

Seeding Energies

Consolidated Non-financial Statement (NFS)
prepared in accordance
with Italian Legislative Decree 254/16 _year 2017



enel



Seeding Energies

Year 2017



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Profile and organizational model

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“In increasingly changing and competitive scenarios, also due to the acceleration of technological progress, companies need to change very quickly. In defining and implementing its strategic vision, Enel carefully integrates and combines all relevant factors: economic-financial, environmental, social and governance-related. Value creation in the long term is therefore closely linked to the Group’s robust financial management, as well as to the way in which we: interact with the environment, cooperate with communities, ensure an open culture based on listening and inclusion, and promote an increasingly integrated corporate governance system. It is thanks to our sustainable business model that we are able to meet the new challenges of the energy transition, not only by reacting to risks, but by seizing all opportunities without overlooking their social implications”.

Patrizia Grieco

Chairman of the Board of Directors

Francesco Starace

Chief Executive Officer and General Manager

Enel’s sustainable business model enhances the synergies between the various business areas and the outside world, in order to constantly find new solutions to reduce the impact on the environment, meet the needs of local communities and improve the safety of personnel and suppliers. Knowing the context in which Enel operates and actively listening to all stakeholders make it possible to create sustainable long-term value, combining economic and social growth.

To foster new efficient uses of energy and make it accessible to an ever-increasing number of people, Enel has made innovation and digitalization key elements of its strategy. It is a path that involves both traditional business and the development of new models and technologies and which relies on creativity, passion, ideas and technologies not only within, but also outside the Company. A strategic and operational approach based on the concept of openness, “Open Power”, where sustainabi-

lity and innovation are an inseparable pairing.

The principles of ethics, transparency, anti-corruption, respect for human rights and utmost attention to safety are all framing elements that have always characterized Enel's way of working and which are based on policies and criteria of conduct that apply to the entire Group.

It is a model that promotes sustainable development fully in line with the guidelines of the United Nations Global Compact, of which Enel has been an active member since 2004. These guidelines confirm the importance of increasingly greater sustainability in the Company's strategic choices. Since June 1, 2015, Enel's CEO has been a member of the Board of Directors.

A key element to this approach is the adoption of the ESG (environmental, social and governance) performance indicators within the whole value chain, not only to reflect the results achieved, but above all to anticipate decisions and develop a proactive attitude in line with the United Nations' 2030 Sustainable Development Goals (SDGs). For the second time, Enel

has been included in Fortune magazine's "Change the World" list, which ranks the top 50 companies in the world that create a positive social impact through their activities. Some of the activities considered are the commitment to decarbonization, construction of the first geothermal plant in South America (Cerro Pabellón) and the Vehicle-to-Grid Hub (V2G) in Denmark, which is able to channel unused energy from electric vehicles to the grid. Enel is also 19th on Forbes' "500 best employers" ranking for the best companies in the world to work for.

Non-financial information is increasingly being analyzed by investors and the financial market, which look at a company's ability to build sustainable business plans that over time translate into measurable concrete actions and better economic results.

Socially Responsible Investment funds continued to grow again in 2017. Enel's share capital includes 160 Socially Responsible Investors (SRIs), who hold about 8.6% of total shares outstanding (8.0% in 2016), equal to 11.3% of the free float (10.5% in 2016).

Reading guide

The data shown in this document take into consideration only companies fully consolidated on a line-by-line basis at December 31, 2017; companies acquired during the 2017 fiscal year are excluded.

The boxes highlighted in gray show the figures that are in line with the scope of the Annual Financial Report and the Sustainability Report, which also include the joint operation Asociación Nuclear Ascó-Vandellós II AIE (ANA CNVII IEA), a company incorporated under Spanish law in accordance with the proportional consolidation method.

For more details on the applied scope, refer to the methodological note.

xxx-xx → GRI STANDARDS

Company profile

The Enel Group currently operates in 37 countries on 5 continents, with an installed capacity of around 82 GW, around 2.2 million kilometers of electricity distribution networks and approx-

imately 64 million customers. The Company operates in Europe, North America, South America, Africa and Asia.

KPI	UM	2017	2016	2017-2016	%
Employees	no.	62,038	61,205	833	1.3
EBITDA	mil euros	15,666	15,240	426	2.8
Revenues	mil euros	74,416	70,306	4,110	5.8

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Energy generation

Enel produces energy from a balanced mix of sources, in which renewables play a major role (hydroelectric, wind, solar,

geothermal, biomass) and where fossil fuel sources are diversified among natural gas, coal and fuel oil.

KPI	UM	2017	2016	2017-2016	%
Total net installed capacity	MW	82,326	80,088	2,238	2.8
Renewable net installed capacity	MW	38,305	35,907	2,398	6.7
Total net production	GWh	229,317	241,356	-12,039	-5.0
Renewable net production	GWh	81,696	85,974	-4,277	-5.0
Emission free net production	%	38.2	41.0	-2.8	-

Net production by geographical area

KPI	UM	2017	2016	2017-2016	%
Italy	GWh	53,518	60,913	-7,395	-12.1
Iberia	GWh	58,058	51,867	6,191	11.9
South America	GWh	64,627	62,165	2,462	4.0
North and Central America	GWh	9,794	12,268	-2,474	-20.2
Europe and North Africa ⁽¹⁾	GWh	41,839	53,613	-11,774	-22.0
Sub-Saharan Africa and Asia ⁽²⁾	GWh	1,481	530	951	-
Total net production	GWh	229,317	241,356	-12,039	-5.0

(1) The decrease in production in 2017 compared to 2016 is due to the removal of the plants in Slovakia and Belgium from the scope.

(2) The increase in production in 2017 compared to 2016 in South Africa is due to the entry into operation of new renewable plants.

Distribution

Through its distribution companies, the Group transports energy within Italy, Romania, Iberia and South America thanks to more than 2 million kilometers of grid networks on 2 continents.

Distributed energy

KPI	UM	2017	2016	2017-2016	%
Distributed energy	TWh	445	426	19	4.5

Electricity distribution networks by geographical area

KPI	UM	2017	2016	2017-2016	%
Italy	km	1,149,219	1,144,987	4,232	0.4
Iberia	km	317,782	316,562	1,220	0.4
Romania	km	127,548	91,412	36,136	39.5
South America	km	566,010	322,146	243,864	75.7
Total distribution lines	km	2,160,559	1,875,107	285,452	15.2

Electricity and gas market

The Group operates through its commercial companies both on the regulated utility market, at fixed rates, and on the free

market. The average number of customers for gas and energy is around 64 million.

Average number of electricity market and gas market customers

KPI	UM	2017	2016	2017-2016	%
Totals	no.	63,741,839	61,429,305	2,312,534	3.8
Electricity market	no.	58,187,931	56,039,735	2,148,196	3.8
- Italy	no.	26,420,058	26,776,635	-356,577	-1.3
- Iberia	no.	10,941,644	11,047,937	-106,293	-1.0
- Romania	no.	2,782,014	2,736,908	45,106	1.6
- South America	no.	18,044,215	15,478,255	2,565,960	16.6
Gas market	no.	5,553,908	5,389,570	164,338	3.0
- Italy	no.	4,003,484	3,876,191	127,293	3.3
- Iberia	no.	1,550,424	1,513,379	37,045	2.4

Scope of Annual Financial Report and Sustainability Report (see reading guide on page 5)

KPI	UM	2017	2016	2017-2016	%
Employees	no.	62,900	62,080	820	1.3
EBITDA	mil euros	15,653	15,276	377	2.5
Revenues	mil euros	74,639	70,592	4,047	5.7
Net installed capacity	MW	84,917	82,679	2,238	2.7
Net production	GWh	249,876	261,812	-11,936	-4.6
Emission free net production	%	43.3	45.6	-2.3	-
Electricity distribution networks	km	2,160,559	1,875,107	285,452	15.2
Average number of total customers	no.	63,741,839	61,429,305	2,312,534	3.8

Supply chain

Enel bases its purchasing processes on pre-contractual and contractual conduct oriented towards reciprocal loyalty, transparency and collaboration in order to create a resilient and responsible supply chain that is able to understand and adapt to the external context and which is committed to adopting the best practices to seize opportunities and mitigate any economic, environmental and social risks. Enel requires its suppliers to apply the highest standards as regards health and safety, the fight against corruption, respect for human rights and environmental protection.

The procurement process has a matrix-style organization structure

that allows experiences and specific skills to be shared, so as to be able to respond adequately and quickly to business needs. Through this structure, five different global units connected in turn to local units manage procurement procedures based on well-defined, integrated responsibility and governance principles, fostering development and sharing at all levels. This organization structure is completed by two personnel units that monitor procurement processes and relationships with suppliers.

Main organizational changes

The main organizational changes that took place during the 2017 fiscal year are as follows:

- > acquisition on January 10, 2017 of 100% of **Demand Energy Networks**, US-based company specialized in intelligent software solutions and energy storage systems;
- > acquisition on February 14, 2017 and May 4, 2017 of 94.84% and 5.04% (for a total of 99.88%), respectively, of the share capital of **Enel Distribuição Goiás** (formerly CELG-D), an energy distribution company operating in the Brazilian state of Goiás;
- > acquisition on May 16, 2017 of 100% of **Tynemouth Energy**

Storage, a British company active in the field of electricity storage;

- > completion on August 10, 2017 of the acquisition of 100% of the **EnerNOC Group** following the successful outcome of Enel Green Power North America's offer to the previous shareholders;
- > acquisition on October 25, 2017 of 100% of **eMotorWerks**, a US company operating in electric mobility management systems.

Enel's organizational model

Starting from July 31, 2014, the Enel Group adopted a new organizational structure based on a Business Line/Geography matrix focused on the Group's industrial objectives.

In 2017, the organizational model was expanded with a new Business Line, Global e-Solutions, whose objective will be to manage all products and services not related to commodities.

In particular, the Enel Group's new organizational structure is, just like the previous one, based on a matrix that considers:

- > **Divisions** (Global Thermal Generation, Trading, Global Infrastructures and Networks, Renewable Energies, e-Solutions - Enel X), which are entrusted with the task of managing and developing assets, optimizing their performance and return on invested capital in the various geographical areas where the Group operates; Divisions are also entrusted with the task of improving the efficiency of managed processes and sharing best practices worldwide. The Group will benefit from a centralized industrial view of the projects in the various Business Lines. Each individual project will be evaluated not only on the basis of financial returns, but also in relation to the best technologies available at the Group level;
- > **Regions and Countries** (Italy, Iberia, South America, Europe and North Africa, North and Central America, Sub-Saharan Africa and Asia), which are entrusted with the task of managing within each Country where the Group operates the

relations with local institutional bodies and regulatory authorities, as well as electricity and gas sales, also providing support in terms of personnel activities and other services to the Divisions.

The following are associated with this matrix in terms of business support:

- > **Global Service Functions** (Procurement and ICT), which are entrusted with the task of managing purchases at the Group level and Information and Communication Technology activities;
- > **Holding Functions** (Administration, Finance and Control, Human Resources and Organization, Communication, Legal and Corporate Affairs, Audit, European Affairs, Innovability: Innovation and Sustainability), entrusted with the task of managing the Group's governance processes.

