---------------------------------------------------------------------------------------------------- Endesa 2004

L E T T E R F R O M T H E C H A I R M A N

A N D T H E C H I E F E X E C U T I V E O F F I C E R

In publishing our 2004 Sustainability Report, we are once again fulfilling our commitment to report on ENDESA's actions in the field of sustainable development over the past year.

For the fourth year running, the Company is giving public account of these actions in a Report focused exclusively on this area. This Report, which will be distributed as part of the set of documents furnished to shareholders at the ENDESA Annual General Meeting, is a testament of our readiness not only to maintain total transparency of information in respect of all interested parties but also of our conviction that the Company's commitment to sustainable development is a significant contributor to the creation of value for our shareholders who have placed their trust in us, and also to the provision of a quality customer service, to the professional and personal development of our employees, to the forging of relationships of trust and cooperation with our contractors and suppliers and, lastly, to the development and wellbeing of the communities in which we operate.

This Sustainability Report has once again been drawn up in conformance with the 2002 guidelines of the Global Reporting Initiative (GRI) and thus provides a balanced and fair view of the economic, environmental, and social activities of our Company.

In early 2004, coincident with the publication of our 2003 Annual Report, ENDESA published its Seven Commitments for Sustainable Development, a document that sets out its sustainability policy and its commitments to its customers, its shareholders, the communities in which it operates, to ethical conduct, to innovation, and to the environment. Fulfilling these commitments is the responsibility of all who work for the Company and is a goal that we unstintingly strive to incorporate in our daily work.

The information provided in the following pages is structured to reflect the actions and initiatives undertaken by the Company in the course of 2004 in concrete response to each one of these seven commitments and in demonstration of how its commitment to sustainability has been applied in real and practical terms in the execution of its activities.

Throughout the year, ENDESA has furthered its commitment to providing quality customer services, significantly increasing its investments in distribution facilities, reinforcing its sales channels and services, and striving to deal fairly with customer enquiries and complaints, as a result of which it has achieved quite significant advances in indicators of customer service quality and continuity of supply.

The Company has also achieved highly satisfactory financial results for its shareholders, posting net income in all its businesses, generating wide margins, and demonstrating a high degree of compliance with the strategy communicated to the markets. The Company has also stepped up its activities in the area of health and occupational risk prevention and has launched a number of initiatives designed to promote the professional development of its employees and to take their

opinions and expectations into account. As regards ethical conduct, ENDESA remains one of the Spanish companies most committed to application of the principles of transparency and good corporate governance, an area in which this year once again it achieved significant public recognition.

On the environmental protection front, 2004 saw a number of regulatory decisions on climate change and the Kyoto Protocol, among which we would highlight the approval of the National Allocation Plan for Emission Rights. In this field, we believe that ENDEA has once again demonstrated its sense of responsibility, taking a determined approach to the challenge that compliance with the Kyoto objectives represents, in a manner consistent with the need to guarantee a safe and continuous supply of electricity, at costs acceptable to the country, and using a suitably diverse range of energy sources.

Since 1990 ENDESA has reduced its emissions by more than any other Spanish electric utility and has constantly sought to share best practice in environmental matters with its investees throughout the world. As a result, ENDESA became the first Spanish company to submit and receive approval for a Clean Development Mechanism (CDM) project, one of the flexibility mechanisms created by the Kyoto Protocol.

2004 was also a particularly important year for the Company in the area of energy efficiency, since it laid the foundations for the major drive now under way in the field of innovation and technology with the design of an I&T Program having as its priority focuses quality of service, energy efficiency, growth in facilities, products and services, and environmental activities — all areas clearly associated with the principles of sustainable development.

Also in 2004, ENDESA once again distinguished itself for its endeavors to contribute to the social, economic, and cultural development of the countries and communities in which it operates. Its work in this area is one of the key features of its corporate track record. The resources it has allocated to this field, whilst remaining proportionate to its scale and its profits, have for another year running enabled the Company to make significant investments in social responsibility initiatives, placing ENDESA amongst the Spanish companies most active in and most committed to this area, by undertaking actions closely related to the activities it knows best and attuned to the needs of the beneficiary populations.

Meanwhile, ENDESA also maintained its commitment to implementing and promoting the ten principles of the United Nations Global Pact, launching a large number of initiatives promoting awareness and adoption of the principles, aimed mainly at its shareholders, employees, customers, suppliers, and contractors, and ensuring that its investees subscribe directly to the principles of the Pact and actively participate in the national platforms supporting the Pact in the countries in which they operate.

Overall, the initiatives undertaken by the Company in 2004 represent a further advance towards fulfillment of its commitments for sustainable development, with each of the seven areas being given equal importance and no single area being prioritized or neglected for opportunistic reasons.

