



**REPORT ON CORPORATE GOVERNANCE  
AND OWNERSHIP STRUCTURE**

(approved by the Board of Directors of Enel S.p.A. on March 18, 2015)

- YEAR 2014 -

(Drawn up pursuant to Articles 123-*bis* of the Consolidated Financial Act  
and 144-*decies* of CONSOB's Regulation on Issuers)

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## Report on corporate governance and ownership structure

### ENEL: CORPORATE GOVERNANCE PROFILE AND STRUCTURE

Enel S.p.A. (“Enel” or the “Company”) is the parent company of a multinational group that is one of the worldwide leaders in the electricity and gas sector, with a particular focus on Europe and Latin America (the “Enel Group” or the “Group”). The Group operates in 32 countries (in 4 continents), producing energy through a net installed capacity of

over 96 GW and distributing electricity and gas on a network of approximately 1.9 million kilometers. In Europe, the Group is the leader in the electricity sector in terms of reported EBITDA and, with 61 million customers throughout the world, has the largest customer base among European operators in the sector.

#### A. Key data of the Enel Group

Data	2014	2013	Change
EBITDA	15,757	16,691	-5.6%
Net results of operations (pertaining to the Group)	517	3,235	-84%
Net indebtedness	37,383	39,706	-5.9%
Capitalization as of December 31	34,754	29,827	+16.5%
Employees	68,961	70,342	-2%

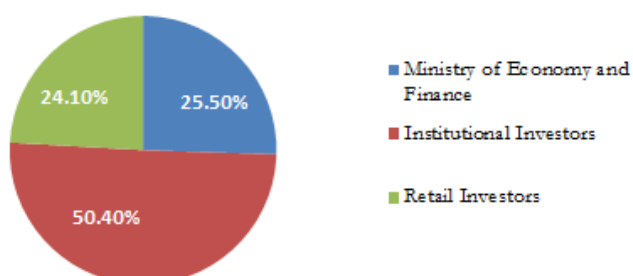
#### B. Ownership structure

Since 1999 Enel is listed on the Mercato Telematico Azionario organized and managed by Borsa Italiana S.p.A. and has the highest number of shareholders of all Italian companies (approximately 1.1 million counting both retail and institutional investors). Thanks to its Code of Ethics, “Zero Tolerance for Corruption” Plan, Human Rights Policy, sustainability report, policy on respect for the environment, and the implementation of the best international practices on transparency and

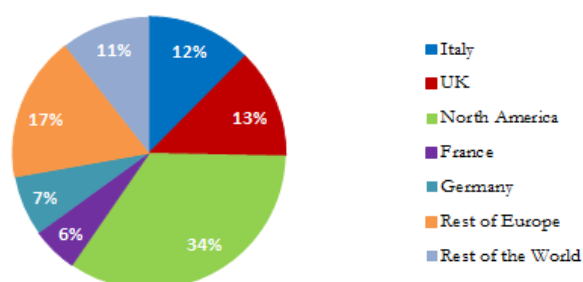
corporate governance, Enel’s shareholders include the most important international investment funds, insurance companies, pension funds and ethical funds.

In addition, the Enel Group includes 14 listed companies whose shares are listed on the Italian, Spanish, Russian, Argentine, Brazilian, Chilean and Peruvian Stock Exchanges.

Composition of ownership structure



Geographical allocation of institutional investor at December 31, 2014



### C. Corporate governance model

The corporate governance structure of Enel complies with the principles set forth in the Corporate Governance Code for listed companies<sup>(1)</sup> (the “Corporate Governance Code”) adopted by the Company. The aforementioned corporate governance structure is also inspired by CONSOB’s recommendations on this matter and, more generally, international best practice.

The corporate governance system adopted by Enel and its Group is essentially aimed at creating value for the shareholders over the medium-long term, taking into account the social importance of the Group’s business operations and the consequent need, in conducting such operations, to adequately consider all the interests involved.

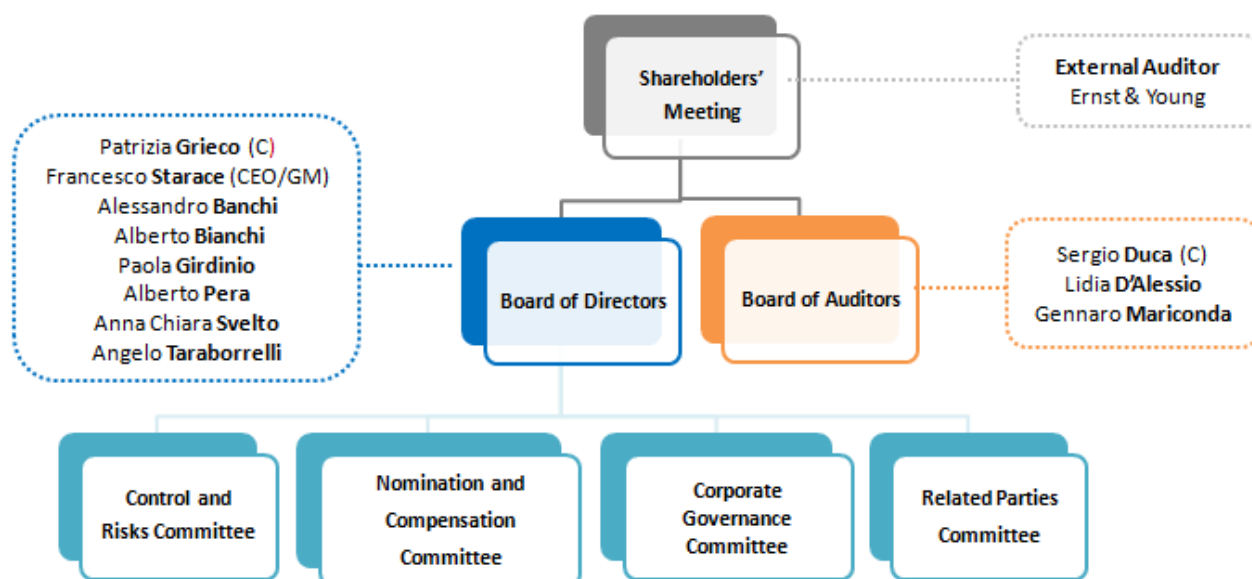
In compliance with the current legal framework applicable in Italy to listed companies, the organizational structure of the Company includes:

- a board of directors responsible for managing the Company;
- a board of statutory auditors responsible for monitoring (i) the Company’s compliance with the law and bylaws, as well as compliance with proper management principles in the carrying out of the Company’s activities,

(ii) the process of financial disclosure and the adequacy of the Company’s organizational structure, internal auditing system, and administration and accounting system, (iii) the audit of the stand-alone and the consolidated financial statements and the independence of the external auditing firm and, lastly (iv) how the corporate governance rules provided by the Corporate Governance Code are actually implemented;

- shareholders’ meetings, called to resolve – in either an ordinary or extraordinary session – among other things, upon: (i) the appointment or removal of members of the board of directors and the board of statutory auditors, as well as their compensation and responsibilities, (ii) the approval of financial statements and the allocation of net earnings, (iii) the purchase and sale of treasury shares, (iv) stock-based compensation plans, (v) amendments to the Company’s bylaws, and (vi) the issue of convertible bonds.

The external audit of the accounts is entrusted to a specialized firm enrolled in the relevant registry and appointed by the shareholders’ meeting, upon a reasoned proposal by the board of statutory auditors.



<sup>(1)</sup> The code is available in its current edition on Borsa Italiana’s website (at <http://www.borsaitaliana.it/comitato-corporate-governance/codice/2014clean.pdf>)

#### D. Composition of the board of directors and the committees

The following tables set forth, in short, the main data on the composition of the current<sup>2</sup> board of directors and board committees.

Composition of the current board of directors							
Director	Office	Role	M/m	CCR	CNR	CPC	CCG
Patrizia Grieco	Chairman	Non-executive	M				✓
Francesco Starace	CEO/GM	Executive	M				
Alessandro Banchi	Director	Independent	m		✓	✓	
Alberto Bianchi	Director	Independent	M			✓	✓
Paola Girdinio	Director	Independent	M	✓	✓		
Alberto Pera	Director	Independent	M	✓	✓		
Anna Chiara Svelto	Director	Independent	m	✓	✓		
Angelo Taraborrelli	Director	Independent	m	✓		✓	

CEO/GM: Chief Executive Officer/General Manager

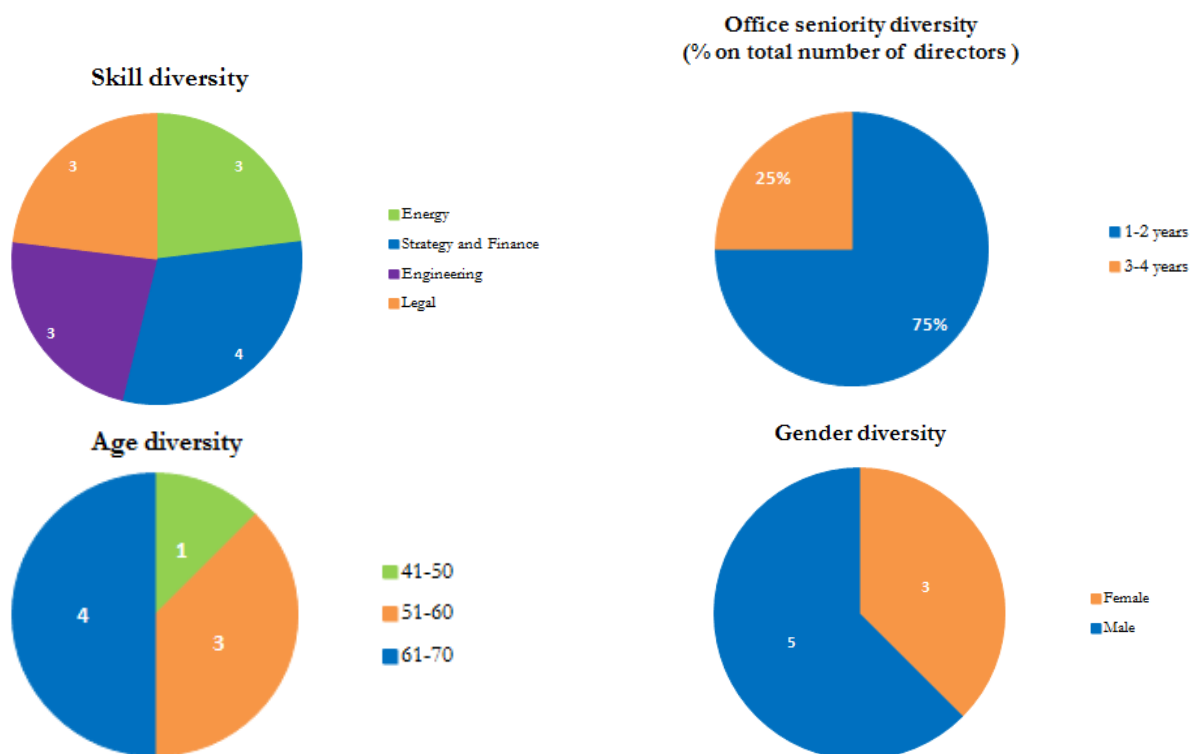
M/m: Drawn from the Majority/minority slate

CCR: Control and Risk Committee

CNR: Nomination and Compensation Committee

CPC: Related Parties Committee

CCG: Corporate Governance Committee



<sup>2</sup> It should be noted that following the resignation submitted by director Salvatore Mancuso on November 10, 2014, the board of directors is currently comprised of 8 members. The appointment of an additional director is included on the agenda of the Shareholders' Meeting called to approve the financial statements as of December 31, 2014.

Changes with respect to the previous mandate			
	Current mandate	Previous mandate	FTSE/MIB <sup>1</sup>
Number of directors	9 <sup>2</sup>	9	11.9
Directors designated by the minority	3 (33.3%)	3 (33.3%)	2.3 (20.7%)
Female members of the B.o.D.	3 (33.3%)	0	19.8% <sup>3</sup>
Independent directors under the Corporate Governance Code	7 <sup>4</sup> (77.7%)	6 (66.6%)	5.4 (45%)
Average age of directors	61	61	60
Seniority in office (in years)	1.75	6	4.3
Executive status of the Chairman	no	yes	
Lead independent director	no	no	

<sup>1</sup> Source: Assonime, Note Studi 10/2014, “La Corporate Governance in Italia: autodisciplina, remunerazioni e comply-or-explain (anno 2014)” - *Corporate Governance in Italy: Compliance, Remunerations and Quality of the Comply-or-Explain (Year 2014)*, December 2014.

<sup>2</sup> Following the resignation submitted by director Mancuso on November 10, 2014, the board of directors is currently comprised of 8 members.

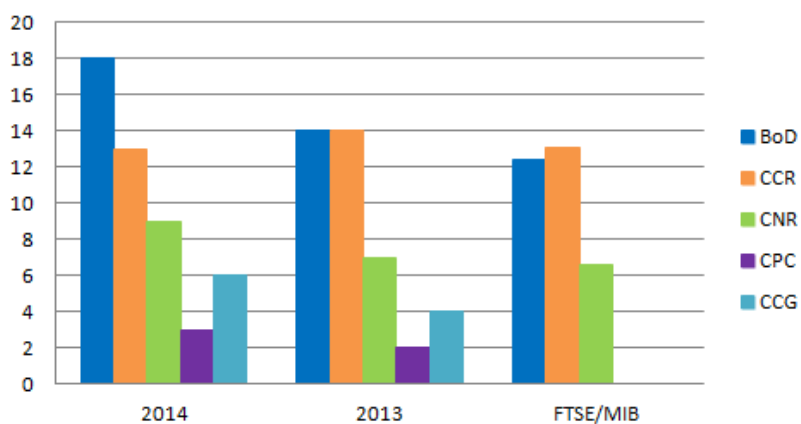
<sup>3</sup> Source: Consob, “Relazione per l'anno 2013” – *Report for year 2013*, March 2014.

<sup>4</sup> It should be noted that the number of directors who are independent under the Consolidated Financial Act is 8.

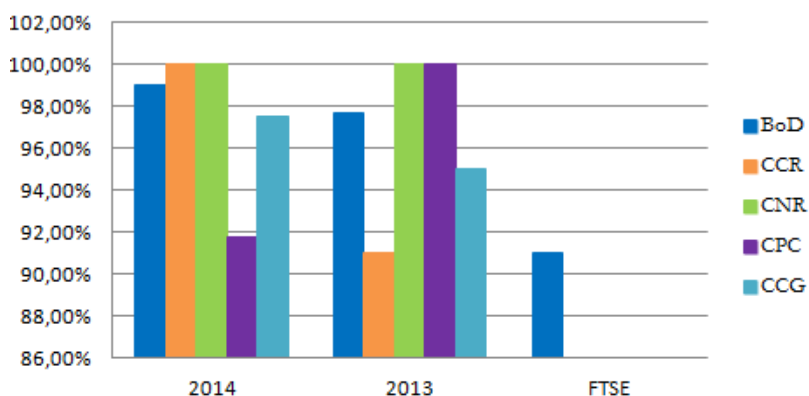
## E. Functioning of the board of directors and committees

The following graphs provide a summary of the main data on the functioning of the board of directors and the board committees during 2014.

**Number of meetings of the BoD and the committees**



**Average rate of attendance by directors at the BoD meetings and Committees meetings**

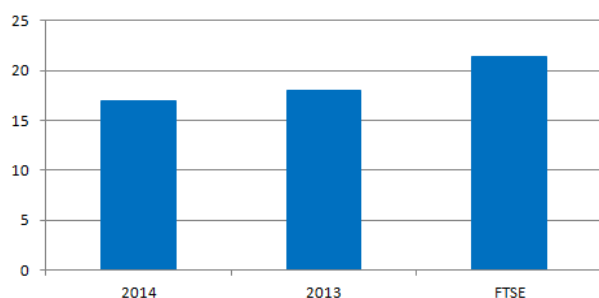


Board review process	Completion	Type of evaluation	Reviewer
Board review 2014	Yes	Independent	Management Search

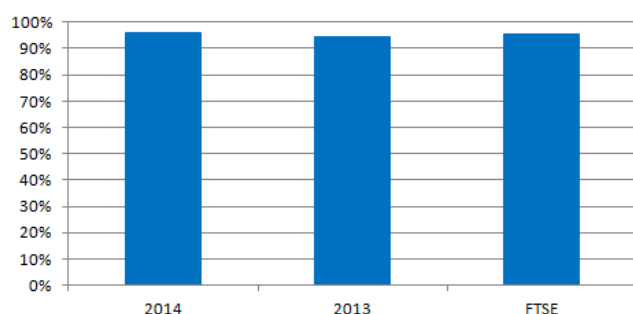
## F. Control and risk system

The following tables provide a summary of the main data on the functioning of the board of statutory auditors during 2014.

**Number of meetings of the Board of Statutory Auditors**



**Average rate of attendance at the meetings of the Board of Statutory Auditors**



Main elements of the risk control system	Yes/No
Existence of a document setting forth the guidelines of the internal control and risk management system	Yes
Existence of a Mandate of the Audit Function approved by the Board of Directors	Yes
Existence of special organizational structures in charge of risk management activities	Yes
Annual assessment on the compatibility of the business risks with a management of the business that is consistent with the strategic objectives identified	Yes
Preparation of specific compliance programs (231 Model, Zero Tolerance for Corruption, Human Rights Policy, <i>etc.</i> )	Yes

## SECTION I: OWNERSHIP STRUCTURE

## 1. Ownership structure

## 1.1 Share capital structure

The Company's share capital consists exclusively of ordinary shares with full voting rights at both ordinary and extraordinary shareholders' meetings. At the end of 2014 (and as of the date of this report), Enel's share capital amounted to Euro 9,403,357,795, comprised of the same number of ordinary shares having a par value of Euro 1 each, which are listed on the Mercato Telematico Azionario organized and managed by Borsa Italiana.