Chairman
P. Grieco

Chief Executive Officer
F. Starace

Holding Functions

Administration, Finance and Control
A. De Paoli

Human Resources and Organization
F. Di Carlo

Communications
R. O'Keeffe

Legal and Corporate Affairs
G. Fazio

Innovability
E. Ciorra

European Affairs
S. Mori

Audit
S. Fiori

Global Procurement
S. Bernabei

Global ICT
C. Bozzoli

Global Business Lines

Global Infrastructure and Networks | L. Gallo

Global Thermal Generation | E. Viale

Global Trading | C. Machetti

Global Renewable Energies | A. Cammisecra

Global e-Solutions | F. Venturini

Countries and Regions

Italy | C. Tamburi

Iberia | J.D. Bogas Gálvez

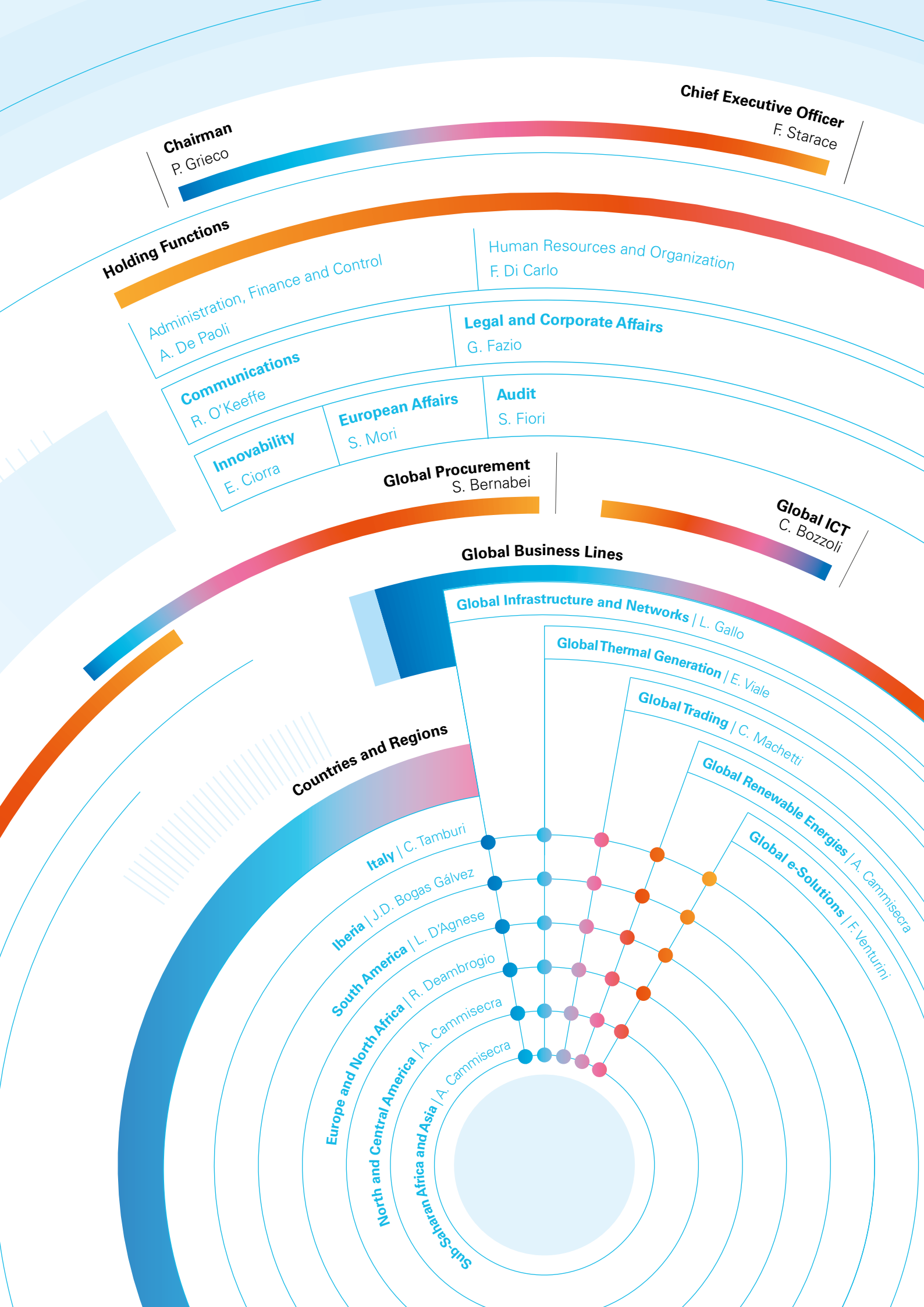
South America | L. D'Agnese

South America | R. Deambrogio

Europe and North Africa | A. Cammisecra

North and Central America | A. Cammisecra

Sub-Saharan Africa and Asia | A. Cammisecra



Enel's presence in the main energy and sustainability associations

The Enel Group actively participates in national and international sustainability associations and organizations that aim to define long-term goals and commitments, to promote a sustainable way of doing business and to manage the challenges of climate change and socio-economic pressures that affect the macroeconomic scenario, the energy sector in particular. Below are some examples.

Sustainable Energy for All (SE4ALL) – SE4ALL is an international non-profit organization that takes a multi-stakeholder approach to collaborate with the private sector, civil society, institutions and governments in support of SDG 7 on affordable and clean energy. Enel has been supporting SE4ALL since 2011, and since 2014 the CEO has been a member of the Advisory Board. In addition, since 2017 Enel has been an official Delivery Partner for the organization, after signing an agreement aimed at accelerating the achievement of SDG 7.

CSR Europe – CSR Europe is the leading European business network dedicated to corporate social responsibility. Enel has been part of it since 2005, and since 2016 it has held the position of Deputy Chair of the Board of Directors.

United Nations Global Compact (UNGC) – Since 2004, Enel has been a member of the United Nations Global Compact, for which it is a signatory of the ten founding principles related to human rights, labor standards, environmental protection and anti-corruption. In 2011, it became part of the Global Compact LEAD, a group that represents the world's foremost sustainability leaders in the private sector (about 40 in 2017). Furthermore, in June 2015, the CEO was appointed a member of the Global Compact Board. Since the end of 2017, Enel has been a patron of the UNGC platform dedicated to new and innovative financial instruments to accelerate the achievement of the SDGs.

European Commission Multi-stakeholder Platform on SDGs – In 2017, the CEO of Enel was elected member of the "High-level multi-stakeholder platform on the implementation of the Sustainable Development Goals," the platform created and commissioned by the Commission for the adoption of the SDGs in the European Union. Enel is the only Italian company

to be part of the new multi-stakeholder platform, which includes 30 members, only 2 of which belong to the private sector.

World Business Council on Sustainable Development (WBCSD) – Since 2016, Enel has been a member of the "CEO-led Global Organization" and actively participates in its main working groups.

International Integrated Reporting Council (IIRC) – Since 2016, Enel has been a member of the IIRC, a global coalition of companies, investors, regulators, standard-setters and non-governmental organizations for the promotion of the integrated report. Such report is viewed as a tool with which companies communicate their values, decisions and actions to stakeholders clearly and comprehensively by presenting their financial performance and the social, environmental and economic context in which they operate.

Global Reporting Initiative (GRI) – Enel has been a member since 2006, and since 2016 it has been part of the GRI Gold Community and the Stakeholder Council, the multi-stakeholder consulting body that supports the GRI Board of Directors on strategic issues. In 2017, Enel took part in the activities related to the launch of the new reporting standard (GRI Standards).

Global Sustainable Electricity Partnership (GSEP) – Non-profit organization aimed at promoting sustainable energy development through specific capacity building projects and activities in emerging and developing countries around the world; its members include world-leading electric companies.

eurelectric – European electrical industry association. The CEO of Enel was nominated Chairman of the association for the 2017-2019 period.

Business 20 (B20) – The B20 represents the global business community within the G20 process, the leading international forum for economic cooperation. The CEO of Enel was appointed Co-Chair of the B20 Climate & Resource Efficiency Task Force for 2017.

Corporate governance system

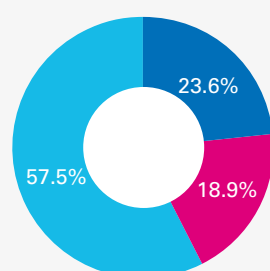


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Enel's shareholders

Since 1999 Enel is listed on the "Mercato Telematico Azionario" organized and managed by "Borsa Italiana SpA" and has the highest number of shareholders of any Italian company. Enel's shareholders include the most important international investment funds, insurance companies, pension funds and ethical funds, also thanks to the implementation by Enel and

the Group of the best international practices on transparency and corporate governance. Socially responsible investment funds continued to grow again in 2017. Enel's share capital includes 160 Socially Responsible Investors (SRIs), who hold about 8.6% of total shares outstanding (8.0% in 2016), equal to 11.3% of the free float (10.5% in 2016).



Ownership structure as of December 31, 2017

- Ministry of Economy and Finance
- Retail investors
- Institutional investors

In addition, as of the date of this report, the Enel Group includes 13 listed companies whose shares are listed on the Argentine, Brazilian, Chilean, Peruvian, Russian, Spanish and United States Stock Exchanges.

Enel deems it in line with its own specific interest – as well as with its duty towards the market – to ensure an ongoing and profitable relationship, based on mutual understanding of their respective roles, with its shareholders in general, as well as with institutional investors, in order to increase the relevant level of understanding about the activities carried out by the Company and the Group; in this context, Enel maintains a fair and transparent dialogue with its investors, in accordance with the national and European regulations on market abuse and in line with international best practices. During recent years, this engagement activity has gone along with the increa-

sing participation of institutional investors in the Shareholders' Meetings. In particular, since its listing, Enel deemed it appropriate to establish corporate units dedicated to the dialogue with institutional investors, as well as with its shareholders in general. The Company therefore created (i) the Investor Relations unit, which is currently within the "Administration, Finance, and Control" Function, and (ii) an area within the Corporate Affairs unit, which is itself part of the "Legal and Corporate Affairs" Function. Furthermore, economic/financial, environmental, social and governance information can be found on the Company's website (www.enel.com, "Investors" section), as well as updated data and documents of particular interest, making a multidisciplinary and integrated vision possible.

Corporate Governance Structure

Corporate Governance Model

The corporate governance structure of the Enel Group complies with the principles set forth in the Corporate Governance Code for listed companies², as last amended in July 2015, and is inspired by Consob's recommendations on this matter and, more generally, international best practice.

The corporate governance system 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.

It is responsible for monitoring: 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; the process of financial disclosure and the adequacy of the Company's organizational structure, internal auditing system, and administration and accounting system; the audit of the stand-alone and the consolidated financial statements and the independence of the external auditing firm; and, lastly, how the corporate governance rules provided by the Corporate Governance Code are actually implemented.

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.

Board of Statutory Auditors

Shareholders' Meeting

It is responsible for: the appointment or removal of members of the Board of Directors and Board of Statutory Auditors as well as their compensation and responsibilities; the approval of financial statements and the allocation of net earnings; the purchase and sale of treasury shares; stock-based compensation plans; amendments to the Company's bylaws, and the issue of convertible bonds.

Independent auditors

² The code is available in its current edition on Borsa Italiana's website (<http://www.borsaitaliana.it/comitato-corporate-governance/codice/2015engclean.en.pdf>).

Nomination and Compensation Committee

Control and Risks Committee

Corporate Governance and Sustainability Committee

Related Parties Committee

Alfredo Antoniozzi
Director, independent

Alberto Bianchi
Director, independent

Cesare Calari
Director, independent*

Francesco Starace
Chief Executive Officer
and General Manager, executive

Patrizia Grieco
Chairman, non-executive

Paola Gordinio
Director, independent

Alberto Pera
Director, independent

Angelo Taraborrelli
Director, independent*

Anna Chiara Svelto
Director, independent*

Board of Directors

It is responsible for managing the Company and has powers over the strategic, organizational and control guidelines for the Company and the Group.

*Drawn from the minority slate.

