

ANNUAL REPORT 2015

SUSTAINABILITY REPORT



endesa

Index

Letter from the Chairman	4
Letter from the CEO	6
Getting to know ENDESA	13
Defining priorities	47
Sustainability Plan	63
Our Performance	71

New energy culture	73
Electricity, society's energy vector	74
Social-economic development and social confidence	96
Responsible Business Management	117
Ethical Conduct	118
Attraction of socially responsible investment	132
Operative Excellence	138
Development, merit and talent	156
Diversity and conciliation	176
Occupational health and safety	184
Operational eco-efficiency	192
Biodiversity	238
Supply chain	250

Appendices 263

Appendix I. ENDESA's commitment to information on sustainability	264
Appendix II. Independent review report	266
Appendix III. GRI content index, in accordance with G4 guidelines	268
Appendix IV. List of relevant KPIs for each material aspect	272

Letter from the Chairman



Borja Prado Eulate
Chairman of ENDESA

G4-1

It is my pleasure to present to you ENDESA's fifteenth Sustainability Report, by which the Company performs an act of transparency and publishes all the relevant information regarding sustainability corresponding to the 2015 financial year. This report therefore responds to our stakeholders' requirement for information concerning the priority issues which might have a significant impact on our business.

2015 has been the first complete financial year wherein ENDESA has concentrated the entirety of its activity on the Spanish and Portuguese markets, having sold its interests in Latin America in the third quarter of 2014. During this year, a new organisational structure has been implemented, adapted to ENDESA's change in scope. Furthermore, the management of all the sustainability-related issues has been set at a higher position in the hierarchical organisation chart, now depending directly on the CEO. On the other hand, also in 2015, the regulations of ENDESA's Board of Directors were modified, assigning to the Board the express responsibility for approving the corporate social responsibility policy, and assigning to the Auditing and Compliance Committee a wide range of supervisory functions regarding corporate social responsibility.

ENDESA's view of sustainability is strongly linked to our new strategic position, which we have called "Open Power", the aim of which is to accelerate ENDESA's opening-up process in order to bring our company nearer to society and to face new challenges more effectively. The "Open Power" concept was designed by the Enel Group, to which ENDESA belongs, and it translates into four fundamental values: responsibility, innovation, confidence and proactivity. This change of attitude intends to encompass all the Company's industrial and commercial processes and to act as a guide to orient investments and relationships with the stakeholders.

ENDESA's Sustainability strategy is part of the Company's general strategy, and is included and systematized in ENDESA's 2015-2019 Sustainability Plan. The main objective of this plan is to establish the basis for the implementation of a new energy culture, with the aim of encouraging the use of electrical power due to its being the most sustainable energy vector. Our commitment implies concentrating on the development of renewable technologies for the generation of electrical power and the urge toward energetic efficiency of all our clients, thus enhancing ENDESA's social commitment and directing all our activity toward the creation of shared value within the framework of responsible business management. In this way, the new ENDESA is driving innovation in all its activities, providing energy services which improve our clients' lifestyles, protect the environment and enrich society as a whole.

The 10 principles of the Global Compact represent a fundamental reference framework for ENDESA in business decision-making, and have been the basis of the sustainability strategy since ENDESA adopted the Compact on 7th March 2002, being one of the first Spanish companies to do so.

These are the foundations which have placed ENDESA at the forefront of the energy sector and which, thanks to the excellence of the human team which is part of our Company, to the culture of responsibility and to the experience accumulated, have reinforced our ability to face successfully the energy challenges of the present and the future.



Borja Prado Eulate
Chairman of ENDESA

Letter from the CEO



José D. Bogas Gálvez
CEO of ENDESA

G4-1

The year 2015 was witness to an occurrence of great significance for ENDESA in the field of sustainability: in December, the company passed a new Sustainability Policy which covers the opportunities for improvement identified as a consequence of the evolution over the past decade of our concept of sustainability, which enhances our commitment to sustainable development when faced by the new challenges which the energy sector must undertake.

This new Policy is likewise the result of a process of internal reflection whose aim is to adapt the Company's commitment to sustainable development to the new stance of the entirety of the Enel Group, to which we belong, based on the "Open Power" concept and to comply with the new recommendations set out in the Good Governance Code of Listed Companies.

By means of the "Open Power" concept, among other goals, we try to make ourselves much more accessible to our stakeholders and to face the energy-related challenges which society in general will have to face in the coming years.

Furthermore, our Sustainable Development strategy is included in ENDESA's 2015-2019 Sustainability Plan (ESP), which is in line with the guidelines established by the Enel Group for each of its companies.

The 2015-2019 ESP is playing a significant role in ENDESA's 2015-2019 Industrial Plan and the achievement of the business objectives established therein, in an attempt to promote a new energy culture based on the

electrification of demand and the furtherance of efficient consumption, and placing the customer at the hub of our activities.

Endesa's 2015-2019 Sustainability Plan is built around 10 basic lines directed towards promoting the responsible management of our businesses with their respective goals, and two strategic priorities based on a new energy culture.

This Sustainability Plan develops the achievements obtained from the execution of these 10 basic lines and these two strategic priorities, the most significant of which I highlight below:

Electricity, society's energy vector

ENDESA is aware that the need to preserve the environment, together with technological development, is changing the way to produce and consume energy.

Furthermore, the growth of cities requires efficient energy management in order to guarantee access to this basic service and to meet the vital needs of the inhabitants.

ENDESA aims to lead the response to this challenge by means of the furtherance of the electrification of energy demand and of efficient consumption, placing the customer at the hub of the furtherance of sustainable urban development. To this end, in 2015 we developed a set of actions aimed at boosting electrical mobility, smart networks and energetic efficiency.

During the year, we implemented the Employees Electric Mobility Plan, an internal project whose aim is to show that it is already possible to build the sustainable mobility of the future. The project was completed with 158 electric vehicles purchased by Company employees, surpassing by a wide margin the initial objective, which was of 100. These 158 vehicles represent 10% of the electric car market in Spain in 2015, and will prevent the release of 300 tons of CO₂ per year.

ENDESA also took part in the boosting of electric mobility by means of programmes such as ZEM2ALL (concluded in the same year 2015), Victoria, Green Emotion, Fasto V2G (Vehicle to Grid) Sunbatt or Zeus.

In the field of telemanagement, ENDESA strengthened its position as the leader in the development of this technological solution in the Spanish market, increasing the installation of remote meters, which reached 6.8 million units installed by the end of 2015.

2015 was also the seventh anniversary of the starting-up of the SmartCity Málaga project and the fifth of Smart-City Barcelona, where ENDESA is developing the SmartGrid concept, among other sustainable initiatives.

Besides, ENDESA continued to develop technological innovations during 2015 in order to improve the efficiency of its power generation processes in the field of clean combustion and reduction in emissions and waste, in the improvement of the efficiency and availability of the facilities, and in the field of nuclear power.

Social-economic development and social confidence

ENDESA contributes to the social-economic development of the communities where it is present with shared-value projects and initiatives in cooperation with organisations and bodies of these environments. It also actively boosts corporate volunteering among its employees.

ENDESA's social projects and initiatives are put into effect in all its territories and business areas, and also by its two Foundations: the ENDESA Foundation and the Sevillana ENDESA Foundation. In 2015, the company invested 11.6 million euros in the social development of the communities where it operates.

On the other hand, ENDESA is aware of the serious problem of fuel poverty in many Spanish homes and maintains an active commitment to alleviate this, due to which it has become a pioneer in the signing of 90 agreements with local administrative bodies which cover over 8 million of the Company's customers, and which has prevented 31,662 families from having their power cut off thanks to the negotiation of approximately 55,000 invoices.

As a supplement to the programmes developed by the Company for the improvement or maintenance of access to electricity, of particular note is the implementation in 2015 of an energy volunteering programme by means of which employees may aid families in a state of fuel poverty in order to optimize their invoice and to improve their electrical installations.

Ethical conduct

In 2015, ENDESA updated its Criminal Risk Prevention Plan (CRPP) to comply with the Criminal Code Reform and to adapt it to the new organization of the Enel Group.

During the year, the Supervisory Committee met quarterly and followed up the main issues concerning the CRPP, including the intervention of persons responsible for different areas of the Company to inform the Committee of significant aspects of their areas of responsibility.

Likewise, in order to inform employees and to train them regarding ENDESA's ethical framework for crime prevention, in 2015 the Company conducted an online course and held a number of sessions on ethics in business development.

Attraction of Socially Responsible Investment

Last year, ENDESA renewed its presence in the Dow Jones Sustainability World Index (for the 15th consecutive year), the Euronext VIGEO World 120, Euronext VIGEO Europe 120 and Euronext VIGEO Eurozone 120 indices, the ECPI Carbon Global Index and the CDP Climate Change indices.

It was also awarded a leading position in the CDP Disclosure Leadership Index due to its commitment to transparency in the reporting of its emissions and its action to reduce carbon emissions and to alleviate the business risks entailed by climate change.

Our continued presence in these selective lists is proof of the high level of sustainability performance maintained by the Company, also witnessed by the fact that at least 12.54% of ENDESA's capital stock (42.11% of the total free-floating capital) belongs to socially responsible investors.

Operative excellence

In 2015, ENDESA continued with the development and implementation of its Customer Digitalisation Plan, launching a new website, www.endesaclientes.com, for which it was given the Atos Digital Progress Award.

In turn, ENDESA's Plan for Excellence in Customer Service concentrated its activity on the improvement of customer service (by telephone and online) in the management of free market sales claims, on flexibilisation of service invoicing, and on the analysis of the behaviour of different types of customer.

Among the most significant results achieved by the Plan in 2015, of particular note are the improvement by over three percent in the percentage of mass market negotiations resolved during the customer's first call, the 27% increase in the number of contracts joining the electronic billing (e-billing) service, the 9% increase in mass market customer satisfaction concerning the resolution of claims, and the 43% reduction in rebillings performed in the mass market.

As a result of these and other achievements, the Company has a 4% advantage over its competition in mass customer satisfaction, remaining the leader in this field during 2015 for the sixth year running. Furthermore, the NIEPI (one of the main indicators reflecting the continuity of supply) reached 1.1 in 2015, an improvement of one decimal over the previous year's data.

Meanwhile, Twenergy, an online community via which ENDESA promotes energy efficiency and the responsible consumption of energy, was presented with the "Smart Communication" award for its work in the online dissemination of energy efficiency and sustainability.

Development, merit and talent

In 2015, ENDESA continued to strengthen its status as an *Employer Brand*. To do this, it took part in face-to-face and virtual career fairs, providing workshops to improve the employability of young people, it held innovative events oriented toward talent attraction which brought together the academic world and the entrepreneurial world, it renewed its website, orienting it more toward the recruitment of talent, and renewed its Scholarship Plan with actions promoting competitiveness by increasing the number of grants and revising the study allowances. All of this to guarantee the attraction of the talent required by the Company.

Besides, it established an initiative, carried out throughout the Enel Group, consisting of an interview with each of the members of the workforce, performed by Human Resources experts, in order to discover first-hand their interests, aspirations and motivations.

Diversity and conciliation

ENDESA continues to promote a number of lines of action which consolidate the flexible work culture and which facilitate the personal, family and professional balance of the employees. For example, in 2015 a total of 867 employees benefited from some line of action directed at the conciliation of their professional, personal and family lives.

These actions contribute to ENDESA being considered a Family-Friendly Company since 2007.

Occupational health and safety

In the field of occupational health and safety, it should be noted that 96% of the workforce operate in work centres with OHSAS 18001 certification.

Likewise, in 2015 a new boost was given to the One Safety programme, which is a decisive step towards the “Zero Accidents” Objective and promotes the internalization of healthy, safe conduct, giving it greater scope and equipping it with a computer application which facilitates the work of the Field Observers.

Operational eco-efficiency

Through its commitment to the preservation of the environment, ENDESA minimizes the impact of its industrial activity in the natural surroundings, tackling aspects related to the struggle against climate change, correct waste management, atmospheric emissions, spillage, soil pollution and other potential negative impacts. It also tries to minimize as much as possible the consumption of natural resources and is committed to the preservation of the biodiversity of the environments where it operates.

On 31st December 2015, 100% of the Company’s installed power, the mines in operation and the port terminals were certified under the ISO 14001 standard, as was the entirety of the Distribution business.

With regard to office buildings, a certified Environmental (ISO14001) and Energy (ISO50001) Management System is implemented in 18 buildings, in addition to 6 buildings certified under the UNE 171330-3 standard on Interior Environment Quality.

In turn, ENDESA’s 2014-2016 Sustainable and Safe Mobility Plan, in response to the commitment undertaken by the Company in the struggle against climate change, as well as in the occupational health and safety of its employees and the expectations established within the legal framework (Act 2/2011 on Sustainable Economy) achieved the attainment of 80% of its objectives in 2015.

Biodiversity

ENDESA's Plan for the Preservation of Biodiversity ended the year 2015 with a total of 21 operative actions in force.

The company constantly monitors the development and degree of compliance with the objectives of each of the projects in force. The Plan provides a structure which enables the selection and assessment, under criteria of scientific, social and practical interest, of all the initiatives received.

Supply chain

In 2015, 100% of ENDESA's contractors in Spain and Portugal received Occupational Health and Safety training.

The Supplier Qualification System, which started in 2009 to reinforce compliance with applicable regulations in the legal, occupational, safety and environmental protection fields, progressed as foreseen and is now implemented in 131 purchasing families, this representing an increase of 10 families compared with 2014.

* * *

With this accumulated experience, and based on the achievements attained in the 2015-2019 ESP, the new 2016-2020 ESP has been constructed, in an attempt to respond to the opportunities for improvement identified, and incorporating some of the most relevant occurrences in 2015 in the field of sustainability, such as the passing of the United Nations Sustainable Development Objectives. In this sense, ENDESA has undertaken to contribute to compliance with these objectives via its sustainability and business strategy.

In this way, ENDESA continues to work on its new sustainability strategy in order to continue to generate value in the long term, to contribute to the development of the companies with whom it operates and to make a significant contribution to the attainment of the Sustainable Development Objectives.

To this end, it has first-class human resources, an accumulated experience of great value and a corporate culture committed to excellence and founded on ethical conduct.

I am totally convinced that all of the above provides us with a solid foundation to provide a significant contribution to the construction of a sustainable future for the benefit of the entire community.



José D. Bogas Gálvez
CEO of ENDESA

Getting to know ENDESA



1. ENDESA in figures

G4-9 / EU1 / EU2

	2012	2013	2014	2015
Gross income from operations (EBITDA) (millions of Euros)	3,796	3,216	3,090	3,039
Profits after minor taxes (millions of Euros)	1,410	1,176	950	1,086
Share capital (millions of Euros)	1,271	1,271	1,271	1,271
Non current financial debt (millions of Euros)	9,886	7,437	6,083	4,680
Workforce				
Spain and Portugal¹	11,504	11,142	10,500	10,000
Other countries	2	3	0	0
Capacity (MW)				
Spain and Portugal	23,122	23,199	22,677	22,164
Hydroelectric	4,716	4,755	4,759	4,765
Conventional Thermal ²	14,720	14,758	14,475	13,956
Thermal-nuclear ²	3,686	3,686	3,443	3,443
Other countries²	123	123	0	0
Production (GWh)				
Spain and Portugal³	77,386	69,690	69,681	73,061
Hydroelectric	5,350	9,511	8,778	7,176
Conventional Thermal	45,069	34,212	36,141	40,129
Thermal-nuclear ²	26,967	25,967	24,762	25,756
Other countries²	930	852	0	0
Sales (GWh)				
Spain and Portugal	102,766	96,122	93,928	92,899
Fixed price market	25,644	20,554	16,560	14,934
Liberalised market ⁴	77,122	75,568	77,368	77,965
Number of customers (thousands)				
Spain and Portugal	11,431	11,376	11,206	11,112
Fixed price market ⁵	8,592	7,470	6,663	6,029
Liberalised market ⁴	2,839	3,906	4,543	5,083
Power distributed (GWh)				
Spain and Portugal	115,390	112,031	110,945	114,190

¹ Unlike previous years, the figures pertaining to the Ascó-Vandellós Nuclear Association, Carbopego, Nuclenor, Pegop Electrical Energy, Tejo Energy and ENDESA Engineering are included in the 2008-2013 data due to changes in the consolidation criteria.

² Magnitude consolidated by ENDESA.

³ Data measured at the power plant busbars.

⁴ For the sake of coherence with the economic data on this business provided in this report, includes the sales performed by ENDESA Energy to customers in European countries outside the Iberian market.

⁵ Tariff customers. Toll customers not included.

2. About us

G4-3

ENDESA is the leading operator in the Spanish electricity sector and the second largest operator in the Portuguese electricity market. A company with 10,000 employees providing a service to over 11 million customers.

2.1. Main Activities

G4-4

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

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 activities which are preparatory or complementary to those included in its corporate purpose and the management of the corporate Group, formed by interests in other companies. The company will carry out the activities that form part of its corporate purpose in Spain and abroad, either directly or by means of its interest in other companies.

ENDESA, S.A. and its subsidiary companies (ENDESA or the Company) carry out their activities in the electricity and gas business, mainly in the Spanish and Portuguese markets. Likewise, to a lesser extent, ENDESA sells electricity and gas in other European markets as well as value-added products and services related to its main business area.

The organization is focused on the activities of generation, distribution and marketing, each of these including electricity and, where applicable, gas activities.

Given the nature of the activities of ENDESA, S.A.'s subsidiary companies, their trade is not of a significantly cyclic or seasonal type.

2.2. Main markets

G4-4 / G4-6 / G4-8

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, it sells gas and electricity in other European markets: Germany, France, Belgium and Holland in particular.

The markets and the activities performed by ENDESA are described below:

Spanish market

- > **Generation:** ENDESA carries out electrical power generation activities in the Peninsula and in non-Peninsular Territories, which include the island systems of the Balearics and the Canaries, and the cities of Ceuta and Melilla. Power generation activities are liberalised activities, although the non-Peninsular Territories are governed differently, to respond to the specificities derived from their territorial location, and here the activity is regulated.
- > **Marketing of electricity, gas and value added products and services (VAPS):** Marketing activity consists of the sale of energy in the market, and the sale of value added products and services (VAPS) for customers. Sales activities are liberalised.

- > **Integrated management of electricity generation and marketing businesses:** ENDESA has implemented an integrated management system for the marketing and generation businesses, which optimises this integrated process in comparison with the separate management of the two activities.
- > **Electricity distribution:** The aim of power distribution activities is for electricity to be transferred to consumers. Distribution activities are regulated.

Portuguese market

- > **Power Generation:** The production of electricity in Portugal is carried out in a competitive environment.
- > **Marketing of electricity and gas:** This activity is liberalised in Portugal.

2.3. Organisational structure

G4-4 / G4-7

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:

2.3.1. Power generation: ENDESA Generación, S.A.U.

G4-17 / G4-7

Formed on 22 September 1999 to concentrate ENDESA's generation and mining assets. ENDESA Generación, S.A.U. holds, among others, 100% of shares in Gas y Electricidad Generación, S.A.U. and 100% of Unión Eléctrica de Canarias Generación, S.A.U., and a 40% stake in the company ENEL Green Power España, S.L. (EGPE), controlled by ENEL

Green Power, S.p.A., which represents the ENEL Group's renewable energy activity in Spain, and a 50% stake in Nuclearor, S.A., the title holding company of the Nuclear Power station located in Santa María de Garoña.

On 31st December 2015, ENDESA's total net installed power in Spain reached 21,207 MW at ordinary regime, of which 16,633 corresponded to the Peninsular electrical grid and 4,574 to the non-Peninsular Territories (Balearics, Canaries, Ceuta and Melilla). Generation by ENDESA in Spain reached a net total production of 73,061 GWh in the 2015 financial year.

ENDESA's production of electrical energy at power plant busbars (GWh)

	2014	2015	% var
Hydroelectric	8,778	7,176	-18.25
Nuclear	24,762	25,756	4.01
Domestic coal	9,257	8,984	-2.94
Imported coal	12,919	15,293	18.37
Combined cycles	1,786	3,477	94.68
Peninsular Total	57,502	60,686	5.53
Non-Peninsular	12,179	12,375	1.6
Total	69,681	73,061	4.85

2.3.2. Power distribution: ENDESA Red, S.A.U.

G4-17 / G4-7

Formed on 22nd September 1999, it marked the culmination of the integration process of ENDESA's distribution companies in Spain. Among others, this company holds a 100% interest in ENDESA Distribución Eléctrica, S.L.U. which undertakes the regulated activities of electrical transport and distribution, and also 100% of ENDESA Engineering, S.L.U.

At 31st December 2015, ENDESA distributes electricity in 27 Spanish provinces in ten autonomous communities (Andalusia, Aragon, Balearic Islands, Canary Islands, Castile and León, Catalonia, the Valencian Community, Extremadura, Galicia and Navarre) covering a total area of 184,904 km² and a population of slightly over 22 million inhabitants. The number of customers with contracts to access ENDESA's distribution grids was nearly 12 million at that date and the total contracted power distributed via ENDESA's grids, measured the power plant busbars, reached 114,190 GWh during the 2015 financial year.

2.3.3. Marketing of energy: ENDESA Energía, S.A.U.

G4-17/G4-7

ENDESA Energía, S.A.U. was formed on 3rd February 1998 to carry out marketing activities, thus responding to the demands derived from the liberalisation process of the Spanish electricity sector. Its main activity is the supply of energy and value-added products and services (VAPS) to customers wishing to exercise their right to choose their supplier and to receive service on the liberalised market. ENDESA Energía, S.A.U. also holds stakes in ENDESA Energía XXI, S.L.U. (100%), a company operating as a supplier of reference for ENDESA, and ENDESA Operaciones y Servicios Comerciales, S.L.U. (100%), whose function it is to provide commercial services related to the supply of electricity. ENDESA Energía, S.A.U. performs marketing activities in the liberalised markets of Germany, Belgium, France, the Netherlands and Portugal.

During 2015, ENDESA supplied 92,899 GWh to 11.1 million supply points in the electricity market.

The total volume of gas marketed by ENDESA during 2015 reached 71,587 GWh, and at 31st December 2015, the portfolio of customers in the conventional natural gas market consisted of 1.5 million supply points.

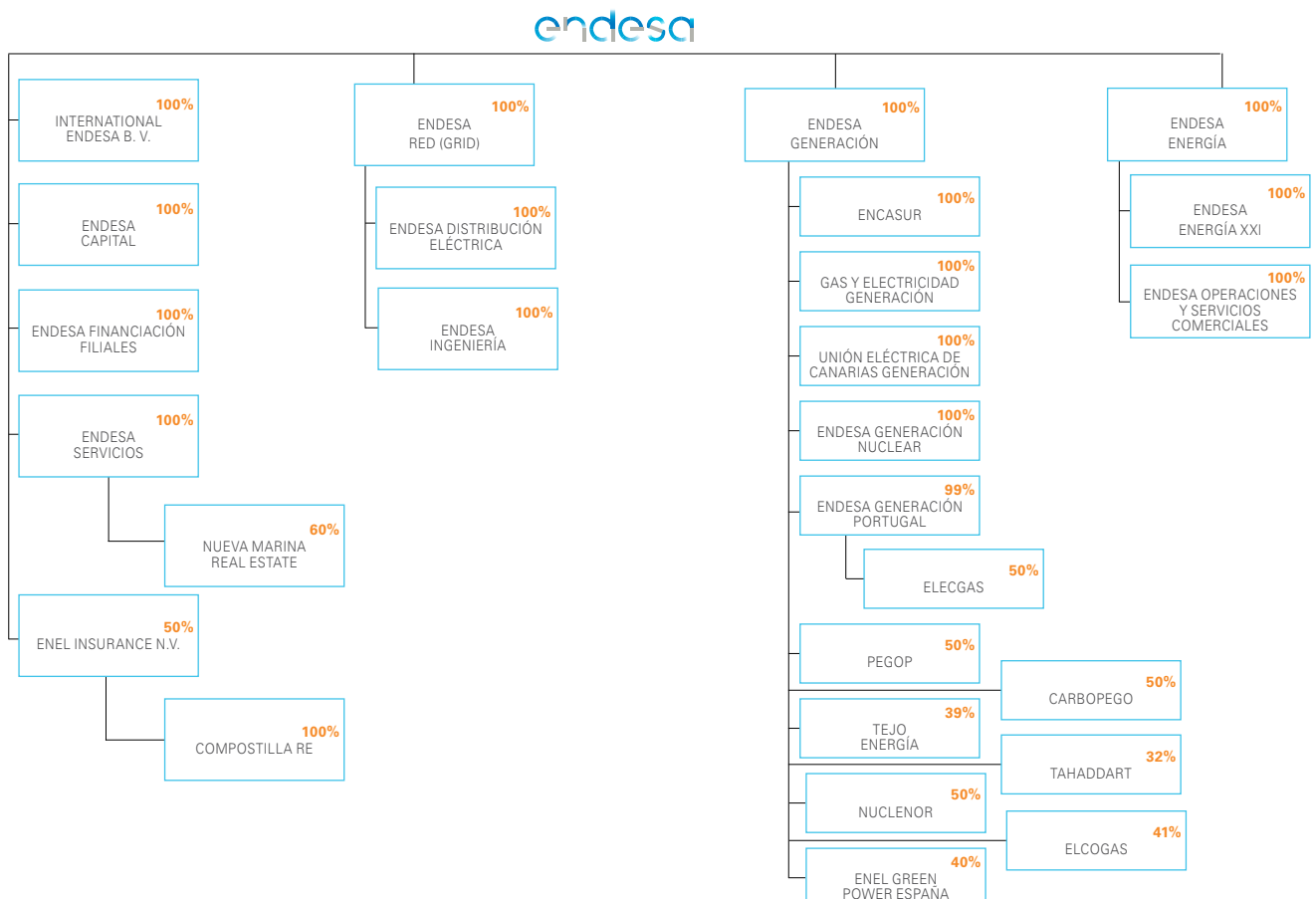
The consumption of natural gas in Spain climbed to 315.8 TWh, with an increase of 4.4% over 2014. Excluding the consumption by the power stations (19.4% of the total); the conventional demand of final consumers underwent an increase of 1.6% in comparison with 2014.

The total volume of gas marketed by ENDESA in Spain during 2015 reached 71,587 GWh.

ENDESA's portfolio of customers in the conventional natural gas market consisted of over 1.5 million supply points, with a consumption of over 48 TWh/year.

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

ENDESA's company chart, as of 31st December 2015, is detailed below, showing graphically the main companies shared:



2.3.4. Energy business in Portugal

G4-17 / G4-7

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

The assets shared by ENDESA in 2015 have an installed power at ordinary regime of 1,483 MW distributed via its share in Tejo Energia (628MW) and Elecgas (855 MW).

ENDESA has a 38.9% stake in Tejo Energy, the company owning the coal power plant, and 50% in Elecgas, the company owning the gas power plant, both located in Pego. In turn, ENDESA owns 100% of the power produced by Elecgas due to the contract in force between the two parties.

The Pego coal and gas power plants generated 4,021 GWh and 596 GWh respectively (1,862 GWh corresponding to ENDESA's share), representing 9.4% of Portugal's total electricity consumption.

Maintenance of the coal power plant and combined cycle at Pego is under the charge of Pegop, in which ENDESA holds a 50% stake. It also holds a 50% stake in Carbopego, the company which purchases the coal for the power plant.

Meanwhile, during 2015 ENDESA received 8.7 million euros in dividends from all the companies shared.

The liberalization process continued to progress in Portugal during 2015 in the Large Customer (Medium Voltage) and Company (Special Low Voltage) segments. The power supplied in the liberalised market reached 86% of Portugal's total consumption.

ENDESA continues to be the second largest operator in the Portuguese liberalised electricity market, with a share of over 18%. By the end of the year, ENDESA had supplied 72 TWh, an increase of 5.1% in comparison with 2014, to nearly 177,000 supply points.

Notwithstanding this strong position in the marketing of electricity, in the Portuguese gas market ENDESA supplied

2.7 TWh to final consumers, 208% more than in 2014. In addition, ENDESA continued with its commitment to the marketing of Value Added Products and Services.

2.3.5. Business in other countries

G4-17 / G4-7

ENDESA is present in Morocco through a 32% stake in Energie Electrique de Tahaddart, a company that owns a 384 MW combined cycle power plant located to the north of the town of Asilah, near the river Tahaddart. In 2015, production of the plant reached 2,491 GWh (797 GWh corresponding to ENDESA's 32% stake).

In 2015, Energie Electrique de Tahaddart distributed the dividend for the income of 2014, of which ENDESA received 5.1 million euros.

2.3.6. Renewable energy in the Spanish market

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 Union Fenosa Renovables S.L. in Spain. ENDESA Generación S.A.U. holds a 40% stake in the company and the remaining 60% is held by Enel Green Power International BV, which is currently 100% controlled by Enel Green Power SpA.

Since 25th November 2015, when the sale of all its wind generation assets in Portugal was concluded, Enel Green Power España S.L. has undertaken the management and development of the Enel Group's renewable assets in Spain.

The net installed power of Enel Green Power España in 2015, subsequent to the sale of the Portuguese assets, was 1,704.5 MW of renewable energy, distributed among the following technologies: 1,616.3 MW wind energy, 42.3 MW mini-hydro, 32.5 MW biomass facilities and 13.4 MW solar.

3. Enel Group's new "Open Power" statement

G4-DMA General management focus

The Enel Group has adopted a new strategic statement called "Open Power", based on the opening-up of the Company to Society and its challenges, encompassing all the industrial and commercial processes of the Company and acting as a guide for investment and the relationship with stakeholders.

A new viewpoint: *Open Power* to solve the greatest challenges worldwide

Mission 2025

- > **To open up energy to more people.** We will exploit and extend our worldwide scale so as to connect more people to a safe, sustainable energy, especially in Latin America and Africa.
- > **To open up energy to new technologies.** We will lead the development and application of new technologies so as to generate and distribute a more sustainable energy, paying special attention to renewable sources and smart distribution grids.
- > **To open up new forms of energy management for consumers.** We will develop more customized services for people in order to help them use energy more efficiently, with special attention to smart meters and digitalization.
- > **To open up energy to new uses.** We will develop new energy-based services to face up to global challenges, with special attention to electrical connectivity and mobility.

- > **To leave ourselves open to more collaborators.** We will create a network of collaborators in research, technology, product development and marketing so as to build new solutions together.

Values

- > **Responsibility.** We place our energy at the service of people to improve their lifestyle and to make it more sustainable. We construct and responsibly manage electric power plants and infrastructures so that they become integrated in the community and provide value for the countries where we operate. Even after their life-cycle.
- > **Proactivity.** We seek to interpret the scenarios and new challenges worldwide in order to anticipate the changes and always to provide new solutions. We explore the potential, the trends and the opportunities in rapidly-growing countries, so as to promote as from now sustainable, economic solutions to improve people's lifestyle.
- > **Innovation.** We are opening up energy to new uses and technologies. We have installed smart meters and we are building the largest e-mobility network worldwide to encourage the use of electric vehicles.
- > **Confidence.** We work with transparency and honesty to create value, to share it and to create links with those around us. We develop projects to enable power to reach the most remote locations and to take it safely to the socially conflictive areas of cities and urban settlements.

Conduct

By means of the new "Open Power" statement, Enel has defined the conduct expected of all persons working for the Group in order to achieve the established goal and to comply

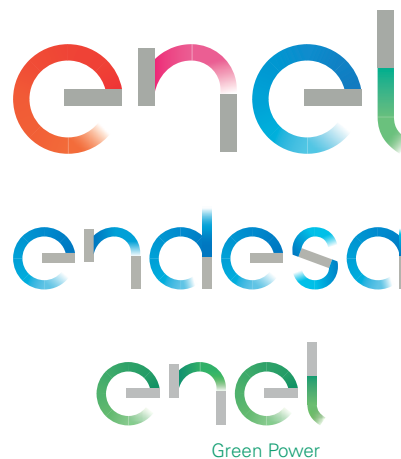
with the new values defining all the companies belonging to the Group, including ENDESA.

- > The adoption and promotion of safe conduct, and proactive action to improve the conditions of health, safety and well-being.
- > The making of decisions in work activities and the responsible acceptance of the same.
- > Achievement of results while seeking excellence.
- > The proposal of new solutions, overcoming obstacles and failures.
- > Rapid modification of work priorities when faced by a change in context.
- > The sharing of information, being cooperative and open to contributions from colleagues.
- > Recognition of the merit of colleagues, providing feedback to help in the improvement of their work.
- > When working, to ensure the satisfaction of customers and colleagues, acting efficiently in time and method.
- > Commitment to the integration of others, acknowledging and valuing individual differences (culture, gender, age, disabilities, personality, etc.).
- > Compliance with commitments, performing activities in a determined and dedicated manner.

For more information, see the chapters *Occupational Health and Safety*; *Development, Merit and Talent*; and *Diversity and Conciliation*.

3.1. A new brand for a new era

The Enel Group has launched a new global corporate brand and new visual identity and logos to represent the new era which has commenced. The Enel brand is based on its strategy, it positions the Group as an innovative, sustainable and progressive Company which is active throughout its value chain for whom the concept of “Opening-Up” is a fundamental value in its strategic and operational focus. The Group’s new logo and visual system embody



the flexible, dynamic principles of the “Open Power” concept. Likewise, the new brand image of ENDESA and Enel Green Power, following the same principles, have been launched.

The new visual identity and the new logo display a range of colours which reflect the variety of the energy spectrum, the multi-faceted nature of a Group which is present in over 30 countries, and the growing diversity of services provided by the Company within the global energy system.

At the presentation of the new brand, held at ENDESA's headquarters in Madrid, the CEO and Director-General of the Enel Group, Francesco Starace, stated that *“the “Opening-Up” concept, which we summarise in the term “Open Power,” positions us as an innovative, sustainable Group, devoted to expanding and increasing the technological content of all its operations, to obtain safety of supply and to improve energy services worldwide. This also means exploiting the value of our infrastructure by means of knowledge sharing, with the aim of increasing the variety of its uses, while we cooperate with customers, partners and other stakeholders to create a mutually beneficial environment, contributing to guaranteeing and protecting investments. “Open Power” means much more than just being an electrical producer and distributor. Our new brand embodies perfectly the innovative, sustainable, multi-dimensional and open nature of the Enel Group.”*

At the nucleus of Enel's new expression the cursor may be seen, this being an iconic symbol which represents Open Power. The cursor is the starting-point for energy; it is in constant movement, always vital, reflecting the filament, the real nucleus of the light bulb. The cursor depicts the appearance and the feeling of the new Enel brand, and cre-

From left to right, Francesco Starace, CEO and Director-General of Enel; Borja Prado, chairman of ENDESA; Patrizia Grieco, chairwoman of Enel, and Jose D. Bogas, CEO of ENDESA



ates a consistent design language. Enel's new brand has been conceived to create a totally new visual experience for interested parties, including significant audio and tactile elements.

A key factor in the development of Enel's new brand has been the global creative process carried out within the framework of a great collaboration. Over 100 persons from all the Enel territories, both from the organization itself and from a group of international consultants, took part in the process.

3.2. ENDESA's new Sustainability Policy

In 2015, with the aim of adapting ENDESA's commitment to sustainable development to the Enel group's new "Open Power" concept and to comply with the new recommendations set out in the Good Governance Code of Listed Companies, the Company carried out a process of internal reflection which resulted in the passing of ENDESA's new Sustainability Policy by the Board of Directors on 21st December 2015.

This new policy has been built on the achievements of the previous policy, which dated from 2003, and covers

the opportunities for improvement identified as a consequence of the evolution of the concept of sustainability at ENDESA over the past decade. Likewise, the new policy strengthens ENDESA's commitment against the new challenges which the energy sector must face, supporting the maintenance of a firm, honest commitment to sustainable development.

ENDESA's Board of Directors passes the new sustainability policy

In this sense, the policy establishes that ENDESA's objective is to supply its customers with a quality service in a responsible, efficient manner, providing its shareholders with profit, promoting an ethical, compliant culture, encouraging the professional training of its employees, accompanying the development of the social environments where it operates and making a sustainable use of the natural resources which are necessary for its activity.

For this reason, the new future commitments defined in the new sustainability policy represent the guide and the foundation of ENDESA's conduct in this field. Its compliance is expressly driven by the Company Management, concerns all those who work there or in its name; for this reason it has been transferred to contractors and suppliers and is open to assessment by third parties.

Future commitments:

- > **Our customers.** Commitment to digital quality, commercial excellence and energetic efficiency in consumption.
- > **Our shareholders and investors.** Commitment to the creation of value and profitability.
- > **Our people.** Commitment to the personal and professional development, diversity and conciliation, occupational health and safety of the people who work at ENDESA.
- > **Our conduct.** Commitment to good governance, transparency and ethical conduct.
- > **Our environment.** Commitment to the reduction in our environmental footprint and to the protection of the environment.
- > **Innovation.** Commitment to technological innovation and the scope of services.
- > **Society.** Commitment to the social-economic development of the communities where we operate.
- > **Institutions.** Commitment to the development of public-private alliances for the furtherance of sustainable development.
- > **Our collaborators.** Commitment to the active involvement in sustainability of our collaborators.

4. Compliance with international benchmarks for responsible management

G4-15 / G4-DMA HHRR Investment / G4-DMA Child Labour / G4-DMA Forced Labour / G4-HR6

ENDESA undertakes the main international benchmarks for sustainable management as a key factor in the construction process of a new global, sustainable energy model. Thus, it maintains a firm commitment to the United Nations Global Compact initiative and its Ten Principles, with the OECD guidelines for Multi-national Companies, with the United Nations Sustainable Development Objectives and the United Nations Guiding Principles on Business and Human Rights.

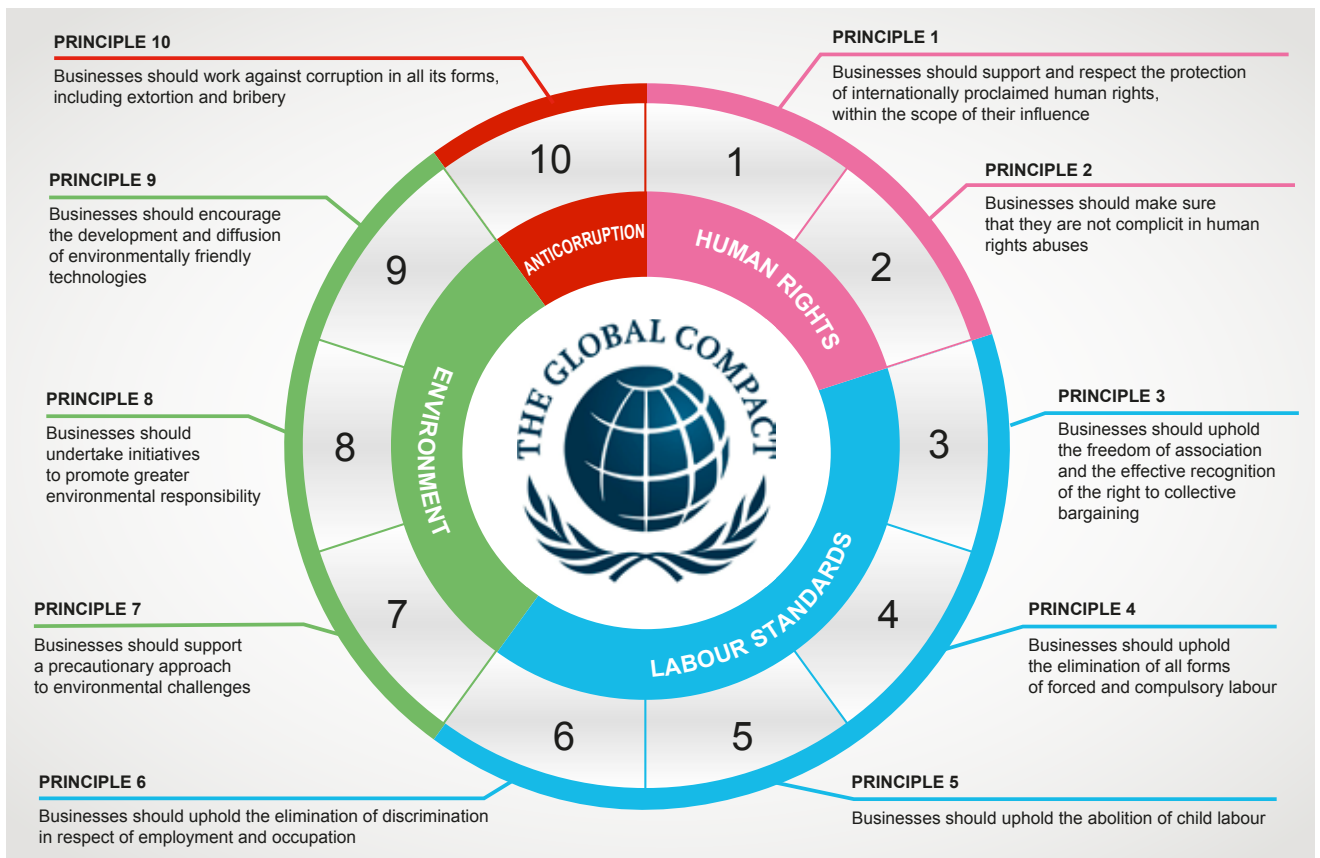
4.1. The Ten Principles of the Global Compact

The United Nations Global Compact is an international initiative which promotes the implementation of 10 universally accepted Principles for the promotion of corporate social responsibility in the fields of Human Rights, Labour Standards,



ORGANISATION DE
COOPÉRATION ET
DE DÉVELOPPEMENT
ÉCONOMIQUES





the Environment and the fight against corruption in companies' business activities and strategy. With over 12,000 undersigning bodies in over 145 countries, this is the largest voluntary initiative concerning corporate social responsibility worldwide. Backed by the CEOs of the companies which form it, the World Compact is a practical framework for the development, implementation and dissemination of corporate sustainability practices, providing its signatories with a wide range of resources and management tools to help them implement sustainable business models.

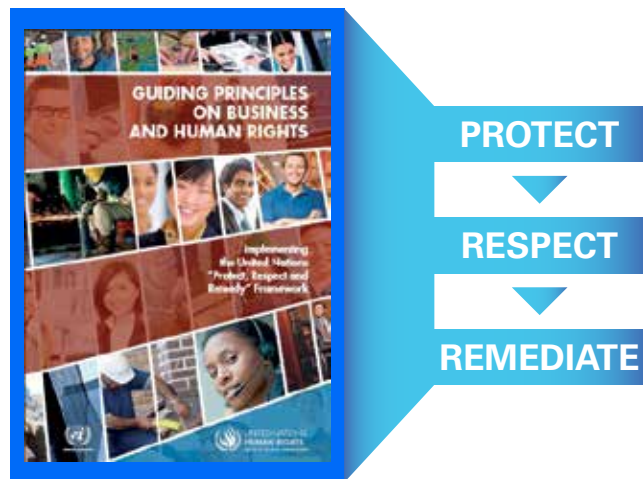
ENDESA was one of the first Spanish companies to adopt the Global Compact, doing so in 2002, incorporating its principles in its Corporate Integrity standards and Sustainability Policy and Strategy. ENDESA's corporate conduct in all the territories where it is present is totally in line with this commitment due to its extension to all areas of influence.

Since the launching of the initiative, the Company has reaped benefits from its voluntary adherence to the Global Compact, considering this a valuable tool to further integrate sustainability in all of the Group's management areas, reinforcing ENDESA's firm commitment to principles of sustainability. This performance has been viewed positively by our stakeholders, as well as sustainable invest-

ment funds and sustainability rating agencies. This helps encourage dialogue and collaboration between all the social agents, for which reason the Global Compact is considered to be 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.

The Global Compact requires that participating companies draw up an Annual Progress Report, detailing the work executed to integrate the 10 Principles into business strategies and operations; this must be public and must remain at the disposal of the stakeholders. In this sense, ENDESA once again attained the Advanced Level of the United Nations Global Compact in 2015, this being the highest level attainable for progress reports. The Advanced Level is granted to those companies which display a high level of performance in Sustainability and which adopt and inform on a set of Good Management and Governance Practices of Corporate Sustainability. Thus, ENDESA renews its commitment to this initiative, thus to continue to move forward in compliance with the Principles of the Global Compact.

In 2015, ENDESA maintained its commitment to the Global Compact on a worldwide level, focusing its participation on supporting the Enel group in its noteworthy participation in the various initiatives developed both by the Global Compact and Global Compact LEAD (the Global Compact leadership platform that brings together sustainability leaders). The Global Compact LEAD Symposium held at ENDESA's corporate headquarters is also of note, where several of the leading companies in sustainability worldwide discussed the integration of sustainability with business management and the contribution of the private sector to the Sustainable Development Objectives.



In 2015 ENDESA renewed its Advanced Level of the Global Compact

ENDESA also played an active role on a local level with its participation in the Global Compact Network Spain. Details of this may be found in section 5.2, *Global Compact Network Spain* of this same chapter.

ENDESA will continue with its commitment to the Global Compact and to the United Nations objectives, as it considers that they provide highly effective tools to measure the positive impact of individual actions of companies and to encourage other agents to achieve Sustainable Development and to enable balanced progress, with respect for human rights, the environment and society in general.

4.2. Guiding Principles on Businesses and Human Rights

In June 2011, the Human Rights Council of the United Nations adopted the Guiding Principles on Businesses and Human Rights presented by the Special Representative of the Secretary-General of the United Nations, Professor John

Ruggie. Thereby, the Guiding Principles were established as the worldwide standard of conduct expected of all companies and all States in relation to companies and human rights, and are the worldwide reference to progress in the protection and furtherance of Human Rights in the performance of any business activity.

ENDESA's Human Rights policy follows the recommendations of the United Nations' Guiding Principles on Businesses and Human Rights

ENDESA has a permanent commitment to the respect and furtherance of Human Rights. This commitment is reflected in its corporate policies and is embodied in its adherence to the United Nations Global Compact, incorporating support and protection of Human Rights and non-complicity with their infringement in its two first principles. It was again publicly and expressly ratified at the celebration of the 60th anniversary of the Universal Declaration of Human Rights, with the participation of ENDESA, together with 156 other companies at the "CEO Declaration" published in all the editions worldwide of the *Financial Times* on 10th December 2008. The text published 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.”

Historically, ENDESA has been a trendsetter in initiatives to ensure respect for Human Rights in its activities and those of its supply chain, continually developing processes to identify risks and their potential impact in the field of Human Rights.

Thus, subsequent to the passing of the Guiding Principles for Businesses and Human Rights, the Enel Group –and therefore ENDESA– decided to formally adapt their historic commitment to the respect and furtherance of Human Rights to these new Guiding Principles, integrating them into the management of corporate activity.

Consequently, in 2013 ENDESA's Board of Directors passed the Human Rights policy based on the Human Rights policy drawn up by the Enel Group, thus continuing with the recommendations established by the guiding principles.

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

- > Labour practices:
 - Reject forced or compulsory labour and child labour.
 - Respect diversity and reject 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 enforce the commitments contained in the Human Rights Policy, and following the recommendations of the Guiding Principles, ENDESA will design appropriate due diligence processes to ensure the policy is implemented and monitored, assessing the possible impacts and risks existing in the field of Human Rights and establishing measures for their mitigation, which will become part of ENDESA's sustainability strategy.

It should be noted that ENDESA expressly condemns child labour and forced labour in its Code of Ethics, committing itself 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.

As a result of this, no Human Rights-related complaints were received in 2015.

4.3. The new UN Sustainable Development Objectives

In September 2015, the General Assembly of the United Nations adopted the 2030 Agenda for Sustainable Development, a plan of action in favour of people, the planet and prosperity, whose intention is also to promote universal peace, access to justice and the fight against climate change. The UN member states passed a resolution stating that the greatest challenge in the modern world is the eradication of poverty and that without achieving this, there cannot be sustainable development.

The Agenda presents 17 Objectives with 169 integrated and indivisible goals encompassing the economic, social and environmental spheres. The new strategy will govern sustainable development programmes and policies worldwide for the next 15 years.



The 17 Objectives of the Agenda were drawn up after over two years of discussion between the States, the corporate sector and civil society. These objectives have been built on the achievements and opportunities for improvement identified in the previous Millennium Development Goals (MDGs) whose term expired in 2015.

The SDOs include, among other points, the elimination of poverty in the world, the eradication of hunger and the achievement of food security; the guarantee of a healthy lifestyle and quality education; the achievement of gender equality, a guarantee of access to water and to power; the furtherance of sustained economic growth; the adoption of urgent measures against climate change; the furtherance of peace and to facilitate access to justice.

The corporate sector, being an agent for economic, social and environmental progress, has been identified as a key for the attainment of the established goals, acknowledging that development will not be achieved without the active participation of the corporate sector.

ENDESA is firmly committed to the new UN Agenda for Sustainable Development and acknowledges the historic opportunity represented by the new Sustainable Development

Goals and the involvement of the private sector to overcome the main challenges facing society, from the struggle against climate change to the eradication of poverty and economic and social progress.

As part of its commitment and interest in this new Agenda, ENDESA has played an active role in the consultation processes executed at local and global levels since the agreement between Member States at the Rio+20 Sustainable Development Summit to work on the definition of the new objectives.

ENDESA, committed to the new UN Sustainable Development Objectives

This commitment was confirmed by ENDESA's CEO, José D. Bogas, in the presence of Ban Ki-Moon, Secretary-General of the United Nations, on 29th October at a meeting organized by the Global Compact Network Spain between some of the most important companies in the country,







The Secretary-General of the United Nations, Ban Ki-Moon and the CEO of ENDESA, Jose D. Bogas, at the meeting between corporate leaders organized by the Global Compact Network Spain

their executive committees and Ban Ki-Moon, in order to make a first-hand contact between the Agenda for Sustainable Development and the private sector, and to inspire them to action.

On the other hand, at the United Nations Private Sector Forum held in September 2015 on the occasion of the passing of the Sustainable Development Objectives, Francesco Starace, CEO of the Enel Group, disclosed the following commitments, intended to contribute to the 2030 Agenda:

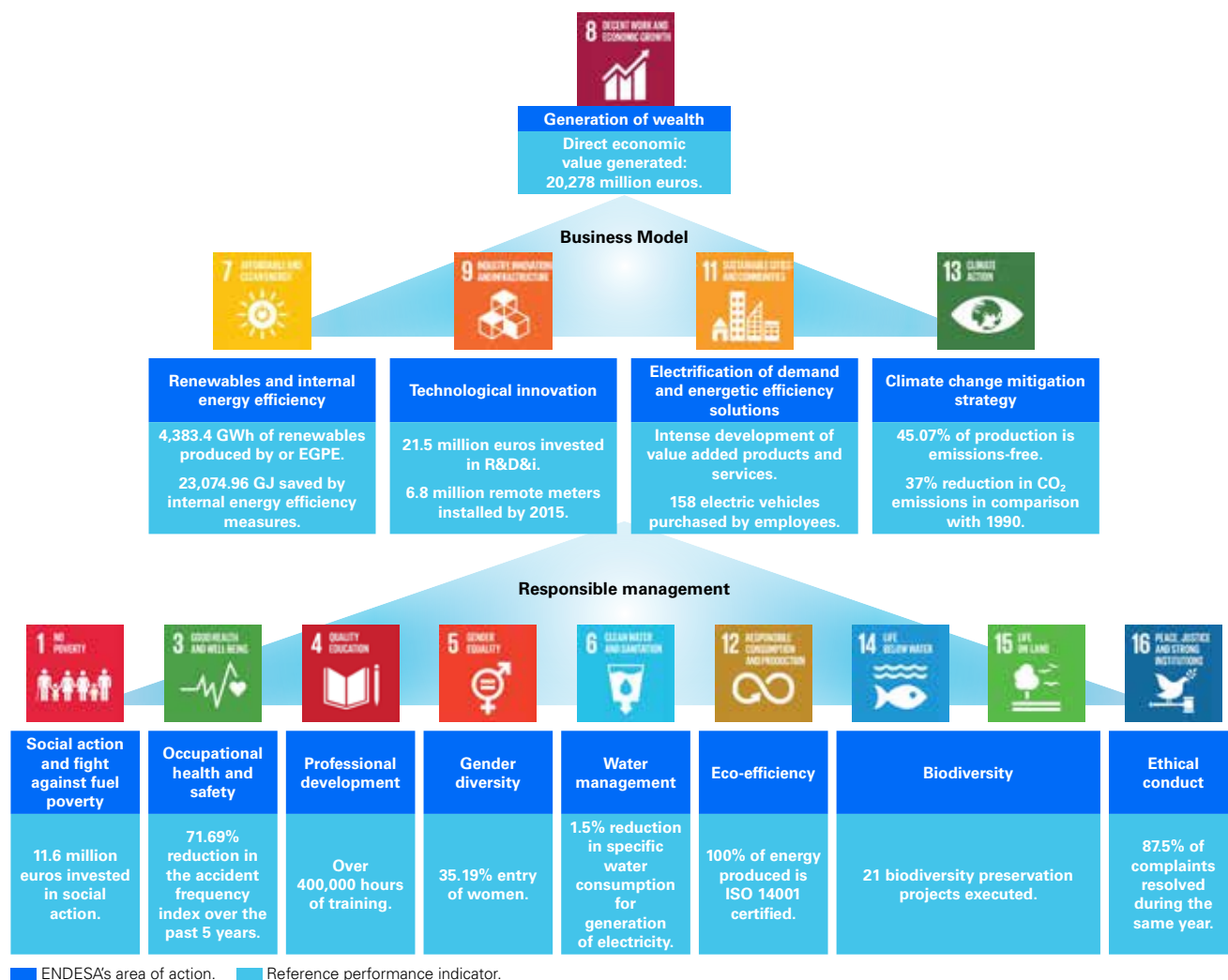
In turn, ENDESA performed a process of analysis to determine to which objectives the Company may contribute throughout its value creation chain. In this sense, ENDESA has identified 14 objectives to which the Company can actively contribute via its business and sustainability strategies. Five of these are directly linked to the sustainable business model which ENDESA is developing, while another nine are related to the responsible business management performed by the company and which are intrinsic to any business or industrial activity.

The Enel Group's commitments to the Sustainable Development Objectives

	Support for the educational projects of 400,000 people in 2020
	Furtherance of employment and inclusive, sustainable economic growth for 500,000 people
	Support for projects for access to energy
	Carbon neutrality in 2050

The main areas of action by which the Company contributed to the attainment of the Sustainable Development Objectives in 2015 are summarized below, highlighting the most relevant performance indicators. Details of the main actions performed may be seen in the chapter *Our performance* in this sustainability report.

ENDESA's contribution to the sustainable development objectives in 2015



4.4. OECD Guidelines for Multi-National Companies

The OECD Guidelines for Multi-National Companies are recommendations directed by governments to multi-national companies which operate in adherent countries or which

have their headquarters in them. They contain non-binding principles and standards for responsible corporate conduct in a global context, in compliance with applicable laws and internationally accepted standards.

ENDESA, by its honest commitment to sustainability and by its management of the same, is firmly committed to compliance with the recommendations established in the OECD Guidelines, always seeking to further the economic, social and environmental progress of the territories where it operates.

5. ENDESA's presence at the most significant sustainability forums and associations

G4-16

The most significant forums and associations devoted to the furtherance of sustainability in general throughout the value creation chain in which ENDESA has participated actively during 2015 are listed below. However, it should be noted that ENDESA also takes part in other forums and associations whose mission is to progress in the management of specific items in the field of sustainability, such as the struggle against climate change or social action, which are itemised in this Sustainability Report in the chapters in the section *Our Performance*.

5.1. Club de Excelencia en Sostenibilidad

The Club de Excelencia en Sostenibilidad (CES) forms one of the main forums of reference in Spain in the field of corporate social responsibility. ENDESA is a founder member of this club and plays an active role in the various activities organized for the furtherance of sustainable development, the following activities held in 2015 being of particular note:

- > **Energetic Efficiency.** ENDESA, as a member of the Advisory Board of the CES Energetic Efficiency Observatory, has taken part in the execution of the study

performed in the Observatory to analyse the degree of progress of Spanish companies in the field of energetic efficiency and the challenges existing for the fulfilment of the future transposition of the Energetic Efficiency Directive.

For more information, see the chapter on *Operative excellence*, section 4: *ENDESA's Efficient Products and Services*.

- > **Sustainable Mobility:** ENDESA is also a member of the Advisory Board of the CES Sustainable Mobility Observatory. In 2015, this Observatory presented a study showing the actions promoted by Spanish companies to promote a transversal view of sustainable mobility and thus to manage mobility as an area of strategic interest for organisations, with specific objectives, actions and indicators. In this sense, ENDESA contributed by providing its experience in the performance of corporate sustainable mobility plans which generate value for the Company, its employees, suppliers and customers.

For more information, see the chapter *Operational Eco-efficiency*, section 7.3: *Furthering Sustainable Mobility*, and the chapter *Electricity, society's energy vector*, section 2: *The need to progress toward Sustainable Mobility*.

- > **Socially Responsible Investment.** ENDESA belongs to the SRI Advisory Board, which in 2015 published a paper on the expectations of institutional investors in the social, environmental and ethical fields of Spanish listed companies. For ENDESA, insight into these matters is fundamental, as the attraction of socially responsible investment is a basic premise of the 2015-2019 Sustainability Plan.

For more information, see the chapter *SRI Attraction*.



- > **Responsible Innovation:** In 2015 ENDESA took part in the publication of the Good Practices Catalogue on responsible innovation drawn up by the CES, contributing with one of its most emblematic initiatives, the El Hierro 100% renewable project, by which it is sought that the entire electrical supply of the island of El Hierro should come from renewable sources, specifically from the hydro-wind facility constructed by the Company.

For more information, see the chapter *Electricity, society's energy vector*, section 4.3.3: *Renewables*.

- > **Biodiversity:** ENDESA belongs to the Club's Biodiversity Commission, under whose auspices a new study was published, presenting the results of the survey performed in companies of various sectors, to find out about their management of the preservation of biodiversity, to detect their degree of insight in the concept, its integration into Company strategy and to detect obstacles.

For more information, see the chapter *Biodiversity*.

- > **Dissemination and Awareness.** In 2015, ENDESA continued to collaborate with the CES and the Ministry of Employment and Social Security in the organisation in different locations of Spain of events for the dissemination of the Spanish Strategy for Corporate Social Responsibility, passed in 2014, and in whose preparation ENDESA contributed in the different consultation processes expounded.



Meeting between company leaders and the Secretary-General of the United Nations, Ban Ki-Moon, on the occasion of the passing of the UN Sustainable Development Objectives

ENDESA is a prominent member of this organisation, and during 2015 played an active role in the different initiatives carried out. For example, ENDESA is a member of the Human Rights Work Group, which in 2015 presented an innovative tool to help companies to integrate the UN Guiding Principles on Businesses and Human Rights. ENDESA took part in this group, providing its extensive experience in the identification, management and minimization of risks in the field of human rights, and their integration in decision-making processes.

Besides, ENDESA took part in the different events organized on the occasion of the launching of the new Sustainable Development Objectives, being of particular note the meeting organized by Red Española between the Secretary-General of the United Nations, Ban Ki-Moon and the CEOs of Spanish companies which are leaders in sustainability.

5.2. Red Española del Pacto Mundial

The Global Compact operates in Spain via the Red Española; currently, 2,600 bodies have joined this initiative for corporate social responsibility, it being the local platform of the Global Compact with the greatest number of signatories.



Red Pacto Mundial
España

5.3. Foretica

Foretica is a referent in Corporate Social Responsibility (CSR) in Spain and Latin America, and is the local partner of the World Business Council for Sustainable Development (WBCSD), one of the most significant corporate associations worldwide in the field of sustainability.

ENDESA has been a member of the Executive Committee of this organization since 2014, and since then has played an active role in the various activities and initiatives organized by this association.



In 2015, ENDESA has continued to participate in the Enterprise 2020 initiative, launched by the European Commission in 2011, and which encourages the furtherance and dissemination of the best CSR practices formulated collaboratively and led by companies; in Spain this initiative is managed by Forética. ENDESA provided this initiative with some of its most innovative business practices, such as the Málaga SmartCity project.

Furthermore, at the end of 2015 the Climate Change Cluster was established, formed by 36 large Spanish companies from sectors such as finance, insurance, the food sector, distribution or energy, in which ENDESA takes part. This workgroup seeks to transfer to the Spanish context the main trends and conversations on climate change worldwide from a business viewpoint, and to contribute to the generation of knowledge, cooperating with public administrations and opinion leaders, and developing a position of leadership as a Spanish referent in the field of climate change.

5.4. Asociación Española para la Calidad (AEC)



The Asociación Española para la Calidad (AEC) is a private not-for-profit body whose aim is to encourage and support

the competitiveness of Spanish companies and organisations, promoting the culture of quality and sustainable development. Within this association there exists a Corporate Social Responsibility Committee, of which ENDESA is a prominent member, using its knowledge and experience to take part in the development of sustainability strategies aimed at the long-term creation of value both for the Company and for society and the environment.

Throughout 2015, ENDESA took part in the different meetings and sessions organized by the Committee to develop an action plan to enable the association to become a referent in knowledge, analysis, innovation, design and development of CSR, and to promote its integration into organizational strategies.

5.5. Comisión de Responsabilidad Social Empresarial de UNESA

ENDESA belongs to the CSR Commission formed by UNESA for the sharing of good practices, the identifying of trends and the generation of knowledge regarding the most significant matters in the field of sustainability for companies of the electrical sector.



In this vein, in 2015 ENDESA took part in the 1st Congress on Responsible Management in the Supply Chain, organized by UNESA to analyse and enhance the CSR work performed in the integration of social, environmental and ethical aspects in supply chain management not only by UNESA-associated companies, but also their supplier companies.

6. ENDESA, a model of Good Governance and Transparency

G4-34 to G4-37 / G4-42 to G4-48

In order to guarantee that ENDESA's commitment to sustainability remains firm in all the Company's decision-making processes and in the performance of its daily activities, ENDESA has a sustainability governance and management system which involves all areas of the Company.

In 2015, this system was reinforced to comply with the new Act 31/2014, of 3rd December, modifying the Capital Companies Law for the improvement of corporate governance, likewise the Good Governance Code for Listed Companies. In this sense, the new ruling by the Board of Governors passed on 18th September 2015 assigns to the Board of Governors the responsibility for passing the corporate social responsibility policy and assigns to the Auditing and Compliance Committee functions of supervising sustainability, among these:

- > Revising the company's corporate social responsibility policy, ensuring that it is oriented toward the creation of value.
- > Following-up the corporate social responsibility strategy and practices and assessing their degree of compliance.
- > Supervising and assessing the relationship processes with the various stakeholder groups.
- > Making an assessment of all concerning non-financial risks for the Company, including operational, technological, legal, social, environmental, political and reputational risks.
- > Coordinating the reporting process of non-financial and diversity-related information, in compliance with applicable regulations and international reference standards.

Likewise, this Committee has other functions, related to specific aspects of sustainability:

- > Informing of the proposals for modification of the Company Ethics Code and supervising compliance with the same.

- > Supervising compliance with the Company's corporate rules of governance and periodically assessing the suitability of the system of corporate governance, in order that it may fulfil its mission to promote social interest and to hold present, where applicable, the legitimate interests of the other stakeholder groups.

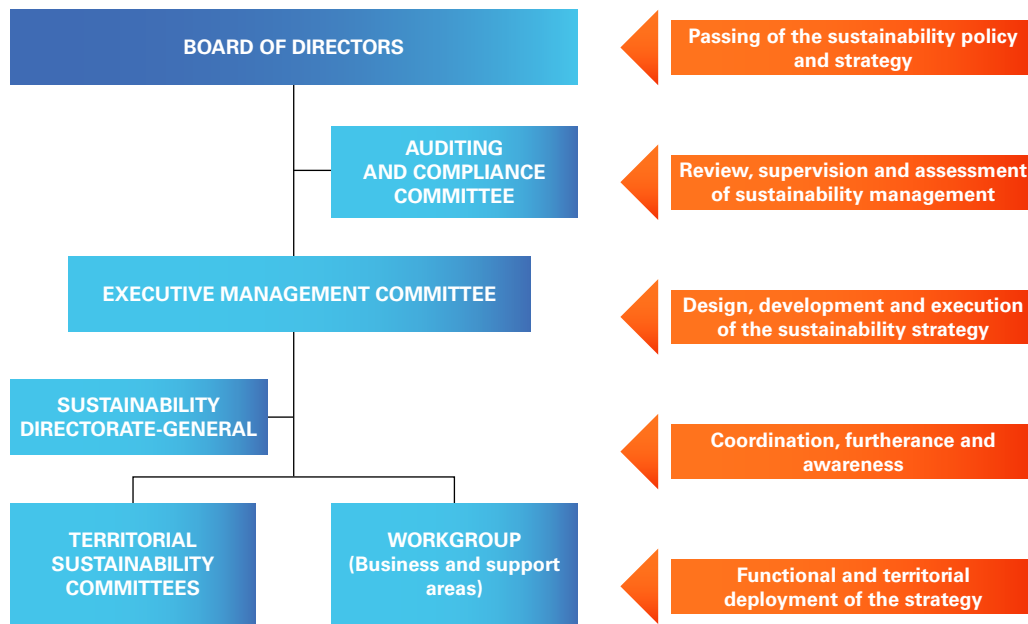
The Executive Management Committee, comprised of the CEO and the Directors-General of ENDESA –including the Sustainability Directorate-General– is the executive body in charge of developing and implementing ENDESA's sustainability strategy and guaranteeing the integration of the social, environmental and ethical aspects into the decision-making processes performed at the highest level.

Sustainability management at ENDESA extends throughout the Company; for this reason there is a work group in charge of integrating sustainability principles into everyday business management, defining the objectives and the actions included in the sustainability plan. This workgroup is formed from the main areas of ENDESA, both business and support groups, among these: Generation, Distribution, Marketing, Corporate Affairs, Auditing, Relationship with Investors, Human Resources, Environment, Regulatory, Adjustment, Media, Communications, Purchasing, Occupational Health and Safety.

Besides, in order to incorporate local peculiarities into ENDESA's sustainability strategy, there are 7 territorial sustainability committees, presided by the highest representative of the Company in that territory, and whose main functions are to promote and supplement the lines of action established in the 2015-2019 ESP, providing a better setting for ENDESA's activity and mapping the objectives and commitments onto the local reality.

Finally, the Sustainability Directorate-General, which depends directly on the CEO and which is present in the Executive Management Committee, undertakes coordination and boosting functions for ENDESA's sustainability strategy.

Sustainability management and governance system at ENDESA



6.1. Participation of shareholders

On 27th April 2015, ENDESA held its Ordinary General Shareholders' Meeting, with a participation of 84.79% of the capital.

G4-13

In 2015 no significant changes regarding the size, structure or supply chain of the Company were presented for analysis; the only item of note being that the shareholder Enel Iberoamerica, S.R.L., which was the holder of 70.144% of ENDESA's share capital reduced its share to 70.101%. The same has occurred with the shareholder Capital Research and Management Company, which on 19th February reduced from 5% of ENDESA's share capital to 3% of the share capital on 27th February.

6.2. Leadership of the Board of Directors

G4-49

The Board of Directors, to whom full powers in the management, administration and representation of the Compa-

ny correspond, as a general rule will entrust the ordinary management of the Company to the delegate administration bodies and will concentrate its activity on general supervisory functions and the consideration of matters of particular significance to the Company and its group of companies.

In accordance with the Statutes, the Board of Directors will form the Auditing and Compliance Committee and the Appointments and Remuneration Committee, and may also create an Executive Committee.

G4-40

The Regulations of the Board of Directors, article 9, state that *"The Board of Directors, at the proposal of the Appointments and Remuneration Committee, shall approve a selection policy for management candidates, which shall be specific and verifiable, to guarantee that management nomination proposals are based on the prior analysis of the Board's requirements, and favour the diversity of knowledge, experience and gender."*

In this sense, on 10th November 2015 the Board of Directors approved a specific and verifiable selection policy for management, with the aim of integrating varied professional and management experiences and competencies (including those specific to the business performed by the Company, economic-financial and legal matters), encouraging, as much as possible, diversity in age and gender.

Composition of ENDESA's Board of Directors at 31-12-2015

Position on the Board	Name	Type of Director	First nomination date	Auditing and Compliance Committee	Appointments and Remuneration Committee	Executive Committee
Chairman	Mr. Borja Prado Eulate	Executive	20/06/2007 ¹			✓
Vice-Chairman	Mr. Francesco Starace	Proprietary	16/06/2014			✓
Chief Executive Officer	Mr. José Damián Bogas Gálvez	Executive	07/10/2014			✓
Director	Mr. Alejandro Echaverría Busquet	Independent	25/06/2009	✓	✓	✓
Director	Ms. Helena Revoredo Delvecchio	Independent	04/11/2014	✓	✓	
Director	Mr. Miquel Roca Junyent	Independent	25/06/2009	✓	✓	✓
Director	Mr. Enrico Viale	Proprietary	21/10/2014			
Director	Mr. Livio Gallo	Proprietary	21/10/2014			
Director	Mr. Alberto de Paoli	Proprietary	04/11/2014	✓	✓	✓
Director	Mr. Ignacio Garralda Ruiz de Velasco	Independent	27/04/2015	✓	✓	✓
Director	Mr. Francisco de Lacerda	Independent	27/04/2015	✓	✓	
Secretary	Mr. Borja Acha Besga		01/08/2015			

¹ Appointed Chairman on 24/03/2009.

Likewise, Article 9 of the Regulations states that *"proposals for the appointment, ratification or re-election of Directors formulated by the Committee shall fall on persons of known prestige who possess the appropriate professional experience and knowledge for the exercise of their functions and who undertake a commitment to sufficient dedication for the performance of their duties."*

The General Meeting or, where applicable, the Committee, shall be competent to appoint members of the same in accordance with the stipulations of the Corporate Enterprises Act and the Bylaws.