## 1.2 Major shareholdings and shareholders' agreements

Based upon the entries in Enel's shareholders' ledger, reports made to CONSOB and received by the Company, and other available information, as of the date of this report the Company's shareholders holding a stake exceeding 2% of the Company's share capital are:

Principal shareholders	% of the share capital
Ministry of Economy and Finance	25.50%
CNP Assurances <sup>(1)</sup>	3.67%
People's Bank of China <sup>(2)</sup>	2.07%

<sup>(1)</sup> Interest held as of June 26, 2014 under an asset management arrangement.

<sup>(2)</sup> Interest communicated to the Company on March 26, 2014.

To the Company's knowledge, no shareholders' agreements referred to in the Consolidated Financial Act exist with regard to Enel's shares.

The Company is subject to the *de facto* control of the Ministry of the Economy and Finance, which has sufficient votes to exercise a dominant influence at Enel's ordinary shareholders' meetings; however, the above-mentioned Ministry is not in any way involved in managing and coordinating the Company, since the Company makes its management decisions on a fully independent basis in accordance with the structure of duties and responsibilities assigned to its corporate bodies; the foregoing is confirmed by Article 19, paragraph 6, of Decree Law No. 78/2009 (subsequently converted into Law No. 102/2009), which clarified that the regulations contained in the Italian civil code regarding the management and coordination of companies do not apply to the Italian government.

## 1.3 Limit on the ownership of shares and voting rights

In implementing the provisions of the legal framework on privatizations, the Company's bylaws provide that with the exception of the government, public bodies, and parties subject to their respective control, no shareholder may own, directly or indirectly, Enel shares representing more than 3% of its share capital.

The voting rights attaching to the shares owned in excess of the aforesaid limit of 3% may not be exercised, and the voting rights to which each of the parties affected by the limit on share ownership would have been entitled will be proportionately reduced, unless there are prior joint instructions from the shareholders involved. In the event of non-compliance, resolutions passed by shareholders' meetings may be challenged in court if it is found that the majority required would not have been attained without the votes expressed in excess of the above-mentioned limit.

Under the legal framework on privatizations, as subsequently amended, the provisions of the bylaws concerning the limit on share ownership and voting rights will lapse if the 3% limit is exceeded following a takeover bid following which the bidder holds shares representing at least 75% of the capital with the right to vote on resolutions regarding the appointment and removal of directors.

## 1.4 Special powers of the Italian government

On the basis of the provisions of Presidential Decrees No. 85 and No. 86 issued on March 25, 2014, the legal framework on the special powers of the Italian government in strategic sectors (set forth in Law Decree No. 21 of March 15, 2012, converted into law with modifications by Law No. 56 of May 11, 2012) does not apply to Enel, since the latter and the companies of its Group as the date hereof do not possess any of the assets qualified as strategic under such Presidential Decrees.

During 2014, the clause set forth in Article 6.2 of the Company's bylaws therefore ceased to be effective (and was deleted). Previously such clause assigned to the Minister of the Economy and Finance, in agreement with the Minister of Industry, certain special powers provided under the legal framework on privatizations.

## 1.5 Employee shareholdings: mechanism for exercising voting rights

The Consolidated Financial Act recommends that the by-laws of listed companies contain provisions aimed at simplifying the exercise of voting rights

through proxy by employee shareholders, thus fostering their participation in the decision-making process at shareholders' meetings.

In such respect, since 1999, Enel's bylaws expressly provide that for purposes of simplifying the collection of proxies by the employee-shareholders of the Company and its subsidiaries, who are affiliated with shareholders' associations which comply with the requirements imposed under applicable laws, areas for communication and for the collection of proxies shall be made available to such associations, pursuant to the terms and modalities to be agreed upon from time to time with their legal representatives.

In March 2008, the Company was informed of the establishment of an employee-shareholders' association called *A.D.I.G.E. – Associazione Azionisti Dipendenti Gruppo Enel* (Association of Employee-Shareholders of Enel Group), which meets the requirements set forth in the Consolidated Financial Act and is subject to the above-mentioned bylaws provisions.

#### *1.6 Appointment and replacement of directors and amendments of the bylaws*

The rules that regulate the appointment and replacement of directors are examined in the second section of this document (under "board of directors – Appointment and replacement").

With regard to the rules applicable to amendments to the bylaws, extraordinary shareholders' meetings resolve on the same, in accordance with the relevant majorities provided for by law.

As permitted by law, however, the Company's bylaws assign to the board of directors' authority on all resolutions concerning:

- mergers by incorporation of wholly-owned or at least 90% owned companies, as well as de-mergers of such companies;
- the establishment or closing of secondary offices/branches;
- the selection of directors with powers to represent the Company;
- the reduction of the share capital in the event that one or more shareholders should withdraw;
- the harmonization of the bylaws with applicable provisions of law;
- moving the registered office to a different location within Italy.

#### *1.7 Authorizations to increase the share capital and to buy back shares*

As of the date of this report, the board of directors has not been authorized to increase the share capital nor has it been authorized to issue financial instruments granting shareholdings or to buy back shares.

#### *1.8 Change-of-control clauses*

##### A) The Forward Start Facility Agreement

In February 2013, Enel and its subsidiary Enel Finance International N.V. entered into a credit line agreement with a pool of banks for a total amount of Euro 9.44 billion, which became available in March 2014 following the simultaneous cancellation of the Revolving Credit Facility Agreement entered into in April 2010.

The agreement makes specific provisions for events of change of control in which (i) control of Enel is acquired by one or more parties other than the Italian government or (ii) Enel or any of its subsidiaries contributes (including through mergers) a substantial portion of the assets of the Group to parties that are not part of the latter, such that the Group's creditworthiness is significantly compromised in the opinion of the aforementioned pool of banks.

Specifically, if one of such hypothetical change of control events should occur:

- each bank belonging to the pool may propose to renegotiate the terms and conditions of the agreement or communicate its intention to withdraw from the agreement;
- Enel and its subsidiary Enel Finance International N.V. may decide to repay the sums received early and to cancel, without incurring any penalties, the entire financial commitment assumed by each bank belonging to the pool (i) with which the renegotiation of the terms and conditions of the Credit Agreement has not been successful or (ii) that has notified its intention to withdraw from the agreement;
- each of the latter banks belonging to the pool may demand the early repayment of the sums disbursed and the cancellation of the entire financial commitment undertaken;
- in the event that none of the banks belonging to the pool either proposes to renegotiate the terms and conditions of the agreement or communicates its intention to withdraw from the contract, the Forward Start Facility

Agreement shall remain in full force and effect in accordance with the terms and conditions originally agreed.

B) The revolving credit facility agreements entered into with Unicredit S.p.A.

In July 2013, Enel entered into a credit facility agreement with Unicredit S.p.A. for a total amount of Euro 800 million, divided into two *tranches*: Tranche A, for a maximum amount of up to Euro 400 million and falling due at 24 months, and Tranche B, also for a maximum amount of up to Euro 400 million and falling due at 36 months.

In April 2014, Enel entered into a new credit line with Unicredit S.p.A. for a total amount of Euro 550 million, at the same time ordering the cancellation of Tranche A of the credit line entered into in July 2013.

These agreements also provide that in the event that control over Enel is acquired by one or more parties other than the Italian Government, such change of control over Enel shall be timely notified to Unicredit S.p.A. In the event that Unicredit S.p.A. deems that the change of control may adversely affect Enel's capacity to fulfill its obligations under the revolving credit facility agreement, it has the right to prevent Enel from using the funds provided under the facility agreement and the reimbursement of the amounts already drawn.

C) *The EIB loan to Enel Produzione*

In order to increase its investment in the field of renewable energy and environmental protection, in June 2007, the subsidiary Enel Produzione S.p.A. entered into a loan agreement with the European Investment Bank ( "EIB") for up to Euro 450 million (amount that the parties subsequently agreed to reduce to Euro 400 million), which expires in July 2027.

This agreement provides that both Enel Produzione S.p.A. and Enel are obliged to inform the EIB of any changes in their control. If it deems that such changes could have negative consequences on the creditworthiness of Enel Produzione S.p.A. or Enel, EIB may demand additional guarantees, changes in the agreement, or alternative measures that it considers satisfactory. If Enel Produzione S.p.A. does not accept the solutions proposed, EIB shall be entitled to unilaterally terminate the loan agreement in question.

D) *The EIB loans to Enel Distribuzione*

In order to develop the process of making its electricity grid more efficient, in November 2006 the controlled company Enel Distribuzione S.p.A. entered into a loan agreement with the EIB for an amount of Euro 600 million, which expires in December 2026. In December 2014, following repayments, the outstanding loan amounted to Euro 480 million.

Such agreement is backed by a guarantee agreement entered into by the EIB and Enel, which provides that Enel, in its capacity as guarantor of the loan, is obliged to inform the EIB of any changes in its control structure. After receiving such notification, the EIB will examine the new circumstances in order to decide upon a possible change in the conditions governing such loan to Enel Distribuzione S.p.A.

E) *The Cassa Depositi e Prestiti loan to Enel Distribuzione*

In April 2009, Enel Distribuzione S.p.A. entered into a framework loan agreement with Cassa Depositi e Prestiti S.p.A. ("CDP") for an amount of Euro 800 million, which will expire in December 2028. The aforementioned agreement is also aimed at developing the process of making the power grid of such subsidiary more efficient. In 2011, the parties entered into two extensions to the framework loan agreement for a total amount of Euro 540 million.

This agreement is also accompanied by a guarantee agreement entered into by CDP and Enel, according to which Enel, as guarantor of the aforesaid loan, is obliged to inform CDP (i) of any change in the composition of the capital of Enel Distribuzione S.p.A. that could entail the loss of control of said company, as well as (ii) of any significant deterioration in Enel Distribuzione S.p.A.'s and/or Enel's financial condition, balance sheet, income statement, cash flow, or operations or prospects. The occurrence of any of such circumstances may give rise to an obligation for Enel Distribuzione S.p.A. to repay immediately to CDP the loan received.

#### *1.9 Compensation owed to directors in the event of early termination of the relationship, including as the result of a takeover bid*

The payment package due to the chief executive officer (as well as the general manager) of Enel includes an end of mandate severance indemnity, which is also granted in the event of early termination of the directorship relationship

following resignation for cause or revocation without cause.

For a detailed description of such payments please see the first section of the remuneration report which will be available to the public at the Company's registered office and on the Company's website ([www.enel.com](http://www.enel.com)), in compliance with the terms of law.

No specific indemnities are due in the event that the relationship with any member of the board of directors should terminate following a takeover bid.

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## SECTION II: IMPLEMENTATION OF THE RECOMMENDATIONS OF THE CORPORATE GOVERNANCE CODE AND ADDITIONAL INFORMATION

### 1. Board of Directors



From left: Alberto Pera, Alberto Bianchi, Patrizia Grieco, Francesco Starace, Anna Chiara Svelto, Paola Girdinio, Alessandro Banchi and Angelo Taraborrelli

#### 1.1 Current composition and term

The board of directors in force as of the date hereof, elected by the shareholders' meeting on May 22, 2014, is composed of the following eight members<sup>3</sup>:

- Patrizia Grieco, chairman;
- Francesco Starace, chief executive officer and general manager;
- Alessandro Banchi;
- Alberto Bianchi;
- Paola Girdinio;
- Alberto Pera;
- Anna Chiara Svelto;
- Angelo Taraborrelli;

Patrizia Grieco, Francesco Starace, Alberto Bianchi, Paola Girdinio and Alberto Pera were drawn from the slate submitted by the Ministry of Economy and Finance (at the time holding the 31.24% of the Company's share capital) and voted

by the majority of the share capital represented at the meeting (approximately the 60.13% of the Company's voting share capital), while Alessandro Banchi, Anna Chiara Svelto and Angelo Taraborrelli were drawn from the slate submitted by a group of 19 institutional investors (at the time holding in the aggregate the 1.26% of the Company's share capital) and voted by the minority of the share capital represented at the meeting (approximately the 39.25% of the Company's voting share capital).

The term of office of the current board of directors will expire with the approval of the annual financial statements for the year 2016.

A brief professional profile of the above-mentioned Company's directors is provided in Schedule 1 to this report.

Therefore, in 2014, Paolo Andrea Colombo, Fulvio Conti, Lorenzo Codogno, Mauro Miccio, Fernando Napolitano, Pedro Solbes Mira and Gianfranco Tosi terminated their office, as their mandate expired upon the approval of the financial statements for year 2013. During 2014, Salvatore Mancuso (elected by the Shareholders' Meeting held on May 22, 2014 and drawn from the slate submitted by the Ministry of the Economy and Finance) terminated his office as well, by submitting his resignation for personal reasons on November 10, 2014, with immediate effect.

<sup>3</sup> Following the resignation submitted by the director Salvatore Mancuso, the appointment of an additional director was included on the agenda for the Shareholders' Meeting called to approve the financial statements as of December 31, 2014.

## 1.2 Appointment and replacement

Pursuant to the provisions of the Company's bylaws, the board of directors consists of three to nine members who are appointed by an ordinary shareholders' meeting (which determines their number subject to such limits) for a term not exceeding three financial years and may be reappointed at the expiration of their term of office.

Under the current legal framework, all of the directors must meet the integrity requirements imposed upon statutory auditors of listed companies, and the company representatives of entities holding equity stakes in financial intermediaries.

In addition, directors must meet the additional strict requisites of honorability provided under Article 14-*bis* of the bylaws as approved by the extraordinary shareholders' meeting held on May 22, 2014.

In compliance with the legal framework governing privatizations and in accordance with the amendments subsequently made to the Consolidated Financial Act, the bylaws provide that the appointment of the entire board of directors must take place in accordance with the slate voting system aimed at ensuring the presence on the board of directors of members appointed by minority shareholders totaling three-tenths of the directors to be elected. In the event this number is a fraction, it is to be rounded up to the nearest integer.

Each slate must include at least two candidates meeting the independence requisites established by law (*i.e.*, those applicable to the statutory auditors of listed companies), distinctly mentioning such candidates and listing one of them as the first name on the slate.

Further, at the first three renewals of the board of directors following August 12, 2012, those slates which contain a number of candidates equal to or over three shall also include candidates belonging to different genders, as indicated in the notice of call. With regard to the modalities for the appointment of the board of directors, the Company's bylaws provide for a specific correction mechanism ("sliding clause") to be used in the event that, following the vote, a balance between genders, as required under the applicable legal framework, is not achieved.

The slates must list the candidates in progressive order and may be presented by the outgoing board of directors or by shareholders who, individually or together with other shareholders, own the minimum percentage of the share capital of the Company indicated by CONSOB with regulation (*i.e.*, considering Enel's market capitalization, as of the

date of this report, the minimum percentage required is at least 0.5% of the share capital). The slates must be filed at the Company's registered office, by those who submit them, at least 25 days before the date on which the shareholders' meeting called to resolve upon the appointment of the members of the board of directors is scheduled. Such slates shall be published by the Company on its internet website ([www.enel.com](http://www.enel.com)) and shall also be made available to the public at Enel's registered office at least 21 days before the date of the meeting, so as to ensure a transparent process for the appointment of the board of directors.

A report containing exhaustive information on the personal and professional qualifications of the candidates, accompanied by a statement as to whether or not they qualify as independent under the applicable provisions of law and/or the Corporate Governance Code, must be filed at the Company's registered office together with the slates, and must also be published promptly on the Company's website ([www.enel.com](http://www.enel.com)).

For purposes of identifying the directors to be elected, candidates listed on slates that receive a number of votes amounting to less than half the percentage required for presenting the aforesaid slates are not taken into account (*i.e.*, as of the date of this report, 0.25% of the share capital).

For the appointment of directors who, for whatever reason, are not elected in accordance with the slate voting system, the shareholders' meeting resolves in accordance with the majorities required by the law, ensuring in any case:

- the presence of the necessary number of directors meeting the independence requisites established by law (*i.e.*, at least one director if the board consists of no more than seven members or two directors if the board consists of more than seven members);
- compliance with the applicable laws on balance between genders; and
- the principle of a proportional representation of minorities on the board of directors.

The replacement of directors is regulated by applicable provisions of law. In addition to such provisions, the bylaws provide that:

- if one or more of the directors terminating their office were drawn from a slate also containing candidates who were not elected, the replacement by the board of directors must be made by appointing, in progressive order, persons drawn from the slate to which the

directors in question belonged, provided that said persons are still eligible for election and willing to accept the office;

- in any case, in replacing directors who terminate their office, the board of directors must ensure the presence of the necessary number of directors meeting the independence requisites established by the law, and ensuring the compliance with the applicable laws on balance between genders;
- if the majority of the directors appointed by a shareholders' meeting terminates the office, the entire board is to be deemed to have resigned and the directors still in office must promptly call a shareholders' meeting to elect a new board.

It should be noted that the Company has not adopted specific plans for the succession of the executive directors since, until the date hereof, such directors have been elected based upon proposal of the main shareholder the Ministry of Economy and Finance. Moreover, in light of the results of the 2014 board review (described in the paragraph "Assessment of the functioning of the board of directors and the committees" of this section of the document), during 2015, the board of directors will begin an assessment on whether it would be advisable to prepare succession plans for the Company's top management positions.

