



endesa11

Annual report 2011 **Sustainability**

"making things possible..."



Endesa
2011 Sustainability Report



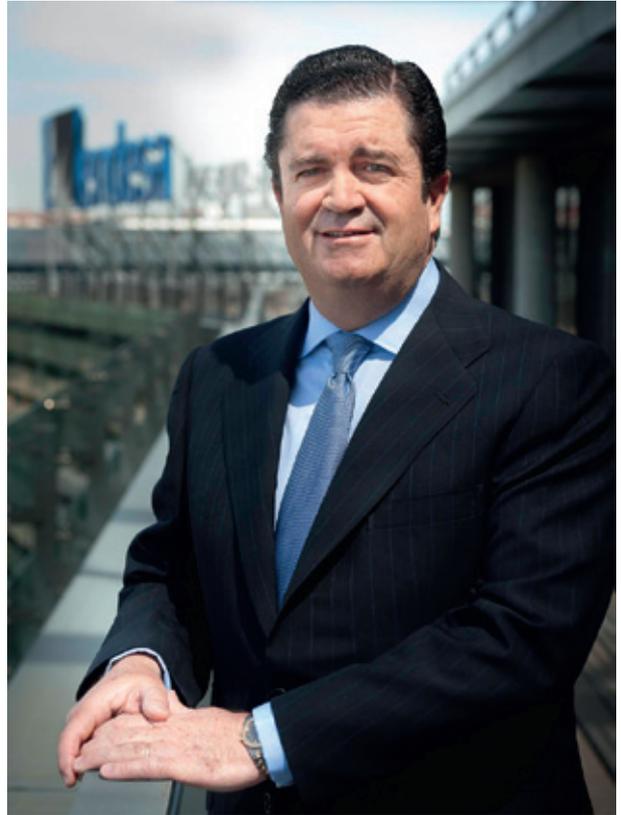
Summary

4	Presentation
10	ENDESA, a leading group in the global electricity market
36	Our customers: Commitment to service quality
62	Our people: Commitment to the health, safety and personal and professional development of our employees
98	Corporate governance and transparency: Commitment to corporate governance and ethical behaviour
112	Our shareholders and investors: Commitment to creating value and returns
122	Commitment to the environment
150	Innovation: Commitment to efficiency
168	Commitment to our partners
182	Combating climate change: Responding to the challenges and opportunities of climate change
200	Establishing ties with local communities: Strengthening ties with local communities and the Company's legitimacy in the areas where it operates
218	Appendices
220	Appendix I. ENDESA, committed to reporting on sustainability
222	Appendix II. Independent review report
224	Appendix III. GRI Application Level Check Statement
225	Appendix IV: GRI content
234	Appendix V. Other indicators GRI



La Serena hydro plant

Presentation



Borja Prado Eulate
Chairman

This is ENDESA's 11th Annual Sustainability Report, outlining our commitment to sustainable development and reporting on progress in 2011 to our stakeholders.

ENDESA's sustainable development strategy is set out in the 2008-2012 Sustainability Plan. Throughout 2011, we maintained excellent performance levels on all of the Plan's programmes, with 80% of objectives being achieved in its fourth year of operations, well ahead of schedule.

In 2003, the Management Committee approved a Sustainability Policy in response to the Seven Commitments to Sustainable Development made to our customers, shareholders, employees and the societies in which we operate; this Policy also detailed our commitments on ethical behaviour and transparency, technological innovation and energy efficiency, and caring for the environment.

ENDESA's commitment to sustainable development begins with our senior management and extends to every part of the Company. The Sustainability Plan contains a total of 67 monitoring indicators, of which 51 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 greatest progress on the

Sustainability Plan in 2011 related to measures taken by the Company to combat climate change.

For the second 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.

Having now published 11 Annual Sustainability Reports, ENDESA remains committed to transparent reporting of progress on sustainability and corporate responsibility to all of its stakeholders.



Borja Prado Eulate
Chairman

Presentation



Andrea Brentan
Chief Executive Officer

ENDESA's commitment to sustainable, responsible growth is reflected in its management model. It aims to create long-term value for the communities where it operates by integrating environmental and social opportunities with its overarching strategy.

This commitment to Sustainability extends across all ENDESA Group companies and to every member of staff, and is reflected in the ENDESA Sustainability Plan (PES) 2008-2012.

The PES is structured into seven key lines 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 deal with two key challenges: the fight against climate change and strengthening ties with local communities in the countries and territories where ENDESA operates.

In 2011, ENDESA and Enel's commitment to the Global Compact was boosted by its inclusion in Global Compact LEAD, the United Nations (UN) initiative that brings together the 54 most sustainable companies in the world. ENDESA is actively involved in two working groups: Sustainable Energy for All and Engagement with Indigenous People.

This Sustainability Report sets out the performance highlights of the Company's commitment to Sustainability in 2011.

Our people

As in previous years, our first and foremost concern is the safety of all the **people** who work at or with ENDESA. Last year, all initiatives relating to occupational health and safety undertaken in all the countries where we operate were integrated within the 2011-2015 Safety Plan, so as to consolidate all the efforts and action lines developed to date to encourage the exchange of best practices and synergies.

Our efforts have succeeded in reducing the rate of serious accidents by 40%, even though the previous year had seen particularly good performance. Nevertheless, our single goal is still to achieve a zero accident rate. The combined **accident frequency rate** for ENDESA and its sub-contractors fell by 17% year on year.

ENDESA is firmly committed to the principles of gender equality and non-discrimination. In May 2011, the Ministry of Health, Social Policy and Equality awarded ENDESA the "Equality in the Workplace" seal, which recognises organisations that are deeply committed to gender equality.

Based on the 2010 working climate survey, ENDESA launched its 2011-2012 Working Climate Improvement Action Plan. 45% of the 191 proposed actions to enhance the Company's working environment were completed last year.

Our customers

ENDESA continues to strive towards enhanced **customer** satisfaction. Our goal is to be perceived as the best supplier by our 25.3 million customers. We have improved continuity of supply in Spain, Portugal and Latin America. In 2011, the average interruption time (TIEPI) in Spain was 73 minutes, cementing ENDESA's position as one of the best electric utilities in this field. Our power supply reliability now covers 99.9% of hours in the year.

As to improvements in customer service, we have made significant progress. Waiting time was reduced by 48% in commercial offices, a 24% improvement was noted in sales, contracting and activation processes in the mass market and perceived quality improved by 8% in meter-reading and billing procedures.

The www.endesaonline.com virtual office once again grew significantly in 2011, demonstrating its future as a customer service channel by expanding its user base by 32% with respect to 2010.

Shareholders and investors

With respect to **shareholders and investors**, ENDESA formed part of the Dow Jones Sustainability Index (DJSI) for the eleventh consecutive year, with a score of 80/100, equalling the record set in 2010. In addition, the Company achieved a 10-point improvement over last year's score (88/100) for the Carbon Disclosure Project: this index measures emission reductions and corporate transparency as to climate change mitigation performance.

ENDESA's shareholder and investor office provides a personalised service. We offer quarterly performance presentations, present our strategic plan on an annual basis and hold an annual Investor Day, at which investors are encouraged to visit us and ask questions about ENDESA and everything we do.

Good governance and transparency

In the area of **good governance**, ENDESA continues to deliver on its commitment to its new Code of Ethics and Zero Tolerance programme, introduced in 2010 to reinforce existing initiatives: the Employee Code of Conduct, the Charter governing senior management and the Charter governing executives. In 2011, the Company circulated these new standards to all its employees.

Environment

Protecting the **environment** remains a priority for ENDESA. Its 2008-2012 Environment Plan focuses on combating climate change, obtaining excellence in environmental management and preserving biodiversity. Highlights include the restoration of the As Pontes mine and slag heap to create the most biodiverse area in Galicia, containing a lake and more than 600,000 newly-planted trees.

In 2011, 99.94% of power produced by ENDESA was ISO 14001-certified. We continued to implement and certify our environmental management systems and to review the environmental procedures in place at our Latin American facilities. ENDESA has carried out significant initiatives at its facilities to curb emissions. The initiatives have required a total investment of approximately Euro 648 million, and have made it possible to reduce sulphur dioxide (SO₂) emissions by 89%, nitrogen oxide (NO_x) emissions by 50% and particles from large plants by 77% between 2006 and 2011.

Climate change

ENDESA fights **climate change** by developing emission-free energy sources, enhancing energy efficiency and supporting

research and development efforts to curb its emissions. In 2011, close to 50% of all power produced by ENDESA was emission-free. The Company reduced CO₂ emissions from its power facilities to 12.5 million tonnes below 2005 levels, an annual reduction of approximately 2.5 million tonnes, equivalent to 5.5% of its total yearly emissions.

ENDESA is a leader in the field of e-mobility. It has cemented its leading position by entering into partnership deals with electric vehicle manufacturers and distributors and a range of public authorities, including the city councils of Madrid, Barcelona, Seville and Palma, the regional government of Extremadura, and the local authority of the island of El Hierro. In line with its commitment to developing e-mobility, in 2011 ENDESA installed 329 charging points: 314 in Spain and 15 in Latin America.

ENDESA and Enel retained their leading positions in the global carbon market ranking, with a combined portfolio of 114 Clean Development Mechanism (CDM) projects. ENDESA is involved in 7 carbon funds.

Technology and innovation

The Company has developed RDI projects in all of its business lines and corporate technology activities, which are included in the 2009-2013 Technology Plan. In 2011, ENDESA rolled out one million smart meters in the context of its ongoing Remote Management project, which involves installing 13 million smart meters in partnership with Enel. The second year of the ENDESA Global Energy Efficiency Plan (PGE3) has now been completed.

The Company is the lead partner in the Málaga SmartCity venture and has begun work on the **Barcelona SmartCity** project, an initiative to upgrade the power supply system in Barcelona, where it will roll out a cutting-edge smart grid offering greater savings and more efficient and sustainable management. This development will prepare the city for the energy model of the future, underpinned by the principles of economic and social progress in the local community and enhanced energy efficiency.

ENDESA is also leading the first two *SmartCity* projects to be rolled out in Latin America: Búzios (Brazil) and Santiago

(Chile). ENDESA is working on applying efficiency and sustainability concepts in public spaces and its own buildings and grids, integrating renewable energy and smart storage (microgrids).

Our partners

ENDESA is extending its occupational safety policies to its suppliers by requiring the same standards to be applied both to people working at ENDESA and to sub-contractors. We have achieved a 30% decrease in the rate of serious accidents among suppliers and contractors.

In 2011, ENDESA continued with its **Vendor** Rating System, increasing the number of purchasing families from 9 to 39 (20 in Spain and 19 in Latin America). The Company has also identified 418 strategic suppliers and contractors, 25 more than in 2010.

Establishing ties with local communities

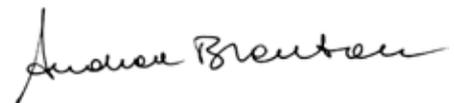
Rising to the challenge of creating **ties with local communities**, in 2011 ENDESA introduced and implemented its five Sustainability Territory Plans: Andalusia and Extremadura, Aragon, the Balearic Islands, the Canary Islands and Catalonia). As part of these efforts, territorial indicators were established. 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 is actively involved in the ENabling ELelectricity programme, which encompasses specific actions providing access to electricity via three key areas into which its related social projects can be grouped:

- Projects that guarantee technological and infrastructure accessibility: improved kitchens in Junín (Peru), solar panel installation (Junín, Peru), electrification of communities (Peru), the Power For All programme (Brazil) and lighting of sports facilities (Peru) and the Multicanchas initiative (Chile).
- Projects that eliminate economic barriers for the lowest income levels in society: Ecoelce and Ecoampla in Brazil and Ecochilectra in Chile.
- Creation of capabilities: Nuevo Pachacútec (Peru), Chillectra university chair (Chile), Ampla Awareness (Brazil), Travelling educational information (Chile) and Coelce nas Escolas (Brazil).

The five Sustainability Committees in Latin America (Argentina, Brazil, Colombia, Chile and Peru) continued their work to coordinate and develop the Country Plans in 2011, holding 20 meetings (four in each country) during the year to reinforce **ties with local communities**. In addition, two Sustainability meetings were held among all the countries to coordinate criteria and promote specific corporate projects (e.g. stakeholders, reporting). ECountry and Regional Plan fulfilment exceeded the 80% level expected for 2011.

As in previous years, this Sustainability Report is intended to emphasise the advocacy and communication of the culture of Sustainability as a beneficial community value. This communication effort helps improve our performance in this field.



Andrea Brentan
Chief Executive Officer



ENDESA,
a leading group
in the global
electricity market





Isla hydro plant (Chile)

ENDESA is the leading utility in the Spanish electric utility and the largest private electricity multinational in Latin America. It consolidated its leading position in 2011 both in terms of business activity and its commitment to sustainable development. As a company, ENDESA strives to secure reliable and affordable energy supplies in the regions where it operates and incorporate social and environmental issues into its management model.

ENDESA's Sustainability Plan 2008-2012 fully incorporates all three sustainability areas (economic, social and environmental) into the Company's strategy. In 2011, the fourth year of development, the Company had completed 80% of it, in line with the schedule.

80%

completion of the 2008-2012 Sustainability Plan in its fourth year

ENDESA publishes

11th

its Sustainability Report

The ENDESA 2011 Sustainability report follows version

G3.1

of the GRI

ENDESA

and its eight subsidiaries have reached the advanced level of the Global Compact

1. ENDESA in figures

	2009	2010	2011
EBITDA (Euro million)	7,228	7,474	7,265
Business in Spain and Portugal	4,060	4,079	4,024
Business in Latin America	3,168	3,395	3,241
Other countries	0	0	0
NET INCOME AFTER TAXES AND MINORITY INTERESTS (Euro million)	3,430	4,129	2,212
Business in Spain and Portugal	2,759	3,498	1,593
Business in Latin America	671	631	619
Other countries	0	0	0
Workforce	26,305	24,732	22,877
Spain and Portugal (1)	13,397	12,151	11,670
Latin America	12,676	12,462	11,092
Other countries	232	119	115
Installed capacity (MW)	39,642	40,142	40,095
Spain and Portugal	22,577	23,116	23,072
Hydroelectric	4,729	4,731	4,716
Conventional thermal (2)	13,375	14,720	14,675
Thermal – nuclear (2)	3,670	3,665	3,681
Cogeneration and renewables (8)	803	1,518	1,816
Latin America (3)	15,853	15,835	15,832
Other countries (2)	1,212	1,191	1,191
Output (GWh)	137,053	130,485	138,714
Spain and Portugal (4)	72,707	67,049	75,132
Hydroelectric	8,533	9,208	6,179
Conventional thermal	38,506	29,664	43,776
Thermal – nuclear (2)	22,630	27,619	25,117
Cogeneration and renewables (8)	3,038	4,028	3,711
Latin America (3)	62,767	62,416	62,767
Other countries (2)	1,579	1,020	815
Sales (GWh)	157,254	162,465	162,336
Spain and Portugal	104,618	106,894	105,241
Regulated market	23,445	0	0
Deregulated market (5)	81,173	106,894	105,241
Latin America	52,636	55,571	57,095
Number of customers (thousands)	24,607	25,001	25,192
Spain and Portugal	11,700	11,729	11,537
Regulated market (6)	—	—	—
Deregulated market (7)	11,700	11,729	11,537
Latin America	12,907	13,272	13,655

(1) In contrast to previous years, 2009, 2010 and 2011 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 according to busbar cost. 2009 hydro output sold to Acciona is included to June and output from Nuclenor and Tejo Energía throughout the year as these assets were accounted for using proportionate consolidation.

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

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

(7) 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.

(8) See section 02.2.5 Enel Green Power España.

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 22,877, a total of 25.1 million customers and installed power of 40,095 MW.

In 2011, ENDESA obtained net income of Euro 2,212 million and revenues of Euro 32,686 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's other businesses include the sale of mining equipment and Bolonia Real Estate.

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

2.1.1. Spanish and Portuguese Business Unit

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

Endesa Generación

Endesa Generación was set up as a holding vehicle for ENDESA's power generation and mining activities in Spain, and those previously held by Endesa Europe in Portugal, which are now part of the Iberia division. It also includes generation assets in Ireland and Morocco, which fall under "Other countries", and those of Endesa Cogeneración y Renovables (ECyR).

Endesa Red

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

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

Endesa Energía

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

- **Energy Management Department.** This department mainly focuses on Trading and fuel management.
- **Nuclear Energy Department.** This department manages the nuclear facilities for ENDESA's generation facilities. It also includes Endesa Operaciones y Servicios Comerciales, S.L., which provides sales support to the Group's energy companies.
- **Transversal business areas.** These areas provide support services to ENDESA's holdings:
 - Strategy and Development
 - Systems and Telecommunications
 - Economic-financial
 - Human Resources and Organisation
 - Legal Advice
 - 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 2011, ENDESA had 21,976 MW of ordinary regime capacity in Spain, with net output of 72,678 GWh.

ENDESA in the world



ENDESA: Spanish electricity market leader in supply and customers

ENDESA had a total net production of 72,678 GWh between mainland ordinary regime and non-mainland generation, an increase of 10.4% compared to 2010.

The difference is due to the sharp increase in thermal production (+85.4%) due to the new Royal Decree governing domestic coal and increased output at the Company's combined cycles (+9.3%: Besós 5 was brought on stream), which offset the lower hydro (-32.9%) and nuclear (-8.8%) output.

Power sold on the deregulated market totalled 105,241 GWh to 11.5 million customers.

ENDESA operates in the natural gas business. The natural gas customer portfolio (excluding sales for electricity generation) at the end of 2011 was made up of 1 million supply points, with an annual consumption of 48.7 TWh, an increase of 18.3% on 2010.

2.2.2. Portugal

At the close of 2011, ENDESA had installed capacity of 1,095 MW in Portugal under the ordinary regime (244 MW at Tejo Energía and 851 MW at Elecgas). The Pego plant produced 2,271 GWh (883 GWh corresponding to ENDESA's 38.9% stake), which represented 4.5% of Portugal's total electricity consumption.

ENDESA is the second largest operator in the Portuguese deregulated electricity market, with a market share of over 26%. At year-end 2011, the customer portfolio in electricity registered 5,884 GWh/year of consumption, with 3,350 medium voltage supply points and 3,021 special low voltage supply points.

In the Portuguese gas market, ENDESA supplied 3,674 GWh/year, with the conventional customer portfolio consuming 454 GWh/year.

ENDESA: leading private multinational electric utility in Latin America

2.2.3. Latin America

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

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

At the close of 2011, ENDESA investee companies in Latin America had total installed capacity of 15,832 MW. During the year, they generated 62,767 GWh, 0.6% more than the previous year, and sold 69,553 GWh, 3.4% more than in 2010, to a total of 13.7 million customers, i.e. 382,000 more than in 2010.

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.

2.2.4. Business in other countries

ENDESA's main businesses in 2011 outside of the Iberian Peninsula and Latin America were as follows:

2.2.4.1. Ireland

ENDESA has been operating in the Irish Republic since January 2009 and has 1,068 MW of operational power across four sites: 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. These plants account for approximately 10% of the country's total installed capacity.

In 2011, Endesa Ireland had output of 69.7 GWh and sales of 162.48 GWh.

2.2.4.2. Morocco

ENDESA operates in Morocco through the 32% stake it holds in Energie Electrique de Tahaddart, a company that owns a 380 MW CCGT plant in Tahaddart. In 2011, output at this plant totalled 2,329 GWh.

In 2011, Energie Electrique de Tahaddart paid a dividend against 2010 earnings of which Euro 4.5 million 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 and those of Enel Green Power, also in Spain and Portugal.

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 energy throughout the world.

At 31 December 2011, total net renewable installed capacity at Enel Green Power España stood at 1,816.5 MW broken down between various technology types: 1,640.1 MW of wind energy, 56.5 MW min-hydro, 22.8 MW biomass plants, 13.14 MW solar and 83.7 MW cogeneration plants.

2.3. Other businesses

Apart from the energy business, ENDESA operates other businesses, such as the acquisition of materials, equipment, works and services, which in 2011 was worth a total of 3,947 million euros. The savings achieved in supply management were approximately 10.3%.

Bolonia Real Estate, S.L. a company fully owned by ENDESA, is directly responsible for the Company's real estate activity in Spain, and delegates Latin American activities in this field to Inmobiliaria Manso de Velasco Ltda., a company fully owned by Enersis. In this way, ENDESA promotes the regeneration of industrial areas, using idle electrical installa-

tions, and unlocks the value of its real estate assets, through the transformation of land into developable areas, management of own or leased buildings, and the implementation of sustainable development models in areas of great environmental value. This last objective is carried out through the Endesa Natural Surroundings programme (Endesa Entornos Naturales).

3. Commitment to sustainability

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

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	<ul style="list-style-type: none"> To maximise the value of our shareholders' investments. To serve our markets and exceed customers' expectations. To contribute to the development of our employees.
Vision	<ul style="list-style-type: none"> ENDESA is an energy sector operator and provider of associated services, focused on electricity. A responsible, efficient and competitive multinational company, committed to safety, health and the environment. A company ready to compete on a global level.
Values	<ul style="list-style-type: none"> People: we work to ensure development opportunities for all company employees, based on merit and professional contributions made. Health and safety: we make a firm commitment to occupational health and safety by promoting a preventive culture. Team work: we encourage working towards achieving a common goal, sharing information and knowledge. Ethical behaviour: we encourage professionalism, moral integrity, loyalty and respect for others. Customer focus: the focus of our efforts is to boost customer satisfaction by providing competitive, high-quality solutions. Innovation: we strive constantly to improve and find innovative solutions to meet the maximum profitability criteria. Focused on results: our activities are aimed at achieving the objectives of our business project and profitability for our shareholders, endeavouring to exceed expectations. Community and the environment: We have made a social and cultural commitment to the community and adapt our business strategies to protecting the environment.

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

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

4. ENDESA's 2008-2012 Sustainability Plan

ENDESA's sustainable development strategy is included in ENDESA's 2008-2012 Sustainability Plan, which is in its last year, 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.

ENDESA's 2008-2012 Sustainability Plan was structured according to the importance to ENDESA of the issues it covers and the scope for improvement. It is based on seven main lines and two challenges, showing the Company's real com-

mitment 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 four 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

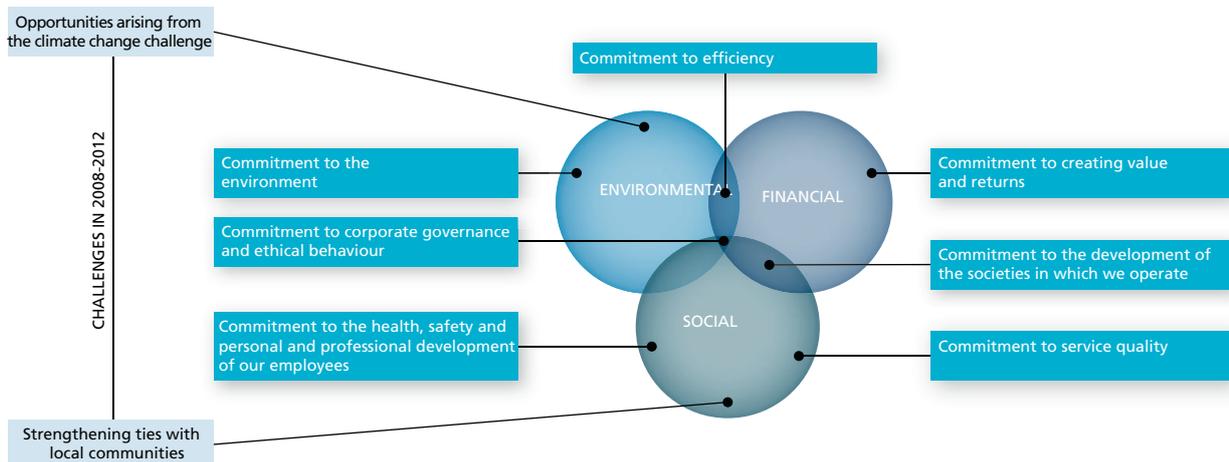
Overview	Challenges
<ul style="list-style-type: none"> • Our customers: commitment to service quality. • Our investors and shareholders: commitment to creating value and profitability. • Our people: commitment to the health, safety, and personal and professional development of our employees. • Our conduct: commitment to corporate governance, ethical behaviour and transparency. • Our environment: commitment to the environment. • Innovation: commitment to efficiency. • Commitment to our partners. 	<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.

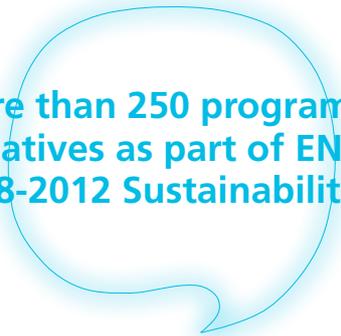
Commitment to our customers

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

1. Improving its perception as a reliable supplier, avoiding reputational crises.
2. Achieving commercial excellence.

ENDESA's Seven Commitments





More than 250 programmes and initiatives as part of ENDESA's 2008-2012 Sustainability Plan

3. Ensuring that each interaction with the customer has a positive effect.
4. Promoting value-added products and services and making ENDESA a benchmark in the sector.

Commitment to our employees

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

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

Commitment to good governance

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

- 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 has therefore set four strategic objectives:

- To maintain a portfolio of R&D projects which meet the challenges faced by each business in terms of the type and volume of investment.

- To become a leader in technology, underpinning and enabling the Group's strategic vision.
- To promote ENDESA's internal image as a highly innovative company.
- To ensure that ENDESA is recognised externally for its technology and innovation.

Commitment to our partners

ENDESA aspires to be a sector leader due to the sophistication and excellence of its procurement processes and the management of its relations with suppliers and contractors. To this end, the Company has set the following strategic objectives:

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

The Climate Change challenge

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

- To analyse new eco-efficient systems leading to reduced CO₂ emissions.
- To participate actively in the development of renewable energies.
- To develop energy efficiency and cogeneration opportunities.
- To 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.

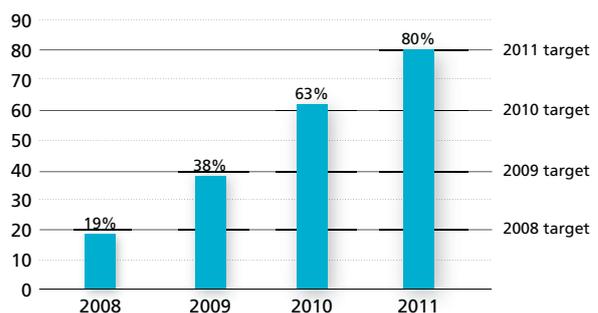
- To develop projects linked to the nature and characteristics of the Company's businesses: allowing it to apply its know-how.
- To provide access to goods and services related to electricity.
- To respond to the needs of the main communities with which ENDESA deals.
- To realise ENDESA's potential to help create wealth and employment.
- To be sustainable over time and able to replicate the most successful measures.
- To address the needs of underprivileged groups, including rural communities and displaced urban communities.
- To work with the social representatives of communities involved in projects.
- Systematic, transparent accounting which is communicated to society.

4.1. Real results

Over 2011, the fourth year of ENDESA's 2008-2012 Sustainability Plan, we remained highly active in terms of carrying out the programmes linked to the plan, fulfilling the objectives established. Likewise, we have built on the progress of the sustainability strategy in the different locations in which the Company is present 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.

Changes to the 2008-2012 Sustainability Plan

%



80% completion the Sustainability Plan through 2011

The Sustainability Plan comprises a total of 67 tracking indicators, of which 51 are included in Sustainability Scorecard, which is reported to senior in the management every six months.

Taking stock and looking at how far the the programmes and actions within the Plan have progressed, data show that as at 31 December 2011, 80% of the overall 2008-2012 Sustainability Plan has been put into action, in line with the established target.



The greatest progress made in the sustainability plan, with much more activity than originally planned related to action taken by the Company to combat climate change, followed by action in the areas of Communication, Strengthening Local Ties, and finally, Core Action, which encompasses initiatives related to ENDESA's Seven Commitments.

- **Core Action:** Good performance mainly due to the Customers, Investors, Technology and Innovation, and Collaborators areas, which have all achieved at least 80% of their objectives. Actions in relation to People, Good Governance and the Environment is a little lower, at 72% on average.
- **Combating Climate Change:** The Company has made excellent progress, exceeding the objectives by 6%, with particularly good performances in Renewable Energies, Technical Developments for CO₂ Reduction, Energy Efficiency and Sustainable Transport programmes.
- **Strengthening Local Ties:** Slightly below target (78%). The goals set in terms of the implementation of

The greatest progress in the 2008-2012 Sustainability Plan related to actions to combat climate change

the sustainability strategy in countries and regions for the 2009-2012 period were reached, while targets set for social projects were exceeded. 64% of the development of the social action strategy and the procedure for measuring the Enabling Electricity project has been achieved.

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

This report demonstrates, for each of the sections, the progress made by the Company on sustainability issues in 2011, detailing the action 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. It 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 2011, ENDESA's and Enel's commitment to the Global Compact were reinforced with their inclusion in Global Compact LEAD, the United Nations (UN) initiative presented in Davos. This initiative brings together the 54 leading companies in terms of sustainability, 56 reference points that

promote sustainability, which is understood as the balance between social responsibility and economic and environmental issues, and which are committed to the application of the "Blueprint for Corporate Sustainability Leadership": 50 specific actions identified to integrate sustainability into business models.

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

As well as this institutional activity, ENDESA and its subsidiaries have continued to be highly active within the different areas of the Global Compact:

Local level: Active participation in workshops and activities organised by local networks, collaborating in many activities such as speaking at conferences organised by the Spanish and Colombian Networks on the implementation of the Principles of the Global Compact, in the Argentinean Network's workshop on the implementation of Human Rights, on integrating the sixth principle or in the third Assembly and the breakfast to celebrate the seventh anniversary of the creation of the Argentinean Network, or the presentation of the report on low-carbon business opportunities organised by the Peruvian Network. In addition, the Company supported activities to disseminate the Global Compact, participating, among other things, in actively disseminating the RSE-PYME initiative developed by the Spanish Network along with the National Credit Institution to promote sustainability and adherence of SMEs with the Principles of the Global Compact. In Spain, ENDESA also leads one of the Executive Committee's working groups relating to the 10 Principles and collaborates in the group dedicated to the Millennium Development Goals.

Regional level: Presentation of good practices at the Global Compact's Business Leaders Summit on 9 November in Mexico, running of training workshops on the management model and communication of progress, contribution to the Principle 10 platform with examples of all subsidiary companies. All of these activities were organised and coordinated by the Regional Global Compact Centre for Latin America and the Caribbean.

International level: Participation in the UN Global Compact Week in Amsterdam from 16 to 20 May. ENDESA presented its extension model for adherence to the Global Compact to its subsidiary companies at this important an-

nual meeting and it participated as a speaker at a working breakfast organised on Women Empowerment Principles (WEP) and in the Global Compact Lead meeting.

Global Compact Lead: ENDESA is a member of several working groups: Sustainable Energy for All and Engagement with Indigenous People, actively collaborating in the activities carried out by these two working groups.

In specific initiatives: ENDESA has been working very hard on several initiatives for the Global Compact, such as Caring for Climate or the WEPs. As a result of this work, in 2011, the Company was invited to take part in the WEP Leadership Group. In this respect, continuing its commitment to this initiative, as well as the work carried out as part of a group of experts, in 2011, ENDESA took part in the annual meeting in New York and in the conferences to publicise the initiative organised by the Spanish Network in Madrid.



ENDESA and its eight subsidiaries in Latin America have reached the advanced level of the United Nations Global Compact

In 2011, ENDESA, Enel and its eight subsidiaries in Latin America (Endesa Chile, Chilectra, Endesa Brazil, Coelce, Ampla, Cachoeira Dourada, Endesa CIEN and Endesa Fortaleza) achieved advanced level for the United Nations Global Compact, the highest category awarded to progress reports detailing the progress 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. As such, ENDESA and its subsidiaries renew their commitment to this initiative to continue to make progress in terms of compliance with the principles of the Global Compact.

Elsewhere, throughout 2011, audits have been performed on the Global Compact monitoring process to verify both the solidity of the process and the efficiency of the corrective measures designed to eliminate differ-

74%

Completion of the action plans proposed to comply with the Global Compact, resulting from the assurance process

ences between the voluntary standards put in place by the Company and the actual performance of the subsidiaries. The result has been very positive, with 74% of the proposed action plans implemented. The main improvements identified during the audit were the creation of more formal channels and procedures to monitor the most important aspects of the management and monitoring of the Global Compact commitments. This audit marks the end of the Global Compact monitoring process initiated in 2008. ENDESA plans to repeat this process throughout 2013.

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 2011
				
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.
Principle 2. Businesses should make sure that they are not complicit in human rights abuses.	HR1-2, HR8			
LABOUR STANDARDS				
Principle 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	HR5, LA4, LA5		Goal 2: To achieve universal primary education. Goal 3: To promote gender equality and empower women.	<ul style="list-style-type: none"> See section on our Commitment to Employees. 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. 84.2% of ENDESA employees work in OSHAS 18001 certified work centres. ENDESA's subsidiary companies in Latin America have signed the Global Compact's Gender Equality Principles. Continuing with the plan for integrating people with disabilities in Spain. 88.2% of staff are covered by collective 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		
Principle 5. Companies should uphold the effective abolition of child labour.	HR6	HR1-3		
Principle 6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.	HR4, LA2, LA13, LA14	HR1-2, EC5, EC7, LA3		

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 2011
				
THE ENVIRONMENT				
Principle 7. Businesses should support a precautionary approach to environmental challenges.	4.11	EC2	Goal 7: To ensure environmental sustainability.	<ul style="list-style-type: none"> • See chapter on Commitment to environmental protection and climate change. • Ongoing programme for introduction and certification of environmental management systems at main facilities. • Developing the Strategic Biodiversity Conservation Programme. • Analysis of the 2011 Carbon Footprint and calculation of the 2012 Footprint. • Developing the Global Endesa Energy Efficiency Plan for 2010-2014 (PGE3). • Signing of deals with GM, Seat, Citroën and Mitsubishi to promote the electric vehicle. • Active participation in the development of renewable energies. • ENDESA and Enel take a leading position in the global coal market ranking, with a combined portfolio of 114 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			
ANTI-CORRUPTION				
Principle 10. Businesses should work against corruption in all its forms, including extortion and bribery.	SO2-4	SO5-6		<ul style="list-style-type: none"> • In 2010, ENDESA set up a new Code of Ethics and Zero Tolerance programme, which states its commitments and ethical responsibilities in managing its operations. • The Company has an Employee Code of Conduct, a Charter governing senior management and a Charter governing executives. • 82.95% of reports made to the Ethics Channel in 2011 were resolved, representing an increase of 6 percentage points against 2009. • Programmes to strengthen culture of integrity. • Development of channels for dialogue with stakeholders. • Developing the Shareholders' Office.

6. ENDESA and its stakeholders

Knowing the outlook for 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.

In accordance with its sustainability policy, ENDESA aims to incorporate stakeholders' expectations in a structured manner and in alignment with its strategy. This approach is in-

tended to identify levers which will make safe, sustainable and competitive energy models viable.

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

Different stakeholder groups were consulted with a view to establishing priorities for ENDESA's 2008-2012 Sustainability Plan. The consultation helped the organisation to identify

ENDESA has conducted several internal and external studies and has held meetings with leading analysts of sustainability indexes

key sustainability issues and their importance to business goals, and to assess performance.

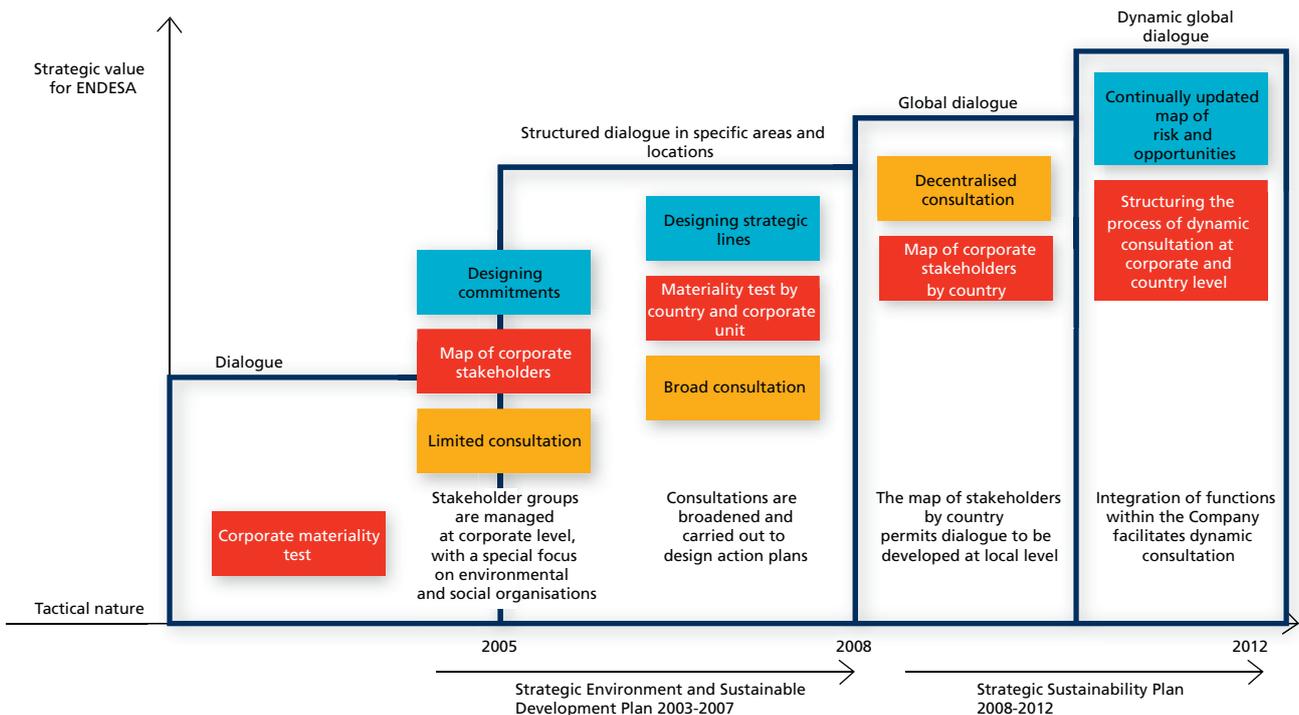
Over the past year, there has been significant progress in managing the Company's relations with its stakeholders. ENDESA has conducted several internal and external opinion polls via telephone interview campaigns, focus groups and detailed interviews. The Company has provided responses and maintained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

The Company's approach in this respect is not limited to the corporate environment. In this context, ENDESA is a pioneer, identifying the worries and concerns of its

stakeholders in all countries in which it operates. In the analyses conducted in 2011, 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. This aim was to identify areas for improvement and understand the key challenges the Company faces, and thus integrate these in its management models.

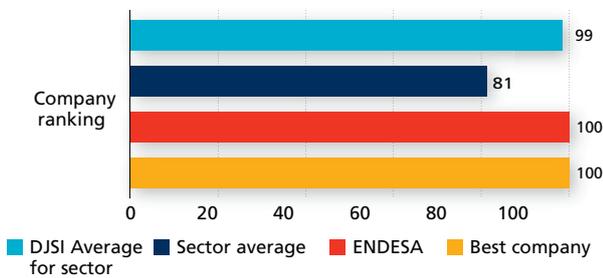
ENDESA achieved the maximum rating in the "Stakeholder engagement" area of the Dow Jones Sustainability Index

This management approach won recognition from socially responsible investment analysts. In 2011, ENDESA was given the highest rating in the "Engagement with Stakeholders" section by the SAM agency (Sustainable Asset Management), which is responsible for assessing



companies taking part in the Dow Jones Sustainability Index. Among the strengths identified by analysts were:

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



ENDESA's stakeholders

Planning for ENDESA's 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 regarding the Company's sustainability commitments.

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

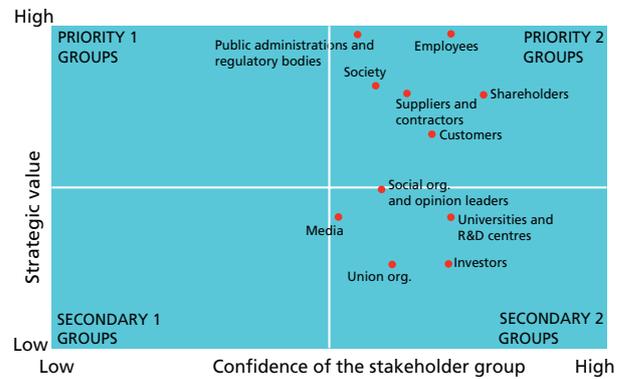
- An analysis of ENDESA's prior position on sustainability issues. Detailed studies of DJSI, Storebrand, EIRIS and SiRi rankings, and general surveys such as press reports and positioning in advertising campaigns.
- Expectations of key external and internal stakeholders and opinion leaders. In-depth interviews with opinion leaders, including experts in sustainable development and journalists specialising in sustainability issues.

- Expectations and opinions of ENDESA employees. In-depth interviews with members of ENDESA 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. Based on these results and regular assessment, ENDESA's stakeholder map was drawn up.

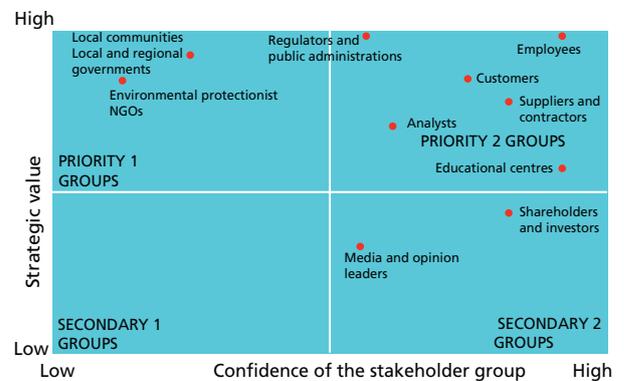
MAP OF ENDESA stakeholders.

Main categories

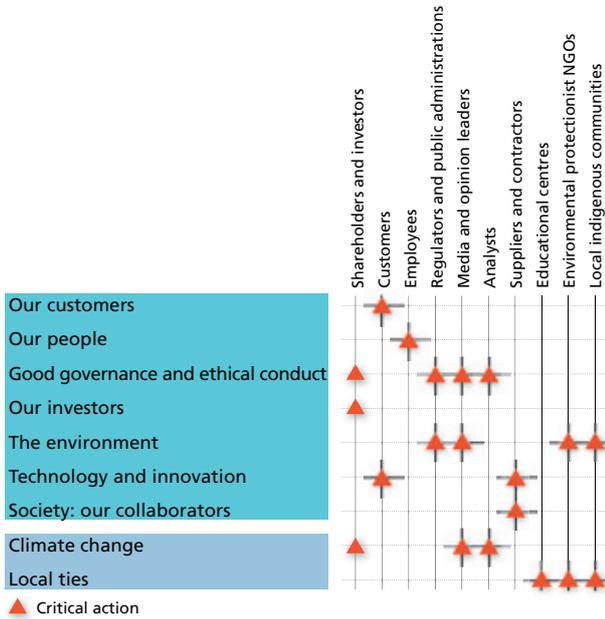


The methodology allowed extrapolation to the various regions where the Company operates, increasing the level of detail and therefore relevance when preparing an efficient response.

MAP OF ENDESA stakeholders in Brazil



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



Review of ENDESA's engagement with stakeholders

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

- Existing ENDESA procedures were reviewed to identify and engage stakeholders.
- A revised map of stakeholder groups was drawn up and updated to adjust for the working bases laid out by ENDESA when preparing its 2008-2012 Sustainability Plan.
- A protocol for interaction with stakeholders was designed, which can be included into the Company's regulatory framework, referring to structured engagement and consultation with stakeholders.
- Specific questions were included in existing questionnaires, and a questionnaire to consult stakeholders was designed.

An approach to management based on the most advanced principles

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

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

In this sense, ENDESA has been working on a new strategic framework to improve understanding in engagement with key stakeholders, as well as a mechanism to provide a dynamic response to the challenges posed by its main stakeholder groups in the various business areas. 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).
- Standardise response and include information compiled in consultation with strategic plans, and specific communication on sustainability (principle of responsiveness).

Advantages of actively managing stakeholder engagement

- Facilitates greater management of risk and reputation.
- Allows for opportunities for improvement and business.
- Builds trust between the Company and its stakeholders and, therefore, the Company's ties.
- Informs, educates and influences stakeholders and the business world to improve their decision-making processes and actions that affect companies and society.
- Leads to more balanced and sustainable social development by providing an opportunity to participate in decision-making processes to those who have a right to be heard.
- Builds synergies. The combination of resources that resolve problems and fulfil targets that organisations would not be able to achieve by themselves.
- Meets regulatory requirements (AA1000 2008).

a) More accurately identify company stakeholders on the stakeholder map

The "Review of framework for engagement with stakeholders" program got underway in 2011. This project is aimed at designing a framework for ENDESA's engagement with stakeholders that will help the Company to develop a response methodology.

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

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

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



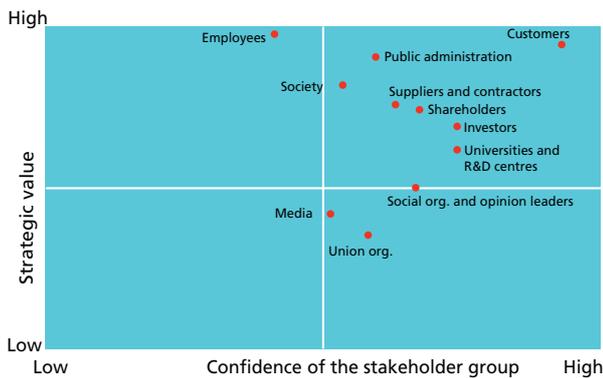
During the diagnostics phase, the Company segmented stakeholders based on the opinions of the various areas consulted.

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

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

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

Map of ENDESA stakeholders



b) Dynamic assessment and prioritisation of material issues: 2011 Materiality Study

In 2011, the Company performed a strategic analysis to define a reference framework to identify and assess its performance regarding sustainability commitments.

Within this context, it conducted a new materiality study to identify and better understand those sustainability issues that were relevant for stakeholders and that could, therefore, constitute risks or opportunities for the Company's image and reputation. The study was used to identify how best to approach and respond to needs for information regarding sustainability issues.

The materiality study aims to identify and prioritise issues which are relevant to ENDESA in terms of sustainability, for each of the seven commitments and two challenges outlined in the Sustainability Plan. The study was conducted taking as a starting point the different external studies conducted by ENDESA and the issues dealt with by the leading financial analysts, as well as the recommendations that these have presented to ENDESA. Leading financial analyst sources, internal and external opinion polls and external studies were used.

Each section highlights and responds to the key issues for each commitment and challenge

An analysis of these sources facilitates an initial analysis of the most common issues in terms of sustainability for each of the commitments and challenges of the Sustainability Plan. Once the list of issues was defined for each commitment and challenge of the Sustainability Plan, the issues were prioritised. The Company awarded different weightings to each of the sources used based on their relevance for ENDESA.

As a result of this study, those issues of greater relevance have been prioritised for each of the commitments and challenges. Therefore, in each section of the Report, several boxes are included detailing the issues and how we respond to them.

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

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

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 tan-

gible and comparable results and to incorporate these into the Company's strategic planning.

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

To identify the key social and environmental expectations for stakeholders, ENDESA uses different channels depending on the group in question. Furthermore, the aim is to supplement established channels at the Company with analysis tools to reinforce and give consistency to the Company's engagement with stakeholders. The procedure, therefore, aims to understand the following for each stakeholder group:

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

6.1. Meeting with stakeholders

In preparation for the 2011 Sustainability Report, ENDESA once again met with representatives from stakeholder groups -a previous meeting had been held for the 2010 Sustainability Report- with the aim of improving its understanding of their perception of the Company's actions in economic, social and environmental matters, as well as its commitment to sustainability and the 2008-2012 Sustainability Plan.

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

- General opinion on ENDESA's commitment to sustainability.
- Assessment and suggestions of economic and business issues.
- Assessment and suggestions relating to socio-environmental issues.

- Assessment and suggestions relating to environmental issues.
- Proposals on how to improve the report and channels of communication.

The meeting was attended by nine representatives from economic, social and environmental entities:



Standing, from left to right: Michele Menghini, CSR Manager at Fundación Seres; Blanca Bonilla, Project Manager at Fundación Entorno; Clara Navío, Chairwoman of the Asociación Periodistas de Información Ambiental; Miguel Canales, Secretary General of UNESA; Lucila García, Director of the knowledge area of Fundación Seres. Sitting: Marta Seoane, Project Manager for Fundación Conama; Beatriz Jiménez, Communication, Public Relations and CSR at Philips; Iztia Marín, Director of CECU Madrid and Anna Bajo, Chair of Business Ethics at the Universidad de Comillas.

This dialogue led to the identification of certain areas for improvement and suggestions, which ENDESA has undertaken to assess and incorporate as far as possible. Some of these recommendations (e.g. the improvements to the development of senior management's commitment, the presentation of sections with text on each and more information on Latin America) are included in this Sustainability Report.

a) Strong points

- ENDESA is perceived as a socially responsible company, with a sustainability strategy instrumented in ENDESA's 2008-2012 Sustainability Plan.
- The focus group valued highly ENDESA's commitments to sustainability, which is based on ENDESA's 2008-

2012 Sustainability Plan, stipulating the economic, social and environmental dimensions of the same.

- The Sustainability Report details the development of the Company's commitments and challenges, using a clear structure and language.
- Two of those attending the meeting were present last year and praised the fact that their contributions and recommendations had been taken into account.
- The commitment of senior executives to sustainable development and the incorporation of sustainability criteria into the business management model.
- Its commitment to protecting the environment and combating climate change stands out, positioning ENDESA as a leading player in these issues.
- Significant representation of all stakeholders in the Sustainability Report.

b) Areas to improve

- Provide sustainability information that is more accessible and intuitive. A sustainability microsite is recommended on which the Sustainability Report can be found, and suggestions have been made on how to bring the Report more in line with Web 2.0 and make it more innovative, so that each stakeholder group can gather the information it requires.
- Move toward an Integrated Report that encompasses the Operations Review, and the Good Governance and Sustainability reports.
- Make the notes to the financial statements accessible to the visually impaired.
- The issue of human rights in Latin America is being dealt with, but cannot be neglected.
- More senior executive involvement in communications, now that the sustainability policy has been implemented.
- Hold regular meetings with a permanent forum of stakeholder group representatives, to report on the progress made on sustainability issues and give them the chance to offer recommendations.

6.2 Engagement with communities involved in the HidroAysén project

HidroAysén is the largest hydro initiative developed in Chile to date. It includes the construction of five hydroelectric power plants, two on the Baker River and three on the Pascua River in Region XI of Aysén.

The project, which is 51% owned by ENDESA and 49% by Colbún, entails an investment of nearly USD 3,200 million and will contribute 2,750 MW to the Central Interconnected System, which runs between the country's Third and Tenth regions, where more than 90% of the Chilean population resides.

On 9 May 2011, the Coyhaique Environmental Evaluation Commission (CEA) approved the environmental impact assessment of the HidroAysén project and therefore the project was awarded a favourable Environmental Qualification Resolution (RCA) to carry out the generation project.

During the first half of 2011, the Company conducted an awareness campaign to publicise the features of the project and make a specific contribution to the debate on Chile's need to boost its energy development.

Furthermore, during the second half of the year, via Aysén Transmisión (a HidroAysén subsidiary), a Citizen Dissemination Process was implemented to raise awareness of the transmission line which will transport the energy generated by the plants on the Baker and Pascua rivers to the Central Interconnected System. This included audiovisual material and models to visualize and gauge the visual and environmental impacts of the line. At the same time, meetings were held with owners of land through which the line would pass to inform them of the scope of the project and its main features.

The Company agreed to implement voluntary measures aimed at improving the quality of life in the local communities and strengthen the region's human capital, by promoting tourism, training and education, and development and it made specific commitments, e.g. reducing the cost of electricity.

Convinced that social dialogue can generate confidence and the conditions required to move the project forward, HidroAysén has designed a Social Responsibility programme aimed at strengthening the region's human and social capital. The main benefits and results in 2011 focused on:

- **Infrastructure:** The HidroAysén Project includes development projects with investment of USD 350 million in infrastructure, connectivity and communication which will remain in the region, thus representing the largest public investment made in Aysén.
- **Education:** In 2011, 45 new scholarships were awarded to young people from Coyhaique and the Capitán Prat province, 10 of which were to graduates of the Austral Lord Cochrane Secondary School. With these new graduates, the programme has benefitted more than 150 young people in the last four years. In addition, during the second half of 2011, 20 pre-university grants were awarded to secondary school and college students in Coyhaique.
- **Productive Development:** In 2011, accredited training courses were held in different areas, such as: heavy machinery operator, carpentry, basic and diesel mechanics, qualified construction worker, risk prevention, and management of explosives and electrical installations; the courses provided huge support for more than 400 people. Moreover, funding for more than 340 grants were given to projects, facilitating innovative productive and social initiatives in different locations, helping almost 1,100 people from Coyhaique to Villa O'Higgins.
- **Social Integration:** In 2011, the Company supported different cultural activities, whose focus was the recovery and preservation of traditions and local identity through the publication of books, support for popular festivals, cultural activities and continuing work with social organisations.

6.3. Engagement with communities involved in the El Quimbo project

The El Quimbo hydro plant is ENDESA's largest project in Colombia. It will supply 5% of the country's demand. Along with the Betania Plant, which is also in the Hulia department, the Company will supply 8% of the country's energy demand from this region. Estimated investment in this project is USD 837 million.

El Quimbo is more than just an energy generation initiative. It is also a social and economic development project, because during its construction and subsequent operation, it will provide significant economic resources for industrial and commercial enterprises in the region and country as a whole. 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 will generate close to 2,216 GWh/year. It will cover an area of 8,536 hectares, over six towns.

Stages 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 commence in December.

In 2011, progress was made on the main works contracted for the El Quimbo Hydroelectric Project, including the completion of the excavation for the arch of the tunnel to reroute the river on 30 July 2011. Construction continued on the industrial routes to the different work platforms for the dam and related works (landfill, auxiliary dam and the entrance to the collection structures for the supply tunnels) and work has started on the excavation of the slopes for the machinery building.

Two external audits have also been conducted on the project's progress and the significant events resulting from the project, which have been delivered to the System Administrator. Meanwhile, the socio-environmental management plan is still underway. The main actions of the plan include:

- Delivery of the third and fourth Environmental Compliance Reports (ICA) to the Ministry for the Environment.
- Presentation of the study of the Pilot Restoration Plan.
- Socio-economic census of the families and individuals living or working in the locations required for the communities Resettlement Programme.
- Delivery to the National Authority of the environmental licenses for the Vulnerability Study.
- Performance of an Ethnography study.
- As part of the psycho-social support project, different activities have been carried out with the local adult and parent population.
- Presentation of the Economic Assessment Study of the project's environmental impact.

- Process for agreeing the resettlement zones and the community equipment for the affected communities.
- Institutional strengthening scheme.

In 2011, the El Quimbo Communication Plan was set in motion. The goal of the plan is to allocate responsibility for the project development. As a result, contact with the national and departmental authorities was stepped up to inform them of the progress on the social, environmental and technical aspects of the project.

Elsewhere, meetings with journalists and opinion leaders have been held to share information on the project and establish direct communication with the Company. Moreover, a programme of visits to the zone was initiated to keep abreast of the project's progress. A total of 12 visits were conducted as part of this programme.

6.4. ENDESA and social networks

ENDESA has increased its presence on social networks to promote dialogue with its stakeholders and since 2011 it has been active on Facebook, Twitter, YouTube and Slide-share. This has improved the perception of the "Blue Attitude" attributes and strengthened relations with different publics. The main actions undertaken during this period have been the implementation of a monitoring or surveying system on the social channels, management of the www.actitudazul.com website, development of the "Blue Attitude Redferentes" campaign and "The Endesa League comes to your town" project.

Building on the progress made in 2011, the challenges for 2102 entail promoting ENDESA's global presence on social networks via specific actions and the development and launch of global institutional channels on the main social platforms.

7. About this report

Aims of the Report

This is the eleventh ENDESA Sustainability Report and contains detailed information on the Company's activities and performance over 2011.

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, 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 Financial General Directorate, 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).

Employee data refer to companies managed by ENDESA and investees in countries where it operates. The employees of investees in France, Holland and Germany are also included.

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

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

The Report indicates individual cases where the scope of the information differs from the above criteria. This document has been prepared following GRI G3.1 guidelines, a

new version of the G3 indicators for sustainability reports launched by the Global Reporting Initiative in 2010.

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

The GRI G3.1 Guide and the supplement for the electric utilities sector make up a set of principles and performance indicators, together with a series of guidelines on the technical aspects of generating reports, which are intended to define the content of the report and ensure that the information provided is material, exhaustive, reliable, complete, balanced and comparable.

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

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

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

Background to sustainability (GRI G3.1)

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

The 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.

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 that will build confidence among stakeholder groups, become a part its business operations and support achievement of the Company's medium- and long-term aims.

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

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

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).

