

Letter  
to our stakeholders



Enel is one of the world leaders in energy. Thanks to the dedication of more than 78,000 people, we are now an integrated Group operating along the entire electricity value chain in 40 countries.

The international expansion that we have experienced in the last few years has strengthened our conviction that the only way to ensure the success of our projects is to make them an opportunity for growth for both us and the entire community around us. Our development plans are assessed not only in terms of the economic return for the Company, but also for the benefits they can create for all our stakeholders. We believe that the real indicator of success for an energy utility is to always act both responsibly and ethically by keeping the social value of our actions clearly in mind.

Sticking to these criteria requires all the talent and day-to-day commitment of everyone in our Group. It requires a consistent and ambitious strategy based on three lines of action: innovation and excellence as drivers of sustainable growth and transparent reporting of all our activities.

## Innovation for sustainable growth

One of the great challenges that humanity must face in the coming years is to have at its disposal sufficient energy for the economic growth that is enabling millions of people to rise above the poverty threshold, while producing this energy in an environmentally sustainable way. Enel's growth objectives are based on a sustainability strategy that combines, on the one hand, the responsibility of ensuring secure and sufficient energy to meet the demand, which is increasing and shifting according to changes in the global economy, and on the other the necessity of responding to the challenge of climate change by making an essential contribution to the drastic reduction of polluting emissions. We are convinced that operating excellence and technological innovation are the most efficient levers for making this balance possible. Our commitment is therefore addressed to the key fields of energy innovation: from renewable energy sources, energy efficiency, and energy accumulation to the reduction of emissions by conventional technologies, smart grids, and electric mobility.

On the renewable energy front, Enel Green Power remains a world leader in the industry, among other things thanks to the reorganization that preceded its listing on the stock exchange. The Enel Group's installed renewable capacity in Europe and the Americas (hydro, geothermal, wind, photovoltaic, and biomass) already exceeds 34 GW, out of the Group's total capacity of about 97.3 GW.

Also important is our commitment to make conventional energy sources "clean". With a plan for investing almost a billion euro in technology in the period 2011-2015,

we are increasing the energy efficiency of our thermal production and trying out the most promising technologies for capturing and storing CO<sub>2</sub>. We recently inaugurated in Brindisi the largest pilot plant in Europe of this technology, whose development will enable us to continue to use an indispensable source like coal by drastically abating its emissions.

We shall continue to concentrate on zero-emissions technologies and the improvement of traditional sources, with the goal of increasing the share of our generation that does not produce greenhouse gases, which is already about 45%. Meanwhile, and until we have become an industry that is “neutral” with regard to CO<sub>2</sub> emissions, we shall continue to partially compensate for them through the introduction of projects and best practices in Eastern Europe and in less developed countries, using the mechanisms introduced by the Kyoto Protocol (the Clean Development Mechanism and Joint Implementation), in the adoption of which the Group is a global leader.

Our commitment to innovation for sustainability does not end with the generation of electricity. Enel is also a benchmark for smart grids, whose spread will enable us to evolve towards an integrated and multi-directional distribution system that is able to manage the interactions between producers and consumers of energy in real time. Smart grids will ensure more balanced distributed generation and will allow customers themselves to become producers of clean energy. Thanks to the 33 million electronic meters that have been installed in Italy since 2001 and the 13 million that are being installed in Spain, Enel has already put in place – ahead of the other companies – an important component of the infrastructure that will make possible the development of active grids and has begun to provide post-meter services aimed at getting customers to use energy more responsibly and rationally.

The objective of sustainability also regards the streets of our cities. For this reason Enel is laying the foundations for a radical change in the way we move around on them. With our E-Mobility Italy project in Italy and MOVELE project in Spain, we are constructing the recharging infrastructure that will allow people in 6 large Italian and Spanish cities to use zero-impact electric cars.

Responsibility also means using innovation to improve the living conditions of the poorest communities. Electricity is an extraordinary driver of growth and prosperity. For this reason we believe it is our duty to cooperate with the governments of the countries in which we are present to close the energy gap separating the 1.4 billion people in the world who still lack access to electricity. Among the numerous innovative solutions that we have tested, the Ecoelce project in Brazil stands out. Recognized by the UN's 2010 World Business and Development Awards as one of the 25 most sustainable innovations of the last 25 years in the country, the project enables recyclable waste to be “exchanged” for discounts on electricity bills, thus encouraging responsible waste management, while at the same time providing financial support for families.

## Excellence and growth inside the Group

If we want to be engines of innovation in the world that surrounds us, we must first of all be bearers of change ourselves, and therefore focus above all on a strong and shared Group identity that is able to generate value from diversity and sees in integration a powerful engine for disseminating the best practices. The founda-

tions of this culture are those that have characterized Enel for many years: a policy of operating excellence, service quality, and the improvement of results, together with the utmost concern for the protection of the safety of the people who work at and with Enel.

On the last aspect we have set ourselves the most ambitious goal possible, which requires the utmost commitment of everyone, at every level of our organization: to become a Zero accidents company. To achieve it, numerous detailed, cross-company safety projects have been initiated throughout the Group with excellent results, which have created over the years a constant trend of decreasing injury rates. In effect, injury frequency decreased by about 23% with respect to 2009, while the seriousness rate fell by 7%.

## Transparency and accountability

In addition to the potential provided by technology and our efforts to boost the internal growth of the Group, our commitment to sustainability is also focused on the transparency of our corporate actions, which is ensured by a strict corporate governance system and a solid reporting system based on rigorous criteria of objectivity. In effect, the Group's Sustainability Report achieves the A+ level of compliance with the sustainability reporting guidelines of the Global Reporting Initiative (GRI). In keeping with our vision, according to which sustainability consists in the combination of economic, social, and environmental aspects, we have initiated a process that in time will lead us to develop a single reporting system for the Group, in which the economic and financial indicators are integrated with the sustainability ones. In this way, all our stakeholders will have an increasingly integrated view of the Company's overall performance and value. This will be a decisive step and will confirm the integration of sustainability in our way of doing business, which is already recognized by the "ethical" funds among our institutional shareholders (about 17% of the institutional floating capital at the end of 2010) and our presence in the prestigious Dow Jones sustainability indexes for the seventh year in a row. Furthermore, in January 2011 Enel became part of the Global Compact LEAD. This initiative of the United Nations' Global Compact brings together the 56 best companies in the world, which are benchmarks for economic, social, and environmental sustainability.

Precisely the ambition to constitute a benchmark and the courage to assume one's share of responsibility in facing the challenges of global development must guide our day-to-day work to supply reliable, efficient, and sustainable energy. In effect, it is the task of a responsible large company like ours to open new routes to the prosperity of the future and ensure that the energy we produce is the energy of change towards a sustainable future.

Chairman  
*Piero Gnudi*



Chief Executive Officer  
and General Manager  
*Fulvio Conti*

