SEEDING ENERGIES
SUSTAINABILITY REPORT
2015

SEEDING ENERGIES

SUSTAINABILITY REPORT

2015

GRI
GOLD Community
Enel
2016

Enterprise 2020
CSR
EUROPE

WE SUPPORT
Sustainable Stock Exchanges Initiative
SSE

FTSE4Good

EURONEXT
vigeo
INDICES
Europe 120

EURONEXT
vigeo
INDICES
Eurozone 120

EURONEXT
vigeo
INDICES
World 120

Member 2015/2016
STOXX
ESG LEADERS INDICES

CDP
DRIVING SUSTAINABLE ECONOMIES

MEMBER OF
Dow Jones
Sustainability Indices
In Collaboration with RobecoSAM

UN GLOBAL COMPACT
Global Compact
LEAD
PARTICIPANT

UN GLOBAL COMPACT
WE SUPPORT

SUSTAINABLE
ENERGY FOR ALL

ROBECOSAM
Sustainability Award
Silver Class 2015

ECPI
Sense in
sustainability

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Let's build the future together

G4-1 G4-2

Dear Stakeholders,

the world of energy is changing very quickly: technology, the market, operators. The main global trends see growth in the world's population from 7 to 8 billion people over the next ten years, as well as a rise in life expectancy, and a shift in population towards cities. The emerging economies are taking on an increasingly important role in the international panorama and new technologies are spreading far and wide. Global energy demand is destined to grow, in a scenario of increasingly limited natural resources and the need to combat ongoing climate change.

The traditional models are therefore changing quickly and with them the role and responsibilities of companies must also change.

On September 25, 2015, the United Nations definitively adopted the new Sustainable Development Goals (SDGs) for 2030. An invitation to companies to provide their own contribution – also through their ability to innovate – to address the challenges of sustainable development, such as poverty, the right to education, access to work, gender equality, the universal supply of water, access to energy and climate change. On that occasion Enel announced specific commitments to contribute to achieving four of the 17 goals. In particular, in committing to guarantee access to energy, to support educational projects, to promote employment and inclusive, sustainable and lasting economic growth and to combat climate change. Enel also confirmed its own goal of reducing CO_2 emissions and becoming carbon neutral by 2050: a goal known as a "Science Based Target" since it is aligned with the global climate goals. By way of demonstration of its commitment to sustainable development, Enel immediately integrated these goals into its strategy and into its processes for Sustainability reporting, bringing it into line with the latest international standards.

2015 was also the year of the twenty-fifth United Nations Climate Change Conference (**COP21**) which, through the

agreement signed by 195 countries in Paris, establishes a new era for global climate action and promotes a zero-emission economy. On that occasion Enel promoted numerous initiatives to support the agreement, acknowledging the combating of climate change among its responsibilities as a large global energy company.

In this complex and changing scenario, Enel's business is increasingly opening up to a new way of thinking about energy, which is more accessible, more innovative and based on collaboration with the communities where it operates. A commitment recognized also internationally, which has allowed Enel to be ranked fifth, the only Italian company and the only utility, in Fortune Global's list of 50 companies that are changing the world: a challenge and a great responsibility towards its shareholders, stakeholders and, above all, towards future generations.

Sustainability is one of the pillars supporting the model of the present (and above all of the future) of electric energy for Enel. Sustainability integrated into the business model along the whole value change, interpreting and translating the Group's strategy into concrete actions, through a detailed, ambitious and agreed plan, and regular communication of the key information both inside and outside the company, which increases the ability to attract long-term and socially responsible investors (SRI). The essential point in this approach is the realization, measurement and reporting of the ESG (environmental, social and governance) Sustainability indicators within the whole value change, not only for ex post assessment, but above all to take decisions earlier and to reinforce a proactive and not reactive approach.

This new approach underpins the Group's new strategic vision: "Open Power", which is made tangible and clear also through the new logo which visually represents the new Enel we are building.

In 2015 Enel, with over 600 projects and initiatives in the various countries where it is present, made a concrete contribution to the development and social and economic growth of the territories, from expansion of infrastructure to educational and training campaigns, from initiatives for social inclusion to projects to support cultural and economic life.

In order to intercept, develop and create value from the best available solutions, Enel applies an "Open Innovation" approach, in the awareness that, in order to create more value and to compete better on the market, it is important to create an integrated and inclusive system that can engage internal resources, but also other companies, start-ups, and universities. With this approach in 2015 numerous partnerships were made with leading companies and 13 collaborations were initiated with start-ups.

A new attitude also internally, through listening to new ideas and stimulating approaches from people who work at the company, and creating value from talented staff and diversity. Through a very broad and shared process in all the areas where the Group operates, the underlying values and conduct of the Enel Group have been defined: innovation, trust, responsibility and being proactive. We have maintained our commitment in the "Diversity and Inclusion" project by involving people in various countries around the world through online surveys and focus groups and establishing a global policy as well as specific local initiatives, in order to respond in an increasingly focused way to the needs that have emerged in different situations.

Framing the whole process there are the principles of ethics, transparency, anti-corruption, respect of human rights and protecting safety, which have always been features of Enel's way of working and which are reflected in policies and conduct criteria which apply to the whole Group. Enel considers the health, safety and mental and physical well-being of people as the most precious asset that must be safeguarded at all times, at work as at home and in people's free time, and is committed to developing and promoting a solid safety culture worldwide. And so it is positioned for change and openness, focusing on investments for growth, in particular on grids and renewables, on an increasingly distributed and shared energy system, and on technological innovation and, therefore, on Sustainability: because in our idea of energy one cannot exist without the other.

Chairman of the Board of Directors
Patrizia Grieco

Chief Executive Officer and General Manager
Francesco Starace

Getting to know Enel

Enel worldwide

G4-4 G4-6 G4-8 G4-9 G4-EU1 G4-EU2

Enel operates in over **30 countries** with **1.9 million kilometers of power lines on four continents, with installed net capacity of over 90 GW.**

Energy generation

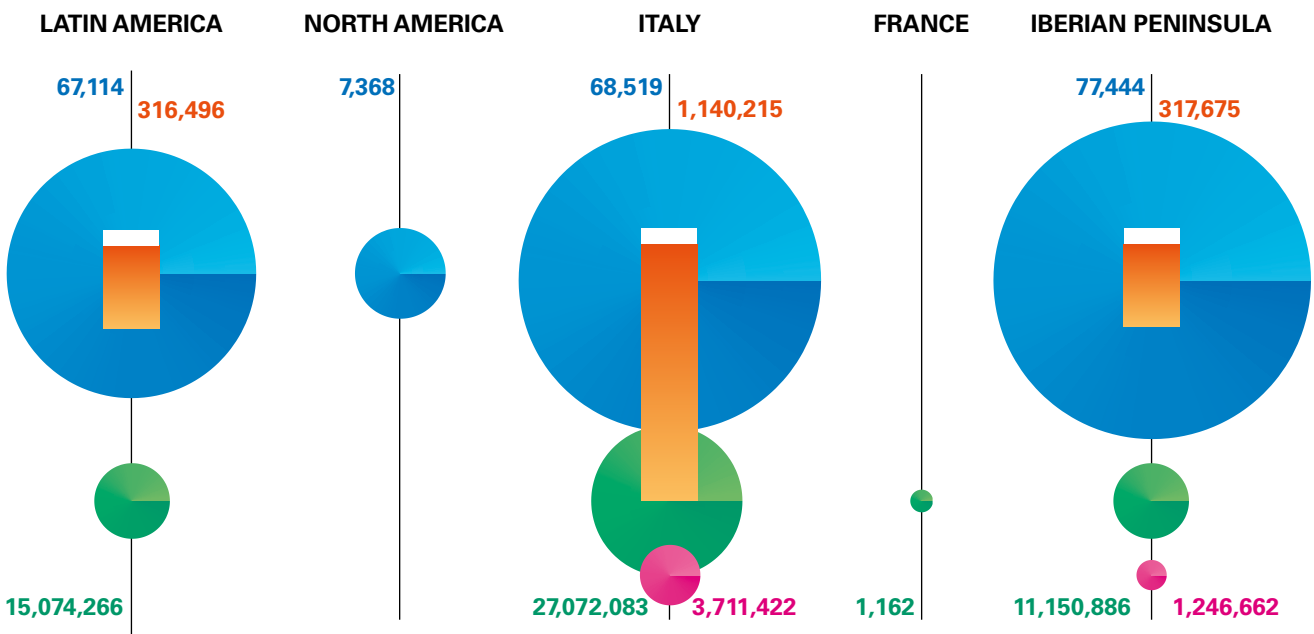
Enel produces energy through a **balanced mix of sources**, in which a leading role is played by renewable sources (hydroelectric, wind, geo-thermoelectric, biomass, photovoltaic, etc.) and where fossil sources are diversified across natural gas, coal and oil.

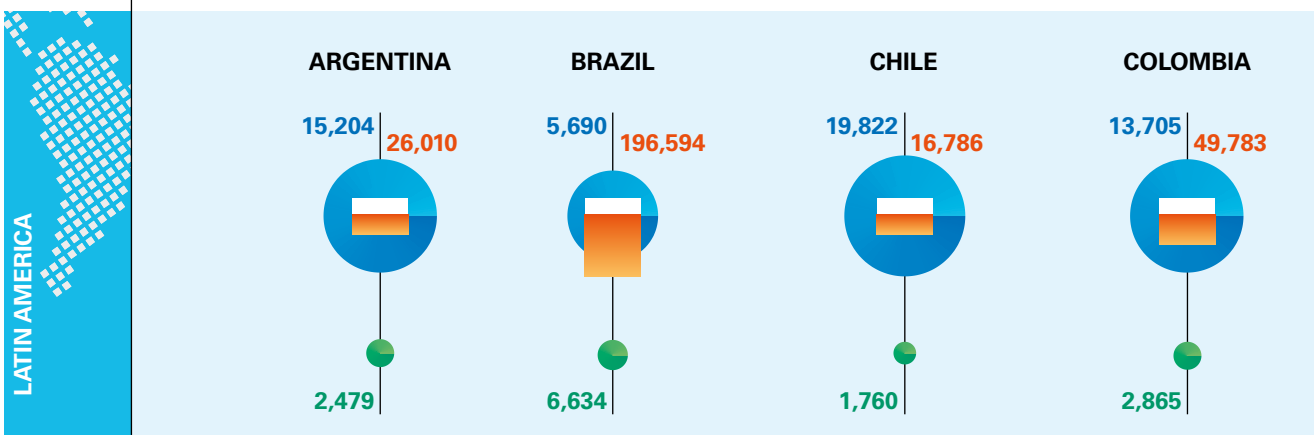
Distribution

Group distribution companies transport electricity in Italy, Romania, the Iberian Peninsula and Latin America on **1,865,671 km of power lines across two continents.**

Enel Open Fiber (EOF)

In December 2015 Enel set up Enel Open Fiber **to realize and manage ultra-broadband optical fiber infrastructure across Italy.** On March 23, 2016 the company presented its strategic plan in line with the European Digital Agenda and the Italian Ultra-broadband Strategy. EOF will operate solely on the wholesale market, building the infrastructure for other authorized operators. The plan envisages that EOF builds, in several steps to be released in sequence, the optical fiber telecommunications network in 224 Italian municipalities in successful market areas (known as clusters A and B).





Electricity and gas market

The Group sales companies operate both on the regulated market, with controlled prices, and on the free market, satisfying all the needs of the Group's **60,954,443 customers** (**55,996,359 of whom are on the electricity market** and **4,958,084 on the gas market**).

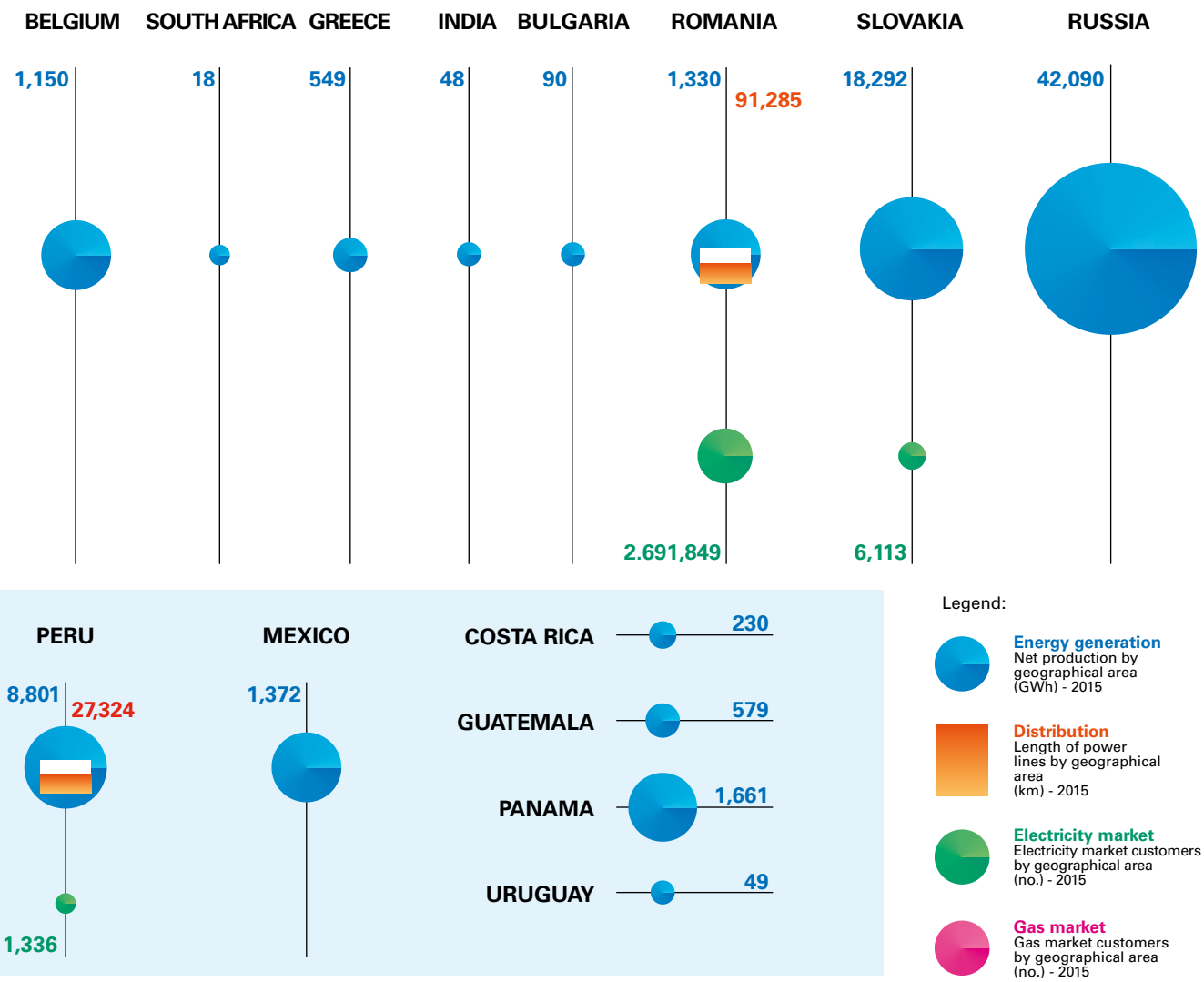
Upstream gas

The exploration of and production from gas fields are currently focused on the **development of the projects in the portfolio and on the search for new opportunities** which can contribute to providing gas in the medium/long term to Enel power plants. In particular during 2015 Enel continued its commitment to projects in Algeria (the South East Illizi project, the Isarene project, the Msari Akabli project).

Main organizational changes

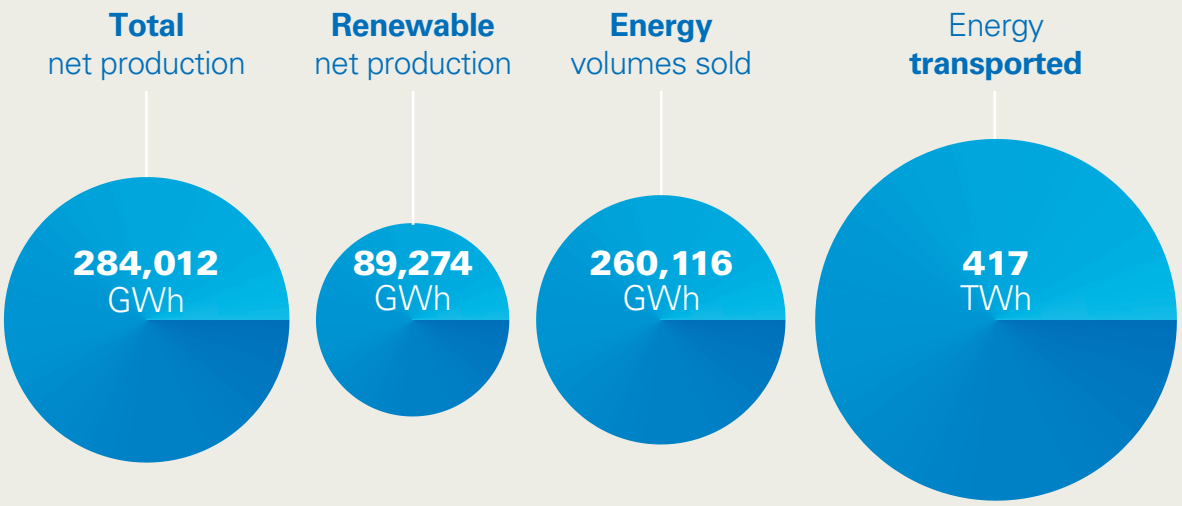
G4-13

- Full **integration of Enel Green Power** within the Group being finalized.
- **Corporate reorganization of the activities in Latin America** continues.
- Agreement signed in December 2015 with EP Slovakia BV ("EP Slovakia") a subsidiary of Energetický a průmyslový holding, a.s. ("EPH") for the **sale of the stake** held by Enel Produzione in Slovenské elektrárne, a.s. ("Slovenské elektrárne"), equal to 66% of the latter's share capital.



Company profile

G4-4



8.9 billions of m^3 gas volumes sold

60,954,443 number of customers

67,914 number of employees

132,272 employees of contracting companies FTE

CO_2-free production

45.5%

Socially responsible investors in the free float

10.3%

EBITDA (m. euro)

15,297

Revenues (m. euro)

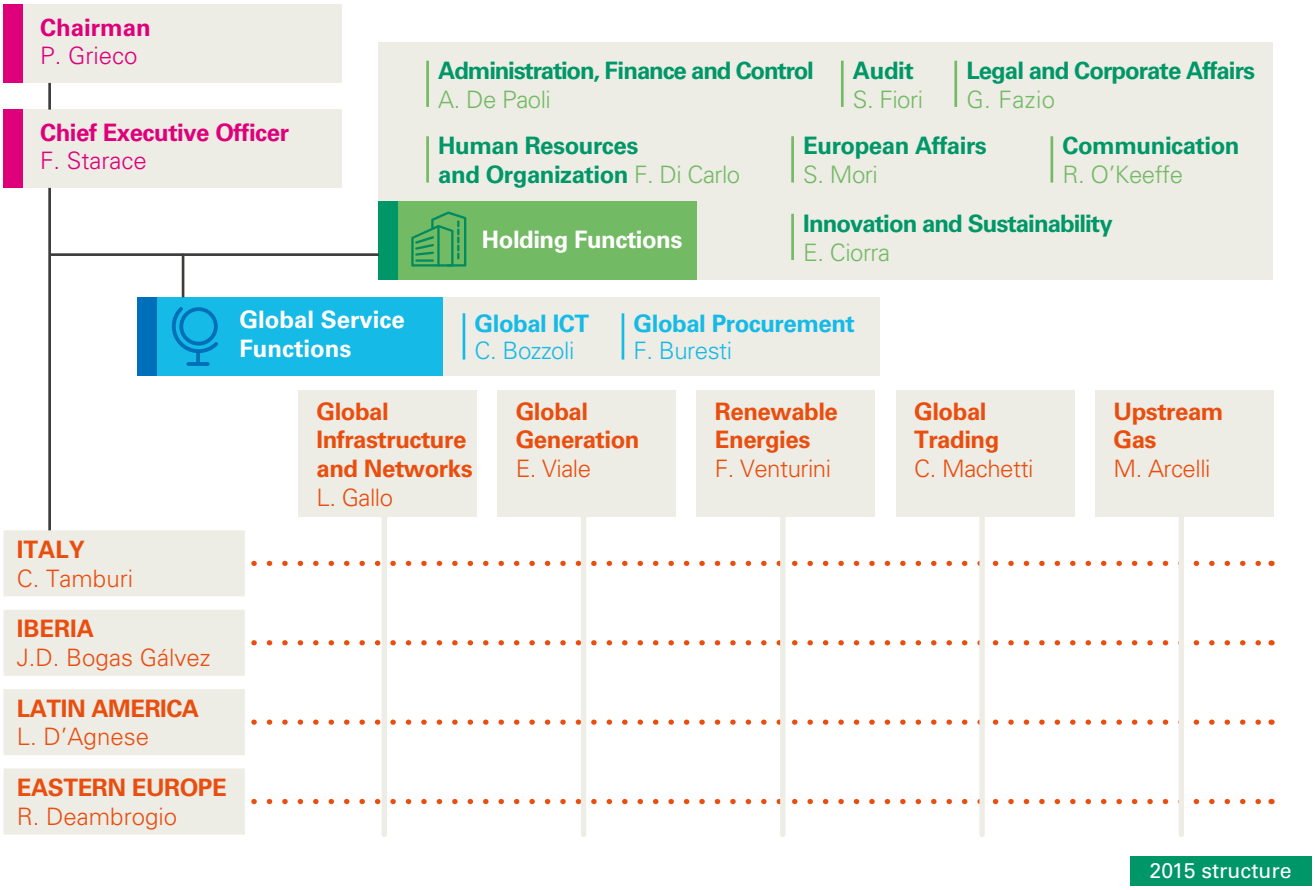
75,658

Enel's organizational model

G4-4 G4-7 G4-17 G4-35

On July 31, 2014, the Enel Group adopted a **new organizational structure**, based on a matrix of divisions and geographical areas, focused on the Group's industrial objectives, with clear specification of roles and responsibilities in order to:

> pursue and maintain technological leadership in the sectors where the Group operates, ensuring operational excellence;
> maximize the level of service offered to customers in local markets.



2015 structure

Thanks to this new structure, the Group can benefit from reduced complexity in the execution of management actions and the analysis of key factors in value creation.

In particular, the new organizational structure of the Enel Group is built around a matrix which considers:

> **Divisions** (Global Generation, Global Infrastructure and Networks, Renewable Energies, Global Trading, Upstream Gas), which are responsible for managing and developing assets, optimizing their performance and the return on capital employed in the various geographical areas where the Group operates. The Divisions are also tasked with improving the efficiency of the processes they manage and sharing best practices at the global level. The Group can benefit from a centralized industrial vision of projects in the various business areas. Each project will be assessed not only on the basis of its financial return, but also on the basis of the best technologies available at the Group level;
> **Regions and Countries** (Italy, Iberia, Latin America, Eastern Europe), which are responsible for managing relationships with institutional bodies and regulatory authorities, as well as selling electricity and gas, in each of the countries where the Group is present, while also providing staff and other service support to the Divisions.

This matrix includes in terms of business support:

> **Global Service Functions** (Procurement and ICT), which are responsible for managing information and communication technology and procurement at Group level;
> **Holding Company Functions** (Administration, Finance and Control, Human Resources and Organization, Communication, Legal and Corporate Affairs, Audit, European Union Affairs, and Innovation and Sustainability), which are responsible for managing governance processes at the Group level.

Open to change

Openness to the outside world, to technology and internally among our people, this is the strategic concept of "Open Power", which was announced in November 2015 in London on Enel Capital Markets Day. In order to create a common culture among all the different parts of the Group a vision has been defined, a mission to 2025 expressed in five points, four values which represent Enel's DNA and ten forms of conduct which all the people who work at the company must draw on (see the chapter "Our people").

ENEL IS **OPEN POWER**

VISION

Open Power to resolve some of our world's biggest challenges.

MISSION 2025

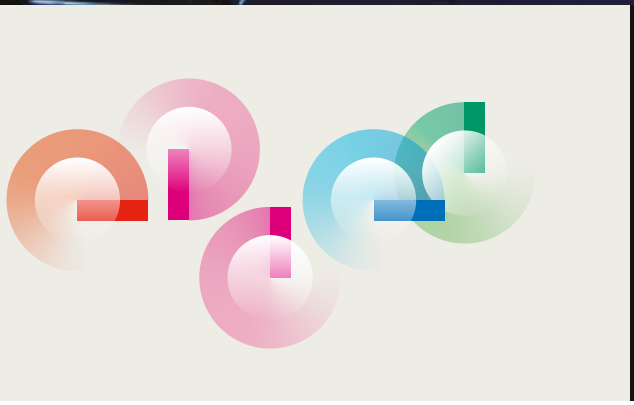
1. Let's open access to energy to more people
We will use and increase our size in order to reach and connect more people to safe and sustainable energy, especially in South America and Africa.

2. Let's open the world of energy up to new technologies
We will guide the development and application of new technologies and distribute energy in a more sustainable way, in particular through renewable sources and smart grids.

3. Let's be open to new ways of managing energy for people
We will develop new ways to meet the real needs of people, to help them use and manage energy more efficiently, especially through smart meters and digitalization.

4. Let's be open to new uses of energy
We will develop new services to use energy in order to face global challenges with a particular emphasis on connectivity and electric transport.

5. Let's be open to new partnerships
We will join a network of partners in research, technology, developing new products and marketing, in order to develop new solutions together.



New era, New logo

A global energy leader must be up to date, above all at times of great change. For this reason the protagonists of our new identity are "cursors". Cursors are rectangular elements which symbolize energy and recall the filament which is the starting-point of light. Above all, cursors represent innovation, ideas and the search for collaborative opportunities.

A sustainable year

2015

JANUARY2015

Enel signs the **WOMEN EMPOWERMENT PRINCIPLES** (WEP), the initiative promoted by the UN Global Compact and UN Women, which seeks to promote gender equality by calling on companies to apply **seven principles on the promotion of women in business**.

MARCH2015

Meeting of the senior management of Enel and Greenpeace. A joint press release sets out the convergence in views on the future of the energy sector and the intention to work together constructively and in a spirit of collaboration on common areas for the development of economic, social, and environmental interests with a view to advanced and global sustainability.

MAY2015

Enel Green Power and Tesla finalize an agreement to test the integration of Tesla's stationary energy storage systems with Enel Green Power's solar and wind plants.
The deal aims to increase output from Enel Green Power facilities and supply advanced services for a better overall integration of renewables into the grid.

JUNE2015

Enel completes the program of the **UN Global Compact LEAD** dedicated to the Board of Directors of Enel SpA, with the aim of facilitating dialogue on the importance of integrating sustainability into corporate strategic choices.
Enel is one of the six companies worldwide to have actively taken part, since 2014, in the pilot stage of this program.

The Secretary-General of the United Nations appoints the Enel Chief Executive Officer to the Board of Directors of the United Nations Global Compact. The appointment will last 3 years.

SEPTEMBER2015

The Enel Chief Executive Officer takes part in New York in the **UN Sustainable Development Summit 2015**, at which **new sustainable development goals (SDG) are announced for the next 15 years**. Enel establishes specific commitments to achieve four of the 17 goals.

The Enel Chief Executive Officer is one of the first signatories of the UN "Sustainable Stock Exchanges" campaign which invites stock exchanges around the world to promote sustainable business practices in regard to issuers on the respective financial markets. With the intention of continuing the dialogue with "sustainable investors", Enel also takes part in the final **UN "Principles for Responsible Investment" conference** in London.

OCTOBER2015

Enel, as the global partner of the **Sustainability Disclosures 2025** project, plays host to the GRI Forum meeting, an international invitation-only event at which the first analysis "Sustainability and Reporting Trends in 2025" is presented relating to the main sustainability trends and reporting over the next ten years. The event is an opportunity for debate among leaders in the sector on key issues which companies must address in order to move towards a wholly sustainable economy.

Enel takes part in the annual meeting of the Clinton Global Initiative 2015. Enel is invited by the Foundation to make a commitment to two initiatives, in Africa (partnership between Enel Green Power and Barefoot) and in Peru. The projects have been selected, the Clinton Foundation writes, as an exemplary approach in addressing critical global challenges and will become part of the portfolio of innovative projects supported by the Foundation, which over 430 million people in more than 180 countries have already benefitted from.

NOVEMBER2015

The Enel Group presents the financial community with its **strategic plan 2016-2019**, updating the plan presented in March. The strategy continues to focus on increasing returns for shareholders, leveraging the Group's global presence, on geographical diversification and on Enel's leadership in all technologies, increasing the growth investments in renewables and networks. In addition, Enel's main commitments are set out to achieve the Sustainable Development Goals.

The Enel Chief Executive Officer is one of the first signatories of the **European Pact for Youth**, designed to promote partnerships between companies and the education system for the inclusion and job placement of young Europeans.

DECEMBER2015

Coinciding with the Paris Climate Change Conference (COP21), Enel's new commitments to reduce its CO_2 emissions to 2020 and the route to carbon neutrality in 2050 are certified as "**science based targets**" (i.e. in line with the request of the scientific community) by a working group consisting of the Carbon Disclosure Project, UN-Global Compact, WWF, and the World Resource Institute. Enel is one of the first 12 companies in the world to obtain such recognition.

What they say about us

Enel in the media

Enel constantly monitors the perception of the Group in the press, radio, TV and online, locally, nationally and internationally, in both the general and specialist media. Enel's attitude in dealings with the press has always been open and positive; a fact widely acknowledged by journalists. According to the study undertaken by Eikon, which analyzes Enel's presence in the media, in Italy Enel's visibility in 2015 increased compared to the previous year in both quantitative and qualitative terms.

Among the aspects which were most commonly covered by the Italian and international media were Enel's participation in Expo 2015 in Milan as the official lighting partner with its own pavilion, the presentation of the plan and its subsequent updating, the project for the development of broadband, the integration of Enel Green Power and its expansion.

From the **viewpoint of the Italian media**, considerable importance was attached to Futur-E, the project for the reconversion of 22 thermoelectric plants in Italy. Importance was also placed on the "Fare Scuola" project of Enel Cuore Onlus and Enel's commitment to promote art by becoming the first private founding partner in MAXXI – the National Museum of the 21st Century Arts. Note should also be taken of the interest in the award of the tender for the realization of a solar plant in Brazil which made Enel Green Power the biggest player in the solar energy sector in the country and the agreement with F2i for the creation of a joint venture in the photovoltaic sector in Italy. There were also positive articles on developments in electric transport, smart grids, public LED lighting systems and the opening of new Enel retail outlets.

As for the **international media**, there was great interest in the meeting between the Enel CEO and the Executive Director of Greenpeace International Kumi Naidoo, which was held in March and which provided the opportunity to focus on the Group's goal of achieving carbon neutrality by 2050. Throughout 2015 the international media took great interest in Enel's work in renewables, in particular its entry into new markets such as India, and the consolidation in Latin America, South Africa and the United States, with confirmation of the Group's leadership in the geothermal field, as shown for example by the start of works to build the first geothermal plant in South America, at Cerro Pabellón, in Chile. Another Enel business sector which has been covered in the foreign media was its commitment to innovation, especially the development of new technologies, such as for example hybrid, storage and mini-grid systems, and the Group's initiatives to support start-ups (INCENSe, Enel's adhesion to Startup Europe Partnership).

In addition, the Italian press focused on financial aspects and in particular on the performance of Enel and Enel Green Power's shares on the stock market, and the results which were penalized by the fall in consumption in Italy and Spain. As for customer relationships, in Italy there was coverage of some disputes over the service quality, scams by phony operators, excessive billing and blackouts linked to weather conditions. The international media followed the progress of Enel's disposal plan very closely: in particular, the sale of the stake in the Slovak company Slovenské elektrárne, for which the signing of the agreement with the Czech company EPH was announced, and the related issues regarding mainly the completion of units 3 and 4 of the nuclear power plant at Mochovce and the termination of the concession for the hydroelectric plant at Gabčíkovo. The international media also paid constant attention to the process of reorganizing the activities in Latin America, a critical issue above all with the Chilean press owing to the opposition of some minority shareholders who disagree with various points of the operation. Another important issue in Chile was, in June, the alleged involvement of the then Chairman of Enersis, Jorge Rosenblut, in a case of financing of political parties, which was followed by his resignation. In Colombia, the completion and start-up of the hydroelectric plant at El Quimbo received extensive coverage in national and local media: in October a presidential decree authorized the start of operations at the plant which took place in November; in December the Constitutional Court declared the decree inapplicable and requested suspension of operations, a decision which was immediately challenged

before the administrative court by the Ministry of Energy and which in January 2016 authorized the temporary restart of operations pending the final decision of the court. In Spain the main critical issues nationally were the introduction of the hourly tariff for the invoicing of regulated customers and the assistance plan for national coal used by power plants, as well as the debate on the case for reopening the nuclear power plant at Garoña.

enel

theguardian

In 2015 Enel started a partnership with "The Guardian", to promote and enhance the international debate on the energy sector and access to energy, to include innovation, sustainability, and combating climate change.

Brand Equity

In 2015 Enel decided for the first time to undertake research into its brand equity and the image of its brands worldwide, with the aim of deepening its understanding and knowledge of consumers. The study was conducted in eight of the main countries where the Group operates, with the sample including both monopolies and free markets and considering both residential customers and major customers. The Enel and Endesa brands, respectively in Italy and Spain, are almost universally recognized, with percentages over 96%, and are market leaders also in terms of attraction and competitiveness. On the basis of these parameters also Chilectra (Chile), Coelce (Fortaleza - Brazil) and Codensa (Colombia) are markedly ahead of comparable company brands.

Overall, the brands included in the analysis have a fairly coherent image profile, they are seen as leading brands, characterized by their competence, accessibility and good reputation. However, the analysis clearly shows the room for improvement on transparency, the ability to face global challenges and the perception of customer-focus. The specific focus on the image factors connected to sustainability and innovation shows that, on the whole, the brands are perceived as leaders in this field and as careful towards the environment. In addition, in all the markets covered by the study, many customers state that they would be willing to pay a higher tariff for energy produced from renewable sources, while the interest in self-generating energy is high, above all in Latin America, in particular among consumers in Chile, Colombia, Peru and Brazil.

Prizes and awards

Group – Enel received the prestigious "**Silver Class**" award for sustainability in the Sustainability Yearbook 2016 of RobecoSAM.

The Group also took part in the International Business Awards organized by the company **Stevie Awards**, winning the "Gold Stevie Award" in the category for "Corporate Social Responsibility Program of the Year in Europe" and the "Silver Stevie Award" in the category for "Energy company of the year".

Enel was also nominated as one of the 6 finalists in the "Sustainability Report" category at the **European Excellence Awards 2015**, an important award in the communication sector.

Brazil – **Coelce** won the Abradee 2015 Prize as the best energy distribution company in Brazil. In addition, **Coelce** and **Ampla** were among the four best companies for Operating Quality.

Colombia – **Emgesa** was recognized by the British magazine World Finance as the Colombian company with the best "Corporate Governance" for 2015.

Fortune classified Enel fifth, the only Italian company, among the top 50 companies which are helping change the world: a challenge and great responsibility towards shareholders, stakeholders and above all towards future generations.

Enel was included by the magazine **Bloomberg Businessweek** in the list of the 50 global companies to be watched in 2016. The magazine appreciated the increase in the Group's investments in high-growth markets. Enel is the only Italian company and the only electricity utility in the list.

Solid governance

G4-34 G4-37 G4-38 G4-42

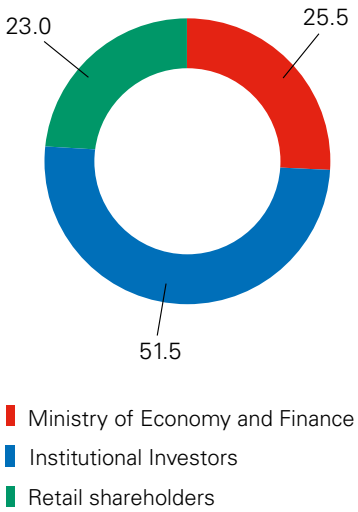
Enel has been listed on the electronic stock exchange organized and managed by Borsa Italiana SpA since 1999, and has the highest number of shareholders among Italian companies (around 1 million between retail and institutional investors), including the main international investment funds, insurance companies, pension funds, and ethical funds. In addition, there are 14 other companies within the Enel Group that issue shares listed on the stock exchanges of Italy, Spain, Russia, Argentina, Brazil, Chile and Peru.

Enel shareholders

G4-26 G4-27

Enel establishes continuous dialogue with all shareholders through dedicated corporate structures and, in particular, through the Investor Relations unit in the Administration, Finance and Control Function and a unit dedicated to relationships with all shareholders in the Legal and Corporate Affairs Function. In 2015 there were 479 meetings with institutional investors and 153 responses were provided to information requests from retail shareholders.

Ownership structure (%)



Enel and Socially Responsible Investors

G4-13

The path to the highest sustainability standards, which Enel has started down, has been rewarded with the interest of socially responsible investment funds which continue to grow. These investors include environmental, social and governance principles in the criteria which determine their investment decisions.
At December 31, 2015 there were **132 Socially Responsible Investors** (134 in 2014) in Enel's share capital and they held **7.7% of total Enel shares in circulation** (5.9% in 2014), equal to **10.3% of the free float** (8.6% in 2014). These funds represent a stable shareholding base over time, with a diversified geographic presence covering continental Europe, Great Britain and North America. The Sustainability unit and the Investor Relations unit periodically undertake specific activities to monitor the information needs and requests of SRI funds.

The corporate governance structure

G4-35 G4-36 G4-40 G4-48

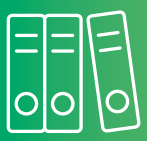
The corporate governance structure of the Enel Group complies with the principles set forth in the Corporate Governance Code for listed companies, in the most recently updated version from July 2015, and is inspired by Consob's recommendations on this matter and, more generally, international best practice. The corporate governance system is essentially aimed at creating value for the shareholders over the medium-long term, taking into account the social importance of the Group's business operations and the consequent need, in conducting such operations, to adequately consider all the interests involved.

BOARD OF STATUTORY AUDITORS

It is responsible for overseeing: compliance with the law and bylaws, as well as compliance with the proper management principles in the carrying out of the Company's activities; the process of financial disclosure, as well as the adequacy of the organizational structure, the internal auditing system and the Company's administrative and accounting system; the audit of the stand alone and the consolidated financial statements, as well as the independence of the external auditing firm; and, finally, the concrete implementation of the corporate governance rules envisaged by the Corporate Governance Code.

AUDIT **FIRM**

A specialist company which is listed in the specific register and is nominated by the Shareholders' Meeting on the basis of a proposal from the Board of Statutory Auditors.



CORPORATE GOVERNANCE AND SUSTAINABILITY Committee

NOMINATION AND COMPENSATION Committee

CONTROL AND RISKS Committee

RELATED PARTIES Committee

E **EXECUTIVE** NE **NON-EXECUTIVE** I **INDEPENDENT**

SHAREHOLDERS' MEETING

Responsible for passing resolutions on, among other things: the appointment and withdrawal of members of the Board of Directors and the Board of Statutory Auditors and the related fees and responsibilities; the approval of the financial statements and the allocation of net earnings; the acquisition and disposal of treasury shares; stock-based compensation plans; amendments to the company's bylaws; the issue of convertible bonds.

BOARD OF **DIRECTORS**

Responsible for managing the Company

Patrizia Grieco
Chairman
NE

Francesco Starace
Chief Executive Officer and General Manager
E

Anna Chiara Svelto
Director
I

Alessandro Banchi
Director
I

Alfredo Antoniozzi
Director
I

Angelo Taraborrelli
Director
I

Alberto Bianchi
Director
I

Paola Girdinio
Director
I

Alberto Pera
Director
I

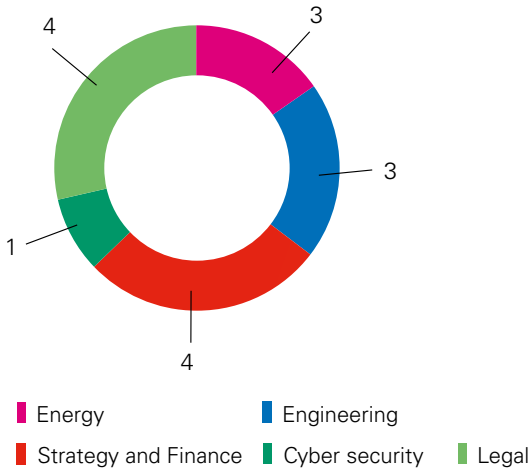
Board of Directors

After being appointed by the ordinary Shareholders' meeting of May 22, 2014, at December 31, 2015 the Board consisted of nine members. Following the resignation in November 2014 of the director Salvatore Mancuso, the Shareholders' meeting of May 28, 2015 appointed Alfredo Antoniozzi as a member of the Board of Directors. During 2015 the Board met 15 times, dealing at 9 meetings with issues linked to governance, Sustainability, the Code of Ethics and the 231 Compliance Program.

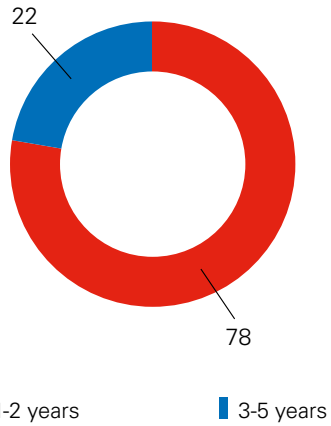
The Board has set up the following **four committees** internally:

- **Nomination and Compensation Committee** - supports, through proper enquiry, the assessments and decisions of the Board of Directors relating to the size and composition of the Board itself, as well as to the compensation of executive directors and key executives;
- **Control and Risks Committee** - supports, through an adequate review process, the assessments and decisions of the Board of Directors relating to the internal control and risk management system as well as those relating to the approval of the periodic financial reports;
- **Corporate Governance Committee** - assists with preliminary functions, also by providing advice and proposals, the Board of Directors in its assessments and decisions relating to the corporate governance of the Company and of the Group and to Corporate Social Responsibility. In February 2016 it was renamed the **Corporate Governance and Sustainability Committee**;
- **Related Parties Committee** - it was set up to provide reasoned opinions on Enel's interest – as well of companies that are directly and/or indirectly controlled as necessary – in undertaking transactions with related parties, expressing a judgment on the substantial expediency and correctness of the related conditions, after receiving timely and adequate information flows.

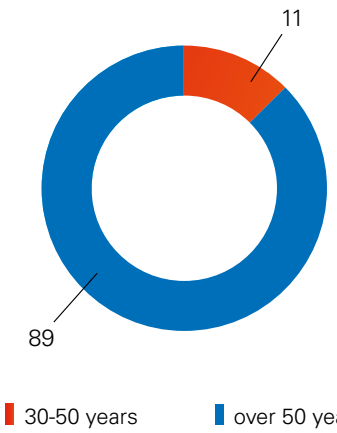
Skill diversity (no.)



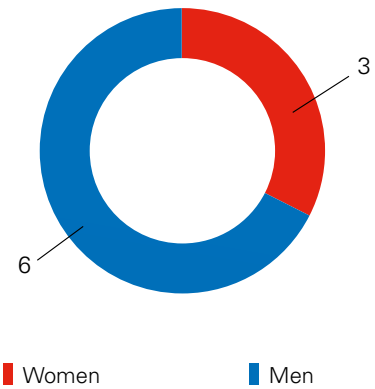
Office seniority diversity (% of all directors)



Age diversity (%)



Gender diversity (no.)



Remuneration policy

G4-51 G4-52

Enel's remuneration policy is consistent with the recommendations of the Corporate Governance Code. Such policy is aimed at attracting, keeping and motivating those persons that have the skills to manage successfully the Company, aligning their remuneration with market standards, in order to ensure an adequate level of competitiveness on the labor market.

In defining the policy adopted by Enel SpA on remuneration for the members of the Board of Directors, the General Manager and Executives with strategic responsibilities in reference to 2016, the Nomination and Compensation Committee took account of the observations it received, which were not particularly numerous, from institutional investors and the indications that emerged from the favorable outcome of the vote of the Shareholders' meeting in 2015 on the remuneration report.

Internal control and risk management system

G4-14 G4-41 G4-43 G4-44 G4-45 G4-46 G4-SO3

The internal control and risk management system consists of a collection of rules, procedures, and organizational structures aimed at enabling the identification, measurement, management and monitoring of the main corporate risks in the Group.

The system covers three types of activity:

- "**line control**" (or "**first level control**"), consisting of the set of control activities the single operating units or Group companies perform on their own processes in order to guarantee the correct undertaking of operations;
- "**second level**" **controls**, which are entrusted to specific corporate departments and which aim to manage and monitor typical categories of risks;
- internal audit ("**third level**" controls) aims at verifying the structure and function of the system overall, also through monitoring the controls, as well as the second level control work.

The system is subject to periodic tests and checks, taking into account the evolution of corporate operations and the situation in question, as well as best practices.

For a detailed description of the duties and responsibilities of the main subjects involved in the system, as well as the means of coordination among them, please refer to Guidelines of the Internal control and risk management system, which are available at www.enel.com.

The following table sets out the **main types of risk** to which the Enel Group is exposed. For each of these, specific actions have been identified to mitigate its effects and ensure their correct management.

Risks linked to processes to liberalize markets and to regulatory changes	Risks linked to CO_2 emissions	Commodity price risk and risk of continuity of supply	Exchange rate risk	Interest rate risk
Credit risk	Liquidity risk	Risks connected to rating	Country risk	Industrial and environmental risks

In regard to financial risks, such as market risk (including the risk of changes in interest rates, exchange rates and commodity prices), credit risk and liquidity risk, the governance adopted by the Group envisages:

- the presence of specific internal committees, consisting of the Group's top management and chaired by the Enel Chief Executive Officer, responsible for policy setting and supervision of risk management;
- the issue of specific policies and procedures, at the Group and individual Division/Country/Business Line levels, which establish the roles and responsibilities for risk management, monitoring and control processes, ensuring compliance with the principle of organizational separation of units responsible for operations and those in charge of managing risk;
- the definition of a system of operating limits at the Group and individual Division/Country/Business Line levels for the various types of risk, which are monitored periodically by risk management units.

