

endesa12

light, gas, people

Annual report 2012 **Sustainability**



ENDESA is an

Enel Group company.

Enel is one of the largest utilities in the world. The group produces, distributes and sells sustainable energy, respecting people and the environment. Enel serves over 60 million residential and business customers in 40 countries and creates value for 1.3 million investors.





Presa de Rapel (Chile)

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Presentation

Borja Prado Eulate
Chairman



This is ENDESA's 12th Annual Sustainability Report, outlining our commitment to sustainable development and reporting progress made in 2012 to all our stakeholders.

2012 was the last year of ENDESA's 2008-2012 Sustainability Plan (PES), which reflects the Company's strategy in the area of sustainable development. The plan was completed successfully in its fifth year, with more than 98% of the objectives met.

ENDESA's commitment to sustainable development begins with our senior management and extends to every part of the Company and all employees. The Sustainability Plan contains a total of 67 monitoring indicators, of which 52 form part of the Sustainability Scorecard reported to senior management every six

months; all of the Company's employees are involved in implementing these actions.

The 2008-2012 Sustainability Plan was the natural successor to the 2003-2007 Strategic Plan for the Environment and Sustainable Development, the definitive implementing tool for our Sustainability Policy and a response to the seven commitments to sustainable development made by the Company to our customers, shareholders, employees and the communities in which we operate. This policy also detailed our commitments to ethical behaviour and transparency, technological innovation, energy efficiency and respect for the environment.

For the third consecutive year, this report has been prepared in accordance with version G3.1 of the Global

Reporting Initiative (GRI) and has been verified by an independent external body.

The report is complemented by the specific GRI Electric Utilities Sector Supplement and the principles of AA1000 APS (2008) and the Global Compact. In ENDESA's sustainability management model, the concept of Sustainability forms part of the principles of the Global Compact and is an integral part of the Company's management strategy, from the definition of its mission, vision and values to the individual objectives set for senior managers and other employees whose salaries are determined to some degree by achieving management objectives.

Having published 12 Sustainability Reports, ENDESA remains committed to transparent reporting of progress on sustainability to all of its stakeholders.

The Company believes that responsible conduct, accountability and sustainability management are all key to legitimating our actions in the communities where we operate. Therefore, we are now working on our next Sustainability Plan, which will include our definitive strategic business and sustainability planning.



Borja Prado Eulate
Chairman

Presentation

Andrea Brentan
Chief Executive Officer



A sustainable and responsible commitment to the countries and communities in which it operates is an integral part of ENDESA's management model.

2012 was a special year for ENDESA. A year which saw the completion of our 2008-2012 Sustainability Plan (PES), with most objectives being met, and the start of a new era as part of the Enel Group, for which we have set even more ambitious challenges in order to remain a leader in the area of sustainability.

The PES is structured into seven key vectors that lend continuity to the Group's seven sustainable development commitments: our people, our customers, our investors, good governance and transparency, the environment, technology and innovation, and our partners. In addition, the PES is designed to address two key challenges: the fight against climate change and strengthening links with local communities in the countries and territories where ENDESA operates.

This commitment to sustainability extends across all Group companies and to every member of staff.

This Sustainability Report sets out the performance highlights of the Company's commitment to sustainable development in 2012.

Our people

At ENDESA, the occupational health and safety of our employees and partners is a top priority and we are working towards the sole objective of achieving a zero accident rate. We are therefore developing a series of initiatives in relation to occupational health and safety and risk prevention as part of our 2011-2015 Safety Plan, which forms an integral part of the Enel Group's occupational health and safety strategy. As a result of this joint endeavour, ENDESA has achieved the lowest accident rates ever, reducing the accident frequency index by 23.9% among its employees and contractor personnel.

In December 2010, ENDESA carried out the Enel Group's first working climate survey, achieving 83% participation. As a result of this survey, specific action plans were formulated which identified and successfully implemented 218 improvement initiatives.

ENDESA remains firmly committed to gender equality and non-discrimination and achieving a work-life balance, renewing for the second consecutive year in Spain the "Equality in the Workplace" seal awarded by the Ministry of Health, Social Services and Equality, while its subsidiaries in Chile and Colombia have been certified as "Family-friendly companies".

Our customers

Throughout 2012, the Company continued to work to improve the reliability of supply and the services provided to its close to 25.4 million customers, more than 360,000 of which are new customers located in Latin America.

Supply continuity was improved in Spain, Portugal and Latin America. The system average interruption duration index (SAIDI) in the areas supplied by ENDESA in Spain stood at 52 minutes, an improvement of 8 minutes on 2011, implying availability of service equal to 99.99% of total hours for the year and making ENDESA one of the leading electric utilities in terms of supply quality.

ENDESA's Customer Services Excellence Plan focused on the quality of its customer service and commercial operations in 2012. Highlights included the 11% reduction in the length of the registration process for the deregulated markets through personal service channels and the 14% reduction in the average waiting time at sales offices.

The online office, www.endesaonline.com, grew further in 2012, with 800,000 registered customers, up 35% on 2011, while 86% of complaints submitted to the Customers Ombudsman were resolved successfully.

Shareholders and investors

For the 12th consecutive year ENDESA was listed on the Dow Jones Sustainability Index (DJSI), achieving its best score ever (81 points out of 100). In addition, the Company achieved a 4-point improvement over last year's score (reaching 92/100) for the Carbon Disclosure Project: this index measures emission reductions and corporate transparency in relation to climate change mitigation performance.

The Company has a Shareholders' Office offering personalised support and makes public presentations of its quarterly results to analysts and investors.

Corporate governance and transparency

ENDESA's commitment to corporate governance and transparency is evident in its daily conduct. Since 2010, the Company has had a new Code of Ethics and Zero Tolerance Plan Against Corruption in place, which

outline the ethical responsibilities and commitments in the management of its businesses and corporate activities. These have been adopted by all ENDESA's subsidiaries

and reinforce the existing Employee's Code of Conduct, the Charter governing senior management and the Charter governing executives.

Environment

Sustainable development is one of the main pillars of ENDESA's strategy and environmental protection is one of the Company's most important commitments.

97.97% of the energy produced by ENDESA in 2012 was certified under ISO14001, with a figure of 97.8% of installed capacity in Latin America. Meanwhile, the measures implemented between 2008 and 2012 to manage and curb emissions led to a 16% decrease in SO₂, a 15.6% drop in NO_x and a 32.7% reduction in suspended particulates emitted by the major thermal power plants.

The restoration of the As Pontes mine was completed on 16 May 2012 when the lake was filled and is a shining example of comprehensive environmental protection. This site will be managed by the Galician regional government (Xunta de Galicia).

Climate change

The fight against climate change is one of ENDESA's main environmental priorities. The Company addresses this challenge through technology and innovation. Through its Climate Change Programme, the Group plays an active role in the development of renewable energies, heading up new technological developments to reduce carbon dioxide emissions, developing opportunities in the area of energy efficiency and co-generation and leading the development of a sustainable transport model based on the electric vehicle.

In 2012, ENDESA further promoted the electric vehicle. Highlights include the presentation of the world's first inductive fast charging solution and the development of the conductive fast charging equipment. Progress was also made on the development of V2G (Vehicle to Grid) technology and the implementation of the international project Zem2All (Zero Emissions Mobility to All) aimed at the mass testing of new

e-mobility services and advantages in the Malaga smart city project. Today, ENDESA has more than 600 charging points for electric vehicles in Spain and 40 in Latin America.

Technology and innovation

In 2012, ENDESA continued to develop projects designed to generate value and promote a culture of innovation. Direct investment in R&D and innovation activities in the year totalled Euro 84 million with 90 projects executed. The results achieved were significant, due to the close collaboration with the Enel Group.

Achievements in this area include:

- In 2012, five new patents for technological solutions were applied for in relation to electric vehicle charging, improving maintenance for diesel units, carbon capture in fixed-bed reactors and reactive power compensation.
- Cementing a position of leadership in smart cities, where substantial progress was made in the Malaga project (the first full-scale European project) and in Barcelona in Spain, and in Latin America, where the smart city projects in Búzios (Brazil) and Santiago de Chile (Chile) got underway.
- The position enjoyed by ENDESA in the area of smart cities is based on another of the Company's successes, the smart meter - the result of know how developed by Enel, world leader in this sector. In Spain, the Company installed 2 million smart meters for domestic customers in 2012, bringing the grand total to 3 million. In Latin America, pilot schemes are also being rolled out in Brazil and Chile.
- The launch of the first edition of the Enel Lab competition in Spain (with a prize Euro 15 million), aims to finance up to 18 Spanish or Italian start-ups over three editions of the contest for the development of projects in the area of new technologies or new applications of interest for the Enel Group.
- The opening of a cooling lagoon in Latin America to assess the viability of crystalline lagoons as an alternative cooling system for thermal power plants.

Our partners

ENDESA has stepped up its drive to develop a commitment to sustainability among its partners. The Company has therefore continued to identify strategic suppliers and contractors, numbering 540 in 2012, 29% more than in 2011. Further, the Supplier Rating System is already in use in 83 purchasing families, 44 more than in 2011. Also, 100% of significant contracts (worth more than Euro 1 million) included clauses on human rights.

For ENDESA, it is essential to transmit to our partners and suppliers our policies on workplace security, demanding the same safety standards for all people who work for the Company and for contractor companies. As a result of this effort, the accident frequency index for these employees was reduced from 4.35 in 2011 to 3.21 in 2012.

Establishing ties with local communities

In 2012, the 2010-2012 Regional Sustainability Plans were rolled out in the areas where the Group operates in Spain (Andalusia and Extremadura, Aragón, Balearic Islands, Canary Islands and Catalonia), while the sustainability committees in Latin America (Argentina, Brazil, Colombia, Chile and Peru) continued to coordinate and develop their country-specific sustainability plans. The goal is to offer an overall vision of sustainability at the local level and to lead, coordinate and implement local sustainable development actions.

ENDESA has continued to promote social initiatives aimed at providing access to electricity through three main channels:

- **Development of knowledge and key skills, creating abilities in the area of electricity:** **Nuevo Pachacútec** (ENDESA's main electricity educational programme in Peru); **Chilectra university chair** (making students of electricity in Chile more employable through training in the area of electricity distribution and work experience); **Pasantía Docente** (improving technical training in electricity and energy in Chile by fine-tuning lecturers' skills); **technical training in the distribution and supply of electricity** (technical training for young people in energy distribution and supply in Colombia) and **Coelce nas Escolas** (a

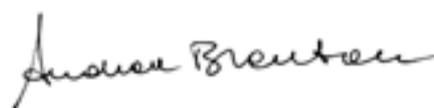
project in Brazil to prevent the wastage of electrical energy and increase energy efficiency).

- **Elimination of economic barriers for low income sectors of the population: Ecoelce and Ecoampla in Brazil and Ecohilectra in Chile** (projects that encourage the exchange of recyclable waste for discounts on electricity bills); and **customer reactivation programme in Peru** (the objective of this project is to facilitate access to power for low income communities through flexible financing schemes for new connections).
- **Access to electricity through new technologies and infrastructures : Power for All programme** (a federal initiative to bring electricity to all rural areas in Brazil); **electrification of communities** (a project to bring electricity supply to underprivileged urban areas in Peru); **cold reserve electrification and Curibamba** (power interconnection project in Peru to help the development of communities located in the proximity of ENDESA's installations); **electricity for learning programme** (installation

of solar panels on educational buildings in Colombia without access to electricity), **the illumination of sports facilities in Peru** and **the multicanchas initiative in Chile** (recovery of public areas through the delivery, installation and maintenance of illumination systems in sports grounds and installations).

Therefore, we can conclude that 2012 was a year of great achievements in each of the seven main lines of the strategic plan: our people, our customers, our investors, good governance and transparency, the environment, technology and innovation, and our partners.

On this basis, we are working on our next Sustainable Strategic Plan which will keep ENDESA at the forefront in all areas of sustainability.



Andrea Brentan
Chief Executive Officer

A photograph of the ENDESA headquarters building at night. The building is a modern, multi-story structure with a curved facade and a large, illuminated sign on the roof. The sign features the ENDESA logo, which consists of a stylized 'E' and a square containing a flame-like shape, followed by the word 'endesa' in lowercase. To the right of the logo, the slogan 'luz · gas · personas' is displayed in lowercase. The building's interior lights are visible through the glass windows, and the sky is dark.

E endesa luz · gas · personas



*ENDESA,
a leading group
in the global
electricity market*

ENDESA is the leading utility in the Spanish electricity sector and the largest private electricity multinational in Latin America. The Company consolidated its leading position in 2012 both in terms of business activity and its commitment to sustainable development. As a company, ENDESA strives to secure a reliable and affordable energy supply in the regions where it operates and to incorporate social and environmental issues into its management model.

ENDESA's 2008-2012 Sustainability Plan fully incorporates all three sustainability areas (economic, social and environmental) into the Company's strategy. In 2012, the fifth year of the plan, 98% of its objectives were met.

98%
compliance with
objectives of
the 2008-2012
Sustainability Plan
in its fifth year

ENDESA publishes
its **12th**
Annual
Sustainability
Report

In 2012, ENDESA
achieved the highest
score in the DJSI's
"Engagement with
stakeholders"
section

ENDESA and its
eight subsidiaries in
Latin America have
achieved advanced
level in the Global
Compact

Key figures 2008-2012 Sustainability Plan

	2008	2009	2010	2011	2012
Participation at the General Shareholders' Meeting (%)	93.84	93.75	93.9	93.87	93.49
Number of Board meetings	11	15	11	11	14
Total number of directors	10	9	9	9	9
Fixed remuneration of directors (Euro)	3,546,131	2,469,338	1,911,600	1,907,148	2,137,984
Variable remuneration of directors (Euro)	4,237,804	5,688,398	2,590,864	3,160,810	3,317,408
Complaints received via the Ethics Channel	49	80	73	69	81
Dismissals arising from complaints received via the Ethics Channel	n/a	n/a	36	11	21

1. ENDESA in figures

	2010	2011	2012
EBITDA (Euro million)	7,474	7,265	7,005
Business in Spain and Portugal	4,079	4,024	3,796
Business in Latin America	3,395	3,241	3,209
Other countries	0	0	0
NET INCOME AFTER TAXES AND MINORITIES (Euro million)	4,129	2,212	2,034
Business in Spain and Portugal	3,498	1,593	1,410
Business in Latin America	631	619	624
Other countries	0	0	0
WORKFORCE (10)	24,732	22,877	22,807
Spain and Portugal (1)	12,151	11,670	11,504
Latin America	12,462	11,092	11,301
Other countries	119	115	2
INSTALLED CAPACITY (MW)	40,142	40,095	39,403
Spain and Portugal	23,116	23,072	23,122
Hydroelectric	4,731	4,716	4,716
Conventional thermal (2)	14,720	14,675	14,720
Thermal – nuclear (2)	3,665	3,681	3,686
CHP and renewables (11)	–	–	–
Latin America (3)	15,835	15,832	16,158
Other countries (2)	1,191	1,191	123
OUTPUT (GWh)	130,485	138,714	141,434
Spain and Portugal (4)	67,049	75,132	77,386
Hydroelectric	9,208	6,179	5,350
Conventional thermal	29,664	43,776	45,069
Thermal – nuclear (2)	27,619	25,117	26,967
CHP and renewables (11)	–	–	–
Latin America (3)	62,416	62,767	63,118
Other countries (2)	1,020	815	930
SALES (GWh)	162,465	162,336	162,490
Spain and Portugal	106,894	105,241	102,766
Regulated market	0	0	0
Deregulated market (6)	106,894	105,241	102,766
Latin America (7)	55,571	57,095	59,724
Other countries (5)	–	–	–
NUMBER OF CUSTOMERS (thousands)	25,001	25,192	25,443
Spain and Portugal	11,729	11,537	11,431
Regulated market (9)	–	–	–
Deregulated market (6)	11,729	11,537	11,431
Latin America	13,272	13,655	14,012
Other countries	–	–	–

(1) In contrast to previous years, 2008 to 2012 data include figures for Asociación Nuclear Ascó-Vandellos, Carbopego, Nuclenor, Pegop Energía Eléctrica, Tejo Energía and Endesa Ingeniería due to changes to the consolidation scope.

(2) Data consolidated by ENDESA.

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

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

(5) Does not include sales to end customers made by generation companies in Europe.

(6) 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.

(7) Does not include tolls or unbilled consumption.

(8) Data measured at busbar cost.

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

(10) Number of employees by business unit.

(11) See section on Climate change: 1.1. Playing an active role in developing renewable energies.

2. 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 22,807, a total of 25.4 million customers and installed power of 39,403 MW.

In 2012, ENDESA reported net income of Euro 2,034 million and revenues of Euro 39,933 million.

2.1. Main Business Areas

ENDESA's core businesses are electricity generation, distribution and supply. It also operates in the natural gas business (supply, distribution and sales), as well as cogeneration and renewable energies (wind farms, mini-hydro plants, waste-fuelled power and biomass).

Outside the field of energy, ENDESA holds a stake in Bolonia Real Estate and carries out substantial mining activities in Andorra (Teruel) and Puertollano (Ciudad Real). It also performs restoration work on former mining operations in Peñarroya (Córdoba) and As Pontes (La Coruña). At the latter, restoration work on the hole left by the mine was finished in April 2012 after it was filled with high quality water to form a lake. In 2012, 810,000 tonnes of coal were produced.

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

2.1.1. Spanish and Portuguese Business Unit

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

Endesa Generación

Endesa Generación encompasses ENDESA's generation and mining assets in Spain, in addition to assets that previously belonged to Endesa Europe in Portugal which are now part of the Spain and Portugal division, assets in Ireland and Morocco (which fall under Other countries) and assets belonging to Endesa Cogeneración y Renovables (ECyR).

Endesa Red

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

- Endesa Distribución Eléctrica, S.L.: regulated power transmission and distribution activities.
- Endesa Gas, S.A.: the Company's holdings in regulated natural gas market companies. Endesa Gas distributes natural gas via its stakes in Distribución y Comercialización de Gas Extremadura, Gasificadora Regional Canaria and Gas Extremadura Transportista.

Endesa Energía

ENDESA carries out supply activities on the deregulated market, responding to the demands of Spanish electricity market deregulation. The Company's core businesses are the supply of power and value-added services to those customers who exercise their right to choose an energy supplier and receive services on the deregulated market.

- *Energy Management Department.* This department mainly focuses on trading and fuel management.
- *Nuclear Energy Department.* This department comprises Endesa Operaciones y Servicios Comerciales, S.L. and provides sales support for ENDESA's power companies.
- *Support units.* Provide support services for ENDESA's investees:
 - Strategy and Development
 - Systems and Telecommunications
 - Economic-financial
 - Human Resources and Organisation
 - Legal
 - Communication

2.1.2. Latin America Business Unit

This business unit oversees an extensive number of Latin American companies operating in Chile, Argentina, Brazil, Colombia and Peru, in which ENDESA holds a controlling shareholding position.

2.2. Energy business

2.2.1. Spain

At the close of 2012, ENDESA had 22,027 MW of ordinary regime capacity in Spain and Portugal, with net output of 77,386 GWh.

In Spain, ENDESA had total net output of 74,484 GWh between mainland ordinary regime and non-mainland generation, an increase of 2.5% compared to 2011.



The Company supplied 102,766 GWh of power and had 11.4 million customers.

ENDESA also operates in the natural gas business. Its natural gas customer portfolio (excluding sales for electricity generation) at the end of 2012 was made up of 1.3 million supply points, with an annual consumption of 43.9 TWh, an increase of 5.2% on 2011.

“ENDESA: Spanish electricity market leader in supply and customers.”

2.2.2. Portugal

At the end of 2012, ENDESA had installed capacity of 1,095 MW under the ordinary regime (244 MW at Tejo Energía and 851 MW at Elecgas). The Pego plant produced 3,497 GWh (1,360 GWh corresponding to ENDESA's 38.9% stake), which represented 7.1% of Portugal's total electricity consumption.

ENDESA remains the second largest operator in the Portuguese deregulated electricity market, with a share of close to 25%. At year-end 2012, the Company's customer

portfolio in the electricity market saw demand of 6,163 GWh/year, with 3,687 medium voltage supply points, 3,545 special low voltage supply points and 115,490 low voltage supply points.

In the Portuguese gas market, ENDESA supplied 4,358 GWh/year.

2.2.3. Latin America

ENDESA is the leading private electricity multinational in Latin America and the largest utility in Chile, Argentina, Colombia and Peru. It also has a solid position in Brazil.

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

ENDESA investee companies in Latin America had total installed capacity of 16,158 MW at year-end 2012, generating 63,118 GWh and selling 59,724 GWh, with a total of 14 million customers (357,000 more than in 2011).

In Latin America, the Company had 409.03 MW of renewables capacity in 2012: 330.88 MW in mini-hydro plants with capacity of less than 50 MW and 78.15 MW of wind power capacity.

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.

“ENDESA: the leading private power multinational in Latin America.”

2.2.4. Business in other countries

In 2012, ENDESA's main businesses outside Spain and Portugal and Latin America were as follows:

2.2.4.1. Ireland

At the end of 2010, ENDESA started proceedings for the sale of its 100% stake in Endesa Ireland Limited. The company was sold to SSE Generation Ltd. in October 2012 for Euro 286 million.

Endesa Ireland Limited owned four sites with a total operating capacity of 1,068 MW: Tarbert, a fuel oil plant with total installed capacity of 620 MW; Great Island, a fuel oil plant with total installed capacity of 240 MW; and Tawnaghmore and Rhode, each with two gas oil units and 104 MW capacity. Up to the date of the sale, it had generated 24.1 GWh.

2.2.4.2. Morocco

ENDESA operates in Morocco through its 32% stake in Energie Electrique de Tahaddart, the company that owns a 384 MW CCGT plant in Tahaddart. In 2012, the plant had an output of 2,830 GWh (906 GWh of which corresponded to ENDESA's 32% stake).

In 2012, Energie Electrique de Tahaddart paid a dividend against 2011 earnings, of which Euro 4.3 million (net) was payable to ENDESA.

2.2.5. Enel Green Power España

Enel Green Power España was founded in 2010 as a result of the integration of the renewable assets of Endesa Cogeneración y Renovables, S.A.U. in Spain and Portugal with those of Enel Green Power in the same area.

Enel Green Power España, S.L., manages and develops all the renewable assets of ENDESA and Enel in Spain and Portugal. It is 40% owned by ENDESA and 60% by Enel Green Power, which is wholly owned by Enel and is involved in the development of renewable energies throughout the world.

At 31 December 2012, Enel Green Power España had total net installed capacity of 1,680.5 MW in renewable energies, with the following breakdown: 1,568.106 MW in wind energy, 56.56 MW mini-hydro capacity, 22.7 MW in biomass plants, 13.41 MW solar energy plants and 19.728 MW in cogeneration plants.

3. Commitment to sustainability

All environmental, economic and social opportunities are integrated into ENDESA's sustainability strategy and day-to-day management. To do this, the Company establishes a series of business objectives that include long-term value creation for the communities in which it operates.

3.1. Mission, vision and values

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

Mission	To maximise the value of our shareholders' investments. To serve our markets and exceed customers' expectations. To contribute to the development of our employees.
Vision	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	People: we 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: we aim to boost customer satisfaction by providing competitive, high-quality solutions. Innovation: we strive constantly to improve and find innovative solutions to meet maximum profitability criteria. Focus on results: our activities are aimed at achieving the objectives of our business project and profitability for our shareholders, endeavouring to exceed their 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 to all Group companies and employees. It also explicitly includes economic remuneration systems and codes of conduct, and is extended to partners and other agents that work with ENDESA or on its behalf.

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.

4. ENDESA's 2008-2012 Sustainability Plan

ENDESA's sustainable development strategy is included in the 2008-2012 Sustainability Plan, which concluded in 2012, having achieved the full inclusion of all economic, social and environmental aspects, as well as long term value generation.

The 2008-2012 Sustainability Plan was 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.

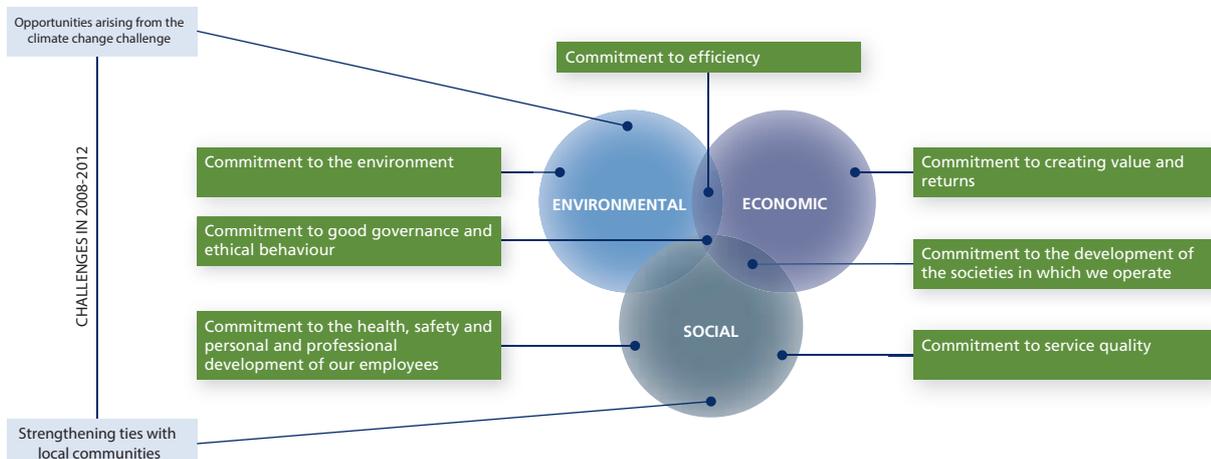
It was structured according to the importance to ENDESA of the issues it covers and the scope for improvement. It is based on seven main lines and two challenges, showing the Company's real commitment to sustainability through over 250 programmes and initiatives, including the monitoring of indicators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

One unique feature of the plan is that it has undergone changes over the last five years (2008-2012), 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
<ul style="list-style-type: none"> • 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
<ul style="list-style-type: none"> • The climate change challenge. • Strengthening ties with local communities and the Company's legitimacy in the areas where it operates.

ENDESA's Seven Commitments



“More than 250 programmes and initiatives form part of ENDESA’s 2008-2012 Sustainability Plan.”

Commitment to our customers

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

- Improving its perception as a reliable supplier, avoiding reputational crises.
- Achieving commercial excellence.
- Ensuring that each interaction with the customer has a positive effect.
- 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 global model for managing leadership and talent, to guarantee the professional development of staff based on merit, generating high-quality management and ensuring 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 it has set two strategic objectives:

- 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

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 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 a reduction in CO₂ emissions.
- To participate actively in the development of renewable energies.
- To develop energy efficiency and cogeneration opportunities.
- To contribute to the development of a sustainable transport model based on electric vehicles.
- To create a portfolio of CDMs.

The challenge of strengthening ties with local communities

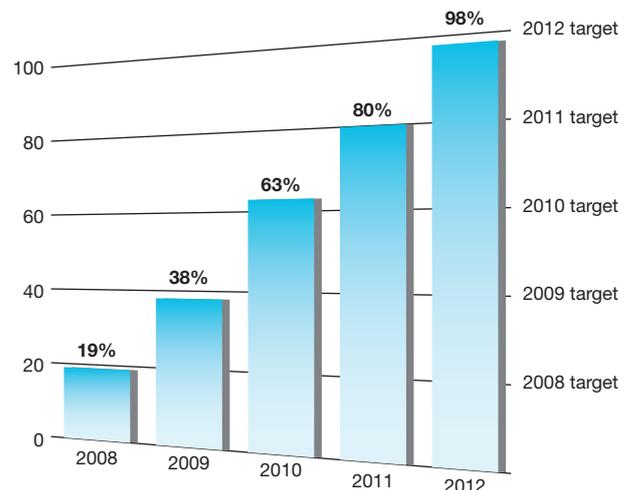
ENDESA aspires to be seen as involved in the social concerns of the countries and regions where it operates and as an indispensable partner in their economic, social and environmental development. To this end, the Company has set the following strategic objectives:

- 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 that are related to electricity.
- To respond to the needs of the main communities with which ENDESA deals.
- To realise ENDESA's potential to help create wealth and employment.
- To be sustainable over time and able to replicate the most successful measures.

- To address the needs of underprivileged groups, including rural communities and displaced urban communities.
- To work with the social representatives of the communities involved in projects.
- Accountability - through systematic, transparent communication with society.

4.1. Real results

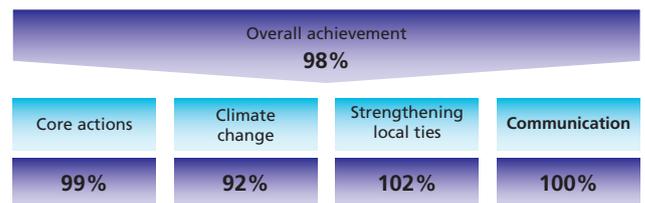
In 2012, the fifth and final year of the 2008-2012 Sustainability Plan, the associated initiatives were significantly developed, with most of the plan's established objectives being met. The progress of the sustainability strategy was also built on in the different locations in which the Company operates, through individual country plans (Argentina, Brazil, Colombia, Chile and Peru) and regional plans (Andalusia and Extremadura, Aragon, the Balearic Islands, the Canary Islands and Catalonia) and the different committees that coordinate these initiatives.



“98% compliance with the Sustainability Plan in 2012.”

The 2008-2012 Sustainability Plan comprises a total of 67 tracking indicators, of which 52 feature on the Sustainability Scorecard, which is submitted to senior management every six months.

The balance and measurement of the programmes and actions making up the plan reveal an overall level of compliance of 98%, slightly below the established target.



The greatest progress made within the Sustainability Plan, with much more activity than originally planned, related to action taken by the Company to forge ties with local communities, followed by communications activities. Almost 99% of objectives were met in the Core Actions section of the plan, which encompasses the initiatives related to ENDESA's seven commitments. Lastly, the least progress was made in relation to initiatives to fight against climate change.

- **Core Actions:** Slightly below target. 100% or more of the objectives in the areas of Customers, People, Investors, Technology and Innovation and Partners were met. In the areas of Good Governance and the Environment this figure was slightly lower, although in line with the target for the latter.
- **Combating Climate Change:** Progress on meeting objectives slowed to 92%. Highlights include the Renewable Energies and Energy Efficiency projects, where were slightly below target (at 98%) and Sustainable Transport.
- **Strengthening ties with local communities:** Above target (102%). Progress was on target or above target in the implementation of the sustainability strategy in all countries and regions, in the area of social initiatives and in relation to the metering system as part of the Enabling Electricity project. Progress was slightly below target (95%) in the implementation of the social action strategy.
- **Communication:** Targets were met in all areas. Expectations were surpassed in the areas of communication, raising awareness and unlocking the value of sustainability issues.

This report demonstrates, for each of the sections, the progress made by the Company in the field of sustainability in 2012, detailing the actions taken and results achieved in each area.

5. 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. The Company is firmly committed to the United Nations Global Compact and its 10 basic principles, the OECD principles and the United Nations Millennium Goals.



ORGANISATION DE
COOPÉRATION ET
DE DÉVELOPPEMENT
ÉCONOMIQUES



In 2012, ENDESA and Enel once again played an active role in Global Compact LEAD, the corporate sustainability leadership platform developed by the UN Global Compact in 2011 comprising the 57 leading companies in sustainability, committed to developing the “Blueprint for Corporate Sustainability Leadership”, a programme that encompasses 50 specific initiatives aimed at making sustainability an integral part of the business model.

For one further year, the Company maintained a strong commitment to local Global Compact networks in the countries where it operates, carrying out different roles in the corresponding executive committees. At the same time, the Company further strengthened its activities at a regional level through its role as a founding member of the Regional Global Compact Centre for Latin America and the Caribbean.

In addition to this institutional activity, ENDESA and its subsidiaries have been extremely active within the different areas of the Global Compact:

At an international level, ENDESA and Enel took part in various activities during the Rio+20 Corporate Sustainability Forum organised by the Global Compact in Rio de Janeiro as part of the UN Conference on Sustainable Development, Rio+20. The two companies took the opportunity to showcase their smart metering and energy distribution solutions, in addition to committing to the social and economic development of the regions where they operate. Further, ENDESA and Enel also took part in several working groups organised by the Global Compact LEAD, including Sustainable Energy for All and Engagement with Indigenous People.

ENDESA also continued to develop several Global Compact initiatives, such as Caring for Climate or Women's Empowerment Principles (WEPs). Along these lines, in 2012 ENDESA took part in the Gender Equality for Sustainable Business: 4th Annual Women's Empowerment Principles event organised by UN Women and the Global Compact in New York, where it had the opportunity to share the Company's progress in its firm commitment to equality in the areas of business, government and civil society in general.

On a regional level, it is worth noting ENDESA's collaboration on the study entitled “Principles of social investment: experiences of participants of the Global Compact in Latin America and the Caribbean”, drawn up by the Regional Support Centre for the Global Compact in Latin America and Caribbean, and the presentation of this study at the Rio+20 Corporate Sustainability Forum. The study includes the different initiatives being undertaken by ENDESA in Latin America aimed at fostering social and economic growth in the communities in which it operates.

At local level, ENDESA continued to play an active role in different workshops, working groups and activities organised by the Global Compact in Spain. We would also highlight the Company's involvement in the seminars organised by the Spanish Network in both Madrid and Rio de Janeiro in tandem with the Rio+20 summit, with the presentation of various smartcity projects being rolled out in Europe and Latin America in reflection of its commitment to sustainable development. At the same time, Endesa Brazil, in collaboration with other signatories of the Global Compact in Brazil, signed the 10 business commitments to promote transition to a green and inclusive economy, spearheaded by the Brazilian network. Additionally, ENDESA's subsidiaries in Peru took part in the second Global Compact Business Forum held in Lima. At this event, participants were informed about the progress being made in terms of compliance with environmental principles and the fight against corruption. Lastly, ENDESA's subsidiaries in Colombia and Argentina played a key role at various seminars, committee meetings and working groups organised by their respective local networks during the year.

In 2012, ENDESA, Enel and its eight subsidiaries in Latin America (Endesa Chile, Chilectra, Endesa Brazil, Coelce, Ampla, Cachoeira Dourada, Endesa CIEN and Endesa Fortaleza) achieved United Nations Global Compact advanced level, the highest category awarded to progress reports detailing the advances made each year for companies implementing the 10 principles of the Global Compact. Advanced level is awarded to those companies who demonstrate a high level of sustainability performance and which adopt and report on a range of sustainability strategy,

governance and management practices. Therefore, ENDESA and its subsidiaries have renewed their commitment to this initiative to move forward in compliance with the principles of the Global Compact.

“ENDESA and its eight subsidiaries in Latin America have achieved United Nations Global Compact advanced level.”

ENDESA will uphold its commitment to the Global Compact and to the United Nations as it considers that these institutions provide efficient tools to broaden the impact of the individual initiatives undertaken by companies and inspire other players to work towards sustainable development, enabling balanced and respectful advances to be made in the field of human rights and the environment. And this is the Company's ultimate goal, as it is impossible to do business in societies that do not advance. Therefore, in line with the provisions of Criterion 41 of the UN Global Compact's Advanced COP, one area in which the Company considers the Global Compact should continue to advance is in achieving the involvement of different players (civil society, investors, companies, academia) in the joint search for solutions. The neutrality of the Global Compact makes it ideally positioned to achieve this goal. Moreover, its independence from the other agents involved and specifically, its work in identifying international financing resources to broaden the impact of the sustainability initiatives carried out by companies, may be crucial.

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 2012
				
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. See section on Strengthening ties with local communities. See section 1, point 5.1 Global Compact Annual Communication on Progress (COP).
Principle 2. Businesses should make sure that they are not complicit in human rights abuses.	HR1-2, HR8			

GLOBAL COMPACT PRINCIPLES	GRI INDICATORS (direct relevance)	GRI INDICATORS (indirect relevance)	MILLENNIUM DEVELOPMENT GOALS	INITIATIVES PLANNED IN 2012
				
LABOUR STANDARDS				
Principle 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	HR5, LA4, LA5			<ul style="list-style-type: none"> • See section on our Commitment to Employees. • Development of Plan Senda, one of the objectives of which is to continue developing a culture of social responsibility in people management. • Occupational Health and Safety management via the Delfos System. • 83% of ENDESA employees work in OSHAS 18001 certified work centres. • ENDESA Group companies in Chile and Colombia have been certified as family-friendly enterprises • Continuation of the plan for the integration of people with disabilities in Spain. • 93.98% of staff are covered by collective bargaining agreements in Spain and Portugal, and 80% in Latin America.
Principle 4. Businesses should uphold the elimination of all forms of forced and compulsory labour.	HR7	HR1-3	Goal 2: To achieve universal primary education.	
Principle 5. Companies should uphold the effective abolition of child labour.	HR6	HR1-3	Goal 3: To promote gender equality and empower women.	
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		<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. • Development of the Strategic Biodiversity Conservation Programme. • Development of a corporate Carbon Footprint management system. • Development of the Global Energy Efficiency Plan for 2010-2014 (PGE3). • Foster sustainable mobility and development and implementation of the electric vehicle in Spain and Portugal and Latin America. • Active participation in the development of renewable energies. • ENDESA and Enel lead the world carbon market rankings, with a combined portfolio of 118 CDM projects. • Evaluation of the 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, PR3-4		
Principle 9. Businesses should encourage the development and diffusion of environmentally friendly technologies.	EN2, EN5-7, EN10, EN18, EN26-27		Goal 7: To ensure environmental sustainability.	
FIGHT AGAINST 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 drew up a new Code of Ethics and Zero Tolerance Plan Against Corruption, which states its commitments and ethical responsibilities in the management of its operations and business activities. • The Company has an Employee Code of Conduct, a Charter governing senior management and a Charter governing executives. • 83.5% of complaints filed through the Ethics Channel in 2012 were resolved, representing an increase of 6% on 2009. • Programmes to strengthen culture of integrity. • Development of channels for dialogue with stakeholders. • Development of the Shareholders' Office.

6. Protection of Human Rights

ENDESA has an ongoing commitment to respect and protect human rights. This commitment is reflected in the Company's mission, vision and values and evidenced in its adherence to the UN Global Compact, which advocates support and respect for the protection of human rights and the intolerance of any breach of these rights in its first two principles. A commitment that was once again expressly and publicly ratified at the 60th anniversary of the Universal Human Rights Declaration when ENDESA, together with another 156 global companies, took part in the "Declaration of CEOs" published in all international editions of the Financial Times on 10 December 2008. The text included was as follows:

"On the occasion of the 60th anniversary of the Universal Declaration of Human Rights, we, business leaders from all corners of the world, call on governments to implement fully their human rights obligations. We also reiterate our own commitment to respect and support human rights within our sphere of influence. Human Rights are universal and are an important business concern all over the globe".

The commitment adhered to by ENDESA is still in place four years after this declaration and both the Company's policy and successive sustainability programmes promote compliance with these principles, directly or through the value chain (for more information see the section on Our Partners).

Today, as part of the Enel Group, the Company is developing a human rights policy to formally adapt this commitment to the new international framework established in 2011 through the report published by the Special Representative of the General Secretary for Human Rights and transnational companies, John Ruggie. This policy is expected to be approved at the highest level in early 2013.

However, as part of its commitment to Human Rights, ENDESA has been continually rolling out processes to identify risks and their potential impact in the area of human rights. Therefore, in 2007, a process was undertaken to ensure the systematic compliance with the principles of the Global Compact which included an overall analysis of the risk of non-compliance with these principles in each country and a specific analysis of the real and potential impact of each company. This internal control and monitoring mechanism included a country

risk analysis, an analysis of international benchmarks, an internal compliance assessment, proposed corrective actions and subsequent verification which was carried out in 2012, marking the completion of the internal audit to verify the soundness of the system and degree of progress made in implementing the corrective measures.

Additionally, as part of the more general framework of the Enel Group's Human Rights Policy, the analysis of the Company's real and potential impact on human rights was updated in 2012. As a subsidiary of the Enel Group, ENDESA's human rights policy falls into the framework of the main guidelines for companies and Human Rights: to put into practice the "protect, respect and remedy" framework approved by the UN General Assembly Human Rights Council. In reflection of this framework, principles 17 to 21 refer to the need for companies to assess the real and potential impact of their activities on Human Rights, the conclusions drawn and activities proposed in connection with these conclusions. The human rights policy developed by ENDESA, as an Enel Group subsidiary, expressly recognises these factors.

At the same time, in relation to specific processes identified as critical, ENDESA takes extra care in assessing the real and potential impact of the Company's activities on human rights. Therefore, two initiatives developed in 2012 should be highlighted. These were aimed at improving the quality of the analysis of the real and potential impact of the Company's activities on human rights. First, in the development of new infrastructure projects a procedure is being implemented to complement the highly demanding community relationship processes already existing. Second, in relation to another critical factor associated with the Company's activities on human rights, i.e. the coal supply chain, ENDESA, as part of the Enel Group, continues to participate in the Bettercoal initiative, designed to improve corporate responsibility in the coal supply chain while improving business practices through developing relations with stakeholders and based on jointly-established standards.

This is a key issue in the Company's sustainable management and subsequently, the policy is supervised, implemented and monitored at the most senior executive level. The Risk Control Committee has been tasked with supervising the policy and overseeing any potential amendments. It will also supervise the due diligence process. The Sustainability unit will be in charge of planning and coordinating the implementation of this process in concert with the other units involved in their respective areas of responsibility,

reporting to the Risk Control Committee and contributing annually to the Sustainability Report.

However, tools have been developed to monitor the effectiveness of respect for human rights in the Company's performance such as the afore-mentioned Global Compact assurance process, which is audited internally. Regular audits and assessments in the area of human rights are also carried out among suppliers. The Human Rights Policy also calls for the development of additional processes to address incidents in the area of human rights. These mechanisms will be used to complement existing tools such as the Ethics Channel, an independent channel through which any violations of Human Rights, among others, may be reported. If this occurs, an investigation into the potential incident is launched and the appropriate measures to be implemented to address it are determined.

ENDESA expressly condemns child labour and forced labour in its Code of Ethics, committing to rigorous compliance with international standards such as the UN Global Compact, with the aim of creating a working environment that is respectful of human rights in all the countries in which it operates. Furthermore, ENDESA extends this approach to all of its contractor companies, suppliers and business partners. In line with this ideology, no complaints referring to human rights issues were submitted in 2012 and no incidents occurred that affected human rights among indigenous communities.

7. ENDESA and its stakeholders

A knowledge of the views of its stakeholders is a cornerstone of ENDESA's sustainability strategy. The goal is to develop innovative, exhaustive and pioneering approaches to anticipate events and seek differentiation.

“ENDESA has carried out internal and external surveys to ascertain the demands of its stakeholders in all countries where it operates.”

In line 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 drivers which will make safe, sustainable and competitive energy models viable.

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

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

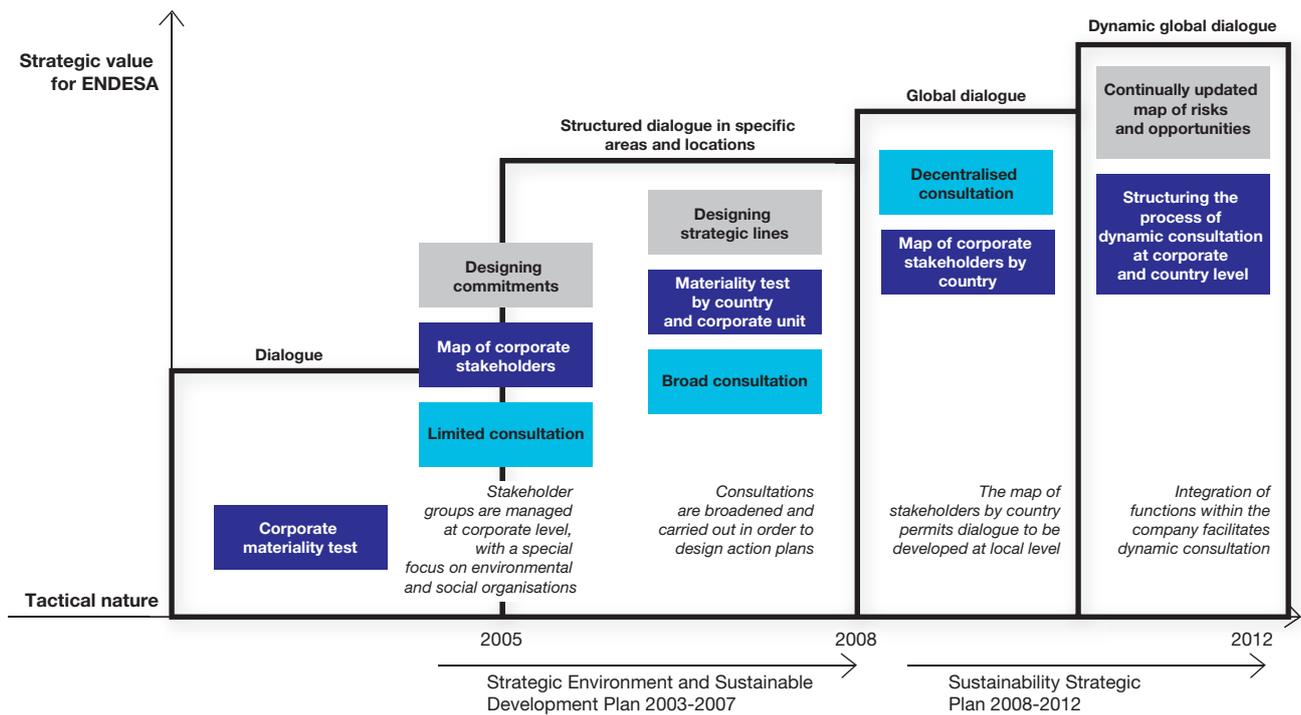
Over the past year, significant progress has been made in managing the Company's relations with its stakeholders. ENDESA has conducted several internal and external opinion polls via telephone interview campaigns, focus groups and detailed interviews. It has also responded to and maintained fluid relations with the leading analysts responsible for creating the most relevant sustainability indices in the world.

“ENDESA has achieved the highest score in the “Stakeholder engagement” section of the Dow Jones Sustainability Index.”

The Company's approach in this area is not limited to the corporate environment. ENDESA is a pioneer in this area, adept at identifying the concerns of its stakeholders in all countries in which it operates. In the analyses conducted in 2012, ENDESA consulted public opinion through questionnaires and established a solid process of dialogue with leading individuals within the field of sustainability and social responsibility in all countries where it operates. The aim was to identify areas for improvement and understand the key challenges the Company faces, integrating these into its management models.

As in 2011, the Company's focus on steady and fluid dialogue with stakeholders once again earned recognition from

DIALOGUE WITH STAKEHOLDERS



socially responsible investment analysts. In 2012, ENDESA was awarded the highest rating in the ‘Engagement with Stakeholders’ section by the SAM agency (Sustainable Asset Management) responsible for assessing companies electing to join the Dow Jones Sustainability Index. The strengths identified by analysts were as follows:

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

ENDESA’s stakeholders

Planning for the ENDESA 2008-2012 Sustainability Plan began with strategic reflection to identify the key factors behind the Company’s performance on sustainability issues. Within this context, extensive work was undertaken to identify and understand the expectations of ENDESA’s

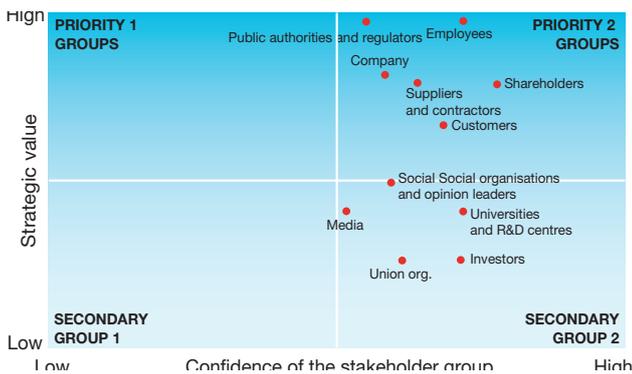
main stakeholder groups with regard to sustainability commitments.

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

- An analysis of ENDESA’s prior positioning 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 ENDESA’s management and the Sustainability Group members 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. ENDESA’s stakeholder map was drawn up on the basis of these results and regular updates.

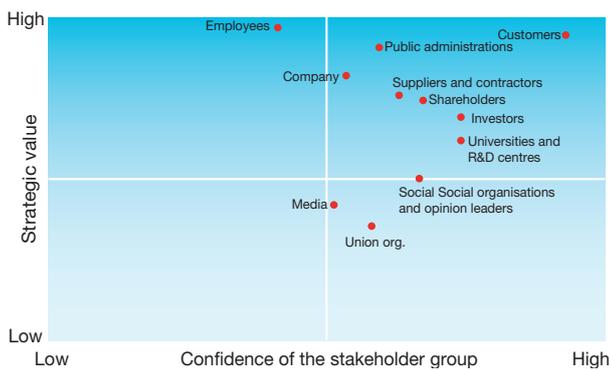
ENDESA stakeholders - Main categories



In 2012, the stakeholder map drawn up the previous year was maintained. This map was drawn up in conjunction with the 2008-2012 Strategic Sustainability Plan and included 11 of ENDESA's stakeholders according to two variables:

- Strategic importance to ENDESA.
- Level of confidence held for ENDESA.

Revised map of ENDESA stakeholders



This methodology is also applied in all countries where the Company operates, making it more detailed and therefore more useful for drawing up effective solutions.

Map of ENDESA stakeholders in Chile (2012)



An approach to management based on the most advanced principles

Over the last few years, ENDESA has been working to bring its stakeholder management approach into line with the AA1000 APS standard.

The aim of this standard is to guide organisations in the strategic management of their engagement with stakeholders, based on the correct identification of these stakeholders (principle of inclusivity), prioritising the issues that merit particular attention from the Company (principle of materiality) and designing a response (principle of responsiveness) to the expectations of greatest value for the Company and the community it serves.

The Company therefore intends to:

- More accurately identify company stakeholders on the stakeholder map (principle of inclusivity).
- Define a mechanism for dynamically assessing and prioritising issues in different areas (principle of materiality).
- Standardising response processes, including information compiled in consultation processes in relation to strategic plans, and specific communications on sustainability (principle of responsiveness).

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



In 2012, stakeholder groups were prioritised, dialogue strategies were designed and implemented, consultations were carried out among stakeholders and opinions on management strategies collected. These measures were all considered to be key to the Company's success, as:

- they help improve risk management
- they boost confidence
- they help decision-making and the performance of actions that affect the Company and society at large
- they build synergies
- they unlock opportunities for improvement and business

In 2012, ENDESA's segmentation of stakeholders was unchanged from 2011, on the basis of the opinions of the different areas consulted:

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

b) Dynamic assessment and prioritisation of material issues: 2012 Materiality Study

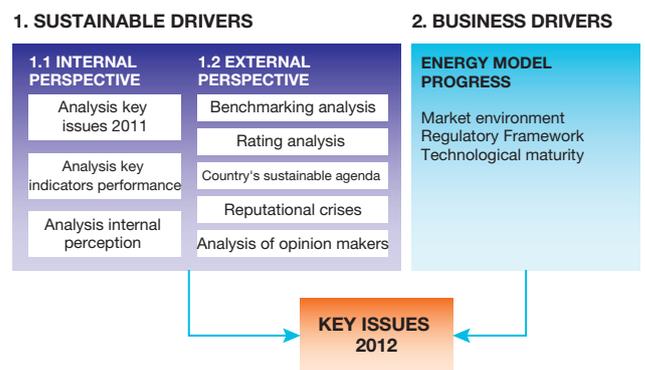
The Company’s permanent bidirectional communications channels with different stakeholder groups enables it to consistently monitor the materiality of different issues for each stakeholder group.

Additionally, in tandem with the completion of the 2008-2012 Sustainability Plan in 2012, over the course of the year ENDESA carried out a series of actions to analyse the degree of progress achieved in the Company’s internalisation of this concept over the past five years, in addition to an analysis of its development at corporate level and in other international organisations, and at company level in all countries where ENDESA operates, comparing this with the results set out in 2007 when the plan was drawn up.

A key point of these actions was to identify those issues which, due to their degree of maturity or significance, had played a decisive role in the period or will play a decisive role over the next few years. The identification of these issues is the

basis for defining ENDESA’s strategy for the next few years, as this must be focused on providing a satisfactory response to issues that are important for the Company’s stakeholders.

Therefore, the Company is able to combine the information on stakeholder expectations it obtains via ordinary channels with the results of specific analyses, enabling it to identify the key challenges and main issues for each group in the areas of ethics, economics, the environment and society.



The breakdown of the different methodologies employed in each of these analyses to determine materiality is as follows:

Internal perspective

- **Review of material issues included in the 2011 Sustainability Report.** Analysis of the material issues identified in 2011, changes in their perceived relevance and the responses provided.
- **Analysis of the performance of key indicators.** A detailed analysis of all key performance indicators contained in the Sustainability Plan over the five years and an assessment of the performance of each one measured through the main international, regional and national benchmark sustainability indices.
- **Internal interviews with senior management personnel and focus groups in Spain and Portugal, Argentina, Brazil, Chile, Colombia and Peru.** These included:
 - 7 interviews with regional general managers.
 - 7 individual interviews with general managers and business managers in each country.
 - 11 working groups held with corporate, regional and country-specific sustainability committees.
 - 25 individual interviews with senior management personnel.

The objective is to identify significant and material issues and the skills necessary within the company to address these issues and to analyse the degree of compliance with Sustainability Plan targets in order to respond to the expectations detected in the prior period.

External perspective

- **Analysis of the objectives included in the Sustainability plans of different sector companies in Europe, Latin America and the USA.** Analysis of the sustainability strategies, policies and management models developed by the leading international market players (7 companies) and in the major Latin American markets: Peru, Colombia, Brazil, Argentina and Chile (10 companies).

The objective is to assess the maturity, objectives and timescale of companies' CSR strategies to learn about the trends and priorities of market leaders. The qualitative and quantitative objectives of each company have also been studied and compared to ENDESA's targets.

- **Phone survey of 5,000 people in the Company's main markets.** A quantitative survey carried out to assess the relevance and awareness of different sustainability factors among the general public and assessment of the Company's performance compared to other enterprises.
- **Analysis of ratings agency requirements.** Issues assessed by different observatories, specialist analysts, proxy advisors, and rating agencies (e.g. DJSI, Oekom, Vigeo, EIRIS, Observatorio RSE, etc.) have been analysed to identify issues of particular relevance, changes in relevance of specific issues and to assess ENDESA's performance in comparison with its competitors and in absolute terms.
- **Review of the relevance assigned by the media to sustainability issues related to the electricity sector in general and ENDESA in particular, in all markets in which the Company operates.** Positive, negative and neutral mentions have been analysed in addition to the key topics appearing in the press relating to the energy sector in general and ENDESA in particular in order to identify the issues sparking the most interest and factors that are best perceived by the media.
- **Interviews with 25 experts in sustainability and the energy sector in Spain and Latin America.** To complete the quantitative analysis of the perceived relevance of different issues and ENDESA's performance in relation to its peers, a qualitative analysis has also been carried out through individual interviews with experts and opinion-makers in Spain and Latin America. These include journalists, entrepreneurs, scientists and university professors, authorities and experts in the subject, association representatives, etc.
- **Internal and external analysis of energy sector performance and trends.** The different possible scenarios have been studied and simulated in consideration of alternative regulatory and market contexts, etc. with the aim of creating a likely business scenario in which the sustainability strategy can be focused directly on business.

Performance of material issues

The analysis described above produced a wealth of information concerning the materiality and relevance of different issues and enabled the Company to file the conclusions thrown up in different categories.

First, in relation to the materiality of the issues identified in the 2008-2012 Sustainability Plan that concluded this year, the following trend was observed:

Commitments and challenges 2008-2012 (increase or decrease in relevance, 08-12)

CUSTOMERS	↑	1. Customers are the core of our business	From customer management to shared value creation
PEOPLE	↑	2. Development of human capital	Attracting and retaining talent and pride of belonging to the Company
		3. Health and safety are our overriding concern	From reporting to an active and public commitment
THE ENVIRONMENT	=	4. Preservation and protection of our natural surroundings	From closed doors to open doors - ecosystems and water
PARTNERS	↑	5. ESG criteria applied along the supply chain	Joint and long-term work assessments
TECHNOLOGY AND INNOVATION	=	6. New generation and distribution technologies	From generation to distribution
GOOD GOVERNANCE	↑	7. Transparency and ethical conduct	From words to action
INVESTORS	↓		
Challenges of forging TIES WITH LOCAL COMMUNITIES	↑↑	8. Shared value creation in the sector	From information to dialogue, and unlocking the value of the sector for society
		9. Local licences	From legal compliance to proactivity to become a reliable partner
The challenge of CLIMATE CHANGE	↓		From the development of renewable energies as the only energy vector to driving energy efficiency measures and new efficient technological developments

The analysis permitted the material issues for the different stakeholders in relation to the commitments and challenges contained in the 2008-2012 Sustainability Plan to be reviewed. ENDESA upholds these commitments as they have a direct impact on meeting the expectations of its stakeholders. In this sense, by updating the material issues for each stakeholder group the analysis for the new strategy plan was performed. All these issues are shown in detail in the corresponding section of this report.

e) Standardising response processes, including information compiled in consultation processes for strategic plans, and specific communications on sustainability. ENDESA's response to the priorities expressed by its stakeholders are included in the 2008-2012 Strategic Sustainability Plan. Each year, through the channels of engagement described above, appropriate tactics are devised on both a 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 in all geographical areas to establish robust objectives and work programmes that better respond to the monitoring indicators in place.

Meanwhile, a procedure has been devised that allows ENDESA's various business areas to carry out regular risk and opportunity assessments for the issues detailed in its sustainability commitments. This procedure establishes 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 its strategic planning.

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 identify the following factors 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 for improvement.

7.1. Engagement with communities involved in the El Quimbo project

The El Quimbo hydroelectric plant is ENDESA's largest project in Colombia. It will supply 5% of the country's demand. The El Quimbo plant, together with the Betania plant, also located in the Hulia area, will allow the Company to supply 8% of the country's energy demand in this region, for an estimated investment of USD 837 million.

El Quimbo is not only an energy generation initiative, but also a social and economic development project for the region and country, since during its construction and subsequent operation, it will provide significant economic resources for industrial and commercial enterprises. Due to enter into operation in December 2014, this hydroelectric plant will raise the energy security and stability of the Colombian electricity system.

El Quimbo will have installed capacity of 400 MW and generate close to 2,216 GWh/year. It will cover an area of 8,536 hectares, over six municipal areas.

PHASES OF THE EL QUIMBO PROJECT

2011	Construction and completion of the diversion tunnel
2012 2013	Construction of auxiliary dam Resettlement programmes and development of social and environmental programmes
2014	Dam, spillway, bottom outlet. Machinery building, filling of reservoir. Commercial operations to begin in December

In 2012, progress was made on the execution of the main contracts included in this project and highlights included the completion of the civil works for the diversion tunnel allowing the Magdalena River to be rerouted earlier than expected, in March 2012.

Socio-environmental management plan

Main initiatives include:

- **Relocation of specific groups:** in 2012 the certificate of Public Utility and Social Interest was obtained for the land on which the communities of La Escalereta (Agrado municipal area) and Balseadero (Garzón municipal area) will be relocated. For the Escalereta community, the infrastructure and a community area were designed to house the relocated dwellings.
- **Individual relocations:** four individual relocations were carried out, which in addition to those carried out in 2011, make a total of eight. An Agriculture and Livestock Production Plan was drawn up to restore the economic activities of the families affected by the individual relocations and technical assistance is being provided.
- **Monetary compensation:** there were 118 cases of monetary compensation paid to the families owning or holding land of less than 5 hectares in size.

Employment programme and plan to assist local fishermen between Puerto Seco and La Jagua

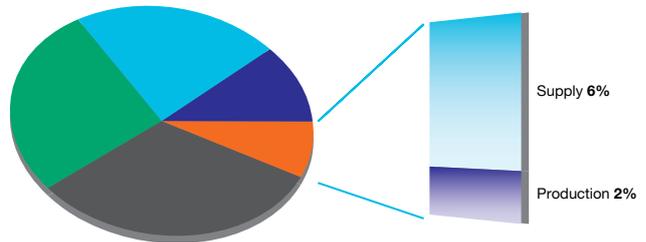
This programme was started to compensate the non-resident population through the Escuela para el Desarrollo development initiative. The following milestones were achieved as part of this project:

- 90% of the non-resident population are in agreement with the compensation measure (1,152 persons).
- Start up of training initiatives at the sustainable development school (Escuela para el Desarrollo Sustentable; EDS).

- Production units have been linked to commercial networks to foster product sales.
- Investment in home purchases or improvements for older adults or people at risk due to their living conditions.
- Investment in land purchases to allow the community in question to develop agriculture and livestock projects.
- Increased capital available to existing production units for non-owner residents.

NR Production lines

- Services 22%
- Livestock 11%
- Others 8%
- Agriculture 32%
- Housing 27%



The following milestones were also achieved:

- Progress in tender processes for the project to exploit forestry resources, the pilot restoration scheme and the scheme to rehabilitate habitats of fauna.
- Support for municipal development plans as part of the institutional development programme.
- Execution of detailed engineering work to restore infrastructure for housing construction, irrigation districts and the replacement of power lines in the area.
- Progress in the tender processes for the construction of alternatives routes, including a viaduct linking the towns of Garzón and El Agrado.

Communications plan

The main objective of the Communications Plan executed in 2012 was to allocate responsibility for the development of the Project in order to build a perception of the Company based on respect and trust among regional and national stakeholders.

Institutional relations

Dialogue was stepped up with both national and regional authorities and with other stakeholders, who were informed of the social, environmental and technical progress achieved. An average of eight meetings a month were held.

Elsewhere, meetings with journalists and opinion leaders were held to share information on the project and establish direct communication with the Company. Visits to the work area were also arranged, giving different stakeholder groups the opportunity to see for themselves the advances being made at El Quimbo. Approximately 15 visits were organised in 2012.

External communications

The Company increased news coverage in El Huila relating to the progress being made on the El Quimbo project through its own news items, issuing 24 press releases in 2012.

Communications channels

Channels of communications with the communities affected by the Project were strengthened and increased to provide permanent and direct information about El Quimbo:

- Digital newsletter
- Website
- Radio programme: La Buena Energía de El Quimbo
- Social networks: @ProyectoQuimbo is the project's official Twitter site
- Printed press

Additionally, in 2012, the main opposition group to the project, Asoquimbo, launched an intensive mud-slinging campaign against the Company. In addition to being extremely active on social networking sites, this opposition group attended popular demonstrations and blockades, occupied land, etc, to disrupt the construction work on the project. Early in the year, demonstrators prompted by Asoquimbo blockaded accesses to the project site and work camp for 17 days, jeopardising the work to divert the Magdalena River, key for complying with the time schedule and normal development of the works.

On various occasions the Company stated its willingness to talk.

Further, in 2012 peace talks were initiated between the national Government and the outlawed FARC group. During the initial attempts at dialogue, the FARC publicly stated its opposition to the infrastructure projects being carried out in the country under the mining energy policy developed by the Juan Manuel Santos administration - including the El Quimbo hydroelectric project.

7.2. ENDESA and social networks

In 2012, ENDESA increased its presence on the social networks, expanding its existing channels on Facebook, Twitter, YouTube and Slideshare.

A new customer service channel was also launched on Twitter, @endesacientes, in addition to an institutional channel, @endesainforma. The objective of the first channel is to use new media to address any commercial queries expressed by customers. The second channel supplies information on ENDESA's main achievements and provides additional direct support in crisis periods.

The overriding objective is to maintain a steady and direct dialogue with stakeholders. Therefore, a new institutional channel and associated channels will be launched shortly on the main social networking sites.

8. About this report

Aims of the Report

This is the twelfth ENDESA Sustainability Report and contains detailed information on the Company's activities and performance over 2012.

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 other annual reports issued by the Company, including the Operations Review, Legal documentation, and Corporate Governance report, and by the contents of the "Sustainability" area on the ENDESA website.

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 Economic and Financial Department, based on the information available in the Corporate Records, in

accordance with the criteria stipulated by International Accounting Standards (IAS) 27, 28 and 31, under SIC 12 and other local accounting regulations.

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 and for which the percentage owned is reported. 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 area 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 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 inclusivity, materiality and responsiveness.

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.

Sustainability Report

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 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. The 2008-2012 Sustainability Plan was completed in 2012.

Materiality (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 foundations for ENDESA to turn its commitment to sustainability into a tool which can generate distinctive abilities and unique advantages, a tool which can create confidence among stakeholder groups, be a part of business development and underscore the achievement of the Company's medium- and long-term aims.

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

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

By implementing the Sustainability 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, the Balearic Islands, the Canary Islands and Catalonia).

Through the Materiality Study conducted in 2012, ENDESA continued the process started in 2011 to define a new framework to identify and assess its performance and define its commitments in the area of sustainability. This coincided with the completion of the 2008-2012 Sustainability Plan. Therefore, the Company has made a preliminary identification of the main economic, environmental, social and ethical challenges that it must address, as far as possible. To do this, the Company takes sources such as the requirements of the leading Sustainability indexes, internal and external opinion polls and external assessments.

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 ENDESA's 2008-2012 Sustainability Plan. This is what this report has aimed to demonstrate.

Thanks to the 2008-2012 Sustainability 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 Company is planning a large-scale consultation process with its global stakeholders. The main actions include on-line surveys, roundtable discussions with energy and sustainability experts, internal roundtables and interviews with opinion leaders and experts in the field.

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.

Specific 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 section "Scope of the Report" details are given of the scope of the information it includes.

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.
- **Timeliness of the information:** ENDESA reports annually on its financial, social and environmental performance. This information is also published on its website (www.endesa.com), which is permanently updated, while the Company publishes its annual Sustainability Report along with its Operations Review, financial information (balance sheet, income statements and management reports) and Corporate Governance report.
- **Reliability:** This Report includes an independent review by Ernst&Young S.L. in accordance with the guidelines issued by the Instituto de Censores Jurados de Cuentas de España (ICJCE) and ISAE 3000, as a limited assurance engagement.
- **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.



Nocturnal view of Malaga



Our customers

*Guarantee of quality,
efficiency and security*



ENDESA strives to ensure that as many people as possible have access to power with the highest standards of quality, security and efficiency.

The Company has a Code of Ethics and a Zero Tolerance Plan Against Corruption, as well as an Employees' Code of Conduct, a Charter governing senior management and a Charter governing executives, which outline employees' and partners' ethical responsibilities and commitments in managing its operations.

25.4
million customers
across the world

12.12%
fewer registered
complaints

More than **45**
million calls
received by the call
centres

550,000
e-billing contracts,
68% more than in
2011

Highlights of the 2008-2012 Sustainability Plan

2009 The social rate ("bono social") is created for last resort tariff (LRT) customers

2010 A number of initiatives are undertaken to boost access to electricity in Latin America, such as "Electricity for all" (Luz para todos) and the social rate at Endesa Brazil.

2011 The Customer Service Excellence Plan is developed.

2012 ENDESA opens its first personal-service point in Oporto to strengthen its foothold in the Portuguese market.

Priority issues - 2012 materiality study

Transparency in security and quality of supply (commitments and performance)

Responsible and efficient management of customer relationships

Commitment to increasing customer energy efficiency

Customer satisfaction monitoring and management

Responsible marketing

ENDESA's response in the report

Our customers chapter:
1. Quality of electricity supply as a priority

Our customers chapter:
2. Excellence in ENDESA's customer service

Our customers chapter:
4. Efficient products and services

Our customers chapter:
3. Customer satisfaction

Our customers chapter:
2.3. Responsibility for informing customers about ENDESA's products and services

2012 challenges	Actions taken
Developing technological projects in our distribution processes.	Network projects (HV, MV/LV substations and DENISE) and network operations (ICONO).
Planning and implementing measures to strengthen the network, ensuring all areas adhere to regulatory quality standards.	37 plans carried out and 40 scheduled. Three delays due to problems with permits.
Drawing up a Supply Guarantee Plan to offset the effect of emergencies that could cause charging disasters of over 50 MW.	Supply Guarantee Plan drafted and budgets executed to provide the necessary assets to mitigate high-impact contingencies.
Remote management project: - Moving forward with widespread installation and remote operation. - Carrying out pilot studies to provide additional consumer information.	3 million meters and more than 15,000 concentrators installed at year-end 2012. 1,600,000 contracts managed remotely from the control centre.
Ensuring incidents are dealt with swiftly to minimise the time customers are without power.	Action protocol and contingency plan for major power failures. Monitoring of time elapsed before the first steps are taken.
Streamlining the administrative process, improving scheduled work and establishing quality indicators.	Quality indicator procedures followed in medium-voltage (MV) and low-voltage (LV), substation, high-voltage (HV) transmission line and engineering tenders.

Key figures 2008-2012 Sustainability Plan

	2009	2010	2011	2012
Number of customers around the world (million)	24.6	25.0	25.2	25.4
Number of e-billing contracts	—	—	425,000	550,000
Registered customers on www.endesaonline.com	420,000	550,000	725,000	800,000
Number of social rate (" <i>bono social</i> ") customers	1,140,646	1,076,677	1,029,408	984,948

In 2013 we propose

Remote management project: To move forward with widespread installation and remote operation.
Remote management-related applications: To improve management of faults in LV, standardising the customer-grid relationship.
To identify unexpected outages and restore service to customers as quickly as possible.
To remain the leader in the electricity market and the second largest operator in the gas market.
To become the benchmark provider of products and value added services.
To be the benchmark in customer service based on excellence in our processes.

1. Quality of electricity supply as a priority

Guaranteeing access to electricity supply, continuity, security, efficiency and quality are some of the priorities at ENDESA, which works to develop the infrastructure required to make these conditions possible, particularly in those areas where access to supply is more difficult.

“11 million customers in Spain and Portugal and 14 million in Latin America.”

The number of distribution customers increased by 0.2% in 2012 to 11 million in Spain and Portugal, and 18 million in Latin America.

1.1. 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 a total area of 192,790 km² with a total population of nearly 22 million.

ENDESA's network supplied 115,390 GWh of power in 2012 measured at busbar cost. This represented 43% of Spain's total demand of 266,635 GWh in the year, according to the Spanish transmission system operator.

ENDESA in the Spanish and Portuguese supply market

	2010	2011	2012	% chg 2012-2011
Number of regulated market customers (thousands)	9,537	9,046	8,463	-6.45
Number of deregulated market customers (thousands)	2,155	2,418	2,845	15.01
Power supplied to the regulated market (GWh)	28,765	26,000	23,600	-9.23
Power supplied to the deregulated market (GWh)	71,882	72,000	70,700	-9.36
Electricity sales (GWh)	106,894	105,241	102,766	-2.4
Length of distribution-grid lines (km)	317,275	321,463	325,295	1.19

1.1.1. Development and improvement of distribution infrastructure

In 2012, ENDESA extended the lines making up its distribution grids in Spain by 1.2% to 325,295 km, of which 40% were underground lines.

“1.2% extension of ENDESA's distribution grid lines in Spain.”

During the year, nine new HV and MV substations came on stream, raising the total to 1,255 at year-end.

In addition to the development of this infrastructure, ENDESA also undertook a large number of initiatives to improve quality of supply. These included increasing maintenance work, upgrading facilities and improving the automation of the HV and MV networks. Regarding automation, in 2012 the Company continued to roll out its Medium Voltage Grid Automation Plan, ending the year with a total of 27,836 remote-controlled elements.

