

**RECOMMENDATIONS ON CORPORATE GOVERNANCE  
OF ENEL GROUP'S LISTED COMPANIES**

**(Approved by Enel S.p.A. Board of Directors on July 29, 2015  
and amended on February 6, 2019)**

**I. Introduction**

The Board of Directors of Enel, in accordance with its tasks, adopted the following recommendations, applicable to Enel's subsidiaries having shares listed on one or more regulated markets. Such recommendations are aimed at strengthening existing corporate governance rules and ensuring the dissemination of best practices, while respecting management autonomy of the single companies involved and their applicable local regulations.

Existing corporate governance policies and procedures applicable to all companies of the Enel Group aimed at ensuring the consistency and coordination of management guidelines within the Group, as well as the adequacy and effectiveness of the internal control and risk management system, shall remain in force.

**II. Definitions**

For the purposes of this document, the following definitions shall apply:

- "Enel": Enel S.p.A.;
- "Enel Group": Enel and the companies it controls, directly and/or indirectly, pursuant to article 93 of the Unified Financial Act;
- "Management Body": the board of directors or an equivalent body entrusted with the management of the company;
- "Subsidiary": the company, incorporated in Italy or abroad, having shares listed in one or more regulated markets, which Enel S.p.A. controls, directly and/or indirectly, pursuant to article 93 of the Unified Financial Act.

**III. Recommendations**

**1. Composition of the Management Body**

1.1 The composition of the Management Body of the Subsidiaries must be defined taking into account the size and the complexity of the organizational structure and business sector of each Subsidiary, as well as applicable provisions of shareholders' agreements, if any. The number of members of the Management Body must be set in a way that: (i) ensures the proper functioning of that Body and its committees (if any); (ii) complies with the rules (if any) on the representation of minority shareholders, and (iii) ensures that the members of the Body work jointly in an efficient manner, thus avoiding a redundant number of members.

1.2 Without prejudice to the applicable legislation, the selection of the Management Body members must seek to integrate different professional and managerial backgrounds and skills (including specific skills in the business sector concerned, as well as in economic, financial and legal matters), and combine it, if possible, with the diversity of gender, age and tenure.

**2. Requirements of members of the Management Body**

2.1 In order to be fit for the office, all members of the Subsidiaries' Management Body designated (either directly or indirectly) by Enel in its quality of shareholder shall possess the requirements prescribed by applicable laws and regulations and/or by-laws. In addition, such persons shall not fall under any cause of ineligibility, incompatibility and disqualification from office.

- 2.2 Candidates for the office of chairman of the Management Body shall possess an appropriate status for the delicate functions assigned to such office, consisting of (i) facilitating constructive board relations and the effective contribution of all directors to the debate and (ii) ensuring that the documentation related to the items on the agenda is circulated to the directors in due advance prior to the date of each meeting of the Management Body. In order to allow the chairman to carry out his/her role effectively, a tenure no longer than 9 years is recommended, which in exceptional and duly justified cases may be raised up to 12 years (taking into account the entire period in which he/she has been a director), but in no case may it exceed the limit of 12 years, in order to preserve an adequate independence of judgment in carrying out the assignment.
- 2.3 Candidates for the office of Chief Executive Officer shall possess an appropriate status for such office, assessed on the basis of his/her reputation, of the results obtained in preceding senior executive roles and on his/her recognition in key markets.
- 2.4 Candidates for the office of independent member of the Subsidiaries' Management Body shall be selected by the competent function within the organization with the support of a company specialized in the recruitment of top managers, in order to strengthen the efficiency, effectiveness and fairness of the selection procedures. While selecting the candidates, the recruitment company shall assess:
- i) the technical and professional skills of the candidates;
  - ii) the managerial background of the candidates, taking into account the context in which the relevant Subsidiary operates;
  - iii) the commitment required from the relevant office, taking into account the positions already held by the candidates in other companies, within or outside the Enel Group;
  - iv) the existence of any conflicts of interest;
  - v) if the candidates have, or recently had, significant commercial, financial or professional relationships, either directly or indirectly, with the relevant Subsidiary or other companies of the Enel Group;
  - vi) any criminal or administrative proceedings under way against the candidates, as well as criminal convictions (or plea bargains) or administrative sanctions applied to the candidates by competent authorities.
- 2.5 In the event of termination of the employment contract, if any, signed with companies of the Enel Group, the member of the Management Body shall resign from the offices held in Subsidiaries, unless otherwise agreed between the Enel Group and the interested person.

### **3. Remuneration of members of the Management Body**

- 3.1 Enel Group's employees shall waive – or credit back to the company of the Enel Group with which they have entered into an employment contract – any compensation (whether fixed, variable or in the form of attendance fees) due for their participation to the Subsidiaries' Management Body, insofar as such compensation is absorbed by the salary set forth in the employment contract.
- 3.2 If the employee is appointed as Chief Executive Officer or otherwise as an executive director, a specific compensation for such office may be defined, taking into account the criteria set out in section 3.3 below, whose amount the employee is not required to waive or credit back. The same criteria apply to the remuneration, if any, of those who, while not holding the office of member of the Management Body, have been granted the powers to manage the Subsidiaries (e.g., *gerente general*).
- 3.3 The remuneration of the members of the Management Body who are not employees of the Enel Group shall be established by the Subsidiaries' competent bodies taking into account the role and responsibilities assigned, best practices, the results of the benchmark analysis of the relevant market carried out by a specialized company (which,

if possible, shall be the same appointed for the recruitment pursuant to section 2.3 above), the performance of the company and the policies of the Enel Group. Such remuneration shall attract, retain and motivate persons with a suitable profile.

#### **4. Board review**

4.1 The Subsidiaries' Management Body, at the initiative and with the coordination of the chairman, shall adopt a formal procedure in order to evaluate, on an annual basis, its performance, size and composition, as well as that of its internal committees (if any). This evaluation shall be conducted, at least every three years, with the support of an independent and specialized consultant.

#### **5. Induction of Directors**

5.1 The Subsidiaries' Management Body, at the initiative and with the coordination of the chairman, shall adopt induction programs in order to ensure to its members, following the appointment and during their office, an adequate knowledge of, among other things, the sector where the Subsidiary operates, the business of the company, the organizational structure, and the evolution of the applicable legal and regulatory framework.

#### **6. Treatment of inside information**

6.1 Subsidiaries shall adopt measures to ensure the correct treatment of inside information, including specific procedures aimed at preventing the misuse of such information, and a register containing (i) the names of the persons having access to inside information and (ii) the reasons for including the persons in the register as well as the date of the registration in – or deregistration from – the register.

6.2 Subsidiaries shall also adopt specific procedures governing the relations of the members of the Management Body with the press and other media, as well as with financial analysts and institutional investors, ensuring proper coordination with the Function "Communications" (where relations with the press and other media are concerned) or with the "Investor Relations" Unit of Enel (where relationships with financial analysts and institutional investors are concerned).

#### **7. Adherence to codes of conduct and best practices of the relevant markets**

7.1 Subsidiaries shall adopt applicable corporate governance codes and comply with the best practices of the relevant markets, except if, in the opinion of the Management Body, there are objective reasons which justify non-compliance or partial compliance.

#### **8. Accessibility of significant information for the shareholders on the Subsidiaries' website**

8.1 Subsidiaries shall set up and keep regularly updated a website where the most significant information to its shareholders – including financial reports, corporate by-laws and the main corporate governance rules and procedures, the composition of the corporate bodies, shareholders' meeting documents, the annual report on corporate governance and the remuneration report (if any) – are posted.