

# Sustainability report. 2014 Annual Report

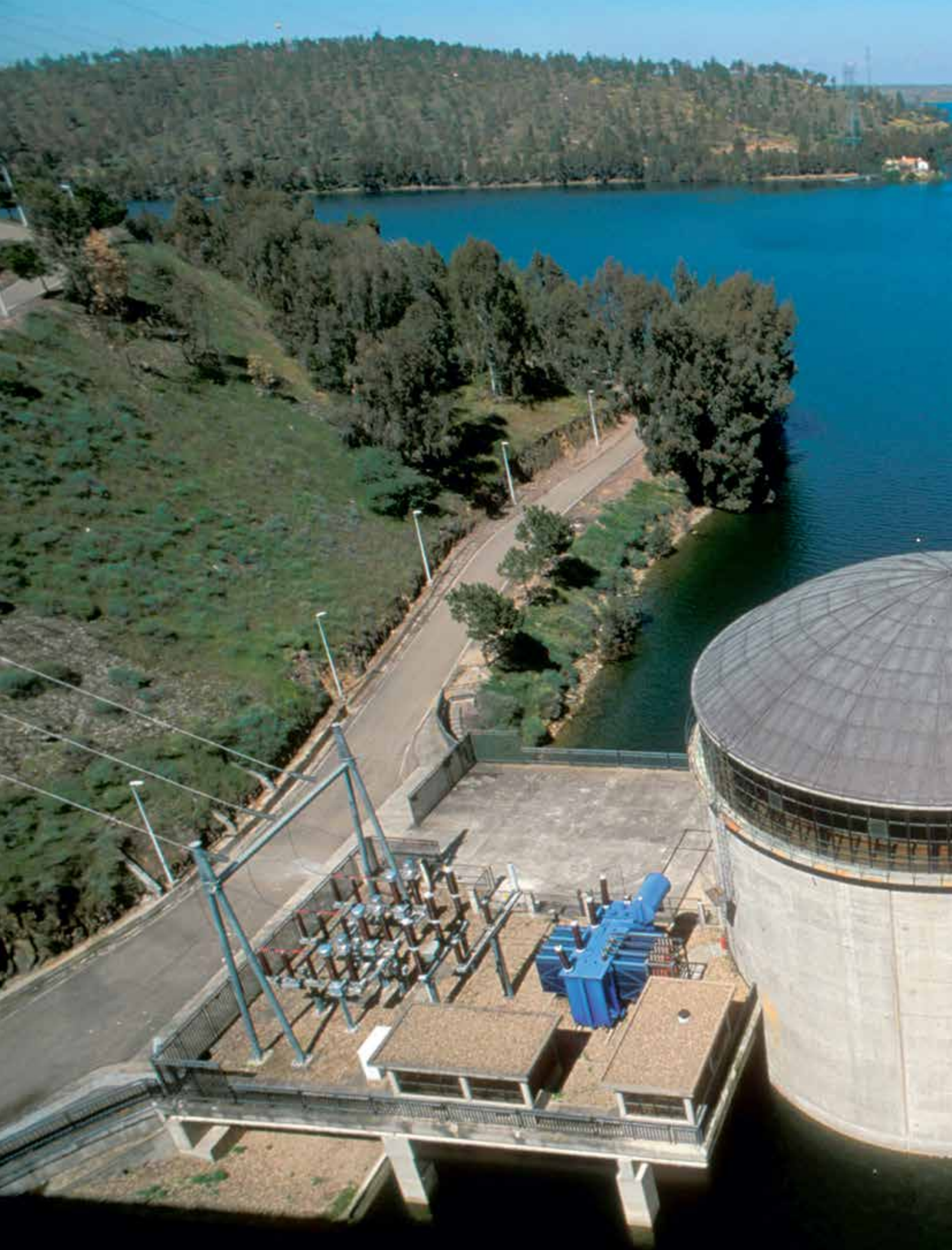




# Sustainability report. 2014 Annual Report







Hydraulic power plant in La Serena (Badajoz)





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# Letter from the Chairman

As part of ENDESA's commitment to sustainability, I am delighted to present the 2014 Annual Sustainability Report. This document offers a detailed account of ENDESA's response during 2014 to the key issues affecting business, as identified by our stakeholders.

2014 has been a particularly important year for ENDESA. After celebrating 70 years in the business, providing our customers with the best possible service all over the world, a new era now begins for our Company. There have been significant changes to the scope of consolidation and to the shareholding and organizational structure as a result of the disposal of our Latin American assets that took place this year. This transformation marked the beginning of a new era for ENDESA, maintaining a firm commitment to energy and the potential of our country, focusing all its efforts, resources and investments in Spain and Portugal.

ENDESA's strategy in the field of Sustainable Development is reflected in the 2014 Sustainability Plan, which follows the guidelines set out by the Enel Group. As in previous years we have integrated all our economic, social and environmental objectives, focusing on long-term value creation in each of the Company's structures. The Plan therefore includes 68 initiatives designed to ensure the commitments established in ENDESA's Sustainability Policy are fulfilled. It also includes two specific targets we have set ourselves in order to fulfil our long-term sustainability objectives: Combating climate change and strengthening ties with local communities. Thanks to the commitment of the Senior Management team and the hard work of everyone involved at ENDESA, we have managed to achieve all the defined objectives and initiatives.

With the aim of informing all our stakeholders of our commitment and the progress made in this regard, ENDESA hereby presents, for the fourteenth consecutive year, the Annual Sustainability Report. A Report that, once again, has been prepared in accordance with ver-



**Borja Prado Eulate**

Chairman of ENDESA

sion 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.

As in previous years, ENDESA has maintained a firm commitment to the integration of the Global Compact's Ten Principles in its daily business management and has also actively taken part in various global and local collaboration platforms. ENDESA's commitment and dedication have been particularly recognised in 2014, a year in which Global

Compact Network Spain celebrated its 10th anniversary. The Global Compact is a reference framework for our Company in terms of promoting sustainable development and therefore, as in previous years, ENDESA once again undertakes to continue to make progress in the implementation of the Ten Principles with regard to sustainability strategies and in all decision-making processes.

The New Endesa wants to lead the way towards a new, more sustainable energy model aimed at improving the quality of life of our customers and society as a whole. This change of model will enable us to directly contribute towards the economic development of our country. To do so, we are firmly committed to promoting electricity as an energy vector for our society, as it is the most sustainable form of energy. As part of our strategy, we will continue to strive to become leaders in energy efficiency, promote responsible consumption and boost the electrification of energy demands in fundamentally important sectors such as the transport or building sectors.

This new energy model will be particularly relevant in cities, where 80% of greenhouse gas emissions take

place. ENDESA will use its prominent position as a technology leader to contribute towards creating smarter and more sustainable cities so they are able to meet the needs of their residents without compromising the quality of life of future generations. In this new context, customers will become increasingly relevant, forming the central theme of our future strategy. In this respect, the electrification of energy demands is a unique opportunity that enables the protection of the environment and economic development to be compatible, thus improving the environmental quality of cities.

In short, ENDESA wants to be one step ahead in order to meet the energy and environmental challenges that lie ahead, promoting a more sustainable and efficient energy model.



**Borja Prado Eulate**

Chairman of ENDESA

# Letter from the CEO

At ENDESA we are firmly committed to creating long-term value in a responsible and sustainable manner. In order to achieve this, we identify the social, environmental and ethical issues that matter most, incorporating them into the daily management of our business and we take advantage of the opportunities derived from social, environmental and economic development.

We have been repeating these affirmations for many years now and we do so with absolute conviction, because the criteria contained therein will guide our actions and because we believe that they are increasingly important to ensure the future of our business undertaking.

Furthermore, because of the impact of our activities and because we want to be a key element in the economic and social development of all the areas in which we operate, at ENDESA we are aware that a balance in terms of fulfilling our economic, social and environmental responsibilities, based on sustainable criteria, is essential if we are to maintain our current position of leadership in the sector and, above all, to enable our contribution to the development and implementation of a new, much needed, energy model for our current and future energy demands.

In this regard, our aim is to provide our customers with a quality service in a responsible and efficient manner, providing returns for our shareholders, encouraging the professional development of employees, aiding the development of the social environments in which we operate and using the natural resources required for our activity in a sustainable manner.

To this end, over the last year we have developed the 2014 ENDESA Sustainability Plan, which brings together economic, social and environmental aspects and the long-term creation of value. This Plan is aimed at generating social confidence among the societies in which we are present and building a culture of innovation, commitment and excellence, to ensure that ENDESA is in an excellent position to meet the energy challenges facing society today.

This Plan, which follows the same structure as previous years, is based on seven core lines and two challenges, with a set of programmes, objectives and indicators, the fulfilment of which has enabled us to establish trust among our stakeholders, contributing to the development of our business and the achievement of our business objectives.



**José D. Bogas Gálvez**  
CEO, ENDESA

In keeping with our commitment to transparency, this 2014 Sustainability Report includes an in-depth description of the progress made in fulfilling our sustainability strategy. I would like to outline some of the most significant developments.

## Commitment to our customers

Quality, security and efficiency when accessing electricity are key principles in ENDESA's relationship with its customers.

This is why we have continued to improve the quality of our power supply by renovating our installations, rolling out smart meters and increasing high and medium voltage grid automation. In particular, in 2014 we continued to develop our Medium Voltage Grid Automation Plan, with a total number of 30,429 remote controlled elements.



Furthermore, as part of the Excellence Plan, in 2014 we focused our activities on improving quality in terms of customer service over the phone and in sales offices and service points. Likewise, within the framework of the Plan, we have renewed the claims management model and developed a project aimed at gaining a better understanding of our customers to better adjust to their needs in a timely manner. By way of example, thanks to this and other initiatives, the average resolution time for customer claims and requests has been reduced by 24% and e-billing received a powerful boost, with almost 15% more contracts than the preceding year.

Access to electricity for underprivileged groups or low income groups still represents one of our Company's key commitments. In this regard, maintaining the social rate in 2014 has helped approximately 983,000 customers with special needs; furthermore, ENDESA has established agreements with over 70 Spanish town councils, representing 40% of the customers supplied by our distribution grids, in order to collaborate with the social welfare services of these towns with the aim of ensuring that economically vulnerable families do not have their power supply cut off.

## Our people

Throughout 2014 ENDESA continued with their policy of considering the health and safety of the people working in, or for, the Company within their main priorities.

As part of the permanent "Zero Accidents" objective, fully shared with the Enel Group that we form part of, the development in 2014 of the 2011-2015 Safety Plan has enabled further improvements in terms of occupational health and safety indicators.

Furthermore, in 2014, ENDESA obtained the Global Family Responsible Company Certification in all the countries in which it operated. This certificate is recognised as Good Practice by the United Nations.

ENDESA also signed an Agreement with the Ministry of Health, Social Policies and Equality in Spain, with the aim of promoting and increasing the presence of women in positions of responsibility. In this regard, in 2014 the number of women in manage-

ment and mid-management positions rose to 28.1% in Spain, which represents a 1.1% increase compared with 2013.

## Ethical behaviour and transparency

Transparency and good governance are fundamental principles for ENDESA when conducting its corporate affairs and business activities. The company has a Code of Ethics, a Zero Tolerance Plan against Corruption and a Criminal Risk Prevention Model in place, which provides the company with an internal control system firmly aimed at strengthening its ethics and compliance culture and therefore designed to prevent corruption acts.

Furthermore, with the aim of providing all its stakeholders with a secure and anonymous communication channel with regard to possible unlawful, unethical or illegal conducts, ENDESA has designed an Ethics Channel, which can be accessed via its website. Throughout 2014, the company received a total of 64 complaints via this Ethics Channel or through other means, with 77% of the cases being resolved during the same year.

## Our investors

In order to ensure an ongoing relationship with its shareholders and private and institutional investors, as well as with the main stock exchange analysts, ENDESA has an Investor Relations Department responsible for public presentations to analysts and investors focusing on the Company's quarterly results and the Company's Strategic Plan and also a Shareholders' Office which guarantees a permanent service either in person, over the phone or electronically, to answer any queries. In 2014 this Office responded to 6,465 requests.

During the same year, ENDESA renewed its presence on the *Dow Jones Sustainability Index* for the fourteenth consecutive year, beating a new record by achieving its best overall score (85 out of 100) since it was included in the index for the first time in 2001.

The company also strengthened its presence in the Euronext-VIGEO international sustainability indices, by being in-

cluded for the first time in the Euronext-Vigeo World 120 index and maintaining its presence in the Euronext-Vigeo Europe 120 and Euronext-Vigeo Eurozone 120 indices.

## Environment

As part of its 2014 Environment Plan and within the framework of its commitment to respecting and preserving the environment, the Company carries out its activities while respecting natural environments, continuing to implement and certify environmental management systems, ensuring that existing certifications are maintained and fully committing to biodiversity conservation and responsible waste management.

At the end of 2014, 97.65% of the power from ENDESA's plants installed in Spain and Portugal, as well as port terminals, mining operations and the entire distribution business, held the Environmental Management Certification pursuant to standard ISO 14001. With regard to office buildings, this certificate covers the Company's main offices.

Furthermore, in 2014, for a fifth consecutive year, the Company signed the CDP Water Disclosure, taking part in the initiative's pilot scoring project, in which it obtained a "Leadership" level, scoring higher than sector average, which is at the "Management" level.

## Commitment to innovation and technology

In 2014, ENDESA continued to develop technological projects aimed at improving its activities and perfecting new value-added products and services for its customers, thus promoting an innovation culture within the Company, creating sustainable competitive advantages and promoting a more efficient and sustainable energy model. The company's direct investment in R&D and Innovation (RDI) in 2014 was 35 million euros through the execution of 249 projects.

In relation to advanced distribution grids, special mention should be given to the implementation of the remote management project, an area in which Endesa is leading the way

in Spain and this also applies to Smartcities, with initiatives in Malaga and Barcelona in Spain. The ZEM2ALL project is also notable, focusing on the introduction of electric vehicles in urban areas.

Furthermore, as part of its open innovation model and commitment to entrepreneurship, ENDESA, together with Enel, is taking part in the INCENSE project, which is aimed at selecting and accelerating 42 *startups* related to smart energy.

## Involvement of partner companies

ENDESA encourages its partners to comply with its commitment to sustainability, with the aim of further improving and increasing the scope of economic, social and environmental development in the areas in which it operates.

The Company's Supplier Rating System, introduced in 2009 was implemented in 190 purchasing families at the end of 2014, i.e., 52 more than in 2013, which represents a 38% increase. Also, all the contracts signed by the Company in 2014 included clauses concerning Human Rights.

## The climate change challenge

Combating climate change is one of the key issues of ENDESA's 2014 Sustainability Plan and obviously, the core theme of its Climate Change Programme objectives, which includes five strategic lines: Energy efficiency, sustainable transport, renewable energies, technological development and Clean Development Mechanisms (CDM).

With regard to the latter, at the close of 2014, Enel-ENDESA Group's joint portfolio of Certified Emission Reductions (CERs) and Emission Reduction Units (ERUs) had around 60 CDM projects, representing a reduction of around 163 million tonnes of CO<sub>2</sub> until 2020.

Over the course of last year, ENDESA concluded the voluntary compensation process for CO<sub>2</sub> emissions of three public acts carried out in 2013 and in 2014, which represented a total of 50,298 tonnes of CO<sub>2</sub>. One of these was the 2014

Basketball World Cup; ENDESA offset the travel-associated carbon footprint of teams, spectators and staff, as well as the energy consumption in the buildings in which this competition was held. It is also worth noting that, for a third consecutive year, ENDESA published its Carbon Footprint report in relation to its activities. To date, the Company has calculated and verified its Carbon Footprint for the 2009-2013 period, covering all its lines of business.

## Social Development

ENDESA is particularly aware of the effects of its activities on the social environments in which it is present and of the needs and development of these areas. Therefore the social action programmes have come to form part of the Company's strategic priorities, hence the company strengthening ties in the environments in which it operates, minimising risks and improving its reputation with regard to its stakeholders.

With its contribution to social development, ENDESA aims to achieve the following goals: To complement its function as a basic service provider, as is access to electricity, to meet the requirements of its main stakeholders and to strengthen its contribution to creating wealth and employment for society.

ENDESA organises its social project in five categories: Access to energy, education and training, social development and quality of life, environment and diversity, corporate voluntary initiatives and humanitarian aid. In terms of access to energy, and promoted by our parent company, Enel, particular mention should be given to the *Enabling Electricity* project, which aims to increase the number of people that have access to energy where it is not available.

ENDESA's investment in the social development of the communities in which it operates in 2014 was 37.8 million euros, 10.9 million of which were used for projects carried out in Spain and Portugal.

## Looking ahead

Throughout 2014, ENDESA undertook an important corporate restructuring process that culminated successfully in

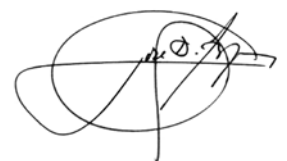
November and which was strongly supported by its majority shareholder, Enel. This process included the sale to the latter of the company's Latin American assets and the incorporation of 70,000 new shareholders into the company, among other significant developments.

As a result of this process, ENDESA has been able to focus fully on Spain and Portugal, which is why it presented the markets with a new Industrial Plan, which includes sustainability as one of its key areas.

The company is very aware that the global energy sector is undergoing a considerable transformation, which is set to continue in the coming decades as a result, mainly, of demographic changes, a new more active customer profile with greater participation and technological advances. Some of the Company's new projects, such as City and Energy, form part of this clear commitment to having a prominent role and being the driving force behind this transformation. A commitment that will also steer the definition of its new Sustainability Plan.

This new society, coming out of the recession, is in need of a new, more sustainable energy model, based mainly on efficiency and innovation vectors, supported by a greater electrification of end demand and in which aspects such as electric vehicles, new products and value-added services, the restoration of buildings or encouraging consumers to be more energy efficient will be, among others, particularly relevant.

ENDESA is a power company at the forefront of almost every one of these aspects in Spain and it is firmly determined to ensure that they are all developed. The company is confident of the important role it will have in this huge energy transformation process and it is certainly ready for it.



**José D. Bogas Gálvez**  
CEO, ENDESA





Headquarters in Madrid



ENDESA, a  
leading group  
in the Spanish  
electricity market

ENDESA is a leading company in the Spanish electricity sector. In 2014 it strengthened its leadership position in terms of its activity and its contribution to sustainable development. As a Company it strives to secure a reliable and affordable energy supply in the regions where it operates and to integrate the social and environmental dimensions in its management model.

ENDESA's 2014 Sustainability Plan aims to continue to convert a commitment to Sustainability into a tool capable of creating distinctive capacities, a tool that generates confidence among all its stakeholders, that contributes towards business development and that supports the overall objectives of the business.

**99%** of  
Endesa's  
Sustainability  
Plan objectives  
met

ENDESA publishes  
its **14**th Annual  
Sustainability  
Report

ENDESA has a  
human rights  
policy that  
outlines the  
company's  
commitments and  
responsibilities  
in relation to  
Human Rights

ENDESA  
reviewed and  
prioritised its  
material aspects,  
resulting in a new  
materiality  
study  
in 2014

Headquarters in Madrid





# 1. ENDESA in figures

	2011	2012	2013	2014
<b>Gross operating profit (EBITDA) (Euro million)</b>	<b>7,265</b>	<b>7,005</b>	<b>3,216 (7) (8)</b>	<b>3,090 (8)</b>
Business in Spain and Portugal	4,024	3,796	3,216	3,090
Business in Latin America	3,241	3,209	3,393	2,292 (9)
<b>Profit after tax and non-controlling interests (Euro million)</b>	<b>2,212</b>	<b>2,034</b>	<b>1,879 (7) (8)</b>	<b>3,337</b>
Business in Spain and Portugal	1,593	1,410	1,176	950
Business in Latin America	619	624	703	2,387 (9)
<b>Workforce</b>	<b>22,877</b>	<b>22,807</b>	<b>22,995</b>	<b>10,500</b>
Spain and Portugal (1)	11,670	11,504	11,142	10,500
Latin America	11,092	11,301	11,850	n/a
Other countries	115	2	3	0
<b>Installed capacity (MW)</b>	<b>40,095</b>	<b>39,403</b>	<b>39,562</b>	<b>22,677</b>
<b>Spain and Portugal</b>	<b>23,072</b>	<b>23,122</b>	<b>23,199</b>	<b>22,677</b>
Hydroelectric	4,716	4,716	4,755	4,759
Conventional thermal (2)	14,675	14,720	14,758	14,475
Thermal - nuclear (2)	3,681	3,686	3,686	3,443
<b>Latin America</b>	<b>15,832</b>	<b>16,158</b>	<b>15,849 (7)</b>	<b>n/a</b>
<b>Other countries (2)</b>	<b>1,191</b>	<b>123</b>	<b>123</b>	<b>0</b>
<b>Output (GWh)</b>	<b>138,714</b>	<b>141,434</b>	<b>132,427</b>	<b>69,681</b>
<b>Spain and Portugal (3)</b>	<b>75,132</b>	<b>77,386</b>	<b>69,690</b>	<b>69,681</b>
Hydroelectric	6,179	5,350	9,511	8,778
Conventional thermal	43,776	45,069	34,212	36,141
Thermal - nuclear (2)	25,117	26,967	25,967	24,762
<b>Latin America</b>	<b>62,767</b>	<b>63,118</b>	<b>61,449 (7)</b>	<b>45,107 (9)</b>
<b>Other countries (2)</b>	<b>815</b>	<b>930</b>	<b>852</b>	<b>0</b>
<b>Sales (GWh)</b>	<b>162,336</b>	<b>162,490</b>	<b>157,634</b>	<b>93,928</b>
<b>Spain and Portugal</b>	<b>105,241</b>	<b>102,766</b>	<b>96,122</b>	<b>93,928</b>
Regulated market	–	–	–	–
Deregulated market (4)	105,241	102,766	96,122	93,928
<b>Latin America (5)</b>	<b>57,095</b>	<b>59,724</b>	<b>61,248 (7)</b>	<b>47,028 (9)</b>
<b>Number of customers (thousands)</b>	<b>25,192</b>	<b>25,443</b>	<b>25,887</b>	<b>11,206</b>
<b>Spain and Portugal</b>	<b>11,537</b>	<b>11,431</b>	<b>11,376</b>	<b>11,206</b>
Regulated market (6)	–	–	–	–
Deregulated market (4)	11,537	11,431	11,376	11,206
<b>Latin America</b>	<b>13,655</b>	<b>14,012</b>	<b>14,381 (7)</b>	<b>n/a</b>
<b>Energy distributed (GWh)</b>	<b>193,527</b>	<b>197,176</b>	<b>196,854</b>	<b>110,945</b>
<b>Spain and Portugal</b>	<b>115,727</b>	<b>115,390</b>	<b>112,031</b>	<b>110,945</b>
<b>Latin America</b>	<b>77,800</b>	<b>81,786</b>	<b>84,357 (7)</b>	<b>64,827 (9)</b>

(1) In contrast to previous years, 2008 to 2013 data include figures for Asociación Nuclear Ascó-Vandellós, Carbopego, Nuclenor, Pegop Energía Eléctrica, Tejo Energía and Endesa Ingeniería due to changes to the consolidation scope.

(2) Data consolidated by ENDESA.

(3) Data measured at busbar cost.

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

(5) Does not include tolls or unbilled consumption.

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

(7) Data re-expressed pursuant to NIIF11 and NIIF5.

(8) Pursuant to NIIF5, ENDESA's business figures in Latin America in 2013 and 2014 are included in the Profit after Tax for Discontinued Activities.

(9) Information for 2014 for Business figures in Latin America before the divestment in Latin America.

## 2. About us

ENDESA is the leading operator in the Spanish electricity sector and the second operator in the Portuguese electricity market. At Endesa, we look to the future, seeking intelligent solutions, to develop realistic proposals that address the present and future energy challenges of a continuously evolving sector.

ENDESA provides services to 12.6 million customers and directly employs more than 10,000 people.

Since the first quarter of 2009 Endesa has formed part of the Enel Group, Italy's largest power company and the second largest utility in Europe by installed capacity. Enel is an integrated operator, active in the energy and gas sector, with operations in 32 countries worldwide. It has net installed capacity of 95 GW and sells gas and electricity to over 61 million customers.

### 2.1. Main Business Areas

ENDESA, S.A. was formed on 18 November 1944 and its registered address is in Madrid, calle Ribera del Loira número 60.

Its corporate purpose is the electricity business in its various industrial and commercial activities, operating all types of primary energy resources, providing industrial services or those related to its main business, in particular gas services as well as preparatory or complementary activities to those included in its corporate purpose and the management of the corporate Group, made up of ownership interests in other companies. The company carries out its activities that form part of its corporate purpose in Spain and abroad, either directly or via its ownership interest in other companies.

ENDESA, S.A.'s corporate purpose comes under section E, class 40, subclass 40.10 of the National Classification of Economic Activities (C.N.A.E.).

After the Divestment of the Latin American Business outlined in Section 1.2 of this Sustainability Report, ENDESA, S.A. and its subsidiary companies are focusing their activities on the electricity and gas business, focusing mainly on the Spanish and Portuguese markets.

Likewise, to a lesser degree, from its platform in Spain and Portugal, ENDESA sells electricity and gas in other European markets as well as added-value products and services related to its main business areas.

Before the divestment of the Latin American Business, the organisation was divided in two large lines of business, each based in a specific geographical area: Spain and Portugal; and Latin America. Since this Divestment ENDESA is concentrating its activities in Spain and Portugal, focusing its activities on generation, sale, trading and distribution, including electricity and gas activities, if applicable, in each of these.

### 2.2. ENDESA's Divestment of the Latin American Business

The aim of the sale has been to enable the reorganisation of the group of companies that make up the Enel Group, adapting their organisational and corporate structure in order to efficiently meet the different requirements of the markets in which it is present.

On 11 September 2014, Enel Iberoamérica, S.L.U. informed ENDESA, S.A. of a binding proposal to acquire shares for a global price of Euros 8,253 million and the payment of a dividend for the same amount.

During ENDESA, S.A.'s Extraordinary General Meeting of Shareholders held on 21 October 2014, the offer received from Enel Iberoamérica, S.L.U. to acquire ENDESA's Business in Latin America for a sum of Euros 8,253 million was accepted, together with the distribution of an extraordinary dividend against reserves for the same amount.

As a result of the divestment of the Latin American Business, ENDESA, S.A. sold the ownership interests outlined below to Enel Iberoamérica, S.L.U. on 23 October 2014:

- 796,683,058 Enel Latinoamérica, S.A.U.'s shares, representative of 100% of its share capital.
- 9,967,630.058 Enersis, S.A.'s shares, representative of 20.3% of its share capital.

The joint divestment of 100% of Enel Latinoamérica, S.A.U. and 20.3% of Enersis, S.A. has meant that ENDESA, at the time of materialisation, has lost control of Enel Latinoamérica, S.A.U., of Enersis, S.A. and therefore of the companies controlled by the latter, which means that ENDESA is no longer within the consolidation scope of these companies.

## 2.3. Main Markets

Since the divestment of ENDESA's business in Latin America, ENDESA, S.A. carries out power generation, distribution and sales activities mainly in Spain and Portugal and, to a lesser degree, from its platform in Spain and Portugal, ENDESA sells gas and electricity in other European markets: Germany, Belgium, France and Holland.

### Spanish Market

- **Power Generation:** ENDESA carries out power generation activities in the mainland system and in non-mainland systems, which include the insular areas of the Balearic Islands and the Canary Islands and Ceuta and Melilla. Power generation activities are non-regulated activities, however, the treatment of non-mainland activities is different, as a result of the location, and remuneration is regulated.
- **Sale of electricity, gas and value added products and services (VAPS):** Sales activities include the sale of energy in energy markets, as well as the sale of value added products and services for customers. Sales activities are deregulated.
- **Integrated management of electricity sales and generation businesses:** ENDESA has an integrated management system in place for the sales and generation business, which optimises this integrated position instead of managing the two activities separately.
- **Electricity distribution:** The aim of power distribution activities is for electricity to reach consumption points. Distribution activities are regulated.

### Portuguese Market

- **Power Generation:** The production of electricity in Portugal is carried out in a competitive environment.
- **The sale of electricity and gas.**

Renewable Energies in the Spanish and Portuguese Market.

ENDESA operates in the area of renewable energies via Enel Green Power España, S.L. (EGPE), a company that holds 40%, with the remaining 60% belonging to Enel Green Power, S.p.A., a company controlled by Enel, S.p.A.

## 2.4. Organisational Structure

ENDESA, S.A.'s activity is structured by business lines to act quickly in the markets where it operates and to consider the needs of its customers in the territories and businesses in which it operates.

For the organisation of its business lines, ENDESA works primarily through the following companies: ENDESA Generación, S.A.U., ENDESA Red, S.A.U. and ENDESA Energía, S.A.U.:

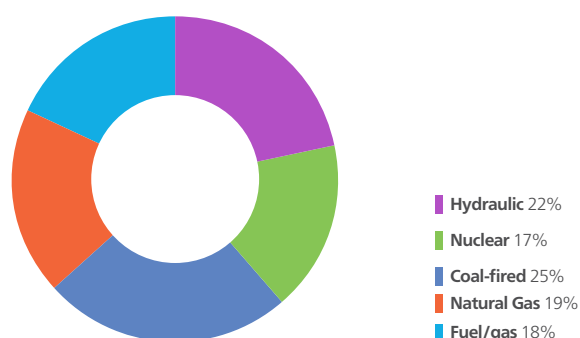
### 2.4.1. Energy generation: ENDESA Generación, S.A.U.

It was created on 22 September 1999 to concentrate ENDESA's generation and mining assets. ENDESA Generación, S.A.U. holds 100% of shares in Gas y Electricidad Generación, S.A.U. and Unión Eléctrica de Canarias Generación, S.A.U., and a 40% stake in ENEL Green Power España, S.L., controlled by ENEL Green Power, S.p.A., which represents the ENEL Group's renewable energy business in Spain and Portugal and a 50% stake in Nucleonor, S.A.

ENDESA ended 2014 with a total installed capacity in Spain of 22,070 MW (ordinary regime). Of this, 16,984 MW were in the mainland electric system and 5,086 MW in the insular and non-mainland systems, i.e., Balearic Islands, Canary Islands, Ceuta and Melilla.



## STRUCTURE OF THE INSTALLED CAPACITY IN ENDESA IN SPAIN AT 31 DECEMBER 2014



In Spain, ENDESA had total net output of 69.677 GWh between mainland ordinary regime and non-mainland generation, with an increase of 1.7% compared with 2013. Demand dropped in 2014 –1.2% (0.2% corrected working day and temperature effect) and the special regime dropped by –1.0% mainly due to the drop in wind power generation of –6.1%. The production of the non-mainland electric system reached 12,090 GWh, 2.0% less than in 2013.

## ENDESA'S PRODUCTION OF ELECTRICAL ENERGY AT POWER PLANT BUSBARS (GWH)

	2013	2014	% var.	% On /Total
Hydroelectric	9,540	8,785	–7.9	12.6
Nuclear	25,967	24,840	–4.3	35.7
National coal	6,179	9,257	49.8	13.3
Imported coal	12,915	12,919	0	18.5
Combined Cycles	1,605	1,786	11.3	2.6
<b>Total mainland</b>	<b>56,206</b>	<b>57,587</b>	<b>2.5</b>	<b>82.6</b>
Non-mainland	12,335	12,090	–2	17.4
<b>Total</b>	<b>68,541</b>	<b>69,677</b>	<b>1.7</b>	<b>100</b>

## Mining

ENDESA's coal mining activity in Spain takes place in four mining centres: As Pontes (A Coruña) and Andorra (Teruel) belonging to ENDESA GENERACIÓN y Puertollano (Ciudad Real) and Peñarroya (Córdoba) via the company ENCASUR. During 2014 coal mining activities were only carried out in the Puertollano Mining Centre (Emma mine) as the others

are not operational given that they are now in their restoration phase.

604 thousand tonnes of coal were produced during 2014, equivalent to 2,414 million therms (LHV), which represents a small drop of 15 thousand tonnes and 2.9% less therms than in 2013. ENDESA's production represents 17% of the national coal production.

## ENDESA MINING PRODUCTION

Producing company	Type of coal	Million therms (LHV)		
		2013	2014	% var.
ENCASUR	Soft coal	2,486	2,414	–2.9

## ENDESA MINING SALES ACTIVITY BY TYPE OF COAL

Producing company	Customer	Type of coal	Million therms (LHV)		
			2013	2014	% var.
ENCASUR	ELCOGAS	Soft coal	630	291	–53.8%
ENCASUR	E.ON	Soft coal	2,122	1,306	–38.5%
<b>Total</b>			<b>2,752</b>	<b>1,597</b>	<b>–42.0%</b>

Land restoration activities and the execution of end of activity plans for mines included environmental recovery initiatives in Andorra and Peñarroya and others carried out simultaneously with the operating phase of the Puertollano Mining Centre. 50 hectares of mining land were restored during 2014.

2014 ended with the restoration of the Andorra Mining Centre and now the period for maintaining this restoration and environmental surveillance begins.

## 2.4.2. Energy distribution: ENDESA Red, S.A.U.

This company was set up on 22 September 1999 and it marked the culmination of the integration process of ENDESA's regional distribution companies in Spain. Among other, this company holds a 100% interest in ENDESA Distribución Eléctrica, S.L.U. which engages in regulated electric-

ity transmission and distribution activities, and in ENDESA Ingeniería, S.L.U. (100%).

ENDESA distributes electricity in 27 Spanish provinces in ten autonomous communities –Catalonia, Andalusia, Balearic Islands, Canary Islands, Aragon, Extremadura, Castilla y León, Navarre, the Valencian Community and Galicia– covering a total area of 192,790 km<sup>2</sup> and a population of around 22 million inhabitants.

The number of customers with contracts for accessing the Company's distribution grids reached 12.3 million in 2014 and the total contracted power was 84.1 GW.

The total energy distributed by ENDESA's grids reached 110.945 GWh in 2014, measured at busbar cost, which represents 43% of the total demand in Spain. The latter reached 258 TWh during 2014, according to the Spanish electricity system operator.

#### 2.4.3. Energy sales: ENDESA ENERGÍA, S.A.U.

ENDESA Energía, S.A.U. was set up on 3 February 1998 to carry out supply activities on the deregulated market, responding to the demands of Spanish electricity market deregulation. Its main business is the supply of energy and added-value services to customers wishing to exercise their right to choose their supplier and take up the service on the deregulated market. ENDESA Energía, S.A.U. also holds stakes in ENDESA Energía XXI, S.L.U., a company operating as an ENDESA's supplier of reference and ENDESA Operaciones y Servicios Comerciales, S.L.U., this company provides commercial services related to the supply of electricity. ENDESA Energía, S.A.U. supplies the deregulated markets of Germany, Belgium, France, the Netherlands and Portugal.

In 2014 ENDESA supplied customers of the deregulated electricity market with 84,5 TWh, to 11.1 million supply points, reaching a share of 36.9% in terms of energy and maintaining a position of absolute leadership in the sector. The Company's average sales share in areas not covered by its distribution grid was over 21%.

### Endesa Gas

ENDESA not only sells gas in Spain, the company also participates in reception, storage, regasification and transportation projects for liquefied natural gas (LNG).

ENDESA owns a 47.18% stake in Compañía Transportista de Gas Canarias, S.A. (Gascan) which is developing two LNG reception, storage and regasification plants in the Canary Islands. These each have the capacity to store 150,000 m<sup>3</sup> of LNG and a regasification capacity of 150,000 m<sup>3</sup>(n)/h (1,31 bcm/year) of natural gas. Article 6 of Law 17/2013 of 29 October, to guarantee the supply and increase the competition in insular and non-mainland electricity systems, states that ENDESA's stake in Gascan has to be transferred to the corporate group that the System Technical Manager forms part of within a maximum period of six months from coming into force.

**The sale of gas:** The total volume of gas sold in 2014 by ENDESA in Spain was 54.8 TWh, 1.2% less than in 2013. This does not include electrical generation plant consumption, the gas sold dropped by 5.0% compared with the preceding year.

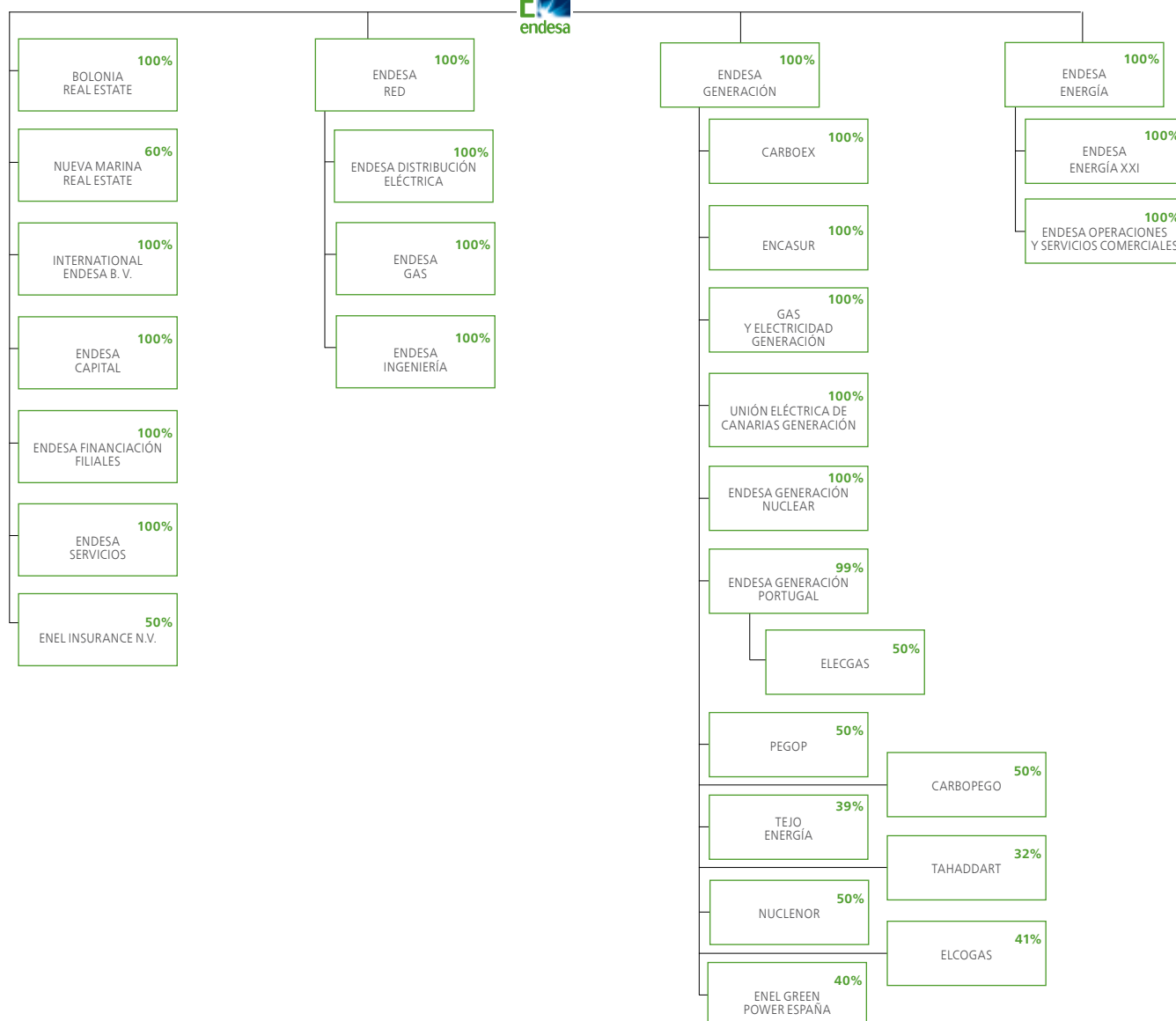
**Conventional Gas Market:** ENDESA's portfolio of clients in the conventional natural gas market at 31 December 2014, excluding sales aimed at electricity generation, was made up of 1.2 million supply points, with a consumption of 46.6 TWh/year.

ENDESA is the second largest gas supplier in Spain, with a global share of over 16% in the conventional market.

**Electricity generation market:** The sale of natural gas to electrical generation plants reached 8.2 TWh in 2014, which represents a 27.5% increase compared with 2013.

**International Market:** The sale of natural gas in France, Portugal, Holland and Germany reached a volume of 9.5 TWh, 0.3% more than in 2013.

The situation, at 31 December 2014, of the main companies owned by ENDESA:



#### 2.4.4. Energy business in Portugal

ENDESA's presence in the Portuguese electricity system focuses mainly on electricity generation and sales activities in the deregulated market.

In 2014, ENDESA had installed capacity in Portugal of 1,095 MW under the ordinary regime (244 MW at Tejo Energía and 851 MW at Elecgas).

ENDESA has a 38.9% stake in Tejo Energía, a company that owns the Pego thermal coal plant with a gross output of 628 MW.

The Pego plant produced 2,951 GWh (1,148 GWh corresponding to ENDESA's 38.9% stake), representing 6.0% of Portugal's total electricity consumption.

ENDESA received a dividend payment of 6.6 million euros for 2013.

ENDESA also has a 50% stake in Elecgas, a company that owns the 851 MW combined cycle plant (2 425 MW groups).

Furthermore, it has a Tolling contract with Elecgas via which it obtains 100% of the energy generated.

The maintenance of the coal plant and the Pego combined cycle power plant is carried out by PEGOP, a company owned by ENDESA (50%). It also has a 50% stake in Carbopego, a company that buys coal for the plant.

After signing the Concession Contract in September 2013 for the hydroelectric reservoir pumping plant at Girabolhos-Bogueira (Portugal) (335MW+29MW), ENDESA began the initial construction works in March 2014, by opening up access to the work areas and future plants.

The deregulation process continued to make progress in Portugal during 2014 in the areas of Large Companies (Medium Voltage) and Companies (Special Low Voltage). The energy supplied in the deregulated market reached 76% of the total consumption in the neighbouring country.

ENDESA remains the second largest operator in the Portuguese deregulated electricity market, with a share of close to 20%. By the end of the year, ENDESA had supplied 6.9 TWh to more than 153,000 supply points, an increase of 5.6% from 2013.

Alongside its strong position in power supply, ENDESA supplied 1.3 TWh to end customers in the Portuguese gas market, 2.6% more than in 2013. During the year, ENDESA continued to focus on offering added value products and services, to complement and enhance the supply of electricity and/or gas to customers.

#### 2.4.5. Business in other countries

The main activities carried out by ENDESA in 2014 outside of the Spanish and Latin American systems were as follows:

#### Morocco

ENDESA is present in Morocco through a 32% stake in Energie Electrique de Tahaddart, a company that owns a 384 MW combined cycle plant located in Tahaddart. In 2014, the plant produced 2,504 GWh (801 GWh corresponding to ENDESA's 32% stake).

In 2014, Energie Electrique de Tahaddart distributed the dividend for the results for 2013, of which, ENDESA received 5.9 million euros.

#### 2.4.6. Enel Green Power España

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

Enel Green Power España, S.L. manages and develops all ENDESA's and Enel's renewable energy assets in Spain and Portugal. It is 40% owned by ENDESA and 60% by Enel Green Power, a wholly owned subsidiary of Enel involved in the development of renewable energies.

The total net installed capacity of Enel Green Power España in 2014 was 1,835.51 MW in renewable energies, distributed in the following technologies: 1,340.8 MW wind energy, 42.6 MW mini-hydro, 38.7 MW biomass, 13.4 MW solar.



## 3. Commitment to Sustainability

All financial, environmental and social opportunities are integrated into ENDESA's sustainability strategy and day-to-day management. These principles are also included in the mission and values of its parent company, the Enel Group. To do so, the Company sets business objectives that encompass a commitment to sustainable, long-term value creation for the communities in which it operates.

### 3.1. Mission

"At Enel our mission is to create and distribute value in the international energy market, to the benefit of our customers' needs, our shareholders' investments, the competitiveness of the countries in which we operate and the expectations of all those who work with us.

Enel works to serve the community, respecting the environment and the safety of individuals, with a commitment to creating a better world for future generations"

### 3.2 Our values

#### Respect

This is our main commitment to the safety of those that work for and with us.

Always taking into account customers' interests.

#### Caring for people

Caring about the talents and aspirations of those that work at Enel.

Rewarding the hard work and commitment to the Company.

#### Results-oriented approach

A determination to continuously improve in order to guarantee the best results and meet shareholders' expectations.

It is a daily approach to work: "to do more with less".

#### Ethical rigour

The competence and ability to do our work well in order to achieve excellence without shortcuts.

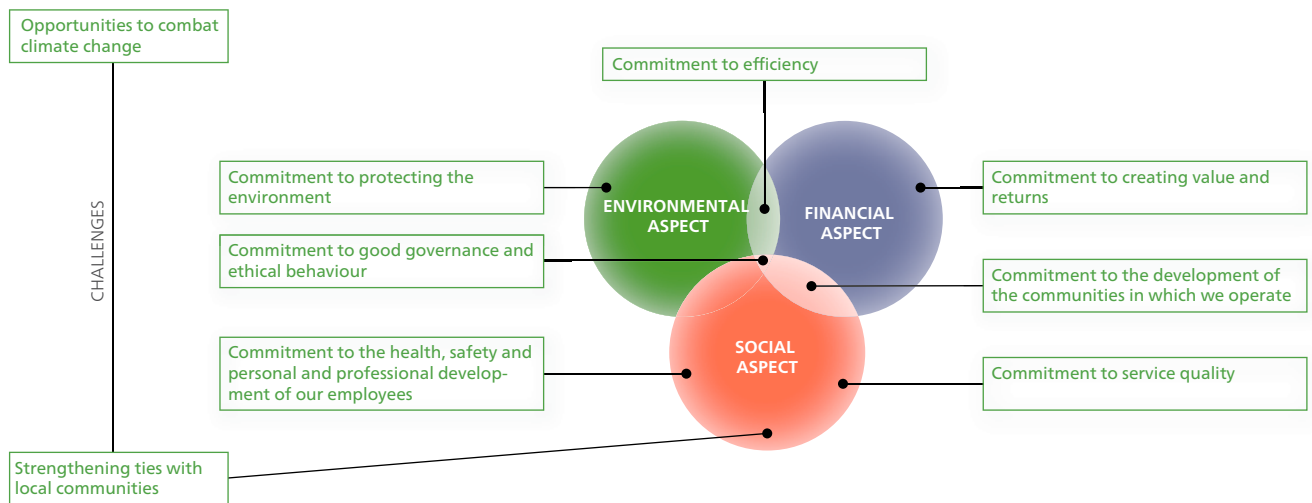
#### Social responsibility

Individual and collective responsibility in terms of the society in which we live and, in particular, the environment.

It is the importance of ensuring that all our actions are transparent and verifiable.

## 4. Endesa's 2014 Sustainability Plan

### ENDESA'S 7 commitments



ENDESA's strategy in the field of Sustainable Development has been included in the 2014 Sustainability Plan, which coincides with the guidelines set out by the Enel Group. The Plan includes the full integration of financial, social and environmental aspects and the long-term global generation of value in each of the Company's structures.

The overall objective of ENDESA's 2014 Sustainability Plan is to continue to convert a commitment to Sustainability into a tool capable of creating distinctive capacities, a tool that generates confidence among all the stakeholders, that contributes to business development and that supports the overall objectives of the business.

The Plan has followed the same structure of previous years, therefore it has been prepared according to the importance of issues for ENDESA and its potential to improve, pursuant to seven Core lines and two Challenges, which show the Company's true commitment to Sustainability through a set of programmes and initiatives with monitoring indicators and specific objectives. Endesa's Sustainability Committee, made up of the General Managers of the departments with most responsibility in terms of integrating the commitment to sustainability into the business management, is responsible for supervising the monitoring process.

In short, The Sustainability Plan reflects ENDESA's firm commitment to investing in assets that generate public confi-

dence, maximising the most efficient intangible assets therein, which are crucial to fulfilling the mission of and carrying out the Business Plan over the long term.

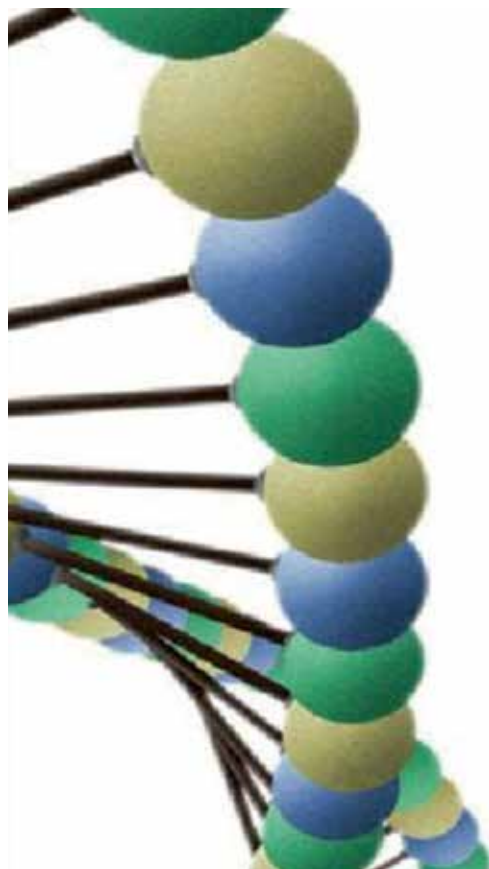
#### **Our customers: commitment to service quality**

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

- To improve its perception as a reliable supplier, thereby avoiding reputational crises.
- To achieve commercial excellence.
- To ensure that each interaction with the customer has a positive effect.
- To promote value-added products and services and make ENDESA a benchmark in the sector.

#### **Our people: commitment to the health, safety, and personal and professional development of 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 three strategic objectives:



#### CORE LINES

- Our customers, commitment to service quality.
- Our investors and shareholders, commitment to creating value and returns.
- Our people, commitment to the health, safety, and personal and professional development of our employees.
- Our behaviour, commitment to good governance, ethical behaviour and transparency.
- Our environment, commitment to protecting the environment.
- Innovation, commitment to efficiency.
- Commitment to our partners.

#### CHALLENGES

- Combating climate change.
- Strengthening ties with local communities and the Company's legitimacy in the areas where it operates.

- To ensure sustained improvement in preventing labour risks and the health of both its own staff and contractors in order 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, adapted to the laws and the peculiarities of each country and 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 that positions and recognises ENDESA as an attractive company to work for.

#### **Our behaviour, commitment to good governance, ethical behaviour and transparency**

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.

#### **Our investors and shareholders, commitment to creating value and returns**

ENDESA aims to be the power company most often included in the portfolios of 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, the Company has set two strategic objectives:

- To continue setting the standard for transparency in the investor community
- To build greater awareness among investors of ENDESA's sustainability initiatives.

### **Our environment, commitment to protecting the environment**

ENDESA undertakes to minimise the environmental impact of its activity, addressing issues related to proper waste management, and reducing and controlling atmospheric emissions, spillages and soil pollution and other potentially harmful impacts. Due to its strategic importance, combating climate change has become a sufficiently important challenge to warrant being given specific attention.

Excellence in environmental management includes five strategic objectives:

- To improve water management through an integrated management system.
- To protect the climate.
- To reduce pollutant emissions.
- To improve biodiversity conservation, fostering an internal conservation culture.
- To further develop global environmental management systems.

### **Innovation, commitment to efficiency**

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

- To maintain a portfolio of R&D projects which meet the challenges faced by each business in terms of the type and volume of investment.
- To carry out strategic mid- and long-term technological initiatives.
- To foster a culture of innovation within the company.
- To contribute to the "zero accidents" goal as one of the Company's strategic objectives.

### **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 two strategic objectives:

- To promote quality, environmental and OHS management systems at suppliers.
- To extend and evaluate sustainability commitments along the entire supply chain.

### **Combating climate change**

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

- To analyse new eco-efficient systems leading to a reduction in CO<sub>2</sub> emissions.
- To participate actively in the development of renewable energies.
- To develop energy efficiency and rational energy usage opportunities.
- To plan the efficient operation of the existing grid and develop future smart grids.
- To contribute to the development of a sustainable transport model based on electric vehicles.

### **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 and regions where it operates and as an indispensable partner in their economic, social and environmental development. To this end, the Company has the following strategic objectives:

- To complement its function as a provider of a basic service: access to electricity
- To maintain responsible relations with communities, fostering their economic, social and environmental development.
- To provide a response to the needs of the main communities with which ENDESA deals.
- To realise ENDESA's potential to help create wealth and employment.
- To be accountable to society in a systematic, transparent and honest manner.



4.1. Real results

Endesa’s 2014 Sustainability Plan is made up of a total of 30 strategic objectives and 68 monitoring indicators. Endesa’s excellent sustainability performance standard throughout 2014 has enabled over 99% of the objectives to be met.

Specifically, the set of programmes and initiatives developed to meet Endesa’s Seven Commitments to Sustainable Development defined in its sustainability strategy, known as Core Lines, achieved a 97% success rate. Therefore, the objectives set to meet the commitments established with our customers, investors, the environment, innovation and our partners have been fully met, while the objectives defined to meet the commitments acquired with our employees and in corporate governance issues reached a slightly lower level, 95% and 80% respectively.

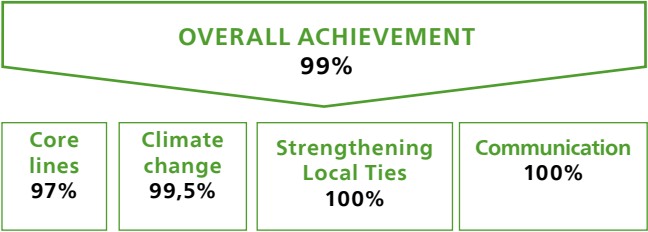
Furthermore, 99.5% of the objectives, programmes and initiatives defined for the Company to rank among the leaders in combating climate change, have been met. Thus, in 2014 Endesa continued with its commitment to developing less contaminating generation technologies, promoting energy efficiency within the different lines of business (generation, distribution and sales) and promoting sustainable transport based on the electric vehicle.

With regard to the second challenge defined in the 2014 Sustainability Plan, strengthening ties with local communities and the Company’s legitimacy

in the areas in which it operates, Endesa reached 100% of the objectives established beforehand. To this end, a number of initiatives have been carried out aimed at promoting access to energy, responsible relations with communities, social investment and responsible management of stakeholders.

99% of the objectives included in the Sustainability Plan were met.

Lastly, Endesa’s 2014 Sustainability Plan also includes a set of objectives and initiatives aimed at strengthening Endesa’s communication strategy with the aim of showcasing the Company’s achievements in the different areas of Sustainability, so that experts and the general public can recognise the company as a leader in the application of solutions to meet the challenges of sustainable development in the areas in which it operates. Once again, the level of performance reached in this respect is maximum, achieving 100% satisfaction.



The 2014 Sustainability Report demonstrates, for each of the sections, the progress made by the Company in the field of Sustainability in the year, detailing the actions taken and results achieved in each area.

## 5. Planning for the future

The sustainability strategy implemented by the company since the beginning of the 21st century has enabled ENDESA to develop and give substance to its values and to gain the support of stakeholders and contribute towards business development and the corporate objectives established at all times. To this end ENDESA has designed a framework of social action, the “7 Commitments to sustainable development” and a management structure and various sustainability plans that have enabled sustainability to be integrated into the day-to-day management of the business and in decision-making processes.

ENDESA will promote a new energy culture in 2015

ENDESA's level of progress in terms of sustainability over the last decade has been quite remarkable, which has enabled it to reach a solid position of leadership and ongoing global recognition, supported by the leadership of its parent company Enel. ENDESA is aware of the changes taking place as a result of a number of factors related to the Company itself, the sector to which it belongs and to the society it serves, including the following:

- The change of ENDESA's scope of activity in 2014 as a result of the transfer of its Latin American assets to its parent company Enel, have led to new strategic priorities being established in terms of sustainability.
- The energy sector worldwide is entering a stage of transition that will transform the business over the coming decades. The main causes of this change include technological advances, the decentralisation of generation and the need to meet the demands of customers with a greater ability to manage their energy consumption thanks to these technological advances.
- More than half the world's population live in urban areas now and this is expected to rise to 70% in 2050, a figure that has already been reached as an average of the countries that form part of the European Union.

- Also, urban consumption currently exceeds 70% of the global energy consumption. With regard to emissions, 75%, mainly from energy consumption, occur in urban areas despite the fact that the occupied surface area does not exceed 2%. In terms of lack of resources and continuous growth size, cities through demographic growth, as a complex ecosystem, have to adapt to the current and future reality of energy, with the overriding need to recover their functionality in order to meet minimum vital requirements.
- Society's expectations in terms of company management within the sector is changing towards a demand for guidelines and behaviours that not only guarantee that basic energy needs will be met under criteria of equality and co-responsibility, but also for there to be an ethical and responsible behaviour that promotes social, economic and environmental progress of the communities they serve. This is why ENDESA is aware that the progress of these societies is essential for the success of its business and that as a basic service provider, it has an important role to play in the development of these societies and therefore the company has to continue to work towards meeting these expectations.

In short, the demands and behavioural changes of society are going to lead to a change of energy model which will mainly be the result of the following:

- **People empowerment:** As a result of financial, social or lifestyle reasons, people are going to want “digital quality” in the energy sector (transparency, customisation, interaction, flexibility).
- **Commitment to sustainability:** People are going to become increasingly concerned about sustainability in all aspects of their daily lives and they will expect their service providers and leaders to be so too.
- **Rapid technology maturity:** A growing number of consumers are adopting new technologies particularly insofar as they add real value in financial and well-being terms

These along with other factors have been fully taken into account and therefore ENDESA has already started to develop projects such as City and Energy to take advantage of these opportunities afforded by this sector transformation. The Company is currently going through a strategic reflection process in order to define a new Sustainability Plan for the coming years which, in line with the guidelines outlined by the Enel Group, focuses on strengthening the Company's commitment to its new scope of activity and in which the commitment to electricity as an energy vector of modern society will be strengthened. Undoubtedly, electricity is the most sustainable source of energy and the one with the greatest capability of successfully meeting the social and environmental challenges that modern and future societies will have to face.

This new Plan will enable Endesa to position itself as a company promoting a new energy culture based on the electrification of demand and the promotion of efficient consumption whereby customers will become the central focus of all development. In short, the Plan will position ENDESA as the energy solutions company par excellence, providing its customers with tangible and intangible benefits, including financial improvements, operational and energy efficiency and reduced emissions.

This plan will begin with an in-depth review of the Company's current commitments to sustainable development and to its stakeholders, as well the identification of new key areas of action aimed at promoting responsible business based on the electrification of demand and energy efficiency, which enables the current levels of reliability, efficiency and sustainability to continue to increase and, in short, transform the sector's challenges into sustainable business opportunities to thus continue to generate long-term value, always maintaining a firm commitment to the communities in which it operates.

Electrification of demand and socioeconomic development, 2 future priorities to strengthen ENDESA's commitment to sustainability.

There is no doubt that this new situation will include vital aspects such as sustainable mobility and within this, the expansion of the electric vehicle, the renovation of buildings, the transformation of consumers into generators that produce part of the electricity, the introduction of new channels and platforms that enable closing offers to be made to cover needs with regard to the current energy supply and to offer a quality digital service based on trust, accessibility and meeting the energy requirements at a fair price.

## 6. Compliance with international benchmarks for sustainable management



ORGANISATION DE  
COOPÉRATION ET  
DE DÉVELOPPEMENT  
ÉCONOMIQUES



As key player in establishing a new, global and sustainable energy model, ENDESA subscribes to the main international agreements for sustainable management. The Company is firmly committed to the United Nations Global Compact (UNGC) and its 10 universal principles, the OECD principles and the United Nations Millennium Development Goals (MDG).

ENDESA was one of the first Spanish companies to adhere to the UNGC and aligns its Vision, Mission and Values, its Corporate Integrity Rules and Sustainability Policy to the universal principles. ENDESA's corporate behaviour in all the countries where it operates is fully consistent with this commitment because of its extension to all subsidiaries and investees and to their areas of influence.

Since it launched the initiative, the Company has reaped benefits from its voluntary adhesion to the Global Compact, considering this a valuable tool to further integrate sustainability in all of the Group's management areas and companies, reinforcing ENDESA's firm commitment to principles of sustainability. This performance has been viewed positively by our stakeholders, as well as sustainable investment funds and sustainability rating agencies. This helps encourage dialogue and collaboration between all the social agents, for which the Global Compact is a highly useful tool. Moreover, by belonging to the Global Compact, ENDESA is able to share experiences with other companies committed to sustainability, secure in the knowledge that it is doing so within the framework of an internationally-recognised framework backed by the United Nations.

At a global level, ENDESA focused its involvement in 2014 on supporting the Enel Group in its leading involvement in the different initiatives carried out by the Global Compact and by Global Compact LEAD (the Global Compact leadership

platform that brings together sustainability leaders). Special mention should also be given to the support provided in the works carried out to promote respect for Human Rights by the companies in their different areas of business, as well as in the different consultation processes concerning the contribution of the corporate sector in defining the Sustainable Development Goals, which will replace the Millennium Development Goals in 2015.

Once again Endesa includes the Global Compact's Ten Principles in its strategic business management

At a local level, ENDESA has been actively involved in different activities carried out by the Global Compact in Spain Network, in which it is a prominent member. Special mention should also be given to the Company's involvement in the Human Rights Workgroup formed by this organisation at the beginning of 2014 to create a guide designed to help companies to integrate the United Nations Companies and Human Rights Guiding Principles. ENDESA takes part in this group providing its vast experience in identifying, managing and minimising risks in Human Rights issues and the integration thereof in decision-making processes. Furthermore, ENDESA took part in the second consultation carried out by the Spanish Network on Sustainable Development Goals and the implications of these in a Spanish context. ENDESA also took part in various square table debates organised by the Spanish Network to share experiences and good practices concerning specific issues, such as energy efficiency. Lastly, ENDESA took part for the second year running in the INICIA programme, an initiative developed jointly with the Global Compact's Spanish Network and the Rafael Del Pino Foundation to disseminate the Global Compact's Ten Principles in the pre-university education field.



## 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 2014


### HUMAN RIGHTS

<b>Principle 1.</b> Business should support and respect the protection of internationally proclaimed human rights.	HR1-9	LA4, LA13, LA14 y SO1	<b>Goal 1:</b> Eradicate extreme poverty and hunger. <b>Goal 2:</b> Achieve universal primary education. <b>Goal 3:</b> Promote gender equality and empower women. <b>Goal 4:</b> Reduce child mortality. <b>Goal 5:</b> Improve maternal health. <b>Goal 6:</b> Combat HIV/AIDS, malaria and other diseases. <b>Goal 7:</b> Ensure environmental sustainability. <b>Goal 8:</b> Global partnership for development.	<p><i>See First Chapter:</i></p> <p>7. Protection of Human Rights. 6. Compliance with reference frameworks.</p> <p>In 2014 ENDESA worked on implementing policies, providing support for Enel in the design of a due diligence process.</p> <p>In 2014 ENDESA received no complaints in relation to human rights issues or incidents that affect indigenous communities.</p> <p><i>See Chapter on Partners:</i></p> <p>1.4. Global Compact and Code of Ethics. 5. Corporate Responsibility in the coal supply chain (Bettercoal).</p> <p><i>See Chapter on Strengthening ties with local communities:</i></p> <p>3. Social initiatives:</p> <p><i>See chapter on People:</i></p> <p>5. Training at ENDESA.</p>
<b>Principle 2.</b> Business should make sure that they are not complicit in human rights abuses.	HR1-2 y HR8			

### LABOUR STANDARDS

<b>Principle 3.</b> Business should uphold the freedom of association and the effective recognition of the right to collective bargaining.	HR5, LA4 y LA5		<b>Goal 3:</b> Promote gender equality and empower women.	<p><i>See chapter on People:</i></p> <p>2.1. Common occupational health and safety management:</p> <ul style="list-style-type: none"> <li>Occupational Health and Safety management via the Delfos System.</li> <li>93% of ENDESA employees work at OSHAS 18001 certified work centres.</li> </ul> <p>3. Responsible people management at ENDESA:</p> <ul style="list-style-type: none"> <li>The Senda Plan sets out the management of diversity and equal opportunities, work-life balance and flexibility, and the Integration of people with disabilities and at the risk of social Exclusion.</li> <li>In 2014, ENDESA obtained the Family Friendly Company (FFC) certification.</li> </ul> <p>3.1.1. ENDESA's commitment to equality.</p> <ul style="list-style-type: none"> <li>In 2014, 29.86% of ENDESA's external contracts were for women.</li> <li>The number of women in management and mid-management positions with regard to the total, amounted to 28.1% in 2014.</li> </ul> <p>7. Social dialogue:</p> <ul style="list-style-type: none"> <li>96.7% of the workforce (10,154 people) are covered by collective agreements in Spain and Portugal.</li> </ul> <p><i>See chapter on Partners:</i></p> <p>1.2. Global Compact and Code of Ethics. 5. Corporate responsibility in the coal supply chain (Bettercoal).</p>
<b>Principle 4.</b> Businesses should uphold the elimination of all forms of forced and compulsory labour.	HR7	HR1-3		
<b>Principle 5.</b> Companies should uphold the abolition of child labour.	HR6	HR1-3		
<b>Principle 6.</b> Businesses should uphold the elimination of discrimination in respect of employment and occupation..	HR4, LA2, LA13 y LA14	HR1-2, EC5, EC7 y LA3		

## COMPLIANCE WITH THE GLOBAL COMPACT, GRI AND MILLENNIUM GOAL INDICATORS (CONTINUATION)

			Global Compact Principles	GRI indicators (direct relevance)	GRI indicators (indirect relevance)	Millennium Development Goals	Initiatives planned in 2014
<b>THE ENVIRONMENT</b>							
<b>Principle 7.</b> Businesses should support a precautionary approach to environmental challenges.				4.11	EC2	<b>Goal 7:</b> Ensure environmental sustainability.	<p>See chapter on <i>Commitment to Protecting the Environment</i>:</p> <ol style="list-style-type: none"> <li>Endesa's response to environmental challenges.</li> <li>A significant investment, €1,369 M environmental investment in Iberia.</li> <li>Advanced environmental management. 100% of the energy produced and 97.65% of the installed power in ENDESA's plants in Iberia are certified pursuant to ISO 14001.</li> <li>Emissions.</li> <li>SO<sub>2</sub> emissions, NO<sub>x</sub> and particles in Iberia have dropped by 4%, 37.5% and 23% since 2008 in the plants subscribed to the National Emission Reduction Plan.</li> <li>Conservation of biodiversity.</li> </ol> <p>See chapter on <i>Innovation</i>:</p> <ol style="list-style-type: none"> <li>Technological response to energy challenges.</li> </ol> <p>See chapter on <i>Combating Climate Change</i>:</p> <ol style="list-style-type: none"> <li>Leaders in sustainable transport: Promoting electric vehicles.</li> <li>Calculation of ENDESA's carbon footprint.</li> <li>CO<sub>2</sub> emissions. CO<sub>2</sub> emissions in Spain and Portugal in 2014 were 0.45 KgCO<sub>2</sub>/Kwh</li> </ol> <p>See chapter on <i>Partners</i>:</p> <ol style="list-style-type: none"> <li>Global Compact and Code of Ethics.</li> <li>Corporate Responsibility in the coal supply chain (Bettercoal).</li> </ol>
<b>Principle 8.</b> Businesses should undertake initiatives to promote greater environmental responsibility.				EN2, EN5-7, EN10, EN13-14, EN18, EN21-22, EN26-27, EN30	EC2, EN1, EN3-4, EN8-9, EN11-12, EN15-17, EN19-20, EN23-25, EN28-29 Y PR3-4		
<b>Principle 9.</b> Businesses should encourage the development and diffusion of environmentally friendly technologies.				EN2, EN5-7, EN10, EN18, EN26-27			
<b>FIGHT AGAINST CORRUPTION</b>							
<b>Principle 10.</b> Businesses should work against corruption in all its forms, including extortion and bribery.				SO2-4	SO5-6		<p>See chapter on <i>Good Governance and Transparency</i></p> <ul style="list-style-type: none"> <li>ENDESA has a Code of Ethics and a Zero Tolerance Plan Against Corruption, which outline the ethical responsibilities and commitments in the management of the businesses and corporate activities of employees and partners.</li> <li>The Company has an Employee's Code of Conduct, a Charter governing senior management and a Charter governing executives.</li> <li>ENDESA has a Prevention of Criminal Risk Programme, which includes verification of compliance.</li> </ul> <p>2.1.1. Ethics channel:</p> <ul style="list-style-type: none"> <li>77% of complaints lodged in 2014 were resolved.</li> <li>Disclosure of remuneration for each director.</li> </ul> <p>See chapter on <i>Our Shareholders and Investors</i>:</p> <ol style="list-style-type: none"> <li>Close relations and transparency with shareholders and investors: <ul style="list-style-type: none"> <li>Development of the Shareholders' Office.</li> </ul> </li> </ol> <p>See chapter on <i>Partners</i>:</p> <ol style="list-style-type: none"> <li>Global Compact and Code of Ethics</li> <li>Corporate Responsibility in the coal supply chain (Bettercoal)</li> </ol>

Throughout 2014 ENDESA once again reached the advanced level of the United Nations' Global Compact, the highest category awarded to progress reports, detailing the advances made each year for companies implementing the 10 principles of the Global Compact. Advanced level is awarded to those companies who demonstrate a high level of sustainability performance and which adopt and report on a range of sustainability strategy,

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

### In 2014 ENDESA renewed its advanced level in the Global Compact

ENDESA will continue to uphold its commitment to the Global Compact and to the United Nations' targets as it considers that these institutions provide efficient tools to heighten the positive impact of the individual initiatives undertaken by companies and inspire other players to work towards achieving sustainable development, enabling balanced and respectful advances in Human Rights, the environment and society in general

## 7. Protection of Human Rights

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

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

The commitment adhered to by ENDESA is still in place six years after this declaration and both the Company's policy and successive sustainability programmes promote compliance with these principles, directly or through the value chain.

**For more information, see the Chapter on Our Partners: 01.2 Global Compact and Code of Ethics.**

Historically, ENDESA has been a trendsetter in initiatives to ensure respect for Human Rights in its activities and those of its supply chain, continually rolling out processes to identify risks and their potential impact in the area of Human Rights. In this regard, in 2007, a process was undertaken to ensure the systematic compliance with the principles of the Global Compact which included an overall analysis of the risk of non-compliance with these principles in each country and a specific analysis of the real and potential impact of each company. This internal control and monitoring mechanism included a country-risk analysis, an analysis of international benchmarks, an internal compliance assessment, proposed corrective actions and subsequent verification.

Subsequently, in 2013 ENDESA's Board of Directors approved the Human Rights Policy based on the Human Rights Policy designed by the Enel Group and which involves the formal adaptation of Enel's and ENDESA's historic commitment to the new international framework established in 2011 via the United Nations Companies and Human Rights Guiding Principles.

ENDESA's Human Rights Policy sets out the Company's commitment and responsibility in relation to Human Rights in general, and those applicable to the business activities and corporate operations carried out by ENDESA staff (both managers and employees) in particular. Accordingly, the policy contains the Company's commitments in the following aspects:

- Labour practices:
  - Reject forced or compulsory labour and child labour
  - Respect diversity and not discrimination
  - Freedom of association and collective bargaining
  - Occupational health and safety
  - Fair and favourable working conditions
- Communities and society:
  - Respect for the rights of communities
  - Integrity: Zero tolerance of corruption
  - Privacy and communications

In order to apply the commitments contained in the Human Rights Policy, ENDESA will design appropriate processes with due diligence to ensure the policy is implemented and monitored.

To this end, throughout 2014, ENDESA continued to develop the policy, supporting Enel in designing a process, with due diligence, in

all countries where the Enel Group has operations. This work being carried out by ENDESA and Enel involves a systematic risk analysis process to identify potential impacts on Human Rights with the aim of identifying potential impacts on the activity in terms of Human Rights and to therefore design preventative, remedial and control actions.

Furthermore, in terms of specific processes that have been identified as critical, ENDESA places special emphasis on assessing the real and potential impacts of its activities on Human Rights. For example, the coal supply chain is considered to be a critical element in this aspect and requires special attention. ENDESA, during 2014 continued participating in the Bettercoal initiative, designed to continuously improve corporate responsibility in the coal supply chain, improving business practices through stakeholder engagement and based on jointly-established standards, including Human Rights aspects.

**For more information, see the Chapter on *Our Partners*, section: *05. Corporate responsibility in the coal supply chain (Bettercoal)***

ENDESA expressly condemns child labour and forced labour in its Code of Ethics, committing to rigorous compliance with international standards such as the UN Global Compact, with the aim of creating a working environment that is respectful of Human Rights in all the countries in which it operates. Furthermore, ENDESA extends this approach to all of its contractor companies, suppliers and business partners.

No complaints referring to Human Rights issues were submitted in 2014 and no incidents occurred that affected Human Rights among indigenous communities.



## 8. ENDESA and its stakeholders

Knowing stakeholders' expectations is a cornerstone of ENDESA's Sustainability strategy. In line with its Sustainability Policy, the Company aims to incorporate these expectations in a structured manner and in alignment with its strategy. This approach is intended to identify drivers which will make safe, sustainable and competitive energy models viable, and to develop innovative, exhaustive and pioneering approaches to anticipate events, manage risks and seek differentiation.

Although the Company has been developing mechanisms to include the opinions of stakeholder groups since the late 1990s, the process was first systematically applied and extended to all areas in 2007, as part of the development of the ENDESA 2008-2012 Sustainability Plan, when this process was organised and extended to all the areas in which the Company operates. Different stakeholder groups were consulted with a view to establishing priorities for the design of responses to be included in the Plan.

ENDESA has conducted several internal and external opinion polls via questionnaires, telephone interviews, focus groups, detailed interviews, benchmarking actions, and analysis of media presence, with the aim of identifying strategic priorities for successive sustainability plans. The questionnaires carried out in 2013 served to determine key issues that ENDESA's 2014 Sustainability Plan needed to address and therefore, the structure and objectives that needed to be established.

Furthermore, at the end of 2014, ENDESA carried out another survey with its stakeholders, this time focusing on local stakeholders, which included various questionnaires aimed at the local stakeholders in each of the areas of Spain and Portugal in which ENDESA operates, with the aim of identifying issues that an energy company believes need to be addressed in order to contribute towards sustainable development and also to learn about their perception of the Company's performance in each of these issues.

This information, together with the rest of the internal and external opinion polls that are being carried out will serve as a starting point for defining the new 2015-2019 Sustainability Plan.

### Evolution of the dialogue with stakeholders

The Company's focus on steady and fluid dialogue with stakeholders once again earned recognition from socially responsible investment analysts in 2014. ENDESA achieved a score of 94 out of 100 in the 'Engagement with Stakeholders' section by the RobecoSAM agency (Sustainable Asset Management) responsible for assessing companies electing to join the *Dow Jones Sustainability Index*.

ENDESA achieved a score of excellence (94 out of 100) in the 'Engagement with Stakeholders' section of the 2014 *Dow Jones Sustainability Index*

The strengths identified by analysts were as follows:

- The existence of policies and procedures ensuring that the stakeholder management strategy is applied to all operations.
- Responsibility for stakeholder management at the highest level.
- Quarterly reporting to the Board of Directors on stakeholder management issues.
- Accessible whistle-blowing channels for local stakeholders.
- Use of stakeholder maps as tools at local level, differentiating key stakeholders.
- Existence of performance indicators to measure and report on local stakeholder management actions.

## Stakeholder management at ENDESA

### An approach to management based on the most advanced principles

Over the last few years, ENDESA has brought its stakeholder management approach into line with the AA1000 APS international standard.

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

In this respect, the Company has carried out:

- a) More accurate identification of the Company's stakeholder map (Principle of inclusivity).
- b) Implementation of the mechanism to dynamically assess and prioritise material aspects in different areas (principle of materiality).
- c) Standardisation of response processes, as well as the inclusion of information compiled in consultation with strategic plans, and specific communication on sustainability (principle of responsiveness).

#### a) More accurate identification of the Company's stakeholder map

On a regular basis, ENDESA reviews, identifies and classifies the company's stakeholders at a national and territorial level, using the "Stakeholder Management" methodology of standard AA1000SES. In 2013 an in-depth review, identification and cataloguing process was carried out of the company's stakeholders by those responsible in each of ENDESA's units responsible for ensuring correct dialogue with the Company's opinion leaders. During 2014 this process was updated to adapt this classification and cataloguing of stakeholders to the reality of the Company.

The 10 ENDESA stakeholder groups were placed on the map in accordance with three variables:

- **Dependency:** Groups and individuals who are directly or indirectly dependent on the organisation's activities, products or services and associated performance.
- **Influence:** Groups and individuals who can have an impact on the organisation or strategic stakeholders for the decision-making process.
- **Tension:** Groups or individuals who need immediate attention from the organisation with regard to financial, wider economic, social or environmental issues.

The combination of the three factors establish the stakeholder's relevance, guiding and prioritising its involvement in the identification of the material aspects and the response given to stakeholders in the Company's sustainability strategy. This methodology is also applied in all countries in which the Company operates, making it more detailed and therefore more useful for drawing up effective responses.



Furthermore, for each stakeholder group, segmentation is carried out with the aim of identifying the groups that form it, in order to optimise the identification of dialogue and consultation channels so the perception of the management carried out by the Company can be assessed, given that:

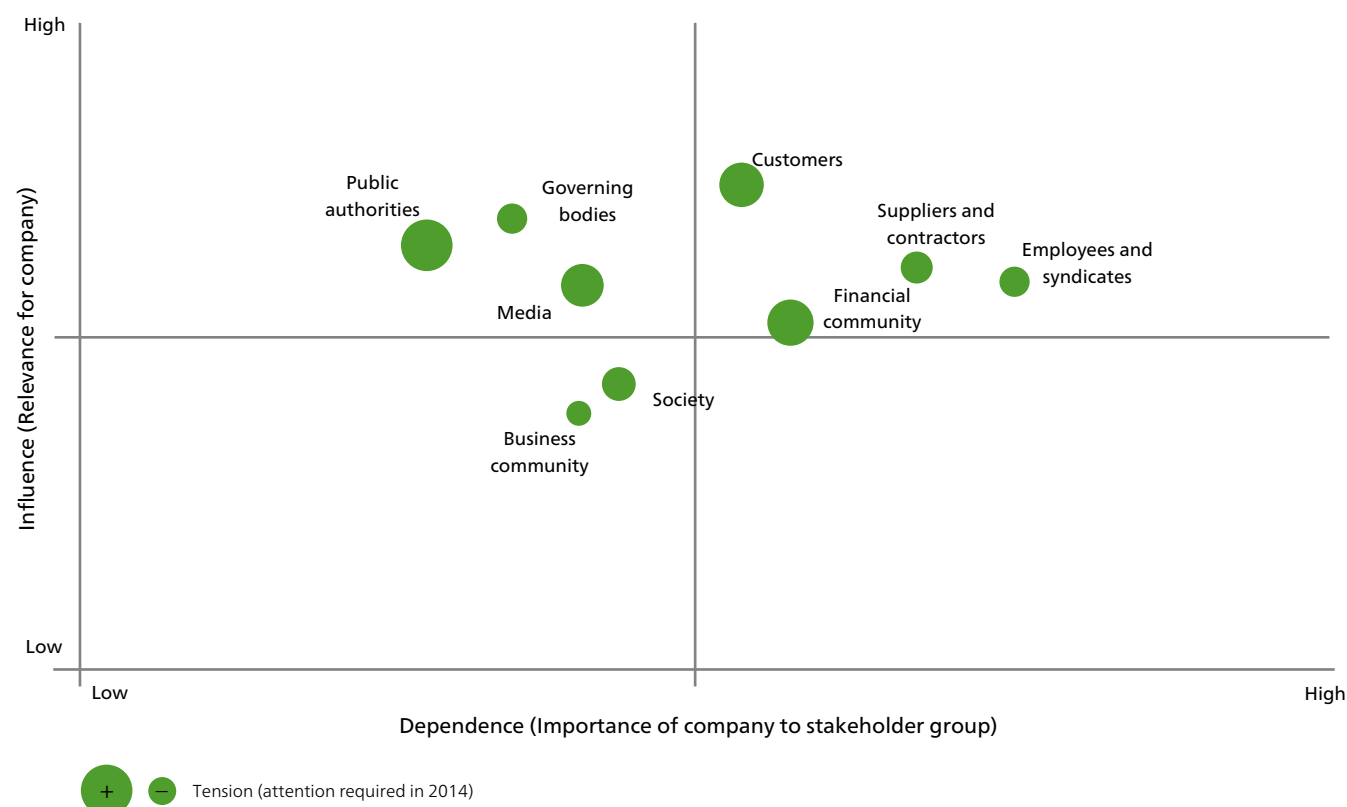
- They improve the management of risks and opportunities.
- They allow for the early identification of trends and material aspects.
- They boost credibility and confidence.
- They help in decision-making processes.
- They favour a more balanced and sustainable social development by involving society.
- They build synergies.
- They unlock opportunities for improvement and business.