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

ENDESA distribution facilities in Spain and Portugal

	2010	2011	2012	% chg 2012-2011
High voltage overhead lines (km)	18,200	18,311	18,815	3%
High voltage underground lines (km)	680	711	726	2%
Medium voltage overhead lines (km)	80,570	79,539	79,469	0%
Medium voltage underground lines (km)	38,098	39,261	40,164	2%
Low voltage overhead lines (km)*	94,752	95,921	96,291	0%
Low voltage underground lines (km)*	84,974	87,721	89,830	2%
Substations (no.)	1,242	1,240	1,255	1%
Substations (MVA)	82,727	82,526	83,569	1%
Transformer centres (no.)	127,843	130,858	131,850	1%

* The length of the low voltage network is estimated

ENDESA installs a new medium voltage line in Almeria

In March 2012, ENDESA technicians completed the work and commissioning of the new MV distribution line in the Los Vélez region in northern Almería. The new line improved overall service quality in this part of the region, and especially in the towns of Vélez Rubio, Vélez Blanco, María and Chirivel.

The new installation benefits ENDESA's 11,000 customers in the area, where the total population is around 35,000.



1.1.2. Continuity of supply

ENDESA's distribution grid is designed, operated and maintained to ensure the continuity of electricity supply to its more than 11 million customers in Spain.

“ENDESA set a new record for continuity of supply in 2012, with a TIEPI of 52 minutes.”

Supply continuity is gauged through two main indices, 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 2012, the TIEPI in markets supplied by ENDESA was 52 minutes, an 8-minute improvement on 2011. This level also marks record availability of service by ENDESA for its customers, representing reliability of 99.99% of total hours for the year. The 2012 NIEPI was 1.3, an improvement of 0.1 from 1.4 in 2011.

Improvements were made in practically all the autonomous communities in which ENDESA provides service. Record quality levels were set in Catalonia, Andalusia and Extremadura in 2012, with improvements of 15%, 20% and 36%, respectively, in the year. Figures did not improve for the Balearic Islands, Aragon and the Canary Islands in 2012, but all still showed excellent equivalent power interruption indices.

Total of equivalent supply interruptions (TIEPI) in ENDESA's network in Spain (minutes)

Interruption time	2010	2011	2012	Change 2012-2011
Andalusia	106	75	60	-20%
Aragón	66	49	54	10%
Balearic Islands	38	35	44	26%
Canary Islands	54	39	43	10%
Catalonia	54	55	47	-15%
Extremadura	106	66	42	-36%
ENDESA	75	60	52	-13%

The cities supplied by ENDESA enjoy excellent levels of service quality. ENDESA has average interruption times of under 30 minutes in half of the regional capital cities, with 13 minutes in Teruel, 15 minutes in Las Palmas de Gran Canaria, 16 minutes in Zaragoza and 17 minutes in Almeria.

ENDESA restores electricity supply for users affected by the fires at Alt Empordà in record time

ENDESA restored the supply of electricity to the 21 towns affected by the fire in Alt Empordà (Girona) in July 2012. More than 150 technicians went to the area, while a similar number of technicians worked from the control centre and others on standby were called in.

The fire was started at around 1pm on 22 July and spread rapidly across 14,000 hectares, destroying 91 km of MV lines (500 supports), 38 distribution centres and 41 km of LV lines (200 supports).

Power was restored thanks to work on the distribution grid and the use of 26 electricity generators at points where no other alternatives for supply were possible. Of the 4,241 customers affected by the blackout, half had their power back on within 24 hours and only 62 were without electricity after 36 hours. By 7pm on 24 July, the entire market had power once again.

The Catalanian regional interior minister, Felip Puig, personally thanked ENDESA for its efforts to restore electricity service.



1.2. Latin America

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

The Company signed up 357,000 new customers in Latin America in 2012, bringing the total to 14.02 million in five countries. Overall demand in the region increased by 4.6% in the year.

ENDESA's customers in Latin America (thousands of customers)

Country	2010	2011	2012	% chg 2012-2011
Chile	1,610	1,638	1,659	1.7
Argentina	2,353	2,389	2,389	0.5
Colombia	2,547	2,617	2,713	2.7
Peru	1,098	1,144	1,203	-4.2
Brazil	5,665	5,868	6,051	3.6
TOTAL	13,273	13,656	14,015	2.9

ENDESA's sales in Latin America (GWh)

Electricity sales (GWh)	2011	2012	% chg 2012-2011
Chile	11,959	12,485	4.4
Argentina	14,280	14,758	3.3
Peru	6,017	6,288	4.5
Colombia	8,041	8,193	1.9
Brazil	16,798	18,000	7.2
TOTAL	57,095	59,724	4.6

1.2.1. Development and improvement of distribution infrastructure

ENDESA has interests in distribution companies in Latin America with a total concession area of 213,057 km², equivalent to 42% of the total surface area in Spain.

Installed capacity at substations owned by these companies increased by 27,938 MVA or 47% in 2012 to 63,598 MVA at year-end.

HV lines had a total length of 11,651 km at year-end 2012, an increase of 139 km year-on-year, while MV and LV lines totalled 155,030 km and 146,023 km, respectively, with increases of 3,000 km and 7,103 km, respectively, compared to 2011.

Endesa Brazil distribution companies invested in improving service quality in 2012. Highlights include extension of the distribution network and the installation of new substations. This infrastructure improves security of supply.

ENDESA's transmission and distribution lines in Brazil were expanded by 2.6% in the year. Its HV lines added 124.1 km, giving a total of 9,062 km of overhead and 48.8 km of underground lines. The LV lines had a total length at the year-end of 65,817.8 km (2,243 km more than in 2011, of which 150 are underground) and the MV lines a length of 115,253 km (2,412 more than in 2011, of which 53.9 km are underground).

ENDESA distribution facilities in Latin America

	2011	2012	% chg 2012-2011
High voltage lines (km)	11.512	11.651	1
Medium voltage lines (km)	152.033	155.030	2
Low voltage lines (km)	138.920	146.023	5
Installed capacity for substations (MVA)	35.660	63.598	47

1.2.2. ENDESA supply-quality indicators in Latin America in 2012

ENDESA supply-quality indicators in Latin America in 2012

SAIDI (System Average Interruption Duration Index) (minutes)	2010*	2011*	2012	% chg 2012-2011
Argentina (*)	2,170	1,378	2,198	59.5
Chile	171	2.62	2.47	-5.73
Colombia	772	783	662.6	-15.37
Brazil - Ampla	1,429	1,154	1,052	-8.84
Brazil - Coelce	452	559	484	-53.99
Peru	876	823	733	-10.94

SAIFI (System Average Interruption Frequency Index) (no. of interruptions)	2010*	2011*	2012	% chg 2012-2011
Argentina (**)	8.54	6.46	3.7	-43.7
Chile	1.55	1.28	1.4	9.38
Colombia	9.71	10.93	10.97	0.37
Brazil - Ampla	12.74	9.83	9.25	-6.01
Brazil - Coelce	5.61	6.04	4.62	-23.51
Peru	4.86	4.49	3.86	-14.03

(*) These values differ from those reported in ENDESA's 2010 and 2011 Sustainability Reports to bring them in line with the new calculation methodology.

(**) 2012 corresponds to January-October

**“Supply quality in general
has improved
in all countries of Latin America.”**

In Latin America, other indicators are used to measure the quality of supply. Although they are similar to the TIEPI and the NIEPI, data are not comparable due to the different local regulations applied to calculating interruptions (causes, origins, duration and installations considered). To measure supply quality, the System Average Interruption Duration

Index (SAIDI) and the System Average Interruption Frequency Index (SAIFI) are used.

In Argentina, the distributor started Winter Plan 2012 and Summer Plan 2012-2013 to face these critical periods with a series of preventive actions, including:

- The “Special Contingency Plan”, designed to achieve a prompt, efficient and coordinated response to incidents affecting continuity and quality of supply, while placing special emphasis on customers considered to be “sensitive”. These include healthcare centres, government departments, senior citizens’ homes, electricity-dependent customers, etc.
- Preventive and corrective maintenance at HV/MV/LV plants and networks (inspections, thermal imaging, surveys, pruning) to minimise the risk of outages and interruptions. Work was concentrated on the MV network with a view to enhancing reliability ahead of the increase in summer demand, especially over the Christmas and New Year holidays.
- A total of 200 electricity generators (105 owned, 45 leased and 50 of ENARSA) are located at critical points to ease the demands of the network and prevent overloads.

In addition, to reduce the time required to restore power and to improve service quality indicators, worked continued during the year on the Medium Voltage Network Remote Control Project begun in 2011. This project has reduced operating times, in turn reducing outage duration. And this means greater security in operations and higher energy sales.

In Brazil, power supply quality indicators improved considerably in 2012. At Coelce, the Equivalent Interruption Duration per Consumer Unit (DEC) was 8.06 hours in 2012 (9.3 hours in 2011) and the Equivalent Interruption Frequency per Consumer Unit (FEC) was 4.6 times (6.0 times in 2011).

Ampla, meanwhile, set new positive records in the year, achieving an FEC below 10 times for the second time ever, at 9.25 times (9.83 times in 2011) and an 8.8% decrease in its DEC to 17.54 hours (19.24 hours in 2011).

To obtain greater control over power loss in Peru, the concession area was divided up into eight zones (based on the power demarcation by radius of service of the 60/10 KV transformers). Approximately 148,000 inspections were conducted and 21.3 GWh of unregistered electricity consumption was charged. In addition, 1,000 magnifier boxes were installed to ensure the quality of power of the totalisers and street lighting.

Residential disconnections for non-payment, broken down by duration of disconnection and by regulatory regime (number)

	Spain and Portugal	Latin America	Total
Residential disconnections	524,814	2,289,285	2,814,099
Residential disconnections lasting less than 48 hours	270,614	1,609,791	1,880,405
Residential disconnections lasting 48 hours - 1 week	52,717	322,774	375,491
Residential disconnections lasting 1 week - 1 month	61,359	265,875	327,234
Residential disconnections lasting 1 month - 1 year	19,773	153,244	173,017
Residential disconnections lasting more than 1 year	0	112	112
Residential customers reconnected within 24 hours	288,766	2,378,641	2,667,407
Residential customers reconnected after 24 hours and less than 1 week	115,135	55,708	170,843
Residential customers reconnected after more than 1 week	550	5,217	5,767

Coelce tops service quality ranking

Coelce, ENDESA’s electricity distribution subsidiary in Brazil, was chosen as the top energy distribution company in the first annual service quality ranking published by Aneel (Agencia Nacional de Energía Eléctrica – the National Electric Energy Agency). Coelce was chosen from among the 63 companies evaluated in 2011.

The ranking was based on the Global Continuity Performance (GCP) indicator, which compares limits for a number of parameters set by Aneel. These indicators measure the duration and frequency of interruptions to supply per consumer unit (DEC and FEC) over a particular time period ranging from one month to one year.

1.3. Operations in other countries

ENDESA had over 120,000 supply points in Portugal at the end of 2012, broken down as follows: 3,687 at medium voltage, 3,545 at special low voltage and over 115,490 at normal low voltage. A total of 6,163 GWh were supplied in the year. The Company also supplied 4,358 GWh of gas in 2012, ending the year with 32 active supply points.

In France, ENDESA supplied 5,993 GWh of gas in 2012, an increase of 80% on 2011. At the end of the year, it had 458 active gas supply points.

“ENDESA supplied 5,993 GWh of gas in France in 2012, an increase of 80% from the year before.”

In Germany, ENDESA supplied 1,417 GWh of electricity in 2012, an increase of 62%, and ended the year with 236 active supply points.

In the Netherlands, the Company supplied 571 GWh of electricity and 28 GWh of gas, with 49 electricity and 3 gas supply points in operation at the end of the year.

Lastly, in Andorra, ENDESA supplied 286 GWh of power to the local utility FEDA in 2012.

1.4 Programmes to improve or maintain access to electricity

In 2012, ENDESA maintained access to electricity for disadvantaged and low-income social groups in the countries where it has operations. In Spain, it continued to apply the social rate (bono social).

1.4.1. Spain and Portugal

In Spain, ENDESA continued to apply the social rate to customers with supplies below 3 kW, pensioners, large families and families where all members of working age are unemployed.

“984,948 customers eligible for the social rate at the end of 2012”

The social rate consists of a freeze on electricity prices at the rate in force at 30 June 2009. With this rate, eligible customers

have not had their electricity prices go up over the past three years. At the end of 2012, a total of 984,948 customers were on the social rate, of which 83% are eligible automatically and the remainder (163,534 customers) for family, work or economic circumstances.

1.4.2. Latin America

In Latin America, programmes and initiatives aimed specifically at improving electricity access have been implemented.

In Peru, for example, work continued on formalising contracts during the year. The project entails providing power to families without contracts (energy theft). Since the project began in 2010, the contracts of approximately 15,000 families in the fastest growing areas (northern cone and east of Lima) have been formalised.

As part of the mass electrification programme in Peru, power was provided to 349 new areas and villages in 2012, covering a total of 36,565 families.

In Brazil, the social rate benefits rural and residential customers, with a reduction of up to 100% on the normal rate. This rate is charged to 49.9% of customers in Ceará (1.2 million).

Rural high-voltage customers receive an additional 10% discount to the social rates applied to other groups (industry and trade) and up to 90% for irrigation and agriculture. For rural low-voltage customers, the rate is roughly 40% lower, with discounts of up to 73% for irrigation and agriculture.

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

For further information, refer to the chapter Strengthening ties with local communities. Enabling Electricity

Estimated population unserved in ENDESA's distribution areas in Latin America

	Argentina (*)	Chile	Brazil	Peru	Colombia
Population without electricity supply-2010 (no. of people)	280,000	5,313	40,516	389,844	94,285
Population without electricity supply-2011 (no. of people)	285,000	5,330	7,180	321,029	91,369
Population without electricity supply-2012 (no. of people)	290,000	5,928	8,000	175,872	74,245
% of total population-2010	3.8	0.1	0.27	8.19	0.90
% of total population-2011	3.8	0.1	0.04	6.13	0.86
% of total population-2012	3.8	0.1	0.054	3	0.70

(*) 100% of the population in Argentina has access to the grid. In EDESUR's concession area, only 4% of the population lives in settlements where the buildings fail to meet the requirements for development of the distribution network. These cases fall under the scope of the Framework Agreement with the CABA, Buenos Aires y Nación governments, whereby EDESUR provides power through one or more MV/LV transformers. The residents carry out the LV connections, and therefore are not charged -invoices are paid by the authorities-.

2. 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 continuous improvement.

2.1 Customer Services Excellence Plan

To offer its customers the best possible service, ENDESA has had a Customer Service Excellence Plan since 2003, whose main objective is to improve the leading indicators of customer satisfaction year after year.

In 2012, ENDESA's Customer Excellence Plan focused on the quality of its customer service (telephone, personal and online assistance and complaint management) and the quality of its operations (automation and streamlining of invoicing processes).

“The length of the registration process in the deregulated market decreased by 11% in 2012.”

The results featured the following:

- Rate of callers hanging up on the mass call centre firmly below 3.5%.
- 9% reduction in average waiting time at sales offices.
- 11% reduction in the length of the registration process for the deregulated market through personal service channels.
- 7% increase in satisfaction among business customers with the commercial call centre.

To ensure that the improvements identified in the Plan are made, 10 key performance indicators are monitored monthly to verify the impact on the improvement of ENDESA's sales quality.

“9% reduction in waiting time at sales offices.”

ENDESA's Customer Service Department wins Contact Center Quality Award 2012

ENDESA's Customer Service Department won a Contact Center Quality Award 2012 given by the *Contact Center* magazine for the application of innovating solutions that improve customer service in the industry.

The award recognises the work carried out since 2010 by the Customer Service Department, with the help of Commercial Systems, in rolling out IT solutions to listen to customers and identifying areas of improvement through the Speech Analytics tool, which indexes call recordings by ENDESA customers phonetically.

More than 250,000 calls have been analysed so far, enabling the company to:

- Know and quantify why customers call and how they are handled by mass market, companies and large customers services.
- Identify, prioritise and implement continuous improvement in customer service initiatives.

This award is bestowed by an independent panel of experts that assesses the candidacies submitted.



Jorge Sanchez Mayoral, Deputy Director CRM, Internet and Innovation, at the award ceremony.



From left to right: Enrique Gaya, CRM, Internet and Innovation; Marta Duque, CRM, Internet and Innovation; and David García Coronado, Commercial Systems-Telephone Channel.

International customer service excellence

ENDESA also stands out for excellence in the service it provides to customers in various markets.

In 2012, the Ampla customer service department received the CRM and Lojas Amigos do Cliente seals of approval from the Brazilian Institute for Customer Relationship Management (IBRC).

These seals recognise initiatives, projects and campaigns focused on the quality of service provided by the service channels.

In Chile, two major projects on the customer service front were carried out in 2012:

- **The Chilectra Experience:** the aim of this project is to develop, provide training on and implement standardised service protocols for all customer contact points and achieve service excellence. Nine protocols were drafted covering all customer service channels and the various operational areas of commercial and technical management. Nearly 800 contractors received training in 2012 on direct contact with customers.
- **Together, we give better service:** this is a programme of guided tours for workers in all areas of Chilectra where they can learn all the company's processes that imply direct contact with customers. The objective is for Chilectra customers to experience service through direct customer contact so they can learn the importance of their day-to-day work in achieving satisfaction with the Company.

**“351 service points
and 25 sales offices.”**

ENDESA opens its first personal-service point in Oporto to strengthen its foothold in the Portuguese market

ENDESA opened its first commercial office to provide personal service in Oporto in 2012 and is now Portugal's second largest electric utility. The office is located in Loja do Cidadao, where it provides both sales and customer services.

The new office responds to ENDESA's growing presence in the country's recently deregulated power market, and comes after the Company opened an office in Lisbon.

ENDESA has over 59,000 customers in Portugal, giving it a 16.2% share of the market. This ranks second based on data published in August 2011 by the Portuguese energy watchdog, ERSE (the Energy Services Regulatory Authority).

ENDESA also ranks second by consumption, with 6,000 GWh per year, giving it a 26.3% share of a market with an annual consumption of around 22,902 GWh.



2.1.1. Personal contact

ENDESA's personal sales service is structured 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 300 personal sales managers throughout the country, in addition to a telephone hotline and a dedicated website.
- **General public:** ENDESA has 25 sales offices and 351 service points in Spain, which are complemented by call centres (CAT for its initials in Spanish) and the virtual office (www.endesaonline.com)-

In Brazil, the customer service model of the offices aims to provide greater transparency and clarity of information analysed: it is a “shoulder-to-shoulder” service model where the customers sit next to personal service staff when filling out applications. The contact centres are equipped with video technology, enabling customers to interact remotely via videoconferencing and to send and receive documents through a printer and scanner.

Coelce's two mobile units, which are hooked up to Coelce's system, visit neighbourhoods where they can provide service to customers directly in their communities. During contact, they provide feedback and discuss campaigns, log the main requests and send statements to the call centre, which is available to handle their queries promptly.

In Peru, three training programmes were carried out in 2012 for commercial office personnel designed to enhance customer service quality: the “Customer Service Programme”, for internal trainers; “Leadership”, for call centre managers

Trends in ENDESA's personal service network in Spain

	2010			2011			2012		
	Sales offices	Service points	Total points	Sales offices	Service points	Total points	Sales offices	Service points	Total points
Aragón	2	30	32	2	29	31	1	26	27
Catalonia	4	125	129	4	109	113	4	88	92
Balearic Islands	1	24	25	1	24	25	1	23	24
Andalusia-Extremadura	15	130	145	12	125	137	12	110	122
Canary Islands	3	31	34	3	31	34	3	28	31
Own distribution market	25	340	365	22	318	340	21	275	296
Outside distribution market	4	73	77	4	80	84	4	76	80
TOTAL	29	413	442	26	398	424	25	351	376

and commercial coordinators, and “Sharing the best of our energy”, designed to seek solutions to problems with customers during initial contact and increase their level of satisfaction.

In Colombia, the service offering of the Builder Call Centre was revamped and expanded. The office ended its first year of operation with seven technical consultancy rooms where project electricity designs are reviewed. The waiting area was enlarged and now offers Wi-Fi for customers, while an additional service point was set up, taking the total to three.

Another highlight was the launch of Likinormas, a website where building companies and electrical project designers can consult, intelligently and dynamically, Codense's technical rules and regulations as the network operator. Rolled out in February, the website had 68,563 hits, 396,557 page views and 1,626 registrations in 2012. Users can view queries and participate in debates on rules and regulations.

Also in 2012, Chilectra's Mobile Office made 198 visits and met nearly 10,000 customers, while Ampla and Coelce carried out 9.7 million service actions through the Relations Centre and 5.9 million at the commercial offices.

2.1.2. Call Centres (CATs)

In 2012, ENDESA's call centres in Spain and Portugal received almost 45 million calls, of which 16.7 million were from Spain and Portugal, marking a considerable increase on the year before.

“45 million calls received by the call centres.”

The increase in interactions with customers was driven mainly by the adoption of free call numbers for services provided by the supplier in Spain in the year's second half, which improved customers' perception of the Company.

Strategic projects carried out in the year included efforts to reinforce the offshore call centre which had more than 3 million contacts.

More importantly, the quality levels of the offshore platforms were similar to those offered from ENDESA's work centres, which, on the whole, improved in terms of customer perception in 2012.

Helping improve customer service was the redesign of key service processes to make them more customer-centric. This was carried out at the CAT, making it easier and simpler for customers to interact with the channel.

At the same time, in Portugal, the number of interactions was broadly maintained from 2011, with no significant changes in activity noted.

Calls received by ENDESA call centres (million)

	2010	2011	2012
Spain and Portugal	17.16	15.1	16.7
Latin America	25.8	24.5	28
TOTAL	43.5	41.3	44.8

Call Centre in Spain and Portugal

	2010	2011	2012
Percentage of calls received (%)	96.15	96.92	96.52
Average resolution time for queries received from industrial customers (seconds)	394	367	368
Average resolution time for queries received from private customers (seconds)	274	273	324
Training given to call centre operators (hours)	69	124	122

Internationally, excellence was also the common denominator of ENDESA's telephone customer service. In 2012, Ampla's Relations Centre won the 12th ABT Award given by the Brazilian Teleservices Association for *Anjos na Central* (Angels at the Centre), a programme recognising outstanding employees and those who receive training and transfer their knowledge.

In Peru, the Regional Call Center Service tender was held. Allus won the contract and will begin operations in the second quarter of 2013. The new management model should boost the satisfaction of our customers through improvements in the service manager training and specialisation process, in the ability to respond to contingencies and in the management of quality.

2.1.3. Online service

The www.endesaonline.com virtual office continued to expand rapidly in 2012, extending the trend begun a few years ago. This is now a powerful channel for boosting not only the sale and contracting of products and services, but also for achieving excellence in customer service. It also shows strong potential to continue growing in coming years.

At the end of 2012, there were some 800,000 registered customers (35% more than in 2011), with over 1,500,000 contracts. More than 220,000 new registered users signed up during the year. There were nearly 10 million interactions by these users on www.endesaonline.com.

**“800,000 registered users of
www.endesaonline.com.”**

In 2012, e-billing also received a significant boost. At the end of the year, there were 550,000 e-billing contracts in force, 68% more than in 2011.

**“A 68% increase in e-billing
customers to 550,000.”**

Other online initiatives developed included remote contracting or the launch of new digital customer relationship channels (chat, twitter @ENDESAclientes, click to call, etc.).

Internationally, Ampla (Brazil) ended the year with more than 60,000 followers and 8.2 million page views in its Facebook

account, and an average of 44,000 mentions on Twitter. On twitter, the aim is to handle and respond to customers searching for the “Claim here” (“reclame Aquí”) site.

ENDESA launches web chat customer service channel

ENDESA, as part of its plan to improve perceived quality by customers on Internet, has launched the chat customer service channel. This new communication system springs from the aim of achieving a different type of relationship with customers which focuses on personalised care and advice through modern digital channels.

Through this initiative, ENDESA wishes to enhance the experience of customers who access www.endesa.es, while at the same attempting to ensure customers' needs are met at the very moment of contact. The chat can be accessed through the online office by clicking on a direct link. This will set up a written real-time conversation between a call centre agent and a customer.

As part of its plan to improve perceived quality by customers online, ENDESA will also launch a customer care channel on Twitter through which Twitter users can send their comments and queries.

Meanwhile the Codensa (Colombia) website received 2.5 million visits in 2012, with an average of 209,950 a month. It ended 2012 with more than 140,000 Facebook fans, receiving some 9,000 mentions a day throughout the year.

2.1.4. Customer database

In line with its pursuit of commercial excellence, ENDESA has a large customer database, using the data to better adapt to customer demands and market trends.

The database uses an Oracle/Siebel CRM system and an Oracle-SaaS CRM system, with all reports defined by customer demand and market trend criteria. It allows users to disaggregate customer data by a number of parameters, such as: long-term sales trends, purchases of products/services, geographic segmentations, profits generated, type of customisation, potential value of permanence for the business, lifestyle, industrial sector, customer service cost and value (as a combination of different factors).

2.2 Quick solutions for complaints and new-contract applications

At ENDESA, complaints are managed centrally by the Complaints Unit and via the people who work in the six existing Regional Complaints Units. Their responsibilities mainly consist of detecting the reasons for interruptions to normal commercial activity, establishing measures to resolve these and determining improvements to the management systems. They should also resolve complaints in the shortest time possible and act as intermediaries with public or private ombudsmen.

The number of complaints received fell 12.12% to 550,558 in 2012 from 616,738 in 2011. Of these, 100.4% were resolved, reducing the number of outstanding complaints compared to the year before. This decrease means quicker solutions to complaints.

“Complaints received in 2012 decreased by 12.12%.”

Complaints sent to other distribution companies rose in 2012 to 36,069 due to the increase in the portfolio of customers in areas that are not ENDESA distribution areas.

Regarding processes, collection complaints decreased by 41% and billing complaints by 71,000 compared to 2011. However, there were 38,000 more complaints about sales and contracting processes.

By business line, there were 3% more complaints about gas than electricity. The current complaint ratio is 80% electricity to 20% gas.

The average time for the first written response to all complaints was 11.6 days. In 2012, there were also 11,120 complaints by Coral customers stemming from Gas Natural's divestments in Madrid and the transfer of customers to ENDESA.

Customer communications have also been improved and reinforced both in terms of managing information and closing cases. Writing courses for those in charge of responding to complaints were given during the year.

A new organisation was also created based on four lines of action: Management of Regional Complaints Centre, Process Management, Management of Complaints from Senior

Management and a cross-disciplinary team for Process Management and Efficiency.

Internationally, there were 11% fewer complaints in Brazil in 2012, down from 48,600 to 43,340 at both Ampla and Coelce.

2.2.1. ENDESA's Customer Ombudsman

ENDESA's Customer Ombudsman, the only one in the Spanish electricity market, 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.

2012 was the 10th year of operations of the Ombudsman. Over this period, it has received approximately 12,000 complaints, 6,582 of which were handled within its remit.

2.2.1.1. Spain and Portugal

José Luis Oller Ariño was appointed ENDESA Customer Ombudsman in 2005. In 2012, the Customer Ombudsman received 1,920 complaints, 8% fewer than in 2011. Of these, 1,157 fell within the Ombudsman's remit. These basically related to the sales cycle (55%), the quality of supply (23%), access and meter readings (16%), and miscellaneous issues (6%).

Some 86% of the complaints were resolved, fully or partially, in favour of the customer, with 59% resolved by an agreement between the customer and the Company and 41% by a resolution by the Ombudsman.

“86% of complaints resolved satisfactorily.”

During the course of 2012, the Ombudsman recommended a series of improvements regarding the following items:

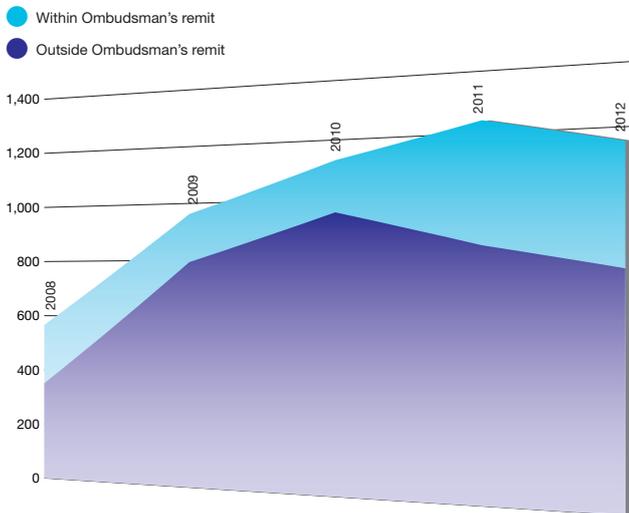
- Improve the commercial documentation relating to gas maintenance service agreements and the effects of cancelling such contracts before they expire.

- Improve information to customers in the deregulated market on general contractual terms and conditions, specifically regarding supply cut-offs due to payment defaults.
- Provide information to customers on how incidents involving their meters and having an effect on billing are handled.
- General considerations on how to improve information, service and the sales policy regarding the impact of the elimination of the last resort tariff on residential customers.

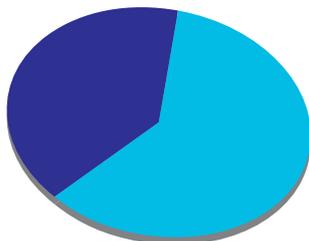
(See point 03. Customer satisfaction in this section for more information.)



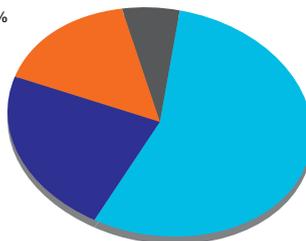
Caption: 10th anniversary of ENDESA's Customer Ombudsman, coinciding with World Consumer Rights Day.



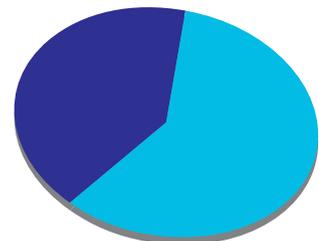
● Within Ombudsman's remit **60.26% (1,157)**
● Not within Ombudsman's remit **39.74% (763)**



● Supply cycle **55%**
● Quality of supply **23%**
● Access and meter reading **16%**
● Others **6%**



● Mediation **59%**
● Resolution **41%**



Launch of the European "Zero Unsatisfied Clients" project proposed by ENDESA's Customer Ombudsman

ENDESA Customer Ombudsman José Luis Oller submitted a proposal to the European Energy Ombudsman Group (EEOG) for a joint project under the slogan "Zero Unsatisfied Clients". The new plan, which was debated in Paris in December 2012, was inspired by the Enel Group's "Zero accident" project. The objective is to ensure that every single customer who contacts any European energy company customer ombudsman or mediator is satisfied with their intervention and that the customer's confidence in the company is restored.

The EEOG is the only independent, non-profit association made up of ombudsmen from the EU's leading energy companies. It aims to ensure consumers' rights are efficiently safeguarded, promoting mediation between companies and consumers in the energy sector as an alternative means to settling disputes, as well as fostering good customer services practices.



Table at which the new Zero Unsatisfied Clients project was debated.

2.2.1.2. Latin America

ENDESA has a Customer Ombudsman or similar function in the five countries where it operates in Latin America. In 2012, the number of complaints received decreased by 0.5%.

Ampla's Customer Ombudsman (Ouvidoria), in charge of handling requests made by Aneel and consumer protection bodies, began monitoring written communication channels in 2012 to guarantee the quality of service provided. It obtained a 19 percentage-point improvement in customer perception in the year.

At Coelce, this channel held 15 community events in 2012 designed to bring the company closer to customers, listen to consumers questions and clarify the company's services. Of all customers surveyed in 2012, 98.5% said that Coelce's image was Good or Excellent after the service provided by the Customer Ombudsman.

2.3. Responsibility for informing customers about ENDESA's products and services

For ENDESA, ensuring customers can exercise their rights to full information on the products and services that they purchase is crucial. Therefore, the Company complies with regulatory requirements regarding the information provided to customers at all stages of the commercial cycle. These regulations 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, ENDESA complies strictly with disclosure requirements regarding the source of the electricity supplied.

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 has been strengthened since then. The unit held regular meetings and took part in consumers' forums to communicate the measures taken by ENDESA with regard to

its customers and to find out what their main concerns are, in order to be able to take the most appropriate measures.

In Chile, the Company adhered to the Code of Conduct of the Chilean Advertising Agency Association (ACHAP) and its corporate publicity complies with 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 Advertising Self-Regulation Code (CONAR).

In Brazil, the Rules of Professional Conduct in Communication were updated in 2012 in a document drafted in accordance with CONAR, the Child Rights Law (Estatuto del Niño y del Adolescente) and the Universal Declaration of Human Rights. Certain rules were established regarding the use of Internet in general and social networks in particular.

ENDESA companies in Argentina adhere to the Global Compact and follow the guidelines of the Code of Ethics applied to ENDESA companies worldwide. It requires the same of its largest contractors, inviting them also to join the Global Compact.

Standardisation in electricity bills

As a result of the adjustments derived from the Supreme Court orders of February and March 2012, the Spanish Ministry of Industry, Tourism and Trade ordered electricity utilities to review access rates charged to customers between October 2011 and March 2012. In addition, new quarterly energy prices were set on 26 April.

Accordingly, ENDESA said it would review the amounts billed to all customers between October 2011 and 26 April 2012. Any adjustments will appear on the bills between 1 August and 31 December this year.

To make it easier for customers to pay, the amounts will be divided up equally in the bills issued until the end of the year.

This affects all customers with electricity contracts in force at any given time during the period from 1 October to 26 April and that, at the time of the adjustment, had an electricity supply contract with any supplier. Not included are customers on the social rate during that period.

2.3.1 Eliminating barriers

ENDESA also strives to eliminate potential barriers in the information on its products or services, whether physical, social or language-related.

For instance, all commercial and informative communications sent to ENDESA's customers in Spain, including bills and leaflets, are produced in Spanish and Catalan. The different service channels (telephone and face-to-face) also work in these two languages. There is also a project underway to develop the capacity to send bills in other languages.

In Brazil, customers who are visually impaired receive their bills in Braille, while the Relations Centres have a free hotline for hearing-impaired customers. Several commercial offices provide service in English and Brazilian sign language (known as "Libras") for people with a hearing impairment.

New commercial offices and service agencies in this country have access ramps and bathrooms for people with limited mobility, while existing units are being adapted gradually so that they can install these facilities. There are signs indicating preferential seating for the elderly, pregnant women and people with disabilities. Some customer telephones used to contact the call centre have been adapted at certain commercial offices for use by people in wheelchairs.

Visually-impaired customers in Argentina also receive bills in Braille while others can opt for bills by e-mail with audio.

In Colombia, Codensa's service centres provide a variety of services to people with disabilities, the elderly and pregnant women, such as special signposts, exclusive attention points, preferential service and collection lines, and access ramps. Offices being remodelled are adding bathrooms for people with disabilities and those in wheelchairs.

3. Customer satisfaction

3.1. Spain and Portugal

In 2012, ENDESA remained committed to excellence in the quality of service it provides to customers. In line with this objective, the Company closely monitored customer satisfaction with its products, services and the customer service provided through its sales channels, as well as sales

to the mass market and to small-scale customers. The customer satisfaction index in Spain and Portugal for the year was 7.6.

Customer satisfaction in Spain was measured through more than 78,000 telephone/online customer surveys, expanding the scope from previous years in terms of processes (by supply and tariff), channels (ENDESA Online) and customer segment.

“ENDESA conducted more than 78,000 telephone/online customer surveys.”

The main approach to gauging customer satisfaction is telephone surveys, although in 2012 a major project began to define the procedures and standards applicable to the online method for carrying out service quality studies at ENDESA. This project was applied mostly in 2012 to evaluate the Corporate or Large Customers segments, where the approach works better.

ENDESA was again the leader in customer satisfaction in the mass market in the electricity sector in 2012, achieving a 6% higher rating than its peers. ENDESA's image as the leader in the energy market was reinforced, achieving a 17% higher rating than its peers, while its rating for advice given was also higher (12% above that of its peers).

“ENDESA's image as the leader in the energy market was reinforced, achieving a 17% higher rating than its peers.”

The improvement in satisfaction in 2012 drove a positive trend in loyalty (+5%), company recommendations (+2%) and supply (+3%).

Among small-scale customers, ENDESA's overall customer satisfaction rating improved by 4% in 2012, extending the trend seen over the past two years. The improvement is underpinned by the better perception of the quality of supply, the absence of mistakes in invoices and the advice provided by the Company. Loyalty and recommendation levels improved by 8% and 3%, respectively.

Service channels

Customers continued to rate ENDESA's service channels highly, with high marks for both offices and service points. The personal service channels' strengths were clarity in explanations (+4%), knowledge of staff (+3%) and waiting time (+6%).

The rating of the call centres was steady, with ratings of treatment, knowledge and clarity in explanations of personnel all above 7.

Segments

Satisfaction among small-scale customers with their assigned management was its highest of the last five years, with ratings exceeding above average. Noteworthy in 2012 was the improvement in manager proactivity (+3%). Thanks to the service provided by ENDESA to customers through personalised managers, their overall satisfaction with the Company improved 3% from 2011.

Processes

Customer perception of ENDESA's processes included high marks for promptness (+4%) and ease of contracting in the deregulated market (+3%). Contracting gas supply through the service points was especially rated highly, with a 15% improvement on 2011. Satisfaction of small-scale customers requesting information also performed well (+5%) in 2012.

Assessments of value-added projects

The service offered by ENDESA in terms of personalised customer products and services achieved an excellent rating. When asked whether ENDESA has complied with OHS standards in carrying out a project, customers polled said the performance was excellent. The largest improvement in 2012 (+8%) was in the question on advice given.

Customer Ombudsman

Satisfaction with the service provided by the ENDESA Ombudsman improved in 2012 (+4%).

Next year

In line with its objective of measuring the quality provided in all customer contact channels, ENDESA has begun monitoring the quality offered by the sales channels to mass customers and individuals in 2013.

3.2. Latin America

In 2012, for the fourth year in a row, Coelce customers were the most satisfied in Brazil according to a study by the Brazilian Association of Power Distributors (Abradee) focused on the city residential segment. Coelce was once again named the Leading Electricity Distribution Company in Brazil, while it also topped the customer satisfaction ranking. For excellence in its customer relationship programmes, the company achieved the highest Perceived Quality Satisfaction Index (ISQP), with a rating of 89.5, well above the average calculated by Abradee.

In Peru, two new monthly surveys were added in June 2012: a regional satisfaction survey based on a qualitative exploratory model with a sample of 100 customers which produces the Perceived Quality Satisfaction Index (ISCAL), and "Knee-jerk survey" of customers who have just had an experience with service through the commercial offices or the "Fonocliente" call centre.

In Chile, Chilectra added new measurements in 2012 to monitor processes and services that were not being assessed –damaged devices, scheduled power cuts, sales process for heat pumps, information on rights and obligations, in-depth look at issues involving large customers (corporate customers)— with a view to identifying areas that can be improved.

In 2011, ENDESA's subsidiaries in Argentina took part in the ERSC CIER 2011 regional survey on residential customer satisfaction, achieving an overall score of 7.15. A local survey was also conducted that year and in 2012 as part of the regional survey on ENDESA's Latin American companies.

In Colombia, there is a tool for monitoring market perception regarding the quality and competitiveness of the product and service offering called the Perceived Quality System. At present, 19 products and 97% of transactions involving interaction with customers are evaluated. For this purpose, 2,500 monthly surveys are conducted and 150 annual reports on customer satisfaction with products are prepared.

Customer satisfaction index*

	2010	2011	2012
Spain	8.1	7.4	7.6
Argentina	7.6	7.15	7.15
Chile	7.4	7.3	6.76
Brazil	8.3	8.2	7.65 ¹
Peru	7	7.9	6.4
Colombia	7.75	8.2	7.6

Minimum=1; Maximum=10

¹ Average indices, Ampla: 63.5%; Coelce 89.5%.

Number of complaints received per regulated and deregulated market (thousand)

	2010	2011	2012	% chg 2012-2011
Spain	n/a	54.69	51.59	-6
Argentina	0.1	6.1	6.7	-9
Brazil	48.8	48.6	43.3	-11
Chile	25	20	17.7	-11.5
Colombia	27.98	38.94	44.61	12.7
Peru	8	4.4	4.6	-4.3
TOTAL	104.1	111.8	111.2	-0.5

COELCE, Ibero-American Quality Award 2012

ENDESA's subsidiary in Brazil, Coelce, received the Ibero-American Quality Award 2012 bestowed by the Ibero-American Foundation for Quality Management for management excellence.

This award, granted in the Gold category (the most prestigious granted by the Foundation), is in addition to the National Award for Quality obtained last year which helped pave the way to being evaluated for this most recent award.

The award, accepted by Abel Rochihna, Head of Distribution at Coelce, was presented in Jerez de la Frontera at the 8th Business Congress prior to the 22nd Ibero-American Summit being held in Cadiz.

4. Efficient products and services

4.1. Spain and Portugal

In 2012, ENDESA continued to strengthen its range of value added products and services (VAPS) designed for the efficient use of energy which it supplies to private homes and small, medium and large businesses.

One of the main drivers of the Company's value added products and services is the ENDESA Energy Efficiency Plan (PE3), which 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.
- **Commercial initiatives (VAPS):** products and services that help customers engage in responsible consumption.
- **Communication actions:** to foster efficient use of energy among customers and show 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-Trigeneration-Microgeneration.
 - Condensing boilers.
 - Biogas.
- **Energy efficiency:**
 - Lighting.
 - Energy audits.
 - Condenser batteries.
 - Domotics.
 - Vehicular Natural Gas.
 - E-mobility.
 - Monitoring and control of electricity consumption.
- **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, implementation of ISO 14001/9001, quality, management of CO₂, waste management, etc.).

The initiatives carried out in 2012 included the development of monitoring solutions and electricity consumption control in the home.

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.

(More information on the chapter Innovation: Commitment to Efficiency, point 02. Technology Leadership Model).

4.2. Latin America

In Brazil, ENDESA invested Euro 10.9 million in energy efficiency initiatives in 2012. As a result, a total of 96,283 customers in the Brazilian states of Rio de Janeiro and Ceará had their old refrigerators replaced with new, more efficient appliances, their incandescent light bulbs replaced with fluorescent lamps, and the electrical installations at their homes upgraded. Another initiative focused on improvements to lighting and heating/air conditioning systems at healthcare centres, benefiting seven hospitals and one senior citizens' home. Ampla's initiatives fall under the umbrella of its *Consciência Ampla Eficiente* (Ampla Efficiency Awareness) project. And at Coelce, under its *Troca Eficiente* (Efficient Trade) programme.

“More than 96,000 customers have new refrigerators, light bulbs and electricity circuits.”

The new appliances are “Class A” certified under the National Energy Conservation Programme (Procel) and consume up to 70% less than the old appliances.

4.3 Raising customer awareness of efficient energy use

4.3.1. Spain and Portugal

“Twenergy has 34,000 users and received more than a million visits in 2012.”

ENDESA conducts communication campaigns to raise awareness about the efficient use of energy. These include:

- Twenergy: this has become the most important online community in the world for sustainability and energy efficiency. Launched in 2009, it has more than 34,000 registered users and received more than a million visits in 2012. Twenergy is based on a web page and its own profiles on the main social networks: Facebook, twitter, YouTube, vimeo and flickr.

Two events with bloggers were held in 2012 to raise Twenergy's profile both externally and internally. One, which also involved ENDESA personnel, featured the participation of Eduardo Punset and was a trending topic

on Twitter, with more than 700,000 posts. The other was dedicated to e-mobility.

The TW Colaboradores (“TW Partners”) section was also launched and currently has the full-time participation of five partners, led by journalist Alicia Sornosa, who has embarked on a journey throughout the Americas by motorbike. Meanwhile, work continued to develop content of interest, such as digital conferences with experts, product comparison tools (lighting and air-conditioning) and practical tools, including one that calculates the carbon footprint of transportation.

(More information: <http://twenergy.com>)



- ENDESA Welcome Pack: provides information on the fuse box and recommendations on maintaining it correctly and protecting the home. It also gives advice on the proper use of domestic appliances such as refrigerators, 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.
- Specific communications to customers in their first year of the contract:
 - Book with useful information on the light and gas installations, usage recommendations and advice on light and gas savings.
 - Gas guide: informative leaflet on the safe use of gas.
 - Savings calculation: estimated saving made by the application of the advice on efficient energy use.
- Three-page leaflets with advice on better use of energy (at service points and inserts).

4.3.2. Latin America

In Chile, the Company held a total of 216 educational workshops in 2012 for neighbourhood communities, which benefited some 6,000 people. 10,000 efficient light bulbs were handed out to those attending the workshops.

Since 2011, within the “Chilectra en tu Barrio” (Chilectra in your neighbourhood) programme, neighbourhood communities were invited to bid for partnership projects. In 2012, seven such communities were awarded contracts to develop educational projects on energy efficiency.

In Colombia, the Company carried out a number of awareness-raising initiatives in 2012. It gave out diplomas to 12,857 children from 147 schools, including Vigías de la Energía Codensa, after attending talks on the importance of the responsible and efficient use of energy and appliances, the “Paseo Itinerante” (Travelling Exhibit), a fun-learning lab entailing nine interactive types of exhibits designed to teach students and the community at large more about the energy process. A total of 18,744 people took part in the year.

The Company also carried out, for the third year in a row, the “Siembra Energía” (Sowing energy) scheme. The objective is for Codensa to be perceived and appreciated as an environmentally-conscious company.

The advertising and promotional campaign kicked off in May. Meetings were held with population groups interested in learning more about the responsible use of electricity and household appliances, at which 911 talks were given. At the each, 2,000 lighting kits were raffled off as a strategy for promoting efficient appliance usage.

In Argentina, a corporate communication was sent to medium-sized and large customers in 2012 promoting the advantages of the use of LED lighting.

In Brazil, ENDESA spearheads educational programmes that spread knowledge and foster best practices in energy consumption, while promoting professional learning and revenue-generation opportunities. These includes projects such as *Consciência Ampla Oportunidade* (Ampla Opportunity Awareness), *Consciência Ampla Futuro* (Ampla Awareness of the Future), *Consciência Ampla Saber* (Ampla Knowledge Awareness) and *Consciência Ampla com Arte* (Ampla Art Awareness). A number of recreational activities with children and teenagers were carried out at the mobile units *Consciência Ampla sobre Rodas* (Ampla Awareness on Wheels) and *Nave Coelce* (The Coelce Warehouse). These are vehicles that travel across the concession areas and offer interactive activities related to power generation and responsible electricity consumption.

In Peru, Edelnor embarked on the ‘Mundogar’ project designed to reach agreements with the leading suppliers of household appliances that are considered basic and have a far-reaching impact on people’s lives, enabling customers to acquire them and improve their quality of life. As of 31 December 2012, some 663,000 appliances had been sold.

(More information in the “Establishing ties with local communities” chapter, section 0.2 Social initiatives).

5. Safety and ongoing improvement in all stages of the life cycle of ENDESA's products and services

ENDESA has the mechanisms and tools required to ensure the safety of its customers and the general population, paying special attention to the distribution and consumption of electricity.

Electricity distribution

All of ENDESA's electrical installations comply with safety legislation and regulations in force.

Installations connected to HV/HV and HV/MV substations feature safety devices to isolate any defects that arise. MV lines are equipped with intermediary protective devices such as lightning conductors and automatic valves to prevent surges caused by atmospheric discharges.

All HV and MV 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.

In addition, in line with current regulations, there are self-protection handbooks at all thermal and hydroelectric plants in Spain, addressing potential emergency situations that could affect both people and property, and the implications of business risks (e.g. fires) or external risks (e.g. earthquakes).

In Chile, the Company monitors the magnetic field, electricity and noise emissions and radio interference in the subtransmission system at all times. The final general results were substantially lower than the general public exposure levels recommended by the International Commission on Non-Ionizing Radiation Protection (ICNIRP).

In addition, all the plants have Emergency Action Plans designed not only for worker safety, but also for the safety of neighbouring communities.

In Peru, the priority of the 2012 connection maintenance plan was customer safety. Nearly 135,000 supply connections were reviewed and adapted where necessary. Preventive maintenance was carried out at over 64,000 supplies.

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 LNG plants.

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 recreations 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.

Below is a description of the incidents registered at ENDESA's nuclear plants in 2012.

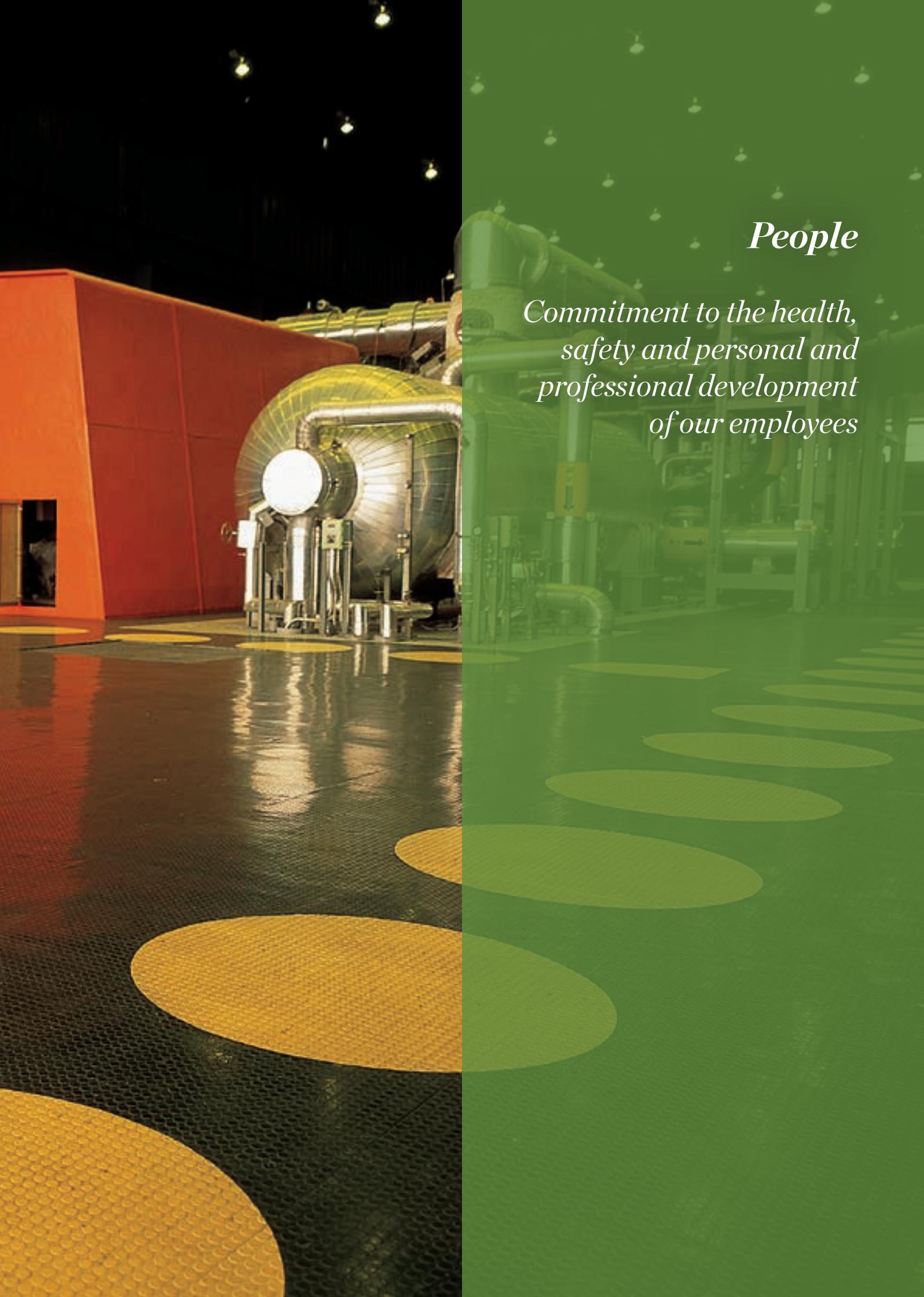
Testing of the reactor protection system and safeguarding measures at Ascó I and II uncovered a switching malfunction (P11) in the event of a low pressure in the pressuriser, which would have automatically blocked the safety injection line and the isolation of main steam lines, rather than triggering a manual block according to its design. This anomaly was classified as Level 1 on the International Nuclear and Radiological Event Scale (INES).

Elsewhere, the "Reactor coolant leak" technical specification limiting condition for operation was breached at the Ascó I power plant. During the post-charging electrical standardisation process, there was a power loss at the air sampling pump of the radiation particle and gas surveillance system of the Containment Building and the air sampling pump of the radiation surveillance system of the Auxiliary Building smoke stack.

At Vandellós II, the reviews showed that certain root valves for instruments related to a number of safety systems were open during normal operation, instead of being closed according to the piping and instrumentation diagrams. This anomaly was classified as INES Level 1.

Lastly, at the Almaraz I and II plants, an analysis of the applicability of NRC IN-2012-01 Seismic Considerations-Principally Issues Involving Tanks indicated that, due to the plants' design, when the refuelling water storage tank is aligned with the purification system for purification and for taking samples from the water refuelling tank, the refuelling water tank, whose design is seismic, is connected to the purification system, which is not fully seismic.





People

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

At ENDESA being committed to our employees is paramount in building a culture of safety, health and diversity. As well as aiming to be one of the best firms to work for, the Company strives to guarantee respect, equality and a work-life balance among all its employees.

In 2012, the Company introduced a safety survey in its Workplace Satisfaction Survey, to ascertain the culture of safety and align its efforts to cement its Safety Plan. The Company pays constant attention to equality, work-life balance and respect for human rights. It has also cemented Enel's leadership model to promote occupational health and safety.

98% of 2010
Action Plan measures
implemented

Lowest accident
rates in ENDESA's
history

985,000
training hours at
ENDESA Group
companies

28%
of new hires were
women in 2012

Highlights 2008-2012 Sustainability Plan

2008 ENDESA approves Equality and Work-life Balance Plan	2009 Delfos OHS management system, begun in 2007, rolled out to all countries.	2010 Global and Country Senda Plans drawn up.	2011 Safety Plan 2011-2015 groups all OHS initiatives in a single Strategic Plan.	2012 1,353 new hires in 2012.
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Priority issues-materiality study 2012	ENDESA's response in the report
Diversity and equal opportunities (initiatives and reporting)	Our People Chapter: 5. Employee satisfaction, one of our priorities; 5.1. Senda Plan progress; 5.1.1. ENDESA's strong commitment to equality; 5.1.3. Commitment to differently-abled people
OHS management model	Our People Chapter: 2. ENDESA: a safe and healthy workplace.
Specific reporting relating to occupational health and safety.	Our People Chapter: 2. ENDESA: a safe and healthy workplace
Managing health and wellbeing	Our People Chapter: 2. ENDESA: a safe and healthy workplace
Commitment to employment stability, creating employment and responsible management of reorganisations	Our People Chapter: 3. People leadership and development, 3.3. Attracting and retaining talent; 4. Responsible people management at ENDESA.

Challenges in 2012	Actions taken
To continue implementing programmes to achieve the "Zero accidents" objective.	Carried out as planned: <ul style="list-style-type: none"> • Plan 5+1 (Culture and OHS training at partners, communication, innovation and infrastructure for safety, large works and health). • Delfos (<i>E-Mobility</i> OAPI, DELFOS training and upgrades). • Plan Safety (partners, communication, culture and training, health and supply). • <i>One Safety project</i> (introduction of <i>One Safety</i> at various sites with a certain number of field observations). • 161,778 occupational risk prevention training hours. • "Management and Safety" programme.
To continue developing the Human Resources Sustainability Plan (Senda Plan) in every country.	Roll out and development of objectives, measures and actions to be taken for Senda Plan in all countries where the Company operates: Family-friendly company model, teleworking, communications plan, targets for female hires, training, work-life balance, diversity, etc.: over 65 activities carried out.
To continue the introduction of teleworking in all the countries in which the Company operates.	Teleworking in all countries in Latin America: Argentina, Chile, Brasil, Colombia and Peru with 347 participants.
To consolidate the family-friendly company model.	Family-friendly company model consolidated and model introduced to Chile and Colombia.
To consolidate training programmes for talent development.	Specific communication measures, leadership book, leadership videos, BARs and 360° assessments extended to other groups (<i>Top Management</i>).
To continue dialogue with employees using our ForORH tool.	Random online surveys in Spain, Portugal and Latin America. <i>Focus Group</i> carried out in Spain. 2012 Workplace Satisfaction and Safety survey and Global HRO Survey, annual seminars and events.
All ENDESA investment fund and plan managers signed up to the UN principles for responsible investment (PRI).	In December 2011, ENDESA's Employee Pension Plan manager became a formal signatory to the United Nations Principles for Responsible Investment (UNPRI). These specific criteria were incorporated for the first time in 2012.

Key figures 2008-2012 Sustainability Plan

	2009	2010	2011	2012
Employees	26,305	24,732	22,877	22,807
New hires	—	1,585	1,811	1,353
Training hours	1,302,271	1,091,099	1,091,304	985,789
% female employees	20%	20.4%	21%	21.2%
% workforce with permanent contract	95.9%	96.3%	98.4%	97.06%
Combined frequency rate	4.96	4.62	3.80	2.89
Combined seriousness rate	0.100	0.104	0.13	0.12

In 2013 we propose

To continue implementing programmes to achieve the "Zero accidents" objective.

Implementing action plans based on the 2012 Workplace Satisfaction Survey.

Work-Life balance: introducing teleworking throughout ENDESA.

Rolling out measures based on equal opportunities diagnosis.

Continuing targets to hire more women.

Promoting geographical and functional mobility.

Promoting change management.

1. ENDESA's workforce

At 31 December 2012, ENDESA had a total of 22,807 employees worldwide: 11,535 in Spain and Portugal, 11,270 in Latin America and two in other countries.

“22,807 employees and 1,353 new hires in 2012”.

In 2012, the workforce at the consolidated ENDESA Group increased 0.19% compared to 2011 (excluding the departure of 113 employees at Endesa Ireland, which was sold in October 2012). This is an indication of the stability of our workforce.

In 2012, there were 1,353 new hires whilst 1,423 contracts were terminated.

ENDESA's diverse workforce combines youth and experience, with 65.93% of its employees aged between 35 and 54 years old.

The Company offers its employees competitive working conditions, which are above the market average in all the countries where it operates. This is shown by 97.06% of

ENDESA's workforce at 31 December

	2010	2011	2012	% change 2012-2011
Spain and Portugal	12,194	11,702	11,535	-1.43%
Latin America	12,427	11,060	11,270	1.90%
Other countries *	111	115	2	-98.26%
TOTAL	24,732	22,877	22,807	-0.31%

(*) In 2011, 113 employees from Endesa Ireland were included (sold in October 2012) and at the end of 2012 there were only two employees at Énergie Électrique de Tahaddart in Morocco.

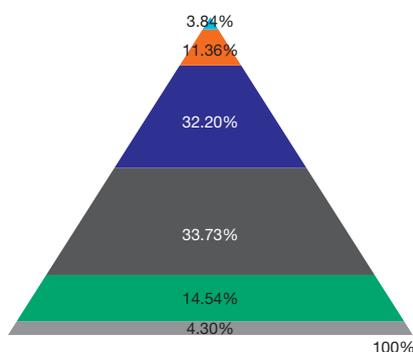
Average workforce by location

	2010	2011	2012	% change 2012-2011
Spain and Portugal	12,990	12,046	11,698	-2.89%
Latin America	12,423	11,208	11,211	0.03%
Other countries *	167	112	87	-22%
Total	25,579	23,366	22,995	-1.59%

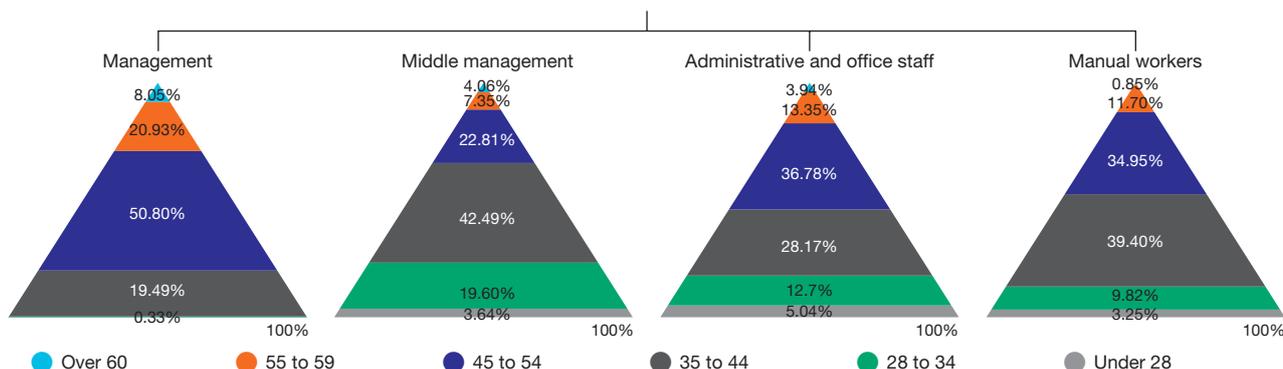
(*) In 2012, 85 employees at Endesa Ireland (sold in October 2012) were included.

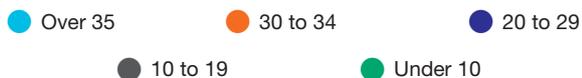
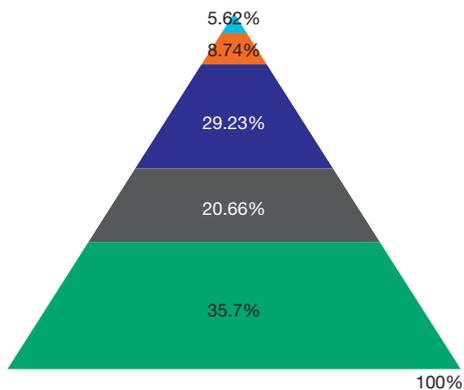
contracts being permanent, 1.33% lower than in 2011. The average employee stays with the Company for 16.53 years, while 64.26% of the workforce have worked for us for over 10 years. The majority of our employees are full-time.

Workforce age pyramid



Age pyramid by professional category





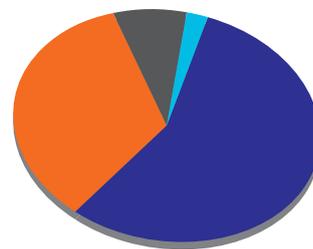
“97% of the workforce has permanent contracts”.

Of ENDESA's total workforce, 55.8% are administrative and office staff, followed by middle managers, who make up 34.1%.

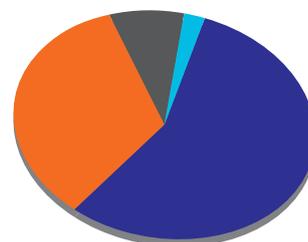
By gender, 78.8% of the workforce is male and 21.2% female.

ENDESA continues to take steps to increase the number of women in the Company and also to facilitate their access to management and positions of responsibility.

Distribution of workforce at 31/12/12 by professional category



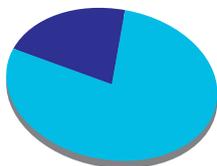
Average distribution of the workforce by professional category



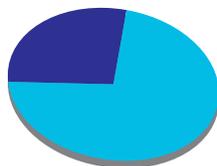
In order to promote employment among the younger population and provide access to the job market, in 2012 ENDESA offered 1,132 people internships or scholarships; 121 of these were in Spain and 1,011 in Latin America.

Some 50,083 personnel provide services to ENDESA in Spain and Latin America through contractors.

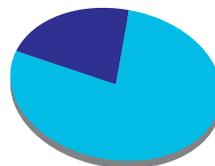
Permanent hires by gender



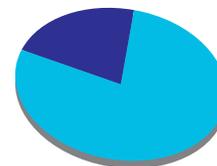
Temporary hires by gender



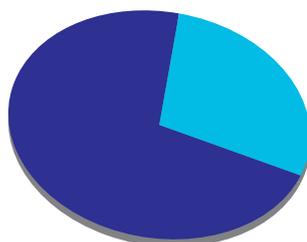
Part-time hires by gender



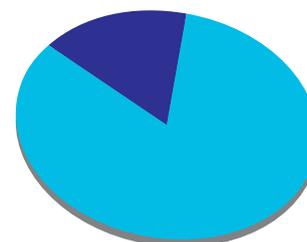
Full-time hires by gender



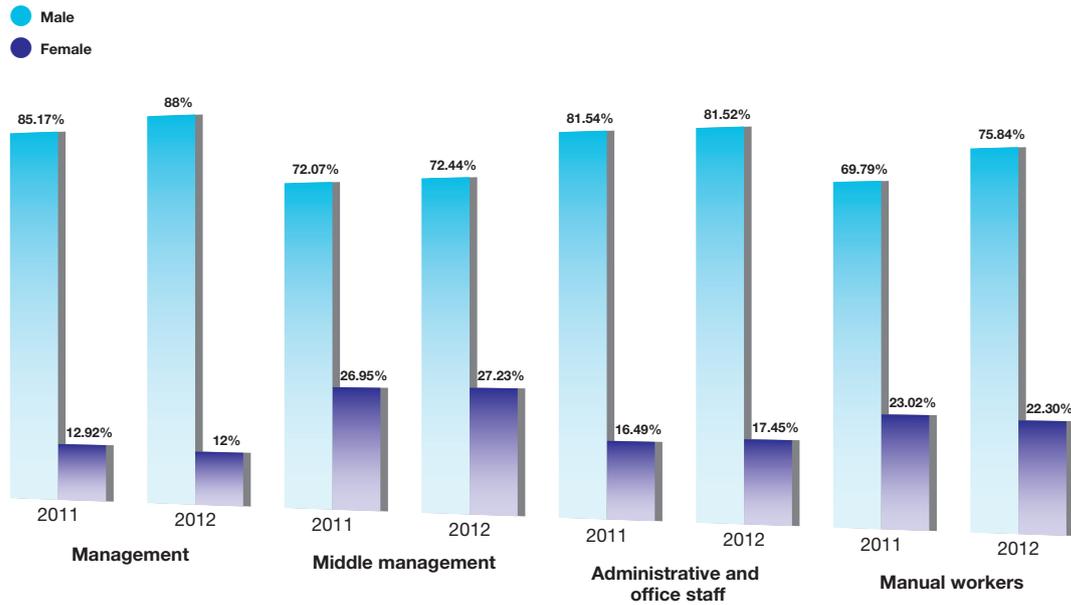
Contractors on full-time contracts by region



Contractors on part-time contracts by region



Breakdown of workforce by gender*



* Based on workforce at 31 December.

Employees eligible to retire in the coming years by category (%)

	Next 5 years			Next 10 years		
	Spain	LatAm	Average	Spain	LatAm	Average
Management	6.2	11.4	8.1	21.6	20.2	21.1
Middle management	1.4	5.6	4.1	8.9	6.5	7.4
Administrative and office staff	0.8	7.3	4.0	17.6	9.0	13.4
Manual workers	0.7	30.0	0.9	11.7	20.0	11.7
TOTAL	1.1	6.7	3.9	14.6	8.1	11.4

ENDESA has improved its ties with contractors by developing corporate IT tools which facilitate the exchange of information and documentation regarding the legal and preventative aspects of its employees’ contracts. In fact, use of the Colabora website has been cemented and the Company has rolled out a management module for contractors’ employees (CHR)

“The 2011-2015 Safety Plan incorporates all the action lines developed to date to encourage the exchange of best practices and synergies”.

2. ENDESA: a safe and healthy workplace

For ENDESA, safety means zero accidents and health means personal well-being. The Company is fully aware that both objectives are a standard that cannot be renounced and should be within the reach of all people that work for the Company. Our OHS activities make no distinction between our own personnel and employees of our collaborators.

The Company continues to develop OHS initiatives through its 2011-2015 Safety Plan, which forms an integral part of the occupational health and safety strategy of Enel, our core shareholder.

Under this plan, lines of action related to occupational health and safety are being increasingly standardised in Latin America, Spain and Portugal, optimising efforts in this areas across ENDESA’s entire workforce and creating the synergies that are needed to greatly reduce accident rates and allow the group to meet its “zero accidents” target while at the same time carefully looking after its employees’ health.

Enel’s One Safety health and safety project has been adopted in two key areas: assuming Enel’s key priority of promoting

occupational health and safety and applying, adhering to the culture of zero negligence and observing workplace behaviour, ongoing improvement plans to correct dangerous or unhealthy working practices and promote safe and healthy conducts.

The 5+1 Plan, a set of long-term strategic initiatives to radically improve occupational health and safety, also remains in place. This scheme is being led by ENDESA's senior management and is structured around six working groups with the prevention services playing a coordination and integration role.

Based on this positive experience, in 2012 the plan became the 5+1 Global Improvement Areas, taking on a more global focus and being applied to all the countries where the Enel Group is present. This year a working group for health matters has been added.

The main objectives of the 5+1 Plan are:

- **Raising safety awareness** and developing new training methods which convey the importance of safety at work.
- **Integrating safety** in all management processes at partner companies and sharing the Enel Group's OHS standards. To this end, we are working to appraise our partners through the Vendor Rating project, which includes audits, closer monitoring of work and the design of alternatives to penalties.
- **Implementing innovative communication instruments** and campaigns to encourage the integration of OHS concepts across the Group. This includes the organisation of public events (World Day for Safety and Health at Work, Safety Week); collaboration in the definition and dissemination of public health and awareness raising and incentivisation messages; the development of communications media; and incorporation of OHS content into the Company's internal communication channels.
- **Developing innovative instruments** to constantly improve safety.
- **Promoting OHS management processes** at the Enel Group's main work centres.

- **Fostering health and well-being programmes** and prevention campaigns.

2.1. Common occupational health and safety management

Delfos is ENDESA's corporate application for managing issues related to occupational health and safety and is the Enel Group's corporate system. This has been rolled out to all the countries where ENDESA is active (Spain, Argentina, Brazil, Chile, Colombia and Peru).

“The process for obtaining official accident rate data for ENDESA via Delfos' automatic reporting system was cemented in 2012”.

The main objective of Delfos is to offer Group companies and businesses an efficient OHS management tool and integrate information as well as helping encourage a common culture of managing OHS issues while taking into account local issues.

The process for obtaining official accident rate data for ENDESA via Delfos' automatic reporting system was cemented in 2012. This has enabled us to standardise and simplify the process in all countries. Delfos has also been extended to Romania, significant advances have been made at Enel Green Power Latinoamérica and the system's global requirements have been defined to incorporate it in Enel's Global H&S 2.0.

As risk prevention cuts across all areas of ENDESA's activity, we have also started to integrate the Business Lines into Delfos to manage their own OHS activity, as they have adopted the same safety inspection formats used by the prevention departments (the Occupational Accident Prediction Index).

This large number of consistently implemented inspections is also now being used as a basis for appraising contractors under the Vendor Rating project.

Delfos Mobile allows onsite safety inspections to be carried out with information (photos, texts, geographic coordinates, etc.) being relayed in real time to the Delfos System and all employees involved in the process.

Finally, thanks to reliable online results, problems can be dealt with as soon as they are identified.