Detailed information is available in the Group Annual Report 2015 available on the Company's website (www.enel.com). See also the chapter "The energy of ICT" regarding the management of cyber security.

Analysis of counterparties

During 2015, within the Security Italy unit, a team was set up dedicated to identifying any risk for the Enel Group connected to the establishment or continuation of relationships with subjects with whom there are contractual or precontractual links (suppliers, consultants, business partners, etc.) who might not have the prerequisites in terms of good standing envisaged by Enel values or who may act contrary to the Law. The risk assessment is undertaken using an analytical method that is typical of so-called "Open Source Intelligence" (OSINT), in other words based on the collection of all that information which can be accessed by the company for free or against payment. It envisages a stage of analyzing the information collected and the subsequent drafting of a report indicating the overall risk. Roles, responsibilities and means of carrying out the activities are regulated in a specific policy approved in Italy in 2015 and which will be gradually implemented in all the countries where Enel operates.

The principles underpinning our work

G4-15 G4-41 G4-49 G4-51 G4-56 G4-57 G4-DMA HR G4-DMA LA G4-DMA SO G4-HR2 G4-HR3 G4-HR4 G4-HR6 G4-HR12 G4-LA16

For over 10 years Enel has had a solid system of ethics which underpins its sustainability. This system is a dynamic collection of rules which is constantly oriented at introducing the best international practices which all the people who work in Enel and for Enel must comply with and apply in their daily work.

Code of Ethics

In 2002 Enel adopted the Code of Ethics, which expresses its commitments and responsibilities in the conduct of its affairs and corporate activities. This Code applies both in Italy and abroad, in light of the cultural, social and economic diversity of the various countries where Enel operates. The Code of Ethics is binding for the conduct of all Enel's workers; all the investee companies and the main suppliers of the Group are asked to conduct themselves in line with the general principles expressed therein.

During 2015, the process of managing notifications was reviewed to guarantee greater transparency, traceability and to standardize the assessment systems at Group level, thus guaranteeing appropriate analysis timeframes. The new process also improved the preliminary analysis of the notifications received.

As from January 2016, it is possible to use a new unique online communication channel at Group level, in order to notify any violation or suspected violation of the Enel Compliance Programs, which are applied in the various countries where Group companies operate (Enel Ethic box: https://secure.ethicspoint.eu).

Policy on Human Rights

In order to enact the United Nations Guidelines on Business and Human Rights, in 2013 the Board of Directors of Enel SpA approved the Policy on Human Rights and subsequently extended it to all the subsidiaries of the Group. The policy sets out the commitments and responsibilities in regard to human rights entered into by employees of Enel SpA and of its subsidiaries, whether they are directors or employees in whatever form of such companies. In addition, with this formal commitment, Enel openly becomes the promoter of the respect of such rights by contractors, suppliers and commercial partners in its business relationships.

As required by the Guidelines and on the basis of policy principles, the Human Rights Compliance Assessment (HRCA) project is continuing in the various countries, through the establishment of multi-function and multi-country work groups which enable the definition of global policies and to set them out while taking into account local situations.

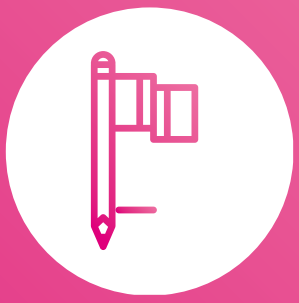
During 2015 numerous important projects were started in order to integrate these rights into the main corporate processes as described in detail in the section dedicated to "Our commitment".

As part of the work to define the Group's priorities (see "Analysis of priorities") various stakeholders are asked their opinion on human rights in various aspects, and each stakeholder can use a dedicated channel to notify alleged violations (Enel Ethic box: https://secure.ethicspoint.eu), which will be handled in compliance with the provisions of the Code of Ethics.

The principles of the Policy on Human Rights

Labor practices

1. Rejection of forced or compulsory labor and child labor
2. Respect for diversity and non-discrimination
3. Freedom of association and collective bargaining
4. Health and safety
5. Just and favorable working conditions



Relationships with communities

6. Respecting the rights of communities
7. Integrity: zero tolerance of corruption
8. Privacy and communications

Enel takes part in the initiative launched by UNICEF Italia: **UNICEF Business Lab**. A platform which involves the institutions, companies, academic world, that of the media and the main stakeholders from the Italian economy on the issues of Business and **human rights, children** and **adolescents**.

As from 2014 Emgesa and Codensa, Colombian companies in the Enel Group, are part, as founding members, of the Colombian network against child labor. An initiative promoted by the *Ministerio de Trabajo* and supported by the *Organización Internacional del Trabajo* (OIT) and by the *Pacto Global Colombia*. The main goal of the Network is help prevent and abolish child labor in companies, the supply chain and the areas of influence in which they operate.

Organizational and Management Model 231

G4-SO3 G4-SO4

The "Organizational and Management Model ex Legislative Decree no. 231/2001" aims to prevent the risk of the crimes envisaged by the Decree being committed, including the crimes of public and private corruption, manslaughter and serious or very serious bodily harm committed in violation of the laws on safeguarding health and safety in the workplace, as well as environmental crimes. The principles set out in the Model are extended to the Group's foreign subsidiaries through the adoption of specific guidelines. In 2015 specific reviews were started in order to incorporate the new types of crime envisaged in the development of the law. In implementation of the provisions of the 231 Decree, a collegial body ("Supervisory Board") has been set up in Enel SpA with autonomous powers of action and control, with the duty of overseeing the functioning and observance of the Model and arranging its revision. In 2015 the Supervisory Board held 13 meetings and consisted of two external members with experience in corporate organization, as well as managers from the Audit and Legal and Corporate Affairs departments and the Secretary of the Enel Board of Directors, as figures with specific professional skills in application of the Model and who are not directly involved in operations. At December 31, 2015 there were two pending judgments for alleged violations of Legislative Decree no. 231/01, of which one against Enel Produzione and one against Enel Distribuzione, for the omission of accident prevention measures. For further details reference should be made to the Annual Report 2015 (www.enel.com).

Zero Tolerance of Corruption Plan

The Plan was adopted in 2006 and assigns precise responsibilities for monitoring corruption risks and for correctly handling any suspect cases. The Plan gives substance to Enel's participation in the United Nations Global Compact and the Partnering Against Corruption Initiative (PACI), an initiative promoted by the World Economic Forum of Davos in 2005.

All parts of the organization are responsible, as appropriate, for effective risk management by putting adequate control and monitoring systems into place. The analysis and oversight of corruption risk is also part of the more general process of Group risk assessment, which is carried out periodically by the Audit Function.

Lessons on ethics and anti-corruption

Enel attributes great importance to sustainability issues and to full awareness of them on the part of the Group's employees. For this reason it organizes specific online and classroom-based courses aimed at ensuring the dissemination, due understanding and development of effective conduct linked to the essential contents of sustainability, such as courses relating to the Code of Ethics, to the 231 Compliance Program and to corporate responsibility.

During 2015 around 650 thousand hours of training were provided on sustainability, the Code of Ethics and the 231 Compliance Program.

The By-Laws of Enel Brasil and the Matrix of the model to prevent criminal risks were updated in the previous year to the requirements envisaged by the Brazilian anti-corruption law and training courses were provided to employees on ethical principles and on the law.

In addition, as part of the agreement signed in October 2014 by Enersis with Chile Transparente (Transparency International Chile), in June 2015 a meeting was held on "Regulation of lobbying and management of individual interests", during which profiles were addressed linked to Chilean Law no. 20.730, which regulates this activity, and on its implications.

Transparency in institutional relations

G4-DMA SO

During 2015 Enel handled its relationships with institutions (local, national, European and international) by confirming an approach based on complete and transparent disclosure aimed at providing institutional interlocutors with the necessary technical knowledge so that they are best placed to take the decisions for which they are responsible.

Interaction with institutional contacts enables Enel not only to represent the Company's positions on the various issues of interest, but also to make available to interlocutors its own know-how on energy and environmental issues. As part of relationships with European institutional interlocutors, Enel contributes actively in every stage of the decision-making process for political and legislative dossiers of interest to the Company as a result of careful monitoring and analysis. In 2015 the **Commission for Energy Union** defined the **framework strategy** based on the three consolidated objectives of the European Union's energy policy: security of supply, Sustainability and competitiveness. The strategy is based on the "2030 framework" for climate and energy and on the energy security strategy of 2014, and integrates various strategic sectors into a single cohesive strategy.

Among the issues attracting particular attention from Enel in 2015 were of course European climate change and energy policies being discussed within the framework of climate and energy objectives, but also the reform of the directive on the EU's emissions trading system (ETS), the new laws on air quality, the creation of the European Fund for strategic investments (the so-called Juncker Plan), the implementation of the financial regulation Directive MIFID II, fiscal transparency, the application of the regulation on State aid and competition, the future laws on the security of supplies and on the gas market, the laws on emissions from electricity power plants and, finally, the climate protocol.

The Enel Group has been recorded on the EU's voluntary Transparency register since its creation in 2008. The Register aims to offer citizens unique and direct access to the information on who is undertaking activities aimed at influencing the EU decision-making process, on the interests being pursued and on the resources invested in these activities.

Enel's presence in the main energy and Sustainability associations

G4-16

The Enel Group's international role is also shown by its active participation in the international associations and organizations that establish long-term goals and commitments to cope with the challenges of climate change and the social and economic pressures concerning the energy industry and the macroeconomic situation in general. Here below are some examples.

Association	Role covered
Global Sustainable Electric Partnership (GSEP)	Non-profit organization whose members are leading global electric companies, aimed at promoting sustainable energy development through projects in the electric energy sector and capacity building in emerging and developing countries worldwide.
CSR Europe	A body based in Brussels which is delegated by the European Commission to cover Corporate Social Responsibility. Enel is a member of the Board and takes active part in the work and meetings of the network.
UN Global Compact and Global Compact LEAD	Enel has been a member of the global network of the UN Global Compact since 2004 and is one of the 44 companies worldwide which are part of the Global Compact LEAD, which represents sustainability excellence in the private sector, and Enel has been a member of its Steering Committee since January 2013. In addition, in June 2015 the Enel Chief Executive Officer was appointed member of the Board of Directors of the Global Compact.
Sustainable Energy for All (SE4ALL)	Initiative launched by the United Nations in 2011 with the aim of guaranteeing access to more sustainable energy for everyone and which Enel has actively supported since the beginning with the ENabling ELectricity program. The Group's commitment to supporting the initiative was also strengthened with the pledge to achieve the Sustainable Development Goal on energy (SDG 7) which was announced in September 2015 by the Enel Chief Executive Officer, who since June 2014 has also been a member of the Advisory Board.
Global Reporting Initiative (GRI)	Since 2006 Enel has applied the reporting guidelines issued by the GRI in preparing its own Sustainability Report, and sponsors the work to establish the new G4 guidelines. In addition, it is one of the companies which collaborate on the "Reporting 2025" project.
IIRC	Enel has adhered to the International Integrated Reporting Council (IIRC) since its creation.
Bettercoal	Global initiative with the objective of promoting the continuous improvement in companies' responsibility in the coal production chain. Enel is a member of the Board of Directors.

Defining priorities

The process of defining priorities

G4-18

In 2012 Enel started a process aimed at mapping and evaluating the most important issues for stakeholders and the company, the so-called materiality analysis. The methodology, which was developed bearing in mind numerous international standards, such as those established through the Global Reporting Initiative (GRI-G4) Guidelines, the new principles of the COP of the UN Global Compact, the framework of the IIRC (International Integrated Reporting Council) and the SDG Compass[1], has gradually developed over time, now enabling us to undertake a thorough analysis in all the companies in the Group. Here below are the main stages in the process.

STAGES IN THE PROCESS	Identification of the issues	Identification of the stakeholder	Assignment of priority to stakeholders	Assessment of priorities among the issues by stakeholders	Assessment of priorities among the issues in corporate strategies
OBJECTIVE	Identification of potentially relevant issues for stakeholders and the company Organization of the issues in a hierarchical structure, from the general to the specific	Identification of relevant categories of stakeholders for the company Organization of the issues in a hierarchical structure, from the general to the specific	Assignment of the priorities to stakeholders on the basis of their relevance for the company, in terms of dependence, influence and urgency	Analysis of the results of the initiatives to involve stakeholders in order to assess the priority that they assign to the various issues	Assessment of the company's strategic positioning on the various issues
RESULT	Issue tree	Stakeholder tree	Mapping of stakeholders	Position of the issues on the horizontal axis (X) of the materiality matrix	Position of the issues on the vertical axis (Y) of the materiality matrix
AA 1000 APS		Principle of inclusivity		Principle of materiality	

In particular in 2015, also thanks to the use of a specific IT support system which was specifically developed by Enel, it was possible to include in the analysis:

35
COMPANIES

14
COUNTRIES

174
INITIATIVES TO INVOLVE AND LISTEN TO STAKEHOLDERS

The dedicated IT system also enables different views of the results to be obtained in order to enhance the study of the data and carry out, among other things, dedicated analyses by individual stakeholder category: for example in the Group Annual Report 2015, in the section dedicated to Sustainability, attention has been placed on the most important issues

(1) The SDG Compass Guide, which was published in November, was developed by the GRI, the UN Global Compact and the World Business Council for Sustainable Development (WBCSD), with the aim of supporting companies in aligning their strategy with the SDGs and measuring and managing their contribution to these goals.

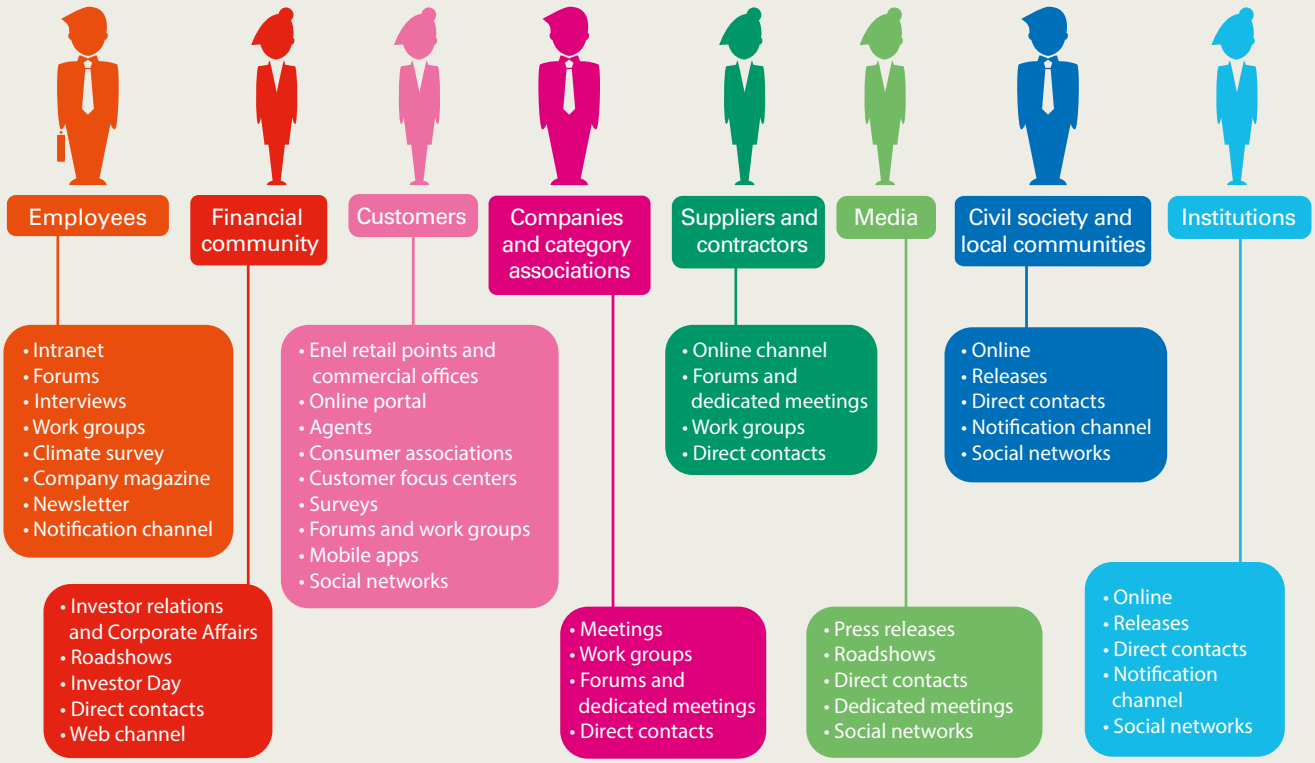
for "financial community" stakeholders who are the typical recipients of this document.
The Sustainability Holding Unit has a role in direction and coordination, providing the guidelines and the methodological support for the purposes of the analysis which is carried out by local managers with the involvement of stakeholders and the main key figures in the company. The results obtained at the level of the individual company and/or country are subsequently consolidated by the Holding Unit in order to prepare the Group materiality matrix (refer to the Methodological Note for detailed information on the process used).

Stakeholders engagement

G4-24 G4-25 G4-26

Understanding the expectations of stakeholders and keeping a continuous dialogue process open are at the heart of Enel's strategy, as shown by the new "Open Power" approach through which the Group aims to increasingly open up to cooperation and participation with stakeholders, in order to successfully address future challenges.
For the purposes of analyzing the priorities, each year Enel reviews, identifies, and catalogues the Group's stakeholders, globally and in each individual country. The various units responsible for relationships with stakeholders are involved in updating the overall list, in order to ensure that it is always up to date and aligned with the various companies, and contribute to the assessment of stakeholders in terms of importance for the Group. The stakeholder categories identified (financial community, institutions, companies and category associations, civil society and local communities, suppliers and contractors, employees, customers, the media) are assessed and weighted in relation to the following parameters: dependence (in the sense of the importance of the relationship for the stakeholder), influence (importance of the relationship for the company) and urgency (temporal aspect of the relationship).
The interaction with stakeholders takes place through numerous initiatives to involve them, with different methods depending on the communication channel (general, specific, and participatory channels), the type of relationship with the group concerned, the frequency of interaction and the reference context.

Main types and channels of communication with stakeholders



The significant issues

G4-19 G4-27

The identification of issues is based on the analysis of internal and external sources and takes into consideration the various geographical situations, the developments in the sector and corporate processes.

The issues have been classified into business and governance issues (blue), social issues (fuchsia) and environmental issues (green) and have been assessed on the basis of their importance by both stakeholders and the company. The reading of the materiality matrix in regard to each axis leads to consideration of:

- on the horizontal axis, **the priority which stakeholders**, duly calibrated on the basis of their importance, attribute to the various issues. In the right-hand part of the matrix are, therefore, the issues on which stakeholders request more commitment from the Group in terms of investments, enhancement of existing management practices and systems, formalization of clear commitments and policies;
- on the vertical axis, **the issues on which Enel plans to focus its efforts**, with the related degree of priority, also in consideration of the investments envisaged, the commitments entered into and the issues included in the Group Strategic Plan. In the high part of the matrix we can therefore find the issues on which a serious commitment is envisaged for coming years, as part of the Group's strategic objectives.

The combination of the two perspectives enables the most important issues both for the Company and for stakeholders to be identified (so-called **material issues**), and consequently the **level of "alignment" or "misalignment"** between external expectations and internal relevance to be verified.

The materiality matrix shows the most important issues for the Company and for stakeholders:

- the **creation of economic and financial value** continues to be the most important issue for stakeholders and the company. **Solid governance** and **transparent conduct** are an important backdrop to industrial growth;
- the issue of **innovation** and **operational efficiency** is of great interest in terms of the increased efficiency of existing assets and processes, and there is growing interest in issues connected to **quality for customers**;
- issues relating to **health and safety** remain priorities for the company and, although they have been carefully controlled for a long time, they require constant monitoring and awareness-raising;
- there is a clear increasing focus on the issue of **responsible relationships with communities** in the areas where Enel operates, as well as on the **support and development of local communities**. The growing importance of these issues both on mature markets and on emerging markets further strengthens the approach followed by Enel towards shared creation of value, in order to combine efficient allocation of economic resources with the needs and expectations of the communities;
- expectations of stakeholders and corporate priorities are aligned as regards issues of **renewables** and **climate change**, in line with the sustainable business model adopted by Enel, which is committed to achieving carbon neutrality by 2050. Enel's industrial strategy aims at greater development of renewable sources, energy efficiency, smart grids and storage systems. On the other hand, there is a fall in the importance attributed to generation through traditional technologies;
- particular attention is placed on the issue of the **management, development and motivation of human resources** as well as valorizing diversity and the quality of life in the company. The whole system linked to these issues and the related processes were reviewed during 2015 on the basis of responsibility, innovation, being proactive and trust, which have been identified as the new values of the Group. As regards diversity, in January 2015 Enel started a specific project which resulted in the drawing up of a Group policy as well as numerous local initiatives;
- although it does not appear among the priority issues, the attention paid to **sustainability in the supply chain** is growing, highlighting the important role of large companies in disseminating sustainability issues among their suppliers.

The result of this analysis is an important tool to plan activities and set strategic direction, as well as the basis on which reporting is structured.

The materiality matrix 2015

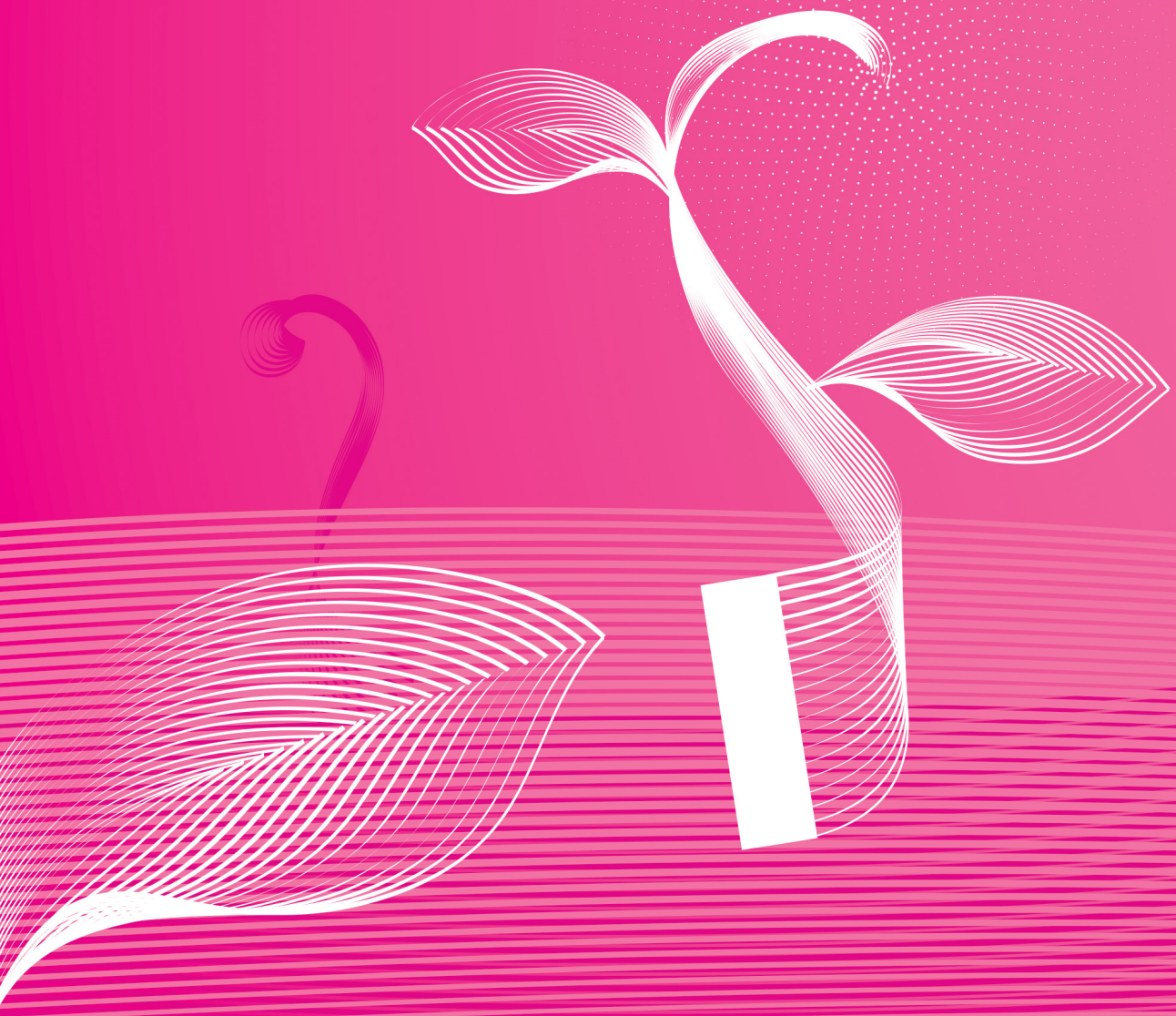
G4-19 G4-27

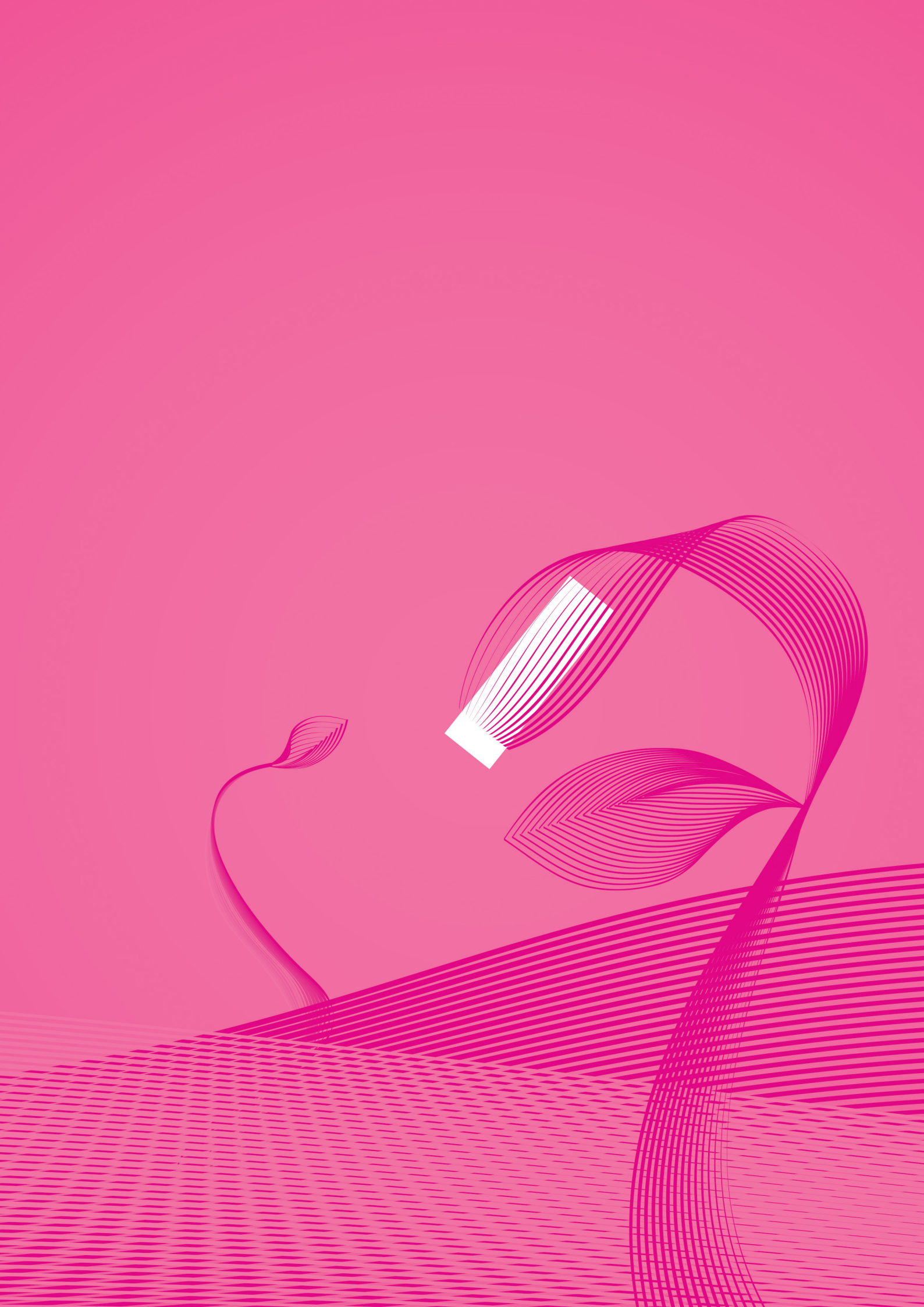
BUSINESS AND GOVERNANCE ISSUES

ENVIRONMENTAL ISSUES

SOCIAL ISSUES

Sustainability Strategy and Plan





How we work

G4-2 G4-DMA EC

At Enel Sustainability is a strategic, integrated part of business management, growth and development with a view to creating long-term value for the Company and for all its stakeholders. Being sustainable means being competitive today and tomorrow and environmental, social and economic Sustainability is the key to growth in the energy sector. For this reason the Group is focusing on a strategy to unite business and Sustainability, to combine the interests of stakeholders and the needs of local communities, and to promote the development of renewable technologies while respecting the environment. The objective being pursued is a complete vision based on dialogue and involving populations and on the rational use of resources that does not cause a divide between social and economic progress.

The organizational model sees a dedicated Innovation & Sustainability unit reporting directly to the Chief Executive Officer, in order to highlight that these two areas and their specific activities make an integral contribution to the creation of a new business model and to the Company's competitiveness. In addition, in the different countries Sustainability managers report directly to the country manager, in order to implement the Group's strategic guidelines and policies at local level and to develop specific Sustainability activities and projects for each area.

Sustainability is integrated into the business model along the whole value change and interprets and translates the Group's strategy into concrete actions, through a precise, challenging and agreed Sustainability Plan, and periodic communication of the key information both inside and outside the Company and in order to increase the ability to attract long-term, socially responsible investors (SRI). The essential point in this approach is the introduction of ESG (environmental, social and governance) Sustainability indicators across the whole value chain, not only for ex post assessment, but above all to take decisions in advance and to strengthen a proactive and not reactive attitude. In this light, Enel intends to leave behind, both internally and externally, the concept of "compensation", which implies a negative sense of the Group's presence in the areas where it operates and in regard to its stakeholders.

Enel wants to lead the change and take early advantage of new market opportunities, aware of the fact that the starting point is knowledge of the context in which it is operating.

The integration of sustainability into business processes takes account of, and extends, the experience gained within the Group in developing management models for operations (Business Development, Engineering & Construction, Operation & Maintenance) aimed at creating shared and inclusive value in the medium/long term. Indeed the effectiveness and efficiency of business processes, during both development and operations, depend significantly on stable, constructive relationships with the various stakeholders and on the ability to take a synergic position in local areas, while preventing and managing any socio-environmental impacts.

Framing the whole process are the principles of ethics, transparency, anti-corruption, respect of human rights and protecting safety, which have always been features of Enel's operations and which are reflected in policies and rules of conduct which are valid for the whole Group.

This model is fully in line with the indications of the United Nations Global Compact, of which Enel has been an active member since 2004, indications which reiterate the importance of increasing the integration of Sustainability into corporate strategic choices. As from June 1, 2015 the Enel Chief Executive Officer is a member of the Board of Directors of United Nations Global Compact, the first representative of an Italian company and the only Chief Executive Officer of a utility to fill this role.

Enel is constantly engaged in managing and measuring its Sustainability performance by using and developing instruments to guarantee an integrated, standardized system of similar projects, information and data which are constantly updated on the basis of trends in the scope of operations and relevant standards, while promoting the sharing of best practice and experience. The Group has adopted systems dedicated to analyzing priorities, managing and reporting on performance, as well as mapping and monitoring Sustainability projects.

In order to increase transparency towards stakeholders, the Group follows and actively participates in the development of new frontiers in reporting in the move towards integrated communication of financial and non-financial performance and dedicated to the individual categories of stakeholders: for example, in 2015 it supported the GRI (Global Reporting Initiative) in defining the "Reporting 2025" project, in order to promote international dialogue on future expectations for Sustainability reporting.

The reporting process involves collecting and calculating specific key performance indicators on economic, environmental and social Sustainability, in accordance with the guidelines of the GRI international standard and its updates and supplements (EUSS - Electric Utility Sector Supplement), as well as with the principles of accountability in the United Nations Global Compact. The 2015 Sustainability Report also sets out Enel's commitment to achieve the United Nations Sustainable Development Goals (SDGs) which were announced in September 2015.

Enel's commitment to the United Nations Sustainable Development Goals

On September 25, 2015, the United Nations definitively adopted the new Sustainable Development Goals (SDGs) for 2030, which were officially launched the following day at the Private Sector Forum held in New York.

Through the SDGs the United Nations invites companies to use creativity and innovation to address the challenges of sustainable development, such as poverty, gender equality, clean water, clean energy and climate change. The eventual success of the new goals depends heavily on the actions which will be taken by all the players involved.
On that occasion Enel announced the Group's intention to contribute to achieving four of the 17 goals. In particular, the Group will contribute by:

Being committed to promoting affordable, sustainable and modern energy via its ENabling ELectricity initiative, which will benefit 3 million people, mainly in Africa, Asia and Latin America.

Supporting education activities for 400,000 people by 2020 through projects similar to those already launched, such as Powering Education in Kenya, Ubuntu in South Africa and scholarship programs in Latin America.

Adopting initiatives aimed at combating climate change, with the goal of achieving carbon neutrality by 2050.

Promoting employment and sustained, inclusive and sustainable economic growth for 500,000 people.

The projects, activities, performance and main results, including progress on the SDGs in line with the SDG Compass, are presented in Enel's Sustainability Report, the completeness and reliability of which are verified by an accredited external auditing firm, by the Control and Risk Committee and by the Corporate Governance and Sustainability Committee. The document is then approved by the Enel SpA Board of Directors and presented to the Shareholders' meeting.

The Report is analyzed by the socially responsible funds which continue to increase in percentage terms within the Group's shareholding structure (see the section on "Getting to know Enel – Solid governance").

The recognition of this commitment is confirmed by Enel's presence in the main sustainability indices.

ESG Indexes 2015

For the twelfth year running the Group is in the Dow Jones Sustainability Index, as a leading company in the "Electric Utilities" sector. In 2015 Enel was readmitted to the important Dow Jones World Index and received the prestigious "Silver Class" award for Sustainability in the 2016 RobecoSAM Sustainability Yearbook, a publication which assesses performance in the field of corporate governance and Sustainability of the world's biggest companies. In addition, Enel was admitted to the STOXX Global ESG Leaders, to the Sustainability ECPI and NYSE Euronext (New York Stock Exchange Euronext), and is one of the utilities in the CDP Italy Climate Change Disclosure Leadership 2015 index, as a leader in terms of the quality, completeness and transparency of greenhouse gas emission data and the commitment to limit climate change.

Finally, Enel was reconfirmed in the FTSE4Good index which measures corporate behavior on the basis of environmental sustainability, relationships with stakeholders, respect for human rights, the quality of working conditions and the tools with which companies combat corruption.

2015 results

During 2015 Enel achieved economic, financial and Sustainability results in line with the objectives included in the latest Strategic Plan, despite the continuation of the complex macroeconomic context, thus confirming the resilience of its business model – i.e. a flexible Plan which allows a prompt response to the challenges and the opportunities which arise.

Sustainability interprets and translates the Group's strategy into concrete actions, through a precise, challenging and agreed Sustainability Plan.

Set out below is the significant progress in the Sustainability Plan 2015-2019, with reference to the main SDGs to which it directly or indirectly contributed and the related chapters of the Sustainability Report, where the activities and initiatives are described in detail.

Progress on Sustainability Plan 2015-2019

Issue	Sustainability Plan 2015-2019 Objective	Initiative	Country	SDG and Chapter of Sustainability Report 2015
Sound governance and fair corporate conduct	Continuous improvement in "Compliance Program" on anti-corruption and enhancement of the notification channel	The process of managing notifications related to the Code of Ethics was reviewed in order to guarantee greater transparency, traceability and standardize the assessment systems at Group level.	Global	Getting to know Enel
Creation of economic and financial value	Operational efficiency: optimization of the allocation of capital and reduction in cash cost	The EBITDA target of growth of 400 million euro was achieved as well as the goal of reducing the cash cost[1] to 3%, for a total value in 2015 of 12,413 million euro and efficiency savings of 450 million euro.	Global	Strategy and Sustainability Plan
Creation of economic and financial value	New dividend policy	The dividend proposed for 2015 is 0.16 euro per share, with an implicit payout of 55%[2] compared to 50% indicated in the dividend policy.	Holding	Strategy and Sustainability Plan
Industrial growth	Acquisition of new customers: +4.5 million new electricity and gas customers to 2019 / +11 million smart meters installed to 2019	+0.5 million end customers in Latin America and +2 million smart meters installed.	Global	Quality for customers
Energy efficiency	Development of "Simple" products (LED, electric vehicles and home devices)	Under the "Sustainable and safe mobility plan", Endesa launched an electric transport plan for employees, which at December 31 ended with 158 electric vehicles bought.	Iberia	Open Innovability
Quality for customers	Focus on vulnerable customer groups	5 special payment programs were developed in different areas of Santiago, which over 1,300 customers have benefitted from and thanks to which more than 200 customer households have regularized their invoice situation.	Chile	Quality for customers
Quality for customers	Focus on vulnerable customer groups	Development by Condensa of a guide for the dissemination of management model for customers aimed at inclusion, which takes account of people's diversity and favors the elimination of all discrimination.	Colombia	Quality for customers

Issue	Sustainability Plan 2015-2019 Objective	Initiative	Country	SDG and Chapter of Sustainability Report 2015
Climate strategy	Reduction in specific CO_2 emissions (< 380 gCO_2/kWh_{eq} by 2020)	Carbon neutrality by 2050 remains the long-term goal of the Enel Group despite specific CO_2 emissions of 409 gCO_2/kWh_{eq} being slightly up, due to a reduction in hydroelectric production caused by reduced water availability, with a corresponding higher production from thermoelectric plants. Despite this, Enel has increased its own CO_2 emissions reduction target to 2020 from the previous 18% to the current 25% compared to the values of 2007 (< 350 gCO_2/kWh_{eq}).	Global	Environment
Mitigation of environmental impacts	Reduction in specific SO_2 emissions by 10% compared to 2010 - by 2020	SO_2 emissions increased by 10.5% owing to the temporary closure of some units which are under maintenance in the Nováky plant in Slovakia, with a corresponding higher contribution from less efficient units.	Global	Environment
Mitigation of environmental impacts	Reduction in specific NO_2 emissions by 10% compared to 2010 - by 2020	Specific NO_2 emissions remained almost constant compared to 2014.	Global	Environment
Mitigation of environmental impacts	Reduction in particulates by 50% compared to 2010 - by 2020	Particulates fell by 30% compared to 2014. This result was possible mainly thanks to the installation of fabric filters in the Reftinskaya GRES plant in Russia.	Global	Environment
Efficient use of water resources	Reduction in specific water consumption by 10% compared to 2010 - by 2020	Specific water consumption fell by 6.3% compared to 2014.	Global	Environment
Biodiversity and natural capital protection	Preparation of Group Biodiversity Policy and implementation of biodiversity plan	Group Biodiversity Policy published.	Global	Environment

Business and governance issues

Environmental issues

Social issues

Issue	Sustainability Plan 2015-2019 Objective	Initiative	Country	SDG and Chapter of Sustainability Report 2015
Biodiversity and natural capital protection	Continuation in safeguarding threatened species in protected areas near plants	146 projects were undertaken relating to protecting species and natural habitats.	Global	Environment
Employee management, development and motivation	Definition of new Group values system	4 Group values have been defined and 10 related behaviors as part of the new Open Power approach.	Global	Our people Getting to know Enel
Valorization of employee diversities	Development of policies and initiatives to valorize diversity	The Diversity and Inclusion Policy has been published, the fundamental principles of which are: no discrimination, equal opportunities and equal dignity for all forms of diversity, inclusion, work-life balance.	Global	Our people
Responsible relationships with communities	Implementation of new projects for the social and economic development of the communities where Enel operates to create shared value and to measure impacts	During 2015 Enel undertook projects aimed at inclusive, sustainable and long-lasting economic growth and the promotion of employment for a total of 428 thousand beneficiaries.	Global	Responsible relationships with communities
Responsible relationships with communities	Definition of projects to support the community	During 2015 Enel undertook projects aimed at guaranteeing high quality, inclusive and fair education for a total of 84 thousand beneficiaries.	Global	Responsible relationships with communities
Community - Access to electricity	Doubling the number of beneficiaries of ENabling ELectricity by 2019	The objective of ENabling ELectricity flows into the broader objective of Access to Electricity. During 2015 Enel undertook projects as part of access to electricity for a total of 591 thousand beneficiaries in Asia, Africa and Latin America.	Global	Responsible relationships with communities
Responsible relationships with communities	Implementation of new projects for the social and economic development of the communities where Enel operates to create shared value and to measure impacts	Enel started the Futur-E project to start an open dialogue with institutions, companies and local communities in order to identify new uses for 22 plants that are being closed throughout Italy.	Italy	Responsible relationships with communities

Issue	Sustainability Plan 2015-2019 Objective	Initiative	Country	SDG and Chapter of Sustainability Report 2015
Health and safety	Focus on responsible conduct and on a preventative approach	Numerous initiatives were realized and country improvement plans drawn up which enabled a reduction in injury rates in all areas, both for employees and for contractors.	Global	Occupational health and safety
Responsible supply chain management	Strengthening of policies of correctness and transparency throughout the supply chain	New operational practices were identified and applied regarding checks on the "Requirements of good standing" for suppliers, aimed at consolidating the existing control system in the supply chain through more incisive action to combat corruption.	Global	Sustainable supply chain
Responsible supply chain management	Enhancing and increasing the integration of sustainability factors into the vendor approval and rating systems	The Sustainable Supply Chain Project was launched aimed at standardizing across the whole scope of the Enel Group the criteria for monitoring companies from the viewpoint of environmental impact, safety and respect of human rights.	Global	Sustainable supply chain

Business and governance issues | Environmental issues | Social issues

[1] The cash cost consists of the total investments in maintenance (so-called Maintenance Capex) and the operating costs (so-called Opex) net of non-recurring items (for example allocations to staff costs for extraordinary redundancy plans).

[2] Including newly issued shares for the integration of Enel Green Power.

Value created for stakeholders

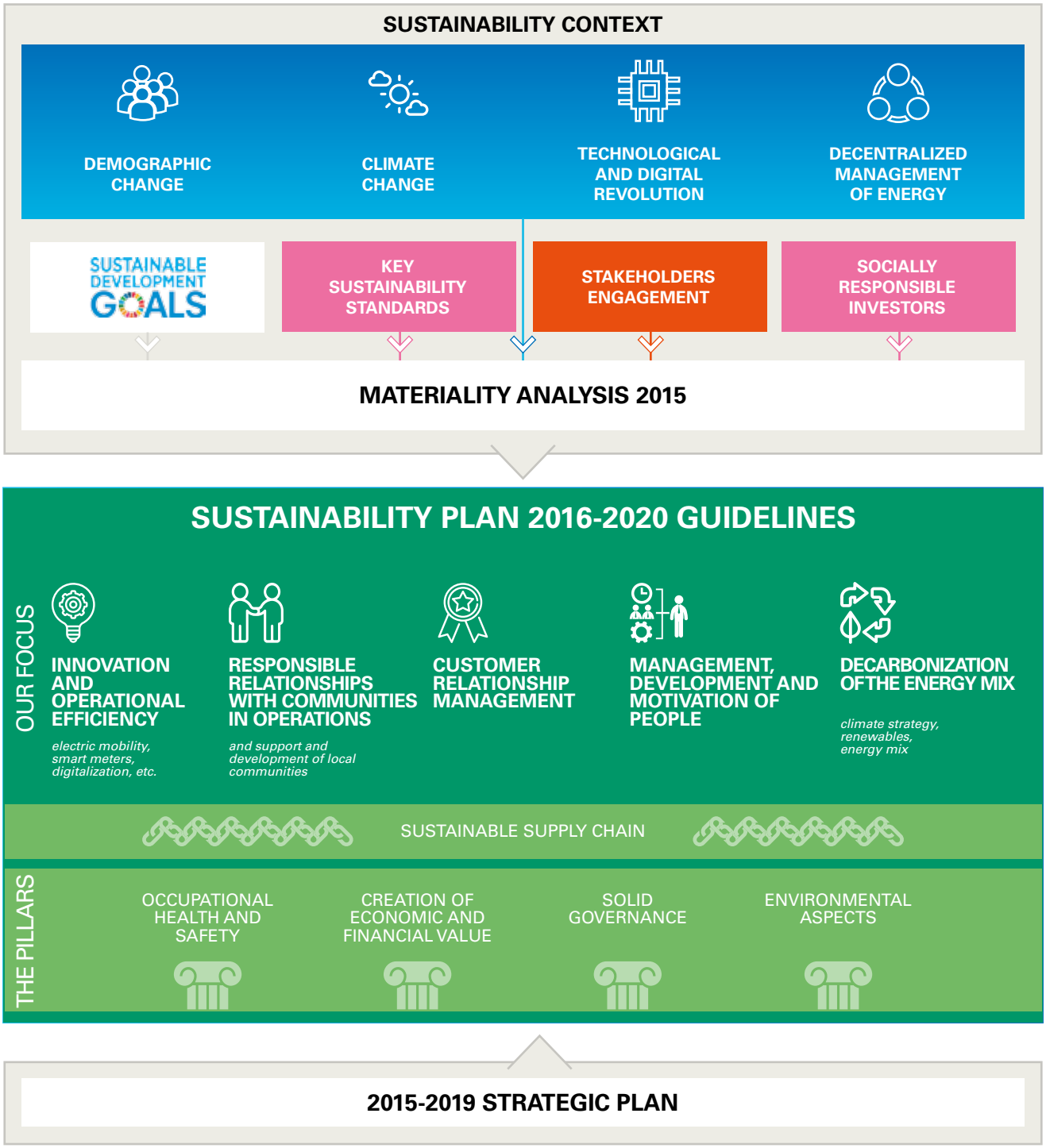
The economic value created and shared by Enel gives a good indication of how the Group has created wealth for stakeholders.

