + Innovation, and the launch of pioneering initiatives to cut back CO₂ emissions.

Key figures

Total installed renewable energy capacity	1,897.56 MW
Renewable energy capacity installed in Spain and Portugal	1,517.98 MW
Renewable energy capacity installed in Latin America	379.6 MW
Presence in international organisations tackling climate change	12
Presence in national organisations tackling climate change	7
Joint ENDESA and Enel CDM projects	105
Decrease in CO ₂ achieved through CDM projects in 2010	195 million tonnes of CO ₂

Key actions in 2010

ENDESA develops a tool to calculate its carbon footprint.
Participation in three MOVELE cities (Barcelona, Madrid and Seville).
Business plan associated with "energy islands" and fast charging.
Ensuring the effective inclusion of the committed CERs in Endesa Generación's accounts.
Two new projects in the validation phase, Quimbo and Canela II, and two other projects in the verification phase, Callahuanca and Canela I.
Four new installations identified that could generate CERs: Neltume, Los Condores, Curibamba and Piruquina.
First pilot plant in Europe for growing microalgae to capture CO ₂ .
Construction of first plant in Spain to capture CO ₂ through chemical absorption.
Endesa Carbono becomes a part of the Enel Carbon Strategy Unit.
Number 1 in world carbon market ranking.

In 2011 we propose

Preparing the CDP 2011, CDP Water 2011 and CDP Supply Chain 2011 surveys.
Working with the Entorno Foundation to prepare the 2011 CO ₂ Action publication and Step by step towards the carbon footprint (Paso a paso hacia la huella de carbono) programme.
Analysing the 2009 footprint results, drawing up of conclusions and calculation of 2010 footprint. Identifying areas for improvement.
Reducing technical grid losses, cutting energy consumption, and analysing and evaluating grid expansions needed to meet customers' new supply requirements.
Developing and positioning in energy efficiency and renewable energy VASPs.
Remote meter reading and operation of customer supplies through smart meters.
Roll out of electric vehicle recharging infrastructure.
Installation of smart grids and energy efficiency infrastructure in Smartcity.
Completion of verification of Callahuanca and Canela I, and registration of Ventanilla and Canela II.

ENDESA's CO₂ emissions fell by
17.81%
in 2010

ENDESA and Enel:
No. 1
in world carbon market ranking

ENDESA and Enel hold a shared portfolio of
105
CDM projects

ENDESA signs deals with Renault, Nissan, Mitsubishi, Peugeot and Toyota to promote the electric vehicle

Meeting our goals

2010 challenges	Actions taken
Taking the lead in the development of new technologies that curb CO ₂ emissions.	<ul style="list-style-type: none"> • Construction/Application for and attainment of permits to install MW of combined cycle capacity. • Commissioning of the Canela II plant in Chile. • Reduction in losses as a percentage of energy supplied. • Assessment and evaluation of grid expansions needed to meet customers' requirements for new supply.
Promoting energy efficiency throughout the company.	<ul style="list-style-type: none"> • Participation in five distribution taskforces in line with Best Practice Sharing: <ul style="list-style-type: none"> — MV/LV remote control, automation and standardisation. — Public lighting. — Grid planning and asset management. — Service quality. — Benchmarking (maintenance, corporate communications, measuring and regulation). • Development of SMARTGRIDS and active involvement in energy efficiency projects: Smartcity, energy storage (large batteries), efficient lighting, and various e-mobility projects.
Progressing with the development of sustainable transport.	<ul style="list-style-type: none"> • Involvement in three MOVELE cities (Barcelona, Madrid and Seville), entering into collaboration agreements with city councils. • Commercial alliances with makes and manufacturers of automobiles and electric vehicle importers in Spain. • Participation as members of leading standardisation organisations in Europe and around the world (Euroelectric, IEC and CHAdeMO). • Active involvement with Ministry of Industry in national working groups on national development plan. • Participation in projects stemming from the European GreenCars initiative. • Electric vehicle working group: drawing up of a Development Plan. • Business plan associated with "energy islands" and rapid charging to promote fast charging as another charging solution. • Electrification plan for ENDESA's fleet.
Reinforcing our leadership in the CDM market.	<ul style="list-style-type: none"> • Follow-up and management of registered projects for obtaining CERs. • One project pending registration: Ventanilla. • Two projects at the validation stage: Canela II and Quimbo. • Two projects being verified: Callahuanca and Canela I. • Four new facilities identified: Curibamba, Neltume, Los Condores and Piruquina
CDP 2010 Water Disclosure Project CDP Supply Chain.	<p>Involvement in three CDP initiatives:</p> <ul style="list-style-type: none"> • Carbon Disclosure Project: This year, ENDESA has been included in the CDP Global 500 — a report evaluating the 500 largest companies in the world included in the FTSE Global Equity Index Series (Global 500) — obtaining a high score in the Carbon Disclosure Leadership Index (CDLI), • CDP Supply Chain 2010 • Continuing in its environmental leadership role, ENDESA has become a member of the CDP Water Disclosure 2010 programme.
Two publications of the Entorno Foundation: CO ₂ Action and R&D + Innovation.	<ul style="list-style-type: none"> • In conjunction with the Entorno Foundation: <ul style="list-style-type: none"> — CO₂ action. Commitment, action, reduction and culture of change. — R&D + Innovation and Climate Change. How to unlock value of the Spanish company's technological capability. • In collaboration with the Excellence in Sustainability Club: <ul style="list-style-type: none"> — Joint sponsors of the Study into boosting national CO₂ emissions reduction projects in Spain.
ENDESA calculates its carbon footprint.	Development of a tool to calculate the company's carbon footprint year on year, enabling the carbon factor to be integrated into ENDESA's business strategy, evaluating its influence throughout the value chain (life cycle) of the Group's businesses and identifying the key CO ₂ emission points, their cost, and potential savings.
Establishing ENEL Green Power.	Merger of activities of ENDESA and ENEL Green Power España, S.L.

01. ENDESA's contribution to combating climate change

ENDESA works hard to combat climate change both in the company itself and society in general. These efforts are primarily channelled through ENDESA's 2008-2012 Sustainability Plan and its Climate Change Programme, focusing on five priority areas:

1. Active participation 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 (the only one in Spain), developing combined cycle power stations and installing peak capacity, among other actions.
3. Unlocking opportunities related to energy efficiency and cogeneration in all business areas (generation, distribution and supply).
4. Leading the development of a sustainable transport model based on electric vehicles.
5. Development of a portfolio of Clean Development Mechanisms (CMD) and Joint Action projects (JA) that reinforce the leadership of ENEL's Carbon Strategy Unit in this market, thereby ensuring the emissions of Enel and ENDESA are covered and generating a surplus.

ENDESA tackles climate change through a five-point plan: renewable energies, technological development, energy efficiency, sustainable transport, and CDM and JA projects.

Endesa
Carbono
becomes a part
of the Enel Carbon
Strategy Unit.

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. However, all its areas and workforce are involved in tackling climate change.

In 2010, the task of identifying and developing CDM and JA projects performed by Endesa Carbono was transferred to Enel's new Carbon Strategy Unit. This unit has 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. In this context, Endesa Carbono is responsible for project 'origination', i.e. identifying and developing projects included in the flexible mechanisms of the Kyoto Protocol and other emissions trading schemes.

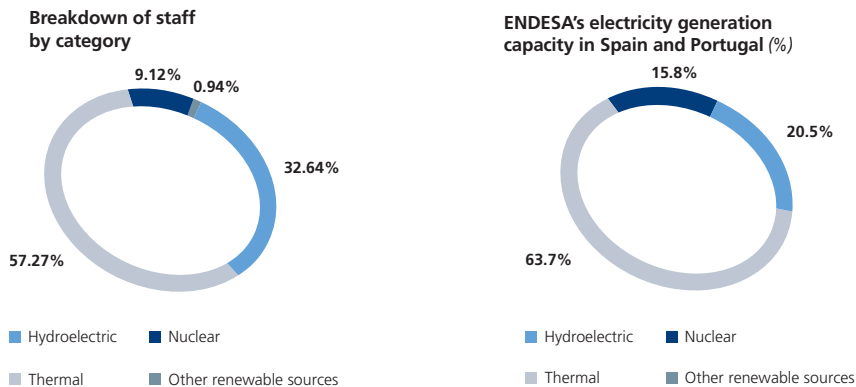
01.1. Active participation in the development of renewable energies

In March 2010, the ENEL Group merged the renewable energy operations of ENDESA and Enel Green Power in Spain and Portugal into a single operator, ENEL Green Power España, S.L., operating under Enel Green Power, a company 100% controlled by ENEL and which provides renewable energy all over the world. ENDESA contributed all of the renewable energy assets that it held in Spain and Portugal through its subsidiary Endesa Cogeneración y Renovables, S.A.U. As a result of this operation, ENDESA's and Enel's renewable assets in Spain and Portugal are now managed and developed via a single platform, Enel Green Power España, in which ENDESA and Enel Green Power have stakes of 40% and 60% respectively.

At 31 December 2010, Enel Green Power España’s net total installed renewable energy amounted to 1,517.98 MW, distributed between the various technology types: 1,353.82 MW in wind energy, 57.38 MW in small hydro, 22.76 MW in biomass plants, 13.33 MW in solar and 70.7 MW in cogeneration plants.

The company had 379.6 MW of capacity in Latin America in 2010: 301.4 MW in small hydro and 78.2 MW in wind energy.

Worldwide, ENDESA therefore boasted 1,897.58 MW of installed renewable energy capacity in 2010.



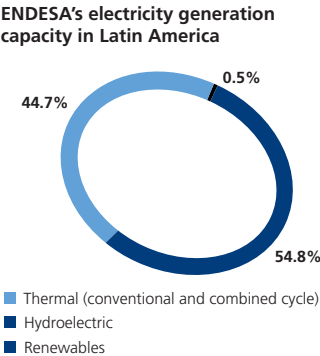
Net installed capacity and output by technology in Spain and Portugal, 2010

	MW	GWh
Small wind	57.38	223.979
Wind	1,353.82	3,311.657
Solar	13.33	21.113
Biomass	22.76	85.549
Cogeneration	70.7	386.371
Total	1,517.98	4,028.669

Latin America: Endesa Eco

Endesa Eco, a fully-owned subsidiary of Endesa Chile, has administrated and managed renewable energy projects in Latin America since 2005. Its flagship projects are the Ojos de Agua small hydro plant and the Canela (Canela I and Canela II) wind farm, the largest wind farm in terms of capacity in this Latin American country.

In 2010, Endesa Eco started feasibility studies for the Renaico wind farm in the La Araucanía region, and the Puelche wind farm in the Maule region, as well as the pre-feasibility study for a wind energy project in the vicinity of Lebu.



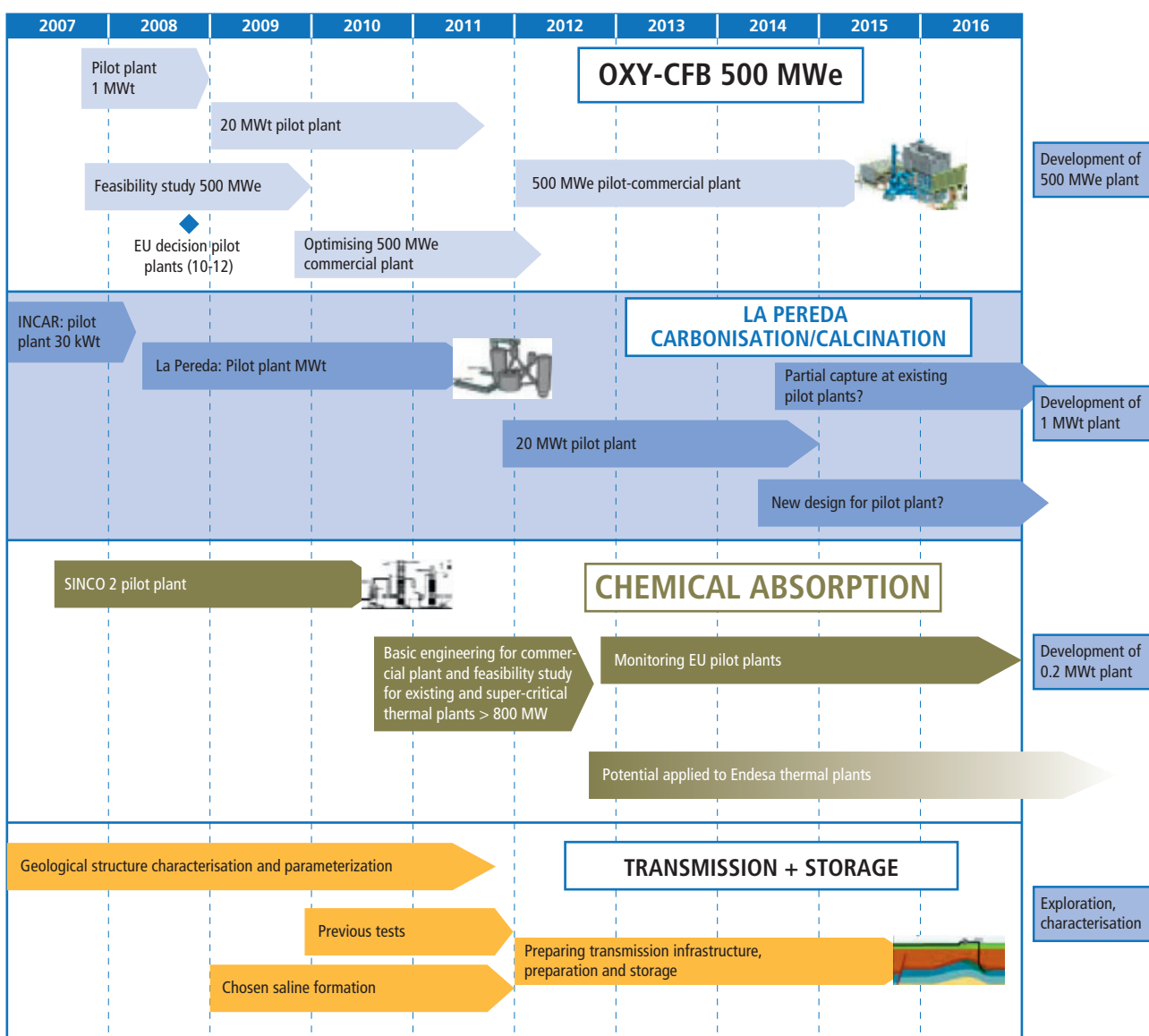
Carbon capture and storage (CCS) projects

In 2010, ENDESA continued with its work into carbon capture and storage (CCS):

ENDESA
constructs
first plant in Spain to
capture CO₂ through
chemical absorption.