Via the Materiality study conducted in 2011, ENDESA has structured its approach to tackling and responding to the need for information regarding sustainability issues. The Company therefore 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 global consultation process with its 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.

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

Completeness (GRI G3.1)

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

Principles of information quality (GRI G3.1)

- **Accuracy 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.

Our customers

Commitment to service quality





Nocturnal view of Palma

Guaranteeing access to electricity to a larger number of people with higher standards of quality, security and efficiency is one of ENDESA's main concerns

In order to advance in these fields and increase the positive perception of the service offered, in 2011, the Company worked on improving the reliability of supply and enhancing customer service.



Priority issues-materiality study 2011

Security of supply: efficiency in transmission and distribution of electricity.

Responsible and efficient management of customer relationships (CRM, implementation of channels, feedback on product and service development, management of complaints and claims, customer ombudsman, etc.).

Active demand management (measures to optimise load and manage demand peaks).

Marketing manager.

Customer incentives to increase energy efficiency.

ENDESA's response in the report

Our customers chapter: 5. *Safety and ongoing improvement in all stages of the life cycle of ENDESA's products and services.*

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

Our customers chapter: 1.1.1. *Development and improvement of distribution infrastructure*; 1.1.2. *Continuity of supply*; 1.2.1. *Development and improvement of distribution infrastructure*; 1.2.2. *Continuity of Supply.*

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

Our customers chapter: 4. *Efficient products and services.*

Meeting our goals

Challenges in 2011

Improving perception as a reliable supplier.

Ensuring that each interaction with the customer has a positive effect.

Achieving excellence in customer service.

Promoting value-added products and services and making ENDESA a benchmark in the sector.

Action taken

- Technological projects in operation, development and metering processes.
- Planning and implementing measures to strengthen the network, ensuring all areas adhere to regulatory quality standards.
- Optimisation of maintenance measures on the medium voltage network to reduce the number of supply interruptions.
- Remote management project: since the end of April, the remote smart meter has been the only meter installed by ENDESA for all of its ordinary operations.
- 1 million meters and more than 9,000 concentrators installed at the end of 2011. More than half a million meters are already completely managed remotely.
- Ensuring incidents are dealt with swiftly to minimise the time customers are without power.

2011 Quality Plan developed.

Adapting design capacities.

Key data

Total power distributed in Spain	115,727 GWh
Total power distributed in Latin America	69,553 GWh
Availability of ENDESA's electricity service in Spain	99.99%
Number of distribution customers	25.3 million
Market share for energy in Spain and Portugal in total sales to end customers	42.9%
Market share in total gas sales (excluding own consumption for generation)	15%
Customer satisfaction index in Spain and Portugal	7.4

Key actions in 2011

Record service availability offered to ENDESA customers.

Network projects (HV, MV/LV substations and DENISE) and network operations (ICONO, ANINC and ANARED).

Action plan to prevent and reduce major incidents causing interruptions to supply.

Application of the ENEL Group Common Continuity Indexes Calculation procedure.

Programmes to improve or maintain access to electricity for disadvantaged social groups.

Development of the Customer Service Excellence Plan.

Project to promote e-billing.

Reduction in the number of complaints and increased resolution percentage.

Application of good governance codes in customer information.

More than 1,200 audits conducted at offices and service points.

In 2012 we propose

Developing technological projects in our distribution processes.

Planning and implementing measures to strengthen the network, ensuring all areas adhere to regulatory quality standards.

Drawing up a Supply Guarantee Plan to offset the effect of emergencies which could cause charging disasters of over 50 MW.

As part of the remote management plan:

- Moving forward with widespread installation and remote operation.
- Carrying out pilot studies to provide additional consumer information.

Ensuring incidents are dealt with swiftly to minimise the time customers are without power.

Streamlining the administrative process, improving scheduled work and establishing quality indicators.

1. Quality of the electricity supply as a priority

For ENDESA, guaranteeing access to electricity supply, its continuity, security, efficiency and quality is one of its priorities. As a result, the Company works to develop the infrastructure required to make these conditions possible, particularly in those areas where access to supply is more difficult.

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 an area of 192,790 km² and with a total population of around 22 million.



The number of distribution customers fell 2.54% in 2011 to 11.54 million. The contracted capacity of these customers was 81.1 GW, an increase of 0.62%.

ENDESA supplied 105.7 TWh of power to customers of its distribution networks. This represents 42.9% of the total power supplied, making the Company the leader in the sector.

ENDESA's network supplied 115,727 GWh of power in 2011 measured at busbar cost, a reduction of 1.7% on 2010.

According to the Spanish transmission system operator, domestic energy demand stood at 255,179 GWh, 7.3% lower than in 2010.

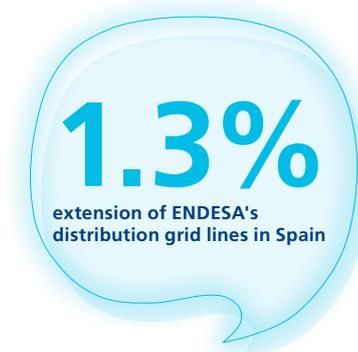
ENDESA in the Spanish and Portuguese supply market

	2009	2010	2011	% chg 2011-2010
Number of regulated market customers (thousands)	10,022	9,537	9,046	-5.15
Number of deregulated market customers (thousands)	1,664	2,155	2,418	12.2
Power supplied to the regulated market (GWh)	23,445	28,765	26,000	-9.61
Power supplied to the deregulated market (GWh)	57,070	71,882	78,000	8.51
Length of distribution-grid lines (km)	312,336	317,275	321,463	1.3

1.1.1. Development and improvement of distribution infrastructure

In 2011, the lines making up ENDESA's distribution grids were extended by 1.3%, to 321,463 km. Underground lines accounted for almost 40% of this total.

During the year, 12 new high and medium voltage substations came on stream, putting the total number of substations at 12,240 at year-end.



In addition to the development of this infrastructure, a number of activities to improve the quality of supply were carried out. These included increasing maintenance work, upgrading facilities and improving the automation of the high and medium voltage networks. As a result, in 2011 the Company continued to roll out its Medium Voltage Grid Automation Plan, with a total of 25,098 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	% chg 2011-2010
High voltage overhead lines (km)	18,200	18,311	0.61
High voltage underground lines (km)	680	711	4.56
Medium voltage overhead lines (km)	80,570	79,539	-1.28
Medium voltage underground lines (km)	38,098	39,261	3.05
Low voltage overhead lines (km)*	94,752	95,921	1.23
Low voltage underground lines (km)*	84,974	87,721	3.23
Substations (no.)	1,242	1,240	-0.16
Substations (MVA)	82,727	82,526	-0.24
Transformer centres (no.)	127,843	130,858	2.36

* The length of the low voltage network is estimated

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 and Portugal.

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

In 2011, the Time of Equivalent Supply Interruptions in markets supplied by ENDESA was 60.4 minutes, 15 minutes less than in 2010. This implies availability of service equal to 99.99% of total hours for the year. The number of equiva-

lent interruptions of the power supply in 2011 stood at 1.4, up 0.3% compared with 2010.

This improvement was seen in practically all the autonomous communities in which ENDESA provides its service. The TIEPI was over one hour in only two autonomous communities: Andalusia and Extremadura saw the greatest changes and set new records in 2011, with declines of over 25%. In Catalonia and Aragon, the figure for the year was less than one hour, while in the Balearic and Canary Islands it was around half an hour.

Average interruption times

(Minutes)

Interruption time	2009*	2010*	2011	% Change 2011-2010
Andalusia	96	106	75	-29
Aragon	56	66	49	-26
Balearic Islands	50	38	35	-8
Canary Islands	34	54	39	-28
Catalonia	54	54	55	2
Extremadura	78	106	66	-38
ENDESA	70	75	60	-20

* Change in amounts in relation to the data published in the 2010 Sustainability Report due to adjustments after the report was published.

At the same time, all cities and urban areas supplied by ENDESA enjoy excellent levels of service quality. Half of these experience average interruption times of under 25 minutes. Las Palmas de Gran Canaria experienced a time of 14 minutes, Gerona of 16 minutes and Palma de Mallorca and Santa Cruz de Tenerife of 18 minutes.

ENDESA Distribución develops an action plan in place to prevent and attenuate major supply interruption incidents to ensure minimal impact on customers. It is based on the following principles:

Record service availability

Action plan to prevent and reduce major incidents with interruptions to supply

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

ENDESA improves infrastructures to reinforce the service in Gerona

One year after the meteorological phenomenon which affected Catalonia as a whole and the province of Gerona in particular, ENDESA has made significant improvements to the region's grid in order to guarantee quality service.

To strengthen the grid further, and after receiving the necessary authorisation, in 2011, the Company began constructing new infrastructure which reinforced the



Gerona grid further and which will make the high voltage system supplying the Costa Brava more secure.

Among other measures, ENDESA is driving the reduction in the down-sizing of some lines, both for the high voltage and medium voltage lines so that, in the

event of similar disasters, the system is reinforced and the impacts will be considerably reduced.

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.

There were 508,330 new customers recorded in the region in 2011, bringing the total to 13.8 million in five countries. Overall demand in Latin America fell 23.76%.



ENDESA's customers in Latin America

Thousands of customers

Country	2009	2010	2011	% chg 2011-10
Chile	1,579	1,610	1,638	1.74
Argentina	2,305	2,353	2,389	1.53
Colombia	2,476	2,547	2,743	7.7
Peru	1,060	1,098	1,144	4.19
Brazil	5,487	5,665	5,868	3.58
Total	12,907	13,273	13,781	3.84

ENDESA's sales in Latin America

GWh

Country	2009	2010	2011	% chg 2011-2010
Chile	12,585	13,098	n/a	n/a
Argentina	16,026	16,759	17,233	2.8
Colombia	12,164	12,515	8,292	-33.74
Peru	5,716	6,126	6,571	7.26
Brazil	17,254	18,777	19,194	2.22
Total	63,745	67,275	51,291	-23.76

1.2.1. Development and improvement of distribution infrastructure

The concession surface area of the distribution companies in which ENDESA has an interest in Latin America totals 213,057 km², equivalent to 42% of the total surface area in Spain.

Installed capacity at substations owned by these companies totalled 35,660 MVA at 31 December 2011, up by 3,235 MVA year-on-year.

High voltage lines had a total length of 11,512 km at year-end 2011, an increase of 150 km year-on-year, while medium and low voltage lines totalled 152,033 km and 138,920 km, respectively, increases of 3,575 km and 2,935 km, respectively, compared to 2010.

Edesur either installed or upgraded 1,462 kilometres of electricity grid in Argentina, of which 227 km corresponded to medium voltage cables, 48 km to medium voltage lines, 261 km to low voltage cables and 926 km to low voltage lines. It also installed and/or upgraded 883 low and medium voltage transformers, with capacity of 472 MW.

In Brazil, the distribution facilities have been enlarged and/or upgraded. The length of the distribution lines have increased on high, medium and low voltage lines (1.9%, 2.8% and 1.8%, respectively), to 8,223, 112,772 km and 63,544 km, respectively. In terms of underground lines, the length of medium voltage lines has increased 13.5% and that of medium voltage by 1.4%, to 69 km and 30 km, respectively. The length of high voltage underground lines decreased by 8% (49 km) with respect to 2010.

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

In Peru, Edelnor offered the "Power blocks" product to its industrial customers to reduce peak demand. This product fixes better prices for customers outside days on which, statistically, maximum peak demand is produced. The aim is to reduce grid saturation and delay the need to install new infrastructures for transporting and distributing electricity. During the year, the Company installed remote meters, which make it easier to gauge demand, among some of its industrial customers, and more than 18,700 low voltage capacitors, along with meters for its residential and commercial customers, thus reducing losses, line saturation and the need for new distribution and transport infrastructures by increasing voltage at the customer connection point.

ENDESA distribution facilities in Latin America

	2010	2011	% chg 2011-2010
High voltage lines (km)	11,362	11,512	0.13
Medium voltage lines (km)	148,458	152,033	2.40
Low voltage lines (km)	135,935	138,920	2.19
Installed capacity for substations (MVA)	32,425	35,660	10

ENDESA's distribution companies in Latin America share best practices in high voltage maintenance

Representatives of ENDESA distributors in Latin America (Ampla, Chilectra, Codensa, Coelce, Edelnor and Edesur) held the first High-Voltage Maintenance Congress in Niteroi (Brazil), where they shared best practices.

They dealt with issues such as the frequency of substation maintenance, the inspection of transmission lines, diagnosing contamination in insulators, inspecting installations, safety and technical and financial performance indicators.

1.2.2. Continuity of supply

In Latin America, other indicators are used to measure the quality of the 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).

In 2011, ENDESA's Latin American subsidiaries implemented the global procedure for the entire ENEL group, the "ENEL Group Common Continuity Index Calculation", for the calculation of the SAIDI indexes (System Average Interruption Duration Index) and SAIFI (System Average Interruption Frequency Index). This methodology unifies the calculation and measurement criteria, facilitating comparison of the data obtained between group companies.

ENDESA supply-quality indicators in Latin America in 2011

SAIDI (System Average Interruption Duration Index) (minutes)	2009*	2010*	2011	% chg 2011-2010
Argentina	1,126	2,170	1,378	-36.5
Chile	150	171	149	-12.9
Colombia	448	772	738	-4.4
Brazil - Ampla	882	1,165	940	-19.3
Brazil - Coelce	393	377	435	15.4
Peru	396	585	458	-21.7

SAIFI (System Average Interruption Frequency Index) (no. of interruptions)	2009*	2010*	2011	% chg 2011-2010
Argentina	6.4	8.54	6.46	-27.9
Chile	1.2	1.55	1.96	-26.4
Colombia	6.9	9.71	10.22	5.2
Brazil - Ampla	7.9	8.42	6.84	-18.8
Brazil - Coelce	4.8	4.24	4.07	-4.0
Peru	2.3	3.81	3.4	10.8

* These values differ from those reported in ENDESA's 2009 and 2010 Sustainability Reports to bring them in line with the new calculation methodology.

In Argentina, the distributor started Winter Plan 2011 and Summer Plan 2011-2012 to face these critical periods with a series of preventive actions. The Special Contingency Plan identified the grid's critical points and sensitive customers, as well as preventive actions. Meanwhile, Edesur continues to build and adapt the primary boards for accessing electricity supply.

To improve supply continuity, work was carried out in Brazil in 2011 to upgrade the infrastructures, increase equipment in the field and intensify pruning activities, since more than 50% of supply interruptions are the result of fallen trees and branches on the network. Coelce has launched the Coelce Associated Program to train consumers on identifying problems with masts, regulators, fuses and transformers, as well as other equipment, so that they can communicate directly with the company and the appropriate repair or maintenance can be performed.

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

	Number		
	Spain and Portugal	Latin America	Total
Residential disconnections	485,116	2,077,201	2,562,317
Residential disconnections lasting less than 48 hours	225,985	1,274,397	1,500,382
Residential disconnections lasting 48 hours - 1 week	47,922	246,766	294,688
Residential disconnections lasting 1 week - 1 month	45,784	237,088	282,872
Residential disconnections lasting 1 month - 1 year	68,452	125,258	193,710
Residential disconnections lasting more than 1 year	0	34	34
Residential customer reconnected within 24 hours	260,141	1,837,669	2,097,810
Residential customers reconnected after 24 hours and less than 1 week	157,195	27,512	184,707
Residential customers reconnected after more than 1 week	375	22,681	23,056

1.3. Operations in other countries

ENDESA Energía's portfolio in Portugal at the end of the year was 5,884 GWh/year, with 3,350 supply points at the medium voltage tariff and 3,021 at the special low voltage tariff. A total of 5,821 GWh were supplied in 2011 in addition to 3,674 GWh of gas.

In France, ENDESA Energía supplied 3,332 GWh of gas to industrial customers, increasing 2010 supplies four-fold. The portfolio of active contracts for 2012 increased to 5,913 GWh/year with 269 supply points. A total of 179 GWh of electricity was supplied during the first quarter of 2011.

In terms of photovoltaic solar activities, two plants were completed and the sale of energy services associated with the sale of gas commenced.

In France, construction of the photovoltaic plants is complete.

In Germany, ENDESA Energía supplied 861 GWh of electricity and has a portfolio of 1,380 GWh/year. The company has contracts for 2013 and 2014 totalling 1,100 GWh. In the carbon credits market, the company executed EUA/ERC swaps in the industrial customers segment.

In Benelux, ENDESA Energía supplied 438 GWh in 2011. The electricity portfolio for 2012 stands at 560 GWh/year. The gas business was developed throughout 2011. The volume of gas contracts signed represents approximately 30 GWh/year for 2012.

In Andorra, ENDESA Energía has renewed its 241 GWh/year contract to supply electricity to the Andorran power company FEDA, representing 40% of the power consumed in the country.

1.4 Programmes to improve or maintain access to electricity

ENDESA has continued implementing its policy of improving and maintaining access to electricity and customer services in both Spain and Latin America for different low-income or disadvantaged social groups.

1.4.1. Spain and Portugal

In 2011, the Company continued to apply the bono social (social rate) in Spain. This implies freezing electricity prices at the rate in force at 30 June 2009. As a result, customers who signed up for this rate have avoided the electricity increases during the last 18 months, which, overall, exceed 20% of electricity consumption. The beneficiaries are customers with supplies below 3 kW, pensioners, families whose members of working age are all unemployed and large families.

At the end of 2011, 1,029,408 customers were eligible for this discount, of which 847,231 received it automatically. This is 13,325 more customers than the previous year for those classified according to their family, work or financial circumstances. Customers automatically eligible for the social rate (< 3 kW contracted) fell by 60,594 in the year. The reason for this decline is that in July 2009, when the social rate was introduced, this was applied automatically on a mass scale. Over time, those contracts have been examined and those that do not meet the requirements are being eliminated.



1.4.2. Latin America

In Latin America in particular, programmes and initiatives have been implemented to improve access to electricity.

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

In Brazil, in the state of Ceará, Coelce offered federal subsidies to approximately 15,300 people. In Rio de Janeiro, 1,135 residences were supplied and there are almost 1,800 requests for 2012 and 2013, which will supply a total of 7,180 people.

Other noteworthy initiatives in Brazil:

- Access to the social rate benefits rural and residential customers with a reduction of up to 100% in the value of the conventional rate. Distributors receive a monthly subsidy to cover the difference (Euro 83 million in 2011). In Ceará, approximately 1.2 million customers benefited from this rate in 2011.
- Special rates are applied to high-voltage rural customers. The discount for these customers is 10% higher than the industrial or commercial segments, for example. These discounts can reach up to 90% for irrigation and aquaculture activities at certain times. They also benefit from special conditions to facilitate bill payment.
- Different, more flexible, payment modes are available, such as those offered by the Customer Recovery Project, for example.

- Work is being carried out to formalise unauthorised connections via the Social Energy and Coelce nos Bairros (Coelce in the neighbourhoods) programmes.
- Aid is also offered for local health services to access electricity.

Different projects were implemented in Colombia during 2011 which had an impact on neighbouring communities, such as projects to construct and upgrade substations. For each of these projects, social mapping was performed for the areas and communities affected, identifying the different stakeholders affected, and informative meetings were held. All of the completed works were approved by the communities involved.

Energy is supplied in disadvantaged areas taking into account social, technical and commercial aspects and is aimed at improving the quality of life of the inhabitants of these areas, reducing the loss index, improving the payment culture and customer loyalty.

Support for communities following seasonal rains in Bogotá city

As part of the programmes to improve access to electricity, in 2011 the company implemented a support plan for customers affected by the seasonal rains in November and December in the Kennedy and Bosa areas of Bogotá city.

As part of the plan, more than 300 operators visited and inspected more than 3,200 properties affected by the flooding.

The company helped by delaying the billing of customers for their consumption in December 2011 and January 2012 and six-month interest-free payment schedules were offered. Moreover, during this period the company suspended communications associated with payment reminders and the generation of orders to suspend services, among others.

The "Improving Quality of Life for the Most Underprivileged Sectors" electrification programme continued in Peru.

The "Improving Quality of Life for the Most Underprivileged Sectors" electrification programme continued in Peru. Some 269 new urban licences were issued in 2011, bringing the total number of families provided with electricity supply to 28,049. This is the highest total in the history of Edelnor, 50% higher than in 2010. This is due to the application of Emergency Decree no. 116-2009, approved by the Peruvian executive. This decree promotes the supply of electricity to urban-marginal areas via a state subsidy for the electrical connection and the financing of electrification projects. It is worth noting that Edelnor continues to finance this electrification projects with its own resources.

More information in the "*Establishing ties with local communities*" chapter.

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 constant improvement.

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

	Argentina	Chile	Brazil	Peru	Colombia
Population without electricity supply-2009 (no. of people)	278,315	4,800	38,514	400,000	77,683
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
% of total population-2009	4.4	0.1	0.26	9.47	0.80
% 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



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 2011, the Customer Services Excellence Plan focused on the development of the Customer Project.

The Customer Project was launched in October 2010, with three main objectives:

1. Ensure internal knowledge on ENDESA's position in general (e.g. value proposal, competition, quality)
2. Raise employee awareness of the relevance of the customer in their professional activity (Passion for the Customer).
3. Improve perceived operational quality.

To achieve these objectives, the Customer Project contains three areas of action:

1. Scorecard: monthly report to Senior Management on the key performance indicators for business, customer service and quality, as perceived by the customer.
2. Internal communication campaign: messages and creative activities developed online on the Intranet and internal formats (e.g. posters, notices for employees).
3. Management: development of 24 lines of action in 2011 to improve perceived operational quality and customer service quality. These are grouped into two large areas:
 - a) Customer service quality, with particular emphasis on telephone service, traditional sales channels and billing complaints.

- b) Operational quality in the supply cycle, with emphasis on process automation and optimisation, billing quality and communication with customers via bills.

The results obtained throughout the year have been very positive. The number of callers hanging up in the Call Centre for the mass market fell by 22%; the average waiting time in sales offices was reduced by 48%; overall satisfaction with reading and billing in the mass market increased 8%; the monthly number of billing complaints for the mass market fell by 26%; and the length of the registration process on the deregulated market in offices and points of service dropped 24%.

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

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 26 sales offices and 398 service points in Spain, which are complemented by call centres (CAT for its initials in Spanish) and the virtual office at [endesaonline \(www.endesaonline.com\)](http://www.endesaonline.com).

Trends in ENDESA's personal service network in Spain

	2009			2010			2011		
	Sales offices	Service points	Total points	Sales offices	Service points	Total points	Sales offices	Service points	Total points
Aragon	3	29	32	2	30	32	2	29	31
Catalonia	6	135	141	4	125	129	4	109	113
Balearic Islands	3	25	28	1	24	25	1	24	25
Andalusia-Extremadura	21	141	162	15	130	145	12	125	137
Canary Islands	3	34	37	3	31	34	3	31	34
Own distribution market	36	379	415	25	340	365	22	318	340
Outside distribution market	4	68	72	4	73	77	4	80	84
Total	40	447	487	29	413	442	26	398	424

ENDESA opens sales offices in Portugal to secure its place as the second largest electric utility in the Portuguese market

ENDESA's progress in the recently deregulated Portuguese domestic power market has prompted it to open its first personal-service points providing sales and customer services.

2.1.2. Call Centres (CATs)

In 2011, ENDESA's call centres in Spain and Portugal received almost 15 million calls, fewer than in 2010.

In 2011, the role of the call centre was recognised as a profit and value generating centre. The customer sales service achieved 20% more sales than the previous year, while customers ringing ENDESA to cancel their subscription for commercial reasons remained at 67%.

Another highlight was the implementation of two medium-sized platforms under the offshore regime in Colombia, in Bogotá and Manizales, creating 240 new positions to the

existing platforms providing services to Spain. This offshore service centre will significantly reduce costs without compromising the superior quality that ENDESA wishes to offer its customers.

In terms of the volume of calls, in 2011 traffic stabilised; the impact of the LRT had already diminished in 2010. In addition, there was a low number of major incidents in relation to supply, which explains the lower number of calls than in 2009.

In addition, in Portugal, the higher weighting of the business resulted in an increased number of contacts to almost double the 2010 result.

Call centres in Latin America received more than 26 million calls in 2011, 6% more than in 2010. The volume of calls fell by 12% in Argentina, but rose by 24% in Brazil. In Chile, more than 2 million calls were received, 3% more than in 2010, while in Peru the centres received almost 3 million calls, 12% more.

Calls received by ENDESA call centres

	Million		
	2009	2010	2011
Spain and Portugal	19.6	17.7	15.1
Latin America	25.5	25.8	26.2
Total	45.1	43.5	41.3

41.3

million calls received by
the call centre

Call Centre in Spain and Portugal

	2009	2010	2011
Percentage of calls received (%)	34.40	96.15	96.21
Average resolution time for queries received from industrial customers (seconds)	368	394	367
Average resolution time for queries received from private customers (seconds)	288	274	598
Training given to call centre operators* (hours)	64	69	124

* The 7.9% increase in the number of training hours compared to 2010 is the result of training plans developed as part of the plan to reduce the LRT threshold.

ENDESA receives the CRC Gold award for the best phone sales plan in 2011

ENDESA has been awarded the CRC Gold Award for best sales operation in 2011 by the Spanish Association of Experts in Customer Contact Centres, which considered that it has the best practices and processes in its Customer Relations Centres in the outgoing phone sales category. ENDESA's Telesales Channel for the General Public has been developed in conjunction with Digitex, a strategic supplier for this type of service, with which it presented a joint candidacy. This is the second time ENDESA has claimed an award in this category.

2.1.3. ENDESAonline

The www.endesaonline.com virtual office continued to experience significant growth in 2011, demonstrating its future as a customer service channel. It reached 725,000 users (32% more than in 2010) and more than 170,000 new registrations. These users carried out more than 5 million transactions in the office.

In 2011, the e-bill received a significant boost. At the end of the year, there were 425,000 e-billing contracts, 90% more than in 2010.

Other online initiatives developed have been the website for the electric vehicle and the new "Household equipment advice" tool.

In Latin America, in order to optimise the customer service access channels, Codensa has been working to strengthen its web channel to offer transactions that will avoid a move



to call centres. In this respect, it is developing the Virtualiza Project, which in 2011 incorporated queries relating to dates and amounts payable on the website homepage and on Facebook.

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 16.69% to 616,738 in 2011 from 740,302 in 2010. Of these, 104% were resolved, reducing the number of outstanding complaints by 39.46% compared to 2010.

Complaints for the Mass Market (ENDESA XXI) fell by 48%. In particular, billing complaints were also reduced (98,174 fewer than in 2010).



The average time for the first written response to all complaints was 21.56 days. In 2011, 53,117 complaints generated by snow fall in Gerona were resolved. A different handling device was set up for this.

92% of complaints related to Royal Decree 1955/2000 were resolved within five days. Complaint resolution time was 62 days in 2011, a normal level to resolve claims via alternative conflict resolution systems.

Customer communications have also been improved and reinforced both in terms of managing information and closing cases.

A new organisation has been 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.

In Colombia, of the 93 claims received in 2011, most were due to the lack of supply continuity in Cundinamarca. The Company made investments to resolve the problem. Meanwhile, in a bid to enhance customer service, an office was opened in 2011, with four new openings scheduled for 2012. The "Passion for the Customer" programme was also launched during the year. This initiative aimed to create a collective awareness of the generation of value and customer satisfaction. The design of the programme included a Forum called Service Leaders, which took place in Bogotá city for the representatives of leading companies and companies with a successful track record in their markets, to exchange ideas, projects and best practices.

In Peru, two service centres were renovated and the web's complaints section was improved so that customers can now track their complaints.

2.2.1. ENDESA's Customer Ombudsman

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



2.2.1.1. Spain and Portugal

José Luis Oller Ariño was appointed ENDESA Customer Ombudsman in 2005. In 2011, the Customer Ombudsman received 2,089 complaints, practically the same as in 2010. The Customer Satisfaction Rate was 7.4.

Of these complaints, 1,245 fell within the Ombudsman's direct remit, 5.2% more than in 2010. These basically related to the sales cycle (59%), the quality of the supply (23%), access and meter readings (16%) and other items (2%).

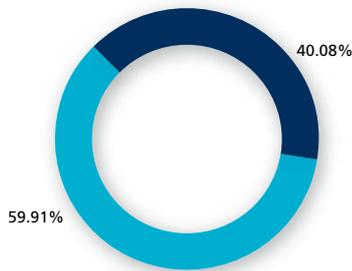
Some 72% of the complaints were resolved satisfactorily in favour of the customer, with 51% resolved by mediation between the customer and the company, 43% resolved via a resolution by the Ombudsman and the remaining 6% resolved by other means.

During the course of 2011, the Ombudsman recommended a series of improvements regarding the following items:

- Improve the information on value-added services contained in sales documents.
- Facilitate information on price variations due to regulatory changes.
- Notify supply cuts and contract cancellations in the de-regulated market.
- Provide detailed information on rebilling.
- Draft guidelines for technicians working in private installations.
- Set up a email address for alerts regarding customer supply contracts.

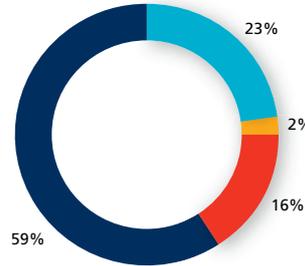
Additional information in point 3. Customer satisfaction in this section.

Complaints received in 2011



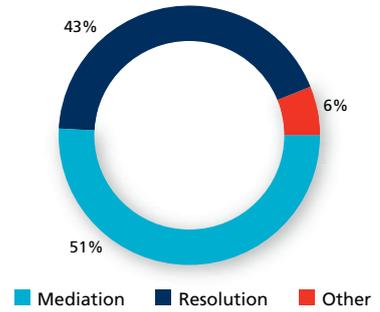
■ Within Ombudsman's remit (1,254)
■ Not within Ombudsman's remit (839)

Breakdown of complaints by type



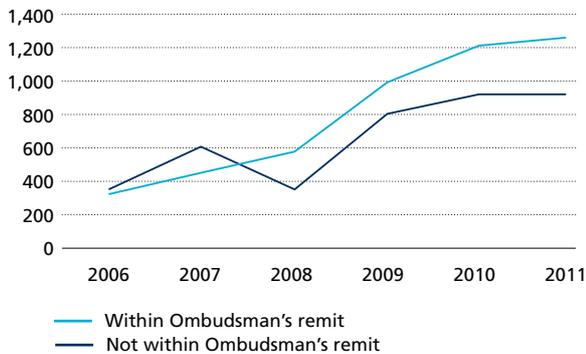
■ Quality of supply
■ Supply cycle
■ Access and meter reading
■ Other

Files closed in 2011 per process type



■ Mediation ■ Resolution ■ Other

Complaints received



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 2011, the number of complaints received increased by 54.7%.

Number of complaints received by Customer Ombudsman

	2009	2010	2011	% chg 2011-2010
Argentina	0.1	0.1	0.2	100
Brazil	n/a	22	66	200
Chile	30	25	20	-20
Colombia	3.4	2.1	2.3	9.5
Peru	3	8	0	100
Total	36.5	57.2	88.5	54.7

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

ENDESA believes that it has a fundamental responsibility to ensure customers can exercise their rights to full informa-

tion on the products and services that they purchase. The Company therefore 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, all bills must state the source of the electricity supplied. ENDESA complies strictly with this requirement.

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

Thus, in 2009 the Company created a business unit to manage relations with consumers' associations and public bodies which was strengthened in 2010 and 2011. 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 con-

Good governance codes in relation to informing the customer about products and services

cerns are, in order to be able to take the most appropriate measures.

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

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

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

In Peru, Edelnor adheres to the Code of Conduct of the National Association of Advertisers. ENDESA's companies in Peru have several communication channels through which they transmit information to the customer on customer service, payment channels and incident reports. In generation, Edelnor issues an informative newsletter dealing with specific sector issues.

ENDESA Brazil COMPANIES follow the guidelines of the Code of Ethics applied to ENDESA companies worldwide. This Code states that contracts and communications with customers, including advertising, must be clear and simple, they must not use false advertising, must not hide any evidence required for decision-making on the part of the customer and must be available on the Company pages on the Internet.

As for patronage, sponsorship and donations, the agreements signed are reviewed by ENDESA's legal and tax department to make sure that they comply with internal legislation and regulations: Penal Code, ENDESA's Code of Ethics, ENDESA's Zero Tolerance Plan against Corruption and the 231 Guidelines. Compliance with the principles of the Global Compact are also taken into account.

2.3.1 Eliminating language barriers

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

ENDESA's distribution subsidiaries in Peru, Brazil, Chile, and Argentina print bills in Braille. Edesur sends audio bills to its visually-impaired customers. Ampla and Coelce have also introduced Brazilian sign language training courses for its customer services staff.

ENDESA also uses the languages specific to each region. 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.

Meanwhile, ENDESA ensures that the energy efficiency brochures distributed by the Institute for Energy Diversification and Saving (IDAE) to be sent out with the Company's bills are printed in Spanish, Catalan, Basque and Galician.

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

Bills are printed in Braille in Peru, Brazil, Colombia and Argentina

3. Customer satisfaction

3.1. Spain and Portugal

One of ENDESA's strategic pillars is excellence and the Company therefore works to identify areas for improvement and to establish and develop action plans with the aim of offering better customer service. In 2011, this philosophy allowed ENDESA to increase its leadership in overall satisfaction within the energy sector by 3.7%.

In 2011, ENDESA maintained its efforts to determine its customers' level of satisfaction with the Company's products, services and customer service provided through its sales channels, by telephone or in person. A total of 80,000 telephone/online interviews were carried out, in addition to more than 400 audits of sales offices and service points.

In 2011, there was significant feedback for each of the Managers, Sales Offices/Service Points and Call Centre platforms. Among all these channels, more than 1,200 surveys were conducted on Sales Offices and Service Points.

Small-scale customers who also have a personal manager have also improved their ratings of these managers (from 7.94 to 8.13). The best performing indexes in 2011 are "proven interest" (8.62), which increased 13.1%, and "resolution capacity" (8.16), which rose 11.2% compared to 2010.

The perception of small-scale customers of "value-added services" also improved, with a 2.3% improvement in "OHS compliance" (8.46) and a 3.4% (8.23) improvement in the "treatment received".

2010 also saw a marked improvement in the level of satisfaction with the processes managed by ENDESA. The satisfaction of registering customers improved 3.6% (7.20), that of those making a change to their contract by 10% (7.55) and those making a complaint against the company by 24%.

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

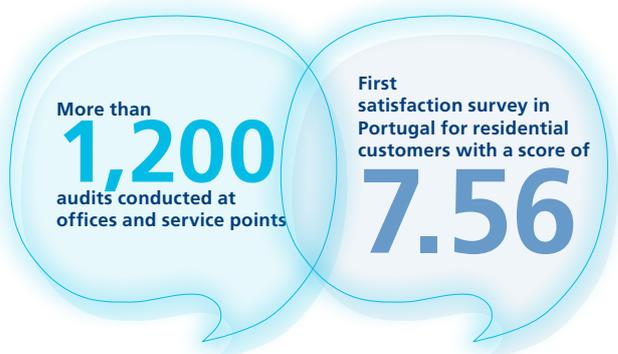
In 2011, ENDESA conducted its first satisfaction survey in Portugal for residential customers on the deregulated market, obtaining a score of 7.56. The most highly valued aspects were "information included on the bill" (7.60) and "confidence in ENDESA" (7.49).

Customer satisfaction index

	2009	2010	2011
Spain	8.2	8.1	7.4
Argentina	7.5	7.6	7.3
Chile	6.9	8.3	7.3
Brazil	8.4	8.3	8.2
Peru	7.3	7	7.9
Colombia	8.2	8.6	8.2

Minimum=1; Maximum=10

In 2011, the methodology for conducting satisfaction surveys was changed and a third of the surveys were conducted by e-mail rather than telephone. This explains the significant drop in customer satisfaction in 2011. Moreover, the number of customers whose complaints were not favourable increased.



ENDESA, first power company to be awarded service charter certification by Aenor for its customer training process

ENDESA was been awarded the AENOR N Mark Service Charter Certification in accordance with the UNE 93200 standard by the Spanish Association for Standardisation and Certification (AENOR), which guarantees fulfilment of the commitments made by the Company to its customers via the service charters. It is the first and only Spanish power company to receive this certification.



This distinction underlines ENDESA's commitment to guaranteeing maximum satisfaction and respect in its commercial relationship with its customers. The certification specifically recognises the Company's proactive customer acquisition processes.

Companies employ Service Charters to notify their users of the services they provide and the commitments they assume in the provision of these services, permitting them to define service standards that guarantee quality, compliance, control and improvement.

3.2. Latin America

ENDESA's subsidiaries in Argentina took part in the ERSC CIER 2011 (Regional survey on residential customer satisfaction), achieving an overall score of 7.3. A local survey was also conducted as part of the regional survey on ENDESA's LATAM companies.

In Brazil, Coelce was selected as one of the country's best distributors by the Brazilian Association of Power Distributors (Abradee). The Perceived Quality Index was 88.4%, 11.7 points higher than the sector average.

At Ampla, a new back office area has been created in the call centre to improve customer service and improve awareness. The "Win Win" programme continues to garner success, offering benefits to customer service employees based on their productivity.

In Chile, Chilectra dedicated its efforts to improving the quality indicators for supply and emergencies to improve customer satisfaction levels.

Despite these efforts, two phenomena occurred that undermined the company's satisfaction level: an outage on 24 September and the unavailability of customer service channels. This had an impact on the final satisfaction score, which was 69.3%, lower than the established goal of 76% for the period. As a result, a method was developed to isolate these effects from the perception variables, leaving the satisfaction indicator at 73.1% for 2011.

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.

In the residential energy, the 2011 Quality Satisfaction Index obtained by Codensa was 82.3%, eighth on the LATAM ranking. Customer perception of the quality of supply was 89%, placing Codensa second in Latin America. For the business segment, the Quality Satisfaction Index was 79.5%, in line with the previous year.

Meanwhile, the *Mystery Shopper* tool was launched in Codensa's sales offices in 2011 as a means of evaluating compliance with the "Brand experience" service protocol and process resolution.

In Peru, customer sales services were extended in 2011, thereby reducing waiting times. The overall score in the image study conducted in 2011 was 6.6 and the overall satisfaction index in the CIER study was 50.5%.

4. Efficient products and services

4.1. Spain and Portugal

In 2011, ENDESA continued to strengthen its range of Value Added Products and Services (VAPS) designed for the responsible and efficient use of energy which it supplies to private homes and small, 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:

Efficient lighting solutions have been developed for small businesses in the sales sector

- 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.
 - Biomass.
- Energy efficiency:
 - Ilumina Plan.
 - Energy audits.
 - Condenser batteries.
 - Domotics.
 - Vehicular Natural Gas.
 - E-mobility.
- 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 2011 included the development of efficient lighting solutions for small businesses in the sales sector.

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 2. *Technology Leadership Model*.

3.2. Latin America

As part of its Energy Efficiency Programme, Chilectra offers its customers a range of products and services that facilitate using energy more efficiently and improving quality of life and business productivity. The value-added products and services offered by the company are:

- Full Electric: solution for real estate projects that meets all the energy requirements through the use of electricity. It provides housing that is free from household pollution and, using efficient devices and flexible rates, promotes optimum energy use. At the end of 2010, the Full Electric concept was present in more than 40,000 homes.
- Solar electric: solution that integrates solar collection systems and electric energy to heat water, fluids and provide heating. The benefits of this solution have been proven in the different sectors in which it has been installed, such as agriculture, industry, hotels, social clubs, property projects, hospitals, colleges, single-family homes, among other. In 2011, Chilectra implemented 25 projects, in which more than 3,500 m² of solar panels were installed, thus contributing to eliminate 172 tonnes of CO₂/year.

Twenergy has become the most important online community in the world for sustainability and energy efficiency

Codensa, ENDESA's subsidiary in Colombia, has two business lines that involve methods and practices for efficient use of energy and which belong to its portfolio of products and services aimed at the business segment. These two lines are:

- Efficient lighting (automation, control, sensing and replacement of light technologies).
- Energy Assessments (diagnostics of comprehensive energy management, load monitors, thermography).

In 2011, 43 projects of this type were carried out in the business segment.

To publicise these products, raise company awareness on the importance of adequate energy management for their business and guide them on the rational and efficient use of energy, a plan has been designed which includes communication actions using printed and online formats and a specialist technical training plan for technical contacts and managers of business customers.

4.3 Raising customer awareness of efficient energy use

4.3.1. Spain and Portugal

ENDESA carries out 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 30,000 registered users and received nearly 2 million hits in 2011. Twenergy is based on a web page and its own profiles on the main social networks: facebook, twitter, YouTube, vimeo and flickr.

twenergy

In 2011, the web was reorganised and new audiovisual content was launched, such as the digital conferences with experts and practical tools such as comparisons of household appliances and household equipment. Twenergy was also recognised by the European Commission as a leading project for its contribution to the EU's 20/20/20 goals.

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

The European Union recognises Twenergy as a collaborative initiative against climate change

Twenergy has been selected and recognised by the European Union as a good practice contributing to the 20/20/20 goals against climate change as part of the Sustainable Energy Europe Campaign.

This recognition means that Twenergy will take part in the 2012 European Awards as an outstanding project for the promotion of sustainability and energy saving and that ENDESA will collaborate in the European Energy Week, which will take place between 18 and 22 June 2012.

The Sustainable Energy Europe Campaign showcases activities and projects dedicated to energy efficiency and renewable energy solutions in Europe and is in line with the EU's desire to visualise a large table showing separate efforts made to promote this change. It is specifically aimed at disseminating best practices in sustainable energy technologies, creating alliances and inspiring new ideas and actions.

- 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 fridges, washing machines, air conditioning, etc.
- Advice on bills: a space is reserved on the back of bills to inform customers on how to save energy and protect their power installations.
- Leaflets: distribution of leaflets to encourage energy efficiency and the protection of electricity and gas installations.



- In 2011, there were three campaigns to insert leaflets from the Institute for Energy Diversification and Saving.



- 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 leaflet: advice on better use of energy (at service points and inserts).
- Sending of stickers and communications to customers with advice on safety, identification of control elements and better use of electricity.

4.3.2. Latin America

In 2011, Edesur, a subsidiary of ENDESA in Argentina, carried out different informative and awareness raising initiatives to promote energy efficiency among its customers, including:

- Sending informative residential and commercial newsletters to customers dealing with energy efficiency as part of the "Communicating with you" campaign.
- Providing space in commercial offices for the development of the campaign to switch energy-saving lights bulbs and the dissemination of energy efficiency information prepared by the Argentine public administration.
- The PRONUREE Plan for switching incandescent bulbs for energy-saving light bulbs.

- Comprehensive institutional communication campaign to promote the efficient and rational use of energy and raise awareness on safety on public roads.
- Dissemination of information and educational material for schoolchildren on the safe and efficient use of electrical energy, with special emphasis on energy savings concepts. These include the "Journey through Energy" programme in which 824 schools participated with the voluntary collaboration of 2,595 teachers and the "Edesur for Children" campaign.

In Brazil, both Ampla and Coelce are conducting programmes that help raise awareness and promote the efficient use of energy to customers. In 2011, Ampla carried out different initiatives within the "Ampla Awareness" Programme. With respect to energy efficiency, energy efficient fridges and light bulbs were donated and electrical installations in homes were replaced with other more efficient options. This last programme was conducted in schools, hospitals and public services, in particular. During the year, 18,303 fridges and 21,345 electrical installations were replaced, saving an estimated 66% and 9.4% of energy, respectively.

Moreover, awareness raising campaigns were conducted targeting education, including "Ampla Knowhow Awareness", "Ampla Opportunity Awareness", "Ampla Future Awareness" and "Ampla Awareness on Wheels". All of these initiatives disseminate knowledge and best practices on efficient energy use and it is estimated that they have benefitted more than 1.4 million people. For its part, Coelce has also promoted energy efficiency by replacing 17,413 efficient fridges and 52,382 energy saving light bulbs, as part of the "Efficient Trade" programme. The Electricity for All programme offers discounts on purchases of efficient household appliances for residential customers who wish to replace their old high consumption appliances with new more ecoefficient equipment. For this purpose, customers must participate in a social development network, supporting projects in the community.

Chilectra, ENDESA's distribution subsidiary in Chile, has made a specific space offering advice on the efficient and safe use of energy resources available to its customers and consumers in general. It has also created an electricity consumption simulator, a web tool which calculates a family's energy consumption, including electricity, gas and fuel. The company also conducts awareness campaigns via printed media, such as the *Hagamos Contacto (Let's make contact)*

magazine, bills and newsletters. In addition, in 2011, Chilectra took part in the Energy Efficiency Fair organised by the Chilean Energy Efficiency Agency. The event drew some 10,000 visitors and 120 exhibitors. The stand promoted smart grid technologies and was visited by the Minister of Energy, the Environment Minister and the Under Secretary for Energy.

The "Sowing Energy" initiative was held in Colombia for the second year running. The aim of this initiative is to strengthen Codensa's position as a leader in the promotion of the safe and efficient use of energy by raising the awareness of different customer segments. The campaign lasted two months (July to September) and its message was "Nature does not like waste, waste is not good". It targeted housewives in a bid to foster long-term relationships and generate value within the home, youths as generators of the message among their social circle and children as message recipients. The campaign reached 1,600,000 homes through inserts in the electricity bill and it gained 10,095 friends on Facebook and Codensaenergia out of a total of 28,000 users registered at the end of the campaign. In addition, 856 talks were also held in the Suba, Engativa, Bosa and San Cristóbal areas for a total of 43,842 students and 1,147 trained teachers.

Codensa also held a competition in 2011 for its business customers to promote the use of the "Manage my Energy" online tool. This tool is for business customers and is designed to help them understand how to save and make energy a more productive input for their company. Under the slogan "Do it and see it on your bill", 190 simulations were conducted, 57 leads were generated, 16 business opportunities were created and one sale was made. In addition, the web registered 4,475 hits and 13,938 pages were viewed throughout the year.

In 2011, Edelnor, ENDESA's subsidiary in Peru, carried out a number of awareness campaigns on the efficient use of energy by its customers. Advice was published on the website to promote energy efficiency. Moreover, as part of the "Culture for Everyone" project, the company organised a play with an environmental theme to raise awareness among the families in the audience.

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 complete safety of its customers and the general population, paying special attention to products and services for the distribution and consumption of electricity and gas.

Electricity distribution and supply

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

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

All high and medium voltage installations are inspected three times a year for safety and suitability, and are remotely monitored. MV and LV transformer centres and LV lines feature similar safety measures.

Link installations for network supply connections are also fully protected, in accordance with current legislation.

In Chile, Chilectra voluntarily measured levels on its lines despite this not being mandatory in the country. In 2011, ENDESA's distribution subsidiary took measurements on the 110 kV Florida-Ochagavía, Chena-Cerro Navia, Cerro Navia-San Cristóbal, Cerro Navia-Renca and Chena-Lo Espejo lines and the 12 kV medium voltage lines. Meanwhile, to verify compliance with the maximum allowable levels of sound pressure, measurements were taken in the following substations: Altamirano, Andes, Bicentenario, Carrascal, El Manzano, Lampa, Las Acacias, Malloco, San Bernardo, San Joaquín. The results were substantially lower than the levels

recommended by the International Commission on Non-Ionizing Radiation Protection (ICNIRP).

ENDESA companies in Peru have an operational plan to resolve emergencies or health risks. This plan applies to ENDESA's distribution subsidiary in Peru for faults and interruptions on the grid. Generator subsidiaries use the Early Alert System, which is controlled from the plant operations centre. This system alerts the population of possible situations that could pose a health and safety risk. Edelnor has a "Street lighting for your safety" programme in place to improve street lighting and safety.

In Brazil, proactive campaigns were held and educational materials were developed to disseminate and promote the safe use of electrical energy. Social networks have also been used in 2011 to disseminate this type of message. Regular campaigns have highlighted aspects such as the risk of flying kites or carrying out construction or repair work near electricity distribution grids.

ENDESA and Enel's "Best Distribution Practices" project leaders meet in Madrid

The Distribution Best Practice Sharing project leaders have met to identify and exchange best practices among electricity distribution businesses in Italy and Spain in improving efficiency, safety and the quality of electricity supply.

The project helps guarantee the economic objectives assumed in the different synergy and efficiency plans, promoting the creation of a common culture within the Enel Group and a constant dynamic to share knowledge.



ENDESA and Enel's "Best Distribution Practices" project leaders in Madrid.

Distribution and use of gas

- Every supply line is fitted with safety valves at distribution regulation and measuring stations to prevent excess pressure or pipe breakages. Inspections are carried out twice a year, checking the general condition of the facility and the operation of safety devices.
- Distribution, regulating and measuring stations are equipped with a remote monitoring system connected to the Gas Control Centre so that key operating variables can be determined at all times.
- In distribution grids, the channelling route is inspected every two years for possible leaks.
- Overhead parts and electrical equipment at regulating and measuring stations are earthed to avoid surge issues and to eliminate the risk of electrical discharges from contact with employees.
- ENDESA has a system to detect leaks at transport, distribution and delivery points and liquefied natural gas (LNG) plants.
- The Company also has emergency plans in place for transport and distribution networks, as well as self-protection plans for liquefied gas plants.

ENDESA's management of disasters and emergencies

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

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

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

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

By means of these simulations the effectiveness and response capability of the different organisations involved in the event of a nuclear emergency can be checked. Based on

the results, adjustments can be made to emergency procedures and, if appropriate, the emergency plans.

Below is a description of the incidents registered at ENDESA's nuclear plants in 2011.

During operations to position separating gates between the fuel pond and the auxiliary zone for fuel operations, the Ascó I and II plants recorded incorrect movements as each of these gates weighed approximately 1,400 kg, higher than the permissible weight for bridging limit switches on the bridge crane. The purpose of these switches is to prevent heavy loads from passing above the storage zone for

The CSN rates positively the stress tests performed on the Spanish nuclear plants

Following the serious damage suffered by the Fukushima nuclear plant as a result of the earthquake in Japan last March, the European Council agreed that the owners of all European plants had to conduct stress tests in these facilities under the supervision of the respective national regulation bodies.

The aim was to check how these plants would respond in the event of extreme natural phenomena even more

intense than those taken into account in their design, re-evaluating the security systems to find out the available margins and incorporating additional improvements to deal with these situations.

The owners of Spanish nuclear plants submitted their progress reports to the Nuclear Safety Council (CSN) who positively assessed all of the measures proposed.



Panoramic view of the Ascó plant.

the used fuel pond. Manoeuvres of this type are common for loading and maintenance operations. This occurred in both units but had no impact on the population or the environment.

In addition, while the Ascó I plant has been shut down for reloading, a motorised sink insulation valve was opened by accident during the calibration of one of the four semi-automatic recirculation channels from the sinks in the containment building. As a result, 25m³ leaked from the primary cooling system into the sink. The leak soaked the footwear of 14 workers in the zone. The owner evacuated all personnel working in the area affected, the workers' footwear was replaced and the necessary radiological measurements were taken, but no contamination

was found internally on the employees. This event had no impact on the plant workers, the population or the environment.

The second incident recorded at Ascó II in 2011 was the tightening, due to freezing, of the monitored valves for the automatic supply of the water system to replace the essential services pool.

Finally, during tests carried out at the Vandellós II plant on the tare point (pressure level at which the valves open), it was noted that they did not meet all of the ASME (American Society of Mechanical Engineers) code. This US code specifies how the mechanical components should be designed and inspected.

Our people

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





ENDESA strives to be one of the most sought-after companies to work for. It therefore ensures the professional and personal development of its employees, their training and equal treatment. The Company strives to ensure optimum satisfaction levels among its staff.

In 2011, the Company continued its efforts relating to occupational health and safety with the launch of its Safety Plan. It is continuing to offer an optimum working environment for the welfare of all of its employees and the satisfaction of their professional goals. The Company pays constant attention to equality, work-life balance and respect for human rights.



Priority issues--materiality study 2011

Diversity and equality of opportunities (measures, initiatives and reporting KPIs).

Specific reporting relating to occupational health and safety.

Social dialogue: management of collective agreements and promoting the right of freedom of association.

Public commitments relating to Human Rights: policy, adoption of relevant standards, responsibilities, training, management systems, coverage, etc.

Employment stability: Creation of employment and responsible management of reorganisations.

ENDESA's response in the report

Our People Chapter: 05. Employee satisfaction, one of our priorities, 05.1. Senda Plan Progress, 05.1.1. ENDESA's strong commitment to equality, 05.1.3. Commitment to people with different capabilities and those at risk of social exclusion.

Our People Chapter: 02. ENDESA, a safe and healthy workplace.

Our People Chapter: 05.3. Social dialogue.

Our People Chapter: 06. Protection of human rights.

Our People Chapter: 03. Leadership and people development. 03.5 Attracting and retaining talent, 04. Dialogue and responsible people management in ENDESA.

Meeting our goals

Challenges in 2011

Safety Plan: Roll out of the Occupational Health and Safety Plan at ENDESA.
Development of Global and Country Senda Plans.
A communication plan for ENDESA's commitment to "our people".
Extension of the family-friendly company model to Latin America.
Increased hiring of women.
Continued implementation of the new leadership model.
New individual development plans for employees.

Actions taken

Occupational Health and Safety plan rolled out at ENDESA. (Safety Plan)
Initiatives in the Global Senda Plan for 2011 and Country Senda Plans for the countries in which the Company operates developed.
All planned actions relating to the communication plan were for ENDESA's commitment to "our people" carried out.
Model extended to companies in Latin America.
The number of women hired increased considerably on the previous year.
The new leadership model is being implemented, and a number of communication actions associated with this have been carried out.
New individual development plans for employees implemented.

Key figures

Employees	22,877
Percentage of employees receiving regular performance and development appraisals	56.24%
Reduction of accident frequency index	0.95
Reduction in absenteeism rate	1,012
Average hours of training per employee	47.70
Total hours of training	1,091,304
Total investment in training (Euro million)	1,715
New hires in 2011	1,811
% Workforce with permanent contract	98.4

Key actions in 2011

Implementation of telework in Argentina, Brazil and Colombia.
Promotion of international mobility among our employees.
Establishment of individual development plans at a global level.
Safety audits carried out on our partner companies.
191 actions identified from the areas for improvement in the Workplace Environment Plan.
1,368 workplace improvement actions identified by our managers.
Communication of the management model through our "Leadership Notebooks".
Individual interviews to prepare development plans, linked to the talent management process.

In 2012 we propose

To continue implementing programmes to achieve our "Zero accidents" objective.
To continue developing our Human Resources Sustainability Plan (the Senda Plan) in every country.
To continue the introduction of telework in all the countries in which we operate.
To consolidate our family-friendly company model.
To consolidate training programmes for talent development.
To continue dialogue with our employees using our ForORH tool.
For all ENDESA investment fund and plan managers to sign up to the UN principles for responsible investment (PRI).

1. ENDESA's workforce



At 31 December 2011, ENDESA had a total of 22,877 employees worldwide: 11,702 in Spain and Portugal, 11,060 in Latin America and 115 in other countries.

The total is 7.5% lower than a year earlier, due mainly to a number of companies no longer being included in the ENDESA Group's scope of consolidation (Cam and Synapsis in Latin America and Endesa Servicios in Spain).

In 2011, ENDESA employed 1,812 new employees, whilst 3,666 contracts were terminated.

ENDESA's workforce at 31 December

	2009	2010	2011	% change 2010-2011
Spain and Portugal	13,560	12,194	11,702	-4.03
Latin America	12,896	12,427	11,060	-11.1
Other countries *	101	111	115	+3.6
Total	26,586	24,732	22,877	-7.5

* Figures for 2011 include Endesa Ireland (113 people) and Energie Electrique de Tahaddart, Morocco (2 people).

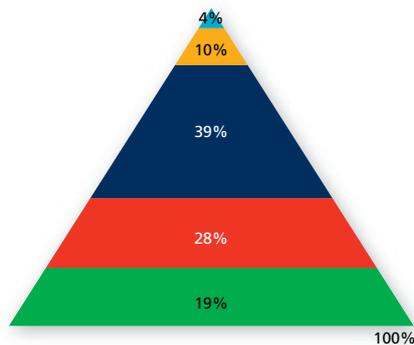
Average workforce by location

	2009	2010	2011	% change 2010-2011
Spain and Portugal	13,578	12,990	12,046	-7.2
Latin America	12,963	12,423	11,208	-9.8
Other countries *	229	167	112	-67
Total	26,770	25,579	23,366	-8.7

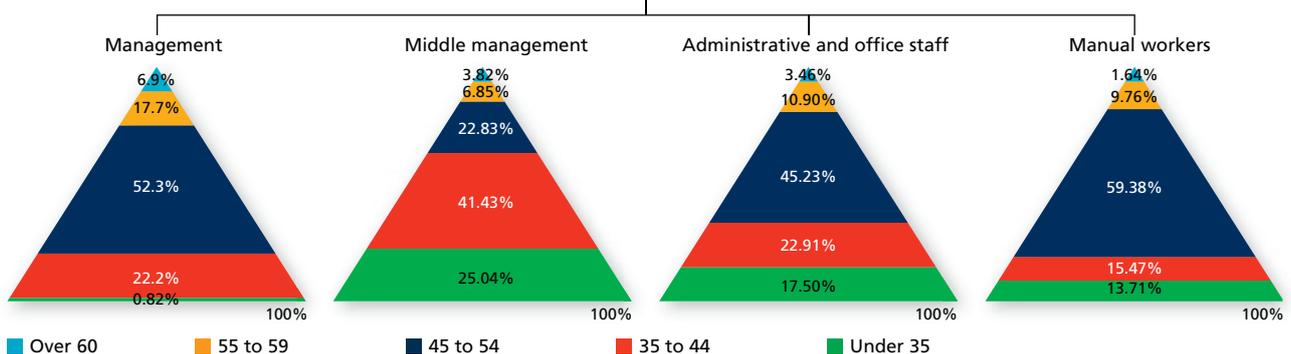
* Figures for 2011 include Endesa Ireland (113 people) and Energie Electrique de Tahaddart, Morocco (2 people).