Millions of euro

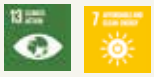
	2015	2014
Revenue	75,658	75,791
Net income / (expense) from commodity risk	168	(225)
External costs	53,323	53,390
Gross global value added from continuing operations	**22,503**	**22,176**
Gross value added from discontinued operations	**-**	**-**
Gross global value added	**22,503**	**22,176**
distributed to:		
Shareholders	1,316	1,222
Lenders	2,848	3,007
Employees	5,314	4,864
State	3,369	654
Enterprises	9,656	12,429

Sustainability Plan 2016-2020 G4-2

The snapshot provided by the materiality analysis for 2015, as described in the previous chapter, was the base for developing and defining the Sustainability priorities for the Group in the short and medium term. The guidelines of the Sustainability Plan focus on the issues which emerged as the most significant from the materiality analysis, taking account also of Enel's Strategic Plan and the study of the Sustainability context, which includes the main trends for coming years (population growth, climate change, technological and digital revolution, decentralized management of energy), as well as analysis of the key standards and the main requests from socially responsible investors, as set out below.



The guidelines are then developed by identifying, for each commitment, the specific objectives which Enel takes on for the next 5 years. Therefore, the new Sustainability Plan 2016-2020 updates the previous one and is increasingly focused on the priority issues which have emerged, with a view to increasing integration with the business and with the Group's strategy.

Issue	Objective[1]	SDG
Solid governance	Constant alignment with international recommendations and best practice. Continuous improvement in the anti-corruption "Compliance Program". Definition of multi-country work groups on human rights and updating of roadmap. Further extension of training on Code of Ethics, 231 Compliance Program, Zero Tolerance of Corruption Plan and Human Rights.	
Creation of economic and financial value	Operational efficiency: optimization of the allocation of capital and reduction in cash cost. New dividend policy.	
Innovation and operational efficiency	Technological evolution in mature markets and in renewable energy. Acquisition of new customers: +4.7 million new electricity and gas customers in the period 2015-2019. +30 million smart meters installed or reinstalled in the period 2015-2019. Support high-potential start-ups in order to create incentives for entrepreneurship and create sustainable value. Create business accelerators that can intercept and generate new technological and business trends in the areas with the highest rate of innovation. Promote global partnerships to develop and adopt virtual reality and augmented reality technologies. Promote sustainable electric transport through the development and implementation of innovative business models.	
Customer relationship management	New energy efficiency solutions and dissemination of new products and services. Commercial offers increasingly aligned to the needs and choices of customers and integrated services. Initiatives to promote responsible consumption and focus on the vulnerable customer groups.	
Decarbonization of the energy mix	Development of renewables: +9.2 GW in the period 2015-2019. Energy mix: 52% renewable installed capacity. Reduction in specific CO_2 emissions (< 350 gCO_2/kWh_{eq} by 2020).	

Business and governance issues

Environmental issues

Social issues

Issue	Objective[1]	SDG
Environmental aspects	Revision of the main environmental targets: • Reduction in specific SO_2 emissions by 30% compared to 2010 – by 2020 • Reduction in specific NO_x emissions by 30% compared to 2010 – by 2020 • Reduction in particulates by 70% compared to 2010 – by 2020 • Reduction in specific water consumption by 30% compared to 2010 – by 2020 • Reduction in waste produced by 20% compared to 2015 – by 2020 Implementation of biodiversity plan. Continued protection of species on the Red List of the International Union for Conservation of Nature and Natural Resources (IUCN) in protected areas near power plants.	
Management, development and motivation of people	Performance assessment extended to all employees who have worked at the company for at least 3 months. For 2016: 100% of employees who are reachable and admissible will be involved and 80% will be assessed. International mobility program for youngest employees. Initiatives to measure the corporate climate. For 2016: 100% of employees who are reachable and admissible will be involved and 78% will take part. Development of innovative multimedia instruments for training and ad hoc courses, to guarantee equal access for employees. Program of study grants for employees. Review of salaries to guarantee alignment with market benchmarks, reduce the gender pay gap and provide incentives for the most talented staff. Global implementation of the Diversity and Inclusion Policy and development of dedicated local initiatives: balanced presence of men and women in selection and recruitment processes; tutoring service for expats, new recruits and "new mothers", country focal point on disability. Extension to Spain of the "Parental program" available in Italy. Promotion of work-life balance initiatives and development of the smart working program. For 2016: pilot project on smart working in Italy.	
Responsible relationships with communities in operations and Support and development of local communities	Access to electricity: 3 million beneficiaries in the period 2015-2020, mainly in Africa, Asia and Latin America. Social and economic development: 500 thousand beneficiaries in the period 2015-2020. Education: 400 thousand beneficiaries in the period 2015-2020. Implementation of new projects to benefit the communities where Enel operates in order to create shared value and disseminate the culture of energy. Dissemination of the CSV (Creating Shared Value) model in operating activities (Business Development, Engineering & Construction, Operation & Maintenance). Initiatives to involve stakeholders in the areas in which Enel operates.	

Issue	Objective[1]	SDG
Occupational health and safety	Further reduction in Lost Time Injuries Frequency Rate (LTIFR) and Lost Day Rate (LDR). Integration of safety into policies, processes and procedures. Dedicated initiatives to enhance the awareness and commitment of employees and contractors on health and safety and promotion of the culture of safety. Continuous improvement in the controls on safety and on site inspections and investigation of all serious accidents and near misses, identifying preventative and corrective measures.	
Sustainable supply chain	Integration, strengthening and standardization of environmental and safety issues and human rights in supplier qualification and vendor rating processes. Enhancement of the policies of correctness and transparency throughout the whole supply chain. Promotion of information-giving and dialogue with suppliers. Development of projects in line with the principles of the Circular Economy, in order to have a "Zero waste" approach and subsequently extend it to business activities.	

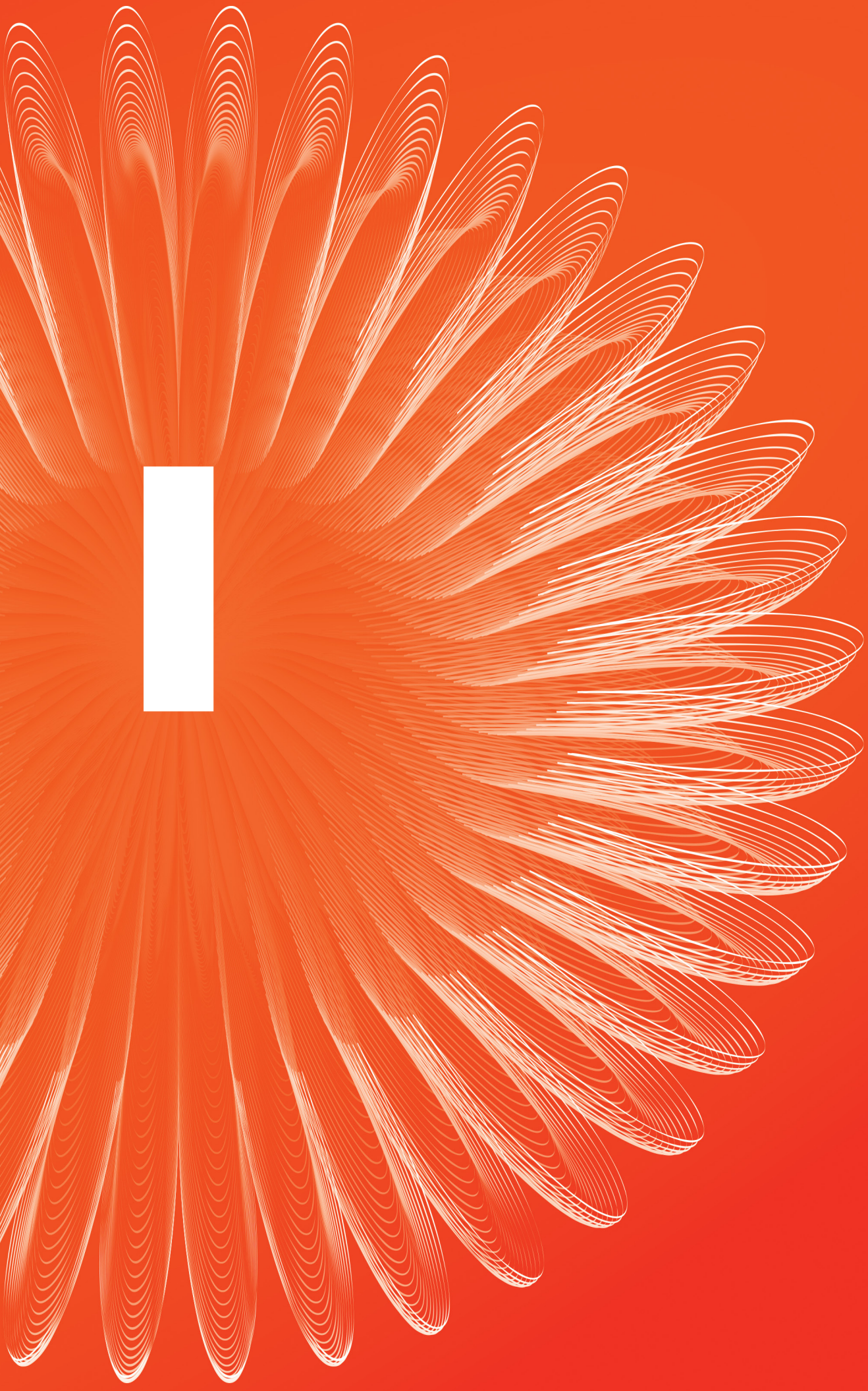
Business and governance issues

Environmental issues

Social issues

[1] The objectives of the 2015-2019 Plan have been integrated, updated and improved. The objectives already achieved in 2015 are not in the 2016-2020 Plan.

Our commitment



Energy as a driver for the progress of society

Open Innovability

G4-DMA EC

Innovation and Sustainability are key elements in Enel's strategy and business culture, as it applies cutting-edge models, methods and technologies, in order to offer an outstanding service to its customers, encouraging access to energy, social development, while respecting the environment and the communities where it operates. Enel has translated this approach into **Innovability**, the combination of Innovation and Sustainability.

The Group's medium/long-term innovation strategy, the approval and monitoring of projects, the selection of start-ups with a high impact on the business, and the approval of key partnerships are the main duties of the **Group's Innovation Committee**, which consists of the Chief Executive Officer and the heads of the main corporate divisions. **Enel's Open Innovation ecosystem** is open to anyone with the desire and interest to make a contribution, whether they are industrial partners, start-ups, institutions, customers, private individuals and, of course, the people who work at Enel. In 2015 the Enel Group **invested 76 million euro in research and innovation through over 250 projects**, involving all the elements along the whole value chain, from conventional power generation to renewables, from smart grids to energy efficiency, from electric transport to energy storage.

In 2015 the Group surpassed **100 partnership agreements** for innovation with leading companies across a broad range of issues. An alliance was signed with **Nissan** to develop an innovative Vehicle to Grid (V2G) system, which allows vehicle owners and energy users to use their cars as real "mobile stations" with the ability to accumulate and put back the energy that is not used into the grid. In addition, as regards renewables, a memorandum of understanding was signed with **Enea** to collaborate on technologies for the environment and the climate, with a particular focus on new generation photovoltaic technology and electricity generation from wave motion. As for new storage technologies, Enel and **Tesla** finalized an agreement to develop new business linked to residential storage in the countries where the Group is present, starting from South Africa, where Enel recently launched an innovative offer on the retail market. The collaboration with Tesla then extends to industrial aspects, with the intention to test the integration of Tesla's stationary energy storage systems in Enel Green Power's wind and photovoltaic plants.

During 2015 the Group also analyzed **1,200 start-ups**, launching collaborations with 13 of them in the various countries where Enel operates. Among the more established start-ups are **Smart-I**, **Athonet Smartgrid** and **I-Em** which are engaged in control services for urban mobility and safety, energy efficiency in public lighting, micro-grid management, energy management services and, finally, seeking solutions for the problems of energy production plants located in remote areas where traditional operators do not provide adequate cover.

Besides this, in June 2015 the **INCENSe** (**INternet Cleantech ENablers Spark**) project ended, which is financed by the European Union to support the most promising start-ups with an incubation program. In particular 42 start-ups were selected, each of which received a non-repayable grant of 150 thousand euro and a 6-month incubation program offered by the partners of the INCENSe Consortium which include Endesa, Accelerace (the largest incubator in North Europe) and Funding Box (a platform dedicated to public funding).

Enel intends to attract the best international start-ups, also by forging partnerships with **venture capital funds and institutions which support innovation**. This has proven a winning formula for all the parties involved: the start-ups can count on financial and industrial support, which increases their growth opportunities, while Enel and the funds can unite their resources and skills both in the scouting stage and in the development and marketing of new products and services. At the end of 2015 a portal dedicated to start-ups was launched with aim of increasing awareness of the collaborative projects that Enel is working on with them and creating a contact point between the Group and the business ecosystem.

Enel has also developed various channels through which it is possible to propose innovative projects, including the "**Endesa 2244**" channel in Spain and the "**Join the Race**" scouting channel in Enel Green Power, for various issues relating to renewables. The Open Innovation platform "**Endesa Energy Challenges**" has launched "**Endesa Datathon**", to develop new added-value offers for the Spanish market through the use of new Big Data methodologies, and "**Endesa Hackathon**", during which 40 developers, programmers and designers collaborated to develop solutions to optimize energy consumption.

Another key element in the Open Innovation strategy is the **involvement of all the staff** at Enel.

The involvement of employees in the innovation process is

encouraged at every level, from simply putting forward innovative ideas for crowdsourcing, to taking part in corporate entrepreneurship initiatives, such as the **Enel Innovation World Cup and the Inspire Empreendedores Program**, which were both launched during 2015. The latter is promoted by the Brazilian subsidiary Pratil and 114 people took part, putting forward over 80 projects; currently 4 business initiatives are in the incubator and market testing stage. The over 800 participants at the Enel Innovation World Cup can use 20% of their working hours to create, develop and, finally, test innovative business models.

Innovation also means the ability to experience and learn from inevitable failures. For this reason Enel launched the "My Best Failure" Project, an online platform which lets everyone share their "best" failures and what they learnt from the experience, thus creating a common knowledge base to drive innovation, and encouraging everyone to experiment and try something new. In 2015 over 70 examples from people around the world were published.

Enel Idea Factory proposes to transform work places into laboratories for ideas and to promote integration among the different company units and openness to the outside, supporting dialogue among a number of interlocutors, inside and outside the company. In 2015, 18 ideas sessions were held involving 381 people from Enel and 81 people from outside the Group (including institutions, associations, suppliers and, in general, managers from sectors other than the electricity sector). 312 ideas were generated and 17 of these led to 5 initiatives undertaken during the year (for example, the monthly publication of Origination Guidelines by Business Development Unit of Global Generation or the award by Enel Green Power of the tender to build a photovoltaic plant in Brazil).

In order to provide a focus for **relationships with universities and research centers**, global leaders (such as MIT, Berkeley, IIT) and some specialist institutions (for example Sant'Anna and PoliMi) have been selected, with which the Enel Foundation is structuring strategic partnerships.

The weekly newsletter **Innovation Foresight** has been launched worldwide, to spread knowledge of the latest news and trends in the sector of energy companies. **The Electric Wire** is, on the other hand, the monthly newsletter, which presents stakeholders with some of the most interesting initiatives which the Enel Group is undertaking worldwide.

Main Innovation projects

Renewables

Enel Green Power continued in 2015 too with the realization of projects which were started in previous years and launched new, highly innovative projects by focusing on:

1. **improvement in the performance of technologies**;
2. **development of renewables in urban contexts**, through the use of smaller plant with a limited visual impact, such as cutting-edge wind generators and small thermodynamic solar systems, which are better integrated from the architectural viewpoint;
3. **use of new renewables**, which are currently not exploited, with a particular focus on sea energy and high-altitude wind.

MERIC - Marine Energy Research and Innovation Center (Chile)

In 2014, Energia Marina, a Chilean company in which Enel Green Power Chile has a stake, won the tender to build the MERIC (Marine Energy Research and Innovation Center).
The Center aims to undertake research and development work covering technologies which use marine energy, and is supported by various organizations and local institutions (including foundations, academic institutions, research centers, and the companies Chilectra and Endesa Chile which belong to the Enel Group).
In 2015 the agreement was finalized to finance the project which commits CORFO ("Corporación de Fomento de la Producción", the organization for economic development of the Chilean government) to providing a total contribution of around 8 million euro in favor of marine energy over the eight years that the project lasts.

In Italy the first plant in the world which combines geothermal and biomass

In July 2015 Enel Green Power connected to the grid, at the geothermal plant "Cornia 2" in the Municipality of Castelnuovo Val di Cecina, in Tuscany, the first plant in the world which uses biomass to heat geothermal steam, with the aim of increasing energy efficiency and electricity production from the geothermal cycle. The current geothermal plant has been joined by a small plant powered by "short supply chain" virgin forestry biomass produced within a radius of 70 km as the crow flies from the plant: thanks to the biomass, the steam being input to the plant is heated to go from an initial temperature of between 150 and 160 °C to 370-380 °C, so that it increases the net power for electricity production due both to the greater enthalpy of the steam and to the yield from the cycle linked to the reduced humidity in the production stage. This is a very valuable technological innovation since its environmental impact is next to zero and it integrates a pre-existing industrial plant, maintains the complete renewability of the resource and of the cycle and indeed combines two renewable sources for energy production which opens up new scenarios internationally. The 5 MW output increases production capacity by over 30 GWh/per annum and, overall, the operation allows a further saving of CO_2 exceeding 13,000 tons annually. There is also a very significant impact on employment which, given the direct and indirect operations to source the raw material in the short supply chain process, numbers between 35 and 40 employees. Other benefits arise from the efficient use of agricultural and agro-industrial sub-products, from the optimal maintenance of forests with the consequent prevention of hydrogeological risk, from the sustainable development of energy-producing crops and from the significant availability of co-generated heat.

Energy storage

As well as continuing with the installation of energy storage systems on wind power plants, Enel decided to focus **on residential energy storage**. Partnership agreements were signed with leading companies in the sector, with the aim of developing integrated energy storage and photovoltaic systems, testing them on the market and, subsequently, selling them in countries with a high business potential, starting from South Africa. Residential energy storage systems allow consumers to store their self-produced energy, for example through photovoltaic systems, in batteries to use it subsequently to power their home should this not be connected to the grid or in the event of a power blackout.

Also in the field of conventional energy generation, the advantages of integrating energy storage systems have been tested, albeit on a larger scale. A valid recent example in this sense is the installation, on the **island of Ventotene**, of a lithium-ion battery (300 kW/600 kWh) which is fully integrated into the existing diesel generator system paired with an ad hoc optimization and control system.

Electric transport infrastructure

Electric transport represents an increasingly important sector to be developed, above all for its numerous benefits such as reduced carbon dioxide emissions and noise pollution as well as the possibility of using the vehicles, through their batteries, as distributed energy storage systems.
Over the past year, Enel has intensified its commitment to electric transport by developing numerous projects, including the alliance signed with Nissan, but also "**Zem2All**" (Zero Emissions Mobility to all), which introduced a fleet of 200 electric vehicles in Malaga and the development of the necessary recharging infrastructure, and the "**Electric transport in Santiago del Cile**" program, for the realization of recharging infrastructure in collaboration with the public authorities in order to promote electric technology and the development of ambitious business models in the public transport sector.

Endesa in Spain launches a new electric transport project for employees

On June 1, 2015 Endesa, in order to promote electric transport as one of the factors in change and promoting a zero emissions energy model, launched an electric transport proposal for its employees, including different types of vehicles and various incentives. The initial target was to involve 100 employees. At December 31, 158 electric vehicles had been purchased and will allow the annual saving of over 300 tons of CO_2 emissions in Spain.

Grid services

Enel has always been committed to numerous initiatives aimed at innovating energy distribution mechanisms in order to constantly improve grid efficiency. Through the collaboration with the start-up **Athonet Smartgrid**, which has developed a system capable of creating a high-speed, low-latency private data network, Enel can provide telecommunications coverage to plants located in areas that are not served by other operators and to manage confidential data. This system has already been applied to some generation plants, such as the Federico II plant in Brindisi. This solution generates considerable positive externalities because in addition to serving Enel's plants, it serves their surrounding areas.
In addition, the Group has decided to use the Athonet Smartgrid technology in the project that will lead it to **develop its own virtual telecommunications network**, making communication more competitive, in terms of costs and performance, to and between millions of Enel's machines and sensors distributed throughout the area, and will create a new generation Industrial Internet of Things.

Innovation in the final uses of energy and energy efficiency

Expo 2015 represented for Enel an important moment in realizing a cutting-edge smart city. Among the most important experiences was certainly the realization of a solution for energy efficiency in the pavilions. In particular, through the EMS (Energy Management System) platform it was possible to control loads, distributed generation sources and storage systems, and, then, optimize energy flows on the basis of the specific needs of the end user.

Among the innovations in 2015 is the **FLEXICIENCY** project which will last 4 years and sees the involvement of four of the main electricity distributors in Europe which use a smart metering system (from Italy Enel Distribuzione, from France ERDF, from Spain Endesa, and from Sweden Vattenfall), the main electricity sellers, including Enel Energia for Italy in collaboration with aggregators, research institutes and the involvement of thousands of end users. Through 5 large-scale initiatives the intention is to demonstrate how the availability of data from the meter which is made accessible by the distributor in real time can facilitate the introduction of innovative services for the end user (such as, for example, services for advanced monitoring, control over consumption, ranging up to flexible services), thus creating new opportunities in the energy market. In particular, in the Italian pilot project, Enel Energia will for the first time test "demand response" services for a year with 500 customers who have been recruited in the area around Milan.

Finally, in Rio de Janeiro, Enel is creating a house that can think for itself, by reacting to outside conditions to adjust the lighting and temperature, while generating more energy than it consumes ("**We are Living Tomorrow**"); while in Colombia, with a competition among teams from prestigious universities, the intention is to realize a prototype home which contributes to sustainability through the development of shared economies, collective spaces, waste management and sharing of knowledge ("**Solar Decathlon**").

Conventional power generation

Innovation in conventional power generation aims to improve the performance, efficiency and operational flexibility of plants and reduce their emissions and environmental impact, by evaluating and developing new technologies and available systems.

In keeping with previous years, work continued to characterize **emissions** of macro- and micro-pollutants on high-efficiency exhaust-treatment systems in Enel plants. Among other things, campaigns were undertaken to measure and test the containment of SO_2 emissions. In regard to particulates, innovative materials were tested to filter smoke both in the pilot plant installed at the thermoelectric power plant at Torrevaldaliga Nord, but also through the direct installation in the full-scale filters of the Reftinskaya power plant, thus assessing the impact of the various plant configurations and coal compositions.

On the matter of **residues**, with the aim of finding a way to create value from them in economic and environmental terms, among the conventional power applications developed in recent years was the use of ash in the production of bricks and in the realization of highway works (see the chapter "Environment").

In terms of **robotics and advanced automation**, the work was mainly focused on the development and demonstration in industrial contexts of robotized systems that can support and, in some cases, replace human intervention during maintenance work with a potential positive impact on timeframes, costs and the safety of operators.

Responsible relationships with communities

G4-25 G4-26 G4-DMA EC G4-DMA HR

Involving stakeholders, sharing objectives and impact assessment

Strengthening the Group's leadership necessarily involves forging a responsible relationship with the local communities and areas which host power plants and other activities, offering credibility in dealings with governments and authorities of the countries where Enel operates and, finally, creating a stable, ongoing and consolidated relationship with the various stakeholders, based on trust and respect for shared values.

The intrinsic nature of the electricity business, where power generation plants and distribution networks are built to last for a number decades and where the service supplied is an essential factor in social and economic development, implies the construction of a long-term relationship with the communities where the Group operates. Creating shared value means promoting constant and constructive dialogue in order to learn the needs and priorities of the local populations and combine them with the needs of the business.

In 2015 Enel adopted and extended the **creating shared value model** (**CSV**), which has been used in Enel Green Power since 2013. The integration of the CSV model was started with Conventional Generation and in particular with Business Development, the first stage of the value chain, to then continue in the subsequent stages of the realization and management of assets. A program was realized (**CSV IN Program**) which was focused on participation and saw the involvement and taking on of responsibility, through a joint 8-week 'learning by doing' program, of the Sustainability and Business Development teams from 11 countries. From the existing processes, the program led to the application of CSV instruments on 37 business projects, establishing an integrated and modular model where Sustainability interacts with Business, thus translating into a competitive advantage.

Through **14 context analysis tools**, the mapping of stakeholders and the definition of priority matrices and action plans, the development of a business project is accompanied from the initial exploratory approaches to its final definition. These analyses, and in particular the materiality matrix of the site, enable the identification of short-, medium- and long-term actions which combine the corporate perspective with the needs of the local communities in an objective and measureable way. This is all done while guaranteeing particular attention to identifying and protecting ancestral communities which are affected by projects, in compliance not only with Convention 169 of the International Labor Organization and local laws, but above all the respective traditions and cultures, from Mexico to South Africa.

Integrating the CSV model with the business means acting proactively and enabling the adoption as early as the design stage of technical solutions which are the result not only of environmental, engineering and economic, but also social assessments, in order to limit possible impacts by proposing positive effects on the local economy. This is the approach which is driving the development of new projects, above all in Chile and in Peru. The thermoelectric power plant of Malacas in Peru is the first example of modernizing a plant which has been developed entirely following the CSV model. In the Business Development stage the knowledge of the local area and its needs, in particular the poverty of the population which is abandoning the area due to the lack of employment opportunities, led to the identification of an integrated action plan which promotes improvement of the environmental conditions, education, the culture of prevention on health issues, and support for local business through tourism. This plan was approved as an integral part of the business project.

The CSV model has also been applied to merger and acquisition projects where it has contributed to the

overall assessment of the business opportunities thanks to the identification, during due diligence, of critical stakeholders and factors creating social tension.
In order to make the model more flexible and adaptable to the different geographical contexts by enhancing the range of possible CSV initiatives, an in-house competition was launched – **the CSV IN World Cup** – involving people in various countries, who discussed current ideas or projects with a view to the creation of shared value. Among the proposals which were rewarded was the possibility of using recycled bottles to make eco-bricks by transferring the know-how to the communities of the poorest and most needy areas, or corporate voluntary initiatives to combat energy poverty.

In 2015 the **CSV Business Challenge** was launched and involved 9 countries in the challenge of applying the CSV model to existing businesses or businesses which are being developed. This culminated in the presentation of six Generation and three Distribution projects, from the promotion of local development to combating energy poverty. Among the aspects presented, in terms of their completeness and the innovative approach, the projects from Brazil and Italy stood out. Through preventative context analyses and active dialogue with stakeholders, both work groups were able to identify the main needs to be met in the areas affected by the business and to plan interventions aimed at creating shared value. In Brazil the assessment of a project, which was subsequently no longer needed, relating to the construction of a 400 MW hydroelectric plant in the area of Rondônia enabled the combination of infrastructure initiatives with interventions on the environment and technical-entrepreneurial training. Italy instead drew up initiatives linked to the redevelopment of the area of Porto Tolle, a plant which is being disposed of: also through quantitative measurement systems (SROI) of the impacts, initiatives were established aimed, among other things, at the recovery and reuse of materials, technical support to adapt the site to new businesses and to minimize the negative impact from the closure.

The re-evaluation of the business model according to the CSV approach does not concern only projects which are currently being developed, but also existing assets and those which are in the worksite set up stage. In particular, in 2015 the process was started to adopt the "Sustainable Worksite" model which is already used by Enel Green Power both on construction worksites and in the case of the revamping of conventional power plants, thus adapting and enhancing the range of possible CSV initiatives. The "Sustainable Worksite" promotes the adoption of conduct and action which go beyond complying with international environmental standards and also requires a similarly high standard from suppliers. By using ad hoc posters it develops transparent communication towards local communities on the results of the worksite, on the objectives of the construction and modernization work, and on the actions to create shared value which have been realized or are being realized, to the benefit of the local area, such as, for example, the donation of materials and built structures at the closure of the worksite (from generators to water purification systems). The adoption of innovative solutions at the worksite, both in terms of materials and in engineering and wireless infrastructure, as well as the increasingly marked orientation to the reuse of materials and equipment confirm that Enel is gradually migrating from a linear to a circular and more virtuous economy, which puts resources back into the production cycle instead of considering them as a discard.

THE FUTURE IS A SHARED COMMITMENT: dialogue with local communities and institutions, undertaken by Futur-E to give fresh life to the plants involved in the program, is taking numerous forms.
There are 22 power plants involved in the Futur-E project throughout Italy and they have helped write important chapters in Italian history, but the new energy scenario has made them obsolete or no longer competitive. Enel is convinced that these power plants represent an industrial heritage that can be used in new ways to keep contributing to the growth and development of the territories where they are located. Therefore, an open dialogue has been started with institutions, companies and local communities to identify new uses appropriate to the needs and peculiarities of each particular context, with a view to innovation and Sustainability.

Some examples:

Alessandria: the ideas contest

In July 2015 Alessandria hosted the first example of an open international competition to collect and valorize proposals from stakeholders on the future use of the Enel power plant. 200 participants were involved from 8 countries in Europe, Latin America and Asia. Private citizens, groups of businesses, architectural studios and associations sent their proposals which were selected by the jury consisting of representatives of Enel, the Municipality of Alessandria, Milan Polytechnic and the University of Piemonte Orientale. Three prizes were awarded, as envisaged by the competition rules, to which two special mentions were added.

Pietrafitta: ideas laboratory

Enel Idea Factory is the name of the first meeting of the ideas laboratory which took place on November 24, 2015. Around the table, to consider and discuss the future of the area where units 3 and 4 are located of the old turbogas plant which has now been closed, were representatives of Confindustria, CNA, Confartigianato, Legambiente, together with businesspeople and members of local associations and the mayors of Piegaro and Panicale, the Municipalities falling within the area of the power plant. With them were also the Enel managers directly involved in the project. LEGO bricks were the tool used to help all the participants in the laboratory give full rein to their creativity to arrive at ideas for new uses, whether industrial, multifunctional, in the field of research or tourism and leisure; all, however, were focused on creating value from the site in the specific local context with particular attention to Sustainability and the environment.

Rossano: the procedure for acquisition and redevelopment

Enel, in accordance with the Open Power philosophy and as part of the Futur-E project, intends in 2016 to start a process aimed at selecting proposals for the acquisition and redevelopment of its thermoelectric power plant located in Rossano (Cosenza) in the area of Cutura. The process is broken down into various stages: expression of interest, due diligence, site visit, design proposal and binding offer to purchase the site.

All the details on the project, awards and mentions presented are set out on the website dedicated to the project: www.futur-e.enel.it.

Main current projects and managing relocation

G4-26 G4-27 G4-DMA HR G4-DMA SO G4-SO1 G4-SO2 G4-EU22

Every infrastructure project faces evaluation by the communities affected; in some cases, there are criticisms or the project does not have full support. Sometimes, despite the broad consensus of the local communities and institutions, there is opposition from some civil society movements or environmental associations. The involvement of the parties concerned in the planning processes and in the development of infrastructure is an essential element. In some cases the construction of new plant may entail the relocation of part of the resident population to nearby areas. Managing relocation inevitably involves the populations or individuals affected and a careful assessment of the psychological and social problems that can be expected at both individual and group level. The approach to choosing potential sites is that of minimizing, as far as possible, the need to relocate the population. When establishing the potential sites for the development of energy projects, studies are conducted which include economic, political, cultural and social and demographic aspects, including analysis of the daily life of the communities who live in the area affected, the population distribution, the forms of organization, and the levels of employment and pay. In the cases in which relocation is inevitable, compliance with the legislation in force in the country concerned is guaranteed, as well as with any local laws which specify the conditions for the relocation and the means for calculating the related compensation. Enel's sensitivity to this issue is also clear in the human rights policy approved in 2013 by the Board of Directors. Below are details on the most important current projects, the positive and/or negative (real or 'feared') impacts on the local area and how the Group companies involved are promoting a proactive dialogue to arrive at solutions which are as widely shared as possible.

Enel's Strategic Plan 2016-2019 increasingly focusses on the growth of renewables, leaving behind investments in coal-powered plants and the construction of major infrastructure projects with a high environmental impact. This strategy enables the Group to be more flexible and to minimize impacts.

Chile – Neltume

Neltume is a project relating to a hydroelectric run-of-the-river plant, with installed power of 490 MW, in the Municipality of Panguipulli, in the Region of Los Ríos. The realization of the hydroelectric project involves the so-called "ceremonial ancestral site" of the indigenous populations that live in the area and some families have opposed the realization of the project due to its impact on the traditions of the community. In 2006 Endesa Chile started a consultation process with the indigenous communities in order to incorporate their requests into the development of the project. In particular, since 2007 there have been information offices in the towns close to the project area and in 2011 some contact was made with the *Casas Abiertas* communities to facilitate their participation.

In line with the Group's new sustainability strategy and relationships with communities, Endesa Chile, aware of the culture and traditions of the local area, decided to look at new project alternatives, in particular as regards the discharge into Lake Neltume, an issue raised by the indigenous communities in the various discussions. At the end of December 2015 Endesa Chile withdrew the environmental impact assessment (VIA) for the power plant, which was already being assessed by the *Servicio de Evaluación Ambiental* (SEA) of the region of Los Ríos. The decision concerned only the project for the Neltume power plant and not the transmission project, which is still being assessed by the SEA.

The new design for the Neltume project will require a series

of additional technical and environmental studies. This process will be undertaken by creating opportunities for collaboration and common vision with the local communities and authorities. Endesa Chile's purpose is to realize a development project in harmony with the surrounding local, social and environmental context, in line with the energy requirement of the region and of the country. This new stage will take into consideration the agreements which have already been made with the cities: those made in the notarial agreements signed before delivery of the VIA and those made within the framework of the indigenous consultation.

Chile – hydroelectric power plants of the Alto Bío Bío (Ralco, Pangue y Palmucho)

In the eighth region of the Bío Bío, Enel has three hydroelectric power plants in the area of the Alto Bío Bío, a region with a significant presence of the Pehuenche indigenous community.
The operations of Endesa Chile in the region of the Alto Bío Bío have impacted with 12 communities consisting of over 1,500 families, in total around 7 thousand people.
During 2015 working groups continued with eight communities: Pitril, Callaqui, El Avellano, Aukiñ Wallmapu, Quepuca Ralco, Ralco Lepoy, El Barco, Ayin Mapu. These groups were formed by the executive councils of the communities and the discussion group of Endesa Chile. Endesa Chile is assessing the possibility of creating working groups with the remaining four communities (which are in the Cajón del Queuco), with reference to its guidelines in the field of sustainability and community relationships.

8
WORKING GROUPS

MORE THAN
1,500
FAMILIES AND
7 THOUSAND
PEOPLE IN THE
AFFECTED AREAS

302
MILLION CHILEAN
PESOS (AROUND
415 THOUSAND
EURO) DESTINED TO
SOCIAL INVESTMENT
PROJECTS, THROUGH THE
FUNDACIÓN PEHUÉN

Here below are some projects realized in 2015.

Installation of drinking water in the community of Callaqui

In line with the commitments to improve the quality of life of the communities resident around the power plants, Endesa Chile financed part of the water purification project in the community of Callaqui.
This initiative, which responds to the needs identified by the local authorities and representatives of the community, required an investment of 200 million pesos (around 275 thousand euro) by the company, and has a direct impact on 115 families, around 575 people, who can take advantage of the benefits of drinking water.

Restructuring the facilities in the campsite at Laguna El Barco

This initiative includes the repair of bathrooms and cabins on the campsite, in order to improve the service which the Pehuenche community of El Barco offers tourists who visit Laguna El Barco, which is in the same area.

The project directly affects the 103 families who make up the community and indirectly around 4 thousand tourists who visit the area during the summer. The investment made by Endesa Chile was 11.2 million pesos (around 15 thousand euro).

Chile – Bocamina plant

In 2008 Endesa Chile, at the same time as building the second unit of the thermoelectric power plant at Bocamina (Bocamina II), in the Municipality of Coronel, started the relocation of the families affected by the project, in line with the agreements signed with various organizations and part of a commitment to support the community in improving its quality of life and the surrounding environment. The power plant started operating in 2012 and as from December 2013 seven *Recursos de protección* were presented by various opponents of the plant (for example fishermen). All the appeals are now completed. In August 2013, the *Superintendencia del Medio Ambiente* (SMA) informed Endesa Chile of the opening of sanction proceedings for alleged environmental infractions, which ended in August 2014 with the imposition on the company of penalties for a total of around USD 7.6 million. Endesa Chile and the local fishermen appealed this decision. The *Tribunal Ambiental de Valdivia*, with its decision of March 27, 2015, rejected Endesa Chile's appeal and also ordered the SMA to increase the fine taking into consideration the fact that Endesa had committed the infraction intentionally. Endesa Chile appealed this decision before the Cassation Court, which rejected the appeal in its decision of January 5, 2016.

In regard to relationships with communities, the main objective of Endesa Chile, in keeping with a new approach to social issues, is to guarantee the progress and sustainability of the plan defined with the community of Coronel, which stresses a long-term approach, as well as promoting initiatives defined with the involvement of various social actors. Proving this commitment, in 2015 discussions and agreements continued with the Municipalities of El Mirador, La Colonia and Cerro Obligado, also involving the main exponents of the public sector nationally and locally.

In this context, also the plan to relocate the families close to the power plant continued. In the period 2008-2015, 720 families were relocated, many of which did not have ownership rights. The plan was realized with the involvement of *Comité de Viviendas*, the *Municipalidad de Coronel* and the *Servicio de Vivienda y Urbanización (Serviu) de la Región del Bío Bío* and financed by Endesa Chile and Serviu. Endesa Chile facilitated the purchase of the land and homes, which was completed with the support for the transfer of the ownership and registration of the title. Following this work only 4 families remain in the area of the power plant.

The main activities to improve the socio-economic conditions of the communities in 2015 mainly concerned the following programs:

> Energy for your education (*Energía para tu emprendimiento*)

It responds to the need to promote initiatives for the people who are involved in commerce or manufacture and who are permanently resident in the community of Coronel. The dedicated fund enables the financing of 60 initiatives which can count on the support and consulting services of experts in this type of program. The annual amount set aside is 300 million Chilean pesos (around 410 thousand euro).

> Fund for the creation of shared value

This is a program worth 180 million Chilean pesos per annum (around 250 thousand euro) for the whole useful life of the Bocamina II power plant (around 30 years). The resources are destined to the *Corporación Municipal de Desarrollo de Coronel*, focusing on initiatives for energy efficiency, education and social and economic development.

Social and community responsibility

As part of the **Coronel Social Plan**, in 2015 the new kindergarten and pre-school were opened in Rayun (area of La Peña) for more than 100 boys and girls.
In the same vein of promoting education, the Endesa Chile-Coronel Football School Cup was held, which is part of the Energy for education program. Over 300 students took part from 19 schools in an activity which aims to combine training with positive values associated with sport and fun.

Colombia – El Quimbo

El Quimbo is the most important engineering project undertaken by the Enel Group in recent years and one of the biggest hydroelectric investments realized in South America. With installed power of 400 MW the plant is located in the region of Huila, around 350 km south-west of Bogotá. The plant, which is fed by the Río Magdalena, the country's biggest river, crosses 6 towns (Gigante, Garzón, Altamira, El Agrado, Paicol and Tesalia). An overall investment of around 1.2 billion US dollars, which enabled the realization of a major action plan in favor of the local populations, including the construction of new homes, the construction of new bridges, including the largest viaduct in the country, as well as initiatives to protect biodiversity in the area, such as the restoration of over 11 thousand hectares of tropical vegetation on the left bank of the basin and the realization of veterinary help centers.

Progress of the construction works

In June 2015 work started to fill in the basin after the completion of the main civil engineering works, which enabled the activation of the first of the two units of the power plant. With the subsequent activation of the second unit the power plant can produce around 2.2 TWh per annum, enough to guarantee coverage of around 4% of the country's electricity demand. In addition, the coming into operation of the plant contributed to reducing the impact of the country's electricity supply crisis due to the phenomenon of El Niño which caused drought conditions.

Right from the start of the project, Emgesa, the Group's power generation company in Colombia, has shown its openness to dialogue with the regional and national stakeholders and has developed a social and environmental management plan. On an agreed and participatory basis, specific initiatives have been established for resident or landowning families in the area affected by the project, as well as those who work or undertake commercial activities or services in the area. The program is also targeted at the people who used to undertake informal business locally. The families, which have been surveyed and have the envisaged prerequisites, can decide between (collective/individual) relocation or sale of their land in relation to what enables them to improve the quality of their life.

Social and cultural management

150 families have opted for relocation: 112 of these have chosen 4 collective facilities, with new 100 m^2 homes equipped with essential services and set in an urban context with 3 schools, 3 churches, multifunctional sports centers, 1 football pitch, 4 parks, 4 waste recycling centers and 5 waste water treatment plants.

38 families have chosen individual relocation: 11 families have received five hectares of land to undertake a production project together with a related technical plan, the other 27 families have received 180 m^2 homes.

In addition, since the start of construction 231 land purchases have been completed for families who did not opt for relocation.

In 2015 numerous activities were organized aimed at promoting tradition and culture, including specific events in the collective housing ("El baúl de mis abuelos" and "Festival por mis Ancestros") and a rural exhibition "Los frutos de mi tierra". 36 group sessions were held in order to promote better quality of life. 6 women in vulnerable situations were included in a program to define an economic plan which, through concrete actions, enables them to overcome this situation.

In addition, a study was undertaken to identify the index of the living conditions of the relocated families, in order to assess the effectiveness of the infrastructure and the services envisaged. The results of the study showed that around 90% of the relocated families are in homes with a high level of access to quality public services.

As part of the "project to repay the commitment", a specific strategy was defined, "Empreendedores con Energía", which involves providing initial capital and training courses to around 2 thousand people who carried out their business in the area affected by the project (non-residents or residents who do not have property). **60 training courses have been provided by SENA** (*Servicio Nacional de Aprendizaje*), from which over **1,850 people** have benefitted.

(the data given represent the total value since the start of the project)

Environmental management

During 2015 specific environmental programs were defined in order to prevent, manage and monitor environmental impacts connected to the project. Besides the recovery of over 11 thousand hectares of tropical vegetation on the left bank of the basin and the realization of veterinary support centers, 20 new species were identified and classified in accordance with the Red List of the International Union for the Conservation of Nature (IUCN).

In particular the following were established:

1. Management plan for wildlife, which enabled the assistance and saving of 30,635 animals;
2. Management program for fish and fishing;
3. Program to save fish;
4. Ecological restructuring plan;
5. Management plan to cover the flora and land habitats.

Emgesa, the Group's Colombian company, has established **specific communication channels** to provide information and respond to all the community's questions regarding the project. Monthly meetings were held with interested national and international groups, periodic monitoring meetings with the government of Huila, towns, environmental authorities, control bodies and representatives of society and guided visits to the project were undertaken (in 2015, 40 visits involving around 800 people).
Further information is available in the Sustainability Report 2015 of Emgesa and on the website dedicated to the project (www.proyectoelquimboemgesa.com.co).

Legal proceedings

Despite this intensive relationship-building and involvement of the communities, there are also some legal proceedings ("acciones de grupo" and "acciones populares" – class action) launched by local inhabitants/fishermen. In particular, a first "acción de grupo", which is now at the preliminary investigation stage, was taken by around 1,140 residents of the Municipality of Garzón who complained that the construction of the power plant would reduce revenue from their business by around 30%. A second case was brought between August 2011 and December 2012 by inhabitants and companies/associations from the five towns of Huila for alleged damage in relation to the closure of a bridge (Paso El Colegio). In relation to the so-called *acciones populares*, in 2008 some local inhabitants started proceedings to ask, among other things, for the suspension of the environmental license. A further *acción popular* was launched by some fishing companies in relation to the alleged impact of the refilling of the El Quimbo basin on fishing in the Betania basin, downstream from El Quimbo. In February 2015 the Court ordered the suspension of the refilling until some specific requirements were met. The suspension was subsequently changed, thus allowing the filling of the basin. This started on June 30, 2015. However, on July 3, the CAM (Regional environmental authority) issued a measure (*medida preventiva*) ordering filling operations to be suspended temporarily. Given the technical impossibility of suspending filling operations, on July 17, 2015 Emgesa received a notice modifying the precautionary measure to prohibit generation activities until ANLA (the national environmental authority) certifies that the company has removed biomass and forest waste from the Quimbo reservoir basin. In September 2015 ANLA issued two reports which, in general, confirm that the company had fulfilled the requirements and consequently on September 21, 2015 the company asked the court to lift the precautionary suspension. Pending the ruling, as an energy emergency had been declared, the Ministry of Energy issued a decree authorizing Emgesa to begin electricity generation. Subsequently, on December 16, 2015 the Constitutional Court ruled that the presidential decree was unconstitutional and as from that date Emgesa suspended electricity generation. On December 24, 2015, the *Ministerio de Minas y Energía* and the AUNAP (Agriculture and fishing authority) filed a joint motion (*acción de tutela*) asking the criminal court to authorize generation as a precautionary measure. On January 8, 2016, the court granted the precautionary measure requested by the Ministry and the AUNAP, authorizing the temporary and immediate resumption of generation at El Quimbo. The precautionary measure granted by the court would remain in force until the Huila court issued a ruling on the substance of the case, i.e. on the revocation or upholding of the precautionary measure previously issued by the local administrative court. With a decision of February 22, 2016 the Huila court issued a ruling allowing generation to continue for six months. The court ordered Emgesa to prepare a technical design that would ensure compliance with the oxygen level requirements and to provide collateral of about 20,000,000,000 Colombian pesos (around 5.5 million euro at the exchange rate on February 22, 2016).