- ENDESA commissioned the first plant in Spain for capturing CO₂ through chemical absorption, which has been installed at its Compostilla (León) facility. It is the first CO₂ capture pilot plant integrated into a thermal plant in Spain. The plant treats 800M³/h of combustion gases and has a capture capacity of 3-5 tonnes of CO₂ per day with efficiencies of 90%.
- ENDESA has started to install the first pilot plant in Europe for growing microalgae to capture CO₂, in the Carboneras thermal plant. These microorganisms capture CO₂ and the resulting biomass can be used to obtain products such as biofuels, chemical compounds, nutritional supplements and fertilisers.
- The European Commission has confirmed final approval of the Spanish CO₂ Capture and Storage (CCS) Project devised by Endesa Generación and the Energy City Foundation in El Bierzo aimed at providing clean coal technologies which reduce CO₂ emissions and increase the security of the energy supply. This project is unique in that it is the only one chosen by the EU to develop oxy-combustion-CFB technology for storing CO₂ in deep saline aquifers.

Endesa strategic CCS projects: 2007-2016



01.2 Energy efficiency for a lower CO₂ intensity

ENDESA has a 2010-2014 Global Energy Efficiency Plan (PGE3), this Plan is also included in ENDESA's Sustainability Plan (PES 2008-2012) and is intended to position ENDESA as a leader in this field and help it meet its commitment to cut CO₂.

- The PGE3 is divided into three action areas:
- The efficiency of the company's infrastructure and active management of energy consumption.
- Unlocking the value of ENDESA's activities in this area.

Raising employee awareness of responsible consumer practices.

- In order to meet this commitment, the company has conducted various initiatives, including:
- Projects to improve the efficiency of its power stations, such as replacing fuel-gas plants for new combined cycle plants (Colón, Besós and San Adrià).
- The Thermal Generation Operational Efficiency Programme in Latin America, which has resulted in substantially greater efficiency at plants.
- Repowering and modernisation of hydroelectric plants, enabling water resources to be used more efficiently.
- Adaptation and improvement of distribution infrastructure under the SmartGrids concept enabling the integration of distributed generation and efficient demand-side equipment on the premises of customers. ENDESA has already rolled out more than 100,000 smart meters through its remote management project.
- Energy efficiency portals, such as Twenergy.com in Spain and gestionomienergia.micodensa.com in Colombia, providing customers with advice, especially regarding awareness and use of energy.

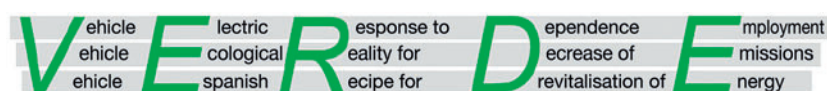
01.3. Leadership in sustainable transport: Promoting the electric vehicle

ENDESA was one of the first players to join the international groups established to standardise and certify e-mobility equipment, systems and solutions. In particular, it was the first European utility to join the CHAdeMO association, the objective of which is to promote the roll-out of rapid charging points across the world and develop fast charge standards. Indeed, in December 2010 ENDESA hosted at its headquarters the first meeting held by the association in Europe.



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 one of the principal members of the Cenit Verde Consortium, a project with a budget of approximately Euro 40 million over four years aimed at developing technologies which will enable electric vehicles to be integrated into the power grid and introduced into the Spanish market. The company is performing research into the impact of the electric vehicle on the local electricity infrastructure and the electricity system with the aim of identifying the corresponding needs of the network and associated development criteria.



Mobility promotion and showcasing initiatives

In 2010, ENDESA entered into a number of important agreements to cooperate with manufacturers and distributors of electric vehicles such as Bergé Automoción, Marubeni, Renault, Nissan, Mitsubishi, Peugeot and Toyota, and with other companies interested in promoting e-mobility such as Cepsa and Telefónica subsidiary, TTP.

The company continues to be involved in the MOVELE Plan, developed by the Ministry of Industry; the first pilot project to roll out 550 charging stations in Madrid, Barcelona and Seville.

It has also launched the QUICK Project to roll out a network of 14 fast charging stations, including six two-way charging stations to develop the V2G concept.

ENDESA is developing a proprietary technological solution for the rapid charging of electric vehicles through the CRAVE Project in collaboration with CIRCE (Zaragoza) and the V2M Project, developed in collaboration with IREC (Catalonia). The project will enable the recharging process to be temporarily disconnected from the electricity grid, eliminate peaks in consumer electricity demand, bring stability to the electricity grid, and pave the way for a greater number of recharging systems.

It has also become part of the consortium for the SURTIDOR Project, responsible for developing a super-fast charging station entailing the smart transfer of continuous current via direct contact and an optional backup energy storage system.

ENDESA is involved in other important initiatives, such as the Green e-Motion Consortium, with a view to attaining a leading position in Europe for showcasing rapid recharging systems.

Meanwhile, Chilectra has begun to install the first electric vehicle charging points and has devised a strategy for developing the infrastructure that is best suited to electric vehicle operations.

ENDESA
signs deals
with Renault, Nissan,
Mitsubishi, Peugeot
and Toyota to promote
the electric vehicle

The company will offer the community various types of charging station:

- For people living in multi-family dwellings (with the Hogar Plus domestic tariff).
- For people living in single-family dwellings (with the Hogar Plus domestic tariff).
- For underground car parks (supermarkets, shopping malls, etc.).
- For municipal public car parks.
- For “electrolinera” charging stations and service stations.

The company believes these services will cover charging needs in Santiago de Chile.

Designing new e-mobility business models

ENDESA is the only European utility appointed by the ELVIRE Consortium, as part of the FP7, to define and demonstrate future business models which promote new e-mobility uses and solutions. The electric vehicles will themselves manage battery charging and discharging to the grid, as well as the flow of value added data and services between the vehicle and the various providers.

The company has increased the number of electric vehicles in its fleet in Spain from 4 to 13 during 2010 and has announced that it will replace 30% of its short-haul vehicles with electric vehicles from 2011.

ENDESA will replace
30% of its
short-haul vehicles
with electric vehicles
from 2011



Left to right: Chairman of ENDESA, Borja Prado, and Alfredo Sánchez Monteseirín, Mayor of Seville



Agreement with Seville and Almeria city councils

Alfredo Sánchez Monteseirín, Mayor of Seville, and Borja Prado, Chairman of ENDESA, signed a collaboration agreement in 2010 to develop electric transport in the city. The agreement will position Seville as a pioneer in Spain in terms of supporting and developing sustainable transport plans.

Elsewhere, in 2010 Luis Rogelio Rodríguez, Mayor of Almeria, and Francisco Arteaga, ENDESA's general manager for Andalusia and Extremadura, signed an agreement to boost the development of e-mobility in the city.

To fulfil this agreement, specific e-mobility plans have been drawn up for the city, along with a map of charging points. At least three demonstration pilot charging points have also been installed. These initiatives were kicked off with the installation of two charging points in the underground car park of ENDESA's new offices in Almeria.

01.4. Leader in Clean Development Mechanisms and joint action projects

Participation in projects and flexible mechanisms to reduce emissions is a cornerstone of ENDESA's strategy for climate change. Clean Development Mechanisms (CDM) form part of the flexible mechanisms of the Kyoto Protocol and enable emission rights to be obtained by participating in projects to reduce greenhouse gas emissions in developing countries. CDMs contribute to sustainable development through technology transfer and offer a triple dividend: social, environmental and economic.

ENDESA and Enel:
No. 1
in world carbon
market ranking

A noteworthy event in 2010 was the integration of Endesa Carbono into Enel's Carbon Strategy Unit, the two top priorities of which are:

- To develop and implement the Group's compliance strategy, minimising cost and limiting associated risks.
- To leverage opportunities in the burgeoning carbon market, taking into account the needs of third parties and making profitable investments with limited risk.

This unit has offices in six countries (Spain, Italy, the US, China, the Philippines and Peru) which employ 44 people of nine different nationalities. By establishing the Carbon Strategy Unit, Enel-ENDESA have reinforced their international position in the field of CDMs (Clean Development Mechanisms) and Joint Action (JA), taking top spot in the world carbon market rankings.

01.4.1. CDM portfolio

In 2010, 28.7 million tonnes of free CO₂ emission rights were granted to the Group: 24.5 million tonnes for Spain, 2.7 million tonnes for Portugal (excluding the Pego combined cycle plant, which was provisionally assigned 616,808 tonnes), and 1.4 million tonnes for Ireland.

ENDESA and Enel
hold a shared
portfolio of
105
CDM projects

Facilities in Spain have used approximately 23.2 million tonnes of emissions rights (2.19 million tonnes of which have comprised carbon credits from CDM projects), while the facilities in Portugal have used 1.62 million tonnes of emissions rights (emissions from the Pego coal-fired thermal plant are pending verification, excluding emissions from the Pego combined cycle plant) and the facilities in Ireland have used 0.275 million tonnes.

Enel/ENDESA's portfolio of CERs/Emissions Reduction Units (ERUs) occupies first place in the global carbon market ranking. At the end of 2010 the two companies had a combined portfolio of 105 MDL projects, representing over 195 million tonnes of CO₂ emissions reductions and accounting for 13% of the credits granted by the United Nations.

In 2010, ENDESA's CDM/JA portfolio amounted to 94.73 million CERs/ERUs, 89.79 million of which correspond to Emissions Reduction Purchase Agreements (ERPA), and 4.94 million to letters of intent (LOI). Excluding Funds, 70% of the tonnes contracted via Endesa Carbono's projects are registered and 20% are from renewables projects.

Three new CDM/JA projects were registered in 2010. Endesa's CDM/JA projects generated 5.40 million CERs/ERUs during 2010, which, added to those issued in previous years, take the total to 26.11 million CERs/ERUs.

At the end of 2010, ENDESA had a portfolio of 65 CDM/JA projects, which represent a reduction of more than 94 million tonnes of CO₂. It is also involved in seven different carbon funds.

01.4.2. ENDESA's own projects

ENDESA has devised a strategy to identify and unlock the value of all those projects, included in its Expansion Plan, which could be considered to be Clean Development Mechanism (CDM) projects.

In this regard, in 2010 it drew up a portfolio of its own projects that are at various stages of development and jointly comprise a regional macro project defined as: **own CDM projects of Endesa Latin America subsidiaries.**

The current status of each of the countries is as follows:

Chile

Two projects registered: the Ojos de Agua small hydro plant and the Canela wind farm, which are at different stages of verification, with an estimated potential of 21,870 and 27,251 CERs/year, respectively.

The 69 MW Canela II wind farm, which is in the validation phase prior to registration, with an estimated potential of 89,608 CERs/year.

Three projects under analysis: The 6.1 MW Piruquina small hydro plant with a potential of 13,000 CERs/year, the 150 MW Los Cóndores hydroelectric plant with an estimated potential of 280,000 CERs/year, and the 490MW Neltume hydroelectric plant with a potential of over 1,036,000 CERs/year.

Colombia

Currently being validated by the DOE: the 400 MW El Quimbo plant, with a potential of 637,000 CER/year.

Peru

The most significant development is the closure of the Ventanilla combined cycle plant, which is pending registration in the UN and has an estimated potential of 407,296 CER/year.

The repowering of the Callahuanca hydroelectric plant, which has been registered and is in the process of being verified. This facility will contribute 18,189 CER/year to ENDESA.

Other projects for which the PPD is being prepared: the 163 MW Curibamba hydroelectric plant with a potential of 230,000 CERs/year and the Huascacocha plant with 96,000 CER/year.