### 1.3 Role and functions

The board of directors has a central role in the Company's governance structure, since it has powers over the strategic, organizational and control guidelines for the Company and the Group. In consideration of its role, the board of directors meets regularly and endeavors to ensure the effective performance of its duties.

In particular, and in accordance with the legal framework and specific resolutions of the Board itself (and, in particular, the one passed in May 2014), the board of directors:

- establishes the corporate governance system for the Company and the Group;
- constitutes the Board's internal committees, with consultative and proposing powers, appoints their members and, by approving their internal rules, defines their duties at the time of approval of the respective organizational rules. It should be noted that following the shareholders' meeting held on May 22, 2014, the board of directors, in June 2014, re-established the following committees: the control and risk

committee; the nomination and compensation committee; the related parties committee; and the corporate governance committee (for an analysis on the composition and responsibilities of such committees as well as the activities carried out, see the paragraph entitled "Committees" of this section of the document);

- delegates and revokes the powers of the chief executive officer, defining their content, limits, and the procedures, if any, for exercising them. In accordance with the powers in force, granted by the board of directors in May 2014, the chief executive officer is vested with the broadest powers for the management of the Company, with the exception of those powers that are assigned otherwise by legal or regulatory provisions or by the Company's bylaws or which are reserved to the board of directors according to resolutions of the latter, which are described below;
- receives, as well as the board of statutory auditors does, information from the chief executive officer regarding the activities carried out in the exercise of his powers, which are summarized in a special quarterly report. In particular, with regard to all the most significant transactions carried out using the powers of his office (including atypical or unusual transactions or ones with related parties whose approval is not reserved to the board of directors), the chief executive officer reports to the board on (i) the features of the transactions, (ii) the parties concerned and any relation they might have with the Group companies, (iii) the procedures for determining the considerations concerned, and (iv) the related effects on the income statement and the balance sheet;
- determines, based on the analyses and proposals of the relevant committee, the remuneration policy of the directors and key executives; in implementing such policy, it determines, based on proposals of the committee and after consulting with the board of statutory auditors, the compensation of the chief executive officer and the other directors who hold specific offices and resolves upon the adoption of incentive plans aimed at the general management. In this respect, please note that the board of directors during the period between the months of February and April 2014 has approved the remuneration policy and the incentive plans for the top management and top executives;
- on the basis of the information received, evaluates the adequacy of the Company's and

the Group's organizational, administrative, and accounting structure. Such evaluation was last carried out in March 2015;

- resolves on changes to the general organizational structure proposed by the chief executive officer. It should be noted that in July 2014 the board of directors examined and approved the new Group organizational structure;
- examines and approves the strategic, business and financial plans of the Company and of the Group, whose implementation monitors periodically. It should be noted that the approval of such plans took place in February 2014. In this regard, the current division of powers within the Company specifically provides that the board of directors resolves upon the approval of:
  - the annual budget and the business plan of the Group (which incorporate the annual budgets and long-term plans drafted by the Group companies);
  - strategic agreements, also defining – upon proposal by the chief executive officer – the Company's and the Group's strategic objectives;
- examines and approves in advance the transactions of the Company and of the Group that have a significant impact on their strategy, balance sheets, income statements, or cash flows, particularly in cases where they are concluded with related parties or otherwise characterized by a potential conflict of interests.

In particular, all financial transactions of a significant size (meaning: (i) the Company's contracting of loans for an amount exceeding Euro 75 million and the issuance of bonds by the Company; (ii) the issuance of bonds or the entering into loans by subsidiaries where, in both cases, the grant of a guarantee by Enel is required or the transaction's amount exceeds Euro 300 million; and (iii) the grant of guarantees by Enel, in the interest of subsidiaries or third parties, in both cases, where such guarantees cover amounts exceeding Euro 50 million) must be approved in advance (if they concern the Company) or evaluated (if they regard other Group companies) by the board of directors.

In addition, acquisitions and disposals of equity investments amounting to more than Euro 50 million must be approved in advance (if they are carried out directly by the Company) or evaluated (if they concern other Group companies) by the same board of directors;

- provides guidance and assessments on the adequacy of the internal control and risk management system, defining the nature and level of risk that is compatible with the Company's and the Group's strategic objectives, in line with the prerogatives set forth in such regard in the Corporate Governance Code. In the first place, the board of directors identifies within the board one or more directors in charge of establishing and maintaining an effective internal control and risk management system (in May 2014 the board confirmed such assignment on the chief executive officer). In addition, the board of directors, having obtained the control and risk committee's opinion:
  - defines the guidelines of the internal control and risk management system so that the main risks regarding the Company and its subsidiaries are correctly identified and properly measured, managed, and monitored, determining, moreover, the level of compatibility of such risks with the management of the company in a manner consistent with its strategic objectives. It should be observed in this regard that in November 2013, the board of directors has determined and formalized the guidelines of the internal control and risk management system (such document was later updated in February 2015 in order to take into account changes that had occurred in the meantime to the Company's organizational structure). Further, in February 2014 the board of directors has assessed the compatibility of the main risks related to the strategic objectives set forth in the 2014-2023 business plan with a management of the Company that is in line with such targets;
  - evaluates, at least on an annual basis, the adequacy of the internal control and risk management system taking into account the characteristics of the Company's business and the types of risks taken, as well as its effectiveness. It should be noted that in February 2015, the board of directors expressed a positive evaluation in this respect with reference to the year 2014;
  - approves, at least on an annual basis, the work plan prepared by the head of the "Audit" function, after consulting with the board of statutory auditors and the director in charge of the internal control and risk management system. It should be noted in this regard that in February 2014, the board

of directors approved the audit plan for the same year;

- assesses, after consulting with the board of statutory auditors, the results published by the auditing firm in its management letter, if any, and in the report on fundamental issues that have emerged over the course of the audit. It should be noted that the board of directors has carried out such latter assessment in May 2014;
- on the basis of a proposal formulated by the director in charge of the internal control and risk management system in agreement with the chairman, and after consulting with the board of statutory auditors, appoints and removes the head of the “Audit” function and determines his/her compensation in accordance with the Company’s policies and ascertains that the person in question is endowed with resources adequate for the performance of his/her duties. It should be noted that in accordance with such procedure, in July 2014, the board of directors appointed Silvia Fiori as the new head of the “Audit” function, replacing Francesca Di Carlo;
- provides for the exercise of voting rights at the shareholders’ meetings of the main companies of the Group and designates the directors and statutory auditors of such companies;
- appoints the general manager and grants the related powers. It should be noted that in May 2014, the board of directors appointed Francesco Starace as the Company’s general manager;
- evaluates the general performance of the Company and the Group, with particular reference to conflicts of interests, using the information received from the chief executive officer and verifies periodically the achievement of the objectives set;
- formulates proposals to submit to shareholders’ meetings and reports at such meetings on the activities carried out and planned, ensuring that shareholders have adequate information on the elements necessary to enable them to participate in a well-informed manner in the decisions taken in such meetings.

The directors perform their duties with full knowledge of the facts and in complete autonomy, pursuing the primary objective of creating value for shareholders over the medium-long term. They are aware of the responsibilities resting with the office

they hold and they are, like the statutory auditors, informed on an on-going basis by the relevant corporate departments on the most important legislative and self-regulatory changes concerning the Company and the performance of their duties.

In particular, following the renewal of the board of directors resolved by the shareholders’ meeting held on May 22, 2014, the Company organized a special induction program aimed at providing the directors with adequate knowledge of the business sectors in which the Group operates, of the Company’s dynamics and of the relevant developments, of the markets trends and of the relevant legal framework; the statutory auditors also took part in this program. In addition to the initiatives launched within the Company, also in 2014 the non-executive directors and the statutory auditors were offered the possibility of taking part, at the Company’s expense, in a training course organized by Assogestioni and Assonime about the duties and responsibilities of members of management and control bodies of listed companies.

Further, continuing an initiative introduced after the first board review (conducted in 2004), an annual strategic meeting was organized in 2014, focusing on an analysis and in-depth study by the members of the board of directors and board of statutory auditors of the medium/long-term strategies across the Group’s various business sectors, in view of the drafting of the business plan.

#### 1.4 Board meetings

The following table illustrates the calendar of the board meetings held during the year 2014.

J	F	M	A	M	J	J	A	S	O	N	D
•	••	•	••	••	•	••		•	••	•••	•
Total											18
Average duration											2h45m
Meetings scheduled for 2015											14 (4 of which have already been held)

The directors’ participation was regular and the meetings were also attended by the board of statutory auditors and by a magistrate representing the Italian Court of Auditors.

During 2014 the heads of the corporate functions in charge of the various matters related to the items on the agenda have been constantly invited to attend the meetings of the board of directors and, upon invitation by the chief executive officer, they have

brought to the discussion their valuable contribution.

### *1.5 Chairman*

In May 2014, the shareholders' meeting appointed Patrizia Grieco as chairman of Enel's board of directors.

In performing her role as coordinator of the board of directors' activities and providing proactive guidance on the functioning of the board, the chairman calls the meetings of the board, establishes their agenda, presides over them, and endeavors to ensure that the documentation related to the items on the agenda is circulated to the directors and statutory auditors in due advance prior to the date of each meeting. In this regard, it should be noted that the board of directors confirmed its view that, as a general rule, an advance notice of three days is congruous, acknowledging however that such term could be increased or decreased, respectively, in cases where the documentation is particularly important and/or complex or in the event of urgent transactions or transaction in progress; in 2014, such term was generally complied with.

The chairman also ascertains whether the Boards' resolutions are implemented, chairs shareholders' meetings, and – like the chief executive officer – is authorized to represent the Company legally.

In addition to the powers provided by law and under the bylaws regarding the functioning of the corporate bodies (the shareholders' meeting and the board of directors), the chairman is also entrusted with the duties of (i) participating, jointly with the chief executive officer, in formulating to the board of directors proposals on the appointment, revocation and compensation of the head of the Company's "Audit" function, which reports hierarchically to the board of directors and on which the chairman exercises a supervisory role, and (ii) performing a proactive and supervisory role in the application of corporate governance rules concerning the board of directors' activities.

Finally, in agreement and coordination with the chief executive officer, the chairman maintains relations with institutional bodies and authorities.

### *1.6 Chief Executive Officer*

In May 2014, the board of directors appointed Francesco Starace as chief executive officer, granting him all the powers to manage the Company, with the exception of those otherwise

assigned under legal or regulatory provisions, the Company's bylaws or the structure of powers approved in May 2014 (as regards the matters which under such structure are reserved to the board of directors, see the paragraph entitled "Board of directors – Role and functions" below).

The chief executive officer is also ascribed the role of the director in charge of the internal control and risk management system, pursuant to the Corporate Governance Code (for a detailed description of the tasks that such role entails please see the Guidelines of the Internal Control and Risk Management System, available on the Company's website).

The chief executive officer reports to the board of directors and to the board of statutory auditors, at least quarterly and in any case during the board of directors meetings, on the operations, the general trend of the Company's results and on its predictable evolution, as well as on the most relevant transactions under any economic, financial, patrimonial aspects or on transactions which are material with regard to their size or characteristics, carried out by the Company and its subsidiaries.

### *1.7 Executive and Non-executive directors*

The board of directors consists of executive and non-executive directors.

In accordance with the recommendations set forth in the Corporate Governance Code, the following directors are considered executive directors:

- the chief executive officer of the Company (or of subsidiaries having strategic relevance), including the relevant chairman when he/she is granted individual management powers or when he/she plays a specific role in the definition of the business strategies;
- directors who hold executive positions in the Company (or in subsidiaries having strategic relevance) or in the controlling entity, if the position also regards the Company.

Directors who do not fall under any of the foregoing categories qualify as non-executive.

According to the analysis carried out by the board of directors following its renewal (occurred in May 2014) and later in the month of January 2015, with the exception of the chief executive officer/general manager, all of the other members of the same board of directors (Patrizia Grieco, Alessandro Banchi, Alberto Bianchi, Paola Girdinio, Alberto Pera, Anna Chiara Svelto and Angelo Taraborrelli) are non-executive directors.

The number, expertise, professionalism, authoritativeness, and availability of the non-executive directors are therefore appropriate to ensure that their judgment can have a significant influence on the decisions made by the board.

The non-executive directors bring their specific expertise to the board's discussions, so as to facilitate an examination of the issues under discussion from different perspectives and consequently the adoption of reasoned and well-informed decisions that correspond with corporate interests.

### 1.8 Independent directors

Following the renewal of its composition (occurred in May 2014) and later in January 2015, on the basis of the information provided by the persons concerned or otherwise available to the Company, the board of directors verified that directors Alessandro Bianchi, Alberto Bianchi, Paola Girdinio, Alberto Pera, Anna Chiara Svelto and Angelo Taraborrelli are independent pursuant to the Corporate Governance Code. As regards Patrizia Grieco, it should be noted that the independence requisite envisaged under the Corporate Governance Code was not ascertained since such Code does not consider the chairman of the board of directors as independent, it being a “top level exponent/executive” of the Company.

Specifically, directors were considered independent if they neither are party nor have recently been party to relationships, even indirectly, with the Company or with parties related to the Company that could currently compromise their autonomy of judgment.

As usual, the procedure followed by the board of directors began with an examination of a document indicating the offices held and the relationships maintained by non-executive directors that could be deemed relevant for purposes of assessing their respective independence. This phase was followed by the self-assessment carried out by each of the non-executive directors regarding his personal position (also based on a specific declaration from each of the relevant directors), after which the final assessment was made collectively by the board of directors, with the abstention, in turn, of the individual members whose position was under examination.

In evaluating the independence of the non-executive directors, the board of directors took into account the cases in which, according to the Corporate Governance Code, the requisites of independence should be considered lacking and, in this regard, applied the principle of the prevalence

of substance over form recommended by such Code.

In order to assess the independence of directors, the board of directors has continued to refer to specific quantitative parameters applicable to the commercial, financial, or professional relations that may take place, directly or indirectly, between directors and the Company. Unless there are specific circumstances, to be evaluated on a case-by-case basis, the exceeding of such parameters (specified in the Table 1 attached to the present report, together with the cases in which, according to the Corporate Governance Code, the requisites of independence must be considered lacking) precludes, in principle, the relevant non-executive director's satisfaction of the independence requisites provided under such Code. In this regard, it should be noted that during the above-mentioned evaluations conducted in May 2014 and January 2015 on the independence of the non-executive directors, the board of directors acknowledged that none of such parameters had been exceeded.

During the above-mentioned evaluations, the board of directors also ascertained that all of the non-executive directors – *i.e.* Patrizia Grieco, Alessandro Bianchi, Alberto Bianchi, Paola Girdinio, Alberto Pera, Anna Chiara Svelto and Angelo Taraborrelli – also met the requisites of independence provided by law (namely by the Consolidated Financial Act) for the statutory auditors of listed companies (such requisites are also clearly specified in Table 1 attached to this report).

In June 2014 and February 2015, the board of statutory auditors established that the board of directors, in carrying out the aforesaid evaluations, correctly applied the criteria recommended by the Corporate Governance Code, following for such purpose a transparent assessment procedure that enabled the board to learn about relations that were potentially relevant for purposes of the independence evaluation.

Even though independence of judgment characterizes the activities of all directors, both executive and non-executive, an adequate presence of directors (both with respect to their number and responsibilities) who can be qualified as independent according to the foregoing definition – having a significant role in the board of directors as well as in the committees – ensures a proper balance of the interests of all shareholders.

During 2014, the independent directors met twice, without the presence of the other directors, in February and December. On both occasions, the independent directors agreed on the effectiveness of the explanation and importance of agreeing upon

the Company's medium-long term strategies, during the annual strategic meeting.

At the meeting held in December 2014, the independent directors expressed their view on the lead independent director figure, the appointment of which was not considered necessary or advisable, considering: (i) the absence of any conditions that, according to the Corporate Governance Code, would require the appointment of a lead independent director, in consideration of the fact that at Enel, the chairman of the board of directors is not the chief executive officer, and does not own a controlling interest in the Company, (ii) the high number of independent directors on the Company's board and (iii) the open and constructive dialogue that distinguishes the board meetings.

During such meeting, the independent directors also agreed upon the advisability that a new survey of the corporate climate be commenced following the completion of the implementation of the new organizational model; they also discussed the functioning of the board of directors and of the board committees, suggesting a number of matters deemed to be worthwhile topics to be analyzed on an in-depth basis by such bodies.

#### *1.9 Limit on the number of offices held by directors*

The directors accept and maintain their office provided they expect to be in a position to devote the necessary time to the diligent performance of their duties, taking into account of both the number and nature of the offices they hold on the boards of directors and the boards of statutory auditors of other companies of significant size and the commitment required by the other functions or professional activities they carry out and the offices they hold in associations.

In this regard, it should be noted that since December 2006 the board of directors approved a policy regarding the maximum number of offices that its members may hold on the boards of directors and the boards of statutory auditors of other companies of significant size in order to ensure that the persons concerned have enough time to effectively perform their duties on the board of directors of Enel, also taking into account their participation in committees established within the board.

In accordance with the recommendations of the Corporate Governance Code, such policy considers significant, in this regard, only those offices held on the boards of directors and the boards of statutory auditors of the following categories of companies:

a) companies with shares listed on regulated markets, including foreign ones;

- b) Italian and foreign companies with shares not listed on regulated markets and operating in the fields of insurance, banking, securities intermediation, mutual funds, or finance;
- c) other Italian and foreign companies with shares not listed on regulated markets that, even though they operate in fields other than those specified under letters a) and b) above, have assets exceeding Euro 1 billion and/or revenues exceeding Euro 1.7 billion, based upon their most recent approved annual financial statements.