ENDESA's diverse workforce combines youth and experience, with 67% of its employees aged between 35 and 54 years old.

Workforce age pyramid



Age pyramid by professional category



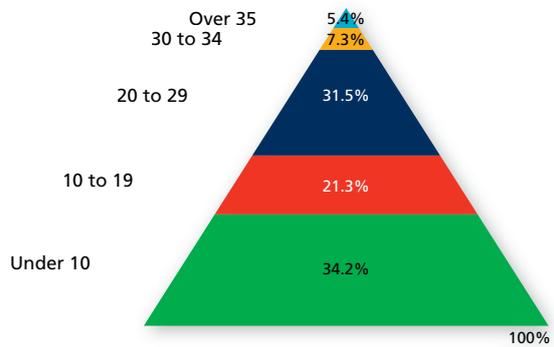


In 2011, the percentage of women in all professional categories increased, except for administrative and office staff

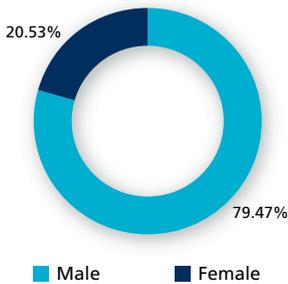
The Company offers its employees decent, competitive working conditions, which are above the market average in all the countries where it operates. This is shown by 98.4% of employment contracts being permanent, 2.1% higher than in 2010, and 65.8% of the workforce having been with the Company for over 10 years. The majority of the workforce is full time, with only 18 employees being on part-time contracts.

Some 63,650 contractors' personnel provide services to ENDESA in Spain and Latin America. Of these, 60,811 are full-time and 2,839 are part-time.

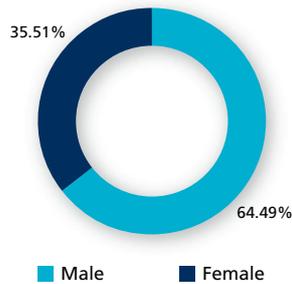
Years at company



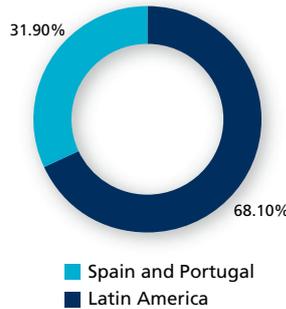
Permanent hires by gender



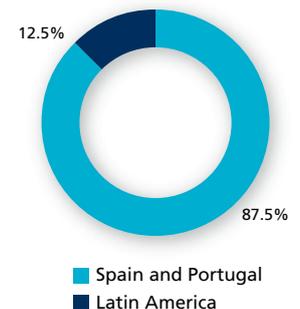
Temporary hires by gender



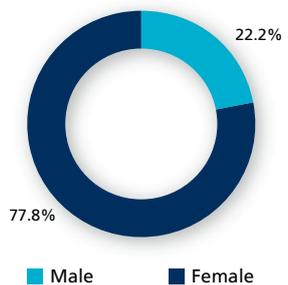
Contractors on full-time contracts by region



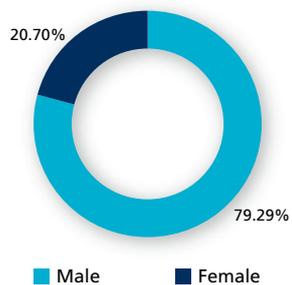
Contractors on part-time contracts by region



Part-time hires by gender



Full-time hires by gender

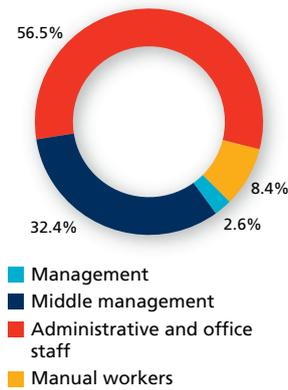


In 2011, these worked a total of 18,489,409 full-time equivalent days on construction, operation and maintenance activities. 73.31% of the total days worked were in Latin America.

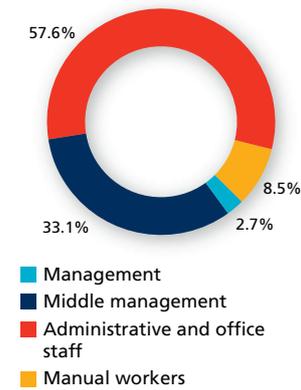
In order to promote employment among the younger population and provide access to the job market, in 2011 Endesa offered 1,239 people internships or scholarships; 1,239 of these were in Spain and 1,128 in Latin America.

56.5% of ENDESA's workforce consists of administrative and office staff, followed by middle managers, who make up 32.4%.

Average distribution of the workforce by professional category



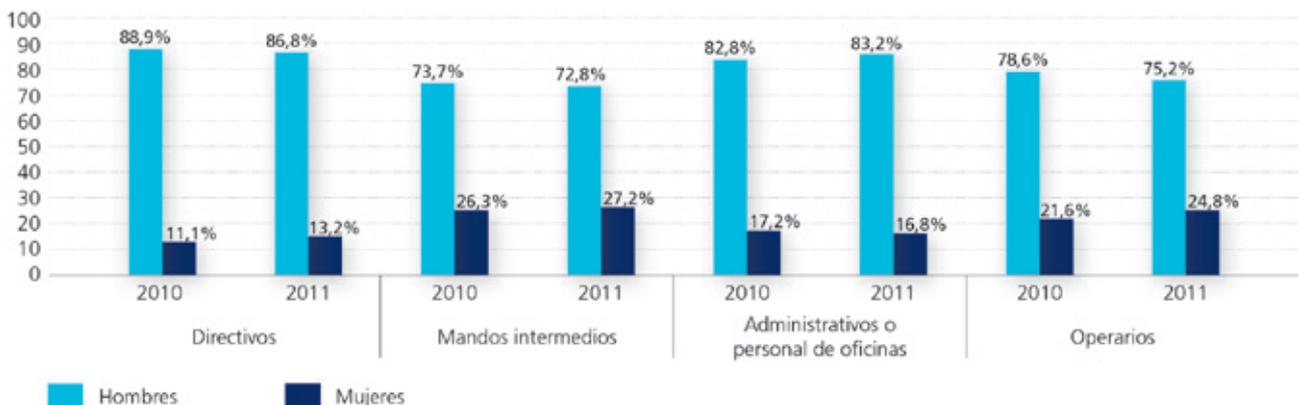
Average distribution of the workforce at 31 December by professional category (%)



79% of the workforce is male and 21% female.

ENDESA is continuing to make significant efforts to increase the number of women in the Company, and this is reflected in the increased female presence in all professional categories in 2011, with the exception of administrative and office personnel.

Breakdown of workforce by gender*



* Based on workforce at 31 December.

Employees eligible to retire in the next 5 to 10 years by category

	5 years Spain and Portugal	10 years Spain and Portugal	5 years Latin America	10 years Latin America
Management	5	17.6	6.3	18.9
Middle management	1	6.6	5.6	7.2
Administrative and office staff	0.6	11.8	6	9.4
Manual workers	1.2	9.4	14.8	4
Total	0.8	9.3	4.4	7.5

2. ENDESA: a safe and healthy workplace

Becoming part of the Enel Group has made it essential for ENDESA to group all of its occupational health and safety and risk prevention initiatives in a single Strategic Plan: the **Safety Plan 2011-2015**.

This Plan brings together all the efforts and action lines developed to date to encourage the exchange of best practices and synergies. The ultimate goal of this plan is to achieve "Zero Accidents". The Safety Plan details the strategic projects and programmes that ENDESA will be implementing over the next five years, focusing on:

- Standardising approaches across all businesses in Spain and Portugal and Latin America under a single comprehensive Group vision.



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

- Optimising the efforts of all at ENDESA, generating the synergies required to successfully achieve our common objective and our mission, meeting ENDESA's commitments.

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

The main objectives of the Plan 5+1 are:

- The establishment of an occupational health and safety culture in the Company, encouraging the same at partner companies.
- Implementation of mechanisms to improve safety standards in partner companies. 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.
- Communication. Promoting and communicating messages and actions to improve our safety culture. 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 safety and awareness raising and incentivisation messages; the development of communications media; and incorporation of occupational health and safety content into the Company's internal communication channels.
- Structural and organisational prevention: This is being carried out through diagnosis of the current status of facilities and proposals for improvements. This involves a number of programmes, such as: the SOL (Seguridad, Orden y Limpieza - Safety, Organisation and Cleanliness) Programme and the Permanent Vigilance Plan (signs, compliance with regulations, etc.).

- Occupational health and safety processes and systems: Standardisation of internal prevention management systems and associated technological tools. We have continued to implement and train users in Delfos; to develop our e-mobility project; and to integrate occupational health and safety and risk prevention into all operating areas and other projects.
- Large projects: A specific health and safety plan is established for all large projects, such as the El Quimbo project in Colombia and the Cold Reserve project in Peru.

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 implemented in all the countries where ENDESA is active (Argentina, Brazil, Chile, Colombia, Spain and Peru) and is starting to be introduced in the first countries where Enel operates: Russia and the USA.



The Enel Group's Delfos system is ENDESA's corporate application for managing issues related to occupational health and safety.

Official accident rate data for ENDESA was provided by Delfos' automatic reporting system for the first time in 2011; this has enabled us to standardise and simplify the process in all countries.

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 occupational health and safety activity, as they have adopted the same safety inspection formats used by the prevention departments (the Occupational Accident Prediction Index).

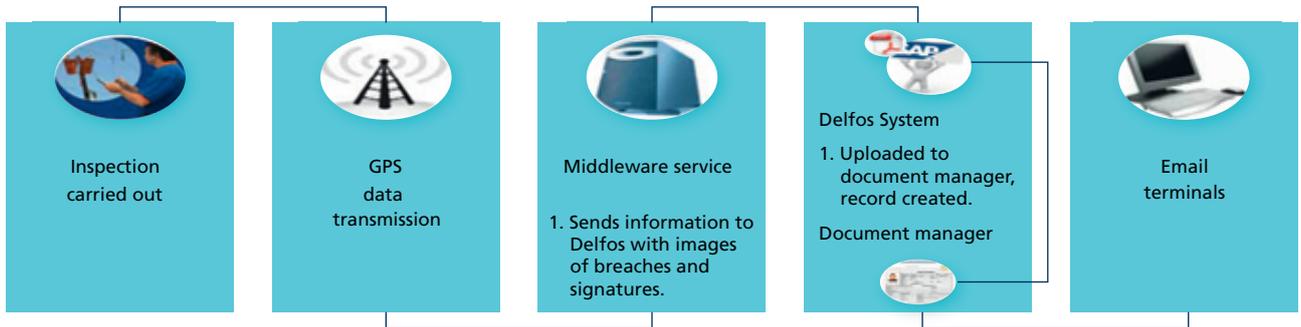
This large number of consistently implemented inspections is also now being used as a basis for appraising contractors under the Vendor Rating project.

We are also carrying out the first pilot tests of "Mobility IPAL" (Índice Predictivo de Accidentes Laborales - Occupational Accident Prediction Index), an application installed on a Blackberry device that facilitates real-time loading of Occupational Accident Prediction Index inspections directly into the Delfos system.

The inspection information is described in the following chart:

Number of employees working in OHSAS certified workplaces

Countries	Number of people
Spain	10,254
Argentina	1,001
Brazil	3,720
Chile	1,796
Colombia	1,616
Peru	859
Total Latin America	8,992
Total ENDESA	19,246



Note: Master data on companies and our own and contractor personnel will be automatically downloaded to the mobile device on a daily basis.

This proposed comprehensive mobility system will enable us to improve the quality of information and the flow of real-time data so that action taken can be more effective. This will also increase the number of inspections, maximising resources as a tool for the prevention of risks to occupational health.

All ENDESA companies in Latin America improved their processes in 2011. In Brazil, nine new workplaces were included and the Cundinamarca energy company in Colombia was certified for the first time.

OHSAS 18001 certification

82.4% of ENDESA's workforce (19,246 employees) are employed in OHSAS 18001-certified workplaces.

2.2. Occupational risk, training and inspections

A total of 211,235 hours of occupational risk training were given to our staff in 2011 (section 03.4.3. of this chapter). In addition, 68,831 employees of contractors and subcontractors (100%) received some form of training in this area.

Globally, ENDESA has 19,246 employees working in workplaces with OHSAS 18001 certification

266,491 health and safety inspections were performed in the year on work and projects carried out by our own and contractors' employees; this had a significant impact on reducing the number of accidents.

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

In Spain and Portugal, the Generation and Distribution business lines and the General Services Department are certified.

In Peru, we have defined the occupational health and safety structure and monitoring mechanisms for the launch of the Cold Reserve project. ENDESA's strategy has been extended

In 2011, we organised 211,235 hours of Occupational Health and Safety training for our staff.

to Siemens, the company implementing the project, which is currently at the risk planning and approval stage.

In Colombia construction work has begun on the "El Quimbo" hydroelectric plant, the first power station developed by a private group in the country. With a total of four million man-hours of work and 2,300 contractors, the overall accident frequency index stood at 8.8 in 2011. Construction work on the diversion tunnel has now been satisfactorily completed. This has involved 1,600 "IPALS" (Occupational Accident Prediction Indices). However, there was one serious accident.

2.3. Promoting a culture of occupational health and safety

ENDESA considers it essential to boost risk prevention by developing a culture of occupational health and safety in its employees and partners. We are pursuing this objective through initiatives such as the "Management and Safety" and "SOL" (safety, organisation and cleanliness) programmes, an influenza prevention campaign, awareness-raising activities and meetings of the ENDESA Preventative Observatory.

The Company is also promoting initiatives based on creativity and innovation to contribute to reducing accidents in operating processes. We have developed 14 projects in Latin America, and ENDESA has patented one of these, which relates to preventing falls from height.

Some of the programmes implemented to improve safety include MASS (Distribution Spain), Saber Vivir (Brazil), Safe STAR (Peru), Life and Health Protection (Colombia), Safety

More than 30,000 employees took part in Enel's International Safety Week in Spain and Latin America. This focused on two areas: healthy diet and mental wellbeing

Culture Communication Campaign (Chile), My eyes were opened (Argentina) and 24/7 (Global). These programmes are designed for both our own and contractors' employees.

Enel held its International Safety Week in Spain and Latin America in November, focussing on dietary health and mental wellbeing. The event included more than 350 activities (workshops, conferences, information sessions, etc.) and involved over 30,000 employees.



More than
24,000
medical examinations and
check ups in 2011

We also carried out more than 24,000 medical check ups on our staff to improve their health and prevent risks.

Medical examinations and check ups, 2011

Spain	9,156
Argentina	4,800
Brazil	340
Chile	9,574
Colombia	0
Peru	257
Total	24,127

2.4. Occupational Health and Safety Committees

All of the Company's employees are represented on formal Occupational Health and Safety Committees.

Within the ENDESA Group, workers are consulted on and involved in Occupational Health and Safety 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 generating companies has a health and safety committee that meets monthly to present and analyse relevant issues; these meetings involve the main union, the supervisors union and company representatives.

In Chile, every 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 23 Occupational Health and Safety Committees in its companies.

In Peru there are eight Occupational Health and Safety Committees for contractors, eight for the operating areas and eight joint committees involving executives, managers and workers.

Monthly occupational health and safety committee meetings are held in Brazil with management. Meetings are also held with the Emergency Services and Fire Brigade.

Finally, Colombia has held 15 occupational health and safety committee meetings, in addition to emergency meetings and meetings of the Mutual Aid Committee for the Termozipa power plant.

2.5. Lower accident rates

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

This trend continued in 2011:

- The **combined accident frequency index** for ENDESA and its sub-contractors fell by 16.9% compared to the previous year (from 4.62 to 3.84).
- The **combined index of seriousness** increased by 20.8% (from 0.10 to 0.13), as the administration and monitoring of accidents has considerably increased the quality of information.

The index of seriousness for our own employees in Latin America also rose, due to more than 1,200 days lost through accidents in 2010 being carried over and some accidents involving our employees in Argentina suffering complications that led to long-term extensions or relapses.

	Number of accidents ¹		Index of frequency ²		Index of seriousness ³	
	2010	2011	2010	2011	2010	2011
Spain	333.4	270.1	5.19	4.55	0.11	0.19
ENDESA employees	58.7	38.4	2.78	1.92	0.21	0.13
Contracted workers	274.7	231.7	6.37	5.89	0.07	0.21
Argentina	50.0	66.0	2.84	3.61	0.11	0.13
ENDESA employees	27.0	35.0	4.20	5.26	0.15	0.22
Contracted workers	23.0	31.0	2.06	2.66	0.09	0.08
Brazil	132.0	75.0	3.02	1.84	0.10	0.12
ENDESA employees	11.0	9.0	1.39	1.30	0.09	0.17
Contracted workers	121.0	66.0	3.38	1.95	0.10	0.11
Chile	158.5	101.0	6.54	3.78	0.10	0.10
ENDESA employees	15.5	1.0	2.39	0.19	0.02	0
Contracted workers	143.0	100.0	8.06	4.69	0.13	0.12
Colombia	186.9	203.1	7.24	5.92	0.10	0.06
ENDESA employees	14.5	4.0	2.81	1.23	0.06	0.08
Contracted workers	172.5	199.1	8.34	6.41	0.10	0.06
Peru	22.0	21.0	1.45	1.70	0.08	0.06
ENDESA employees	2.0	0	0.82	0	0	0
Contracted workers	20.0	21.0	1.57	1.98	0.09	0.07
Total	882.8	737.1	4.62	3.84	0.10	0.13
ENDESA employees	128.7	88.4	2.58	2.00	0.13	0.13
Contracted workers	754.1	648.7	5.34	4.39	0.10	0.12

(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.

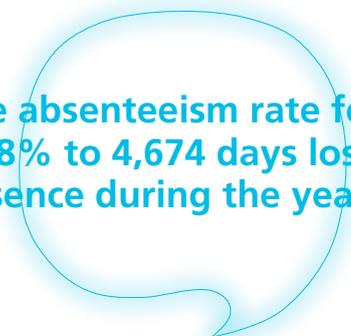
(3) Total number of days lost, excluding journeys to and from work, vs. total number of hours worked multiplied by 1,000.

Accident frequency index (2) for employees by gender (1) in 2011

	2010	2011
Spain and Portugal	2.78	1.92
Male	2.98	2.16
Female	1.87	0.82
Argentina	4.20	5.26
Male	4.91	5.59
Female	0	3.23
Brazil	1.39	1.30
Male	1.18	1.34
Female	1.99	1.19
Chile	2.39	0.18
Male	2.50	0.23
Female	1.94	0
Colombia	2.81	1.23
Male	3.82	1.01
Female	0	1.94
Peru	0	0
Male	0	0
Female	0	0

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

(2) Includes fatal accidents.



The absenteeism rate fell by 17.8% to 4,674 days lost due to absence during the year.

- The absenteeism rate fell by 17.8% to 4,674 days lost due to absence during the year.

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

In Chile, the Company offers training programmes in stress prevention and the connection between stress and cardiovascular disease. The programme to prevent muscular problems was another innovation in 2011. Both of these programmes have contributed to reducing time off for common illnesses.

ENDESA absenteeism rate⁽¹⁾A.R.⁽²⁾

Countries	2009	2010	2011
Spain and Portugal	6,546.09	6,119.96	5,660.47
Argentina	7,973.88	6,827.39	7,110.14
Chile	5,531.72	5,485.75	2,131.92
Brazil	6,520.40	6,373.03	3,348.63
Peru	1,729.77	1,791.06	2,467.48
Colombia	1,889.50	2,115.49	1,509.15
Ireland	0.00	7,625.87	4,833.51
Total	6,005.61	5,686.58	4,674.00

(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).

Days lost through absenteeism of ENDESA employees in the year

Countries	2009	2010	2011
Spain and Portugal	93,399	28,624	70,867
Argentina	28,624	24,372	29,958
Chile	19,156	17,810	7,003
Brazil	21,320	19,580	14,649
Peru	2,250	2,197	3,001
Colombia	3,890	4,253	2,757
Ireland	0.00	1,091	602

- The total combined number of accidents fell by 16.51% to 737. The number of serious accidents also declined by 35.42% to 31, and the number of minor accidents was 14.98% down at 702. There were four fatal accidents, five fewer than in 2009.

Two of the fatal accidents were due to electrocution and the other two were caused by falls from heights. Most of the serious accidents were caused by falls from height (11), 6 were caused by electrocution and 4 were from falls. There were a number of other causes for the remaining accidents.

	Number of fatal accidents		Number of serious accidents		Number of minor accidents (1)	
	2010	2011	2010	2011	2010	2011
Spain	5	1	15	12	313	257
ENDESA employees	0	0	4	1	55	37
Contracted workers	5	1	11	11	259	220
Argentina	0	1	6	4	44	61
ENDESA employees	0	0	3	1	24	34
Contracted workers	0	1	3	3	20	27
Brazil	3	0	8	1	121	74
ENDESA employees	0	0	3	0	8	9
Contracted workers	3	0	5	1	113	65
Chile	0	1	7	5	152	95
ENDESA employees	0	0	0	0	16	1
Contracted workers	0	1	7	5	136	94
Colombia	1	1	7	4	179	198
ENDESA employees	0	0	0	0	15	4
Contracted workers	1	1	7	4	165	194
Peru	0	0	5	5	17	16
ENDESA employees	0	0	0	0	2	0,0
Contracted workers	0	0	5	5	15	16
Total	9	4	48	31	826	701
ENDESA employees	0	0	10	2	119	86
Contracted workers	9	4	37	29	707	616

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

	Number of fatal accidents		Number of serious accidents		Number of minor accidents (1)	
	2010	2011	2010	2011	2010	2011
Spain	0	1	4	12	55	37
Male	0	1	4	12	48	34
Female	0	0	0	0	7	3
Argentina	0	1	3	4	24	34
Male	0	1	3	4	24	31
Female	0	0	0	0	0	3
Brazil	0	0	3	1	8	9
Male	0	1	3	1	4	7
Female	0	0	0	0	4	2
Chile	0	1	0	5	16	1
Male	0	1	0	5	13	1
Female	0	0	0	0	3	0
Colombia	0	1	0	4	15	4
Male	0	1	0	4	15	2,5
Female	0	0	0	0	0	1,5
Peru	0	0	0	5	2	0
Male	0	0	0	5	1	0
Female	0	0	0	0	1	0
Total	0	4	10	31	119	85
Male	0	0	10	31	104	76
Female	0	0	0	0	15	9

(1) Information is only provided on our own employees, as we do not have a gender breakdown for employees of contractor companies.

2.6. Recognition for our work

Edesur's "My Eyes Were Opened" programme for developing a culture based on safe behaviour was recognised in 2011

Edesur's **My Eyes Were Opened** programme for developing a culture based on safe behaviour was recognised in 2011 at Enel's International Safety Week.

Meanwhile, ENDESA Brazil companies received five distinctions in Brazil's electricity sector for the results of its occupational health and safety programmes. One of the most important of these was the award from Dupont in Latin America.

In Peru, Edelnor has been recognised by the Electricity Sector Regulator for its risk prevention programme for third parties.

3. Leadership and people development

ENDESA seeks to identify its outstanding employees and to develop them so that they can contribute to making the

Company the sector leader. To achieve this objective, in 2011, the Company consolidated its Leadership Model and implemented a Management Model to 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 Group 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; they 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.

We use the behaviours described in this Leadership Model in appraising the performance of our employees.

In 2011, a range of actions were implemented to involve ENDESA's employees in this Leadership Model. This included preparation of a Leadership Notebook and a behaviour guide.

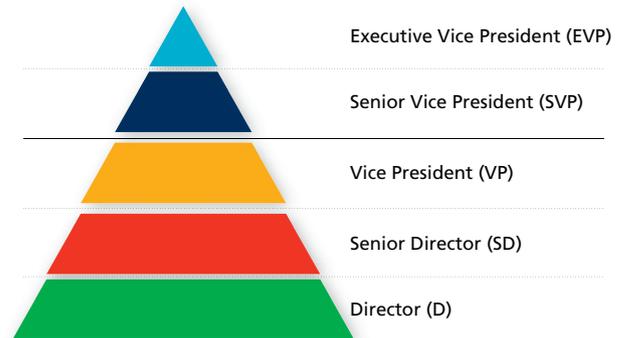
3.2. Management model

Our Management Model is an organisational and management model which consistently regulates the actions of the

We have worked to identify a talent bank that can make a decisive contribution to the Company's growth and that will serve as a source for filling positions within the Management Model.

Company's managers and establishes common criteria for the definition of posts throughout all Enel Group companies.

We implemented this model by carrying out a worldwide appraisal of management posts using the "HAY" methodology. This resulted in a five-level management structure:



People are incorporated into this Model based on compliance with two elements:

- Elements related to the post: the post should have certain levels of responsibility determined in accordance with the "HAY" methodology.
- Personal elements: the person occupying the post should have good performance, good development potential and a broad range of experience. At more senior levels of the structure, managers must also have international experience and a high level of English.

The Management Model is updated annually and whenever any major organisational change takes place or there are any changes to the functions or responsibilities of the entity that justify such a review.

The launch of this model changes the background for everyone who forms part of the model, and in particular those in whom ENDESA continues to place particular confidence.

In 2011, we made substantial efforts to establish the milestones set by the principles on which the Management Model is based. These efforts included:

- Communication of the Management Model.
- Development of the Management Model to establish how movements of people within and outside the model can be fairly managed.

- Preparation of regulations to enable people to be incorporated into the model from any level or position.
- Implementation of the Management Model has positive continuity: it has started a process that includes support and training initiatives and new forms of remuneration and benefits.



3.3. Identifying and validating talent

Based on these two models, we have worked to identify a pool of talent that can make a decisive contribution to the Company's growth and that will serve as a source for filling positions within the Management Model. We are boosting the development and training of the people in this talent pool to help them make this contribution. We have two types of talent pools:

- A group of people included in the Management Model with potential to occupy senior management positions.
- A group of people who occupy management and exceptional positions in Spain and Latin America, and who are potential candidates for Management Model positions.

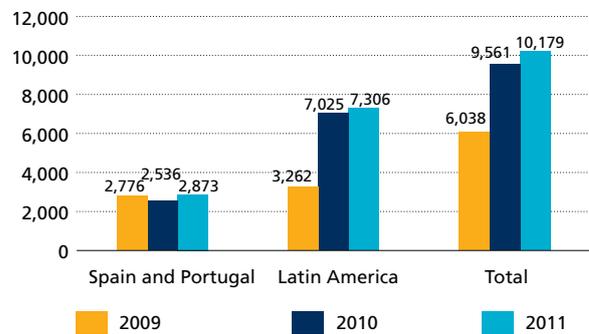


Talent management tools

- **BARS appraisal**

This appraisal is based on the set of behaviours established by the Group in its Leadership Model. We appraised some 10,179 Group employees in 2011. In a new development in 2011, we permitted self-assessment shared with the line manager, and we extended 360° BARS appraisal to Senior Management.

Number of performance and professional development appraisals



- **Regular performance and professional development appraisals**

In 2011, 56.24% of our workers received a regular performance and professional development appraisal. These appraisals involved more men (77.30% appraised in this way) than women (22.70%). Of the 12,865 people appraised, over 6,700 were middle managers, and more than 5,600 were administrative and office employees.

- **Employee appraisal**

In 2011 we carried out a Potential Appraisal on 1,500 management personnel in Spain, Portugal and Latin America. This appraisal is carried out every two years on alternative groups. In 2012 it will be the turn of executives to be appraised.

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 2011, this form of appraisal was extended to more people, with 96 members of senior management being ap-

Coverage of regular (at least once a year) performance and development appraisals*% of total workforce*

			Spain and Portugal	Argentina	Chile	Brazil	Peru	Colombia	Total
Employees receiving regular performance and development appraisals		2009	27.28	38.87	92.78	93.91	99.27	91.41	No figures available
		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
Employees receiving regular performance and development appraisals (male)		2011	73.00	84.00	80.00	76.00	73.00	73.00	77.30
Employees receiving regular performance and development appraisals (female)	%	2011	27.00	16.00	20.00	24.00	27.00	27.00	22.70
Total number of employees appraised	number	2009	3,619	1,250	2,803	2,839	1,220	1,638	13,369
		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
Executives appraised	number	2009	457	39	103	53	22	28	702
		2010	383	36	97	32	22	24	594
		2011	290	35	76	27	15	23	466
Middle management appraised	number	2009	2,687	471	1,653	1,175	605	910	7,501
		2010	2,480	477	1,656	1,217	580	949	7,359
		2011	2,239	472	1,466	1,200	474	878	6,729
Administrative and office staff appraised	number	2009	333	740	1,044	1,304	590	688	4,699
		2010	307	756	976	1,478	528	649	4,694
		2011	293	2,428	608	1,428	349	541	5,647
Manual workers appraised	number	2009	11	0	3	307	3	12	336
		2010	7	0	0	9	2	8	26
		2011	9	2	0	5	0	7	23

praised in this way. The results of this appraisal will be used in calculating their annual variable remuneration. In total, this 360° appraisal has involved 1,483 people, including the people appraised and those involved in the appraising.

- **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 2011, we appraised 8,520 people, 350 more than in 2010 (of these, 4,825 were obliged to take part and the other 3,695 did so voluntarily).

- **Individual development interviews**

These enable us to explore people's knowledge, motivation and availability for international and functional mobility in-depth so that we can suggest the opportunities to them that would most enhance their development, through spe-

cific individual action plans. These voluntary interviews are aimed at various critical groups in the Company. 66 people were involved in this in 2011.

- **ENDESA Coaching Network**

The Coaching Network is a group of 27 ENDESA professionals who work to support the development of others, improving the effectiveness of their leadership, accelerating adaptation to new professional challenges and boosting performance.

In 2011, five of the network's coaches were involved in 39 processes, of which seven are now completed.

Expert consultants led the workshops "Feedback for development" for 1,700 managers from all ENDESA units, and "Diagnostics of Meritocracy", which involved more than 100 people.

3.4. Training, the key to personal development

Training is one of the cornerstones of ENDESA's approach to guaranteeing the continuing professional development of its employees and a successful future for its business project.

3.4.1. International training

- **From thought to action.** This training is aimed at helping ENDESA executives in Spain and Latin America progress in development of the leadership model. So far, 104 people have taken part.
- **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. Two course programmes were held in 2011, involving 24 people from ENDESA.
- **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 2011, involving 20 people from ENDESA.
- **Junior Enel International Program.** This programme is intended for employees who have recently joined the group, and who have degrees or similar qualifications and a maximum of two years' previous professional experience. In 2011, nine sessions were held involving 43 ENDESA employees.

3.4.2. ENDESA Energy School

As part of its commitment to its employees, ENDESA's Energy School is continuing to build a network of knowledge and talent that contributes to the development of its technological leadership.

In 2011, 27 energy efficiency conferences and workshops were held, together with other events such as the Novare Awards, technical courses for non-expert personnel, collaboration with NGOs, joint publications and sponsorship of a summer school.

The most noteworthy of the Endesa Energy School's activities in 2011 include:

- Offering the ENDESA-ICAI Electrical Technology Master's Degree (5th course).
- Launch of the Master in Nuclear Energy with the Universitat Politècnica de Catalunya-Barcelona Tech.
- Launch of the Higher Energy Course at Madrid's Civil Engineering College.
- Development of a Master's Degree in Projects, Regulation, Markets and Legal Aspects with Seville's Loyola University.
- Collaboration with the first master's degree in Electric Vehicles of the EOI in Madrid.
- Collaboration with the master's degree in Energy Efficiency of La Salle in Barcelona.
- Collaboration with Universidad Politécnica de Madrid (UPM) on the first master's degree in hybrid and electric vehicle engineering.
- First technology conference on renewable marine energy, at which a team from Madrid's Polytechnic University (UPM)'s Naval School explained the latest development in renewable marine energy.
- Westinghouse presented an expert's conference on the technology of the latest generation reactors, the AP-1000.
- To coincide with the opening of the first ENDESA-UPC nuclear master's degree, the CSN led a conference on the conclusions of stress testing of Spanish nuclear power stations.
- Presentation of the conclusions of the G4V project featuring ENDESA and Enel staff involved in the project. This was the second conference on electric vehicles organised by the ENDESA Energy School.

3.4.3. Occupational health and safety training material

In 2011 there were 211,235 hours of training on occupational risk prevention. Following the strategy applied in the Enel Group, 745 people were trained in the 24/7 safety project. These training programmes address the risks certain groups face of picking up serious illnesses or conditions, and gives advice on how to prevent and treat these.

We have completed the design of the educational objectives and content of the online courses for all current professional risks in ENDESA, and the 53 hours of basic prevention training required to be designated as a Risk Prevention Officer or Risk Prevention Delegate.

A training programme has also been started for the new risk prevention delegates appointed following recent union elections.

A number of courses and workshops have been organised relating to psychosocial risks.

Our employees have on average received 8.99 hours of training in sustainability, health and safety and the environment, a total of over 205,777 hours of training.



3.3.4. Other training

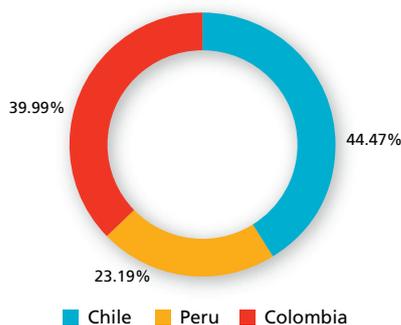
- Languages Plan: a total of 83,270 hours of training for 1,568 participants.
- A total of 36,520 hours of training were given in general management topics, with 1,724 participants.

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	2009	No figures available	3.17	16.13	19.36	6.88	34.54	No figures available
	2010	10.68	3.00	5.38	6.89	7.47	8.06	8.00
	2011	11.95	3.68	8.18	8.82	3.39	4.63	8.99
Total hours of sustainability training	2009	208,650	10,214	50,704	60,628	8,688	63,234	402,118
	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

There was a focus on anti-corruption training in Latin America, with courses being held in Chile, Peru and Colombia involving 3,708 people.

Employees receiving anti-corruption training by country in %



- 106 people were involved in the New Challenges programme for selected employees, with a total of 1,330 hours of training.
- ENDESA has given training to staff involved in the Remote Management Project, significantly increasing the efforts of the previous year to reinforce the necessary technical knowledge and skills. A total of 1,106 employees received 10,848 hours of training. In addition, a total of 116,154 hours of Technical Training were given to 7,971 participants.
- In addition to the 51,831 hours of training for the 2,619 people involved in technical training, a key area of training in Generation is the Safety Culture programme which has been in place since 2007; 40 workshops were held under this programme in 2011. Our technical training for hydroelectricity production staff has been redesigned in accordance

with the new professional qualifications approved at the European level, and the training of people responsible for the non-mainland electricity system has been reinforced to avoid incidents resulting from voltage falling to zero.

- The Marketing Department has given 51,226 hours of training involving 3,541 participants, 46% of whom were from the Sales and Marketing Division.

3.3.5. Assessing training processes

In 2011, a total of 1,091,304 hours of training were given, of which 85.25% (930,381) were classroom based and 14.75% (160,922) online. On average, each employee received 47.70 hours of training.

A total of 19,022 employees received training during the year, 83.14% of the workforce. Of these, 79% were men and 21% were women. In 2011, we invested a total of Euro 1,715,717.75 in training, 65% more than in 2010.

Training given in 2011

	Spain and Portugal	Argentina	Brazil	Chile	Colombia	Peru	Total
Total hours of classroom and distance (online) training	497,917	50,269	253,569	158,144	100,504	30,901	1,091,304
Trainer hours	1,540	432	1,440	1,872	800	320	1,872
People trained	9,794	1,891	2,683	2,075	1,842	737	19,141
Participation	39,234	4,686	15,852	6,419	6,110	3,249	76,550
Number of events	3,668	702	1,739	1,041	477	605	8,149
Investment in external training (Euro thousands)	1,089,823	166,743	164,476	165,967	72,658	43,651	1,703,270

Number of training hours by type

		Spain and Portugal	Latin America	Total
Online management training	2009	5,000	22,630	27,630
	2010	15,882	21,086	36,968
	2011	7,998	9,011	17,009
Classroom management training	2009	52,340	137,200	189,540
	2010	52,626	78,165	130,791
	2011	35,923	99,110	135,032
Online technical/specific training	2009	128,630	73,790	202,420
	2010	114,965	40,772	155,737
	2011	108,817	35,097	143,914
Classroom technical/specific training	2009	398,870	483,860	882,730
	2010	360,983	389,259	750,242
	2011	345,180	450,169.71	795,349

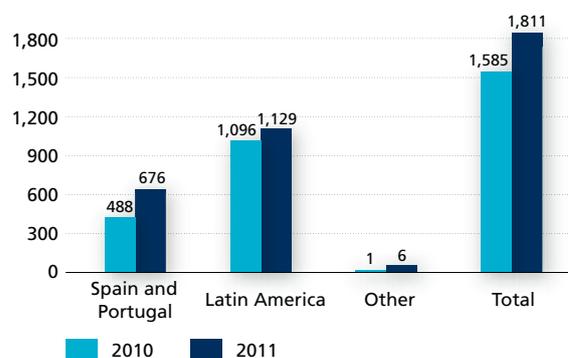
Average hours of training per employee, by gender and professional category

	Spain and Portugal	Argentina	Brazil	Chile	Colombia	Peru	Total
Executive training							
2010	51.52	54.01	102.50	49.57	1.68	49.60	53.03
Male	48.90	55.80	100.50	48.20	1.90	52.70	51.36
Female	70.80	32.40	115.60	77.00	0.90	35.60	65.63
2011	61.63	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
Middle management training							
2010	58.85	32.49	82.23	57.02	61.50	41.66	59.21
Male	56.7	56.7	87.3	57.6	67.2	47.0	61.45
Female	64.9	64.9	72.3	54.6	51.0	26.1	59.56
2011	67.38	27.89	127.26	75.83	54.10	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
Administrative and office staff training							
2010	37.04	8.14	52.64	37.20	58.41	19.03	34.05
Male	38.6	8.7	45.7	38.4	62.0	21.4	34.42
Female	29.4	4.9	81.3	33.3	41.4	10.5	32.74
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
Manual worker training							
2010	28.25	1.74	29.38	0	22.49	25.75	27.99
Male	33.5	1.9	34.6	0	23.1	23	33.07
Female	12.5	0	4.5	0	7.5	28.5	12.47
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

3.5. Attracting and retaining talent

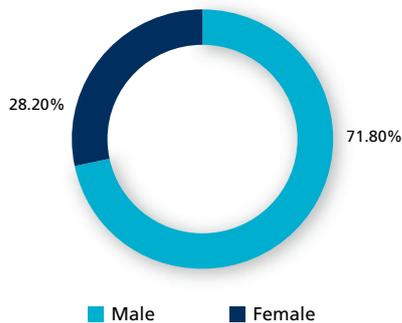
ENDESA has had a Global Talent Attraction Policy since 2008.

In 2011, the Company added 1,811 employees, 88% of whom are local employees (people born or with permanent residency in the same geographic market as the operation). 35.8% of these new employees were in Spain and Portugal, with the remaining 64.2% in Latin America. 35.7% of these new employees were managers and middle managers. 79.17% of executives come from the local community.

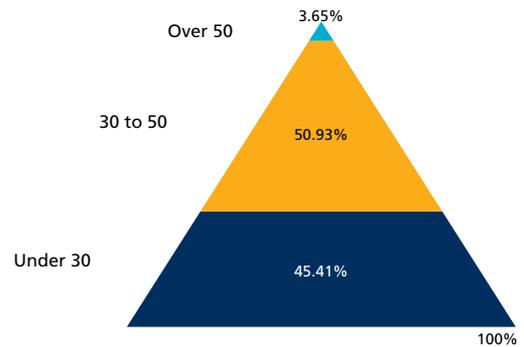
Number of new hires*

* 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 2011.

New hires



New hires age pyramid

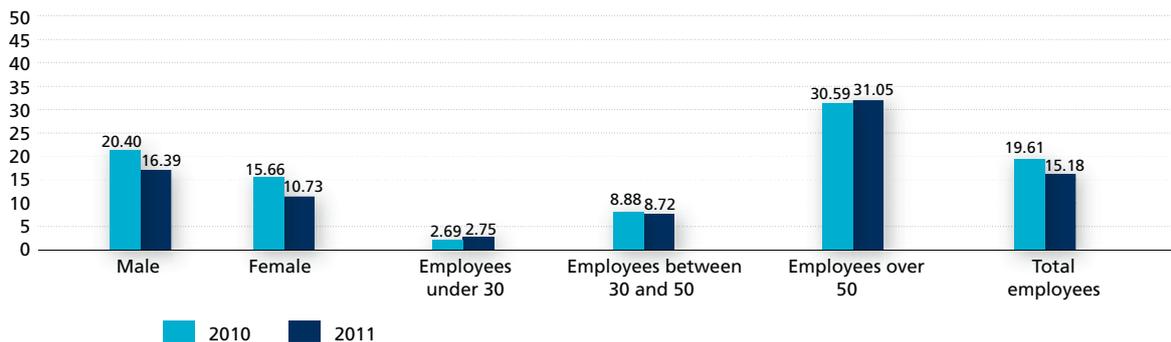


Over 70% of the new employees were men, 45% of them were under 30 years old and 51% were in the 30 to 50 age range.

With regard to departures, in 2011 3,666 contracts terminated, of which 3,231 were retirements, 85 were for voluntary redundancy, 314 were resignations and 36 were dismissals. 1,172 of the contracts that terminated were in Spain and Portugal, with the remainder in Latin America.

Average length of service of employees leaving the Company in 2011 by gender and age

Years



(1) Includes resignations, voluntary redundancy and retirements

Contract termination, by gender

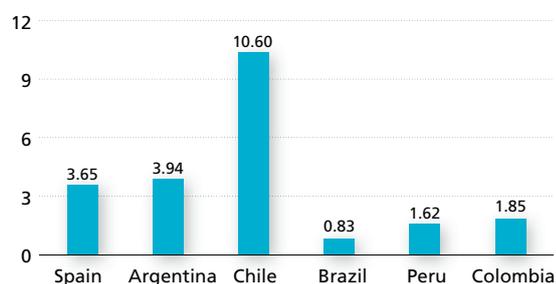
		Spain and Portugal	Argentina	Chile	Brazil	Peru	Colombia	Morocco	Total
Total women leaving workforce (resignation, redundancy and retirement)	2009	32	No figures available	No figures available	122	64	83	No figures available	301
	2010	168	23	61	69	21	57	No figures available	399
	2011	191	42	185	137	71	162	1	789
Total men leaving workforce (resignation, redundancy and retirement) (no.)	2009	457	No figures available	No figures available	403	160	200	No figures available	1,223
	2010	1,100	136	293	218	99	134	No figures available	1,980
	2011	981	160	742	289	332	372	1	2,877
Total women leaving compared to women in workforce (%)	2009	0.24	No figures available	No figures available	16.27	22.30	16.10	No figures available	No figures available
	2010	7.02	4.91	10.20	9.09	7.53	10.50	No figures available	7.89
	2011	7.8	8.6	38.2	20.2	31.4	38.2	100	16.6
Total men leaving compared to men in workforce (%)	2009	3.40	No figures available	No figures available	17.73	16.70	14.30	No figures available	No figures available
	2010	11.22	4.86	11.95	9.97	10.78	9.38	No figures available	10.06
	2011	10.6	5.4	38.8	13.8	52.12	31.6	0.00	15.9

Contract termination, by age

		Spain and Portugal	Argentina	Chile	Brazil	Peru	Colombia	Ireland	Morocco	Total
Number of employees under 30 leaving company (1)	2009	29	73	113	182	119	57	0	No figures available	573
	2010	155	36	111	76		54	55	0	487
	2011	50	35	161	106	79	181	No figures available	0	612
Number of employees (1) between 30 and 50 leaving company	2009	275	86	231	261	94	201	0	No figures available	1,151
	2010	172	52	211	139		131	0	0	705
	2011	263	92	639	247	269	329	No figures available	2	1,841
Number of employees over 50 leaving company (1)	2009	436	120	123	82	11	25	3	No figures available	800
	2010	1,098	71	64	72		17	0	0	1,322
	2011	859	75	127	73	55	24	No figures available	0	1,213
Total number of employees under 30 years old	2010	1,730	500	549	501	104	482	109	2	3,977
	2011	612	602	252	420	49	201	113	No figures available	2,249
Total number of employees between 30 and 50 years old	2010	6,984	1,852	1,865	1,988	818	1,314	0	0	14,821
	2011	7,238	1,886	1,532	1,860	561	1,193	No figures available	2	14,272
Total number of employees over 50 years old	2010	3,480	912	635	457	275	175	0	0	5,934
	2011	3,777	949	580	483	252	190	0	0	6,231
% of employees leaving company (1) aged under 30 compared to total workforce in this age group	2009	4.33	14.37	24.73	32.44	96.75	17.54	0.00	No figures available	No figures available
	2010	8.96	7.20	20.22	15.17	0.00	11.20	50.46	0.00	12.25
	2011	8.18	5.81	63.89	25.24	161.22	90.05	0.00	No figures available	27.22
% of employees leaving company (1) aged between 30 and 50 compared to total workforce in this age group	2009	3.44	4.75	11.86	12.79	10.94	15.61	0.00	No figures available	No figures available
	2010	2.46	2.81	11.31	6.99	0.00	9.97	No figures available	No figures available	4.76
	2011	3.63	4.88	41.71	13.28	47.95	27.58	No figures available	100.00	12.90
% of employees leaving company (1) aged over 50 compared to total workforce in this age group	2009	10.77	13.38	19.97	19.43	4.45	13.97	2.70	No figures available	No figures available
	2010	31.55	7.79	10.08	15.75	0.00	9.71	No figures available	No figures available	22.28
	2011	22.74	7.90	21.90	15.11	21.83	12.63	No figures available	No figures available	19.47

83%
of executives come from
internal promotions

Wherever possible, ENDESA covers vacancies through internal promotions, giving priority to employees who have performed exceptionally. In 2011, 18 new executives were appointed in ENDESA, of whom 15 were internal promotions.

Changes in category or level in 2011 % of total employees

3.5.1. Employment Forums

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

In 2011, the Company took part in a number of employment fairs, manning information stands and taking part in talks, presentations and group activities, among others.

Employment Fairs in Spain 2011

Universitat Politècnica de Catalunya-Barcelona Tech.

Spanish Engineering Institute.

University of Seville Higher Engineering School.

University of Zaragoza.

Universidad Politécnica de Madrid (UPM).

Carlos III University, Madrid.

Comillas University, Madrid.

ENDESA also took part in employment fairs and forums in Argentina, Chile, Colombia, Peru and Brazil. In addition, the Company's facilities have been visited by universities from Brazil and Peru.

Employment Fairs in Latin America 2011

Argentina: UADE-UCA-UBA-UTN and Ditella University.

Chile: Federico Santa María Technical University, Adolfo Ibáñez University, the Catholic University of Chile and the University Engineering and Economics Faculty.

Colombia: the Avanza Fair 2011, University of los Andes MBA, the National University, la Sabana University and Colombiana Engineering University.

Peru: the INCAE Fair, PUCP Fair, Business School, University of Lima, University of Esan, Pontificia Católica University of Peru, National Engineering University and Callao National University.

To attract young talent, ENDESA carried out a scholarship programme to help train recently-graduated young people and facilitate their inclusion in the business world.

In 2011, 1,239 people took part in the scholarship programme, of whom 11 were from Spain, 16 from Argentina, 512 from Brazil, 271 from Chile, 133 from Colombia and 196 from Peru.

3.5.2. Hiring

ENDESA encourages participation in its hiring processes, providing opportunities for people looking for new learning and professional development opportunities. The Company

has a number of communication and promotion tools for internal job offers.

In 2011, the Company created 899 opportunities, in which 7,356 ENDESA employees were involved. Of these, 703 have continued their professional development.

3.5.2.1. 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 contracts the people needed to facilitate its business continuity. In 2011, it had 176 such needs for specific support in Spain, and 368 throughout the Company. These situations require a rapid response and are handled through specialist employment agencies.

3.5.2.2. International mobility

ENDESA's commitment to mobility, as a company in the Enel Group, resulted in an increase in international mobility in 2011, with a larger number of transfers between Italy and Spain, transfers between Latin American countries and from Latin America to Spain and Italy.

This has meant an increase in international mobility, with a total of 119 international assignments and 30 repatriations.

In 2011, the Enel Group established the basis for its new international mobility policy, the main focus of which is promoting professional development in order to spread the Group's multinational culture.

In 2011, the Enel Group established the basis for its new international mobility policy, the main focus of which is on promoting professional development in order to spread the Group's multinational culture.

The *Twin Exchange Program* has been expanded. This initially applied to Distribution but in 2011 it incorporated Human Resources and Organisation, Finance, Genera-

tion (coal-fired and combined cycle), Supplies and Energy Management. The main objectives of this programme are professional development, creation of a group of experts with the capacity to work in international settings, sharing of know-how and best practices and fostering of innovation.

A training and development programme has also been initiated in the nuclear engineering area in the United States, through the creation of a centre of excellence for RDI.

3.5.2. Remuneration policy

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

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

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

		Spain & Portugal	Argentina	Chile	Brazil	Peru	Colombia	Ireland	Morocco	Total
Management	2009	No figures available	69,890	115,216	109,317	78,255	94,733	143,100	No figures available	610,511
	2010	185,153	84,426	123,302	112,266	84,587	109,519	178,730	91,579	784,409
	2011	172,837	103,526	162,342	108,270	96,802	122,087	158,124	86,100	1,010,086
Middle management	2009	No figures available	23,029	34,192	42,020	19,888	25,643	124,900	No figures available	269,672
	2010	72,712	27,819	36,592	43,154	21,497	29,646	131,165	119,932	482,517
	2011	67,597	34,112	48,177	41,618	24,601	33,048	163,798	0	412,951
Administrative and office staff	2009	No figures available	13,677	17,068	21,760	11,152	7,945	85,900	No figures available	188,247
	2010	52,093	16,521	18,266	22,347	12,054	9,185	0	0	130,466
	2011	44,999	20,259	24,049	21,552	13,795	10,239	0	0	134,892
Manual workers	2009	No figures available	6,746	9,913	15,002	12,459	5,739	73,400	No figures available	123,259
	2010	39,407	8,149	10,609	15,407	13,467	6,634	102,265	0	195,938
	2011	34,412	9,993	13,968	14,859	15,412	7,396	106,705	0	202,743
Average	2009	No figures available	15,778	31,125	29,034	16,214	17,549	76,000	No figures available	185,700
	2010	59,413	19,059	33,310	29,817	17,526	20,288	105,469	110,481	395,399
	2011	52,760	23,371	43,856	28,756	20,057	22,616	111,981	86,100	389,496

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

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

		Spain & Portugal	Argentina	Chile	Brazil	Peru	Colombia	Ireland	Morocco	Total
Management	2009	No figures available	51,775	80,487	114,308	83,544	77,251	64,300	No figures available	471,665
	2010	157,060	62,543	86,137	117,392	90,305	89,309	178,730	0	781,476
	2011	132,459	76,692	113,409	113,213	103,345	99,557	158,124	86,100	882,899
Middle management	2009	No figures available	20,023	27,472	39,347	15,776	22,986	0	No figures available	212,446
	2010	62,228	24,188	29,400	40,408	17,052	26,574	0	0	199,850
	2011	59,690	29,660	38,708	38,970	19,515	29,624	0	0	216,166
Administrative and office staff	2009	No figures available	12,418	14,799	16,392	10,888	8,312	36,000	No figures available	98,809
	2010	47,952	15,001	15,838	16,835	11,769	9,610	0	0	117,005
	2011	44,653	18,394	20,852	16,235	13,468	10,713	0	0	124,315
Manual workers	2009	No figures available	4,376	0	9,997	17,791	5,124	43,600	No figures available	80,888
	2010	37,635	5,287	0	10,267	19,230	5,923	102,265	0	180,607
	2011	35,956	6,483	0	9,902	22,007	6,603	106,705	0	187,656
Average	2009	No figures available	14,443	22,040	29,621	14,937	19,257	39,200	No figures available	139,498
	2010	52,488	17,447	23,587	30,420	16,146	22,262	108,147	0	270,497
	2011	49,529	21,393	31,055	29,337	18,477	24,817	110,483	86,100	371,191

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

permitted. Any individualisation results solely from the results attained and contributions made by individuals.

For management and other key personnel, all remuneration processes are based on merit, performance and the attainment of concrete and tangible targets and results. Following the 2011 salary review, remuneration for managers is, on average, in line with market conditions in each country.

In 2011, the Enel Group launched a new remuneration policy through social benefits for its executives as a result of implementation of the Management Model, in order to standardise the conditions of this group worldwide. The objective of this is for all of the Company's executives covered by the Management Model to receive the same social benefits: such as corporate cars, long-term incentives, healthcare and pension plans.

In 2011, the 2nd ENDESA Loyalty Plan programme was launched, providing long-term incentives for 2011-2013, conditional on achieving the Company's objectives. This programme is aimed at 1,300 executives and selected personnel, and has now been extended to Latin America for the first time.

3.5.3. Pension Plan

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

ENDESA has pension commitments with its current employees, employees taking early retirement, and retired employees; these amounted to Euro 7,805 million at the end of 2011.

The Company has externalised all its pension commitments in those countries where this is mandatory. A total of Euro 5,408 million was contracted out at the end of 2011, of which the pension plan of ENDESA amounts to Euro 2,400 million for 23,061 participants and beneficiaries. Pension plans managed in Latin America total Euro 697 million.

Average fixed salary of women compared to men

%

		Spain and Portugal	Argentina	Chile	Brazil	Peru	Colombia	Ireland
Management	2009	No figures available	74	70	105	107	82	45
	2010	85	74	70	105	107	82	100
	2011	77	74	70	105	107	82	100
Middle management	2009	No figures available	87	80	94	80	90	0
	2010	86	87	80	94	80	90	0
	2011	88	87	80	94	80	90	0
Administrative and office staff	2009	No figures available	91	87	75	98	105	42
	2010	92	91	87	75	98	105	0
	2011	100	91	87	75	98	105	0
Manual workers	2009	No figures available	65	No figures available	67	143	90	60
	2010	96	65	0.0	67	143	90	100
	2011	105	65	0.0	67	143	90	100
Average	2009	No figures available	92	71	102	92	110	52
	2010	88	92	71	102	92	110	103
	2011	94	92	71	102	92	110	99

The Company currently only has pension plans in Spain and Brazil, of which a total of 16,484 employees are beneficiaries. In 2011, ENDESA contributed Euro 41.7 million to the pension plans of its employees in Spain, and Euro 15.1 million in Brazil.

The remaining obligations externalised relate to commitments for headcount reduction plans through insurance policies in Spain. Non-externalised commitments total Euro 2,397 million.

On 1 December, ENDESA's Employee Pension Plan manager became a formal signatory of 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:

4. Dialogue and responsible people management in 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.

To further these objectives, in 2011 the Company prepared its Commitment to Employees, which covers six points:

Commitments to our people

- | | |
|------------------------------------|---|
| 1. Occupational health and safety. | 4. Communication and Dialogue with employees. |
| 2. Management of people and teams. | 5. Social dialogue. |
| 3. Diversity and Commitment. | 6. Organisation, Planning and Efficiency. |

Social benefits not required by law

Euro

		Spain and Portugal	Argentina	Chile	Brazil	Peru	Colombia	Ireland	Total
Medical care	2009	5,310.9	497.9	3,389.7	7,648.7	553.4	805.8	0	18,206.3
	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
Cultural and recreational activities	2009	211.8	0	1,209.8	No figures available	362.3	567.2	0	2,351.1
	2010	161.0	0	3,303.0	No figures available	470.4	429.3	No figures available	4,363.7
	2011	751.1	0	2,810.5	No figures available	564.7	525	No figures available	4,651.5
Financing of electricity consumption	2009	19,657.5	0	652.9	No figures available	0.4	70.3	0	20,381.1
	2010	22,215.4	0	810.5	No figures available	2.3	399.0	No figures available	23,427.2
	2011	11,760.3	0	n/a	No figures available	0	107	No figures available	11,867
Non-occupational accident insurance	2009	561.5	18.0	n/a	385.4	5.4	43.4	0	1,013.7
	2010	973.9	973.9	1,382.4	352.9	0	40.4	No figures available	3,723.5
	2011	2,854.1	161,953.8	n/a	418.0	0	62	No figures available	165,287.7
Pension funds	2009	66,292.4	0	n/a	No figures available		2,823.3	656.0	69,771.7
	2010	65,178.5	0	807.9	0	0	2,766.6	No figures available	68,753.0
	2011	66,558.8	0	1,431.9	No figures available	0	3,479	No figures available	71,469
Others (for example: (seniority bonus, wedding and housing allowances, etc.))	2009	13,463.6	73.4	1,393.8	No figures available	185.0	2,733.7	400.0	18,249.5
	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
Number of employees benefiting from these policies	2009	13,209.0	2,628.0	2,936.0	3,069.0	1,222.0	1,313.0	164.0	24,541.0
	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

The objective is for these commitments to create a benchmark framework through which ENDESA can successfully manage its current and future business challenges. In addition, it also details commitments and aspirations relating to management of people, and is fully in line with the Strategic Sustainability Plan, and particularly its Internal Social Dimension; the Code of Ethics; the Zero Tolerance for Corruption Plan; the Leadership Model; international commitments under the United Nations Global Compact; the Tripartite Declaration and the Social Policy of the International Labour Organisation; and legislation in each country. We consider these to be minimums to be complied with and respected, and our determination to exceed these is clear.