## b) Dynamic assessment and prioritisation of material aspects: 2014 Materiality Study

In order to define its sustainability strategy, the Enel Group carried out an in-depth study to identify sustainability issues according to their degree of maturity or significance for the business. This study was carried out according to an in-depth analysis of the information received from different sources, including corporate policies, the business plan, consultations with the groups through various existing dialogue channels, studies concerning priority issues drawn up by rating agencies to prepare sustainability indexes and rankings as well as benchmarking studies and trends, among others. ENDESA, as part of the Enel Group, also actively took part in the identification of these material aspects.

Once a set of material aspects had been identified in terms of the Enel Group, ENDESA carried out a specific materiality study to classify these aspects according to the impact these

### ENDESA STAKEHOLDER GROUP - MAIN CATEGORIES



have on the business strategy and the relevance of these for stakeholder groups.

This enables the main challenges to be identified as well as relevant issues for stakeholders in relation to good governance, business, environmental and social matters.

Furthermore, this identification is the basis of ENDESA's sustainability strategy, which is aimed at turning its commitment to sustainability into a tool that generates distinctive capabilities, creating confidence among stakeholder groups as part of its business development and helping the Company achieve its medium— and long-term goals.

This has enabled the Company to integrate the information collected through its ordinary channels concerning stakeholders'

expectations and this has been applied together with specific analyses and new references. The breakdown of the different actions carried out whose results were integrated to determine materiality is as follows:

- **Surveys on sustainability conducted on internal and external stakeholder groups:** Analysis of the importance of sustainability attributes for the stakeholder and ENDESA's positioning in this respect. Also includes recommendations for improvement by stakeholders
- **Internal interviews with General Managers that form part of ENDESA's Sustainability Committee and the Sustainability Committees in each of the areas in which ENDESA operates in Spain and Portugal:** General business managers and regional managers in each area and transversal departments were

Stakeholder group	Sub-group	Stakeholder group	Sub-group
Customers	General public	Social organisations and opinion leaders	Think-tank
	Companies		Individual experts
	Large companies		Foundations
	Consumer associations		NGOs
Employees	Senior Management	Administrations and regulatory bodies	Supranational administrations
	Managers		National administrations
	People managers		Regional administrations
	Other employees		Local administrations
	Employees with temporary agency contracts		Regulators
	Interns		Embassies
	Early retired		Religious institutions
Union organisations	Union leaders (Latin America)	Universities and R&D and innovation centres	Public universities
	Federations (Spain)		Private universities
	State union sections (Spain)		Business schools
	Union delegates (Spain and Latin America)		Vocational schools
	Business committees (Spain)	Society	Research centres
	Employee representatives (Spain)		Society at large
	Occupational risk prevention representatives and their counterparts in Latin America		Business associations
Communication media	Printed general interest newspapers	Sociedad	Environmental associations
	Printed press financial newspapers		Other businesses
	National printed press		SRI
	International printed press		Other investors
	Local printed press	Investors	Private investors
	General interest radio		Financial analysts
	Financial news radio		Large enterprises
	Online media	Suppliers and contractors	Medium-sized companies
	National television channels		SMEs
	Regional television channels		

interviewed with the aim of identifying relevant and material issues, the future perspectives for the Company pursuant to the changes in the energy model in each of the Company's three main business activities (generation, distribution and sale of electricity), as well as ENDESA's priorities to contribute towards the social and financial development in the areas in which it operates.

- **Material aspects detected by ENDESA's management areas.** Analysis and consolidation of the information received through the tools and stakeholder dialogue channels used by the management areas (workplace environment survey, social networks, safety survey, corporate image barometer, customer survey, etc.).
- **Benchmarking analysis.** In-depth analysis of the different sustainability policies, strategies and management models of other companies in the energy sector and leading sustainability companies from other sectors at a national and an international level. The strategic objectives and priorities defined in their respective sustainability plans were compared with those defined by ENDESA in its Sustainability Plan.
- **Analysis of ratings agency requirements.** Issues assessed by different observatories, specialist analysts, proxy advisors, and rating agencies (e.g. DJSI, Oekom, Vigeo, EIRIS, Observatorio RSE, etc.) have been analysed to identify issues of particular relevance, changes in relevance of specific issues and to assess ENDESA's performance in comparison with its competitors and in absolute terms.
- **Internal and external analysis of energy sector performance and trends.** The different possible scenarios have been studied and simulated in consideration of alternative regulatory and market contexts, etc. with the aim of creating a likely business scenario in which the sustainability strategy can be focused directly on business. Also considered were the Country Sustainability agenda, its degree of maturity, the market environment, the regulatory framework and the level of technological advancement of each country in which ENDESA operates.

- **Review of the relevance assigned by the media to sustainability issues related to the electricity sector in general and ENDESA in particular, in all markets in which the Company operates.** Positive, negative and neutral mentions have been analysed in addition to the key topics appearing in the press relating to the energy sector in general and ENDESA in particular in order to identify the issues sparking the most interest and factors that are best perceived by the media.

### Changes in material aspects

The analysis produced a wealth of information concerning the materiality and relevance of material aspects identified by the Enel Group and has enabled them to be classified according to their impact on the business and relevance for the stakeholder groups.

The creation of economic and financial value; occupational health and safety; and quality for customers is three of the issues that have the greatest impact on ENDESA's strategy pursuant to the materiality study carried out. However, the stakeholder groups have identified the fight against climate change, ethical conduct and environmental, social and governance risk management as the more pressing issues.

In this regard, ENDESA's 2014 Sustainability Plan, aimed at contributing to the fulfilment of the business objectives established and also meeting the expectations of the stakeholder groups, and includes lines of action for all the material aspects identified. Furthermore, this sustainability report provides a true account of ENDESA's achievement in fulfilling these material aspects.

The environmental issues identified as priority for the stakeholders and which, in turn, have the greatest impact on the business strategy are as follows:

- **Combating climate change:**

One of the biggest issues for companies within the energy sector today is climate change. This has led to the development of public policies and regulations that put more pres-



sure on energy companies. Furthermore, the more advanced institutional investors are interested in the efforts, ideas and results of companies that focus on climate change. However, it has also enabled new business opportunities to be created that focus on the development of solutions to help customers reduce emissions, for example, those related to energy efficiency and electric vehicles.

In this regard, ENDESA has identified the risks and opportunities of climate change in its 2014 Sustainability Plan as a challenge that needs to be met and it has developed a series of lines of action that enable the commitment to combating climate change to be included in its business strategy and management model. In the chapter on “Combating Climate Change” in this sustainability report, ENDESA clearly outlines the different initiatives and achievements reached in this regard.

- **Advanced environmental management:**

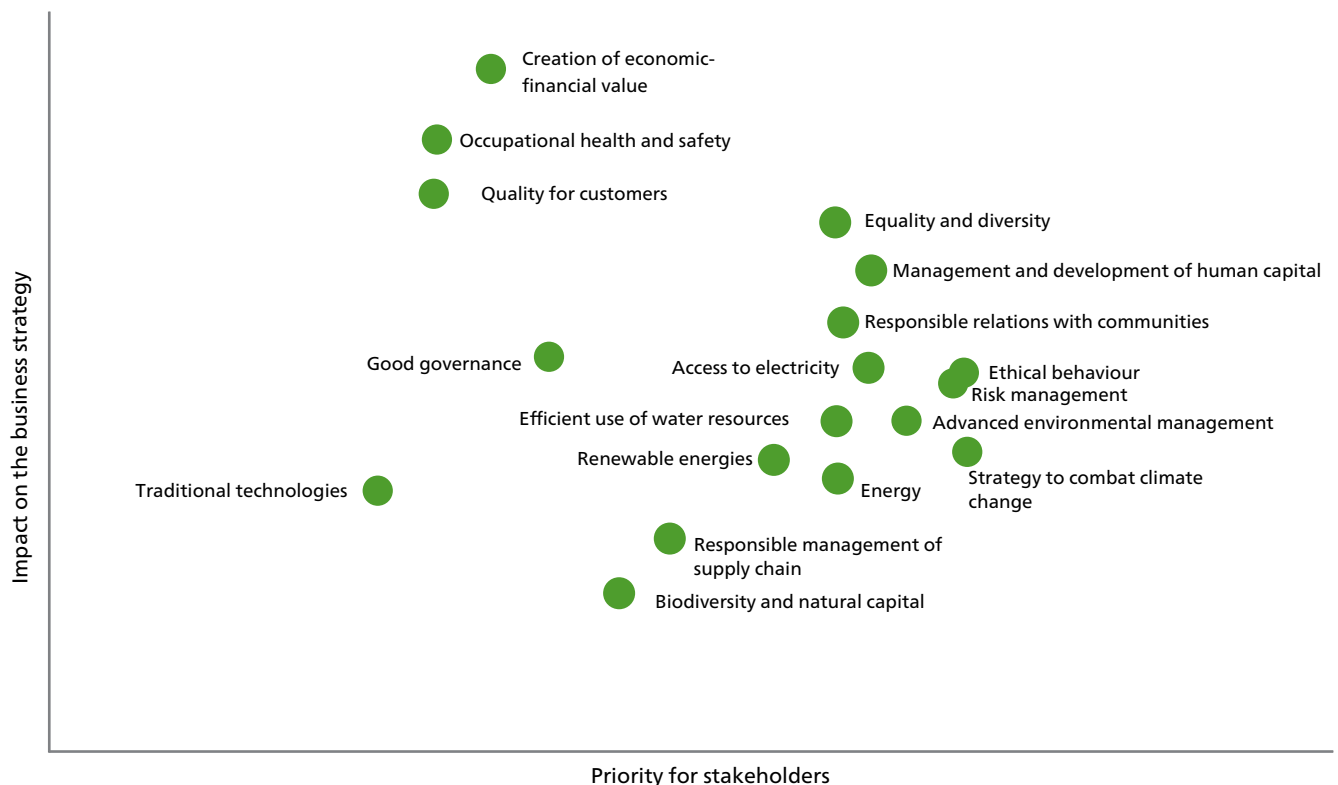
Caring for the environment and minimising environmental impacts has become one of the main determining factors of public opinion with regard to energy companies. Likewise,

environmental regulations have increased considerably, which has led to higher standards for companies in their endeavour to minimise their ecological footprint. In short, incorrect environmental management could lead to increased operating costs and serious reputational risks that could result in loss of public confidence, with the subsequent negative impact on the Company’s financial performance.

Through the correct management of environmental risks and liabilities within the framework of the overall and comprehensive environmental management systems, ENDESA intends to minimise the impact of its business activities on the natural environment in which it operates, thus reducing the risks in the business and increasing efficiency with the use of natural resources. This advanced environmental management is outlined in the chapter “Commitment to the environment” in this Sustainability Report.

- **Efficient use of water resources**

Water is a common resource that will be affected by climate change which is why water management has become a critical aspect for ENDESA. The incorrect management of water re-



sources in areas where there is little water and establishing policies and regulations developed to regulate the consumption of water (particularly at specific times when there is very little rainfall), may condition the productivity of ENDESA's electricity generation facilities to a considerable extent and, therefore, have a negative impact on the Company's financial results.

To this end, ENDESA has incorporated integrated water management as an essential aspect within its sustainability and business strategy, developing lines of action aimed at improving consumption efficiency; controlling and increasing the quality of water; and optimising the management of reservoirs. In this regard, the 2014 Sustainability Report includes the different initiatives carried out and the evolution of water management indicators (see chapter on "Commitment to the environment").

On the other hand, the most relevant social and ethical issues for stakeholder groups and those that have the most significant aspect on the business strategy are as follows:

- **Equality and diversity:**

Equal opportunities have proved to be a guarantee of quality and improve working environments, making the company more profitable. Equal opportunities, in short, help to build a coherent professional project that respects workers' rights, promoting integration within the company and ensuring a level playing field. As a result, it contributes to the optimisation of the company's human capital with a positive effect on the success rate of strategic business objectives.

To this end, ENDESA is firmly committed to the principles of gender equality and non-discrimination in the workplace. The aim is to be a company that respects and manages differences among its employees, guaranteeing equal treatment and opportunities. The initiatives carried out by the Company aimed at achieving this objective are outlined in the chapter "Our People" in this Sustainability Report.

- **Management and Development of Human Capital:**

People form part of the Company's assets and without them, strategic goals could not be reached. Loyalty, satis-

faction and commitment are all staff virtues that represent critical intangible assets for the development and growth of ENDESA. To this end, training and developing employees, together with retaining talent, are elements that have a direct effect on the organisation's results.

ENDESA works continuously on identifying and developing the potential of its employees, with the aim of their hard work contributing to the company being a leading player in the energy sector. Annual training plans are also carried out that meet business requirements and enable technical and management abilities to be developed enabling all members of staff to contribute towards achieving business objectives. The chapter entitled "Our people" in this report includes more details.

- **Occupational health and safety:**

Optimal occupational health and safety management has a direct effect on the financial performance of ENDESA and on the achievement of its strategic objectives. A commitment to the occupational health and safety of employees and contractors undoubtedly results in increased productivity and also reduces absenteeism and related compensation. It also contributes considerably towards promoting loyalty and commitment among employees towards ENDESA and the work they carry out.

For ENDESA, the health and wellbeing of its employees and contractors is a priority aspect. The Company promotes initiatives that contribute towards reducing accidents and promoting a culture of Occupational Health and Safety among its staff and collaborators. As a result, this aspect forms a fundamental pillar of sustainability that contributes towards operational excellence, thus enabling a very high standard to be achieved. This Sustainability Report, in the chapters on "people" and "our partners", includes the main initiatives carried out in 2014 to promote occupational health and safety among employees and contractors, together with the progress of the main indicators in recent years.

- **Ethical behaviour:**

The ethical behaviour of listed companies has become increasingly scrutinised in recent years by markets and regu-

lators. ENDESA's financial performance is conditional upon, among other factors, strict compliance with ethical regulations and principles, both internally and externally. This enables ENDESA's ethical behaviour to generate confidence among its shareholders and investors and it becomes a brand-differentiating factor that creates loyalty with customers, factors that are reflected in the financial results and which contribute towards consolidating ENDESA's position of leadership in the market.

Through its Code of Ethics and Zero Tolerance Plan against Corruption, ENDESA, obliges all employees to behave appropriately in all their dealings with stakeholders —shareholders, employees, suppliers, customers and authorities. The different initiatives and results obtained in the fulfilment of the principles established in its Code of Ethics and Zero Tolerance Plan against Corruption are outlined in greater detail in the chapter on "good governance and transparency" in this Sustainability Report.

- **Responsible relations with communities:**

Social acceptance is crucial for ENDESA. Likewise, the new competency frameworks make positive public opinion vitally important for the company. ENDESA understands therefore, that a commitment to communities in which it operates is way of investing in the generation of social confidence with the aim of being recognised by communities and other local stakeholder groups as a strategic ally in the socioeconomic development of the area and, in short, in order to be a reference in the search for solutions to combat the challenges of sustainable development in the communities, regions and areas in which it operates.

Therefore, ENDESA's 2014 Sustainability Plan has identified strengthening ties and Company legitimacy in the areas in which it operates as a specific challenge and has therefore developed a series of initiatives outlined in the chapter on "strengthening ties with local communities" in this Sustainability Report.

- c) **Standardisation of response processes, as well as the inclusion of information compiled in consultation with strategic plans, and specific communication on sustainability.**

The responses provided by the stakeholder groups through the different consultation processes outlined above, enable the strategic priorities to be identified that ENDESA's Sustainability Plan must include in order to meet the expectations of these stakeholder groups and to address the challenges identified. Furthermore, setting objectives and specific work programmes enables a more solid and standardised response to be given.

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 processes in a thorough, balanced manner. The goal is to generate tangible and comparable results and to incorporate these into its strategic planning.

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

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

## **8.1. Management of the impact on local communities**

Throughout 2014, ENDESA continued to strengthen relations with the different social agents in order to manage any potential environmental impacts on local communities and to obtain permits from the different environmental authorities.

The most relevant actions carried out in this regard during 2014, are as follows:

**Updated Integrated Environmental Permits (IEP):** Pursuant to the provisions of Law 5/2013 of 11 June amending Law 16/2002 of 1 July, on Integrated Pollution Prevention and Control and Law 22/2011 of 28 July on waste and contaminated soils and of Royal Decree of 18 October, approving the Regulation on industrial emissions and implementing Law 16/2002 of 1 July on the integrated prevention and control of contamination, the IEPs should be adapted to the provisions of the aforementioned legislation. In this regard, the company has engaged in dialogue with the different environmental authorities of the various Autonomous Communities, in order to comply with the information requirements and to update the permits.

**Soil:** As the state of the soil and underground water is one of the vectors that needed to be reported on as part of the update procedure described in the preceding chapter, compliance with this requirement has revealed the existence of historical contamination levels in various facilities. A solution has been proposed for this by means of a Voluntary Soil Recovery Project in each case, through the joint agreement with the various regional authorities.

**Coastal Thermal Plant DEI project:** As a result of the adaptation of the Coastline Thermal Plant in order to comply with the emission limits established in Royal Decree 815/2013, this plant requires considerable modifications. As processing is required within the assessment framework of the environmental impact of projects, dialogue has been established with the Ministry for Agriculture, Food and the Environment, with the aim of the project being approved under the best conditions for ENDESA.

Additionally in 2015 the integration of the analysis of social and environmental impacts when executing projects is expected to be strengthened. The area responsible for carrying out new projects will form a workgroup for possible new projects in which environmental and sustainability issues will have a marked involvement in order to identify any potential environmental and social impacts as a result of the construction of new production centres.

## Brazil

Enel Brazil's strategic sustainability plan considers strengthening ties to be a fundamental factor in all the company's

social actions, engaging in dialogue with local leaders and collaborating with communities in order to identify the main demands and requirements. In order to prevent and mitigate risks, there are Enforcement Procedures (Eps), Operation Procedures (Ops) and Environmental Procedures (Eps) in place as well as Technical Environmental Regulations (TERs).

83.3% of Brazil's six operations/companies include environmental impact assessments and continuous monitoring and are ISO 14001 certified and also publish the results of the environmental and social impact assessments in their sustainability reports.

In generation activities, the operating impacts refer in particular to the noise that is generated in the areas near to the substations and high voltage grids.

During 2014, nobody had to be moved as a result of electrical infrastructure works.

## Colombia

In Colombia impacts have been identified as a result of the possible construction of the El Paso Hydroelectric Project and the Guaicaramo Hydroelectric Project.

In both cases environmental impact studies are being carried out to assess the impacts and environment management plans in accordance with regulations, manuals and standards issued by national and local environmental authorities, involving the affected communities in all the different areas of influence in all the processes.

Furthermore, in the Direct Area of Influence of the El Quimbo Hydroelectric Project, there was an impact on employment, productive activities, physical infrastructures, community settlements, social fabric, archaeological heritage, culture and traditions and road connectivity. As a result of this, a Social Management Plan was designed that enables initiatives to be implemented that minimise or prevent these effects, while also contributing to restoring and improving socioeconomic and environmental conditions in the region. During the execution of the project's social-environmental

management plan in 2014, significant progress was made to the benefit of the communities in the areas of influence. EMGESA implemented measures to compensate the resident and non-resident population and each family defined, in conjunction with a social team from the Company, the option that afforded the greatest benefits and, accordingly, improved their quality of life and enabled them to build a future of progress.

Furthermore, an Information and Involvement Programme is being developed to establish a direct and permanent communication system between EMGESA and the communities, public authorities and institutions in the areas of influence, with the aim of informing, responding to and clarifying uncertainties and expectations generated as a result of the construction and operation of the Project.

## Chile

The Bocamina thermal plant located on the coastal border of the urban area of the Coronel commune (Biobío region) began construction work on the second unit in 2008, relocating the families affected by the project under the agreements reached.

The plant began operations in 2012 and in May 2013, the complaints began, with appeals before the Concepción Court of Appeals, ending the year with the shutting down of Bocamina II. This situation remained the same until 2014, with a series of losses for the company, which ended with intense dialogue with the communities and authorities in the area in order to reach an agreement with the mediation of the Energy Seremi (Regional Ministerial Secretariat) of Biobío.

Finally, after months of specialised on-site work, in November 2014, a shared value agreement was reached between the company and the community which aims to promote local development and the wellbeing of the people and their families.

Work was also carried out to mitigate the impacts on local communities caused by the Laja thermal plant, the project for the Neltume Hydroelectric Plant, the Los Cóndores Project, the Maule plants and the Taltal thermal plant.

2014 was also a decisive year for Endesa Chile as it marked the start of an exemplary change in terms of relations with communities, incorporating this aspect as a basic condition for operating and installing new projects. Therefore, one of the main lines of action during 2014 was the development of the first plans aimed at establishing a standard policy for relations with communities and creating shared value. Simultaneously, work was carried out to increase the company's presence in the communities in which it operates and to promote social dialogue with the different stakeholder groups with which the company works.

## Peru

In Junín, during the project study period and in the plants in operation, Edegel carried out workshops aimed at providing information about the project and capturing expectations, opinions and requirements, which are taken into account in the environmental impact studies. These include public communication and participation programmes and community relations programmes.

Therefore, pursuant to the strategic management approach in communities, Edegel has developed initiatives in the areas of health, education, infrastructure and local economic development as part of the Curibamba Project's Community Relations programme.

## 8.2. ENDESA's management of nuclear activities

ENDESA has always been firmly committed to the safe management of its nuclear activities as outlined in the Enel Group's nuclear policy, approved by the Board of Directors in 2010 and published on the websites of the Companies that operate in this activity.

The sanctions policy undertakes to act in such a way that all the nuclear investment projects, whether these are as majority or minority shareholder, include the following as their main priorities: To safeguard and protect workers, the general public and the environment and to promote excellence in all activities beyond mere legal compliance.



### 8.2.1. Risk Prevention and Management

Enel carries out corporate governance activities for the companies that operate in nuclear energy plants in the countries in which it is present. These companies have adopted the Group's nuclear policies and have implemented a monitoring system to ensure compliance with the policy and senior management information.

The stress tests concerning safety margins performed at European nuclear facilities – instigated by the EU in response to the Fukushima accident measured the safety margins with the aim of measuring the safety margins in extreme cases (earthquakes, flooding, power cuts or absence of water for refrigeration) in order to verify whether the plants' responses should be submitted to unplanned operational conditions.

The group's nuclear plants, including all of ENDESA's plants, were carefully studied and any improvement areas were identified are already being implemented. These measures include for example the installation of new safety systems, the availability of mobile diesel generator units that can be easily connected to the plant and technologies that guarantee the continuity and availability of electricity in the event of a complete blackout.

### 8.2.2. Assessment of Health Risks for the Community.

Following the specific technical features of the facilities, ENDESA's nuclear plants have a continuous monitoring and control system in place for liquid and gas spillages, with very strict limits established by the nuclear regulatory authorities designed to prevent damage to the environment and the population. Furthermore, as outlined in these specifications, radiation monitoring is carried out of the surrounding environment by analysing the air, the soil and sampling and analysing foods. These environmental controls are monitored and closely inspected by a Regulatory Council.

### 8.2.3. Emergency Management at nuclear facilities.

All of ENDESA's nuclear plants are prepared for emergency situations with the resources and procedures defined in its

Internal Emergency Plan, which is structured according to State regulations. Furthermore, all the measures adopted in preparation for emergencies are coordinated with the State's External Emergency Planning.

The measures in place to protect the population are defined by the state authorities following the advice of the nuclear regulatory authorities and based on the continuous information provided by the nuclear departments of the emergency centres and the characterisation of the situation classed as pre-alert for a general emergency. Preparation for emergencies is ensured via regular exercises and specific training of all the relevant staff.

### 8.2.4. Decommissioning Process.

In Spain, the State is responsible for the decommissioning of nuclear plants and the management of radioactive waste, including spent nuclear fuel. The state owned company, ENRESA, is responsible for this task. The General Radioactive Waste Plan, an official document approved by the Ministry for Industry which is currently in its sixth edition, describes the scope, planning and economic cases for the fund provisions for decommissioning and managing the radioactive waste in all Spanish nuclear plants.

The contribution to this fund is carried out monthly by the owners of the nuclear plants, pursuant to the gross production, with a fee of 6,6231 €/MWh. This calculation is based on 40 years of using the current nuclear energy.

### Schedule of activities and progress

The current theory is that Spanish nuclear plants will be operational for at least 50 years, which means that they are expected to be operational until 2031 or 2038.

After the final closure, the nuclear plants are expected to carry out preparation activities for decommissioning over 3 years. Once the decommissioning has been carried out, they may begin with a programme of around 7 years per unit.

To date, the Santa María de Garoña nuclear plant has been operating for 44 years. It is currently renewing its operating permit for 2031, by which date the plant will be 60 years old. The approval of this request will also confirm the feasibility of extending the operating time of other Spanish plants to 60 years.

### 8.3. ENDESA and social networks

In 2014, ENDESA continued to expand its presence on social networks, carrying out a number of commercial and institu-

tional campaigns via e PR and CM live in the most relevant corporate events.

This initiative has led to the continuous growth of its existing channels, Facebook, Twitter and YouTube, with an increased number of followers. It has also launched a new corporate page on LinkedIn.

During the first four months of 2015 a corporate blog will be launched focusing on innovation and efficiency.

## 9. About this report

### Aims of the report

This year, ENDESA publishes its fourteenth report, by which it aims to provide the reader with a transparent, global view of the performance of the Company regarding the issues contained in its Sustainability Policy. Its content is complemented by other annual reports of the Company, such as the Operations Review, Legal Documentation and the Corporate Governance Report, and by the content of the "sustainability" section of ENDESA's website ([www.endesa.com](http://www.endesa.com)).

### Scope of the Report

The boundaries of the information provided in this report include both Endesa, S.A. and its investees in the Iberian Peninsula (Spain and Portugal). With regard to business in Latin America (Chile, Argentina, Brazil, Colombia and Peru), the joint divestment process of 100% of Enel Latinoamerica, S.A.U. and of 20.3% of Enersis, S.A. entailed for Endesa, S.A., on 23rd October 2014, the date of its fruition, the loss of control over Enel Latinoamerica, S.A.U., over Enersis, S.A., and therefore over all the companies controlled by this last; this divestment has therefore entailed for Endesa, S.A. the egress of this group of companies from its scope of consolidation. For this reason, the information concerning Latin America covers the first ten months of the 2014 financial year.

On the other hand, as a consequence of the application as of 1st January 2014 of the NIIF 11 "Joint Arrangements", the Financial Statements of the Joint Ventures which, up to the 2013 financial year, were consolidated proportionally, for 2014 are to be consolidated by the equity method. To do this, the economic quantities corresponding to the 2013 financial year, ending on 31st December 2013, expressed for comparative purposes, have been re-expressed in order to include the valuation of the shares where ENDESA maintains joint control by the equity method.

In order to adjust to the economic data published, ENDESA has modified the scope of this Sustainability Report, having removed the economic, environmental and social data of the subsidiaries affected by the Regulation, which were previously included in the consolidated data.

For this same reason, ENDESA has reformulated the data corresponding to 2013, applying the same criteria as for the 2014 financial year, so that the data regarding the two financial years is uniform and comparable.

This document has been drawn up in accordance with the Directives of the GRI G3.1 Guide, launched by the Global Reporting Initiative (GRI) in 2010. Even so, during this year, the Company has implemented breakthroughs in the management of the relationship between the stakeholders, which

will enable us to gear our future report toward the new requirements for Sustainability data according to the new GRI-G4 guide.

The Report is also complemented by the GRI's sectorial supplement, specific to the electrical sector (Electric Utilities Sector Supplement) and by the principles of the AA1000 APS (2008) standard.

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

A description of how ENDESA responds to the principles governed by the GRI G3.1 Regulation and the Electric Utilities Sector Supplement is given below.

## Sustainability Context (GRI G3.1)

ENDESA's commitment to Sustainability is part of the Company's vision, in which it defines itself as a responsible, efficient, competitive multinational enterprise devoted to the provision of a basic service for the community.

This commitment, and the methods used by ENDESA to implement the same are reflected in the identification of its challenges, the presentation of its results and in the setting of new goals in the context of its business management and sustainable development strategy.

The universal goal of ENDESA's 2014 Sustainability Plan is to continue to consider the commitment to Sustainability as a tool to generate distinctive capabilities, a tool to create confidence among concurrent stakeholders, to accompany business development and to help achieve business objectives.

The Plan has continued with the structure of past years, so it is organised according to the importance of matters to ENDESA and its improvement potential, in accordance with seven Main Lines and two Challenges, which bear witness to the real commitment of the Company to Sustainability.

## Relevance (AA 1000 APS)-Materiality (GRI G3.1)

By the formulation of the map of ENDESA's stakeholders, the tools and dialogue channels with the same, relevant matters, their degree of maturity and their scope have been identified, as have the opportunities for improvement, in order to determine the priorities for action to be included in the strategic Sustainability plan.

ENDESA's Sustainability Plan is the main reference framework by which the Company tackles the main challenges posed by its operations. The main objective is to uphold the foundations that have enabled ENDESA to turn its commitment to Sustainability into a tool to generate confidence among stakeholders, accompanying business development and sustaining the achievement of medium — and long-term goals.

Analysis of the data has taken into account the factors driving sustainability, and likewise the needs, concerns and expectations of the organisation and of its stakeholders. This process is aligned with decision-making processes and the development of company strategy. Specifically, to determine the relevance of the issues identified, the following activities have been developed:

- Identification of priority issues for the positioning of ENDESA in Sustainability.
- Identification of potential Sustainability issues where ENDESA seeks visibility and positioning.
- Prioritisation of measures in different areas of Sustainability.

By means of the 2014 Materiality study, ENDESA has continued with the exhaustive analyses carried out in past years with new contributions, at internal, external, and contextual levels, to identify and assess its performance and to define its commitments in Sustainability matters. Thus, the Company has identified the economic, environmental, social and ethical challenges requiring solutions, and which will serve as a basis for the strategy to be implemented by ENDESA in the years to come in order to provide a satisfactory response to its stakeholders.

## The Principle of Responsiveness (AA 1000 APS)

ENDESA's response to the main Sustainability challenges posed by its stakeholders is organised through the development and implementation of the ENDESA Sustainability Plan. This Report aims to reflect this response.

By means of the ENDESA Sustainability Plan, the Company reveals its commitment to transparency and trust in its relationship with its many social partners in different spheres of Company activity.

In 2014, ENDESA conducted a worldwide consultation process with stakeholders, a result of the implementation of the Enel Group's "Stakeholder Management" project, to be maintained and developed in the future. Likewise, among the main activities to be implemented by the Company are online surveys, roundtable discussions with experts from the energy sector and experts in Sustainability, internal roundtable discussions and interviews with opinion leaders from the sector and experts in the field. The information obtained from these conversations will be loaded in the "Materiality Monitor" tool which enables the simple integration, analysis and consolidation of the information in order to obtain the material aspects and their significance at different company levels, for its inclusion in the company strategy and its timely response.

The global aim of ENDESA's Sustainability Plan is to maintain the foundations turning its commitment to Sustainability into responsible growth, incorporating environmental and social opportunities in its management strategies and models.

Special efforts are being made to bring the Group's global perspective into line with the actions of ENDESA's Sustainability strategy and with its implementation at a national and territorial level. This translation comprises four areas of development, these being: understanding the commitment, threats and opportunities, the integration of opportunities and the definition of programmes and indicators.

## Completeness (GRI G3.1)

The section "Scope of the Report" describes the scope of the information provided by this Report.

The Report gives priority to the information considered to be material, and all social, economic and environmental impacts are included, using a standard data collection system, in all ENDESA's business areas, with no omission of any information of interest to stakeholders.

## Principles of Report Quality (GRI G3.1)

- **Accuracy and clarity:** the Report contains numerous tables, graphs and diagrams, with a level of detail esteemed necessary and sufficient to enable a reasonable assessment of the Company's performance.
- **Timeliness of the information:** ENDESA undertakes to report annually on its economic, environmental and social performance. It also makes this known via its website ([www.endesa.com](http://www.endesa.com)), which is updated continuously, and transmits its Annual Sustainability Report simultaneously with its Annual Operations Reports, Legal Documentation (Balance, P&L Accounts 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) (Spanish Institute for Sworn Auditors) and with the ISAE 3000 standard, as a limited assurance engagement.
- **Balance:** the Report reflects both positive and negative aspects in order to present an unbiased image of the issues addressed therein.
- **Comparability:** the information included in the Report has been organised so as to facilitate the understanding of any changes in comparison with previous years. Likewise, as far as possible, the information is transmitted in a way consistent with the information given by the Companies in the sector.

## Principle of Sustainability context

ENDESA's Sustainable Development Strategy is based on the Company's own Mission and Values statement, wherein it defines itself as a responsible, efficient, competitive multinational enterprise devoted to the provision of a basic service for the community.

This commitment is reflected in the identification of its challenges, in the presentation of its results and in the establishment of new goals in the context of its business management and its Sustainable Development Strategy.





La Serena hydroelectric plant (Badajoz)





## Our customers

Guarantee of quality,  
security and efficiency

ENDESA strives to guarantee access to electricity to as many people as possible, with high standards of quality, security and efficiency.

During 2014, the Company has continued to work on the improvement of its reliability and customer services, with the aim of moving forward in these areas, and increasing the positive perception of the service provided.

**11.2** million  
customers in  
Iberia

**9.6%** fewer  
complaints  
received

**153,000**  
contracts with  
e-billing made  
in 2014

**16.5** million  
calls received  
by call centres  
in Iberia

Dam at Esterri (Lerida)

PRIORITY ISSUES-2014 MATERIALITY STUDY	ENDESA'S RESPONSE IN THE REPORT
Quality of commercial tender.	See chapter "Our customers": 1. Quality of electricity supply as a priority. 2. Excellence in ENDESA's customer service.
Value-added products and services to drive energy efficiency.	See chapter "Our customers": 04. Efficiency in ENDESA's products and services.
Quality in customer service and in the management of complaints.	See chapter "Our customers": 2.1. Endesa's customer service excellence plan. 2.2. Fast response to claims and service registrations.
Speed in responding to customers's requirements.	See chapter "Our customers": 2.3. Responsibility in customer information regarding ENDESA's products and services. 3. Customer satisfaction.

CHALLENGES IN 2014	ACTION TAKEN
To continue to lead the electricity market and to be the second largest gas supplier.	The number of clients connected to the Company's distribution networks increased by 1.5%, reaching 11.2 million customers in Spain and Portugal.
To be a benchmark supplier of value-added products and services.	In the field of medium and large companies, ENDESA consolidates its position as an ESCO (Energy Services Company), inviting its customers to invest in the improvement of their installations and to participate in their integral management. With regard to homes, the consolidation of the portfolio of End-to-End Solutions Products via the "End-to-End Solutions" plan allows the small consumer to pay for energy-efficient equipment for his/her home in easy instalments.
To be a benchmark in customer service due to the excellence of our processes.	Massive customer satisfaction has established us as a leader in the electricity sector over the past 5 years, with an advantage of 7% over the competition.
To continue with the remotely-controlled installation plan according to the Remote management project.	ENDESA continues to lead the field in the implementation of remote management, with almost one million meters installed during the year, and a total of 5 million, this being over 43% of the meters with a contract power of up to 15 kW. The legal target of 35% of meters installed at the close of 2014 is thus fulfilled.
Electric Outage Hotline: —To improve the service and to speed up the response to customers' calls.	In 2014, ENDESA's Call Centre answered 16.5 million calls. Improvement of the quality of over-the-phone customer service is one of the key activities of ENDESA's Customer Service Excellence Plan. The treatment received and the Clarity of Explanations are the items best appreciated by customers, with a grading of over 7 points.

KEY FIGURES 2010 - 2014					
	2010	2011	2012	2013	2014
Number of customers worldwide (millions)	25.8	29.5	29.9	25.8	27.1* 11.2 (Iberia)
Number of contracts with e-invoicing (1)	–	425,000	550,000	619,000	730,000
Registered users of www.endesaonline.com (1)	550,000	725,000	800,000	967,000	1,248,000
Number of subsidised rate customers ("bono social") (1)	1,076,677	1,029,408	984,948	985,518	982,745

(1) Data of Iberia.

\* Data prior to the divestment in Latin America of October 2014

IN 2015 WE PROPOSE
To maintain our well-established leadership in the Spanish energy market: the largest electricity provider and second-largest gas provider.
To be a benchmark provider of value-added products and services, including the development of sustainable mobility.
To commit to the digitalisation of customer experience and internal processes.
To be a benchmark in customer service due to the excellence of our processes.

# 1. Quality of electricity supply as a priority

Guaranteeing access to the electricity supply, its continuity, safety, efficiency and quality, and the development of the infrastructure required to make possible these conditions, is a priority for ENDESA, particularly in those areas where access to an electricity supply is more complex.

The number of customers with access to the Company's distribution networks increased by 1.5% during 2014, reaching 11,206,000 customers in Spain and Portugal.

## 1.1. Spain and Portugal

ENDESA provides electricity in 27 Spanish provinces in 10 autonomous communities — Catalonia, Andalusia, the Balearic Islands, the Canary Islands, Aragon, Extremadura, Castile and Leon, Navarre, the Valencian Community and Galicia — with a total extension of 192,790 km<sup>2</sup> and a population of nearly 22 million inhabitants.

ENDESA has supplied 93,928 GWh to the customers of its distribution network during 2014, this being 2.3% less than in 2013.

The total energy distributed via ENDESA's networks reached 110,945 GWh in 2014, metered at the central busbar, this represents 46% of the total Spanish demand. This totalled 243,486 GWh in 2014 (\*), according to the Spanish electricity system operator.

### EVOLUTION OF ENDESA'S SUPPLY IN THE SPANISH AND PORTUGUESE MARKETS

	2012	2013	2014	% variation 2014-2013
Number of regulated market customers (thousands)*	8,463	7,574	6,663	-10.8
Number of deregulated market customers (thousands)	2,845	3,906	4,543	16.1
Power supplied to the regulated market (GWh)	23,600	20,554	16,560	-19.4
Power supplied to the deregulated market (GWh)	70,700	75,568	77,368	2.4
Length of distribution grid lines (km)	322,510	323,631	314,528	-2.8

\* Does not include customers in European countries outside the Iberian market.

(\*) REE report: "Preview of the 2014 Spanish Electrical Network report".

### 1.1.1. Development and improvement of the distribution infrastructure

The total length of the lines of ENDESA's distribution grid in Spain has reached 314,528 kilometres, of which 39% are underground lines. The number of substations at the close of the financial year was 1,240.

In addition to extending this infrastructure, ENDESA also undertook a large number of initiatives directed toward the improvement of the quality of supply, such as maintenance work, the upgrading of facilities or an increase in the degree of automation of the HV and MV grids. Regarding automation, in 2014, the Company's Medium Voltage Automation Plan has continued to be implemented, with a total of 30,429 remotely-controlled elements.

Of particular note is the work on the "power belt" of the island of El Hierro, which is designed to ensure that no customers on the island will be without power in the event of an incident, and thus improving the response to adverse weather conditions.

Other initiatives have focussed on the reduction of the environmental impact of the grids, and on the development of specific plans, backed by the respective local governments.

### ELECTRICAL DISTRIBUTION FACILITIES IN SPAIN AND PORTUGAL

	2011	2012	2013	2014	% variation 2014-2013
High-voltage overhead lines (km)	18,311	18,815	18,821	18,849	0.15%
High-voltage underground lines (km)	711	726	745	748	0.40%
Medium-voltage overhead lines (km)	79,539	77,414	77,597	77,554	-0.06%
Medium-voltage underground lines (km)	39,261	39,434	39,946	40,324	0.95%
Low-voltage overhead lines (km)	95,921	96,291	97,026	94,909	-2.18%
Low-voltage underground lines (km)	87,721	89,830	89,498	82,145	-8.22%
Substations (number)	1,240	1,255	1,244	1,240	-0.32%
Substations (MVA)	82,526	83,569	84,890	85,783	1.05%
Transformer centres (number)	130.858	131.166	131.491	131.636	0.11%



### ENDESA RECEIVES 600 MILLION EUROS FROM THE EUROPEAN INVESTMENT BANK TO IMPROVE ITS DISTRIBUTION GRID

The European Investment Bank has granted ENDESA funding of 600 million euros to carry out new investments in the improvement of the Spanish electrical distribution grid, in order to meet market demand and regulatory requirements, improving the quality of the grid and the dependability of supply, in accordance with current legislation concerning safety and environmental matters.

This funding reflects ENDESA's creditworthiness and contributes significantly to raising the liquidity preference of the Company, while extending the average term of its corporate debt.

This investment plan consolidates the commitment of the Company to the improvement of the quality of its service, by means of a permanent improvement in its electrical infrastructure.

#### 1.1.2. Continuity of supply

Supply continuity in Spain is measured by two main indicators: the System Average Interruption Duration Index (SAIDI) and the Number of Equivalent Interruptions of the Power Supply (NIEPI). The calculation procedure is regulated by Royal Decree 1955/2000. The SAIDI and NIEPI levels are audited annually by an independent external company.

During 2014, the average duration of supply interruptions in the markets supplied by ENDESA in Spain stood at 49 minutes, three minutes more than in 2013. Reliability of service has stood at 99.99% of hours throughout the year. The NIEPI outages was 1.2 during 2014, improving the previous year's datum by one-tenth.

The following table portrays the supply continuity indicators of the main autonomous communities supplied by ENDESA. Catalonia and Aragon increased their SAIDI, reaching 50 and 57 minutes respectively. The Balearic and Canary Islands achieved excellent annual interruption indices, with 32 minutes each. Finally, Andalusia and Extremadura improved their previous year's supply quality, with SAIDI values of 51 and 48 minutes.

### TOTAL OF EQUIVALENT SUPPLY INTERRUPTIONS (TIEPI) IN ENDESA'S NETWORK IN SPAIN (MINUTES)

Interruption time	2012	2013	2014	Variation 2014-2013
Andalusia	60	53	51	-4%
Aragon	54	54	57	6%
Balearic Islands	44	31	32	3%
Canary Islands	43	31	32	3%
Catalonia	47	43	50	16%
Extremadura	42	56	48	-17%
<b>ENDESA</b>	<b>52</b>	<b>46</b>	<b>49</b>	<b>6%</b>

In the same way, provincial capitals supplied by ENDESA enjoyed excellent levels of service quality. The power supply interruption times of most of these were under 30 minutes. Of particular note are Girona (10 min), Almeria (11 min), Palma de Mallorca (12 min) and Tarragona (12 min).

In the areas covered by the Company's grid, no residents are in want of service.

In 2014, electricity to the value of 15 million euros was purchased.

### ENDESA TRANSPORTED 3 GENERATORS TO THE ASTUN SKI RESORT AFTER DAMAGE TO THE ELECTRICITY GRID BY A SNOWSLIDE

ENDESA transported 3 electrical generators to supply power to the hotels and housing estates at the Astun ski resort, after a snow slide damaged the power line supplying the winter sports complex. From the moment the incident occurred, ENDESA was in contact with the persons responsible for the resort to keep them informed of the steps taken and the works programmed for its replacement.

## 1.2. Latin America

The data corresponding to business in Latin America during 2014 correspond to the period prior to the divestment of the Company in the 5 countries where it was present.



## ENDESA'S CUSTOMERS IN LATIN AMERICA (MILLIONS OF CUSTOMERS)

Country	2012	2013	2014*
Chile	1.65	1.69	1.73
Argentina	2.38	2.44	2.46
Colombia	2.58	2.68	2.75
Peru	1.20	1.25	1.28
Brazil	6.04	6.29	7.68
<b>Total</b>	<b>13.85</b>	<b>14.35</b>	<b>15.90</b>

\* Data prior to the divestment in Latin America of October 2014.

## ELECTRICITY SALES (GWH)

	2013	2014	% variation 2014-2013
Latin America*	61,248	47,028	-23.2

\* Data prior to the divestment in Latin America of October 2014.

## ENDESA SUPPLY QUALITY INDICATORS IN LATIN AMERICA IN 2014

SAIDI (System Average Interruption Duration Index) (minutes)	2012	2013	2014*	% variation** 2014-2013
Spain	81	75	70	-7
Argentina	2,282	1,919	1,715	n/a
Chile	177	187	212	n/a
Colombia	381	739	806	n/a
Brazil Ampla	900	1,005	1,056	n/a
Brazil Coelce	381	450	452	n/a
Peru	440	308	482	n/a

SAIFI (System Average Interruption Frequency Index) (number of interruptions)	2012	2013	2014*	% variation** 2014-2013
Spain	1.83	1.82	1.60	-12
Argentina	6.71	5.16	4.12	n/a
Chile	1.45	1.40	1.32	n/a
Colombia	11.18	10.67	11.08	n/a
Brazil Ampla	6.70	7.11	5.92	n/a
Brazil Coelce	3.78	3.81	3.34	n/a
Peru	2.85	2.03	2.35	n/a

\* Data prior to the divestment in Latin America of October 2014.

\*\* In Latin American countries, calculation of the variation with regard to the previous year is not applicable, as we are speaking of different report periods.

## 1.2.1. Development and improvement of distribution infrastructure

In Argentina, during 2014, the start-up of electrical infrastructure projects was intensified, most of these financed by the State via the "Operations Fund for the Consolidation and Expansion of Electricity Distribution" (FOCEDE), leading the Company into the greatest investment in the area in recent times.

In Peru, among the new technologies adopted during 2014 for the detection of electrical power theft, of particular note are 1,258 smart totalizers installed in distribution substations, the standardisation of 87 tenements with reinforced electrical panels for customers residing in neighbourhoods with high theft rates in districts of El Callao, Rimac and Lima. Also of note is the deployment of a drone to detect and substantiate power theft by industrial or semi-industrial customers in rural areas and in the suburbs of Lima and in Norte Chico.

## ENDESA'S ELECTRIC POWER DISTRIBUTION FACILITIES IN LATIN AMERICA

	2013	2014*
High-voltage power lines (km)	11,897	11,746
Medium-voltage power lines (km)	156,618	154,647
Low-voltage power lines (km)	148,461	144,673

\* Data prior to the divestment in Latin America of October 2014.

## 1.2.2. Continuity of ENDESA's supply in Latin America during 2014

In Argentina, the distribution company implemented the respective 2014 Winter Plan and the 2014-2015 Summer Plan, in order to face these critical seasons with a series of preventive measures, notably the Special Contingency Plan, the Preventive and Corrective Maintenance Plan at HV/MV/LV facilities and networks, and the disposal of a fleet of 84 Mobile Electrical Power Generators.

## REGULATED SUPPLY QUALITY INDICATORS IN LATIN AMERICA IN 2014

Country - Distributor	Regulated indicator	(minutes)	2012	2013	2014*
Argentina - Edesur	SAIDI	Minutes	2,628.12	1,951.72	1,715.30
Chile - Chilectra	TTIK	Minutes	143.88	142.22	124.2
Colombia - Codensa	SAIDI	Minutes	698.20	812.56	805.70
Brazil - Ampla	DEC	Minutes	1,054.82	1,206.00	1,368
Brazil - Coelce	DEC	Minutes	483.53	546.36	529.2
Peru - Edelnor	SAIDI	Minutes	563.07	488.18	481.50

\* Data prior to the divestment in Latin America of October 2014.

## NUMBER OF REGULATED SUPPLY QUALITY OUTAGES IN LATIN AMERICA IN 2014

Country - Distributor	Regulated indicator	(number)	2012	2013	2014*
Argentina - Edesur	SAIFI	number	7.30	5.47	4.12
Chile - Chilectra	FMIK	number	1.39	1.16	0.93
Colombia - Codensa	SAIFI	number	12.05	11.60	11.08
Brazil - Ampla	FEC	number	9.26	9.79	9.66
Brazil - Coelce	FEC	number	4.62	5.11	4.98
Peru - Edelnor	SAIFI	number	4.02	3.32	2.35

\* Data prior to the divestment in Latin America of October 2014.

## RESIDENTIAL DISCONNECTIONS DUE TO NON-PAYMENT, ITEMISED BY DURATION OF DISCONNECTION AND BY REGULATORY REGIME (NUMBER)

	Spain and Portugal	Latin America*
Residential disconnections	142,446	1,478,772
Residential disconnections for periods of less than 48 hours	76,789	796,647
Residential disconnections for periods of between 48 hours and one week	13,900	167,453**
Residential disconnections for periods of between one week and one month	18,442	153,985**
Residential disconnections for periods of between one month and one year	30,968	119,514**
Residential disconnections for periods of over one year	0	20**
Residential customers reconnected within 24 hours	106,798	1,402,632
Residential customers reconnected after 24 hours, within one week	12,385	33,778
Residential customers reconnected after more than one week	397	948

\* Data prior to the divestment in Latin America of October 2014.

\*\* Data on Argentina not available.

## 1.3. Operations in other countries

During 2014, ENDESA had almost 160,000 supply points in Portugal, distributed as follows: over 4,000 at medium voltage, nearly 4,000 at special low voltage and over 150,000 at normal low voltage. The electrical energy supplied during 2014 reached a total value of 6,900 GWh. With regard to gas, 1,300 GWh were supplied, and by the end of the year, over 60 supply points were active.

In France, ENDESA supplied almost 8,000 GWh of gas in 2014, practically the same as during the previous year. At the end of the year, it had over 700 active gas supply points.

In Germany, ENDESA supplied 1,600 GWh of electricity and over 20 GWh of gas, with a total of approximately 270 supply points.

In the Netherlands, ENDESA supplied 700 GWh of electricity and 200 GWh of gas, with over 100 electricity supply points and over 30 gas supply points at the end of 2014.

Finally, in Andorra, ENDESA supplied over 200 GWh in 2014.

## 1.4. Programmes for the improvement or maintenance of access to electricity

ENDESA maintained access to electricity for disadvantaged and low-income social groups in the countries where it operates. In Spain, this has been implemented via the maintenance of the “bono social” (subsidised rate).

In 2014, over 982,000 customers benefited from the Subsidised Rate.

### 1.4.1. Spain and Portugal

In Spain, ENDESA maintained access to the Subsidised Rate, with power supplies below 3 kW, for customers such as pensioners, large families or families where all members of working age are unemployed.

At the close of 2014, the number of customers benefiting from the Subsidised Rate reached 982,745 customers, of which 80% were automatically eligible, and the remainder (194,515 customers) due to work, family or economic circumstances.

### 1.4.2. Latin America

In Peru, work has continued on the massive electrification plan, developing the aggrandizement of the electric networks to supply power to new townships.

In Argentina, work continued with the Agreement entered into by Edesur, the Federal Government and the Regional Government to supply depressed areas of the capital and the greater Buenos Aires area, enabling customers to apply for credit through their electricity bill.

In Chile, the programme “Chilectra in your district”, incorporating the Chilectra mobile office, continued its expansion; its main objective being the maintenance of customer service to those who live in locations of difficult access to the Company’s traditional service points.

In Brazil, the Social Tariff programme, subsidised by government funds, continued to be applied.

**For further information, see the chapter on *Strengthening ties with local communities*, section 3.1., *Enabling electricity project*.**

### ESTIMATED POPULATION WITHOUT ELECTRICITY SUPPLY IN ENDESA’S DISTRIBUTION AREAS IN LATIN AMERICA (\*)

	Argentina	Chile	Brazil	Peru	Colombia
Population without electricity supply in 2012 (No. of persons)	290,000	5,928	8,000	175,872	74,245
Population without electricity supply in 2013 (No. of persons)	15,550	5,442	3,725	169,058	71,480
Population without electricity supply in 2014 (No. of persons)	15,550	5,377	25,450	192,241	n/a
% of total population, 2012	3.8	0.1	0.054	3	0.70
% of total population, 2013	0.2	0.09	0.024	3	0.65
% of total population, 2014	0.2	0	0.16	3.42	no figures

\* Data prior to the divestment in Latin America of October 2014.

## 2. Excellence in ENDESA's customer service

Excellence is a key value in ENDESA's commercial relationship with its customers. The Company constantly seeks maximum efficiency in customer service channels, tools and platforms through innovation and constant improvement.

### 2.1. Customer Service Excellence Plan

#### Spain and Portugal

Since 2003, ENDESA has implemented its Customer Service Excellence Plan, in order to provide its customers with the best possible service, with the aim of improving the main customer satisfaction indicators year by year.

In 2014, ENDESA's Customer Service Excellence Plan focussed on the improvement of service quality, whether by telephone or face-to-face at service desks and service points.

Within the framework of the Plan, the policy for the management of complaints has been renewed and a project has been developed to boost customer awareness and to adapt to his/her needs more efficiently and speedily.

The following values are of note:

- 8 out of 10 regarding satisfaction of the domestic market at customer service desks.
- A reduction of 46% in re-invoicing in the domestic market.
- A 15% increase in the number of e-invoicing contracts.
- A 24% reduction in the average period for resolving customers' complaints and requests.

ENDESA cuts the average time for resolving customers' complaints and requests by 24%.

In order to ensure that the improvements identified are implemented, 10 key indicators are monitored monthly to verify their impact on the quality of ENDESA's customer service.

#### THE CONSUMERS' ASSOCIATION OF CADIZ ACKNOWLEDGES ENDESA'S COMMERCIAL EFFORTS AND CUSTOMER SERVICE CHANNELS

On the occasion of the World Consumer Rights Day, the Consumers' Association of Cadiz acknowledged the efforts of ENDESA in the advancement, support and defence of its customers in the province. The event, held at the Congress and Exhibition Centre of San Fernando, was attended by the president of the Association, Mr. Miguel Ángel Ruiz, who presented the award to the Director-General of ENDESA in Andalusia and Extremadura, Mr. Francisco Arteaga.

As was highlighted at the event — the fourth of its kind and in which ENDESA's efforts for the benefit of society at large were highlighted — this award is the result of the Company's active commitment with consumers, users, representatives and management.



#### Latin America

Following the Customer Service Plan in Latin American countries, various programmes directed toward the improvement of Customer Service were executed during 2014.

In Argentina, a new webpage was created on Edesur's internet website, a new helpdesk was developed to enable the management of customer needs 24 hours a day, 365 days a

year, the new digital channel “Edesur in your cellphone” was launched, which enables the performance of operations via a mobile telephone, and a new call center was opened, to increase the taking of calls and to improve customer service via this channel.

In Brazil, the Customer Satisfaction Plan was launched, which enables the monthly assessment of the results of the indicators with greatest impact on customer satisfaction. New procedures were put into practice at the Call Center service, such as the application to request emergency attention via a mobile phone. At the Customer Service offices, in addition to the billing and new customer areas, Service Leads have been created, in order to improve communication between the areas and the Brazil Distribution service.

In Chile, the 2014 Chilectra Experience is of note, whose goal is to develop, qualify and implement standardised service protocols for each of the customer contact points, with the aim of providing excellence in customer service and addressing and resolving problems in a timely manner.

In Colombia, various programmes were developed and implemented during 2014 to improve customer information and service, such as ESEL, which enables the monitoring of requests coming from customer service channels in real time, and a Control Tower, which centralises information on pending requests, thus reducing customer response time.

In Peru, with the aim of streamlining the customer service process and of improving service quality, integral office management was instituted in 2014, entailing the assignment of the same to a sole provider. Self-service terminals were also installed in all the sales offices. The Predictive Maintenance programme was also developed, enabling customers to anticipate breakdowns in their electrical system.

### 2.1.1. Face-to-face contact

ENDESA's face-to-face sales service is structured according to the customer segment.

ENDESA provides service to its customers in Iberia through 18 sales offices and 296 service points

- **Large customers and businesses.** ENDESA's team of business agents is organised by sector and by territory, with the aim of achieving in-depth knowledge of customer needs and providing competitive, tailor-made solutions. The Company has around 300 personal sales agents throughout the country, complemented by a telephone helpline and a dedicated website.
- **General public.** ENDESA has 16 sales offices in Spain and 2 in Portugal, and 296 service points throughout the country, as well as a telephone helpline and the virtual office ([www.endesaonline.com](http://www.endesaonline.com)).

2014 (Spain)	Offices	Service points	Total
Aragon	1	24	25
Catalonia	3	63	66
Balearic Islands	1	21	22
Andalusia	4	94	98
Canary Islands	3	24	27
<b>Own distribution market</b>	<b>12</b>	<b>226</b>	<b>238</b>
<b>Third-party distribution market</b>	<b>4</b>	<b>70</b>	<b>74</b>
<b>Total</b>	<b>16</b>	<b>296</b>	<b>312</b>

### 2.1.2. Call center

Activity at ENDESA's call center in Spain and Portugal was similar to that of last year, answering a total of 16.5 million calls.

16.5 million calls were answered at ENDESA's call center in 2014.

Following the implementation of Customer Relationship Management (CRM), there was a significant increase in activity during the first quarter which gradually levelled out, stabilising the service.

Furthermore, over this year, self-service capabilities were developed via Interactive Voice Response (IVR). The aim of the first functions installed were the identification of the customer prior to speaking to an operator, in order to direct the call more efficiently, and to gain prior information regarding the requirements needed for the operation.

These self-service capabilities improved First Call Resolution by 6% in comparison with 2013, and reduced inter-service transfers by 7.3% (from 11.2% in 2013 to 3.5% in 2014). The savings achieved by self-service reached 1.5 million during this year, and plans are in place to continue to increase real management capabilities in the coming year.

Finally, the basis for the Call Center Strategic Project 2015 was established, which will consist of a proactive model for the management of customer dissatisfaction.

#### CALLS RECEIVED BY ENDESA'S CALL CENTER (MILLIONS)

	2012	2013	2014
Spain and Portugal	16.7	13.7	16.5
Latin America*	27.9	27.3	22.79

\* Data prior to the divestment in Latin America of October 2014.

#### CALL CENTER CUSTOMER SERVICE IN SPAIN AND PORTUGAL

	2012	2013	2014
Percentage of calls received (%)	96,52	95,08	94,69
Average resolution time for queries received from industrial customers (seconds)	368	360	347
Average resolution time for queries received from domestic customers (seconds)	322	297	307
Training given to call center operators (hours)	122	164	195

#### 2.1.3. Online service

Throughout 2014, the online office continued its process of significant growth, thus confirming the tendency perceived in past years. Currently, it is an important channel

which fosters both sales and procurement of products and services, and excellence in customer service. It also presents a significant growth potential for the years to come.

Over 730,000 customers with e-invoicing

At the close of 2014, the website reached 1,248,000 registered users (29% more than 2013), with over 2,252,000 contracts and over 280,000 new registered users. These users accessed [www.endesaonline.com](http://www.endesaonline.com) over 20 million times.

1,248,000 registered users of [www.endesaonline.com](http://www.endesaonline.com)

During 2014, e-invoicing also received a significant boost. At the end of the year, there were as many as 1,148,000 e-invoicing contracts in force.

Within the context of the Customer-Perceived Quality Improvement Plan on Internet, and within the framework for facilitating access via the new digital channels, a new edition of the mobile App for ENDESA's customers was launched, with new functions.

The mobile application enables customers to perform some of the most frequent operations:

- Registration in the Online Office and management of passwords.
- Searching for and viewing any bill (PDF format).
- Uploading readings.
- Access to other channels for contacting ENDESA (contact telephone numbers and map of face-to-face offices closest to a customer's location), sales offers and access to the online contracting form.

Since March 2013, over 150,000 downloads of the ENDESA application have been made by customers, those in 2014 amounted to 85,000.



## Argentina

In the first months of 2014, Argentina's Virtual Office was developed, with the aim of providing a new online website to enable our customers to meet their needs 24 hours a day, 365 days a year. This tool enables over 20 different operations to be performed, e.g. the printing of proofs of payment, new contracts, registration for e-invoicing, transfer of contract titleholder, or complaints about lack of power.

## Colombia

Codensa created the new sales portal New Endesa On Line (NEOL) through which customers can access varied information, and a mobile App was developed as an additional service channel for Play Store and iTunes stores, enabling users to consult their account bills, transmit incidents, check on programmed maintenance and to find service and payment points.

### 2.1.4. Customer Databases

ENDESA has a comprehensive customer database, so as to better adapt to their requirements and market trends.

The database uses an Oracle/Siebel CRM system and a customer internet access portal and an Oracle-SaaS CRM system, with all the reports defined by these criteria. This enables the disaggregation of customers according to different value parameters, such as sales history, geographic segmentation, etc.

## 2.2. Quick solutions for complaints and new contract applications

At ENDESA, complaints are managed centrally by the Complaints Unit and via the persons who work at the six existing Regional Complaints Units. Their main responsibilities consist of:

- Detecting the causes that disrupt normal commercial activity.
- Defining the steps to be taken to solve them, and particularising improvements in the management systems.
- Resolving the complaints in the briefest time possible.
- Acting as a spokesperson with public or private bodies in the defence of consumers.

The number of complaints logged in 2014 fell by 9.6% compared with 2013. During 2014, the accounting of complaints was tailored to the criteria agreed between trading companies and distributors at the OCSUM (Office of Supplier Changes) meetings, so that all companies report under the same criteria. The resolution level was 101% of the generation level, which enabled a reduction in pending complaints; over 5,000 fewer than in 2013.

In 2014, the generation of billing complaints increased due to regulatory changes caused by the entry into force of the Voluntary Price for the Small Consumer (VPSC) and the changes in the periodicity of the billing. The number of complaints dealt with concerning sales and customer service also increased, due to the increase in the portfolio of customers with contracts for products and services supplied by ENDESA.

Complaints received in 2014 fell by 9.6%.

By business, complaints about electricity supply fell from 87% in 2013 to 80%, the 14% corresponding to gas remained stable, and complaints concerning the marketing of value added products and services increased to 6% of the total.

The average turnaround time for complaints managed by trading companies was 14.47 days, slightly longer than in 2013, as a consequence of the reduction in longer-standing complaints.

In Colombia, in order to create closer links with customers, projects such as Contexto were developed and implement-

ed in 2014. By means of this project, information is given regarding acknowledgment of receipt, development and confirmation of the closure of written applications. With the same objective of optimising communications with customers, the "Express Yourself" and "Service Standards" projects were developed.

### 2.2.1. ENDESA's Customer Ombudsman

ENDESA's Customer Ombudsman, the only one in the Spanish electricity market, works independently from the Company's management teams and was appointed to provide customers with an additional means of dialogue in connection with the services provided by ENDESA in the market, listening to in-house and external representatives and proposing to the Company recommendations for ascertaining customers' needs and expectations and methods to improve service quality.

The Customer Ombudsman is an independent office and is the only one of its kind in the sector.

José Luis Oller Ariño has been ENDESA's Customer Ombudsman since 2005.

#### 2.2.1.1. Spain and Portugal

##### *Complaints handled*

ENDESA's Customer Ombudsman received 972 complaints within the scope of his activity in 2014, 15% less than the previous year.

However, complaints not strictly within the scope of the Ombudsman increased by 10% in comparison with the previous year. The Ombudsman received 1,675 complaints which he was unable to deal with, either because they were first complaints, or because 2 months had not yet passed subsequent to the submission of the customer's first complaint to ENDESA, or because they concerned areas beyond the scope of the Ombudsman.

By type, most complaints concerned the commercial cycle of contracting, billing and collection (51%), followed by those concerning supply issues (21%). Complaints concerning metering equipment-related issues (14%) dropped slightly, while those concerning contracts (18%) increased slightly.

Complaints concerning gas contracts and services remained steady, amounting to 11% of the total.

83% of the complaints dealt with were resolved with an outcome totally or partially in favour of the customer.

83% of complaints resolved satisfactorily.

Likewise, the average time for the resolution of complaints was reduced to 56 days, within the target margins.

Most complaints (56%) were resolved via mediation. The remaining cases were resolved by the Ombudsman through simple conciliation (8%), or based on principles of equity and justice (32%).

##### *Perceived quality*

Overall customer satisfaction with ENDESA's Ombudsman remained steady, with a score of 7.4. Most customers stated that they were satisfied or very satisfied with the service.

The treatment and the information received from the Ombudsman were the best-appreciated aspects. Customers also appreciated the assurance transmitted by the Ombudsman and most stated that they would recommend the service to other customers.

##### *Other activities*

In 2014, the Ombudsman issued one Recommendation and 16 Failure Alerts.

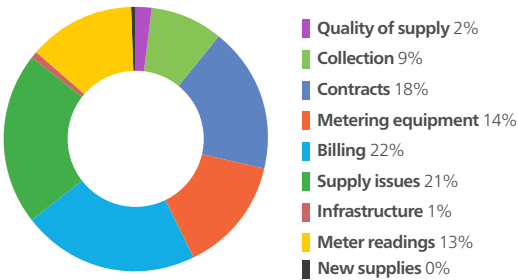
The Recommendation issued proposed a revision of the training received by sales personnel and after-sales service personnel of value-added services, to include the stipulations concerning the newly amended consumer rights Ruling.

In contrast to the Recommendations, the Failure Alerts highlight specific cases where analysis at the Ombudsman’s office has detected an error or failure regarding the Company’s procedures or activity, which should be corrected.

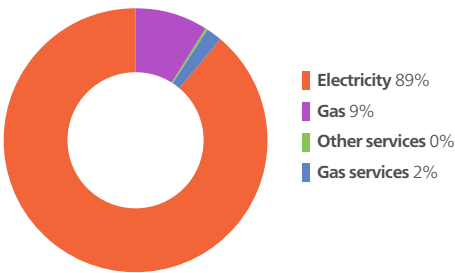
During this year, ENDESA’s Ombudsman has been in contact with institutions and bodies involved in the transposal of Directive 2013/11/EU, of 21<sup>st</sup> May, concerning the Alternative Dispute Resolution for Consumer Disputes, in order that persons such as ENDESA’s Customer Ombudsman may be considered to be an ADR in the current legislative bill.

In 2014, the Customer Ombudsman Office updated its system of logging and managing complaints and modified its course of action so as to boost online work and reduce the generation of printed documentation.

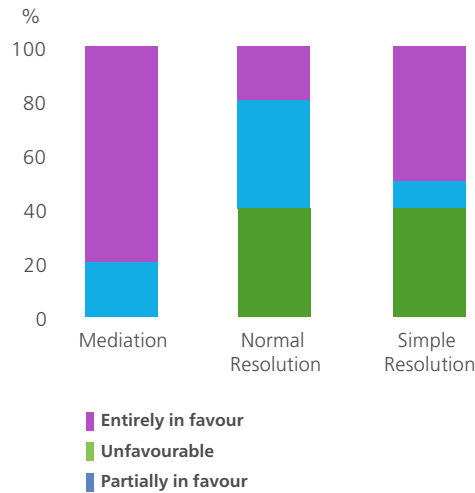
COMPLAINTS BY TYPE



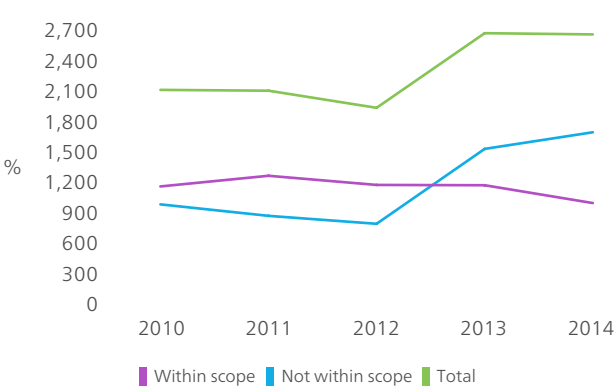
TYPE OF SERVICE



COMPLAINTS RESOLVED



ANNUAL EVOLUTION OF COMPLAINTS RECEIVED



### 2.2.1.2. Latin America

ENDESA has pioneered the figure of the Customer Ombudsman or other mechanisms of appeal in the 5 countries where it operated until October 2014.

In Brazil, the Ombudsman aims to give standard, personalised attention to those customers who had a negative experience with the Company, avoiding the initiation of legal proceedings and generating public satisfaction. On identifying these cases, the first-level channels direct them to the Ombudsmen who, from that moment on, contact the customers, acting hand-in-hand with the areas of the Company.

In Colombia, the Ombudsman seeks to improve customer-Company relations by means of the calm, civilised management of contract-related disputes. During 2014, 72% of the cases dealt with reached a solution in favour of the customers, which highlights the conciliatory spirit of the Company and ratifies the independence of the Ombudsman and respect for the Company with regard to its opinions and decisions. 2,405 consultations were also resolved during the first contact, and the average time for the resolution of cases was 9 working days.

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

For EDESA, ensuring that customers can exercise their rights to full information on the products and services they purchase is crucial. Therefore, the Company complies with regulatory requirements regarding the information furnished to customers at all stages of the commercial cycle. These regulations cover the following topics:

- When a supply contract is entered into or amended, the customer is informed of the different tariffs available, and the power rating most suited to his/her needs.
- When power supplies are cut due to programmed work on the grid, customers and the general public are given sufficient notice.
- If a customer's supply is cut off due to non-payment of bills, which customer must be informed beforehand, and this may only be done if the Company has proof of this situation.
- There are also other circumstances under which time limits for providing information are prescribed, such as giving estimates for new supplies and dealing with customer complaints.

In the deregulated market, ENDESA complies strictly with the obligation to disclose the origin of the electricity billed.

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

Thus, in 2009 the Company created a business unit to manage relations with consumers' associations and public bodies, which has been strengthened since then. The unit held regular meetings and took part in consumers' forums to communicate the measures taken by ENDESA with regard to its customers and to find out what their main concerns are, in order to be able to take the most appropriate action in consumer affairs.

In all its sales offices, Chilectra has full information concerning the tariffs of all services associated with electrical distribution other than the supply of power itself, as required by Decree No. 197 of the Ministry of Economic Affairs, Development and Reconstruction. With regard to the ethical standards and regulation of publicity, circulars and other promotional or sponsorship activities, Chilectra adheres to the Code of Conduct of the Chilean Association of Advertising Agencies (ACHAP). Chilectra's and Endesa Chile's publicity adheres to the Chilean Code of Advertising Ethics.

In their invoices, Ampla and Coelce publish information which complies entirely with the determinations in contracts governing the concession of power distribution services, in compliance with the ANEEL Standard Resolution No. 414/2010. When launching its campaigns, the Group respects the ethical advertising standards adopted in Brazil, defined by the National Council for the Self-Regulation of Advertising (CONAR), by the Statute of the Child and Adolescent (ECA) and the Declaration of Human Rights. Likewise, all information concerning incidental changes in contracts, or modifications to the economic or technical conditions for the provision of services or sale of products, is transmitted on a timely basis, as are the results of the compliance controls performed, as required by the regulatory authorities.

In Colombia, all invoices issued by CODENSA and EMGESA to their customers comply with the requirements foreseen in Act 142 of 1994, and regulation with the CREG (Energy and Gas Regulation Commission) Resolution 108 of 1997. Programmed maintenance of the grid which might affect service is broadcast through various channels.

In Peru, for the past ten years, a free monthly magazine is sent to distribution customers, with information of interest about the Company.

### 2.3.1. Eliminating barriers

ENDESA also strives to eliminate potential communication barriers concerning information on its products and services, whether they be physical, social or language-related.

To this end, all commercial and informative communications sent by ENDESA to its customers in Spain, including bills and leaflets, are produced in Spanish and Catalan.

Since 1st October 2014, electricity bills have changed due to the entry into force of the Resolution of the Directorate-General of Energy Policy and Mines of 23rd May 2014.

ENDESA's new invoices feature a new design intended to facilitate its reading, with a more organised, clearer structure. The main innovations are:

- Greater detail in the invoice.
- Information is given as to how the amount invoiced is allocated (tolls, taxes, etc.).
- A detailed explanation is given as to how the amount of each item is calculated, separating power and consumption from tolls.
- Complaint pathways are simplified.

The endesaonline.com website, as well as in Spanish and Catalan, is also available in English. The reason for this is to respond to the requirements of foreign customers. It has been calculated

that 900,000 British subjects live temporarily or permanently in Spain, mainly on the Mediterranean coast and on the islands, as well as other nationalities which use English as a second language.

ENDESA can communicate in English via [www.endesaonline.com](http://www.endesaonline.com), [www.endesaclientes.com](http://www.endesaclientes.com), its Apps and the online chatroom, covering the information and customer service needs of these customers.

During 2014, the "Edesur in your cellphone" service was launched in Argentina, as a new digital channel to provide customers access to more and better information, and the convenient, easy performance of operations via their mobile phones. These may include complaints concerning sales or lack of supply. By means of this application, the customer can follow up the progress of his/her complaint by mobile phone. In Argentina, invoices can also be issued in Braille or in audio format, or by sending the invoice by e-mail for hearing-impaired customers.

In Peru, as well as sending invoices in Braille, Edelnor has continued to carry out operations for handicapped persons, such as training for Customer Service personnel, safety talks and dramatizations set up within the framework of their responsibilities, or the adaptation of sales office infrastructure.

Visually impaired customers in Brazil can now receive their invoices in Braille. The business Office also provides a free telephone helpline with channels devoted to hearing-impaired persons. With regard to the infrastructure, Ampla has offices with access ramps and adapted bathroom facilities. Coelce has also prepared its new offices with similar characteristics.

## 3. Customer satisfaction

### 3.1. Spain and Portugal

Once again, during 2014, the customer was the main priority of ENDESA's business model, and for this reason, the measurement of Customer Experience is fundamental. Therefore, all the sections, products, channels, services and processes have suitable tools for the performance of this function.

In order to grade customer satisfaction, over 111,000 customer interviews were conducted by telephone or online, covering over 4,200 indicators. In order to process this quantity of information in a BIG DATA environment, over 2 million customer touchpoints were processed.

ENDESA conducted over 111,000 telephone/online customer interviews in Spain

The main approach used in the measurement of customer satisfaction is telephone surveys, although in 2014 we tripled the number of online interviews conducted. In our quest for improvement, the Commercial Quality department is putting into effect a tool for the full management of this methodology.

In 2014, ENDESA is the leading company in mass customer satisfaction in the electrical sector for the fifth year running, with a 7% advantage over the competition.

ENDESA's image was reinforced as a leader in terms of satisfaction with its advisory services (16% higher than its peers), its customer-focused approach (18% higher) and its trustworthiness thanks to its expert workforce (18% higher). All this makes ENDESA an example to follow in customer care.

ENDESA's customer satisfaction is consolidated, scoring 7% higher than its peers.

Regarding customer loyalty, satisfaction indicators improved, increasing the likelihood of customers recommending the Company and repurchasing products, with a score of 11% and 9% respectively higher than our peers.

Among mass market customers in the gas sector, ENDESA was considered to be the leader in customer satisfaction, with a 4% lead over its competitors.

ENDESA Gas established itself as the leader in commercial cycle assessment, (2% higher than its competitors), clarity in its billing (+3%) and the percentage of customers rating this as positive (+10%) being of particular note. ENDESA also consolidated its image as a Company concerned with its customers' needs (+5%).

The Company's small customers continued to rate highly the service provided by their account managers, with grades of over 8 points.

The proactivity of these last showed a clear improvement in comparison with the previous year (+3%).

In 2014, ENDESA's major customers gave a Management Satisfaction score of nearly 9 out of 10 for the services rendered.

#### Customer experience-Sales

In line with the target of measuring the quality provided in all the customer contact channels, follow-up of the quality of the sales channels (Task Forces and Telesales) of both mass market and individual customers revealed grades of 8.66 for the Task Forces channel and 7.96 for the Telesales channel. The satisfaction indicators of ENDESA's range of services, certified by the Spanish Standards Office (Aenor) reached scores of nearly 8.

#### Customer experience-Service channels

The standard of ENDESA's service channels was graded positively by customers receiving attention both by telephone and face-to-face.



By telephone, the treatment received and the clarity of the explanations were the best-appreciated items, with scores of over 7.

In 2014, face-to-face channels were still those best appreciated at ENDESA. Over 8 points in satisfaction were given to the treatment received, the clarity of the explanations, order in the facilities and the pre-arranged appointment service.

In 2014, within the framework of ENDESA's customer satisfaction measurement system, studies designed specifically for the assessment of the channel, of products and of services tendered online were put into effect.

### Customer experience-Processes

In both New Contracts and in Contract Management, the best scores were given to simplicity and information concerning procedures (over 7). Furthermore, customer satisfaction improved in the field of troubleshooting (+3%), although the biggest improvement was seen in the clarity of the document (+5%).

### Assessments of value-added projects

In line with ENDESA's commitment to becoming the benchmark Company in the sector with regard to value-added products and services, Quality includes the measurement of non-mass market customer satisfaction with the tenders received via the various channels, achieving an excellent score. Of particular note is the information and guidance provided, with a score of nearly 8.

The service provided by ENDESA in the execution of these continues to be greatly appreciated by both small and major customers, with a score of nearly 8.

### Customer Ombudsman

Among customers whose complaints were handled by the Ombudsman's office, a 10% increase in satisfaction concerning the solution provided was reported.

### New studies included

In 2014 commenced the marketing on the ONE Tariff via ENDESA's website. A system has been designed which commences with the customer's first awareness of the product and which assesses the different "moments of truth", with regard to the entire experience. Since the measurement commenced, information and speed of signing-on have improved by 3% and 4% respectively. The satisfaction of these customers with ENDESA has improved by 27%.

This year we also launched the study on Special Regime Producer customer satisfaction, in order to find out about the service we provide and to discover areas for improvement so as to execute action plans tailored to customers' needs. The satisfaction of these customers has improved by 6% since the beginning of the year.

## 3.2. Latin America

In Argentina, a series of market research activities were carried out, to obtain indicators for the adjustment of actions aimed at the improvement of the relationship with all customer groups and stakeholders.

In Brazil, with the aim of providing a better service for customers, Coelce and Ampla have plans to improve the main satisfaction indicators.

In Peru, work continued in 2014 on the regional survey, whose target is to know customers' opinions about power supply, billing, collection, information and communication, service and image. From these data, the Perceived Quality Satisfaction Indicator is obtained.

In July 2014, the Chilectra Contigo project was launched, with the aim of broadcasting the Company's service channels, generating a feeling of closeness towards customers, and promoting the Company's image. Besides, with the aim of improving customer service, an accreditation and/or endorsement process of the skills and competencies of Contact Centre face-to-face personnel was carried out. In 2014, Chilectra also made improvements in Contact Centre incoming call channels. Chilectra also proceeded with its system of customer satisfaction measurement and analysis, implemented

throughout the year, which enabled the monitoring of customers' opinions regarding our management and to undertake the corresponding action in the various processes.

In Colombia, the Perceived Quality System assesses customer satisfaction with the products and services marketed.

## CUSTOMER SATISFACTION INDEX

	2011	2012	2013	2014
Spain	6.41	6.57	6.88	6.61
Argentina*	7.15	7.15	n/a	4.87
Chile*	7.3	6.76	7.24	7.87
Brazil*	8.2	7.65	7.8	7.1
Peru*	7.9	6.4	6.52	6.96
Colombia*	8.2	7.6	8.6	8.3

Minimum = 1; Maximum = 10

\* Data prior to the divestment in Latin America of October 2014.

## NUMBER OF COMPLAINTS RECEIVED PER REGULATED AND DEREGULATED MARKET (THOUSANDS)

	2012	2013	2014	% variation 2014-2013**
Spain	51.59	33.69	25.05	-25.64
Argentina*	6.7	9.32	8.3	n/a
Brazil*	2,956.80***	2,337.42***	1,827.90***	n/a
Chile*	17.7	16.50	13.93	n/a
Colombia*	44.61	38.45	26.37	n/a
Peru*	4.6	5.65	6.44	n/a

\* Data prior to the divestment in Latin America of October 2014.

\*\* In Latin American countries, calculation of the variation with regard to the previous year is not applicable, as we are speaking of different report periods.

\*\*\* La diferencia de entidad en los valores se debe a un cambio de criterio de contabilización del órgano regulador de Brasil (Aneel).

## 4. ENDESA's efficient products and services

### 4.1. Spain and Portugal

In 2014, ENDESA continued to consolidate its portfolio of Value Added Products and Services (VAPS), progressing in new business models and sales channels. This enables it to sell customers (households, small enterprises and medium and large companies) a series of products and services that contribute to their sustainability, offering cost savings, reducing emissions, and offering improvements in operational and/or energy efficiency.

Regarding the development of new business models, in the sphere of medium and large companies, ENDESA has consolidated its position as an Energy Service Company (ESCO), inviting its customers to invest in the improvement of their installations and to participate in their integral management. This enables customers to save on their energy bills, through which they can offset the costs of the improvements executed by ENDESA on their installations.

Among the projects sold under the ESCO umbrella during 2014, of particular significance is the granting of the energy management contract for the Paradores hotel chain for the next six years, with a minimum guaranteed yearly saving of 17.5% on their invoices, the equivalent of over 15.4 million euros. Additionally, with the measures foreseen for illumination and air conditioning, yearly CO<sub>2</sub> emissions will be cut by 7,361 tonnes, equivalent to an annual increase of 162,600 rooms reserved, or the energy consumed by over 2,500 homes in a year.

Another project of note is the granting of the integral energy management contract for the heating and refrigeration facilities of the central Madrid Meat Market for the next ten years. This agreement will enable the largest meat distribution centre in the country to reduce its energy bills by 28%, equivalent to 600,000 euros per year.

Throughout 2014, ENDESA consolidated its End-to-End Solutions product portfolio for homes. By means of the "End-to-End Solutions" concept, ENDESA provides small consumers with the option of paying for energy-efficient

equipment for their home in easy instalments (boilers, heaters, water heaters, air conditioning equipment...) with an associated preventive and/or corrective maintenance service and with ENDESA's maximum guarantees during the term of the contract. This business model, a first in Spain in 2013, has now been put into practice in other Spanish utilities in 2014.

On the other hand, at the close of 2014, there were 129 customers consuming their own power.