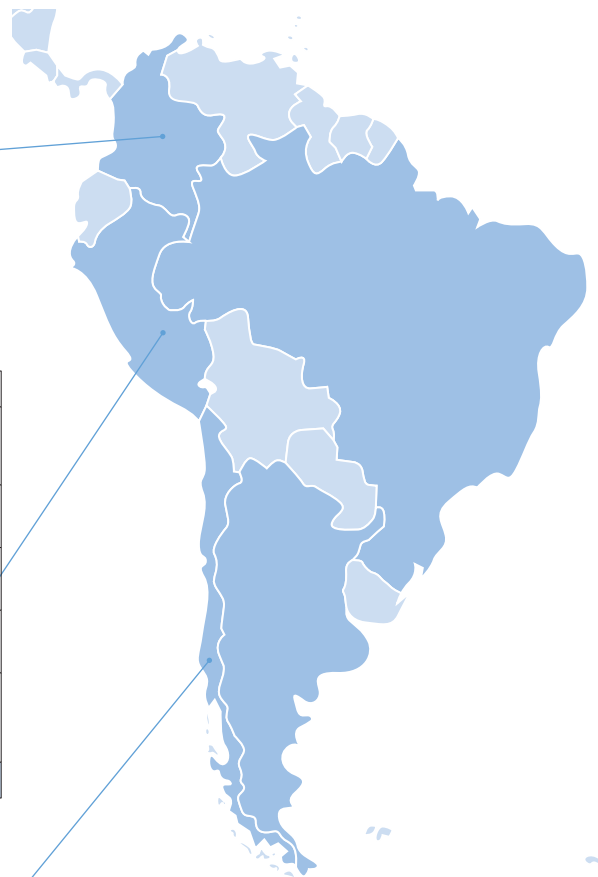
Brazil

Opportunities to develop wind farms are being considered which will depend on the awarding of a number of energy licences in tender processes in which Endesa Brasil is involved.

Colombia				
Project	Technology	CDM status	Start-up	Tonnes of CO ₂ displaced (p.a.)
Quimbo	Hydro (400 MW)	PDD (Register 2012)	Completed (2015)	637,000
Total		637,000 tonnes CO₂/year		

Peru				
Project	Technology	CDM status	Start-up	Tonnes of CO ₂ displaced (p.a.)
Ventanilla	Combined cycle (490 MW)	Verification (registro 2012)	Operating (2006)	407,296
Callahuanca	Hydro (82.5 MW)	Registered (2008)	Operando (2006)	18,189
Curibamba	Hydro (163 MW)	PDD (Registered 2012)	Under analysis (2016)	230,000
Huascacocha	Hydro (163 MW)	PDD (Registered 2012)	Under construction (2012)	96,000
Total		751,485 tonnes CO₂/year		

Chile				
Project	Technology	CDM status	Start-up	Tonnes of CO ₂ displaced (p.a.)
Canela I	Wind (18,5 MW)	Registered (2009)	Operating (2007)	27,251
Canela II	Wind (69 MW)	Verification (Registered 2012)	Operating (2010)	89,608
Ojos de agua	Hydro (9 MW)	Registered (2007)	Operating (2006)	20,870
Los Cóndores	Hydro (150 MW)	Being evaluated	Under analysis (EIA) (2017)	280,000
Pirquiná	Hydro (6,1 MW)	Being evaluated	Under analysis (EIA) (2018)	13,000
Neltume	Hydro (490 MW)	Being evaluated	Under analysis (EIA) (2017)	1,036,000
Total		1.466.729 tonnes CO₂/year		



01.4.3. Carbon funds

In addition to developing or participating in CDM projects, ENDESA also participates in several carbon funds. The most noteworthy are those managed directly by the World Bank, such as:

- Community Development Carbon Fund (CDCF), 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. These projects are attracting increasing interest because of the contribution they make to sustainable development and their growing importance in less developed countries within the CDM framework.
- Spanish Carbon Fund, in which ENDESA is a member of the Participants' Committee.
- Umbrella Carbon Fund
- Carbon Partnership Facility (CPF)

ENDESA also participates in the MCCF Fund of the European Investment Bank and the European Bank for Reconstruction and Development, which is primarily responsible for securing and developing JA projects in Eastern European countries.

01.5. Transparency and efforts to provide information on its commitment to tackle climate change

01.5.1. Carbon Disclosure Project

ENDESA is a member of the CDP Supply Chain programme, in order to involve its suppliers in the fight against climate change

In 2010, ENDESA participated for the seventh consecutive year in the Carbon Disclosure Project (hereinafter, CDP). This project involves a significant number of investors (553 institutional investors holding USD 64 trillion in assets under their management in 2010), which analyse risks and opportunities associated with climate change for the largest companies worldwide.

In recent years, the CDP has become a benchmark for the process and methodology of publishing corporate data on greenhouse gas (hereinafter, GHG) emissions. ENDESA has among the highest scores among power utilities in this survey, since it provides all the quantitative scope 1, 2 and 3 data on GHG emissions, and calculates the intensity of emissions from its operations in accordance with the financial metric rules. It also provides exhaustive descriptions of the specific climate change-related risks and opportunities faced by the company, and its strategies for building climate change into its business plans, as well as setting out its emissions reduction targets and the measures for achieving these objectives.

In 2010, the company was included in the CDP Global 500 report, which assesses the 500 largest public limited companies in the world included in the FTSE Global Equity Index Series (Global 500). As in previous years, it obtained a high score in the Carbon Disclosure Leadership Index (CDLI), which indicates that ENDESA has consolidated its leadership in the quality and clarity of the information it discloses on its objectives and action in relation to tackling climate change, and the transparency of its carbon emissions.

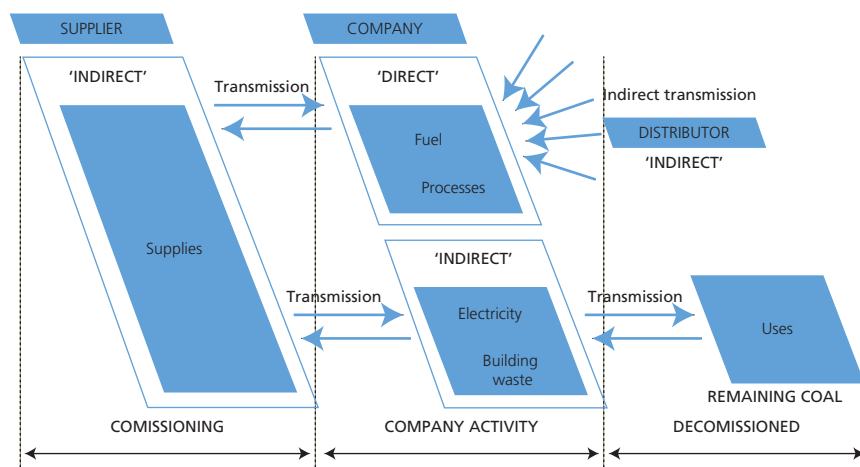
ENDESA
develops a tool
to calculate its carbon
footprint

As part of the drive to improve its performance in the fight against climate change, this year ENDESA joined the CDP Supply Chain programme, an initiative that raises awareness of an organisation's carbon footprint by going beyond just measuring direct GHG emissions and including climate change-related risks and opportunities through the supply chain (its suppliers). The main purpose is to encourage climate change action by ENDESA and its suppliers.

01.5.2. Calculating ENDESA's carbon footprint

ENDESA has started to examine its carbon footprint as part of the initiatives in this area being developed by the Spanish Climate Change Office and the European Commission. ENDESA has therefore developed a tool enabling it to calculate the emissions of all its business lines and geographical areas.

ENDESA's carbon footprint comprises an inventory of all GHG emissions, including both its direct emissions and any indirect emissions that are not produced by sources controlled by the company but do result from its activities. The carbon footprint concept comprises an inventory of GHG emissions across the entire life cycle, whereby the more traditional concept of an inventory takes on a wider dimension, including indirect emissions and therefore showing the impact or footprint in terms of GHG emissions (in terms of CO₂e).



This enables the carbon factor to be integrated into ENDESA's business strategy, evaluating its influence throughout the value chain (life cycle) of the group's businesses and identifying the key points of CO₂ emissions, their cost, and the potential savings.

The main reasons for ENDESA implementing this project are as follows:

- To continue integrating the carbon factor into ENDESA's corporate strategy, evaluating its influence throughout the value chain (life cycle) of the Group's businesses.
- To assess the potential of other players in the process, e.g. suppliers and customers, establishing GHG emission mitigation and/or offset measures.

- To provide information for meeting the requirements to disclosure climate change-related data.
- To complement ENDESA's policy of informing its consumers/customers.
- To provide more information on improvements to operating efficiency (identification of energy-intensive stages, less emissions generally imply a lower energy intensity and/or losses).

By calculating ENDESA's carbon footprint over coming years, it will be possible to identify areas where efforts can continue to reduce GHG emissions, the cost thereof and any potential savings, including the capacity of working with suppliers to meet this objective.

02. Institutional allies to combating climate change

02.1. The international backdrop after the Cancun summit

Cancun played host to the sixteenth session of the Conference of the Parties of the United Nations Framework Convention on Climate Change (COP 16) and the sixth Meeting of the Parties to the Kyoto Protocol from 29 November to 10 December 2010.

Over 12,000 participants attended the Mexican summit, including 5,200 official delegates, 5,400 representatives of the United Nations, international organisations, NGOs, and observers. At the end of the summit, a balanced package of agreements was drawn up in the early hours of 10 December known as the "Cancun Accord", which was backed by all the countries in the United Nations Framework Convention on Climate Change (UNFCCC), with the exception of Bolivia. This new accord stated that it was essential for the fundamental elements of the Copenhagen Accord to be adopted by the UNFCCC: the emissions reduction commitments put forward by developed countries, the Registry of NAMAs (Nationally Appropriate Mitigation Actions) in developing countries, and the establishment of a Green Fund and an international monitoring system.

Another of the most relevant points of COP16 in Cancun is that it reinstated people's trust in the UNFCCC process and saw a return to the predominant role of institutional normality and multilateralism in the fight against climate change compared to the situation a year ago in Copenhagen (COP 15) where bilateral negotiations and agreements dominated proceedings.

ENDESA welcomes the progress made in the Cancun Accord, specifically:

- The commitment to continue with the market mechanisms of the Kyoto Protocol (CDM and JA) and the favourable inclusion of the recognition of CCS as an eligible technology within the CDMs.
- The adaptation agreements, especially the establishment of the Cancun Adaptation Framework and the Adaptation Committee.
- The establishment of a Technology Mechanism, involving the creation of a Technology Executive Committee and a Climate Technology Centre and Network.

ENDESA subscribed
to the "Cancun
Communiqué
on Climate
Change"

- The definition of fast-start finance and the establishment of a Green Climate Fund. It is especially important that private as well as public finance is ensured in the context of financing.

The Accord also establishes that private finance must be channelled through carbon market mechanisms, while the following must be transparently and clearly defined in relation to public finance: volume of the fund and mechanisms for drawing down and managing funds through to their end use and procedures for more efficiently allocating funds.

ENDESA has also helped raise awareness of the Cancun agreements through various national workshops and forums on climate change, especially its involvement in institutions such as the Energy Club of Spain and the Environment Club of Spain among others.

02.2. 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 trading scheme is articulated in the National Allocation Plans (NAPs).

ENDESA is also preparing for Phase III of the Emissions Trading System (EU ETS) which will run from 2013 to 2020. During this phase, power generation companies will redouble their effort to comply with legislation as they will not be entitled to any free emission rights.

It will not be possible to use certain carbon credits (HFC-23 and N₂O adipic acid) during phase III of the EU ETS, whereby ENDESA will minimise its exposure to this type of credit as from 2013.

Uncertainty regarding the post-Kyoto international framework is reduced somewhat by the existence in Europe of a framework for the period after Kyoto for companies involved in emissions trading. Although certain aspects still have to be defined, such as the final reduction target (increase of 20 or 30 percent) and the new credit mechanisms, ENDESA is preparing the ground ahead of any new regulation. It also remains firmly committed to the CDM, which is expected to continue beyond 2012.

ENDESA is also working hard to contribute to reducing emissions in the so-called diffuse sectors, i.e. those not covered by Law 13/2010, by supporting studies such as the one published by the Excellence in Sustainability Club in December 2010. The *Study into boosting national CO₂ emissions reductions in Spain* aims to increase emissions cuts in those sectors not covered by the EU ETS.

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 Law 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 146.19 million tonnes of rights, to which are added six million tonnes of reserve annual CO₂ emission rights for new entrants (4.1% 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 54.56 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 (42% of its individual allocation is applied at facility level).

An average of 25.15 million tonnes of CO₂ per annum have been allocated to ENDESA 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 emissions reduction projects.

02.3.1. CO₂ emissions

ENDESA has cut CO₂ emissions from its power facilities by 12.5 million tonnes over the last five years, thanks to a range of initiatives the company has implemented in its generation plants and distribution networks. This implies an annual reduction of approximately 2.5 million tonnes, equivalent to 5.5% of the company's total annual emissions.

ENDESA's carbon emissions have fallen from 695g of CO₂/kWh in 1990 to 282 g of CO₂/kWh in 2010, a 59.42% reduction.