In 2011 a dialogue channel known as InterRHactúa was launched

As part of our internal Human Resources and Organisation communications strategy, we have set up a dialogue channel (InterRHactúa).

Led by the General Manager of Human Resources and Organisation, this channel aims to explain what is being done in each area, why and for whom, the context, how and when it will happen and how much it will cost. The objective of this 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.

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

In line with the aims of ENDESA's 2008-2012 Sustainability Plan and its human resources policy, the Company has drawn up and approved a Global Corporate Social Responsibility Plan with regard to human resources, the Senda Plan, which it further developed in 2011.

Employees as stakeholders



The Senda Plan strives to advance the development of a culture of social responsibility in management of human resources. Its main objectives are to:

- Foster a culture of responsibility, inclusion and commitment in the organisation based on respect and the development of people and involvement in the social challenges of the community.
- Increase peoples' commitment and satisfaction as a vehicle for optimising their performance and productivity.

The Senda Plan sets out strategic lines, areas for action and objectives for 2011-2012 in the following fields:

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

The Plan expressly envisages actions to extend human resource management policies and practices to the entire supply chain.

The Global Senda Plan is being rolled out locally through local Senda Plans for Argentina, Brazil, Colombia, Chile, Spain and Peru.

Under this Plan, in 2011 a range of initiatives were developed, including the introduction of telework in the genera-

tion business in Colombia, Brazil and Argentina; identification of actions appropriate for a Family-Friendly Company in the countries where ENDESA operates; and the development of targets to increase the number of women hired.

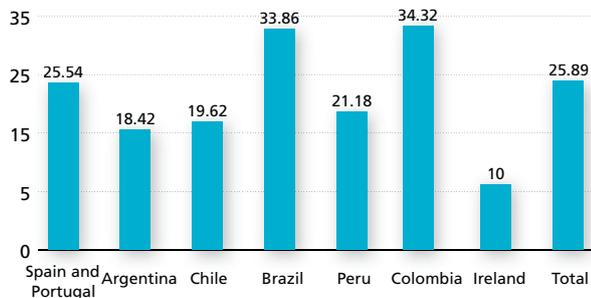
5.1.1. ENDESA's strong commitment to equality

ENDESA is firmly committed to the principles of gender equality and non-discrimination.

There were no incidents relating to discrimination in the Company in 2011.

As in previous years, in 2011 the Company set objectives for increasing the percentage of women hired. This has yielded very positive results: the overall index of female hiring compared to total hiring improved by 3.5 points in 2011, rising from 26.5% in 2010 to 28% in 2011. In Spain, this index improved from 34.9% to 39.5%, whilst in Latin America it reached 22.07%. Furthermore, the number of women in executive and middle-management posts increased to 25.9%. In total, in 2011 some 22% of ENDESA's employees were female, two points higher than in 2009.

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



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 agreement.



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, in 2011 the Company prepared the annual monitoring report needed to maintain this recognition.

The Ministry of Health, Social Policy and Equality has recognised ENDESA's commitment to equality

In May, the Ministry of Health, Social Policy and Equality awarded ENDESA the "Equality in the Workplace" seal, which recognises organisations that are deeply committed to gender equality.

Jose Luis Puche, the General Manager of Organisation and Human Resources, accepted the award on behalf of the Company. ENDESA is one of six IBEX-35 companies to receive this accolade. A total of 36 companies were awarded the seal, out of 600 applicants.



The former Spanish Minister of Health, Social Policy and Equality, after awarding the equality seal to José Luis Puche, ENDESA's General Manager of Organisation and Human Resources.

In order to protect victims of domestic violence, the Control Committee for ENDESA's Employees Pension Plan signed an agreement by which any employee convicted of a crime of domestic violence will no longer be a beneficiary of compensation for death under the plan.

In Latin America, Chile has continued to develop the IGUALA agreement to foster a culture of equal treatment for men and women at work and to introduce best practices in this area. In addition, other specific actions are being implemented to facilitate work-life balance and sexual equality.

Our Latin American subsidiaries are now members of the United Nations Global Compact, having signed up in 2011 individually to the United Nations Women's Empowerment Principles (WEPs), which ENDESA itself signed in 2010. The objective of this is to empower women to participate fully in economic life across all sectors and throughout all levels of economic activity, which is essential for building strong economies, establishing more stable and just societies, and achieving internationally-agreed goals for development, sustainability and human rights, among other objectives.

Our Latin American subsidiaries are now members of the United Nations Global Compact, having signed up in 2011 individually to the United Nations Women's Empowerment Principle, which ENDESA itself signed in 2010

In 2011, ENDESA took part in the third annual event held by the United Nations and UN Women, entitled *Equality Means Business: Putting Principles into Practice*, which was held in New York on 9 and 10 March 2011. ENDESA also took part in a work group created by signatories of the WEPEs to share best practices relating to equality.

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 2011, it established a number of new initiatives:

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 2,442,822 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 **Spain**, we have created the Work-Life Balance mail box, an internal communications channel for proposals, suggestions and experiences relating to work-life balance. 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, the Company has promoted activities to spread the concept of work-life balance to all the countries where it operates.

Likewise, the Company has also identified flexible working actions. For example, in Argentina employees are given half a day off on their birthdays, whilst in Colombia they are granted three hours paid leave per month for health-related issues.

Telework constitutes a further step in ENDESA's commitment to maintaining and developing a framework of relations based on confidence, responsibility and flexibility with its employees. After initial pilot studies, telework programmes have now been introduced in the generation business in Brazil, Colombia and Argentina. For example, 156 employees in Colombia have registered in the first round of the "Home Office 2012" programme.



Chilectra is now in third place in the national league table for "The best companies for working fathers and mothers"

80%

more people took advantage of paternity leave rights than in 2010

The Distribution business in Argentina and Peru has also implemented the pilot scheme, and feedback questionnaires have been completed in Spain with very satisfactory results.

Other significant work-life balance actions in Latin America:

In **Colombia** the second phase of the Quality of Life Plan has been launched, establishing new scenarios for balancing work and personal life, including initiatives such as the Pre-Retirement Scheme, which 65 people have taken part in.

In **Brazil**, the Healthy Living Programme has developed activities to help employees look after their health and reduce stress; this programme is receiving 90% satisfaction ratings.

Among other activities, in **Argentina** visits to work centres by employees' children were organised during the holiday period.

In **Chile**, talks and workshops were organised for parents of children under 9 years old, entitled "Better parents, better workers: Parenting skills development programme". These

efforts have been recognised by the media, such as the magazine Ya, the El Mercurio newspaper and bodies such as the Chile Unido Foundation, which placed Chilectra in third place in its national rankings of the "Best companies for working parents".

In 2011, 189 women took maternity leave and 282 men took paternity leave, with 80 more people exercising their right to paternity leave than in 2010. No data is available for Argentina and Brazil.

5.1.3. Commitment to people with different capabilities and those at risk of social exclusion

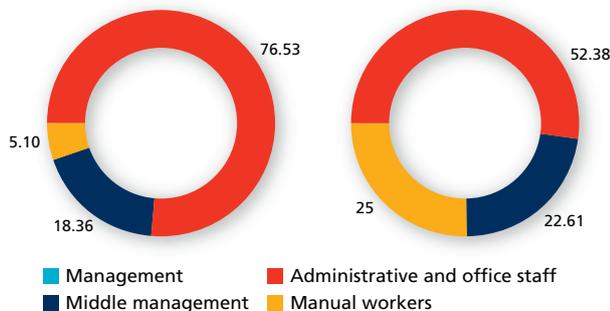
ENDESA also takes actions to integrate people with disabilities: hence, the workforce includes 182 differently-abled members of staff. With 98, Spain has the most people with disabilities in its team, followed by Brazil with 71, Chile with 8, Colombia with 3 and Peru with 2. Furthermore, in 2011 an additional four people with disabilities were directly hired in Spain.

Employees returning to work and retained following maternity or paternity leave, by gender in 2011

	Spain and Portugal	Chile	Peru	Colombia	Total
Employees taking paternity leave	204	0	16	62	282
Employees taking maternity leave	122	25	14	28	189
Employees returning to work following paternity leave	204	0	16	62	282
Employees returning to work following maternity leave	116	25	14	28	183
Number of employees returning to work following paternity leave still working 12 months after their return	204	0	15	0	219
Number of employees returning to work following maternity leave still working 12 months after their return	122	25	12	0	159

The integration of people with disabilities plan is performing well

People with disabilities by professional category %



Spain has a Plan for the Integration of People with Disabilities, under which the following actions have been taken:

- Subcontracting of auxiliary services for the main offices of ENDESA in Spain to the Sifu Group, providing jobs to 119 people with disabilities.
- 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 with a value of Euro 3,047,647.07, a 17% increase on the previous year.
- The open days on disability-related issues organised by the Randstad Foundation in 2011 identified six cases of people with disabilities.
- Continuation of the Family Plan, providing help and support to employees with family members with some form of disability, giving them opportunities to develop skills, capabilities and attitudes to boost their social and employment integration.
- Continued collaboration with the Universia Foundation to reduce the low proportion of people with disabilities

in universities. ENDESA contributed to this by sponsoring grants to students with disabilities, and also sat on the jury which this year assessed 490 requests.

- Signature of a new partnership agreement with the Prevent Foundation to promote the integration of people with disabilities into employment in ordinary companies through specific work experience programmes for students and interns with disabilities.
- A day of leisure events for our employees' disabled children in order to promote interaction between people with and without disabilities, offering healthy leisure activities outside their usual environment.

In Latin America, ENDESA is continuing to develop its Integration Plan for people with disabilities in its companies.

In Argentina, newsletters are being published in Braille, in partnership with CONADIS (the National Advisory Commission for the Integration of the Disabled). Also, in order to promote art and culture, and to integrate people with different abilities, the Company provides an alternative space for artistic expression in its sales offices, and holds exhibitions under its "EDESUR and Culture" programme.

In Brazil, an awareness campaign was organised for managers and employees, with the backing of the Brazilian Institute for the Rights of Disabled People (IBDD), on the importance of inclusion and the benefits of diversity in the workplace.

ENDESA takes part in the Madrid Employment and Disability Fair

ENDESA took part in the Employment and Disability Fair for the fourth year in a row at the IFEMA exhibition centre.

This Fair is organised by the Madrid region's Education and Employment Department working with the Social Affairs Department; it is co-financed by the European Social Fund

This is the second time that ENDESA has had its own stand at the Fair, which it used to highlight the Company's activities that demonstrate its commitment to the social and employment integration of people with disabilities. The stand was also used to collect the CVs of a large number of visitors.

In the area of social exclusion, ENDESA signed a Work Training Programme with the Adecco Foundation for young people with low incomes who will receive comprehensive training in job seeking in tandem with workforce integration projects (coaching, corporate volunteer initiatives). The programme will be rolled out in all countries where ENDESA operates.

5.2. Improving the workplace environment

In December 2010, ENDESA launched its first Enel Group Workplace Environment Survey, in which 77% of employees participated, with a level of commitment of 83.5%. This was used as the basis for the 2011-2012 Workplace Environment Improvement Action Plan, which has been communicated to all ENDESA personnel. Two actions plans have been defined in order to reinforce the areas for improvement detected in the survey; these are planned to be completed in November 2012:

- Global Workplace Environment Action Plans: these actions focus on areas for improvement identified by ENDESA and defined by general managers. A total of 191 actions have been identified, of which 45% had been completed at 31 December 2011.
- Actions by ENDESA Business Units: these are specific actions defined by each manager to improve the workplace environment in their direct areas of responsibility. These initiatives are designed by the teams jointly with their manager, and only apply to that specific business unit. A total of 1,368 such actions have been identified, of which 84% have been initiated, 11% have been completed and 5% remain to be started.



5.3. Social dialogue

Working conditions at ENDESA are regulated by collective 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 four collective agreements in effect in Spain and Portugal at the end of 2011, covering 11,702 people, 93.6% of the workforce. A Collective Agreement that will cover 141 employees is currently being negotiated.

Some of the main collective bargaining agreements in 2011 include:

- Inclusion of Enel Energy Europe, S.R.L in ENDESA's Third Framework Collective Agreement and the Framework Agreement ensuring labour conditions for ENDESA SA and its electricity subsidiaries with registered offices in Spain.
- Adaptation and operational restructuring of the Control Centres in the Canary Islands, Aragón and the Balearic Islands.

The third general union elections for Spain were held on 14 February 2011, following the consolidation of the current organisational and structural model. These elections affected a total of 10,435 employees working in 538 work centres belonging to 16 different companies. The UGT union received 52.45% of the delegates elected; the CCOO union 35.18%; and the ASIE union was third with 11.56%.

ENDESA guarantees freedom of association for its workers

In Spain, Chapter XII of ENDESA's Third Framework Collective Agreement, on Prevention of Occupational Risks, establishes a number of consultative and participatory bodies for workers for the prevention of occupational risks. Point 02.4 of this chapter states:

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

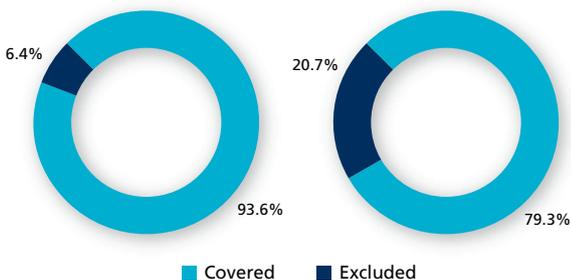
5.3.2. Latin America

There are 45 collective agreements involving companies in the ENDESA Group in Latin America; 8 of these are in Argentina, 10 in Brazil, 17 in Chile, 3 in Colombia, 6 are in Peru and 1, although it was agreed in Spain, covers employees who work for the parent company in Latin America. In total, these agreements regulate the working conditions of 8,769 employees.

In 2011, 22 collective agreements were negotiated. Of these, 3 were in Argentina, 9 in Brazil, 8 in Chile and 2 in Colombia. These agreements cover 4,722 employees in Latin America, 42.01% of the workforce.

The collective agreements in all countries require the Company to 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.

Employees covered by collective bargaining agreements



ENDESA's Code of Ethics condemns child and forced labour, and this extends to its suppliers.

6. Protection of Human Rights

As a signatory to the United Nations Global Compact, ENDESA demonstrates its commitment to protecting human rights.

The Company's Sustainability Policy promotes compliance with these principles. The commitments it has undertaken include health and safety and personal and professional development for everybody working in the Company, a commitment to good governance and ethical conduct, and a commitment to social and economic development in the communities in which ENDESA operates.

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

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

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

Argentina

All ENDESA and contractor employees comply with current employment legislation in Argentina relating to child labour,

in alignment with the ILO. Workplace inspections are carried out to ensure such compliance. EDESUR and Endesa Costanera S.A. have promoted a certification campaign under the OHSAS 18001 standard with their contractors, and all contracts include clauses referring to the Principles and the Code of Ethics.

Brazil

The Company provides ethical channels on its intranet (links to government agencies) for reporting child and forced labour, and also provides access to the main laws in these areas.

Colombia

Working with the Local Network of the UN Global Compact in Colombia and the Business Administration Faculty of Colombia's Externado University, the "First Steps in CSR" programme has been launched with three basic objectives: promoting management training for students so that their future company management will be responsible; encouraging the short- and medium-term implementation of CSR criteria in SMEs; and understanding management practices in SMEs in order to improve and/or consolidate the sustainable competitiveness of these companies.

Peru

Checks have been carried out on all contractors' employees registered in the database to ensure that they are of legal age. In addition, daily safety audits are carried out in order to check that no minors are working on site and that there is no forced labour.

In 2011, 46 human rights complaints were received in Brazil: 7 of these came from external stakeholders and 14 from internal personnel. By the end of the year, 38 of these complaints had been processed, with infringements being found in 5 cases and no infringements in the other 33. No human rights complaints were received in any other countries.

ENDESA is opposed to child and forced labour, and is committed to international standards such as the United Nations Global Compact, promoting a working environment that respects human rights in all the countries where it operates. Furthermore, ENDESA extends this approach to all of its contractor companies, suppliers and business partners. As a result of this approach, in 2011 no incidents occurred affecting the rights of indigenous communities.

7. Information and asset security

In 2011 ENDESA adopted a new security model covering two major areas: Asset Security and Information Security.

The role of the Information Security area is to protect Company assets, such as information, image, business processes and knowledge, which, in this case, are intangible. This body is also responsible for ensuring that information access rights are applied correctly in the Company.

The tasks of the Asset Security area include physical protection of people and facilities from aggression; the development of the intelligence system; analysis of security risks; management of access control; and Help Services for Travelers and Expatriates.

7.1. Main activities in 2011

7.1.1. Information Security

- Training and awareness raising in best practices to avoid unnecessary risks involving information.
- A compliance plan has been prepared by Peruvian companies as a result of Peru's Personal Data Protection Act becoming law.
- Security clauses have been included in contracts with third parties involving information exchanges, and controls have been established for when commercial information has to be sent to external companies.
- Implementation of a procedure for the classification and handling of sensitive information, with an IT tool that enables management of access rights to such information .
- Start up of the incident and company reputation management system due to the alleged fraud committed by third parties against ENDESA customers through the use of information.
- Implementation of Enel's *need to know* and *need to do* principles, which has helped monitor users with excessive access privileges for critical and confidential information.
- Implementation of a project, together with the distribution business, on data protection for people and business processes related to new remote management systems (*Smart Meters*).

- Start of the process and establishment of the basis for ENDESA's compliance with legislation on Protection of Critical Infrastructure in Spain.
- A total of 46 questions related to information security have been dealt with by the Information Security Office.
- Preparation of a single Master Security Policy for the whole group, working with Enel's Security Department, helping to create *One Company*.
- Creation of a 4-year Master Plan in tune with ENDESA's objectives and those of each of its businesses; this will act as a guide to the activities to be carried out in this area over the medium term.

7.1.2. Asset Security

In 2011, ENDESA embarked on an information and communication campaign for its Security Master Plan; this will now form the basis for development of all future security plans. This plan encompasses the following key projects: the creation of country security management centres; management of access control to facilities; analysis of risks at different facilities; preparation of crisis-management and business-continuity plans; standardisation of security systems; travel and expatriate help services; and the establishment of intelligence and information services.

Spain

- As a result of the application of a series of measures, in 2011 ENDESA managed to put a brake on the increasing cost of thefts of copper from EDE installations, reducing this by 1% compared to 2010. One of the main measures was the joint Action Plan with the business lines and the cooperation plan with state police and security bodies (more than 300 T of copper were seized), for whom a video on the prevention and investigation of robberies of copper from electrical installations was prepared and distributed.
- Implementation of the Quality Plan by all security services.
- Implementation of 32 security installations.
- 62 installations have now been made for ENDESA Distribución Eléctrica, Enel Green Power and ENDESA Energía, all of which are connected to, and monitored from, the Security Management Centre.
- Incorporation of the corporate access control system in 15 ENDESA buildings, bringing the number of facilities managed by this system to 72.

Latin America

In 2011, a number of initiatives were implemented for the first time to achieve more cohesive and effective security, whilst at the same time sharing best practices between countries.

- A process for assessing information, which has resulted in the preparation of the first diagnosis of the key aspects affecting asset security in each country.
- Establishment of joint action plans, the preparation of organisational analysis and visits to facilities such as El Quimbo and Betania in Colombia, ENDESA's Fortaleza power plant in Brazil, Bocamina II in Chile, Santa Rosa in Peru, a sales office and an urban substation in Buenos Aires, Argentina.

8. The Search for Organisational Efficiency

In 2011, ENDESA continued taking actions to improve its operations based on a philosophy of continuous improvement.

A number of projects were undertaken in support areas to improve, simplify and optimise operating processes, particularly in Human Resources and Organisation and Finance.

ENDESA has also implemented actions in its business areas to improve operational efficiency and achieve excellence.

Spain and Portugal

Through its ongoing CREO (Coordination of Resources, Efficiency and Organisation) project, ENDESA has continued its work to optimise and rationalise its operating structures and resources begun in previous years.

Latin America

In order to meet commitments made in 2009, in 2011 the Distribution Business advanced successfully in the development of improvement initiatives based on the LEAN methodology, as part of the Enel Group's Zenith project.

All of ENDESA's distributors have made progress in improving their processes, achieving savings at the end of 2011 of Euro 9,675 million, of which 49.7% are improvements in OPEX. These achievements have been made possible through the commitment of the Company's employees.

Corporate governance and transparency

Commitment to corporate governance
and ethical behaviour



A photograph of the ENDESA headquarters building in Madrid at night. The building is a modern, multi-story structure with a prominent glass facade. The interior lights are on, and the building is illuminated from within. The ENDESA logo, consisting of a stylized 'E' and a square with a flame-like shape, is illuminated in white. To the right of the logo, the word 'endesa' is written in a lowercase, sans-serif font. Below the logo and name, the slogan 'luz · gas · personas' is displayed in a smaller, lowercase, sans-serif font. The building's roof is a complex, exposed steel truss structure. The sky is dark, and the foreground shows some dark silhouettes of trees and a small body of water.

E endesa luz · gas · personas

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

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



Priority issues--materiality study 2011

Prevention of corruption and bribery (includes financing of political parties/lobbying)

Code of Conduct (Roll-out and scope)

Spheres of Competence and Board Committees (management of environmental, social and corporate governance (ESG) issues)

Structure of the Board

Effectiveness of the Board (skills, training, performance evaluation, guidelines for acquiring shares, attendance, etc.)

ENDESA's response in the report

Chapter on Corporate governance and transparency: 01. ENDESA, a model of corporate governance and transparency. 02. Codes of ethics and the fight against fraud and corruption.

Chapter on Corporate Governance and Transparency: 01. ENDESA, a model of corporate governance and transparency.

Chapter on Corporate Governance and Transparency: 01.4 Directors' responsibilities and duties.

Chapter on Corporate Governance and Transparency: 01.2 Leadership of the Board of Directors.

Chapter on Corporate Governance and Transparency: 01.4 Directors' responsibilities and duties.

Meeting our goals

Challenges in 2011

To implement the Shareholder Forum and the relevant regulations.

To adapt the internal regulations to legislative changes.

To disseminate new corporate integrity standards.

Actions taken

The Shareholders' Electronic Forum on the Company's webpage was put into operation for the General Shareholders' Meeting held on 9 May 2011. In addition, on 29 March 2011, ENDESA's Board of Directors approved the regulations governing the the Forum.

Amendment of the Corporate Bylaws, General Shareholders' Meeting Regulations and Board of Directors Regulations.

The new standards (Zero Tolerance Plan, Code of Ethics and model Law 213) have been disseminated and are being applied within the Group's scope of consolidation.

Key figures

Participation at the General Shareholders' Meeting	93.87%
Number of Board meetings	11
Total number of directors*	9*
Fixed remuneration of directors (Euro)	1,907,148
Variable remuneration of directors (Euro)	3,160,810

* On 21 December 2011, Luis de Guindos Jurado tendered his resignation as a member of the Board of Directors, the Executive Committee and the Appointments and Compensation Committee of ENDESA, S.A. following his appointment as Minister of Economy and Competitiveness in the new Spanish government.

Key actions in 2011

Study of the duties of the Audit and Compliance Committee in accordance with Additional Provision 18 of the Securities Market Act

Dissemination of new corporate integrity standards

In 2011, an analysis was conducted of a new Model Annual Corporate Governance Report and a new Model Annual Report on Directors' Remuneration, which will be used for the 2012 data

Plan to develop and implement the crime prevention model

Management of the Ethics Channel as an additional measure to ensure ethical conduct in the various businesses

In 2012 we propose

To improve in equality

To improve and update the Corporate Governance System

To increase ENDESA's presence in the Corporate Governance Forums

To review the Prevention of Criminal Risk Programme

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, reinforcing the existing Employee's Code of Conduct, Charter governing senior management and Charter governing executives, which outline the ethical responsibilities and commitments in managing its businesses and corporate activities. These have all been adopted by ENDESA and its subsidiaries.

1.1. Shareholder participation

The General Shareholders' Meeting was held on 9 May 2011, with the participation of 93.87% of the share capital.



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

1.2. Leadership of the Board of Directors

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

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

ENDESA Board of Directors: key figures for 2011

Total Directors	9
Non-executive Directors	7
Independent Directors	3
External proprietary Directors	4
Board Meetings	11
Shares owned or controlled by Directors or significant individual shareholders	6,052

1.3. Shareholder remuneration

The total remuneration received by ENDESA's directors in 2011 was Euro 5,625,184.

Composition of ENDESA's Board of Directors at 31/12/11*

Position	Name	Date (first appointment)	Type of director	Committee
Chairman	Borja Prado Eulate	20/06/07 (1)	Executive	EC, ACC
Vice Chairman	Fulvio Conti	25/06/09	External Proprietary Director	EC
Chief Executive Officer	Andrea Brentan	18/10/07	Executive	EC
Directors	Luigi Ferraris	18/10/07	External Proprietary Director	EC, ARC, ACC
	Claudio Machetti	18/10/07	External Proprietary Director	ARC
	Gianluca Comin	14/09/09	External Proprietary Director	
	Luis de Guindos Jurado (2)	25/06/09	External-Independent	EC, ARC
	Miquel Roca Junyent	25/06/09	External-Independent	ARC, AC
	Alejandro Echevarría Busquet	25/06/09	External-Independent	AC
Secretary (non-director)	Salvador Montejo Velilla	01/07/99		

(1) Appointed Chairman on 24/03/09.

(2) On 21 December 2011, Luis de Guindos Jurado tendered his resignation as a member of the Board of Directors, the Executive Committee and the Appointments and Compensation Committee of ENDESA, S.A. following his appointment as Minister of Economy and Competitiveness in the new Spanish government.

EC: Executive Committee

AC: Audit Committee

ARC: Appointments and Remuneration Committee

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

	Euro	
	Fixed Salary	Compensation
Borja Prado Eulate	48,081	812,000
Fulvio Conti (1)	48,081	—
Andrea Brentan	—	710,500
Luigi Ferraris (1)	48,081	—
Claudio Machetti (1)	48,081	—
Gianluca Comin (1)	48,081	—
Luis de Guindos Jurado (2)	48,081	—
Miquel Roca Junyent	48,081	—
Alejandro Echevarría Busquet	48,081	—
Subtotal	384,648	1,522,500
Total		1,907,148

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

(2) Tendered his resignation on 21 December 2011, following his appointment as Minister of Economy and Competitiveness.

	Euro	
	Benefits	Compensation
Borja Prado Eulate	224,665	812,000
Fulvio Conti (1) (3)	224,665	—
Andrea Brentan	—	551,490
Luigi Ferraris (1)	224,665	—
Claudio Machetti (1)	224,665	—
Gianluca Comin (1) (2)	224,665	—
Luis de Guindos Jurado (4)	224,665	—
Miquel Roca Junyent (3)	224,665	—
Alejandro Echevarría Busquet (3)	224,665	—
Subtotal	1,797,320	1,363,490
Total		3,160,810

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

(2) Has been a member of the Board of Directors since 14 September 2009.

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

(4) Tendered his resignation on 21 December 2011, following his appointment as Minister of Economy and Competitiveness.

	Euro	
	ENDESA	Other Companies
Borja Prado Eulate	42,071	—
Fulvio Conti (1) (3)	22,037	—
Andrea Brentan	—	—
Luigi Ferraris (1)	54,091	—
Claudio Machetti (1)	38,064	—
Gianluca Comin (1) (2)	22,037	—
Luis de Guindos Jurado (3) (4)	38,064	57,603
Miquel Roca Junyent (3)	52,088	—
Alejandro Echevarría Busquet (3)	42,071	—
Total	310,523	57,603

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

(2) Has been a member of the Board of Directors since 14 September 2009.

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

(4) Tendered his resignation on 21 December 2011, following his appointment as Minister of Economy and Competitiveness.

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 in promoting and overseeing 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.
- Directors must, by virtue of their office, disclose transactions by family members and by companies related, by ownership, to them 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 Charter governing senior management and the Charter governing executives. Consequently, the Company has rules and codes of conduct that oblige all of its employees to behave appropriately in all their dealings with stakeholders—share-

We have implemented an intensive information campaign about our Code of Ethics and Zero Tolerance Plan for all employees

holders, 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.

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 that the Code of Ethics is complied with and continually improved

15

infringements of the Code of Ethics were filed in 2011

Infringements of the Code of Ethics, by type, in 2011

	Total infringements	Shareholders	Customers	Employees	Suppliers	Other
Spain and Portugal	5	4	0	0	1	0
Latin America	10	5	2	1	2	0
Argentina	4	1	1	1	1	0
Brazil	5	4	1	0	0	0
Colombia	0	0	0	0	0	0
Chile	0	0	0	0	0	0
Peru	1	0	0	0	1	0
Total	15	9	2	1	3	0

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

ENDESA's Code of Conduct, thereby optimising the monitoring of compliance with principles of conduct through internal audits.

Infringements of the Code of Ethics by geographical area

	Number		
	2009	2010	2011
Spain and Portugal	3	4	5
Argentina	5	4	4
Brazil	4	8	5
Colombia	—	2	—
Chile	—	—	—
Peru	1	1	1
Latin America	10	15	10
Total	13	19	15

In 2011, there were 15 infringements of the Code of Ethics, four fewer than in 2010. Five of these occurred in Spain and Portugal and 10 in Latin America.

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



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 2011, ENDESA's Ethics Channel received a total of 140 complaints. In 82.9% of the cases reported in 2011, the investigation was closed during the same year, a 2.4 percentage point increase on 2010.

In 2011, eight people were dismissed following complaints received compared with 27 in 2010.

Complaints submitted to the Ethics Channel, by type, in 2011

	Total complaints	Shareholders	Customers	Employees	Suppliers	Other
Spain and Portugal	33	13	11	6	2	1
Latin America	107	30	18	31	16	12
Argentina	26	8	5	4	1	8
Brazil	46	12	8	20	5	1
Colombia	10	2	2	2	3	1
Chile	11	3	0	3	3	2
Peru	14	5	3	2	4	0
Total	140	43	29	37	18	13

Complaints submitted to the Ethics Channel by geographic area

	Number		
	2009	2010	2011
Spain and Portugal	16	16	33
Argentina	19	16	26
Brazil	28	40	46
Colombia	18	15	10
Chile	16	6	11
Peru	6	10	14
Latin America	87	87	107
Total	103	103	140



Of the complaints filed, corrective action was taken in 11% 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.

ENDESA's Internal Audit Department ensures that all complaints received through the Ethics Channel are cor-

rectly 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

	Number		
	2009	2010	2011
Cases closed	73	83	116
Complaint has led to corrective measures/sanctions/redesign of processes	30	30	29
Unfounded	22	23	19
Operational	21	30	68
Still open	26	20	24
In progress - operational	0	0	3
In progress - non-operational	26	20	21

Type of complaints submitted via the Ethics Channel

	Number		
	2009	2010	2011
Improper activities by external suppliers and contractors	13	8	18
Embezzlement	10	22	7
Conflicts of interest	25	18	20
Accounting issues	1	1	2
Safety	1	3	4
Business opportunities	2	1	3
Falsification of contracts/ records	3	9	20
Victimisation	5	1	0
Misappropriation of funds	0	0	2
Improper use of company property	13	4	1
Environment and health	0	0	3
Other	28	33	52
Reprisals	0	0	8

2.2. Sanctions received

At 31 December 2011, the most significant cases of litigation and arbitration involving Group companies were the following:

- Three legal actions are underway against ENDESA Distribución Eléctrica, S.L. (Solely-owned Company) (hereinafte "EDE") for forest fires in Catalonia, and it is possible that the Company will have to pay more than Euro 5 million for various claims for damages. In addition, the Generalitat (Regional Government) of Catalonia imposed a penalty of Euro 10 million for power cuts in Barcelona on 23 July 2007. This penalty was contested, with an attached motion to stay execution. The motion to stay was granted on 2 April 2009 by the Tribunal Superior de Justicia de Cataluña (Catalonia Regional Appeal Court). The hearing was held on 23 November 2010; the case is now pending a decision.
- On 11 May 2009, Spain's Ministry of Industry, Tourism and Commerce issued an order imposing four fines

to a combined total of Euro 15 million on ENDESA Generación, S.A. ("ENDESA Generación") 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 1964 (Ley 25/1964). 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 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 Competition Commission, or CNC, opened proceedings against a number of power distribution companies, including ENDESA, for an alleged violation of article 1 of the Competition Act 2007 (Ley 15 / 2007) and Article 81 of the Treaty establishing the European Community. 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.
- On 2 March 2010, EDE was ordered to pay Euro 6 million for a "very serious energy violation" in connection with the Majorca-Minorca subsystem blackouts of 13 November 2008, which gave rise to infringement proceedings against EDE on 2 July 2009. An

application for judicial review was filed with the Regional Appeal Court of the Balearic Islands, with an attached motion to stay execution of the order. This motion was denied. The principal application is pending a decision.

- On 29 March 2010, the Regional Government of the Canary Islands fined EDE for a very serious violation – in its threshold degree – in the amount of Euro 6 million, in connection with the Tenerife blackout of 26 March 2009. In response to this incident, proceedings were brought against EDE for an alleged breach of article 60.a.12 of the Power Industry Act (Ley del Sector Eléctrico). An application for judicial review was filed with the Regional Appeal Court of the Canary Islands. The attached motion to stay execution of the order was denied.
- In December 2010, the Canary Islands regional councillor for employment, industry and trade launched four distinct infringement proceedings for violations qualifying as very serious under the Power Industry Act. Two of these proceedings were instituted against EDE for blackouts in Tenerife on 18 February and 1 March, 2010. The other two proceedings were brought against Unelco for blackouts in Tenerife on 18 February and in La Palma on 16 April 2010. Notification was served of all of the decrees through which resolutions were adopted to initiate the penalty proceedings. In the end, EDE received two fines, for Euro 3 million, for the 18 February 2010 blackout and another, Euro 6 million fine for the 1 March 2010 blackout. Unelco was fined Euro 0.6 million fine for the 18 February 2010 blackout and Euro 3 million for the La Palma blackout. Applications for judicial review were filed respectively, with attached motions to stay execution of the orders.
- Throughout 2011, the National Court issued four decisions, two on 9 June, one on 18 July and a fourth on 26 September, partly allowing the applications filed by ENDESA with respect to income tax payable by the ENDESA Tax Group from 1998 to 2001. The assessments to income tax to be recorded pursuant to the criteria established by the National Court imply the recognition of interest payable to the ENDESA Tax Group of Euro 63 million. The tax authority has dismissed its appeal against these decisions.
- In 1998, Compañía de Interconexión Energética, S.A. ("Cien") entered into a contract with Tractebel Energía, S.A. ("Tractebel") to supply power and capacity for importing 300 MW sourced from Argentina over the Argentina-Brazil interconnection owned by Cien. As a result of the Argentine crisis, Cien was prevented from supplying Tractebel, which sought to terminate the contract and recover liquidated damages under its terms. In November 2009, Tractebel 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, Cien 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 notified Cien 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 Cien.
- In parallel with the facts giving rise to the litigation referred to above, in 1998 Cien entered into a contract with the Brazilian state-controlled corporation Eletrobras Furnas ("Furnas") to supply 700 MW of power imported from Argentina over the Argentina-Brazil interconnection owned by Cien. However, the Argentine crisis prevented Cien from supplying Furnas. On 15 June 2010, Cien was served with a suit brought by Furnas for breach of contract. The claimant seeks to have the contract rescinded and to be awarded title to 70% of the interconnection line. On this basis, 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, Electricité de France International, S.A. (hereinafter "EdF") 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. (Solely-owned Company) (hereinafter "ENDESA Latinoamérica"), Repsol YPF, S.A. (hereinafter "Repsol") and YPF S.A. (hereinafter "YPF"), seeking damages of USD 256 million plus interest from ENDESA Latinoamérica and USD 69 million plus interest from the

Repsol YPF Group. The claim was contested by ENDESA Latinoamérica, Repsol and YPF, which, in addition, brought a counterclaim to the effect that EdF should pay ENDESA Latinoamérica USD 58 million, and YPF USD 14 million. The dispute arises from the sale to the French EdF Group of the stakes formerly held by YPF and ENDESA Latinoamérica in the Argentine companies Electricidad Argentina S.A. (hereinafter "Easa") and Empresa Distribuidora Norte, S.A. (hereinafter "Edenor"). On 22 October 2007, the arbitration court issued its award. In summary, the award partly allowed both claim and counterclaim. As a result, ENDESA Latinoamérica was ordered to pay EdF USD 100 million by way of net debt, plus interest but neither party was ordered to pay arbitration costs. All the parties - claimant and co-defendants - moved to have the award partly set aside. In April 2008, ENDESA Latinoamérica and YPF 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'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, excluding interest, was without effect. This decision of 9 December 2009 was challenged by EdF in February 2010 in the form of a "federal extraordinary appeal". The appeal was dismissed on 9 March 2010. EdF filed a fresh appeal before the Corte Suprema (Supreme Court) against the decision dismissing its earlier appeal. In July 2010, the Argentine Supreme Court denied EdF's last possible remedy, so ENDESA is not faced with any contingent obligation. The arbitration proceedings are at an end, although EdF 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.

- In 2008, 2009 and 2011, five distinct actions were brought against Empresa Eléctrica Pangué, S.A. (hereinafter "Pangué") for flood damage that the claimants argue was caused by the Pangué hydro plant, specifically, by discharge in July 2006. Pangué contests the claims on the basis that it was compliant with

prevailing regulations in its operation of the plant and acted with due diligence and care; moreover, there was no causal relationship between the floods and the discharge from the plant during the period in issue. With respect to two of the claims, Pangué's case prevailed. The claimants appealed; one of these appeals is pending a decision in the Concepción Court of Appeal, while the other succeeded in reaching the Supreme Court but was dismissed on the merits on 26 May 2011. The three remaining claims are at the evidentiary stage or pending a decision. The other three proceedings are in the evidentiary stage and the judgment stage. The combined value of the five claims, which are still outstanding, comes to 17,718 million Chilean pesos (approximately Euro 27.5 million). The proceedings are covered by insurance, so there is no economic risk to Pangué.

- On 18 January 2011, an arbitration court was set up in the framework of the dispute between ENDESA Chile and CMPC Celulosa S.A. (hereinafter "CMPC"), at the behest of ENDESA Chile, to determine the amount of damages awarded to ENDESA Chile in a separate arbitration procedure between the parties on 27 March 2009 in respect of excess usage under the power supply and capacity contract dated 31 May 2003. After enforcement of the arbitral award in 2010, on 15 April 2011 ENDESA Chile brought fresh arbitration proceedings to determine the amount of damages recognised under the arbitral award of 2009. The amount at issue in these proceedings is USD 81 million (approximately Euro 63 million). On 6 June 2011, CMPC contested the application. The parties halted proceedings to negotiate, but to no avail. On 6 October 2011, ENDESA Chile answered the respondent's defence. The pleading stage is accordingly at an end; the arbitration court must now set a date for a settlement hearing.

Payments made to settle litigation in 2011 and 2010 came to Euro 44 million and Euro 56 million, respectively.

The Directors of ENDESA consider that the provisions recognised in the consolidated financial statements adequately cover the risks relating to litigation, arbitration and other matters referred to in this Note, and do not expect these issues to give rise to any liability not already provided for.

3. Use of tax havens and ENDESA policy

Regarding the use of entities located in tax havens, the ENDESA Group's policy is to avoid acquiring or establishing such entities provided it is reasonably possible to do so. In addition, the ENDESA Group 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 that project (Energex Co.). It should be noted 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.

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 mature in 2013. Therefore, the gains earned by ENDESA Capital Finance LLC are taxed in Spain. Once the issue has concluded, 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.

Luxembourg

ENDESA wholly owns Compostilla, Re., a reinsurance unit of the ENDESA Group. Spain signed a double taxation treaty with Luxembourg in June 1986 and an informa-

tion-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.

Netherlands

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 equity has 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 matures and has been discharged, 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%).

Our shareholders and investors

Commitment to creating
value and returns



endesa
Junta General de Accionistas 2011



endesa
Junta General de Accionistas 2011

endesa

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

In 2011, ENDESA remained a leading company in sustainability, as evidenced by its continued presence on various indexes, including the Dow Jones Sustainability Index and the Carbon Disclosure Project. ENDESA remains committed to having close relations and being transparent with shareholders and investors.



Priority issues--materiality study 2011

Voting rights (respect for the one-share-one-vote principle)

Voting on CSR- and Corporate Governance-related issues submitted to the General Shareholders' Meeting (Board fees, executive compensation, say on pay, etc.)

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: 01.2.1. Investor Relations

Chapter on Shareholders and Investors: 01. Generating sustainable value. 01.2.1. Investor Relations

Chapter on Shareholders and Investors: 01.2. Close relations and transparency with shareholders and investors: 01.1.3 Communication on Sustainability

Chapter on Shareholders and Investors: 01.2.1. Investor Relations

Meeting our goals

2011 challenges

Maintain communication and transparency with investors in matters of sustainability.

Discuss the Company's sustainability commitments at meetings with shareholders and investors.

Actions taken

Meetings were held with investors, allowing communication and transparency to be maintained in matters of sustainability.

Topics discussed: Value creation, energy efficiency, R&D, CO₂ strategy, employee relations, client satisfaction, participation in Renewables, etc.

Key figures

Record score on the Dow Jones Sustainability Index	80/100
Average quorum at Shareholders' Meetings (%)	93.87
Total shareholder return (%)	-12.6%
Shareholder and investor contacts through Shareholder's Office	2,856
% of shares traded in 2011 versus 2010	+3.2%
Score, Carbon Disclosure Project	88/100

Key actions in 2011

High liquidity which, in 2011, enabled ENDESA to rank 27th on the IBEX-35 in terms of capitalisation

Presence on DJSI for 11th consecutive year

Highest score in the 2011 Reporta Report for quality of financial and non-financial information presented at the General Shareholders' Meeting

In 2012 we propose

Holding investor meetings on sustainability issues

Conveying ENDESA's commitments on Corporate Social Responsibility (communication focused on financial issues) at meetings

Encouraging the use of communication channels with shareholders and investors

1. Generating sustainable value

1.1. Close relations with socially responsible investors

ENDESA strives to be a benchmark in sustainability and for investors to see it as a company at the forefront in the fight against climate change. This is why it remains committed to information transparency to reflect its sustainable growth and responsible use of resources.



1.1.1. Dow Jones Sustainability Index

For the 11th consecutive year, ENDESA was listed on the Dow Jones Sustainability Index (DJSI), maintaining the score of 80 out of 100 points that it achieved in 2010, its highest score ever. The Company stands well above the sector average of 58 points.

In 2011, ENDESA led the electricity sector in financial issues for the second year in a row, with 90 points, maintained its score of 69 points for environmental issues, and raised its score on social issues to 81 points.

Its financial performance has remained strong thanks to its improved management/measuring systems, with 98 points, and it rose to 93 points in codes of conduct, to 85 in customer management and to 73 in risk and crisis management.

In environmental issues, ENDESA once again achieved the highest rating, 100 points, in biodiversity and climate change strategy. It received 98 points in management policies and systems and 86 in environmental reporting.

In social issues, the Company received the maximum score for commitment to stakeholders, 97 points for social reporting and 94 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.



The CDP has requested information from the world's 61 largest power companies, 46 of which answered the questionnaires. ENDESA achieved a rating of 88 out of 100, a 10-point improvement over its 2010 score. This indicates that the Company has consolidated its lead in the quality and clarity of reporting on objectives and actions aimed at combating climate change and that it is recognised for the transparency of the data it has provided on carbon emissions.

In 2011, the CDP published a report specifically on Irish companies, in which its subsidiary ENDESA Ireland had the top ranking for power companies operating in the country.

ENDESA's score in the CDP Global 500 Report of 2010 is available at: <https://www.cdproject.net/CDPResults/CDP-G500-2011-Report.pdf>

For further information: <https://www.cdproject.net>

The 2011 Reporta Report awarded ENDESA its highest rating based on its publicly available information

The 2011 Reporta Report, which evaluates the quality of publicly available information of companies listed on the Madrid general stock market index, awarded ENDESA its highest rating (AA). Only seven companies have been distinguished with this rating, which is based on the quality of financial and non-financial information, both mandatory and optional, that companies disclose to their shareholders at their general shareholders' meeting.

ENDESA placed fifth in the ranking, seven positions higher than in 2010. The three principles evaluated in this year's report are: information transparency, adequacy and accessibility.

informe
reporta

1.1.3. Communication on Sustainability

ENDESA has met the sustainable development commitment it made at various meetings with investors and analysts at which, in addition, it reported on value creation, energy efficiency, CO₂ strategy, employee relations, customer satisfaction and the Company's role in developing renewable energy.

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 with the leading stock market analysts, providing them with a steady stream of detailed information. To this end, ENDESA has an Investor Relations Department and a Shareholders' Office in Madrid.

1.2.1. Investor Relations

The activities of the Investor Relations Department in 2011 included four public presentations to analysts and investors focusing on the Company's quarterly results.

In 2011, the annual survey among equity analysts on the perceived quality of Investor Relations yielded a result of 8.8 out of 10.

ENDESA held its General Shareholders' Meeting on 9 May 2011, at its headquarters in Madrid. The Meeting approved all the points on the Agenda, with a quorum representing 93.8707% of the share capital.

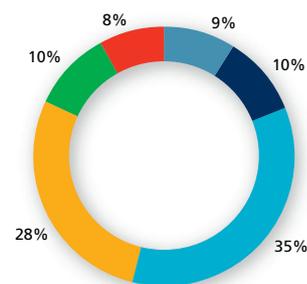
1.2.2. ENDESA Shareholders' Office

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 2011, 2,856 requests from analysts and investors were handled, of which 2,509 were made by phone and 60 in person.

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 often sought by shareholders in 2011 was regarding the General Shareholders' Meeting followed by queries on ENDESA.

Type of information requested by ENDESA private shareholders in 2011



■ Share price ■ Shareholders' Meeting ■ Financial information
■ Dividends ■ Information on Endesa ■ Preference shares

2. Impact of ENDESA's business

2.1. Income generated

ENDESA reported net income of Euro 2,212 million in 2011, Euro 1,917 million less than in 2010 (46.4%). The decline

is explained by the fact that 2010 net income included Euro 1,975 million net of taxes and minorities generated by the disposals carried out during the year.

ENDESA net income, fiscal year 2011

	Euro million	% change 2010	% of total net income
Spain, Portugal and Other	1,593	-54.5	72
Latin America	619	-1.9	28
Total	2,212	-46.4	100

2.2. Revenues, EBITDA and EBIT

EBITDA and EBIT declined by 2.8% and 7.5% in 2011, respectively, to Euro 7,265 million and Euro 4,653 million.

The Euro 209 million reduction in EBITDA and the Euro 378 million decline in EBIT are the result of several factors:

- Recognition of a Euro 109 million expense in 2011 for the Colombian subsidiaries relating to the accrual of wealth tax at 1 January, which will be paid during the period 2011-2014.
- The Euro 154 million decline in EBITDA in the generation business in Chile, due primarily to the extreme drought affecting the country in 2011 which led to a 5.6% decrease in hydro power output at ENDESA's subsidiaries in the country.
- The write-down of the Group's assets in Ireland and Argentina (due to the economic situation in both countries) caused EBIT to fall by Euro 261 million, although EBITDA was not affected.

In 2011, revenues grew by 4.8% to Euro 32,686 million, primarily due to higher sales prices. Variable costs rose 9.7% as a result of a less favourable generation mix, with conventional thermal generation increasing relative to hydro and nuclear output, leading to a hike in fuel costs. The cost of energy acquired for re-sale also increased.

2011 results

	Revenues		EBITDA		EBIT	
	Euro million	% change 2010	Euro million	% change 2010	Euro million	% change 2010
Spain, Portugal and Other	22,650	6.9	4,024	-1.3	2,244	-9.6
Latin America	10,036	0.5	3,241	-4.5	2,409	-5.5
Total	32,686	4.8	7,265	-2.8	4,653	-7.5

2.3. Investment

Investment stood at Euro 2,286 million in 2011. Of this amount, Euro 2,558 million was capex and investment in intangible assets. The remaining Euro 268 million related to financial investments.

Investment: 2011

	Capex and intangible assets	Financial investment	Total	% change 2010
Spain, Portugal and Other	1,399	96	1,495	-32.4
Latin America	1,159	172	1,331	11.2
Total	2,558	268	2,826	-17.1

03. Creating value for shareholders

3.1. ENDESA's share performance

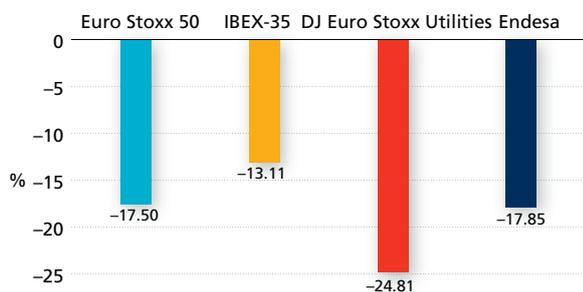
The worsening macroeconomic situation in the Eurozone was the most significant factor in stock market performance in 2011.

Amidst this turbulence, Europe's main equity indices ended the year in the red. The IBEX-35 closed the year 13.1% down, performing relatively better than the French CAC 40 index (-17%), the Dax (-14.7%) and the Eurostoxx 50 (-17.5%), the benchmark index for the Eurozone.

On the other side of the Atlantic, the US markets were much calmer (Dow Jones: 5.5%, S&P: 0%, Nasdaq: -1.8%).

Against this backdrop, ENDESA's share price lost 17.85% in 2011, ending the year at Euro 15.85 per share. This closing price was 4.9% above the low of Euro 15.115 per share recorded on 24 November while the stock reached a high of Euro 24.05 per share on 10 May.

Share price performance: ENDESA versus benchmark indices. 2011



Due to these declines, ENDESA's value, measured as its market cap, was Euro 16,781 million at 31 December 2011.

3.2. Dividend

In 2011, ENDESA paid out a gross dividend against 2010 results of Euro 1.017 per share bringing the total payout for the year to Euro 1,076 million, paid at two different points in the year.

The first dividend of Euro 0.50 per share, was paid on 3 January 2011, and the payout totalled Euro 529 million.

The final dividend of Euro 0.517 per share (total payout Euro 547 million), was paid on 1 July 2011 following approval at the General Shareholders' Meeting.

3.3. Total shareholder returns

The 17.9% drop in ENDESA's share price was partially offset by a dividend yield of 5.3%, which left total shareholder return in 2011 at -12.6%.

3.4. IBEX-35

Including trading on the Spanish stock market (continuous market) as well as block trades and special transactions, the average number of shares in the Company traded on a daily basis in 2011 was 623,635, 3.2% more than in 2010 (603,865).

At its meeting on 9 December 2010, the IBEX-35 Advisory Committee decided to increase the coefficient applied to ENDESA's capitalisation to 10%. As a result of this adjustment and as of 3 January 2011, the Company is now number 27 in the index's capitalisation ranking.

In economic terms, the effective volume traded in 2011 was Euro 3,225 million, up 4.74% on 2010.

3.5. Share price performance by Enersis and Endesa Chile

The main Latin American stock market indices closed 2011 with declines similar to their European counterparts.

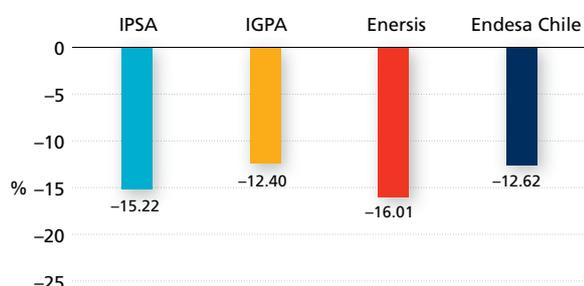
Having hit record highs in 2010, Santiago's main indicator, the IPSA index, closed 2011 down 15.2%, in line with the indices in other countries where the Group is present.

The share price of ENDESA's main investees in Chile also declined in 2011 due to the global economic crisis and the extreme drought in the country which affected the results of the generation companies. Enersis' share price contracted 16.01% to end the year at 182.62 pesos per share while ENDESA Chile lost 12.6%, closing at 766.07 pesos.

In spite of this performance, in 2011 Enersis and ENDESA Chile were once again two of the most traded shares on the Chilean stock market. The total trading volume of ENDESA Chile was 923,130 million pesos and 732,235 million for Enersis.

The average daily trading volume at Enersis was 16.33 million shares, 16.8% less than the 19.63 million shares seen in 2010. Average daily trading volume in ENDESA Chile declined 25.4%, from 6.7 million in 2010 to 5 million in 2011.

Share price performance: Enersis and Endesa Chile on the Santiago, Chile, stock exchange versus benchmark indices in 2011



The stock market performance of Enersis and ENDESA Chile in dollar terms were negative. Enersis' ADR (American Depositary Receipt) closed the year down 24.07%, at USD 17.63, while ENDESA Chile's ADR was 21.10% down at USD 44.35.

Enersis' shares on the Latibex market lost 23.7%, closing the year at Euro 13.35 per share, while ENDESA Chile's share price closed 20.3% down at Euro 33.69 per share.

4. Wealth generation in 2011

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.

Wealth generation

Euro million

	2009	2010	2011
Direct economic value generated	27,248	33,545	32,835
Economic value distributed	21,652	27,715	26,267
Dividends	1,088 (1)	1,077 (2)	642 (3)
Operating and other fixed expenses	16,476	21,757	23,764
Personnel expenses	1,994	1,852	1,625
Taxes and duties*	1,375	1,710	1,349
Investment in social projects	39	47	46
Finance expenses	682	1,272	1,357
Retained economic value	5,596	5,830	6,568

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

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

(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 an interim dividend charged against 2011 earnings of Euro 0.606 per share, bringing total shareholder remuneration to Euro 642 million.

Key share price data for ENDESA, Enersis and Endesa Chile in 2011

	2011 high	2011 low	Average	Closing price	Annual gain/loss (%)	Volume of shares traded
Madrid stock exchange						
ENDESA (Euro/share)	24.05	15.115	19.77	15.85	-17.05	160,274,194
The Chilean Stock Exchange						
Enersis (pesos/share)	220.99	169.20	194.32	182.62	-16.01	4,099,858,904
ENDESA Chile (pesos/share)	899.92	700.52	820.22	766.07	-12.62	1,261,968,087
NYSE						
Enersis (USD/share)	23.28	16.37	20.13	17.63	-24.07	144,163,139
ENDESA CHILE (USD/ADR)	57.59	40.60	51.00	44.35	-21.10	30,490,569



Garraf biogas plant



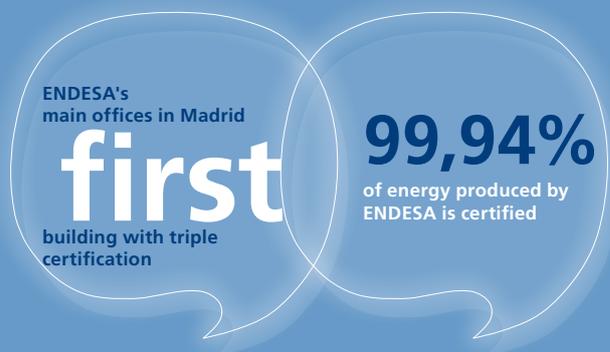
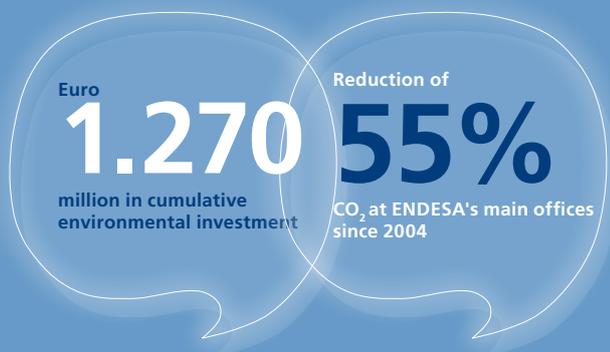
Commitment to protecting the environment





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. Environmental awareness is strong across all of the Company's processes, systems and people and characterises its corporate culture.