Accordingly, we can affirm that ENDESA continues to move in the right direction, underpinned by its integrated approach to sustainability, which is clearly attuned with the criteria generally accepted at international level and unquestionably linked to the mission, vision, and values that the Company has publicly assumed.

**Rafael Miranda Robredo**

Chief Executive Officer

**Manuel Pizarro Moreno**

Chairman

---------------------------------------------------------------------------------------------------- Endesa 2005

LETTER FROM THE CHAIRMAN

AND CHIEF EXECUTIVE OFFICER

With this Report, for the fifth consecutive year ENDESA wishes to publicly announce the most significant progress made and actions carried out over the last year in the ambit of sustainable development.

By publishing this Report, ENDESA shows not only its willingness to furnish this information transparently and responsibly, but also our firm belief that a company’s sustainable behaviour contributes towards creating value for the investors who have placed their confidence in the firm, providing a high-quality service to its customers, fostering the professional and personal development of its employees, establishing relationships founded on collaboration and confidence with contractors and suppliers, and contributing towards the development and welfare of the social environments in which it operates.

As in previous editions, this year’s ENDESA Sustainability Report aims to identify and respond to the interest shown in the Company’s business behaviour by the key stakeholders and communities with which we are associated. Also as in previous editions, the Report has been prepared in accordance with the Global Reporting Initiative (GRI) 2002 Guide to provide an accurate, balanced and reasonable image of ENDESA’s sustainability efforts to address economic, environmental and social issues.

ENDESA is Spain’s largest electricity company, one of the five largest in Europe and the leading private electricity company in Latin America. As a Company we are committed to sustainable development, which at ENDESA is a concept to which we take a dual approach: the efficient use of resources and the creation of wealth and welfare for society as a whole.

The information presented in this publication is structured in accordance with the principles of the Company’s sustainability policy. This policy has been shaped by the Seven Commitments to Sustainable Development that were approved and published by ENDESA in 2003 and constitute the guide and basis for our sustainable behaviour. Commitments that call for everyone working at the Company to comply with them and build them into our daily working lives.

The content of this Sustainability Report 2005 has been organised to follow the structure and order of these seven commitments, covering, after an initial introductory chapter setting out ENDESA’s strategic sustainable-development aspirations and goals, the key actions and initiatives that the Company has undertaken in 2005 for our customers, our shareholders, our employees, the social environments in which we operate, ethical behaviour, innovation and the environment.

ENDESA’s key specific actions in this area are contained in our Strategic Environment and Sustainable Development Plan 2003-2007. This Plan, which reflects our commitment to act responsibly, efficiently and competitively, contains that Company’s areas of action for each of the seven commitments described above, with a view to maintaining long-term relationships with stakeholders that are founded on confidence for our mutual benefit. Although only the half-way stage, the Plan has already achieved 70% compliance, and so will be reviewed in 2006 in order to extend and update its content.

The most significant data and facts related to the development of the seven commitments to sustainability in 2005 include, for our customers’ benefit, a total investment of €1,779 million in electricity transport and distribution facilities in the countries in which we operate. This brings the total investment of this type over the last four years to over €5,100 million.

In Spain, investment and other operational and technological progress made in the distribution business, within the framework of the Company’s Quality Plan, enabled the quality of service to be improved by 23% in 2005. As a result, the SAIDI (“system average interruption duration index”, the standard indicator to express the total interruptions in supply) stood at 2 hours and 14 minutes over 2005 as a whole — in other words, 99.97% availability of service. In Latin America, an improvement of 8.4% in the average annual interruption time per customer was achieved in 2005.

For our shareholders, ENDESA has maintained its firm commitment to creating value, giving maximum priority to providing a high return on investment when developing the current Strategic Plan, which was presented to the markets in October 2005 via the document *ENDESA: Stronger Businesst; Greater Value.* In line with this commitment, the Company’s net profit in 2005 was the largest in its history, reaching €3,182 million, with year-on-year growth of 154%. Also, the Company’s shares were revalued by 32.8% on the Spanish Stock Market in 2005, which is a considerably higher figure than the IBEX 35 revaluation of 18.2%.

With regard to ENDESA’s commitment to the health, safety and personal and professional development of its employees, there has been a significant reduction in the accident rate for own workers in 2005, falling by 14.2%. Also this year, the Strategic Plan for Preventing Workplace Accidents 2005-2009 (Plan Praevenio) was approved and launched in Spain and Portugal. An awareness-building plan to reduce workplace accidents among the Company’s suppliers and contractors was also approved. Among other topics, this plan, to be launched in 2006, covers the setting-up and use of worker-safety targets, company self-diagnosis and the drafting of action plans based on self-diagnosis.