Some of the products and services (VAPS) marketed by ENDESA participate directly in combating climate change, furthering a reduction in customers' emissions. These products and services have enabled the Company to generate an additional income of 19.6 million euros in 2014.

### 4.2. Latin America

In Argentina, the use of efficient technology is encouraged for home and business use in electrical appliances and lighting, with the dissemination and sale of energy-efficient products, entering into agreements with A-brand manufacturers concerned with energy efficiency. Within this framework, compact fluorescent lamps were marketed at sales outlets and the sale of LED lighting projects and other products sharing this technology was promoted. Likewise, an efficient model of electric heater, packed with innovative characteristics, was also launched.

The "By Your Side" programme in Colombia developed different strategies to contact customers in different locations and of different social levels to raise awareness concerning the efficient use of energy.

Chilectra, in turn, showed its leadership in the marketing of energy-efficient solutions and non-conventional renewable energy with the pro-efficiency "Full Electric" and "Solar Electric" projects, which continued to consolidate themselves in the market.

In Peru, progress was also made in activities such as LV reactive power compensation and the installation of measuring hubs in construction projects, which enable considerable energy savings.

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#### FIRST LOW-VOLTAGE DISTRIBUTED GENERATION CUSTOMER CONNECTED TO AMPLA

After complying with the established formalities, the bidirectional meter connected to the distribution company was installed. It is hoped that in the near future, distributed generation will spread throughout the concession area.



### 4.3. Raising customer awareness of efficient energy use

#### 4.3.1. Spain and Portugal

ENDESA continuously runs communication campaigns to raise awareness about the efficient use of energy. The following are of particular note:

- **Twenergy.** This has become the most important online community worldwide for sustainability and energy efficiency. Launched in 2009, it received approximately 3 million visits in 2014 (22% more than the previous year), it has over 46,260 registered website users and over 88,000 followers on social networks (primarily Facebook and Twitter). Twenergy is based on a website and its own profiles on the main social networks: Facebook, Twitter, YouTube, Vimeo and Flickr.

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Twenergy is the most important online community worldwide for sustainability and energy efficiency. In 2014 it received over 3 million visits.

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- **Advice on bills.** A space is reserved on the back of the bill to give advice to customers on how to save energy and protect their electrical installations.
- **Specific communications** to customers during the first year of their contract:
  - The Gas Guide, an informative leaflet on the safe use of gas.
- **Participation in forums and platforms** in Spain and internationally which are most active in raising awareness of energy efficiency and transmitting information on the same. “The Companies for Energy Efficiency Platform”, promoted by ENDESA in 2011, with the participation of front-line companies from a variety of sectors, aims to join

forces to achieve greater energy efficiency by promoting more sustainable environmental behaviour. To this end, it promotes cooperation in many efficient lighting and air-conditioning initiatives, the use of alternative energy sources in production processes, the modernisation of equipment and the optimisation of processes. In this way, it has achieved savings of 2 million tonnes of CO<sub>2</sub>, equivalent to the emissions of 400,000 average Spanish families each year. The energy savings achieved represent 200% of the commitment undertaken by the platform for the 2011-2013 period.

- **Energy-saving advice** on [www.endesaonline.com](http://www.endesaonline.com).

#### 4.3.2. Latin America

In Argentina, a course was given on “Service executive training on efficient lighting with LED technology”. The website also gave useful tips on efficient power use, and provided sites of interest such as Twenergy, ENDESA’s portal devoted to energy efficiency and responsible power consumption.

Energy efficiency-related activities in Brazil were aimed at the social and environmental consolidation of the communities supplied by the distributors Ampla and Coelce. The activities undertaken were categorised as educational, environmental, and for the improvement of the energy efficiency of equipment. In this regard, many users benefited from the replacement of incandescent bulbs by fluorescent lights and the exchange of outdated refrigerators for more efficient models.

In Colombia, media campaigns on the efficient use of energy were conducted. In the same vein, information on this subject is included permanently on the bills. Other energy efficiency initiatives in the customer culture area include courses given in the mobile customers’ advice office in locations lacking a Codensa service centre. Outreach programmes were carried out, such as “With You in Your District”, with door-to-door visits to offer advice to customers; “With You in Your Business”, directed toward small businesses; “With You in Your Community”, directed toward customers in residential complexes; and “With You in Shopping Malls”. The “Energy Watchers” programme continued; this trains and qualifies boys and girls as promoters and facilitators in the informative processes concerning the efficient use of electric energy.

In Chile, continuing with their policy of Energy Efficiency, information and awareness initiatives were put into practice by Chilectra, both internally and directed toward the general public.

In Peru, the safety talks, which started in 2011, continued to be given, with the target of training the population in general, and electrical sector workers in particular, in avoiding electrical accidents. This initiative was redirected in 2014 to generate a greater impact on domestic customers; and talks were given in State schools, particularly for secondary level pupils, preparing them in the prevention of domestic electrical accidents, and the action to be taken in the event of their occurrence.

**For further information, see the chapter on Strengthening ties with local communities, sections 4.3. Education and Training Projects in Spain and Portugal, and 5.3. Education and Training Projects in Latin America.**



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

All of ENDESA's electrical installations comply with the personal safety requirements stipulated by current legislation and regulations.

Installations connected to HV/HV and HV/MV substations feature safety devices to isolate any defects that may arise. MV lines are equipped with intermediate 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 they are remotely monitored. MV/LV transformer centres and LV lines have similar safety measures.

Regarding grid supply connections, the connection facilities also feature their own protection, in accordance with current legislation.

With regard to population health, ENDESA, shares the concern with all other electrical sector operators and with society in general about the potential effect that electromagnetic fields and the noise generated by their facilities may cause. To this end, technical measures are taken for their verification and, where applicable, adaptation, ensuring that the operation has no negative effects on population health.

ENDESA is also permanently updated with the latest studies conducted on this subject, and participates actively in forums for the electrical sector, contributing with our knowledge and initiatives (be they technical, constructive or operational) in the prevention of related health risks.

In Argentina, with regard to exposure of employees and general public, sample measurements are performed at different points of the Company's installations, in-house and in public places, in order to verify compliance with standards, any deviations found are corrected.

In Chile, Sound Pressure Levels were monitored at the most sensitive points and areas of influence of various electric substations.

In Brazil, public safety measures are considered in the preparation of energy projects, in research and development, in the development of product or service concepts and in power distribution, generation and use, as well as in certifications and the use of marketing and advertising. 75% of significant products and services were assessed for improvement in matters concerning their impact on health and safety.

In Peru, the same parameter was assessed for 100% of significant products and services.



Works in distribution line



# People

Commitment  
to diversity and talent  
development

ENDESA's personnel make up the Company's most fundamental asset. For this reason, its development and safety are a strategic priority in our endeavour to achieve the highest levels of excellence in management.

ENDESA intends to become an Employer Brand, characterised by providing the best working conditions and forming an environment where diversity is encouraged, equal employment opportunities are guaranteed, and the reconciliation of personal and professional life is facilitated, establishing itself, all things considered, as one of the best companies to work for and thus occupying a privileged position to attract the best talent.

**10,500**

people in the  
workforce  
in Spain and  
Portugal

**408,700**

training  
hours in Spain  
and Portugal

**29.86%**

women  
hired in 2014  
in Spain and  
Portugal

A drop in the  
accident rate  
in Spain: of  
27.28% in the  
severity rate and  
of 24.43% in  
the combined  
frequency  
rate



PRIORITY ISSUES – 2014 MATERIALITY STUDY	ENDESA'S RESPONSE IN THE SUSTAINABILITY REPORT
Promoting a culture of safety among employees and contractors.	See chapter on People 2. ENDESA, a safe and healthy workplace
Management and monitoring the safety of employees and contractors.	See chapter on People 2. ENDESA, a safe and healthy workplace
Management of health and well-being.	See chapter on People 2. ENDESA, a safe and healthy workplace
Workplace Environment: Working methods, internal information flow, decision-making processes, resources and equipment, style of management, job stability, and corporate environment.	See chapter on People 3.2. Workplace environment
Promoting gender diversity.	See chapter on People 3.1.1. ENDESA's commitment to equality
Performance and capability assessment.	See chapter on People 4. Leadership and personal development
Recognition and meritocracy.	See chapter on People 4. Leadership and personal development
Reconciliation of professional, family and personal life.	See chapter on People 3.1.2. Striking a work-life balance

CHALLENGES IN 2014	ACTION TAKEN
Safe Organisation: Preserving and strengthening our Safety Culture.	A total of 122,326 hours of occupational health and safety training were given to our own personnel. Moreover, "Cleaning Day" and "Contractor's Day" safety courses were given to office workers and contractors in 2014. Different action plans against specific types of accidents were put into effect, such as Tree Lopping accident Action Plan and the launching of the Action Plan against Entrapment and Falling Objects. R&D&i was also implemented in PPEs (Personal Protective Equipment): ladders with standardised stabilisers for Endesa's work. As a result, ENDESA's accident rate indicator has fallen by 14.9%.
ONE SAFETY project: Preserving and expanding the project.	The project has been consolidated, covering over 25% of the mid-range workforce with One Safety observers, and putting into effect over 50% of the pending improvements derived from the observations. Around 100 contractor companies joined the One Safety project in 2014.
Health Organisation: Promoting a vision of Health as a satisfactory state of physical and mental well-being.	In November, the "Focus on Health and Safety" week was held throughout the Enel Group. A number of activities were carried out, with the close collaboration of the various areas. A total of 79,930 medical check-ups were performed on ENDESA's employees, with the aim of positively influencing their health care and prevention.
To continue to drive the implementation of action plans derived from the 2012 Workplace Environment Survey. To launch the Workplace Environment Probe, to update said plans.	In the first weeks of May 2014, the Enel Group's Workplace Environment and Safety Probe was launched. The aspects showing room for improvement in the 2012 Workplace Environment and Safety Survey were followed up.
To implement the Gender Diversity Action Plan in Spain and Latin America.	In 2014, progress continued to be made in gender diversity issues, taking equal opportunities and meritocracy as a starting point for the Plan's execution. The improvements achieved serve as a basis for further progress.
To implement the new Technical Skills Evaluation system (Global Professional System).	The review and unification of all technical skills associated with each position throughout the Group was completed. The technical profession-related development pathways have been set out.
To implement the new Enel Group Leadership Model.	The general principles of the new Leadership Model have been defined, simplifying the model in force and concentrating on questions that managers should ask themselves about the conduct defined for all of Enel's employees.
To promote personal mobility and employability.	ENDESA promotes international mobility, with personal development and multi-cultural integration in mind. The Company offers its employees development tools to enable them to reinforce the skills that will help them to carry out their work more effectively and also improve their employability.
To renew the global Family Responsible Company certification.	In 2014, ENDESA obtained the global Family Responsible Company certification, granted by the MasFamilia Foundation. This achievement put ENDESA in an exclusive position of reference in this field.



KEY FIGURES 2011 - 2014				
	2011	2012	2013**	2014
Employees	22,877	22,807	22,995	10,500 (Iberia)*
New hires	1,811	1,353	1,370	1,321 290 (Iberia)
Training hours	1,091,304	985,789	965,565	734,041*** 408,700 (Iberia)
% female employees	20.8%	21.2%	21.1%	21.5% (Iberia)*
% workforce with permanent contract	98.4%	97.06%	97.5%	97.15% (Iberia)*
Combined injury rate	3.80	2.95	2.47	2.08 1.64 (Iberia)
Combined severity rate	0.13	0.12	0.10	0.07 0.08 (Iberia)

\* Data at the close of 31st December only relate to Spain and Portugal. Workforce size in Latin American countries only available on 31st December.

\*\* Data excluding jointly-controlled entities.

\*\*\* Excluding Brazil.

CHALLENGES FOR 2015
To strengthen ENDESA's position as an "Employer Brand".
To promote personal mobility and employability.
To contribute to the development of ENDESA's personnel, the Company's main asset.
To establish the Gender Diversity Action Plan and to comply with the Ministry of Healthcare, Social Services and Equality in the commitments undertaken.
To establish the Enel Group's personnel management tools.
Awareness and Operative Excellence.
1. Boosting activities for the maintenance of our Safety Culture.
2. Promotion of the use of Personal Protective Equipment.
Health and well-being.
1. Constant health monitoring.
2. Encouragement of healthy habits.
One Safety project. Maintenance and readjustment to the new organisation.
1. Better guidance by Business Areas.
2. To fulfil indicators for 2015.

# 1. ENDESA's workforce

On 31<sup>st</sup> December 2014, ENDESA had a total of 10,500 employees, 10,490 of these in Spain and 10 in Portugal. During 2014, an important event occurred: the divestment of the assets in Latin America.

During 2014, 290 new hires were made in Spain and Portugal, and 818 contracts were terminated in the same area. ENDESA's workforce in Spain and Portugal fell by 4.17% compared with 2013.

10,500 employees and 290 new hires in Spain and Portugal in 2014

## ENDESA'S WORKFORCE AT 31ST DECEMBER

	2012	2013**	2014
Spain and Portugal	11,535	10,957	10,500
Latin America	11,270	11,584	0*
Other countries	2	0	0
<b>Total</b>	<b>22,807</b>	<b>22,541</b>	<b>10,500</b>

\* The size of the workforce in Latin American countries at 31st December is not available, due to the sale of these assets in October.

\*\* Data from 2013 unified without including jointly-controlled entities.

## AVERAGE WORKFORCE BY LOCATION

	2012	2013**	2014	% Variation 2014/2013
Spain and Portugal	11,698	11,127	10,776	-3.15%
Latin America	11,211	11,311	9,397*	-16.92%
Other countries	87	0	0	-
<b>Total</b>	<b>22,995</b>	<b>22,438</b>	<b>20,173</b>	<b>-10.1%</b>

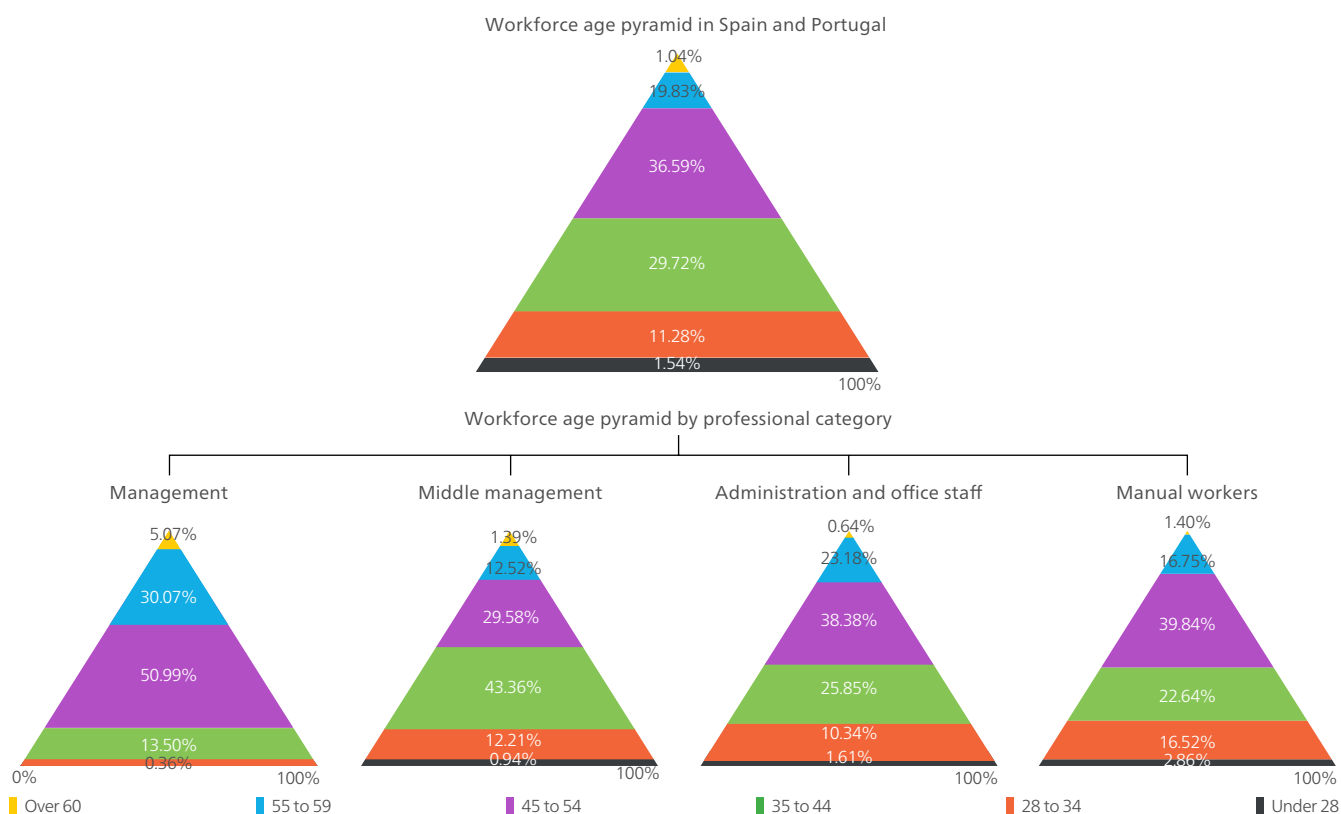
\* Data correspond to 31st December.

\*\* Data from 2013 unified without including jointly-controlled entities.

Data portraying ENDESA's workforce as a whole are shown below:

The processing of these data by age groups reveals that the majority of employees (66,31%) in Spain and Portugal fall within the 35-54 years of age interval. The average age of our workforce in Spain and Portugal is 45.6 years (43.9 years if we consider Spain, Portugal and Latin America).

97.15% of contracts are of a permanent nature in Spain and Portugal, the total number of these being 10,201 contracts. There are 299 temporary contracts.

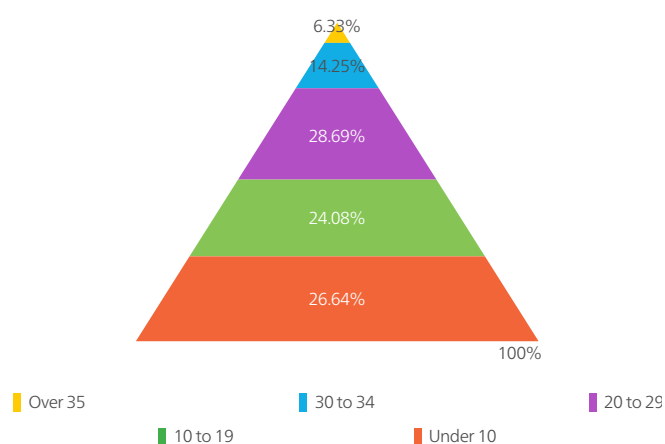


97.15% of the workforce has a permanent contract

The average employee in Spain and Portugal stays with the Company for 19 years. It is of particular note that over 73% of employees have worked for us for over 10 years.

Regarding the length of the working day, the great majority of the workforce works full-time. 10,492 employees have full-time contracts and 8 work part-time.

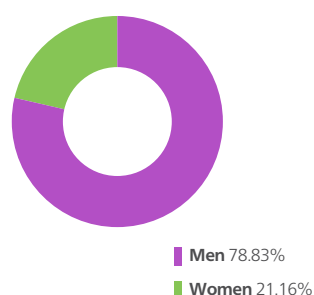
#### YEARS SPENT AT THE COMPANY IN SPAIN AND PORTUGAL



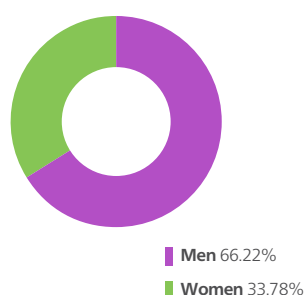
#### EMPLOYEES BY TYPE OF WORK

Content	Spain	
Full-time	2013	15,492
	2014	14,923
Part-time	2013	2,127
	2014	1,774
<b>Total</b>	<b>2014</b>	<b>16,696</b>

#### Permanent hires by gender in Spain and Portugal

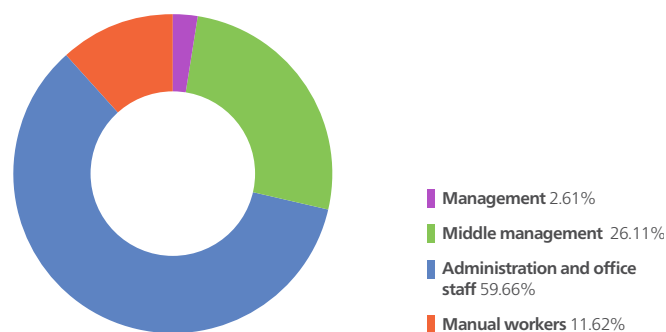


#### Temporary hires by gender in Spain and Portugal

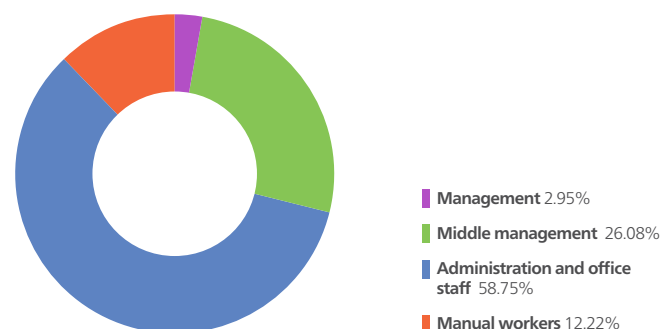


With regard to the makeup of the workforce by professional category, 59.66% are administrative and office staff, followed by middle management (26.11%), manual workers (11.62%) and management (2.61%).

#### WORKFORCE DISTRIBUTION IN SPAIN AND PORTUGAL BY PROFESSIONAL CATEGORY

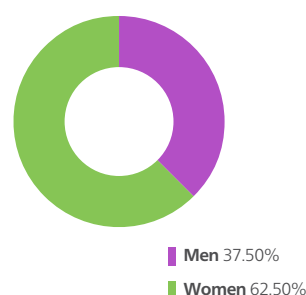


#### AVERAGE WORKFORCE DISTRIBUTION IN SPAIN AND PORTUGAL BY PROFESSIONAL CATEGORY

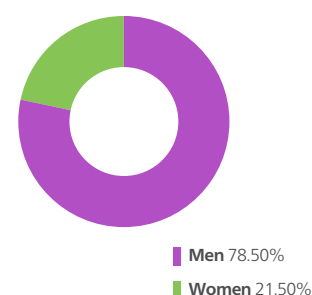


Regarding distribution by gender, the workforce is made up of 78.5% men and 21.5% women.

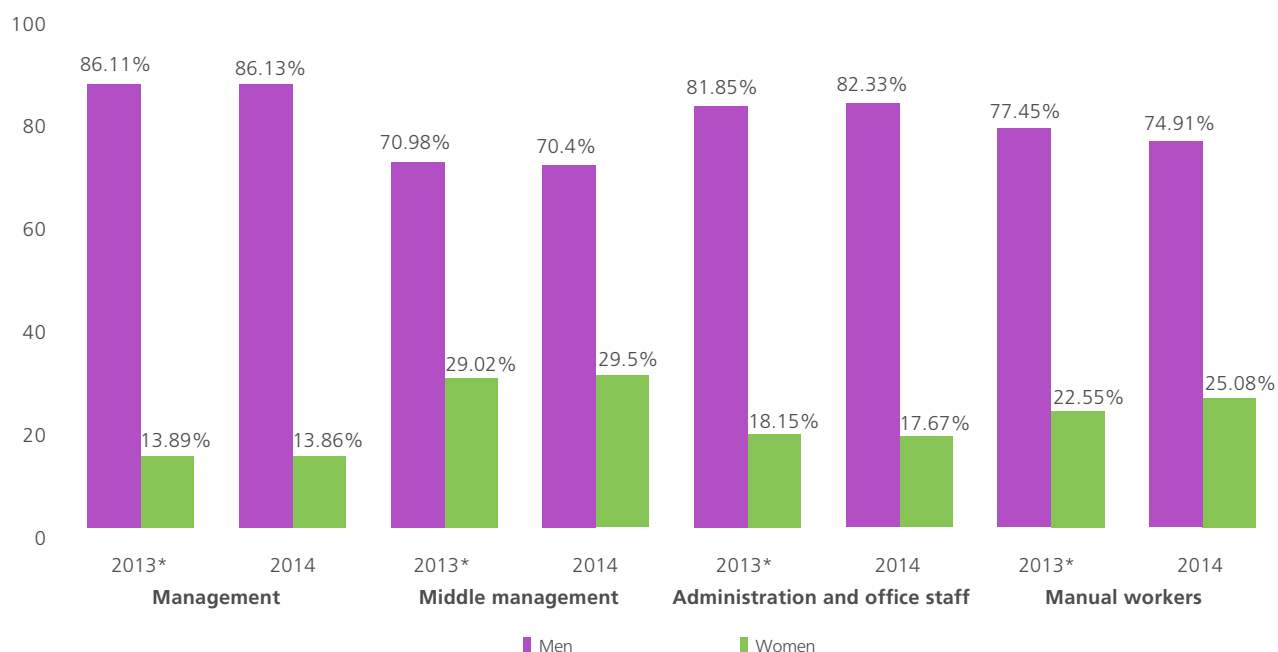
#### Part-time hires by gender in Spain and Portugal



#### Full-time hires by gender in Spain and Portugal



## BREAKDOWN OF WORKFORCE IN SPAIN AND PORTUGAL BY GENDER\*



\* Data from 2013 unified without including jointly-controlled entities.

## BREAKDOWN OF WORKFORCE IN SPAIN AND PORTUGAL

Number of women	2012	2,443
	2013*	2,350
	2014	2,261
Number of men	2012	9,092
	2013*	8,608
	2014	8,239
Total number of employees	2012	11,535
	2013*	10,958
	2014	10,500

\* Data from 2013 unified without including jointly-controlled entities.

## EMPLOYEES IN SPAIN ELIGIBLE FOR RETIREMENT IN THE COMING YEARS, BY PROFESSIONAL CATEGORY (%)

	Jubilación próximos 5 años	Jubilación próximos 10 años
Management	5.1	35.4
Middle management	1.4	14
Administration and office staff	0.6	24
Manual workers	1.4	18.2
<b>Total</b>	<b>1.0</b>	<b>20.8</b>

During 2014, a total of 117 people were awarded an internship or scholarship at ENDESA in Spain.

Through contractor companies, 21,649 people on average worked for ENDESA in Spain each month, and up to 31<sup>st</sup> October 2014, 2,800 in Argentina, 7,004 in Chile, 12,377 in Brazil, 6,062 in Peru and 16,081 in Colombia.

In Spain, 89.38% of contractors held full-time contracts, and 10.62% held part-time contracts.

In this regard, a new initiative concerning the management of contractor companies was designed in 2014, called the "Contractor-Client Relations Plan". The aim of this plan is to achieve a closer relationship and a greater commitment of all participants in outsourced activity management. These participants are people from the General Purchasing department, the different Business areas, the Joint Prevention Service, the Contractor Monitoring Unit, and naturally from the contractor companies themselves. The success of these meetings is founded on the creation of a common area between contractor companies and ENDESA, to enable the sharing of the most relevant aspects of our works and services contracting

policy (legal and preventive aspects) and to encourage a constant improvement in coordination. These meetings contribute to the elimination or minimisation of risks and favour the execution of contracted works under conditions of maximum safety and legality. The Plan is carried out in two ways: the first by in-situ meetings with the various contractor companies which operate with ENDESA's territorial Business Units, and the second by individualised meetings with global contractor companies which operate in different territories and businesses.

On the other hand, the awareness courses on contractor company management have continued, and the Good Practices Guidelines drawn up in 2013 continue to be shared among the staff. The most relevant aims of this training are ENDESA's corporate social responsibility in its relationship with contractor companies, and the requirement that all contractor company employees have access to the same levels of prevention and protection as our own staff (as stipulated in ENDESA's current Framework Agreement).

## 2. ENDESA: a safe and healthy workplace

For ENDESA, as part of the Enel Group, Safety is understood to mean "zero accidents", and Health to mean personal well-being. The Company is fully aware that both objectives are a standard which cannot be renounced and should be within the reach of all persons who work for the Company.

ENDESA's OHS activities make no distinction between the Company's own personnel and employees of its collaborators.

The Group's adoption of the **One Safety** project for Health and Safety has two key areas:

- The consolidation of a leadership model in safe conduct, and
- The application, in adherence to a "no blame culture", of a single, global system of observation of conduct in the workplace.

Moreover, the 5+1 Global Improvement Areas Plan, a set of long-term strategic initiatives directed toward a radical improvement of Occupational Health and Safety, remains in place.

This scheme is being led by ENDESA's senior management and is structured around six working groups, with prevention services playing a coordination and integration role.

The main initiatives carried out by ENDESA within the framework of this plan in 2014 were based on specific accident prevention action plans, maintaining and forging new bonds with collaborating companies and developing action plans for contractor companies with high accident rates.

Additionally, safety has been stepped up in Company and contractors' offices through initiatives such as Cleaning Day and Safety Contractors Day respectively, and large-scale events have been held throughout ENDESA, such as the World Day for Safety and Health at Work and the Enel Group's International Health and Safety Week.

Lastly, the Company continues to develop OHS initiatives through its 2011-2015 Safety Plan, which forms an integral part of Enel's Health and Safety strategy.



## 2.1. Common occupational health and safety management

The Delfos tool, designed by ENDESA, addresses all Occupational Health and Safety processes, accident management, medical check-ups, safety inspections, risk assessment, preventive planning, etc.

The main objective of Delfos is to provide Group companies and businesses with an efficient OHS management tool, to collate information and to aid the development of a common culture to handle OHS issues while taking local considerations into account. This system is established in all countries where ENDESA is present (Spain, Argentina, Brazil, Chile, Colombia and Peru).

93% of ENDESA's employees work in OHSAS 18001 certified work centres

The Delfos Mobile application enables the performance of onsite safety inspections while relaying all data (photos, texts, geographic coordinates, etc.) in real time to the Delfos system and all persons involved in the process.

Approximately 93% of ENDESA's workforce in Spain and Portugal (9,753 employees) work in OHSAS 18001 certified workplaces.

### NUMBER OF EMPLOYEES WORKING IN OHSAS ENVIRONMENTS

Countries	Number of persons
Spain	9,753
Argentina*	1,102
Brazil*	2,172
Chile*	1,825
Colombia*	1658
Peru*	932

\* Data prior to the divestment in Latin America of October 2014.

## 2.2. Occupational risk prevention, training and inspections

In 2014, ENDESA gave a total of 122,326 hours of occupational health and safety training to its own employees in Spain and Portugal.

In 2014, ENDESA gave 122,326 hours of occupational health and safety training to its own employees in Spain and Portugal.

During the year, Occupational Health and Safety performed 189,429 safety inspections on works and/or projects carried out by both the Company's own and contractors' employees, which had a significant impact on reducing the number of work-related accidents. This represents a 15% increase in the number of inspections compared with 2013.

Enel Brazil instated two new initiatives in 2014:

- A training project for Operation Leads (Team Leads and Supervisors) aimed at developing leadership skills, with special attention to occupational health and safety.
- The second stage in the occupational health and safety culture programme "New Waves in the Art of Living". Besides the focus on safety, new points were included:
  - Encouraging a more cordial customer service, with more respect, ethics, safety and greater appreciation.
  - Concentrating on excellence in customer service, bearing in mind the importance of this activity, and complying with safety procedures.

The One Safety project was also consolidated during 2014. Over 25% of the Average Workforce is now covered by One Safety observers, over 50% of the pending improvements derived from the observations have been put into effect, and nearly 100 contractor companies joined the One Safety project in 2014.

## 2.3. Promoting a culture of occupational health and safety

For ENDESA, employee safety and well-being are of paramount importance.

The Company promotes initiatives to help reduce the number of accidents and develop a culture of workplace health and safety, mainly through its One Safety programme and various activities carried out by the medical services.

The One Safety programme is a decisive step towards reaching the “Zero Accidents” target and promotes the incorporation of healthy and safe behaviour into people’s lifestyles.

The entire Enel Group held the “Focus on Health and Safety” week in November 2014. Of particular note in Spain were the activities carried out hand-in-hand with business areas and staff, Occupational Health and Safety management and our main contractors. Some of the subjects tackled were: Health and Well-being, First Aid, OHS training, Safety walks, Emergency Drills, Safe Behaviour, Awareness workshops, Committees and ORP work groups, etc.

Additionally, 2014 saw the start-up of different action plans concerning specific activities such as:

- Tree Lopping accident Action Plan (workshops with contractors, promoting pre-work meetings, follow-up of results of inspections).
- Action Plan against Entrapment and Falling Objects (an increase in the number of inspections and coordination of activities).
- Action Plans for contractor companies with high accident rates, under the supervision of Occupational Health and Safety management, and follow-up of the results.

ENDESA promoted, developed and implemented the following initiatives in R&D&I regarding protective equipment:

- Ladders with lateral stabilisers for specific works on posts and façades where a certified standard lifeline may be attached.
- The grounding clamp, an item which guarantees the effective implantation of grounding, has been included in ENDESA’s “Protective Equipment” catalogue.

Finally, ENDESA carried out a communication campaign to boost knowledge of occupational health and safety standards and policy.

A total of 79,930 medical check-ups were performed on ENDESA’s employees to improve their health and prevent risks.

### NUMBER OF MEDICAL EXAMINATIONS AND CHECK-UPS, 2014

Spain	60,279
Argentina*	10,686
Brazil*	2,700
Chile*	896
Colombia*	4,321
Peru*	1,048

\* Data prior to the divestment in Latin America of October 2014.

## 2.4. Occupational Health and Safety Committees

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

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

- The Commission for Participation in Preventive Activities Management Planning and Control.
- Occupational Health and Safety Committees by Territory or Self-governed Community.
- Occupational Health and Safety Committees by Province or Locality.

- Singular Building Occupational Health and Safety Committees.
- Thermal Power Plant Occupational Health and Safety Committees.
- Mining Occupational Health and Safety Committees.

The organisation, structure and operation of these bodies are detailed in ENDESA's Fourth Framework Collective Agreement.

All of the Company's employees are represented on formal OHS committees. Within the ENDESA Group, workers are consulted on and involved in OHS issues through their Occupational Risk Prevention Delegates in the following bodies:

- Joint Hygiene and Safety Committees.
- Safety Management Committees.
- Safety groups.
- Management Committee.
- Deputy Managers' Committee.

In the Distribution business in Argentina, 65 Safety Committee Meetings were held up to 31<sup>st</sup> October 2014 with technical and commercial departments in different areas of the Company.

Moreover, 6 Safety Meetings were held with the General Manager and with company senior executives.

At least one monthly meeting with the representatives of the Union Commission for Hygiene and Safety was held to discuss safety issues. Though there is no legislation covering these meetings, the duties and scope of this Commission are detailed in Article 20 of the Workers' Collective Agreement.

Combined Health and Safety Committees have existed at the power plants in Argentina for over 20 years, their function being compliance with the stipulations of the legislation of the country, meeting every month from March to December each year. They are formed by representatives of the workers in each sector, Company representatives and members

of the OHS team as permanent advisors. These committees deal with issues submitted by the workers, and the progress made in each item submitted appears in the minutes. The decisions made by each committee are transmitted to all levels of the organisation. Depending on the issue dealt with, non-permanent guests may take part in the committee meeting.

In Chile, 100% of Chilectra's workers were represented in at least one of the company's Joint Hygiene and Safety Committees, whose main objective is to promote a joint board of workforce and Company to analyse and implement plans and action for improvement in these issues. Thus, their efforts in the field of training, communication and accident research and prevention are in perfect harmony with the Company's Zero Accidents target.

Hand-in-hand with the operation of the Joint Hygiene and Safety Committees, as required by the corresponding legislation, other groups of similar characteristics have been established in Chilectra to support the work in this sphere:

- Management committee: this committee analyses OHS-related issues monthly and proposes action plans. It is formed by the Company's General Manager, the Managers of the lines of business and the respective Deputy Managers.
- Deputy Managers' committee: its function is to put into effect the decisions made by the Management committee, to implement the commitments undertaken in their corporate areas.

In Peru, the following committees have been established: the OHS Executive Committee (fortnightly, with the participation of all of Endesa Peru's management), the Contractors' Monthly Committee, the Conference-Call Safety Committee (with fortnightly cascade transmission to Endesa personnel and contractors), the Joint Committee (held monthly between representatives of the Company and of Endesa Peru's workforce, and of a legally binding nature) and the Committee for the Technical and Commercial Management of Distribution (with the participation of personnel in charge of the lines, contractor company executives and OHS officers).

In the field of power generation in Peru, the following OHS committees operate:

- The Joint committee.
- The Contractors' committee.
- The Thermal power station subcommittee.
- The Hydraulic power station subcommittee.

In Brazil, the Company has several safety committees:

- The Endesa Brazil executive committee.
- The Brazil Distribution committee.
- The OHS Management committee.
- The Technical Management committee.
- The Commercial Management committee.
- The HR committee, P&C.

- Endesa Brazil, Distribution Brazil and Generation Brazil results assembly.

- Monthly contractors' meeting.

In Colombia, Codensa has a corporate Occupational Health and Safety Peer Committee (COPASST), in accordance with Resolution 2013 of 1986, Codensa Decree 1295. Due to the size of the workforce, this must consist of 8 members, of whom 4 are selected by the employer and 4 by the workers, each with a substitute. In the power generation plants (EMGESA), up to October 2014, a total of 10 COPASO (Occupational Health Peer Committee meetings) were held. There are also 6 Sub-COPASOs, each of which met monthly during 2014.

## 2.5. Lower accident rates

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

	No. of workplace accidents (1)		Injury frequency rate (2)		Severity rate (3)	
	2014	2013**	2014	2013**	2014	2013**
<b>Spain</b>	<b>82.2</b>	<b>112.4</b>	<b>1.64</b>	<b>2.17</b>	<b>0.08</b>	<b>0.11</b>
Endesa employees	10.6	7.9	0.60	0.43	0.04	0.02
Contractor workers	71.7	104.5	2.20	3.11	0.11	0.15
<b>Argentina*</b>	<b>71.0</b>	<b>67.0</b>	<b>4.15</b>	<b>3.69</b>	<b>0.16</b>	<b>0.22</b>
Endesa employees	40.0	35.0	5.61	4.76	0.17	0.27
Contractor workers	31.0	32.0	3.11	2.96	0.16	0.19
<b>Brazil*</b>	<b>38.0</b>	<b>45.0</b>	<b>1.26</b>	<b>1.30</b>	<b>0.09</b>	<b>0.10</b>
Endesa employees	1.0	2.0	0.22	0.37	0.00	0.01
Contractor workers	37.0	43.0	1.44	1.47	0.10	0.12
<b>Chile*</b>	<b>46.0</b>	<b>63.0</b>	<b>2.70</b>	<b>3.35</b>	<b>0.07</b>	<b>0.10</b>
Endesa employees	3.0	4.0	0.64	0.74	0.01	0.01
Contractor workers	43.0	59.0	3.50	4.41	0.09	0.14
<b>Colombia*</b>	<b>88.0</b>	<b>127.0</b>	<b>2.56</b>	<b>3.32</b>	<b>0.02</b>	<b>0.05</b>
Endesa employees	0.0	1.0	0.00	0.30	0.00	0.01
Contractor workers	88.0	126.0	2.78	3.60	0.02	0.06
<b>Peru*</b>	<b>12.0</b>	<b>17.0</b>	<b>0.92</b>	<b>1.17</b>	<b>0.01</b>	<b>0.03</b>
Endesa employees	2.0	1.0	1.23	0.52	0.01	0.05
Contractor workers	10.0	16.0	0.87	1.27	0.02	0.03

\* Data prior to the divestment in Latin America of October 2014.

\*\* Data from 2013 unified without including jointly-controlled entities.

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

## 14.9% decline in ENDESA's accident rate in 2014

This trend continued in 2014.

- The **combined injury rate** in Spain (for Endesa employees and contractor staff) fell by 24.43% compared with the previous year (from 2.17 to 1.64).
- The **combined severity rate** in Spain fell by 27.28%, from 0.11 to 0.08.

### INJURY RATE (2) FOR COMPANY EMPLOYEES BY GENDER (1)

	2013**	2014
<b>Spain</b>	<b>0.43</b>	<b>0.60</b>
Men	0.53	0.75
Women	0.00	0.00
<b>Argentina*</b>	<b>4.76</b>	<b>5.61</b>
Men	5.38	6.43
Women	0.96	0.00
<b>Brazil*</b>	<b>0.37</b>	<b>0.22</b>
Men	0.24	0.00
Women	0.78	0.92
<b>Chile*</b>	<b>0.74</b>	<b>0.64</b>
Men	0.92	0.52
Women	0.00	1.13
<b>Colombia*</b>	<b>0.30</b>	<b>0.00</b>
Men	0.42	0.00
Women	0.00	0.00
<b>Peru*</b>	<b>0.52</b>	<b>1.23</b>
Men	0.69	1.64
Women	0.00	0.00

\* Data prior to the divestment in Latin America of October 2014.

\*\* Data from 2013 unified without including jointly-controlled entities.

(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.

The absenteeism rate in Spain increased by 16%, reaching 4,691 days lost.

### ENDESA EMPLOYEES ABSENTEEISM RATE (1) (A.R.(2))

	2012	2013**	2014
Spain	4,599	4,038	4,691
Argentina*	7,303	6,944	6,631
Brazil*	1,247	799	1,032
Chile*	2,606	1,879	3,418
Colombia*	1,767	1,896	2,136
Peru*	1,701	1,603	2,274

\* Data prior to the divestment in Latin America of October 2014.

\*\* Data from 2013 unified without including jointly-controlled entities.

(1) The days lost through absenteeism do not include vacations, public holidays, authorised family-related absences (maternity or 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 (equivalent to 50 working weeks of 40 hours each per 100 employees).

This Absenteeism Rate does not include jointly-controlled entities consolidated using the proportional consolidation method.

### DAYS LOST DURING THE YEAR DUE TO ABSENTEEISM OF ENDESA'S EMPLOYEES

	2012	2013**	2014
Spain	58,113	49,838	55,912
Argentina*	33,995	34,499	31,046
Brazil*	4,293	2,396	2,941
Chile*	7,496	6,444	8,963
Colombia*	3,269	2,329	3,543
Peru*	2,037	3,108	2,365

\* Data prior to the divestment in Latin America of October 2014.

\*\* Data from 2013 unified without including jointly-controlled entities.

- The total combined injury rate in Spain fell by 26.8%, reaching 82. The number of serious accidents also fell by 50%, to 2, and the number of minor accidents declined by 26.51%, to 78.2. There were two fatal accidents, the same as in 2013.

	Fatal accidents		Serious accidents		Minor accidents (1)	
	2014	2013**	2014	2013**	2014	2013**
<b>Spain</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>4</b>	<b>78.2</b>	<b>106.4</b>
Endesa employees	0	0	0	0	10.6	7.9
Contractor workers	2	2	2	4	67.7	98.5
<b>Argentina*</b>	<b>2</b>	<b>1</b>	<b>3</b>	<b>0</b>	<b>66.0</b>	<b>66.0</b>
Endesa employees	1	1	0	0	39.0	34.0
Contractor workers	1	0	3	0	27.0	32.0
<b>Brazil*</b>	<b>3</b>	<b>1</b>	<b>0</b>	<b>2</b>	<b>35.0</b>	<b>42.0</b>
Endesa employees	0	0	0	0	1.0	2.0
Contractor workers	3	1	0	2	34.0	40.0
<b>Chile*</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>4</b>	<b>43.0</b>	<b>58.0</b>
Endesa employees	0	0	0	0	3.0	4.0
Contractor workers	1	1	2	4	40.0	54.0
<b>Colombia*</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>86.0</b>	<b>125.0</b>
Endesa employees	0	0	0	0	0.0	1.0
Contractor workers	2	1	0	1	86.0	124.0
<b>Peru*</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>12.0</b>	<b>15.0</b>
Endesa employees	0	0	0	0	2.0	1.0
Contractor workersx	0	2	0	0	10.0	14.0

\* Data prior to the divestment in Latin America of October 2014.

\*\* Data from 2013 unified without including jointly-controlled entities.

(1) Includes accidents with sick leave of 2-30 days.

## NUMBER OF ACCIDENTS INVOLVING ENDESA PERSONNEL, BY GENDER

	Fatal accidents		Serious accidents		Minor accidents (1)	
	2014	2013**	2014	2013**	2014	2013**
<b>Spain</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10.6</b>	<b>7.9</b>
Men	0	0	0	0	10.6	7.9
Women	0	0	0	0	0.0	0.0
<b>Argentina*</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>39.0</b>	<b>34.0</b>
Men	1	1	0	0	39.0	33.0
Women	0	0	0	0	0.0	1.0
<b>Brazil*</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1.0</b>	<b>2.0</b>
Men	0	0	0	0	0.0	1.0
Women	0	0	0	0	1.0	1.0
<b>Chile*</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3.0</b>	<b>4.0</b>
Men	0	0	0	0	2.0	4.0
Women	0	0	0	0	1.0	0.0
<b>Colombia*</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>1.0</b>
Men	0	0	0	0	0.0	1.0
Women	0	0	0	0	0.0	0.0
<b>Peru*</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2.0</b>	<b>1.0</b>
Men	0	0	0	0	2.0	1.0
Women	0	0	0	0	0.0	0.0

\* Data prior to the divestment in Latin America of October 2014.

\*\* Data from 2013 unified without including jointly-controlled entities.

Only 2014 contractor personnel data are given, as 2013 contractor personnel data by gender are not available.

With regard to the Procedure for investigating an accident, Causal Analysis and according to type of accident, a policy exists to determine Accident Methodology.



Whenever an accident is investigated, the Analysis Committee must perform an analysis of the same using the methodology denominated "Cause Tree Analysis" in order to identify all the causes of the accident and to define actions centred on the improvement of the criticalities encountered.

#### NUMBER OF ACCIDENTS INVOLVING CONTRACTOR PERSONNEL, BY GENDER

	Number of fatal accidents 2014	Number of serious accidents 2014	Number of minor accidents 2014
<b>Spain</b>	<b>2</b>	<b>2</b>	<b>68</b>
Men	2	2	63
Women	0	0	5
<b>Argentina*</b>	<b>1</b>	<b>3</b>	<b>27</b>
Men	1	2	27
Women	0	1	0
<b>Brazil*</b>	<b>3</b>	<b>0</b>	<b>34</b>
Men	3	0	30
Women	0	0	4
<b>Chile*</b>	<b>1</b>	<b>2</b>	<b>40</b>
Men	1	2	35
Women	0	0	5
<b>Colombia*</b>	<b>2</b>	<b>0</b>	<b>86</b>
Men	2	0	82
Women	0	0	4
<b>Peru*</b>	<b>0</b>	<b>0</b>	<b>10</b>
Men	0	0	9
Women	0	0	1

\* Data prior to the divestment in Latin America of October 2014.

## 2.6. Recognition for our work

ENDESA's commitment to Occupational Health and Safety has been recognised through the following prizes and public awards:

- In 2014, Endesa Spain gained recognition as a runner-up in the 2014 Atlante Awards, granted by the Employment Development Department in the category "Entity for the Integration of Occupational Risk Prevention, Large Companies Category".

Regarding the section concerning the recognition of employees or contractor companies, in the north-west of Spain, an award was presented for excellence in prevention matters for good practices in safety and occupational risk prevention during the servicing of group 4 of the thermal power plant at As Pontes in 2014. The company Jofra, S.A. received recognition from ENDESA as the company scoring highest.

- In Chile, Chilectra gained recognition as being one of the 16 outstanding companies in the management of Occupational Health and Safety, the results of which are reflected in the reduction and systematic prevention of accidents at work. This recognition was granted by the Chilean Association of Safety among a total of 400 companies convened.

Moreover, the Chilean Safety Cooperative honoured Endesa Chile due to the low accident rate at one of its hydraulic power plants.

Chilectra and Endesa Chile also gave recognition to the health and safety officers of their contractor companies for their outstanding management and constant commitment in all Occupational Health and Safety issues.

- In Brazil, Ampla and Endesa Cien gained recognition in the 2014 edition of the Eloy Chaves award, sponsored by the Brazilian Association of Electric Companies (ABCE). The award is recognition to power companies which stand out as a result of their safety practices at the workplace.

Ampla achieved the first position among distributors with over 2,000 employees. Cien was distinguished in the production and transmission fields.

- In Colombia, Codensa was distinguished by the Road Safety Fund Corporation as one of the most innovative companies in the country in the implementation of measures for the prevention of road accidents and to boost a safety culture within the company.

This recognition was granted within the framework of the Highway Intelligence Ranking, an initiative to reward work on road safety by Colombian companies, in category B, with Codensa's "Co-driver" project.

This initiative consists of the installation of cameras in participating companies' operative vehicle fleets, which enable the monitoring of its employees' and contractors' activities to ensure compliance with required safety standards, and the assessment of highway conduct in cities and the implementation of solutions to improve the same.

According to the Road Safety Fund, Codensa achieved first place in its category as a result of the coherence, relevance, results and innovativeness of the project submitted.

### 3. Responsible people management at ENDESA

ENDESA aims to create a healthy, well-balanced working environment, where respect and personal consideration take priority; an environment that offers professional development opportunities based on merit and ability.



Enersis took first place among power utilities in the first Merco (Spanish acronym for "Business Monitor of Corporate Reputation") People report, which establishes a ranking of the 100 best companies to work for in Chile.



**ENDESA BRAZIL RANKS FIRST IN HR PRACTICES AMONG COMPANIES IN THE ELECTRICITY SECTOR IN THE BUSINESS YEARBOOK "ANUARIO EPOCA NEGOCIOS 360".**

Endesa Brazil participated for the first time in this investigation, which each year categorises the best companies in Brazil in six different categories of business management: financial performance, corporate governance, innovation, social and environmental responsibility, forward thinking and HR practices.

Among electric utilities, Endesa Brazil ranked 1st in HR practices, 2nd in social and environmental responsibility, and 3rd in innovation. In the ranking of power companies Endesa Brazil took 4th place, and in the overall ranking of the 250 best companies in Brazil the company reached position no. 32.

As part of the Senda Plan every year various initiatives are developed in each area of the programme:

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

The Senda Plan is integrated into the ENDESA Sustainability Plan. Advancement of this Plan is achieved by annual definition of common objectives for the entire Company. These objectives include monitoring indicators to measure the achievement of results.

# plan senda



To put this responsible management into force, ENDESA brings all corporate sustainability initiatives for people together in its Corporate Social Responsibility Plan for Human Resources, known as the Senda Plan. The aim of this plan is to progress in the area of HR management predicated on the integration of different groups, employee satisfaction, respect and development. In short, a more human, efficient and productive approach to talent management.

### 3.1. Employee satisfaction, one of our priorities

ENDESA strives to achieve the highest possible satisfaction of its employees by 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.

In 2014, activities were carried out in relation to those objectives. These activities included the analysis of the development of skills through volunteer work, in which more than 100 employees participated.

**For further information, see section 4.6 on *Corporate Volunteer work of the chapter on Strengthening ties with local communities*.**

#### 3.1.1. ENDESA's commitment to equality

ENDESA is firmly committed to the principles of gender equality and non-discrimination in the workplace. The aim is to be a company which respects and manages differences among its employees, guaranteeing equal treatment and opportunities.

We would point out that, as in previous years, in 2014 no incidents of discrimination occurred at the Company.

As in previous years, objectives were established in 2014 in relation to increasing the number of women hired to make the workforce more equal. In Spain, 29.86% of new hires were women.

In Spain, the number of women in executive and middle-management posts currently stands at 28.1% of total, representing an increase of 1.1% over the previous year. In total, female employees at ENDESA accounted for 21.5% of the workforce

In line with ENDESA's impetus and desire to advance in the field of gender diversity, ENDESA has signed an agreement with the Ministry of Health, Social Policy and Equality



#### ENDESA SUPPORTS THE CREATION OF THE "WOMEN EXPERTS PLATFORM"

ENDESA aims to be a company which respects and manages differences among its employees, guaranteeing equal treatment and opportunities. Diversity and equal opportunities is one of the aspects of ENDESA's Senda Plan, the social responsibility plan for its employees. For that reason, ENDESA supports initiatives such as the creation of the "Women Experts Platform", a project designed with the aim of increasing the presence of women in the media, increasing their visibility and improving their social perception; the project also has the most comprehensive, relevant and up-to-date database of the market.

The Women Experts Platform is a project led by WomenCEO and is promoted by major national associations and federations of female managers, entrepreneurs and professionals.

of Spain in order to promote and increase the presence of women in positions of responsibility.

Associated with this agreement comes the quantitative aim to increase the participation of women in junior and senior management positions and in management committees to 20%.

Pursuant to this agreement, ENDESA has made a commitment to the Ministry through 21 actions concerning selection, training, promotion, gender pay gap, work-life balance and communication.

In 2012, ENDESA signed up to the programme developed by Spain's Ministry of Health, Social Services and Equality called "Companies for a society free from gender-based violence". In 2014, the Company strengthened its pledge to help eradi-

cate gender-based violence and has offered full cooperation with the Ministry by launching awareness and prevention campaigns.



Negotiations on ENDESA's Fourth Collective Bargaining Agreement in Spain, published in the Spanish Official Gazette, were completed in late 2013; the agreement includes an Equity Plan containing Human Resources Policies that promote the implementation of the measures necessary to facilitate the incorporation of women into decision-making positions and posts with higher levels of responsibility. The Plan ensures the effective implementation of the principle of equal pay for work of equal value and, in particular, the absence of pay gaps based on gender.

The Plan also includes the possibility of adapting the working day through flexible working hours, temporary change of working hours, reduced working hours and leaves of absence to care for family members. It also contains specific measures for the protection of pregnancy and motherhood, and special measures to protect victims of domestic violence. As an aid in the care of children, the Plan provides for

agreements with nurseries and raises awareness on equality through information and communication.

Thus, in Spain all measures contained in the Equity Plan are undergoing constant development. The assessment and monitoring of these measures is carried out jointly by the Company's management and the trade unions, through the Joint Equal Opportunities Commission provided for in the collective bargaining agreement.

In 2010, ENDESA was awarded the "Equality in the Workplace" seal by the Spanish Ministry of Health, Social Services and Equality. As a result, in late 2014 a report was prepared to renew the seal for a further three years. ENDESA has also joined the Network of Companies that holds this award and has been actively involved in the various initiatives promoted by the Network.

In Latin America, Peru took action to raise awareness among workers in which male leaders highlighted the role of women in the company on the occasion of International Women's Day.

In Colombia, in order to contribute to the social development of the country and to promote gender equality, Codensa participated as sponsor in the 2nd Forum Women Working for the World, organised by the Juan Felipe Gomez Escobar Foundation. The Forum provides a space for debate, expert opinions and experiences on various issues related to women and their role in today's world and in the development of nations.

In Argentina, the benefits regarding maternity leave for women not included in the Collective Bargaining Agreement were expanded to match that of staff included in the Agreement in 2014; thus, maternity leave now stands at six months paid leave for all women in the company.

ENDESA has been a signatory to the Women Empowerment Principles (WEPs; [www.WEPPrinciples.org](http://www.WEPPrinciples.org)) since 2010. It is actively involved in its dissemination and is a member of the working group of the Women Empowerment Principles together with other companies worldwide. This commitment was extended to all subsidiaries of ENDESA.





#### WOMEN EXECUTIVES AND MIDDLE MANAGERS COMPARED TO TOTAL EXECUTIVES AND MIDDLE MANAGERS

Spain	27.11
Portugal	33.33

#### 3.1.2. Striking a balance between professional, personal and family life

In 2014, a total of 221 employees in Spain and Portugal took advantage of some line of action aimed at striking a balance between professional, personal and family life.

		Spain and Portugal
Employees taking advantage of some line of action aimed at striking a balance between professional, personal and family life MALE	2014	84
Employees taking advantage of some line of action aimed at striking a balance between professional, personal and family life FEMALE	2014	137

ENDESA is taking further steps to reinforce a flexible working environment and seeks to enable its employees to strike a balance between their personal, family and professional lives.

In 2014, ENDESA was certified in Spain as a Global Family Friendly Company, thus certifying all countries where it operates, both in Spain and in Latin America.



The family friendly business model is a business management system based on the commitment to continuous improvement in quality issues related to employment, work-life balance, diversity, equal opportunities, and support in the working environment.

To earn this certificate, all company policies must be aligned with the principles of quality employment, flexible working hours, support in the working environment and equal opportunities. The policies must be backed by the senior management and be applied in all countries where the group operates. Currently there are only two companies in the world, one of which is ENDESA, that hold this certificate at a worldwide level.

This certificate recognises that ENDESA, through following the management model of a family-friendly company, is one of the international leaders in quality of employment, flexibility, support in the personal environment, training and professional development of its staff, keeping up and promoting its commitment to a healthy work-life balance, equal opportunities, and responsible people management.

#### efrTOP25

Endesa has also become part of a new consultative body launched by the Fundación Másfamilia, the TOP 25 FFC (efr-



TOP25 in Spanish), which is made up of the 25 most influential FFCs committed to a healthy work-life balance. The objective of this new body is to help and advise on the consolidation and growth of the FFC initiative by providing a strategic vision of the social/business context, in particular in the field of HR Management.

At its Barcelona, Madrid and Seville offices, the Company provides breastfeeding rooms for nursing mothers. Women may use these intimate, quiet facilities to express breast milk after their maternity leave has expired. There are already similar rooms in place in Colombia, Peru and Chile.

As measures for striking a balance between personal and family life with working life, the current Collective Bargaining Agreement at ENDESA Spain provides for the adjustment of working hours to the employee's needs through flexible working hours, temporary change of working hours, reduced working hours, leaves of absence to care for family members, paid leave, unpaid leave and teleworking.

Peru has included a new measure for striking a work-life balance based on flexible working hours, which allows workers to start and end their workday in a more flexi-

ble way. This measure applies to employees who work a regular schedule and is currently available for 67% of the company.

In Brazil, special events were held, such as "Santa Claus" visits to corporate offices for employees' children.

In Argentina, all workers who were unable to care for their children and needed to leave them in day care centres, kindergartens or nursery schools received a monthly compensation until the child turned 5 years old and completed the corresponding school year. The Company also analyses and gives special leave to staff that need it, in case a family member has health problems or when urgent matters need to be attended to.

In Chile, staff received financial support for kindergartens, women workers received supplementary food delivered to the workplace during working hours, and pregnant or lactating women received nutritional counseling. 58% of all female workers received one of these benefits.

**«Work from home».** In line with fostering a family-friendly company, "work from home" represents for ENDESA one more step in its commitment to maintaining and developing a good work-life balance for its employees.

#### EMPLOYEES RETURNING TO WORK AND RETAINED FOLLOWING MATERNITY OR PATERNITY LEAVE, BY GENDER IN 2014 (\*)

	Spain and Portugal	Argentina*	Chile*	Brazil*	Peru*	Colombia*
Employees taking paternity leave	179	0	30	28	14	45
Employees taking maternity leave	97	2	84	45	4	26
Employees returning to work following paternity leave	182	0	30	28	14	45
Employees returning to work following maternity leave	127	2	84	45	4	26
Employees returning to work following paternity leave still working 12 months after their return	182	0	30	28	14	45
Employees returning to work following maternity leave still working 12 months after their return	127	2	84	39	4	25

\* Data from before divestment in Latin America in October 2014.

In 2014, “Work from home” was implemented in all Latin American countries, and in Spain it was introduced in November of that year. In Latin America Colombia stood out, with 134 people working from home. In Peru, 27 additional staff joined the “Work from home” programme this year, reaching a total of 78 teleworkers.

### 3.1.3. Commitment to people with different capabilities

ENDESA carries out various initiatives to integrate staff with disabilities. Specifically, in Spain the workforce contains a total of 90 disabled people.

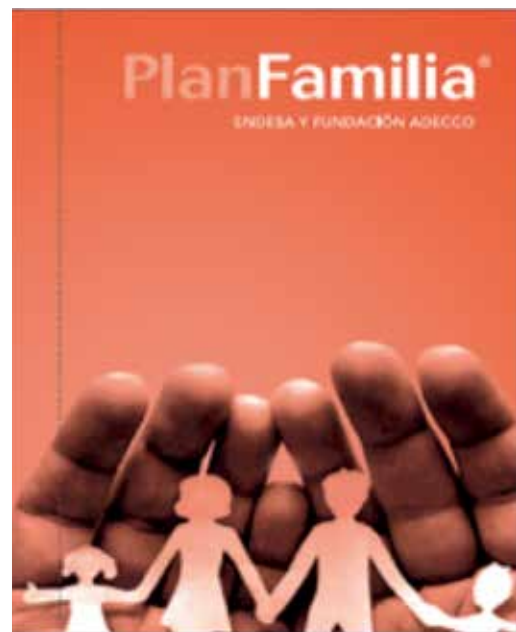
In Spain, the following actions were carried out in 2014:

- Collaboration agreements were maintained with the Adecco, Randstad, Prevent, Universia and Prodis Foundations. Together with these Foundations, various disability-related initiatives were rolled out, including:
  - Volunteer training actions targeting people at risk of social exclusion among which are disabled people, victims of domestic violence and long-term unemployed. 38 employee volunteers participated in this activity.
  - Thanks to the collaboration agreement with the Foundation Prevent, we channelled the CVs of relatives of employees with disabilities, thus helping them with their job search.
  - Together with the Universia Foundation we are part of the Decision-making Committee that awards scholarships to students with disabilities. Thanks to a donation made by ENDESA, we contributed to the Universia Foundation granting 146 scholarships to students with disabilities in its eighth edition.
  - A suggestions and queries mailbox for issues relating to disabilities for ENDESA employees and their families. The aim of this initiative is to provide advice and ad-

dress all types of queries relating to disability affecting employees or their family members.

As an alternative to direct hiring, ENDESA has focused on indirect initiatives such as purchasing goods and services from special employment centres. In 2014, this activity was valued at Euro 2,663,198.

- The Plan Familia, developed by the Adecco Foundation, continued. Through this plan, 87 employee families with a disabled member received various types of advice and therapy.



Until October 2014, ENDESA’s companies in Latin America have also developed various measures to help disabled people integrate into the workforce. These include:

In Colombia, the Company has taken on 6 apprentices who are visually impaired. All are being trained to obtain the qualification of Technical Administrative Assistant through the National Apprenticeship Service.

In Brazil, this year a project was developed for persons with disabilities which involved, together with the selection and recruitment of 32 disabled persons, studies on accessibility, awareness talks, and the creation of inclusion committees.

A programme to foster youth employment, *Crece +*, has been implemented since 2012 to help young people at risk of exclusion. This four-year project, signed in 2011 by the Adecco Foundation and ENDESA, seeks to boost the employability of young people aged between 17 and 24 at risk of social exclusion in Spain and Latin America.

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

#### 3.1.4. Support for volunteers

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



ENDESA is a founding member of *Voluntare*, the first international initiative to promote corporate volunteer work, comprising third-sector companies and entities. It is a meet-

ing point for all institutions interested in corporate volunteer work, offering access to information and value-added resources to facilitate and/or improve their corporate programmes.

In 2014, ENDESA participated in the First Ibero-American Congress on Corporate Volunteer work held on 21 and 22 October in Barcelona. ENDESA took part in the round table discussion "How volunteer work can help employability".

This congress, organised by Voluntare, Foundation Hazlo posible and Forum Empresa, is a unique event for companies, institutions and organisations from both sides of the Atlantic to meet, discuss and bring together lines of development and evolution of corporate volunteer work. The topics of this meeting will also form part of the Global Initiative to Advance Corporate Volunteering. This initiative is led by the United Nations and was created in order to promote corporate volunteer work worldwide.

2014 has been a year of consolidation and implementation of new corporate volunteering initiatives in Spain. These initiatives include:

Design of a 4-point pilot programme clearly linking corporate volunteering with the development of certain employee skills (teamwork, innovation and adaptation to change). A total of 105 employees participated in this initiative. The various volunteering experiences were:

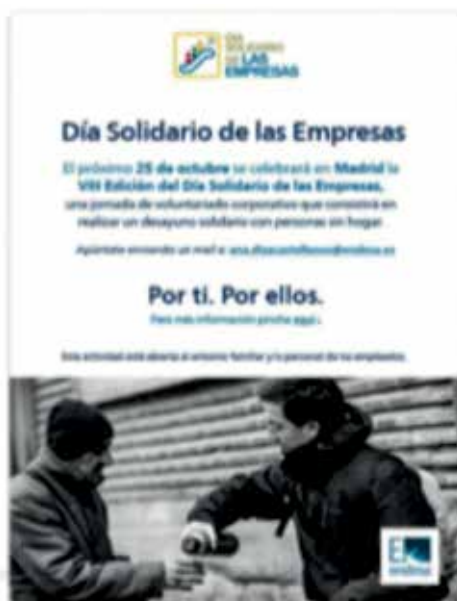
- Long-term unemployed (Seville) with 43 employees participating.
- Interns in the process of reintegration (Madrid) with 26 employees participating.
- Small NGOs (Barcelona) with 27 employees participating.
- NGOs in the field of disability (Zaragoza) with 9 employees participating



ENDESA, together with the Randstad Foundation, developed the Sabes + (“You know more”) volunteering initiative.

The programme “You know more (Sabes +) if you share what you know” gives employees the opportunity to contribute to improving the social and occupational integration of people actively seeking employment. The skills, knowledge and experience of the employees of ENDESA are enhanced through a training programme in which each individual volunteer is both trainer and trainee.

The programme takes place in Seville (with 4 people), Las Palmas de Gran Canaria (10), Barcelona (10) and Madrid (14), and hence involves a total of 38 volunteers.



As in other years, we participated in the 8th edition of Company Solidarity Day to contribute to development in the communities where ENDESA operates. This year, the activi-

ties took place in Madrid (10 employees involved in a charity breakfast); Seville (distribution of food to families at risk of social exclusion; 13 employees) and Zaragoza (participation in a bowling championship with children at risk of social exclusion; 17 employees).

Following the success of previous editions, ENDESA launched new editions of the Coach project together with Foundation Exit, involving a total of 87 employees as volunteers in Barcelona, Madrid, Palma de Mallorca, Zaragoza and Seville.

This programme aims to improve the employability of young people at risk of social exclusion through innovative training projects, including coaching and mentoring techniques.



## Food collection campaign “Together we can do more”

This campaign was launched in 2012 in various regions in Spain to help disadvantaged people by collecting non-perishable food and hygiene products, in order to donate them to organisations like the Food Bank, Caritas, International Cooperation NGO and Foundation Dar.

In 2014, we collected a total of 9,711 kg in the pre-summer campaign, and in the end-of-year campaign we obtained 13,933 kilos.

In Latin America, volunteering activities are also developing gradually. In Peru toys, clothes and school supplies were col-

lected earmarked for the Special Education Centre (CEBE) Virgen del Carmen, which houses 200 low-income children and children with disabilities.

### **Goodness Network**

In Brazil, the Corporate Volunteering Program “The Goodness Network” was established in March 2012, in order to unify the specific volunteering activities developed by the Group. Through this programme, which includes initiatives focused on improving physical spaces of institutions and volunteering, the following events were organised: blood donations, environmental marches, reforestation campaigns and emergency donations for families at risk.

With the commitment of 1,128 participating employees, more than 11,000 people benefited in 2014 from our collaboration.

## **3.2. Workplace environment**

In the first weeks of May 2014, the Workplace Environment and Safety Thermometer of the Enel Group was conducted. This survey was conducted simultaneously in all countries where the Group is present and a representative sample of employees from each geographical area participated. By means of a questionnaire consisting of 33 questions, those aspects that showed room for improvement in the Workplace Environment and Safety Survey conducted in 2012 were assessed.

Argentina formed an exception in this study, since here a complete Workplace Environment and Safety Survey was conducted. The reason for performing this exercise is in order to know the opinions of the employees with a greater precision than in 2012. At that time, the extreme weather conditions and the difficult business situation led to a low participation in the survey.

The Workplace Environment and Safety Thermometer of the Enel Group was aimed at tracking the health and safety culture of the employees, their commitment to the company, and at observing the evolution of certain items and groups that were the subject of specific workplace environment-related action plans.

With a participation of around 60%, the rate of sustained commitment remained stable (74%) and similar to the 2012 trend. In Spain and Portugal, this index went up 8 percentage points to 88%, and in all Latin American countries together (except Argentina) it increased 3 percentage points to reach 77%.

In 2014, the items that improved most were confidence in the decisions of the Group’s Senior Management, the merit-based promotion of employees, the clear vision of the future of the Senior Management, and the belief that the Group’s strategy is well targeted. By geographical area, it is note-worthy that in Spain and Portugal virtually all items experienced improvements. In Latin America, the results generally remained stable.

In the specific case of Argentina, the degree of participation of employees in the Workplace Environment and Safety Survey improved by 10 percentage points compared to 2012. This degree of participation was sufficiently high to provide statistically significant results.

Key findings in this country include that the areas of innovation and meritocracy as well as the perception of managers alone and as a team underwent a positive development. These results support the work that has been carried out since February 2014 in the context of Edesur’s Transformation Plan and the support functions of the country.

The results of the surveys allow both the managers and the Company Directorate to adjust the action plans and/or to re-define which aspects are relevant.

## 4. People leadership and development

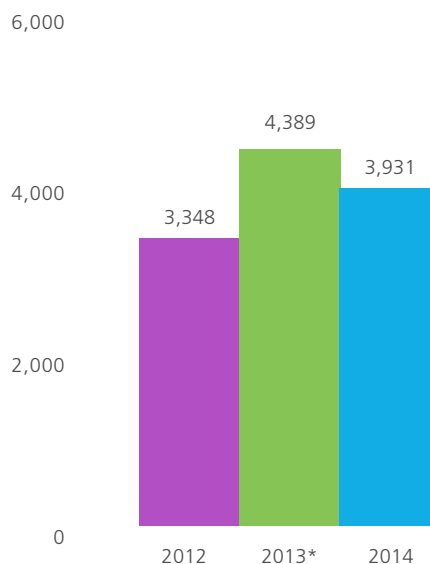
ENDESA continually seeks to identify and develop the potential of its employees so that their performance can contribute to making the Company a reference in the sector. In this light, the Leadership Model, the Management Model, and the Objectives and Performance Management Systems ensure the personal development of employees based on recognition of merit and capacity.

### 4.1. Leadership Model

The Leadership Model comprises the set of behaviours that the Company expects from all its employees. It provides references to allow employees to work consistently towards contributing to the Company's leadership. These behaviours revolve around seven factors aimed at continuous improvement and encourage change and innovation while giving priority to safety at work. They are also present in all human resources management and development systems.

Moreover, the Enel Global Banding System encompasses all key technical/professional posts, in addition to the management positions of the company.

#### NUMBER OF PERFORMANCE AND PROFESSIONAL DEVELOPMENT APPRAISALS



\* 2013 data from Spain and Portugal grouped together, excluding jointly controlled companies.

#### COVERAGE OF REGULAR (AT LEAST ONCE A YEAR) PERFORMANCE AND DEVELOPMENT APPRAISALS

			Spain and Portugal**	Argentina*	Chile*	Brazil*	Peru*	Colombia*
Employees receiving regular performance and development appraisals	%	2012	29	83	92	99	96	92
		2013	40	84	95	97	100	99
		2014	37	75	94	100	0	no figures
Employees receiving regular performance and development appraisals (male)	%	2014	70	81	74	100	0	no figures
Employees receiving regular performance and development appraisals (female)	%	2014	30	19	20	100	0	no figures
Total number of employees appraised	no.	2012	3,348	2,963	2,270	2,636	904	1,513
		2013	4,389	3,345	2,293	2,581	934	1,581
		2014	3,931	3,314	2,276	2,695	0	no figures
Executives appraised	no.	2012	337	32	92	26	18	26
		2013	320	32	97	26	19	26
		2014	263	48	77	23	0	no figures
Middle management appraised	no.	2012	2,373	478	1,498	1,316	526	932
		2013	2,500	455	1,509	1,280	556	990
		2014	2,426	262	310	no figures	0	no figures
Administrative and office staff	no.	2012	609	2,451	680	1,294	360	549
		2013	1,444	2,856	687	1,275	359	559
		2014	1,173	3,002	661	1,402	0	no figures
Manual workers appraised	no.	2012	29	2	0	0	0	6
		2013	125	2	0	0	0	6
		2014	69	2	0	1,005	0	no figures

\* Data from before divestment in Latin America in October 2014.

\*\* 2013 data from Spain and Portugal grouped together, excluding jointly controlled companies.



## Performance and professional development appraisals

In 2014, 37.47% of employees in Spain received regular performance and professional development appraisals through any of the Company's appraisal systems.

37.47% of employees received performance and professional development appraisals

In terms of responsibility (according to the Enel Group classification system), of a total of 3,931 employees assessed in Spain, 2,426 were middle management and 1,173 were administrative and office staff.

In terms of gender, more male employees than female employees were assessed in Spain (70% of those appraised using the various processes were men while 30% were women). However, given the distribution of the workforce (78% are men), the number of women undergoing a performance evaluation as a percentage of all women working at ENDESA is higher than the corresponding figure for men.

## BPR (Behaviour Performance Review)

This appraisal system was developed in Spain and evaluates employee behaviour grouped around the seven factors which comprise the Group's Leadership Model mentioned above.

3,513 Group employees were appraised using this system in 2014.

## 360° assessments

In 2014, 76 employees took part in this form of assessment in Spain. Those taking part are members of the Company's highest organisational level and those belonging to certain talent groups. The results of this appraisal are used to calculate their annual variable remuneration.

More than 1,000 people were involved in the process in 2014 (including assessors and those assessed).

## Objective-based assessments

Objective-based Assessment in Spain is one of the systems forming part of the Talent Management Model, and measures the individual contribution of each person to the Company's results. In 2014, 2,778 people were appraised using this system.

## Talent development tools

In addition, ENDESA has provided its employees in Spain with various professional development tools, such as personal development interviews, coaching, mentoring and skills development workshops.

## Personal development interviews

These consist of a personal meeting between the employee and a development expert to define, propose and carry out an individual plan to enhance their development; both manager and participant have a key role. In 2014, 394 people in Spain underwent such interviews.

## Coaching

In Spain, ENDESA continues to make a strong commitment to coaching. During 2014, 42 people benefited from this development tool: 30 processes were conducted with internal coaches and 12 with external coaches.

## Mentoring

Two pilot experiments in mentoring were concluded in Spain regarding the generation and marketing business lines. Mentoring processes were carried out in the talent groups. Overall, 88 people participated in mentoring processes in 2014; 42 of them participated as mentors and 46 as mentees.

## Skills development workshops

In 2014, 193 people participated in Spain in skills development workshops. Topics addressed included feed-back, communication, coordination of actions, and coaching skills and tools for managers.

## 5. Training at ENDESA

### 5.1. Key data and highlights

During 2014, 3,152 events were held in Spain. 9,003 employees took part in those events. 408,700 training hours were given, with an average of 39 hours per employee.

Until October 31, 2014, in Latin America 2,281 events were held in which 6,865 employees participated (ex-

cluding Brazil), with 325,335 hours taught (excluding Brazil).

ENDESA has invested more than 26 million euros in this activity in Spain. This includes 5.17 million euros in direct costs and the cost of lost working hours due to participation in the courses. In Latin America, until October 31 2014, the figure exceeds 7.5 million euros.

#### TRAINING IN SUSTAINABILITY

	Spain and Portugal**	Argentina*	Chile*	Brazil*	Peru*	Colombia*
Training hours in sustainability (environment, health and safety, etc.) per employee	2012 10	3	4	9	8	12
	2013 12	4	7	18	8	8
	2014 13	3	6	7	5	13
Total hours of training in sustainability	2012 120,479	9,444	10,853	24,427	7,969	19,497
	2013 130,075	15,061	17,268	48,097	7,251	13,667
	2014 135,993	11,366	15,305	18,739	4,780	22,111

\* Data from before divestment in Latin America in October 2014.

\*\* 2013 data from Spain and Portugal grouped together, excluding jointly controlled companies.

Country	Training hours onsite and online	People trained	Participation	Number of Events	Total Cost Training (thousands of euros)
Argentina*	55,417	2,125	4,584	303	88.6
Brazil*	no figures	no figures	3,622	350	1030.4
Chile*	123,733	2,250	6,068	827	4,114
Colombia*	123,972	1,701	6,171	418	2,118.9
Spain	408,700	9,003	39,903	3,152	26,053
Peru*	22,219	789	2,518	383	321.7

\* Data from before divestment in Latin America in October 2014.

#### CONSOLIDATED ACTIVITY TRENDS 2012-2014



(\*) Data from before divestment in Latin America in October 2014.

(\*\*) 2013 data from Spain and Portugal grouped together, excluding jointly controlled companies.

#### NUMBER OF TRAINING HOURS BY TYPE OF TRAINING

	Spain and Portugal
Online management training	2012 3,746
	2013* 68,939
	2014 6,944
Onsite management training	2012 36,289
	2013* 80,572
	2014 38,777
Online technical/specific training	2012 137,988
	2013* 65,604
	2014 100,433
Onsite technical/specific training	2012 321,257
	2013* 204,280
	2014 262,546

\* 2013 data grouped together, excluding jointly controlled companies.

## AVERAGE TRAINING HOURS PER EMPLOYEE, BY GENDER AND PROFESSIONAL CATEGORY

	Spain and Portugal**	Argentina*	Brazil*	Chile*	Colombia*	Peru*
<b>Executive training</b>						
2013	114.5	14.2	93.5	154.2	94.4	52.5
Male	115.5	13.7	96.4	148.0	95.9	33.5
Female	108.9	16.8	77.7	234.4	87.1	123.9
2014	46.7	no figures	37.6	30.3	14.2	16.3
Male	43.2	no figures	26.7	30.3	14.9	18.3
Female	68.3	no figures	41.8	29.8	11.4	8.0
<b>Middle management training</b>						
2013	53.4	10.2	84.8	64.6	62.7	38.2
Male	55.4	9.9	83.7	66.6	67.0	39.4
Female	48.5	11.2	87.0	57.2	54.5	34.2
2014	60.1	no figures	41.8	60.5	11.0	28.6
Male	62.0	no figures	43.6	61.6	11.1	30.7
Female	55.4	no figures	13.5	50.4	10.5	21.9
<b>Administrative and office staff training</b>						
2013	32.7	11.4	67.3	44.4	69.8	17.1
Male	33.7	12.3	72.0	48.3	71.3	18.2
Female	28.6	5.5	43.9	30.6	62.5	14.5
2014	33.0	no figures	13.5	47.4	17.9	15.5
Male	34.2	no figures	12.2	48.3	19.3	17.0
Female	27.5	no figures	14.7	44.5	14.7	12.0
<b>Manual worker training</b>						
2013	18.0	0.5	0	0	3.5	0
Male	18.7	0.5	0	0	3.7	0
Female	15.6	0	0	0	0	0
2014	20.3	no figures	38.2	0	9.4	0
Male	23.2	no figures	38.9	0	9.4	0
Female	11.4	no figures	27.3	0	0	0

\* Data from before divestment in Latin America in October 2014.

\*\* 2013 data from Spain and Portugal grouped together, excluding jointly controlled companies.

The Training Plan was aimed at reinforcing the Company's main strategic areas, and its main objective was the achievement of the targets planned by Enel-Endesa for 2014.

ENDESA has focused its activity on developing the technical skills of the different business lines and staff areas. Of note, in Colombia a programme for the Certification of Occupational Skills was implemented and the Knowledge Community was created, which aims to strengthen teaching skills of employees who are experts in specific areas; the training of people in the field of Occupational Health and Safety should also be mentioned.

In this regard, as in previous years, support was given to the objective of "Zero Accidents" through training. In Spain and Portugal both general courses, such as One Safety Day and Leadership in Prevention, and local courses on Occupational Health and Safety were implemented.

It was also deemed important to accompany the internationalisation process of the company by responding to the increasing number of requests for languages, mainly English and Italian, and by encouraging global training.

The matters referred to above are the ones that received most attention, followed in the case of Spain by cross-train-

ing and skills training, and in Latin America by advanced training in the use of office tools and customer service. In this last case, the implementation in Colombia of the Endesa Sales and Services School should be highlighted.

In Spain and Portugal ENDESA's commitment to the environment and energy efficiency is particularly important. In this regard, a course was developed on the Integrated Environmental, Energy, and Indoor Environmental Quality Management System ("SIGAEC" for its acronym in Spanish), aimed at all those who are active in the company's premises. These initiatives contribute to fulfilling the requirements of the triple environmental certification in our buildings. Meanwhile, in Latin America, and specifically in Colombia, a series of collaborations was started with the Gran Colombia Polytechnic University and with the National Apprenticeship Service (Sena). Through these collaborations, a professional training programme was launched together with the Polytechnic University, and the second academic training programme in technology for supervising the maintenance of electricity distribution networks was launched together with Sena.

Regarding training security staff in Human Rights, in Spain the different security services are contracted out to legally accredited companies; all people assigned to these tasks have undergone obligatory training in Human Rights as this is required by law to be allowed to exercise this activity. In Latin America, the entire workforce in Chile, Colombia, Brazil and Peru have also been trained in this area, regardless of whether they are direct employees of the Group or of contractors.