The company's total emissions at the end of 2010 were 23,839 Kt of CO₂ in Spain and Portugal, 14,250 Kt Latin America and 542 Kt in other countries.

In 2010, ENDESA cut its specific CO₂ emissions by 17.81%, a greater rate than in 2009, when emissions fell by 6%.

ENDESA's CO₂
emissions fell by
17.81%
in 2010

Evaluation of ENDESA's specific emissions (kgCO₂/kWh)

	2009	2010	% 2009/2010
Spain and Portugal	0.45	0.33	-26.98
Argentina	0.37	0.42	13.3
Chile	0.21	0.19	-10.05
Peru	0.19	0.22	17.2
Colombia	0.09	0.07	-16.02
Brazil	0.05	0.17	218.11
Latin America	0.21	0.23	5.93
Ireland	0.88	0.44	-50
Morocco	0.38	0.29	-23.31
Other countries	0.59	0.35	-39.8
ENDESA	0.34	0.28	-17.81

Trend in ENDESA's emissions in absolute terms (ktCO₂)

	2009	2010	% 2009/2010
Spain and Portugal	32,649	23,839	-26.98
Argentina	5,817	6,590	13.29
Chile	4,663	4,194	-10.05
Peru	1,671	1,959	17.23
Colombia	1,124	944	-16.01
Brazil	177	563	218
Latin America	13,452	14,250	5.94
Ireland	552	275	-50
Morocco	347	267	-23.05
Other countries	899.58	542	-39.08
ENDESA	47,000	38,631	-17.81

03. ENDESA's active involvement in national and international bodies and/or initiatives tackling climate change

National bodies

- Founding member of the Spanish CO₂ Association.
- AENOR Technical Standards Committee for Climate Change and Renewable Energies.
- UNESA (Spanish Association for the Electricity Industry) Working Group on Climate Change.
- Strategic National Consortium for Technical Research on CO₂ (CENIT CO₂). CENIT CO₂ Project ended 31 March 2010.
- Founding member and member of the management board of the Spanish Hydrogen Association together with another 33 companies, 17 research centres and different public bodies.
- Entorno Foundation Climate Change and Energy Working Group. Member of the Action CO₂ and R&D + Innovation and Climate Change initiative.
- Environment and Climate Change working group of the Excellence in Sustainability Club.





AcciónCO₂



National publications about the fight against climate change

Entorno Foundation:

- *R&D + Innovation and Climate Change: How to unlock the value of the Spanish company's technological capability.*
- *CO₂ Action. Commitment, action, reduction and culture of change.*

Excellence in Sustainability Club

- Study into boosting national CO₂ emissions reductions in Spain.

International bodies

- Carbon Disclosure Project: Participation in the annual CDP survey of this programme that is committed to the transparency of companies in relation to climate change.
- CDP Supply Chain: the aim of this programme is to raise awareness of the carbon footprint of organisations and climate change-related risks and opportunities through the supply chain (suppliers), thereby promoting climate change action.
- Eurelectric (European Electricity Industry Association): participation in the voluntary Energy Wisdom Programme (EWP), in projects aimed at boosting energy efficiency and reducing GHGs; in the Climate Change Working group and flexible mechanisms sub-group; in the Economy and Environment working group; in the CCS Task Force and in the EU ETS Task Force.
- Sponsors of the Carbon Expo.
- A signatory to the Cancun Communiqué, an industry initiative promoted by the University of Cambridge and the Prince of Wales Corporate Leaders Group on Climate Change.
- Member of the Advisory Board and several working groups within the European Zero Emissions technology platform (ZEP).
- Founder member of IETA (International Emissions Trading Association). It participates in several of its working groups, including the European emissions trading and CO₂ storage working groups.
- Represented by the Spanish Electricity Industry Association (UNESA) in the Environmental Working Group of the CIER (Regional Commission for Electricity Integration) which brings together most power utilities in Latin America and the Caribbean.
- Participation in the R&D projects of the FP7 on the capture and storage of CO₂: Dynamis, Cachet, C3-Capture, Geocapacity, Nanoglows and FlexyBurn, CaOling.
- Member of the European CO₂NET network performing studies into the capture and storage of CO₂.
- Energy and Climate Change Working Group of the European Round Table of Industrialists (ERT) Eurocoal.
- A member of the UN Global Compact's Caring for Climate initiative, UNEP and WBCSD.
- Endesa Eco (Chile) is 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.





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.

The ENDESA Sustainability Plan 2008-2012 reached its halfway point in 2010. The company embarked on a series of collaboration initiatives between 2008 and 2010 directly contributing to the economic, social and environmental development of the countries where ENDESA is present.

ENDESA's social initiatives are implemented via its Country Plans which demonstrate a full understanding of the various socioeconomic realities of each of the countries where we are present. The company's actions are developed according to the needs of each region in order to encourage social, responsible and sustainable advancement.



55%

on cooperation
initiatives

68%

social initiatives
budget earmarked
for Latin America

Challenges in 2010	Action taken
Increasing ENDESA's involvement in corporate volunteer (CV) forums and platforms.	In 2010 ENDESA was actively involved in various corporate volunteer forums: co-responsibility conferences in Madrid and Barcelona, International CV Congress (IAVE) in Valencia, the Generalitat de Catalonia's CV conference. It also launched its first CV initiative in Spain through Endesa Solidarios and is a founding member of Voluntare, the first specialist CV social network which will be launched in 2011.
Participating in or launching a specific study on volunteers to learn from experiences, identify innovative action, and develop indicators.	ENDESA sponsored the Fórum Empresa and Fundar for their study "CV. Volunteer work in Spain and Latin America, similarities and differences". It also worked closely with LBG España's task force to identify indicators to measure the success of social initiatives and CV and a methodology to monitor this.
Collaborating in the debate over terminology regarding Corporate Social Responsibility in the community and offering support instruments to make progress in this area.	Participation in specialised CSR forums and creation of the first Corporate Responsibility and Sustainability Dictionary in conjunction with MediaResponsable and LID and due for release in 2011.
Promoting Country and Regional Sustainability Plans.	Country Sustainability Plans were approved and rolled out in Argentina, Colombia, Chile and Peru. Progress made on Regional Sustainability Plans (Andalusia and Extremadura, Aragon, Balearic and Canary Islands and Catalonia) and due to be ratified in 2011.
Promoting Country and Regional Sustainability Committees.	Creation of Country and Regional Sustainability Committees. Secretaries have been appointed and committees are up and running.

Key data

Percentage of investment in Latin America	68.3%
Percentage of total investment in Spain and Portugal	31.7%
Investment in rural electrification (millions of Euro)	3.9
Percentage of social initiatives comprising educational action	15%
Percentage of social initiatives comprising cultural action	23%
Percentage of social initiatives comprising socio-environmental action	7%
Percentage of social initiatives comprising cultural action	55%

Key initiatives in 2010

Country Sustainability Committees and task forces set up in Latin America to draw up Country Sustainability Plans with quarterly meetings held in each country.

Plans for individual countries approved and rolled out.

Regional Sustainability Committees and task forces set up in Spain and Portugal to draw up Regional Sustainability Plans.

III Edition of Endesa Solidarios Platform and Corporate Volunteer work promoted.

Rural electrification in Latin America boosted.

Transparency increased: LBG methodology applied for second year running.

€46.9M
on social development
in 2010

Over 540
initiatives in 2010

In 2011 we propose

Approving and rolling out our 5 Regional Sustainability Plans in Spain and Portugal.

Dissemination of these plans (internally and externally).

Approval of Sustainability Plan for Brazil and 5 Country Plans in Latin America.

Rollout of corporate compliance model in 5 countries and 5 regions (sustainable development scorecard and action plans).

01. Strengthening ties with local communities

One of the main challenges contemplated in ENDESA's 2008-2012 Sustainability Plan is to promote local development in the regions where it operates by:

- Adapting the company's strategy to the socioeconomic needs and characteristics of the regions where it is present by implementing:
 - 5 Regional Plans in Spain.
 - 5 Country Plans in Latin America.
- Via social initiative projects and actions.

01.1. Local Sustainability Plans

ENDESA transfers its corporate objectives to each country and region where it operates by incorporating the particular characteristics of each one.

All of the regions where ENDESA operates have been applying the Corporate Sustainability Plan to draw up their own sustainability plans which set out the framework for ENDESA's sustainability programme in each country.

Sustainability Committees have been created in each country to ensure the plans are correctly rolled out and that ENDESA's sustainability strategy is coordinated, disseminated and promoted at a local level. These committees encompass all those business areas which have their own programmes in place with which to comply with the commitments contained in ENDESA's Sustainability Policy.

These committees will monitor the plans' progress on a quarterly basis using local scorecards and sustainable development action plans (SDAP). The information compiled by the local scorecards and SDAPs will be collated and included in a corporate scorecard and SDAP to offer a comprehensive overview of the company's progress in the field of sustainability.



First meeting of Endesa's regional Sustainability Committee for the Balearic Islands.

Objectives of the Sustainability Committees

-
- To offer a comprehensive overview of sustainability at a local level.
 - To promote, coordinate and roll out local sustainability initiatives.
 - To have local representation for all matters related to sustainability.
 - To strengthen relations with local stakeholders.
 - To unlock the value of local initiatives.
-

01.1.1. Regional plans

In 2010, Regional Sustainability Plans 2010-2012 were introduced in five Spanish regions (Andalusia and Extremadura, Aragon, the Balearic Islands, the Canaries and Catalonia). Each region has a Sustainability Committee chaired by the local general manager.

Progress was also made on adapting the company's strategic objectives to each region by incorporating local characteristics and setting specific objectives for each region. Specific indicators will be used to monitor whether concrete targets are met.

01.1.2. Country Plans

In 2010, five Sustainability Committees were set up in Latin America (Argentina, Brazil, Colombia, Chile and Peru). These comprise all local managers who are in charge of the business areas included in the country plans. They are tasked with reviewing their plans and rolling out the initiatives.

Each country committee met twice during the year, except for Brazil which only met on one occasion. The committee secretaries have worked on adapting and rolling out the local scorecards, disseminating the plans internally and preparing and coordinating the half-yearly reports.



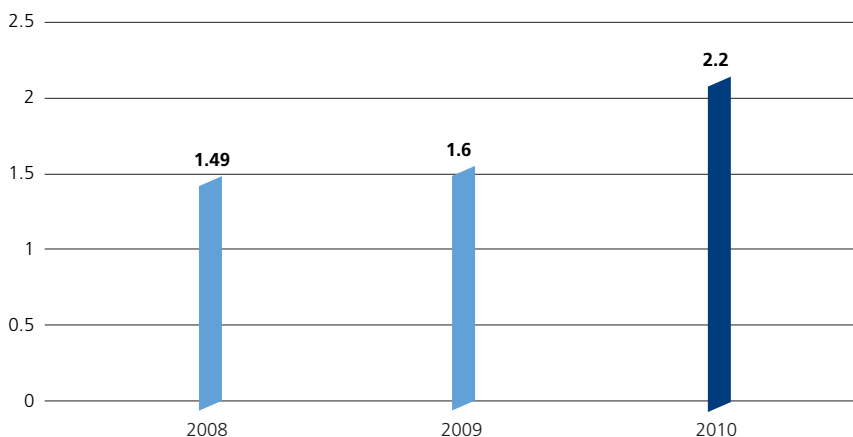
Management and representatives of Enesa's Sustainability Plan in Peru.

01. 2. Social initiatives: generating value and contributing to society

ENDESA 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.

2.2% of income attributable to ENDESA's shareholders earmarked for social initiatives

ENDESA's investment in social initiatives (% of net income)



Net income 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

ENDESA's contribution to social development focuses on projects drawn up regionally and through its five foundations. In Spain, these are the ENDESA and Sevillana Endesa Foundations while in Latin America the company has the Colombia, Pehuen and Huinay Foundations.

The guidelines of its social initiatives strategy, which is defined at the corporate level, are based on four criteria:

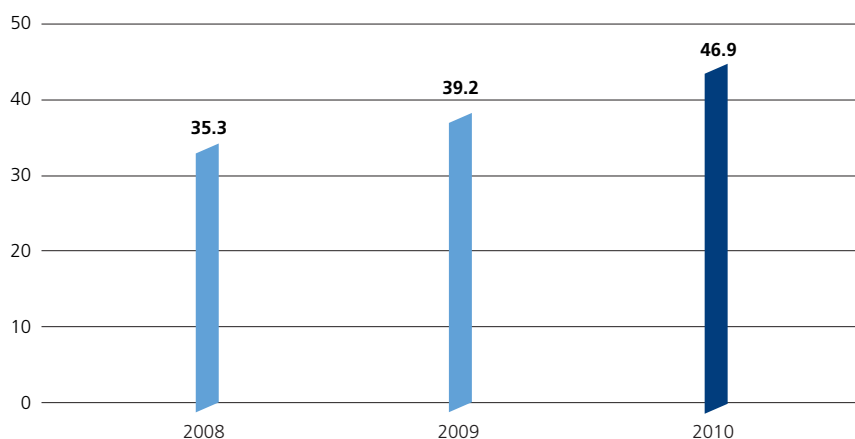
- Complement its function as a basic service provider: access to electricity.
- Develop projects linked to the nature and characteristics of the company's businesses, allowing it to apply its know-how.
- Provide access to goods and services that are related to electricity.
- Respond to the needs of the 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.