In the sphere of ethics, in ENDESA launched its Ethics Channel, which allows all personnel of the Company and its subsidiaries to report any improper or inappropriate behaviour via an external independent channel, guaranteeing the confidentiality of these communications and the anonymity of those using this channel. With this Ethics Channel, the Company has further consolidated its role as a driving force for ethical behaviour and transparency in all the ambits and areas of business in which ENDESA operates.

In 2005 ENDESA has continued to improve its environment record. In Spain and Portugal, our specific CO2 emissions fell by 22.7% between 1990 and 2005. If we consider that over this same period our electricity production almost doubled (a 94.5% increase), the high rate of environmental efficiency achieved by the Company over this period is plain to see. This result reflects the Company’s firm commitment to using clean fuel technologies, developing renewable-energy facilities and increasing the energy efficiency of our power stations.

Also of considerable importance is the Biodiversity Conservation Programme devised and approved by ENDESA as part of the Strategic Environment and Sustainable Development Plan. This programme contributes towards valuing our natural heritage and acts as the environmental framework of reference for the development of new projects, in line with our Sustainability Policy, with a view to playing our part to safeguard the natural environments of the territories in which are present.

A key role was played in the improved efficiency mentioned above by the firm push that ENDESA has given in recent years to making new strides in technological innovation, not only in our direct activities with our own resources but also in partnership with a large number of companies, research centres and scientific institutions. The Company has also encouraged employees to participate in innovation processes via the in-house Novare Programme. This programme, which is targeted at the scientific community of the countries where we operate, has also been opened up to ENDESA’s employees and those of the companies in which we hold a stake, to gather new ideas in this field and reward the best of them with prizes and public recognition within the Company.

We should also mention here the investment made by ENDESA in 2005 to contribute towards the social, economic and cultural development of the communities in which we operate. This investment, which totalled €25.4 million, funded actions aimed at covering basic social needs, driving the communities’ economic development, education and culture.

A further example of ENDESA’s social commitment and that of the companies in which we hold a stake is our having joined the United Nations Global Pact. The Company has undertaken to adopt, support and promote the principles of the Pact and integrate them into strategies, policies

and our day-to-day business activities. Two milestones were achieved in 2005 in this respect: all our subsidiaries are now formally and directly included in this initiative, and a guide was drafted to facilitate the homogeneous, integrated development and implementation of the Global Pact principles within the company and our subsidiaries, to smooth the way for the incorporation of the ten principles of the Global Pact into all our action plans.

In short, throughout 2005 the Company has continued its progress along the sustainability path, which began several years ago and has positioned ENDESA among the companies that receive the most international recognition by independent organisations working in this field. The results achieved and the high level of compliance with the Strategic Environment and Sustainable Development Plan 2003-2007 provide a firm base from which to continue strengthening this commitment for the future, in a way that is consistent with the Company’s international relevance in the electricity sector and with a firm commitment towards the communities in which we are present.

Rafael Miranda Robredo

*Chief Executive Officer*

Manuel Pizarro Moreno

*Chairman*

---------------------------------------------------------------------------------------------------- Endesa 2006

LETTER

FROM THE CHAIRMAN AND CEO

For the sixth consecutive year, through its Sustainability Report, ENDESA provides its interest groups with a detailed analysis of the activities undertaken in the past year concerning sustainable development.

On balance we can see some very significant advances and results in all areas of sustainability, especially our Company’s global and balanced perception. This is based on ENDESA’s conviction that it must meet the needs and expectations of its interest groups regarding its sustainable responsibilities, especially those groups who have close ties with the development of its businesses. Therefore, ENDESA’s main commitments are to provide its customers with a safe and high-quality electricity supply, to provide a return to those shareholders who have placed their faith in the Company, to foster the professional development of its employees as well as guarantee their health and safety and to create wealth in the communities where it operates. This involves embracing ini- tiatives which will preserve our natural resources and ensure they are used efficiently. It is therefore essential to invest substantially in technological innovation.

This global and balanced perception of sustainability is borne out by the Seven Commitments for Sustainable Development which ENDESA announced in 2003. These provide a guide to our corporate conduct and prin- ciples which we in turn demand of all our employees in turn for our remuneration system and by applying the Company’s Corporate Integrity Rules.

Given the function these principles have regarding its corporate conduct, ENDESA believes that the best way to convey its sustainability pledge to its interest groups is to structure this Report in a manner which is consis- tent with these commitments and to include all the activities carried out in 2006 to ensure compliance with them.

Also, in an extensive introduction to this report , ENDESA details all the information regarding the scale and nature of its businesses and how it manages sustainability issues. In the Appendices, readers can find infor- mation regarding contact channels, the location of compliance indicators, etc.

Finally, in order to identify and address the concerns of our main interest groups, this Report has been drawn up in accordance with the G3 Guidelines from the Global Reporting Initiative (GRI) and conveys a precise, clear, reliable, balanced and benchmark overview of ENDESA’s work towards ensuring Sustainability. Moreover, an external, independent company has verified ENDESA’s commitment to complying with the GRI indicators, Accountability principles and the Global Compact as well as our commitment to OECD principles and the United Nations’ Millennium Project.

