



**REPORT OF THE BOARD OF DIRECTORS  
ON THE SOLE ITEM ON THE AGENDA OF THE EXTRAORDINARY MEETING**

**Amendment of the Bylaws provisions concerning requirements of integrity and related causes of ineligibility and disqualification of members of the Board of Directors as set forth under Article 14-*bis* of the Corporate Bylaws.**

Dear Shareholders,

You have been called in extraordinary meeting in order to discuss and resolve upon the amendment proposal of the Bylaws provisions concerning requirements of integrity and related causes of ineligibility and disqualification of members of the Board of Directors as set forth under Article 14-*bis* of the Corporate Bylaws.

In this respect, it is reminded that by resolution of the Extraordinary Meeting held on May 22, 2014, adopted upon proposal of the Shareholder Ministry of Economy and Finance (“MEF”), in the Bylaws of Enel S.p.A. (“Enel”) was inserted a specific provision – hereinafter in this document conventionally referred to as “ethical provision” – which establishes the ineligibility and disqualification for cause from the office of Director, without entitlement to damages, for those who have been subjected to a judgement of conviction, even if not final, or for those who have been subjected to an order for committal for trial (or an order for immediate trial) for specific offences indicated in the relevant provision.

It is also reminded that, in the same shareholders’ meeting season, MEF – directly or through its subsidiary Cassa Depositi e Prestiti S.p.A. – proposed the insertion of a similar provision in the bylaws of other listed companies controlled by the same Ministry (in particular Eni S.p.A., Finmeccanica S.p.A. and Terna S.p.A.). However such proposal has then been rejected by the shareholders’ meetings of the abovementioned companies and, therefore, Enel is currently the only listed company whose Bylaws include a provision like this.

Having said that, the Board of Directors of Enel deems advisable to submit for approval of this Meeting an amendment proposal of the “ethical provision”, for the following reasons:

- the stability of the business management and of those persons which, as Directors, are asked to determine the business guidelines represents a value for all Enel’s Shareholders, since it provides the Company and its Group with a solid lead, able to work within the framework of very complex and competitive markets on a prompt and continuous basis;
- the order for committal for trial – which is one of the grounds for the application of the “ethical provision” – results to be usually issued by the judge of the preliminary hearing (“GUP”) not on the basis of a trial assessment regarding the criminal liability of the person indicted or following a cross-examination between the parties, but following a preliminary hearing held in chambers and which commonly does not provide for any preliminary investigation (so the knowledge of the GUP is based, *de facto*, on evidences mainly collected by the public prosecutor during the discovery phase). Basically, the preliminary hearing is aimed not at assessing the actual criminal liability but at verifying the convenience to set a trial to assess facts and liabilities;
- moreover, the implementation of such provision, on the basis of a mere order for committal for trial, may result to be even more damaging when the proceeding has been initiated for certain criminal offences that do not seem able to cause any actual negative impact on the reputation of the interested Director and/or the Company.

In light of the above, the proposal formulated by the Board of Directors is to subordinate the application of the “ethical provision” to the issuance of a judgment of conviction, even if not final, and, thus, at least issued at the end of a first degree trial, instead of to the issuance of a mere order for committal for trial (or for immediate trial). In such way:

- it would be maintained, in any case, through such provision, a regulation on the integrity requirements of Enel’s Directors more stringent than that applicable to the other listed companies (for which the loss of such requirements is connected with the issuance of a final judgment of conviction, pursuant to Article 2 of the Decree of the Ministry of Justice No. 162 of March 30, 2000);

- at the same time it would be ensured the compliance of the “ethical provision” with certain specific law provisions that, even if they are not directly applicable to Enel, already prohibit to hold and/or keep the office of director in certain of companies. Reference is made in particular to:
  - a) the provisions set forth under Article 3, paragraph 1, of the Legislative Decree No. 39 of April 8, 2013, which, *inter alia*, establishes that a person convicted, “also pursuant to a not final judgement”, for one of the offences against the public administration listed in the Italian Criminal Code cannot be appointed as director of companies controlled by the public administration and whose business activity is the management of public services;
  - b) Article 6, paragraph 1, letter a), of the Decree of the Ministry of Treasury, Budget and Economic Planning No. 161 of March 18, 1998 and Article 4, paragraph 1, letter a), of the Decree of the Ministry of Treasury, Budget and Economic Planning No. 468 of November 11, 1998, which respectively establish that in banks as well as in investment companies, asset management companies, and variable capital investment companies the issuance of a not final judgement of conviction for one of the offences listed, respectively, in Article 5, paragraph 1, letter c), of Ministerial Decree No. 161/1998 or in Article 3, paragraph 1, letter c), of Ministerial Decree No. 468/1998 is a ground of suspension and possible consequent revocation, by meeting’s resolution, from the office of director of the company.

We therefore propose to amend Article 14-*bis* of the Corporate Bylaws as follows:

