



## REPORT OF THE BOARD OF DIRECTORS ON THE FOURTH ITEM ON THE AGENDA

### **Appointment of the Board of Statutory Auditors**

Dear Shareholders,

You have been convened to discuss and resolve upon the appointment of the Board of Statutory Auditors, whose term expires together with the approval of 2018 financial statements.

In this regard, first of all we remind you that, according to Article 25 of the Corporate Bylaws and to the applicable regulations, the Board of Statutory Auditors of Enel S.p.A. ("Enel" or the "Company") shall consist of three regular Statutory Auditors; the Shareholder's Meeting called to elect the Board of Statutory Auditors is also called to elect three alternate Statutory Auditors. The so-elected Auditors have a three-year term (expiring on the date of the Shareholders' Meeting convened to approve the financial statements for the third accounting period of their term). The Statutory Auditors may be re-elected at the expiration of their term. With regard to its composition, we also remind you that each member of the Board of Statutory Auditor – and therefore each candidate for that office – must meet the requirements of professionalism and integrity provided for statutory auditors of listed companies by the Ministry of Justice Decree no. 162 of March 30, 2000. For the purposes of the provisions concerning requirements of professionalism of Article 1, paragraph 2, b) and c) of this Decree, Article 25.1 of the Corporate Bylaws considers strictly relevant to the scope of the Company's business those subjects pertaining to commercial law and tax law, business economics and corporate finance, as well as fields and sectors of activities related to energy in general, communications, electronic and information technology, and network structures. Also with regard to the requirements of professionalism, pursuant to Article 19, paragraph 3, of Legislative Decree no. 39 of January 27, 2010, members of the Board of Statutory Auditors – in its capacity of "Committee for Internal Control and Auditing" – shall have, as a whole, competence relevant to the sector in which the Company operates.

With regard to the causes of non-eligibility and the limits to the maximum number of offices that members of the Board of Statutory Auditors may hold in management and supervisory bodies, the provisions, respectively, of Articles 148, paragraph 3, and 148-*bis* of Legislative Decree no. 58 of February 24, 1998 (the “Consolidated Financial Act”), as well as of the implementing provisions of the latter contained in of Articles 144-*duodecies* and following of the Issuers’ Regulation approved with Consob’s Resolution no. 11971/1999 (“Consob Issuers’ Regulation”), shall apply.

For the purpose of filing slates of candidates, Shareholders are also invited to keep into account: (i) the recommendations on independence of members of the Board of Statutory Auditors set forth by the combined provisions of Articles 8 and 3 of the Corporate Governance Code of the listed companies (the “Corporate Governance Code”) and (ii) the “*Diversity Policy of the Board of Statutory Auditors of Enel S.p.A.*” approved by the Board of Statutory Auditors of Enel S.p.A. on January 29, 2018 (the “Diversity Policy”), and available on the Company’s website ([www.enel.com](http://www.enel.com)) in the page “Bylaws, Rules And Policies” of the section “Investors – Governance”; as well as (iii) the specific “*Guidelines to Shareholders on the composition of the new Board of Statutory Auditors*”, approved by the expiring Board of Statutory Auditors on March 29, 2019 and available on the Company’s website ([www.enel.com](http://www.enel.com)) relating to this Meeting.

Both regular and alternate Statutory Auditors shall be elected by the Shareholders’ Meeting on the basis of slates filed by Shareholders pursuant to the applicable law and Article 25.2 of the Corporate Bylaws as follows:

- the slates of candidates may be filed only by the Shareholders who, alone or together with other Shareholders, result to own at least 0.5% of Enel’s share capital; the ownership of such shareholding is determined by taking into account the shares that are registered in the name of the Shareholder on the date on which the slates are filed with the Company;
- the slates shall be divided into two sections: one for the candidates to the office of regular Statutory Auditor and the other one for the candidates to the office of alternate Statutory Auditor; within each section, candidates must be numbered progressively, and their number must not exceed the number of the members to be elected. The first candidate on each slate section must be

- a registered auditor and have practiced the profession of legal auditor for a period of no less than three years;
- according to the applicable laws <sup>(1)</sup> and the Corporate Bylaws on gender balance, slates which, considering both sections, contain a number of candidates equal to or above three shall also include, both in the first two places of the section of the slate relating to the regular Statutory Auditors, and in the first two places of the section of the slate relating to the alternate Statutory Auditors, candidates belonging to different genders;
  - each Shareholder shall not file, even indirectly through a third person or trust companies, more than one slate. Shareholders which belong to the same group and those who are part of a shareholders' agreement relating to the shares of the Company shall not file, even indirectly through a third person or trust companies, more than one slate. Each candidate shall be indicated only in one slate, under penalty of ineligibility;
  - the slates shall be filed by Shareholders at the Company's registered office no later than twenty-five days before the Meeting; however, considering that such term will end on a non-working day (*i.e.* April 21, 2019), it shall be considered as postponed to the first working day available following such date, *i.e.* April 23, 2019;
  - the slates shall be filed as follows: *(i)* by hand delivery of the relevant documentation, at the offices of Enel S.p.A., Legal and Corporate Affairs, Viale Regina Margherita no. 137 – 00198, Rome, from Monday to Friday, from 9:00 am to 5:00 pm; *(ii)* through the specific section of the Company's website ([www.enel.com](http://www.enel.com)) relating to this Meeting; *(iii)* by fax to no. +39 06.83055028, Ref. "Filing of the Board of Statutory Auditors slates". Slates must be accompanied by:
    - ✓ a declaration of the Shareholders filing the slates containing information on their identity and on their overall shareholding in the Company's share capital. The communication certifying the ownership of the aforementioned shareholding may also be provided to the Company after the filing of the slates but, in any case, no later than twenty-one