In 2011, ENDESA therefore strengthened its environmental commitment by conducting its activities in an environmentally friendly manner, making progress with the rollout and certification of environmental management systems and devoting resources to biodiversity protection and to responsible waste management.



Priority issues--materiality study 2011

Air quality: changes in polluting emissions.

Waste management.

Water-related risk management.

Transparency in nuclear energy production (transparency in incident reporting, waste management, safety and emergency measures, local communities).

Biodiversity Protection (Policy, impact of proposed and existing operations, reporting of results, consultation with stakeholders, etc.).

ENDESA's response in the report

Chapter on Protecting the Environment: 06.3. Air quality: changes in polluting emissions

Chapter on Protecting the Environment: 06.4. Waste management and reduction

Chapter on Protecting the Environment: 06.6. Integrated water management.

- ENDESA's disaster and emergency management: Chapter on Customers, 5. Safety and on-going improvement in all stages of the lifecycle of ENDESA's products and services.
- Environmental incidents: Chapter on Protecting the Environment, 6.2. Environmental incidents.
- Waste management and reduction: Chapter on Protecting the Environment, 6.4. Waste management.
- Spillage control: Chapter on Protecting the Environment, 6.6.1 Spillage Control.
- Technology projects for improved efficiency in nuclear-power generation: Chapter on Innovation, 3.3.3. Nuclear Power.

Chapter on Protecting the Environment: 04. Biodiversity conservation.

Meeting our goals

2011 challenges

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

Complete the fill in of As Pontes mining excavation in La Coruña, with a volume of over 5,410 Hm³.

Actions taken

All ISO 14001 certifications have been maintained, and the environmental management systems of the Latin America facilities have been reviewed

In 2011, the Company finished filling the mine pit.

Key figures

Percentage reduction in ENDESA's emissions since 2008.	-13.9 SO ₂
	-12.8 NO _x
	-18.7 particles
Percentage reduction in ENDESA's emissions in Spain and Portugal since 2008.	-3.8 SO ₂
	-9.8 NO _x
	-19.8 particles

Key actions in 2011

Continuation of the implementation and certification of environmental management systems.

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.

All of ENDESA Latin America's businesses are ISO 14001 certified.

Publication of the first volume of the series on biodiversity and ENDESA.

Protocols to classify and measure emissions were designed.

Assessment of environmental risks and methodology rolled out.

More than 1,200 audits conducted at offices and service points.

In 2012 we propose

Conclusion of the classification of ENDESA's facilities in order to set water consumption reduction targets.

Development of the Water Footprint.

Incorporation of the Environmental Risk Evaluation System and of the Biodiversity Conservation Programme into the Environmental Management Systems of the facilities.

Establishment of the timeline of actions to eliminate environmental liabilities.

Plans to implement continuous emissions measuring devices at the Latin America facilities.

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 its most important commitments. This commitment clearly distinguishes ENDESA from other companies. It is a positive difference which shapes its behaviour and is expressly included in its corporate values.

Through this commitment, the Company aims to minimise the impact of its activities on the environments within which it operates. It encompasses initiatives primarily related to combating climate change, 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 reduce as far as possible the consumption of natural resources and to conserve biodiversity in the areas where it operates.

Assessment of the environmental risks inherent in ENDESA's activities and the environmental certifications obtained from external agents help ensure excellence in our environmental management, which is fully integrated into and aligned with the Company's corporate strategy.

ENDESA's outstanding achievement in environmental management in Latin America in 2011 was the creation of the Environment Committee, which is chaired by the General Manager for Latin America and comprises the heads of the Production, Distribution, Planning and Environment units. The Environmental and Sustainable Development Division acts as the committee secretariat.

In 2011, the Environment Committee met twice. It has been tackling the most important environmental challenges facing the Company in this geographic area.

1.1. ENDESA's 2008-2012 Environment Plan

The Company's commitment to respect and preserve the environment has a direct effect on the decisions taken by senior management. Indeed, the environment is one of the key strategies of ENDESA's 2008-2012 Sustainability Plan (PES), and the 2008-2012 Environment Plan implements the objectives, programmes and initiatives set forth in the PES.

The Environment Plan is based on three main principles: combating climate change, one of the key goals established in the 2008-2012 Environment 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 preserving biodiversity.

The three key aspects of our 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
- Making the most of energy efficiency and cogeneration opportunities
- Leading the development of a sustainable transport model based on electric vehicles
- Developing a Clean Development Mechanisms (CDMs) portfolio

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 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 applying the methodology developed in 2011
- 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 at 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 regulation:

- 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 operations procedures of facilities, as a decisive factor in operating and managing our assets, and 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 facilities and ENDESA companies
- Unlocking the value of preserving the natural surroundings of our assets

The Environmental Plan in Latin America

Throughout 2011, ENDESA rolled out all the programmes set forth in its 2009-2012 Environmental Plan for Latin America resulting from the PES 2008-2012, especially those programmes considered critical: management of water, of environmental risk, of the impact of new emissions regulations and biodiversity.

In the area of water management, the Group studied 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 analysed to classify all of the Group's facilities in 2012 and set targets for reducing water consumption.

2. Significant investments

ENDESA has invested heavily to obtain excellence in environmental management. In 2011, the Group invested Euro 41 million in environmental management initiatives, bringing the cumulative total to date to Euro 1,270 million.

The Company's environmental expenditure amounted to Euro 138 million of which Euro 61 million was provisioned for the depreciation and amortisation of the aforementioned investment.



Cumulative investment in environmental assets*Euro million*

2009	2010	2011
1,214	1,227	1,270

Environmental expenditure*Euro million*

2009	2010	2011
70	38	138

3. Integrated water management

The United Nations General Assembly, through Resolution A/RES/58/217, proclaimed 2005-2015 International Decade for Action, "Water for Life". The decade officially began on 22 March 2005, World Water Day.

ENDESA has identified water as a critical resource that will be affected by climate change. According to OECD forecasts in 2030, 47% of the world's population will live in areas of high water stress unless new policies are implemented.

Water availability will have both a positive and a negative effect on companies, which will play an important role in developing and implementing solutions. This is why in 2011, for the second consecutive year, ENDESA, as one of Spain leading power companies, subscribed to the CDP

For the second consecutive year, ENDESA has adhered to the CDP Water Disclosure

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.

ENDESA's hydroelectric output in the countries where it is present is as follows:

- **Spain and Portugal:** 20% of total capacity, 14% 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.

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.

A pilot scheme has been drawn up for the database and monitoring system for the first three programmes:

1. Controlling water usage,
2. Controlling water quality, and
3. Improving the ecology of regulated rivers. For the second programme, ENDESA has already studied the trophic conditions in reservoirs in the Ebro basin and the inland basins of Catalonia.

It has also improved wastewater treatment at its hydro plants, replacing authorised effluent systems with confined and controlled removal processes.

Process water consumptionHm³

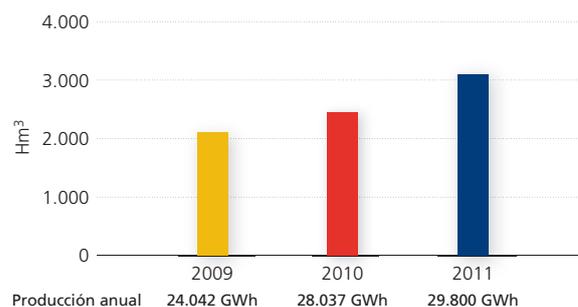
	2009	2010	2011
Spain and Portugal	45.86	32.84	57.19
Thermal power unit	41.63	28.67	53.38
Nuclear power	0	1.25	1.7
Mining	3.09	2.92	0
Latin America	7.36	12.37	11.42
Thermal power unit	7.36	12.37	11.42
Other countries	0.43	0.47	0.34
Thermal power unit	0.43	0.47	0.34
Total	53.66	45.67	67.25

Last year, the Company's use of fresh, sea and wastewater at its plants was sustainable and efficient at all times.

Water catchment increased in 2011 because the Compostilla thermal plant was largely non-operational during most of 2010, causing its net output to decline by 191.96 GWh. In 2011, the Compostilla plant's net output was 4,825.23 GWh, a 96% increase over 2010.

3.1.1 Latin America

In Latin America, the volume of water used for plant cooling has the greatest impact on the system. It thus needs to be analysed separately. Plants with open-cycle cooling influence these values the most.

Cooled water consumption at TPs. Latin America**Total water catchment by source**Hm³

		Spain and Portugal	Latin America	Other countries	Total
INDUSTRIAL USE	Freshwater	51.33	10.74	0.14	62.22
	Surface water	49.02	1.37	0	50.39
	Wells	1.922	6.69	1	8.51
	Municipal network	0.4	2.78	0.14	3.32
	Seawater	2.56	0	0.19	2.75
	Seawater (desalinated)	3.43	0.54	0	3.97
	Wastewater (internal use)	0.003	0.14	0	0.14
USE FOR COOLING	Seawater (open cycle)	4,104.13	603,759	48,000	4,755,891
	Surface water (open cycle)	1,668.5	1,609,571	0	3,278,075
	Water (open cycle)	453.55	1,404	0	454,953
	Volume of water processed	252.41	1,180	0	253,589
	Drainage from cooling towers	201.14	224	0	201,364
ENGINEERING USE	0.34	0.19	0	0.53	
TOTAL	6,283.85	2,226.16	48.34	8,558.34	

The chart shows an increase in water used for cooling. However, this growth is not proportional to the increase in electricity output, which peaked in 2010, whereas the period of highest water consumption was 2011.

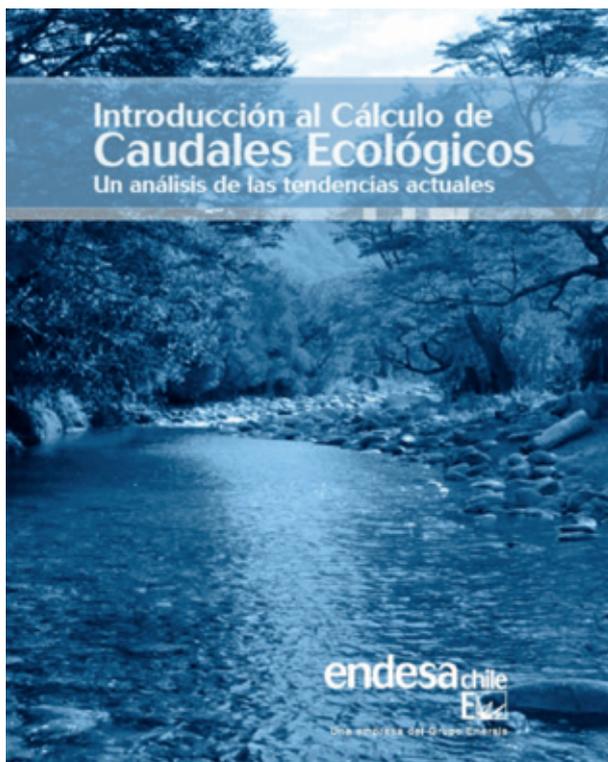
Turning to water-related risks at the Latin American facilities, in 2011 evaluations were conducted of two distributors, one energy interconnection and 19 production facilities, including seven hydroelectric plants, one wind farm and 11 thermoelectric plants.

Each assessment has six water-related categories of risk: reservoirs, basins, other facilities and water conduits; wastewater and cooling water; surface water; groundwater; soil-contamination control and land reclamation and water intake.

The first three categories should be evaluated with regard to hydroelectric plants; the next two are evaluated for all existing technologies; and the "water intake" category is not assessed for distribution or renewable technologies.

These evaluations have been accompanied by the corresponding improvement action plans in order to minimise risks and enhance the control measures.

In 2011 a book entitled *Introducción al Cálculo de Caudales Ecológicos* (Introduction to Calculating Environmental Flows), which provides data on current trends, was published. The book analyses the methods most commonly



used in each country and includes case studies for various facilities in Chile.

Brazil

In 2011, the plant in Fortaleza, Brazil, monitored wastewater and sewage in compliance with its operating licence as well as the relevant legal requirements. It also monitored the quality of potable water at its treatment station. The Fortaleza thermal plant was chosen to serve as a member of the Basin Committee of the metropolitan region of Fortaleza, thus participating more actively in managing the State of Ceará's water resources.

Endesa Cachoeira is participating in the Basin Committees of the Paranaíba and Meia Ponte rivers.

Chile

The Atacama thermal plant has requested authorisation to the changes made at the potable water treatment plant and the sewage treatment plant.

Colombia

In Colombia, meetings have been held with the Cundinamarca Regional Autonomous Corporation and with representatives of the municipality of Sibaté in order to review the degree of compliance with the agreements on the Muña reservoir: wastewater treatment plant, odour study and contingency plan.

At the reservoir of the Betania hydro plant, 18,000 fry of gilthead bream (*Sparus aurata*), 18,000 fry of mojarra anzuelera (*Petenia umbrífera*) and 4,000 fry of guabina (*Dorimitor maculatus*) were planted.

A meeting was held with the Alto Magdalena Regional Autonomous Corporation (CAM) in order to organise face-to-face dialogues on the issue of the Betania reservoir, on the impact on fishing activity in the reservoir, on the implementation of the contingency plans, on water quality in the reservoir and on the territorial and environmental management of the reservoir.

A septic tank and an anaerobic filter have been built for the wastewater system of the Guavio hydro plant's spillway. In addition, construction of a cover for the sludge drying beds at the wastewater treatment plants of the employee camps has been completed.

Peru

The National Water Authority (ANA), Environmental Evaluation and Oversight Agency (OEFA) and the Callao Regional Health Directorate (DIRESA) have inspected the Ventanilla thermal plant to review the details of the Programme to Modify Discharges into the Río Chillón and on Plant Reusage. Officials at the facilities are awaiting a report from the authorities.

3.2. Water discharges

ENDESA has a series of procedures in place to help control and reduce charges into water systems and improve water quality, mainly through wastewater treatment facilities.

In 2011, the Company's discharges at the plants increased by 5% overall, and by 9% at its thermal plants.

	2009	2010	2011
Spain and Portugal			
Conventional thermal power stations	31.8	22.6	22
Combined-cycle plants	0.5	0.6	2.4
Nuclear	1.01	1.08	1.6
Latin America			
Thermal power plants	3.2	4.3	5.5
Other countries			
Thermal power plants	0.01	0.02	0.16

Liquid radioactive spillages consist of discharges from the plant's liquid radioactive waste treatment system into the surrounding water. In these discharges the level of radioisotopes is controlled and kept to below the legally stipulated limit.

	2010	2011
Conventional	158.25	190.48
reused by plant	0	0
released	158.20	190.42
used to dilute radionuclides in wastewater	0.05	0.06
Radioactive	0.06	0.07
reused by plant	0.01	0.00
released	0.05	0.06
Total	158.37	190.55

3.2.1. Latin America

In Latin America, 86% of production facilities have wastewater treatment plants.



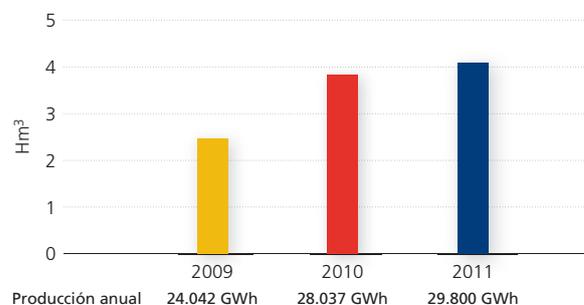
Of the 11 large reservoirs managed by ENDESA in Latin America, nine, or 82%, have an associated environmental-parameter monitoring plan.

With the exception of Coelce, all six distributors have a water management plan, in order to reduce consumption. The plan is revised annually.

In Latin America, industrial discharges at thermal power plants—which do not keep track of discharges of open-circuit cooling water—have increased in the last three years, and 2010 saw the largest year-on-year increase of discharges.

	2009	2010	2011
Thermal power plants	2.7	4	4.3

Water discharged at TPs. Latin America



Discharges and electricity output have increased by a nearly equivalent extent over time.

4. Managing environmental risks and liabilities

The balance between assumable risks and investment costs lies at the heart of ENDESA's approach to managing environmental risks and liabilities.

ENDESA has joined forces with the Enel Group's Global Environmental Risk Analysis Project

In 2011, ENDESA also concluded an audit of environmental risks at its installations as part of the Enel Group's Global Environmental Risk Analysis Project (AECPM). Enel has developed a specific methodology for this purpose and planned an evaluation that will be progressively applied to a larger number of facilities. By 2014, this will make it possible to analyse all of the Group's electricity production and transportation/distribution facilities (excluding nuclear facilities). The project's general objective is to identify, analyse and evaluate the areas with the highest environmental risk in order to develop corrective actions to lower that risk.

Broadly speaking, these studies have identified low environmental risk at the Group's Spanish facilities and moderate risk at its facilities in Latin America.



Demolition of former camps of the Guavio plant.

Facilities requiring improvement have formulated their improvement plans, and their effectiveness will be gauged by studying the risk over the coming years.

ENDESA has evaluated the environmental risk of 22 facilities in Latin America, 13 of which are new. In the remaining nine cases, the 2010 evaluations were revised. Action plans have also been drawn up for the nine facilities inspected in 2010, specifying the initiatives to be taken.

4.1. Eliminating environmental liabilities

An environmental liability may refer to a debt a project owes to the environment, or, during the operational phase, to equipment, components or materials which, for environmental reasons, are not currently authorised for use in electricity generation. Environmental risks are, for this reason, a priority for the Company.

Environmental liabilities must be eliminated. They are given a code to ensure they are correctly identified and classified according to their relative importance.

In Chile, in 2011, ENDESA addressed two environmental liabilities by removing PCB-contaminated transformers at the Abanico Hydroelectric Plant and reclaiming land at the Saual Hydroelectric Plant that contained discarded concrete chambers.

Also in 2011, Chilectra addressed environmental liabilities at the Altamirano, Chacabuco, Florida, Los Dominicos, Quilicura, San Pablo and Santa Helena substations. At these substations, 77m³ of environmental liabilities were removed, including all unused or decommissioned equipment.

In Colombia, in 2011, ENDESA updated its list of environmental liabilities, complementing the identification of 35 liabilities, which basically consist of infrastructure or equipment that is non-operational. Consequently, management plans have been established for 100% of the liabilities, and eight liabilities were eliminated in the period, as set forth in the timetable. The elimination of liabilities includes infrastructure demolition at former camps at the Guavio plant, landscaping improvements, the withdrawal and disposal of non-operational equipment at the Betania plant and the delivery of infrastructure to third parties at the Paraíso plant.

5. Advanced environmental management

ENDESA made progress with its environmental management in 2011, in terms of certification, integrated environmental permits and environmental impact studies. In addition, it continued to improve the quality of the information submitted by the different areas.

5.1. Certification of environmental management systems

In 2011, ENDESA continued to combine forces in its process of implementing and obtaining ISO 14001 and EMAS certification for its environmental management systems at the facilities in the main areas and countries in which it operates.

5.1.1. Spain and Portugal

Generation

At year end, 94.9% 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.

The Cas Tresorer combined cycle thermal plant (CCGT) and Group 5 at the Besós CCGT received ISO 14001 certification in 2011.

Moreover, the Ceuta and Melilla diesel plants and the San Roque (Cádiz) CCGT plant were registered in the European Eco-management and Audit Scheme (EMAS) during the same period.

99.94

% of the energy produced by ENDESA in 2011 was ISO 14001 certified.

ENDESA's Teruel thermal power plant received the highest score from the "EA-2 Aragonese Enterprises for Environmental Excellence" programme, which is run by the Aragon Government's Environmental Department.

ENDESA's accredited energy

	2009	2010	2011	%
Spain and Portugal	89.91	98.9	99.88	99.88
Latin America	99.83	100	100	100
Other countries	40.49	100	100	100
Total	93.37	99.5	99.94	

ENDESA's installed capacity

	2009	2010	2011	%
Spain and Portugal	85.03	92.6	94.9	94.9
Latin America	97.08	100	100	100
Other countries	72.22	100	100	100
Total	89.58	95.9	97.12	

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.

All of ENDESA's Distribution and Mining Facilities in Spain and Portugal are certified

In 2011, ENDESA Distribución Eléctrica (EDE) renewed its certification in the Canary Islands and Aragon. With these renewals, EDE maintains and cements its commitment to this accreditation in Aragon, Andalusia, the Balearics, the Canary Islands, Catalonia and Extremadura.

ENDESA head offices

In 2011, ENDESA's Environment Committee implemented an Integrated Environmental, Energy Efficiency and Indoor Air Quality Management System, making the Company's corporate headquarters in Madrid the first building of this type. The building was thus awarded triple certification: for Environmental Management Systems (ISO 14001), Energy Efficiency (UNE-EN 16001), and Indoor Air Quality (UNE 171330-3).

The building passed the first follow-up audit for the certification of the three systems. The Environmental Management System received the second renewal of the certification that it was awarded in 2004.

From 2010 to 2011, all consumption indicators at ENDESA's head offices, both overall and per employee, decreased, translating into a reduction of 303 million tonnes of CO₂.

In 2012, the triple management system will be extended to ENDESA's other office buildings managed by General Services as part of the Integrated Management Programme.

ENDESA's Madrid headquarters, first building to obtain triple certification (ISO 14001, UNE-EN16001 and UNE-EN 171330-3)

5.1.2. Latin America

All of ENDESA's Latin America businesses are ISO14001 certified, including the new plants that came into operation in 2011.

Also in 2011, ENDESA Chile succeeded in renewing its ISO 14001 certification for eight of its facilities. In addition, follow-up and monitoring work has been carried out on the environmental management systems of 20 of its plants.

5.1.3. Other countries (Ireland and Morocco)

In 2011, ENDESA completed the ISO 14001 environmental management process at its plants in Rhode and Tawnaghmore, Ireland. The two facilities, with a total installed capacity of 208 MW, are cutting-edge plants within the Irish grid.

This milestone meets one of the key objectives of ENDESA Ireland's Environmental Master Plan: securing environmental certification for 100% of the installed capacity in the country.



Rhode thermal plant (Ireland)

Consumption at ENDESA's head offices

Consumption	2010		2011		Savings: 2011 vs. 2010	
	Employees	2,509	Employees	2,636	Total consumption	Consumption / employee
	Total consumption	Consumption / employee	Total consumption	Consumption / employee		
Paper (kg)	52,375	21	45,450	17	13	17
Potable water (m ³)	29,460	12	30,237	11	-3	2
Natural gas (m ³)	412,887	165	251,519	95	39	42
Electricity (kWh)	12,503,749	4,984	12,731,294	4,830	-2	3
Air conditioning (kWh)	311,000	124	286,700	109	8	12
Reduction CO ₂ (t)		230		303		7



The Tahaddart combined cycle power station in Tangiers, in which ENDESA holds a 32% stake through Energie Electrique de Tahaddart, S.A., has become a standard-bearer in the Moroccan electricity sector following its obtainment of ISO 14001 certification in 2009.

The findings of the external audit that was concluded in December 2011 note the plant's excellent environmental management, including the surrounding protected natural environment.

5.2. Reporting

In 2011, the Company has continued to work to improve the quality of the information submitted by the various businesses, using the existing corporate systems at its facilities. In addition, ENDESA has a corporate database that was designed by Enel and that has been introduced across the group, over the intranet.

In Latin America, ENDESA has an environmental information system into which environmental indicators are entered monthly (Monthly Environmental Information System, or SIAM). The system includes warnings to give the Company greater control and the ability to raise the quality of the data. SIAM can be accessed via the Internet and the intranet and has been incorporated into the environmental management systems at the Company's facilities.

5.3. Integrated Environmental Permits and Impact Studies

5.3.1. Spain

In 2011, ENDESA obtained two Environmental Impact Statements (EIS), for the CCGT III of the Granadilla TP and for the 15 DG of Melilla DP. It also obtained six final Inte-

grated Environmental Permits (IEPs), at the El Palmar DP, the Alcalá de Guadaira TGD, the Ibiza DEP, the Foix combined cycle plant, the Melilla DP and the Besós 3 CC. Three of the permits are new, one is a renewal and two are for new plans to increase installed capacity. In addition, five permits have been amended (As Pontes CC, Candelaria TP, Almería CP, Las Salinas DP, ENEMANSA CB), four in response to requests from the plants and one as a matter of procedure, with no need for a request to be filed. IEPs are issued by the Spanish regional governments and replace previous environmental requirements, grouping together all mandatory environmental permits.

In 2011, ENDESA obtained two Environmental Impact Statements and six Integrated Environmental Permits in Spain

In 2011, nine initial environmental documents were issued, but only seven environmental impact evaluations were initiated: Compostilla TP oxy-fuel combustion capture project, Associated "Ceoducto" (CO₂-pipeline), HV cable for Puerto de Gijón CC, Candelaria CC TP, Arafo CC, DG 16 for Llanos Blancos DP, Soira-Chira pumping, Granadilla CC III and Puertollano mining complex.

Six environmental impact studies (EISs) have been conducted: public-land concession request, Puerto de Sevilla GT; Tordera TGD; Formentera DGs; Gran Canaria Store Project; and Arafo CC. In addition, five have been submitted for public consideration. Five new IEP requests have been submitted to the public authorities (Tordera TGD, Formentera DGs), as have two IEP renewal requests (As Pontes TP and Teruel TP) that were eligible for renewal.

Additionally, 21 reports on non-substantive amendments to environmental permits for various power plants have been prepared in accordance with plans to modify these facilities, as have 25 studies on issues such as environmental impact, environmental permits, studies into potential generation sites, new waste discharge systems, atmospheric modelling, etc. The various regional authorities have accepted all the criteria included in 12 documents for non-substantive amendments. Five greenhouse gas emissions permits have been applied for.

Integrated Environmental Permits and Environmental Impact Studies

	Spain	Latin America
New Environmental Impact Statements (EISs)	2	4
New Integrated Environmental Permits (IEPs)	6	—
Changes introduced to IEPs	5	—
Initial or environmental documentation	7	—
Environmental Impact Studies (EISs)	6	5
Environmental management plan	—	—
IEP requests/renewals	4	—
Requests for non-substantive amendments	21	—
Non-substantive amendments accepted	12	—
Waste authorisations	—	—
Land classification	1	—
GHG requests/authorisations	1	—

In 2011, the final environmental classification was obtained and the soil-decontamination plan was presented for the former thermal power plant in Malaga. The plan was accepted by the Regional Environmental Office.

5.3.2. Latin America

In Chile, 12 of ENDESA Chile's 28 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.

For the only plant under construction, Bocamina II (a coal-fired facility), an Environmental Impact Study was required to obtain the Environmental Permit.

In 2011, ENDESA Chile began processing its environmental permits for four projects: "Optimisation of work at the Los Cóncores Hydroelectric Plant" (EIS), "Renaico Wind Farm" (EIS), "high voltage line for Renaico-Bureo Substation Wind Farm" (EIS) and "Optimisation of second unit at the Bocamina Thermoelectric Plant" (EIS). Of these projects, that of "Optimisation of work at the Los Cóncores Hydroelectric Plant" received a favourable environmental review during the year and was granted an environmental permit.

At December 31, 2011, the environmental permits for the following four projects were still being processed: "Los Cóncores Hydro Plant-Ancoa Substation Electricity Transmission Line" (IEP), "Neltume Hydro Plant" (IEP), "Neltume-Pullinque Substation High Voltage Cable" (IEP), "Renaico

Wind Farm" (EIS), "Optimisation of work at the Los Cóncores Hydroelectric Plant" (EIS), "Renaico Wind Farm" (EIS), "High voltage line for Renaico-Bureo Wind Farm Substation" (EIS) and "Optimisation of second unit at the Bocamina Thermoelectric Plant" (EIS).

In Colombia, in 2011, Codensa conducted, and submitted to the environmental authorities, the EIS on the project for the "Construction of the Nueva Esperanza 500/115kV substation, its 115 kV lines and its Connection Modules". The substation will interconnect with the Bacatá substation, and 230 kV will be connected to the Guavio hydro plant by means of a new line and to the central region of the country by means of four 230 kV lines that will run to the Circo, La Reforma and Tunal substations.

The environmental permit for the Quimbo hydro 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.

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 2011.

5.4.1. Spain

Ascó Plant: On 11 May 2009, through an 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. This decision was appealed to the National Court of Appeals. At the same time, the Director General of Energy Policy and Mines imposed two fines for a total of Euro 90,000 for two alleged minor violations arising from the same incidents.

The fines were also appealed to the administrative and judicial authorities. On 1 December 2009, the National Court of Appeals suspended the ruling in question. ENDESA subsequently submitted a bank guarantee equivalent to the amount of the fine (Euro 15,300,000) to the Court. A decision on the ruling is currently pending, and since 14 September 2010, the procedures have been in the conclusion phase. 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).

Forest fires

Three lawsuits have been bought against ENDESA Distribución Eléctrica (EDE) as a result of forest fires in Catalonia. It is likely that the lawsuits will give rise to claims for compensation for damages totalling more than Euro 5 million. The amount of Euro 50.5 million has been set aside to cover this item.

Aguilar de Segarra: The lawsuit, involving five civil procedures which gave rise to a fine of Euro 13,415,401, has concluded.

Canary Islands

In the Canary Islands, four "preliminary investigations" related to the unauthorised construction of a medium-voltage line are underway. In addition, two penalty proceedings are underway relative to waste storage and discharges into the ocean at the Salinas thermal power plant.

5.4.2. Latin America

Brazil

Ampla

Environmental damage from 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.

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 has 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 who, 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. The latter handed down its ruling on 5 April 2011, 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.

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 the poor water management in the reservoir. The amount being requested in the lawsuit is Euro 4,500,000. Two of the procedures are in the evidentiary stage, and in the third final arguments are pending.

Chile

Pangue Hydroelectric Plant: In 2008, 2009 and 2011, five judicial proceedings were brought against Empresa Eléctrica Pangue, S.A. ("Pangue") suing for compensation for damages caused, according to the plaintiffs, by flooding triggered by the operation of the Pangue hydro plant, in particular, by discharges 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. has been issued, and the plaintiffs have filed appeals. One of the appeals is now pending before the Concepción Court of Appeals, and in the other a favourable ruling was issued by the court of the 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 proceedings that are still pending totals 17,718 million Chilean pesos (approximately Euro 27.5 million). These lawsuits are covered by an insurance policy, and hence Pangue's assets are not at risk.

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 process of Unit 3 of the El Toro hydro 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 incidents. 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.

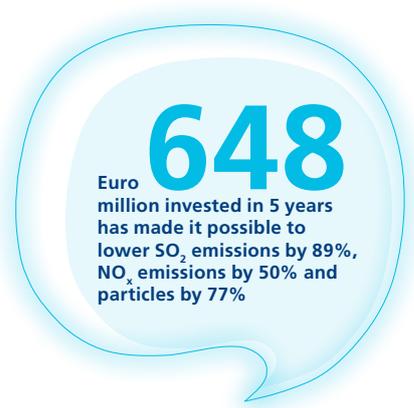
6. Emissions management and regulation

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. The initiatives have required a total investment of approximately Euro 648 million, and they have made it possible to reduce, between 2006 and 2011, sulphur dioxide (SO₂) emissions by 89%, nitrogen oxide (NO_x) emissions by 50% and particles from the large plants that are operating under the National Emission Reduction Plan by 77%.



In 2011, the Endesa's emissions of contaminants in Spain and Portugal increased compared to 2010 because increase production of coal plants, the last year which did not work practically. Furthermore, were put into operation the combined cycle of Besós in Barcelona central and central Pego in Portugal.

6.1.2. Latin America

In 2011, the Company's SO₂ emissions declined by 8.5%, those of NO_x by 2.7% and particle emissions by 30.5%.

ENDESA has invested heavily to adapt its thermal generation facilities in Chile and Colombia to the new regulatory requirements in both countries, which entail lower limits and greater control of pollutants.

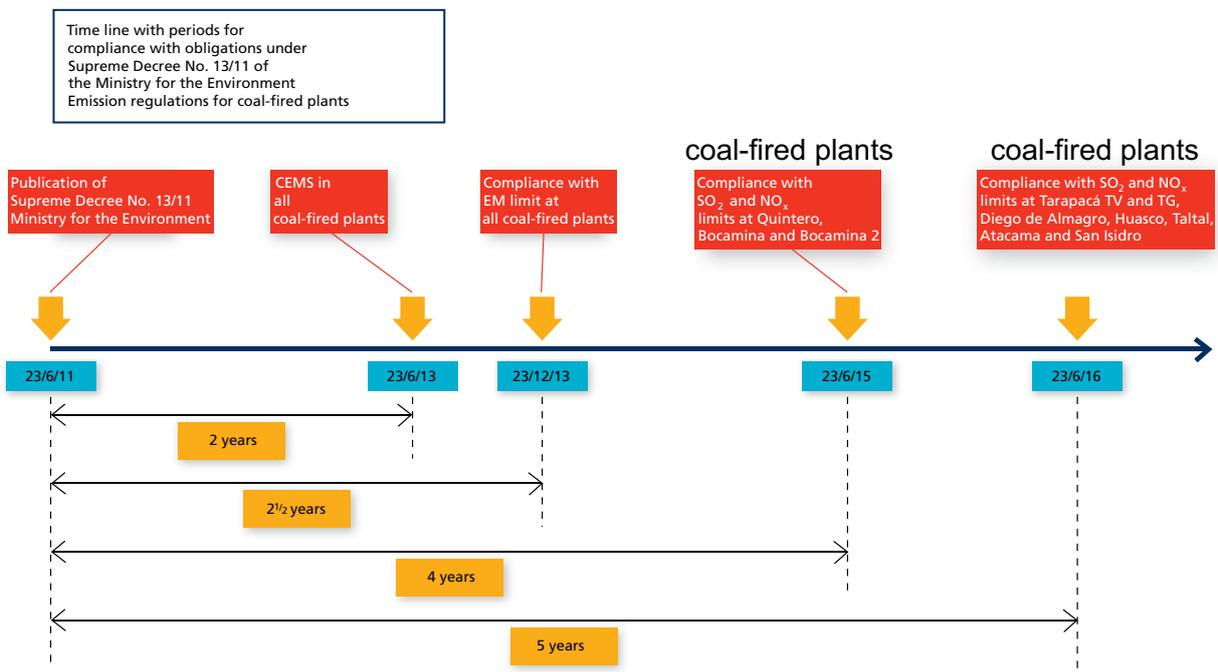
In Chile, on 23 June 2011, a regulation setting emissions limits for thermal power plants (Decree No. 13) was published. As of that date, deadlines were established for complying with the limits and installing and certifying continuous emissions monitoring systems. Consequently, ENDESA Chile has been making adaptations to its plants to comply with the requirements by the deadlines that were established.

In addition, starting in July 2011, the Termozipa (Colombia) thermal power plant was required to comply with Ruling No. 909. The company has thus made adjustments at its facilities and is conducting periodic monitoring.

Endesa Chile's thermoelectric plants are governed by an internal requirement according to which they must record and report pollution emissions to ensure compliance with environmental regulation and adopt any measures necessary to avoid exceeding the maximum levels permitted by the authorities, thereby ensuring the quality of the air and the health of the local population. This requirement applies to all of the Company's thermal power plants in Latin America.

In addition, in 2011 ENDESA formulated an action plan to design and implement an online atmospheric emissions and ecological flows monitoring system at the Environmental Technical Library. The purpose of this plan is to make it possible to conduct online monitoring in compliance with applicable environmental norms and regulations at power plants in Latin America. In late 2011, the plan was in its design phase.

Deadlines to comply with Supreme Decree No. 13/11, Ministry of the Environment



6.1.3. Other countries

In 2011, in Ireland and Morocco SO₂ emissions diminished by 67.3%, NO_x emissions by 72.9%, and particle emissions by 85.1%.

ENDESA emissions of SO₂, NO_x and particles

Spain and Portugal	2009	2010	2011
SO ₂ (gSO ₂ /kWh)	0.89	0.69	1.07
NO _x (gNO _x /kWh)	1.54	1.17	1.42
Particulates (g particles/kWh)	0.04	0.03	0.04
Latin America			
SO ₂ (gSO ₂ /kWh)	0.37	0.36	0.33
NO _x (gNO _x /kWh)	0.32	0.42	0.40
Particulates (g particles/kWh)	0.04	0.06	0.04
Other countries			
SO ₂ (gSO ₂ /kWh)	1.83	1.57	0.52
NO _x (gNO _x /kWh)	0.89	0.55	0.15
Particulates (g particles/kWh)	0.18	0.28	0.04
Total			
SO ₂ (gSO ₂ /kWh)	0.66	0.54	0.73
NO _x (gNO _x /kWh)	0.97	0.80	0.95
Particulates (g particles/kWh)	0.04	0.04	0.04

6.1.3.1. Emissions of ozone-depleting substances by weight

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, 0.46 tonnes were emitted: 0.15 tonnes of CFC, 0.12 tonnes of R22 and 0.19 tonnes of Freon. In terms of equivalencies, in Latin America, emissions were 0.32 tonnes of CFC-17 eq: 0.15 tonnes of CFC, 0.01 tonnes of R22 and 0.16 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.
- **Low- and medium-intensity radioactive waste from ENDESA's nuclear plants** managed by Enresa and deposited in specially adapted installations located at El Cabril.
- **Waste generated by distribution activities** principally consisting of oil/PCB-contaminated transformers and batteries and mineral oil from the substations, as well as non-hazardous waste such as scrap metal and cardboard.
- **Mining-related waste.**

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

A significant portion of the waste recovered by ENDESA is at its external facilities, with 4.4% of non-hazardous and 80.4% of hazardous waste recovered.

6.2.1. Spain and Portugal

In 2011, the amount of non-hazardous waste produced was reduced by 2.9% and that of hazardous waste rose by 16.3%. Recovery of non-hazardous waste stood at 2.3%, and recovery of hazardous waste was 91.22%.

6.2.2. Latin America

The amount of non-hazardous waste produced in Latin America increased by 101%. This was largely because waste at thermal power plants in the region increased in 2011 as a result of the dredging of sludge at the plants in Argentina, ENDESA steam Costanera and CBA. Hazardous waste, however, decreased by 16.3%.

In Latin America in 2011, ENDESA recovered 15.6% of non-hazardous and 37.5% of hazardous waste.

Also in 2011, ENDESA's Abanico hydro plant, in Chile, eliminated 6,060 kilos of PCB-contaminated waste, corresponding to two transformers and used oils. Both the transportation and final disposal of the hazardous waste were handled by authorised companies, in accordance with Chilean environmental legislation. With the elimination of the transformers and used oils, ENDESA Chile no longer has PCB-contaminated equipment at its facilities.

Chilectra's substations are equipped with collection systems to prevent contamination from oil spills at its power transformers. Through 2011, 35 ditches per substation had been dug. In addition, 93 deposits have been built per transformer, from a total of 182.

6.2.3 Other countries (Ireland and Morocco)

The amount of non-hazardous waste produced by ENDESA in other countries decreased by 9.7% in 2011. Hazardous waste, however, rose by 131%. About 28% of the non-hazardous and 79.93% of the hazardous waste was recovered.

At the Tahaddart (Morocco) combined cycle power station, the construction of a temporary waste storage facility within the grounds of the power station was completed.

The fact that it is now operational has made it possible to separate waste at source, facilitating its collection and increasing the chances that it will be recycled. All of this makes the plant a potential leader in waste separation in a country where regulations have begun to be introduced and where it is currently difficult to find waste management companies.

Waste at ENDESA

	Tonnes			
	Hazardous waste (HW)		Non-hazardous waste (NHW)	
	2010	2011	2010	2011
Spain and Portugal				
Thermal generation units	5,332.70	7,657.17	12,251.30	20,965.45
Hydroelectric generation units	364.40	615.49	505.95	3,204.93
Mining	91.27	116.31	973.53	374.59
Nuclear	478.38	513.63	2,499.90	2,886.89
Distribution	5,593.37	4,890.76	82,087.35	67,995.80
Latin America				
Thermal generation units	1,028.35	1,285.80	3,636.64	35,716.33
Hydroelectric generation units	181.43	206.58	2,322.51	2,243.36
Renewables	1.88	2.80	0.75	0.16
Distribution	1,458.67	739.46	95,515.99	166,437.43
Other countries				
Thermal generation units	286.73	663.40	236.56	213.56
TOTAL	14,817.18	16,691.40	199,973.92	300,038.51

Types of non-hazardous waste and amount recovered

	Tonnes					
	Spain and Portugal		Latin America		Other countries	
	2010	2011	2010	2011	2010	2011
Sludge	6,332.16	15,603.57	440.58	32,888.47	21.00	9.50
amount recovered at external facilities	5,503.59	3,002.70	3.35	0.00	21.00	9.50
Machinery and equipment	1,529.88	106.81	5,005.96	6,843.61	5.50	6,827.66
amount recovered at external facilities	1,518.74	106.74	1,188.85	1,096.30	5.50	1,081.55
Packaging	5,115.15	2,692.44	193.79	77.42	0.12	81.62
amount recovered at external facilities	5,114.55	2,683.41	148.49	73.74	0.00	77.68
Solid waste	84,240.40	76,248.14	95,577.24	162,764.79	209.94	159,671.03
amount recovered at external facilities	26,052.31	74,812.11	7,458.71	46,535.23	120.40	45,366.31
Other liquids	58.01	1.27	0.00	2.60	0.00	61.18
amount recovered at external facilities	58.01	1.27	0.00	0.00	0.00	61.18
Other waste	1,154,754.86	3,460,705.16	51,334.77	102,775.20	0.00	0.00
amount recovered at external facilities	522,696.21	464.24	233.40	1.61	0.00	0.00
TOTAL produced	1,252,030.45	3,555,357.39	152,552.33	305,352.09	236.56	166,650.99
TOTAL recovered	560,943.40	81,070.48	9,032.80	47,706.88	146.90	46,596.22

* Waste at thermal power plants in Latin America in 2011 increased as a result of the dredging of sludge at the plants in Argentina ENDESA steam Costanera and CBA.

Types of hazardous waste and amount recovered

Tonnes

	Spain and Portugal		Latin America		Other countries	
	2010	2011	2010	2011	2010	2011
Used oils	2,977.57	2,483.97	778.77	652.80	95.49	42.38
amount recovered at external facilities	2,757.35	2,481.95	613.54	536.21	55.20	42.38
Machinery and equipment	3,971.24	4,094.37	773.76	116.90	5.15	0.05
amount recovered at external facilities	3,969.35	4,048.93	695.11	252.02	0	0
Used batteries	150.78	156.49	22.12	60.49	7.66	0.02
amount recovered at external facilities	143.95	156.02	14.14	47.68	7.66	0.02
Materials with asbestos	586.81	901.36	49.01	52.47	0	0
amount recovered at external facilities	585.59	93.84	0	0	0	0
sent for vitrification	0	0	0.01	0.20	0	0
Solid waste	2,171.76	2,477.00	466.58	400.34	5.45	437.61
amount recovered at external facilities	1,924.92	2,371.17	229.74	14.86	0.10	386.87
Other liquids	652.42	2,224.86	491.83	984.35	112.99	42.61
amount recovered at external facilities	614.46	2,205.89	23.32	4.95	86.39	42.61
Other waste	2,267.01	1,281.73	0	0	60	67.72
amount recovered at external facilities	2,260.48	1,066.60	0	0	0	0
Total produced	12,777.59	13,619.77	2,582.08	2,267.35	286.73	590.38
Total recovered	12,256.10	12,424.38	1,575.86	855.91	149.35	471.88

In 2011, 9,477.22 tonnes of used material were recovered: 5,612.18 tonnes in Spain and Portugal and 3,865.05 in Latin America.

Used material recovered in 2011

Tonnes

	Spain and Portugal	Latin America	Other countries	Total
Brine reused, rather than using sulphuric acid	17.56	639.67	0	657.23
Other materials	0	0	0	0
Lime reused in desulphurisation	3.64	368.88	0	372.52
Other materials	0	0	0	0
Sludge reused, rather than using iron chloride	229.71	351.36	0	581.07
Other materials	2,473.00	264.15	0	2,737.15
Other materials	14.18	136.89	0	151.07
Lubricating oil filtered and reused	68.00	171.57	0	239.57
Other materials	2,806.09	1,932.52	0	4,738.61
Total Recycled	5,612.18	3,865.05	0	9,477.22

ENDESA's special nuclear waste in Spain has risen from 259.99 m³ to 311 m³.

ENDESA's special nuclear waste in 2011

m³

Spain	2010	2011
Liquids (high radiation)	4.02	0.00
Solids (high radiation)	10.62	8.81
Liquids (low, medium and high radiation)	3.97	1.75
cannot be disposed of above ground or just below ground	0	0
Inflammable solids (low, medium and high radiation)	0	0
Compact solids (low, medium and high radiation)	139.51	235.74
Solids (low, medium and high radiation) – other treatments	101.87	52.18
Remaining solids (low, medium and high radiation)	N/A	12.53
Total solids (low, medium and high radiation)	241.38	300.45
cannot be disposed of above ground or just below ground	33.36	32.31
produced and released as special waste	1.41	0
released as special waste following disintegration period	1.41	10.73
temporarily stored at the plant	16.25	10.76
Total produced	259.99	311.00

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.

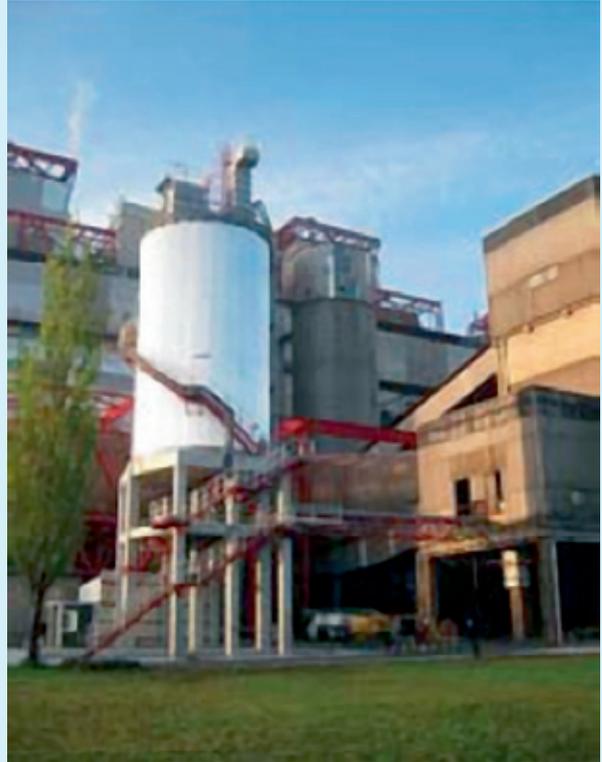
The As Pontes thermal plant is installing a new ash discharge and storage system

The As Pontes Thermal Production Unit (A Coruña) is being equipped with a system to dispose of and store ash in tanker trucks with sealed vats to avoid particles being blown or washed away. In addition, the unit will speed up the removal of this material from the plant, allowing all of the ash produced at it during one week, that is, some 3,360 tonnes, to be removed in just three days.

The equipment being built will remove the dry ash stored in each silo and deposit it in small hoppers from which it will be conveyed by pipe to a 480-tonne temporary-storage silo.

From the latter silo, the ash will be discharged through flexible hoses directly into trucks with sealed vats, at rate of six trucks an hour, eight hours a day.

At this pace, ENDESA will be able to remove a week's worth of ash in just three days. In addition, the cement industry will improve its energy efficiency, given that it will receive dry ash, rather than the moist ash received up until now.



Production and management of ash, slag and gypsum at ENDESA'S coal-fired power stations in Spain and Portugal

	2009	2010	2011
<i>(t/year)</i>			
Ash			
Produced	1,207,449	665,155	1,848,842
Recovered	947,889	497,216	861,806
Restored	27,387	0	0
Landfill	232,174	168,939	961,827
Slag			
Produced	143,624	82,999	253,436
Recovered	7,708	36,161	94,756
Restored	1,030	0	0
Reused			2,473
Landfill	134,886	46,838	156,207
Gypsum			
Produced	769,896	463,869	1,428,295
Recovered	48,990	50,187	88,956
Landfill	720,907	413,681	1,333,297

Production and management of ash, slag and gypsum at ENDESA'S coal-fired power stations in Latin America

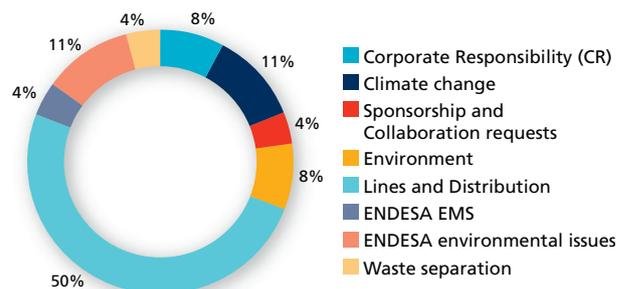
	2009	2010	2011
<i>(thousand t/year)</i>			
Produced	66.6	110.9	101

7. Green mailbox

In 2011, a total of 26 emails were received, the majority of which (92%) were sent from outside the Company through ENDESA's website.

Of these emails, 8% concerned corporate social responsibility while 4% were requests for sponsorship and collaboration.

Percentage of emails sent to the Green Mailbox (2011)



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.
- Managing environmental factors at our facilities to help improve the habitat of certain species or their biotopes.
- Recognising natural ecosystems as a key to correctly respond to pressures concerning their use and the ability to unlock the natural wealth that they house and represent.
- Carrying out specific programmes to preserve the indigenous species living at ENDESA's facilities and the surrounding areas as well as controlling and eradicating invasive species which have a high ecological impact on ENDESA's business.

In 2011, the Company continued to work through the Biodiversity Conservation Programme for 2008-2012. It thus continued to make 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 its work with amphibious populations in the Central Pyrenees, the study on the effects of hydropoints in river ecosystems and the effectiveness of weirs and small dams for fish. Some of these studies were published in 2011 and others will be published in 2012.

8.1. Key actions in Spain and Portugal in 2011

The unique nature of the activities carried out under the Biodiversity Conservation Programme in 2011 made them especially significant.

8.1.1. Studies and research

In terms of studies, the Company continued to conduct research on the zebra mussel, and more specifically on the interaction between ordinary reservoir management and the species' population dynamics. At the Ribarroja (Tarragona) reservoir, a database is now in place that will make it possible to predict the behaviour of the invading species, based on the hydrodynamic organisation of the mass of water in the reservoir.

Studies on steppe lakes and their crustacean populations carried out in Spain and Mongolia continue to contribute new species for science.

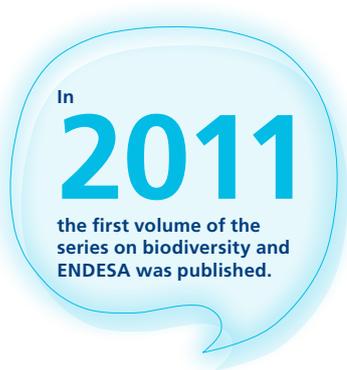
In addition a study has begun on the effects of the rapid flow changes (hydropoints) that hydro plants exert on downstream stretches of river, in order to identify the real effects of hydroelectric management of rivers. The study will continue through 2013, making it possible to draw conclusions and contribute to the on-going improvement of the environment in the ordinary management of ENDESA's hydro plants.

In 2011, ENDESA attended two international congresses where the findings and results of studies and projects carried out under its Biodiversity Conservation Programme were presented: the Seventh Symposium for European Freshwater Sciences, held in Gerona, at which the work on the zebra mussel and the Pyrenean brook salamander was disseminated; and the Second IWA Symposium on Lake and Reservoir Management: Sustainable Approaches to Enhance Water Quality, held in Granada, where another paper based on the Company's research on the zebra mussel was presented.

8.1.2. Publications

ENDESA promotes dissemination and awareness-raising on biodiversity through its publications and studies.

En 2011, the first volume of the series on biodiversity and ENDESA was published. The volume presents the history of the Company's biodiversity conservation plans and programmes, outlines the structure and objectives of the current Biodiversity Conservation Programme and details two unique projects that it has undertaken: the studies on marine biology and limnology carried out at the Huinay Foundation, in the Chilean Patagonia, and the results of the



project to completely reclaim the spaces affected by the As Pontes (A Coruña) mine, which began more than 20 years ago. Three more volumes are planned to be published, that is, one a year through 2014.

Also in 2011, a new ENDESA monograph on the biology of the Pyrenean brook salamander was published. This is a high-value species whose needs, habits and behaviour are not well understood, and among which unique biological strategies, such as neoteny, have been discovered in some populations in the Pyrenees. The publication was coordinated by the Environmental and Sustainable Development Division, with the collaboration of the Communications Department.

Lastly, another publication looks at the effectiveness of weirs and small dams for fish, and analyses, using actual data, the role of these constructions in the conservation of fish populations in high-mountain streams.



1er Concurso
Conocer la
biodiversidad
es comenzar a conservarla



ecostudi
estudio y medio ambiente



8.1.3. Training

Internal training at the hydroelectric business was given, under the slogan "understanding biodiversity is the first step to conserving it". The participation rate was 88%, and the learning achievement level was excellent as was the degree of interest it elicited. The same training, after being suitably adapted, is also now being given at the thermal power plants business.

As part of this training effort, a biodiversity award has been established. It is open to photographic works, drawings, species inventories and action proposals on the interaction between hydro plants and the biodiversity of surrounding areas. The award is expected to be held annually at the businesses where the training course is given. For this year's event, 21 entries were received. The awards were announced at the headquarters of the Northwest Hydro Production Unit, in Ponferrada (León).

8.1.4. Birdlife protection

Different divisions of ENDESA responsible for biodiversity conservation have focused on birdlife protection.

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 to be carried out under 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. Through this type of agreements, ENDESA has modified more than 890 pylons for the distribution grid, with an investment of approximately Euro 590,000. In 2011, 58 actions were carried out, at a cost of Euro 62,000.

Canary Islands

Anti-collision markers have been installed on medium-voltage power lines in Lanzarote and Fuerteventura, as per the agreement signed between ENDESA Canarias and SEO BirdLife.

Aragon

An agreement was signed with the Aragon Governing Council, approving Addendum 2011 corresponding to the Convention to Protect Birdlife (107 pylons, 0.7 km.)

Andalusia

In Andalusia, PT 52440, "Tapia fabricas", was modified to avoid the electrocution of protected species, as reported in January 2011 by the regional Department of Industry.

Moreover, 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 2011, the foundations were laid for the execution of a project designed by the University of Granada to place nesting boxes for kestrels on ENDESA's high-voltage pylons in the countryside of Jaen. The project was carried out in February 2012.

In addition, author Miguel Ferrer began working on the book *Aves y tendidos eléctricos: Del conflicto a la solución* ("Birds and power lines: from conflict to solution") in 2011. The book will be financed exclusively by ENDESA and published in 2012.

The Migres Foundation has continued to make progress on the new anti-electrocution device resulting from the agreement between the Environmental Department and ENDESA. Following various technical complications, the device, which has now been fully developed, will be installed on pylons with varying electrocution mortality indexes, in order to evaluate its effectiveness and the extent to which it lowers costs and the amount of time needed to install it. If the results prove satisfactory, it will become a benchmark device for widespread use.

Due to several unexpected deaths of Spanish imperial eagles in the project area where baby eagles are released

and reintroduced, in La Janda, in the province of Cadiz, the regional Environmental Department has requested that ENDESA take urgent action at the pylons where most of the accidents occurred. The request was addressed after approximately one week, and the results were satisfactory. As part of this project, actions have also been taken at several pylons in the vicinity of the Celemín reservoir.

Similar requests will be addressed in Barrosillo, Cadiz, also for Spanish imperial eagles; in the area near Tarifa for the Hermit Ibis, and so on.

Lastly, in 2011, the Second Collaboration Agreement between the Environmental Department of the Andalusia Regional Government and ENDESA Distribución, on preventing and fighting forest fires, took effect. It will remain in force through 2015. Following the success of the first agreement of this type between the two entities, the aim is to help prevent forest fires caused by high-voltage power lines and to coordinate the efforts of the regional government's operations centres with ENDESA's network of control centres in the event of emergencies.

Catalonia

In Catalonia, in 2011, the response procedures to birdlife incidents at conductors or pylons in Tarragona were activated, with the collaboration of the Corps of Rural Agents and the Environmental Department.

In addition, power lines that represent a risk for birds in the districts of Urgell and Pla d'Urgell, and which must be adapted in line with Royal Decree 1432/2008 of 29 August, were identified. In accordance with an additional condition set forth in the Environmental Impact Statement on the "110 kV high-voltage line between the Mollerussa substation and the new Tárrega station" project, fieldwork was begun for the study on the Mollerussa Tárrega bird guard.