Lastly, in the case of Spain it is remarkable that ENDESA's training activities have contributed to a substantial improvement in its ranking of "best places to work" prepared by the Spanish business magazine *Actualidad Económica*, since training is one of the most valued areas in the labour market.

### Relevant technical training in Spain

In 2014 the project "Improvement of the reliability of electricity generation of non-mainland systems" was launched in Spain, which concerns the diesel plants of the Canary Islands, the Balearic Islands, and Ceuta and Melilla. With an expected duration of three years, this project entails the attention to a set of technical training needs, mostly related to the power sector. It also includes internal training activities given by

Operations technicians on the "Zero Emissions Procedure" defined for each of the plants.

In this period, new designs and updates of technical courses and courses on occupational risk prevention were made in order to comply with the requirements to operate safely in the facilities of energy distribution business.

### International Training

During this year ENDESA continued to consolidate the various international initiatives promoted by Enel University. The objective was twofold: to increase training efficiency through the globalisation of supply and the synergies and economies of scale, and to boost global dissemination of messages and the development of common skills within the Group.

Specifically, the Pilot Course New Supervisor was held, which served to test its approach and content, and the Post Performance Review Training Catalogue was expanded with new courses. On the other hand, implementation was continued of the JET (Junior Energy Training) International Programme, aimed at newly recruited people with international projection.

### Energy School

In Spain, ENDESA's Energy School maintained during 2014 its objective to train professionals of excellence and build a network of knowledge and talent that contributes to the development of the technological leadership of the Company.

The Energy School is incorporated into the Enel University, and has managed and sponsored, among others, the following programmes:

- Master's degree in the Electric Power Industry (13th Edition) Endesa-ICAI.
- Master's degree in Nuclear Engineering, together with the Polytechnic University of Catalonia. 4th Edition.
- Master's Degree in ITC and Remote Management in collaboration with the University of Seville.
- Advanced programme on Electric Vehicles at the EOI in Madrid.
- Master's Degree in Energy Efficiency at La Salle in Barcelona.
- Master's Degree in Electric and Hybrid Vehicle Engineering at the Polytechnic University of Madrid.

## 6. Attracting and retaining talent

In order to attract the best talent, ENDESA focuses on *Employer Branding* to promote itself as an attractive place to work in all markets where the Company is present, especially among those profiles that are in most demand. To achieve this, the Company attended 2014 job fairs in person and online, working with a number of institutions to boost the Internship and Scholarship Plan; trade fairs were also attended. Selection formulas were adapted to the new social context in which presence and activity in social networks are highly relevant.

In 2014, 117 people joined ENDESA's Internship and Scholarship Plan in Spain. Through this plan, ENDESA focuses on training young talent, facilitates their first introduction into to the labour market and improves their employability. 20% of these persons have joined our staff at the end of their scholarship.

Wherever possible, ENDESA covers vacancies through internal promotions, giving priority to employees who have performed exceptionally.

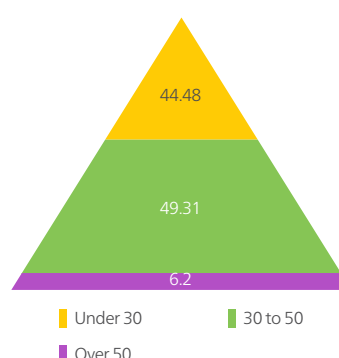
Information on the employees incorporated into our workforce in the last three years is shown below:

### STAFF TURNOVER RATE

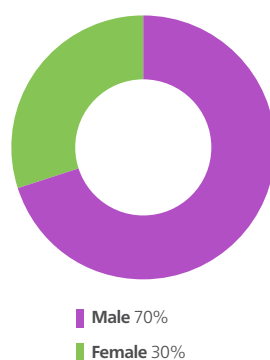
Spain	Portugal	Argentina*	Chile*	Brazil*	Peru*	Colombia*
6.9%	10.0%	2.4%	4.7%	6.4%	2.6%	3.3%

\* Data from before divestment in Latin America in October 2014.

### NEW HIRES IN SPAIN AND PORTUGAL IN 2014 (%)

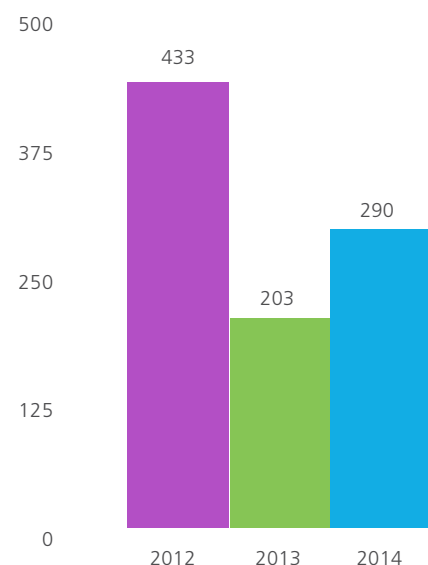


### SPAIN AND PORTUGAL. BREAKDOWN OF NEW HIRES BY GENDER (%)



Information on contract terminations, broken down by both gender and age, is shown below:

### NEW HIRES IN SPAIN AND PORTUGAL\*



\* 2013 data grouped together, excluding jointly controlled companies.

## CONTRACT TERMINATION, BY GENDER

		Spain and Portugal**	Argentina*	Chile*	Brazil*	Peru*	Colombia*
Total women leaving workforce (resignation, redundancy and retirement)	2012	45	4	18	no figures	3	18
	no. 2013	61	6	13	27	6	15
	2014	67	2	17	21	2	17
Total men leaving workforce (resignation, redundancy and retirement)	2012	342	29	74	no figures	25	34
	no. 2013	253	61	63	51	21	42
	2014	357	78	63	38	11	26
Total women leaving compared to women in workforce (%)	2012	1.84	0.75	3.53	0	1.24	4.02
	no. 2013	2.60	1.04	2.51	4.05	2.50	3.10
	2014	2.96	0	0	0	0	0
Total men leaving compared to men in workforce (%)	2012	3.76	0.95	3.79	0	3.59	2.85
	no. 2013	2.94	1.80	3.17	2.54	3.01	3.33
	2014	4.33	0	0	0	0	

\* Data from before divestment in Latin America in October 2014.

\*\* 2013 data from Spain and Portugal grouped together, excluding jointly controlled companies.

## CONTRACT TERMINATION, BY AGE

			Spain and Portugal**	Argentina*	Chile*	Brazil*	Peru*	Colombia*
Total number of employees leaving workforce (resignation, redundancy and retirement)	no.	2012	1	5	18	no figures	4	13
		2013	4	3	7	30	6	4
		2014	0	3	13	27	4	4
Total number of employees aged between 30 and 50 leaving workforce (resignation, redundancy and retirement)	no.	2012	108	10	66	no figures	23	38
		2013	19	4	50	44	14	39
		2014	18	9	46	29	8	28
Total number of employees aged over 50 leaving the company (resignation, redundancy and retirement)	no.	2012	278	18	8	no figures	1	1
		2013	291	60	19	4	7	14
		2014	406	68	21	3	1	11
Total number of employees leaving company (resignation, redundancy and retirement) aged under 30 compared to total workforce in this age group	%	2012	0.25	0.88	9.63	0	5.80	9.09
		2013	0.92	0	2	8	10	2
		2014	0	0	0	0	0	0
Total number of employees leaving company (resignation, redundancy and retirement) aged between 30 and 50 compared to total workforce in this age group	%	2012	1.57	0.55	4.21	0	4.27	3.09
		2013	0.32	0	3	3	2	3
		2014	0.30	0	0	0	0	0
Total number of employees leaving company (resignation, redundancy and retirement) aged over 50 compared to total workforce in this age group	%	2012	6.56	1.51	1.13	0	0.30	0.37
		2013	6.40	5.45	3	1	2	5.25
		2014	10.04	0	0	0	0	0

\* Data from before divestment in Latin America in October 2014.

\*\* 2013 data from Spain and Portugal grouped together, excluding jointly controlled companies.



## AVERAGE SENIORITY OF EMPLOYEES WHO LEFT THE COMPANY IN 2014

	Spain and Portugal
Average seniority of male employees who left the company during the year	19.77
Average seniority of female employees who left the company during the year	15.65
Average seniority of employees aged under 30 who left the company during the year	0.23
Average seniority of employees aged between 30 and 50 who left the company during the year	10.74
Average seniority of employees aged over 50 who left the company during the year	31.03
Average seniority of all employees who left the company during the year	18.91

## 6.1. International mobility

ENDESA promotes international mobility as a means of multicultural development and integration. In 2014, 86 positions were advertised in Spain in all business areas; 17 of these corresponded to vacancies in countries in Latin America in which the Enel Group was present, and the remainder to the other countries of the Group. In Colombia 8 vacancies were filled.

ENDESA, as part of the Enel Group, a multinational with operations in 40 countries and thus requiring staff with international experience, took part in the development of the Global Opportunities tool. This tool seeks

to combine the Company's international personnel requirements with the demands and motivations of professional development. It matches personnel interested in having an experience abroad with the Company's requirements.

## 6.2. Hiring

ENDESA encourages employees to participate in its hiring processes, fomenting internal mobility and providing opportunities for people looking for new learning and professional development opportunities according to their interests and personal motivation. To this end, all job offers are first published internally through the Company's different internal communication channels.

In 2014, 200 published internal selection processes were completed in Spain, involving close to 2,000 employees. In Colombia, 84 internal selection processes were carried out, and 7 in Peru.

This policy is not only carried out in each country but, on certain occasions, international mobility is encouraged among professionals. This aspect was reinforced since the Company joined the Enel Group. In cases where internal promotion is not possible, ENDESA contacts those people who have already had direct links with the Com-

## NEW HIRES

Contents		Spain and Portugal**	Argentina*	Chile*	Brazil*	Peru*	Colombia*
Total employees hired during the year	2012	433	227	238	192	120	140
	2013	202	498	210	209	52	196
	2014	290	505	294	128	33	71
Total local employees hired during the year	2012	416	221	215	185	116	137
	2013	161	491	182	204	46	161
	2014	281	489	267	126	31	70
Total local Senior Managers (senior + middle management) hired during the year	2012	134	18	181	125	79	101
	2013	66	16	138	111	37	147
	2014	111	16	204	103	32	57

\* Data from before divestment in Latin America in October 2014.

\*\* 2013 data from Spain and Portugal grouped together, excluding jointly controlled companies.

pany's activities, through internships, scholarships or specific contracts. It may also consult various databases.

Where internal promotion is not possible the Company advertises on the job market. In 2014, 193 external selection processes were carried out in Spain and Portugal; this number increased with respect to the past year. One reason for this increase is the focus on technical/commercial profiles, which are difficult to find internally. In Peru 22 external selection processes were carried out, and 113 in Colombia.

### 6.3. Remuneration policy

In 2014, ENDESA continued, as part of the Enel Group, the process of homogenising its individual management remuneration system.

Of note, during the year remuneration processes were integrated and standardised systems were established for managers, directors and senior staff to give continuity

and coherence between remuneration of different levels, unify management tasks and optimise coordination within the Group.

In 2014, a new assessment was also made of the socio-economic status of the countries and sectors in which ENDESA companies operate. In Spain, given the existing economic and regulatory environment, salaries of the collective management were frozen and variable 2013 remuneration was reduced by 20%.

After signing the 4th ENDESA Framework Collective Agreement in Spain, a Meritocracy Policy was implemented in 2014 for staff covered by the collective agreement, which regulates economic promotion based on merit. In this regard, in Chapter XI of the Economic Regime the salary structure is regulated, and in Article 8 of the same law applicable economic growth is established.

In Latin America salaries were raised in line with remuneration trends in the markets where ENDESA is present.

#### AVERAGE FIXED SALARY IN EUROS OF MALE EMPLOYEES BY PROFESSIONAL CATEGORY (1)

		Spain and Portugal**	Argentina*	Chile*	Brazil*	Peru*	Colombia*
Management	2012	166,372	118,007	160,154	163,941	181,682	131,049
	2013	182,521	90,587	191,813	183,016	172,863	133,751
	2014	184,781	67,098	216,779	157,431	125,648	91,718
Middle management	2012	65,877	41,427	51,182	89,030	33,944	37,636
	2013	71,191	40,160	47,862	53,551	35,203	31,892
	2014	72,860	51,166	56,966	49,722	27,169	37,617
Administrative and office staff	2012	52,611	22,967	25,961	32,396	21,807	12,924
	2013	53,533	19,974	24,401	18,885	22,292	23,967
	2014	51,274	19,935	27,480	23,819	19,122	31,980
Manual workers	2012	35,864	1,949	0	0	0	12,554
	2013	51,997	18,978	0	0	0	12,574
	2014	43,590	18,057	35,175	11,985	0	6,006
Average	2012	56,921	22,468	41,671	26,640	33,194	30,143
	2013	60,688	22,871	48,791	24,420	33,498	29,993
	2014	59,755	25,756	54,968	23,242	26,621	27,887

\* Data from before divestment in Latin America in October 2014.

\*\* 2013 data from Spain and Portugal grouped together, excluding jointly controlled companies.

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

## AVERAGE FIXED SALARY IN EUROS OF FEMALE EMPLOYEES BY PROFESSIONAL CATEGORY (1)

		Spain and Portugal**	Argentina*	Chile*	Brazil*	Peru*	Colombia*
Management	2012	129,190	86,762	119,371	147,286	121,399	110,998
	2013	128,829	74,476	116,475	133,800	121,170	81,377
	2014	127,947	66,276	154,576	112,902	101,924	51,806
Middle management	2012	57,547	37,004	40,834	80,726	29,946	33,195
	2013	63,437	31,510	38,884	56,538	30,081	33,060
	2014	62,969	52,949	47,208	57,575	23,602	43,511
Administrative and office staff	2012	46,893	20,261	24,198	26,368	17,280	12,725
	2013	49,201	16,899	22,223	20,153	18,348	12,792
	2014	46,068	17,898	27,902	19,361	15,116	12,750
Manual workers	2012	37,283	0	0	0	0	8,552
	2013	42,034	0	0	0	0	7,629
	2014	43,740	0	26,179	11,720	0	2,843
Average	2012	50,420	23,138	35,137	25,043	25,722	29,123
	2013	54,545	27,432	35,116	24,308	26,384	29,249
	2014	53,334	21,161	41,507	22,822	21,487	22,748

\* Data from before divestment in Latin America in October 2014.

\*\* 2013 data from Spain and Portugal grouped together, excluding jointly controlled companies.

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

## AVERAGE FIXED SALARY FOR WOMEN COMPARED TO MEN (%)

		Spain and Portugal**	Argentina*	Chile*	Brazil*	Peru*	Colombia*
Management	2012	78	71	72	90	83	79
	2013	71	82	61	73	70	57
	2014	69.2	98.8	71	71.7	81	56
Middle management	2012	87	89	80	91	88	83
	2013	89	78	81	106	85	84
	2014	86.4	103.5	83	115.8	87	116
Administrative and office staff	2012	89	88	93	81	79	98
	2013	92	85	91	99	82	104
	2014	89.8	89.8	101	81.3	79	120
Manual workers	2012	104	0	0	0	0	64
	2013	81	0	0	0	0	56
	2014	100.3	0	74	97.8	0	47
Average	2012	89	103	84	94	78	95
	2013	85	87	72	100	79	97
	2014	89.3	82.2	75	98.2	81	85

\* Data from before divestment in Latin America in October 2014.

\*\* 2013 data from Spain and Portugal grouped together, excluding jointly controlled companies.

The current collective bargaining agreement in ENDESA in Spain, the publicly available 4th ENDESA Framework Collective Agreement mentioned before, reflects Company policy regarding overtime work and states the need to reduce this to a minimum by establishing tools and efficient ways of organising work that enable continuous improvement of the efficiency of the Company.

Based on the above, the Company agrees with the worker representatives on the classification of overtime depending on its nature, and on the elimination of regular overtime.

The agreement stipulates that the company will report monthly to the worker representatives on the number of over-time hours worked, and to specify their causes. Data on the cost of these overtime hours will also be collected, as well as the compensation system applied, which the worker may choose from among the ones stipulated.

During 2014, a new ENDESA Loyalty Plan programme was approved for Spain and Latin America to provide long-term incentives for 2014-2016, conditional on achieving the Company's objectives.

## 6.4. Pension plans

In December 2014, following the divestment carried out, the benefits in terms of social welfare managed by ENDESA are the ones granted by its subsidiaries in Spain and Portugal, where the company has contracted out its pension commitments in accordance with the respective existing legislations. Until October 2014 ENDESA also managed the commitments of its Latin American subsidiaries; the most important among these, in terms of volume, are the ones existing in its subsidiaries in Brazil.

The most significant ongoing commitment is the Pension Plan for ENDESA employees in Spain, which amounts to Euro 2,843 million for 22,304 members and beneficiaries. In 2014, ENDESA contributed Euro 36 million to this plan. ENDESA also sponsors the Pension Plan of the employees of Ascó Vandellós, which has Euro 310 million in assets and 1,535 participants.

In addition to the pension plans, other obligations contracted out relate to commitments for redundancy schemes and others instrumented through insurance policies in Spain.

Outside of Spain, and until the divestment, ENDESA had a pension plan in Brazil worth around Euro 700 million with more than 11,000 members and beneficiaries. The Company contributed Euro 17 million in 2014.

ENDESA has offered social benefits and pension plans in all countries where it has operated in accordance with local legislation and collective bargaining processes.

ENDESA's Employee Pension Plan manager is a signatory to the United Nations Principles for Responsible Investment (UNPRI) in alignment with the Endesa Sustainability Plan and the Corporate Social Responsibility Plan.

In 2014 ENDESA's Employee Pension Plan developed an innovative project, already started in 2013, in which, in addition to its main fund manager, three new fund managers were introduced to manage part of the fund's assets. This type of shared management seeks to diversify the management of the fund's investments and to reduce the investment risk. It was developed successfully during 2014 and the pension plan reached a return of 7.10 % that year.

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

## SOCIAL BENEFITS NOT REQUIRED BY LAW

			Spain and Portugal**	Argentina*	Chile*	Brazil*	Peru*	Colombia*
Medical care		2012	3,874	305	3,874	8,315	202	1,030
	Euro thousand	2013	4,657	436	4,587	8,532	174	1,096
		2014	3,201	1,118	3,640	1,647	212	4,123
Cultural and recreational activities		2012	893	n/a	2,924	no figures	686	524
	Euro thousand	2013	912	n/a	2,948	154	597	611
		2014	731	181	2,295	357	559	604
Financing of electricity consumption		2012	14,366	n/a	n/a	n/a	n/a	119
	Euro thousand	2013	17,757	n/a	n/a	n/a	n/a	107
		2014	16,519	n/a	n/a	n/a	n/a	772
Non-occupational accident insurance		2012	1,648	52	n/a	301	n/a	209
	Euro thousand	2013	702	n/a	n/a	295	n/a	208
		2014	1,335	n/a	n/a	331	n/a	224
Pension funds		2012	57,587	n/a	1,369	3,306	n/a	4,125
	Euro thousand	2013	60,541	n/a	1,298	4,499	n/a	4,447
		2014	52,455	n/a	1,333	4,185	n/a	827
Others (for example: seniority bonus, wedding and housing allowances, etc.)		2012	16,694	n/a	656	no figures	433	3,116
	Euro thousand	2013	14,502	510	no figures	no figures	394	2,784
		2014	14,346	346	n/a	no figures	453	58,950
Number of employees included in benefits plan		2012	10,512	3,487	2,461	2,662	938	1,526
	Number	2013	9,847	3,899	2,412	2,672	938	1,600
		2014	9452	4,439	no figures	2,695	947	1,632

\* Data from before divestment in Latin America in October 2014.

\*\* 2013 data from Spain and Portugal grouped together, excluding jointly controlled companies.

n/a: Not applicable.

## 7. Social dialogue

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

There were five collective bargaining agreements in effect in Spain and Portugal at the end of 2014, covering 10,154 people, 96.7% of the workforce.

In 2014 collective agreements of Andorra-Minería, Endesa Ingeniería, Ascó Vandellós and Encasur Puertollano were signed, covering 1,126 people.

In the area of collective bargaining, the most important activities in 2014 were:

- Negotiations on employment-related measures to be applied to the workers of the Colón, Besos and As Pontes combined cycle plants.

- Negotiations on implementing the process for transforming customer care services.
- Information on the new organisation of the Enel Group.

At ENDESA Spain, the labour representatives have promoted trade union elections in the month of February 2015.

Under the existing Spanish labour legislation and ENDESA's labour standards in Spain (4th ENDESA Framework Collective Agreement, Framework Guarantee Agreement for ENDESA and its electricity subsidiaries that are domiciled in Spain, Agreement on Voluntary Suspension), the criteria are established that must operate in case of corporate restructuring transactions and corporate reorganisation (Chapter III of the Framework Guarantee Agreement). It is also established that the labour representatives shall be informed at least 30 days before restructuring transactions and corporate reorganisation come into effect.

Spain has been part of the ILO since its founding in 1919. The conventional regulations of ENDESA in Spain is conform to existing Conventions ratified by Spain.





ENDESA headquarters en Madrid



# Good governance and transparency

Commitment to  
good governance and  
ethical behaviour



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

The Company has a Code of Ethics and a Zero Tolerance Plan against Corruption, which outline the ethical responsibilities and commitments in the management of the businesses and corporate activities of employees and partners. It also has a Prevention of Criminal Risk Programme to comply with the requirements of the reformed Spanish Penal Code. The main objectives of this Model are to prevent criminal activity and raise awareness among collaborators, shareholders and third parties as to the importance of complying with the principles and procedures adopted by the Company.



**64**  
communications  
received  
through the  
Ethics Channel  
in 2014

**77%**  
of complaints  
resolved in the  
same year

**16** Meetings  
of the Board of  
Directors

**94,46%**  
participation  
in the General  
Shareholders'  
Meeting

PRIORITY ISSUES-2014 MATERIALITY STUDY	ENDESA'S RESPONSE IN THE SUSTAINABILITY REPORT
Independence of the members of the Board of Directors.	Chapter on Good Governance and Transparency: 1. ENDESA, a model of good governance and transparency.
Selection and appointment of members of the Board and Senior Management.	Chapter on Good Governance and Transparency: 1. ENDESA, a model of good governance and transparency.
Remuneration of Board members and Senior Management.	Chapter on Good Governance and Transparency: 1.3. Director remuneration
Ethical conduct and the fight against corruption.	Chapter on Good Governance and Transparency: 2. Codes of ethics and the fight against fraud and corruption.

CHALLENGES IN 2014	ACTIONS TAKEN
Ensuring correct compliance and dissemination of our ethics rules (Code of Ethics and Zero Tolerance Plan against Corruption) and our Criminal Risk Prevention rules (Criminal Risk Prevention Programme).	In order to reinforce the skills developed by the Compliance Officer, in early 2014 the Monitoring Committee of the Criminal Risk Prevention Programme was established as a collegiate body with autonomous powers of initiative and control, whose main function is to ensure the efficiency of, compliance with and updating of the Model. The Committee is composed of first level managers and reports regularly to the Board of Directors of ENDESA, through its Audit and Compliance Committee (ACC). During 2014 various activities were carried out to achieve full implementation, dissemination and adoption of ENDESA's ethics and crime prevention regulations in all corporations in its perimeter. An annual review of the adequacy of the design and operation of the controls provided for in the Model was also carried out.

KEY FIGURES 2010-2014					
	2010	2011	2012	2013	2014
Participation at the General Shareholders' Meeting (%)	93.9	93.87	93.49	93.39	94.46
Number of Board meetings	11	11	14	12	16
Total number of directors	9	9	9	9	9
Fixed remuneration of directors (Euro)	1,911,600	1,907,148	2,137,984	2,831,179	2,583,024
Variable remuneration of directors (Euro)	2,590,864	3,160,810	3,317,408	2,743,767	2,309,782
Complaints received via Ethics Channel or other	73	69	81	98	64 16 (Iberia)
Dismissals arising from complaints upheld	36	10	11	8	8 6 (Iberia)

CHALLENGES IN 2015
For all ENDESA's partners to maintain a full commitment of all to the values of ethics and crime prevention by ensuring adequate dissemination, understanding and compliance.
To analyse Law 31/2014, to improve corporate governance and its application to ENDESA.
To update the Bylaws, Regulations of the General Shareholders' Meeting and Regulations of the Board of Directors.

# 1. ENDESA, a model of good governance and transparency

ENDESA's commitment to good governance and transparency is present in its everyday work. Since 2010, it has had a Code of Ethics and a Zero Tolerance Plan against Corruption, which outline the ethical responsibilities and commitments in managing its businesses and corporate activities. These have been adopted by ENDESA and its subsidiaries. The ultimate goal of this plan is that a breach of the code of ethics in issues related to corruption will never occur.

The Code of Ethics and the Zero Tolerance Plan against Corruption reinforce the existing Employee's Code of Conduct, the Charter governing senior management and the Charter governing executives.

## 1.1. Shareholder participation

The Ordinary General Shareholders' Meeting was held on 19 May 2014 with a participation of 94.46% of the share capital.

94.46% participation in the Ordinary General Shareholders' Meeting and 94.87% participation in the Extraordinary General Shareholders' Meeting

In addition, an Extraordinary General Shareholders' Meeting was held on 21 October 2014 with a participation of 94.87% 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

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 16 occasions. The Chairman attended all of them, to analyse the Company's performance and the demands of the market.

### ENDESA BOARD OF DIRECTORS: KEY FIGURES FOR 2014

Total directors	9
Non-executive Directors	7
Independent Directors	3
External proprietary Directors	4
Board Meetings	16
Shares owned or controlled by Directors or significant individual shareholders	21,423

### COMPOSITION OF ENDESA'S BOARD OF DIRECTORS AT 31/12/14

Position	Name	Date (1st appointment)	Type of director	Committee
Chairman	Mr. Borja Prado Eulate	20.06.2007 (1)	Executive	CE, CAC
Vice Chairman	Mr. Francesco Starace	16.06.2014	External Proprietary Director	CE
Chief Executive Officer	Mr. José Mr. Bogas Gálvez	07.10.2014	Executive	CE
Directors	Mr. Alberto de Paoli	04.11.2014	External Proprietary Director	CE, CAC, CNR
	Mr. Livio Gallo	21.10.2014		
	Mr. Enrico Viale	21.10.2014	External Proprietary Director	CE, CAC, CNR
	Mr. Miquel Roca Junyent	25.06.2009		
	Mr. Alejandro Echevarría Busquet	25.06.2009	External Proprietary Director	CAC, CNR
	Ms. Helena Revoredo Delvecchio	04.11.2014		
			External-Independent	CAC, CNR
			External-Independent	
			External-Independent	
Secretary (non-director)	Mr. Salvador Montejo Velilla	01.07.1999		CE, CAC, CNR

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

EC: Executive Committee.

ACC: Audit Committee.

ARC: Appointments and Remuneration Committee.

### 1.3. Director remuneration

The total remuneration received by ENDESA's directors in 2014 was Euro 16,951,101.

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

#### 2014

Name	Salary	Fixed remuneration	Attendance fees	Short-term variable compensation	Long-term variable compensation	Indemnities	Other items	Compensation accrued in other companies	Total 2014
Mr. Borja Prado Eulate	812,000	187,710	42,071	813,939	649,600	–	37,310	91,483	2,634,114
Mr. Francesco Starace (1) (8)	–	–	–	–	–	–	–	–	–
Mr. José Damián Bogas Gálvez (3)	191,946	–	–	125,436	100,772	–	10,867	–	429,020
Mr. Alejandro Echevarría Busquet	–	187,710	57,097	–	–	–	–	–	244,807
Mr. Livio Gallo (7) (8)	–	–	–	–	–	–	–	–	–
Mr. Alberto María Giuseppe de Paoli (5) (8)	–	–	–	–	–	–	–	–	–
Ms. Helena Revoredo Delvecchio (5)	–	31,285	4,508	–	–	–	–	–	35,793
Mr. Miquel Roca Junyent	–	187,710	57,097	–	–	–	–	–	244,807
Mr. Enrico Viale (7) (8)	–	–	–	–	–	–	–	–	–
Mr. Andrea Brentan (4)	546,364	–	–	–	–	11,003,000	768,715	–	12,318,079
Mr. Salvador Montejo Velilla (6)	438,299	–	–	302,161	278,918	–	25,103	–	1,044,481
Mr. Fulvio Conti (2) (8)	–	–	–	–	–	–	–	–	–
Mr. Luigi Ferraris (6) (8)	–	–	–	–	–	–	–	–	–
Mr. Massimo Cioffi (2) (8)	–	–	–	–	–	–	–	–	–
Mr. Gianluca Comin (2) (8)	–	–	–	–	–	–	–	–	–
<b>Total</b>									<b>16,951,101</b>

(1) Member of the Board of Directors since 16 June 2014; therefore, the information on 2014 refers to the period of 16 June to 31 December 2014.

(2) Not a member of the Board of Directors since 16 June 2014; therefore, the information on 2014 refers to the period of 1 January to 16 June 2014.

(3) Member of the Board of Directors since 7 October 2014; therefore, the information on 2014 refers to the period of 7 October to 31 December 2014.

(4) Not a member of the Board of Directors since 7 October 2014; therefore, the information on 2014 refers to the period of 1 January to 7 October 2014.

(5) Member of the Board of Directors since 4 November 2014; therefore, the information on 2014 refers to the period of 4 November to 31 December 2014.

(6) Not a member of the Board of Directors since 4 November 2014; therefore, the information on 2014 refers to the period of 1 January to 4 November 2014.

(7) Member of the Board of Directors since 21 October 2014; therefore, the information on 2014 refers to the period of 21 October to 31 December 2014.

(8) Enel's proprietary Directors do not receive any compensation for sitting on the Board of Directors of ENDESA. S.A.

### 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 appraise the Appointments and Remuneration Committee of any other professional obligations that may detract from their required dedication.

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

- It is the duty of all Directors to contribute to the role of the Board to promote and oversee the management of the Company. In performing their functions, they will act faith-fully 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 his or his or her office, disclose transactions by family members and by companies related, by ownership, to the Director if such transactions are material to the management of the Company.
- In addition, in performing their duties, Directors shall be guided by the general principles and the standards of conduct set forth in the Company's Code of Ethics.
- Article 28 regarding the use of information and corporate assets stipulates that: "Directors may not use for private purposes non-public information of the Company, unless there is no detriment to the Company, or if the information is irrelevant for transactions to buy or sell securities of the Company".
- In any event, the rules of conduct established by legislation and by the Company's Internal Regulations on Conduct in the Securities Markets must be observed.
- No Director may personally use the assets of the Company or use his or her position in the Company to obtain a financial advantage unless a sufficient consideration is paid. If he or she 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 and 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 may interfere 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 or she 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 or she 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.

### 2.1. Ethical culture and crime prevention

ENDESA's Code of Ethics and its Zero Tolerance Plan against Corruption represent the cornerstones of the ethical culture and integrity of the Company. These documents oblige all directors, executives and employees to behave with integrity in all their dealings with stakeholders.

The Code of Ethics comprises:

16 general principles that define the reference values that should inspire the behaviour of ENDESA's partners in carrying out their activities.

Rules of conduct for dealing with all stakeholders, which provide guidelines for upholding the Company's general principles and avoiding the risk of unethical behaviour.

Implementation mechanisms which describe the structure established regarding the Code of Ethics; this structure is aimed at ensuring compliance with and continuous improvement of the Code.

The Zero Tolerance Plan against Corruption, on the other hand, represents ENDESA's specific commitment in the fight against corruption and the complete rejection of all forms in which it manifests itself.

The Code of Ethics and the Zero Tolerance Plan can be consulted at [www.endesa.com](http://www.endesa.com).

Since 1 January 2012 ENDESA has had a Prevention of Criminal Risk Programme. This programme is designed to equip ENDESA with a control system to prevent any criminal activ-

ity within the Company, thereby complying with the provisions of the Spanish Penal Code on criminal liability for legal persons. The main objectives of this Model are to prevent criminal activity and raise awareness among collaborators, shareholders and third parties as to the importance of committing to and complying with the principles and procedures adopted by the Company.

Finally, under ENDESA's ethics and compliance regulations, the Company has specific protocols in place that establish clear procedures to be followed by its collaborators when dealing with civil servants and public authorities, when offering and accepting gifts, presents or favours, as well as in cases of conflicts of interest, exclusive dedication and commercial competition.

#### 2.1.1. Ethics Channel

ENDESA made an Ethics Channel, accessible via its website ([www.endesa.com](http://www.endesa.com)) and its intranet, available to all its stakeholders so that they 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 (Navex Global), which processes all complaints and communications.

The main concerns expressed by users of the Ethics Channel have been embezzlement, issues related to conflicts of interests and improper behaviour by suppliers and contractors.

Complaints made via channels other than the Ethics Channel are forwarded to the Internal Audit Department, in accordance with ENDESA's internal procedures.

The Audit Department is responsible for ensuring all complaints received are processed correctly. This department acts independently of the opinions of all other departments within the organisation. It has access to all the corporate documents necessary to carry out its functions and monitors the implementation of the recommendations included in its audit reports. The Audit Department reports to the Board of Directors through the Audit and Compliance Committee which in turn centralises and channels all significant complaints before reporting on them to the Board.

64 complaints were received in 2014, 77% of which were resolved in the year

In 2014 a total of 64 complaints were reported through the Ethics Channel and other channels. In 77% of the cases reported in 2014 the investigation was closed during the same year.

13 of the complaints filed were proven to be breaches of the Code of Ethics with 5 occurring in Spain and Portugal and 8 in Latin America. In these cases various corrective measures were applied, such as dismissing the individuals

#### COMPLAINTS RECEIVED IN 2014 BY STAKEHOLDER GROUP

	Total	Customers	Employees	Suppliers	Anonymous	Community
<b>Spain and Portugal</b>	<b>17</b>	<b>1</b>	<b>7</b>	<b>1</b>	<b>8</b>	<b>0</b>
Argentina	6	0	2	0	3	1
Brazil	19	1	4	0	14	0
Chile	10	1	4	2	3	0
Colombia	8	0	2	0	6	0
Peru	4	0	3	0	1	0
<b>Latin America*</b>	<b>47</b>	<b>2</b>	<b>15</b>	<b>2</b>	<b>27</b>	<b>1</b>

\* Data from before divestment in Latin America in October 2014.

#### COMPLAINTS RECEIVED IN 2014 BY STAKEHOLDER GROUP AFFECTED OR PARTIALLY AFFECTED

	Total	Shareholders	Customers	Employees	Suppliers	Other
<b>Spain and Portugal</b>	<b>17</b>	<b>3</b>	<b>3</b>	<b>7</b>	<b>3</b>	<b>1</b>
Argentina	6	4	2	0	0	0
Brazil	19	5	2	9	1	2
Chile	10	2	0	5	3	0
Colombia	8	0	0	7	1	0
Peru	4	1	1	1	0	1
<b>Latin America*</b>	<b>47</b>	<b>12</b>	<b>5</b>	<b>22</b>	<b>5</b>	<b>3</b>

\* Data from before divestment in Latin America in October 2014.

involved. In 2014, 6 employees involved in breaches were dismissed in Spain and Portugal, and 2 in Latin American countries. All data reported are up to 31 December 2014 for the Iberian Peninsula, and up to 31 October 2014 for Latin America.

13 breaches of the Code of Ethics in 2014 with 8 resulting in dismissal

#### STATUS AND OUTCOME OF COMPLAINTS RECEIVED

	2012	2013	2014*
<b>Cases closed</b>	<b>81</b>	<b>98</b>	<b>49</b>
Infringement	19	22	13
Unfounded	62	76	36
<b>Still open</b>	<b>0</b>	<b>0</b>	<b>15</b>

\* Data from before divestment in Latin America in October 2014.

#### INFRINGEMENTS PROVEN BY REGION

	2012	2013	2014
<b>Spain and Portugal</b>	<b>3</b>	<b>5</b>	<b>5</b>
Argentina	3	6	2
Brazil	7	6	3
Chile	3	1	1
Colombia	3	4	1
Peru	0	0	1
<b>Latin America *</b>	<b>16</b>	<b>17</b>	<b>8</b>

\* Data from before divestment in Latin America in October 2014.

#### INFRINGEMENTS PROVEN BY TYPE

	2012	2013	2014*
Corruption	15	8	5
Mobbing	1	0	0
Discrimination	0	0	0
Embezzlement	2	4	1
Human rights	0	0	0
Other	1	10	7
<b>Total</b>	<b>19</b>	<b>22</b>	<b>13</b>

\* Data from before divestment in Latin America in October 2014.

In 2014, all business units of Spain and Portugal were analysed for organisational risks related to corruption. In Argentina 20 business units (representing 91%) were analysed until 31 October 2014, in Chile 18 (82%), in Brazil 19 (90%), in Peru 14 (74%), and in Colombia 19 (50%).

## 2.2. Sanctions received

At 31 December 2014, the most significant cases of litigation and arbitration involving ENDESA companies were the following:

- Three legal actions are underway against ENDESA Distribución Eléctrica, S.L.U. for forest fires in Catalonia, and it is possible that the Company will have to pay more than Euro 34 million for various claims for damages. In addition, the Generalitat of Catalonia (Regional Government) imposed a penalty of Euro 10 million for power cuts in Barcelona on 23 July 2007. This penalty was confirmed on 3 September 2012 by the Tribunal Superior de Justicia de Cataluña (Catalonia Regional Appeal Court) and an appeal submitted to the Supreme Court on 16 November 2012.

- In a ruling dated 2 April 2009, the Spanish Markets Competition Commission, the CNMC, fined ENDESA Distribución Eléctrica, S.L.U. Euro 15 million for a breach of article 6 of the Spanish Competition Act and of article 82 of the EC Treaty, in the form of an alleged abuse of a dominant position by setting conditions for access by the supply company Centrica Energía, S.L. to the SIPS system of point-of-supply information, and assigning the claimant's business data on customers to the ENDESA Group's own supply company, ENDESA Energía, S.A.U. On 26 May 2011 the Spanish High Court ruled in favour of the CNMC's decision. On 17 June 2011, an appeal was presented to the Supreme Court. The case is still pending judgement and the fine has been temporarily suspended. On 2 December 2014, the High Court dismissed the appeal submitted by ENDESA Energía, S.L.U.
- On 20 January 2010, Céntrica Energía, S.L. sued ENDESA Distribución Eléctrica, S.L.U. in connection with the decisions of the CNMC of April 2009. In its complaint, it stated the value which it believed it would have obtained if it had access to the information when it requested mass access on 9 October 2006. The value of the claim is Euros 5 million. On 20 January 2011, the Barcelona Mercantile Court no. 2 ruled that the damages being sought by Céntrica Energía, S.L. be reduced to Euro 3 million. ENDESA Distribución Eléctrica, S.L.U. appealed against this ruling. The Barcelona Provincial Court rejected this appeal on 3 May 2012. The ruling was appealed, but was dismissed in a Supreme Court ruling of 4 June 2014, notified on 18 July 2014.
- On 11 May 2009, the Ministry of Industry, Tourism and Commerce published a Ministerial Order in which it issued four fines totalling Euro 15 million to ENDESA Generación, S.A.U. as the operator of the Ascó I nuclear plant in connection with a radioactive particle leak in December 2007. These infringements were considered serious violations contrary to the Nuclear Energy

Act 25/1964, of 29 April. An application for judicial review was filed with the High Court. At the same time, the Director General of Energy Policy and Mines issued two fines totalling Euro 90,000 for minor infringements relating to the same incident. These fines were contested in administrative proceedings, and later in judicial review. On 1 December 2009, granting a motion by ENDESA, the High 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 High Court suspended the appeal proceedings for as long as the decision on the same criminal proceedings 111/2011 remained pending at the court in Gandesa. Proceedings are still ongoing at the court in Gandesa. In September 2014, the High Court requested information from the Gandesa court on the situation of criminal proceedings, and the Gandesa court replied that it was still carrying out the preliminary proceedings. Contentious-administrative proceedings therefore remain suspended.

- On 24 June 2009, the Investigation Division of the Spanish Markets and Competition Commission (CNMC) filed charges against several power distribution companies, including ENDESA, S.A. for alleged violation of article 1 of Anti-Trust Law 15/2007 of 3 July 2007 and Article 101 of the Treaty on the Functioning of the European Union, reporting the implementation of alleged collusive agreements which, according to the Competition Authorities, could have been arranged to impede, restrict or falsify competition in the power supply market in Spain. The infringement proceedings instituted by the CNMC were directed to ascertain whether or not an unlawful arrangement was made among distribution companies to delay the process by which users can switch suppliers. The proceedings were later widened in scope, in terms of parties (to include the power industry association Asociación Española de Industria Eléctrica

ca-Unesa) and charges (including possible collusion to attract large customers). By a decision of the Board of the CNMC of 13 May 2011, ENDESA, S.A. was fined Euro 27 million. An application for judicial review was filed with the High Court, which, granting ENDESA, S.A.'s motion for interim measures, stayed execution of the fine in an order dated 15 September 2011. In December 2013, in the light of pleas drawn up on the basis of the "bis in idem" principle, the High Court suspended the proceedings pending a ruling by the Supreme Court on the pending case concerning the Point of Supply Information System (SIPS) (appeal 229/2009). The Supreme Court issued a ruling on 2 December 2014 dismissing the appeal submitted by ENDESA concerning the Point of Supply Information System (appeal 229/2009). The Supreme Court also issued a ruling on 10 December 2014 dismissing the order of investigation of the UNE-SA Power Industry Association, and consequently all the evidence collected during the inspection process used to substantiate the alleged infringements. ENDESA applied to the High Court to dismiss the challenged fine ruling. The proceedings are currently awaiting a date for a decision and ruling.

- On 24 June 2009 ENDESA Generación, S.A.U. sold the Lafortunada-Cinqueta hydroelectric concession to Corporación Acciona Hidráulica, S.L. for Euros 50 million. The original term of the concession had expired by then, but there was a commitment by the current Ministry of Agriculture, Food and the Environment to grant an extension. On 16 May 2013, ENDESA Generación, S.A.U. was notified of the resolution by the Director General for Water ordering the procedure to declare the concession expired. On 14 June 2013, an appeal was lodged with the Ministry of Industry, Energy and Tourism, along with a technical report explaining that this concession had to be operated jointly with another hydroelectric operating concession (the Cinca

hydroelectric concession) expiring in 2061. With the contractual deadline for formalising the extension or granting a new concession having been reached, Corporación Acciona Hidráulica, S.L. sent ENDESA Generación, S.A.U. a formal notice that it was exercising its right to cancel the contract, undertaking to sign any documents necessary for restitution of the consideration paid and, accordingly, seeking reimbursement of the price paid, plus interest, less the operating profit obtained during the period. On 19 December 2014, ENDESA Generación, S.A.U. and Corporación Acciona Hidráulica, S.L., signed the deed terminating the sale of the Lafortunada-Cinqueta hydroelectric concession, with ENDESA reimbursing to Corporación Acciona Hidráulica, S.L. Euro 37 million (the amount determined by applying the formula agreed on 30 September 2014) and Corporación Acciona Hidráulica, S.A. returning ownership of the plant to ENDESA, with effect for financial purposes from 1 October 2014.

- On 1 July 2010 ENDESA Distribución Eléctrica, S.L.U. was legally forced to sell its transmission network (mostly non-mainland systems) to Red Eléctrica de España, S.A.U. The price was Euro 1,412 million, but the agreement included a price adjustment if before 31 December 2013, the Spanish Markets Competition Commission (CNMC) carried out a settlement resulting in lower remuneration. Red Eléctrica de España, S.A.U., considering that Order IET/2443/2013 (published in the Official State Gazette on 28 December 2013) established a definitive remuneration for island transmission that was lower than the amount envisaged in the contract and therefore warranting adjustments, filed a request with the Civil and Commercial Arbitration Court (Corte Civil y Mercantil de Arbitraje, CIMA) for arbitration against ENDESA Distribución Eléctrica, S.L.U. on 21 July 2014. Once the Arbitration Court was constituted, on 29 January 2015, Red Eléctrica de España, S.A.U. proceeded with its case, claiming Euro 94 million.



ENDESA Distribución Eléctrica, S.L.U. intends to defend its interests in the proceedings, opposing Red Eléctrica de España, S.A.U.'s claims, for which it has until 16 March 2015.

- Regarding compliance with the obligation to adapt operations of nuclear power plants to the third additional provision of Law 12/2011, of 27 May, ENDESA Generación, S.A.U. submitted the appropriate adaptation plan within the stipulated time frame. However, the Department of Energy Policy and Mines considered that it did not meet the requirements, which require unanimity among the licence holders of the plants. ENDESA Generación, S.A.U. lodged an appeal, and on 13 June 2012 was notified of the resolution by the Under Secretary of Industry, Energy and Tourism rejecting the appeal, which was also contested through litigation before the Regional Appeal Court of Madrid. Meanwhile, the Ministry of Industry, Energy and Tourism opened infringement proceedings on 27 June 2012, and on 24 September 2012 moved the decision to impose a penalty of Euro 0.9 million for each power plant in which ENDESA, S.A.U. has an interest. In a ruling of 13 July 2013, the High Court granted the stay requested by ENDESA Generación, S.A.U., suspending execution of the challenged resolution while the appeal is underway. ENDESA Generación, S.A.U. paid a bank guarantee into court covering the value of the fine, Euro 3.6 million. On 25 June 2014, Endesa Generación, S.A.U. received an adverse ruling, and an appeal was submitted in 2014.
- On 23 May 2013, the Director General of Energy Policy and Mines agreed to launch infringement proceedings against ENDESA Generación, S.A.U. and Iberdrola Generación, S.A.U., as operators of the Ascó I and Ascó II nuclear power plants, with respect to the loss of traceability in the control of unused radioactive sources from the plant, for alleged serious breach of Article 86.b).3 of Law 25/1964, of 29 April, on Nuclear Energy, for non-compliance with section 3.1.2. on "Plant man-

agement approaches" of the Radioactive Waste and Spent Fuel Management Plan (PGRR in Spanish), and breach of Section 10.5 of the Radiation Safety Manual (MPR) regarding radioactive sources, due to failure in the alleged loss of the related information. As this involves a nuclear power plant, in accordance with Article 89.1 of Law 25/1964, of 29 April, on Nuclear Energy, violations qualifying as serious can result in fines of between Euro 300,001 in the lowest degree, and Euro 9 million in the highest degree. On 10 June 2013, ENDESA Generación, S.A.U. submitted its pleas, requesting that the case be dismissed as the traceability of the sources had been recovered, or alternatively if rejected, that once the recovery of the traceability of the sources is accredited, to lower the category of infraction to minor pursuant to Article 86.c).3 of Law 25/1964, of 29 April, on Nuclear Energy. In this case, the fine would range from Euro 15,000 in the lowest degree to Euro 300,000 in the highest. On 17 October 2013 the motion for resolution was received upholding some of the facts from the initiation of proceedings, as well as classifying the actions of ENDESA Generación, S.A.U. and Iberdrola Generación, S.A.U., as serious in the lowest degree, with a fine of Euro 1 million, pursuant to a report from the Nuclear Safety Council (CSN) dated 13 September 2009. The Company appealed against this ruling in writing on 30 October 2013. A ruling by the Ministry of Industry, Energy and Tourism of 29 January 2014 imposed a joint and several fine of Euro 1 million on ENDESA Generación, S.A.U. and Iberdrola Generación, S.A.U. for loss of traceability in the control of radioactive sources, which was considered a serious infraction in the lowest degree. The ruling was appealed at the High Court on 4 April 2014 (contentious-administrative appeal 130/2014). ENDESA Generación, S.A.U. submitted proceedings to the High Court's contentious section on 18 September 2014. The fine of Euros 1 million was paid by ENDESA Generación, S.A.U.

- In 2013, the Nº 4 Court of First Instance in Algeciras (Cádiz) accepted the lawsuit filed by Obras y Construcciones Alcalá Sur, S.L. against ENDESA Distribución Eléctrica, S.L.U. seeking payment to Obras y Construcciones Alcalá Sur, S.L. of an indemnity of Euros 61 million in damages for breach of an agreement signed on 16 January 2006 between the companies. Specifically, the lawsuit is over failure by ENDESA Distribución Eléctrica, S.L.U. to build a substation for the supply of power to the more than 450 residential units owned by the plaintiffs, which prevented the completed development from obtaining occupancy permits. ENDESA Distribución Eléctrica, S.L.U. considers that there is no basis for the claim, since there is no contractual breach and no causal link between ENDESA Distribución Eléctrica, S.L.U.'s actions or omissions and the lack of available land to build the substation, or the delay in the construction of the substation and the delay in obtaining the occupancy permit for the residences. ENDESA Distribución Eléctrica, S.L.U. challenged the claim on 26 February 2014. Preliminary proceedings were established by the court, and the hearing will be held on 22 June 2015.
- On 22 January 2014 the President of the Ebro Hydrographic Federation ("CHE") issued a resolution requiring ENDESA Generación, S.A.U. to deliver 25% of the power produced at the hydroelectric plants in the Noguera Ribagorzana basin and at the Mequinenza and Ribarroja plants along the Ebro river, with effect from 1 January 2012, and to approve settlements of Euro 28 million due to the impossibility of enforcing the obligation *in natura*, as equivalent compensation for the period from 1 January 2012 to 30 September 2013. On 6 June 2014, the "CHE" required additional payment of Euro 2 million in alternative compensation for the period between 1 October 2013 and 17 December 2013. The "CHE's" resolution was predicated on article 10 of the 1946 Decree granting the Ribagorzana reserve to the National Institute of Industry, which was subsequently supported by the Decree granting Empresa Nacional Hidroeléctrica Ribagorzana S.A. the reserve of the middle section of the Ebro between the Escatrón and Flix plants. ENDESA Generación, S.A.U. filed an appeal for judicial review with Section 2 of the Regional Appeal Court of Aragon under ordinary procedures 131/2014-B and 311/2014-B.
- On 15 and 16 April 2014, notification of four resolutions from the Directorate General of Energy Policy and Mines, all dated 10 April 2014, were received. The resolutions bring infringement proceedings against ENDESA Generación, S.A.U. as owner or co-owner of the Almaraz I and Almaraz II, Ascó I and Ascó II and Vandellós nuclear power plants for alleged, continuous breach of the sole transitional provision of Law 25/1964, of 29 April 1964, on Nuclear Power; specifically, considering that the Adaptation Plan submitted was not the "appropriate adaptation plan" referred to in the sole transitional provision of Law 25/1964, of 29 April 1964, on Nuclear Power, and was therefore not submitted within the time frame stipulated in this provision. On 10 July 2014, the proposed resolution led to a fine for serious breach of Euro 3 million for each case. The pleas were submitted on 25 July 2014. The Ministry of Industry, Energy and Tourism issued four Orders on 26 September 2014 ruling on the infringement proceedings against ENDESA Generación, S.A.U. as owner or co-owner of the Almaraz I and II, Ascó I and II and Vandellós nuclear power plants, and four fines of Euros 3 million were imposed. In November 2014 ENDESA Generación, S.A.U. submitted an appeal to the High Court, which was accepted for proceedings on 29 December 2014, and a stay was applied for by means of a guarantee. We are awaiting acceptance of this appeal.
- On 17 July 2014, a resolution issued by the Competition Chamber of the Spanish Markets Competition Commission (CNMC) was received proposing a fine on ENDESA Distribución Eléctrica, S.L.U. of Euro 1 million for alleged abuse

of its dominant position entailing wrongful receipt of payment for execution of network extension installations by charging an uncontrolled price for the network extension which, according to the CNMC's interpretations of regulations, should be charged according to a scale. On the contrary, ENDESA Distribución Eléctrica, S.L.U. considers that it applied industry regulations correctly according to numerous judgements handed down which it presented

during the process. ENDESA Distribución Eléctrica, S.L.U. appealed this ruling at the High Court on the grounds that it was contrary to the law, and requested temporary suspension of the fine. The High Court suspended the fine temporarily and the proceedings are still ongoing at the High Court.

### 3. Use of tax havens and ENDESA policy

ENDESA complies with tax regulations as part of the principles underlying the corporate responsibility of the company, implementing responsible fiscal policies and promoting co-operative and transparent relationships with the Tax Administrations.

Accordingly, the Board of Directors of ENDESA approved at its meeting on 20 December 2010 ENDESA's adoption of the Code of Best Tax Practices. Pursuant to the provisions of this Code, the head of tax matters of ENDESA reports regularly to the Board, through the Audit Committee, of the fiscal policies followed by the Company and the tax consequences of the most significant transactions.

#### Tax Contributions

ENDESA is committed to transparency regarding its tax payments, and starting this year ENDESA has decided to publish a breakdown of its major tax payments in those countries where it has a significant presence, which, on 31 December 2014, are Spain and Portugal.

ENDESA's activity not only makes a significant direct contribution to the Tax Administration through payment of its own taxes, but also makes a significant contribution through collection of taxes from third parties generated as a result of the activities of the company. ENDESA therefore considers it appropriate to show both amounts, albeit separately.

## TAX CONTRIBUTIONS ENDESA 2014

	Euro million			
	SPAIN		PORTUGAL	
	Taxes paid	Taxes levied	Taxes paid	Taxes levied
<b>Taxes paid in Tax Group</b>				
Tax on profits	528	0		
Corporation Taxes (1)	528	0		
<b>Taxes paid to the State Treasury</b>				
Tax on profits			20	0
Corporation Taxes			20	0
Indirect and excise taxes	128	1,866	0	9
VAT paid (2)	0	1,258		0
Taxes on Electricity	0	545		9
Taxes on Hydrocarbons	0	63		
Taxes on Coal	128	0		
Local taxes, regional taxes and taxes on electricity sector	1,084	0	0	0
Tax on the value of electricity generation	385	0		
Nuclear fuel tax	62	0		
Hydraulic Levy (3)	72	0		
Public road fees (municipal)	191	0		
Nuclear Services Fees	184	0		
Property taxes (municipal)	54	0		
Environmental Taxes (regional)	44	0		
Tax on Economic Activities (municipal)	24	0		
Other taxes	67	0		
Withholdings	0	477	0	1
Withholdings on income arising from work	0	247		1
Other withholdings	0	230		
<b>Total</b>	<b>1,730</b>	<b>2,342</b>	<b>20</b>	<b>10</b>

(1) Since the requirements of Chapter VII of Title VII of Royal Decree Law 4/2004, of 5 March 2004, which approves the Revised Corporate Income Tax Law, are met, ENDESA and certain subsidiaries resident in Spain have since 2010 formed part of the Consolidated Tax Group whose parent company is Enel Energy Europe, S.L. (now called Enel Iberoamerica, S.L.). As parent company of the Group, this society holds the ultimate relation with the tax authorities regarding this tax.

(2) Regarding the VAT paid, payable VAT is reported (the difference between output VAT and deductible input VAT).

(3) With respect to the State Hydraulic Levy, the amount corresponds to the fee payable in 2014; this fee was not paid at 31 December 2014 because the enabling regulations had not been published at that time.

## Use of tax havens

ENDESA's policy in this regard is that no investments are made in or through territories classified as tax havens in order to decrease its tax burden. Such investments are only made if there are overriding economic reasons other than the one mentioned above to justify them. In addition, ENDESA has never resorted to entities located in tax havens to conceal the identity of parties earning income, conducting activities, owning property or holding rights.

In this regard, it should be noted that ENDESA's investments in Latin America were passed on to Enel Latin America in the last quarter of 2014 therefore ENDESA no longer has any investments in that region. However, information on the investments is given below, since they were held for most of the year 2014.

Although the ENDESA Group acquired a significant number of companies located in tax havens through its acquisition of the ENERSIS GROUP in 1997, ENDESA began a process in 1999 to dissolve these entities. Therefore, it currently has no more entities in countries considered tax havens by the Spanish Central Tax Authority.

In this regard, it should be pointed out that Atacama Finance and Energex, both companies of the ENERSIS GROUP and located in the Cayman Islands, were dissolved in 2014 after Endesa Chile acquired a majority stake in the companies and could adopt resolutions for their dissolution. Moreover, although Enersis acquired certain holding companies resident in the Cayman Islands in 2014 as a result of the acquisition of an additional interest in Edegel in Peru, at the end of 2014 these entities were redomiciled to Peru and were subsequently dissolved.

Finally, investments located in Panama were made in entities involved in the electricity sector: (i) 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 in-

terconnect the six countries of Central America. It also owns a minority stake in 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); and (ii) Endesa also holds a 48% indirect stake in EMGESA Panamá which sells power in Panama and Central America. ENDESA's presence in Panama was small and was exclusively and directly related to operational activities per se, specifically to electricity transmission and supply. Importantly, Panama is expressly excluded from the list of tax havens in Spain, since Spain signed a Double Taxation Treaty that includes an information ex-change clause.

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:

- **United States (Delaware).** ENDESA Capital Finance LLC was an ENDESA Group investee established in 2003 to issue Euro 1,500 million in preference shares. Upon completion of the repurchase in 2013 the company was dissolved in 2014.
- **The Netherlands.** It should be noted that the economic and legal situation in the Netherlands offers direct access to the most efficient financial markets and enables companies to make use of swifter legal systems which allow for greater flexibility, resulting in fewer regulatory expenses and faster access to funding sources.

ENDESA wholly owns International ENDESA, B.V., a Dutch company established in 1993 to raise funds for the ENDESA Group through the Euro Medium Term Note (EMTN) and Euro Commercial Paper (ECP) debt-issuance programmes. The Company's activity has declined substantially in recent years, and since 2005 the ENDESA Group's listed equity has been issued by ENDESA Capital, S.A., a company resident in Spain. 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 that includes an information exchange clause.

ENDESA owns 50% of Enel Re, a Dutch company set up in 2011 which groups together the Enel Group's insurance business and to which ENDESA, S.A. transferred its stake in COMPOSTILLA RE, a Luxembourg company.

- **Luxembourg.** ENDESA owns, indirectly and through ENEL Re, 50% of the Compostilla Re reinsurance company. Spain signed a double taxation treaty with Luxembourg in June 1986 and an information exchange protocol in November 2009. Nevertheless, it is included on the list of the Tax Justice Network (November 2009).







## Our shareholders and investors

Commitment to creating value and returns

ENDESA strives to be a benchmark for investors concerned about sustainability and remains committed to transparency and close relations.

In 2014, ENDESA remained a leading company in sustainability, as evidenced by its strong presence in the *Dow Jones Sustainability Index*, the Euronext Vigeo indices and the Carbon Disclosure Project. For the third consecutive year, ENDESA has the highest rating of all IBEX 35 companies for the quality of its publicly available information according to *Informe Reporta*.

**3,337**

millions net  
income in 2014

**13.795**

euros  
dividend per  
share

**14th**

consecutive  
year on the  
Dow Jones  
Sustainability  
Index

**22,079**

queries to the  
Shareholders'  
Office

General Shareholders' Meeting 2014

PRIORITY ISSUES-2014 MATERIALITY STUDY	ENDESA'S RESPONSE IN THE SUSTAINABILITY REPORT
Transparency in financial reporting.	Chapter on Shareholders and Investors: 1.2. Close relations and transparency with shareholders and investors.
Transparency in non-financial reporting and sustainability reporting.	Chapter on Shareholders and Investors: 1.1. Close relations with socially responsible investors 1.2. Close relations and transparency with shareholders and investors.
Fiscal transparency.	Chapter on Good Governance and Transparency
Impartiality in reporting on other issues.	Chapter on Shareholders and Investors: 1.1. Close relations with socially responsible investors 1.2. Close relations and transparency with shareholders and investors.

CHALLENGES IN 2014	ACCIONES REALIZADAS
In 2014, ENDESA's investor relations objectives include to be fully transparent in disseminating the Company's financial performance and its commitments to society and corporate governance through ongoing contact with the financial community, mainly shareholders, institutional investors and financial analysts.	<p>Giving public presentations to analysts and investors on the quarterly results of the Company. On 8 October 2014 an Investor Day was held in London with the aim of presenting the new Business Plan 2014-16 focused on Spain and Portugal to the financial community.</p> <p>In November ENDESA held a roadshow in Europe and the United States on the occasion of ENDESA's Public Offering of shares, which was launched on 6 November from Enel Energy Europe.</p> <p>In 2014 the Office of the Shareholder answered 5,553 telephone calls, received 71 visits, and dispatched 841 documents.</p> <p>One of the most important channels the Company offers its private shareholders is the "Information for Shareholders and Investors" on its corporate website (<a href="http://www.endesa.com">www.endesa.com</a>).</p>

KEY FIGURES 2010-2014					
	2010	2011	2012	2013	2014
Record score on the <i>Dow Jones Sustainability Index</i>	80	80	81	84	85
Average quorum at General Shareholders' Meetings (%)	93.99%	93.87%	93.49%	93.39%	94.46%
Total shareholder return (%)	4.29%	-12.6%	6.44%	38.11%	36.67%
Shareholder and investor contacts through Shareholder's Office	3,132	2,856	2,881	2,490	22,079
Benefits generated versus 2013	20.04%*	-46.4%	-8%	-7.6%	77.6%**

\* includes 1,975 million euros profit after tax and non-controlling interests from operations divested in 2010.

\*\* includes 1,764 million euros net capital gains resulting from the sale of the Latin American business to Enel.

IN 2015 WE PROPOSE
To be fully transparent in disseminating the Company's financial performance and its commitments to society and corporate governance through ongoing contact with the financial community, mainly shareholders, institutional investors and financial analysts.

# 1. Generating sustainable value

## 1.1. Close relations with socially responsible investors

ENDESA views transparency of information about its activities as a basic tool in outlining its pledge to sustainable development. To this end, the Company strives to attain full transparency and thereby place itself at the top positions of the main international sustainability rankings.

### 1.1.1. Dow Jones Sustainability Index

In 2014, ENDESA renewed its presence in the prestigious *Dow Jones Sustainability Index* (DJSI). This index includes leading corporations in which a commitment to sustainability is firmly embedded in their corporate strategy.

The Company was listed in the index for the fourteenth consecutive year, ranking highly among leading electric utilities worldwide (Dow Jones Sustainability World Index).

14th consecutive year on the *Dow Jones Sustainability Index*



ENDESA broke a new record, achieving its best overall score since it was first listed on the index in 2001, improving on its score of the previous year. In addition, the Company was the leader in the social dimension in 2014, with an increase of more than 6 points from 2013.

ENDESA's performance was especially strong in the financial dimension, regarding its risk and crisis management policies, results measurement systems and its code of conduct. In the environmental dimension, it obtained outstanding scores for its biodiversity strategy, environmental management systems, risks related to water management policies and combating climate change. In the social dimension, its performance was especially strong in the criteria evaluating stakeholder management, social reporting, labour practices, human rights and social commitment to local communities.

An example of these outstanding results is the Company's scores, which are above 90 (out of 100) in 70% of the evaluated criteria.

In addition, the high scores obtained by Enel and ENDESA in this index mean that once again the two companies have been included in the prestigious Sustainability Yearbook 2015 published by RobecoSAM, an investment group specialising in sustainable investments. ENDESA obtained a silver medal, placing it among the four leading electric utility companies with highest corporate sustainability results worldwide, improving on its position in 2014 in which it obtained a bronze medal. In addition, Enel obtained a gold medal, placing it among the top three electric utility companies worldwide.

ENDESA obtained a silver medal in the "Sustainability Yearbook 2015"

The Sustainability Yearbook, featuring ENDESA since 2007, analyses, selects and rates leading companies worldwide in corporate sustainability in view of their financial, environmental and social performance.

#### For more information:

<http://www.sustainability-indices.com/>



### 1.1. 2. Euronext Vigeo

ENDESA has bolstered its presence in the Euronext-VIGEO international sustainability indexes by its inclusion for the first time in the Euronext-Vigeo World 120, while maintaining its presence in the Euronext-Vigeo Europe 120 and Euronext-Vigeo Eurozone 120 indexes. ENDESA has featured in the latter since their creation in 2012 by the New York Stock Exchange and VIGEO, an analyst specialising in non-financial corporate performance.

ENDESA has been included for the first time in the Euronext-Vigeo World 120 Index

These indexes recognise leading companies that consider sustainable development to be a basic axis of their corporate strategy. Specifically, they highlight the 120 listed companies worldwide (Vigeo World 120), in Europe (Vigeo Europe 120) and in the Eurozone (Eurozone 120) with the best performance in the integration of environmental, social and ethical criteria in their daily business activities.



These indexes are created by evaluating 330 indicators grouped into 38 sustainability criteria that analyse the companies' management regarding human resources, environment, ethics, good governance, human rights and commitment to society.

These recognitions demonstrate ENDESA's firm commitment to sustainable development, making it a global reference in long term added-value by its contribution to the economic,

social and environmental progress of the societies and territories where it is present.

**For more information:** [www.vigeo.com](http://www.vigeo.com)

### 1.1. 3. Carbon Disclosure Project

For more than ten years ENDESA has participated in the initiatives of the CDP, an international non-profit organisation that provides the only global system for companies and cities to measure, communicate, manage and share key environmental information. The aim of this information is to provide input to the main global investors so they can assess the reliability of the companies in which they invest in view of these companies' efforts to combat climate change.

ENDESA has joined several proposals launched by the CDP and is currently participating in three of them: CDP Climate Change, CDP Water and CDP Supply Chain.

The 2014 CDP included ENDESA in the list of the best companies with respect to their climate change performance

#### CDP Climate Change

In 2014, ENDESA was awarded a leading position in the "The A List: The CDP Climate Performance Leadership Index 2014", which discloses the companies that are making the greatest efforts to combat climate change.

ENDESA attained a leading position in this index, showing its outstanding approach towards the mitigation and management of climate change on a global scale. This initiative arose in response to the request of 767 investors, representing over one third of the capital invested in the world, according to the CDP, an international non-governmental organisation that promotes a sustainable economy.



Within the scope of this initiative, information provided by almost 2000 listed corporations was evaluated independently using the CDP scoring methodology, performing the corresponding classification. ENDESA is one of the 187 companies awarded with an A rating for its climate change performance, gaining a position in this global ranking that evaluates corporate efforts of companies towards mitigating climate change.

## CDP Supply Chain

In addition, this year ENDESA has obtained a leading position in the CDP Supply Chain initiative, attaining a position in the “CDP Supplier Climate Performance Leadership Index 2014” due to its actions as a supplier aimed at reducing carbon emissions and mitigating the climate change risks associated to its business.

The CDP Supply Chain initiative is backed by 66 large multinational purchasing companies, with purchase expenditures amounting to 1.3 billion dollars in 2014, in which 3,396 companies (suppliers) participated and these have been evaluated independently according to the CDP scoring methodology.

The Leadership Index in which Endesa has been included was created in this way. Only 4% of participating companies (121 out of 3,396) have attained a position in this index, as shown in a new report “Supply Chain Sustainability Revealed: A Country Comparison”.

## CDP Water

ENDESA also participated in 2014 for the fifth consecutive year in the CDP “Water Disclosure”, another CDP initiative providing information on water and water management by leading global corporations, in order to inform the global market on investment risks, business opportunities and to help lead investments towards a sustainable use of this resource. As part of this initiative the CDP publishes an annual “CDP Global Water Report”, which analyses the main risks

and opportunities using the responses of the 1,064 participating companies detected by the companies with regard to water availability, as well as trends in the management of these risks.

### For more information:

<https://www.cdp.net/en-US/Pages/events/2014/cdp-leaders.aspx>



### 1.1.4. Other Sustainability rankings

ENDESA is included in the MERCO ranking, the Corporate Reputation Company Monitor, an evaluation instrument which has been measuring the reputation of Spanish companies since 2000. Specifically, ENDESA is in 13<sup>th</sup> place in the Responsible Companies Ranking and in 50<sup>th</sup> place in the Overall Company Ranking.

Moreover, in 2014 ENDESA was included in the NewsWeek Green Ranking Global 500, prepared by the prestigious American magazine Newsweek and the investment consultancy firm Corporate Knights Capital. This ranking distinguishes the 500 listed companies with the best environmental performance according to various factors such as combatting climate change and reducing emissions, consumption of energy and water, and waste management or mechanisms for ensuring that sustainability issues are addressed in the Board of Directors

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## ENDESA, THE STOCK EXCHANGE COMPANY OFFERING THE BEST PUBLICLY AVAILABLE INFORMATION FOR THE THIRD YEAR RUNNING

In 2014, *Informe Reporta* has awarded ENDESA, for the third consecutive year, the first position in the general ranking on quality of publicly available information among companies listed in the Madrid Stock Exchange.

The 2014 study placed greater emphasis on voluntary information included in the Activities and Corporate Social Responsibility Report.



*Informe Reporta* is a prestigious study by the Financial and Sustainability Reporting Agency Deva. It is prepared by independent experts and evaluates financial and non-financial information included in the documentation that companies listed in the General Index of the Madrid Stock Exchange (IGBM) make available to their shareholders and stakeholders

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### 1.1.5. Sustainability Reporting

ENDESA conveys its commitment to sustainable development in the meetings it holds with investors and analysts, where it outlines its sustainability strategy and the progress made in this area.

## 1.2. Transparency and close relations with shareholders and investors

ENDESA maintains ongoing relations with its shareholders, both private and institutional, as well as leading stock market analysts, providing them with a steady stream of information through the Investor Relations Department and Shareholders' Office in Madrid.

### 1.2.1. Investor Relations Department

One of the main activities carried out by the Investor Relations Department in 2014 were the public presentations to analysts and on the Company's quarterly reports.

On 19 May 2014 ENDESA held its Ordinary Shareholders' Meeting in its corporate headquarters in Madrid, approving all items on the agenda and obtaining a quorum of 94.46% of the share capital.

On 8 October 2014 an Investors' Day was organised in London to present the new 2014-2016 Industrial Plan focussing on Iberia to the financial community.

ENDESA held an Extraordinary General Meeting on 21 October 2014, approving all items on the agenda and reaching a quorum of 94.87% of the share capital. The sale of 100% of the capital of Endesa Latin America and 20.3% of Enersis to Enel Energy Europe for 8,253 million euros was approved. In addition, the distribution of an extraordinary dividend identical to the amount of the divestment was approved.

In November ENDESA organised a roadshow in Europe and the United State as a result of the Public Share Offering of ENDESA, issued on 6 November by Enel Energy Europe.

### 1. 2. 2. ENDESA Shareholders' Office

During 2014 the Shareholders' Office received 5,553 telephone calls and 71 visits, and performed 841 documentation deliveries.

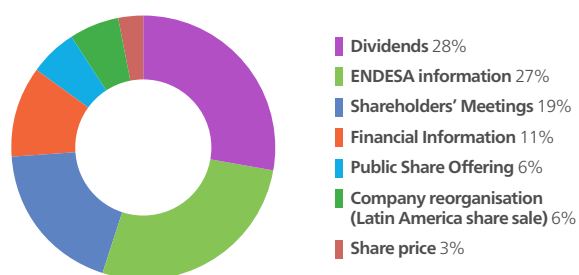
6,465 requests from shareholders handled by the Shareholders' Office

One of the main information channels for private shareholders is the Investor and Shareholder Information section of the corporate website ([www.endesa.com](http://www.endesa.com)).

As a result of the General Extraordinary Meeting of 21 October 2014 and the Public Share Offering of November 2014

an external call centre was set up which handled a total of 16,455 calls, 66% of which were related to the Meeting and 34% to the Share Offering.

#### TYPE OF INFORMATION REQUESTED FROM THE SHAREHOLDERS' INFORMATION OFFICE IN 2014



## 2. Impact of ENDESA's business

### 2.1. Income generated

ENDESA reported a net income of Euro 3,337 million in 2014 (of which Euro 950 million corresponded to business in Spain and Portugal and Euro 2,387 million to business in Latin America), representing an increase of 77.6% with respect to the result obtained in 2013.

This result includes 1,764 net capital gain generated by the sale of the Latin America business to Enel (ENDESA, in its Extraordinary General Shareholders' Meeting of 21 October 2014, acceptance of the offer made by Enel Energy Europe, currently Enel Iberoamérica, for the purchase of the Latin America business for Euro 8,253 million. This operation was materialised on October 23<sup>rd</sup> 2014 and generated the aforementioned capital gain), as well as the net profit of Euro 623 million generated by this business up to the date of sale. It also includes the net income of the Spain and Portugal business, which in 2014 amounted to Euro 950 million.

ENDESA's net business income in Spain and Portugal in 2014 (Euro 950 million) is 19.2% less than in 2013. This reduction is mainly due to the following factors:

- Creation of a provision of Euro 349 million within the framework of the various personnel optimisation projects included in the restructuring and reorganisation Plan underway in ENDESA.
- A loss of Euro 107 million due to participations in Elcogas, S.A. (Euro 51 million) and Nuclenor, S.A. (Euro 56 million).

### 2.2. Revenues, EBITDA and EBIT

Revenue from Spain and Portugal business amounted to Euro 21,152 million of which Euro 20,473 million correspond to sales (–0.2%) and Euro 1,039 million to other earnings (+3.3%).

EBITDA and EBIT in 2014 decreased by 3.9% and 8.9%, respectively to Euro 3,090 million and Euro 1,472 million.

#### 2014 RESULTS

	Income		EBITDA		EBIT	
	Euro Mill.	% var. 2013	Euro Mill.	% var. 2013	Euro Mill.	% var. 2013
Spain and Portugal	21,512	0	3,090	–3.9	1,472	–8.9

### 2.3. Investment

In 2014 ENDESA gross investment was Euro 2,178 million (Euro 2,616 million in 2013), of which Euro 1,951 million correspond to capex and investment in intangible assets and real estate, while the remaining Euro 227 million correspond to financial investments. This amount includes Euro 765 million corresponding to gross investment made by the Latin America business up to 31 July 2014.

The Spain and Portugal business made net investments of Euro 788 million in 2014, in line with the industrial plan presented to the markets in October 2014.

#### INVESTMENT 2014 (EURO MILLIONS)

	Tangible and intangible	Financial	Total
Spain and Portugal	1,951	227	2,178

## 3. Creating value for shareholders

### 3.1. ENDESA's share performance

2014 was a complex and volatile year in the European markets, affected by the sluggish recovery of the Eurozone economy, political uncertainties in Greece and the sharp drop in oil prices in the second semester to levels under \$60 per barrel, which raised concerns of a strong crisis in Russia.

Within this context, Spain's "Ibex-35" index stood out in Europe, despite closing the year with a rise of only 3.66%. With this result, the main indicator of the Spanish Stock Exchange managed to close its second consecutive year with growth, passing the 10,000 point mark for the first time since 2009.

Of the remaining European markets, only the German and Italian Stock Exchanges obtained positive results, with small increases of 2.56% and 0.23% respectively, while the French Stock Exchange fell by 0.54% and the British one by 2.71%. The pan-European "Eurostoxx 50" index also closed the year with a slight appreciation of 1.2%, reflecting the complex scenario of the Euro zone.

Among non-European stock markets, Latin American stock exchanges showed a similar behaviour, closing the year with small changes, while the Japanese and U.S. exchanges instead experienced a particularly positive year. In Japan the "Nikkei" stock exchange closed with an improvement of 7.12%, while in the United States the "Nasdaq", "S&P 500" and "Dow Jones" indexes closed with gains of 17.94%, 11.39% and 7.52% respectively, after setting historical highs supported by positive macroeconomic data. These increases in the indexes were achieved despite the Federal Reserve ending the monetary stimulus program during the year.

In Spain, despite the moderate results of variable yield, the behaviour of fixed yield was outstanding in 2014, as shown by the marked drop in the risk premium, which closed the year at 107 basis points, its lowest level since 2010.

The support provided by the Central European Bank approving previously unheard of stimulus measures (and the ex-

pectation of the CBE injecting additional liquidity in 2015) caused a sharp drop in Spanish 10-year debt profitability, which started 2014 at 4.14% and ended at a historical minimum of 1.6%.

The overall evolution of the European electricity sector, summarised in the "Dow Jones Eurostoxx Utilities" sector index was positive, as this indicator closed the year with a gain of 12.27%, demonstrating that in the uncertain environment caused by doubt regarding the recovery of the Euro zone, companies with regulated business and attractive dividend revenue provided a wealth reserve. Spanish electric utilities were at the forefront of this sector index also due to greater regulatory transparency following the energy reforms pursued by the Spanish Government in recent years, which have laid the grounds for the financial sustainability of the electrical system.

Within this context, ENDESA was one of the values that most attracted the attention of investors, due to the restructuring process undertaken by the Company in the second half of the year. After completing in October the divestment process of Latin American assets, paying out the largest historical cash dividend of any Spanish company (Euro 14,605 million) and presenting a new industrial plan fully focussed on the Iberian market, in November ENDESA issued a Public Share Offering of the actions owned by its main shareholder, Enel, S.p.A. through its subsidiary Enel Energy Europe, S.L.U., which allowed the floating capital of the Company to be increased from 8% to 30%.

ENDESA's performance in the stock exchange in 2014 was highly positive, but was conditioned by the discount in the share price of Euro 13.795 per share due to the extraordinary dividends paid out in October after the divestment of its Latin American business, which led the share value to close the year with a negative stock profitability of 29%. However, these extraordinary dividends, together with the ordinary dividend posted to the results of 2013 paid out on January 2<sup>nd</sup> 2014, gave shareholders a profitability per dividend of 66%. Thus, the total share profitability, calculated as the sum of the stock profitability and the profitability per dividend, amounted to 37%.

ENDESA's share price closed the year at 16.55 euros per share

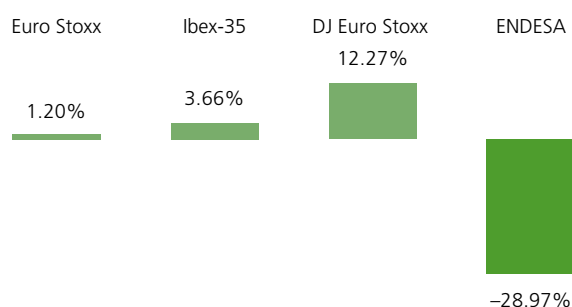
ENDESA's market value reached its yearly high on 30 September, at Euro 31.29 per share, which represented a 34.3% increase from the start of year value. Its minimum value of Euro 13.71 per share was reached on 20 November, when at market closing the Public Share Offering price was set at Euro 13.5 per share. After this, share values recovered by 20.7%, closing the year at Euro 16.55 per share.

#### MAIN STATISTICAL DATA OF ENDESA SHARES IN 2014

	Maximum	Minimum	Mean	Close	% Total appreciation	% Total returns	Volume of shares traded
Continuous market							
ENDESA (euros/share)	31.285	13.71	24.82	16.55	-28.97	36.67	616,836,741

Source: BME.

#### ENDESA IN THE MADRID STOCK EXCHANGE AND COMPARISON WITH THE MAIN BENCHMARK INDEXES. 2014



ENDESA's market capitalisation at end of year stood at Euro 17,522 million.

### 3.2. Dividend

Following the shareholders' approval in the Extraordinary Meeting of 21 October 2014, on 23 October 2014, ENDESA sold its business in Latin America to Enel Energy Europe,

S.L.U. for a total amount of Euro 8,252.9 million. After this divestment ENDESA paid out an extraordinary dividend to its shareholders of Euro 7.795 per share on 29 October 2014, equivalent to the full amount obtained in the transaction.

On the same date of 29 October 2014 ENDESA paid out a second extraordinary dividend against 2014 earnings of Euro 6 per share. This dividend was approved by the Board of Directors in a meeting held on 7 October 2014 as part of the new industrial plan approved by the Company, meant to re-leverage the Company to optimise its financial structure.

The two extraordinary dividends represented a disbursement of Euro 14.605 million (13.795 per share).

In 2014 ENDESA paid out extraordinary dividends of Euro 13.795 euros per share

Looking ahead to the next three years, and in view of the high cash generation expected by ENDESA, on 8 October 2014 the Board of Directors approved a new dividend policy for the 2014-2016 period, which will be developed according to the following plan:

- Distribution of an ordinary dividend against the results of the year closed on 31 December 2014 will be proposed for a gross amount per share of Euro 0.76 (representing a total amount of approximately Euro 805 million) to be paid in cash in two instalments, (January and July 2015) on the dates determined in each case by the Company's Board of Directors.
- The objective is that the ordinary dividend per share to be paid out against 2015 is at least 5% higher than the ordinary dividend per share of 2014, and that the dividend per share to be paid out against 2016 is at least 5% greater than the ordinary dividend per share of 2015.
- Any ordinary dividends approved against 2014, 2015 and 2016 will be paid out in two instalments, one in January and one in July of the following year.
- These payments will be made exclusively in cash.



For ordinary dividends against the results of 2014, the Board of Directors of Endesa, S.A. agreed in its meeting held on 15 December 2014 to distribute a gross dividend of Euro 0.38 per share to its shareholders.

This dividend, representing a disbursement of Euro 402 million, was paid out on 2 January 2015.

### 3.3. Returns

As indicated above, ENDESA's market capitalisation was negative in 2014 due to the discount in the listed value of the extraordinary dividends paid in October (Euro 13.795 per share). However, this loss was compensated by the return per share of 65.6%, placing the total shareholder's returns in 2014 at a positive value of 36.67%.

In the last five years, the mean total profitability for ENDESA's shareholders has been 11.5% annually.

### 3.4. IBEX 35

The Public Share Offer of ENDESA shares was the largest placement in the Spanish Stock Exchange since 2007. Demand more than doubled supply, in view of which it was decided to increase the retail tranche, resulting at the time of closing the operation of an entry of approximately 52,000 new minority shareholders.