The inspection information is described in the following chart:



Approximately 83% of ENDESA’s workforce (18,930 employees) are employed in OHSAS 18001-certified workplaces.

Number of employees working in OHSAS certified workplaces

Countries	Number of people
Spain	9,753
Argentina	2,975
Brazil	1,629
Chile	1,813
Colombia	1,899
Peru	934
TOTAL LATIN AMERICA	9,250
TOTAL ENDESA	19,003

“Globally, ENDESA has 19,003 employees working in OHSAS 18001-certified workplaces”.

2.2. Occupational health and safety, training and inspections

In 2012, 160,765 hours of OHS training were organised for staff.

“In 2012, ENDESA organised 160,765 hours of OHS training for staff”.

Some 42,821 health and safety inspections were performed in the year on work and projects carried out by Company employees and contractors’ employees which had a significant impact on reducing the number of accidents.

Technical procedures and Policy for working at height were approved, and now apply to all contractor companies and Group personnel.

In Peru, the OHS structure and monitoring mechanisms have been defined for the launch of the Cold Reserve project. ENDESA’s strategy has been extended to Siemens, the company implementing the project where a safety awareness campaign has been launched. Employees who are committed to safety issues also received awards.

In Colombia construction work has now begun on the “El Quimbo” hydroelectric plant, the first power station developed by a private group in the country. With approximately six million man-hours of work, the combined accident frequency index stood at 2.69 in 2012. Occupational Accident Prevention Index inspections were carried out daily and management carried out weekly Safety Walks.

2.3. Promoting a culture of occupational health and safety

At ENDESA, employee safety and well-being are of paramount importance. Prevention is encouraged by promoting a culture of occupational health and safety among all employees.

ENDESA promotes initiatives to help reduce the number of accidents in our operating processes, including:

- Management and Safety Programme.
- One Safety (an Enel Group programme).
- Influenza prevention campaigns.
- Awareness-raising workshops.
- Preventative Observatory meetings.

Some of the programmes implemented to improve safety include MASS (Distribution and Supply Spain), Saber Vivir (Brazil), Safe STAR (Peru), Life and Health Protection (Colombia), Safety Culture Communication Campaign (Chile), My eyes were opened (Argentina) and 24/7 (Global). These programmes are designed for both our own and contractors’ employees.

A clear example of the efforts being made by the Company to integrate safety into our working culture is the inclusion in 2012 of a Safety Survey in the group wide Workplace Satisfaction Survey. The survey aims to ascertain how safety is viewed at various levels within the organisation and measure the initiatives implemented at Enel Group companies. It also aims to identify those areas with the lowest score and define action plans which will have a greater impact on our

employees' and managers' commitment to occupational health and safety.



Conexión entre los auditores de Enel y Endesa en el acto inaugural de la Safety Week

In November 2012 the 5th International Safety Week was held at Enel. Within the framework of this initiative, close to 300 activities were carried out in Spain and Latin America (workshops, conferences, information-giving sessions, etc.) involving over 17,000 employees.

“Over 17,000 employees participated in Enel’s International Safety Week in Spain and Latin America”.

More than 32,371 medical check ups were also performed on our staff to improve their health and prevent risks.

“More than 32,000 medical examinations and check ups carried out in 2012”.

Medical examinations and check ups, 2012

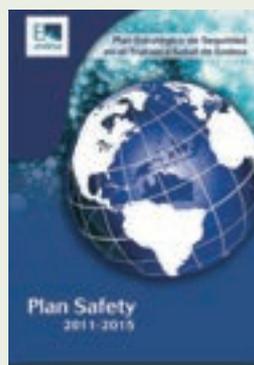
Spain	18,332
Argentina	8,254
Brazil	1,104
Chile	4,433
Colombia	0
Peru	248
TOTAL	32,371

Endesa Energía holds its first MAS+S conferences on occupational health and safety

In May 2012, Endesa Energía held its first MAS+S seminars on occupational health and safety at its headquarters in Madrid, Barcelona and Seville with 42 people attending.

The MAS+S Project is part of the 2011-2015 Safety Plan, and is the Company's scheme to foster a preventative culture to improve occupational health and safety among all its employees. The seminar comprised four sessions: an extensive first day where inadequate safety practices were identified, followed by three workshops analysing these practices.

The seminar's main objective was to improve employees' attitudes towards occupational health and safety using the causes of workplace accidents and incidents as a starting point by observing and analysing dangerous behaviour and inappropriate conduct.



2.4. Occupational Health and Safety Committees

All of the Company's employees are represented on formal OHS Committees.

Within the ENDESA Group, workers are consulted on and involved in OHS issues through their Occupational Risk Prevention Delegates in the following bodies:

- a) The Management Participation and Control of Preventive Activities Commission.
- b) Territorial or Regional Occupational Health and Safety Committees.
- c) Provincial or Local Occupational Health and Safety Committees.

- d) Singular Building Occupational Health and Safety Committees.
- e) Power Plant Occupational Health and Safety Committees.
- f) Mining Occupational Health and Safety Committees.
- g) Gas Company Occupational Health and Safety Committees.

The way that this system is structured and operates is detailed in ENDESA's Third Framework Collective Agreement.

In Argentina, each of the generation companies has a health and safety committee involving the main union, the supervisors union and company representatives which meets monthly.

In Chile, each company has a joint committee for every facility with more than 25 employees. Each of these has a one-year work programme, controlled and monitored by an occupational risk prevention expert. These Committees feature elected workers' representatives and representatives appointed by management. The Committees are subject to applicable current legislation in the country in which they operate. The Group currently has 18 OHS Committees at its companies.

Peru has the following committees: an OHS Executive Committee, a Contractors' Monthly Committee, a Security Committee Conference Call, a Joint Committee, a Technical and Commercial Management Committee for the

Distribution business and an Operations and Maintenance Committee for the Generation Business.

Monthly OHS committee meetings are held in Brazil with management as well as meetings with the emergency services and fire brigade.

Colombia held 11 meetings each of the Joint Committees for the Distribution and Generation businesses. A further eight inspection committee meetings were held at all contractors in the country.

2.5. Lower accident rates

ENDESA's commitment to occupational health and safety has led to a significant reduction in accidents in recent years.

“Lower accident rates at Endesa Group companies”.

This trend continued in 2012:

- The **combined accident frequency index** for ENDESA and its sub-contractors stood at 2.89, down by 23.9% from 3.80 in 2011.

	Number of accidents ¹		Index of frequency ²		Index of seriousness ³	
	2011	2012	2011	2012	2011	2012
Spain	270.1	164.7	4.52	3.01	0.18	0.17
Endesa employees	38.4	22.9	1.93	1.19	0.13	0.07
Contractor workers	231.7	141.8	5.85	4.07	0.21	0.22
Argentina	75	71	3.58	3.96	0.12	0.20
Endesa employees	35	47	5.35	6.68	0.21	0.28
Contractor workers	31	24	2.56	2.20	0.08	0.14
Brazil	75	55.0	1.80	1.49	0.10	0.10
Endesa employees	9	2.0	1.29	0.36	0.07	0.01
Contractor workers	66	53.0	1.91	1.69	0.11	0.11
Chile	101	64	3.68	3.14	0.09	0.08
Endesa employees	1	4	0.18	0.72	0	0.01
Contractor workers	100	60	4.58	4.03	0.12	0.10
Colombia	203.1	137.2	5.98	4.19	0.06	0.07
Endesa employees	4	6.0	0.88	1.73	0.07	0.04
Contractor workers	199.1	131.2	6.56	4.48	0.06	0.08
Peru	21.0	17.0	1.64	1.26	0.07	0.05
Endesa employees	0	1	0	0.53	0	0.01
Contractor workers	21.0	16.0	1.93	1.38	0.07	0.05
Total	729.1	508.8	3.80	2.89	0.12	0.12
Endesa employees	87.4	82.8	1.97	1.99	0.11	0.08
Contractor workers	648.8	426	4.39	3.21	0.12	0.13

(1) Includes fatal accidents.

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

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

- The **combined index of seriousness** remained unchanged at 0.12.
- The absenteeism rate fell by 16% to 4,096.10 days lost due to absence during the year.

Accident frequency index ² for employees by gender ¹

	2011	2012
Spain and Portugal	1.92	1.19
Male	2.16	1.09
Female	0.82	1.66
Argentina	5.26	6.68
Male	5.59	7.74
Female	3.23	0
Brazil	1.30	0.36
Male	1.34	0.48
Female	1.19	0
Chile	0.18	0.72
Male	0.23	0.89
Female	0	0
Colombia	1.23	1.73
Male	1.01	1.90
Female	1.94	1.19
Peru	0	0.52
Male	0	0.71
Female	0	0

(1) Includes fatal accidents.

(2) Total number of accidents excluding journeys to and from work vs. total number of hours worked multiplied by 100.

ENDESA absenteeism rate ¹ (A.R.²)

Countries	2010	2011	2012
Spain and Portugal	6,119.96	6,225.64	4,598.56
Argentina	6,827.39	7,110.14	7,302.89
Chile	5,485.75	2,131.92	2,605.70
Brazil	6,373.03	3,348.63	1,246.58
Peru	1,791.06	2,467	1,701.28
Colombia	2,115.49	1,509.15	1,766.95
Ireland	7,625.67	4,833.51	n/a
TOTAL	5,686.58	4,875.99	4,096.10

(1) The days lost through 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 (50 working weeks of 40 hours for every 100 employees).

n/a: not applicable

Days lost through absenteeism of ENDESA employees in the year

Countries	2010	2011	2012
Spain and Portugal	86,876	70,867	58,113
Argentina	24,372	29,958	33,995
Chile	17,810	7,003	7,496
Brazil	19,580	14,649	4,293
Peru	2,197	3,001	2,037
Colombia	4,253	2,757	3,269
Ireland	1,091	602	n/a

- The total combined number of accidents fell by 31.02% to 505.8. The number of serious accidents also declined by 45% to 17, and the number of minor accidents was 31% lower at 485.8. There were six fatal accidents, two more than in 2011.

	Fatal accidents		No. serious accidents (100%)*		Number of minor accidents ¹	
	2011	2012	2011	2012	2011	2012
Spain	1	1	12	4	253.1	159.7
Endesa employees			1	1	37.4	21.9
Contractor workers	1	1	11	3	215.7	137.8
Argentina	1		4	3	60	65
Endesa employees			1	2	34	45
Contractor workers	1		3	1	26	20
Brazil		3	1	4	72	48
Endesa employees					9	2
Contractor workers		3	1	4	63	46
Chile	1	1	5	3	95	60
Endesa employees					1	4
Contractor workers	1	1	5	3	94	56
Colombia	1	1	4	3	197.1	133.2
Endesa employees					4	6
Contractor workers	1	1	4	3	193.1	127.2
Peru			5		21	17
Endesa employees						1
Contractor workers			5		21	16
TOTAL	4	6	31	17	701.4	485.8
Endesa employees			2	3	85.4	79.8
Contractor workers	4	6	29	14	616	406

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

	Fatal accidents		Serious accidents		Number of accidents ¹	
	2011	2012	2011	2012	2011	2012
Spain	0	0	1	1	37.4	21.9
Male	0	0	1	1	34.4	15.9
Female	0	0	0	0	3	6
Argentina	0	0	1	2	34	45
Male	0	0	1	2	31	45
Female	0	0	0	0	3	0
Brazil	0	0	0	0	9	2
Male	0	0	0	0	7	2
Female	0	0	0	0	2	0
Chile	0	0	0	0	1	4
Male	0	0	0	0	1	4
Female	0	0	0	0	0	0
Colombia	0	0	0	0	4	6
Male	0	0	0	0	2.5	5
Female	0	0	0	0	1.5	1
Peru	0	0	0	0	0	1
Male	0	0	0	0	0	1
Female	0	0	0	0	0	0
TOTAL	0	0	2	3	86	79.8
Male	0	0	2	3	77	73
Female	0	0	0	0	9	7

¹ Information is only provided on our own employees, as no gender breakdown for employees of contractor companies is available.

2.6. Recognition for our work

In 2012, ENDESA received the following awards for its occupational health and safety efforts in Spain:

- At the 10th International Conference on Occupational Risk Prevention held in Bilbao, ENDESA was awarded the AENOR prize for “excellence in the implementation of the OHSAS 18001:2007 management system across the Spanish business sector”.

“ENDESA received three Safety Awards at the Enel 5th International Safety Week.”

- At the 5th edition of the International Health and Safety Week organised by the Enel Group, ENDESA was awarded three of the annual prizes conferred in the area of OHS: two in the “One Safety” category were awarded to Endesa Generación and the Colombian distribution company, Codensa, and the third, in the Health category, was awarded to ENDESA’s stress prevention and management plan.

Ampla (1st prize) and Elecnor (3rd prize) were awarded the Eloy Chaves medal in 2012, conferred by the Asociación Brasileña de Concesionarias de Energía Eléctrica (ABCE) for

the excellent results in OHS achieved in 2011. Ampla won this prize the previous year for its results in 2010.

Endesa Chile was awarded three prizes by the Chilean National Security Council:

- An award for the lowest accident frequency rate in its category (electricity, gas and water).
- The Excelencia Award for Risk Prevention awarded to companies that have maintained a zero accident rate for two or more consecutive years in this category (electricity, gas and water).
- The award for 2,000,000 manhours with no work-related accidents over a full year.

3. Leadership and people development

ENDESA seeks to identify its outstanding employees and to guide them so that they can contribute to making the Company the sector leader. To achieve this objective, the Company’s Leadership and Management models ensure that people are developed based on their merit and on quality leadership.

3.1. Leadership Model

Our Leadership Model is a set of behaviours that the Company expects of its employees worldwide, so that they work consistently towards their objectives and the Company's mission, contributing to our business leadership.

These behaviours are based on seven factors that are geared to continuous improvement and promoting change and innovation, whilst giving priority to occupational health and safety. These are:

- Prioritise health and safety.
- Feel and act like a citizen of the group.
- Direct change.
- Assume responsibilities and risk.
- Dominate your work.
- Make your colleagues grow.
- Focus on results.

The behaviours described in this Leadership Model are used to appraise the performance of employees.

In 2012, a range of actions were implemented to involve ENDESA's employees in this Leadership Model. Seven videos featuring employees were filmed and broadcast, all showing practical examples of how these leadership factors are applied in their daily work.

BARS appraisal

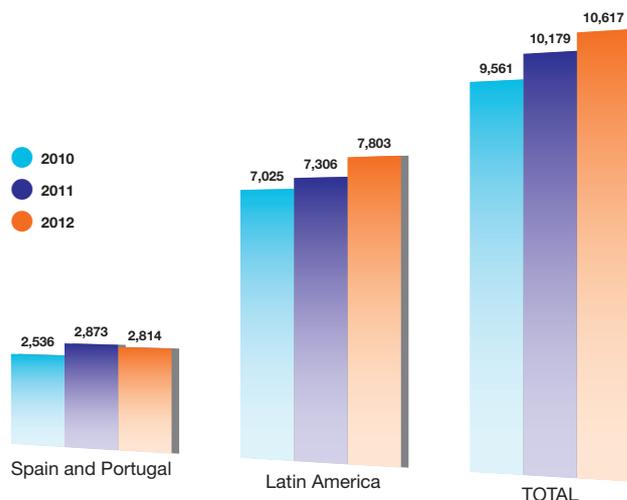
This appraisal system evaluates employee behaviour grouped around seven factors which comprise the Group's Leadership Model. Some 10,617 Group employees were appraised in 2012.

“4.1% more BARS appraisals in 2012”.

Regular performance and professional development appraisals

In 2012, 59.78% of our employees received a regular performance and professional development appraisal. These appraisals involved more male employees than female ones (76.32% of those appraised using the various processes

Number of performance and professional development appraisals



were men while 23.68% were women). Of the 13,634 people appraised, over 7,100 were middle managers, and more than 5,900 were administrative and office employees.

“59.78% of employees received performance and professional development appraisals”.

Employee appraisal

In 2012, a Potential Appraisal was carried out on 2,437 employees in Spain, Portugal and Latin America. This appraisal is carried out every two years on executives and employees.

Following these appraisals, individual development plans for the next two years are prepared with the employees with the greatest potential in the Company.

360° appraisal

In 2012, 86 employees took part in this form of appraisal which includes those in the first three levels of the Managerial Model (SVPs, EVPs and VPs) and people in the Talent Pool (Pool 1). The results of this appraisal will be used in calculating their annual variable remuneration. A total of 1,500 people were involved in this process between assessors and managers.

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

			Spain and Portugal	Argentina	Chile	Brazil	Peru	Colombia	TOTAL
Employees receiving regular performance and development appraisals	%	2010	26.05	38.88	89.50	92.87	94.57	82.70	51.24
		2011	24.19	85.45	89.70	96.24	97.10	90.62	56.24
		2012	29.02	83.02	92.24	99.17	96.38	92.03	59.78
Employees receiving regular performance and development appraisals (male)	%	2012	70.64	84.31	79.21	75.11	73.78	72.50	76.32
Employees receiving regular performance and development appraisals (female)	%	2012	29.36	15.69	20.79	24.89	26.55	27.50	23.68
Total number of employees appraised	number	2010	3,177	1,269	2,729	2,736	1,132	1,630	12,673
		2011	2,831	2,937	2,150	2,660	838	1,449	12,865
		2012	3,348	2,963	2,270	2,636	904	1,513	13,634
Executives appraised	number	2010	383	36	97	32	22	24	594
		2011	290	35	76	27	15	23	466
		2012	337	32	92	26	18	26	531
Middle management appraised	number	2010	2,480	477	1,656	1,217	580	949	7,359
		2011	2,239	472	1,466	1,200	474	878	6,729
		2012	2,373	478	1,498	1,316	526	932	7,123
Administrative and office staff appraised	number	2010	307	756	976	1,478	528	649	4,694
		2011	293	2,428	608	1,428	349	541	5,647
		2012	609	2,451	680	1,294	360	549	5,943
Manual workers appraised	number	2010	7	0	0	9	2	8	26
		2011	9	2	0	5	0	7	23
		2012	29	2	0	0	0	6	37

Performance Management

Performance Management is one of the systems in our Talent Management Model, and measures the individual contribution of each person to the Company's results. In 2012, 9,013 people were appraised, 493 more than in 2011. For 4,905 of these employees, variable remuneration is directly linked to this performance appraisal while for the other 4,108 employees, this appraisal is linked to their professional development. Of those employees appraised for the first time in 2012, 84% were not entitled to variable remuneration as the appraisal was intended more as a development tool.

Individual development interviews

These interviews take place between the employee and an expert in professional development in order to define, propose and execute an individual action plan whereby the employee can grow within the organisation.

At these voluntary interviews the employee's interests and skills are ascertained as well as the possibility of international and functional mobility. These interviews are aimed at critical groups in the Company and are carried out at various career points: appointments/promotions/horizontal moves, individual development plans relating to talent management, international secondments and the talent pool.

In 2012, a total of 71 employees took part in these interviews, 20 in Latin America and 51 in Spain. The individual development interviews are related to talent management and the talent pool.

Coaching at ENDESA

ENDESA is firmly committed to coaching as a personal, professional and team development tool.

Two forms of coaching are offered:

- Internal coaching carried out by Company experts from the ENDESA Coaching Network. This network

comprises 28 professionals in all the countries where ENDESA operates, who are all accredited members of the International Coach Federation. Their objectives include supervising the internal coaching process for executives, senior managers and other groups within the Company arising from the various development processes.

In 2012, 10 of the network's coaches were involved in 54 coaching processes for various groups, 23 of which are now completed and were rated very highly (4.9 out of 5) by the participants.

A total of 130 workshops were held in the year (67 in Latin America and 63 in Spain), with 1,497 participants (718 in Latin America and 779 in Spain). This initiative was rated highly by all participants, receiving an average rating of 5.27 out of 6.

- External coaching by renowned executive coaches is also offered in all the countries where ENDESA operates and is aimed at individual coaching for managers and people in the talent pool.

In 2012, coaching was offered to 37 managers from the talent group in the various countries where ENDESA operates and to two natural ENDESA groups.

- Global Professional System - GPS

In 2012, work began on designing the Global Professional System which is intended to define the professional profiles within the Enel Group according to their technical competencies. The system will assess all Group professionals based on the technical skills required for their job and can be used to determine any training requirements, carry out selection processes, establish succession and mobility plans, etc.

The system also helps identify the Company's Key Professional Roles, in other words employees whose knowledge and impact on the business are vital and strategic for the Group and who must be recognised and retained.

3.2. Training, the key to personal development

The Training team develops a wide range of activities across the ENDESA Group's departments which are designed and provided to contribute to implementing and fulfilling Endesa's 2011-2015 Strategic Plan. With this goal in mind, a Global Training Plan was prepared:

- Priority was given to risk prevention and occupational health and safety, group-wide international training, English classes and training for technical personnel.
- Technical training in the business areas and among staff was bolstered.
- Online training, primarily focused on occupational health and safety.

In 2012, a total of 985,789 training hours were given at ENDESA Group companies, which equates to an average of 43.38 training hours per employee. The success of the various efficiency initiatives was clearly evident in the lower training costs which declined from Euro 12.10/hr in 2010 to Euro 10.69/hr in 2012.

**“985,789 training hours
in 2012 with an average of 43.38 hours per
employee”.**

Summary overall figures

Country	Total hours of classroom and distance (online) training	People trained	Participation	Number of events	Investment in training
Argentina	30,242	1,644	3,161	404	201,084
Brazil	166,423	2,255	6,384	678	170,962
Chile	147,355	2,054	6,510	967	170,556
Colombia	106,055	1,564	6,364	452	79,321
Spain	499,280	9,347	37,120	3,231	1,061,338
Peru	36,434	828	3,675	525	54,371
OVERALL RESULT	985,789	17,692	63,215	6,178	1,737,632

The various training initiatives in 2012 offered the following content:

Hours per content

Techniques for business professionals	300,640
Techniques for support staff	153,835
Cross-discipline techniques	344,758
Management and leadership skills	24,799
Occupational health and safety	160,765
TOTAL	985,789

Number of training hours by type

		Spain and Portugal	Latin America	Total
Online management training	2010	15,882	21,086	36,968
	2011	7,998	9,011	17,009
	2012	3,746	13,404	17,150
Classroom management training	2010	52,626	78,165	130,791
	2011	35,923	99,110	135,032
	2012	36,289	56,953	93,242
Online technical/specific training	2010	114,965	40,772	155,737
	2011	108,817	35,097	143,914
	2012	137,988	43,740	181,728
Classroom technical/specific training	2010	360,983	389,259	750,242
	2011	345,181	450,169	795,350
	2012	321,257	372,413	693,670

Average hours of training per employee, by gender and professional category

	Spain and Portugal	Argentina	Brazil	Chile	Colombia	Peru	Total
Executive training							
2011	67.63	59.24	107.4	62.41	116.76	62.59	71.68
Male	64.41	57.29	106.32	61.64	124.68	60.37	69.64
Female	87.47	87.5	112.64	74.8	77.15	81.51	87.85
2012	156.48	13.27	191.19	87.73	185.28	75.05	135.25
Male	160.19	13.40	205.55	84.79	197.98	62.33	137.03
Female	131.82	12.00	128.00	141.80	83.67	122.75	122.25
Middle management training							
2011	67.38	27.89	127.26	75.83	52.10	49.91	74.13
Male	66.80	26.73	129.19	78.66	54.12	50.74	74.55
Female	67.38	32.41	123.31	64.57	48.70	47.06	73.10
2012	57.22	11.14	81.55	64.90	75.53	52.19	61.69
Male	47.72	9.70	80.76	65.59	80.56	51.53	57.91
Female	81.48	17.10	83.12	62.32	66.12	54.49	71.75
Administrative and office staff training							
2011	50.61	25.47	68.36	79.41	57.10	26.35	50.79
Male	52.55	27.57	70.44	86.76	58.18	27.15	52.85
Female	40.41	11.75	57.94	53.45	52.34	24.91	40.55
2012	37.37	7.99	40.71	45.52	44.54	16.50	30.78
Male	40.02	8.97	43.69	48.46	43.24	14.40	32.54
Female	25.35	2.13	25.61	34.97	50.44	21.15	22.56
Manual worker training							
2011	32.45	13	35.15	0	13.76	0	32.09
Male	36.51	13	35.15	0	13.97	0	36
Female	19.13	0	0	0	9.02	0	19.10
2012	21.65	6.75	0	0	12.33	0	21.57
Male	23.44	6.75	0.00	0.00	14.80	0.00	23.35
Female	15.61	0.00	0.00	0.00	0.00	0.00	15.53

A total of Euro 10,547,804 was earmarked to training in 2012, an average of Euro 468 per employee. Of these initiatives, 80% took place in the classroom while 20% were online courses.

A total of 17,692 employees received training during the year, 77.57% of the workforce. Of these, 78% were men and 22% women.

3.2.1. International training

International training comprises courses developed in coordination with the Enel University and available to all ENDESA and Enel Group employees worldwide. The main programmes offered to ENDESA employees in 2012 include:

- **Leadership for Energy Management Programme.** This training programme is aimed at non-executives showing talent and potential and has been developed with the IESE and SDA Bocconi business schools. A total of 34 people from ENDESA attended in 2012.

- **Leadership for Energy Executive Programme.** This training programme is aimed at group executives and others showing talent and potential; it was jointly developed with the Harvard Business School. One course programme was held in 2012, involving 20 people from ENDESA.
- **Junior Enel International Training Program.** This programme is intended for employees who have recently joined the group, holding degrees or similar qualifications and having a maximum of two years' previous professional experience. The programme is divided into two parts with a year elapsing between both. In 2012, there were nine editions of the second part of the programme involving 43 ENDESA employees and 11 editions of the first part involving 69 ENDESA employees.
 - The Higher Energy Course at Madrid's Civil Engineering College (2 editions).
 - Master's Degree in Project Management, Regulation, Markets and Legal Aspects in collaboration with the San Pablo CEU University (September 2013).
 - Master's Degree in ITC and Remote Management in collaboration with the University of Seville (3 editions).
 - Collaboration with the first Master's Degree in Electric Vehicles run by the EOI in Madrid (2 editions).
 - Collaboration with the Master's degree in Energy Efficiency of La Salle in Barcelona (5 editions).
 - Collaboration with Madrid's Polytechnic University on the first Master's degree in hybrid and electric vehicles (2 editions).
 - The launch, at the end of 2012, of the ENDESA Energy School's postgraduate courses aimed at ENDESA employees: energy regulation, economics and markets and project management in Spain and Latin America.
 - Technology conferences (27 conferences).
 - Ongoing collaboration with Spanish universities in designing new energy degrees in line with the Bologna Process (Granada, Carlos III, San Jorge etc.).

3.2.2. Energy School

As part of its commitment to employees, ENDESA's Energy School continued to train key personnel, building a network of knowledge and talent that contributes to the development of its technological leadership.

The Energy School focuses on four inter-related areas.

- Nurturing and selecting talent. Around 20 young engineers a year are selected and trained to join ENDESA. Some 130 former engineering students who were trained at ENDESA's Energy School are currently working in all the countries where the Enel Group is present.
- A link in facilitating ENDESA's relationship with universities. Optimising ENDESA's relationships with universities, research centres, foundations etc.
- Research tool. The Energy School has sponsored all the Novare awards both for employees and for the scientific community. Various research projects which have gone on to offer solutions to the Company's real technical problems have been born from these awards.
- Technical Knowledge Management. Here, various initiatives and programmes stand out:
 - The ENDESA-ICAI Electrical Technology Master's Degree (6 editions).
 - The Master in Nuclear Energy with the Polytechnic University of Catalonia (2 editions), as part of the European Institute of Technology's EMINE Master's Degree.

3.2.3. Training by countries

3.2.3.1 Training in Spain and Portugal

In 2012, a total of 499,280 training hours were offered spread over 3,231 events (37,120 participations) involving 9,347 people (81.03% of our total workforce).

The courses offered covered languages, negotiation techniques, project management, basic finance, efficient Power Point presentations, people management and project finance .

Training at businesses and corporate areas

The various businesses and corporate areas also organised their own specific training courses, covering the following:

- Generation business
The most important training offered included the Safety Culture Programme and adapting to new professional qualifications at hydro facilities.
- Endesa Red
In this area, initiatives included those related to New Supplies, preparing new operators at Medium Voltage Control Centres and Maintaining Operating Capacity of personnel who are currently office-based but who could return to the field.

- **Supply**
In addition to the programmes at the Sales School and the new Call Centre School, the training initiatives which support the business' two main objectives should be noted: roll out of the new EVEREST sales model and accreditation of the Supply business' OHS system.
- **Energy Management**
In 2012, the Energy Management business area developed various training initiatives related to employee potential and business-related issues such as training at ports, finance, research and specific systems for the power industry.
- **Strategy, Regulation, the Environment and Sustainable Development**
In 2012, ENDESA's Environment System Committee offered an online course on the Integrated Environmental, Energy Efficiency and Indoor Air Quality Management System at the Company's headquarters to inform employees of the behaviour expected of them pursuant to the implementation of the Integrated Environmental, Energy Efficiency and Indoor Air Quality Management System and its direct implications.

The Higher CSR Management Programme which will run until May 2013 also stands out.

Occupational health and safety training

“Over 160,000 hours of OHS training”.

In 2012, ENDESA offered 160,765 hours of OHS training, an average of 7.04 hours per employee. This is intended to make ENDESA “the best Company in the world with regard to occupational health and safety” as stated by Enel's Chairman, Fulvio Conti, at International Safety Week 2011.

The One Safety Enel programme was developed to foster leadership in safety among managers and promote safe behaviour and responsibility for safety across the entire

workforce to achieve our objective of “zero accidents”. To this end, in Spain 25 editions of the course were offered with internal monitors and over 200 “navigators” trained to observe and monitor this behaviour.

Over 100 people attended the *Root Cause Analysis* safety course designed by the Enel University, which teaches participants RCA methodology and analysis tools to ascertain the causes of serious and fatal accidents.

Helped by social representatives, various online prevention courses were developed to meet the basic needs in terms of OHS: basic risk prevention, risk prevention management, specific risks, first aid, professional risks, psychosocial risks and workstation ergonomics.

A specific course was designed and rolled out covering risk prevention for sales visits to raise awareness among sales managers of the risks inherent in their jobs and the preventative measures which can be taken.

3.2.3.2. Training in Latin America

In 2012, in Latin America a total of 486,509 training hours were given at 3,026 events (26,094 participations) to 8,345 people.

- In Argentina work continued on the content of the agreement signed in 2007 between Edesur, the Employment Ministry and trades unions regarding certification of employment skills entailing designing skills programmes geared towards the specific needs of each person.
- In Brazil, the Saber Vivir programme aimed at developing an OHS culture stands out.
- Chile offered a support programme in certifying the skills of contractors' employees to ensure quality, continuity and, above all, safety in the electricity system.
- In Colombia, 50 workers from the generation business obtained diplomas in operating hydro faculties, while three others received diplomas in electricity maintenance.

Training in Sustainability, Health and Safety and the Environment

		Spain and Portugal	Argentina	Chile	Brazil	Peru	Colombia	TOTAL
Average training hours in sustainability (environment, health and safety, etc.) per employee	2010	10.14	3.00	5.38	6.89	7.47	8.06	8.00
	2011	11.86	3.68	8.18	8.82	3.39	4.63	8.99
	2012	10.52	2.65	4.41	9.19	8.50	11.86	8.45
Total hours of sustainability training	2010	133,204	9,624	16,986	20,206	8,893	15,507	204,420
	2011	138,812	12,641	19,618	24,375	2,925	7,406	205,777
	2012	120,479	9,444	10,853	24,427	7,969	19,497	192,669

In the distribution business, 38 workers were awarded diplomas in supervising the maintenance of distribution grids.

- In Peru, the customer service improvement programme identified the main improvement areas among employees in the customer service area.

3.2.4. Training for support staff

- **Economic and Financial Department**
In 2012, the Company developed financial analysis and accounting courses as well as others on the energy business and finance adapted to the functions of this business area in the energy sector.
- **Procurements**
In 2012, the procurement department programmed courses aimed at spreading costs across the board, in accordance with criteria regarding the impact on the business and the market, as well as breaking down costs.
- **Systems and Telecommunications**
The Systems and Telecommunications department developed programmes on professional qualifications in SAP, TIBCO technologies, Professional Project Management, Information Security, Function Points and courses for local managers on the new Econtact application.
- **Organisation and Human Resources**
Here, the initiatives for contractor companies regarding risks and consulting the management system (Colabora) should be noted, as well as encouraging OHS management via the DELFOS System. In this regard, in 2012 training was offered in the R/3 Delfos System and Business Warehouse (BW).

Courses were also offered on the Nostrum/BIW application for HR administration, organisation and development matters.

3.2.5. Outsourcing training management

In its bid to constantly innovate HR management, ENDESA outsourced training for management support, administration and logistics services. The contractor carried out its work as an inplant at ENDESA's training centres in Spain and as an outplant/inplant for all other activities, collaborating in all the different stages.

By outsourcing these functions, we are able to guarantee appropriate standards, quality in the processes and optimal response times, thereby improving the service offered for all ENDESA employees in Spain.

3.3. Attracting and retaining talent

In order to attract the best talent, ENDESA focused on Employer Branding to promote itself as an attractive place to work in all the markets where it is present, especially among those profiles that are in most demand. Job fairs were attended in person and online, working with a number of institutions to boost the Internship and Scholarship Plan, and trade fairs attended.

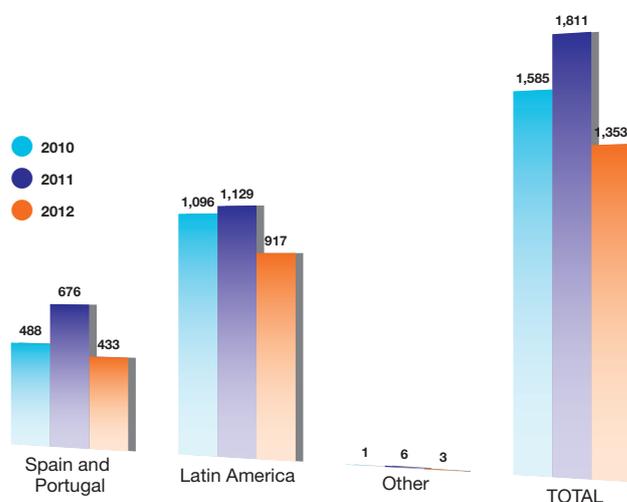
In 2012, ENDESA hired 1,353 employees, 95.56% of whom are local employees. Of these new employees, 32% were in Spain and Portugal, with the remaining 67.7% in Latin America. And of these new employees, 47.15% were managers and middle managers.

“1,353 new hires in 2012”.

Of these new employees, 72% were men, 39% of them were under 30 years old and 54% were in the 30 to 50 age range.

With regard to departures, in 2012, 1,314 contracts terminated, of which 841 were retirements, 54 were for voluntary redundancy, 219 were resignations and 200 were dismissals. Of the contracts that terminated, 600 were in Spain and Portugal, with the remainder in Latin America.

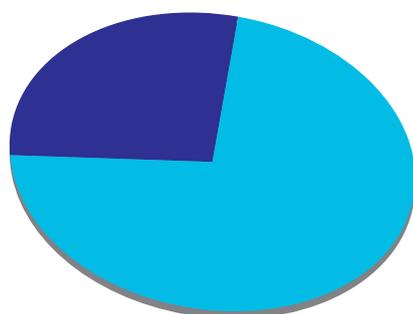
Employees hired



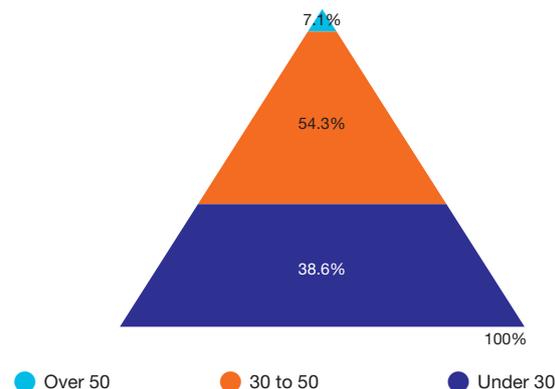
(*) The criteria applied for this indicator are the total number of external persons hired, the number of employees returning from leave and secondments for middle managers and (local) executives in 2012.

New hires

● Male 72%
● Female 28%



New hires age pyramid



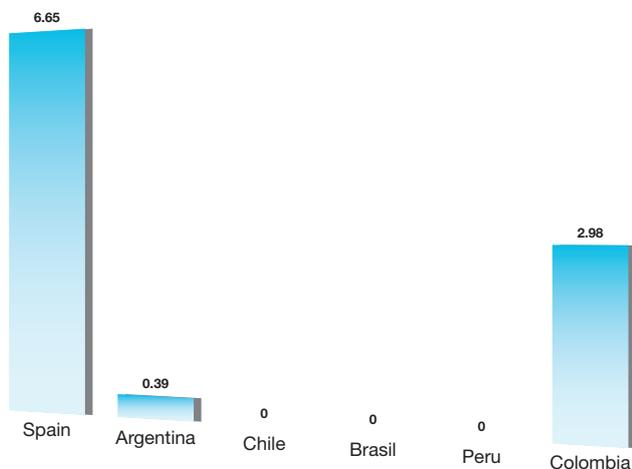
Contract termination, by gender

		Spain and Portugal	Argentina	Chile	Brazil	Peru	Colombia	Morocco	TOTAL
Total women leaving workforce (resignation, redundancy and retirement)	2010	168	23	61	69	21	57	n/a	399
	2011	191	42	185	137	71	162	1	789
	2012	45	4	18	n/a	3	18	n/a	88
Total men leaving workforce (resignation, redundancy and retirement) (no.)	2010	1,100	136	293	218	99	134	n/a	1,980
	2011	981	160	742	289	332	372	1	2,877
	2012	342	29	74	n/a	25	34	n/a	504
Total women leaving compared to women in workforce (%)	2010	7.02	4.91	10.20	9.09	7.53	10.50	n/a	7.89
	2011	7.8	8.6	38.2	20.2	31.4	38.2	100	16.6
	2012	1.84	0.75	3.53	0	1.24	4.02	0	1.8
Total men leaving compared to men in workforce (%)	2010	11.31	4.86	11.95	9.97	10.78	9.38	n/a	10.06
	2011	10.66	5.4	38.8	13.85	52.12	31.66	100	15.9
	2012	3.79	0.95	3.79	0	3.59	2.85	0	2.80

Contract termination, by age

		Spain and Portugal	Argentina	Chile	Brazil	Peru	Colombia	Ireland	Morocco	TOTAL
Total number of employees aged under 30 leaving the company (resignation, redundancy and retirement)	number	2010	116	36	111	76	54	55	0	487
		2011	50	35	161	106	79	181	n/a	612
		2012	1	5	18	n/a	4	13	n/a	41
Total number of employees aged between 30 and 50 leaving the company (resignation, redundancy and retirement)	number	2010	172	52	211	139	131	0	0	705
		2011	263	92	639	247	269	329	n/a	2,184
		2012	108	10	66	n/a	23	38	n/a	245
Total number of employees aged over 50 leaving the company (resignation, redundancy and retirement)	number	2010	1,098	71	64	72	17	0	0	1,322
		2011	859	75	127	73	55	24	n/a	1,213
		2012	278	18	8	n/a	1	1	n/a	306
Total number of employees under 30 years old	number	2010	1,730	500	549	501	104	482	109	3,977
		2011	612	602	252	420	49	201	113	No figures available
		2012	407	568	187	349	69	143	n/a	1,723
Total number of employees between 30 and 50 years old	number	2010	6,984	1,852	1,865	1,988	818	1,314	0	14,821
		2011	7,238	1,886	1,532	1,860	561	1,193	No figures available	2
		2012	6,893	1,810	1,567	1,643	539	1,229	n/a	2
Total number of employees over 50 years old	number	2010	3,400	912	635	457	275	175	0	5,934
		2011	3,777	949	580	483	252	190	0	6,231
		2012	4,235	1,191	707	666	330	272	n/a	7,401
Total number of employees leaving company (resignation, redundancy and retirement) aged under 30 compared to total workforce in this age group	%	2010	8.96	7.20	20.22	15.17	0.00	11.20	50.46	0.00
		2011	8.18	5.81	63.89	25.24	161.22	90.05	0.00	n/a
		2012	0.25	0.88	9.63	0	5.80	9.09	n/a	n/a
Total number of employees leaving company (resignation, redundancy and retirement) aged under between 30 and 50 compared to total workforce in this age group	%	2010	2.46	2.81	11.31	6.99	0.00	9.97	n/a	n/a
		2011	3.63	4.88	41.71	13.28	47.95	27.58	n/a	100.00
		2012	1.59	0.55	4.21	0.00	4.27	3.09	n/a	0
Total number of employees leaving company (resignation, redundancy and retirement) aged over 50 compared to total workforce in this age group	%	2010	31.55	7.79	10.08	15.75	0.00	9.71	n/a	n/a
		2011	22.74	7.90	21.90	15.11	21.83	12.63	n/a	n/a
		2012	6.56	1.51	1.13	0	0.30	0.37	n/a	n/a

Changes in category or level in 2012
(% of total employees)



Wherever possible, ENDESA covers vacancies through internal promotions, giving priority to employees who have performed exceptionally. In 2012, 16 new executives were appointed in ENDESA, 88% of which were internal promotions.

“88% of executives come from internal promotions”.

3.3.1. Hiring

ENDESA encourages participation in its hiring processes, encouraging internal mobility and providing opportunities for people looking for new learning and professional development opportunities according to their interests and personal motivation. To this end, all job offers are first published internally. In 2012, 826 in-house selection processes were completed (632 in Spain, 7 in Argentina, 89 in Brazil, 74 in Chile, 22 in Colombia and 2 in Peru), involving 4,707 employees.

This not only occurs in each country but, on certain occasions, international mobility has been encouraged among certain professionals. This has become even more possible since the incorporation into the Enel Group.

In cases where internal promotion is not possible, ENDESA contacts those people who have already had direct links with the Company's activities, such as interns, scholarships or specific contracts and various databases may also be consulted. More than 334,000 people are in the Group's various databases and over 101,000 of them were hired in the past year.

In 2012, there was practically the same number of internal and external selection processes with 82.7% carried out in Latin America (152 in Argentina, 83 in Brazil, 227 in Chile, 130 in Colombia and 91 in Peru), an indication of the contrasting economic situation between Spain and Latin America.

3.3.1.1. Temporary hiring

There are a number of generally unpredictable circumstances (such as absences, illness, peak work loads and specific projects) that require us to take on additional staff responsively and flexibly to meet our needs.

In these situations, ENDESA hires the people needed to facilitate its business continuity. In 2012, 341 specific support needs were identified. These situations require a rapid response and are handled through specialist employment agencies.

3.3.1.2. International mobility

ENDESA's commitment to mobility, as part of the Enel Group, is resulting in an increase in international mobility with professional exchange programmes, international secondments and, most importantly, worldwide job offers. Our groupwide International Mobility Policy has established the conditions for international assignments, and employees wishing to embark on such a challenge now have a clear and standardised reference allowing them to ascertain what such a move involves.

The number of countries and business areas running professional exchange programmes through the Twin Programme also increased in 2012 while the international development programme was launched, involving 30 individuals.

This year the Company also structured and finalised its international selection processes with 107 available to all Enel Group employees worldwide. Of these, 28 were for positions included in the Management Model.

3.3.2. Employment Forums

ENDESA aims to position the Company as an attractive place to work in order to attract the best talent.

In 2012, 5 job fairs were attended in Spain, Colombia and Peru, 2 in Brazil and 16 in Chile.

To attract young talent, ENDESA has a scholarship programme in place to help train recently-graduated young people and facilitate their inclusion in the business world and also collaborates with various universities so that students can gain work experience during their course and discover the realities of the workplace.

In 2012, a total of 1,132 students and graduates took part in our scholarship and work placement programmes with 121 scholarships and 424 placements in Spain, 17 in Argentina, 401 in Brazil, 213 in Chile, 211 in Colombia and 169 in Peru.

3.3.3. Pension Plan

The Company has contracted out all its pension commitments in those countries where this is mandatory. The ENDESA pension plan amounts to Euro 2,591 million for 22,772 participants and beneficiaries. In 2012, ENDESA contributed Euro 41.3 million to this plan.

Other obligations contracted out relate to commitments for headcount reduction plans through insurance policies in Spain.

Outside of Spain, ENDESA has a pension plan in Brazil worth Euro 781 million with 11,812 participants and beneficiaries. The Company contributed Euro 19 million in 2012.

ENDESA offers social benefits and pension plans in all the countries where it operates, in accordance with local legislation and collective bargaining processes.

In December 2011, ENDESA's Employee Pension Plan manager became a formal signatory to the United Nations Principles for Responsible Investment (UNPRI) with these specific criteria being incorporated for the first time in 2012.

“ENDESA's Employee Pension Plan manager has become a formal signatory to the United Nations Principles for Responsible Investment (UNPRI).”

The socially responsible investment aspects of this initiative fit into the Company's Strategic Sustainability Plan and its Corporate Social Responsibility Plan for Human Resources (the Senda Plan), one of the objectives of which is to continue developing a culture of social responsibility in people management.

ENDESA's employees also enjoy a range of social benefits that are not required by law:

Social benefits not required by law (Euro)

		Spain and Portugal	Argentina	Chile	Brazil	Peru	Colombia	Ireland	TOTAL
Medical care	2010	5,494.6	5,494.6	4,132.2	8,650.3	318.1	573.1	No figures available	24,663.1
	2011	5,020.3	200,075.0	3,578.5	10,709.4	166.3	1,016	No figures available	220,565.7
	2012	3,873.8	304,910.5	3,873.8	8,315.1	202.0	1,030	No figures available	322,205.4
Cultural and recreational activities	2010	161.0	0.0	3,303.0	No figures available	470.4	429.3	No figures available	4,363.7
	2011	751.1	0.0	2,810.5	No figures available	564.7	525	No figures available	4,651.5
	2012	892.5	0.0	2,923.7	No figures available	685.7	524	No figures available	5,026.1
Financing of electricity consumption	2010	22,215.4	0.0	810.5	No figures available	2.3	399.0	No figures available	23,427.2
	2011	11,760.3	0.0	n/a	No figures available	0.0	107	No figures available	11,867
	2012	14,366.2	0.0	n/a	No figures available	0.0	119	No figures available	14,485.7
Non-occupational accident insurance	2010	973.9	973.9	1,382.4	352.9	0.0	40.4	No figures available	3,723.5
	2011	2,854.1	161,953.8	n/a	418.0	0.0	62	No figures available	165,287.7
	2012	1,647.8	51,780.7	No figures available	301.3	0.0	209	No figures available	53,939
Pension funds	2010	65,178.5	0.0	807.9	0.0	0.0	2,766.6	No figures available	68,753.0
	2011	66,558.8	0.0	1,431.9	No figures available	0.0	3,479	No figures available	71,469.4
	2012	57,587.4	0.0	1,368.6	No figures available	0.0	4,125	No figures available	63,081
Others (for example: seniority bonus, wedding and housing allowances, etc.)	2010	16,335.8	16,335.8	1,638.5	No figures available	213.3	2,678.8	No figures available	37,202.1
	2011	17,107.4	500,968.0	1,527.5	No figures available	490.1	2,380	No figures available	522,473
	2012	16,693.8	0.0	655.5	No figures available	433.2	3,116	No figures available	20,898.2
Number of employees benefiting from these policies	2010	12,697.5	12,697.5	3,158.0	2,713.0	1,196.0	1,412	No figures available	33,874.1
	2011	10,800.4	2,849.0	2,268.0	2,761.0	860.0	1,485	No figures available	21,023.4
	2012	10,512.0	3,487.0	2,461.0	No figures available	938.0	1,526	No figures available	21,586.0

3.3.4. Remuneration policy

In 2012, ENDESA was able to establish a framework for the Individual Management Group (IMG) (managers, senior management and senior representatives) to ensure common objectives are met. In this regard, the progress made in standardising the Enel-ENDESA remuneration systems should be noted, in addition to the benefits implemented in the Executive Management Model as a key tool in the professional development of employees given that remuneration is an extremely powerful motivator.

In 2012, the Company also integrated its remuneration processes and established standard structures for managers, executives and senior management as well as ensuring

continuity between the various levels and coordination with Enel.

A preliminary evaluation of the socioeconomic situation in the countries and sectors where the Company is present was also carried out. The situation in Spain and Portugal is extremely different to the situation in Latin America which means the data obtained from the salary studies used for remuneration systems has had to be carefully studied. The current economic situation and past and future regulatory developments in the sector mean that these data must be adapted accordingly.

All remuneration processes are based on merit, performance and the attainment of concrete and tangible targets and results. Following the 2012 salary review, remuneration for

Average fixed salary of male employees by professional category (1)

		Spain and Portugal	Argentina	Chile	Brazil	Peru	Colombia	Ireland	Morocco
Management	2010	185,153	84,426	123,302	112,266	84,587	109,519	178,730	91,579
	2011	172,837	103,526	162,342	108,270	96,802	122,087	158,124	86,100
	2012	166,372	118,007	160,154	163,941	181,682	131,049	0	121,234
Middle management	2010	72,712	27,819	36,592	43,154	21,497	29,646	131,165	119,932
	2011	67,597	34,112	48,177	41,618	24,601	33,048	163,798	0
	2012	65,877	41,427	51,182	89,030	33,944	37,636	160,338	0
Administrative and office staff	2010	52,093	16,521	18,266	22,347	12,054	9,185	0	0
	2011	44,999	20,259	24,049	21,552	13,795	10,239	0	0
	2012	52,611	22,967	25,961	32,396	21,807	12,924	104,198	0
Manual workers	2010	39,407	8,149	10,609	15,407	13,467	6,634	102,265	0
	2011	34,412	9,993	13,968	14,859	15,412	7,396	106,705	0
	2012	35,864	1,949	0	0	0	12,554	0	0
Average	2010	59,413	19,059	33,310	29,817	17,526	20,288	105,469	110,481
	2011	52,760	23,371	43,856	28,756	20,057	22,616	111,981	86,100
	2012	56,921	22,468	41,671	26,640	33,194	30,143	108,990	121,234

(1) Average salary, only including fixed compensation, excluding variable remuneration and similar.

Average fixed salary of female employees by professional category¹

		Spain and Portugal	Argentina	Chile	Brazil	Peru	Colombia	Ireland	Morocco
Management	2010	157,060	62,543	86,137	117,392	90,305	89,309	178,730	0
	2011	132,459	76,692	113,409	113,213	103,345	99,557	158,124	86,100
	2012	129,190	86,762	119,371	147,286	121,399	110,998	309,569	121,234
Middle management	2010	62,228	24,188	29,400	40,408	17,052	26,574	0	0
	2011	59,690	29,660	38,708	38,970	19,515	29,624	0	0
	2012	57,547	37,004	40,834	80,726	29,946	33,195	0	0
Administrative and office staff	2010	47,952	15,001	15,838	16,835	11,769	9,610	0	0
	2011	44,653	18,394	20,852	16,235	13,468	10,713	0	0
	2012	46,893	20,261	24,198	26,368	17,280	12,725	104,259	0
Manual workers	2010	37,635	5,287	0	10,267	19,230	5,923	102,265	0
	2011	35,956	6,483	0	9,902	22,007	6,603	106,705	0
	2012	37,283	0	0	0	0	8,552	0	0
Average	2010	52,488	17,447	23,587	30,420	16,146	22,262	108,147	0
	2011	49,529	21,393	31,055	29,337	18,477	24,817	110,483	86,100
	2012	50,420	23,138	35,137	25,043	25,722	29,123	118,667	121,234

(1) Average salary, only including fixed compensation, excluding variable remuneration and similar.

Average fixed salary of women compared to men (%)

		Spain and Portugal	Argentina	Chile	Brazil	Peru	Colombia	Ireland	Morocco	Total
Management	2010	85	74	70	105	107	82	100	0	No figures available
	2011	77	74	70	105	107	82	100	100	No figures available
	2012	78	71	72	90	83	79	0	100	110
Middle management	2010	86	87	80	94	79	90	0	0	No figures available
	2011	88	87	80	94	79	90	0	0	No figures available
	2012	87	89	80	91	88	83	0	No figures available	46
Administrative and office staff	2010	92	91	87	75	98	105	0	0	No figures available
	2011	99	91	87	75	98	105	0	0	No figures available
	2012	89	88	93	81	79	98	100	No figures available	75
Manual workers	2010	96	65	0	67	143	89	100	0	No figures available
	2011	105	65	0	67	143	89	100	0	No figures available
	2012	104	0	0	0	0	64	No figures available	No figures available	17
Average	2010	88	92	71	102	92	110	103	0	No figures available
	2011	94	92	71	102	92	110	99	100	No figures available
	2012	89	103	84	94	78	95	109	100	86

managers is, on average, in line with market conditions in each country.

In 2012, the 3rd ENDESA Loyalty Plan programme was launched, providing long-term incentives for 2012-2014, conditional on achieving the Company's objectives. This programme is aimed at 1,300 executives and selected ENDESA personnel worldwide.

4. Responsible people management at ENDESA

ENDESA aims 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 is committed to responsible people management with all its initiatives outlined in its CSR Plan for Human Resources (the Senda Plan). The objective is to continue developing a culture of social responsibility, taking into account the integration of various groups, employee satisfaction and respect and professional advancement. In short, a more human, efficient and productive approach to talent management.

“The Senda Plan aspires to promote responsible people management.”

Employees from human resources, the various business and support areas such as procurement and sustainability took part in drawing up the Senda Plan in 2010. It is now widely accepted by all employees and embedded in the corporate culture.

As part of our Human Resources and Organisation communications strategy and based on the previous year's experience, work continued on developing the InterRHactúa dialogue channel, which is headed up by the Human Resources and Organisation Department. The objective is to provide approachable, transparent and easily-accessible interaction with ENDESA employees, involving them as participants in the projects and activities of the Human Resources and Organisation Department.

“In 2012, ENDESA maintained dialogue with its employee stakeholder group”.

In conjunction with the Sustainability business area, the Company maintained dialogue with its employee stakeholder group via two initiatives:

- A sustainability survey was carried out among random employees in Spain to gauge the Company's commitment in this area.
- Focus groups were set up across Spain where groups of employees were asked about ENDESA's performance as a sustainable company and, more specifically, about, inter alia, economic aspects, ethical behaviour, occupational health and safety, gender diversity and work-life balance.

5. Employee satisfaction, one of our priorities

ENDESA strives to achieve the highest possible satisfaction of its employees, providing them with opportunities under conditions of equality, respecting the balance between their personal and work lives, and encouraging dialogue as a means for resolving disputes and continuous improvement.

5.1. Senda Plan Progress



Various activities were conducted throughout 2012 under ENDESA's plan focusing on social responsibility towards people, the Senda Plan, in the following areas:

- Managing diversity and equal opportunities
- Work-life balance and flexibility
- Integration of disabled persons and people at risk of social exclusion.
- Encouragement of volunteering.
- Socially responsible investment.

The main objective of the Senda Plan, which is aligned with ENDESA's Sustainability Plan, is to continue developing a culture of social responsibility, taking into account the integration of various groups, employee satisfaction and respect and professional advancement.

The Senda Plan, implemented at a local level through country-specific plans, is founded on an overarching plan and includes country-specific elements. Global and country-specific targets are set each year and performance indicators are used to measure the results obtained and ensure the plan is successfully implemented.

Various activities were conducted throughout 2012 under the Senda Plan, including:

- A communication and awareness campaign on certain aspects of the Plan using information videos relating, at first-hand, employees' experiences of the practices followed with regard to equal opportunities, the integration of people with disabilities, voluntary work and the flexible working conditions offered to allow employees to achieve a work-life balance.
- An online course offering content on:
 - People with disabilities: finding out more on how to treat these people and what other skills they can develop.
 - Striking a balance between personal and professional life: benefits for the employee, manager and company.
 - Diversity: the various types of diversity and what they can offer companies.

5.1.1. ENDESA's strong commitment to equality

ENDESA is firmly committed to the principles of gender equality and non-discrimination and, through the Senda Plan, aims to be a company which respects and manages differences among its employees, guaranteeing equal treatment and opportunities.

There were no incidents relating to discrimination in the Company in 2012.

As in previous years, in 2011 objectives were set to increase the percentage of women hired. The results show a positive trend as the overall index of female hire compared to total hires improved by 1.5 points in 2012, rising from 26.5% in 2010 to 28% in 2012.

“In 2012, 28% of new hires were women, 1.5% higher than in 2011”.

In Spain, 34.40% of new hires were women while in Latin America this figure was 25% (Argentina Distribución 33%, Colombia 37.1% and Brazil 32.3%).

Furthermore, the number of women in executive and middle-management posts increased to 26.3%. In total, female employees at ENDESA account for 21% of the workforce.

In 2012, ENDESA embarked on the groundwork to perform a group-wide quantitative diagnosis of gender diversity to compare with the diagnoses carried out in 2007 and 2009.

This will be used to prepare a specific action plan covering vertical and horizontal diversity issues.

A six-monthly gender diversity report with data from Spain and Latin America which includes information and trends from across the business lines was also prepared.

ENDESA has also signed up to the programme rolled out by Spain’s Ministry of Health, Social Services and Equality to foster a society free of domestic violence. This demonstrates the Company’s pledge to help eradicate such crimes and it has offered to help the Ministry by launching awareness and prevention campaigns. The initiative complements the Company’s own measures laid down in the Collective Bargaining Agreement in Spain.

Furthermore, in Spain, the measures envisaged under the Equality Plan were included in ENDESA’s Third Framework Collective Agreement. This Plan is evaluated and monitored by company management and trade unions through the joint equal opportunities commission provided for in the collective bargaining agreement. The agreement was abrogated in September 2012 and is currently being renegotiated.

In addition, as a result of the Ministry of Health, Social Policy and Equality’s 2010 award to ENDESA of the “Equality in the Workplace” seal, at the end of 2012 the Company prepared the second annual monitoring report needed to maintain this recognition.

In Latin America, Enersis, Endesa Chile and Chilectra all hold the Iguala Seal which is awarded by the National Women’s Service of Chile (Sernam) in recognition of the public and private organisations which have introduced the best gender practices to their HR management processes.

In 2012, ENDESA also took part in the fourth annual event organised by the United Nations and UN Women on Women’s Empowerment Principles entitled *Gender Equality for Sustainable Business*, which took place in New York on 6 - 7 March. ENDESA has been a signatory to these principles since 2010.

Women executives and middle managers compared to total executives and middle managers

Spain and Portugal	26.44
Argentina	18.75
Chile	20.25
Brazil	32.96
Peru	22.26
Colombia	33.61
Ireland	0
TOTAL	26.30

5.1.2. 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 2012, ENDESA set up new initiatives such as measures for efficient time management and efficient use of meeting time.

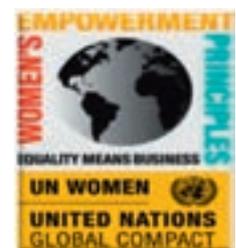
“New initiatives to help achieve a work-life balance.”

In Spain (in Barcelona, Madrid and Seville), the Company provides breast-feeding rooms for nursing mothers who do not wish to give up this practice once they return to the workplace. These rooms are in addition to those already in place in Colombia, Peru and Chile.

Work also continued on previous initiatives which have proved to be very popular among employees:

The “Entrénate” programme

This programme aims to encourage ENDESA employees to improve their physical, psychological and social health through regular, voluntary sports activity, making them



more effective in their everyday activities, thus increasing productivity.

Depending on the country, the programme consists of organising sporting activities for employees or co-financing such activities, with Euro 832,194 already having been invested.

Special offers channel

This channel has been renovated in order to improve service and offer added value products and services related to wellbeing, leisure and consumption for ENDESA employees and their families at reduced prices. This has been moved from a website that could only be accessed from ENDESA's Intranet to one that now can be accessed using any Internet connection, making it easier for employees to use at home. The project has also been extended to all of the Company's employees.



In addition, our “Day off school” programmes and camps have continued to offer alternative and healthy leisure activities for our employees’ children, offering a solution for holiday days or periods when the employee has to work and needs to balance their professional, personal and family life.

From Spain, where ENDESA is certified as a Family-Friendly Company, it has promoted activities to spread the concept of work-life balance to all the countries where it operates.

This concept is also being applied to our companies in Latin America, with Chile and Colombia receiving accreditation in 2012. Group-scale steps are taken under this model to foster efficient time management and efficient use of meeting time, which will be addressed in a communications campaign in 2013.

“ENDESA Group companies in Chile and Colombia have been certified as family-friendly enterprises.”

In Spain, 51.2% of employees took part in the work-life balance survey, 24.5% more than in 2010. ENDESA offers stress management and change tools and has organised various sessions for its employees in Spain.

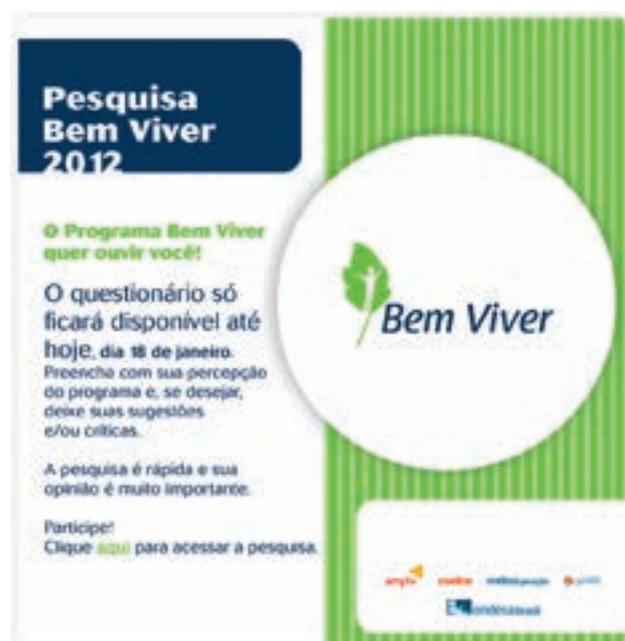
Colombia offers a wide range of initiatives to strike a healthy work-life balance, such as offering employees one day off every four months to compensate for any extra hours worked. A total of 177 people have benefited from this. This initiative also exists in Peru as well as a scheme allowing women to stagger their return to work after maternity leave.

The efforts made in Chile have once again been recognised with ENDESA being included among the “Ten Best Companies for Working Parents”.

“In 2012, ENDESA in Chile was included among the “Ten Best Companies for Working Parents.”

Another step taken by ENDESA in its commitment to maintaining and improving a work-life balance is teleworking.

Teleworking programmes were successfully rolled out in Argentina, Brazil, Colombia and Peru in 2012 while Chile has launched a pilot scheme. This initiative has been very highly rated by employees in all countries involved and in Brazil the satisfaction rate among participants, the team and managers is 90%.



Employees returning to work and retained following maternity or paternity leave, by gender in 2012

	Spain and Portugal	Argentina	Chile	Brazil	Peru	Colombia	Total
Employees taking paternity leave	232	NA	1	n/a	14	67	314
Employees taking maternity leave	94	1	35	27	8	25	190
Employees returning to work following paternity leave	237	n/a	1	n/a	14	42	294
Employees returning to work following maternity leave	92	27	24	17	8	67	235
Number of employees returning to work following paternity leave still working 12 months after their return	236	n/a	1	n/a	14	38	289
Number of employees returning to work following maternity leave still working 12 months after their return	86	27	23	No figures available	8	23	167

5.1.3. Commitment to people with different capabilities

ENDESA has various programmes to integrate people with disabilities in the workplace. At present, 96 disabled people are employed in Spain, which has the highest number by far, followed by Brazil (54), Argentina (29) and Chile (16).

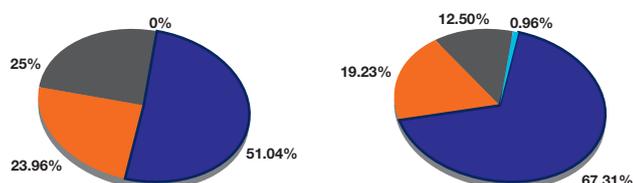
“ENDESA has 200 people with disabilities in its headcount. The Senda Plan aims to increase this presence.”

In this regard, in Spain the following actions were carried out under the Senda Plan.

- A new collaboration agreement was signed with the Prodis Foundation under which the Company will hire people with disabilities for work placements. This is in addition to other existing agreements with the Adecco, Randstad and Prevent Foundations. In 2012, two people are currently on work experience with the Company.
- Involvement in the Sixth Scholarship Programme of the Universia Foundation offering 146 scholarships

People with disabilities by professional category (%)

- Management
- Administrative and office staff
- Middle management
- Manual workers



to disabled students in Spanish universities to which ENDESA contributed Euro 21,300.

- Fun workshops for the disabled children of employees in collaboration with the Randstad Foundation which aim to promote interaction between people with and without disabilities to improve social relations and communication.
- ENDESA has a suggestions and queries mailbox where any employee or employee relative with a disability can seek advice and resolve any doubts they may have in this regard.
- 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 3,386,943, which is an increase of 30% over 2009.
- Continuity of the family plan implemented by the Adecco Foundation, with the participation of 87 families in 2012, compared to 65 families the previous year. This Plan offers advice and various therapies to ENDESA employee family members with disabilities.

ENDESA’s companies in Latin America also have various measures to help integrate disabled people into the workforce.

- In Argentina, in order to promote art and culture and to integrate people with different abilities, Edesur provides an alternative space for artistic expression in its sales offices and holds exhibitions under its “EDESUR and Culture” programme.
- The Group’s “Entrance programme” offers disabled students work placements at its various companies in Chile. Rolled out three years ago, this programme aims to help students join the workplace and provide them with the necessary tools for their future working life.

- Endesa Brasil has signed an agreement with the Brazilian Institute for the Rights of the Disabled and together they are looking at the vacancies within the company and the possibility of hiring employees with disabilities. The Company also supports sportsmen and women with disabilities in Fortaleza (Ceará).
- In Peru, the Company has organised diversity management workshops about involving the disabled with the support of the CONADIS Institute.
- In Colombia, training areas have been set up with the backing of SENA (the National Learning Service) to enable 20 visually-impaired students to study a technical administrative assistance degree.

The Senda Plan also helps people at risk of social exclusion. Here, ENDESA pursued the programme to help get young people into work arranged by the Adecco Foundation and ENDESA in 2011. This four-year scheme is designed to find jobs for young people aged 17 to 24 who are at risk of social exclusion in Latin America and Spain.



Under the scheme, participants can attend various orientation and training workshops to help improve their possibilities of entering the job market.



ENDESA is promoting the integration of people with disabilities through its website

ENDESA has signed a collaboration agreement with the Foundation of the CNSE (State Confederation of Deaf Persons) to increase hearing-impaired persons' access to digital media. The CNSE Foundation's mission is to coordinate projects that help the hearing impaired attain full participation in society, contribute to a greater awareness of the Spanish sign language and disseminate its proper use.

As part of the agreement, ENDESA has begun to place sign-language videos in the areas of its webpage www.endesa.es most commonly visited by customers.

Hearing-impaired persons can now access infovideos on new contracts, on-line billing services and last resort tariff (LRT). ENDESA is thus strengthening its commitment to persons with disabilities, making it easier for them to access its website.



5.1.4. Support for volunteers

ENDESA encourages corporate volunteering among its employees. It is committed to the development of the communities in which it operates and contributes to the cultural, educational, environmental and social development of these communities.

(For more information see the Chapter "Establishing ties with local communities", 02.1.1.1.) Corporate volunteers

5.2. Workplace environment

In December 2010, ENDESA launched the first Enel Group Workplace Environment Survey, achieving 83% participation. Using the results, the Company drew up an action plan with two complementary initiatives aimed at improving the areas identified in the survey. These improvements were introduced in 2011 and 2012 and include:

- **Workplace Environment Action Plan:** these globally-identified plans are grouped into two large action areas. The first are groupwide areas for improvement which were identified and approved by ENDESA's CEO. A total of 29 action points were defined regarding knowledge about Enel as well as feedback and recognition of personal contribution. To date, 87% of the initiatives have been rolled out. Specific **Workplace Environment Action Plans** were identified in various departments and 218 actions rolled out. Of these, 98% have been carried out already.
- **Management unit activities:** these are measures devised by management to respond to the critical areas revealed through the Workplace Environment Survey for each business unit. At ENDESA, a total of 1,368 measures were identified and introduced, with 71% carried out already. The remainder will be implemented in 2013 and in many cases will become standard practice in day-to-day management.

**“98% of the measures included
in the Workplace Environment Action Plan
have been rolled out.”**



In sum, during 2011 and 2012 progress has been made on rolling out 1,604 initiatives across the Company.

A new Workplace Environment and Safety survey was conducted simultaneously throughout the Enel Group in November 2012 among 75,000 employees in 40 countries. In the survey, participation at ENDESA was 76%. The results from the various business units should be available in March 2013.

5.3. Social dialogue

Working conditions at ENDESA are regulated by collective bargaining agreements that generally improve the labour regulations in the fields where the Company operates. The Company guarantees the right to freedom of association for its employees and for all its contractors, suppliers and business partners.

5.3.1. Spain and Portugal

There were five collective bargaining agreements in effect in Spain and Portugal at the end of 2012, covering 10,841 people, 93.98% of the workforce. A CBA that will cover 10,091 employees is currently being negotiated.

**“ENDESA guarantees freedom of association
for its workers.”**

Some of the main negotiations regarding CBAs in 2012 include:

- Negotiation on implementing the One Company Project .
- Negotiation on implementing the Rio Tajo Project: outsourcing accounting activities.

The Company also abrogated the Third ENDESA Master Collective Bargaining Agreement, kicking off new negotiations to draw up the Fourth ENDESA Master Collective Bargaining Agreement in Spain.

UGT is the main trade union at ENDESA and represents 52.45% of the workforce, followed by CCOO with 35.18% and SIE with 11.56%, putting average union membership among the ENDESA workforce in Spain at 47.41%.

In Spain, Chapter XVII of ENDESA's Framework Collective Agreement on Prevention of Occupational Risks, establishes a number of consultative and participatory bodies for workers for the prevention of occupational risks: Commission of 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 and Mining Occupational Health and Safety Committees.

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

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

5.3.2. Latin America

There are a total of 43 collective bargaining agreements in place at ENDESA's companies in Latin America, 8 in Argentina, 10 in Brazil, 15 in Chile, 3 in Colombia, 6 in Peru and one which, although it has been signed in Spain, affects employees working for the parent company in Latin America. In total, these agreements regulate the working conditions of 8,839 employees.

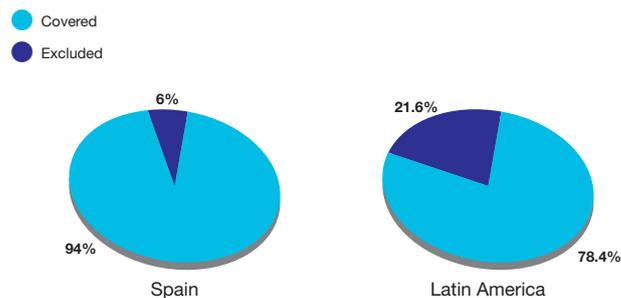
“ENDESA’s companies in Latin America have 43 CBAs.”

A total of 13 CBAs were signed in 2012. Of these, 4 were in Argentina, 1 in Brazil, 7 in Chile and 1 in Peru. These

agreements cover 1,021 employees in Latin America, 9.05% of the workforce.