Another noteworthy project is the ornithological study carried out under the 132 kV line from the Olot substation to the Salt and Bescanó substations. The aim of the study is to avoid any type of negative impact on birds in the vicinity of the power line under construction. The study has noted the large biodiversity in the area (343 specimens of 34 species have been counted), but it has also revealed that none of the breeding species observed in the area is protected. Another conclusion is that the lesser spotted woodpecker is not reproducing in the area affected by the power line. Nev-

A red-footed falcon at the As Pontes waste heap

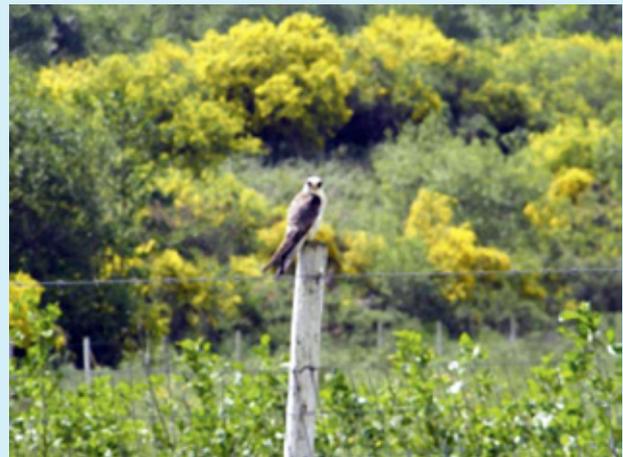
A red-footed falcon was sighted and photographed at the As Pontes mine waste heap, which was reclaimed by ENDESA. This species, which inhabits Western Europe and Asia, is rarely found in Galicia.

The 1,200 ha of land on which the As Pontes waste heap sits have become an ideal home for a wide variety of animal species, as demonstrated by scientists from the University of Santiago and confirmed by sightings such as this one.

The waste heap was established to properly deposit 720 million cubic meters of sterile material that enclosed the 261 million tonnes of lignite produced by the mine and consumed at the As Pontes thermal plant. Although the composition of the soil initially impeded the growth of plant life, ENDESA applied techniques and resources that have now made it possible for 600,000 trees to thrive, in addition to large grasslands and thickets. The successful restoration of the flora has attracted wild fauna, and a team of zoologists has counted 172 species of vertebrate animals.

Alongside the waste pile is the mining lake, which is expected to be completely formed by the end of this year.

ENDESA is building this lake as the last component of its environmental remediation of the area once the lignite deposit has been fully exploited.



ertheless, ENDESA is carrying out the work with the utmost environmental care.

Lastly, the Company is collaborating in Catalonia with the project of *I'Institut Català per la Conservació dels Rapinyaires (ICRA)* and the *Direcció de Medi Natural* of the regional government of Catalonia, in order to track one specimen of the Bonelli's eagle with a satellite transmitter. The specimen suffered a multiple fracture of the humerus, ulna and radius in the municipality of Soses, in Segrià, but the Vallcalent Recovery Centre succeeded in seeing that it fully recovered. The eagle was released in the municipality of Agramunt (Lérida), in order to identify its flights paths and the breeding areas that it selects.

8.2. Key actions in Latin America in 2011

In Latin America the Company made further progress in establishing a culture of biodiversity conservation at its facilities.

Argentina

ENDESA Costanera is located in the city of Buenos Aires, 1,000 metres from the Costanera Sur environmental re-

serve. In the 1990s, various species of birds and mammals settled on land that was reclaimed from the Río de la Plata. Gradually, with the help of riverine flooding, the vegetation has rapidly recovered, making way for a permanent settlement. Hundreds of visitors currently stroll through the reserve every day seeking contact with nature.

In the area where Edesur's concession is located, there are no protected areas, and the focus is on cutting and pruning, for the protection of the flora and tree species that have been transplanted.

At the El Chocón hydro plant, in the province of Neuquén, work is being carried out to track and monitor the fishlife in the reservoirs.

Chile

The ENDESA Biodiversity Committee for Latin America was established in 2009, and its secretariat was awarded to Chile. Now known as the Permanent Commission on Biodiversity, it has amended its operational bylaws and has thus become more prominent. Of the actions promoted by the Commission in 2011, the biodiversity inventory prepared for four installations stands out: the Arroyito Hydroelectric Plant in Argentina, the Betania Hydroelectric Plant and the

Cartagena Thermal Power Plant in Colombia, and the Chiyay Hydroelectric Plant in Peru.

Through the San Ignacio del Huinay Foundation, scientific expeditions have been carried out to Isla Navarino, to the Renihue fjord and to the Chonos Archipelago, to conduct research on and protect the fjords of the lakes of Patagonia. Since its creation in 2001, the Foundation has conducted 10 expeditions, and has collected nearly 3,500 organisms and carried out research in 67 areas.

All of the findings of the research projects carried out at the Huinay scientific centre are translated for publication by scientific journals. Since the beginning of operations at the centre, more than 12 projects a year have been carried out, and an average of six papers have been published in various high-level scientific reviews. As of December 2011, 65 scientific studies had been published in ISI peer-reviewed journals.

Other activities undertaken by the Foundation in 2011 include carrying out scientific projects related to coldwater coral in the Comau fjord, classifying the taxonomy of anemones and sighting marine mammals in the Comau fjord. In addition, the Foundation been named a member of the Advisory Council on priority sites for protected marine areas of Chile's Ministry of the Environment.

Brazil

Ampla, in collaboration with the Ministry of the Environment of Miracema, has planted more than 1,000 seedlings of native species of the Mata Atlántica (Atlantic Forest) throughout the territory of the substation in the municipality. This has jump-started the Biodiversity-Reforestation project.

In addition, the Company celebrated Tree Day and encouraged its employees to become involved in environmental protection through tree planting and awareness-raising talks.

For its part, Coelce has continued to support the Caatinga sustainable management project, as a viable, more rational alternative for the sustainable production of forest products.

It has, in addition, continued to collaborate with the Aq-uasis NGO for the conservation of different species in the Baturité massif region.



The San Ignacio del Huinay Foundation has carried out an average of 12 projects a year since its inception in 2001

Peru

In Peru, activities were carried out in the framework of World Environment Day. More than 250 persons helped plant trees over a 4,500 m² area.

Colombia

In Colombia, in order to centralise and strengthen all of the reforestation actions carried out to offset the impact of resource consumption, Codensa and Emgesa have initiated a process for the comprehensive reclamation of 692 hectares of land at Hacienda Canoas in the municipality of Soacha, within a strategic ecosystem. This action is intended to convert the land into an ecopark exclusively for biodiversity conservation and protection. As part of this project, in 2011 the corresponding studies were initiated and the first 10,000 trees of the future ENDESA Park were planted.

In addition, in compliance with the Muña Quarry Environmental Management, Recovery and Restoration Plan, the restoration process consisting of replanting slopes on a 1.9 ha area has moved forward. The construction material used to adapt the dikes of the Muña reserve, which holds waters used in electricity generation in the Pagua chain, came from the Muña Quarry.

In addition, reforestation efforts have continued on land where the production centres are located. Ten hectares were reforested at the bend of the Guavio reservoir and 1.5 hectares were reforested on land of the Cartagena plant, while maintenance was carried out on the areas reforested in previous years.

In addition, native species were planted on the land surrounding our plants at the Bogotá River, in San Antonio, and Tequendama, Limonar and Guaca as well as at the Betania plant.



Comprehensive reclamation of 692 hectares located at Hacienda Canoas, municipality of Soacha (Colombia).

Lastly, in terms of research, the Company attended the International Congress of the Commission on Regional Energy Integration (CIER) and presented a paper entitled "Gestión de la biodiversidad, la experiencia del grupo ENDESA en Colombia" ("Biodiversity management: the ENDESA Group's experience in Colombia).

Ireland

In Ireland, the Environment Committee was established, and a land quality study was conducted at the Lanesborough site in order to evaluate the possibilities for reforestation. In addition, the environmental permit for Great Island has been obtained and an analysis of the economic impact of removing material from the Tarbet and Great Island landfills has been carried out.

8.3. Adjacent land, or land located in natural protected areas

In 2011, 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 area is in Chile (649.2 km²) and Colombia (70.14 km²). In Brazil, it has 4.09 km², and 0.5 km² in each of Argentina and Peru.

Innovation

Commitment to efficiency



CARGA RÁPIDA

PU
VE



Endesa

CONÉCTATE
AQUÍ

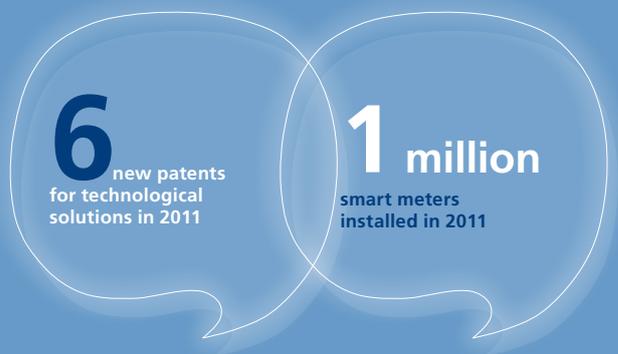
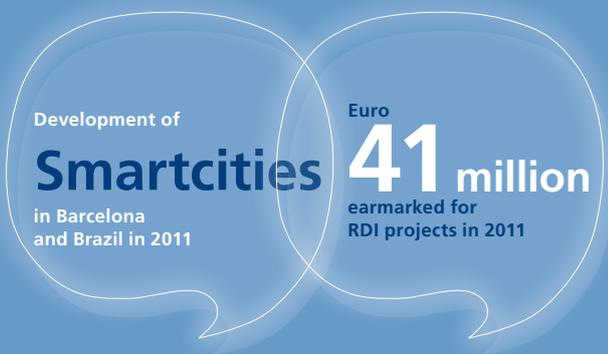
PUNTO DE RECARGA
VEHÍCULO ELÉCTRICO



Endesa
VEHÍCULO ELÉCTRICO

ENDESA aspires to be a technological leader in the industry and recognised as such by the markets, the scientific community, its customers and society in general.

To this end, the Company has developed RDI projects in all of its business lines and corporate technology activities, which are included in the 2009-2013 Technology Plan, which, in turn, is integrated into the ENDESA's 2008-2012 Sustainability Plan.



Priority issues--materiality study 2011

- Integration of renewable energy into the Company's businesses (strategy and objectives)

- Efficiency in generation (programmes underway, reporting KPIs, etc.)

- Technology projects on advanced distribution grids (smart grids)

- New green products and services: e.g. Energy Services

- Indicators of investment in R&D

ENDESA's response in the report

- Chapter on Climate Change:
 - 1.1. Playing an active role in developing renewable energies

- Chapter on Innovation:
 - 1. RDI – in search of cleaner energy
 - 3.3. Technological projects for improved efficiency in electricity generation

- Chapter on Innovation:
 - 3. Technological response to energy challenges

- Chapter on Combating Climate Change:
 - 1. ENDESA's contribution to combating climate change
 - 3. Technological response to energy challenges

- Chapter on Innovation:
 - 2. Technology leadership model

Meeting our goals

2011 challenges

Technological plan coordinated with ENEL. Management of synergies groups.

Launch of ENDESA-led consortium.

Development of technological knowledge, capture and training initiatives (technological intelligence programme, Tecnósfera, hiring MBA students, etc.).

Devise Strategic Foresight Plan for key technologies.

Introduce new employee ideas management system for 2.0.web environment.

Tecnósfera: promote knowledge dissemination.

External Communications Plan.

Improvements in energy efficiency in Generation and Distribution.

Massive roll-out of latest-generation remote management infrastructure through Remote Management Project.

Actions taken

A technological plan coordinated with ENEL has been carried out.

An ENDESA-led consortium (Zem2All) was launched.

- A technological intelligence programme (36 products) was devised.
- The 2011-2012 ENDESA-ICAI master's degree programme was launched. Seventy-five per cent of the students from previous programmes have been included.
- Tecnósfera remained active throughout the year.

The *Strategic Foresight* Plan for key technologies was devised and presented by the CEO. It was developed as part of the ENEL-ENDESA technological map.

The pilot project was launched on August 22, and the system became operational in late 2011.

Tecnósfera remained active throughout the year.

The planned communication actions were carried out.

- Project to reduce losses: reducing technical losses in the grid and rationalising energy consumption.
- Participation in five distribution taskforces in line with Best Practice Sharing.
- Configuration of grids to facilitate work affecting generators and consumers.
- Installation of 1 million meters and more than 9,000 concentrators. Since April, the smart meter has been the only electricity meter installed by ENDESA for all of its ordinary operations ($\leq 15\text{kW}$).
- The end-to-end remote management system is operational for more than half a million meters.

Key figures

Overall efficiency rate of thermal power stations in Spain	39.3%
Percentage reduction in tonnes of coal compared with 2010	88.1%
Percentage reduction in tonnes of liquid fuels (fuel oil and gas oil) compared with 2010	74.8%
Direct investment in RDI in 2011	Euro 41 million

Key actions in 2011

Chair of PTE-EE and secretariat of CEIDEN

Technological intelligence programme: manufacture of 36 products

Consolidation of the Global Innovation Model

Monitoring of the Global RDI Portfolio was completed in each of the four quarters.

Installation of 1 million meters at the end of 2011 and more than 9,000 concentrators

Installation of smart meters in all ordinary operations ($\leq 15\text{kW}$).

Use of the end-to-end remote management system for more than half a million meters.

In 2012 we propose

Optimising the return on state aid and tax benefits

Devising ENEL-ENDESA Innovation Planning

Implementing a global system to manage employee ideas using the crowdsourcing model

Moving forward with widespread installation and remote operation

Remote operation and reading for mass billing of smart meters

Striving for the open technology used by ENDESA, Meters and More, to be adopted as a European standard

1. RDI – in search of cleaner energy

In 2011, ENDESA, in coordination with ENEL, intensified its RDI activities, managing a strategic portfolio of RDI projects in the areas and markets in which they both operate.

1.1. Fuel consumption

In 2011, ENDESA supplied 13.4 million tonnes of coal, a 112.8% year-on-year increase. In terms of liquid fuel, the company managed 1.5 million tonnes of fuel-oil and 0.9 million tonnes of gasoil, 8.9% less and 17.8% more than in 2010, respectively.

Fuel supplied to ENDESA in Spain and Portugal, including own production

Type of fuel	2009	2010	2011	% chg 2011-2010
Spanish coal (thousands of tonnes)	3,614	1,320	4,724	258
Imported coal (thousands of tonnes)	7,049	4,991	8,504	70.4
Petroleum coke (thousands of tonnes)	413	5	213	4,436.3
Liquid fuels (thousands of tonnes)	2,721	2,734	2,395	-12.4
Natural gas biofuel (millions of m ³)	95	29	1,402	53.2
Natural gas in CCGT (millions of m ³)	1,126	3,607	3,830	40.7

Fuel consumption in Latin America

Type of fuel	2009	2010	2011
Coal (thousands of tonnes)	1,184.5	882.1	852.4
Fuel oil (thousands of tons)	351.2	495	549.6
Gas oil (thousands of tonnes)	787.6	537.8	397.9
Natural gas (millions of m ³)	3,766.7	4,758.9	4,956.2

Energy savings due to energy efficiency and improvements

Type of fuel	Unit	Spain and Portugal	Latin America	ENDESA
Redesign of processes	GJ*	6,951.60	558.57	7,510.17
Conservation and equipment adaptations	GJ	0	4,022,700.26	4,022,700.26
Changes in employee behaviour	GJ	1,250.00	2,837.20	4,087.20
Liquid fuels (thousands of tonnes)	GJ	8,201.60	4,026,096.03	4,034,297.63
Efficient or renewable energy-based products and services	GJ	8,201.60	4,026,096.03	4,034,297.63
Total	GJ	16,403.20	8,052,192.06	8,068,595.26

* GJ: Gigajoules.

Fuel consumption in other countries

Type of fuel	2009	2010	2011
Coal (millions of tonnes)	0.55	0.53	0
Fuel oil (thousands of tonnes)	220.8	83.7	20.5
Gas oil (millions of m ³)	3.5	2.9	1.4
Natural gas (millions of m ³)	154.6	119.5	122.7

Energy consumption in Spain and Portugal (GWh)

	2009	2010	2011
Thermal power unit	2,262.8	1,652.7	2,666.8
Hydroelectric power unit	133.8	137.7	117.2
Nuclear power	1,033.7	1,206.13	1,113.5
Distribution	14.6	n.a.	0.82

n.a.: Not applicable.

Energy consumption in Latin America (GWh)

	2009	2010	2011
Thermal power unit	748.4	866.6	1,297.1
Hydroelectric power unit	502.7	318.7	73.5
Cogeneration and renewables	3.95	4.38	0
Distribution	39.9	87.9	224.9

Energy consumption in other countries (GWh)

	2009	2010	2011
Thermal power unit	148.6	50.1	16.56

In 2011, ENDESA saved 7,510.17 GJs of energy thanks to the development of conservation and efficiency-improvement programmes as well as initiatives to supply more efficient products and services.

In Spain, the Company improved the processes involved in its Olot-Serinyà high-voltage lines and at the Bescanó, Catalonia, substation, and on the Balearic Islands it improved distribution techniques and equipment upkeep.

In Latin America, ENDESA has striven to conserve and adapt equipment and to raise awareness among its employees.

Indirect energy consumption

Type of fuel	Unit	Spain and Portugal	Latin America	Other Countries	ENDESA
Consumption of energy-intensive materials	GJ*	0	115,230.30	0	115,230.30
Outsourced production	GJ	0	0	0	0.00
Business trips	GJ	0	6,052.22	0	6,052.22
Employee commutes	GJ	0	7,152.84	0	7,152.84
Property management, renewables	GJ	0	0	0	0
ICT	GJ	0	0	0	0
Vehicle fleet	GJ	0	13,513.18	0	13,513.18
Total	GJ	0	141,948.54	0	141,948.54

* GJ: Gigajoules.

Resources used in 2011

Tonnes

	Spain and Portugal	Latin America	Other countries
Lime	607.94	1.53	0
Iron chloride	314.70	11.97	0
Ammonia	682.48	12.98	7.46
Caustic soda	927.68	1,919.43	82.56
Sulphuric acid and chlorhydric acid	2,382.53	3,862.28	76.60
Sodium hypochlorite	1,563.37	3,159.69	19.78
Chlorine dioxide	0	0	0
Ferrous chloride	0	55.94	0
Magnesium oxide	234.70	0	0
Limestone used for combustion-gas desulphurisation	697,539.51	0	0
Lubricating oil	5,540.31	211.15	0
Dielectric oil	140.49	49.51	0
Other*	14,582.32	86.55	11.52
Total	724,516.03	9,371.02	197.92

* Includes rarely used chemical compounds.

In 2011, ENDESA's indirect energy consumption, through its companies in Latin America, was 141,948.5 GJs. At these companies, efforts have been taken to lower consumption.

In Brazil, Coelce has carried out various projects to raise and promote energy efficiency, including the Troca Eficiente project, which focuses on the low-income population, or the Coelce Solidarity programme to reduce consumption at public buildings.

ENDESA's use of other types of resources, in addition to fuel, brings its total consumption to 725 kilotonnes.

1.3. Efficiency in thermal power plants

The energy efficiency ENDESA achieves using the natural resources at its disposal is a key parameter for the Company's generation business.

Total efficiency at its plants in Spain and Portugal in 2011 was 39.3% compared with 39.68% in 2010.

Efficiency at thermal power plants in Spain and Portugal

%

	2009	2010	2011
Coal-fired thermal power plants	35.42	37.98	37.47
Fuel-gas-fired thermal power plants	35.87	36.44	39.59
Combined-cycle thermal power plants (natural gas)	53.07	45.15	48.67

The overall efficiency of ENDESA's power stations in Latin America, which use liquid, coal and gas fuels, including combined cycle power stations, was 46.26% in 2011 improving by 46.50% compared to the year 2010.

Efficiency of thermal power plants in Latin America

	2009	2010	2011
Coal-fired thermal power plants	34.08	33.05	35.98
Fuel-gas-fired thermal power plants	30.24	31.65	32.47
Combined-cycle thermal power plants (natural gas)	50.25	50.91	51.04

Efficiency of thermal power plants in Latin America, by country

	Colombia	Peru	Brazil	Chile	Argentina
Coal-fired thermal power plants	27.60	n.a.	n.a.	37.26	n.a.
Fuel-gas-fired thermal power plants	28.86	32.25	n.a.	29.04	33.20
Combined-cycle thermal power plants (natural gas)	n.a.	51.91	43.37	50.97	51.20
Average efficiency	28.14	44.95	43.37	47.51	46.70

n.a.: Not applicable.

Technical improvements are being made at the Company's power generation facilities to boost the efficiency of energy transformation processes and reduce CO₂ emissions.

Availability at thermal power plants

	2009		2010		2011	
	Spain and Portugal	Latin America	Spain and Portugal	Latin America	Spain and Portugal	Latin America
Coal-fired thermal power plants	n.a.	n.a.	6.1	n.a.	4.8	5.8
Fuel-gas-fired thermal power plants	n.a.	n.a.	2.5	n.a.	4	20.26
Combined-cycle thermal power plants (natural gas)	n.a.	n.a.	8.2	n.a.	8.9	7.46
Average efficiency	n.a.	n.a.	8.1	n.a.	7.7	9.88

n.a.: Not applicable.

For more information, see *Combating Climate Change, 02.3.1., CO₂ Emissions*.

2. Technology leadership model

ENDESA's RDI activity is part of its commitment to sustainability, as is underscored in its 2008-2012 Sustainability Plan. One of the Company's objectives is to gain recognition from the markets, its customers, the scientific community and society as a whole as a leader in industrial innovation.

ENDESA is developing RDI projects in all of its business lines and corporate technology activities, which are included in the 2009-2013 Technology Plan. The latter is, in turn, in-

tegrated into the ENDESA's 2008-2012 Sustainability Plan. The Technology Plan 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 RDI projects aimed at maximising the efficiency of their activities.		
ENDESA is working with its most innovative suppliers and leading international research centres to achieve disruptive improvements while promoting projects and partnerships geared towards new technology and business solutions with a time horizon of five years.		
ENDESA engages in technology surveillance and intelligence activities to create future opportunities that will contribute to maintaining its position as a technology leader and pave the way to future business opportunities.		

In 2011, ENDESA's direct investment in RDI activities amounted to Euro 41 million. It also leveraged third-party investments in consortia and collaboration projects that ENDESA itself headed up.



In addition, ENDESA applied for six new patents on technological solutions related to priority areas of interest.

All of ENDESA's RDI initiatives are developed and coordinated through the Corporate Research, Technological Development and Innovation Unit working with the various business lines in each of the Company's markets. This takes place under a global innovation model with unified project selection criteria and management and technological knowledge capture models. Hence, the value of these models is unlocked and the differences in regulation and businesses in each country are taken into account. This unit also centrally manages applications for grants, tax deductions and financial aid for RDI initiatives and plans to make the best use of the amounts awarded.

In 2011, ENDESA continued to promote two strategic lines of action to develop new businesses:

- Energy efficiency
- E-mobility

For more information see the chapter on *Climate Change*.

2.1. Energy efficiency

For ENDESA, energy efficiency means transforming and using energy in the most intelligent, and the best way possible throughout its value chain while maintaining the same quality of the services it offers its customers. 2011 highlights include:

- **ENDESA's Global Energy Efficiency Plan (PGE3):** Underscoring its firm commitment to energy savings and efficiency, ENDESA continued to develop its Global Energy Efficiency Plan (PGE3), which is included in its 2008-2012 Sustainability Plan. The Plan is one of the Company's endeavours to meet the 20-20-20 targets established by the European Union in order to boost energy efficiency by 20%, ensure that 20% of total energy demand is met using renewable sources, and cut CO₂ emissions by 20% by 2020.

The overall objective of the Plan is to achieve excellence in energy efficiency, which involves four specific challenges:

- Achieving excellence in energy transformation processes,

Second year of development of ENDESA's Global Energy Efficiency Plan (PGE3)

- Developing smart distribution grids that permit efficiency measures to be rolled out across the entire electricity system so as to minimise energy losses during transmission and distribution,
- Ensuring that ENDESA is our customers' preferred partner by offering the most advanced energy efficiency solutions.

Being a model consumer that respects the environment.

In addition, the Plan includes the initiatives that the business lines in Spain and Portugal as well as those in Latin America have planned and carried out relating to operating efficiency, the creation of new businesses and efficient energy generation. The Plan is part of an extensive series of initiatives in power generation, distribution and supply, and it entails actions in terms of regulations, communication and awareness-raising in every country where ENDESA operates.

The PGE3 sets out strategic priorities and actions for the Company relating to energy efficiency. It is monitored by the Energy Efficiency Committee and coordinated by the Research, Technological Development and Innovation Unit. As a result of the PGE3, CO₂ emissions have been curbed by 12.5 million tonnes in all company processes over the past five years.

PGE3 has lowered
CO₂ emissions by
12.5 million
tonnes over the last five
years

All energy-efficiency initiatives in Latin America have been developed and coordinated by the Energy Efficiency Committee, which is composed of representatives of all the companies in the region and of the corporate energy efficiency departments.

- **Communication and awareness-raising:** In 2011, ENDESA took part in more than 10 promotional and awareness-raising events relating to energy efficiency in Spain and abroad.



- **Certification:** ENDESA, through the Environment Committee, implemented an Integrated Environmental, Energy Efficiency and Indoor Air Quality Management System. Its corporate headquarters in Madrid became the first such building to be awarded three certificates for Energy Efficiency (UNE-EN 16001, ISO 14001 and UNE 171330-3).

ENDESA's head offices awarded the triple certification of the Integrated Environmental Management System

3. Technological response to energy challenges

In 2011, ENDESA continued to invest in innovation, developing sustainable, low CO₂ emission energy models.

ENDESA remains committed to developing e-mobility and new eco-energy services that will transform customers into active agents in the distribution network, and thus contribute distributed generation, storage and energy efficiency management capacities, etc.

The grid of the future, or smart grid, will include active management while continuing to maintain appropriate levels of safety and quality; integrate renewable generation close to consumption; and provide advanced services for customers, allowing them to actively take part in the electricity system with tools for intelligent consumption management.

3.1. Technological projects on advanced distribution grids

Distribution grids face challenges such as safely integrating increasing shares of a renewable energy generation capacity that is dispersed and cannot be managed, and finding solutions to consumers' needs such as tailor-made billing, electric vehicle recharging, energy services or home automation solutions.

The main projects conducted by ENDESA in 2011 were as follows:

- **Remote management project:** This project was designed to roll out an automatic and remote electricity supply control and management system for residential customers. This innovative remote management system, the first of its kind in Spain, will be installed in the homes of more than 13 million of the Company's customers between 2010 and 2018, to replace conventional electricity meters, in compliance with prevailing Spanish law. The system is expected to help boost the efficiency and sustainability of the electricity network.

ENDESA's digital metering solution, which it developed in conjunction with Enel, is based on a proven, reliable solution that incorporates cutting-edge technology. It has been adapted to the requirements of ENDESA's business and to Spanish regulations.

ENDESA is the leading distributor in Spain, given its widespread installation of the smart meters (standardised and certified in accordance with EU and Spanish regulations). Since late April 2011, this has been the only meter installed by ENDESA for all of its ordinary operations (those equal to or less than 15kW).

By late 2011, 1 million meters had been installed in addition to more than 9,000 concentrators. With the end-to-end system in place since the first day—the operations centre was inaugurated in 2010—at the end of 2011 more than half a million meters were managed remotely and automatically. In addition, functions have been added to the system, and it has been adapted for high-volume customers.

ENDESA
has installed **1** million
smart meters through 2011
and more than
9,000
concentrators



The Meters and More Association, which enables open-protocol management and ensures the interoperability of devices and applications, has 23 member companies including ENDESA. In 2011, in conjunction with Enel, ENDESA succeeded in having *Meters and More technology* selected for the *European OPEN Meter project*, given its compliance with all requirements. In addition, the technology has been proposed to the European Committee for Electromechanical Standardization (CENELEC) for standardisation. No further recommendations were made regarding the technology.

ENDESA and Enel are working proactively to make the smart metering solution available to other distribution companies both in and outside of Spain, adapting it to the different regulatory frameworks: through pilot operations at various subsidiaries and investees as well as in Latin America and laboratory tests at other European distribution companies.

- **Project INTEGRIS:** ENDESA is heading up and coordinating the INTEGRIS (INTElligent Electrical GRId Sensor) communications project to design and develop a robust and flexible telecommunications infrastructure capable of obtaining and channelling, efficiently and in real time, all the information required for the new smart distribution grids.

This real-time information will optimise supply and demand management, minimise losses, improve as-

set management and streamline the operation of the grid in general, offering customers increased security of supply and the possibility of actively managing demand.

A key aspect of the project is to develop infrastructure with low roll-out costs. To this end, Powerline technology will be employed, using existing power cables for transmission with telecommunications technology typically found in wireless sensor grids, which are cable-free and extremely energy efficient.

The project has a budget of some Euro 5 million, with the European Commission subsidising over 60% of this amount.

- **Project ICONO:** This project aims to automate, assist and improve the work of grid operators with elements that forecast grid conditions and provide control measures to guarantee stability and security.
- **Isolating faults and restoring supply:** The aim is to incorporate smart grids so as to remotely identify any incidents and distribution connections or disconnections.
- **Project S2G:** Project S2G aims to launch a pilot service of an advanced power distribution monitoring, tracking and maintenance system at two HV/MV substations. The service will be able to predict potential faults by monitoring, analysing and using new capture devices as well as standard IEC-61850 as a communications protocol.
- **Project Smartie:** The development of this new power electronics device makes it possible to better use network assets in current systems by maximising load distribution, reducing losses, improving the supply and permitting a larger and better penetration of renewable energies in the grid.
- **Eccoflow** (Superconducting fault current limiter). Installation of a prototype superconducting fault current limiter at an HV/MV substation on the Balearic islands, based on superconducting technology.
- **UAV project:** This project aims to replace conventional helicopters in the inspection of HV lines with unmanned aerial vehicles (UAVs), with the consequent economic and energy savings (reduction of CO₂ emissions).

- **Electricity distribution point incorporating an earth connection:** This technology, developed in Colombia, concluded with a truly competitive, advanced project. The resulting intellectual property is protected by international agreements.
- **Superconductor cable:** ENDESA's power superconductor project could reduce power losses on some sections of the power grid by half—and potentially by as much as 70%.

3.1.1. Telecommunications / Smart Grids

Telecommunications

- **Project Orion - Smart Grids in remote areas:** By equipping the grid with technology and automating processes, this project seeks to improve service in remote areas in Colombia with a high malfunction rate. The project draws on the smart grid concept, and the initiative was presented at the Seventh 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

The design, operation, planning and use of electricity grids will undergo major changes in coming years. This is especially true of the information and telecommunications systems on which they rely. For this reason, telecommunications and information systems play an especially important role for smart grids.

Third year of development of the SmartCity project in Malaga and first year in Barcelona and Brazil

ENDESA is applying the smart grid concept in smart city demonstration programmes—a field in which it is a leader—with various projects: This year marked the third year of the Malaga SmartCity and was the first year of the Barcelona SmartCity. It also saw this concept extrapolated to Latin America, specifically to the cities of Búzios, in the Brazilian state of Rio de Janeiro, and to Santiago, Chile.

- **Malaga SmartCity project:** This project aims to integrate the development of smart grids and sustainable urban development into the smartcity concept in order to meet the 20-20-20 energy challenge, reducing CO₂ emissions, increasing the reliance on renewable energy, bringing generation closer to consumption, raising energy efficiency and making consumers more aware of the need for responsible consumption.



Over 25 companies and research bodies form the consortium created to develop this project, which is scheduled to last four years and have a budget of Euro 31 million.

In 2011, three years into the project, the following actions were taken:

- Roll-out of the telecommunications network, with more than 70 transformer centres linked by PLC, WiMax and other technologies.
- Development of monitoring systems based on key performance indicators (KPIs).
- Advanced automation of 22 transformer centres.
- Creation of a microgrid on Paseo Marítimo, with the installation of generators on street lights, and low-voltage storage equipment.
- Installation of medium-voltage energy storage equipment.
- Development of energy efficiency solutions at 50 users and 10 SMEs.
- Efficient street lighting transformers.
- Roll-out of nearly 7,000 smart meters in the area.
- Installation of recharging stations for electric vehicles with vehicle-to-grid (V2G) technology.

- **Barcelona SmartCity project:** ENDESA has begun work on a project to upgrade its power supply system in Barcelona with the roll-out a cutting-edge smart grid enabling greater savings and more efficient and sustainable management. Total investment in this new smart-city project is estimated at over Euro 100 million.

In the first phase of the project, which concluded in 2011, ENDESA installed an interactive expo centre, strengthened consortia with the Zona Franca (free trade zone) and the municipal government of Barcelona, and stepped up its role in the Energy Efficiency Cluster. Planning for the second phase of the project, in which a consortium will be formed among the different companies, is currently underway, and the scope of each work-group is being determined.

Barcelona was the venue of the first *SmartCity Expo World Congress*. The Company played a prominent role in both the expo itself and at the conferences.



- **Búzios SmartCity project:** The aim of this project, which is the first smartcity initiative in Latin America, is to roll out and test the most advanced grid technologies in customer services, grid automation and the integration of information technologies. Sponsored by Ampla, the Búzios city government and the Rio de Janeiro state government, it will be launched in 2012.



- **Santiago SmartCity project:** Following Brazil's lead, Chile is developing the smartcity concept in Santiago, after analysing the viability of the project.

SmartCity Barcelona is the second ecoefficient city project carried out in Spain

ENDESA and Enel are drawing up a roadmap for the development of smart grids in Latin America

By organising a workshop in Malaga, Enel and ENDESA have given new momentum to the identification of the main points to be addressed for developing smart grids in Latin America.

One of the main conclusions reached is that the Group can achieve significant synergies and promote the continued expansion of electricity grids in Latin America.



Brazil and Chile are the first countries of Latin America in which smartcities are being developed

3.1.2. Networks

In 2011, ENDESA Distribución drove innovation in each of the areas in which it operates through the following projects:

Process improvement:

- **DIANA project** (real-time tasks in customers' homes, or TDC for its initials 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.
- **Project MIDAS:** This is a system for forecasting non-technical losses based on data mining and artificial intelligence techniques.

Research into new technologies applied for the management of assets and improvement of reliability:

- **Cooperative protection system:** Implementation of regulation IEC 61850 to design LAN IP architecture for all inter-communicating equipment in substations (remote control, protection, regulators, HMI...).
- **Future Grid for Electric Energy Distribution project:** Installation in Barcelona of a technologically advanced remote control system with automatic breakers and fault bypass detection to optimise the location of power failures and automate grid management.

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. Under this Plan, in 2011 the Company implemented new energy-efficiency products and services, such as efficient lighting solutions ("Plan Ilumina") for small companies in the commercial sector (at which a total of 180 projects have been executed, with sales of about Euro 400,000), compressed natural gas, heat recovery, building classification and ISO 50001 implementation.

ENDESA is promoting the marketing of compressed natural gas through new business models. This is an important opportunity regarding both public-transport fleets and private-enterprise fleets that make intensive use of highways. Customers who adopt vehicles using compressed natural gas recoup the additional cost of these vehicles in about two years.

3.2.1. Active demand management

Innovative projects for managing demand in the Companies sector include:

- **Novare ENERGRID:** The ENERGRID project aims to demonstrate the viability and advantages of a system of smart, distributed infrastructures for managing the supply and demand of power grids. The system will make it possible to manage energy output and consumption through small nodes (homes, buildings, companies) and thus create a decentralised electricity generation and consumption system. The project aims to improve energy management in buildings by encouraging dialogue between consumers and the energy generation companies and between these two parties and users. This is done using a new technological layer based on distributed (or grid) computing on top of the traditional distribution grid.
- **STORE project:** An energy storage project that will serve to showcase energy storage technologies—for realistic-use cases—that have recently entered the market. The project will be directly applied in power systems as a means of managing temporary imbalances between generation and demand, thus helping to make transmission grids more flexible and reliable and enhancing both supply quality and system operation. The project aims to integrate several demonstration plants into the existing grid in the Canary Islands. The plants are to serve as key elements for technology validation.
- **Smart metering and automated grids and efficient public lighting systems:** These projects, which have

been implemented in Peru this year, have significantly improved grid efficiency and customer service.

- **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.
- **"Reactive compensation, demand management and wave quality through efficient lighting", a project developed in Colombia,** seeks to introduce reactive compensation, manage wave quality and manage energy grid expansion through efficient lighting.

3.3. Technology projects for improved efficiency in electricity generation

In 2011, ENDESA continued developing technological innovations to raise 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 and the CCS OXY-300 demonstration plant:** This is a global programme geared towards enhancing carbon capture and storage (CCS) technologies. It brings together public research initiatives for combating climate change with ENDESA's private initiatives with a view to developing commercially viable technologies that make it possible to significantly reduce emissions in electricity production. The project is the only Spanish initiative of its kind chosen by the EU to develop oxy-combustion-CFB technology for CCS in deep saline aquifers.

Regarding carbon storage initiatives, the Company is characterising deep geological formations in the Duero and Ebro basin, and to this end, it is conducting drilling and 3D seismic campaigns among other initiatives.

- **La Pereda carbon capture plant:** The objective of the European "CaOling" project, headed by ENDESA, is to construct a pilot post-combustion CO₂ capture plant in order to conduct experiments using carbonisation-cal-

ination cycles at the La Pereda plant. This is the largest such initiative in the world. Construction of the pilot plant concluded in 2011 and the start-up phase has begun.

- **The "Less CO₂ in Compostilla" project:** Development, construction, start-up and operation of an experimental CO₂ capture plant using chemical absorption. The primary objective of the project is to develop, evaluate and use chemical absorbents based mainly on amines. This is the first experimental plant of its kind to be installed in Spain.
- **Pilot plant to capture CO₂ using microalgae:** Pilot project at the Litoral Almería thermal plant to recover CO₂ from combustion gases using microalgae in order

ENDESA is taking part in the European Macplus project to promote efficiency at thermal power plants

ENDESA is taking part in MACPLUS, one of the EU's most important R&D projects for developing advanced materials for supercritical thermal power plants. The programme was approved recently as part of the aid programme rolled out under the EU's 7th Framework Programme for Research and Development, with the participation of 23 European companies and research centres that are spearheading the development of advanced materials.

The project has a budget of over Euro 18 million. Two big German utilities, E.ON and RWE, are also members, along with several large equipment suppliers, including Siemens, Alstom, Babcock and Foster Wheeler.

The research will focus on developing advanced materials to allow boilers in future thermal plants to operate at higher temperatures and steam pressures, increasing their efficiency and reducing CO₂ emissions.



to subsequently obtain commercial products such as biofuels. Another line of research set to begin in this field consists of genetic modification studies to increase both biomass and lipid production. The project enjoys scientific and financial backing from public administrations as it is included in the funding programmes of the Ministry of Science and Innovation (PlanE and INNPACTO) and of the Centre for the Development of Industrial Technology.

- **Biodiesel and natural gas.** In 2012 the Costanera plant will carry out tests on the use of biodiesel and natural gas with a high propane content in combined cycle plants.

3.3.2. Renewables

- **GDV-500 Project:** This project seeks to develop new systems to harness solar thermal power and generate steam more efficiently while reducing environmental risks. Installing and testing of an experimental component plant at the Litoral de Almería thermal power unit in order to validate key technology systems under actual operating conditions.
- **Wave Energy (tidal energy) project in Chile:** After the map of wave energy resources along the coast of Chile was drawn in 2010, environmental legislation and concessions for sea projects were further revised in 2011. Efforts are also underway to identify dominant technologies and select the best sites for the possible construction of a wave energy facility. In addition, the studies calculated the costs of the technologies, in order to enable any plants that are decided upon to be built in the medium term.
- **Capim Elefante Project:** At an experimental farm in Brazil a study is underway to optimise the cycle of planting, irrigating, harvesting and storing capim elefante (elephant grass) in order to increase the amount of biomass available on the Brazilian market with a view to introducing it in other South American countries.
- **Condition-Based Maintenance Project:** Carried out in Chile, this project envisions establishing and developing latest-generation expert systems in order to keep a record of and utilise the expertise and knowledge of specialists in hydro plant maintenance. It is hoped that this will allow for improved

diagnostics of plant conditions in order to optimise maintenance and operations.

3.3.3. Nuclear

ENDESA participates in various nuclear RDI programmes and holds the position of Secretary in the Spanish nuclear fission energy technology platform, CEIDEN, which coordinates RDI 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 interest:

- **EPRI nuclear programme,** which pursues 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 RDI 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 involved in its value chain.

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 2011, the fifth ENDESA-ICAI Master's Course in Energy Technology was carried out.

For more information, see the chapter entitled *Our people, ENDESA Energy School*.

ENDESA and the Universitat Politècnica de Catalunya-Barcelona Tech launch Spain's first official master's degree programme in nuclear engineering.

The Universitat Politècnica de Catalunya-Barcelona Tech will offer this one-year course, which includes over six months of internships at plants and facilities in the nuclear sector. The course is open to international students and is taught entirely in English. It is largely aimed at recent engineering and science graduates (physics, chemistry, maths).

The university-level master's programme is officially recognised by the European Higher Education Area, and thus leads to an official degree. It is made up of some 600 lecture hours and students will receive 90 ECTS (European Credit Transfer and Accumulation System) credits.

Students visit the Ascó and Vandellós II nuclear power plants. These plants, which were chosen because of their proximity, are operated and majority-owned by ENDESA. Students also

visit two other Spanish and European nuclear facilities. Renowned speakers from Europe will participate in a series of conferences on nuclear energy while exchange programmes will be set up with other European universities offering similar nuclear engineering courses.



The Rector of the UPC, Antoni Giró, and the CEO of ENDESA, Andrea Brentan.

4.2. Latin America

Brazil

- **Deu Certo Programme.** This initiative, carried out by Coelce since 2008, promotes developing and disseminating best practices and processes through creativity and innovation. The programme is voluntary and the authors of initiatives that are implemented at the Company win a trip abroad. The programme is divided into two categories: products and services. In 2011, 42 of the 52 pilot projects submitted were put into practice.

One of the awarded projects was IVR (Interactive Voice Response Unit), a computer programme that makes it possible to send automatic messages with links to a list of customers who have filed complaints because they have lost power.

- **Coelce Innovation Market.** This initiative, also rolled out in 2011, promotes developing ideas by encouraging employees to support projects with a million "coelces"—a monetary unit that they may use to invest in the most attractive projects as if they were traded on a stock market. A total of 75 projects of this type have been developed.

Colombia

- **IDEO innovation system.** In 2011, this project, headed up by Codensa and Emgesa, received more than 300 ideas from employees. These ideas took shape in 16 new RDI projects valued at Euro 1.5 million. In addition, after a nationwide call for ideas was issued, 72 innovative proposals were registered on strategic topics for the Generation and Distribution businesses. The first national patent was obtained and applications were filed for two international patents.
- In Colombia a network of 18 universities and research centres that act as technological partners was strengthened. With the network, progress has been made on more than 30 RDI projects. In addition, three initiatives have been developed with suppliers and partner companies.

Argentina

Edesur has established a cooperation programme with business schools to develop RDI initiatives.

5. A leader in technology and innovation

5.1. Participation in technology platforms

ENDESA has continued to play an active role in a variety of technology platforms:

- Spanish Technology Platform for Energy Efficiency (PTE-EE), which is chaired by ENDESA.
- Spanish Future Electrical Grid Platform (FUTURED). ENDESA is a member of the steering committee.
- Nuclear Fission Platform (CEIDEN), for which it serves as Technical Secretary.
- Spanish CO₂ Technology Platform
- Spanish Technology Platform for Hydrogen and Fuel Batteries.
- Spanish Technology Platform for Industrial Security (PLATI).
- Spanish Biomass Platform (BIOPLAT).

ENDESA actively participates in many other organisations and is a founding sponsor of the Catalan 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, the Company has played a prominent role in Colciencias (Colombia).

ENDESA sponsors the third INVESTIGA RDI Award for young people

Representatives of ENDESA's head offices in Madrid attended the opening ceremony of the third INVESTIGA RDI programme, an initiative that aims to spark a special interest among fourth-year secondary students in research, technology and innovation through voluntary work on particularly relevant current issues.



INVESTIGA RDI is organised by the San Patricio Foundation and sponsored by ENDESA and Banco Santander. Other collaborating parties include the Spanish Science and Technology Foundation (FECYT) and the Scientific Research Council (CSIC).

More than 700 students from 67 schools in 9 regions took part in the third INVESTIGA RDI. One hundred attendees were selected for the Congress and 15 finalists travelled to different European research centres, as one of the activities carried out during Research Week.



Solar panels on ENDESA's corporate park

The Companies for Energy Efficiency Platform commits to save 1 million tonnes of CO₂ from 2011 to 2013

ENDESA, Cemex, Cepsa, Meliá Hotels International, Philips Ibérica, Renfe, Telefónica, Toyota España and Unibail Rodamco España, which compose the Companies for Energy Efficiency Platform spearheaded by ENDESA, have confirmed their commitment to energy efficiency and reducing emissions by setting an overall savings target of 1 million tonnes of CO₂ from 2011 to 2013. This is approximately equal to the average annual emissions of 200,000 Spanish households.

Work is currently underway on several different projects to enable this commitment to be met, including initiatives such as installing energy-efficient lighting at headquarters and facilities, promoting hybrid mobility or e-mobility, using trigeneration systems at corporate headquarters and installing photovoltaic solar energy panels on the roofs of buildings owned by the participating companies. The platform is also committed to developing and launching products and services geared towards energy efficiency that will transform these initiatives into tangible benefits for their customers.



Our partners

Commitment to our partners





Callahuanca plant (Peru)

ENDESA wants to extend its sustainability commitments to its partners and to support the economic, social and environmental development of each region where it operates.

In 2011, the Company continued with its Vendor Rating System, increasing the number of purchasing families from 9 to 39 (20 in Spain and 19 in Latin America). It also completed an Emergency Safety Plan that was begun in 2010. The purpose of the Plan is to verify that contractors engaged in risk-related activities at ENDESA facilities comply with all applicable legal, labour, safety and environmental protection regulations. The Company has also identified 418 strategic suppliers and contractors, 25 more than in 2010.

20,765

suppliers

Euro

4,516

million in terms of value of purchases from suppliers

17.8%

decline in accident rate among suppliers and contractors

1.6%

more contracts with local suppliers for more than Euro 1 million

Priority issues--materiality study 2011

Principles guiding government suppliers' conduct (scope of the Code of Ethics - Suppliers).

Reporting - consultation of quantitative KPIs for suppliers in reported public information.

Promotion of human rights in the supply chain (clauses, audits, etc.).

Integration of requirements / environmental and social criteria into supplier selection and the entire supply chain.

Extending occupational health and safety best practices to the supply chain.

ENDESA's response in the report

Chapter on Partners: 01.2. Global Compact and Code of Ethics.

Chapter on Partners: 01.1. Commitment to our partners. 01.2 Global Compact and Code of Ethics. 03.3 Contractor training. 03.4 The results of a joint effort. 04. Commitments to local suppliers.

Chapter on Partners: 01.1. Commitment to our partners. 01.2 Global Compact and Code of Ethics.

Chapter on Partners: 01.1 Quality, environment and occupational health and safety. 01.2 Global Compact and Code of Ethics.

Chapter on Partners: 03. Extending occupational health and safety standards to partner companies.

Meeting our goals

2011 challenges

Continued to roll out the Vendor Rating System to include all remaining families
Implement the Vendor Safety Rating
Promote occupational health and safety standards, as well as environmental management and quality, among our partners
Monitor and verify adherence to the Global Compact
Monitor suppliers and verify that they have a Code of Ethics in place
Increase the number of families in the rating system

Actions taken

20 in Spain, 8 in Chile, 5 in Colombia, 3 in Brazil and 3 in Peru.
Developed the Vendor Safety Rating for the MV/LV Works and Maintenance family in Spain and, in Latam, in Chile, Peru and Colombia
— Promoted OHSAS 18001, ISO 14001 and ISO 9001 safety certifications among suppliers
— Monitored implementation of OHSAS 18000 certification among suppliers (preparation and implementation)
Adherence to Global Compact has been monitored. Follow-up tasks will be carried out to meet the adherence deadlines.
Followed up by mail and in person on securing ENDESA's commitment with the provision of a code of ethics for strategic suppliers
The milestones set forth in the rating plan have been met

Key figures

Evaluation of strategic suppliers and contractors	418
Suppliers that comply with the Global Compact and have a Code of Ethics	109
Training in occupational health and safety for all contractors and subcontractors	100%
Deaths	4
Local suppliers with contracts > Euro 1 million	588

Key actions in 2011

Reporting on and monitoring suppliers' commitment to obtain OHSAS 18001, ISO 14000 and ISO 9000 certification.
Informing on and monitoring ENDESA's commitment to ensure that strategic suppliers have a Code of Ethics on these issues.
Definition and validation of strategic families through the Prevention Service.
Drafting of new General Contract Terms and Conditions (2nd Edition).
Completion of the Emergency Safety Plan relative to contractors with risk-related activities in occupational safety and health.

In 2012 we propose

Monitoring ENDESA's commitment to ensure that, through the Rating System, the Occupational Health and Safety Management System is implemented according to OHSAS 18001 by relevant strategic suppliers.
Monitoring ENDESA's commitment to ensure that, through the Rating System, the Occupational Health and Safety Management System is implemented according to ISO 14001 by relevant strategic suppliers.
Monitoring strategic suppliers' commitment to adhere to the principles of the United Nations Global Compact.
Monitoring strategic suppliers' commitment to the principles of ENDESA's Code of Ethics.
Monitoring the commitment to ensure that, through the Rating System, the Occupational Health and Safety Management System is implemented according to ISO 9001 by relevant strategic suppliers.
incorporating the Rating System for the risk families in which safety audits are conducted.

1. Commitment to our partners

ENDESA has continued to work to extend its sustainability commitment to 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 2011. The System determines if a supplier meets the requirements for working with ENDESA.

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 expanded by 77% compared with 2010

The Vendor Rating System has been implemented for 39 purchasing families, 30 more than in 2010. In Spain, it has been implemented for 20 families, for 8 in Chile, 5 in Colombia, 3 in Peru and 3 in Brazil.

The goal is to increase the number of purchasing families covered by the system through 2014. Once the system has been fully deployed, the requirements set out in it are expected to apply to close to 1,500 suppliers and contractors.

In 2011, contractors and subcontractors involved in construction, operations and maintenance activities worked 18,489,409 days, a 21% increase.

In 2011, the new General Contract Terms and Conditions (2nd Edition) were drafted. They came into effect on 1 February 2012, strengthening ENDESA's commitment to the environment. The terms and conditions require that our suppliers

Days worked by contractors (1)

			Spain and Portugal	Argentina	Chile	Brazil	Peru	Colombia	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	292,439	432,818	922,432	645,232	400,461	920,057	2,911	1,297	3,617,647
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	1,165,269	439,954	974,396	1,638,798	356,712	1,343,205	4,250	1,894	5,924,477
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	3,458,492	583,234	766,359	1,946,956	566,006	1,618,834	5,122	2,283	8,947,285
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	1,456,006	2,663,186	4,230,986	1,323,179	3,882,095	12,283	5,474	18,489,409

(1) Estimate, based on contractual terms or the actual time worked, of the number of 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.

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
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
% of all main suppliers, contractors and business partners that have been assessed on human rights issues	2010	20.4	6.9	0	1.9	9.7	11.8	5.3	14.4
	2011	28.7	8.1	33.3	4.9	14.5	16.7	11.8	23

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.

Endesa's 2008-2012 Sustainability Plan aims to ensure that 80% of suppliers have adhered to the Global Compact and have a Code of Ethics in place by the time the Plan has been fully implemented.

In 2011, all significant contracts (those for more than Euro 1 million) included clauses on human rights or were evaluated, a 27% increase over 2010.

In 2010 and 2011, the main contractors, suppliers and business partners were evaluated regarding human rights.

1.3. Emergency Safety Plan

In 2011, ENDESA completed its Emergency Safety Plan. The Plan, which began in 2010, identified all contractors and partners that undertake risk activities at the Company's facilities. A total of 731 contractors and partners were audited to verify compliance with the five criteria of the

Audits of the Emergency Safety Plan

	Number of suppliers audited		Number of audits conducted	
	2010	2011	2010	2011
Spain and Portugal	242	405	414	595
Latin America	247	326	368	469
Argentina	62	62	85	84
Chile	79	79	112	112
Brazil	0	77	0	103
Peru	40	40	77	76
Colombia	66	68	94	94
Total	489	731	782	1,064



Supplier Rating System, with a total of 1,064 audits carried out.

In Spain and Portugal 595 audits were carried at 405 suppliers, while in Latin America 469 audits were carried out at 326 suppliers.

2. Purchasing synergies plan with Enel

ENDESA has further expanded its purchasing synergies plan with Enel, which began in 2009. The Plan aims to ensure the uniformity of all of the Company's processes and to increase efficiency in all of the purchases made by the Enel Group by standardising purchasing at both companies, in order to optimise costs.

3. Extending health and safety standards at partner companies

To extend occupational health and safety standards at its partner companies, ENDESA requires that its contractors make the following commitments:

- Promoting OHSAS 18001 certification for risk-related activities.
- Inclusion of a clause establishing a commitment to manage and collate information on occupational health and safety in the General Contract Terms and Conditions.

In 2011, a procedure to be followed in the event of serious accidents was implemented at ENDESA, in both Spain and

Latin America. 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 occupational health and safety management system and Annex IV of the General Contract Terms and Conditions require that the contractor provide specific employee training on health and safety, based on the risks involved in the contracted activity.

Special emphasis is given to the training of personnel exposed to risk of electric shock, those working at height, 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.

ENDESA Procedure SGSST-PG11 of the occupational health and safety management system establishes that contractors must design a specific prevention plan for contracted works, detailing the protection equipment to be used. Furthermore, the work is to be monitored and controlled (a process known as "invigilation").

Latin America

Argentina

The generation and distribution companies in Argentina have promoted a certification campaign under the OHSAS 18001 standard with their contractors, and all contracts include clauses referring to the principles of the Global Compact and the Code of Ethics.

The accident rate of the generation companies' subcontractors declined by 50% from the previous year. This decline is the result of an Emergency Safety Plan carried out jointly by the Procurements, Occupational Health and Safety (OHS) units and an external auditor through which audits of workers' documents and on-site audits were conducted. These actions made it necessary for partners to raise their OHS standards. In 2012, more than 15 companies with which ENDESA usually works and that are in the process of on-going improvement and alignment of their OHS standards are expected to receive OHSAS accreditation. These improvements, along with continual on-site audits based on the Workplace Accidents Prevention Index, led to new, more accurate management indicators.

Chile

Occupational health and safety standards are established in Chile through:

- Subcontracting Law 20.123, Law 16.744, the Labour Code and the Health Code. Under current legislation a series of requirements must be complied with, including:
 - Special occupational health and safety regulations for contractors and subcontractors.
 - Internal occupational health and safety regulations.
- OHS management system for Group companies based on OHSAS 18001 standards (2007).
- Requisites demanded by ENDESA from its contractors on health and safety issues:
 - OHS policy.
 - Regulations and procedures.
 - Identification of hazards and risks.
 - Risk-mitigation measures.
 - Employee training.
 - Medical authorisation (occupational / functional).
- Standard ENDESA requirement of providing specific training to certain groups of workers at partner companies, based on specific occupational risks. Progress has been made in establishing certification for employment skills in the electricity sector.
- Standard ENDESA requirements regarding the strict application of workplace procedures
- Standard ENDESA requirement on using individual and collective means of protection
- The Occupational Health and Safety (OHS) Information Management System (Delfos), which handles information generated in relation to OHS affecting ENDESA's employees and those at its contractors
- Measures taken in all Chilean operations to illustrate ENDESA's commitment to risk prevention

ENDESA also has a special regulation for contractors and subcontractors regarding workplace health and safety management at construction sites and for work teams and the rendering of services.

In 2011, Enersis gave awards to and recognised outstanding suppliers in the categories of Excellence, Safety, Environmental Conservation and Innovation.

Also in 2011, ENDESA Chile conducted the SME "Group Certification" Project as part of the Sustainability Plan. This is intended to help SMEs improve in terms of quality, the environment and occupational health and safety. Between 2007 and 2010, 40 companies benefitted, and meetings were held with suppliers to publicise ENDESA's sustainability initiatives and promote their participation in the Group Certification project with regard to the ISO 9001, ISO 14001 and OSHAS 18001 standards.

Peru

Occupational health and safety policies and requirements that apply to workers, contractors and subcontractors are clearly set forth in the principles that govern the workplace management and safety system, in accordance with Edelnor and Edegel's Occupational Health and Safety Policy and in strict compliance with the relevant legislation: Law 29783 on Occupational Health and Safety and the Occupational Health and Safety Regulations governing Work in Electricity Activities (RM 161-2007-MEM).

At Edelnor, specific service contract conditions require that contractor staff receive occupational health and safety training and specific training applicable for equivalent job positions.

At Edegel, through technical specifications for work and services, contractors are asked to identify risks, work procedures, operational controls, the use of individual protection equipment (IPE), staff training, PASST, insurance, IPAL inspections and OHSAS certification requirements.

Brazil

Contractual stipulations define contractor employee profiles, including all the proper training for them to carry out their tasks.

The INPAR programme provides a means of measuring and evaluating contractors in terms of employee safety, health, and job satisfaction, as well as social programmes and respect for the environment.

It also defines standards, in keeping with ENDESA criteria, for personal protection equipment.

The Company provides ethical channels on its intranet (links to government agencies) for reporting child and forced labour, and also provides access to the main laws in these areas.