Based on these guidelines, each country is responsible for identifying local needs and key areas and for implementing projects which are best suited to its particular needs.

Action is taken in four areas:

Cooperative action	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 relating to environmental protection within communities.</p> <p>Do not include those directly associated with environmental protection while carrying out the company's business.</p>

Endesa's investment in social development (euro million)



ENDESA's investment in general interest social development activities in 2010* (euro thousands)

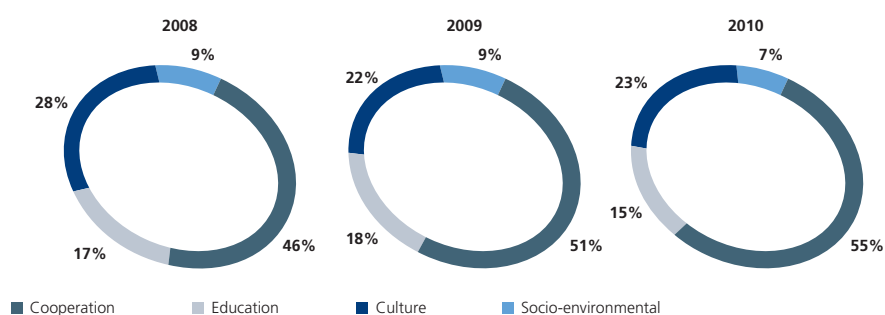
Spain & Portugal	14,881
Corporate Centre	7,637
Endesa Foundation	6,000
Regional centres Spain & Portugal	1,244
Latin America	32,000
Total	46,881

* Excludes investment in rural electrification (Euro 3.9 million) and contribution to United Nations Framework Convention on Climate Change Adaptation Fund (Euro 1.37 million), as these investments are directly related to conducting ENDESA's business.

68%
of budget earmarked for
Latin America

In 2010, ENDESA allocated Euro 46.9 million to conducting and promoting various social development projects, an amount equivalent to 2.2% of net income from continued operations attributable to the company's shareholders.

Comprehensive history of social initiatives by category (% of total social projects for each year)

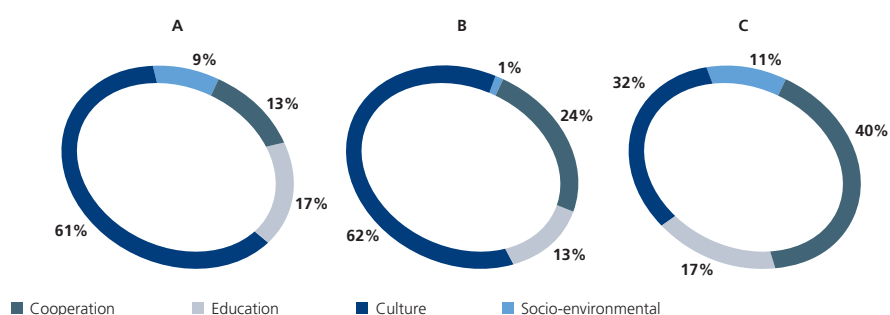


Of this amount, 68.3% was earmarked for Latin America and 31.7% for Spain and Portugal.

Cooperation initiatives accounted for over half (55%) of social initiatives investments. Educational initiatives have decreased the most, falling from 18% in 2009 to 15%. Cultural initiatives have risen slightly, while socio-environmental action has fallen from 9% to 7%.

In Spain and Portugal Euro 14.9 million was invested in social initiatives. Of this amount, Euro 6 million was distributed by the Endesa Foundation and Euro 8.9 million by the company and regional organisations.

ENDESA's social initiatives in Latin America (A), its foundations in Spain (B) and social investment in Spain and Portugal in 2010 (C)



London Benchmarking Group, LBG Spain



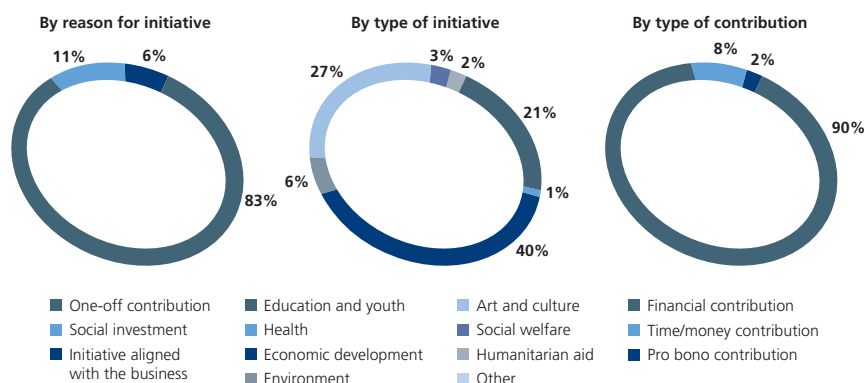
Since 2008, ENDESA has formed part of LBG Spain, an initiative which has adopted a methodical approach to measuring and assessing the company's social initiatives in terms of their impact on society. In addition to its usual reporting on its social initiatives, ENDESA has followed LBG methodology for the second year running. LBG is a world leader in the field of social initiatives and its methodology helps companies develop strategies for community work that bring added value to both communities and companies themselves.

ENDESA's contribution to social initiatives in 2010, as per LBG* (euro thousand)

Contribution Spain & Portugal	13,574
Contribution Latin America	35,786
Total	49,360

* Note: The main difference in the total result of both reporting systems is due to the inclusion of the time employees spend on social initiatives for each action and converted into euros.

ENDESA's contribution to social initiatives in 2010, according to LBG (%)



ENDESA's contribution to social initiatives in 2010, as per LBG (euros)

	2009			2010		
	Spain and Portugal	Latin America	Total	Spain and Portugal	Latin America	Total
One-off contribution	1,564,562	1,821,723	3,386,285	1,008,762	1,862,410	2,871,160
Investment in the community	11,774,279	20,106,184	31,880,463	10,635,727	30,424,652	41,060,379
Initiatives with a social impact	1,946,009	369,989	2,315,998	1,929,570	3,498,609	5,428,179

55%
on cooperation
initiatives

02. Social development initiatives

02.1. Cooperation initiatives

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.

Individuals have therefore been appointed in each region and subsidiary company 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.

These initiatives are particularly important in Latin America where the company aims to meet the population's basic needs through volunteer programmes, donations to libraries and hospitals, and the construction and servicing of schools in poor neighbourhoods.

Endesa Brazil upholds its commitment to special education

Following the end of work on the new classrooms which were specially adapted for disabled students at the Nuevo de Goiás high school, ENDESA upheld its commitment in 2010 by donating over Euro 45,000 to improve the quality of teaching at the centre and to help plant a kitchen garden there. Over 400 pupils aged between 3 and 17 have benefitted from these actions.

02.1.1.1. Rural electrification

Rural electrification is especially significant for ENDESA's social initiatives because it provides electricity to marginalised, disadvantaged rural communities and groups. In 2010, Endesa's Latin American subsidiary companies invested Euro 3.9 million in this type of project, benefitting over 18,000 households. Electrification work was conducted this year in Brazil and Peru.

In 2010, ENDESA's distribution company in Colombia, Codensa, along with Empresa de Energía de Cundinamarca (EEC) and the Cundinamarca local government, signed a rural electrification agreement to meet the basic needs of the most rural parts of the region where 282 households in four municipalities had no electricity supply. All the new projects in Colombia will bear fruit in 2011.

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.

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 they allow volunteers to enjoy new experiences and feel proud to be a part of the company. This is borne out in the results of the climate surveys.

€3.9M
earmarked for rural
electrification
in 2010

€140,000
raised by Endesa
Solidarios to date

Spain and Portugal

The company has established a charity and volunteer platform in Spain: **Endesa Solidarios** which entered its third year in 2010. The platform aims to raise awareness and boost the participation of Spanish employees in charity and volunteer programmes for the most disadvantaged.

To date, over 1,900 employees in Spain have taken part, helping to raise over Euro 140,000. In 2010, Euro 40,000 were raised, with Euro 19,847 coming from employee contributions.

The money raised went towards five projects:



- The ANDEX project, a day-care unit for children suffering from cancer, with Euro 6,427.
- Water and electricity for el Alfarcito received Euro 4,960.
- Euro 3,040 was donated to the Food Bank.
- A training programme sponsored by the organisation, Ayuda a la Iglesia Necesitada, a training alternative for armed gang members, was allocated Euro 2,925.
- Drinking water for the Energía sin Fronteras trust received 47 donations totalling Euro 2,495.

Latin America

Chile

ENDESA's subsidiary companies 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.

Of the group's 28 operational power plants, plus the Bocamina plant, which is currently under construction, 96.5% have social initiatives programmes with the local community which are outlined in the Energy for Education Scheme. Of these plants, 16 have corporate volunteer programmes and six have either direct social development plans or plans carried out in collaboration with the local municipality.

In 2010, 116 staff from Enersis participated in various corporate volunteer schemes: *Encumbra tu Idea* (share your idea), development activities and *Colaborando con Energía* (collaborating with energy). Enersis Group companies also took part in Engage Santiago, a pioneering volunteer programme in Latin America. Volunteers spent 1,677 hours on corporate volunteer work, 13% of which were standard working hours with 240 households benefitting from their solidarity.

Following the earthquake in Chile in 2010, a special corporate volunteer scheme was rolled out to help the victims. Taking part were 1,390 employees from Endesa's Chilean companies as well as from other group companies in the region. The volunteers helped rebuild and restore the electricity supply, provided 22 tonnes of foodstuffs and donated Euro 800,000 to the national reconstruction campaign.

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 corporate volunteer programme in Frijaje (Sierra Sur), which was affected by an earthquake in 2007 continued throughout 2010. Thanks to the efforts of 40 employee volunteers and a Euro 3,430 donation, the Zurite meal centre was built.

Colombia

For the past three years ENDESA companies in Colombia have been implementing 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. In 2010, 275 employees took part.

Argentina

ENDESA's electricity generation subsidiary in Argentina, Endesa Costanera, kicked off its corporate volunteer programme in 2008 in order to provide support to institutions and projects working with children. This programme followed on from an initiative started by a group of company employees, which later gave rise to the creation and development 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 Muñiz Hospital, the Padre Hurtado centre, the Padre Vasco meal centre and the Progresar Foundation, which focus on child development and their social insertion.

Endesa Costanera has also continued with its paper and plastic recycling campaign which provided the Garrahan Foundation with 37,175 kilos of recycled material during 2010. This has benefited over 1,000 children treated directly at the Hospital and a further 19,500 children indirectly.

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 project is to make a contribution to society by bring workers into contact with the community. ENDESA's companies in Brazil have the following corporate volunteer programmes in place:

- **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 2010 the electrical installations and buildings of these institutions were upgraded through this initiative which also involved donation campaigns. Some 150 employees dedicated over 1,000 hours in these initiatives.
- **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 2010, some 1,195 people were helped, including children, adolescents and the elderly.

02.1.1.3. Responsible products

Latin America

Brazil



Collection point for subsequent recycling Ecoelce Project

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 project is a reflection of ENDESA's commitment to sustainability as it encompasses social, economic and environmental factors.

Since its inception in 2006, more than 12,900 tonnes of waste have been recycled under the umbrella of the Ecoelce project, benefiting some 318,245 customers through discounts of around Euro 520,140. The project has generated 154 direct jobs and many other indirect jobs by helping launch the country's recycling industry. The project has already been extended to another of ENDESA's distribution companies in Brazil, Ampla, as well as Chilectra in Chile.



- **Consciencia Ampla Eficiente.** This programme is aimed at low-income residential customers and its objective is to help them reduce their electricity consumption and to raise awareness about using energy efficiently. The programme was rolled out in 2005 and in 2010 some 5,774 refrigerators were replaced.

Argentina

Co-operation scheme with children's canteens. During 2010, Edesur continued to run the "Nuestro aporte + su vuelto = comida para + niños" campaign in partnership with Cáritas Argentina. This campaign involves donating food to community canteens in the poorest areas of southern Buenos Aires. The scheme is strongly supported by our customers who made 750,000 donations of the change from paying their bills at sales offices last year, which was used to fund this campaign.

In 2010, the scheme helped 48,782 children who eat at 232 canteens. Endesur delivered over 54,800 kilogrammes of food and close to 9,000 litres of oil to these canteens.

Chile

Ecochiletra. This project was rolled out in 2010 and is based on the Brazilian model, Ecoelce. It aims to improve the economic, environmental and social lives of all those who take part in the recycling process: recyclers, NGOs, recycling companies, municipalities and customers. The scheme is being developed in Peñalolén in Santiago de Chile and 80% of households invited to participate have done so. In 2010, customers collected four tonnes of waste each month.

02.1.1.4. Integration of people with disabilities

ENDESA has various programmes which help inform people with disabilities of its activities.

Latin America

Brazil and Chile

- **Braille electricity bills.** Chiletra (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 Chiletra 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.



Braille bills
& telephones
for the deaf and hard
of hearing

02.1.2. Cooperating with social development

ENDESA promotes initiatives to develop infrastructure 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.** In 2009 ENDESA 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.