This strong interest shown by investors in ENDESA translated into a significant improvement in the liquidity of the Company's shares during the year, reinforced for the future by the new increased free-float.

In view of this situation, the Technical Advisory Committee for the index, in an ordinary meeting held on 10 December 2014, decided to readmit ENDESA in the "Ibex-35" index one year after its exclusion.

The return to the index took place on 22 December 2014. Since this date ENDESA has been listed with a coefficient of 40% of its capital, as its free float is in a range from 20% to 30%.

## 4. Wealth generation in 2014

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	
	2013 **	2014
Direct economic value generated	21,578	21,445
Economic value distributed	19,032	35,743
Dividends***	539	15,410 (1)
Operating and other fixed expenses	17,309	17,217
Personnel expenses	1,030	1,245
Taxes and duties*	458	369
Investment in social projects	40	37.8
Finance expenses	235	226
Income	–	21,512
Economic value retained	2,546	(14,298)

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

\*\* Resulting from the entry in force on 1 January 2014 of NIIF 11 "Joint Agreements" and entry in force of NIIF 5 "Non-current Assets Maintained for Sales and Continued Operations" due to the divestment of the Latin America business, the consolidated Financial Statements included in the Consolidated Annual Sheets of the year ending on 31 December 2013 have been reformulated.

\*\*\* Endesa, S.A.'s Extraordinary General Shareholders' Meeting held on 21 October 2014 agreed to pay out an extraordinary gross dividend against reserves of Euro 7.795 per share, representing a total disbursement of Euro 8,253 million, equivalent to the funds obtained from the divestment of the Latin America business which was paid on 29 October 2014. Similarly, the proposal to apply the result made by the Company's Board of Directors to the General Shareholders Meeting involves payment shares with dividend rights a gross amount of Euro 6.76 per share.

The balance of capital grants on 31 December 2014, which mainly includes subsidies received under the scope of collaboration agreements for the execution of plans for improving the quality of the electric supply to the distribution grid,

signed with the Ministry of Industry, Energy and Tourism and the Public Agencies of the Autonomous Communities, among others, to build electric distribution installations amounting to Euro 353 million.



Reservoir in Linsoles (Huesca)



Commitment to  
the environment



ENDESA aspires to remain an “excellent” company in terms of its environmental performance, concerned about its environmental impact and protecting the environment in the areas in which it operates.

In 2014 ENDESA continued to uphold its firm environmental commitment, conducting its activities in an environmentally-friendly manner, making progress in the roll-out and certification of environmental management systems, renewing existing certifications and devoting resources to biodiversity conservation and responsible waste management.

Euro **1,369**  
million in  
cumulative  
environmental  
investment  
in Iberia

**30** operative  
actions in Iberia  
as part of the  
Biodiversity  
Conservation  
plan

**100%**  
of energy  
produced by  
ENDESA plants  
in Iberia is ISO  
14001 certified

Emissions of  
SO<sub>2</sub>, NO<sub>x</sub> and  
particulates in  
Iberia down  
by 4%, 37.5%  
and 23% since  
2008 in plants  
subscribing to  
the PNRE

La Sarra hydroelectric plant (Huesca)

PRIORITY ISSUES – 2014 MATERIALITY STUDY	ENDESA'S RESPONSE IN THE SUSTAINABILITY REPORT
Global environmental management (coverage systems, awareness and training, environmental performance monitoring, financial commitment, transparency of environmental policies and commitments).	Chapter on Protecting the Environment: 1. ENDESA's response to environmental challenges. 2. An important investment effort. 5. Advanced environmental management.
Efficient use of water resources.	Chapter on Protecting the Environment: 3. Integrated water management.
Mitigation of atmospheric emissions.	Chapter on Protecting the Environment: 6.1. Emissions Chapter on Combating Climate Change: 2.2.1. CO <sub>2</sub> emissions.
Integral waste management.	Chapter on Protecting the Environment: 6.2. Waste management and reduction.
Biodiversity protection (impact mitigation and conservation of natural heritage).	Chapter on Protecting the Environment: 7. Biodiversity conservation.

CHALLENGES IN 2014	ACTIONS TAKEN
Obtaining updated Integrated Environmental Permits for thermal plants as per Law 5/2013, in Iberia.	Carrying out the work needed to update the Integrated Environmental Permits.
Complying with the requirements of the Integrated Environmental Permits, with a special emphasis on those related to soil and underground water.	Launching the activities needed to comply with the requirements included in the new update of the IEP, with an emphasis on those related to soil and underground water.
Consolidating ENDESA's environmental calculation methodology and presenting the first results of its implementation.	Completing the calculations for a base year and presenting the first results in CONAMA 2014.
Developing environmental R&D&I projects in river connectivity, applied to the functional ecological integration of hydroelectric projects.	The mobility of a population of 1,000 trout marked with electronic frequency sensors has been studied in the Flamisell river (Segre basin, Lleida) for one year. The results indicate the sedentary nature of the trout, with a very low mobile population percentage which, in addition, appears to have a genetic basis. In this way, the barrier effect generally attributed to dams and waterwheels on trout mobility does not seem obvious.
Preparing an auditing system for the Company' hydroelectric plants.	Based on a preliminary design of a biodiversity auditing system, a biodiversity pilot study was conducted in two hydroelectric plants (Ribeira and Eume, Galicia). In view of the results obtained, a working protocol is being prepared to allow the interactions between hydroelectric plants and biodiversity in the environment to be established and evaluated, combining existing georeferenced databases and field work using the Modest-R model.
Creating a hydrodynamic model applied to an improved water and environmental performance.	Automated monitoring of the hydrology, meteorology and limnology (physical, chemical and biological characteristics of the water column) in the Matalavilla reservoir (Valseco river, León) for hydrodynamic modelling purposes, in order to know the effects of the current and future hydroelectric management of the dam on the annual thermal cycle, water quality and natural aquatic communities. Bi-dimensional hydrodynamic modelling of the Riba-roja dam (Ebro river, Tarragona): temperature, velocity and residence time of the water. Application to the quality of the stored water and control of larva population of zebra mussel.
Completing the certification perimeter in ISO14001 in generation installations in Iberia.	Certification of the Formentera thermal plant (included in the management system of the Ibiza thermal plant) and the thermal plants Guía de Isora and Arona (both in the management system of the Candelaria thermal plant).

KEY FIGURES 2010 -2014					
	2010	2011	2012	2013	2014
Evolution of cumulative investment in environmental assets (Euro million)	1,227	1,270	1,324	1,380	1,369
Evolution of ENDESA emissions in Iberia (g/kWh)	0.69 g/kWh SO <sub>2</sub> 1.17 g/kWh NO <sub>x</sub> 0.03 g/kWh particulates	1.07 g/kWh SO <sub>2</sub> 1.42 g/kWh NO <sub>x</sub> 0.04 g/kWh particulates	1.02 g/kWh SO <sub>2</sub> 1.40 g/kWh NO <sub>x</sub> 0.04 g/kWh particulates	1.00 g/kWh SO <sub>2</sub> 1.29 g/kWh NO <sub>x</sub> 0.04g/kWh particulates	1.19 g/kWh SO <sub>2</sub> 1.38g/kWh NO <sub>x</sub> 0.04 g/kWh particulates

IN 2015 WE PROPOSE
To monitor new environmental laws, analysing their impact on the electricity generation activity and proposing measures for adaptation to the new legislative environment.
To solve the soil and underground water pollution problems resulting from the investigation performed in compliance with the IEP update requirements.
To study and obtain the environmental permits required to carry out the dismantling tasks of existing generation groups, minimising environmental impact.
To monitor and support decontamination of the soil and underground water in the old thermal plants CT Sant Adrià and CT Badalona.
To assess the biodiversity capacity (vegetation and bird life) of the hydroelectric reservoirs of ENDESA.
To develop a system of quantitative indicators for tracking Company actions that interact with the biodiversity.
To evaluate the effects of climate change on continental water resources and aquatic ecosystems.
To use the Environmental Footprint as an instrument for measuring the environmental performance of the Company's business and analysing behaviour trends (direct environmental issues).



# 1. ENDESA's response to environmental challenges

Sustainable development is one of the main pillars of ENDESA's strategy and environmental protection is one of the Company's most important commitments. This stance sets ENDESA apart from other companies as it is a positive difference that shapes the Company's behaviour and is expressly included in its corporate values.

Through its commitment, ENDESA aims to minimise the impact of its industrial activities on the natural environment where it operates. Its environmental commitment encompasses initiatives related to combating climate change, following proper waste management practices, reducing and controlling atmospheric emissions, spillages and soil pollution, and other potentially harmful impacts.

At ENDESA, environmental management aims to minimise the consumption of natural resources and to conserve biodiversity in the areas where the Company operates.

Assessment of the environmental risks inherent in the Company's activities and the environmental certifications obtained from external agents help ensure excellence in ENDESA's environmental management, which is fully integrated into and aligned with the Company's corporate strategy. Meanwhile, Enel has established a set of quantitative targets for the main environmental indicators for the entire Group, including ENDESA's facilities, with a time horizon to 2020 and based on 2010 values. These objectives are:

- 15% reduction of specific CO<sub>2</sub> emissions.
- 10% reduction of specific NO<sub>x</sub> and SO<sub>2</sub> emissions.
- 50% reduction of specific emissions of particulates.
- 10% reduction of specific consumption of water.

ENDESA aims to help achieve these targets through its environmental management plans and systems.

## 2. Significant investments

ENDESA invests heavily to achieve excellence in environmental management. In 2014, it invested Euro 60 million in Iberia and Euro 53 million in Latin America, bringing cumulative investment at year-end 2014 to Euro 1,369 million.

ENDESA's cumulative investment in environmental assets stands at Euro 1,369 million.

Environmental expenditure totalled Euro 116 million in Iberia and Euro 2 million distributed across five Latin American countries in 2014.

Annual Investment in Environment (Euro millions)	2014	2013	% Var.
Business in Spain and Portugal	60	30	100
Business in Latin America (1)	53	56	(5.4)
<b>Total</b>	<b>113</b>	<b>86</b>	<b>31.4</b>

Annual Investment in Environment (Euro millions)	2014	2013	% Var.
Business in Spain and Portugal	1,369	1,311	4.4
Business in Latin America	–	69	n/a
<b>Total</b>	<b>1,369</b>	<b>1,380</b>	<b>(0.8)</b>

Annual Investment in Environment (Euro millions)	2014	2013	% Var.
Business in Spain and Portugal	116	126	(7.9)
Business in Latin America (1)	2	4	(50.0)
<b>Total (2)</b>	<b>118</b>	<b>130</b>	<b>(9.2)</b>

(1) Data prior to divestment in Latin America on October 2014.

(2) Of expenses related to environmental activities, Euro 50 million in 2014 and Euro 53 million in 2013 correspond to the investment amortisation allocations.

### 3. Integrated water management

The United Nations General Assembly, through Resolution A/RES/58/217, proclaimed 2005-2015 the International Decade for Action, "Water for Life".

ENDESA has identified water as a critical resource that will be affected by climate change. According to OECD forecasts, by 2050, more than 40% of the world's population will live in areas of high water stress unless new policies are implemented.

Companies will play an important role in the development and implementation of solutions for these water problems. This is why in 2014, for the fifth consecutive year, ENDESA, assuming a position of leadership among Spain's power companies, subscribed to the *CDP Water Disclosure* initiative, which provides water and water-management 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. This year, as an additional step in its commitment to the problem of water, ENDESA participated in the pilot scoring project promoted by CDP Water, attaining a "Leadership" level, above the mean value in the sector, which is at the "Management" level.

For the fifth consecutive year, ENDESA has adhered to the Water Disclosure CDP.

As part of this initiative the CDP publishes an annual report "CDP Global Water Report 2014" which analyses, based on the responses of 1,064 participating companies, the main risks and opportunities identified in relation to water availability and the management trends in relation to these risks. This report points out that ENDESA uses the WBCSD Global Water Tool to find out the risk conditions of the facilities at the water basin level.

As water is a common resource, water management has become a delicate social, cultural and environmental issue, particularly in times of shortage.

For this reason, solutions to improve the supply, treatment and quality of water require collective action.

ENDESA expects to have a competitive advantage when aligning its corporate water strategy with public policies and initiatives put forward by the many parties involved.

Through flexible and ongoing contact with these, the Company should be able to understand and anticipate new problems and expectations and respond accordingly. An open dialogue could be useful for preventing and reducing the risk of future water-related conflicts.

This is another example of how ENDESA's sustainability initiatives are aligned, striking a balance between the Company's financial, social and environmental responsibilities, on the basis of sustainability criteria.

In addition, the Company clearly perceives water use in the remaining production processes (thermal, nuclear plants, etc.) as a fundamental component of its business.

In the area of water management, the Group made an inventory of all its wastewater treatment facilities, reservoirs equipped with environmental control parameters and stretches of regulated rivers with environmental flow problems. Water resources at combustion facilities were also classified to set water consumption reduction targets.

#### 3.1. Water usage and consumption

Integrated water management is one of ENDESA's greatest concerns. The main lines of action in this sense focus on efficient consumption, water quality by controlling spillages and waste water, and reservoir management, assessing the ecological potential to provide shelter for birdlife, the possibilities to control invasive species and prevent the existence of dried up sections of regulated rivers.

The Company also improved wastewater treatment at its hydro plants, replacing authorised effluent systems with

confined and controlled removal processes. The Group has therefore pursued its policy of effluent confinement, phase separation and selective management of final waste, working towards a zero discharge target on public land used for hydroelectricity.

#### CONSUMPTION OF PROCESS WATER (Hm<sup>3</sup>)

	2012	2013**	2014
<b>Spain and Portugal</b>	<b>56.93</b>	<b>58.93</b>	<b>64.79</b>
Thermal power units (TPU)	53.55	40.07	46.66
Nuclear power	1.93*	16.93	17.15
Mining	2.18	1.93	0.982
<b>Latin America***</b>	<b>11.42</b>	<b>16.48</b>	<b>10.03 (1)</b>
Thermal power units (TPU***)	11.42	16.48	10.03 (1)

\* The water consumption figure in nuclear plants for 2012 has been corrected.

\*\* 2013 data homogenised without joint control companies.

\*\*\* Data prior to divestment in Latin America in October 2014.

(1) Data from Brazil and Colombia missing.

Last year, fresh, sea and wastewater were withdrawn for use at the company's plants following criteria of sustainably and efficient consumption at all times. Water withdrawal for industrial use declined in 2013 owing to decreased activity at the facilities. The sharp increase in water withdrawal at nuclear plants was the result of a change in reporting criteria, as it included losses from evaporation at the Ascó I and II nuclear plants, which were not included in previous reports. The increased usage of process water of the Latin American thermal plants was due to their higher output compared to the year before.

#### TOTAL WATER CATCHMENT BY SOURCE (Hm<sup>3</sup>)

		Spain and Portugal	Latin America*(1)
Industrial use	Catchment of fresh water	61.90	3.08
	From surface water	60.21	0.14
	From wells	0.97	6.7
	From municipal grid	0.72	2.94
	Catchment of sea water	0.00	0
	Catchment of sea water (desalted)	2.89	0.42
	Catchment of residual waters (internal use)	0.011	0
Cooling use	Sea water (open cycle)	4,161.83	337.14
	Surface waters (open cycle)	1,721.50	1,379.43
	Water (closed cycle)		0.03
	Processed water volume	270.21	2.63
	Cooling tower drainage	240.45	0
Civil use		0.17	0.17
<b>Total</b>		<b>6,188.75</b>	<b>343.27</b>

\* Data prior to divestment in Latin America in October 2014.

(1) Data from Brazil missing.

## 3.2. Water discharges

ENDESA has a series of procedures in place to help control and reduce discharges into water systems and improve water quality, mainly through wastewater treatment facilities.

Water discharges in Spain and Portugal increased in 2014 due to the higher water consumption resulting from increased thermal generation.

#### ENDESA INDUSTRIAL DISCHARGES (Hm<sup>3</sup>)

	2012	2013*	2014
<b>Spain and Portugal</b>			
Thermal	32.93	40.91	47.83
Nucleares	1.74	1.44	1.56
<b>Latin America**</b>			
Thermal	5.41	6	5.05 (1)

\* 2013 data homogenised without joint control companies.

\*\* Data prior to divestment in Latin America in October 2014.

(1) Data from Brazil missing.

## 3.3. Water stress analysis

In 2014 ENDESA performed a new analysis to identify which of its facilities are in water stress areas. It should be noted that the water stress of an area is an inherent feature of the area, and is in no way caused by the presence of a facility.

An area under water stress is defined as one with a water resource availability of less than 1,700 m<sup>3</sup>/person and year, defined by the FAO as the minimum fresh water supply needed to meet nourishment, health and hygiene needs.

Water stress analysis is performed using a software tool, the "Global Water Tool for Power Utilities" (GWT), created by the World Business Council for Sustainable Development (WBCSD) in order to help companies and organisations identify and analyse water consumption in their productive activity, as well as to evaluate the risks related to their global operations and supplier chain with regard to water use.

The study considered a total of 47 power generation facilities of various types: 30 thermal plants and 17 hydro plants in Iberia. The conclusions of the study were of great interest:

- A total of 20 facilities are in areas defined as under water stress, representing 42.5% of ENDESA's plants. However, it should be noted that 90% of the facilities located in these areas do not use fresh water, in the case of thermal plants because they use exclusively salt water for all uses or in the

case of hydro plants because they use fresh water without consuming it.

- Facilities located in areas under water stress (< 1,700 m<sup>3</sup>/person and year) with consumption of fresh water represent only 4.3% of ENDESA's installations, generating 1.5% of the power.
- ENDESA does not optimise fresh water use only in areas under water stress but instead does so in all of its facilities, as 59.3% of production plants in areas with sufficient and abundant water do not consume fresh water either.

It must be noted that all of ENDESA's production plants that do consume water do so within the normal values expected for plants with the corresponding technology employed.

It should also be noted that all plants hold ISO 14001 environmental certification, many of which have environmental management programs that set water consumption reduction or discharge improvement goals, allowing the effect of plants on the fresh water availability to be reduced in the corresponding catchments.

## 4. Environmental risks and liabilities management

In order to comply with the obligations pursuant to Spanish Law on Environmental Responsibility, although the regulatory framework accompanying this law has not been completed, ENDESA initiated the MIRAT project during the last quarter of 2014. The aim of this project is to establish the financial guarantee required by this law for conventional thermal and combined cycle plants with a thermal power > 50 MW by performing an environmental risks analysis.

The methodology used to perform the environmental risks analysis has been created on a sector level and has been approved by the Ministry of Agriculture, Food and Environment of Spain.

At the end of 2014, 75% of the facilities involved were visited to obtain the information needed to prepare the environmental risk analyses. These analyses should be completed by mid-2015. Subsequently, when the regulatory framework has been approved in full, the mandatory financial guarantee will be set for the plants that require one in view of the results of the environmental risks analyses.

### 4.1. Eliminating environmental liabilities

As part of its commitment to protecting the environment, the Company feels an obligation to eliminate its environmental liabilities. With this in mind the environmental liabilities of each facility are identified as part of their environmental management programs. This task is reflected in their elimination, final disposal or reuse.

Environmental liabilities may be classified as high, average or low, depending on their potential environmental impact, risk for people, and their scope and surface area.

### Spain and Portugal

In 2014 the demolition tasks for the old thermal plants of Badalona and Sant Adrià continued with the aim of restoring their site to the conditions prior to the start of any industrial activity.

One of the main milestones achieved in the year was the conclusion of the work on the structures on the ground and the start of work on the structures in the Maritime Land Public Domain.

Together with the demolition activities as such, the characterisation of the soil and underground water work was completed, obtaining the approval of the soil voluntary recovery Project pursuant to Law 22/2011, of 28 July, on waste and contaminated soil, from the Waste Agency of Catalonia.

Since ash, slag and gypsum sumps are environmental liabilities resulting from the electricity generation activity from solid fuels, knowledge and knowhow need to be generated in order to find restoration solutions for these installations.

With this in mind, in 2014 the experimental study initiated in 2012 continued, aimed at developing an efficient and quick methodology for environmental restoration of the space in the Corta Barrabasa, the old dumpsite of Teruel thermal plant. The added value of this methodology is the extrapolation of results to other scenarios with similar problems.

## 5. Advanced environmental management

ENDESA continued to make progress with its environmental management in 2014, in terms of certification, integrated environmental permits and environmental impact studies. In addition, it continued implementing measures to improve the process of collecting the information submitted by the different areas and the quality of this information.

### 5.1. Certification of environmental management systems

ENDESA embraced the Enel Group goal of extending ISO 14001 certification to all of its activities.

Accordingly, ENDESA continued to work last year on implementing and obtaining ISO 14001 certification for its environmental management systems and registering them in the European Eco-Management and Audit Scheme (EMAS) in the main areas and countries in which it operates, as well as renewing the certifications already obtained.

#### 5.1.1. Spain and Portugal

In 2014, ISO 14001 certifications for the environmental management systems (EMS) implemented in all ENDESA's facilities in Spain and Portugal were maintained.

#### Generation

At year-end 2014, 97.65% of ENDESA's installed capacity in Spain and Portugal was ISO 14001 certified, and all of its port terminals and mining operations.

97.65% of the energy produced by ENDESA in Spain and Portugal is ISO 14001 certified.

With regard to the Eco-Management and Audit Scheme (EMAS), in 2014 the Jinámar and Llanos Blancos thermal

plants were registered and the system was implemented at the Candelaria and El Palmar thermal plants.

#### ENERGY PRODUCED IN CERTIFIED FACILITIES (%)

	2012	2013*	2014
Spain and Portugal	97.87	99.90	100
Latin America**	99.53	96.78	100 (1)

\* 2013 data homogenised without joint control companies.

\*\* Data prior to divestment in Latin America in October 2014.

(1) Brazil missing.

#### ENDESA CERTIFIED POWER (%)

	2012	2013*	2014
Spain and Portugal	93.5	97.17	97.65
Latin America**	97.8	97.89	98.6 (1)

\* 2013 data homogenised without joint control companies.

\*\* Data prior to divestment in Latin America in October 2014.

(1) Brazil missing.

100% of Distribution, Mining and Port Terminals in Spain and Portugal are certified.

#### Distribution

All the transformation and distribution activities in Spain are included under the scope of the certification.

#### ENDESA head offices

Among the various measures taken during the year, we should highlight ENDESA's efforts to reduce power consumption and, accordingly, CO<sub>2</sub> emissions in its buildings. The main activities carried out were:

- The successful revision of the Energy Efficiency (ISO 50001) and Environmental (ISO 14001) Management System in the 18 office buildings holding AENOR certification in Spain, as well as the revision of the Indoor Environmental



Quality System in the 6 buildings holding UNE 171330-3 certification recognising commitment to environmental protection and energy efficiency.

These Energy Management, Environmental Management and Indoor Environmental Quality certificates position ENDESA's buildings as models of sustainable management and construction, with a total surface area exceeding 115,000 m<sup>2</sup>.

The new ENDESA offices in Central Catalonia were inaugurated last March after two years of remodelling work to convert it into an office building.

It is a completely remodelled building that respects both the valuable past of the facilities and its future function. This, the old electrical infrastructure gave way to a 3-storey building with a surface of almost 3000 m<sup>2</sup> and an office space in line with the recently remodelled Vilanova building in Barcelona.

- Remodelling of the old Catalana de Manresa facilities to house the new offices in Central Catalonia.

OFFICE BUILDINGS WITH ENVIRONMENTAL MANAGEMENT, ENERGY MANAGEMENT AND INDOOR ENVIRONMENTAL QUALITY CERTIFICATION AS OF 31 JULY 2014



- Building with environmental (UNE-ISO-14001), energy (UNE-ISO-50001) and indoor environmental quality (UNE-271330-3) certification.
- Building with environmental (UNE-ISO-14001) and energy (UNE-ISO-50001) certification.



Works have allowed to recover historical buildings with architectural value



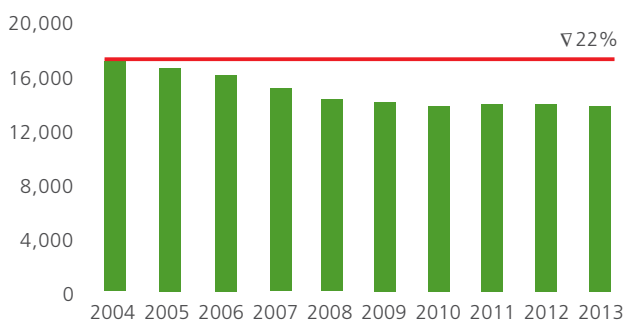
The building also incorporates the latest efficiency technology, achieving about 60% savings to obtain a 'B' energy efficiency rating.

- Since 2011, the corporate headquarters in Madrid has had an Integrated Environmental, Energy Efficiency and Indoor Air Quality Management System, becoming the first building in Spain with these characteristics to be awarded triple certification, ISO 14001, UNE-EN 16001

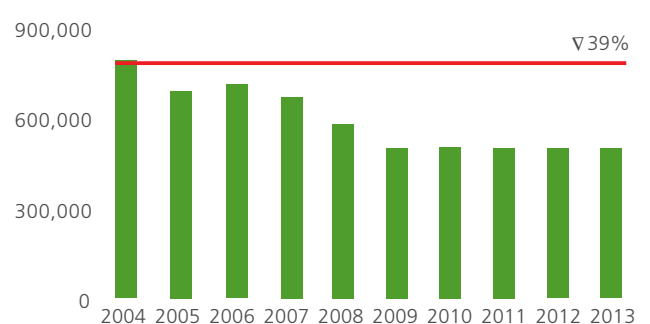
and UNE-EN 171330-3. In the last 10 years reductions of up to 30% have been achieved in energy consumption and 62% in paper consumption.

- During 2014 a successful campaign was conducted on good environmental practices in office buildings by ENDESA employees, using awareness messages displayed on computer screensavers that appear when the computers are in idle mode. These good practices are

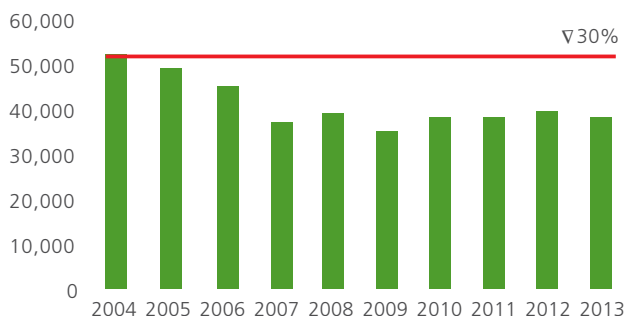
#### ELECTRICITY (MW/h)



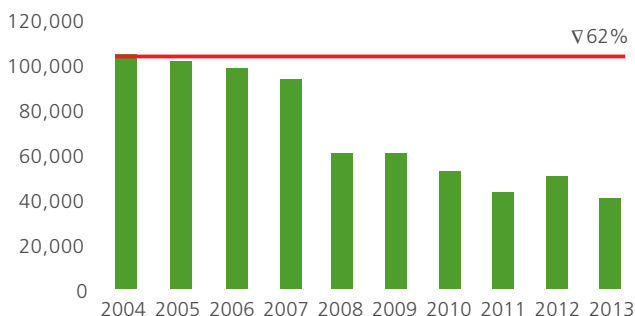
#### GAS (M³)



## WATER (M³)



## PAPER (KG)



meant to increase awareness of power consumption of office equipment, in order to promote a good use and discourage waste.

The profits gained by the improved separation are devoted entirely to Save the Children.

Turn off your computer if you will not be using it for one hour. Devices in stand-by mode also use power.



**Save the Children.**

### 5.1.2. Latin America

Of the 59 electricity generation facilities that the Company had in Latin America until October 2014, 58 (98%) successfully renewed in 2012 the Environmental Management Systems certificate based on ISO 14001. The sole exception is the thermal plant of Bocamina II, Chile, as it joined the generator park in October 2012 and is in the certification stage of its EMS. Consequently, 98% of the power installed by the Company in Latin America is certified under this standard.

**98% of power installed in Latin America is ISO 14001 certified.**

All these actions on ENDESA buildings related to energy efficiency have been recognised with the participation of ENDESA and the presentation of the practical case study “Energy and Indoor Environmental Quality System (SIGAEC) in ENDESA’s buildings” in the latest edition of CONAMA 2014, focusing on low-carbon economy and energy efficiency.

It is worth noting that the Agreement between ENDESA and ECOEMBES remains valid and should be extended to other buildings in 2015, highlighting ENDESA’s firm commitment to minimising waste production and attaining the highest possible waste segregation.

In addition, during this year a thorough review has been performed of the various EMS in facilities to define a baseline for implementing a single EMS.

In Colombia, the EMS implemented at all of EMGESA’s generation facilities was re-certified by Bureau Veritas Certificación and extended to 3 January 2017. As for distribution in Colombia, the certification of all Codensa’s facilities is valid until 28 December 2015.

## 5.2. Integrated Environmental Permits and Environmental Impact Studies

### 5.2.1. Spain

ENDESA renewed the Integrated Environmental Permits (IEP) in 2014 for the generation facilities. Due to the requirement to investigate the state of the soil and underground water, said renewal process led to the discovery of pollution situations, the solution of which has been planned for this year.

In addition, the Company continued procedures to amend the IEPs of the Litoral thermal plant in Almeria related to the enlargement of the plant's landfill, while the amendment of the IEP of the As Pontes thermal plant regarding the inclusion of the Saa Park in said authorisation was considered a non-substantive amendment, and the change of fuel for the El Palmar diesel plant was also considered a non-substantive amendment.

In 2014 the process for obtaining the Environmental Impact Assessment of the Montnegre pumping hydroelectric plant and the Ledesma combined cycle thermal plant continued.

In addition, as part of the demolition work of the former Sant Adrià and Badalona thermal plants, the Environmental Monitoring Plan was created and the approval was obtained from the Waste Agency of Catalonia for the Voluntary Restoration Project.

## 5.3. Environmental incident management

Despite ENDESA's willingness to go beyond the legal requirements for safeguarding the environment, some incidents did arise in 2014.

**For more information see the Chapter on *Good Governance*, section 2.2. *Sanctions Applied*.**

# 6. Emissions management and regulation

ENDESA closely monitors all of its emissions to verify their characteristics and the volumes emitted. The Company complies with legally stipulated parameters, rolling out technologies that curb emissions as well as designing and applying measures to reverse any resulting impacts.

## 6.1. Emissions

### 6.1.1. Spain and Portugal

ENDESA complies with the 2008-2015 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 since 2008, making it possible to reduce sulphur dioxide (SO<sub>2</sub>) emissions by 4%, nitrogen oxide (NO<sub>x</sub>) emissions by 37% and particulates from the large plants that are operating under the National Emissions Reduction Plan by 23%. Taking 2006 as the reference year, for the same facilities operating under this plan the accumulated reduction in emissions is 88% for sulphur dioxide (SO<sub>2</sub>), 59% for nitrogen oxide (NO<sub>x</sub>) and 73% for particulates.

Actions performed in 2008-2014 on large combustion facilities operating under the National Emissions Reduction Plan reduced emissions of SO<sub>2</sub> by 4%, NO<sub>x</sub> by 37% and particulates by 23%

The transposition of EU Directive 2010/75/EU on industrial emissions into Spanish law through Law 5/2013 and Royal Decree 815/2013 introduces new and stricter environmental restrictions in the area of pollutant emissions. Specifically, existing plants must comply with new limits and implement a range of mechanisms from 2016, which will lead to a progressive reduction of atmospheric emissions from large combustion plants. In this respect, major plans and investments in thermal generation will be necessary.

### ENDESA COMPLETES THE CHANGE TO GAS OF HALF THE GENERATION PARK OF THE BALEARIC ISLANDS IN 5 YEARS

With the conversion to natural gas of the MAN 2 group of the Ibiza plant, ENDESA has completed the transformation process over a period of 5 years to natural gas combustion of all the plants capable of conversion, representing half of the electricity generation park in the Balearic Islands. The actions were performed on the Ibiza thermal plant (both gas turbines and diesel engines) and the 4 combined cycles of Cas Tresorer (groups I and II) and Son Reus (groups I and II), both in Majorca, representing a total installed power of 1,134 MW.

The use of natural gas as a fuel implies several environmental and technical advantages compared to solid fuels, specifically significant reductions in atmospheric gas emissions:

- 32% reduction of carbon dioxide (CO<sub>2</sub>) emissions.
- 100% reduction of sulphur dioxide (SO<sub>2</sub>) emissions.
- 58.3% reduction of nitrogen oxides (NO<sub>x</sub>) emissions.
- 100% reduction of particulate emissions.



### EVOLUTION OF SPECIFIC EMISSIONS OF SO<sub>2</sub>, NO<sub>x</sub> AND PARTICULATES BY ENDESA

Spain and Portugal	2012	2013*	2014
SO <sub>2</sub> (gSO <sub>2</sub> /kWh)	1.02	1.01	1.19
NO <sub>x</sub> (gNO <sub>x</sub> /kWh)	1.40	1.30	1.38
Particulates (g particulates/kWh)	0.04	0.04	0.04

\* 2013 data homogenised without joint control companies.



## EVOLUTION OF SPECIFIC EMISSIONS OF SO<sub>2</sub>, NO<sub>x</sub> AND PARTICULATES BY ENDESA

Latin America**	Argentina	Brazil	Colombia	Chile	Peru
SO <sub>2</sub> (gSO <sub>2</sub> /kWh)	0.35	no figures	7.77	0.89	0.06
NO <sub>x</sub> (gNO <sub>x</sub> /kWh)	0.98	no figures	1.62	1.2	0.59
Particulates (g particulates/kWh)	0.02	no figures	0.22	0.03	0.02

\*\* Data prior to divestment in Latin America in October 2014.

To see CO<sub>2</sub> emissions refer to the Chapter on *Climate Change* section: 2.2.1. CO<sub>2</sub> emissions.

### Emissions of ozone depleting substances

In Spain and Portugal 0.49 tonnes of CFC11 equivalent were emitted, broken down as follows: 0.0734 tonnes of CFHC (0.00367 tonnes of CFC11 equivalent), 0.065 tonnes of Halon (0.0975 tonnes of CFC11 equivalent), 0.55 tonnes of R22 (0.03 tonnes of CFC11 equivalent) and 0.44 tonnes of Freon (0.35 tonnes of CFC11 equivalent).

## 6.2. Waste management and reduction

ENDESA has waste management and reduction systems in place, which are continually reviewed 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** for thermal coal-fired units. Part of this waste is sold as a by-product or reused at the same facility in restoration work.
- **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 (Cordoba).

- **Waste generated by distribution** activities such as transformers, oil/PCB-contaminated batteries and mineral oil from substations, as well as non-hazardous waste such as scrap metal and cardboard, managed by authorised agents in strict compliance with the applicable environmental regulations.

- **Mining related waste**, such as slag, deposited in landfills properly managed and recovered; facilities such as As Pontes are reference cases in this aspect.

Waste-reduction measures focus on reusing oil, removing transformers contaminated with PCB (polychlorinated biphenyls), 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, 89.5% of total non-hazardous waste and 39.1% of hazardous waste being recovered in Spain and Portugal.

### 6.2.1. Spain and Portugal

Waste production decreased in 2014 and waste recovery increased for both hazardous and non-hazardous waste. Specifically, production of non-hazardous waste fell by 44.6% (not including coal firing waste, included below in a specific table) while hazardous waste fell by 14.8%. Recovery of non-hazardous waste stood at 89.5% (not including coal firing waste), and for hazardous waste at 39.1%.



## EVOLUTION OF ENDESA WASTE (TONNES)

	Hazardous waste (HW) 2014		Non-hazardous waste (NHW) 2014	
	Produced	Recovered	Produced	Recovered
<b>Spain and Portugal</b>				
Thermal Production Units (TPU)	11,024.94	2,894.13	22,990.91	16,740.91
Hydraulic Production Units (HPU)	712.62	719.07	1,873.70	1,683.71
Mining	123.21	62.26	6,382.83	6,334.07
Nuclear	516.35	130.62	2,730.33	1,720.97
Distribution	2,360.91	2,050.49	37,961.95	37,903.56
Port Terminals	14.06	12.56	122.75	103.45
<b>Latin America* (1)</b>				
Thermal Production Units (TPU)	1,847.07	34.89	89,294.09	1,061.7
Hydraulic Production Units (HPU)	77.86	79.42	859.92	669
Renewables	54.43	0	0.17	0
Distribution	28.3	26.3	38,291.5	38,291.5

\* Data prior to divestment in Latin America on October 2014.

(1) Data do not include Brazil.

## RADIOACTIVE WASTE (m³) PRODUCED IN SPAIN AND PORTUGAL IN 2014

<b>Liquid</b>	<b>6.76</b>
<b>Solid</b>	<b>256.21</b>
Compactable	176.97
Other treatments (fragmentation, cementing, etc.)	69.90
Others	9.34

Recovered waste is considered to be waste delivered to an authorised waste manager to undergo recovery by this company. The table above does not include waste from coal fired production (ash, slag and gypsum). Data for this type of waste are shown in a separate table.

In 2014, over 1 million tonnes of used material were recovered in Spain and Portugal.

## 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.

## PRODUCTION AND MANAGEMENT OF ASH, SLAG AND GYPSUM IN ENDESA'S COAL-FIRED THERMAL PLANTS (SPAIN AND PORTUGAL)

	2012	2013*	2014
<b>Ash (t/year)</b>			
Produced	1,828,138	1,186,897	1,497,624
Recovered	540,525	527,715	577,405
Restoration	0	0	0
Dump site	1,294,369	659,182	920,220
<b>Slag (t/year)</b>			
Produced	214,895	171,326	259,965
Recovered	67,864	24,034	20,949
Restoration	4,070	0	0
Dump site	142,992	147,292	239,016
<b>Yesos (t/año)</b>			
Produced	1,180,788	793,464	1,042,930
Recovered	73,271	31,890	63,334
Dump site	1,102,556	761,574	979,596

\* 2013 data homogenised without joint control companies.

## PRODUCTION AND MANAGEMENT OF ASH, SLAG AND GYPSUM IN ENDESA'S COAL-FIRED THERMAL PLANTS LATIN AMERICA\*

	2012	2013	2014
Produced kt/ year	103.6	376.5	111.7 (1)

\* Data prior to divestment in Latin America on October 2014.

(1) Data do not include Brazil.

## 7. Biodiversity conservation

The Biodiversity Conservation Plan completed in 2014 a total of 30 operative actions with the following results: 24 started in previous years (11 of which were completed in 2014 and 13 are ongoing) and 17 new actions started last year.

Regardless of the total number of actions, in 2014 it is worth noting the balanced distribution of the issues approached. Somewhat more than half of the actions, 53%, were performed on own facilities and their immediate surroundings, while 43% were applied to management of uses and infrastructures to adapt them to the vocation and potential of the territory in which they were present. The following table shows the distribution of the actions of ENDESA's Biodiversity Conservation Plan operative in 2014, classified by the guidelines of the Plan and the 20 types of actions included, which can be inferred from the intersections of rows and columns.

		Areas of application (biodiversity components)				
		Use and infrastructure management	Habitat management	Autochthonous species	Invading exotic species	
Areas of action	Own facilities	9	0	0	1	10
	Areas of influence	2	1	3	0	6
	Research projects	2	6	3	1	12
	Socio-environmental projects	0	0	1	0	1
	Emblematic projects	0	0	1	0	1
		13	7	8	2	30

Actions on habitat management and populations of autochthonous species represented 50% of all actions.

The following table shows the distribution in main areas of the 30 actions of the plan under way in 2014.

	N.º actions	%
Birdlife	11	36.67
Water resources	13	43.33
Forest resources	3	10.00
Restoration of natural spaces	1	3.33
Biodiversity management tools	2	6.67
<b>Total</b>	<b>30</b>	<b>100.00</b>

The actions were performed throughout almost all the Iberian peninsula (93%) and the islands (7%), and encompassed a substantial share of the business lines of the Company. Specifically, the generation area received 57% of the Plan actions, while Distribution received 30% and the Corporate area 13%.

Regarding the goals of the Plan for Biodiversity Conservation, in 2014 the main lines of action set forth in 2012 have been maintained:

- Conditioning the physical medium in ENDESA lands and facilities in order to increase their biodiversity capability in a biogeographical manner consistent with the environment.

- Managing natural factors surrounding facilities to improve the conditions of the habitats of certain specific species, or the biotopes to which they belong.
- Recognition of ENDESA's natural heritage, the ecosystems which it houses and their value and state of conservation.
- Preservation in ENDESA's facilities and their surroundings of autochthonous species and controlling invasive species with a high impact from an ecological standpoint and for ENDESA's business.

## 7.1. Key actions

The key actions carried out as part of the Biodiversity Conservation Programme in 2014 were as follows:

### 7.1.1. Studies and research

Research work forms part of ENDESA's Biodiversity Conservation Plan. As part of these studies, the Company continued to conduct research on the zebra mussel, conducting new tests on population control methods and systems by physical means such as UV radiation or ultrasound. In addition, in the area with greatest presence of the zebra mussel, the Riba-roja reservoir of the lower stretch of the Ebro river, a dual modelling has been performed: on one hand, the bi-dimensional hydrodynamic functioning of the reservoir, for the water temperature, transit speed and residence time, and on the other the spatial and temporal dynamic of the population of zebra mussel larvae. Although these two models are not coupled, the latter shares with the former a substantial part of the physical processes quantified.

Also in the lower stretch of the Ebro River, in the province of Tarragona, work continued in 2014 as it has for the past 11 years on regular and controlled swells from the Mequinenza, Riba-roja and Flix reservoirs to allow the river basin and ecosystem to regenerate, as well as to curb the mass development of macrophytes.

As regards mid- to high-mountain water ecosystems, the first phase of a study has been completed on the longitudinal mobility of trout, in order to know the actual needs of the species when surmounting natural or artificial obstacles, and thereby help reduce the effects on their habitat and the needs of the species based on real data. The results confirmed the working hypothesis, based on preliminary studies and that confirms the sedentary nature of trout with only 5-6% of the population driven to substantial displacements. The study concludes that this mobile

behaviour appears to have a genetic basis and is not in principle linked to physiological differences.

In addition to the studies performed on zebra mussel, in 2014 the fieldwork concluded on the possibility of eradicating another exotic invading species, the Elodea. This is an aquatic plant (macrophyte) that colonises still waters present in the La Torrasa reservoir (Noguera Pallaresa river, Lleida), threatening autochthonous macrophyte populations and particularly *Hippuris vulgaris*, a plantaginacea which is only present in Catalonia in the aforementioned reservoir.

Two unique Biodiversity Conservation Plan projects continued to yield outstanding results. The comparative study of steppe lakes in Spain and Mongolia continued, adding new water masses studied to the database and contributing the discovery and description of previously unknown species (7 new species in Spain, 4 in Mongolia). The aim of the study is to establish pristine reference conditions for all types of Iberian steppe lakes and contribute to the knowledge and preservation of biodiversity. In 2014, within the framework of this study, another species was described: a small anostracean crustacean *Phallocryptus tserensodnomi*, increasing to 4 the number of new species described since 2008.

Another unique project is Endesabats. It began in 2013 and continued in 2014. Its aim is to know the carrying capacity of certain hydro production facilities such as tunnels, galleries, buildings seldom visited and others for the bat population. The results can only be described as spectacular. In only 4 groupings of hydro plants belonging to 4 different river basins (Fluvià, Ter, Noguera Pallaresa and Noguera Ribagorçana rivers) 22 different bat species were identified (about 70% of species present in Spain), of which 5 were listed as vulnerable and one is endangered. The study is completed by a prioritisation of proposals for improvement and conditioning of the spaces occupied by these species. It should be noted that bats are outstanding ecosystem health indicators, and also provide efficient control of agricultural and forest pests.

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### ENDESA RELEASED 200 CAVILATS TO REPOPULATE THE GARONA RIVER WITH THIS ENDANGERED FISH SPECIES

On Monday, 24 November, ENDESA released about 200 cavilats into the Garona river and its tributaries in the region of Val d'Aran, to repopulate the river with this endangered species of fish.

This action forms part of the Catalonia Biodiversity Conservation Plan, which aims to increase the population of Cavilats, reduced by the floods in the summer of 2013.

The action for increasing the population of cavilats focussed on the stretches of the river most affected by the floods in the regions of Val d'Aran and Alta Ribagorça in June last year, where the low density or even absence of specimens threatened its natural recovery, that is, by reproduction.

The project began with the capture of reproducing individuals from the Garona river in the month of March for a captive breeding program. The individuals were transferred to two sites, one in the municipality of Vilamòs in Val d'Aran and the other in Santa Maria de Merlès, in Berguedà, where the ideal conditions were set up for their reproduction and subsequent growth of the offspring.



In addition to the repopulation of cavilats in the Garona river basin, ENDESA also collaborated with the Conselh Generau de Aran, the Fundación Biodiversidad and Gesna in the recovery of trout, another species whose population was affected by the floods

The specimens released were about 4cm in length, the size at which they reach full sexual maturity for natural reproduction.

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In 2014 the corporate line of action in biodiversity conservation was consolidated. Using a biodiversity data management tool, Modest-R, developed by the University of Lugo in collaboration with ENDESA, a methodology is being developed for performing biodiversity audits, at the moment, for hydroelectric plants in operation. The aim is not to quantify the residual environmental impact of these facilities but instead to establish their effect on the biodiversity of the environment.

With regard to the company's transport and distribution activity, in 2014 an interesting study was conducted on the potential ecological functions of the "streets" cleared under power lines in forest environments. The study compares the physical conditions and biodiversity in said "streets" with those within the surrounding forest masses and in the intermediate area between the "street" and the forest. The comparative status was studied of vegetation and plant life, some insect indicator species, birdlife, micromammals and large vertebrates. The conclusions of the study will be released in 2015, but preliminary results already indicate that the barren areas under power lines, instead of being inhospitable environments, play a role that is at the very least of interest for diversification of the forest biotope, enhancing the forest's biological community.

A significant activity in 2014 was the public presentation last November of ENDESA's biodiversity website (<https://endesabiodiversidad.com/es/>). This virtual space provides the public with all of the Company's biodiversity research, management and conservation activities, as well as additional information and useful tools.

#### 7.1.2. Publications

ENDESA continued to promote the dissemination and awareness-raising on biodiversity in 2014 through active participation in technical and scientific forums, as well as the publication of its research.

Among the monographs published by ENDESA was the eighth collection on the status of Bonelli's eagle in Catalonia, while work was also conducted on the publication of 3 monographs that are expected to be released in 2015 on the wet steppe areas of Spain and Mongolia, the effect of artificial flooding by hydro plants on river ecosystems, and control of macrophytes in the lower stretch of the Ebro river.

Writing has begun of tome 2 of the collection *El reto de conservar la Biodiversidad* by ENDESA, dedicated to the presence of ENDESA's generation and distribution facilities within protected natural spaces (Red Natura 2000).

ENDESA promotes and encourages that all the activities of its Biodiversity Conservation Plan with results that may be of interest due to their scientific, technical or simply popularisation value be published in the most appropriate manner. Thus, a significant portion of the Plan's activities are eventually published in journals and various popularisation media. Some examples of publications resulting from Plan activities with explicit reference to ENDESA's participation are shown below:

Amat, F., N. Oromí, D. Sanuy, S. Carranza (2014). *La neotenia del tritón pirenaico en lagos de alta montaña*. Quercus, 344: 27-33.

Arbat-Bofill, M., M. Sánchez-Juny, E. Bladé, D. Niñerola, J. Dolz & A. Palau (2014). *Hydrodynamics of Ribarroja Reservoir (Ebro River, Spain): water temperature, water velocities and water age*. *International Conference on Fluvial Hydraulics: 7th River Flow (IAHR)*. Lausanne (Switzerland). 8 pp.

Batalla, R. J., D. Vericat & A. Tena (2014). The fluvial geomorphology of the lower Ebro (2002-2013): bridging gaps between management and research. *Cuadernos de Investigación Geográfica*, 40 (1): 29-51.

Colomer, M. A., A. Margalida, L. Valencia & A. Palau (2014). Application of a computational model for complex fluvial ecosystems: the population dynamics of zebra mussel *Dreissena polymorpha* as a case study. *Ecological complexity*, 20: 116-126.

Geraldes, A. M. & M. Alonso (2014). *Bosmina* (Eubosmina) coregoni Baird, 1857 (Crustacea, Branchiopoda, Anomopoda): new plank tonic invader in the Iberian Peninsula. *Graellsia*, 70 (2): e015.

García-Roselló, E., C. Guisande, A. Manjarrés-Hernández, J. González-Dacosta, J. Heine, P. Pelayo-Villamil, L. González-Villas, R. P. Vari, A. Vaamonde, C. Granado-Lorencio & J. M. Lobo (2014). Can we derive macroecological patterns from primary Global Biodiversity Information Facility data? *Global Ecology and Biogeography*. Online ISSN: 1466-8238.

Ramón, C. L., J. Armengol, J. Dolz, J. Prats & F. J. Rueda (2014). Mixing dynamics at the confluence of two large rivers undergoing weak density variations. *Journal of Geophysical Research: Oceans* 119 (4): 2386-2402.

Real, J. (2014). Investigadores y gestores: cuando colaborar es sinónimo de conservar. *Quercus* 336: 80-81.

ENDESA also participated in several national and international workshops and congresses in 2014. Some of the main ones were as follows:

Alonso, M. (2014). *Branchiopods and Copepods in Iberian Peninsula and Mongolia: similarities and possible use of Mongolian ones as reference conditions for ecological quality assessment of water bodies in Spain*. XVII Congress of the Iberian Association of Limnology. Santander, July 2014.

Béjar, M., D. Vericat, R.J. Batalla & A. Palau (2014). *The role of canals in transferring water and sediment during sediment sluicing in reservoirs*. Congreso sobre Canales Industriales. Lleida, September 2014.

Camarasa, S., J. Alonso, N. Oromí & D. Sanuy (2014). *Estudi esqueletocronològic d'una població lacustre d'alta muntanya de Calotriton asper*. XV Jornades Herpetològiques Catalanes. Sant Feliu de Codines (Barcelona), October 2014.

Comanys, C., A. García-Escudero, A. Palau-Nadal, N. Marín, L. Miguel, M. Obrador & A. Palau. *Fish habitat response in a hydro-peaked stream in a Pyrenean river* (2014). XVII Congress of the Iberian Association of Limnology. Santander, July 2014.

Ordóñez, I., A. Palau, N. Marín & R. del Valle (2014). *Evolution of the biological and physicochemical water quality in an ar-*

*tificial lake during its filling process: the case of the As Pontes mining lake (A Coruña, NW Spain). XVII Congress of the Iberian Association of Limnology. Santander, July 2014.*

Palau-Nadal, A., M. Llena, G. Lobera, J. A. López-Tarazón & D. Vericat (2014). *The morphosedimentological evolution of a gravel-bed river to different magnitude flood events: the Ésera River (Aragonese Pyrenees). XVII Congress of the Iberian Association of Limnology. Santander, July 2014.*

Palau, A. (2014). *Embalses y Cambio Climático. 9.º Congreso Internacional de la Asociación Española de Climatología (AEC). Almería.*

Palau, A. (2014). *Ecological considerations concerning interactions between electric lines and birds. Endesa experience. Final Congress Life Save the Flyers. Santa Fiora (GR). Italy.*

Palau, A., R. Pau, F.J. Mariño, M. Martín, & A.M. Sánchez (2014). *Estudio sobre las funciones ecológicas de las calles existentes bajo las líneas eléctricas. Resultados preliminares. Congreso Nacional de Medio Ambiente (CONAMA). Madrid.*

Rocaspana, R., A. Palau & E. Aparicio (2014). *Effects of severe snowmelt floods on density and population of Brown trout (Salmo trutta) in a river subjected to pulsed discharges for hydropower generation. XVII Congress of the Iberian Association of Limnology. Santander, JULY 2014.*

### 7.1.3. Training

ENDESA continued to provide internal training on biodiversity. In addition to its courses in thermal plants (Andorra de Teruel and As Pontes), a first draft was prepared of the training content for Endesa Distribución S.A.'s facilities and staff and work was performed on updating the Thermal Plant course contents.

### 7.1.4. Biodiversity conservation. Other initiatives

In 2014 the Company continued developing activities related to birdlife protection in the main geographical areas where it has power lines, of which the most important were the following:

## Andalusia

ENDESA is an active participant in the project for reintroduction of the osprey in collaboration with the Government of Andalusia and the Migres Foundation among others, with successful outcomes in the provinces of Huelva and Cádiz. Specifically, adaptation and insulation work has been performed on several line supports that reintroduced individuals would use to perch on, as well as the installation of supports with platforms to aid nesting.

## Aragon

With regard to the collaboration Agreement between the Government of Aragon and Endesa Distribución Eléctrica "for the development of projects on power lines, to reduce or eliminate the risk of impact and electrocution of threatened birdlife" (signed in 2010), no addendum was signed in 2014 due to budgetary restrictions of the General Council of Aragon. However, within the framework of the current Agreement, valid until 31 December 2017, in 2014 preliminary activities have been performed for preparing the work on the agreed lines.

## Castile-Leon

With regard to the collaboration Agreement between the Ministry of Promotion and Environment of the Regional Government and ENDESA for "environmental integration, development and maintenance of the electricity distribution grid" (signed in 2013), in 2014 a Technical Specifications document was drafted containing proposals for the adaptation of potentially hazardous supports in the province of Soria, in order to prioritise future activities.

## Balearic Islands

Within the framework of the collaboration Agreement with the Conselleria d'Agricultura, de Medi Ambient i Territori "for coordination of environmental activities resulting from the distribution of electrical power and birdlife protection" (signed in 2004 and subsequently renewed in 2010), to reform supports and insulate/signal some power lines that



could represent a risk of impact or electrocution to birds, a total of 1,085 activities have been performed to date.

## Catalonia

In Catalonia the 110 kV centenary power line Camarasa-Cervera with a length of 18.3 km has been renewed, installing reflecting mobile beacons for the first time in Catalonia, meant to prevent steppe birds from colliding with the lines in dim light conditions. These beacons have been installed in a 5.5 km stretch in the municipalities of Agramunt and Preixens (Urgell and Noguera), in Lleida. In addition, 230 birdlife protection devices have been installed in a high-voltage line that crosses the Collserola Natural Park. These consist of X-shaped neoprene ribbons that hang from the line and move with the wind to scare birds away. In addition to protecting birds, this increases the security of the line. In addition, since 1993 the Consortium of the Serra de Collserola Natural Park and ENDESA have been working together—in various technical committees and collaboration agreements—to rationalise and reduce the environmental impact of the important network of power lines that cross Collserola.



## Canary Islands

In the Canary Islands, in 2014 the actions under way since 2010 to minimise the risk of collision of birds with medi-

um-voltage power lines of Lanzarote and Fuerteventura have continued. Specifically, in 2014 two hundred new reflecting beacons were installed in 5 areas of the island of Lanzarote (Playa Blanca, Playa Honda, Teseguite, Caleta de Famara and between Muñique and Soo), covering an additional 2,200 m of marked lines. Together with the 17.9 km previously marked, this represents a total of 20 km of power lines marked to protect the birdlife of these areas. The investment made in 2014 amounted to Euro 62,000 including Euro 38,000 to install the beacons and 24,000 for monitoring and assessing the efficacy of these measures, in collaboration with the specialists from the Spanish Ornithological Society SEO-Birdlife.

Regarding birdlife protection measures, in this case for communication and public awareness purposes, ENDESA sponsored the organisation and development of the VIII European Congress on Cranes, held in November 2014 in Gallocanta, an emblematic location due to the large wetlands (La Laguna) in this location, making it one of the Special Protection Areas for Birds (Zonas de Especial Protección de Aves, ZEPA) in the province of Zaragoza.

### 7.1.5. Environmental restoration

In 2014 several monitoring studies were performed on restored areas. One example of these is an ecological monitoring study on the closed ash and slag dump site at the Company's Litoral thermal plant in Carboneras (Almería), which in 2014 released its first results. The restored area has no erosion problems and the vegetation cover is very significant, with good rooting of autochthonous species. In addition to the sowed or planted species, other autochthonous plants have appeared spontaneously, indicating the good biophysical conditions obtained in the area. Microfauna has also appeared, with an increasing trend toward diversification of the represented groups (snails, arachnids, earthworms and various orders of insects) conforming the trophic base of insectivorous small land animals and birds. Full inventories are not yet available, but it is worth noting the existence of a substantial population of chameleons, a species with great conservation importance in Spain.

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### ENDESA INVESTED EURO 84.5 MILLION IN FORESTRY WORK AND GRID IMPROVEMENTS AS PART OF ITS SUMMER CAMPAIGN

Of these Euro 84.5 million, Euro 17.5 million will be dedicated to forest maintenance tasks (tree felling and pruning and vegetation clearing).

Of the nearly 324,000 km of power lines comprising ENDESA's distribution infrastructure, 110,000 (one third) correspond to overhead lines crossing forest areas or land which requires a proper conservation of the vegetation masses.



Specifically, Euro 17.5 million will be allocated to felling, pruning and clearing of the vegetable mass growing around all the power lines that cross forested areas. In the last 5 years, the investment made in these tasks amounts to Euro 111 million. These operations ensure that safety corridors remain open under the medium- and high-voltage lines, preventing incidents in power supply due to the proximity of trees to the lines.

The selective felling and pruning work is performed according to the criteria specified in national and regional regulations, which set their frequency according to the growth calendar of the various species.

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In an environment completely different to that of the Almeria coastline, in fact at the opposite end of the Iberian peninsula, the mining lake of As Pontes (A Coruña), created as an integral environmental restoration solution for the old open-air mine of As Pontes, is becoming consolidated as an increasingly complex ecosystem. After a first inventory of the fish population in 2013, the study was repeated last year revealing a spectacular increase in the fish community consisting of trout, ray-finned fish and stickleback. The ray-finned fish is the most abundant species and is widely distributed in the entire lake, followed by the trout, also well distributed, and the stickleback, which occupies protected and shallow shore areas. In terms of biomass, the ray-finned fish population represents 75.35% of the total biomass, while trout represent 24.57% and stickleback 0.08%. This fish community of the As Pontes lake in 2014 has been censused in about 240,000 specimens by ecoprobing, with a mean density of 272 fish/ha. In 2013 the census showed a population of 70,000 specimens with a mean density of 78 fish/ha.

Bird censuses have been performed in open waters and along the shoreline of the lake. In the census of January 2014, 32 species of birds were observed, of which 11 were aquatic. The presence of wintering waterfowl stands out, such as Mallard duck, common teal, spoon-billed duck, common pochard and tufted duck.

## 7.2. Adjacent land or land located in natural protected areas

In 2014, ENDESA had 724.87 km<sup>2</sup> of adjacent land or land located in protected natural areas or unprotected, highly biodiverse areas: 724.43 km<sup>2</sup> in Latin America and 0.44 km<sup>2</sup> in Morocco.

According to the work performed in the preparation of Tome 2 of the collection *The challenge of conserving biodiversity*, ENDESA is present in 57 spaces belonging to the Red Natura 2000 in Spain, with power generation facilities and in 738 areas with power transportation and distribution lines.



Recarga de vehículo eléctrico



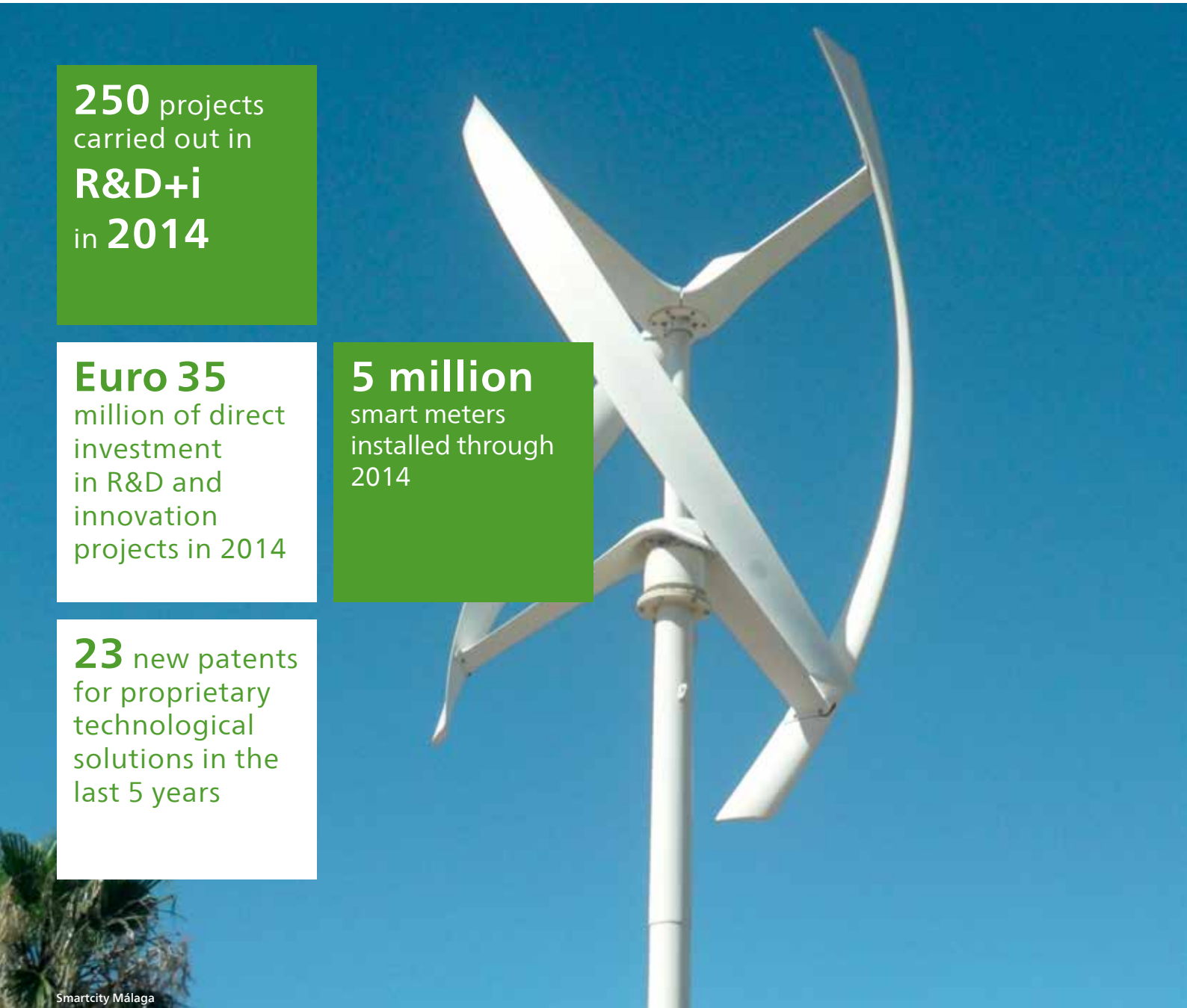


# Innovation

Commitment  
to efficiency

ENDESA aims to be a standard bearer in technology and innovation. Accordingly, the Company has a portfolio of R&D projects in all its business lines.

Innovation is the basis of the Company's activity. For this reason, the 2013-2017 Innovation Technology Plan, integrated in ENDESA's Sustainability Plan, provides the structure for ENDESA's commitment to innovation. In 2014 the direct investment in R&D and innovation activities was Euro 35 million in the execution of over 250 projects.



**250** projects  
carried out in  
**R&D+i**  
in **2014**

**Euro 35**  
million of direct  
investment  
in R&D and  
innovation  
projects in 2014

**5 million**  
smart meters  
installed through  
2014

**23** new patents  
for proprietary  
technological  
solutions in the  
last 5 years

Smartcity Málaga

PRIORITY ISSUES – 2014 MATERIALITY STUDY	ENDESA'S RESPONSE IN THE REPORT
Integration and smart management of distributed energy resources.	Chapter on "Innovation": 4. Technological response to energy challenges.
Energy efficiency in generation and distribution.	Chapter on "Innovation": 2. R&D+i in search of cleaner energy. 3.1. Energy efficiency 4.3. Technology projects for improved efficiency in generation.
Innovative solutions for customers (energy efficiency, IT solutions, etc.).	Chapter on "Innovation": 1.1. Electricity as a driver of social and urban development. 4.2. Efficiency in the end use of energy. Chapter on "Our customers": 4. ENDESA efficient products and services.

CHALLENGES IN 2014	ACTIONS TAKEN
To continue remote operations and readings for the mass billing of smart meters.	ENDESA continues to be a leader in remote management implementation with almost 1 million meters installed in the year and 5 million in total, representing more than 43% of the fleet of meters with contracted power of up to 15 kW. This allows meeting the legal requirement of having 35% of the fleet installed by the end of 2014.
To develop Employee Idea Drives via the Eidos Market Platform in the entire Enel group.	In 2014, EIDOS MARKET became the corporate tool of all Enel group employees for this purpose, with an additional 3 editions made on corporate and local levels in various group companies.
Promoting technological agreements for fostering new energy technology intended for the end consumer.	The City and Energy initiative launched in 2014 includes the search for technological agreements to facilitate access to a new energy model. In 2014, ENDESA participated in several technological platforms meant to promote the development of new customer-oriented technologies such as the Plataforma Tecnológica Eficiencia Energética. Similarly, specific projects have been carried out such as Zem2ALL, by which ENDESA leads a technological agreement with Spanish and Japanese companies and institutions to promote electric and sustainable mobility.

KEY FIGURES 2010-2014					
	2010	2011	2012	2013	2014*
Direct investment in R&D and innovation (Euro million)	48	41	84	40	35 18 (Iberia)
Patent applications for proprietary technological solutions	6	6	5	4	2 1 (Iberia)
Efficiency of thermal power plants in Spain and Portugal (%)	39.6%	39.3%	39.68%	39.20%	39.08%

\* Data prior to the divestment in Latin America of October 2014.

IN 2015 WE PROPOSE
To take part in the ENEL Group's Technology Mapping and Innovation Plan, maximising synergies and optimising resources.
To increase the offer of energy products and services to our end customers.
To promote technological agreements to foster new energy technologies aimed at the end consumer.



# 1. The need to promote a change in the energy model

The need to protect the environment and technological advances are deeply changing how we produce and consume energy.

75% of the energy used and 80% of emissions with energy origin take place in cities, which represent only 2% of the occupied surface area

In this context, the awareness of governments, administrations and the public is promoting energy policies that foster emissions reductions and greater energy efficiency in which ENDESA is a leading player. In addition, the imminent possibilities of decentralised and multidirectional power generation allow customers to be leading actors in a novel energy system.

These phenomena are particularly relevant in cities, the true scenario of the change of the energy model.

Over one half of the world's population currently lives in cities, and by 2050 this will increase to 70% of the population. This growth is mainly driven by the precariousness of the rural environment. In Spain, the share of the population living in cities is now 80%.

Regarding emissions, 80% —with a mainly energy-related origin— are generated in urban environments, despite the fact that the surface area occupied by these environments is less than 2%.

From a resource scarcity perspective, with the continuous growth of cities due to population growth and their complex ecosystems, cities will have to find efficient energy management systems; energy, as an essential resource, must fulfil basic living requirements and access to energy must be guaranteed.

Moreover, the technology is mature and there is more than enough commercial offer to change the energy model, al-

lowing customers to have an active part in the decision making process in terms of the management of their final energy coverage needs.

ENDESA promotes electricity as the most efficient vector with zero emissions. Technology allows final energy consumption to be reduced by 80%.

In response to these challenges in cities, ENDESA promotes electricity as the energy vector that can meet increasingly demanding environmental and efficiency requirements as well as coverage for the population's power needs.

Within this context, ENDESA has created the City and Energy Initiative as an integrated, multidisciplinary strategy meant to lead the transition towards a new energy model based on sustainable energy generation and efficient consumption.

## 1.1. Electricity as a driver of social and urban development

The development of a sustainable model for covering energy needs must form part of a view of cities in which the people are seen more as citizens than customers, with a capacity of action and decision for covering energy needs.

For this model, in line with European policies for the reduction of greenhouse gas emissions, the electrification of energy demand is a unique opportunity that can make environmental protection and economic growth compatible, allowing an improved environmental quality of cities.

For these reasons, ENDESA is working to adapt the current model based on an inexhaustible availability of energy to one based on allowing demand management.



ENDESA articulates this model through 6 lines of action which must configure the basis of new behaviour patterns of both the public and the institutions to achieve an energy sustainable city that is responsible with the environment:

- Electrification of demand.
- Power generation based on renewable energy sources.
- Rational use of energy: efficiency and energy savings.
- Urban development, neighbourhood revitalisation and sustainable mobility.
- Incorporation of Information and Communications Technology (ICT).
- Incorporation of supporting policies and instruments.

### 1.1.1. Development of the Initiative

ENDESA proposed the City and Energy initiative in early 2014 as an integrated strategy for developing a new energy model based on demand management instead of an offer-centred model.

The initiative is structured by an action plan composed of 23 transverse actions with the participation of all the areas of ENDESA, grouped around 7 action axes: Communication, Employee Awareness, Institutional, Regulatory, Customer, Smartcities, and Technology and Innovation. The various actions performed by the workgroups are closely related, which leads to continuous adaptation and evolution of the initiative.

This strategy is designed to allow ENDESA to achieve the following goals:

- Promoting and communicating our commitment to sustainability through a new energy culture based on sustainable electricity generation and efficient consumption.
- Promoting an environmentally sustainable energy and services proposal with electricity as the vector and as the common thread.
- Facilitating access to energy and needs coverage based on availability in quality and price and with universal coverage guarantees, by agreements with the administrations and other agents.
- Promoting an integrated position in urban development, dealing with both sustainable mobility and the integral rehabilitation of buildings and spaces, since together these represent 75% of the final energy used in the urban environment, which has fuel as its main source.

The City and Energy initiative is integrated with the Company's industrial activity, goals and priority actions for 2015-2020, so it can be configured as an engine driving change towards sustainability and results in the creation of new markets in which the evolution of the electricity business can be realised.

These goals are fully coherent with ENDESA's commitment to European actions regarding efficiency and the objectives of the 20 -20 -20 Energy and Climate Change package, a fundamental axis of European policies in the medium and

long term, which on a short term sets clear goals consisting of a 20% reduction in greenhouse gas emissions and an increased contribution of renewable energies to 20% of consumption, as well as a 20% improvement in energy efficiency by 2020.

#### 1.1.2. Communication in 2014

In 2014 several actions have been performed designed to interact and enhance collaboration with the various agents promoting real and tangible sustainable development. In addition to the Company's presence in several national and regional workshops, ENDESA has actively participated in forums specifically linked to cities and urban development plans.

In September 2014, the City and Energy project was presented in the Creative Intelligence Forum in Las Palmas de Gran Canaria.

This Forum is an initiative of the Master's Program in Creative Economy of the Rey Juan Carlos University, which emerged as a collaboration strategy between universities, administrations and companies with an innovative vision that relates Creative Economy, Sports, Tourism and Leisure with Land Development and Urban Management, creating new employment opportunities, generating identity and cultural diversity, connectivity and social cohesion.



In October, ENDESA played a relevant role in the 5<sup>th</sup> Edition of the "Greencities & Sustainability" Forum, which enjoyed the support and collaboration of various leading companies in these areas and in which ENDESA participated as the main partner.

This professional forum focussing on building, energy efficiency and Smartcities represented the debut of the City and Energy project and ENDESA's commitment to attaining efficient, emission-free cities, promoting rational and efficient energy consumption, the creation of smart grids, and the promotion of building renovation under energy efficiency criteria.

In addition, ENDESA actively participated in several public-private collaboration workgroups for promoting an energy model with actions focussing on facilitating a suitable regulatory framework and performing specific actions in blocks and neighbourhoods.

## 2. R&D and innovation in search of cleaner energy

One of ENDESA's main priorities is to apply the processes of research, development and innovation to its activities. Thus, it is coordinating with Enel to develop cleaner energy in areas of shared interest and in the countries where they operate.

### 2.1. Fuel consumption

2014 was characterised by a greater use of thermal plants due to the decrease of the special regime, particularly co-generation. With respect to 2013, the production of all technologies except hydraulic and nuclear increased.

In this regard, ENDESA had an active presence in physical and financial wholesale markets.

#### FUEL SUPPLIED TO ENDESA, INCLUDING OWN PRODUCTION

	2013	2014	
	Total	Total	Dif. %
Spanish coal (kt)	1,818	3,657	101.2
Imported coal (kt)	10,141	11,068	9.1
Petroleum coke (kt)	54	232	329.1
Liquid fuels (kt)	2,039	1,942	-4.8
Natural gas cycles (mil. m <sup>3</sup> )	594	689	15.9
Natural gas retail market (mil. m <sup>3</sup> )	4,002	3,615	-9.7
Natural gas wholesale market (mil. m <sup>3</sup> )	1,086	1,544	42.2

Note: includes extrapeninsular.

The Company contracted 14.7 million tonnes of coal in the year, a 23% increase with respect to 2013. For liquid fuels it managed 1.9 million tonnes, a decrease of 5% compared to 2013 due to the fall in electrical demand from non-mainland systems.

The gas volume managed for own consumption was 0.7 million m<sup>3</sup> and that managed for commercialisation was 5.2 million m<sup>3</sup>.

The coal volume contracted for supplying third parties amounted to 2.7 million tonnes, very similar to the figure for the previous year.

#### FUEL CONSUMPTION IN LATIN AMERICA\*

Type of fuel	2012	2013	2014(1)
Coal (thousands of tonnes)	1,024	1,857	854
Fuel oil (thousands of tonnes)	572	581	518
Gas oil (thousands of tonnes)	231	513	369
Natural gas (millions of m <sup>3</sup> )	4,803	4,608	3,820

\* Data prior to divestment in Latin America on October 2014.

(1) Data from Brazil missing.

ENDESA uses other consumables needed for electricity production. In 2014 total consumption was 493 kilotonnes, 20% less than in 2013 (391 kilotonnes in Spain and Portugal).

#### ENDESA RESOURCES USED (TONNES)

	Spain and Portugal		Latin America***	
	2013*	2014	2013	2014(1)
Lime	348.95	496.37	0.602	0.49
Iron chloride	429.75	440.08	13.97	6.76
Ammonia	80.17	81.39	15.18	12.16
Caustic soda	842.27	1,037.72	2,439.61	1,953.23
Sulphuric acid and hydrochloric acid	1,651.97	1,823.70	3,971.90	2,671
Sodium hypochlorite	472.45	792.16	3,599.45	2,466.8
Chlorine dioxide	152.78	2.21	0	0
Ferrous chloride	0	0	0	0
Magnesium oxide	212.24	119.95	0	0
Limestone used for combustion-gas desulphurisation	379,570.84	482,634.09	6,100.93	0
Lubricating oil	4,962.68	5,261.24	167.67	133.45
Dielectric oil	73.24	216.54	11.73	29.3
Other**	3,119.25	741.6	85.65	26.9
<b>Total</b>	<b>391,916.58</b>	<b>493,647.06</b>	<b>16,406</b>	<b>7,003</b>

\* 2013 data homogenised without joint control companies.

\*\* Includes chemical components used infrequently.

\*\*\* Data prior to divestment in Latin America on October 2014.

(1) Data from Brazil missing.

### 2.2. Electricity consumption

In 2014 primary energy consumption for all sources increased in the Company's plants in Spain and Portugal for all sources, due to the higher production.

## ELECTRIC ENERGY CONSUMPTION (GJ)\*

	Spain		Latin America***	
	2013**	2014	2013	2014(1)
Thermal power unit	6,723,086.4	7,382,492.0		
Hydroelectric power unit	470,574.0	466,833.6		
Hydroelectric pumping stations	5,064,086.8	5,047,963.2	425,354	320,780
Nuclear power	3,932,485.2	1,722,110.4		
Mining operations	24,573.5	20,447.9		
Port facilities	25,091.4	25,372.9		
Office buildings	116,084.5	111,341.7	184,628	45,666
<b>Total by area and ENDESA</b>	<b>16,335,981.8</b>	<b>14,776,561.8</b>	<b>609,982</b>	<b>366,446</b>

\* GJ: Gigajoule.

\*\* 2013 data homogenised without joint controlled companies.

\*\*\* Data prior to Latin America divestment in October 2014.

(1) Data from Brazil missing.

## DIRECT POWER CONSUMPTION BY PRIMARY SOURCE (TJ)\*

Type of fuel	Spain and Portugal	
	2013**	2014
Coal	209,422	237,505
Fuel oil	55,357	49,457
Petroleum coke	0	0
Gas oil	31,725	35,106
Natural gas	21,699	26,657
<b>ENDESA's total consumption (TJ)</b>	<b>318,131</b>	<b>348,725</b>

\* TJ: Terajoule.

\*\* 2013 data homogenised without joint controlled companies.

## INDIRECT ENERGY CONSUMPTION AT OWN FACILITIES (TJ)\*

Type of fuel	Spain and Portugal	
	2013**	2014
Mining operations	24.57	20.45
Port facilities	25.09	25.37
Office buildings	116.08	111.34
Distribución networks	no figures	no figures
<b>Total consumption</b>	<b>165.75</b>	<b>157.16</b>

\* TJ: Terajoule.

\*\* 2013 data homogenised without joint controlled companies.

In 2014 ENDESA saved 1,546.67 GJ of energy in the business in Spain and Portugal through the development of efficiency-improvement programs, which include the programs focussing on process redesign or conservation and adaptations of equipment, as well as due to changes in the behav-

iour of employees during the execution of their functions. This energy saving implies a reduction of the Company's carbon footprint contributes to reducing the operational costs of the business.

## ENERGY SAVINGS DUE TO CONSERVATION AND IMPROVED EFFICIENCY

Type of fuel	Unit	Spain and Portugal	
		2013**	2014
Redesign of processes	GJ*	379.5	1,492.67
Conservation and equipment adaptations	GJ	6,361.8	1,098
Changes in employee behaviour	GJ	0	54
Liquid fuels (thousands of tonnes)	GJ	0	
Efficient or renewable energy-based products and services	GJ	0	
<b>Total</b>	<b>GJ</b>	<b>6,741.3</b>	<b>1,546.67</b>

\* GJ: Gigajoule

\*\* 2013 data homogenised without joint controlled companies.

## 2.3. Efficiency of thermal plants

The energy efficiency obtained from the natural resources used is essential to ENDESA's generation business.

## EVOLUTION OF THE EFFICIENCY AT ENDESA'S THERMAL PLANTS (%)

	2012	2013*	2014
Spain and Portugal	39.68	39.16	39.08

\* 2013 data homogenised without joint controlled companies.

Thus, the efficiency of thermal plants in Spain and Portugal in 2014 was 39.08%, slightly lower than in 2013 (39.16%), mainly due to the low and discontinuous operation of combined cycle plants.

## EFFICIENCY AT ENDESA'S THERMAL PLANTS IN SPAIN AND PORTUGAL (%)

	2012	2013*	2014
Coal-fired thermal power plants	38.33	38.06	38.20
Fuel-gas-fired thermal power plants	37.57	38.12	38.02
Combined-cycle thermal power plants (natural gas)	45.81	43.73	43.02

\* 2013 data homogenised without joint controlled companies.

## EFFICIENCY AT THERMAL PLANTS IN LATIN AMERICA(%)

	Colombia	Peru	Brazil	Chile	Argentina
Coal-fired thermal power plants	25.7	n/a	n/a	36	n/a
Fuel-gas-fired thermal power plants	25	32.2	n/a	30.3	30.1
Combined-cycle thermal power plants (natural gas)	n/a	50.62	48.7	51	50.5
Mean value for thermoelectric park	25.35	43.6	48.7	43.6	44.4

\* Data prior to Latin America divestment in October 2014.

Considering 2013 data homogenised without joint control companies, the mean efficiency of nuclear power stations in Spain in 2013 was 35.23% and unavailability was 10.27%. In 2014 efficiency fell slightly to 35.07% and unavailability rose to 14.91%.

## UNAVAILABILITY OF THERMAL PLANTS (%)

	2012	2013*	2014
	Spain and Portugal	Spain and Portugal	Spain and Portugal
Coal-fired thermal power plants	4.4	6.64	6.68
Fuel-gas-fired thermal power plants	7	5	5.74
Combined-cycle thermal power plants (natural gas)	3.3	1.62	4.48
Mean value for thermoelectric park	4.0	5.37	6.12

\*\* 2013 data homogenised without joint controlled companies.

**For more information, see the chapter on *Combating Climate Change*, section 02.2.1. CO<sub>2</sub> emissions.**

## UNAVAILABILITY OF LATIN AMERICA THERMAL PLANTS 2014\* (%)

	Argentina	Brazil	Colombia	Chile	Peru
Coal-fired thermal power plants	n/a	n/a	30	69.5	n/a
Fuel-gas-fired thermal power plants	56.1	7.3	20.6	3.2	8.6
Combined-cycle thermal power plants (natural gas)	20.6	n/a	n/a	8.5	4.9
Mean value for thermoelectric park	34.1	7.3	25.9	22.7	7

\* Data prior to Latin America divestment in October 2014.



# 3. Technological leadership model

In 2014 ENDESA continued with technological project development aimed at obtaining value, promoting an innovation culture within the Company and generating sustainable competitive advantages. Therefore, the company's endeavours in R&D&i are part of its commitment to sustainability.