In accordance with the recommendations of the Corporate Governance Code, the policy adopted by the board of directors establishes differentiated limits upon the number of offices (made measurable by a system of specific "weights" for each kind of office), depending on (i) the commitment connected with the role performed by each person involved, both on Enel's board of directors and on the boards of directors and the boards of statutory auditors of other companies of significant size, as well as (ii) the nature of the companies where the other roles are performed, excluding from the related calculation those performed within Enel's subsidiaries and affiliates.

It is also provided – in line with the recommendations of the Corporate Governance Code – that unless otherwise decided in accordance with a reasoned opinion expressed by the board of directors, Enel's chief executive officer may not hold the role of director of another company with listed shares outside the Enel Group and where one of Enel's directors acts as chief executive officer (referred to as an "interlocking directorate").

On the basis of the information provided by the directors of the Company upon implementation of the aforesaid policy – and taking into account the inquiry carried out by the board of directors most recently in January 2015 – the number of offices that each of Enel's directors currently holds in the boards of directors or boards of statutory auditors of other companies of significant size is compatible with the limit established under such policy.

#### *1.10 Evaluation of the functioning of the board of directors and its committees*

Towards the end of 2014, the board of directors, with the assistance of Management Search S.r.l., a specialized consultancy firm which does not have any other professional or business relationships with Enel or the other companies belonging to the Enel Group, began - and completed in February 2015 - an evaluation of the size, composition, and

functioning of the board itself and its committees (board review), in compliance with the most advanced corporate governance practices followed abroad that have been adopted under the Corporate Governance Code. This board review follows similar initiatives that have been conducted on an annual basis by the board of directors starting in 2004.

The board review was conducted by means of a questionnaire filled out by each member of the board of directors, followed by individual interviews performed by the consultancy firm, in order to carry out an in-depth analysis of the most important issues. In particular, the questionnaire and the interviews concerned: (i) the structure and composition of the board of directors; (ii) the organization and conduct of board meetings, with particular regard to the thoroughness and promptness of the related information flows and the decision-making processes followed; (iii) the frequency, contents and usefulness of the induction activities as well as the strategic annual summit; (iv) the role played by the chairman and the relationships between the board of directors, the chief executive officer and the top management; (v) the participation of the board of directors in the definition of strategic objectives; (vi) the perception on the efficiency and effectiveness of the internal control and risk management system; (vii) the composition and functioning of the committees and the effectiveness of their activities in supporting the board of directors.

In the context of the board review process, the consulting firm also reviewed the corporate documentation (consisting mainly of the minutes of the board of directors' meetings and committee meetings, in order to verify that the practices followed by such bodies complied with the legal framework applicable to the Company and the internal rules adopted by the Company), as well as a benchmarking analysis for comparison with other primary listed Italian and foreign companies concerning the modalities in which the board review is conducted, the level of transparency in disclosing to the market the relevant results and the composition of the board of directors.

It should be noted that on the occasion of the 2014 board review (as already occurred in the previous year), the questionnaire and the interviews involved also the statutory auditors in their quality of observers and with the purpose of enhancing the evaluation process of the board of directors with an additional perspective.

The results of the board review for year 2014 provide a very positive overall picture of the

conduct of the board of directors and of the committees, demonstrating that such bodies operate effectively and transparently, in strict compliance with best practices on corporate governance matters, as confirmed by the consulting firm.

In particular, the results of the board review for year 2014 show the following strengths: (i) the board of directors features an adequate balance in terms of professional expertise, seniority in office, a range of ages and balance of genders of the members, has a clear organizational structure and organizes the conduct of meetings so as to ensure an effective exchange of opinions among all of the directors; (ii) the information flows toward directors are adequate, in both quantitative and qualitative terms, for the decision-making process; (iii) the chairman effectively manages the meetings and encourages discussions; (iv) the management functions are centralized in the Chief Executive Officer/General Manager figure, who operates in a context in which the non-executive members of the board of directors play an active role in discussions and monitoring activities; (v) the quality of discussions, which is documented by the minutes, shows the contributions brought to the board resolutions by virtue of the different professional expertise of directors and the favorable climate within the board of directors; (vi) the interaction of the board of directors with the top management of the Company and the Group is adequate, as may be inferred from the ongoing involvement of key managers at meetings; (vii) the quality of the committees' work is remarkable (the meetings are scheduled appropriately in view of the related board meetings) as is the support provided by the committees to the board of directors' work; (viii) the minutes accurately and precisely register the board meetings and the committee meetings; (ix) the induction program organized by the Company is broad in scope, of high quality and is perceived by directors as effective.

Matters which have been brought to the attention of the board of directors by certain directors include the advisability of: (i) conducting an in-depth analysis of the relevant market; (ii) performing a periodic comparison with the Group's main peers; (iii) considering the possibility of preparing succession plans for the Company's top management roles; (iv) dedicating more time to matters concerning human resources and assessing the possibility of conducting an analysis on the corporate climate in light of recent changes made to the Group organizational structure.

#### 1.11 Remuneration

Shareholders' meetings determine the remuneration of the members of the board of directors. The board of directors sets the additional remuneration for the members of the committees with consultative and proposing functions instituted within the board of directors, upon a proposal submitted by the nomination and compensation committee, after consulting the board of statutory auditors. The total remuneration of the chairman and the chief executive officer/general manager is also established by the board of directors, upon a proposal submitted by the nomination and compensation committee and after consulting the board of statutory auditors.

For a detailed description of the structure and of the amount of the above-mentioned remuneration for financial year 2014, please see the remuneration report which will be made available to the public at the Company's registered office and on the Company's website ([www.enel.com](http://www.enel.com)), in compliance with the applicable law.

## 2. Committees

### 2.1 Organizational and operational rules

In June 2014, following the establishment of the board of directors appointed by the shareholders' meeting held on May 22, 2014, the same board set up within the board itself the following four committees:

- nomination and compensation committee;
- control and risk committee;
- corporate governance committee; and
- related parties committee.

The allocation of responsibilities among the above-mentioned committees has been slightly changed with respect to the previous mandate. In particular, the responsibilities related to compensation and nomination (this latter area were previously assigned to the corporate governance committee) have been jointly assigned to the same committee. Such unification, in line with recommendations set forth under the Corporate Governance Code, complies with the composition requisites provided under the Code for both committees and ensures the proper performance of the relevant tasks in an efficient and effective manner.

Special organizational regulations approved by the board of directors govern the composition, tasks, and functioning of the committees.

In particular, the organizational rules provide that:

- the nomination and compensation committee and the control and risk committee are comprised of non-executive directors, the majority of whom (including the chairman) are independent<sup>(4)</sup>;
- the corporate governance committee is comprised of a majority of independent directors; and
- the related parties committee is comprised exclusively of independent directors.

In carrying out their duties, the committees in question are empowered to access the information and corporate departments necessary to perform their respective tasks and may avail themselves of external consultants at the Company's expense subject to the limits of the budget approved, for each committee, by the board of directors (except for the related parties committee that is not subject to budget limits in retaining external consultants). In this regard, it should be noted that in the event that the nomination and compensation committee decides to avail itself of external consultants in order to obtain information on market practices concerning remuneration policies, it previously verifies that the consultant is not in any situation which may effectively compromise his independence of judgment, while the related parties committee ascertains the independence and the absence of conflicts of interest, as well as the professional competence and skills of the consultant in relation to the subject matters concerning the transactions in which respect the committee shall issue its opinion.

Each committee appoints a secretary, who need not be one of its members, who is assigned the task of drafting the meeting minutes.

The chairman of the board of statutory auditors, or another designated auditor, attends the meetings of each committee (the other regular statutory auditors are also entitled to attend) and, upon invitation by the chairman of the relevant committee, meetings may also be attended by other members of the board of directors or representatives of the company's functions or third parties whose presence may support the performance of the committee's duties. The meetings of the control and risk committee are also normally attended by the head of the "Audit" function, and the meetings of the nomination and compensation committee are also normally attended by the head of the "Human Resources and Organization" function; no directors

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<sup>(4)</sup>Please note that, since June 2014, the nomination and compensation committee and the control and risk committee are entirely composed of independent directors.

may attend those meetings of the nomination and compensation committee that are called to resolve upon proposals regarding their own compensation, to be submitted to the board of directors, except in the case of proposals concerning all the members of the committees established within the board of directors.

## 2.2 Nomination and Compensation Committee

### Composition

The current nomination and compensation committee was appointed by the board of directors at the meeting held on June 9, 2014 and is comprised of Alessandro Banchi (chairman), Paola Girdinio, Alberto Pera and Anna Chiara Svelto (all of whom meet the independence requisites).

The board of directors verified that Alessandro Banchi has adequate experience and expertise in financial matters.

### Tasks

The nomination and compensation committee (which acted until May 2014 exclusively as compensation committee) is responsible for supporting the board of directors, through proper enquiry, the assessments and decisions of the board on the size and composition of the board, as well as the compensation of the executive directors and key executives.

Specifically, the nomination and compensation committee is entrusted with the following consultative and proposing tasks:

- formulating opinions to the board of directors on the size and composition of the board and expressing recommendations on the professional profiles whose participation on the board would be deemed advisable;
- expressing recommendations to the board of directors on the contents of the policy on the maximum number of offices within boards of directors and control of other companies of significant size which could be considered compatible with an effective performance of the office of director of the Company;
- expressing recommendations to the board of directors on controversial issues related to the application of the restriction on competition imposed upon directors pursuant to article 2390 of the Italian Civil Code, if the shareholders' meeting, for organizational reasons, has authorized on a general and preliminary basis exemptions from such restriction;
- proposing to the board of directors candidates for the role of director, taking into account possible reports received from the shareholders:
  - in the event of co-optation, if it is necessary to replace independent directors;
  - if, in the event of the renewal of the board of directors, it is envisaged that it will not be possible to draw from the lists submitted by the shareholders the required number of directors, such that the outgoing board may in this case express its own candidatures to be submitted to the shareholders' meeting;
  - if, in the case of a renewal of the board of directors, the outgoing board decides to avail itself of the right provided under the bylaws to submit its own slate;
- submitting to the board of directors proposals for the compensation of the directors and key executives, evaluating periodically the adequacy, overall consistency and actual application of the adopted policy, also on the basis of information provided by the chief executive officer concerning the implementation of such policy with respect to the key executives;
- submitting to the board of directors proposals for or expressing opinions on the remuneration of the executive directors and the other directors who hold particular offices, as well as the identification of performance targets related to the variable component of such remuneration, monitoring the implementation of the resolutions adopted by the board and verifying, in particular, the actual achievement of performance targets;
- examining in advance the annual remuneration report to be made available to the public in view of the annual shareholders' meeting called for the approval of the financial statements.

As part of its duties, the nomination and compensation committee also plays a central role in elaborating and monitoring the performance of incentive systems (including stock-based plans, if any), addressed to the management and conceived as instruments aimed at attracting and motivating resources with appropriate abilities and experience,

developing their sense of belonging and ensuring their constant, enduring effort to create value.

In addition to those recommended by the Corporate Governance Code, the nomination and compensation committee also performs the task of assisting the chief executive officer and the relevant corporate departments in developing the potential of the Company's managerial resources, recruiting talented people, and promoting related initiatives with universities.

#### Committee's activities in 2014

The following table illustrates the calendar of the nomination and compensation committee's meetings held during year 2014:

J	F	M	A	M	J	J	A	S	O	N	D
	••	•	••		•	•		•			•
<b>Total</b>											9
<b>Average duration</b>											1h30m

During these meetings, attended by all of its members (as well as by the chairman of the board of statutory auditors), the nomination and compensation committee, also availing itself of external consultants (at the Company's expense) has:

- assessed the adequacy, the overall consistency and the effective application of the remuneration policy adopted in 2013;
- defined the proposal for the remuneration policy for directors and key executives for 2014, as well as the draft of the compensation report;
- defined the proposal for (i) the short-term incentive plans (MBO) for the chief executive officer/general manager and (ii) the long-term incentive plan (LTI) for the top management and the management in general, for 2014;
- verified the achievement of the performance targets under the existing incentive plans;
- analyzed the impact on the Group's remuneration policy of Article 84-ter of Law Decree No. 69 of June 21, 2013, converted into Law No. 98 of August 9, 2013 (which provided for the introduction of a number of limits upon remuneration payable to managing directors of listed companies controlled by public administrations);
- defined the proposal on the determination of the economic and regulatory treatment

applicable to the chairman and to the chief executive officer/general manager; and

- analyzed the outcomes of the shareholders' meeting vote upon the remuneration report for 2014 and, based on this analysis, (i) prepared the remuneration policy for directors and key executives for 2015; (ii) defined the short-term incentive plan (MBO) for the chief executive officer/general manager and (iii) the long-term incentive plans (LTI) for the management with reference to year 2015.

#### 2.3 Control and Risk Committee

##### Composition

The current control and risk committee was appointed by the board of directors at the meeting held on June 9, 2014, and is comprised of Angelo Taraborrelli (chairman), Paola Girdinio, Alberto Pera and Anna Chiara Svelto. All of the members meet the independence requisites. The board of directors ascertained that director Angelo Taraborrelli possesses the requisite of appropriate experience in accounting and finance.

##### Tasks

The control and risk committee has the task of supporting, through an adequate review process, the assessments and decisions of the board of directors regarding the internal control and risk management system and the approval of periodic financial reports.

Specifically, the control and risk committee is entrusted with the following consultative and proposing tasks:

- supporting the board of directors, by formulating specific opinions in connection with the performance of the tasks regarding internal control and risk management matters assigned to the board by the Corporate Governance Code on (such tasks are analysed in the paragraph entitled "Board of directors – Role and functions" above);
- assessing, together with the executive in charge of preparing the corporate accounting documents, after consulting with the auditing firm and the board of statutory auditors, the proper application of accounting principles and their consistency for purposes of preparing the periodic financial reports;

- expressing opinions on specific aspects regarding the identification of the Company's and the Group's main risks;
- reviewing the periodic reports concerning the assessment of the internal control and risk management system prepared by the "Audit" function, as well as the other reports prepared by such function that are particularly significant;
- monitoring the independence, adequacy, effectiveness and efficiency of the "Audit" function;
- performing the additional tasks assigned to the committee by the board of directors, with particular regard to:
  - reviewing the contents of the sustainability report that are relevant for purposes of the internal control and risk management system, issuing in such regard a prior opinion to the board of directors called to approve such report;
  - reviewing the main corporate rules and procedures related to the internal control and risk management system which are relevant for stakeholders, namely the Compliance Program prepared pursuant to Legislative Decree No. 231/2001, the Code of Ethics, the "Zero tolerance for corruption" Plan and the Human Rights Policies, submitting such documents to the board of directors for approval and assessing any subsequent amendments or supplements to the same;
- reporting to the board of directors at least once every six months on the activity carried out and on the adequacy of the internal control and risk management system.

The committee may also ask the "Audit" function to perform checks on specific operating areas, giving simultaneous notice to the chairman of the board of statutory auditors and, except where the subject matter of the request specifically concerns such persons' activity, to the chairman of the board of directors and the director in charge of the internal control and risk management system.

#### Committee's activities in 2014

The following table illustrates the calendar of the control and risk committee meetings held during the year 2014:

J	F	M	A	M	J	J	A	S	O	N	D
••	••	••	•	•	•	•		•	•	•	
<b>Total</b>											13
<b>Average duration</b>											2h10m

During such meetings, which were attended by all of its members (as well as by the chairman of the board of statutory auditors), the control and risk committee has:

- evaluated the work plan prepared by the head of the "Audit" function for the 2014 and the results of the audits performed during the year 2013; based upon such results, the committee formulated, within the scope of its responsibilities, a positive assessment of the adequacy and effectiveness of the internal control and risk management system during the year 2013;
- assessed, in view of the approval of the business plan for the years 2014-2023, the compatibility of the main business risks with a management of the company consistent with the strategic targets under such plan;
- issued its favorable opinion on the replacement of the head of the "Audit" function and on the compensation of the latter;
- analysed the main accounting decisions, the most important accounting standards and the impact of new international accounting standards on Enel Group's consolidated financial statements for 2013, half-year report for 2014, and interim reports as of March 31, 2014 and September 30, 2014, also reviewing the impairment test procedure in the consolidated financial statements for 2013;
- reviewed the sustainability report, within the scope of its responsibilities;
- monitored the independence, adequacy, effectiveness, efficiency of the "Audit" function;
- assessed the reports received during the previous financial year on the basis of the provisions of the Code of Ethics;
- analysed the proposals for updating the Compliance Program adopted pursuant to Legislative Decree No. 231/2001;
- acknowledged the Group's on-going compliance with the laws and regulations on accounting transparency, adequacy of the

organizational structure and the internal control systems of the subsidiaries established under and governed by the laws of non-EU countries.

## 2.4 Related Parties Committee

### Composition

The current related parties committee was appointed by the board of directors at the meeting held on June 9, 2014 and is comprised of Alberto Bianchi (chairman), Alessandro Bianchi and Angelo Taraborrelli<sup>5</sup>. All of the members meet the independence requisites.

### Tasks

The related parties committee was established pursuant to the procedure on related party transactions, adopted by the board of directors in November 2010. Such committee has been assigned with the task of issuing reasoned opinions on the interest of Enel (as well as of the companies that Enel controls, either directly or indirectly, and that may be involved in the transactions) in the completion of transactions with related parties, expressing an assessment on the advantageousness and substantial fairness of the relevant conditions, after receiving timely and adequate information in advance. In connection with transactions of major importance (as defined in the aforementioned procedure), such committee may also request information and make comments to the chief executive officer and those persons in charge of the negotiations or the inquiry on matters related to the information received. Lastly, the committee decides upon those cases, submitted to its attention by the advisory board established pursuant to the same procedure, in which the identification of a related party or the ordinary nature of a transaction is disputed.