Value for countries and local areas

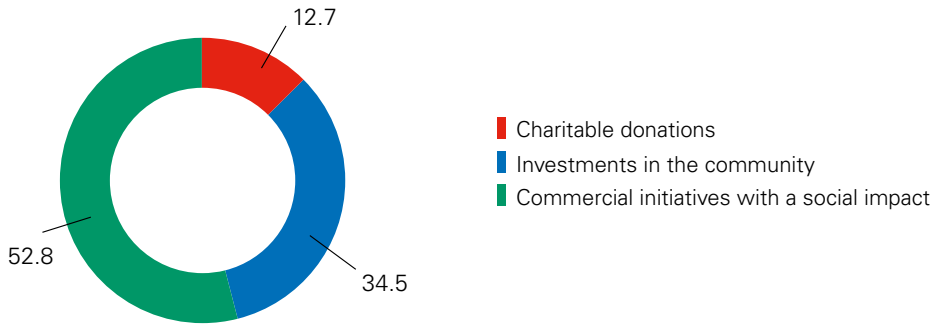
G4-EC7

Enel contributes in a concrete way to the social and economic development and growth of the local areas and communities where it operates with various types of intervention, from expanding infrastructure to education and training programs, from initiatives aimed at social inclusion to projects to support the cultural life of the area. The LBG (London Benchmarking Group) method, devised by a work group in which more than 100 international companies participate, is a measurement model that enables a company's contributions to the development of the communities in which it is present to be clearly determined and classified. In particular, under the LBG standard, expenditure on contributions to communities can be classified in:

1. charitable donations: these are pro bono contributions that create no obligations for the recipients except to use the donation for beneficial ends and for non-profit associations. For Enel this item includes all cash and in-kind donations, including philanthropic and charitable activities;
2. investments in the community: medium/long-term involvement in projects to support communities, also in partnership with local organizations, aimed at addressing significant issues both for the local area and for the Company. This category includes, for example, projects linked to a broader strategy to benefit the community, such as "Access to Electricity", or specific initiatives dedicated to communities close to power plants;
3. commercial initiatives with a social impact: contributions to activities related to the core business, in which the Company promotes its own brand and corporate identity. Examples of these initiatives are marketing campaigns which also include benefits for the community or which include contributions to charitable causes.

In 2015 Enel's total contribution to the communities where it operates stood at 67.8 million euro.

Initiatives in favor of communities by type (%) - 2015



How sustainability translates into projects

The integration of sustainability into the strategies and operating choices of the business in the various stages of the value chain passes also through new ways of managing and developing projects. Starting from precise mapping of all the initiatives at global and local level, it then moves on, involving all the actors in the business and in the Innovation and Sustainability area, to defining new attributes to be assigned to the individual initiatives in order to enhance the accompanying information set and to use the same project categorization criteria at global level.

The projects which impact on communities are collected in 3 groups: "Access to energy", "Social and economic development of communities" and "Support to local communities". Here below they are set out in detail.

ACCESS TO ENERGY

With the goal of creating a new business model based on access to energy, targeting both people living in isolated rural areas and those living on the outskirts of major metropolitan areas. These are projects which seek to:

1. eliminate financial barriers to accessing electricity;
2. develop technologies that facilitate access to infrastructure;
3. promote technical training and capacity building;
4. promote energy efficiency;
5. promote energy awareness.

"Powering Education" (Enel Green Power Kenya)

Launched in September 2013, the project has distributed over 1,100 solar lamps in 70 rural villages which are off-grid, providing sustainable and safe electricity to over 5,500 people. The initial results showed that the students who had a lamp increased their average study time by around 17%. The families involved also reduced their electricity spending by 10-15%

"Consciência Ampla" (Brazil)

Integrated program to combat energy poverty and aimed at promoting social inclusion in the favelas and other high-risk areas. Through projects for waste exchange, social tariffs, business development and education, grid thefts, which are common in the areas concerned, have fallen by up to 70%

"PlayEnergy" (Italy, Spain, Romania, Russia, Guatemala, Chile, Costa Rica, Panama, Brazil)

Free project combining entertainment and education which Enel has been originating for 13 years in schools in 9 countries, with the objective of disseminating a responsible energy culture among young people, starting with the knowledge to enable responsible decision-making. In the latest edition of the program around 450 thousand students were involved, of whom around 140 thousand took part in the competition, teaching kits were distributed to around 8,300 schools and around 4,500 projects were undertaken; over 50 thousand students visited power plants and met Enel experts in class.

SOCIAL AND ECONOMIC DEVELOPMENT OF COMMUNITIES

Includes projects relating to:

1. development of labor;
2. community network;
3. development of infrastructure;
4. transfer of know-how and skills to the local population;
5. support for entrepreneurial activities in the community.

“San Juan de Marcona” (Peru)

In the Nazca area the entire fishing sector has been redesigned. It is a project which includes training on safety when fishing and the installation of a system to dry algae and the construction of a fish farm as well as marketing training. It is the first structured case of measuring social impact through a SROI (Social Return on Investment) model.

”Apiacás” (Brazil)

The project to develop the worksite at Apiacás is the first real example of the application of the Sustainable Worksite. Communities, after due training, contribute to the design and realization.

“Eco sustainable constructions - circular economy” (Chile)

Professional training in carpentry and construction using recycled materials to build eco sustainable houses through the use of pallets and local materials.

SUPPORT TO LOCAL COMMUNITIES

Includes initiatives relating to:

1. education;
2. financing local events;
3. support for families and social services;
4. promotion of culture and sport;
5. promotion of diversity, health and safety;
6. protection of the environment and biodiversity.

"Educando con Energía" (Colombia)

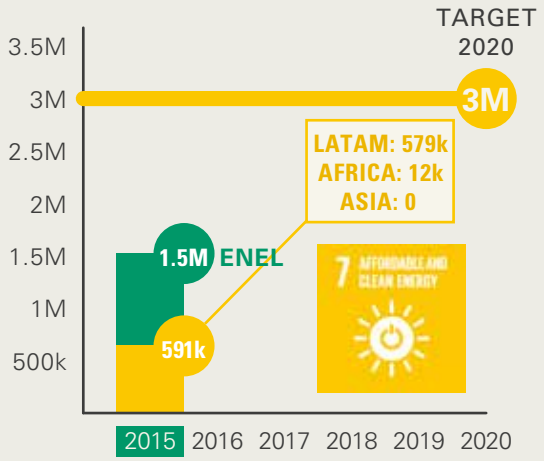
The program aims to increase professional skills and provide more work opportunities to over 5 thousand young people from public schools in the poorest areas of Bogotá which are at the greatest social risk.
The initiative focuses on promoting interpersonal skills, such as teamwork, leadership, effective communication and ethics. At the same time the importance of sustainable growth is valorized, which is the basis of the business.
The first stage was started by an interdisciplinary team consisting of psychologists, social workers and teachers, who, after assessing the current professional skills of the young people, defined specific personal development plans to be followed through multidisciplinary activities and group sessions. In order to ensure the success of the project, also 1,200 parents and 780 teachers have been trained and involved.

"Mothers2Mothers" (South Africa)

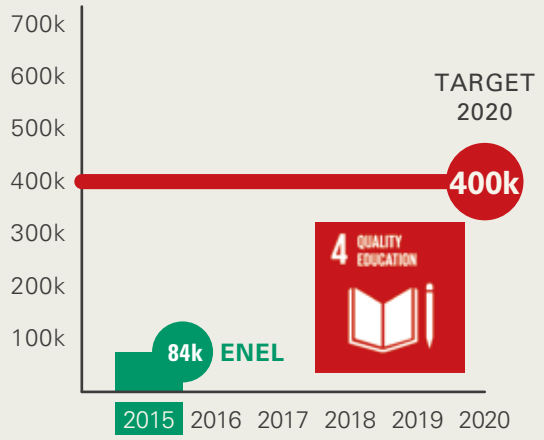
M2M helps the prevention of HIV transmission between the mother and child by improving women's health. By increasing mothers' access to healthcare systems, the project has enabled the risk of HIV transmission to the child to be reduced to under 5%, a figure well below national values, as set out in the annual report for 2014-2015 by M2M, the NGO which Enel Green Power works with in carrying out the project.

These projects contribute to achieving the commitments entered into by Enel at the 2015 UN Summit on Sustainable Development, with particular reference to SDGs 4, 7 and 8.

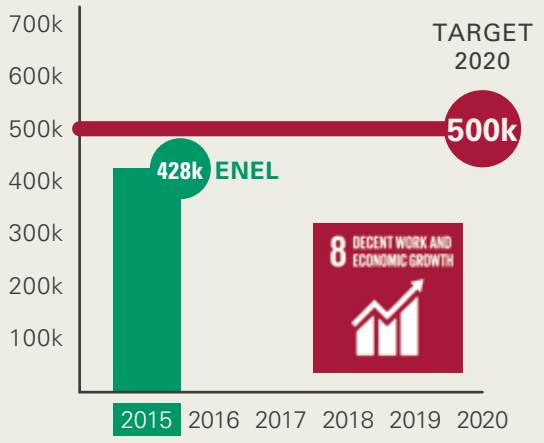
Enel undertakes to **guarantee access to affordable, sustainable and modern energy** which will benefit 3 million people, mainly in Africa, Asia and Latin America.



Enel undertakes to **guarantee high-quality, inclusive and fair education**, supporting educational projects for 400 thousand people by 2020.



Enel undertakes to achieve the eighth UN SDG, **promoting employment and sustained, inclusive and sustainable economic growth** for 500 thousand people, through business growth, the realization of infrastructure and professional training.



In order to create value in its business areas Enel draws on the support of partners in the local area, who bring innovative ideas to be transformed into concrete actions. Dialogue with communities is at the heart of the business model and the presence of NGOs in the local area, with their profound knowledge of local contexts, enables the creation and implementation of innovative initiatives which are targeted at the needs of stakeholders and help in the process of local development. Partnerships between private individuals and non-profit organizations are therefore an important driver to encourage the social and economic development of communities, generating shared and lasting value. In keeping with innovation and decentralization and support for small business and social and economic development, numerous partnerships have been started with NGOs and non-profit operators worldwide.

The heart of solidarity

G4-DMA SO

Enel contributes to the social development of the local areas where it operates also through its own foundations: **Enel Cuore Onlus in Italy**, **Fundación Endesa and Fundación Sevillana Endesa in Spain**, **Fundación Pehuén and Fundación San Ignacio del Huinay in Chile**, **Fundación Endesa Colombia in Colombia**.

Enel Cuore Onlus (Italy)

Enel Cuore Onlus was created in 2003, reflecting Enel's wish to transparently express its commitment to social solidarity, a form of support for communities which is not only philanthropic but is part of a broader concept of the corporate social role which inspires Enel. During 2015 Enel Cuore Onlus supported a total of 50 social solidarity projects in Italy, making an overall contribution of around 3.8 million euro, focusing on the two segments of the population worst affected by the economic crisis: children and the elderly. Children's health and education is a priority not only for Italian children but also for those who live in particularly difficult circumstances owing to natural disasters or wars which have hit their country. Hence the choice to come to the aid also of some international organizations, above all Save the Children, which brought humanitarian aid to the children and mothers affected by the Nepal earthquake and then alongside the UNHCR by contributing to the realization of an important aid and support project for Syrian children and their families who have been experiencing the horror of war for more than three years. The Enel Group's ongoing relationships and profound knowledge of the local area have also enabled it, through the initiative "Nel Cuore del Punto Enel", to provide targeted and concrete responses to the specific needs and requirements from the numerous local situations. The initiative, which involves the employees of Enel's retail outlets, envisages the supply of a contribution to support each solidarity project which is put forward by non-profit organizations and which has been identified by employees of the Enel outlets in the country.

The energy of ICT

As part of the process to transform the Group, ICT (Information and Communication Technology) is one of the main enabling factors to build the digital company of the future, putting technology at the service of energy, engaging and leveraging two worlds which, by their very nature, evolve continuously and quickly. The role of ICT is no longer as a simple guarantor of technology, but as the provider of innovation and as a digital enabler to effectively transform the existing business model, guaranteeing high standards of security, business continuity and operating efficiency.

2,084
employees
coordinating around
600
external suppliers

to manage

around
365 million euro
in investments

around
135 thousand
distributed
assets
(fixed; mobile)

around
1,400
Applications

around
4,170 terabytes
of used capacity,
in 4 main
data processing
centers

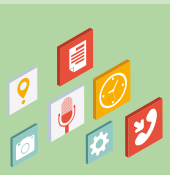
Thanks to a flexible organizational model which is aligned to the Group structure, it is possible to guarantee better interaction both with the various business areas which manage assets – Upstream Gas, Trading, Infrastructure and Networks, Generation and Renewables – and geographically with the four key regions – Italy, Iberia, Eastern Europe and Latin America – guaranteeing at the same time a global approach that can combine the needs and local particularities of markets and customers.

The guidelines for this new approach are: improving people's productivity and their connection, both inside and outside the Group; increasing the effectiveness and efficiency of the operational management of assets, from generation to distribution networks; developing innovative services to create a competitive and sustainable advantage in new and mature markets.

In particular Enel's ICT strategy, in line with the Group's strategic guidelines, rests on 6 pillars which are closely inter-connected.

Service model

A model which aims to create value and strengthen relationships with the Business. Guaranteeing access to the best "Services" both locally and globally, through a model based on a common base on which to be able to integrate a range of "specific services" for the key Businesses.



Applications

Simplifying the technology and application map in order to enable increasingly quick, efficient and standard developments at global level.

Procurement

Envisaging new rules to select and use suppliers with which to seek new models for cooperation and development. Attention to following approaches focused on Sustainability.

Innovation and Digitalization

Looking at growing markets and trends and setting out the opportunities which digitalization offers to support new energy models and develop internal processes.

ICT people

Aiming at the development of human capital, strengthening professional skills and favoring new digital skills with the aim of maintaining technological leadership.

Infrastructure

Guaranteeing solid, flexible and resilient platforms adopting a hybrid model which opens up to cloud solutions to provide services at the highest levels with foreseeable and negotiable fees.

In 2015 the ICT area undertook a process aimed at disseminating a spirit and culture focused on sustainability and the creation of shared value, in the sure knowledge of the fact that with information and communication technologies it is possible to drive profound and quick change in the social, production, economic and environmental fabric. With the support of the Sustainability Department, an approach was adopted to integrate environmental, social and governance (ESG) factors in the strategy. In addition, specific measures were developed that can facilitate decision-making, the identification and monitoring of targets; for example, environmental impacts were measured in a structured fashion connected to printing, PC Power Management and the use of telepresence.

This approach was shared with the key players involved in December 2015 during a dedicated event: the ICT Sustainability Day.

ICT SUSTAINABILITY DAY

An opportunity, a challenge, a commitment. ICT Sustainability Day aims to share the role of Information Technology in pursuing the sustainable development strategy which has been adopted by Enel. A chance to meet which involved the whole ICT family (more than 2 thousand people) and also saw the participation of the Chairman and the Director of Innovation and Sustainability as well as other internal and external speakers in a context to strengthen the Sustainability culture.

Being digital

Enel's digital challenges are characterized by technologies which are highly pervasive and which must enable fast, efficient and timely production processes, in order to drive the incentivization of innovation. **Cloud, Big Data, Data Analytics, Internet of Things** are in this sense an essential step.
It is necessary to profoundly rethink all the processes: those internal to the business and those which regulate the services for people or the interaction with the end user. Technically this means above all digitally realizing the 'Agile' development process and supporting it with classic methodologies to manage projects for software development. The **Agile methodology** focuses on the service and stakeholders who take part in the project and their interaction, rather than on the deliverables and tools which are purely technical aspects.
Enel is investing to improve the **functioning of power plants**, with predictive technologies, network monitoring and control systems, as well as through the development of adequate tools to protect against cyber attacks.
Digitalizing also means having a different approach to the way of interacting with customers. The electronic meter has been the pioneer of a series of initiatives which have contributed to transforming the relationship with customers, but today it is necessary to think of new interaction models leveraging **customer experience** and new services. Social networks are a new channel to contact customers more easily and more directly. In line with the principles of the Internet of Things, which offers the possibility of collecting and analyzing information that can help understand complex behavioral phenomena, Enel can understand how its customers use energy in order to offer an even better service.
The **Work Force Management** project, to support distribution processes, is one of the most important best practices in Italy: a system based on continuous and constant dialogue between devices and which reaches every team and every operator in real time in order to guarantee efficient management of the network. A system which has developed over time, together with the technology, and today allows operators to have available the most recent devices on the market and the related applications. Besides the numerous advantages from the viewpoint of environmental Sustainability, due also to the rationalization of the movements of operators, the project offers far from negligible returns as regards the safety of employees.
Mobile technology enables simpler and more effective work also 'on the move'. This gave rise to the idea of the **Enel Apps Store**, a container for all the Apps developed by the company both for its employees and for end users on a global scale. The mobile context is matched also by the need to provide greater flexibility in the possibility of accessing contents and company documents at any time and from any location also through **Cloud** technologies.

Finally, a further project characterized by undoubted and significant benefits from the environmental viewpoint is that of **electronic storage** which, in compliance with the law[1] which gives legal and tax value to digital documents, has allowed Enel Distribuzione to be able to digitally store the invoices issued to sellers, end users or producers for a period of 10 years. This process in Italy has enabled the Company to **go from around 4 million printed sheets in 2013 to 1.5 million in 2015**.

Cloud

The process of transforming the business has driven Enel to adopt a new management model based on a hybrid cloud: a model which will allow the provision of flexible, fast, affordable and resilient platforms, and which will enable the connection of the cloud with management in the data centers owned by Enel. The migration to the cloud involves applications which support core and mission critical applications: so far over 200 applications have been migrated.

(1) Decree of January 23, 2004 of the Ministry of the Economy and Finance and with the resolution of the National Centre for IT in the Public Administration no. 11 of February 19, 2004.

ICT for people

In the Enel Group there is a wide variety of cultures which must remain in contact also at long distances; therefore, key elements are **communication and collaboration instruments**, such as video conferencing, VoIP, telepresence and the virtualization of desktops.

Unifying different areas through technology enables everyone to feel part of a single global community, in which however the local aspect is given value, at geographic and cultural and professional level. The change will be facilitated by digital communication which is no longer vertical and based on the internet, intranet or email, but which is based on new truly social and multichannel methods and on sharing, for a transformation that enables the sharing of personal and professional experiences.

In coming months, in order to support an increasingly flexible and dynamic way of working, groups will be set up to develop **smart working** and IT tools will be studied to support **corporate wellness**.

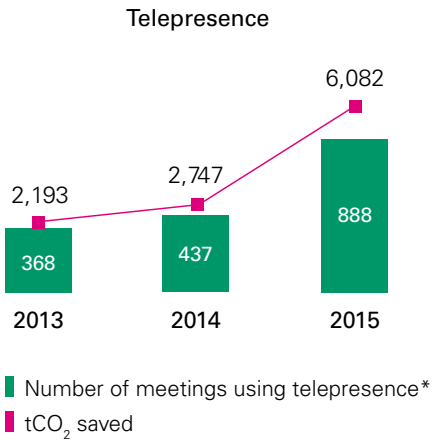
Here below are the main shared services, for which, for the first time in 2015, specific performance indicators on sustainability have been set up and analyzed, in line with the main international frameworks.

Telepresence

Telepresence is a development of the traditional video conferencing service which, by using latest generation technology, combines high definition audio and video elements with screens designed to create a virtual conference room, offering participants the sensation of being in the meeting room itself. Currently there are 7 Telepresence rooms in operation in the main Enel offices (Rome, Madrid, Fortaleza, Rio de Janeiro, Lima, Santiago de Chile and Bogotá).

The Telepresence service has an intrinsic positive impact, allowing the avoidance of air travel to move people around. In this case, therefore, starting from the number of meetings, the CO_2 saving linked to the air travel foregone has been calculated[(2)].

The gradual increase over the years of the positive impact is a strong incentive to the ever more frequent use of this means of communication.



* For 2013 and 2014 the available figure is that for booked meetings, while for 2015 it was possible to use the figure for the meetings actually held.

Printing

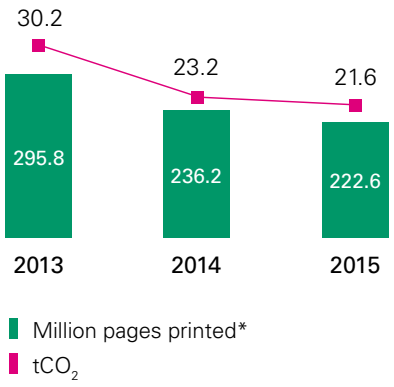
As from 2013, Enel has renewed all the printers in its offices with latest generation models which allow more eco sustainable use and has also moved from a printing model based on the concept of the product to a model focused on the service. The particular features of this arrangement, together with a global awareness-raising campaign on the more rational use of printing, has enabled a reduction over the years in the quantity of printing done and, consequently, a reduced impact on the environment.

In particular, starting from the number of pages printed and the technical characteristics of the printer models, each month a calculation is made of the quantity of CO_2 associated with the electric consumption of the printers during printing, applying the emission coefficient[(3)] (gCO_2/kWh) of each country, which considers the specific mix of energy sources.

(2) The number of people taking part has been estimated as: (number of devices - 1). The CO_2 emissions for the travel also consider the movement from the city centre to the airport in taxi (distances from Wikipedia).

(3) Emission factor considered: Enerdata, data extracted on February 22, 2016 relating to 2013 and 2014. For 2015, the 2014 data has been used since the updated official figures are not available.

Print service

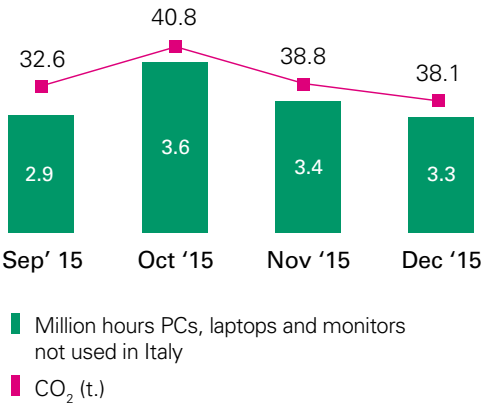


*Considering the data in the following areas: Italy, Iberia, Russia, Romania, Brazil, Chile, Peru and Colombia.

PC Power Management

Starting from September a pilot project was launched to monitor the consumption of electricity by PC work stations of employees in Italy outside of normal work hours[4], thanks to the presence on IT work stations (desktops, laptops, monitors) of a Microsoft function which enabled the identification of when a work station is on but not being used. The monitoring excluded servers and personal computers which, due to their very purpose, must always be operational (for example, the GESI (Management of Notification from Distribution Systems) application, Enel retail outlets, Borsa Energia, etc.).
From the first recordings, which were in this case too translated into CO_2 emissions associated with electricity consumption, significant results have emerged, on which managerial decisions may follow and a start made to adopting awareness-raising actions to mitigate consumption.

PC Power Management - Italy



During 2016 it is expected to expand the pilot project starting from the Iberian Peninsula, where the energy efficiency parameters of personal computers have already been activated.

Enel has created a dedicated portal with the main aim of disseminating information on ITC services offered to all employees: support and assistance material, guides, video tutorials and everything which can facilitate their use. All the information on the portal is in three languages: Italian, Spanish and English and the system automatically offers the language of the relevant country. Among the services available is also "Easy info" which sets out the main sustainability indicators relating to the printing service and PC Power Management.

(4) Monday-Friday (from 7 p.m. to 7 a.m.); Saturday and Sunday.

Sustainability of our main partners

The application of a digital strategy combined with a service model inevitably requires the construction of a new relationship with suppliers. Third parties are no longer simply executors of tasks or suppliers of technologies, but can positively influence both the innovation process and digital transformation. Together with its suppliers, Enel builds an ecosystem of partners to develop increasingly sustainable end-to-end solutions.

Amazon Web Services (AWS) and Cloud services

The need to implement a strategy targeted at guaranteeing solid and resilient infrastructure has led Enel ICT to adopt solutions based on cloud technology through an agreement made with Amazon Web Services (AWS) in June 2015.

AWS started around 10 years ago from the Information Technology experience of Amazon.com, quickly developing over time and now managing more than one million customers in 190 countries.

Sustainability is at the heart of the AWS strategy, which has among its long-term objectives that of using power systems entirely based on renewables. This has led it to invest in initiatives in wind and solar: the renewable energy generated by the 4 centers worldwide will produce around 1.6 million MW at full operation. Also these factors influenced Enel ICT in making its decision to entrust AWS with the exercise of applications at the green data centers, with the aim of obtaining positive returns not only from the viewpoint of reliability and security in the supply of services, but also from the viewpoint of environmental impacts.

The alliance with Atos to manage a new service model

Equipping Enel staff with flexible, collaborative safe and, at the same time, valuable working instruments is one of the pillars of the ICT strategy. Thanks to the partnership with Atos it is now possible to provide an "End User" service aligned with the precepts of Sustainability to the benefit of almost all Enel staff worldwide.

A sustainable management model for distributed services which affects the whole value chain, from supply, to access infrastructure, such as the Help Desk up to onsite support and which leverages innovative technologies aimed at reducing energy consumption.

Sustainability and innovation are at the heart of the strategy and the daily business decisions of Atos which is among the companies most engaged in pursuing responsible, lasting growth. A leader in digital services with annual income of around 12 billion euro and 100 thousand employees in 72 countries, Atos has made agreements with numerous companies offering IT solutions which help the companies become "more sustainable".

In the front line for IT security (cyber security)

Technological development is an increasingly everyday factor; besides bringing with its numerous advantages, it also exposes companies to the risk of cyber attacks. In the so-called critical national infrastructure (CNI), electricity plays a central role, since it is necessary to power everything else. For this reason cyber security protects at the same time both the corporate know-how and the security of citizens, guaranteeing the continuity of the national electricity service. In the past the implementation of security measures entailed the slowdown of business processes. Today, however, cyber security is an enabling factor for the digitalization of networks and the development of innovative services for citizens.

The Enel **cyber security** context is multidisciplinary, interconnected with characteristics linked to geographical distribution, to the value chain, to the presence of corporate and industrial systems and to external factors.

Cyber security

Every day Enel blocks:

- around 300 thousand spam emails;
- over 1,000 viruses;
- 300 thousand attacks on pages of websites and systems.

The Enel Group is organized in such a way as to guarantee the correct identification of roles and the assignment of responsibilities for the security of information, as well as the establishment of organizational processes that can guarantee the standard application of security policies. Some of the main processes regard risk analysis and business intelligence, in order to monitor the threats to the development of the Enel Group's activities, the handling of fraud, the classification and protection of processed information, the control over access to ICT systems as well as the security of ICT networks, infrastructure and ICT applications and the security of personal IT devices.

In order to intercept threats before they show up on systems, it is necessary to have available cyber intelligence processes adopted from the concepts and methods of traditional intelligence. Enel is aware that the means of attack are becoming increasingly sophisticated and that they are developing very quickly, so it operates on three fronts: preventing, recording and combating. The use of a correlation engine (SIEM Security Information and Event Management Engine) which analyzes and cross checks over 600 thousand IT events every minute is the cornerstone of the entire cyber security infrastructure in Enel.

The Enel Group was among the first utilities to have available security measures for its own assets and for some years has been promoting the development of the issue nationally and internationally.

In 2015 it took part in a workshop, created in collaboration with the Italian Prime Minister's Office and La Sapienza University in Rome, with the aim of creating in Italy a reference standard for the protection of IT systems, looking at the experience of other countries. It also took active part in national and international workshops, including those of the international electro-technical commission responsible for defining security standards for electric infrastructure (IEC TC57/WG15) and of the National Observatory for the Cyber Security, Resilience and Business Continuity of Electric Systems.

Enel takes part in the EE-ISAC consortium

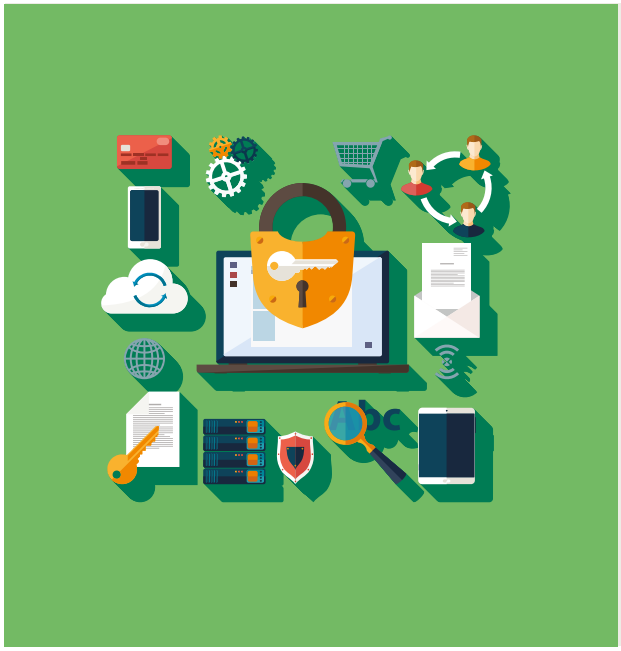
In February 2016 Enel signed up as a Founding Member to the EE-ISAC (European Energy Information Sharing and Analysis Center) industrial consortium. It is a European initiative which aims to provide prevention and support tools in regard to risks arising from terrorism and security threats, in particular cyber threats that are made against energy infrastructure. The aim is to create a community of partners who share cases of IT attacks and develop together best operating practices.

In addition, in 2015 Enel launched a project to define a new Framework for the Management of Cyber Security. In particular the 3 main areas were:

- **Cyber Security Assessment**: execution of an Assessment in order to identify the current level of development of processes, the organization and the IT and operational technologies of the Group;
- **definition of a Framework for the Management of Cyber Security**, to develop a proactive approach of security by design. The new Framework is applicable to all technological systems (IT and OT) and to all geographical areas;
- **Gap Analysis and Remediation Plan**: on the basis of the results of the above activities, the main areas for improvement were identified as well as the related actions to be taken, some short-term and others medium/long-term.

This activity enabled full coverage of the areas envisaged by the Cyber Security Framework of the NIST (National Institute of Standards and Technology). These are guidelines urged by the US Presidency and which are a reference point for companies in the private sector at global level.

2015 saw the publication of: **4 Security Policies**[5], **6 Security standards and Guidelines**[6] and the preparation of **5 market research and analysis documents** to identify new technologies and solutions for cyber security, including "Web application protection - WAF and anti-DoS services" for the protection of Cloud and on Premise services.



Enel uses sophisticated techniques to identify if there are vulnerabilities in the applications which may be used to put the corporate infrastructure or data at risk **(ethical hacking** and **penetration testing**) in order to test the robustness of its applications, in particular if they contain the personal data of customers or suppliers. The vulnerabilities identified are analyzed and eliminated through setting up appropriate remediation plans.

In 2015 there were **87 ethical hacks** (in 2014 there were 45). This rising trend will continue in coming years given a more systematic analysis of the IT applications before they move into production and an extension to the industrial world (OT).

In addition, Enel uses specific techniques ("**Digital Surveillance**") to "observe" what is happening online and to adopt a form of proactive security by acting on potential risks as they arise.

During the year over 250 suspect internet domains were identified, as well as over 100 illegal actions by cybernet activists (for example, Anonymous) including the illegal use of the Group's brands.

(5) Policy no. 103 "Bring Your Own Device (BYOD) policy", Policy no. 111 "Management of Logical Access to ICT Systems", Policy no. 33 "Information Classification and Protection", Policy no. 24 "Incident and Crisis Management".

(6) Anti-Malware Software Standard on ICS/SCADA Windows platforms, CLOUD Security – IAAS, Tibco Platform: Security Guidelines, Security in Developing Mobile Apps, SAP Security Standard – v.2, Security for Workstations and Mobile Devices - Technical Report.

Finally, Enel has equipped itself with a dashboard where the monthly trends in security measures are kept under observation and organized from different viewpoints: main risks, strategy, Sustainability, suppliers, NIST framework.

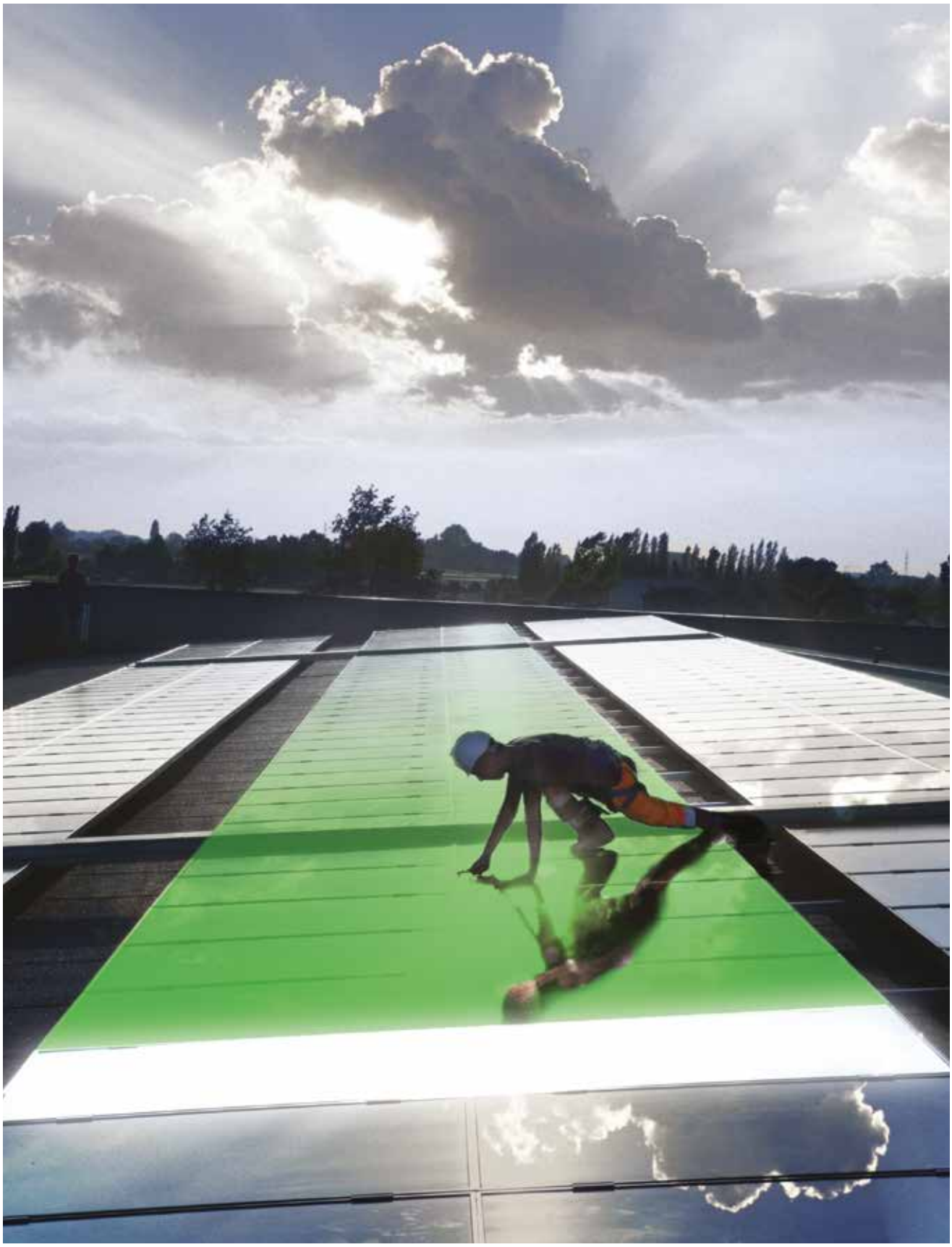
Awareness-raising and training

Attention, vigilance and awareness are the concepts underpinning the "Cyber Risks" campaign launched in 2015 and directed at all Enel's employees. The awareness-raising campaign aims to create awareness of what the risks are and to provide basic notions to safeguard data, both in the company and outside.

In particular, the objectives of the campaign are: to create a cyber security culture, to change the conduct of colleagues in order to reduce risks, to develop technical skills in security, and to prevent the increase in attacks and threats.

On the Global ICT website there is a specific section dedicated to this issue in order to always have all the material relating to cyber security at hand.

Responsible management of the business



Quality for customers

G4-EU3 G4-EU4

Customer satisfaction and loyalty have always been priorities for the Enel Group in all the countries where it operates as a distributor and/or seller of electricity. In terms of distribution the commitment is renewed every year to guarantee the supply of electricity continuously, safely and reliably, while, in terms of sales to the end customers, Enel continues in its intent to offer high-quality products and services which meet the various needs, while maintaining at the same time an effective and transparent relationship at every stage of dealings with the customer.

POWER LINES

High voltage	Medium voltage	Low voltage
38,249 km	**662,049** km	**1,165,373** km
2%	**36%**	**62%**

Italy	Iberian Peninsula	Latin America	Romania
1,140,215 km	**317,675** km	**316,496** km	**91,285** km
HV: **0%**	HV: **6.13%**	HV: **3.85%**	HV: **7.21%**
MV: **30.83%**	MV: **37.28%**	MV: **49.63%**	MV: **38.39%**
LV: **69.17%**	LV: **56.59%**	LV: **46.52%**	LV: **54.40%**

Electricity market
55,996,359

Italy	**27,072,083**
Latin America	**15,074,266**
Iberian Peninsula	**11,150,886**
Romania	**2,691,849**
Other	**7,275**

Gas market
4,958,084

Italy	**3,711,422**
Iberian Peninsula	**1,246,662**

Quality in distribution

G4-DMA EC G4-DMA PR

Electricity is essential for a community's economic and social development, as well as for people's daily lives. In consideration of the different geographical situations, and in accordance with one of the commitments taken on with the United Nations 2030 Sustainability Goals ("Sustainable Development Goals"), bringing electricity to isolated areas is a primary goal of the Company, through the use of new technologies and the development of specific projects to create shared value (see the chapter "Responsible relationships with communities"). It is Enel's responsibility to guarantee that the national electricity systems of the countries where it operates as a distributor enjoy a continuous and safe energy supply. The quality of the supply is closely linked to the reliability and efficiency of the transmission and distribution infrastructure, which must be able to handle the levels of demand requested. Enel, in coordination with the others who, for whatever reason, operate on the grid infrastructure, works continuously to develop the distribution network and make it more efficient. As for existing infrastructure, in all the countries Enel undertakes grid maintenance and modernization, mainly to reduce the number and length of interruptions to the service. Interventions can regard changes in the structure of the grid, replacement of components of power lines with inadequate technical characteristics, an increase in the degree of grid automation, as well as remote operations on substations. From the viewpoint of "commercial" losses, the use of the smart metering system ("Telegestore") has led to more effective controls over energy balances, at the same time allowing a reduction in fraud. Smart meters are currently installed in **Italy** with over 30 million customers, while in Spain around 6.8 million of them have already been installed. In **Romania** and **Brazil** the installation project has continued, providing an important contribution to the monitoring of grid loading and its correct management; there are currently around 310 thousand meters installed in Romania and 745 thousand in Brazil.

In **Brazil**, also in 2015 the *Conexão Social – Reta Velha* project continued. This aims to guarantee access to the network for the local community in a poor area, to combat energy thefts and losses and to provide incentives for payments and raise awareness about energy consumption. Based on what has been done in Brazil, in 2015 a similar initiative was introduced in **Romania**, which aims above all to thoroughly examine some areas which are well-known for energy losses and, therefore, design and realize tailored social measures for the needs of the community (energy efficiency measures, training courses, social enterprises, etc.).

Development of Smart Metering

One of the most important strategic projects is the replacement of the current system of Smart Metering with a new generation of meters, which will be installed in Italy and then gradually extended throughout Europe, for a planned total of 32 million meters installed in the next 4 years. The Enel Open Meter, the most advanced Smart Metering system in the world, will enable the quality of the service to be improved by reducing network losses, facilitating new services and being used as a data-hub in the presence of data concentrators.

Prevention of fraud on the electricity network

To prevent fraud, from the simplest cases to the most sophisticated, Enel has taken a further step forward by creating and implementing a new electronic device and innovative inspection process, which has been patented in Europe, the USA and other countries. Thanks to this innovation it will, therefore, be possible to record the presence of those types of fraud which, by exploiting the latest and most advanced technology, are the most difficult to identify. The device is currently in use in Italy and is being tested for use in other countries.

Enel is interested in learning the judgment of its interlocutors on the services offered and undertakes surveys to measure their level of satisfaction. In Italy, through the FOUR (Front Office Unico Rete) system sellers can send requests both for action on behalf of their own customers and for technical data given a customer complaint. End customers, consumer associations, and producers can send written notifications through dedicated channels (post box 5555 or by fax to the free number 800046674).

The development of smart grids, which can handle a high level of distributed generation (also from renewable sources) and can make the best use of storage and remote management systems, will enable further important improvements in the overall efficiency of distribution networks (see the chapter "Open Innovability").

Quality of service

G4-26 G4-27

The leadership of a company such as Enel necessarily depends on paying attention to customers and a high quality service: aspects which do not refer solely to the supply of electricity and natural gas, but also and above all to the intangible aspects of the service relating to customers' perception and satisfaction. There are numerous areas where action has been taken:

- development of new tools and channels of contact;
- improvement in back office processes;
- monitoring of complaints and information requests in order to reduce response times and ensure they are correctly handled;
- analysis of notifications, in order to understand the perception of customers and any current problems, so as to immediately put in place the due corrective action and not compromise overall customer satisfaction.

Customer satisfaction

G4-DMA PR G4-PR5 G4-PR8

The attention dedicated to the issues connected to service quality was confirmed this year too by the customer satisfaction results from all the countries where Enel operates as a seller or distributor of electricity.

In **Italy**, as from January 1, 2015 the Authority for electricity, gas and water (AEEGSI) no longer provides the TQI (Total quality index) which in previous years defined the level of customer satisfaction with the customer care phone service. Although the methodology of recording this data changed, nonetheless the excellent results of previous years were confirmed, as set out in the customer satisfaction index (CSI) recorded by Enel with a score of 92.6 for the regulated market and 92.4 for the free market, out of a maximum of 100. The index calculated, nonetheless, guarantees continuity in the validity of monitoring since it is algebraically connected to the PSC index[7] (satisfaction level of customers who used the call center) which was set out in the TQI.

Besides this, Enel has also continued to use the on-the-spot monitoring system, to provide customers with the chance to express an overall judgment on their phone call assistance by simply inputting a number from 1 to 5 at the end of the contact with the operator; then customers can communicate whether the problem for which they called has been resolved or not. The judgment which is requested concerns in particular the following aspects: courtesy of the operator, ability to solve the problem, ability to understand customer needs, the clarity and completeness of the responses, waiting time. A score was achieved of 98% for the service level of the call center both for mass market customers and for business customers. The excellent work carried out, therefore, made it possible to confirm in December 2015 ISO 9001 certification as part of the pro-

(7) PSC=ICS/ICSmax where ICSmax is the highest score achieved during the recording by one of the traders in the ranking; for the 1st half of 2015 this figure has not been published by the AEEGSI.

cesses of managing customer relationships through contact centers, Enel retail points and online.

The project was also launched nationally for the digitalization of internal audits through the release of the GAIA 2.0 ("Application for the Management of Internal Audits") portal, a project which enables the simultaneous "innovation" and "improvement" of the internal organization of the Quality Management System.

In **Iberia** "customer satisfaction" is constantly monitored through telephone interviews and via email (for example, *Sistema de Calidad Percibida* and *Estudio de Satisfacción de Clientes Empresas*) and, since 2003, in order to offer its customers the best possible assistance, Endesa has used the *Plan de Excelencia en la Atención Comercial* (Plan of excellence for customer focus), aimed at improving indicators on customer satisfaction year by year. In 2015 the plan focused on improving the quality of the service offered to customers (by phone and online), on managing sales complaints from the free market and making invoicing systems flexible. In order to guarantee the achievement of the objectives identified in the Plan, every month ten key indicators are monitored which enable verification of the impact in improving Endesa's commercial quality.

In **Romania** every six months "customer satisfaction" surveys are undertaken, from which there emerged a general level of satisfaction of 84.8% for the free market, while for the regulated market it was 77.4%.

In **Latin America** customer relationships are considered one of the main cornerstones; a plan has therefore been developed to measure customer satisfaction indicators. The main survey was undertaken in Brazil, under the coordination of the Asociación Brasileña de Distribuidores de Energía Eléctrica (Abradee), and it certified Coelce as the best distributor in the North-East of the country, with a rating of 85.8% in 2015. Finally, in Chile, some interesting elements for analysis emerged from the investigation undertaken, which revealed a general satisfaction level of 81%. Thus, the strengths and weaknesses found will be essential in developing action plans to manage the customer in such a way as to fill the gaps and optimize the service offered.

Handling of complaints

G4-58 G4-PR5 G4-PR8

In all the countries where Enel operates, customers have available various channels through which to make a complaint or an information request (post, website, toll-free numbers). Enel constantly monitors the feedback received in order to understand the perception of customers and any ongoing problems and to immediately implement the due corrective action.