The proposal for the appointment, ratification or re-election of Directors submitted by the Board of Directors to the General Shareholders' meeting, or approved by the Board of Directors in the first instance, shall be formulated at the proposal of the Appointments and Remuneration Committee in the event of these being independent Directors, and with a prior report from said Committee in the case of Directors nominated for other categories."

On the other hand, with regard to the Auditing and Compliance Committee, Article 23 of the Regulations states that "the Board of Directors shall seek to appoint all the members of the Auditing and Compliance Committee, and its Chairman in particular, bearing in mind their knowledge and experience in matters of accounting, auditing or risk management."

The Chairman of the Auditing and Compliance Committee shall be appointed by the Board of Directors from among the independent Directors belonging to the Committee, with the favourable vote of the majority of the Board"

Finally, with regard to the Appointments and Remuneration Committee, Article 24 of the Regulations states that "the Board of Directors shall seek to appoint all the members of the Appointments and Remuneration Committee, bearing in mind their knowledge, skills and experience. The Chairman of the Appointments and Remuneration Committee shall be appointed by the Board of Directors from among the independent Directors belonging to the Committee, with the favourable vote of the majority of the Board. In the absence of a Chairman, the most senior independent Director of the Committee shall take his place, and failing this, it shall be the independent Director of the greatest age and belonging to the Committee."

During 2015, the Board met on 11 occasions. The Chairman attended all of these.

ENDESA Board of Directors: Key Figures for 2015

Total Number of Directors	11
Non-executive Directors	9
Independent Directors	5
External proprietary Directors	4
Board Meetings	11
Shares owned or controlled by members of the Board of Directors or by significant individual shareholders	52,220

6.3. Remuneration of Directors

The total remuneration received by ENDESA's directors in 2015 was 5,580,325 euros.

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

Euros	2015								
	Salary	Fixed Remuneration	Attendance Fees	Short-term variable compensation	Long-term variable compensation	Indemnities	Other Concepts	Compensation accrued in other companies	Total Financial Year 2015
Mr. Borja Prado Eulate	1,086,285	187,710	18,030	805,453	649,600	—	185,841	—	2,932,919
Mr. Francesco Starace	—	—	—	—	—	—	—	—	—
Mr. José Mr. Bogas Gálvez	671,811	—	—	496,501	403,086	—	95,818	—	1,667,216
Mr. Alejandro Echeverría Busquet	—	187,710	40,568	—	—	—	—	—	228,278
Mr. Livio Gallo	—	—	—	—	—	—	—	—	—
Mr. Alberto de Paoli	—	—	—	—	—	—	—	—	—
Ms. Helena Revoredo Delvecchio	—	187,710	28,548	—	—	—	—	—	216,258
Mr. Miquel Roca Junyent	—	187,710	40,568	—	—	—	—	—	228,278
Mr. Enrico Viale	—	—	—	—	—	—	—	—	—
Mr. Ignacio Garralda Ruiz de Velasco ¹	—	125,140	28,548	—	—	—	—	—	153,688
Mr. Francisco de Lacerda ¹	—	125,140	28,548	—	—	—	—	—	153,688
Total	1,758,096	1,001,120	184,810	1,301,954	1,052,686	—	281,659	—	5,580,325

¹ Members of the Board of Directors since 27th April 2015; therefore, the information on 2015 refers to the period of 27th April 2015 to 31st December 2015.

6.4. Directors' responsibilities and duties

G4-41

Directors shall take the necessary steps to avoid falling into situations where their interests, whether personal or otherwise, may enter into conflict with company interests or their duties to the Company.

In particular, the duty to avoid situations of conflict requires the Directors to refrain from:

- A) Performing transactions with the Company, unless these are ordinary transactions under standard conditions for customers and of low importance, understanding as such those whose communication is not necessary to show a clear and fair image of net worth, financial situation and income of the company.

- B) Using the name of the company or mentioning their situation as Directors of the same in order to wrongfully influence the performance of private operations.
- C) Using company assets, including confidential information concerning the Company, for private purposes.
- D) Exploiting the business opportunities of the Company.
- E) Obtaining advantage or remuneration from third parties other than the Company and its group with regard to the performance of their duties, unless these be matters of mere courtesy.
- F) Carrying out activities on their own account which may entail competition, either real or potential, for the Company, or which in any other way may place them in permanent conflict with the Company's interests.

The precautions mentioned in this section shall also be applicable in the event that the person profiting from the for-

bidden acts or activities may have a relationship with the Director.

The Directors shall inform the Board of Directors, via the Board Secretary, of any situation of conflict, direct or indirect, which they may have with the interests of the Company. The Directors shall abstain from participating in the deliberation and voting of agreements and decisions in which they or the related person may have a conflict of interests, whether direct or indirect. Agreements or decisions affecting their position as a Director, such as their appointment or revocation for positions on the Board of Directors, its Committees and the Executive Committee, or others of similar significance, shall be excluded from the above obligation.

In this sense, the persons considered to be related to the Directors are listed below:

- a) The Director's spouse or persons with a similar affective relationship.
- b) The ascendants, descendants or siblings of the Director or of the Director's spouse.
- c) The spouses of the ascendants, descendants or siblings of the Director.
- d) The companies in which the Director, on his/her own account or by means of a representative, occupies one of the positions of control mentioned in Section 1 of Article 42 of the Commercial Code.

And with regard to the Director as a legal person, those persons who are considered to be related are listed below:

- a) The partners who are, with regard to the Director as a legal person, in any of the situations of control mentioned in Section 1 of Article 42 of the Commercial Code.
- b) The administrators, de jure or de facto, and the proxies with general powers of attorney of the Director as a legal person.
- c) The companies belonging to the same group as the Director as a legal person and his/her partners.
- d) The persons who, with regard to the physical person who is proxy to the Director as a legal person are considered to be persons related to said physical person.

Finally, with regard to conflicts of interest, the Internal Regulations of Conduct establish that:

- > The persons affected shall inform the Secretary-General of the possible conflicts of interest which might arise concerning the ownership of the personal or family estate or with any cause which might interfere with the performance of the activities which are the object of these Regulations.
- > In the event of doubt over the existence of a conflict of interests, the persons involved shall consult the Secretary-General, who will resolve the matter in writing. The Secretary-General may bring the matter before the Auditing and Compliance Committee, should he/she deem this expedient due to its implications or difficulty.

On the other hand, according to articles 25, 26 and 27 of the Regulations of the Board of Directors, their responsibility is to act with due care, loyalty and confidentiality.

Duty of care

The Directors shall perform their duties while complying with obligations imposed by the Law, by the Social Statutes and by these Regulations, with the care of a responsible businessperson, bearing in mind the nature of the position and the duties ascribed to each. The Directors shall devote themselves appropriately and shall adopt the measures necessary for the correct management and control of the Company.

In the performance of their duties, the Directors have the duty to require, and the right to request from the Company the appropriate information necessary for the fulfilment of their obligations, and to duly prepare the Board meetings and those of the company departments to which they belong.

Likewise, the Directors shall attend the meetings of the company departments to which they belong, and shall participate actively in the discussions in order to contribute effectively to the decision-making process. In the event of inability, due to a justified cause, to attend the meetings to which he/she has been summoned, he/she shall brief the Director substituting him/her, where applicable. The Company shall be empowered to undersign an insurance policy covering the civil liability of the Directors and managers in the performance of their duties, with the exception of uninsurable risks in accordance with Spanish legislation.

Duty of loyalty

The Directors shall perform their duties with the loyalty of a faithful representative, acting in good faith and in the Company's best interests, understood with full independence, always seeking the best defence and protection of the shareholders, to whom they owe their mandate and are accountable.

The Directors, by virtue of their position, have the following obligations in particular:

- A) Not to exercise their powers to ends different from those for which they were granted.
- B) To perform their duties under the principle of personal responsibility with freedom of criteria or judgment, and independence with regard to instructions and connections with third parties.
- C) To comply with the general principles and the criteria of conduct contained in the Company's Code of Ethics.

Duty of confidentiality

The Directors, even after the termination of their duties, shall maintain secrecy with regard to the information, data, reports or precedents to which they may have had access in the performance of their duties, even after termination of the same, except in the cases required or permitted by law.

When the Director is a legal person, the obligation to secrecy shall fall on the representative of the former.

Finally, regarding conflicts of interest, the Internal Regulations of Conduct establish that:

- > The persons affected (Directors, High Executives, Executives, employees, external consultants) by the Regulations shall inform the Secretary-General of the possible conflicts of interest which might arise concerning the ownership of the personal or family estate or of any cause which might interfere with the performance of the activities which are the object of these Regulations.
- > In the event of doubt over the existence of a conflict of interests, the persons involved shall consult the Secretary-General, who will resolve the matter in writing. The Secretary-General may bring the matter before the Auditing and Compliance Committee, should he/she deem this expedient due to its implications or difficulty.
- > If the person affected by a possible conflict of interests is a member of the Auditing and Compliance Committee or the CEO, it shall be the Committee who shall decide upon the existence or non-existence of said conflict. If the person affected should be the Secretary-General, he shall inform the CEO of the possible conflict, for the decision of the latter regarding its existence or non-existence or, where applicable, to bring the matter before the Auditing and Compliance Committee.

7. Transparency and close relations with Shareholders and Investors

G4-26

ENDESA maintains a constant relationship with its shareholders, 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.

In this sense, on 11th November 2015 ENDESA's Board of Directors, in compliance with the Code of Good Governance for Listed Companies, approved the "Policy of Communication and Contact with shareholders, institutional investors and proxy advisors". The main objective of this Policy is that the Company should maintain complete, truthful, transparent information, paying permanent attention to the relationship with shareholders and institutional investors.

The general principles governing this policy are transparency, immediacy, continued information, equality of treatment, affinity to company interests and compliance with regulations.

7.1. Investor relations department

G4-26

One of the main activities carried out by the Investor Relations Department in 2015 was the public presentation to

analysts and investors on the Company's quarterly reports and its industrial plans.

In this regard, on 19th March 2015 ENDESA informed the Stock Market National Commission (CNMV), by means of a Relevant Fact, of the main lines of its Strategic Plan for the period 2015-2019, which was explained on an Investors' Day held on 10th June at the company headquarters in Madrid. Finally, on 23rd November of the same year ENDESA revealed to the market an update to this plan for the period 2016-2019.

Subsequent to these 2 events, ENDESA executed 2 Non Deal Roadshows around Europe and the United States where, in one-on-one meetings, it made an in-depth presentation of the plan to the Company's main investors. For these 2 Roadshows ENDESA visited a total of 20 cities, meeting with 164 investors.

ENDESA's Investor Relations Department also took part in a total of 5 international conferences of the sector, where it was able to meet with 68 investors.

As part of its day-to-day activity, it should be highlighted that the Investor Relations Department attended a total of 711 queries from analysts, investors and rating agencies by telephone, e-mail or face-to-face.

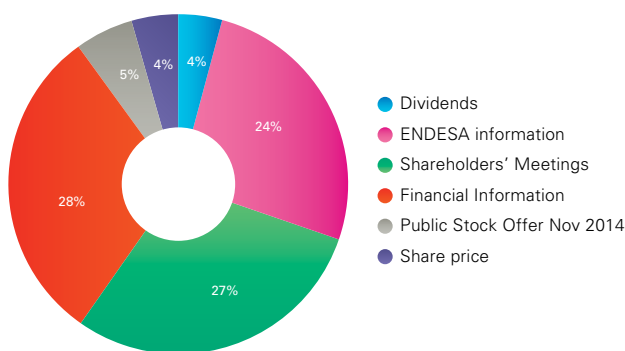
On 27th April 2015, ENDESA held its Ordinary Shareholders' Meeting, at which all the items on the agenda were approved, a quorum of 84.79% of the share capital being present.

7.2. ENDESA's shareholders' information office

G4-26

During 2015 the Shareholders' Information Office received 3,003 telephone calls and 96 visits, and performed 1,347 documentation deliveries.

Type of information requested from the shareholders' information office in 2015



One of the most significant channels which the Company places at the disposal of its private shareholders is the "Information for Shareholders and Investors" included on its corporate website (www.endesa.com).

4,446 requests from shareholders were handled by the Shareholders' Office

7.3. ENDESA's business impact

G4-DMA Economic Development

7.3.1. Profits generated

ENDESA obtained a net income of 1,086 million euros in 2015, 2,251 million less than in 2014, as this last included the net capital gain generated by the Business Divestment operation in Latin America, amounting to 1,764 million euros, and the net income generated by said business up to the date of materialization of the transaction, amounting to 623 million euros.

The post-tax income of the Continued Operations, which during both periods included only the Business Income obtained in Spain and Portugal, increased to 1,090 million euros in 2015, 15.6% more than during the previous year.

The distribution of net profit and the post-tax income of the Continued Operations between ENDESA's businesses and their variations regarding the same period of the previous year are shown below:

Millions of Euros

	Net profit				Post-tax result of Continued Operations			
	2015	2014	% Variation 2014	% Contribution to the total	2015	2014	% Variation 2014	% Contribution to the total
Business in Spain and Portugal	1,086	950	14.3	100.0	1,090	943	15.6	100.0
Generation and Marketing	506	363	39.4	46.6	506	363	39.4	46.4
Distribution	581	681	(14.7)	53.5	585	681	(14.1)	53.7
Structure and Others ¹	(1)	(94)	(98.9)	(0.1)	(1)	(101)	(99.0)	(0.1)
Business in Latin America	—	2,387	(100.0)	Na	—	—	—	Na
Total	1,086	3,337	(67.5)	100.0	1,090	943	15.6	100.0

¹ Structure, Services and Adjustment.

7.3.2. Revenues, EBITDA and exploitation earnings

Revenues reached 20,299 million euros in 2015, compared with the 21,512 million euros obtained in 2014. Of this amount, 19,281 million euros correspond to sales (-5.8%) and 1,108 million euros to other revenues (-2.0%).

ENDESA's contribution margin for 2015 reached 5,481 million euros in 2015, 57 million euros less than the previous year (-1.0%) which, combined with the evolution of overheads, which fell by 17 million euros (-0.7%), set the gross exploitation income (EBITDA) at 3,039 million euros (-1.7%).

Exploitation earnings (EBIT) increased by 126 million euros (+8.6%) in comparison with 2014, reaching 1,598 million euros as a consequence of the reduction in amortisation, mainly due to the extension of the useful life of the nuclear power plants and combined cycles as from 1st October 2014 (125 million euros).

Income 2015

	Revenue		EBITDA		EBIT	
	Mill. euros	% var. 2014	Mill. euros	% var. 2014	Mill. euros	% var. 2014
Spain and Portugal	20,299	-5.9	3,039	-1.7	1,598	8.6

In 2015 ENDESA's gross investment was 1,084 million euros (1,155 million euros in 2014), of which 957 million euros correspond to investment in tangible and intangible assets and real estate, while the remaining 59 million euros correspond to financial investments.

The gross investment in generation during 2015 corresponds mainly to investments performed on power plants which were already in operation on 31st December 2014, of which the investment performed on the Litoral power plant is of particular note, amounting to 59 million euros for its adaptation to European environmental standards, entailing an extension of its useful life.

With regard to gross investments on distribution, these correspond to extensions of the grid, and investment devoted to the optimization of its operation, in order to improve the efficiency and the level of quality of service. Investment on the mass installation of smart remote meters and the systems for their operation is also included.

Gross investments concerning marketing correspond mainly to the performance of activities related to Value Added Products and Services (VAPS).

Financial investment in 2015 corresponds mainly to the provision of funds (24 million euros) to Nuclenor, S.A. (34 million euros provided during 2014). In 2014 it also included the finance granted to Elcogas, S.A. of the amount of 51 million euros to satisfy its debt to financial institutions, which had been guaranteed by the shareholders.

On 1st November 2015 ENDESA signed a purchase agreement with Galp Energy Spain, and Petrogal, Spanish Branch for the acquisition of the residential segment of the natural gas marketing business in Spain. The price agreed for this transaction was 35 million euros.

During 2014, gross business investment in Latin America, up to the date of materialization of the divestment operation, reached 1,088 million euros, of which 957 million euros corresponded to investment in tangible and intangible assets and real estate, and 131 million euros to financial investment.

Gross Investment

Millions of Euros	2015	2014*	% Var.
Generation and Marketing	328	307	6.8
Distribution	585	619	(5.3)
Others	2	2	—
Total Material	915	928	(1.3)
Intangible	110	99	11.1
Financial	59	128	(53.9)
Total Investments	1,084	1,155	(6.1)

* Continued operations.

7.3.4. Generation of wealth in 2015

G4 EC1

ENDESA's activity as a producer and supplier of electrical power contributes to the economic and social development of the countries where it operates.

Generation of Wealth

Millions of Euros	2014	2015
Direct economic value generated	21,445	20,278
Economic value distributed	34,467	18,959
Dividends*	15,410	1,086
Operating and other fixed expenses	17,217	15,935
Personnel expenses	1,245	1,332
Taxes and duties**	369	396
Investment in social projects	10.90***	8.23
Finance expenses	226	210
Economic value retained	(13,022)	1,319

* The Board of Directors of ENDESA, S.A. at their meeting held on 21st December 2015, agreed to pay the shareholders a dividend corresponding to the income of the 2015 financial year of 0.40 euros per share gross, the payment of which, made on 4th January 2016, has entailed an outlay of 424 million euros. Said interim dividend appears, reducing the equity of the parent Company as on 31st December 2015.

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

*** Data changed with regard to the previous year due to the change in scope subsequent to the divestment in Latin America in October 2014.

G4_EC4

The balance of capital grants on 31st December 2015 amounted to 337 million euros. This figure mainly includes subsidies received under the scope of collaboration agreements for the execution of plans for the improvement of the quality of electrical supply to the distribution grid, undersigned with the Ministry of Industry, Energy and Tourism and the Public Agencies of the Autonomous Communities, among others, to build electrical distribution installations.

7.4. Creating value for shareholders

7.4.1. ENDESA's share performance

2015 was a difficult year for world equity, being characterised by volatility, uncertainty regarding economic growth and political instability. However, it should be noted that the year featured two highly differentiated periods; although it began strongly, encouraged by the economic incentive entailed by the European Central Bank's first debt purchase programme, the increases of the indices during the first half of the year, and especially during the first quarter, abated and even disappeared as the year drew to a close.

One of the main reasons to explain the erratic behaviour of the markets since April may be found in the continued fall in oil prices, which ended the year at about 37 dollars per barrel of Brent, its lowest level since 2004. Other significant factors were geopolitical tensions, the weakness of raw materials markets faced by doubts on the growth of developing countries, particularly concerning the deceleration in China, the delicate situation of the Greek economy and its possible spread to other European countries, and the uncertainty over the actions of the large central banks. In December, the European Central Bank raised the rates which banks must pay for leaving their money at the ECB, with the objective of contributing to the granting of loans, and extended the debt purchase programme until March 2017. Meanwhile, the U.S. Federal Reserve also approved in December the first rise in rates since 2006. The price increase of 25 bps ended 7 years of zero rates.

In spite of these tensions, most stock markets managed to close the year with positive results, although with considerable contrasts. Among European markets, the Italian market is of particular note, with an increase of 12.66%, followed by the German and French markets with 9.56% and 8.53% respectively, favoured by the depreciation of the euro against the dollar, which helped exporting companies. The pan-European Eurostoxx 50 index also finalized with a rise of 4.5%, unlike the English (-4.93%) and Spanish (Ibex-

35: -7.15%) stock markets, which closed with losses. For the main Spanish indicator, 2015 was the worst year since 2011 and the first year with losses after two consecutive years of profits.

Among the non-European stock markets, the U.S. Nasdaq technology index is of note, with an 8.43% rise, and the Japanese Nikkei, with 9.07%, while the S&P 500 (-0.73%) and the Dow Jones industrial index (-2.23%) closed the year practically even, in spite of the fact that both indicators achieved a historic maximum in the first half of the year.

The bad relative behaviour of the Spanish stock exchange was justified, in addition to the above factors, by the political uncertainty generated after the elections in Catalonia of 27th September and the divided result of the general elections of 20th December. The stock market was also affected by the exposure of the main companies of the Ibex-35 to Latin America, and to Brazil in particular, where the Bovespa index closed with a 13.31% drop due to doubts concerning the country's economic growth, particularly since December, when the S&P rating agency classified their sovereign rating as junk.

Political tensions were also evident in the evolution of the Spanish risk premium. In spite of the fact that in March it achieved its historic minimum of 88 basis points, the differential with German debt ended the year at about 114 basis points, although this was far from the maximum reached in July, in the midst of the Greek crisis, when it reached 164 basis points. At the close of 2015, the interest demanded of the Spanish bond at 10 years was 1.78%.

The general evolution of the European electricity sector, summarized in the index of the sector "Dow Jones Eurostoxx Utilities" was negative, as this indicator closed the year with a 5.08% drop, affected in particular by the bad behaviour of the German and French companies, which reacted with heavy losses to adverse regulatory changes for the con-

ventional electricity business in their respective countries; and the drop in raw material prices, which brought down the price of electricity.

On the other hand, Spanish companies were generally of note due to their positive behaviour, as the sector is beginning to see the fruits of the energy reform undertaken by the government over the last two years, and whose main indicator is the generation of a surplus in the 2014 electricity tariff for the first time in 10 years. Furthermore, investors pledged themselves to electrical companies as safe havens because their defensive businesses and recurring interests enable them to weather uncertainties.

In this vein, ENDESA was one of the best values in the sector, favoured by its high regulated component and an attractive policy of dividends. On the one hand, the sale of the Latin American assets carried out at the end of 2014 enabled it to avoid the unrest occurring in that area that year, but at the same time, as a consequence of its greater exposure to the Iberian market, the political instability in Spain at the end of the year determined the performance of stocks.

Still, ENDESA's shares managed to end the year with a revaluation of 11.93%. This positive stock market profitability should be supplemented by a dividend profitability of 4.59% provided by the 0.76 euros per share received as an ordinary dividend paid from the 2014 income in two equal instalments in January and July, with which the total profitability for the shareholder reached 16.53% in 2015.

ENDESA's share price reached its 2015 maximum on 17th November, closing at 20.59 euros per share, a level 24.4% higher than at the beginning of the year. The minimum closing price, 15.57 euros per share, was registered on 5th January, entailing that the price was, at all times, above 13.5 euros per share, the price of the shares offered publicly by the Company in November 2014. ENDESA's shares ended the year at 18.525 euros per share.

Main statistical data of ENDESA shares in 2015

Continuous market	Maximum	Minimum	Average	Close	% Annual Revaluation	% Total Profitability	Volume of shares traded
ENDESA (euros/share)	20.59	15.57	18.23	18.525	11.93%	16.53%	919,800,874

Source: BME.

ENDESA's shares closed the year at 18.525 euros per share

ENDESA's evolution at the Madrid Stock Exchange and comparison with the main reference indices. Year 2015



At the close of the year, ENDESA's capital stock was 19,613 million euros, earning the 6th place among the Ibex-35 most capitalized companies.

7.4.2. Dividend

The Board of Directors of ENDESA, S.A., at a meeting held on 7th October 2014, agreed on the distribution of an extraordinary dividend, paid by the income of the 2014 financial year, of 6 euros gross per share, entailing a total amount of 6,353 million euros, and which was paid on 29th October 2014.

In addition to this extraordinary dividend, and in line with the Dividends Policy approved by ENDESA's Board of Directors on 8th October 2014 for the 2014-2016 period, ENDESA's General Shareholders' Meeting, held on 27th April 2015, agreed that the total ordinary dividend paid for by the closed income of the 2014 financial year would be 0.76 euros per share, this entailing an additional amount of approximately 805 million euros which was paid to the shareholders in cash in two equal instalments in January and July of the year.

Taking all these concepts into account, ENDESA paid its shareholders a total dividend of 6.76 euros per share, an amount equivalent to 7,157 million euros, paid for by the 2014 income.

In addition to this dividend in cash, it should be mentioned that the Retail Tranche shareholders who responded to the Public Stock Offer of part of ENDESA's shares carried out in November 2014 and who fulfilled the conditions established in the Information Booklet registered at the National Commission of the Stock Market, received on 10th December 2015 one additional share free of charge for every 40 shares they had purchased in the Offer. In this operation, Enel Iberoamerica, ENDESA's main shareholder, handed over a total of 452,368 shares, reducing its participation in the Company from 70.144% to 70.101%.

With reference to the coming years, the Board of Directors of the Company, at their meeting held on 20th November 2015, approved the following Dividends Policy:

- > For the years 2015 and 2016: the ordinary dividend per share which it shall be agreed to distribute, to be paid for with the income of the two financial years, shall be equal to 100% of the net income attributable to the Parent Company resulting from the consolidated annual accounts in the event that said amount should be greater than that resulting from applying a minimum growth of 5% over the ordinary dividend distributed and paid for by the previous year.
- > For the years 2017 to 2019: the ordinary dividend per share which it shall be agreed to distribute, to be paid for with the income of the two financial years, shall be equal to 100% of the ordinary net income attributable to the Parent Company in the consolidated annual accounts of the group led by the same.

It is the intention of the Board of Directors that payment of the ordinary dividend shall be made exclusively in cash, by payment in two instalments (January and July) on the specific date to be determined in each case and which shall be appropriately broadcast.

With regard to the ordinary dividends to be paid for with the income of the 2015 financial year, the Board of Directors of ENDESA, S.A., at the meeting held on 21st December 2015, agreed to distribute to the shareholders an interim dividend for the gross amount of 0.40 euros per share.

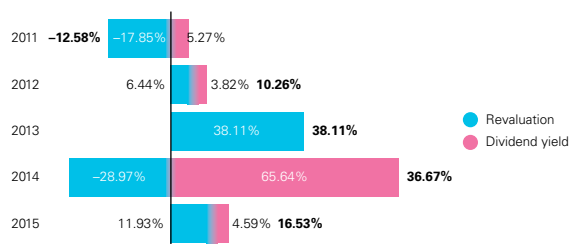
Payment of this dividend, entailing an outlay of approximately 424 million euros, was fulfilled on 4th January 2016.

7.4.3. Profitability

As mentioned above, the total profitability for ENDESA's shareholders was 16.53% in 2015, 11.93% originating from the stock market returns achieved by the shares, and the remaining 4.59% of the profitability coming from the dividends paid during the year.

The total profitability of ENDESA's shares was 16.53% in 2015

Evolution of total profitability for ENDESA's shareholders, 2011-2015



During the last 5 years, the average total profitability for ENDESA's shareholders has been 17.8% per year.

7.4.4. IBEX 35

After the Public Stock Offer of part of ENDESA's shares, completed on 26th November 2014, ENDESA once again belongs to the IBEX 35 Index, one year after its exclusion.

Return to the Index came into effect on 22nd December 2014 and since then, ENDESA has been listed with a coefficient of 40% of its capital, as its free float is 29.9% in a range from 20% to 30%.

With this balance, ENDESA's shares ended the year 2015 in 25th place in the IBEX 35, due to its level of free-floating capitalisation.

8. About this report

G4-28 / G4-29 / G4-30 / G4-31 / G4-33

This year, ENDESA publishes its fifteenth report, in accordance with the GRI G4 Guideline, essential option. With this report, it aims to provide the reader with a transparent, global view of the Company in the spheres included in its Sustainability Policy for 2015, as it has done each year since 2001. Its content is supplemented with other annual reports of the Company, such as the Legal Documentation and the Corporate Governance Report, and the

content of ENDESA's website in the section "Sustainability" (www.endesa.com).

The supreme governing body and the top management are involved in the request for external verification, assigned to the firm Ernst & Young, an organization of proven competence and external to the organisation which applies professional criteria and follows empirically-based systematic verification processes. The written public report is included in Appendix II of this report.

Defining priorities



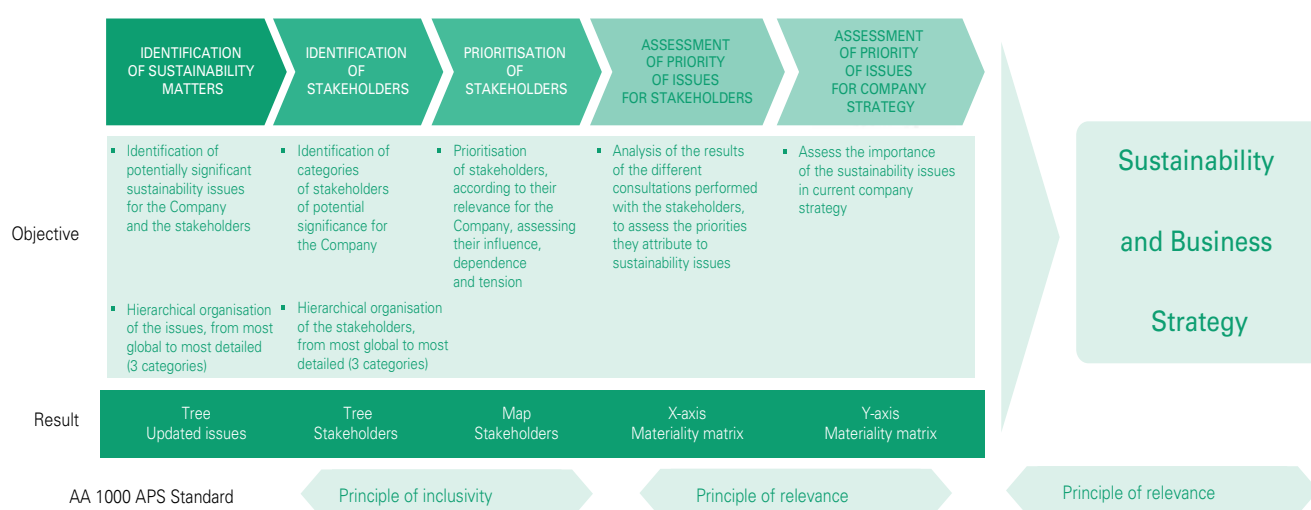
1. Identification process for priority issues

G4-18

In order to integrate the expectations of the stakeholder groups in a structured manner, and in line with the company purpose, each year ENDESA performs a process of identification of priority issues, assessing and selecting the economic, ethical, environmental and social issues which are relevant to the stakeholders and which are part of the company's strategic priorities.

The results obtained in this process contribute to strategic business planning and to the design of ENDESA's sustainability plans. They also determine the content of the Sustainability Report and contribute to the effective management of the stakeholders and their expectations.

For the execution of the process, ENDESA implements the methodology developed by the Enel Group for all its companies, which is in line with the international AA 1000 APS standard. The aim of this standard is to guide the organisation in the strategic management of interaction with its stakeholders by complying with a set of principles, after the correct identification of the latter (Principle of Inclusivity), the prioritisation of these issues which require attention from the Company (Principle of Relevance), and the design of the responses (Principle of Ability to Respond) to the expectations which create greatest value for ENDESA and for the community to which it provides services.



2. Participation of Stakeholders

Knowing stakeholders' expectations is a cornerstone of ENDESA's Sustainability 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.

ENDESA's commitment to maintaining a constant dialogue with the stakeholders has been strengthened with the Enel Group's new "Open Power" statement, by means of which the Company will be even more open to the participation and cooperation of its stakeholders in order to successfully face future challenges.

All in all, ENDESA considers that management and dialogue with stakeholders contributes to:

- > Improving risk and opportunity management.
- > Early identification of relevant trends and issues.
- > Enhancing credibility and confidence, enabling the creation of synergy.
- > Favouring decision-making processes.
- > Revealing opportunities for improvement and other business opportunities.

It should be noted that in 2015, as a consequence of the modifications the Board of Directors Regulations established by ENDESA in September 2015, the supervision of the stakeholder management process is included among the new responsibilities assigned to the Auditing and Compliance Committee of ENDESA's Board of Directors, thus strengthening the importance of this area for the Company.

2.1. Identification of stakeholders

G4-24

ENDESA regularly reviews, identifies and classifies the company's stakeholders on a national and local level. The areas of ENDESA entrusted with the performance of correct dialogue with the Company's stakeholders update the classification of the same in accordance with the Company's current situation.

Besides, each stakeholder group is segmented in order to identify each of the sub-groups forming it, and thus to optimise the identification of paths of dialogue and consultation so as to assess the groups' perception of Company conduct.

Level I	Level II	Level III
Financial institutions and shareholders		
	Investors and shareholders	
		Institutional investors
		Private investors
	Lenders	
		Holders of institutional bonds
		Holders of domestic bonds
		Banks
		Public financial institutions
		Other financial institutions
	Rating agencies and financial analysts	
		Rating agencies and financial analysts

Level I	Level II	Level III
Public administrative bodies		
	Political parties	
		National political parties
		Regional and local political parties
	Government institutions	
		Local government
		Regional government
		National government
		Community government institutions
	Authorities and supervisory bodies	
		Local and regional authorities and supervisory bodies
		National authorities and regulators
		International authorities and regulators
	Law enforcement agencies	
		Local law enforcement agencies
		National law enforcement agencies
		International law enforcement agencies
Business community		
	Companies and competitors	
		Local companies
		National companies
		Multi-national companies
		Public enterprises
	Business associations	
		Local business confederations
		National business confederations
		Chambers of Commerce
		Other business associations
Civil society and citizens		
	Citizens and public opinion	
		Minorities
		Local citizens
		National citizens
		International public opinion
	Opinion leaders	
		Local opinion leaders
		National opinion leaders
		International opinion leaders
	Environmental associations	
		Local environmental associations
		National environmental associations
		International environmental associations
	Foundations and associations for social purposes	
		Local associations
		National associations
		International associations
	Religious institutions	
		Local religious institutions
		National religious institutions
		International religious institutions
	Research centres and academic institutions	
		Primary and secondary education centres

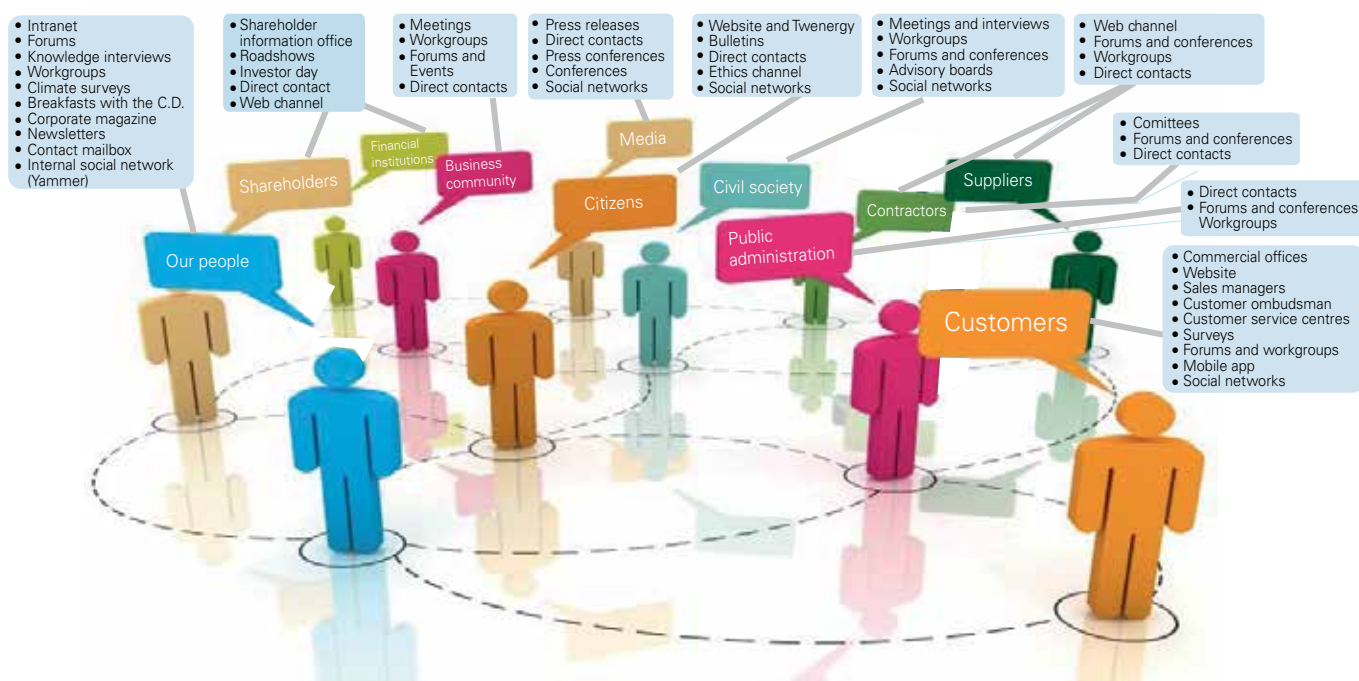
Level I	Level II	Level III
		National research centres
		International research centres
	CSR furtherance organisations	
		National and international organisations
		Sector organisations
Suppliers and contractors		
	Potential suppliers and contractors	
		Potential suppliers and contractors
	Contractors	
		Local contractors
		National contractors
		International contractors
	Suppliers of goods and services	
		Local suppliers
		National suppliers
		International suppliers
	Fuel suppliers	
		Local suppliers
		National suppliers
		International suppliers
Our people		
	Employees	
		Top management
		Middle management and Leads
		Experts and technicians
		Administrative staff
		Grantees and temporary staff
	Trade unions	
		Union delegates
		Works committees
Clients		
	Potential clients	
		General public
		Companies
	Electricity market and end-users	
		General public
		Companies
	Gas market and end-users	
		General public
		Companies
	Consumer associations	
		Consumer associations
Media		
	Social networks and virtual communities	
		Local social networks
		Regional social networks
		National social networks
		International social networks
	Traditional media	
		Local media
		Regional media
		National media
		International media

2.2. ENDESA's communication channels with its stakeholders

G4-26

ENDESA's operative excellence is based on a continuous interaction with its stakeholders, with whom it maintains a constant relationship in the course of its activities. By means of the communication channels and procedures forming its management systems, the Company gathers solid knowledge of its stakeholders' requirements and expectations, and the evolution of the same. During 2015, ENDESA made specific consultations with particular stakeholders in order to identify priority issues in sustainability. See the section 3.1 *Materiality study* in this chapter for more information.

Main communication channels with stakeholders

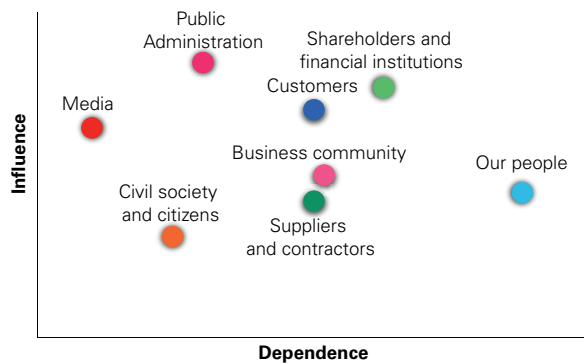


2.3. Prioritisation of stakeholder groups

G4-25

With the active participation of different business and corporate groups at ENDESA, the prioritization of the stakeholder groups was carried out in 2015 according to their relevance for the company. To this end, the stakeholder groups were prioritized according to two variables:

- > **Dependence.** Groups or individuals which are directly or indirectly dependent on the organisation's activities, products or services and their associated functions.



- > **Influence.** Groups or individuals who may have an impact on the organization or strategic stakeholders for the decision-making process.

The combination of the above two factors gives rise to the relevance of the stakeholder group, orienting and prioritising its involvement in the identification of material issues.

This methodology is likewise applied at the level of all territories where the company operates, thus increasing its level of detail, and therefore its applicability in the design of effective solutions.

The analysis performed has revealed that public administration, the shareholders, financial institutions and the custom-

ers are the stakeholders with the greatest capacity of influence in the Company, while the employees are those with the greatest degree of dependence.

2.4. Recognition of the active management of stakeholders

In 2015, the commitment to constant and fluid dialogue with the stakeholders once again received the recognition of socially responsible investment analysts. ENDESA was awarded 95 points out of 100 in the section "Dialogue with Stakeholders" by RobecoSAM, the agency entrusted with the selection of leading companies in sustainability for the drawing-up of the Dow Jones Sustainability Index.

Among the most noteworthy strengths noted by the analysts are:

- > The existence of policies and procedures to ensure that the stakeholder management strategy is applied in all operations.
- > The responsibility for stakeholder management is at the highest level.
- > Regular reports to the Board of Directors on stakeholder management.
- > Mechanisms for claims and complaints accessible to local stakeholders.
- > The use of stakeholder maps as tools at a local level, distinguishing those of highest priority.
- > The existence of performance indicators to measure and report on local stakeholder management activities.

3. Material aspects

3.1. Materiality study

G4-18 / G4-26

The Enel Group has carried out an in-depth study to identify sustainability issues which, according to their degree of maturity or significance, might be decisive for business. This study was carried out according to an in-depth analysis of the information received from different sources, both internal and external.

Once a set of sustainability issues had been identified in terms of the Enel Group, in 2014 ENDESA carried out a specific materiality study to classify these issues according to the level of priority they have on business strategy and their relevance for stakeholder groups. The results of this study were the basis for the preparation of ENDESA's 2015-2019 Sustainability Plan and in turn have determined the content of this sustainability report, which accounts for the degree of progress in the attainment of the plan.

The breakdown of the different actions carried out which integrate the materiality study performed is as follows:

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

the aim of identifying relevant and material issues, the future perspectives for the Company pursuant to the evolution of the energy model, and ENDESA's priorities in its contribution to social and financial development.

- > **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, safety survey, corporate image barometer, customer survey, etc.).
- > **Analysis of the requirements of socially responsible investment indices.** An analysis was performed on the issues assessed in the main sustainability indices, such as the Dow Jones Sustainability Index, Euronext Vigeo Index and OEKOM, identifying the significance and changes in the relevance of specific issues and to assess ENDESA's performance in comparison with its competitors and in absolute terms.

3.2. Materiality study results

G4-19

3.2.1. Priority issues in 2015

The combination of the two variables analysed in the materiality study performed, that is, the significance in business strategy and the priority for stakeholders, revealed that the issues with greatest priority were:

Economic and ethical issues

- > **Economic growth and financial strength.** The creation of economic value is essential to ensure the continued existence over time of the Company, and therefore its sustainability. To this end, the financial performance of the Company has been identified as the most important issue, according to the internal and external surveys executed. It has likewise been stated that ENDESA should commit itself to the search for a sustainable economic growth, seeking the integration of financial and non-financial risks into business management and exploiting the business opportunities derived from economic, environmental and social development in the areas where the Company operates.
- > **Non-financial risk management.** Together with traditional financial variables, business activity risk management should take into account environmental, social, ethical and corporate governance issues, as these may ultimately affect the economic performance of the Company in the short and long terms. ENDESA is exposed to certain risks of this nature, which it manages with the application of identification, measurement, minimization and supervision systems. In this sense, ENDESA's Sustainability Plan aspires to promote excellence in the management of non-financial risks, while exploiting the existing opportunities for the development of business models which generate value for the company and for society.
- > **Quality for customers.** The creation of a relationship of confidence with customers is critical for all companies, particularly those which operate in competitive environments. Two of the key elements which form the customer's perception and the image they have of electricity companies are, basically, the quality of supply and the quality of the service provided via the established channels. For a company of characteristics such as ENDESA's, which has millions of customers and which operates in liberalised markets, its ability to generate relationships of confidence with its stakeholders is essential for the performance of the business; therefore, the provision of excellent service and the quality of customer service are priority issues; for this reason the 2015-2019 ESP establishes specific lines of action.

- > **Ethical conduct.** Over the last years, the ethical conduct practices of listed companies has become the object of increased scrutiny by markets and regulators. ENDESA's financial performance is determined, among other factors, by the strict compliance with ethical standards and principles, both internally and in its external relationships. In this way, ethical conduct enables ENDESA to generate confidence among its shareholders and investors, and has become a brand differentiation factor which builds customer loyalty, factors reflected in the economic results and which contribute to the strengthening of the position of leadership and reference displayed by ENDESA in the market. ENDESA has implemented a set of standards, plans and control mechanisms by which it obliges all its employees to behave with integrity in their dealings with the stakeholders –shareholders, employees, suppliers, customers and authorities- with whom they deal.

Environmental issues

- > **The struggle against climate change.** Climate change currently represents the main environmental requirement for companies within the energy sector. This has led to the development of public policies and regulations that put more pressure on energy companies. Furthermore, the more advanced institutional investors are concerned with the viewpoints, approaches and results of companies regarding climate change. However, it has also enabled new business opportunities to be created, directed toward the furtherance of sustainable urban development (as it is in the cities where energy consumption, and therefore the impact on the environment, are greatest), focused on the development of solutions to help customers reduce emissions, for example, those related to energy efficiency and electric vehicles, items which ENDESA promotes in its 2015-2019 Sustainability Plan.
- > **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 an increase in the level of 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. For this reason ENDESA, via its 2015-2019 Sustainability Plan, has developed actions oriented toward the improvement of operational eco-efficiency and the preservation of biodiversity.

- > **Efficient use of water resources.** Water is a common resource that will be affected by climate change in the next few years, which is why water management has become a critical aspect for ENDESA. The incorrect management of water resources in areas where there is little water and establishing policies and certain 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. For this reason, the integral management of water, oriented toward the improvement of efficiency in its consumption, is part of the environmental lines of action defined in the 2015-2019 ESP.

them, strategic goals could not be reached. The loyalty, satisfaction and commitment of the employees represent critical intangible assets for the development and growth of ENDESA. Training and developing employees, together with retaining talent, are elements that have a direct impact on the attainment of the organisation's results and, for this reason, ENDESA puts into effect yearly training plans which respond to business needs and enable the development of the necessary technical and management skills for each employee to contribute to the achievement of the business objectives.

- > **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. ENDESA promotes initiatives that contribute toward 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 toward operational excellence, thus enabling a very high level of quality to be achieved.

Social issues

- > **Equality and diversity.** Equal opportunities have proved to be a guarantee of quality and improved 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. For this reason ENDESA, via its 2015-2019 Sustainability Plan, has continued to work in 2015 on the furtherance and management of diversity and equality with the aim of increasing its human capital and therefore its ability to achieve its expected business results.

- > **Management and Development of Human Capital.** People form part of the Company's assets and without

Appendix III shows a list of the main indicators included in the G4 Guidelines for the preparation of Global Reporting Initiative (GRI) sustainability reports, showing ENDESA's performance with regard to each of the material aspects described.

3.2.2. Priority issues for each stakeholder group

G4-27

The list below shows, for each material issue identified, which stakeholder groups ascribe the highest level of priority to each.

Materiality issue	Stakeholder group
Economic growth and financial strength: <ul style="list-style-type: none"> — Creation of value for shareholders and investors — Reduction of debt 	Financial institutions and shareholders, employees
Non-financial risk management: <ul style="list-style-type: none"> — Environmental risks — Social risks — Corporate governance and ethical risks 	Financial institutions and shareholders
Quality for customers: <ul style="list-style-type: none"> — Quality of electricity distribution service — Quality of customer service 	Customers, Financial institutions and shareholders, civil society
Ethical conduct: <ul style="list-style-type: none"> — Transparency in relationships with institutions — Transparency in communications — Fight against corruption — Fair competition practices 	Financial institutions and shareholders, employees, the media, suppliers and contractors
Climate change: <ul style="list-style-type: none"> — Mitigation of CO₂ emissions — Compensation and management of CO₂ emissions 	Financial institutions, shareholders, Public Administration, Civil society, the Media
Advanced environmental management: <ul style="list-style-type: none"> — Efficient use of power — Reduction of pollutants — Waste management — Environmental management systems 	Public Administration, Civil society
Efficient use of water resources: <ul style="list-style-type: none"> — Reduction in water consumption — Improvement of water quality 	Public Administration, Civil society
Occupational Health and Safety: <ul style="list-style-type: none"> — Safety of employees — Safety of suppliers and contractors — Health of employees 	Employees, Suppliers and Contractors
Equality and Diversity: <ul style="list-style-type: none"> — Gender diversity — Cultural diversity — Inclusion of disabled persons — Equal pay for men and women 	Employees, Civil society
Management and Development of Human Capital: <ul style="list-style-type: none"> — Assessment of skills and abilities — Meritocracy and talent retention — Evaluation 	Employees

3.2.3. ENDESA's response to 2015 priority issues: ENDESA's 2015-2019 Sustainability Plan

The global aim of ENDESA's 2015-2019 Sustainability Plan was to establish the basis for the implementation of a new energy culture, contributing to the furtherance of sustainability and the long-term generation of value. To this end, ENDESA aimed to undertake 2 main challenges and to develop 10 general criteria to promote responsible business management.

CHALLENGE 1: the promotion of electricity as the most sustainable energy vector, with emphasis on the sustainable generation of electricity and efficiency of consumption

ENDESA is aware that the need to preserve the environment, together with development and technological progress, is changing the method of producing and consuming energy. On the other hand, the growth of cities requires ef-

ENDESA's 2015-2019 Sustainability Plan



efficient energy management to guarantee access and to satisfy basic needs. For this reason, ENDESA's 2015-2019 Sustainability Plan includes a set of goals and actions directed toward the furtherance of sustainable urban development, and specifically, the furtherance of electric mobility, the energy rehabilitation of buildings and the transformation of the consumer into a key player in the management of his/her energy requirements.

CHALLENGE 2: The furtherance of social-economic development and social confidence

ENDESA's objective is to be a referent in the society and the territories where it operates, by means of the creation of

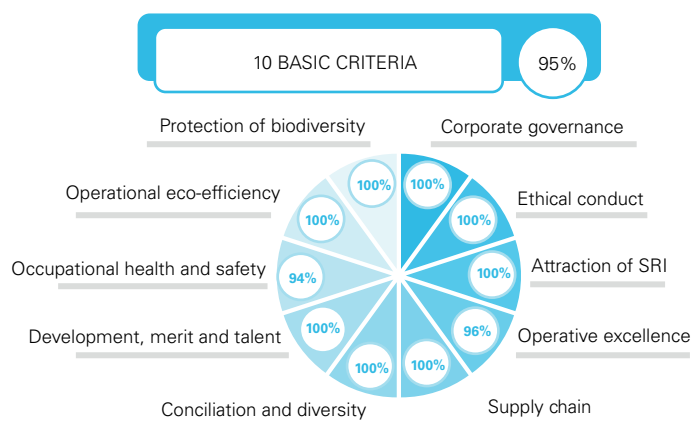
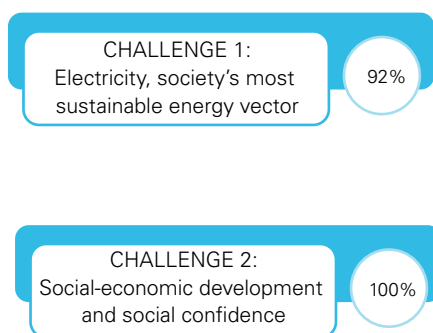
relationships of confidence which generate support in communities and encourage social progress, while contributing to the generation of long-term economic value for the Company. To face this challenge, ENDESA's 2015-2019 Sustainability Plan includes a set of goals and actions in the following spheres: active listening and cooperative partnerships; the creation of shared value; measurement, dissemination and awareness.

10 BASIC CRITERIA for responsible business management

The achievement of the above challenges and the implementation of a sustainable business model requires a high level of excellence in the management of critical areas of

Corporate Governance	Ethical Conduct
<ul style="list-style-type: none"> Ensuring the quality and efficiency of the operation and performance of the Board of Directors and its committees. Establishing appropriate mechanisms to optimize the management of related operations. Establishing the necessary mechanisms and tools to ensure that ENDESA identifies, analyses and adopts the best practices in good corporate governance matters. 	<ul style="list-style-type: none"> Adapting ENDESA's criminal risk prevention model to international certifiable standards. Training of the entire staff in ethical standards and crime prevention, for all new recruits and every 3 years for active staff. Increasing the awareness of employees regarding confirmed non-compliances with ethical standards. Maintaining a high appraisal in the socially responsible investment indices in ethical conduct issues, particularly in the Dow Jones Sustainability Index.
Attraction of socially responsible investment	Operational excellence
<ul style="list-style-type: none"> Identification of shareholders with socially responsible investment criteria among ENDESA's shareholders. Identification and analysis of the strategies, interests and criteria of an ethical, social and environmental nature in the policies of ENDESA's socially responsible investors. Development of direct relationships and specific communication strategies to attract socially responsible investors. Professionalization of the Investor Relations team in order to create a direct, personalized and innovative communication channel with socially responsible investors. 	<ul style="list-style-type: none"> Increasing the customer's global satisfaction with ENDESA. Improving the quality of customer service, exploiting technology to implement new service channels. Increasing the diffusion of electronic billing. Continuing with the installation of smart meters for domestic clients. Improving the continuity of electricity services. Performing integrated quality certification at generation facilities. Designing and implementing an appropriate framework for the development of sustainability in the management of ENDESA's own buildings and assets.
Conciliation and Diversity	Development, merit and talent
<ul style="list-style-type: none"> Increasing the presence of women in positions of responsibility. Achieving a continued improvement in occupational conciliation and flexibility. 	<ul style="list-style-type: none"> Involving more people in the performance assessment systems. Increasing the number of people taking part in development. Reinforcing the pride in belonging to ENDESA, the personal satisfaction, motivation and well-being of people taking part in Corporate Volunteering programmes.
Occupational Health and Safety	Sustainable Supply Chain
<ul style="list-style-type: none"> Reducing accident and mortality rates. Increasing safety monitoring and the creation of awareness in employees. Increasing safety monitoring and the creation of awareness in employees. Increasing the monitoring of employees' health and a greater promotion of healthy habits. Performing the integrated certification of safety at electricity generation plants. Increasing the number of safety inspections at electricity generation plants. 	<ul style="list-style-type: none"> Review and updating of contract conditions and the existing set of policies and procedures. Moving forward in the qualification of suppliers by means of the constant growth and development of the qualification system. Encouraging a high performance of the supply chain, requiring the critical suppliers to comply with international reference standards (ISO 14001, OSHAS 18001 and ISO 9001). Increasing the involvement of suppliers in the commitment to sustainability. Contributing to the Company's sustainability in the field of safety.
Operational Eco-efficiency	Preservation of Biodiversity
<ul style="list-style-type: none"> Reducing direct and indirect CO₂ emissions. Reducing emissions of other pollutants: SO₂, NO_x and particulates. Increasing the recovery of hazardous waste. Increasing the efficient, sustainable management of ENDESA's offices and buildings. 	<ul style="list-style-type: none"> Establishing and maintaining public-private partnerships for the furtherance of the preservation of biodiversity. Moving forward in the management of the preservation of diversity in the Electricity distribution business.

Global level of compliance with the 2015-2019 ESP: 95%



the company. Therefore, ENDESA's 2015-2019 Sustainability Plan included **10 Basic Criteria** oriented toward the consolidation of achievements, the elimination of deficiencies and the definition of opportunities for improvement, defining a set of fields of action for each:

ENDESA's 2015-2019 Sustainability Plan was formed from a total of 46 goals to be met in 2019, 72 specific goals for 2015 and 108 Monitoring Indicators. ENDESA's good performance in sustainability during 2015 has enabled a global achievement of over 95%.

3.3. Definition of future priorities

In 2015, ENDESA performed a new materiality study to identify the economic, environmental, social and ethical issues which will be high-priority for the stakeholders and for the Company in order to define ENDESA's new 2016-2020 Sustainability Plan and to contribute to the Company's new industrial plan.

The main activities carried out during the materiality study are:

- > Sustainability-related telephone surveys with customers, with over 400 answers received.

- > 20 personal interviews with experts on sustainability and with specialized media.
- > Analysis of the criteria assessed by the main socially responsible investment indices, such as Dow Jones Sustainability Index, EuronextVigeo and OEKOM.
- > Assessment of issues by the company departments responsible for the management of each stakeholder group.
- > Analysis of the 2016-2020 Industrial Plan and of the results attained in the 2015-2019 ESP, in order to identify achievements and opportunities for improvement.
- > Analysis and integration of the guidelines identified by Enel and applicable to all the companies of the Group.

This analysis has generated abundant information on the materiality and relevance of the various items identified, and has enabled their classification according to their relevance to stakeholders and to the business.

By means of this study, ENDESA has been able to identify an array of sustainability issues of considerable importance to stakeholders, and which are either high-priority in the current business strategy, or should be included at a higher proactive level to satisfy the expectations of said stakeholder groups:

Issues that should continue to be high-priority for business in 2016

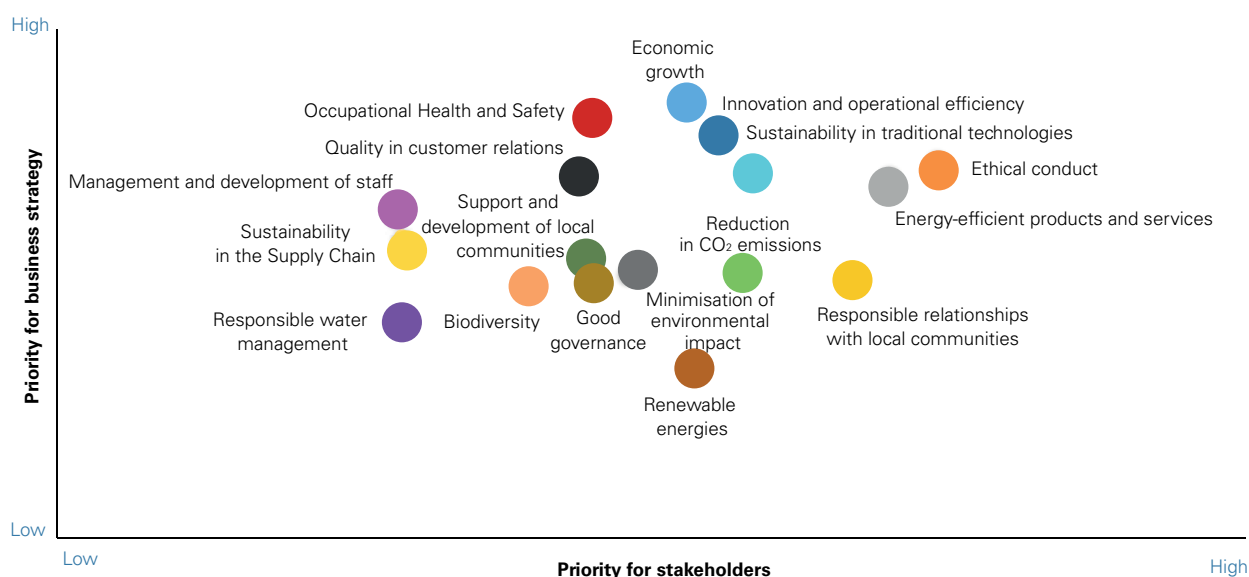
- Economic growth and financial strength
- Ethical conduct
- Innovation and efficiency throughout the value creation chain
- Development of energy-efficient products and services for customers
- Furtherance of sustainability in the application of traditional electricity generation technologies

Issues which should be boosted for business in 2016

- Reduction in direct and indirect CO₂ emissions in the generation and distribution of electricity
- Responsible relationships with communities
- Mitigation of environmental impact
- Development of renewable energies

The conclusions of this study have been included in ENDESA's new 2016-2020 Sustainability Plan to develop lines of action oriented toward responding to stakeholders' expectations and to contribute to the achievement of the business

objectives set by ENDESA for the coming year. Details of the structure and the focus of this new ESP may be found in the chapter *Sustainability Plan*. G4-13, G4-20, G4-21, G4-22 and G4-23



4. Coverage of the report

G4-13 / G4-20/G4-21/G4-22/G4-23

ENDESA maintains a constantly-updated corporate register featuring the entirety of its interests, of whatever nature, direct or indirect, and also of any body over which it is enabled to exercise control.

The perimeter of the information presented in the present report embraces both ENDESA, S.A. and its shared companies in the Iberian Peninsula (Spain and Portugal).

As a general rule, regarding environmental data, 100% of the facilities where ENDESA has a majority share, and therefore responsibility for their operation (control) are included. Besides, data are included which relate to facilities where a majority share is not owned, but its share percentage is reported; such is the case of the nuclear plant and the thermal plant in Pego (Portugal).

In November of this year Enel Green Power España, S.L. completed the sale of the entirety of the stock of Finerge Gestão de Projectos Energéticos, S.A., a subsidiary totally owned by EGPE and which operates wind farms in Portugal with a net installed power capacity of 642 MW, to the Portuguese company First State Wind Energy Investments, S.A., which it had consolidated until that date.

With regard to staff data, both those companies managed by ENDESA and those shared in Spain and Portugal are included. Furthermore, the employees of shared companies in France, Holland and Germany are also included.

With regard to safety, data on the employees of companies where ENDESA has a majority share, and therefore responsibility for their operation (control) are included.

Information concerning social programmes corresponds to the activities performed by ENDESA, its foundations and its subsidiaries in Spain and Portugal.

With regard to the material aspects identified, it should be noted that all of these are significant, both within and outside the organisation, for all the bodies forming ENDESA.

Throughout this report, the specific cases where the scope of the information presented differs from the criteria described above are marked.

On the other hand, as a consequence of the application as from 1st January 2014 of the IFRS 11 "Joint Arrangements", the Financial Statements of Joint Ventures which, until the 2013 financial year were consolidated proportionally, as from 2014 are consolidated by the participation method. Therefore, the economic quantities corresponding to the financial year ending on 31st December 2013, expressed for comparative purposes, have been re-expressed to include the valuation of the holdings where ENDESA maintains joint control by means of the participation method.

In order to align with the economic information published, ENDESA has modified the scope of this Sustainability Report, having removed the economic, environmental and social information from the subsidiaries affected by the Ruling, which were previously included in the consolidated information.

For this same reason, ENDESA has reformulated the information corresponding to 2013, applying the same criteria as for the years 2014 and 2015, so that the information on all of these years may be uniform and comparable.

The present document has been drawn up in accordance with the Global Reporting Initiative (GRI) G4 Guidelines. The Report is also complemented with the GRI Electric Utilities Sector Supplement and with the principles established by the AA1000 APS standard (2008).

Sustainability Plan



1. ENDESA's new 2016-2020 Sustainability Plan

In order to achieve the integration of sustainability into business management and decision-making processes, there must be maximum alignment between business strategy and sustainability, in such a way that both are oriented toward the attainment of the same objective and use feedback to achieve this, thus generating short- and long-term economic value for the Company.

In this sense, the 2015-2019 ESP has contributed to the development of the 2015-2019 industrial plan, passed in October 2014, and the attainment of the business objectives contained therein, seeking the furtherance of a new energy culture based on the electrification of demand and on the furtherance of efficient consumption and, finally, placing the customer at the hub of development.

In November 2015, ENDESA presented its new industrial plan, which entailed an update and extension of the plan presented in October 2014. In parallel, and with the aim of achieving maximum alignment between the sustainability and business strategies, ENDESA carried out a process of analysis, consultation and strategic reflection for the drawing-up of ENDESA's new 2016-2020 Sustainability Plan, with the participation of Top Management, the main stakeholders and renowned experts in sustainability. This process has enabled the Company to identify the action priorities to be considered in the forthcoming 2016-2020 ESP.

Details of said analysis, and the main conclusions, may be seen in the chapter Defining Priorities.

The new Sustainability Plan, as was the case with the previous Plans, is in line with the guidelines established by the Enel Group for each of its subsidiaries, and will contribute actively to the deployment of the new strategic statement of the Group, "Open Power", via which the Company seeks to open up to its stakeholders and firmly to face the challenges in energy issues which society in general will have to face in the coming years.

The new 2016-2020 ESP is built on the achievements of the previous plan, in an attempt to respond to the opportunities

for improvement identified, and including some of the most significant events of 2015 in the field of sustainability, such as the passing of the United Nations Sustainable Development Objectives. In this sense, ENDESA is committed to contributing to the same via its sustainability and business strategies, and to this end, this new universally accepted framework represents a benchmark to define the focus of the new ESP. In this way, ENDESA forms its new sustainability strategy in order to continue to generate value in the long term, to contribute to the development of the companies where it operates and to fulfill its function in the achievement of the Sustainable Development Objectives.

Sustainable generation and sustainable cities, a priority of the new 2016-2020 ESP

The new 2016-2020 ESP seeks to further sustainable economic growth within the Company, attracting socially responsible investment, by means of the furtherance of a sustainable, responsible value creation chain. To achieve this, two main areas of action have been identified:

- > **Sustainable generation.** The new ESP includes objectives and lines of action oriented toward the furtherance of a balanced, sustainable energy mix in which the importance of fossil technology is progressively reduced, thus contributing to the struggle against climate change.
- > **Sustainable cities.** ENDESA continues with its commitment to sustainable urban development as the linchpin of its differentiation and leadership. In this context, ENDESA's distribution grid plays an essential role in the search for an energy model which can satisfy the demand in a more sustainable manner. To this end, ENDESA will

continue to work on remote management, automation and the quality of service in its extensive distribution grid. Likewise, maintaining the strategic customer-oriented approach, ENDESA will promote the development of energy solutions directed toward promoting the electrification of energy requirements (via the furtherance of electric mobility and air handling), energy efficiency, self-supply, digitalisation and customer service quality. All things considered, the plan will position ENDESA as the energy solution company par excellence, providing its customers with tangible and intangible benefits, including economic advantages and improvements in operational and energy efficiency, and a reduction in emissions.

The 2016-2020 ESP includes 5 pillars that are transversal to the entire value creation chain: integrity, human capital, environment, sustainable supply chain and social commitment

The new 2016-2020 ESP includes 5 pillars which are transversal to all the business lines and whose compliance will ensure a high level of excellence in responsible business management:

1. Integrity. ENDESA aspires to maintain a high level of excellence in the fulfillment of its commitments and ethical responsibilities, and in the implementation of good corporate governance practices, continuously encouraging transparency in its relationships and communications with all shareholders. To this end, the ESP will include actions in the following fields:

- Ethical conduct.
- Good governance.
- Transparency.

2. Human Capital. At ENDESA, its people constitute the fundamental asset of the Company. For this reason, its aim is to be acknowledged for providing the best work-

ing conditions and an environment that encourages diversity, guarantees a level playing field and facilitates the conciliation of personal and professional lives, being characterised as one of the best companies to work for, and thus occupying a privileged position to attract the best talent. To this end, the new ESP will include actions in the following fields:

- Diversity, conciliation and volunteerism.
- Training, development and talent.
- Occupational health and safety.

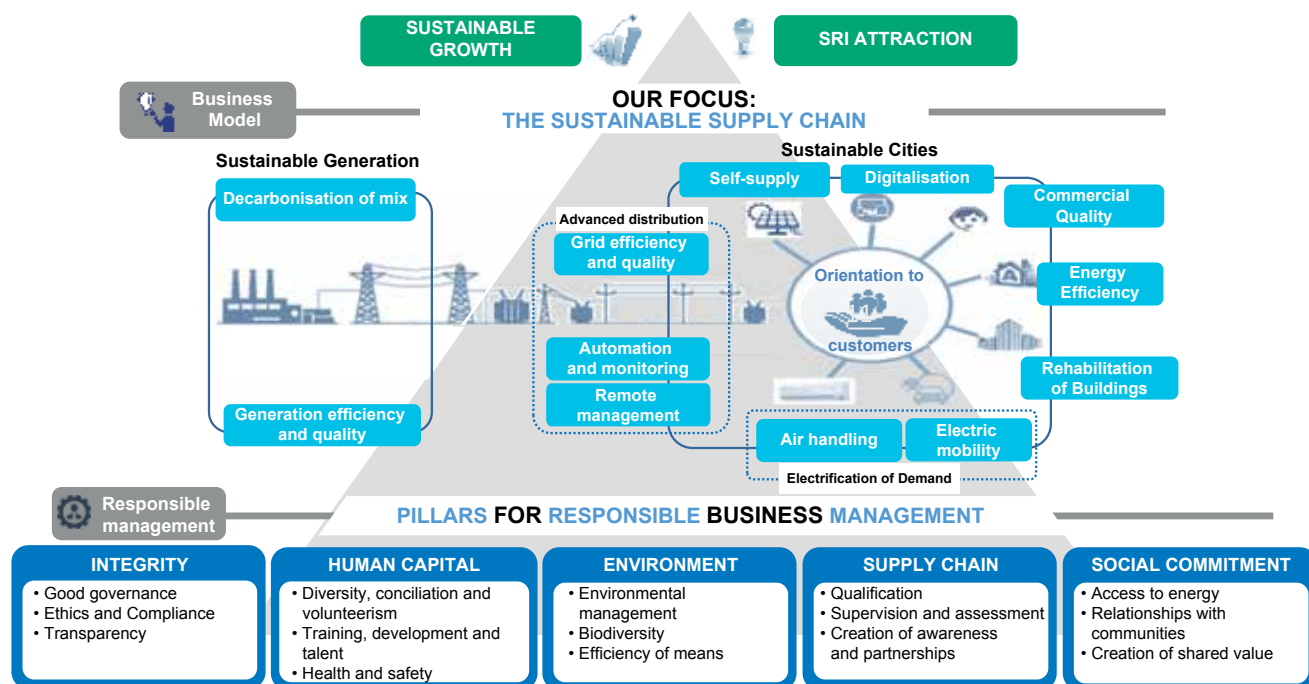
3. Environment. Protection of the environment is one of ENDESA's essential commitments to sustainable development. In this vein, ENDESA will continue to work on the reduction of the environmental impact which is inherent to its activity, at the same time furthering a corporate culture characterized by an environmental awareness which is common to all of the Company's processes, systems and people. To this end, the new ESP will include actions in the following fields:

- Environmental management and reduction of the environmental footprint.
- Preservation of biodiversity.
- Furtherance of efficiency in the management of our own assets (buildings, fleets, etc.).