3.1 Plan "5+1"

In 2011, ENDESA continued to take a broad range of measures aimed at occupational risk prevention, which culminated in Plan "5+1", and established two partner requirements:

- The establishment of culture of safety throughout the organisation and encouraging partner companies to follow suit
- The deployment of mechanisms to improve safety levels at partner companies

3.2. Zero accidents safety plan

The Company has begun to develop its workplace health and safety plan (Safety Plan 2011-2015), for all countries where it operates. The Plan identifies five challenges or areas to improve:

- A reduction of accident severity and elimination of fatal accidents.
- Improvement in accident rates in transport.

The Zero Accidents safety plan aims to reduce accidents and fatalities

- Standardisation between ENDESA and its contractor partners in relation to 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 Supplier Rating System and the safety audits carried out under the Emergency Safety Plan have reinforced partner companies' commitment to employee safety.

3.3 Contractor training

In the last three years, 100% of ENDESA's employees have received training in occupational health and safety related to their work.

In 2011, the number of rated suppliers has risen by 66.4%.

Contractors and subcontractors receiving occupational health and safety training

	2009	2010	2011
Spain and Portugal	17,687	22,807	25,817
Latin America	40,996	44,221	42,373
Other countries	n/a	741	641
Total	58,683	67,769	68,831

Suppliers rated

	2009	2010	2011
Spain and Portugal	1,760	481	820
Latin America	2,328	416	673
Total	4,088	897	1,493

Lowering all accident rates between 2009 and 2011

3.4. The results of a joint effort

ENDESA's commitments to raise awareness of occupational health and safety among its employees and contractors has continued to pay off in recent years.

The total number of accidents among contractor employees was 649 in 2011, a 13.9% improvement over 2010, when

there were 754 accidents, and a further improvement over the 770 accidents in 2009.

The number of serious accidents fell from 36 in 2010 to 29 in 2011. In 2009 there were 117 such accidents.

There were four deaths, all at contractor companies (one in Spain and three in Latin America). This was one less than in 2010.

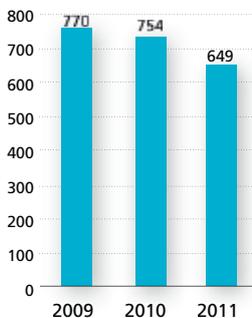
The accident frequency index among contractor personnel in 2011 was 4.39 compared to 5.34 in 2010 and 5.52 in 2009.

04. Commitments to local suppliers

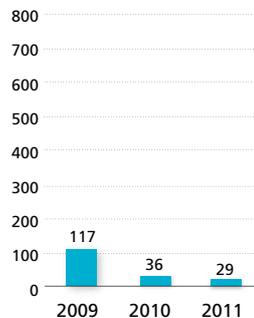
ENDESA aims to create value for local suppliers in the countries and regions where it operates. Then number of ENDESA contracts for over Euro 1 million rose by 1.6%, from 579

For more information see *Chapter on Employees, Occupational Safety*

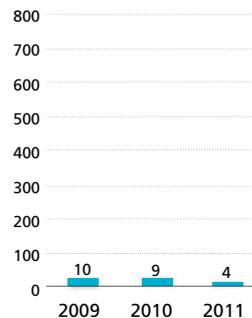
Accidents



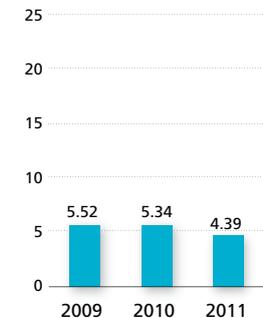
Serious accidents



Fatal accidents



Accident rates for contractor personnel (days)



Contracts for more than Euro 1 million, local suppliers*

Euro thousand

	2009	2010	2011
Spain and Portugal	274	322	387
Argentina	4	8	2
Chile	48	52	37
Brazil	54	98	72
Peru	28	24	24
Colombia	52	70	64
Other countries	n/a	5	2
Total	460	579	588

* 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.

Concentration of purchases from local suppliers*

	Total purchases from suppliers through contracts for more than Euro 1 million (%)		
	2009	2010	2011
Spain and Portugal	75	86	83
Argentina	6	35	51
Chile	38	65	59
Brazil	76	78	76
Peru	55	52	53
Colombia	65	75	85
Other countries	n/a	45	33
Total	n/a	81	80

* 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.

Value of materials and purchases* for more than Euro 1 million

Euro thousands

	Euro thousands		
	2009	2010	2011
Spain and Portugal	1,517,258	3,032,215	2,442,236
Argentina	9,502	19,068	7,057
Chile	178,441	259,653	138,074
Brazil	305,406	548,022	378,262
Peru	106,814	101,668	76,840
Colombia	203,300	472,746	555,626
Other countries	n/a	16,675	6,535
Total	2,320,720	4,450,048	3,604,629

* 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.

in 2010 to 588 in 2011. The total value of these contracts decreased by 19% compared with 2010 (Euro 3,604 million vs. Euro 4,450 million).

ENDESA worked with 20,765 suppliers in 2011, down 14.8% on the 2010 figure of 24,373. The value of materials and services acquisitions from suppliers dropped by 18.2% to Euro 4,516 million.

In 2011, ENDESA made Euro 4,516 million in purchases from its 20,765 suppliers

Number of ENDESA suppliers

	Number of Suppliers			Value of purchases of materials and services Euro thousands		
	2009	2010	2011	2009	2010	2011
Spain and Portugal	8,201	7,742	7,256	2,294,824	3,511,275	2,954,817
Latin America	19,013	16,061	13,024	1,512,974	1,975,820	1,541,755
Argentina	1,173	945	299	114,828	54,722	13,803
Chile	6,417	4,609	3,637	523,748	396,624	234,508
Brazil	6,028	5,650	5,161	520,844	700,773	496,658
Peru	2,706	2,474	2,121	129,481	196,187	144,424
Colombia	2,689	2,383	1,806	224,073	627,515	652,363
Other countries	n/a	570	485	n/a	37,381	19,822
Total	27,214	24,373	20,765	3,807,799	5,524,476	4,516,394

Value of purchases from ENDESA'S main suppliers in 2011

	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	875,509	29.63	1,473,835	49.88
Latin America	885,902	57.46	1,179,257	76.49
Argentina	11,210	81.21	12,959	93.88
Chile	102,311	43.63	152,636	65.09
Brazil	243,008	48.93	364,150	73.32
Peru	73,615	50.97	107,892	74.70
Colombia	455,759	69.86	541,621	83.02
Other Countries	12,853	64.84	16,851	85.01
Total	1,774,264	39.28	2,669,943	59.12

5. Foreign-based suppliers

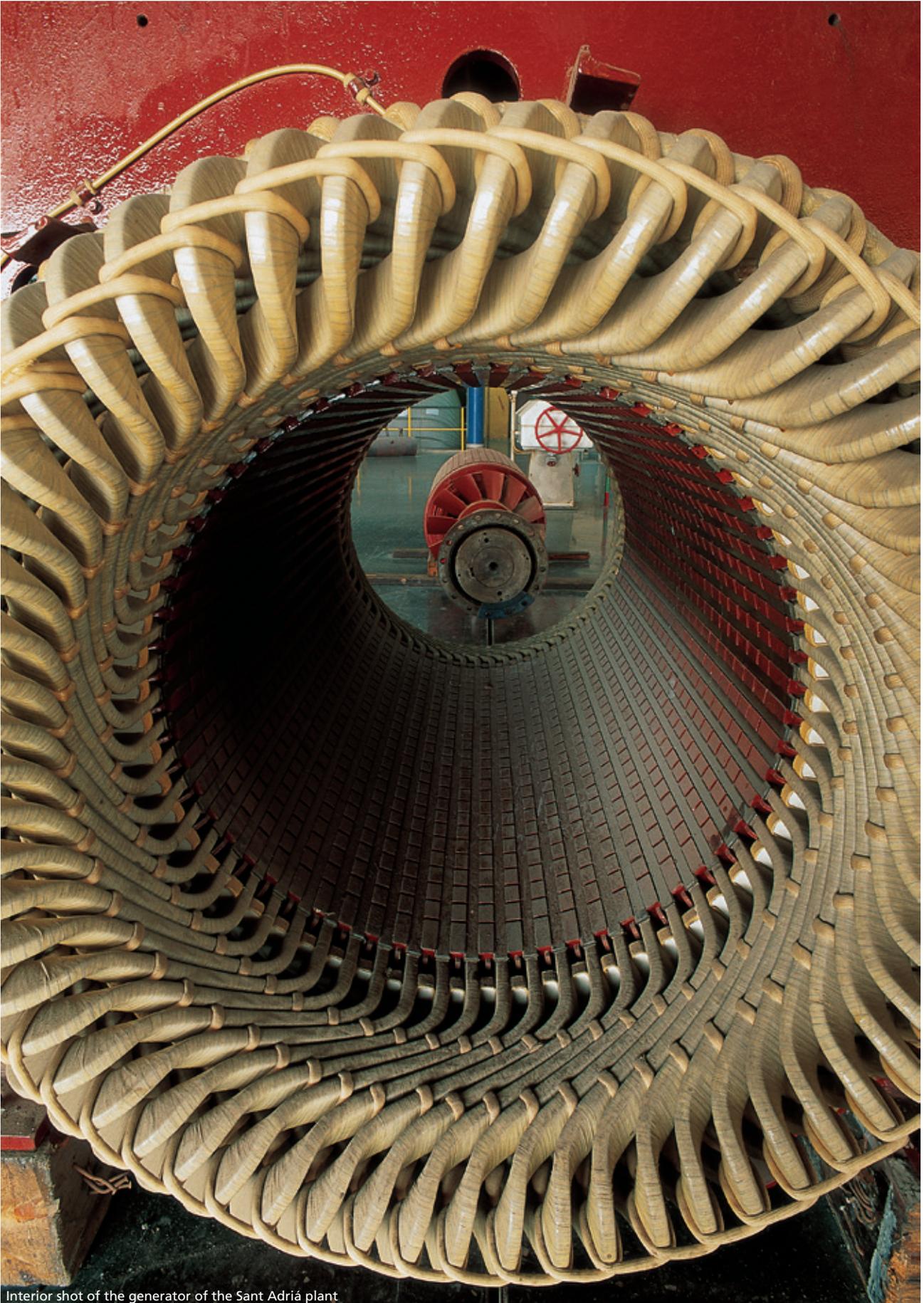
ENDESA aims to create value for local suppliers in the countries in which it operates. Purchases from foreign-based suppliers accounted for a mere 4.4% of all purchases stemming from contracts for more than Euro 1 million in 2011. In addition, the number of foreign-based suppliers in the countries in which ENDESA operates declined to 40 from 45 in 2009.



Purchases from foreign-based suppliers accounted for 4.5% of purchases in all countries

Number of foreign-based suppliers in each country

	Number of Suppliers			Value of purchases from foreign-based suppliers with contracts for more than Euro 1 million (Euro thousands)			Percentage of purchases from local suppliers with contracts exceeding Euro 1 million as a percentage of total purchases		
	2009	2010	2011	2009	2010	2011	2009	2010	2011
Spain and Portugal	18	21	21	84,398	71,245	109,678	4	2	3.7
Latin America	27	22	19	302,408	119,172	48,464			
Argentina	3	0	1	112,111	0	949	75.2	0	6.9
Chile	11	2	4	153,786	6,202	7,391	32.7	1.6	3.1
Brazil	2	5	4	6,816	41,379	16,062	1.7	5.9	3.2
Peru	8	10	6	25,412	28,983	17,884	13	14.8	12.4
Colombia	3	5	4	4,281	42,608	6,177	1.4	6.8	1
Other countries	n/a	1	0	n/a	2,484	0	n/a	6.6	0
Total	45	44	40	386,805	192,902	158,142	n/a	3.5	4.4



Interior shot of the generator of the Sant Adrià plant

Combating climate change

Responding to the challenges and
opportunities of climate change





Combating climate change is one of the main environmental challenges for ENDESA. This challenge is integrated into the Company's strategic management, which is committed to technology and innovation to achieve its 2008-2012 Sustainability Plan

After being in operation for four years, ENDESA's Climate Change Programme has established the Company as a benchmark in the fight against climate change thanks to its commitment to renewable energy, energy efficiency and promoting RDI to achieve emission reductions.



Priority issues-materiality study 2011

- Transparency in reporting CO₂ emissions (scope 1, scope 2, scope 3)

- GHG emission reduction objectives

- Assessment of risks related to climate change (integration of physical, regulatory and operational risk)

- Carbon market

- Carbon intensity as a key performance indicator

ENDESA's response in the report

- Chapter on Climate Change: 2.2. Emissions trading. 2.1 CO₂ 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

- Chapter on Climate Change: 1. ENDESA's contribution to combating climate change 2.1. The international backdrop after the Durban summit 3. ENDESA's active involvement in national and international bodies and/or initiatives tackling climate change

- Chapter on Climate Change: 1.5 Leader in Clean Development Mechanisms and joint action projects

- Chapter on Climate Change: 1.2 Energy efficiency for lower CO₂ intensity. Chapter on Innovation: 1.1 Fuel consumption

Meeting our goals

Challenges in 2011

Strengthening our leadership in the Clean Development Mechanisms (CDMs) market.

Taking the lead in the development of new technologies that curb CO₂ emissions.

Promoting energy efficiency throughout the Company.

Actions taken

- Follow-up and management of registered projects for obtaining CERs.
- One project registered: Ventanilla.
- Two projects at the assessment stage: Canela II and El Quimbo.
- Two projects being verified: Callahuanca and Canela I.
- Five new facilities identified: Renaico, Curibamba, Neltume, Los Condores and Piruquina.
- Preparation of CDP 2011, CDP Water 2011 and CDP Supply Chain 2011 questionnaires.
- Involvement alongside the Entorno Foundation in preparing the 2011 Action CO₂ publication and Step by step towards the carbon footprint (Paso a paso hacia la huella de carbono) programme.
- Analysis of 2009 footprint results, drawing up of conclusions and calculation of 2010 footprint. Identification of areas for improvement.
- Reducing technical losses in the grid and rationalising energy consumption.
- Assessment and evaluation of grid expansions needed to meet customers' requirements for new supply.
- In implementation, remote meter reading and operation of customer supplies through smart meters.
- Roll-out of electric vehicle recharging infrastructure.
- Installation of smart grids and energy efficiency infrastructure in SmartCity projects.
- Development and positioning in energy efficiency and renewable energy value-added services and products.

Key figures

Installed renewable energy capacity	1,894.65 MW
Renewable energy capacity installed in Spain and Portugal	1,816.5 MW
Renewable energy capacity installed in Latin America	78.15 MW
Presence in international organisations tackling climate change	12
Presence in national organisations tackling climate change	9
Joint ENDESA and Enel CDM projects	114
Total CO ₂ reduction for all CDM projects (over their whole lifecycles)	Approximately 200 million tonnes of CO ₂

Key actions in 2011

- Five new facilities that could generate CERs facilities identified that Renaico, Neltume, Los Condores, Curibamba and Piruquina.
- Maintain first place in the world carbon market ranking.
- Testing and development of the Ciuden and Camnet plants.
- ENDESA calculates its carbon footprint.
- Development and positioning in energy efficiency and renewable energy value-added services and products.
- Start of Phase III of reforestation of the As Pontes mine.
- Participation in the three MOVELE cities (Barcelona, Madrid and Seville).
- Business plan associated with 'energy islands' and fast recharging.
- Ensure effective inclusion of committed CERs in Endesa Generación's financial statements.
- Verification of the Ojos de Agua, Canela I and Callahuanca plants.

In 2012 we propose

- Completing verification of Callahuanca, Canela I, Ventanilla and Ojos de Agua, and the registration of Canela II and Renaico.
- Taking an active role in the post-Kyoto carbon market, and maintaining the leadership achieved during the Kyoto period.
- Preparing CDP 2012, CDP Water 2012 and CDP Supply Chain 2012 questionnaires.
- Participating with the Entorno Foundation in preparing the publications: Action CO₂ 2012 and Business Solutions for Combating Climate Change.
- Analysing the 2011 carbon footprint and calculating of the 2012 carbon footprint. Implementing the requirements of the ISO 14064 standard on ENDESA's carbon footprint.
- Preparing documentation for involvement in the 2011-2012 Energy Wisdom Programme (EWP).
- Studying and assessing the expansion of the grid needed to meet customer demand for new supplies, within the framework of the new regulations in Royal Decree RD 222/2008, which requires all applications to be budgeted.
- Remote management project: moving forward with widespread installation and remote operation. In addition, carrying out pilot studies to provide additional consumer information.
- Rolling out electric vehicles in Malaga and Barcelona.

1. ENDESA's contribution to combating climate change

ENDESA's commitment to combating climate change is an integral part of its management model. This is demonstrated by the fact that one of the challenges established in its 2008-2012 Sustainability Plan is to combat climate change.

The Company has therefore established a Climate Change Programme focusing on five priority areas:

The Climate Change Programme focuses on five priority areas for action

- Actively participating in the development of renewable energies.
- Spearheading new developments in technology that lead to reduced CO₂ emissions and a change to the energy model. This involves developing one of the 12 European carbon capture and storage projects (CCS) by 2015, developing combined-cycle power stations and installing peak capacity, among other actions.
- 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 electric vehicles
- 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 the emissions of Enel and ENDESA are covered and generating a surplus.

ENDESA's Environment and Sustainable Development Committee is ultimately responsible for steering the Company's

policy, guidelines and objectives relating to the environment and climate change. However, all the Company's areas and workforce are involved in tackling climate change.

1.1. Actively participating 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 60% and 40%, respectively. The latter is a wholly-owned subsidiary of Enel, and is responsible for developing its renewable energies around the world.

Enel Green Power España was founded in 2010 as a result of the integration of the renewable assets of ENDESA Co-generación y Renovables, S.A.U in Spain and Portugal with those of Enel Green Power, also in Spain and Portugal.

At 31 December 2011, net total renewable installed capacity at Enel Green Power España stood at 1,816.5 MW distributed between the various technology types: 1,640.1 MW in wind power, 56.5 MW in small hydro plants, 22.8 MW in biomass plants, 13.14 MW in solar power and 83.7 MW in cogeneration plants.

The installed capacity of Enel Green Power España is 1,816.5 MW

The Company had 87.15 MW of renewable energy in Latin America in 2011: 301.8 MW in small hydro plants with less than 50 MW installed capacity and 78.15 MW of wind power.

ENDESA had total installed renewable capacity of 1,894.65 MW in 2011.

Net installed capacity and output by technology in Spain and Portugal, 2011

	MW	GWh
Small hydroelectric	56.6	132.6
Wind	1,640.1	3,103.5
Solar	13.14	25.3
Biomass	22.8	123.8
Cogeneration	83.7	326.4
Total	1,816.5	3,711.5

Enel Green Power España opens two new wind farms

In 2011, Enel Green Power España commissioned two new wind farms: San Cristóbal de Aguilón (Zaragoza) and Valdihuelo (Ávila).

The former has 25 G-87 wind turbines with 2 MW unit capacity, giving a total installed capacity of 50 MW. Annual output is estimated to be 139.3 million kilowatt hours, sufficient to supply over 51,000 households each year and to avoid the release of 103,000 tonnes of CO₂.

The Valdihuelo wind farm has 16 new MW turbines and will generate 42.7 million KWh per year, sufficient power to supply over 15,000 households each year, avoiding the release of 31,600 tonnes of CO₂, and providing annual fossil fuel savings equivalent to 15,800 equivalent tonnes of oil.



San Cristóbal de Aguilón wind farm

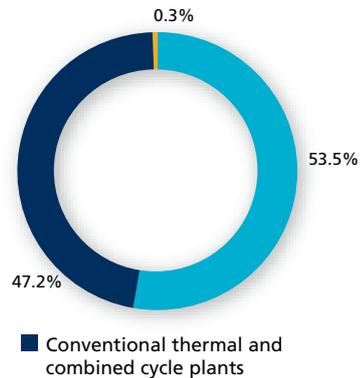


Valdihuelo wind farm, Avila

Latin America: ENDESA Eco

ENDESA Eco, a fully-owned subsidiary of ENDESA Chile, has administrated and managed renewable energy assets in Latin America since 2005.

Its flagship projects are the Canela (Canela I and Canela II) wind farm, the largest wind farm by installed capacity in Chile (78.14 MW), and the Ojos de Agua small hydro plant.



1.2. Carbon capture and storage (CCS)

In 2011, ENDESA continued its work on carbon capture and storage (CCS):

- In 2011, ENDESA completed construction of the extension (Phase II) of the first pilot plant for growing microalgae to capture CO₂ at the Litoral thermal power plant 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 such technology.

ENDESA owns the first European microalgae testing plant for CO₂ capture

- ENDESA owns the first Spanish plant for CO₂ capture using chemical absorption at its plant in Compostilla (León). This facility, the first Spanish pilot CO₂ capture plant integrated into a thermal plant, processes 800m³/h of combustion gases, with capacity to capture 3-5 tonnes of CO₂ per day, with 90% efficiency.

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.

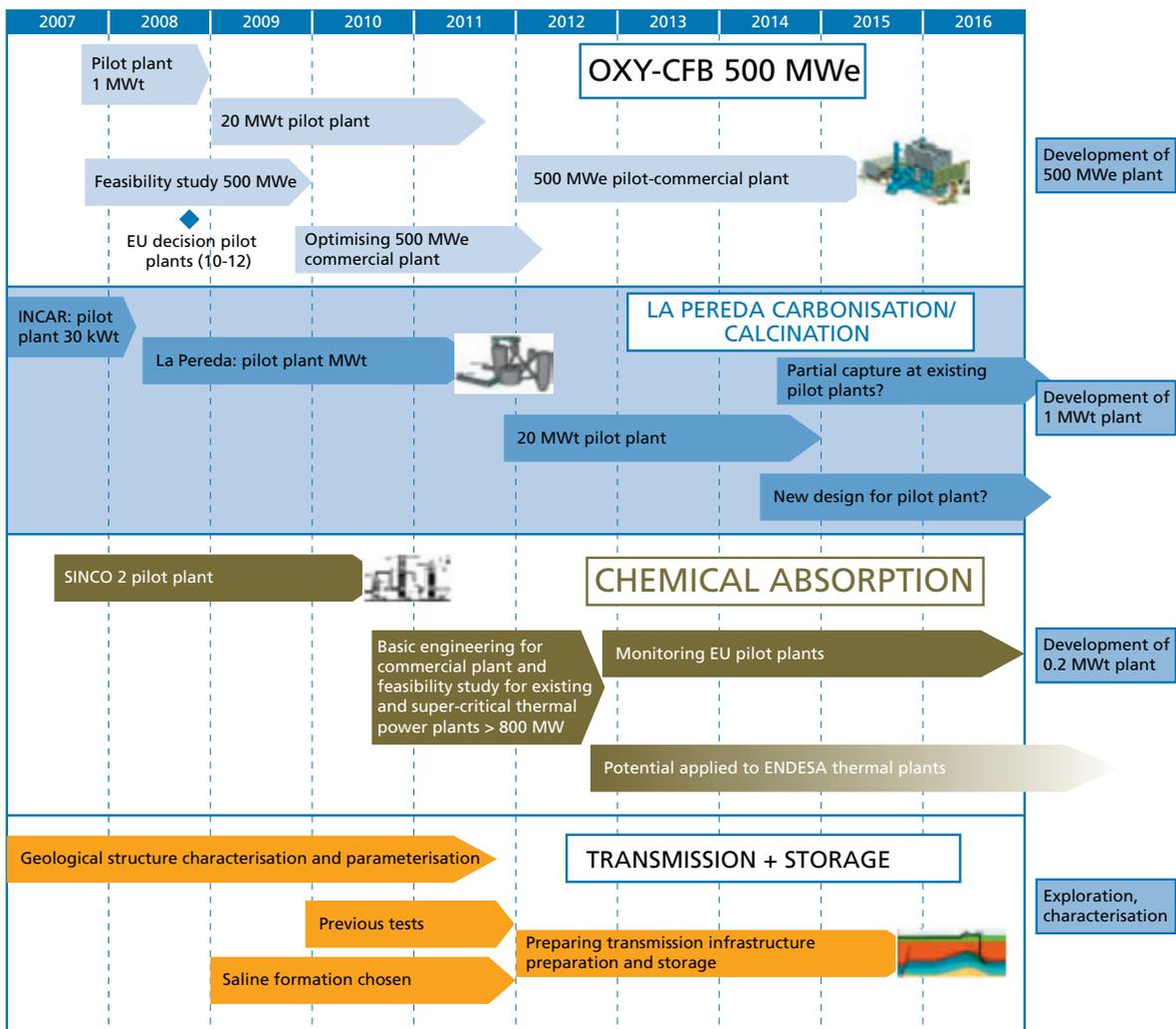
1.3. Energy efficiency for lower CO₂ intensity

In 2011, ENDESA continued to prepare its Global Energy Efficiency Plan (PGE3) within the framework of its 2008-2012 Sustainability Plan. This Plan involves initiatives

The PGE3 is divided into three action areas:

- The efficiency of the Company's infrastructure and active management of energy consumption.
- Unlocking the value of ENDESA's activities in this area.
- Raising employee awareness of responsible consumption practices.

ENDESA strategic CCS projects: 2007-2016



All energy-efficiency initiatives in Latin America have been developed and coordinated by the Energy Efficiency Committee, which is composed of representatives of all the companies in the region and of the corporate energy efficiency departments.

For further information, refer to the chapter *Innovation; Energy Efficiency*.

1.4. Leadership in sustainable transport: promoting the electric vehicle



ENDESA is firmly committed to developing e-mobility in its Spanish and Latin American markets and is playing a prominent role in this field with a view to positioning itself as an international leader in the e-mobility sector. Key steps taken in 2011 include the following:

- **Standardisation and certification:** ENDESA is one of the first companies to join international standardisation and regulation groups for e-mobility equipment, systems and solutions. It has worked with the CHAdEMO association to extend the installation of rapid recharging points worldwide and unify standards for rapid vehicle charging. ENDESA currently holds the presidency of the European arm of this organisation.
- **RDI projects:** ENDESA has led and participated in RDI projects both in Spain and abroad. In Europe, the Company is an active member of the EU's Seventh Framework Programme (FP7) and participated in four key projects (Grid For Vehicles G4V, Elvire, Green eMotion and eDash), covering a range of issues from the basic impact studies to the development of bidirectional recharge technologies and demonstrations and unification of the European framework.
- **G4V:** This project was successfully completed in June 2011. ENDESA led an ICT working group to identify medium- and long-term solutions for mass and optimum integration of vehicles into electricity grids.

- **Elvire:** ENDESA is the only European utility involved in this initiative where it is working jointly with manufacturers of electric vehicles and service and technology suppliers to overcome uncertainty among EV users about running out of power during a journey. The project developed the technology, solutions and services needed to permit constant interaction between drivers, their energy suppliers and the smart grid.
- **eDash:** ENDESA, working jointly with RWE and European manufacturers, worked to further extend existing interaction between electric-vehicle technology, electricity grids and the communication technology that vehicle manufacturers can contribute.

All of these electric vehicle technologies will be incorporated into the Green eMotion project demonstration, the largest European mobility demonstration, involving 40 companies. The objective is to create a technological base for the market, accelerating the roll out of e-mobility throughout Europe. ENDESA will lead the Barcelona and Malaga demonstration regions. Green eMotion has been selected by the EU as the framework that will connect the main pilot schemes currently taking place in Europe.

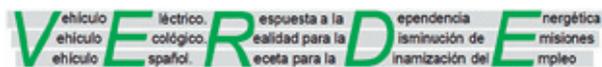
ENDESA leads the Green eMotion demonstration regions in Barcelona and Malaga

- **Zem2All (Zero Emissions Mobility to All) Project.** In 2011, a project known as Zem2All was jointly designed and structured by Japanese and Spanish companies under a bilateral agreement between Japan and Spain (JSIP, Japan Spain Innovation Program). As part of this project, 200 electric vehicles will be introduced into Malaga with normal and rapid charging technology. In addition, innovative ICTs will also be introduced to provide value-added services for vehicle users.

- **CENIT VERDE.** ENDESA is the main partner in the CENIT VERDE Consortium in Spain. This project is financed by the Ministry of Science and Innovation's Cenit (Strategic National Technical Research Consortiums) programme, which promotes technological research into introducing electric vehicles into the Spanish market.

With a budget of around Euro 40 million over four years, ENDESA is responsible for the most advanced concepts in interaction between vehicles and electricity systems. *Capital* magazine awarded ENDESA one of its Capital Madrid Awards for its work on the CENIT VERDE project.

Furthermore, ENDESA is a leading member of collaboration projects for specific e-mobility applications, such as the DER 22@, IREC Microgrid and Charge & Ride projects, financed by the Catalonia initiative, ACC10.



1.4.1. Mobility promotion and showcasing initiatives

In 2011, ENDESA entered into a number of important agreements to collaborate with electric vehicle manufacturers and distributors: General Motors, Sofasa Renault (Colombia), Citroën, Mitsubishi, Nissan, Seat, Motorisa (Colombia), Auteco (Colombia), Faconauto and local government bodies including the Madrid, Barcelona, Seville and Palma de Mallorca town councils, the regional government of Extremadura and the inter-island council of El Hierro.

ENDESA remains committed to the MOVELE Plan, in which the Ministry of Industry 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.

ENDESA has signed collaboration agreements with companies to promote electric vehicles

The Company is developing its own technological solutions for rapid charging of electric vehicles. The first of these is through the CRAVE project to integrate renewable energy and batteries with rapid charging, in collaboration with CIRCE (Zaragoza). The second is the V2M project for the development and study of energy discharge from electric vehicle batteries to offer additional services to the grid and users. V2M is being developed with IREC (the Catalanian Institute for Energy Research) and the UPC (Universitat Politècnica de Catalunya-Barcelona Tech).

This work has resulted in the installation of the first public rapid charging point in Spain (in Barcelona) and Latin America (in Santiago de Chile, through the distributor Chilectra).

The Company is also involved in the Spanish consortium for the SURTIDOR project, developing an ultra-fast recharging system entailing the smart transfer of continuous current via direct contact and an optional backup energy storage system.

ENDESA has taken part in more than 15 events related to electric vehicles, including Expoelectric BCN 2011, the EV battery Forum, Smart City & the World Congress.

- **Designing new e-mobility business models.** ENDESA won a tender to develop and install the power supply network for AENA's fleet of electric vehicles at Madrid, Barcelona, Palma and Lanzarote airports.

This three-year contract entails developing a pilot programme devised by AENA to assess the feasibility of replacing the conventional vehicles it uses in its airport operations with electric ones. The project also aims to promote the use of these vehicles by other companies with operations at airports, such as airlines and handling companies.

ENDESA will install 53 charging points: 18 in Madrid, 15 in Barcelona, 12 in Palma de Mallorca and 8 in Lanzarote.

In 2011, ENDESA had 13 electric vehicles in its own fleet in Spain.

Thanks to the daily use of these electric cars, over the last year ENDESA has been able to save its first tonne of CO₂ at its corporate headquarters in Madrid.

ENDESA and Cepsa open the first fast charge point for electric vehicles in Spain

On 14 April 2011, ENDESA and Cepsa opened the first fast charge point for electric vehicles in Spain, at a Cepsa garage in Barcelona (C/Lope de Vega, 125).

Using this technology, up to 50% of the battery of an electric vehicle equipped with a fast charging capability (CHAdeMO: Charge and Move) can be recharged in just 10 minutes.

The charging point is accessed using an ID card provided by ENDESA and uses the CHAdeMO charging method.



Javier Uriarte, ENDESA's general manager of marketing (at the microphone); Jorge Sánchez Cifuentes, ENDESA's deputy general manager of technological research and development; Josep M^a Rovira, general manager of ENDESA Catalonia; Jordi Hereu, Mayor of Barcelona; Emilio Godes, communications manager for Nissan Iberia; Francesc Narváez, mobility officer for Barcelona Council, and Francisco Calderón Pareja, CEO of Cepsa Garages.

ENDESA has won the tender to install a supply grid for AENA's electric vehicle fleets at Madrid, Barcelona, Palma and Lanzarote airports

1.5. Leader in Clean Development Mechanisms and joint action projects

Participation in projects and flexible mechanisms to reduce emissions is a cornerstone of ENDESA's climate change strategy. Clean Development Mechanisms (CDM) form part of the flexible mechanisms under the Kyoto Protocol and enable emission rights to be obtained by participating in projects to reduce greenhouse gas emissions in developing countries. CDMs contribute to sustainable development through technology transfer and offer a triple dividend: social, environmental and economic.

ENDESA's activity to identify and develop CDM and Joint

ENDESA and Enel remain in 1st place in the world carbon market rankings

Action (JA) projects is integrated with the work of ENEL's Carbon Strategy Unit, which has two main priorities:

- To develop and implement the Group's compliance strategy, minimising cost and limiting associated risks
- To leverage opportunities in the burgeoning carbon market, taking into account the needs of third parties and making profitable investments with limited risk

The subsidiary ENDESA Carbono is responsible for project development (seeking, identifying and developing projects under the Kyoto Protocol's flexible mechanisms and other emission trading structures) within Enel's Carbon Strategy Unit. This Unit has offices in six countries (Spain, Italy, the US, China, the Philippines and Peru) employing 44 people of nine different nationalities.

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

In 2011, the Group was granted 26.8 million tonnes of free CO₂ emission rights: 23.7 million tonnes for Spain (including 33.3% of the rights for the Anllares power station); 1.7 million tonnes for Portugal, including ENDESA's 38.9% stake in the Pego thermal plant (1.07 million tonnes) and 100% stake in the Pego coal-fired plant (0.64 million tonnes); and 1.4 million tonnes for Ireland.

Taking these percentages into account, facilities in Spain used approximately 35 million tonnes of emissions rights, while the facilities in Portugal used 1.5 million tonnes of emissions rights (0.59 million tonnes from the Pego thermal plant and 0.6 million tonnes from the Pego coal-fired plant) and the facilities in Ireland used 0.69 million tonnes.

Enel/ENDESA's portfolio of CERs/Emission Reduction Units (ERUs) occupies first place in the global carbon market ranking. At the end of 2011 the two companies had a combined portfolio of 114 CDM projects, representing over 200 millions tonnes of CO₂ emissions reductions and accounting for 13% of the credits granted by the United Nations.

ENDESA's CDM/JA portfolio for 2011 amounted to 86.54 million CERs/ERUs. Excluding Funds, 95% of the tonnes contracted via ENDESA Carbono's projects are registered and 25% are from renewables projects.

ENDESA's CDM/JA projects generated 16.63 million CERs/ERUs during 2011, which, added to those issued in previous years, take the total to 42.74 million CERs/ERUs.

1.5.2. ENDESA's own 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 CDM projects.

In this regard, in 2010 it drew up a portfolio of its own projects that are at various stages of development and jointly comprise a regional macro-project defined as: own CDM projects of ENDESA Latin America subsidiaries.

The current status of each of the countries is as follows:

Chile

Two projects registered: the Ojos de Agua small hydro plant and the Canela wind farm, which are at different stages of verification, with an estimated potential of 21,870 and 27,251 CERs/year.

The 60 MW Canela II wind farm, which is in the validation phase prior to registration, with an estimated potential of 89,608 CERs/year.

The Renaico wind farm has potential of 106 MW and the Project Designer Document (PDD) is currently being drawn up.

Three projects are currently under analysis: the 6.1 MW Piruquina small hydro plant with a potential of 13,000 CERs/year; the 150 MW Los Cóndores hydroelectric plant with an estimated potential of 280,000 CERs/year; and the 490 MW Neltume hydroelectric plant with a potential of over 1,036,000 CERs/year.

Colombia

Currently being validated by the Designated Operational Entity (DOE): the 400 MW El Quimbo plant with a potential of 637,000 CERs/year.

Peru

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.

The repowering of the Callahuanca hydroelectric plant has been registered and is in the process of being verified. This will contribute over 18,189 CERs/year to ENDESA.

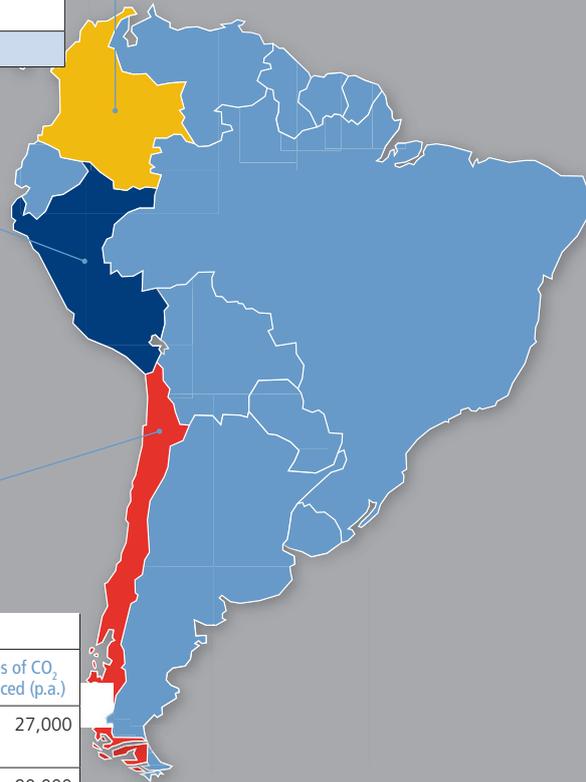
Other projects for which PPDs are being prepared include the 163 MW Curibamba hydroelectric plant with a potential of 230,000 CERs/year and the Huascacocha plant with 96,000 CERs/year.

Colombia*

Project	Technology	CDM status	Start-up	Tonnes of CO ₂ displaced (p.a.)
Quimbo	Hydro (400 MW)	PDD (Register 2012)	Completed (2015)	637,000
Total	637,000 tonnes CO₂/year			

Peru*

Project	Technology	CDM status	Start-up	Tonnes of CO ₂ displaced (p.a.)
Ventanilla	Combined cycle (490 MW)	Verification (Register 2012)	Operating (2006)	407,296
Callahuanca	Hydro (82.5 MW)	Registered (2008)	Operating (2006)	18,200
Curibamba	Hydro (162 MW)	PDD (Register 2012)	Being studied (2016)	230,000
Huascacocha	Hydro (163 MW)	PDD (Register 2012)	Under construction (2012)	96,000
Total	751,496 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)	27,000
Canela II	Wind (69 MW)	Verification (Register 2012)	Operating (2010)	90,000
Pirquiná	Hydro (6.1 MW)	Being evaluated	Under analysis (EIA) (2018)	13,000
Renaico	Wind (106 MW)	PDD Register (2012)	Under analysis	200,000
Total	130,000 tonnes CO₂/year			

* POA-PM 2011-2020.

1.5.3. Carbon funds

In addition to developing or participating in CDM projects, ENDESA also participates in several carbon funds. The most noteworthy are those managed directly by the World Bank, such as:

- Community Development Carbon Fund (CDCF), the objective of which is to provide a stable and organised international environment for developing CDM projects, giving priority to small-scale projects in underdeveloped countries. These projects are attracting increasing interest because of the contribution they make to sustainable development and their growing importance in less developed countries within the CDM framework.
- Spanish Carbon Fund, which was launched to meet the needs of the Spanish government and Spanish companies to buy carbon credits.
- Umbrella Carbon Fund.
- Carbon Partnership Facility (CPF) for the purchase of carbon credits in the post-Kyoto period.

ENDESA also participates in the MCCF Fund of the European Investment Bank and the European Bank for Reconstruction and Development, which is primarily responsible for securing and developing JA projects in Eastern European countries, and the GG-CAP Fund managed by Natsource.

1.6. Transparency and efforts to disclose information on its commitment to tackle climate change

01.6.1 Carbon Disclosure Project

In 2011, ENDESA ranked fourth among the world's electrical utilities in combating climate change, according to the findings of the Carbon Disclosure Project (CDP), the most widely respected index in matters relating to climate change, offering global information on risks and opportunities flagged, plans to curb emissions and

ENDESA, the fourth most important electricity utility in the global fight against climate change according to the Global 500 Informe-Carbon Disclosure Project

transparency of corporate conduct aimed at mitigating climate change.

ENDESA achieved a rating of 88 out of a 100 on the Carbon Disclosure Leadership Index (CDLI), a 10-point improvement over its score for 2010. This effectively means that the Company has improved the quality and clarity when reporting on its objectives and actions aimed at combating climate change and the transparency of the information provided on its carbon emissions.

Enel, ENDESA's parent group, came in third with 89 points.

In addition, ENDESA was positioned in band A in the Carbon Performance Leadership Index (CPLI), demonstrating that it is a utility with a firm and substantiated commitment to combating climate change.

In addition, the CDP has published a specific report for Irish companies, in which the subsidiary ENDESA Ireland topped the table, beating all the other electrical utilities operating within the country.

These CDLI and CPLI results are included in the CDP Global 500, a report which in 2011 examined the carbon-reduction activities of 396 countries around the world.

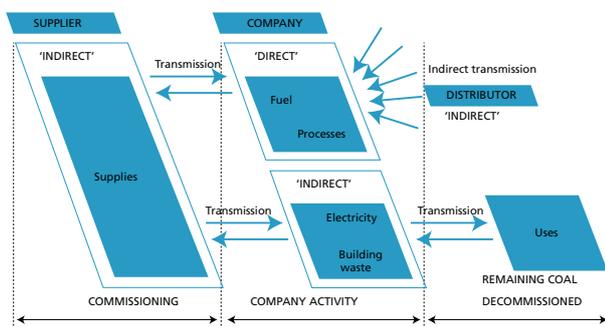
ENDESA also took part for the second consecutive year in the CDP Supply Chain, an initiative to extend awareness of an organisation's carbon footprint that goes beyond direct measurement of greenhouse gasses to also include a company's supply chain (suppliers) and related risks and opportunities for climate change. The main purpose is to encourage climate change action by ENDESA and its suppliers.

For further information, refer to the chapter *Our shareholders and investors*.

1.6.2. Calculating ENDESA's carbon footprint

In 2011, ENDESA presented its carbon footprint results using a single tool to calculate the Company's greenhouse gas (GHG) emissions.

ENDESA has made great efforts to include an inventory of its GHG emissions from the widest possible perspective, extending this to the whole lifecycle of every element involved and including indirect emissions which, though not generated by sources controlled by the Company, are the results of its activities.



The next step for ENDESA will be to verify its carbon footprint in accordance with the requirements of the ISO 14064 standard. The objective of this is to ensure the credibility, consistency and transparency of its carbon footprint and to establish a robust GHG monitoring system. This will help it to manage risks related to GHGs and to identify opportunities to reduce them.

2. Institutional allies in combating climate change

2.1. The international backdrop after the Durban summit

The South African city of Durban played host to the 17th session of the Conference of the Parties of the United Nations Framework Convention on Climate Change (COP 17) and the seventh Meeting of the Parties to the Kyoto Protocol from 28 November to 9 December 2011.

The Conference was attended by more than 12,480 people, including 5,400 government delegates, 5,800 representatives of the United Nations, international organisations, NGOs, and observers, and over 1,200 members of the media.

19 decisions were reached at COP 17 and a further 17 were made at CMP7; a number of conclusions were also approved by subsidiary bodies.

One of the key aspects for debate at the summit was the continuity of the Kyoto Protocol. It was decided to extend the current Kyoto Protocol until 2017, with a further potential extension to 2020, with the second period beginning on 1 January 2013. The emission reductions of each country have yet to be defined. In addition to this second period of reduction commitments, a new greenhouse gas, NF3, was also added.

Another of the most significant points of COP 17 related to the approval of the governmental Green Climate Fund, which has been designed as a new operating body for the Convention's financial mechanisms; this will be governed by a 24-member Board.

In terms of flexibility mechanisms, existing and new market mechanisms will be used with the possibility of additional land use, land-use change and forestry activities being permitted as developments as part of CDM projects.

For ENDESA, these new developments provide additional motivation to continue working to combat climate change, as they will promote fresh business opportunities with new CDMs, and will make new finance available for mitigation and adaptation projects.

2.2. Emissions trading

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

Until 2012, the European framework will be governed by the Kyoto Protocols implemented in 2008 alongside the second phase of trading of emissions rights. The European emissions trading scheme is articulated in National Allocation Plans (NAPs).

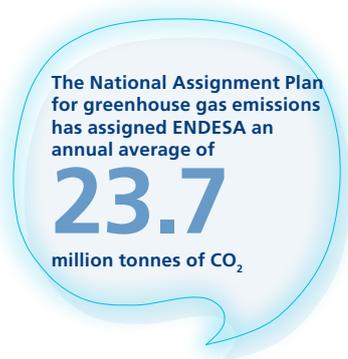
ENDESA is also preparing for Phase III of the Emissions Trading System (EU ETS) which will run from 2013 to 2020. During this phase, power generation companies will redouble their effort to comply with legislation as they will no longer be entitled to any free emission rights. During this phase, it will 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. This NAP establishes the total volume of rights allocated to each sector and facilities covered 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; this Directive requires an in-depth review of the European emission-rights trading system.

Individual emission rights for installations included in the NAP 2008-2012 are allocated via Order PRE/3420/2007, of 14 November.



The NAP 2008-2012 establishes an average annual allocation of 146.19 million tonnes of rights, to which are added six million tonnes of reserve annual CO₂ emission rights for

new entrants (4.1% of the annual allocation), resulting in a total of 152 million tonnes of annual emission rights.

An average annual allocation is established for the 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 2011, ENDESA was assigned an annual average of 23.7 million tonnes of CO₂ emission rights under the NAP; applying the 42% permitted, ENDESA's facilities will be permitted to use up to 10.5 million tonnes per year of credits obtained via emissions reduction projects.

2008-2012 National Allocation Plan for Ireland and Portugal

ENDESA was allocated 1.4 million tonnes of free CO₂ emission rights for Ireland in 2011.

The four thermal plants in Ireland covered by this Plan have used a total of 0.070 million tonnes, 5% of the amount assigned.

ENDESA was assigned 1.7 million tonnes of emission rights for Portugal in the same period, and released 1.2 million tonnes of CO₂. This includes the Company's 38.9% stake in the Pego thermal plant.

2.3.1. CO₂ emissions

ENDESA has cut CO₂ emissions from its power facilities by 12.5 million tonnes since 2005, an annual reduction of approximately 2.5 million tonnes, equivalent to 5.5% of the Company's total annual emissions.

ENDESA's carbon emissions have fallen from 695g of CO₂/kWh in 1990 to 369.84g of CO₂/kWh in 2011, a 52.5% reduction.

The Company's total emissions at the end of 2011 were 35.9 million tonnes CO₂ in Spain and Portugal, 14.4 million tonnes in Latin America and 0.3 million tonnes in other countries.

In 2011, thermal energy generation increased by 40%; however, despite the specific CO₂ emissions of this technology only increasing by 6%, increased operation of coal-fired plant led to specific combined emissions in Spain and Portugal for all technologies increasing from 0.33 kg CO₂/kWh in 2010 to 0.48 in 2011, a 46.6% increase.

Evaluation of ENDESA's specific emissions *kgCO₂/kWh*

	2010	2011	% 2010/2011
Spain and Portugal	0.33	0.48	46.6
Argentina	0.42	0.43	3.55
Chile	0.19	0.23	21.34
Peru	0.22	0.22	-2.11
Colombia	0.07	0.04	-49.84
Brazil	0.17	0.09	-49.71
Latin America	0.23	0.23	1.26
Ireland	0.44	0.07	-84.14
Morocco	0.29	0.27	-5.62
Other countries	0.35	0.34	-1.87
ENDESA	0.28	0.37	32.09

ENDESA's emissions in absolute terms *ktCO₂*

	2010	2011	% 2010/2011
Spain and Portugal	23,839	35,895	50.57
Argentina	6,590	6,950	5.46
Chile	4,194	4,598	9.64
Peru	1,959	2,125	8.48
Colombia	944	425	-55
Brazil	563	358	-36.45
Latin America	14,250	14,456	1.44
Ireland	275	70	-74.63
Morocco	267	274	2.68
Other countries	542	343	-36.58
ENDESA	38,631	50,695	30.44

3. ENDESA's active involvement in national and international bodies and/or initiatives tackling 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 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.



- Strategic National 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 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.



National publications about the fight against climate change

Entorno Foundation:

- Step by step towards the carbon footprint.
- CO₂ Action. Commitment, action, reduction and culture of change.
- How to convert the carbon footprint into a market asset.



AcciónCO₂

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 Pro-

gramme (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).



- Founder 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.



- Representative of 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 involved with the governing body of the Renewable Energies Centre, a project to establish an agency for the promotion of CDM projects, and the Biogas Network public-private committee coordinated by the Pontificia Universidad Católica de Valparaíso.

Establishing ties with local communities

Strengthening ties with local communities and the Company's legitimacy in the areas where it operates.





ENDESA aspires to be seen as involved in the social concerns of the countries in which it operates and as an indispensable partner in their economic, social and environmental progress.

In 2011, five regional sustainability plans for Spain and Portugal and five country sustainability plans for the the five countries in Latin America were approved and implemented. The Company has continued performing actions that contribute to social development, divided into four areas: cooperation, culture, education and socio-environmental.

Euro **50** million
invested in social
development in 2011,
according to the LBG
methodology

Full implementation
of **Country and
Regional Plans**

76%
of the social action budget
invested in Latin America

627
actions carried out in 2011

Priority issues - materiality study 2011

Accounting: Social initiative KPIs.

Community relations (conflict management, macro-projects, indigenous communities, displaced persons, compensation, etc.)

Promotion of local economic and social development (including promotion of energy access in developing countries).

Corporate social action/philanthropy strategy (alignment of social action activities with strategic priorities).

Measurement of social impact.

ENDESA's response in the report

Establishing ties with local communities: 01.2 Social initiatives: generating value and contributing to society.

ENDESA, a leading group in the global electricity market: 06 ENDESA and its stakeholders.

Establishing ties with local communities: 02 Social development initiatives .

Establishing ties with local communities: 01 Strengthening ties with communities. 01.1 Local Sustainability Plans.

Establishing ties with local communities: 02 Social development initiatives.

Meeting our goals

Challenges in 2011

Approving and rolling out our 5 Regional Sustainability Plans in Spain and Portugal.

Disseminating the Regional Plans internally and externally.

Approving the Sustainability Plan for Brazil and five Country Plans in Latin America.

Implementing the Corporate Monitoring Model in the five countries and territories (scorecards and SDAPs).

Actions taken

The 5 Regional Sustainability Plans were approved and implemented. The regional indicators were defined.

The plans were communicated through internal communication and pamphlets.

The Brazil Sustainability Plan was approved and the five Latin America Country Plans communicated (internal and external communication).

The corporate monitoring model was implemented in the five countries and territories (2011 scorecards and SDAPs).

Key data

Total investment in social projects in 2011 under ENDESA's traditional methodology	Euro 46.4 million
Total investment in social projects in 2011 under LBG methodology	Euro 50 million
Percentage of total investment in Latin America	76%
Percentage of total investment in Spain and Portugal	24%
Percentage of social initiatives involving cooperation initiatives	49%
Percentage of social initiatives involving educational initiatives	22%
Percentage of social initiatives involving cultural initiatives	25%
Percentage of social initiatives involving environmental initiatives	4%
Investment in rural electrification	Euro 5.9 million

Key initiatives in 2011

Country and Regional Plans more than 80% completed.

49% of ENDESA's social action is aligned with the business.

49% of ENDESA's social action relates to cooperation initiatives to meet basic social needs.

2.1% of EBITDA invested in social initiatives.

143,759 employee hours dedicated to social projects.

ENDESA promotes Voluntare, the first international corporate volunteering network

In 2012 we propose

Contributing, promoting and assessing ENDESA's social projects in the Enabling Electricity initiative.

Ensuring that at least 50% of social action projects are aligned with the business.

Increasing volunteering and employee participation in social action projects.

Implementing a methodology for measuring impact and progress of social 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 for the Company under the framework of ENDESA's 2008-2012 Sustainability Plan. To achieve this, ENDESA 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.
- Carrying out 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 into the Plan's objectives and commitments.

ENDESA translates its corporate objectives into local realities

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 contained in these is

collated and included in a corporate scorecard and SDAP to offer a comprehensive overview of the Company's sustainability progress.

Objectives of the sustainability committees

- To offer a comprehensive overview of sustainability at a local level.
- To promote, coordinate and roll out local sustainability initiatives.
- To have local representation for all matters related to sustainability.
- To strengthen relations with local stakeholders.
- To unlock the value of local initiatives.

1.1.1. Regional plans

The Regional Sustainability Plans 2010-2012 reached their halfway stage in 2011. In each region (Andalusia and Extremadura, Aragon, the Balearic Islands, the Canary Islands and Catalonia), the Sustainability Committee is chaired by the Local General Manager.

In 2011, five Regional Sustainability Plans were approved and their regional indicators were defined.

Progress in the Country and Regional Plans exceeds the

80%
scheduled

Overall progress on the Aragon Sustainability Plan went according to schedule in 2011. This Plan includes four lines of action, of which progress was noteworthy on the Climate Change and Local Ties challenges. There was significant progress on the latter due to the positive performance of wind power and the environmental protection efforts of the various business areas, reflecting ENDESA's commitment to Aragon and its cooperation with the region's institutions.

82.5% of the Canary Islands Sustainability Plan had been completed by 31 December 2011, above the 80% target set in the 2008-2012 Sustainability Plan. This was due to excellent progress on the regional objec-

tives established for Local Ties, 87% average of which had been achieved, together with progress in the other corporate action areas (core actions, combating climate change and communication).

In the Balearic Islands, ENDESA continues to hit the targets established in the 2008-2012 Sustainability Plan. In 2011, it achieved most of the targets established, reaching 78.44% completion with the Sustainability Plan. This level of success was achieved thanks to the strong performance of generation projects and modifications to the combined-cycle and other power plants on the islands to operate with natural gas, the progress of the project to expand the waste dumps for the Es Murterar power plant and, to a major extent, progress on the regional objectives established in the area of Local Ties. This progress includes cooperation with various bodies on the islands to promote sustainable mobility and the use of electric vehicles.

86% of the Andalusia Sustainability Plan has been completed, representing excellent progress given the restrictions of the current climate. The greatest success was in the area of Local Ties, with an average completion rate of 97.6%, compared to the 80% scheduled. Two of these projects -landscaping for hydroelectric plants and the R&D project "Direct Steam Generation at the Litoral de Almería thermal power plant" have already been completed, a year before the end of the Southern Region Sustainability Plan.

The Catalonia Sustainability Plan was also ahead of schedule in 2011, with 81% having been achieved. In Catalonia, ENDESA achieved excellent results in Communication, Sustainable Mobility and the Environment. One of the flagship projects in this Plan is ENDESA's commitment to the Food Bank, which raised 8,600 kilos of food-stuffs during the year.

1.1.2. Country plans

The five Sustainability Committees in Latin America (Argentina, Brazil, Colombia, Chile and Peru) continued their work to coordinate and develop the Country Plans in 2011, holding 20 meetings (four in each country) during the year.

These meetings measured progress on activities in the Country Plans and other sustainability initiatives.

In addition, two Sustainability meetings were held among all the countries to coordinate criteria and promote specific corporate projects (e.g. stakeholders, reporting).

Audits of compliance with the principles of the Global Compact have been carried out in Chile, Brazil and Argentina, identifying progress on implementation of these principles. ENDESA, Enel and their eight subsidiaries in Latin America (Endesa Chile, Chilectra, Endesa Brazil, Coelce, Ampla, Cachoeira Dourada, Endesa CIEN and Endesa Fortaleza) have reached the advanced level under the United Nations Global Compact. This is the highest level that can be awarded to reports on a company's progress in implementing the Global Compact's ten principles each year.

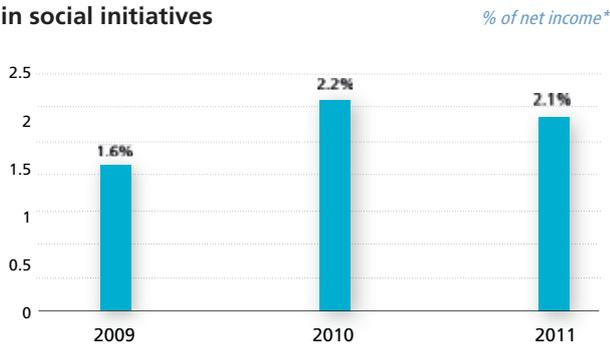
There were also a number of other highlights in the year. The first phase of the stakeholder management strategy was implemented in Colombia, with work set to continue over coming years. Argentina achieved 88% of the objectives and targets in its Country Plan, easily exceeding the 80% target for 2011. Chile also far exceeded the objectives set for 2011, particularly for core actions, having achieved 86% of these.

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**

* Net income from continuing operations attributable to ENDESA shareholders.

In 2011, ENDESA invested 2.1% of its net income (Euro 2,212 million) in social development.

1.3. Contribution to social development

ENDESA contributes to social development through direct investment in local initiatives, working with groups, organisations, institutions and entities in the regions where it operates, and by encouraging employee volunteering.

ENDESA's social action is implemented through projects drawn up by its companies and through 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 Indicatives 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 that are 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 work with the social representatives of the communities involved in projects.
- Systematic, transparent accounting which is communicated to society.

Based on these corporate guidelines, the regional units in Spain and ENDESA's Latin American subsidiaries are responsible for identifying local needs and key areas and for implementing projects which are best suited to its particular needs.