The following pages detail the advances made in 2006. Of these we would highlight the 14.2% improvement in the quality of supply in Spain, the best in the Company’s history, the investment of Euro 1,901 million in dis- tribution facilities in Spain and Latin America and the total shareholder return of 72.1% for the year as well as the 20.6% improvement in accident rates for all of ENDESA’s businesses. We would also include the adaptation in Spain to the requirements of the Unified Code of Good Governance and management of the Ethics Channel which interest groups can access via the Company’s website; the Euro 31 million invested in social develop- ment, representing 1.04% of its 2006 net profit; the various pursued by ENDESA both at home and abroad regarding climate change which saw the Company ranked among the best companies in the KDL Global Cli- mate as well as the 100% certification of its generation and distribution business in Latin America according to ISO 14001. Also worth a mention are the increased R&D projects in Spain, ENDESA’s position at the helm of two important national Strategic Consortiums for Technical Research (CENIT) and the certification awarded by AENOR to its RDI management model in compliance with the UNE 166002 standard.

These and other initiatives have been decisive in ENDESA obtaining the best evaluation of the electricity sector worldwide in 2006 from the prestigious Dow Jones Sustainability World Index (DJSI World) and for 98% of its projects which have either been concluded or are nearing termination being included in the 2006 Annual Sus- tainable Development Action Plan 2006 (PADS). We should also include the Company’s active role in meeting and disseminating the 10 universal principles contained in the United Nations’ Global Compact. ENDESA and its investees are committed to continuing to support and propagate these principles which fall within its juris- diction.

However, these successes and acknowledgements will in no way lead to complacence on our behalf. ENDESA is conscious that it is meeting social needs which are constantly increasing as well as expectations regarding sustainable development of its various interest groups. Therefore, having successfully concluded 80% of the initiatives contained in our 2003-2007 Strategic Plan for the Environment and Sustainable Development, at the beginning of this year the Company began drawing up its 2008-2012 Strategic Sustainability Plan to identify the initiatives to be undertaken during this period in order to remain one of the world’s leading companies in terms of corporate sustainability.

Finally, it is important to stress that, in 2006 we beat the targets set down in the 2005-2009 Strategic Plan and amply fulfilled its key aims: namely to develop our businesses taking advantage of growth in the markets where we operate and to defend our shareholders’ interests, providing them a high return on their investment.

It is important to highlight these accomplishments which have involved everyone who works for the Company as they have been met against the backdrop of various take-over bids launched for the Company. Throughout this process, ENDESA has endeavoured to defend its shareholders’ interests and their right to decide on the Company’s future. Also of paramount importance is our industrial project and the interests of our employees. At the same time, the Company has not only proven its ability to run its businesses normally, but has also obtai- ned excellent results by taking advantage of the opportunities which have arisen in the markets where it ope- rates. It has maintained the highest investment commitment in the Spanish electricity sector and set an exam- ple of good corporate governance and sustainable development on a worldwide scale.

These criteria, which the Company has had to expound on numerous occasions throughout the take-over pro- cess and which have been expressed in strict adherence to the law and corporate bylaws, will be upheld in the future because the interests of our shareholders, customers, employees and suppliers demand it as do the communities in which ENDESA is present.

Rafael Miranda Robredo Manuel Pizarro Moreno

Chief Executive Officer Chairman

---------------------------------------------------------------------------------------------------- Endesa 2007

For the seventh consecutive year, ENDESA’s Annual Sustainability Report provides its stakeholders with a detailed analysis of our sus- tainable development initiatives of the last year.

In my view, we should highlight three very important aspects: Firstly, there has been a notable increase in the company’s sustainability initiatives. When ENDESA approved its Seven Commit- ments for Sustainable Development in 2007, it was a clear public declaration of certain business principles of conduct, which the com- pany had already followed for many years. The public nature of these commitments and their adoption by everyone who works for the com- pany, gave a new boost to our sustainability efforts, and will mean a significant increase in our initiatives in this field in the coming years. In this context, certain milestones reached in 2007, which are discussed in full detail in this report, are particularly illustrative. In Spain we obtained the highest level of service continuity in the his- tory of ENDESA and a customer satisfaction quotient for our electric- ity provisioning services of eight out of ten. In addition, we invested Euro 4,746 millions, of which 90% was allocated to energy infra- structure. We also cut our accident rates by 21.7% and spent 1.8 million hours on employee training, while maintaining the efficiency of our Ethics Channel. Furthermore, ENDESA cut its CO2 emissions by 36.5%, with respect to the company’s emission levels in 1990.

