

2011-2015 Sustainability Plan

The Enel Group's strategic sustainability priorities are integrated in its multiyear 2011-2015 Business Plan, which sets out the Company's growth path within a strategic framework of governance implementation, the fight against climate change, protection of the environment, social development, and transparent relations with all our stakeholders.

In effect, the macro sustainability objectives are closely connected with the entire Group's strategic objectives and are established by the Company's top management. These macro objectives are then transmitted to the different corporate operating areas and are the guidelines according to which each Division/Department of Enel SpA must establish its own sustainability-improving objectives and specify the most important actions planned for the coming years.

This process of agreeing on the objectives at all levels takes place with the assistance of the CSR and Relations with Associations Unit of Enel SpA's External Relations Department, which cooperates with the Accounting, Finance, and Control Department's Strategic Planning Unit in assisting the process of establishing the sustainability priorities and objectives by providing the guidelines that Enel SpA's departments, and the Divisions, and companies of the Group must follow in drawing up their short- and medium-term plans.

These guidelines are referred to in the "Plan Letter" that the Chief Executive Officer sends every year to all the operating heads of Enel SpA's Divisions to initiate the process of establishing the objectives. In addition to the guidelines on the specific objectives and the areas of action, the letter also points out the common premises that distinguish the Enel Group and must be followed and reflected in identifying the lines of action (such as the quality of the corporate atmosphere, concern for the individual, and absolute commitment to health and safety).

On the basis of the "Guidelines" sent by the Chief Executive Officer, the Divisions establish the performance indicators regarding sustainability, which are aggregated at the Enel SpA level and included in the Business Plan. These indicators are then analyzed and monitored through Enel's sustainability control system, which prepares a periodical report.

In order to have increasingly transparent and complete information, in addition to these key indicators Enel monitors about 270 concise indicators – almost 900 considering the various details – which are presented in this Report.





The strategic priorities of the 2011-2015 Business Plan, which are reported on pages 31-32, constitute the basis for the development of the guidelines of the Sustainability Plan, at the level of both Enel SpA and the Divisions:

Leadership in the Group's core markets

In Italy, Spain, and Portugal, countries in which it has 70% of its customers, the Group will undertake initiatives aimed at consolidating the quality of its relations with end consumers by providing high-value-added innovative services, such as the installation of digital meters also in Spain. In the same countries the Group will improve the competitiveness and the balance of its energy mix by investing about 18 billion euro, out of a total of 31 billion globally. In addition to providing a solid and stable cash flow, these choices will be a benchmark for the development of growth platforms in all the countries in which the Group is present.

Consolidation and organic growth in the field of renewable energy, as well as in Latin America, Russia, and Eastern Europe

In keeping with its climate strategy, the Group will continue to play a leading role in renewable energy thanks to Enel Green Power, a company that is unique in the world because of its diversified mix of technology and geographical presence. Enel's constant commitment to ensuring a supply of sustainable, reasonably priced, and accessible energy will be confirmed in its new projects for electricity generation and distribution, which will be implemented while discussing with local communities, respecting the human rights of the people involved, and contributing to the development of the countries in which it operates.

Consolidation, integration, and operating excellence

In the next few years the ongoing process of integration between Enel and Endesa will constitute a key strategy of growth, aimed at achieving significant operating synergy. In this regard, numerous diversity-management initiatives have been planned to encourage multiculturalism and knowledge sharing. This policy will also be implemented with regard to suppliers to promote sustainability criteria along the entire supply chain.

Leadership in innovation

Thanks to the large investment planned in research and development – about one billion euro – the Group will continue to pursue its strategy of reducing greenhouse-gas emissions, which embodies its commitment to the fight against climate change, with particular concern for issues connected with water scarcity.

The sustainability plan was drawn up taking into account the three principles of the AA1000APS (Accountability Principles Standard) issued in 2008 by AccountAbility, an international institute for research applied to the issues of sustainability:

- > **Inclusiveness**, which means facilitating the participation of stakeholders in developing and achieving a responsible and strategic response to sustainability
- > **Materiality**, which means determining the importance and significance of an issue for an organization and its stakeholders
- > **Responsiveness**, which requires providing responses to the legitimate expectations of the stakeholders involved

Stakeholder engagement was one of the essential elements in the preparation of the Group's Sustainability Plan. In effect, Enel has for some time used a series of instruments and initiatives to collect and analyze information about the expectations of its stakeholders ⁽¹⁾, and the latter were integrated with the Group's strategic decisions to establish material macro areas of commitment for every stakeholder category.