In **Italy** control is guaranteed over the commercial quality of all the contact channels through systematic monitoring of sales and operational processes. The controls are carried out in a number of ways, personal accompaniment, mystery calls, listening again to vocal signature made by phone, and analysis of customer complaints. Part of this is the new quality control model which introduces for agencies, for physical contact points and for phone-based partners a system of bonuses and penalties linked to achieving minimum contractual thresholds. The previous model was based only on individual controls with precise findings which envisaged specific penalties on the basis of the number of recordings in the sample identified. During 2015 the process was introduced for notifications of significant non-compliance from the regulatory, legal and antitrust viewpoint by the commercial partners of Enel Energia. The notifications are managed through a portal and assessed by a team consisting of the "Quality and Commercial Support", "Legal", "Regulatory/Antitrust" units, so that the most suitable actions are taken, which range from the application of contractual penalties up to legal action.

In **Iberia** the issue of improving the management of complaints is of great importance since it is one of the fundamental objectives of the aforementioned *Plan de Excelencia en la Atención Comercial*. In 2015 this produced a 9% increase in customer satisfaction among mass market customers for the resolution of complaints. The figure of the *Defensor del Cliente - Ombudsman* remains active and is a unique example of its kind in acting as a bridge between the company and its customers; this figure is still present in **Brazil** and **Colombia**.

In **Chile**, in order to enable a better processing of complaints and to guarantee greater focus, periodic meetings are organized with customers which are called *Comités de Clientes*, which managers of the company take part in and review specific cases and operating indicators. All this has led to the implementation of numerous actions which have

resulted in a significant reduction in complaints.

Care of vulnerable groups

G4-DMA PR G4-PR6

Enel is close to citizens in order to improve and maintain access to electricity in the most destitute areas and among the poorest populations. In all the countries where the Group operates there are forms of support (often linked to State initiatives) which assist some segments of the population in paying electricity and gas costs, so as to allow equal access to energy. In **Italy**, since 2008 for the electricity sector and since 2009 for the gas sector, there has been an incentive for residential customers in a state of economic need and – for the electricity sector alone – for customers who use life-saving electrical medical devices (the so-called "social bonus"). The bonus is financed with State resources and with specific tariff elements set by the Authority. The request for the bonus is handled by Municipalities and – should it be granted – customers are given a credit on their bills which varies on the basis of the number of family members, their energy use category and the climatic zone in which they live (for gas) or the type of hardship they suffer (for electricity). In 2015 the electric bonus was granted to around 258 thousand customers by Enel Energia and to around 668 thousand customers by Enel Servizio Elettrico. In the same year Enel Energia also granted the gas bonus to around 160 thousand customers. As regards electricity supplies in Italy, customers with smart meters, should they fail to pay, are not completely cut off, but the available power is reduced to 15% of the contractual figure. As part of the loyalty program "Enelmia" of Enel Energia, discounts have been offered to customers in national and local shops which join the scheme and which are taken from among the spending categories which have the biggest impact on household budgets: food, petrol, and free time. During 2015 with the Enelmia card discounts of 1.2 million euro were applied.

In **Spain** the social bonus is still active and is for customers with installed power of under 3 kW and who belong to the most disadvantaged social classes (i.e. pensioners, the unemployed, and low income households). In 2015 this bonus was used by around 1 million customers, for whom energy volunteering programs were launched through which Endesa employees can help poor families in optimizing their own consumption and improving their electrical equipment.

In **Romania** a project was started dedicated to residents in poor areas of Bucharest, which is structured in three stages: a preliminary stage in which the needs of residents are assessed; a consultation and assistance stage in which the possible solutions are analyzed; a stage of implementing support projects including: debt restructuring, legal assistance, and access to microcredit.

Also in Latin America, in particular in **Brazil**, the *tarifa social* is still active, financed by the federal government, which enables discounts of up to 60% to be offered on total invoicing in order to guarantee access to electricity to the less well-off.

Codensa es incluyente

Codensa is the first Colombian company to have developed and made available to other companies a guide to realize a customer-focused service model, an initiative inspired by the social precepts of the UN convention on the rights of the disabled, and which is part of the directives and strategic objectives of the diversity policy of the Enel Group.

This guide is part of a broad process of change at company level, which includes the modernization of assistance centers and the training of customer service staff.

A transparent relationship with customers

G4-DMA PR

Transparency of commercial communication

G4-56

As regards communication with customers, all the companies in the Enel Group operate not only in compliance with the laws and regulations in force in each country, but also on the basis of the provisions of the Group Code of Ethics, by which all contracts, communications addressed to customers and advertising must be:

- clear and simple, using language that is as close as possible to that normally used by the interlocutors;
- compliant with the laws in force, without using evasive or unfair practices;
- complete, without neglecting any detail that is significant in terms of customers' decisions;
- accessible to customers.

Clear and effective communication is one of the main objectives both in the sales stage and in after-sales. In 2015 in **Italy** various communication initiatives were undertaken aimed at making information on the energy world clearer, including:

- review of the usability of the website in order to make it easier for customers;
- new e-billing service (**Bolletta Genius**) which can be accessed from the online Customers Area of Enel Energia, which enables customers to consult their own electricity and gas bills, study their consumption, compare themselves with similar customers and receive advice for more efficient consumption;
- communication plan dedicated to accompanying the customer towards the launch of the new **Bolletta 2.0**. Enel's new electricity and gas bill will present, in a new graphic layout, rationalized and organized contents, simpler language and customer-tailored communications.

In addition, new services were launched through the Enel Energia App, such as for example the new "Scelto per me" (Chosen for me) function, which allows the indication of the most suitable offers for the customer.

In **Italy** there was close attention to the issues of the Bolletta Web and the Bolletta PEC, and specific initiatives were launched for the acceptance and payment of invoices sent electronically also to the public administration.

In **Spain** there was a significant commitment to the digitalization of the process of contract management and invoicing, through the use of electronic signature and document management tools to support the stages of sending and archiving documents. In 2015 Endesa received the Atos Prize for the digital progress achieved. As for Latin America, without prejudice to the principles of the Code of Ethics and the clarity and completeness of the information, various initiatives were undertaken to guarantee greater customer attention; for example in **Chile** all the contact points with customers were enhanced, such as the website which was made easier to use, and the physical contact points, where new instruments were introduced to reduce waiting times. In **Colombia** a new App was launched which contains both general information and specific information to help customers manage their own supply, for the payment of invoices. In all the countries of **Latin America** for some time there have been initiatives in place for digitalized document management, with clear benefits from the viewpoint of efficiency in terms of better availability, speed, security and environmental Sustainability.

Accessibility of information

For communication with customers to be really transparent, correct and effective, it is necessary to ensure that any cultural or linguistic barriers, illiteracy or disability do not nullify equal access to information. Among the various initiatives are for example:

- **Italy** - a simultaneous translation service is still in operation at Enel retail outlets in 13 languages (English, French, Spanish, German, Chinese, Arabian, Russian, Romanian, Punjabi, Albanian, Serbian, Croatian and Slovenian);
- **Spain** - in order to defeat all the possible barriers to access to information, the website www.endesaclientes.com contains all the commercial and operational information necessary, such as for example in order to understand electricity and gas invoices. The website is available in English, Castilian and Catalan;
- **Peru** - there is an information consultation system which is available 24 hours a day for customers, whose requests are received in real time. In this way the company can offer its customers a valuable service, making information constantly available on its commercial structures, and the possibility of analyzing issues relating to supply.

Privacy protection

G4-PR8

In all the countries where it operates Enel acts in compliance with the laws in force on privacy protection for customers. Enel is also committed to careful monitoring of all the third party companies which may use the personal data of Enel's customers. Specific clauses are envisaged for this in contracts with partners who use personal data to carry out specific activities, such as for example sales or customer satisfaction surveys.

Commercial offers and products and services for energy saving

G4-DMA PR G4-DMA EC

In all the countries where Enel operates, a vast range of high performance energy products has been launched to guarantee savings in terms both of consumption and emissions, such as for example in **Italy**, where Enel Energia has offered its customers new "smart" systems for the remote management of devices. Together with the launch of the new products, in **Spain** continuous communications are undertaken to raise awareness about the efficient use of energy: for example, in the domestic sector new solutions have been developed to promote energy efficiency, such as "Nexus" and "Infoenergía" and various actions were completed to promote electric transport.

Also in Latin America the focus was on information-giving and the promotion of the efficient use of energy; in particular, in **Brazil** initiatives were put in place to replace old white goods, which had a significant impact on final consumption. In preparing the products dedicated to the mass market, Enel undertakes to prepare clear offers to meet a range of needs. A common line is adopted among the various countries where the company operates as a seller, since the offer of products is growing which provide "green" energy and which provide incentives for rational consumption.

In **Italy** the new offers on the free market made by Enel Energia are characterized not only by the supply solely of energy which is certified as coming from renewable sources, but also by increasing attention to social issues, such as protecting the weakest sections of the population (EnergiaX65, dedicated to customers aged over 65) and support for teaching in kindergartens and primary schools with donations through the Enel Cuore foundation for every new contract signed (EnergiaXOggi offer).

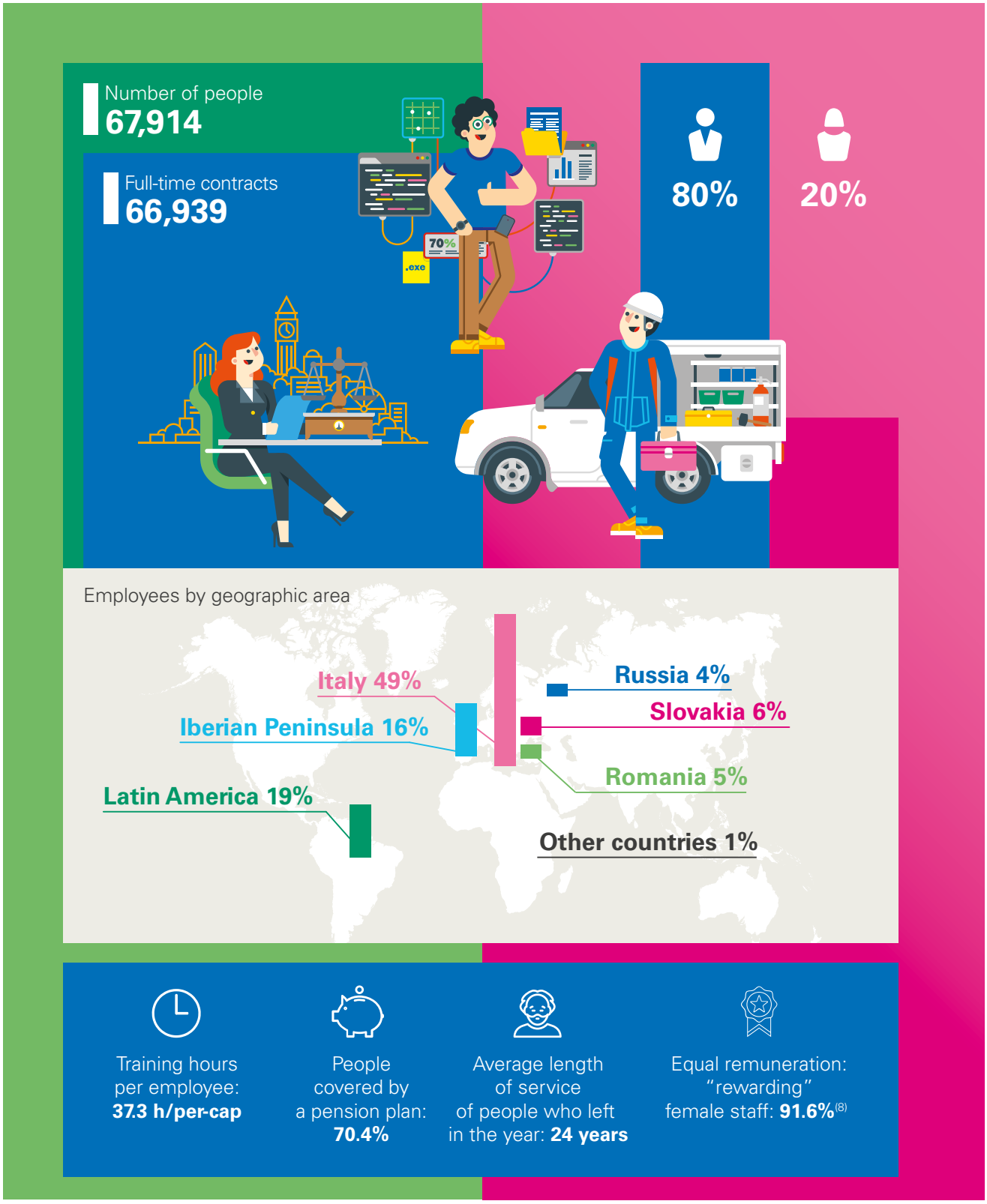
Italy – Enel Energia: EnelPremia 3.0

EnelPremia 3.0 is the new loyalty program which rewards sustainable conduct, such as recycling, energy saving and commitment to the community.

Customers who join the program will accumulate energy points no longer on the basis of consumption, but on active and knowledgeable participation in the activities and initiatives in favor of the environment and the community, which will be launched periodically. The success of the first activity "Per fare un albero ci vuole ingegno" enabled 100 thousand registered customers to be reached in the first month of the launch. As well as receiving energy points and "green" prizes which are offered, the winners of the competition contributed to planting orange trees in Sicily, a project which over 4,700 customers asked to join.

Our people

G4-9 G4-10 G4-DMA LA G4-LA1 G4-LA9



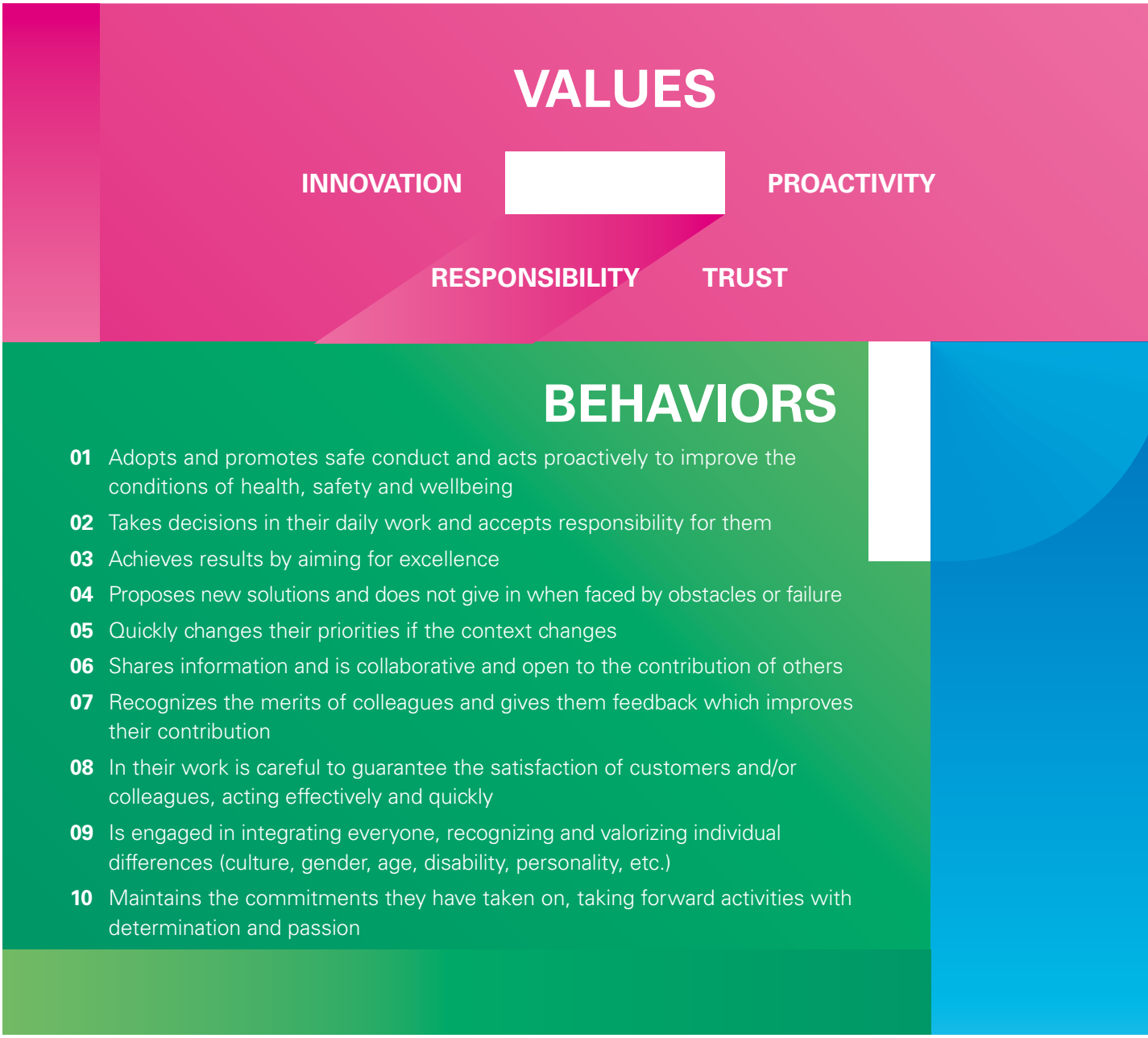
(8) Calculated as the ratio between the average salary of female Managers + Middle Managers and the average salary (men + women) of Managers + Middle Managers.

At December 31, 2015 the Enel Group had 67,914 employees, equally divided in companies based in Italy (49%) and abroad (51%). New hires in the year mainly (95%) occurred abroad, largely in Latin America (including the countries where Enel Green Power is present). On the other hand, as regards terminations, around 19% occurred in Italy, while the remaining 81% occurred abroad.

The percentage of women in the total workforce remained stable compared to 2014 (20%).

Our values and behaviors

During 2015 the Group's new strategic direction led to the redefinition of the values and forms of conduct for all the people who work at Enel, which was realized thanks to the involvement of the top management and more than 8 thousand people, at all levels, who contributed through interviews, workshops, focus groups and quick polls. **4 values** (**responsibility, trust, innovation and proaction**) were identified and **10 forms of conduct** which represent the new cultural identity of Enel and which inspire all the people who work in the company.



Valorizing merit and managing people

G4-DMA LA G4-LA10 G4-LA11

In 2015 Enel confirmed its commitment to managing, developing and motivating people, investing in an important process of revision and transformation of processes in keeping with the new values and forms of conduct. The knowledge of people and the business, and the ability to identify their needs in order to propose innovative and targeted solutions underpinned the change.

A **dedicated database** was created which enables the connection of the qualitative and quantitative variables and to segment the population not only on the basis of the classic variables such as job level, age, organizational level, but also on variables such as motivation, expectations and priorities. For example, with the help of a short **questionnaire**, the people who work in the company have been able to reflect on their own profile in terms of priorities. On the basis of the approximately 35 thousand questionnaires collected in 2015, it was possible to segment the company population using 7 profiles (for example, "explorer", "protective" or "rational"), which can help identify activities and services which are more in line with the real needs and characteristics of the people. In this regard, a first catalogue of initiatives was defined, which will be further developed in 2016, and the new role of "**HR support**" was introduced, an easy and accessible contact for people and a reference point for administrative activities. In 2015 the first support point was opened in Italy and in 2016 it is planned to disseminate it in the main countries for the Group.

The **strategy for identifying and developing talent in the company** was revised and new development processes were designed and launched based partly on challenging projects and priority business activities and partly on individual differences among people. Among the various initiatives, in 2015 an **international mobility plan** was launched aimed at facilitating the development of skills and integration through the involvement above all of the youngest employees in the Group. This program lets participants test themselves in international contexts with significant responsibilities and is useful to accelerate the development of critical skills and to prepare themselves for increasingly complex future challenges, also by leveraging suitable accompaniment (for example, tutoring programs).

In addition, **individual development plans** were established for people with the most potential, using differentiated tools (mentoring, coaching, mobility, training, etc.) suited to the specific development needs.

The performance appraisal process was managed in line with previous years, but work was done in parallel for a profound revision of the whole process. As for the assessment of conduct, which will be launched in 2016, the new process will see the involvement of all the people who work in Enel and there will be a particular focus on feedback, which is considered a key moment in the relation between the manager and employee, in which both can discuss their reciprocal expectations and development possibilities. In addition, the assessment will be carried out in line with the new values, the new forms of conduct and the new organization. As for the assessment of objectives, the new process envisages a simplification of the previous one and a greater alignment with the corporate strategic priorities. The performance of managers is also assessed in accordance with the issues linked to occupational health and safety, with particular reference to the reduction in the number of accidents and the implementation of initiatives aimed at improving safety standards.

The **hiring process and related tools have also been revised in light of the profound transformation that is underway, while also adapting them to specific targets and local practice**. Innovative tools have been introduced which enable verification of candidates' aptitude and to assess their cross-functional skills which, together with technical knowledge, are of strategic importance for the future challenges of the business.

The company performs a previous check within its employees and, only in the absence of suitable profiles, the external recruitment process starts. In general, local candidates are favored unless there are specific needs for international profiles; for technical and operational roles, where possible, the Company prefers the recruitment of candidates who live in areas close to the workplace.

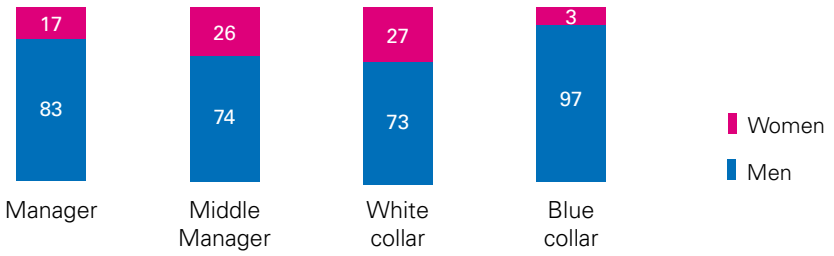
During 2015, work was done to consolidate **strategic partnerships with the academic world** and with centers of excellence of particular importance for the future of our business and the employer branding policy was redefined in order to promote Enel's image within a globally recognized business community, which leverages a new digital strategy defined at Group level.

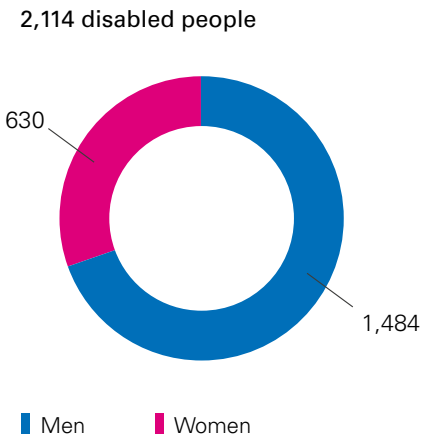
During 2015 around 2.5 million hours of training were provided, down compared to 2014, following the ending of some campaigns. The initiatives undertaken confirm the central role of technical-specialist training, both obligatory training and structured training in academies, together with

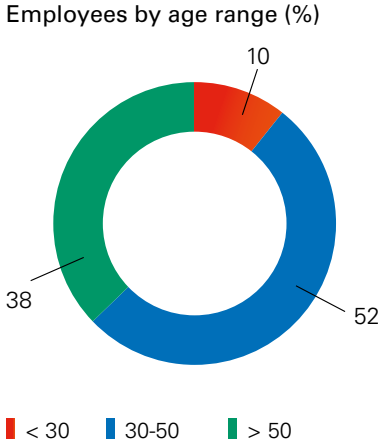
occupational health and safety training, in line with the significant investment made on this issue in previous years. Particular emphasis was placed on cross-functional training to help facilitate the significant strategic changes and the development of the organization, and language training to support integration, above all in the Global Functions, while cross-functional training campaigns on ethical issues and sustainability were extended in 2015 to the countries of Latin America and to the Enel Green Power Group. In particular, the introduction of the new organization based on the matrix model and profound revision of HR strategies and policies were supported by numerous global training initiatives to accompany the change, which involved both cross-functional populations at different managerial levels and new global teams within the various company Functions. These initiatives helped to stimulate reflection and to disseminate Enel's new Open Power vision. In addition, in 2015 the training program for new recruits was reviewed and was set up as a laboratory to generate ideas and business models, in order to train the new recruits in an international context on innovations and on new forms of conduct.

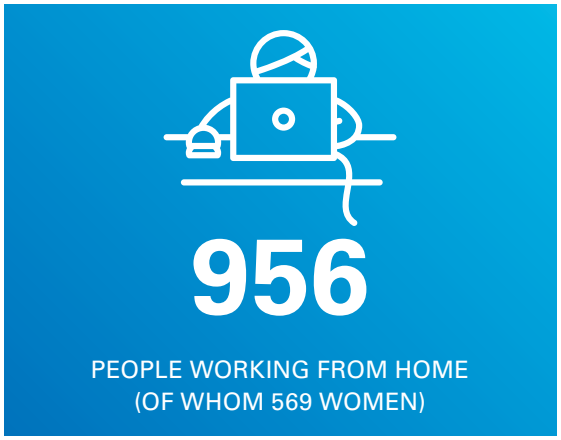
Diversity and inclusion

G4-DMA LA









Diversity is an asset that can help innovate ideas and processes, encompass and optimize the handling of the discontinuities and challenges presented by the market. Enel's goal is not only to manage diversity, but to seek out specific characteristics, promoting dialogue and not competition, allowing space and ascribing value to different ways of working and attitudes.

Work continued on the "Diversity and Inclusion" project and as from January 2015 dedicated focus groups started as well as interviews with senior management and an online survey in order to understand the perception of the issue of diversity in the various countries where the Group operates, focusing on four aspects: nationality, gender, age and disability. The results confirmed the strategic importance of the issue for the business in the various countries and the need to see concrete changes in practices and conduct. Following the analysis stage, in September the Group issued a policy which sets out the actions to be taken in order to guarantee equal opportunities and inclusion, the key principles of which are: non-discrimination, equal opportunities and equal dignity for all forms of diversity and inclusion, with a focus on gender, age, disability and culture.

Gender

As for gender diversity, with the new policy Enel undertakes to realize three main actions in order to respect and manage differences between men and women, thus guaranteeing the development of talent and ensuring parity of treatment:

- in the **staffing and recruiting process** it will be guaranteed that, in the initial stage of the process, both genders will be equally represented compared to the total population being assessed. Should this not be possible, a justified reason will have to be given to allow the Company to analyze the phenomenon in the various countries, and consequently to launch targeted actions;
- **specific relationships with universities** will be started to identify programs and cooperation to promote the participation of female students in technical faculties;
- programs will be undertaken for parents aimed at balancing the needs of parents and professional growth aspirations.

In November 2015 the Enel Chief Executive Officer was among the first signatories of the **European Pact for Youth**, which aims to promote partnerships between companies and the education system to facilitate the inclusion and employment prospects of young Europeans.

In addition, Enel's commitment in the **WEP** (Women's Empowerment Principles) continued, the initiative backed by the UN Global Compact and UN Women aimed at promoting gender equality.

Another key element monitored during 2015 was **equal remuneration**. A specific action plan was defined which will include structured salary reviews, in order to proceed to a gradual alignment to market trends with particular attention to gender equality.

Disability

Managing diversity also means guaranteeing **people with disabilities** the instruments, services and working methods to let them work completely independently. For this reason in Enel there are various initiatives, such as the identification of a focal point on disability for each country, as envisaged by the policy on diversity and inclusion, and the collaboration agreements in **Spain** with the foundations of Adecco, Randstad, Prevent, Universia and Prodis, which envisage the definition of dedicated actions, including the realization of training days and support for job-hunting for disabled relatives of employees. In **Brazil**, since the end of 2014 there has been a project for the inclusion of disabled people, which envisages the recruitment of student-employees who receive 12 months' training with four course hours paid, and after six months they start to be inserted into the world of work.

Work-life balance and personal services

G4-DMA LA

The initiatives to promote work-life balance are designed and realized at local level by dedicated units in the various countries where Enel is present. In 2015 an assessment was made of all the initiatives, in order to share and valorize excellence, with reference to the following areas: "workplace flexibility", "caring for employees", "health", "well-being", "financial support", "enabling factors".

In **Colombia** since 2010 the "Calidad de Vida" program has been active and offers various possibilities for employees to reconcile work and family life, such as the smart meeting program, to encourage the holding of meetings from Monday to Thursday from 8 a.m. to 4 p.m. or the "dia de balance" as a special day to celebrate work-life balance.

The "dia de balance" is also envisaged in **Peru**, where in addition, during the school holidays, seminars are held for the children of workers on the issue of addictions (drugs, alcohol). In **Chile** there are "**Climate Ambassadors**", in other words "people carers" at power plants who inform workers about the various initiatives available to improve their wellbeing.

In **Brazil** it offers its employees services for personal well-being. With the "Ben Vivir" program a healthy lifestyle is promoted through sport (football pitches, gyms, dance courses, running courses, cycling races, environmentally friendly walks). For the children of employees there is a program for educational orientation (from aged 15 on), while for female colleagues who have recently given birth regular meetings are organized at home with doctors, health visitors and nutritional experts.

In **Spain** too there are various instruments for people, including rooms for meditation sessions, areas for physiotherapy (neck and shoulders, rehabilitation), breast-feeding rooms, seminars on personal wellbeing (healthy lifestyles), presence of an on site psychologist. In addition, in Spain, during the school holidays, a transport service is organized to external play and educational centers for the children of employees.

Eastern Europe is characterized by a heavy presence of State-run welfare institutes. For this reason there is a lower rate of cover compared to the aspects covered by the assessment. The most interesting initiatives are the yoga courses in **Russia** and **Romania**. In Russia there is also the "1st day of school" program which allows a leave for all employees who have children aged under 10.

Most of the countries where Enel Green Power is present are characterized by production units that are in the start-up stage. The innovative nature of the business also impacts on the "work-life balance" initiatives. Among these are the seminars for parents on the issue of cyber bullying realized in Greece, seminars for the management of relationships in Panama, and "mindfulness" sessions via webinar in North America.

In Italy the initiatives promoted by the People Care Unit continued. The Parental Program, in other words the series of structured meetings between the manager, female employee and HR Business Partner, to be held before the obligatory maternity leave and then on the mother's return to work, has been disseminated nationally through a widespread training program for all HR Business Partners (over 130 people), who were able to practice the interview in the classroom, reflect on the meaning of the program and provide useful feedback and observations for even more effective dissemination. In parallel work was undertaken on the definition of the monitoring system which will enable, in 2016, an easier verification of the effective progress of the program and the results achieved. Also the "Mamme in equilibrio" course, aimed at mothers returning from maternity leave and which can help facilitate a reflection on the means of reconciling private life and professional life, continued to be provided, in 2015 involving a further 60 female colleagues (since the start of the program the new mothers involved have numbered around 140).

To help employees with children, during 2015, there has been the restructuring of one of the two education centers in Rome and, also, the opening of a new center in the offices in Via Marchese di Villabianca in Palermo. The center opened its doors during the Christmas school holidays.

Listening and dialogue

G4-26 G4-DMA LA

In January 2015 the survey focused on the issues of diversity and inclusion was launched, through which information was also collected on the company climate, in order to monitor the satisfaction of colleagues. The survey was sent to a representative sample of 17,500 people (of whom 1,800 were disabled) or around 23% of all Enel staff. The global return was 55%.

The questionnaire analyzed the issues of inclusion, the perception of discrimination and work satisfaction, which stood at 73%.

Following this survey a global policy was defined on management of diversity in the company, the actions from which are ongoing (see the chapter "Sustainability Strategy and Plan").
Finally, in 2016 a new climate and safety survey will be launched for all the Group's employees.

Internal media

The Group's internal communication makes use of an internal media system which is broadly based in order to reach all the people who work in Enel, taking account of cultural and professional differences, accessibility and IT resources. This network has represented an important lever for change and the dissemination of the new strategic concept of **Open Power**.
As for the dissemination of the strategy, on March 26, 2015 the **global convention** was held in Rome at which the Company set out the guidelines for its top managers. In 4 months 230 events (cascades) were organized worldwide involving over 50 thousand people and guaranteeing all colleagues standard information on the respective work environments and levels. A website in three languages dedicated to the project has kept colleagues constantly updated on events and contents: over 110 thousand pages visited in the 4 months. A survey – which had an overall return of around 60% of the participants – recorded a high satisfaction level in regard to the events.
An internal communication plan was defined dedicated to the key project for Global Infrastructure and Networks, **Milan Expo 2015**, with the aim of closely following all the stages of the works and participation, valorizing the work and the professional skills of the colleagues involved as direct witnesses of the development of the project and of all the stages related to it.
For Generation, 2015 was the year which saw the completion of major projects, such as the coming into operation of the **El Quimbo** hydroelectric power plant in Colombia and the new hi-tech **dome of the Brindisi power plant**. Events which celebrated the involvement and contribution of colleagues who worked on them to achieve the project goals.
The internal media also followed and valorized important events and corporate campaigns, including the My Best Failure project, the occupational health and safety campaigns and the launch of the first global Cyber Risks campaign.
Among the key projects for Internal Communication in 2015 was confirmation of the eleventh edition of the **We are Energy** program, the international competition dedicated to the children of Enel colleagues, aged 8 to 17, which in 2015 took food as its theme, drawing on the Milan Expo of which Enel was an official partner. 5,228 children from 23 countries registered for the competition (an increase of 7.3% compared to 2014) and 123 winners from 18 countries took part in the international campus in Italy together with five youngsters aged over 17 from five countries under the "We are Tutor" program, the competition which acknowledges the previous winners of WAE, this time as tutors. Among the activities for the campus was the visit to the Milan Expo.
An important innovation this year was the production of the first collective film by the Enel families, Enel Family Food Film, on the theme of food generally, with 216 videos uploaded by Enel colleagues worldwide on a specific platform and four winners acknowledged at the Celebration Day of We are Energy in Rome.

After the success of the launch of the pilot project in Italy, the Home@Home program was extended worldwide. The project, which aims to give the possibility to colleagues worldwide to host and/or make available their home to other colleagues, had 708 offers from colleagues in the Group's countries.
Last but not least, we should mention the recognition by the FEIEA Grand Prix Award 2015, the competition which recognizes the best internal communication projects in Europe, in which Enel's Internal Communication earned second place in the category for Best Internal Communication Event with the Enel Family Day Project (2014 edition).

Intranet: internal media hub - **3.3 million** pages visited each month - **2,065** news items (almost 8 a day)

CorporateTV
1,105 videos produced, with 91,438 average views per month.
27 live events: conventions and meetings from Enel offices streamed generally in the three global Group languages (Italian, English, Spanish).

Enel.radio
which integrates the other media facilitating the quick and live dissemination of news, thus stimulating interaction with colleagues. Enel.radio in Italy has a daily schedule mixing news/music for 225 days worth of programming.

Magazine E
bimonthly house-organ, which can also reach staff who do not have a PC.
Average print run of 46,200 copies per edition in 7 languages.
Around 18 thousand views every two months for the digital version.

Media one-to-one
such as e-postcards, newsletters, etc. to which may be added visual communication channels such as posters, flyers, etc.

Continuous Dialogue
Direct line with Francesco Starace

It is a blog prepared in the three global languages, where the CEO launches a theme for discussion and gives room over to the contribution and comments of colleagues, more than 400 in 2015.

The intranet is currently subject to a total overhaul which will make it a unique media and digital workplace for the whole population of Enel in 2016. The project, which started in July 2015, included an important stage of dialogue and analysis which involved around 65 thousand colleagues with an online survey in 9 languages which recorded 10,166 respondents; over 100 colleagues from 10 countries were interviewed at work, as well as 40 top managers interviewed together with their teams. This stage enabled expectations, needs, and priorities to be collected both from the viewpoint of users and from that of the organization, which were then translated into 10 strategic pillars on which the design of the intranet is based.

Voluntary work

The Enel Group has been engaged for many years in voluntary work in the various countries where it operates. In particular in 2015 in Spain new initiatives were launched, including the "**Energía para el futuro**" project with the aim of improving the employment prospects of young people at risk of exclusion and the "Voluntariado Energético" project. The latter aims, with the collaboration of ECODES (*Fundación Ecología y Desarrollo*), to provide poor families with recommendations to optimize energy consumption and to encourage responsible energy consumption, as well as to identify and resolve situations of possible risk linked to electric systems. In Italy during the year a multifunctional work group was set up with the goal of analyzing and developing voluntary initiatives. Enel then joined the **Illuminiamo le Tavole** program promoted by the Quartieri Tranquilli association of Milan, with the aim of offering food supplies to disadvantaged families identified through associations which manage "borough contracts" of the Municipality of Milan.

The company welfare system

G4-EC3 G4-LA2

Enel has put in place, in the various parts of the Group, an "internal welfare" system which envisages various types of benefit and services which aim to support employees also outside the professional context: supplementary healthcare, complementary pensions, leisure/cultural activities, incentives and agreements.

The initiatives in these fields vary depending on the countries where the Group operates, in regard to both the specific nature of the various national settings (regulatory framework, public services available, etc.), and the existence of prior agreements developed in the context of the various parts of the Company before entering the scope of Enel.

Finally, during 2015 work was undertaken to define the global guidelines on the themes of "total rewards", to establish basic services, criteria and processes to be used in each country as from 2016.

Supplementary healthcare

G4-LA2

Supplementary healthcare insurance is envisaged in most countries where the Group operates at favorable conditions compared to the alternatives available on the market. In addition, in many cases it is the Company itself which guarantees services linked to prevention and periodic checkups (see also the section "Occupational Health and Safety"). In Italy, the instrument with which health and prevention programs are carried out is the *Fondo Integrativo Sanitario per i Dipendenti Enel* (FISDE). All employees are automatically enrolled in FISDE, and the services can also be extended to dependent family members. Former Enel employees can also continue to use the services by paying the subscription fee. As from 2013 the preventative medicine initiatives have been enriched by a new service with the activation of a psychological consultancy network throughout Italy and offered through agreements with the National Council of the Order of Psychologists (CNOP) and the Italian Psychoanalytical Society (SPI).

FISDE also provides support for families, for example in the case of disability and social emergencies (problems of adjustment, alcoholism, drug addiction, etc.).

Complementary pensions

G4-EC3 G4-LA10

Another instrument for assisting employees is the provision of complementary pension funds and the payment of various forms of individual benefits connected with the termination bonus. At December 31, 2015 employees covered by the pension plan in the Enel Group numbered 47,832.

In Italy, in addition to the obligatory system provided for by Italian law, there are two defined-contribution complementary pension funds: Fopen (45,000 beneficiaries, assets of 1,789 million euro) for employees of the Enel Group (membership: 90%), and Fondenel (1,445 beneficiaries, assets of 255 million euro) for executives of the Enel Group (membership: 100%). In addition, there are pension funds mainly in Spain (Endesa) and Brazil. In Slovakia too there are complementary defined-contribution pension plans. Finally, also in Russia and in the USA (Enel Green Power North America) there are specific complementary pension plans: in Russia a defined-service plan and in the USA a defined-contribution plan.

In Italy at the end of 2015 two important union agreements were concluded destined respectively for managerial and non-managerial staff and aimed at managing the issues arising from the current economic and industrial context and facilitating generational change within the Group's Italian companies, in application of article 4 of Law 92/2012. The agreements are aimed at the voluntary retirement of people who will end their employment relationship from 2016 to 2020 and will accrue the prerequisites for the full old age pension or early retirement in the 4 years following the termination of the employment relationship.

Incentives and agreements

Enel supports its employees also with contributions or incentives for various personal needs, both for themselves and for dependent family members, in some cases reducing the cost of electricity supply. Other incentives, which vary in quantity among the various countries, concern the taking out of life insurance and the granting of subsidized loans for home or car purchases or for personal needs (in particular study and training). In addition, there are forms of support for sport and cultural activities.

For example in Italy, through the ARCA association, recreational, cultural and sporting activities are promoted and realized for employees and their dependent family members, with possibility of access for pensioners. Endesa too has

established a wide range of benefits for its workers, which it makes available on a voluntary basis and which show the company's commitment to improve the quality of life of its people.

Alternating school-work

Creating a bridge between school and businesses is essential in order to facilitate young people entering the job market. Following the coming into force of Law 128/2013, Enel drew up, in collaboration with the Ministries of Education and Work, the regions and the unions, **an experimental apprenticeship program for alternating school-work**, which became operational in 2014. The initiative, which is aimed at pupils in the final two years of technical high school, saw the recruitment of 145 students as apprentices from the 4th year from seven technical institutes in various Italian regions (in December 2015 there were 141 apprentices). The young people involved spent one day a week in the company, while during the summer they had the chance to undertake on-the-job training at the operational units on the electricity network and at power generation plants.

Industrial relations

G4-DMA LA G4-LA4

Enel applies the labor law of the various countries and the International Labor Organization's (ILO) Conventions on workers' rights (freedom of association and collective bargaining, consultation, right to strike, etc.), systematically promoting dialogue between the parties and seeking an adequate level of agreement on corporate strategies on the part of employees.

Industrial relations at Group level continue to be undertaken in accordance with the model envisaged in Enel's Global Framework Agreement (GFA), which was signed in Rome in 2013 with the Italian federations and global federations IndustriAll and Public Services International. The agreement is based on the principles of human rights, labor law and the best and most advanced systems of transnational industrial relations of multinational groups and reference institutions at international level, including the ILO.

During 2015 efforts intensified with regard to information and consultation for both the European Works Council and the Global Works Council in relation to the Group's new organizational structure and the scheduled meetings with the heads of the Global Business Lines. The organization of Expo 2015 and Enel's activities in the company pavilion and in managing Expo's smart city allowed to hold the plenary meeting in July 2015 in Milan, and, at the same time, to take the tour of the national pavilions of countries where Enel operates. In the various meetings of the Select Committee joint training was also identified on economic issues and sustainability, which took place in November in conjunction with the second EWC/GWC, which was well received by the various members of the Group's worker-representation bodies.

During 2015 Enel took part in two projects coordinated by the ILO and by BusinessEurope on Transnational Company Agreements (TCA), in which the Enel Global Framework Agreement was recognized and appreciated as best practice at the level of European and non-European multinationals.

Minimum notice period in the case of organizational changes

Country	Minimum period	Legal provisions/collective agreements
Italy	25 days.	Legal provisions
Spain and Portugal	30 days.	Framework Guarantee Agreement for Endesa SA and subsidiaries in Spain (September 12, 2007)
Slovakia	60 days for workers who have been employed for less than 5 years, 90 days for workers who have been employed for more than 5 years.	Legal provisions
Russia	60 days.	Legal provisions
Romania	Employers are obliged to inform and consult workers' representatives on development in the company's economic and business situation. For collective dismissals, minimum 30 days notice to unions and 20 days to workers. The maximum period for the collective dismissal procedure is 90 days.	Legal provisions Collective Contract
Argentina	Obligation of periodic update to workers' representatives; traditionally the notice period for changes in working hours, in the role of employees or the work location is 48 hours, although there is no specific regulation.	-
Brazil	Obligation to provide "prompt" information.	-
Colombia	Neither the law nor collective bargaining envisage a minimum notice period in the case of organizational changes.	-
Peru	Neither the law nor collective bargaining envisage a minimum notice period in the case of organizational changes.	-
Chile	Neither the law nor collective bargaining envisage a minimum notice period in the case of organizational changes.	-

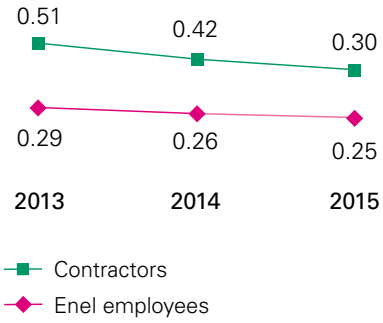
Occupational Health and Safety

G4-DMA LA G4-LA6

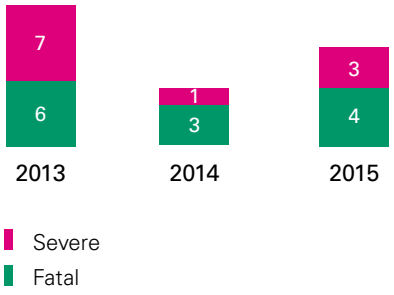
Enel considers health, safety and psychophysical integrity of people its most valuable asset, one that must be protected at all times in life, whether at work or at home and during free time. Every person is responsible for his or her health and safety and that of those others with whom he or she interacts, and therefore commits to developing and promoting a strong safety culture wherever Enel operates in the world.

The constant commitment of everyone, the integration of safety in processes and training, the reporting and analysis of near misses, the rigorous selection and management of contractors, continuous quality controls, the sharing of experience throughout the Group and comparison with the top international players are the cornerstones of the culture of safety.

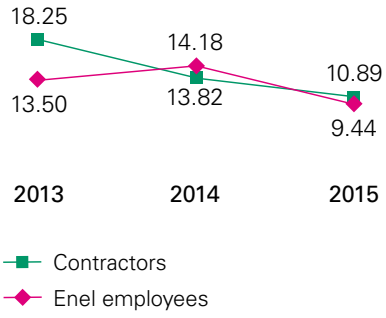
Lost Time Injuries Frequency Rate - LTIFR (i)



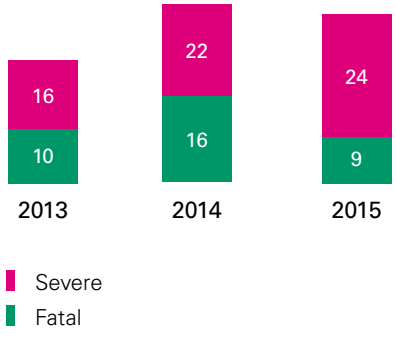
Fatal and severe accidents - Enel employees (no.)



Lost Day Rate - LDR (i)



Fatal and severe accidents - Contractors (no.)



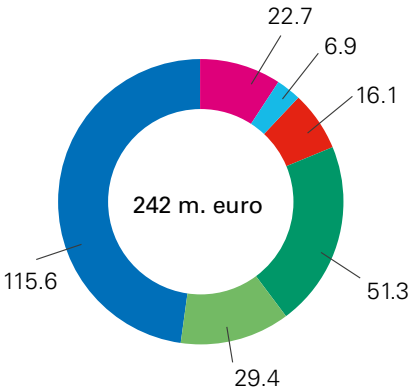
In 2015, the Lost Time Injuries Frequency Rate (LTIFR) and Lost Day Rate (LDR) of Enel Group **employees** correspond to 0.25 (down by 3% vs. 2014) and 9.44 (down by 33% vs. 2014) respectively. The indices related to **contractors** are 0.30 (down by 28% vs. 2014) and to 10.89 (down by 21% vs. 2014) respectively.

