



## **REPORT OF THE BOARD OF DIRECTORS ON THE SIXTH ITEM ON THE AGENDA**

### **Election of the members of the Board of Directors**

Dear Shareholders,

You are requested to elect the members of the Board of Directors.

The members of the Board of Directors are elected by the Shareholders' Meeting – pursuant to Article 147-*ter* of the Legislative Decree no. 58 of February 24, 1998 (the “Consolidated Financial Act”) and Article 14.3 of the Corporate Bylaws – on the basis of slates filed by the Shareholders and by the expiring Board of Directors, on which the candidates must be numbered progressively. We inform you in this regard that the expiring Board of Directors abstained from submitting its own slate of candidates, since, taking into account the current shareholding structure of the Company, no difficulties for Shareholders in filing slates of candidates have been registered so far.

In any case, the expiring Board of Directors has expressed specific guidelines on the size and composition of the next Board of Directors, in compliance with the recommendations set forth under Article 1.C.1, letter h), of the Corporate Governance Code for listed companies, which Enel S.p.A. complies with, and as referred in more detail in the report on the fourth item on the agenda. Such guidelines – available at the Company's website ([www.enel.com](http://www.enel.com)) – specifically outline the personal and professional traits deemed appropriate for the different roles within the Company's Board of Directors.

With regard to the procedures and deadlines for the preparation, filing, and publication of the slates by the Shareholders, it should be underlined that pursuant to the applicable laws and Articles 14.3 and 14-*bis* of the Corporate Bylaws:

- a) the slates, together with the required documentation, shall be filed by Shareholders with the Company within twenty-five days before the date set for the Shareholder's Meeting convened for the election of the Board of Directors; however, considering that such term would end on a non-working day (*i.e.* April 9, 2017), it will be postponed to the day after, thus with deadline on April 10, 2017. The slates shall be filed as follows: (i) by hand delivery of the relevant documentation at the offices of the Legal and Corporate Affairs Function of Enel S.p.A. (Viale Regina Margherita no. 137 - 00198, Rome, from Monday to Friday, from 9:00 am to 5:00 pm); or (ii) through the section of the Company's website ([www.enel.com](http://www.enel.com)) reserved to this Meeting; or (iii) by fax to no. +39 06.83055028 – Ref: "Filing of the Board of Directors slates". Shareholders who submit the slates shall also file, together with the slates, a declaration containing the information on their identity and their overall equity interest in the share capital of the Company. The slates shall subsequently be made available to the public by Enel at the Company's registered office and on the Company's website at least twenty-one days before the date set for the Shareholders' Meeting (*i.e.* by April 13, 2017);
- b) each Shareholder may submit, also jointly with other Shareholders, only one slate and each candidate may be indicated only in one slate, under penalty of ineligibility;
- c) the slates may be filed only by the Shareholders who, alone or together with other Shareholders, own the minimum equity interest in the share capital of the Company set by Consob with regulation (which is currently equal to at least 0.5% of the share capital);
- d) the ownership of the minimum equity interest in the share capital of the Company required for the purpose of submitting the slates is determined according to the shares that are registered in the name of the Shareholder on the date on which the slates are filed with the Company. The communication of the authorized intermediary certifying the ownership of the aforementioned equity interest may also be provided to the Company after the filing of the slates but, in any case, within twenty-one days before the date of the Meeting (*i.e.* no later than April 13, 2017);

e) within the same deadline specified above for filing the slates (and therefore within April 10, 2017), together with the slate, Shareholders shall file with the Company both the statements by which the individual candidates accept their candidacy and certify, under their own responsibility, not to be in any situation of ineligibility and incompatibility and to meet the requirements provided by applicable laws and Corporate Bylaws for their respective offices, as well as the additional documentation required by Article 144-*octies*, paragraph 1, letter b), of Consob Resolution no. 11971 of May 14, 1999. In this respect, please note that:

- the candidates indicated in the slates shall meet the requirements of integrity provided for: (i) by Article 147-*quinquies* of the Consolidated Financial Act, which refers to the requirements of integrity established for statutory auditors of listed companies by the Regulation of the Ministry of Justice issued pursuant to Article 148, paragraph 4, of the same Consolidated Financial Act (in relation to which reference is currently made to Article 2 of the Decree of the Minister of Justice no. 162 of March 30, 2000); and (ii) by Article 14-*bis* of the Corporate Bylaws, according to which the issue of a judgement, even if not final and without prejudice to the effects of rehabilitation, convicting a Director of certain offenses, as indicated in the same Article 14-*bis*, as well as the issue of a judgement of final conviction ascertaining the willful commission of public monetary damage, shall constitute grounds for ineligibility to or disqualification from the office of Director, for cause and without entitlement to damages; such Article, which you are invited to read, also contains specific and more restricting provisions in relation to the requirements of integrity of the Chief Executive Officer;
- pursuant to Article 14.3, paragraph 2, of the Corporate Bylaws, each slate must include at least two candidates that meet the requirements of independence established by the law (*i.e.* the requirements of independence provided for the statutory auditors of listed companies, as defined by Article 148, paragraph 3, of the Consolidated Financial Act), distinctly mentioning such candidates and listing one of them as first in the slate;
- the comment on Article 5 of the Corporate Governance Code for listed companies recommends to file the slates for the election to the Board of

Directors together with the candidates' declaration of possession, if any, of the independence requirements set forth in Article 3 of the same Code, without prejudice to the responsibility of the Board of Directors to evaluate the independence of its members;

- pursuant to Article 14.3, paragraph 3, of the Corporate Bylaws and Article 147-ter, paragraph 1-ter, of the Consolidated Financial Act, slates which contain a number of candidates equal to or above three shall also include candidates belonging to different genders, in order to ensure the presence in the Board of Directors of at least one third of members of the less-represented gender, rounded, in the case of a fractional number, to the higher unit. In particular:
  - a) slates with three or four candidates shall indicate one of the candidates of the less-represented gender in either the first or second position of the slate; while
  - b) slates with five or more candidates shall (i) include at least two candidates of the less-represented gender and (ii) indicate one of the candidates of the less-represented gender in either the first or second position of the slate;
- with Communication no. DEM/9017893 of February 26, 2009, Consob has recommended to those Shareholders who submit a minority slate for the election of the Board of Directors to file, together with such slate, a statement *"in which it is certified the lack of relationships of affiliation, also indirectly, as provided in Article 147-ter, paragraph 3, of the Consolidated Financial Act and in Article 144-quinquies of Consob Resolution no. 11971 of May 14, 1999, with those shareholders who own, also on a jointly basis, a controlling or a relative majority stake, where they can be identified on the basis of the filings of the relevant shareholdings required by Article 120 of the Consolidated Financial Act or on the basis of the publication of the shareholders' agreements under Article 122 of the same Decree"*, specifying, if existing, the significant relationships with those Shareholders who control or own a relative majority stake in the Company, as well as on which grounds such relationships have not been considered significant for the existence of the mentioned relationships of affiliation.

In this respect, it should be noted that, on the basis of the communications made pursuant to Article 120 of the Consolidated Financial Act and of the Shareholders' ledger, the Company is subject to the *de facto* control of the Ministry of the Economy and Finance, that, possessing 23.59% of the share capital, has sufficient votes to exercise a dominant influence in the ordinary Shareholders' Meeting of the Company (whilst not in any way involved in any direction and coordination activities over the Company, since Enel S.p.A. makes its management decisions on a fully independent basis in accordance with the structure of duties and responsibilities assigned to its corporate bodies, as confirmed by the provisions of Article 19, paragraph 6, of Decree Law no. 78/2009, converted into Law no. 102/2009, which clarified that the provisions of the Italian Civil Code regarding the direction and coordination of companies do not apply to the Italian government);

- in compliance with the recommendations under Article 1.C.3 of the Corporate Governance Code for listed companies, the Board of Directors has adopted a specific policy regarding the maximum number of offices that its members may hold in management and supervisory bodies of other companies of significant size, in order to ensure that the persons concerned have sufficient time to effectively perform the role they have in the Board of Directors of Enel S.p.A.; the document containing this policy is available at the Company's website ([www.enel.com](http://www.enel.com)).

With regard to the preparation of the slates, it should also be noted that, in the event of early termination of Directors from their office, Article 14.5 of the Corporate Bylaws provides for a mechanism of mandatory cooptation requiring that, whenever possible, such Directors are to be replaced by other candidates belonging to the same slate of the Directors who ceased from their office. In any case, in replacing Directors who leave their offices vacant, the Board of Directors shall ensure the presence of the necessary number of Directors that meet the requirements of independence established by the laws and the compliance with the applicable laws on gender balance.