For each objective and the related courses of action in the Sustainability Plan, during 2010 Enel carried out a series of projects and initiatives. Detailed reference to the single initiatives implemented during the year can be seen in the Plan.

(1) On the instruments for engaging stakeholders, see the "Stakeholder engagement" section on pages 90-91 of this Report.

Macro-areas of engagement	Objectives	Lines of action in response	In this Report
Materiality	Materiality	Responsiveness	Responsiveness

Shareholders and Providers of capital

Sustainable dividend and debt-reduction policy	Continual debt reduction	Activation of processes to dispose of non-core assets and strict financial discipline in selecting investment projects	pp. 31-32, 26-27
	Leadership in the markets concerned	Organic growth, structural synergy, and operating excellence	pp. 4-7, 31-32, 37-38, 60-61, 62, 102-103, 105-106, 107, 110, 112-113, 117, 126
	Sustainable development	Growth in renewable energy and geographical diversification	pp. 52-54, 31-32, 33, 34-35, 37-38
Sustainable and lasting value creation	Strategic risk management	Analysis and assessment of risk-control processes	pp. 74-75
Fairness and transparency in conducting business	Maintenance of a corporate governance model that ensures the utmost transparency	Alignment of all Group companies with the same corporate governance model through coordination of the three instruments of self-regulation (Code of Ethics, ZTC Plan, and Compliance Plan 231/01)	pp. 66-73, 78-81, 82-83, 85, 86-88
	Maintenance of complete and correct information to our shareholders and providers of capital	Transparency and frequency of financial communication and relations with institutional and retail investors	pp. 63, 65, 90-91
		Constant attention to relations with ethical investors through dedicated units	pp. 63, 65, 90-91

Macro-areas of engagement	Objectives	Lines of action in response	In this Report
Materiality	Materiality	Responsiveness	Responsiveness

Customers

Service quality	Customer care and customer relationship	Expansion of points of contact with customers and development of new channels through technological innovation	pp. 48-49, 142-143, 153-154, 154-156, 158-159
		Enhancement of the instruments for surveying and monitoring customer satisfaction	pp. 142-144, 147-148, 154-156, 97-98
		Extension of conciliation procedure to the entire Group and to small and medium enterprises for faster and more effective management of disputes	pp. 158-159, 210
	Personalization of customer service	Development of instruments and services for customers with specific needs in order to increase social inclusion	pp. 151-152, 154-156
	Reduction of supply outages	Improvement of network efficiency through technological innovation and infrastructure rationalization	pp. 47-51, 142-143, 146-147
Sustainability in offers to customers	Promotion of energy efficiency in end uses	Raising end-user awareness of the responsible consumption of resources	pp. 47-51, 160-163, 164, 165, 222-223, 224-225

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Materiality	Materiality	Responsiveness	Responsiveness

Communities

Dialogue with society	Transparent information and openness to discussion with communities	Involvement of the local communities affected by large-scale infrastructure construction	pp. 206-207, 211-213, 213-215
		Presence in the most important international networks for the protection of human rights	pp. 80, 82-84
		Creation of a large annual event to encourage a global discussion on issues of corporate social responsibility	p. 95
		Involvement of local communities in initiatives to educate people about energy and the environment	pp. 222-223, 224-225, 213-215
		Promotion of the Company's historical and cultural heritage through events, exhibitions, and dedicated publications	pp. 123, 232
Management of environmental impacts	Minimization of environmental risks	Extension of environmental certification to all the Group's plants	p. 170
		Safeguard of biodiversity and the landscape	pp. 186-194, 195
Actions of social development	Investment in communities and philanthropic giving	Investment in communities	pp. 220-222, 228-233
		Commitment to the growth and development of communities through education, culture, and sports	pp. 226-227, 230
		Development of business activities with a social purpose	pp. 220, 151-152, 154-156, 160-163, 50, 157
		Promotion of projects to facilitate access to energy	pp. 220-222, 151-152, 154-156
		Social solidarity and philanthropic giving	pp. 228-233
		Promotion of philanthropic initiatives among employees	pp. 220-222

Macro-areas of engagement	Objectives	Lines of action in response	In this Report
Materiality	Materiality	Responsiveness	Responsiveness

Employees (1-2)