### Committee's activities in 2014

The following table illustrates the calendar of the Committee meetings held during the year 2014.

J	F	M	A	M	J	J	A	S	O	N	D
					•			•			•
Total											3
Average duration											1h

<sup>5</sup> The director Salvatore Mancuso was a member of such committee until November 10, 2014, when he submitted his resignation for personal reasons.

During these meetings which were duly attended by its members (as well as the chairman of the board of statutory auditors) the related parties committee has:

- issued its opinion on the determinations related to the economic and regulatory treatment applicable to the chairman and to the chief executive officer/general manager;
- prepared and submitted to the board of directors specific guidelines on best practices on corporate governance (which the board itself approved in January 2015) on the basis of which: (i) Enel and the other companies belonging to the Group must refrain from granting any form of loans to directors (or to individuals or legal entities related to them as related parties); and (ii) the directors must immediately bring to the attention of the board of directors and to the related parties committee any professional mandates or business relationships (other than ordinary relationships related to the supply of electricity and/or gas) with Enel or other companies of the Group, even in cases in which the related fees/consideration are lower than the threshold of small amounts (of Euro 50,000 on a cumulative annual basis) established under the Company's policy on related party transactions;
- examined the main views expressed by CONSOB on the application of the legal framework on related party transactions;
- analysed, based on the periodic financial documents, the information concerning the related party transactions falling outside the competence of the specific corporate procedure because of their ordinary nature and entered into by companies of the Group at standard conditions or at conditions equivalent to market.

## 2.5 Corporate Governance Committee

### Composition

The current corporate governance committee was appointed by the board of directors at the meeting held on June 9, 2014 and is comprised of Patrizia Grieco (chairman) and Alberto Bianchi<sup>6</sup>. Both members meet the independence requisites provided under the Consolidated Financial Act and the director Alberto Bianchi is also independent under the Corporate Governance Code.

<sup>6</sup> The director Salvatore Mancuso has been member of such committee until 10 November 2014, when he submitted his resignation for personal reasons.

## Tasks

The corporate governance committee (which acted until May 2014 as nomination and corporate governance committee) assists with preliminary functions, both proposing and consultative in nature, the board of directors on its assessments and decisions related to the corporate governance of the Company and the Group and on corporate social responsibility issues. In this regard, corporate governance committee has the following specific tasks:

- monitoring the evolution of the legal framework, as well as national and international best practices, in relation to corporate governance, updating the board of directors in case of significant changes;
- verifying that the corporate governance system adopted by the Company and the Group is compliant with applicable laws, recommendations set forth under the Corporate Governance Code and national and international best practices;
- submitting to the board of directors proposals for amendments of the aforementioned corporate governance system, if it is deemed necessary or appropriate;
- preparing the board review process, for the conduct of which it formulates to the board of directors proposals on the grant of the mandate to a firm specialized in the sector, identifying the matters to be assessed and defining the modalities and timeframes to be followed in such regard;
- examining in advance the annual report on corporate governance to be included in the documentation of the annual financial statements;
- assessing the adequacy of the commitment dedicated to corporate social responsibility matters; examining the general structure of the sustainability report and the structure of its contents, as well as the completeness and transparency of the disclosure provided on corporate social responsibility matters through such financial statement, issuing in such regard a prior opinion to the board of directors called upon to approve such document;
- performing additional tasks assigned it by the board of directors.

The following table illustrates the calendar of the corporate governance committee meetings held during year 2014:

J	F	M	A	M	J	J	A	S	O	N	D
	•	••			•				•	•	
<b>Total</b>											6
<b>Average duration</b>											1h40m

During such meetings that were duly attended by its members (as well as of the chairman of the board of statutory auditors) the corporate governance committee, also availing itself of external consultants (at the Company's expense) has:

- prepared the board review process, promoting, through a specific procedure, the selection of the consultancy firm engaged to support the board of directors and its committees in the self-assessment procedure for the financial year 2014. Before such task was assigned to the nomination and compensation committee, the committee also expressed its agreement on the views concerning the size and composition of the board of directors, in view of the renewal of such body by the shareholders' meeting held on May 22, 2014;
- reviewed the structure and contents of the corporate governance report and the ownership structures for the year 2013;
- reviewed the sustainability report, within the scope of its responsibilities; the committee was updated on the main Group activities regarding corporate social responsibility matters;
- examined the protective measures adopted within the company in favour of directors and statutory auditors in the event of legal proceedings related to the performance of their mandates;
- analysed the developments in the national and EU legal frameworks on corporate law and corporate governance (with particular reference to the implementing regulations of the new legal framework on special powers of the Italian Government in strategic sectors, the updating of the Corporate Governance Code for listed companies and changes concerning corporate law matters provided under Law No. 116 of August 11, 2014 setting forth urgent measures for the re-launch and development of companies).

## Committee's activities in 2014

### 3. Board of statutory auditors



From the left: Sergio Duca, Lidia D'Alessio and Gennaro Mariconda

#### 3.1 Current composition and term

The board of statutory auditors in force as of the date hereof, elected by the shareholders' meeting of April 30, 2013, is composed by the following regular members:

- Sergio Duca, chairman;
- Lidia D'Alessio;
- Gennaro Mariconda.

Sergio Duca was drawn from the slate submitted by an aggregation of 18 investment management companies and other institutional investors (at the time holding in the aggregate 1.07% of the Company's share capital) and voted by the minority of the share capital represented at the meeting (approximately the 34.02% of the voting capital), while Lidia D'Alessio and Gennaro Mariconda were drawn from the slate submitted by the Ministry of Economy and Finance (at the time holding 31.24% of the Company's share capital) and voted by the majority of the share capital represented at the meeting (approximately the 65.57% of the voting capital).

A brief professional profile of the abovementioned regular auditors is provided in Schedule 2 to this report.

The term of office of the current board of statutory auditors will expire with the approval of the annual financial statements for the year 2015.

#### 3.2 Appointment and replacement

According to the provisions of the law and the Company's bylaws, the board of statutory auditors consists of three regular auditors and three alternate auditors who are appointed by an ordinary shareholders' meeting for a period of three accounting periods and may be re-appointed when their term expires.

Similar to the bylaws provisions applicable to the board of directors – and in compliance with the Consolidated Financial Act – the bylaws provide that the appointment of the entire board of statutory auditors must take place in accordance with a slate voting system, which aims to ensure the presence on the board of a regular auditor (who is entitled to the office of chairman) and an alternate auditor (who will take the office of chairman if the incumbent leaves before the end of his term) designated by minority shareholders.

This election system provides that the slates, in which the candidates must be listed in progressive order, may be presented by shareholders which, either alone or together with other shareholders, own the minimum equity interest in the Company, as determined by CONSOB through a regulation, for the presentation of slates of candidates for the office of director (specifically, based upon Enel's market capitalization, at the date of this report, the equity interest required is at least 0.5% of the share capital).

Moreover, at the first three renewals of the board of statutory auditors following August 12, 2012, the slates containing an overall number of candidates (considering both regular and alternate members) equal to or higher than three shall include candidates of different genders in the first two positions of the slate's section related to regular auditors and the first two positions of the slate's section related to alternate auditors.

The slates of candidates to the office of statutory auditor (as for the slates of candidates to the office of director) must be filed at the Company's registered office by those submitting them, at least 25 days before the date of the shareholders' meeting convened to resolve upon the election of the members of the board of statutory auditors. Such slates are then published by the Company on its website ([www.enel.com](http://www.enel.com)), and filed at the Company's registered office at least 21 days before the date scheduled for the shareholders' meeting, together with exhaustive information on the personal and professional characteristics of the candidates, in order to guarantee a clear procedure for the election of the controlling body.

When less than the entire board of statutory auditors is being elected, the shareholders' meeting resolves in accordance with the majorities required by law and without the need to follow the foregoing procedure, but in any case in such a way as to ensure:

- the observance of the principle of the representation of minority shareholders on the board of statutory auditors; as well as

- the observance of the applicable laws on gender balance.

According to the legislation in force, the members of the board of statutory auditors must possess the requisites of integrity, professionalism and independence imposed upon the statutory auditors of listed companies, as supplemented (only as regards the professionalism requisites) by specific provisions of the bylaws. They must also comply with the limits concerning the number of offices on boards of directors and boards of statutory auditors of Italian companies as established by CONSOB through a specific regulation.

In February 2014, the board of statutory auditors has also verified that all its regular members possess the requisites of independence set out under the Corporate Governance Code for directors. In any case, the statutory auditors act autonomously and independently, including with regard to the shareholders who elected them.

### 3.3 Tasks and prerogatives

As part of the tasks assigned to it by law (and indicated in the first part of this report entitled “Corporate Governance Model”), and in compliance with the recommendations set forth in the Corporate Governance Code, the board of statutory auditors has the following powers:

- the power – which may also be exercised individually by the statutory auditors – to request the Company’s “Audit” function to perform checks on specific corporate operating areas or transactions;
- the power to promptly exchange information relevant for performing their respective duties with the control and risk committee.

### 3.4 Meetings

The following table illustrates the calendar of the board of statutory auditors’ meetings held during the year 2014.

J	F	M	A	M	J	J	A	S	O	N	D
••	••	••	•••	•	•	••		•	••	•	
Total											17
Average duration											2h30m

The meetings were duly attended by the regular auditors and the magistrate representing the Court of Auditors.

### 3.5 Remuneration

The shareholders’ meeting determines the remuneration of the regular members of the board of statutory auditors. Specifically, in April 2013 the ordinary shareholders’ meeting set the gross remuneration to which the chairman of the board of statutory auditors is entitled at euro 85,000 a year and the gross remuneration to which each of the other regular statutory auditors is entitled at euro 75,000 a year, in addition to the reimbursement of the expenses necessary for the performance of their duties.

## 4. The internal control and risk management system

The internal control and risk management system (“SCIGR”) of Enel and the Group consists of the set of rules, procedures, and organizational entities aimed at allowing the main corporate risks within the Group to be identified, measured, managed, and monitored.

The SCIGR is an integral part of the more general organizational and corporate governance structures adopted by the Company and the Group and is based on Italian and international best practices. In particular, the system takes into account the recommendations of the Corporate Governance Code and is consistent with the “Internal Controls – Integrated Framework” model issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO Report”), which constitutes the internationally recognized benchmark for the analysis and integrated assessment of the effectiveness of the SCIGR.

An effective SCIGR contributes to corporate management consistent with the corporate targets determined by the board of directors, because it allows the major risks to be identified, assessed, managed, and monitored with regard to their ability to influence the achievement of the aforesaid targets. In particular, the SCIGR contributes to ensuring the safeguard of corporate assets, the efficiency and effectiveness of corporate processes, the reliability of financial information, and compliance with laws and regulations, as well as with the corporate bylaws and internal procedures.

Therefore, the SCIGR plays a major role in the corporate organization, contributing to decision making that is well informed and consistent with the propensity for risk, as well as to the dissemination of appropriate information regarding risks, the law, and corporate values. In effect, the

culture of control occupies a significant position on the Group's scale of values, involving the entire corporate organization in the development and application of methods for identifying, measuring, managing, and monitoring risks.

More specifically, the SCIGR:

- provides for control actions at every operating level and clearly identifies duties and responsibilities, so as to avoid duplications of tasks and ensure coordination among the persons involved in the SCIGR itself;
- provides for the separation of duties and responsibilities among distinct organizational units or within the same, in order to prevent incompatible tasks being concentrated under common responsibilities. In particular, it ensures the necessary separation of operating and control activities, so as to prevent or – if that is not possible – attenuate conflicts of interest;
- is integrated, providing for the dissemination of a common language, the adoption of methods and instruments for measuring and assessing complementary risks, as well as information flows among the different functions with regard to the results of the tasks respectively entrusted to them;
- aims to ensure information systems that are reliable and appropriate for the reporting processes at the different levels to which control functions are entrusted;
- guarantees the traceability of the tasks of identifying, assessing, managing, and monitoring risks, ensuring over time the reconstruction of the sources and elements of information that support such tasks;
- reveals abnormal situations that may constitute indicators of inefficiency in the systems for measuring and controlling risks;
- ensures that the anomalies observed are promptly brought to the attention of appropriate levels of corporate responsibility, which are able to effectively implement suitable corrective measures.

The SCIGR consists of three distinct kinds of activities:

- “line” or “first-level” control, consisting in all the control tasks that the individual operating units or companies of the Group perform on their processes in order to ensure that operations are carried out properly. Such

control tasks are entrusted to the primary responsibility of operating management and are considered an integral part of every corporate process;

- “second-level” controls, which are entrusted to specific corporate functions and aimed at managing and monitoring typical categories of risk, including – by way merely of example – operating risks, market risks (such as commodity risk and financial risks), credit risks, strategic risks, and the risk of (non) compliance;
- internal audit (“third-level” controls), aimed at checking the structure and overall functionality of the SCIGR, including by monitoring the line controls, as well as the second-level ones.

The SCIGR is subject to periodical tests and checks, taking into account the evolution of corporate operations and the situation in question, as well as both Italian and international best practices.

For a detailed description of the tasks and responsibilities of the main persons involved in the SCIGR, as well as the coordination among such persons, please see the Guidelines of the internal control and risk management system available on the Company's website ([www.enel.com](http://www.enel.com)), while for a description of the activities carried out during 2014 by the board of directors and by the control and risk committee regarding the SCIGR please see the paragraphs “Board of Directors – Role and Functions” and “Committees – Control and Risk Committee” of this section of the document.

## 5. Executive in charge of preparing the corporate accounting documents

In 2014, the role of executive in charge of preparing Enel's corporate accounting documents was held by the *pro-tempore* head of the Administration, Finance and Control function (Luigi Ferraris until November 2014 and Alberto De Paoli starting from such date). The executive in question is appointed to such position by the board of directors after consultation with the board of statutory auditors and meets the professional qualification requisites provided under the Company's bylaws.

For a description of the activities of the executive in charge of preparing the corporate accounting documents, please see the “Guidelines of the internal control and risk management system”.

### 5.1 The system of risk management and internal control of financial information

The executive in charge of preparing the corporate accounting documents has implemented in the context of both the Company and the Group a specific internal control and risk management system focusing on financial disclosure (the “System of ICFR”) which governs the preparation of the Company’s annual financial statements, the Group’s consolidated financial statements and the Group’s consolidated half-year report; the purpose of such System is to ensure the reliability of the financial disclosure and the adequacy of the process of drafting the mentioned financial documents in order to have a disclosure compliant with the international auditing standards accepted in the European Community

The ICFR System is defined as the set of activities intended to identify and assess the actions or events whose materialization or absence could compromise, partially or entirely, the achievement of the objectives of the control system, supplemented by the subsequent activities of identifying the controls and defining the procedures that ensure the achievement of the objectives of credibility, accuracy, reliability, and timeliness of financial information.

The executive in charge of preparing the corporate accounting documents supervised the development and execution of a special set of procedures – which all the personnel concerned has been informed of – which records the methods adopted and the responsibilities of the aforesaid personnel as part of the activities of maintaining and monitoring the System of ICFR. Specifically, the Group set a procedure that regulates the reference model and a procedure that describes the process of managing such System, which defines the roles and responsibilities within the Company’s organization, providing for a specific flow of internal certifications.

The controls put in place have been monitored to check both their “design” (*i.e.*, that the control, if operating, is adequate to mitigate the identified risk in an acceptable way) and their actual “effectiveness”.

The System of ICFR is structured in accordance with the “Internal Controls – Integrated Framework” model issued by the Committee of Sponsoring Organizations of the Treadway Commission (the “COSO Report”), which consists of five components (control, risk assessment, control activities, disclosure systems and information flows, monitoring activities) which,

depending upon their characteristics, operate at both the entity level and the operating process level.



The COSO Report has been supplemented with regard to IT aspects by the model “Control Objectives for Information and related Technology” (the so-called “COBIT”)

Further, the internal controls concerning proper book-keeping provided for in section 404 of the Sarbanes-Oxley Act are applied by some Latin-American companies of the Group having American Depositary Shares listed on the New York Stock Exchange.

The process of defining, implementing and managing the System of ICFR, which is progressively extended to cover newly acquired material companies, it is carried out under the responsibility of the executive in charge of preparing the corporate accounting documents is divided into the following phases:

- definition of the perimeter of the companies, processes, risks and controls and communication of the methodologies and instructions to the management involved;
- mapping and updating of processes, risk assessment and definition of controls, quality assurance and identification and updating of Primary Key Controls (using the Top-Down Risk-Based Approach);
- assessment of the design and effectiveness of the controls (referred to as “line monitoring”) carried out by the management and executed through self-assessment;
- “independent” monitoring, entrusted to the Company’s “Audit” function;
- assessment of gaps, approval and monitoring of corrective measures;
- consolidation of results and overall assessment of the System of ICFR, in order to finalize the final certification letters to be issued by the chief executive officer and the executive in charge of preparing the

corporate accounting documents regarding stand-alone financial statements, consolidated financial statements and the half-year financial report, supported by a reporting flow of internal certifications;

- arrangement and publication of administrative and accounting procedures.

The perimeter of the Group companies to be included in the assessment is determined with regard to the specific level of risk, in both quantitative terms (for the level of materiality of the potential impact on the consolidated financial statements) and qualitative terms (taking into account the specific risks connected with the business or the process).