In 2015, 13 fatal accidents occurred in Enel Group (6 less

vs. 2014), 4 of which involved Enel employees (3 electrical accidents and 1 mechanical), while the other 9 accidents involved contractor employees.
All fatal, severe, and significant events related to Enel employees and contractors are analyzed by a group of experts, identifying as root causes mainly human behaviors and deficiencies in work planning and supervision. Following the analyses, specific improvement actions are defined and corrective actions are monitored until completion (reporting system in place).
Where contractor companies are identified as inadequate, measures such as contract termination and suspension of qualification are adopted. Country improvement plans are defined and implemented with the scope of prevention. In 2015 these resulted in the reduction of the work accident indexes of many countries in comparison with 2014.

In 2015, there was an update of the Policy "Classification, communication, analysis and reporting of incidents", that defines the roles and the ways to guarantee the timely communication of accidental events and to ensure root cause analysis, the definition of improvement plans and the progress monitoring thereof.
The document details communication and investigation modalities for events such as "near misses", that could have resulted in severe injuries

In 2015, Enel invested **242 million euro in safety**, marking an increase of 1.5% vs. 2014



100%

OF ENEL GROUP OPERATIONAL COMPANIES HAVE IMPLEMENTED HEALTH AND SAFETY MANAGEMENT SYSTEM CERTIFIED ACCORDING TO THE STANDARD **OHSAS 18001:2007**, EXCEPT FOR SOME RECENT COMPANY ACQUISITIONS OR COMPANIES SUBJECT TO SIGNIFICANT ORGANIZATIONAL OR BUSINESS CHANGES THAT MAY NOT CURRENTLY HOLD OHSAS 18001 CERTIFICATION, BUT ARE ACTIVELY IN PURSUIT THEREOF

The **Health & Safety (H&S) Holding** Unit has an important oversight role to guarantee Group Governance and promotes the sharing of best practices in-house but also collaborates with international top players as part of an external benchmarking program in order to identify opportunities for improvement.

Alongside the Holding Function, the **Health, Safety, Environment and Quality (HSEQ)** Functions of the Global Business Lines provide guidance and support on Health and Safety issues to the Business and define and monitor the implementation of improvement plans. In addition, these Functions are responsible for defining H&S objectives, procedures and KPIs for their business line perimeter, in coordination with the Holding Function, as well as for guaranteeing their implementation.

In **Italy** and **Spain**, which are the biggest and most complex parts of the Group, the **Country H&S Functions** manage the H&S processes for personnel from Staff Functions, Services and the Market Business Line. In the other countries, the H&S processes are managed by the HSEQ Function of the prevalent Business Line.

Development of the culture of safety: communication and training

G4-EU18

In 2015, almost 900 thousand hours of H&S education, information and on-the-job training were provided for Enel employees with the objective of improving knowledge and specific competences of workers in the Group.

100%

STAFF AT CONTRACTING COMPANIES WHO WILL WORK FOR ENEL AND WHO HAVE RECEIVED TRAINING ON SAFETY FROM THEIR EMPLOYER

OVER

320 thousand hours

OF H&S INFORMATIVE SESSIONS AND INDUCTION PROVIDED FOR CONTRACTORS

The **7th International Health and Safety Week**, that is the most important communication and awareness raising initiative on H&S, took place from June 15 to 21, 2015 providing a moment for all Enel employees and contractors around the world to reflect on Health and Safety themes.
On April 28, 2015, on the occasion of the **World Day for Safety and Health at Work** promoted by ILO, the CEO used his blog "Continuous Dialogue" to make the post "Safety at Work", concluding with the words "We must always remember: life – ours and those of others – is what's at stake". The post aimed to stimulate all Enel employees to reflect on the importance of the Occupational H&S and to compel them to strengthen their commitment.
Furthermore, during the year, there were various communication campaigns related to H&S focusing on specific issues like the road safety campaign "**Listentothesigns**" that began in September involving the CEO himself for promoting the adoption of safe driving behaviors.

One Safety

G4-EU18

In order to reinforce a safe approach to work, the entire perimeter of the Enel Group adopts the "One Safety" tool, that focuses on the observation of worker behaviors.
Since 2012, more than 14 million behaviors have been registered through the completion of more than half million checklists in approximately 1,500 sites.
Since 2014, the project was extended to contractors and more than 330 companies have participated worldwide. Results from observations are shared in a constructive and non-punitive way enhancing worker involvement in improvement initiatives.
In 2015, an app for smart devices was introduced enabling the registration of behavior observations directly on the field. Contractors received access to the IT platform "One Safety Tool" for the management of observations and corrective action plans, already in use among Enel employees.

Safety in contract processes

G4-EU18

Enel scrupulously follows its contractors from the selection process up to the completion of the contracted work activities. In 2015, the **contractor selection process** was modified introducing more stringent requirements regarding H&S performance. For contractors involved in high-risk activities there is also a pre-qualification audit.
Since 2015, the Vendor Rating system includes a global model to define and standardize the impact of significant accidents on the contractor's **Vendor Rating** index.
In October 2015, the 5th edition of the Enel Group **General Contracting Conditions** (**GCC**) came into force, updating the list of H&S violations classified in three degrees of gravity, and revising the **subcontracting guidelines**, defining the circumstances in which subcontracting is allowed, the minimum safety requirements subcontractors must meet, and the safety obligations that both contractors and subcontractors shall fulfill.

In 2015, specific initiatives that involved contractors were organized, like "**Contractor Safety Day**", i.e. workshops dedicated to contractors to share and promote improvement initiatives related to H&S topics.

Other specific initiatives involving contractors were promoted at local level, including the ones laid out in the table below.

Country/ Business Line	Initiatives which involved the contractors
Italy	The contractors were involved in specific initiatives related to inspections and surveillance during the execution of works and raising awareness on the importance of being attentive to safety. In particular, activities to extend the model for contractor qualification and Vendor Rating were initiated, and inspection activities on construction sites have been implemented for the production units Enel.Si and Efficienza Energetica Mass Market. In addition, safety meetings were organized with contractors for raising awareness on safety.
Spain	Partnerships were created with contractors in order to promote the culture of prevention, sharing best practice to guarantee optimal levels of health and safety for workers. The partnership "Alianzas" is an open relationship established among active partners, Endesa and companies, the strength of which lies in the different but complementary contributions which each brings to achieve the common goal of reducing the accident rate at work. In addition, the "Observaciones" continued which consist of observations of the conduct adopted by the employees of the contractors, in order to encourage the adoption of sound and safe conduct and correcting potentially at risk forms of conduct.
Romania	Conjoint meetings were organized with the Enel and contractor employees involved in projects such as "**Alerta**" and "**Noii Pasi**", both focused on occupational safety. The goal is to raise the awareness of contractors through a proactive approach during inspections that enables direct feedback and the possibility to discuss the issues emerged so all parties are aware of the risks and dangers linked to the various activities undertaken. In addition, in 2015 the **Safety Coaching** project was developed, with the aim of increasing awareness on safety among all contractors working with Enel, regardless of whether they have an active contract with the Group (for example, telecommunication companies). All the Enel training centers have been made available to contractors for the final test on Safety Coaching. During the Safety Coaching sessions, the companies are given the opportunity to learn about the Group's working methods and all Enel safety standards. During 2015, the results of the analyses of the accidents that occurred were shared with contractors with the purpose of avoiding their reoccurrence in the future and stimulating the involvement of contractors in the solutions adopted.
Latin America	In 2015, 31 improvement plans were implemented in 5 countries to promote safety in contracting processes.
Enel Green Power	On October 27, 2015, the "**Stop Work Day**" was organized at all **Enel Green Power** construction sites worldwide: at the beginning of the working day, colleagues stopped working for one hour, taking a moment to reflect on the issue of occupational safety. The purpose of the initiative is to draw the attention of all the people involved in work execution to the importance of working safely, adopting responsible behaviors and respecting work procedures. The **Enel Green Power** "**Safety & Environment in Procurement**" project envisages the administration of a preliminary questionnaire to contractors who decide to take part in procurement tenders. The questionnaires are assessed by the Health, Safety, Environment & Quality Function, following additional interviews, and on the basis of a grid of assigned final scores, selects the contractors that are to be admitted to the economic evaluation of the tender offer. All of this information, coming from around the world, is archived in a centralized digital archive.

Besides the awareness-raising initiatives, in 2015, inspections and on-field controls of contractors amounted to over 350 thousand, with an increase of 32% in comparison with last year.

Extra Checking on Site (ECoS)

In 2015, conceived and developed by Enel Green Power, this control tool was extended to the entire Enel Group. The "Extra Checking on Site" tool has the scope of evaluating the adequacy of the organization, commitment and processes in a pre-determined operative area. These controls are performed by expert HSEQ personnel external to the operating unit subjected to the assessment, together with technical experts specific to the business and permit to identify areas for improvements and to define corrective actions that are subsequently properly monitored until completion.

In 2015 approximately 140 ECoS were completed in the operating units of the Group.

Structural safety and technological innovation

In 2015, new innovative safety projects were launched, including:

- "**Virtual Reality 3D Simulator for Health and Safety Training**", aimed at applying virtual reality to Health & Safety training and raising worker awareness on responsible and safe behaviours through learning from mistakes;
- "**Intrinsic Safety**" project focused on the design and analysis of existing machinery and new technologies in order to reduce people's exposure to risk in the workplace and/or during work activities;
- "**Virtual Check Point Contractors**" is a smartdevice application to support the process of inspections on contractor work force and the means with which they execute works at operational sites. Through ID badges provided to contractor employees it is possible to verify if the people present in the operating units are actually those communicated by the contractor, and, in particular, if they possess the proper work profiles for the execution of the assigned activities.

Pilot activities envisaging the use of **drones for inspections** in chimney stacks, boilers and conduits, in power plants have been launched with the scope of preventing the risks associated with the direct access of workers to these locations.

In **Spain,** the **APP5RO** application for smartphones and tablets was implemented, requiring to photographically document the correct application of the procedural steps associated with electrical works, and a particular **sensor** has been tested which is placed on safety helmets and can sense the presence of voltage (MV) before entering the danger zone. In 2015, the "**New Hybrid Portable Ladder**" project, which led to the development of a new technology for ladders in both technical and safety terms providing both comfort and electrical protection, was concluded in **Romania**. In addition, a particular system was developed for anchoring the ladder to a pole and the worker to the ladder.
For some years now, a plan to improve the standards of the company vehicle fleet has been in place, that has seen the adoption of new systems and devices to support safety, including **black boxes** able to provide assistance and support to drivers both while driving and in emergency situations.

Health in Enel

In October 2015, on the occasion of the appeal made by the World Health Organization for breast cancer prevention, a global company awareness campaign was launched. The campaign involved the participation of specialized physicians to conduct control visits and talks with women who have beaten cancer, the distribution of a pamphlet with useful advice, free screening sessions, and a tutorial video for breast self-examination. On the basis of global healthcare emergencies, information campaigns were launched to caution workers who travel in at risk countries.
With regard to health culture and work-life balance, in 2015, a Global People Care Assessment was conducted, examining the implementation of programs, projects and policies in Group countries on various topics,including those of wellbeing (see the chapter "Our people"). As a result of the various analyses, initiatives of excellence were identified for sharing with the entire Group.

Besides the global initiatives, specific health-oriented activities have been launched at local Country level as well, laid out in the table below.

Country/ BusinessLine	Health
Italy	> In 2015, the **Assessment of Risks from Work Related Stress** was updated for the Production Units of Infrastructure and Networks, Market, Enel Italia, Global Trading Italia and Enel SpA, and final survey documents signed by the specialists in-charge were delivered. Enel Produzione also launched the process for updating the assessment of the risk of occupational stress, and this will be concluded in 2016. > **Workshop** "**Promotion of health and wellbeing**"; courses on life-saving maneuvers, courses on the use of defibrillators. > **Training sessions dedicated to personnel in Punti Enel** (Enel Store) on aggression by clients: "Healthy Workplaces Campaign" organized by the European Agency for Safety and Health at Work (EU-OSHA), for which INAIL is the reference point in Italy.
Spain	Various action plans have included initiatives on topics such as stress, discouraging smoking and the consumption of alcohol and drugs, musculo-skeletal conditions and prevention of cardiovascular diseases, anti-flu vaccines, "Entrénate" related to sedentary lifestyles and healthy diet, prevention of sports injuries not related to work activities, preventive diagnosis of tumors of the breast, prostate, and colon. In addition, courses on first aid were provided.
Russia	During International H&S Week, in Enel Russia various issues were addressed regarding the promotion of a healthy lifestyle, in particular, the initiatives "Give up smoking" and "Vitamin Days" for Enel and contractor employees and the activities "Clean-up Days" and "Clear Desk contests" for Enel employees were implemented. An action plan was developed, aiming to align Russian power plants to the more stringent Enel Group standards for work in confined spaces.
Argentina	Seminars and educational and informative programmes related to healthy eating were delivered in 2015. These educational activities were addressed to both Enel and contractor employees. In addition, a "stop-smoking course" was also delivered. There were also programmes for education on specific risks with the scope of prevention of occupational diseases.
Brazil	Anti-smoking campaigns; vaccination campaigns; prevention campaigns related to breast and prostate cancer; "Pregnancy Health Program" for counseling and support of pregnant women.
Chile	Awareness promotion on topics related to prevention and health. Educational training and informative programmes related to musculo-skeletal conditions and prevention of cardiovascular diseases. Communication campaigns and programmes addressing awareness on psychosocial well-being, health, and life quality were implemented: programme for the analysis of psychosocial risks 2015, having the scope of understanding the risk factors in the organization and work conditions, and to assess the impact on the health of employees; vaccination campaign addressed to all employees; programme "Mujer Sana" for the prevention of breast and cervical cancer; programme "Gimnasia de Pausa"; programme for health surveillance extended to retired employees. In addition, there is a policy for action against alcohol and drug consumption, as well as a plan for preventive medical examinations.
Colombia	Campaign with interviews on breast cancer prevention, distribution of informative pamphlets and educational material, preventive medical examinations and free specialized consultation sessions.
Peru	As a part of the annual plan on health, there are periodical information and prevention campaigns related to the identification and timely treatment of diseases: educational sessions, distribution of pamphlets, medical exams and free specialized consultations. In particular, in 2015, programmes were implemented on the following subjects: stress prevention and promotion of healthy lifestyles; prevention of cardiovascular diseases; ergonomics and prevention of musculo-sceletal conditions; breast cancer prevention. In addition, each employee was given a risk chart associated with his/her specific work activities and initiatives for the promotion of health and safety were organized for the International H&S Week and the World Day for Safety.
Enel Green Power	There were various information and awareness promotion campaigns related to health topics: in all of the countries, first aid sessions were organized; in Brazil, there were informative sessions on the prevention of alcohol addiction and sexually transmitted diseases and campaigns for promoting blood donation and vaccinations; in Guatemala, there were first aid courses related to venomous animal bites; in Chile, there was a workshop on the topic of prevention of damage caused by UV rays and on the importance of an active lifestyle; in Greece, there was a session on skin cancer, while in the USA (Rocky Ridge), there was a highlight on the rules for executing work in the summer season, in conditions characterized by high temperatures. Initiatives for involving the families and the communities were also organized, such as: in Chile, a creative writing competition "Mi Trabajo Más Seguro" where employees were invited to send their stories on the topic of safety; in Greece, a workshop for families on the topic of bullying in schools; in the USA, an initiative with the involvement of families for the elaboration of an emergency plan (Ice cream event) and a series of meetings with employees' families in the main plant locations for providing information on safety ("Family Education Day").

Safety of communities and of third parties

G4-DMA PR G4-PR1

Enel plants are built in compliance with legal provisions and good practices and are equipped with health and safety management systems, with the aim of eliminating/minimizing risks both for workers and for communities. Plant, machinery and equipment are subject to systematic inspections and periodic maintenance in order to guarantee normal operation, in compliance with the law and in accordance with the highest standards.
In order to guarantee the health and safety of the community and reduce the impact of Company production activities on the external environment, periodic measurement campaigns are conducted in the Company to monitor indicators such as:

> the level of the electromagnetic fields generated by electrical distribution plants;
> the noise level generated by electrical machinery installed at production plants, substations and transformer centers.

These periodic measurement campaigns permit to keep risks under control and within the legal limits also for the communities in the areas where the Company operates.
The following environmental aspects are monitored: atmospheric emissions (polluting gases, greenhouse gases, particulates, vapors, aerosols); discharges to surface water; waste production, recycling, reuse and disposal; land contamination; physical agents (noise, vibrations, dust, etc.); impacts following accidents and emergencies; biological impacts and impacts on ecosystems (biodiversity, etc.).

Managing emergencies

G4-DMA SO

Enel has introduced a crisis management system, which establishes a common management approach to critical events in the various countries where the Company operates through the adoption of standard means and which guarantees the appropriate involvement of the competent company departments both in the case of events limited to a national level and in the case of serious crises which involve the whole Group. According to this approach, it has been envisaged to adopt a global measurement system, with a 3-level scale, to assess the magnitude of the impact caused by the critical event. Crises with a high impact level are managed centrally, while those with a medium or low impact level are managed within the specific organization in the individual countries.

For crises with a high impact level, it is envisaged to set up a central crisis committee chaired by the Chief Executive Officer, which also involves the heads of Holding Functions. In these cases, an operative centre is active in Enel Headquarters in Viale Regina Margherita, Rome, providing 24-hour support for communication and coordination of the flow of information. Periodic simulations are foreseen for the verification of the correct functioning of the system.

In the Parent Company there is a Security unit as part of the Staff and Organization Function with the aim of defining strategies and guidelines on the issues of safety, guaranteeing reporting to top management and promoting the sharing of best practice. In addition, a travel security process has been established with the aim of protecting Enel staff travelling abroad by supplying information and notices on the destination countries, indicating the conditions which could represent risks for the health and safety of travelers (for example, political unrest, terrorist attacks, crime, healthcare emergencies, etc.), providing the guidelines and conduct to be followed and activating security measures needed in regard to the risk level identified for the destination country.

Nuclear policy

G4-DMA EC

The long-term prospects and the commitment to the safe management of nuclear activities are clearly expressed in the integrated policy which was adopted as from February 2012. This policy focuses not only on safe nuclear operations, but also on the integration of nuclear safety into all the corporate processes, stressing the importance and particular nature of being a nuclear operator. The policy confirms the commitment of top management to undertake all the activities in such a way that the operational nuclear units and the investment projects are managed and developed safely and with the protection of workers, the local populations and environment as the most important priority, as well as encouraging excellence in all stages of the process and going beyond simple respect of the law.

Checks on the safety of nuclear power plants, i.e. the stress tests which were arranged in Europe immediately following the Fukushima incident, seek to measure the size of safety margins at nuclear power plants given extreme external scenarios, such as earthquakes or flooding, and incidental scenarios, for example the lack of electricity or the lack of water for cooling, thus investigating the response of the plant should it be subject to unplanned operating conditions. The nuclear power plants have been carefully studied and the improvements identified are being implemented. These measures include, for example, the installation of new safety systems, the availability of mobile equipment powered by diesel generators that can be easily connected to the plant, and technologies to guarantee the continuity and availability of electric power in the case of a total blackout.

Besides this, in **Spain**, the Group, through Endesa, promotes interesting projects for its own power plants such as, for example, the nuclear program of the EPRI (Electric Power Research Institute), whose goal is to improve the operating excellence of power plants, and the coordinated research program "PCI" which aims to analyze the safety of nuclear power plants (for more details see "Nuclear asset management" – www.endesa.es, www.seas.sk).

Industrial relations for health and safety issues

G4-LA5 G4-LA8

In most of the countries in which the Group operates, specific **collective agreements are in force to regulate aspects of workers' health and safety**. In other cases these aspects are included in the collective bargaining applied at national level. In order to facilitate the implementation of health and safety initiatives and to encourage the sharing of decisions and results, in all the Group countries a number of joint committees have been set up dedicated to monitoring and controlling health and safety conditions nationally. With the aim of facilitating the integration and standardization of the committees which operate at different levels, during 2012, in Italy the **multilateral health and safety committee** was set up, in accordance with the 2012 Italian model of industrial relations. The committee has the task, in particular, of promoting prevention and training activities, as well as raising awareness of health and safety issues, and, finally, drawing up and collecting examples of good practice. As from 2013, this aspect was further extended to the whole scope of the Enel Group, through the creation of a bilateral commission for health and safety at Group level, set up by the **Enel Global Framework Agreement** of 2013. This committee in 2013 drafted and defined an agreed recommendation which can be applied in all Enel countries, focused on the introduction of Health & Safety Standards: a set of common and strict rules for the prevention of specific risks related to generation, distribution and construction work in the electricity sector.

Country	Joint safety committees
Italy	During 2012 a Bilateral Committee on Policies for Safety and Protecting the working environment was set up, in conformity with the Italian model on industrial relations of July 17, 2012. Among the various activities of the Committee is that of promoting activities, training, prevention and awareness-raising on health and safety issues and drawing up and collecting good practice. There are also two committees which operate at divisional level for Distribution and Generation. At least once a year periodic meetings are organized with employers, the head of the prevention and protection service, the competent doctor and the workers' safety representative (100% of workers are represented).
Russia	In every OGK5 plant there are committees which deal with health and safety. Every organizational unit has a worker representative for occupational health matters, for a total of 100 representatives, who communicate with the company and unions.
Slovakia	At each Slovenské elektrárne plant a Health&Safety Committee is set up consisting of representatives of the employees (indicated by the unions) and of the company. The Committee periodically assesses the state of implementation of health and safety plans and policies and proposes measures to manage, monitor and improve safety.
Romania	In accordance with legal provisions, in each company in Romania there is a Health & Safety Committee, consisting of representatives of the company and unions and the company doctor, which meets quarterly to discuss specific issues, propose operational measures and improvements.
Spain	At national level the *Comisión de participación y control* has been set up and, at local level, *Comités de seguridad y salud territoriales* have been set up.
Argentina	In 3 power plants there is a bilateral committee on hygiene and health, which meets once every month or two months.
Chile	At all production sites with more than 25 workers there are *Comités paritarios de higiene y seguridad*, which meet at least once a month and whenever a fatal accident occurs.
Peru	There are 5 bilateral committees, which also see the involvement of representatives of contracting companies.
Brazil	At all sites a *Comissão interna de prevenção de acidentes* is set up and consists of representatives of the Company and representatives of workers, focused on establishing accident prevention initiatives.
Colombia	Two joint committees have been set up (COPASO), one for Distribution and one for Generation, which have the task of promoting the law on occupational health.

Sustainable supply chain

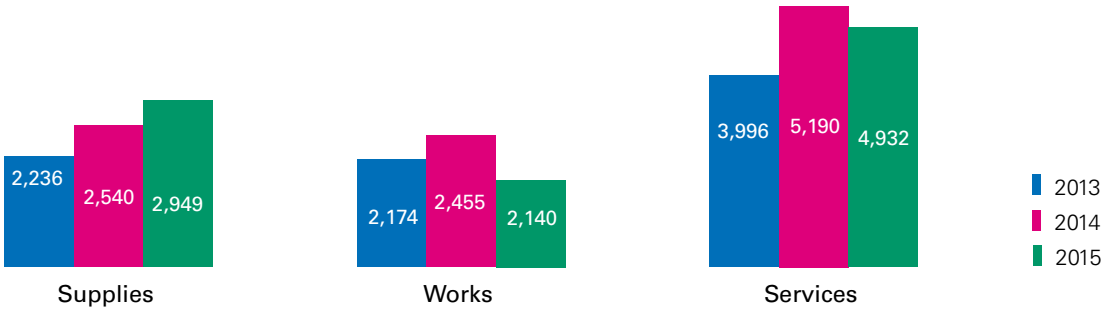
Enel bases its purchasing processes on pre-contractual and contractual conduct which is focused on reciprocal loyalty, transparency and collaboration. The performance of suppliers, besides guaranteeing the necessary quality standards, must be matched by the commitment to adopt best practice in terms of human rights and working conditions, health and safety at work, environmental responsibility and ethics.

Purchases and tenders for goods and services

G4-12 G4-13 G4-DMA EC G4-EN32 G4-DMA LA G4-LA14 G4-LA15 G4-DMA HR
G4-HR4 G4-HR5 G4-HR6 G4-HR10 G4-HR11 G4-HR12 G4-SO9

Enel entrusts tender contracts for works, services and supplies in compliance with the legislation in force and the principles of cost-effectiveness, correctness, competition, and advertising, using procurement procedures which guarantee participating companies the utmost transparency, objectivity and equality of treatment. In addition, specific sustainability criteria are envisaged in terms of the approval procedures, procurement choices, contractual clauses and means of checking the work of suppliers.

Purchases of materials and services 2015: around 10 billion euro



37,347

SUPPLIERS WITH WHICH ENEL HAS SIGNED A NEW CONTRACT IN THE YEAR

+27%

INCREASE IN APPROVED SUPPLIERS COMPARED TO 2014

132,272 FTE

WORKFORCE OF CONTRACTORS

During 2015 the **Sustainable Supply Chain Project** was launched which, through close collaboration between the Global Procurement and Sustainability Functions at both global and local level, aims to increasingly integrate environmental, social and governance issues into the strategy, by creating shared values with suppliers in the spirit of the circular economy. A key element is represented by the standardization throughout the Group of the criteria for selecting, assessing and monitoring suppliers from the ethical viewpoint, but, above all, in relation to the impact on the Company. In particular, during the year a questionnaire was developed to assess, during the qualification stage, the level of maturity of suppliers in regard to the issues linked to ethics, human rights and work practices, to environmental sustainability and fighting corruption, as well as to safety in the workplace.

Doing innovation together with suppliers in order to be safe and competitive

Finding innovative and concrete solutions to precise technical issues with the collaboration of suppliers and potential future partners, this was the objective of the workshop "Innovation by Vendors", promoted by the Global Procurement unit, which saw the participation of around 25 companies operating in the various industrial sectors. An approach which has never been tried before in Enel both from the viewpoint of the methodology of addressing the issues and for the way the event was organized, based on collaboration between the Company, external suppliers and other businesses. The companies first took part in a morning briefing session on three key technical challenges for the Torrevaldaliga Nord power plant, followed by a visit to the plant, and subsequently they were asked to draw up individual technical and economic proposals and to take active and open part in brainstorming sessions. An internal Enel commission will assess the individual proposals received and the ideas that emerged, in order to verify their subsequent realization.

(October 8, Torrevaldaliga Nord power plant, Italy)

Enel has always put **protecting the health and safety and mental and physical wellbeing of people**, whether its own employees or contractors, at the center of its corporate culture and production processes: for this reason Enel is committed throughout its whole scope to disseminate and consolidate the culture of health and safety, encouraging people to act responsibly, promoting greater focus on and awareness of risks and working for the continuous improvement of health and safety standards and including specific clauses in contracts. Therefore, suppliers in the areas that are considered at risk (site works, maintenance, supply and laying of materials) are assessed on specific accident indices, on policies linked to occupational safety, compliance with hygiene regulations, turnover, training programs, degree of obsolesce of plant and machinery and so on (see the chapter "Occupational Health and Safety").

The processes underpinning Enel's procurement system

Enel's global system of **qualifying suppliers** enables an accurate assessment of the companies which intend to take part in the procurement procedures and represents:

> a guarantee for Enel, since it is an updated list of subjects of certified reliability on which to draw;
> the possibility, in compliance with the laws in force, for suppliers, to be called on for procurement tenders organized by Group companies.

The qualifying process requires, also in compliance to the law in force, the presentation of a series of documents (self-certification regarding the possession of the general prerequisites, financial statements, certification, etc.) and, among other things, the adhesion to the principles expressed by the Code of Ethics, by the Zero Tolerance of Corruption Plan and by the 231 Compliance Program, the Policy on Human Rights, the ten principles of the Global Compact with specific reference to the absence of any conflict of interests (including any potential conflict). All qualified suppliers have been requested, during the formalization of the contract, to provide specific documentation certifying they are up to date with the payment of social security contributions (impact on the company). 49% of the new suppliers approved in 2015, which operate in sectors considered at risk, were assessed taking into consideration also criteria linked to work practices, safety performances (including accident indices), policies linked to workplace safety, OHSAS or equivalent certification, etc. In addition, for sectors with a high environmental impact (15% of the new suppliers approved in 2015), in the approval requirements the supplier's environmental per-

formance was assessed and, where necessary, they were asked to implement an environmental management system that conforms to ISO 14001. For some categories relating to the Market Division specific requirements are envisaged in relation to the assessment aspects linked to staff turnover and training. The companies included in the Enel Register of qualified Companies are also constantly monitored, including through the use of external databases, in relation to events for which the company and its main exponents are responsible (economic-financial reliability, administrative procedure taken against the company or its exponents), social security contributions, criminal procedures.

Requirements of good standing

In 2015, new operating practices were identified and are currently being implemented regarding the checks on the "Requirements of good standing" of suppliers, aimed at consolidating the existing control system through more incisive action to contrast corruption and in particular through:

- the determination of specific documentary criteria to certify the legal requirements and good standing, which are standard and applicable to the procurement process (from the approval stage to the assignment of the individual contract);
- the identification of operational verification methods aimed at enhancing the prevention instruments available and aimed at impacting in a rational, complete and decisive way on cases of corruption and on the factors which favor its dissemination;
- the promotion of a widespread culture of respecting the rules and ethics.

The strengthening of the checks on the possession of the aforementioned requirements, both in the stage of admission to the Approval System and maintaining the approval and in the stage of assigning a contract, is focused in particular on specific goods/contracts which are considered more sensitive.

In addition, Enel has established **specific contractual clauses**, which are periodically updated to take into consideration the various regulatory updates and to align to best practice, and which are included in all the tender contracts for works, services and supplies. In particular, the General Contract Conditions consists of a General Part which contains the clauses that are applicable in all the countries, to which are added country-specific annexes containing specific clauses applicable in each individual country. Currently there are 15 annexes in use (Italy, Spain, Portugal, Chile, Peru, Colombia, Brazil, Romania, Slovakia, Russia, Argentina, Guatemala, Panama, Mexico, Costa Rica). With these contractual clauses, Enel requires, among other things, its contractors and subcontractors to adhere to the ten principles of the UN Global Compact, the respect and protection of internationally recognized human rights, as well as respect of the ethical and social obligations on combating child labor and protecting women, equality of treatment, a ban on discrimination, freedom of union membership, association and representation, forced labor, environmental safety and protection, hygiene and sanitary conditions and other regulatory, pay, social security, insurance and tax conditions. Contractual commitments are then envisaged for Enel's contractors and subcontractors aimed at adopting conduct that is opposed to any form of corruption and extortion and to lead to conduct that does not harm the environment, favoring initiatives to promote greater environmental responsibility and the development and dissemination of technologies which respect the environment.

In order to guarantee respect of the aforementioned obligations and constantly check their fulfillment, Enel reserves the right to monitor and control its contractors and to terminate the contract in the case of violation.

The qualifying procedure is complemented by the **Vendor Rating system**, aimed at monitoring the performance of suppliers in terms of their correct conduct during the tender, and the quality, timeliness and sustainability in performing the contract. The Vendor Rating index can be used as an element to assess tender invitations and to continue contractual relationships in compliance with the law in force.

Through these monitoring and assessment procedures, Enel establishes a continuous dialogue with suppliers, with the purpose to collaborate with and not to sanction them, which leads to the highlighting of weaknesses and problems found and the sharing of corrective actions. In almost all cases the company's performance improves and the working relationship with Enel continues to mutual satisfaction.

3,739

NUMBER OF SUPPLIERS ASSESSED UNDER VENDOR RATING WITH AN ONGOING CONTRACT IN 2015

591

NOTIFICATIONS OF CRITICAL SITUATIONS

98%

PERCENTAGE OF SUPPLIERS ASSESSED WITH A CORRECTIVE ACTION PLAN WHOSE ESG PERFORMANCE IMPROVED FOLLOWING THE ACTION PLAN

Global PortalOne

In January 2015 a single global registration point was launched for suppliers and for all the companies in the Enel Group, a sole interface for the whole global procurement world.

This new function immediately allows the supplier, using their unique username and password, to interact with all the companies in the Enel Group through the global dashboard (called "myHome") and to use all the services available: responding to tender invitations, managing their own qualifying process, viewing their own Vendor Rating results, and so on. Online deals in 2015 in Italy numbered 1,640 and allowed around 430 thousand pages not to be printed, thus reducing the environmental impact of this work.

The contractors are also involved in numerous information-giving and training activities, such as the "Annual Suppliers' Days" which are organized in various countries; for example, in that organized in June 2015 by Enel Russia the prerequisites in terms of health and safety for contractors were presented, as well as anti-corruption policies, the Code of Ethics and conformity to international corporate standards for current and potential suppliers (see also the chapter "Occupational Health and Safety").

Development and use of local companies in the Istmo region (Mexico)

G4-EC9

Since 2012, the year when the two power plants of Stipa Nayaa and Zopiloapan in the State of Oaxaca, in Mexico, came into operation, Enel Green Power has provided work opportunities in O&M activities to around 10 local companies, favoring their development and so contributing to the economic and social participation of around 50 families from the State of Oaxaca. Local companies were involved in the routine maintenance work on the plants and in general services (for example, security guarding, drinking water services, road maintenance and onsite civil engineering works).

Green Procurement

G4-DMA EN G4-EN33

The Environmental Management System of Enel Italia includes, in Italy, the green procurement business, in other words the procurement of products and services which are more environment-friendly than others which may be used for the same end. In particular ad hoc requirements have been introduced (relating to energy consumption, use of water, consumption of raw materials and dangerous substances, use and recovery of packaging, polluting emissions and noise, recycling/reuse of the waste produced) in the technical specifications to call new green tenders.

Green procurement contributes also to increasing the purchase of recycled materials.

Enel has set the goal of increasing the types of green goods and services, both by applying new ecological criteria to other geographic areas, and by adopting international ecological brands which are continually updated (Ecolabel, Nordic Swan, Blue Angel, etc.).

In 2015 total green purchases in Italy stood at 807.5 million euro (663 million euro in 2014). In particular, this includes purchases relating to 24 product groups identified as green (around 244 million euro) and the tenders awarded to suppliers holding for the product or environmental management system certifications or who have ongoing certification (around 564 million euro). The increase compared to the value in 2014 was largely due to the inclusion of 3 new product groups: demolition works on large scale plant, works on low- and medium-voltage plant and complete primary cabins.

Group product code	Green product groups	Contractual value (m. euro)	% of total
FEAP01	Lead and hermetic accumulators	3.0	1.2%
FETR15	Oil immersed MV/LV transformers and self-transformers	0.4	0.2%
FETR16	Resin MV/LV transformers and self-transformers	0.4	0.1%
FHPC02	Ammonia	4.2	1.7%
FIHC01	Storage devices (magnetic disks and backups)	3.0	1.2%
FIHD04	Personal computers (Desktop, Notebook and Palmtop)	10.1	4.1%
FOCA02	Stationery, printers, cardboard, toner, IT materials and accessories	0.4	0.1%
FOMO05	Furniture and fittings for offices	2.0	0.8%
FOPA03	Supply of promotional items	0.1	0.1%
LCCC04	Demolition of buildings	4.4	1.8%
LCCC20	Demolition works on large scale plant	1.1	0.4%
LELE05	Works on low- and medium-voltage plant	114.2	46.7%
LESC01	Complete primary cabins (civil and electric works)	19.3	7.9%
LIOP02	Tunnels, canals, and hydraulic works – construction and maintenance	10.5	4.3%
LMIS01	Insulation installation and removal and hire of scaffolding	1.5	0.6%
LMTS04	Industrial paints	1.3	0.5%
MCMO08	Routine maintenance services for buildings	0.7	0.3%
MMIM18	Operation and maintenance of wind farms, specialist interventions on wind turbines	5.6	2.3%
MMPI02	Industrial cleaning and washing	5.7	2.3%
SLPI04	Cleaning – transport, goods/material movement and porterage	1.0	0.4%
SLRA51	Management of canteens, company bars and supply of restaurant vouchers	14.6	6.0%
SLTR28	Transport and movement of goods/materials and porterage	21.8	8.9%
SRTS21	Transport and disposal of non-hazardous special waste	12.6	5.2%
SRTS22	Transport and disposal of hazardous special waste	6.6	2.7%
Total		**244.4**	**100.0%**

Fuel procurement

G4-DMA EC

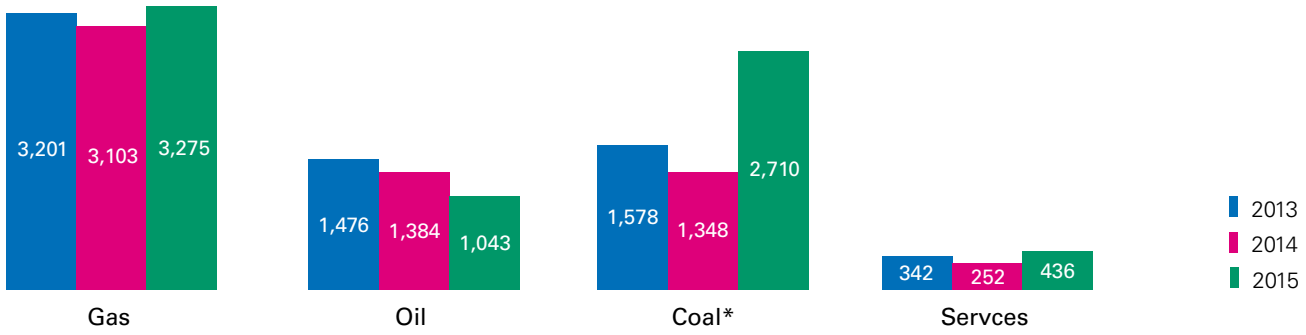
Purchasing solid and liquid fuel[9] is a strategic activity for the Group, since it plays a leading role in guaranteeing the security and continuity of thermoelectric energy production. The selection of fuel suppliers is done by assessing economic and financial aspects of the counterparties and the possession of the technical and commercial prerequisites. Suitable counterparties are subsequently included in specific Vendor Lists. Purchase contracts signed with such sup-

(9) Information referring to solid and liquid fuel, unless otherwise indicated.

pliers are subject to the rules adopted by the Group regarding the Code of Ethics and the Zero Tolerance of Corruption Plan, to which suppliers must adhere.
In relation to purchases by sea from the international market, a check is made that suppliers are not on specific blacklists of the UN, European Union and the US Office of Foreign Assets Control, lists which respectively identify individuals or organizations connected with terrorist organizations, organizations subject to financial sanctions by the EU and so-called SDN (Specially Designated Nationals) organizations which are subject to sanctions by the United States for accusations, among other things, of terrorism or drug-trafficking.
Finally, in order to mitigate the risks from fuel transport by sea, Enel has adopted a tool to assess and select the transporters used, known as vetting. Vetting is a recognized industry standard for oil transport, but for some years Enel and a small number of operators have started to apply the same methodology also in the sector of dry bulk transport (minerals, coal, cereals).

In 2015 the total amount of fuel purchases was around 7.5 billion euro.

Fuel purchases (m. euro)



*Coal, lignite and biomass

Bettercoal (bettercoal.org)

G4-DMA HR

In February 2012, together with the main European utility companies, Enel set up BetterCoal, a global initiative with the aim of promoting continuous improvement in companies' responsibility in the coal production chain. Bettercoal intends to enhance ethical, social and environmental practices in the coal production chain, so as to bring improvement for workers, communities and the environment. Since the creation of Bettercoal, the founding companies have contributed to the definition of a code, with the aim of creating a global reference for ethical, social and environmental practices in the management and operation of mines. The alignment of operations in the various mines to the principles contained in the Bettercoal code can be done through self-assessment by mine operators and verified by an independent auditor appointed by Bettercoal. Should cases of non-compliance be found compared to operational best practice, an action plan is jointly drawn up.
During 2015, the association undertook 3 on site audits at mines which had adhered to the project and completed the self-assessment of 12 mines (another 4 are about to complete it). In addition, the number of members of the association rose to 13 (11 in 2014), plus 4 associate members (3 in 2014).
Alongside its own operational development, Bettercoal is increasingly becoming a role model for collaboration that seeks to improve socially responsible practices in the coal production chain. In all these activities, Enel has been an active participant and has strongly promoted, among other things, involvement in the initiative among its own suppliers and at the main institutional and coal-sector organizations. In addition, Bettercoal's involvement in various forums relating to coal and sustainability continued to grow to the point that the initiative became a reference point used by European governments as an example of improved collaboration on responsibility in the supply chain. Finally, Enel, in relation to purchases by sea from the international market, in 2016 will adopt a procedure which will include the Bettercoal analysis in the process of selecting counterparties.

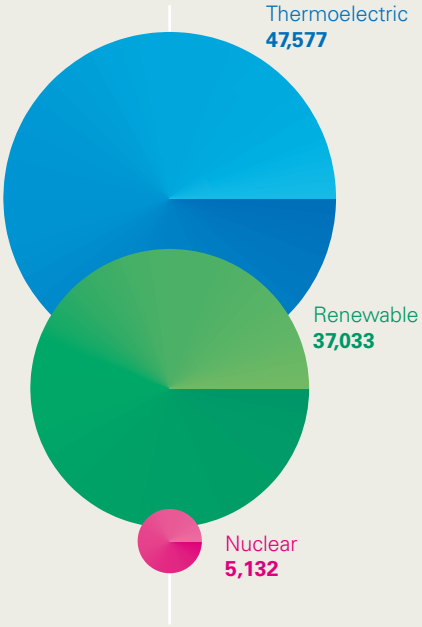
Environment

G4-9

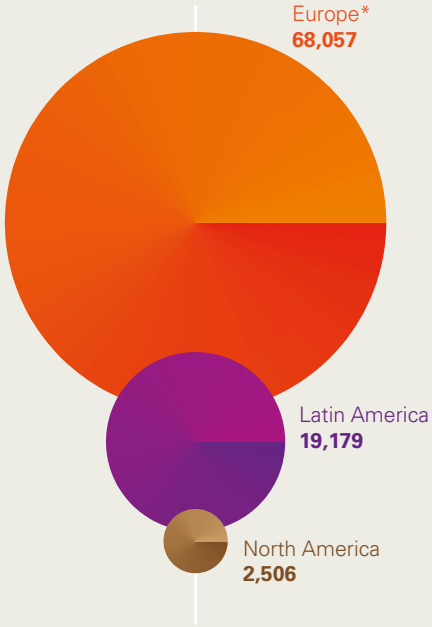
Net installed capacity in 2015

MW

BY **SOURCE**

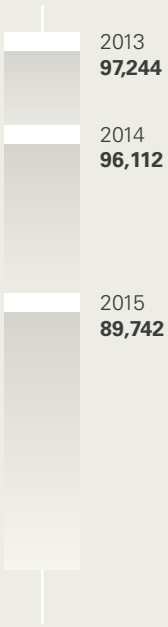


BY **GEOGRAPHIC AREA**



MW

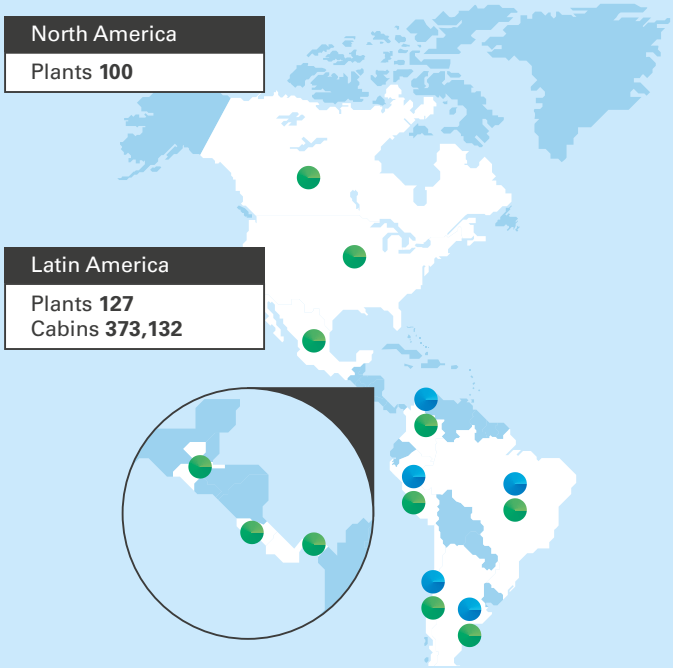
BY **YEAR**



Length of grid

km

Country		Plants	Cabins
Canada		2	-
United States		98	-
Argentina		3	18,600
		2	
Brazil		1	252,932
		38	
Chile		8	22,232
		28	
Colombia		2	69,606
		14	
Costa Rica		3	-
Guatemala		5	-
Mexico		9	-
Panama		2	-
Peru		3	9,762
		8	
Uruguay		1	-



Source

Thermoelectric | Renewable | Nuclear

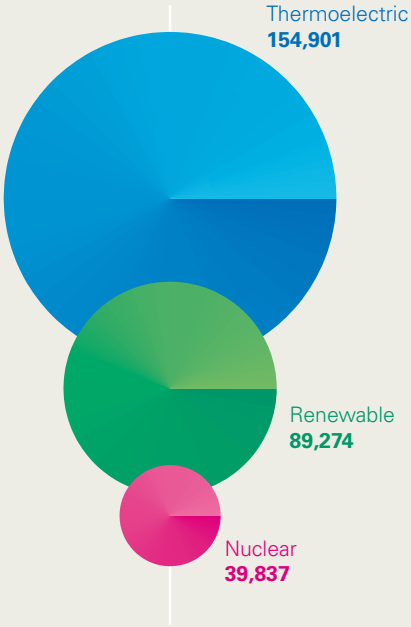
Geographic area

Europe | Latin America | North America

Energy production in 2015

GWh

BY **SOURCE**



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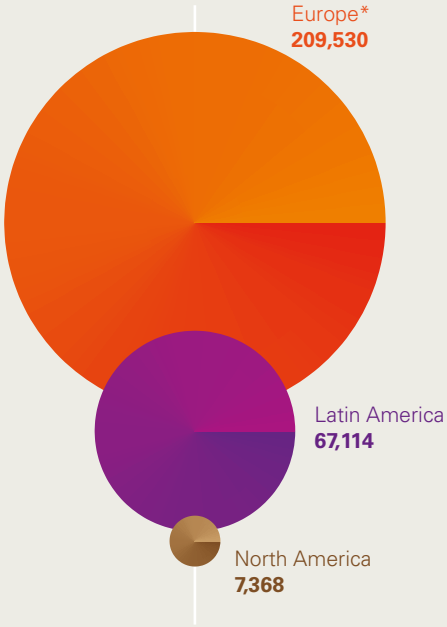
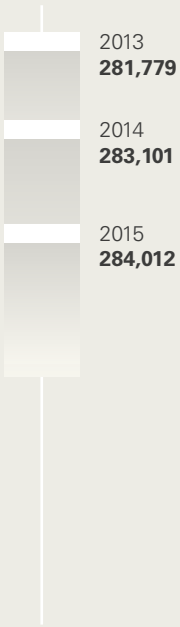


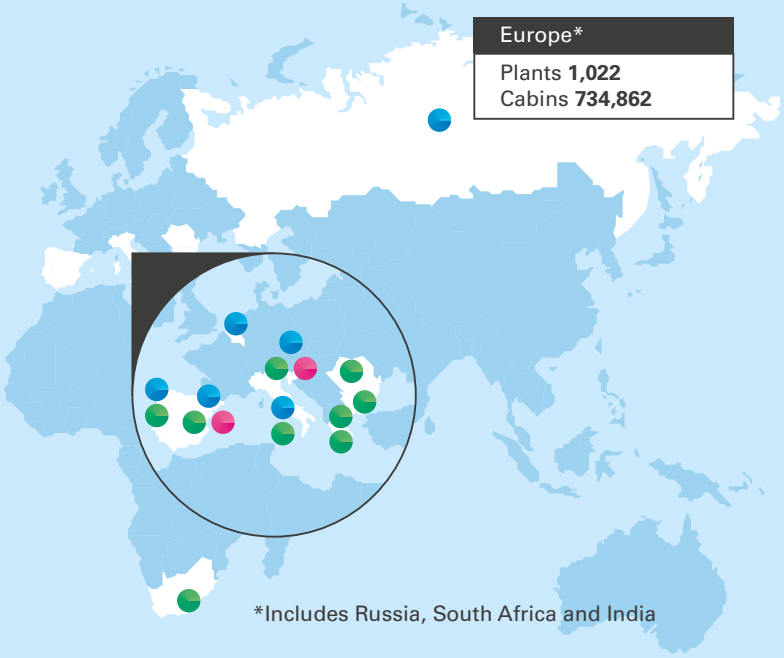
GWh

BY **YEAR**



Low voltage

1,165,373



Country	Plants	Cabins
Belgium	1	-
Bulgaria	2	-
Greece	50	-
Italy	38	578,836
	604	
Portugal	1	-
	13	
Romania	13	22,482
Russia	4	-
Slovakia	2	-
	35	
	2	
Spain	33	133,544
	217	
	3	
South Africa	1	-
India	3	-

Environmental policy

G4-DMA EN

Managing environmental issues, combating climate change, protecting the environment and sustainable environmental development are strategic factors in carrying out and developing Enel's activities and decisive in consolidating its leadership in energy markets.