4. Sustainable supply chain. ENDESA's aim is to be a referent in the sector due to the sophistication and excellence of its provisioning processes and the management of its relationships with suppliers and contractors. To this end, the new ESP will prioritise the following areas of action:

- Qualification of suppliers according to environmental, social and ethical criteria.
- Assessment of the suppliers' and contractors' environmental, social and ethical obligations.
- Creation of awareness.

5. Social commitment. ENDESA is aware of its responsibility as a company devoted to the generation, distribution and marketing of a basic need, electricity, and of the expectations generated in the societies where it operates. In this vein, ENDESA's aim is to be considered a Company which is aware of social concerns and is an essential partner for the economic, social and environmental progress of the territories where it op-



erates. Its commitment to society is a cornerstone of its sustainability strategy, complying with the same via an approach of creation of shared value to enable the finding of solutions which are beneficial to society and at the same time generate value for the company. To this end, the new ESP includes the following areas of action:

- Responsible relationships with communities.
- Creation of shared value.
- Sustainable access to energy for susceptible groups.

Some of the challenges established by ENDESA for 2016, and whose attainment will contribute to the achievement of goals set out in the 2016-2020 ESP are detailed below.

Challenges 2016

Sustainable growth	To achieve an EBITDA of over 3,200 million Euros (5% more than 2015) in 2016.
	Identification of trends and opportunities for sustainable growth for ENDESA.
Attraction of responsible investment	To maintain a prominent presence in the socially responsible investment indices.
	To continue to provide maximum informative transparency in communications concerning economic progress, social commitments and those of Company Corporate Governance, by means of continued contact with the financial community, mainly shareholders, institutional investors and financial analysts.
Business model	Sustainable generation
	To promote a balanced, sustainable energy mix.
	To continue with the development of renewable energies via ENDESA's share in Enel Green Power España.
	To improve the energy efficiency of fossil technology plants.
	Sustainable cities
	Plan for the installation of remote meters: to achieve the figure of 9.2 million customers with remote meters.
	Large-scale Electricity Distribution Plan: the installation of 9,300 remote switches during the 2016-2020 period.
	Consolidation of our leadership in the Spanish electricity market and growth in the gas market.
	Plan for value-added products and services: responding to new trends and to customers' requirements.
	Excellence in operational and service quality.
	Digital Plan: the creation of a new model of relationship with customers and internal adaptation.
	Development of electric mobility via recharging solutions and new business models.
	Development of two-way charger technology and application tests on auxiliary regulatory services.
	Demonstration of the urban use of V2G technology in Barcelona by means of the GrowSmarter project.
	Launching of the 2016 Electric Mobility Plan for employees.

Business model	Launching of the 2016 Electric Mobility Plan for Managerial staff.
	Development of an Electric Mobility Plan for Sustainable Cities.
	Development of Agreements with Town Councils to encourage Sustainable Urban Development.
	Launching of the City and Energy Index.
	Generation and dissemination of knowledge on Sustainability and Sustainable Urban Development.
	Participation in demonstrator projects tackling energy challenges in Sustainable Cities.
Responsible management	Integrity
	To maintain the firm commitment with ethical values and crime prevention on the part of all of ENDESA's collaborators, ensuring their appropriate dissemination, understanding and compliance.
	To guarantee the quality and efficiency of the functioning and performance of the Board of Directors and its Committees.
	To establish the necessary mechanisms and tools to ensure that ENDESA identifies, analyses and, where applicable, adopts the best practices, principles and recommendations in the field of good corporate governance.
	Human Capital
	To continue with "Employer Branding" activities, adapting these to the new Company brand image.
	To perform the training and development activities to drive the Company culture change with regard to the new energy model and to the digital context, in accordance with the new Open Power statement.
	To implement the Flexible Remuneration Plan for ENDESA's employees.
	To promote and strengthen the commitments undertaken in the Agreement with the Ministry, to further the participation of women in positions of responsibility.
	To encourage corporate volunteerism activities to further the development of skills and the return to the communities where we operate.
	To apply evaluation of behaviour to the entire workforce.
	To boost development programmes for personnel managers.
	Preventive Culture: <ul style="list-style-type: none"> > Safe driving. > Presence at forums of interest (AESPLA, UNESA, AENOR, AEC, etc.).
	Health and Well-being: <ul style="list-style-type: none"> > Integral furtherance of people's health and well-being. > Welfare activities.
	Operational Excellence and Special Projects: <ul style="list-style-type: none"> > Serious accident action plan. > Adaptation to the new ISO 45001 standard. > Screening 100% of staff for psychosocial risks. > Furthering OH&S in cooperating companies. > Risk assessments. > R&D&i in Personal Protective Equipment.
	Environment
	Monitoring of the new environmental legislation, analyzing its impact on all of ENDESA's activities and proposing measures to adapt to the new legal context.
	Obtaining the ISO 14001 multi site certification for the Environmental Management System for the production of electricity at ENDESA Generación's thermal and hydraulic power plants, achieving uniformity of processes, establishing common goals and proposing the actions necessary for continued improvement.
	Specific actions at certain thermal plants in operation: <ul style="list-style-type: none"> > At the Teruel Thermal Plant: completion of the restoration of the Valdeserrana wet ash dump, where wetlands will be prepared and replanted with native species. > At the Litoral Thermal Plant in Almeria: development and execution of the emissions abatement project. Installation of a Catalytic Reduction System for the reduction of NOx emissions and for the revamping of the existing Flue Gase Desulphurisation system at plant 2. > At the As Pontes Thermal Plant: adaptation of the Saa coal yard associated with the As Pontes thermal plant coal facility.
	Completion of the decontamination activities at the old Badalona and Sant Adria thermal plants.
	New waste management strategy with the aim of admitting local operators, thus boosting economic development in the regions where our facilities are located. The new management model will favour re-use policies over destruction.
	In the field of electricity distribution facilities: improvements in inventory and monitoring of equipment with SF6.
	Actions concerning the carbon footprint: <ul style="list-style-type: none"> > Calculation and verification of the Corporate Carbon Footprint under the UNE EN ISO 14064 standard, including Targeted Activities. > Participation in the CDP Climate Change investment index and in the CDP Supply Chain initiative. > Development of a new value-added product for ENDESA customers, consisting of a Carbon Footprint calculator. > Deepening of the development of knowledge in Adaptation issues. New activities in the field.

Responsible management	<p>Efficient management of our own buildings:</p> <ul style="list-style-type: none"> > Consolidation of the goal to reduce electricity and water consumption in the buildings and offices of ENDESA, S.A. > Improved monitoring of non-hazardous waste management (containers, plastics, organic matter, aluminium, etc.) in the buildings and offices of ENDESA, S.A. > Sectorisation of energy consumption by use and monitoring of the fiscal electricity meters in the buildings of ENDESA, S. A. > Performance of new activities and training courses to increase awareness in the workforce regarding the environment, energy and indoor environmental quality in the buildings and offices of ENDESA, S.A. > Adaptation of the Integrated System for Environmental Management, Energy and Indoor Environment Quality to the new ISO 14001:2015 and changing the Indoor Environment Quality system to multi-site.
	Sustainable Supply Chain
	A commitment to the continued improvement of documents, such as the General Conditions of Contract, concerning our suppliers, with special attention to environmental, social and ethical issues.
	Satisfaction of the new 2016 qualification plan, to be established with the business and purchasing lines (new families and classification by levels, a new qualification model in safety and honour/sustainability).
	Compliance with the annual suppliers' development and sourcing plan.
	Social Commitment
	To improve the response to the social requirements of our stakeholders, via shared-value projects.
	To develop shared-value initiatives in at least 3 of the company's business projects.
	To maintain investment in social development in business-aligned projects (LBG methodology M).
	To continue to strengthen the relationship with institutions and society in general via new models of relationships/cooperation with social partners which encourage the putting down of roots.
	To maintain the volunteering activities and the participation of employees in social activity projects, with a special emphasis on initiatives in the field of energy.
	To encourage knowledge and awareness of the new energy culture, based on sustainable production and efficient consumption, with the electrification of demand as the main leverage to promote responsible social progress.

Our Performance







New energy culture




Electricity, society's energy vector




21.5 million euros invested in R&D projects in 2015



6.8 million remote meters installed by 2015, over 59% of the 15 kW meters



ENDESA, in cooperation with Enel, maintains its firm commitment to the furtherance of electric mobility as a key tool in the struggle against climate change



The Gorona del Viento hydro-wind plant can now produce, on average, 50% of the power consumed, said power being 100% renewable

Main figures

	2014	2015
Direct investment in R&D&i (millions of Euros)	18	21.5
Remote meters installed by the end of the year (millions)	5	6.8
Installed power in renewables (MW)	1,835.5	1,704.5

Challenges for 2015	Activities carried out in 2015
Strategic Priority 1: Electricity, the most sustainable power vector	
Maintaining our firm leadership in the Spanish energy market: the largest operator in electricity and the second largest in gas	The number of customers with contracts for access to the Company's distribution grids reached 12,300,086. ENDESA supplied 101,320 GWh in 2015 to its distribution grid customers, 1.9% more than in 2014. The total power distributed via ENDESA's grids reached 114,190 GWh in 2015, measured at the plant busbars, this being 46% of the total demand in Spain.
A supplier of reference in value added products and services	During 2015, ENDESA continued to consolidate its portfolio of Value Added Products and Services (VAPS) and to move forward in new business models and sales channels. In the domestic sector, ENDESA has continued to develop new solutions for the furtherance of energy efficiency, such as NEXO and Infoenergía.
Taking part in the entire value chain of the electric vehicle	In 2015, ENDESA carried out a number of activities to promote electric mobility, such as: the development of an electric mobility project for employees, via which 158 employees purchased electric vehicles; the development of promotional and demonstration initiatives, such as ZEM2ALL, project Victoria, Green Emotion, Fasto V2G (Vehicle to Grid), Sunbatt ZeEUs, and the development of integral solutions for recharging points for customers.
Development of inductive charging for electric vehicles, mainly via initiatives such as project Victoria.	Project Victoria: in 2015 ENDESA completed this project, based on the design and implementation of an urban bus lane for quick charging, by both static and dynamic induction. In addition to the starting-up of this infrastructure, consisting of 10 charging stations distributed over 200 m of public roadway, an electric urban bus has been totally refurbished to make it compatible with this induction technology.
Participation in the drawing-up of the Technological Map and the Enel Group Innovation Strategy, maximising synergy and optimising resources	In 2015 ENDESA continued to develop technological projects oriented toward the obtaining of value, the furtherance of a culture of innovation and the creation of competitive advantages within the field of sustainability. These projects are part of the Enel Group's technological map and innovation strategy, and include R&D&i activities which have entailed a total investment of 21.5 million euros.
Furtherance of technological agreements for the boosting of new energy technologies oriented toward the end-user.	In 2015, ENDESA continued to achieve technological agreements for the development of innovative projects in demand management. For example, ENDESA takes part in the European project EnergyTIC, oriented toward the creation of innovative solutions to enable customers to achieve water and power saving objectives. 1,000 homes in France and 700 in Spain will be included in the project.

1. City and Energy: electricity as a driver of social and urban development

The macro trends of demographic growth, housing development, lack of resources, citizen empowerment and preservation of the environment are causing the city to become a key element of sustainability. As explained in the *Sustainability Plan* chapter, in this context, the efficient, sustainable management of electricity generation and consumption in cities, and the electrification of urban power demands are essential elements to guarantee sustainability.

The development of a sustainable model to cover energy requirements must be part of a projection of cities recovering the role of citizen, with ability to act and decide on the coverage of energy requirements, instead of being a mere consumer.

For this model, and in line with European policies for the reduction of greenhouse gas emissions, the electrification of energy demand is a unique opportunity, making protection of the environment compatible with economic development, enabling an improvement in the environmental quality of cities.

It is in this context where ENDESA launches the City and Energy Initiative as an integrated, multi-disciplinary strate-

gy to lead the transition to a new energy model, focused on the sustainable generation of electricity and its efficient consumption.

ENDESA formulates this model via 6 development axes, which must form the basis of a new behaviour among citizens and institutions in order to achieve an energy-sustainable and environmentally-friendly city:

- > Electrification of the demand.
- > Generation of power for consumption based on renewable energy sources.
- > Rational use of power: energy efficiency and savings.
- > Urban development, reinvigoration of districts and sustainable mobility.
- > Incorporation of Information and Communication Technologies (ICTs).
- > Incorporation of support policies and tools.

ENDESA puts forward the City and Energy initiative, as an integrated strategy for the development of a new energy model with the following goals:

- > To further and communicate our commitment to sustainability via a new energy culture based on the sustainable generation of electricity and its efficient consumption.
- > To drive a proposal for energy and services which is sustainable for the natural environment, and with electricity as its vector and guiding theme.
- > To facilitate access to energy and the fulfilment of requirements on a basis of availability criteria, quality and price, and with a guarantee of universal coverage, by means of agreements with administrations and other actors.



- > To boost an integrated standpoint in urban development, meeting both sustainable mobility and the integral rehabilitation of buildings and areas, as these represent 75% of the final power consumption in urban environments, and the principal origin of which is fuels.

The City and Energy initiative is integrated with the Company's industrial activity, its objectives and priority activities for 2015-2019, so it may be configured as the driving force for a real change toward sustainability and, therefore, may translate into the creation of new markets where the evolution of the electricity business may become tangible.

These objectives are coherent with ENDESA's commitment to the objectives of the Climate Change and Energy package 20-20-20, a fundamental axis in European medium- and long-term policies, which establishes clear objectives for the year 2020, a 20% reduction in greenhouse gas emissions, a 20% increase in the contribution to consumption of renewable energies, and a 20% improvement in energy efficiency.

1.1. The need to measure electricity's contribution to urban sustainability: City and Energy Index project

Environmental conditions are bringing about the transition to a low-carbon economy: within the framework of European policies for the furtherance of energy efficiency, the substitution of fossil fuels and the implementation of renewable energies.

In this context, electricity, as the sustainable energy vector par excellence, must play a fundamental role in the develop-

ment of a sustainable urban model to improve the quality of living in cities.

To this end, ENDESA is pioneering the preparation of a tool to assess energy efficiency in cities and the impact of electrification on the social development and lifestyles of the citizens.

The fundamental objective is to contribute to the sustainable development of cities by means of electrification.

The Project

The Index will be constructed on a basis of a series of indicators showing how energy is generated and consumed in cities, bearing in mind the effect of electrification in the reduction of emissions, energy dependence and in the contribution to a better social-economic sustainability.

The consideration of these parameters, and their integration with other general parameters of the urban model, will shape the City and Energy Index as an index of reference in urban energy sustainability.

In addition to establishing a ranking and positioning of cities with regard to energy sustainability, the Index will offer cities a general diagnosis, with recommendations and proposals for the improvement of energy sustainability in urban activities (transport, buildings, infrastructures...).

The project entails research work performed by a multi-disciplinary team formed by researchers from the University of Málaga and from the Innovation and Technology Centre Foundation of the Polytechnic University of Catalonia.

1.2. Participation and Diffusion of urban sustainability initiatives

ENDESA has played an active role in various forums specifically related to cities and urban development plans.

In October, ENDESA was present at the Forum “Greencities and Sustainability” in Málaga, where the 9th Conama Local forum, organised by the Conama Foundation, and the TIC and Sustainability forum were jointly held.



The aim of the Conama forum on Employment, Energy and Climate was to involve the new local and regional governments in the reduction of greenhouse gas emissions. The City and Energy Index project was presented at this forum.

2. The need to progress toward sustainable mobility

The private vehicle is the most-used method of transport by city-dwellers, in spite of the presence of an ample public transport service in large cities, due to the convenience and independence entailed when undertaking the necessary journeys throughout the day.

If we bear in mind the limits established by the World Health Organisation regarding air quality, the air we breathe in cities surpasses these limits by far, being considered unsafe, and the principal cause of this situation is wheeled traffic.

80% of atmospheric pollution in Spain is due to the emissions of wheeled traffic

Wheeled traffic represents 80% of the atmospheric pollution in Spain. Small suspended particulates and nitrogen dioxide are the main pollutants emitted by vehicles with internal combustion engines.

Various studies performed recently have established that these emission levels are causing serious health problems for persons who live in city centres, such as respiratory problems and an increase in premature deaths.

Governments have been forced to toughen their policies so as to curb this situation and to comply with the limits established by European legislation. To this end, they are taking steps, such as restricting access to city centres by internal combustion engine vehicles, or encouraging the use of vehicles powered by alternative fuels with aid schemes for the purchasing of the same.

ENDESA encourages electric mobility as a driver toward an emission-free private mobility

ENDESA is aware that it can play a key role in this great challenge to society, and has therefore become a pioneer

in assuming an integral approach to mobility, by means of a sustainable, safe mobility plan (see chapter *Operational Eco-efficiency*). This plan contemplates an array of measures directed toward its different stakeholder groups (employees, suppliers, customers, society in general) oriented toward reducing the need for transport, promoting public transport, and in the event of having to travel by private vehicle, encouraging the use of electric vehicles.

In this context, ENDESA, in line with its strategic standpoint, where innovation and sustainability are fundamental lines of action, intends to involve its employees by offering specific solutions, thus providing an opportunity to take specific steps to favour a change of conduct toward a more sustainable energy culture.

For this reason, one of our goals is to promote electric mobility as a driver of the change to a new zero-emission energy model.

2.1. Electric mobility as a driver of change

The process by which this change toward new, sustainable, mobility habits may be possible includes the creation of awareness in the citizens and the furtherance of sustainable mobility solutions, among which electric transport is a key element for an integral, sustainable, urban mobility system.

ENDESA wishes to promote electric mobility as one of the main drivers toward a new, zero-emissions energy model, providing an answer to the new requirements and expectations increasingly demanded by society.

This objective is also in line with the conclusions of the survey performed at ENDESA on mobility and sustainable efficiency, its employees stating that electric mobility is the principal opportunity that ENDESA should consider when promoting a change to a new energy culture.

Therefore, ENDESA has set in motion a series of projects encompassing different fields, from technological to social, and which include the 2015 Employees Electric Mobility Plan, a project developed internally within the Company in 2015, whose aim is to prove that it is already possible to start building the sustainable mobility of the future.

2.1.1. Electric mobility plan for employees

ENDESA, within the Safe and Sustainable Mobility Plan, launched the Electric Mobility Plan for Employees on 1st June 2015 with the initial goal of 100 employees purchasing an electric vehicle in order to reduce emissions caused fundamentally by travelling from home to work, by over 200 tons of CO₂ per year while also reducing emissions of NO_x and other pollutants.

This plan builds a value proposal for the employee, consisting of the following factors:

- > Special offers for ENDESA's employees from the main manufacturers of electric vehicles.
- > Privileges at the places of work, such as the possibility of occasional recharges and the allotment of reserved parking spaces.
- > A commission-free loan to enable satisfaction of the down-payment for the vehicle.
- > An offer for the installation of the Domestic Charging Point in the home.
- > An economic incentive to aid in the purchase of the vehicle in exchange for the employee's cooperation with the correct performance of the project.

With an initial aim of reaching 100 employees joining this electric mobility plan, the project finally closed on 31st December 2015 with 158 electric vehicles purchased by Company employees, thus surpassing all expectations.

These 158 vehicles represent a proportion of 10% of the electric car market in Spain, and will prevent the emission of over 300 tons of CO₂ per year in Spain.

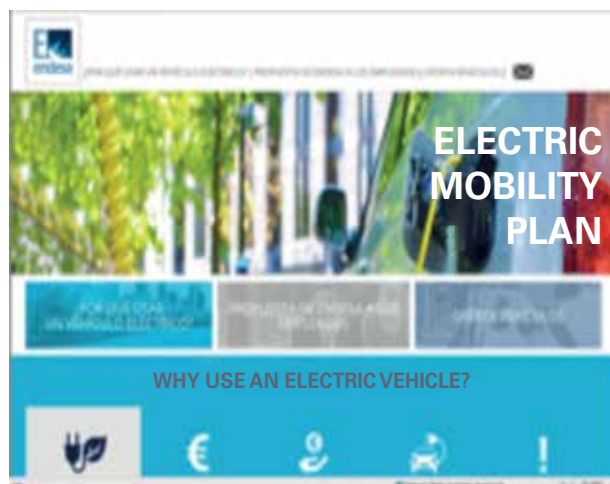
With this initiative, ENDESA's employees have become ambassadors of the mobility of the future and a referent for society, contributing to the furtherance of electric mobility and to the change toward sustainable consumption habits.

ENDESA launched a new Electric Mobility Project for its employees

ENDESA wishes to promote Electric Mobility as one of the main drivers toward a new, zero-emissions energy model, providing an answer to the requirements and expectations increasingly demanded in our society.

Therefore, taking advantage of the Government's "Movele" plan, the Company launched a proposal for electric mobility to all its employees, including special offers from various electric vehicle brands, in addition to other incentives.

The electric vehicle is an excellent alternative for urban travel, as it represents a revolutionary step forward in the field of efficiency and respect for the environment. An electric vehicle is, on average, 50% more efficient than a conventional vehicle and up to 85% more economical in fuel under present conditions. Furthermore, it is zero-emissions and does not create noise, which represents additional benefits for the well-being of citizens and cities. Finally, it is possible to consume energy during the hours of lowest demand (at night), a useful option for the improved stability of the electrical system.



2.1.2. Future action

The 2015 Employee Mobility Plan was only the beginning of the journey undertaken by ENDESA to further electric mobility.

Due to the success of this Plan, and in order to continue to drive the electrification of demand and responsible consumption, the Sustainability Directorate-General is working on the launching of new projects for 2016.

ENDESA's objective is not only to promote these mobility habits among its employees but, by means of these, to launch a message to society and to achieve an ever-greater penetration of electric vehicles in cities, bringing this technology nearer to citizens as a whole and favouring the improvement of air quality in cities.

At ENDESA we are convinced that electric mobility is the mobility of the future, a clean, zero-emissions mobility which is already a reality.

2.1.3. Diffusion during 2015

During 2015, the Electric Mobility Plan for Employees has been mentioned in several digital media related to the world of electric mobility, as well as in national newspapers.



This project was also presented at the 2015 European Electric Vehicle Congress, organised by the AEDIVE (Business Association for the Development and Furtherance of the Electric Vehicle).

2.1.4. Promotion and demonstration initiatives for the furtherance of electric mobility in real environments

- > **Electric Vehicle.** A significant feature of *Smartgrids* is the recharging of electric vehicles. ENDESA takes part in a number of projects, on a national and international level, for their integration in the grid.
- > The **Zem2All** project is a joint project between Spain and Japan, with the support of the NEDO (Japan) and CDTI (Spain) industrial technology centres, and the City Council of Málaga. The Spanish part was led by ENDESA, and included the presence of Telefonica and Ayesa. The Japanese part, in turn, was led by Mitsubishi Heavy Industries, and has also been partnered by Mitsubishi Corporation and Hitachi.

Zem2All was launched in 2011 and completed its development and implementation phase on 31st December 2015; all the recharging services and infrastructure will be operative and available to users during 2016.

The fundamental goal of the project is to facilitate the access of citizens, both individuals and businesses, to electric mobility by means of the deployment of a pilot fleet of electric vehicles in an urban environment, the city of Málaga, collecting knowledge and experiences for the implementation of electromobility in our society on a large scale. In total, 200 vehicles have been deployed, 160 Mitsubishi iMiEV and 40 Nissan LEAF, which have been distributed among domestic customers, company fleets and car rental companies.

Different solutions were implemented for the recharging of the vehicles: normal charge at the customer's facility, with one charger for each participating vehicle; a public-accessible quick charge, distributed among 9 lo-

cations with a total of 23 charging points, and two-way vehicle-to-grid (V2G) charge, at one location with a total of 6 recharging points integrated in a microgrid with photovoltaic generation and storage of energy in batteries capable of maximising the use of renewable energy by recharging electric vehicles. Furthermore, communication systems with users have been developed, as have the distribution grid management and recharge management systems.

- > **Green eMotion.** ENDESA also participates in the Green eMotion project, launched by the European Commission in April 2011, whose aim is to encourage electric mobility in Europe, with consensus on a standard regarding the charging process and its associated services. The duration of the project is 4 years, it has a total investment of 42 million euros, and 43 members take part in it.
- > **Victoria.** The Victoria project is a project developed by a consortium led by ENDESA, with the participation of Isotrol, MANSEL, CONA- CON and the Málaga (Urban) Transport Company, with the aim of designing, developing and implementing an urban bus lane with quick charging, by both static and dynamic induction. In addition to the putting into service of this infrastructure, formed by 10 inductive recharging stations of 50 kW each (2 static and 8 dynamic) distributed along 200 m of public roadway, an electric urban bus has been totally refurbished to render it compatible with this induction technology, that is, with no cables. This vehicle has been equipped with an automatic guiding system for its optimal movement and positioning along the lane. The on-land infrastructure and the bus are coordinated by means of the corresponding communication systems for real-time control, according to the needs of the vehicle and the state of the electric grid, for inductive recharges which take place both when the bus is stationary (static recharge) or moving (dynamic recharge).

VICTORIA commenced in April 2013 and was completed in February 2015 with funding by CDTI, although in 2016 work will be executed on improvements to the vehicle, on the operation of the recharging infrastructure and on the permanent implementation of the induction bus lane by the Málaga City Council.

The inductive recharging technology developed here has therefore been implemented in a real “living lab” located in the Smart City Málaga area, highlighting the possibility of the urban integration of these installations, due to their not requiring cables to connect to the vehicle, in addition to its modularity and safety. Its efficiency and flexibility are also of note, as may be seen in the system of storage in batteries integrated in the recharging infrastructure, enabling the management of demand of the installation and minimising its impact on the electricity distribution grid.

This technological solution is adaptable not only to other urban buses, but also to other types of vehicles, such as taxis or cars, thanks to the interoperability conferred by the design of its electronic power systems. In the same way, in the future this technology might be applicable to other environments such as roads.

ENDESA participates in the European GrowSmarter project in search of innovative solutions for the cities of the future

ENDESA and its associates have set up the GrowSmarter project, one of the initiatives selected by the European Commission in the search for innovative solutions in the field of sustainability in the smart cities of the future. The project is part of Horizon 2020 (H2020), the programme for research and innovation launched in the European Union for the 2014-2020 period.

For more information, see section 4.1.4. Grid Innovation Projects, in this same chapter.

ENDESA gives a second life to the batteries of electric cars

ENDESA, within the framework of the European project Green eMotion, has set up the first recharging point featuring a battery from an electric car, an innovative use which will be key in the future development of electric mobility. It is hoped that in 2020 there will be tens of thousands of batteries available for a second useful life. The aim is that, once their function in an electric vehicle has been exhausted, the batteries may continue to be used for less intensive purposes prior to recycling, such as the storage of energy.



2.2. Social and technological development of the electric vehicle

In 2015, within ENDESA's Sustainability Plan, which defines a commitment to technological innovation adapted to users' real needs, and with the vocation of promoting sustainability in society, ENDESA took part in the development and execution of several parallel lines of work, all directed toward the development and furtherance of electric mobility.

The Company has created a structure enabling the development of a new recharging technology adapted to the evolution of market standards and trends. It has also continued with demonstration projects acting as a backdrop for a better awareness of both technological breakthroughs and patterns for real field use.

Enel has developed and installed a smart recharging infrastructure incorporating the smart meter technology created by the group and used nowadays by millions of customers in Europe, including ENDESA's customers. In addition to providing a basic recharging service, the Enel group's recharging stations are connected to the mobility management system (EMMS) in real time, enabling the provision of value-added functions to the user.

In addition, ENDESA will benefit from its own technological solutions for the quick recharging of electric vehicles, which the Enel Group is developing in projects such as Crave, for the integration of batteries and renewable energies with quick charging.



ENDESA, in cooperation with Enel, maintains its firm commitment to the furtherance of electric mobility as a key tool in the struggle against climate change

During this period, both plans for the demonstration and promotion of electric vehicles (EV) and innovative proposals for the development and management of their related infrastructure have been drawn up. Among the activities performed during this year, the following are of particular note:

Fasto V2G (Vehicle to Grid)

The Fasto V2G charging system is a two-way charger, capable of charging and discharging a car at 10 kW, which pro-

vides great advantages from the different grid applications: Time shift, Power Balancing and Power Quality support.

Electric vehicle batteries will soon become a great challenge for our grids. However, the exploiting of EV storage may become a great opportunity to balance supply and demand, increasing the global efficiency of assets.

These characteristics may be achieved by means of smart, efficient, two-way systems thus able to manage charging and discharging, and the relationship between the vehicle battery management system and the grid.

Sunbatt

Development of a test platform to disclose and estimate the viability of a second useful life for batteries used in electric vehicles and to determine for what type of use it would be viable.

ZeEUs

The ZeEUs project is carried out within a European consortium to demonstrate the economic, environmental and social viability of electric urban buses.

The consortium has selected 8 cities for the demonstration, Barcelona being one of these, where the capability of electric bus systems to fulfil the mobility requirements of citizens in an urban environment will be revealed.

3. Technological leadership model

G4-DMA EUSS Research and Development

ENDESA's activity in the field of R&D&i stems from the Company's commitment to sustainability. Thus, in 2015 ENDESA continued to develop technological projects oriented toward the obtaining of value, the furtherance of a culture of innovation and the creation of competitive advantages from the viewpoint of sustainability.

ENDESA develops R&D&i projects from all its business lines.

R&D Investment (millions of Euros)	2014	2015
Generation	4.62	5.30
Nuclear	1.56	1.48
Marketing	7.86	11.59
Distribution	3.9	3.1
Total	17.94	21.47

4. Technological response to energy challenges

Within the Open Power framework ENDESA continues to develop sustainable energy models low in CO₂ emissions, focusing on electric mobility projects and eco-energy services such as the *SmartGrids*.

4.1. Technological projects in front-line distribution grids

The main projects driven by ENDESA in 2015 were:

4.1.1. Remote Management Project

G4-DMA Management of demand

The aim of ENDESA's Remote Management Project is to implement a remote, automatic control and management system for the electricity supply of domestic customers. By the end of 2018, remote management meters will have been installed at the homes of the nearly 13 million customers of the Company, which will aid in the promotion of the energy efficiency and sustainability of the electricity system.

Throughout 2015, ENDESA has increased the rate of installation of remote management meters with 1.8 million replacements during the year, bringing the total to 6.8 million.

This represents 59% of the meters with power contracts of up to 15 kW. Thus, ENDESA consolidates its position as the leader in the implementation of this technological solution in the domestic market.

ENDESA has installed 6.8 million remote management meters, over 59% of all 15 kW meters

The installation of concentrators has also increased, with over 31,000 installations during the year and an accumulated total of over 77,000, representing a total of 56% of the concentrators installed in Transformer Centres. This enables immediacy in the integration of equipment in the remote management system, with the resulting remote operation of the same.

ENDESA complies with the legal obligations derived from the Resolution of the State Secretariat for Energy, of 2nd June 2015, regarding customers with power contracts of up to 15 kW and who have a smart meter effectively integrated in the remote management system. The most significant aspects are as follows:

- > Starting on 1st July 2015, ENDESA Distribution places at the disposal of marketing companies the load curves of these customers. In December 2015 the load curve of approximately 6 million supplies was published.
- > In June, an internet portal was set up where customers can view graphically their power supply consumption over a set period of time, measured hour by hour, with the possibility of downloading the information in a file.

The “Meters and More” association, founded by ENDESA and Enel in 2010 and established in Brussels, manages the evolution and dissemination of this protocol and already has 50 members, among which are leading companies in the electricity sector, manufacturers of meters, technology companies and service companies from all over the world.

ENDESA y Enel work proactively and place the remote management solution at the disposal of other distribution

companies in Spain and abroad, adapting it to the various applicable regulatory frameworks. ENDESA also takes part in domestic and European innovation and energy efficiency projects via technical committees, seminars, conferences, etc. in order to aid the progress of the European implantation of remote management and the evolution and development of SmartGrids.

4.1.2. Other projects for measurement monitoring and management

- > **KRONOS.** A system to guarantee, regarding quality and timeliness, the treatment and publication of domestic customers' hourly load curves for the marketing companies and for customers.
- > **MIDAS.** A system to foresee non-technical losses based on a knowledge-based system, data mining techniques and artificial intelligence. The implementation of the system was consolidated in 2015 and it continued with the launching of inspection campaigns based on different lines of work. The results obtained have acted as feedback and for the making of improvements in the models, while new lines of research were opened for 2016.
- > **ADAPTATION OF REMOTE MANAGEMENT TO LARGE VOLUMES.** A new system architecture/infrastructure enabling the management of large volumes of information, and the recovery of time curves by means of automatic mechanisms. The optimisation of remote functionalities for a change in firmware is also included, to improve the updating of the equipment pool.

4.1.3. Smartgrids and Smartcities

Smart Grids

In 2015, Málaga has continued to be a testing ground for the development of ENDESA's smart grids, a pro-

ject which integrates a great variety of technologies in the city's distribution grid. Its goal is to analyse how the current energy model can move toward sustainability by means of the implementation of technological solutions. The main objective is to provide integrated energy solutions to enable energy savings and to reduce CO₂ emissions, in accordance with EU objectives for 2020. Due to this project, which is part of the Enel Group's Innovation strategy, Málaga is an international referent for electricity distribution technologies.

ENDESA's grids are configured according to the Smart Grid model. Their technical level and the inclusion of Communication and Information Technologies (CITs) enable the grids to provide an effective answer to their users' requirements.

Smart Grids enable:

- > The connection and operation of renewable and distributed generation, according to the consumption.
- > Management of the demand, flattening the load curve and maximising the use of electrical infrastructures.
- > The implantation of electric vehicles and the development of energy services, and improvement of the quality of electrical supply, reducing action times in the event of outages.

ENDESA is developing the SmartGrid concepts in the SmartCity programmes, which it leads with several projects. In Spain, 2015 saw the seventh anniversary of the starting-up of the SmartCity Málaga project and the fifth of SmartCity Barcelona.

SmartCity Málaga

During its years of existence, various latest-generation technologies have been developed and installed in SmartCity Málaga in the field of energy production, storage and distribution, charging infrastructures for electric mobility and pioneering solutions for energy efficiency in buildings, businesses and homes, with the active involvement of the end-users. This experience has proved the viability of this new energy management model in cities by achieving energy savings of over 20%, a 20% reduction in CO₂ emissions per year and an appreciable increase in energy from renew-

able sources. The project was executed in an area of the city encompassing 12,000 domestic, 300 industrial and 900 services customers.

After this success and the international recognition received by this pioneering project of a smart city, whose first phase was completed in 2013, the city of Málaga has become the Enel Group's real-life laboratory for the development of smart grid distribution technologies (SmartGrids).



Málaga has become the Enel Group's real-life laboratory for the development of smart grid distribution technologies (SmartGrids)

This new phase of the project guarantees its continuity and takes another step forward to consolidate SmartCity Málaga as the Enel Group's centre for experimentation and the development of electricity distribution technologies. As a real-life testing ground, it incorporates the technologies installed during the first phase, which have configured the grid as a SmartGrid, and enable experimentation on new equipment, operational models and the management of consumption. The main lines of research will be centred on the analysis of efficiency indicators, advanced operation of the grid, remote management services, cybersecurity, energy-saving measures and the active management of demand from individuals, buildings and major clients, the integration of renewable generation and storage, and electric mobility.

During 2015, sensorisation technologies for medium- and low-voltage grids were deployed, and these opened up a new line of work: the monitoring of MV and LV grids and studies on power losses. At the end of the year the Centre for Technological and Industrial Development granted support within the financing of the Interconecta programme, for a new project: MONICA (Monitoring and Advanced Control of the Distribution Grid).

MONICA (Monitoring and Advanced Control of the Distribution Grid)

In 2015 ENDESA, with a number of associates, implemented project MONICA within the framework of its commitment to the improvement of the grid, for both the operator and the customer. Its objective is the development of a pioneering Status Estimator, which in real time will use all the information on the grid and will include it in the DMS for the real-time solution of losses, operational, reactive or voltage issues, imbalances, incidences, predictive maintenance and future planning.

The MONICA project will focalise all R&D&i activities in the social Challenge for safe, efficient and clean energy. It will contribute to the development of the new energy model, which should be:

- > **economically efficient**, guaranteeing the quality of service at the lowest cost possible,
- > **sustainable**, to play an active role in the struggle against climate change,
- > **competitive**, a facilitator of new energy markets and business models to improve the supply-demand relationship, and
- > **technologically advanced**, favouring the creation of qualified employment and the dissemination of new technologies which are easily expanded to the entire world.

The MONICA project will focalise all R&D&i activities in the social Challenge for safe, efficient and clean energy

SmartCity Barcelona

The development of a new energy model continues in Barcelona, deploying and testing the most advanced technologies

in remote meter management, grid automation, efficient lighting, integration of renewables and electric mobility, in a series of actions distributed throughout the city.

Development of the SmartGrid Service Centre has continued; this is the operational centre from where the processes implemented within the framework of SmartCity Barcelona and all related information are monitored and managed.

New projects are stemming from the infrastructures developed, such as Growsmarter, where ENDESA will develop and validate a new multi-purpose concentrator, located in the transformer centres; this will be compatible with the remainder of the services to be provided in a smart city.

La Graciosa

In 2015 ENDESA set in motion a project on La Graciosa in the Canary Islands, to develop strategies and systems enabling the optimisation of energy flows in an island microgrid (renewable generation, hybrid storage systems and active demand control systems):

- > Interacting with the user, real-time information.
- > Monitoring the peak power of the facility.
- > Dynamically managing the microgrid according to market prices.



La Graciosa island


SmartNet

In 2015, ENDESA commenced its participation in another European project included in the H2020 framework. Its aim is to provide solutions and architecture for the optimised

interaction between transport operators and the various distribution companies in the management of information exchange for follow-up and for the acquisition of auxiliary services in the pan-European context, both for local requirements and for the entire system, bearing in mind the share of distributed generation.

V2G

The V2G (Vehicle 2 Grid) project came into being due to the need to incorporate an ever-larger fleet of electric vehicles into the grid, this being a challenge for said grid, but at the same time representing a great opportunity to improve the efficiency of the electrical system with improvements in the balance between the supply and demand of power. The project consists of the development of a two-way electric vehicle charger able to charge and discharge a vehicle, according to the requirements of the electricity system. ENDESA's V2G system enables the connection and flow of electricity between the grid and the vehicle, and is capable of efficiently managing the charging and discharging capability of the vehicle's electric battery connected to the grid.



A two-way electric vehicle charger capable of charging and discharging a vehicle according to the requirements of the electricity system

4.1.4. Grid Innovation Projects

> **Growsmarter project.** In October 2014, the proposal presented by the partners in the Horizon 2020 Programme was approved by the European Commis-

sion, and 25 million euros were granted for the development of the project over 5 years, commencing in January 2015. The cities selected to lead the project were Stockholm, Cologne and Barcelona, which would act as "lighthouse cities" with the implementation of 12 Smart City solutions under the umbrella of the creation of mobility, infrastructure and smart, environmentally-committed districts. ENDESA takes part in a number of solutions in the Barcelona demo, mainly in the area of integration of infrastructures and sustainable urban mobility, and whose main objectives are the provision of value-added energy-efficient services via ICT with the integration of various systems and components to improve the management of municipal assets and also the demonstration of a sustainable urban mobility system by means of the integration of different components with a new electric vehicle management system.

> **Flexiciency project.** This is another H2020-financed project whose aim is to show that the deployment of new services in retail electricity markets can be accelerated by means of the EU Market Place for standardised interactions among all electricity stakeholders, opening up the energy market also to new players at EU level. ENDESA, as the leader in the Spanish electricity market, will lead the Spanish demo. The main objectives of the project are the testing of advanced monitoring services, the control of loads and flexibility.

The project will be carried out in the city of Málaga, mainly in municipal facilities such as schools, libraries and offices, also exploiting the existing microgeneration and storage facilities, the electric vehicle and energy management systems.

> **Pilot installation of a remote-controlled Transformer Centre with Enel profile technology.** In 2015 the first remote-controlled transformer centre with Enel profile equipment was deployed in ENDESA's distribution grid.

Specifically, this was at an MV Customer Supply Centre in the División Andalucía Centro, where the existing 3L 24 kV switchgear was replaced with an array of cells of equivalent electrical characteristics but featuring the necessary elements for the interconnection of fault passage detection equipment and Enel profile standard remote control.

The aim of this new installation philosophy is to make the power equipment (SF6 cells) totally independent from the remote control equipment by means of the standardization of the mutual interconnection elements, enabling total compatibility between the cells of any standardized model and the standardized remote control equipment, whatever its origin, with the advantage this entails for the future maintenance of the facilities and the purchasing of equipment, these no longer being subject to the specific designs of each manufacturer.



Teleordered processing center

- > **Dry-type transformer.** ENDESA, true to its commitment to innovation and improvement of the grid, and to provide a better service for its customers, installed in the Arjona substation (Seville) an encapsulated dry-type transformer with a power of 31,500 kVA and 72.5 kV, which makes it the most powerful worldwide of

these characteristics. Its purpose is to increase significantly the quality of electrical supply and to reduce the inherent risks of classical technologies, such as the risk of environmental pollution or the fire load, by replacing the oil which cools conventional transformers with a resin which does not melt at the temperatures that may be reached.

The transformer installed at Arjona by ENDESA provides service to over 5,000 customers and has a power output ten times that of the dry-type transformers used worldwide up to the present. The suitability of this type of technology for use in town centres and buildings is behind the Arjona substation's selection of the new model of dry-type transformer, of which ENDESA will soon install another 3 units.

4.2. Efficiency in the final use of energy

4.2.1. Active demand management

G4-DMA Demand Management

In 2015, 7,177,575 electronic meters were installed, almost 34% more than in 2014, and an installed power output of 806,593.13 kW from microgeneration facilities is connected to ENDESA Generación's low-voltage grids.

Among the innovative projects in the management of the demand from the business sector, the following are of note:

- > **The EnergyTic European project.** Various innovative solutions to enable customers in public housing to achieve water and power saving objectives. The project will cover 1,000 homes in France and 700 in Spain. ENDESA plays an active role in this European project as a technology partner, leading the contribution of customer remote management in Spain.

ENDESA sets in motion the first three electricity storage plants in Spain

ENDESA has set in motion the first three electrical energy storage plants at its generation facility in the Canary Islands, as part of the "STORE" project, the most important in Europe on power storage in island environments.

To date, the storage of electrical energy has been extremely complex, and this process has been solved by generating it in self-contained systems, not connected to the grid. These technologies have drawbacks which limit their use, such as cost and durability; however, they may play an essential role in the electricity system of the future.

The Project, led by ENDESA, has a budget of 11 million Euros, and its aim is to show the technical and economic viability of large-scale power storage systems, also promoting the full integration of renewable energies.



4.3. Technological projects for greater generation efficiency

During 2015, ENDESA has continued to develop technological innovations to improve the efficiency of its power generation processes.

4.3.1. Clean combustion and reduction of emissions and waste

ENDESA has a commitment to technological improvement and the optimisation of the natural resources consumed, to improve efficiency in generation processes, such as:

- > **INNOVAALGA.** Recovery of the CO₂ from the combustion gases of the Litoral thermal power plant in Almeria, by means of the cultivation of microalgae, and recovery of the biomass generated for the obtaining of high-value proteins and sustainable fertilisers.
- > **O2GEN.** A project oriented toward the optimisation of CO₂ collection technology Oxy-CFB, by means of the use of greater ratios of O₂/CO₂ in smaller boilers and at a lower cost.
- > **ReCaL and CaO₂ projects.** Optimisation of the CO₂ collection process by carbonation/calcination cycles with experimentation at the La Pereda 1.7 MWt pilot plant.
- > **GTNOx.** Evaluation and validation of the injection of large amounts of water into gas turbines with liquid fuel, so as to reduce the nitrogen oxide (NOx) emissions in compliance with the future limits set by the Industrial Emissions Directive.
- > **ASHREACT.** A project aimed at recovering ash from the carbon combustion process at thermal power plants, through the use of an alkaline pre-activation process, to obtain substitutes for Portland cement products.
- > **LESSOX.** A study of strategies to increase the flexibility of the thermal units at the Compostilla thermal

production plant to consume a lower-cost fuel mix, ensuring that the lower emission limits required by BREF of $\text{SO}_2 < 100 \text{ mg/Nm}^3$ are achieved by improvements of the desulphurisation plant.

- > **ORPAO.** Improvements to the desulphurisation plants by optimising the intermediate processes that will enable a reduction in operating costs, an improvement in the quality of the gypsum and the reduction of liquid effluents, improving quality and the environment.
- > **GEACO.** The application of geophysical techniques for the characterisation of deep geological storage for carbon dioxide (CO_2). The main objective is to increase our knowledge of the Duero location, where ENDESA Generación has valid Research Permits, in accordance with Act 40/2010.

4.3.2. Improved efficiency and availability of the plants

ENDESA is committed to technological progress and to innovation, to improve the efficiency of the generation processes. In 2015, the following projects were developed in the quest for these goals:

- > **COKEFEED.** A study of strategies to increase flexibility with regard to fuels in the thermal units with tangential boilers via the consumption of petroleum coke as an alternative fuel, thus reducing specific emissions.
- > **ONCORD.** In synergy with the COKEFEED Project, this Project has been launched to evaluate the possible degradation and reduction of useful life due to corrosion of the boiler materials and high-temperature components due to the use of different fuels.
- > **COAL STOCKPILING.** Development of a project to prevent energy loss at coal yards as a consequence of natural oxidation and spontaneous combustion processes, or that of coal particles carried by the wind.
- > **TELESIVI.** Development of an online supervision system, using artificial vision algorithms, based on cameras

and other sensors, to monitor and optimise the operation of electric power plants.

- > **OPTICAL.** The implementation at the Teruel and Litoral thermal plants of an expert adaptive predictive monitoring system to optimise the monitoring of the superheated steam temperature and reduce damage caused by thermal fatigue.
- > **CANEM.** The installation of a water-in-fuel emulsifier system to reduce emissions of NO_x and particulate matter from fuel oil boilers.
- > **COLIFO.** A system to monitor the life consumption of the principal components of the boiler, with the aim of improving the operation of coal-fired thermal units.

4.3.3. Nuclear

R&D activities in the nuclear field are carried out by participation in various programmes. Besides, ENDESA holds the secretariat of the Spanish nuclear fission technology platform CEIDEN, which coordinates the sector's R&D&i activities. Likewise, via the UNESA Nuclear Energy Committee (Spanish Electricity Industry Association), the Company furthers research projects of interest for its nuclear power stations. Some of the programmes of particular significance are as follows:

- > **EPRI nuclear programme**, whose objective is to achieve the operational excellence of nuclear power stations.
- > **The PCI coordinated research programme**, carried out with the participation of companies of the sector and the NSC (Nuclear Safety Committee), and whose aim is to analyse the safety of nuclear plants, both for the operators and the regulatory body.
- > **The PIC joint programme for electricity companies and ENUSA**, which coordinates R&D&i initiatives relating to nuclear fuel, defining projects of common interest.
- > In cooperation with the **CEIDEN platform**, samples of the concrete from the José Cabrera Nuclear Power Plant, now out of service, will be analysed to obtain highly useful data to improve the safety conditions of the facilities currently in operation.

5. Active participation in the development of renewable energies

Enel Green Power España, S.L. undertakes the development and management of all the renewable assets of ENDESA and Enel in Spain. A 40% share corresponds to ENDESA and 60% to Enel Green Power, which is 100% controlled by Enel, and is devoted to the development of renewable energies worldwide.

Enel Green Power España, S.L. has completed the sale of the entirety of the share capital of Finerge Gestão de Projectos Energéticos, S.A., a subsidiary company totally owned by EGPE and which operates wind farms in Portugal with a total net installed power capacity of 642 MW, to the Portuguese company First State Wind Energy Investments, S.A.

In 2015 the total net installed power of Enel Green Power España was 1,704.5 renewable MW and its output was 4,383.4 GWh.

Net technological installed power in Spain and Portugal (MW)

2015	Spain	Portugal	Iberia
Mini hydro	42.3	0	42.3
Wind	1,616.3	0*	1,616.3
Solar	13.4	0	13.4
Biomass	32.5	0	32.5
Cogeneration	—	—	—
Total	1,704.5	0	1,704.5

Output by technology in Spain and Portugal (GWh)

2015	Spain	Portugal	Iberia
Mini hydro	74.8	0	74.8
Wind	3,595	499.1**	4,094
Solar	24.5	0	24.5
Biomass	190.1	0	190.1
Cogeneration	—	—	—
Total	3,884.4	499.1**	4,383.4

* By the end of the year, 3,884.4 wind MW in Portugal due to the sale of the Park. The 126 wind MW of Portugal consolidate since January to November 30th, 2015. In addition, from September to November 2015 445 MW consolidate after the split of ENEOP consortium.

** The 499.1 GWh of production were generated with the 126 MW of Finerge and the 445 MW of Eneop in the dates mention before

The Gorona del Viento hydro-wind plant provided 100% of the El Hierro island's power for the first time on 9th August

El Hierro was already able to produce, on average, 50% of the power it consumes by totally renewable means. However, one of the main milestones of the project was achieved on 9th August when the island managed to supply the totality of electrical demand with 100% renewable energy for two hours. This is a milestone that no other island with a population of over 10,000 inhabitants has achieved to date.



6. Culture of innovation and knowledge management

ENDESA promotes a culture of innovation and knowledge management among its employees and its value chain.

6.1. Eidos Market

With regard to the internal management of innovation, of particular note is the corporate application of employees' idea management called EIDOS MARKET, created to encourage and give recognition to the innovative spirit of the Enel Group's employees.

Since its launching, Eidos Market has managed to collect over 4,000 ideas from employees throughout the group. The platform makes use of advanced methodologies such as the Crowdsourcing philosophy or Predictive Market techniques, in order to maximise the innovative potential of the collective intelligence of the social network of the Company's workforce.

During the year, ENDESA carried out various internal and external programmes and activities, oriented toward managing innovation, consolidating a creative, innovative culture within the organisation, by means of campaigns for communication, dissemination, training and recognition of employees for their innovative contribution.

6.2. Incense

Thanks to the allotment of funds by the VII EU Framework Programme, ENDESA, together with Enel and two other European partners, belongs to the consortium created and managed by the INCENSE accelerator. By means of this, ENDESA takes part in the selection and acceleration of ICT sector startups applied to energy efficiency.

The programme provides financing to 42 startups via the non-refundable provision of 150k€ to each. The project is

part of the third phase of the FIPPP (Future Internet Public Private Partnership) programme and places 80 million euros at the disposal of European startups via 16 accelerators in different fields, INCENSE being one of these, for the development of products and services based on the technologies developed during the first two phases of the programme, available at the FIWARE platform.

6.3. Energy School

During 2015, ENDESA's Energy School in Spain has continued with its objective of training professionals of excellence and constructing a network of knowledge and talent to contribute to the development of the Company's technological leadership.

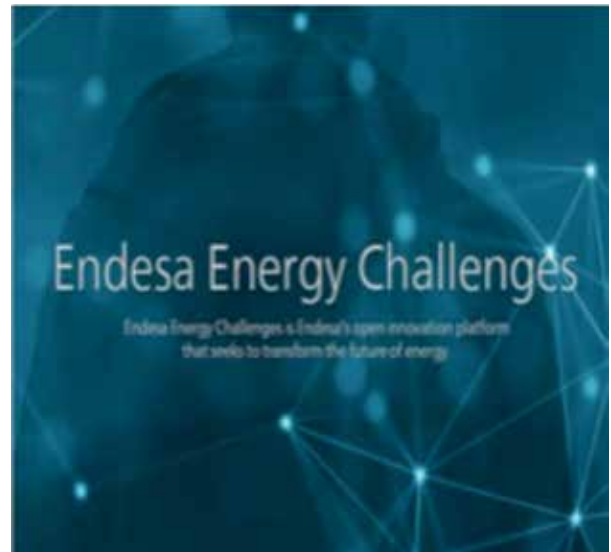
The postgraduate programmes managed and sponsored are as follows:

- > Master's degree in the Electricity sector (14th edition) at the ICAI School of Engineering (Madrid).
- > Master's degree in Nuclear Power, at the Polytechnic University of Catalonia, 5th edition.
- > Master's degree in Energy at the Madrid Association of Civil Engineers, 4th edition.
- > Master's degree in ICTs and telemetry at the University of Seville, 7th edition.
- > Master's degree in energy efficiency at La Salle in Barcelona, 6th edition.
- > Master's degree in electric and hybrid vehicle engineering at the Polytechnic University of Madrid, 3rd edition.
- > Master's degree in Math, Carlos III and Polytechnic Universities, Madrid, 2nd edition.

For further information, see the chapter *Development, Merit and Talent*, section 3. *Training at ENDESA*.

ENDESA launches a collaborative platform in search of energy-efficient products and solutions

In October, ENDESA launched ENDESA Energy Challenges, a new collaborative platform to search, together with other entrepreneurs, for energy-efficient products and services. The initiative is part of ENDESA's open innovation model, and its aim is to challenge the most brilliant minds in the search for solutions in the energy world which enable the transformation of the current model. The first two challenges will be the ENDESA Datathon (encouragement of proposals of value based on anonymous data from hourly readings, directed toward experts in big data) and the ENDESA Hackathon (a commitment to talent to optimise the use of power).



7. A referent in technology and innovation

7.1. Participation in technological platforms

As part of the Open Power plan, ENDESA continues to collaborate with various technological platforms in Spain, the most noteworthy being the Technological Platform for Energy Efficiency, the Platform for Electricity Grids of the Future (FUTURED), of which it is a member of the Steering Group, and the Platform for Nuclear Fission (CEIDEN), where it is

responsible for the Technical Secretariat. It also collaborates in other areas such as the Spanish CO₂ Technological Platform, Spanish Technological Platform for Industrial Safety (PLATI) and the Spanish Biomass Platform (BIOPLAT), and other platforms collaborating with the sector, such as Alinne.

Active lines of participation are also maintained in other institutions, of note being our presence as a founding sponsor of the IREC (Catalonian Energy Research Institute) and CTA (Andalusian Technological Corporation) Foundations, and the Pro Rebus Foundation of the Spanish Royal Academy of Engineering.

Social-economic
development
and social confidence

11.6 million euros invested in social development in 2015, according to LBG methodology

Over 730 thousand beneficiaries in the 224 projects carried out in 2015

Main Magnitudes

	2015
Investment in Social Development according to LBG (millions of Euros)	11.6
Distribution of investment in Social Development, according to ENDESA's action framework	
Investment in projects for access to energy	43%
Investment in projects for the social-economic development of communities	9%
Investment in projects for supporting local communities	48%

Strategic Priority: social-economic development and social confidence

To drive shared value proposals which further social-economic development and social confidence in the Iberian area.	In 2015, ENDESA voluntarily drove 224 social development projects, with an estimated total of 737,000 beneficiaries.
To improve the association of social commitment with Company strategy.	In 2015, 35 social development projects were carried out to facilitate access to energy, with over 178,000 direct beneficiaries.
To maintain or increase investment in social activity in business-related projects (LBG methodology).	57% of investment in social activity projects corresponded to business-related initiatives, according to LBG methodology, compared with 49% in 2014.
To strengthen the relationship with institutions and society in general via new models of relationships/cooperation with social partners which encourage the putting down of roots.	Mapping executed and contact maintained with associations, universities, NGOs and foundations. Working and cooperation agreements made regarding sustainability projects in the fields of fuel poverty, efficiency, responsible consumption, susceptible groups, etc.
To maintain the volunteering activities and the participation of employees in social activity projects, with a special emphasis on initiatives in the field of energy.	In 2015, 76,452 hours (24,742 in 2014) of work by ENDESA's employees in the Iberian sphere were devoted to 224 social development projects. This corresponds to 45 employees working full-time. There were also 186 volunteers in 2015.
To disseminate a new energy culture, based on sustainable production and efficient consumption, with the electrification of demand as the main leverage to promote responsible social progress.	Dissemination activities of the new energy culture performed internally and externally: a survey among employees on mobility and efficiency in the home, a communications campaign on electric mobility, the design of a training plan on the integration of the employee in the new energy culture, participation in seminars on fuel poverty, the provision of training on efficient consumption and the reduction of the invoice for social services, etc.

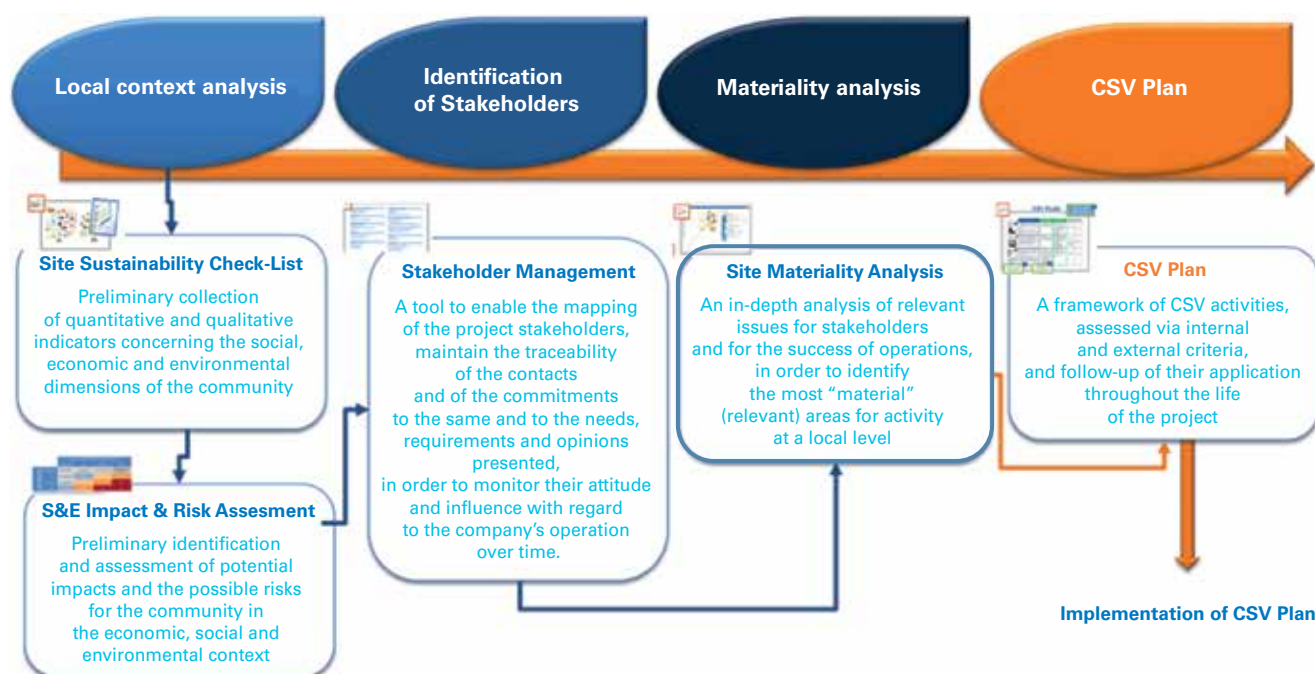
1. Social-economic development of the community from a shared-value approach

G4-SO1 /G4-SO2/ G4-EC7/ G4-DMA Indirect economic consequences

ENDESA's commitment to the social-economic development of the communities where it operates is one of the two strategic priorities undertaken by the Company within the framework of the 2015-2019 ENDESA Sustainability Plan. One of the fundamental tools to achieve this, included in the same Plan, is the integration of the social perspective into business practices, via an approach for the creation of shared value (CSV) which enables the business to be legitimised and its sustainability established, generating the creation of roots in the community and furthering social progress. The aim is to drive projects and operatives to improve the company's competitiveness while aiding in the

improvement of the social and economic conditions where it operates. To this end, the company's skills and capabilities must be exploited and optimised efficiently from an integrated viewpoint to generate measurable benefits for society, responding to its current or future requirements.

In 2015 ENDESA developed and implemented a methodology for the application of this CSV approach, in line with Enel's guidelines, for the identification, analysis, management and follow-up of the impact of the company's operations in communities, from an environmental, economic and social viewpoint. CSV methodology has 4 fundamental phases:



In 2015, the progressive implementation of this methodology was commenced, enabling the classification, systematisation and planning of social impact management in a more methodical manner. To this end, the development of CSV Plans commenced for a number of specific projects of the Generation Business Development and Engineering and Construction areas, and its gradual expansion into the remainder of the company's areas and operations is foreseen for the coming year.

This new approach is a key tool, complementing the rest of the activities planned to respond to the strategic priority of social-economic development and social confidence, to tackle 3 critical factors which had been identified beforehand:

1. A negative perception among the public with regard to the energy sector, aggravated subsequent to the economic crisis, making evident a greater isolation between the electricity companies and the needs and requirements of the stakeholders.
2. The role that ENDESA can play in current society, as a key actor for its development, with electricity as an essential element for the maintenance of social well-being.
3. A political and social environment, with complex, inter-related global challenges, making it essential to innovate in the method of approaching and interacting with the customer/citizen, to fulfil the new expectations of society and to build relationships of trust to guarantee the long-term sustainability of the business.

To respond to these challenges, three areas of action have been identified under this strategic priority of a social nature:

- > **> Active listening and cooperation.** To promote active listening, establishing partnerships for cooperation and the creation of value with social partners, who are key in the Company's material issues, and to encourage social confidence and the putting down of roots. The goals are as follows:
 - Establishing contacts for active listening with the main Iberian institutions related to the field of social development and the new energy culture.
 - Enabling cooperation agreements to further the development of projects in line with the materiality of the Company.

> **Sustainability projects in line with materiality and the creation of shared value as a business strategy.**

To implement proposals adapted to the new reality of society according to the requirements of the stakeholders and to include the creation of shared value in the Company's business strategy. The goals are as follows:

- To align the social projects with the requirements of the stakeholders and to procure that the projects and initiatives have a positive impact on the quality and perspective of people's lives.
- To integrate social requirements into the business model, by the application of a methodology for the creation of shared value with the local communities where we operate.
- To facilitate access to energy to persons belonging to susceptible groups.
- To drive and coordinate the execution of projects concerning the field of Sustainable Operative Efficiency in all territories and businesses.
- To perform activities of a social and/or environmental nature to promote the responsible management of assets and to contribute to the strengthening of the Company's social commitment.

- > **Measurement, dissemination and sensitisation.** To measure the impacts and returns of sustainability projects, improving the quality of the information provided, and to disseminate these in an appropriate manner, thus bringing the company closer to the citizen, via internal and external sensitisation activities, to society and to the employees. The goals are as follows:

- To encourage the employees' commitment to Sustainability and the new energy culture, transforming them into referents for the citizen.
- To grade the level of response of projects to the needs of the main public bodies with whom ENDESA deals, with tools for measuring achievements, impacts and returns in Sustainability projects, being held systematically and transparently accountable to society by means of an appropriate communication.

Finally, no cases of physical or economic displacement of persons were caused in 2015 as a consequence of company activities.

2. Framework for action

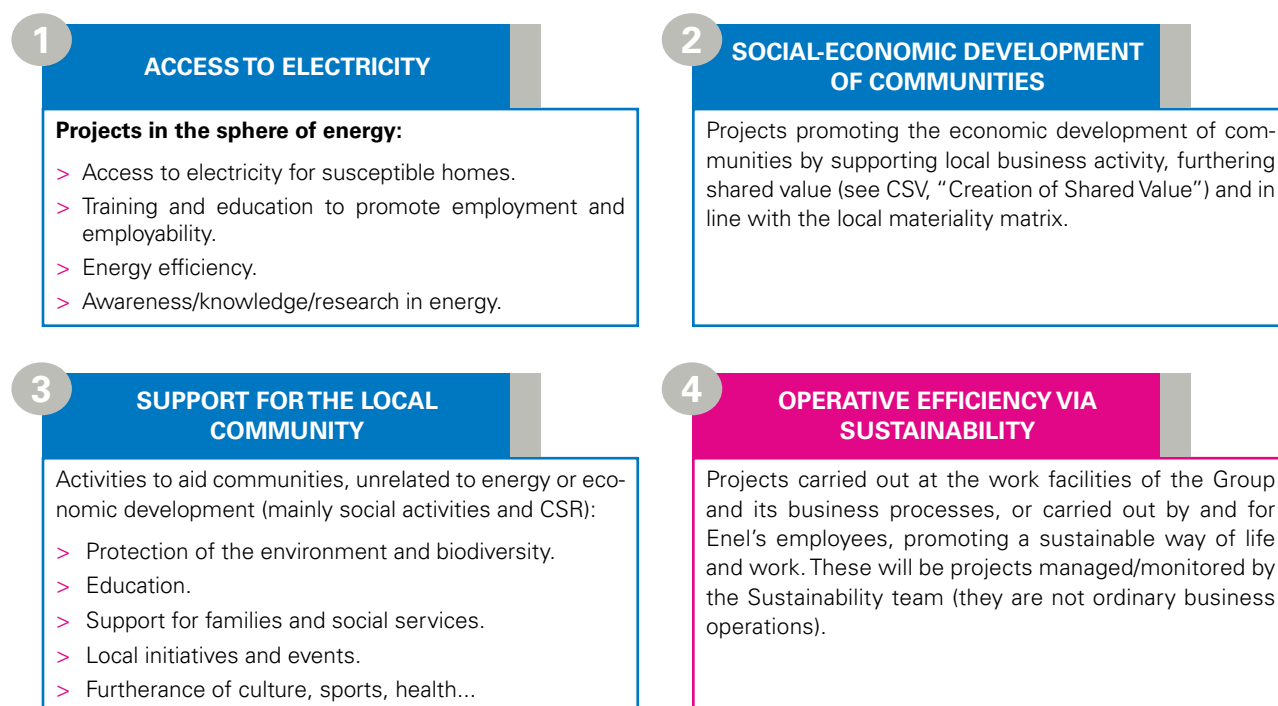
ENDESA's social projects and initiatives are carried out in the different territories where it operates, by each of the company's business areas, together with its two foundations, the ENDESA Foundation and the Seville ENDESA Foundation. Its management is coordinated by the Sustainability Directorate, and is in line with the criteria, objectives and guidelines provided by the Enel Group's framework of action for sustainability projects, and the material issues in the social sphere required by our stakeholders in Iberia.

This year a joint Action Framework was adopted throughout the Enel Group for the management and monitoring of sus-

tainability projects, with a common approach and categorisation, enabling the exploitation of synergies between the different countries where the Group operates, the implantation of a common language in management and the sharing of objectives to jointly face the challenges of the society in each territory.

With regard to the new categorisation of projects implemented throughout the Enel Group, it establishes 3 groups of projects with an impact on communities, and a fourth group, concerning internal operative efficiency, which is beyond the scope of this chapter (for this reason, hereinafter the analysis will be centred on categories 1 to 3).

Project Typology



The reduction of our field of activity to the perimeter of Iberia, as from 2014, has provided us with the opportunity to develop a closer relationship with our territory, with an approach geared to the creation of shared value (CSV)

Social development projects

Internal efficiency projects

Social Development Projects must:



This new categorisation takes into account the evolution of the Group's projects in the social sphere, international trends and initiatives (Human Rights, Sustainable Development Objectives, United Nations Global Compact and Sustainable Energy for All); also the external analyses (benchmarking studies and opinion poll among stakeholders) and internal analyses performed (personal interviews with Top Management, focus groups and surveys among employees).

On the other hand, the aim of this new classification is to improve the management of projects to align them with the Group's materiality and priorities by means of monitoring and follow-up, and likewise their measurement and enhancement.

The role of sustainability projects as a strategic area of action for the Company is also reinforced, integrating them into all business areas via shared value activities which enhance the social acceptance of the Company, minimise risks, improve its reputation, bring the company closer to the local community where it operates, and integrate the requirements of its stakeholders.

The basic motivation guiding ENDESA's contribution to social development is:

- > Providing business activities with social value, by creating relationships of trust which in the long term gen-

erate support in communities and encourage social progress.

- > Supplementing the Company's function as a basic service provider, facilitating the access to electricity of the most susceptible groups.
- > Providing a response to the needs of the main stakeholder groups, on both a local and global level, with whom the Company interacts.
- > Enhancing, by means of its contribution, the generation of wealth and the progress of society.

For this reason, the shared-value social projects will be projects that:

- > Accompany business, generating wealth for the local community.
- > Respond to the material issues of the social sphere of our stakeholders (furtherance of employment, fuel poverty, training, biodiversity, etc.).
- > Concentrate particularly on susceptible groups (disadvantaged families, persons under vulnerable circumstances, childhood and youth, new entrepreneurs, etc.).
- > Are managed in cooperation with the social representatives of the communities participating in the project.
- > Have continuity in time and potential to replicate successful actions.
- > Provide benefits for society and returns for the company which are verifiable and measurable.

- > Are systematically, transparently reportable, and are appropriately transmitted to society.

The Iberian territorial divisions and their Sustainability Committees, as well as ENDESA's various business lines and its Foundations, have launched projects and initiatives in accordance with the above criteria, coordinated and monitored by the Sustainability Division, which in turn guarantees coherence of priorities throughout the Enel Group.

2.1. ENDESA's investment in the community

G4-EC8

London Benchmarking Group LBG Spain



development in society.

ENDESA has belonged to the workgroup of the London Benchmarking Group (LBG) Spain since 2008. This methodology enables the measurement, management, assessment and communication of the contributions, achievements and impacts of the Company's investment in social development in society.

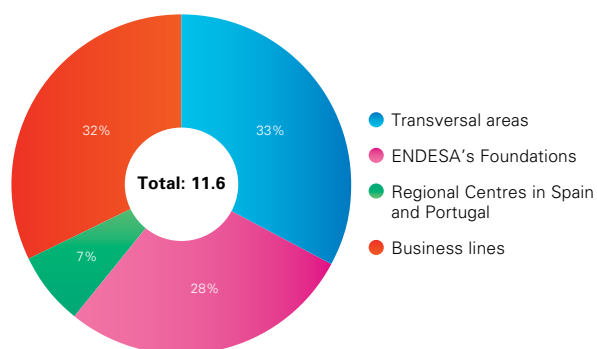
For the seventh year running, ENDESA's report on social activities has been presented according to LBG methodology.