In its first year, the site received over one million visits. ENDESA's online portal has over 17,999 registered users and on average 70,000 users a month consult or browse the site. For further information: www.twenergy.com



Latin America

Chile



- **Chiletra Cup.** This initiative involves Chiletra employees in collaboration with UNICEF, Conace (Peruvian National Drug Agency), and the Iván Zamorano Foundation. In 2010, for the ninth consecutive year, Chiletra has organised this "baby football" competition for girls and boys, in which over 45,000 children under 14 have taken part. This purpose of this competition is to encourage young people to play sports and to fight against sedentary lifestyles, alcoholism and drug dependency among the young. In addition to the event's usual collaborators, in 2010 Carabineros de Chile came on board as sponsor.



- **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 infrastructure, education, personal development and training. In 2010, the Foundation invested around Euro 500,000 to promote its 80 initiatives which have basically involved organising cultural programmes, facilitating access to secondary and higher education, encouraging the development of farming and implementing programmes to avoid the social exclusion of the most disadvantaged families. For further information: www.fundacionpehuen.cl



60

children found in
Argentina

Peru

Lighting of sports facilities. Edelnor has helped create recreational and social areas which can be used at night thereby helping to build healthy and drug-free communities.

Since it began in 2005, this programme has benefited communities in the districts of Ventanilla, Independencia, Comas, Rímac, San Juan de Lurigancho, Los Olivos, San Martín de Porres, San Miguel, Jesús María, Callao, Santa Rosa, Cercado de Lima, Pueblo Libre, Breña and the city of Huaral, all of which are close to Lima. So far, over 60 sports facilities have been lit in these places.

ENDESA's various companies in Peru will continue to assist impoverished communities with programmes such as: its free "Edelnor cuida tu salud" health campaign, its Christmas and School campaigns and its Comprehensive Healthcare scheme.

Argentina

- **Campaign to find missing children.** Within the area of social development and children's rights, Edesur has continued with its Missing Children in Argentina agreement for the seventh consecutive year; helping in the search for missing children by providing free space on its electricity bills to post photos of children missing from their homes. These photos are also on display in the company's sales offices. The posters, with a total of four photos, are placed strategically and are seen every day by all visitors to the office. This programme has also been rolled out to ENDESA's companies in Chile, Brazil and Peru and to date 60 missing children have been found.

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 Colombia Foundation in partnership with the Colombian Fund for the Modernisation and Technical Development of Micro-, Small- and Medium-sized Companies (Fomipyme) has directly benefitted three associations which comprise 75 panela producers.

The programme has helped raise the income of the families involved and has provided training in leadership and teamwork. To date over 300 jobs have been created and maintained.

- **Municipal Institutional Development Programme.** This programme was further implemented in 12 municipalities in Cundinamarca, involving 200 people including members of the community and public institutions.

15%
for education



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. Activities related to energy and electricity are important.

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 the importance of energy in 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.

During 2010, Endesa Educa carried out projects in the Balearic Islands, Castille León and Galicia where 16,249 youngsters took part in over 600 activities. For further information: www.endesaeduca.com

Latin America

Argentina

El Viaje de la Energía (The Journey through Energy). For the fifth year running, Edesur has run the "El viaje de la energía" programme, an educational initiative providing primary and secondary school pupils with basic knowledge of electricity such as how electricity works, how it is distributed from source to home, and how to use it safely and efficiently.

This programme has been declared of "educational interest" by the country's Ministry of Education Science and Technology and by the General Directorate of Culture and Education of the province of Buenos Aires and the city's Ministry of Education.

In 2010, over 805 state and private schools took part in "El viaje de la energía", which was run by 2,461 teachers who volunteered to participate in the initiative and who received specially-designed teaching material for use in the classroom. At the end of the year a Science Fair was held at school no. 20 in catchment area no. 11, with over 100 pupils attending from all over the city.

Colombia

Paseo Itinerante de la Electricidad (Travelling Electricity Exhibit). For the second year running Codensa rolled out this travelling exhibition to provide pupils from the 37 municipalities in Cundinamarca with knowledge on the process of transforming electricity in an entertaining, educational and interactive way. Over 21,000 children visited the exhibition.

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 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.

To date, the project's main achievements are:

- All the facilities at the Universidad Católica del Callao, over 3,000 square meters, now enjoy an efficient electricity system.
- 150 youngsters are due to graduate as electricity technicians with another 55 students currently on work experience in the electricity sector.
- Thanks to the lit sports facilities, youngsters are now able to carry on playing sport after dark.

Chile

Chispita Agente Ambiente 2010. The “environmental secret agent” programme encourages children to embark on a secret mission with instructions from the popular TV character Chispita. This programme began in 2008 and since then 31,185 children have taken part. www.chispita.cl

2.3. Cultural initiatives

ENDESA is involved in conserving and promoting the local heritage and cultures in the cities and areas in which it operates. In 2010, 23% of ENDESA's social initiatives comprised activities in this area (as per ENDESA's traditional method).

Spain and Portugal

The ENDESA and Sevillana Endesa Foundations devote a significant part of their resources to **lighting sites which form part of Spain's historical and artistic heritage**, and those in other countries where ENDESA and its subsidiaries operate. The lighting for each site is the subject of a detailed study and the projects are prepared by experts in both lighting techniques and the artistic and architectural aspects of each case, so that the lighting achieves its purpose. In 2010, these Foundations provided lighting for over 30 religious and civil monuments.

23%
for cultural initiatives



In 2010 the Endesa Foundation sponsored an exhibition of codices from the Sistine Chapel at the Biblioteca Nacional

The exhibition's inauguration was attended by H.R.H the Infanta Elena. On display to the public for the first time were the lost manuscripts from the Sistine Chapel recovered by Francisco Antonio Lorenzana in 1798. Used by Popes and for religious services in the Sistine Chapel, the collection of 40 richly illustrated codices, dating from between the 15th and 18th centuries, were acquired by Cardinal Lorenzana, Ambassador of King Charles IV to the Holy See, and sent to Toledo for protection during the French occupation of Italy.

Latin America

During 2010, ENDESA carried out a number cultural identity projects relating to the Latin American societies where the company operates, such as a programme of concerts for young people, cultural activities (concerts, plays, films, exhibitions) in the municipality of Vitacura, the Arte de Luz museum (an artistic and cultural platform), the Pehuenche identity museum, book fairs and modern lights exhibitions.

7%

for socio-environmental initiatives

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.

Chile

The Huinay Foundation is a non-profit making institution created by ENDESA with the aim of defending and preserving the bio-geographical heritage of Huinay and the fjord region. This is being done through the implementation of a project based on scientific research and the concept of sustainable development.

In 2010, and following a decade of field studies, lab work and bibliographic work, a guide to the benthic animals in Chilean Patagonia was published.

More information on the Foundation's main activities can be found in the section on preserving biodiversity in the chapter entitled "Commitment to environmental protection" and on www.fundacionhuinay.cl

Peru

Edelnor has rolled out its "Sowing Life" 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 providing sustainability information

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, combatting climate change and safeguarding the environment.

The ENDESA 2010 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. It 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.com	Spain and general information on the Endesa group
Enerdis	www.enerdis.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.com
	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 Tel: 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
Websites of ENDESA's trade unions	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
Environment and Sustainable Development Director,
ENDESA Environment and Sustainable Development Division
Ribera del Loira, 60
28042 Madrid (Spain)
Email: **dmads@endesa.es**

Appendix II. Independent review report



KPMG Asesores S.L.
Edificio Torre Europa
Paseo de la Castellana, 95
28046 Madrid

Independent Assurance Report to the Management of Endesa, S.A.

We have performed an assurance review on the non-financial information contained in the Endesa, S.A. ("Endesa") Sustainability Report for the year ended 31 December 2010 ("the Report").

Endesa's Management is responsible for the preparation and presentation of the Report in accordance with the Sustainability Reporting Guidelines version 3.1 (G3.1) of the Global Reporting Initiative as described in the chapter entitled "About this Report". This section details the self-declared application level, which has been confirmed by the 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. We conducted our engagement in accordance with ISAE Standard 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standard Board (IAASB), and also in accordance with the guidelines established by the Instituto de Censores Jurados de Cuentas de España. These standards require 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 competence and due care, and professional behaviour. We have also conducted our engagement in accordance with AA1000 AccountAbility Assurance Standard AS 2008 (AA1000AS) (Type 2), which covers not only the nature and extent of the organisation's adherence to AA1000APS, but also evaluates the reliability of the performance information as indicated in the scope.

A limited assurance engagement on a sustainability report consists of making enquiries to Management, primarily to the persons responsible for the preparation of information represented in the Report, and applying analytical and other review-gathering procedures, as appropriate, through the following procedures:

- Interviews with Management to gain an understanding of Endesa's processes for determining the material issues for its key stakeholder groups.
- Interviews with relevant Endesa staff concerning the application of sustainability policies and strategy.
- Interviews with relevant Endesa staff responsible for providing the information contained in the Report.
- Visits to the Ventanilla and Santa Rosa (Peru), Termozipa and Guavio (Colombia), San Isidro and Tarapacá (Chile) and Litoral de Almería and UPH Ebro Pirineos (Spain) plants selected using risk analysis taking into account 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, Endesa's sustainability performance.
- Verifying that the financial information reflected in the Report was taken from the audited financial statements of Endesa, which were audited by independent third parties.

2

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. 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 2010 have not been reliably obtained, that the information has not been fairly presented, or that significant discrepancies or omissions exist, nor that the Report has not been prepared, in all material respects, in accordance with the Sustainability Reporting Guidelines (G3.1) of the Global Reporting Initiative as described in the chapter 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 the chapters entitled "Endesa and its stakeholders" and "About this report", any material issues have been omitted as applies to the principles of inclusivity, materiality and responsiveness included in the AA1000 AccountAbility Principles Standard 2008.

Under separate cover, we will provide Endesa's 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:

In relation to the INCLUSIVITY principle

Endesa has developed a formal stakeholder engagement procedure that enables it to segment its stakeholders on a consistent basis across the entire organisation, updating its map of stakeholders. However, this document does not include the periodic repetition of this exercise. Therefore, Endesa is recommended to establish criteria for the periodic updating of its groups in this procedure.

In relation to the MATERIALITY principle

In 2009, Endesa carried out a materiality study in which it identified, according to relevance, the key sustainability issues. In 2010, it developed the formal stakeholder engagement procedure indicated in the preceding paragraph. As outlined in this procedure, it is recommended that Endesa follow the criteria for updating the key issues, identifying and prioritising specific aspects for each stakeholder group and updating the materiality study.

In relation to the RESPONSIVENESS principle

Endesa has continued to carry out work on the preparation and approval of the Country Plans designed to adapt the issues identified at corporate level in the 2008-2012 Sustainability Plan to the realities of the countries where Endesa has its main operations. In order to strengthen their capacity and efficiency, it is recommended that a prioritisation process be executed for both the selection and design of the actions for these plans considering, *inter alia*, the results of the consultation processes and the identification of key issues.

KPMG Asesores, S.L.

José Luis Blasco Vázquez

15 June 2011

Appendix III. Statement GRI Application Level Check



Statement GRI Application Level Check

GRI hereby states that **ENDESA** has presented its report "Sustainability Report 2010" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 24 May 2011

A handwritten signature in blue ink, appearing to read "Nelmara Arbex".

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The "+" has been added to this Application Level because ENDESA has submitted this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 18 May 2011. GRI explicitly excludes the statement being applied to any later changes to such material.