Action is taken in four areas:

Cooperative action

Focused on covering basic individual or group needs in the markets where the Company is present, as well as fostering community development. These activities split into two sub-categories:

- Basic needs.
- Cooperation in local growth.

Cultural initiatives

Focused on preserving local cultural identity, supporting study and research into communities' history, conserving cultural heritage, promoting cultural awards, etc.

Educational initiatives

Focused on basic literacy, training and general education in local communities and groups, for both children and adults.

Socio-environmental initiatives

Focused on promoting and developing values relating to environmental protection within communities. Do not include those directly associated with environmental protection while carrying out the Company's business.

1.3.1. ENDESA's investment in social development

In 2011, ENDESA invested Euro 46,420 thousand in social initiatives. Of this amount, Euro 11,263 thousand euros went to projects in Spain and Portugal, of which Euro 3.9 thousand euros were distributed through ENDESA's foundations and Euro 7.3 thousand through the corporate headquarters and regional centres. ENDESA's Latin America subsidiaries invested Euro 35,157 thousand for social development.

ENDESA's investment in social development in 2011*

Euro thousand

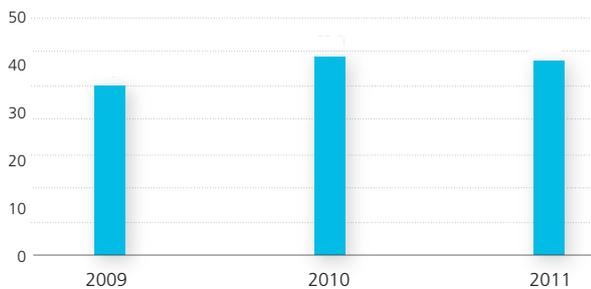
Spain and Portugal	11,263
Corporate Centre	6,183
Endesa foundations	3,936
Regional centres in Spain and Portugal	1,145
Latin America	35,157
Total	46,420

* Excludes investment in rural electrification (Euro 5.9 million) as these investments are directly related to conducting ENDESA's businesses.

ENDESA's investment in social development was 1% lower in 2011 than in 2010 (Euro 46,881 thousand), with investment in Spain and Portugal falling 24%, from Euro 14,881 thousand to Euro 11,263 thousand. The Company invested Euro 35,147 thousand in Latin America, 9% more than in 2010 (Euro 32,000 thousand). 76% of ENDESA's social development investment was in Latin America, with the remaining 24% in Spain and Portugal.

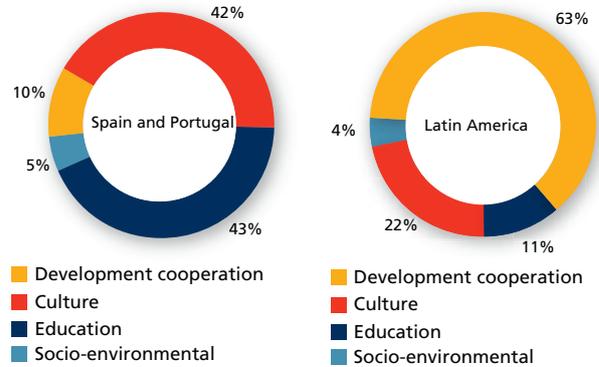
ENDESA's investment in social development

Euro million



ENDESA's investment in social development activities in 2011

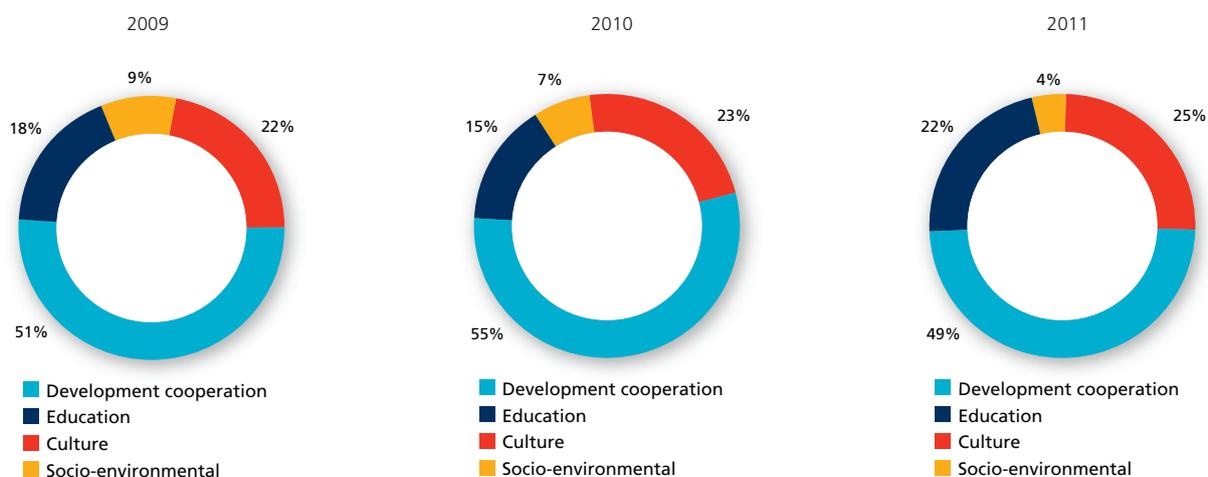
%



1.3.2. ENDESA's social development initiatives

Almost half (49%) of ENDESA's initiatives in 2011 were cooperation initiatives to meet basic needs and/or promote the development of communities in the areas where the Company operates. The share of cooperation activities fell in 2011, extending the trend seen since 2009, in favour of initiatives relating to education (22% of the total) and culture (25%), which both increased compared to 2010. The percentage of socio-environmental initiatives, i.e. those that promote protection of the natural environment (excluding those that ENDESA carries out as part of its business activities), fell from 7% in 2010 to 4% in 2011.

Comprehensive history of social initiatives by category

% of total social projects for each year

London Benchmarking Group, LBG Spain



Since 2008, ENDESA has formed part of LBG Spain, an initiative which has adopted a methodical approach to measuring and assessing the Company's social initiatives in terms of their impact on society. In addition to its usual reporting on social initiatives, ENDESA has followed LBG methodology for the third year running. LBG is a world

leader in the field of social initiatives and its methodology helps companies develop strategies for community work that bring added value to both communities and the companies themselves.

There was a significant decrease in investment in the community in 2011, to 46% of the total from 83% in

2010, as the Company has invested more in initiatives with greater social impact that are aligned with its business. The Company has invested Euro 24.4 million in such projects, 49% of total investment in social initiatives, up from 11% in 2010.

ENDESA's contribution to social initiatives in 2011, as per LBG*

Euro thousand

Contribution Spain and Portugal	11,913
Contribution Latin America	38,121
Total	50,034

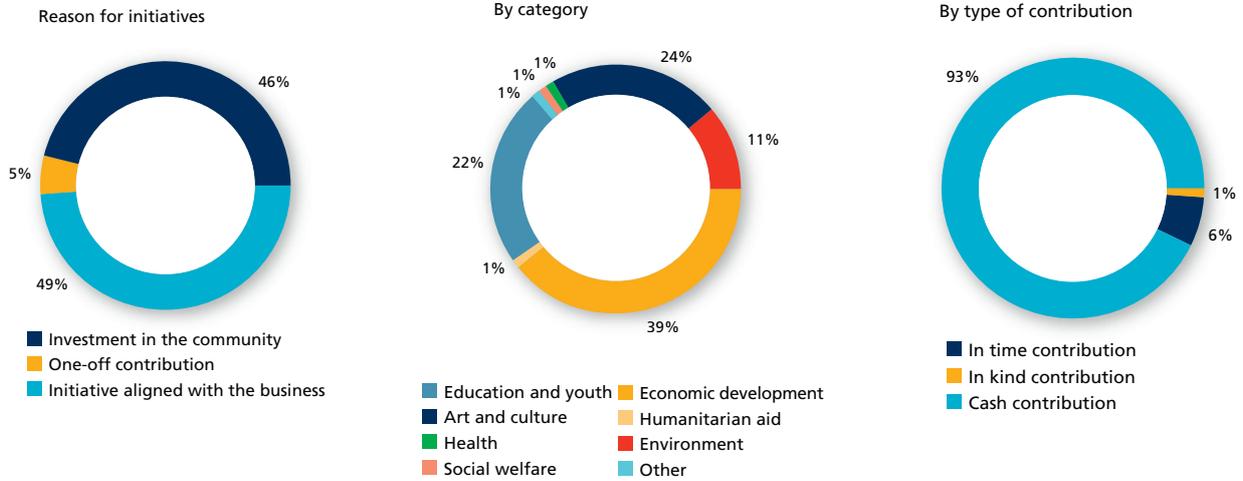
* Note: The main difference in the total result of both reporting systems is due to the inclusion of the time employees spend on social initiatives for each action and converted into euros.

ENDESA's contribution to social initiatives as per LBG

Euro thousand

	2009			2010			2011		
	Spain and Portugal	Latin America	Total	Spain and Portugal	Latin America	Total	Spain and Portugal	Latin America	Total
One-off contribution	1,565	1,822	3,386	1,009	1,862	2,871	1,165	1,297	2,461
Investment in the community	11,774	20,106	31,880	10,636	30,425	41,060	9,526	13,636	23,162
Initiatives with a social impact	1,946	370	2,316	1,930	3,499	5,428	1,223	23,189	24,411

ENDESA's contribution to social initiatives in 2011, as per LBG



2. Social initiatives

2.1. Cooperation initiatives

Social cooperation is the key element of ENDESA's social development work, instrumented through initiatives geared towards covering basic needs and/or promoting the development of local communities, built on knowledge and awareness of the local reality of the communities in which the Company operates.

ENDESA collaborates with the main local social organisations through its regional units and investees, which appoint individuals to identify, select and promote social development initiatives.

ENDESA's corporate centre also invests in cooperation initiatives when the economic contribution required is especially significant or an initiative simultaneously involves several regions in which the Company operates.



2.1.1. Cooperating with basic social needs

Initiatives to meet basic needs are designed to cover and tackle a specific issue which is essential to a community in general or a specific disadvantaged group, 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 which reduce economic, social and/or environmental barriers, facilitating access to electricity for certain communities in areas in which the Company operates.

2.1.1.1. Corporate volunteering

ENDESA helps with the impulse of communities through its corporate volunteering, particularly in Latin America, where the Company's employees are involved in a large number of such projects.

Spain and Portugal

In Spain, the Endesa Solidarios volunteering and charity organisation raises awareness and increases employee participation in charity and volunteering programmes to help the most disadvantaged in society; many Company employees are involved in, and highly committed, to this. The **4th round** of this programme was held in 2011, with record levels of participation and involvement.

Euro 180,000 raised by Endesa Solidarios since it was created in 2008

Employees in Spain presented 63 projects, of which the Programme Committee selected 10 charity projects and two volunteering projects. 1,201 votes were cast by employees, with five charity projects going into the final stage, receiving a total of Euro 26,177 worth of donations from Company employees. The finalist volunteering project was "Salir de casa con Endesa" (Get out of the house with Endesa), which received 344 votes.

The Company matched the employee donations, providing a further Euro 26,177.

To date, over 2,900 employees in Spain have participated, helping to raise over Euro 180,000.

Latin America

Chile

In 2011, an internal reassessment was carried out to redesign the corporate volunteering system in order to combine the volunteering actions carried out by ENDESA subsidiaries in Chile since 2006 and make them more consistent.

Peru

Voluntariado en Acción (Volunteering in Action):

In 2011, four Christmas volunteering activities took place for children at risk of social exclusion in the towns of Junín, Talara and Callao, together with a central activity for com-

ENDESA promotes Voluntare, the first international corporate volunteering network

Voluntare was launched in Madrid in July 2011, and is the first international corporate volunteering network. This project was created by four Spanish multinational companies (ENDESA, Unilever, KPMG and Telefónica, the latter through its Foundation) and five third-sector organisations (Fundar, the Corresponsables Foundation, the Codespa Foundation, the Bip Bip Foundation and the Forum Empresa). In addition to its founding members, this project is also supported by Forética, ComunicaRSE, IBM, Tempe and Iberdrola.

Voluntare's objective is to provide a space for multilateral cooperation between companies and NGOs for corporate volunteering projects to exchange best practices, launch more innovative initiatives, promote new projects and develop more wide-ranging forms of cooperation to better exploit the increasing efforts being made in this area.

At the opening session of the presentation ceremony, Alfonso López, ENDESA's General Manager of Communication stated that "corporate volunteering is embedded in the DNA of our company, particularly in Latin America, where we are involved in a large number of such projects".



panies in Peru. A total of 7,350 children benefitted from these activities, one of which was for 700 children with a variety of disabilities.

ENDESA's corporate volunteering activities in Peru began in 2006 with the objective of contributing to the development of the most underprivileged groups. More than 11,000 children and 8 institutions have benefitted from corporate volunteering activities since then.

Colombia

Adopta un Angelito (Adopt an Angel): For the last three years, ENDESA companies in Colombia have been carrying out a volunteering programme known as "Adopt an An-

gel", 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. 407 Christmas presents were given in 2011.

Hands with energy. In conjunction with the Ana Restrepo del Corral foundation, 86 volunteers shared a day with 850 children and got involved with handicraft and sports activities, helping to improve facilities (painting classrooms) and taking part in educational discussions on rational electricity use and the risks of electric shock.

Volunteering activity at the Betania power plant:

A group of workers from the power station took part in games and sports with children from poor families in areas close to the Betania dam, such as Letrán and Tortugas.

Argentina

Endesa Costanera began its corporate volunteering activities with the objective of supporting institutions and projects related to children. Over the three years since its launch, this has resulted in the consolidation of Endesa Costanera's Charity Network, which has contributed to the development of a number of bodies, such as the Ricardo Gutiérrez and the Muñiz hospitals, the Padre Hurtado home and the Padre Vasco canteen. These activities are designed to develop the children and their insertion into society.

In 2011, the Company spearheaded a cooperation programme with children's canteens and a campaign to round up small change, which raised Euro 51,600. This amount went to feed children in the most deprived areas of Buenos Aires. 16 employees took part, spending a total of 1,830 hours.

In collaboration with the "Hacia Jesús por María" Association, 10 study grants worth Euro 2,612 for the 2011 academic year were awarded in the San Cayetano education centre in the parish of San Miguel, with 10 children attending school and using the canteen.

Brazil

ENDESA companies in Brazil were involved in 21 volunteering actions in 2011. These actions involved 335 volunteers, who contributed 4,183 hours of their time. The activities benefited 4,161 people directly and 30,164 indirectly.

ENDESA companies in Brazil are involved in two long-running corporate volunteering programmes:

Programa Compartir (Sharing Programme). This is a volunteer programme run by Ampla for children and families in the poorest of the company's concessions: Duque de Caxias, Itaboraí, Magé and São Gonçalo. Since 2004, the Compartir Programme has benefited more than 30,000 people. During 2011, the electrical installations and buildings of these institutions were upgraded through this initiative, which also involved donation campaigns that raised Euro 8,655.

Programa Coelce Voluntarios (Coelce Volunteer Programme). This initiative was established in 2006 and involves organising campaigns in conjunction with several organisations to cover the basic needs of poor communities. Seven organisations benefited from a range of initiatives in 2011, including toy collections and a plastic drive to exchange for money.

2.1.1.2. Rural Electrification

Rural electrification is especially significant for ENDESA's social initiatives because it provides electricity to marginalised, disadvantaged rural communities and groups. In 2011, ENDESA's Latin America subsidiary companies invested Euro 5.9 million in this type of project, benefitting some 44,921 households. Electrification work was conducted this year in Columbia, Brazil and Peru.

In 2011, ENDESA's distribution company in Colombia, Codensa, along with Empresa de Energía de Cundinamarca (EEC) and the Cundinamarca local government, carried out the rural electrification work planned in a cooperation and collaboration agreement signed in 2010. The objective of this project is to meet the basic needs of the most rural parts of the region where 282 households in four municipalities had no electricity supply. Euro 153,900 were invested in this work in 2011.

In 2011, Ampla and Coelce, ENDESA's distribution subsidiaries in Brazil, continued to collaborate in the federal "**Electricity for All**" electrification programme, which aims to bring electricity to rural areas. These households are provided free electricity connections. In 2011, Coelce helped 15,353 households connect to the grid, and Ampla helped 1,273. Between 2004 and 2011, a total of 160,000 homes in Brazil's Ceará state were connected.

The "Improving Quality of Life for the Most Underprivileged Sectors" electrification programme continued in Peru. Some 269 new urban licences were issued in 2011, bring-

ing the total number of families provided with electricity supply to 28,049. This is the highest total in Edelnor's history and marks a 50% increase on 2010.

2.1.1.3. Social development activities that facilitate access to electricity

A major part of ENDESA's cooperation activities in Latin America is related to facilitating safe and sustainable electricity access. These activities are aimed at low-income groups, thus helping the development of the communities in which the Company operates.

Brazil

Ecoelce: 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 take it to specific collection points.

Since its inception in 2006, more than 12,037 tonnes of waste have been recycled under the umbrella of the Ecoelce project, benefiting some 374,980 customers through discounts of around Euro 579,834. The project has generated 36 direct jobs and another 53 indirect ones by helping launch the country's recycling industry.

The project is scalable, and has been extended to other subsidiaries, such as Ampla, ENDESA's other distributor in Brazil, through the Ecoampla programme, and Chilectra, ENDESA's distributor in Chile, through Ecochilectra.

Consciencia Ampla Eficiente (Ampla Efficiency Awareness). This programme is aimed at low-income residential customers and its objective is to help them reduce their electricity consumption and to raise awareness about using energy efficiently. The programme was rolled out in 2005 and benefited some 16,514 customers in 2011.

Social rate for low income customers. Access to the social rate benefits rural and residential customers with a reduction of up to 100% on the value on traditional foods. Around 1.2 million customers have benefited in Ceará, with over USD 300 million in reimbursements.

Chile

Ecochilectra. This Chilectra initiative, similar to Ecoelce, continued in 2011. It aims to improve the economic, en-

vironmental and social lives of all those who take part in the recycling process: recyclers, NGOs, recycling companies, municipalities and customers. The scheme is being developed in Peñalolén in Santiago de Chile and 80% of households invited to participate have done so.

Colombia

Siembra Energía: The objective of this programme is to encourage responsible consumption and use of electricity and domestic appliances in order to promote a culture of sustainable electricity use.

This project includes a range of activities, including talks on energy use, Energy Watches, replacement of traditional light bulbs with energy-efficient light bulbs, a travelling energy exhibition, "Ecosiembra"... etc.

Peru

Efficient kitchens in Junín: This programme was developed by Edegel in conjunction with GTZ (German Technical Cooperation for Development), and consists of the installation of more than 130 improved kitchens that are more efficient and so save fuel, create smoke-free homes and improve diets, thus benefiting the health of the community.

These kitchens have been installed in the Tulumayo basin, the location of the Chimay hydroelectric plant (Junín, Peru). A contribution of Euro 4,340 was made to the project in 2011, with the involvement of four employees who dedicated 225 hours to this project, benefiting families with incomes well below the minimum living wage.

2.1.2. Cooperating with social development

ENDESA is involved in initiatives to develop infrastructure and perform other social interest activities.

Spain

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. The community has 30,000 registered users and received almost two million visits in 2011.

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



Chilectra Cup. This football tournament is now 10 years old. Over 60,000 boys and girls under 14 have taken part so far in this programme designed to encourage healthy living. This project is supported by UNICEF, Conace, the Iván Zamorano Foundation and, since 2011, Carabineros de

Chile. The games are played on many pitches that are part of the Company's programme to restore public spaces.



Pehuén Foundation. The Pehuén Foundation was established in 1992 by Pangué, S.A., a subsidiary of Ende-sa 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

objective 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 2011, the Foundation invested Euro 400,000 in 78 initiatives to help 700 Pehuenche families belonging to the Foundation. These initiatives involved organising cultural programmes, facilitating access to secondary and higher education, encouraging the development of farming and implementing programmes to avoid the social exclusion of the most disadvantaged families.

For further information: www.fundacionpehuen.cl/

Peru

Lighting of sports facilities. Since 2005, Edelnor has helped create recreational and social areas which can be



used at night, thereby helping to build healthy and drug-free communities. Since it began, the programme has provided lighting for 77 sports facilities -9 in 2011- in Ventanilla, Callao, Independencia, Comas, San Juan de Lurigancho and Huacho.

In 2011, Edelnor and Edegel continued developing programmes to help poor families, such as talks on preventative health, vaccination campaigns and other social development programmes through education and culture.

Argentina



Campaign to find missing children.

Within the area of social development and children's rights, Edesur has continued with its Missing Children in Argentina agree-

ment for the eighth consecutive year, helping in the search for missing children by providing free space on its electricity bills to post photos of children missing from their homes. This programme has also been rolled out to ENDESA's companies in Chile, Brazil and Peru and to date more than 60 missing children have been found.

Colombia

Alianza Comité Cafeteros. The Coffee Plantation scheme in Cundinamarca, Colombia, affecting six towns, was renewed in 2011. 500 hectares of coffee production have been restored to increase the output of more than 600 peasant families, helping the families access subsidised credit and strengthening 43 communities in collective working skills, reinvestment of funds and generating income.

Pilot Dual Purpose Livestock Farming Programme. This livestock productivity project in the Gama region continued in 2011, with the implementation of an environmentally sustainable production model benefiting 60 families through production technology transfers and the building up of community organisations.

Agreement with the PDPMC. As part of local strategic development activity, a cooperation agreement has been signed with the PDPMC (Magdalena Centre Development for Peace Programme Corporation). The objective of this agreement is to help set up the EFHECTO School (School for Strengthening Total Community Excellence) to provide education on the importance of community work in the towns of Yacopí and Caparrapí in the Rio Negro province.

Brazil

Social energy. This is a set of programmes developed by Coelce to improve local crafts and to contribute to revenue-generating initiatives to help the socio-economic development of the community. 437 people involved in silk-screen printing, art, fashion and decorative arts have already benefited directly from this.

Upholding the rights of children and adolescents. 43 towns and one state have benefited from the Ampla programme which promotes the development of children and young people through education, health and social inclusion activities. Euro 182,000 were invested in a range of programmes in 2011.

Electricity for all. This programme provides help with finance to buy new domestic appliances, providing that the old ones are recycled. Coelce has invested Euro 2.1 million in this project.

2.2. Educational initiatives

ENDESA also works closely with the academic community, mainly on activities related to energy and electricity.



Spain and Portugal



Endesa Educa. This educational programme is aimed at Spanish students to promote sustainability and energy efficiency among young people. ENDESA provides schools with educational material related

to energy resources, raising awareness among students about the importance of energy in general quality of life issues. Highlights of 2011 included the addition of a further 15 interactive games to those already in place.

In 2011, Endesa Educa carried out projects in Catalonia, the Balearic Islands, Castile and Leon, Galicia, Aragon and Andalusia, where 16,894 youngsters from 294 learning centres took part. For further information: www.endesaeduca.com

Latin America

Argentina

El Viaje de la Energía (The Journey through Energy).

For the sixth year running, Edesur has run the “El viaje de la energía” programme, an educational initiative providing primary school pupils with basic knowledge on electricity such as how electricity works, how it is distributed from source to home, and how to use it safely and efficiently. The students learn new things about electricity which they can then pass on to their families.

In 2011, over 824 state and private schools took part in “El viaje de la energía”, which was run by 2,595 teachers who volunteered to participate in the initiative and who received specially-designed teaching material for use in the classroom. At the end of the year a Science Fair was held at the Nuestra Señora de la Merced school in Lanus, where 288 students displayed work related to the project.

A Facebook profile was created for the project for the first time in 2011. This was launched through a photography competition which attracted 67 entries from 35 schools.

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 2011, ENDESA's distributor in Brazil contributed Euro 347,000 to this initiative between monetary investment and the time of its employees.

Conciencia Ampla Futuro Deporte (Ampla Future Sports Awareness). This sports education programme promotes volleyball among children and young people in state schools, while informing them about environmental issues and efficient energy use. Euro 166,000 were invested in this initiative in 2011, including the time of the distributor's employees.

Conciencia Ampla Saber (Ampla Knowhow Awareness). This programme spreads awareness and best practices in responsible and efficient energy consumption through workshops and conferences for children, young people and adults. Euro 810,000 were invested in this project in 2011, including the time dedicated to it by employees.

Conciencia Ampla Oportunidad (Ampla Opportunity Awareness). This provides training for young people aged 18 to 30 looking for jobs as electricians. Euro 155,000 were invested in this project in 2011, including the time dedicated to it by employees.

Colombia

Technical training in distribution and marketing. The Endesa Colombia Foundation has trained 100 young people in employment skills for the electricity sector.

Flexible education models. In alliance with the FUCAI Foundation, a model has been designed to increase the quality of education through teacher training and school improvements. A pilot study was carried out in 2012 with 15 rural schools in Mámbita, Soya and San Pedro de Jagua in the Ubalá region.

Peru

Pachacútec Institute. Edelnor, in conjunction with the Nuevo Pachacútec Technology College in Ventanilla, provides young enterprising people on low incomes the chance to receive technical training in electricity so they can find jobs. In total, there have been four intakes with 57 students, of which 24 now hold official degrees. There are three women among these 24 qualified electricians.

Solar panels. Edegel has helped the development of 16 families in the Unión Condorbamba area of Junín, which now have access to electricity for the first time thanks to the solar panels installed in the school. Edegel equipped

the community's school with a television and DVD player so that the children have better educational tools, also enabling them to recharge the computers provided by the Ministry of Education. In addition, five laptop computers, a television, DVD player and a printer-scanner have been installed in a community space.

Chile

Chispita Agente Ambiente 2011. The "environmental secret agent" programme was launched in 2008 and involves children as actors on a secret mission to raise awareness about energy use.

3,990 children signed up for this in 2011, bringing the total to 35,175.

For further information: www.chispita.cl

Energy for Education This project aims to improve education in language and maths for students and teachers in the school network through donations of teaching material.

2.3. Cultural initiatives



ENDESA is involved in conserving and promoting the local heritage and cultures in the cities and areas in which it operates.

Spain and Portugal

The ENDESA and Sevillana Endesa Foundations devote a significant part of their resources to lighting sites which form part of Spain's historical and artistic heritage, and those in other countries where ENDESA and its subsidiaries operate. The Company has become a national and international benchmark in this respect.

In 2011, these Foundations provided lighting for 18 religious and civil monuments using the most advanced sustainable lighting techniques, in order to save energy and reduce light pollution at night.

The artistic lighting projects undertaken in 2011 include:

- The La Concepción botanical garden in Malaga, in which the Sevillana Foundation invested Euro 110,000 on cutting-edge and long-life lighting technology that avoids light pollution at night.
- The San Pedro Apostol church in Peñafior, Seville, in which the Sevillana Endesa Foundation invested Euro 71,000 in sustainable lighting that enables the preservation of the works of art.

Both of these Foundations also carry out development and general interest activities, such as promoting research, cooperation for socio-economic development, defence of the environment and cultural activities.

Latin America

In 2011, the ENDESA companies in Latin America supported various projects related to the cultural identity of the socie-

ENDESA continues to sponsor international exhibitions at the Picasso Museum

On last 11 July, the mayor of Barcelona, Xavier Trias, and the Chairman of ENDESA, Borja Prado, ratified a sponsorship agreement for temporary international exhibitions at the Picasso Museum until 2013. This will make ENDESA the main sponsor for the three exhibitions planned until 2013, of which there will be one per year.

The agreement between ENDESA and the Barcelona Cultura Foundation is a further step forward in the Company's strategy of expanding its promotion of cultural activities.



Xavier Trias, Mayor of Barcelona, and Borja Prado, Chairman of ENDESA.

ties in which the Company operates through exhibitions, concerts, theatre, dance, photography, arts and craft, film and preserving historical monuments.

Brazil

Coelce Culture. This includes a range of art and culture projects related to theatre, dance, audio-visual arts, literature, music and heritage, and benefited some 1.2 million people in 2011.

Argentina

Edesur and culture. Edesur held a number of exhibitions at its headquarters in 2011.

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.

ENDESA and the Don Bosco National Award

ENDESA's collaboration with the Don Bosco National Awards for Technological Innovation and Research represents many aspects of its Sustainability Strategy. This collaboration enables the Company to maintain close relations with the Salesians of Don Bosco institution, which is a magnificent example of commitment to society in the more than 130 countries where it is involved in educational activities.

This Institution, through activities such as this award, demonstrates the importance of creating opportunities for education to meet technological innovation and research in order to create development opportunities for our society, and the people who will lead it over the coming decades.



Award winners at the 25th Don Bosco Awards for Research and Innovation.



Chile

The Huinay Foundation aims 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.

More information on the Foundation's main activities can be found in the section on preserving biodiversity in the chapter entitled "Commitment to environmental protection" and at www.fundacionhuinay.cl

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 has 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 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 focussing 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 Electricity" 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.



The project incorporates a number of specific actions to achieve this objective, together with definition of a methodology to quantify the number of beneficiaries of the Enel Group's various projects to facilitate access to electricity, in line with the UN's Energy for All programme.

With regard to ensuring universal access to modern energy services, the ENabling Electricity programme defines three fundamental areas for action into which ENDESA's social projects related to this initiative can be grouped:

- Projects that guarantee technological accessibility and infrastructure: improved kitchens in Junín (Peru), solar panel installation (Junín, Peru), electrification of communities (Peru), the Power For All programme (Brazil) and lighting of sports grounds (Peru and Chile).
- Projects that eliminate economic barriers for the lowest income levels in society: Ecoelce and Ecoampla in Brazil and Ecochilectra in Chile.
- Creation of capabilities: Nuevo Pachacútec (Peru), Chillectra university chair (Chile), Ampla Awareness (Brazil), Travelling educational information (Chile) and Coelce nas Escolas (Brazil).

These projects are described in other sections of this report. A methodology is being defined to unify the criteria used to identify the number of final beneficiaries.

Appendices





Pobla hydro plant

Appendix I.

ENDESA, committed to reporting on sustainability

ENDESA considers sustainability to be responsible growth. The Company firmly believes that the principles deriving from this concept have to be fully integrated 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, in response to the faith they have placed in us; we also report on our ethical behaviour and transparency, technological innovation and energy efficiency, and climate change and the environment.

The ENDESA 2011 Sustainability Report details the main initiatives undertaken in the year to meet the expectations of our stakeholders.

Key to ENDESA's transparency objective is the publication of its Sustainability Report as well as other corporate reports on an annual basis. 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.

The following channels are available to anyone who wishes to receive detailed information about issues covered in this report, Endesa's sustainability commitment and/or who wishes to participate in preparing subsequent reports:

Websites

- ENDESA **www.endesa.com** Spain and general information on the ENDESA group.
- 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

United States:
410 Park Avenue, Suite 410. New York NY 10022
Telephone: 1212 7507200
endesanyir@endesana.com

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:

Jesús Abadía, Environment and Sustainable
Development Director, ENDESA
Environment and Sustainable Development Division
Ribera del Loira, 60
28042 Madrid (Spain)
E-mail: dmads@endesa.es

Appendix II. Independent review report



ERNST & YOUNG

Ernst & Young, S.L.
Torre Picasso
Plaza Pablo Ruiz Picasso, 1
28020 Madrid
Tel.: 902 365 456
Fax: 915 727 300
www.ey.com/es

INDEPENDENT REVIEW REPORT ON ENDESA, S.A. 2011 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 2011 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 AA1000 Guide 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 Official Register of Auditors of Accounts (ICJCE).
- 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 Assurance 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 Environmental Affairs and Sustainable Development 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 adhesion to Endesa's 2008-2012 Strategic Sustainability Plan (SSP) through which the Company establishes its commitments and challenges based on its Sustainability Policies and relationships with stakeholders. Evaluation of the coverage, relevance, and coherence of the information included in the Report.
- 3) Visits to the Besós Combined Cycle Plant as well as the Ebro-Pirineos Hydraulic Production Unit.
- 4) 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.
- 5) Verification of quantitative and qualitative information using analytic review and other procedures performed, based on a sample and correct compilation of indicators and data supplied by information sources included in the Report.
- 6) Check the consistency of the information reported and published in the Report with respect to other published information, such as: Annual Report, Legal Documentation, activities Report, Corporate Governance Report, press releases, etc.

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 2011 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).



Conclusions

As a result of our review of the 2011 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, as well as to gain an awareness and understanding of their expectations. ENDESA has formally opened lines of communication with its stakeholders, having performed several internal and external climate studies as well as reviewing current communication channels.
 - ✓ **Relevance:** A materiality analysis was carried out to select significant matters and improvement opportunities to be included in the Report, which appear in Endesa's 2008-2012 Strategic Sustainability Plan. ENDESA's materiality analysis is aimed at identifying and prioritizing the Company's relevant sustainability issues, specifically regarding the seven Commitments and the two Challenges included in the 2008-2012 Strategic Sustainability Plan (SSP), which are explained in the attach the Report.
 - ✓ **Responsiveness:** The Commitments and Challenges in the 2008-2012 Strategic Sustainability Plan (SSP) communicate the Company's responses to the main challenges set out by the stakeholders. These are reflected in the different sections of the Report.

The AA1000 Standard 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 Environmental Affairs and Sustainable Development 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 recommendations are aimed at actions involved in the development of principles through different stakeholders and other relevant topics. Our main observations are as follow:

a) **Inclusiveness:**

ENDESA ensures a policy of transparency, open communication and ethical behaviour in all its activities, striving to improve communication and increase dialogue with stakeholders at all levels and in all countries in which the company operates.

We recommend that ENDESA structure periodical dialogue with stakeholders to take place during periods outside the creation and implementation of its Sustainability Plans.

b) **Relevance:**

ENDESA's materiality analysis is aimed at identifying and prioritizing the Company's relevant sustainability issues, specifically regarding the seven Commitments and the two Challenges included in 2008-2012 SSP. The Company's Environmental Affairs and Sustainable Development management team fosters a good relationship with its stakeholders, responding to key issues revealed during the materiality study. Thus, the contents of the Report are aligned with the Commitments and Challenges outlined in the 2008-2012 Strategic Sustainability Plan (SSP) as well as with stakeholder interests.

In 2011, ENDESA began a period of strategic analysis aimed at creating a new operating environment designed to improve communication and responses to material issues. To this end, we recommend compliance with established procedures for dialogue with stakeholders, in line with the extension and adaptation of ENDESA'S material affairs in all the countries in which the company operates, especially the upcoming year, during which a new plan will be rolled out.

c) **Responsiveness**

The Report's chapters cover achievements and advances in the area of Commitments and Challenges, as well as in material aspects.

The corporate office spearheads their inclusion in the Endesa Plan specific to each of the countries in which the Company operates, as well as in Local Plans put into effect in Spain.

We recommend efforts to be focused on developing the initiatives and activities defined within these plans, while implementing the actions tailored to each country or region in which ENDESA is present. In this manner, it is recommended a joint prioritization process to implement the necessary actions.

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
000-59

(Signed on the original in Spanish)

José Luis Perelli Alonso
Partner
May 29, 2012

Appendix III. Statement GRI Application Level Check



Statement GRI Application Level Check

GRI hereby states that **ENDESA** has presented its report "Sustainability Report 2011" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 21 May 2012


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 14 May 2012. GRI explicitly excludes the statement being applied to any later changes to such material.

Appendix IV. GRI content

G3 Content Index - Electric Utilities Sector Supplement						
	Application level				Checked by:	
BASIC CONTENTS PART I: Profile						
1. Strategy and analysis						
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	Pages 4-5			
1,2	Description of key impacts, risks and opportunities.	Full	Page 13 (ENDESA in figures), 18-21 (ENDESA Sustainability Plan), 31-32 (Engagement with communities involved in the Hidroaysen 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	Page 14 (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 14-17 (Energy business)			
2,6	Nature of ownership and legal form.	Full	Pages 33-34 (Scope of the Report)			
2,7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Full	Pages 14-17 (Energy business)			
2,8	Scale of the reporting organization.	Full	Page 13 (ENDESA in figures)			
2,9	Significant changes during the reporting period regarding size, structure, or ownership.	Full	Pages 33-34 (Scope of the Report)			
2,10	Awards received in the reporting period.	Full	Page 49 (CRC Gold Award), 56 (Ivenergy), 75 (Recognition for our work), 186 (Capital Madrid Awards)			
EU1	Installed capacity, broken down by primary energy source and by regulatory regime.	Full	Pages 42-43 (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), 14-17 (Energy business), 186-187 (Active participation in the development of renewable energies)			
EU3	Number of residential, industrial, institutional and commercial customer accounts.	Full	Page 40 (ENDESA's presence in the Spanish and Portuguese market)			
EU4	Length of above and underground transmission and distribution lines by regulatory regime.	Full	Pages 42-43 (Development and improvement of distribution infrastructure)			
EU5	Allocation of CO ₂ emissions allowances or equivalent, broken down by carbon trading framework.	Full	Page 192 (CDM portfolio), 190 (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 33 (Aims of the report), 44 (Completeness)			
3,2	Date of most recent previous report (if any).	Full	Page 35 (Completeness)			
3,3	Reporting cycle (annual, biennial, etc.).	Full	Page 33 (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	Page 29 (Dynamic assessment and prioritisation of material issues: Materiality Study 2011), 34 (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 33-34 (Scope of the Report)			
3,7	State any specific limitations on the scope or boundary of the report.	Full	Pages 33-34 (Scope of the Report)			

Report profile	Description	Reported	Cross reference / direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation
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 33-34 (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.	Full	Pages 33-34 (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 33-34 (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 33-34 (Scope of the Report)			
3,12	Table identifying the location of the Standard Disclosures in the report.	Full	Page 2 (Summary)			
3,13	Policy and current practice with regard to seeking external assurance for the report.	Full	Page 35 (Completeness), 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	Page 102 (leadership of the Board of Directors), the breakdown of directors by age is available at (http://www.endesa.com/es/conoceendesa/organosdegobierno/Paginas/OrganosdeGobierno.aspx). There are no declared minorities at ENDESA.			
4,2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).	Full	Page 102 (leadership of the Board of Directors).			
4,3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	Full	Page 102 (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 102 (Shareholder participation), 105-107 (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 102-103 (Directors' remuneration)			
4,6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Full	Pages 103-104 (Directors' responsibilities and duties)			
4,7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	Full	Pages 103-104 (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	Pages 17-18 (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 104-110 (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 104-110 (Codes of Ethics and the fight against fraud and corruption)			
4,11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Full	Pages 18-21 (ENDESA's Sustainability Plan)			
4,12	Externally developed economic, environmental, and social charters, principles, or other initiatives which the organization subscribes to or endorses.	Full	Pages 21-24 (Compliance with international benchmarks for sustainable management)			

Report profile	Description	Reported	Cross reference / direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	
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 21-24 (Compliance with international benchmarks for sustainable management), 51-52 (Responsibility for informing customers), 193-195 (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 26-27 (Map of ENDESA stakeholders - Main categories)				
4,15	Basis for identification and selection of stakeholders with whom to engage.	Full	Pages 27-30 (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 26-27 (Map of ENDESA's stakeholders), 30-31 (Meeting with stakeholders)				
4,17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, through its reporting.	Full	Pages 30-31 (Meeting with stakeholders)				
BASIC CONTENTS PART II: Disclosure of management approach							
Disclosure of management approach	Description	Reported	Cross reference / direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	Due to being reported in
Economic	Disclosure of management approach, economic	Full					
Aspect	Economic performance.	Full	Page 120 (Wealth generation in 2011)				
	Market presence.	Full	Pages 14-17 (Energy business)				
	Indirect economic impacts.	Full	Page 120 (Wealth generation in 2011)				
	Availability and reliability	Full					
EU6	Management approach to ensure short and long-term electricity availability and reliability.	Full	Pages 41-42 (Continuity of supply)				
	Demand-side management	Full					
EU7	Demand-side management programs including residential, commercial, institutional and industrial programs.	Full	Pages 155-156 (Efficiency in thermal power plants)				
	Efficiency systems	Full					
	Research and development	Full					
EU8	Research and development activity and expenditure aimed at providing reliable electricity and promoting sustainable development.	Full	Pages 41-42 (Continuity of supply), 156-157 (Technology leadership model)				
	Plant decommissioning	Full					
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.				
Environmental	Disclosure of management approach, environmental	Full					
Aspect	Materials COMM	Full	Pages 154-155 (Fuel consumption)				
	Energy COMM	Full	Pages 154-155 (Fuel consumption)				
	Water COMM	Full	Page 129 (Process water consumption)				
	Biodiversity COMM	Full	Pages 144-149 (Biodiversity conservation)				
	Emissions, Effluents and Waste COMM	Full	Pages 196-197 (CO ₂ emissions), 131 (waste water), 140-143 (cutting and managing waste)				
	Products and services	Full	Pages 58-61 (Safety and ongoing improvement in all stages of the life cycle of ENDESA's products and services)				
	Compliance	Full	Pages 136-140 (Management of environmental incidents)				
	Transport	Full	ENDESA's indirect greenhouse gas emissions, i.e. excluding electricity generation, in other words, from exhaust fumes, are considered irrelevant in like-for-like terms.				
	Overall	Full	Page 126 (ENDESA's response to environmental challenges)				

Disclosure of management approach	Description	Reported	Cross reference / direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	Due to being reported in
Social	Disclosure of management approach, social	Full					
Aspect	Employment						
EU14	Programs and processes to ensure the availability of a skilled workforce.	Full	Pages 79-82 (Training, the key to personal development), 70-71 (Occupational risk, training and inspections)				
EU15	Percentage of employees eligible to retire in the next 5 and 10 years broken down by job category and region.	Full	Pages 66-68 (ENDESA's workforce)				
EU16	Policies and requirements regarding health and safety of employees and employees of contractors and subcontractors.	Full	Pages 70-71 (Occupational risk, training and inspections)				
	Labour/Management Relations	Full	Pages 88-89 (Dialogue and responsible people management in ENDESA)				
	Occupational Health and Safety	Full	Page 178 (The results of a joint effort)				
	Training and Education	Full	Pages 81-82 (Assessing training processes)				
	Diversity and Equal Opportunity	Full	Pages 66-68 (ENDESA's workforce)				
	Equal remuneration for men and women	Full	Pages 86-87 (Remuneration policy)				
Human Rights	Disclosure of management approach, human rights						
Aspect	Investment and procurement practices	Full	Pages 173-174 (Global Compact and Code of Ethics)				
	Non-discrimination	Full	Pages 105-107 (Ethics channel)				
	Freedom of Association and Collective Bargaining	Full	Pages 94-95 (Social dialogue)				
	Child Labor	Full	Pages 95-96 (Protection of Human Rights)				
	Forced and Compulsory Labor	Full	Pages 95-96 (Protection of Human Rights)				
	Security Practices	Full	Pages 70-71 (Occupational risk, training and inspections)				
	Indigenous Rights	Full	Pages 95-96 (Protection of Human Rights)				
DMA SO	Disclosure on Management Approach SO						
Aspect	Community	Full	Pages 135-136 (Integrated environmental authorisation and impact studies), 212 (Social development initiatives facilitating access to electricity), 40 (Quality of the electricity supply as a priority), 26-28 (ENDESA and its stakeholders)				
EU19	Stakeholder participation in the decision making process related to energy planning and infrastructure development.	Full	Pages 45-46 (Programmes to improve or maintain access to electricity)				
EU20	Approach to managing the impacts of displacement.	Full	Appendix V				
	Corruption	Full	Pages 104-110 (Codes of Ethics and the fight against fraud and corruption)				
	Public Policy	Full	Page 195 (Institutional allies in combating climate change)				
	Anti-Competitive Behavior	Full	Pages 104-110 (Codes of Ethics and the fight against fraud and corruption)				
	Compliance	Full	Pages 107-110 (Sanctions received)				
	Disaster/Emergency planning and response						
EU21	Contingency planning measures and disaster/emergency management plan and training programs, and recovery/restoration plans.	Full	Pages 59-61 (ENDESA's management of disasters and emergencies)				
Product responsibility	Disclosure of management approach, product responsibility	Full					
Aspect	Customer Health and Safety	Full	Pages 58-61 (Safety and ongoing improvement in all stages of the life cycle of ENDESA's products and services), 69-70 (Common OHS management systems)				
	Product and Service Labeling	Full	Pages 51-52 (Responsibility for informing customers)				
	Marketing Communications	Full	Pages 53-54 (Customer satisfaction)				
	Customer Privacy	Full	Pages 51-52 (Responsibility for informing customers)				
	Compliance	Full	Pages 51-52 (Responsibility for informing customers)				
	Access						
EU23	Programs, including those in partnership with government, to improve or maintain access to electricity and customer support services.	Full	Page 212 (Social development activities facilitating access to electricity)				
	Provision of Information						

Disclosure of management approach	Description	Reported	Cross reference / direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	Due to being reported in
EU24	Practices to address language, cultural, low literacy and disability related barriers to access and safely use electricity and customer support services.	Full	Pages 92-94 (Commitment to people with different capabilities and those at risk of social exclusion)				
			BASIC CONTENTS PART III: Performance Indicators				
Economic							
Performance Indicators	Description	Reported	Cross reference / direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	Due to being 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 120 (Wealth generation in 2011)				
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Full	Page 186 (ENDESA's contribution to combating climate change), 192 (CDM portfolio), 194 (Carbon funds)				
EC3	Coverage of the organization's defined benefit plan obligations.	Full	Pages 87-88 (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 156-157 (Model of technology leadership), 102 (leadership of the Board of Directors) No other type of aid is received.				
Market presence							
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	No					
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Full	Pages 178-200 (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 82-84 (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	Page 206 (Contribution to social development)				
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Full	Pages 207-208 (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 41-42 (Continuity of supply)				
System efficiency							
EU11	Average generation efficiency of thermal plants by energy source and by regulatory regime.	Full	Pages 155-156 (Efficiency in thermal power plants)				
EU12	Transport and distribution losses as a percentage of total energy.	Full	Pages 41-42 (Continuity of supply)				
Environmental							
Performance Indicators	Description	Reported	Cross reference / direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	Due to being reported in
Materials							
EN1 CORE	Materials used by weight or volume.	Full	Pages 154-155 (Fuel consumption)				
EN2	Percentage of materials used that are recycled input materials.	Full	Pages 141-142 (Types of waste and amount recovered)				
Energy							
EN3	Direct energy consumption by primary energy source.	Full	Pages 154-155 (Fuel consumption)				
EN4	Indirect energy consumption by primary source.	Full	Pages 154-155 (Fuel consumption)				
EN5	Energy saved due to conservation and efficiency improvements.	Full	Pages 155-156 (Efficiency in thermal power plants), 162-163 (Efficiency in the use of energy)				
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Full	Pages 155-156 (Efficiency in thermal power plants)				
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Full	Page 155 (Indirect energy consumption)				

Report profile	Description	Reported	Cross reference / direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation
Water						
EN8 CORE	Total water withdrawal by source.	Full	Page 129 (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	No				
Biodiversity						
EN11	Location and size of land owned, leased, managed in, or adjacent to protected areas or areas of high biodiversity value outside protected areas.	Full	Page 149 (Adjacent land, or land located in natural protected areas)			
EN12 CORE	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 144-149 (Biodiversity conservation)			
EU13	Biodiversity of offset habitats compared to the biodiversity of the affected areas.	Full	Pages 144-149 (Biodiversity conservation)			
EN13	Habitats protected or restored.	Full	Pages 144-149 (Biodiversity conservation)			
EN14 CORE	Strategies, current actions, and future plans for managing impacts on biodiversity.	Full	Pages 144-149 (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.	No				
Emissions, Effluents and Waste						
EN16 CORE	Total direct and indirect greenhouse gas emissions by weight.	Full	Pages 196-197 (CO ₂ emissions)			
EN17	Other relevant indirect greenhouse gas emissions by weight.	Full	ENDESA's indirect greenhouse gas emissions, i.e. excluding electricity generation, in other words, from exhaust fumes, are considered irrelevant in like-for-like terms.			
EN18 CORE	Initiatives to reduce greenhouse gas emissions, and and reductions achieved.	Full	Page 186 (ENDESA's contribution to combating climate change)			
EN19	Emissions of ozone-depleting substances by weight.	Full	Page 140 (Emissions of ozone-depleting substances)			
EN20 CORE	NOx, SOx and other significant air emissions by type and weight.	Full	Pages 138-140 (Emissions). Leaks and emissions of POP, HAP and VOC are insignificant compared to the greenhouse gases reported in the relevant section.			
EN21 CORE	Total water discharge by quality and destination.	Full	Page 131 (Water discharges)			
EN22 CORE	Total weight of waste by type and disposal method.	Partial	Pages 140-143 (Waste management and reduction)	Total weight of waste (measured in tonnes) for composting, reuse, recycling, incineration, landfill and deep well injection.	Not applicable	There is no information available concerning the final destination as this waste is sent for recovery to external facilities by authorised managers.
EN23	Total number and volume of significant spills.	Full	Pages 136-138 (Management of environmental incidents)			
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	No				
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 54-56 (Efficient products and services), 154-155 (Fuel consumption), 129 (Process water consumption), 132 (Eliminating environmental liabilities), 131 (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 136-138 (Management of environmental incidents)			

Disclosure of management approach	Description	Reported	Cross reference / direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	Due to being reported in
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.						
General							
EN30	Total environmental protection expenditures and investments by type.	Full	Pages 127-128 (Significant investments)				
Social							
Performance Indicators	Description	Reported	Cross reference / direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	Due to being reported in
Employment							
LA1 CORE	Total workforce by employment type, employment contract, and region.	Full	Pages 66-68 (ENDESA's workforce)				
LA2 CORE	Total number and rate of employee turnover by age group, gender, and region.	Full	Pages 82-84 (Attracting and retaining talent)				
EU17	Days worked by contractor and subcontractor employees involved in construction, operation & maintenance activities.	Full	Pages 172-173 (Commitment to our partners)				
EU18	Percentage of contractor and subcontractor employees that have undergone relevant health and safety training.	Full	Page 177 (Contractor training)				
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Full	Pages 87-88 (Pension Plan).				
Labor/Management Relations							
LA4 CORE	Percentage of employees covered by collective bargaining agreements.	Full	Pages 94-95 (Social dialogue)				
LA5	Minimum notice period(s) regarding 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	Page 72 (Health and Safety Committees) and Appendix V				
LA7 CORE	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	Full	Page 178 (The results of a joint effort), 72-75 (Lower accident rates)				
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.		Pages 70-71 (Occupational risk, training and inspections)				
LA9	Health and safety topics covered in formal agreements with trade unions.	Full	Pages 94-95 (Social dialogue)				
Training and Education							
LA10	Average hours of training per year per employee by employee category.	Full	Pages 81-82 (Assessing training processes)				
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Full	Pages 79-82 (Training, the key to personal development)				
LA12	Percentage of employees receiving regular performance and career development reviews.		Pages 77-78 (Identifying and validating talent)				
Diversity and Equal Opportunity							
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	Full	Pages 66-68 (ENDESA's workforce) The breakdown of directors by age is available at (http://www.endesa.com/es/conoceendesa/organosdegobierno/Paginas/OrganosdeGobierno.aspx). There are no declared minorities at ENDESA.				
LA14	Ratio of basic salary of men to women by employee category.	Full	Pages 86-87 (Remuneration policy)				
LA15	Return to work and retention rates following maternity and paternity leave, by gender.	Full	Pages 91-92 (Striking a balance between professional, personal and family life)				
Human Rights							
Performance Indicators	Description	Reported	Cross reference / direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	Due to being 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	Pages 173-174 (Global Compact and Code of Ethics)				

Performance Indicators	Description	Reported	Cross reference / direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	Due to being reported in
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	Full	Pages 173-174 (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	Pages 79-80 (Occupational health and safety training material)				
Non-discrimination							
HR4	Total number of incidents of discrimination and actions taken.	Full	No cases of discrimination were reported via the Ethics Channel				
Freedom of Association and Collective Bargaining							
HR5 CORE	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 94-95 (Social dialogue)				
Child Labor							
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	Full	Pages 95-96 (Protection of Human Rights)				
Forced and Compulsory Labor							
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	Full	Pages 95-96 (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	Pages 79-80 (Occupational health and safety training material)				
Indigenous Rights							
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	Full	Pages 95-96 (Protection of Human Rights)				
Appraisal							
HR10	Percentage and total number of operations subject to human rights reviews and/or impact assessments.	Full	Pages 95-96 (Protection of Human Rights), 173-174 (Global Compact and Code of Ethics)				
Remediation							
HR11	Number of complaints relating to human rights received, processed and resolved through formal complaint mechanisms.	Full	Pages 95-96 (Protection of Human Rights)				
Society							
Performance Indicators	Description	Reported	Cross reference / direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	Due to being reported in
Community							
SO1 CORE	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 135-136 (Integrated environmental authorisation and impact studies), 206 (Contribution to social development), 40 (Quality of the electricity supply as a priority), 26-28 (ENDESA and its stakeholders)				
EU22	Number of people physically or economically displaced and compensation, broken down by type of project.	Full	Appendix V				
Corruption							
SO2	Percentage and total number of business units analyzed for risks related to corruption.	Full	Pages 104-110 (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 104-110 (Codes of Ethics and the fight against fraud and corruption)				
SO4	Actions taken in response to incidents of corruption.	Full	Pages 104-110 (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	Page 195 (Institutional allies in combating climate change)				
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	No					
Anti-Competitive Behavior							
SO7	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes.	No					

Performance Indicators	Description	Reported	Cross reference / direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	Due to being reported in
Compliance							
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Full	Pages 107-110 (Sanctions received)				
SO9	Operations with significant negative effects, real or potential, on local communities.	Full	Pages 144-149 (Biodiversity conservation)				
SO10	Prevention and mitigation measures applied in operations with significant negative effects, real or potential, on local communities.	Full	Pages 144-149 (Biodiversity conservation)				
Product responsibility							
Performance Indicators	Description	Reported	Cross reference / direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	Due to being reported in
Customer Health and Safety							
PR1 CORE	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 58-61 (Safety and ongoing improvement in all stages of the life cycle of ENDESA's products and services), 69-70 (Common OHS management systems)				
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.	No					
EU25	Number of injuries and fatalities to the public involving company assets including legal judgments, settlements and pending legal cases of diseases.	Full	Page 178 (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 51-52 (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.	No					
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Full	Pages 53-54 (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 51-52 (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.	No					
Customer Privacy							
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	No					
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 51-52 (Responsibility for informing customers)				
Access							
EU26	Percentage of population unserved in licensed distribution areas or service areas.	Full	Pages 41-42 (Continuity of supply)				
EU27	Number of residential disconnections for non-payment, broken down by duration of disconnection and by regulatory regime.	Full	Pages 45-46 (Programmes to improve or maintain access to electricity), 44 (Disconnections for non-payment)				
EU28	Power outage frequency.	Full	Pages 41-42 (Continuity of supply)				
EU29	Average power outage duration.	Full	Pages 41-42 (Continuity of supply)				
EU30	Average plant availability factor by energy source and by regulatory regime.	Full	Pages 155-156 (Efficiency in thermal power plants)				

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*
Spain and Portugal	4	4
Latin America	n/a	n/a
Argentina	N/A	N/A
Chile	n/a	1
Brazil	n/a	n/a
Peru	N/A	N/A
Colombia	N/A	N/A
Total	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
Total workforce	2010										
	2011	11,702	11,060	3,437	2,397	2,764	863	1,599	113	2	22,877
Workforce represented in formal joint management-worker health and safety committees	2010										
	2011	11,702	11,060	3,437	2,397	2,764	863	1,599	113	2	22,877
% of total workforce represented in formal joint management-worker health and safety committees	2010	100	75	75	75	100	100	100	nd	nd	75
	2011	100	75	75	75	100	100	100	nd	Nd	75

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 2011, the only project requiring population displacement was the construction of the Bocamina II thermal plant, which continued the displacement plan begun in 2008. Talks undertaken in the context of joint working parties led to a decision to relocate 104 families at an initial stage. 103 of the families have now been moved to new homes. At the second stage of the process, an agreement was signed to rehouse 271 families, 219 of which have now been relocated. In total, 322 families were rehoused in November 2011.

Each agreement entailed careful, detailed work to draw up an appropriate rehousing plan, with its associated budget, timeframe and implementation procedures.

Colombia

ENDESA Colombia's 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.

Argentina

No projects involving population displacement were undertaken in Argentina.

Peru

No information available.

Brazil

No population displacement arose in 2011. However, construction of the Teresópolis bypass transmission line, LT TER/PNV-34.5 kV, involved a compensation payment of Euro 262,000 in respect of 36 affected properties, although people were not displaced.

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
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
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
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
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
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



Fuerteventura thermal plant



Publisher:
Communications Department

Design:
Communications Department/Cromotex

Layout and Proofing:
Cromotex

Printing:
Tf Artes Gráficas
Committed to the Environment

Legal deposit:
M-18618-2012

This publication has been produced according to the ISO 9001:2008 Quality Management System and the ISO 14001:2004 Environmental Management System standards. These standards verify that at all times both production processes and waste management are carried out to the highest standards according to current legislation. All paper used is elemental chlorine-free (ECF) with neutral pH and free of heavy metals.



Printed on FSC® certified paper





light · gas · people

Ribera del Loira 60
28042 Madrid
Tel 912131000
www.endesa.com

endesapublicaciones