Board of Directors

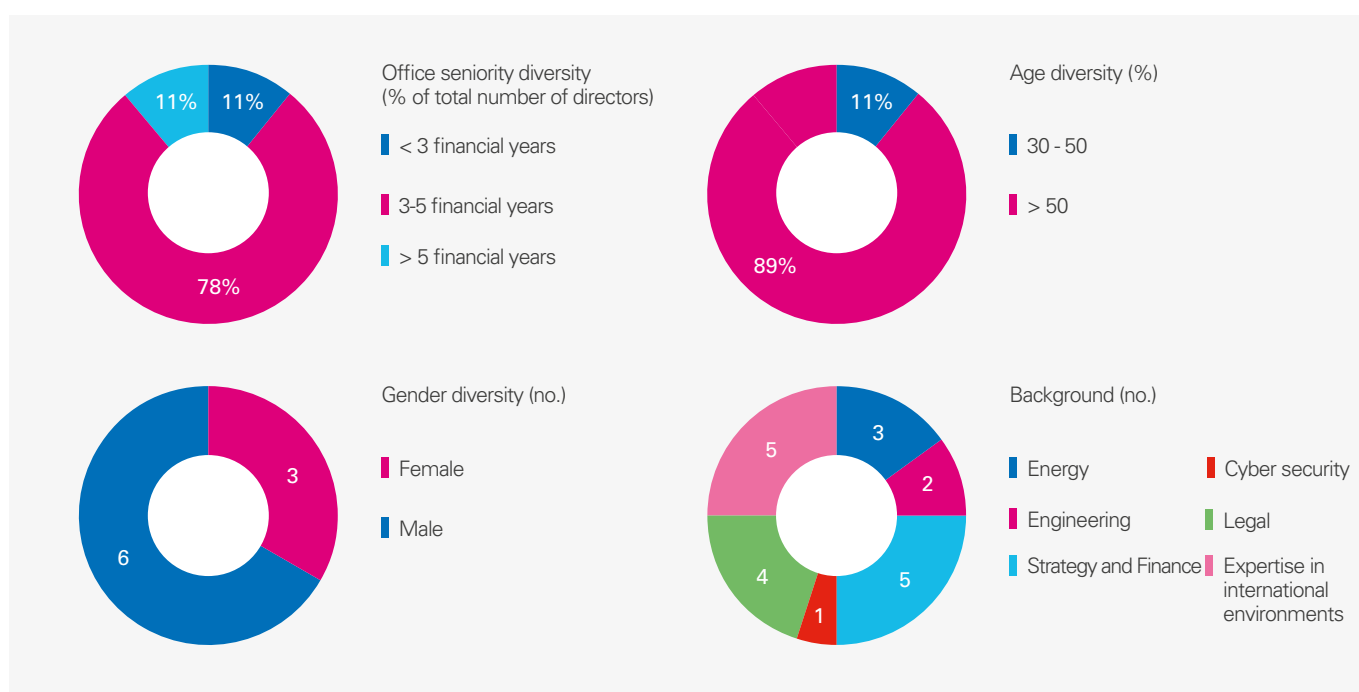
The Board of Directors was appointed by the Ordinary Shareholders' Meeting on May 4, 2017 and consists of nine members. Patrizia Grieco, Francesco Starace, Alfredo Antoniozzi, Alberto Bianchi, Paola Girdinio and Alberto Pera were drawn from the slate submitted by the shareholder Ministry of the Economy and Finance (at that time holding 23.59% of the Company's share capital) and voted by the majority of the share capital represented at the Meeting (approximately 49.98% of the Company's voting share capital), while Cesare Calari, Anna Chiara Svelto and Angelo Taraborrelli were drawn from the slate submitted by a group of 21 institutional investors (at the time holding in the aggregate 1.88% of the Company's share capital) and voted by the minority of the share capital represented at the Meeting (approximately 49.43% of the Company's voting share capital). In 2017, the Board of Directors met 15 times with an average duration of 3 hours for each meeting, an average director attendance rate of 100%, and was constantly involved in issues related to governance, sustainability, the Code of Ethics and Model 231. The Board of Directors set up within the Board itself the following **four committees**:

- > **Nomination and Compensation Committee:** with an appropriate preliminary investigation, this committee is responsible for supporting the Board of Directors, through proper inquiry, the assessments and decisions of the board on the size and composition of the board itself, as well as the compensation of the executive directors and of the executives with strategic responsibilities;
- > **Control and Risks Committee:** with an appropriate preliminary

investigation, this 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;

- > **Corporate Governance and Sustainability Committee:** this 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 to sustainability issues;
- > **Related Parties Committee:** this committee has been assigned the essential 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 beneficial nature and essential fairness of the relevant conditions, after receiving timely and adequate information in advance.

With regard to succession plans for executive directors, in September 2016, the Board of Directors upon proposal of the Nomination and Compensation Committee, together with the Corporate Governance and Sustainability Committee, shared the contents of a specific "contingency plan," aimed at regulating the steps to be taken to ensure that the Company's activities are regularly managed in the event of early cessation of the chief executive officer before the expiry of the ordinary term of office (the so-called "crisis management" case).



In January 2018, the Board of Directors, upon proposal of the Corporate Governance and Sustainability Committee and of the Nomination and Compensation Committee, in implementation of the provisions of the Consolidated Finance Act, approved a diversity policy that describes the optimal features of the composition of the board itself, in order for it to exercise

its functions in the most effective way taking decisions with the concrete contribution of several qualified points of view capable of examining the issues under discussion from different perspectives.

Internal Control and Risk Management System

The Internal Control and Risk Management System ("SCI-GR") of Enel and of 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 SCI-GR is an integral part of the more general organizational and corporate governance structures adopted by the Company and by 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 SCI-GR.

The SCI-GR 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 main persons involved in the SCI-GR itself; it ensures the necessary separation of operating and control activities, so as to prevent or – if that is not possible – attenuate conflicts of interest; 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.

The SCI-GR is divided into three distinct types of activities:

- > **"line" or "first-level" control**, consisting of 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;
- > **"second-level" controls**, which are entrusted to specific corporate functions and aimed at managing and monitoring typical categories of risk;
- > **internal audit activity** ("third level" controls), aimed at checking the structure and overall functionality of the SCI-GR, including by monitoring the line controls, as well as the second-level ones.

The SCI-GR is subject to periodical tests and checks, taking into account the evolution of corporate operations and the situation in question, as well as current best practices.

For a detailed description of the tasks and responsibilities of the main persons involved in the SCI-GR, 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, "Investors" section).

Main risk types

Due to the nature of its business, the Group is exposed to various types of risks, indicated in the table below together with the activities aimed at mitigating their effects and ensuring their correct management.

In the risk-identification process, the results of the priorities analysis were also considered (see the "Materiality assess-

ment and definition of non-financial targets" chapter), as well as the data reported in the Global Risks Report 2018, produced by the World Economic Forum (WEF) and involving about 1,000 experts and leaders from around the world. The WEF report shows that environmental risks have increased both in terms of probability and potential impact: extreme weather events,

natural disasters, as well as the possible failure of attempts to contain the consequences of climate change. The speed of technological development generates more and more challenges, and the frequency and intensity of cyberattacks are on the rise, as is the tendency to target critical infrastructures and strategic industrial sectors, highlighting a possible risk, in extreme cases, of companies' and organizations' normal operations grinding to a halt. From a social point of view, the risks related to water crises are significant.

The Precautionary Principle² was also applied during the risk identification and assessment phase. This Principle was ap-

plied in particular to risks relating to the environment, health and safety. For each type of risk, specific actions have been identified to mitigate their effects and ensure their proper management.

Enel also applies this principle to risk management, especially as regards the development and introduction of new products/technologies, the planning of operating activities and the construction of new plants/assets.

Main risks	Reference scenario and description of risk	Mitigating actions and associated strategic objectives
Strategic risks connected with the evolution of the market, competition and regulation	The markets and the businesses where the Group operates are subject to a gradual and increasing competition and evolution, from a technological and regulatory standpoint, with different timings from Country to Country. As a result, the Group faces an increasing competitive pressure. Furthermore, the Group operates in regulated markets or regimes. Thus, changes in the rules of functioning of those markets and regimes, as well as their provisions and obligations, can influence the management's evolution and the Group's results.	The business risks stemming from the Group's natural presence in competitive markets have been faced with a strategy of integration through the value chain, with a greater drive for technological innovation, diversification and geographical expansion. Specifically, the actions enacted have produced the evolution of the customer portfolio on the free market, in a downstream integration logic on the final markets, the optimization of the productive mix, by improving the competitiveness of the plants on the basis of a cost leadership, as well as the search for new markets with a high growth potential and the development of renewable sources through adequate investment plans in different Countries. In view of the risks deriving from regulatory factors, the Company has intensified the relations with local government and regulatory bodies, by adopting a transparent, collaborative and proactive approach to face and remove the sources of instability in the regulatory framework.
Country risk	The strong international presence of the Group – with revenues which come from foreign countries for more than 50% by now – exposes the Group itself to possible negative impacts over income flows and over the protection of company assets arising from macro-economic, financial, geo-politics and social risks connected with the operations in a specific Country.	Definition and implementation of a strategy for geographical diversification, also supported by econometric models for the evaluation of the Country risk.
Industrial and environmental risks	Within the current climatic scenario, extreme meteorological events and natural disasters expose the Group to the risk of damage to the assets and infrastructures with the consequent possibility of extended unavailability of the concerned assets.	In order to mitigate these risks, the Group adopts the best prevention and protection strategies also with the purpose of reducing the possible impacts on the communities and the areas surrounding the assets. Thus, constant monitoring activities and weather forecast as well as activities for the increase in the resilience for the more exposed assets are constantly carried out. The totality of the Group areas is subject to ISO 14001 certification and the potential risk sources are monitored through the implementation of internationally-recognized Environmental Management Systems (EMS).

² Rio Declaration on Environment and Development (Rio de Janeiro, June 3-14, 1992), Principle 15.

	<p>Failure of mitigation and adaptation to climate change. Risks connected to:</p> <ul style="list-style-type: none"> > impacts on the functioning of the assets linked to gradual climate change (e.g. air and water temperature); > changes to the regulatory and legal framework connected to the fight against climate change; > socio-economic transformations linked to climate change. 	<p>The Group is also engaged in a continuous improvement of the existing activities in terms of environmental impact, through its purposes of reducing emissions, primarily that of “zero-emission generation” by 2050, and adopts a growth-oriented strategy through the development of increasingly low-carbon technologies and services in line with COP21 goals.</p> <p>In order to mitigate the risks stemming from legal and regulatory aspects linked to climate change, the Group keeps relationships with the Authorities and local and international regulatory bodies characterized by a transparent and collaborative approach.</p> <p>The Group also signed the letter supporting the implementation of the guidelines of the Task Force on Climate Related Financial Disclosure (TCFD), which has developed recommendations on the disclosure of financial impacts related to “non-financial” parameters concerning climate change.</p> <p>Therefore, Enel created a working group which is carrying out an analysis on the following three main lines:</p> <ul style="list-style-type: none"> > climate models and definition of key climate scenarios; > mapping of risks and of the opportunities linked to climate change; > financial reporting related to climate change.
Cyber-attack risks	<p>Rapid technological evolution, with an increasing exposure to cybernetic attacks.</p> <p>More widespread cybernetic attacks and increasing level of sophistication also with regard to changes within the reference framework.</p> <p>Organizational complexity of the Group and several environments (data, people and industrial world).</p>	<p>Definition of a “Cyber Security Framework” to address and manage the cyber security activities with a “risk-based” approach and according to the “cyber security by design” principle. Such a framework provides for the involvement of business areas, the reception of legal and regulatory provisions, the use of the best possible technologies, the preparation of <i>ad hoc</i> business processes and the increase of human consciousness.</p> <p>Creation of the Enel’s CERT (Cyber Emergency Readiness Team), which is active, recognized and accredited by national and international communities, in order to address an industrialized response to cyber threats and accidents.</p>
Water crises risk	<p>The risks related to water crises are mainly due to changes in climate and levels of water use. With regard to climate change, the availability of water is strongly influenced by changes in precipitation, seasonal cycles of glaciers and evaporation. Impacts differ according to area, but the general tendency is a lower predictability of frequency and a greater rainfall intensity, with a consequent reduction in the availability of water.</p> <p>With regard to the levels of use of water as a resource, the risk is linked to the competition between industrial production, agricultural use and use of drinking water. Due to the increase in population and agricultural needs, in some areas the demand for water can exacerbate this competition, with the resulting imposition of limits on the use of water in industrial and production activities.</p>	<p>In order to manage these risks, Enel conducts meteorological analyses every 3-6 months and is developing long-term analyses in areas where production facilities are located, in particular hydroelectric plants, in order to anticipate possible variations in the availability of water. Important activities are also carried out in collaboration with the local basin management authorities, with the ongoing objective of adopting a shared water resources management strategy that also considers the needs of local communities.</p>

Further details on the risks presented above are provided in the Annual Financial Report and in the Sustainability Report for 2017, made available on the Company’s website (www.enel.com).