For the definition of the System, first of all a Group-level risk assessment was carried out in order to identify and evaluate the actions or events whose materialization or absence could compromise the achievement of the control system's objectives (for example, claims in the financial statements and other control objectives connected with financial information). The risk assessment was also conducted with regard to the risks of fraud.

Risks are identified at both entity level and process level. In the former, the risks identified are considered in any case to have a significant impact on financial information, regardless of the likelihood of their occurrence. Process-level risks, on the other hand, are assessed – regardless of relevant controls (known as the “*valutazione a livello inerente*”) - in terms of potential impact and the probability of occurrence, on the basis of both qualitative and quantitative elements.

Following the identification and assessment of the risks, controls were established that are aimed at reducing to an acceptable level the possibility that risks may materialize, at both the entity and process levels.

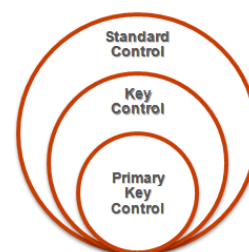
In particular, the structure of controls for companies or group of companies provides “Entity/Company Level Controls”, as control instruments determined on a center level and of common application in the context of the Group or of a particular area, which allow to the controlling company to address, determine and monitor the design and the effectiveness of the System of ICFR of controlled companies, or as control instruments which operate in transverse manner in respect of a single company or business line.

Entity level controls are classified in compliance with the five above-mentioned components referred to in the COSO Report.

The structure of controls in a process level provides instead specific or monitoring controls, as a set of activities, manual or automated, with the purpose of prevent, identify and correct any errors or irregularities which could occur during the carrying out of the operative activities.

In order to improve the efficiency of the System of ICFR and its sustainability over time, the controls have been sub-divided into standard controls and key controls, meaning controls that are decisive for purposes of preventing false representations in accounting documents. Over-arching structural controls are also identified, meaning structural elements of the System of ICFR aimed at defining a general context which promotes the proper execution and control of operating activities. In particular, over-arching structural controls are those related to the segregation of incompatible activities and responsibilities (the so-called “Segregation of Duties”), which aims to ensure that tasks and duties that could facilitate the commission and/or concealment of frauds/errors are not concentrated with the same person. Where activities are carried out with the support of IT systems, the proper segregation is verified also with regard to the assigned roles and usernames.

Within the scope of the companies identified as significant, the processes at greatest risk were defined and assessed and the top-down risk-based approach was applied. In accordance with this approach, the Company then identified and assessed the risks with the greatest impact and the related controls (referred to as primary key controls), both with regard to general monitoring and specific controls, aimed at reducing the possibility of the aforesaid risks occurring to an acceptable level.



In order to assess the appropriateness of the process, risks and controls of financial information every six months, specific monitoring is conducted by the process managers (that is, the individuals in charge of the activities, risks and controls) aimed at testing the design and effectiveness of the relevant process and controls.

For each corporate process assessed, an appropriate documentation (referred to as “administrative and accounting procedures”) is kept for the purpose of

describing roles and responsibilities and the flows of data and information, as well as the key points of control.

The findings of the assessments performed are notified to the executive in charge of preparing the corporate accounting documents through specific periodic reporting, which classifies any deficiencies in the effectiveness and/or design of the controls – with regard to their potential impact on financial information – into simple deficiencies, significant weaknesses, or material deficiencies.

In the event the assessments carried out reveal deficiencies, the aforesaid information flows also report the corrective actions that have been or will be undertaken to allow the objectives of the credibility, accuracy, reliability, and timeliness of financial information to be achieved.

These flows are also used for the periodic disclosure/updates on the adequacy of the System of ICFR, provided by the executive in charge of preparing the corporate accounting documents to the board of statutory auditors, the control and risk committee, and to the auditing firm.

On the basis of the aforesaid reports, and taking into account the certification issued by the heads of each corporate unit concerned, the executive in charge of preparing corporate accounting documents, together with the chief executive officer, issues a special certification regarding the adequacy and actual application of the administrative and accounting procedures established for the preparation of the stand-alone financial statements, the consolidated financial statements, or the half-year report (depending upon the relevant document in question from time to time).

Following the monitoring activities performed by the persons handling the processes, aimed at verifying the structure and functioning of the processes/sub-processes assigned to them, and the related controls identified, the documents comprising the administrative and accounting procedures (narratives, flow charts and list of controls) are extracted from the support system in order to proceed with the formalization of the same. The administrative and control procedures are then issued by the executive in charge of preparing corporate accounting documents and are published on the Company's intranet.

In order to ensure the proper application of the methodology described above, specific training sessions have been periodically held, aimed at both the local structures that handle the internal controls over the Group's financial disclosure and the

persons who handle the processes involved in the line monitoring.

## 6. External controls

### 6.1 Auditing firm

The auditing firm Reconta Ernst & Young S.p.A. has been entrusted with the legal audit of Enel's financial statements and of the Group's consolidated financial statements.

The assignment was awarded to such firm by the ordinary shareholders' meeting of April 29, 2011, upon proposal of the board of statutory auditors, with reference to the fiscal years from 2011 until 2019 and for a total consideration of euro 3.5 million.

For purposes of preserving the independence of auditing firms that do business with the Group, a procedure was adopted to govern the appointment of such auditing firms and entities belonging to their networks by companies belonging to the Group. In accordance with this procedure, the board of statutory auditors expresses a preliminary binding opinion (or, in situations in which such appointments in no way compromise the auditing firm's independence, receives periodic updates) on the assignment by companies belonging to the Group of additional mandates other than the main auditing mandate and which would not be found incompatible by law – to the Group's main external auditor or to entities belonging to the auditor's network. The assignment of such additional mandates is allowed only in certain circumstances of proven necessity (from a legal, economic or service quality standpoint).

### 6.2 Oversight of the Italian Court of Auditors

The Italian Court of Auditors oversees the financial management of Enel, availing itself for this purpose of an appointed magistrate. During 2014, this role was performed by the delegated judge Francesco Paolo Romanelli.

The magistrate appointed by the Italian Court of Auditors attends the meetings of the board of directors and the board of statutory auditors. In this respect, the board of directors resolved to pay this magistrate an attendance allowance of Euro 1,000 for each meeting of corporate bodies attended.

The Italian Court of Auditors presents annually to the office of the President of the Senate and to the office of the President of the House of Deputies a report on the results of the oversight performed.

## 7. Relations with institutional investors and shareholders in general

Ever since the listing of its shares on the stock market, the Company has deemed it appropriate for its own specific interest, as well as its duty with respect to the market, to establish an ongoing dialogue based on mutual understanding of their respective roles, with its shareholders in general, as well as with institutional investors. Such dialogue, in any case, was to take place in accordance with the rules and procedures that regulate the dissemination of inside information.

In this regard, in consideration of the size of the Group, it was deemed that such dialogue could be facilitated by the creation of dedicated corporate units.

The Company therefore created (i) an investor relations unit, which is part of its “Administration, Finance, and Control” function, and (ii) a unit within the “Legal and Corporate Affairs” function in charge of communicating with shareholders in general.

It was also decided to further enhance communication with investors through the creation of a special section of the Company’s website ([www.enel.com](http://www.enel.com), section “Investors” and section “Governance”), providing both financial information (financial statements, half-year and quarterly reports, presentations to the financial community, analysts’ estimates, and information on trading of the shares issued by Enel and its main listed subsidiaries) and up-to-date data and documents of interest to shareholders in general (press releases, the members of Enel’s boards, the Company’s bylaws and shareholders’ meetings regulations, information and documents regarding shareholders’ meetings, other documents regarding its corporate governance and code of ethics).

## 8. Shareholders’ Meetings

The recommendation contained in the Corporate Governance Code to consider shareholders’ meetings as important occasions for discussion between a company’s shareholders and its board of directors was carefully assessed and fully accepted by the Company, which, in addition to ensuring the regular attendance of its directors at shareholders’ meetings, deemed it advisable to adopt specific measures to adequately enhance such meetings. In particular, reference is made to the provision of the Company’s bylaws aimed at enhancing proxy solicitation among the employee shareholders of the

Company and its subsidiaries and at facilitating their participation in the decision-making process at shareholders’ meetings (this provision is specifically described in the first part of the report, under “Ownership structure” – Employee shareholdings: mechanism for exercising voting rights”).

The applicable law regarding the functioning of shareholders’ meetings of listed companies, provided in the Civil Code, in the Consolidated Financial Act and in the implementing regulations adopted by CONSOB, was significantly amended in the last years essentially to ease the exercise of some of the rights of the shareholders of listed companies.

It should be noted that the shareholders’ meeting is competent to resolve, in both ordinary and extraordinary sessions, upon, among other things: (i) the appointment and removal of members of the board of directors and of the board of statutory auditors, determining their compensation and liability, if any; (ii) the approval of the financial statements and the allocation of the net income; (iii) the purchase and sale of own shares; (iv) the stock-based compensation plans; (v) the amendments to the bylaws; (vi) the issue of convertible bonds.

On the basis of the Enel’s bylaws, ordinary and extraordinary shareholders’ meetings are held, as a rule, on single call (provided however that the board of directors may establish, where deemed advisable and providing express notice in such regard in the notice of call, that the shareholders’ meeting must be held following more than one call), are constituted and resolve with the majorities prescribed by applicable laws and are held in the municipality where the Company’s registered office is located (unless otherwise decided by the board of directors, and provided that the venue is in Italy).

The ordinary shareholders’ meeting must be convened at least once per year within 180 days after the end of the accounting period, for the approval of the financial statements.

The Consolidated Financial Act provides that entitlement to attend and vote in the shareholders’ meeting must be certified by a notice sent to the issuer by the intermediary in the interest of the person entitled to vote, and issued on the basis of the accounting records at the end of the seventh trading day prior to the scheduled date of the shareholders’ meeting (“record date”).

Those entitled to vote may:

- ask questions on the items on the agenda before the shareholders’ meeting by the deadline indicated in the notice of call. Such

questions will be answered no later than during the meeting;

- notify electronically their proxies to the Company, by sending the proxies through the specific section of the Company's website indicated in the notice of call;
- grant proxies, even to proxy-holders in conflict of interest, provided that the latter has communicated in writing to the shareholder the circumstances giving rise to the conflict of interest and specific voting instructions were given for each resolution in respect of which the proxy-holder has to vote on behalf of the shareholder;
- grant to a representative appointed by the Company a proxy with voting instructions upon all or specific items on the agenda, that must be sent to the interested person no later than the end of the second trading day before the date set for the shareholders' meeting; this proxy, the costs of which shall not be borne by the shareholders and which must be filled out through a schedule prepared by CONSOB, is valid only for those proposals in relation to which voting instructions were given.

On the basis of the Consolidated Financial Act and the related implementing provisions issued by CONSOB, Enel's bylaws empower the board of directors to provide for, with respect to single shareholders' meetings the possibility of participating by electronic means, specifying the conditions for such participation in the notice of call.

Shareholders' meetings are governed, in addition to the law and bylaws, by specific rules that are available on the Company's website ([www.enel.com](http://www.enel.com)).

Shareholders' meetings shall be chaired by the chairman of the board of directors or, in the event of his absence or impediment, by the deputy chairman, if appointed, or if both are absent, by a person designated by the board, failing which the meeting shall elect its own chairman. The chairman of a shareholders' meeting shall be assisted by a secretary, whose presence may be waived if the drafting of the minutes is entrusted to a notary public. The chairman of a shareholders' meeting, among other things, verifies that the meeting is duly constituted, and verifies the identity and entitlement of those attending, regulates the proceedings and ascertains the voting results.

As regards the right of each shareholder to request to speak on the items on the agenda, the shareholders' meetings regulation provides that the chairman, taking into account the nature and the importance of the specific matters under discussion, as well as the number of those requesting to take floor and the possible questions asked by shareholders before the shareholders' meeting to which no reply was given by the Company, shall predetermine the time limits for speaking from the floor and for rejoinders – normally no more than ten minutes for the former and five minutes for the latter – in order to ensure that the meeting is able to conclude its business at one sitting. All those entitled to vote may request the floor to speak on each of the matters under discussion only once, making observations, requesting information and making proposals. Requests for the floor may be presented from the time the quorum is determined and – unless the chairman sets a different deadline – until the chairman closes the discussions on the matter in question. The chairman and, at his or her request, those who assist him or her, shall reply to participants who speak on matters being discussed after all of them have spoken or after each one has spoken. Those who have requested the floor shall be entitled to a brief rejoinder.

The resolutions of the meeting shall be recorded in minutes signed by the chairman and the secretary or public notary. The minutes of extraordinary shareholders' meetings shall be drafted by a public notary.

## 9. Other corporate governance procedures

### 9.1 Transactions with related parties

A procedure has been implemented within the Group, approved by the board of directors in compliance with CONSOB regulation, aimed at governing the approval and conclusion of related party transactions carried out by Enel, either directly or through its subsidiaries, in order to ensure the transparency and fairness of such transactions from both a substantive and formal standpoint. Such procedure is available on the Company's website ([www.enel.com](http://www.enel.com)).

In accordance with such procedure, transactions with related parties concluded directly by Enel may be sub-divided into the following three categories:

- transactions of "major importance", which are those exceeding a specific quantitative threshold (equal to 5%) of three relevance indexes, that take into account the equivalent-value of the transaction, of the assets of the entity which is the target of the

transaction and of the liabilities of the entity acquired. Such transactions, if not subject to the approval of the shareholders' meeting pursuant to the bylaws or applicable laws, are necessarily subject to the board of director's approval;

- transactions of "minor importance", which are defined as those transactions other than the transactions of major importance and transactions for small amounts;
- transactions for "small amounts", that are those characterized by an equivalent-value lower than specific thresholds, distinguished depending on the category of related parties with whom the transactions are executed. The procedure does not apply to transactions for small amounts.

In order to allow the related parties committee to express a previous reasoned opinion on Enel's interest in the completion of such transactions, as well as the advantageousness and substantial fairness of the relevant conditions, the procedure determines specific information flows that for "major importance" transactions cover also their preliminary inquiry.

With regard to the effectiveness of the opinion issued by the related parties committee, the procedure provides that:

- for the transactions of minor importance, such opinion is not binding. Nevertheless, Enel shall make available to the public, within fifteen days after the close of each quarter, a document containing an indication of the counterpart, of the object and the consideration of the transactions of minor importance approved in the reference quarter in the presence of a negative opinion of the related parties committee, as well as of the reasons why it was deemed suitable not to share that opinion;
- for the transactions of major importance, if the related parties committee issues a negative opinion, the board of directors of the Company, if set forth in the bylaws of the Company, may submit the transaction of major importance to the ordinary shareholders' meeting for its authorization. The shareholders' meeting, without prejudice to the majorities required by law, bylaws and provisions applicable in case of conflict of interest, approves its resolution with the favourable vote of at least half of the voting unrelated shareholders ("whitewash"). In any case, the completion of transactions of major

importance is prevented only if the unrelated shareholders present at the shareholders' meeting represent at least 10% of the share capital with voting rights.

In compliance with applicable laws, if the relation exists with a director of the Company or with a party related through him/her, the interested director shall promptly notify the other directors and statutory auditors of the nature, the terms, the origin and the range of its interest. If, on the other hand, the relationship exists with the Company's chief executive officer or with a related party linked to him/her, in addition to the above, he/she will abstain from the execution of the transaction, and entrust the board of directors with executing the transaction.

If the relation exists with one of the regular statutory auditors of the Company or with a related party by means of them, the interested auditor promptly notifies the other auditors and the chairman of the board of directors of the nature, the terms, the origin and the range of its interest.

Further, the procedure sets that the chief executive officer of Enel, in the periodical report concerning the activities carried out in execution of the powers granted to him/her, provides the board of directors and the board of statutory auditors, at least quarterly, with specific information regarding the execution of transactions of both "major importance" and "minor importance".

A specific procedure is prescribed for transactions with related parties carried out by Enel not directly but through subsidiaries. In such cases it is set forth that the board of directors of the Company, or the competent delegated body on the basis of the structure of powers in force from time to time, makes - with the prior non-binding opinion of the related parties committee - a previous assessment of the transactions with related parties carried out by companies directly and/or indirectly controlled by Enel which fall within one or more of the following categories:

- atypical or unusual transactions;
- transactions whose equivalent-value exceeds Euro 10 million, with the exception of those transactions excluded from the scope of application of the procedure.

As observed above with reference to the transactions of minor importance carried out directly by Enel, also for the transactions carried out through subsidiaries it is provided that, if the board of directors of the Company, or the competent delegated body on the basis of the applicable

structure of powers in force from time to time, has issued a favourable opinion concerning the carrying out of transactions of subsidiaries which are relevant for the purposes of the procedure, although the related parties committee issued a negative opinion, Enel shall make available to the public a specific document containing the reasons for disregarding such opinion.

The procedure does not apply to specific types of related parties transactions identified by Consob, among which the main are the regular transactions completed at market-equivalent or standard terms and the transactions with or between companies controlled, even jointly, by Enel, as well as transactions with companies affiliated with Enel, provided that in the controlled or affiliated companies that are counterparties to the transaction no significant interests (as identified in the procedure) of another Enel's related party exist.

Lastly, a simplified procedure for the approval of related parties transactions, that are not attributed to the shareholders' meeting, is also provided in case of urgency, it being understood that a subsequent non-binding vote concerning such transactions by the first ordinary shareholders' meeting of the Company is required.