The CBAs signed in 2012 in all countries require the Company to monitor objectives set via the performance management tool, comply with all obligations relating to occupational health and safety, covering issues such as joint occupational health and safety, training and individual protection equipment committees, among others.

Percentage of employees covered by CBAs



6. Protection of Human Rights

More information in the Chapter. “ENDESA, a benchmark group on the global market”: 06. Protection of human rights.



ENDESA's headquarters



Corporate governance and transparency

*Commitment to
good governance and ethical
behaviour*

The key cornerstones of ENDESA's Sustainability Plan are ethical behaviour and best corporate governance practices.

The Company has a Code of Ethics and a Zero Tolerance Plan Against Corruption, as well as an Employees' Code of Conduct, a Charter governing senior management and a Charter governing executives, which outline employees' and partners' ethical responsibilities and commitments in managing its operations.

81
communications received through the Ethics Channel

80.25%
of complaints resolved in 2012

93.49%
participation in the General Shareholders' Meeting

14 meetings of the Board of Directors

Highlights of the 2008-2012 Sustainability Plan

2008 Integrity and compliance reinforced.	2009 Transparency and ethics regulations coordinated and adapted to all countries where ENDESA operates.	2010 Code of Ethics and Zero Tolerance Plan Against Corruption rolled out.	2011 Management of the Ethics Channel as an additional measure to ensure ethical conduct in the various businesses.	2012
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Priority issues - 2012 materiality study	ENDESA's response in the report
Stance on anti-corruption and bribery.	Chapter on Corporate Governance and Transparency: 1. ENDESA, a model of corporate governance and transparency. 2. Codes of ethics and the fight against fraud and corruption.
Code of Conduct (Roll-out and scope, Systems, Procedures and Reporting breaches)	Chapter on Corporate Governance and Transparency: 2. Codes of ethics and the fight against fraud and corruption.
Board committees and competencies (management of ESG issues)	Chapter on Corporate Governance and Transparency: 1.4. Directors' responsibilities and duties
Public commitments relating to Human Rights	ENDESA, a leading group in the global electricity market: 6. Protection of Human Rights.
Effectiveness of the Board (performance evaluation, guidelines for acquiring shares, attendance, etc.)	Chapter on Corporate Governance and Transparency: 1.4. Directors' responsibilities and duties.

Challenges in 2012	Actions taken
To improve equality.	<p>The following women joined our governing bodies in 2012:</p> <ul style="list-style-type: none"> • M^a del Rosario Arnáiz Monejo, at Carboníferas del Sur, S.A. • María Inés Justo Borga, at Edesur, Endesa Argentina, Endesa Costanera and Yacilec. • Mariana Cecilia Mariné, at Edesur and Endesa Argentina. • María Malaxechevarría, at Euskaltel, S.A. • Elena Salgado, at Chilectra, S.A. • Elena Alcaide Díaz-Llan, at Compañía Transportista de Gas Canarias. • Jimena Fernández Díaz, at Endesa Gas.
To improve and update the Corporate Governance System.	<p>Various improvements were made to the Remunerations Report published and other information made available to shareholders.</p>
To increase ENDESA's presence in the Corporate Governance Forums.	<p>ENDESA took part in the following events in 2012:</p> <ul style="list-style-type: none"> • 7th Good Governance and Company Ownership Forum report. • Presentation of 7th General Shareholders' Meeting report. • Presentation of RSE (corporate social responsibility) magazine. • Course on drafting ethics codes. • Conference on listed companies at Madrid Stock Exchange. • "New corporate governance challenges" roundtable. • "Board evaluations, succession plans and remuneration policies" roundtable. • 4th conference on corporate governance. • Annual corporate governance congress. • Presentation of Good Governance and Company Ownership Forum report. • Presentation of 7th report on IBEX 35 shareholder meetings.
To review the Prevention of Criminal Risk Programme.	<p>Review of Prevention of Criminal Risk Programme completed. The principles of the Zero Tolerance Plan and the Ethics Code were also verified through this review.</p>

Key figures 2008-2012 Sustainability Plan

	2008	2009	2010	2011	2012
Participation at the General Shareholders' Meeting	93.84	93.75	93.9	93.87	93.49
Number of Board meetings	11	15	11	11	14
Total number of directors	10	9	9	9	9
Fixed remuneration of directors (Euro)	3,546,131	2,469,338	1,911,600	1,907,148	2,137,984
Variable remuneration of directors (Euro)	4,237,804	5,688,398	2,590,864	3,160,810	3,317,408
Complaints received via Ethics Channel	49	80	73	69	81
Dismissals arising from complaints received via Ethics Channel	n/a	n/a	36	11	21

n/a: Not available

In 2013 we propose

Upholding transparency in corporate governance performance.

Ensure Prevention of Criminal Risk Programme works correctly and is disseminated, and oversee control mechanisms.

1. ENDESA, a model of corporate governance and transparency

ENDESA's commitment to corporate governance and transparency is present in its everyday work. Since 2010, it has had a Code of Ethics and a Zero Tolerance Plan Against Corruption, which outline the ethical responsibilities and commitments in managing its businesses and corporate activities. These have been adopted by ENDESA and its subsidiaries.

These reinforce the existing Employee's Code of Conduct, Charter governing senior management and Charter governing executives.

1.1. Shareholder participation

The General Shareholders' Meeting was held on 26 June 2012, with the participation of 93.49% of the share capital.

**“93.49% participation
in the General Shareholders' Meeting.”**

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

1.2. Leadership of the Board of Directors

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 14 occasions with the Chairman in attendance at all of them, to analyse the Company's performance and the demands of the market.

ENDESA Board of Directors: key figures for 2012

Total directors	9
Non-executive Directors	6
Independent Directors	2
External proprietary Directors	4
Board Meetings	14
Shares owned or controlled by Directors or significant individual shareholders	6,072

1.3. Director remuneration

The total remuneration received by ENDESA's directors in 2012 was Euro 5,917,918.

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

Fixed compensation in 2012 (Euro)

	Fixed Salary	Compensation
Borja Prado Eulate	48,081	812,000
Fulvio Conti (1)	48,081	—
Andrea Brentan	—	710,500
Massimo Cioffi (1) (3)	24,040	—
Gianluca Comin (1)	48,081	—
Alejandro Echevarría Busquet	48,081	—
Luigi Ferraris (1)	48,081	—
Salvador Montejo Velilla (4)	—	278,918
Miquel Roca Junyent	48,081	—
Claudio Machetti (1)(2)	24,040	—
Luis de Guindos Jurado (5)	—	—
Subtotal	336,566	1,801,418
TOTAL		2,137,984

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

(2) Left the Board of Directors on 26 June 2012.

(3) Has been a member of the Board of Directors since 26 June 2012.

(4) Has been a member of the Board of Directors since 26 June 2012. The amounts refer to those paid to the Director from 1 July 2012.

(5) Tendered his resignation on 21 December 2011, following his appointment as Minister of Economy and Competitiveness.

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

Position	Name	(Date of 1st appointment)	Type of director	Committee
Chairman	Borja Prado Eulate	20,06,2007 (1)	Executive	EC, ACC
Vice Chairman	Fulvio Conti	25,06,2009	External Proprietary Director	EC
Chief Executive Officer	Andrea Brentan	18,10,2007	Executive	EC
Directors	Luigi Ferraris	18,10,2007	External Proprietary Director	EC, ARC, ACC
	Massimo Cioffi	26,06,2012	External Proprietary Director	ARC
	Gianluca Comin	14,09,2009	External Proprietary Director	
	Miquel Roca Junyent	25,06,2009	External-Independent	ARC, AC
	Alejandro Echevarría Busquet	25,06,2009	External-Independent	AC, ARC
Secretary (director)	Salvador Montejo Velilla	26,06,2012	Executive	

(1) Appointed Chairman on 24/03/09

EC: Executive Committee

AC: Audit Committee

ARC: Appointments and Remuneration Committee

Variable compensation in 2012 (Euro)

	Benefits	Compensation
Borja Prado Eulate	202,199	1,130,816
Fulvio Conti (1)	202,199	—
Andrea Brentan	—	651,663
Massimo Cioffi (1) (3)	—	—
Gianluca Comin (1)	202,199	—
Alejandro Echevarría Busquet	202,199	—
Luigi Ferraris (1)	202,199	—
Salvador Montejo Velilla (4)	—	119,536
Miquel Roca Junyent	202,199	—
Claudio Machetti (1)(2)	202,199	—
Luis de Guindos Jurado (5)	—	—
Subtotal	1,415,393	1,902,015
TOTAL	3,317,408	

- (1) All amounts due to this director are paid directly to Enel, S.p.A, pursuant to its internal regulations.
(2) Left the Board of Directors on 26 June 2012.
(3) Has been a member of the Board of Directors since 26 June 2012.
(4) Has been a member of the Board of Directors since 26 June 2012. The amounts refer to those paid to the Director from 1 July 2012.
(5) Tendered his resignation on 21 December 2011, following his appointment as Minister of Economy and Competitiveness.

Attendance fees in 2012 (Euro)

	ENDESA	Other Companies
Borja Prado Eulate	46,077	—
Fulvio Conti (1)	26,044	—
Andrea Brentan	—	—
Massimo Cioffi (1) (3)	14,024	—
Gianluca Comin (1)	26,044	—
Alejandro Echevarría Busquet	50,084	—
Luigi Ferraris (1)	58,098	—
Salvador Montejo Velilla (4)	—	—
Miquel Roca Junyent	58,098	—
Claudio Machetti (1)(2)	24,040	—
Luis de Guindos Jurado (5)	2,003	—
TOTAL	304,512	

- (1) All amounts due to this director are paid directly to Enel, S.p.A, pursuant to its internal regulations.
(2) Left the Board of Directors on 26 June 2012.
(3) Has been a member of the Board of Directors since 26 June 2012.
(4) Has been a member of the Board of Directors since 26 June 2012. The amounts refer to those paid to the Director from 1 July 2012.
(5) Tendered his resignation on 21 December 2011, following his appointment as Minister of Economy and Competitiveness.

Other compensation 2011-2012 (Euro)

	2011	2012
Borja Prado Eulate	8,072	10,547
Andrea Brentan	181,028	135,983
Salvador Montejo Velilla*	—	11,483
TOTAL	189,100	158,013

- * Has been a member of the Board of Directors since 26 June 2012. The amounts refer to those paid to the Director from 1 July 2012.

1.4. Directors' responsibilities and duties

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 that may detract from their 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.
- In addition, in performing their duties, Directors shall be guided by the general principles and the standards of conduct set forth in the Company's Code of Ethics.
- Article 28 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.

2. Codes of ethics and the fight against fraud and corruption

ENDESA is fully committed to complying 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.

2.1. Culture of integrity and codes of ethics

In 2010, ENDESA strengthened its commitment to integrity with a new Code of Ethics and Zero Tolerance Plan, which complemented the Employee's Code of Conduct, the Char-

ter governing senior management and the Charter governing executives.

The Company has rules and codes of conduct in place that oblige all its employees to behave in an appropriate manner in all their dealings with stakeholders – shareholders, employees, suppliers, customers, creditors and authorities – and thereby set an ethical base for social responsibility.

In 2011, ENDESA's Code of Ethics and Zero Tolerance Plan Against for Corruption were incorporated into its criteria on this matter, reinforcing its own standards on corporate integrity, which set out the commitments and ethical behaviour adopted by all of the Company's staff in their day-to-day business. Consequently, an intensive internal communication campaign was launched to familiarise staff with these documents.

In 2012, for the sake of statistics and to adapt to the criteria established by Enel, we have only included non-operational complaints, unlike in previous years when we included both operational and non-operational complaints. We have therefore amended the data for 2010 and 2011 so that it is comparable.

Given that the Code of Ethics outlines ENDESA's obligations to all those involved (fiduciary duties), adherence to it is used as a benchmark for assessing the Company's reputation. Against this backdrop, the Code of Ethics 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.

Infringements of the Code of Ethics, by type, in 2012

	Total infringements	Shareholders	Customers	Employees	Suppliers	Other
Spain and Portugal	2	2	0	0	0	0
Latin America	16	10	0	4	1	1
Argentina	3	3	0	0	0	0
Brazil	7	4	0	3	0	0
Colombia	3	2	0	0	0	1
Chile	3	1	0	1	1	0
Peru	0	0	0	0	0	0
TOTAL	18	12	0	4	1	1

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

In 2012, there were 18 infringements of the Code of Ethics. Two of these occurred in Spain and Portugal and 16 in Latin America.

Infringements of the Code of Ethics by geographical area (no.)

	2010	2011	2012
Spain and Portugal	4	6	2
Argentina	4	4	3
Brazil	9	5	7
Colombia	2	—	3
Chile	—	—	3
Peru	1	3	0
Latin America	15	12	16
TOTAL	20	18	18

2.1.1. Ethics Channel

ENDESA has an Ethics Channel, 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 line with 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, Ireland and Italy.

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

In 2012, ENDESA's Ethics Channel received a total of 81 complaints. In 80.25% of the cases reported in 2012, the investigation was closed during the same year.

“80.25% of cases received by Ethics Channel resolved in 2012.”

In 2012, 21 people were dismissed following complaints received, compared with 11 in 2011.

“21 people dismissed in 2012 following complaints received.”

Complaints submitted to Ethics Channel by geographical area (number)

	2010	2011	2012
Spain and Portugal	14	17	13
Argentina	13	14	11
Brazil	27	21	30
Colombia	12	4	13
Chile	2	6	8
Peru	5	7	6
Latin America	59	52	68
TOTAL	73	69	81

Of the complaints filed, corrective action was taken in 15.6% of the cases. In some cases warranting such action, the individuals involved were dismissed, and in other cases measures were adopted according to the particular situation.

“15.6% of complaints resulted in corrective measures.”

Complaints submitted to the Ethics Channel, by type, in 2012

	Total complaints	Shareholders	Customers	Employees	Suppliers	Other
Spain and Portugal	13	9	0	2	1	1
Latin America	68	40	4	17	6	1
Argentina	11	10	0	1	0	0
Brazil	30	16	2	11	1	0
Colombia	13	8	0	2	2	1
Chile	8	4	0	1	3	0
Peru	6	2	2	2	0	0
TOTAL	81	49	4	19	7	2

ENDESA's Internal 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 concerned exclusively 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 Internal 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 corporate 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 (no.)

	2010	2011	2012
Cases closed	73	67	65
Complaint has led to corrective measures/sanctions/redesign of processes	34	42	31
Unfounded	39	25	34
Operational	n/a	n/a	n/a
Still open	0	2	16
In progress - operational	n/a	n/a	n/a
In progress - non-operational	0	2	16

Types of complaint submitted via the Ethics Channel (%)

	2010	2011	2012
Improper activities by external suppliers and contractors	2	6	10
Embezzlement	22	7	9
Conflicts of interest	21	9	9
Accounting issues	1	0	0
Safety	1	0	1
Business opportunities	0	0	0
Falsification of contracts/records	8	4	11
Victimisation	0	0	0
Misappropriation of funds	0	2	0
Improper use of company property	4	2	2
Environment and health	0	0	0
Other	14	33	39
Reprisals	0	6	0

2.2. Litigation

At 31 December 2012, the most significant cases of litigation and arbitration involving ENDESA companies were the following:

- Three legal actions are underway against Endesa Distribución Eléctrica, S.L.U. for forest fires in Catalonia, and it is possible that the Company will have to pay more than Euro 77 million for various claims for damages. In addition, the Generalitat of Catalonia (Regional Government) imposed a penalty of Euro 10 million for power cuts in Barcelona on 23 July 2007. This penalty was confirmed on 3 September 2012 by the Tribunal Superior de Justicia de Cataluña (Catalonia Regional Appeal Court) and an appeal submitted to the Supreme Court on 16 November 2012.
- In a ruling dated 2 April 2009, the Spanish Competition Commission, the CNC, fined Endesa Distribución Eléctrica, S.L.U. Euro 15 million for a breach of article 6 of the Spanish Competition Act and of article 82 of the EC Treaty, in the form of an alleged abuse of a dominant position by obstructing access by the supply company Centrica Energía, S.L. to the SIPS system of point-of-supply information created by Royal Decree 1535/2002 of 4 June, and assigning the claimant's business data on customers to the ENDESA Group's own supply company, Endesa Energía, S.A.U. On 26 May 2011, the Spanish High Court ruled in favour of the CNC's decision. On 17 June 2011, an appeal was presented to the Supreme Court. On 20 January 2010, Céntrica Energía, S.L. filed a lawsuit against Endesa Distribución Eléctrica, S.L.U. concerning the CNC's resolutions of April 2009 and, in it, the Company stated the value it would have obtained had it had access to information when it requested mass market access on 9 October 2006. The claim for losses and damages totals Euro 5 million. On 20 January 2011, the Barcelona Mercantile Court no. 2 ruled that the damages being sought by Céntrica Energía, S.L. be reduced to Euro 3 million. ENDESA appealed against this ruling but the Barcelona Provincial Court rejected this appeal on 3 May 2012.
- 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, S.A.U. as the operator of the Ascó I nuclear plant in connection with a radioactive particle leak in December 2007. These infringements were considered serious violations contrary to the Nuclear Energy Act 25/1964, of 29 April. An application for judicial review was filed with the National Court. In addition, the Director General of Energy Policy and Mines imposed two fines totalling Euro 90,000 for minor infringements relating to the same incident. These fines were contested. On 1 December 2009, granting a motion by ENDESA, the National Court stayed execution of the decision under challenge. ENDESA paid into court a bank guarantee covering the value of the fine, Euro 15 million. The principal issue under appeal is still pending a decision.

Since 14 September 2010, the court has been in the process of reaching conclusions and entering a judgment. On 6 April 2011, the National Court stayed the appeal proceedings.

- On 24 June 2009, the inquiries unit of the CNC opened proceedings against a number of power distribution companies, including ENDESA, for an alleged violation of article 1 of the Spanish Competition Act 2007 (Ley 15/2007) and Article 81 of the EC Treaty. According to the CNC, the alleged violation consists of collusion to obstruct, restrict or distort competition in the domestic power market. The infringement proceedings instituted by the CNC were directed to ascertain whether or not an unlawful arrangement was made among distribution companies to slow down the process by which users can switch suppliers. The proceedings were later widened in scope, in terms of parties (joining the power industry association Asociación Española de Industria Eléctrica Unesa) and charges (including collusion to attract large customers). By a decision of the Board of the CNC of 13 May 2011, ENDESA was fined Euro 27 million. An application for judicial review was filed with the National Court, which, granting ENDESA's motion for interim measures, stayed execution of the fine by an order dated 15 September 2011. The evidentiary stage was agreed in a ruling dated 5 November 2012.
- On 7 February 2012, the Supreme Court passed a judgement annulling certain provisions related to the Social Rate and its application, considering that its financing by generating companies under the ordinary regime (as established by Royal Decree Law 6/2009, of 30 April) was discriminatory. In application of said judgement, Ministerial Order IET/843/2012 of 25 April changed the settlement system for the Social Rate, taking into account that, from 7 February 2012, the payable costs of the electricity system should be covered by access fees. In this context, ENDESA filed a request with the National Energy Commission (CNE) to make the final settlements that this agency must draw up for this concept, which are still outstanding, and also claimed Euro 100 million in compensation for past damages suffered as a result of the repealed regulations.
- Companhia Brasileira de Antibióticos (hereinafter "CIBRAN") is seeking to recover damages from Ampla for loss of goods and raw materials and breakage of machinery, inter alia, allegedly caused by defective services rendered by Ampla Energia e Serviços, S.A. from 1987 to May 1994, in addition to an indemnity for moral damage. The claim is valued at approximately Euro 47 million. The suit was joined with another six actions arising from blackout incidents. The litigation is at the pleading and evidentiary stage. The expert evidence was partly adverse to Ampla Energia e Serviços, S.A.; therefore, in March 2011, Ampla moved to have the expert evidence struck out, and fresh expert evidence to be taken. On 19 December 2012, Ampla Energia e Serviços, S.A. reiterated its request for a second expert, based on errors and contradictions found in the first expert report.
- In 1998, Compañía de Interconexión Energética, S.A. entered into a contract with Tractebel Energía, S.A. to supply power and capacity for importing 300 MW sourced from Argentina over the Argentina-Brazil interconnection owned by the former. As a result of the Argentine crisis, Compañía de Interconexión Energética, S.A. was prevented from supplying Tractebel Energía, S.A., which sought to terminate the contract and recover liquidated damages under its terms. In November 2009, Tractebel Energía, S.A. sued for damages of BRL 118 million (approximately Euro 51 million) and miscellaneous other amounts (liquidated damages for unavailability of final capacity and associated power, interest accrued and legal fees). The claimant asked the court to determine these amounts as part of the decision disposing of the case. In its defence, Compañía de Interconexión Energética, S.A. mainly argued force majeure, citing the Argentine crisis. Court proceedings are at first instance and await the commencement of the evidentiary stage. In May 2010, Tractebel Energía, S.A. notified Compañía de Interconexión Energética, S.A. out of court of its intention to exercise its right to take possession of 30% of Línea I (hereinafter "the line" or "interconnection line"), the interconnection line owned by Compañía de Interconexión Energética, S.A.
- As with the previous lawsuit, in 1998 Compañía de Interconexión Energética, S.A. signed a supply contract with Electrobras Furnas of Brazil, to supply 700 MW of energy imported from Argentina via the Argentina-Brazil interconnection, which it owns. However, the Argentine crisis prevented Compañía de Interconexión Energética, S.A. from supplying Electrobras Furnas. On 15 June 2010, Compañía de Interconexión Energética, S.A. was served with a suit brought by Electrobras Furnas for breach of contract. The claimant seeks to have the contract rescinded and to be awarded ownership of 70% of the interconnection line. On this basis, Electrobras Furnas seeks to recover Euro 227 million and as yet unquantified further damages. The evidentiary stage has been completed and the suit is pending a decision at first instance.
- In 2002, EDF International, S.A. launched arbitration proceedings in the International Court of Arbitration

of the International Chamber of Commerce against Endesa Internacional S.A. (now Endesa Latinoamérica, S.A.U.), Repsol, S.A. (previously Repsol YPF, S.A.) and YPF, S.A., seeking damages of USD 256 million (equivalent to Euro 194 million) plus interest from Endesa Latinoamérica and USD 69 million (equivalent to Euro 52 million) plus interest from the Repsol Group. The claim was contested by Endesa Latinoamérica, S.A.U., Repsol S.A. and YPF, S.A. which, in addition, brought a counterclaim to the effect that EdF International, S.A. should pay Endesa Latinoamérica, S.A.U. USD 58 million (equivalent to Euro 44 million), and YPF, S.A. USD 14 million (equivalent to Euro 11 million). The dispute arises from the sale to EdF International, S.A. of the stakes formerly held by YPF, S.A. and Endesa Latinoamérica, S.A.U. in the Argentine companies Electricidad Argentina, S.A. and Empresa Distribuidora Norte, S.A. The court of arbitration issued its ruling on 22 October 2007. In summary, the award partly allowed both claim and counterclaim. As a result, Endesa Latinoamérica, S.A.U. was required to pay EdF International USD 100 million (equivalent to Euro 76 million) in net debt with added interest. None of the parties were required to pay court costs. All the parties - claimant and co-defendants - moved to have the award partly set aside. In April 2008, Endesa Latinoamérica, S.A.U. and YPF, S.A. obtained in the ordinary Argentine courts (Cámara Nacional de Apelaciones en lo Comercial, National Court of Commercial Appeals) respective decisions staying execution of the arbitral award until the appeal was resolved, thus barring EdF International S.A.'s enforcement of the award. On 9 December 2009, the Buenos Aires National Court of Commercial Appeals held that the arbitral award of 22 October 2007 was void and "without legal effect". Therefore, ENDESA's purported obligation specified in the arbitral award to pay USD 100 million (equivalent to Euro 76 million), excluding interest, was without effect. This decision of 9 December 2009 was challenged by EdF International, S.A. in February 2010 in the form of a "federal extraordinary appeal". The appeal was dismissed on 9 March 2010. EdF International, S.A. filed a fresh appeal before the Argentine Supreme Court against the decision dismissing its earlier appeal. In July 2010, the Supreme Court denied EdF International S.A.'s last possible remedy, so ENDESA is not faced with any contingent obligation. The arbitration proceedings are at an end, although EdF International, S.A. has moved to enforce the award in several jurisdictions - including unsuccessful attempts in Spain, the United States and Chile - and a decision in Brazil is pending.

- Construction of the Bocamina II plant in Chile (350 MW) has encountered serious problems with the contractor, a consortium made up of: (i) Chile's Ingeniería

y Construcción Tecnimont Chile y Compañía Limitada; (ii) Italy's Tecnimont, S.p.A.; (iii) Brazil's Tecnimont do Brasil Construção e Administração de Projetos Ltda.; (iv) Slovakia's Slovenské Energetické Strojárne a.s. (SES); and (v) Chile's Ingeniería y Construcción SES Chile Limitada (hereinafter, the "Consortium"), prompting Empresa Nacional de Electricidad, S.A. to bring an arbitration case against the Consortium on 17 October 2012, specifically before the International Court of Arbitration of Paris, and to call in the bank guarantees provided by the Consortium in the amount of over USD 92 million (equivalent to Euro 70 million). Nevertheless, although the contractor failed to complete the works in accordance with the terms of the contract, on 29 October 2012, Empresa Nacional de Electricidad, S.A. notified the CDEC (the system's operator) that the facility had entered into commercial service. In November, Empresa Nacional de Electricidad, S.A. assumed control of operations at the plant due to the above-mentioned legal and arbitration differences with the contractor. Repair work deemed necessary to improve the plant's reliability was carried out in December. The gravity of the situation and the Consortium's repeated breaches of its commitments forced Empresa Nacional de Electricidad, S.A. to notify the Consortium, in writing on 4 January 2013, of the termination of the contract, in keeping with the terms thereof. On 17 January 2013, the Consortium announced plans to bring a counter-claim against Empresa Nacional de Electricidad, S.A. in the abovementioned arbitration proceedings, with the Consortium seeking damages of over USD 1,300 million (equivalent to Euro 985 million), among other claims. This figure is entirely inappropriate and disproportionate, as will be revealed in the course of the ongoing arbitration proceedings.

- In May 2010, the CNC initiated disciplinary proceedings against Endesa Distribución Eléctrica, S.L.U. and other power utilities as a result of a claim brought by the National Confederation of Power Facility Owners ("FENIE" for its acronym in Spanish) for alleged anti-competitive behaviour by the distributors. It opened similar proceedings into Endesa Distribución Eléctrica, S.L.U. on the same grounds in November 2011 in relation to its Mallorca concession. On 22 February 2012, the CNC notified Endesa Distribución Eléctrica, S.L.U. of a ruling requiring it to pay a total fine of Euro 23 million for alleged abusive conduct in the electric installations market, specifically for presenting financial bids for non-restricted facility work at the same time as it informed the supplier applicants about the technical and financial terms of their applications and for discrepancies with respect to the implementation of the rules laid down in Royal Decree 222/2008 regarding grid connections between 2008 and 2009. On 26 April

2012, the CNC imposed a fine amounting to Euro 1 million for the Mallorca case. Endesa Distribución Eléctrica, S.L.U. has appealed to the High Court against both fines, and the court suspended payment via rulings issued on 21 May and 3 July 2012, respectively.

- On 14 December 2006, the Anti-Trust Court fined ENDESA for abuse of its leadership position in the electricity installations market in Mallorca a total of Euro 900,000 and ordered it to cease this conduct. In April 2012, the CNC fined ENDESA Euro 1,037,900 for breaching the Anti-Trust Court's resolution.
- On 4 November 2010, the CNC initiated disciplinary proceedings against Endesa Energía XXI, S.L.U. for allegedly violating article 3 of the anti-trust law whereby it had applied contractual conditions to customers without the right to adhere to the LRT different to those contained in Royal Decree 485/2009, of 3 April. On 12 June 2012, it issued its decision to fine Endesa Energía XXI, S.L.U. Euro 5 million for breach of article 3 of the anti-trust law. In July 2012, Endesa Energía XXI, S.L.U., filed an appeal with the High Court against this resolution and requested the temporary lifting of the sanction.

3. Use of tax havens and ENDESA policy

ENDESA's policy in this regard is that any investment in or through tax havens is only carried out if there are overriding economic reasons to justify such a move other than simply avoiding taxes (such as reducing administrative dealings, carrying on economic activities in the country, etc.). In addition, ENDESA has never resorted to entities located in tax havens to conceal the identity of parties earning income, conducting activities, owning property or holding rights. Through its acquisition of the Enersis Group in 1997, the ENDESA Group also acquired a significant number of companies located in tax havens. Consequently, in 1999, ENDESA began a process to dissolve these entities. It currently has only two entities in countries considered tax havens by the Spanish Central Tax Authority: Atacama Finance and Energex, both in the Cayman Islands. These companies have not been dissolved because ENDESA does not hold a majority of their share capital, and their dissolution requires the approval of the other shareholder. The purpose of two companies is to finance the Gas Atacama project (Atacama Finance Co.) and to manage purchases from the suppliers of the that project (Energex Co.). It should be not-

ed that Spain is conducting negotiations with the Cayman Islands with a view to signing a tax information-exchange agreement, which would entail excluding this country from the Spanish Central Tax Authority's list of tax havens. In any event, ENDESA intends to dissolve these entities as soon as it is legally feasible to do so.

In addition, ENDESA does conduct activities in other countries that, while not considered tax havens by the Spanish Central Tax Authority, are considered territories with a more favourable tax regime than Spain's. It is clear that neither the scope of the activities conducted by the Company in these geographic areas nor the legal classification given to them by the Central Tax authority warrants their inclusion in the Sustainability Report. Nevertheless, aware of the importance for society to see that it always acts with absolute transparency, ENDESA considers that it should report on the activities conducted by its subsidiaries in territories that, although not tax havens, are considered at times to have a low tax burden:

Panama

In Panama, ENDESA holds a minority interest in Empresa Propietaria de la Red, S.A., which is involved in developing, designing, building and performing maintenance on a regional transmission system that will interconnect the six countries of Central America. This company, in turn, wholly owns Red Centroamericana de Telecomunicaciones S.A., the corporate purpose of which was to develop the fibre optics business through the electricity grid (although it is currently dormant). Therefore, ENDESA's small presence in Panama is exclusively and directly related to operational activities per se, specifically to electricity transmission and supply. Importantly, although Panama is included on the list of European Parliament (March 2009), in the Hamon report, on the lists of the Tax Justice Network (November 2009) and on the OECD's list (March 2010), in 2010, Spain signed a double taxation treaty with Panama that includes an information-exchange clause.

Also, in order to tap the power supply business in Panama and Central America, in 2012 Emgesa Panamá was set up to carry on this activity in Panama and participate in power sale tenders. The company is a fully-owned subsidiary of Emgesa Sociedad Colombiana.

United States (Delaware)

- Endesa Capital Finance LLC is an ENDESA Group investee established in 2003 to issue Euro 1,500 million in preference shares. The preference shares were issued and listed in Spain, and will be repurchased in full in the first

half of 2013. Therefore, the gains earned by Endesa Capital Finance LLC are taxed in Spain. Once the repurchase is completed, in 2013, the company will be dissolved.

- Asín Carbono USA, LLC, 82.5% of whose share capital is held by the ENDESA Group, was established in 2008. It has always been dormant, and it is currently being dissolved. Delaware is a geographic area that is included on the lists of the Tax Justice Network (November 2009), on the list of the European Parliament and in the Hamon Report (March 2009). It should be noted, however, that it is covered by the double taxation treaty signed between Spain and the US in force since 1990. The location of Endesa Capital Finance LLC and of Asín Carbono USA, LLC in Delaware stems from commercial and administrative advantages in this jurisdiction, where there are a small number of applicable requirements and they can be quickly complied with. This means that the State offers flexibility that does not exist in other jurisdictions.

Netherlands

It is common practice for multinationals to have companies in the Netherlands in order to manage their investments and financial resources from there. It should be noted that the economic and legal situation in the Netherlands offers direct access to the most efficient financial markets, enabling companies to make use of swifter legal systems which allow for greater flexibility, resulting in fewer regulatory expenses and faster access to funding sources.

- ENDESA wholly owns International Endesa, B.V., a Dutch company established in 1993 to raise funds for the ENDESA Group through the Euro Medium Term Note (EMTN) and Euro Commercial Paper (ECP) debt-issuance programmes. Since 2005, the ENDESA Group's listed debt issues have been issued by Endesa Capital, S.A., a company resident in Spain. ENDESA has kept International Endesa, B.V. only because dissolving it would be very complicated until the already issued debt matures. Once its debt is redeemed at maturity, International Endesa, B.V. will be dissolved. In any event, the Netherlands, although included on the list of the Tax Justice Network (November 2009), signed a double taxation treaty with Spain in October 1972 and its corporate tax rate is similar to Spain's (25.5%).

ENDESA owns 50% of Enel Re, a Dutch company set up in 2011 which groups together the Enel Group's insurance business and to which Endesa, S.A. contributed its stake in Compostilla RE, a Luxembourg company.

Luxembourg

ENDESA owns, indirectly and through Enel Re, 50% of the Compostilla Re reinsurance company. Spain signed a double taxation treaty with Luxembourg in June 1986 and an information-exchange protocol in November 2009. Nevertheless, it is included on the list of the Tax Justice Network (November 2009). In any event, the corporate income tax rate in Luxembourg is 28%, just two percentage points below Spain's.







*Our shareholders
and investors*

*Commitment to creating
value and returns*



ENDESA strives to be a benchmark for investors concerned about sustainability and climate change.

In 2012, ENDESA remained a leading company in sustainability, as evidenced by our continued presence in various indexes, including the Dow Jones Sustainability Index and the Carbon Disclosure Project. ENDESA has the highest rating of all IBEX 35 companies for the quality of its publicly available information according to Informe Reporta. ENDESA remains committed to having close relations and being transparent with shareholders and investors.

Net income of Euro
2,034
million in 2012

Dividend of Euro
0.606
per share

2,881
responses to
shareholder
requests

12th
consecutive year on
DJSI and best score
of 81 points

Highlights of the 2008-2012 Sustainability Plan

2008 ENDESA is voted Best in Class by Storebrand Investments between 2003 and 2008 and receives the highest rating of all utilities in the world in 2008 according to the Carbon Disclosure Project.

2009 Enel acquires 92.06% of ENDESA, obtaining control of the ENDESA Group.

2010 ENDESA obtains top marks in Dow Jones Sustainability Index for biodiversity, climate change strategy and commitment to stakeholders.

2011 ENDESA is included in the Dow Jones Sustainability Index for the 11th straight year, making it 12 in 2012 with its best score ever of 81

2012 ENDESA obtains the highest rating of all IBEX 35 companies for the quality of its publicly available information, according to Informe Reporta. 12 consecutive years on Dow Jones Sustainability Index.

Priority issues-2012 materiality study

Voting rights (respect for the one-share-one-vote principle)

Corporate Social Responsibility (CSR) and Corporate Governance-related issues submitted to General Shareholders' Meeting (GSM)

Transparency (e.g., information provided to shareholders at the General Shareholders' Meeting, disclosure of results, etc.)

Shareholders' ability to propose issues and vote at the General Shareholders' Meeting

ENDESA's response in the report

Chapter on Shareholders and Investors:
1.2. Close relations and transparency with shareholders and investors
1.2.1 Investor Relations

Chapter on Shareholders and Investors:
1. Generating sustainable value
1.2.1. Investor Relations

Chapter on Shareholders and Investors:
1.1.3. Sustainability reporting
1.2. Close relations and transparency with shareholders and investors

Chapter on Shareholders and Investors:
1.2.1. Investor Relations
1.2.2. ENDESA Shareholders' Office

Challenges in 2012	Actions taken
Hold investor meetings about sustainability issues.	Meetings were held with investors regarding sustainability (financial considerations) to ensure greater transparency. The key issues highlighted by analysts were the quality of presentations, the technical knowledge of the industry and the diligence and professional nature of the speakers.
Discuss ENDESA's commitments to Corporate Social Responsibility (communication focused on financial issues) at meetings.	
Encourage the use of communication channels with shareholders and investors.	Open and fluid dialogue channels were maintained with shareholders and investors as stakeholders. Information for shareholders and investors on ENDESA's website was updated constantly. Satisfactory shareholder telephone service was provided, rated for its quality and response time.

Key figures 2008-2012 Sustainability Plan

	2008	2009	2010	2011	2012
Record score on the Dow Jones Sustainability Index	70	78	80	80	81
Quorum at General Shareholder Meeting (%)	93.8	93.75	93.995	93.87	93.495
Total shareholder return	-17.1%	4.34%	-15.13%	-12.6%	10.26%
Shareholder and investor contacts through Shareholder's Office	4,760	6,120	3,132	2,856	2,881
Increase in income versus 2011	168%	-52%	20,04%	-46,4%	-8%

In 2013 we propose

Being fully transparent in disseminating the Company's financial performance and its commitments to society and corporate governance through ongoing contact with the financial community, mainly shareholders, institutional investors and financial analysts.

1. Generating sustainable value

1.1. Close relations with socially responsible investors

ENDESA views transparency of information about its activities as a basic tool in outlining its pledge to sustainable development and the responsible use of resources. The Company strives to be a benchmark in sustainability and for investors to see it as being at the forefront in the fight against climate change.

1.1.1. Dow Jones Sustainability Index

In 2012, for the 12th consecutive year, ENDESA was listed on the Dow Jones Sustainability Index (DJSI), achieving its best score ever of 81 points (out of 100), an improvement on its score of 80 points in 2011.

“12 consecutive years on Dow Jones Sustainability Index.”

The Company ranks highly in both the European leading utilities group (Dow Jones Sustainability Europe Index), and the global utilities ranking (Dow Jones Sustainability World Index).

In 2012, ENDESA maintained its leadership position in the economic dimension, with 88 points out of 100, two fewer than in 2011, while its scores for the environmental and social dimensions increased by two and one points respectively to 71 and 82 points out of 100.

Within the economic dimension, ENDESA obtained more than 90 points in customer relationship management and maximum points for customer relationship management and measurement systems. Its financial performance has remained strong thanks to its improved scoreboard/measuring systems, with 98 points, in codes of conduct, with 93 points, customer management with 85 and risk and crisis management with 73.

Regarding the environmental dimension, ENDESA obtained the highest rating for its policies and systems, obtaining over 90 points in biodiversity and climate change strategy.

In the social dimension, the Company received the maximum score for commitment to stakeholders and over 90 points for occupational health and safety.

For further information: www.sustainability-indexes.com

1.1.2 Carbon Disclosure Project

ENDESA once again took part in the Carbon Disclosure Project (CDP), an index of climate change-related matters that provides global information on identified risks and opportunities, on plans to curb emissions, and on transparency of corporate conduct aimed at mitigating climate change.

“CDP improved 4 points compared to 2011.”

ENDESA achieved a rating of 92 out of 100, a four-point improvement on its 2011 score. This indicates that the Company has reinforced its lead in combating climate change and that it is recognised for the transparency of the data it discloses on carbon emissions.

ENDESA's score in the CDP Iberia 2011 Report is available at: <https://www.cdproject.net/CDPResults/CDP-Iberia-125-Climate-Change-Report-2012.pdf>

For further information: <https://www.cdproject.net>

ENDESA, IBEX 35 company with best publicly available information

Informe Reporta, which evaluates the quality of publicly available information of companies listed on the Madrid general stock market index, has placed ENDESA in first position, awarding its highest rating (AAA).

ENDESA is the only company to receive this rating and its top position is a major improvement on the twelfth place awarded in 2011. The three principles evaluated in this year's report are: information transparency, adequacy and accessibility.



1.1.3. Sustainability reporting

ENDESA conveys its commitment to sustainable development in the meetings it holds with investors and analysts, where it outlines its sustainability strategy and the progress made in this area.

1.2. Transparency and close relations with shareholders and investors

ENDESA maintains on-going relations with its shareholders, both private and institutional, as well as the leading stock market analysts, providing them with a steady stream of detailed information through the Investor Relations Department and Shareholders' Office in Madrid.

1.2.1. Investor Relations

The activities of the Investor Relations Department in 2012 included four public presentations to analysts and investors focusing on the Company's quarterly results.

In 2012, the annual survey among equity analysts on the perceived quality of Investor Relations yielded a result of 9.1 out of 10, up 0.3% compared to 2011.

“Quality of Investor Relations is 9.1 out of 10.”

ENDESA held its General Shareholders' Meeting on 26 June 2012, at its headquarters in Madrid. All the items on the Agenda were approved at the meeting, with a quorum representing 93.495% of the share capital.

1.2.2. ENDESA Shareholders' Office

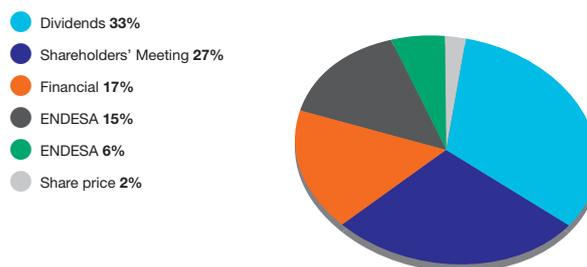
The ENDESA Shareholders' Office provides 24-hour service to its private investors through a number of channels to respond to their requests and provide information in person, by telephone or by email. In 2012, a total of 2,881 requests from shareholders were handled, of which 2,417 were made by phone, 396 were written and 68 were in person.

“2,881 requests from shareholders handled by Shareholders' Office.”

The Company's corporate website has an “Information for Shareholders and Investors” channel, (www.ENDESA.com), to provide information to both shareholders and the general public.

The information most sought by shareholders in 2012, as in 2011, was regarding dividends, followed by information regarding the General Shareholders' Meeting.

Type of information requested by ENDESA's private shareholders in 2012



2. Impact of ENDESA's business

2.1. Income generated

ENDESA reported net income of Euro 2,034 million in 2012, 8% less than in 2011. This decline is largely due to the regulatory measures approved by the Spanish government in 2012, reducing remuneration for certain regulated activities in Spain, and the lower margin on output in Chile due to lower utilisation of the Company's hydroelectric plants there.

ENDESA net income, fiscal year 2012

	Euro million	% change 2011	% of total net income
Spain and Portugal	1,410	-11.5%	69.3%
Latin America	624	0.8%	30.7%
TOTAL	2,034	8%	100%

2.2. Revenues, EBITDA and EBIT

EBITDA and EBIT in 2012 declined by 3.6% and 5.1%, respectively, despite the 3.8% increase in revenue to Euro 33,933 million on the back of higher sales prices. However, fuel prices were also higher, thanks to increased use of conventional thermal plants and lower hydro output.

The lower EBITDA and EBIT figures are due to the impact of the government's measures to reduce remuneration for regulated activities in Spain, which were applied in 2012, and the lower hydro output in Latin America due to the drought in Chile.

EBITDA was Euro 7,005 million, while EBIT was Euro 4.418 million.

2012 results

	Revenues		EBITDA		EBIT	
	Euro million	% change 2011	Euro million	% change 2011	Euro million	% change 2011
Spain and Portugal and Other	23,146	2.2%	3,796	-5.7%	1,998	-11%
Latin America	10,787	7.5%	3,209	-1%	2,420	0.5%
TOTAL	33,933	3.8%	7,005	-3.6%	4,418	-5.1%

2.3. Investment

ENDESA invested a total of Euro 2,727 million in 2012, 3.5% less than in 2011. Of this amount, Euro 2,558 million was capex and the remaining Euro 169 million related to financial investments.

Investment: 2012 (Euro million)

	Capex and intangible assets	Financial investment	Total	% change 2011
Spain and Portugal and Other	1,367	146	1,413	-5.5
Latin America	1,191	123	1,314	-1.3
TOTAL	2,558	169	2,727	-3.5

3. Creating value for shareholders

3.1. ENDESA's share performance

Stock markets were affected in the first half of 2012 by bleak economic forecasts and the debt crisis in peripheral Europe. Most international stock markets ended the year in the red.

The mood in the stock markets was brighter in the second half of the year thanks to the stance taken by the European Central Bank to protect the Euro, a better economic outlook for 2013, an uptick in US GDP figures in the third quarter of the year, and the expansionary monetary policies set in motion by the major central banks.

2012 was especially buoyant for some stock markets, such as the Frankfurt Stock Exchange which climbed 29%, Tokyo (23%) and Hong Kong (23%).

In Europe, the main stock markets ended the year in positive territory, except Madrid where the IBEX 35 lost 5%. Behind Frankfurt, Paris (15%), Milan (8%) and London (6%) also posted gains.

Over in North America, meanwhile, the largest stock market in the world achieved significant gains by year end. The

Nasdaq climbed 16%, followed by the S&P 500 (13%) and the Dow Jones (7%).

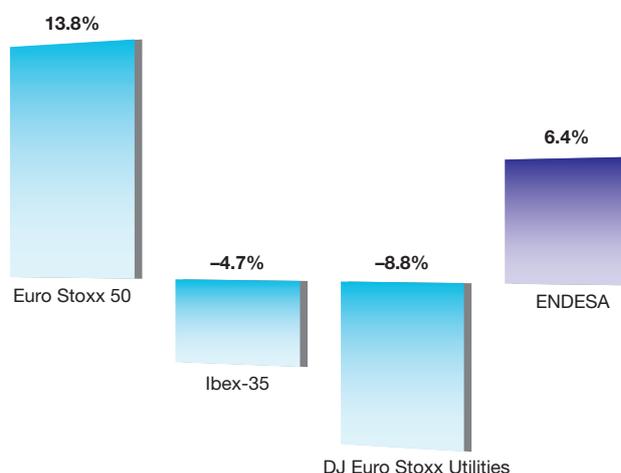
The European electricity sector once again faced headwinds due to the current state of the economy, suffering electricity system overcapacity off the back of the renewable energy boom and a fall in demand. This gloomy backdrop was reflected in a downgrading of the credit ratings of European utilities and the *Dow Jones Eurostoxx Utilities* index falling 9% during 2012.

The electricity sector in Spain was impacted by shrinking regulated market revenues affected by Royal Decree-Laws 13/2012 and 20/2012, and the introduction of fiscal measures with effect from January 2013 to reduce the tariff deficit.

This challenging environment did not impede ENDESA from enjoying an uptick of 6.44% in its share price to Euro 16.87 per share in 2012. However, ENDESA's share price did fluctuate wildly throughout the year, reaching a low of Euro 11.63 per share on 24 July and a high of Euro 17.67 per share on 20 December.

“ENDESA's share price ended the year at Euro 16.87 per share.”

ENDESA's market capitalisation at year-end stood at Euro 17,861 million.



3.2. Dividend

In 2012, ENDESA paid out a gross dividend against 2011 results of Euro 0.606 per share bringing the total payout for the year to Euro 642 million.

“ENDESA’s gross dividend per share was Euro 0.606.”

This dividend paid out against 2011 results was settled in a single payment on 2 July 2012, having been approved by the shareholders in their General Meeting.

3.3. Total shareholder returns

The share price gain of 6.44% in 2012 plus the dividend yield of 3.82% left total shareholder return at 10.26%.

3.4. IBEX-35

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

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 January 2011, ENDESA was ranked 24th on the IBEX 35 by free float-adjusted market cap.

Including trading on the Spanish stock market (continuous market), as well as block trades and special transactions, an average of 637,007 ENDESA shares changed hands daily in 2012, 2.2% more than in 2011 (623,352).

Total trading volume for 2012 was 0.15 times the Company’s capital. However, trading volume was 1.9 times the market capitalisation represented by the real number of outstanding shares, a figure that is more in line with that registered in previous years.

The effective volume traded in 2012 was Euro 2,350 million, i.e. 27% lower than in the previous year due to lower daily share prices than in 2011.

3.5. Enersis and Endesa Chile share price performance

The main stock exchanges in Latin America ended 2012 in positive territory, very much in line with the trend in the majority of the European indices.

The main index of the Santiago Stock Exchange, the IPSA, ended 2012 slightly up (2.96%) following the upward trend of the other indices in the region on which the group is listed: Colcap, Colombia (+16.6%); Merval, Argentina (+15.9%); Bovespa, Brazil (+7.4%); and IGBVL, Peru (+5.9%).

ENDESA’s main investees in Chile, Enersis and Endesa Chile, posted mixed returns at the 2012 close.

Enersis’ share price fell 3.7% in 2012, ending the year at Chilean peso 175.82 per share, primarily hindered by the ongoing impact of the drought affecting the country in recent years, the uncertain global economic outlook, and the announcement of Enersis’ capital increase.

In contrast, Endesa Chile saw its share price climb 1.6%, closing 2012 at Chilean peso 778.11 per share, which is positive considering, as with Enersis, the drought in Chile and the volatility of the financial markets.

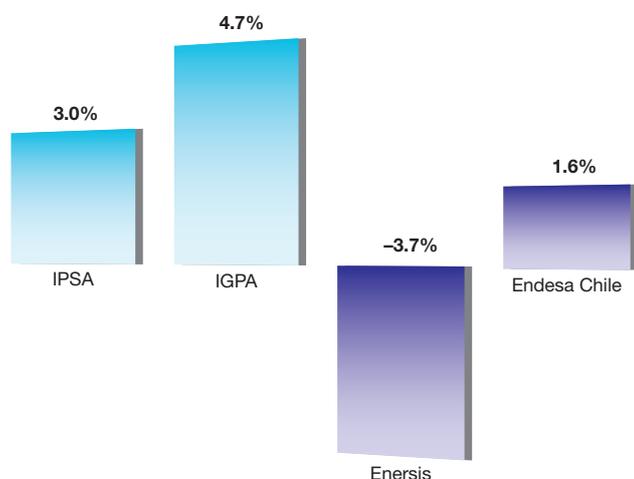
As in previous years, Enersis and Endesa Chile continued to rank among the companies with the highest trading volume on the Chilean Stock Exchange. Enersis’ shares ranked among the top five most traded shares, posting a total trading volume of Chilean Peso 975,971 million. Endesa Chile, meanwhile, occupied the sixth slot, with a trading volume of Chilean peso 972,204 million.

“Enersis and Endesa Chile remain the two most traded stocks on the Chilean stock market in the year.”

The average daily trading volume at Enersis was 24.95 million shares, 25% more than the 19.96 million seen in 2011. The average daily volume of Endesa Chile shares traded dropped 5.1% from 5.74 million shares in 2011 to 5.45 million in 2012.

The stock market performances of Enersis and Endesa Chile in dollar terms were positive: Enersis’ ADR (American Depositary Receipt) closed the year up 3.35% at USD 18.22, while Endesa Chile’s ADR (EOC) was 10.06% up at USD 48.81.

Share price performance: Enersis and Endesa Chile on the Santiago Stock Exchange versus benchmark indices in 2012



Source: Bloomberg

Enersis' shares (XENI) on the Latibex market gained 4.12% to Euro 0.278, while Endesa Chile's share price (XEOC) rose 7.66% to Euro 1.209 in 2012.

Note: Enersis and Endesa Chile shares were admitted for trading on the Latin American Securities Market (Latibex) of the Madrid Stock Exchange on 17 December 2001. Until April 2011, the trading unit for Enersis was 50 shares and for Endesa Chile, 30 shares. Since 2 May 2011, the trading unit is unitary.

4. Wealth generation in 2012

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

Key share price data for ENDESA, Enersis and Endesa Chile in 2012

	High	Low	Average	Closing price	Annual gain/loss (%)	Volume of shares traded
Madrid Stock Exchange						
ENDESA (Euro/share)	17.67	11.63	14.66	16.87	6.4%	163,073,313
Chilean Stock Exchange						
Enersis (pesos/share)	201.56	151.81	176.59	175.82	-3.7%	6,163,083,554
Endesa Chile (pesos/share)	894	713.88	805.30	778.11	1.6%	1,345,179,539
NYSE						
Enersis (USD/ADR)	20.78	16.15	18.12	18.22	3.3%	135,263,018
Endesa Chile (USD/ADR)	55.41	44.56	49.69	48.81	10.1%	31,265,962

Source: Bloomberg

Wealth generation

Euro million	2010	2011	2012
Direct economic value generated	33,545	32,835	33,980
Economic value distributed	27,715	26,267	29,467
Dividends	1,077 ²	642 ³	0 ⁴
Operating and other fixed expenses	21,757	23,764	25,220
Personnel expenses	1,852	1,625	1,763
Taxes and duties*	1,710	1,349	1,153
Investment in social projects	47	46	35.2
Finance expenses	1,272	1,357	1,296
Economic value retained	5,830	6,568	4,513

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

(2) 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.

(3) At its meeting on 27 February 2012, ENDESA's Board of Directors agreed to pay shareholders a dividend charged against 2011 earnings of Euro 0.606 per share, bringing total shareholder remuneration to Euro 642 million.

(4) At its meeting of 25 February, 2013, the Board of Directors of ENDESA, S.A. resolved to propose at the forthcoming General Shareholders' Meeting that all 2012 profit go to retained earnings. Should this resolution be approved, ENDESA, S.A. will not pay a dividend against 2012 profit.



2012 General Shareholders' Meeting





*Commitment
to protecting
the environment*



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

The 2008-2012 Sustainability Plan, based on a commitment to respecting and protecting the environment, was completed this year. In 2012, ENDESA continued to uphold its environmental commitment by conducting its activities in an environmentally-friendly manner, making progress with the roll-out and certification of environmental management systems, maintaining existing certifications and devoting resources to biodiversity protection and to responsible waste management.

Cumulative environmental investment of Euro **1,325 million**

46% reduction in CO₂ at ENDESA's head offices since 2004

99.71% of ENDESA's energy output in Latin America is ISO 1400-certified

99.97% of ENDESA's energy output in Spain and Portugal is ISO certified

Highlights of the 2008-2012 Sustainability Plan

2008 The 2008-2012 Environment Plan begins	2009 The Biodiversity Committee in Latin America is created	2010 99.5% of energy produced by ENDESA is ISO 14001 certified	2011 ENDESA's Madrid headquarters has an Integrated Environmental, Energy Efficiency and Indoor Air Quality Management System, which will be extended to the remaining head offices	2012 ENDESA continues to implement the Enel Group's Global Environmental Risk Analysis Project
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Priority issues - 2012 materiality study	ENDESA's response in the report
Transparency in the management of the environmental impact of large projects	Chapter on Protecting the Environment 5.3. Integrated Environmental Permits and Environmental Impact Studies 5.4. Management of environmental incidents
ENDESA's position in biodiversity conservation and recovery of ecosystems	Chapter on Protecting the Environment 8. Biodiversity conservation
Water-related risk management	Chapter on Protecting the Environment 3. Integrated water management
Transparency in environmental policy and commitments (commitments, systems, procedures, scope, etc)	Chapter on Protecting the Environment 1. ENDESA's response to environmental challenges
Environmental management system (certification)	Chapter on Protecting the Environment 5.1. Certification of environmental management systems

Challenges in 2012	Actions taken
Conclusion of the classification process for ENDESA's facilities in order to set water consumption reduction targets.	Classification of all plants in Spain and Portugal. Classification of the seven planned hydroelectric plants with reservoirs in Latin America. Roll-out of water consumption optimisation plans at Latin American distribution companies.
Development of the Water Footprint assessment tool.	At study phase.
Inclusion of the Environmental Risk Evaluation System and the Biodiversity Conservation Programme in the Environmental Management Systems of the facilities.	Implementation of environmental risk assessment procedures to improve, unify and standardise the requirements and quality in environmental risk assessment and biodiversity conservation.
Establishment of the timeline of actions to eliminate environmental liabilities.	Design of a programme of critical risk management and the elimination of environmental liabilities. All facilities have been classified and assessed according to plan.
Plans to implement continuous emissions measuring devices at the Latin America facilities.	On schedule. Bocamina 1 and 2 facilities were installed, validated and brought on-stream in 2012

Key figures 2008-2012 Sustainability Plan

	2009	2010	2011	2012
Cumulative investment in environmental assets (Euro million)	1,214	1,227	1,270	1,325
Percentage reduction in ENDESA's emissions since 2008.	-22.4 SO ₂ -11 NOx -20 particles	-36.3 SO ₂ -26.4 NOx -11.7 particles	-13.9 SO ₂ -12.8 NOx -18.7 particles	-16 SO ₂ -15.6 NOx -32.7 particles

In 2013 we propose

Latin America:
Organisation of environmental management on the basis of new criteria defined by One Company

Spain and Portugal
Verification of carbon footprint based on Aenor ISO 14064-1 standard
Preliminary results of ENDESA's environmental footprint assessment.
Preliminary assessment of the impact of the climate on ENDESA's business activities.
Implementation of carbon dioxide monitoring at plants included in Law 1/2005 for the business period 2013-2020.
MAPEC assessment for 100% of ENDESA's installations.

1. ENDESA's response to environmental challenges

Sustainable development is one of the main pillars of ENDESA's strategy, and environmental protection is one of the Company's most important commitments. This commitment clearly distinguishes ENDESA from other companies. It is a positive difference which shapes its behaviour and is an inherent part of its corporate values.

Through this commitment, ENDESA aims to minimise the environmental impact of its activities where it operates. It encompasses initiatives primarily related to combating climate change, following proper waste management practices and reducing and controlling atmospheric emissions, spillages and soil pollution and other potentially harmful impacts.

At ENDESA, environmental management aims to minimise the consumption of natural resources and to conserve biodiversity in the areas where the Company operates.

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

1.1. ENDESA's 2008-2012 Environment Plan

ENDESA's commitment to respecting and preserving the environment has a direct impact on the decisions taken by senior management. Consequently, the environment is one of the key strategic lines of ENDESA's 2008-2012 Sustainability Plan, which significantly underscores the Company's traditional commitment to protecting the natural environment, taking a determined stance in the fight against climate change and seeking excellence in the management of the other environmental issues mentioned above.

“Completion of the 2008-2012 Environment Plan”.

The Environment Plan is based on three main principles: combating climate change, which one of the key goals established in the 2008-2012 Sustainability Plan due to its overarching importance 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 managing biodiversity conservation.

The three key aspects of the action plans are:

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

- Actively participating in the development of renewable energies.
- Taking the lead in the development of new technologies to curb CO₂ emissions
- Developing energy efficiency and cogeneration opportunities.
- Leading the development of a sustainable transport model based on electric vehicles.
- Developing a portfolio of Clean Development Mechanisms (CDM).

B. Striving for excellence in environmental management:

B1. Integrated water management

- Promoting efficient water use and protecting water quality in all processes.
- Treating wastewater and ensuring effective control of spillages at all facilities, including minimising waste and spills.
- Managing river flows with specific programmes to ensure minimum volumes.
- Practicing integrated management of reservoirs, by measuring the quality of the water in them and applying corrective measures where necessary to improve physical and ecological conditions and reservoir use

B2. Management of environmental risks and liabilities

- Classifying all facilities based on the environmental risks and liabilities to which they are exposed.
- Evaluating risk by implementing the Enel Group's Mapec (Mapping of Environmental Compliance) methodology.
- In 2012, environmental risk assessments were performed for the following Latin American companies: AmplaCodensa, Chilectra, Edelnor and Coelce.
- Managing risks by implementing measures to mitigate risks classified as critical and eliminating specific environmental contingencies.

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
- Developing a methodology for evaluating new projects based on sustainability criteria
- Moving towards the implementation of an Environmental Audit
- Extending the benchmark environmental management programme to contractors and suppliers
- Managing penalty proceedings in each company
- Improving environmental reporting
- Continuing with ISO 14001 and European Eco-management and Audit Scheme (EMAS) certification programmes in Europe and raising the quality of environmental management

B4. Managing emissions regulations

- Adhering to new regulations and assessing the impact on the business
- Controlling and measuring emissions
- Adhering to emissions reduction plans and programmes in the various businesses

C. Management of biodiversity conservation

- Incorporating biodiversity conservation criteria into the operational procedures of facilities, as a decisive factor in operating and managing our assets, implementing action plans that avoid risks in this area
- Creating a corporate culture based on conserving biodiversity
- Developing a Biodiversity Conservation Strategic Programme to be applied at all ENDESA facilities and companies
- Unlocking the value of preserving the Company's natural heritage

Successful completion of the Environment Plan for Latin America

Throughout 2012, ENDESA rolled out all the programmes contained in its 2009-2012 Environment Plan for Latin America deriving from the 2008-2012 Sustainability Plan, especially those programmes considered to be critical: management of water, of environmental risks, of impact of new emissions regulations and biodiversity.

2. Significant investments

ENDESA has invested heavily to achieve excellence in environmental management. In 2012, ENDESA invested Euro 70 million in environmental activities, 70.7% more than in 2011, bring the cumulative total accumulated to Euro 1,325 million at the year-end.

“ENDESA’s cumulative investment in environmental assets stands at Euro 1,325 million”.

Environmental expenditure totalled Euro 142 million in 2012 (Euro 138 million in 2011), of which Euro 49 million went to the depreciation and amortisation of the aforementioned investments (Euro 61 million in 2011).

Cumulative investment in environmental assets (Euro million)

2010	2011	2012
1,227	1,270	1,325

Environmental expenditure (Euro million)

2010	2011	2012
38	138	142

3. Integrated water management

The United Nations General Assembly, through Resolution A/RES/58/217, proclaimed 2005-2015 the International Decade for Action, “Water for Life”.

ENDESA has identified water as a critical resource that will be affected by climate change. According to OECD forecasts, by 2050, more than 40% of the world's population will live in areas of high water stress unless new policies are implemented.

Companies will play an important role in the development and implementation of solutions for these water problems. This is why in 2012, for the third consecutive year, ENDESA, as one of Spain's leading power companies, subscribed to the CDP Water Disclosure initiative, which provides critical water-related data from the world's largest corporations to inform the global marketplace on investment risk and commercial opportunities and to guide investors towards sustainable water use.

**“For the third consecutive year,
ENDESA adhered to the CDP Water
Disclosure initiative.”**

As part of this initiative the CDP publishes an annual report. This year, the CDP Global Water Report 2012 analyses the responses of 191 participating companies about the main risks and opportunities identified in relation to the availability of water and the management trends in relation to these risks. The report highlights one of the ideas contained in ENDESA's philosophy, i.e. collective water management.

As water is a common resource, water management has become a delicate social, cultural and environmental issue, particularly in times of shortage. For this reason, solutions to improve the supply, treatment and quality of water require collective action.

ENDESA expects to have a competitive advantage when aligning its corporate water strategy with public policies and initiatives put forward by the many parties involved.

Through flexible and on-going contact with the parties involved, new problems and expectations emerging will be understood, headed off and responded to. Open dialogue could be useful for preventing and reducing the risk of future water-related conflicts.

This is another example of how ENDESA's sustainability initiatives are aligned, striking a balance between the Company's economic, social and environmental responsibilities, on the basis of criteria of sustainability.

ENDESA's hydroelectric output in the countries where it is present is as follows:

- Spain and Portugal: 21% of total capacity, 8% of net output.
- Argentina: 29% of total capacity, 17% of net output.
- Brazil: 67% of total capacity, 67% of net output.
- Chile: 58% of total capacity, 59% of net output.
- Colombia: 85% of total capacity, 91% of net output.
- Peru: 41% of total capacity, 48% of net output.

In addition, the Company clearly perceives water use in the remaining production processes (thermal, nuclear plants, etc.) as a fundamental component of its business.

In the area of water management, the Group made an inventory of all its wastewater treatment facilities, reservoirs equipped with environmental control parameters and stretches of regulated rivers with environmental flow problems. Water resources at combustion facilities were also classified to set water consumption reduction targets.

3.1. Water consumption

Integrated water management is one of the cornerstones of ENDESA's 2008-2012 Environment Plan. The main programmes implemented by the Company focus on efficient consumption, water quality by controlling spillages and wastewater, and reservoir management to prevent the drying up of sections of rivers.

In 2012, various reservoirs in the Ebro and Duero rivers basins (Ribarroja, Prada, Bárcena Las Rozas, Matalavilla,

Total water withdrawal by source (hm³)

	Spain and Portugal	Latin America	Other countries	Total ENDESA
Freshwater withdrawal	54.83	13.87	0.01	68.72
surface water	52.32	1.96	0	54.28
wells	1.954	9	0	10.95
INDUSTRIAL USE				
municipal network	0.56	2.91	0.02	3.49
Seawater withdrawal	0.003	0	0.19	2.69
Seawater withdrawal (desalinated)	2.814	0.26	0	3.08
Wastewater withdrawal (internal use)	0.006		0	0.006
COOLING USE				
Seawater (open cycle)	4,621.97	520.24	0	5,142.21
Surface water (open cycle)	1,360.44	1,405.66	0	2,766.10
Water (closed cycle)	470.98	10.39	4.63	486
volume of water processed	254.99	10.06	02.688	267.74
drainage from cooling towers	215.98	0.33	01.94	218.25
ENGINEERING USE				
	0.42	0.21	0	0.53
TOTAL	6,511.46	1,950.42	7.35	8,469.21

Campañana, etc.) were monitored at least on a seasonal basis in order to assess their environmental status and the factors conditioning this status. For stretches of river regulated by reservoirs and run-off water, calculations were made to ascertain the minimum maintenance flow in stretches nears the head of rivers starting in the Pyrenees, and the necessary work carried out to ensure these flows were maintained in order to prevent stretches of river drying up by accident for reasons attributable to ENDESA.

Therefore, 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 classified the trophic conditions in reservoirs serving its hydroelectric facilities in the Ebro basin and the inland basins of Catalonia.

It has also improved wastewater treatment at its hydro plants, replacing authorised effluent systems with confined and controlled removal processes. The Group has therefore pursued its policy of effluent confinement, phase separation and selective management of final waste, working towards a zero discharge target on public land used for hydroelectricity.

In October 2012, the Sant Llorenç de Montgai reservoir (11 hm³) in the Segre River basin (Catalonia, north-east Spain) was partly drained to repair and upgrade the spillway gates and carry out improvements to the foot of the dam. This reservoir is located in the Aiguabarreig Segre-Noguera Pallaresa national park and features in Red Natura 2000 (ES5130014) as a Special Protection Area (SPA) for birds and a Site of Community Importance (SCI) because of the singularity of the species of birds and natural habitats it is home to.

This entire area is included in the Catalanian Plan for Areas of Natural Interest (PEIN). The reservoir itself has been declared a partial Natural Reserve for Wild Fauna. This is because the water level in the reservoir does not vary significantly over the course of the year, favouring the development of a wide range of water-related natural communities.

Once the Environmental Impact Statement for the project had been obtained, preliminary studies were made and followed up to identify the environmental components that could potentially be affected by it, specifically river flora, birdlife, fish, aquatic invertebrates (molluscs) and mammals.

A study was also made of the impact of the transportation of sediment from the reservoir 80 kilometres downriver. Very little impact was observed and this was reversible without any need for corrective measures. Some of these studies have provided information on the distribution of species, such as the swan mussel (*Anodonta cygnea*), and warned of the presence of invasive fish species (*Rutilus rutilus*, *Alburnus alburnus*, *Sander lucioperca*, *Micropterus salmoides* and *Blicca bjoerkna*).

Process water consumption (hm³)

	2010	2011	2012
Spain and Portugal	32.84	57.19	56.93
Thermal power unit	28.67	53.38	53.55
Nuclear power	1.25	1.7	1.21
Mining	2.92	0	2.18
Latin America	12.37	11.42	14.13
Thermal power unit	12.37	11.42	14.13
Other countries	0.47	0.34	2.7
Thermal power unit	0.47	0.34	2.7
Total ENDESA	45.67	68.95	73.76

Last year, the Company's use of fresh, sea and wastewater at its plants was sustainable and efficient at all times. Water withdrawal for industrial use did not vary significantly in 2012.

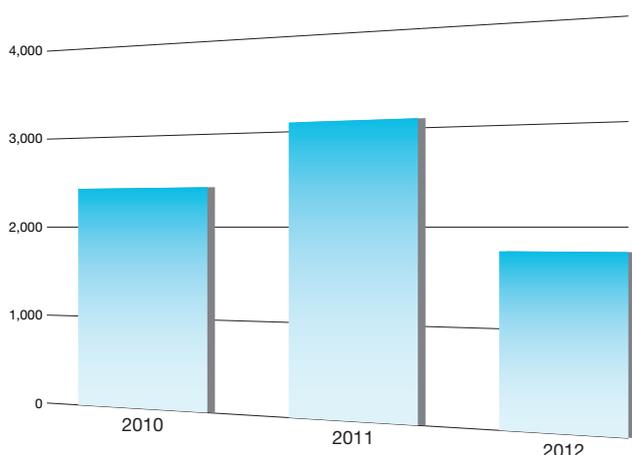
3.1.1 Latin America

In Latin America, the volume of water used for plant cooling has the greatest impact on the environment. Plants with open-cycle cooling systems influence these values most as they take water from the rivers (1,405.66 hm³) or the sea (520.24 hm³).

The plants that use water from the rivers are located in Argentina (Costanera and Dock Sud) and Colombia (Termozipa). Costanera is the largest plant and uses the enormous resources provided by the Río de la Plata. Plants using water from the sea are located in Colombia (Cartagena) and Chile (Bocamina, Tarapacá and Atacama).

As part of the initiative to reduce environmental risks, a total of 33 facilities have been examined in Latin America, of which 22 entailed review of the previous year's examinations, while the remaining 11 plants entailed a first assessment.

Cold water consumption at Latin American thermal plants (hm³)



Brazil

Water consumption totalled 2,001.5 m³ in 2012, a 42.2% increase on 2011 due mainly to the higher utilisation of the Fortaleza thermal plant, which is used only during periods of low rainfall. The use of this plant must be approved by the National System Operator, the body responsible for coordinating and controlling electricity generation and transmission in the National Interconnected Electricity System. Water consumption at this plant jumped by 48.8% in the year.

The thermal plant has been a member of the Hydroelectric Basin Committee of the Fortaleza metropolitan area since 2001, enabling it to play a more proactive role in the management of water resources in the State of Ceará. The hydroelectric generation company, Endesa Cachoeira, is a member of the Basin Committees of the Paranaíba and Meia Ponte rivers.

Chile

The Atacama thermal plant has been authorised to start operating the network extensions made at the drinking water treatment plant and the wastewater treatment plant.

Colombia

In Colombia, discussions continued with the regional environmental authorities to find solutions to environmental problems:

- Meetings with the Cundinamarca Regional Autonomous Corporation to review the degree of compliance with the terms of the agreements relating to the Muña reservoir:

the wastewater treatment plant for the town of Sibaté and modification of the water concession for the Bogotá river.

- Meetings with the Alto Magdalena Regional Autonomous Community (CAM) to address various issues relating to the Betania reservoir such as sedimentation, water quality and regional and environmental legislation.
- Meetings with the Guavio Regional Autonomous Community (Corpoguavio) to address the problems caused by the Guavio reservoir in relation to the deterioration of the river basin and changes in water quality. An agreement has been signed with this body to restore and reforest La Moncabita ravine.

Moreover, new wastewater treatment systems have been built for the plants on the Bogotá river, a system to harness rainwater has been set up for the Guavio plant offices located in the town of Ubalá and the first phase of the project to separate rainwater and wastewater networks at the Cartagena plant has been implemented.

3.2. Water discharges

ENDESA has a series of procedures in place to help control and reduce discharges into water systems and improve water quality, mainly through wastewater treatment facilities.

In 2012, the Company's discharges at plants increased by 39% overall, and by 34% at its thermal plants.

ENDESA industrial discharges (hm³)

	2010	2011	2012
Spain and Portugal			
Thermal power plants	22.6	24.4	32.93
Nuclear	1.08	1.6	1.74
Latin America			
Thermal power plants	4.3	5.5	5.41
Other countries			
Thermal power plants	0.02	0.16	1.95

In Latin America, a report was drawn up in 2011 analysing compliance with the water quality regulations for the seven reservoirs operated by the Company in 2011: El Chocón and Arroyito (Argentina), Cachoeira Dourada (Brazil), Ralco and Rapel (Chile), Betania and Guavio (Colombia).