In relation to the specific areas covered by Italian Legislative Decree 254/16, the related risks are also indicated in the subsequent sections of this document, in particular those related to the management of human rights, the anti-corruption, people management and motivation, occupational health and safety and relations with communities, as well as the related policies

and procedures. The risk-identification process took place through an analysis of the main events from the last 3 years. The objectives set by the Strategic Plan for the 2018-2020 period were taken into consideration. With regard to human rights and the anti-corruption, the provisions of the regulations in force (for example, Italian Legislative Decree 231/01 in Italy) and/or internationally recognized guidelines (United Nations’ Guiding Principles on Business and Human Rights) have been taken into account for the issues at hand.

Materiality assessment and definition of non-financial targets

102-40	102-42	102-43
102-44	102-46	102-47

Materiality assessment

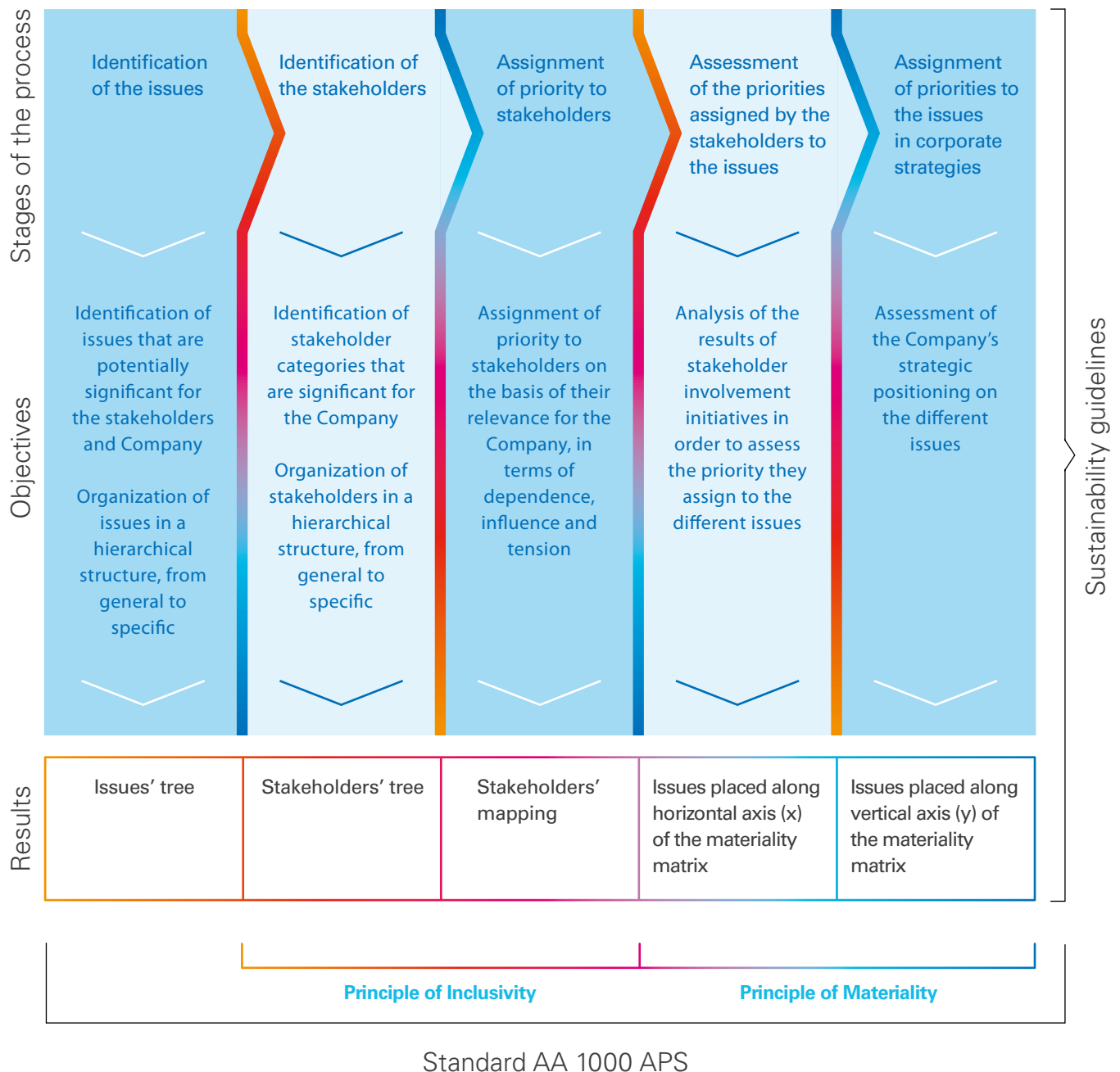
Enel launched a process aimed at identifying the priority issues for the Group and for the Company's stakeholders in 2012, and said process has been reinforced over time. This is what is known as the materiality assessment. The relative methodology was developed taking into consideration the guidelines of numerous international standards, including the Global Reporting Initiative (GRI), the principles of the Communication on Progress (COP) of the UN Global Compact and the SDG Compass, which supports companies in aligning their strategies with the Sustainable Development Goals. The objective of the assessment is to identify and evaluate the issues that are most important to stakeholders, to correlate them with the Group's action priorities and its business strategy in order to verify their "alignment" (or "misalignment") and identify any gaps to be filled.

Over the years, the materiality assessment process has widened in terms of covered geographical scope and has involved an increasing number of companies, according to the materiality principle. In particular, in 2017, 202 initiatives, 16 countries and 40 companies were included in the assessment.

On the basis of the assessment's overall results, which take into account the provisions of Italian Legislative Decree 254/16, the areas of focus are determined in order to prepare the Consolidated Non-financial Statement, the Sustainability Report and the contents to be included in the Annual Financial Report. Additionally, the objectives included in the 2018-2020 Strategic Plan and in the 2018-2020 Sustainability Plan are determined (see the "2018-2020 Sustainability Plan" paragraph for further information).

Process

The materiality assessment process is divided into five main phases, as follows.



Data collection, aggregation and processing of information are managed through a dedicated information system. The Holding Sustainability unit plays a direction and coordination role, providing guidelines and methodological support for the assessment, which is conducted by local managers with the involvement of stakeholders and key company-level figures.

The results obtained at the individual company and/or country level are subsequently consolidated by the Holding in order to prepare the Group's materiality matrix (refer to the methodological note for detailed information on the process used).

Stakeholder engagement

Understanding stakeholders' expectations is one of the crucial phases of the assessment and is perfectly in line with Enel's inclusive Open Power approach.

The units responsible for the relationship with the stakeholders, who are annually involved in the assessment process, are responsible for:

- > identifying and updating the list of the most relevant categories of stakeholders so as to remain in line with the sustain-

nability context in which Enel operates;

- > evaluating and weighting the different categories based on the parameters of dependence, influence and urgency;
- > engaging stakeholders as appropriate based on the type of relationship, frequency of interaction and context.

The main stakeholder categories and the respective communication channels are indicated below.

Financial community	Suppliers and contractors	Civil society and local communities	Our people	Institutions	Business community	Customers	Media
<ul style="list-style-type: none"> - Web channel - Direct contacts - Investor Day - Roadshows 	<ul style="list-style-type: none"> - Web channel - Direct contacts - Forums - Working groups - Dedicated discussion 	<ul style="list-style-type: none"> - Whistleblowing channel - Web channel - Press releases - Direct contacts - Social media 	<ul style="list-style-type: none"> - Whistleblowing channel - Forums - Working groups - Informative interviews - Intranet - Newsletters - Company magazine - Climate survey 	<ul style="list-style-type: none"> - Whistleblowing channel - Web channel - Press releases - Direct contacts - Social media 	<ul style="list-style-type: none"> - Direct contacts - Forums - Working groups - Dedicated discussions - Meetings 	<ul style="list-style-type: none"> - Agents - Mobile app - Web channel - Forums - Working groups - Enel stores and commercial offices - Social media - Surveys 	<ul style="list-style-type: none"> - Press releases - Direct contacts - Dedicated discussions - Roadshows - Social media

Priority issues

The result of the materiality assessment is summarized in the materiality matrix, which contains the following information:

- > on the horizontal axis, the priority that stakeholders attribute to the various issues, appropriately weighted based on their materiality. On the right part of the matrix are the issues for which the stakeholders require Group commitment in terms of greater investments, strengthening of existing practices and management systems, formalization of commitments and clear policies;
- > the vertical axis shows the issues on which Enel plans to focus its efforts, with the associated degree of priority, also taking into consideration planned investments, commitments and issues included in the Group's Strategic Plan. The upper part of the matrix shows the issues for which a high level of commitment for the coming years is envisaged as part of the Group's strategic objectives.

The most material issues, according to the priorities assigned by the stakeholders, are: operational efficiency, decarbonization of the energy mix and occupational health and safety. With regard to the aforementioned issues, the Company commits itself to working proactively to respond to the needs expressed by stakeholders by identifying, monitoring and achieving the objectives and targets formalized in the Sustainability Plan

(see the "Definition of non-financial targets" paragraph for further information).

The results essentially show an alignment between stakeholders' requirements and the priorities assigned by the Company to the various issues.