Meanwhile, we continued our research into CO2 capture and storage systems, and developed a Global Energy Efficiency Plan, and lastly, Euro 39.2 millions was invested in social initiatives, which represents 1.5% of the total earnings for the year.

These and other data contained in this report give continuity to our widely respected commitment to sustainable development. In recent years, ENDESA has been rated one of the world’s leading companies with regard to sustainability by important entities such as the Dow Jones Sustainability Index, where it has been ranked for the past seven years. In two of those years it was the leader in sustainable development in its sector. We would underline that the companies which compose the Dow Jones Sustainability Index must demonstrate expertise in all aspects of sustainability.

A second relevant item is the significant improvement in the report- ing of our sustainable development initiatives. Since the publication of the first Sustainability Report, we have adjusted our practices to commonly accepted international sustainability standards. In particu- lar, this Sustainability Report has been drawn up in accordance with the Global Reporting Initiative’s (GRI) G3 Guidelines and conveys a precise, clear, reliable, balanced and benchmarked overview of ENDESA’s work towards ensuring sustainability. Moreover, an ex- ternal, independent company has verified ENDESA’s commitment to complying with the GRI indicators, AccountAbility principles and the Global Compact as well as our commitment to OECD principles and the United Nations’ Millennium Project.

Thirdly, this Annual Report reflects how the company has been able to meet the economic, environmental and social challenges posed by this global approach to sustainability. ENDESA’s mission is very clear: to provide value for the community through the provision of a basic, accessible, and quality service, with responsible stew- ardship of the natural resources deployed; to promote research and eco-efficiency; to take care of its shareholders’ interests; to encour- age professional and personal development in its employees; and to address the social needs of the communities in which the company operates.

Our success in meeting these objectives has allowed us to take the next step, with the creation and implementation of our 2008-2012 Strategic Sustainability Plan, which is based on even more ambitious targets than those from the 2003-2007 Environment and Sustaina- ble Development Strategic Plan, which ended last year and in which 95% of the objectives were met.

This new Plan will not only help us strengthen our commitment to sustainable development, but also to meet the present and future challenges facing our industry, above all in the fight against climate change. In our view, these challenges are an opportunity to create value for society.

The following pages give detailed information on how we are go- ing to meet these challenges and how we want to take advantage of these opportunities. I hope this report will help you to understand who we are, but more importantly, to understand who we wish to become.

**Rafael Miranda Robredo**

Chief Executive Officer

---------------------------------------------------------------------------------------------------- Endesa 2008

For the eighth consecutive year, ENDESA’s Annual Sustainability Report provides a detailed analysis of the sustainable development initiatives carried out over the past year.

For this company, and all of us who are proud to belong to it, the commitment to sustainable development is a com- mitment to the future and to growth.

ENDESA upholds this belief through a rigorous, consistent and transparent adherence to the sustainability principles that underpin its business model and management philosophy. And this has been frequently applauded by the markets and specialist bodies. Suffice to say that ENDESA is one of the few multinational companies to be twice named world sustainability leader in its sector by the Dow Jones Sustainability Index, a selective index whose members have to ac- credit their use of good practices in the different fields of sustainable development and corporate responsibility.

Today, for a company such as ours, the challenges of sustainable development lie mainly in the need and opportunity to build a new energy model which is both global and sustainable. A model based on having the capacity to supply a growing demand for energy, while at the same time protecting the environment, and, in particular, staving off the unwanted repercussions of energy use, such as climate change. We also need to supply energy to the millions of people across the world who still do not have access. ENDESA aspires to be a key player in the construction of this new energy model.

In 2008, ENDESA embarked on a new phase in the development of its business model, defining a strategic plan an- chored on sound economic growth and encompassing the principles of social progress and environmental balance. One of the mainstays of this new development phase is ENDESA’s Sustainability Plan (PES) 2008-2012.

The aim of this plan is lay the foundations to allow the company to progress further towards honouring our com- mitments and incorporate the principles of sustainable development into all management and operational spheres. In its first year of execution, significant steps were taken with the launch of new initiatives and programmes, and other projects already in place were strengthened.

Our company is working to meet, or even exceed, the social expectations of our main stakeholders: security of supply, combating climate change, socio-economic development on a local scale and compliance with the UN Global Compact, among others.

ENDESA’s commitment to our customers first and foremost requires us to provide access to energy in the optimum conditions of quality and security. In 2008, ENDESA obtained record figures with regard to continuity of supply. In Spain, the average interruption duration index (TIEPI) stood at 86 minutes, an improvement of 7% on 2007 and signalling the best quality service level achieved in the company’s history. In Latin America, the continuity of supply index improved by 11.4%.

With regard to employee management, in 2008 the company approved its Integrated Talent Management model and redoubled its efforts in two main areas: occupational health and safety, obtaining a significant reduction in accident rates and; diversity management, making this a source of wealth, innovation and education for the company and its employees.