Appendix IV. GRI content

G3 Content Index - Electric Utilities Sector Supplement						
Application Level				Assured by		
STANDARD DISCLOSURES PART I: PROFILE DISCLOSURES						
1. Strategy and Analysis						
Profile Disclosure	Description	Reported		If applicable, indicate the part not reported	Reason for omission	Explanation
1,1	Statement from the most senior decision-maker of the organization.	Fully		PENDING. The Chairman's letter will be available when the report is published.		
1,2	Description of key impacts, risks, and opportunities.	Fully		Pages 11 (Endesa in figures), 19-20 (Endesa's 2008-2012 Sustainability Plan), 23 (Real results), 35-36 (Engagement with communities involved in the Hidroaysén project)		
2. Organizational Profile						
Profile Disclosure	Description	Reported	Cross-reference /Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation
2,1	Name of the organization.	Fully	Page 14 (About us)			
2,2	Primary brands, products, and/or services.	Fully	Page 14 -15 (Main business areas)			
2,3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Fully	Pages 14-15 (Spanish and Portuguese Business Unit; Latin America Business Unit)			
2,4	Location of organization's headquarters.	Fully	Appendix I pages 230-231			
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.	Fully	Page 17-19 (Energy business)			
2,6	Nature of ownership and legal form.	Fully	Page 38-39 (Scope of the Report)			
2,7	Markets served (including geographic breakdown, sectors served, and types of customers/ beneficiaries).	Fully	Page 17-19 (Energy business)			
2,8	Scale of the reporting organization.	Fully	Page 13 (ENDESA in figures)			
2,9	Significant changes during the reporting period regarding size, structure, or ownership.	Fully	Page 38-39 (Scope of the Report)			
2,10	Awards received in the reporting period.	Fully	Page 29 (Endesa and its stakeholders), 79 (High turnout for Safety Week), 93 (Pension plan and social benefits)			
EU1	Installed capacity, broken down by primary energy source and by regulatory regime.	Fully	Page 47 (Development and improvement of distribution infrastructure)			
EU2	Net energy output broken down by primary energy source and by regulatory regime.	Fully	Page 13 (ENDESA in figures); Page 17 (Energy business); Page 192 (Active participation in developing renewable energies)			
EU3	Number of residential, industrial, institutional and commercial customer accounts.	Fully	Page 46 (Endesa's electricity supply quality Spain and Portugal)			
EU4	Length of above and underground transmission and distribution lines by regulatory regime	Fully	Page 47 (Development and improvement of distribution infrastructure)			
EU5	Allocation of CO2e emissions allowances or equivalent, broken down by carbon trading framework.	Fully	Pages 198 (CDM portfolio), 201 (Carbon funds)			
3. Report Parameters						
Profile Disclosure	Description	Reported	Cross-reference /Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation
3,1	Reporting period (e.g., fiscal/calendar year) for information provided.	Fully	Page 38 (Aims of the Report) & Page 41 (Completeness)			
3,2	Date of most recent previous report (if any).	Fully	Page 41 (Completeness)			
3,3	Reporting cycle (annual, biennial, etc.)	Fully	Page 38 (Scope of the Report)			
3,4	Contact point for questions regarding the report or its contents.	Fully	Appendix I pages 230-231			
3,5	Process for defining report content.	Fully	Page 34 (Dynamic assessment and prioritization of material issues); Page 38 (Relevance (AA 1000 APS) - Materiality (GRI G3.1))			
3,6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	Fully	Page 38-39 (Scope of the Report)			
3,7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Fully	Page 38-39 (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.	Fully	Page 38-39 (Scope of the Report)			

Profile Disclosure	Description	Reported	Cross-reference /Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation
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. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	Fully	Page 38-39 (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).	Fully	Page 38-39 (Scope of the Report)			
3,11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Fully	Page 38-39 (Scope of the Report)			
3,12	Table identifying the location of the Standard Disclosures in the report.	Fully	Page 2 (Summary)			
3,13	Policy and current practice with regard to seeking external assurance for the report.	Fully	Page 41 (Completeness), Appendix II (Independent review report)			
4. Governance, Commitments, and Engagement						
Profile Disclosure	Description	Reported	Cross-reference /Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation
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.	Fully	Page 108-109 (Leadership of the Board of Directors) The breakdown of directors by age is available at (http://www.endesa.com/es/conoceendesa/organosdegobierno/Paginas/OrganosdeGobierno.aspx). There are no declared minorities at Endesa.			
4,2	Indicate whether the Chair of the highest governance body is also an executive officer.	Fully	Page 108-109 (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.	Fully	Page 108-109 (Leadership of the Board of Directors)			
4,4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Fully	Page 108 (Shareholder participation) and Page 113 (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).	Fully	Page 109-110 (Remuneration of Directors)			
4,6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Fully	Page 111 (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.	Fully	Page 111 (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.	Fully	Page 20-21 (Vision, Mission and Values)			
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.	Fully	Page 112 (Codes of Ethics and the fight against fraud and corruption)			
4,10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Fully	Page 112 (Codes of Ethics and the fight against fraud and corruption)			
4,11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Fully	Pages 21-22 (Endesa's 2008-2012 Sustainability Plan)			
4,12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Fully	Pages 25-28 (Compliance with international standards for sustainable management)			
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.	Fully	Page 25-28 (Compliance with international standards for sustainable management); Page 59 (Responsibility for informing customers); Page 77 (Occupational risk prevention)			
4,14	List of stakeholder groups engaged by the organization.	Fully	Pages 30-31 (Map of Endesa stakeholders - Main categories)			
4,15	Basis for identification and selection of stakeholders with whom to engage.	Fully	Pages 32-33 (An approach to management based on the most advanced principles)			
4,16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Fully	Pages 30-31 (The map of Endesa's stakeholders); Pages 36-37 (Meeting with 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, including through its reporting.	Fully	Pages 36-37 (Meeting with stakeholders)			

STANDARD DISCLOSURES PART II: DISCLOSURES ON MANAGEMENT APPROACH (DMAS)							
G3 DMA	Description	Reported	Cross-reference /Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
DMA EC	Disclosure on Management Approach EC	Fully					
Aspects	Economic performance	Fully	Page 131 (Wealth generation in 2010)				
	Market presence	Fully	Pages 17-19 (Energy business)				
	Indirect economic impacts	Fully	Page 131 (Wealth generation in 2010)				
	Availability and reliability	Fully					
EU6	Management approach to ensure short and long-term electricity availability and reliability	Fully	Page 48 (Continuity of supply)				
	Demand-side management	Fully					
EU7	Demand-side management programs including residential, commercial, institutional and industrial programs	Fully	Pages 162-163 (Efficiency in thermal power plants)				
	System efficiency						
	Research and development	Fully					
EU8	Research and development activity and expenditure aimed at providing reliable electricity and promoting sustainable development		Page 48 (Continuity of supply), Page 163 (Model of technology leadership)				
	Plant decommissioning	Fully					
EU9	Provisions for decommissioning of nuclear power sites	Fully	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.				
DMA EN	Disclosure on Management Approach EN	Fully					
Aspects	MaterialsCOMM	Fully	Pages 160-161 (Fuel consumption)				
	Energy	Fully	Pages 160-161 (Fuel consumption)				
	WaterCOMM	Fully	Page 162 (Data on process water)				
	BiodiversityCOMM	Fully	Pages 141-145 (Biodiversity conservation)				
	Emissions, effluents and wasteCOMM	Fully	Pages 205-206 (CO2 emissions)				
	Products and services	Fully	Pages 66-67 (Safety and ongoing improvement in all stages of the life cycle of Endesa's products and services)				
	Compliance	Fully	Pages 148-149 (Environmental incidents)				
	Transport	Fully	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				
	Overall	Fully	Pages 136-137 (Endesa's response to environmental challenges)				
DMA LA	Disclosure on Management Approach LA	Fully					
Aspects	Employment	Fully	Pages 74-75 (Endesa's workforce)				
EU14	Processes and processes to ensure the availability of a skilled workforce	Fully	Pages 89-90 (Training and Learning in the field of Occupational Health and Safety)				
EU15	Percentage of employees eligible to retire in the next 5 and 10 years broken down by job category and by region	Fully	Pages 74-75 (Endesa's workforce)				
EU16	Policies and requirements regarding health and safety of employees and employees of contractors and subcontractors	Fully	Page page 73 (Key figures)				
	Labor/management relations	Fully	Pages 76 (Responsible people management at Endesa)				
	Occupational health and safety	Fully	Pages 79-82 (The results of a joint effort)				
	Training and education	Fully	Pages 88-89 (Assessing training processes)				
	Diversity and equal opportunity	Fully	Pages 74-75 (Endesa's workforce)				
	Equal remuneration for women and men	Fully	Page 93 (Remuneration policy)				
DMA HR	Disclosure on Management Approach HR	Fully					
Aspects	Investment and procurement practices	Fully	Pages 181-182 (Global Compact and Code of Ethics)				
	Non-discrimination	Fully	Pages 113-114 (Ethics channel)				
	Freedom of association and collective bargaining	Fully	Pages 100-101 (Social dialogue)				
	Child labor	Fully	Pages 101-103 (Protection of Human Rights)				
	Forced and compulsory labor	Fully	Pages 101-103 (Protection of Human Rights)				
	Security practices	Fully	Pages 89-90 (Training and Learning in the field of Occupational Health and Safety)				
	Indigenous rights	Fully	Pages 101-103 (Protection of Human Rights)				
	Assessment	Fully	Pages 101-103 (Protection of Human Rights)				
	Remediation	Fully	Pages 101-103 (Protection of Human Rights)				

G3 DMA	Description	Reported	Cross-reference /Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
DMA SO	Disclosure on Management Approach SO	Fully					
Aspects	Community	Fully	Page 146 (Integrated environmental authorisation and impact studies), Pages 217-218 (Social development initiatives), Pages 46-47 (Endesa's electricity supply quality), Pages 29-30 (Endesa and its stakeholders)				
EU19	Stakeholder participation in the decision making process related to energy planning and infrastructure development.	Fully	Page 53 (Programmes to improve or maintain access to electricity)				
EU20	Approach to managing the impacts of displacement	Not			Not available	This will be included in the 2011 Sustainability Report.	2012
	Corruption	Fully	Pages 112-113 (Codes of ethics and the fight against fraud and corruption)				
	Public policy	Fully	Pages 203-204 (Institutional allies in the fight against climate change)				
	Anti-competitive behavior	Fully	Pages 112-113 (Codes of ethics and the fight against fraud and corruption)				
	Compliance	Fully	Pages 115-119 (Ongoing litigation)				
	Disaster/Emergency planning and response						
EU21	Contingency planning measures, disaster/emergency management plan and training programs, and recovery/restoration plans.	Fully	Page 69 (Endesa's management of disasters and emergencies)				
DMA PR	Disclosure on Management Approach PR	Fully					
Aspects	Customer health and safety	Fully	Pages 66-67 (Safety and ongoing improvement in all stages of the life cycle of Endesa's products and services), Page 76 (Common OHS management systems)				
	Product and service labelling	Fully	Pages 59-60 (Responsibility for informing customers)				
	Marketing communications	Fully	Pages 61-62 (Customer satisfaction levels)				
	Customer privacy	Fully	Pages 59-60 (Responsibility for informing customers)				
	Compliance	Fully	Pages 59-60 (Responsibility for informing customers)				
	Access						
EU23	Programs, including those in partnership with government, to improve or maintain access to electricity and customer support services.	Fully	Page 53 (Programmes to improve or maintain access to electricity)				
	Provision of information						
EU24	Practices to address language, cultural, low literacy and disability related barriers to accessing and safely using electricity and customer support services	Fully	Page 98 (Commitment to differently-abled people)				
STANDARD DISCLOSURES PART III: PERFORMANCE INDICATORS							
Economic							
Performance Indicator	Description	Reported	Cross-reference /Direct answer	If applicable, indicate the part not reported	Reason for Omission	Explanation	To be reported in
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.	Fully	Page 131 (Wealth generation in 2010)				
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Fully	Pages 192-193 (Endesa's contribution to combating climate change), 196 (CDM portfolio), 199 (Carbon funds)				
EC3	Coverage of the organization's defined benefit plan obligations.	Fully	Pages 93-94 (Pension plan and social benefits) The terms and conditions of the pension plan are laid out in the company's framework agreements.				
EC4	Significant financial assistance received from government.	Fully	Page 163 (Technology leadership model), 108-109 (Leadership of the Board of Directors) No other type of aid is received.				
Market Presence							
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.						
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Fully	Pages 186-187 (Commitments to local suppliers)				

Performance Indicator	Description	Reported	Cross-reference /Direct answer	If applicable, indicate the part not reported	Reason for Omission	Explanation	To be reported in
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Fully	Page 90 (Attracting and retaining talent)				
Indirect economic impacts							
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Fully	Pages 214-215 (Contribution to social development)				
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Fully	Pages 217-218 (Social development initiatives)				
Availability and reliability							
EU10	Planned capacity against projected electricity demand over the long term, broken down by energy source and regulatory regime.	Fully	Page 48 (Continuity of supply)				
System efficiency							
EU11	Average generation efficiency of thermal plants by energy source and regulatory regime.	Fully	Pages 162-163 (Efficiency in thermal power plants)				
EU12	Transmission and distribution losses as a percentage of total energy.	Fully	Page 51 (Continuity of supply)				
Environmental							
Performance Indicator	Description	Reported	Cross-reference /Direct answer	If applicable, indicate the part not reported	Reason for Omission	Explanation	To be reported in
Materials							
EN1COMM	Materials used by weight or volume.	Fully	Page 160-161 (Fuel consumption)				
EN2	Percentage of materials used that are recycled input materials.	Fully	Page 153 (Recovery of ash and slag) and Page 152 (Types of waste and amount recovered)				
Energy							
EN3	Direct energy consumption by primary energy source.	Fully	Pages 160-161 (Fuel consumption)				
EN4	Indirect energy consumption by primary source.	Fully	Pages 160-161 (Fuel consumption)				
EN5	Energy saved due to conservation and efficiency improvements.	Fully	Pages 162-163 (Efficiency in thermal power plants) and Page 168 (Efficiency in the use of energy)				
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Fully	Pages 162-163 (Efficiency in thermal power plants)				
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.						
Water							
EN8COMM	Total water withdrawal by source.	Fully	Page 162 (Data on process water)				
EN9	Water sources significantly affected by withdrawal of water.						
EN10	Percentage and total volume of water recycled and reused.						
Biodiversity							
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Partially	Pages 141-142 (Biodiversity conservation)	Operating facilities owned, leased, managed in or adjacent to protected areas and areas of high biodiversity value outside protected areas with respect to biodiversity value, characterised by protection status	Not available	Indicator integrated into Endesa's biodiversity management programme as part of Environment Plan 2008-2012. Aim to complete information.	2012
EN12COMM	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Fully	Pages 141-142 (Biodiversity conservation)				
EU13	Biodiversity of offset habitats compared to the biodiversity of the affected areas	Fully	Pages 141-142 (Biodiversity conservation)				
EN13	Habitats protected or restored.						
EN14COMM	Strategies, current actions, and future plans for managing impacts on biodiversity.						
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.						
Emissions, effluents and waste							
EN16COMM	Total direct and indirect greenhouse gas emissions by weight.	Fully	Pages 205- 206 (CO2 emissions)				