Corporate climate based on shared values	Dissemination of the culture of sustainability	Initiatives to inform people and raise their awareness of sustainability both in and outside the Group	pp. 85, 126-127, 95
		Enhancement of the instruments of internal communication, in particular Enel TV	pp. 126-127
		Integration of sustainability in monitoring and assessment systems	pp. 108-109, 34
		Promotion of sustainability in relations with labor unions in all the countries in which Enel operates	pp. 135-136
	Improvement of the corporate climate	Enhancement of the instruments for surveying and monitoring the corporate climate	pp. 124-125, 126-127
		Extension of the leadership model and performance review to the entire Group	pp. 107, 108
Diversity management and safeguard of the individual	Promotion of diversity and equal opportunity	Implementation of initiatives for the safeguard and promotion of diversity	pp. 128-129, 129-131, 132
	Promotion of corporate welfare initiatives	Provision of supplementary services (medical care, cultural and recreational activities) for employees	pp. 119-120, 121, 127-128
		Creation of instruments and services to improve work-life balance	pp. 128-129
		Expand mobility-management initiatives	pp. 128-129

Macro-areas of engagement	Objectives	Lines of action in response	In this Report
Materiality	Materiality	Responsiveness	Responsiveness

Employees (2-2)

Occupational health and safety	Adoption of a single safety standard in all work places	Extension of management policies and systems to all Group work places	pp. 116, 117-118
		Intensification of training activities to all professional families	pp. 112, 113, 115
		Intensification of prevention and monitoring activities	pp. 116
	Communication and promotion of the culture of safety	Realization of initiatives and instruments to encourage the sharing of experiences and best practices regarding safety throughout the Group	pp. 112-113, 115, 116
People Development	Training and making the best use of the corporate patrimony of capabilities	Dissemination of the best internal practices and a stance of excellence throughout the Group	pp. 4-7, 31-32, 102-103, 105-106, 107, 110, 112-113, 117, 126
		Dissemination of knowledge-management systems	pp. 112-113, 116, 117, 126-127
		Initiatives to support the new leadership model	pp. 109-110
		Creation of an e-learning training course specifically dedicated to CSR	pp. 85
	Development of assessment and incentive systems capable of attracting and retaining the most talented people	Creation of a talent-management system and activities to develop talent pools	pp. 108, 109-110

Macro-areas of engagement	Objectives	Lines of action in response	In this Report
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Suppliers

Macro-areas of engagement	Objectives	Lines of action in response	In this Report
Sustainability in relations with suppliers	Promotion of sustainability criteria in the selection of suppliers and in relations with contractors	Formalization of a system for checking that suppliers respect workers' rights	p. 241
		Revision of contracting processes with regard to safety to align contractors with Enel's safety standards	pp. 242-243, 244-245
		Implementation of new sustainability criteria inside the supplier qualification system and inside the vendor rating	p. 239
		Fairness and transparency in the selection process and relations with suppliers	pp. 239, 240-241

Future generations

Macro-areas of engagement	Objectives	Lines of action in response	In this Report
Access to electricity	Promotion of initiatives to ensure access to electricity	Construction of electricity generation and distribution plants in developing countries, in particular for rural electrification	pp. 145-147, 220-222
Climate strategy	Diversification of energy sources for electricity generation	Generation of electricity from nuclear energy	pp. 54-57
		Generation of electricity from renewable energy sources	pp. 10, 52-54
	Research and development in technologies for the long-term environmental sustainability of energy	Development of technologies for carbon sequestration and emissions containment	pp. 57-59
		Development of smart grids and electric mobility	pp. 47-51
		Commitment to research for overcoming barriers to the spread of renewable energy	pp. 52-54
	Continual technological improvement of generation plants in countries where the Group is present	pp. 34-35, 172-174, 177, 182, 185	

Macro-areas of engagement	Objectives	Lines of action in response	In this Report
Materiality	Materiality	Responsiveness	Responsiveness

Institutions

Commitment to good citizenship	Promotion of dialogue with local, national, and international institutions	Cooperative relations with national and international public institutions	pp. 87-88
		Proactive role in industry and multi-industry discussions to promote sustainability issues	pp. 92-93

Organizations representing interest groups

Commitment to good citizenship	Creation of long-term partnerships with associations representing interest groups	Continual and constant listening to the needs and expectations expressed by organizations representing interest groups	pp. 133-138, 155, 165, 210, 211-213, 213-215
		Discussion of critical activities and projects on shared objectives	pp. 133-138, 210, 211-213, 213-216
Development of shared projects	Implementation of projects in close cooperation with associations representing interest groups	Implementation of environmental projects and ones to raise public awareness in favor of sustainable development in partnership with environmental associations	pp. 21, 165, 195
		Implementation of innovative solutions for conciliation with customers in partnership with consumer associations	pp. 155, 158-159
		Promotion of local communities through projects in partnership with small and medium enterprises and local governments	pp. 158-159
		Promotion of cultural and sports events	pp. 226-227, 230