In the fight against climate change, ENDESA reduced its specific CO2 emissions by around 20% compared to 2007, pursuing the trend seen in previous years. Emissions in 2008 were 50% lower than in 1990, compared to an initial target of 35% for the year.

In 2008, the company’s total emissions of SO2, NOx and particulates across all countries in which it operates were respectively 73%, 13% and 48% lower than in 2007. In Spain and Portugal reductions were achieved thanks to the actions carried out to meet the targets of the national emission reduction plan, entailing an investment of Euro 648 million.

Furthermore, ENDESA is working proactively to keep in step with a constantly-evolving regulatory environment, which regulates the energy model while at the same time introducing new opportunities for energy efficiency and fomenting the use of low-carbon production technology.

Furthermore, we are still one of the companies most actively involved in developing the principles of the Global Compact, on both an international and local level in the different countries where we operate. We understand that this global initiative is essential to spread the conviction that sustainable development and corporate responsibility should form part of the business models of all modern, well-run companies.

One of our most innovative projects ñ the Ecoelce project in Colombia, involving offering discounts on electricity bills for customers who recycle urban solid waste ñ won a prize in the 2008 World Business and Development Awards conferred by the UN Development Programme, the International Chamber of Commerce and the International Business Leaders Forum.

In sum, this Sustainability Report aims to offer society and the markets an account of our performance in the field of sustainable development and our capacity to generate value for the countries and regions where we operate. Both factors are part and parcel of our business philosophy and the way in which we conceive and conduct our business; and are emblems with which we would wish to be identified. However, we also look to the future in this report, to provide an understanding of what ENDESA wants to be tomorrow.

This Sustainability Report has been drawn up in accordance with the Global Reporting Initiative’s (GRI) G3 Guidelines and verified by an external, independent entity. It reflects our appraisal of our level of compliance with GRI indicators, AccountAbility principles and the Global Compact as well as our commitment to OECD principles and the United Na- tions’ Millennium Project.

We do not wish to be complacent and offer a detailed balance of our efforts, our successes and our failures. Because this is the only way we can improve every day. And that is our goal.

**Borja Prado Eulate**

Chairman

**Rafael Miranda Robredo**

Chief Executive Officer

**Andrea Brentan**

Executive Vice chairman

---------------------------------------------------------------------------------------------------- Endesa 2009

ENDESA is presenting its ninth consecutive Annual Sustainability Report. This document is intended to inform all our stakeholders about the sustainable development initiatives undertaken by the company in 2009.

Endesa’s commitment to sustainability is one of our hallmarks and defining traits. We understand this commitment as a three- dimensional concept that shapes our responsible social, economic and environmental conduct.

We pledge that the principles relating to this concept are fully and effectively incorporated into our values, business mission and vision and decision-making processes. We believe that this commitment can only be real and effective if it is also required from all the companies in our business Group and all our employees. It is therefore an integral part of our economic compensation systems and codes of conduct for employees and partners who work with us.

This global concept is clearly reflected in the Seven Commitments to Sustainable Development issued by the company In 2003 that form the basis of our sustainability policy. These seven commitments reflect the obligations and responsibilities that we hold vis-à-vis our customers, shareholders, employees and the communities in which we operate. They address issues such as ethical conduct and transparency, technical innovation, energy efficiency and the environment.

Ensuring a reliable, accessible supply of energy in the areas where we operate and including the social and environmental aspects of our activity in our business management model are two of ENDESA’s most important objectives, and the company worked particularly hard on them in 2009. We have further cemented our position of leadership in this activity, in addition to our contribution to sustainable development.

The report describes the activities undertaken in respect of each of these seven commitments and in respect of our two main priorities: combating climate change and strengthening ties with local communities.

In addition, in our day-to-day activity we face enormous global challenges such as the international economic crisis, new regulatory frameworks, increased access to energy supply and environmental protection. The initiatives carried out by ENDESA in 2009 not only demonstrate that the company has the capacity to deal with new market demands but also that it is prepared to take advantage of the opportunities that arise.

This Sustainability Report has been drawn up in accordance with the Global Reporting Initiativeís (GRI) G3 Guidelines and verified by an external, independent entity. It reflects our appraisal of our level of compliance with GRI indicators, AccountAbility principles and the Global Compact as well as our commitment to OECD principles and the United Nationsí Millennium Project.

Lastly, we would like to stress that we still have work to do. Our achievements so far prompt us to work harder to be what we want to be: An indispensable partner in the economic, social and environmental progress of the countries where we operate.

**Borja Prado Eulate**

Chairman

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These are times of challenges and crucial transformations, in which a company’s quest for results cannot be purely financial.