Since 1996 Enel has had an environmental policy which is based on **four fundamental principles**:

1. protecting the environment by preventing impacts on it;
2. improving and promoting the environmental features of products and services;
3. creating value for the Company;
4. satisfying and going beyond the legal obligations of compliance and voluntary commitments;

and pursues ten **strategic objectives**:

1. **Applying to the entire organization internationally acknowledged Environmental Management Systems inspired by the principle of continuous improvement and defining environmental indicators to measure the environmental performance of the entire organization.**
   a. Annual maintenance of ISO 14001 certifications
   b. Rationalization and simplification of certifications present in the various organizational areas; search for synergies and sharing of environmental management experiences under the ISO 14001 certification of the Enel Group

2. **Achieving the ideal insertion of industrial plant and buildings in the local area, while protecting biodiversity.**
   a. Projects to protect biodiversity (conservation of the habitats of protected species, reintroduction of particular species, collaboration with research centers and nature observers, replanting of indigenous flora)
   b. Bio-monitoring (land, seas, rivers)
   c. Insulation or replacement of bare cables on electricity power lines in order to protect birds
   d. Works to mitigate the visual impact of generation and distribution plant and mines
   e. Development and update of a Group Plan for Biodiversity

3. **Reducing environmental impact by applying the best available technologies and best practice in the stages of plant construction, operation and decommissioning.**
   a. Assessment of the environmental impact from the construction of plant or significant changes
   b. Study and sustainable use of BAT (Best Available Technologies)
   c. Protection, monitoring and restoration of the quality of surface water, soil and subsoil in areas around the plant
   d. Development and application of best practices

4. **Leadership in renewable sources and in low-emission electricity generation and efficient use of energy and water resources and raw materials.**
   a. Gradual expansion of plant for generation from renewable sources
   b. Improvement of the efficiency of generation plant (use of higher yield components and/or processes, reduction in the consumption of auxiliary services)
   c. Reduction in grid losses associated with electricity distribution (optimal grid design, use of larger diameter cables and electric components with lower level of losses)
   d. Mapping and monitoring of all generation plant in order to identify possible water stress and intervening, where

necessary, through more efficient water resource management

e. In-house recycling of water for industrial use

f. Creation of value from ash and gypsum from coal and lignite as raw materials in external generation processes

g. Interventions to promote energy efficiency in final use (distribution of more energy efficient products for lighting and heating of environments, use of more energy efficient lamps in public lighting)

h. Dissemination of systems such as smart meters, efficient technologies and tariff options to raise awareness and encourage the efficient use of electricity by the customer

i. Analysis of the international scenarios on the use of water resources

5. Optimal waste and effluents management.

a. Reduction in waste production

b. Reduction in the pollution load of effluents

c. Increase in the recovery percentage of waste and effluents produced

d. Qualified selection of suppliers of disposal services and use of IT systems to trace the waste

6. Development of innovative technologies for the environment.

a. Systems to increase efficiency and limit emissions

b. Smart grids

c. Innovative renewables (photovoltaic, geothermal, wind, sea energy)

d. Multigeneration systems and storage systems

e. Electric transport

7. Communication to citizens, institutions and other stakeholders regarding the Company's environmental management and results.

a. Publication of the Sustainability Report and open data access to the Group's main environmental parameters

b. Communication with analysts and participation in various sustainability indices

c. Initiatives to open plant to the public

d. Websites disseminating environmental initiatives

8. Training and raising awareness of employees on environmental issues.

a. Periodic training on environmental issues

b. Intranet with analyses of issues

9. Promotion of sustainable environmental practices at suppliers, contractors and customers.

a. Use of qualification criteria for suppliers based on environmental performance

b. Information-giving/training on significant environmental aspects in the work start stage through the transmission of the Environmental policy and explanation of the means of managing impacts produced by the activities undertaken (waste, emissions, discharges, etc.)

c. Assessment of suppliers based on environmental performance of the activities carried out on behalf of Enel

10. Satisfying legal compliance obligations and voluntary commitments

a. Guaranteeing that operations are carried out in compliance with such obligations and commitments

b. Assessing the fulfillment of obligations and commitments entered into

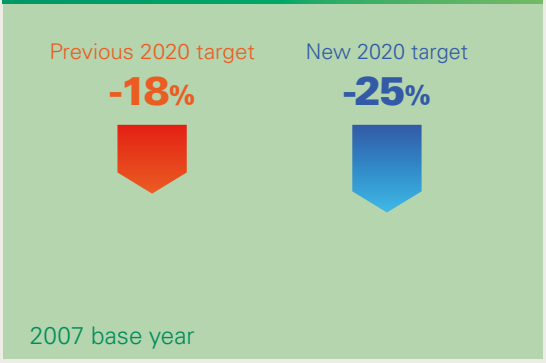
c. Correcting any cases of non-compliance in regard to the obligations and voluntary commitments entered into

The new environmental objectives to 2020

Previous 2020 target achieved in 2015

CO_2

2015 value: **409 gCO_2/kWh_{eq}**



PARTICULATES

2015 value: **0.26 g/kWh_{eq}**

NO_x

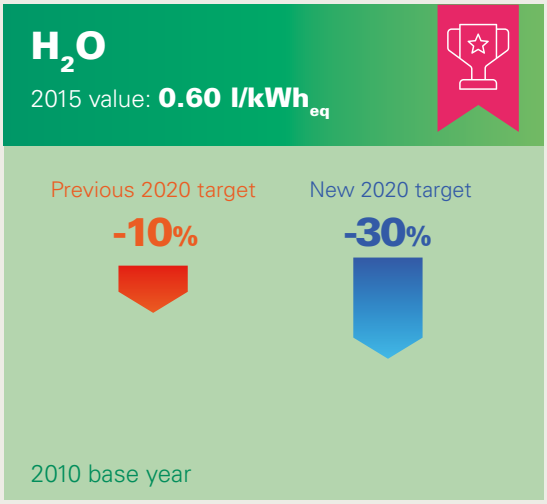
2015 value: **0.78 g/kWh_{eq}**

SO_2

2015 value: **1.07 g/kWh_{eq}**

H_2O

2015 value: **0.60 l/kWh_{eq}**



WASTE

2015 value: **10.6 m. t**

Environmental governance

G4-DMA EN

Environmental activities are carried out in Enel through an organization that is broken down into operational units and coordinated, as regards the general environmental policy guidelines, by a unit of the Parent Company. In the business units and service Functions there are responsible structures and figures at various levels. In particular, the corporate Functions coordinate the management of the respective environmental issues, providing the necessary specialist assistance in accordance with the guidelines of the Parent Company, and the operating units manage specific aspects affecting industrial sites.
In the Group 511 full-time employees work on environmental issues. In addition, in 2015 training was provided for a total of around 66 thousand hours which regarded environmental management systems, in particular in the renewables sector and electricity distribution. This figure, which was up on 2014 (53 thousand hours), confirms the objective of increasing employees' awareness on environmental issues, making people responsible for the consequences which their choices have on the environment and promoting sustainable conduct inside and outside the workplace.
In addition, periodic mapping is done of the main environmental issues and the related control systems (MAPEC - Mapping of Environmental Compliance) and ECoS (Extra Checking on Site) checks are carried out in order to define and monitor the significant areas (see also the chapter "Occupational Health and Safety").

Environmental Management Systems

The gradual application of internationally recognized Environmental Management Systems (EMS) to all the activities undertaken by the Enel Group is a strategic objective of the Group's environmental policy. In 2012 Enel obtained ISO 14001 certification for the Group for the first time. Starting in the summer of 2014 work began to update the Environmental Management System to bring it into line with the new organizational structure. Therefore, the certification scope was recalibrated and extended also to the exploration and use of hydrocarbons. The certification obtained in 2015 involved most of the assets, including 95% of grids and 98% of net power. All the Business Lines were subject to efficient environmental management with high standards of control, surveillance and corrective action.

THE INTERNATIONAL CERTIFICATION NETWORK

CERTIFICATE

IQNet and

CISQ/RINA

hereby certify that the organisation

ENEL S.P.A.

VIALE REGINA MARGHERITA, N. 137 00198 ROMA (RM) ITALIA

has implemented and maintains a

Environmental Management System

which fulfills the requirements of the following standard

ISO 14001:2004

in the following operative units

VIALE REGINA MARGHERITA, N. 137 00198 ROMA (RM) ITALIA
(View Attachments/Vedi allegati)

for the following field of activities

FOR ENEL SPA GROUP: DISTRIBUTION AND USE OF ELECTRICITY, PRODUCTION OF ELECTRICITY FROM RENEWABLE AND NON-RENEWABLE SOURCES, SALE OF ELECTRICITY, GAS AND MANAGEMENT OF CUSTOMER, PURCHASING ACTIVITIES FOR SUPPLIES AND/OR PROPERTY AND WORKS, FACILITY MANAGEMENT SERVICES AND GENERAL SERVICES, OCCUPATIONAL TRAINING ACTIVITY, FACTORING AND INSURANCE SERVICES, MANAGEMENT OF DESIGN, PRODUCTION, MAINTENANCE AND ADMINISTRATION OF INFORMATION TECHNOLOGY SYSTEMS, ORIENTATION OF POLICY RESEARCH AND DEVELOPMENT, DEFINITION AND MONITORING OF INITIATIVES IN INNOVATION AND ENVIRONMENT, DEVELOPMENT, SCOUTING, TESTING TECHNOLOGIES AND PROCESSES FOR THE GENERATION AND DISTRIBUTION, ENGINEERING PROCESSES RELATED TO THE DEVELOPMENT, IMPLEMENTATION AND ADAPTATION OF PLANTS FOR THERMAL POWER GENERATION AND NUCLEAR, RADIATION PROTECTION AND NUCLEAR SAFETY ACTIVITIES OVERSIGHT, DESIGN, CONSTRUCTION, DEVELOPMENT, RUNNING AND MAINTENANCE OF ELECTRICITY NETWORKS AT, MT BT AND REMOTE CONTROL, COMMERCIAL SERVICES RELATING TO

Registration Number: **IT-82367**

First Issue : 2012-07-26 Current Issue : 2013-12-19 Expiry Date : 2015-07-25

The status of validity of the certificate can be verified at http://www.cisq.com or by e-mail to fedcisq@cisq.com

Michael Drechsel
President of IQNET

Ing. Claudio Provetti
President of CISQ

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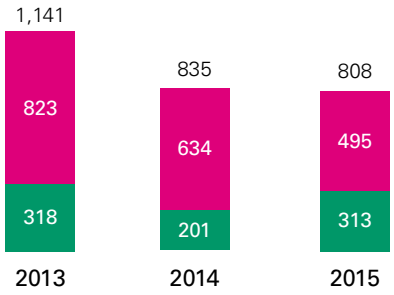
Environmental spending

G4-EN31

In 2015 the total financial commitment for environmental protection was 808 million euro, of which 495 million euro was for current expenses and 313 million euro for investments. Current expenses, excluding the 33% share spent to buy emission certificates (168 million euro), concerned, among other things, air and climate protection (20%), waste management (15%) and other activities for the environment undertaken at Group worksites.

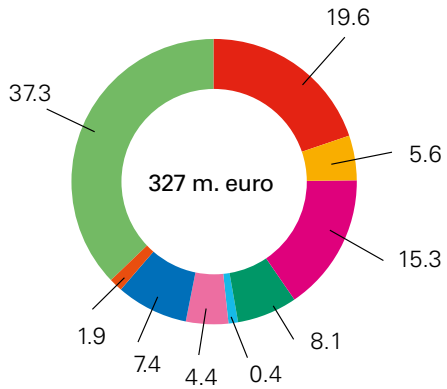
The investments, which rose compared to the previous year above all in Spain and Italy, respectively for air and climate protection and for biodiversity projects, refer mainly, besides the aforementioned items, to the protection and restoration of the soil and groundwater and surface water.

Environmental expense (m. euro)*



* The values shown for 2014 and 2015 do not include Slovakia since the assets were being prepared for sale.

Current environmental expenses excluding emission certificate costs (%)



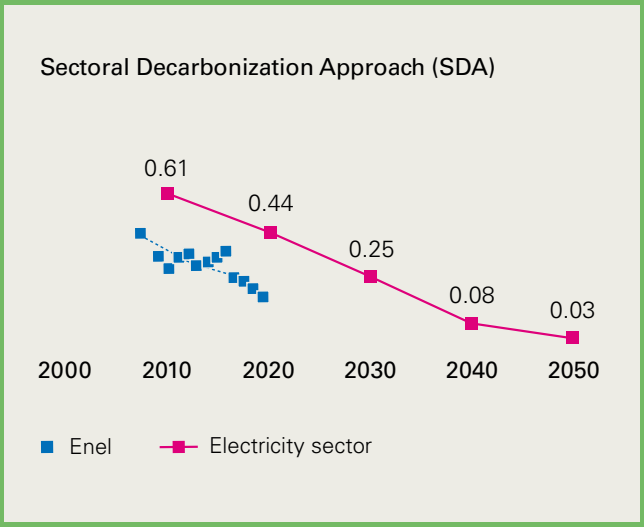
In addition, in 2015 there were revenues of 25 million euro in Italy connected to the exchange of green certificates in order to fulfill the legal obligation on producers and importers of electricity which is not generated from renewable sources.

Climate strategy

Enel acknowledges the priority of the fight against climate change among its responsibilities as a large energy company and is constantly engaged in reducing greenhouse gas emissions in its electricity generation, at the same time increasing the share generated from renewables.

Enel pursues its goal of becoming carbon neutral by 2050 with a strategy of gradual decarbonization which envisages the realization of over 9 GW of new renewable generation in the period 2015-2019 and the gradual disposal of the less efficient thermoelectric power plants (in Italy the closure of 22 plants is underway for a total of around 13 GW). As an interim step on the way to this goal, it has set, with the new industrial plan, a medium-term target in 2020 of a 25% reduction in CO_2 emissions compared to 2007, improving on the previous target (-18%). The 2020 target has been recognized as "science-based", i.e. in line with the decarbonization levels required by science.

"Science-based target" is an initiative of the Carbon Disclosure Project (CDP), UN Global Compact (UN-GC), World Resources Institute (WRI) and the WWF to stimulate companies to set greenhouse gas emission reduction targets that are in line with the requests of science to limit the increase in the average global temperature to 2 °C by the end of the century compared to pre-industrial levels.



Companies' emission targets are assessed compared to a decarbonization trend based on the scenarios of the International Energy Agency (IEA) and the International Panel on Climate Change set up by the UN Framework Agreement on Climate Change. The scenarios set out 14 decarbonization trends to be applied to the main sectors of the economy, including for electricity generation.

Following a review of the emission reduction data and strategy, Enel's target to 2020, in regard to CO_2 Scope 1 emissions, was below the trajectory for electricity companies and consequently was approved as "science-based". The target includes the operations to close 13 GW of generation from fossil fuels in Italy and represents a medium-term objective compared to the long-term goal of being carbon neutral by 2050.

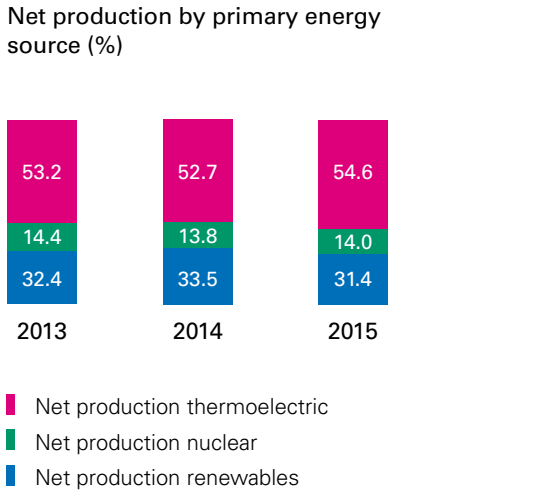
Currently Enel is one of only 12 companies worldwide to have gained this recognition out of a total of 112 which have started the verification process, but are still awaiting approval.

Combating climate change is also one of the four UN Sustainable Development Goals that Enel is committed to, together with access to energy, access to education and contributing to the social and economic development of the communities of the countries where it operates.

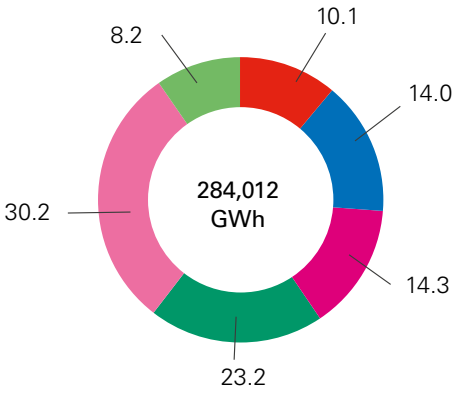
Enel also takes part in the initiatives "Caring for Climate" (adopting the Business Leadership Criteria on Carbon Pricing) and "Put a Price on Carbon Statement" (using internally a CO_2 price in its investment decisions), which are respectively promoted by the United Nations and the World Bank.

The challenges and opportunities of climate change

G4-EN30

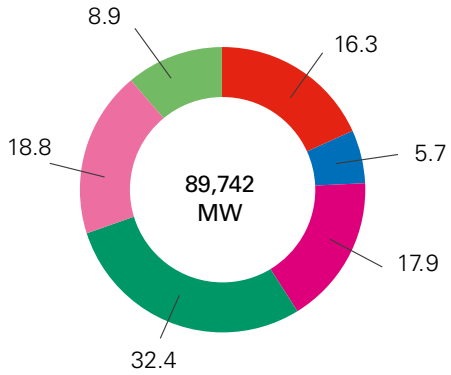


Net electricity production by source in 2015 (%)



- Oil and gas
- Nuclear
- CCGT
- Hydroelectric
- Coal
- Other renewable sources

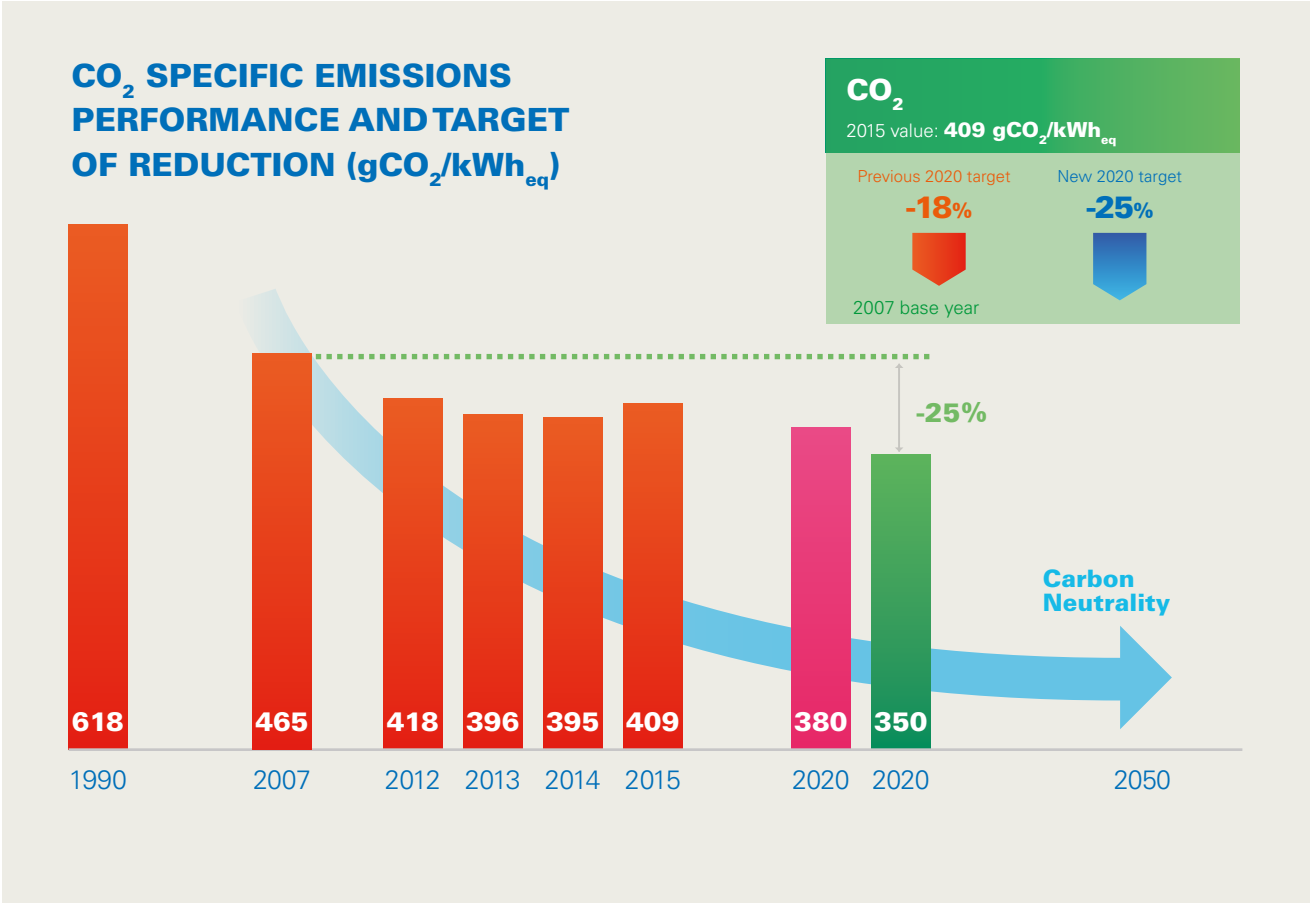
Net electricity capacity by source in 2015 (%)



- Oil and gas
- Nuclear
- CCGT
- Hydroelectric
- Coal
- Other renewable sources

Currently 45% of Enel's power generation comes from zero emission sources. The new installed capacity from renewables in 2015 was almost 2 GW, mainly relating to wind technology (1.5 GW), in the United States, Mexico, Brazil and Uruguay. Today Enel can therefore worldwide count on plants powered by renewable sources for around 37,000 MW of net maximum capacity, which is 41.3% of the total capacity of the Group's electricity generation assets. This plant enabled the total production of over 89 TWh from renewable sources during 2015, thus avoiding the emission into the atmosphere of around 58 million tons of CO_2. Nuclear plant enabled a further 34 million tons of CO_2 emissions to be avoided.
Compared to 1990, the baseline year for the Kyoto Protocol, the specific CO_2 emissions(10) of the Enel Group fell by 34%. Specific CO_2 emissions of 409 g/kWh$_{eq}$ rose slightly compared to 2014 (+3.5%) owing to a reduction in hydroelectric generation (-11%) due to reduced availability of water compared to the previous, very favorable year, which entailed higher production from thermoelectric power plants, above all those using coal and combined cycle gas. Generation from other renewable sources other than hydroelectric rose by over 13%, going from 20.6 TWh to 23.3 TWh. Despite these results, mostly due to interannual variations, Enel increased its specific CO_2 emissions reduction target to 2020 (compared to the values of 2007), going from -18% to -25%, setting a target for that date to produce specific emissions below 350 gCO$_2$/kWh$_{eq}$.

(10) Total specific thermoelectric emissions from simple and cogeneration production: they represent the quantities of SO_2, NO_x, particulate matter and CO_2 released into the atmosphere for every net kWh of electricity and heat produced by the Group from all the available technologies (nuclear, thermoelectric, renewables).



For some years Enel has also been active in the voluntary emission reductions sector aimed at those subjects (companies, institutions, end users, etc.) which intend to monitor or neutralize their carbon footprint, in other words the impact in terms of emissions of their activities (events, publications, products and services, both internal and external). All the initiatives are associated with the "CO_2 Neutral" brand registered by Enel in 2011.

Risks and opportunities

G4-DMA EN G4-EC2

Enel recognizes a series of regulatory risks linked to climate change. The uncertainty of the political framework increases the risk linked to regulatory instability; in this sense the Paris agreement is an element of stability. As for the physical risk, the increase in the frequency of extreme weather conditions, such as floods alternating with long periods of drought, makes for a potential impact on power distribution lines and on the operation of power plants. The Group is aware of the physical risk associated with climate change and has started assessments in order to establish the impact of extreme weather on the level and quality of the electricity generation, distribution and supply service, in both the short and long term. During 2015, Enel included in its own environmental impact mapping system (MAPEC) the monitoring of extreme weather and the recording of the associated damage.

At a European level, in order to ensure full control of the regulatory risk, Enel has further strengthened its commitment to re-establish the effective operation of the ETS scheme, proposing the introduction of a Market Stability Reserve. At an international level, on the other hand, at COP21 in Paris, Enel supported a climate agreement that can strengthen the economic drivers for global decarbonization through financing mechanisms and the role of markets, contributing to promoting joint action by the private sector.

Among the main opportunities:

> decarbonization of power plants through massive investment in renewables;

> development of new energy efficiency products and services;

> promotion of the electricity in the transport and residential sectors.

Enel's strong commitment to reduce emissions, as witnessed by the results achieved by the main sustainability indicators and indices (such as the Carbon Disclosure Project and RobecoSAM), contributes to attracting a growing number of ethical investors, further reinforcing the credibility of the Group's low-carbon strategy.

Enel at COP21

As part of **COP21**, Enel promoted numerous initiatives to support the reaching of the climate Agreement, helping to involve and mobilize the private sector and category associations in the debate. The constant presence of senior management in the numerous working groups bore witness to the Group's full involvement and enhanced the credibility of the messages. Enel, in keeping with its own commitment on the low-carbon front, supported an Agreement on common, long-term objectives which can give certainty and stability to investments and the introduction of instruments aimed at promoting the growing mobilization of private resources through financing mechanisms and market instruments. The Agreement reached in Paris is an undoubted diplomatic success and offers an ambitious scenario to contain climate-altering emissions in the medium and long term, supported by a reasonably solid and credible governance regime. Despite the reduction objectives not yet being in line with the 2 °C goal, the credibility of the commitment rests on a new governance model aimed at overseeing the work of countries and promoting increasing ambition in the reduction commitments through periodic monitoring of emissions and publication of the results obtained. The objectives communicated by the parties will be revised every 5 years to reflect the "highest possible ambition" and will be subject to a technical review to guarantee transparency and the environmental integrity of the policies adopted. As for flexibility, the Agreement introduces two additional instruments to achieve the national objectives, which will contribute to increasing the overall ambition of the action and will enable full involvement of the private sector in low-carbon investments. As for mobilizing financial resources, Paris reaffirmed the commitment of the richest countries to mobilize 100 billion dollars per annum towards developing countries.

The outcome of the agreement confirmed the strategic vision of the Enel Group and the carbon neutrality objectives, which Enel had already set in 2009 with the commitment to achieve full neutrality by 2050. In Paris important progress was made in the right direction. The climate agreement provides the necessary legal framework, but the outcome of the agreement will ultimately be the responsibility of the individual countries with the determination to keep the commitments they have entered into and to create the conditions for the full involvement of business and society in order to set the basis for a new model of sustainable development.

Enel, together with 10 other international electricity companies which take part in the Global Sustainable Electricity Partnership (GSEP), presented the **Powering Innovation for a Sustainable Future** report, which analyzes the development of the energy sector in the United States, China, Japan, Brazil and India, across the range of its technologies.

Greenhouse gas emissions

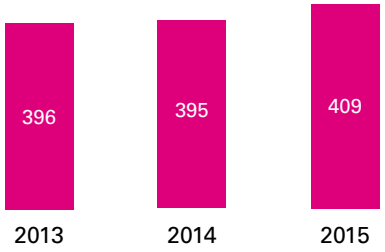
G4-DMA EN | G4-EN15 | G4-EN16 | G4-EN17 | G4-EN19 | G4-EN20

The use of fossil fuels to produce electricity represents one quarter of global greenhouse gas emissions. Enel's industrial activities contribute to the emission of carbon dioxide (CO_2), sulfur hexafluoride (SF_6) and methane (CH_4).

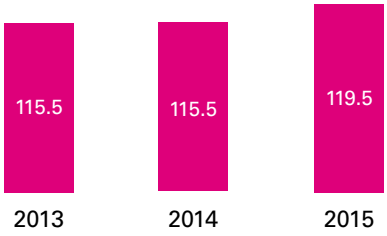
In 2015 the direct emissions of CO_2 equivalent (Scope 1) of 119.5 million tons rose by 3.5% compared to 2014, which was expected owing to the fall in hydroelectric energy production which was temporarily offset by thermoelectric production.

SF_6 is used in high- and medium-voltage electrical equipment for its insulating properties and ability to dampen electric arcs which make it irreplaceable in such applications. The emissions into the atmosphere in 2015 totaled 6,378 kg, or 150 thousand tons of CO_2 equivalent (23,500 - Global Warming Potential - GWP). In percentage terms, SF_6 contributes 0.13% of the Group's greenhouse gas emissions, an extremely limited quantity.

Specific CO_2 emissions from total net production (g/kWh)



Total direct emissions - Scope 1 (m. t eq)



As for methane (CH_4), Enel reports the fugitive emissions due to the extraction of coal in the mines it owns. Following some sales of mines, in 2015 emissions totaled 3,065 tons of CO_2 equivalent compared to a value in the previous year of 20,325 (28 - Global Warming Potential - GWP).

Enel records the emission of ozone depleting substances in accordance with the Montreal Protocol, including chlorofluorocarbons (CFC), hydrochlorofluorocarbons (HCFC), halon and methyl bromide. The emissions of these substances totaled 24,892 tCO_2e[11].

Scope 2 emissions (0.65 million t_{eq}) concern indirect emissions arising from the generation of the electricity purchased and consumed by the Company. Scope 2 includes the emissions of CO_2 associated with the consumption of electricity purchased on the grid for civilian uses and for pumping in hydroelectric plant, since it is not possible to precisely confirm the producer and so they cannot be classified differently. In the second half of 2015 supply contracts were signed for the supply, for the Italian offices and power plants, of energy only from renewables and these will come into effect as from 2016. In 2015 Scope 2 emissions rose by around 3%.

Scope 3 emissions are the consequence of the Company's activities, but derive from sources which the Company neither controls nor owns. It includes fugitive emissions of methane from coal mines which are not owned by the Company and those generated by the transport of fuel and waste. In 2015 the value was around 8.14 million t_{eq}, up by around 7% compared to 2014 due to the increase in thermoelectric generation and consequently the volume of fuel used.

Emissions of SO_2, NO_x and particulate matter

G4-EN21 | G4-EN30

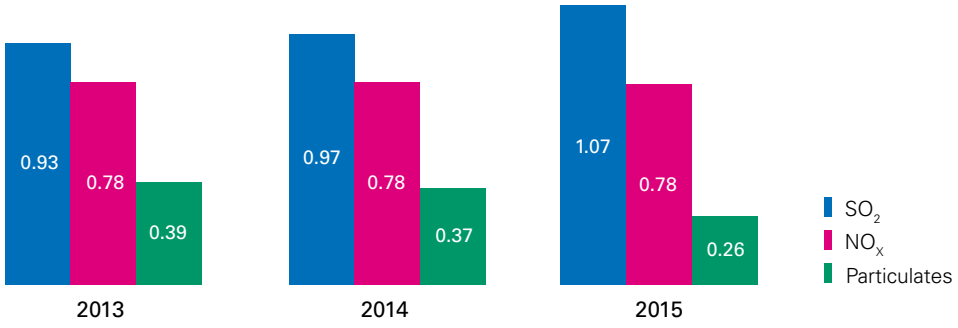
The biggest atmospheric pollutants associated with thermoelectric production are sulfur oxides (SO_2), nitrogen oxides (NO_x), and particulate matter.

In almost all large plants these pollutants are measured continuously through analyzers installed on stacks, while in small plants it is done periodically through analysis and measurement campaigns or by using statistical parameters.

(11) The value obtained is calculated by converting the tons of each individual gas recorded (CFC, HCFC, halon, methyl bromide, R22 and freon) by applying the average Global Warming Potential value for the families of gas.

Compared to 2014, the most significant change concerned the reduction in particulate matter, which fell by around 30% in 2015 thanks to the coming into operation of new abatement systems in some units of the Russian plant at Reftinskaya. SO_2 emissions, on the other hand, rose by 10.5%, mainly due to the temporary shutdown of some units which are being repaired in the Nováky power plant in Slovakia, which entailed a greater contribution from less efficient units with higher emissions.

Specific emissions compared to total net production (g/kWh)

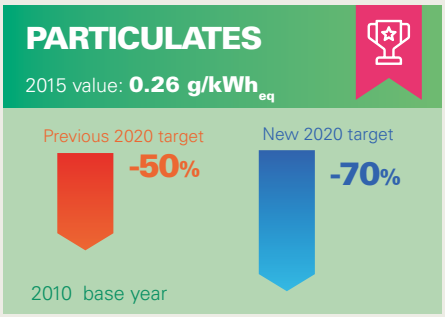


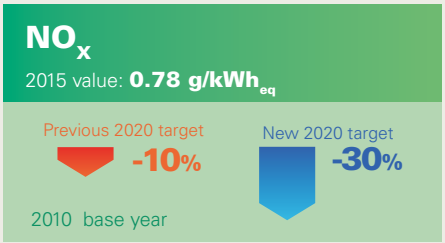
NO_x emissions were similar to the figure for 2014.
The specific values of emissions into the atmosphere reflect the trend in total emissions, also in relation to simple and combined thermoelectric production in reference to the production of electricity and heat. In future years a gradual reduction in pollutants is expected thanks to a series of interventions to increase efficiency at all the generation plant, including also the gradual closure of less efficient plant.

2020 Objectives

Compared to the data recorded in 2010 Enel has set itself the target of achieving new objectives by 2020, which have been revised on the basis of the results achieved and the planning for the next four years which will see a change in the mix towards renewables and a reduction in generation from fossil fuels:

> -30% total specific emissions of sulfur oxides (SO_2) (previous target -10%);
> -30% total specific emissions of nitrogen oxides (NO_x) (previous target -10%);
> -70% total specific emissions of particulate matter (previous target -50%).





In addition Enel, as regards "minor" pollutants (such as metals including mercury), has undertaken enormous campaigns to measure concentrations in the smoke produced by thermoelectric plant – in a range of situations divided by type of fuel and abatement systems – obtaining results that comfortably comply with the precise limits established by the laws in force in the various countries where Enel operates. In particular, as regards the emissions of mercury, which are typical of electricity production from coal, in 2015 around 0.544 tons were recorded, covering just Italy and Spain which currently represent 72% of thermoelectric production from coal for the whole Group.

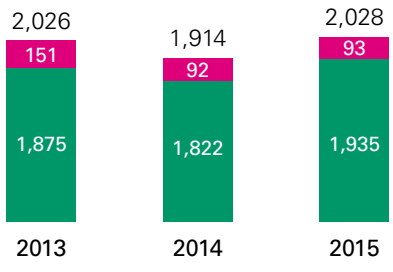
Mercury emissions are communicated to the competent authorities for recording in the European Pollutant Release and Transfer Register (E-PRTR) in application of EU Regulation no. 166/2006 and are subject to associated controls in terms of completeness, coherence, and credibility (article 2 of Regulation no. 166/2006).

Efficiency in energy consumption

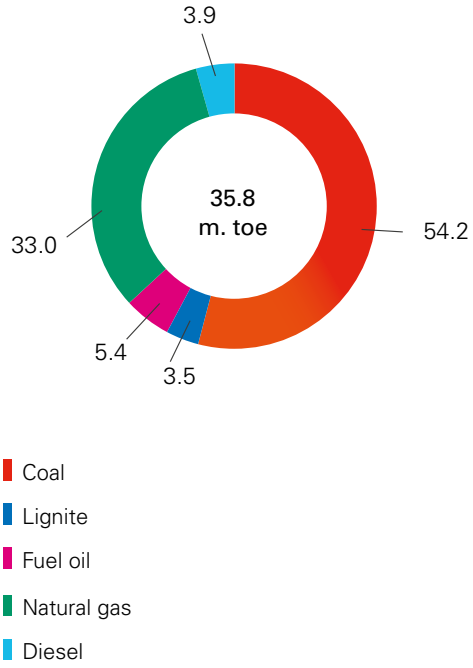
G4-EN3 G4-EN6 G4-EN7

The Enel Group consumes energy to power its generation plant, through which it produces in its turn new energy which is distributed on the market. In 2015 there was a 6% increase in fuel energy consumption which went from around 45.7 m. toe in 2014 (1,914,247 TJ) to around 48.5 m. toe in 2015 (2,027,545 TJ) owing to higher thermoelectric production.

Fuel consumption by primary source (,000 TJ)



Consumption of fossil fuels for simple and combined thermoelectric production 2015 (%)



Fuel, largely of fossil origin, is used almost entirely as a source of energy for thermoelectric production. For Enel using energy efficiently means, on the one hand, maximizing the yield from the mix of sources (thermoelectric, nuclear and renewables) and, on the other, making the distribution grid more efficient to avoid significant quantities of energy being lost along power transmission lines. Enel's strategy to reduce energy consumption, therefore, envisages investments to increase efficiency in all the Group's activities, from production to distribution, and also aims at disseminating greater awareness on energy use.

In 2015 the main work to increase the efficiency of power generation capacity, in keeping with the previous years, concerned:

> technical interventions: modernization of plant through the replacement of machinery and components with more efficient solutions, introduction of remote systems and remote monitoring to manage plant;
> process streamlining through maximizing plant efficiency;
> implementation of operational excellence programs, improvement in the distribution of the production load by using the most efficient units, optimization of cooling systems.

Here below are the most important initiatives with an indication of the country and the type of intervention.

	Country	Type of intervention	Description of intervention
Europe	Italy	Electricity grid	Use of the Telegestore system combined with smart meters which led to greater effectiveness in controls over energy balances, at the same time facilitating a reduction in fraud.
		Market	Expanded range of solutions for "key in hand" energy efficiency with high performance, energy efficient products.
	Romania	Electricity grid	The smart metering pilot project has been developed which will allow the optimization of distribution. 30,000 meters of cabling have been installed.
		Communication	A "Green guide" has been published on the website with detailed suggestions on energy efficiency.
	Russia	Thermoelectric production	Konakovskaya: saving of 9,117.6 GJ due to retrofitting of unit 3 and replacement of old piping and insulation and coverings of the boiler and turbine; Nevinnomysskaya: saving of 11,844.4 GJ due to retrofitting of units 7 and 8 and replacement of old piping and insulation and covering of the boiler and turbine. Reftinskaya: saving of 28,574.9 GJ due to repair of boilers of group 7, including the replacement of heat exchange surfaces and the replacement of the power generator and 27,021.6 GJ due to the repair of the boiler of unit 4, including the replacement of heating surfaces and the monitoring of the new cleaning system.
	Slovakia	Photovoltaic	Electricity savings due to self-consumption thanks to the production from photovoltaic plants for a total of 26,182 GJ.
		Thermoelectric production	The Vojany and Nováky plants operate in a co-firing regime with biomass which enables an associated fossil fuel saving of around 428 thousand GJ and around 120 thousand GJ respectively for Vojany and Nováky.
	Spain	Thermoelectric production	Savings for a total of 16,219 GJ mainly due to the interconnections of the cooling systems of the combined cycle plant at Besós.
		Electricity grid	Savings for a total of 6,855 GJ due to: a) review and adjustment of all air-conditioning and lighting programs and procedures; b) rational use of space; c) changes in the MV/HV grids in order to reduce losses.
Latin America	Brazil	Innovation	Research and development projects underway to implement energy efficiency projects such as "Smart city Búzios", "The house of the future" and "Micro smart grid".
	Colombia	Electricity grid	1,674 devices installed which enable the grid to operate more efficiently and to discover service problems quicker.
	Chile	Electricity grid	Plan to replace 50 thousand meters with other new generation meters.
	Peru	Electricity grid	Three initiatives are being developed to implement the smart grid: a) remote management of the MV grid; b) remote management of public lighting with LEDs; c) smart grid.

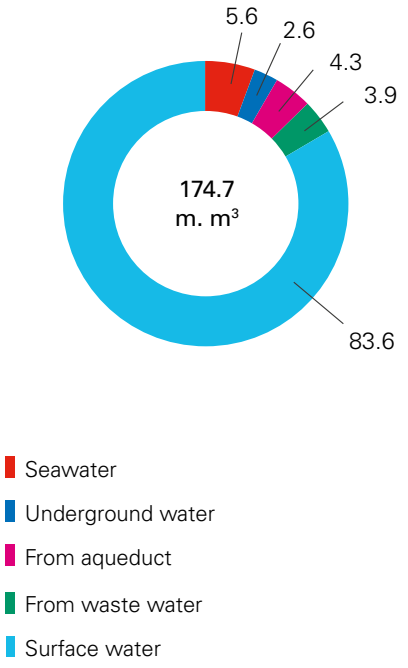
Responsible management of water resources

G4-DMA EN G4-EN8 G4-EN9 G4-EN10

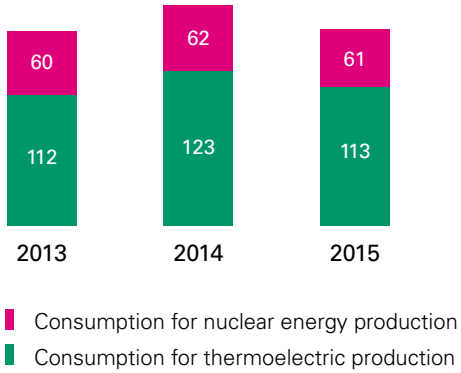
The integrated management of water resources is based on the following guidelines:

- efficient use of water resources and protection of water quality in production processes;
- treatment of effluents and their minimization also through control of losses;
- management of releases from hydroelectric power plants through specific programs to guarantee the volumes necessary to preserve the ecological state of rivers (minimum flows);
- integrated management of water basins to preserve the multiple uses of the local area and the water quality.

Volumes of water drawn off by source (%)



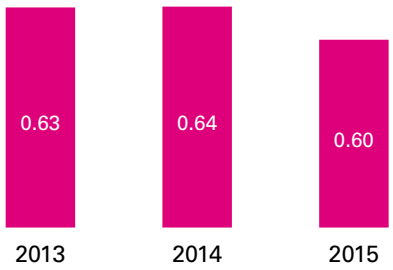
Volumes of water used per production process (m. m³)



The Enel Group draws off water mainly for industrial purposes, such as cooling, desulfurization, reducing nitrogen oxides, etc. and uses it mainly in thermoelectric production and nuclear energy production.
In 2015 the total quantity of water drawn off was around 175 million m³, a 6% reduction compared to 2014 (186 Mm³), mainly thanks to the coming into operation of the new dry ash removal system at the Reftinskaya power plant.