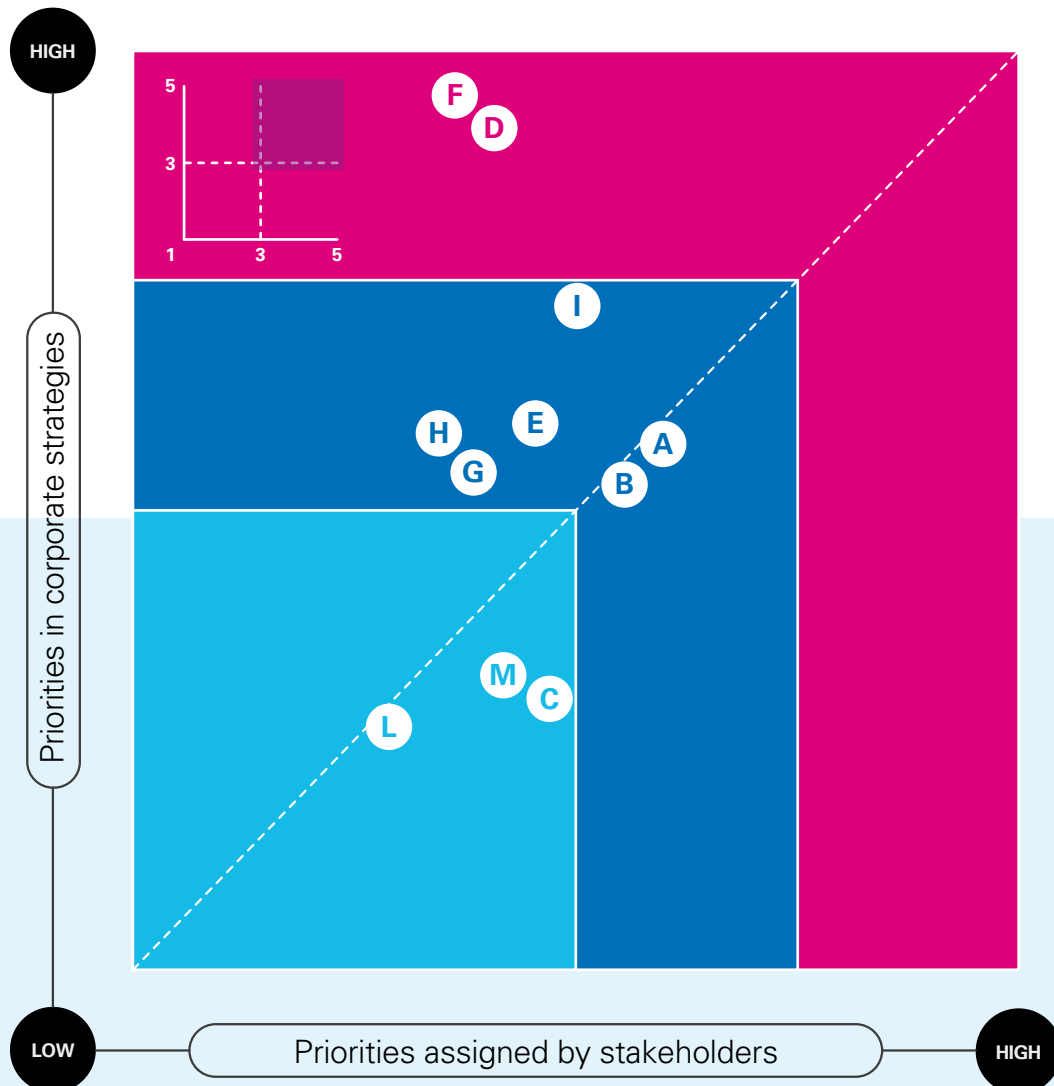
The issues of economic and financial value creation and new technologies, services and digitalization are particularly significant in company strategies, in line with the provisions of the Strategic Plan.

The subsequent chapters of this Statement examine the non-financial issues that present a high priority value or for which the Company has publicly shared the commitment to achieve non-financial objectives, the contents of which are detailed in the subsequent paragraph on the Sustainability Plan.

The priority issues covered by this Statement are: sound governance and fair corporate conduct; decarbonization of the energy mix; environmental compliance and management; people management, development and motivation; occupational health and safety; engaging local communities.

All the issues analyzed in the materiality assessment are addressed in other reporting documents, in particular in the 2017 Annual Financial Report and the 2017 Sustainability Report, available on the website www.enel.com.

2017 materiality matrix



BUSINESS AND GOVERNANCE ISSUES

- A** Operational efficiency
- B** Decarbonization of the energy mix
- C** Customer focus
- D** New technologies, services and digitalization
- E** Sound governance and fair corporate conduct
- F** Economic and financial value creation



SOCIAL ISSUES

- G** Engaging local communities
- H** People management, development and motivation
- I** Occupational health and safety
- L** Sustainable supply chain



ENVIRONMENTAL ISSUES

- B** Decarbonization of the energy mix
- M** Environmental compliance and management

Definition of non-financial targets

2017-2019 Sustainability Plan progress

Enel integrates sustainability into all aspects of its business in order to keep finding new solutions to reduce environmental impact, meet customers' and local communities' needs and to improve relations with personnel and suppliers, putting people's safety first. Active listening, involvement of all stakeholders and a rational use of resources promotes a synergy

between social and economic progress, with the aim of creating shared and inclusive value in the medium-to-long term. For this reason, the 2017-2019 Sustainability Plan, in line with the Strategic Plan, identified the following pillars, backbones and enablers.



The following chapters of this Consolidated Non-financial Statement and the 2017 Sustainability Report show the results

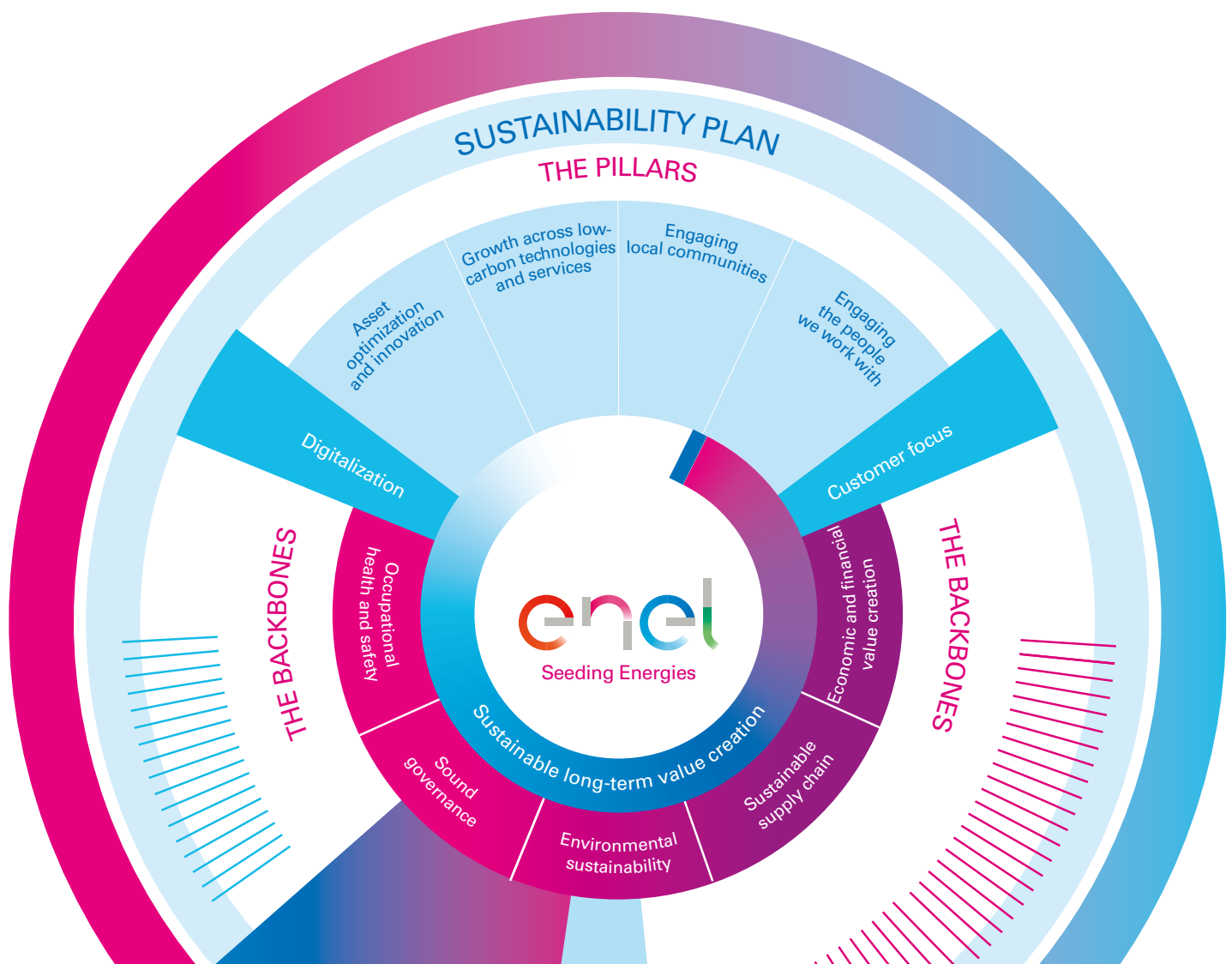
and actions related to the objectives of the aforementioned Sustainability Plan.

2018-2020 Sustainability Plan

The Group's policies and objectives are aimed at creating long-term sustainable value for all categories of stakeholders. In November 2017, as the result of the integration process begun several years ago, a Strategic Plan highlighting sustainability as a building block for these policies and objectives was presented to the markets.

In particular, the 2018-2020 Sustainability Plan presents:

- > 4 pillars, on which the Group wants to focus its commitment in terms of sustainable objectives
 - Asset optimization and innovation
 - Growth across low-carbon technologies and services
 - Engaging local communities
 - Engaging the people we work with
- > 2 enablers as levers to promote further growth and efficiency
 - Digitalization
 - Customer focus
- > 5 backbones that have always characterized Enel's way of operating
 - Occupational health and safety
 - Sound governance
 - Environmental sustainability
 - Sustainable supply chain
 - Economic and financial value creation



The main non-financial objectives of the 2018-2020 Sustainability Plan are shown below, included in the presentation for

Capital Markets Day 2017. Details on all objectives will be discussed in the 2017 Sustainability Report.

Scope of 2018-2020 Sustainability Plan	Objective
Growth accross low-carbon technologies and services	Reduction of CO ₂ specific emissions (SDG 13) Promote actions in line with the UN "Making cities resilient" campaign
Asset optimization and innovation	Foster global partnerships and high-potential start-ups
Engaging the local communities	Inclusive and equitable quality education (SDG 4) Affordable, reliable, sustainable and modern energy (SDG 7) Sustained, inclusive and sustainable economic growth (SDG 8)
Engaging the people we work with	Enable digital skills diffusion among people we work with Climate survey Appraise performance of people we work with ³ Global implementation of the diversity and inclusion policy Promotion of a 'travel security' culture Continuous improvement of safety standards through Extra Checking on-Site (ECoS)
Environmental sustainability	Reduction of NO _x specific emissions Reduction of SO ₂ specific emissions Reduction of dust specific emissions Reduction of water specific consumption Reduction of produced waste
Digitalization	Protection of internet web applications through advanced cyber security solutions Setting up of Enel CERT ⁴ and acknowledgment by national CERTs ⁴ Dissemination of a culture of information security and changing people's conduct to reduce risks

In September 2015, Enel made a formal commitment to 4 of the 17 UN sustainable development goals:

- > SDG 4: Quality education;
- > SDG 7: Affordable and clean energy, especially in Latin

America, Africa and Asia;

- > SDG 8: Decent work and economic growth;
- > SDG 13: Climate action.

³ Eligible reachable personnel employed for at least 3 months.

⁴ Cyber Emergency Readiness Team.

Values and pillars of company ethics

The Enel Group's activities are supported by a sound ethical foundation: its constantly evolving nature is aimed at incorporating best practices at the national and international levels. Everyone who works at Enel and for Enel must respect and apply it in their daily activities. This system is based on specific compliance programs, such as: the Code of Ethics, Human

Rights Policy, Zero Tolerance Plan for Corruption (ZTC Plan), Enel Global Compliance Program (EGCP), Model pursuant to Italian Legislative Decree 231/01 and other national compliance models that may be adopted by Group companies in accordance with local regulations.

Code of Ethics

In 2002, Enel adopted its Code of Ethics, which expresses the commitments and ethical responsibilities it follows in conducting business, by regulating and harmonizing corporate conduct according to standards based on the utmost transparency and fairness towards all stakeholders. The Code of Ethics is valid both in Italy and abroad, while taking into account the cultural, social and economic diversity of the various countries where Enel operates. Specifically, the document is divided into:

- > general principles for stakeholder relations; they define the values that the Group uses as inspiration in carrying out its various activities;

- > criteria of conduct towards each class of stakeholders; such criteria provide the guidelines and standards that Enel's personnel are required to follow to ensure compliance with the general principles and to prevent the risk of unethical conduct;
- > implementation mechanisms that describe the control system designed to ensure compliance with the Code and its continuous improvement.

Enel also requires all affiliates, subsidiary companies, main suppliers and partners to adopt behaviors in line with the general principles of the Code.

Reports made by stakeholders

Any violation or suspected violation of the Enel Compliance Programs can be reported, even anonymously, through a single platform at the Group level ("Ethics Point") accessible from the following address: www.enel.ethicspoint.com.