Performance Indicator	Description	Reported	Cross-reference /Direct answer	If applicable, indicate the part not reported	Reason for Omission	Explanation	To be reported in
EN17	Other relevant indirect greenhouse gas emissions by weight.	Fully	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				
EN18COMM	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Fully	Pages 192-193 (Endesa's contribution to combating climate change)				
EN19	Emissions of ozone-depleting substances by weight.	Not			Not available	This will be included in the 2011 Sustainability Report.	2012
EN20COMM	NOx, SOx, and other significant air emissions by type and weight.	Fully	Pages 149-150 (Air quality: changes in polluting emissions) Leaks and emissions of POP, HAP and VOC are insignificant compared to the greenhouse gases reported in the relevant section.				
EN21COMM	Total water discharge by quality and destination.	Fully	Page 154 (CSpillage control) Page 161 (Data on process water)				
EN22COMM	Total weight of waste by type and disposal method.	Partially	Pages 150-151 (Waste management and reduction)	Total amount of waste (measured in tonnes) for composting, reuse, recycling, recovery, incineration, landfill and deep well injection.	Not applicable	There is no information available concerning the final destination as this waste is sent for recovery at external facilities by authorised managers.	
EN23	Total number and volume of significant spills.	Fully	Pages 148-149 (Environmental incidents)				
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.						
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.						
Products and services							
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Fully	Pages 63-64 (Efficient products and services), Pages 160-161 (Fuel consumption), Page 161 (Data on process water), Page 146 (Eliminating environmental liabilities), Page 150 (Waste management and reduction), Page 154 (Spillage control)				
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Fully	Endesa does not produce significant quantities of packaged goods intended for sale				
Compliance							
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Fully	Pages 148-149 (Environmental incidents)				
Transport							
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.						
Overall							
EN30	Total environmental protection expenditures and investments by type.						
Social: Labor Practices and Decent Work							
Performance Indicator	Description	Reported	Cross-reference /Direct answer	If applicable, indicate the part not reported	Reason for Omission	Explanation	To be reported in
Employment							
LA1COMM	Total workforce by employment type, employment contract, and region, broken down by gender.	Fully	Pages 74-75 (Endesa's workforce)				
LA2COMM	Total number and rate of employee turnover by age group, gender, and region.	Partially	Page 90 (Attracting and retaining talent)	Total number and rate of new hires by gender and age group. Total number and rate of employees leaving employment by gender and age group.	Not available	This information will be detailed in our 2011 Sustainability Report.	2012
EU17	Days worked by contractor and subcontractor employees involved in construction, operation and maintenance activities.	Fully	Pages 180-181 (Commitment to our partners)				
EU18	Percentage of contractor and subcontractor employees that have undergone relevant health and safety training.	Fully	Page 186 (Contractor training)				

Performance Indicator	Description	Reported	Cross-reference /Direct answer	If applicable, indicate the part not reported	Reason for Omission	Explanat ion	To be reported in
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Fully	Pages 93-94 (Pension plan and social benefits)				
LA15	Return to work and retention rates after parental leave, by gender.	Fully	Page 97 (Maternity and paternity leave)				
Labor/management relations							
LA4COMM	Percentage of employees covered by collective bargaining agreements.	Fully	Pages 100-101 (Social dialogue)				
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Partially	Page 90 (Attracting and retaining talent)		Not available	Only information on Spain is included. Data for other countries will be included in the 2011 Sustainability Report.	2012
Occupational health and safety							
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.						
LA7COMM	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	Fully	Pages 79-80 (The results 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.	Fully	Pages 89-90 (Training and Learning in the field of Occupational Health and Safety)				
LA9	Health and safety topics covered in formal agreements with trade unions.	Fully	Pages 100-101 (Social dialogue)				
Training and education							
LA10	Average hours of training per year per employee by gender, and by employee category.	Fully	Pages 88-90 (Assessing training processes)				
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.						
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	Fully	Page 84 (New talent management model)				
Diversity and equal opportunity							
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	Fully	Pages 74-75 (Endesa's workforce) The breakdown of directors by age is available at (http://www.endesa.com/es/conoceendesa/organosdegobierno/Paginas/OrganosdeGobierno.aspx). There are no declared minorities at Endesa.				
LA14	Ratio of basic salary of men to women by employee category.	Fully	Pages 92-93 (Remuneration policy)				
Social: Human Rights							
Investment and procurement practices							
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	Fully	Pages 181-182 (Global Compact and Code of Ethics)				
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	Fully	Pages 181-182 (Global Compact and Code of Ethics)				
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.	Fully	Pages 89-90 (Training and Learning in the field of Occupational Health and Safety)				
Non-discrimination							
HR4	Total number of incidents of discrimination and actions taken.	Fully	No cases of discrimination were reported via the Ethics Channel				
Freedom of association and collective bargaining							
HR5COMM	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.	Fully	Pages 100-101 (Social dialogue)				
Child labor							
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	Fully	Pages 101-103 (Protection of Human Rights)				
Forced and compulsory labor							
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	Fully	Pages 101-103 (Protection of Human Rights)				

Performance Indicator	Description	Reported	Cross-reference /Direct answer	If applicable, indicate the part not reported	Reason for Omission	Explanation	To be reported in
Security practices							
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	Fully	Pages 89-90 (Training and Learning in the field of Occupational Health and Safety)				
Indigenous rights							
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	Fully	Pages 101-103 (Protection of Human Rights)				
Assessment							
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	Fully	Pages 101-103 (Protection of Human Rights), Pages 181-182 (Global Compact and Code of Ethics)				
Remediation							
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	Fully	Pages 101-103 (Protection of Human Rights)				
Social: Society							
Performance Indicator	Description	Reported	Cross-reference /Direct answer	If applicable, indicate the part not reported	Reason for Omission	Explanation	To be reported in
Community							
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	Fully	Page 146 (Integrated environmental authorisation and impact studies), Pages 217-218 (Social development initiatives), Pages 47 (Endesa's electricity supply quality), Pages 29-31 (Endesa and its stakeholders)				
SO9	Operations with significant potential or actual negative impacts on local communities.	Fully	Page 141-145 (Biodiversity conservation)	SO9		Operations with significant potential or actual negative impacts on local communities.	Pages 121- 123 (Biodiversity conservation)
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	Fully	Page 141-145 (Biodiversity conservation)	SO10		Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	Pages 121- 123 (Biodiversity conservation)
EU22	Number of people physically or economically displaced and compensation, broken down by type of project.	Not			Not available	This will be included in the 2011 Sustainability Report.	2012
Corruption							
SO2	Percentage and total number of business units analyzed for risks related to corruption.	Fully	Pages 112-113 (Codes of ethics and the fight against fraud and corruption)				
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Fully	Pages 112-113 (Codes of ethics and the fight against fraud and corruption)				
SO4	Actions taken in response to incidents of corruption.	Fully	Pages 113-114 (Codes of ethics and the fight against fraud and corruption)				
Public policy							
SO5	Public policy positions and participation in public policy development and lobbying.	Fully	Pages 203-204 (Institutional allies in the fight against climate change)				
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.						
Anti-competitive behavior							
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.						
Compliance							
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Fully	Pages 115-117 (Ongoing litigation)				
Social: Product Responsibility							
Performance Indicator	Description	Reported	Cross-reference /Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
Customer health and safety							
PR1COMM	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.	Partially	Pages 66-68 (Safety and ongoing improvement in all stages of the life cycle of Endesa's products and services), Page 76 (Common OHS management systems)	For the development of the product concept, for R&D and for elimination, reuse or recycling, report whether the health and safety impacts of products and services are assessed for improvement.	Not applicable	Given the nature of the company's products and services, OHS assessment is not applicable to spillage control, reuse or recycling.	

Performance Indicator	Description	Reported	Cross-reference /Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.						
EU25	Number of injuries and fatalities to the public involving company assets, including legal judgments, settlements and pending legal cases of diseases.	Fully	Pages 80-81				
Product and service labeling							
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Fully	Pages 59-60 (Responsibility for informing customers)				
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.						
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Fully	Pages 61-63 (Customer satisfaction levels)				
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Fully	Pages 61-63 (Customer satisfaction levels)				
Marketing communications							
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.						
Customer privacy							
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.						
Compliance							
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Fully	Pages 59-60 (Responsibility for informing customers)				
Access							
EU26	Percentage of population unserved in licensed distribution or service areas.	Fully	Page 51 (Continuity of supply)				
EU27	Number of residential disconnections for non-payment, broken down by duration of disconnection and by regulatory regime.	Fully	Page 52 (Continuity of supply)				
EU28	Power outage frequency.	Fully	Page 48 and 51 (Continuity of supply)				
EU29	Average power outage duration.	Fully	Page 48 and 51 (Continuity of supply)				
EU30	Average plant availability factor by energy source and by regulatory regime.	Fully	Page 162-163 (Efficiency in thermal power plants)				

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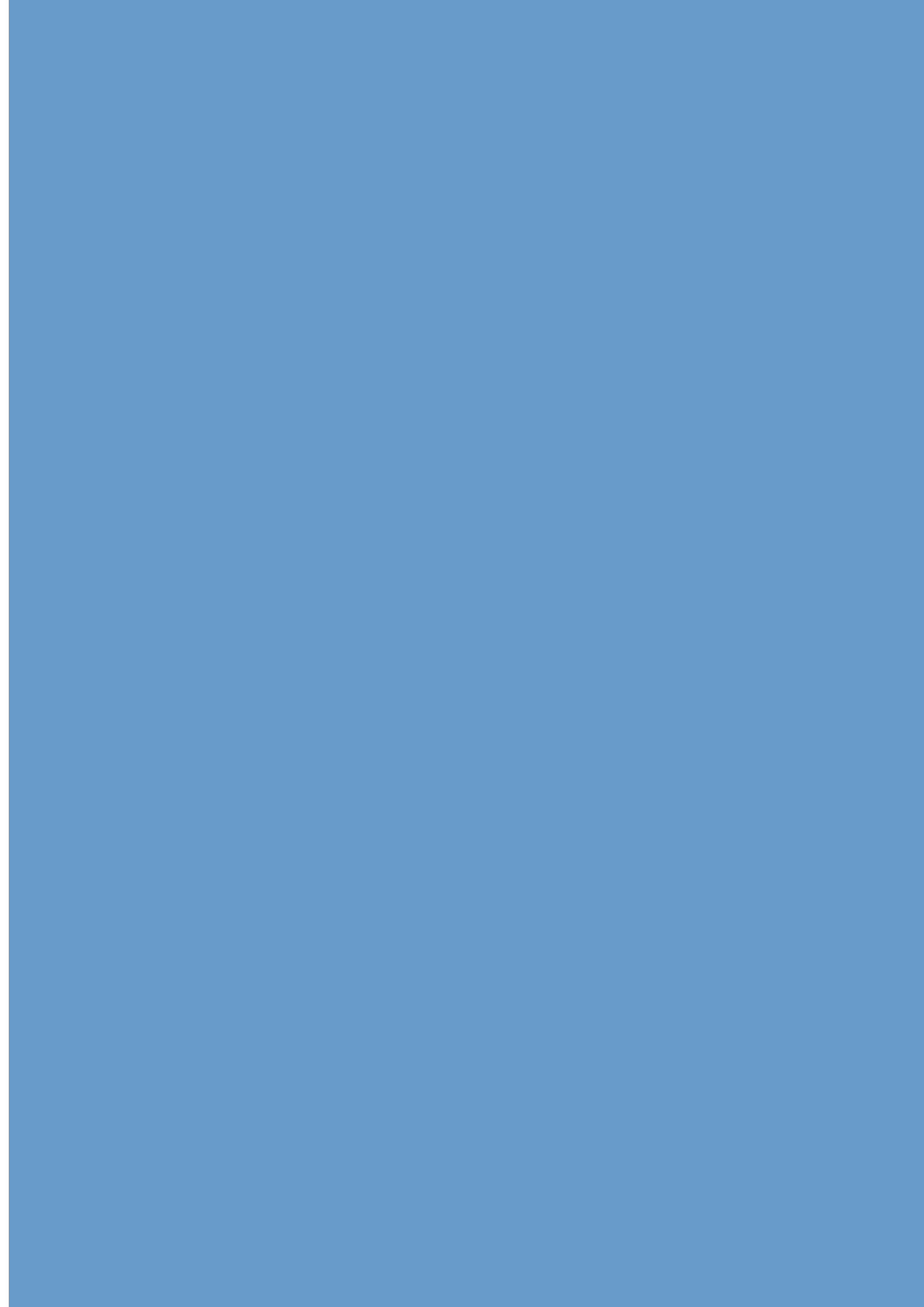
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