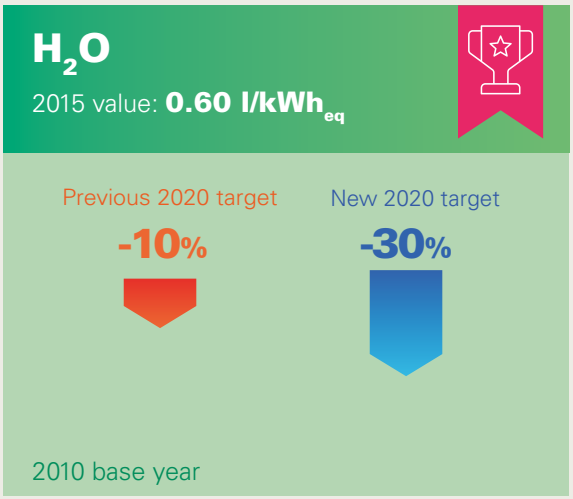
Specific consumption in 2015 totaled 0.60 l/kWh, enabling Enel to reach the 10% reduction target to 2020 compared to the figure for 2010 five years in advance.

Specific net consumption of industrial water in overall production of electricity and heat (l/kWh)



2020 Objective

Compared to the figures recorded in 2010, Enel has set a new reduction target of 30% in specific water consumption by 2020 (previous target -10%).



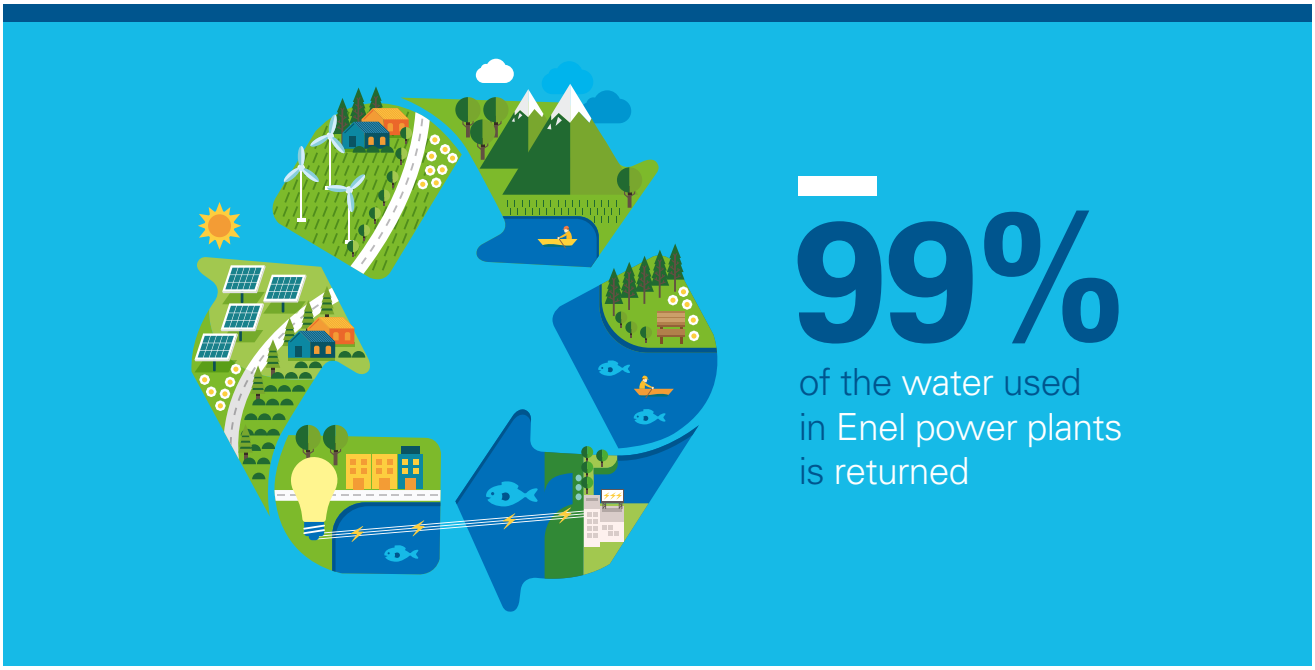
In addition, in 2015 only 6% of the Group's total production used and/or consumed freshwater in water-stressed areas. Total water requirements are covered through the use of water drawn from so-called "scarce" sources (surface and underground water and from aqueducts) or by using "non-scarce" sources, such as seawater and effluents arising from the Group's production processes.

In 2015 the draw offs from scarce sources totaled around 158 million m^3, down compared to 2014 by 6%, mainly from rivers and rainwater (92%). The percentage of use of effluents from production processes rose slightly to stand at 3.9% of total draw offs in 2015.

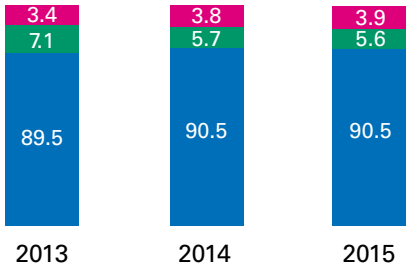
Other requirements, such as open-cycle cooling, are covered without any real consumption, using sea or fresh water which is drawn and then returned to the original body of water in the same quantity, with its chemical properties unchanged and with minimal changes in terms of temperature (always within the limits set by the laws in the countries where Enel operates).

99% of the water used in Enel power plants is returned. This percentage corresponds to the water used in open cycles where the water is used only for cooling.

The cover of the water requirement for industrial use shows, in percentage terms, the contribution of the various water sources (fresh water, seawater, effluents). The total contribution from fresh water (rivers, wells, and aqueducts) remained stable compared to 2014.



Cover of water requirement for industrial use (%)



From waste water
Seawater
In-house recycled water

Enel is engaged in reducing water use in production processes, in particular by favoring as far as possible multiple use systems for water. For example, in coal-powered plants, the drainage water of closed-circuit cooling towers is reused in desulfurization systems, while the installation of crystallizers downstream from desulfurization systems enables the total recycling of effluents.

The focal points of Enel's management of water resources are: measuring performance (for example, specific consumption, polluting load of effluents), definition of policies and specific targets (public objective to 2020 on specific water consumption at Group level), analyses and studies on European and international legislation to set out possible future scenarios.

The assessment of water risk

Enel constantly monitors all the production sites in areas at risk of water shortage in order to manage this resource more efficiently. In particular the monitoring of sites involves the following levels of analysis:

- mapping of production sites in potential water scarcity areas, in which the average value of renewable water resources per head is lower than the reference value set by the FAO[12];
- identification of "critical" production sites, i.e. which use fresh water;
- more efficient management through changes to plants or processes aimed at maximizing the supply from effluents and sea water;
- monitoring of the climate and vegetation data for each site.

Besides compliance with the various regional Safeguarding Plans (for plants located in Europe), which impose an obligation to release minimum flows, Enel has in parallel launched in Italy, Spain and Latin America tests regarding the real impact on the ecosystem of such flows and, in some specific cases, studies aimed at analyzing the changes in daily flow caused by the intermittent introduction of turbinated water downstream from power plants.

Water discharges

G4-DMA EN G4-EN22 G4-EN26

Effluents include the residues of water for industrial use and rainwater collected by the internal areas of thermoelectric power plants, and they are potentially polluted by oil. Enel pays close attention to the quality of its discharges into water, and constantly invests to improve the features of effluent treatment plants which have lower standards.

In all the Group's sites where polluted water is produced there are specific treatment systems depending on the type of pollution present. The effluents thus treated are partly discharged into surface water and partly reused in the plant itself, thus helping to cover total water needs.

In 2015 the recycling of effluents after treatment, across the Group, was around 7 million m^3, which enabled coverage of 3.9% of total consumption, or 175 million m^3.

(12) This mapping is done using the Global Water Tool of the World Business Council for Sustainable Development.

Protecting biodiversity

G4-DMA EN G4-EN11 G4-EN12 G4-EN13 G4-EN14 G4-EU13 G4-EN26

Enel is well aware of the value of ecosystems and of the environmental services associated with such systems and is traditionally engaged in responsible management of natural resources during its operations. Protecting biodiversity is a strategic objective of Enel's environmental policy and is an integral part of the Group's Environmental Management Systems (EMS).

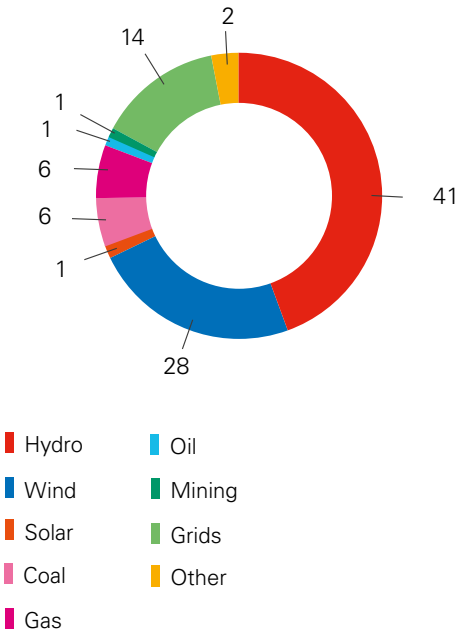
In 2015 the safeguarding of species and natural habitats involved 146 projects, for a total investment of 8.7 million euro, and involved a total surface area of protected areas of 722,550 hectares (the change in the figure for 2015 compared to 2014 refers to a change in methodology in collecting data, based on the greater granularity of the information requested).

The projects include studies, stocktaking and monitoring plans for sensitive species, programs to reintroduce native species, reforestation, infrastructure work such as the insulation and replacement of electric cables which are dangerous for birds as well as the installation on electric cables of supports for the nesting of birds of prey and migratory species, the construction of ramps for the transit of fish near hydroelectric plant. Interventions are planned by assigning priorities as regards ecosystems to protected areas and as regards species to those in the "Red List" of the International Union for Conservation of Nature and Natural Resources (IUCN), but local situations which may have particular importance for local communities are treated equally with the utmost attention.

In 2015 Enel drew up a specific policy to be considered as a reference point and guideline for all the Group's initiatives to safeguard biodiversity in its electricity generation, transmission and distribution activities. The policy has been developed to contribute to the objectives of the United Nations Convention on Biological Diversity (CBD), the 2011-2020 Plan for Biodiversity and associated Aichi targets. In particular Enel undertakes to:

- plan activities which may interfere with species and natural habitats in compliance with the principle of "mitigation hierarchy", which above all consists of the commitment to: i) avoid and prevent the occurrence of negative impacts on biodiversity, secondarily, when the impacts cannot be avoided; ii) to reduce the damage and remedy its impact; and, finally, iii) to offset the residual negative impacts;
- in the case of residual impacts, undertake offsetting works in compliance with the principle of "no net loss" to biodiversity and, where applicable, with a net positive balance;
- for each new plant undertake Environmental Impact Studies which include an assessment of the effects on biotypes, on animal and vegetal species, in order to avoid operating in areas of high natural value, envisaging also the adoption of the best solutions to limit the impact on;
- collaborate with local communities, research centers and environmental and local associations to identify biodiversity values and develop studies and projects for their safeguarding and valorization;
- monitor the effectiveness of the measures adopted in order to protect and preserve biodiversity;
- regularly report on its performance in relation to biodiversity.

Project portfolio (%)



Biodiversity projects

Fauna

mammals
birds
fish
flora

Ecosystem

land

water

wet zones

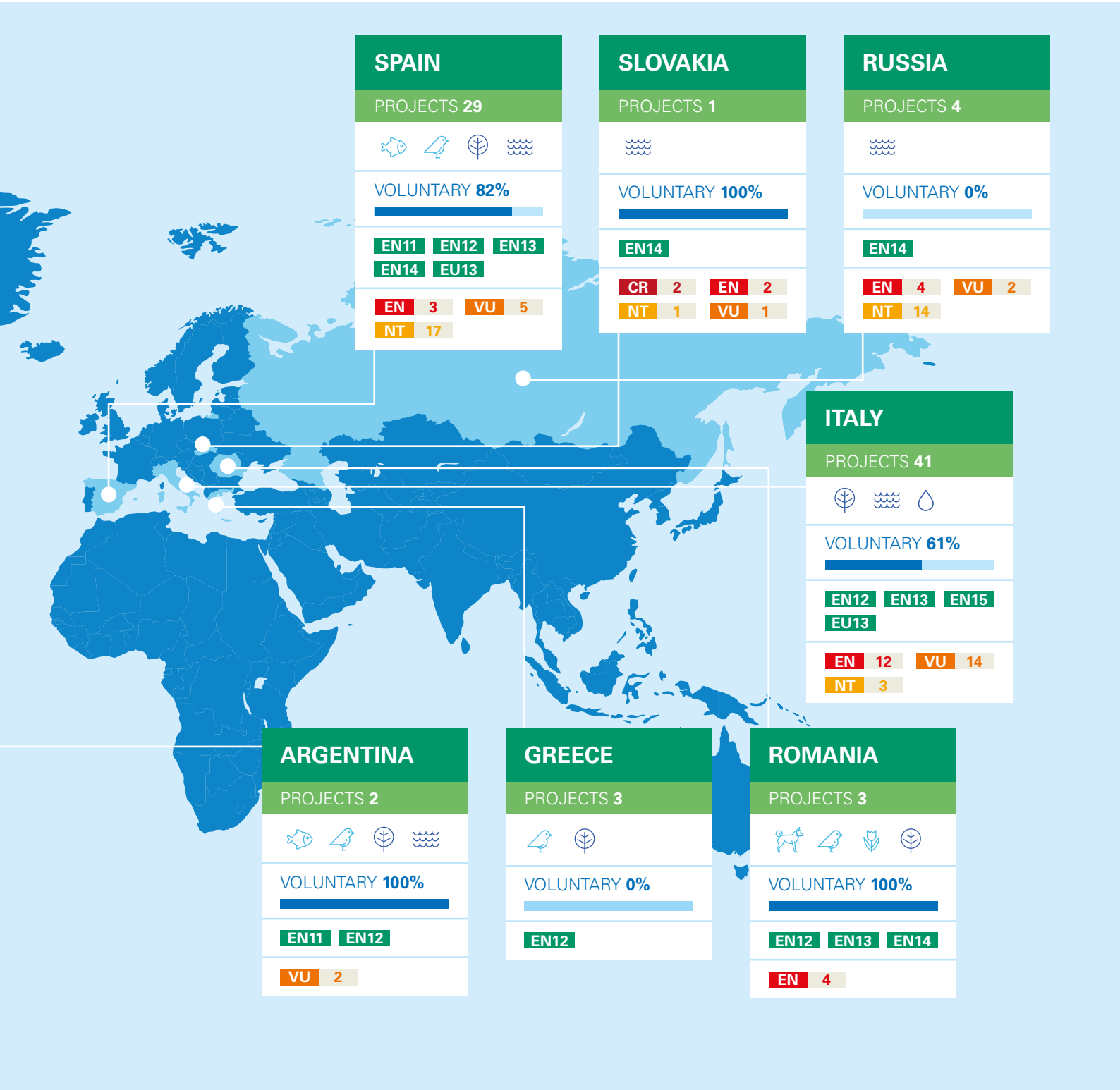
GRI Indicator

EN11 EN12
EN13 EN14
EN15 EU13

IUCN Risk of Extinction

EX	EW		EXTINCT
CR	EN	VU	THREATENED
NT	LC		LOW RISK
X	NUMBER OF THREATENED SPECIES		

The Red List, which is drawn up by the International Union for Conservation of Nature (IUCN), provides information on the conservation status of various species.



Management of waste

G4-DMA EN G4-EN23 G4-EN24

Waste products from the Group's activities are disposed of at the locations that are most suitable depending on the type of material, or, when possible, are recycled. Recovery mainly concerns materials which can be:

> reused in construction, as in the case of gypsum and combustion ash;
> regenerated such as oils and batteries;
> recycled such as some types of metal, ash and gypsum.

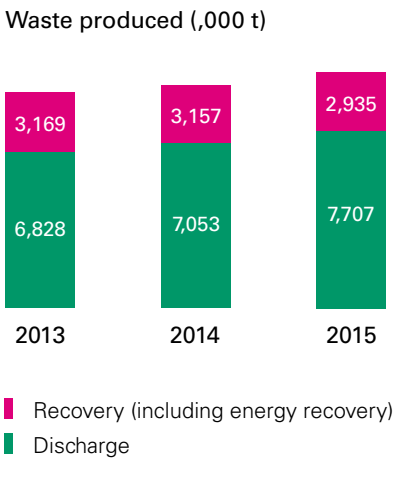
The Group policies are oriented at continuously increasing over time the percentage of hazardous and non-hazardous waste sent for recycling.

Ash

In the second half of 2015, at the thermoelectric plant in Reftinskaya a dry ash removal system (DARS) was inaugurated and, for the first time in Russia, it enables the use of this waste product for other industrial purposes. Thanks to the DARS it is now possible to store and send to customers, reducing the environmental impact through its disposal, up to 5 million tons of ash per annum, with a significant reduction in the water used.

The handling of ash as a product for the market is something the Group wants to extend where it has coal powered plants (Spain, Russia and South America).
Except for the ash produced in the Sulcis group 2 thermoelectric plant, all the ash produced in Italy is sold and recovered (1,404,779 tons of ash and 404,374 tons of gypsum in 2015). Around half is exported within Europe and to the United States.

In 2015 the Enel Group produced a total of 10,642,698 tons of waste, up by around 4% compared to 2014, of which 96% was classified as non-hazardous. The temporary increase in this figure is due to greater use of thermoelectric generation compared to hydroelectric for climatic reasons.
27.6% of the total waste produced in the whole scope of Enel was sent for recycling.
Enel, as part of its activities in the nuclear field, undertakes to minimize the production of waste from its daily activities, as well as future potential waste from decommissioning. The trend in the quantities of radioactive waste produced depends on the maintenance work and operations to move fuel, and therefore can vary significantly from year to year. In particular, the specific production of solid high-level radioactive waste at nuclear power plants fell by 5.5% in 2015 compared to 2014.
For 2015 the total quantity of the most important spills was around 100 m^3, which occurred mainly in Italy and was linked to grid construction and maintenance.



Other activities

G4-EN30

Besides operating in the production of electricity and heat, the Enel Group also operates worldwide in electricity distribution, the storage and movement of fuel, geothermal drilling and work in mines and on worksites, while constantly monitoring any environmental impacts from such activities (see the chapter "Quality for customers").

In order to safeguard the countryside and local area, Enel, in constructing **new grids** and **restructuring** old grids, basically adopts two strategies to reduce the impacts:

1. underground low-, medium- and high-voltage cabling in urban centers;
2. adoption of elicord cabling for low- and medium-voltage lines, consisting of three insulated and intertwined cables which help reduce the visual impact.

The cabling ratio was 69.4% in 2015, up by 7% compared to 2014. This ratio, which concerns low- and medium-voltage lines, represents the percentage of cabled lines to total lines and provides an indication of the visual impact of power transmission lines. The increase in this figure entails a reduction in maintenance costs and an increase in the protection of birds.

In relation to the **storage and movement of liquid fuel** (storage tanks for oil and diesel and the related oil pipelines) and **solid fuel** (storage facilities for coal and lignite situated at dedicated ports), particular monitoring is made of the use of resources, the consumption of primary energy, the consumption of electricity and the production of emissions, effluents and waste.

Geothermal drilling, which makes the endogenous fluid available for geothermal/electric production, entails the use of technologies and know-how in which Enel is a world leader. In 2015 a total of 25,288 meters were drilled covering new wells and restoration work in Italy and the United States.

In relation to **mining and extraction**, besides the extractable quantity of fuel, the activities for geomorphologic, hydrogeological and natural recovery are also monitored.

The Enel Group also operates in the **work to design, build and revamp plant**. The strategies aim to use the best available technologies internationally, in order to guarantee technological development and increase the efficiency of plant, also through suitable and innovative research projects. As from 2013, in conformity with the new standards, which are applicable as from 2015 and have been defined by the Global Reporting Initiative GRI-G4, the Enel Group started to report the main environmental performance indicators connected to the activities on worksites[13] as regards environmental aspects which are directly managed by the Group, which will be followed also by its extension to those indirect aspects managed directly by contractors.

(13) The number of worksites may vary considerably over the years.

Significant environmental impacts due to worksite activities	no.	2015	2014	2013
Worksite examined	no.	57	30	50
Consumption of electricity (6 worksites for 2013, 17 for 2014, 53 for 2015)	MWh	191,569	6,952	26
Consumption of fuel (7 worksites for 2013, 30 for 2014, 57 for 2015)	toe	2,706,004	181,630	2,311
Consumables* (11 worksites for 2013, 30 for 2014, 57 for 2015)				
Sand and gravel for building	t	16,020,962	653,808,916	10,899
Iron	t	58,732	78,533	10,174
Cement and lime for building	t	173,076	52,095	32,645
Other	t	4,700	3,184	375
CO_2 emissions from fuel (7 worksites for 2013, 30 for 2014, 57 for 2015)	tCO_2	7,698,219	516,309	1,262
Water consumption for industrial use (10 worksites for 2013, 30 for 2014, 51 for 2015)	m^3	1,062,621	259,814	701,210
Special non-hazardous waste (13 worksites for 2013, 30 for 2014, 7 for 2015)				
quantity produced	t	121,034	142,212	716
quantity transferred for recovery	t	19,624	130,599	227
Special hazardous waste (13 worksites for 2013, 30 for 2014, 7 for 2015)				
quantity produced	t	52,267	33,373	4,536
quantity transferred for recovery	t	313	265	2
Waste recovery	%	11.5	74.5	4.4

* The consumables are specific to each worksite and may vary by type and quantity.

Environmental disputes

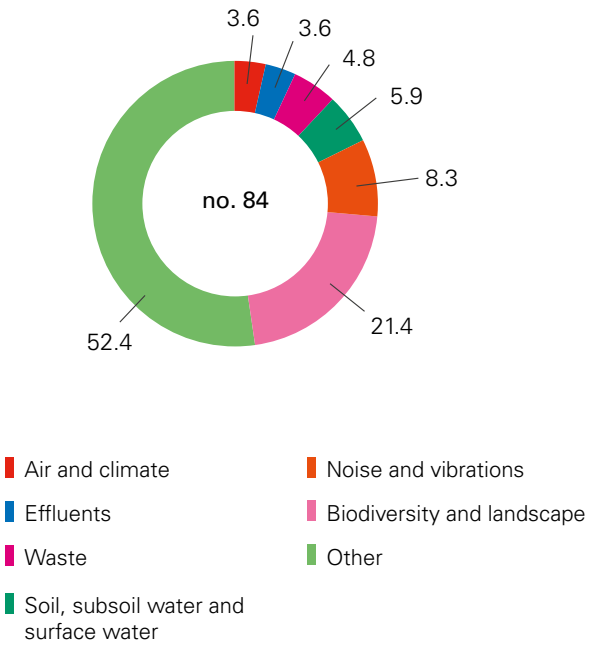
G4-DMA EN

During 2015, 84 new environmental disputes were started, which brought the number of legal proceedings open at December 12, 2015 to 567, of which 501 were from previous years (civil and criminal defense proceedings in environmental cases in which legal action has been brought against the Group and those originating from third party appeals for the annulment of favorable administrative orders). Around 50% of the proceedings concern the electricity distribution grid. In 2015, 74 proceedings were closed.

In 2015 the cash value of the environmental fines was

around 143 thousand euro mainly due to compensation to third parties in Spain and Argentina.
Details on the most significant disputes at Group level are set out in this Report in the chapter "Responsible relationships with communities" and in the Annual Report.

Environmental disputes started in 2015 (by environmental sector - %)



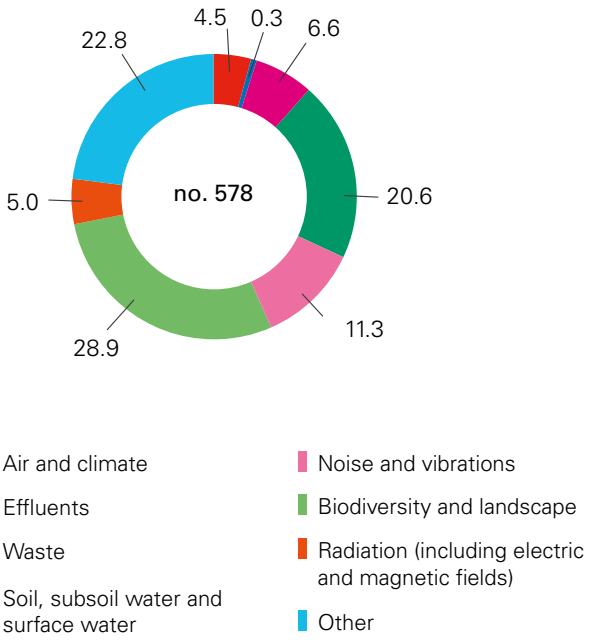
Dispute Embalse del Muña - Colombia

In 2001 the inhabitants of Sibaté (department of Cundinamarca) started a class action against Emgesa SA, a Colombian company in the Group, and against the *Corporación Autónoma Regional* for damage and harm arising from the contamination of the Muña basin due to the pumping of contaminated water from the Bogotá river which was undertaken by the company.
Emgesa has declared that it is not liable for the events which are contested, stating, among other things, that the basin receives water which is already contaminated. The initial request for compensation was around 850 million euro.
Emgesa SA has asked for the involvement in the proceedings of numerous public and private bodies which discharge into the Bogotá river or which, for whatever reason, are responsible for the environmental management of the river bed. At the appeal stage the Council of State confirmed in full the decision of the Administrative Court of Cundinamarca which had, among other things, denied the request for enforcement to appear made by the company against the various bodies involved. The proceedings are currently ongoing.

Environmental criticalities

Besides the environmental disputes, Enel monitors so-called "environmental criticalities": disputes and claims which subjects such as private citizens, committees, environmental organizations, and local administrators can bring against the operation, management or construction of Group installations (plant, grids, cabins, buildings, etc.). This category includes, in order of importance, administrative orders, legal notices, written protests (whether direct or through the press), and media campaigns. The criticalities are events which may also occur following the adoption of more rigorous and advanced prevention measures and the Group reserves particular attention to these, making its own staff available, whether for emergency response or at managerial level. In the case of criticalities, Enel acts openly and transparently, making available the information requested, in full respect of the parties involved. There were 578 environmental criticalities recorded in 2015, up compared to the previous year, largely in Argentina and Brazil, above all owing to an increase in complaints about distribution and, in particular, relating to high-voltage plants, since in this context impacts on the physical and natural environment and the economic impact are greater than seen with medium/low-voltage plants.

Environmental criticalities at December 31, 2015 (%)



Appendix

Methodological note

G4-3 G4-5 G4-30 G4-31

Since 2003 Enel has published an annual Sustainability Report together with the Group's Annual Report.
The 2015 Sustainability Report is aimed at stakeholders in the Enel Group with the purpose of highlighting the action taken in regard to the Group's Sustainability objectives and, thus, responding to the legitimate interests of all the stakeholders.
Compared to the previous years, in particular, the materiality analysis in the 2015 Report is further enhanced and structured, which has enabled the realization of a report that is more focused on key issues for stakeholders in the Group.

Information and further details on the issues and indicators in this Report can be requested from:

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How this Report has been created

The Sustainability Report 2015 has been prepared in compliance with the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI), version G4 "in accordance" – Core option, and the supplement dedicated to the Electric Utilities sector issued in 2013 by the GRI ("Sustainability Reporting Guidelines & Electric Utilities Sector Supplement"). In particular, the process of establishing the contents is based on the principles of materiality, stakeholder inclusiveness, Sustainability context and completeness; with reference to the quality of the information reported, the principles of balance, comparability, accuracy, timeliness, clarity and reliability have been followed.
In addition, this Report conforms to the principles of inclusivity, materiality and responsiveness indicated in AA1000APS (AccountAbility Principles Standard) issued in 2008 by AccountAbility, the international research institute on Sustainability issues.
In reference to the principle of materiality, in particular, the detail in which the various issues are addressed was determined on the basis of their weight in the objectives and strategies of the Enel Group and of their importance for stakeholders, determined through a structured process of materiality analysis.

The materiality analysis 2015

G4-18 G4-20 G4-21

The materiality analysis was conducted on the basis of the guidelines in AA1000SES, for the stages of mapping and prioritizing stakeholders and analyzing the results, and of the criteria of AccountAbility and of the GRI-G4 for the definition of key issues and the application of the principle of materiality.
The definition of the issues to be analyzed is based on various sources, including the corporate policies and principles of conduct, dialogue with stakeholders, the issues of greatest interest for Sustainability rating

agencies, and relevant benchmarking studies.

Two aspects were investigated in relation to these issues:

> on the stakeholder side, the relative importance of each issue in the perception of stakeholders and the "direction" of their expectations (i.e. an expectation of engagement rather than disengagement on the part of Enel);

> on the Company side, the level of impact of the issues on industrial strategies, determined on the basis of the current and future commitment taken on for each issue.

The importance of issues for stakeholders and the "direction" of their expectations have been photographed through an extensive analysis of the results that emerged from numerous initiatives to listen to, involve and talk to key stakeholders that Enel undertook during 2015, together with a structured analysis of the positions independently expressed by "authoritative" stakeholders, such as national and transnational institutions, authorities, stakeholder associations, and multilateral bodies on sustainability issues. Examples of the sources considered were customer satisfaction and customer complaints, dealings with analysts and investors, questionnaires from sustainability rating agencies, dealings with representative and category associations, institutional relations at national and local level, union relations, media monitoring, and surveys.

The impact of the various issues on Enel's strategies was determined by involving the Strategic Planning unit and other company Functions for analyses on specific issues, and was then confirmed by the Chairman and the Chief Executive Officer. This analysis reflects the strategic guidelines defined by the 2016-2019 Strategic Plan, the objectives of the Functions/Divisions and the commitments taken on by the Group through its policies and conduct criteria.

Analysis of these two aspects enabled the attribution of various priority levels for the issues and their positioning in a matrix, as set out in the specific chapter at page 37. The materiality analysis summarizes the various perspectives and provides an overview of the issues with the greatest potential to influence the actions and performance of Enel and the decisions of its stakeholders, as well as the degree of "alignment" or "misalignment" between the priorities attributed by stakeholders to the various issues and the Group's level of commitment in this regard.

Below is the table of the issues included in the materiality analysis in the "Aspects" of GRI-G4, with the related indication of the internal boundary and of the external boundary within the organization.

ESG category	Issue of materiality analysis	GRI-G4 "Aspects"	Internal environment	External environment
Business & Governance	Creation of economic and financial value	Economic Performance	Group	Investors Customers
	Solid governance	Governance	Group	-
		Labor Practices Grievance Mechanisms		
		Human Rights Grievance Mechanisms		
	Transparent conduct	Ethics and Integrity	Group	Institutions Authorities
		Anti-corruption		
		Anti-competitive Behavior		
		Compliance (Category: Social)		
		Public Policy		
	Traditional technologies	Plant Decommissioning	Group	Community Customers
		System Efficiency		
		Availability and Reliability		
	Renewable energy	Economic Performance	Group	Community Customers
		Availability and Reliability		
	Innovation and operational efficiency	Research and Development	Group	Community Customers
		Availability and Reliability		
		System Efficiency		
	Energy efficiency and services	Demand-side management	Group	Customers
	Quality in customer relationships	Product and Service Labeling	Group	Customers
		Marketing Communications		
		Customer Privacy		
		Provision of Information		

ESG category	Issue of materiality analysis	GRI-G4 "Aspects"	Internal environment	External environment
Environmental	Climate strategy	Emissions	Group	-
	Mitigation of environmental impacts	Materials	Group	-
		Energy		
		Emissions		
		Effluents and Waste		
		Transport		
		Overall		
		Compliance (Category: Environmental)		
	Responsible use of water resources	Water	Group	-
		Effluents and Waste		
	Biodiversity and protection of natural capital	Biodiversity	Group	-
Social	Management, development and motivation of people	Employment	Group	-
		Labor/Management Relations		
		Training and Education		
		Diversity and Equal Opportunity		
		Equal Remuneration for Women and Men		
		Freedom of Association and Collective Bargaining		
		Child labor		
		Forced or Compulsory Labor		
	Occupational health and safety	Occupational health and safety	Group	Suppliers
	Responsible relationships with communities in operations	Indigenous Rights	Group	Community
		Local Communities		
		Grievance Mechanisms for Impacts on Society		
		Disaster/Emergency Planning and Response		
		Customer Health and Safety		
	Support and development of local communities	Local Communities	Group	Community
		Access		
	Sustainability of the supply chain	Procurement Practices	Group	Community
		Supplier Assessment for Labor Practices		
		Supplier Human Rights Assessment		
		Supplier Environmental Assessment		

The reporting mix

On the basis of the results of the materiality analysis it was possible to define the structure of the Sustainability Report 2015 by focusing it more on material issues to which specific chapters have been dedicated. In the same way the level of materiality of the issues, which are in their turn broken down into detailed sub-issues, influenced the level of analysis applied to the individual issues and the reporting of the related GRI indicators (G4 and EUSS) in order to be "in accordance" – Core option, as well as the choice of the most suitable reporting tool to represent them (Group Annual Report 2015 and attached reports), to which reference has been made to address or analyze more specific issues, respectively, on economic performance and governance or on environmental management. In addition, the materiality analysis was the basis for defining Enel's Sustainability objectives for 2016-2020, as illustrated in the Sustainability Plan (see page 48).

The GRI Content Index, which is set out as an Appendix, contains references to the Sustainability Report 2015 and to other reporting instruments used in the Group. Please consult www.enel.com for further information, for example, on the innovation projects or the activities of the Enel Foundations. Please consult the *Informe de Sostenibilidad* 2015 of Endesa and Enersis for further details on initiatives dedicated to customers and local communities in Spain and Latin America.

Process of drafting and assurance

G4-33

The process of reporting and monitoring Key Performance Indicators (KPIs) for sustainability involves the Parent Company as regards the cross-cutting issues, and all the Group's Business Lines, Global Functions and companies for the specific issues and indicators of the differing business sectors.

In the areas involved, individuals have been identified to collect, check and process the relevant KPIs. The Sustainability unit, which is part of the Innovation and Sustainability Function, is responsible for consolidating the information, as well as coordinating the whole drafting process for the Sustainability Report. In this process, the Administration, Finance and Control Function guarantees the coherence, between the Sustainability Report and the other reporting documents, of the quantitative data in the Group consolidation system.

The Sustainability Report is analyzed and assessed by the Control and Risks Committee and the Corporate Governance and Sustainability Committee which check its completeness and reliability; the document is then approved by the Board of Directors and finally presented at the Annual General Meeting together with the Group Annual Report.

The Sustainability Report is subject to limited audit by an independent auditor, Reconta Ernst & Young SpA, which is also engaged to audit the Enel Group Annual Report. The work undertaken during the audit envisages the application of the criteria indicated in ISAE 3000[1] and, consequently, of the Code of Ethics for Professional Accountants, including professional independence and verification of the absence of conflicts of interest which may invalidate the ethical principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. The report, which describes the principles adopted, the activities undertaken and the related conclusions, is set out in the Appendix.

Parameters of the report

G4-13 G4-22 G4-23 G4-28

The data and information contained in the Sustainability Report 2015 regard Enel SpA and the consolidated companies for the year ended December 31, 2015. In the text and in the Appendix to the Sustainability Report, "Parent Company" means Enel SpA, while "Group" or "Enel" means the set of subsidiaries.

The data in the Sustainability Report, in particular, refer to the companies included on a line-by-line basis in the scope of consolidation of the Annual Report at December 31, 2015. The associated companies (which in the Annual Report are valued using the equity method) and the other entities over which Enel exercises significant influence (including joint ventures) are included in the calculation of the data, where available, in proportion to Enel's equity interest and are mentioned in the text where they produce significant impacts. In particular, the Slovak companies and the Italian plants that

(1) International Standard on Assurance Engagements (ISAE) 3000, "Assurance Engagements Other than Audits or Reviews of Historical Financial Information".

are being dismissed are not included in the scope as regards the financial and economic data, while they are included in the environmental and operating indicators, unless otherwise specified.

For details on the subsidiaries in the scope of consolidation, readers can refer to the Annual Report 2015.

Some divergences from the KPIs and information in the Sustainability Report 2014 can be ascribed to changes in the Group's scope of consolidation. For more detailed information on the changes, refer to the Annual Report 2015 in the sections "Main changes in the scope of consolidation" and "Significant events in 2015".

The effect of the changes in the scope of consolidation and any significant changes or limitations in the scope or in the means of calculating the individual indicators compared to 2014 are expressly indicated in the text and/or in Appendix, together with the effects produced on the related data. The reader can refer to the notes in the tables in the Appendix for all other details on adjustments to the previously published data, the means of calculation, the key assumptions and limitations in the reported indicators.

The calculations are made on the basis of the accounting and non-accounting results and of Enel's other information systems and are verified by the managers responsible for them. There is an explicit indication of data which come from estimates and the related calculation method.

Performance indicators(2)

The key Sustainability performance indicators are set out from pages 164 to 210 and are an integral part of this Sustainability Report. In order to facilitate the cross-reading of the performance indicators and the qualitative information given in the Sustainability Report, in the printed copy the quantitative indicators will be recorded in a separate document. The document will be included in the pocket on the inside cover.

Units of measure

,000	thousands
,000 d	thousands of days
,000 h	thousands of hours
,000 t	thousands of tons
%	percentage
Billions of m^3	billions of cubic meters
d	days
euro cent	euro cents
g/kWh	grams per kilowatt-hour
GBq per unit	gigabequerel per unit
GWh	gigawatt-hour
h	hours
h/per-cap	hours per capita
i	index
kg	kilograms
kg CFC-11 eq	CFC-11 kilograms equivalent
km	kilometers
kW	kilowatt
kWh	kilowatt-hour
kWh eq	kilowatt-hour equivalent(3)
kWh/t	kilowatt-hours per ton
kWp	peak kilowatt
l/kWh	liters per kilowatt-hour
m. A4 sheets eq	millions of A4 sheets equivalent
m. euro	millions of euro
m. h	millions of hours
m. m^3	millions of cubic meters
m. t	millions of tons
m. t eq	millions of tons equivalent
m. toe	millions of tons of oil equivalent
m.	millions
min	minutes
MW	megawatt
MWh	megawatt-hour
no.	number
sec	seconds
t	tons
TBq per Unit	terabequerel per unit
toe	tons of oil equivalent
TJ	terajoule
TWh	terawatt-hour
years	years

Acronyms

BoD	Board of Directors
BOD	Biochemical Oxygen Demand
CCGT	Combined Cycle Gas Turbine
COD	Chemical Oxygen Demand
CSR	Corporate Social Responsibility
DT	Distance Training
EBIT	Earnings Before Interest and Tax
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization
EBT	Earnings Before Tax
EIB	European Investment Bank
EPS	Earnings per Share
HV	High Voltage
IPO	Initial Public Offering
IRAP	Italian Regional Production Tax
IRES	Italian Corporation Tax
LBG	London Benchmarking Group
LV	Low Voltage
MV	Medium Voltage
PCB	Polychlorinated biphenyls
R&D	Research & Development
S&P	Standard & Poor's
SRI	Socially Responsible Investor
TSR	Total Shareholder Return

(2) In terms of the year on year comparison of the data, it is noted that the differences between 2015 and 2014, in absolute terms and as a percentage, a re calculated taking into consideration the decimal places which, in some cases, are not visible in the print version.
(3) Corresponds to the total production of electricity and heat.

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Building a better working world

Independent auditors' report on Enel Group "2015 Sustainability Report" (Translation from the original Italian text)

To the Board of Directors of
Enel S.p.A.

We have carried out a limited assurance engagement of "2015 Sustainability Report" (hereinafter also the "Report") of Enel S.p.A. and its subsidiaries (hereinafter also "Enel Group") as of 31st December 2015.

Directors' responsibility on the Report

The Directors are responsible for the preparation of the Report in accordance with the "G4 Sustainability Reporting Guidelines", issued in 2013 by GRI – Global Reporting Initiative and with the "Inclusivity", "Materiality" and "Responsiveness" principles included in "AA1000 AccountAbility Principles Standard (2008)" issued by AccountAbility (Institute of Social and Ethical Accountability), that are detailed in the paragraph "Methodological Note" of the Report, as well as for that part of internal control that they consider necessary in order to allow the preparation of a Report that is free from material misstatements, even caused by frauds or unintentional behaviors or events. The Directors are also responsible for defining the Enel Group's commitments regarding the sustainability performance and for the reporting of the results achieved, as well as for the identification of the stakeholders and of the significant matters to report.

Auditors' responsibility

It is our responsibility the preparation of this report on the basis of the procedures carried out. Our work has been conducted in accordance with the criteria established by the principle "International Standard on Assurance Engagements 3000 – Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000"), issued by the International Auditing and Assurance Standards Board for the engagements that consist in a limited assurance. This principle requires the respect of relevant ethical principles, including those related to independence, which was respected also in accordance with the AA1000 AccountAbility Assurance Standard (2008), since services or activities that could have generated an independence conflict have not been performed for the Group, as well as the planning and the execution of our work in order to obtain a limited assurance that the Report is free from material misstatements. These procedures included inquiries, primarily with company's personnel responsible for the preparation of the information included in the Report, documents analysis, recalculations and other procedures in order to obtain evidences considered appropriate.

Reconta Ernst & Young S.p.A.
Sede Legale: Via Po, 32 - 00198 Roma
Capitale Sociale € 1.402.500,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la C.C.I.A.A. di Roma
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. 250904
P.IVA 00891231003
Iscritta all'Albo Revisori Legali al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998
Iscritta all'Albo Speciale delle società di revisione
Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

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The procedures performed on the Report were related to the compliance with the principles for defining report content and quality, as articulated in the "G4 Sustainability Reporting Guidelines" and "AA1000 AccountAbility Principles Standard (2008)", and are summarized below:

a. Comparison of the economic and financial data and information included in the Report with those included in the Enel Group's consolidated financial statements as of 31st December 2015 on which we issued our audit report, pursuant to art. 14 and 16 of Legislative Decree dated 27th January 2010, on the 13th April 2016;

b. Analysis, through interviews, of the governance system and management process of the issues related to the sustainable development regarding Enel Group's strategy and operations;

c. Analysis of the process relating to the definition of material aspects included in the Report, with reference to the criteria applied to identify priorities for the different stakeholders categories and to the internal validation of the process outcome;

d. Analysis of the operation of the processes that support the generation, recording and management of the quantitative data reported in the Report. In particular, we have carried out the following procedures:

   - interviews and discussions with personnel of the Management of Enel S.p.A. and of its subsidiaries Endesa Generación S.A., Enel Green Power S.p.A., Enel Green Power Hellas S.A., to obtain an understanding about the information, accounting and reporting systems in use for the preparation of the Report, as well as about the internal control processes and procedures supporting the collection, aggregation, data processing and transmission of data and information to the department responsible for preparation of the Report to comply with the "Inclusivity", "Materiality" and "Responsiveness" principles included in the "AA1000 AccountAbility Principles Standard (2008)";
   - on-site verifications at the thermal power plant of Endesa Generación S.A. in As Pontes (Spain) and at the Martino wind plant of Enel Green Power Hellas S.A. in Lokron (Greece);
   - analysis on a sample basis of the documentation supporting the compilation of the Report, in order to confirm the processes in use, their adequacy and the operation of the internal control for the correct processing of data and information in relation to the objectives described in the Report;

e. Analysis of the compliance and internal consistency of the qualitative information included in the Report to the guidelines identified in paragraph "Director's responsibility on the Report" of the present report;

f. Analysis of the process relating to the stakeholders engagement, with reference to the procedures applied, through the review of minutes or any other existing documentation relating to the main topics arisen from discussions with them;

g. Obtaining of the representation letter, signed by the legal representative of Enel S.p.A., relating to the compliance of the Report with the guidelines indicated in paragraph "Directors' responsibility on the Report", as well as to the reliability and completeness of the information and data presented in the Report.

The data and information which are subject to the limited assurance are reported, in compliance with "G4 Sustainability Reporting Guidelines", in the table "GRI Content Index" of the Report.

Our engagement is less in scope than a reasonable assurance engagement in accordance with ISAE 3000 and, as consequence, we may not have become aware of all the significant events and circumstances which we could have identified had we performed a reasonable assurance engagement.

Conclusion

Based on our work, nothing has come to our attention that causes us to believe that the "2015 Sustainability Report" of Enel Group as of 31st December 2015 is not in compliance, in all material aspects, with the guidelines "G4 Sustainability Reporting Guidelines" issued in 2013 by the GRI - Global Reporting Initiative and with the "Inclusivity", "Materiality" and "Responsiveness" principles included in the "AA1000 AccountAbility Principles Standard (2008)", as stated in the paragraph "Methodological Note" of the Report.

Roma, 16th May 2016

Reconta Ernst & Young S.p.A.

Signed by: Massimo delli Paoli, Partner

This report has been translated into the English language solely for the convenience of international readers

Concept design and realization
Newton 21 Roma - Rome

Illustrations by
Andrea Minini

Copy editing
postScriptum - Rome

Printing
Primaprint - Viterbo

Print run: 50 copies

Photographs
Guido Fuà - Eikona
Alessandro Cosmelli

Published in May 2016

INSIDE PAGES

Paper
Fedrigoni X-per

Weight
120 g/m²

Number of pages
218

COVER

Paper
Fedrigoni X-per

Weight
320 g/m²

This publication is printed on 100% certified FSC® paper
Publication not for sale

By
Comunicazione Italia

Enel
Società per azioni
Registered office in Rome
Viale Regina Margherita, 137
Share capital
€ 9,403,357,795
(at December 31, 2012) fully paid in
Tax Code and Companies Register
of Rome no. 00811720580
R.E.A. of Rome no. 756032
VAT no. 00934061003

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00198 Rome, Viale Regina Margherita, 125