Reports can also be sent by email or regular mail. The Audit Function receives and analyses these reports, performing the related checks and ensuring uniform treatment at the Group level, in compliance with company policies and local regulations. The report management process is governed by the whistle-

blowing policy, "Management of anonymous and non-anonymous reports" which reiterates the guarantee of anonymity and protection against any form of retaliation and also ensures adequate protection against groundless reports made in bad faith for the purpose of harming people and/or companies.

	5 PARITÀ DI GENERE	8 BUONA OCCUPAZIONE E CRESCITA ECONOMICA	16 PACI, GIUSTIZIA E ISTITUZIONI SOLIDE
102-15	102-16	102-17	103-2
103-3	205-3	405-1	406-1
407-1	408-1	409-1	412-1
		412-2	414-1

Received reports and confirmed violations

KPI	UM	2017	2016	2017-2016	%
Received reports	no.	123	85	38	45
Violations related to incidents of:	no.	27	21	6	29
- Conflict of interests/Bribery/Corruption ⁽¹⁾	no.	5	6	-1	-17
- Misappropriation	no.	13	7	6	86
- Work practices	no.	6	6	-	-
- Community and society	no.	1	-	1	100
- Other reasons	no.	2	2	-	-

(1) Corruption consists of the abuse of power for private profit and can be instigated by individuals in the public or private sector. Here it is interpreted to include practices such as bribery, extortion, collusion, conflict of interest and money laundering.

The increase in the number of reports in 2017 is mainly due to an awareness campaign on the whistleblowing channels in

Argentina and the entry of Enel Distribuição Goiás in Brazil.

Scope of Annual Financial Report and Sustainability Report (see reading guide on page 5)					
KPI	UM	2017	2016	2017-2016	%
Received reports	no.	123	85	38	45
Confirmed violations	no.	27	21	6	29

Active and passive anti-corruption management system

In compliance with the tenth Global Compact principle, according to which, "Companies are committed to combating corruption in all its forms, including extortion and bribery", Enel intends to pursue its commitment to fight corruption in all its forms, whether direct or indirect, by applying the principles expressed in the pillars of its Anti-corruption Management System.

Enel's Anti-corruption Management System (AMS) is based on the Group's commitment to fight corruption by applying the criteria of transparency and conduct as detailed in the ZTC Plan, which constitutes Enel's anti-corruption policy.

Together with the ZTC Plan, the pillars of the AMS are:

- > the Code of Ethics;
- > Models aimed at preventing the main crime risks (e.g. corrupt relations with public administrations, private individuals, environmental crimes, corporate offences and, for Italian compa-

nies, manslaughter, serious personal injury or grievous bodily harm committed in violation of the rules on the protection of occupational health and safety) as described by the applicable regulations on corporate responsibility (the Compliance Program) in the various countries in which the Group operates (e.g. Organizational Model 231 for Italian companies or the "Modelo de prevención de riesgos/Programa de Integridade" for Group companies in Spain and South America);

- > the EGCP, a governance tool aimed at strengthening the Group's ethical and professional commitment to preventing offences committed outside of Italy that might result in corporate criminal responsibility and risks to reputation. The EGCP applies to the Group's non-Italian companies and supplements any Compliance Programs adopted by the same companies, in compliance with local regulations.

Without prejudice to the provisions of the aforementioned Com-

pliance Programs and the specific regulatory provisions applicable to the crime of corruption in all its forms, the EGCP complies with the main relevant legislation and the best corporate governance practices, constituting the general conduct framework for Group personnel in the fight against corruption.

The areas with the most potential exposure to corruption (active and/or passive), both in relations with the public administration and in the private sector, include: (i) the negotiation and execution of contracts with third parties (public authorities, associations, companies, etc.); (ii) participation in tenders (public and private); (iii) selection of partners/consultants; (iv) management of financial resources; (v) management of gifts and hospitality; (vi) personnel recruitment processes; (vii) incentive mechanisms in the top managers' compensation.

In relation to these risk areas, the aforementioned governance tools (ZTC Plan, Code of Ethics and the EGCP/Compliance Program) together with the current body of procedures outline an effective prevention system, which is an integral part of the Group's Internal Control System.

The organization of the AMS along with the Internal Control and Risk Management System (SCIGR) guidelines approved by the Board of Directors of Enel SpA provides for the following figures:

- > the Chief Executive Officer, as Director responsible for Enel's SCIGR, represents the Company's Senior top Management and is responsible for ensuring that risks are correctly identified and mitigated; to this end, he/she relies on management structures, such as Audit and Legal/Compliance, that report to him directly, as well as the management as whole, who are called to contribute to the implementation and dissemination

of the rules established in the pillars of the Anti-corruption Management System;

- > the Legal/Compliance Function establishes guidelines on compliance and anti-corruption, providing support and advice for their interpretation and supervising the corresponding actions undertaken by the Group companies;
- > by performing audits on company processes, the Audit Function assesses the adequacy of the SCIGR, reporting to the competent administrative and control bodies. Corruption risks are identified during the assessment performed by the Audit Function, which aims to guide the annual Audit Plan with a risk-based perspective. This risk assessment also provides for the mapping and assessment of active and passive fraud risk that could affect the organization.

In 2017, Enel SpA's AMS was certified, as previously described, according to the international ISO 37001:2016 standard governing anti-corruption management systems (the "Certification"). Again in 2017, similar activities were launched in order for the Group's main foreign and Italian subsidiaries (Enel Italia, Enel Produzione, Enel Energia, Enel Sole, Enel Green Power, e-distribuzione, Enel Trade) to obtain ISO 37001. To date, the Spanish subsidiary Endesa SA and all its subsidiaries have already obtained certification (October 2017). Furthermore, the certification process has been successfully completed for Enel Green Power. The anti-corruption certification process for the main companies of the Enel Group is scheduled to be completed during the 2018-2019 period.

Reports made by stakeholders – conflict of interest/corruption

During 2017, the reports received included five confirmed cases of "conflict of interests" (4) and "corruption" (1). The only case of corruption involved an employee-managed contractual relationship, where the aim was to obtain personal advantages to the detriment of the Company. As soon as the company concerned became aware of it, the case was promptly reported to the legal authorities.

In relation to all these incidents, Enel has taken specific measures

against the parties involved, in line with the relevant legislation. Such measures entailed four lawsuits against employees and two against contractors.

For more information on stakeholder reporting mechanisms, refer to the previous paragraph entitled "Reports made by stakeholders" on page 25.

Confirmed violations due to conflict of interest/corruption and actions taken

KPI	UM	2017	2016	2017-2016	%
Reports of incidents of conflict of interest/corruption	no.	27	19	8	42
Violations regarding incidents of conflict of interest/corruption	no.	5	6	-1	-17
Actions taken against employees in response to cases of conflict of interest/corruption	no.	4	6	-2	-33
Actions taken against contractors in response to cases of conflict of interest/corruption	no.	2	1	1	100

Human rights

Respect for human rights is one of Enel's guiding principles. It is a constant focus in all the countries where the Group operates and in every company that belongs to it.

Human rights policy

On February 5, 2013, Enel decided to accept the United Nations' "Protect, Respect, Remedy" framework through the approval by the Board of Directors' of a policy dedicated to the issue of human rights that strengthens and deepens the commitments already established by the Compliance Programs.

The policy identifies eight principles that the people working in Enel SpA and in its subsidiaries must observe in carrying out all their activities. They concern two overarching issues: work practices and relations with communities and companies.

Work practices:

1. Rejection of forced or compulsory labor and child labor
2. Respect for diversity and non-discrimination
3. Freedom of association and collective bargaining
4. Health and safety
5. Fair and favorable working conditions

Relations with communities and society:

1. Respect for community rights

2. Integrity: zero tolerance for corruption
3. Privacy and communication.

The policy is available online at www.enel.com.

The identification of the principles is inspired by the Universal Declaration of Human Rights and several International Labour Organization (ILO) Conventions on human and social rights, the freedom of association and the right to organize, prohibition of forced and child labor and occupational health and safety. The policy assigns the following tasks to the Sustainability unit: planning and coordinating the adoption of the due diligence process⁵ jointly with the other relevant Functions, as far as their respective competence is concerned; reporting to the Control and Risks Committee on the adoption of the due diligence process; and annually reporting on Enel's performance and its commitments within its Sustainability Report.

The due diligence process


As required by the UN guidelines and in accordance with the policy, Enel performed a specific human rights due diligence process on the entire value chain in the various countries in which it operates.

Specifically, the process was redefined in 2016 in line with

best international practices and includes four phases:

1. risk assessment as perceived by key stakeholders at the individual country level regarding labor, local community and environmental rights;
2. impact assessment aimed at identifying and analyzing the

5 In the context of the Guiding Principles on Business and Human Rights (Principles 17-21), this term refers to a continuous management system that a company implements in consideration of the sector in which it operates, its operating contexts, the size of the company and more, to ensure respect for human rights or to avoid being party to their abuse. This implies "identifying, preventing, mitigating and reporting" negative effects potentially caused by the company.

- 
- organizational and risk control systems;
3. development of action plans in order to address any areas of improvement that emerged in the previous phase;
 4. monitoring of action plans and remedies.

In 2017, the first three phases were completed. In contrast, in 2018 the action plans will be implemented and the monitoring activities will be launched.

Perceived risk analysis at the country level

To become familiar with the context in which Enel operates in the field of human rights and identify the most relevant issues in terms of risk, numerous experts from different sectors, such as civil society, academic institutions, citizens, customers and suppliers, were consulted in the various countries where Enel operates.

This consultation allowed the Company to classify each of the issues included in the Human Rights Policy according to the level of perceived risk resulting from the combination of the severity and probability of an actual violation.

The risks were then catalogued according to a defined scale of values: acceptable risk (minimum level), risk to be monitored, high priority risk, high risk (maximum level). The analysis showed that:

- > the issues related to corruption and environmental impacts present a “high priority risk” assessment that requires companies to equip themselves with advanced safeguard and monitoring mechanisms;
- > diversity, child labor, the impacts on local communities and best practices in terms of health and safety had an assessment of “risk to be monitored”. The issue of diversity is particularly important in Italy, while in terms of impact on local communities, a greater focus is demanded by South American countries. The issue of health and safety is instead perceived across the board as a fundamental issue in all the countries of the Group.

Impact assessment

The second phase of the due diligence process was aimed at assessing Enel’s practices and policies safeguarding human rights through the use of a standard tool across all the Group’s countries. The process makes it possible to identify possible areas for improvement and recommendations for defining action plans.

Specifically, interviews were conducted with senior management at both the Holding and individual country levels in order to analyze the level of integration of respect for human rights

in the daily management of the Company, by identifying potential risks and opportunities. At the same time an assessment of the Company’s policies, procedures, systems and practices was carried out in each of the areas of the value chain by analyzing over 100 indicators.

This analysis made it possible to verify that Enel has a set of sound mechanisms and management systems that ensure respect for human rights and adequately manage existing risks.

Areas for improvement and action plans

The due diligence process used to assess the compliance of Enel’s practices with human rights policy and its alignment with the UN Guiding Principles identified opportunities for improvement to strengthen the Company’s commitment to respect human rights when carrying out its industrial and commercial activities.

Specific action plans have been developed for each country

where Enel operates, together with an improvement plan to be managed at a central level aimed at harmonizing and integrating processes and policies defined at the global level and applied at the local level.

Below is a summary table of the issues covered by the policy, showing an assessment of their perceived risk and their level of protection.