ENDESA develops R&D&i projects in all its business lines and corporate technological actions, included in the 2013-2017 technology plan, which is divided into three time horizons:

## TECHNOLOGICAL STRATEGY COVERS 3 TIME HORIZONS

Short term	Middle term	Long term
Overcoming business challenges through R&D&i projects aimed at maximising efficiency of activities.		
ENDESA works in collaboration with its most innovative suppliers and leading international research sites, searching for improvements in disruption while promoting projects and partnerships aimed at new technology and business solutions in a five-year time line.		
Technology surveillance and intelligence activities for building future opportunities that will contribute to maintaining its position as a technology leader and open new business opportunities.		

ENDESA's direct investment in R&D&i activities in 2014 was 35 million Euros, 18 of which was earmarked for the Spain and Portugal Business and 17 for Latin America through performing over 250 projects.

35 million Euros invested in more than 250 R&D&i projects.

During 2014, applications were made for two new proprietary technology patents, 1 in Spain and the other in Argentina.

The multiple projects performed in 2014 include most remarkably those developed in the area of e-mobility and *SmartCities*.

**For further information, see section 4.1.2. *SmartGrids* and *Smartcities* in this same chapter, and chapter *Combating Climate Change*, section: 1.4. *Leadership in sustainable transport: Promoting the electric vehicle*.**

## 3.1. Energy efficiency

ENDESA, conscious of its leading role in the electricity supply value chain in those countries where it operates, believes that efficient energy use is a fundamental aspect in sustainable development worldwide and respect for the environment and as such this is a permanent challenge for the Company.

ENDESA remains pledged to energy efficiency which covers optimising generation processes, reducing losses in its distribution networks and energy consumption at our buildings and facilities. We also offer our customers a wide range of efficient products and services. ENDESA also promotes efficiency via communication and raising awareness among society and participates, both in Spain and abroad, in the main forums for knowledge and dissemination of energy efficiency.

## POWER LOSSES IN THE DISTRIBUTION GRID (%)

	2013	2014
<b>Business in Spain and Portugal</b>	<b>8.1</b>	<b>8.9</b>
<b>Business in Latin America*</b>		
Argentina	10.8	10.9
Brazil	16.3	
Brazil Ampla		19.9
Brazil Coelce		12.7
Chile	5.3	5.3
Colombia	7.2	7.1
Peru	7.9	7.9

\* Data previous to disinvestment in Latin America in October 2014.

In 2013, the Enel Sole-Endesa Ingeniería partnership was awarded three integral public lighting management concessions, in the ESC (Energy Services Company) modality in Rincón de la Victoria (Malaga), Mora de Ebro (Tarragona) and Los Alcázares (Murcia). In addition to its previous tenders, it now manages 46,000 street lights of which 5,923 use LED technology, representing an investment of Euro 9.3 million and estimated annual energy savings of 49%.

Town	Province	No. of Points of light	Installation renewed (%)	No. of lamps LED	Annual Energy % Savings	Investment (€)	Annual Economic Savings Town (%)
Bollullos de la Mitación	Seville	2,075	72	269	42	394,170	10
Castro del Río	Cordoba	1,715	89	721	52	470,659	20
Muro de Alcoy	Alicante	2,183	92	0	52	300,000	18
Fuente Álamo de Murcia	Murcia	7,404	89	131	51	720,772	5
Mérida	Badajoz	14,689	70	1,343	48	2,438,205	15
Delivery note	Murcia	2,194	88	74	48	683,000	9
Rincón de la Victoria	Malaga	6,448	94	1,082	55	1,823,027	13
Mora de Ebro	Tarragona	1,590	84	420	51	551,536	15
Los Alcázares	Murcia	7,622	85	1,883	43	1,929,970	9
<b>Total</b>		<b>45,920</b>		<b>5,923</b>		<b>9,311,339</b>	

Furthermore, ENDESA Ingeniería has also been chosen to develop the monitoring system at the Mathematics Faculty on the Reina Mercedes Campus at the University of Seville which will enable it to implement energy saving measures. This tool will control and forecast all consumption as well as the building's output of renewable power from a 11 kWp facility which will also be a turnkey project carried out by ENDESA.

As part of the services to towns, Chilectra provides maintenance to the municipal street lighting. This market is highly

competitive and contracts are assigned through public tenders. During 2014, the installation and provision of LED lights has become standard in the tenders for the construction of street lighting. This has a high impact on the use of energy efficiency technologies by towns.

Chilectra also continued performing decorative lighting projects using LED lighting, thus positioning itself through its Full LED product as the leader in energy efficiency product and services.

## 4. Technological response to energy challenges

ENDESA continues to develop sustainable energy models with low CO<sub>2</sub> emissions focused on e-mobility projects and eco-energy services, such as *SmartGrid*.

### 4.1. Technological projects in advanced distribution grids

The main projects conducted by ENDESA in 2014 were as follows:

#### 4.1.1. Remote management project

**Remote management project.** In 2014 ENDESA is still leader in the implementation of remote management with almost

1 million meters installed in the year and 5 million in total, which means over 43% of the meters with a contracted power of up to 15 kW. Therefore, the legal milestone of 35% of the meters installed at the end of 2014 (Order IET/290/2021 of 16 February) has been reached.

ENDESA has installed 5 million remote management meters.

Furthermore, the total number of concentrators installed amounts to 46,000, which provides an immediate integration of equipment in the remote management system, with subsequent remote operation thereof.

The publication of RD 216/2014, of 28 March, on the voluntary price for the small consumer (VPSC) requires that suppliers extract, send and publish the time curves and that reseller companies bill said time values. This will allow the user to increase efficiency and energy savings in households.

In 2014, ENDESA has made a significant effort to adapt its remote management system to these new regulatory requirements and is ready to meet the deadline set by the Ministry.

ENDESA remote management solution was developed jointly with Enel and includes the latest technologies available, including a new generation of its PLC communication protocol, open protocol standardised by CENELEC in 2014 (CLC-TS-50548 SMITP), managed by the association of the same name, *Meters and More*.

The association *Meters and More*, set up by ENDESA and Enel in 2010 and established in Brussels, manages the development and dissemination of this protocol and already has 46 members, including leading companies in the electricity industry, manufacturers of meters, technology companies and service companies from all over the world.

ENDESA and Enel are working proactively to make the smart metering solution available to other distribution companies both in Spain and abroad, adapting it to the different regulatory frameworks. ENDESA is also involved in national and European innovation and energy efficiency projects through technical commissions, seminars, congresses, etc. in order to make headway on the deployment of remote management in Europe and the development of smart grids.

#### 4.1.2. SmartGrids and SmartCities

##### Smart Grids

In 2014, Malaga has been the testing ground for the development of Enel smart grids, a project comprising a high variety of technologies in the city's power distribution grid.

The purpose is to analyse how the current energy model can evolve towards sustainability through the implementation

of technological solutions. The main aim is to offer integrated energy solutions which will bring energy savings and reduce the environmental impact of CO<sub>2</sub> emissions, in line with the EU's 2020 targets. Thanks to this project, Malaga will become an international standard bearer for distribution technologies within the framework of the Enel Group's R&D and innovation strategy.

ENDESA grids are configured according to the Smart grid model. Its technification and the inclusion of Information and Communications Technologies (ICT) mean these grids are able to offer a rapid response to users' needs.

Smart grids allow the connection and operation of renewable, distributed power linked to consumption. They manage demand, flattening the load curve and maximising the use of electric power infrastructure. They make it possible to roll out electric vehicles and develop energy services and improve the quality of the power supply, reducing response times in the event of power failures.

ENDESA is developing the *SmartGrid* concept in the *SmartCity* programmes –a field in which it is leader with several projects. In Spain, the Smartcity Malaga project has been running for six years and its counterpart in Barcelona for four years.

##### SmartCity Malaga

The first stage of *SmartCity* Malaga was completed in March 2013.

During these years, different state-of-the-art technologies have been developed and installed in *SmartCity Malaga* in terms of storage and distributed energy generation, charging infrastructures for e-mobility and pioneer energy efficiency solutions in buildings, companies and households, with the active involvement of end consumers. This experience has shown the feasibility of a new energy management model for cities, meeting the targets of 20% energy savings, a 20% reduction in CO<sub>2</sub> emissions and a significant increase in the use of renewable energies. The project took place in an area of the city with 12,000 residential, 300 industrials and 900 service customers.



Meteorological stations installed in SmartCity Málaga

Following the success and international recognition of the Smartcity Malaga project, the first of its kind in Spain, the city of Malaga has become the Enel Group's testing ground for developing smart grid distribution technologies.

The next phase of Smartcity Malaga ensures the project's continuity and establishes the city as a centre for the trialling and development of the Enel Group's distribution technologies. As a real-time testing ground, Malaga will employ the technologies installed during the first phase, when the distribution network was configured as a smart grid. These technologies will enable the testing of new equipment and operating models and the management of consumption. Research will focus on analysis of effi-

ciency indicators, advanced grid operation, remote management services, cyber security, energy-saving measures and active demand management for residential and large customers and buildings, the integration of renewables, storage and e-mobility.

In 2014 the studies developed together with Circe and Enel E&R aimed at achieving the abovementioned objectives in matters of energy savings, increased energy efficiency and improvement of electrical grids have made good progress.

### **SmartCity Barcelona**

The development of the new energy model continued in Barcelona, rolling out and testing the most advanced smart meter, grid automation, efficient lighting, renewable energy integration and e-mobility technologies.

The development of the *SmartGrid Service Center*, the operations centre from which the processes set up within the framework of *SmartCity Barcelona* and all associated information are monitored and managed.

New projects have begun, such as Growsmeter, based on the infrastructures already developed.

### **SmartCity Brazil: Smart City Búzios**

2014 was the final stage of the implementation of the Smart City Búzios Project in the state of Rio de Janeiro, which included technological, economic, social and environmental transformations made in the city, with a budget of Euro 11.7 million. Since 2013, when the project was started, technologies have been implemented using renewable sources: wind and sun energy; LED lighting, more economic and efficient and automated grids which allow remote control and automatic adjustments in real time.

During the same period, 6,000 smart meters were installed, 6 electric bicycles were donated to the Town of Búzios to be used for the benefit of the population: the fight against

the dengue virus in the city and an outing was organised with Búzios residents in the country's first electric sea taxi ("aquataxi"), which does not emit greenhouse gases, it does not generate noise and it is up to 5 times more economic than the aquataxis used currently in the town. In addition to the *aquataxi*, 40 electric bicycles and 4 cars, form part of the E-Mobility programme in the city.

The Solar Challenge ("Desafío Solar"), a competition involving ships driven with solar energy, was also held, with the participation of 350 students from 7 Brazilian states. Furthermore, an academic competition was promoted to award the first articles on social or technological solutions applied in the town and the Open Innovation competition for why Generation was held, which challenged the youngest in the group to create innovative practices for the Smart City of Búzios.

The Smart City Búzios project also inspired an in-house and external competition (for collaborators of the company and under-graduates) that will award the best articles related to social or technological solutions carried out by Ampla in the city of Búzios.

### SmartCity Santiago

During 2014, this project was inaugurated with the participation of several public figures, headed by the minister of energy, Máximo Pacheco, and by Enel's managing director, Francesco Starace.

It is the second *SmartCity project* implemented by ENDESA in Latin America and it is located in the Business City in the community of Huechuraba.

*SmartCity Santiago* is a prototype district including several technological initiatives focused on the efficient, sustainable use of energy and technology, with the main focus on improving the quality of life of its residents. *SmartCity Santiago* covers different projects in the same physical location, allowing new technologies to be tested, and includes the following elements: Electric mobility, Urban Infrastructures, Grid Automation, Remote Measuring and Energy Efficiency.

### 4.1.3. Grid Innovation Projects

- **Growsmarter Project** This project achieved funding in 2014 in a consortium within the framework of H2020, where ENDESA leads the electricity component of the Barcelona demonstrator, with the primary objectives of centralising the control of infrastructures via ICT (street lighting, smart grids, *district heating* and smart waste management), sustainable mobility and energy efficiency in households and existing services. It will be used to improve and extend the *SmartCity Barcelona* project.
- **Flexciciency Project** Another project funded by the H2020 that intends to demonstrate that the implementation of new services in retail electricity markets can be expedited thanks to an open EU Market Place for standardised interactions among all those interested in electricity, opening the energy market to new EU players. ENDESA will represent Spain with a demonstrator in Malaga.

### 4.1.4. Customer Service Projects

- **NEOS project** During 2014 the development of an Integrated System continued, with online access to manage customers' requests to be included in the distribution grid, connecting generation facilities or carrying out repairs on the grid, by using a single platform where all players involved both internal (Customer Service Channels, New Supplies, Development, Planning and Customer Access and Metering) and external (Customers, Contractors, Engineers, Service Points, etc.) can interact, thereby making current processes more efficient and auditable, while adapting them to prevailing legislation for this activity.

### 4.1.5. E-mobility Projects

- **Electric Vehicle.** An important part of the smart grids projects is the recharging of electric vehicles. Endesa Distribución Eléctrica participates in various projects, both in Spain and abroad, to integrate EVs into the grid.

- The **Zem2All** project is a joint product of Spain and Japan, supported by the industrial technology centres NEDO (Japan) and CDTI (Spain), and with the township of Malaga. The Spanish part is led by ENDESA and also has the presence of Telefónica and Ayesa. The Japanese part is headed by Mitsubishi Heavy Industries, with Mitsubishi Corporation and Hitachi as partners.

This project, launched in 2011, and lasting until 2015, is aimed at providing both individuals and companies with access to e-mobility by implementing a pilot fleet of electric vehicles in an urban environment (the city of Malaga) obtaining the knowledge and experiences for introducing them into our community. A total of 198 vehicles have been deployed, Mitsubishi iMiEV and Nissan LEAF, distributed among domestic clients, company fleets and car rental services.

Different solutions have been implemented for charging vehicles, normal charge in customers' installations (one per participating vehicle), public fast charging sites (9 sites with a total of 23 charging sites) and bidirectional charging or V2G (a site with a total of 6 charge points). In addition, communication systems with users have been developed, as well as grid distribution and charging manager systems.

The Zem2All project has also installed a micro-grid in Malaga, which is equivalent to the small-scale electric system: photovoltaic generation, energy storage; 6 bidirectional charge points for electric vehicles and a smart control system that can manage and plan the operation of the micro-grid based on needs.

- **Green eMotion.** Endesa Distribución Eléctrica is also involved in the *Green eMotion* project, launched by the European Commission in April 2011, for the purpose of promoting e-mobility in Europe, agreeing a standard for the charging process and associated services. This four-year, EURO42-million-project has 43 partners.
- **Victoria.** This project, also highly linked to the *Smart-City Malaga* is starting a charge system by dynamic in-

duction for electric city buses, so that these vehicles will not have to remain parked while charging, instead they will just have to drive along a charging lane enabled for that purpose.

**Further information in the chapter *Climate Change*, section: 1.4. Sustainable leadership in transport: Promoting the Electric Vehicle.**

#### 4.1.6. Meter management projects

- **ALMA.** This project ensures, with regard to quality and timeframe, the process for acquiring, validating and publishing meter readings regardless of their source, and incorporating the necessary tools to maintain remote metering of all supplies, including large customers and domestic customers. This system controls all processes and eliminates, or minimises, all financial risks of this activity.
- **DIANA.** This entails real-time tasks in customers' homes (or TDC for its acronym in Spanish): The TDC concept represents a significant advance in handling service orders and relationships with suppliers and is fully adapted to carry out tasks remotely by integrating it with the remote management system.
- **MIDAS.** This is a system for forecasting non-technical losses based on data mining and artificial intelligence techniques (KBS). Various tests were carried out in 2014 to feed the system retroactively and improve it, make it more effective in recovering power. The system is ready to be rolled out by ENDESA in 2015.

## 4.2. Efficient energy use:

### 4.2.1. Active demand management

Innovative projects for managing demand in the companies sector include:



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## ENDESA STARTS UP THE FIRST 3 ELECTRICITY STORAGE PLANTS IN SPAIN

ENDESA has started up the first 3 electricity storage plants in its generation facilities in the Canary Islands, which are part of the "STORE" Project, the most important of its kind in Europe in terms of energy storage in island settings.



To date, storing electrical energy has been extremely complex and the process has been solved by generating power in self-standing systems, not connected to the grid. These technologies have issues that limit their use, such as their cost or durability; however, they can play essential role in future electric systems.

The project, led by ENDESA, has a budget of 11 million Euros and aims to demonstrate the technical and economic feasibility of large-scale energy storage systems, by also promoting the full integration of renewable energies.

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- **European EnergyTic Project:** A variety of innovative solutions for social housing customers to save water and energy. The project will be carried out in 1,000 homes in France and 700 in Spain. ENDESA is actively involved in this project as a technology partner, leading Spain's contribution to remote customer management.

- **Novare Energrid Project.** This project examines the viability of a distributed smart infrastructure system to manage supply and demand in the electricity grid. The results will make it possible to manage the production and consumption of energy in a decentralised system based on small nodes (homes, businesses). The project is also intended to improve energy management in buildings through dialogue between consumers, producers and users. The marketing phase got under way in 2013.

- **STORE project** This project devises energy storage technologies that can be applied directly in power systems to better manage temporary imbalances between supply and demand.

## 4.3. Technology projects to boost efficiency in generation

In 2014, ENDESA continued developing technological innovations to boost efficiency in its energy generation processes.

### 4.3.1. 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:

**COKEFEED.** Study of strategies to boost flexibility in terms of fuels and environmental improvement of the thermal groups with tangential boilers by consumption of petroleum coke as an alternative fuel.

**ONCORD.** In synergy with the COKEFEED Project, this Project was started in order to evaluate the potential degradation and reduction of the useful life of tubular materials of boilers and high-temperature components as a result of using different fuels.

**BIONATUR.** Project for the analysis of the viability of extreme desulphuration technology and removal of contaminants with solid sorbents in the laboratory with real combustion gases from the power station of Litoral.

Pilot plant to **CAPTURE CO<sub>2</sub> USING MICROALGAE** pilot plant located in the Litoral de Almería thermal power plant set up for the recovery of CO<sub>2</sub> from combustion gases using microalgae in order to obtain commercially viable products such as biofuels.

**O2GEN.** Project to study second-generation OxyCFB technology with high O<sub>2</sub>/CO<sub>2</sub> ratios in smaller boilers at a lower cost.

**OPTICAL.** Implementation in the Teruel power station of an expert predictive, adaptive power control system, for optimisation of the functioning of the water-steam cycle in power stations and reduction of damages caused by thermal fatigue.

**ReCaL and CaO<sub>2</sub>** Projects. Optimisation of the process of capture of CO<sub>2</sub> by carbonatation-calcination cycles with testing at the pilot plant of 1.7MWt of La Pereda.

#### 4.3.2. Renewables

- **Alternative Generation:** Project for energy production from solid residues, developed by the generation area. As part of it, the company funded the building of a 8 MW pilot plant, which will be completed in 2015. The project will evaluate the generation of biogas energy from residues and effluents and has been developed with companies within the industry and universities.
- **Wave power:** This is a Chile-based project to study the use of wave power to generate electricity. 2014 marked the completion of this project, which intends to use the oscillating motion of waves and find the most appropriate technology to generate it.

- **Capim Elefante Project.** Developed in Brazil for the generation of energy from capim-elefante. The project, ended in 2014, attempted to identify a sustainable source for the production of biomass in areas of limited farming use and low economic activity in the semiarid area of the North-East.

#### 4.3.3. Nuclear

ENDESA participates in various nuclear R&D and innovation programmes and holds the position of Secretary in the Spanish nuclear fission energy technology platform, CEIDEN, which coordinates research, development and innovation activities in the sector. Through the Nuclear Energy Committee of the Spanish Energy Industry Association (UNESA for its initials in Spanish), ENDESA undertakes research projects of interest to its nuclear power plants. The following programmes are of particular relevance:

- **EPRI nuclear programme.** Pursuing operational excellence at nuclear power plants.
- **Coordinated PCI research programme.** Carried out with the participation of sector companies and the Nuclear Safety Council (CSN) to analyse plant security for both operators and the regulator.
- **Joint PIC Programme, developed by electric utilities and ENUSA.** Coordinates R&D&i activities related to nuclear combustion and defines common interest projects.
- In collaboration with **the CEIDEN** platform, samples of concrete from the Nuclear Power Station José Cabrera will be analysed to obtain highly valuable data to improve the security conditions of the stations currently operating.

## 5. A culture of innovation and knowledge management

As part of its open innovation model, ENDESA has chosen to work with entrepreneurs to find solutions to the challenges facing our businesses.

ENDESA promotes a culture of innovation and knowledge management among its employees and throughout its value chain.

### 5.1. Eidos Market

With regard to the internal management of innovation, the global management of employees' ideas called EIDOS MARKET is to be noted; it was created to promote and recognise the innovative spirit of its employees, and in 2014 it became the corporate tool of all the employees within the Enel group for this purpose, and 3 editions have been issued both on a corporate and local basis in several companies of the group.

Since its launch, Eidos Market has been able to collect over 4,500 ideas from among the employees within the global group. The platform makes use of the latest technology such as the crowdsourcing philosophy, or predictive markets techniques to garner ideas with a view to maximising innovative potential through the collective intelligence of the employees' social network.

During the year, each company performed several in-house and external programmes and activities, aimed at managing innovation, establishing a creative, innovative culture in the organisation, via communication, diffusion, training and recognition campaigns for employees for their innovative contribution.

### 5.2. INCENSE

ENDESA jointly with Enel and two other European partners has been granted funds from the 7th framework programme of the EU which have enabled them to create the INCENSE accelerator. Through it, ENDESA jointly with the other partners is involved in selection and acceleration process of emerging companies (startups) of the TICs industry applied to energy efficiency.

The programme will provide funds for up to 42 of these *startups*, with a non-refundable allocation of 150,000 Euros for each of them.

This project is part of the third stage of the FI PPP programme (Future Internet Public Private Partnership), and makes available to European *startups* 80 million Euros through 16 accelerators in different areas, INCENSE being one of them, for the development of products and services based on technologies developed in the first 2 stages of the programme, available on the FI-WARE platform.

### 5.3. Spain and Portugal

In Spain, during 2014, the ENDESA Energy School has maintained the goal of training professionals of excellence and building a knowledge and talent network contributing to the development of the technological leadership of the Company.

The Energy School is within the perimeter of Enel University and has managed and sponsored, amongst others, the following post-graduate programmes:

- Master in Electricity Sector (13th Edition) ENDESA-ICAI.
- Master in Nuclear Energy with the Polytechnical University of Catalonia. 4th Edition.
- Master TICS and Remote Metering with the University of Seville.
- High Course on Electric Vehicles of the EOI in Madrid.
- Master in energy efficiency of La Salle in Barcelona.
- Master in Engineering of hybrid and electric vehicles of Madrid Polytechnical University.

**For further information, see the chapter on *People*, section: 5. *Training in ENDESA*.**

### 5.4. Latin America

#### Colombia

By means of ideation workshops, Eidos Market and the e-mail [eo@endesacolombia.com.co](mailto:eo@endesacolombia.com.co) a total of 519 ideas were registered in the IDEO Innovation System. The employees fed the innovation system with their ideas, sharing their knowledge to generate value with projects.

In the month of January, the Accenture Award was received, which is one of the most important in the country, for innovation 2013 for the Carson Effect project.

## Argentina

Argentina developed the plan for training managers in innovation, specific training for the innovation team and an innovation dissemination campaign through a bulletin sent by e-mail.

## Chile

One of the main challenges considered was to raise awareness among everyone in the organisation in order to bring together a culture, climate and innovation practices, based on initiatives that encourage the expression of talent of employees. Therefore, initiatives were developed, such as the innovation week, training workshops and 3 sessions of the Executive Committee of innovation, with functions including proposing goals in innovation matters, approving action plans in R&D&i, approving the annual cost and investment budget and select the R&D&i arising from the capture programmes. The process of capturing ideas from the employees was developed through the Eidos Market programmes and by Endesa Chile, Open Innovation.

Furthermore, innovative projects were developed, such as the cooling lake, with the aim of evaluating the applicability of crystalline lakes as an alternative cooling system for power stations.

## Brazil

The most remarkable aspects of 2014 include the evolution of the Inspire Programme, launched in 2013, that consists of the integration of several group initiatives, such as *Deu Cer to* (Gave Result), *Bolsa Coelce de Inovação* (Coelce Fellowship of Innovation), *Inova, Lean* and *Eidos*. It is an important programme that encourages the collection of ideas and suggestions in products, services and business models. It comprises three innovation environments: Inspire New Ideas (Novas Ideias, in Portuguese), that receives the suggestions; Inspire Gave Results (*Deu Cer to*, in Portuguese), when the product or service is put into practice, and Inspire Multiplique, where the projects are replicated.

The Inspire Network was launched in 2014, which is more than just an interaction social network, as it provides a new different prospect of dialogue among users and their creative ideas and seeks to enhance the Inspire New Ideas environment.

## Peru

Different innovation actions were developed in Peru in relation to energy management, automation of the electricity system, e-mobility and efficient street lightning.

# 6. A leader in technology and innovation

## 6.1. Participation in technology platforms

ENDESA also continued to participate in various technology platforms, including the Technology Platform for Energy Efficiency, the Platform for Electricity Grids of the Future (FUTURED) – where it is a member of the reactor working group, and the Nuclear Fission Platform (CEIDEN) – where it acts as Technical Secretary. The company also collaborates in other

platforms such as the Spanish CO<sub>2</sub> Technology Platform, the Spanish Technology Platform for Industrial Security (PLATI) and the Spanish Biomass Platform (BIOPLAT).

Furthermore, ENDESA also actively participated in other organisations and is a founding sponsor of the Catalanian Institute for Energy Research (IREC), the Andalusia Technology Corporation (CTA) and the Pro Rebus Foundation of the Spanish Royal Academy of Engineering.





Electric Vehicle



## Our partners

Commitment  
to our partners



ENDESA is committed to extending its sustainability commitments to its partners and supporting economic, social and environmental development of each region where it operates..

In 2014, the Company continued with its Supplier Rating System, increasing the number of purchasing families, a 38% increase over 2013.

A total of 108 audits of this type were performed in 2014 (38 in Spain and 70 until October in Latin America) to suppliers of high-risk activities, completing the audit to all MT/BT work and service suppliers in Spain and Latin America and all suppliers of works and maintenance of sub-stations and AT lines. This means a 96% increase in ON SITE audits compared with 2013.

**5,801**

providers in  
Iberia in 2014

**1,731  
Million**

Euros in purchases  
in Iberia from  
suppliers

**100%**

of significant  
contracts include  
human rights  
clauses

**26.8%**

reduction of  
accident rate  
among and  
contractors in  
Iberia

Charging the electric vehicle

PRIORITY MATTERS – 2014 MATERIALITY STUDY	ENDESA'S RESPONSE IN THE REPORT
Integration of environmental and social criteria and requirements into the supply chain management.	Chapter on "Our Partners": 1.2. Supplier Rating System. 1.3. Quality, environment and occupational health and safety. 1.4. Global Compact and Code of ethics.
Integration of security criteria in purchase management.	Chapter "Our Partners": 1.2. Supplier Rating System. 1.5. Rating of purchasing families and technical safety requirements. 2. Extending Safety and Health to partner companies.
Extending the culture of occupational safety and health to contractors and suppliers.	Chapter "Our partners": 2. Extending Safety and Health to partner companies.
Water risk management across the supply chain.	Chapter "Our partners": 1.3. Quality, environment and occupational health and safety.

CHALLENGES 2014	ACTIONS COMPLETED
End the ON SITE pilot audit plan within the prevention system and establish the plan implementation plan for said audits for families at a higher risk.	The first pilot has been redesigned and has been completed auditing the rest of the work contractors and maintenance of MT and BT of Spain and Latin America. In Spain all suppliers of works and maintenance of Substations and AT lines have been audited. A total of 108 audits have been performed, which involves 95% more than those performed in the pilot programme of 2013.
To revise the Alliances Model with contractors.	New incentives were added for suppliers enrolling in an Alliance with ENDESA.
Add in the Rating System Families at a higher risk are still to be added where Generation and commercialisation lines.	Se incorporaron al sistema de Calificación 5 familias de este tipo. Restan por incorporar las familias de Ingeniería de Generación, aunque éstas cabe la posibilidad de que se incorporen a la calificación Global del Grupo Enel (ALBO UNICO).

KEY FIGURES 2011-2014				
	2011	2012	2013*	2014**
Number of suppliers	20,765	20,933	18,821	18,120 5,801 (Iberia)
Purchases from suppliers (Euro millions)	4,516	4,174	3,603	3,926 1,731 (Iberia)
Training in occupational health and safety for all contractors and sub-contractors (%)	100%	84%	88%	65% 100% (Iberia)
Collaborators deaths*	4	6	7	9 2 (Iberia)
Local suppliers with contracts > 1 M euros	588	515	454	485 230 (Iberia)

\* Homogenised 2013 data without joint ventures.

\*\* Data previous to disinvestment in Latin America in October 2014.

IN 2015 WE UNDERTAKE
To complete the new 2015 rating plan to be established with the business and purchase lines.
To complete the annual development plan and <i>sourcing of suppliers</i> .

# 1. Commitment to our partners

ENDESA has stepped up its drive to promote a commitment to sustainability among its partners.

The Purchase Planning and Purchase Management processes are regulated by various in-house regulations. The Purchase chain mainly comprises 5 processes and all together result in the regular contracting process.

- **Business Line Requirement Plan.** The different areas generate and plan their needs for the expected events throughout the year. All these requirements are gathered in the Purchase Plan for the subsequent handling and organisation of the Purchasing Area.
- **Purchase Requisition Management.** The need is managed by the Purchase Area to be able to start the tender. Communications take place with the different business lines to know the contracting details.
- **Tendering procedure.** Each purchaser contacts the possible suppliers (that should meet registration and qualification requirements) and provides the technical and commercial specifications required for performing the jobs. The process will be as clear and equal as possible for all suppliers throughout the process.
- **Contract signing process.** Once other offers have been received and evaluated, the contract is signed with the awarded supplier and the work contracted begins.
- **Supplier Rating.** Evaluation process of supplier performance once the work has been completed.

The total number of suppliers providing services to part of the supply chain was 18,120. All of them form part of the supply chain.

Of all the suppliers, ENDESA worked with foreign and national suppliers in each country where it operated. Given the service of the works contracted and the commitment of ENDESA to the development of local communities, the suppliers are usually national in each country.

The total value contracted perceived by the suppliers is 3,926 million Euros.

Purchases with manpower mean 45% of the total purchases in 2014.

## 1.1. Supplier Rating System

The Supplier Rating System, which was started in 2009 to reinforce compliance with applicable legal, work, safety and environmental protection regulations, has maintained the planned development during 2014. It establishes whether a supplier complies with the requirements to work with ENDESA.

This system is based on the Enel model and comprises 5 criteria to be met by our partners.

- General adoption of ENDESA's commitment to the 10 Principles of the United Nations Global Compact.
- Having a code of conduct in line with the general principles of the Group's Code of Ethics.
- Assessment of compliance with quality standards (ISO 9001).
- Assessment of compliance with environmental standards (ISO 14001).
- Assessment of compliance Occupational Health and Safety standards (OHSAS 18001).

The Supplier Rating System has been implemented for 190 purchase families, 52 more than in 2013, which represents an increase of 38% in 2014 over the previous year. In Spain there are 62 families and with regard to Latin America, up to 2014, in Chile 33, in Brazil 26, in Peru 36 and in Colombia 32, with the recent addition of the first family in the Rating System in Argentina.

The Supplier Rating System has increased by 38% in 2014.

Once fully deployed, it is expected that 60% of purchases will be covered by the system and close to 1,500 suppliers and contractors will have to fulfil the requirements set out therein.

The Fourth Edition of the General Conditions of Enel Contracting Global Conditions (CGC) came into force on 1 October, 2014. This comprises a general section applicable to all works/services/supply contracts and various appendices. Each appendix contains provisions applicable to each country; currently there are 9 country appendices (Italy, Spain, Portugal, Chile, Peru, Brazil, Colombia, Romania and Slovakia), and a Fifth Edition of the CGC is planned for 2015, that will include Russia, Argentina and the countries where Enel Green Power operates (Costa Rica, Panama, Mexico, Guatemala and El Salvador).

This standard document unifies all the terms and conditions applicable to the countries where Enel's Global Procurement units operate. The document also contains the Enel Group's ethical commitments which reflect Enel's corporate policy on ethical and social issues. It includes specific provisions regarding occupational health and safety and the sanctions to be applied in the event of any breaches (including the possibility of rescinding the contract).

#### DAYS WORKED BY CONTRACTORS (1)

			Spain and Portugal
Construction activities	Full-time equivalent days (2)	2012	482,317
		2013	925,210
		2014	662,009
Operation activities	Full-time equivalent days (2)	2012	835,456
		2013	1,585,364
		2014	855,639
Maintenance activities	Full-time equivalent days (2)	2012	2,744,537
		2013	2,134,090
		2014*	2,378,075
Total days worked on construction, operation or maintenance	Full-time equivalent days (2)	2012	4,062,311
		2013	4,644,664
		2014	3,895,723

(1) Full-time-equivalent days that contractors or subcontractors spent working at the organisation (generation, distribution, transmission operations).

(2) A full-time-equivalent day is defined as the total number of hours worked by employees, contractors and subcontractors, relative to the work schedule, divided by 8.

During 2014, 71 social audits were carried out on suppliers providing their services to ENDESA.

In 2014, contractors and subcontractors involved in construction, operation and maintenance activities worked a total of 3,895,723, which means a reduction of 16.13% vs 2013.

## 1.2. Supply Chain Objectives

For the purpose of promoting continuous improvement in the responsible management of the supply chain, different annual objectives have been defined, aimed at promoting the consideration and integration of environmental, social and ethical issues when rating suppliers, as well as management control.

Therefore ENDESA has set the objective that 100% of the direct suppliers are certified according to ISO 9001, ISO 14001 and OHSAS 18001, which is a rating requirement when this activity has a relevant impact on quality, the environment or safety.

Furthermore, in 2014 ENDESA set and met the objective of performing safety audits on 100% of the providers of works and maintenance of high-voltage and middle-voltage grids.

## 1.3. Quality, environment and occupational health and safety

ENDESA has continued to identify strategic suppliers and contractors in the areas of quality, the environment and occupational health and safety. According to the audits carried out among purchasing families in 2014 78 families ISO 9001 quality management certification (57 in Spain and 21 in Latin America) 59 ISO 14001 Environmental Management accreditation (46 in Spain and 13 in Latin America) while 47 require OHSAS 18001 certification (28 in Spain and 19 Latin America) according to the audits performed in the safety ratings.

We use the Repro register to control and disseminate compliance with these accreditations.

The percentage of purchases from suppliers that must comply with some work standards, in 2014, was 83% in Spain and until October 72% in Latin American countries.

## 1.4. Global Compact and Code of Ethics

On 1 October, 2014, the Fourth Edition of Enel General Conditions of Global Contracting (CGC) came into force, applicable to Italy, Spain, Portugal, Chile, Peru, Brazil, Colombia, Romania and Slovakia. Under these, suppliers pledge to adopt and fully abide by the 10 principles of the Global Compact when work is carried out by both own employees or subcontractors. In their own Code of Ethics, suppliers undertake to apply the same ENDESA principles, or principles equivalent to ENDESA's, in managing their business.

By means of the General Contracting Conditions, 100% of the contracts included Human Rights clauses.

In the past 3 years, the main contractors, suppliers and commercial partners have been evaluated regarding Human Rights.

## 1.5. Rating of purchasing families and technical safety requirements

Through the rating system (started in 2010 with Safety Action Plan), ENDESA identifies all contractors and partners performing risk activities at the Company facilities.

Now that the Emergency Plan has concluded for all risk families, this audit has become a rating requirement for

### WEIGHTING OF MATERIALS AND SERVICES SUPPLIER CONTRACTS THAT INCLUDE HUMAN RIGHTS CLAUSES

		Spain and Portugal	Latin America*	Argentina	Chile	Brazil	Peru	Colombia
Number of significant contracts that include clauses on human rights or that have been assessed	2012	290	276	4	65	110	35	62
	2013	307	249	7	54	81	42	65
	2014	263	301	65	40	87	43	66
Total number of significant contracts	2012	290	276	4	65	110	35	62
	2013	307	249	7	54	81	42	65
	2014	263	301	65	40	87	43	66
% of all significant contracts that include clauses on human rights or that have been assessed	2012	100	100	100	100	100	100	100
	2013	100	100	100	100	100	100	100
	2014	100	100	100	100	100	100	100

### SIGNIFICANT CONTRACTORS, SUPPLIERS AND BUSINESS PARTNERS THAT HAVE BEEN ASSESSED ON HUMAN RIGHTS ISSUES

		Spain and Portugal	Latin America*	Argentina	Chile	Brazil	Peru	Colombia
Significant contractors, suppliers and business partners that have been evaluated over questions on human rights	2012	52	14	1	2	8	2	1
	2013	211	13	1	1	5	2	4
	2014	202	109	0	12	23	29	45
Total significant suppliers, contractors and business partners	2012	307	277	6	66	108	37	60
	2013	266	259	11	58	74	51	65
	2014	253	293	64	48	70	42	69
% of significant suppliers, contractors business partners evaluated on matters of human rights	2012	16.9	34.18	16.67	3.03	7.41	5.41	1.67
	2013	79.32	5.02	9.09	1.72	6.76	3.92	6.15
	2014	79.84	37	0.00	25	32.86	69.05	65.22

\* Data previous to disinvestment in Latin America in October 2014.

all suppliers who do not hold OHSAS 18001 accreditation. Onsite audits of the prevention system have also been introduced. These new onsite audits entail a combined visit to the contractor's offices and workplaces in the field to ensure the prevention system is working efficiently. The audits are carried out by multidisciplinary audit teams comprising a business technician, a prevention specialist and a specialist in rating suppliers. A new model was designed in 2014

based on the experience of the first pilot and the scope of this pilot has been completed auditing the rest of the work contractors and MT and BT maintained in Spain and Latin America. In addition, in Spain all works suppliers and maintenance of sub-stations and AT lines have been audited. A total of 108 audits have been performed, which means 96% more than those performed in the pilot programme performed in 2013.

## 2. Extending Safety and Health to partner companies

ENDESA conveys the following commitments to extending occupational health and safety among its partner companies:

- Safety certification for risk-related activities.
- Promoting OHSAS 18001 certification for these activities.
- Being firmly committed to managing and collating information on occupational health and safety to be included in the General Terms and Conditions of Contract.

Therefore, contractors are examined before the contracting process (*Supplier Rating*) and during the contract activity (evaluation of health and safety outcomes), with the possible application of a sanction.

The Endesa Procedure *SGSST-PG11 on Occupational Health and Safety Management System*, establishes that the contractor must prepare a Specific Prevention Plan for the contracted work, specifying the protection equipment to be used. Furthermore, follow-up and control actions should be performed on the works (*in vigilando*). In addition, each accident is analysed in a committee made up by experts from the

Prevention Service, of the unit where it has taken place and Procurement experts, establishing the corrective measures to avoid similar situation accidents.

Furthermore, the General Contracting Conditions require that contracting companies provide specific training for workers in health and safety matters, based on the risks of the contracted activity.

Prior to starting the work activity, all employees are checked to verify that they have been trained and informed about occupational risk prevention related to the risks of the activity to be fulfilled. In addition, they must have the adequate medical skills to fulfil the job, and acknowledge receipt of the appropriate Individual Protection Equipment for the activity.

In ENDESA we consider that onsite controls are necessary to verify that safety conditions are met and to monitor and correct any safety implementation defects. In this regard, 56,268 inspections have been performed in Iberia on jobs and/or projects by contractors that have significantly contributed to reducing accidents. In the past year, inspections and audits have been increased, several innovation projects have been promoted and full focus has been giv-



en to our action plans against accidents and health programmes.

Special emphasis is given to training personnel exposed to risk of electric shock, those working at height, those responsible for onsite occupational risk prevention or those working as site foremen, as well as risk prevention and health and safety officers, etc.

## Latin America

In order to promote security and become a standard bearer in the area of occupational health and safety in the electricity sector, ENDESA has drawn up policies and requirements, for its own employees and contractor staff, in the five countries where it is present.

### Argentina

In EDESUR Occupational Health and Safety was given a prime position on the list of corporate objectives. To achieve satisfactory results it is important not only that its own staff members are committed, but also that the commitment reaches partner companies.

Therefore, several activities have been carried out, some of which are new and others have already been implemented to continue with the commitment to improve Occupational Health and Safety issues.

In this regard, the following activities should be highlighted:

- Dissemination of Lessons learned from Accidents for all the contractor companies.
- Handing out brochures to the contractor companies on prevention campaigns for different types of diseases.
- Review of all documents referring to the Safety of the tendering process of a work or job.
- One Safety Project in contractors. The contractor staff members were trained to take this project to the partner companies.

- Meetings were held with managers and hygienists from contractor companies for the purpose of evidencing the progress made in Occupational Health and Safety matters and the subsequent challenges.

### Brazil

In Brazil, contractors received training in occupational health and safety according to their assignments and risks managed. In addition, they received the corresponding individual protection equipment (PPEs).

The group seeks to extend the positive impact for the in-house staff to the entire business chain and requires that contractor companies and suppliers comply with the same corporate guidelines and values.

### Chile

To achieve the zero accident objective, since 2010 Safety Plans were implemented, such as Safety Walks, IPAL Inspection Plan, One Safety, Health and Medical Monitoring, amongst others. In the specific case of Distribution, an Action Plan was implemented, in addition to the aforementioned initiatives, all with the aim of focusing on controlling the risks in contractor companies with the highest accident rate.

In Occupational Health and Safety matters the following initiatives were implemented:

- Senior Management weekly briefings on safety in all group's companies and fortnightly in the supply business.
- Rating of contractor companies in Occupational Health and Safety Matters. This process evaluates compliance with Health and Safety issues required by the company.
- Addition of personal protection elements.
- Preventive Healthcare and Health Dissemination Plan, through monthly campaigns disseminating the most prevalent diseases and medical monitoring programmes by Asbesto.

- Recognition of safety measures introduced to partners.
- Establishing alliances with the main contractors for the purpose of establishing a safety culture.
- One Safety Project in contractors, aimed at behavioural observations among employees.

## Colombia

### CODENSA

#### Occupational Safety

During the first semester, the Regional Quality Plan contracts of the Regional Cundinamarca-Sub-management of Grids were executed, checking compliance with contract requirements and with landings for checking the individual and group protection elements, dielectric tools

and technical equipment used in safe operating procedures.

With regard to documents, safety rules were developed in compliance with current regulations and corporate policies on working at height, in confined spaces and excavations; management that was completed with the instructions for specific tasks such as managing manual loads, access to basement substations, work in flag type structures and opening of inspection beds, amongst others.

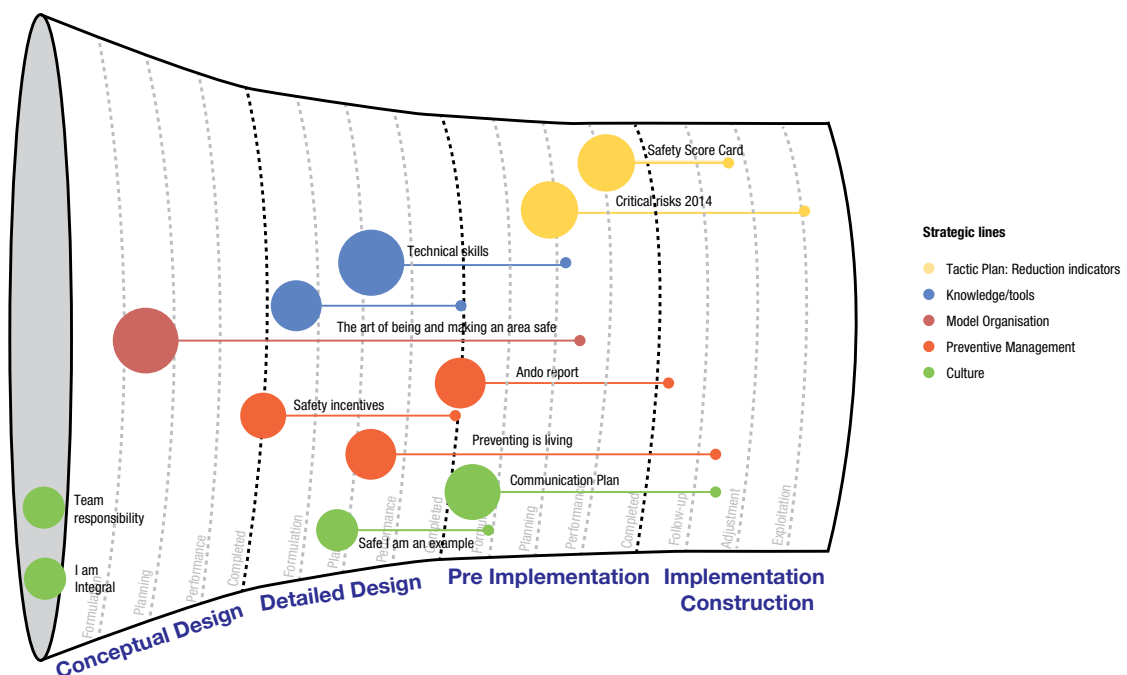
#### STRATEGIC PROGRAMMES

- Safe I am an example

Design rules on labour skills or work performance protocols associated with behavioural skills defined in the life and safety protection cornerstone.

## SAFETY PIPELINE

### Objective: To ensure the safety of people



- Communication Plan

Promote a collective action aimed at the transformation and incorporation of beliefs and behaviours promoting self-care and mutual care of a group of workers.

- Preventing is living

Develop an evaluation and follow-up method for safety initiatives to implement preventive actions to ensure safe operations.

- The art of being and making an area safe

Ensuring that the activities fulfilled on site have duly documented procedures in compliance with the technical quality and safety standards.

- Technical skills for safe operation

Developing and implementing a skills model for critical jobs.

- Safety Score Card

Consolidating the construction of the safety indicators to enhance follow-up centralising it in a database and enhancing queries.

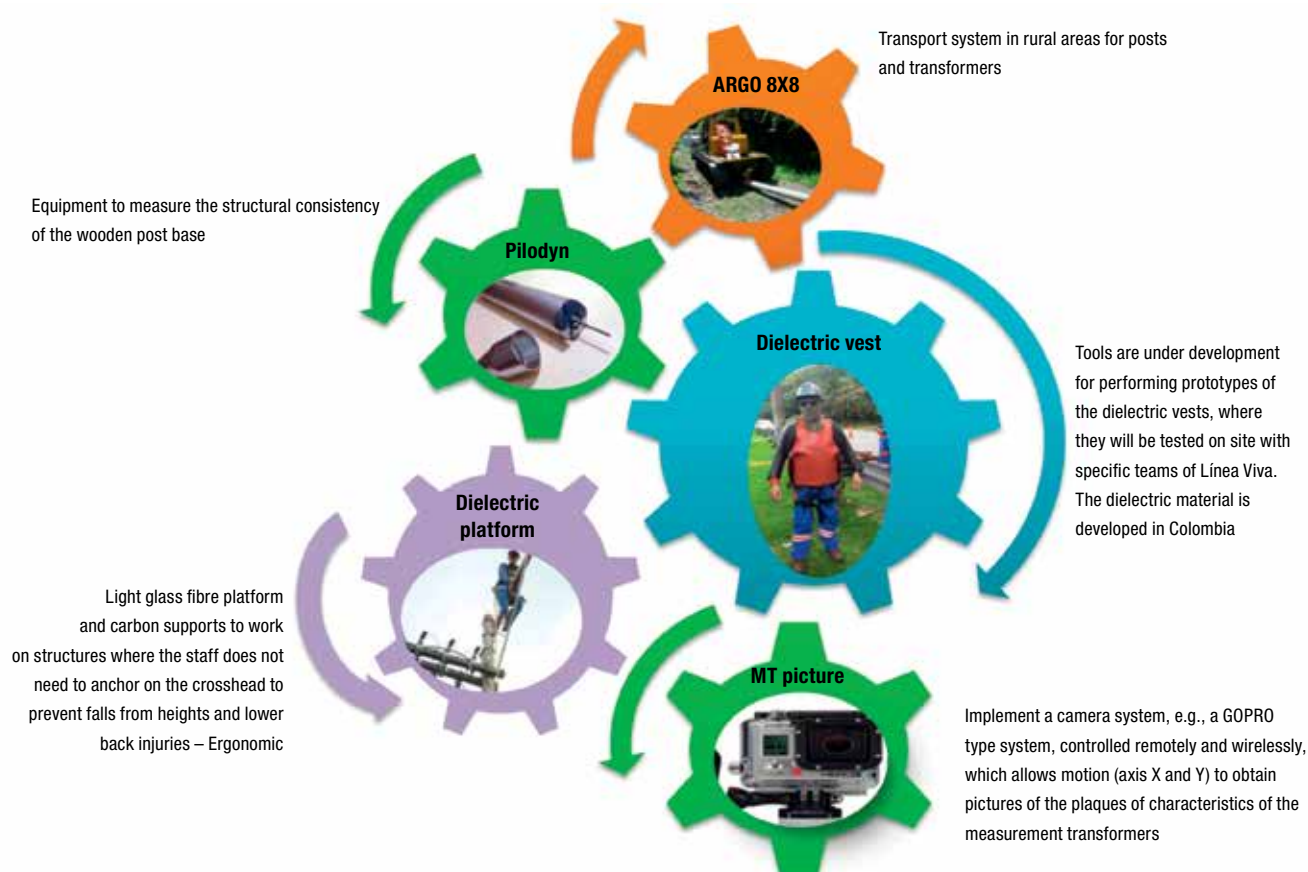
## INNOVATION PROGRAMMES

### Emgesa

The management for preventing accidents includes Preventive Programmes for Priority Risks, comprising the Preventive Programme for Mechanical Risk, the Preventive Programme for Electrical Risk, the Programme for Protecting against Falls and Promotion of Road Safety through the design of the Road Safety Plan.

## CORPORATE PROGRAMMES

In addition to the application of the ONE SAFETY, there are Preventive Inspections on Accident Rates (IPAL) that are a



fundamental tool for the management of the risk among contractor staff.

## Peru

For meeting the zero accident objective, Plan 5+1 was continued and the project One Safety and Safety Walks were implemented. The key elements are: senior management commitment, importance of the chain of command, comprehensive approach to safety with contractors, multidisciplinary teams, sharing best practices and promoting safety improvement initiatives.

Work was carried out on health and safety matters focusing on large works, culture and training in Occupational Health and Safety and on communication, the latter including weekly meetings with contractor staff to disclose, amongst others, accidents and good practices.

In addition, work was carried out on the contracting process, through reviewing the technical specifications of the contracts to be tendered and rating contractor companies and outsourcers on Occupational Health and Safety matters.

## 2.1. Zero Accident Safety Plan

Work continued on the Company's workplace health and safety plan (Safety Plan 2011-2015), for all countries where it operates. The Plan identifies five challenges:

- Reduction of accident severity of and elimination of fatal accidents.
- Improvement in accident rates in transport.
- Standardisation between ENDESA and its contractor partners in terms of a culture of risk prevention and occupational health improvements.
- Reduction of legal risk.

- Consolidation of ENDESA as leading utility in risk prevention.

The Zero Accident Safety Plan aims to reduce accidents and fatalities.

The Supplier Rating System and the safety audits performed on occasion of the Safety Action Plan have joined the "Zero Accident Safety Plan" to reinforce the commitment to the safety of employees from partner companies.

## 2.2. Contractor training

In 2014, in Spain and Portugal, 100% of ENDESA' contractors and outsourcers received training in occupational health and safety to develop their activities.

100% of the contractors in Spain and Portugal received Occupational Health and Safety training.

### CONTRACTORS AND OUTSOURCERS RECEIVING OCCUPATIONAL HEALTH AND SAFETY TRAINING

	2012	2013**	2014
Spain and Portugal	17,420	18,010	17,432
Latin America*	32,663	30,808	26,126

\* Data previous to disinvestment in Latin America in October 2014.

\*\* Homogenised 2013 data without joint ventures.

Up until 2012, when looking at the number of suppliers we took into account the number of ratings plus the audits carried out at suppliers not holding OHSAS 18001 certification but who should be in possession of this.

In 2013, the strategic Occupational Health and Safety families were included in the rating system, where, in addition to the OHS requirements, legal, economic-financial issues, quality and/or environment management systems, etc. were evaluated.

## SUPPLIERS RATED

	2012	2013	2014
Spain and Portugal	935	521	584
Latin America*	957	279	238
Global	n/a	850	1,278

\* Data previous to disinvestment in Latin America in October 2014.

### Argentina

In EDESUR qualification requirements are requested from the contracting companies at the time of the tender, which are shown in the Contracting Conditions. The necessary qualifications are defined on the basis of the tasks to be performed by each employee and the risk thereof. Furthermore, EDESUR offers qualification courses for the contractor staff in different Occupational Safety matters.

### Chile

In Chile there are requirements concerning the training of contractor staff that are established in the annual work programme which partners must supply. Training needs are established according to the assessment of the risks and the organisation's needs, with special emphasis in 2014 on Occupational Health and Safety.

### Brazil

Brazil designs policies and requirements for contractor staff in the area of occupational health and safety in the programme *Saber Viver* (Knowing How to Live), comprising 12 basic principles with the aim of promoting preventive attitudes that prioritise safeguarding lives when carrying out activities.

### Colombia

During 2014 work was performed on the implementation of new methods aimed at achieving a change of culture in

safety matters enhancing the care of its own and contractor staff, based on the investigation of accidents. These include the Workshop on the Dissemination and Implementation of Health and Safety Standards, as well as the Programme of Effective Induction in Occupational Health, with 2,880 training hours carried out, and which expects to cover 60% of the partner staff in 2015.

### Peru

In Peru work was performed to reinforce the skills of contractor workers and their training and culture in Occupational Health and Safety matters.

## 2.3. The results of a joint effort

ENDESA's commitments to raising awareness of occupational health and safety among its employees and contractors has continued to pay off in recent years.

The total number of minor accidents in the contractor staff in Spain and Portugal has decreased by 31% over 2013, at 68 in 2014.

Serious accidents in Spain and Portugal have decreased by 50%, from the 4 occurring in 2013, to 2 in 2014.

There were 2 deaths at contractor companies in Spain and Portugal.

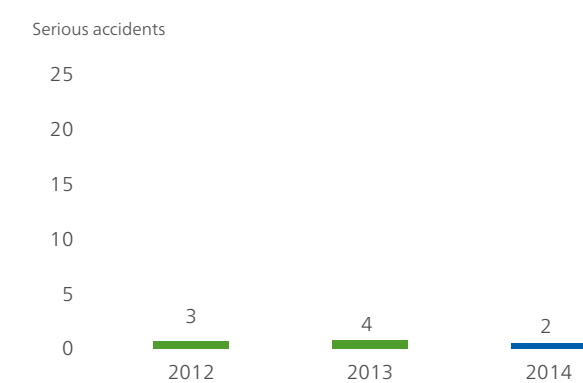
The injury rate of these employees in Spain and Portugal has decreased from 3.11 in 2013 to 2.20 in 2014.

On 31 October, the total number of accidents involving contractor staff in Latin America decreased by 24% from 2013, amounting to 209. Serious accidents decreased 29%, from the 7 occurring in 2013, to the 5 at the date of disinvestment. Furthermore, minor accidents decreased by 25% and stood at 197 in October. On this date, the number of deaths registered among the contractor company staff in Latin America amounted to 7, which is 2 more than in 2013.

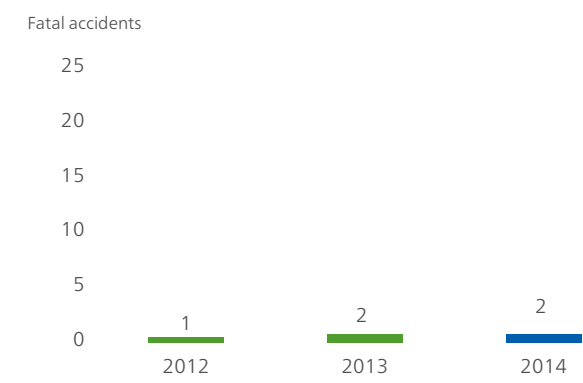
ACCIDENT RATE IN THE CONTRACTOR STAFF IN SPAIN AND PORTUGAL



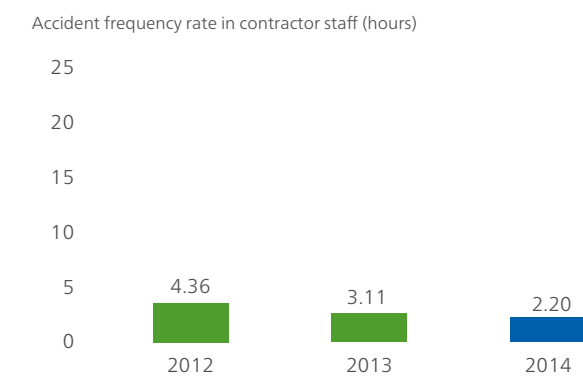
\* Homogenised 2013 data without joint ventures.



\* Homogenised 2013 data without joint ventures.



\* Homogenised 2013 data without joint ventures.



\* Homogenised 2013 data without joint ventures.



### 3. Commitment to local suppliers

ENDESA aims to create value for local suppliers in the countries and regions where it operates. In 2014, contracts for amounts above one million Euros with these suppliers grew by 7%, from 454 in 2013 to 485 in 2014. This change has occurred despite a reduction in consumption in Spain. On the contrary, the increase in the values of Latin America makes that the global values of the purchases from suppliers have increased from 2013 (3,603 million Euros) to 2014 (3,926 million Euros).

#### NUMBER OF LOCAL SUPPLIERS WITH CONTRACTS EXCEEDING EURO 1 MILLION

	2012	2013	2014
Spain and Portugal*	288	245	230
Argentina*	2	7	56
Chile*	45	44	43
Brazil*	100	67	63
Peru*	24	32	31
Colombia*	53	59	62

\* Data previous to disinvestment in Latin America in October 2014.

#### CONCENTRATION OF PURCHASES FROM LOCAL SUPPLIERS\*\*

	Percentage of total purchases to local suppliers with contracts above one million Euro over the total purchases		
	2012	2013	2014
Spain and Portugal	79	78	72
Argentina*	3	50	64
Chile*	68	68	68
Brazil*	79	75	77
Peru*	66	53	46
Colombia*	73	79	79

\* Data previous to disinvestment in Latin America in October 2014.

\*\* Local suppliers are suppliers of materials, products and services located in the same geographic market as that where the organisation acts, i.e., no international payment is made to the supplier.

In 2014, the number of suppliers with which ENDESA worked decreased by 3.7%, from 18,821 in 2013 to 18,120 one year later. The value of the purchases of materials and services increased by 9%, reaching 3,927 million Euros.

In 2014, ENDESA allocated 3,927 million Euros in purchases from its 18,120 suppliers.

#### PURCHASES FROM LOCAL SUPPLIERS WITH VALUE ABOVE ONE MILLION EUROS (THOUSANDS OF EUROS)

	2012	2013	2014
Spain and Portugal	1,687,222	1,610,729	1,252,117
Argentina*	3,459	51,890	182,311
Chile*	298,498	264,996	422,048
Brazil*	518,107	337,867	490,929
Peru*	120,943	113,087	102,506
Colombia*	338,419	307,485	340,896

\* Data previous to disinvestment in Latin America in October 2014.

## NUMBER OF ENDESA SUPPLIERS

	Number of Suppliers			Value of purchases of materials and services from suppliers (million Euros)		
	2012	2013	2014	2012	2013	2014
Spain and Portugal	6,802	6,272	5,801	2,148	2,058	1,731
Latin America*	13,736	12,549	12,319	1,874	1,544	2,195
Argentina	420	550	867	136	103	283
Chile	3,543	3,735	3,634	437	387	618
Brazil	4,937	4,709	4,334	653	451	641
Peru	2,055	1,990	1,875	182	211	221
Colombia	2,781	1,565	1,609	464	390	430

\* Data previous to disinvestment in Latin America in October 2014.

## VALUE OF THE PURCHASES FROM ENDESA'S MAIN SUPPLIERS IN 2014

	Value of purchases from the 15 largest suppliers (Euro thousands)	Value of purchases from the 15 largest suppliers (% over the total)	Value of purchases from the 50 largest suppliers (Euro thousands)	Value of purchases from the 50 largest suppliers (% over the total)
Spain and Portugal	517,037	29	873,352	50
Latin America*	1,325,838	60	1,741,435	79
Argentina	125,811	44	205,219	72
Chile	444,937	71	508,302	82
Brazil	391,951	61	521,249	81
Peru	120,285	54	174,079	78
Colombia	242,854	56	332,586	77

\* Data previous to disinvestment in Latin America in October 2014.

## 4. Foreign-based suppliers

ENDESA aims to create value for local suppliers in the countries in which it operates. The percentage of purchases from foreign-based suppliers over the total of purchases with contracts above one million Euros was around 10% in 2014.

The value of the purchases from foreign-based suppliers over the total purchases of each country is around 9.68%.

### NUMBER OF FOREIGN-BASED SUPPLIERS IN EACH COUNTRY

	Number of suppliers			Value of purchases from foreign-based suppliers with contracts above million Euros (millions of Euros)			% of the purchases to foreign-based suppliers with contracts above one million Euros over the total purchase		
	2012	2013	2014	2012	2013	2014	2012	2013	2014
Spain and Portugal	19	21	23	57	82	121	3	4	7
Latin America*	53	50	38	228	120	258	12	8	11
Argentina	4	4	8	119	27	37	88	26	26
Chile	21	14	5	45	22	84	10	6	13
Brazil	8	7	7	25	15	57	4	3	9
Peru	13	19	11	17	43	64	9	20	29
Colombia	7	6	7	22	13	14	5	3	3

\* Data previous to disinvestment in Latin America in October 2014.

## 5. Corporate responsibility in the coal supply chain (Bettercoal)

In February 2012, Enel and a group of European electrical utilities set up Bettercoal, a global initiative aimed at promoting continuous improvement of corporate responsibility in the coal supply chain. It seeks to include ethical, social and environmental best practices in the coal supply chain to help bring about improvements which benefit employees, communities, the environment and the economic performance of mining companies.

Since its inception, the founding members of Bettercoal have worked on defining a code which they hope will become a globally accepted standard for ethical, socially and environmentally responsible coal mining. Each mine will complete a self-assessment of their alignment with the principles of the Code. These will then be assessed by an independent, third-party assessor qualified by Bettercoal. The objective is to establish improvement plans to narrow any gaps between the Code and current practices identified by the companies and the auditors at the mines themselves.



The Bettercoal Code has been developed with the assistance of an independent group, representing the various stakeholders and comprising experts from society, trade unions and the mining community. It has also been subjected to a global public consultation process which included meetings with stakeholder groups in South Africa, Colombia, Indonesia and Russia, all key coal producing countries.

In July 2013, the Bettercoal Board of Directors approved the Bettercoal Code which covers a series of principles and provisions, including:

- General performance requirements, including management systems.
- Business ethics performance and transparency.
- Human and labour rights, social performance, including health and safety.
- Environmental performance.

ENDESA, as part of Enel, a founding member of Bettercoal, has played an active role from the start, both in defining the Code, policies and governance systems of Bettercoal, as well as implementing the Code at its own mining centres and transmitting the principles to its local coal suppliers who have been excluded from Bettercoal's priority scope of action as this initiative plans to initially focus on major coal exporters to Europe.

ENDESA, as part of Enel, is a founding member of Bettercoal.

In this regard, activity in 2014 continued to be intense, as it was a key year for having being the initiative's first year in operation, mainly with the following milestones and actions:

- First *on-site* audit of a mine participating in the initiative.
- 14 mines have ended their self-diagnosis processes and 10 others are in the process of completing them.
- The number of members has increased to 12 and 2 associated members.

In addition, the increased presence of Bettercoal in different fora related to coal and sustainability continued and the initiative has become a reference used by European governments as an example of initiatives aimed at collaborative improvement in responsible practices along the supply chain. In all these activities, ENDESA, as part of Enel, a member of Bettercoal's Executive Committee, had an active participation. In addition, it decidedly boosted its suppliers' commitment to Bettercoal and also contributed to the dissemination of the initiative, presenting it in various public events.

During 2015, this intense activity is expected to continue in relation to the initiative for the operative capacity of Bettercoal to generate the best results possible, through performing training activities aimed at local suppliers and the participation in awareness creation initiatives in general.



Tramacastilla reservoir (Huesca)





# 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 included in the strategic management of the Company and in the framework of ENDESA Sustainability Plan.

Running for seven 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 R&D and innovation to curb emissions..

**0.45** kg  
of CO<sub>2</sub>/KWh  
in Spain and  
Portugal in 2014

ENDESA voluntarily offsets the emission of greenhouse gases of the 2014 Basketball World Cup

ENDESA prevents the emission of over 3 Ktn of CO<sub>2</sub> in seven years thanks to its fleet of electric and hybrid vehicles

ENDESA and Enel have a shared portfolio of almost 60 projects CDM

Hydroelectric plant of Senterrada (Lérida)

#### IN 2015 WE UNDERTAKE TO

Remote management project: continue with mass installation and remote operation
Participate in the entire electric vehicle value chain
Development of the induction charge for electric vehicles, mainly through the Victoria and Unplugged projects.
Development and penetration of vehicle charge technology to the grid where it may interact directly between an electric vehicle and the grid or a specific supply.
To participate actively in the Carbon Market in the second commitment period of Kyoto.
Continue to voluntarily offset emissions in in-house events.
Calculate and check the Corporate carbon footprint under the standard UNE EN ISO 14064 with the inclusion of targeted actions.
Participation in the index of investors CDP Climate Change and the initiative CDP Supply Chain.
Participation with the Fundación Empresa y Clima in publications on climate change.
Calculating the carbon footprint of R&D&i projects
In-depth study into the development of knowledge in matters of Adaptation. New actions on the matter

PRIORITY MATTERS -2014 MATERIALITY STUDY	ENDESA'S RESPONSE IN THE SUSTAINABILITY REPORT
Mitigation and compensation of CO <sub>2</sub> emissions.	Chapter "Climate Change": 1.5.1. CDM/JI portfolio. 1.5.4. Voluntary offsetting of GHG emissions. 2.2.1. CO <sub>2</sub> emissions.
Management of risks associated with climate change.	Chapter "Climate Change": 1.6. Transparency and communication contribution to combating climate change. 1.6.3. ENDESA experience in Adaptation.
Participation in the development of renewable energies	Chapter "Climate Change": 1.1. Active participation in the development of renewable energies. 3. ENDESA's presence in national and international agencies and/or initiatives for combating climate change.
Promoting energy efficiency in generation and in distribution, as well as in the management of demand in commercialisation.	Chapter "Climate Change": 1.3. Energy efficiency for a lower intensity of CO <sub>2</sub> . Chapter "Innovation": 3.1. Energy efficiency. 4.2. Efficiency in the end use of energy. 4.3. Technology projects to boost efficiency in generation. Chapter "Our Clients": 4. ENDESA's efficient products and services.

CHALLENGES 2014	ACTIONS COMPLETED
Participating actively in the coal market as part of the second period of Kyoto commitment.	ENDESA achieved its first certificates on carbon emission reduction for the operation of the Wind Farm Canela I, Chile. A total of 44,919 CERs were issued by the United Nations on 24 February, 2014.
Adaptation to the new circumstances of the emissions trade market and regulatory structures derived from international policies for combating climate change, as well as in voluntary markets and pilot markets in Latin America, where ENDESA is present.	
Continuing offsetting voluntary emissions in in-house events.	Voluntary offsetting of greenhouse gas emissions of 3 events (one in-house and 2 external where ENDESA is sponsor) for a total of 50,298 tonnes of CO <sub>2</sub> .
Remote management project: continue with massive installation and remote operation	ENDESA continues to be the leader in the implementation of remote management with almost 1 million meters installed in the year and 5 million in total, which means over 43% of the meters with contracted power of up to 15 kW. Thus reaching the legal milestone of 35% of the park being installed by the end of 2014.
Checking the corporate CO <sub>2</sub> footprint based on ISO 14064-1 by Aenor.	Calculation and checking the 2013 footprint under the standard UNE EN ISO 14064. Checking 3 emission reduction projects have been included and the assurance level of verifications has been enhanced, increasing from a limited level in previous years to a reasonable level in 2014. Development of the Carbon Footprint of ENDESA's Microalgae Pilot Plant.
Participation in the CDP initiatives Investors 2014, CDP Water 2014 and CDP Supply Chain 2014.	ENDESA participated in the 3 CDP initiatives, reaching a leading position in its participation in the Climate Change and Supply Chain CDP. This demonstrates that ENDESA is leader in risk management related to climate change and the integration of objectives related to this matter in its corporate strategy.
Participation with the Empresa y Clima Foundation in publications about climate change.	ENDESA has sponsored the publication of the book <i>Análisis de Datos de Emisiones de CO<sub>2</sub> en España. Entidades Sujetas a la Directiva Europea 2003/87/CE (Emisiones Mundiales y Directiva: Período 2008-2012)</i> .
In-depth study into the development of knowledge in matters of Adaptation. New actions on the matter.	ENDESA's participation as pilot company in the Adapta initiative, developed by the Spanish Office of Climate Change, with the aim of integrating Adaptation to Climate Change into the Corporate Strategy.
Development of equipment and services for charging not linked to electric vehicles.	ENDESA and a consortium of 4 other companies and 3 research agencies have started up the project VICTORIA, that will develop the first electric charging lane by dynamic induction of Spain, a technology which allows the electric vehicle to be charged in motion, without needing cables. On the other hand, the UNPLUGGED project develops solutions that promote the induction charge of electric vehicles. This is an international project focused on the development of a fast induction charging station, as well as the investigation for the use of a system in urban environments.
Commercialisation of mobility services to individuals, companies and institutions.	ENDESA launched new electric mobility products specifically designed for public administrations, such as the Mobility Pack. A comprehensive solution including electric vehicles, charging infrastructures and maintenance and value added services for the management of the fleet. The first tender award was the town council of A Coruña, with 7 Mobility Packs. Furthermore, the green rate has been specifically designed for users of electric vehicles; it has 3 time periods and allows vehicles to be charged at night, with economic advantages and 100% renewable energy.

KEY FIGURES 2014	
Power installed in renewables in Spain and Portugal	1,835.51 MW
Presence in international agencies tackling climate change	12
Presence in national agencies tackling climate change	11
Joint ENDESA and Enel CDM projects	About 60
Total CO <sub>2</sub> reduction with the CDM project portfolio until 2020	163 million tonnes of CO <sub>2</sub>

# 1. ENDESA contribution to combating climate change

ENDESA's commitment to combating climate change is a core part of its management model. In fact, one of the two challenges established in the Sustainability Plan is to combat climate change and the Company intends to deepen into this challenge and become an active player in the change of energy model.

## The Climate Change Programme focuses on 5 priority areas for action

In response to this challenge, the Company has a Climate Change Programme, focused on 5 priority lines:

- Actively participating in the development of renewable energies.
- Spearheading new developments in technology leading to reduced CO<sub>2</sub> emissions and a change in the energy model. This implies developing one of the 12 European carbon capture and storage projects (CCS) by 2015 that is the only one in Spain, developing CCGT facilities and installing peak capacity, among other actions.
- Developing opportunities related to energy efficiency and cogeneration in all business areas (generation, distribution and supply)
- Leading the development of a sustainable transport model based on the electric vehicle.
- Developing a portfolio of Clean Development Mechanisms (CDM) and Joint Implementation projects (JI) that reinforce the leadership of Enel's Carbon Strategy Unit in this market, thereby ensuring the emissions of Enel and ENDESA are offset and generating a surplus.

The development of these five priority lines is often closely related to innovation processes, so some information contents are included in the chapter on Innovation.

ENDESA's Environment and Sustainable Development Committee is responsible for steering the Company's policy, guidelines and objectives relating to the environment and climate change. However, the fight against climate change is considered to be transversal to all Company areas, as with all actions in Sustainability and all members of staff are involved in this objective.

## 1.1. Active participation in the development of renewable energies

Enel Green Power España, S.L. manages and develops all the renewable energy assets of ENDESA and Enel in Spain and Portugal. It is shared at 40% by ENDESA and at 60% by Enel Green Power, which is controlled solely by Enel and focuses on developing renewable energy around the world.

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

In 2014, the total net installed power of Enel Green Power Spain was 1,835.5 MW renewables and its output of 4,359.4 GWh.

### NET INSTALLED POWER BY TECHNOLOGY IN SPAIN AND PORTUGAL (MW)

	Spain	Portugal	Iberia
Minihydro	42.56		42.56
Wind	1,614.81	126.00	1,740.81
Sun	13.45		13.45
Biomasa	38.70		38.70
Cogeneration	–		–
<b>Total</b>	<b>1,709.51</b>	<b>126.00</b>	<b>1,835.51</b>

## PRODUCTION BY TECHNOLOGY IN SPAIN AND PORTUGAL (GWH)

2014	Spain	Portugal	Iberia
Minihydro	121.86		121.86
Wind	3,751.77	343.29	4,095.06
Sun	26.44		26.44
Biomasa	116.05		116.05
Cogeneration	–		–
<b>Total</b>	<b>4.016,12</b>	<b>343,29</b>	<b>4.359,42</b>

## 1.2. Carbon Capture and Storage actions

During 2014, ENDESA continued to implement several initiatives in the field of Carbon Capture and Storage (CCS):

- Since 2011, ENDESA has been operating Europe's first microalgae cultivation plant for CO<sub>2</sub> capture at the Litoral thermal power station in Almeria. The main objective is to try new types of both photo-bioreactors and microalgae and develop processes of adding value to the biomass obtained as first step to demonstrate the technical-economic viability of technology.



Litoral thermal power station (Almeria)

- ENDESA owns the first Spanish plant for CO<sub>2</sub> capture using chemical absorption, namely its Compostilla facility (León). This facility, the first Spanish pilot CO<sub>2</sub> capture plant integrated into a thermal plant, processes 800 m<sup>3</sup>/h of combustion gases, with capacity to capture 3-5 tonnes of CO<sub>2</sub> per day, with 90% efficiency.

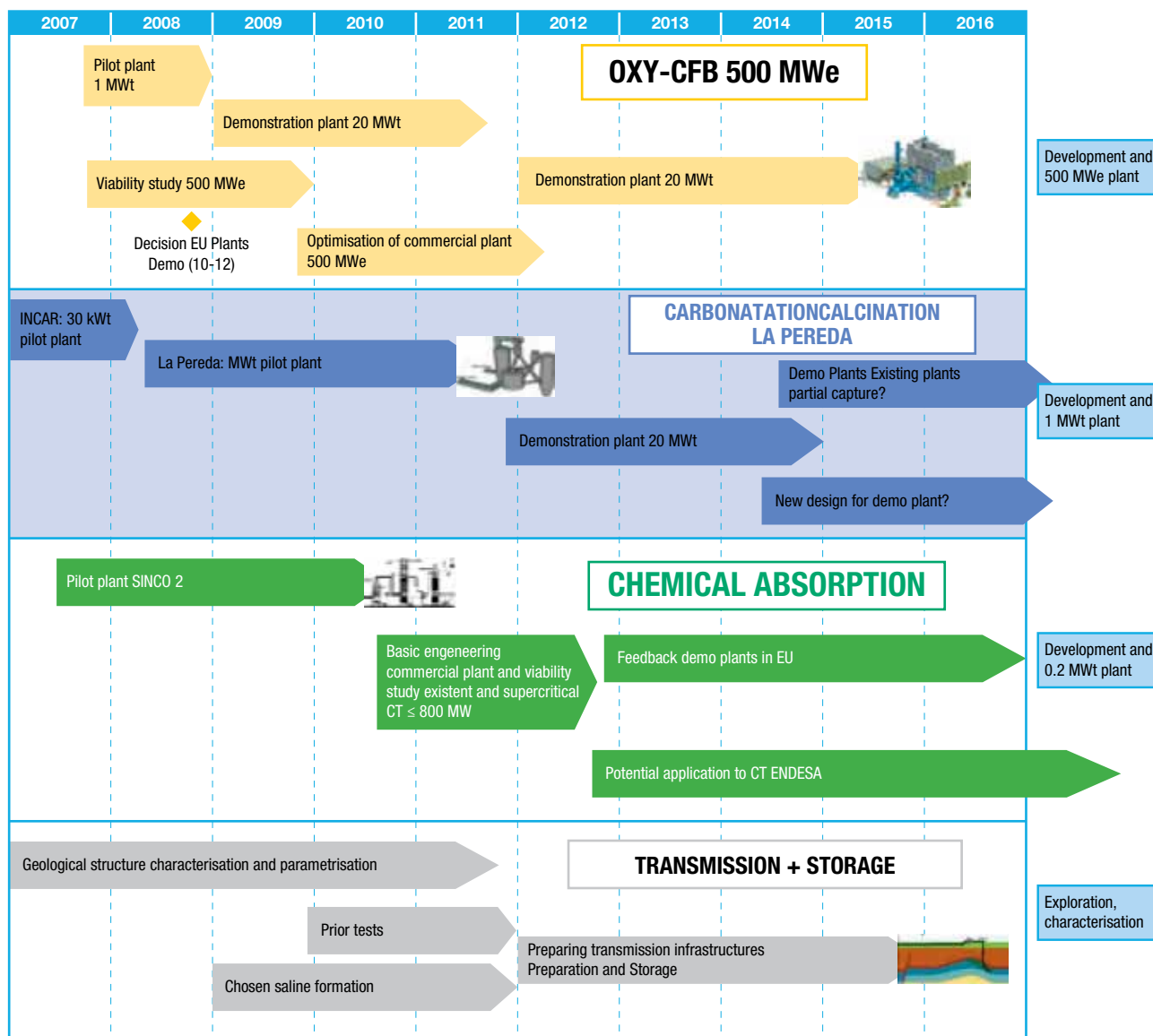
- Along with HUNOSA and CSIC, since 2012 ENDESA has been operating a pilot post-combustion CO<sub>2</sub> capture plant using carbonisation-calcination cycles at the La Pereda plant in Mieres (Asturias). This plant, with an installed capacity of 1.7 MWt, is the world's largest pilot plant harnessing this technology and the only one that is part of a thermal plant, using real combustion gases. This technology belongs to the range of next-generation CO<sub>2</sub> capturing technology, which runs more efficiently and at a lower cost.

- Since 2006, Endesa Chile and the United Nations Development Programme (UNDP) have made a significant contribution in a number of areas, primarily concerning the development of sustainable, clean and environmentally friendly electricity generation technologies. To this end, the two conducted the study "Potential for the development of technologies for capturing and storing carbon emissions from thermal plants in Chile". This study was carried out to review the current stage of development of these technologies at thermal plants worldwide, analyse the prerequisites and costs of rolling them out, and assess the potential of these technologies in Chile and the application thereof in the energy sector. This study was a first attempt at analysing and determining Chile's current position in this field.

- In 2014 the OX Y- CFB-300 project was completed, aimed at the development of CO<sub>2</sub> capture, transport and storage technology on a commercial basis. In addition to ENDESA, This project had the collaboration of two other partners, CIUDEN and Foster Wheeler, and received funds from the European Energy Programme for Recovery (EEPR), for a total amount that for ENDESA amounted to 41.2%, a percentage representing an absolute value of 68 million Euros. With regard to the results reached, the most remarkable is the validation of technology in CO<sub>2</sub> capture in oxy-combustion in fluid bed, concluding that it is technically viable and allows the use of a wide range of national and imported coals, as well as the validation of tube transport technology.



## ENDESA STRATEGIC CCS PROJECTS: 2007-2016



### 1.3. Energy efficiency for a lower intensity of CO<sub>2</sub>

The “Companies for energy efficiency” Platform was able to reach the savings goal of 2 million tonnes of CO<sub>2</sub> in the 2011-2013 period, equivalent to the emissions of 400,000 average Spanish families a year.

Mango has recently joined the 10 other members of the Platform —ENDESA, Cepsa, Philips Ibérica, Renfe, Meliá, Telefónica, Toyota España, Unibail Rodamco España, Cemex and DIA.

The Platform “Companies for energy efficiency” is becoming a reference in Spain in energy efficiency matters and reduction of the carbon footprint. This is why, in addition to the specific efficiency actions implemented by each company, other types of collaboration and communication actions are promoted, such as the “Energy Efficiency Journalism Award”, an award that recognises and promotes the dissemination and awareness of Energy Efficiency, in the

first edition of which, a Programme from “Informe Semanal” and an article of the journal “Renewable energies” received awards.

The Platform has also been selected as a reference collaboration project in the new 2013-2015 European initiative “Enterprise 2020” campaign.

Additional information about the Platform members and activity is available at:

[www.empresaseficienciaenergetica.com](http://www.empresaseficienciaenergetica.com)



In addition, ENDESA develops a wide range of actions focusing on efficiency, as it is one of the key elements in the configuration of the energy model. More details about these actions can be found in the Chapter on Innovation.

#### 1.4. Leadership in sustainable transport: drive to the electric vehicle

In 2014, within the framework of the Sustainability Plan, which defines a commitment to technological innovation tailored to users’ real needs and aimed at nurturing sustainability in society, ENDESA worked to develop and execute

various parallel lines of work, all aimed at developing and boosting e-mobility.