Given the impact our business has and our aim to play a leading role in the economic, social and cultural development of the areas where we operate, we at ENDESA are convinced that a leader, above all in a strategic sector for society like energy, must work hard to achieve the best results, not only financial but also in the area of sustainability.

With this conviction and the support of two pillars of our corporate culture ócare for the areas where we do business and our pledge to being a “good citizen”— we launched the ENDESA 2008-2012 Sustainability Plan. 2009 marked the second year of the Plan, which fully integrates the three dimensions of sustainability in the Company’s strategy and embraces ENDESA’s seven core commitments and two main objectives for the period.

This report describes the actions carried out in relation to each of these commitments ( to our customers, to people, to investors, to good governance and transparency, to the environment, to technology and innovation and to our partners) and to the two main objectives ( combating climate change and strengthening ties with local communities).

In 2009, ENDESA continued to work on bring customers closer and adapting to their needs and expectations. It upgraded and extended its infrastructure, improved customers services and created new channels of communications to strengthen relations with customers. These efforts paid off, as ENDESA achieved a higher global customer satisfaction rating in Spain than its peers.

For its efforts to bear fruit, it is crucial that the company take care of and promote the talent of its more than 26,000 employees. For ENDESA, its ties with commitments to these men and women are at the heart of the company and are essential elements of its culture. For this reason, we have continued to develop the Integrated Talent Management model, aimed at fostering the commitment of our people and making them proud of belonging to the company. Strides have also been made in managing work-life balance, diversity and equality, and the company has continued disseminating OHS (occupational health and safety), with ongoing awareness campaigns, training courses and communication for its employees and partners.

The fourth Workplace Satisfaction Survey, conducted in 2009, confirmed the good results of this work. ENDESA achieved its highest ever rating for this type of survey — 79% employee participation — and maintained a high level of employee commitment to the company (78%), higher than the average of the companies we used as a benchmark.

Specifically, the 2009 Workplace Satisfaction Survey showed that employees consider OHS to be one of the values that most symbolises ENDESA. This view is fully aligned with the criteria followed by the company’s management, which believes that “zero accidents” is an undeniable target in our strategy and corporate behaviour.

ENDESA also considers complying with good corporate governance standards as one of its main obligations in social responsibility, basing its management on principles of ethics and transparency with respect to its stakeholders.

Meanwhile, the company is aware that it must respect and adapt to the peculiarities of each area where it operates in order to communicate and implement its social actions effectively. To achieve this, in 2009 the company designed and implemented Country Sustainability Plans, aimed at further adapting its actions to local needs, while it remained involved in local social cooperation, educational, cultural and environmental awareness-raising initiatives, which comprise the four cornerstones of its social action strategy.

In midst of the world’s worst economic crisis ever, ENDESA views confidence to be a core value. To uphold this conviction and face a difficult and ever-changing environment, the company counts on two fundamental qualities of its culture: ethics and honesty. In this respect, it stepped up its commitment to transparency in 2009, reporting on its actions regarding social investments in two ways: with its own reporting and, for the first time, through the international standard, the *London Benchmarking Group.*

As for the environment, ENDESA is always aware of the impact that energy generation and distribution has on the environment and that it is an unassailable part of the development and well-being of society. Its commitment to preserving the environment is real and realistic. It understands that climate change is one of the greatest environmental challenges to be faced and has therefore adopted a clear strategic approach, predicated on technology and innovation.

After two years in the making, the ENDESA Climate Change Programme has become a benchmark in the field thanks to its commitment to, inter alia, energy efficiency, investment in RDI, and the launch of pioneering carbon capture and CO2 emission reduction initiatives. In a bid to gain energy independence and improve the quality of the air and noise levels in cities, ENDESA is strongly committed to promoting electric vehicles as one of the cornerstones of its fight against climate change.

2009 also featured a significant change in ENDESA’s shareholder structure after Enel became the owner of 92.06% of its shares, affording it control over the Group. By integrating sustainability into its business managing, ENDESA was also able to make a smooth transition, joining one of the world’s leading multinational energy groups.

With the presentation of the 2009 Sustainability Report, its ninth annual report, ENDESA is meeting one of its primary objectives: to keep stakeholders aware of its performance in this field. We pledge to continue working to improve on our performance in 2010.

**Andrea Brentan**

Chief Executive Officer

---------------------------------------------------------------------------------------------------- Endesa 2010

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

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

ENDESA’s strategy in the area of sustainable development is set out in its 2008-2012

Sustainability Plan (PES 2008-2012). This report reflects ENDESA’s compliance with the objectives set to implement this strategy at company level.

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

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

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

This report has been prepared following the new Global Reporting Initiative (GRI) G3.1 guidelines launched in 2010. ENDESA is one of the first companies to be awarded an

A+ rating by GRI under these new guidelines and has been independently verified by an external entity.