Issues	Average perceived risk	Assessment of policies and procedures to protect human rights	Main policies and procedures to protect human rights
Work practices			
Freedom of association and collective bargaining	Acceptable risk	Strong	Enel commits to respect the freedom of association and collective bargaining of its personnel. In particular, Enel recognizes their right to form or take part in organizations aimed at defending and promoting their interests; that they are represented by trade unions or other forms of representation; and the value of collective bargaining as a privileged tool for determining contractual conditions and governing relations between company management and trade unions.
Forced labor	Acceptable risk	Strong	The contracts govern working conditions in their entirety and clearly show all the terms included in the contracts that provide details on the rights of workers (working hours, salary, overtime, compensations, benefits). The terms are translated into workers' mother tongues and are supported with information contained in documents shared with personnel. Human resources management systems and procedures ensure the absence of minors in the workforce. Internships and school-to-work programs are also available.
Fair and favorable working conditions	Acceptable risk	Strong	
Child labor	Risk to be monitored	Strong	
Diversity and inclusion	Risk to be monitored	Strong	For details, see the "People management, development and motivation" chapter.
Health and safety	Risk to be monitored	Strong	For details, see the "Occupational health and safety" chapter.
Community and society			
Relations with the communities	Risk to be monitored	Strong	For details, see the "Responsible relations with communities" chapter.
Environmental impacts	High priority risk	Strong	For details, see the "Environmental sustainability" chapter.
Corruption	High priority risk	Strong	For details, see the paragraph entitled "Active and passive anti-corruption management system".

Average perceived risk: average of perceived risk levels identified in the countries being analyzed.

Risk reference scale: 1. High risk; 2. High priority risk; 3. Risk to be monitored; 4. Acceptable risk.

Performance value reference scale: Strong (75%-100%); Good (50%-75%); Sufficient (25%-50%); Needs improvement (0%-25%).

During the process, the conditions relating to the supply chain, the relationship with customers and the training of Enel's personnel were also analyzed.

Supplier management

Supplier management is divided into three basic phases: qualification system, general contract conditions and vendor rating. These processes are also needed to integrate environmental, social and governance aspects into assessments.

The global supplier qualification system enables a thorough assessment of companies wishing to participate in procurement procedures, while the vendor rating system is aimed at monitoring supplier performance in terms of quality, timeliness and sustainability in the execution of contracts.

In particular, as set in current regulations, the qualification system requires the submission of specific documents (self-certification regarding the fulfilment of general requirements, financial statements, certifications, etc.) as well as compliance with Enel's Compliance Programs and the ten principles of the Global Compact. Furthermore, this system provides for an assessment of technical, economic/financial, legal, environmental, safety, human rights, ethical and integrity requirements. In relation to merchandise groups at high health and safety

risk, further checks are carried out on specific aspects, such as the injury rate trends, policies adopted, compliance with health and hygiene regulations, etc. Through this system, all suppliers⁶ considered critical in terms of categories of purchased merchandise at higher environmental and occupational safety risk are evaluated. A risk analysis is performed on 100% of merchandise categories. In 2017, 100% of new qualified suppliers were assessed according to social criteria⁷.

Supplier relations are governed by specific contractual conditions consisting of a general part, applicable to all contracts regardless of the country in which the activities take place, and specific annexes for each country.

Thanks to company monitoring procedures, continuous dialogue is in place between Enel and its suppliers, which, in the event of problems or oversight, leads to the definition of improvement measures. In particularly severe cases, the contract is terminated and/or the qualification is suspended.

Customer management

In all the countries where Enel operates, customers have access to various contact channels (mail, website, toll-free numbers). Enel constantly monitors feedback in order to understand the customer's perception and any critical issues in progress, and implement the appropriate corrective actions. In

Italy, for example, the commercial quality control of all the contact channels is ensured by carrying out systematic monitoring of sales and management processes. The goal is to ensure compliance with current legislation, privacy and regulations protecting workers' freedom and dignity.

Training

In 2017, Enel personnel received a total of approximately 517,000 hours of training on sustainability issues, with a large focus on human rights, for an average of 8.3 hours *per capita*.

This is a slight increase compared to the previous year (8.1 in 2016). Specific training activities on human rights are being planned and will involve the entire Enel population.

⁶ First-level suppliers with whom Enel has a direct active contract with a value of > €25,000 are considered in this assessment.

⁷ New suppliers for 2017 with an active direct contract with a value of > €25,000 amounted to about 5,800, around 30% of which are qualified.

Reports made by stakeholders – human rights

During 2017, 123 reports were received concerning the Code of Ethics, 22 of which concerned cases relating to work practices and 1 related to the community and society. Of the 22 reports related to work practices⁸, a violation was found in 6 cases: 1 case of harassment and 5 related to the company climate. A violation was also found due to a community and

society report that pertained to environmental protection issues. For each confirmed violation, Enel has defined specific action plans. For more information on stakeholder reporting mechanisms, refer to the previous paragraph entitled “Reports made by stakeholders” on page 25.

Reports received and confirmed violations of human rights

KPI	UM	2017	2016	2017-2016	%
Received reports	no.	23	24	-1	-4
Violations related to incidents of:	no.	7	6	1	17
- Work practices	no.	6	6	-	-
- Community and society	no.	1	-	1	-

⁸ They include any discrimination reports: in 2017 no such violations were found, while in 2016 two violations were detected, for which the related remedial actions were implemented.

People management, development and motivation

4 ISTRUZIONE DI QUALITÀ	5 PARITÀ DI GENERE	8 BUONA OCCUPAZIONE E CRESCITA ECONOMICA
102-7	102-8	102-41
103-3	401-1	402-1
		404-3
		405-1

Enel puts the people who work in the Company at the center of its business model, encouraging an open and inclusive approach that helps them to express their potential in relation to

their own experience and culture by enhancing the elements of diversity that are at the root of generating new ideas and opportunities.

Main risks

The profound technology-driven transformations of the energy world require a significant cultural and organizational change. In addition to health and safety risks (see the “Occupational health and safety” chapter), in this scenario one of the

main risks for Enel’s people concerns skill management and the development of new ways of working.

Policies and management approach

Since 2015, Enel has adopted a specific policy that defines values and conducts, the “Open Power” model, which takes form in various operational aspects, in order to increase the involvement and participation of the people working in the Company. Said policy serves as the point of reference for all people management and development processes. Specifically, there are 4 values (responsibility, trust, innovation and proactivity) and 10 behaviors whereby individuals:

1. Adopt and promote safe behaviors and take the initiative in order to improve conditions regarding health, safety and well-being
2. Take decisions in their daily activities and accept the responsibility that goes with them
3. Deliver results and aim for excellence
4. Seek new solutions and do not give up when faced with obstacles or failures
5. Change their priorities rapidly when required to do so by changes in the scenario

6. Share relevant information and are cooperative, as well as willing to listen to other people’s opinions and ideas
7. Acknowledge colleagues’ merit and provide feedback when asked or independently which improves their work
8. Ensure customers’ and/or colleagues’ satisfaction by acting effectively and fast
9. Strive to include everyone, acknowledge and enhance the value of individual differences
10. Fulfill commitments and perform their work passionately and with determination.

The Human Resources Function defines the organizational models in line with the Group’s strategy and the long-term human resources management plan. The different processes of management, development and motivation of people are governed by specific policies and procedures at a global and local level (e.g. selection, recruitment and people management procedures). There are also sections present on the company intranet (e.g. a section dedicated to meritocracy) dedicated to this topic.

Enel's organizational model is characterized by a matrix of Business Lines/Geographies. In 2017 it was enriched with a new Global "e-Solutions" Division to manage all products and services

other than commodities and to support the new Enel Business Plan, which has among its pillars the centrality of the customer and the development of low carbon technologies and services.

Activities and results

As of December 31, 2017, the Enel Group's personnel amounted to 62,038, 50% of which were from companies based in Italy. Between the start and end of the year, there is a positive difference of around 800 people, mainly due to the acquisition of Enel Distribuição Goiás in Brazil and the new EnerNOC and eMotorWerks companies in North America. New hires amounted to 2,268, 18% of which were in Italy, while the remaining 82% were distributed across various foreign countries.

The cultural change that Enel is experiencing affects everyone, including those who perform technical tasks.

Competing in such a complex context requires the ability to manage a huge amount of information, and digitalization is therefore an essential tool to respond effectively and promptly to external events and make reasoned decisions at all levels of the organization. To speed up the Company's digital transformation, a change management program was launched in 2017. It will involve all Enel personnel and has begun with three events (Rome, Madrid, Bogotá), in order to share the main drivers of digitalization.

In 2017, specific activities were also launched to disseminate Agile methodology in the current Enel operating models in order to increase the Group's capacity and speed of transformation. An Agile work mode allows for information to be accessed by everyone, increasingly flexible environments, inter-functional working groups focused on individual business objectives, shared performance indicators, etc. To this end, a specific organizational unit was set up within the Human Resources Function.

In line with this scenario, the recruitment process has focused in the last year on the search for specialized candidates with high digital skills able to support the Group in the transformation process. The selection has mainly involved the ICT, market, communication, infrastructures and networks areas. In 2017, 96% of the Group's people were involved at different levels of the quantitative and qualitative performance assessment. The quantitative assessment was carried out for the population with variable compensation, assigning targets and

then assessing them.

In order to ensure adequate appreciation of merit and effective managerial continuity, the Enel Group has also adopted management of development plans aimed at encouraging the identification and differentiation of succession profiles for managerial positions. The process is aimed at guaranteeing adequate organizational structures, identifying the most strategic positions and providing for each of them a list of potential successors and the necessary development actions to support managerial growth, also taking into account the Enel Group's commitments to diversity and inclusion. In order to ensure that the aforementioned process is effective, all of the Group's managerial positions are analyzed, taking into consideration the main analysis variables according to a methodology in line with international best practices, and providing for each of them ready successors (in the short term) and successors in the pipeline (ready in the medium term), with a particular focus on young people, women and the promotion of inter-functional and international experiences. This process is coupled with talent management aimed at identifying development projects adapted to the individual and professional profiles and positions for which successors have been identified.

Following the latest corporate climate survey conducted in 2016, which involved the entire workforce of the Group (with a participation rate of 84%) and overall showed a significant level of consensus within the Group, a detailed action plan was defined to respond to the needs identified on the various profiles analyzed. In support to these findings, for 2017 the Group-wide action plan includes the implementation of about 1,500 specific actions on the priorities that emerged, applied to the various issues: Work-Life Balance, Lifestyle Diversity and Work Environment, Open Power Culture, Working Relationships and Organization, Health and Safety, Meritocracy.

Diversity and inclusion

In 2017, Enel continued to pursue its commitment to promoting diversity in all its forms, including gender, age, culture and ability.

The global “Diversity and Inclusion” policy, approved in 2015, promotes and protects equal treatment solely on the basis of professional skills and competence in all decisions concerning the employment relationship, the possibility of freely participating in organizational life, the importance of a work-life balance, and support of the daily and real needs of personnel in every situation that may arise during their working lives. Ap-

plying this policy has enabled the development of global and local projects to leverage diversity, create a shared vocabulary, and has increased awareness throughout the organization of the importance of diversity and inclusion for personnel and for the business.

The policy’s impact is monitored according to a detailed set of indicators associated with different actions and dimensions. Specifically, Enel has set itself a public objective of ensuring fair representation of the two genders in the initial stages of the selection and recruiting processes.

Industrial relations

Enel respects the labor regulations of various countries where it operates and the International Labour Organization (ILO) conventions on workers’ rights (freedom of association and collective bargaining, consultation, right to strike, etc.), systematically promoting dialogue between parties and looking for an adequate level of agreement and sharing on company strategies among personnel. In 2017, the percentage of people covered by collective bargaining agreements was 92%, a slight decrease compared to 2016 (93%).

The Group’s industrial relations activities continue to be carried out according to the model provided for in the Enel Global Framework Agreement (GFA), signed in Rome in 2013 by the Italian trade unions, and the IndustriALL and Public Services

International federations. The agreement is based on the principles of human rights, labor law and the best and the most advanced transnational industrial relations systems of multinational groups and international institutions of reference, including the ILO. It has also been recognized and appreciated as best practice for European and non-EU multinationals. The possibility to renew the agreement has been raised; said agreement was updated in line with the Group’s new “Open Power” philosophy and the values that distinguish it in relations with the collective organizations representing employees from all countries.