ENDESA, in collaboration with Enel remains firmly committed to promoting e-mobility as a key tool for combating climate change.

The Company has created a structure that has enabled it to develop new charging technology adapted to the way market standards and trends have evolved. Furthermore, it has continued to implement demonstration projects to acquire greater knowledge of both technological developments and how they can be applied in real life.

Enel has developed and installed smart charging infrastructure using the Group’s own smart meters, which are now used by millions of its customers across Europe. In addition to offering a basic charging service, the Enel Group’s recharging points are connected to the real-time EMMS (Electric Mobility Management System), thus offering users added-value functions.

The Enel Group is also developing its own technological solutions for fast charging electric vehicles, through projects such as the Crave Project to integrate renewable energy generation and battery storage with fast charging.

During this period, both demonstration and promotion plans have been designed for the electric vehicle (EV) as innovative proposals for the development and management of the infrastructure created around it. The activities fulfilled this year include mainly the following:

#### VICTORIA Project

ENDESA and a consortium of 4 other companies and 3 research agencies have started up the Victoria Project, which will develop the first electric charging lane by dynamic induction in Spain, a technology which enables electric vehicle to charge their batteries in motion, without the need



for cables. Victoria has a budget of 3.7 million Euros and 21 months duration.

The project will be tested on an electric bus which operates on the city's number 16 bus route, making Malaga the first Spanish city to incorporate sustainable mobility into its urban public transport system.

The system proposed by the Victoria Project will include the world's first triple charging method: conventional static, static induction and dynamic induction with the aim of doubling the autonomy of the electric bus without modifying operation times.

For starting up the Victoria Project, a 100% electric urban bus has been modified to be fitted with a novel triple charging method: conventionally charging in the bus station overnight (via charging points); partial charging in a static induction charging station, and partial charging in a dynamic induction charging lane. The latter two, through mechanisms arranged on the urban line route.

This novel triple charging method is the first of its kind in the world, and it is also the first implementation of charging by induction in a real setting in Spain.

### End of the European Project e - DASH

The e-DASH Project, which ended in 2014, is a European initiative aimed at the harmonisation of electricity demand in smart grids for the sustainable integration of electric vehicles, with the participation of other reference companies in the industry.

The e-DASH project is based on a smart charging system based on real-time data exchange associated with charge between electric vehicles and the grid. This enables the fast charging of a high number of electric vehicles, regard-

less of the manufacturer and with an adaptive price and bidirectional energy flow.

### Development of V2G (Vehicle-to-Grid) technologies

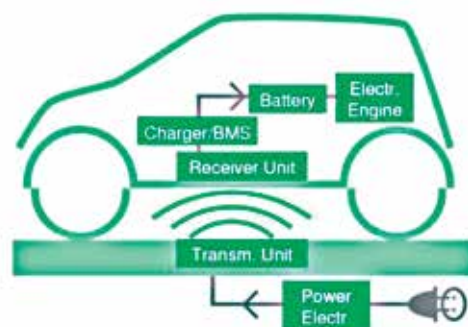
During 2014, ENDESA participated in the study and implementation of activities related to integration of the electric vehicle into the infrastructure of the existing electric grid. Among the main actions is included the development of actions is included the development of *vehicle to grid* (V2G) systems and specifically the implementation of said technology in the *SmartCity* of Malaga.

### Fast inductive charging: the UNPLUGGED Project

ENDESA continues to work on the UNPLUGGED project for the development of solutions promoting inductive charging of electric vehicles. This is an international project focused on the development of a fast induction charging station, as well as the investigation for the use of a system in urban environments.

Fast inductive charging stations allow vehicles to attain an 80% charge in 15-20 minutes.

ENDESA and the CIRCE Foundation lead this project, with the backing of the Seventh Framework Programme for Technological Research and Development. Participating partners include private companies as well as European research centres and universities; cities such as Barcelona and Florence also cooperate.



## Completion of the Cénit Verde Project

ENDESA and representatives from 15 other companies and 14 Spanish research centres who are members of the CENIT VERDE Project held their seventh and last assembly in Barcelona to present the working groups' conclusions. The VERDE Project was one of 18 selected in 2009 by the Ministry of Industry for the CENIT (National Strategic Consortium for Technical Research) programme, comprising the most important Spanish initiative to put forward with research and development of technologies across the entire electric vehicle value chain.

The VERDE Project was launched in September 2009 to look into and accumulate knowledge on the key aspects of manufacturing and commercialising green vehicles in Spain, which enable the country to wean itself off oil for energy generation, cut the transport sector's CO<sub>2</sub> emissions, drive the rollout of renewable energy generation, and secure the future of the automotive manufacturing and R&D sector in Spain.

## Green eMotion

ENDESA participates in Green eMotion, a European project funded by the European Union, with the main aim of creating a single framework for implantation of e-mobility in Europe.

ENDESA'S role is to determine the physical and functional characteristics of charging points, analyse the integration of EVs in smart grids, maximise the use of renewable energy sources, and develop new e-mobility services and functionalities, targeting its customers.

Green eMotion will help Malaga and Barcelona become true "real-life laboratories" for e-mobility for testing uptake and the behaviour of the first users of e-mobility, as well as the operability and evolution of charging infrastructure and the technologies involved.



Enel and ENDESA, in the Green eMotion project, for the first time ever, manage to enable the user of an electric vehicle (for instance, from Enel in Italy) to identify him/herself and charge at a charging point from another company (for instance, ENDESA, in Spain), using their respective identification cards.

## ZeEUs

The ZeEUS project is developed within a European consortium to demonstrate the economic, environmental and social viability of urban electric buses.

In the consortium 8 cities have been identified for the demonstration, including Barcelona, to show the capacity of the electric bus systems to meet the mobility needs of citizens in an urban setting.

**For further information, see the chapter on *Innovation*, section: 4.1.5. *Projects in the mobility area*.**

### 1.4.1. Mobility promotion and showcasing initiatives in real environments

The Company honours the staunch commitment of the entire Enel Group to develop e-mobility as a key way of stepping up the fight against climate change.

The charging infrastructure grid installed by ENDESA in Spain triples over the past 4 years.

Agreements signed with manufacturers have helped to grow and develop e-mobility among the most significant de-

monstrative projects, such as Zem2All in the city of Malaga and Green eMotion in Barcelona.

ENDESA also launched new e-mobility products during 2014, and installed multiple charging points for end customers.

In 2014, the Company installed 104 total charging points in Spain in private and institutional settings, which means that the infrastructure network has continued to grow and reached 874 charging points at the end of 2014.

During 2014 ENDESA launched new e-mobility products, particularly designed for public administrations, such as the *Mobility Pack*. An integral solution including electric vehicles, charging infrastructures and maintenance and value added services for management of the fleet. The product meets the needs and commitments of the Public Administrations to migrate their thermal fleets to electric fleets, thus complying with the Agreement of Mayors and emission-savings and energy efficiency initiatives. The first tender award was the town council of A Coruña, with 7 Mobility Packs.

### **Zem2All Project (Zero Emissions Mobility to All)**

The Zem2All project is a joint project between Spain and Japan, supported by the industrial technology centres NEDO (Japan) and CDTI (Spain) and the town council of Malaga. The Spanish side the project is headed by ENDESA and also has the presence of Telefónica and Ayesa. The Japanese part is headed by Mitsubishi Heavy Industries, with Mitsubishi Corporation and Hitachi as partners.

The Zem2All project has a duration of 4 years and a budget of 60 million Euros. It is headed by ENDESA, on the Spanish side of the project, and also has the presence of Telefónica and Ayesa. Mitsubishi Heavy Industries leads the Japanese side, along with its partners Mitsubishi Corporation and Hitachi.

This project, launched in 2011, and lasting until 2015, is aimed at providing both citizens and companies with access to e-mobility by implementing a pilot fleet of electric vehicles in an urban environment (the city of Malaga) obtaining the knowledge and experiences for the introduction thereof into our community. A total of 198 vehicles have been deployed, Mitsubishi iMiEV and Nissan LEAF, distributed among domestic clients, company fleets and car rental services.

Furthermore, the largest network of fast charging points of Spain has been already deployed: 23 points developed by Mitsubishi Heavy Industries and Hitachi in 9 locations, allowing batteries to be 80% charged in less than half an hour, thus increasing the autonomy for users.

Six two-way ENDESA charges have also been installed, in the world's largest V2G (vehicle to grid) initiative. These points allow vehicles to take power from the grid and also return power to the grid at times of peak demand to cover other needs.

All the charging infrastructure is connected to a specific control centre, and thanks to this interconnection, users will have useful real-time information on aspects aimed at making moving around the city that much easier and more efficient; for example, the whereabouts of the nearest charging point, or the best way to reach it. Furthermore, applications will be developed and implemented that will enable, from a cell phone, to manage and receive information about the car and its charging.

**For further information, see the chapter on *Innovation*, section: 4.1.5. *Projects in the mobility area*.**

### **e-Mobility proposal for electric vehicle users**

ENDESA boasts an added-value proposal among its range of products and services in the form of e-mobility, which is segmented according to customer type: residential or business. Accordingly, as well as providing expert advice, ENDESA offers end-to-end solutions spanning all the necessary infrastructure and services.



#### ENDESA AVOIDS THE EMISSION OF MORE THAN 3,000 TONNES OF CO<sub>2</sub> IN 7 YEARS THANKS TO ITS ELECTRIC AND HYBRID VEHICLE FLEET

ENDESA, in line with its policy of combating climate change, has avoided the emission of more than 3,000 tonnes of CO<sub>2</sub> thanks to the use of pure and hybrid electric vehicles in its fleet in the past 7 years. This amount is equivalent to the absorption of carbon that would be made in one year, in a Mediterranean forest of over 70 hectares in size.

Since 2010, the Company, within the framework of a fleet renewal plan, has replaced 32% of its combustion vehicles from the short-run group by electric vehicles. The short-run fleet, for its characteristics, is the segment most suitable for this technology. ENDESA currently has 26 electric vehicles in its fleet and it plans to add 11 more in the next months.

Since 2008 the Company has had the largest fleet of hybrid vehicles in Spain. ENDESA's sales force now has 407 models. With this initiative alone, the company managed to prevent the equivalent capacity of absorption of 28,800 trees from being emitted to the atmosphere: each vehicle of these characteristics emits one tonne of CO<sub>2</sub> less a year than an automobile with a diesel engine.

The use of the electric or hybrid car involves a significant improvement on an environmental basis, but also with regard to economic costs. Its use has involved annual fuel savings for ENDESA ranging between 20 to 40%, in the case of hybrid vehicles. In the case of pure electric vehicles, in the past 4 years the savings have been 80% of the fuel costs.

Furthermore, the green rate has been specifically designed for electric vehicle users, it has 3 time periods and allows vehicles to be charged at night, with clear economic advantages and 100% certified renewable energy.

ENDESA's Green Rate has been specifically designed for E-mobility.

ENDESA has set up specific customer service channels for e-mobility among these are included a phone assistance service on e-mobility and a web page ([www.endesavehiculoelctrico.com](http://www.endesavehiculoelctrico.com)) where users can see ENDESA's market activity, its product catalogue, the economic and environmental benefits of e-mobility and existing public aids.

ENDESA has specific attention channels for e-mobility.

### 1.5. Participation in Clean Development Mechanisms and Joint Implementation and voluntary projects

Flexible mechanisms to reduce emissions based on projects, known as Clean Development Mechanisms (CDMs) and Joint Implementation (JI) projects, represent a significant component of ENDESA's climate change strategy.

ENDESA's bid to curb climate change extends to two of its own voluntary emissions reduction projects (Canela I awarded a Gold Standard, and Ventanilla which is VER+ compliant).

Endesa's activity to identify and develop CDM and JI is conducted under the auspices of Enel's Carbon Strategy Unit.

Despite the crisis in the market of emissions, the Carbon Strategy Unit has allowed ENDESA and Enel to continue being a reference point internationally in the carbon market.

Through flexible mechanisms, ENDESA has avoided in the past 7 years the emissions of almost 66 million tonnes of carbon dioxide.

### 1.5.1. CDM/JI portfolio

At the close of 2014, ENDESA and the Enel-Group boasted a combined Certified Emission Reductions (CERs) and Emission Reduction Units (ERUs) portfolio of close to 60 CDM projects, which will cut CO<sub>2</sub> emissions by approximately 163 million tonnes by 2020.

ENDESA avoids 66 million tonnes of emissions of CO<sub>2</sub> in the past 7 years.

### 1.5.2. ENDESA proprietary projects

ENDESA has devised a strategy to identify and unlock the value of all the projects in its Expansion Plan which could be considered to be Clean Development Mechanism (CDM) projects or comply with one of the standards of the voluntary cap-and-trade market of greenhouse effect gas emissions.

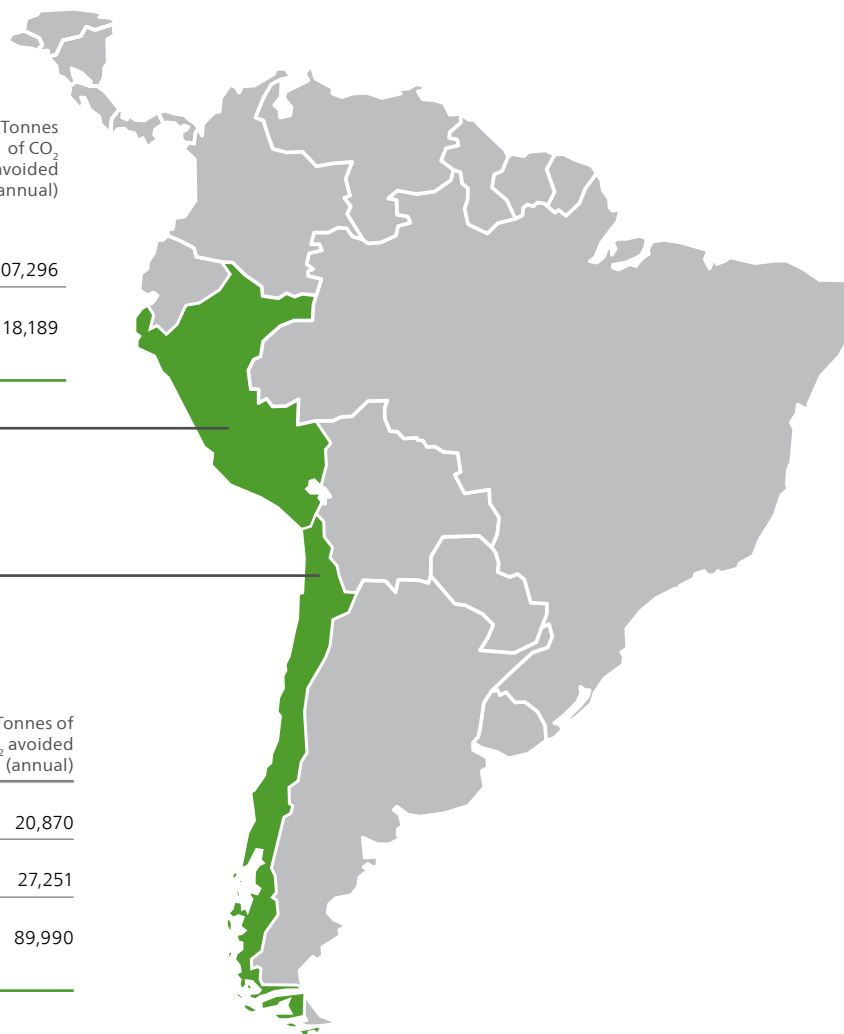
In 2014, the status of the proprietary project portfolio of reduction of greenhouse gas emission of subsidiaries

#### PERU

Project	Technology	CDM status	Start-up	Tonnes of CO <sub>2</sub> avoided (annual)
Window	Combined cycle (490 MW)	Registered (2011)	Operating (2006)	407,296
Callahuanca	Hydraulic (82.5 MW)	Registered (2008)	Operating (2006)	18,189
<b>Total</b>				<b>425,485 ton CO<sub>2</sub>/year</b>

#### CHILE

Project	Technology	Status MDL	Start-up	Tonnes of CO <sub>2</sub> avoided (annual)
Ojos de Agua	Hydraulic (9 MW)	Registered (2007)	Operating (2008)	20,870
Canela I	Wind (18.5 MW)	Registered (2009)	Operating (2007)	27,251
Canela II	Wind (60 MW)	Registered (2012)	Operating (2010)	89,990
<b>Total</b>				<b>138,111 ton CO<sub>2</sub>/year</b>



Endesa Latin America (until the end of October for the disinvestment of Latin America assets) was as follows:

## Chile

Three projects registered in the United Nations under the Clean Development Mechanism (CDM):

- Ojos de Agua small hydro plant offering potential emission savings of 20,870 tCO<sub>2</sub>/year.
- Canela I wind farm offering potential emission savings of 27,251 tCO<sub>2</sub>/year.

This project achieved on 24 February, 2014, that the United Nations issued 44,919 CERs, corresponding to the period 03/4/2009 - 31/12/2011.

- Canela II wind farm, offering potential emission savings of 89,990 tCO<sub>2</sub>/year.

A project registered in the voluntary market:

- Canela I wind farm, registered as a Gold Standard (GS) project on 8 August 2013, offering potential emission savings of 27,251 tCO<sub>2</sub>/year.

## Peru

Two projects registered with the United Nations under the Clean Development Mechanism (CDM):

- Closure of the CCGT at the Ventanilla gas-fired plant, offering potential emissions savings of 407,296 tCO<sub>2</sub>/year.
- Repowering of the Callahuanca hydro plant, offering potential emissions savings of 18,189 tCO<sub>2</sub>/year.

In addition, in the voluntary standards, on 31 October 2013, Aenor certified 2,496,494 tCO<sub>2</sub> of the Ventanilla project as compliant with the VER+ standard of the German company TÜV SÜD; one of the leading providers of validation and verification services for CDM and JI projects in accordance with the Kyoto Protocol.

These reductions correspond to the 19/10/2006-19/06/2011 period, before the registration of the project with the United Nations, when the plant was already operating.

### 1.5.3. Carbon funds

As activity complementing the development or participation in CDM projects, ENDESA continues participating in 3 carbon funds managed by the World Bank, which are namely: *Community Development Carbon Fund* (CDCF), *Fondo Español de Carbono* (SCF) and *Carbon Partnership Facility* (CPF).

### 1.5.4. Voluntary offsetting of GHG emissions

In 2014 ENDESA voluntarily offset the greenhouse gas emissions of 3 events performed between 2013 and 2014 (Endesa League Campus, DIRCOM and 2014 Basketball World Cup) for a total of 50,298 tonnes of CO<sub>2</sub>.

In 2014, ENDESA has voluntarily offset the greenhouse emissions of the Basketball World Cup, for a total of 50,000 tonnes of CO<sub>2</sub>.

The credits used for compensation of the Endesa League Campus and DIRCOM correspond to the standards VER+ and VCU and come from the project of the closure at combined cycle of the Plant of Gas Ventanilla in Peru and the wind project Diaobingshan of 49.5 MW in China.

The most relevant event in terms of offsetting emissions was the 2014 Basketball World Cup, which ENDESA sponsors and that as part of its commitment to combat climate change, it neutralised the carbon footprint associated with spectator and staff travel, as well as the energy consumption in stadiums holding this event, for a total of 50,000 tonnes of CO<sub>2</sub>.

The credits used to offset this event were CERs of 10 different projects, in particular wind and biomass ones, located in Mexico, Peru, Brazil, South Africa, Malaysia, The Philippines, Vietnam, China and India.



Following the Enel group' policy, ENDESA aims to continue voluntarily offsetting the greenhouse gas emissions of in-house events during 2015.

## 1.6. Transparency and efforts to disclose information on its commitment to tackle climate change

### 1.6.1. Carbon Disclosure Project

ENDESA is taking part in three initiatives under the auspices of the Carbon Disclosure Project (CDP): an independent non-profit body working to achieve a reduction in GHG emissions and the sustainable use of water by businesses and cities. These initiatives are: CDP Investors, CDP Supply Chain and CDP Water.

ENDESA is one of the leading players worldwide in the fight against climate change. This is reflected in the latest report published by the Carbon Disclosure Project (CDP), the most widely respected index in matters relating to climate change that provides global information on identified risks and opportunities, identified by the largest companies worldwide. This initiative is supported by 767 institutional investors with 92 billion dollars in assets. that measures the level of performance of the companies in the strategy, objectives and actions related to climate change.

ENDESA has been awarded a position in "A List: The index of Climate CDP Performance Leadership 2014\*.

ENDESA has been awarded a position in the report "List A: The CDP Climate Performance Leadership Index 2014", for its actions to reduce carbon emissions and mitigate the business risks involved in climate change.

This index only shows the companies complying with the maximum score criteria defined by CDP, that measures the level of performance of the companies in the strategy, objectives and actions related to climate change.

Furthermore, ENDESA participates in 2 other CDP initiatives: *Supply Chain CDP* and *Water CDP*. ENDESA has required its suppliers to complete the CDP Supply Chain survey since 2010 and this year the completion rate obtained was above 61%. The involvement of suppliers in completing the request for information by ENDESA is high, and the number and quality of answers was higher than the average participation of suppliers from other companies in said initiative.

It must be noted that 86% of our suppliers have set objectives to reduce emissions and 89% integrate climate change into their business strategies.

In addition, ENDESA has been awarded a position in the Performance Leadership Index "CDP Supplier Climate Performance Leadership Index 2014", for its actions, as supplier, to reduce carbon emissions and mitigate the business risks associated with the climate change.

The information about the participation of ENDESA in the initiative "CDP Water" is included in the Environment Chapter.



### 1.6 2. Calculating ENDESA's carbon footprint

For the third consecutive year, ENDESA has published its carbon footprint report for 2013. To date, the Company has

calculated its Carbon Footprint covering all its business lines, from 2009 to 2013.



ENDESA's carbon footprint includes the development of a calculation method, as well as a computer tool, the implementation of a management system and the determination of an inventory of GHG emissions and removals from the widest possible perspective. This inventory covers both direct emissions generated by activities controlled by the company and indirect emissions over which there is no control, but which are the result of the activity carried out.

ENDESA carbon footprint is, in short, a tool that provides complete information about all the organisation's businesses with regard to greenhouse effect gas emissions associated with its activity.

This strategy, with the aim of integrating the carbon footprint into an integrated management of emissions of all scopes and give a recognised validity to it, includes the verification of ENDESA's carbon footprint, according to the standard UNE-EN ISO 14064-12.

The carbon footprint calculation enables the Company's risks and opportunities to be managed in relation to GHG on a global and integrated basis, as it covers the emissions associated with the business' complete value chain, enabling the "carbon component" to be included in decision making processes.

In addition, the measurement of emissions and their verification with the standard UNE-EN ISO 14064-1 provides consistency, integrity and transparency for the interested parties in relation to GHG measurement, reporting and follow-up processes by ENDESA, as well as an integral, homogeneous management in all the Company's businesses.

This experience consolidates a process of calculation and management of its carbon footprint that is embedded in the corporate strategy. In its third year of implementation, ENDESA has undertaken to carry out a more active management of its emissions and, though for years it has implemented projects for improving energy efficiency and reducing emissions in its facilities, this year it has decided to verify some of these projects within the scope of the standard UNE-EN ISO 14064-31, under the figure of Targeted Actions.

The three emission reduction projects verified were:

- Modification of the Ibiza Power Station engines, for conversion to natural gas.
- Improving the efficiency of the Grinding process of Tural station.
- Reducing losses in a Supply line of Catalonia.

The total emission reduction resulting from these targeted actions is 16,508 tCO<sub>2</sub>e in Scope 1 of the Company and 748 tCO<sub>2</sub>e in Scope 2.

Furthermore, another remarkable point of improvement in this year is the assurance level agreed upon verification of the carbon footprint. It has gone from a limited level, in previous years, to a reasonable level. This means that the verification has been performed with a higher sampling and demand level of the data used for calculation of the carbon footprint. The external declaration of verification is attached to the end of this report.

### Calculating the carbon footprint of R&D&i projects

For the purpose of continuing to add value to the business, in 2014 ENDESA decided to start calculating the carbon footprint of its R&D&i projects.

Specifically in 2014 it developed a tool for calculating the carbon footprint of the Microalgae Pilot Plant located in the Litoral de Almería power station, aimed at the capture, by microalgae, of the CO<sub>2</sub> from combustion gases, for the purpose of obtaining commercial products, such as bioequivalence and other microalgae-derived products.

The calculation of the carbon footprint of R&D&i projects allows to obtain a more global, full view of the influence of these projects along all their value chain.

### 1.6.3. ENDESA's adaptation efforts

After the publication in 2013 of the Adaptation Report, ENDESA has continued to work in this line in 2014.



ENDESA has been selected by the Spanish Office of Climate Change, the Ministry of Farming, Food and the Environment, to represent the energy sector for the first and second stages of the Adapta initiative. This initiative, which began in 2013, is aimed at extending the development of the National Plan of Adaptation to Climate Change to the private sector, bringing adaptation and strategic corporate planning closer together. For this, representative companies of 5 key sectors of the Spanish economy were selected (energy, tourism, construction, farming and transport).

The first stage of the Adapta initiative was published in late 2014: *Integration of Adaptation to Climate Change in*

*Corporate Strategy*. It is a methodological guide for the evaluation of impacts and vulnerability in the private Spanish industry.



ENDESA was selected as representative of the energy industry to develop a study on the vulnerability to Climate Change in Hydraulic Stations in the Guadalquivir river basin, to measure how an increase in extreme events as a result of climate change could have an effect in the next 100 years. Specifically, three different types of stations were chosen:

- Cala: hydroelectric dam with 12.8 MW maximum output capacity, located 15 km to the north of Seville, in the river Rivera de Cala, close to the head of the basin and of annual regime, where the water stored is used as water supply for the capital city of Seville.
- Tranco: hydroelectric dam with 39.8 MW maximum output capacity in the province of Jaén, in the high Guadalquivir river, in the natural park of Cazorla, Segura and Las Villas. The water stored is used to irrigate crops located downstream of the dam.
- Mengíbar: flowing or pumping station in the province of Jaén, to the north of the township of Mengíbar and with 4.2 MW output capacity, which depends on the river flow at that moment.

The vulnerability analysis considers 4 scenarios with different weather forecasts by the State Meteorological Agency

(AEMET) and the Department of the Environment of the Government of Andalusia. The condition that can affect stations as a result of the evolution of climate in their water basins over a period of 100 years has been studied. The variables over which work has been performed have been temperature changes, rainfall volume and heat waves, as well as frost forecast. This has enabled a map of risks for climate impacts to be outlined and assess the adaptability of the stations to the scenario.

In the second stage of the Adapta initiative, a study will be carried out based on a cost-benefit analysis of a total of 5

alternative measures of adaptation of the stations as a preventive measure.

ENDESA, as a company firmly committed to combating climate change, has decided to integrate Adaptation not only as an element of its environmental management policy but also as a vital element in decision-making on a corporate basis. Therefore, both the assessment of climate elements susceptible of generating risks for its corporate activity and the assessment of the benefits and opportunities (planning for the future of its markets and international mechanisms for the promotion of adaptation projects) are considered.

## 2. Institutional allies in combating climate change

### 2.1. The international context after Lima Summit

From 1 to 14 December 2014, Lima (Peru) hosted the 20th session of the Conference of the Parties (COP20) of the United Nations Framework Convention on Climate Change (UNFCCC), and the 10th Meeting of the Parties (CMP7) of the Kyoto Protocol.

Some 11,000 delegates attended the Conference.

The objectives of this COP20 were marked by the results obtained in the Warsaw Summit 2013, where in the context of 2015, the countries decided to start or intensify their national contributions to reach an agreement that will become effective from 2020.

In the Doha Summit a time line was already established for negotiating the new climate regime for beyond 2020 within the scope of the Durban Platform, setting the basis for working on the implementation of the second period of commitment to the Kyoto Protocol

With this, a new time line was agreed to continue in 2015 with the adoption of a new legally-binding international agreement for all parties that became effective in 2015. The Doha calendar established to have available by late 2014 the main elements of a negotiation text that would give format to the new Agreement and that would be adopted in the Paris Summit.

The primary objective of these negotiations in Lima was to mobilise positions at all levels and speed up the negotiations in the area of the United Nations Framework Convention on Climate Change (UNFCCC) to make progress towards the next Paris Summit 2015, where a new legally binding international treaty should be agreed that sets the global framework for combating climate change from 2020 and applicable to all countries.

The main lines reported in the agenda to be discussed in the COP20 of Lima are given below:

- Progress in the preparation of a negotiation text in the the scope of the future Paris agreement.

- Clarification of which should be the contributions of the countries to the Paris agreement.
- Continuation of the process for considering options for increasing ambition pre 2020.
- Progresses in the technical implementation agenda, in fundamental areas, such as the information system and transparency, methodological matters or issues related to adaptation to the impacts of climate change, amongst others.

After the conclusions outlined in the fifth report of the IPCC, mainly the need for reducing greenhouse gas emissions (GEI) between 40 and 70/%, in 2050, from the levels of 2010 and to reach the zero emissions objective in 2100, most countries submitted their positions about the negotiations on climate before holding the COP20.

Proof of this is the goal of reducing greenhouse gases by at least 40% in 2030 from 1990 levels, agreed by the EU leaders in October 2014 which, together with the announcement by the US and China about their future objectives, clearly show the world decision that must be agreed next year in Paris.

### Main conclusions of the COP held in Lima

After two weeks of negotiations in the capital of Peru, with over 190 countries taking part, the summit ended with 19 decisions of the COP (2 of them related to the Kyoto Protocol) and a decision that has been called "Lima Call for Climate Action".

Pioneering results have also been achieved in the area of these negotiations, mainly:

- The threshold of 10,000 million dollars has been reached for funding the Green Fund for Climate.
- The transparency levels and encouraging confidence have increased markedly after the multilateral assessment to which several industrialised countries underwent.

### Lima Call for Climate Action

The countries ended negotiations by drawing up the elements for a new agreement that must be adopted in Paris in late 2015. Furthermore, basic rules have been agreed about how countries must provide contributions to the new agreement during the first trimester of the next year.

These contributions (Intended Nationally Determined Contributions/ INDCs) will be the base for the creation of Climate Action post 2020, when the new agreement is established and becomes effective.

Further relevant progress made during the negotiations in Lima was the increase in the importance of adaptation to the same level as the actions targeting the limitation and reduction of GHG emissions.

The parties have agreed that both the adaptation and the funding must form part of the core areas of the Paris Agreement in 2015.

### Funding

Governments have made progresses in the coordination of funds for climate and in the different existing funds.

After the new commitments to provide resources for the Green Fund for Climate, the sum of 10,200 million dollars was reached. The contribution of the EU and its member states is significant with the contribution of 4,700 million dollars, which represents 50% of the contribution commitments to this fund.

In addition, in Lima the number of countries accepting the Kyoto Protocol Doha Amendment has increased. Currently 21 countries have accepted this instrument, and 144 are required in order to become effective. The Kyoto Protocol amendment intends to enhance the commitment to reduce emissions, in this second commitment period, for the purpose of driving climate action pre 2020.

Peru's government launched a new portal, with the support of the UNFCCC, to increase the visibility of the richness of cli-



mate action between cities, regions, companies and investors, including the international collaboration initiatives. The portal is called the Action Portal for Nazca Climate: [www.climateaction.unfccc.int](http://www.climateaction.unfccc.int)

The first Multilateral Assessment (MA) has set a milestone in the application of Measurement, Reporting and Verification of the reduction of emissions under the framework of UNFCCC. This initiative has contributed to increasing the transparency of the actions fulfilled by the developed countries in climate change matters.

In Lima the operation of the Warsaw International Mechanism has been established to face the losses and damages associated with climate change, set in 2013 in order to respond to the needs of countries most vulnerable to climate change.

The countries meeting in Lima made major progresses in giving support to prevent deforestation. Information was provided about reductions of emissions achieved in the forest sector in several countries. This will be used to establish the baseline of this type of project, which is expected to increase the possibility of obtaining greater international funds in the framework of the REDD+ initiatives.

The Lima Conference agreed a **Work Programme on Gender** to progress in gender balance and promote awareness on the role of women in the development and implementation of climate policies.

Peru and France launched the Action Plan Lima-Paris. The aim of this agenda is to catalyse actions on climate change, increase the ambition of pre-2020 objectives and support the achievement of a new agreement in 2015. This agenda focuses on the actions in the national area, cities and the private sector.

Parties will submit clear and transparent plans in the first quarter of 2015, sufficiently ahead of COP21 in Paris.

The countries also agreed to close the pre-2020 ambition gap (higher target to date) through more technical work and a greater commitment of Ministers.

The main decisions adopted in this Conference include the progress of actions of the Durban Platform, the Green Fund for Climate and long-term funding, the Warsaw framework for REDD Plus and Warsaw International Mechanism for Damages and Losses.

With regard to funding, governments have clarified issues on fund mobilisation for supporting actions in developing countries to reduce their emissions and adapt to climate changes. This includes requesting developed countries to provide half-yearly reports on their updated strategies and their approaches for extending funds between 2014 and 2020.

With regard to market mechanisms, no major advances were made in COP 20, as developed countries consider that the terms of the new agreement need to be defined beforehand.



Isabel García Tejerina in the Plenary Session of COP 20 of Lima

These novelties are further reason for ENDESA to continue working to curb climate change.

## 2.2. Emissions trading

ENDESA through Enel participates actively in the main European wholesale emissions markets (NordPool, Powernext and ECX) maintaining company account and accounts in installation in the Union Registry.

Until 2012, the European framework was governed by the Kyoto Protocol implemented in 2008 alongside the second phase of trading of emissions rights. The European emissions



trading scheme is articulated in National Allocation Plans (NAPs).

Phase III of the Emissions Trading System (EU ETS) commenced in 2013. Power generation companies will no longer be entitled to any free emission rights, which will instead be allocated through auctions, representing a significant additional cost to companies. During this phase, it will not be possible to use certain carbon credits (HFC-23 and N<sub>2</sub>O adipic acid).

On 10 December 2013 the European Parliament voted in favour of the proposal to intervene the CO<sub>2</sub> market, which enables offer and demand to be equilibrated during Phase III and for price volatility to be reduced without a significant impact on company competitiveness.

In order to reduce the surplus supply of emission rights, Brussels began removing the first 100 Mt trimestral planned for the year 2014 last March, and 300 Mt and 200 Mt will be removed from the volume to be auctioned off in 2015 and 2016, respectively. It is expected that the 900 Mt will be re-introduced into the system between 2019 and 2020. This measure is known as Back Loading.

### 2.2.1. CO<sub>2</sub> emissions

ENDESA's carbon emissions in Spain and Portugal were 0.45 kgCO<sub>2</sub>/kWh, which means an increase of 5.56% over 2013, due to more heat generation in 2014, which could not be offset with the efficiency and emission measures established.

ENDESA's total emissions in 2014 were 30.96 million tonnes in Spain and Portugal.

The total emissions produced by the Company at the end of 2014 were 30.96 million tonnes of CO<sub>2</sub> in Spain and Portugal.

In 2014, the generation of thermal energy in Spain and Portugal increased by around 10%, this led to an increase in the absolute emissions of CO<sub>2</sub> of about 10%. The increased thermal production has been distributed unequally among the different technologies: an increase of 13.5% in the production in coal plants, increase of almost 5% in the production in combined cycles and a reduction of 2.7% in the production of fuel-gas technology. The increased thermal production has also caused a light increase in the specific emissions.

### ASSESSMENT OF ENDESA'S SPECIFIC EMISSIONS (kgCO<sub>2</sub>/kWh)

	2012	2013*	2014	% 2013/2014
Spain and Portugal	0.49	0.43	0.45	5.56
Argentina**	0.41	0.43	0.47	n/a
Chile**	0.24	0.30	0.52	n/a
Peru**	0.21	0.18	0.39	n/a
Colombia**	0.04	0.08	0.83	n/a
Brazil**	0.09	0.17		n/a

\* Homogenised 2013 data without joint ventures.

\*\* Data previous to disinvestment in Latin American in October 2014.  
na: different reporting periods.

### EVOLUTION OF ENDESA'S EMISSIONS IN ABSOLUTE TERMS (ktCO<sub>2</sub>)

	2012	2013*	2014	% 2013/2014
Spain and Portugal	37,858	28,139	30,964	10.04
Argentina**	6,171	6,834	5,835	n/a
Chile**	4,819	6,033	3,003	n/a
Peru**	1,953	1,571	1,814	n/a
Colombia**	568	1,030	730	n/a
Brazil**	491	886		n/a

\* Homogenised 2013 data without joint ventures.

\*\* Data previous to disinvestment in Latin American in October 2014.  
na: different reporting periods.

### 2.2.2. Associated risks

The end of the National Assignment Plan (PNA) in 2012 and the reduction of the value of the CDM projects lead to the management of ENDESA's exposure to the markets for CO<sub>2</sub> emission rights to a situation similar to those of other commodities.

### 3. ENDESA's Participation in National and International Organizations and/or Initiatives for the Fight Against Climate Change

#### National Organizations

- The Spanish Technology Platform for Energy Efficiency (PTE-EE in its Spanish acronym): this organization seeks 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.
- The Spanish Future Electrical Grid Platform (FUTURED in its Spanish acronym): its main objective is to integrate all agents involved in the electrical sector in order to define and encourage strategies at a national level that allow for the consolidation of a far more advanced grid, capable of responding to the challenges of the future.
- CO<sub>2</sub> Platform: the Association of the Spanish CO<sub>2</sub> Technology Platform (PTECO<sub>2</sub> in its Spanish acronym) is an initiative driven by the private sector, research centres and Spanish universities. It is partially funded by the Ministry of Economy and Finance (MINECO in its Spanish acronym) and brings together representatives from this Ministry, as well as from the Ministries of Industry, Energy and Tourism (MINETUR in its Spanish acronym) and Agriculture, Food and the Environment (MAGRAMA in its Spanish acronym). The general scope of the PTECO<sub>2</sub> is to address a technological development in Spain that contributes to decreasing the environmental, social and economic impact derived from the emission of greenhouse gases in our Country. Its main objective is to integrate all agents involved in the electrical sector in order to define and encourage strategies at a national level that allow for the consolidation of a far more advanced grid, capable of responding to the challenges of the future.
- Founding member of the Spanish CO<sub>2</sub> Association.
- The Spanish Standards and Certification Association's (AENOR in its Spanish acronym) Technical Standardization Committee for Climate Change and renewable energies.
- The Spanish Union of Electrical Industry's (UNESA in its Spanish acronym) Work Group on Climate Change.
- Founding member and spokesperson of the Management Board of the Spanish Hydrogen Association, together with

another 33 companies, 17 research centres and various public organisations.

- Participation as a pilot energy sector company in the "Adapta" initiative being developed by the Spanish Climate Change Office.
- The Sustainability Excellence Club's Work Group for Environment and Climate Change.
- The Andalusian Emissions Offsetting System (SACE in its Spanish acronym): ENDESA is registered in this voluntary system, signalling a commitment to improving the energy and environmental management of its headquarters in Andalusia, located in Seville, by carrying out energy audits, reducing consumption and offsetting greenhouse gas emissions.

#### Publications Related to Climate Change

- REPORT: ENDESA 2013 Carbon Footprint
- Adaptation report, climate change management.





Efficient Lighting in Malaga





## Strengthening ties with local communities

Strengthening ties and the Company's legitimacy in the areas in which it operates

ENDESA wants to be perceived as a company aware of social concerns and as an invaluable partner for economic, social and environmental progress in the country and in the territories where it is present.

Endesa's Sustainability Plan maintains a spirit of commitment to Sustainable Development together with a new perspective regarding its contribution to creating value for the Group. ENDESA consolidates this commitment by providing responses to social concerns, through the reinforcement of links with the communities in which it is present, and with socio-economic development and shared value initiatives which promote citizen confidence and strengthen ties.

During 2014, the company consolidated the Action Framework for social initiatives. These initiatives are seen as a strategic management focus that encourages the company's social inclusion, minimizes risks, enhances its reputation, and brings the company closer to its stakeholders and incorporates their needs.



**44** Million  
Euros Invested  
in Social  
Development in  
2014, According  
to LBG  
Methodology

**29%** of the  
Budget for  
Social Initiatives  
Has Been  
Invested in the  
Area of Iberia

**431** Social  
Projects Carried  
Out in 2014

**7.7** Million  
Euros Invested  
in Rural  
Education

PRIORITY STUDY-2014 MATERIALITY STUDY	ENDESA'S RESPONSE IN THE 2014 SUSTAINABILITY REPORT
Encouragement of local social and economic development through a social investment strategy aligned with the business.	See chapter on Strengthening Ties with local communities: 1. Reinforcement of Strengthened Local Ties. 2. Social Initiatives: value generation and contribution to society. 3. Social Initiatives. 4. Social Initiatives in Spain and Portugal.
Make access to energy easier: lower economic barriers for accessing electricity; technological an infrastructure development; encouragement of technical training and education regarding energy.	See chapter on Strengthening Ties with local communities: 3.1. Enabling Electricity. Project. 4.2. Energy access projects in Spain and Portugal.
Support for local communities through the encouragement of corporate volunteering.	See chapter on Strengthening Ties with local communities: 4.6. Corporate Volunteering.
Consultation with local developing communities regarding new projects and the impact assessment of operations.	See Chapter on ENDESA, a leading group in the Spanish Electricity Market: 8.1. Impact management in local communities

2014 GOALS	INITIATIVES CARRIED OUT
Boosting sustainability in all countries and territories where ENDESA operates.	Expansion of the term for the ENDESA Sustainability Plan 2008-2013. This derives from the change in the countries and territories in which the company operates through the sale of Latin American Assets to the Enel Group (October 2014). Oversight of objectives and local deployment.
Increasing the number of beneficiaries of Enabling Electricity projects.	Development of a new social initiative that facilitates access to energy which has increased the Enabling Electricity Project by more than 1,800 people.
Increasing volunteering and employee participation in social action projects.	In 2014 ENDESA employees dedicated 148,623 hours of work (corresponding to 87 employee participation in full time employees) to 431 social initiatives. Likewise, there were 525 volunteers during this period.

KEY INDICATORS 2011-2014				
	2011	2012	2013	2014
Investment in Social Initiatives (millions of euros)	45.4	35.2	40.1	37.8 10.9 (Iberia)
Percentage of Investment in Spain and Portugal	24%	38%	29%	29%
Percentage of Investment in Latin America	76%	62%	71%	71%
Investment in Rural Electrification (millions of euros)	5.9	9	8.7	7.7

BREAKDOWN OF INVESTMENT IN SOCIAL INITIATIVES 2013-2014 NEW ACTION FRAMEWORK		
	2013	2014
Percentage of Investment in Energy Access Projects	34%	30%
Percentage of Investment in Training and Education Projects	24%	29%
Percentage of Investment in Social Development and Quality of Life Projects	35%	37%
Percentage of Investment in Environment and Biodiversity Projects	7%	4%

OUR AIMS IN 2015
Create shared value projects that boost socio-economic development and social confidence in the areas of Spain and Portugal, improving the response to the social needs of our stakeholders.
Improve the linkage between social commitment and the Company's strategy.
Maintain or increase investment in social initiatives in projects aligned with the business (LBG methodology)
Strengthen the relationship with institutions and the society in general through new relationship/collaboration models with the social actors who drive the strengthening of ties.
Continue employee volunteering and participation involvement in social action projects, placing particular emphasis on initiatives in the area of energy.
Disseminate a new energy culture based upon sustainable production and efficient consumption, with response to the electrification demand as the primary development focus in the fostering of responsible social progress.



# 1. Strengthening ties with local communities

ENDESA's commitment to social development in the communities in which it operates is one of the two challenges that the Company must address within the framework of its Strategic Sustainability Plan. In order to achieve this, ENDESA's Sustainability Plan adopted the goal of being perceived as a company in touch with social concerns, as well as an invaluable partner for economic, social and environmental progress. The company's Sustainability Strategy has thus been adapted to the needs and socio-economic characteristics of the places in which it is present, as well as developing relevant projects and actions in the area of social initiatives.

ENDESA's Sustainable Development strategy is set forth in the 2014 ENDESA Sustainability Plan, and is in line with the guidelines of the Enel Group's Sustainability Plan. The ENDESA plan is aligned with the Group's overall commitments and objectives and acts as a route for connecting and bolstering the Company's present and future, incorporating the economic, social and environmental dimensions and creating long-term value as central pillars of its contribution to society.

To meet this challenge, the Company has set the following strategic objectives:

- To complement ENDESA's function as a company providing a basic service: access to electricity.
- To promote the implementation of the Company's Human Rights Policy, and any related action plans, in all areas of operation.
- To facilitate energy access for disadvantaged groups through specific social programs.
- To maintain responsible relationships with Communities, encouraging their economic, social and environmental development.
- To respond to the needs of the main communities with which ENDESA interacts.

- To promote the company's contribution towards the generation of wealth and employment.
- To be accountable to society in a systematic, transparent and honest manner.

These objectives have been fully achieved as measured by the 9 indicators on the 2014 Sustainability Scorecard.

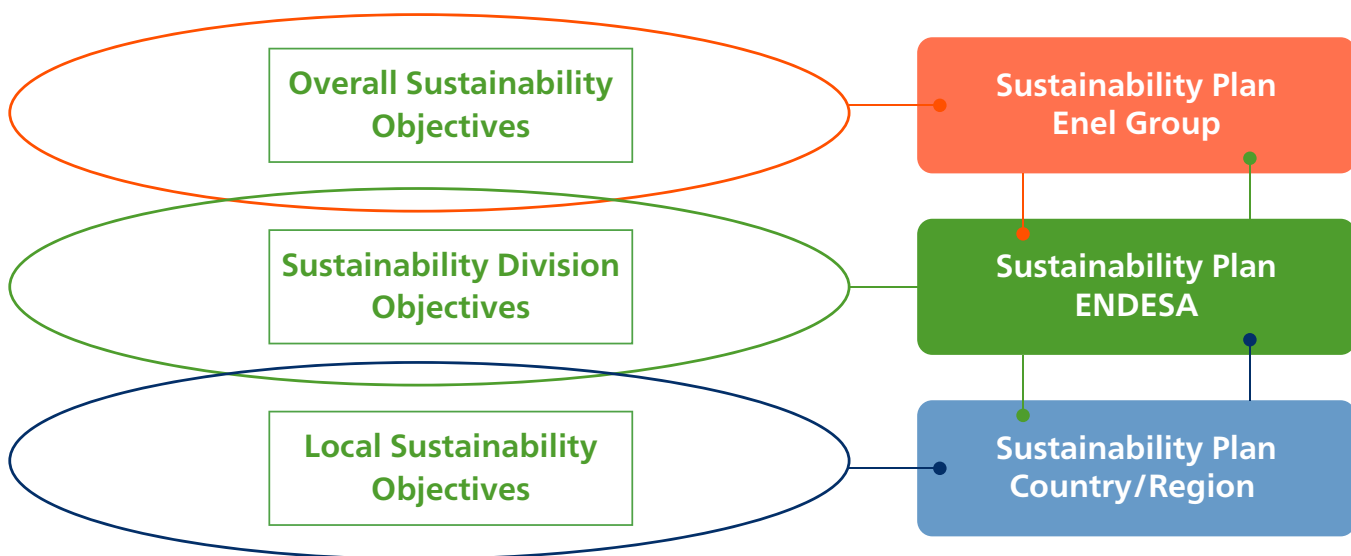
ENDESA transmits global objectives, adapting them to local realities. The Sustainability Committees develop and implement plans, coordinating, deploying and fostering ENDESA's Sustainability Strategy at a local level. These Committees are comprised of representatives of the business areas in which programmes are implemented to achieve the commitments set forth in the Sustainability Policy.

In 2014, the Sustainability Committees met on several occasions, with the following objectives:

- To provide a global vision of Sustainability at a local level.
- To promote, coordinate and implement local sustainable development initiatives.
- To have local representation for all Sustainability-related matters.
- To strengthen relationships with local stakeholders.
- To place emphasis on sustainability initiatives at a local level.

The number of Iberian Sustainability Committees increased in 2014, going from 5 to 7 with the incorporation of Portugal and the northwest of Spain.

Progress has also been made on the process to fully integrate and align the Group's different Sustainability Plans into one single Plan, which seeks to provide a global vision along with local-level engagement. Account of the initiatives carried out (update of the stakeholders map, materiality studies, etc.) is given in the first chapter of this report.



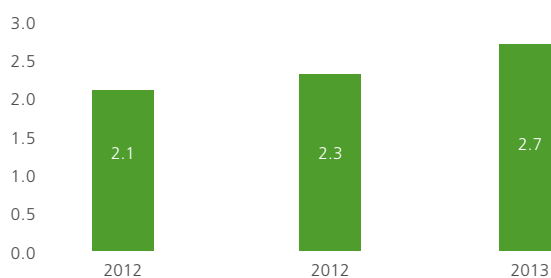
## 2. Social Initiatives: Value Creation and Contribution to Society

As a company that generates, distributes and sells a basic need, electricity, ENDESA is aware of its responsibility and of the expectations created in the societies in which it operates.

2.7% of ENDESA's net income has been invested in Social Initiatives, according to LBG methodology.

ENDESA's commitment to the community is set out in the values taken on by the Company in 1999, as well as within the seven sustainable development pledges assumed in 2003.

**EVOLUTION OF ENDESA'S INVESTMENT IN SOCIAL INITIATIVES ACCORDING TO LBG METHODOLOGY (% NET INCOME) (\*)**



(\*) Net Income from ongoing activities attributable to ENDESA shareholders.  
 (\*\*) In 2014, without taking into account windfall profits of 1,764 million euros from the sale of Latin American assets to the Enel Group in October 2014, the investment in social initiatives would come to 2.7% of net income. If these profits are taken into consideration, ENDESA's investment in social development represents 1.3% of the company's net income.

## 2.1. Contribution to Social Development

ENDESA contributes to social development through direct investment in local initiatives, in collaboration with organizations and entities in the areas in which it operates. It also actively promotes corporate volunteering among its employees.

ENDESA's social initiatives are implemented by each one of the companies that comprise it, as well as its 5 foundations: Fundación Endesa and Sevillana Endesa, and until October 2014, Fundación Endesa Colombia, in Colombia, and Fundación Pehuén and Fundación Huinay, in Chile.

The Action Framework for social projects has been consolidated during 2014, strengthening the management of social initiatives as a strategic focus that encourages the company's social inclusion, minimizes risks, enhances its reputation, and brings the company closer to its stakeholders and incorporates their needs.

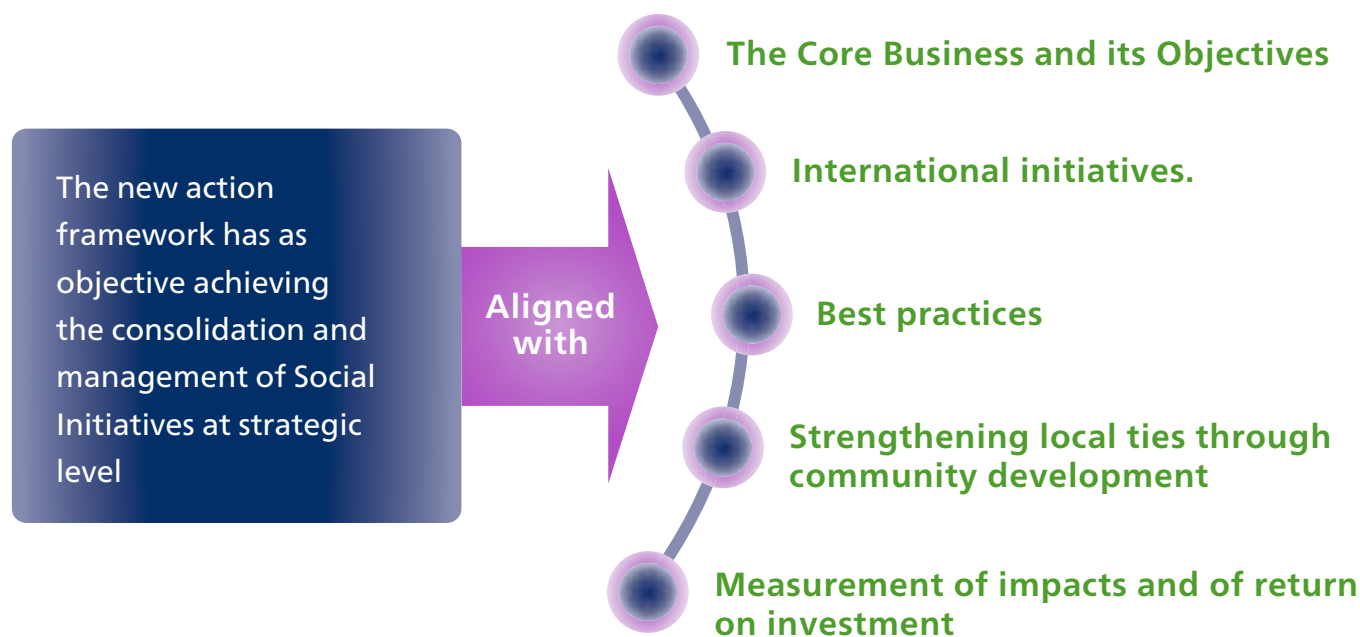
The objective is to optimize the management of social initiatives and to promote and exploit its strengths such as:

- Integration into the Enel group.

- Social Initiatives set forth in the Group Values and in the Strategic Sustainability Plan.
- The Company's commitment, interest and experience in social projects as well as significant economic investment.
- Identification of Social Initiatives with the business strategy and with international initiatives (Human Rights, Millennium Development Goals, Sustainable Energy for All, Global Compact, etc.).
- Incorporation of new tools such as corporate volunteering, measurement of impacts, new technologies, etc.
- Business-oriented approach, support for modernization, transformation and changes processes.
- Existence of flagship projects.
- Local recognition. High-impact, recognized activities.

The main motivations behind ENDESA's contribution to social development are:

- To complement the Company's function as a business providing a basic service: access to electricity.



- To provide response to the needs of the main stakeholder groups.
- With its contribution, encourage the Wealth Generation and employment.

The social projects defined in the Action Framework will thus:

- Respond to the social needs of our stakeholders (creation of employment, energy poverty, training, biodiversity...).
- Provide continuity through time and have the potential to replicate successful initiatives.
- Have a particular focus on vulnerable groups (underprivileged families, children and youth, women, people with disabilities, etc.).
- Be managed in collaboration with the social representatives of the communities participating in the project.
- Be related to the nature and characteristics of the Company's business operations: do what we do best.
- Provide systematic and transparent accountability reports that are communicated to society.
- Clear, measureable benefits for society and returns for the company.

Under this action framework, until October 2014, the Spanish territorial divisions and ENDESA's Latin American affiliates have fostered the projects and initiatives which are to be implemented, trying to identify the needs and critical issues in each social environment.

## 2.2. ENDESA's Investment Social Development Activities

In 2014, ENDESA invested 37.8 million euros in social development in the communities with which it operates, of which 10.9 million euros were directed towards projects carried

out in Spain and Portugal. Of the total invested in social projects in Spain and Portugal, 3.5 million euros were distributed through ENDESA's Foundations and 7.4 million euros through the corporate centre and territorial centres.

### ENDESA'S INVESTMENT IN SOCIAL DEVELOPMENT ACTIVITIES IN 2014\* (THOUSANDS OF EUROS)

<b>Spain and Portugal</b>	<b>10,901</b>
Corporate Centre	7,054
Endesa Foundations	3,560
Territorial Centres in Spain and Portugal	287
<b>Latin America</b>	<b>26,945 (**)</b>
<b>Total</b>	<b>37,846</b>

\* Does not include the 7.7 million euros invested in rural electrification, since said investment was related directly to ENDESA's business development.

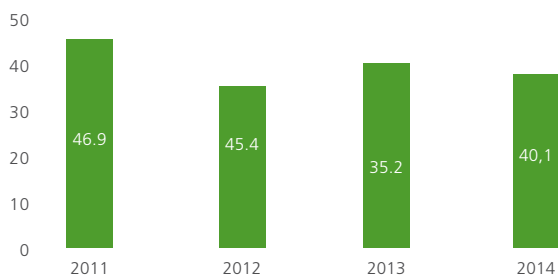
\*\* Investment until October 2014, date upon which the Latin American assets were sold to the Enel Group. Neither the reallocations to help with social problems in the municipalities of Alto Biobío and Santa Bárbara, VII Regions of Chile, for a sum of 730,000 euros, nor the Nueva Esperanza Archaeological Management Plan in Colombia, for a sum of more than 1.9 million euros, were included, in compliance with the legal framework.

The Company's Latin American affiliates invested 26.9 million euros in social development during the first 10 months of 2014.

ENDESA investment in social development in 2014 (37,846 thousand euros), dropped by 5.6% in comparison with 2013 (40,114 thousand euros). It is important to bear in mind that this data is no longer comparable since Latin American investment is only consolidated until October 2014. Until October, the Company had invested 26,945 euros, 5% less than the total for 2013 (28,370 thousand euros). During 2014, total investment in Spain and Portugal came to 10,901 thousand euros, 7% less than the previous year (11,744 thousand euros). Of the total investment in social development, 71% corresponded to the 5 Latin American countries in which Endesa was present until October (Argentina, Brazil, Chile, Colombia and Peru) and the remaining 29% to Spain and Portugal.

29% of the social initiatives budget has been invested in the areas of Spain and Portugal.

### ENDESA SOCIAL INVESTMENT (MILLIONS OF EUROS)

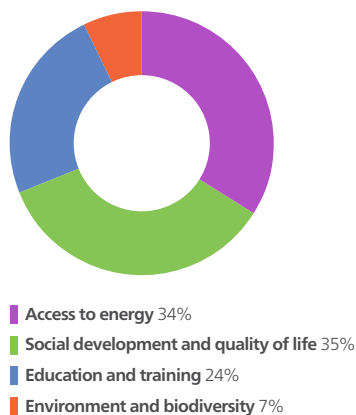


(\*) For 2014, social investment in Latin America is consolidated until October, when the Latin American assets were sold to the Enel Group.

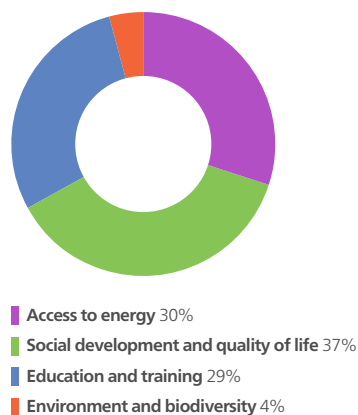
## 2.3. ENDESA's Social Development Activities

30% of the activities carried out by ENDESA in 2014 were related to energy access. Projects directed towards education and training comprised 29% of investments, leading to a 5% increase compared to investment for the previous year. Of the total investment in social initiative projects, 37% went towards Social Development and Quality of Life. Environmental actions, that is to say, actions to encourage and promote the protection of the environment (excluding actions carried out by ENDESA in the framework of business development) came to a total of 4% of investment.

### ENDESA INVESTMENT IN SOCIAL INITIATIVES BY ACTIVITY AREA 2013



### ENDESA INVESTMENT IN SOCIAL INITIATIVES BY ACTIVITY AREA 2014



### London Benchmarking Group LBG Spain

ENDESA has belonged to the London Benchmarking Group (LBG) Spain since 2008. Its methodology enables the Company's social actions in the community to be measured, managed and evaluated and its contributions, achievements and impacts disseminated.



For the sixth year in a row, the social balance according to this British methodology is presented, in addition to ENDESA's Social Initiatives Report.

## ENDESA'S 2014 CONTRIBUTION TO SOCIAL INITIATIVES, ACCORDING TO LBG\* (THOUSANDS OF EUROS)

Contributions, Spain and Portugal	12,011
Contributions, Latin America	30,210
<b>Total</b>	<b>42,221</b>

\* Note: the main difference in the result between the two reporting systems is the consideration given to the time employees dedicate to each action converted into euros, as well as the inclusion of costs associated with social project management for the company.

According to the LBG methodology, in 2014 investment in projects aligned with the business came to 52% of the total

budget, framing social interest initiatives that likewise foster the company's business. These types of projects received an investment of 22 million euros. Social investment came to 47%, for projects that show a long-term strategic commitment to communities in the support of social initiatives. Following the management line set forth in recent years, focus has been given to social projects with continuity over time, managing them by creating strategic alliances with public and private organizations. In 2014, one-off contributions dropped to 1% of the total. This demonstrates ENDESA's commitment to contributing to projects with long-term durability.

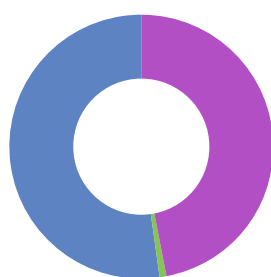
## MOTIVATION BEHIND ENDESA'S 2014 CONTRIBUTIONS TO SOCIAL INITIATIVES, ACCORDING TO LBG\* (THOUSANDS OF EUROS)

	2012		2013		2014	
	Spain and Portugal	Latin America	Spain and Portugal	Latin America	Spain and Portugal	Latin America*
One-off Contributions	1,319	365,18	1,129	570	102	253
Community Investments	8,821	10,821	7,145	12,829	6,027	13,808
Initiatives Aligned with the Business	5,553	15,186	4,537	17,465	5,882	16,148

\* Data prior to the divestment in Latin America in October 2014.

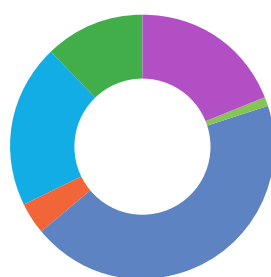
## ENDESA'S CONTRIBUTIONS TO SOCIAL INITIATIVES IN 2014, ACCORDING TO LBG

By Motivation



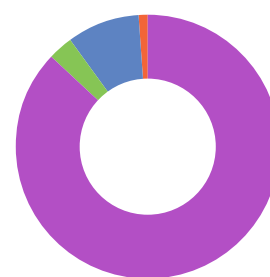
■ Social Investment 47%  
■ One-off Contribution 1%  
■ Initiatives Aligned with the Business 52%

By Category



■ Education and Youth 19%  
■ Health 1%  
■ Economic Development 44%  
■ Environment 4%  
■ Art and culture 20%  
■ Social welfare 12%

By Contribution Type



■ Cash Contributions 87%  
■ In-kind Contributions 3%  
■ Time Contributions 9%  
■ Administrative Costs 1%



### 3. Social Initiative Actions

Social projects are arranged according to a new classification implemented in 2013. This is the result of a detailed study of the evolution of ENDESA's Social Initiatives over the past few years, including international tendencies and initiatives (Human Rights, Millennium Goals, United Nations Global Compact and Sustainable Energy for All) and a detailed external (Benchmark studies and a Stakeholder opinion survey) and internal analysis (personal interviews with Senior Management, focus groups and employee surveys).

This new classification arranges social projects into 5 categories according to the area of action:

- **Energy Access:** projects that promote access to energy through the creation of infrastructures, the reduction of physical and economic barriers, energy efficiency and energy-related training.
- **Education and Training:** projects that boost progress in communities through universal early learning, training and education as a way to create a livelihood, and research in energy-related topics.

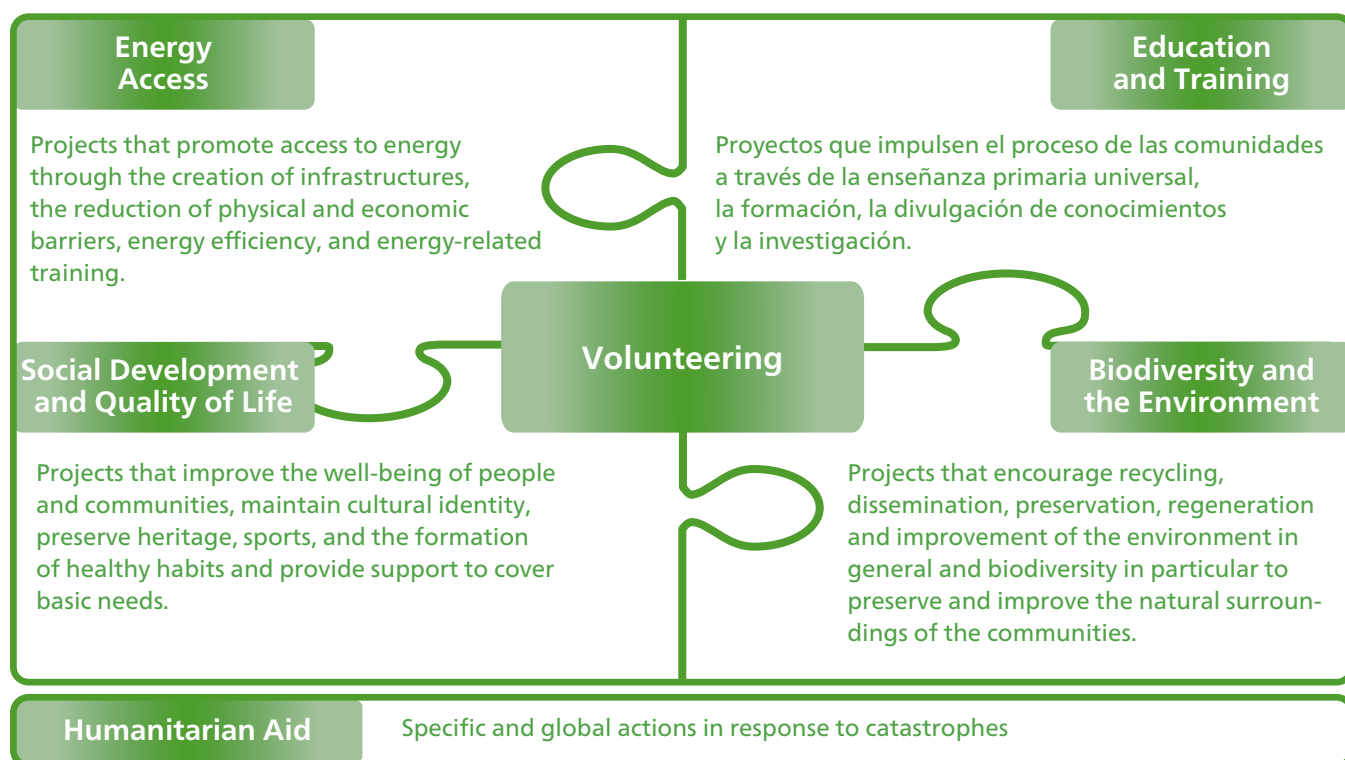
- **Social Development and Quality of Life:** projects that improve the wellbeing of people and communities, maintain cultural identity, preserve heritage, sports, and the formation of healthy habits and provide support to cover basic needs.

- **Environment and Biodiversity:** projects that encourage dissemination, preservation, recycling, regeneration and improvement in the area of the environment and specifically in the area of biodiversity to preserve and improve the natural surroundings of the communities.

- **Volunteering:** unpaid, structured voluntary work carried out by employees, at the company's initiative or supported by the company, taking the form of activities, contributions and/or skills employed for the benefit of others and/or the society in general.

- **Humanitarian Aid:** universal, timely actions in response to catastrophes.

All action focuses (except for Humanitarian Aid) are aligned with the company's strategy and with international initia-



tives, and incorporate responses to the social needs of our stakeholders, with particular focus on the minimization of social and environmental risks. Volunteering activities act as a catalyst for the rest of the spheres of action.

The Humanitarian Aid focus is not limited to a concrete sphere of action, but rather responds to activities carried out universally by the company in response to catastrophes (for example: earthquakes in Chile).

### 3.1. Enabling Electricity Project

In its 2011 report, the International Energy Agency stated that over 1,300 million people around the world do not have access to electricity, a further 1,000 million do not have access to reliable distribution networks and over 2,700 million people continue to use inefficient and harmful forms of energy, such as the use of biomass for cooking and lighting. In this context, the United Nations Secretary-General declared 2012 to be the International Year of Sustainable Energy for all, and set 3 goals for 2030:

- Ensure universal access to modern energy services.
- Double the rate of improvement in energy efficiency.
- Double the share of renewable energy in the global energy mix.

More than 2,5 million people have benefitted from the Enabling Electricity programme since its start in 2012.



ENDESA has been working intensively in these three areas, as detailed in previous Sustainability Reports. However, using the opportunity of the launch of the United Nations initiative, and driven by Enel, a specific project centred on the first of the previously described three focuses was launched.

The program's objective is to increase the number of people with access to energy in places where it was previously unavailable. It is targeted towards two groups: people who live in isolated areas and communities with low purchasing power in outlying, rural and suburban areas.

The Enabling Electricity initiative defines three fundamental areas for action:

- Projects that facilitate access to electricity through new technologies and infrastructures.
- Projects that eliminate economic barriers for low income sectors of the population.
- Projects that develop key knowledge and skills, creating abilities in the area of electricity.

2014 saw the promotion of already consolidated projects and new initiatives aligned with the objective were incorporated, for vulnerable collectives. As a result, for 2014 2 projects have already been included in the program for Spain and 26 programs for Latin America. Management for these programmes has also been consolidated, along with measurement and reporting methodologies, implemented at a global level. This allows for quantification of the different Enel Group projects that comprise Enabling Electricity.

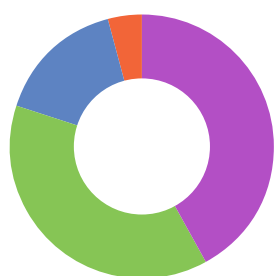
For 2014, two projects for Spain have been included in Enabling Electricity, which have helped more than 1,800 people.

## 4. Social Initiatives in Spain and Portugal

### 4.1. Investment and Type of Initiatives

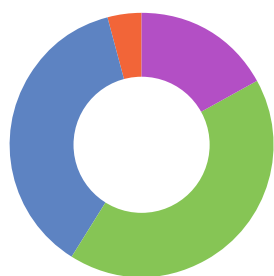
In 2014, investment in social initiatives in the areas of Spain and Portugal totalled 10.9 million euros, which was directed towards 231 initiatives driven by the cross-cutting areas, ENDESA's lines of business, and the two foundations that operate in Spain (Fundación Endesa and Fundación Sevillana Endesa).

ENDESA'S INVESTMENT IN SPAIN AND PORTUGAL BY ACTIVITY AREA 2013



■ Access to energy 4%  
■ Social development and quality of life 42%  
■ Education and training 38%  
■ Environment and Biodiversity 16%

ENDESA'S INVESTMENT IN SPAIN AND PORTUGAL BY ACTIVITY AREA 2014



■ Access to energy 17%  
■ Social development and quality of life 42%  
■ Education and training 37%  
■ Environment and Biodiversity 4%

As with 2013, the majority of investment (42% of the total budget) has been for social development and quality of life projects. Investment in education and training initiatives

decreased slightly, going from 38% in 2013 to 37% in 2014. Investment allocated to energy access projects stands out, with growth of nearly 13 percentage points.

### 4.2. Energy Access Projects in Spain and Portugal

ENDESA considers social initiatives to be a strategic focus in its management strategy in order to promote social inclusion, minimise risks, improve the company's reputation, bring it closer to stakeholders and incorporate their needs.

One of the key focuses of activity in this field thus corresponds to projects aligned with the company's core business, with initiatives that promote access to energy through infrastructure creation, the lowering of physical and economic barriers, energy efficiency and energy-related training.

17% of the social initiatives budget in Spain and Portugal has been invested in projects to facilitate access to energy.

The main line of activity "Energy Access" encompasses the Enabling Electricity project, which is led by our parent company Enel. In 2014, ENDESA contributed with 2 projects in Spain and Portugal.

In 2014, more than 1.8 million euros were invested by Spain and Portugal in social initiatives aimed towards facilitating access to energy. Some of the main initiatives include:

- **Agreements signed to fight energy poverty.** ENDESA is aware of the serious problem caused by energy poverty in many Spanish households. As a result of its commitment to Sustainability, closeness to society, encouragement of credibility and active listening to citizens, ENDESA understands that it must contribute part of the response to one of the problems related to its business. In this vein, the Company has signed agreements with different city councils and public organizations to prevent vulnerable fami-

lies from having their supply cut off. At the end of 2014, 42 agreements had been signed, covering a population of 2.2 million homes and preventing supply cuts to more than 1,700 families. These types of initiatives are expected to be reinforced and broadened. This project is integrated with our parent company Enel's Enabling Electricity project, in the category of minimizing economic barriers in order to facilitate access to electricity.

- **Professional Electrical Training for youth at risk of exclusion in Spain.** The ENDESA foundation develops projects that aim to improve the employability of low income youth at risk of social exclusion. The goal is to help young people, through educational development of their personal and professional skills, to access the labour market, facilitating as consequence their social integration. The programme works in collaboration with Cáritas and public administrations and with public and private educational institutions. Practice for student training is carried out in the company's own installations (for example, El Ferrol students carry out practice at the As Pontes Thermal Production Unit) or with different contractors. In 2014, training was conducted in 6 Spanish cities (Huesca, Huelva, Ferrol, Ponferrada, Tenerife and Mallorca), benefiting 110 young people. This line of action is planned to continue, within a context of very serious youth unemployment levels in Spain with the worst figures in the European Union. This project is integrated with our parent company Enel's Enabling Electricity project, in the category of creating skills in the area of electricity.



- **Change of deficient electrical installations for people without the resources to do so.** This project is being carried out as a pilot in Catalonia, thanks to a collaboration agreement signed by ENDESA, the Fundación Endesa, the Catalonia Red Cross, the Baix Llobregat Guild of Installers and the Gremibaix Fundació. The initiative seeks to address the precarious and risky situation of electrical installations in households that do not have sufficient economic resources to carry out installation maintenance. ENDESA and the Fundación Endesa collaborate with financing and with the contribution of volunteers, who visits homes identified through social services, in order to study and detect situations of risk and determine the actions to be taken. The three entities come together to form a pioneering project that groups together a private company, a guild and a third sector organization to work jointly in order to help vulnerable people.



- **Impulsando PYMES ("Supporting SMEs").** In 2014, ENDESA participated in the third edition of Impulsando Pymes, a project developed by 18 large companies that seeks to offer strategies and advice to small and medium-sized enterprises in order to help them develop. Over 5 months 12 Spanish cities have been visited, meeting with around 2,000 business owners.

Through 11 micro-lectures, the large companies have provided their knowledge and recommendations in 4 fundamental pillars: Financing, Innovation, Internationalisation and Energy Efficiency. This final pillar has been the focus of the micro-lectures presented by ENDESA. Through practical cases, the SMEs have been able to verify that investing in more efficient lighting systems can result in savings of up to 70% in businesses, that each degree of temperature adjusted in climate control devices can reduce consumption by 7%, and that replacing

refrigeration units with more efficient versions can help save up to 39% on bills.

Impulsando Pymes involves both the public and private sectors, with the presence of companies from different economic sectors with recognized experience in the national and international spheres. These businesses give the SMEs practical and innovative solutions in key business areas.



### 4.3. Education and Training Projects in Spain and Portugal

For several years ENDESA has been developing different educational and training initiatives in all the regions where it is present. Many of these projects are focused on business-related topics such as education in energy efficiency or safety for children, youth and adults, or to promote research into energy-related subjects. However, the Company also supports projects that help communities through universal primary education, awareness as a way of life and general training initiatives and general training initiatives that promote social development in communities.

37% of social investment in Spain and Portugal has been allocated to education and training activities.

In 2014, the Company invested more than 4 million euros in these types of initiatives, or 37% of social initiative investment in Spain and Portugal.

- Endesa Educa.** An educational initiative that works to create a new social awareness based upon sustainability and energy efficiency. It offers a wide range of activities free of charge to all the educational centres, which are adjusted to the distinct needs of each centre. These include visits to electrical installations, directed activities in ENDESA's Information Centres, workshops in education centres and online activities through [www.endesaeduca.com](http://www.endesaeduca.com). All activities aim to encourage efficient and rational energy use, a commitment that Endesa makes its own. In 2014, the historical average was surpassed. More than 7,000 activities were carried out in Endesa's own installations, with 146,000 students participating. Also notable is the initiative's excellent progress, which is reflected in the high degree of visitor satisfaction and loyalty: 97.4 % say that they are very satisfied with the activities and 79% of requests come from centres that reserved in previous years. For more information: [www.endesaeduca.com](http://www.endesaeduca.com).



- Twenergy.** Reference website in Spanish about energy efficiency related topics. The venture began in 2009, and it was renewed in 2014, unveiling a new image and new content after the 3 million annual visits mark was surpassed. The new page focuses on user interaction, audio-visual content and adaptation to all types of devices, including smartphones and tablets, to connect the pop-



ulation with energy efficiency related content. Twenergy fosters and promotes responsible energy consumption, providing users with tools and solutions that allow them to be more efficient in their energy usage. The new website also seeks to give voice to energy efficiency professionals through articles, digital encounters and through the support of various industry initiatives. At present, there are more than 46,609 registered users, and there were 3,089,160 visits in 2014.

Within the solidarity area of the website are the Twenergy Solidarity Projects awards, which celebrated their 9th edition in 2014. On this occasion, the project "Invernaderos de Esperanza" (Greenhouses of Hope), launched in the rural communities of the high Andes in southern Peru (department of Cuzco) by the Asociación Achalay, together with the local partner Redes Perú, was the winner. For further information: [www.twenergy.com](http://www.twenergy.com).



- **Support for university courses and Scholarships and Grants Programmes.** Fundación Endesa collaborates with various university study centres in order to foster higher education among young people in Spain. Highlights from 2014 include: scholarships for low-income students in the Universidad Pontificia de Comillas; Endesa scholarships for fine arts; scholarships for post-graduate study in Political and Constitutional Studies, European Union Law, information and communication technologies, research, art and creation, etc., and the Scholarship Programme for pre-doctoral research personnel in Training at the Universidad Rovira i Virgili, among others. In 2014, the economic investment came to more than 480,000 euros.
- **Expokids 2014.** ENDESA collaborated with the Fundación Créate in organizing Expokids, a huge educational innovation event. The aim of the event is to foster an entrepreneurial culture among students. Through various dynamics values such as decisiveness, hope, passion, talent, effort and dedication, and respect for others and for surround-

ings are promoted, in order to contribute wealth to society. The event was attended by children, youth, members of the educational community, family members, institutions, professionals and entrepreneurs. More than 1,500 students from ages 10 to 16 participated, from 22 schools, presenting more than 200 school entrepreneurship projects. More than 3,500 people visited the Expo.



- **Fab Lab Barcelona International Conference 2014.** ENDESA collaborated in the implementation of this event. Members of the international Fab Labs community participated, together with the Barcelona community of innovators and the public at large. The FAB Festival included creation workshops, conferences and events for all ages. Fab Lab Barcelona is globally coordinated by the Fab Academy programme, a distributed education platform for the Fab Labs. Each site is a classroom and the campus is the planet, where students learn about the principles, applications and implications of digital manufacturing technologies.

#### 4.4. Social Development and Quality of Life Projects in Spain and Portugal

ENDESA articulates the Social Development and Quality of Life area through different types of projects whose objective is to improve the well-being of people and communities, by supporting basic needs coverage, socio-economic development, maintenance of cultural identity, preservation of heritage and the promotion of sports and healthy habits.



More than 4.5 million euros allocated to projects for social development and improved quality of life in Spain and Portugal.

In carrying out these actions, the Company bases itself upon knowledge and sensitivity of each local reality and collaborates with the main social organizations in the area of operation through the territorial units. At 42% of the budget, or 4.5 million euros, this focus of action for ENDESA's social initiatives in Spain and Portugal represents the highest level of investment. This is the result of the needs evidenced in our surroundings.

Some examples of these initiatives are:

**Support for vulnerable groups.** In 2014, ENDESA carried out multiple actions aimed at alleviating critical situations involving families and people at risk of exclusion. Highlights include:

- **Agreement with Ecoembes and Save the Children.** In 2014 an agreement was signed with both entities to conduct a pilot project. This project was carried out in the Madrid headquarters due to the size of it. The agreement consists of the recovery of recyclable waste (paper, plastic, glass, cans, etc.), with profits being sent to Save the Children's Comprehensive Child Care Centres in Spain.
- Another agreement was signed with **Save the Children** to donate money obtained from the recycling of company employee cell phones, after updating the terminals of the entire Spanish workforce, as well as personal cell phones donated by employees. More than €25,000 was raised, which will be fully donated to three Comprehensive Child Care Centres in Seville, located in neighbourhoods declared as Social Transformation Areas by the City Council. A total of 200 children and their families benefited from this initiative.



- **Día de la Banderita (Flag Day)** in collaboration with the Red Cross. On this day, organised by one of Spain's most important NGOs, ENDESA contributes by lending spaces in which to set up tables to collect funds.



- **Food drive campaigns:** ENDESA collaborates with various NGOs to raise funds and to directly collect food donations. Among these we can highlight the Charity Christmas Concert in Mangualde (Portugal), dedicated to delivering food to needy families, which collected more than 1,200 kg of food; the "Juntos Podemos Más" (Together We Can Do More) food drive campaigns which, for the second year in a row, were held in different ENDESA headquarters in Spain in order to help the underprivileged, collecting more than 13,900 kg of food, which was then sent to Food

Banks, Cáritas, International Cooperation and Fundación Dar; and lastly, the collaboration with the Red Cross campaign “Ahora más que nunca” (Now More Than Ever) in the Canary Islands and the Balearic Isles.