In addition, in 2012, the water demand in 2011 for 15 generation facilities in Latin America was assessed (eight thermal power stations, six hydroelectric plants and one wind farm).

Chilectra's substations are equipped with collection systems to prevent contamination from oil spills at its power transformers. Up until 2012, 35 ditches have been dug at each substation. Today, 93 transformers of a total of 182 have a collection tank for potential spills.

4. Managing environmental risks and liabilities

The balance between assumable risks and investment costs to eliminate these risks lies at the heart of ENDESA's approach to managing environmental risks and liabilities.

Therefore, ENDESA continues to implement the Enel Group's global MAPEC (Mapping of Environmental Compliance) project. Enel has developed specific methodology to assess compliance with environmental regulations and the environmental performance of the Group's facilities by drawing up a map to reflect the most significant potential environmental risks, and to identify possible risks of non-compliance with legal requirements and improvement opportunities, in line with the strategies developed by its senior management. The project is expected to be implemented in various stages and be completed at year-end 2013, when it will be extended to all the Group's production and transmission/distribution facilities (excluding nuclear facilities). Broadly speaking, these studies have identified low environmental risk at the Group's mainland facilities in Spain and Portugal and moderate risk at its facilities in Latin America.

Facilities requiring improvement have formulated their improvement plans, and their effectiveness will be gauged by studying the risk over the coming years.

In 2012, 39 facilities were assessed in Spain and Portugal. Of these, 21 were reassessments of the studies made the previous year and 18 were first-time assessments.

In Latin America, ENDESA carried out its own environmental assessments on 57 facilities (all its generation facilities in the region with the exception of the Atacama, Bocamina II, Dock Sud CC and Dock Sud TG thermal plants). Nine of these were first-time assessments (hydroelectric plants on the Laja and Maule rivers belonging to Endesa Chile) and 48 were reviews of the assessments carried out in 2010 and 2011. Moreover, during the same period, draft updated action plans were drawn up for all categories identified as requiring improvements and a control and graphic analysis tool was developed to show the results of the assessments, with 2012 data included.

Training in risk self-assessment and environmental reporting

On 8 - 10 May 2012, a training course was held in Santiago del Chile on Environmental Risk Self-Assessment and Environmental Reporting, according to Enel methodology. The course was attended by 25 Company representatives from Argentina, Brazil, Chile, Colombia and Peru.

The training was given by staff from ENDESA's Environment and Sustainable Development division and Endesa Chile's Generation and Environment Latam division.

The course explained the conceptual basis of Enel's self-assessment project for environmental risk and specific examples were shown of how this assessment is performed, ensuring that standard criteria are applied for self-assessments by the professionals responsible at all generations facilities in Latin America.

Other general issues were also addressed and practical training given to correctly perform the environmental reporting tasks established by Enel, and an analysis to assess the environmental data produced by the generation facilities over the last three years was carried out.



4.1. Eliminating environmental liabilities

Environmental liabilities may be classified as high, average or low, depending on their potential environmental impact, risk for people, and their scope and surface area.

Spain and Portugal

ENDESA has completed the environmental restoration of the As Pontes site after filling the lake built on the hole left by the mine. The project is the largest ever restoration of a mine and its environs undertaken in Spain, and the lake and spoil heap are now also the most biodiverse area in Galicia.

In June and July 2012, land polluted by hydrocarbons was recovered at the site of the former thermal plant at Malaga, located in the urban area of the city, making it available for

any future use. For this task, ENDESA engaged the services of a waste management company authorised to carry out land de-contamination work by the Andalusia Regional Environmental office. The work was carried out pursuant to the specific Action Plan approved by the Environmental Office in Malaga, and on completion an inspection and verification report was issued by an independent, expert third party on the quality of the remaining land.

In the second half of the year, demolition and decommissioning work began on the former Sant Adrià de Besós and Badalona thermal plants. The objective is to restore the site that housed the thermal generation plant for more than 100 years for other uses. At the bequest of the local authorities, three chimneys and the turbine warehouse of the Sant Adrià de Besós plant will be kept as a memento.

The Company's commitment to protecting the environment means that it feels obliged to eliminate environmental liabilities. Therefore, the environmental liabilities of each facility have been identified and are being addressed within the framework of their environmental management programmes. Liabilities may be eliminated, disposed of or reused.

Latin America

In 2012, all Latin American generation companies reclassified their environmental liabilities in accordance with the following criteria: Environmental liabilities include all equipment, components, materials, constructions or temporary works associated with ENDESA Group electricity generation projects that are in disuse and which are not expected to be reused or recycled.

In 2012, seven environmental liabilities were dealt with in Latin America; three in Chile and four in Colombia, as follows:

Rapel hydro plant (Chile):

- Removal of the remains of constructions in disuse.
- Removal of stone material in disuse.
- Decommissioning of former facilities containing asbestos.

Guavio hydro plant (Colombia):

- Demolition of constructions in disuse.
- Reuse of concrete troughs to channel rain water on roads near the plant.

Paraíso hydro plant (Colombia):

- Disposal of cement posts in disuse.
- Disposal of electrical equipment in disuse.

In Chile, environmental liabilities at the San Bernardo, La Reina, Malloco, Chacabuco, Quilicura, Apoquindo and Santa Rosa Sur substations were eliminated to make these facilities more environmentally-friendly.

In Colombia, ENDESA arranged for the disposal of electrical equipment in disuse stored at the sites of generation plants. Emgesa adhered to the Postconsumption Programme run by the Asociación Nacional de Empresarios de Colombia (ANDI) to dispose of discarded tyres from the collection structures of the hydroelectric plants located on the Bogotá River.

Meanwhile, Codensa identified 43 tonnes of PCB in 2012, of which 59.9 tonnes were exported to Finland for disposal, thereby complying with national and international environmental legislation relating to this type of waste. Also, through the initiative to replace equipment in use that is highly likely to contain PCB, 171 pieces of equipment were removed, 57 of which turned out to be contaminated.

4.2. Environmental inspections in Latin America

As part of the management of environmental risks and liabilities, environmental inspections were carried out in 45 facilities out of 59 in 2012, representing 76% of the total. Inspections were performed at 30 hydroelectric plants and 15 thermal plants.

The objective of these inspections is to monitor compliance with environmental regulations and with the voluntary commitments assumed by the facilities, to detect as early as possible any deficient environmental conditions such as the incorrect disposal or classification of waste, stored supplies that have not been properly separated or environmental liabilities that have not been dealt with, thereby promoting the best environmental practices among generation plants.

“Environmental inspections were carried out on 76% of facilities in Latin America in 2012”.

5. Advanced environmental management

ENDESA made progress with its environmental management in 2012, in terms of certification, integrated environmental permits and environmental impact studies. In addition,

measures were implemented to improve the process of collecting the information submitted by the different areas and the quality of this information.

5.1. Certification of environmental management systems

In 2012, ENDESA continued to work towards implementing and obtaining ISO 14001 and EMAS certification for its environmental management and audit systems at the facilities in the main areas and countries in which it operates.

5.1.1. Spain and Portugal

In 2012, ISO 14001 certifications for environmental management systems were maintained in all ENDESA's facilities in Spain and Portugal.

“99.59 % of the energy produced by ENDESA in 2012 was ISO 14001 certified”.

Generation

At year end, 93.5% of the ISO 14001 certified thermal capacity in Spain and Portugal was owned by ENDESA. In addition, all of its hydro and nuclear plants and ports, as well as its mining operations, were certified.

With regard to the Eco-Management and Audit Scheme (EMAS), in 2012 the Llanos Blancos diesel plant (El Hierro) was registered and the system was implemented at the San Adrián de Besós combined cycle thermal plant.

Output at ENDESA's accredited facilities (%)

	2010	2011	2012
Spain and Portugal	98.9	99.88	97.97
Latin America	100	100	99.53
Other countries	100	100	100
TOTAL	99.5	99.94	99.59

ENDESA's accredited capacity (%)

	2010	2011	2012
Spain and Portugal	92.6	94.9	93.5
Latin America	100	100	97.8
Other countries	100	100	100
TOTAL	95.9	97.12	99.71

Mining

All of the mining operations managed by ENDESA in Spain and Portugal are ISO 14001 certified.

Distribution

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

“100% of ENDESA's distribution and mining facilities are certified”.

ENDESA's head offices

In 2011, the corporate headquarters in Madrid installed an Integrated Environmental, Energy Efficiency and Indoor Air Quality Management System, becoming the first building in Spain with these characteristics to be awarded triple certification, ISO 14001, UNE 16001 and UNE 171330-3.

In 2012, work started on the installation of this system in all office buildings in all countries where the Company operates. The internal audits of the first group of buildings to obtain certification for their head offices were successfully completed in November and December. In the first quarter

Consumption at ENDESA's head offices

	2011		2012		Savings: 2012 vs. 2011	
	Employees	2,636	Employees	2,667		
Consumption	Total consumption	Consumption / employee	Total consumption	Consumption / employee	Total consumption	Consumption / employee
Paper (kg)	45,450	17	58,078	22	-28	-26
Clean water (m ³)	30,237	11	38,979	15	-29	-27
Natural gas (m ³)	245,322	93	494,667	185	-102	-99
Electricity (kWh)	12,731,294	4,830	13,750,558	5,156	-8	-7
Reduction in CO ₂ (t)		303		-810.63		

of 2013, an extraordinary audit will be carried out to renew the Integrated Environmental, Energy Efficiency and Indoor Air Quality Management System to allow buildings obtaining certification in the first phase of the programme to be included.

From 2011 to 2012, all consumption indicators at ENDESA's head offices increased (both the total figure and figure per employee). This was due mainly to the exceptional weather conditions in the year, which implied that more hours of air conditioning (water and electricity consumption) and heating (natural gas) were needed, in addition to two water leaks and increased frequency of toilet flushing following complaints of bad smells by office workers. The increase in paper consumption was due to a change in the way this figure was calculated (paper used for reprographic services was included for the first time in 2012, in addition to paper used by plant employees). However, savings compared to 2004 (the year the building started operating) remain significant, with all consumption indicators declining sharply.

5.1.2. Latin America

Of the Company's 59 electricity generation facilities in Latin America, 58 (98%) successfully maintained their EMS certification based on ISO 14001 in 2012. The exception was the Bocamina II thermal plant located in Chile, as it came onstream in October 2012 and is currently in the process of obtaining EMS certification. Therefore, at 31 December, 97.8% of the Company's installed capacity in Latin America is certified under this standard.

“97.8% of installed capacity in Latin America is ISO 14001 certified”.

An exhaustive review of the plants' various EMS certifications was completed with a view to establishing and obtaining certification for a single EMS.

A new management model is also being designed for large projects in Latin America covering all aspects of social and environmental management from the early stages of the project.

5.1.3. Other countries (Ireland and Morocco)

In 2012, the Tahaddart combined cycle plant in Tangiers (32% owned by ENDESA through Energie Electrique de Tahaddart) successfully completed its first audit to renew EMS certification (ISO 14001) obtained in 2009.

Tahaddart was the first energy producing plant in Africa to obtain international certification. In its first three years of operations, a series of improvement initiatives have been carried out at the plant as part of the Environmental Management Programme. These include the construction of a storage area for waste products and contracting of authorised companies to manage these products, reducing the consumption of water and chemical products and training and awareness-raising among the plant's employees about EMS.

5.2. Reporting

In 2012, in line with its policy of continuous improvement in processes, work continued to improve the process to collect the information submitted by the different areas and the quality of this information, using the existing corporate systems at the facilities. In addition, ENDESA has a corporate database designed by Enel that has been introduced across the group, accessible via the intranet.

In Latin America, using of the environmental reporting tool, the Monthly Environmental Information System (SIAM for its initials in Spanish), was extended. This tool was developed to verify the quality of the data at ENDESA's generation facilities on a monthly basis. The system, accessible via the intranet, offers greater control and includes a system of alerts to optimise data quality.

5.3. Integrated Environmental Permits and Impact Studies

5.3.1. Spain

In 2012, ENDESA obtained two Environmental Impact Statements (EIS) for the Foix combined cycle thermal plant (Barcelona) and the partial draining of the Sant Llorenç de Montgaig reservoir (Lleida). It also obtained seven Integrated Environmental Permits for the Barranco de Tirajana combined cycle plant (Las Palmas), the Las Salinas diesel plant (Las Palmas), the Punta Grande diesel plant (Lanzarote), the Foix combined cycle thermal plant (Barcelona), the Tordera TGD plant (Barcelona), the Vera TDG plant (Almería) and the As Pontes thermal plant (La Coruña). Four of these permits are new, one is a renewal and two are for new plans to increase installed capacity. In addition, procedures are currently in place to renew the permits for the As Pontes combined cycle thermal plant and the Teruel thermal plant, as these are eligible for renewal. IEPs are issued by the Spanish regional governments and replace previous environmental requirements, grouping together all mandatory environmental permits.

“In 2012, ENDESA obtained two Environmental Impact Statements and seven Integrated Environmental Permits in Spain”.

In 2012, five Environmental Impact Studies (EISs) were conducted: DG 16 at Los Guinchos DP (La Palma), HVL at Ledesma (Salamanca), HVL at Los Barrios (Cádiz), OXYCFB300 Ceoducto and OXYCFB300 Generation and capture.

Additionally, eight reports on non-substantial amendments to environmental permits for various power plants were prepared due to projects to modify these facilities. Seven of these reports have been submitted to the corresponding regional authorities and the arguments set forward in five of them have been fully accepted.

Also, various studies were carried out in areas complementary to the environmental impact studies, such as environmental permits, studies for potential new generation sites, new discharge systems, atmospheric models, expansion and reforestation of spoil heaps, environmental vigilance programmes, etc.

In 2012, work started to assess the condition of the land for the demolition work at the San Adrián de Besós and Badalona thermal plants.

Integrated Environmental Permits and Environmental Impact Studies

	Spain	Latin America
New Environmental Impact Statements (EISs)	2	3
Integrated Environmental Permits (EIPs)	7	-
Initial or environmental documentation	7	13
Environmental Impact Studies (EISs)	5	1
Environmental management plan	-	-
Requests for non-substantive amendments	8	-
Non-substantive amendments accepted	5	-
Waste site authorisations (expansion of waste site)	2	-
Land classification	1	-
GHG requests/authorisations	1	-

5.3.2. Latin America

In Chile, three Environmental Impact Statements were obtained in 2012 within the framework of the Environmental Impact Evaluation System, corresponding to the following

projects: Repowering of the 110 kV Tap Lo Boza line, 220/110 kV Chena substation, Installation of transformers No. 2 and the new 220 kV Tap Chicureo line. Additionally, environmental legislation was obtained for the project to modify the Quebrada de Macul stretch of the 110 kV Florida-Ochagavía line.

Endesa Chile also obtained environmental approval for the following projects: Los Cóndores hydro plant-Ancoa substation electricity transmission Line, Renaico wind farm and Renaico wind farm substation-Bureo substation electricity transmission line. The Punta Alcalde thermal plant was also approved by the Council of Ministers after being rejected at regional level. Further, the Supreme Court ruled that an Environmental Impact Study must be carried out for the project to optimise the second unit of the Bocamina thermal plant.

At 31 December 2012, environmental proceedings were still in place for the Neltume hydroelectric plant and Neltume substation-Pullinque high voltage line projects.

In Chile, 13 of Endesa Chile’s 29 plants currently in operation hold Environmental Permits, giving the project a favourable environmental review in accordance with prevailing legislation. Assessments have been carried out at a further two to obtain World Bank funding.

The environmental permit for the Quimbo hydroelectric plant in Colombia outlines environmental compensation. This 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, solid waste management, sources of emissions or noise, plant cover and terrestrial habitats, local wildlife and the possible recovery of fish species.

In Peru, in August 2012 the Environmental Management Plan was approved for the new 220KV/60KV Zapallal transmission substation, which will interconnect with the existing Puente Piedra substation at 60kV, to address the increase in demand in Edelnor’s concession area, specifically in the areas of Carabaylo, Puente Piedra, Chancay and Huaral.

5.4. Management of environmental incidents

Despite ENDESA’s willingness to go beyond the legal requirements for safeguarding the environment, some incidents did arise in 2012.

5.4.1. Spain

As part of its pursuit of excellence in environmental management, ENDESA carries out actions to prevent environmental risks.

As part of the 2nd Collaboration Conference with the Department of the Environment for the Prevention and Control of Forest Fires, ENDESA's Environmental and Sustainable Development department in Andalusia and Extremadura held workshops at the Company's three departments in the region to analyse and study the prevention of forest fires in areas where power lines have been erected. In May and June 2012, a large number of company technicians attended these workshops in Granada, Malaga, Seville and Huelva as part of their training in the maintenance of HV, MV and LV power lines. Specialist technicians from the Guardia Civil nature protection service (SEPRONA), regional and provincial fire prevention and fire-fighting operational centres and official environmental representatives from each province also contributed to these sessions with presentations and knowledge-sharing activities.

In Catalonia, four training sessions were held in June to allow employees to draw up quality, environmental and security controls in the analysis of tree felling and pruning maintenance works in the areas surrounding power lines, and to correctly interpret the results of these works in accordance with prevailing state and regional legislation. These courses took place at the La Solana-Parc del Castell de Montesquiú specialised forestry training centre, which the Osona ADF belongs to.

The training sessions were given by operating technicians and environmental department managers familiar with NMZ00800 procedures (Ed. 1 January 2012) for the quality control of tree felling and pruning work on HV, MV and LV power lines, and the associated exhaustive controls required.

On 5 December, ENDESA also successfully completed a fire drill at the Llobregat substation in Barcelona. The drill, in which the Barcelona Fire Brigade took part, was part of the Company's prevention, security and environmental programmes.

This ongoing collaboration with different stakeholders, reflected in agreements such as the agreement between ENDESA and the Andalusian Department of the Environment and INFOCA, is evidenced in the execution of annual clean-up campaigns, tree felling and pruning initiatives and the delivery of digital maps of power lines which, among other objectives, aim to facilitate fire-fighting work.

Despite ENDESA's willingness to go beyond the legal requirements for safeguarding the environment and preventative measures, some incidents did occur in 2012.

Ascó Plant: On 11 May, 2009, by order of the Spanish Ministry of Industry, Tourism and Trade and a decision of the Director General of Energy Policy and Mining, four fines, for a total of Euro 15,300,000, were imposed on ENDESA Generación, as the operator responsible for the Ascó I nuclear plant, under the Nuclear Energy Act 25/1964 of 29 April, as a result of the release of radioactive particles at this plant in December 2007. An appeal against this decision was submitted to the National Court of Appeals. At the same time, the Director General of Energy Policy and Mines handed down two fines for a total of Euro 90,000 for two alleged minor violations arising from the same incidents.

Appeals against these fines were also filed with the administrative and judicial authorities. On 1 December 2009, the National Court of Appeals temporarily suspended the ruling in question and ENDESA subsequently submitted a bank guarantee equivalent to the amount of the fine (Euro 15,300,000) to the Court. A decision on the appeal against the ruling is currently pending, and since 14 September 2010 the proceedings have been in the conclusion phase, pending a final ruling. The National Court of Appeals handed down a ruling on 6 April 2011, declaring a suspension of the appealed ruling until the criminal trial has concluded (criminal procedure number 111/2011, before the Gandesa criminal court).

The fines corresponding to the two alleged minor violations, for the amounts of Euro 15,000 and Euro 75,000, have been appealed against. The first appeal was filed with the division of the Supreme Court that handles appeals against administrative decisions and was rejected by legal ruling on 3 July 2012. The second was filed with the Madrid region Court of Appeals and suspended pending the processing of preliminary proceedings by the Gandesa Court of First Instance, proceedings 111/2011.

Forest fires

Three lawsuits have been bought against ENDESA Distribución Eléctrica (EDE) as a result of forest fires in Catalonia (Gargallá 1994, Castellbisbal 1994 and Aguilar de Segarra 1998). It is likely that the lawsuits will give rise to claims for compensation, for estimated damages of over Euro 77.4 million. ENDESA is in no way responsible for these fires or for causing them. In relation to the Gargallá fire, the Court ruling handed down on 4 September 2012 partly upholds the claim and sentences EDE to pay Euro 63,707,698.73. An agreement was reached with some of the victims of the fire on 2 January 2013. In relation to the Castellbisbal fire, the ruling handed down by the Court on 14 March 2012 partly upholds

the claim filed by Mapfre. EDE, along with other companies involved, has been sentenced to pay the amount of Euro 13,211,550.97. EDE has filed an appeal against this ruling with the Supreme Court.

Endesa Distribución Eléctrica (EDE) has also filed an appeal against the first ruling handed down in relation to the Aguilar de Segarra fire, which partly upheld the claims brought against the company. The five civil procedures are pending resolution.

Canary Islands

In the Canary Islands, four preliminary investigations in relation to forest fires are ongoing. There are also two penalty proceedings pending in relation to thermal plants, one claim against the Candelaria thermal plant for the delay in initiating measures to reduced sulphur oxide emissions and the other against the Gran Tarajal substation for the storage of hazardous waste.

Andalusia

In Andalusia, there are four outstanding lawsuits relating to forest fires in the province of Huelva, specifically in Paraje Mina de la Joya.

5.4.2. Latin America

Chile

Pangue Hydroelectric Plant: In 2008, 2009 and 2011, five judicial proceedings were brought against Empresa Eléctrica Pangue, S.A. (hereinafter, "Pangue") for flood damage that the claimants allege was caused by the Pangue hydro plant, specifically, by discharges occurring in July 2006. Pangue has contested the lawsuits by maintaining that it complied with current regulations in operating the plant and acted with due diligence and precaution, and that there is no causality between the flooding and the discharges from the plant during the period in question. The five procedures are being heard by different courts. In two of them, a ruling favouring Pangue, S.A. was issued and the plaintiffs have filed appeals. One of the appeals is now pending a decision by the Concepción Court of Appeal. In the other a favourable ruling was issued by the court of second instance on 26 May 2011, as the appeal to the Supreme Court was disallowed. The other three proceedings are in the evidentiary stage and the judgment stage. The amount in question in the four proceedings that are still pending totals 17,718 million

Chilean pesos (approximately Euro 27.5 million). These lawsuits are covered by an insurance policy, so Pangue's assets are not a risk.

Pehuenche Hydroelectric Plant: On 31 January 2012, a 0.45 m³ oil leak was detected in the hydraulic circuit of unit 1 at the facility. The immediate reaction was to install a tray in the area of the leak to contain the spill. Corrective actions included cleaning the area affected by the leak, recovering 0.1 m³ of oil and conducting tests and inspections to determine the cause of the incident.

Additionally, on 21 August 2012 there was an oil spillage caused by a breakage in the pipes of the butterfly valve oil regulator system in unit 2 of the facility. 2.2 m³ of oil were spilled, of which 1.1 m³ were recovered. The remainder reached the river through the evacuation channels for the valve system, which are connected to the facility's main evacuation pipe. The immediate reaction was to remove the equipment from service, close the containment valve and remove the oil from the drain with the filtering machine. Corrective actions included cleaning the area where the incident took place.

In both cases, the plant adopted the following preventive measures: check all connections and couplings in the oil-hydraulic circuit, put down natural absorbent granules in the machinery building for application on solid surfaces, and set up a settling basin and oil separator in the evacuation channel for water from the valve system.

El Toro Hydroelectric Plant: On 12 December 2011, Endesa Chile reported that 80 litres of oil had leaked. This environmental incident occurred during the shutdown of Unit 3 of the El Toro hydroelectric plant, as a result of the rupture of the thrust-bearing heat exchanger at the unit.

The plant personnel conducted an immediate inspection and observed that the oil level was below normal. They then took the appropriate measures for this type of incident. Nevertheless, during a daytime inspection of the river, oil was detected in the water. To control the effects of the leak, oil-absorbent ropes were installed at the Polcura inlet.

Colombia

Emgesa

Contamination of the El Muña reservoir: In 2001, residents of Sibaté, in the Department of Cundinamarca, filed a lawsuit against the subsidiary Emgesa (Empresa de Energía de Bogotá S.A. ESP) and the Regional Autonomous Corporation for damages stemming from the contamination

of the El Muña reservoir as a result of the pumping of contaminated water from the Bogotá river. Emgesa rejected the claims, arguing, among other things, that the waters it receives are already contaminated. In their initial claim, the plaintiffs asked for 3,000,000 million Colombian pesos (approximately Euro 1,158 million).

Emgesa requested that approximately 80 public and private entities responsible for discharges into the Bogotá river or which, in one way or another, are responsible for the environmental management of the basin of the river, be declared parties to the lawsuit. The dossier was consequently forwarded to the Council of State, which on 5 April 2011, handed down a ruling in which it upheld the ruling of the Administrative Tribunal of Cundinamarca and deemed the legal entities named in the ruling, including the appellants, to be parties to the lawsuit.

In addition, the Council of State ordered that the case be referred to the Bogota Circuit Administrative Courts, for the latter to continue to hear it. In June 2011, the case was referred to the Fifth Administrative Court of Bogota, which, in turn, returned it to the Council of State asking that the latter rule on a pending appeal. No developments occurred in relation to this lawsuit in 2012.

Ecological damage to fish at the Betania reservoir: In February 2009, the company Piscícolas Nueva York filed three lawsuits against Emgesa SA ESP and other parties before the Huila Administrative Court asking for direct compensation for the death of fish at the Betania reservoir caused, according to the plaintiff, by poor water management in the reservoir. The amount requested in lawsuit was Euro 4,500,000. Two of the procedures are pending decision at first instance and in the third, final arguments are pending.

Brazil

Ampla

Environmental damage caused by the installation of electricity poles: Through a procedure brought in 2006 by the district attorney's office, Ampla, FEEMA and the State of Rio de Janeiro were ordered to redress environmental damages caused by the installation of electricity poles on Ilha Grande (Angra dos Reis). The amount of the sentence has not been determined, but the claims include a request for payment of one million reais in compensation for irreparable environmental damage and pain and suffering caused to the community. The procedure is currently being heard by the court of first instance, and a suspension has been ordered by the judge.

Endesa Cachoeira

Environmental damage affecting fish and questioning of the environmental permit: In 2001, the Federal Prosecutor's Office in Goiás brought a lawsuit against ENDESA Cachoeira (CDSA) alleging environmental irregularities at the plant relative to reforestation and the passage of fish during the spawning season ("piracema"). The authorities also allege that the Company lacks an operating permit issued by the Brazilian Environmental Institute (IBAMA). The claim being requested is for an undetermined amount. The judgment handed down by the court of the first instance favoured CDSA. This judgment was repealed by the court of the second instance and the Company was ordered to pay compensation for the environmental damage actually caused by the plant, as determined by the relevant expert report to be prepared. The special appeal filed by CDSA against the ruling issued by the court of the second instance is currently pending.

6. Emissions management and regulation

ENDESA closely monitors all of its emissions to verify their characteristics and the amounts released. The Company complies with legally stipulated parameters, rolling out technologies that curb emissions and applying measures to reverse any resulting impacts.

6.1 Emissions

6.1.1 Spain and Portugal

ENDESA complies with the 2008-2012 National Emission Reduction Plan for large combustion plants. Within the framework of this plan, ENDESA has carried out significant initiatives at its facilities to curb emissions, making it possible to reduce sulphur dioxide (SO₂) emissions by 16%, nitrogen oxide (NO_x) emissions by 15.6% and particles from the large plants that are operating under the first National Emissions Reduction Plan by 32.7%.

“Actions performed in 2008-2012 have enabled a 16% reduction in SO₂ emissions, a 15.6% reduction in NO_x emission and a 32.7% reduction in particles emissions”.

Given the future transposition of EU Directive 2010/75 on industrial emissions into Spanish law, new and stricter environmental restrictions will be implemented in the area of pollutant emissions, which will lead to a progressive reduction in atmospheric emissions from large combustion plants.

New diesel engines to reduce NOx emissions in the Jinámar and Las Salinas plants

ENDESA has modified the combustion system for diesel engines at its Jinámar and Las Salinas thermal plants (located in Gran Canaria and Fuerteventura, respectively) to comply with the new restrictions for nitrogen oxide emissions (NOx) specified in the Integrated Environmental Permits for both facilities that came into force in 2011.

The new specifications imply a reduction in emissions from 3,500 mg/Nm³ to 2,300 mg/Nm³. The generation units affected have two-stroke diesel engines with a unit capacity of 24 MW, considered to be the most powerful engines using this technology among ENDESA's generation assets.

Now that the necessary modifications have been made, the engines are below the new emissions specifications for NOx.

This move has led to savings of Euro 7.4 million (lower investment plus loss of capacity guarantee prevented due to longer time needed for the installation of denitrification plant for combustion gases). Savings of approximately Euro 1.6 million in operating expenses are therefore estimated.



Source: LD 2166

6.1.2. Latin America

In 2012, the Company's SO₂ emissions in Latin America decreased in absolute terms, although the relative average was unchanged vs the previous year - coal fired plants were responsible for most of these emissions.

However, NOx and particles emissions dropped significantly compared to 2011, mainly due to improvements in coal-fired plants, particularly the Costanera plant (Argentina).

In Chile, on 23 June 2011, a regulation setting emissions limits for thermal power plants (Ministry of the Environment Decree 13/2011) was published. As of that date, deadlines were established for complying with the limits and installing and certifying continuous emissions monitoring systems (CEMS).

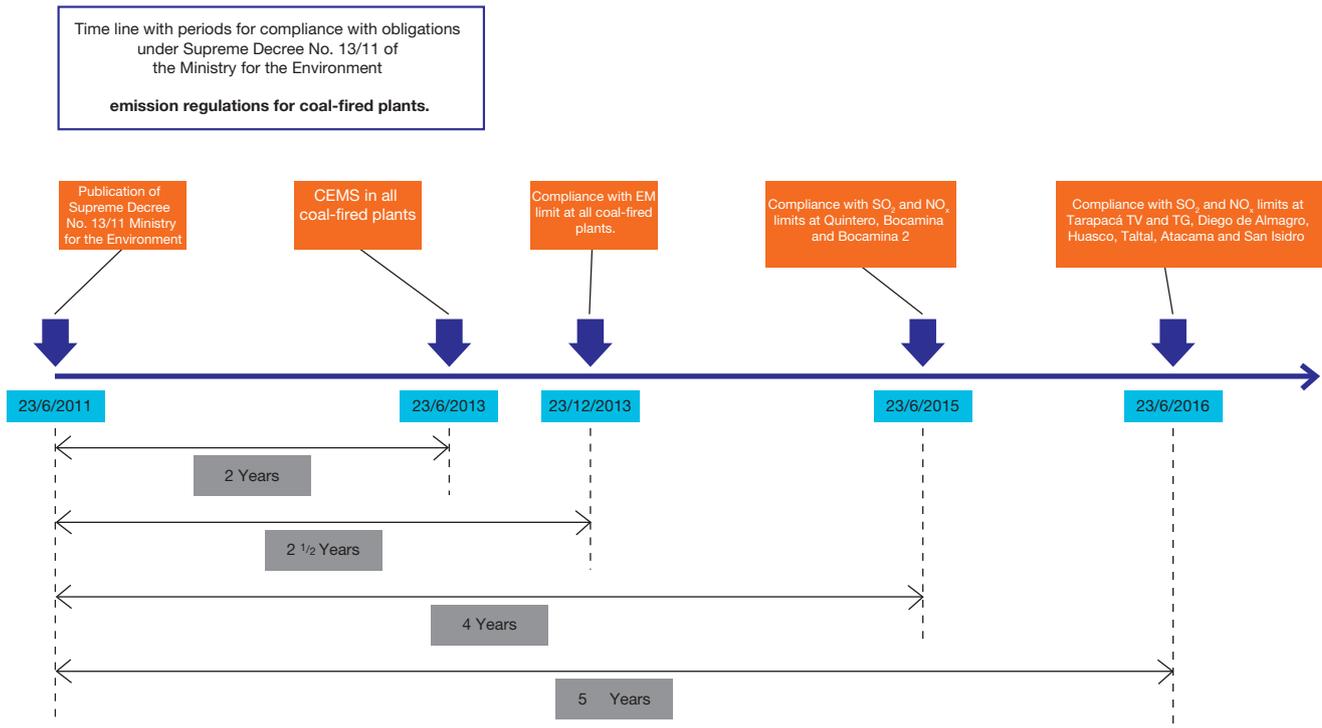
In 2012, Endesa Chile drew up an action plan to ensure compliance with emissions regulations at Endesa Generación's thermal plants in Latin America and the monitoring of environmental variables. This plan consolidates and updates the two actions plans rolled out in 2011 to ensure compliance with emissions specifications and monitoring. This action plan focuses on two types of activity: those designed to ensure compliance with prevailing and future environmental legislation governing atmospheric emissions at thermal plants, and those designed to ensure the online monitoring and publication of environmental variables relating to the ecological flow and temperature of liquid effluent.

As part of this plan, in 2012 Endesa Chile made adjustments at its plants to implement or improve emission reductions systems and install CEMS, in order to comply with the time limits set by the legislation governing thermal plants.

Additionally, in Colombia a project to monitor emissions online has been initiated to control and monitor gas and particles emissions released by thermal plants in real time.

ENDESA emissions of SO₂, NO_x and particles

Spain and Portugal	2010	2011	2012
SO ₂ (gSO ₂ /kWh)	0.69	1.07	1.02
NOx (gNOx/kWh)	1.17	1.42	1.40
Particulates (g particles/kWh)	0.03	0.04	0.04
Latin America			
SO ₂ (gSO ₂ /kWh)	0.36	0.33	0.34
NOx (gNOx/kWh)	0.42	0.40	0.34
Particulates (g particles/kWh)	0.06	0.04	0.02
Other countries			
SO ₂ (gSO ₂ /kWh)	1.57	0.52	0.26
NOx (gNOx/kWh)	0.55	0.15	0.26
Particulates (g particles/kWh)	0.28	0.04	0
Total ENDESA			
SO ₂ (gSO ₂ /kWh)	0.54	1.33	0.71
NOx (gNOx/kWh)	0.80	1.72	0.92
Particulates (g particles/kWh)	0.04	0.07	0.03



6.1.3.1 Emissions of ozone-depleting substances

In Spain and the remaining countries, emissions of ozone-depleting substances (CFCs, HCFCs, halon, methyl bromide, R22 and freon) was zero tonnes.

In Latin America, 18 tonnes were emitted: 0.27 tonnes of HCFC, 0.22 tonnes of CFC, 0.82 tonnes of R22 and 0.49 tonnes of freon. In terms of equivalencies, in Latin America, emissions were 0.46 tonnes of CFC-17 eq: 0.01 tonnes of CFC and HCFC, 0.04 tonnes of R22 and 0.39 tonnes of freon.

6.2. Waste management and reduction

ENDESA has established systems for cutting and managing waste, which are continually revised in order to identify ways to make improvements and implement them.

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 this waste 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. This waste must be removed on a regular basis. Specifically, in 2012 the Sant Llorenç de Montgai (Segre river, Lleida) was partly drained, with the controlled release of approximately 140 m³ of sediment downriver, resulting in concentrations in suspension of less than 0.15 g/l, with no significant environmental impact.

- **Low- and medium-intensity radioactive waste from ENDESA's nuclear plants** managed by Enresa and deposited in specially adapted installations located at El Cabril (Córdoba).
- **Waste generated by distribution activities** principally consisting of transformers, oil/PCB-contaminated batteries and mineral oil from 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.

A significant portion of the waste recovered by ENDESA is at its external facilities, with 17.25% of non-hazardous and 74.27% of hazardous waste recovered.

Waste at ENDESA (tonnes)

	Hazardous waste (HW)		Non-hazardous waste (NHW)*	
	2012	2012	2012	2012
	produced	recovered	produced	recovered
Spain and Portugal				
Thermal generation units	9,256.67	2,635.55	3,242,237.61	28,039.96
Hydroelectric generation units	546.04	463.57	1,100.16	359.07
Mining	67.06	12.48	822.68	822.68
Nuclear	735.91	464.91	4,179.75	1,254.79
Distribution	2,969.60	2,532.10	36,045.54	32,069.53
Port facilities	5.26	3.86	654.38	559.71
Latin America				
Thermal generation units	1,211.64	42.64	188,676.96	877.29
Hydroelectric generation units	188.24	36.77	1,735.68	184.55
Renewables	4.02	0	0	0
Distribution	20,136.20	19,891.77	156,116.96	28,714.39
Other countries				
Thermal generation units	n.a.	n.a.	n.a.	n.a.
TOTAL	35,120.63	26,083.65	3,630,915.34	92,881.96

* It includes coal combustion waste.

6.2.1. Spain and Portugal

In 2012, the amount of non-hazardous waste produced was reduced by 35.9% (excluding waste from coal-fired plants) and that of hazardous waste by 1.6%. Recovery of non-hazardous waste stood at 66.22% (excluding waste from coal-fired plants) and the recovery of hazardous waste at 45%.

6.2.2. Latin America

The amount of non-hazardous waste produced in Latin America increased by 69.54% in 2012, while hazardous waste production was up 863.92%.

Overall, the amount of waste produced was greater in 2012 than the year before. The largest contributors to the increase in non-hazardous waste were the Chilean coal-fired plants, with an increase in ash produced. At the Bocamina plant, this was due to the significant rise in output, while at Tarapacá plant, it was due to a change in the quality of the coal used (which caused more ash to be produced). In contrast, the Termozipa plant in Colombia achieved the largest reduction in ash, given that output was considerably lower than in 2011. Nonetheless, this plant recovered more than 46 kt of ash produced in previous years. The Costanera steam plant in Argentina also effectively managed sludge produced from water treatment activities at the plant.

In the area of power distribution, non-hazardous waste produced by Chilectra increased due to the more than 366 tonnes of construction materials that were fully recovered.

In Latin America in 2012, ENDESA recovered 8.59% of non-hazardous and 92.72% of hazardous waste.

Also in 2012, ENDESA removed 82.29 tonnes of asbestos from its generation plants resulting from the demolition and decommissioning of several facilities. This material was removed from four generation plants in Chile (Rapel and Sauzal hydroelectric plants, Bocamina thermal plant and Huasco TG), six facilities in Colombia (Charquito, Guavio, La Junca and La Tinta hydroelectric plants, and the Cartagena Termozipa thermal plants) and seven installations in Peru (Callahuanca, Huampaní, Huinco, Matucana and Moyopampa hydroelectric plants and the Santa Rosa and Ventanilla thermal plants).

Recovered waste is considered to be waste delivered to an authorised waste manager to undergo recovery by this company. The table above does not include waste from coal-fired production (ash, slag and gypsum). Data for this type of waste are shown in a separate table.

In 2012, 57,198.91 tonnes of used material were recovered: 30,163.87 tonnes in Spain and Portugal and 27,035.03 in Latin America.

6.3. 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.

Environmental restoration study for artificial gypsum deposits deriving from gas desulphurisation at the Teruel thermal plant

Desulphurisation of atmospheric emissions at the Teruel thermal plant includes washing the gases with a coating of calcium carbonate, which produces gypsum as a waste product (SO₄Ca) with a purity of around 95%. Now that mining activities have been concluded at the Corta Barrabasa opencast coal mine, ENDESA is carrying out work to both manage the desposit of non-hazardous waste (approximately 106 mt/year of gypsum) in waste tips and environmental restoration at the site by using the gypsum to fill the hole left by the mining activities (including work to waterproof bottoms and slopes to prevent the salinisation of soil and aquifers). The facility was classified as an authorised site for non-hazardous waste by the Aragon regional government's environmental management institute.

From a scientific and technical standpoint, the artificial gypsum spoil heap at the Corta Barrabasa site offers a natural laboratory for various experimental studies aimed at furthering knowledge of the group of natural processes that act together in the restoration of this type of anthropic ecosystems. The results of this research may be used immediately at the spoil heap itself. At the same time, the development of a specific approach for this type of environment will allow a restoration protocol to be drafted for similar ecosystems. Few research studies have been carried out to date in Spain or in any other country on gypsum systems, either natural or, as in this case, anthropic, evidencing ENDESA's clear focus on R&D and innovation as a way to improve the environment.



View of the Teruel thermal plant gypsum spoil heap and close-up of vegetation

In April 2012, Endesa Chile signed an agreement with a cement company for the sale of ash and gypsum produced by the Bocamina thermal plant. This 20-year contract will come into force on 1 January 2014.

Production and management of ash, slag and gypsum at ENDESA's coal-fired power stations (Spain and Portugal)

	2010	2011	2012
Ash (t/year)			
Produced	665,155	1,848,842	1,828,138
Recovered	497,216	861,806	540,525
Restored	0	0	0
Landfill	168,939	961,827	1,294,369
Slag (t/year)			
Produced	82,999	253,436	214,895
Recovered	36,161	94,756	67,864
Restored	0	0	4070
Reused	0	2,473	0
Landfill	46,838	156,207	142,992
Gypsum (t/year)			
Produced	463,869	1,428,295	1,180,788
Recovered	50,187	88,956	73,271
Landfill	413,681	1,333,297	1,102,556

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

	2010	2011	2012
Produced (thousand t/year)	110.9	101	103.6

7. Green mailbox

In 2012, no mails were received in the Green Mailbox, as it was placed in a location that was hard to access during the update of ENDESA's website.

In 2010, a dedicated mailbox was set up for queries relating to the Integrated Environmental, Energy Efficiency and Indoor Air Quality Management of ENDESA buildings (environmental building management, gestionmedioambiental@endesa.es), for all communications relating to the integrated system and to the maintenance of ENDESA's buildings. In 2012, two queries were received in this mailbox relating to the implementation of the integrated system in other ENDESA buildings. These queries were replied to by the General Services Department.

8. Biodiversity conservation

ENDESA's concern with biodiversity conservation is reflected in the Company's specific programme, which is included in its

2008-2012 Environment Plan, aimed at promoting efficient natural resource use, reducing the environmental impact of any work carried out and of ENDESA's facilities or its activities, helping raise awareness and correctly assigning responsibilities as to natural resource use and consumption, as well as promoting research, dissemination and the subsequent unlocking of the value of the knowledge acquired. The main scope of action is:

- Adapting the physical environment of the Company's land and facilities and encouraging biodiversity in a manner that is biologically and geographically compliant.
- Managing environmental factors at our facilities to help improve the habitat of certain species or their biotopes.
- Recognising ENDESA's natural heritage and the ecosystems this is home to, their value and state of conservation.
- Protecting native species in and around ENDESA's plants and controlling invasive species that a high ecological and business impact on ENDESA's business.

In 2012, the Company continued to roll out its 2008-2012 Biodiversity Conservation Plan, making progress in remodelling and improving habitats in the areas surrounding its installations and in the areas of influence of its businesses. The Company has significantly increased its role in research linked to biodiversity conservation. Particularly noteworthy is the work on the effects of hydropoints in river ecosystems and the effectiveness of weirs and small dams for fish. Some of these studies have been presented at congresses and edited for immediate publication.

8.1. Key actions in Spain and Portugal in 2012

The key actions carried out as part of Biodiversity Conservation Programme in 2012 were as follows:

8.1.1. Studies and research

In terms of studies, the Company continued to conduct research on the zebra mussel. In addition to permanent monitoring of the species in the lower part of the Ebro river, two control experiments were carried out on larvae and adult mussels; one focusing on the use of ultraviolet radiation and the other on ozone. Work began on a report on the habitat of the zebra mussel in the Ebro river (river environment), which will be published in 2013. Using new hydro-dynamic models

built in collaboration with the University of Granada and the Polytechnic University of Catalonia, the aim is to obtain a more precise balance between the ordinary management of reservoirs and the population trend of this species, which has been of interest to scientists for many years.

Studies on steppe lakes and their crustacean populations carried out in Spain and Mongolia have discovered more new species for science. In 2012, progress was made on the study to compare the biodiversity of entomostracan crustaceans in the Palaearctic region between lakes in Spain and lakes in Mongolia, in which ENDESA is collaborating. Since the study started in 2008, a catalogue of Mongolian steppe lakes and lagoons has been drawn up, which now includes more than 500 bodies of water studied in addition to three species of planktonic crustaceans that are new to science. The comparison with Iberian communities will enable scientists to define the reference ecological conditions for this type of water body.

In addition, work continued on the study on the effects of rapid flow changes (hydropoints) that hydroelectric plants exert on downstream stretches of river, in order to identify the real effects of hydroelectric management of rivers. The study will continue until 2013, making it possible to draw conclusions and contribute to the on-going improvement of the environment in the ordinary management of ENDESA's hydro plants. In 2012, significant conclusions were drawn on the feeding habitats, diet and migratory conduct of the species of trout living in the stretches of river affected by these hydropoints, paving the way for interesting studies on the genetic make-up of the trout that help to explain some of the identified behaviour.

In the lower stretches of the Ebro river, in the province of Tarragona, the design and application of controlled swells to allow the river ecosystem and flows to regenerate, thereby curbing the massive development of macrophytes, continued in 2012.

In 2012, ENDESA attended several international congresses where the findings and results of studies and projects carried out under its Biodiversity Conservation Programme were presented:

ENDESA also took part in research studies linked directly to biodiversity conservation, including research into the effects of hydroelectric plant hydropoints on river ecosystems as a whole, from physical aspects to the impact on resident natural communities, and studies into how to combat the spread of the zebra mussel, with new studies on physical and chemical treatments to control the population of this species.

8.1.2. Publications

ENDESA promotes dissemination and awareness-raising on biodiversity through its publications and studies.

In 2012, a new ENDESA monograph was prepared on the effectiveness of weirs and small dams for fish by analysing the role of these constructions in the conservation of fish populations in high-mountain streams using real data. This study will be published in the next few weeks.

Another noteworthy publication in 2012 addresses the interaction between birdlife and power lines.

8.1.3. Training

Internal training courses on biodiversity, run as a fundamental part of the 2008-2012 Sustainability Report, was undoubtedly one of the main highlights in 2012, arousing great interest in the business areas involved. After training at hydro plants had been completed, courses were run at thermal plants, while plans were made for the distribution business.

Under the slogan “understanding biodiversity is the first step to conserving it”, training courses were held at thermal plants, starting with the Compostilla plant. The training content was updated and adapted for the thermal business area to include more points of discussion and debate enabling a more interactive training session between trainers and participants.

For more information see Section 05.4. Management of environmental incidents

In the area of awareness-raising, the first Biodiversity Contest for Hydroelectric Plants was held in 2012, with the participation of employees from ENDESA's three hydro generation units in Spain (north-east, south and Ebro-Pyrenees). This contest is an initiative aimed at raising awareness among employees of the importance of terrestrial and aquatic biodiversity in the environs of hydroelectric plants. Structured into three categories (photography, improvement projects and lists of species), prizes are offered to employees of each hydroelectric plant. The contest arose as part of the framework of the training courses on biodiversity and hydro production attended by 86% of hydroelectric plant personnel in 19 six-hour training sessions.

As part of the project “On land and water” an initiative has been drawn up to recover public land in the town of Palacios del Sil affected by a forest fire in 2010, which caused runoff water to carry solid materials to the riverbed upriver of weir at Ondinas. The water part of the project aims to prevent (500

metres downriver of the same weir) the trees from growing too tall and shading the riverbed, thereby affecting the spawning and settlement of the trout.

8.1.4 Biodiversity conservation

ENDESA signed a protocol of adhesion to the Network for custody of the territory of Andalusia (Red Insulas) in 2008, which remains in force today. This network represents the Andalusian Association of Entities for the Custody and Management of the Territory, which enables the sustainable management of private land, conserving its natural, cultural and landscape value, in accordance with the agreements signed between custodian entities and the land owners. Through this agreement, ENDESA aims to unlock the environmental value of its natural heritage in Andalusia (over 5,000 Ha). As part of this agreement, an environmental project was drawn up in 2012 for the Cortijo de la Torre estate in Ensenada de Bolonia (Cadiz) to be carried out in 2013. The project will include various actions to restore the environment, such as the forestation of pasture land, fencing in cattle to protect vegetation on the riverbank, thinning and pruning work in the area of pine and juniper trees, and the selective clearing of areas of scrubland.

8.1.5. Wildlife protection

In 2012, ENDESA signed a collaboration agreement with the Fundación Oso Pardo (brown bear foundation) to develop joint initiatives to protect the brown bear and promote sustainable rural development in the areas where ENDESA has installations in the Cordillera Cantábrica and Pyrenees (home to this protected species in Spain).

As part of the agreement, ENDESA will support the sustainable rural development programme being rolled out by the foundation, with the backing of the Ministry of Agriculture, Food and the Environment, in the Spanish autonomous regions that are home to the brown bear, particularly Castilla y León and the Pyrenees, with the bear as a brand and symbol of quality.

The agreement also envisages an Environmental Education programme in the towns of El Bierzo and Laciana in the province of León, aimed at schools in the areas of western León which are home to the largest populations of bears, through different age-appropriate activities. The aim of this project is to raise awareness among school children of the need to protect the natural and cultural heritage of the El Bierzo and Laciana areas.

The foundation will also provide ENDESA with technical advice to restrict the impact of specific infrastructures managed by the Company on the bear population.

Balearic Islands

In the Balearic Islands, a collaboration agreement was signed with the Environmental Department of the Balearic regional government at Finca Son Orlandis, which is owned by the Company, in order to consolidate an environmental improvement project and promote actions related to biodiversity and birdlife protection.

In addition, work has continued on the “Avilinia Project”, which was introduced in 2004 following an agreement between ENDESA and the same Environmental Department to coordinate environmental actions stemming from electricity distribution and birdlife protection. The agreement, which was renewed in 2010, entails actions such as modifying pylons and isolating some power lines that might put birds at risk of collision and/or electrocution, especially in areas that are home to endangered species. In 2012, 49 actions were carried out, for a cost of Euro 48,000.

Canary Islands

In November 2010, ENDESA signed a collaboration agreement with Seo/Birdlife to assess the efficiency of new signposting using anti-collision markers to prevent casualties along its medium-voltage lines in Lanzarote and Fuerteventura. In 2011, anti-collision markers were installed along six kilometres of medium-voltage line in Lanzarote and, in 2012, on four more kilometres of line on this island and on six kilometres of line on the island of Fuerteventura, making a total of 17 kilometres on both islands. In December 2012, Seo/Birdlife published its final report, concluding that the new Fire Fly Diverter anti-collision markers installed on 92% of these power lines appear to be effective and substantially reduce the number of birdlife collisions. This model of anti-collision marker is the first to be tested in Spain and it stands out for its higher visibility, as it includes a plaque that reflects sunlight in the daytime and another that emits a luminescent light when there is little natural light.

Aragón

In Aragón, various measures to protect birdlife have been implemented on medium voltage lines (Magallón-Valdeferrín, Ricla-Purroy, Belsierre-Yeba and Fuentes Claras-Bello) since 2010. The objective is to reduce the number of birds being killed by electrocution or through collisions with power lines.

Addendum 2012 to the Birdlife Agreement signed with the region government was also approved. This project will affect

154 supports: installing reinforced vaults with suspension insulations, insulation of conductors at both ends of the support and replacing loose bridges under the crossheads, for a total budget of Euro 120,300. In the province of Castilla y León, two meetings were also held with the Environmental Office of this region to determine the points of the agreement ratified by ENDESA's management on 21 May.

Andalusia

In Andalusia, ENDESA continues to participate as a co-funding partner of the LIFE08NAT/E/000068 Project, “Conservation and Management of Special Areas for Steppe Birds of Andalusia”. In 2012, the project developed by the University of Granada was carried out. This involved the placement of nesting boxes for kestrels on high-voltage pylons in the countryside of Jaen. The results of the project were presented at CONAMA 2012. The year also saw the presentation of a book entitled “Birdlife and electricity pylons. From conflict to solution” on 15 November at the CSIC offices in Madrid. This work was written by Miguel Ferrer and published in collaboration with the Migres Foundation. Meanwhile, the Migres Foundation continued to make progress on a new anti-electrocution device resulting from the agreement signed between the Environmental Office and ENDESA. Now that various technical difficulties have been overcome (design of insulation for staples and the development of placement tools for staples and loose bridges), the device will be installed on supports where there are a high number of bird deaths by electrocution to assess its effectiveness, in addition to cost savings and installation time required.

Catalonia

In Catalonia, Endesa Distribución, at part of its Biodiversity Conservation management objective, is collaborating with the Institut Català per la Conservació dels Rapinyaires (ICRA) and Direcció de Medi Natural de la Generalitat in a project to monitor, via satellite, a Bonelli's eagle that had suffered a multiple fracture of the humerus, ulna and radius, in the municipal area of Soses, in Segrià. The team at the Vallcalent recovery centre managed to save the bird and it was released in the municipal area of Agramunt (Lleida). The project will provide the opportunity to follow the bird's flight paths and the breeding areas it selects.

On 22 February 2012, the Western Catalonia unit installed a nesting box in Hospitalet de Llobregat to encourage breeding of the Bonelli's eagle which is an endangered species. The project is part of ENDESA's biodiversity programme, and involved the installation of a nesting box 40 metres off the ground in a metal high voltage pylon of 110 kV.

On 13 December, the Western Catalonia Unit and the Parque de la Cordillera Litoral signed an agreement by which ENDESA has committed to making adaptations to its network in this protected area to prevent the electrocution of birds of prey. Endesa Distribución has worked on a study of three birds in this area: the honey buzzard, the short-toed eagle and the northern goshawk, on the basis of which the first actions described in the framework of this agreement were carried out.

8.1.6. Environmental restoration

In 2012, ENDESA technicians from the Generation and Environment and Sustainable Development divisions, working closely with a specialised firm, commenced environmental restoration work on the recently closed ash and slag waste dump at the Company's Litoral thermal plant in Carboneras, Almería.



This environmental recovery project, which affects an area measuring approximately 40,000 square metres, has been designed to bring the site into line with the morphology of the area and to plant different species that are compatible with

Completion of the restoration of the As Pontes mine

On 16 May 2012, the prime minister of the regional government of Galicia, Alberto Núñez Feijóo, and the Chairman of ENDESA, Borja Prado, visited the As Pontes mine restoration project, which is now complete following the filling of the lake. The project is the largest ever restoration of a mine and its environs undertaken in Spain, and the lake and former spoil heap are now also the most biodiverse area in Galicia.

The lake currently contains 547 cubic hectometres of water after four years spent withdrawing surplus water from nearby rivers, runoff from the spoil heap and rainfall. This water is also of exceptionally high quality thanks to the preventative measures implemented from the outset including the sealing of carbonaceous outcrops with clay and the restoration of surface waters.

The lake has a surface area of 865 hectares, is 5 kilometres long and 2.2 kilometres wide. Most of the banks are protected with landfill, while a 35,000 square metre beach for public use has been built in the area closest to the

village, following the agreement reached with the Galician regional government and the As Pontes town council. The temperature of the water is expected to attract a large number of visitors (over 22 degrees in summer, compared to c.17 degrees at the nearby Ares estuary).

An island has also been created, called Santa Bárbara, in honour of the patron saint of mines, and shallow areas have been provided where bird and fish life are flourishing.

ENDESA will give the lake to the Galician regional government, which can manage it through the local water agency, Augas de Galicia.

The restoration of the spoil heap required the addition of three million cubic metres of topsoil and 130,000 kilos of seeds were sown. The heap is now covered with 600,000 trees, extensive pastureland and dense coppice; water is present in abundance and there are around 60 kilometres of unpaved paths and tracks. The project's success is evidenced by the fauna that have naturally colonised the area: there are now over 180 wild vertebrate species including foxes, wolves, roe deer, wild boar and otters. It is considered to be the most biodiverse area in Galicia.



Aerial view of the lake and beach close to the As Pontes urban area.



the surroundings and are considered habitats of interest to the community.

A total of over 38,000 specimens will be planted. As they are species suited to the local environment and the substrate, they have a good chance of survival with hardly any maintenance and thus minimise the need for watering, which will be limited to supporting their growth for the first year.

For planting work (50 different species will be planted in total), the Company organised an open day for children from the Simón Fuentes, San Antonio de Padua and Federico García Lorca schools and the Juan Goytisolo secondary school. They were given the opportunity to see the environmental work being carried out and to help in the repopulation of different species.

8.2. Key actions in Latin America in 2012

In Latin America the Company made further progress in establishing a culture of biodiversity conservation at its facilities.

On 3 - 4 July 2012, the 12th Latin American environmental congress (XII ELMA) was held in Río de Janeiro, attended by the environmental managers of generation plants in Latin America, in addition to personnel from ENDESA's Environment and Sustainable Development division.

During this congress, a meeting of the Permanent Biodiversity Committee was held, leading to the identification of three biodiversity inventories: Papagayo cara-suya submitted by Coelce (Brazil), Hacienda Canoas Minas and the Muña reservoir submitted by Emgesa (Colombia).

Chile

In May 2012, replanting work was concluded in areas used for the construction of the Ojos de Agua hydro plant. This replanting was stipulated in the Environmental Permit approving the Ojos de Agua small-scale hydro plant. The work has been signed off by the relevant authorities.

Through the San Ignacio del Huinay Foundation, eleven new articles were published in international scientific journals in 2012 and four expeditions were organised to the Patagonian fjords, during which 500 marine specimens were collected for identification. Additionally, 26 new scientific projects were carried out in relation to the visit of 64 researchers from across the globe to the Huinay scientific centre.

“In 2012, the San Ignacio del Huinay Foundation developed 26 new projects.”

In 2012, the first results of the project to recover the penguin population on the island of Lilihuapi were made. The Fondecyt project, Zoogeography of the Chilean Fjord Region based on a Selected Taxa with wide range of Ecological, Reproductive and Dispersal Characteristics, was also approved, which will broaden scientists knowledge of the species and ecosystems making up the rich marine biodiversity of the Chilean Patagonian fjords, and enable a better understanding of their evolution and how to protect them. In addition, the first steps were taken to request that the Chilean government declare the Comau Fjord a Protected Marine Area.

Other activities undertaken by the Foundation in 2012 included the construction of a nursery for more than 1,000 native species of high ecological value such as the cypress (*Fitzroya cupressoides*), cinammon tree (*Drimys winteri*), the ulmo tree (*Eucryphia cordifolia*) and the pilgerodenron (*Pilgerodendron uviferum*), which will be used in the environmental restoration programme for the Huinay forest. As part of this project, cypresses dating back 1,700 years were identified, the oldest on record.

Within the reserve, a variety of environments can be found with substantial and varied resources. These can be used to develop the nearby Pehuenches communities through the sustainable use of resources and the protection of natural resources.

Brazil

Since 2009, Endesa Cachoeira has been voluntarily replanting the area surrounding the reservoir and has recovered 54 hectares of forest land by planting 90,000 seedlings of plants native to the Cerrado area. The objective of this programme, expected to run for five years, is to recover 100 hectares of land by planting 166,000 seedlings corresponding to more than 80 different native species. Ecological corridors will also be set up to join protected areas of native woodland.

Coelce is also supporting the Caatinga Association in the recovery of the Serra das Almas nature reserve, a highly biodiverse area that has been 56% deforested. Coelce will cover the production costs and the cost of sowing 50,000 seedlings of the Carnaúba tree, the symbol of Ceará, and more than 15,000 seedlings of native species. The initiative will run for four years (2012-2016).

In addition, Ampla organised two environmental walks for volunteers, in honour of World Environment Day and World

Tree Day. As part of the second event, 50 seedlings of native forest species were planted in the Serra da Tiririca national park in Río de Janeiro.

Peru

EDEGEL has signed an agreement with the Callahuanca community, under which the latter will maintain 16.4 hectares of land adjacent to the pressure pipes of the Callahuanca plant. EDEGEL has planted native forest and fruit species in this area in order to stabilise the slopes in the event of cave-ins and landslides caused by heavy rain. 15,577 examples of 18 different species have been identified in the reforested area.

Colombia

In 2012, the administration, surveillance and implementation service was contracted for ENDESA's forestry and ecological recovery plan. The aim of this project is to centralise and



Replanting of the Muña quarry



Reforestation of the Guavio reservoir



Release of wildlife at the Betania reservoir

strengthen all reforestation projects carried out to offset the impact of resource consumption. The initiative has won the BIBO business award, coming third in the “Woods” category.

In addition, in compliance with the Muña Quarry Environmental Management, Recovery and Restoration Plan, the restoration process consisting of replanting slopes on a 3.8 hectare area and the construction of 2,140 metres of drainage infrastructure has moved forward. The construction material used to adapt the dikes of the Muña reservoir, which holds waters used in electricity generation in the Pagua chain, came from the Muña Quarry.

At the Cartagena Plant, the second phase of the biodiversity project at the lagoon located at the plant was developed, in agreement with the Instituto de Ciencias de la Universidad Nacional de Colombia. The aim of this phase is to assess the biological connectivity of the ecosystem and update the inventory of plant and animal life. The results of this analysis indicate that the area occupied by the plant plays a pivotal role as a resting place for widely-mobile species, such as birds (migratory and resident) and flying mammals, and acts as a safe-haven for all registered types of land creatures. However, it is extremely difficult to assess whether the examples found can survive only in the area occupied by the plant. For this reason, it is important to protect the largest possible natural area.

At the Betania plant and as part of the programme to repopulate the reservoir with fish, 360,000 fry of native species were released in the Magdalena river (56,000 bocachicos and 104,000 gilthead bream). Additionally, during the migration period, 303,000 fish were transferred from the Magdalena river downriver from the dam to the Betania reservoir. An agreement with the Humedales Foundation was entered into to assess the impact of this repopulation initiative, which will conclude in 2013.

8.3. Adjacent land, or land located in natural protected areas

In 2012, ENDESA had 724.87 km² of adjacent land or land located in protected natural areas or unprotected, highly biodiverse areas: 724.43 km² in Latin America and 0.44 km² in Morocco.

In Latin America, the largest areas are in Chile (649.2 km²) and Colombia (70.14 km²). In Brazil, it has 4.09 km², and 0.5 km² in both Argentina and Peru.



Wireless electric vehicle charging



Innovation

Commitment to efficiency

ENDESA aims to be a standard-bearer in technology and innovation. Accordingly, the Company has a portfolio of R&D projects in all its lines of business.

Innovation is present throughout the Company's activity. The 2012-2016 Innovation Technology Plan, an integral part of the 2008-2012 Sustainability Plan, provides the structure for ENDESA's commitment to innovation. In 2012, ENDESA's direct expenditure on R&D and innovation totalled Euro 84 million, invested through 90 projects.

90 R&D and innovation projects implemented

Euro **84** million of proprietary investment in R&D and innovation projects in 2012

5 new proprietary technology solutions patented in 2012

3 million smart meters installed through 2012

Highlights of the 2008-2012 Sustainability Plan

2008 ENDESA's 2008-2012 Technology Plan, which forms part of its Sustainability Plan, includes R&D and innovation projects across all its lines of business and corporate technology initiatives.	2009 ENDESA is the first Spanish company to originate a remote management system in line with Spanish and EU directives in this connection.	2010 Launch of Spain's first plan to capture CO ₂ through chemical absorption.	2011 Development of Barcelona Smart City, ENDESA's second smart city project in Spain, following the initiative in Malaga.	2012 Launch of the first two smart cities in Latin America, in Búzios (Brazil) and Santiago de Chile.
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Priority issues - 2012 materiality study	ENDESA's response in the report
Position on the development of investments in less polluting energy sources and distributed generation	Chapter on Innovation: 2. Technology leadership model 3.3. Technology projects for improved efficiency in electric power generation Chapter on Climate Change: 1.1. Playing an active role in developing renewable energies
Outlook for the development of smart grids and smart cities	Chapter on Innovation: 3.1.1. Telecommunications/smart grids
Integration of renewable energy sources into the Company's businesses (strategy and objectives)	Chapter on Climate Change: 1.1. Playing an active role in developing renewable energies
Investment in conventional generation and infrastructure	Chapter on Innovation: 2. Technology leadership model
Efficiency in generation (programmes underway, reporting KPIs, etc.)	Chapter on Innovation: 1.2. Efficiency in thermal power plants 3.3. Technology projects for improved efficiency in electricity generation

Challenges in 2012	Actions taken
Optimisation of the return on state aid and tax benefits.	Optimisation of the return on state aid and tax benefits.
Preparation of Enel-ENDESA Innovation Planning.	All the information requested by Enel to prepare the Innovation Plan has been supplied. The Annual Report was completed and presented.
Implementation of a global system to manage employee ideas using the crowdsourcing model.	The Global Drive ended in July and a number of local campaigns were launched in 2012.
Moving forward with widespread installation and remote operation.	3 million meters and more than 15,000 concentrators installed at year-end 2012.
Remote operation and reading for mass billing of smart meters.	1,600,000 contracts managed remotely from the control centre.
Striving for the open technology used by ENDESA, Meters and More, to be adopted as a European standard.	ENDESA's remote management solution includes a new generation of its PLC communications protocol, an open protocol that is managed by a non-profit body called "Meters and More". Meters and More AISBL now has more than 30 members: companies from within the electricity sector, meter manufacturers, technology companies and services companies. This protocol is already in the process of becoming a European standard.

Key figures 2008-2012 Sustainability Plan

	2009	2010	2011	2012
Direct investment in R&D and innovation (Euro million)	45	48	41	84
Patent applications for proprietary technological solutions	n/a	6	6	5
Efficiency of thermal power plants in Spain and Portugal (%)	37.3	39.6	39.3	39.7
Efficiency of thermal power plants in Latin America (%)	45.2	46.50	46.26	45.44

In 2013 we propose

- To continue remote operations and readings for the mass billing of smart meters.
- To optimise the return on state aid and tax benefits.
- To take part in the Enel Group's Technology Mapping and Innovation Plan, maximising synergies and optimising resources.
- To develop Employee Idea Drives via the Eidos Market platform.
- To continue to implement the Enel Labs project to promote technology start-ups in the sphere of sustainable energy.

1. R&D and innovation – in search of cleaner energy

One of ENDESA's main priorities is to apply the processes of research, development and innovation to its activities. Thus, it is coordinating with Enel to develop cleaner energy in areas of shared interest and in the countries where they operate.

1.1. Fuel consumption

The Company supplied 13.2 million tonnes of coal in 2012, a year-on-year drop of 1.6%. In terms of liquid fuel, the Company managed 1.4 million tonnes of fuel-oil and 0.9 million tonnes of gasoil in the year, 4.3% and 4.1% less than in 2011, respectively, due to lower growth in electricity demand in the non-mainland systems, and, to a lesser extent, the commissioning of the electricity interconnection between the mainland and the Balearic Islands. Over the same period, it supplied 2 million tonnes of coal to third parties, 10% less than in 2011.

Fuel supplied to ENDESA in Spain and Portugal, including own production

Type of fuel	2010	2011	2012	% change 2012-2011
Spanish coal (thousands of tonnes)	1,320	4,724	3,487	-26.2
Imported coal (thousands of tonnes)	4,991	8,504	9,390	10.4
Petroleum coke (thousands of tonnes)	5	213	353	65.5
Liquid fuels (thousands of tonnes)	2,734	2,395	2,293	-4.3
Natural gas biofuel (millions of m ³)	29	1,402	1,050	-25.1
Natural gas in CCGT (millions of m ³)	3,607	3,830	3,968	3.6

*Electricity consumption (GJ)

	Spain		Latin America		Total by consumption source.	
	2011	2012	2011	2012	2011	2012
Hydroelectric pumping stations	4,661,467.20	5,033,537.59	346,310.68	347,399.45	5,007,777.88	5,380,937.04
Mining operations	49,326.34	27,966.41	—	—	49,326.34	27,966.41
Port facilities	23,902.42	28,771.48	—	—	23,902.42	28,771.48
Office buildings	144,207.36	101,793.51	33,311.88	174,999.21	177,519.24	276,792.72
Total by area and ENDESA	4,878,903.31	5,192,069.00	379,622.56	522,398.67	5,258,525.87	5,714,467.66

* GJ: Gigajoules.

Fuel consumption in Latin America

Type of fuel	2010	2011	2012
Coal (thousands of tonnes)	882.1	852.4	1,024.3
Fuel oil (thousands of tonnes)	495	549.6	571.5
Gas oil (thousands of tonnes)	537.8	397.9	230.8
Natural gas (millions of m ³)	4,758.9	4,956.2	4,803.3

Fuel consumption in other countries

Type of fuel	2010	2011	2012*
Coal (millions of tonnes)	0.53	0	0
Fuel oil (thousands of tonnes)	83.7	20.5	0
Gas oil (millions of m ³)	2.9	1.4	0
Natural gas (millions of m ³)	119.5	122.7	156.72

(*) In 2012, only natural gas was consumed.

Direct primary energy sources consumed (TJ) (*)

Type of fuel	2010	2011	2012*
Coal	187,034	366,090	361,434
Fuel oil	133,134.40	115,167.30	115,124.30
Oil coke)	154.90	6,599.20	10,936.80
Gasoil)	129,011	68,163	10,000.60
Natural gas	332,147	402,228	389,242
ENDESA's total consumption)	781,482	958,248	886,738

(*) TJ = Terajoules.

Energy consumption in Spain and Portugal (GWh)

	2010	2011	2012
Thermal power unit	1,652.7	2,666.8	2,572
Hydroelectric power unit	137.7	117.2	118.4
Nuclear power	1,206.13	1,113.5	1,201
Distribution	n/a	0.82	0.9

In 2012, energy consumption at the mining centres fell by 21,359.93 GJ, on the back of a general reduction at all facilities; especially at the As Pontes centre, where more efficient meters were installed and the connections to the substations were revamped.

Consumption at office buildings in Spain also fell by 42,413.85 GJ, since the central offices in Catalonia were only used in the final quarter of 2012.

Energy savings due to energy efficiency and improvements (GJ*)

Type of fuel	Spain and Portugal		Latin America		ENDESA	
	2011	2012	2011	2012	2011	2012
Redesign of processes	6,951.60	2,215.5	558.57	122,137.2	7,510.17	124,352.7
Conservation and equipment adaptations	0	86.18	4,022,700.2	3,379,460	4,022,700.26	3,379,546.18
Changes in employee behaviour	1,250	0	2,837.20	270.936	4,087.20	270.936
Liquid fuels (thousands of tonnes)	8,201.60	0	4,026,096.03	0	4,034,297.63	0
Efficient or renewable energy-based products and services	8,201.60	0	4,026,096.03	0	4,034,297.63	000
TOTAL	16,403.20	2,301.7	8,052,192.06	3,501,868.14	8,068,595.26	3,504,169.84

(*) GJ: Gigajoules.

In 2012, ENDESA reported 56.6% energy savings due to the efficiency-improvement programmes and the supply of more efficient services. The Company slashed energy consumption to 3,504,169 GJ, compared with 8,068,595 GJ in 2011.

Latin America contributed notably to these energy savings, reducing consumption from 8,052,192 GJ to 3,501,868 GJ.

ENDESA uses other resources that are necessary in production. In 2012, the Company consumed a total of 583 kilotonnes, i.e. 19.8% less than in 2011 (725 kilotonnes).