## 9.2 Processing of corporate information

The Group applies special rules for the internal management and processing of confidential information, under which the directors and statutory auditors are required to keep confidential the documents and information acquired in carrying out their duties.

The rules are aimed at keeping confidential information secret, while at the same time ensuring that the information regarding the Company and the Group disclosed to the market is correct, complete, adequate, timely, and non-selective.

The rules entrust Enel's chief executive officer and the chief executive officers of the Group companies with the general responsibility of managing the confidential information concerning their respective spheres of authority, establishing that the dissemination of confidential information regarding individual subsidiaries must in any case be agreed upon with the Enel's chief executive officer.

The rules also establish specific procedures to be followed in circulating information regarding the Company and the Group outside the Group – with particular emphasis on inside information – and carefully regulate the ways in which the Company and the Group representatives enter into contact

with the press and other mass media, as well as financial analysts and institutional investors.

Such rules are available to the public on the Company's website ([www.enel.com](http://www.enel.com))

In 2014, in compliance with the provision of the Consolidated Financial Act and the Issuers Regulation issued by CONSOB, Enel has:

- kept regularly updated the Group register for all individuals and legal entities with access to inside information through the exercise of his or her employment, profession or duties on behalf of the Company or the other companies belonging to the Group.
- applied to the Group the rules on internal dealing, concerning the transparency of transactions involving the Company's shares and related financial instruments carried out by its largest shareholders, representatives/exponents, and persons closely connected with them. In particular, in 2014, the legal framework on internal dealing applied to the purchase, sale, subscription and exchange of the shares of Enel and of the subsidiaries Endesa S.A. and Enel Green Power S.p.A., and of financial instruments connected with them, by relevant persons. This category includes shareholders who own at least 10% of the Company's share capital, the directors and regular statutory auditors of Enel, the directors of the subsidiary Endesa S.A., as well as 26 other managerial positions identified in Enel and Endesa S.A. in accordance with the relevant regulations, insofar as they have regular access to inside information and are authorized to make managerial decisions that could influence Enel's and the Group's development and prospects. In enacting measures to implement the aforesaid regulations, the board of directors considered it advisable to provide that relevant persons (other than the shareholders who possess an interest amounting to or exceeding 10% of the Company's share capital) are obliged to abstain from carrying out transactions subject to the regulations regarding internal dealing during two blocking periods, lasting approximately one month each, around the time the board of directors approves the Company's proposed stand-alone financial statements and the half-year report. This initiative was prompted by a desire to improve the Company's governance standards with respect to the applicable regulations, through the adoption of a

measure aimed at preventing the carrying out of transactions by relevant persons that the market could perceive as suspect, since they are carried out during periods of the year that are especially sensitive to corporate information.

### 9.3 Code of Ethics

Awareness of the social and environmental effects that accompany the activities carried out by the Group, as well as consideration of the importance of both a cooperative approach with stakeholders and the good reputation of the Group (in both internal and external relations) inspired the drawing up of the Group's code of ethics, which was approved by the Company's board of directors since March 2002.

The code (updated several times and most recently in December 2013) expresses the commitments and ethical responsibilities involved in the conduct of business, regulating and harmonizing corporate behaviour in accordance with standards calling for maximum transparency and fairness for all stakeholders. Specifically, the code of ethics consists of:

- general principles regarding relations with stakeholders, which define the principal values guiding the Group in the conduct of its business operations. Among the aforesaid principles, specific mention should be made of the following: honesty, impartiality, confidentiality, the creation of value for shareholders, the value of human resources, the transparency and completeness of information, service quality, and the protection of the environment;
- criteria of behaviour towards each class of stakeholders, which specify the guidelines and rules that Enel's officers and employees must follow in order to ensure observance of the general principles and prevent the risk of unethical actions;
- implementation mechanisms, which describe the control system devised to ensure observance of the code of ethics and its continual improvement.

### 9.4 Compliance program pursuant to Legislative Decree No. 231 of June 8, 2001

Since July 2002, the Company's board of directors has adopted a compliance program in accordance with the requirements of Legislative Decree No.

231 of June 8, 2001, which introduced into the Italian legal system a regime of administrative (but in fact criminal) liability with respect to companies for several kinds of crimes committed by their directors, executives, or employees in the interest of or to the benefit of the companies themselves.

The compliance program in question consists of a general part and separate special parts, continuously supplemented in order to embrace the different kinds of crimes from time to time captured by the provisions of Legislative Decree No. 231/2001, which the aforesaid program aims to prevent.

The compliance program adopted by Enel is also implemented by the subsidiaries subject to Italian law, which are responsible for adapting its contents in light of the specific activities which they carry out.

Enel also approved specific guidelines aimed at rendering the principles of the compliance program applicable to the most significant international subsidiaries of the Group (identified also in consideration of the type of business operations conducted) in order to make such companies aware of the importance of ensuring correct and transparent business conditions, and to prevent the risk of administrative liability for Enel or for any of its Italian subsidiaries, pursuant to Legislative Decree No. 231/2001, due to the illegal conduct on the part of such international subsidiaries in their business operations.

Enel has appointed a body to supervise the functioning and observance of the said program and to update it (the "supervisory body"). In particular, such supervisory body can be comprised of a number of members ranging between three and five, who are appointed by the board of directors.

Such members may be chosen either from within or outside the Company or the Group, with specific expertise and professional experience (in any case it is requested the presence of the Head of the "Audit" function of the Company). During 2014, the supervisory body was comprised of two external members with expertise on corporate organization matters Matteo Guiliano Caroli (who is also chairman of the body) and Nicola Nicoletti, as well as the heads of the "Audit", and "Legal and Corporate Affairs" and the Secretary of the board of directors, on account of their specific professional expertise regarding the application of the compliance program and are not directly involved in operating activities. The duration of the office of the members of the supervisory body is aligned to the office of the board of directors of the Company and therefore their term will expire at the date of approval of the 2016 financial statements.

During 2014, the supervisory body, while monitoring the functioning of and compliance with the program:

- held 10 meetings, during which it discussed the analysis, carried out also with the assistance of the Company's management, of the main business areas of the Company which are significant for the program and the exam of the control procedures of such areas;
- held meetings with supervisory bodies (or similar bodies) of the other companies of the Group, in order to strength the monitoring upon control and defence procedures implemented by said companies and organizational areas;
- promoted the updating of the program in order to take into account specific changes in the legal framework which concern the special parts "A" (criminal offenses in relationships with Public Administrations), "B" (corporate criminal offenses), and "D" (criminal offenses against the individual) of the same program, and to make a number of updates of a systematic nature to the general part of the program;
- verified the state of implementation of the guidelines in the main international controlled companies;
- promoted training initiatives, differentiated according to the recipients and necessary to ensure a constant updating of the personnel on the contents of the compliance program;
- constantly reported its activities to the chairman of the board of directors and to the

chief executive officer and, on a regular basis, to the control and risk committee, to the board of statutory auditors and to the board of directors.

#### *9.5 Zero tolerance for corruption plan*

The Company enacts since 2006 the zero tolerance towards corruption plan - ZTC ("ZTC plan") in order to give substance to Enel's adherence to the Global Compact (an action program sponsored by the U.N. in 2000) and to the PACI – Partnership Against Corruption Initiative (sponsored by the Davos World Economic Forum in 2005).

The ZTC plan supplements the Code of Ethics and the compliance program adopted pursuant to Legislative Decree No. 231/2001, representing a more significant step regarding corruption and aimed at adopting a series of recommendations for the implementation of the principles formulated by Transparency International.

#### *9.6 Human Rights Policy*

The Company has enacted in 2013 a policy on human rights that reflects the "Guidelines on Business and Human Rights" issued by the ONU, and corroborates and investigates the covenants already provided for under the code of ethics, the compliance program of Legislative Decree 231/2001 and the ZTC (zero tolerance for corruption) plan with regard to human rights matters.

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## SCHEDULE1: Biography of the members of the Board of Directors



**Patrizia Grieco**

- ✿ **Age:** 63
- ✿ **Office:** Chairman
- ✿ **Participation in committees:** Corporate Governance Committee (Chairman)
- ✿ **In office since:** May 2014
- ✿ **Number of offices held in other relevant companies:** 2
- ✿ **Slate of origin:** Majority

Born in Milan in 1952, she is graduated in law at the University of Milan and she has started her career in 1977 at the legal and general affairs directorate of Italtel, where she became the chief in 1994. In 1999 she was appointed general manager of Italtel to re-organize and reposition the company, in which she became chief executive officer in 2002. From September 2003 to January 2006 she was the chief executive officer of Siemens Informatica, which is the controlling entity in Italy of Siemens Business Services, becoming member of the executive council of the abovementioned group leader at worldwide level. From February 2006 she became partner of Value Partners and chief executive officer of the Group Value Team (today NTT Data), which provides IT consultancy and services in Italy and abroad, office that she performed until September 2008. She has held at Olivetti the office of chief executive officer from November 2008 up to March 2013, that of chairman from June 2011 up to June 2014, while from June and October 2014 she was director of Olivetti. She is currently director of Fiat Industrial (today CNHI, from April 2012) and director of Anima Holding (from March 2014), as well as member of the steering committee and the general council of Assonime (from September 2014) and of the board of director of Bocconi University (from November 2014).



**Francesco Starace**

- ✿ **Age:** 59
- ✿ **Office:** Chief Executive Officer e General Manager
- ✿ **Participation in committees:** -
- ✿ **In office since:** May 2014
- ✿ **Number of offices held in other relevant companies:** 0
- ✿ **Slate of origin:** Majority

Born in 1955 in Rome, he earned his degree in nuclear engineering at the Polytechnic Institute of Milan. He began his career as a security analyst for electronuclear plants at Nira Ansaldo (from 1981 until 1982) and then, from 1982 until 1987, held numerous management roles in Italy, the United States, Saudi Arabia, Egypt and Arab Emirates for Sae Sadelmi, which at the time belonged to the General Electric group. From 1987 until 2000, he worked at ABB and later at Alstom Power Corporation, where he was also Chief Executive Officer of ABB Combustion Engineering Italia (from 1997 until 1998) and later (from 1998 until 2000), senior vice president of global sales and turnkey plants for the gas turbine division. He joined Enel Group in 2000, where he held several key management positions, including head of the “power” business area (from July 2002 until October 2005), head of the “market” division (from November 2005 until September 2008) and, lastly, the role of Chief Executive Officer and General Manager of Enel Green Power, (from October 2008 until May 2014).



**Alessandro Banchi**

✿ **Age:** 68

✿ **Office:** Independent Director

✿ **Participation in committees:**  
Nomination and Compensation  
Committee (chairman) and Related Parties  
Committee

✿ **In office since:** May 2011

✿ **No. of offices in other relevant  
companies:** 1

✿ **Slate of origin:** Minority

Born in Firenze in 1946, he earned his degree in Chemical Engineering at the University of Bologna in 1969, then he started his professional career in the pharmacology industry in 1971. In 1973, he joined the Italian branch office of the chemical-pharmaceutical multinational Boehringer Ingelheim, holding different management positions both in Italy and abroad, and became Italy's country manager from 1992 until 1999. In the Boehringer Ingelheim group, he held the office of managing director of Pharma Marketing and Sales (which operates worldwide) from 2000 until 2008, where he also held the office of Chairman (and CEO) of its executive committee starting from 2004. In 2009 he left the Boehringer Ingelheim group to carry out professional advice on pharmaceutical matters. Officer of the Republic of Italy, he held offices in Italian and foreign sector associations of chemical and pharmaceutical industry; in this regard, he was chairman of AESGP and ANIFA (respectively, European and Italian Association of pharmaceutical industries of counter products), member of the board of directors of Federchimica and of the Board of Farmindustria, as well as in the G10 at the European Commission in Brussels. Currently he is also the chairman of the supervisory board of Biotest A.G.



**Alberto Bianchi**

✿ **Age:** 60

✿ **Office:** Independent director

✿ **Participation in committees:** Related  
Parties Committee (Chairman) and Corporate  
Governance Committee

✿ **In office since:** May 2014

✿ **Number of offices held in other relevant  
companies:** 0

✿ **Slate of origin:** Majority

Born in Pistoia in 1955, after the graduation in law and becoming a lawyer, he started to practice the profession of lawyer in 1986 in administrative, commercial, corporate and bankruptcy fields. In this field, initially he has carried out its activity in the law firm of the Professor Alberto Predieri (from 1983 to 2001); to the death of the owner (August 2001), he founded the law firm Bianchi and Associates, with main office in Florence and subsidiaries offices in Rome and Milan. From 2001 to 2007 he was liquidator of EFIM (body of loan for the manufacturing industries); after the suppression of the abovementioned body, he has been appointed (in July 2007) by the Minister of Economy and Finance as commissioner "ad acta" for the compulsory winding up of the companies managed by Ligresta (companies of the Fintecna Group), office that he practices as of today. He was also member of the liquidator board of Finanziaria Ernesto Breda (from 1994 to 2001), director of Rai New Media, chairman of Firenze Fiera (from 2002 to 2006) and of Dada (internet company listed in the stock exchange from 2011 to 2013). Currently he is chairman of the board of directors of "Edizioni di Storia e Letteratura", as well as he is member of the Vigilance Body of Tema pursuant to Legislative Decree no. 231/2001 and director and accounting auditor of several associations and foundations. From February 2010 he is member of the Guarantee Board of the Tuscany Region, body having advisory functions for the Regional Board.



**Paola Girdinio**

✿ **Age:** 58

✿ **Office:** Independent director

✿ **Participation in committees:**  
Nomination and Compensation Committee  
and Control and Risk Committee

✿ **In office since:** May 2014

✿ **Number of offices held in other relevant companies:** 1

✿ **Slate of origin:** Majority

Born in Genova in 1956 and she is graduated in physics science at the University of Genova, in which she was at the beginning researcher (from 1983 to 1987) and then she became, first, associate professor (from 1987 to 2000) and then full professor (from 2000 as of today) of electro technology in the engineering department. At the same University of Genova she has been also headmaster of the faculty of electrical engineering (from 2001 to 2007), member of the executive board of the center of the permanent training (from 2006 to 2008), chief of the department of electrical engineering (from 2007 to 2008), headmaster of the faculty of engineering (from 2008 to 2012) and from 2012 she is member of the board of directors. She is the author of several scientific publications on national and international magazines, in which she specialized in electromagnetic events and the related industrial compatibility. Member of the board of director of Ansaldo STS (Finmeccanica Group) from 2011 to 2014, now she is in charge of the same office at Ansaldo Energia (from 2014), at the “Distretto ligure delle tecnologie marine” and at the company D’Appolonia of the Rina Group (from 2011). She is also president of the scientific committee for the project “smart city” made by Comune di Genova (from 2011), member of the regency board of Genova of the Banca d’Italia (from 2011) and member of the scientific committee of Eurispes (from 2013)



**Alberto Pera**

✿ **Age:** 65

✿ **Office:** Independent director

✿ **Participation in committees:**  
Nomination and Compensation  
Committee and Control and Risk  
Committee

✿ **In office since:** May 2014

✿ **Number of offices held in other relevant companies:** 0

✿ **Slate of origin:** Majority

Born in Albisola Superiore (Savona) in 1949, he is graduated in economics at the University “La Sapienza” of Rome and in law at the University of Macerata, he became lawyer and he earned the master’s degree of science in economics at the London School of Economics. After a period as a researcher at the Faculty of Economics, University of Rome (1974-1978), he started his career as chief of the analysis of the monetary markets at the Banca Nazionale del Lavoro (from 1978 to 1979), he has been also economist at the division of the international markets of capitals of the International Monetary Fund (from 1980 to 1985). Chief of the economics studies of IRI (from 1985 to 1990, in which he also studied the items related to the privatizations of the companies controlled by IRI and he studied the liberalization of the markets), he has been also advisor of the Minister of Industry for the industrial policies of competition (from 1986 to 1990, minding the first Italian antitrust law); in this period he has been member of the board of directors of Italcable (STET Group, from 1986 to 1990) and chairman of Seleo (from 1988 to 1990). From 1987 to 1991 he was a professor of public company economics at the “Catholic” University in Milan. First general secretary of the Guaranteeing Authority of the Competition and the Market (from 1990 to 2000), he has represented also the abovementioned Authority at the meetings of the general managers of the competition of the European Union members. From 2001 he is partner at the Gianni, Origoni, Grippo, Cappli & Partners Law Firm, in which he has found the antitrust and regulation department.



**Anna Chiara Svelto**

✿ **Age:** 46

✿ **Office:** Independent director

✿ **Participation on committees:**  
Nomination and Compensation  
Committee and Control and Risk  
Committee

✿ **In office since:** May 2014

✿ **Number of offices held in other  
relevant companies:** 0

✿ **Slate of origin:** Minority

Born in 1968 in Milan and she is graduated in law at the University of Milan, she became lawyer in September 1995. From March 1996 to February 1998 she worked at the legal affairs directorate of Edison, becoming later chief of the legal and corporate affairs directorate of Shell Italia from March 1998 to September 2000. Then she joined the Pirelli Group, in which she is currently the chief of the legal and compliance affairs directorate in the controlling entity, secretary of the board of directors and secretary of the advisory committee instituted inside the board of directors, member of the management committee and of management committee for the risk, as well as of steering committee for the sustainability. From April 2013 to February 2014 she has been director and member of the internal control and corporate governance committee of Prelios.