In 2015, and according to LBG methodology, ENDESA contributed to the social development of the communities where it operates with 11.6 million euros, of which 8.2 million were either monetary contributions or in kind. Of the total amount of this investment, 3.2 million euros were dis-

tributed via ENDESA's Foundations, 4.6 million euros via the transversal areas and regional centres, and 1.8 million via the Company's different business lines.

ENDESA's investment in social development 2015

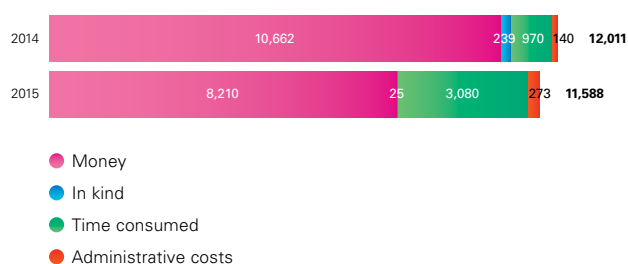
Figures in millions of euros



The trend in LBG investment in ENDESA's social development projects in Iberia became stable in 2015, with an investment only 3% lower than that of 2014 (11.6 million euros compared to 12 million). This variation is mainly due to the optimisation of investment, the greater involvement of the employees, the minimisation of costs and its improved management.

Evolution of investment in social development in Iberia

Figures in thousands of euros

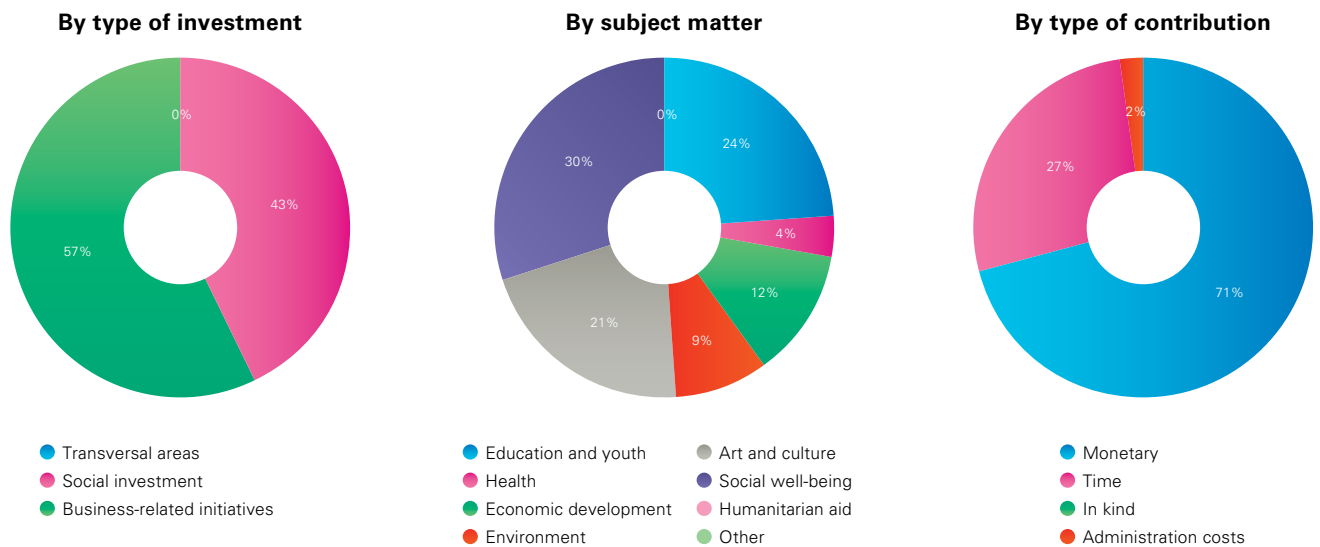


ENDESA's investment in social development activities, 2015

Thousands of Euros

By Area	Money + kind	Time consumed	Administrative costs	Total
Transversal Areas	3,378	406	31	3,815
ENDESA's Foundations	2,882	249	58	3,188
Regional Centres in Spain and Portugal	810	5	0	816
Business lines	1,165	2,421	184	3,769
Total Spain and Portugal	8,235	3,081	273	11,588

ENDESA's contribution to social development projects in 2015



However, the number of projects has been maintained, reaching 224 in 2015 compared with 231 in 2014, and the systems for measurement of achievements, impacts and returns of the projects have been improved, reaching over 730,000 direct beneficiaries.

The level of investment in social development projects in 2015, taking into account only contributions in money and in kind, has been 0.7% with regard to the net benefit of the continued activities attributable to ENDESA's shareholders. This ratio is not comparable with the level of investment of previous years, as there has been a change in the perimeter of the company due to the sale of the Latin American assets to the Enel Group in October 2014.

From the point of view of subject matter, according to LBG categorisation, 30% of the investment has been devoted to social well-being, 24% to education and 12% to social-economic development, material issues for ENDESA in the social sphere.

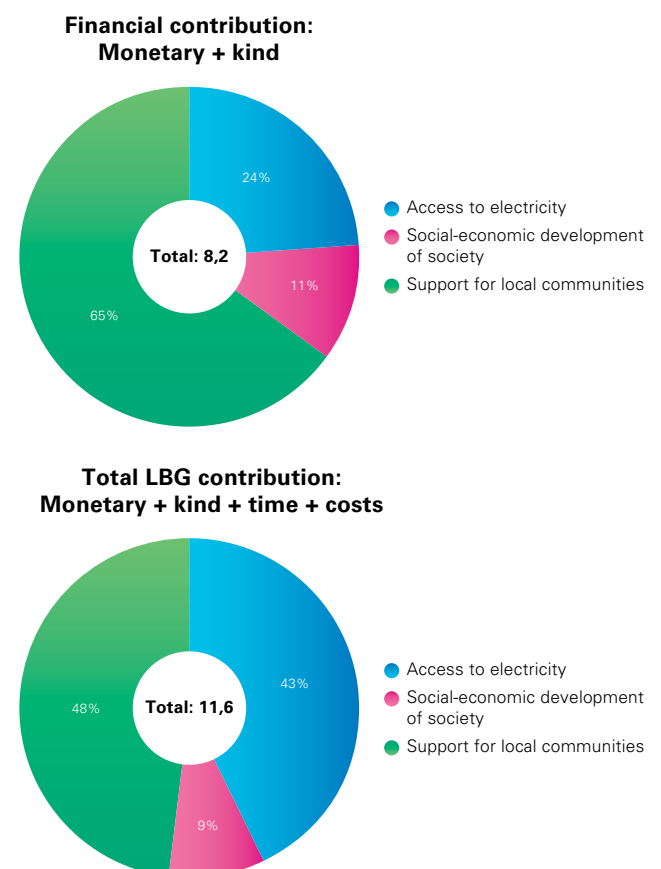
On the other hand, with regard to the nature of the projects, the business-related social investment reached 6.65 million euros, 57% of the total budget, in line with the shared value approach.

The social investment in projects showing a long-term strategic commitment to communities was 43%, with strategic alliances with public and private bodies for its management, evidence of ENDESA's commitment to contributing in projects with a vocation of perpetuation.

On the other hand, according to the Enel Group's new project classification, the distribution of the investment in social development projects has been as follows:

ENDESA's investment in social development projects 2015 by area of action

Figures in millions of euros



In the distribution of total investment, taking into account only the economic contribution, of particular note among the various categories is the support for local communities, at 65%, followed by access to electricity at 24%, which ENDESA intends to increase in the coming years. The environmental activities included in the “support for communities” category have increased in importance to 12% of the total in 2015 compared with 4% in 2014.

All these fields of action are in line with both company strategy and international initiatives, and include solutions to the social requirements of our stakeholders, with special emphasis on the facilitation of access to energy, the furtherance of employment, education and training, and the minimisation of social and environmental risks.

2.2. Achievements, impacts and returns

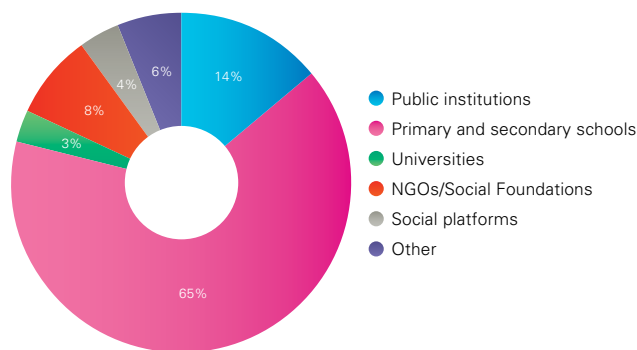
In 2015 significant progress has been made in the implementation and development of a methodology enabling a strict estimation of the achievements, impacts and returns of social development projects in communities. To this end, a new tool within the LBG framework was used, a result of ENDESA's participation in the LBG Spain workgroup, whose aim was to establish the premises, criteria and variables for the estimation of said information.

2.2.1. Achievements and impacts

Achievements are considered to be the quantified or estimated result of an investment performed via a social development project in a certain period of time, and Impacts are the estimation of how the initiative has influenced the reality of the actors involved.

In 2015 cooperation was given to a total of 1,047 public and private institutions in the development of the 224 social development projects managed. 65% were primary and secondary schools, 14% public institutions and 8% NGOs and social Foundations.

Type of institutions receiving collaboration



On the other hand, it is estimated that in 95% of the cases, the results obtained by institutions as a result of their cooperation with ENDESA have translated into an improvement in their services and/or an increase in their capabilities.

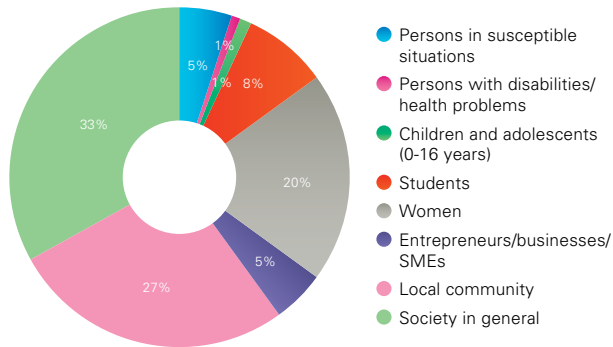
Estimated results of collaboration with institutions



With regard to the beneficiaries, it has been estimated that in 2015 there were a total of 737,002 direct beneficiaries of the 224 social development projects carried out by ENDESA. Of these, 33% were directed toward society in general and 27% to the inhabitants of the local communities, totalling over 439,000 beneficiaries between both categories.

Next, of note are the projects directed toward the empowerment of women; 20% of the beneficiaries. Thirdly, with 5% of the total, are persons in susceptible situations; over 36,000 beneficiaries. Also with 5%, we highlight the group of entrepreneurs, businesses and SMEs, to encourage sustainability and employment.

Typology of project beneficiaries

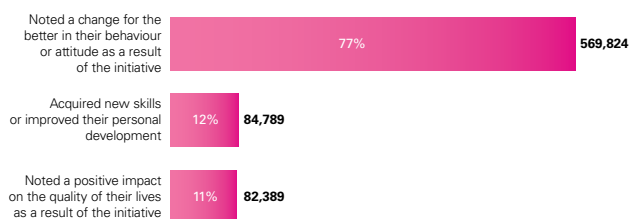


Of the estimated total of beneficiaries, over half a million (77% of the total) noted a change for the better in their behaviour or attitude as a result of the initiative; 84,789 (12%) acquired new skills or improved their personal development, and over 82,000 persons (11%) had a positive impact on the quality of their lives.

Likewise, 68% gained awareness thanks to the project, 26% achieved an improvement, and 6% (approximately 47,000 persons) underwent a positive, significant transformation in the quality of their lives.

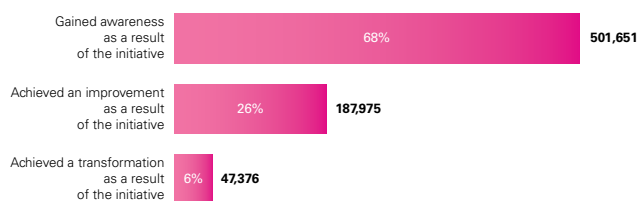
Extent of the change

Estimated in 737,002 beneficiaries



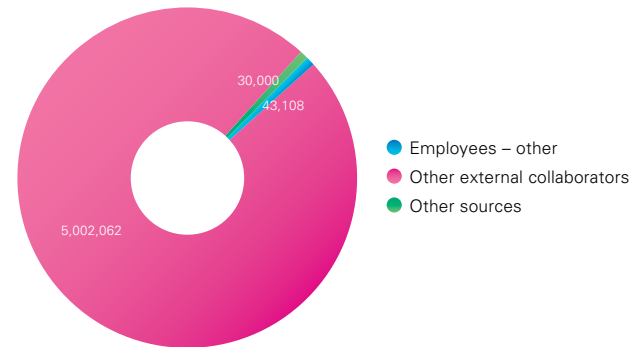
Benefits noted

Measured in 737,002 beneficiaries



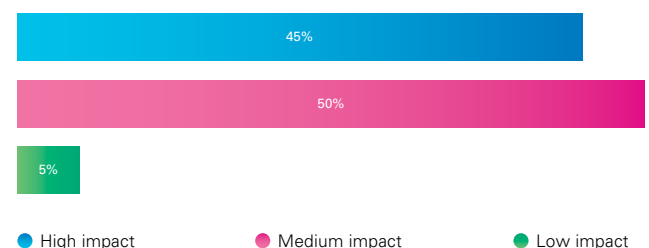
Besides, taking into account the multiplier effect, as an additional result of ENDESA's social development projects, other actors have provided a total of 5,075 million euros to these, by means of economic investment or in kind.

Contributions of other actors to ENDESA's 2015 social development projects



Finally, the positive impact on the environment and biodiversity has been assessed in the 34 social development projects performed in this field. Of these, 45% had a highly positive impact, highlighting projects for the environmental regeneration of specific areas and biodiversity preservation activities, with special emphasis on endangered species. 50% are related to medium-impact projects, related to activities for the dissemination of knowledge and specific studies. 5% relate to low-impact projects concerning, chiefly, awareness-creating activities.

Estimation of the level of positive impacts in environmental and biodiversity projects



2.2.2. Returns

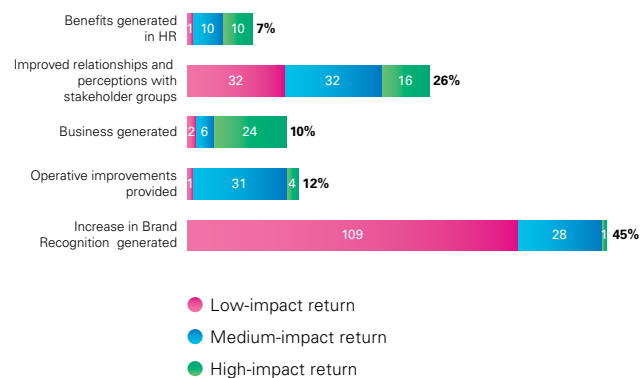
Returns are considered to be the benefits a company may obtain derived from the management of social projects beyond its social licence.

With regard to the returns and level of incidence for ENDESA of the social projects carried out, 307 returns have been es-

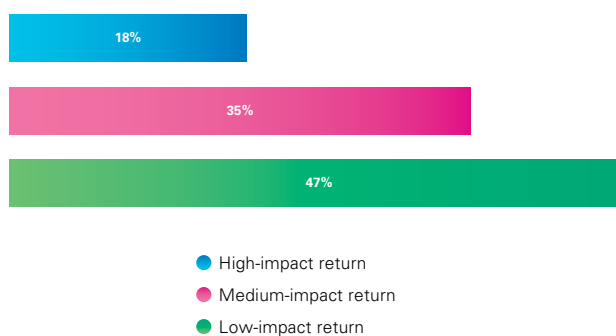
timated in the company derived from the 224 social development projects carried out in 2015. The greatest impact of said project returns are in the increase in brand recognition (45%) and in the improvement in the relationship and perception of the stakeholder groups (26%).

On the other hand, 18% of the projects have had a high impact in the Company, 35% a medium impact and 47% have had a low impact.

Estimation of returns for ENDESA of the social projects carried out



Estimation of the level of impact for ENDESA of the social projects carried out



3. Social-economic development and shared value projects and initiatives

G4-EC8

In 2015 the projects are listed as in the New Action Framework, approved in 2013, adapted to the classification implemented by the Enel Group in all its participated countries.

The focus of this adaptation reinforces the role of social projects as one of the Company's strategic approaches, integrating them into all business spheres by means of shared value activities which further the Company's social inclusion, minimise risks, increase its reputation, bring the company closer to its stakeholders and integrate their requirements.

3.1. Access to Energy projects

One of ENDESA's main approaches in social development is the development of projects in line with the company's core business, with initiatives to favour access to energy. Within this framework are all the energy-related projects which minimise the economic barriers to susceptible groups, offering education and training in the field of energy, guaranteeing

accessibility to technologies and infrastructure, and promoting energy efficiency.

In 2015 ENDESA invested over 1.9 million euros in social development projects in this field, with the management of 35 initiatives which have benefited over 178,000 people.

Some of the most significant initiatives are as follows:

> **Agreements signed to fight fuel poverty.** ENDESA is aware of the serious problem of fuel poverty in many Spanish homes, and via its commitment to Sustainability, proximity to society and furtherance of credibility and active listening to the citizen, it understands that it must provide part of the solution to a series of problems related to its business. To this end, the Company has signed agreements with several Town Councils, Regional Communities and public bodies in order to prevent the discontinuation of supply to families in a susceptible situation. In 2015, 90 agreements were in force, preventing the discontinuation of supply to 31,662 families, favourably managing approximately 55,000 invoices. Besides, thanks to the agreements reached throughout Spain, ENDESA can give coverage in this manner to over 8 million homes and 20.9 million people in 18 Spanish provinces. ENDESA's intention is to expand and strengthen this type of initiative.

> **Vocational Training in Electricity for young people at risk of social exclusion in Spain.** The ENDESA Foundation manages projects whose aim is to improve the employability of young long-term unemployed people with limited means and at risk of social exclusion. The aim is to provide access to the world of work, and consequently social integration, to young people and adults by means of the educational development of their personal and professional skills. This programme is run jointly with a number of NGOs

24% of ENDESA's social development budget (43% according to LBG methodology) has been invested in projects facilitating access to energy

such as Caritas, the Padre Pulgar Association and Norte Joven, and also in cooperation with Public and Private Educational Institutions. The practical work for the training of the pupils is carried out at the company's own facilities (for example, the pupils at El Ferrol perform their practical work at the As Pontes Thermal Production Facility) or with other contractors. This training was given in 7 Spanish cities in 2015 (Huesca, Huelva, Tenerife, Ferrol, Ponferrada, Palma de Mallorca and Tarragona), benefiting 135 unemployed young people and adults. It is intended to continue with this line of action.



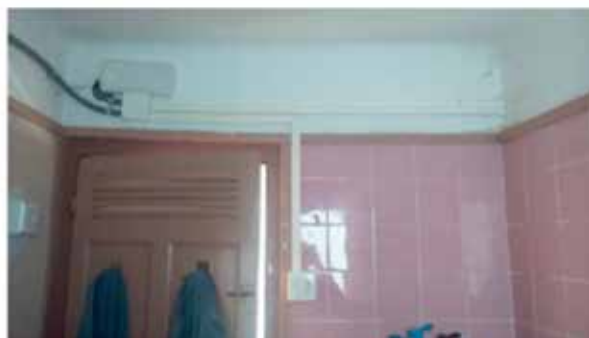
- > **Driving SMEs.** In 2015, ENDESA took part in the fourth edition of the Driving SMEs project, developed by 18 large companies to provide development-related strategies and advice to small and medium-sized companies. It covered 12 Spanish cities over 7 months, meeting with nearly 2,300 persons in charge of these companies.

In 12 micro-conferences, the large companies provided their knowledge and advice with 4 basic pillars: financing, innovation, internationalisation and energy efficiency. This last was the hub of the micro-conferences presented by ENDESA. The SMEs were able to verify, by means of practical cases, that investing in more efficient lighting systems can enable savings of up to 70% in businesses, that each degree adjusted in the air handling equipment brings about a 7% reduction in consumption, or that replacing the cooling equipment with newer, more efficient equipment can help to save as much as 39% of the electricity bill.

Driving SMEs involves both the public and private sectors with the presence of companies of renowned experience in the domestic and international spheres of different economic sectors, enabling the presentation of a global project providing the SMEs with knowledge and practical, innovative solutions in key business areas.

- > **Energy volunteering.** The Energy Volunteering Programme is a social development project in the field of energy, carried out jointly by ENDESA and ECODES (Ecology and Development Foundation), directed toward homes in a situation of fuel poverty, with activity on two levels: on the one hand, these families are given advice on how to optimise their electricity bill and reduce energy consumption, and on the other, situations of risk in the electrical installations are identified, which are subsequently corrected by qualified personnel.

At the end of 2015, ENDESA commenced a pilot programme in Zaragoza, providing 14 volunteer employees to carry out the field work with 15 families, bearing the cost of both the materials and the imple-



mentation of the programme. Another programme will commence in Barcelona in 2016, with 26 volunteers and another 26 families.

- > **ENDESA Educa.** An educational initiative whose goal is to create a new social conscience based on sustainability and energy efficiency. To this end, it has a wide range of activities which it offers free of charge to schools, adapted to their different needs. It includes visits to electrical facilities, guided activities at ENDESA's Information Centres, workshops given at the schools themselves, and online activities via www.endesaeduca.com.

The goal of all of these is to encourage the efficient, rational use of energy, a commitment undertaken by ENDESA Educa. In 2015, over 2,000 activities were taught to young people from 675 schools. There have been almost 245,000 participants at ENDESA Educa's classrooms over the past 8 years. The programme also organises visits to ENDESA's facilities to explain how electrical infrastructures work in a real context. There have been over 8,000 visits to the Company's facilities, and applications increase yearly.

245,000 participants
in ENDESA Educa's
sessions, since
their commencement
8 years ago

For further information:
www.endesaeduca.com



- > **Twenergy.** A Spanish-language reference website on energy efficiency, promoting the responsible consumption of energy, providing users with solutions and tools to enable them to be more efficient in their energy consumption. It is also committed to giving a voice to professionals of energy efficiency via articles, digital meetings, and by supporting different initiatives from the industry. Among the innovations of this year, of note is the launching of a mobile application providing personalised information to those who wish to improve their behaviour and commitment to the conservation of the planet.

Likewise, in line with its commitment to encouraging environmentally responsible activities, the X edition of Solidary Projects (<http://twenergy.com/comunidad/proyectos-solidarios>) has been launched, where 5 NGO projects compete via an online voting system to win 6,000 euros to finance their efficient, sustainable projects in the most underprivileged areas of the planet.

In 2015 the winner was the "Techo" NGO, which operates in Latin America and the Caribbean, with a project to exploit rainfall to provide potable water to 420 persons living in the Hatt community in Haiti. In 2015, Twenergy had over 52,000 registered users, over 100,000 followers in the social networks, and over 11 million visits since its launch in 2009.

In 2015,
Twenergy already
had 52,000 registered
users and over
100,000 followers in
the social networks,
and over 11 million
visits since its launch
in 2009

For further information, more examples of projects are provided in the *Access to Energy* category in section 3.4.2. *Corporate Volunteering projects*.

3.2. Social-economic Development projects in communities

ENDESA is committed to the social-economic development of the communities where it is present, providing initiatives to drive their progress via the support, generation and creation of the local economic fabric. This includes non-energy-related projects for the furtherance of employment, generation of infrastructures, transfer of abilities and skills and support for local business activities.

In 2015 the Company invested over 800,000 euros in this type of initiatives, representing 11% of the investment in social development with the management of 37 projects benefiting over 60,000 people.

11 % of social investment in Spain and Portugal (9% according to LBG methodology) was devoted to social-economic development projects

Some of the most significant initiatives are as follows:

> **INCENSE** (INternet Cleantech ENablers Spark). A programme co-financed by the European Commission within the FIWARE Accelerate programme, coordinated by Enel, in which ENDESA, together with Accelerace and FundingBox, is a partner.

Its aim is to further innovation and high-technology specialised employment in the European energy sector, accelerating the development of clean technology-related products and services. Two calls have been issued, enabling the selection of the 42 best startups from among the 486 applications presented by small and medium-sized companies and entrepreneurs from 31 European countries. These startups will receive a

non-repayable grant of 150,000 euros and acceleration services to develop their products and services. The 14 startups selected at the first call completed the acceleration programme in January 2016 with a presentation of their products to investors, and nearly half of these are cooperating with the INCENSE business partners for the development of their projects. With this initiative, the aim of both Enel and ENDESA is to support innovation, the business world and social-economic growth.

> **Transfiere Forum (Málaga)**. A professional, multi-sector meet where participants have a business opportunity to find potential technology partners in the scientific field and the business sector. Over 500 companies took part in the 2015 edition, with approximately 2,300 accredited professionals. ENDESA, in addition to cooperating in the holding of the event, was present with a stand and took part in three areas of the meet: a round table on innovation, the debate section at meeting tables of the Spanish Technology Platform Forum and in a conference on the field of entrepreneurship.

> **World meeting in the stars 2017**. An event to be realised during the years 2015, 2016 and 2017, and considered an "Event of Exceptional Public Interest" (EEPI) at the end of last year by the Ministerial Council. The objective of this meeting is to broadcast the exceptional nature of the sky of the Canary Islands, as this is the best place in Europe to enjoy the stars, thus contributing to the inclusion of the islands on the international astronomy tourism map from a broad viewpoint including science and academia, technology, art, gastronomy, culture and tourism, leisure and health.

This fact will contribute to the renovation and consolidation of the touristic offer of the Canary Islands and the revitalising of its tourist, hotel, airport and catering infra-



structures. To attain these objectives, during these three years a plethora of activities and programmes will be set in motion; these have been grouped into 5 large areas: Under the stars; Stars in the heavens; Stars in action; Constellations; Science and Academia, and the Wake of Tourism.

For further information, more examples of projects are provided in the *Social-economic Development of Local Communities* category in section 3.4.2. *Corporate Volunteering Projects*.

3.3. Local Community support projects

ENDESA coordinates support for Local Communities via different types of projects whose goal is to improve the well-being of persons and communities, the maintenance of their cultural identity, the preservation of their heritage, the improvement of the local environment and biodiversity, sport, the promotion of healthy habits and supporting the coverage of basic needs.

Over 5.4 million euros devoted to projects supporting local communities, of which 993,000 euros were devoted to the environment and biodiversity, and 4.4 million euros to the remainder of the initiatives

When carrying out these activities, ENDESA works on the basis of the knowledge and awareness of each local reality and cooperates with the main social organisations of the environment where it operates, based on the territorial units.

This line of action of ENDESA's social development projects is that which has received the greatest investment, derived from the needs evinced by our surroundings, with 65% of the budget (48% according to LBG methodology), corresponding to over 5.4 million euros, 152 projects executed and over 497,000 beneficiaries.

Some examples of these initiatives are:

Support for susceptible groups

In 2015, ENDESA performed many activities focused on the alleviation of critical issues for families and persons at risk of exclusion. Here we highlight some of these:

- > **An agreement with Save the Children** to donate the money obtained from the recovery of recyclable waste. In 2015 the recycling of our employees' mobile telephones continued, subsequent to an update in all the workforce mobiles in Spain, to which the personal mobile telephones of the employees wishing to donate them were added. Over 8,000 euros were raised, destined to the Children's Integral Attention Centre in Madrid, benefiting 83 children and their families.



- > **Support for the realisation of university courses, and Grant and Award programmes.** The ENDESA Foundation collaborates with several universities in the furtherance of higher education for young people in Spain. As examples of its work in 2015, the following may be highlighted:
 - Grants for students without financial resources at the Comillas Pontifical University.
 - Grant programme for trainee pre-doctoral research personnel at the Rovira i Virgili University.
 - Fourth Social Council Prizes at the University of Burgos.

In 2015, economic investment increased to over 230,000 euros, with approximately 270 beneficiaries.

- > **Expokids 2015.** ENDESA cooperated with the “Créate” Foundation in the organisation of the largest Educational Innovation event in Spain. The aim of the event was to encourage entrepreneurial culture among the pupils, using different dynamics to promote values such as: decision, enthusiasm, passion, talent, effort and dedication, respect for others and for the environment, in order to provide wealth for society.

It was attended by children, teenagers, members of the educational profession, relatives, institutions, professionals and entrepreneurs. Over 3,700 pupils between the ages of 10 and 16, from 30 different schools, attended and presented over 500 school venture projects.



- > **Food collection campaigns.** ENDESA cooperated with various NGOs in the collection either of resources or directly of food. Among these we highlight the Solidary Christmas Concert in Mangualde (Portugal), where 100 baskets of essential commodities were given to families in need. Over 100 needy families with economic difficulties were benefited, among them 70 children.

Food collection campaigns, such as “We Can Do More Together,” were also carried out, where for the third year running the initiative was set in motion at different offices of ENDESA to aid underprivileged persons, collecting over 20,302 kilos of food which was sent to the Food Bank and to Caritas.

At Christmas, cooperation was given to the Red Cross Campaign “Now More Than Ever” in the Balearic Islands. This was supplemented with the distribution of toys donated by the employees, the number reaching approximately 1,000 toys. It is estimated that over 2,100 persons benefited by means of these initiatives.

- > **Aid for underprivileged groups:** ENDESA and the Seville ENDESA Foundation cooperated with several NGOs and foundations to alleviate the difficult situation of susceptible groups. Among these are the Seville and Jaen Food Bank Foundation, the Seville Welcome Foundation

and the Malaga Welcome Association, whose work is to support immigrant groups so as to facilitate their integration; Messengers of Peace and Golden Age, which responds to and attends elderly persons’ needs, or giving aid to the Nazareth Foundation to attend to the different activities of the children in care. Approximately 15 projects of these characteristics were performed during 2015, directly benefiting over 900 persons.

- > **Projects to attend persons with disabilities.** ENDESA and the Seville ENDESA Foundation cooperate with 5 associations and foundations whose goal is to support persons with physical or intellectual disabilities and their families. As an example we might highlight our cooperation with the Seville Autism Association, the Down Syndrome Association or the Albatross Foundation, devoted to caring for persons with intellectual disabilities.

2015 also saw the renewal of the agreement with the Econy disabled sports association, whose objective is to contribute to the consolidation and dissemination of wheelchair basketball, of which this Association is one of the greatest exponents in the Canary Islands.

- > **Health Projects.** The Company supports various NGOs and associations in the field of health, either in disease research, or accompanying and aiding patients and their families. Among these we highlight our cooperation with the ProCNIC Cardiovascular Research Foundation; the Spanish Association for Amyotrophic Lateral Sclerosis; the Spanish Paediatric Haematology and Oncology Society; the Eyes of the World NGO, which fights preventable blindness; the collection and donation of eyeglasses for persons at risk of exclusion; and cooperation with the Medical Smile NGO, which provides animation for hospitalised children. In 2015, over 440,000 euros were invested in projects of this nature, benefiting over 9,000 persons. These initiatives are included in the “Health and Safety Promotion” section.

- > **Culture Support Project:** As always, ENDESA and its Foundations seek to promote culture in society, and therefore take part in many initiatives in this field, such as the San Cugat Theatre Auditorium, the Royal Theatre Foundation and the Gran Liceo Theatre in Barcelona. It has also collaborated in exhibitions, concerts, museums, the publishing of books, etc. As examples, we highlight the Natural History Museum of the Balearics, the “Music

Emotion” concerts at the Salinas Palace in Seville or the Ancient Music Festival of the Pyrenees. Via the ENDESA Foundation and the Seville Foundation, artistic illumination projects also continue on several historic, artistic buildings. It is estimated that these initiatives have benefited over 155,000 people. These initiatives are included in the “Promotion of Culture” section.

For further information, more examples of projects are provided in the *Social-economic Development of Local Communities* category in section 3.4.2. *Corporate Volunteering Projects*.

Environmental and Biodiversity projects

These are projects which, on a voluntary basis with regard to the Company, encourage the disclosure, preservation, recycling, regeneration and improvement of the environment in general and of biodiversity in particular, for the preservation and improvement of community environments. In 2015, ENDESA devoted to these projects 12% of its total investment in social development.

12% of the investment in social development (9% according to LBG methodology) was invested in projects for the protection of the environment and biodiversity

Some of the initiatives are highlighted below:

- > **Activities for the dissemination of environmental and biodiversity issues.** During 2015 ENDESA sponsored the publication of a number of studies, in order to drive the dissemination and awareness of society regard-

ing these matters and also to act as reference material. As examples, we highlight the following: “XXVI *Balearic Ornithological Yearbook*”, cooperation with the Biodiversity Observatory, the realisation of the “Climate Change Theme Channel”, the support given to the “XXI edition of the Seia International Environmental Film Festival”, the publication of the book “*The Jandula Waterfall, a study of the evolution of the zebra mussel*” or the “*Study of the evolution of trout populations in rivers with hydroelectric plants*”, among others. These projects entailed an investment of almost 360,000 euros.

- > **Programmes for the protection of avifauna and other species.** ENDESA undertakes numerous projects of a voluntary nature to protect birds in general and those in danger of extinction in particular, as well as some other species (bats, tortoises or Pyrenean desmans). Among other initiatives in 2015, of note is the monitoring and marking of kites, an endangered species in Majorca; corrective measures for the populations of cinereous vultures (*Aegypius monachus*) and large carrion birds; the preservation of endangered species of bats; the preservation and protection of the Montagu’s harrier, or the Mediterranean turtle recovery project. ENDESA provided over 180,000 euros for this type of initiative in 2015.



- > **Regeneration of natural areas.** In line with tradition, ENDESA goes beyond its obligations where the regeneration of natural areas is concerned, and in addition to complying with the corresponding legislation, continues to invest in the improvement of the areas near the power stations. Many projects of this type were performed in 2015, such as a number of environmental activities carried out in the surroundings of the river

Eume, improvement activities on the banks of the river Ter, or the recovery of the land at the Alcudia power station. In total, over 450,000 euros have been devoted to these works.

For further information, see the *Biodiversity* chapter.

3.4. Corporate Volunteering

With its commitment to corporate volunteering, ENDESA cooperates in the performance of many social development projects with the involvement of its employees. Corporate volunteering acts as a catalyst for the remainder of the initiatives which increase the closeness and involvement of the company with its stakeholders. Some of the most outstanding projects in this field are as follows:

EU26

3.4.1. Volunteering in Access to Energy projects

- > **Energy Volunteering Programme** (see section 3.1. *Access to energy projects*).
- > **“Energy for the Future” project** in Tenerife. Here, the aim was to improve the employment prospects of students of Vocational Training at risk of social exclusion. To this end, ENDESA agreed with the San Juan Bosco School and the Don Bosco Foundation that a group of 19 volunteers from ENDESA, experts in different areas linked to the electricity sector, would participate in workshops and share their experience with the students during this academic year. The aim of this volunteering activity is to further the development of the

skills of the volunteers, such as innovation, teamwork, leadership or communication. Over 800 students benefited from this.

3.4.2. Volunteering in community Social-economic Development projects

- > **Coach project.** ENDESA has continued with this project, developed via the Exit Foundation and launched in 2013, with great success among its employees. The initiative consists of Company employees providing mentoring and coaching to young people at risk of social exclusion. The employees accompany the young people for a few days and give them advice to improve their employability and to promote their social and labour inclusion. In 2015 there were 37 volunteers who carried out the project during working hours, benefiting 145 young people.



- > Training volunteering **“You know more if you share what you know”**. Launched last year, this project is a proposal for employee volunteering, working hand-in-hand with the Randstad Foundation in workshops on different subjects, but always focused on improving the employability of the users of the Foundation. Thus, there are workshops for preparing interviews, English or

coaching. The workshops are given by ENDESA employees during working hours in the cities of Barcelona, Madrid, Zaragoza, Palma de Majorca and Seville. At the end of 2015, 31 employees were performing this voluntary activity and 219 persons actively seeking employment were benefiting from the same.

- > **Volunteering and skills.** 2015 saw the continuation of the programme of activities clearly linking corporate volunteering with the development of certain skills in the employees; teamwork, innovation and adaptation to change. A total of 77 employees took part in this initiative. This year also saw volunteer projects on employability skills in prisons in Madrid and Barcelona, and the volunteer work for the organisational improvement of NGOs, carried out in Seville and Barcelona, enabling us to aid NGOs by collaborating in the creation of more efficient processes.

3.4.3. Volunteering in Local Community Support projects


- > **Companies Solidarity Day.** ENDESA took part, for the third year running, in the Companies Solidarity Day, an event whose purpose is to promote and facilitate companies' social involvement via corporate volunteering. Held on 24th October, ENDESA carried out a number of different activities with 44 employees and family members in Madrid, Seville and Zaragoza:
 - Madrid – Solidarity breakfasts for homeless persons.
 - Seville – Upkeep of an urban garden.
 - Barcelona – Aid for disabled users in the preparation of their Advent calendar.




Responsible Business Management



Ethical conduct



8 notifications received
via the Ethics Channel
in 2015



87.5% of complaints
resolved during the
same year

Main figures

	2014	2015
Complaints received via the Channel or other means	16	8
Dismissals due to proven complaints	6	0

Basic Premise: Ethical Conduct

To maintain full commitment to ethical values and the prevention of crime on behalf of all of ENDESA's collaborators, ensuring their dissemination, understanding and compliance.

ENDESA's Criminal Risk Prevention Model (CRPM) was updated in 2015 to comply with the reform of the Criminal Code and to adapt it to the new organisation of the Group. During 2015, the Supervisory Committee met quarterly, and at said meetings the main CRPM-related issues were discussed, even considering the intervention of Leads from different areas of the Company to inform the Committee of significant issues within their area of responsibility.

In order to inform and train employees regarding ENDESA's current framework for ethics and crime prevention, in 2015 the Company implemented an online course and held a number of sessions on business ethics.

1. Ethical culture and crime prevention

G4-S6 / G4-DMA Fight against corruption / G4-DMA Unfair competition practices / G4-DMA Regulatory compliance

ENDESA is fully committed to compliance with ethical standards and principles and with current legislation, both internally and externally.

To this end, the Company has an Ethics Code and a Zero Tolerance to Corruption Plan, representing its pillars of ethical culture and integrity. These documents oblige Board members, executives and employees to carry out with integrity their activities and relationships with the stakeholders.

The Ethics Code is comprised of:

- > 16 General Principles, which govern the relationships with stakeholders and which define the reference values in ENDESA's activities.
- > Conduct Criteria in the relationships with each stakeholder, providing specific guidelines and regulations to which ENDESA's collaborators must adhere to respect the General Principles and to prevent the risk of unethical conduct.
- > Implementation Mechanisms, which describe the organisational structure with regard to the Ethics Code, entrusted with ensuring the correct awareness, understanding and compliance with the same by all employees.

G4-S05

In turn, the Zero Tolerance to Corruption Plan represents ENDESA's specific commitment in the fight against corruption and its total rejection of any form in which it may appear, in compliance with the tenth Principle of the Global Compact, to which ENDESA belongs: "Businesses should work against corruption in all its forms, including extortion and bribery".

The Ethics Code and the Zero Tolerance to Corruption Plan are available on the Company's website (www.endesa.com).

Furthermore, within the framework of ethical standards and compliance, ENDESA has specific protocols establishing particular criteria and procedures with which ENDESA's collaborators must comply in their dealings with State officials and authorities, concerning the giving and accepting of gifts and courtesies, and also in cases of conflicts of interest, exclusive dedication and market competition.

1.1. Criminal risk prevention model

ENDESA has a Criminal Risk Prevention Model which endows the Company with a monitoring system with the aim of preventing or significantly reducing the risk of criminal occurrences in its business activity, complying with the dispositions of the Criminal Code concerning the criminal liability of a legal entity, a regime included in the Spanish legal system in 2010.

In 2015, a new reform of the Criminal Code was made (by Organic Act 1/2015), affecting the regime of criminal liability of companies, establishing the possibility of exemption from liability if the company can prove it has adopted and executed efficaciously a crime prevention model, whose operation and supervision have been entrusted to an area of the company with autonomous powers of initiative and control, and complying with the requirements described in the Law.

ENDESA's Criminal Risk Prevention Model was updated during 2015 in order to comply with the reform of the Criminal Code and to adapt it to the new organisation of the Group. To this end, the revision of the same was entrusted to an ex-

ternal penologist, in whose diagnosis it was concluded that the Company has a solid compliance structure.

The Auditing and Compliance Committee is the body entrusted with the supervision of the operation of and compliance with the Model and of the functions performed by the Supervisory Committee, which in turn is entrusted with the monitoring and updating of the Model, among other duties. The Supervisory Committee is formed by the Auditing Manager, the Secretary-General and Secretary of the Board, the Human Resources and Organisation Manager and the Legal Consultancy Manager.

During 2015 the Supervisory Committee met quarterly, and at said meetings a follow-up of the main CRPM-related issues was performed, even considering the intervention of Leads from different areas of the Company to inform the Committee of significant issues within their area of responsibility.

At the commencement of each financial year the Supervisory Committee draws up an Activity Programme, establishing priorities in accordance with qualitative criteria with a risk-based approach, for the performance of which, by virtue of the powers vested and the specialisation required, it relies on Auditing, Legal Consultancy and Human Resources and Organisation. Furthermore, each year the Committee submits to the ACC a report on the execution of the programme, including details of the activities performed and the conclusions reached.

Of the activities performed in 2015 the following are of note:

- > The updating of the Model mentioned above, in accordance with the requirements of the new reform of the Criminal Code and the new Group organisation.
- > Verification of the correct effectiveness and functioning of the Criminal Risk Prevention Model (CRPO) by the review of the correct design, operability and the testing of certain monitoring activities.
- > The performance of a number of activities devoted to informing and training personnel in the ethical reference framework and in compliance with ENDESA's current criminal prevention strategy (e.g. the launching of an online course on the Criminal Risk Prevention Model, which all the CRPM employees were asked to follow, and the

holding at ENDESA's corporate headquarters in Madrid of conferences on business ethics, given by external speakers who are experts in the field).

From the activities performed during the year it may be concluded that ENDESA's Criminal Risk Prevention Model is operative in all the companies of significance within the Group and is being executed with efficacy, proving generally suitable for the mitigation of the risk of commission of the criminal offences typified in applicable legislation.

1.2. Ethics Channel

G4-58 / G4-DMA HR-related complaint mechanisms

ENDESA places at the disposal of all its stakeholders an Ethics Channel, available via its website (www.endesa.com) and its intranet, for the secure and anonymous reporting of any irregular, unethical or illegal conduct which, in their opinion, may have occurred in the course of the Company's activities.

The procedure established for the use of the channel guarantees confidentiality, as it is managed by an independent external company (Navex Global) via which all the reports are handled.

The notifications received via the Ethics Channel concern principally the improper use of resources, issues concerning conflicts of interest, and improper activities by suppliers and contractors.

In addition to the Ethics Channel, reports are received via other means, such as e-mail and by letter, always addressed to the Auditing Directorate-General, in accordance with ENDESA's internal procedures.

The Auditing Directorate-General is entrusted with ensuring the correct processing of the complaints received, acting with independence of criteria and action with regard to the other areas of the organisation. It has access to all the Company documentation which may be necessary for the performance of its duties and carries out the monitoring of the implementation of the recommendations appearing in its Auditor's Reports. The Auditing Directorate-General is a body attached to the Board of Directors via its Auditing and

Complaints received in 2015 by complainant category

	Customers	Employees	Suppliers	Shareholders	Anonymous	Community	Total
Spain and Portugal	—	2	—	—	4	2	8

Complaints received in 2015 by stakeholder group affected or potentially affected

	Shareholders	Customers	Employees	Suppliers	Other	Community	Total
Spain and Portugal	3	—	3	1	—	1	8

Compliance Committee, which centralises and channels the significantly relevant complaints and presents them to the Board.

G4-SO3

During 2015 ENDESA received, either via the Ethics Channel or by other means, a total of 8 complaints. Investigation of all of these was concluded in the same year, with the exception of one.

From the complaints received, 2 non-compliances with the Ethics Code were verified, concerning Company fraud and the improper use of its resources. Corrective measures were taken in both cases.

During 2015, the entirety of the business unit in Spain and Portugal was analysed in search of corruption-related organisational risks.

Status and conclusion of complaints received

	2013	2014	2015
Closed	16	17	7
Non-compliances	5	5	2
Groundless	11	12	5
Open	0	0	1

Non-compliances by geographical area

	2013	2014	2015
Spain and Portugal	5	5	2

G4-EN34

Non-compliances by type

	2013	2014	2015
Conflicts of interest/Corruption	3	1	0
Fraud or theft to the Co./ Improper use of resources	0	2	2
Other	2	2	0
Total	5	5	2

2. ENDESA's tax policy

ENDESA complies with tax regulations as a part of the principles inspiring the corporate responsibility of the Company, applying responsible tax policies and promoting a cooperative, transparent relationship with the Tax Authorities.

In this vein, ENDESA's Board of Directors, at their meeting on 20th December 2010, agreed on ENDESA's joining the Code of Good Tax Practices. In compliance with the dispositions therein, the person responsible for ENDESA's tax affairs periodically informs the Board, via the Auditing Committee, of the tax policies followed by the Company and of the fiscal consequences of the most significant operations. On 25th January 2016, ENDESA's Board of Directors ratified the adherence of ENDESA, S.A. and its controlled Spanish subsidiaries to the Code, subsequent to the recent inclusion in the same of an Appendix with new conduct obligations for both the Company and the Administration.

On the other hand, and in compliance with the provisions of Act 31/2014, of 3rd December, whereby the Corporate Enterprises Act was modified, on 15th June 2015 ENDESA's Board approved both ENDESA's Tax Strategy and its risk management and control Policy, tax risks included. Both documents are available on the company's website, in the "Corporate Governance" section.

2.1. Fiscal contribution

In line with ENDESA's commitment regarding fiscal management, since 2014 the payment of the most significant taxes in the countries where it operates, principally Spain and Portugal, has been voluntarily published, illustrating our transparency in the payment of taxes. Likewise, in the Consolidated Annual Accounts (section 24.1 of the Reports), the income obtained in each of these countries is itemised.

ENDESA's activity not only generates a significant direct contribution to the Authorities by means of the payment

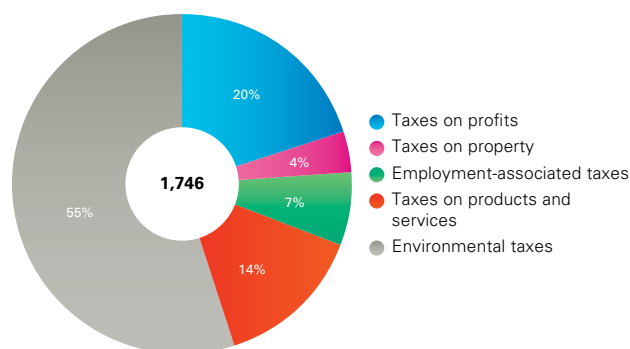
of taxes, but also a considerable contribution via the collection from third parties of taxes generated as a consequence of the company's activities. For this reason, it is considered proper that both amounts are shown, although separately.

In 2015, ENDESA's total tax contribution amounted to 4,214 million euros, of which 1,746 million corresponded to monies paid by the Group and 2,468 million to amounts collected as a consequence of ENDESA's business activity.

2. Breakdown of total tax contributions

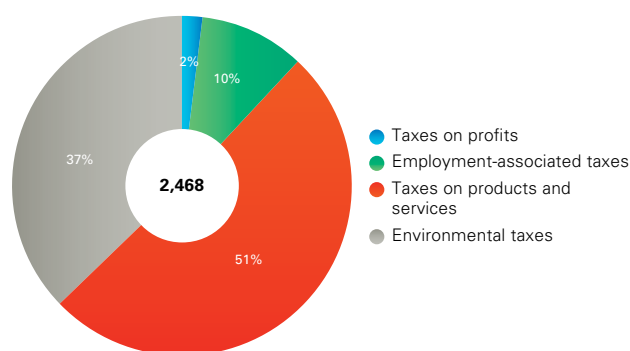
Taxes paid

Figures in millions of euros



Taxes collected

Figures in millions of euros



ENDESA's total contribution 2015

Figures in millions of euros	Amounts paid	Amounts collected
I. Taxes paid in the fiscal group		
Taxes on profits	296	0
Company tax ¹	296	—
Subtotal, taxes paid in the fiscal group	296	—
II. Taxes paid to the Treasury		
Taxes on profits	24	42
Company tax	—	—
Tax on Commercial and Professional Activities	24	0
Other deductions	0	42
Taxes on properties	67	0
Real estate tax (municipal)	56	—
Other ²	11	—
Employment-associated taxes	129	250
Payments made to Social Security ³	129	21
Work performance deductions	—	229
Taxes on products and services	243	1,175
V.A.T. paid ⁴	—	1,175
Tax on occupation of public thoroughfares (municipal)	198	—
Other charges in the public domain ⁵	45	—
Environmental taxes	948	870
Electricity Production Value Tax	400	—
Nuclear fuel tax	140	—
Hydraulic dues	40	—
Nuclear service taxes	175	—
Environmental taxes (regional)	60	—
Taxes on electricity	—	793
Taxes on hydrocarbons	—	77
Coal tax	132	—
Other	1	—
Subtotal taxes paid in Spain⁶	1,411	2,337
Taxes paid outside Spain ⁷	37	131
Subtotal taxes paid in all countries	1,448	2,468
Total tax contribution	1,744	2,468
III. Contribution of Joint Venture bodies		
Taxes paid by Enel Green Power España ⁸	17	15
Subtotal, contribution of Joint Venture bodies	17	15
IV. Other regulatory payments⁹		
Rates subsidy	75	—
Energy efficiency	32	—
Other	2	—
Subtotal, other regulatory payments	109	0
Total payments to Public Authorities	1,870	2,483

¹ As the requirements foreseen in Chapter VI of Item VII of Act 27/2014, of 27th November, concerning Company taxes are fulfilled; since the 2010 financial year ENDESA and certain subsidiaries resident in Spain belong to the Fiscal Consolidation Group of which the leading Company is Enel S.p.a., and the Company representing said Group in Spain is Enel Iberoamerica. It is this Company which, as the body representing the Fiscal group, maintains the final relationship with the Treasury with regard to this Tax.

² The amount corresponding to "Other" in the "Taxes on Property" category refers mainly to the Tax on the Increase in Value of Urban Land, the Tax on Buildings, Installations and Works, and fees for permits and construction licences.

³ This year, for the first time, the Social Security payments made by ENDESA are not included as, in line with the philosophy implemented by the OECD in the analysis of a country's tax burden, these are a contribution of an obligatory nature which generally constitutes a significant part of a country's income and which, by virtue of its nature as a tax rather than a contribution, is considered clearly a tax in our country.

⁴ With regard to the V.A.T. paid, the information relates to the V.A.T. actually paid (the difference between the output V.A.T. and the deductible input V.A.T.).

⁵ The concept "Other charges in the public domain" includes amounts mainly related to the granting and regulation of dams, public rates and others.

⁶ Where applicable, each tax concept includes amounts paid by way of outlay resulting from inspection proceedings and voluntary regularisations.

⁷ For the purpose of calculating the total of taxes paid outside Spain, ENDESA's presence in Portugal, Holland, Morocco, Germany and France is included.

⁸ A novelty this year is the inclusion of the amounts paid by Enel Green Power España, S.L., a company in which ENDESA holds a 40% share. In 2015 the amounts paid in the share percentage are reported separately, as this entity is consolidated by the equity method.

⁹ Likewise, "Other Regulatory Payments" are reported; these are paid to the Authorities by ENDESA as a statutory requirement, a consequence of the regulation of the sector in which it operates, although these are not strictly taxes and therefore cannot be included in the Total Tax Contribution; specifically:

> Energy efficiency: gas- and electricity-marketing companies are bound by the energy efficiency obligation system to make an annual financial contribution to the national energy efficiency fund. This obligation was instituted by Royal Decree 8/2014, of 4th July.

> Rates subsidy: an obligation of companies owning electricity generation facilities to contribute to the financing of the Rates Subsidy, instituted by Royal Decree 6/2009, of 30th April.

3. Breakdown of total tax payments by geographical area

As is logical, Spain is the jurisdiction where ENDESA has paid most taxes; these represent over 96% of the total of taxes paid and collected by ENDESA during the 2015 financial year.

Total amount of payments made to Public Authorities. Breakdown by countries where ENDESA operates

Figures in millions of Euros

Country	Spain	Portugal	Others ¹	Total
Taxes paid	1,708	24	13	1,746
Taxes collected	2,337	21	110	2,468
Total Tax Contribution	4,045	45	123	4,213
CTT Percentage of total	96.01	1.07	2.92	100
Joint ventures				
Taxes paid	17	0	0	17
Taxes collected	15	0	0	15
Total	32	0	0	32
Other regulatory payments				
Rates subsidy	75	0	2	77
Energy efficiency	32	0	0	32
Total other payments to Public Authorities	107	0	2	109
Total payments made to Public Authorities	4,184	45	125	4,354

¹ The section "Others" refers to ENDESA's presence in Holland, Morocco, Germany and France.

2.1. Use of tax havens

ENDESA's policy is not to make investments in or via territories considered to be tax havens for the purpose of reducing the tax burden. They are only performed in the event of existing significant economic reasons, other than that mentioned above, to justify this. Furthermore, ENDESA has never employed entities established in tax havens with the intention of concealing the true owner of income, activities, assets or rights.

It is true that ENDESA performs occasional, non-relevant activity in other countries which, although not considered tax havens by the Spanish State Tax Administration Agency, are considered by certain external observers to be territories which, in their opinion, have a tax regime more favourable than that of Spain.

The truth is that, due neither to the significance of the activities performed by the Company in these geographical areas, nor to the legal classification granted to these countries by the Spanish Tax Authorities, is their inclusion in the Sustain-

ability Report justified. However, aware of the importance that society should observe that ENDESA always acts with absolute transparency, it considers it expedient to report the activities performed by its subsidiaries in territories which, although not tax havens, may occasionally be considered to have low tax requirements:

> **Holland.** It must be borne in mind that the economic and judicial characteristics of Holland enable direct access to the most efficient financial markets, the adoption of more agile judicial systems capable of providing greater flexibility to companies established there, resulting in a lower incidence of compliance costs and a greater speed of access to sources of finance.

In all cases, it is important to mention that Holland, although it is included in the Tax Justice Network list (November 2009), has had a signed agreement with Spain to prevent Double Taxation, with an Information Exchange clause, since October 1972, and maintains a Companies Tax rate very similar to that in Spain.

ENDESA's financial interests in the country are as follows:

- ENDESA owns 100% of International ENDESA, B.V., a Dutch company established in 1993, which captures funds for the ENDESA Group via the Euro Medium Term Note (EMTN) and Euro Commercial Paper Programme (ECP) debt issuance. The company's activity has diminished significantly over the last years, and since 2005 ENDESA's listed debt issuance is performed from ENDESA Capital, S.A., an entity residing in Spain. The average level of debt in 2015 was 654 million euros, and it is expected to maintain an average balance of 150 million euros in 2016.
- Additionally, ENDESA owns 50% of Enel Insurance, a Dutch company formed in 2011, which carries out the Enel Group's insurance activity and to which ENDESA provided its share in Compostilla Re, a Luxembourgish company.

> **Luxembourg.** ENDESA owns, indirectly and via Enel Insurance, 50% of Compostilla, Re., a reinsurance company. This company is in the process of being sold to third parties, and it is expected that this process will be completed in the first months of 2016.

In all cases, it is important to mention that Luxembourg, although it is included in the Tax Justice Network list (November 2009), is a country which has had a signed agreement with Spain to prevent Double Taxation since June 1986, and a Protocol for the Exchange of Information since November 2009, and maintains a Companies Tax rate higher than that in Spain.

3. Participation in initiatives on integrity

ENDESA's commitment to ethics and integrity in its business management determines not only its pledge to comply with regulations, ethical principles and the legislation in force, but also its active participation in initiatives promoting the greater integration of said culture into all spheres of company management.

In this vein, and aware of the relevance and appropriateness of taking part in civil society initiatives, in 2015 ENDESA joined the "Integrity Forum," sponsored by Transparency International Spain, consisting of a platform of joint reflection for companies to move forward in matters of compliance

and transparency. Specifically, the Company took part in the first working session, held in November, under the title: "Compliance: criteria to assess the efficacy of organisation and management models," and the second, held in December, on "Complaint channels within the company and protection of complainants".

Additionally, ENDESA took part in the project, coordinated in Spain by AENOR, for the development of the ISO 19600 on compliance management systems, a standard which was published at the end of 2014. ENDESA also took part in the UNE version of April 2015.

4. Sanctions imposed

G4-SO7 / G4-SO8 / G4-PR9 / EU25 / G4-EN29

At the time of drawing up the Consolidated Annual Accounts, the main lawsuits or arbitrations affecting ENDESA's companies are as follows:

- > There are 3 legal proceedings in process against ENDESA Distribución Eléctrica, S.L.U. for forest fires in Catalonia wherefrom there might derive the obligation to satisfy a number of claims for damages for an amount of over 24 million euros.
- > On 11th May 2009, the Ministry of Industry, Energy and Tourism issued a Ministerial Order imposing 4 sanctions for a total of 15 million euros on ENDESA Generación S.A.U. as the operator responsible for the Ascó I Nuclear Plant, in connection with the release of radioactive particles from said Plant in December 2007, committing 4 serious offences typified in Act 25/1964, of 29th April, on Nuclear Energy. An appeal against this Order was lodged at the High Court. At the same time, the Director-General of Energy Policy and Mining imposed 2 sanctions for a total of 90 thousand euros for minor infringements derived from the same incidents; an appeal against these sanctions was lodged at an appellate court and later a contentious court. In a ruling of the High Court on 1st December 2009, by request of ENDESA Generación, S.A.U., the cautionary suspension of the contested ruling was agreed, on presentation before the court of a bank guarantee for the amount of the sanction, 15 million euros, by ENDESA Generación, S.A.U. Said appeal is still pending a ruling on the principal issue, having been under determination and pending verdict since 14th September 2010. In a ruling dated 6th April 2011 the High Court suspended said appeal for reasons of prejudiciality until the 111/2011 criminal proceedings at the first-instance court at Gandesa (Tarragona), concerning the same matter, are concluded by final judicial decision. The Court of Gandesa (Tarragona) issued a ruling dated 21st October 2015, the dispositions of which partially accepted the request for dismissal and provisionally dismissed the proceedings. An appeal has been lodged against said Ruling for its reconsideration by the public prosecutor and the remainder of the complainants. On 4th November 2015 the High Court issued a court order by which, in view of the time passed, the court at Gandesa (Tarragona) was once again exhorted with regard to the proceedings. The High Court of Justice in Madrid, in a ruling dated 16th July 2012, suspended the appeal for reasons of criminal prejudiciality as a consequence of the inquiry at the first-instance court in Gandesa (Tarragona). By Court Order of 16th December, a document was received from the first-instance court in Gandesa (Tarragona) declaring that the 111/2011 inquiry was in progress, currently performing investigation activities and with statements still to be heard. The criminal proceedings are still in process; for this reason the adversarial-administrative proceedings remain suspended.
- > On 1st July 2010, under obligation by law, ENDESA Distribución Eléctrica, S.L.U. sold to Red Eléctrica de España, S.A.U. (REE) the transport grid of which it was the owner (fundamentally in non-peninsular territories). The price was 1,412 million euros, although the contract contemplated an adjustment in the price if before 31st December 2013 the National Market and Competition Commission (NMCC) carried out the settlement of accounts and a lower retribution should emerge. Red Eléctrica de España, S.A.U. (REE), understanding that Order IET/2443/2013 (published in the Official State Gazette on 28th December) established a definitive retribution for island transport which was lower than that foreseen in the contract and provided a legitimate basis for its revision, lodged at the Civil and Mercantile Court of Arbitration a request for arbitration against ENDESA Distribución Eléctrica, S.L.U., dated 21st July 2014. Once the arbitration court was established, on 29th January 2015, Red Eléctrica de España, S.A.U. (REE) stated its demand, wherein it claimed 94 million euros. ENDESA Distribución Eléctrica, S.L.U. responded to the demand on 16th March 2015 in defence of its interests in said procedure, and opposing the claim of Red Eléctrica de España, S.A.U. (REE). On 18th No-

vember 2015, a settlement agreement was signed with Red Eléctrica de España, S.A.U. (REE). The agreement involves a cost to ENDESA Distribución Eléctrica, S.L.U. of 20 million euros, compared with the 94 million euros claimed, and a guarantee of a volume of contracts for civil works for ENDESA Engineering, S.L.U. in the coming years. [This agreement is pending execution].

G4-S07 / G4-S08

- > On 4th November 2010, the now defunct National Competition Commission initiated disciplinary proceedings against the marketing company ENDESA Energy XXI, S.L.U. for an alleged violation of Article 3 of the Act on Protection of Competition, consisting of applying to certain customers not entitled to the Last Resort Tariff contractual conditions different from those required by virtue of Royal Decree 485/2009, of 3rd April. On 12th June 2012 the National Competition Commission gave notice of a ruling whereby it sanctioned ENDESA Energy XXI with a fine of 5 million euros for the alleged violation of Article 3 of the Act on Protection of Competition. In July 2012, ENDESA Energy XXI, S.L.U. appealed against the aforementioned ruling before the High Court and requested the precautionary suspension of the execution of the fine, which has been suspended. The High Court rejected the appeal lodged by ENDESA Energy XXI, S.L.U. In turn, a cassation appeal has been lodged, which has been accepted by the Supreme Court. The case is currently awaiting verdict.
- > On 23rd May 2013 the Director-General of Energy Policy and Mining agreed upon the commencement of sanction proceedings against ENDESA Generación, S.L.U. and Iberdrola Generación, S.L.U. as operators responsible for the Ascó I and Ascó II Nuclear Plants, for non-compliances concerning the loss of traceability in the control of disused radioactive sources from the aforementioned power plant, as an alleged serious offence as foreseen in article 86.b).3 of Act 25/1964, 29th April, on Nuclear Energy, for non-compliance with the Plan for the Management of Radioactive Waste and Spent Fuel, section 3.1.2. concerning "Management Modalities Implemented in the Facility" and non-compliance with the Radiological Protection Manual, section 10.5, concerning radioactive sources, the non-compliance allegedly consisting of the loss of the information in question. This being a nuclear power station, violations typified as serious can be sanctioned with fines of between 0.3 million euros at the low-

est, to 9 million euros at the highest. On 10th June 2013, ENDESA Generación, S.A.U. lodged the corresponding plea, the traceability of the sources having been recovered, for the shelving of the case or, if applicable, in the event of said plea not being accepted, once the recovery of the traceability of the information had been proven, that this conduct be considered a minor offence, typified in article 86.c).3 of Act 25/1964, of 29th April, on Nuclear Energy; in said case the fine would be of 0.015 million euros at the lowest and 0.3 million euros at the highest. By the ruling of the Ministry of Industry, Energy and Tourism of 29th January 2014, fines were imposed jointly and severally of 1 million euros on ENDESA Generación, S.L.U. and Iberdrola Generación, S.L.U. for an offence considered to be serious in the minimum degree, for the loss of traceability in the monitoring of radioactive sources. ENDESA Generación, S.L.U. has proceeded with the payment of the fine to the extent of the amount assigned for its participation in 1 million euros. An appeal against this ruling was lodged before the High Court on 4th April 2014. By court order issued on 27th March 2015, said appeal was declared closed; the suits are now pending assignation for voting and verdict.

G4-PR9

- > In 2013, the First Instance Court No. 4 at Algeciras (Cádiz) admitted for processing the suit by Obras y Construcciones Alcala Sur, S.L. against ENDESA Distribución Eléctrica, S.L.U., requesting the sentencing of this last to pay 61 million euros in indemnity to Obras y Construcciones Alcala Sur, S.L. for breach of an Agreement between the two parties dated 16th January 2006; specifically, for the unrealised construction by ENDESA Distribución Eléctrica, S.L.U. of a substation whose purpose was to supply electrical power to over 450 homes belonging to the plaintiff, in such a way that the lack of power prevented the obtaining of the First Occupancy Permit for the completed development. ENDESA Distribución Eléctrica, S.L.U. understands that said claim is unfounded, in the absence of breach of contract, and due to the non-existence of a sufficient causal nexus between the activities or omissions of ENDESA Distribución Eléctrica, S.L.U. and the unavailability of land whereon to locate the electrical substation, nor between the delay in the construction of the substation and the delay in the obtaining of the First Occupancy Permit of the houses. The prior hearing, set for 22nd June 2015, was suspended by

the court, and its holding has once again been set, for 29th March 2016.

- > On 22nd January 2014, the Chairman of the Confederación Hidrográfica del Ebro (CHE) issued a ruling by which it was agreed to require ENDESA Generación, S.A.U. to deliver 25% of the power produced in the hydroelectric facilities in the Noguera Ribagorzana basin and in the Mequinenza and Ribarroja facilities on the river Ebro, with effect from 1st January 2012, and approving settlements for the amount of 28 million euros, in view of the impossibility of enforcement of the obligation in natura, as equivalent compensation for the period between 1st January 2012 and 30th September 2013. On 6th June 2014 a new payment of 2 million euros was demanded by the Confederación Hidrográfica del Ebro (CHE) as alternative compensation for the period between 1st October and 17th December 2013. The Confederación Hidrográfica del Ebro (CHE) issued the resolution based on the provisions of article 10 of the 1946 Decree which granted the Ribagorzana reserve to the National Institute of Industry, which was subsequently supported by the Decree granting the National Ribagorzana Hydroelectric Company the reserve of the middle section of the Ebro between the Escatron and Flix plants. ENDESA Generación, S.A.U. filed an appeal for judicial review with Section 2 of the Regional Appeal Court of Aragon.
- > The third Additional Disposition of Act 12/2011, of 27th May, on civil liability for nuclear damages or those caused by radioactive material adds a modification to Act 25/1964, of 29th April, on the tenure of authorisations for the operation of nuclear power plants, establishing that the titleholder of the authorisation or operator of a nuclear plant and the body responsible for the entirety of the facility must be a single legal entity, and established a lead time of one year for this adaptation, subsequent to the presentation of the corresponding adaptation plan, in the cases where the titleholders of the authorisation for operation of the nuclear power plants did not meet the conditions required. On 28th September 2011 ENDESA Generación, S.A.U. presented the required plan properly and on time, though the Directorate-General of Energy Policy and Mining did not consider the adaptation to be fulfilled. The co-owning companies were bound to draw up a single adaptation plan for each of the plants, underwritten by each of its co-owners. On 25th June 2012 the Ministry of Industry, Energy and Tourism commenced sanction proceedings against the companies owning the

Ascó I, Ascó II, Vandellos II and Almaraz I and II nuclear plants for the committing of a serious offence, with a possible fine of between 0.3 million euros and 9 million euros. Subsequent to the pleas formulated by the companies, on 14th March 2013 the Ministerial Orders were issued, declaring non-compliance by the companies of the obligation to adaptation and the commission of a serious offence, with a fine of 0.9 million euros per reactor. ENDESA Generación, S.A.U. proceeded to appeal before the High Court against the sanctions levied, and during the substantiation of the appeal the cautionary suspension of the fines was agreed, subject to the presentation of a guarantee of 3.6 million euros. The High Court issued a verdict on 25th June 2014, rejecting the appeal, and against this, a cassation appeal was presented before the Supreme Court on 8th July 2014, which is pending acceptance for processing. On 15th and 16th April 2014, notification was received of four resolutions from the Directorate-General of Energy Policy and Mining, all dated 10th April 2014, concerning infringement proceedings against ENDESA Generación, S.A.U. as owner or co-owner of the Almaraz I and Almaraz II, Ascó I and II and Vandellós nuclear power plants for the alleged continued non-compliance with the Sole Transitional Provision of Law 25/1964, of 29th April 1964, on Nuclear Power, with a fine of between 0.3 million euros and 9 million euros for each case filed, for a serious offence, specifically considering that the Adaptation Plan submitted was not the "corresponding adaptation plan" referred to in the Sole Transitional Provision of Law 25/1964, of 29th April, on Nuclear Power, and was not submitted within the time frame stipulated in this provision. On 25th September 2014, the Ministerial Orders were issued, resolving the sanction proceedings, and each of them imposing a fine of 3 million euros. ENDESA Generación, S.A.U. lodged a joint appeal before the High Court against the 4 resolutions issued in the 4 proceedings. After requesting the precautionary suspension of the fines, the High Court accepted the appeal for proceedings subsequent to the provision of a guarantee of 9 million euros in their ruling of 9th July 2015.

- > On 15th and 16th April 2014, notification of four resolutions from the Directorate-General of Energy Policy and Mining, all dated 10th April 2014, were received. The resolutions brought infringement proceedings against ENDESA Generación, S.A.U. as owner or co-owner of the Almaraz I and II, Ascó I and II, and Vandellos nuclear power plants for the alleged, contin-

uous breach of the Sole Transitional Provision of Law 25/1964, of 29th April, on Nuclear Power; specifically considering that the Adaptation Plan submitted was not the "corresponding adaptation plan" referred to in the Sole Transitional Provision of Law 25/1964, of 29th April, on Nuclear Power, and was not submitted within the time frame stipulated in this provision. On 10 July, the proposed resolution led to a fine of 3 million euros for serious breach for each case. The pleas were submitted on 25th July 2014. The Ministry of Industry, Energy and Tourism issued four Orders on 26th September, resolving 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 3 million euros were imposed. In November 2014 ENDESA Generación, S.A.U. lodged an appeal at the High Court, which was accepted for proceedings on 29th December 2014, and requested the suspension of the execution of the Orders with the provision of the corresponding guarantee. On 17th March 2015 the High Court issued a ruling in which it agreed to adopt the precautionary measure, imposing the condition for said suspension of the provision, in a period of no more than two months, of a guarantee to cover the sum of 9 million euros. After requesting the precautionary suspension of the sanctions, the High Court granted the measure, and subsequently the corresponding guarantee of 9 million euros was deposited.