ENDESA resources used (tonnes)

	Spain and Portugal		Latin America		Other countries	
	2011	2012	2011	2012	2011	2012
Lime	607.94	453.03	1.53	0.06	0	0
Iron chloride	314.70	369.49	11.97	9.51	0	0
Ammonia	682.48	989.15	12.98	15.35	7.46	1.28
Caustic soda	927.68	880.01	1,919.43	1,957.49	82.56	0
Sulphuric acid and chlorhydric acid	2,382.53	1,893.12	3,862.28	3,596.75	76.60	3.71
Sodium hypochlorite	1,563.37	446.90	3,159.69	2,932.45	19.78	2.37
Chlorine dioxide	0	0	0	0	0	0
Ferrous chloride	0	0	55.94	0	0	0
Magnesium oxide	234.70	181.20	0	0	0	0
Limestone used for combustion-gas desulphurisation	697,539.51	555,352.55	0	0	0	0
Lubricating oil	5,540.31	4,807.69	211.15	120.38	0	0
Dielectric oil	140.49	15.25	49.51	7.03	0	0
Other*	14,582.32	730.06	86.55	192.95	11.52	5.35
Total	724,516.03	573,576.31	9,371.02	8,832.02	197.92	12.71

(*) Includes rarely used chemical compounds.

1.2. Efficiency at thermal power plants

The energy efficiency ENDESA achieves using the natural resources at its disposal is key for the Company's generation business. Consequently, total efficiency at its plants in Spain and Portugal in 2012 was 39.68%, an improvement on 2011 (39.30%).

Efficiency at thermal power plants in Spain and Portugal (%)

	2010	2011	2012
Coal-fired thermal power plants	37.98	37.47	38.33
Fuel-gas-fired thermal power plants	36.44	39.59	37.57
Combined-cycle thermal power plants (natural gas)	45.15	48.67	45.81

The overall efficiency of ENDESA's power stations in Latin America, which use liquid, coal and gas fuels, including

combined-cycle power stations, was 42.7% in 2012, compared with 46.26% in 2011.

Efficiency of thermal power plants in Latin America (%)

	2010	2011	2012
Coal-fired thermal power plants	33.05	35.98	33.4
Fuel-gas-fired thermal power plants	31.65	32.47	31
Combined-cycle thermal power plants (natural gas)	50.91	51.04	51

Efficiency of thermal power plants in Latin America, by country (%)

	Colombia	Peru	Brazil	Chile	Argentina
Coal-fired thermal power plants	25.64	n/a	n/a	35.50	n/a
Fuel-gas-fired thermal power plants	25.85	32.28	n/a	27.10	33.91
Combined-cycle thermal power plants (natural gas)	n/a	50.71	49.30	51.90	52.10
Average efficiency	25.46	43.44	49.30	43.50	47.93

n/a: not applicable

Availability factor at thermal power plants (%)

	2010		2011		2012	
	Spain and Portugal	Latin America	Spain and Portugal	Latin America	Spain and Portugal	Latin America
Coal-fired thermal power plants	6.1	n/a	4.8	5.8	4.4	9.87
Fuel-gas-fired thermal power plants	2.5	n/a	4	20.26	7.0	17.3
Combined-cycle thermal power plants (natural gas)	8.2	n/a	8.9	7.46	3.3	5.7
Average efficiency	8.1	n/a	7.7	9.88	4.0	6.3

n/a: Not available

Downtime at thermal power plants in Spain was 4%, an improvement on the 2011 figure of 7.7%, whereas in Latin America it went from 9.88% in 2011 to 6.3%.

The average efficiency of nuclear plants in Spain in 2012 was 32.95% and downtime was 13.98%.

(For more information, see *Combating Climate Change, section 02.3.1., CO₂ Emissions*).

2. Technology leadership model

Throughout 2012, ENDESA continued to work on technological projects aimed at creating value by promoting an innovation culture within the company and generating sustainable competitive advantages. ENDESA's endeavours in R&D and innovation are part of its commitment to sustainability set down in the 2008-2012 Sustainability Plan.

ENDESA is developing R&D and innovation projects in all of its business lines and corporate technology activities, which are included in the 2012-2016 Technology Innovation Plan. The latter, in turn, forms part of the 2008-2012 Sustainability Plan, and is divided into three time frames:

Technology strategy over three different time frames:

Short-term	Mid-term	Long-term
Providing solutions to the challenges faced by the Company's businesses through R&D and innovation projects aimed at maximising the efficiency of their activities.		
ENDESA is working with its most innovative suppliers and leading international research centres to achieve improvements in disruption while promoting projects and partnerships geared towards new technology and business solutions over a five-year timeline.		
ENDESA engages in technology surveillance and intelligence activities to create future opportunities that will contribute to maintaining its position as a technology leader and lay the groundwork for future business opportunities.		

ENDESA's direct investment on R&D and innovation totalled Euro 84 million in 2012, invested through 90 projects, more than doubling the previous year's figure (Euro 41 million). Further investments were also mobilised through technological partners in R&D and innovation projects and consortia led by the Company.

“Euro 84 million earmarked for R&D and innovation in 2012 and five new proprietary technology patents.”

Applications were made for five new proprietary technology patents in 2012:

- Electric vehicle charging procedure and system providing an intuitive, efficient and fast charging solution for users and infrastructure operators.
- Electric vehicle charging and discharging device based on V2G technology allowing electric vehicle users to sell or send the electricity stored in their electric vehicles' batteries back to the grid when they are plugged in.
- System and procedure for diagnosing the state of slow-speed diesel engines for use in diesel generator maintenance work.
- Procedure for capturing CO₂ in a gas treatment cycle in fixed-bed reactors using aminoalcohol-impregnated aluminium, offering higher levels of efficiency than conventional methods.
- A new reactive power compensation system that is especially suited for use in homes.

All of ENDESA's innovation initiatives are developed and coordinated through the corporate R&D and innovation unit, in close coordination with Enel and the innovation teams of the various business lines, under a structured model that unifies project selection criteria, management and technological knowledge capture parameters, and unlocks their value while also factoring in the differences in each country's regulations and businesses.

Municipality	Province	No. of electricity points	Facility renewed (%)	No. of LEDs	Annual energy savings (%)	Investment (€)	Annual financial saving for the local government (%)
Muro de Alcoy	Alicante	2,183	92%	—	52%	300,000	18%
Fuente Álamo	Murcia	6,862	89%	0	51%	720,772	5%
Mérida	Badajoz	14,689	70%	1,343	48%	2,438,205	15%
Abarán	Murcia	2,194	88%	45	48%	683,000	9%
TOTAL		25,928		1,388		4,141,977	

Obtaining and optimising grants, tax credits and financial aid for R&D and innovation initiatives are managed centrally, in the same way throughout the organisation.

Progress made in the field of e-mobility and smart cities stands out among the projects conducted during 2012.

2.1. Energy efficiency

The European Energy Efficiency Directive was approved recently. This Directive establishes very strict criteria and goals of mandatory compliance for member States, which have been given considerable manoeuvring scope to establish the operating procedures and standards that enable them to attain the European target of reducing the energy consumption trend by 20% in 2020.

It is worth highlighting the creation, in 2012, of an Energy Efficiency Unit, proposed as a new business line responsible for developing and establishing the energy efficiency plan of the Spain and Portugal and Latin America Division, along with the business units, among other tasks. Moreover, an Energy Efficiency Committee has been set up as part of the electricity business in Spain and Portugal, with the involvement of all business departments, focused on research and debate regarding strategic issues in energy efficiency and how the Company should position itself. There is also an Energy Efficiency Committee in Latin America, which analyses and coordinates the main measures in place or being launched in each country.

Moreover, in Spain and Latin America, ENDESA has been implementing demonstrative smart grid and smart city projects as a necessary platform for the new energy model that is starting to emerge, in which the consumer is the pivotal axis and energy efficiency the main lever of action.

Other initiatives implemented by ENDESA in 2012 in the sphere of energy efficiency, in both Spain and Portugal and Latin America, that are worth highlighting: The gross amount invested in 2012 in grid upgrades, totalling Euro 850 million, enabled work to be carried out on over 100 substations and

9 new substations, 4,200 km high- medium- and low-voltage cables and 1,495 distribution centres to be brought on stream.

The implementation of remote management among domestic customers (with contracted power not exceeding 15kW), where ENDESA is the leader in Spain with 3 million smart meters already installed in the areas where it operates as a distributor. Smart meters represent a key contribution to one of the main objectives of Spanish and European energy policy: to boost energy efficiency and savings and to provide a better and faster service in operations performed by the distributor at the behest of suppliers on behalf of customers.

Implementation of the Integrated Environmental, Energy Efficiency and Indoor Air Quality Management System (SIGAEC), based on the work carried out at the Madrid offices, and extended to the rest of ENDESA's buildings. Since 2004, electricity savings at ENDESA's headquarters have amounted to 21%.

In 2012, the Enel Sole and Endesa Ingeniería partnership has been awarded four integral public lighting management concessions, in the ESC (Energy Services Company) modality. More than 25,000 lights are being managed, of which 1,388 are LEDs, representing an investment of Euro 4.1 million, and an estimated annual energy saving of 48%.

Communications initiatives, such as the presentation of the Catalogue of Best Practices in Energy Efficiency, an informative document prepared by the Excellence in Sustainability Club, providing 44 practical examples of energy efficiency measures implemented successfully in the industry. Two of these projects were presented by ENDESA.

Energy efficiency initiatives in Latin America, including:

- In supply and distribution, actions carried out in the energy efficiency sphere amounted to Euro 20.5 million, including, most notably, the Coelce and Ampla energy efficiency plans, in coordination with Brazilian energy regulator ANEEL, with an investment of Euro 11 million, of which Euro 7.4 million correspond to the energy efficiency programme for low-income consumers (Euro 4.5 million Ampla and Euro 2.9 million Coelce), and the supply of energy-efficient products by Chilectra, with an

investment of Euro 8.7 million, including the installation of 16,000 efficient street lights.

- In the area of generation, investment in operating improvements and energy efficiency projects totalled Euro 14.7 million.

3. Technological response to energy challenges

ENDESA continues to develop sustainable energy models with low CO₂ emissions, focused on e-mobility projects and eco-energy services, such as smart grids.

3.1. Technological projects on advanced distribution grids

Innovation and development are increasingly significant for distribution grids, which seek to integrate increasing quotas of renewable generation. Furthermore, they tackle the challenge of providing solutions to customers' new needs, such as tailor-made billing, electric vehicle charging, energy services and home automation solutions.

The main projects conducted by ENDESA in 2012 were as follows:

Remote management project: ENDESA is the leader in Spain in the implementation of remote management among its domestic customers (with contracted power not exceeding 15 kW), with 3 million smart meters already installed in the areas where it operates as distributor. The replacement of meters will be completed in 2018, as established by the regulations. A total of 13 million meters and 140,000 concentrators are scheduled to come into service.

“ENDESA has already installed 3 million smart meters in Spain.”

Smart meters are a key contribution to one of the main objectives of Spanish and European energy policy: to boost energy efficiency and savings and to provide a better and faster service in operations performed by the distributor at the behest of suppliers on behalf of customers.

ENDESA's smart metering solution, which it developed in conjunction with Enel, is based on proven, reliable technology

in operation in more than 30 million meters in Italy. In Spain, it has been adapted to the requirements of ENDESA's business and to Spanish regulations and incorporates cutting-edge technology, including the latest generation of the PLC communications protocol. This is an open protocol that is managed by a non-profit body called “Meters and More”, founded by ENDESA and Enel in 2010.

Meters and More AISBL manages the development and dissemination of the PLC protocol bearing the same name, and now has more than 30 members including companies from the electricity sector, meter manufacturers, technology companies and services companies.

ENDESA and Enel are working proactively to make the smart metering solution available to other distribution companies both in Spain and abroad, adapting it to the different regulatory frameworks. ENDESA is also involved in national and European innovation and energy efficiency projects through technical commissions, seminars, congresses, etc. in order to make headway on the deployment of remote management in Europe and the development of smart grids.

ICONO Project: 2012 saw the completion of this project to automate and improve the performance of the electricity distribution grid, using systems to forecast the grid's status and control measures to guarantee the stability and safety of the electricity grid.

Smartie Plus: This is a new power electronics device making it possible to better use network assets in current systems by maximising load distribution, improving the supply quality and permitting a greater and better penetration of renewable energies in the grid.

Future Grid for Electric Energy Distribution. Installation, in Barcelona, of a technologically advanced system combining remote fault bypass detection and control systems, to optimise the location of power failures and automate grid management. This project contributed to improving the quality of the supply to customers across the city while incurring lower O&M costs (response teams).

Detection and recognition of faults in Latin America, using unmanned aerial vehicles (UAVs): Research project aimed at studying the application of computer vision techniques to detect and classify faults on HV lines, and develop a navigation and positioning system using unmanned helicopters.

Subsoil x-rays to locate services: An underground service detection system using a combination of georadar and electromagnetic field analysis techniques to improve mapping and reduce costs, thereby driving up the quality of data capture.

Non-conventional instrument transformers (NCIT):

Pilot project confirming the possibility of working with optical fibre instead of electrical conductors, with the advantage of smaller weight and size and improved security, and removing elements such as oils, since they practically do not heat at all, bringing benefits in terms of maintenance.

IEC61850 cooperative protection system: Pilot plan for this system with which it is possible to reduce copper cabling, render the system more flexible, and obtain improvements in the set-up and launch of the service by improving the protection system's response in the event of grid faults and in preventive maintenance, minimising corrective maintenance.

Eccoflow: Installation of a prototype superconducting fault current limiter at an HV/MV substation on the Balearic islands, based on superconducting technology. This project, which belongs to the European Union's 7th Framework Programme, is being implemented by a consortium of companies and academic institutions from EU countries, in which Endesa Distribución works mainly as a host utility and in defining the specifications.

The prototype superconducting fault current limiter is scheduled to be installed at the San Juan de Dios HV/MV substation in Majorca (66/15kV), to monitor operations from February to August 2013. This trial period is aimed at verifying that the device works properly in a grid as a limiter on MV bars.

Furthermore, Endesa Distribución has worked on research into the potential benefits of the device in smart grids.

3.1.1. Telecommunications/smart grids

Telecommunications

Orion Project - smart grids in remote areas: This project is being developed in Colombia and uses the latest technology and distribution grid automation to improve the quality of service in remote rural areas and areas where the power supply is frequently interrupted, based on the smart grid concept. This initiative was presented within the framework of the 7th edition of CIRTEC, in Porto Alegre (Brazil).

SILICE Project: This project offers a strategy to integrate smart grids into the distribution systems of countries such as Colombia.

Smart Grids: ENDESA is setting up its distribution grids in line with the smart grid model. Grid technification and the

inclusion of information and communication technology (ICT) mean these grids are able to offer a rapid response to users' needs.

Smart grids allow the connection and operation of renewable, distributed power linked to consumption. They manage demand, flattening the load curve and maximising the use of electric power infrastructures. They make it possible to roll-out the EV and develop energy services. They also improve the quality of the power supply, reducing response times in the event of power failure.

ENDESA is developing the smart grid concept in the smart city programmes—a field in which it is a leader with various projects: In Spain, the Malaga Smart City project has been running for four years and its counterpart in Barcelona for two years. Meanwhile, in Latin America, projects were launched in Búzios (Brazil) and Santiago de Chile in 2012.

Malaga Smart City

The activities planned to complete this project, financed by the Industrial Technological Development Centre (CDTI) through a consortium consisting of eleven companies led by ENDESA, were carried out in 2012.

The activities performed focused on integrating smart grids and sustainable urban development under the umbrella of a new concept: the smart city. The most notable activities were the development and roll-out of state-of-the-art distributed energy generation and storage technologies, electric vehicle charging infrastructure, and cutting-edge solutions for boosting the energy efficiency of buildings, businesses and homes through the active involvement of end consumers.



- The following energy efficiency initiatives were implemented:
 - 3 large buildings in the area.
 - For 8 services sector customers.
 - For 50 domestic customers.
 - In more than 200 street-lighting elements, including Active Demand Management functionalities.

These initiatives are complementary to the Remote Management project to install smart meters at the premises of almost all the 12,000 customers in the area.

- In grid automation, more than 40 kilometres of MV lines have been fitted with a PLC—Power Line Communication—system, enabling the data from all the processes and services offered in the smart city to be managed in real time from different control and monitoring systems.
- Automation has been completed of more than 20 Distribution Centres in the area, both LV and MV, allowing implementation of various control and monitoring logics for the grid and the elements connected to it: micro-generators, storage batteries, singular consumers and bidirectional EV charging facilities.

Malaga Smart City wins the Living Labs Global Award 2012

The Malaga Smart City project was among the prize-winning projects at the latest edition of the international awards ceremony, Living Labs Global Award 2012, which took place in Río de Janeiro (Brazil). The Malaga Smart City project was selected from among the 555 innovative solutions offered by companies from 50 countries to the major urban challenges for cities of the future presented by the competition.



Barcelona Smart City

The development of the new energy model continued in Barcelona, rolling out and testing the most advanced smart meter, grid automation, efficient lighting, renewable energy integration and e-mobility technologies.

“Second year of the smart city project in Barcelona.”

An important aspect of the project is the information management system devised to manage automation, along with efficient lighting control systems, smart metering systems, systems for charging electric vehicles, and the telecommunications networks needed for these systems to function correctly.

Impact of smart city.

- Investment totalling over Euro 100 million.
- Some 50,000 customers will benefit from the first phase.
- The grid will comprise 7 substations, 85 medium-voltage lines, 568 distribution centres and contracted capacity of 527,000 kW.

The various measures will be progressively extended to the entire city.

In 2012, Barcelona again hosted the Smart City Expo & World Congress, a forum for pooling experience and innovation linked to the concept of smart cities at which the Enel Group was present.

Búzios Smart City



This is the first smart city project in Latin America, implemented in the city of Búzios in the state of Rio de Janeiro. The main objectives of the project were to integrate smart metering, grid automation, e-mobility, smart street lighting and distributed generation technologies, among others, to evaluate their economic, technical and social feasibility.

This is a three-year project and will run until November 2014, with a budget of R\$ 40 million and funding from the Brazilian electric power agency, Aneel, through research and development funds, Ampla’s own funds and resources from the various sponsors and partners, including six research institutions.

In addition to technological advances, the aim is to raise awareness of efficient electricity consumption among the residents of Búzios. For this purpose, workshops have been held in state schools and courses in skill-building and electricity consumption management have been offered to citizens.



ENDESA Chairman, Borja Prado, opened the Búzios Control and Research Centre on 22 November 2012.

Santiago Smart City

This is ENDESA's second smart city project in Latin America, in the Ciudad Empresarial district of Santiago de Chile, with the same goal as in Búzios.

A work plan will be implemented in Chilectra's area of operations based on the results of full-scale pilot projects using these technologies.

“In 2012, development of ENDESA's first smart cities in Latin America began in Brazil and Chile.”

ENDESA presents its smart grids website

ENDESA has launched a website on smart grids to explain to the general public what they are and to describe the main areas the Company is working on in this connection. It contains both written and visual information, since many of the concepts are explained through videos.

This website further strengthens the Company's commitment to developing smart grids and underpins its view that the implementation of smart grids allows us to advance towards a new sustainable energy model.

The webpage is available at www.ENDESAsmartgrids.com



3.1.2. Networks

ENDESA Distribución has driven innovation in each of the areas in which it operates through a number of different projects.

Process improvement:

DIANA project: (*real-time tasks in customers' homes, or TDC for its acronym in Spanish*): The TDC concept represents a significant advance in handling service orders and relationships with suppliers).

RAM Project: The project aims to ensure that meters and metering equipment as well as the technical data needed for

their correct operation and maintenance are managed and handled correctly.

ALMA Project: The purpose of this project is to ensure the accuracy and timing of the metering process and that there is an integrated control of the process, making it possible to maximise the efficiency of local contractors responsible for metering.

MIDAS Project: This is 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.

Corporate protection system: Implementation of regulation IEC 61850 to design LAN IP architecture for inter-communicating equipment in substations (remote control, protection, regulators, HMI,...).

Lightning Monitoring System: This project was developed in Brazil in order to reduce the vulnerability of distribution grids. This system is already fully operational and helps to identify the location of lightning damage to the electricity grid, to forecast storms and to reduce the response time in such cases.

3.2. Efficient energy use

ENDESA Energía supplies a wide range of products and services to improve energy efficiency. The Company believes that these products and services can lead to energy savings and reduce demand by between 15% and 85%.

ENDESA's Energy Efficiency Plan (PE3) has been designed to position the Company as a leader in the energy efficiency market. Within the framework of this Plan, in 2012 the Company rolled out new energy efficiency products and services such as solutions to control and manage household energy consumption, efficient lighting and biogas.

3.2.1. Active demand management

Innovative projects for managing demand in the Companies sector include:

European EnergyTIC Project: A variety of innovative solutions for social housing customers to save water and energy. The project will be carried out in 1,000 homes in France and 700 in Spain. ENDESA is actively involved in this project as a technology partner, leading Spain's contribution to remote customer management.

Novare Energrid Project: The goal of this project is to examine the viability of a distributed smart infrastructure

system to manage supply and demand in the electricity grid. The results will make it possible to manage the production and consumption of energy in a decentralised system based on small nodes (homes, businesses). The project is also intended to improve energy management in buildings through dialogue between consumers, producers and users. The functional specifications were completed in this first year.

STORE project: Project to devise energy storage technologies that can be applied directly in power systems to better manage temporary imbalances between supply and demand.

CAES: Studies for developing energy storage systems using underground compressed air technologies.

Automation of the medium-voltage grid and Ohmic phase locator: These projects are being developed in Argentina to reduce grid losses and increase overall system efficiency.

Smart metering and automated grids and efficient street lighting systems: These projects, implemented in Peru this year, have significantly improved grid efficiency and customer services.

Reactive power compensation, demand management and wave quality through efficient lighting: Implemented in Colombia, this project is aimed at reactive power compensation, managing wave quality and managing energy distribution grids through efficient lighting.

Ampla Quality Plan: Implemented in Brazil, this is a project devised to mitigate the impact of climate change and strengthen structures to ensure a quality electricity supply.

3.3. Technological projects to boost efficiency in generation

In 2012, ENDESA continued developing technological innovations to boost efficiency in its energy generation processes.

3.3.1. Clean combustion

ENDESA invests in the best technology and optimises its natural resource use to improve efficiency in its power generation processes, through, for example:

Ciuden Project-OXY-300 CCS demonstration plant:

A global programme geared to strengthening technologies for carbon capture and storage that brings together public and private research initiatives to combat climate change. The aim is to develop technologies that significantly reduce emissions in electricity production. The project is the only initiative of this kind selected by the EU to develop oxy-combustion-CFB technology for carbon capture and storage in deep saline aquifers.

La Pereda carbon capture plant: Project for constructing and testing a pilot post-combustion carbon capture plant using carbonisation-calcination cycles at La Pereda in Asturias.

Less CO₂ Project: Design, development and construction of an experimental chemical absorption carbon capture plant, applying and evaluating new amine-based chemical absorbents. This is the first experimental plant of its kind to be installed in Spain.

Pilot plant to capture CO₂ using Microalgae: A pilot plant located in the Litoral de Almería thermal power plant set up for the recovery of CO₂ from combustion gases using microalgae in order to obtain commercially viable products such as biofuels.

O2GEN: Project to study second-generation OxyCFB technology with high O₂/CO₂ ratios in small boilers at a lower cost.

RECAL: Validation of the feasibility of the patented recarbonisation process to increase the efficiency of sorbents used.

Biodiesel and natural gas: In Argentina, the Costanera plant is developing a programme of tests on the use of biodiesel and natural gas with a high propane content in combined cycle plants, set to commence in 2013.

Solar energy: This is an initiative coordinated by the Brazilian Independent Electric Power Producers' Association (Apine) and Endesa Generación in Brazil, to develop projects to assess solar energy technologies. Four solar plants will be built in different locations around the country, with the goal of analysing the performance of different technologies in different areas. Endesa Geração will be in charge of four plants, with investments totalling R\$ 5.5 million.

3.3.2. Renewables

Undimotriz: This is a Chile-based project to study the use of wave power to generate electricity. In conjunction with Enel, the Company has examined available technologies, analysed the regulations for awarding maritime concessions and performing environmental impact assessments in relation to this type of project.

Capim Elefante Project: Conducted in Brazil to create optimal conditions for the lifecycle of this species of grass on an experimental farm with a view to improving biomass availability in Brazil and other south American countries.

3.3.3. Nuclear

ENDESA participates in various nuclear R&D and innovation programmes and holds the position of Secretary in the Spanish nuclear fission energy technology platform, CEIDEN, which coordinates research, development and innovation activities in the sector. Through the Nuclear Energy Committee of the Spanish Energy Industry Association (UNESA for its initials in Spanish), ENDESA undertakes research projects of interest to its nuclear power plants. The following programmes are of particular relevance:

EPRI nuclear programme: pursuing operational excellence at nuclear power plants.

Coordinated PCI Research Programme: carried out with the participation of sector companies and the Nuclear Safety Council (CSN) to analyse plant security for both operators and the regulator.

Joint PIC Programme, developed by electric utilities and ENUSA: which coordinates R&D and innovation activities related to nuclear combustion and defines common interest projects.

4. A culture of innovation and knowledge management

ENDESA promotes a culture of innovation and knowledge management among its employees and throughout its value chain.

4.1. Eidos Market

In 2012, ENDESA launched the global employee ideas management application called Eidos Market. This is a pioneering initiative based on the crowdsourcing philosophy and predictive markets techniques to garner ideas with a view to maximising innovative potential through the collective intelligence of the employees' social network.

Eidos Market enables employees to put forward their ideas for improving health and safety, commitment to the environment, customer relations and operating excellence.

4.2. Spain and Portugal

In Spain, the key purpose of the ENDESA Energy School is to foster and generate knowledge and innovation across the organisation. In 2012, the sixth ENDESA-ICAI Master's Course in Energy Technology was held.

*(For more information, see section 03.4.2 of the chapter **Our people, ENDESA Energy School**).*

4.3. Latin America

Colombia

IDEO innovation system: In 2012, this Codensa and Emgesa project received a total of 308 employee ideas, from which 20 new R&D and innovation projects were approved, of which 16 received the go-ahead from Innovation Committees and 4 were Practical Innovations, considered innovations and valued at under Euro 13,000. Open innovation was also implemented, involving 9 innovation companies to gauge their status and help them boost their innovation levels and develop different projects with each of them.

Innovation Corners: To strengthen the culture of innovation, the head offices of Emgesa and Codensa hosted 10 Innovation Corners to raise awareness and motivate employees to take part in the IDEO innovation system.

Ideo Land "See the World Differently": Innovation Day was held for the second year, with 4 activities involving 300 people.

New patents: Two new patents were obtained in 2012. One was an international patent obtained in Peru with the "Postes polo a tierra" project and another was the first patent for invention awarded nationally for the "Transformador 2x3" project.

Technological partners: In Colombia, a network of 18 universities and research centres have been consolidated as technological partners, encompassing close to 70 R&D and innovation projects.

Argentina

Edesur has established a cooperation programme with business schools to develop R&D and innovation initiatives.

Chile

The R&D and innovation department of Endesa Chile worked to develop a number of programmes aimed at conserving and transferring internal know-how. One of these was the Mentors Programme, aimed at preserving the vast experience in engineering and transferring it to other people. This first stage of the programme, a ground-breaker in the Group, entailed six courses of critical engineering knowledge, offered by mentors selected on the basis of their vast experience and command of the relevant topics.

Brazil

«**Deu Certo-gente que acredita y faz:** This programme, “It worked-People who believe and act”, rewards and recognises four employee initiatives in innovation, two in products and two in processes. In 2012, 53 pilot projects were approved, and since 2008, more than 270 initiatives have been given a green light.

5. A leader in technology and innovation

5.1. Participation in technology platforms

ENDESA continues to participate in various technological platforms, such as the Technological Platform for Energy Efficiency, the Platform for Electricity Grids of the Future (Futured) – where it is a member of the steering group, and the Nuclear Fission Platform (CEIDEN) – where it acts as Technical Secretary. The company also collaborates in other platforms such as the Spanish CO₂ Technology Platform, the Spanish Technology Platform for Hydrogen and Fuel Cells,

the Spanish Technology Platform for Industrial Security (PLATI) and the Spanish Biomass Platform (BIOPLAT).

ENDESA is also a founding patron of other organisations, such as the Catalanian Institute for Energy Research (IREC), the Andalusia Technology Corporation (CTA) and the Pro Rebus Foundation of the Spanish Royal Academy of Engineering. In Latin America, we highlight the Company’s participation in Colciencias (Colombia).

In 2012, the Regional Innovation Committee in Latin America was strengthened to share the main technological and commercial innovation projects applicable in other countries in which the group operates.

The "Companies for Energy Efficiency" platform prevents the emission of 686,000 tonnes of CO₂

In its first year, the “Companies for energy efficiency” platform has prevented 686,000 tonnes of CO₂ emissions. The energy saved last year represents 70% of the platform’s target: to prevent the emission of one million tonnes of CO₂ in 2011-2013.

Bayer and Cemex have joined the eight founding companies - ENDESA, Cepsa, Philips Ibérica, Renfe, Meliá, Telefónica, Toyota España and Unibail Rodamco España. The success achieved up until now is thanks to the various energy efficiency initiatives carried out by the participating companies at their buildings and offices, such as using more efficient lighting, promoting an efficient use of heating, applying home robotics and the use of cogeneration. The platform also supports efficiency in internal production processes with the use of alternative fuels, modernising equipment and optimising processes.

The platform ended 2012 with the launch of its website to help other companies access this initiative and discover first-hand the latest developments in energy efficiency.

www.empresaseficienciaenergetica.com





Efficient public lighting





Our partners

Commitment to our partners



ENDESA is committed to extending its sustainability commitments to its partners and supporting economic, social and environmental development of each region where it operates.

In 2012, the Company continued with its Vendor Rating System, increasing the number of purchasing families from 39 to 83. Safety scores were included in the scoring system introduced in 2010 through the Emergency Safety Plan, the purpose of which is to verify that contractors engaged in risk-related activities at ENDESA facilities comply with all applicable regulations. ENDESA also identified 540 strategic suppliers and contractors, 122 more than in 2011.

20,933
suppliers

Euro
4,174
million in
purchases from
suppliers

34.3%
decline in accident
rate among
suppliers and
contractors

100%
of significant
contracts include
human rights
clauses

Highlights of the 2008-2012 Sustainability Plan

2008 ENDESA approves rule regulating the procurement of products and contracting of work and services by the Company.

2009 The Vendor Rating System is rolled out.

2010 A clause is included in contracts with suppliers and contractors in Spain establishing that contracts can be cancelled if these parties do not comply with the principles of the Global Compact and do not have a code of conduct.

2011 New General Contract Terms and Conditions (2nd edition) are drafted, strengthening ENDESA's commitment to the environment.

2012 Since 2010 our main contractors, suppliers and business partners have been evaluated regarding human rights.

Priority issues-2012 materiality study

Principles guiding government suppliers' conduct (scope of the Code of Ethics - Suppliers)

Integration of environmental and social requirements into the supply chain

Information reporting-transparency across the Company's value chain

Extending occupational health and safety best practices to the supply chain

Water risk management across the supply chain

ENDESA's response in the report

Chapter on Partners:
1. Commitment to our partners
1.2. Global Compact and Code of Ethics

Chapter on Partners:
1.1. Quality, environment and occupational health and safety
1.2. Global Compact and Code of Ethics
3. Extending health and safety standards at partner companies

Chapter on Partners:
1. Commitment to our partners
3.3. Contractor training
3.4. The results of a joint effort
4. Commitments to local suppliers

Chapter on Partners:
3. Extending health and safety standards at partner companies

Chapter on Protecting water:
3. Integrated water management

Challenges in 2012	Actions taken
Monitoring ENDESA's commitment to ensure that, through the Vendor Rating System, the OHS Management System was implemented according to OHSAS 18001 by strategic suppliers.	Communication of ENDESA's commitment on rolling out an OHS Management System in accordance with OHSAS 18001 to strategic suppliers and monitoring availability of management systems.
Monitoring ENDESA's commitment to ensure that, through the Vendor Rating System, the OHS Management System was implemented according to ISO 14001 by strategic suppliers.	Communication of ENDESA's commitment on rolling out an OHS Management System in accordance with ISO 14001 to strategic suppliers and monitoring availability of management systems.
Monitoring strategic suppliers' commitment to adhere to the principles of the United Nations Global Compact.	Communication of ENDESA's commitment to adhering strategic suppliers to the Global Compact and monitoring compliance thereof.
Monitoring strategic suppliers' commitment to the principles of ENDESA's Code of Ethics.	Communication and monitoring of ENDESA's commitment to ensuring that strategic suppliers have a Code of Ethics on these issues.
Monitoring the commitment to ensure that, through the Vendor Rating System, the OHS Management System is implemented according to ISO 9001 by strategic suppliers	Communication of ENDESA's commitment to roll out an OHS Management System in accordance with ISO 9001 to strategic suppliers and monitoring availability of management systems.
Incorporating the Vendor Rating System for the risk families in which safety audits are conducted.	Completion of the milestones set forth in the scoring system.

Key figures 2008-2012 Sustainability Plan

	2009	2010	2011	2012
Number of suppliers	27,214	24,373	20,765	20,933
Purchases from suppliers (Euro million)	3,807	5,524	4,516	4,174
Evaluation of strategic suppliers and contractors	30	393	418	540
Suppliers that comply with the Global Compact and have a Code of Ethics > Euro 5 million	n/a	121	109	100
Training in occupational health and safety for all contractors and subcontractors (%)	n/a	100	100	100
Deaths	10	9	4	6
Local suppliers with contracts > Euro 1 million	460	579	588	515

In 2013 we propose

Continuing to monitor ENDESA's commitment to implement, through the Vendor Rating System, an OHS Management System according to OHSAS 18001 at strategic suppliers. We will also begin a pilot scheme to audit all major subcontractors providing activities which pose the greatest risk to safety.

Including all One Safety activities carried out by ENDESA and our contractors for those activities that pose the greatest risk to safety when measuring compliance with safety in the Vendor Rating System.

Monitoring ENDESA's commitment to ensure that, through the Vendor Rating System, the Environmental Management System is implemented according to ISO 14001 by strategic suppliers.

Promoting in Latin America a pilot scheme to undertake strategic alliances with suppliers concerning safety.

Monitoring the commitment to ensure that, through the Vendor Rating System, the OHS Management System is implemented according to ISO 9001 by strategic suppliers.

Incorporating the risk families in which safety audits are conducted into the Vendor Rating System.

1. Commitment to our partners

ENDESA has stepped up its drive to promote a commitment to sustainability among its partners.

The Vendor Rating System, which was rolled out in 2009 to boost compliance with applicable legal, labour, safety and environmental protection regulations, was further developed in 2012 as one of the objectives of the 2008-2012 Sustainability Plan. The System determines whether a supplier meets the requirements for working with ENDESA.

“Implementation of Vendor Rating System increased 53% compared to 2011.”

It 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.
- Having a code of conduct in line with ENDESA's.
- Assessment of compliance with quality standards (ISO 9001).
- Assessment of compliance with environmental standards (ISO 14001).
- Assessment of compliance with occupational safety standards (ISO 18001).

The Vendor Rating System has been implemented for 83 purchasing families, 44 or 53% more than in 2011. It has been

implemented for 47 families in Spain, 11 in Chile, 9 in Brazil and 8 in both Peru and Colombia.

Once fully deployed, it is expected that 60% of purchases will be covered by the system and close to 1,500 suppliers and contractors will have to fulfil the requirements set out therein.

In 2012, a total of 104 suppliers were audited in Spain (a decrease of 50.2%) and 273 in Latin America (an increase of 33.3%).

A total of 105 audits were carried out in Spain (down 52.92%) and 381 in Latin America (up 16.8%).

Turning to high-risk suppliers, 104 were audited in Spain and 270 in Latin America, down 34.18% and up 42.23%, respectively, from 2011.

In 2012, contractors and subcontractors involved in construction, operation and maintenance activities worked a total of 16,309,880 days, a 11.8% decrease.

1.1. Quality, environment and occupational health and safety

ENDESA has continued to identify strategic suppliers and contractors, bringing the total in 2012 to 540, an increase of 29% compared to 2011. All of these were audited to ascertain their level of compliance with quality (ISO 9001), the environment (ISO 14001) and occupational safety (OHSAS 18001). The findings indicate that 540 hold ISO 9001 certification, 183 hold ISO 14001 certification and 236 hold OHSAS 18001 certification.

Days worked by contractors ⁽¹⁾

			Spain and Portugal	Argentina	Chile	Brazil	Peru	Colombia (1)	Ireland	Morocco	TOTAL
Construction activities	Full-time-equivalent days (2)	2010	45,971	1,999,968	74,597	n/a	362,445	n/a	n/a	n/a	2,482,981
		2011	1,165,139	345,073	631,175	1,002,744	313,593	920,057	2,911	1,297	4,381,990
		2012	517,679	301,445	968,578	537,442	330,670	864,826	728	1,510	3,487,526
Operational activities	Full-time-equivalent days (2)	2010	104,797	6,052,112	28,735	n/a	278,801	799,372	n/a	n/a	7,263,817
		2011	1,701,005	503,778	921,462	1,463,921	457,820	1,343,205	4,250	1,894	6,397,335
		2012	896,709	451,185	415,731	1,613,696	617,055	1,583,155	1,032	2,139	5,519,447
Maintenance activities	Full-time-equivalent days (2)	2010	253,671	1,362,964	48,139	n/a	3,052,075	816,836			5,533,685
		2011	2,050,055	607,154	1,110,549	1,764,321	551,766	1,618,834	5,122	2,283	7,710,083
		2012	2,945,757	610,492	475,234	1,760,587	497,921	1,210,220	1,274	2,642	7,302,927
Total number of days worked in construction, operational or maintenance activities	Full-time-equivalent days (2)	2010	404,439	9,415,044	151,470	n/a	3,963,321	n/a	n/a	n/a	15,280,482
		2011	4,916,200	1,456,005	2,663,186	4,230,986	1,323,179	3,882,095	12,283	5,474	18,489,409
		2012	4,062,311	1,363,132	1,859,542	3,911,725	1,445,646	3,658,200	3,034	6,290	16,309,880

(1) Full-time-equivalent days that contractors or subcontractors spent working at the organisation (generation, distribution, transmission operations).

(2) A full-time-equivalent day is defined as the total number of hours worked by employees, contractors and subcontractors, relative to the work schedule, divided by 8.

“540 strategic suppliers and contractors.”

We use the Repro register to control and disseminate compliance with these accreditations.

Of all our suppliers, 72% hold environmental certification, 92% are quality accredited and 82% have OHS accreditation. These figures are higher than the average of 80% we had set for 2012.

1.2. Global Compact and Code of Ethics

ENDESA is applying the Global Compact commitment to strategic suppliers and verifying if they have a Code of Ethics in place. So far it has evaluated 100 suppliers whose average billing in the last three years is above Euro 5 million. The results of this verification indicate that all our suppliers comply with both requirements.

In addition, the General Contract Terms and Conditions (2nd Edition), which took effect on 1 February 2012, require that suppliers pledge to adopt and fully abide by the 10 principles of the Global Compact, and to ensure that in all of their activities, whether carried out by their own employees or by

subcontractors, they abide by these principles. In their Code of Ethics, suppliers undertake to apply the same ENDESA principles, or principles equivalent to ENDESA's, in managing their business.

In 2012, all significant contracts (those exceeding Euro 1 million) included clauses on human rights or were evaluated. This is more than our 2012 target of 80%.

In the past three years, the main contractors, suppliers and business partners have been evaluated regarding human rights.

1.3. Purchasing families and technical safety requirements

Using our rating system (rolled out in 2010 with the Emergency Safety Plan), ENDESA has identified all contractors and partners who undertake risk activities at the Company's facilities.

During 2012, the rating system was applied to all contractor and partner families. These have been audited to ascertain whether they hold OHSAS 18001 certification or an OHS management system according to this standard.

Weighting of materials and services supplier contracts that include clauses on human rights

		Spain and Portugal	Latin America	Argentina	Chile	Brazil	Peru	Colombia	Total
Number of significant contracts that include clauses on human rights or that have been assessed	2010	407	123	4	24	43	14	38	530
	2011	475	236	3	39	90	27	77	711
	2012	290	276	4	65	110	35	62	570
Total number of significant contracts	2010	407	319	5	53	142	30	89	726
	2011	475	236	3	39	90	27	77	711
	2012	290	276	4	65	110	35	62	570
% of all significant contracts that include clauses on human rights or that have been assessed	2010	100	39	80	45	30	47	43	73
	2011	100	100	100	100	100	100	100	100
	2012	100	100	100	100	100	100	100	100

Main contractors, suppliers and business partners that have been assessed on human rights issues

		Spain and Portugal	Latin America	Argentina	Chile	Brazil	Peru	Colombia	Total
Main suppliers, contractors and business partners that have been assessed on human rights issues	2010	70	19	0	1	10	4	4	89
	2011	117	27	1	2	11	5	8	144
	2012	52	14	1	2	8	2	1	66
Total main suppliers, contractors and business partners	2010	343	274	8	54	103	34	75	617
	2011	408	218	3	41	76	30	68	626
	2012	307	277	6	66	108	37	60	584
% of all main suppliers, contractors and business partners that have been assessed on human rights issues	2010	20.4	28.66	0	1.9	9.7	11.8	5.3	14.4
	2011	28.7	81.12	33.3	4.9	14.5	16.7	11.8	23
	2012	16.9	34.18	16.7	3	7.4	5.4	1.7	11.3

2. 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 Zero Accidents’ safety plan aims to reduce accidents and fatalities.”

The aim of the plan is to achieve synergies by standardising purchasing at both companies to optimise costs.

3. Extending health and safety standards at partner companies

ENDESA conveys the following commitments to extending occupational health and safety among its partner companies:

- Safety certification for risk-related activities.
- Promoting OHSAS 18001 certification for these activities.
- Being firmly committed to managing and collating information on occupational health and safety to be included in General Terms and Conditions of Contract.

In 2011, ENDESA implemented a procedure to be followed in the event of serious accidents, both in Spain and Latin America. ENDESA Procedure SGSST-PG11 of the OHS management system establishes that contractors must design a specific prevention plan for contracted works, detailing the protection equipment to be used. Furthermore, all work is to be monitored and controlled (a process known as “invigilation”). All serious accidents are reviewed by a committee composed of experts from the Prevention Service of the unit where the accident took place and procurement experts, in order to establish corrective measures to avoid similar accidents.

In Spain, ENDESA procedure SGSST-PG11 of the OHS management system and Annex IV of the General Contract Terms and Conditions require that the contractor provides specific OHS training based on the risks involved in the contracted activity.

Special emphasis is given to training personnel exposed to risk of electric shock, those working at height, those responsible for on-site occupational risk prevention or those working as site foremen, as well as risk prevention and health and safety officers, etc.

Latin America

Argentina

Contractors must comply with the occupational health and safety standards established under Argentinean law. To be admitted, these companies must have a safety programme, a staff list, A.R.T. insurance, work commencement notification, an EPP delivery form, general and specific training, crane inspections, regular medical check-ups for special tasks, branching areas, and an A.R.T. contract.

In April 2012, Edesur and Endesa Costanera S.A. began promoting a certification campaign under the OHSAS 18001 standard with their contractors. All contracts include clauses referring to the Global Compact Principles and the Code of Ethics.

Chile

There are certain aspects which are regularly controlled via *in situ* reviews or audits of OHS documentation, as well as compliance with environmental and quality standards. These are carried out by the OHS and Environment business areas. Our contractors and suppliers are also evaluated on an annual basis in order to implement improvement plans.

Safety is a key priority at Enersis as at all ENDESA companies. In order to achieve zero accidents, between October 2010 and December 2012, the Group applied an Emergency Safety Plan in which all contractors in Latin America were audited with regard to high risk safety. The degree of implementation of workplace prevention management systems was evaluated.

In 2012, the Contractor Training Plan was drawn up.

It is also worth noting the following OHS initiatives:

1. The special regulation for Enersis Group contractors and subcontractors regarding OHS in the distribution, generation and others business areas. This regulation is based on article 66 of Act 16.744 regarding workplace

accidents and employment-related illnesses and makes reference to the entry into force of Act 20.123, which regulates subcontractor work, the structure of temporary employment companies and temporary contracts. This Act outlines the OHS responsibilities of the contracting or subcontracting company at construction sites and for work teams and the rendering of services. Since 2011, all contractors and subcontractors must comply with the OHSAS 18001/2007 safety management system.

2. In order to classify contractors and subcontractors with regard to health and safety training, Enersis applies its evaluation procedure for partners' services.
3. The criteria and minimum requirements are contained in the annual work plan which partners must provide. Training needs are established according to the dangers and risks identified and any other requirements the company must meet. The partner must give priority to all matters which are directly related to the risks associated with their activity, such as the risk of electric shock, handling materials, working at height, etc. They must also consider other issues regarding prevention, team work and improving supervision.
4. Identification of personnel protection teams involves identifying dangers and risk assessment. There are also specific working procedures according to the risk inherent in the activity, such as working at height, protection against electric arcs and the use of anti-inflammatory clothing.
5. Suitable OHS training at partners. The annual OHS programme is reviewed every four months.

Peru

OHS policies and standards for employees, contractors and subcontractors are stipulated in the rigorous application of the principles governing the OHS management system. Occupational health and safety is therefore applied via:

- The OHS management system (OHSAS 18001), which is the main safety procedure to be followed to ensure the safety of our partners and contractors. To this end, personnel must take a basic safety course organised by a recognised external company and all contractor personnel must take a psychological assessment. These procedures are also adhered to when choosing individual protection equipment.

- The OHS procedure PS.012 for managing contractors is used to classify contractors according to their training qualifications.
- Contractors must have the following minimum qualifications: Basic safety training given by a certified external company (safety and risk prevention, signalling, first aid and climbing), as well as a psychological assessment for all contractor personnel and supervisors that includes an assessment of their CV, skills and experience in risk prevention, and a personal interview with the OHS business area.
- Employees must also be able to identify dangers, assess risks and detect controls, know the colours used for identifying equipment, piping and cylinders, be competent in the storage, transport and handling of dangerous materials and be able to communicate and draw up an accident/incident report. OHS training is also given regarding lockout tagout blocks (LOTO), signalling at facilities and work areas, working at height, using scaffolding and ladders, personal protection equipment, hoisting manoeuvres, the storage and handling of compressed gases, soldering work, work in confined spaces, the use of electrical equipment and tools, cleaning water dispensers, trench and ditch work, working at facilities with the power disconnected and industrial scanners.
- The OHS procedure PS.011 to improve awareness and skills under which employees' training is monitored and controlled.

Brazil

Certain OHS, human rights and labour aspects are audited *in situ* by the OHS business areas. Every year, the efforts of contractors and suppliers are assessed by the contract administrators. All matters regarding labour and human rights standards are assessed.

Prior to working for the Company, all contractors' workplaces undergo an OHS audit pursuant to the Emergency Plan's procedures. Also, contracts stipulate that all companies must be OHSAS 18001 certified.

The individual protection equipment required for each activity is outlined in the work procedures. Employees receive the necessary training to carry out their duties and are assessed via practical and written tests. If they pass these tests, they can join the Endesa Brasil network.

Colombia

The Company has OHS policies and requirements for employees and employees of contractors and subcontractors regarding:

- Tender terms and conditions, where the OHS conditions required for the subject of the contract are specified.
- Corporate document “HR appendix” which establishes the general OHS parameters.

There is no procedure for classifying contractors according to training, but there is for OHS management.

Employees must undertake minimum training in the following (on-site and off-site training, either internal or with external bodies):

- Working at height.
- Working in confined spaces.
- Hoisting manoeuvres.
- Risk of electric shock.
- Certification in working on live lines.

The procedures for identifying the personal protective equipment to be used by contractors can be found in:

- “PPE appendix”.
- Review of technical files when assessing tenders.

The procedures for monitoring and controlling employees’ OHS skills can be found in:

- Comprehensive audits.
- OAPI safety inspections procedure.

All partner companies have procedures to ensure that work is carried out safely. The dissemination and implementation of the risk prevention format, the operating scoreboard and training records were all introduced in 2012.

3.1 Plan “5+1”

In 2012, ENDESA continued to take a broad range of measures aimed at occupational risk prevention, including reinforcing Plan “5+1”. Partner requirements under this plan include:

- The establishment of a culture of safety throughout the organisation and encouraging the partner companies to follow suit.
- The deployment of mechanisms to improve safety levels at partner companies.

3.2. Zero accidents safety plan

Work continued on the Company’s workplace health and safety plan (Safety Plan 2011-2015), for all countries where it operates. The Plan identifies five challenges:

- A reduction of accident severity and elimination of fatal accidents.
- Improvement in accident rates in transport.
- Standardisation between ENDESA and its contractor partners in terms of a culture of risk prevention and occupational health improvements.
- Reduction of legal risk.
- Consolidation of ENDESA as a leading utility in risk prevention.

Furthermore, the Vendor Rating System and the safety audits carried out under the Emergency Safety Plan have reinforced partner companies’ commitment to employee safety.

“The Zero Accidents safety plan aims to reduce accidents and fatalities.”

3.3. Contractor training

In the last three years, 100% of ENDESA’s employees and subcontractors have received training in occupational health and safety related to their work.

Contractors and subcontractors receiving occupational health and safety training

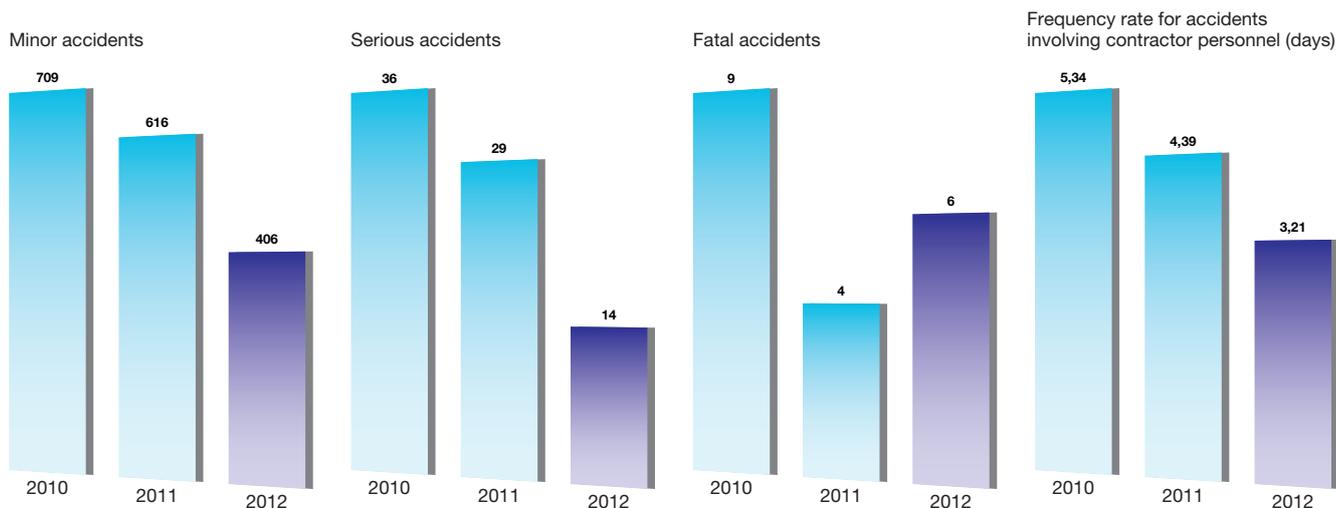
	2010	2011	2012
Spain and Portugal	22,807	25,817	17,420
Latin America	44,221	42,373	32,663
Other countries	741	641	n/a
Total	67,769	68,831	50,083

In 2012, the number of suppliers rated increased by 26.7% as the ongoing rating system has introduced new rating families and developed new supplier rating processes for existing purchasing families.

Suppliers rated

	2010	2011	2012
Spain and Portugal	481	820	935
Latin America	416	673	957
Total	897	1,493	1,892

Accident rate for contractor employees



3.4. The results of a joint effort

ENDESA's commitments to raising awareness of occupational health and safety among its employees and contractors has continued to pay off in recent years.

The total number of minor accidents among contractor employees was 406 in 2012, a 34.1% improvement over 2011.

The number of serious accidents fell by 52%, to just 14 in 2012 compared to 29 in 2011.

There were six deaths, all at contractor companies (one in Spain and five in Latin America).

The accident frequency index among contractor personnel was 3.21 in 2012, compared to 4.39 in 2011 and 5.34 in 2010.

4. Commitments to local suppliers

ENDESA aims to create value for local suppliers in the countries and regions where it operates. The number of ENDESA contracts over Euro 1 million decreased by 12.4%, from 588 in 2011 to 515 in 2012. This decline is due to lower consumption in Spain, although it has not affected the number of purchases made from local suppliers. The total value of these contracts decreased by 13.8% compared with 2011 (Euro 3,108 million in 2012 compared to Euro 3,605 million).

Number of local suppliers with contracts exceeding Euro 1 million

	2010	2011	2012
Spain and Portugal	322	387	288
Argentina	8	2	2
Chile	52	37	45
Brazil	98	72	100
Peru	24	24	24
Colombia	70	64	53
Other countries (Ireland)	5	2	3
Total	579	588	515

ENDESA worked with 20,933 suppliers in 2012, up 0.8% on the 2011 figure of 20,765. The value of materials and services acquisitions from suppliers declined by 7.6% to Euro 4,174 million.

“In 2012, ENDESA made Euro 4,174 million in purchases from its 20,933 suppliers.”

05. Foreign-based suppliers

ENDESA aims to create value for local suppliers in the countries in which it operates. Purchases from foreign-based suppliers accounted for 7% of all purchases stemming from contracts for more than Euro 1 million in 2012.

“Purchases from foreign-based suppliers accounted for 7% of purchases in all countries.”

We would note that the number of foreign-based suppliers with contracts exceeding Euro 1 million in the countries where ENDESA operates rose from 40 in 2011 to 77 in 2012.

Concentration of purchases from local suppliers*

	Total purchases from local suppliers through contracts for more Euro 1 million (%)		
	2010	2011	2012
Spain and Portugal	86	83	79
Argentina	35	51	3
Chile	65	59	68
Brazil	78	76	79
Peru	52	53	66
Colombia	75	85	73
Other countries (Ireland)	45	33	93
Total	81	80	74

* Local suppliers are suppliers of materials, products and services located in the same geographic market as the organisation—that is, to which no international payment is made.

Purchases from local suppliers for more than Euro 1 million (Euro thousands)

	2010	2011	2012
Spain and Portugal	3,032,215	2,442,236	1,687,222
Argentina	19,068	7,057	3,459
Chile	259,653	138,074	298,498
Brazil	548,022	378,262	518,107
Peru	101,668	76,840	120,943
Colombia	472,746	555,626	338,419
Other countries (Ireland)	16,675	6,535	141,402
Total	4,450,048	3,604,629	3,108,049

Number of ENDESA suppliers

	Number of Suppliers			Value of purchases of materials and services from suppliers (Euro thousands)		
	2010	2011	2012	2010	2011	2012
Spain and Portugal	7,742	7,256	6,802	3,511,275	2,954,817	2,148,080
Latin America	16,061	13,024	13,736	1,975,820	1,541,755	1,874,570
Argentina	945	299	420	54,722	13,803	136,341
Chile	4,609	3,637	3,543	396,624	234,508	437,784
Brazil	5,650	5,161	4,937	700,773	496,658	653,991
Peru	2,474	2,121	2,055	196,187	144,424	182,406
Colombia	2,383	1,806	2,781	627,515	652,363	464,048
Other countries (Ireland)	570	485	395	37,381	19,822	152,063
Total	24373	20765	20933	5,524,476	4,516,394	4,174,713

Value of purchases from ENDESA's main suppliers in 2012

	Value of purchases from 15 largest suppliers (Euro thousands)	Value of purchases from 15 largest suppliers (% of total)	Value of purchases from 50 largest suppliers (Euro thousands)	Value of purchases from 50 largest suppliers (% of total)
Spain and Portugal	567,179	26	1,057,703	49
Latin America	1,045,171	56	1,421,014	76
Argentina	128,191	94	132,552	97
Chile	247,726	57	335,686	77
Brazil	292,836	45	449,207	69
Peru	114,560	63	149,422	82
Colombia	261,859	56	354,146	76
Other countries (Ireland)	148,111	97	150,458	99
Total	1,760,461	42	2,629,175	63

Number of foreign-based suppliers in each country

	Number of Suppliers			Value of purchases from foreign-based suppliers with contracts of more than Euro 1 million (Euro million)			Percentage of purchases from local suppliers with contracts exceeding Euro 1 million as a percentage of total purchases		
	2010	2011	2012	2010	2011	2012	2010	2011	2012
	Spain and Portugal	21	21	19	71	110	57	2	4
Latin America	22	19	53	119	48	228	29	27	12
Argentina	0	1	4	0	1	119	0	7	88
Chile	2	4	21	6	7	45	2	3	10
Brazil	5	4	8	41	16	25	6	3	4
Peru	10	6	13	29	18	17	15	12	9
Colombia	5	4	7	43	6	22	7	1	5
Other countries (Ireland)	1	0	5	2	0	4	7	0	3
Total	44	40	77	193	158	290	3	3	7





The climate change challenge

*Challenges and opportunities
in the fight against climate
change*

The fight against climate change is one of ENDESA's main environmental priorities, and a challenge the Company seeks to address through technology and innovation.

After being in operation for five years, ENDESA's Climate Change Programme has established the Company as a benchmark in mitigating this problem, thanks to its commitment to renewable energy, energy efficiency and promoting R&D and innovation to achieve emission reductions.

369
g of CO₂/kWh in
2012, i.e. down
46.88%.

ENDESA and
Enel continue to
rank **top** of
the world carbon
market

ENDESA and
Enel boast a
shared portfolio
of **118** CDM
projects

More than
600 EV
charge points in
Spain and **40**
in Latin America

Highlights of the 2008-2012 Sustainability Plan

2008 The Climate Change Challenge began with the 2008-2012 Sustainability Plan.	2009 ENDESA launched the new Canela II wind farm, the largest facility of this type in Chile, which will prevent the emission of close to 90,000 tonnes of CO ₂ a year.	2010 It has built a portfolio of its own projects that are at various stages of development and jointly comprise a regional macro-project defined as: Proprietary CDM projects of ENDESA's Latin America subsidiaries.	2011 Calculation of ENDESA's carbon footprint using a single tool to measure the Company's greenhouse gas (GHG) emissions.	2012 ENDESA presents the first charging point in Europe using Vehicle-to-Grid (V2G) technology.
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Priority issues-2012 materiality study	ENDESA's response in the report
Transparency in reporting CO ₂ emissions (scope 1, scope 2, scope 3)	Chapter on Climate Change 2.2. Emissions trading 2.3.1. CO ₂ emissions
Commitments and goals in reducing greenhouse gas (GHG) emissions.	Chapter on Climate Change 1. ENDESA's contribution to combating climate change 1.6. Transparency and efforts to provide information on commitments to tackle climate change
Assessment of risks related to climate change (integration of physical, regulatory and operational risk)	Chapter on Climate Change 1. ENDESA's contribution to combating climate change 1.6.1. Carbon Disclosure Project 1.6.2. Calculating ENDESA's carbon footprint 1.6.3. Climate Change Adaptation Study of ENDESA's facilities 2.1. The international context after the Doha summit 3. ENDESA's active involvement in national and international bodies and/or initiatives tackling climate change
Transparency in monitoring carbon intensity as a key performance indicator	Chapter on Climate Change 1.3. Energy efficiency for lower CO ₂ intensity. Chapter on Innovation 1.1. Fuel consumption

Challenges in 2012	Actions taken
Completion of the verification of Callahuanca, Canela I, Ventanilla and Ojos de Agua, and the registration of Canela II and Renaico.	Verification of proprietary projects underway (Callahuanca and Ventanilla) or in the evaluation phase (Canela I and Ojos de Agua). One proprietary project registered: Canela II.
Active involvement in the post-Kyoto carbon market, and maintenance of the leadership achieved during the Kyoto period.	
Preparation of CDP 2012, CDP Water 2012 and CDP Supply Chain 2012 questionnaires.	Follow-up and processing of registered projects for obtaining CERs. Acquisition of additional post-2012 volumes of CERs usable in the third period in EU ETS for trading and compliance.
Involvement with the Entorno Foundation in preparing the publications: Action CO ₂ 2012 and Business Solutions for Fighting Climate Change.	Surveys completed. ENDESA has continue to be involved in CDP, Acción CO ₂ and Energy Wisdom Programme, according to plan.
Analysis of the 2011 carbon footprint and calculation of the 2012 carbon footprint. Implementation of the requirements of the ISO 14064 standard on ENDESA's carbon footprint.	Calculation of the Carbon Footprint 100% completed. Detection of areas for improvement and businesses with greater potential to cut emissions. Implementation of the requirements of the ISO 14064 standard in respect of ENDESA's carbon footprint and completion of verification process.
Preparation of the Climate Change Adaptation Study of ENDESA's facilities and operations.	Completion of Climate Change Adaptation Study of ENDESA's facilities and operations.
Preparation of documentation for involvement in the 2011-2012 Energy Wisdom Programme (EWP).	ENDESA took part in the EWP for the twelfth consecutive year, according to plan.
Study and assessment of the grid expansion needed to meet new customer demand, within the framework of the new regulations specified in Royal Decree 222/2008, which requires all applications to be budgeted.	98.28% of new supply applications were answered within the deadline, beating the Unit's target.
Remote management project: moving forward with widespread installation and remote operation. In addition, carrying out pilot studies to provide additional consumer information.	3 million meters and more than 15,000 concentrators installed at year-end 2012.
Roll-out of electric vehicles in Malaga and Barcelona	In Malaga, the Smart City project was completed according to plan, and the Zem2All project was launched with the deployment of 200 electric vehicles. In Barcelona, the Smart City project is progressing according to plan.

Key figures 2008-2012 Sustainability Plan

	2009	2010	2011	2012
Installed capacity in renewables (MW)	14,143	1,897.56	1,894.65	1,680.5
Renewable energy capacity installed in Spain and Portugal (MW)	5,410 MW	1,517.98	1,816.5	1,767.65
Renewable energy capacity installed in Latin America (MW)	8,732 MW	379.6	78.15	87.15
Joint ENDESA and Enel CDM projects	52	105	114	118
Presence in international organisations tackling climate change	12	12	12	12
Presence in national organisations tackling climate change	9	7	9	10

In 2013 we propose

To verify proprietary projects registered prior to 2012.
To play an active role in the post-Kyoto carbon market, and maintain the leadership achieved during the Kyoto period.
To adapt to the new regulatory and emissions trading market circumstances resulting from international policies to combat climate change.
Remote management project: To make further headway in its widespread installation and remote operation.
To take part in the CDP Investors 2013, CDP Water 2013 and CDP Supply Chain 2013 initiatives.
To be involved with the Entorno Foundation in preparing publications relating to combating Climate Change.
To analyse the 2011 carbon footprint and calculate the 2012 carbon footprint, and to continue to improve the process in line with the requirements of the ISO 14064 standard.
Adaptation: To internally and externally disseminate the "Climate Change Adaptation Study" of ENDESA's Facilities and Operations. Possible further actions in this connection.
To develop fast charging for electric vehicles.
To continue to implement the sustainable mobility plan.
To monitor and examine the implications of the proposed EU Alternative Fuels Infrastructure Directive.

1. ENDESA's contribution to combating climate change

ENDESA's commitment to combating climate change is an integral part of its management model. In fact, one of the challenges established in the 2008-2012 Sustainability Plan is to combat climate change.

“The Climate Change Programme focuses on five priority areas for action.”

In response to this challenge, the Company therefore established a Climate Change Programme focusing on five priority areas:

- Actively participating in the development of renewable energies.
- Spearheading new developments in technology leading to reduced CO₂ emissions and a change in the energy model. This implies developing one of the 12 European carbon capture and storage projects (CCS) through to 2015, developing CCGT facilities and installing peak capacity, among other actions.
- Developing opportunities related to energy efficiency and cogeneration in all business areas (generation, distribution and supply).
- Leading the development of a sustainable transport model based on the electric vehicle.
- Developing 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 that emissions corresponding to Enel and ENDESA are covered and generating a surplus.

ENDESA's Environment and Sustainable Development Committee is responsible for steering the Company's policy, guidelines and objectives relating to the environment and climate change. However, all the Company's areas and workforce and all its Sustainability actions, are focused on tackling climate change.

1.1. Active participation in the development of renewable energies

Enel Green Power España, S.L. is responsible for managing and developing all the renewable energy assets of ENDESA and Enel in Spain and Portugal. ENDESA and Enel Green Power hold stakes of 40% and 60%, respectively. Enel Green

Power is a wholly-owned subsidiary of Enel, and focuses on developing renewable energy around the world.

Enel Green Power España was founded in 2010 following the integration of the renewable assets of Endesa Cogeneración y Renovables, S.A.U in Spain and Portugal and those of Enel Green Power, also in Spain and Portugal.

In 2012, Enel Green Power España had total net installed capacity of 1,680.5 MW in renewable energies, broken down as follows: 1. 568,106 MW of wind energy, 56.56 MW small hydro, 22.7 MW biomass plants, 13.41 MW solar and 19.728 MW cogeneration plants.

“Enel Green Power España has installed capacity of 1,680.5 MW.”

In Latin America, the Company had 409.03 MW of renewables capacity in 2012: 330.88 MW in small hydro plants with less than 50 MW installed capacity and 78.15 MW of wind power capacity.

ENDESA had total global installed capacity of 2,089.53 MW in renewable energies in 2012.

Net installed capacity and output by technology in Spain and Portugal 2012

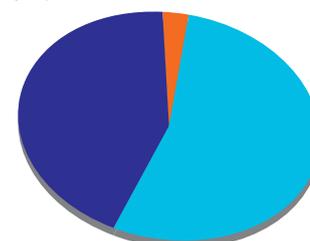
	MW	GWh
Small hydroelectric plants	56.56	109.082
Wind	1,568.106	3,459.206
Solar	13.41	26.190
Biomass	22.7	113.389
Cogeneration	19.728	226.81
TOTAL	1,680.504	3,934.677

Latin America

Endesa Chile operates the Canela (Canela I and Canela II) wind farm, the largest wind farm by installed capacity in Chile (78.15 MW), and the Ojos de Agua small hydroelectric plant (9 MW).

ENDESA installed electric power capacity in Latin America in 2012

- Hydro 54.15%
- Conventional thermal and combined cycle plants 43.21%
- Renewables 2.65%

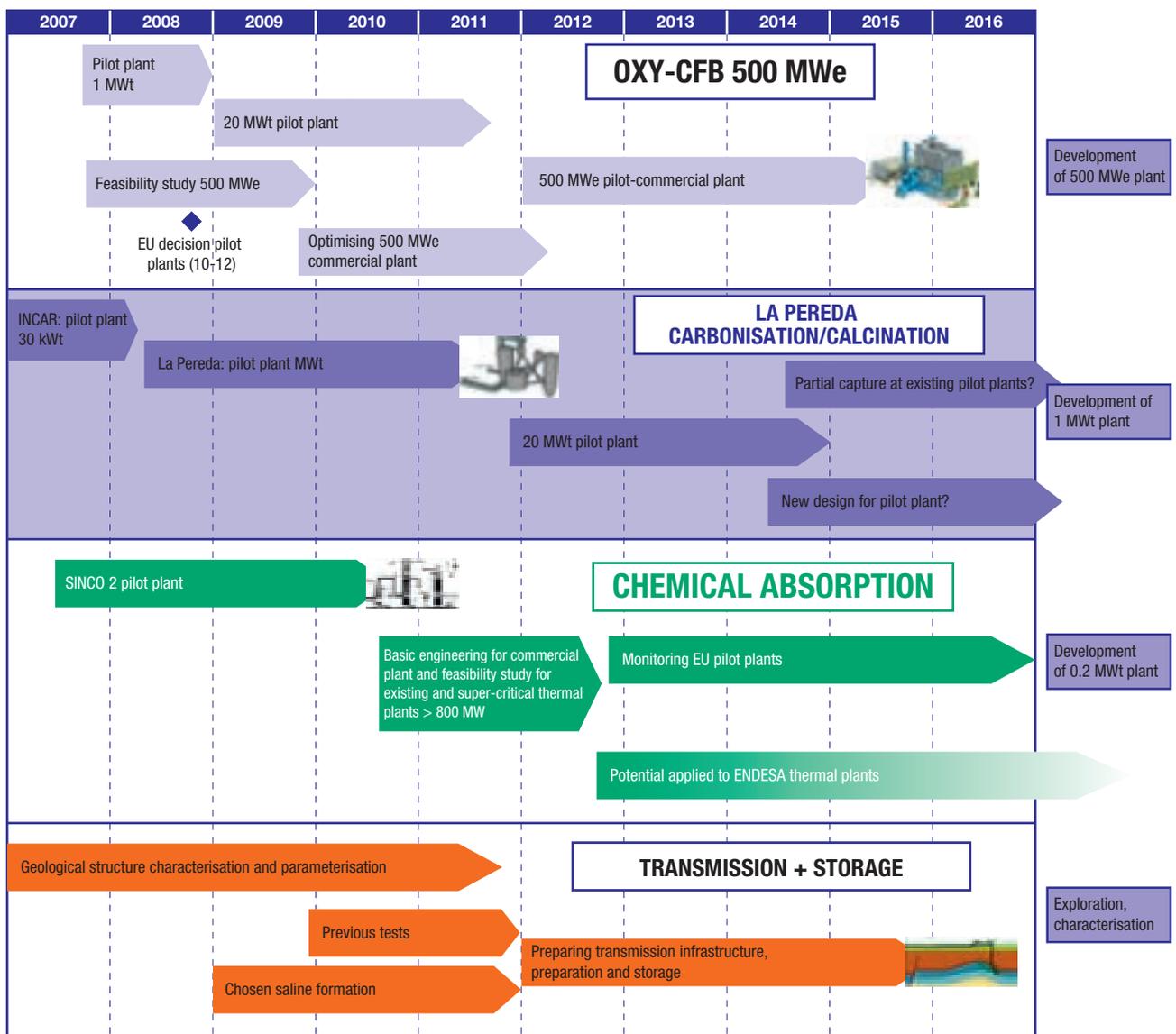


1.2. Carbon Capture and Storage (CCS)

In 2012, ENDESA continued its work in carbon capture and storage (CCS):

- Since 2011, ENDESA has been operating Europe's first microalgae cultivation plant for CO₂ capture at the Litoral thermal power station in Almeria. The main objective of this plant is to test new types of photo-bioreactors and microalgae and develop recovery processes for the biomass obtained as a first step towards demonstrating the technical and economic viability of this technology.
- ENDESA owns the first Spanish plant for CO₂ capture using chemical absorption, namely its Compostilla facility (León). This is Spain's first pilot CO₂ capture plant integrated into a thermal plant. It processes 800 m³/h of combustion gasses and has the capacity to capture 3-5 tonnes of CO₂ per day, with 90% efficiency.
- Along with Hunosa and Centro Superior de Investigaciones Científicas (CSIC), since 2012 ENDESA has been operating a pilot post-combustion CO₂ capture plant using carbonisation-calcination cycles at the La Pereda plant in Mieres (Asturias). This plant, with an installed capacity of 1.7 MWt, is the world's largest pilot plant harnessing this technology and the only one that is part of a thermal plant, using real combustion gases. This technology belongs to the range of next-generation CO₂ capturing technology, which runs more efficiently and at a lower cost.

ENDESA strategic CCS projects: 2007-2016



“Since 2012, ENDESA has been operating the world’s largest pilot plant for capturing CO₂ using carbonisation-calcination cycles.”