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<sup>(1)</sup> It being the third renewal of Enel's Board of Statutory Auditors following August 12, 2012, *i.e.* the entry into force of Law no. 120 of July 12, 2011, which introduced in the Consolidate Financial Act provisions aimed at assuring gender balance in the composition of listed companies' boards of directors and boards of statutory auditors "for three consecutive terms".

days before the date of the Meeting (*i.e.* no later than April 26, 2019, as April 25, 2019 is a non-working day);

- ✓ a declaration of the Shareholders other than those who, also jointly, hold a controlling or relative majority shareholding, certifying the absence of any relationship of affiliation with such Shareholders (pursuant to Article 144-*quinquies* of Consob Issuers' Regulation), taking also into account the recommendations made by Consob with Communication no. DEM/9017893 of February 26, 2009. To this regard, it should be noted that, on the basis of the information provided under Article 120 of the Consolidated Financial Act, the Company is subject to the *de facto* control of the Ministry of the Economy and Finance, that, with a shareholding of 23.585% of the share capital, had so far sufficient votes to exercise a dominant influence in the ordinary Shareholders' Meetings of Enel S.p.A. (whilst in any way not exercising any managing and coordinating activity over the Company, in accordance with Article 19, paragraph 6, of Law Decree no. 78/2009, converted into Law no. 102/2009, which clarified that the regulations contained in the Italian Civil Code regarding the management and coordination of companies shall not apply to the Italian Government);
- ✓ a detailed information on the personal traits and professional qualifications of the candidates, as well as a statement by which the candidates certify to meet the requirements provided for by the law and accept their election. To this regard, considering that – pursuant to Article 2400, last paragraph, of the Italian Civil Code – after the election, but before the acceptance of the office, all managing and supervisory offices held in other companies must be disclosed to the Meeting, and taking also into account the abovementioned limits to the number of offices that members of the Board of Statutory Auditors may hold in management and supervisory bodies pursuant to Article 148-*bis* of Consolidate Financial Act and Articles 144-*duodecies* and following of Consob Issuers' Regulation, Shareholders shall also provide, together with the slates, the statements of the candidates certifying their compliance with the aforementioned limits as well as the *curricula vitae* disclosing the managing or supervising offices they hold in other

companies, with the recommendation of ensuring their update until the date of the Meeting;

- the slates, together with the above-mentioned relating documentation, will be made available to the public by the Company at least twenty-one days before the date of the Meeting (*i.e.* no later than April 26, 2019, as April 25, 2019 is a non-working day) at its registered office and in the section of the Company's website ([www.enel.com](http://www.enel.com)) relating to this Meeting;
- it should be noted that if – at the deadline of the above-mentioned term for filing the slates (*i.e.* April 23, 2019) – only one slate has been filed or if only slates by Shareholders which are in relationship among them pursuant to the abovementioned Article 144-*quinquies* of Consob Issuers' Regulation have been filed, the term to file slates, pursuant to Article 144-*sexies*, paragraph 5, of Consob Issuers' Regulation, will be postponed up to the third day following such deadline, and precisely until 5:00 pm of April 26, 2019. Meeting this specific time deadline is required to allow the Company to make public the slates filed by the Shareholders within the term set forth in Article 144-*octies* of Consob Issuers' Regulation, that also expires on April 26, 2019 (as April 25, 2019 is a non-working day). It should be also noted that, in such case, the threshold provided for filing the slates shall be reduced by half, thus being equal to the 0.25% of the share capital.

Regarding the voting system and the process of election of the regular and alternate Statutory Auditors, it should be noted that the applicable law and Article 25.2 of the Corporate Bylaws provide as follows:

- each Shareholder shall not vote, even indirectly through a third person or trust companies, more than one slate. Shareholders which belong to the same group and those who are part of a shareholders' agreement relating to the shares of the Company shall not vote, even indirectly through a third person or trust companies, more than one slate;
- two regular Statutory Auditors and two alternate Statutory Auditors shall be drawn – in the same progressive order in which they are listed in the respective sections – from the slate that obtains the most votes; the remaining regular Statutory Auditor and the remaining alternate Statutory Auditor shall be drawn from the other slates, in accordance with applicable regulations and with the mechanism set forth in Article 14.3, letter b), of the

Corporate Bylaws, which has to be applied separately to each of the sections in which the other slates are divided;

- the Chairman of the Board of Statutory Auditors will be the regular Statutory Auditor elected according to the procedures provided for by Article 14.3, letter b), of the Bylaws (*i.e.*, the Statutory Auditor drawn from the minority slates, as required by Article 148, paragraph 2-*bis*, of the Consolidated Financial Act). In the event of early termination of the Chairman, he/she shall be replaced by the alternate Statutory Auditor elected according to the procedures provided for by Article 14.3, letter b), of the Corporate Bylaws;
- in the event of early termination of a regular Statutory Auditor drawn from the slate that has obtained the highest number of votes, he/she shall be replaced by the first alternate Statutory Auditor drawn from the same slate. If, as a consequence of such replacement, the Board's composition does not comply with the provisions set forth by the applicable laws and the Corporate Bylaws on gender balance, the regular Statutory Auditor will be replaced by the second alternate Statutory Auditor drawn from the same slate. Whenever it is necessary to replace also the other regular Statutory Auditor drawn from the slate that has obtained the highest number of votes, his or her place will be in any case taken by the remaining alternate Statutory Auditor drawn from the same slate.

Dear Shareholders, with reference to all the above, you are thus requested to vote in the Meeting for one of the slates that will be submitted, filed and made public in accordance with the aforesaid provisions of laws and of the Corporate Bylaws.