**Angelo Taraborrelli**

✿ **Age:** 66

✿ **Office:** Independent Director

✿ **Participation in committees:** Control  
and Risk Committee (Chairman) and  
Related Parties Committee

✿ **In office since:** May 2011

✿ **No. of offices in other relevant  
companies:** 0

✿ **Slate of origin:** Minority

Born in Guardiagrele (Chieti) in 1948, after the graduation with honors in Law at the University of Siena in 1971, he obtained a master degree in hydrocarbon business at the High School of Hydrocarbon “Enrico Mattei”. He began his professional activity at Eni in 1973, where he held various management offices, up to the role of Director of Planning and Control of Saipem. Then he held the office of the holding’s deputy Head of Strategic control and Up-stream development and Gas (in 1996) and, subsequently (in 1998), the office of deputy head of Planning and Industrial Control. Subsequently he held the office of deputy Chairman of Snamprogetti (from 2001 until 2002) and has been chief executive officer for AgipPetroli’s business (2002). From the beginning of 2003, after the incorporation of the aforementioned company in the holding, he was deputy general manager of the marketing area at the Refining & Marketing Division. From 2004 until 2007 he was general manager of Eni with responsible for the Refining & Marketing Division. Until September 2007, he was director of Galp (a Portuguese oil company), deputy Chairman of Unione Petrolifera (association of the oil companies operating in Italy), director of Eni Foundation and Chairman of Eni Trading & Shipping. From 2007 until 2009 he held the office of chief executive officer and general manager of Syndial, Eni’s company operating in chemicals and environmental intervention fields. In 2009 he left Eni in order to carry out consultancy in oil industry matters; then he was appointed as distinguished associate of Energy Market Consultants (consultancy firm in oil industry matters with registered office in London) in 2010.

## SCHEDULE2: Biography of the members of the board of statutory auditors



**Sergio Duca**

✿ **Age:** 67

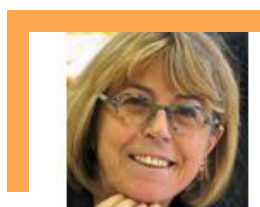
✿ **Office:** Chairman of the Board of Statutory Auditors

✿ **In office since:** April 2010

✿ **No. of offices in other relevant companies:** 3

✿ **Slate of origin:** Minority

Graduated with honors in Economics and Business from the “Bocconi” University in Milan. A certified chartered accountant and auditor, as well as auditor authorized by the U.K. Department of Trade and Industry, he acquired broad experience through the PricewaterhouseCoopers network as the external auditor of important Italian listed companies (including Fiat, Telecom Italia, and Sanpaolo IMI). He was the chairman of PricewaterhouseCoopers S.p.A. from 1997, in July 2007 he resigned from his office and ceased to be a shareholder of that firm because he had reached the age limit provided for by the bylaws. After serving as member of the Edison Foundation’s advisory board and the Bocconi University’s development committee, as well as chairman of the Bocconi Alumni Association’s board of auditors and a member of the board of auditors of the ANDAF (Italian Association of Chief Financial Officers), he was chairman of the board of statutory auditors of Tosetti Value SIM and an independent director of Sella Gestione SGR until April 2010. Member of the Ned Community (an association of non-executive directors) he currently holds high offices on the boards of directors and the boards of statutory auditors of important Italian companies, associations, and foundations, serving as chairman of the board of statutory auditors of Exor and regular statutory auditor of GTECH S.p.A., chairman of the board of directors of Orizzonte SGR and chairman of the board of auditors of the Silvio Tronchetti Provera Foundation, the Compagnia di San Paolo and ISPI (Institute for the Study of International Politics), as well as member of the board of auditors of the Intesa San Paolo Foundation Onlus and the supervisory body of Exor established pursuant to Legislative Decree No. 231/2001.



**Lidia D'Alessio**

✿ **Age:** 68

✿ **Office:** Statutory Auditor

✿ **In office since:** May 2013

✿ **No. of offices in other relevant companies:** 0

✿ **Slate of origin:** Majority

Graduated with honors in Economics and Business from the University of Naples, she continued her academic activity by teaching since 1988 at several universities (in Cagliari and at “La Sapienza” and “LUISS” in Rome). Since 1995 she is tenured professor in Business Economics and teaches Planning and Control of Civil Service at “Roma Tre” University, Faculty of Economics. Since 1992 she teaches at several master courses and PhD schools in Italy subjects concerning management control, corporate strategic control, public and private accounting systems, programming and budgeting, accounting systems and financial reporting for firms operating in the healthcare and social security public sectors, governance models for domestic and international public bodies. She is also an auditor and author of several works on the subject of accounting, since 1992 she provides professional advice on the analysis, setting up and implementation of internal models of cost analytical and general accounting, as well as setting up and implementation of accounting systems and financial reporting and business evaluation and internal control models. Member of various committees, commissions and working groups set up within the Ministry of Economy and Finance concerning public entities accounting, she also served as chairman of INPS’ internal control unit (from 1997 until 2000), as chairman of the internal control unit of the general hospital Umberto I, in Rome (from 2000 until 2002) and as general manager of a healthcare public service unit in the Region of Calabria (from 2005 until 2007). From 2006 until 2011 she served as chairman of the board of auditors of the National Interuniversity Consortium for the Physical Sciences of Matter (CNISM) and since 2009 she is chairman of the board of auditors of the National Interuniversity Consortium for the Telecommunications (CNIT). Since 2013 she is member of the Auditors Central Commission.



**Gennaro Mariconda**

✿ **Age:** 72

✿ **Office:** Statutory Auditor

✿ **In office since:** May 2007

✿ **No. of offices in other relevant companies:** 0

✿ **Slate of origin:** Majority

He has been a notary public since 1970 and a notary public in Rome since 1977. From 1995 to 2001 he was a member of the National Council of Notaries, of which he was president from 1998 to 2001. As part of his activity as a notary, he has taken part in the most important reorganizations, transformations, and mergers of banks and other Italian companies, such as Banca di Roma, Medio Credito Centrale, Capitalia, IMI-San Paolo, Beni Stabili, and Autostrade. Since 1966 he has taught at a number of Italian universities and is a past professor of civil law at the University of Cassino's School of Law. He has served as a director of RCS Editori, Beni Stabili, as well as of the Istituto Regionale di Studi Giuridici Arturo Carlo Jemolo. He is currently deputy chairman of Banca Profilo, auditor of Salini Costruttori S.p.A. and a member of the editorial board of the journals "Notariato" and "Rivista dell'esecuzione forzata". He is the author of numerous technical legal studies - mainly on civil and commercial law - and he has also published articles, interviews, and essays in the most important Italian newspapers and magazines.

## Enel – report on corporate governance and ownership structure for the year 2014

### TABLE 1: Structure of Enel's Board of Directors and Committees

Board of Directors													Control and Risk Committee		Nomination and Compensation Committee		Related Parties Committee		Corporate Governance Committee	
Office	Members	Year of birth	Date of first appointment *	In office since	In office until	Slate **	Exec.	Non-exec.	Indep. Under Corporate Governance Code ***	Indep. under TUF ****	No. of other offices *****	(*)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)
Chairman	Grieco Patrizia	1952	2014	5/2014	12/2014	M		✓		✓	2	11/11							3/3	C
CEO/GM♦	Starace Francesco	1955	2014	5/2014	12/2014	M	✓				-	11/11								
Director	Banchi Alessandro	1946	2011	1/2014	12/2014	m		✓	✓	✓	1	17/18			9/9	C/M	3/3	M		
Director	Bianchi Alberto	1954	2014	5/2014	12/2014	M		✓	✓	✓	-	11/11					3/3	C	3/3	M
Director	Girdinio Paola	1956	2014	5/2014	12/2014	M		✓	✓	✓	1	11/11	5/5	M	4/4	M				
Director	Pera Alberto	1949	2014	5/2014	12/2014	M		✓	✓	✓	-	11/11	5/5	M	4/4	M				
Director	Svelto Anna Chiara	1968	2014	5/2014	12/2014	m		✓	✓	✓	-	11/11	5/5	M	4/4	M				
Director	Taraborrelli Angelo	1948	2011	1/2014	12/2014	m		✓	✓	✓	-	18/18	13/13	C/M			3/3	M		
DIRECTORS WHO CEASED TO HOLD OFFICE IN THE RELEVANT YEAR																				
Chairman	Colombo Paolo Andrea	1960	2011	1/2014	5/2014	M	✓				2	7/7							3/3	C
CEO/GM♦	Conti Fulvio	1947	2005	1/2014	5/2014	M	✓				3	7/7								
Director	Codogno Lorenzo	1959	2008	1/2014	5/2014	M		✓			-	7/7	8/8	M					3/3	M
Director	Mancuso Salvatore	1949	2014	5/2014	11/2014	M		✓	✓	✓	-	7/8					1/2	M	2/3	M
Director	Miccio Mauro	1955	2002	1/2014	5/2014	M		✓	✓	✓	-	7/7	8/8	M					3/3	M
Director	Napolitano Fernando	1964	2002	1/2014	5/2014	M		✓	✓	✓	-	7/7			5/5	C			3/3	M
Director	Solbes Mira Pedro	1942	2011	1/2014	5/2014	m		✓	✓	✓	1	7/7			5/5	M	(***)	(***)		
Director	Tosi Gianfranco	1947	2002	1/2014	5/2014	M		✓	✓	✓	-	7/7	8/8	C			(***)	(***)		
No. of meetings held in year 2014		Board of Directors: 18			Control and Risk Committee: 13				Nomination and Compensation Committee: 9			Related Parties Committee: 3				Corporate Governance Committee: 6				
Quorum required for the submission of slates for the election of the Board of Directors (pursuant to art. 147-ter of the Consolidated Financial Act): 0.5% of share capital																				

## Enel – report on corporate governance and ownership structure for the year 2014

### NOTES

• This symbol indicates the director in charge of the internal control and risk management system.

◊ This symbol indicates the main person in charge of managing the issuer (*Chief Executive Officer* or CEO).

\* The phrase “date of first appointment” of each director means the date on which the director was appointed for the very first time to the Board of Directors.

\*\* This column shows M/m depending on whether the director has been drawn from the slate voted by the majority (M) or by the minority (m) of the share capital represented at the Meeting.

\*\*\* In this column, an “✓” indicates the possess of the requisite of independence provided by Article 3 of the Corporate Governance Code for listed companies. Specifically, according to applicative criterion 3.C.1 of the Corporate Governance Code, a director should normally be considered lacking the requisites of independence in the following cases:

- a) if, directly or indirectly – including through subsidiaries, fiduciaries, or third parties, he or she controls the issuer or is able to exercise considerable influence on it or has entered into a shareholders’ agreement through which one or more persons can exercise control or considerable influence on the issuer;
- b) if he or she is, or during the three preceding accounting periods has been, an important representative <sup>(7)</sup> of the issuer, a strategically important subsidiary, or a company under common control along with the issuer or of a company or an organization that, even together with others through a shareholders’ agreement, controls the issuer or is able to exercise considerable influence on it;
- c) if, directly or indirectly (for example, through subsidiaries or companies of which he or she is an important representative or as a partner in a professional firm or consultancy) he or she has, or had in the preceding accounting period, a significant commercial, financial, or professional relationship:
  - with the issuer, a subsidiary of it, or any of the related important representatives;
  - with a party who, even together with others through a shareholders’ agreement, controls the issuer or – if it is a company or an organization – with the related important representatives;
 or is, or during the three preceding accounting periods was, an employee of one of the aforesaid entities.

In this regard, in February 2010 the Company’s board of directors established the following quantitative criteria applicable to the aforesaid commercial, financial, or professional relations:

- commercial or financial relations: (i) 5% of the annual turnover of the company or organization of which the Director has control or is an important representative, or of the professional or consulting firm of which he is a partner, and/or (ii) 5% of the annual costs incurred by the Enel Group through the same kind of contractual relations;
- professional services: (i) 5% of the annual turnover of the company or organization of which the Director has the control or is an important representative or of the professional or consulting firm of which he is a partner, and/or (ii) 2.5% of the annual costs incurred by the Enel Group through similar assignments.

In principle, unless there are specific circumstances that should be concretely examined, exceeding these limits should mean that the non-executive director to whom they apply does not possess the requisites of independence provided for by the Corporate Governance Code;

- d) if he or she receives, or has received in the three preceding accounting periods, from the issuer or from a subsidiary or controlling company significant additional compensation with respect to his or her “fixed” pay as a non-executive director of the issuer and compensation for participation on the committees with consultative and proposing functions established within the board of directors, also in the form of participation in incentive plans connected with the company’s performance, including those involving stock based plans;
- e) if he or she has been a director of the issuer for more than nine years in the last twelve years;
- f) if he holds the office of chief executive officer in another company in which an executive director of the issuer holds a directorship;
- g) if he or she is a shareholder or a director of a company or an organization belonging to the network of the firm entrusted with the external audit of the issuer;
- h) if he or she is a close family member <sup>(8)</sup> of a person who is in one of the conditions referred to in the preceding items.

\*\*\*\* In this column, an “✓” indicates the possess of the requisite of independence provided for the statutory auditors of listed companies by Article 148, paragraph 3, of the Consolidated Financial Act, applicable to the directors pursuant to Article 147-ter, paragraph 4, of the Consolidated Financial Act. Pursuant to the provisions of Article 148, paragraph 3, of the Consolidated Financial Act, the following do not qualify as independent:

- a) persons who are in the situations provided for by Article 2382 of the Civil Code (that is, in the state of incapacitation, disqualification, or bankruptcy or who have been sentenced to a punishment that entails debarment, even temporary, from public offices or incapacitation from performing executive functions);

<sup>(7)</sup> It should be noted that, according to applicative criterion 3.C.2 of the Corporate Governance Code, the following are to be considered “important representatives” of a company or an organization (including for the purposes of the provisions of the other letters of applicative criterion 3.C.1): the president of the organization, the chairman of the board of directors, the executive directors, and the key executives of the company or organization under consideration.

<sup>(8)</sup> The comment on Article 3 of the Corporate Governance Code states in this regard that, “in principle, the following should be considered not independent: the parents, the spouse (unless legally separated), life partner *more uxorio*, and co-habitant family members of a person who could not be considered an independent director.”

## Enel – report on corporate governance and ownership structure for the year 2014

- b) the spouse, relatives, and in-laws within the fourth degree of the directors of the company, as well as the directors, spouse, relatives, and in-laws of its subsidiaries, the companies of which it is a subsidiary, and those under common control;
- c) persons who are connected with the company, its subsidiaries, the companies of which it is a subsidiary, or those under common control, or with the directors of the company or the parties referred to under the preceding letter b) by relations as an employee or a self-employed person or other economic or professional relations that could compromise their independence.

\*\*\*\*\* This column indicates the number of offices held by the person in question on management and control bodies of other large listed companies, identified on the basis of the policy formulated in such regard by the Board of Directors. In such regard, let us point out that as of the date of this report, the directors of Enel hold the following offices which are considered relevant for such purpose:

- 1) Patrizia Grieco: director of Fiat Industrial (now CNHI S.p.A.) and Anima Holding S.p.A.;
- 2) Alessandro Banchi: chairman of the *supervisory board* of Biotest A.G.;
- 3) Paola Girdinio: director of Ansaldo Energia S.p.A.

(\*) This column indicates the directors' attendance at meetings of, respectively, the Board of Directors and the committees (specifically, the number of meetings attended by the person in question out of the total number of meetings that he/she could have attended). All absences were adequately justified.

(\*\*) This column indicates the role of the director on the committee: "C": chairman; "M": member.

(\*\*\*) No meetings of the Related Parties Committee were held from January 1, 2014 until May 22, 2014, the date on which the shareholders' meeting called to approve the financial statements for the period ended on December 31, 2013 and which renewed the Board of Directors due to expiry of its mandate.

## Enel – report on corporate governance and ownership structure for the year 2014

**TABLE 2: Structure of Enel’s Board of Statutory Auditors**

Office	Members	Year of birth	Date of first appointment *	In office since	In office until	Slate (*)	Independence under the Corporate Governance Code	Attendance of meetings of the board of statutory auditors (**)	Number of other offices (***)
<b>Chairman</b>	Duca Sergio	1947	2010	1/2014	12/2014	m	✓	17/17	3
<b>Regular auditor</b>	D’Alessio Lidia	1946	2013	1/2014	12/2014	M	✓	17/17	-
<b>Regular auditor</b>	Mariconda Gennaro	1942	2007	1/2014	12/2014	M	✓	15/17	-
<b>Alternate auditor</b>	De Martino Giulia	1978	2013	1/2014	12/2014	M	-	-	-
<b>Alternate auditor</b>	Tutino Franco	1947	2010	1/2014	12/2014	m	-	-	-
<b>Alternate auditor</b>	Singer Pierpaolo	1961	2013	1/2014	12/2014	M	-	-	-
<b>Number of meetings held in year 2014: 17</b>									
<b>Quorum required for the submission of slates for the election of the board of statutory auditors (pursuant to art. 148 of the Consolidated Financial Act): 0.5% of the share capital</b>									

### NOTES

\* The phrase “date of first appointment” of each auditor means the date on which the auditor was appointed for the very first time to the board of statutory auditors.

(\*) This column shows M/m depending on whether the auditor has been drawn from the slate voted by the majority (M) or by the minority (m) of the share capital represented at the Meeting.

(\*\*) This column indicates the auditors’ attendance of meetings of the board of statutory auditors (specifically, the number of meetings attended by the person in question out of the total number of meetings that he/she could have attended). All absences were adequately justified.

(\*\*\*) This column shows the number of offices that the person concerned has declared to hold on the boards of directors or the boards of statutory auditors of Italian corporations. The entire list of the offices is published by CONSOB and is available on its internet website, pursuant to Article 144-*quinquiesdecies* of CONSOB’s Issuers Regulation.