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

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

**Borja Prado Eulate**

Chairman

---------------------------------------------------------------------------------------------------- Endesa 2011

This is ENDESA’s 11th Annual Sustainability Report, outlin- ing our commitment to sustainable development and re- porting on progress in 2011 to our stakeholders.

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

In 2003, the Management Committee approved a Sustain- ability Policy in response to the Seven Commitments to Sus- tainable Development made to our customers, sharehold- ers, employees and the societies in which we operate; this Policy also detailed our commitments on ethical behaviour and transparency, technological innovation and energy ef- ficiency, and caring for the environment.

ENDESA’s commitment to sustainable development begins with our senior management and extends to every part of the Company. The Sustainability Plan contains a total of 67 monitoring indicators, of which 51 form part of the Sus- tainability Scorecard reported to senior management every six months; all of the Company’s employees are involved in implementing these actions. The greatest progress on the Sustainability Plan in 2011 related to measures taken by the Company to combat climate change.

For the second consecutive year, this report has been pre- pared in accordance with version G3.1 of the Global Re- porting Initiative (GRI) and has been verified by an inde- pendent external body.

The report is complemented by the specific GRI Electric Utili- ties Sector Supplement and the principles of AA1000 APS (2008) and the Global Compact.

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

**Borja Prado Eulate**

Chairman

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

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

The PES is structured into seven key lines that lend conti- nuity to the Group’s Seven Sustainable Development Com- mitments: our people, our customers, our investors, good governance and transparency, the environment, technology and innovation, and our partners. In addition, the PES is designed to deal with two key challenges: the fight against climate change and strengthening ties with local communi- ties in the countries and territories where ENDESA operates.

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

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

**Our people**

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

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

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

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

**Our customers**

ENDESA continues to strive towards enhanced **customer** satisfaction. Our goal is to be perceived as the best supplier by our 25.3 million customers. We have improved conti- nuity of supply in Spain, Portugal and Latin America. In

2011, the average interruption time (TIEPI) in Spain was 73 minutes, cementing ENDESA’s position as one of the best electric utilities in this field. Our power supply reliability now covers 99.9% of hours in the year.

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

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

**Shareholders and investors**

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

ENDESA’s shareholder and investor office provides a per- sonalised service. We offer quarterly performance presen- tations, present our strategic plan on an annual basis and hold an annual Investor Day, at which investors are encour- aged to visit us and ask questions about ENDESA and eve- rything we do.

**Good governance and transparency**

In the area of **good governance,** ENDESA continues to de- liver on its commitment to its new Code of Ethics and Zero Tolerance programme, introduced in 2010 to reinforce ex- isting initiatives: the Employee Code of Conduct, the Char- ter governing senior management and the Charter govern- ing executives. In 2011, the Company circulated these new standards to all its employees.

**Environment**

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

In 2011, 99.94% of power produced by ENDESA was ISO14001-certified. We continued to implement and certify our environmental management systems and to review the environmental procedures in place at our Latin Ameri- can facilities. ENDESA has carried out significant initiatives at its facilities to curb emissions. The initiatives have re- quired a total investment of approximately Euro 648 mil- lion, and have made it possible to reduce sulphur dioxide (SO2) emissions by 89%, nitrogen oxide (NOX) emissions by 50% and particles from large plants by 77% between 2006 and 2011.

**Climate change**

ENDESA fights **climate change** by developing emission-free energy sources, enhancing energy efficiency and supporting research and development efforts to curb its emissions. In

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

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

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

**Technology and innovation**

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

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

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

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

**Our partners**

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

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

**Establishing ties with local communities**

Rising to the challenge of creating **ties with local com- munities**, in 2011 ENDESA introduced and implemented its five Sustainability Territory Plans: Andalusia and Extrema- dura, Aragon, the Balearic Islands, the Canary Islands and Catalonia). As part of these efforts, territorial indicators were established. The goal is to offer an overall vision of Sustainability at the local level and to lead, coordinate and implement local sustainable development actions.

ENDESA is actively involved in the ENabling ELectricity pro- gramme, which encompasses specific actions providing ac- cess to electricity via three key areas into which its related social projects can be grouped:

• Projects that guarantee technological and infrastructure accessibility: improved kitchens in Junín (Peru), solar panel installation (Junín, Peru), electrification of com- munities (Peru), the Power For All programme (Brazil) and lighting of sports facilities (Peru) and the Multican- chas initiative (Chile).

• Projects that eliminate economic barriers for the lowest income levels in society: Ecoelce and Ecoampla in Brazil and Ecochilectra in Chile.

• Creation of capabilities: Nuevo Pachacútec (Peru), Chil- ectra university chair (Chile), Ampla Awareness (Brazil), Travelling educational information (Chile) and Coelce nas Escolas (Brazil).

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

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

**Andrea Brentan**

Chief Executive Officer