G4-S07 / G4-S08

> On 17th July 2014, a resolution issued by the National Market and Competition Commission (NMCC) notified ENDESA Distribución Eléctrica, S.L.U. of the resolution of sanction proceedings imposing a fine of 1 million euros for alleged abuse of its dominant position entailing wrongful receipt of payment for execution of installations for extension of the grid, charging an unregulated price for the grid extension which, according to the NMCC's interpretation of the regulations, should be charged according to a scale. On the contrary, ENDESA Distribución Eléctrica, S.L.U. considers that it applied correctly the regulations of the sector, as confirmed by numerous verdicts provided during the performance of the administrative procedure. ENDESA Distribución Eléctrica, S.L.U. lodged an appeal against this ruling at the High Court on the grounds that it was contrary to the law, and requested the precautionary suspension of the fine. The High

Court suspended the execution of the fine as a precaution, and the matter is currently awaiting verdict from the High Court.

- > On 13th April 2015 ENDESA Generación, S.A.U. was notified of the settlements sent by the Confederación Hidrográfica del Guadalquivir (CHG) for standby power for the electricity production of the hydroelectric stations at Tranco de Beas, Guadalmellato, Guadalen, Bembezar, Iznájar, Guadalmena, Doña Aldonza and Pedro Marín, corresponding to the second half-year of 2009 and the years 2010 to 2013, for the amount of 11 million euros. Previously, in December 2014 and January 2015, ENDESA Generación, S.A.U. had received settlements for electricity production charges for these same plants for the amount of 3 million euros for the years 2011 and 2012, and of 2 million euros for 2013. ENDESA Generación, S.A.U. contested all these settlements through the economic-administrative channel before the Economic-Administrative Court of Andalusia, requesting and obtaining the suspension of their payment.
- > Electrometalúrgica del Ebro, S.L. (EMESL) lodged an arbitration procedure against ENDESA, S.A. claiming payment of a minimum sale price guarantee of the production of the Sástago I, Sástago II and Menuza hydroelectric plants, estimated at 2 million euros for the 2013 production and 8 million for that of 2014, and the obligation to continue making the minimum price guarantee payments until 2021, establishing the basis for calculating their amount. The Arbitration court was established in June 2015. Electrometalúrgica del Ebro, S.L. (EMESL) presented their claim, which was duly contested by ENDESA, S.A., opposing their claim and in turn lodging a counter-claim against Electrometalúrgica del Ebro, S.L. (EMESL) for 12 million euros. Electrometalúrgica del Ebro, S.L. (EMESL) has responded in writing, to which ENDESA, S.A.'s rejoinder will follow.
- > In relation to the Extremadura eco-tax, an appeal has been lodged against the settlement claimed for 2006-2015 under the Government of Extremadura's Law 8/2005, on Taxation of Facilities Affecting the Environment in the Autonomous Community of Extremadura. The appeal argues that this is unconstitutional, and that one of the key elements required for the tax is absent. With regard to the former, on 16th February 2015, the Constitutional Court, in a lawsuit lodged by Gas Natural Fenosa, SDG, S.A., similar to that of ENDESA Generación, S.A.U.

ación, S.A.U., declared the tax to be unconstitutional. On 11 June 2015, the Supreme Court accepted the appeal filed for 2006. On 29th January 2016, a favourable verdict from the Extremadura High Court of Justice was notified for the year 2007; this verdict is not yet final. The appeal for 2009 is pending resolution by the High Court of Justice of Extremadura, which recently ruled in favour of the interests of Iberdrola, S.A. and Gas Natural Fenosa, SDG, S.A. (which had also lodged appeals before the court), and the Extremadura Regional Government has appealed against this ruling before the Supreme Court. On 3rd November 2015 the Supreme Court propounded a new unconstitutionality issue concerning the eco-tax paid by Iberdrola, S.A. for the year 2012. The amount paid by ENDESA Generación, S.A.U. for this tax between 2006 and 2015 was 188 million euros which, if reimbursed, would be increased to include the corresponding interest, which to 31st December 2015 amounts to 33 million euros.

- > On 11th January 2016 a lawsuit was received by which the Junta (regional government) of Andalusia claimed compensation from ENDESA Distribución Eléctrica, S.L.U. for damages derived from a fire allegedly caused by a power line located in Paraje Gatuna in Alhama de

Almeria, which caused the destruction of 3,259 hectares of publicly- and privately-owned land, considered to be a danger zone. 35 million euros were demanded for expenses related to fire extinguishing, environmental damages, and losses of products arising from the fire. The response to the claim was presented on 5th February 2016.

The Company Management considers that the provisions recognised in the Consolidated Statements of Financial Position adequately cover the risks relating to litigation, arbitration and other matters referred to in this Note, and that these issues are not expected to give rise to any liability not already provided for.

Given the nature of the risks covered by these provisions, it is not possible to determine a reasonable timetable of payment or collection dates, if and when they arise.

The payments made in respect of litigation resolutions during the 2015 and 2014 financial years totalled 46 million euros and 91 million euros (57 million euros correspond to continuing operations and 34 million euros to discontinued operations), respectively.

Attraction of responsible investment

At least 12.54% of ENDESA's share capital belongs to foreign institutional investors with a responsible investment policy

15th year running in the Dow Jones Sustainability Index

ENDESA renews its presence in the Euronext-Vigeo indices

Main Figures

	2014	2015
Score in the Dow Jones Sustainability Index	85	83
Number of socially responsible indices where ENDESA is present	7	7

Basic Premise: Attraction of Socially Responsible Investment

To provide maximum information transparency in the reporting of the Company's economic evolution and social commitments, and those of Corporate Governance, by means of continued contact with the financial community; mainly shareholders, institutional investors and financial analysts.

In 2015, ENDESA carried out a number of public presentations to analysts and investors on the Company's quarterly results. On 10th June 2015 an Investors' Day was organised in London with the aim of presenting ENDESA's Industrial Plan to the financial community. Likewise, on 23rd November 2015 the Industrial Plan Update was presented to investors.

Participation in the most significant investment indices: Dow Jones Sustainability Index, Euronext VIGEO, CDP Climate Change, FTSE-4Good.

In 2015, ENDESA renewed its presence in the Dow Jones Sustainability World Index, the Euronext VIGEO World 120, Euronext VIGEO Europe 120 and Euronext VIGEO Eurozone 120 indices, the ECPI Carbon Global Index and the CDP Climate Change indices.

1. Creating sustainable value

1.1. Proximity with socially responsible investors

In its 2015-2019 Sustainability Plan, ENDESA has identified the attraction of socially responsible investment as one of the basic premises of its sustainability strategy. To this end, ENDESA actively works in order to become a company of reference for those investors who take into account social, environmental and ethical considerations in their investment policies, generating a long-term relationship with them.

In 2015, ENDESA carried out a shareholder identification study, focusing in particular on those foreign institutional investors with a responsible investment policy and who are active in non-financial matters. Said study revealed that this type of investors represent at least 12.54% of ENDESA's share capital and 42% of its floating capital.

At least 12.54% of ENDESA's share capital belongs to foreign institutional investors with a responsible investment policy

In addition, ENDESA is aware that a prominent presence in the main socially responsible investment indices boosts the attraction of this type of investors and, for this reason, the Company plays a prominent role in this regard. Besides, its presence in these indices highlights ENDESA's genuine, strict commitment to the integration of social, environmen-

tal, ethical and good governance matters into business management and into decision-making processes, reaching a high performance level. Additionally, and even more importantly, it enables ENDESA to go more deeply into that genuine, strict commitment, pinpointing areas for improvement in the integration of sustainability into business management.

1.1.1. Dow Jones Sustainability Index

In 2015, ENDESA renewed its presence in the renowned international Dow Jones Sustainability Index (DJSI). This index includes leading companies whose commitment to sustainability is a key premise in their business management.

15th year running in the Dow Jones Sustainability Index

The Company was selected as a member of the index for the fifteenth consecutive year, occupying a prominent position in the leading group of electrical companies worldwide (Dow Jones Sustainability World Index).

In 2015, the process of assessment of the Index introduced a number of important changes in some of the criteria, and particularly in the importance of the majority of these. The aim of this dramatic change is to assess to what extent the companies are adopting changes in their business models oriented toward promoting a low-carbon economy and developing customer-oriented strategies focused on digitalisation.

ENDESA was a leader in the economic dimension in 2015, standing out in the criteria relating to ethical conduct, price risk management and measurement of results in particular. In the environmental dimension, ENDESA obtained a score of excellence in climate change strategy and in the preservation of biodiversity. In the social dimension, ENDESA excelled particularly in the criteria assessing social commitment to communities and in the management of occupational health and safety.

An indication of the high level attained is that the Company obtained a score of over 90 points (out of 100) in 70% of the criteria assessed.

On the other hand, the high score attained by ENDESA in this index has given rise, once again, to its inclusion in the renowned Sustainability Yearbook 2016, published by RobecoSAM, an investment group specialising in sustainable investment. ENDESA was awarded the bronze medal, thus being positioned among the 8 electricity companies with the greatest corporate sustainability performance worldwide.

The Sustainability Yearbook, in which ENDESA has appeared since 2007, analyses, selects and classifies the companies which are world leaders in corporate sustainability according to their performance in economic, environmental and social issues.

For further information: <http://www.sustainability-indices.com/>

MEMBER OF
Dow Jones
Sustainability Indices
In Collaboration with RobecoSAM



1.1.2. Euronext Vigeo

Once again, ENDESA has renewed its presence in the Euronext-VIGEO sustainability indices. Specifically, ENDESA has been included in the Euronext-Vigeo World 120, Euronext-Vigeo Europe 120 and Euronext-Vigeo Eurozone 120 indices. ENDESA has been present in these last uninterruptedly since their launching in 2012 by the New York Stock Exchange operator and VIGEO, an analyst specialised in the assessment of the non-financial performance of companies.

ENDESA renews its presence in the Euronext-Vigeo indices

These indices identify leading companies who make their commitment to sustainable development a basic premise of their business strategy. Specifically, they highlight the 120 companies quoted worldwide (Vigeo World 120), in Europe (Vigeo Europe 120) and in the Eurozone (Eurozone 120) with the greatest performance in the integration of environmental, social and ethical criteria in day-to-day business management.

The drawing-up of these indices is performed after the assessment of 330 indicators grouped in 38 sustainability categories analysing the companies' management in the fields of human resources, environment, ethical conduct, good governance, human rights and commitment to society.

This recognition evidences ENDESA's genuine commitment to sustainable development, positioning it as a world referent in the long-term generation of value via its contribution to the economic, social and environmental progress of the societies and territories where it operates.

For further information: www.vigeo.com



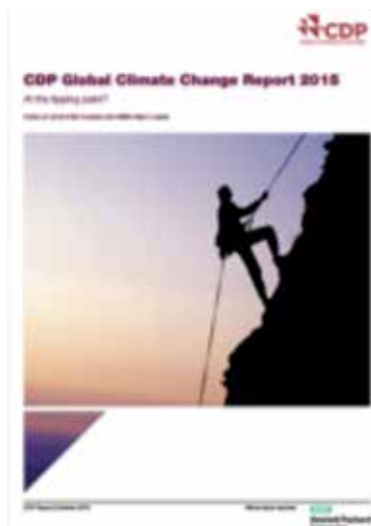
1.1.3. Carbon Disclosure Project

In 2015, ENDESA was awarded a leading position in the CDP Disclosure Leadership Index for its commitment to transparency in the reporting of its emissions and for its activities to reduce its carbon emissions and to mitigate the business risks entailed by climate change.

CDP 2015 awards ENDESA a leading position in the CDP Disclosure Leadership Index

Due to its position, ENDESA has been included in the “CDP Climate Change Report 2015, Iberia Edition,” together with organisations rated among the top 10% of the CDP Disclosure Leadership Index (CDLI). Only those companies which fulfil the maximum score criteria defined by the CDP appear in this index. For more details, see the *Eco-efficiency* chapter, section 72.1, Carbon Disclosure Project.

For further information: <https://www.cdp.net/en-US/Pages/HomePage.aspx>



1.1.4. ECPI Index

In 2015, ENDESA has maintained its presence in the indices of the ECPI family, on being included once again in the *Global Carbon ECPI Index*. This index identifies those companies of the energy, industrial and material utility and healthcare sectors which, in addition to their high performance in the integration of non-financial matters into business management, feature an advanced climate change strategy. To this end, the index has prepared a carbon rating, based on the assessment of 5 criteria: CO₂ emissions, energy mix, carbon risk management, quality of reporting on climate change issues, and climate change management and strategy.

For further information: <http://www.ecpigroup.com/indices/>



1.1.5. Communication of Sustainability to Investors

One of the main commitments set down in the 2015-2019 ESP for the attraction of socially responsible investment is to increase the dissemination among the investor community of the Company's sustainability strategy and its main milestones. For this reason, at the various meetings held during 2015 with analysts and investors, ENDESA has excelled due to its commitment to sustainable development and has revealed its performance-related breakthroughs. In this vein, of particular note is the “Investor Day” held in London in June 2015 to present the industrial plan to investors, and at which the Company also gave voice to the main milestones achieved in the field of sustainability throughout the previous year

Operative excellence

11.1 million
customers
in Spain and Portugal

26% increase
in contracts
with electronic
invoices made
in 2015

Advantage with
respect to the
competition of 4% in
Customer Satisfaction

Key figures

	2014	2015
Number of customers	11,2	11,1
Number of contracts with e-invoicing	1,148,000	1,452,000
Customers registered with www.endesaonline.com	1,248,000	1,357,000
Number of customers with subsidised rate ("bono social")	982,745	999,332

Basic line 4: Operative excellence

Remote management project: continue with the mass installation and remote operation.

Throughout 2015, ENDESA has increased the rate of remote management meter installation with a total of 1.8 million replacements in the year and 6.8 million accumulated replacements. This means that 59% of ENDESA Distribución's meters have contracted power up to 15 kW.

Be a benchmark in customer service through excellence of our processes.

In 2015, the ENDESA Customer Service Excellence Plan focussed its activities on the improvement of customer service (telephone and online), the management of open-market sales complaints, the flexibilisation of services billing and the behaviour analysis of the different customer types. Among the most significant results of the plan in 2015 we can highlight: The improvement of over 3% in the percentage of mass market procedures resolved in the first customer call; 27% increase in the number of contracts registered in the e-invoice service; 9% increase in mass market customer satisfaction with complaint resolution; 43% reduction in the re-invoicing performed in the mass market.

Commitment to digitisation of the customer experience and internal processes.

In 2015, ENDESA has continued to develop and implement its customer digitisation plan, thanks to which it has received the Atos Award for digital progress in 2015.

1. Creating sustainable value

1. Quality of electricity supply as a priority

ENDESA considers guaranteeing access to the electricity supply, as well as its continuity, safety, efficiency and quality, to be a priority. It is, therefore, of vital importance to develop the necessary infrastructures that make this possible, especially in those areas of more difficult access.

The number of customers with access contracts to ENDESA's distribution grids exceeded 12 million on said date.

ENDESA distributes electricity in 27 Spanish provinces of 10 autonomous communities: Catalonia, Andalusia, the Balearic Islands, Canary Islands, Aragon, Extremadura, Castile and Leon, Navarre, Valencian Community and Galicia, covering a total area of 184,904 km² and a population close to 22 million inhabitants.

ENDESA has supplied 101,320 GWh in 2015 to the customers of its distribution grid, 1.9% more than in 2014.

The total energy distributed by ENDESA's grids has reached 114,190 GWh in 2015, measured in central bars, which repre-

sents 46% of the total demand in Spain. The latter has been positioned at 248.181 GWh, according to the operator of the Spanish electric system.

EU10

In the long term ENDESA is going to reduce the weight of fossil fuel technology, especially the carbon in its production mix, making a greater commitment to renewable technologies through its participation in Enel Green Power.

1.1. Development and improvement of distribution infrastructures

EU4 / EU10 / G4-DMA EUSS Availability and reliability

The length of the ENDESA's distribution grid lines in Spain was 317,675 km, of which 39.5% corresponds to underground lines. The number of substations at the end of the financial year was 1,237.

Together with the development of these infrastructures, a large number of actions was performed aimed at improving supply quality, such as maintenance works, upgrading facil-

EU3

Evolution of ENDESA's supply in the Spanish and Portuguese market

	2013	2014	2015	% variation 2015-2014
Number of regulated market customers (thousands)	7,574	6,663	6,029	-9.51
Number of deregulated market customers (thousands)	3,906	4,543	5,083	11.88
Power supplied to the regulated market (GWh)	20,554	16,560	14,930	-9.84
Power supplied to the deregulated market (GWh)	75,568	77,368	77,965	0.77
Length of distribution grid lines (km)	323,631	314,528	317,675	1

Electricity distribution facilities in Spain and Portugal

	2013	2014	2015	% variation 2015-2014
High-voltage overhead lines (km)	18,821	18,849	18,728	-0.6
High-voltage underground lines (km)	745	748	751	0.4
Medium-voltage overhead lines (km)	77,597	77,554	77,567	0.0
Medium-voltage underground lines (km)	39,946	40,324	40,869	1.4
Low-voltage overhead lines (km)	97,026	94,909	95,763	0.9
Low-voltage underground lines (km)	89,498	82,145	83,997	2.3
Substations (number)	1,244	1,240	1,237	-0.2
Substations (MVA)	84,890	85,783	85,854	0.1
Transformer centres (number)	131,491	131,636	132,307	0.5

ities or the increase in the degree of automation of the HV and MV network. With respect to this last activity, during 2015, the Company's Medium Voltage Network Automation Plan has continued to be developed, with a total of 31,317 remotely-controlled elements.

Other initiatives have focussed on the reduction of the environmental impact of the grids, and on the development of specific plans, agreed with the local governments.

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 2015, the SAIDI in the markets supplied by ENDESA in Spain was positioned at 48 minutes, 1 minute less than the 2014 value. The service reliability has been 99.99% of hours throughout the year.

EU28

The SAIDI was 1.1 in 2015, one tenth better than the figure from the previous year.

The following table shows the supply continuity indicators of the main autonomous communities supplied by ENDESA. In the islands, excellent annual interruption indices have

been reached, close to 30 minutes (the Balearic Islands 36 minutes and the Canary Islands 30 minutes), also being notable that a 6% improvement occurred in the Canary Islands in terms of interruption time. Catalonia has also achieved a notable interruption time, with 44 minutes and an improvement of 12%. Finally, Aragon, Andalusia and Extremadura increased their interruption time with respect to the previous year, with values of 61, 55 and 53 minutes; this increase was due to severe weather events recorded in the first quarter of the year, with episodes of wind, rain and flooding. Numerous incidents also occurred in these communities in September and October due to very heavy rain.

EU29

System average interruption duration index (SAIDI) of ENDESA in Spain (minutes)

Own SAIDI	2013	2014	2015	Variation 2015-2014
Andalusia	53	51	55	8
Aragon	54	57	61	7
Balearic Islands	31	32	36	13
Canary Islands	31	32	30	-6
Catalonia	43	50	44	-12
Extremadura	56	48	53	10
ENDESA	46	49	48	-2

ENDESA quality supply index 2015

SAIDI (System Average Interruption Duration Index) (minutes)	2013	2014	2015	%variation 2015-2014
Spain	75	70	75	7
SAIFI (System Average Interruption Frequency Index) (minutes)	2013	2014	2015	% variation 2015-2014
Spain	1.82	1.60	1.60	0

1.3. Operations in other countries

In 2015, ENDESA had almost 177,000 supply points in Portugal, distributed as follows: almost 4,600 at medium voltage, 4,400 at special low voltage and over 168,000 at normal low voltage. The electrical energy supplied during 2015 reached a total value of over 7,200 GWh. With regard to gas, 3,900 GWh were supplied, and by the end of the year, over 3,500 supply points were active.

In France, ENDESA supplied almost 10,300 GWh of gas in 2015, 30% more than the previous year. At the end of the year, it had almost 1000 active gas supply points.

In Germany, ENDESA supplied 1,650 GWh of electricity and over 40 GWh of gas, with more than 330 active supply points in total.

In Holland, the Company has supplied 700 GWh in electricity and more than 600 GWh in gas, with almost 150 points of active electricity supply and more than 60 gas supply points at the end of the financial year.

Finally, ENDESA has supplied more than 250 GWh in 2015 in Andorra.

1.4. Programmes to improve or maintain access to electricity

G4-DMA Access to electricity

ENDESA is aware of the serious problem of energy poverty in many Spanish homes, which has been particularly aggravated by the recent financial crisis and precisely due to its commitment to society it understands that it should respond to this social problem within the framework of the energy sphere. The Company has been a pioneer in signing agreements with local and regional governments and public bodies to avoid the supply disconnection of financially vulnerable families. During 2015, there are 90 agreements in force, which have avoided the supply disconnection of

31,662 families favourably managing 55,000 invoices. In addition to maintaining the Subsidised Rate for those customers with power supplies less than 3 kW, pensioners, large families or with all those members in working age in a situation of unemployment.

At the end of 2015, 999,332 customers used the Subsidised Rate, of which 78% belong because of automatic application and the remainder (217,124 customers) belong due to family, work and financial circumstances. Finally, the Company has also started an energy volunteering programme whereby employees can help these families in a situation of energy poverty to optimise their billing and improve their electrical installations.

For more information, see the *Socioeconomic Development and Social Trust* chapter, section 3.1. Energy access programmes

EU27

Out of the customers disconnected due to non-payment, 56% were disconnected for less than 48 hours, 8% were disconnected for a duration of between 48 hours and one week, 13% disconnected between one week and one month and 19.7% were disconnected between one month and one year. 93.2% of the disconnected customers were reconnected within a period of 24 hours, 6.2% between 24 hours and one week and only 0.6% more than one week after disconnection.

Disconnections due to non-payment in the residential sector itemised by duration of the interruption and regulatory basis (number)

	Spain and Portugal
Disconnected domestic customers	241,306
Domestic customer disconnected for a time < 48 hours	135,722
Domestic customer disconnected between 48 hours and one week	19,246
Domestic customer disconnected between one week and one month	31,634
Domestic customers disconnected between one month and one year	47,661
Domestic customer disconnected over one year	0
Domestic customer reconnected in the following 24 hours	193,097
Domestic customers reconnected between 24 hours and one week	12,816
Domestic customers reconnected more than one week later	1,232

2. Excellence in customer service

2.1. Customer service excellence plan

For ENDESA, excellence in customer service is the main value in its relationship with its customers, always seeking maximum efficiency in the operation of its customer service channels, tools and platforms through a constant innovation and improvement processes.

ENDESA has had a Customer Service Excellence Plan since 2003, with the aim of offering its customers the best possible service and to improve the main customer satisfaction indicators year-on-year.

In 2015, ENDESA's Customer Service Excellence Plan focused its activities on the improvement of customer service (telephone and online), the management of open-market sales complaints, the flexibilisation of services billing and the behaviour analysis of the different customer types.

Among the most significant results of the 2015 plan, we can highlight:

- > The improvement of over 3% in the percentage of mass market procedures resolved in the first customer call.
- > 27% increase in the number of contracts registered in the e-invoice service.
- > 9% increase in mass market customer satisfaction with complaint resolution.
- > 43% reduction in the re-invoicing performed in the mass market.

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

2.1.1. Face-to-face service

ENDESA's face-to-face service is structured according to the customer segment, to best suit the needs of each type of customer:

- > **Large customers and businesses:** ENDESA's management team is organised by sector as well as by territory. This gives the Company in-depth knowledge of customer needs and allows it to offer them customised competitive solutions. The Company has around 300 personal sales managers throughout the country, in addition to a telephone and internet service.
- > **General public:** ENDESA has 11 sales offices in Spain and 2 in Portugal and 299 service points distributed throughout the country, assisted by the Customer Service Centre (CAT) and ENDESA's virtual office (www.endesaonline.com).

2015 (Spain)	Offices	Service points	Total
Andalusia	3	95	98
Aragon	1	25	26
Balearic Islands	1	20	21
Canary Islands	2	26	28
Catalonia	3	64	67
Own Distribution Market	10	230	240
Third-party Distribution Market	1	69	70
Total	11	299	310

2.1.2. Call centre

ENDESA's Call Centre in Spain and Portugal increased its activity by 1.3 million calls answered in 2015, closing the year with 17.9 million contacts. This increase was due to a greater roll-out of the self-service of ENDESA's General Public services in Spain, the boosting of commercial activity in Portugal and the acceleration of the roll-out rate in the installation of smart meters which has been rolled out as a consequence of greater contact demand in the ENDESA Distribución customer channels.

During this year, the focus has been placed on the quality perceived by the customer, for which purpose a redesigning has been performed of the key processes that give least satisfaction to the customer with the joint collaboration of the Customer Service and Commercial Cycle departments and new differential customer services have also been created.

With respect to the differential customer services that have been implemented, we should highlight the new personalised customer service team (DOIT), a unit specialising in managing all those cases where the customer disagrees with the solution offered by the call centre channels. It aims to improve the quality of the service offered whilst reducing the number of interactions which end in complaint. This team has made it possible to successfully rectify 69% of the negative experiences about the services that our customers transmitted to us.

As regards technical improvement of the service, a new virtual waiting system was implemented at the end of the year to avoid the customer from waiting, so that he has the option of occupying a place in the queue until being answered without the need to stay on the telephone, as the system offers the possibility of call-back when an agent is available to call them.

All these actions have made it possible to considerably increase the quality perceived by the customer, considerably exceeding the closing levels recorded in 2015.

2.1.3. Online service

In May 2015, the new website was launched (www.endesaclientes.com). After its implementation customer activi-

ty levels with over one million visits per month have been maintained.



1,357,000 customers registered
with www.endesaclientes.com

At the end of 2015, the website achieved 1,357,000 registered customers (8% more than in 2014), with over 2,305,000 contracts and more than 109,000 new customers registered. These users have performed more than one and a half million interactions per month, consulting bills being the operation performed both on the website and app.

During 2015, electronic invoicing has also received a great boost. At the end of the year, there were 1,452,000 contracts in force with e-invoicing (21% more than in 2014).

The mobile app has been updated giving customers new functionalities such as online payment, power change, hour curve and push notifications.

Since March 2013, more than 250,000 downloads have been made from ENDESA's app, 100,000 of those in 2015.

ENDESA receives the Atos award for digital progress for its customer digitisation project

ENDESA was recognised in the first edition of the Atos Awards for Digital Progress, awarded by the Minister of Development, in the Customer Experience category for its Digital Sales Acceleration, the platform which integrates the new customer website (www.endesaclientes.com) with specific products and services for consumers.

This new methodology has allowed ENDESA to offer personalised products and services, and that the customer has more detailed information enables accelerating interactions between Company and customer.

2.2. Quick resolution of complaints and new-contract application

G4-PR8

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

- > Detecting the causes that disrupt normal commercial activity.
- > Defining measures to be taken to resolve them, and specifying improvements in the management systems.
- > Resolving complaints in the shortest possible time.
- > Acting as liaisons with public or private bodies in the defence of consumers.

The number of complaints logged in 2015 increased 61% compared with 2014. During 2015, the accounting of complaints was tailored to the criteria of the CNMC to consider the different types of customer protest as complaint or request. With this adaptation, the requests have gone down but there has been an increase in the complaint number. Also, and as recommendation of the audit, it has removed the shared concept, passing to consider some of the shared typologies as complaint. The resolution level was 97.34% of the generation level, which is an increase of pending complaints with respect to 2014 of more than 11,000 complaints.

With business line vision, the weight of the electricity complaints decreases from 80% in 2014 to 75%, those corresponding to gas remaining stable at 14% and seeing a significant increase in those related to product marketing and added value services going from 6% to 11% of the total.

The average resolution period of the complaints handled by salespeople is 8.37 days, 42% less than in 2014, since in 2015 the complaints are now comprehensively managed through the new CRM, which allows greater efficiency in their resolution.

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 unique in the sector

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

Complaints handled

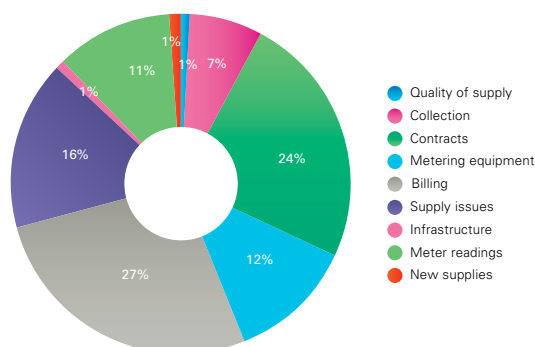
G4-PR5

ENDESA's Customer Ombudsman received 1,363 complaints within the scope of his activity in 2015, 40% more than the same period of the previous year.

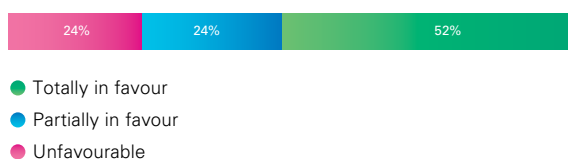
By type, most complaints concerned the commercial cycle of contracting, billing and collection (58% of the total). Of these, those related to sales and contracting have undergone greatest growth in 2015 and come to 25% of all cases.

Complaints concerning metering equipment and meter reading also considerably increased, representing 28% of the complaints received.

Complaint type



Closure types



Complaints concerning gas contracts and services remained steady, amounting to 20% of the total.

76% of the complaints were satisfactorily resolved

76% of the complaints dealt with were resolved with an outcome totally or partially in favour of the customer.

Likewise, the average time for complaint resolution remained stable at 56 days.

Perceived quality

G4-PR5

Overall customer satisfaction with ENDESA's Ombudsman remained stable at 7.3. The large majority of customers stated that they were satisfied or very satisfied with the service.

The treatment and the information received from the Ombudsman were the most highly-valued aspects. Customers also appreciated the assurance transmitted by the Ombuds-

man and most stated that they would recommend the service to other customers.

Other activities

In 2015, the Customer Ombudsman has implemented a new complaint handling procedure, Personalised Management. This is solely applied to "simple" cases, i.e. complaints which have been initially answered generically by the company without giving a response to the customer's request.

The Personalised Management procedure is an online management process where contact with customers is performed by e-mail and where, after the preliminary analysis of the complaints, a solution to the complaint received is proposed right from the start, which allows customers to receive a much faster response.

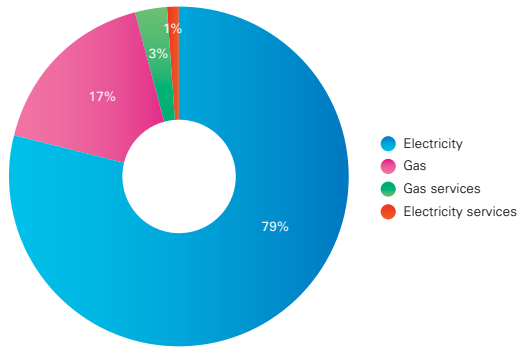
It is a faster process, administrative tasks are eliminated, management is simplified as is the closure process by sending a personalised e-mail. From the customer standpoint, guarantees offered by the Ombudsman are upheld, since the customer is informed that in the event of disagreement with the Ombudsman, his complaint can again be reviewed.

In 2015, this new procedure has been used to resolve 388 cases (29% of the total). The handling time has been reduced to 40 days (compared to an average of 56). Only 3% of customers have requested a review of the response received.

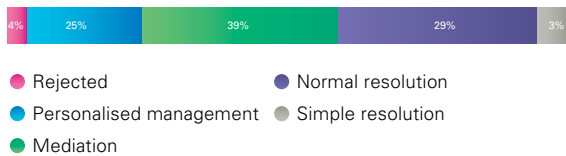
In 2015, the Ombudsman issued 16 notifications of dysfunction with specific cases wherein the analysis of the Ombudsman Office has detected an error or dysfunction which it seeks to correct in relation to the Company's different procedures or actions. The notifications issued have been particularly related to the collection processes, management of abnormal procedures and fraud and billing incidents.

During this year, ENDESA's ombudsman has taken part in different seminars and symposiums related to the transposition of the European Directive on 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.

Services



Closure type



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

G4-PR6, G4-DMA Marketing communications, G4-DMA EUSS Provision of information

For ENDESA, 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 provided to customers at all stages of the commercial cycle. These regulations cover the following issues:

- > 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-off due to programmed work on the grid, customers and the general public are given sufficient notice. If a customer's supply is disconnected due to non-payment of bills, the 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 consolidated since that time. This unit has held regular meetings and taken 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 adopt the most appropriate measures as regards consumption.

G4-PR3

In the management of Large Customers there are 3 product categories subject to procedures regarding information and Labeling of products; electrical projects, efficiency and gas products and material supply. The current legislation is followed in their delivery and installation.

In the products and services aimed at Companies, there are 3 categories which are subject to information procedures (Labeling), permits, certificates, etc., and ENDESA complies with current legislation. These 3 categories are: fixtures and fittings (efficient lighting, equipment, etc.) projects and installations (electrical projects, gas projects...) and maintenance (HV and LV electrical installations).

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.

La web endesaclientes.com dispone de un amplio apartado para explicar en detalle las facturas de luz y gas, tanto en merThe endesaclientes.com website has a large section to explain in detail the electricity and gas bills both in the free and regulated markets, item by item.

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.

The endesaonline.com website, in addition to Spanish and Catalan, is also available in English. This is to meet the requirements of foreign customers. It has been calculated that 900,000 British citizens 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, www.endesaclientes.com, its Apps and the online chatroom, covering the information and customer service needs of these customers on the internet.

3. Customer satisfaction

G4-DMA Product and Service Labeling

The customer holds centre stage in 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 to perform this function.

G4-PR5

In order to measure customer satisfaction, over 120,000 customer interviews were conducted by telephone or on-

line, covering over 4,000 indicators. In order to process this quantity of information in a BIG DATA environment, over 250 million customer touchpoints were processed.

The main approach used in the measurement of customer satisfaction is telephone surveys. The total weight of online surveys continues to increase year-on-year, having grown by 6% over the total surveys conducted.

In 2015, ENDESA continues as leading company in mass customer satisfaction in the electricity sector for the sixth year running, with a 4% advantage over the competition.

Studies to assess customer satisfaction in 2015 (Commercial Quality)

Study	Periodicity	Medium
Perceived quality system (Generic)	Monthly	Telephone and e-mail (Large Customers).
Perceived quality system (Recent Contacts)	Monthly	Telephone survey
Satisfaction study of Company customers with AVS	Quarterly	Telephone and e-mail surveys
Satisfaction study of Large Customers with IPS	Six-monthly	Telephone and e-mail surveys
Agent Sale Quality Study of the Company segment	Quarterly	Telephone and e-mail surveys
Customer Ombudsman Study	Six-monthly	Telephone and e-mail surveys
Task Force and Telesales Sales Quality Study in the General Public and Companies Segment	Monthly	Telephone surveys
Study of Corporate Large Accounts	Annual	e-mail surveys
Personalised Management Service Study for Large Customers and Companies	Annual	Telephone and e-mail surveys
3M sales monitoring study	Quarterly	e-mail surveys
ENDESA website user customer study	Monthly	e-mail and light surveys
Pre-arranged Appointment study in face-to-face channels	Monthly	e-mail surveys
Complaint acknowledgement of receipt study	Monthly	Online surveys
Customer Experience of the ONE tariff	Monthly	Online surveys

The perception of ENDESA as leading company in satisfaction was consolidated, with advice (+11% above the competition). In satisfaction with the customer cycle (+3%), there is a notable percentage of customers that considers the Bill Information (+8%) and the Price (+3%) which makes ENDESA a benchmark for customer orientation.

Regarding customer loyalty, satisfaction indicators improved, increasing the likelihood of customers recommending the Company and repurchasing products, with a score of 6% and 2% respectively higher than the competition.

Among mass market customers in the gas sector, ENDESA was considered to be the leader in customer satisfaction, with a 3% advantage over its competitors.

ENDESA Gas established itself as the leader in commercial cycle assessment, (4% higher than its competitors), clarity in its billing (+4%) and the percentage of customers rating the bill as useful (+11%) being of particular note. There is also an advantage in price satisfaction (+3%).

The Company's non-mass customers continued to highly rate the service provided by their account managers, with scores of over 8 points (+1% with respect to 2014).

The aspects associated to agent Resolution and Response significantly improved, with scores close to 9.

In this line, the Satisfaction with the Account Manager among ENDESA's large customers evolved +4%, with scores above 8. The item which has best evolved is Overall Proactivity Satisfaction, growing +11%.

> **Customer experience-Sales.** In line with the objective 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 personalised revealed scores of 8.74 for the Task Forces channel and 8.36 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 service level of the offline service channels in ENDESA is rated

as good both in customers dealt with through channels and in person.

By telephone, satisfaction improved by 3% with respect to the previous year, due to better perception of the satisfaction with the waiting time (+3%) and time spent (+3%) together with good scores in Satisfaction with treatment and satisfaction with the knowledge and clarity of explanations.

In 2015, face-to-face channels were still those most highly valued in ENDESA. High points in satisfaction were given to the treatment received, the clarity of the explanations, order in the establishment and the waiting time in those customers who have requested the pre-arranged appointment service.

In 2015, ENDESA's website service changed and in the last measurement in December 2015 improvements in satisfaction were already perceived (+6%) over the last year.

> **Customer experience-Processes.** Satisfaction in those customers who have registered in the free market rises +4%, with the advice score (+8%) being the best performing indicator. Furthermore, the satisfaction among customers increases with troubleshooting (+6%), with the speed of response being one of the best evolving indicators (+6%).

> **Assessments of value-added projects.** The service offered by ENDESA, both in contracting and execution of value added products and services continues to be positively considered both in small customers, reaching "good", and in large customers, reaching a score close to 8. In Large Clients, it is notable the management of occupational safety and health with a score close to 9.

2015 includes the measurement of satisfaction in ENDESA's large customers with the offers presented, with the score obtained being over 7. The information and advice provided are noteworthy, with a score of 8.

> **Customer Ombudsman.** In 2015, the Quality area includes the measurement of personalised management complaints. The Customer Ombudsman Office sends it again to the company for a second review.

The customers score the service offered by the Office with an 8 when the Ombudsman mediates between the customer and ENDESA in complaint resolution.

- > In 2015, a study has commenced to find out the behaviour of new customers in the first phase of the customer life cycle by taking measurements at the “times of truth” when the registration process concludes, when they receive the first bill and when they make a complaint. The service level offered after the first bill is assessed close to a “good”, both in mass and non-mass customers.

Monitoring has been performed in mass customers of initiatives such as Infoenergía, Hour Load Curve, Customer Loyalty Actions, Perception of Sustainability and Sales Cycle Analysis to find out the impact on customers.

In non-mass customers, the questions have been reworked to detect new players (intermediaries, small companies) which are operating in the sector and the VAPS offers.

Complaints received for regulated and deregulated market (thousands)

2013	2014	2015	% variation 2015–2014
33.69	25.05	29.83	+19.08

Customer satisfaction index

2013	2014	2015
6.88	6.61	6.42

4. Efficient products and services

G4-EN7

In 2015, 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 area of medium-sized and large companies, ENDESA has consolidated its position as an Energy Service Company (ESCO), proposing to its customers to invest in improving their installations and comprehensively manage them. This enables customers to perceive savings in their energy bills, through which it is possible to remunerate the improvements made by ENDESA to their installations.

Among the projects sold under the ESCO model during 2015, we can highlight the implementation and operation of

a vehicular natural gas station in Valdemoro, to give service both to the fleet of transport vehicles of the AISA transport company and, as it is a public station, to those vehicles or companies that want to use natural gas as an ecological and economical alternative to a traditional fossil fuels. This commitment to natural gas as a mobility solution gives not only economic benefits but also environmental ones against traditional fuels. The use of natural gas reduces health-damaging local pollutants: 70% of nitrogen oxide (NO_x) emissions and practically 100% of sulphur oxides (SO_x). Furthermore, it reduces particle emission by 95%. The engines with half the noise and vibrations also emit 20% less CO₂ into the atmosphere. Just with the vehicles that the company AISA intends to transform in the short-term it will avoid the emission of 40 tons of NO_x and 32 tons of SO₂.

Another project to highlight is the installing of 14 gas units for the supply of heating and air conditioning for the ROYAL STAR hotel, in Lloret del Mar. The feature of the technology implemented and managed by ENDESA as ESCO (financial lease and comprehensive maintenance) allows an annual saving of 47 tons of CO₂ a year, as well as a financial sav-

ing of 77,053 euros accumulated in the 5 years the contract lasts.

With respect to homes, during 2015 ENDESA has continued to develop, its portfolio of Comprehensive Solutions projects. Under this concept of "Comprehensive Solution" ENDESA gives the small consumer the possibility of paying for energy equipment for his home (boilers, heaters, water tanks, air conditioning apparatus) in convenient instalments, with an associated preventive and/or corrective maintenance service and with ENDESA's maximum guarantee during the term of the contract.

New elements we can highlight in this field, and progressing with ENDESA's continuous desire to give our customers tools which help them to understand and manage their consumption, different products have been put on the market in 2015 which allow entering into a more proactive dimension in managing their demand and home:

a) Infoenergía: Web tool that lets you know in detail the electricity consumption of a home, compared with similar homes and accessing the tools and personalised advice to make savings in your electricity bills.

b) Nexo. Device ecosystems that are managed through a web tool and application for mobile devices which allow our customers to have a new way of relating to their home, remotely managing it and offering them, comfort, peace of mind and control of their consumption over the internet for a price that ranges from 200 to 400 euros. With Nexo, ENDESA's customers can:

- Control heating, always maintaining the ideal temperature in the home.
- Program and control some electrical appliances remotely.
- Make savings, making the electrical appliances operate when energy is lowest or programming it to switch off to avoid standby.
- Know the electrical consumption of the home and its evolution over time.
- Receive alerts if you want to switch something on at home and be able to switch it off remotely.
- Simulate presence at home when you are not there.

Some of the products and services (AVPS) marketed by ENDESA directly contribute to the fight against climate change (efficient lighting, energy audits, vehicular natural

gas, photovoltaic installations, etc.) promoting a reduction in customer emissions and an improvement in energy efficiency. These products and services have allowed the company to generate an additional profit over 9 million euros.

Therefore, the products and services (AVPS) marketed by ENDESA contribute to energy efficiency and the fight against climate change, promoting a reduction in customer emissions and facilitating more sustainable energy uses.

ENDESA develops heat recovery systems for the ceramic sector

ENDESA and ASCER (Association of Ceramic Tile and Paving Manufacturers) have signed an agreement whereby the electricity company becomes the preferred supplier for the ceramic sector. The agreement covers the development of specific lines of work so that the associates of the ceramic sector can have tools which allow them to reduce their energy costs, improve their energy efficiency and, therefore, increase their competitiveness and sustainability. ENDESA and ASCER have developed lines of work which are allowing the tile associates to have tools to reinforce their energy efficiency and save energy consumption costs. Within this framework, ENDESA has performed more than 30 energy audits for ASCER members and due to this interesting R&D&I initiatives have arisen which are materialising in the development, by ENDESA of heat recovery projects for the sector companies.

The ceramic sector is energy consumption intensive, ENDESA has developed heat recovery systems which make use of the thermal energy lost in the oven baking stage. The heat recovery designed by ENDESA for the ceramic sector is a system which allows reducing the energy bill, with savings of up to 20% in consumption, not interfering in the industrial production process and it reduces CO₂ emissions by up to 20%.



4.1. Raising customer awareness of efficient energy use

ENDESA continuously runs communication campaigns to raise awareness about the efficient use of energy. The following can be highlighted:

- > **Infoenergía:** a free information and advice service so that customers can control and manage the energy consumption of their homes, based on a digital and easily customised service.

Customers access detailed information which helps them understand their electricity consumption, comparing it with that of homes with a similar consumption pattern to theirs (in their district, municipality and province), and personalised advice and tools which inform them how to reduce the amount of their bills. In this way, they can be more aware of their energy consumption habits and discover how they can be increasingly efficient, thus having the possibility of reducing their electricity bills.

- > **Diagnosis of energy efficiency.** A free exclusive online advice service for businesses.

Customers can find out how efficient their business is, obtain personalised recommendations and improvement measures, in order to discover what energy savings can be made, together with the necessary investment and return for it.

- > **Twenergy.** This has become the most important online community worldwide for sustainability and energy efficiency. Launched in 2009, it received approximately 3.5 million visits in 2015 (19% more than the previous year), it has over 51,000 registered website users and over 112,000 followers on social networks (mainly Facebook and Twitter). Twenergy is based on a website and its own profiles on the main social networks: Facebook, Twitter, YouTube, Vimeo and Flickr.
- > **Bill advice.** A space is reserved on the back of the bill to give customers advice on how to save energy and protect their 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** domestically and internationally, which are most relevant in raising awareness and disseminating information about energy efficiency. "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. Hence, it promotes cooperation in various efficient lighting and air-conditioning initiatives, the use of alternative energy sources in production processes, the modernisation of equipment and process optimisation. In this way, it has achieved savings of 3.5 million tonnes of CO₂, equivalent to the emissions of 750,000 average Spanish families each year.
- > **Energy-saving advice** on www.endesaonline.com.

ENDESA's portal for energy efficiency, twenergy, receives the "Smart Communication" award and is valued as the most relevant energy website in social networks

Twenergy (www.twenergy.com), the online community whereby ENDESA promotes energy efficiency and the responsible consumption of energy, has been recognised with the "Smart Communication" award within the framework of the 2nd International Congress on Energy Efficiency and Sustainability in the tourist industry held from 10 to 12 March in Barcelona. This award recognises the work of this website, which has more than 90,000 followers in social networks and more than 50,000 registered users internationally, of disseminating online all matters relating to energy efficiency and sustainability.

Likewise, Twenergy has been rated as the most relevant energy website in social networks, according to an inde-

pendent study by Epsilon, a company with more than 20 years' experience in the digital marketing industry.

The wide dissemination of Twenergy in social networks has meant that many energy efficiency experts have joined the network of portal collaborators. Around twenty professionals related to energy efficiency regularly offer advice and answer internet users' questions on these issues. Likewise, this online community of ENDESA has a network of correspondents distributed throughout the world informing of the latest trends in energy efficiency from the US, Denmark, Scandinavia, China, Colombia, Argentina, Brazil, Mexico and Costa Rica.

Twenergy has achieved 5 years of service and 11 million visits accumulated.



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

GM-DMA Customer Safety and Health EUSS

All of ENDESA's electrical facilities comply with the personal safety requirements stipulated by current legislation and regulations, both for workers and the general public.

Installations connected to HV/HV and HV/MV distribution substations feature safety devices to isolate any defects that may arise. MV lines are equipped with intermediate protective devices such as lightning conductors and au-

tomatic 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 installations also have 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. For this purpose, different technical actions are taken of verification and, where applicable, adaptation, guaranteeing that the operation has no negative effects on the population's health.

At ENDESA, all products and services given to customers fulfil current legislation, including health legislation. Furthermore, ENDESA keeps permanently up-to-date with the latest studies performed in this regard and actively participates in the electricity sector forums to provide our knowledge and technical initiatives (technical, construction, operational, etc.) on the prevention of risk to the health related to these causes.

6. ENDESA's management of nuclear activities

ENDESA has always been firmly committed to the safe management of its nuclear activity, and this is shown in its nuclear policy, approved by the Board of Directors in 2011 and published on the website of the Companies that operate in this activity.

This policy establishes the commitment to act in such a way that all the nuclear investment projects, whether these are as with ENDESA as majority or minority shareholder, include the following as their main priorities: the safety and protection of workers, the general public and the environment and to promote excellence in all activities beyond mere legal compliance.

G4-PR1

The stress tests concerning safety margins, which were performed in Spain and throughout the European Union immediately after the Fukushima accident, measured the safety margins in extreme scenarios (earthquakes, flooding, complete power cuts or absence of water for cooling the reactors) in order to check the plants' response and whether measures were necessary to make them more robust in this scenario.

As a result of this exercise a series of improvements were identified that are being implemented in all ENDESA's plants. These improvements include, for example, the installation of new contention building protection systems as ultimate barrier to the release of radioactive material, the availability of mobile diesel generator units that can be easily connected to the plant in the event of a complete blackout and the construction of a new centre for emergency management.

6.1. Risk Prevention and Management

ENDESA 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 information to the senior management.

6.2. 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 discharges, with very strict limits established by the regulatory body, the Nuclear Safety Council, designed to prevent the environment and the population from being affected. Furthermore, as stated in these specifications, radiation monitoring is carried out of the surrounding environment by analysing the air, the soil and widely sampling and analysing foods. These environmental controls are monitored and closely inspected by the regulatory body.

ted through regular exercises and specific training of all the intervening staff.

The regulatory body maintains a supervisory system of plant safety, called SISC, the results of which are updated on quarterly basis, and its results and the rating of each one of the power plants are published on its website (https://www.csn.es/sisc/index_i.do). One of the areas assessed is preparation for emergencies and there are three indicators: E1, E2 and E3 that characterise the situation of each power plant in this area.

6.3. Emergency Management at nuclear facilities

G4-DMA EUSS Aspect Disaster/Emergency Planning and Response

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 Plans.

The measures to protect the population in the event of an actual emergency are defined by the state authorities following the advice of the nuclear regulatory body and based on the continuous information provided by the emergency centres of the affected nuclear plant and on their own information systems, and the characterisation of the emergency situation ranging from Pre-alert to General Emergency. Preparation for emergencies is guaran-

6.4. Decommissioning Process

G4-DMA EUSS Aspect Plant Decommissioning

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 Plan General de Residuos Radioactivos, an official document approved by the Ministry of 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. This fund is contributed to monthly by the owners of the nuclear plants.

Development, merit and talent

10 thousand employees in Spain and Portugal

ENDESA has carried out interviews with 74%* of employees

An average of 40.1 hours of training per employee

Key figures

	2014	2015
Employees	10,500	10,000
New hires	290	291
Hours training	408,700	401,296.1
% female employees	21.5	21.5
% employees with permanent contract	97.15	97.8

Basic line: Development, merit and talent

Reinforce ENDESA as "Employer Brand"	ENDESA has taken part in in-person and virtual job fairs giving workshops to improve the employability of young people. It has performed innovative events aimed at attracting talent, which have brought the academic world closer to the business world. It has upgraded the company website aimed at attracting talent, improving its image, accessibility and approachability to potential candidates. It has also renewed the Scholarship Plan with actions which improve its competitiveness: increase in the number of scholarships, revision of study assistance, improvements in the selection process and revision of the requirements to guarantee the attraction of talent demanded by the Company.
Promote personal mobility and employability	ENDESA has performed knowledge interviews with 74%* of the workforce in order to know the profiles and interests of employees. Continuity has been given to interviews with expats and people affected by organisational changes in order to analyse their skills and interests and manage their appropriate relocation.
Contribute to developing people at ENDESA	Another initiative that the company has developed is promoting international mobility for young talents in order to prepare them to hold greater responsibility in the future.

* Percentage calculated from the workforce subject to development and assessment activities (9,497 employees).

1. ENDESA's workforce

G4-10

ENDESA had 10,000 employees on 31 December 2015: 9,991 in Spain and 9 in Portugal.

10,000 employees and 291 new hires in Spain and Portugal in 2015

During 2015, 291 new hires have been made in Spain and Portugal and 795 contracts have been terminated in the same area. ENDESA's workforce has been reduced by 4.76% with respect to 2014.

ENDESA's workforce at 31 December

	2013	2014	2015
Spain and Portugal	10,760*	10,500	10,000

* Homogenised with 2015 without ENDESA Latin America.

Average workforce

	2013	2014	2015	% variation 2014/2015
Spain and Portugal	11,127	10,776*	10,242.9	-4.9

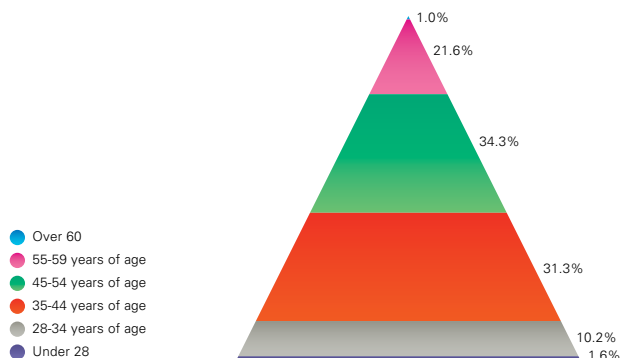
* Homogenised with 2015 without ENDESA Latin America.

Some of the details which enable us to characterised ENDESA's workforce as a whole are shown below.

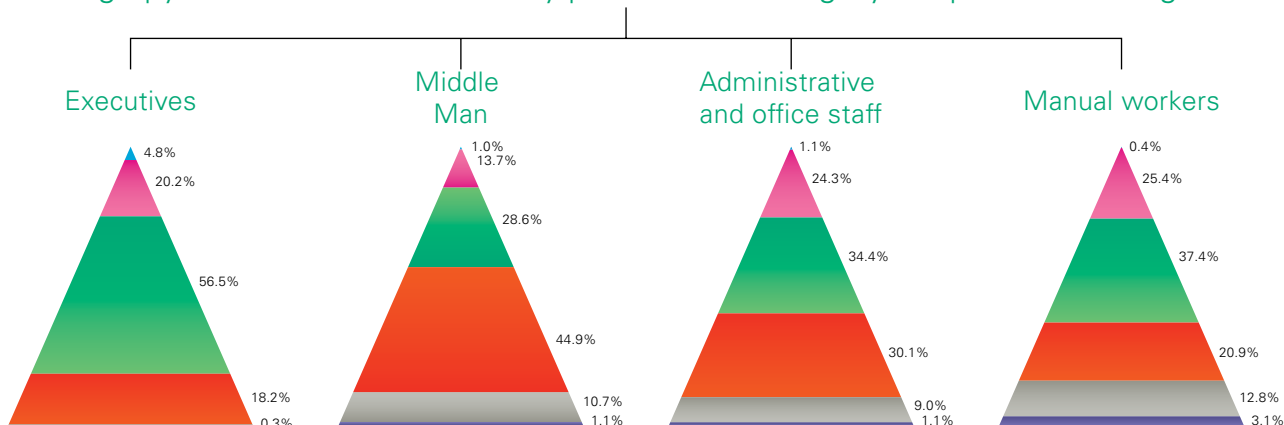
G4-LA12

The segmentation of the workforce by age shows that the majority of employees, 34.3%, were in the range between 45 and 54 years of age. The average employee age was 46.1.

Age pyramid of the Spain and Portugal employees



Age pyramid of the workforce by professional category in Spain and Portugal

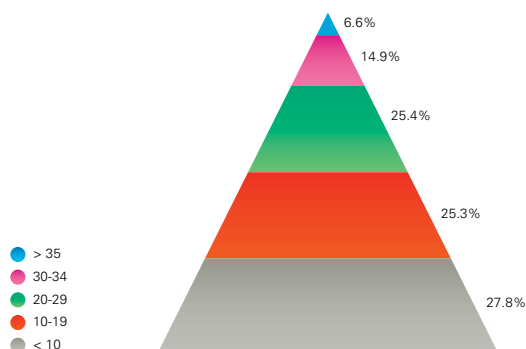


97.8% of the workforce had a permanent contract

97.8% of the workforce had a permanent contract, which meant 9,780 contracts. The figure of temporary contracts was 221. The average time an employee has been in the company is 18.6 years: over 72.2% of employees having been working in the company for over 10 years.

As regards working day, the large majority of employees work full time. 9,986 employees have full time contracts and 4 have part-time contracts.

Years working in the company in Spain and Portugal



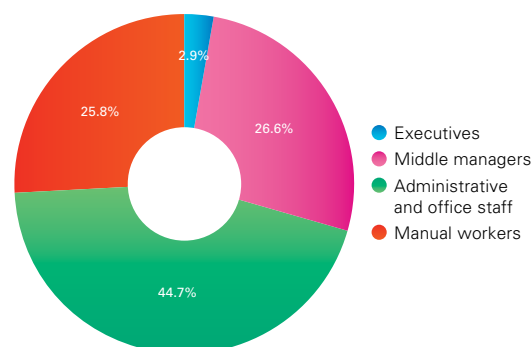
For workforce category, the workforce composition has 44.7% corresponding to administrative and office staff, followed by the group of middle management (26.6%), manual workers (25.8%) and executives (2.9%).

G4-10

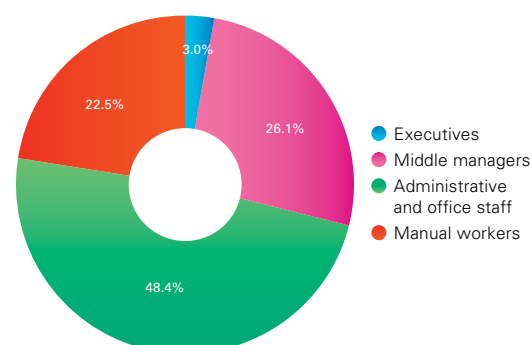
Contracted employees per type of job

Content	Spain	
Full-time	2014	14,923
	2015	15,923
Part-time	2014	1,774
	2015	2,341
Total	2015	18,264

Distribution of the workforce in Spain and Portugal on 31 December

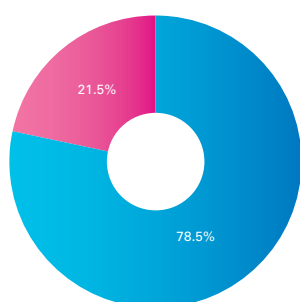


Distribution of the average workforce in Spain and Portugal on 31 December



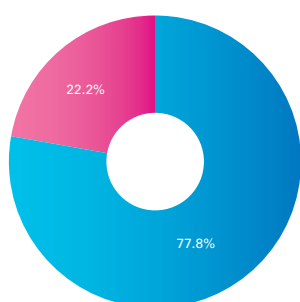
With respect to distribution by sex, the workforce was formed by 78.5% men and 21.5% women.

Permanent hires by gender in Spain and Portugal



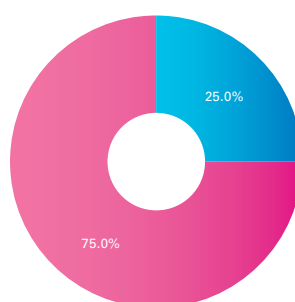
Men
Women

Temporary hires by gender in Spain and Portugal



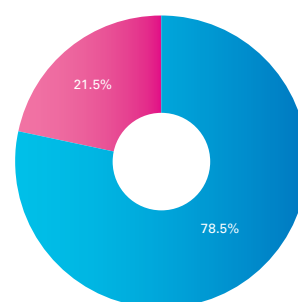
Men
Women

Part-time hires by gender in Spain and Portugal



Men
Women

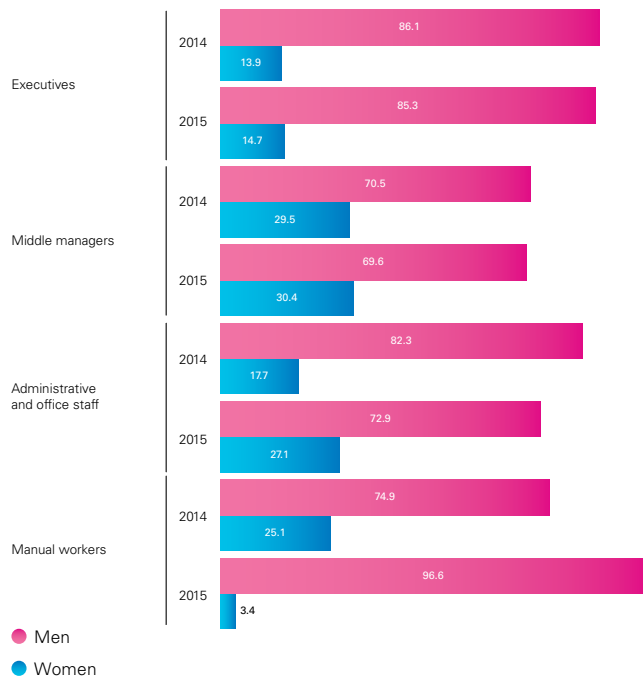
Full-time hires by gender in Spain and Portugal



Men
Women

Breakdown of workforce in Spain and Portugal by gender

Figures in %



Workforce distribution in Spain and Portugal

	2013	2,350
Number of women	2014	2,261
	2015	2,147
	2013	8,608
Number of men	2014	8,239
	2015	7,853
Total employee number	2013	10,958
	2014	10,500
	2015	10,000

EU15

Employees in Spain eligible for retirement in the coming years, by professional category (%)

%	Retirement next 5 years	Retirement next 10 years
Executives	4.8	25.0
Middle managers	1.0	14.67
Administrative and office staff	1.1	25.5
Manual workers	0.4	25.8
Total	1.0	22.7

2. Leadership and people development

ENDESA continually seeks to identify and develop the personal potential so that their performance can contribute to making the Company a benchmark in the sector. In this light, the Leadership Model, the Management Model, and the Objective-based Management Systems ensure the personal development based on recognition of merit and ability.

2.1. Leadership model

During 2015, the vision, mission, values and conduct has been reformulated in order to adapt them to the current business environment and the Company's new challenges.

The new values are: responsibility, innovation, trust and pro-activity. The conducts associated to these values are:

- > Adopts and promotes safe behaviour and acts proactively to improve health, safety and well-being conditions.
- > Takes decisions in the working activity and assumes them with responsibility.
- > Reaches results seeking excellence.
- > Proposes new solutions, overcoming obstacles and failures.
- > Quickly modifies working priorities in the event of a change in context.

- > Shares information and shows himself to be collaborative and open to his colleagues' contributions.
- > Recognises the merit of his colleagues, offering feedback which helps to improve their work.
- > In his work he ensures customer and/or colleague satisfaction, acting effectively and efficiently in time and form.
- > He is committed to the integration of others, recognising and valuing individual differences (cultures, gender, age, disability, personality, etc.)
- > He fulfils his commitments, performing activities with determination and dedication.

G4-LA11

In 2015, 32.73% of employees in Spain received regular performance and professional development appraisals through any of the Company's appraisal systems.

Number of employees appraised according to performance and professional development

Spain and Portugal	
2013	4,389
2014	3,931
2015	3,102

The Objective-based appraisal system measures the differential contribution of each person to the Company's results. In 2015, 3,102 people have been appraised, from the perspective of responsibility (according to common classification of Enel group), 2,855 are executives or middle management, 243 are administrative and office staff and 4 manual workers.

From a gender perspective, in ENDESA these appraisals have been performed in greater proportion among men, around 71% of the persons appraised by the different processes are men and 29% are women. However, considering the total workforce breakdown, 78.53% men, the percentage of women with performance appraisal is greater than their representation.

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

		Spain and Portugal	
		2013	2014
Employees that receive regular performance and professional development appraisals	%	2013	40
		2014	41.15
		2015	32.75
Employees that receive regular performance and professional development appraisals (men)	%	2015	71
Employees that receive regular performance and professional development appraisals (women)	%	2015	29
Total employees appraised	No.	2013	4,389
		2014	3,931
		2015	3,102
Executives appraised	No.	2013	320
		2014	263
		2015	329
Middle managers appraised	No.	2013	2,500
		2014	2,426
		2015	2,526
Administrative and office staff appraised	No.	2013	1,444
		2014	1,173
		2015	243
Manual workers appraised	No.	2013	125
		2014	69
		2015	4

2.2. Actions for talent development

G4-LA10

ENDESA has implemented different professional development agreements among which we can highlight individual development interviews, knowledge interviews, coaching, consulting for team development, skills development workshops, business development seminars and definition of succession plans.

These actions performed as a whole have made it possible to increase the amount of employees involved in this type of programmes, since 505 employees took part in this type of programmes in 2014, compared to 7,615 employees who have taken part in at least one of the programmes in 2015. In this way, ENDESA has fulfilled the objective in the PES 2015/2019 of increasing the employees that benefit from the development programmes by at least 5%.

> **Knowledge interviews.** In 2015, ENDESA has implemented an initiative, carried out throughout the Enel Group, which consists of an interview performed by Human Resources experts with each one of the employees. The purpose is to know, first hand, their interests, aspirations and motivations. Before the interview, a self-profile is completed designed to discover, at that time, the profile of the individual interests. At the end of 2015, 7,058 people from the Company have had this interview.

Additionally, this year 84 individual interviews have been performed to define, propose and execute an individual plan which enhances the participant's development. Both he and the manager have a key role for success of the initiative.

> **Coaching.** ENDESA continues to make a strong commitment to coaching. During 2015, 178 people have benefited from this type of individual or group actions. ENDESA has an internal coaching network which performs these processes.

Additionally, 127 people managers have taken part in manager-coach workshops. The subject matters covered have been, among others, feedback, communication, listening, creation of trust within the team, and coordination of actions, among others, which offer the managers coaching tools to transform the manager profile in ENDESA.

Finally, we should mention that ENDESA has reinforced an internal consulting line which gives ad hoc solutions to the needs posed by the businesses. This action is performed by internal development experts applying coaching techniques and tools.

> **Succession plans.** ENDESA, as part of Enel Group, has reviewed the Management Model adapting it to the requirements necessary in the new business context. This model includes the identification of the management members with greatest level of responsibility (TOP 200) for which a succession plan has been defined.

The persons identified as successors have a development plan which allows them to assume, with guaranteed success, those positions for which they have been identified.

> **Business knowledge seminars.** During 2015, almost 900 people have taken part in the Business Knowledge Seminars, an innovative development initiative which has a twofold objective: increasing the participants' knowledge and giving them a global and integrated view of the company's different areas of activity.

This initiative is structured in 2 phases. During the first, under the title of Business Knowledge Seminar, the participants attend 9 lectures on 2 consecutive mornings, given by internal experts of reference, centred on the most relevant aspects of ENDESA's activity. This makes it possible to acquire and reinforce the knowledge of different areas of the Company and obtain an integrated view.

In the second phase, "Business Simulator", the participants face the challenge of managing an electricity production and marketing company in a deregulated market.

3. Training in ENDESA

Information is shown below on the communication and training policies and procedures on the fight against corruption.

G4-SO4

Employees who have received training on the fight against corruption, itemised by professional category* in Spain and Portugal in 2015

	%	No.
Executive training	69	201
Middle management training	71	1,882
Administrative and Office Staff training	67	2,972
Manual worker training	63	1,622

* Information based on the courses: *Anti-bribery laws and compliance practices* and *ELS Criminal Risk Prevention Model*.

G4-HR2

Training of employees on policies and procedures related to those aspects of human rights relevant to their activities

		Spain	Portugal	Iberia
Training of employees on policies and procedures related to human rights relevant to their activities	hours	2013	0	0
		2014	106	nd
		2015	48	0
Employees that received human rights training	no.	2013	0	0
		2014	32	nd
		2015	6	0
Employees that received human rights training	%	2013	0	0
		2014	0	nd
		2015	0.1	0

3.1. Key figures and relevant aspects

G4-LA9/ G4-DMA Employment EUSS

2,706 Training events have been performed in ENDESA in 2015. 8,652 employees took part in these events. 401,296 training hours have been given, reaching an average of 40.1 hours per employee, higher than the previous year which was 39.

Sustainability training

Hours training per employee in sustainability (environment, Safety and health, etc.)	2013	12
	2014	13
	2015	13
Total hours training in sustainability	2013	130,075
	2014	135,993
	2015	125,732

To perform this activity, ENDESA has invested 24 million euros, 3.90 million euros in direct costs of training activity.

G4-LA9; G4-DMA Employment EUSS

Total hours training	2013	419,395.2
	2014	408,700.1
	2015	401,296.1

Total of hours training In-person and online	Persons trained	Participations	No. events	Total training costs (thousands of euros)
401,296	8,652	38,205	2,706	23,974.2

Number of hours training according to type of training

Spain and Portugal		
Online management training	2013	68,939
	2014	6,944
	2015	10,370
In-person management training	2013	80,572
	2014	38,777
	2015	45,345
Online technical/specific training	2013	65,604
	2014	100,433
	2015	118,031
In-person technical/specific training	2013	204,280
	2014	262,546
	2015	227,550

G4-LA10/ G4-DMA Training and education

The Training Plan has concentrated its investments on the strategic foci of the Company and has the main objective of achieving the challenges set for 2015.

A backbone in 2015, across all business and staff areas, has been occupational health and safety training, where 27% of the total has been invested. Efficiency has been sought in the training programmes relating to risks common to the different businesses, with a transversal management and based on online methodology. Additionally, specific actions have been carried out in this area, as is the case of Occupational Health and Safety Delegates, which have performed specific courses which update knowledge both of current legislation and ENDESA's own procedures. As a complement to this training awareness-raising actions have been performed in this area. This is the communication campaign aimed at all employees "If we are 100% Aware we are 100% Safe".

It is important to highlight the launch of a programme relating to the Prevention of Criminal Risks model prescribed by the Internal Audit Area (for more information on the model see chapter: *Ethical Conduct*; section 1.1 Ethics Culture and Crime Prevention). This online course aims to inform of and

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

Executives

2013	114.5
Men	115.5
Women	108.9
2014	46.7
Men	43.2
Women	68.3
2015	56.6
Men	54.0
Women	71.7

Middle management training

2013	53.4
Men	55.4
Women	48.5
2014	60.1
Men	62.0
Women	55.4
2015	58.3
Men	57.5
Women	60.0

Administrative and office staff training

2013	32.7
Men	33.7
Women	28.6
2014	33.0
Men	34.2
Women	27.5
2015	27.9
Men	28.2
Women	26.9

Manual worker training

2013	18.0
Men	18.7
Women	15.6
2014	20.3
Men	23.2
Women	11.4
2015	40.8
Men	41.0
Women	36.2

raise awareness in Company employees about the risks and responsibilities in this regard in order to prevent criminal offences. 76% of the workforce has performed the course.