With regard to the mechanism for the election of Directors by a slate voting, Article 14.3 of the Corporate Bylaws provides that:

- each person entitled to vote may vote for only one slate at the Shareholders' Meeting;
- seven-tenths of the Directors to be elected, rounding down any fraction to the unit, shall be drawn from the slate that has obtained the most votes cast (the "Majority Slate") in the order in which they are listed on the slate, pursuant to letter a) of the aforesaid Article 14.3 of the Corporate Bylaws;
- the remaining Directors shall be drawn from the other slates (the "Minority Slates"), applying to this end the quotient system and the specific rules stated under letter b) of the aforesaid Article 14.3 of the Corporate Bylaws;
- if the Majority Slate does not have a suitable number of candidates in order to achieve the seven-tenths of Directors to be elected reserved to such slate by the Corporate Bylaws pursuant to the aforesaid letter a) of Article 14.3, the Board of Directors shall be elected as follows: (i) all candidates indicated in the same Majority Slate shall be drawn, in the progressive order in which they are listed on such slate; (ii) the three-tenths of the Directors to be elected shall be drawn from the Minority Slates (rounding up any fraction to the unit), applying the quotient system and the specific rules stated under the aforementioned letter b) of the same Article 14.3 of the Corporate Bylaws; (iii) the remaining Directors, for the places not covered by the Majority Slate, shall then be drawn from the Minority Slate that has obtained the highest number of votes among the Minority Slates (the "First Minority Slate") in relation to the capacity of such slate and, should the capacity of the First Minority Slate be insufficient, with the same modalities, from the following slate and so forth, if the case, according to the number of votes and to the capacity of such slates; lastly (iv), if the overall number of candidates within the submitted Slates, both the Majority and the Minority ones, is lower than the number of Directors to be elected, the remaining Directors shall be appointed by the Shareholders' Meeting according to the majorities provided for by the laws, pursuant to Article 14.3, letter d), of the Corporate Bylaws;
- for the purposes of identifying the Directors to be elected, candidates designated on the slates that have received a number of votes amounting to

less than half of the percentage required for the presentation of the same slates shall not be taken into account;

- if, following the vote and the above procedure, the applicable laws on gender balance are not complied with, candidates which would result to be elected in the various slates are disposed in one single decreasing ranking list, to be formed in compliance with the quotient system indicated under letter b) of Article 14.3 of the Corporate Bylaws. The candidate in such ranking list belonging to the most represented gender having the lowest quotient is therefore replaced with the first candidate of the less represented gender belonging to the same slate which would result not elected. In the event that in such slate there are no other candidates, the replacement here above is carried out by the Shareholders' Meeting with the majorities provided for by the laws, pursuant to Article 14.3, letter d), of the Corporate Bylaws, and in compliance with the principle of a proportional representation of minority shareholders in the Board of Directors.

In case of a tie between quotients, the replacement is made in favor of the candidate drawn from the slate which has obtained the highest number of votes.

If the replacement of the candidate of the most represented gender having the lowest quotient in the ranking list does not allow, in any case, to reach the minimum threshold provided for under the applicable laws on gender balance, the above said replacement procedure is carried out also with reference to the candidate belonging to the most represented gender having the second last quotient, and so forth, starting from the end of the ranking list.

It should be reminded that Article 147-ter, paragraph 3, of the Consolidated Financial Act requires that at least one of the members of the Board of Directors shall be drawn from the minority slate that receives the most votes and is not in any way connected, even indirectly, with the Shareholders who filed or voted for the slate that obtained the highest number of votes (*i.e.* the Majority Slate).

With regard to the foregoing, the Shareholders are invited to vote at the Shareholders' Meeting for one of the slates of candidates for the office of Director prepared, filed, and published in accordance with the above mentioned provisions.

For the appointment of the Directors who, for whatever reason, will not be elected pursuant to the procedures specified above (included the case in which no slate of candidates for the office of Director is filed), the Shareholders' Meeting shall resolve according to the majorities provided for by the laws, pursuant to Article 14.3, letter d), of the Corporate Bylaws, in order to ensure in any case the presence of the necessary number of Directors that meet the requirements of independence established by the laws as well as the compliance with the applicable laws on gender balance.