Current wording	Proposed wording
<p>1. The issue of a judgement, even if not final and without prejudice to the effects of rehabilitation, convicting a director of any of the offenses indicated below shall constitute grounds for ineligibility to or disqualification from the office of director, for cause and without entitlement to damages:</p> <p>a) offenses provided for under laws on banking, financial, securities, and insurance business and laws governing financial markets, securities and means of payment,</p> <p>b) offenses provided for under Title XI of Book V of the Italian Civil Code and Royal Decree No. 267 of March 16, 1942,</p> <p>c) offenses against the public administration, public credit, public property, public order, public economy or tax offences,</p> <p>d) offenses provided for under Article 51, paragraph 3-bis, of the Italian Criminal Procedural Code as well as Article 73 of the Decree of the President of the Republic of Italy No. 309 dated October 9, 1990.</p> <p>2. A cause of ineligibility is also the issue of an order for committal for trial or an order for immediate trial for any of the offences indicated in paragraph 1, subparagraphs a), b), c) and d) above, absent a verdict of acquittal, even if not final, or the issue of a judgement of final conviction ascertaining the willful commission of public monetary damage.</p> <p>3. The directors that during their term are served with order for committal for trial or an order for immediate trial for any of the offences indicated in paragraph 1, letters a), b), c) and d) above or with a final verdict of guilty for willful commission of public monetary damage must promptly inform the board of directors, which shall be bound by confidentiality duties. The board of directors at the first possible meeting, and in any case no later than ten days, after the acknowledgment of</p>	<p>1. The issue of a judgement, even if not final and without prejudice to the effects of rehabilitation, convicting a director of any of the offenses indicated below shall constitute grounds for ineligibility to or disqualification from the office of director, for cause and without entitlement to damages:</p> <p>a) offenses provided for under laws on banking, financial, securities, and insurance business and laws governing financial markets, securities and means of payment,</p> <p>b) offenses provided for under Title XI of Book V of the Italian Civil Code and Royal Decree No. 267 of March 16, 1942,</p> <p>c) offenses against the public administration, public credit, public property, public order, public economy or tax offences,</p> <p>d) offenses provided for under Article 51, paragraph 3-bis, of the Italian Criminal Procedural Code as well as Article 73 of the Decree of the President of the Republic of Italy No. 309 dated October 9, 1990.</p> <p><u>It also constitutes a ground for ineligibility to or disqualification for cause from the office of director, without entitlement to damages, the issue of a judgement of final conviction ascertaining the willful commission of public monetary damage</u></p> <p><b>2. ABROGATED</b></p> <p><b>3. ABROGATED</b></p>

<p>the issue of such orders and judgements of conviction, ascertains the existence of any of circumstances referred to above. In case of positive verification, the director is disqualified with cause from office, without any right to be indemnified, unless the Board of Directors, within the abovementioned ten-days period, calls a meeting, to be held within the next following sixty days, in order to resolve upon the proposal of permanence of such director in office by reasoning the submission of the proposal with the preeminent interest of the Company to retain the Director. If the Board of Directors carries out the aforesaid verification after the closing of the financial year, the proposal is submitted to the meeting called to approve the relevant financial statements, in compliance with the applicable law provisions.</p> <p>If the meeting does not approve the proposal of the Board of Directors, the director is automatically disqualified from office, with cause and without any right to be indemnified.</p> <p>4. Without prejudice to the provisions of the paragraphs above, the chief executive officer who is subject to:</p> <ol style="list-style-type: none"> <li>a) imprisonment or</li> <li>b) precautionary measures of preventive custody or house arrest as outcome of a proceeding started under Articles 309 or 311, second paragraph, of the Italian Criminal Procedural Code or at the elapse of the relevant time limit to start it,</li> </ol> <p>is automatically disqualified from office, with cause and without any right to be indemnified, and, as a consequence, his/her relevant delegated powers cease. Similarly, the chief executive officer is disqualified from office if addressed with other kind of precautionary measures that can no longer be appealed, if the Board of Directors believes that such measures make impossible for the chief executive officer to exercise his/her delegated powers.</p> <p>5. For the purposes of this clause, a plea bargain judgment pursuant to Article 444 of the Italian Criminal Procedural Code shall be equated to a judgment of conviction, except in case of extinguishment of the offense.</p> <p>6. For the purposes of this clause, where</p>	<p>4. Without prejudice to the provisions of the paragraphs above, the chief executive officer who is subject to:</p> <ol style="list-style-type: none"> <li>a) imprisonment or</li> <li>b) precautionary measures of preventive custody or house arrest as outcome of a proceeding started under Articles 309 or 311, second paragraph, of the Italian Criminal Procedural Code or at the elapse of the relevant time limit to start it,</li> </ol> <p>is automatically disqualified from office, with cause and without any right to be indemnified, and, as a consequence, his/her relevant delegated powers cease. Similarly, the chief executive officer is disqualified from office if addressed with other kind of precautionary measures that can no longer be appealed, if the Board of Directors believes that such measures make impossible for the chief executive officer to exercise his/her delegated powers.</p> <p>5. For the purposes of this clause, a plea bargain judgment pursuant to Article 444 of the Italian Criminal Procedural Code shall be equated to a judgment of conviction, except in case of extinguishment of the offense.</p> <p>6. For the purposes of this clause, where</p>
---	---

foreign laws shall apply, even if partially, the Board of Directors ascertains the existence of the circumstances mentioned herein through a judgment of substantial equivalence.	foreign laws shall apply, even if partially, the Board of Directors ascertains the existence of the circumstances mentioned herein through a judgment of substantial equivalence.
---	---

\*\*\*\*\*

Please note that the Bylaws amendments proposed do not trigger a right of withdrawal in favor of the shareholders who do not contribute to the approval of the resolution, as the case does not fall into any of the categories set out under Article 2437 of the Italian Civil Code.

\*\*\*\*\*

In light of the above, We therefore submit for your approval the following

**agenda**

The Shareholders' Meeting of Enel S.p.A., having examined the explanatory report of the Board of Directors,

**resolves**

to approve the amendment proposal of Article 14-*bis* of the Corporate Bylaws according to the wording indicated in the explanatory report, granting, on a several basis, the Chairman of the Board of Directors and the Chief Executive Officer with the power to approve and insert in this resolution any amendment, supplement, and deletion which may be deemed necessary for purpose of the relevant filing with companies' register.