One of ENDESA's objectives is to improve customer service. For this reason, different areas have taken part in a training programme designed to improve complaint management and to familiarise them with the new tool that supports complaint management.

Additionally, during this year, as regards the Environment, the requirements stipulated have been fulfilled and training has been given which has contributed to the renewal of the different ISO 14001 and the Integrated Energy Environmental Management System and Environmental Quality Indoors (SIGAEC) certifications that the Company has.

Relating to skills development and with the aim of improving the performance and the skills of the professionals of the different professional categories, training has been increased in social, management and leadership skills.

ENDESA clearly commits to innovation and, for this reason, it has implemented initiatives relating to skills improvement. The aim is to promote the knowledge of tools and methodologies and contribute to cultural change to have a more innovative approach, improve efficiency through the search for alternatives and new ways of doing things.

Likewise, the "Business Simulator" courses should be highlighted. They are an initiative initially aimed at all people managers. This course aims to provide participants with greater knowledge of the electricity business (see more details in heading 2.2).

G4-HR7 / G4-DMA Security practices

With reference to safety staff training in Human Rights, the different supervision services are contracted to legally accredited companies. All people assigned to these tasks must be trained in human rights as the legislation stipulates this to exercise this activity.

During 2015, the Sales and Customer Service School has given training in technical, product, market and marketing business knowledge, as well as commercial and service skills, to almost 2,000 participants. 86 new courses have been designed and 181 editions have been given. The Sales and Customer Service School has close to 120 internal trainers who perform approximately 40% of the total given by the school.

Since ENDESA forms part of Enel Group, a multinational which operates in different countries, it has increased language training activities, mainly English and Italian.

4. Attracting and retaining talent

In order to attract the best talent, ENDESA focuses on *Employer Branding* to position the company as an attractive place to work in all markets where it operates, aiming its efforts at the most in-demand profiles. To achieve this, in 2015 the Company attended both traditional and virtual employment fairs, giving workshops which help to improve employability in young people. Innovative events have been staged aimed at talent attraction, the Company website has been renovated aimed at potential candidates, and the Scholarship Plan has been reinforced with actions which improve competitiveness.

Likewise, the selection tools used have been adapted to the new trends, with the presence and activity in social networks becoming relevant.

In the sphere of talent attraction, ENDESA in 2015 has performed the first edition, in Catalonia, of the Ideas Move (*Las Ideas se Mueven*) competition, in collaboration with the Universidad Empresa Foundation. This initiative seeks to enhance innovation and Employer Branding of ENDESA among new graduates (university and professional training).

In 2015, ENDESA approved the reinforcement of its Scholarship Plan with 25 more new participants than in 2014, with a total of 145 interns. During 2015, 101 interns joined whilst 44 will do so in 2016. This shows commitment to training young talent and facilitates their first step in the job market, improving their employability. 20% of these people have joined the workforce when their internship finished.

Wherever possible, ENDESA uses internal promotion to cover vacancies, giving preference to professionals with outstanding performance of their duties.

G4-LA1

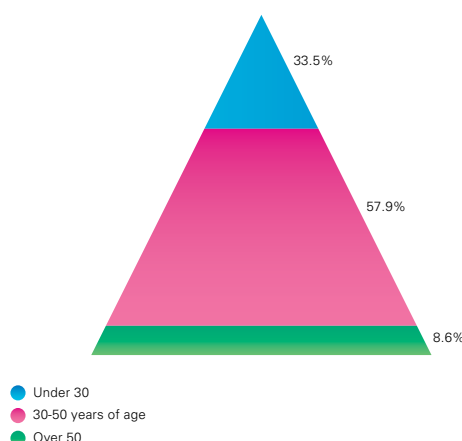
The staff turnover rate in Spain has been 7.9%

Information on the employees who have joined the workforce in the last 3 years is shown below:

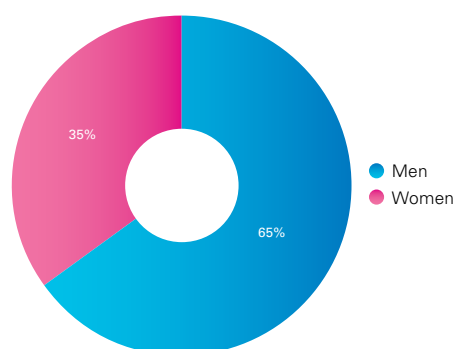
New hires

Spain and Portugal	
Total new hires	2013
	2014
	2015
	202
	290
	291

New hires in Spain and Portugal in 2015



New hires by gender in Spain and Portugal



Information on contract terminations, itemised by both gender and age, is shown below:

Contract terminations by gender

		Spain and Portugal	
Total women leaving workforce (resignation, redundancy and retirement)	no.	2013	61
		2014	67
		2015	132
Total men leaving workforce (resignation, redundancy and retirement)	no.	2013	253
		2014	357
		2015	439
Total women leaving compared to women in workforce (%)	%	2013	2.60
		2014	2.96
		2015	6.15
Total men leaving compared to men in workforce (%)	%	2013	2.94
		2014	4.33
		2015	5.59

Contract terminations by age

		Spain and Portugal	
Total number of employees under 30 leaving workforce (resignation, redundancy and retirement)	no.	2013	4
		2014	0
		2015	7
Total number of employees aged between 30 and 50 leaving workforce (resignation, redundancy and retirement)	no.	2013	19
		2014	18
		2015	25
Total number of employees leaving the company (resignation, redundancy and retirement)	no.	2013	291
		2014	406
		2015	539
Total number of employees under 30 leaving workforce (resignation, redundancy and retirement) compared to total workforce in this age group	%	2013	0.92
		2014	0
		2015	2.20
Total number of employees leaving company (resignation, redundancy and retirement) aged between 30 and 50 compared to total workforce in this age group	%	2013	0.32
		2014	0.30
		2015	0.43
Total number of employees leaving company (resignation, redundancy and retirement) aged over 50 compared to total workforce in this age group	%	2013	6.40
		2014	10.04
		2015	14.02

Average seniority in the company of employees who left the company in 2015

	Spain and Portugal
Average seniority of male employees who left the company during the year	27.16
Average seniority of female employees who left the company during the year	21.37
Average seniority of employees aged under 30 who left the company during the year	1.46
Average seniority of employees aged between 30 and 50 who left the company during the year	11.05
Average seniority of employees aged over 50 who left the company during the year	30.64
Average seniority of all employees who left the company during the year	25.56

ENDESA, finalist in the sixth edition of the Randstad Award for the companies that are most attractive to work in

ENDESA was finalist in the sixth edition of the Randstad Awards which recognise the most attractive companies to work in.

Randstad, Human Resources solutions consultant, annually publishes the Employer Branding: when perception can become reality, result of the international employer study, performed by an independent research company (ICMA Group). This analysis reflects the perception that the general public has in relation to how attractive a company is to work in. around 225,000 people from 23 countries assessed the most important employers in their home country. To obtain the results of this edition in Spain, more than 11,000 potential employees was surveyed online, with a representative sample of gender, age and education.



4.1. International mobility

During 2015, an international mobility plan has been designed and implemented for young talent with the aim of promoting the development of this group on the international stage, allowing its overall business vision to be expanded, their technical knowledge, increasing their commitment, networking and, in this way, preparing them to be able to perform responsibilities on a greater level in the future.

4.2. Hiring

G4-DMA Market Presence

ENDESA does not have a specific policy for hiring senior management from the local community, but it does not lose sight of the fact that it is a Company belonging to a leading group in the sector on a global scale and always keeps the presence of senior management from other countries, in favour of diversity, multiculturalism and globalisation. In this sense, for ENDESA it is very important that there is balance and unity when taking decisions at the highest level, for which a basic requirement is to maintain group synergies and focus on achieving common objectives.

ENDESA encourages employees to participate in its hiring processes, promoting 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 2015, 189 published internal selection processes were performed, involving close to 2,000 employees.

This activity is not only carried out in each country but, on certain occasions, international mobility through the exchange of professionals between countries is encouraged among professionals. This aspect has been enhanced 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 Company'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 2015, 139 external processes were carried out in Spain and Portugal, with knowledge and skill profiles associated to the digital and technical/commercial context.

G4-EC6

Number of senior managers from the local community	13
Total number of senior managers	16

In 2015 ENDESA has updated its "Join Us" space on the corporate website, which you can use to consult and apply for job offers. The change we have made allows simple and intuitive navigation.

Total employees joining the workforce throughout the year	2013	202
	2014	290
	2015	291
Total local employees joining the workforce throughout the year	2013	161
	2014	281
	2015	278
Total local Senior Managers (executives + middle management) joining the workforce throughout the year	2013*	66
	2014	111
	2015	134

4.3. Remuneration policy

G4-52

In 2015, ENDESA'S Remuneration Policy has maintained the line of homogenisation of its compensation tools.

The remuneration is determined by analysing the external competitiveness based on market salary surveys, using a job appraisal methodology with criteria from similar companies in terms of employee numbers, turnover and geographical area. Internal equity and meritocracy is also appraised.

In this way, ENDESA's Remuneration Policy, regulated in the 4th Framework Agreement, establishes remuneration conditions for employees which is much greater than the basic salary established in Spain and Portugal and also includes the commitment of increasing the annual salary by 1% in 2016 and 2017. Additional mechanisms are also established for salary increase related to the Company's increase in EBIDTA, of the Company which may involve salary rises up to 2%, as well as an increase in efficiency payment.

As regards the group of individualised management, in 2015, an adaptation was made to the Company's new organisational structure, which came into force in August.

In this regard, aligning with the merit remuneration policy that started in 2014 for employees part of the Collective Agreement and leaving behind salary contention measures

of recent years, merit rewarding processes have been carried out for the Executives and Pre-executives groups.

These processes have the main purpose of rewarding the effort of people and their commitment to the company.

Giving continuity to the principle that regulates the remuneration policy of internal and external equity, it has proposed to approximate the remuneration of the group of individualised management to what are shown by the main companies in the market, which operate in sectors similar to ours, without losing sight of the remuneration specifications of each person. The effort and commitment of employees has been compared with each area and business which, in practice, is where they leave their mark with their daily work.

The result of both processes has been to assign salary rises to people whose effort and contribution during these years has been an example of professionalism and commitment.

In 2015, as in the previous year, the meritocracy policy has been applied for staff of the collective agreement thus consolidating the company's commitment to recognising the work of the people linked to the 4th Framework Agreement.

In line with the new operation of Enel Group, the previous collective management model of Executives has been replaced by a new one. Related to this change, the people whose duties have been identified as of "Special Responsibility" have been included in the Executives Group on 1 August 2015.

The structure of his new management model now has 2 levels, instead of the 5 it previously had. These levels are: TOP 200 (greatest level of responsibility) and Group Executives.

The membership of these groups could be modified by changes in position, appraisal reviews of jobs, and the results of contribution to the Company's objectives.

The system has been simplified since the structure has been lightened as have the procedures in favour of speed and efficiency required by the Company to respond to the new challenges.

Overtime

Furthermore, through the different Collective Agreements, the Company Management and the Company Representation agree to the need to reduce overtime to an essential minimum, by establishing working organisation tools and systems that enable a permanent improvement in the organisation's efficiency, respecting in all cases current legislation and, in particular the provisions of RD1561/1995, of 21 September 1995. Thus the Collective Agreement establishes should overtime be required, employees can choose between mechanisms of financial compensation or mechanisms of mixed compensation (financial and hours of rest).

Likewise, ENDESA informs monthly, for each workplace, the committees, staff delegates and trade union delegates about the number of overtime hours worked in each workplace, specifying the causes. Based on this information, ENDESA and the workers' representatives shall determine the character and nature of the overtime, in order to establish compensation mechanisms.

G4-LA13

Average fixed salary of men in euros in line with their professional category¹

		Spain and Portugal
Executives	2013	182,521
	2014	184,781
	2015	158,069
Middle management	2013	71,191
	2014	72,860
	2015	71,208
Administrative and Office Staff	2013	53,533
	2014	51,274
	2015	52,320
Manual workers	2013	51,997
	2014	43,590
	2015	55,490
Average	2013	60,688
	2014	59,755
	2015	61,061

¹ Average salary considering the fixed salaries and not considering the variable part, compensations or similar.

G4-LA13

Average fixed salaries for women in euros by professional category

		Spain and Portugal
Executives	2013	128,829
	2014	127,947
	2015	129,490
Middle management	2013	63,437
	2014	62,969
	2015	63,158
Administrative and Office Staff	2013	49,201
	2014	46,068
	2015	47,564
Manual Workers	2013	42,034
	2014	43,740
	2015	46,959
Average	2013	54,545
	2014	53,334
	2015	54,752

G4-LA13

Average fixed salary for women compared to men (%)

		Spain and Portugal
Executives	2013	71
	2014	69.2
	2015	81.9
Middle management	2013	89
	2014	86.4
	2015	88.7
Administrative and Office Staff	2013	92
	2014	89.8
	2015	90.9
Manual Workers	2013	81
	2014	100.3
	2015	84.6
Average	2013	85
	2014	89.3
	2015	89.7

4.4. Pensions

G4-EC3

All employees of ENDESA Group companies are members of the Pension Plan unless they expressly renounce this.

After signing the first Framework Agreement, on 25 October 2000, a defined-contribution pension system was defined for retirement, and defined benefits for death or incapacity.

A shared company-employee contribution system was established, with a maximum of 6% of the pensionable salary by the company and 3% of this same salary by the employee. For more information, see the chapter: *Diversity and Conciliation*, section 1.5 *Socially responsible investment*.

There are additionally workers affected by agreements other than the Framework Agreement:

- > Defined-contribution for retirement and defined benefit for death and incapacity, with a benefit system and a contribution system different to that described above, the casuistry varies depending on the origin.
- > Defined benefit for all contingencies of retirement, death or incapacity, differentiating two large groups:
 - **Electrical Ordinance workers of the former ENDESA.** Closed group, where the predetermined character of the retirement and its insurance eliminate any risk.
 - **Workers from Fecsa / Enher / HidroEmpordá.** Closed group, where the benefit is linked to the evolution of the Consumer Price Index (CPI) and not insured with the exception of the benefits caused until 31 December 2011, the time when it subscribed to an insurance policy, to instrument said benefits, eliminating any future obligation with respect to said group.

The normal cost corresponding to financial year 2015 has been made against the excess of the Pension Plan.

For this group there is an internal fund, calculated according to the International Accounting Standards, which, together with the plan's assets cover the day-to-day of 100% of the obligation.

The administration of ENDESA's pension plans is carried out in accordance with the general limits of management and risk assumption laid down in the respective current legislations applicable in Spain.

ENDESA's pension plan is operated by a management company that takes into account socially responsible investment criteria. For more information, see the chapter: *Diversity and Conciliation, section 1.5 Socially Responsible Investment*.

Currently, the pension fund to which the pension plans promoted by ENDESA companies are adhered assumes those risks that are inherent to the assets in which they are invested, mainly:

- The risks of the investment in fixed income assets arise both from the movement of the interest rates and the credit quality of the portfolio securities.

- the variable-income investment risks derive from an incidence which may arise due to volatility (variations) in the price of said assets, which is greater than fixed income.

- The risks of investment in financial instruments depend on the leverage they entail, which makes them particularly sensitive to the underlying price variations (reference asset).

- The investments in assets denominated in currencies different to the euro entail an additional risk arising from the variations in exchange rate.

- The investments in non-negotiable assets, as it is carried out in markets of limited liquidity and less efficiency, have valuation risks both in the methods used and the absence of contrast prices in the market.

G4-LA2

Social benefits not required by law

			Spain	Portugal	Iberia
Medical care	(thousands of Euros)	2013	4,657	nd	4,657
		2014	3,201	nd	3,201
		2015	3,420	nd	3,420
Cultural and leisure activities	(thousands of Euros)	2013	912	nd	912
		2014	731	nd	731
		2015	948	nd	948
Financing of electrical consumption	(thousands of Euros)	2013	17,757	nd	17,757
		2014	16,519	nd	16,519
		2015	15,121	nd	15,121
Insurance for non-professional accidents	(thousands of Euros)	2013	702	nd	702
		2014	1,335	nd	1,335
		2015	516	nd	516
Pension funds	(thousands of Euros)	2013	60,541	nd	60,541
		2014	52,455	nd	52,455
		2015	42,511	nd	42,511
Other (e.g., seniority bonus, special assistance for marriage, house purchase, etc..)	(thousands of Euros)	2013	14,502	nd	14,502
		2014	14,346	nd	14,346
		2015	17,352	nd	17,352
Number of employees involved in the company benefits policy	(n.)	2013	9,847	nd	9,847
		2014	9,452	nd	9,452
		2015	9,898	nd	9,898

5. 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 volunteering, comprising third-sector companies and entities. It is a meeting point for all institutions interested in corporate volunteering, offering access to information and value-added resources to facilitate and/or improve their corporate programmes.

In 2015, the corporate volunteering initiatives have been promoted given the good acceptance among employees and the return generated in the community where ENDESA operates. New initiatives have been implemented this year in Spain, among which we can highlight:

- > **“Energy for the Future” project.** The objective of this initiative is to improve the employability of young people at risk of social exclusion in the energy sector through educational volunteering, aligned with the requirements of the job market and close to the company’s world.

This volunteering activity tries to enhance the development of the volunteers’ skills (innovation, teamwork, leadership or communication) and it has been launched in Tenerife.

This initiative has benefitted 100 people with the support of 21 ENDESA volunteers.

- > **Energy volunteering.** It is a social project in the energy field that ENDESA is performing together with ECODES (Fundación Ecología y Desarrollo), and is aimed at homes

that suffer energy poverty with action on two levels: recommendation to these families to optimise their electricity bill and to reduce their energy consumption. Also through the identification of situations of risk in the electrical installations, which will later be corrected by certified installers.

ENDESA launched this programme in Zaragoza and continued in Barcelona, providing volunteer employees to perform the fieldwork with 30 families, and assuming the cost of both the materials and program implementation.

27 employees in Barcelona and 15 employees in Zaragoza have taken part in this initiative.

- > **Volunteering and Skills.** The volunteering and skills project has the aim of demonstrating the development of professional skills acquired through performing volunteering activities. The skills studied come from the leadership model (teamwork, innovation and adaptation to change).

This year, skills development projects have been developed for use in prisons (Madrid and Barcelona) and the volunteering of organisational improvement of NGOs (Seville Zaragoza and Barcelona) helping to create more efficient processes.

This initiative has benefitted 385 people with the support of 77 ENDESA volunteers.

- > **Coach Project.** Collaboration with the Exit Foundation started in 2013 for this initiative. ENDESA has participated in editions in Barcelona, Madrid, Zaragoza, Palma de Mallorca and Seville. This volunteering aims to improve the employability of young people at risk of social exclusion, dealing with their self-esteem, motivation and professional guidance, using coaching or mentoring techniques. For young people. It is a great experience



to discover the business world, and this acts as a great stimulus for them to consider studying.

This initiative has benefitted 33 people with the support of 37 ENDESA volunteers.

- > **Company Solidarity Day.** Like in other years, ENDESA has taken part in the celebration of the 9th edition of Company Solidarity Day with the aim of contributing to the development in the communities where ENDESA operates. ENDESA has participated with other volunteers from other companies since 2013.

After the success of previous editions in Zaragoza, Madrid and Seville, this year ENDESA has extended the activities of company solidarity day to Barcelona.

This initiative has benefitted 94 people with the support of 32 volunteers from ENDESA.

- > **Sabes + si compartes lo que sabes (You know more if you share what you know) project.** This 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.

This educational volunteering has performed energy optimisation workshops, customer service, English, coaching and job interview in Seville, Las Palmas, Madrid and Barcelona.

This project is a great opportunity for development of communication skills and teamwork.

90 employees participate in the first edition of Volunteers and Skills

The object of the pilot program of work on corporate volunteering within the Plan Senda was to use the project that form the initiative to observe the development of certain skills in the volunteers: teamwork, innovation and adaptation to change.

A total of 90 volunteers took part in the 4 social-focussed pilot initiatives:

- > Barcelona: support to improving management in small NGOs dedicated to young people at risk of social exclusion, the elderly and people with mental disability.
- > Madrid: training on self-employment and skill workshops for the prisons of Valdemoro and Alcalá Meco.
- > Seville: support to the long-term unemployed.
- > Zaragoza: design of an awareness-raising campaign for a disability NGO.

ENDESA assessed the projects once concluded and the results obtained were very positive, both from the perspective of the employees who took part and of the groups of beneficiaries and entities involved.

All the volunteers’ skills have positively evolved, especially teamwork, since all the activities were designed to jointly find innovative solutions to the challenges posed.



This initiative has benefitted 219 people with the support of 31 ENDESA volunteers.

- > **Food collection campaign.** 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 2015, the Christmas campaign collected 10,260 kg and 1,100 toys to be distributed by different NGOs.

6 Workplace environment

To give a suitable response to the new business context, ENDESA's organisational model has been reviewed in 2015, to tackle the Company's new challenges. For this reason, ENDESA has decided to postpone until 2016 the Workplace Environment and Safety Survey planned for 2015 to guarantee the quality and applicability of its result. This already consolidated new structure will enable identifying, designing and executing action plan that respond to

ENDESA's requirements. It should be highlighted that the company, aware of the importance of continuous improvement and committed to the suitable management of change, has continued the implementation of different action plans arising from the Workplace Environment and Safety Thermometer performed in 2014, adapting them, where necessary, to the new context.

7. Social dialogue

The total number of complaints relating to employment practices registered via formal mechanisms during the last three years is shown below:

G4-LA16

		Spain and Portugal
Total number of complaints relating to labour practices registered by formal complaint mechanisms during the reporting period	(u.)	2013 7,700
		2014 7,800
		2015 7,900
From the complaints identified, number of complaints handled during the reporting period	(u.)	2013 7,700
		2014 7,800
		2015 7,900
From the complaints identified, number of complaints resolved during the reporting period	(u.)	2013 7,700
		2014 7,800
		2015 7,900
Total number of complaints relating to labour practices registered, before the reporting period which were resolved during the reporting period	(u.)	2013 7,700
		2014 7,800
		2015 7,900

As shown in the previous table, in 2014 7,800 claims were made in Spain, and, in 2015, 7,900.

With respect to the collective bargaining procedures, in 2015, in ENDESA they were performed strictly complying with Spanish legislation and that of ENDESA in relation to reorganisations, transfers of workers between Group Companies, etc. In Portugal, the employment conditions are fixed through the employment contract.

G4-DMA Freedom of association and collective bargaining / G4-DMA Labour/ management relations / G4-HR4

The collective working conditions are regulated in ENDESA through the different collective agreements, which improve the employment legislation of each field in which the Company operates. The freedom of association of the employees is guaranteed in ENDESA and in all those contractor and supplier companies it has relations with.

G4-11

In Spain and Portugal there are 5 collective agreements in force at the end of 2015, which affect 9,265 people and covers 92.73% of the workforce.

Also, the 91.4% of Endesa's contractors employees are covered by collective bargaining agreements.

G4-DMA Labour practices grievance mechanisms

In accordance with Spanish employment legislation in force, as well as ENDESA's labour legislation in Spain (IV Collective Framework Agreement of ENDESA, Framework Agreement of Guarantees for ENDESA and its electricity subsidiaries domiciled in Spain, Voluntary Suspension Agreement), are established the criteria that must operate in the event that corporate reorganisation operations occur (Chapter III of the Framework Agreement of Guarantees). It also contemplates that the Company Representation will be notified with at least 30 days' notice before the efficacy of the corporate reorganisation operations.

The most relevant activities within the area of collective bargaining in 2015 have been:

- > Negotiation and Agreement on complements and geographic mobility within the framework of the implementation of the IV Collective Framework Agreement.
- > Negotiation and Agreement on the transfer of workers between different companies.
- > Negotiation and Agreement on the reorganisation of the Distribution Control Centres.
- > Agreement for the application to staff excluded from the Collective Agreement of Conduct and Disciplinary Regime stipulated in the IV Collective Agreement.

In ENDESA in Spain, the Company Representation has held trade union elections in the months of February and March 2015 in which the UGT obtained absolute majority (55.71 %).

in has formed part of the ILO since it was established in 1919. ENDESA's conventional legislation complies with the Agreements in force ratified by Spain.

Diversity and Conciliation

ENDESA has been a family-friendly company since 2007

More than 300 employees took part in Corporate Volunteering activities

35.19 % of hiring of woman and 28.7% of women executives and middle management in 2015 compared with 21.5% of the total workforce

Key Figures

	2014	2015
Number of women/men benefitting from conciliation measures (%)	137/84	423/444
Female hiring	29.86	35.19

Basic Line: Conciliation and Diversity

Implement the Gender Diversity Action Plan and fulfil the commitments acquired with the Ministry of Health, Social Services and Equality.

ENDESA has given continuity to and strengthened the actions it commits to as family-friendly company. Among these we can highlight working from home, an initiative that favours work and personal conciliation.

ENDESA has developed female coaching workshops and has increased the participation of women in individual coaching processes.

Furthermore, the percentage of women who have taken part in evaluation processes is greater than their representation in the workforce, as an additional channel to achieve gender equality.

In relation to the salary gap, the gender criterion has been encouraged in the meritocracy policy.

Implement the people management tools of Enel Group.

ENDESA has implemented the evaluation processes developed by Enel Group: Assessment of Objectives and Assessment of Conduct. Furthermore, Focus Groups have been performed with the aim of defining the new values and behaviour necessary to tackle the challenges in the new business context.

Additionally, the Executive Model has been revised, in which the people with greatest level of responsibility has been identified, within the TOP 200 positions, for which a succession plan has been defined.

1. Responsible people management at ENDESA

G4-DMA Diversity and equal opportunities / G4-DAM Employment

ENDESA seeks to provide a healthy and balanced working environment in which personal respect and consideration prevail and professional development opportunities are offered based on merit and ability.

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 Senda Plan. The aim of this plan is to progress in the area of HR management based on the integration of different groups, employee satisfaction, respect and development. In short, a more human, efficient and productive approach to talent management.

- > 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.

In 2015, 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 300 employees participated. It should be stressed that the participation has doubled with respect to the previous year.



In the Senda Plan, every year various initiatives are developed in each area of the programme:

- > Managing diversity and equal opportunities.
- > Conciliation and flexibility.

1.1. ENDESA's commitment to equality

G4-LA1, G4-DMA Non-discrimination Human Rights, G4-DMA equal pay remuneration for women and men

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 should stress that, as in previous years, in 2015 no incidents of discrimination occurred at the Company.

The female hiring figure reached 35.19% in 2015

In 2015, the percentage of women hired reached 35.19%, a figure which considerably improves that of 2014, which was 29.86%.

In 2015 in Spain, the number of women in executive and middle-management posts with respect to the total stood at 28.7%, thus achieving the objective established in the ENDESA Sustainability Plan 2015-2019 relating to increasing the participation of women in posts of responsibility with respect to 2014 (an increase of 2% in 2015 compared with 2014). In total, the percentage of female employees represented 21.5%.

In line with ENDESA's impetus and desire to advance in the field of gender diversity, in 2014 ENDESA has signed an agreement with the Spanish Ministry of Health, Social Policy and Equality, with the aim of promoting and increasing the presence of women in posts 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% in 2017.

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. During 2015, the actions stipulated in this agreement have been implemented in the fields of selection, promotion and conciliation, among others.

As regards gender-based violence initiatives, in 2012, ENDESA signed up in Spain to the initiative developed by Spain's Ministry of Health, Social Services and Equality called "Companies for a society free from gender-based violence". In 2015, the Company has continued to show its commitment to contribute to eradicating the problem of gender-based violence, offering its maximum collaboration to the Ministry through the dissemination of various raising-awareness and prevention campaigns on this subject.



ENDESA supports the initiative "Companies for a society free from gender-based violence"

Yet a further year, ENDESA supported the initiative "Companies for a society free from gender-based violence" from the Spanish Ministry of Health, Social Services and Equality.

Since it signed up to a Collaboration Agreement with the Ministry in 2012 ENDESA has been committed to disseminating gender-based violence awareness raising and prevention campaigns.



Negotiations on ENDESA's Fourth Collective Agreement in Spain, published in the Spanish Official Gazette, were completed in late 2013; the agreement includes an Equality 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 gender-based pay gaps.

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 gender-based 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 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 this Network.

ENDESA has been a signatory to the Women Empowerment Principles (WEPs; www.WEPrinciples.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.

G4-HR3

There have been no incidents of discrimination in ENDESA in 2015.



Women who are executives and in middle management posts with respect to the total of executives and middle management

Spain	28.7%
Portugal	77.8%

1.2. Conciliation of professional, personal and family life

Until 2015, a total of 867 employees in Spain and Portugal took advantage of some line of action aimed at conciliation between professional, personal and family life.

Employees benefiting from some line of action aimed at conciliation of professional, personal and family life in 2015

España y Portugal	
Men	444
Women	423

ENDESA continues to promote different lines of action to reinforce a flexible working environment and seeks to enable its employees to strike a balance between their personal, family and professional lives.



ENDESA has been a family-friendly company since 2007 and continues to perform actions to encourage a culture of promotion and encourage of conciliation.

The family-friendly business model is a business management system based on the commitment to continuous improvement in quality issues related to employment, conciliation, diversity, equal opportunities encouragement, and support in the working environment.

efrTOP25

Endesa has also become part of a new consultative body launched by the Fundación Másfamilia, the TOP 25 FFC (efrTOP25 in Spanish), which is made up of the 25 most committed and influential FFCs in professional, personal and family conciliation. 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 to assist women who have become mothers. Women may use these intimate, quiet facilities to express breast milk after their maternity

leave has expired and, therefore, do not need to end this practice.

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.

In 2015, new services have been implemented to facilitate conciliation of employees in the Madrid office such as car cleaning service, dry cleaning services and shoe repair service and a service for personal formalities (accompany a family member to the doctor, wait for a tradesman in your home, etc.). These services which have been very well received among the workforce are added to a personalised nutrition service given by a nutritionist.

The aim is to extend these services to the other cities where the Company is present to facilitate the conciliation of all our employees.

"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. In total, 119 employees have teleworked in Spain.

The results have been very positive, the overall satisfaction level of the experience is 9.48 (score from 1 to 10) for employees and of 9.12 out of 10 for the managers.

G4-LA3

Levels of employees returning to work and retention after maternity or paternity leave, by gender

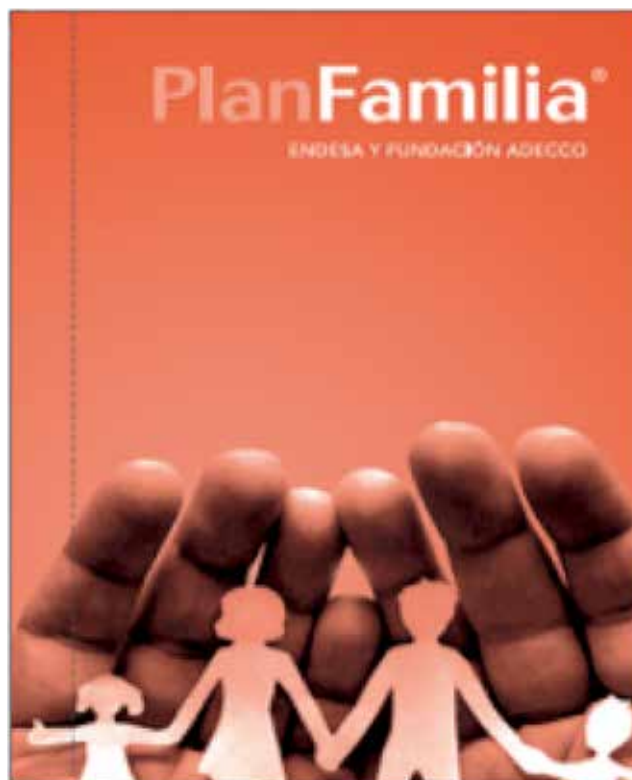
Employees taking paternity leave	222
Employees taking maternity leave	144
Employees returning to work following paternity leave	216
Employees returning to work following maternity leave	92
Employees returning to work following paternity leave still working 12 months after their return	205
Employees returning to work following maternity leave still working 12 months after their return	81

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 78 disabled people.

In Spain, the following actions were carried out in 2015:

- > 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 gender-based violence and long-term unemployed. 31 employee volunteers participated in this activity.
 - Thanks to the collaboration agreement with the Fundación Prevent, we channelled the CVs of relatives of employees with disabilities, thus helping them with their job search.
 - Together with the Fundación Universia 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 Fundación Universia granting 160 scholarships to students with disabilities in its IX 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 address all types of queries relating to disability affecting employees or their family members.
- > 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.



As an alternative to direct hiring, ENDESA has focused on indirect initiatives such as purchasing goods and services from special employment centres. In 2015, this activity was valued at Euro 1,992,406.

1.4. Corporate volunteering

With its commitment to corporate volunteering, ENDESA cooperates in the development of numerous social development projects with the involvement of its employees. Corporate volunteering acts as a catalyst for the other initiatives which increase proximity and the involvement of the company with its stakeholders and provides development and commitment to the participants.

For more information, see the chapter *Development, merit and talent*, section 5. *Support for volunteers*.

1.5. Socially responsible investment


ENDESA's pensions plan is operated by a fund manager which considers social responsible investment criteria. To this end, the fund manager has prepared and approved a Socially Responsible Investment Policy Statement, which summarises the framework within which the company activity is performed in this regard with the assets managed.

The Plan Fund manager shall incorporate environmental, social and good governance issues (ASG) in the invest-


ment analysis and decision-making processes. It is expected that the companies and issuers in which it will invest perform and carry out an ASG strategy which maximises, in the long-term, the value for shareholders and investors. This means that the companies must generate added value considering the investors' interests and also those of the employees, customers, suppliers, the community and the environment. It shall positively assess the membership of the companies to the United Nations Global Compact.

For more information, see the chapter, *Development, merit and talent*, section 4.4. *Pensions*.


Occupational health and safety



The combined number of accidents (employees and contractors) fell from 82 in 2014 to 65 in 2015



The combined frequency index fell from 1.64 in 2014 to 1.28 in 2015



A total of 69,672 medical check-ups were performed in 2015

Key figures

	2014	2015
Combined frequency index	1.64	1.28
Combined severity index	0.08	0.08
Number of accidents	82.2*	65

* Until 2014 the data relating to ANAV, including the number of accidents, hours worked and days lost are reported based on the shareholding of Endesa in the Association established at 85.41 %.

Basic line: Occupational health and safety

Awareness and operative excellence

1. Promotion of activities to uphold our safety culture	During 2015, ENDESA has given a total of 109,952 hours of occupational health and safety training to its employees. During this year, it has also implemented different action plans against specific activities (action plan against accidents in ports, plan against accidents due to entrapment and falling objects, etc.). ENDESA has also carried out a communication campaign to reinforce the knowledge of occupational health and safety policies and standards.
2. Application of R&D&I in Protection Equipment	<p>ENDESA has promoted, developed and implemented the following projects in the area of R&D&I applied to protection equipment:</p> <ul style="list-style-type: none"> > Personal device to detect voltage in the MV environment. This apparatus complements the safety established in the 5 Golden Rules. > In the One Safety Project, it has developed a mobile app to help on-site supervision of the tasks observed. > It has developed an app for mobile devices to verify that the 5 Golden Rules are correctly observed. This app enables sending photos in real time to the control centre to check correct operation safety

Health and wellbeing

1. Constant health surveillance	In 2015, a total of 69,672 medical check-ups have been performed on ENDESA employees, in order to impact the care of their employees' health and prevention.
2. Promotion of healthy habits	In 2015, ENDESA has developed different prevention programmes and campaigns in the following areas: respiratory diseases, stress, sedentary lifestyle, healthy diet, osteo-muscular disorders, alcohol and smoking, cancer, cardiovascular diseases.

One Safety project. Maintenance and re-adaptation to the new organisation

1. Project development and implementation	The main activities performed in ENDESA within the framework of the One Safety Project have been based on specific action plans against accidents, maintaining and forging new alliances with our collaborating companies, and action plans on contractor companies with high accident rates.
---	---

1. ENDESA, a safe and healthy workplace

G4-DMA Occupational health and safety / G4-14

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.

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

The integration in the Group's OHS strategy is focussed on implementing the One Safety project in two aspects:

- > The consolidation of a leadership model in safe conduct, and
- > The application, always using “no blame culture” criteria, of a single, comprehensive system of workplace conduct observation.

To guarantee that operations are safely performed, ENDESA has implemented a safety inspection plan which includes all Company levels. These inspections are partly performed by their own staff and partly through collaborators who have been previously trained in ENDESA's working procedures and in actions or behaviour which are not acceptable from an Occupational Health and Safety standpoint. Additionally, Safety Walks are performed. These are visits to works that the business' Senior Management performs in company of the Joint Occupational Health and Safety service to check that the actions are performed in accordance with the established health and safety criteria.

The leading role of this plan, structured through 6 working groups, is the Group's senior management, whilst the occupational health and safety services play a coordination and integration role.

The main actions carried out in ENDESA within the plan's framework in 2015, have been based on specific action plans against accidents, maintaining and forging new alliances with our collaborating companies, and action plans on contractor companies with high accident rates. Within this framework of action, audits have been performed on contractor companies according to an audit plan agreed with the ENDESA Procurement Area.

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

The company continues to develop its Occupational Health and Safety initiatives via the 2011-2015 Safety Plan, fully integrated in Enel's Health and Safety Strategy.

Finally, the Board of Directors also takes part in the supervision and control of occupational health and safety management. In this way, the Board receives a report in each monthly meeting with a summary of the most relevant occupational health and safety events arising, in order to perform constant monitoring. Likewise, the CEO of ENDESA conducts safety meetings on a regular basis to perform detailed monitoring of the accident rate indicators. Furthermore, with the aim of promoting occupational health and safety throughout the business, the objectives system to determine the variable remuneration of the different General Managers and the CEO also incorporate indicators and objectives in this regard.

1.1. Common occupational health and safety management

G4-LA7


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.

An important part of Delfos is to consolidate information in a Business Warehouse, the source of all Occupational Health and Safety information reporting, once supplied with monthly interfaces from the rest of the company management systems. All information sent is extracted homogeneously.

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

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.

96% of ENDESA's workforce work in OHSAS 18001 certified workplaces. This percentage is translated, in absolute numbers, into 9,556 employees in Spain.



96% of ENDESA's employees work in OHSAS 18001 certified workplaces.

1.2. Occupational health and safety, training and inspections

During 2015, ENDESA gave a total of 109,952 hours of occupational health and safety training to its own employees. 5,928 employees have attended occupational health and safety courses.



In 2014, ENDESA gave 109,952 hours of occupational health and safety training to its own employees in Spain and Portugal

During the year, Occupational Health and Safety performed 58,484 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.

The number of Safety Walks performed in 2015 by Executive staff was 440, 20% more than those initially scheduled (365).

Likewise, the One Safety project, which has been in motion since 2013, has taken a new course to focus even more on improving behaviour, and to do this it has prepared a mobile application which facilitates the observers' work.

The Occupational Health and Safety system indicates the need to investigate any accident or incident arising in the Company. For the case of serious, fatal or relevant accidents (including electrical accidents or work at a height) an investigation committee must be formed which analyses them in detail and under a Root Cause Analysis methodology. Likewise, for any relevant accident, once the causes have been clarified and the occupational health and safety

measures to be taken are implemented to avoid this type of accident from repeating, a Lessons Learned report will be made aimed at informing the rest of the organisation on the measures to avoid that type of accidents. Thanks to these reports, ENDESA has identified that the accidents occurring in 2015 have mainly been due to breach of the safety rules established in the procedures and failures in supervision of certain tasks.

1.3. Promoting a culture of occupational health and safety

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

Within the framework of the 2015 Health and Safety Action Plan, we launch the campaign: "100% Aware 100% Safe", focussing on the main player in occupational health and safety in ENDESA: each employee. The aim of this initiative, which was officially launched on 28 April with a video of our CEO coinciding with the World Day of Safety, was to insist on the importance of having at all times an attitude aware of the risks surrounding us, as only if we are 100% aware in each activity we perform can we be 100% safe. "No work is more important than the safety of the person performing it". Likewise, the Company promotes initiatives which contribute to reducing accidents and promoting an Occupational Health and Safety culture, mainly through the One Safety programme and different Occupational Health and Safety campaigns carried out by the Joint Occupational Health and Safety Service. These activities include the following programmes:

- > Respiratory diseases.
- > Stress prevention plan.
- > Sedentary lifestyle "Train yourself programme".
- > Healthy diet.
- > Osteo-muscular disorders.
- > Alcohol, smoking and other substances.
- > Cancer.
- > Cardiovascular diseases.

These programmes have helped towards considerably reducing the absenteeism rate due to disease and accidents in recent years, going from 3.23% in 2009 to 2.59% in 2015. It is estimated that in 2015 these programmes have enabled reducing costs due to absenteeism by more than 216,000 euros.

With respect to the One Safety programme, we should highlight that it is a decisive step towards the "Zero Accidents" objective and promotes the internalisation of healthy and safe behaviours as usual behaviour. A new boost has been given to this programme in 2015, giving it greater scope and a computer application which facilitates the work of the observers on-site.

During 2015 ENDESA has implemented different action plans against specific activities such as:

- > Action plan against accidents in port.
- > Action plan against accidents due to entrapment and falling objects (increase in the number of requests and coordination of activities).
- > Action Plans carried out on contractor companies with high accident rates, with the supervision and monitoring of results of the Occupational Health and Safety Department. In accordance with the Procurement Department, an audit plan has been performed on Contractor companies which complement the initial analysis performed on them when they are qualified as ENDESA suppliers

ENDESA has promoted, developed and implemented the following projects in the area of R&D&I applied to protection equipment:

- > Personal device to detect voltage in the MV environment. This apparatus complements the safety established in the 5 Golden Rules.
- > In the One Safety Project, it has developed a mobile app to help on-site supervision of the tasks observed.
- > It has developed an app for mobile devices to verify that the 5 Golden Rules are correctly observed. This app enables sending photos in real time to the control centre to check correct operation safety.

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

Likewise, a total of 69672 medical check-ups were performed on ENDESA's employees to improve their health and prevent risks.

ENDESA has a Sustainable and Safe Mobility Plan which has four occupational health and safety programmes: production of awareness-raising materials and *on the way to and from work* safety information; inclusion of driving safety at work and *on the way to and from work* in the safety policies and procedures; road safety and efficient driving training.

Within the field of Sustainable Mobility and with the purpose of promoting safer driving, ENDESA took part in the Enel campaign "Listen to the signs", launched in September by the Enel CEO, who through his own experience reminded us that road safety concerns us all, without exceptions.

To go into more detail in the information on the content of the Sustainable and Safe Mobility Plan programmes and the achievement of objectives, see the *Operational Efficiency* chapter, section 7.3 *Promoting Sustainable Mobility*.

1.4. 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 Autonomous Community.

- > Occupational Health and Safety Committees by Province/ Area.
- > 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 IV Framework Collective Agreement.

1.5. Fall in accident rate

G4-LA6

All of the work and effort carried out by ENDESA regarding occupational health and safety has led to a significant reduction in accidents in recent years.

This downward trend has been upheld in 2015:

- > The **combined frequency rate** in Spain (for Endesa employees and contractor staff without including Enel Green Power, Enel Energy Europe or ENDESA Foundation) has decreased to a value of 1.28, a value which had never been achieved before now.
- > The **combined severity rate** in Spain has stayed at 0.08.

	No. Occ. accidents ¹		Frequency index ²		Severity index ³	
	2015	2014	2015	2014	2015	2014
Spain	65	82.2	1.28	1.64	0.08	0.08
Own	12	10.6	0.71	0.60	0.04	0.04
Contractors	53	71.7	1.56	2.20	0.11	0.11

¹ Includes fatal accidents.

² Total number of accidents, excluding *on the way to and from work*, with respect to total hours worked, multiplied by 1,000,000.

³ Total number of days lost per accident, excluding *on the way to and from work*, with respect to total hours worked multiplied by 1,000.

In this way, ENDESA has fulfilled the objective established in PES 2015-2019 for 2015 regarding occupational

health and safety, consisting of reaching a combined accident frequency rate less than 1.51.

- > The absenteeism rate in 2015 was 2.59, more than the 17.7% obtained in 2014.

Absenteeism rate of ENDESA employees¹ T.A.²

	2013	2014	2015
Spain	1.99	2.2	2.59

¹ The days lost due to absence do not include holidays or public holidays, nor the authorised absences due to family reasons (maternity leave, paternity leave, etc.), nor training leave.

² Total number of working days lost due to absence during the year with respect to total days worked by the group of employees during the same period, multiplied by 200,000 (this factor corresponds to 50 working weeks, 40 hours each week per 100 workers).

This absenteeism rate does not include joint control companies which proportionally consolidate.

Days lost to ENDESA employees due to absence during the year

	2013	2014	2015
Spain	49,838	55,912	61,482

- > The total combined number of accidents in Spain has fallen by 22.74% to 65, information already reflected in the frequency index, the number of serious accidents in contrast has increased to 5. 4 fatal accidents were recorded, 2 more than in 2014.

	Fatal accidents		Serious accidents		No. non-serious accidents ¹	
	2015	2014	2015	2014	2015	2014
Spain	4	2	5	2	56	78.2
Own	2	0	1	0	9	10.6
Contractor	2	2	4	2	47	67.7

¹ Includes accidents with leave between 2 and 30 days.

Own employee accidents itemised by gender

	Fatal accidents		Serious accidents		No. non-serious accidents	
	2015	2014	2015	2014	2015	2014
Spain	2	0	1	0	9	10.6*
Men	1	0	1	0	9	10.6*
Woman	1	0	0	0	0	0

* Until 2014, the data relating to ANAV, including the number of accidents, hours worked and days lost are reported based on the shareholding control of ENDESA in the Association established at 85.41%.

Contractor accidents itemised by gender in 2015

	No. fatal accidents	No. serious accidents	No. non-serious accidents ¹
Spain	2	4	47
Men	2	4	43
Women	0	0	4

In the month of May 2015, the new policy was published for the classification, communication, analysis and reporting of incidents, Policy 106, which unifies the management and classification of accidents within Enel Group.

1.6. Recognition for our work

In 2015, ENDESA has been recognised in the annual Dow Jones Sustainability Index report due to accrediting advanced Occupational Health and Safety Practices.


The general services unit renews the occupational health and safety management certification of ENDESA's offices

The General Services unit has renewed its Occupational Health and Safety Management System certification for a 2-year period, in accordance with the OHSAS 18001 (Occupational Health and Safety Assessment Series) standard, awarded by the Spanish Association for Normalisation and Certification (*Asociación Española de Normalización y Certificación*) (AENOR). This distinction recognised the voluntary compliance with the international health and safety rules and accredits application of the best practices in accident prevention and the promotion of health at work.


Operational Eco-efficiency




1,441 million Euros
in accumulated
environmental
investment in Iberia



100% of the
energy produced
in ENDESA plants
in Iberia is certified
according to
ISO 14001



The SO₂, NO_x and
particle emissions
have been reduced
87%, 62% and 83%
with respect to base
year 2006 in the plants
adhering to the PNRE
(National Emission
Reduction Plan).



75% of the total
office surface
area is included
in the Integrated
Environmental,
Energy and Indoor
Environmental Quality
Management System,
(SIGAEC)

Key figures

	2014	2015
Evolution of the accumulated investment in environmental assets in Spain and Portugal (millions of Euros)	1,369	1,441
Evolution of ENDESA emissions in Iberia (g/kWh)	1.19 g/kWh SO ₂ 1.38 g/kWh NO _x 0.04 g/kWh particles	1.23 g/kWh SO ₂ 1.28 g/kWh NO _x 0.03 g/kWh particles

2015 Challenges	Actions performed
Monitoring of new environmental legislation, analysing its impact on the electricity generation activity and proposing the adaptation measures to the new legislative context	Analysis of implications in the different areas of ENDESA of the recently approved Medium-sized Combustion Facilities Directive. Analysis of the mechanisms contemplated in the Directive 2010/75/EU on industrial emissions and adhering to the most suitable ones for ENDESA. Intervention in the open public participation process for the wording of the catchment area management plans 2015-2021. Thorough monitoring of the evolution of the BREF-GIC (best available techniques) which will be binding to establish the emission limit values in the revision processes of the Integrated Environmental Permits. Monitoring of the by-products classification process of the different combustion and desulphurisation products of the coal facilities.
Resolution of the problems of soil and ground-water pollution due to the investigations made in application of the requirements to update the AAI (Integrated Environmental Authorisation).	In accordance with the calendars agreed for each Autonomous Community, all the relevant soil studies have been performed in the power stations. No risks inadmissible for health have been discovered in any of the facilities.
Study and obtaining of the environmental permits required to perform the decommissioning work of the existing power units, minimising environmental impact.	In 2015, the closure protocol was obtained from the Ministry of Industry for the Foix power station and the necessary actions and permits have been processed for the start of decommissioning work. It has been concluded that no permit is necessary for the decommissioning of the Alcudia power plant.
Monitoring and support to decontamination of the soil and ground water in the former CT Sant Adrià and CT Badalona power plants.	The soil and groundwater decontamination work is in progress.
Use of the Environmental Footprint as an instrument to monitor the environmental performance of our business and to analyse behaviour trends (direct environmental aspects).	Adaptation of the environmental footprint to the scope and parameterisation of ENDESA's current carbon footprint to have the same criteria both of structure and primary and secondary data and thus use both tools to analyse behaviour trends more effectively.
Calculation and verification of the Corporate Carbon footprint under standard UNE EN ISO 14064 with the inclusion of Directed Actions.	Calculation and verification of the 2014 Carbon Footprint under standard UNE ISO 14064. It has included the verification of two projects to reduce emissions under Directed Actions which have meant a reduction of 15,063 tons of CO ₂ into the atmosphere.
Participation in the CDP Climate Change Investors Index and in the CDP Supply Chain initiative.	ENDESA has taken part in the 3 CDP initiatives, achieving a leadership position in its participation in the Climate Change and Supply Chain CDP. This demonstrates that ENDESA is leader in the management of risks relating to climate change and in the integration of objectives relating to this matter in its corporate strategy.
Further adaptation. New actions in this regard.	After ENDESA's participation as pilot company in the Adapta Initiative, developed by the Spanish Climate Change Office, ENDESA has continued involved in the second phase of said project called Adapta II, the object of which is to extend the development of the National Plan for Adaptation to Climate Change to the private sector.

1. ENDESA's response to environmental challenges

G4-14 / G4-DMA Products and Services

Sustainable development is one of the main pillars of ENDESA's strategy, including environmental protection as one of its most important commitments. This stance sets ENDESA apart from other companies and is a positive sign of identity, since it is a fundamental principle of behaviour and is expressly included in its corporate values.

Through this commitment, ENDESA aims to minimise the impact of its industrial activities on the natural environment where it operates. Fundamentally, it encompasses aspects related to combating climate change, proper management of waste, atmospheric emissions, discharges, soil pollution, and other potentially negative impacts.

Likewise, ENDESA's environmental management aims to minimise the consumption of natural resources where possible and to conserve biodiversity in the areas where it operates.

Assessment of the environmental risks associated with the Company's activities and the environmental certifications obtained from external bodies help ensure excellence in ENDESA's environmental management, which is integrated into and aligned with the Company's corporate strategy.

Enel Group has established a set of quantitative environmental targets for the main environmental indicators for the entire Group, including ENDESA's facilities, setting a timeline until 2020 and taking the 2010 values as reference. These objectives are:

- > Becoming a carbon neutral company by 2050, establishing a 2020 target of achieving specific emissions less than 350 g/kWh of CO₂.
- > 10% reduction of specific NO_x and SO₂ emissions.
- > 50% reduction of specific particle emissions.
- > 10% reduction of specific water consumption.

Additionally, to reinforce its commitment to excellent environmental management, ENDESA has set a sustainability

plan (PES) for 2015-2019 with the following environmental targets for 2019:

2019 targets within the framework of PES 2015-2019

Specific and direct emissions of CO₂ less than 0.44 kg/kWh

Specific SO₂ emissions less than 1.1 g/kWh

Specific NO_x emissions less than 1.1 g/kWh

Specific PM10 emissions less than 0.03 g/kWh

Specific water consumption in generation business less than 900 m³/GWh

ENDESA aims to help achieve these targets through its environmental management plans and systems

"Companies for Energy Efficiency" manages to save more than 3 million tons of CO₂ in four years

The "Companies for Energy Efficiency" platform promoted by ENDESA at the start of 2011 and formed by 10 large companies, has managed to reduce CO₂ emissions by 3 million tons, equivalent to the annual emissions of more than 1,500,000 Spanish families.

The 8 founding companies —ENDESA, Cepsa, Philips Ibérica, Renfe, Meliá, Telefónica, Toyota España and Unibail Rodamco España— were later joined by Cemex and Mango, to achieve the objective of combining efforts to achieve greater energy efficiency and protect the environment.

The "Companies for Energy Efficiency" platform <http://www.empresaseficienciaenergetica.com/> is becoming a benchmark in Spain for energy efficiency and reduction of the carbon footprint.



2. Significant investment effort

G4-DMA Overall / G4-EN 31

ENDESA invests heavily to achieve excellence in environmental management. Thus, during 2015, it invested 84 million Euros in environmental activities, bringing cumulative investment at year-end 2015 to 1,441 million Euros.

ENDESA's
cumulative investment
in environmental assets
stands at
1,441 million Euros

Environmental expenditure was 99 million Euros during 2015.

Million Euros

Gross Annual Environmental Investment	2015	2014	% Var.
Business in Spain and Portugal	84	60	40.0
Business in Latin America ¹	—	53	na
Total	84	113	(25.7)

¹ Information from financial year 2014 corresponding to Business in Latin America before divestment in Latin America.

Million Euros

Accumulated (Net) Environmental Investment	2015	2014	% Var.
Business in Spain and Portugal	1,441	1,369	5.3
Total	1,441	1,369	5.3

Millones de Euros

Average annual environmental expend	2015	2014	% Var.
Business in Spain and Portugal	99	116	(14.7)
Business in Latin America ¹	—	2	na
Total²	99	118	(16.1)

¹ Information from financial year 2014 corresponding to Business in Latin America before divestment in Latin America.

² Of the expenses related to environmental activities, 41 Million Euros in 2015 and 50 Million Euros in 2014 correspond to depreciation of the investments.

3. R&D&I in search of cleaner energy

G4-DMA Materials / G4-DMA 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.

3.1. Electricity consumption

In 2015, primary energy consumption increased in ENDESA'S plants for all sources, due to the higher production.

Electricity consumption (GJ)*

	2014	2015
Thermal power unit (TPU)	7,382,492.0	7,962,825.6
Hydroelectric Power Unit (HPU)	466,833.6	431,433.8
Hydroelectric pumping stations	5,047,963.2	3,992,926.9
Nuclear power	1,722,110.4	3,780,775.8
Mining operations	20,447.9	15,560.3
Port Terminals	25,372.9	29,715.4
Office Buildings	111,341.7	108,726.3
Total per areas	14,776,561.7	16,321,964.1

* GJ: Gigajoules

G4-EN1 / G4-EN3

Direct power consumption by primary source (TJ)*

Fuel type	Spain and Portugal	
	2014	2015
Coal	237,505	254,794
Fuel oil	49,457	51,478
Petroleum coke	0	0
Gasoil	35,106	34,678
Natural gas	26,657	42,019
Total cons. END. (TJ)	348,725	382,969

* TJ: Terajoules

Indirect energy consumption in own facilities (TJ)*

Type of fuel	Spain and Portugal	
	2014	2015
Mining operations	20.45	15.56
Port terminals	25.37	29.72
Office Buildings	111.34	108.73
Distribution Networks	nd	nd
Total consumption	157.16	154.00

*TJ: Terajoules

G4-EN27

In 2015, ENDESA saved 23,074.96 GJ of energy thanks to the development of energy efficiency-improvement programs. These include programs focusing on process redesign or conservation and adaptation equipment, as well as due to changes in the behaviour of employees during the execution of their duties. This energy saving implies a reduction in the Company's carbon footprint contributing to reducing business operating costs (achieving potential savings of up to 400,000 euros, considering the average final price of energy in the wholesale market in 2015).

The most important initiatives developed have been:

- > Process redesign: interconnection of the main cooling systems in the different units of the Besós combined cycle power plant, and revision of settings and programming of climate and lighting in the office buildings.
- > Equipment conversions and adaptations: optimisation by a rational management of the use of space in the Sant Joan de Déu building, in Palma de Mallorca, and modifications in the MV and HV distribution grid in Catalonia.

Energy saving due to conservation and efficiency improvements

Fuel type	Unit	Spain and Portugal	
	GJ*	2014	2015
Process redesign	GJ	1,492.67	16,500.61
Conservation and adaptation of equipment	GJ	1,098.00	6,503.94
Changes in employee behaviour	GJ	54	70.41
Liquid fuel (thousands of tons)	GJ		
Efficient or renewable energy-based products and services	GJ		
Total	GJ	1,546.67	23,074.96

* GJ: Gigajoules

- > Changes in staff behaviour, resulting from the awareness-raising campaigns in the buildings designed to request employees to make more effort in the segregation of waste and in efficient waste consumption.

ENDESA uses other consumables needed for electricity production. In 2015, total consumption was 587 kilotons, 19% more than in 2014 (493 kilotons in Spain and Portugal).

ENDESA Consumables (tons)

Spain and Portugal	2014	2015
Lime	496.37	514.34
Iron chloride	440.08	473.67
Ammonia	81.39	78.32
Caustic soda	1,037.72	1,058.21
Sulphuric and hydrochloric acid	1,823.70	2,222.28
Sodium hypochlorite	792.16	722.64
Chlorine dioxide	2.21	2.59
Iron chloride	0	0
Magnesium oxide	119.95	140.50
Limestone used for combustion-gas desulphurisation	482,634.09	575,599.97
Lubricating oil	5,261.24	5,516.18
Dielectric oil	216.54	246.16
Other*	741.6	385.08
Total	493,647.05	586,959.94

* Includes chemical components used infrequently.

3.2. Energy efficiency

ENDESA upholds its commitment to energy efficiency, spanning everything from generation process optimisation, reduction of losses in distribution grids and in the energy consumption of our buildings and facilities to the offer of a large range of efficient products and services to our customers. ENDESA is also involved in communication and raising

Outage of power plants (%)

	Fortuitous outage	Outage for inspections	Total non-availability
Coal thermal power plants	3.15	2.13	5.28
Combined-cycle thermal power plants (Peninsular)	5.27	3.52	8.79
Combined-cycle thermal power plants (outside the Peninsula)	1.65	0.96	2.6
Thermal power plants with turbogenerator	0.92	1.58	2.5
Diesel thermal power plant	4	3.56	7.59
Steam turbine thermal power plants	1.81	4.72	6.53
Hydroelectric power plants	1.12	12.96	14.07
Average value	2.77	5.29	8.06

awareness in citizens and takes part, both domestically and internationally, in the most relevant knowledge and dissemination forums of energy efficiency.

EU12

Energy losses in the Distribution Grid (%)

2013	2014	2015
8.1	8.97	9.9

For ENDESA's generation business, the energy output obtained from the natural resources used is primordial.

Thus, the energy efficiency of ENDESA's thermal power plants has been 39.63% in 2015, higher than that of 2014 (39.08%), basically due to higher production of the combined-cycle power plants.

EU11 / EU30

Efficiency of the thermal power plants (%)

	2013	2014	2015
Coal thermal power plants	38.06	38.20	38.45
Fuel-gas thermal power plants	38.12	38.02	37.92
Combined-cycle thermal power plants	43.73	43.02	44.41
Average value all thermal generation plants	39.16	39.08	39.63

In 2015, the efficiency of the nuclear power stations has been 35.54% and the outage of 11.12%, which is an improvement with respect to last year's values (efficiency: 35.07 and outage: 14.91).

Outage of the thermal power plants (%)

	2013	2014	2015
Coal thermal power plants	6.64	6.68	5.28
Fuel-gas thermal power plants	5	5.74	6.49
Combined-cycle thermal power plants	1.62	4.48	4.59
Average value all thermoelectric plants	5.37	6.12	5.11

ENDESA presents actions for efficiency in the use of electricity in the healthcare setting

ENDESA was a collaborating company of the XXXIII Hospital Engineering Seminar which, under the motto “Energy and Hospital”, gathered together in Granada healthcare and electricity sector professionals to analyse the strategy and actions to achieve energy efficiency in hospitals and health centres. With the head of Institutional Relations in Andalusia and Extremadura, Pedro Méndez, ENDESA presented in the opening table the speech: “Strategic analysis of the use of electricity in the healthcare setting”. In his intervention, Méndez debated what would be the main actions and measures required to achieve sustainable energy use in healthcare centres, environments particularly sensitive in society, optimising costs without renouncing the main aim of public health.

As a leading company in sustainability and commitment to innovation as a way to improve the electricity service and energy efficiency, our company informed the professionals gathered in Granada of its experience in the healthcare sector, offering value added services in public hospitals in Andalusia.



4. Integrated water management

G4-DMA Water

The United Nations General Assembly, through Resolution A/RES/58/217, proclaimed 2005-2015 the International Decade for Action, “Water for Life.”

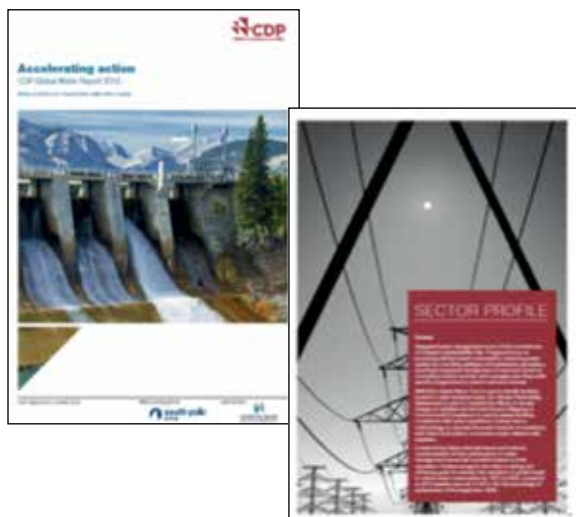
ENDESA has identified water as a critical resource that will be affected by climate change. According to the Organisation for Economic Cooperation and Development’s (OECD) forecasts, by 2050, more than 40% of the world’s population will live in areas of high water stress unless new policies are implemented.

Companies will play an important role in the development and implementation of solutions for these water problems. This is why in 2015, and for the sixth consecutive year, ENDESA, assuming a position of leadership among Spain’s power companies, adhered to the CDP Water Disclosure in-

itiative, 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 use of this resource. This year, the level obtained by ENDESA has been “Management”, the same level as the average sector value. The result has been slightly lower than the previous year, pilot scoring test, due to a change in the score assignment criteria.

For the sixth 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 2015- Accelerating action” which analyses, based on the responses of 405 participating companies, the main risks and opportunities identified by the companies in relation to water availability and the company’s management trends in relation to these risks. This report highlights the integrated water management performed by ENDESA.



Since water is a common resource, its management has become a delicate social, cultural and the Environmental issue, particularly in times of shortage. For this reason, solutions to improve the conditions of supply, treatment and quality of water require an approach involving collective associations and actions.

ENDESA expects to have a competitive advantage by aligning its corporate water strategy with the aims of public policies and initiatives put forward by the many stakeholders.

Through flexible and ongoing contact with the stakeholders, it should be possible to understand, anticipate and respond to new problems and expectations. An open dialogue could also be useful for preventing and reducing the risk of future water-related conflicts.

This is another example of how ENDESA’s sustainability actions are aligned, striking a balance between the Company’s financial, social and the Environmental responsibilities, on the basis of sustainability criteria.

All water uses made in the power facilities have been clearly devised bearing in mind their compatibility with the pre-ex-

isting users. Power plant operation is performed at all times in coordination with the catchment area bodies to guarantee compliance with the easements, maintain environmental flow capacities and favour the more rational use of the resource.

The facilities built for power generation enable greater availability of water for other purposes such as irrigation, supply or ecosystem conservation. This availability is achieved by optimising thanks to cooperation with the catchment area bodies.

In turn, building hydroelectric plants in reservoirs designed for irrigation or water supply makes it possible to obtain renewable energy without altering the availability of the resource for the main users.

4.1. Water usage and consumption

Integrated water management is one of ENDESA’s greatest concerns. The main lines of action in this area focus on efficient consumption, water quality by controlling discharges 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.

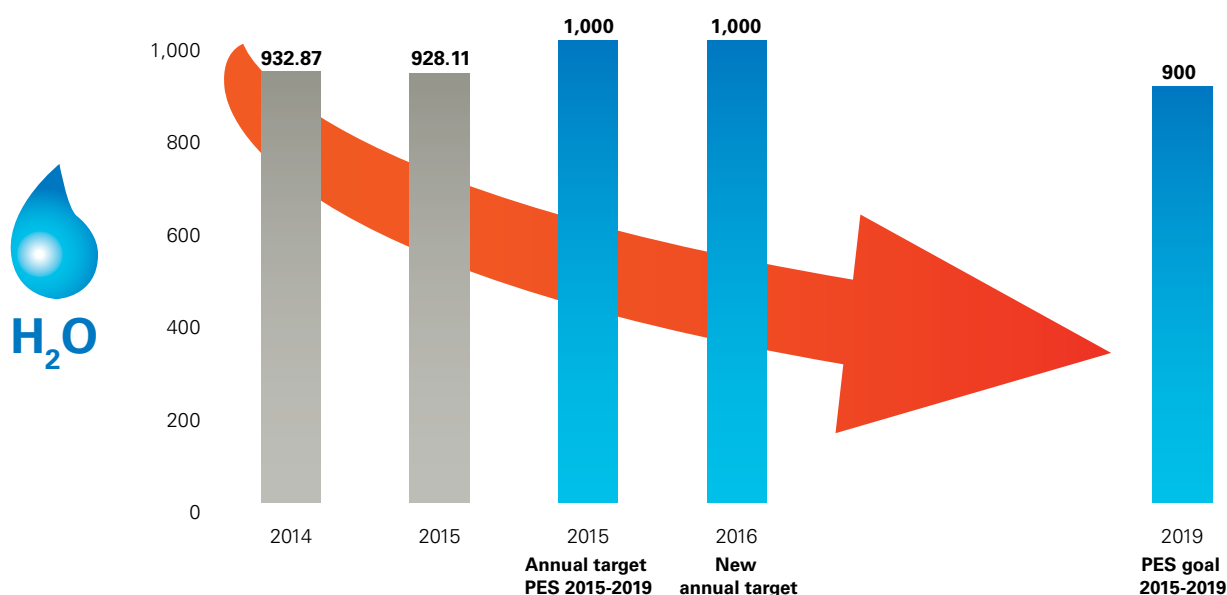
The Company also improved wastewater treatment at its hydroelectric power plants, replacing authorised discharge systems with confined and controlled removal processes. In this respect, it has continued with its policy of effluent confinement, phase separation and selective management of final waste, working towards a “zero discharge” target on public land used for hydroelectricity.

Process water consumption (Hm³)

	2013	2014	2015
Thermal Power Unit (TPU)	40.07	46.66	51.04
Nuclear power	16.93	17.15	16.45
Mining	1.93	0.98	0.94
ENDESA	58.93	64.79	68.43

Specific water consumption in the generation business

m³/GWh



Likewise, specific water consumption in the generation business in 2015 was 928.11 m³/GWh, below the target set for 2015 in the 2015-2019 ENDESA Sustainability Plan. This target stays the same in 2016 and establishes a target for 2019 of a 3.4% reduction compared to 2015 results.

During the last year, there has been catchment of freshwater, seawater and wastewater for use in the Company's plants always following criteria of sustainability and efficient consumption. Water catchment for industrial uses has increased compared to 2014 due to greater activity in the facilities.

G4-EN8

Total water catchment by sources (Hm³)

Industrial use	Catchment of fresh water	65.55
	FROM SURFACE WATER	60.21
	From wells	0.87
	From municipal mains	0.64
	Catchment of seawater	0
	Catchment of seawater (open cycle)	2.87
	Catchment of waste water (internal use)	0.006
Cooling use	Seawater (open cycle)	4,248.88
	Surface water (open cycle)	1,647.28
	Water (closed cycle)	0
	Processed water volume*	286.65
	Cooling tower drainage	252.23
Civil use		0.19
Total		6,217.01

* The processed water volume is not a catchment in itself, but the total cooling circuit volume. It is renewed through tower drainage.

G4-EN26

Water masses affected by discharges

Water masses significantly affected

By catchment ≥ 5% total annual average vol. of the water mass	2013	4
	2014	4
	2015	4
By catchment in water masses considered significant	2013	34
	2014	34
	2015	34
By catchment in Ramsar wetlands or in protected areas	2013	3
	2014	3
	2015	3
By catchment in sources located in national protection areas	2013	61
	2014	61
	2015	61
By catchment in sources located in international protection areas	2013	56
	2014	56
	2015	56

Total water masses significantly affected	2013	158
	2014	158
	2015	158

Characteristics of the significantly affected water masses

Volume (m ³)	2013	341,000,000
	2014	341,000,000
	2015	341,000,000
Flow (m ³ /sec)	2013	1,043.8
	2014	1,043.8
	2015	1,043.8
Classed as protected	2013	60.0
	2014	60.0
	2015	60.0
Value of their biodiversity 1= yes; 0 = no	2013	59.0
	2014	59.0
	2015	59.0

Water masses significantly affected by water catchment

Water masses significantly affected

By catchment $\geq 5\%$ total annual vol. of the water mass	2013	124
	2014	124
	2015	124
By catchment in water masses considered significant	2013	9
	2014	9
	2015	9
By catchment in Ramsar wetlands or in protected areas	2013	8
	2014	8
	2015	8
By catchment in sources located in national protection areas	2013	76
	2014	76
	2015	76
By catchment in sources located in international protection areas	2013	73
	2014	73
	2015	73
Total water masses significantly affected	2013	290
	2014	290
	2015	290

Characteristics of the significantly affected water masses

Volume (m ³)	2013	395,324,000
	2014	395,324,000
	2015	395,324,000
Flow (m ³ /sec)	2013	2,525.7
	2014	2,525.7
	2015	2,525.7
Classed as protected	2013	76
	2014	76
	2015	76
Value of their biodiversity 1 = yes; 0 = no	2013	76
	2014	76
	2015	76

4.2. Water discharges

G4-EN22 / G4-DMA Effluent and Waste

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 2015 due to the higher water consumption resulting from the increased weight of thermal generation.