- Since 2010, ENDESA has been working on the engineering development of a demonstration project for CO₂ capture and storage on a commercial scale, including the technologies for the capture, transportation and storage of CO₂. This is one of the six demonstration projects funded by the European Energy Programme for Recovery (EEPR). It consists of a 323 MWe supercritical oxy-combustion group for thermal power generation, using circulating fluidised bed (CFB) technology, transportation via CO₂ pipeline and final CO₂ storage in a deep saline aquifer.

1.3. Energy efficiency for lower CO₂ intensity

In 2012, the Company continued to develop its 2010-2014 Global Energy Efficiency Plan (PGE3) within the framework of its 2008-2012 Sustainability Plan, through initiatives relating to generation, distribution and sales, together with energy-saving actions at the Company’s facilities.

The PGE3 is intended to position ENDESA as a leader in this field and help it meet its commitment to reducing CO₂ emissions.

The plan 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 consumption practices.

In Latin America, all energy-efficiency initiatives have been developed and coordinated by an Energy Efficiency Committee, comprising representatives of all the companies in the region and of the corporate energy efficiency department.

For further information, see the chapter on *Innovation; Energy Efficiency.*

1.4. Leadership in sustainable transport: promoting the electric vehicle

ENDESA is firmly committed to developing sustainable mobility and for some years it has been implementing e-mobility initiatives in the markets where it operates, including both Spain and Latin America, where it plays a prominent role in this field with a view to positioning itself as an international leader in the e-mobility sector.

Within the framework of the 2008-2012 Sustainability Plan, which defines a commitment to technological innovation tailored to users’ real needs and aimed at nurturing sustainability in society, ENDESA has been involved in developing and executing various parallel lines of work, all aimed at developing and boosting e-mobility.

As part of the Enel group, the company has created a structure that has enabled it to develop new charging technology adapted to the way market standards and trends have evolved. Furthermore, it has continued to implement demonstrative projects to acquire greater knowledge of both technological developments and the patterns for their use in real life. Finally, it has continued to respond to any need that a potential/real electric vehicle user might have, designing proposals tailored to each specific case.

At the end of 2012, Endesa had installed over 600 EV charge points in Spain and more than 40 in Latin America. Approximately 30% of them are used for demonstrative projects and 70% are facilities developed for end users.

“More than 600 EV charge points in Spain and 40 in Latin America.”

During this period, electric vehicle (EV) demonstration and promotion plans have been implemented and innovative proposals put forward for the development and management of the necessary infrastructure. Among measures undertaken in 2012, the following were of particular note:

Development of and research into Fast Charging technology

ENDESA continues to develop conventional charging infrastructure (3.7 KW), opting for smart charging infrastructure with control pilot and communications circuitry (Mode 3).

With regard to the design, study and demonstration of fast EV charging systems and in the pursuit of research, technological development and innovation activities, ENDESA has built a strategic portfolio of R&D and innovation projects in order to strengthen coordination of this area with Enel, as well as developing know-how in respect of this technology.

CRAVE Project. This project entails the design and construction of a control device for fast charging equipment capable of connecting with the group's control systems to manage peak demand. This device can incorporate a fully manageable storage system that improves the functionalities of fast charging equipment. Furthermore, a proprietary fast charging product compatible with all existing or potential market needs is in the pipeline.

FASTO Project. This project belongs to the same category and is aimed at the definition, development, production and certification at a pre-commercial stage of a portfolio of fast charging equipment shared by the entire Enel Group. The solution is aimed at meeting the requirements of all business units, while at the same time opening up new commercial opportunities as the chargers can be integrated into the Electric Mobility Management System (EMMS).

SURTIDOR Project. In partnership with a consortium, ENDESA is involved in this initiative aimed at offering new functionalities via the design and roll-out of a conductive fast charging point incorporating a storage system.

ENDESA installed two fast charging stations in Santiago de Chile in 2012, in addition to the first one installed in 2011. Therefore, Chile now has the first three fast charging stations in Latin America, deployed for a safe, reliable service at petrol stations.

Development of V2G (Vehicle-to-Grid) technologies

Research is underway to investigate how to integrate electric vehicles into the existing power grid infrastructure. In 2012, ENDESA was involved in researching and executing activities linked to this area.

Some of the main actions include the development of Vehicle-to-Grid (V2G) systems and, specifically, the implementation of this technology in the Malaga Smart City, where a public charging point has been installed designed specifically to cater for V2G technology providing support for conventional electric vehicles, adequately adapted to provide it with the aforementioned V2G capacity.

“ENDESA presents the first charging point in Europe using Vehicle-to-Grid (V2G) technology.”

With regard to the development of an internal strategic plan to promote innovation and help learn the consequences of the immersion of electric vehicles in the grid, it is worth highlighting the V2M (Vehicle-to-Microgrid) programme, consisting of the development and research of the impact of the EV on the grid and the scope for using V2G in Spain. This technology can be used to enable electric vehicles to send energy to the grid, and offer services to users or the power grid. In 2012, a charging point using V2G technology was developed and unveiled for the first time in Europe.

ENDESA presents the first charging point that enables electric vehicles to return power to the grid

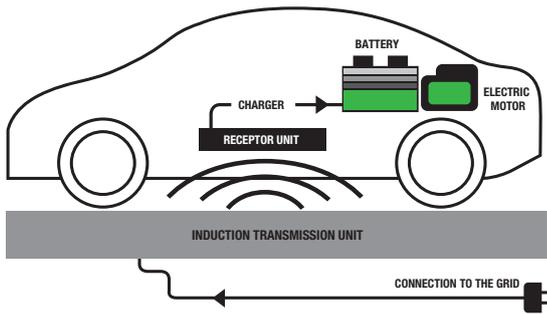
In 2012, ENDESA showcased Europe's first fast charging point allowing dual load directionality from the grid to the vehicle and back. This is an important step in the development of smart grids, which need tools to help optimise output and distribution and improve the supply and demand balance between producers and consumers.

The new charging point features V2G (Vehicle-to-Grid) and V2H (Vehicle-to-Home) technology, allowing users to decide whether to consume the electricity stored in their electric vehicle, power their home or even sell back the surplus to the grid.

This innovative system was developed by ENDESA in conjunction with the CITCEA centre of the UPC-Barcelona Tech and the Catalonia Institute for Energy Research (IREC).

Fast inductive charging, UNPLUGGED Project

To develop solutions to help promote the inductive charging of electric vehicles, ENDESA is involved in the **UNPLUGGED Project**. This is an international initiative aimed at developing a fast charging induction station, as well as researching the use of this system in urban areas in order to verify and demonstrate the possibilities offered by this infrastructure. In 2012, ENDESA presented this technology after participating in the development of a charging point.



First prototype of the wireless-charging electric vehicle in Spain

ENDESA and Saragossa University's Fundación del Centro de Investigación de Recursos y Consumos Energéticos (CIRCE) presented Spain's first prototype wireless-charging electric vehicle, which charges batteries to 80% of their capacity in 15 minutes.

This prototype uses induction charging, allowing a battery located underground to transfer energy to another battery located inside the vehicle. The transmission coil may be placed under the floor of car parks and car washes, remaining almost invisible. The charging platform may also be installed in taxi ranks and bus stops, transport hubs, trucks or service vehicles in specific areas or for fast charging of passenger cars at service stations.

The research prototype presented was devised to conduct the energy transfer at 50 kilowatts and charging is completely safe, keeping electromagnetic emission levels well below the allowed limits.

There is a margin of 30% for the transmitter to detect the vehicle on top of it, connect and start transmitting power, i.e. the vehicle does not have to be in an exact position.

One of the main advantages of induction charging is that it does not require cables and drivers and passengers do not need to leave the vehicle. The vehicle must simply be positioned above the induction coil.



In December 2012, the Aragon government's Secretary for Industry and Innovation, Arturo Aliaga, ENDESA's Director General in Aragon, Jaime Gros, and CIRCE's General Director, Antonio Valero, unveiled the research prototype to the media.

“Fast charging induction stations allow vehicles to attain an 80% charge in 15-20 minutes.”

The Company has made a commitment to this wireless charging system, and is one of the 17 partners involved in a European project.

ENDESA and the CIRCE Foundation lead this project, with the backing of the Seventh Framework Programme for Technological Research and Development (FP7). Participating partners include private companies, such as Enel and ENDESA, as well as European research centres and universities; cities such as Barcelona and Florence also cooperate.

1.4.1. Mobility promotion and showcasing initiatives in real environments

The Enel Group is keen to develop e-mobility as a key way of stepping up the fight against climate change.

“To date, ENDESA has rolled out a fast-charging network comprising 11 charging stations in Spain and 3 in Latin America.”

In Chile, through the distributor Chilectra, 29 new charging points have been installed, and another 20 are scheduled to be installed in 2013, including the first fast charging station in Latin America.

In Columbia, the electricity distribution company Codensa also installed 10 charging stations in 2012, in addition to the 8 installed in the previous year. The company plans to roll out a further 50 charging points in the future.

2012 was the year of consolidation of demonstrative projects in Latin America, most notably in the area of public transport. Codensa received 50 electric taxis, which it will operate as part of a pilot project in the city of Bogota, with quotas already acquired by local taxi drivers' associations. In Chile, Chilectra developed a pilot project to set up an electric bus route along a public transport corridor connecting the installations of the Santiago Smart City and the Metro network. The pilot bus project shows that this technology can be used in public transport systems in major Latin American cities.

Agreements signed with manufacturers have helped to grow and develop e-mobility among the most significant demonstrative projects, such as Zem2All in the city of Malaga

and Green eMotion in Barcelona. In Barcelona, ENDESA is involved in the master plan for designing electric vehicle charging infrastructure for use in areas with high parking densities, applied and implemented in the car park of its registered offices in Catalonia.

Likewise, ENDESA has played an active role in the MOVELE Plan, under which the Ministry of Industry, Tourism and Trade plans to install 550 charging points in Madrid, Barcelona and Seville. ENDESA is the only company to be involved in the project in all three cities. The MOVELE Plan has involved introducing various categories of electric vehicles with different features and technologies in urban areas, along with normal charging points at these locations.

“ENDESA is the only company to have been involved in the MOVELE Plan in Madrid, Barcelona and Seville.”

In 2012, ENDESA continued to increase its fleet of electric vehicles. In March, Endesa Baleares unveiled its first electric vehicle for institutional representation purposes. The Central Catalonia division has added 3 electric vehicles to its fleet for the brigades. Another electric vehicle was added to the Central Catalonia division (Endesa Distribución). The aim is that of the total fleet of 69 vehicles, in the medium term 50% should be electric.



In the year, ENDESA installed a number of charge points for end users, including the very first EV charge points in Badajoz, at the behest of the Extremadura Energy Agency. In total, 40 points will be installed, 22 in Badajoz and 18 in Mérida.

The new charge points will be monitored from the Smart Grid Service Centre developed by the Company and located in Seville, from where the efficient lighting projects are also supervised and managed, experiments are conducted with smart micro-networks, and new services for cities are analysed and tested for future application.



Francisco de la Torre, Mayor of Malaga, Kazuo Furukawa, Chairman of NEDO and Javier Uriarte, General Supply Manager of ENDESA.

Zem2All Project (Zero Emissions Mobility to All)

In May 2012, the **Zem2all Project** was launched. This is a real-life demonstrative e-mobility initiative involving the joint cooperation of Japanese and Spanish companies under a bilateral agreement between Japan and Spain (JSIP, Japan Spain Innovation Program). On the Spanish side, the project is headed by ENDESA, while the Japanese side of the consortium is led by Mitsubishi Corporation.

The project envisages an investment of approximately Euro 60 million, earmarked, as well as for major technological developments based mainly on communication between vehicles, charging infrastructure and the electricity grid, for conducting a real test with 200 users of electric vehicles over a three-year period.

All participants in the project will have an electric vehicle and a charging infrastructure installed at their home or fleet garage. This charging infrastructure will be conventional (3.7 kW), using Enel-ENDESA technology that will fully charge vehicles in around 6 hours. However, at the same time, there will be 23 fast charging points at 9 stations distributed in Malaga, Marbella and Fuengirola, as well as another 6 V2G points (bidirectional charging). The project is aimed at individual and institutional users.

“ZEM2ALL is a demonstration project in Malaga to analyse the way drivers use electric vehicles and provide an in-depth study of the impact of these vehicles on the grid.”

e-Mobility proposal for EV users

ENDESA has included an added-value proposal into its range of products and services in the form of e-mobility,

which is segmented according to customer type: residential or business. Accordingly, as well as providing expert advice, ENDESA proposes integral solutions spanning all the necessary infrastructure and services.

In 2012, ENDESA registered at the Industry Ministry as a Load Manager, the regulatory requirement for selling back to the grid any residual energy from EV charging.

In 2012, it also launched its special green tariff for EV users. This tariff has three time slots allowing users to charge their vehicles with evident financial benefits.

To complete the proposal, ENDESA has developed specialised customer service channels to provide information to all potential users and anyone else interested in e-mobility. In this connection, as well as its e-mobility helpline, ENDESA has designed a website where users can see exactly what the company is doing in the market, consult its product catalogue, discover the financial and environmental benefits of e-mobility, and examine the Government subsidies available. www.ENDESAvehiculoelctrico.com

An active role in society and its institutions and in the dissemination of the concept of e-mobility

ENDESA has been involved in a number of public events to disseminate and promote the electric vehicle. These include the international EV Battery Forum in Barcelona, the 7th International Conference on Energy Innovation-Smart Grid Technology at Barcelona's Universidad Politécnic de Cataluña, a stand in the Smartcity World Congress, the Motor Show at Santa Cruz de Tenerife, meetings on sustainable mobility in Lanzarote and the EV exhibition at Expo Zaragoza, among others.

The Company also sponsored the Patio 2.12 project in the Solar Decathlon Madrid 2012, providing, among other things, the in-home charging infrastructure.

Among the numerous institutional projects presented by ENDESA in Spain is the one located on El Hierro Island, where the Company has worked with the Canary Regional Government and with Renault-Nissan on the e-Mobility Plan for the feasibility study and the plan required to replace the vehicles currently circulating on the island for other, electric vehicles. This plan is set to encompass all the island's motor vehicles, which currently total more than 6,400 passenger cars, vans and motorbikes. All of this, combined with the hydro plant project, which is in the launch phase, will help achieve the great challenge of "El Hierro, 100% renewable energy".



Alpidio Armas, President of the Canary Regional Government, Pablo Casado, General Manager of Endesa Canary Islands

1.5. Leader in Clean Development Mechanisms and joint action projects

Flexible mechanisms to reduce emissions based on projects, known as Clean Development Mechanisms (CDMs), represent a significant area of ENDESA's climate change strategy.

“ENDESA and Enel continue to rank top of the global carbon market.”

ENDESA's activity to identify and develop CDM and Joint Action (JA) projects forms part of Enel's Carbon Strategy Unit:

The Carbon Strategy Unit is responsible for organising and developing projects, and for managing and optimising the portfolio, including analysing markets and monitoring voluntary carbon markets.

Despite the crisis in the emissions market, the Carbon Strategy Unit's work has enabled ENDESA and Enel to hold on to first place in the global carbon market.

1.5.1. CDM Portfolio

The Enel-ENDESA Group's portfolio of Certified Emission Reduction certificates (CERs) and Emission Reduction Units (ERUs) is the largest in the world carbon market rankings. At the end of 2012, the two companies had a combined portfolio

of 118 CDM projects, representing over 175 millions tonnes of CO₂ emissions reductions and accounting for 8% of the credits granted by the United Nations.

“8% of all CO₂ credits granted by the United Nations were allocated to ENDESA and Enel.”

ENDESA's CDM/JA portfolio for 2012 amounted to 76.07 million CERs/ERUs. Excluding Funds, 82% of the tonnes contracted via ENDESA projects are registered and 18.4% are from renewables projects.

The decline of the percentage of renewables in the portfolio was due mainly to the reduction in major hydro projects and the focus on new energy efficiency projects.

ENDESA's CDM/JA projects generated 14.89 million CERs/ERUs during 2012, which, added to those issued in previous years, take the total to 57.63 million CERs/ERUs.

1.5.2. ENDESA proprietary projects

ENDESA has devised a strategy to identify and unlock the value of all the projects in its Expansion Plan which could be considered to be Clean Development Mechanism (CDM) projects.

In this regard, in 2012 a portfolio was drawn up of its own projects that are at various stages of development and jointly comprise a regional macro-project defined as: proprietary CDM projects of ENDESA's Latin America subsidiaries.

The current status of each of the countries is as follows:

Chile

Two CDM projects registered under the UNFCCC. These are the Canela I and Canela II wind farms, both in the verification phase. The former has a potential of some 27,251 CERs/year, while the latter, a 60 MW facility, was registered with the UNFCCC in August, and has a potential of some 89,990 CERs/year.

Peru

Two registered projects: Ventanilla CCGT closure (407,296 CERs/year), which is in the UNFCCC verification phase, and the repowering of the Callahuanca hydroelectric plant, also in the process of verification (18,189 CERs/year).

The most significant development is the closure of the Ventanilla combined cycle plant, which was registered in June 2011, with estimated potential of 407,296 CERs/year.

“ENDESA is involved in 7 carbon funds.”

1.5.3. Carbon funds

In addition to developing or participating in CDM projects, ENDESA continues to participate in seven carbon funds. The most noteworthy are those managed by the World Bank, such as: Community Development Carbon Fund (CDFC), Fondo Español de Carbono (SCF), Umbrella Carbon Fund (UCF) and Carbon Partnership Facility (CPF).

ENDESA also participates in the Multilateral Carbon Credit Fund (MCCF) of the European Investment Bank and the European Bank for Reconstruction and Development, and in the GG-CAP Fund managed by Natsource.

1.5.4. Adaptation to the new regulatory and market environment

2012 was a very difficult year for the carbon markets due to surplus supply which caused a drop in prices due to political uncertainty both in the European Union and worldwide.

The milestone event in 2012 was the Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC) in Doha.

A total of 37 developed countries signed an extension to the Kyoto Protocol, led by the European Union and Australia, which together account for 15% of global greenhouse gas (GHG) production. Japan, Canada and Russia declined to sign the extension. The Doha agreement requires industrialised participants to “review” their emission commitments for 2014.

Although the final outcome may not trigger a strong commitment to reducing GHG emissions, two priority goals were achieved in Doha: to maintain the Kyoto Protocol as a transitory measure and to continue along the path towards a broader international agreement through to 2020. This agreement should be reached in 2015.

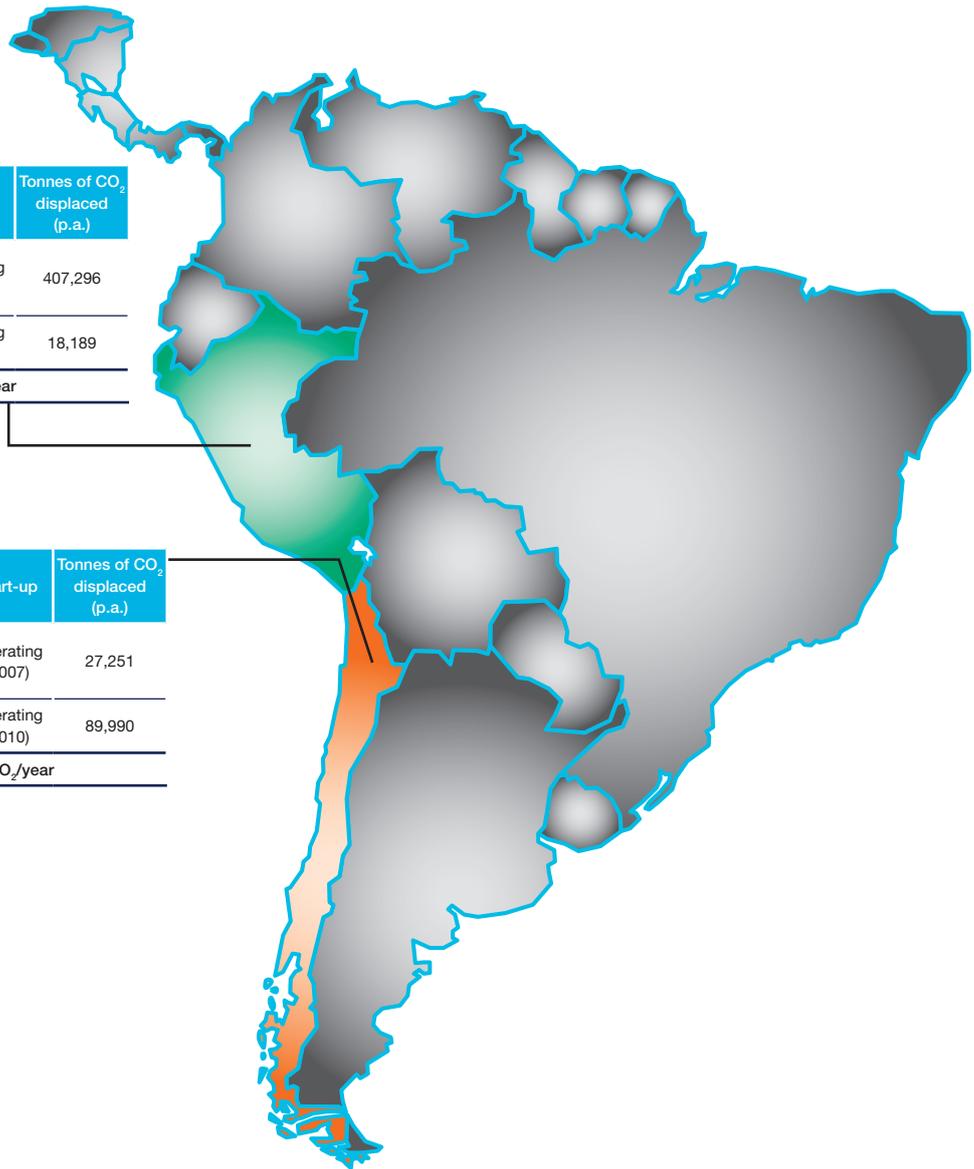
“The pace of Endesa Carbono's origination activities slowed in 2012.”

Peru

Project	Technology	CDM status	Start-up	Tonnes of CO ₂ displaced (p.a.)
Ventanilla	Combined cycle (490 MW)	Registered (2011)	Operating (2006)	407,296
Callahuanca	Hydroelectric (82.5 MW)	Registered (2008)	Operating (2006)	18,189
TOTAL	42,485 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 (60 MW)	Registered (2012)	Operating (2010)	89,990
TOTAL	117,241 tonnes CO₂/year			



Renewal of the Kyoto Protocol for a second commitment period also guarantees the future of the Clean Development Mechanism (CDM), which provides financing for emission reduction programmes, such as renewable energy projects in developing countries.

Due to the new regulatory and market environment, the pace of launch of new activities at Endesa Carbono slowed during the year, due especially to the decline in CO₂ prices and completion of the first period of the Kyoto Protocol. Despite the negative scenario, existing projects on the portfolio continued to operate and to reduce emissions.

The Enel-ENDESA Group also remains one of the major market players and the biggest compliance buyer in the market.

Lastly, the Enel-ENDESA Group is actively involved in climate change talks, helping the ongoing operation of

the carbon market in the European Union, and working to reach a global agreement on emissions reduction goals in the long term.

1.6. Transparency and efforts to disclose information on its commitment to tackle climate change

1.6.1. Carbon Disclosure Project

ENDESA is taking part in three initiatives under the auspices of the Carbon Disclosure Project, an independent non-profit body working to achieve a reduction in GHG emissions and the sustainable use of water by businesses and cities. These initiatives are CDP Investors, CDP Supply Chain and CDP Water.

“ENDESA is among the companies most committed to action and innovation in the fight against climate change, according to Carbon Disclosure Project.”

ENDESA participated for the tenth consecutive year in the Carbon Disclosure Project Investor initiative. As part of this initiative, in September 2012 the annual *CDP Global 500, 2012* report was presented. In the last few years ENDESA has ranked among the top companies on the CDP index, the most prestigious climate change index in the world. This report offers global information on identified risks and opportunities, on plans to curb emissions and on transparency of corporate conduct aimed at mitigating climate change.



ENDESA ranks among the companies most committed to action and innovation in the fight against climate change, as defined by two indices:

- The Carbon Disclosure Leadership Index (CDLI), where it scored 92 out of 100 points (a 4-point improvement over its score for 2011 and a 14-point improvement on 2010), effectively meaning that ENDESA has consolidated its leadership in reporting quality and clarity on its objectives and actions aimed at combating climate change and the transparency of the information provided on its carbon emissions.
- The Carbon Performance Leadership Index (CPLI), in which ENDESA is ranked in Band C (last year it was in Band A-). The main reason for ENDESA’s position in Band C of the CPLI is that the direct emissions resulting from its activity increased in the last year. Nevertheless, this increase was triggered by a rise in electric power production at its thermal facilities, since in 2012 there was a drought in both Spain and some regions of Latin America, limiting the use of hydroelectric facilities.

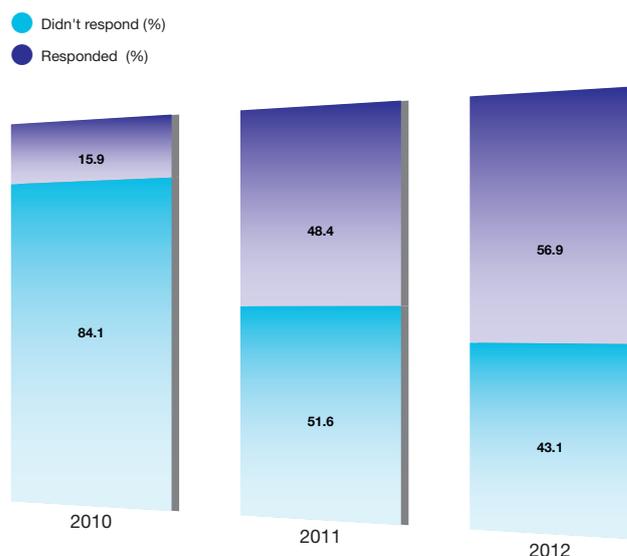
The Enel Group, to which ENDESA belongs, obtained a score of 91 and is ranked in Band B.

These CDLI and CPLI results are included in the *CDP Global 500*, a report which in 2012 examined the carbon-reduction activities of the world’s 405 biggest companies.

- ENDESA also took part for the third consecutive year in the CDP Supply Chain, an initiative to extend awareness

of an organisation’s carbon footprint that goes beyond direct measurement of greenhouse gases to also include a company’s supply chain (suppliers) and related risks and opportunities for climate change. The main purpose is to encourage climate change action by ENDESA and its suppliers.

In this third year of involvement in the initiative, suppliers were increasingly committed along with ENDESA to combating climate change, as evidenced by the increase in responses to the survey, compared to the previous two years.

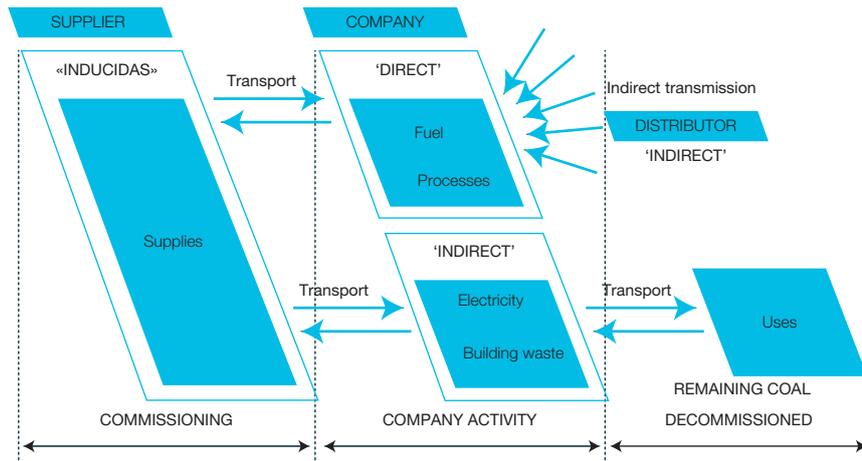


1.6.2. Calculating ENDESA's carbon footprint

After calculating its carbon footprint in 2011, ENDESA decided to obtain UNE ISO 14064 certification for the results of this work.

“In 2012, ENDESA implemented a corporate carbon footprint management system .”

This decision was the next step to continue consolidating and furthering ENDESA’s considerable efforts to compile an inventory of its GHG emissions from the widest possible perspective, extending this to the whole lifecycle of each of the company’s assets, businesses and locations, and including both direct and indirect emissions which, though not generated by sources controlled by the Company, do result from its activities.



The move is aimed at ensuring the credibility, consistency and transparency of its carbon footprint and establishing a robust GHG monitoring system. This will help it to manage risks related to GHGs and to identify opportunities to reduce them.

In 2012, ENDESA developed and implemented a corporate carbon footprint management system, by conducting on-site audits and verification processes at its facilities. This project seeks to verify ENDESA's carbon footprint for 2009, 2011 and 2012.

To date, both the methodology and the software developed to calculate ENDESA's carbon footprint have been audited and approved. This process is expected to be completed in early 2013, with final certification of ENDESA's carbon footprint for the 2009-2011 period.

1.6.3. Climate Change Adaptation Study of ENDESA's facilities

As a company that is firmly committed to combating climate change and, in particular, reducing greenhouse gas emissions, ENDESA has decided to integrate this approach, not only as an element of its environmental policy, but as a weighty component in corporate decision-making, through an internal adaptation project.

This project is aimed at assessing internal vulnerability to pinpoint and prioritise those climate factors that could potentially pose a risk to its business activities, and to gauge the benefits and opportunities, considering both the future planning of its markets (in terms of climate change and energy), and those international mechanisms designed to promote adaptation projects within the energy sector, with a special focus on financial projects.

As a result of these efforts, a roadmap has been designed to adapt ENDESA to climate change, as the final outcome of prior analysis, focusing on the Company's internal vulnerability to the impacts of climate change and identifying the potential benefits and business opportunities linked to adaptation.

2. Institutional allies in combating climate change

2.1. The international context in the wake of the Doha summit

From 26 November to 8 December 2012, Doha (Qatar) hosted the 18th session of the Conference of the Parties (COP18) of the United Nations Framework Convention on Climate Change (UNFCCC) and the 8th Meeting of the Parties (CMP7) of the Kyoto Protocol.

Some 9,000 delegates attended the Conference.

The main goals of the Summit were to close the two working groups: the one on the commitments within the framework of the Kyoto Protocol (KP) and the one on long-term cooperative action (LCA); to approve the second period of commitment to the Kyoto Protocol and to start work to prepare a new global agreement by 2015, for application from 2020.

The Summit ended with adoption of the so-called 'Doha Climate Gateway' package of measures.

the second Kyoto Protocol commitment period began on 1 January 2013 and will end on 31 December 2020.

The industrialised countries that accepted commitments under the Kyoto Protocol are Australia, Iceland, the European Union, New Zealand, Switzerland, Monaco and Norway. Countries in the process of transition to a market economy that signed the Kyoto Protocol are Ukraine, Kazakhstan, Belarus and Croatia. Between them, they account for 14% of global emissions, and they are committed to reducing emissions by 18% with respect to their 1990 levels, between 2013 and 2020.

In the new Kyoto Protocol commitment period, nitrogen trifluoride (NF₃) has been included in the list of greenhouse gases.

The committed parties will review their commitments by 2014, and may extend them with a view to achieving, by 2020, an aggregate reduction of at least 25-40% compared to 1990 levels of greenhouse gas emissions by the parties listed in Annex.

In Doha, governments agreed to work to reach a global deal on climate change in 2015, covering all countries from 2020, and to find ways to increase efforts before 2020, extending beyond the existing commitments to reduce emissions, so as not to exceed the maximum 2°C global temperature increase compared with pre-industrial levels, as established.

As for the flexibility mechanisms, whose continuity after 2013 is guaranteed, all the Parties to the Kyoto Protocol may participate in the Clean Development Mechanism (CDM) in projects underway and registered after 31 December 2012, but only those with commitments can transfer and acquire CERs.

As for the new market mechanisms, a working programme was agreed in Doha to continue devising a new mechanism under the UNFCCC, and the possible elements for its operation were established.

A working agreement was approved to draw up a framework for recognising the mechanisms established outside the UNFCCC, both nationally and based on bilateral emission offsetting agreements, and to consider their role in helping countries meet their mitigation targets.

For ENDESA, these new developments provide additional motivation to continue working to combat climate change, as they will promote fresh business opportunities with new market mechanisms, and will make new finance available for mitigation and adaptation projects.

The Enel Group presents its sustainable development projects at the Rio+20 Conference

The Enel Group unveiled its smart solutions for the measurement and distribution of electric power at the Corporate Sustainability Forum promoted by the Global Compact at the UN's Rio+20 Conference.

ENDESA's General Manager of Sustainability, Hernán Cortés, began his intervention with the talk 'Looking at the future of Sustainability: an approach to sustainable cities and renewable energy', fostered by the Global Compact's Spanish Network, during which he showed a video about how Enel and ENDESA see the city of the future. He then presented the Smart City and Smart Metering projects that are being developed in Spain, Italy, Brazil and Chile.

During the session 'Conveying the values of sustainability in the business-investor scenario', ENDESA Brazil's sustainability platform was highlighted. Marina Migliorato, Head of Corporate Social Responsibility at Enel, presented the Brazilian projects Ecoelce and Consciência Ecoampla as examples of innovation in management, a model that has already been replicated in other Latin American countries and that, going forward, will also be developed in Europe.

ENDESA's Sustainable Development chief, Ángel Fraile, took part in the sessions entitled 'Ensuring universal access to modern energy services to attain Sustainable Energy for All' and 'The Reconceptualisation of the Business'.

Fraile cited the Luz para Todos (Electricity for All), Consciencia Ampla (Ampla Awareness), Contadores de Historias Encantadas (Enchanted Storytellers) and EcoENDESA programmes.

The Chairman of Codensa, José Antonio Vargas Lleras, took part in the session 'Business capacities to achieve sustainable development', in which he spoke of the role of the energy industry in sustainable development.

In another debate, the Chairman of Enel Green Power Brazil, Enrique de Las Morenas, analysed the concept of Circular Economy, focusing on the role of the company in producing clean energy and in developing smart grid technology for the cities of the future.



Hernán Cortés during his talk

2.2. Emissions trading

ENDESA is currently active on the main European wholesale emissions markets (NordPool, Powernext and ECX) and is a registered member of emission rights registries in Denmark, France and Spain (RENADE) with a view to optimising its emission rights trading strategies.

Until 2012, the European framework was 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 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 no longer be entitled to any free emission rights. During this phase, it will not be possible to use certain carbon credits (HFC-23 and N₂O adipic acid).

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, and subsequently modified with regard to the amount of allocations to reach sector, through Order PRE/2827/2009.

The NAP establishes the total volume of rights to be allocated to the sectors and facilities affected by Law 1/2005, including the electricity 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.

Law 1/2005 has been amended by Law 13/2010 in order to transpose Directive 2009/29/EC, of the European Parliament and the Council, into Spanish law, entailing an in-depth review of the European emission-rights trading system.

The new Law 13/2010 establishes that from 2013 the NAPs are to be replaced by an EU-wide approach to both setting

the total volume of emission rights and the methodology for allocating those rights. In the specific case of the electricity sector, the allocation of emission rights will no longer be free, but will be conducted via auction, in accordance with the provisions of EU regulations.

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 6 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.

“The National Plan for the Allocation of Greenhouse Gas Emissions has allocated ENDESA an annual average of 25.25 million tonnes of CO₂.”

An average annual allocation is established for the electricity 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).

In 2012, the NAP assigned ENDESA 23.8 million tonnes of CO₂ emission rights. Taking into account the 42% flexibility margin allowed, ENDESA's installations will be permitted to use 10 million metric tonnes/year of credits obtained via projects linked to the flexibility mechanisms envisaged in the Kyoto Protocol.

2008-2012 National Allocation Plan for Portugal

ENDESA was assigned 1.7 million tonnes of emission rights for Portugal in the same period, and released 1.8 million tonnes of CO₂. This includes 100% of the Pego CCGT plant and the Company's 38.9% stake in the Pego thermal plant.

2.3.1. CO₂ emissions

ENDESA's carbon emissions fell from 695g of CO₂/kWh in 1990 to 369 g of CO₂/kWh in 2012, a 46.88% reduction.

The Company's total emissions at the end of 2012 were 37.86 million tonnes CO₂ in Spain and Portugal, 14 million tonnes in Latin America and 0.3 million tonnes in other countries.

“ENDESA's total emissions in 2012 amounted to 37.86 million tonnes in Spain and 14 million tonnes in Latin America.”

In 2012, thermal energy generation in Spain and Portugal increased by almost 6%, triggering a 5.5% increase in outright CO₂ emissions. The increase in thermal production was distributed unevenly between the various technologies: 12.9% increase in production at coal-fired plants, a 10.2% reduction in CCGT production and a 4.4% rise in fuel-gas plant production. Despite the increase in thermal production, specific emissions remained practically constant.

In 2012, ENDESA Distribución joined the Voluntary Agreement Programme for reducing Greenhouse Gases (GHG) run by the Catalonia Department for Climate Change, including, in an initial phase, the 'HV grid and the HV/MV grid in Catalonia', and having presented the final projects in the year (presented as measures to minimise losses on the grid and the resulting translation into a reduction of CO₂ emissions). The audit was conducted by TÜV Rheinland in April and ENDESA Distribución passed, thereby renewing its commitment to mitigating and combating climate change.

Evaluation of ENDESA's specific emissions (kgCO₂/kWh)

	2010	2011	2012	% 2012/2011
Spain and Portugal	0.33	0.48	0.49	0.68
Argentina	0.42	0.43	0.41	-4.65
Chile	0.19	0.23	0.24	4.35
Peru	0.22	0.22	0.21	-4.55
Colombia	0.07	0.04	0.04	0.00
Brazil	0.17	0.09	0.09	0.00
Latin America	0.23	0.23	0.22	-4.35
Ireland	0.44	0.07	—	—
Morocco	0.29	0.37	0.39	5.13
Other countries	0.35	0.43	0.39	-9.3
ENDESA	0.28	0.37	0.37	0.00

Evolution of ENDESA'S emissions in outright terms (ktCO₂)

	2010	2011	2012	% 2012/2011
Spain and Portugal	23,839	35,895	37,858	5.47
Argentina	6,590	6,950	6,171	-12.62
Chile	4,194	4,598	4,819	4.81
Peru	1,959	2,125	1,953	-8.10
Colombia	944	425	568	33.71
Brazil	563	358	491	37.02
Latin America	14,250	14,456	14,002	-3.14
Ireland	275	70	—	—
Morocco	267	274	301	9.81
Other countries	542	343	301	9.81
ENDESA	38,631	50,695	52,161	2.89

Latin America

Brazil

In 2012, a new control process was launched for the Ampla vehicle fleet, with more thorough and stratified reports, enabling the individual monitoring of the units. This new, more comprehensive control, will eventually increase 2012 emissions readings, the calculation of which will be completed in the second quarter of the year. 2011 emissions, published in 2012, amounted to 4,525,211 tonnes of CO₂. The scope of application of the inventory included the building that houses the registered offices, the operating vehicle fleet and airline travel.

3. ENDESA's presence in national and international bodies and/or initiatives to combat climate change

National bodies

- Spanish Technology Platform for Energy Efficiency (PTE-EE): this body aims is to pursue technological innovation for energy efficiency, generating new solutions by promoting research and development into new techniques, products and services that contribute to reducing energy demand through energy efficiency.
- Spanish Future Electrical Grid Platform (FUTURED): this body strives is to bring together all parties in the electricity sector to define and promote strategies at the domestic level to achieve a much more advanced grid that can meet the challenges of the future.

- 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.
- National Strategic Consortium for Technical Research on CO₂ (CENIT CO₂). The CENIT CO₂ Project ended on 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 for 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.
- Andalusia System for Emissions Offsetting (SACE): ENDESA is registered in this voluntary system, signalling a commitment to improving the energy and environmental management of the building that houses its registered offices in Andalusia, located in Seville, by carrying out energy audits, reducing consumption and offsetting greenhouse gas emissions.

National publications on the fight against climate change

Entorno Foundation:

- CO₂ Action. Commitment, action, reduction and culture of change.



AcciónCO₂

- National publications to promote the fight against climate change
- EURELECTRIC Energy Wisdom Programme (EWP)

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 the EU ETS Task Force.



- Sponsors of the Carbon Expo.



- Member of the Advisory Board and several working groups within the European Zero Emissions technology platform (ZEP).
- Founding member of IETA (International Emissions Trading Association). ENDESA 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 capture and storage of CO₂: Dynamis, Cachet, C3-Capture, Geocapacity, Nanoglowa 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 a member of 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 Pontificia Universidad Católica de Valparaíso.





Strengthening ties with local communities

Strengthening ties with local communities and the Company's legitimacy in the areas where it operates.

ENDESA is committed to addressing social concerns and aspires to be seen as an indispensable partner in the economic, social and environmental progress of the countries in which it operates.

2012 saw the full roll-out of the five Regional Sustainability Plans in Spain and Portugal, and five Country Sustainability Plans in Latin America. The Company has continued performing actions that contribute to social development, divided into four areas: cooperation, culture, education and socio-environmental.

Euro **42**
million invested
in social
development in
2012 according to
LBG methodology

Completion of
Country Plans
and Regional
Sustainability
Plans

62% of
the social action
budget invested in
Latin America
Latin America

569 social
action projects
carried out in
2012, down 9% on
2011

Highlights of the 2008-2012 Sustainability Plan

2008	The 2008-2012 Sustainability Plan establishes the development of different Regional and Country plans to strengthen ties with local communities.	2009	ENDESA is a member of the London Benchmarking Group (LBG) in Spain for two consecutive years.	2010	Approval and roll out of the five Regional Sustainability Plans in Spain and Portugal.	2011	Approval of the Sustainability Plan for Brazil and dissemination and implementation of the five Country Plans in Latin America.	2012	
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Priority issues-2012 materiality study	ENDESA's response in the report
Fostering local economic and social development (including access to energy in developing countries).	Establishing ties with local communities: 1.2. Social action: generating value and contributing to society 1.3. Contribution to social development 2. Social initiatives
Active management of community relations.	Chapter ENDESA reference group: 7.1. Engagement with communities involved in the El Quimbo project
Corporate strategy for social initiatives	Establishing ties with local communities: 1.1. Local Sustainability Plans. 1.2. Social initiatives: generating value and contributing to society 1.3. Contribution to social development.
Measuring and reporting social impact.	Establishing ties with local communities: 1.3.1. ENDESA's investment in social development 1.3.2. ENDESA's investment in social development 2. Social initiatives.
Positioning in Corporate Volunteer initiatives.	Establishing ties with local communities: 2.1.1.1. Corporate volunteers.

2012 challenges	Actions taken
Contributing, promoting and assessing ENDESA's social projects in the Enabling Electricity initiative.	Defining and implementing a methodology for measuring the impact of Enabling Electricity projects at group level. More than 500,000 beneficiaries in 2012.
Making sure that at least 50% of social action projects remain aligned with the business.	At least 50% of social action projects were aligned with the business.
Increasing volunteering and employee participation in social action projects.	129,960 hours dedicated by ENDESA employees to social action projects through 569 initiatives, equivalent to 76 full-time employees in 2012. Increase in volunteerism.
Implementing a methodology for measuring the impact of social action projects.	Defining a methodology for measuring the success and impact of social action projects. Pilot rollout performed.

Key figures 2008-2012 Sustainability Plan

	2008	2009	2010	2011	2012
Investment in Spain and Portugal	64	45	32	24	38
Percentage of investment in Latin America	36	55	68	76	62
Investment in rural electrification (Euro million)	69	4,5	3,9	5,9	9
Percentage of social action comprising educational action	17	18	15	22	23
Percentage of social action comprising cultural action	28	22	23	25	31
Percentage of social action comprising socio-environmental actions	9	9	7	4	11
Percentage of social action comprising social cooperation	46	51	55	49	35

In 2013 we propose:

- To continue driving sustainability in all countries and territories where ENDESA operates
- To increase the number of beneficiaries of Enabling Electricity projects
- To ensure that at least 50% of social action projects are aligned with the business
- To increase volunteering and employee participation in social action projects

1. Strengthening ties with local communities

ENDESA is committed to local social development in the communities in which it operates through sustained value creation. This is one of the two challenges facing the Company under the framework of ENDESA's 2008-2012 Sustainability Plan. To achieve this, it has embarked on two initiatives:

- Adapting the Company's strategy to the socioeconomic needs and characteristics of the regions where it operates by implementing:
 - 5 Regional Plans in Spain.
 - 5 Country Plans in Latin America.
- Developing social initiative projects and actions.

1.1. Local Sustainability Plans

ENDESA transfers the corporate objectives defined in the 2008-2012 Sustainability Plan to each country and region where it operates by incorporating the particular characteristics of each one to the Plan's objectives and commitments.

“ENDESA transfers its corporate objectives by adapting them the particular characteristics of each Country and Region”.

Sustainability Committees have been created in each country and region to coordinate, disseminate and promote ENDESA's sustainability strategy at a local level. These committees encompass representatives of the business areas in which programmes are implemented to achieve the commitments contained in ENDESA's Sustainability Policy.

These committees monitor the plans' progress on a half-yearly basis using scorecards and sustainable development action plans (SDAP). The information compiled by the local scorecards and SDAPs will be collated and input into a corporate scorecard and SDAP to offer a global overview of the Company's progress in the field of Sustainability.

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 stakeholder groups.
- To unlock the value of local initiatives.

1.1.1. Regional Plans

The 2010-2012 Regional Sustainability Plans in Spain were completed in 2012. In each of the five regions (Andalusia and Extremadura, Aragon, the Balearic Islands, the Canary Islands and Catalonia), the Sustainability Committee is chaired by the local general manager.

The programmes set down in the 2010-2012 Sustainability Plan in Aragon were all completed successfully. Particularly noteworthy was the progress made in the projects relating to the environment and strengthening ties with local communities, reflecting ENDESA's commitment to Aragon and our close collaboration with the leading regional agents and institutions, thanks to the positive development of wind energy projects and our efforts to protect the environment through pioneering projects in the sector.

96.7% of the objectives set down in the Canary Islands Sustainability Programme were met, falling slightly short of forecasts, due to the freezing of several projects main in the area of strengthening ties with local communities. The remaining objectives (in the areas of Core actions, Combating climate change and Communication) were aligned with the remaining corporate objectives.

The development of the Balearic Islands Sustainability Plan were fully met, and all programmes rolled out as planned. Highlights include initiatives to implement a sustainable transport model on the islands and R&D and innovation in this area (electric vehicles and energy efficiency). In relation to strengthening ties with local communities, a large effort was made to maintain and strengthen collaboration activities with the island community and communication and collaboration with the leading social agents were reinforced.

The Andalusia and Extremadura Sustainability Plan was a success given the difficult environment in which the Company was forced to develop its activities. An average of just under 100% of objectives specified in all programmes were developed. The high number (14) of programmes aimed at strengthening ties with local communities in this region, to which all business lines contributed, is noteworthy.

The objectives of the Catalonia Sustainability Plan were surpassed in 2012, with a level of compliance of 96%. Highlights include the good results of the projects in the areas of Communications and Sustainable Mobility. The most emblematic projects include ENDESA's commitment with the Food Bank, which collected a total of 12,894 kilos of food, equivalent to 51,700 meals, between 2011 and 2012. The largest donations were raised through charity concerts given by the Goias Symphony Orchestra.

1.1.2. Country plans

The Sustainability Committees in each of the countries in Latin America where ENDESA operates (Argentina, Brazil, Colombia, Chile and Peru) continued to coordinate and develop their corresponding Country plans. 16 committee meetings were held throughout 2012.

These meetings measured progress on activities in the Country plans and other sustainability initiatives.

Additionally, sustainability issues were coordinated and monitored in all countries in order to standardise criteria and push forward specific corporate projects: stakeholders, Enabling Electricity, social action, reporting, etc.

In Peru, the degree of compliance with 2008-2012 sustainability objectives was more than 121%, soundly beating expectations. Highlights included two Sustainability Committee meetings held at country level, and a preliminary meeting for Sustainability actions to be developed in 2013. Additionally, Peru hosted the meeting for the Global Compact local networks and the IST Nuevo Pachacutec project was a finalist in the Pioneer Awards presented by the Secretary of the Global Compact.

In Colombia, the stakeholder management project got underway through meetings, surveys and/or focus groups with suppliers, investors, customers and employees.

In Argentina, compliance with 2008-2012 Sustainability targets (135 objectives) was 95%. The best results were achieved in Core actions with customers, People, Corporate Governance, Investors, Strengthening ties with local communities and Communication. Four meetings of the Country Sustainability Committee were held to monitor these projects.

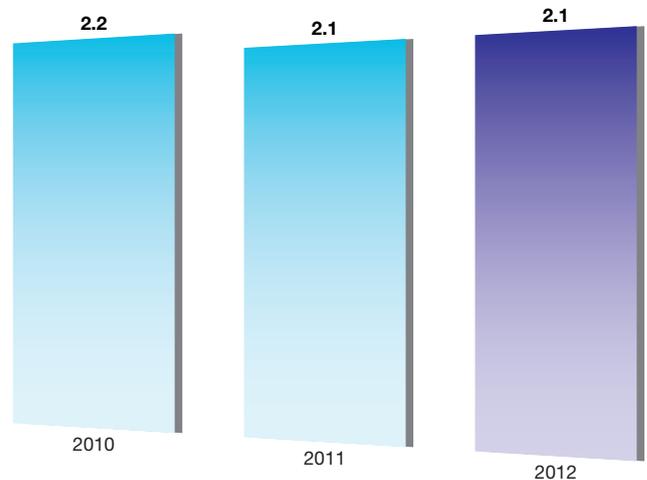
In Chile, Sustainability objectives for 2012 were fully met. Highlights include the work carried out to update the stakeholder map at country level and community relations plans to be executed in 2013.

1.2. Social initiatives: generating value and contributing to society

ENDESA is aware of society's expectations and its responsibility as an electricity generator, distributor and 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.

ENDESA's investment in social initiatives



In 2012, ENDESA invested 2.1% of its net income (Euro 2,034 million) in social development.

“ENDESA invested 2.1% of its net income in social action”.

1.3. Contribution to social development

ENDESA contributes to social development through direct investment in local initiatives, in collaboration with organisations and entities in the areas in which it operates. It also encourages corporate volunteerism among employees.

ENDESA's social action policies are developed at all Group companies, in addition to its five foundations: the ENDESA and Sevillana Endesa foundations in Spain; the Endesa Colombia foundation in Colombia; and the Pehuen and Huinay foundations in Chile.

The basic criteria guiding ENDESA's contribution to social development through its Social Action Strategy are as follows:

- To complement its function as a basic service provider: 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 has a relationship.
- 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 collaborate with social representatives of communities involved in projects.
- To carry out systematic, transparent accounting which is communicated to society.

Within this framework, ENDESA's regional divisions in Spain and subsidiaries in Latin America decide which projects and initiatives to implement, attempting to identify the needs and critical issues for each social environment.

Action is taken in four areas:

Cooperation	Culture
<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 development. 	<p>Focused on preserving local cultural identity, supporting study and research into communities' history, conserving cultural heritage, promoting cultural awards, etc.</p>
Educational	Social-environmental
<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. Do not include those directly associated with environmental protection during the Company's normal operations.</p>

1.3.1. ENDESA's investment in social development

In 2012, ENDESA invested Euro 35,227 thousand in social development, of which Euro 13,365 thousand will be earmarked for projects developed in Spain and Portugal. Of the total investment in social projects in Spain and Portugal, Euro 3,788 thousand were distributed through ENDESA's foundations and Euro 9,577 thousand were distributed through the corporate and regional centres.

ENDESA's Latin America subsidiaries invested Euro 21,862 thousand for social development.

ENDESA's investments in social initiatives in 2012* (Euro thousand)

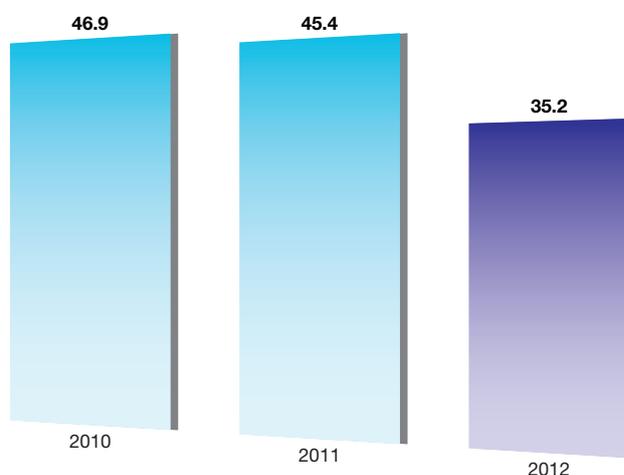
Spain and Portugal	13,365
Corporate Centre	8,670
ENDESA Foundations	3,788
Regional centres in Spain and Portugal	907
Latin America	21,862
TOTAL	35,227

(* Excludes investment in rural electrification (Euro 9.4 million) as these investments are directly related to the development of ENDESA's business activity.

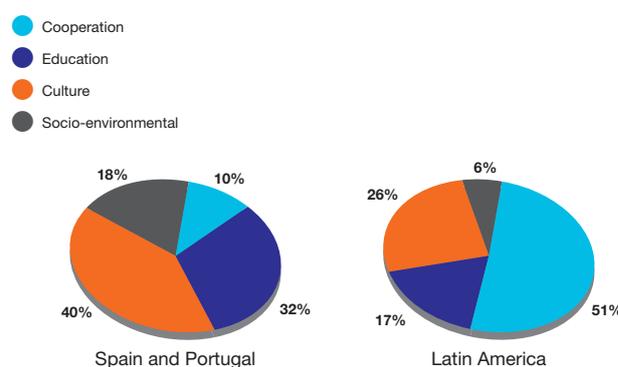
ENDESA's investment in social development in 2012 (Euro 35,227 thousand) declined by 23% vs. 2011 (Euro 46,420 thousand). Investment in Spain and Portugal increased by 19% from Euro 11,263 thousand to Euro 13,365 thousand in 2012. In Latin America, the Company invested Euro 21,862 thousand, 38% less than in 2011 (Euro 35,157 thousand). Of the total investment in social development, 62% corresponded to Latin America and the remaining 38% to Spain and Portugal.

“62% of the social action budget invested in Latin America.”

ENDESA's investment in social development (Euro million)



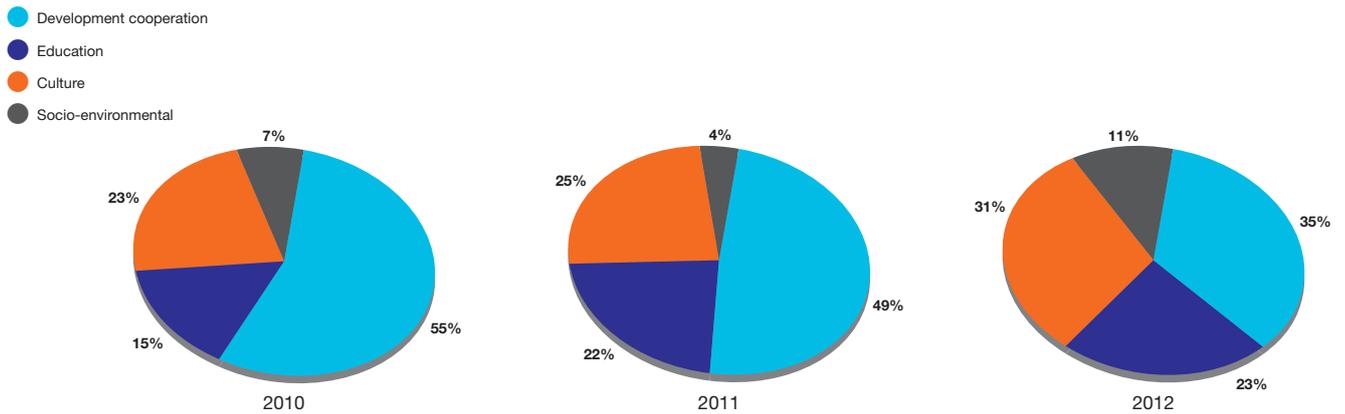
Distribution of ENDESA's social actions across Spain and Portugal and Latin America in 2012



1.3.2. ENDESA's social development initiatives

35% of the initiatives carried out by ENDESA in 2012 are cooperation initiatives aimed at meeting basic needs and/

Comprehensive history of social initiative efforts by category (% of total social projects for each year)



or helping to develop communities in the regions where the Company is present. The number of cooperation initiatives has declined since 2011, following the trend initiated in 2009, as more education and socio-environmental initiatives are being developed.

Cultural projects accounted for 31% of investment, up from 25% the previous year. The percentage of socio-environmental initiatives, i.e. those that promote the protection of the natural environment (excluding those that ENDESA carries out as part of its business activities), increased from 4% in 2010 to 11% in 2011, changing the trend marked in the previous two years.

London Benchmarking Group, LBG Spain



ENDESA has belonged to the London Benchmarking Group (LBG) Spain since 2008. Its methodology enables the Company's social actions in the community to be measured, managed and evaluated and its contributions, achievements and impacts disseminated.

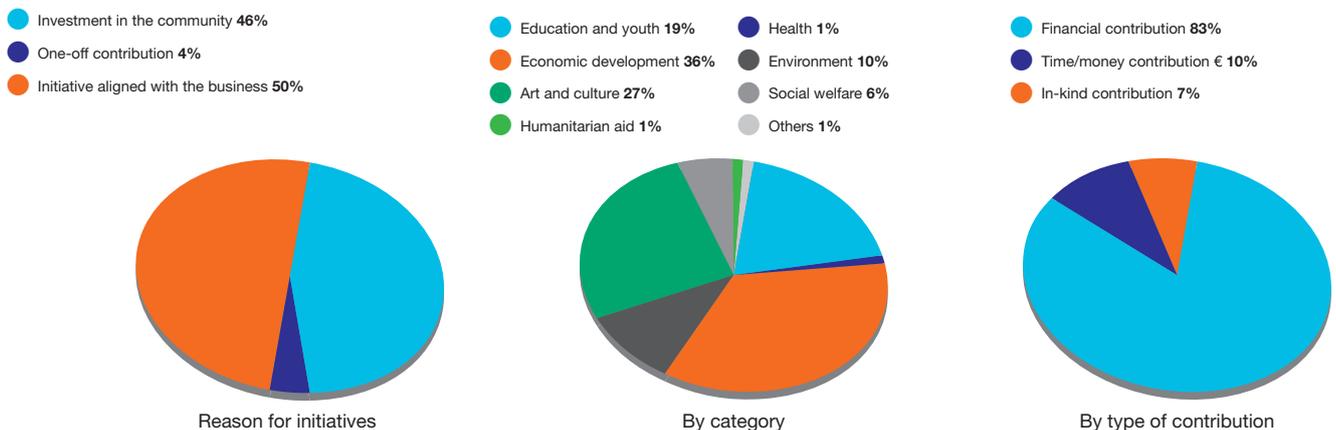
In addition to the usual reporting on its social initiatives, ENDESA has followed

LBG calculation methodology for the fourth year running.

ENDESA's contribution to social initiatives according to LBG (thousands of euros)

	2010			2011			2012		
	Spain and Portugal	Latin America	Total	Spain and Portugal	Latin America	Total	Spain and Portugal	Latin America	Total
One-off contribution	1,009	1,862	2,871	1,165	1,297	2,461	1,319	365,18	1,685
Social investment	10,636	30,425	41,060	9,526	13,636	23,162	8,821	10,821	19,643
Initiative aligned with the business	1,930	3,499	5,428	1,223	23,198	24,411	5,883	15,186	21,070

ENDESA's contribution to social initiatives in 2012, according to LBG



**ENDESA's contribution to social action in 2011, according to LBG*
(Euro thousand)**

Contributions, Spain and Portugal	16,025
Contributions, Latin America	26,372
TOTAL	42,398

(*) 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, converted into Euros, and the value of benefits in kind.

There was a significant decrease in investment in the community in 2012, from 46% of the total in 2011 to 35% in 2012, as the Company has invested more in initiatives with greater social impact that are aligned with its business. Euro 21 million were invested in this type of project, 50% of the total investment in social action.

Furthermore, the Company has focused on social projects showing continuity over time, forging strategic alliances for their management. Specific contributions were cut by almost 46%, from 5% of investment in 2011 to 4% in 2012.

2. Social initiatives

2.1. Cooperation initiatives

Social cooperation is the key element of ENDESA's social development work to cover basic needs and help the development of the communities in which it operates.

“35% of social actions relate to cooperation.”

In order to carry out these actions, the Company draws on the knowledge and awareness of each local area and collaborates with the main social organisations operating in the communities in question, through regional units and investee companies with personnel trained to identify, select and develop social development projects.

2.1.1. Cooperating in the area of basic social needs

Initiatives to meet basic needs are designed to cover or strengthen a basic need which is essential to a community in general or to a specific disadvantaged group, particularly in Latin America, in communities with vulnerable groups or those in need of basic attention.

Actions in this area can be divided into three types of projects:

- Corporate volunteering, through which ENDESA involves its employees in the development of local communities.
- Rural electrification projects to reach areas with no electricity supply.
- Projects to supply electricity to specific communities where the Company operates.

2.1.1.1. Corporate volunteering

Through corporate volunteering initiatives, ENDESA helps with the development of communities where it is present, particularly in Latin America, where the Company's employees are involved in a large number of such projects.

“Endesa Solidarios has raised Euro 140,000 since it was started.”

Spain and Portugal

In Spain, the Endesa Solidarios volunteer and charity organisation raises awareness and increases employee participation in charity and volunteering programmes to help the most disadvantaged in society, contributing to the social, environmental, educational and cultural development of the community.

The 5th edition of the Endesa Solidarios solidarity programme was not held in 2012 but is expected to be run in 2013.



1st anniversary of Voluntare. ENDESA's headquarters in Madrid hosted the first anniversary of Voluntare, the international initiative which encourages corporate volunteering, comprising non-profit making companies and entities of which ENDESA is a founding partner. Several working breakfasts were also held where the results of studies on corporate volunteering carried out by Voluntare were presented.



ENDESA also took part in the roundtable on corporate volunteering organised by the Escola d'Enginyeria de Telecomunicacions i Aeroespacial de Castelldefels (EETAC), sharing its experiences and explaining the Voluntare initiative.



Food collection campaign “Together we can achieve more”. The campaign was run at all ENDESA’s offices in Spain to help the disadvantaged. More than 10,200 kilos of food were donated by employees and delivered to the charities Cáritas, Bancos de Alimentos and ONG Cooperación Internacional.

Corporate Charity Day. ENDESA took part in Corporate Charity Day on 20 October, during which over 20 employees in Seville and Saragossa carried out volunteer activities.

Latin America

In 2012, ENDESA bolstered volunteering among its companies in Chile. Highlights included courses on electricity given by employees.

Peru

ENDESA’s corporate volunteering activities in Peru began in 2006 with the objective of contributing to the development of the most underprivileged groups.

In 2012, these activities focused on helping the elderly. Therefore, 130 company employees in Peru (26% of the total headcount) as part of the “Creators of change, hope for the elderly” campaign visited and provided Christmas entertainment for the residents of an old people’s home in Lima (San Vicente de Paúl, located near the Santa Rosa thermal plant), which raised Euro 5,670. Infrastructure improvements were also made in three sanitary installations and donations of nappies, toiletry items, wheelchairs, televisions, etc. were made. Volunteers also helped to build a house for an elderly lady with dementia in Caserío Piedritas, Talara.

In 2012, the Chosica victims- support initiative was also carried out, attracting the participation of 32% of staff (245 people), to help the victims of the *thuyco* (mud and rock slides) that occurred in the city of Chosica, Lima, in March, providing pre-fabricated housing and food.

Colombia

Adopta un Angelito (Adopt an Angel): For the last four years, ENDESA companies in Colombia have been carrying out a volunteer programme known as “Adopt an Angel”, which is launched every December. It enables Codensa and Emgesa workers to “adopt” children or elderly people with limited resources and give them a Christmas present. 411 Christmas presents were given out in 2012.

Hands with energy. In 2012, employees contributed recyclable materials such as plastic lids, cardboard and newspapers to help children with cancer and their families during their treatment. The initiative benefited 400 children of the Sanar Foundation which provides aid to underprivileged children diagnosed with cancer, offering medical and emotional support.



Become aware and make a change. 34 volunteers made donations to buy materials and offer their time to carry out cooking, dance, art, games and recreational activities for adult cancer patients. 185 employees took part in the initiative, together with 55 colleagues from the Simmon Foundation focused on helping adult cancer patients and their families on low incomes.

Argentina

Endesa Costanera’s charity network was launched four years ago and has contributed to the development of various institutions such as the Ricardo Gutiérrez and Muñiz Hospitals, the Padre Hurtado home and Padre Vasco canteen focusing on the development and social inclusion of children.

In 2012, the campaign to round up small change for Cáritas Argentina continued, with the collaboration of Edesur customers. More than 300,000 donations were made during the year, raising Euro 9,736 for the most underprivileged

sectors of society. 16 employees dedicated 1,830 hours of their time to this initiative.

Brazil

In 2012, the volunteer programme **"Rede do Bem"** (welfare network) was launched in Brazil as an umbrella for all social initiatives being carried out in the country. Three volunteer actions were carried out by each company during the year: two in which volunteers offered to carry out small jobs, repairs and painting and one involving a personal donation by volunteers. The programme directly benefited 3,224 people and projects were rolled out in 15 institutions including schools, kindergartens and care organisations for the elderly.



2.1.1.2. Rural Electrification

"More than Euro 9 million invested in rural electrification programmes."

ENDESA's objective is to bring electricity to all rural communities and underprivileged people without power in the best possible conditions.

Rural electrification is a significant part of ENDESA's social initiatives because it provides electricity to marginalised, disadvantaged rural communities and groups. In 2012, ENDESA's Latin American subsidiary companies invested more than Euro 9 million in this type of project, benefiting some 41,100 households. Electrification work was conducted this year in Brazil and Peru.

The "Improving Quality of Life for the Most Underprivileged Sectors" mass electrification programme continued in Peru. In 2012, power was provided to new urban areas, bringing electricity to 36,565 households. This is a record for Edelnor and marks an increase of over 30% compared to 2011.

The Power Interconnection Project was also rolled out to join the Uchubamba interconnection with the Chimay hydroelectric plant, improving the quality of power supply for 1,358 people in the rural communities of Uchubamba, San José de Villano and Marancocha who now have access to an uninterrupted supply of electricity 24 hours a day, helping boost this small economy.

In 2012, Ampla and Coelce, ENDESA's distribution subsidiaries in Brazil, continued to collaborate in the federal

"Electricity for All" electrification programme, which aims to bring power to all rural areas, providing free access to the grid. A total of 4,256 households have benefited from this programme in Brazil.

Today, 100% of the population in the two Brazilian states where ENDESA operates (Rio de Janeiro and Ceará) is connected to the power grid.

2.1.1.3. Social development activities that facilitate access to electricity

One of ENDESA's main objectives is to supply electricity in a safe and sustainable way to low-income populations.

Brazil

Ecoelce (Ecoendesa). This is a project combining care for the environment, social development and economic sustainability by offering discounts on electricity bills for customers who recycle their waste and deliver it to specific collection points.



Since its launch in 2007, approximately 50 GWh of energy have been saved through the Ecoelce waste recycling initiative. The initiative has benefited 419,519 registered customers, more than 13,700 tonnes of waste have been recycled and more than Euro 590,000 in discounts achieved on customers' electricity bills.

Ecoampla (Ecoendesa). Following on from the success of Ecoelce, the same project was launched by Ampla, ENDESA's other distribution company in Brazil. Since its launch in 2008, the project has benefited 75,000 customers and discounts of Euro 216,100 have been awarded on electricity bills, with 3,167 tonnes of waste recycled.

Electricity for All. Ampla (starting in 2008) and Coelce (starting in 2011) have completed a far-reaching project to bring electricity to the most remote areas of their concessions as part of the "Electricity for All" project. This initiative was conducted with subsidies and loans from the federal government in addition to funds contributed by the distributor responsible for its execution. Today, 100% of the population in the two Brazilian states where ENDESA operates (Rio de Janeiro and Ceará) is connected to the power grid.

Social Rate (discount rate for low income customers). Brazilian distribution companies apply a Social Rate for some of their customers, a programme backed by federal subsidies and contributions from other customers. Under this programme reductions of up to 100% of the electricity bill are offered to households that, among other conditions, have a per capita

income of less than half the minimum wage and are registered with the federal government's social programmes. This initiative benefited 1.5 million Ampla and Coelce customers in 2012, with a total contribution of Euro 107.4 million.

Consciencia Ampla Eficiente (Ampla Efficiency Awareness).

This programme is aimed at helping low-income residential customers to reduce their electricity consumption and educate them about using energy efficiently. The programme was rolled out in 2005 and benefited some 54,000 customers in 2012.

Consciencia Ampla Ciudadana (Ampla Citizen Awareness).

The federal government's social policies include programmes to reduce the energy tariff for registered low-income households. 1,070,000 customers benefited from this tariff in 2012.

Efficient Exchange. This programme developed by Ecoelce aims to combat energy wastage in low-income households, raising awareness of the need to change habits and conduct to ensure a rational, efficient and safe use of energy. The projects includes educational activities, the exchange of refrigerators and the replacement of incandescent light bulbs for low-energy light bulbs. In 2012, 79 communities and 41,966 customers adhered to the programme in Ceará, donating 5,456 fridges. 83,931 low-energy light bulbs were also distributed. Overall, 167,864 customers and their families benefited from this initiative.

Chile

Ecochiletra (Ecoendesa). In 2012, Chiletra continued to roll out this initiative, which, in line with the project developed by Ecoelce, focuses on economic, environmental and social improvements by offering discounts on electricity bills for customers who recycle their waste. Five new areas of the Santiago metropolitan area: Recoleta, Quilicura, Providencia, La Florida and Peñalolén, took part in the project this year. More than 4,800 customers have benefited to date, collecting over 320 tonnes of recyclable material and obtaining more than Euro 6,300 in discounts on their electricity bills.

Colombia

Sowing Energy. The objective of this programme is to raise awareness and educate the general public in relation to electricity consumption and household appliances to develop a culture of sustainable use.

Activities such as talks on energy use (energy supervision) or the replacement of incandescent light bulbs with low consumption bulbs, a travelling energy exhibition and the Ecosiembra project were also carried out.

Peru

Customer recovery projects. This initiative offers flexible financing schemes or new connections in order to bring

electricity to low-income communities on the outskirts of the cities and¹ newly settled areas. In its second year of operation some 5,000 households benefited from this project.

2.1.2. Cooperating with social development

ENDESA is involved in initiatives to develop infrastructure and perform other social interest activities.

Spain and Portugal

Twenergy. This virtual community was launched in 2009 to encourage responsible energy consumption by providing users with solutions and tools to help them become more efficient in their energy usage.

This efficiency and sustainability initiative helps users to consume energy responsibly. It has more than 35,000 registered users and received 1,113,000 visits in 2012.



The project entitled “Transform life into energy and energy into life” rolled out by the Achalay Association in the rural communities in the high Andes in southern Peru (department of Cuzco) in collaboration with the local partner, Redes Perú, won first prize in the 5th edition of the Twenergy Charity Projects awards.

For further information: www.twenergy.com

ADO. ENDESA continues to support the ADO Programme, which provides additional funding to top-level sports programmes organised by Spanish sports federations to help sportsmen and women prepare for the Olympic Games.