- **Aid for underprivileged groups:** ENDESA and the Fundación Sevillana Endesa have joined together with various NGOs and foundations to alleviate the precarious situations of vulnerable groups. Among these is the Fundación Juan Bonal, which helps to integrate underprivileged groups, the Sisterhood of la Macarena in Seville, for the creation of a social cafeteria, and the Nazaret Foundation for overseeing various activities for the fostered children.
- **Healthcare projects.** The Company provides aid to different healthcare NGOs and associations, for research into diseases and to support and help the ill and their family members. Among these, special mention should be made of the collaboration with Fundación ProCNIC for cardiovascular research; the AlephTea association for autism; Fundación Aladina in the fight against childhood cancer; the Autism Spectrum Disorders Foundation; the collection and donation of glasses for those at risk of exclusion; and the collaboration with the NGO Sonrisa Médica, to cheer up hospitalized children. In 2014, more than 480,000 euros were invested in these types of projects.

With regard to cultural social initiatives, ENDESA continues as always to be interested in promoting culture in society. It thus collaborates with the Círculo de Bellas Artes in Madrid, with the Fundación del Teatro Real and with the Teatro Gran

Liceo de Barcelona. In 2014, ENDESA also participated in the Commemoration of the Fourth Centenary of the death of El Greco.



Likewise, through Fundación Endesa and Fundación Sevillana, in addition to providing lighting for various historical-artistic buildings, works of art, such as church and chapel paintings and alterpieces have been restored.

#### 4.5. Environment and Biodiversity Projects in Spain and Portugal

These voluntary projects include social initiatives to promote reserve, recycle, regenerate, and improve the environment in general and biodiversity in particular to preserve and improve the surroundings of the communities. In 2014, the company assigned 4% of its budget for social investment to these projects.

Some of the most important projects are:

4% of social investment in Spain and Portugal has been allocated for projects for the protection of the environment and biodiversity.

- **Informative programmes on the Environment and Biodiversity.** In 2014, ENDESA collaborated in the publication of various documents and studies related to the environment and biodiversity, with the aim of encouraging social dissemination and awareness in relation to these topics and serve as guidelines. For instance, we can highlight the following: *XXV Balearic Isles Ornithological Annual and the study and publication of analysis of CO<sub>2</sub> data in Spain.*

Development of environmental awareness has also been encouraged through the sponsorship of various meetings and forums for debate such as the CONAMA, the National Environmental Convention in Spain, the VIII Crane Convention in Gallocanta (Teruel) and the exposition "Tamarán, historia de un nacimiento" (Tamarán, story of a birth), about the first Egyptian vulture (endangered bird) ever born and raised in captivity.



- **Birdlife protection programmes.** Endesa carries out a number of voluntary projects in Spain, with the aim of protecting birds in general, particularly those which are endangered. In 2014, highlights include the kite (endangered species in Mallorca) monitoring and marking initiative; the installation of reflective markers on medium voltage lines in Lanzarote, for the protection of birdlife, in collaboration with the Sociedad Española de Ornitología (SEO/Birdlife).
- **Regeneration of natural spaces.** As is tradition, ENDESA goes beyond its obligations in the area of species regeneration, and addition to complying with the corresponding regulations, it continues investing in improving the spaces near to power plants. In 2014, more than 560,000 euros have been directed towards these efforts.

#### 4.6. Corporate Volunteering

With the backing of corporate volunteering, ENDESA cooperates in the development of numerous social projects with employee involvement. Corporate volunteering acts as a catalyst for social projects that increase the closeness

and involvement of the company with its interest groups, and it encourages growth and commitment in participants. Some of the most notable projects in this area include:

- **Coach Project** Developed through Fundación Exit, in 2014, ENDESA continued with this project (launched in 2013) with great success among employees. The initiative consists of providing *mentoring* and *coaching* to youth at risk of social exclusion, by Company employees. During sessions with young adolescents, these employees give support and advice in order to improve their employability and foster their social and occupational inclusion.



In 2014, 82 volunteers carried out this project during working hours, and 73 young people benefitted from the initiative.

- **Training Volunteering "Sabes + si compartes lo que sabes" (Know + if you share what you know).** This new employee volunteering proposal was launched in 2014. Work is done jointly with the Randstad Foundation in differently-themed workshops focussed on improving the employability of Foundation users. There are thus preparation workshops for interviews, English and coaching. The workshops are given by ENDESA employees during working hours in the cities of Barcelona, Las Palmas in Gran Canarias, Madrid and Seville. At the end of 2014, 34 employees participated in this volunteering and 70 persons actively seeking employment benefitted from it.

- **Volunteering and Skills.** In 2014, a pilot programme with four activities has been designed. These activities clearly link corporate volunteering with the development of certain employee skills (team work, innovation and adaptation to change). A total of 105 employees participated in this initiative. These different volunteering experiences are:

- Long-term unemployment (Seville) with the participation of 43 employees.
- Prisoners in the reintegration process (Madrid) with 26 employees.
- Small NGOs (Barcelona) with the participation of 27 employees.
- NGO in the area of disabilities (Zaragoza) with 9 employees.



- **Business Solidarity Day.** For the second year in a row, ENDESA participated in the Business Solidarity Day, held on October 25th, by carrying out volunteering activities

with 40 employees and family members in Madrid, Seville and Zaragoza. Activities included the following:

- Madrid: distribution of hot food and drinks to the homeless.
- Seville: distribution of food to families at risk of social exclusion.
- Zaragoza: hippotherapy for people with psychological and physical disabilities.



## 4.7. Humanitarian Aid

Refers to global, one-off actions in response to disasters. In 2014, through the Fundación ENDESA, the final economic contribution of 33,592 euros was made to the Chile Aid Fund, endowed with a total of one million euros, to alleviate the destruction caused by the 2010 earthquake.



# 5. Social Initiatives in Latin America

## 5.1. Investment and Type of Initiatives

Investment in social initiatives in Latin America during the period consolidated by ENDESA (January-October 2014) reached 26.9 million euros, which has been allocated to 200 initiatives leveraged by Management in the different countries (Argentina, Brazil, Chile, Colombia and Peru) and by the 3 Foundations that operate in Latin America (Fundación Endesa Colombia in Colombia, and Fundación Huinay and Fundación Pehuén in Chile).

ENDESA'S INVESTMENT  
IN LATIN AMERICA BY ACTIVITY  
AREA 2013



- Access to energy 46%
- Social development and quality of life 32%
- Education and training 18%
- Environment and Biodiversity 4%

ENDESA'S INVESTMENT IN  
LATIN AMERICA BY ACTIVITY  
AREA 2014 (JANUARY - OCTOBER)



- Access to energy 35%
- Social development and quality of life 35%
- Education and training 26%
- Environment and Biodiversity 4%

In 2014, the investment allocated to projects to facilitate energy access and social development and quality of life projects was matched, both by 35%. Investment in education and training initiatives has had a notable increase of 8 percentage points, or 26% for 2014. Investment in environmental and biodiversity projects remained at 4%.

## 5.2. Energy Access Projects in Latin America

This is for initiatives that promote access to energy through the creation of infrastructures, the reduction of physical and economic barriers, energy efficiency and energy-related training. This encompasses the Enabling Electricity project, led by our parent company Enel. In which ENDESA makes an important value contribution to each of the project's categories. Highlight initiatives include:

35% of the social initiatives budget in Social Initiatives in Latin America has been invested in projects to facilitate access to energy.

- “**Luces para Aprender**” (**Lights for Learning**). Project in Peru and Colombia, carried out in coordination with the Fundación Endesa, Fundación Endesa in Colombia and the EOI Business School. Facilitates access to energy through the installation of solar panels that directly benefit schools in the communities of Condorbamba (Peru) and Gujira (Colombia). Contributes to improving educational quality and facilitates internet access.



- **EcoAmpla and Ecoelce in Brazil and Ecohilectra in Chile.** Programmes aimed at residential customers, especially low-income families and consist of exchanging recyclable waste for discounts on electrical energy bills. Following a selective collection, the material is taken to points adapted for this purpose, and after weighing, discounts are given that can be applied to energy bills. As an example, in the two Brazil projects 2,881 tonnes of recyclable waste was collected in 2014, and 211,00 euros worth of electricity bill credits were granted.
- **IST Nuevo Pachacútec.** Educational project in Peru, which is supported by Edelnor and Fundación Endesa. Since 2004, this project's objective has been to improve the quality of life and employability of young people at risk of exclusion through access to the electricity degree program in the Instituto Nuevo Pachacútec located in the Ventanilla-Callao district. The project's main impacts can be seen in job placement, in the greater participation of women in the programme and above all in development in areas with extreme poverty. In addition, note should be made of the circle of volunteer instructors who instruct the young people, which is made up of professionals from Edelnor and Edegel.

In 2014, a total of 10 classes have completed this training, with more than 164 students, 97% of which currently work in Edelnor contractor businesses.

### 5.2.1. Rural Electrification

7.7 Million Euros Invested in Rural Electrification.

ENDESA's objective is to bring electricity to all rural communities and underprivileged people without power in the best possible conditions.

Rural electrification is especially relevant to ENDESA's social action policy because it provides electricity to marginalised, disadvantaged rural communities and groups.

In 2014, the Colombian distributor Codensa developed the Helios project in the Cundinamarca area, through which

electrical energy is managed, serviced and supplied to more than 2,500 families, improving their quality of life.

On the other hand, in Brazil, the "Luz para Todos-Programa Nacional de Electrificación Rural" (Electricity for All-National Rural Electrification Programme) continued, headed by the Ministry of Mines and Energy and designed to bring energy to rural populations. Funds are obtained from subsidies and federal government loans as well as the resources of the distributing companies themselves. The objective is the universalisation of the electricity service. In 2014, ENDESA in Brazil invested more than 5.7 million euros, benefiting more than 14,500 people, improving the provision of water, sanitation, health and education, and strengthening communities.

## 5.3. Education and Training Projects in Latin America

26% of the social initiatives budget in Social Initiatives in Latin America has been invested in education and training projects.

It encompasses projects to foster universal early education, training as a way of life, and training initiatives in general that encourage community social development, with special focus on business-related topics such as energy efficiency, electrical safety for children, young people and adults and the promotion of research in energy-related topics.

Some of the highlights in this area are as follows:

### Argentina

**"El Viaje de la Energía" (The Energy Journey)** In 2014, EDESUR continued with the programme "El Viaje de la Energía", an educational initiative that disseminates basic knowledge regarding electric energy among elementary school students in the Company's concession area, such as how electricity works, its distribution from sources to homes and its safe and efficient use.



This year, more than 800 public, private and special education schools participated. The teachers at these schools voluntarily joined this initiative, and received teaching materials designed especially to be used in the classes.

## Brazil

**“Escuela de Música Sinfonía del Mañana” (Mañana School of Symphonic Music)** This project’s objective is to provide educational and cultural development to children through music. It consists of a music school for children and young people in the communities near to the Cachoeira Dourada (Goiás) Power Plant. In August 2014, the school’s 113 students participated in the 1st Goiás Festival of Music.

## Chile

**Energy for Education.** Since 2006, this project has overseen the execution of various support activities benefitting 7,181 students and 514 teachers at 42 educational establishments in the 9 regions where the Company is present. An example of this was the delivery in March 2014 of more than 1,500 school supply kits to benefit students in Coronel, along with training for teachers and the execution of the initiative “Cine en tu Escuela” (Cinema in Your School) in each of the educational establishments that are part of the programme. Endesa Chile has defined the educational sphere as the primary focus of its commitment to sustainable development in the communities where it operates.

## Colombia

**Work Training-Servicio Juvenil Bosconia.** Together with the Foundation Servicio Juvenil, in 2014 the Company contributed towards the technical training of 200 young people in vulnerable conditions between the ages of 14 and 25, in the municipalities of Zipaquirá, Cogua, Nemocón, Cucunubá, Tausa, Sutatausa and Ubaté. The training covers various fields such as Electricity, Welding, Automotive Mechanics, Industrial Mechanics, Computing, Baking and Silk-screening. This allows students to be trained in areas of high demand

within their economic and social context, and helps with job placement.

## Peru

**Santa Elena Educational Institute.** Since 2005, Endesa’s EEP SA Power Plant, in Peru, has been financing the construction of the Santa Elena elementary school, in Piura. During these years of cooperation, the Santa Elena Educational Institution (EI) has been recognized on various occasions as the best school in the rural area. In 2014 the installations were expanded with a computer classroom. To date, 6 classrooms have been constructed, 5 of them donated by Enel Cuore and constructed by Architecture for Humanity.

In addition, university students and students from other schools have come to visit the installations, such as the Universidad Privada de Piura (Architecture Department) and the high school of the La Brea EI (Negritos).

## 5.4. Social Development and Quality of Life Projects in Latin America

ENDESA supports Social Development and Quality of Life through different types of projects aimed at improving the well-being of people and communities, helping to cover their basic needs, maintain their cultural identity, preserve their heritage and promote sports and healthy habits.

35% investment in social initiatives in Latin America was aimed at social development projects and measures to improve the quality of life of communities.

Some of the notable projects are:

## Argentina

**Edesur and culture.** This programme seeks to create alternative spaces for expression for various communities, artistic

proposals, promote culture and encourage the integration of persons with disabilities, through expositions in sales offices of artists from the Company's concession area.



development projects. The areas of action are: productive development programmes, cultural education and development programmes, social community infrastructure programmes and social welfare programmes for families and organizations.



## Brazil

**Community Bank.** The project seeks to promote development in low-income areas, fostering the creation of local production and consumption networks. The Bank has three fundamental characteristics: it is managed by the community itself, it has integrated local development (it promotes credit, production, commercialization and training) and it has a local currency, complementary to the official currency, which is accepted and recognized by neighbourhood producers, retailers and consumers. This creates a market and support alternative among families. Two community banks were set up, which launched a special line of credit to guarantee on-time electricity payments. In 2014, the Community Bank helped 1,766 families.



## Chile

**Pehuén Foundation.** A not-for-profit entity which began in 1992 with the construction of the Pangue Hydroelectric Power Plant. Its goal is to promote programmes that allow for the sustainability of the Pehuén communities living near the Power Plant. The Foundation works to improve living conditions for the 800 families, in areas of productive development, education and cultural preservation, social welfare, social community infrastructure, and tourism and textile

## Colombia

**Projects to support agriculture and livestock production chains.** In Colombia, ENDESA Supports various production chain projects for local products such as cacao, coffee, avocado and other fruits, as well as agro-ecological farms with vegetables, eggs, decorative plants and citrus fruit. These initiatives seek to encourage crops with a long productive life and foster collective work and the creation of public-private alliances. Different types of advice (technical, social or commercial) are also offered to producers on an ongoing basis. Nearly 700 producers and their families have benefitted from these projects.

Furthermore, during 2014, assistance was provided to an additional 15 farming producers to improve milk quality through technical assistance and the donation of equipment and tools, as well as portable laboratories.

## Peru

**Endesa-Edelnor Cup.** In 2010, Endesa Spain and the Real Madrid Foundation signed an agreement to support the Martin Luther King sports school, led by Father Chiqui in the El Agustino district. Each year, the school helps to keep more than 300 children away from gangs and violence through sports. The agreement also includes the organization of a sports tournament with the participation of the De Fe and Alegría high schools, in Lima Metropolitana and Calloa, and with various national schools in the outlying areas in which ENDESA carries out its Peruvian operations. As a grand prize, the winners are taken to Madrid.



The 5th championship was held this year. More than 400 children from the communities of Junín, Piura, Norte Chico and Lima Metropolitana participated, together with children from De Fe and Alegría schools. In the 2014 edition, the winner was the Educational Institution Inca Garcilaso de la Vega de Comas, Lima. The championship's 10 best players were selected, and they made up the delegation that represented Peru in the 2014 Copa por la Integración (Integration Cup) in Madrid, Spain.

## 5.5. Environmental and Biodiversity Projects in Latin America

Area of social initiatives that incorporates voluntary social projects to promote, reserve, recycle, regenerate, and improve the environment in general and biodiversity in particular to preserve and improve the surroundings of the communities.

4% of social investment was allocated for projects for the protection of the environment and biodiversity.

Some of the most important projects are:

## Chile

**Huinay Foundation:** The mission of the Huinay Foundation is to protect 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.



During 2014, a total of 610,780 euros was invested in various activities. Highlights include:

- 14 scientific publications in *ISI*, magazines, including "Nature". A further 9 scientific works were in the process of publication at the close of the year.
- 14 talks or panels in national and international scientific conventions.
- Support for 89 visits to the Foundation's Science Station, from 15 countries including Chile.
- Two scientific expeditions, one to Valdivia-Osorno-Carel-Mapu and the other to the Los Chonos-Guaitecas Archipelagos.
- Scientific discovery of 4 new animal species.
- 12 groups signed up with the CSIC/Endesa Spain scholarship programme. The first immersions with the new ROV (Remotely Operated Vehicle) were carried out with one of these groups.

- Ecological restoration projects for the Huinay forests: planting of more than 650 larches and 200 coigües. This project began in 2008, and the nursery now has 30,000 plants, distributed among 37 native Chilean species.

In addition, the Foundation supported the Huinay community by delivering electricity, internet for the school, transportation for inhabitants and medical assistance.

To see the main activities, go to the webpage: [www.fundacionhuinay.cl](http://www.fundacionhuinay.cl)

## Peru

**Sembrando Vida (Sowing Life)** To commemorate Environment Day, Edegel carried out the Sembrando Vida in Nicolás de Piérola, where 2,300 seedlings of various ornamental species were planted. Community neighbours and students from the educational centres in the area participated.

## 5.6. Corporate Volunteering

In its efforts to support corporate volunteering, ENDESA cooperates with community social development in numerous projects involving its employees. Corporate volunteering acts as a catalyst for social projects that increase the closeness and involvement of the company with its interest groups, along with encouraging growth and commitment among participants. Some of the notable projects are:

## Argentina

The Group's businesses in Argentina promote and take part in volunteer activities that arise out of the initiative and the social commitment of employees with each one of the Companies. Workers propose collections and/or donations for organizations. These initiatives have the institutional support from the corporation in order to aggregate resources, and the participation of every employee in the various campaigns.

## Brazil

**"Rede do bem" (Well-being Network).** Endesa Brazil's volunteer programme supports social and environmental initiatives, with the aim of reaching a greater number of partners and beneficiaries and strengthening relationships with the communities served. There were 321 corporate volunteers in the *Rede do Bem* and various supportive actions were carried out to the benefit of 4,706 people.

## Chile

The basis of the corporate volunteering programme is a volunteering committee made up of 12 workers, who participated in 8 sessions during 2014. A total of 780 hours of volunteer work was carried out between all of the activities (support for victims of the fire in Valparaíso, among others).

## Colombia

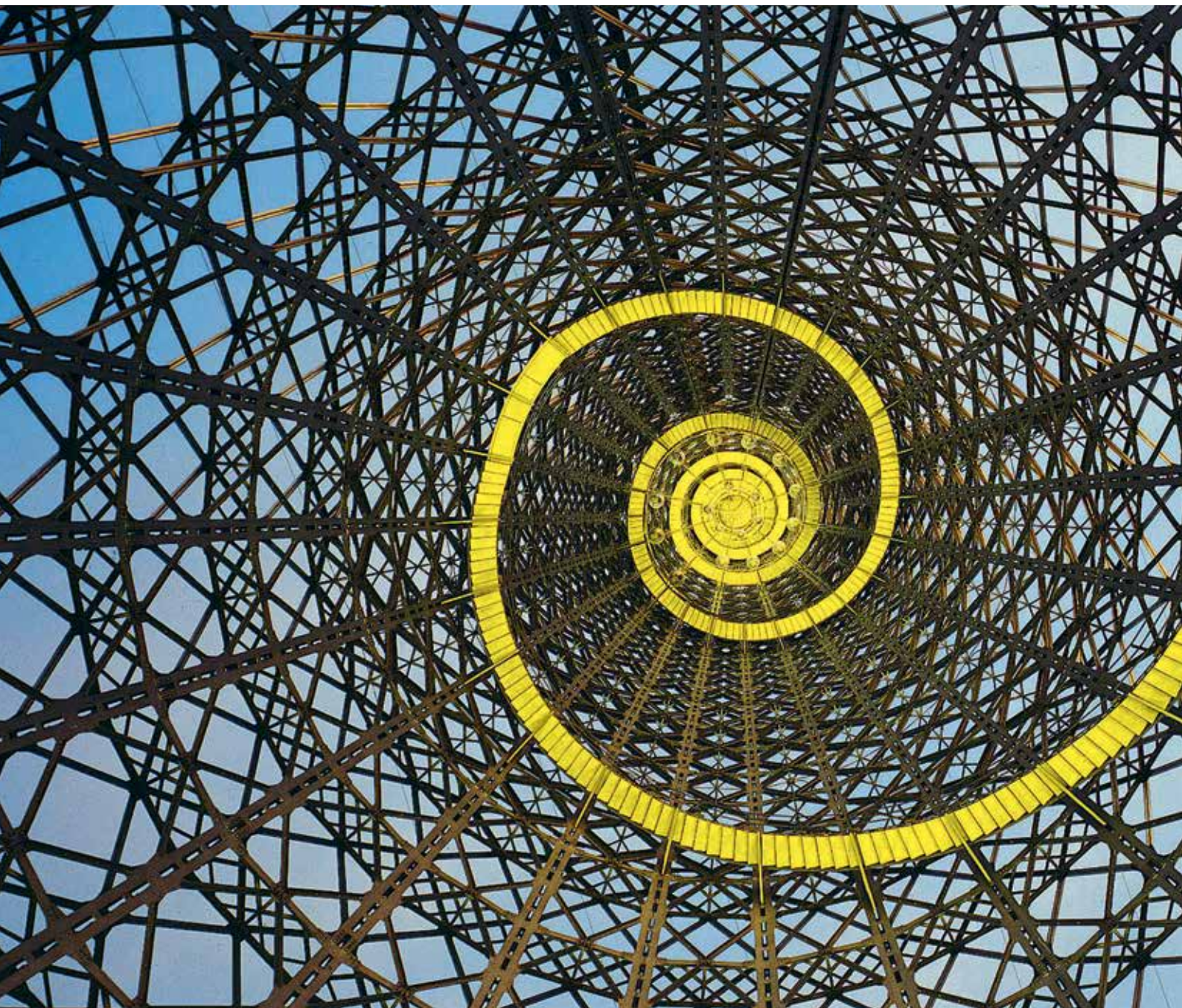
During 2014, three corporate volunteering campaigns were conducted, with the participation of more than 30 employees. Notable among these is the "Adopta un angelito" (Adopt an Angel) programme, in which employees give gifts to children and grandparents from six foundations during the holiday season.

**Give a plastic lid - help save a life!** In 2014, the collection of plastic lids to contribute to the Fundación Sanar continued. Thanks to the collaboration of all the employees, more than 6 tonnes of recyclable material (such as filing paper, cardboard and newspaper) was delivered. The Foundation works with children diagnosed with cancer and with their families to provide comprehensive care, to help in the fight against the disease and to foster hope.

## Peru

During 2014, a volunteer activity was carried out during the Christmas Campaign that contributed to local community development by supporting an educational project that improves the quality of life for village residents. A total of more than 7,000 children benefitted from the initiative.









## Appendices



# Appendix I.

## ENDESA, Committed to Reporting on Sustainability

ENDESA's commitment to sustainable and responsible growth extends to its management model, with the goal of creating long-term value for the societies in which it operates. The Company thus integrates principals of sustainable development into its company mission and goals, and includes them in its decision-making process.

Every year we give a public account of our performance of the duties and obligations we have voluntarily undertaken to our customers, shareholders, employees and local communities, to ethical behaviour and transparency, technological innovation and energy efficiency, the environment and climate change.

The ENDESA 2014 Sustainability Report details the main initiatives undertaken in the year to meet the expectations of our stakeholders based on ENDESA's 2014 Sustainability Plan.

Continuity in the publication of the Sustainability Report and other end-of-year business reports is a pillar of ENDESA's transparency policy. Thus, in addition to the Sustainability Report, the Company publishes other annual reports. These include the Annual Report, Legal Documentation, the Activities Report and the Corporate Governance Report. In addition, the Company reports on activities related to its commitment to the people of Spain, with annual reports from the Fundación Endesa and the Fundación Sevillana Endesa. On the other hand, shareholders, investors and the interested public can access the information provided on a quarterly basis to the financial markets through the ENDESA webpage ([www.endesa.com](http://www.endesa.com)), or through mail sent by the Shareholders' Office.

For more information about Sustainability, the following channels are available:

### Webpages

ENDESA **[www.endesa.com](http://www.endesa.com)** Spain

Energis **[www.energis.cl](http://www.energis.cl)** Chile

Chilectra **[www.chilectra.cl](http://www.chilectra.cl)** Chile

EMGESA **[www.emgesa.com.co](http://www.emgesa.com.co)** Colombia

Codensa **[www.codensa.com.co](http://www.codensa.com.co)** Colombia

Edelnor **[www.edelnor.com.pe](http://www.edelnor.com.pe)** Peru

Edegel **[www.edegel.com](http://www.edegel.com)** Peru

Edesur **[www.edesur.com.ar](http://www.edesur.com.ar)** Argentina

Coelce **[www.coelce.com.br](http://www.coelce.com.br)** Brazil

### Customer-specific channels

- Customer Service:
  - Open Market Customers: 800 76 09 09.
  - VPSC Customers (Voluntary Price for Small Consumers): 800 76 03 33.
  - Businesses: 800 76 02 66.
- Online Office: **[www.endesaonline.com](http://www.endesaonline.com)**
- Customer Ombudsman:  
**[www.defensordelcliente.endesa.es](http://www.defensordelcliente.endesa.es)**

## Shareholders and Investors

### Investor Relations:

Spain

Ribera del Loira, 60. 28042 Madrid

Tel.: 34 91 213 1503.

**ir@endesa.es**

### Shareholders' Office Spain:

Ribera del Loira, 60. 28042 Madrid

Tel.: 900 666 900

**eoaccionista@endesa.es**

## Suppliers

Cenit (ENDESA's service for external suppliers) Sub-division  
for Billing, Charges and Payments:

C/ Ribera del Loira, 60. 28042 Madrid

Tel.: 91 213 4848

Fax: 91 213 48 49.

e-mail: **cenit@endesa.es**

## Employees and their Representatives

- Corporate Portal: Intranet.
- Employee mailboxes:
  - Endesa Sustainability Mailbox.
  - Environmental Mailbox.
  - Interact Mailbox.
- Websites of ENDESA's trade unions:
  - **www.ugtendesa.com**
  - **www.ccooendesa.com**
  - **www.asie-sindical.com**

## Service to the General Public

- **<http://www.endesa.com/es/Contacto>**, and select the "Sustainability" area.
- Ethics Channel: **<http://www.endesa.com/es/accionistas/gobiernocorp/canaletico>**

For service to all stakeholders regarding Sustainability-related topics and issues related to the content of ENDESA's Sustainability Report, the contact person is:

D. Fernando Ferrando Vitales

ENDESA Director of Sustainability,

Ribera del Loira, 60

28042 Madrid (Spain)

Email: **sostenibilidad@endesa.es**

# Appendix II. Independent Review Report



Ernst & Young, S.L.  
Torre Picasso  
Plaza Pablo Ruiz Picasso, 1  
28020 Madrid

Tel.: 902 365 456  
Fax: 915 727 300  
ey.com

## INDEPENDENT REVIEW REPORT 2014 ENDESA, S.A. SUSTAINABILITY REPORT

To the Management of ENDESA, S.A.

### Scope of Work

We have conducted a review of the content of ENDESA's 2014 Sustainability Report (hereinafter, the Report).

The perimeter considered in the scope of our review includes the information reported, which covers both ENDESA, S.A. (hereinafter, the Company or Endesa) as well as its business holdings in the Iberian Peninsula (Spain and Portugal) and in Latin America (Chile, Argentina, Brazil, Colombia and Peru) until the materialization of the ENDESA Business' divestment process in this territory. The scope followed by ENDESA in Report preparation is set forth in the section "Report Coverage" in the attached Report.

The Report has been prepared in accordance with the following guidelines:

- The *Global Reporting Initiative's* (GRI) Guide for the Elaboration of Sustainability Reports, version 3.1 and the sectorial guide, *Electric Utilities Sector Supplement*.
- The principles set forth in Norm AA1000APA 2008, issued by AccountAbility (Institute of Social and Ethical Accountability)

The preparation of the attached report, along with its content, is the responsibility of Endesa's Governance Bodies and Management, who are also responsible for defining, adapting and maintaining the internal management and control systems from which information is obtained. It is our responsibility to issue an independent report based on the procedures applied in our review.

### Criteria

We have carried out our review process in accordance with:

- The *Guidelines for reviewing Sustainability Reports*, issued by the Spanish Institute of Chartered Accountants (ICJCE in its Spanish acronym).
- Standard ISAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the *International Auditing and Assurance Standards Board* (IAASB) of the International Federation of Accountants (IFAC), with a limited level of assurance.
- The AA1000 Assurance Standard (2008) of Accountability (type 2), which covers the nature and scope of ENDESA's compliance and assesses the trustworthiness of information regarding performance, under a moderate assurance commission.

### Procedures Carried Out

Our review work consisted in requesting information from corporate management and from the Management of the various business units that have participated in the elaboration of this Report, and in the application of certain analytical procedures and verifications through sample review. These are described in the following:

- 1) Interviews with the Company's Sustainability Management team in order to learn about and comprehend the Report elaboration process. Likewise, interviews have been conducted with key personnel in transversal departments which participate in the elaboration and definition of the Report's content.
- 2) Review of the reporting systems used, the processes and the oversight of ENDESA's 2014 Sustainability Report, derived from the process alignment and integration with the commitment macro-spheres and objectives of the ENEL Group's Sustainability Plan
- 3) Review of the adequacy of the Report's structure and content according to the provisions of the GRI Guide, version G3.1, and the *Electric Utilities Sector Supplement Guide*.
- 4) Review of the relevant quantitative and qualitative information through analytical tests and other review procedures carried out based upon samples of the indicators included in the Report and data supplied by information sources.
- 5) Review of the consistency of the information included in the Report and the information reported and published with respect to other public information such as: Annual Accounts, Annual Activity Report, Management Report and Annual Corporate Governance Report.

The scope of this review is substantially less than that of a work of reasonable assurance. As such, the assurance given is also less. This report should in no way be considered an auditing report.

These procedures have been applied to the information contained in ENDESA's 2014 Sustainability Report, using the aforementioned perimeter and scope.

### Independence

We have carried out our work pursuant to the independence norms required by the Code of Ethics of the *International Federation of Accountants* (IFAC).

## Conclusions

As a result of our review of the 2014 Sustainability Report, and with the previously described scope, we conclude that:

- Nothing has come to light that would lead us to believe that the Report has not been prepared according to the Global Reporting Initiative's (GRI V3.1) *Preparation Guide for Sustainability Reports*, just as is indicated in this Guide.
- There is no evidence that the rest of the information and indicators included in Appendix IV of the Report contains significant errors or that the Report has not been prepared in accordance with the principals outlined in Standard AA1000 APS issued by *AccountAbility*, understood as:
  - ✓ **Inclusivity:** There are mechanisms available to identify stakeholder groups, as well as to know and understand their expectations. ENDESA has carried out a formal dialogue procedure with its stakeholders, and has thus conducted various studies from an internal and external perspective, along with updating dialogue channels
  - ✓ **Relevance:** A materiality analysis is used to select the key aspects and opportunities for improvement to be included in the Report. This is set forth in the 2014 Endesa Sustainability Plan in relation to the seven Basic Lines and to the two Challenges contained therein. The materiality study conducted by ENDESA complies with the objective of identifying and prioritizing matters relevant to the Company in the area of sustainability
  - ✓ **Responsiveness:** Through the Endesa Sustainability Plan's Basic Action Lines and the Challenges, responses to the main obstacles raised by stakeholders are articulated and communicated. Likewise, ENDESA has carried out an in-depth analysis of compliance with these objectives throughout the period and has identified those that, due to their maturity and relevance, will form part of the following Sustainability Plan

Information regarding the principals set forth in the AA 1000APS (2008) principles are detailed in the chapter "ENDESA, a leading group in the Spanish Electricity Market" in the Report.

## Recommendations

In addition, we have presented ENDESA's Sustainability Management team with our recommendations as regards areas for improvement related to the application of the principals of standard AA100 APS (2008) and to relationships with the main stakeholder groups identified.

The following is a summary of the most important observations:

### a) **Inclusivity:**

Through each one of the unit leaders, ENDESA regularly reviews, identifies and catalogues stakeholder groups at a national and territorial level, encouraging a policy of transparency and dialogue in relationships.

We recommend that information regarding stakeholder participation processes be expanded, as well as their involvement in the identification of material issues.

### b) **Relevance:**

By conducting a materiality study, ENDESA identifies the sustainability issues that, due to their maturity and relevance, are determining factors for the business. This allows for prioritization of the main challenges faced, as well as of questions of importance to stakeholders in environmental, social and economic matters.

We recommend that work continue to identify the most significant risks in each one of the regions in which the Company operates.

### c) **Responsiveness:**

In its various chapters, the report sets forth the achievements and progress made in terms of commitments, challenges and material issues, while also analysing the Endesa Sustainability Plan's level of compliance, highlighting its high degree of realization and response to stakeholder groups.

We recommend that the development of local-level activities be bolstered, after the divestment process in Latin America, with the aim of offering a vision of sustainability that is global and inclusive.

This report has been prepared exclusively for the Management of ENDESA, S.A., in accordance with the terms of our engagement letter.



ERNST & YOUNG, S.L.



AA1000  
Licensed Assurance Provider  
000-59

José Agustín Rico Horcajo  
Member

Madrid, April 20<sup>th</sup> of 2015

# Appendix III. GRI Content



## G3.1 Content Index - Electric Utilities Sector Supplement

Application Level

Assured by

### STANDARD DISCLOSURES PART I: Profile Disclosures

Profile Disclosure	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission
<b>1. Strategy and Analysis</b>						
1.1	Statement from the most senior decision-maker of the organization.	Fully	Letters from the Chairman and the CEO pages 4-9			
1.2	Description of key impacts, risks, and opportunities.	Fully	Pg. 22 Pg. 22 (First Chap.-4. The ENDESA Sustainability Plan); Pg. 25-26 (First Chap.-5. Planning for the Future); Pg. 28-29 (First Chap.-6. Compliance with international frameworks for responsible management);			
<b>2. Organizational Profile</b>						
2.1	Name of the organization.	Fully	Pg. 14 (First Chap.-2. About Us)			
2.2	Primary brands, products, and/or services.	Fully	Pg. 18 (Cap. Primero-2. Quiénes somos)			
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Fully	Pág. 18 (First Chap.-2. About Us)			
2.4	Location of organization's headquarters.	Fully	Pg. 252 -253 (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.	Fully	Pg. 15 (First Chap.-2. About Us)			
2.6	Nature of ownership and legal form.	Fully	Pg. 14 (First Chap.-2. About Us)			
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Fully	Pg. 15 (First Chap.-2. About Us)			
2.8	Scale of the reporting organization.	Fully	ENDESA PERIMETER- Pg. 13 First Chap. -1. ENDESA in Figures); Pg. 139 (Shareholders and Investors Chap.-4. Wealth Generation); As of December 31, 2014, there are 10,500 employees in Spain and Portugal; Regarding the number of operations, due to Endesa's condition as an electricity company, we account operations as sales. Also see <a href="http://www.endesa.com/es/accionistas/rentafijayrating/rentafija/home">http://www.endesa.com/es/accionistas/rentafijayrating/rentafija/home</a>			
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Fully	Pg. 14-15 (First Chap.-2.2. ENDESA Business Divestment in Latin America			

Profile Disclosure	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission
2.10	Awards received in the reporting period.	Fully	Pg. 85 (People Chap.-2.6. A recognized labour); Pg. 55 (People Chap. Chap.-2 Excellence in ENDESA Sales Service); Pg. 182 (Innovation Chap.-5.4. Latin America)			
EU1	Installed capacity, broken down by primary energy source and by regulatory regime.	Fully	Pg. 50 (Customers Chap.-1.1.1 Development and infrastructure improvement for distribution); Pg. 52 (Customers Chap. -1.2.1. Development and improvement of distribution infrastructure); Pg. 13 (First Chap.-1. ENDESA in figures)			
EU2	Net energy output broken down by primary energy source and by regulatory regime.	Fully	Pg. 13 (First Chap.-1. ENDESA in figures); Pg. 16 (First Chap.-2. About Us); Pg. 206-207 (Climate Change Chap.-1.1. participation in the development of renewable energies).			
EU3	Number of residential, industrial, institutional and commercial customer accounts.	Fully	Pg. 50 (Customers Chap.-1.1. Spain and Portugal); Pg. 52 (Customers Chap.-1.2. Latin America); Pg. 49 (Customers Chap. Chap.-Key Indicators).			
EU4	Length of above and underground transmission and distribution lines by regulatory regime	Fully	Pg. 50 (Customers Chap.-1.1.1 Development and infrastructure improvement for distribution); Pg. 52 (Customers Chap. -1.2.1. Development and improvement of distribution infrastructure);			
EU5	Allocation of CO2e emissions allowances or equivalent, broken down by carbon trading framework.	Fully	Pg. 214 (Climate Change Chap.-1.5.1. CDM/JI Portfolio); Pg. 215 (Climate Change Chap. -1.5.3. Carbon funds); Pg. 215-216 (Climate Change Chap.-1.5.4. Voluntary greenhouse gas emission offsets)			
<b>3. Report Parameters</b>						
3.1	Reporting period (e.g., fiscal/ calendar year) for information provided.	Fully	Pg. 43 (First Chap.-9. About this Report, Report Objectives); Pg. 45 (First Chap. About this Report, Completeness)			
3.2	Date of most recent previous report (if any).	Fully	Pg. 45 (First Chap.-8. About this Report, Completeness); ENDESA Sustainability Report 2013			
3.3	Reporting cycle (annual, biennial, etc.)	Fully	Pg. 43-45 (First Chap.-9. About this Report, Report Objectives); Annual Cycle			
3.4	Contact point for questions regarding the report or its contents.	Fully	Pg. 252 -253 (Appendix I).			
3.5	Process for defining report content.	Fully	Pg. 34-36 (First Chap.-8. ENDESA and its Stakeholder Groups, b) Dynamic evaluation and prioritization mechanism for material issues; Materiality Study 2014); Pg. 44 (First Chap.-9. About this Report, Relevance (AA1000 APS) - Materiality (GRI G3.1))			
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	Fully	Pg. 18 (First Chap.-2. About Us); Pg. 43 (First Chap.-9. About this Report)			
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Fully	Pg. 14-19 (First Chap.-2. About Us); Pg. 43-45 (First Chap.-9. About this Report)			



Profile Disclosure	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Fully	Pg. 14-15 (First Chap.-2. About Us)			
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	Fully	Pg. 43-44 (First Chap.-9. About This Report)			
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	Fully	Pg. 14-15 (First Chap.-2. About Us); Pg. 43-44 (First Chap.-9. About this Report)			
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Fully	Pg. 14 (Chap. 2. About Us); Pg. 43-44 (First Chap.-9. About This Report)			
3.12	Table identifying the location of the Standard Disclosures in the report.	Fully	Pg. 3 (Index); Pg. 256 (Appendix III GRI Content)			
3.13	Policy and current practice with regard to seeking external assurance for the report.	Fully	Pg. 45 (First Chap.-8. About This Report, Completeness); Pg. 43-44 (First Chap.-9. About this Report, Report Coverage; Pg. 254-255 (Appendix II-Independent Report Review)			
<b>4. Governance, Commitments, and Engagement</b>						
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Fully	Pg. 112-114 (Governance Chap.-1. ENDESA, model of good governance and transparency); Also see <a href="http://www.endesa.com/en/aboutEndesa/OrganosdeGobierno/OrganosdeGobierno">http://www.endesa.com/en/aboutEndesa/OrganosdeGobierno/OrganosdeGobierno</a>			
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Fully	Pg. 112-114 (Governance Chap.-1. ENDESA, model of good governance and transparency); Also see <a href="http://www.endesa.com/en/aboutEndesa/OrganosdeGobierno/OrganosdeGobierno">http://www.endesa.com/en/aboutEndesa/OrganosdeGobierno/OrganosdeGobierno</a>			
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	Fully	Pg. 112-114 (Governance Chap.-1. ENDESA, model of good governance and transparency); Also see <a href="http://www.endesa.com/en/aboutEndesa/OrganosdeGobierno/OrganosdeGobierno">http://www.endesa.com/en/aboutEndesa/OrganosdeGobierno/OrganosdeGobierno</a>			
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Fully	Pg. 112-114 (Governance Chap.-1.1. Shareholder Participation); Pg. 107 (People Chap.-7. Social Dialogue)			

Profile Disclosure	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	Fully	Pg. 113 (Governance Chap.-1.3. Directors Remuneration)			
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Fully	Pg. 113-114 (Governance Chap.-1.4. Responsibilities and Duties of Directors)			
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	Fully	Pg. 113-114 (Governance Chap.-1.4. Directors' Responsibilities and Duties); Also see <a href="http://www.endesa.com/en/aboutEndesa/OrganosdeGobierno/AppointmentRemunerationCommittee">http://www.endesa.com/en/aboutEndesa/OrganosdeGobierno/AppointmentRemunerationCommittee</a>			
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Fully	Pg. 20 (First Chap.-3.1. Mission, Vision and Values); Pg. 115 (Chap. Good Governance-Code of Ethics and Fight Against fraud and corruption).			
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Fully	Pg. 115-117 (Governance Chap.-2. Code of Ethics and Fight Against Fraud and Corruption)			
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Fully	Pg. 115-117 (Governance Chap.-2. Code of Ethics and Fight Against Fraud and Corruption)			
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Fully	Pg. 21-22 (First Chap.-4. The ENDESA Sustainability Plan)			
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Fully	Pg. 28-29 (First Chap.-6. Compliance with international standards for responsible management)			
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	Fully	Pg. 28-29 (First Chap.-6. Compliance with international Standards for responsible management); Pg. 223 (Climate Change Chap.-3. ENDESA's Presence active in National and/or International Organizations for the Fight Against Climate Change); UNESA Asociación Española de la Industria Eléctrica			
4.14	List of stakeholder groups engaged by the organization.	Fully	Pg. 35 (First Chap.-8. ENDESA and its Stakeholder Groups)			

Profile Disclosure	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission
4.15	Basis for identification and selection of stakeholders with whom to engage.	Fully	Pg. 32 (First Chap.-8. ENDESA and its Stakeholders, An approach to management based on the most advanced principles).			
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Fully	Pg. 32-33 (First Chap.-8. ENDESA and its Stakeholders).			
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Fully	Pg. 37 (First Chap.-8. ENDESA and its Stakeholder Groups, b) Dynamic evaluation and prioritization mechanism for material issues: Materiality Study 2014)			

## STANDARD DISCLOSURES PART II: Disclosures on Management Approach (DMAs)

G3.1 EUSS DMAs	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission	To be reported in
<b>DMA EC</b>	<b>Disclosure on Management Approach EC</b>						
Aspects	Economic performance	Fully	Pg. 139 (Investors Chap.-4. Wealth Generation in 2014)				
	Market presence	Fully	Pg. 15 (First Chap.-2. About Us)				
	Indirect economic impacts	Fully	Pg. 139 (Investors Chap.-4. Wealth Generation in 2014)				
	Availability and reliability	Fully	Pg. 51 (Customers Chap.-1.1.2 Supply Continuity); Pg. 52-53 (Customers Chap.-1.2.2 ENDESA Supply Continuity in Latin America)				
EU6	Management approach to ensure short and long-term electricity availability and reliability	Fully	Pg. 51 (Customers Chap.-1.1.2 Supply Continuity); Pg. 52-53 (Customers Chap.-1.2.2 ENDESA Supply Continuity in Latin America)				
	Demand-side management	Fully	Pg. 177-180 (Cap. Innovación-4.2.1. Active Demand Management).				
EU7	Demand-side management programs including residential, commercial, institutional and industrial programs	Fully	Pg. 168-169 (Innovation Chap.-1. The necessity of promoting change in the energy model); Pg. 179-180 (Innovation Chap.-4.2.1. Active Demand Management).				
	System efficiency	Fully	Pg. 172-173 (Innovation Chap.-2.3. Efficiency in thermal power plants); Pg. 174-175 (Innovation Chap.-3.1. Energy Efficiency)				
	Research and development	Fully	Pg. 173-175 (Innovation Chap.-3. Technological leadership model)				
EU8	Research and development activity and expenditure aimed at providing reliable electricity and promoting sustainable development	Fully	Pg. 50-57 (Customers Chap.-1.1.1. Development and improvement of distribution infrastructures); Pg. 174 (Innovation Chap.-3. Technology leadership model)				

G3.1 EUSS DMAs	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission	To be reported in
	Plant decommissioning	Fully	Future costs which the Group must assume relating to the decommissioning of power plants will be added to the value of the asset at present value including the corresponding provision. The Group revises estimates for these future costs annually and increases or decreases the value of the asset depending on the outcome of said estimate. For nuclear plants this provision includes the estimated amount the Group must pay until, pursuant to Royal Decree 1349/2003, of 31 October and Act 24/2005, of 18 November, Enresa, the public nuclear waste management body, takes over the decommissioning of these facilities.				
EU9	Provisions for decommissioning of nuclear power sites	Fully	Future costs which the Group must assume relating to the decommissioning of power plants will be added to the value of the asset at present value including the corresponding provision. The Group revises estimates for these future costs annually and increases or decreases the value of the asset depending on the outcome of said estimate. For nuclear plants this provision includes the estimated amount the Group must pay until, pursuant to Royal Decree 1349/2003, of 31 October and Act 24/2005, of 18 November, Enresa, the public nuclear waste management body, takes over the decommissioning of these facilities.				
<b>DMA EN</b>	<b>Disclosure on Management Approach EN</b>						
Aspects	MaterialsCOMM	Fully	Pg. 171 (Innovation Chap.-2.1. Fuel Consumption)				
	Energy	Fully	Pg. 171 (Innovation Chap.-2.1. Fuel Consumption)				
	WaterCOMM	Fully	Pg. 145-147 (Environment Chap.-3. Integrated water management, Water use and consumption)				
	BiodiversityCOMM	Fully	Pg. 157 (Environment Chap.-7. Biodiversity Conservation)				
	Emissions, effluents and wasteCOMM	Fully	Pg. 222 (Climate Change Chap.-2.2.1.CO <sub>2</sub> Emissions); Pg. 155-156 (Environment Chap.-6.2. Waste management and reduction); Pg. 146 (Environment Chap.-3.2. Water discharges)				
	Products and services	Fully	Pg. 69 (Customers Chap.-5. Safety and ongoing improvement in all stages of the life cycle of ENDESA's products and services)				
	Compliance	Fully	Pg. 153 (Environment Chap.-5.3. Management of environmental incidents)				
	Transport	Fully	ENDESA's indirect GEI emissions, that is to say, those not created by electrical generation, such as trips in cars or in other types of transportation, have a dimension that may be considered irrelevant in absolute terms.				
	Overall	Fully	Pg. 144 (Environment Chap.-1. ENDESA's response to environmental challenges)				

G3.1 EUSS DMAs	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission	To be reported in
<b>DMA LA</b>	<b>Disclosure on Management Approach LA</b>						
Aspects	Employment	Fully	Pg. 75 (People Chap.)				
EU14	Programs and processes to ensure the availability of a skilled workforce	Fully	Pg. 97-99 (People Chap.-5. Training at ENDESA); Pg. 79 (People Chap.-2.2 Workplace accident prevention, training and inspections)				
EU15	Percentage of employees eligible to retire in the next 5 and 10 years broken down by job category and by region	Fully	Pg. 77 (People Chap.-1. ENDESA's workforce)				
EU16	Policies and requirements regarding health and safety of employees and employees of contractors and subcontractors	Fully	Pg. 79-80 (People Chap.-2. ENDESA, a safe and healthy environment); Pg. 191-192 (Partners Chap.-2. Expanding safety and health to partner businesses)				
	Labor/management relations	Fully	Pg. 86-87 (People Chap.-3. Responsible management of people at ENDESA); Pg. 107 (People Chap.-7. Social Dialogue)				
	Occupational health and safety	Fully	Pg. 78 (People Chap.-2. ENDESA: a safe and healthy environment); Pg. 196-197 (Partners Chap.-2.3. Results of a joint effort)				
	Training and education	Fully	g. 98 (People Chap.-5. Training at ENDESA); Pg. 79 (People Chap.-2.2. Workplace accident prevention, training and inspections)				
	Diversity and equal opportunity	Fully	Pg. 75-77 (People Chap.-1. ENDESA's workforce)				
	Equal remuneration for women and men	Fully	Pg. 104 (People Chap.-6.4. Remuneration policy)				
<b>DMA HR</b>	<b>Disclosure on Management Approach HR</b>						
Aspects	Investment and procurement practices	Fully	Pg. 190 (Partners Chap.-1.4. Global Compact and Code of Ethics)				
	Non-discrimination	Fully	Pg. 86-89 (People Chap.-3. Responsible people management at ENDESA)				
	Freedom of association and collective bargaining	Fully	Pg. 107 (People Chap.-7. Social Dialogue)				
	Child labor	Fully	Pgs. 30-31 (First Chap.-7. Protection of human rights)				
	Prevention of forced and compulsory labor	Fully	Pgs. 30-31 (First Chap.-7. Protection of human rights)				
	Security practices	Fully	Pg. 79 (People Chap.-2.2. Workplace accident prevention, training and inspections)				
	Indigenous rights	Fully	Pg. 30-31 (First Chap.-7. Protection of human rights); Pg. 190 (Partners Chap.-1.4. Global Compact and Code of Ethics)				
	Assessment	Fully	Pg. 30-31 (First Chap.-7. Protection of human rights); Pg. 190 (Partners Chap.-1.4. Global Compact and Code of Ethics)				
	Remediation	Fully	Pg. 30-31 (First Chap.-7. Protection of human rights)				
<b>DMA SO</b>	<b>Disclosure on Management Approach SO</b>						
Aspects	Local communities	Fully	Pg. 39-41 (First Chap.-8.1. Management of Impacts on Local Communities)				

G3.1 EUSS DMAs	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission	To be reported in
EU19	Stakeholder participation in the decision making process related to energy planning and infrastructure development.	Fully	Pg. 54 (Customers Chap.-1.4. Programmes to improve or maintain access to electricity)				
EU20	Approach to managing the impacts of displacement	Fully	Pg. 39-41 (First Chap.-8.1. Management of Impacts on Local Communities)				
	Corruption	Fully	Pg. 115 (Governance Chap.-2. Code of Ethics and Fight Against Fraud and Corruption)				
	Public policy	Fully	Pg. 222 (Climate Change Chap.-2. Institutional allies in the fight against climate change).				
	Anti-competitive behavior	Fully	Pg. 115 (Governance Chap.-2. Code of Ethics and Fight Against Fraud and Corruption)				
	Compliance	Fully	Pg. 117-122 (Governance Chap.-2.2. Sanctions)				
	Disaster/Emergency planning and response	Fully	5. Safety and continual improvement in all stages of the life cycle of ENDESA's products and services Pg. 69 (Customers Chap.-5. Safety and continual improvement in all phases of the life cycle of ENDESA's products and services); Pg. 42 (First Chap., 8.2.3. Management of emergencies in Nuclear Power Plants)				
EU21	Contingency planning measures, disaster/emergency management plan and training programs, and recovery/ restoration plans.	Fully	Pg. 69 (Customers Chap.-5. Safety and continual improvement in all phases of the life cycle of ENDESA's products and Services); Pg. 42; 8.2.3. Management of emergencies in nuclear power plants)				
<b>DMA PR</b>	<b>Disclosure on Management Approach PR</b>						
Aspects	Customer health and safety	Fully	Pg. 69 (Customers Chap.-5. Safety and continual improvement in all phases of the life cycle of ENDESA's products and services); Pg. 42 (First Chap. Chapter-8.2 Management of ENDESA's nuclear activity)				
	Product and service labelling	Fully	Pg. 61-62 (Customers Chap.-2.3. Responsibility for informing customers about ENDESA's products and services)				
	Marketing communications	Fully	Pg. 63-65 (Customers Chap.-3. ENDESA's satisfaction)				
	Customer privacy	Fully	Pg. 61-62 (Customers Chap.-2.3. Responsibility for informing customers about ENDESA's products and services)				
	Compliance	Fully	Pg. 61-62 (Customers Chap.-2.3. Responsibility for informing customers about ENDESA's products and services)				
	Access	Fully	Pg. 235 (Strengthening Ties Chap.-3.1. Enabling Electricity Project); Pg. 236-238 (Strengthening Ties Chap.-4.2. Energy Access Projects in Spain and Portugal)				



G3.1 EUSS DMAs	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission	To be reported in
EU23	Programs, including those in partnership with government, to improve or maintain access to electricity and customer support services.	Fully	Pg. 54 (Customers Chap.-1.4. Programmes to improve or maintain access to electricity); Pg. 235 (Strengthening Ties Chap.-3.1. Enabling Electricity Project); Pg. 236-238 (Strengthening Ties Chap.-4.2. Energy Access Projects in Spain and Portugal);				
	Provision of information	Fully	Pg. 62 (Customers Chap.-2.3.1 Eliminating barriers)				
EU24	Practices to address language, cultural, low literacy and disability related barriers to accessing and safely using electricity and customer support services	Fully	Pg. 62 (Customers Chap.-2.3.1 Eliminating barriers)				

## STANDARD DISCLOSURES PART III: Performance Indicators

Indicator	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission	To be reported in
<b>ECONOMIC</b>							
<b>Economic performance</b>							
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.	Partially	Pg. 139 (Investors Chap.-4. Wealth Generation in 2014) Pg. 225 (Strengthening Ties Chap.); Direct Economic Value generated: revenues 21.512 millions of euros; we do not have the information for payments to capital suppliers with a disaggregated criteria; we do not have a break-down of payments to governments	Direct economic value distributed: payments to providers of capital; Direct economic value distributed: payments to governments (by country)	Proprietary information	The economic information published in the Sustainability Report adopts the way defined in the Company's Legal Report	
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Fully	Pg. 205 (Climate Change Chap. -Challenges 2014): Pg. 206 (Climate Change Chap.-1. ENDESA's contribution to the fight against climate change). 214 (Climate Change Chap.-1.5.1 CDM/ JI portfolio)				
EC3	Coverage of the organization's defined benefit plan obligations.	Fully	Pg. 105-106 (People Chap.-6.4. Pension Plans); the conditions of the pension plan are shown in the company's framework agreements				
EC4	Significant financial assistance received from government.	Fully	Pg. 139 (Shareholders and Investors Chap.-4. Generation of Wealth in 2014); The government is not present in the Company's shareholdings				
<b>Market Presence</b>							
EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	Not					
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Fully	Pg. 198-199 (Governance Chap.-Partners-3. Commitment to local suppliers)				

Indicator	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission	To be reported in
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Fully	Pg. 102-103 (People Chap.-6. Attracting and retaining talent 6.2. Selection of personnel)				
<b>Indirect economic impacts</b>							
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Fully	Pg. 234-235 (Strengthening ties with local communities Chap.- Social Initiatives)				
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Fully	Pg. 232-233 (Strengthening ties with local communities Chap.- 2.3. ENDESA's activities in social development)				
<b>Availability and reliability</b>							
EU10	Planned capacity against projected electricity demand over the long term, broken down by energy source and regulatory regime.	Fully	Pg. 50-51/52 (Customers Chap.- 1.1.1./1.2.1. Development and improvement of distribution infrastructure)				
<b>System efficiency</b>							
EU11	Average generation efficiency of thermal plants by energy source and regulatory regime.	Fully	Pg. 172-173 (Innovation Chap.-2.3. Efficiency in power plants)				
EU12	Transmission and distribution losses as a percentage of total energy.	Fully	Pg. 174-175 (Innovation Chap.-3.1. Energy efficiency)				
<b>ENVIRONMENTAL</b>							
<b>Materials</b>							
EN1 COMM	Materials used by weight or volume.	Fully	Pg. 171 (Innovation Chap.-2.1. Fuel Consumption)				
EN2	Percentage of materials used that are recycled input materials.	Fully	Pg. 156 (Environment Chap.-6.3. Recovery of materials from ash and slag); Pg. 273 Appendix IV				
<b>Energy</b>							
EN3	Direct energy consumption by primary energy source.	Fully	Pg. 171-172 (Innovation Chap.-2.2. Electricity consumption)				
EN4	Indirect energy consumption by primary source.	Fully	Pg. 171-172 (Innovation Chap.-2.2. Electricity consumption)				
EN5	Energy saved due to conservation and efficiency improvements.	Fully	Pg. 172-173 (Governance Chap.- 2.3. Efficiency of thermal power plants); Pg. 179-180 (Innovation Chap.-4.2. Efficiency in final energy use)				
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Fully	Pg. 66-68 (Customers Chap.-4. ENDESA's efficient products and services)				
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Fully	Pg. 171-172 (Innovation Chap.-2.2. Electricity consumption)				
<b>Water</b>							
EN8 COMM	Total water withdrawal by source.	Fully	Pg. 145-147 (Environment Chap.-3. Integrated water management, total water uptake by sources)				
EN9	Water sources significantly affected by withdrawal of water.	Fully	Pg. 274 Appendix IV				

Indicator	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission	To be reported in
EN10	Percentage and total volume of water recycled and reused.	Fully	Pg. 145-147 (Environment Chap.-3. Integrated water management)				
<b>Biodiversity</b>							
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Fully	Pg. 163 (Environment Chap.-7.2. Land adjacent to or located in protected natural areas)				
EN12 COMM	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Fully	Pg. 157-163 (Environment Chap.-7. Biodiversity Conservation)				
EU13	Biodiversity of offset habitats compared to the biodiversity of the affected areas	Fully	Pg. 157-163 (Environment Chap.-7. Biodiversity Conservation)				
EN13	Habitats protected or restored.	Fully	Pg. 162-163 (Environment Chap.-7. Biodiversity Conservation)				
EN14 COMM	Strategies, current actions, and future plans for managing impacts on biodiversity.	Fully	Pg. 157-163 (Environment Chap.-7. 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.	Not					
<b>Emissions, effluents and waste</b>							
EN16 COMM	Total direct and indirect greenhouse gas emissions by weight.	Fully	Pg. 222 (Climate Change Chap.-2.2.1. CO <sub>2</sub> emissions)				
EN17	Other relevant indirect greenhouse gas emissions by weight.	Fully	ENDESA's indirect GEI greenhouse gas emissions, that is to say, those not resulting from not form electricity generations, such as those due to trips in cars or in other types of transportation, have a dimension that can be considered irrelevant in absolute terms.				
EN18 COMM	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Fully	Pg. 207-208/213-214 (Climate Change Chap.-1. ENDESA's contribution to the fight against climate change).				
EN19	Emissions of ozone-depleting substances by weight.	Fully	Pg. 155 (Environment Chap.-6.1.3. Emissions of ozone-depleting substances).				
EN20 COMM	NOx, SOx, and other significant air emissions by type and weight.	Fully	Pg. 154-156 (Environment Chap.-6. Management and regulation of emissions)				
EN21 COMM	Total water discharge by quality and destination.	Fully	Pg. 146 (Environment Chap.-3.2. Water discharges)				
EN22 COMM	Total weight of waste by type and disposal method.	Partially	Pg. 155-156 (Environment Chap.-6.2. Waste management and reduction)	Total quantity of waste (measurement in tonnes) for composting, reuse, recycling, incineration, landfill or deep well injection	Not applicable	There is no information available concerning the final destination as this waste is sent for recovery at external facilities by authorised waste	
EN23	Total number and volume of significant spills.	Fully	Pg. 153 (Environment Chap.-5.3. Management of environmental incidents)				

Indicator	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission	To be reported in
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.	Not					
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.	Fully	Pg. 275 Appendix IV				
<b>Products and services</b>							
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Fully	Pg. 146 (Environment Chap.-3. Integrated water management, Water use and consumption, Process water consumption); Pg. 148 (Cap. Environment-4.1. Eliminating environmental liabilities)				
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Fully	ENDESA does not produce significant quantities of packaged goods intended for sale.				
<b>Compliance</b>							
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Fully	Pg. 117-122 (Governance Chap.-2.2. Sanctions applied)				
<b>Transport</b>							
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	Not					
<b>Overall</b>							
EN30	Total environmental protection expenditures and investments by type.	Fully	Pg. 144 (Environment Chap.-2. Significant investment)				
<b>SOCIAL: LABOR PRACTICES AND DECENT WORK</b>							
<b>Employment</b>							
LA1 COMM	Total workforce by employment type, employment contract, and region, broken down by gender.	Fully	Pg. 75-78 (People Chap.-1. ENDESA's workforce)				
LA2 COMM	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	Fully	Pg. 100/102 (People Chap.-6.6. Attracting and retaining talent)				
EU17	Days worked by contractor and subcontractor employees involved in construction, operation and maintenance activities.	Fully	Pg. 189 (People Chap. Partners-1. Commitment to our partners)				
EU18	Percentage of contractor and subcontractor employees that have undergone relevant health and safety training.	Fully	Pg. 195-196 (Our partners Chap.-2.2. Contractor Training)				

Indicator	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission	To be reported in
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Fully	Pg. 105-106 (People Chap.-6.4. Pension plans)				
LA15	Return to work and retention rates after parental leave, by gender.	Fully	Pg. 89-91 (People Chap.-3.1.2. Striking a balance between professional, personal and family life).				
<b>Labor/management relations</b>							
LA4 COMM	Percentage of employees covered by collective bargaining agreements.	Fully	Pg. 107 (People Chap.-7. Social dialogue)				
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Fully	Pg. 107 (People Chap.-7. Social dialogue); Pg. 275 Appendix IV				
<b>Occupational health and safety</b>							
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.	Fully	Pg. 80-82 (People Chap.-2.4. Occupational Health and Safety Committees); Pg. 276 Appendix IV				
LA7 COMM	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	Fully	Pg. 82-85 (People Chap.-2.5. Lower accident rates); Pg. 196-197 (Partners Chap.-2.3. Results of a joint effort)				
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Fully	Pg. 79 (People Chap.-2.2. Workplace accident prevention, training and inspections)				
LA9	Health and safety topics covered in formal agreements with trade unions.	Fully	Pg. 107 (People Chap.-7. Social dialogue); see publication of ENDESA's Framework Agreement in the Official State Gazette <a href="http://www.boe.es/boe/dias/2014/02/13/pdfs/BOE-A-2014-1561.pdf">http://www.boe.es/boe/dias/2014/02/13/pdfs/BOE-A-2014-1561.pdf</a>				
<b>Training and education</b>							
LA10	Average hours of training per year per employee by gender, and by employee category.	Fully	Pg. 97-99 (People Chap.-5. Training at ENDESA)				
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Fully	Pg. 95-96 (People Chap.-4.1. Leadership model); Pg. 97-99 (People Chap.-5. Training at ENDESA)				
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	Fully	Pg. 95-96 (People Chap.-4.1. Leadership model)				
<b>Diversity and equal opportunity</b>							
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	Fully	Pg. 75-78 (People Chap.-1. ENDESA's workforce); also see <a href="http://www.endesa.com/en/aboutEndesa/OrganosdeGobierno/OrganosdeGobierno">http://www.endesa.com/en/aboutEndesa/OrganosdeGobierno/OrganosdeGobierno</a>				

Indicator	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission	To be reported in
<b>Equal remuneration for women and men</b>							
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	Fully	Pg. 103-105 (People Chap.-6.4. Remuneration policy)				
<b>SOCIAL: HUMAN RIGHTS</b>							
<b>Investment and procurement practices</b>							
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	Fully	Pg. 190 (Partners Chap.-1.4. Global Compact and Code of Ethics)				
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.	Fully	Pg. 190 (Partners Chap.-1.4. Global Compact and Code of Ethics)				
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Fully	Pg. 79 (People Chap.-2.2. Workplace accident prevention, training and inspections) Pg. 97-99 (People Chap.-5. Training at ENDESA)				
<b>Non-discrimination</b>							
HR4	Total number of incidents of discrimination and corrective actions taken.	Fully	Pg. 115-117 (Governance Chap.-2.1.1. Ethics channel)				
<b>Freedom of association and collective bargaining</b>							
HR5 COMM	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	Fully	Pg. 30-31 (First Chap.-7. Protection of human rights)				
<b>Child labor</b>							
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	Fully	Pg. 30-31 (First Chap.-7. Protection of human rights)				
<b>Prevention of forced and compulsory labor</b>							
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	Fully	Pg. 107 (People Chap.-7. Social dialogue); Pg. 190 (Partners Chap.-1.4. Global Compact and Code of Ethics)				
<b>Security practices</b>							
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	Fully	Pg. 99 (People Chap.-5.1. Key Indicators and Relevant Aspects)				



Indicator	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission	To be reported in
<b>Indigenous rights</b>							
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	Fully	Pg. 30-31 (First Chap.-7. Protection of human rights)				
<b>Assessment</b>							
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	Fully	Pg. 30-31 (First Chap.-7. Protection of human rights); Pg. 190 (Partners Chap.-1.4. Global Compact and Code of Ethics)				
<b>Remediation</b>							
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	Fully	Pg. 30-31 (First Chap.-7. Protection of Human Rights)				
<b>Social: Society</b>							
Indicator	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission	To be reported in
<b>Local communities</b>							
SO1 COMM (EUSS)	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	Fully	Pg. 39-41 (First Chap.-8.1. Impact management in local communities); Pg. 230-231 (Strengthening Ties Chap.-2.1. Contribution to Social Development)				
SO1 (G3.1)	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	Fully	Pg. 39-41 (First Chap.-8.1. Impact management in local communities); Pg. 235 (Strengthening Ties Chap.-3.1. Enabling Electricity Project)				
EU22	Number of people physically or economically displaced and compensation, broken down by type of project.	Fully	Pg. 276 Appendix IV				
SO9	Operations with significant potential or actual negative impacts on local communities.	Fully	Pg. 39-41 (First Chap.-8.1. Impact management in local communities)				
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	Fully	Pg. 39-41 (First Chap.-8.1. Impact management in local communities); Pg. 235 (Strengthening Ties Chap.-3.1. Enabling Electricity Project)				
<b>Corruption</b>							
SO2	Percentage and total number of business units analyzed for risks related to corruption.	Fully	Pg. 117 (Governance Chap.-2. Code of Ethics and Fight Against Fraud and Corruption)				
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Fully	In 2014, no training was conducted in this area for management and non-management personnel in Spain, Portugal, Argentina and Brazil. Percentages in Chile Management 52, Middle Management 64, Administrators and Office Personnel 54, Workers 43; Percentages in Peru: Management 45, Middle Management 20, Administrators and Office Personnel 0, Workers 0; Percentages Colombia: Management 0, Middle Management 85, Administrators and Office Personnel no figures, Workers 33				

Indicator	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission	To be reported in
SO4	Actions taken in response to incidents of corruption.	Fully	Pg. 115-117 (Governance Chap.-2. Code of Ethics and Fight Against Fraud and Corruption)				
<b>Public policy</b>							
SO5	Public policy positions and participation in public policy development and lobbying.	Fully	Pg. 219-222 (Climate Change Chap.-2. Institutional allies in combating climate change)				
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Not					
<b>Anti-competitive behavior</b>							
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	Not					
<b>Compliance</b>							
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Fully	Pg. 117-122 (Governance Chap.-2.2. Sanctions)				
<b>SOCIAL: PRODUCT RESPONSIBILITY</b>							
<b>Customer health and safety</b>							
PR1 COMM	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.	Fully	Pg. 69 (Customers Chap.-5. Safety and ongoing improvement in all stages of the life cycle of ENDESA's products and services); Pg. 79 (People Chap.-2.1. Common occupational health and safety management)				
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Not					
EU25	Number of injuries and fatalities to the public involving company assets, including legal judgments, settlements and pending legal cases of diseases.	Fully	Pg. 117-122 (Governance Chap.-2.2. Sanctions applied)				
<b>Product and service labeling</b>							
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Fully	Pg. 61-62 (Customers Chap.-2.3. Responsibility for informing customers about ENDESA's products and services)				
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	Not					
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Fully	Pg. 63-65 (Customers Chap.-3. Customer satisfaction)				

Indicator	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission	To be reported in
<b>Marketing communications</b>							
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Fully	Pg. 61-62 (Customers Chap.-2.3. Responsibility for informing customers about ENDESA's products and services)				
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.	Not					
<b>Customer privacy</b>							
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Not					
<b>Compliance</b>							
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Fully	Pg. 117-118 (Governance Chap.-2.2. Sanctions)				
<b>Access</b>							
EU26	Percentage of population unserved in licensed distribution or service areas.	Fully	Pg. 51 (Customers Chap.-1.1.2. Supply Continuity); Pg. 54 (Customers Chap.-1.4. Programmes to improve or maintain access to electricity)				
EU27	Number of residential disconnections for non-payment, broken down by duration of disconnection and by regulatory regime.	Fully	Pg. 53 (Customers Chap.-1. Quality of electricity supply as a priority)				
EU28	Power outage frequency.	Fully	Pg. 51 (Customers Chap.-1.1.2. Supply Continuity); Pg. 52-53 (Customers Chap.-1.2.2. ENDESA Supply Continuity in Latin America)				
EU29	Average power outage duration.	Fully	Pg. 51 (Customers Chap.-1.1.2. Supply Continuity); Pg. 52-53 (Customers Chap.-1.2.2. ENDESA Supply Continuity in Latin America)				
EU30	Average plant availability factor by energy source and by regulatory regime.	Fully	Pg. 172-173 (Innovation Chap.-2.3. Efficiency in thermal power plants)				

# Appendix IV. Other GRI Indicators

## EN2 Percentage of materials used that are recycled input materials

	Unit	Spain and Portugal
Brine reused, rather than using sulphuric acid	Tonnes	0.00
Other materials	Tonnes	0.00
Lime reused in desulphurisation	Tonnes	0.00
Other materials	Tonnes	0.08
Sludge reused, rather than using iron chloride	Tonnes	0.00
Other materials	Tonnes	6.93
Other materials	Tonnes	1.14
Lubricating oil filtered and reused	Tonnes	0.00
Other materials		31.46
Other materials	Tonnes	0.18
<b>Total recycled</b>	<b>Tonnes</b>	<b>39.79</b>

## Types of hazardous and non-hazardous waste and amount recovered

Non-hazardous waste	Unit	ENDESA		
		2012	2013	2014
Sludge	Tonnes	84,769.22	12,250.16	10,417.20
Amount recovered at external facilities	Tonnes	3,620.71	2,511.64	4,681.86
Machinery and equipment	Tonnes	12,494.32	1,461.69	1,340.53
Amount recovered at external facilities	Tonnes	7,273.22	1,546.89	1,280.18
Packaging	Tonnes	268.78	2,217.35	450.96
Amount recovered at external facilities	Tonnes	242.73	2,168.86	445.94
Solid waste	Tonnes	135,015.47	68,323.22	
Amount recovered at external facilities	Tonnes	43,790.46	54,488.06	
Liquid wastes	Tonnes	0.00	0.00	
Amount recovered at external facilities	Tonnes	0.00	0.00	
Other waste	Tonnes	43,360.95	44,603.64	59,849.82
Amount recovered at external facilities	Tonnes	2,271.79	30,499.84	58,074.72
<b>Total produced</b>	<b>Tonnes</b>	<b>275,908.74</b>	<b>128,856.06</b>	<b>72,058.50</b>
<b>Total recovered</b>	<b>Tonnes</b>	<b>57,198.91</b>	<b>91,215.28</b>	<b>64,482.69</b>

Hazardous waste	Unit	ENDESA		
		2012	2013	2014
Used oils	Tonnes	2,050.7	1,895.1	1,316.04
Amount recovered at external facilities	Tonnes	1,732.8	1,688.8	1,081.79
Machinery and equipment	Tonnes	2,449.7	2,410.3	1,911.02
Amount recovered at external facilities	Tonnes	2,680.2	2,186.8	1,804.63
Used batteries	Tonnes	149.1	194.8	98.41
Amount recovered at external facilities	Tonnes	61.1	101.7	69.28
Materials with asbestos	Tonnes	742.7	2,272.8	932.29
Amount recovered at external facilities	Tonnes	0.1	36.8	18.50
Sent for vitrification	Tonnes	0.0	0.0	0.00
Solid waste	Tonnes	19,085.4	1,116.4	
Amount recovered at external facilities	Tonnes	18,788.5	193.0	
Liquid wastes	Tonnes	1,668.2	1,360.6	
Amount recovered at external facilities	Tonnes	54.6	340.2	
Other waste	Tonnes	2,984.0	7,693.4	10,494.33
Amount recovered at external facilities	Tonnes	542.5	1,904.7	2,797.48
<b>Total produced</b>	<b>Tonnes</b>	<b>29,129.6</b>	<b>16,943.4</b>	<b>14,752.09</b>
<b>Total recovered</b>	<b>Tonnes</b>	<b>23,860.0</b>	<b>6,452.0</b>	<b>5,771.68</b>

## EN9 Water sources significantly affected by withdrawal of water

### Water sources that have been significantly affected by withdrawal of water

		Spain and Portugal	Latin America	Argentina	Chile	Brazil	Peru	Colombia	Total
<b>Bodies of water significantly affected</b>									
Withdrawals ≥5% vol. total annual average for body of water	2013	124	20	1	12	0	4	3	144
	2014	124	32	1	24	0	4	3	188
Withdrawals from significant water bodies	2013	9	4	1	2	0	0	1	13
	2014	9	4	2	1	0	0	1	17
Withdrawals from listed wetland or protected areas	2013	8	0	0	0	0	0	0	8
	2014	8	0	0	0	0	0	0	8
Withdrawals from sources located in national conservation areas	2013	76	1	0	0	0	0	1	77
	2014	76	1	0	0	0	0	1	78
Withdrawals from an internationally proclaimed conservation area	2013	73	0	0	0	0	0	0	73
	2014	73	0	0	0	0	0	0	73
<b>Total bodies of water significantly affected</b>	<b>2013</b>	<b>290</b>	<b>25</b>	<b>2</b>	<b>14</b>	<b>0</b>	<b>4</b>	<b>5</b>	<b>315</b>
	<b>2014</b>	<b>290</b>	<b>37</b>	<b>3</b>	<b>25</b>	<b>0</b>	<b>4</b>	<b>5</b>	<b>364</b>

### Characteristics of significantly affected water bodies

Size (m³)	2013	395,324,000	30,100,000,000	21,000,000,000	6,199,722,000	645,000,000	2,000,000	2,200,000,000	30,445,855,000
	2014	395,324,000	21,464,956,000	20,600,000,000	343,956,000	519,000,000	2,000,000	0	43,325,236,000
Flow (m³/sec)	2013	2,525.70	7,905.80	3,560	1,435.20	2,400	51.24	459.36	10,431.60
	2014	2,525.70	4,125	880	2,700.50	4	60.9	479.32	10,775.14
Designated as a protected area	2013	76	1	0	1	0	0	0	77
	2014	76	1	0	1	0	0	0	78
Value of biodiversity 1=Yes; 0=No	2013	76	2	0	2	0	0	0	78
	2014	76	12	0	12	0	0	0	100

## EN25 Identification, size, conservation status and biodiversity value of water resources and related habitats, significantly affected by the reporting organisation's water discharges and runoff

### Bodies of water affected by discharge

		Spain and Portugal	Latin America	Argentina	Chile	Brazil	Peru	Colombia	Total
<b>Bodies of water significantly affected</b>									
Withdrawals ≥5% vol. total annual average for body of water	2013	4	25	0	9	1	4	11	29
	2014	4	25	0	9	1	4	11	54
Withdrawals from significant water bodies	2013	34	1	0	1	0	0	0	36
	2014	34	1	1	0	0	0	0	36
Withdrawals from listed wetland or protected areas	2013	3	0	0	0	0	0	0	3
	2014	3	0	0	0	0	0	0	3
Withdrawals from sources located in national conservation areas	2013	61	1	0	0	0	0	1	63
	2014	61	1	0	0	0	0	1	63
Withdrawals from an internationally proclaimed conservation area	2013	56	0	0	0	0	0	0	56
	2014	56	0	0	0	0	0	0	56
<b>Total bodies of water significantly affected</b>	<b>2013</b>	<b>158</b>	<b>27</b>	<b>0</b>	<b>10</b>	<b>1</b>	<b>4</b>	<b>12</b>	<b>212</b>
	<b>2014</b>	<b>158</b>	<b>28</b>	<b>1</b>	<b>10</b>	<b>1</b>	<b>4</b>	<b>12</b>	<b>214</b>

### Characteristics of significantly affected water bodies

Size (m³)	2013	341,000,000.0	948,743,139.4	400,000,000.0	0.0	519,000,000.0	0.0	29,743,139.0	2,238,486,278.4
	2014	341,000,000.0	689,000.0			689,000.0			342,378,000.0
Flow (m³/sec)	2013	1,043.8	29,524.4	22,720.0	3,519.3	2,400.0	118.6	766.5	60,092.5
	2014	1,043.8	27,991.0	23,500.0	3,591.3	0.0	154.6	744.8	57,025.5
Designated as a protected area	2013	60.0	0.0	0.0	0.0	0.0	0.0	0.0	60.0
	2014	60.0	0.0	0.0	0.0	0.0	0.0	0.0	60.0
Value of biodiversity 1=Yes; 0=No	2013		0.0	0.0	0.0	0.0	0.0	0.0	0.0
	2014	59.0	0.0	0.0	0.0	0.0	0.0	0.0	59.0

## L A5 Minimum notice period regarding operational changes including if these notifications are specified in collective agreements

Contents		Spain	Argentina	Chile*	Brazil	Peru	Colombia
Indicate the minimum number of weeks with which workers are given notice and the elected representatives that are generally used prior to making significant operational changes that could significantly affect them (1)	2012	4 weeks	Gx no figures, Dx 2 months	1	no figures	no figures	no figures
	2013	4 weeks	1 month for layoff	1	no figures	no figures	no figures
	2014	4 weeks	1 month for layoff	1		no figures	no figures

(1) Organizational changes with significant repercussions for employees would include restructuration, externalization of operations, closures, expansions, new openings, acquisitions and total or partial sale of the organisation.

\* Weeks

Gx: Generation. Dx: Distribution.



## L A6 Total percentage of workers represented by joint management-worker health and safety committees, established to help control and evaluate workplace health and safety programs

Contents		Spain and Portugal	Argentina	Chile	Brazil	Peru	Colombia
	2012	11,685	3,480	2,446	2,735	910	1,632
<b>Total Number of Workers</b>	2013	11,086	3,963	2,507	2,672	938	1,746
	2014	10,515	4,463	2,594	2,645	947	1,625
Workers represented in formal joint management-worker health and safety committees	2012	11,086	2,663	2,507	2,672	938	1,746
	2013	11,086	3,922	2,439	2,678	932	0
	2014	10,505	4,374	2,510	2,645	947	1,625
Total percentage of workers represented in formal joint management-worker health and safety committees (1)	2012	100%	>75%	>75%	100%	100%	100%
	2013	100%	>75%	>75%	100%	100%	100%
	2014	100%	98%	97%	100%	100%	100%

## EU22 People physically or economically displaced and the compensation offered broken down by project and type of impact

Contents		Spain and Portugal	Argentina	Chile	Brazil	Peru	Colombia
Total number of people economically and physically displaced (1)	2012	0	0	425	0	0	1,812
	2013	0	0	83	0	0	1,039
	2014		0	68	0	N.A.	613
Total number of people displaced in plant expansion projects	2012	0	0		0	0	
	2013	0	0		0	0	
	2014		0	0	0	N.A.	
Total number of people displaced in the construction of new plants	2012	0	0	425	0	0	
	2013	0	0	83	0	0	
	2014		0	68	0	N.A.	
Total number of people displaced in the construction of new lines	2012	0	0		0	0	
	2013	0	0		0	0	
	2014		0	0	0	N.A.	
Total number of people displaced in other types of projects	2012	0			0	0	
	2013	0	0		0	0	
	2014		0	0	0	N.A.	
Total number of people compensated including those who may have been positively impacted (2)	2012	0	0.00	425.00	0	0.00	1,270.00
	2013	0	0.00	83.00	45	0.00	1,039.00
	2014		0	68	50	N.A.	613

(1) Physical displacement can be defined as relocation or loss of housing. Economic displacement means that goods or the option to access goods is lost, resulting in a loss in terms of means of subsistence.

(2) Includes: access to electricity, new employment opportunities, etc.



**Editing:**

Communications Department

**Design:**

Communications Department / Moonbook

**Layout and Pre-press:**

CLS Communication

**Printing:**

Tf Artes Gráficas  
Committed to the Environment

**Legal deposit:**

M-7108-2015

*This publication has been produced according to the ISO 9001:2008 Quality Management System and the ISO 14001:2004 Environmental Management System standards. Said systems verify at all times that the process is carried out optimizing both the productive aspect and waste management, pursuant to current regulations. All paper used comes from responsibly managed forests and has been manufactured free of elemental chlorine (EFC) with neutral pH, and is free of heavy metals. Paper suitable for filing according to the ISO 9076 norm.*



Printed on FSC certified paper®