ENDESA'S industrial waste (Hm³)

Spain and Portugal	2013	2014	2015
Thermal power plants	40.91	47.83	58.11
Nuclear power stations	1.44	1.56	1.47

Specific actions aimed at reducing water consumption and improving discharge conditions have been performed throughout 2015:

- > Teruel Thermal Power Plant: reuse of surplus water from the power plant operation (purge from cooling towers) in the desulphurisation process, thus achieving a decrease in clean water consumption. Additionally, an analysis of cooling water cycle has been carried out in the power plant in order to study the possible reduction in water consumption as a consequence of the increase in the number of concentration cycles in the cooling water. If the results are positive, its implementation throughout 2016 shall be studied.
- > Litoral de Almería Thermal Power Plant: reuse of a portion of purge water in the desulphurisation process, thus avoiding consuming the same volume of desalinated water. In 2015, 5,434 m³ of purge water have been used in the desulphurisation process, which is equivalent to avoid consumption of 3.2% of desalinated water.
- > Los Guinchos Thermal Power Plant: in 2015 a waste steam cooler has been installed in the unit 13 condensate tank, common to units 13, 14 and 15. It estimates an approximate consumption reduction of 1,750 m³ of water in 6 months, once the system is started.
- > As Pontes Power Plant: end of segregation of rainwater from the imported coal to redirect water from the Peleteiro river to the Maciñeira river, and thus significantly reduce the volume of water treated in the liquid effluent treatment plant of the facilities.
- > Melilla Diesel Power Plant: commissioning of a hydrocarbon separator from of register no. 3 to reduce the polluting load of the discharge to the municipal sewage network. Its performance shall be verified in 2016.
- > Alcudia Thermal Power Plant: throughout 2015, the change in the dynamic bilge separators and the improvement of the static bilge separators. Additionally, work to install oil and grease detectors have commenced in the rainwater discharges.

- > Besós Combined-Cycle Thermal Power Plant: installation and commissioning of a hydrocarbon detection unit at the exit of the rainwater which discharges into the rupture well to decrease the probability of water pollution of the emissary due to discharge of gasoil or oil.
- > Ebro Pirineos Hydroelectric Power Plant: elimination of the sewage discharge and installation of watertight tanks.
- > Noroeste Hydroelectric production unit: installation of three oil detectors in the bilge wells to reduce the risk of discharges into the watercourse.

4.3. Water stress analysis

In 2015, 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 m³/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), developed by the World Business Council for Sustainable Development (WBCSD) and is aimed at helping companies and organisations identify and analyse water consumption in their pro-

duction activity, and assess the risks related to their overall 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 42.6% 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 hydroelectric plants as they use fresh water without consuming it.
- > Facilities located in areas under water stress (< 1,700 m³/person and year) with consumption of fresh water represent only 4.2% of ENDESA's installations, producing 1.6% 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, since 63% of production plants in areas with sufficient and abundant water do not consume fresh water either.

It should be highlighted 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 stressed that all plants have a certified ISO 14001 environmental management system. Many of their environmental management programs set water consumption reduction or discharge improvement goals, making it possible to reduce the impact of plants on the fresh water availability in the corresponding catchments.

5. Environmental risks and liabilities management

In order to comply with the obligations pursuant to the Spanish Environmental Responsibility Act, although the regulatory framework accompanying this Act is still not completely finalised, since the Ministerial Order that sets the deadlines is still lacking, ENDESA initiated the MIRAT project in 2014. The aim of this project is to establish the financial guarantee required by this Act 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 the Environment of Spain.

Subsequently, and in accordance with the periods established in the pending regulatory implementation, the mandatory financial guarantee will be established for the plants that require one in view of the results of the environmental risks analyses.

As part of its commitment to protecting the environment, the Company has an obligation to resolve 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.

In 2015, the demolition tasks for the old thermal plants of Badalona and Sant Adrià finalised. The work has commenced to recover the soil and groundwater with the aim of restoring the site to the conditions prior to the start of any industrial activity.

Since ash, slag and gypsum landfills are environmental liabilities resulting from the electricity generation activity from solid fuels, knowledge needs to be generated in order to find restoration solutions for these facilities, in addition to the total or partial restoral of the discharge infrastructures that have reached the end of their useful life. The environmental restoration section of the biodiversity chapter goes into these projects in greater detail.

With this in mind, in 2015 the experimental study initiated in 2012 concluded, aimed at developing an efficient and quick methodology for environmental restoration of the space in the Corta Barrabasa, old landfill of Teruel thermal plant. The added value of this methodology is the extrapolation of results to other scenarios with similar problems.

The work to restore the Valdeserrana landfill site has also commenced in 2015.

6. Advanced environmental management

ENDESA continued to make progress with development of its environmental management in 2015 both in terms of certification and integrated environmental permits and the Environmental impact studies.

6.1. Environmental management system certification

ENDESA embraces the Enel Group goal of extending ISO 14001 certification to all of its activities.

In 2015, ISO 14001 certifications for the environmental management systems (EMS) implemented in all ENDESA's facilities in Spain and Portugal were maintained.

6.1.1. Generation

At year-end 2015, 100% of ENDESA's installed capacity in Spain and Portugal was ISO 14001 certified, and all of its port terminals and mining operations.

100% of the energy produced by ENDESA in Spain and Portugal is ISO 14001 certified

Likewise, 54.4% of the power is produced in plants registered with the Eco-Management and Audit Scheme (EMAS).

Additionally, 67% of the port terminals are registered in EMAS.

100% of Distribution, Mining and Port Terminal facilities in Spain and Portugal are ISO 14001 certified

Power produced in ENDESA's certified facilities (%)

2013	2014	2015
99.90	100	100

ENDESA's certified power (%)

2013	2014	2015
97.17	97.65	100

In 2015, ENDESA started a comprehensive certification process under Standard 14001 for its generation facilities. This will allow it to obtain the Environmental Management System certification under the multi-site model for all electricity production in the thermal and hydroelectric power plants throughout 2016, achieving uniformity and homogenisation of processes, establishing common goals and proposing the necessary actions for ongoing improvement.

Recognition of the environmental commitment of the Andorra Power Plant

The Government of Aragon has recognised ENDESA's commitment to excellence in environmental conduct, social and corporate responsibility and due to transparency in the exercise of its activity, in an act presided by the Regional Minister of Agriculture, Farming and the Environment, Modesto Lobón, and by the director of the Aragon Institute of Environmental Management (INAGA), Nuria Gayán.

The executive in this way recognised the permanence of our Company, through the environmental management performed in the Teruel Power Plant, in the Eco-Management and Audit Scheme (EMAS), continuously during the last five years.

14 companies and organisations belonging to the Autonomous Community were awarded, from various sectors of activity, recognised by the European Commission as it belongs to this model of excellence.

In order to control the effects of its activity on the environment, ENDESA implemented an Environmental Management System (EMS) in the power plant in 1999, in accordance with International Standard UNE-EN ISO 14001. In 2000 it received the certification accrediting compliance with the standard's requirement and, in 2008, the EMAS Environmental Management System, Europe's most stringent in this regard.



6.1.2. Distribution

All transformation and distribution activities in Spain are included within the scope of the certification.

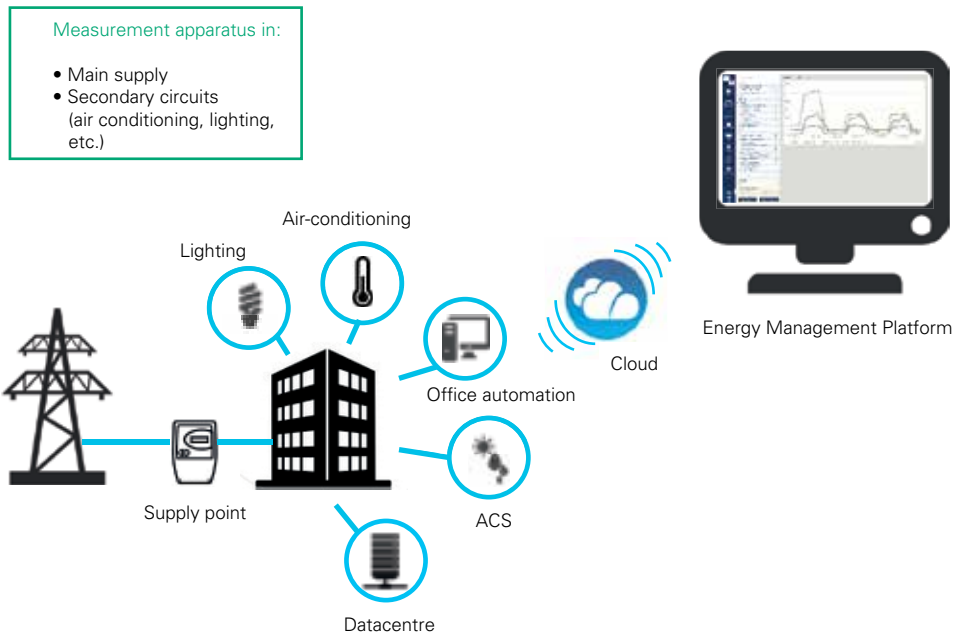
All transformation and distribution activities in Spain are certified with ISO 14001

6.1.3. ENDESA head offices

The most significant milestones and actions which have been achieved and carried out on ENDESA's office buildings in 2015 have been:

- > In the 22 buildings currently within the Integrated Environmental, Energy and Indoor Environmental Quality Management System, (SIGAEC) a reduction has been achieved in total energy consumption of 0.94% compared with the previous year; the reduction target set was -0.5%, and a decrease in water consumption of 7% compared to the previous year; the reduction target set was 0.5%.
- > A reduction has been achieved in production of all non-hazardous waste greater than 15%, except in container waste, the production of which has increased 8%. The reduction target set for each type of waste was 2%.
- > During 2015, development of the Energy Management Platform was performed which will make it possible to identify and analyse the main energy uses, energy performance of its consumption and the variables that affect all SIGAEC supplies.

General architecture of the Energy Management Platform



- > The SIGAEC has been implemented in the “La Catalana” building in Manresa (Barcelona) and “Mayorazgo” building in Tenerife.
- > Energy certification of the office buildings which are within the SIGAEC was performed with the aim of assessing the energy efficiency of each one of them and to favour development of buildings with high energy efficiency and energy-saving investments.
- > Several activities to raise environmental awareness, energy efficiency and indoor environmental quality among workers have been performed. Among them we can include:

- disclosure through a Direct Line to all ENDESA employees of a new mailbox where questions can be sent, as can doubts, suggestions, opinions and comments on environmental, energy and indoor environmental quality management of the office buildings.



- on the occasion of World Environment Day (WED), a commemoration video was made of said day to disseminate the work performed in the SIGAEC, stating the actions being carried out in the SIGAEC Committee and informing all ENDESA employees of the results of the activities performed in the ENDESA office buildings.



- related to this dissemination activity and in accordance with the World Environment Day slogan: “Seven Billion Dreams; One Planet; Consume with Care” and the premise that change starts with small individual gestures and the sum of all may give rise to extraor-

dinary results, in October a campaign was launched for all employees, with the claim “It is Natural to be Responsible”, requesting greater effort in material recycling (paper, cardboard, containers, etc.) and in the efficient consumption of resources (water, electricity, paper) in our workplaces.



6.2. Integrated Environmental Permits and Environmental Impact Studies

In 2015, ENDESA has obtained the Resolution of the Regional Ministries with Environmental Powers of the Autonomous Communities of Castile and Leon and Aragon. These declare as non-substantial amendments for the adaptation projects of the Compostilla and Teruel thermal power plants, respectively, in light of the new requirements of the Industrial Emissions Directive. These projects consist of installing the necessary equipment to

The Ministry of Industry, Energy and Tourism authorises ENDESA to close the Foix thermal power plant

ENDESA has received authorisation to close the Foix thermal power plant, close to the Cubelles coast, in the Garraf district, by the Ministry of Industry, Energy and Tourism (MINETUR). In recent years, the Company has made limited use of the facilities and since 2010 has only operated in peak demand periods and to resolve situations of restrictions in the electricity grid, since it is not considered necessary to guarantee electricity supplied in neither the short or long-term. The unit has not operated since 3 August 2010.

The Company has taken this decision as a consequence of the excess installed power, together with the development of new generation technologies.

In this phase, ENDESA has a 4-year period to promote the organised and safe electromechanical decommissioning process and of the facilities, which are in disuse. This is the case of the unit in the power plant —with 520 MW power—, the boiler, condenser, turbine, alternator and transformer. This operation shall be performed in accordance with an Environmental Monitoring Plan with the aim of ensuring correct management of the waste produced, and the necessary prevention measures to minimise the environmental impact of the work.



The thermal power plant construction started in 1975, the only existing unit was coupled to the grid at the end of 4 years, in 1979, and its design has allowed the use of fuel or natural gas, or both fuels simultaneously.



The Historic Collection managed by ENDESA Foundation has recovered certain singular elements of the power plant.

reduce nitrogen oxide (NO_x) emission levels below the limits indicated in said Directive.

Furthermore, the work to install the emission-combatting equipment to fulfil that Directive in the case of Litoral de Almería Thermal Power Plant have progressed as anticipated in their plan, applying for and obtaining permits to partially commission the different systems as they are installed.

During 2015, the necessary permits have been obtained to start work on the sludge reuse plant of the As Pontes thermal power plant (La Coruña). Once commissioned, the plant will be able to use the usable part of this sludge as fuel.

ENDESA has requested from the Ministry of Industry, Energy and Tourism the authorisation to close FOIX thermal power plant (Barcelona) and unit 2 of the Compostilla thermal power plant (León) once its useful life has ended. Both Resolutions, obtained in 2015, contain among their clauses the need to demolish the facilities within a 4-year periods. These demolitions also require an authorisation process which has already commenced.

6.3. Environmental incident management

Despite ENDESA's efforts to go beyond the legal requirements for safeguarding the environment, some incidents

did arise in 2015. For more information, see the Chapter on Ethical Conduct, section 2.2. Sanctions Received.

6.4. Environmental footprint

ENDESA, following the most advanced trends in environmental management, has calculated its environmental footprint. The environmental footprint makes it possible to show the "pressure" placed on the environment by an activity/product/service, quantifying the environmental aspects arising in the lifecycle of said activity/product/service and assessing the impact caused on the recipient medium (atmosphere, water, soil).

The target set for 2015 has been adaptation of the environmental footprint to the scope and parameterisation of ENDESA's current carbon footprint.

This tool homogenisation enables the same structural criteria and sources of information to analyse behaviour trends and make effective comparisons.

The first results have been obtained, which have served, on the one hand, to test the tool and, on the other, to establish the base year.

Organisation Environmental Footprint Guide - Consolidated Version

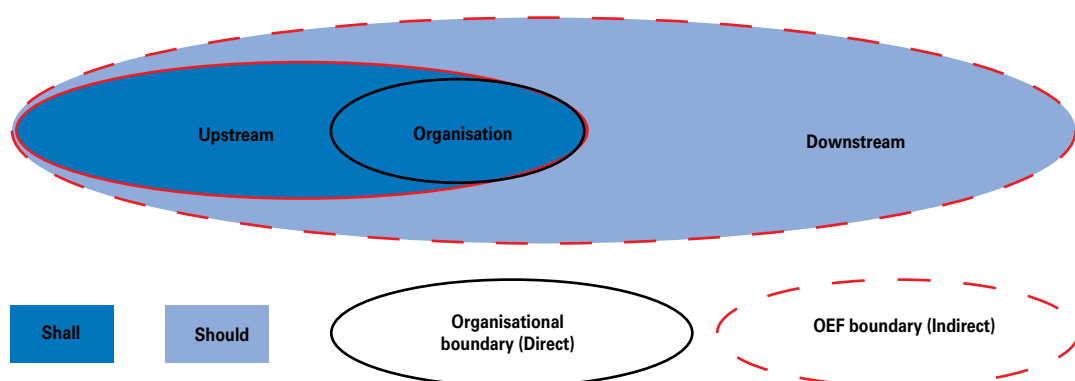
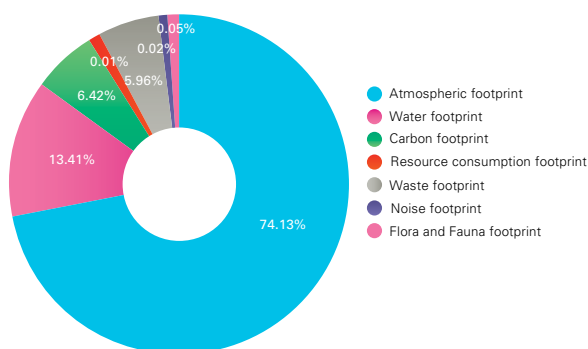
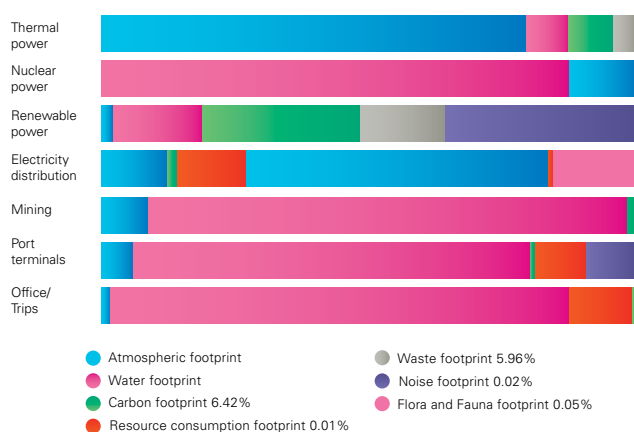


Figure 2. Organisational and OEF boundaries. Note: Any exclusion (e. g. downstream activities) shall be explicitly justified within the context of the study and the intended application.

Contribution by Sub-Footprint to the direct environmental Footprint in Spain of ENDESA Group



Contribution by Sub-prints to the direct environmental impact of each Group business



ENDESA launches a pioneering tool to calculate its environmental footprint

The Company has yet again got ahead of regulation, as already happened with its carbon footprint, and has designed its own method to calculate its environmental footprint based on European benchmarks that make it possible to show the “pressure” exerted on the environmental by all its businesses.

The most important existing international benchmarks were used to create the tool, including the recent guides developed by the European Union to calculate the Environmental Footprint of organisations and products.

Other objectives sought with this tool are showing the overall impact of ENDESA in the different environments; optimising processes throughout the supply chain; analysing the evolution in the environmental performance, detecting possible deviations and sharing the improvements made, and comparing businesses, technologies and facilities with different impacts under homogenous and unified criteria in order to assess all environmental risks and take decisions.

7. 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 minimise them as well as designing and applying measures to correct any impacts generated.

7.1. Conventional polluting emissions

2015 has been the last year that annual ceilings have been set for the facilities adhering to 2008-2015 National Emission Reduction Plan (PNRE) for large combustion plants. Within the framework of the commitment acquired with this plan, the Company has carried out significant initiatives at its facilities to curb atmospheric emissions, which has enabled maintaining the 2008 emission levels in the case of sulphur dioxide (SO₂) and achieving 42% reduction in the case of nitrogen oxide (NO_x) and 51% in the case of particulates from the large plants that are operating under the National Emissions Reduction Plan. Taking 2006 as the reference year, for the same facilities operating under The PNRE plan the accumulated reduction in emissions is 87% for sulphur dioxide (SO₂), 62% for nitrogen oxide (NO_x) and 83% for particulate matter.

Actions performed during the 2008-2015 period on large combustion facilities operating under the National Emissions Reduction Plan reduced emissions of SO₂ by 87%, NO_x by 62% and particulates by 83% compared with the base year, 2006

The incorporation of EU Directive 2010/75/EU on industrial emissions in Spanish law through Act 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 im-

plement 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. All peninsular coal plants have adhered to the Transitional National Plan whereby maximum ceilings are established of annual emissions between 2016 and mid-2020. This progressive reduction in the emission ceilings will entail for the ENDESA facilities operating under the plan a reduction of more than 50% for SO₂ and NO_x and around 40% for the particulates between 2016 and 2020.

On the other hand, the island facilities affected by Directive 2010/75/EU have adhered to the Small Isolated Grid Mechanism, whereby the application of the Limit Emission Values are extended with a view to being able to make the necessary investments to be able to fulfil them after 2020.

In order to respect the ceilings of the Transitional National Plan and/or the most restrictive limit values which will be applicable to the installations after 2020, ENDESA's facilities will have to make important plans and investments in the field of thermal power.

Additionally to the large investments aimed at combatting emission levels, ENDESA's facilities shall continue making small modifications within the ongoing improvement process with a view to optimising the emission control systems and reducing them. The most significant actions of 2015 are:

- > Within the sphere of automatic measurement systems: ENDESA's facilities have continued with the calibration and verification of automatic measurement systems of its facilities under Standard EN-UNE 14181.
- > CEUTA Diesel Power plant: increase the height of diesel unit 9 to improve the emission of combustion gases of said unit.
- > Litoral de Almería thermal power plant: installation of a system for the direct discharge of coal from the vessel to the boiler feed, minimising the emission of diffuse particles from handling the coal in the plant.

Evolution of the specific emissions of SO₂, NO_x and particles of ENDESA

	2013	2014	2015
SO ₂ (gSO ₂ /kWh)	1.01	1.19	1.23
NO _x (gNO _x /kWh)	1.30	1.38	1.28
Particles (g particles/kWh)	0.04	0.04	0.03

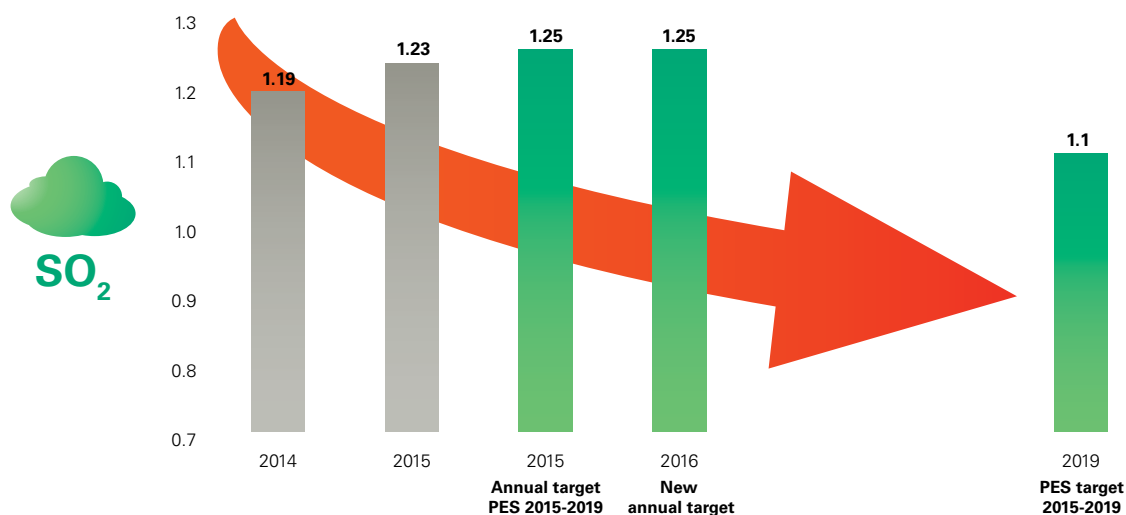
The details set down in the previous table confirm that ENDESA has fulfilled the targets proposed for 2015 within the framework of the 2015-2019 ENDESA Sustainability

Plan. Likewise, the Company maintains these targets for 2016, aimed at achieving the targets for 2019 established in PES 2015-2019 and which involve:

- > A 10% reduction of specific SO₂ emissions in 2019, compared with 2015.
- > A 14% reduction of specific NO_x emissions in 2019, compared with 2015.
- > Maintain the particle emissions in the same values in 2019, compared with 2015.

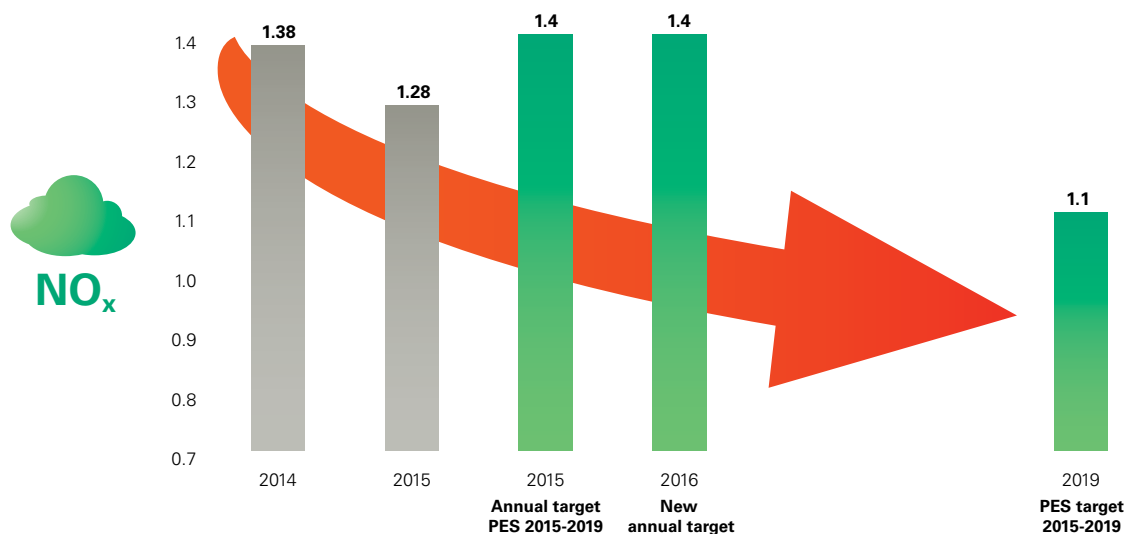
Specific SO₂ emissions

Kg/kWh

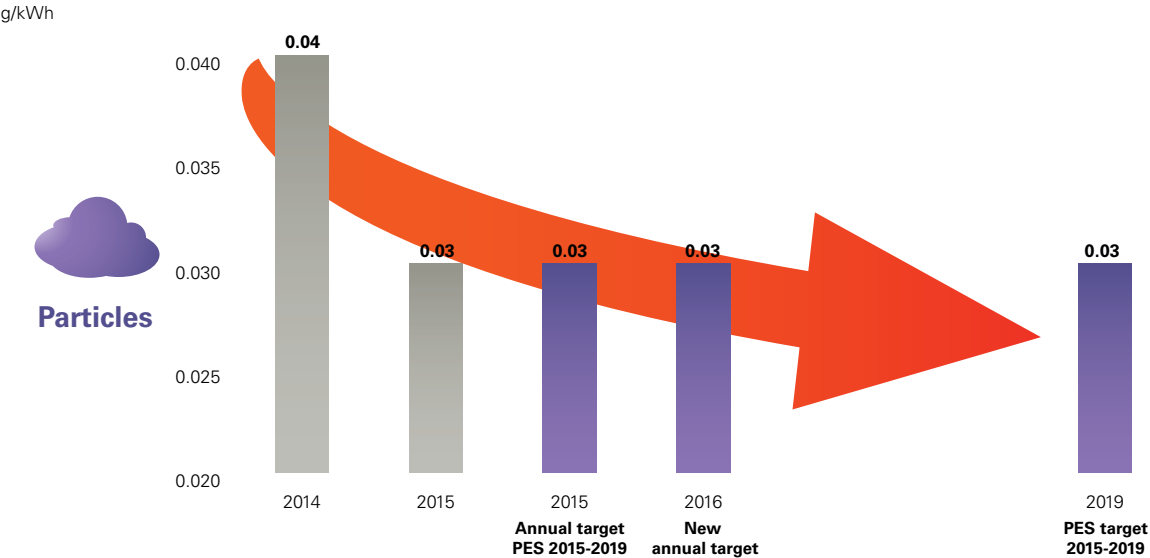


Specific NO_x emissions

Kg/kWh



Specific particle emissions



ENDESA decides to maintain its thermal power plants in the transitional national plan

ENDESA has informed the Ministry of Industry, Energy and Tourism, the Ministry of Agriculture, Food and the Environment, as well as the corresponding regional ministries of each affected Autonomous Community, of its decision to main the coal thermal power stations As Pontes (A Coruña), Compostilla (León) and Andorra (Teruel) in the Transitional National Plan, in order to not limit the operation of these facilities to a fixed number of hours.

In this way, the Company waives adhering to the exemption of limited useful life for these thermal power plants, which would have meant restricting their operation during the period between 1 January 2016 and 31 December 2023 to 17,500 hours.

The Company thus avoids that these power plants are subject to the scenario which would be more restrictive and chooses a more prudent position, which does not compro-

mise the future of these facilities and which, in no case, involves any decision regarding their closure.

ENDESA, which wants to guarantee the operation of its plants, is awaiting a clarification of the economic and legislative scenario that enables making a decision on the environmental investments that are vital to be able to comply with the limits set by the Industrial Emissions Directive. These investments, where applicable, must be ready before 30 June 2020.



8. 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 promote them.

The main waste materials generated by ENDESA's activities are:

- > **Gypsum, ash and slag** in 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-designed facilities 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 benchmarks in this regard.

Some of the waste-reducing measures applied are reuse of oil, removing transformers contaminated with PCB (polychlorinated biphenyls) (gradual replacement by PCB-free transformers), gradually removing components containing asbestos, recovering inert waste, and treating cleaning solvents for reuse.

Of the total waste produced by ENDESA, a significant portion of the waste recovered by ENDESA is at its external facilities, 90.3% of total non-hazardous waste and 39.9% of hazardous waste being recovered in Spain and Portugal.

Waste production decreased in 2015 and the percentage of waste recovery increased for both hazardous and non-hazardous waste. Specifically, production of non-hazardous waste fell by 2.1% (not including coal-fired waste, included below in a specific table) while hazardous waste fell by 45.3%. Recovery of non-hazardous waste stood at 90.29% (not including coal-fired waste), and for hazardous waste at 39.9%.

Recovered waste is considered to be waste delivered to an authorised waste manager to undergo recovery by this company. The previous table does not include waste from coal

G4-EN23 / G4-EN25

Evolution of ENDESA waste (tons)

	Hazardous waste (HW)		Non-hazardous waste (NHW)	
	2015 produced	2015 recovered	2015 produced	2015 recovered
Total	8,073.6	3,221.4	70,581.1	63,728.2
Thermal Power Units (TPU)	5,802.1	2,852.7	17,200.6	12,326.6
Hydroelectric Power Units (HPU)	310.0	257.1	1,298.2	1,277.8
Mining	29.9	16.0	2,078.5	2,078.5
Nuclear	474.6	91.0	2,704.1	771.1
Distribution	1,451.5	1.1	47,064.6	47,064.6
Port terminals	5.5	3.5	235.1	209.6

fired production (ash, slag and gypsum). Data for this type of waste are shown in a separate table.

G4-EN2

Radioactive waste (m³) produced

	2014	2015
Liquid	6.76	4.19
Solid	256.21	226.62
Compactable	176.97	142.61
Other treatment (fragmentation, cementing, etc.)	69.90	69.45
Other	9.34	14.56

Materials used which are recovered

	Unit	
Brine reused instead of sulphuric acid	ton	0
Other materials	ton	136 Dielectric oil, filtered and reused
Lime reused in desulphurisation	ton	0
Other materials	ton	0.15 Reservoirs
Sludge reused instead of iron chloride	ton	0.00
Other materials	ton	1.13 Wood
Other materials	ton	0.91 Empty containers
Lubricating oil, filtered and reused	ton	6
Other materials	ton	0
Other materials	ton	0
Total Recycled	ton	144.19

Type of non-hazardous and hazardous waste and fraction recovered

Non-hazardous waste	Unit	2013	2014	2015
Sludge	ton	12,250.16	10,417.20	8,589.22
Fraction recovered in external facilities	ton	2,511.64	4,681.86	3,724.18
Machinery and equipment	ton	1,461.69	1,340.53	157.22
Fraction recovered in external facilities	ton	1,546.89	1,280.18	154.90
Packaging materials	ton	2,217.35	450.96	704.26
Fraction recovered in external facilities	ton	2,168.86	445.94	697.22
Solid waste	ton	68,323.22	—	—
Fraction recovered in external facilities	ton	54,488.06	—	—
Liquid waste	ton	—	—	—
Fraction recovered in external facilities	ton	—	—	—
Other waste	ton	44,603.64	59,849.82	61,130.44
Fraction recovered in external facilities	ton	30,499.84	58,074.72	59,151.89
Total Produced	ton	128,856.06	72,058.51	70,581.14
Total Recovered	ton	91,215.29	64,482.70	63,728.19

Hazardous waste	Unit	2013	2014	2015
Used oils	ton	1,895.1	1,316.04	1,574.90
Fraction recovered in external facilities	ton	1,688.8	1,081.79	1,225.23
Machinery and equipment	ton	2,410.3	1,911.02	705.59
Fraction recovered in external facilities	ton	2,186.8	1,804.63	45.28
Used batteries	ton	194.8	98.41	87.34
Fraction recovered in external facilities	ton	101.7	69.28	29.78
Materials with asbestos	ton	2,272.8	932.29	403.43
Fraction recovered in external facilities	ton	36.8	18.50	10.64
Sent to vitrification treatment	ton	—	—	—
Solid waste	ton	1,116.4	—	—
Fraction recovered in external facilities	ton	193.0	—	—
Liquid waste	ton	1,360.6	—	—
Fraction recovered in external facilities	ton	340.2	—	—
Other waste	ton	7,693.4	10,494.33	5,302.35
Fraction recovered in external facilities	ton	1,904.7	2,797.48	1,910.52
Total Produced	ton	16,943.4	14,752.09	8,073.61
Total Recovered	ton	6,452.0	5,771.68	3,221.45

8.1. Coal-fired products

ENDESA recovers the waste ash and slag produced in the coal-fired plants, mainly located in the Iberian Peninsula, as raw material for other industrial uses. In this way, the Company generates additional income arising from the sale of these by-products, which have been over 946,000 Euros in 2015.

Production and management of ash, slag and gypsum in ENDESA's coal-fired thermal plants (Spain and Portugal)

	2013	2014	2015
Ash (t/year)			
Produced	1,186,897	1,497,624	1,302,572
Recovered	527,715	577,405	434,744
Restoration	0	0	0
Landfill	659,182	920,220	867,828
Slag (t/year)			
Produced	171,326	259,965	228,014
Recovered	24,034	20,949	6,548
Restoration	0	0	0
Landfill	147,292	239,016	221,466
Gypsum (t/year)			
Produced	793,464	1,042,930	1,160,300
Recovered	31,890	63,334	49,152
Landfill	761,574	979,596	1,111,149

Where possible, the ash produced in our facilities has been certified under Standard UNE-EN 450 1/2 for use as additives in concrete production. In this way, their quality is certified and their recovery is maximised.

The Litoral de Almería thermal power plan has obtained the EuroGypsum quality certificate for the desulphurisation gypsum, in order to certify its quality and thus maximise its recovery in the market.

8.2. Waste recovery

Throughout 2015, various initiatives have been implemented to recover a fraction of the waste produced. Among these, we can highlight:

- > Development of a prioritisation study of the destinations of the hazardous waste in ENDESA's thermal power facilities. The aim has been to identify the final destination of the waste managed in the plants and maximise its reuse. Thanks to the study, waste has been identified which is currently allocated to elimination and which could instead be allocated to reuse. The new waste management strategy considers the conclusions reached.
- > As Pontes Thermal Power station: at the end of 2015, a sludge reuse plant has been implemented which makes it possible to annually treat 80,000 m³ of sludge, which correspond to all the liquid waste from the thermal power plant and it transforms it into water with discharge quality on the River Maciñeira and sludge with a heating power very similar to coal, which allows them to be reintroduced as fuel.

This same power plant has implemented a cleaning cloth recycling system, based on a high-quality cleaning cloth rental service, which once impregnated with waste, are sent to a plant where they are washed and energy recovery is performed with the waste. Once clean, they are returned to the facilities for their reuse. This is a pilot experience which is still under study to be implemented in further ENDESA plants.

9. ENDESA's contribution to the fight against climate change

The fight against climate change is, for ENDESA, one of the main environmental challenges. This strategy is integrated in the Company's strategic management within the framework of the 2015-2019 ENDESA Sustainability Plan.

Through the sustainability plan, ENDESA establishes a set of lines of action aimed at promoting electrification of the demand as a way to reduce emissions and increase efficiency in energy consumption.

Likewise, the sustainability plan includes a set of objectives and actions aimed at promoting reduction of greenhouse gas emissions during the electricity generation process, in order to minimise its carbon footprint and achieve a sustainable generation model.

In this sense, the decisions in the fight against climate change are adopted at the Company's highest level, with the Management Executive Committee being the body responsible for creating the Company's policies, lines of action and objectives as regards climate change.

9.1. Carbon capture and storage actions

During 2015, 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 test plant for CO₂ capture at the Litoral de Almería thermal power plant. The main objective

is to test new types of photo-bioreactors and microalgae and develop recovery processes for the biomass obtained as first step in demonstrating the technical-economic feasibility of the technology.



Litoral de Almería thermal power plant

- > Together with Hulleras del Norte (HUNOSA) and CSIC, ENDESA has been operating a pilot post-combustion CO₂ capture plant using calcination-carbonisation-cycles at the La Pereda thermal power plant in Mieres (Asturias) since 2012. This plant, 1.7 MWt in size, 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 next-generation CO₂ capturing technology, which runs more efficiently and at a lower cost.

9.2. Transparency and efforts to give information on its commitment to tackle climate change

9.2.1. Carbon Disclosure Project

ENDESA is taking part in three initiatives of the Carbon Disclosure Project (CDP): an independent not-for-profit body working to achieve a reduction in GHG emissions and the sustainable use of water by businesses and cities. These initiatives are: *CDP Climate Change*, *CDP Supply Chain* and *CDP Water*.

ENDESA has been awarded a leading position in the CDP Performance Leadership Index 2015



ENDESA is one of the global companies most involved in the fight against climate change. This is shown by the latest report of the Carbon Disclosure Project (CDP), the most prestigious climate change index, which offers global information in the management of the risks and opportunities detected by the main companies worldwide. This initiative is endorsed by 822 institutional investors with 95 billion dollars in assets.

ENDESA has been awarded a leading position in the CDP Disclosure Leadership Index due to its commitment to transparency when reporting its emissions, and its actions to reduce carbon emissions and mitigate the business risks that involve climate change. This confirms ENDESA's commitment to offer its stakeholders reliable and high quality information.

For this reason, ENDESA has been included in the "2015 Climate Change CDP, Iberia Edition" report together with the organisations rated within the top 10% of the CDP Disclosure Leadership Index (CDLI). This index only includes those companies that comply with the maximum score criteria defined by CDP.

The companies in the highest positions of this index indicate a high level of transparency in information disclosure related to climate change, providing investors with a level of comfort to assess the corporate responsibility and preparation for the change in market demands and the new regulatory demands on emissions limitation.

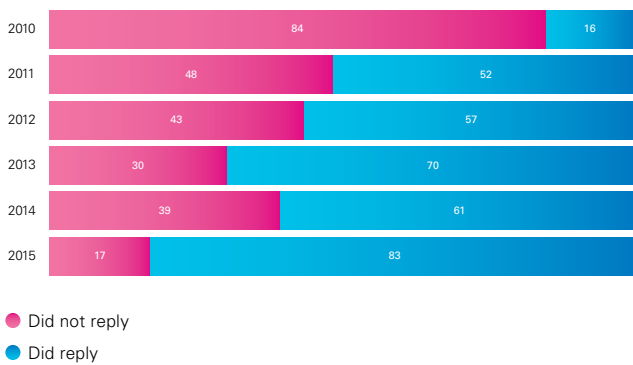
Likewise, ENDESA participates in 2 other CDP initiatives: "Supply Chain CDP" and "Water CDP". ENDESA has involved its suppliers in completing the CDP Supply Chain survey since 2010 and this year the completion rate obtained was 83% compared with the average of 51% obtained by the average of the companies taking part in this initiative. 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 90% of ENDESA's suppliers have set targets to reduce emissions and 89% integrate climate change into their business strategies.

The information about the participation of ENDESA in the initiative "CDP Water" is included in section 4 of this chapter.

Response percentage Supply Chain

%



9.2.2. Calculation of the carbon footprint

For the fourth consecutive year, ENDESA has published its carbon footprint report for 2015. To date, the Company has calculated its Carbon Footprint covering all its business lines, from 2009 to 2015.



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 gas emissions associated with its activity.

This strategy, and with the aim of integrating the carbon footprint in an integrated emissions management 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 GHG risks and opportunities to be managed 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 quantification of emissions and their verification with the standard UNE-EN ISO 14064-31 provides consistency, integrity and transparency for stakeholders 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 Company's strategy. In its third year of experience, ENDESA has undertaken a more active management of its emissions and, although it has implemented projects for improving energy efficiency and reducing emissions in its facilities for some years, this year it has decided to verify some of these projects within the scope of the standard UNE-EN ISO 14064-31, under the mode of Targeted Actions.

The two emission reduction projects verified were:

- > Modification of the Ibiza Power Plant engines, for conversion to natural gas.
- > Reducing losses in a Distribution line of Catalonia.

The total emission reduction resulting from these targeted actions is 14,687 tCO₂e in Scope 1 of the Company and 375 tCO₂e in Scope 2.

Furthermore, another notable point of improvement since 2013 is the assurance level agreed upon in the 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 verification statement is attached at the end of this report.

9.2.3. Carbon footprint, compensation and carbon dioxide absorption projects register

In 2015, ENDESA registered its Carbon Footprint in the Carbon footprint, compensation and carbon dioxide absorption projects Register of the Ministry of Agriculture, Food and the Environment. The aim of this register is to contribute to reducing greenhouse gases, increasing absorptions by carbon sinks within Spain and, in this way, fulfilling the international commitments assumed by Spain in terms of climate change.

After inclusion of ENDESA's carbon footprint in this register, it has been awarded the national carbon footprint calculation stamp of the Ministry of Agriculture, Food and the Environment.



In 2015, ENDESA published the ENDESA carbon footprint report corresponding to 2014.

9.2.4 Emissions of ozone-depleting substances

Within its carbon footprint, ENDESA calculates and verifies Scope 2 emissions arising from the different business lines according to the guidelines set down in the GHG Protocol, with the Location-based approach. This international standard provides the standards and guidelines for companies and other organisations in terms of preparation of greenhouse gas emission inventories.

Scope 2 emissions are those due to power generation which is acquired by the Company for its own consumption and which is not generated by ENDESA. This scope includes, therefore, emissions from electricity generation:

- > Consumed by the coal mines owned by ENDESA.
- > Consumed in pumps in hydroelectric generation.
- > Consumed in port terminals.
- > Consumed in offices.
- > Consumed in other businesses where electricity is acquired from the grid.
- > Self-consumption (T&D Losses) of the power not generated by ENDESA Generación and distributed by ENDESA Distribución.

The greenhouse gases considered in the calculation of Scope 2 Emissions are the following: CO₂, CH₄, N₂O.

The following table shows the evolution of Scope 2 emissions in recent years:

Years	2013	2014	2015*
kt CO ₂ eq	1,067.28	814.11	810.84

* This information may be modified due to at the time of publication of the present Sustainability Report, ENDESA was performing the external verification process according to the requirements of standard UNE EN ISO 14.064.

Since 2009, ENDESA's scope 2 emissions have fallen by 46%. Although there is Carbon footprint information since

2009, given the organisation's characteristics as regards business stability (acquisition, sales, etc.), the base year selected has been a "rolling base year". In other words, the results will be compared with the results of the previous year.

The results consolidation included in ENDESA's carbon footprint has considered a shareholding and operational approach, in accordance with ENDESA's perimeter of consolidation, which is determined by the Company's Economic-Financial Department.

In other words, 100% of the emissions of those facilities where ENDESA holds a majority shareholding and, therefore, responsibility for the operational control of the facilities, are recorded. Furthermore, this includes the emissions from those other facilities where there is no majority shareholding, where it reports the percentage of control corresponding to ENDESA. This is the case of nuclear facilities.

G4-EN20

Additionally, in Spain and Portugal 0.65 tons of CF11 equivalent were emitted, distributed as follows: 0.032 tons of HCFC (0.0016 tons of CF11 equivalent), 0.14 tons of R22 (0.0075 tons of CFC11 equivalent) and 0.80 tons of Freon (0.64 tons of CF11 equivalent).

In the month of April 2015, the 2015-2020 voluntary agreement was signed between the Ministry of Agriculture, Food and the Environment, the manufacturers and suppliers of electrical equipment that use SF6 represented by AFBEL, the electricity transport and distribution companies represented by REE and UNESA and the authorised agents for SF6 gas and equipment containing it, for an integrated management of the use of SF6 in the electrical industry, more respectful with the environment to which ENDESA has subscribed to via UNESA.

The objectives of the Agreement, where key players participate from all phases of the useful life of the equipment containing SF6, is to contribute —beyond the applicable legal requirements—in the fight against climate change and GHG reduction. The Agreement incorporates emissions targets, operational benchmark, reuse of the gas, etc. for this purpose.

9.3. Risks and opportunities arising from climate change

The risks and opportunities arising from climate change are differentiated in two categories: physical and regulatory.

G4-EC2

9.3.1. Physical risks

The future climate forecasts indicate that the energy sector will be affected by climate change and its consequences shall affect the entire value chain, from generation to distribution. However, the results of the Study on Adaptation to Climate Change performed by ENDESA show that the risks to which the business lines shall be subjected are rated as low and very low and it is also expected that they shall emerge slowly and in the future. These conditions allow different adaptation measures to be executed to avoid these risks.

For this reason, ENDESA does not consider that the physical parameters associated with climate change are going to have significant adverse effects on the assets.

9.3.2. Regulatory risks

The ever-increasing legislation on energy targets and emissions reduction within the EU involves various risks and opportunities for ENDESA:

EU Emissions Trading System

The EU Emissions Trading System (EU ETS) is the main mechanism for achieving the EU carbon emissions reducing targets: 30% by 2020 and 40% by 2030. In recent years, this has been modified with the aim of optimising its functionality and managing the emission rights surplus.

An important risk is the reduction in the amount of available emission rights, both due to modifications of the aforementioned EU-ETS, and the foreseeable increase in the annual rights reduction rate in Phase IV. The decrease in the rights offers involves the risk of a greater cost associated with electricity production, and may cause, in a scenario with a shortage of rights, the modification in the order of merit: the increase in price of heat generation may involve displacement of the carbon units by natural gas units.

ENDESA's carbon management strategy is based on the forecast of own CO₂ emissions, combined with the future estimates of the carbon price and optimisation in the value of the current carbon credits.

Renewable Energies

Renewable energy plays a key role in the transition towards a competitive, safe and sustainable energy system in the EU. With the aim of achieving a low-carbon economy in 2050, the EU has established the following mandatory targets:

- > Achieve a participation in the EU energy consumption produced from renewable resources of 20%.
- > Increase the renewable energies quota to 27% of EU energy consumption in 2030.

In order to promote environmental protection projects and achieve a European market of safe, accessible and sustainable energy, in July 2014, the EU adopted the Guidelines on state subsidies for protection of the environment and energy 2014-2020.

In this regard, in 2014 Spain approved Royal Decree 413/2014, regulating electricity production from renewable energies, cogeneration and waste. This Decree establishes the legal framework to make renewable energies more competitive and therefore more attractive to investors.

The increase in the quantity of renewable energy generated involves a risk insofar as it involves a decrease in the thermal gap.

However, with ENDESA managing its development through Enel Green Power, the development of renewable energies should also be considered an opportunity.

ENDESA's strategy is to invest in low-carbon generation technologies and increase the value of carbon-free production. The increase in the public incentives to invest in smart grids and renewable energies represents an opportunity for ENDESA. To manage and maximise this opportunity, ENDESA continues working on different projects related to these activities.

Energy Efficiency

Energy efficiency is the third pillar of the EU climate & energy strategy, setting the following targets:

- > 2020 Climate & Energy Package: 20% improvement in energy efficiency in 2020 compared to the projected figure.
- > 2030 Climate & Energy Package: 27% improvement in energy efficiency in 2030 compared to the projected figure.

The improvement in efficiency allows a cost saving, in addition to an opportunity for marketing energy-efficient solutions. The EU has implemented several initiatives to accelerate the investments in energy efficiency:

- > "Horizon 2020": EU research and innovation program for the 2014-2020 period.
- > Private funding for Energy Efficiency is the instrument under the EU Life program, which co-finances energy efficiency programs (80 million Euros' budget for 2014-2017).
- > Funding of Project Development Assistance (PDA) focusing on sustainable energy projects relating to facilities, which aims to encourage mobilisation of the investment in sustainable energy projects.
- > The European Energy Efficiency Fund promotes the sustainable energy market and climate protection.

- > Investor Confidence Project, which implements a set of best practices standards to make more energy efficient buildings.

As it operates in Spain and Portugal, ENDESA must guarantee compliance of the established obligations. Hence, it has an Energy Policy, with the targets of development and implementation of energy efficiency programs, and the adoption and promotion of innovative programs so that its activities are increasingly efficient from a climate change standpoint. For more information, see chapter: *Electricity, energy vector for society*.

During 2015, in Spain and Portugal total savings of 23,074.96 GJ in energy were made due to programs to improve efficiency of our operations. These savings have led to a decrease in our operating costs and, therefore, an increase in our margin.

Other benefits associated to this new legislation include increase in demand for ENDESA'S added value products and services (AVPS) which aim to help customers improve energy efficiency.

Electrification of the Demand

Electrification of the demand is vital if we consider the possibility of generation using renewable sources and, in all cases, better efficiency in final use of electricity with respect to fossil fuels, both for compliance with the current EU environmental targets, and, evidently, to achieve the decarbonisation of the economy in the long-term.

In particular, and in parallel to development of renewable energies, electrification of the demand should consider a strong development of electric mobility and the use of electricity in residential heating.

Electric Vehicle

The EU needs to accelerate electrification of its fleet of vehicles to achieve the targets set in the Transport White Paper, setting the target of reducing greenhouse gas emissions in the transport sector by 60% in 2050, compared with 1990 levels, and by 20% in 2030 compared with 2008 levels.

To decarbonise the transport industry, the EU has established the following legal frameworks to promote the use of electric vehicles (EV):

- > Directive on energy taxation (2003) to restructure how energy products are taxed considering their CO₂ emissions and energy content.
- > The Clean Fuel Strategy was launched in 2013 to guarantee the creation of alternative fuels throughout the EU, such as use of electricity. It establishes the minimum number of charging points that must be installed per member state by 2020 —82,000 and 12,000 for Spain and Portugal, respectively.
- > The Energy Union Package emphasises the need to decarbonise the transport industry, since it represents more than 30% of the final energy consumption in Europe.

There are also initiatives in progress in the EU to promote the use of electric cars, such as Green eMotion and the Green Vehicles Initiative.

Bearing in mind ENDESA's commitments to the use of EV, this legal framework represents a clear business opportunity. The availability of capital may also increase as electric mobility is perceived as a safe investment.

To obtain information on how ENDESA manages this opportunity, you can consult all the initiatives that ENDESA is taking part in this chapter in section 9.4: Promoting sustainable mobility.

Residential heating

The impetus of technological change in residential heating/air-conditioning by its electrification, contributes to reducing CO₂ emissions and, collaterally, giving better air efficiency in population centres.

ENDESA's opportunities arise from an increase in electricity demand, as well as marketing of technology such as heat pumps and other value added services offered by the Company.

Remote management and Smart Grids

The future of the distribution grids will be determined by technology. Society is evolving towards a digital smart distribution grid model, known as Smart Grids, capable of meeting the demands of a low-carbon electricity system, i.e. smart meters, grid automation, and which supports the necessary infrastructure for electric vehicles, distributed generation.

The EU aims to replace at least 80% of the conventional meters by smart meters by 2020, since smart metering and the roll-out of smart grids may reduce EU emissions by up to 9%. This involves the installation of close to 200 million smart meters in the EU by 2020, a potential investment of 45 billion Euros.

The Smart Meters must be implemented together with smart grids to guarantee integration in the grid. The European Technology Platform for Smart Grids, also called ETP SmartGrids, focuses on development of smart grids and electrical systems and promotes various initiatives:

- > Smart Grids Task Force (SGTF);
- > European Electricity Grid Initiative (EEGI);
- > Strategic Energy Technology Plan (SET-Plan);
- > European Technology Platform for Smart grids (ETP SmartGrids);
- > Smart Cities & Communities European Innovation Partnership (EIP);
- > Global Smart Grid Federation (GSGF).

These initiatives, together with Spain's obligation to install smart meters, is an opportunity for ENDESA, as experts and pioneers in smart metering, and the service demand is expected to increase in coming years.

ENDESA has defined a Smart Metering Roll-out Program to manage this opportunity. The program has been operating since 2010 and it is expected that a total of 13 million conventional meters are replaced by 2018. For more information, see chapter: Electricity, energy vector for society.

It should be stressed that the Smart Metering System lays the foundations for evolution towards smart grids, including advanced functionalities, such as integration in the distributed generation grid, renewable energies and electric vehicles.

9.4. Promoting sustainable mobility

The ENDESA 2014-2016 Sustainable and Safe Mobility Plan meets the commitment acquired by the Company in the fight against climate change, as well as the occupational health and safety legislation of its employees, and the final expectations set in the regulatory framework (Sustainable Economy Act 2/2011). The plan involves the integration of the economic, social and environmental opportunities and challenges, of transport and mobility in ENDESA's strategy. Its scope includes all employees, suppliers and customers. Target-achievement percentages were 72% in 2014 and 80% in 2015.

The plan is structured in two strategic priorities: promotion of modal change, efficient and safe use of energy, and the promotion and impetus of transport electrification, each one of them with their specific targets.

22 working programs have been developed to achieve the 9 targets, among which we can highlight

- > In the occupational safety and health area:

- **Awareness-raising materials and information on safety on the way to and from work.** Keep available materials prepared by the Joint Occupational Safety and Health Department (SPM).

Plan structure: vision, priorities, targets and programs

Strategic priority 1: promotion of modal change, the rational and safe use of transport

Target 1	Target 2	Target 3	Target 4	Target 5	Target 6
Increase use of ICT among employees	Strengthen management of sustainable mobility in the workplaces	Promote forms of transport other than the private vehicle	Offer flexitime	Promote safety while travelling	Promote sustainable mobility in the supply chain
Teleworking	Local transport plans	Information systems	Measures for flexible working hours	Awareness-raising materials and information	Sustainable mobility integration in purchases and services procedures
Use of videoconferences	Mobility coordinator	Company shuttles and routes		Safety on the way to and from work in OHS policies and procedures	
	Employee survey	Use of bicycles (electric)			
		Carpooling			
		Carsharing			
		Transport cheque			
		Accessibility for people with reduced mobility			

Strategic priority 2: promotion and impetus of transport electrification

Target 7	Target 8	Target 9
Develop and implement electric vehicles	Implement electric vehicle infrastructure in ENDESA's workplaces	Promote sustainable mobility in ENDESA's fleets
Demos and alliances with companies and public bodies	Improvements in the workplaces to promote the electric vehicle among employees	Gradual change in ENDESA's fleets towards more efficient models, promoting electrification
Sale of e-mobility products and services		

■ Strategic targets ■ Work programs

- **Inclusion of driving safety at work and on the way to and from work in the safety policies and procedures.** Road accidents at work and on the way to and from work must be included in ENDESA's risk assessment method and defined in the OHS measures to adopt.

- **Training in road safety and good driving.** Road safety course, both in defensive driving and in adverse weather conditions.

> Promotion and impetus of transport electrification:

- **Demos and alliance with companies and public bodies.** Demonstrate the feasibility of electric public mobility in cities via technological demos and applied development projects.
- **Actions to promote electric mobility in customers with favourable conditions.** Actions to promote electric mobility solutions in the ENDESA customer base with proposals in advantageous conditions.

- **Zem2All. Electric mobility project in Málaga.** Demo electric mobility project in Malaga, with 160 electric vehicles with associated charging points, distributed between public and private participants (companies and individuals) and with 23 fast charging points in the public thoroughfare.

- **Improvements in workplaces to promote the use of electric vehicles by employees.** Allocation of preferential parking spaces for electric vehicle users. Installation of more charging points in the office car parks.

- **Replacement of vehicles in the operating fleet for electric vehicles.** Using the information provided by the Black-Box, it detects all those vehicles whose range of action could be covered by an electric vehicle. The annual fleet renewal processes have the aim of replacing them by electric vehicles.

9.5. ENDESA's experience in Adaptation

After the publication in 2013 of the Adaptation Report, ENDESA has continued to work in this line in 2015.



ENDESA was selected by the Spanish Office of Climate Change, of 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 has the purpose of 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).

ENDESA was chosen as representative of the energy industry to develop a study on the vulnerability to Climate Change in Hydroelectric Power Plants 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 power plant with 12.8 MW maximum output capacity, located 25 km north of Seville, in the Rivera de Cala river, close to the head of the basin and with annual regime, where the water stored is used as water supply for the city of Seville.
- > Tranco: hydroelectric power plant with 39.8 MW maximum output capacity in the province of Jaén, in the high Guadalquivir river, in Cazorla, Segura and Las Villas the natural park. The water stored is used to irrigate crops located downstream of the reservoir.
- > Mengíbar: flowing or pumping plant in the province of Jaén, to the north of the town of Mengíbar and with 4.2 MW output capacity. Its production depends on the capacity of the river flow at that moment.

The vulnerability analysis considers 4 scenarios with different climate projections by the State Weather Agency (AEMET) and the Regional Ministry of the Environment of the Regional Government of Andalusia. The condition that can affect power plants 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 power plants to the new scenario.

On completion of the first stage of the Adapta initiative, in 2014, the report: *Integration of Adaptation to Climate Change in Corporate Strategy*, was published. This report is a methodological guide aimed at the private sector to assess the impacts and vulnerability associated to climate risks the companies may be subjected to.



In the second phase of the Adapta initiative performed during 2015, its aim is to study, based on a cost-benefit analysis methodology, different adaptation alternatives. This exercise will serve to develop a monetisation methodology of the impacts associated with climate change to be adapted to the private sector.

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 corporate decision-making. It, therefore, considers both the assessment of climate elements which may generate 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).

10. Institutional allies in the fight against climate change

10.1. The international context after the Paris summit

From 30 November to 11 December 2014, Paris (France) hosted the 21st session of the Conference of the Parties (COP21) of the United Nations Framework Convention on

Climate Change (UNFCCC), and the 11th Meeting of the Parties (CMP7) of the Kyoto Protocol.

Having agreed on the time line for the negotiating the new climate change regime in the Doha Summit for beyond 2020, which should conclude in 2015 with the adoption of a new legally binding agreement for all Parties, the COP21 is a historic milestone within the framework of international climate change negotiations.

ENDESA joins the Project: “One million commitments for the climate” to raise awareness on climate change

ENDESA is directly taking part in “One million commitments for the climate”, a collective challenge which aims to share the gestures and initiatives of citizens, companies and institutions’ commitment to action against climate change, with the goal of reaching one million commitments to the climate.

Within the framework of the Paris COP2, the Spanish Climate Change Office launched this initiative, promoted by the Ministry of Agriculture, Food and the Environment, Fundación Biodiversidad, Save Horizon, Ecodes and Ineco, with the objective of raising awareness and mobilising society against climate change.



The main compliance conditions are summarised below:

- > Request for the Parties who have not informed of their INDC to do so before COP22 (November 2016).
- > Need for each party to inform of the first NDC before ratification of the agreement by said Party. Possibility of ratifying/consolidating the NDC in the INCD communicated before adhesion to the Agreement of said Party as signatory. It is expected that the EU and Spain ratify their INDCs.
- > The Parties who have communicated their INCD with horizon until 2025 must communicate a new one before 2020, and subsequently do so every five years. The same goes, to update, for the parties who have done so with a timeframe until 2030 (case of the EU).
- > Explicit need for guidance and common criteria to define, structure and give content to the NDCs, so that they are homogenised and a common methodology is defined to record and quantify the efforts and reductions. They will be applied for preparation of the second NDCs.
- > Creation of a Register of the Parties’ NDCs until mid-2016.

Additionally:

- > Mandatory nature of the Parties informing, before 2020, of the reduction strategies for the mid-century and development of long-term low-emission GHG strategies.

The Paris Agreement

After two weeks of negotiations in the French capital, with the participation of 195 countries, the summit ended on 12 December adopting the Paris Agreement, which must be ratified by the Convention Parties between 22 April 2016 and 21 2017.

Compliance and requirements

The Agreement is based on the commitments that the parties voluntarily state and depending on their level of responsibility and their national circumstances. They are the “Intended Nationally Determined Contributions (INDC)” -prior to the Agreement- or “Nationally Determined Contributions (NDC)” - after the agreement.

Funding

- > Funding mechanisms are anticipated to channel aid to the developing countries in their strategies, policies, regulations and actions in terms of mitigation and adaptation.
- > Before 2025, the aim is to define a new financial contribution of the developed countries to the developing countries, taking as reference the “floor” of \$100,000M/year, and in accordance with the needs and priorities of those developing countries.

- > importance of adequate and stable funding. In this regard, GCF and GEF shall also act as funding mechanisms for the Agreement. The Adaptation Fund may also serve for the Agreement, but pending joint decisions of the Kyoto Protocol COP and the Paris Agreement COP.
 - > For 2 °C and 1.5 °C, requirement that the Parties reach the maximum of their overall emissions as soon as possible, allowing this to occur later in developing countries. Later, its states the urgency of rapidly reducing and obtaining a balance between the emissions and the absorptions in the second half of this century.
 - > The successive NDC to be presented by the Parties must show progress, effort and an increasing level of ambition.
 - > In those Parties, where by virtue of an internal Agreement, several countries intervene, the targets and requirements communicated must be fulfilled both individually and collectively. (The case of the EU and Spain)
 - > Conserve and promote GHG sinks and reservoirs, including forests.
 - > Monitoring, follow-up and national inventories, paying special attention to monitoring the NDCs in their implementation and efficacy.
- For ENDESA, these innovations are an additional motivation to continue working in the fight against climate change.

Targets and progress

- > Agreement with desire for equity and demanding common but differentiated responsibilities of the Parties.
- > Scientific target of limiting the earth's surface temperature increase by 2100 below 2 °C, with the ambition that this increase does not exceed 1.5 °C, which would reduce the risks and impacts of climate change. [Bearing in mind the INDCs of the UNFCCC synthesis report, notified on 1 October 2015, the scientific target increase of 2 °C would be exceeded, with projections of 55Gt by 2030, for which greater efforts would be necessary by the Parties aimed at reducing emissions in said timeframe, so that they would not exceed 40Gt. An update of this synthesis report is requested for May 2016].

11. CO₂ emissions

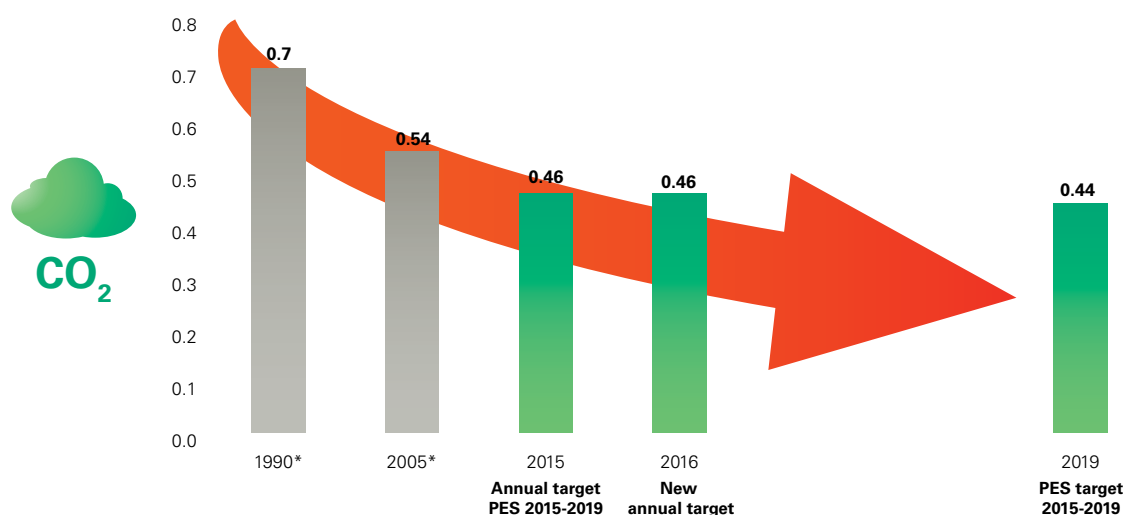
The total emissions produced by the company at year-end 2015 were 33.55 million tons of CO₂ in Spain and Portugal.

ENDESA's total emissions in 2015 have been 33.55 million tons in Spain and Portugal

ENDESA's carbon emissions in Spain and Portugal have been 0.46 kg CO₂/kWh, complying with the target established for 2015 within the framework of ENDESA's 2015-2019 Sustainability Plan. This same target is preserved for 2016 and a target is set for 2019, involving an emissions reduction greater than 37% with respect to 1990 (reference year for the Kyoto protocol and for the EU Climate & Energy Program of 18.5% respect to 2005 (reference year for the ETS sectors in the Climate & Energy program) and of 4.3% with respect to the 2015 results.

Specific CO₂ emissions

Kg CO₂/kWh



* Year of reference for the Kyoto Protocol, and for the reduction target of 40% of the overall CO₂ emissions in the EU by 2030 established within the EU Climate & Energy framework.

** Year of reference for the ETS sectors with respect to the target to reduce CO₂ emissions produced by these sectors by 43% established in the EU Climate & Energy framework.

Nevertheless, the generation of thermal energy has increased close to 12% in 2015, which has caused an increase in absolute CO₂ emissions of approximately 8%. The increase in thermal production has been distributed unequally among the different technologies: Increase of 7.9% in the coal power stations, increase of 27% in the combined-cycle power plants and increase of 5.6% in fuel-gas technology power plant production. Despite this, specific emissions have been kept at similar values, experiencing a slight increase in 2015 (0.85%).

Evaluation of specific ENDESA emissions (kg CO₂/kWh)

	2013	2014	2015
Spain and Portugal	0.43	0.46	0.46

Evolution of ENDESA emissions in absolute terms (kt CO₂)

	2013	2014	2015	% 2015/2014
Spain and Portugal	28,139	30,999	33,548	8.2

12. Experience in Clean Development Mechanisms and Joint Action projects and voluntary projects

Flexible mechanisms to reduce emissions based on projects, known as Clean Development Mechanisms (CDMs), represent a significant component of ENDESA's climate change strategy.

The CDM project follow-up activity, development of the voluntary market and participation of ENDESA in different funds managed by the World Bank is being developed by the Global Origination Unit.

Despite the crisis in the emissions market, Global Origination has allowed ENDESA and Enel to continue being an international benchmark in the coal market.

12.1. CDM/JI Portfolio

EU5

At the close of 2015, ENDESA-Enel-Group's Certified Emission Reductions' portfolio (CERs) had close to 60 CDM projects, which will cut CO₂ emissions by approximately 163 million tonnes by 2020.

ENDESA has avoided 66 million tons of CO₂ emissions in the past 8 years.

Through flexible mechanisms, ENDESA has avoided the emissions of almost 66 million tonnes of carbon dioxide in the past 8 years.

12.2. Carbon funds

EU5

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), *Spanish Carbon Fund* (SCF) and *Carbon Partnership Facility* (CPF).

Since its inclusion in these, not only has ENDESA contributed to reducing emissions but it has been a participant in the complementary benefits provided to the most underprivileged communities. A large part of the projects in which ENDESA has and continues to be a participant of, has contributed to improving the quality of life of 18.2 million people.

12.3. Voluntary offsetting of GHG emissions

EU5

In 2015, ENDESA voluntarily offset the greenhouse gas emissions of its domestic and international customers. To do this, it used credits from the Clean Development Mechanisms and own credits and specific of the voluntary market.

Likewise, the Company continued with its offsetting policy of emissions from its own internal events.

The credits used to compensate internal events come from a project in Nepal registered in UNFCCC with significant additional community benefits, giving access to more than 146,500 families.

In 2015, ENDESA has voluntarily offset the greenhouse gas emissions of its domestic customers as well as the emissions of its own internal events

In 2015, the total carbon credits acquired by participation in carbon funds, JI, MDL, other bilateral agreements have been 118,499 tons.

Furthermore, it is important to highlight the use of specific credits for the voluntary market by some of ENDESA's

customers to compensate for its annual emissions. On this occasion, they are VCS and VCU standards from projects in Tanzania and India, both with important added social benefits.

In 2015, a greater volume of CERs (particularly CP1) has been obtained from the funds, since with the Phase change, March was the deadline of use and exchange by EUAs of this type of credits.

Following Enel Group's policy, ENDESA aims to continue with voluntary offsetting of GHG emissions from internal events during 2016.