Chile

Chiletra Cup. The 11th edition of this football tournament organised by Chiletra for children under 14 was held in 2012. The initiative is backed by UNICEF, Senda, the Iván Zamorano Foundation and Carabineros de Chile. Matches are

¹ In Peru, the section of a metropolitan area of a city radiating from the centre.

played on many of the pitches that are part of the Company's programme to restore public spaces.



As with the Chilectra cinema project, this initiative is carried out on pitches lit by the Company through its programme to recover public spaces.

The winners of the male tournament travelled to Madrid, Spain, to take part in an international triangular tournament and the winning female team travelled to Brazil to play a team from Río de Janeiro.

The idea behind this initiative is to promote sports and a healthy lifestyle in addition to values such as team-work and determination among participants. It brings people together at the pitches, making them social and recreational meeting points. To date, more than 60,000 children and teenagers from the metropolitan area have taken part in the event.

Pehuén Foundation. The Pehuén Foundation was established in 1992 by Pangué, S.A., a subsidiary of Endesa Chile, to conduct programmes to improve the quality of life in six Pehuenche communities in the Alto Biobío, adjacent to the Pangué and Ralco hydroelectric power plants. Its aim is to contribute to the social and economic development of communities through programmes aimed at increasing productivity and improving infrastructures, education, personal development and training.



In 2012, the Foundation invested over Euro 460,000 in approximately 36 projects. These investments, focused on economic development, have provided access to education and training, agricultural development, infrastructure and entrepreneurial opportunities for more than 800 Pehuenche households.

“More than Euro 460,000 invested in 2012.”

For further information: www.fundacionpehuen.cl/

Lighting of sports pitches. This programme seeks to recover public areas for the community through the delivery, installation and maintenance of comprehensive lighting systems for sports facilities located mainly in underprivileged areas with greater social needs in the Santiago de Chile metropolitan area.

The programme started off as a social initiative in 1994 and in 2012 four new pitches were lit in the Maipú, Cerrillos, La Reina and Quilicura neighbourhoods of the city. Since the project was launched, lighting systems have been provided for a total of 165 sports pitches in the metropolitan area.

Peru

From El Agustino to Real Madrid: A dream of stardom.

As part of the agreement signed by ENDESA and the Real Madrid Foundation in July 2012, the “ENDESA Cup” football championship was held in Peru. Four tournaments were held in Lima and Callao, Norte Chico de Lima (an area serviced by Edelnor), Piura and Junín. The winners of each tournament played the final in Lima and the winning team won the opportunity to play in a tournament in Spain against a Real Madrid B team and the champion of the Chilectra Cup. Children from the Fe y Alegría de Pamplona school won the trip to Spain while second prize was awarded to children from Piura, who enjoyed a weekend in Santiago de Chile.

Lighting of sports facilities. As part of the **More Light for Sport** programme, Edelnor is seeking to promote night-time leisure areas for young people, with the development of healthy and safe environments. In 2012, a popular contest was organised on the social networks to select the best sports facilities to be lit.



Since 2005, Edelnor has installed lighting systems in 86 sports facilities in North Lima, the province of Callao and the provinces north of the capital city.

Light of Hope campaign. Every month since September 2001, Edelnor has published photos of missing persons, including their full name and age and other basic data. Through this initiative various people officially declared to be missing persons have been found thanks to an electricity bill.



Health campaigns. During the past year, the health campaigns conducted among underprivileged communities in the concession area resulted in over 31,162 medical examinations in specialities such as general medicine, paediatrics, obstetrics, orthodontics, ophthalmology, psychology, nutrition, physical therapy, vaccinations, diabetes, cholesterol, anaemia and osteoporosis. 43 health campaigns have been rolled out since 2005 and more than 269,000 medical examinations carried out.

Production processes. In January 2012, training and skills improvement courses were given to 47 farming families from the communities of Los Ángeles, Las Orquídeas and Yanayacu in the Tulumayo valley, Junín, to help them manage projects relating to coffee growing.

Argentina

Paper and plastic lid recycling programmes. In partnership with the Dr. Garrahan Hospital Foundation (the most important paediatric hospital in Argentina), Edesur and Endesa Costanera participate in innovative fund-raising campaigns which, by recycling paper, cardboard and plastic lids, raise funds for the hospital that treats children from all over the country, from the most remote provinces to Buenos Aires, who stay at the foundation premises while they are undergoing treatment.

Popular library. The library is located close to the Dock Sud plant. The Dock Sud plant has been working with the Library for several years to bring this place for development and prosperity closer to the community. In partnership with the Library, the Company organised a street festival on International Children's Day which was attended by more than 400 neighbourhood children. Attractions included an artistic show, games and food and sweets.

Twenergy. The virtual community created by ENDESA in Spain was launched in Argentina to encourage responsible energy consumption by providing users with solutions and tools to help them use energy more efficiently. This efficiency and sustainability initiative helps users to consume energy responsibly and is expected to become fully established in 2013.

For further information: www.twenergy.com

Colombia

Coffee growers committee alliance. Renewal of the Coffee Plantation scheme in Cundinamarca, Colombia, affecting six towns. 500 hectares of coffee crop have been restored to increase the output of more than 600 rural families, helping them to gain access to subsidised credit and strengthening 43 communities in collective working skills, reinvesting funds and generating income.

Agreement with the Magdalena Centre Development for Peace Programme. In the area of local development, a cooperation agreement was signed with the PDPMC (Magdalena Centre Development for Peace Programme Corporation) to help build an EFHECTO School (School for Strengthening Total Community Excellence) in the towns of Yacopí and Caparrapí in Río Negro province. Thanks to this initiative, around 100 community leaders received training in issues including public opinion, strengthening communities, recovering cultural identity and local economic development.

Pilot Dual Purpose Livestock Farming Programme. This livestock productivity project in the Gama region continued in 2012, with the implementation of an environmentally sustainable production model benefiting 60 families through production technology transfers and the building up of community organisations.

Guavio School for Councillors. In 2012, in partnership with the School of Public Administration and the Zipaquirá diocese, a training programme was developed for councillors, addressing the issue of General Budget and Remit of the Town Council. This course was attended by 36 councillors from the towns of Gama, Gachalá, Ubalá and Gachetá.

Strengthening Huila Community Leadership Groups. Training was provided for Community Leadership Groups in citizen participation mechanisms, community action committees and project formulation; enabling their participation in the formulation of the 2012-2015 municipal development plans of El Hobo, Campoalegre and Yaguará.

Brazil

In 2012, Euro 10.8 million were invested in energy efficiency programmes. These funds were applied in accordance with Brazilian electricity sector legislation, which stipulates that distribution companies must allocate 0.5% of their net operating income to energy efficiency programmes each year. In total, the projects implemented reduced consumption by 44,094 MWh/year, or the equivalent of Euro 2.04 million. 57,475 customers also benefited through the exchange of old fridges for new appliances, more efficient appliances, the replacement of

incandescent bulbs for fluorescent bulbs and by updating the electricity installations in their homes.

Social energy. This initiative developed by Coelce seeks to foster the socio-economic development of underprivileged communities through improving artisanal techniques, creating new products and including young people into the labour market. In 2012, training was provided and the improvement process overseen by the programme in 10 communities, the Giro Social sales programme was inaugurated (including the sales site and permanent exhibition space), four professional training courses were carried out, and a children's recorder group set up as part of the Energy in Movement project, production groups were given the opportunity to take part in six charity economy fairs and two market-orientation workshops were held.



345 households benefited directly from the initiative and a further 1,313 people were indirect beneficiaries.

Community Bank. The aim of the project is to drive the development of poorer regions by strengthening and creating local supply and demand networks. The bank has three main characteristics: the management of the community, integrated local development (driving credit, production, supply and training) and the local currency which is used alongside the official currency and accepted and recognised by all producers, traders and consumers in the area, creating an alternative source of support and an alternative market for households. Two community banks were set up, which launched a specific credit line to guarantee the prompt payment of electricity bills.

The Community Bank directly benefited 1,754 people and indirectly benefited 6,139.

Electricity for All. This programme provides help with financing to buy new domestic appliances, providing that the old ones are recycled. Euro 880,000 were allocated to this project run by Coelce in 2012.

Child rights law. Donations relating to tax incentives offered by the Fondo de la Infancia y de la Adolescencia (FIA), assigned to the Municipal Councils for children and teenagers, the drivers of these projects. In total, 22 projects were backed

in the areas of education, health, the environment, sports, leisure and culture, benefitting 16,790 children and teenagers in 45 towns in Río de Janeiro and Ceará.

Consciencia Ampla Deporte (Ampla Sports Awareness). The aim of the project is to foster the social inclusion of young people through sport and adherence to values. The initiative in which 600 children took part in 2012, was carried out in two low-income neighbourhoods of San Gonzalo (Río de Janeiro), Arsenal and Jardim Catarina.

2.2. Educational initiatives

“23% of social actions relate to education.”

ENDESA is strengthening its ties with the educational community in relation to energy and electricity.

Spain and Portugal

Endesa Educa. Endesa Educa is an educational initiative designed to promote a new social conscience based on sustainability and energy efficiency. It offers a wide range of tailored activities to educational centres at no charge. Activities include visits to electricity installations, initiatives organised at ENDESA's information centres, workshops given at educational centres and online activities conducted through www.endesaeduca.com. The objective of all of these activities is to promote efficient and rational energy use, something to which Endesa Educa is deeply committed.



In 2012, 30,773 young people took part in activities run by Endesa Educa, an increase of 58% compared to the previous year. A total of 518 education centres in Spain took part.

For further information: www.endesaeduca.com

Agreement with Cáritas Spain. As part of its social action strategy, the Endesa Foundation drives and collaborates in professional training activities for young people with few resources or at risk of social exclusion in order to help them join the labour market (a key factor for their sustainable inclusion in society). In 2012, more than Euro 46,000 were invested in work training for young people at risk of social exclusion in Mallorca, Ponferrada, Tenerife, Huelva and Huesca.



Latin America

Argentina

Villa El Chocón students visit Buenos Aires. Since 2005, the El Chocón hydroelectric plant has taken part in an initiative rolled out by the C.P.E.N. N°9 secondary school to allow 4th year students to visit the city of Buenos Aires to get to know their country's capital and at the same time enabling them to obtain the information they need for their academic future, education and personal development and to enjoy new cultural experiences.

Brazil

Conciencia Ampla Futuro (Ampla Future Awareness). This educational and awareness-raising teacher training programme helps teachers to inspire more sustainable and rational energy use by students. In 2012, ENDESA's distributor in Brazil contributed Euro 97,000 to this initiative between monetary investment and the time of its employees. Training was carried out in 74 schools attended by 7,500 students.

Conciencia Ampla Saber (Ampla Knowhow Awareness). This programme spread awareness and best practices in responsible and efficient energy consumption through workshops and conferences for children, young people and adults held in 58 towns in the Río de Janeiro area. Euro 826,000 were invested in this project in 2012, including the time dedicated to it by employees.

Conciencia Ampla Oportunidad (Ampla Opportunity Awareness). Technical professional training courses

designed to drive social development and generate income for young people and adults living in the communities close to Endesa Brasil's installations. In 2012, a technical course in Electrotechnics was attended by 30 people in Ampla's communities.

Coelce in schools. Awareness-raising actions and training for educators, teachers, students and communities to fight against energy waste. In 2012, more than 40,000 students attended training courses at 100 schools, for an investment of Euro 307,000.

Educational and cultural programme "Teatro de Brinquedo". The Teatro de Juguetes programme rolled out by Endesa Brasil started in 2011 and aims to develop projects to foster literacy and reading skills among children at public schools across the country. In 2012, 8,460 students and 282 teachers took part in the programme.

Conciencia Ampla com Arte (Ampla Art Awareness). This initiative offers free workshops and arts and crafts courses, including fine arts sessions to produce works using mostly recyclable materials. In 2012, a travelling workshop was launched in addition to longer courses and exhibitions and markets for the sale of works produced by students taking part in this project. Proceeds from these sales went to the students, with the initiative directly benefiting 8,827 people.



Conciencia Ampla en el Deporte (Ampla Sports Awareness). The aim of the initiative is to foster social inclusion through activities such as the football school, where young people can learn about sports, citizenship, teamwork and the sustainable use of electric energy. The project is open to students from low-income communities in São Gonzalo (Río Janeiro). In 2012, the Star of Tomorrow project was launched and directly benefited 627 people.

Women's Development. Technical skills courses in wool crafts for women to drive the social and economic development of the Garruchos region (RS). Eight women benefited from this course in 2012.

Colombia

Technical training in distribution and marketing. 25 of the 61 young people completing the diploma offered by

the Endesa Colombia Foundation in agreement with the Francisco José de Caldas University continued their training in the construction and maintenance of networks carrying I and II voltage levels in agreement with SENA (the national apprenticeship service).

Educational Improvement Programme “Connect with Education”. In 2012, the development programme “Reading Comprehension and Text Production Module” was rolled out to improve and update the skills of 32 teachers in the use of teaching tools in the classroom (application of learned material). The project benefited more than 500 students in zone B of the town of Ubalá (Mámbita and San Pedro de Jagua inspection areas). In addition to the training activities, two libraries were also provided with more than 300 books to be used by children inside and outside school.

The World of Energy. In 2012, the “World of Energy” programme was continued, aimed at children visiting the Diverscity in Bogotá. This educational programme teaches students about the efficient use of energy, describing generation, supply and distribution activities. In 2012, more than 50,000 children took part in this programme. After three years of operation, in 2012, given the results of an ethnographic study performed on the park, it was decided to update the scenario to showcase innovation and technology as the most important components of education for children.

Support for basic local infrastructure. As part of this programme, cooperation agreements were made with the towns of San Antonio del Tequendama and Tocancipá to improve the installations of 10 educational centres, which will improve the quality of the education received by the students. Additionally, the Varita Mágica children’s home in the town of El Colegio was given two playgrounds, benefiting 140 children aged under 6.

Environmental Education. In 2012, the first phase of the “Quebrada Santa Marta Biological Corridor” project in the town of El Colegio was developed. The objective of this initiative is to create a corridor to mitigate climate change, conserve biodiversity and expand the number of environmental services with the active participation of the people living in this micro-basin. The project will benefit 7 district aqueducts, 12 rural community action committees, 23 urban community action committees, the aqueduct in the urban area of El Colegio, five rural schools and an organisation of coffee growers.

Peru

Youth Symphony Orchestras. In January 2012, an agreement was signed between Edelnor and the Peruvian symphony association chaired by Peruvian tenor, Juan Diego Flórez, to set up youth symphony orchestras. The

main objective of this agreement is to create a new musical education hub for orchestra and choir, to foster the artistic and personal talents of children and young people in the low-income bracket in underprivileged areas through music. 689 children aged between 7 and 14 attended the selection process. After the auditions, 100 participants were selected. And following seven months of rehearsals, the Núcleo Edelnor gave a series of performances.



The aim is to build up a youth orchestra and choir in a period of three years, with the additional financial support of Enel Cuore - committed to social solidarity in favour of education, sport and culture, through the acquisition of musical instruments.

Nuevo Pachacútec Higher Technological Institute. In 2012, the Nuevo Pachacútec Higher Technological Institute, ENDESA’s main educational programme in Peru, focused on making the institute a benchmark in the field of electricity and a reference for electricity companies. It has also joined the ENDESA Foundation.



The institute has been operating for six years now and 9 out of 10 students are now working. More than 100 young people are currently studying at the institute and it has produced 78 graduates since the project started.

IT for All. Edelnor offers its customers a basic IT course free of charge to learn to use useful tools for their day-to-day lives or to join or rejoin the labour market. In 2012, 17,000 people benefited from this initiative, and 118,000 people have benefited since it was first launched in 2004.

Marcapomacocha rural school. In coordination with the Universidad Nacional Agraria La Molina (UNALM) the programme to “Strengthen Technical Skills to Improve Livestock Production” was developed. 14 local members benefited from the course and the programme was developed to improve livestock production techniques and the individual economy through the production, transformation and sale of livestock products.

Safety talks for customers. Edelnor runs a programme of talks on electrical safety in the home, institutions and commercial premises, in order to promote safety and prevention among residents in various districts within the concession area. In 2012, 26 talks on electrical safety in the home were given in the most densely populated districts, attended by more than 3,200 participants.

El Rincón de ENDESA blog. In 2012, the blog www.elrincondeendesa.pe celebrated its first anniversary with more than 10,000 followers. The blog gave rise to various events such as contests and talks, enabling interaction with university students.

Chile

Chilectra Chair. This initiative seeks to make young students of electricity in technical-professional colleges more employable. In total 360 third and fourth year students specialising in electricity have taken part.

In 2012, the fourth edition of the Chilectra Chair was held, with the participation of 110 third and fourth year students from six schools in the Chilectra concession area.

Pasantía Docente internship programme. This pioneering initiative seeks to improve technical training in electricity and energy by fine-tuning lecturers’ skills. The agreement, signed in October 2005, includes training for teachers in the area of electricity at different levels and offers internships (pasantías) for teachers in the company.

Educational talks for schools. Talks on energy efficiency and prevention at schools, which began in 2010, are aimed at educating new consumers (aimed at 3rd to 6th year primary school children). Topics discussed include energy issues, energy efficiency and prevention.

Energy for Education. This project aims to improve Spanish language and maths education for students and teachers in the school network through donations of teaching material. The programme is carried out at 40 municipal schools and has benefited 7,500 students from underprivileged backgrounds.

2.3. Cultural initiatives

ENDESA is involved in conserving and promoting the local heritage and cultures in the cities and regions in which it operates.

“31% of social initiatives relate to promoting culture.”

Spain and Portugal

The ENDESA Foundation allocates resources to the lighting and conservation of sites that form part of the historical and artistic heritage, in addition to supporting activities aimed at fostering education and youth. In 2012, 46% of investment was allocated to projects to promote art and culture, primarily in Spain. 23% was allocated to educational initiatives in Spain and Latin America and 21% in economic development programmes in Spain, Brazil, Chile and Peru. 10% of investment was allocated to environmental resources and humanitarian aid projects in Spain.



The Sevillana Endesa Foundation allocates resources to help social, cultural and artistic growth in Spain, mainly in Andalusia and Extremadura. In 2012, 16 religious and civil monuments were lit, in addition to contributing to several social and humanitarian aid projects, with a global investment of over Euro 623,000.



Latin America

Argentina

Edesur and culture. In order to promote art and culture, the Company provided support and an alternative space for artistic expression as part of the “Edesur and Culture” project.

Quilmes municipal ballet (belonging to the Barriales workshop operating department-Secretary of Culture and Education for the municipal area of Quilmes). The aim of this project is to promote the creation and development of art through cultural training projects to raise interest and help perform cultural and artistic works in the community as a new means of channelling social integration. The dance group comprises people of all ages and social groups, as another of its main objectives is the inclusion of the most marginalised sectors in Quilmes and so promote equal opportunities.

Exhibition at the sales showroom. The sales showroom for large customers hosted an exhibition of paintings entitled “The two sides of one love” by Banus-Carrión with the participation of students from the Alberto Morales fine arts studio.

Chile

Chilectra cinema project. Chilectra has been carrying out this free family cinema programme since 2007. It forms part of Chilectra’s Multicanchas Lighting Project which started in 1994 and has involved providing lighting systems and making improvements to sports facilities, and taking culture and leisure activities to 160 sports pitches located in underprivileged areas.

The Chilectra cinema project seeks to bring culture to those who are unable to afford to go to a regular cinema. In 2012, the 6th edition of this travelling film festival was held in January, February and March (summer in the southern hemisphere). In total, 70 shows were organised in 30 municipalities of the Metropolitan Area. To 2012, more than 60,000 people had taken part in this initiative.

Peru

Rural cinema programme. As part of its commitment to foster values through cultural activities, five films were projected, attended by 150 people from rural communities in the department of Junín, close to the Chimay hydroelectric facilities.

Theatre performances and Cinema for All. As part of the Culture for All programme, Edelnor uses its facilities and infrastructures in San Miguel to offer a varied cultural menu aimed at families which is free of charge and accessible to the community. In 2012, more than 16,800 participants enjoyed

over 230 theatre performances, with 100,000 spectators attending since the programme started in 2009.

A day at MALI. Lima Art Museum (MALI) and Edelnor jointly presented the fourth edition of the “Day at MALI” project that seeks to popularise museums as a leisure alternative, presenting to the public a range of quality cultural activities. During the national celebrations in July, entry to MALI was free, thanks to Edelnor, enabling visitors to take part in a programme of activities designed primarily for families. Through the Day at MALI project, Edelnor has broadened public access to culture and art while promoting the MALI, one of the most important museums in Latin America. In 2012, almost 28,000 people visited the museum.

Brazil

Coelce Culture. Various initiatives have been carried out to support art and culture projects in theatre, dance, audiovisual programmes, literature, music and heritage. Euro 2.7 million have been contributed to these projects, which have benefited almost 1.8 million people.



Ampla Awareness on Screen. This project gives communities with low economic resources the opportunity to see the most recent national film releases on a big screen with quality sound and digital images. In 2012, 5,156 benefited directly from the conferences and workshops held in six towns within the concession area.

Goiás Youth Symphony Orchestra. This project supports the orchestra which performed before an audience of 600 at the celebration of the 15th anniversary of the Cachoeira Dourada hydroelectric plant.

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.

“11% of social actions relate to socio environmental projects.”

Spain and Portugal

Agreement with Oso Pardo Foundation. Collaboration agreement between ENDESA and the Oso Pardo (brown bear) Foundation to execute projects linked to protecting the brown bear and ensuring sustainable rural development in the areas where the Company operates in the Cordillera Cantábrica and Pyrenees. It is hoped that the project will become a benchmark for the development of programmes to foster sustainable rural development in these areas, in addition to education and environmental communication.



“Pylons for electricity, pylons for biodiversity” project.

The aim of this project is to recover endangered birds and other species by installing nesting boxes on electricity pylons in the grid and assess the viability of such a programme.

In 2012, nesting boxes were placed on high voltage lines close to the town of Mengíbar for the lesser kestrel, common kestrel, white owl and bats.

Preparation and transfer of land. Public land for different social use (green routes, mountain refuges, paths, etc).

Latin America

Brazil

Ampla and Coelce have an innovative programme in place (Ecoelce and Ecoampla respectively) aimed at residential customers, especially those on low incomes, consisting of exchanging recyclable waste for discounts on their energy bills.

Chile

The mission of the Huinay Foundation is to defend and preserve the bio-geographical heritage of Huinay and Chile’s fjord region through the implementation of a project based on scientific research and the concept of sustainable development.

In 2012, Euro 771,000 were invested in this project, with 11 new articles published in international scientific magazines, four expeditions to the Patagonia fjords organised, which

collected 500 marine species for identification, and 26 new scientific projects carried out through the visit of 64 investigators from all over the world to the Huinay scientific research centre. Additionally, in 2012 a nursery was established containing more than 1,000 indigenous species of high ecological value. Further, the Foundation supported the Huinay community through the supply of electricity, internet for schools, transport services and medical aid.

More information on the Foundation’s main activities in 2012 can be found in the section on preserving biodiversity in the chapter entitled “Commitment to environmental protection” and at www.fundacionhuinay.cl

Peru

Sowing life. Edegel donated 200 kilos of alfalfa seeds to the rural community of San Jerónimo de Surco, which were used to sow four hectares of this herbaceous plant which was then sold, in addition to providing support for the outlying areas of this community, benefiting more than 200 local people.

Awareness campaigns to prevent forest fires. The aim of this project is to raise awareness among the communities located close to the Yanango and Chimay hydroelectric plants in the Junín area. Informative talks on pasture burning were held and presentations made at seven schools near the power plants, attended by 138 students.

3. Enabling Electricity

In its 2011 report, the International Energy Agency declared that over 1.3 billion people around the world do not have access to electricity, a further 1 billion do not have access to reliable distribution networks and over 2.7 billion people are continuing to use inefficient and harmful forms of energy, such as the use of biomass for cooking and lighting. The United Nations Secretary-General declared 2012 to be the International Year of Sustainable Energy for all, setting three objectives for 2030:

- Ensuring universal access to modern energy services.
- Doubling the rate of improvement in energy efficiency.
- Doubling the share of renewable energy in the global energy mix.



ENDESA has been involved in intensive action on all these three fronts, as detailed in its annual Sustainability Reports. However, with the opportunity offered by the launch of this United Nations initiative, ENDESA has launched, alongside Enel, a specific project focusing on the first of these three areas.



This commitment was signed by Enel CEO Fulvio Conti at the plenary session of the 2011 UN Private Sector Forum. It involves guaranteeing access to energy where it is currently not available through the “ENabling ELelectricity” programme. This programme targets two groups: people living in isolated areas and communities with low purchasing power in peripheral, rural and suburban areas. The ultimate aim is to double the number of people in this group with access to electricity in three years.

In 2012, specific actions were carried out to meet this objective and new initiatives were developed. Further, a new methodology has been drawn up and developed at global level which allows the number of beneficiaries of the different Enel Groups projects comprising the ENabling ELelectricity scheme to be quantified.

With regard to ensuring universal access to modern energy services, the United Nations Energy for All project, the ENabling ELelectricity programme defines three fundamental

areas for action into which ENDESA’s social projects related to this initiative can be grouped:

- Projects that facilitate access to electricity through new technologies and infrastructures: Light for All programme (Brazil); electrification of communities (Peru); electrification of the Cold Reserve and Curibamba (Peru); illumination of sports facilities (Peru); electricity for education (Colombia) and the Multicanchas initiative (Chile).
- Projects that eliminate economic barriers for the lowest income levels in society: Ecoelce and Ecoampla in Brazil, Ecochilectra in Chile and customer recovery projects in Peru.
- Development of knowledge and key skills, creating abilities in the area of electricity: Nuevo Pachacútec (Peru), Chilectra University Chair (Chile), Pasantía Docente (Chile), Technical Training in the Distribution and Supply of electricity (Colombia) and Coelce nas Escolas (Brazil).

These projects have been described earlier in this section.

As a result of this initiative, in 2012 more than 560,000 people benefited from projects carried out by ENDESA. More than 32% enjoyed new installations or infrastructures giving them access to electricity. 67% benefited from facilities to eliminate or reduce economic barriers to obtaining access to electricity and 0.7% (more than 1,000 people) attended technical training courses relating to electrical energy.

“More than 560,000 people benefited from electricity access programmes in 2012.”



Huinay Foundation (Chile)



Panoramic view of the Lanzarote plant



Appendices



Appendix I. ENDESA, committed to reporting on sustainability

ENDESA's commitment to sustainable, responsible growth is reflected in its management model, aimed at creating long-term value for the communities where the Company operates. In this way, ENDESA integrates sustainability principles into its mission, vision, business values and decision making.

Every year we give a public account of our performance of the duties and obligations we have voluntarily undertaken to our customers, shareholders, employees and local communities, to ethical behaviour and transparency, technological innovation and energy efficiency, the environment and climate change.

The ENDESA 2012 Sustainability Report details the main initiatives undertaken in 2012 to meet the expectations of our stakeholders based on ENDESA's 2008-2012 Sustainability Plan, which concluded at the end of the year.

Key to ENDESA's transparency objective is the publication of its Sustainability Report, as well as other corporate reports, on an annual basis. The Company 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.

For more information on sustainability, the following channels are available:

Websites

- ENDESA www.endesa.com Spain and general information on the ENDESA Group.
- Enersis www.enersis.cl Chile
- Chilectra www.chilectra.cl Chile
- Emgesa www.emgesa.com.co Colombia
- Codensa www.codensa.com.co Colombia
- Edelnor www.edelnor.com.pe Peru
- Edegel www.edegel.com Peru
- Edesur www.edesur.com.ar Argentina
- Coelce www.coelce.com.br Brazil

Customer-specific channels

- Customer Service: Customer Service Telephone 902 509 950
- Online office: www.endesaonline.com 902 52 58 52 to help customers use the online channel
- Customer Ombudsman:
www.defensordelcliente.endesa.es

Shareholders and investors

Investor Relations:

Spain:
Ribera del Loira, 60. 28042 Madrid
Telephone: + 34 91 213 1829,
ir@endesa.es

Spain Shareholders' Office:
Ribera del Loira, 60. 28042 Madrid
Telephone: 900 666 900.
eoaccionista@endesa.es

Suppliers

Cenit (ENDESA's service for external suppliers), Billing, Receipts and Payments Department.

C/ Ribera del Loira, 60. 28042 Madrid
Telephone: 91 213 4848. Fax: 91 213 48 49.
e-mail: cenit@endesa.es

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:

Hernán Cortés Soria

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28042 Madrid (Spain)

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Appendix II. Independent review report



ERNST & YOUNG

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INDEPENDENT REVIEW REPORT ON ENDESA, S.A. 2012 SUSTAINABILITY REPORT

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

To the Management of ENDESA, S.A.

Scope of work

We have reviewed the contents of ENDESA's 2012 Sustainability Report (hereinafter, the Report).

The scope of our review includes the reported information which encompasses Endesa, S.A. as well as its subsidiaries located in the Iberian Peninsula (Spain and Portugal), Latin America (Chile, Argentina, Brazil, Columbia, and Peru) as well as other countries (Morocco and Ireland). The scope of the Endesa, S.A. (hereinafter, the Company or ENDESA) is defined in the "Scope of the Report" of the accompanying Report.

The Report was prepared in accordance with the following guidelines:

- The Preparation Guide for Sustainability Reports included in the Global Reporting Initiative (GRI) version 3.1 as well as the Electric Utilities Sector Supplement Guide.
- The principles stated in the AA1000APS (2008) issued by AccountAbility (Institute of Social and Ethical Accountability).

The preparation of the accompanying Report, as well as the information contained therein, is the responsibility of the Administrative Bodies and Management of ENDESA. They are also responsible for defining, adapting, and maintaining the management and internal control systems from which the information is obtained. Our responsibility is to issue an independent report based on the procedures applied in our review.

Criteria

Our review was carried out based on:

- The Guidelines for reviewing Sustainability Reports, issued by the Spanish Institute of Chartered Accountants (ICJCE, Instituto de Censores Jurados de Cuentas de España in Spanish).
- Standard ISAE 3000, "Assurance Engagements Other than Audits or Reviews of Historical Financial Information," issued by the International Auditing and Assurance Standard Board (IAASB) of the International Federation of Accountants (IFAC), with a limited level of assurance.
- AA1000 AccountAbility Principles Standard (2008), with a moderate level of type 2 assurance, which deals with the nature and scope of ENDESA's compliance, while assessing the reliability of the information regarding performance.

Applied procedures

Our review consisted in requesting information from Corporate Managers and the various managers of business units participating in the preparation of the Report, and the applicable processes and analytic procedures and sampling review tests as described in general terms below:

- 1) Interviews with the Company's Sustainability Management team in order to gain awareness of how the Report was prepared. Interviews with key transversal management personnel participating in the preparation and definition of the contents of the Report.
- 2) Review of the reporting systems and processes employed, and adherence to Endesa's Sustainability Plan 2008 - 2012 (ESP) which ended this year, and the preparation of the new ESP for the following period. Through this Plan the Company establishes its commitments and challenges based on its Sustainability Policies and relationships with Stakeholders.
- 3) Review of the appropriateness of the report's structure and contents in line with GRI Preparation Guide (version G3.1) as well as the Electric Utilities Sector Supplement Guide.
- 4) Review of quantitative and qualitative information using analytic review and other review procedures performed based on a sample and correct compilation of indicators and data supplied by the information sources included in the Report.
- 5) Review of the consistency of the information included in the Report and the information reported and published with respect to other publicly available information, such as the Annual Report, Legal Documentation, Activities Report, and the Corporate Governance Report.

This review is considerably less in scope than a reasonable assurance work. Therefore, the degree of assurance is also less. This report in no case should be considered an audit report.

These procedures were performed on information published in the ENDESA's 2012 Sustainability Report with the abovementioned scope.

Independence

We have performed our work in accordance with the standards of independence required by the Code of Ethics of the International Federation of Accountants (IFAC).

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Conclusions

As a result of our review of the 2012 Sustainability Report, within the previously described scope, we conclude that:

- No matter came to our attention that would indicate that the Report was not prepared according to the Guidelines included in the Global Reporting Initiative Preparation Guide (GRI V3.1) for Sustainability Reports.
- Nor have we detected that the remaining information and indicators included in Appendix III of the Report contains significant errors, or that it was not prepared in accordance with the principles established in standard AA1000 APS (2008) issued by AccountAbility, such as:
 - ✓ **Inclusiveness:** The mechanisms are established to identify stakeholders and gain awareness and understanding of their expectations. ENDESA has formally opened lines of communication with its stakeholders, having performed several studies from both an internal and external point of view, as well as updating current communication channels.
 - ✓ **Relevance:** A materiality analysis was carried out to select the key issues and improvement opportunities to be included in the Report, which appears in the ESP 2008-2012 as reflected in the seven Commitments and the two Challenges therein. ENDESA's materiality study is aimed at identifying and prioritizing relevant sustainability issues for the Company.
 - ✓ **Responsiveness:** The Commitments and Challenges in the ESP 2008-2012 communicate the Company's responses to the main challenges set out by the stakeholders. In addition, ENDESA has thoroughly analyzed fulfillment of these objectives throughout the period as well as identifying those objectives that will form part of the next ESP in light of their maturity and relevance.

The AA1000 APS (2008) principles are detailed in the chapter of the Report entitled "ENDESA, a leading group in the global electricity market."

Recommendations

We have also presented to ENDESA's Sustainability Management team our recommendations regarding areas of improvement related to the application of standard AA1000 APS (2008), as well as relationships with main stakeholders identified.

Our most significant observations are summarized below:

a) Inclusiveness:

ENDESA ensures a policy of transparency, open communication in its relationships and ethical behavior in all its activities, striving to improve communication and increase dialogue with its stakeholders at all levels and in all countries in which the company operates.

We recommend that ENDESA redefines the role of investors and shareholders, their relevance, and the communication channels and participation established with them.

b) Relevance:

ENDESA's materiality analysis is aimed at identifying and prioritizing the Company's relevant sustainability issues, specifically regarding the seven Commitments and two Challenges included in the ESP 2008-2012. The ESP is in turn implemented through the Territorial Plans and Country Plans, allowing for greater diffusion, appropriateness, commitment, and monitoring.

Since the ESP 2008 - 2012 ended in 2012, ENDESA began a period of strategic analysis aimed at creating a new operating environment with respect to sustainability for the new period.

Thus, we recommend that the new ESP is aligned with the energy business model and the new corporate structure arising out of the harmonization and integration process with Enel.

c) Responsiveness

The Report's chapters cover achievements and advances in the area of Commitments and Challenges, as well as in material aspects.

This Report analyzes the success in reaching the ESP targets during the whole period, noting the especially high degree of fulfillment achieved in response to the demands made by the stakeholders.

Given the plans for large energy projects, mainly in Latin America, and the experience gained from projects currently in progress, we recommend that the new ESP include this knowledge and the good practices identified, mainly from the social and environmental point of view, with a view to ENDESA enhancing its efficiency in meeting stakeholders' expectations and responding to their demands in each country.

This report has been prepared solely for the Management of ENDESA, S.A. in accordance with the terms set out in our engagement letter.

ERNST & YOUNG, S.L.



AA1000

Licensed Assurance Provider
000-04

(Signed on the original in Spanish)

José Luis Perelló Alonso
Partner

April 10, 2013

Appendix III. GRI Application Level Check Statement



Statement GRI Application Level Check

GRI hereby states that **ENDESA** has presented its report "Sustainability Report 2012" 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. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 9 April 2013

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 (part of) 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 2 April 2013. GRI explicitly excludes the statement being applied to any later changes to such material.

Appendix IV. GRI content

G3.1 GRI Content Index - Electric Utilities Sector Supplement

Application level

Assurance by:

BASIC CONTENTS PART I: Profile

1. Strategy and analysis

Report Profile	Description	Reported	Cross reference / direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation
1.1	Statement from the most senior decision-maker of the organization.	Full	Page 4			
1.2	Description of key impacts, risks and opportunities	Full	Page 13 (ENDESA in figures), 17-20 (ENDESA's 2008-2012 Sustainability Plan), 29-30 (Engagement with communities involved in the El Quimbo project)			

2. Organizational profile

Report Profile	Description	Reported	Cross reference / direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation
2.1	Name of the organization.	Full	Page 14 (About us)			
2.2	Primary brands, products, and/or services.	Full	Pages 14-15 (Main Business Areas)			
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Full	Page 14 (Spanish and Portuguese Business Unit; Latin America Business Unit)			
2.4	Location of organization's headquarters.	Full	Appendix I			
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.	Full	Pages 14-16 (Energy business)			
2.6	Nature of ownership and legal form.	Full	Pages 31-32 (Scope of the Report)			
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Full	Pages 14-16 (Energy business)			
2.8	Scale of the reporting organization.	Full	ENDESA BOUNDARY - Page 13 (ENDESA in figures)- No. OF EMPLOYEES 22,807			
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Full	Pages 31-32 (Scope of the Report)			
2.10	Awards received in the reporting period.	Full	Page 43 (Contact Centre Quality Award), 46 (ABT Award from the Brazilian Teleservices Association), 52 (Ibero-American Quality Award to Coelce), 68 (Ampla -1st prize- and Coelce -3rd prize- awarded the Eloy Chaves medal), 68 (Endesa Chile awarded three prizes by the Chilean National Security Council)			
EU1	Installed capacity, broken down by primary energy source and by regulatory regime.	Full	Pages 38-40 (Development and improvement of distribution infrastructure)			
EU2	Net energy output broken down by primary energy source and by regulatory regime.	Full	Page 13 (ENDESA in figures), 14-16 (Energy business), 172 (Active participation in developing renewable energies)			

Report Profile	Description	Reported	Cross reference / direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation
EU3	Number of residential, industrial, institutional and commercial customer accounts.	Full	Pages 38-40 (ENDESA in the Spanish and Portuguese supply market)			
EU4	Length of above and underground transmission and distribution lines by regulatory regime.	Full	Pages 38-40 (Development and improvement of distribution infrastructure)			
EU5	Allocation of CO ₂ emission allowances or equivalent, broken down by carbon trading framework.	Full	Pages 178-179 (CDM portfolio), 179-180 (Carbon funds)			

3. Report parameters

Report Profile	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.	Full	Page 31 (Aims of the Report), 33 (Completeness)			
3.2	Date of most recent previous report (if any).	Full	Page 33 (Completeness)			
3.3	Reporting cycle (annual, biennial, etc.).	Full	Page 31 (Aims of the Report)			
3.4	Contact point for questions regarding the report or its contents.	Full	Appendix I			
3.5	Process for defining report content.	Full	Pages 27-28 (Dynamic assessment and prioritisation of material issues: Materiality Study 2011), 32-33 (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.	Full	Pages 31-32 (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).	Full	Pages 31-32 (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.	Full	Pages 31-32 (Scope of the Report)			
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	Full	Pages 31-32 (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).	Full	Pages 31-32 (Scope of the Report)			
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Full	Pages 31-32 (Scope of the Report)			
3.12	Table identifying the location of the Standard Disclosures in the report.	Full	Page 3 (Summary)			

Report Profile	Description	Reported	Cross reference / direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation
3.13	Policy and current practice with regard to seeking external assurance for the report	Full	Page 33 (Completeness), 31-32 (Scope of the Report), Appendix II (Independent Review Report)			

4. Governance, Commitments, and Engagement

Report Profile	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.	Full	Pages 92-94 (Leadership of the Board of Directors). The breakdown of directors by age is available on the Endesa website (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 (and, if so, their function within the organization's management and the reasons for this arrangement).	Full	Pages 92-94 (Leadership of the Board of Directors)			
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	Full	Pages 92-94 (Leadership of the Board of Directors)			
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Full	Page 92 (Shareholder participation), 95-96 (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).	Full	Pages 92-93 (Directors' remuneration)			
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Full	Pages 93-94 (Directors' responsibilities and duties)			
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	Full	Pages 93-94 (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.	Full	Page 17 (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.	Full	Pages 94-99 (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.	Full	Pages 94-99 (Codes of Ethics and the fight against fraud and corruption)			

Report Profile	Description	Reported	Cross reference / direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Full	Pages 17-20 (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.	Full	Pages 20-22 (Compliance with international benchmarks 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.	Full	Pages 20-22 (Compliance with international benchmarks for sustainable management), 49-50 (Responsibility for informing customers), 185-187 (ENDESA's active involvement in national and international bodies and/or initiatives tackling climate change)			
4.14	List of stakeholder groups engaged by the organization.	Full	Pages 25-26 (Map of ENDESA stakeholders - Main categories)			
4.15	Basis for identification and selection of stakeholders with whom to engage.	Full	Pages 26-29 (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.	Full	Pages 24-29 (Endesa and its 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.	Full	Pages 27-29 (Dynamic assessment and prioritisation of material issues)			

BASIC CONTENTS PART II: Disclosure on Management Approach (DMAs)

G3.1 EUSS DMAs	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						
Aspect	Economic performance	Full	Page 110 (Wealth generation in 2012)				
	Market presence	Full	Pages 14-16 (Energy business)				
	Indirect economic impacts	Full	Page 110 (Wealth generation in 2012)				
	Availability and reliability	Full	Pages 39-41 (Continuity of supply)				
EU6	Management approach to ensure short and long-term electricity availability and reliability.	Full	Pages 39-41 (Continuity of supply)				
	Demand-side management	Full	Pages 40-41 (Continuity of supply), 151-152 (Active demand management)				
EU7	Demand-side management programs including residential, commercial, institutional and industrial programs.	Full	Pages 145-146 (Efficiency in thermal power plants)				
	System efficiency	Full	Pages 145-146 (Efficiency in thermal power plants), 174 (Energy efficiency for lower CO ₂ intensity)				
	Research and development	Full	Pages 146-148 (Technology leadership model)				
EU8	Research and development activity and expenditure aimed at providing reliable electricity and promoting sustainable development.	Full	Pages 40-41 (Continuity of supply), 146-148 (Technology leadership model)				

G3.1 EUSS DMAs	Description	Reported	Cross reference / direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
	Plant decommissioning	Full	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.				
EU9	Provisions for decommissioning of nuclear power sites.	Full	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						
Aspect	MaterialsCOMM	Full	Pages 144-145 (Fuel consumption)				
	Energy	Full	Pages 144-145 (Fuel consumption)				
	WaterCOMM	Full	Pages 118-119 (Process water consumption)				
	BiodiversityCOMM	Full	Pages 132-139 (Biodiversity conservation)				
	Emissions, Effluents and WasteCOMM	Full	Pages 184-185 (CO ₂ emissions), 130-132 (Waste management and reduction), 120-121 (Water discharges)				
	Products and services	Full	Pages 54-55 (Safety and ongoing improvement in all stages of the life cycle of ENDESA's products and services)				
	Compliance	Full	Pages 125-128 (Management of environmental incidents)				
	Transport	Full	ENDESA's indirect greenhouse gas emissions, i.e. excluding electricity generation, such as from exhaust fumes, are considered irrelevant in absolute terms.				
	Overall	Full	Pages 116-117 (ENDESA's response to environmental challenges)				
DMA LA	Disclosure on Management Approach LA						
Aspect	Employment	Full	Pages 57-86 (People)				

G3.1 EUSS DMAs	Description	Reported	Cross reference / direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
EU14	Programs and processes to ensure the availability of a skilled workforce.	Full	Pages 71-75 (Training, the key to personal development), 64 (Occupational health and safety, training and inspections)				
EU15	Percentage of employees eligible to retire in the next 5 and 10 years broken down by category and by region.	Full	Pages 60-62 (ENDESA's workforce)				
EU16	Policies and requirements regarding health and safety of employees and employees of contractors and subcontractors.	Full	Page 64 (Occupational health and safety, training and inspections)				
	Labour/Management Relations	Full	Page 80 (Dialogue and responsible people management in ENDESA)				
	Occupational health and safety	Full	Page 165 (The results of a joint effort)				
	Training and Education	Full	Pages 71-75 (Assessing training processes)				
	Diversity and Equal Opportunity	Full	Pages 60-62 (ENDESA's workforce)				
	Equal remuneration for men and women	Full	Pages 79-80 (Remuneration policy)				
DMA HR	Disclosure on Management Approach HR						
Aspect	Investment and procurement practices	Full	Page 161 (Global Compact and Code of Ethics)				
	Non-discrimination	Full	Pages 95-96 (Ethics channel)				
	Freedom of association and collective bargaining	Full	Pages 86-87 (Social dialogue)				
	Child labour	Full	Page 23 (Protection of Human Rights)				
	Forced and compulsory labor	Full	Page 23 (Protection of Human Rights)				
	Security practices	Full	Page 64 (Occupational health and safety, training and inspections)				
	Indigenous rights	Full	Page 23 (Protection of Human Rights)				
	Assessment	Full	Page 23, 161				
	Remediation	Full	Page 23				
DMA SO	Disclosure on Management Approach SO						
Aspect	Local communities	Full	Pages 124-125 (Integrated Environmental Permits and Environmental Impact Studies), 198-199 (Social development initiatives that facilitate access to electricity), 38-42 (Quality of the electricity supply as a priority), 24-25 (ENDESA and its stakeholders)				
EU19	Stakeholder participation in the decision making process related to energy planning and infrastructure development.	Full	Page 42 (Programmes to improve or maintain access to electricity)				
EU20	Approach to managing the impacts of displacement.	Full	Appendix V				
	Corruption	Full	Pages 94-99 (Codes of Ethics and the fight against fraud and corruption)				
	Public policy	Full	Pages 182-185 (Institutional allies in combating climate change)				
	Anti-competitive behavior	Full	Pages 94-99 (Codes of Ethics and the fight against fraud and corruption)				
	Compliance	Full	Pages 96-99 (Sanctions received)				

G3.1 EUSS DMAs	Description	Reported	Cross reference / direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
	Disaster/emergency planning and response	Full	Page 55 (ENDESA's management of disasters and emergencies)				
EU21	Contingency planning measures, disaster/ emergency management plan and training programs, and recovery/ restoration plans.	Full	Page 55 (ENDESA's management of disasters and emergencies)				
DMA PR	Disclosure on Management Approach PR						
Aspect	Customer health and safety	Full	Pages 54-55 (Safety and ongoing improvement in all stages of the life cycle of ENDESA's products and services), 63-64 (Common occupational health and safety management)				
	Product and service labeling	Full	Pages 49-50 (Responsibility for informing customers)				
	Marketing communications	Full	Pages 50-52 (Customer satisfaction)				
	Customer privacy	Full	Pages 49-50 (Responsibility for informing customers)				
	Compliance	Full	Pages 49-50 (Responsibility for informing customers)				
	Access	Full	Pages 198-199 (Social development activities that facilitate access to electricity)				
EU23	Programs, including those in partnership with government, to improve or maintain access to electricity and customer support services.	Full	Pages 198-199 (Social development activities that facilitate access to electricity)				
	Provision of information	Full	Pages 84-85 (Commitment to people with different capabilities and those at risk of social exclusion)				
EU24	Practices to address language, cultural, low literacy and disability related barriers to access and safely use electricity and customer support services.	Full	Pages 84-85 (Commitment to people with different capabilities and those at risk of social exclusion)				

BASIC CONTENTS PART III: Performance Indicators

Economic

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.	Full	Page 110 (Wealth generation in 2012)				
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Full	Page 172 (ENDESA's contribution to combating climate change), 178-179 (CDM portfolio), 179-180 (Carbon funds)				
EC3	Coverage of the organization's defined benefit plan obligations.	Full	Page 78 (Pension Plan). The terms and conditions of the pension plan are laid out in the Company's framework agreements.				
EC4	Significant financial assistance received from government.	Full	Pages 146-148 (Technology leadership model), 92-94 (Leadership of the Board of Directors) No other type of aid is received.				

Indicator	Description	Reported	Cross reference / direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
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.	Full	Page 165 (Commitments to local suppliers)				
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	Full	Pages 75-77 (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.	Full	Pages 193-196 (Contribution to social development)				
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Full	Pages 194-196 (ENDESA's social development actions)				
Availability and reliability							
EU10	Planned capacity against projected electricity demand over the long term, broken down by energy source and by regulatory regime.	Full	Pages 40-41 (Continuity of supply)				
System efficiency							
EU11	Average generation efficiency of thermal plants by energy source and by regulatory regime.	Full	Pages 145-146 (Efficiency in thermal power plants)				
EU12	Transport and distribution losses as a percentage of total energy.	Full	Spain and Portugal 7.86%-Argentina 10.60%-Chile 5.36%-Brazil - Ampla 19.63%-Brazil - Coelce 12.59%-Peru 8.19%-Colombia - Codensa 7.31%-Colombia - Cundinam 13.39%. Pages 39-40 (Continuity of supply)				
Environmental							
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.	Full	Pages 144-145 (Fuel consumption)				
EN2	Percentage of materials used that are recycled input materials.	Full	Pages 131-132 (Recovery of residual ash and slag)				
Energy							
EN3	Direct energy consumption by primary energy source.	Full	886,738 terajoules (TJ) of energy consumption by primary source - Page 123-124 (Consumption at ENDESA's head offices), 144-145 (Fuel consumption)				

Indicator	Description	Reported	Cross reference / direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
EN4	Indirect energy consumption by primary source.	Full	*Electricity consumption (GJ) Hydroelectric pumping stations, Spain: 5,033,537.59- Latam: 347,399.45; Mining operations, Spain: 27,966.41- Latam: -; Port facilities, Spain: 28,771.48- Latam: -; Office buildings, Spain: 101,793.51- Latam: 174,999.21; Total, Spain: 5,192,069.00- Latam: 522,398.67//Page 144-145 (Fuel consumption). The use of energy-intensive materials is linked to water used at the plants and paper production. Business and employee travel to/from work is linked to energy used in the travel."				
EN5	Energy saved due to conservation and efficiency improvements.	Full	Pages 145-146 (Efficiency in thermal power plants), 151 (Efficient energy use)				
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Full	Pages 145-146 (Efficiency in thermal power plants), 172 (Active participation in the development of renewable energies)				
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Full	Page 145 (Indirect energy consumption)				
Water							
EN8COMM	Total water withdrawal by source.	Full	Page 118 (Total water withdrawal by source).				
EN9	Water sources significantly affected by withdrawal of water.	Full	Appendix V				
EN10	Percentage and total volume of water recycled and reused.	Full	Pages 117-121 (Integrated water management)				
Biodiversity							
EN11	Location and size of land owned, leased, managed in, or adjacent to protected areas or areas of high biological diversity value outside protected areas.	Full	Page 139 (Adjacent land, or land located in natural protected areas)				
EN12COMM	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Full	Pages 132-139 (Biodiversity conservation)				
EU13	Biodiversity of offset habitats compared to the biodiversity of the affected areas.	Full	Pages 132-139 (Biodiversity conservation)				
EN13	Habitats protected or restored.	Full	Pages 132-139 (Biodiversity conservation)				
EN14COMM	Strategies, current actions, and future plans for managing impacts on biodiversity.	Full	Pages 132-139 (Biodiversity conservation)				
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.	Full	Pages 184-185 (CO ₂ emissions)				
EN17	Other relevant indirect greenhouse gas emissions by weight.	Full	"ENDESA's indirect greenhouse gas emissions, i.e. excluding electricity generation, such as from exhaust fumes, are considered irrelevant in absolute terms."				
EN18COMM	Initiatives to reduce greenhouse gas emissions, and reductions achieved.	Full	Page 172 (ENDESA's contribution to combating climate change)				
EN19	Emissions of ozone-depleting substances by weight.	Full	Page 130 (Emissions of ozone-depleting substances)				

Indicator	Description	Reported	Cross reference / direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
EN20COMM	NO _x , SO _x and other significant air emissions by type and weight.	Full	"Pages 128-129 (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.	Full	Pages 120-121 (Water discharges)				
EN22COMM	Total weight of waste by type and disposal method.	Partial	Pages 130-131 (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.	Full	Pages 130-131 (Waste management and reduction)				
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.	Full	Appendix V				
Products and services							
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Full	Pages 52-54 (Efficient products and services), 144-145 (Fuel consumption), 119 (Process water consumption), 121-122 (Eliminating environmental liabilities), 120-121 (Water discharges)				
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Full	"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.	Full	Pages 125-128 (Management of 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.	Full	Page 117 (Significant investments)				
Social: labor practices and decent work							
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.	Full	Page 60-62 (ENDESA workforce). SPAIN AND PORTUGAL MEN 9093-WOMEN 2442/ARGENTINA MEN 3037-WOMEN 532/CHILE MEN 1952-WOMEN 510/BRAZIL MEN 1997- WOMEN 661/PERU MEN 697- WOMEN 241/COLOMBIA MEN 1195-WOMEN 448/MOROCCO MEN 1-WOMEN1				

Indicator	Description	Reported	Cross reference / direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
LA2COMM	Total number and rate of employee turnover by age group, gender, and region.	Full	Pages 75-77 (Attracting and retaining talent)				
EU17	Days worked by contractor and subcontractor employees involved in construction, operation & maintenance activities.	Full	Page 160 (Commitment to our partners)				
EU18	Percentage of contractor and subcontractor employees that have undergone relevant health and safety training.	Full	Page 164 (Contractor training)				
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Full	Page 78 (Pension Plan)				
LA15	Return to work and retention rates after parental leave, by gender.	Full	In ENDESA's report boundary, 314 men and 190 women were entitled to parental leave; 290 men and 217 women took parental leave; 294 men and 235 women returned to work after parent leave ended; and 289 men and 167 women were still employed twelve months after their return to work.				
Labour/Management Relations							
LA4COMM	Percentage of employees covered by collective bargaining agreements.	Full	Pages 86-87 (Social dialogue)				
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Full	Appendix V				
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.	Full	Pages 65-66 (Health and Safety Committees) and Appendix V				
LA7COMM	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and gender.	Full	Pages 66-68 (People), 155 (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.	Full	Page 64 (Occupational health and safety, training and inspections)				
LA9	Health and safety topics covered in formal agreements with trade unions.	Full	Pages 86-87 (Social dialogue)				
Training and Education							
LA10	Average hours of training per year per employee, by gender, and employee category.	Full	Pages 71-75 (Training, the key to personal development)				
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Full	Pages 69-71 (Leadership model), 71-75 (Training, the key to personal development)				
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.		Pages 69-71 (Leadership model)				
Diversity and equal opportunity							
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	Full	Pages 60-62 (ENDESA's workforce) The breakdown of directors by age is available on the ENDESA website (http://www.endesa.com/es/conoceendesa/organosdegobierno/Paginas/OrganosdeGobierno.aspx). There are no declared minorities at Endesa.				

Indicator	Description	Reported	Cross reference / direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
Equal remuneration for men and women							
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	Full	Pages 79-80 (Remuneration policy), 81-84 (Employee satisfaction, one of our priorities)				
Social: Human rights							
Indicator	Description	Reported	Cross reference / direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
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.	Full	Page 161 (Global Compact and Code of Ethics)				
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	Full	Page 161 (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.	Full	Page 64 (Occupational health and safety, training and inspections), 73-74 (Training by countries)				
Non-discrimination							
HR4	Total number of incidents of discrimination and actions taken.	Full	Pages 95-96 (Ethics channel). 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.	Full	Pages 86-87 (Social dialogue)				
Child labour							
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child la.	Full	Page 23 (Protection of Human Rights)				
Forced and compulsory labor							
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of forced or compulsory labor.	Full	Page 23 (Protection of Human Rights)				
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.	Full	Page 64 (Occupational health and safety, training and inspections), 73-74 (Training by countries)				
Indigenous rights							
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	Full	Page 23 (Protection of Human Rights)				

Indicator	Description	Reported	Cross reference / direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
Assessment							
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	Full	Page 23 (Protection of Human Rights), 161 (Global Compact and Code of Ethics)				
Remediation							
HR11	Number of grievances related to human rights filed, addressed, and resolved through formal grievance mechanisms.	Full	Page 23 (Protection of Human Rights)				
Social: Society							
Indicator	Description	Reported	Cross reference / direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
Local communities							
SO1COMM (EUSS)	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	Full	Pages 124-125 (Integrated Environmental Permits and Environmental Impact Studies), 193-194 (Contribution to social development), 29-30 (Engagement with communities involved in the El Quimbo project)				
SO1 (G3.1)	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	Full	Pages 193-194 (Contribution to social development), 124-125 (Integrated Environmental Permits and Environmental Impact Studies), 29-30 (Engagement with communities involved in the El Quimbo project)				
EU22	Number of people physically or economically displaced and compensation, broken down by type of project.	Full	Appendix V				
SO9	Operations with significant potential or actual negative impacts on local communities.	Full	Pages 193-194 (Contribution to social development), 29-30 (Engagement with communities involved in the El Quimbo project)				
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	Full	Pages 29-30 (Engagement with communities involved in the El Quimbo project), 193-194 (Contribution to social development), 124-125 (Integrated Environmental Permits and Environmental Impact Studies)				
Corruption							
SO2	Percentage and total number of business units analyzed for risks related to corruption.	Full	Pages 94-99 (Codes of Ethics and the fight against fraud and corruption)				
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Full	Pages 94-99 (Codes of Ethics and the fight against fraud and corruption)				
SO4	Actions taken in response to incidents of corruption.	Full	Pages 94-99 (Codes of Ethics and the fight against fraud and corruption)				
Public policy							
SO5	Public policy positions and participation in public policy development and lobbying.	Full	Pages 182-185 (Institutional allies in combating climate change)				
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.						

Indicator	Description	Reported	Cross reference / direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
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.	Full	Pages 96-99 (Sanctions received)				
Social: Product responsibility							
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.	Full	Pages 54-55 (Safety and ongoing improvement in all stages of the life cycle of ENDESA's products and services), 63-64 (Common occupational health and safety management)				
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.	Full	Page 165 (The results of a joint effort)				
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.	Full	Pages 49-50 (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.	Full	Pages 50-52 (Customer satisfaction)				
Marketing communications							
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Full	Pages 49-50 (Responsibility for informing customers)				
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.						

Indicator	Description	Reported	Cross reference / direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
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.	Full	Pages 49-50 (Responsibility for informing customers)				
Access							
EU26	Percentage of population unserved in licensed distribution or service areas.	Full	Pages 39-41 (Continuity of supply)				
EU27	Number of residential disconnections for non-payment, broken down by duration of disconnection and by regulatory regime.	Full	Pages 38-42 (Quality of the electricity supply as a priority)				
EU28	Power outage frequency.	Full	Pages 39-41 (Continuity of supply)				
EU29	Average power outage duration.	Full	Pages 39-41 (Continuity of supply)				
EU30	Average plant availability factor by energy source and by regulatory regime.	Full	Pages 145-146 (Efficiency in thermal power plants)				

Appendix V. Other GRI indicators

EN2 Percentage of materials used that are recycled input materials

	Unit	ENDESA			
		Spain and Portugal	Latin America	Other countries	Total ENDESA
Brine reused, rather than using sulphuric acid	Tonnes	13.98	281.68	0.00	295.66
Other materials	Tonnes	0.00	0.00	0.00	0.00
Lime reused in desulphurisation	Tonnes	2,721.61	2.90	0.00	2,724.51
Other materials	Tonnes	0.00	0.00	0.00	0.00
Sludge reused, rather than using iron chloride	Tonnes	2.74	154.24	0.00	156.98
Other materials	Tonnes	1.24	883.0	0.00	884.69
Other materials	Tonnes	35.67	111.37	0.00	147.03
Lubricating oil filtered and reused	Tonnes	122.37	279.49	0.00	401.86
Other materials	Tonnes	2,897.60	1,713.12	0.00	4,610.72
Total recycled	Tonnes	5,795.20	3,426.25	0.00	9,221.45

Types of non-hazardous waste and amount recovered

Non hazardous waste

	Unit	Spain and Portugal		Latin America		Other countries	
		2011	2012	2011	2012	2011	2012
Sludge	Tonnes	15,603.57	15,392.47	32,888.97	69,376.75	9.50	n/a
Amount recovered at external facilities	Tonnes	3,002.70	3,109.07	0.00	511.64	9.50	n/a
Machinery and equipment	Tonnes	106.81	696.35	6,843.61	11,797.97	6,827.66	n/a
Amount recovered at external facilities	Tonnes	106.74	732.06	1,096.30	6,541.16	1,081.55	n/a
Packaging equipment	Tonnes	2,692.44	117.49	77.42	151.29	81.62	n/a
Amount recovered at external facilities	Tonnes	2,683.41	94.63	73.74	148.10	77.68	n/a
Solid waste	Tonnes	76,248.14	31,635.35	162,764.79	103,380.12	159,671.03	n/a
Amount recovered at external facilities	Tonnes	74,812.11	25,160.67	46,535.23	18,629.79	45,366.31	n/a
Other liquids	Tonnes	1.27	0.00	2.60	0.00	61.18	n/a
Amount recovered at external facilities	Tonnes	1.27	0.00	0.00	0.00	61.18	n/a
Other waste	Tonnes	3,460,705.16	2,865.53	102,775.20	40,495.42	0.00	n/a
Amount recovered at external facilities	Tonnes	464.24	1,067.24	1.61	1,204.34	0.00	n/a
Total produced	Tonnes	3,555,357.39	50,707.19	305,352.09	225,201.55	166,650.57	n/a
Total recovered	Tonnes	81,070.48	30,163.87	47,706.88	27,035.03	46,596.22	n/a

Hazardous waste

Hazardous waste

	Unit	Spain and Portugal		Latin America		Other countries	
		2011	2012	2011	2012	2011	2012
Used oils	Tonnes	2,483.97	1,192.38	652.80	858.34	42.38	n/a
Amount recovered at external facilities	Tonnes	2,481.95	1,185.27	536.21	547.56	42.38	n/a
Machinery and equipment	Tonnes	4,094.37	1,743.30	116.90	706.39	0.05	n/a
Amount recovered at external facilities	Tonnes	4,048.93	1,937.22	252.02	743.03	0.00	n/a
Used batteries	Tonnes	156.49	122.87	60.49	266.19	0.02	n/a
Amount recovered at external facilities	Tonnes	156.02	38.33	47.68	22.81	0.02	n/a
Materials with asbestos	Tonnes	901.36	660.70	52.47	81.95	0.00	
Amount recovered at external facilities	Tonnes	93.84	0.07	0.00	0.01	0.00	
Sent for vitrification	Tonnes	0.00	0.00	0.20	0.00	0.00	n/a
Solid waste	Tonnes	2,477.00	422.40	400.34	18,663.00	437.61	n/a
Amount recovered at external facilities	Tonnes	2,371.17	169.35	14.86	18,619.12	386.87	n/a
Other liquids	Tonnes	2,224.86	1,025.03	984.35	643.13	42.61	n/a
Amount recovered at external facilities	Tonnes	2,205.89	53.86	4.95	0.79	42.61	
Other waste	Tonnes	1,281.73	2,636.50	0.00	347.48	67.72	n/a
Amount recovered at external facilities	Tonnes	1,066.60	523.30	0.00	19.25	0.00	n/a
Total produced	Tonnes	13,619.77	7,803.18	2,267.35	21,326.47	590.38	n/a
Total recovered	Tonnes	12,424.38	3,907.41	855.71	19,952.71	471.88	n/a

EN4 Indirect energy consumption by primary source.

	Unit	Spain		Latin America		Total	
		2011	2012	2011	2012	2011	2012
Hydroelectric pumping stations	GJ	4,661,467.20	5,033,537.59	346,610.68	347,399.45	5,007,777.88	5,380,937.04
Mining operations	GJ	49,326.34	27,771.48	—	—	49,326.34	27,966.41
Port facilities	GJ	23,902.42	2,721.61	—	—	23,902.42	28,771.48
Office buildings	GJ	144,207.36	101,793.51	33,311.88	174,999.21	177,519.24	276,792.72
Total		4,878,903.31	5,192,069.00	379,622.56	522,398.67	5,258,525.7	5,714,467.66

EN9 Water sources significantly affected by withdrawal of water

Water sources significantly affected by withdrawal of water.

		Spain and Portugal	Latin America	Argentina	Chile	Brazil	Peru	Colombia	TOTAL
Water bodies affected significantly									
Withdrawals that account for 5 percent or more of the annual average volume of a given water body	2011	4	17	0	10	0	4	3	21
	2012	124	20	1	12	0	4	3	144
Withdrawals from sensitive water bodies	2011	3	3	0	2	0	0	1	6
	2012	9	4	1	2	0	0	1	13
Withdrawals from a Ramsar-listed wetland or conservation area	2011	2	0	0	0	0	0	0	2
	2012	8	0	0	0	0	0	0	8
Withdrawals from a nationally proclaimed conservation area	2011	0	1	0	0	0	0	1	1
	2012	76	1	0	0	0	0	1	77
Withdrawals from an internationally proclaimed conservation area	2011	0	0	0	0	0	0	0	0
	2012	73	0	0	0	0	0	0	73
Total number of water sources significantly affected	2011	9	21	0	12	0	4	5	30
	2012	290	25	2	14	0	4	5	315
Characteristics of significantly affected water bodies									
Size (m ³)	2011	395,324,000	24,735,155,000	21,000,000,000	882,022,000	252,000,000	2,000,000	2,200,000,000	24,735,155,000
	2012	395,324,000	30,100,000,000	21,000,000,000	6,199,722,000	645,000,000	2,000,000	2,200,000,000	30,445,855,000
Flow (m ³ /sec)	2011	54.6	3,133.6	1,460	63	1,100	51.24	459.36	3,188.2
	2012	2,525.7	7,905.8	3,560	1,435.2	2,400	51.24	459.36	10,431.6
Designated as a protected area	2011	1	0	0	0	0	0	0	1
	2012	76	1	0	1	0	0	0	77
Biodiversity value: 1 = Yes, 0 = No	2011	0	0	0	0	0	0	0	0
	2012	76	2	0	2	0	0	0	78

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.

Water sources significantly affected by discharges

		Spain and Portugal	Latin America	Argentina	Chile	Brazil	Peru	Colombia	TOTAL
Water bodies affected significantly									
Withdrawals that account for 5 percent or more of the annual average volume of a given water body	2011	4	25	0	9	1	4	11	29
	2012	4	25	0	9	1	4	11	29
Withdrawals from sensitive water bodies	2011	34	1	0	1	0	0	0	35
	2012	34	1	0	1	0	0	0	35
Withdrawals from a Ramsar-listed wetland or conservation area	2011	3	0	0	0	0	0	0	3
	2012	3	0	0	0	0	0	0	3
Withdrawals from a nationally proclaimed conservation area	2011	61	1	0	0	0	0	1	62
	2012	61	1	0	0	0	0	1	62
Withdrawals from an internationally proclaimed conservation area	2011	51	0	0	0	0	0	0	56
	2012	56	0	0	0	0	0	0	56
Total number of water sources significantly affected	2011	158	27	0	10	1	4	12	185
	2012	158	27	0	10	1	4	12	185
Characteristics of significantly affected water bodies									
Size (m ³)	2011	341,000,000	548,743,139.41	0	0	519,000,000	0	29,743,139	889,743,139.41
	2012	341,000,000	948,743,139.41	400,000,000	0	519,000,000	0	29,743,139	1,289,743,139.41
Flow (m ³ /sec)	2011	1,107.87	31,310.38	25,420	3,519.30	1,486	118.62	766.46	32,418.25
	2012	1,043.77	29,524.38	22,720	3,519.30	2,400	118.62	766.46	30,568.15
Designated as a protected area	2011	60	0	0	0	0	0	0	60
	2012	60	0	0	0	0	0	0	60
Biodiversity value: 1 = Yes, 0 = No	2011	0	0	0	0	0	0	0	0
	2012	59	0	0	0	0	0	0	59

LA5 Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.

Minimum notice period(s) regarding operational changes

	2010*	2011*	2012*
Spain and Portugal	4	4	4
Latin America	n/a	n/a	n/a
Argentina	N/A	N/A	n/a
Chile	n/a	1	n/a
Brazil	n/a	n/a	n/a
Peru	N/A	N/A	n/a
Colombia	N/A	N/A	n/a
Total	n/a	n/a	n/a

* weeks
n/a Not available
N/A: Not applicable.

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.

Percentage of workers represented in health and safety committees

		Spain and Portugal	Latin America	Argentina	Chile	Brazil	Peru	Colombia	Ireland	Morocco	TOTAL
	2010										
Total workforce	2011	11,702	11,060	3,437	2,397	2,764	863	1,599	113	2	22,877
	2012	11,685	11,291	3,480	2,446	2,735	910	1,632	85	2	22,976
	2010										
Workforce represented in formal joint management-worker health and safety committees	2011	11,702	11,060	3,437	2,397	2,764	863	1,599	113	2	22,877
	2012	11,685	11,291	3,480	2,446	2,735	910	1,632	85	2	22,976
	2010										
% of total workforce represented in formal joint management-worker health and safety committees	2010	100	75	75	75	100	100	100	n/a	n/a	75
	2011	100	75	75	75	100	100	100	n/a	n/a	75
	2012	100	75	75	75	100	100	100	n/a	n/a	75

n/a Not available

EU20 Approach to managing the impacts of displacement

Chile

When Endesa Chile is analysing new investment projects it forges relationships with its stakeholders from the outset. The Company analyses the project and the site where the facility is to be installed. It assesses the environmental, human and cultural aspects of the site and what direct or indirect impacts the communities living there may have on the project. It also carries out a socio-demographic study to assess the main cultural aspects of these communities.

In 2012, the only project requiring population displacement was the construction of the Bocamina II thermal plant, which continued its displacement plan begun in 2008. This plan includes the relocation of 466 families, of which 218 were relocated between 2009 and 2010. In 2011, another 106 families (357 people) were displaced and in 2012 another 106 families (425 people). That leaves 36 families to be relocated to new homes, for which agreements must be reached.

Each agreement entailed careful, detailed work to draw up an appropriate rehousing plan, with its associated budget, timeframe and implementation procedures.

Colombia

Endesa Colombia CSR policies relating to expansion projects, depending on the specific phase in progress, involve identification, pre-feasibility, feasibility and/or environmental impact studies. These processes involve approaching, forming relationships with and encouraging the active involvement of local communities and authorities, mainly regional.

Argentina

No projects involving population displacement were undertaken in Argentina.

Peru

No people were displaced in 2012.

Brazil

No people were displaced in 2012.

EU22 Number of people physically or economically displaced and compensation, broken down by type of project.

People physically or economically displaced

		Spain and Portugal	Latin America	Argentina	Chile	Brazil	Peru	Colombia	TOTAL
Total number of people physically and economically displaced (1)	2010	0	0	0	0	0	0	0	0
	2011	0	378	0	357	0	0	21	378
	2012	0	2,237	0	425	0	0	1,812	2,237
Total number of people displaced due to plant expansion	2010	0	0	0	0	0	0	0	0
	2011	0	0	0	357	0	0	0	357
	2012	0	0	0	0	0	0	0	0
Total number of people displaced due to construction of new plants	2010	0	0	0	0	0	0	0	0
	2011	0	0	0	357	0	0	0	357
	2012	0	0	0	425	0	0	0	425
Total number of people displaced due to construction of new transmission lines	2010	0	0	0	0	0	0	0	0
	2011	0	0	0	357	0	0	0	0
	2012	0	0	0	0	0	0	0	0
Total number of people displaced due to other type of project	2010	0	0	0	0	0	0	0	0
	2011	0		0	357	28	0	0	385
	2012	0	0	0	0	0	0	0	0
Total number of people compensated including those that may be affected positively (2)	2010	0	0	0	0	36	73,000	0	73,036
	2011	0	0	0	357	0	0	0	357
	2012	0	0	0	425	0	0	0	425



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