Likewise, ENDESA ratified in 2015 its adhesion in Catalonia to the Voluntary agreement for GHG reduction promoted by the Catalan Climate Change Office including, in a first phase, the HV grid and HV/MV transformation grid in Catalonia. An audit has been performed in 2015 by TÜV Rheinland on the projects executed to adapt 16.4 km of the HV Camarasa-Cervera line in Lleida. This adaptation has entailed a conductor change that reduces losses due to joule effect equivalent to 1,271 MWh per year, and that of dismantling 3 km of overhead quadruple circuit (110 kV) and burying a section of 3 km dual circuit (110 kV) in Valldoreix, which has enabled a loss reduction due to joule effect equivalent to 132 MWh. Both actions entail a carbon dioxide (CO₂) emissions saving of 375 tons, equivalent to the energy consumption (electricity and gas) of 93 x 90 m² homes in one year. In this way, the Company renews its commitment in the fight and mitigation against Climate Change.

13. ENDESA's Presence in Domestic and International Organisations and/or Initiatives for the Fight Against Climate Change

13.1. Domestic organisations

- > The Spanish Technology Platform for Energy Efficiency (PTE-EE): this organisation seeks innovation in energy efficiency technology, generating new solutions by promoting research and development of new techniques, products and services that contribute to reducing energy demand through energy efficiency.
- > The Spanish Future Electricity Grid Platform (FUTURED): its main objective is to integrate all agents involved in the electricity sector in order to define and encourage strategies at a domestic level that allow for the consolidation of a far more advanced grid, capable of responding to the challenges of the future.
- > CO₂ Platform: Association of the Spanish CO₂ Technology Platform (PTECO₂) is an initiative driven by the private sector, research centres and Spanish universities. It is partially funded by the Spanish Ministry of Economy and Competitiveness (MINECO) and brings together representatives from this Ministry, as well as from the Spanish Ministries of Industry, Energy and Tourism (MINETUR) and Agriculture, Food and the Environment (MAGRAMA). The general scope of the PTECO₂ is to undertake technological development in Spain that contributes to decreasing the environmental, social and economic impact arising from greenhouse gas emissions in our country. Its main objective is to integrate all agents involved in the electricity sector in order to define and promote strategies at a domestic 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 CO₂ Association.
- > AENOR's (The Spanish Standards and Certification Association) Technical Standardisation Committee for Climate Change and renewable energies.
- > UNESA's (Spanish Association of the Electricity Industry) Working Group on Climate Change.
- > Participation as a pilot energy sector company in the "Adapta" initiative being developed by the Spanish Climate Change Office.
- > Environment and Climate Change Working Group of the Excellence in Sustainability Club.
- > Adhesion to the Voluntary Agreements program to reduce GHG emissions promoted by the Catalan Climate Change Agency for distribution actions.

13.2. International Organisations

- > Carbon Disclosure Project: it participates in the annual CDP questionnaire of this initiative, committed to transparency of company conduct as regards climate change.

- > CDP Supply Chain: it aims to raise awareness on the carbon footprint of an organisation, the risks and opportunities of climate change, through the supply chain (suppliers), promotion action on climate change.
- > Eurelectric (The Union of the Electricity Industry): participates in the Climate Change Working Group and in the sub-group of flexible mechanisms, in the Economy and the Environment Working Group, in the CO₂ Capture and Storage Task Force (CCS) and in the Task Force on EU ETS.



- > Presence at the International Annual Conference of the Parties (COP21) of the UN Framework Convention on Climate Change (COP)



- > Presence at Carbon Expo.
- > Participates in the European R&D projects on CO₂ capture and storage.
- > Member of the European thematic network (CO₂NET) with CO₂ capture and storage studies



- > Energy and Climate Change Working Group of the European Round Table of Industrialists (ERT) Eurocoal.
- > Member of the initiative: Caring for Climate, of the Global Compact, UNEP and WBCSD.

14. ENDESA's Resource Sustainability Plan

ENDESA's Resource Department, within the framework of the Company's corporate strategy and ENDESA's Sustainability Plan, defined a Sustainability Framework Document, and a specific Plan with the aim of providing the area with guidelines that enable promoting sustainability in the General Services, Assets, Safety and Contractor Control.





Actions performed in 2015

Area	Action	Description/Objectives	Milestones
Sustainability of office buildings.	Office rationalisation plan.	Optimise use of space, reduce costs, energy consumption and ecological footprint.	Reduction of 2,483 m ² of spaces allocated to offices.
	Implementation of flexible workspaces.	Opening of spaces for socio-economic activities.	Adapt the working spaces to the existing requirements at any given time
	Use of underused spaces for third-party uses.	Creation in the Madrid offices of the digital and collaborative space "Open Power Space"	Fitting out of a modernist room in the Barcelona Vilanova building for educational and cultural events.
	New services for employees.	Implementation of new services for employees that contribute to improving work-life balance, improving climate and efficiency and performance.	Implementation in the Madrid office of services for employees to facilitate personal formalities, health, sport, etc.
	Triple building certification model.	Consolidate and expand this model in energy, environmental and indoor air quality management to systemise all actions in this regard and integrate them in daily operations.	Obtaining AENOR's approval for renewal of certification follow-up audit for 18 office buildings.
	Monitoring of energy consumption in buildings.	Know consumption distribution, define possible improvement measures and estimate its saving potential.	Start of preliminary work to implement consumption monitoring in 28 office buildings.
	Evaluation of the building energy rating.	Obtain energy rating certificates.	Obtaining certificates for 18 office buildings.
	Donation of the revenue from waste segregation.	Fully donate this revenue to foundations and organisations with social purposes to involve employees in this activity, promoting a sustainable culture.	Approximately 4,000 Euros obtained from segregating waste in 2015 in the Madrid office will be donated to Save the Children.
Sustainability in other assets.	Contracting the auxiliary services in the buildings to special employment centres.	Favour job integration of people with physical, mental or sensorial disabilities.	All 131 people who provide auxiliary services in the building are contracted from Special Employment centres.
	Action plan in unused assets.	Design and execution of sustainable actions in those assets of social and/or environmental interest for society as a whole or for the local communities where they are found.	<ul style="list-style-type: none"> • Land of the former Alcudia power plant (Balearic Islands): environmental recovery of land project. • Land in Sa Pobla (Balearic Islands): Safekeeping agreement with the regional government to improve the state of conservation of habitats and species. • Land, former constructions and infrastructures in As Pontes (Galicia): agreement with the town council to assign and allocate part of the space and infrastructures for reuse by residents and for the development of cultural, sporting, leisure and museum activities. • Land in Montejaque (Andalusia): authorisation formalised for improvement and adaptation works of the "cañada nueva del pantano" which guarantees accessibility and communication of the municipality in winter. • Ruins of the Guardiola de Berguedà castle (Catalonia): agreement for archaeological excavation and recovery of the castle.

Area	Action	Description/Objectives	Milestones
Sustainability in the fleet of vehicles. (More information in this chapter in section 7.3. Promoting sustainable mobility).	Progressive electrification of the fleet of vehicles.	Contribute to fuel saving and reduction of carbon footprint.	Award of the tender and signing of framework contact to provide the Nissan Leaf, Renault Kangoo and Renault Zoe models. Request for of 32 electric vehicles to incorporate in the fleet.
	Incorporation of lower consumption vehicles in the fleet of vehicles.	Decrease in fuel consumption and associated cost, reduction of carbon footprint.	Award of the tender to provide the Opel Corsa 1.3cdti start/stop model, of lower consumption than the currently used model. Request for 92 lower consumption vehicles to immediately incorporate in the fleet.
	Installation of Black Box devices.	Increase vehicle safety, improve operating efficiency of the fleet and contribution to the sustainable mobility plan.	Installation of 1,010 devices in ENDESA vehicles.
	Car Sharing.	Pool of electric vehicles in the main office buildings for use of the employees in work activities in order to save fuel and reduce the carbon footprint.	Service put out to tender and pilot test performed in 2015 with 18 electric vehicles (BMW i3), distributed in the Madrid, Barcelona, Seville, Palma de Mallorca and Las Palmas de Gran Canaria offices.
	Shared Taxi.	Comprehensive management of corporate transport in taxi with the aim of reducing emissions, contributing to sustainable and safe mobility and increasing digitisation and traceability of the service.	Tender and award of the service. In pilot project course.
Sustainability in contractor management	Assessment of performance in contractors as regards sustainability.	Guarantee compliance with minimum sustainability standards, contribute to responsible management of the supply chain and improve the Company's external image.	A performance assessment model has been defined and designed, which includes matters relating to family conciliation (work-life balance), company representation, environment etc., in the audits on contractors and suppliers.
Sustainability in safety/security.	Legal and reputational risks model.	Situational analyses on corporate bodies or individuals which allow the identification, detection and prevention of risks.	Tender and award of the specialised supplier service, as well as contracting of the licence to check international sanctions.
	Plan to raise awareness in information security to employees.	Train employees in the basic concepts of information security and raise awareness on the risks present in both the occupational and family environment.	Performance of 2 lectures, family seminars and 8 specific workshops in the Madrid office.

Biodiversity

Development
of tool to quantify
state of
conservation

ENDESA
biodiversity
website
www.endesa-biodiversidad.com

21 actions
in progress in the
2015 Biodiversity
Conservation Plan

Key figures

	2013	2014	2015
Actions in progress of the biodiversity conservation plan	31	30	21

2015 Challenges	Actions performed
Monitoring of new environmental legislation, analysing its impact on the electricity production activity and proposing the adaptation measures to the new legislative context.	<p>Analysis of the implementation of the Royal Decree relating to Conservation banks.</p> <p>Analysis of the implications of amendment of Act 21/2015, of 20 July, amending Act 43/2003, of 21 November, on Forest Management.</p> <p>Analysis of the regional legislation to prevent forest fires on land owned by the company.</p>
Assessment of the capacity to host biodiversity (vegetation and birdlife) of ENDESA's hydroelectric reservoirs.	<p>Digital cartographic adaptation of plant habitats around reservoirs in order to complete the observations in the field.</p> <p>Progress in data processing of the data obtained in characterisation campaigns of reservoirs for their future publication in the biodiversity web and/or in monograph format.</p> <p>Census of wintering birds of As Pontes lake.</p> <p>Obtaining databases of waterfowl observed in ENDESA reservoirs: 12,127 individuals observed, belonging to 67 different species.</p>
Development of a quantitative indicator system for monitoring the company's actions, with interaction on biodiversity.	<p>Preparation of an internal document proposing and describing parameters and indicators to monitor the ENDESA-Biodiversity interaction.</p> <p>Preparation of a specifications document for the design and analysis works of state parameters and biodiversity indicators for ENDESA.</p>
Assessment of the effects of climate change on water resources and continental aquatic ecosystems.	<p>HIDSOS project on Global Climate Change on water resources and sediment transport:</p> <ul style="list-style-type: none"> > Analysis of climate trends, changes in soil uses, changes in runoff, sediment load and effect of extreme events. > Assessment of the joint effect of reforestation and climate change in the hydrological behaviour of water basins. > Publication of three scientific articles in specialised international journals and two communications to the Iberian Ecology Congress (Congreso Ibérico de Ecología) (Coimbra, June 2015). <p>Use of the InVEST system to calculate and map ecosystem services of a model water basin (Noguera-Pallaresa) with high presence of hydroelectric operation of ENDESA.</p>

1. Biodiversity conservation

EU13 / G4-DMA Biodiversity

Biodiversity conservation is not a new concept for ENDESA. Already in its first Environmental Policy approved and published in 1998, it established as one of its reference principles: "Conservation of the natural environment of its facilities by adopting measures to protect the species of flora and fauna and their habitats." Likewise, biodiversity conservation was already established as one of the seven Commitments for Sustainable Development within the framework of the first Strategic Sustainability Plan.

ENDESA's biodiversity website (<https://endesabiodiversidad.com/es/>), which has been operational since 2014, provides the public with all of ENDESA's activity as regards study, management and conservation of biodiversity, in addition to other information and useful tools.

The following sections only summarise some of the most significant biodiversity activities. We recommend you visit the website for more details and a full project list.

2. Biodiversity Conservation Plan

G4-EN12 / G4-EN13

ENDESA's Biodiversity Conservation Plan is the culmination of the Company's extensive experience in this area. In 2012, it designed a Biodiversity Conservation Plan and, in 2013, began to put it into practice, with the result of notable efficiency and a high degree of achievement of the first milestones.

ENDESA's Biodiversity Conservation Plan provides a structure which enables selecting and assessing, in first place and following criteria of scientific, social and applied interest, all initiatives received, both internal and external, as regards biodiversity conservation. Below, each initiative is typified and classified within the Plan (see classification project matrix on ENDESA's biodiversity website <https://endesabiodiversidad.com/es/>).

Finally, it is entered in a database to monitor it until project conclusion.

Regarding the goals of the Plan for Biodiversity Conservation, in 2015 the main lines of action set forth in 2012 have been maintained:

- > Conditioning the physical environment in ENDESA's 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 native species and controlling invasive species with a high impact from an ecological standpoint and for ENDESA's business.

ENDESA monitors development of the degree of compliance with the objectives of each one of the active projects of the Biodiversity Conservation Plan. For this, it has been essential to demand specific, achievable, measurable and verifiable targets for each project, and to plan project progress monitoring and an assessment of the final results in terms of degree of compliance with the originally set targets.

- > Total number of projects in the Biodiversity Conservation Plan.
- > Number of projects started in the year in progress.
- > Number of projects started in previous years.
- > Number and % of projects by area of action.
- > Number and % of projects by area of application.
- > Number and % of projects by large subject areas (birdlife, water resources, forest resources, space restoration and biodiversity management tools).
- > Number and % of projects by associated line of business.
- > Number and % of projects by territory.
- > Number of scientific publications resulting from the Biodiversity Conservation Plan, with express recognition of ENDESA.
- > Number of communications to congresses arising from Biodiversity Conservation Plan projects, with express recognition of ENDESA.

2.1. Annual activity indicators of the Biodiversity Conservation Plan

In order to characterise and describe the annual activity of ENDESA's Biodiversity Conservation Plan, there are a series of indicators for which annual values are obtained and which will be described below:

The Biodiversity Conservation plan has ended 2015 with a total of 21 activities under way, with the following balance: 13 started in previous years (with 3 of them ending in 2015 and 10 which continue active) and 8 further actions started in the last year.

The following table shows the distribution of ENDESA's Biodiversity Conservation Plan actions under way in 2015, classified in accordance with the governing matrix of the Plan and the 20 types of actions it houses, which can be deducted from the cross of rows by columns.

Areas of application (Biodiversity components)

		A. Use and infrastructure management	B. Habitat management	C. Native species	D. Invasive exotic species	
Areas of action	1. Own facilities	2	0	2	0	4
	2. Areas of influence	2	1	4	1	8
	3. Research projects	3	1	1	1	6
	4. Socio-environmental projects	1	0	1	0	2
	5. Emblematic projects	0	0	1	0	1
		8	2	9	2	21

Distribution of actions by subject matter	No. actions	%
Birdlife	6	28.57
Water resources	9	42.86
Forest resources	5	23.81
Restoration of natural spaces	0	0
Biodiversity management tools	1	4.76
Total	21	100

The plan's actions have been performed throughout almost all the Iberian Peninsula (90%) and the islands (10%), and encompassed a substantial share of the business lines of the Company. Specifically, the generation area received 43% of the Plan actions, while Distribution received 24% and the corporate area 33%.

2.2. Key actions

G4-EN12

2.2.1. Studies and investigations

The main activities in the scope of research of the Biodiversity Conservation Program carried out during 2015 can be consulted on the ENDESA biodiversity website (<https://endesabiodiversidad.com/es>).

During 2015, work has continued with research on the **zebra mussel**, carrying out new trials on systems to eradicate and control populations of the species, and particularly in its larva state, by treatment with ultrasound. The preliminary results point to ultrasounds being an effective method to decrease fixing capacity, and therefore, colonisation of surfaces by larva.



In 2015, advance in the knowledge of threatened species of bat species present in ENDESA's hydroelectric facilities has also continued with the **Endesabats project**. In the last quarter of the year an important colony was discovered in the Camarasa (Lleida) power plant, with around 600 individ-

uals, of which approximately 400 belong to the species **M. capaccinii**.

With respect to tools for biodiversity knowledge and management, in 2015 work has concluded to adapt the **Modest-R tool** to assessment of the conservation value of ENDESA's land. With this basic cartographic information, from 2016 on there are plans to study ENDESA's facilities and land, as well as its areas of impact. This would allow obtaining a list of threatened species present in these areas. The program allows adjustment of the model by the user, and is available for the public to download from the website: <http://www.ipez.es/ModestR/>.

ENDESA installs four ramps to evacuate animals in Gavet canal

Within its Biodiversity Conservation Plan, IN 2015 ENDESA has experimentally installed four ramps to evacuate fauna in Gavet canal, in Pallars Jussà, to enable the exit of animals when required in the event of them accidentally falling into the water when they get too close to it. The works have been carried out with the collaboration of the Catalan Regional Government and the supervision and consent of the Rural Agents of the Department of Agriculture, Farming, Fishing, Food and the Environment. The first ramp was installed on the siphon side of the canal and is mainly intended for small vertebrates, snakes and frogs, which are often trapped by the reflux of water on the siphon side. In the second action, the three remaining ramps have been located, adapted for large mammals, e.g. boars.



The ramps have been designed to blend in with the environment

2.2.2. Birdlife protection actions

G4-EN14

Through the project to **protect the nests of Montagu's harrier** (*Circus pygargus*) with anti-predator measures on Plana de Lleida, spectacular results have been obtained in 2015. This species is classed as Vulnerable in the Spanish Catalogue of Threatened Birds (*Catálogo Español de Especies Amenazadas*), it has decreasing population trends according to the IUCN, and is present in areas where ENDESA performs its distribution activity. In addition to these anti-predator measures, the hacking of 18 chicks of Montagu's Harrier were also carried out.

In the Canary Islands, in 2015, the project: **Identification of the use of power lines by breeding individuals of Canary Island Egyptian vulture** (*Neophron percnopterus sub-sp. majorensis*) using GPS tracking of 5 adult vultures was carried out. The extinction of the Canary Island Egyptian Vulture would be a serious loss for the Canary Island ecosystems, since this species is located on the cusp of the trophic pyramid as it is the largest scavenger. The endemic population of Canary Island Egyptian Vultures in Fuerteventura and Lanzarote makes a continuous use of pylons and power lines as perches and roosts.



In Catalonia, different actions have been carried out to **protect birdlife**. Among these, we can highlight the remodeling of a medium voltage line in Pont de Suert in order to safeguard and protect a species of predatory bird classed in danger of extinction -specifically a pair of Red Kites located in the municipality.

During the last year, progress has been made on the analysis of the data obtained from the biodiversity study associated to ENDESA's reservoirs, particularly focussing on the surrounding vegetation and waterfowl. A list has been obtained of all species of waterfowl observed in 81 water masses and its degree of protection. In total, 12,127 individuals were observed belonging to 67 different species. The following table shows those considered threatened on an international, European or state level.

Species			Degree of protection	
Common name	Scientific name	IUCN	Bird Directive	CEEAA
Night heron	<i>Nycticorax</i>		Annex I	
Squacco heron	<i>Ardeola ralloides</i>		Annex I	Vulnerable
Little egret	<i>Egretta garzetta</i>		Annex I	
Great egret	<i>Egretta alba</i>		Annex I	
Purple heron	<i>Ardea purpurea</i>		Annex I	
Black stork	<i>Ciconia nigra</i>		Annex I	Vulnerable
White stork	<i>Ciconia ciconia</i>		Annex I	
Eurasian spoonbill	<i>Platalea leucorodia</i>		Annex I	
American flamingo	<i>Phoenicopterus ruber</i>		Annex I	
Common pochard	<i>Aythya ferina</i>	Vulnerable		
Black kite	<i>Milvus migrans</i>		Annex I	
Western marsh harrier	<i>Circus aeruginosus</i>		Annex I	
Osprey	<i>Pandion haliaetus</i>		Annex I	Vulnerable
Purple swamphen	<i>Porphyrio porphyrio</i>		Annex I	
Black-winged stilt	<i>Himantopus himantopus</i>		Annex I	
Pied avocet	<i>Recurvirostra avosetta</i>		Annex I	
Collared pratincole	<i>Glareola pratincola</i>		Annex I	
Black-tailed godwit	<i>Limosa limosa</i>	Near threatened		
Audouin's gull	<i>Larus audouinii</i>		Annex I	Vulnerable
Caspian tern	<i>Sterna caspia</i>		Annex I	
Common tern	<i>Sterna hirundo</i>		Annex I	
Black tern	<i>Chlidonias niger</i>		Annex I	At danger of extinction
Common kingfisher	<i>Alcedo atthis</i>		Annex I	

CEEAA = Spanish catalogue of Threatened Species.

2.2.3. Projects with socio-environmental component

In 2015, two Biodiversity Conservation Plan projects have started in areas with the presence of ENDESA's activity, which also have a marked socio-environmental component.

The first of them is the project to **recover Hermann's tortoise** (*Testudo hermanni*). The properties chosen for recovery of Hermann's tortoise are located in Valle Mayor de Bovera, an area representative of the Garriga Mediterranean ecosystem. The actions performed have been aimed at conditioning the space, so that the conditions were optimum for the release of the first Hermann's tortoises in collaboration with the Catalan Centre for the Recovery of Amphibians and Reptiles (CRARC).

The second of these projects is the study of a **cascade trophic effect in forest ecosystems** performed in the Catalan Pre-Pyrenees. In this area there are Cypress trees originally planted to retain soil; however, currently it is thought convenient to make a change in favour of native tree species together with bushes and plants present in the area and adapted to the environment. The project has the support of the owners and representatives of the local entities where it is developed and the support of environmental associations which collaborate in the area of the Caza de Boumort Natural Reserve.

2.2.4. Publications

ENDESA has continued to promote dissemination and knowledge of biodiversity in 2015 through active participation in technical and scientific forums, as well as the publication of its research

Among the monographs published by ENDESA in 2015, we have the monograph "*Islas de agua en tierras de sed*" (Islands of water on land of thirst), on the relevance of the ecological role of the steppe lakes and their relevance in terms of biodiversity.

It is planned to end preparation of and publish Volume 2 of the collection "*El reto de conservar la Biodiversidad*" (The

challenge of conserving Biodiversity)), dedicated to analysing the relationship between ENDESA's power generation and distribution facilities and the natural spaces protected belonging to Red Natura 2000.

ENDESA has participated in the "*Llibre Verd de la Protecció d'Espècies a les Illes Balears*" book published by the Servicio de Caça, Protecció d'Espècies i Educació ambiental del Govern Balear, recounting its experience in relation to actions to protect birdlife in the island grid which start at the beginning of the 1980s (Bibiloni, G. 2015. *Infraestructuras eléctricas y protección de la avifauna: el caso balear*).

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 information media. A list of publications arising during 2015 from Plan activities with express reference to ENDESA's participation can be found on ENDESA's biodiversity website: (<https://endesabiodiversidad.com/es/>).

2.2.5. Training and dissemination events

In April 2015, the UPH Ebro-Pirineos hosted the 1st Conference on Trout Ecology in the Ebro River Basin, promoted by ENDESA. It was attended by research groups, its own staff and government staff. The latest advances in research in this area were debated and presented in the conferences, and its applications in terms of management of the species and its habitat.

In June, an awareness raising conference was given, in collaboration with Fundación Migres, to the main contractors whose area of action is electrical infrastructure (power lines and pylons). The main speaker of the conference was Miguel Ferrer, one of the most widely-recognised experts in bird and power lines.

2.2.6. Other initiatives

In 2015, ENDESA signed the Biodiversity Pact, promoted by the Ministry of Agriculture, Food and the Environment and based on an initiative of the Biodiversidad Foundation, (Public sector foundation established by the central government to perform activities of general interest related to the competences of the Ministry of Agriculture, Food and the Environment in the biodiversity area). With this pact, the company undertakes to perform its activity compatibly with conservation of biodiversity.

ENDESA and Biodiversidad Foundation have also signed a collaboration agreement within the framework of the Spanish enterprise and biodiversity initiative for preparing practical guides for the ecological restoration of spaces which will be performed during 2015 and 2016.

During 2015, ENDESA has maintained its collaboration with the biodiversity working group of the Excellence in Sustainability Club. Specifically, the Endesabats project was included in the annual good practices report corresponding to 2014 published by said Club.

In relation to the birdlife protection initiatives and protection of the environment in general, in this case of informational nature and to raise awareness in society, ENDESA has assumed a sponsorship in 2015 to prepare the informative material on the fight against fires in Andalusia.

In Andalusia, during 2015 collaboration has continued with the Regional Ministry of the Environment of the Regional Government of Andalusia in the project to reintroduce the osprey in Cádiz and Huelva. In this same Autonomous Community actions have continued during 2015 on the actions on power lines and pylons to correct "black spots" for birdlife.

In Aragón, within the framework of the Collaboration Agreement between the Government of Aragon and the Company "for the development of projects on power lines, to reduce or eliminate the risk of impact and electrocution of threatened birdlife" (signed in 2010), in 2015 preliminary activities have been performed for preparing the work on the agreed lines. Within the framework of the Agreement, it is relevant to highlight the tests with electric fence to avoid the building of nests and the electrocution of white storks on high

voltage lines. Also during 2015 specific studies have been performed on storks and their interaction with the service quality, due to the need to protect nests but also minimise grid trips.

In Castile and Leon, with regard to the Collaboration Framework Agreement between the Regional Ministry of Development and the Environment of the Regional Government and ENDESA for "environmental integration, development and maintenance of the electricity distribution grid" (signed in 2013), a Technical Specifications document was drafted in 2015 containing proposals for the adaptation of potentially hazardous pylons in the province of Soria, in order to prioritise future activities.

In the 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 electricity and birdlife protection" (signed in 2004 and subsequently renewed in 2010), to reform pylons and insulate/mark some power lines that could represent a risk of collision and/or electrocution for birds, a total of 1,173 activities have been performed to date.

Furthermore, the Company is taking part in the European Project LIFE-BONELLI in coordination with the Servei de Protecció d'Espècies del Govern de les Illes Balears to recover Bonelli's eagle (*Aquila fasciata*) in the islands, where it disappeared from in the 1970s. The Servei has been reintroducing young birds for several years now using the acclimatisation cage method. ENDESA has collaborated by modifying and adapting the pylons considered dangers on lines with the distribution are of this bird of prey in the areas of Sierra de Tramuntana, west and southwest of the island of Mallorca.

ENDESA has transferred more than 160 giant molluscs from the Delta del Ebro to prepare the new underwater Trabucador power line

On 10 September, work started on the second phase of the Project, which will allow the Trabucador line to be buried under the sea. This phase has been performed with extreme precaution to protect the flora and fauna of Badia dels Alfacs, in particular the fan mussel, a species of mollusc classified as species of strict protection and vulnerable.

The work has been carried out using a technique widely accepted among the scientific community and it has a team of five diving biologists with experience in other situations in the Mediterranean. This consists of manually extracting 300 specimens performing gentle movements in the same direction of the valves to guarantee maximum conservation of the environment. The opportunity was also taken to measure and control the specimens and their correct later fixing.



Sample of a specimen of nacra

3. Environmental restoration

G4-EN13

In 2015, the final results have been obtained from the ecological monitoring project on the closed ash and slag dump site at the Company's Litoral thermal plant in Carboneras (Almeria). The restored area has no erosion problems and the topsoil has a very good degree of consolidation, with good rooting of native species. It has been possible to conclude that thanks to this study there is great similarity between the natural environment and the restored area with respect to composition of the plant communities, even giving rise to a greater plant diversity in the old dump site than in the adjacent natural plots on which monitoring has been performed.

The soil analysis showed that the soils of the restored area had physical and chemical parameters within the limits that can be considered normal, although with some limitations

(low nitrogen analysis, high salinity) which may be resolved by reinforcing halophilic species, i.e. adapted to substrates with high salt content. It has also been concluded that the ash inside the sealed dump is acting positively, generating a fertilising effect on the established vegetation. Micro-fauna has also made an appearance, with a rising tendency towards diversification of the represented groups (snails, arachnids, worms and various orders of insects). A trophic network of the same complexity has not yet been observed as those of natural type, but the presence of these species is expected to undergo a progressive increase in the coming years.

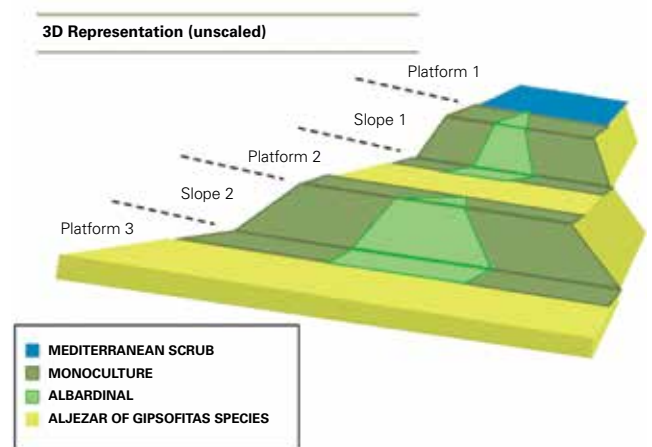
This study has made it possible to obtain valuable information to apply to other eco-restoration experiences, in addition to management recommendations for the future of the restored dump site of Litoral Thermal Power Plant.

Yet another year, during the month of January, the census of species of wintering birds in the restored dump site and in the As Pontes lake has also been performed. The lake and the restored dump site are the result of the restoration process of the former open-cast mine in the UPT As Pontes, in the province of A Coruña. In the 2015 census, 774 specimens of birds were observed in the area, a higher number than in the winter 2014 census, with 417 specimens. The total number of species detected were 52, of which 18 are waterfowl. Furthermore, in 2015 the presence of six new species were detected, never observed on the lake. These results are consistent with the progressive naturalisation undergone by the As Pontes lake and its environment during recent years, thanks to the restoration and monitoring processing performed by ENDESA.

In 2015, the environmental recovery study has concluded on the artificial gypsum dump site of the Corta Barrabasa mine in the district of Andorra. It is an experimental project in the former open-cast lignite mine closed in 2002 and reclassified as landfill for non-hazardous waste from the Andorra Thermal Power station, so that the waste dumped here are fly ash and slag resulting from coal burning and solid-form reaction calcium-based waste, from the desulphurisation of combustion gases (artificial gypsums).

After four years of study, a study has been prepared on the feasibility of the restoration of the Corta Barrabasa mine based on a platform-slope model consisting of forming three graduated platforms of different heights.

In 2015, the work has started of closure and environmental restoration of the Valdeserrana combustion waste landfill (former combustion waste landfill of the Power Plant: ash and slag) in Andorra (Teruel).



The project aims to favour development of the layer of ash/slag of vegetation which encourages its landscape restoration, in this way minimising environmental impact.

The work to close and restore the Valdeserrana landfill commenced in September 2015. During this year, the work has been performed of transporting and extending the topsoil to the areas included in the project. This soil comes from the vicinity of the landfill to guarantee that it has the same agronomic requirements as that of the environment. Simultaneously to transport of the topsoil, the land has been prepared adapting the slopes and the morphology so that it facilitates the extension and later development of the vegetation to sow, and favouring the hydrogeomorphological processes to retain humidity in the site where the activities shall be performed, since it considers said humidity as a particularly relevant factor for plant development.

There is an area of reservoir water, where different species of water fauna and waterfowl live, so that the work to move and extend the topsoil are going to be concluded before the spring to not affect the nesting and breeding season of waterfowl.

4. Protected natural spaces

G4-EN11

In accordance with the work performed to publish Volume 2 of the collection "*El reto de conservar la Biodiversidad*"

(The challenge of conserving Biodiversity), ENDESA is present in 57 spaces belonging to Red Natura 2000 in Spain with power generation facilities and in 785 spaces with power transport and distribution lines

5. Management of environmental impacts on local communities

G4-EC7 / G4-SO1 / G4-SO2

During 2015, ENDESA has continued strengthening relations with different social agents in order to manage any potential environmental impacts on local communities and obtain permits from the different environmental authorities. In addition to all biodiversity-promoting actions described in

this chapter (of particular interest, section 2.2.3. on projects with socio-environmental component), the Eco-efficiency chapter describes the most relevant actions from 2015.

For more information, see chapter: *Social Development and Social Trust*, section 1: *Socio-economic development of the community using a shared value approach*.

Supply chain

1,389 million euros
in purchases from
suppliers in 2015

100% of contractors
in Spain and Portugal
have received
Occupational Health
and Safety
Training

The Vendor
Rating System has
increased its scope
by 25% in 2015

Key Figures

	2014	2015
Number of suppliers	5,801	6,269
Purchases from suppliers (million Euros)	1,731	1,489
Training in occupational health and safety for all contractors and subcontractors (%) 100 sub-contractors (%)	100	100
Deceased collaborators	2	2
Local suppliers with contracts > 1 M euros	230	180

Basic line: Supply chain

Compliance with the new 2015 rating plan to be established with purchases and business lines.	7 new families joined the rating system. Additionally, new services have been introduced in the scope of codes of three existing families (instead of creating them independently).
Compliance with the annual supplier development and sourcing plan.	216 new suppliers have been incorporated, 143 with complete rating and 73 with business rating

1. Commitment to our partners

G4-DMA Procurement practices

ENDESA has consolidated its commitment to promoting sustainability among its partners.

Purchase Planning and Purchase Management processes are regulated by various internal regulations. The Purchase chain is primarily formed by 5 processes and all together give rise to 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 set down in the Purchase Plan for their later processing and organisation of the Purchasing Area.
- > **Purchase Requisition Management.** The requirement is processed 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 Process.** Each purchaser contacts the possible suppliers (which must meet registration and qualification requirements) and informs of 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 the offer reception and assessment process has concluded, the contract is signed with the successful supplier and the contracted work begins.
- > **Vendor Rating.** Evaluation process of supplier performance once the work has been completed.

The total number of suppliers providing services to ENDESA throughout 2015 was 6,269.

From all suppliers, ENDESA worked both with foreign and domestic suppliers in each country where it operated. Given

the service of the works contracted and ENDESA's commitment to the development of local communities, the suppliers are usually domestic in each country.

The total value contracted perceived by the suppliers is 1,489 million Euros.

Purchases with manpower (construction work contracts and services) come to 69% of total purchases in 2015.

1.1. Vendor Rating System

G4-DMA Supplier Assessment for Impacts on Society G4-DMA Supplier assessment for labour practices

The Vendor Rating System, which came into effect in 2009 to reinforce compliance with applicable legal, employment, safety and environmental protection regulations, has kept in line with the planned development. It establishes whether a supplier meets the requirements to work with ENDESA.

This system is based on the Enel model and consists of 5 criteria to be met by our partners:

- > Conduct in line with the general principles of ENDESA Group's Code of Ethics.
- > Assessment of compliance with quality standards (ISO 9001).
- > Assessment of compliance with environmental standards (ISO 14001).
- > Assessment of compliance with Occupational Health and Safety standards (OHSAS 18001).

The Vendor Rating System has been implemented for 230 purchase families: 161 families internationally and 69 locally, 25% more families compared with 2014.

The Vendor Rating System has increased its scope by 25% in 2015

In the last quarter of 2015, work has started within Enel Group to establish global assessment models for safety and hygiene, environmental, sustainability and honourability assessment (ethical conduct of strategic suppliers). It is expected that these models will be implemented in 2016.

Once fully implemented, it is expected that 60% of purchases will be covered by the system and close to 1,500 suppliers and contractors will have to meet its requirements.

The Fifth Edition of the Enel Group Global General Conditions of Contract (GCC) came into force on 1 October 2015. This document consists of a general part applicable to all works/services/supply contracts and various annexes. Each appendix contains provisions applicable in each country; currently 15 country annexes including Spain, and a sixth edition of the GCC is planned for 2016, which will include new updates and/or adaptations.

This standard contractual documentation has enabled bringing together and unifying in a single document the terms and conditions applicable in all the countries where Enel's Global Procurement units operate. The document also contains the Enel Group's ethical provisions which reflect Enel's corporate policy on ethical and social issues. It particularly includes specific occupational health and safety provisions and the sanctions to be applied in the event of any breaches (including the possibility of terminating the contract).

ENDESA has carried out 137 social audits on suppliers in 2015

During 2015, 137 social audits were carried out on suppliers providing their services to ENDESA.

EU17

The number of days worked by contractors or sub-contractors involved in construction, operation and maintenance activities in Spain and Portugal was 4,259,037 in 2015. This represents an increase of 9.32% compared with 2014.

A tender is currently being developed to incorporate a new service provider for the Contractor Control Unit. The management tool requirements include gathering and management of the reporting data from contractor companies. Once the service has been awarded, the segregation possibilities of the information regarding the days' worked in the different activities shall be analysed.

1.2. Social impacts

G4-SO10 / G4-DMA Supplier Assessment for Impacts on Society

ENDESA focussed reinforcement of the controls related to meeting the integrity requirements of the suppliers in the item groups and contracts that are most sensitive in this aspect. The operating guidelines of the company are designed to strengthen the control system found in the supply chain through more effective action against corruption and, in particular:

- > Establishing specific criteria to verify the legal requirements and honourability documents, that are homogeneous and applicable to the purchase process (going from the rating phase to the award of each contract).
- > Identifying the verification operating methods, aimed at strengthening the available prevention tools and designed to have a rational, organic and determined influence on opportunities for corruption and the factors favouring dissemination.
- > Promotion of a widespread culture of respect for ethical standards.

1.3. Supply Chain Objectives

G4-SO9 / SO10 / SO11 / G4-DMA Social impact grievance mechanisms

In order to promote ongoing improvement in the responsible management of the supply chain, different annual targets 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 target 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.

Likewise, in 2015 ENDESA set and met the target of performing safety audits on 100% of the suppliers for felling and pruning services of HV and MV grids.

1.4. Quality, environment and occupational health and safety

G4-HR10 / G4-HR11 / G4-LA14 / G4-EN32 / G4-EN33 / G4-LA15 / G4-DMA Supplier Human Rights Assessment / G4-DMA Supplier Environmental Assessment

100% of ENDESA suppliers (including new suppliers) are examined on human rights criteria. This requirement is included in the ENDESA General Conditions of Contract, and there are no negative impacts in this regard. Furthermore, 38% were examined on their employment practices criteria and 59% of new suppliers were assessed on their environmental criteria, with 149 suppliers assessed based on their environmental impact and 614 suppliers were assessed according to their impact of employment practices.

For information in serious and fatal incidents among suppliers, see this chapter, section 3. Extending safety and health to partner companies.

G4-EN32 / EN33 / LA14 / LA15

ENDESA has continued to identify strategic suppliers and contractors in the areas of quality, the environment and occupational health and safety. In 2015, 1,212 purchase suppliers require quality management certification (ISO 9001), 881 suppliers required ISO 14001 Environmental Management accreditation and 1,093 suppliers require OHSAS 18001 according to the audits performed in the safety ratings.

We use the Repro register to control and disseminate compliance with these accreditations.

1.5. Global Compact and Code of Ethics

G4-HR4 / G4-HR5 / G4-HR6 / G4-HR12 / G4-DMA Supplier Assessment for Impacts on Society

In the Fifth Edition of Enel Group Global General Conditions of Contract (GCC), suppliers pledge to adopt and fully respect the 10 principles of the Global Compact when work is carried out by both own employees or subcontractors. As regards the Code of Ethics, suppliers undertake to apply the same ENDESA principles or other equivalent ones when managing their business. Additionally, through the General Conditions of Contract 100% of the contracts included Human Rights clauses.

Among the main principles of reference, the protection of human rights is undoubtedly the one which guides and inspires execution of its activities for ENDESA.

Weight of material and services supply contracts including human rights clauses

	Year	Spain and Portugal
Number of significant contracts including human rights clauses or which have been assessed in this regard	2013	307
	2014	263
	2015	191
Total number of significant contracts	2013	307
	2014	263
	2015	191
Percentage of significant contracts including human rights clauses or have been assessed in this regard over the total number of contracts	2013	100
	2014	100
	2015	100

G4-HR10

Main contractors, suppliers and commercial partners which have been assessed on human rights issues

		Spain and Portugal
Significant suppliers, contractors and commercial partners assessed on human rights issues	2013	211
	2014	202
	2015	102
Total significant suppliers, contractors and commercial partners	2013	266
	2014	253
	2015	196
% significant suppliers, contractors and commercial partners assessed on human rights issues	2013	79.32
	2014	79.84
	2015	52

1.6. Rating of purchasing families with technical safety requirements

G4-HR1 / HR10 / HR5 / HR6 / HR11

Through the rating system (started in 2010 with the Safety Action Plan), ENDESA identifies all contractors and partners performing risk activities in Company facilities.

Now that the Emergency Plan has concluded for all risk families, this audit has become a rating requirement for all suppli-

ers who do not hold OHSAS 18001 accreditation. Onsite audits of the prevention system have also been introduced as development of said audit model. These new onsite audits also incorporate, with respect to the previous ones from the Action Plan, a combined visit to the contractor's offices and workplaces in the field to ensure the OHS system is working efficiently. The onsite audits are carried out by multidisciplinary audit teams comprising a business technician, an OHS specialist and a specialist in supplier rating. During 2014, the model was redesigned based on the experience of the first pilot and the scope of this pilot has been completed auditing the remaining MV and LV construction work maintenance contractors and Substation work and maintenance and HV lines in Spain. Additionally, during 2015, all felling and pruning suppliers in high and medium voltage lines have been audited. In total, 119 audits have been performed, of which 39 were carried out in 2015.

2. Extending health and safety to partner companies

G4-DMA Employment (former EU16)

ENDESA conveys the following commitments with the aim of extending occupational health and safety among its partner companies:

- > Qualification of technical requirements in safety for risk-related activities.
- > Promoting OHSAS 18001 certification for these activities.
- > Extensive commitment to Occupational Safety and Health management and information in the General Conditions of Contract.

Therefore, contractors are examined before the contracting process (Vendor Rating) and during the contract activity (assessment of health and safety results), with the possible application of an administrative and/or financial sanction in the event of breach of safety standards or having suffered a significant event.

The new Operating Instructions published throughout 2015 regarding contractor management, establish a framework of action adapted to the Company's new organisational guidelines.

- > IO010. Legal-employment and Occupational Health and Safety Management of Contractors.
- > IO022. Supervision of the duties of the Health and Safety Coordinator.
- > IO023. Management of serious and very serious breaches of contractors and sub-contractors in Iberia.

This set of regulations establishes in general the framework of action that the contractor must comply with prior to performing work and, in particular, the mandatory nature of preparing a Specific Occupational Health and Safety Plan for the works contracted, specifying the protection equipment to be used. Likewise, 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 OHS Service, of the unit where it has taken place and Procurement experts, establishing the corrective measures to avoid a similar situation from being repeated.

Furthermore, the General Conditions of Contract require contracting companies to provide specific health and safety training for workers, based on the risks of the contracted activity.

Before starting the work activity, all employees are checked to verify that they have been trained and informed about occupational health and safety connected to the risks of the activity to be fulfilled. In addition, they must have the appropriate medical skills to fulfil the job, and acknowledge receipt of the appropriate Personal Protection Equipment for the activity.

ENDESA has performed 56,268 inspections on activities performed by contractors

Here at ENDESA we consider that onsite controls are vital to verify that safety conditions are met and to monitor and correct any safety defects in its performance. Hence, 56,268 inspections have been performed in Iberia on works and/or projects by contractors that have significantly contributed to reducing accidents. In the past year, inspections and audits have intensified, several innovation projects have been promoted and our attention has continued to be given to our action plans against accidents and health programmes.

More than 40 Safety Walks performed by ENDESA Management

In addition to the inspections performed on work onsite, the Company Management has performed more than 40 Safety Walks, where a Director of the business, together with the Joint Occupational Health and Safety Service, visit operational work or industrial facilities to check the safety conditions of the area in situ, checking the points observed and generating a report should any deficiencies be found. The corporate programmes include, in addition to the Safety Walks, application of the One Safety program and with the OHS Inspections to Prevent Accidents (IPAL), a vital tool for risk management of contractors.

Special emphasis is given to training personnel exposed to risk of electric shock, those working at a height, those responsible for onsite occupational risk prevention or those working as site foremen, as well as OHS resources and health and safety coordinators.

2.1. “Zero Accident Safety” Plan

The Company has continued to make progress in the Occupational Health and Safety Plan (Safety Plan 2011-2015), which identifies five challenges:

- > Reduction of accident severity and elimination of fatal accidents.
- > Improvement of transport accident rates.
- > 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 company in risk prevention.

The “Zero Accident Safety” Plan aims to reduce accidents and fatalities

The Supplier Rating System and the safety audits performed on the 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

EU18

In 2014, in Spain and Portugal, 100% of ENDESA' contractors and sub-contractors received occupational health and safety training to develop their activities.

100% of the contractors in Spain and Portugal received Occupational Health and Safety training

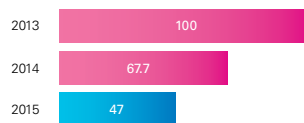
Contractors and sub-contractors receiving Occupational Health and Safety Training

	2013	2014	2015
Spain and Portugal	18,010	17,432	18,263

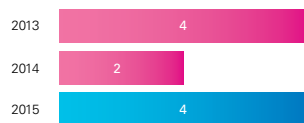
Until 2012, the rated suppliers considered the number of ratings plus the audits carried out on suppliers not holding OHSAS 18001 certification from the families requiring it.

Accident rate of contractors in 2015

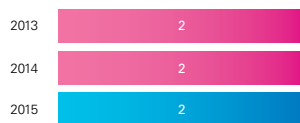
Minor accidents



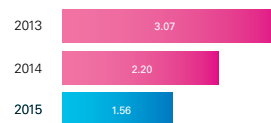
Serious accidents



Fatal accidents



Accident Frequency Index Hours



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.

Throughout 2015, inspections continued to be performed on companies from the sectors considered most hazardous, placing emphasis on the felling and pruning activity.

Rated suppliers

	2013	2014	2015
Spain and Portugal	521	584	615

2.3. The results of a joint effort

G4-LA6 EUSS

ENDESA's commitment 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 30.57% compared to 2014, being 47 in 2015.

Serious accidents have increased, from the 2 occurring in 2014, to 4 in 2015.

There were 2 deaths at contractor companies this year.

The accident frequency rate of these employees in Spain and Portugal has gone from 2.20 in 2014 to 1.56 in 2015.

3. Commitment to local suppliers

G4-EC9

ENDESA's activity in the countries and territories where it operates is aimed at creating value for local suppliers. In line with our commitment to them, 75% of the budget use has been allocated to these suppliers, understood as those incorporated in Spain. In 2015, the contracts for amounts over one million Euros came to 844 million.

Number of local suppliers with contracts over one million Euros

	2013	2014	2015
Spain and Portugal	245	230	180

Concentration of purchases to local suppliers*

Percentage of total purchases from local suppliers with contracts over one million Euros over the total purchases

	2013	2014	2015**
Spain and Portugal	78	72	71

* Local suppliers are suppliers of materials, products and services located in the same geographic market where the organisation acts, i.e. no international payment is made to the supplier.

** If to 71% of purchase from local suppliers and to 19% of purchases from foreign suppliers, in both cases with contracts over one million Euros, 10% is added corresponding to contracts for less than one million Euros, 100% of total purchases is obtained.

Purchases from local suppliers with value over one million Euros

Thousands of Euros	2013	2014	2015
Spain and Portugal	1,610,729	1,252,117	844,849

In 2015, ENDESA has allocated 1,389 million to the purchase of materials and services

In 2015, the number of suppliers that ENDESA has worked with was 6,269, 8% more than in 2014. The value of material and services purchase has decreased with respect to 2014 by 14%, to 1,389 million Euros.

Number of ENDESA Suppliers

	Number of Suppliers			Value of the purchases to suppliers of materials and Services (million Euros)		
	2013	2014	2015	2013	2014	2015
Spain and Portugal	6,272	5,801	6,269	2,058	1,731	1,389

Value of the purchases to ENDESA's main suppliers in 2015

	Value of the purchases to the 15 largest suppliers (thousands of Euros)	Value of the purchases to the 15 largest suppliers (% over total)	Value of the purchases to the 50 largest suppliers (thousands of Euros)	Value of the purchases to the 50 largest suppliers (% over total)
Spain and Portugal	595,848	40	853,050	57

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 19% in 2015.

The value of purchases made from foreign-based suppliers over the total purchases was 19%

G4-EC9

Number of foreign-based suppliers in each country

Number of suppliers			Value of purchases from foreign-based suppliers with contracts over one million Euros (million Euros)			% of the purchases from foreign-based suppliers with contracts over one million Euros over total purchases		
2013	2014	2015	2013	2014	2015	2013	2014	2015*
21	23	13	82	121	285	4	7	19

* If to 71% of purchase from local suppliers and to 19% of purchases from foreign suppliers, in both cases with contracts over one million Euros, 10% is added corresponding to contracts for less than one million Euros, 100% of total purchases is obtained.

5. Corporate responsibility in the coal supply chain (Bettercoal)

In February 2012, Enel and a group of European electricity companies established Bettercoal, a global initiative aimed at promoting continuous improvement of corporate responsibility in the coal supply chain. This initiative seeks to include ethical, social and environmental best practices in the coal supply chain to help instigate improvements which benefit employees, communities, the environment and the economic performance of mining companies.

Right from the start, the founding members of Bettercoal have worked on defining a code which they aim will become a global benchmark for ethical, socially and environmentally responsible coal mining. Each mine may complete a self-assessment to verify compliance, which will then be assessed by an independent, third-party qualified by Bettercoal. The final objective is to establish improvement plans to narrow any gaps between the Code and the results identified by self-diagnosis and mine audits.

The Bettercoal Code has been developed with the support of an independent group, representing the different stakeholders and formed by experts from civil society, trade unions and the mining community. It has also undergone a global public consultation which included meetings with stakeholder groups in South Africa, Colombia, Indonesia and Russia, all large coal producing countries.

The Code informs suppliers of the expectations of the Bettercoal members, with regard to its practices in four key areas:

- > Management.
- > Ethical performance and transparency.
- > Human and employment rights, social performance, occupational health and safety.
- > Environmental performance.

ENDESA, as part of Enel, is a founding member of Bettercoal

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 informing of its standards to its local coal suppliers,

initially excluded from Bettercoal's priority scope of action which, although it has a universal vocation, initially focusses on major coal exporters to Europe.

In this regard, activity throughout 2015 has involved the consolidation and growth of activity and the number of members of the initiative, which started operations the previous year. The following milestones and actions can be highlighted:

- > Three on-site audits of mines participating in the initiative.
- > A further 12 mines have ended their self-diagnosis processes and another 4 are in the process of completing them.
- > The number of members has increased to 13 and 4 associated members.

In addition, the presence of Bettercoal in different forums relating to coal and sustainability has continued to grow and the initiative has become a benchmark used by European governments as an example of initiatives aimed at collaborative improvement in responsible practices throughout the supply chain. In all these activities, ENDESA, as part of Enel, a member of Bettercoal's Executive Committee, had an active participation. ENDESA has promoted, for example, the presence of Bettercoal in the 1st Congress on Responsible Management in the Supply Chain organised by CSR of UNESA in Madrid, in November 2015. Furthermore, it decidedly encouraged its suppliers' commitment to Bettercoal and also contributed to the dissemination of the initiative, presenting it in various public events.

Throughout 2016, it is planned to continue with this intense activity in relation to the initiative, so that the operations of Bettercoal generate the best possible results.

Appendices



Appendix I. ENDESA's commitment to information on sustainability

G4-5 / G4-31 / G4-DMA Environmental grievance mechanisms

ENDESA's, in its commitment to transparency, publically informs of its performance in relation to the voluntarily assumed obligations with its stakeholders and in relation to ethical conduct, technological innovation and energy efficiency, the environment and climate change.

Every year ENDESA gives a public account through the ENDESA website, www.endesa.com and of the submissions processed by the Shareholders' Office. Furthermore, through our website, the shareholders, investors and interested general public have at their disposal the information supplied on quarterly basis to the financial markets. Finally, on annual basis and at the end of the business cycle, the Sustainability Report is published, which informs of the main actions performed throughout the year, offering a response to the stakeholders' expectations based on the ENDESA Sustainability Plan 2015-2019.

In addition to the ENDESA 2015 Sustainability Report, ENDESA also publishes annually at the end of the business cycle, other corporate reports, among which we can highlight, the Activities Report, the Legal Documentation and the Corporate Governance Report. Additionally, the Company informs of its activities related to the commitment upheld with Spanish society through the annual reports of Endesa Foundation and Sevillana Endesa Foundation.

In this way, ENDESA informs society of its long-term commitment to sustainability and value creation in the communities where it operates, projecting its commitment to the sustainable development embodied in its corporate Mission, Vision and Values, and in its decision-making.

If readers would like more information on Sustainability, they have the following channels at their disposal.

Website

www.endesa.com

Customer 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.
- > <https://www.endesaclientes.com/>
- > <https://endesaone.com/>
- > www.endesa.com
- > Customer ombudsman:
 - <https://www.endesaclientes.com/defensor-cliente.html>
 - <https://www.defensordelcliente.endesa.es/defcl/index.jsf>

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

- > <http://www.endesa.com/ES/PROVEEDORES/home>
- > Cenit (ENDESA's service for external suppliers)
Billing, Charges and Payments Department:
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:
 - Market and Business Risk Mailbox
 - Environmental Mailbox.
 - Ethical Mailbox
 - Interact Mailbox.
- > Websites of ENDESA's trade unions:
 - www.ugtendesa.com
 - www.ccooendesa.com
 - www.asie-sindical.com

Service to the General Public

- > Sustainability:
<http://www.endesa.com/es/Contacto>,
and select the "Sustainability" area.
- > Ethics Channel:
<http://www.endesa.com/es/accionistas/gobiernocorp/canaletico>

G4-31 / G4-EN34

For service to all stakeholders regarding Sustainability-related topics and issues related to the content of ENDESA's Sustainability Report, the contact person is:

Ms María Malaxechevarría Grande

ENDESA Director of Sustainability,
Ribera del Loira, 60
28042 Madrid (Spain)
Email: sostenibilidad@endesa.es

G4-5

ENDESA Head Office

Ribera del Loira, 60
28042 Madrid (Spain)

Appendix II.

G4-33



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 ENDESA, S.A. 2015 SUSTAINABILITY REPORT

To the Management of ENDESA, S.A.

Scope of Work

We have conducted a review of the sustainability information contained in the attached "2015 Sustainability Report" (hereinafter, the Report) of ENDESA S.A. (hereinafter, the Company or ENDESA) and in the GRI table of indicators included as Appendix III. This report has been produced in accordance with the following guidelines:

- The Global Reporting Initiative's (GRI) Guide for preparing Sustainability Reports, version 4 (G4) and its sector supplement, Electric Utilities Sector Supplement.
- The principles set down in Standard AA1000 APS 2008, issued by AccountAbility (Institute of Social and Ethical Accountability).

The perimeter considered by ENDESA to prepare the Report is defined in section 4 "Report Coverage" of the "Defining priorities" chapter of the attached report.

The preparation of the attached report, in addition to its content, is the responsibility of Endesa's 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

Our review process has been performed in accordance with:

- The Guidelines for reviewing Sustainability Reports, issued by the Spanish Institute of Chartered Accountants (ICJCE).
- 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.
- AA1000 Assurance Standard (2008) of AccountAbility, under a moderate assurance commission (type 2).

Procedures performed

Our review work has consisted of asking questions to the Sustainability Department and the various Business Units that have participated in the preparation of the attached Report, and in the application of certain analytical procedures and review tests through sampling, which are described in the following:

- 1) Interviews with the Sustainability Department in order to learn about and understand the Report preparation process. Likewise, interviews have been conducted with key personnel in transversal departments which participate in the preparation and definition of the Report's content.
- 2) Review of the reporting systems used, the processes and the oversight of ENDESA's 2015-2019 Sustainability Plan, derived from the alignment and integration process with the commitment macro-spheres and objectives of the ENEL Group's Sustainability Plan.
- 3) Review of the compliance of the Report's structure and content with the provisions of the GRI Guide, version G4, its sector supplement, the "Electric Utilities Sector Supplement" and the principles of Standard AA1000 APS 2008.
- 4) Verification based on sample selections, of the qualitative and quantitative information of the indicators included in the GRI table of indicators included as Appendix III to the Report and its suitable compilation from the data supplied by the sources of information. The review tests have been defined for the purposes of providing the indicated assurance levels.

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 2015 Sustainability Report and in the GRI table of indicators attached as Appendix III, with the aforementioned perimeter and scope.

Independence

We have carried out our work pursuant to the standards of independence required by the Code of Ethics of the International Federation of Accountants (IFAC).

The work has been performed by a team of sustainability specialists with extensive experience in this type of information.



Conclusions

As a result of our review of ENDESA's 2015 Sustainability Report and the GRI table of indicators included as Appendix III, and with the previously described scope, we conclude that:

- No aspect has come to light that would lead us to believe that the Report has not been prepared according to the Global Reporting Initiative's Preparation Guide for Sustainability Reports (version 4), just as is indicated therein, having reviewed the indicators included in Appendix III to this Report.
- No aspect has come to light that would lead us to believe that the remaining sustainability information and indicators reviewed contain significant errors or that they have 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.
 - ✓ Relevance: A materiality analysis is used to select the key aspects and opportunities for improvement to be included in the Report. This is included in the 201-20195 Endesa Sustainability Plan in relation to the seven Basic Lines and to the two Challenges contained therein.
 - ✓ Responsiveness: Mechanisms are made available to design, assess and communicate the responses to the main expectations posed by the stakeholders through the Basic Lines of Action and the Challenges of the ENDESA 2015-2019 Sustainability Plan.

The information on the principles set down in standard AA100 APS 2008 is detailed in the Report's "Defining Priorities" chapter.

Recommendations

We have presented 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 to ENDESA's Sustainability Department.

The following is a summary of the most important observations:

a) **Inclusivity:**

ENDESA identifies and classifies the stakeholder groups at a domestic and international level in accordance with the current situation of the Company. For each stakeholder group it also performs segmentation of the groups forming it and thus be able to optimise the identification of dialogue and consultation channels. In this way it is possible to assess the perception that each group has on the management performed by the Company.

We recommend incorporating the information regarding the interaction of each responsible area of ENDESA with its corresponding stakeholder group to improve understanding of the process as a whole.

b) **Relevance:**

On annual basis, ENDESA performs a process to identify the priority issues that are relevant for the stakeholder groups, which form part of the company's strategic priorities and form the structure of the attached report.

We recommend that the Company focusses the reporting on the issues considered as material for the stakeholder groups in order to approximate and delimit the report's content to their expectations.

c) **Responsiveness:**

In its various chapters, the report states 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 achievement and response to stakeholder groups' expectations.

We recommend enhancing the development of territorial activities, through regional sustainability plans, in order to offer an inclusive overview of the area of influence of ENDESA.

This report has been prepared exclusively for the interest of ENDESA, S.A., in accordance with the terms of our engagement letter.

ERNST & YOUNG, S.L.

AA1000
Licensed Assurance Provider
000-59

María del Tránsito Rodríguez Alonso
Member

Madrid, 3 March 2016

Appendix III. GRI content index, in accordance with G4 guidelines



G4-32

General basic content

General basic content	Page
STRATEGY AND ANALYSIS	
G4-1	4-11
ORGANISATIONAL PROFILE	
G4-3	15
G4-4	15-16
G4-5	Appendix 1, 264-265
G4-6	15-16
G4-7	16-18
G4-8	15-16
G4-9	14
G4-10	158-160
G4-11	175
G4-12	251-254
G4-13	33/43/61
G4-14	195
G4-15	22
G4-16	29-31
EU1	14
EU2	14
EU3	140
EU4	140
EU5	231-232
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES	
G4-17	16-18
G4-18	48/54
G4-19	54-57/272
G4-20	61
G4-21	61
G4-22	61
G4-23	61
STAKEHOLDER ENGAGEMENT	
G4-24	49-51
G4-25	53
G4-26	38-39/52-54
G4-27	56-57
REPORT PROFILE	
G4-28	45
G4-29	45
G4-30	45
G4-31	45/Appendix I 264-265
G4-32	Appendix III 268-271
G4-33	45 / Appendix II 266-267
GOVERNANCE	
G4-34	32-33
ETHICS AND INTEGRITY	
G4-56	120-121

Specific basic content

Information on management approach and indicators	Page	Omissions identified	Justification of possible emissions	Motives for omitting this information
CATEGORY: ECONOMIC				
MATERIAL ASPECT: ECONOMIC PERFORMANCE				
G4-DMA	39-41			
G4-EC1	41			
G4-EC3	170-171			
G4-EC4	41			
MATERIAL ASPECT: MARKET PRESENCE				
G4-DMA	168			
G4-EC6	168			
MATERIAL ASPECT: INDIRECT ECONOMIC IMPACTS				
G4-DMA	98			
G4-EC7	98, 248			
G4-EC8	102-107			
MATERIAL ASPECT: PROCUREMENT PRACTICES				
G4-DMA	252			
G4-EC9	259-260			
AVAILABILITY AND RELIABILITY				
G4-DMA EUSS	140-141			
EU10	140			
SYSTEM EFFICIENCY				
EU11	198			
EU12	198			
DEMAND SIDE MANAGEMENT				
G4-DMA	85-86			
RESEARCH AND DEVELOPMENT				
G4-DMA	85			
PLANT DECOMMISSIONING				
G4-DMA	155			
CATEGORY: ENVIRONMENTAL				
MATERIAL ASPECT: MATERIALS				
G4-DMA	196			
G4-EN1	197			
MATERIAL ASPECT: ENERGY				
G4-DMA	196			
G4-EN3	197			
MATERIAL ASPECT: WATER				
G4-DMA	199-200			
G4-EN8	201			
MATERIAL ASPECT: BIODIVERSITY				
G4-DMA	240			
G4-EN11	248			
G4-EN12	240-242			
EU13	240			
MATERIAL ASPECT: EMISSIONS				
G4-DMA	211-213			
G4-EN15	211-213			
G4-EN16	211-213			
G4-EN17	211-213			
G4-EN19	211-213			
G4-EN20	221			
G4-EN21	212			
MATERIAL ASPECT: EFFLUENT AND WASTE				
G4-DMA	202			
G4-EN22	202			
G4-EN23	214			
G4-EN25	214			
G4-EN26	201			

Information on management approach and indicators	Page	Omissions identified	Justification of possible emissions	Motives for omitting this information
MATERIAL ASPECT: PRODUCTS AND SERVICES				
G4-DMA	195			
G4-EN27	197			
MATERIAL ASPECT: COMPLIANCE				
G4-DMA	120-121			
G4-EN29	127-128/131			
MATERIAL ASPECT: OVERALL				
G4-DMA	196			
G4-EN31	196			
MATERIAL ASPECT: SUPPLIER ENVIRONMENTAL ASSESSMENT				
G4-DMA	254			
G4-EN32	254			
G4-EN33	254			
MATERIAL ASPECT: ENVIRONMENTAL GRIEVANCE MECHANISMS				
G4-DMA	264-265			
G4-EN34	122/265			
CATEGORY: SOCIAL				
SUBCATEGORY: LABOUR PRACTICES AND DECENT WORK				
MATERIAL ASPECT: EMPLOYMENT				
G4-DMA	163-164			
G4-LA1	166-167			
G4-LA2	171			
G4-LA3	181			
EU15	160			
EU17	253			
EU18	257			
MATERIAL ASPECT: LABOUR/MANAGEMENT RELATIONS				
G4-DMA	175			
G4-LA4	175			
MATERIAL ASPECT: OCCUPATIONAL HEALTH AND SAFETY				
G4-DMA	187			
G4-LA6	190-191/258			
G4-LA7	188			
MATERIAL ASPECT: TRAINING AND EDUCATION				
G4-DMA	164			
G4-LA9	163-165			
G4-LA10	162/164			
G4-LA11	161			
MATERIAL ASPECT: DIVERSITY AND EQUAL OPPORTUNITY				
G4-DMA	178			
G4-LA12	158-160			
MATERIAL ASPECT: EQUAL REMUNERATION FOR WOMEN AND MEN				
G4-DMA	178-180			
G4-LA13	169-170			
MATERIAL ASPECT: SUPPLIER ASSESSMENT FOR LABOUR PRACTICES				
G4-DMA	252-253			
G4-LA14	254			
G4-LA15	254			
MATERIAL ASPECT: LABOUR PRACTICES GRIEVANCE MECHANISMS				
G4-DMA	175			
G4-LA16	175			
SUBCATEGORY: HUMAN RIGHTS				
MATERIAL ASPECT: INVESTMENT				
G4-DMA	22-25			
G4-HR2	163			
MATERIAL ASPECT: NON-DISCRIMINATION				
G4-DMA	178-180			
G4-HR3	180			

Information on management approach and indicators	Page	Omissions identified	Justification of possible emissions	Motives for omitting this information
MATERIAL ASPECT: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING				
G4-DMA	175			
G4-HR4	175/254-255			
MATERIAL ASPECT: CHILD LABOUR				
G4-DMA	22-25			
G4-HR5	254-255			
MATERIAL ASPECT: FORCED OR COMPULSORY LABOUR				
G4-DMA	22-25			
G4-HR6	22-25/254-255			
MATERIAL ASPECT: SECURITY PRACTICES				
G4-DMA	165			
G4-HR7	165			
MATERIAL ASPECT: SUPPLIER HUMAN RIGHTS ASSESSMENT				
G4-DMA	254			
G4-HR10	254-255			
MATERIAL ASPECT: HUMAN RIGHTS GRIEVANCE MECHANISMS				
G4-DMA	121-122			
G4-HR12	254-255			
SUBCATEGORY: SOCIETY				
MATERIAL ASPECT: ANTI-CORRUPTION				
G4-DMA	120-121			
G4-SO4	163-164			
MATERIAL ASPECT: ANTI-COMPETITIVE BEHAVIOUR				
G4-DMA	120			
G4-SO7	127-128/130			
MATERIAL ASPECT: COMPLIANCE				
G4-DMA	120-122			
G4-SO8	127-128/130			
MATERIAL ASPECT: SUPPLIER ASSESSMENT FOR IMPACTS ON SOCIETY				
G4-DMA	253			
G4-SO10	253-254			
MATERIAL ASPECT: GRIEVANCE MECHANISMS FOR IMPACTS ON SOCIETY				
G4-DMA	254			
G4-SO11	254			
SUBCATEGORY: PRODUCT RESPONSIBILITY				
MATERIAL ASPECT: CUSTOMER HEALTH AND SAFETY				
G4-DMA	153-154			
G4-PR1	154			
EU25	127-131			
MATERIAL ASPECT: PRODUCT AND SERVICE LABELING				
G4-DMA	148-150			
G4-PR5	145-150			
MATERIAL ASPECT: MARKETING COMMUNICATIONS				
G4-DMA	147-148			
G4-PR6	147-148			
MATERIAL ASPECT: COMPLIANCE				
G4-DMA	120			
G4-PR9	127-128			
ACCESS				
G4-DMA	142			
EU26	114			
EU27	142			
EU28	141			
EU29	141			
EU30	198			

Appendix IV. List of relevant KPIs for each material aspect

G4-19

Sustainability Plan 2015-2019	ENDESA material aspect	GRI indicator
Two challenges and ten basic lines	Economic growth and financial strength	G4-DMA / G4-EC1 / G4-EC3 / G4-EC4 / G4-EC7 / G4-EC8 / G4-EC9
Two challenges and ten basic lines	Management of non-financial risks	G4-DMA / G4-EC2 / G4-SO3
Challenge 1: Promotion of electricity as more sustainable energy vector, committing to sustainable electricity generation and efficiency in consumption	Fight against climate change	G4-DMA / G4-EN7 / G4-EN15 / G4-EN16 / G4-EN17 / G4-EN18 / G4-EN19 / EU11 / EU12
Challenge 2: Socioeconomic Development and Social Trust	Responsible relations with communities	G4-DMA / EU26 / G4-SO1 / G4-SO2 / G4-SO11
Basic line: Ethical conduct	Ethical conduct	G4-56
Basic line: Operative Excellence	Quality for customers	G4-DMA / EU4 / EU10 / EU27 / EU28 / EU29 / PR3 / PR5 / PR6 / PR8
Basic line: Operational Eco-efficiency	Advanced environmental management	G4-DMA / G4-EN1 / G4-EN3 / G4-EN8 / G4-EN11 / G4-EN12 / G4-EN20 / G4-EN21 / G4-EN22 / G4-EN23 / G4-EN25 / G4-EN26 / G4-EN27 / G4-EN29 / G4-EN31 / G4-EN32 / G4-EN33 / G4-EN34
Basic line: Operational Eco-efficiency	Efficient use of water resources	G4-DMA / G4-EN8
Basic line: Conciliation and diversity	Equality and diversity	G4-DMA / G4-LA12 / G4-LA13 / G4-HR3
Basic line: Development, merit and talent	Development of human capital	G4-DMA / G4-LA9 / G4-LA10 / G4-LA11
Basic line: Occupational health and safety	Occupational health and safety	G4-DMA / G4-LA6 / G4-LA7

Editing:

Communications Department

Design:

Communications Department / Moonbook

Layout and Pre-press:

Moonbook

Printing:

Tf Artes Gráficas
Committed to the Environment

Legal deposit:

M-68210-2016

This publication has been produced according to the ISO 9001:2008 Quality Management System and the ISO 14001:2004 Environmental Management System standards.

These standards verify that at all times both production processes and waste management are carried out to the highest standards according to current legislation. All paper used is elemental chlorine-free (ECF) with neutral pH and free of heavy metals.



Printed on FSC® certified paper



endesa