In the event of organizational changes, Enel provides timely information as indicated in the table below.

The minimum notice period in case of organizational changes in the main Group countries

Country	Minimum period	Legal provisions/collective agreements
Italy	25 days.	Legal provisions
Spain and Portugal	30 days.	Guarantee Framework Agreement of Endesa SA and subsidiaries in Spain (September 12, 2007)
Russia	60 days.	Legal provisions
Romania	Obligation to inform and consult worker representatives on business developments and to inform them periodically about the company's economic situation. For group layoffs, at least 30 days' notice for the trade union organizations and 20 days' notice for workers. The maximum period for the group layoff procedure is 90 days.	Legal provisions Collective agreement
Argentina	Obligation to periodically update worker representatives; traditionally the notice period for changes in working hours, employee roles or place of work is 48 hours, although there is no specific regulation.	-
Brazil	Obligation to issue a "timely" notice.	-
Colombia	Neither the law nor collective bargaining provide for a minimum notice period in the event of organizational changes.	-
Peru	Neither the law nor collective bargaining provide for a minimum notice period in the event of organizational changes.	-
Chile	Neither the law nor collective bargaining provide for a minimum notice period in the event of organizational changes.	-

Workforce by geographical area

KPI	UM	2017	2016	2017-2016	%
Total workforce	no.	62,038	61,205	833	1.4
- Italy	no.	31,114	31,956	-842	-2.6
- Iberia	no.	9,022	9,310	-288	-3.1
- Europe and North Africa	no.	5,724	5,856	-132	-2.3
- Other ⁽¹⁾	no.	30	28	2	7.1
- North and Central America ⁽²⁾	no.	2,050	891	1,159	-
- South America	no.	13,903	12,979	924	7.1
- Sub-Saharan Africa and Asia	no.	195	185	10	5.4

(1) Australia, Israel, Croatia, the Netherlands, Algeria, Slovakia, Saudi Arabia and the unallocated branches in other countries.

(2) People in the North America area include 917 EnerNOC employees, 49% of whom are located in North America, with the remainder in several Group countries.

Changes to size

KPI	UM	2017	2016	2017-2016	%
New hires	no.	2,268	3,343	-1,075	-32.2
Changes in scope	no.	2,931	-4,280	7,211	-
Terminations	no.	4,366	4,879	-513	-10.5
Balance	no.	833	-5,816	6,649	-

Changes to size

KPI	UM	2017	2016	2017-2016	%
New hires by gender					
- men	no.	1,594	2,601	-1,007	-38.7
	%	70.3	77.8	-7.5	-
- women	no.	674	742	-68	-9.2
	%	29.7	22.2	7.5	-
New hires by age group					
< 30	no.	923	1,703	-780	-45.8
	%	40.7	50.9	-10.2	-
30 - 50	no.	1,102	1,395	-293	-21.0
	%	48.6	41.7	6.9	-
> 50	no.	243	245	-2	-0.9
	%	10.7	7.3	3.4	-
New hires by geographical area					
Italy	no.	403	1,136	-733	-64.5
	%	17.8	34.0	-16.2	-
Iberia	no.	282	346	-64	-18.5
	%	12.4	10.3	2.1	-
Europe and North Africa	no.	275	296	-21	-7.1
	%	12.1	8.9	3.2	-
North and Central America	no.	405	182	223	-
	%	17.9	5.4	12.5	-
South America	no.	861	992	-131	-13.2
	%	38.0	29.7	8.3	-
Sub-Saharan Africa and Asia	no.	36	77	-41	-53.2
	%	1.6	2.3	-0.7	-
Other	no.	6	314	-308	-98.1
	%	0.2	9.4	-9.2	-
Turnover rate	%	7.0	8.0	-1.0	-
Terminations by gender					
- men	no.	3,610	3,988	-378	-9.5
	%	82.7	81.7	1.0	-
- women	no.	756	891	-135	-15.2
	%	17.3	18.3	-1.0	-
Terminations by age group					
< 30	no.	320	257	63	24.5
	%	7.3	5.3	2.0	-
30 - 50	no.	1,086	1,119	-33	-2.9
	%	24.9	22.9	2.0	-
> 50	no.	2,960	3,503	-543	-15.5
	%	67.8	71.8	-4.0	-
Terminations by geographical area					
Italy	no.	1,250	2,141	-891	-41.6
	%	28.6	43.9	-15.3	-
Iberia	no.	595	876	-281	-32.1
	%	13.6	18.0	-4.4	-
Europe and North Africa	no.	407	465	-58	-12.5
	%	9.3	9.5	-0.2	-
North and Central America	no.	237	101	136	-
	%	5.4	2.1	3.3	-
South America	no.	1,847	1,073	774	72.1
	%	42.3	22.0	20.3	-
Sub-Saharan Africa and Asia	no.	26	12	14	-
	%	0.6	0.2	0.4	-
Other	no.	4	211	-207	-98.1
	%	0.1	4.3	-4.2	-

Workforce by type of contract

KPI	UM	2017	2016	2017-2016	%
By gender					
Permanent employment contracts	no.	61,338	60,188	1,150	1.9
- of which men	no.	48,695	48,012	683	1.4
- of which women	no.	12,643	12,176	467	3.8
Fixed-term contracts	no.	696	939	-243	-25.9
- of which men	no.	519	706	-187	-26.5
- of which women	no.	177	233	-56	-24.1
Insertion/work experience contracts	no.	4	78	-74	-94.9
- of which men	no.	4	55	-51	-92.7
- of which women	no.	-	23	-23	-100.0
By geographical area					
Italy	no.	31,114	31,956	-842	-2.6
Permanent employment contracts	no.	31,053	31,915	-862	-2.7
Fixed-term contracts	no.	61	41	20	48.8
Iberia	no.	9,022	9,310	-288	-3.1
Permanent employment contracts	no.	8,922	9,210	-288	-3.1
Fixed-term contracts	no.	100	100	-	-
South America	no.	13,903	12,979	924	7.1
Permanent employment contracts	no.	13,489	12,205	1,284	10.5
Fixed-term contracts ⁽¹⁾	no.	414	774	-360	-46.5
Europe and North Africa	no.	5,724	5,856	-132	-2.3
Permanent employment contracts	no.	5,709	5,780	-71	-1.2
Fixed-term contracts ⁽²⁾	no.	15	76	-61	-80.3
North and Central America	no.	2,050	891	1,159	-
Permanent employment contracts	no.	1,949	876	1,073	-
Fixed-term contracts	no.	101	15	86	-
Sub-Saharan Africa and Asia	no.	195	185	10	5.4
Permanent employment contracts	no.	189	175	14	8.0
Fixed-term contracts ⁽³⁾	no.	6	10	-4	-40.0
Other	no.	30	28	2	7.1
Permanent employment contracts	no.	27	27	-	-
Fixed-term contracts	no.	3	1	2	-
By type:					
Full-time contracts	no.	61,068	60,281	787	1.3
- of which men	no.	48,926	48,529	397	0.8
- of which women	no.	12,142	11,752	390	3.3
Part-time contracts	no.	970	924	46	5.0
- of which men	no.	292	244	48	19.7
- of which women	no.	678	680	-2	-0.3

(1) Data also include 4 insertion/work experience contracts for 2017 and 5 contracts for 2016.

(2) Data also include 63 insertion/work experience contracts for 2016 in Romania.

(3) Data also include 10 insertion/work experience contracts for 2016 in South Africa.

Average training ⁽¹⁾

KPI	UM	2017	2016	2017-2016	%
Average training	h/per cap	34.9	30.0	4.8	16.1
Training by gender					
- men	h/per cap	37.0	32.6	4.4	13.3
- women	h/per cap	25.1	27.2	-2.1	-7.7
Average training by level					
Manager	h/per cap	38.9	35.3	3.6	10.2
Middle Manager	h/per cap	36.8	38.4	-1.6	-4.0
White collar	h/per cap	27.1	24.8	2.3	9.2
Blue collar	h/per cap	45.3	33.2	12.1	36.5

(1) Average hours of training calculated according to the average number of employees in the relevant year and in line with previous reporting documents.

Dissemination of assessment

KPI	UM	2017	2016	2017-2016	%
People assessed by gender	%	96	95	1	-
- men	%	78	80	-2	-
- women	%	22	20	2	-
People assessed by level					
Manager	%	2.1	2.2	-0.1	-
Middle Manager	%	16.1	16.0	0.1	-
White collar	%	53.4	53.0	0.4	-
Blue collar	%	28.4	28.8	-0.4	-

Diversity

KPI	UM	2017	2016	2017-2016	%
Workforce by gender	no.	62,038	61,205	833	1.4
- of which men	no.	49,218	48,773	445	0.9
	%	79.3	79.7	-0.4	-
- of which women	no.	12,820	12,432	388	3.1
	%	20.7	20.3	0.4	-
Workforce by age group					
< 30	%	10.3	10.7	-0.4	-
30 - 50	%	52.1	51.9	0.2	-
> 50	%	37.6	37.4	0.2	-
Workforce by level					
Manager	%	2.1	2.1	-	-
Middle Manager	%	16.5	15.7	0.8	-
White collar	%	52.1	52.8	-0.7	-
Blue collar	%	29.3	29.4	-0.1	-
Incidence of disabled or protected-category employees	%	3.1	3.3	-0.2	-

Scope of Annual Financial Report and Sustainability Report (see reading guide on page 5)

KPI	UM	2017	2016	2017-2016	%
Total workforce	no.	62,900	62,080	820	1.3
- of which men	no.	49,970	49,547	423	0.9
	%	79.4	79.8	-0.4	-
- of which women	no.	12,930	12,533	397	3.2
	%	20.6	20.2	0.4	-
Changes to size					
New hires	no.	2,301	3,360	-1,059	-31.5
Turnover rate	%	7.0	7.9	-0.9	-
Employees covered by collective bargaining agreements	%	92	93	-1	-
Dissemination of assessment	%	95	95	-	-
Average training	h/per cap	34.4	29.6	4.8	16.1
Incidence of disabled or protected-category employees	%	3	3	-	-

Occupational health and safety

Enel considers people's health, safety and mental/physical integrity to be a precious asset that must be protected at all times – whether at work, home or in their free time. It is committed to developing and promoting a sound safety culture everywhere in order to ensure a healthy work environment. Each person is responsible for his or her own health and safety, as well as the health and safety of those with whom they interact. As set forth in Enel's Stop Work Policy, any risky

situation or behavior must be promptly reported and stopped. Enel's safety culture is based on each person's constant commitment, the integration of safety into processes and training, the reporting and analysis of any near misses, the stringent selection and management of contractors, quality controls, the sharing of experiences within the Group and the comparison with top international players.

Main risks

The main health and safety risks to which Enel's people and contractors are exposed are attributable to carrying out operating activities at the Group's sites and with its assets. The risk-identification process took place through an analysis of the main events from the last 3 years. Specifically, in terms

of probability, mechanical risks (falls, impacts, crushing and cuts) are the most significant, while in terms of associated impact, electrical risks are those that entail the most severe consequences (fatal accidents).

Policies and management approach

Enel has a Statement of Commitment to Health and Safety, signed by the Group's top management, that serves as the policy of reference. In general, health and safety activities are based on the following principles:

- > compliance with the law, the adoption of the best standards and sharing experiences;
- > the creation, implementation and continuous improvement of the Occupational Health and Safety Management System in compliance with the BS OHSAS 18001 standard;
- > the reduction of accidents, occupational diseases and other incidents through the implementation of appropriate prevention measures and verification of their adequacy and effectiveness;
- > the assessment of all health and safety risks and the adop-

tion of a systematic approach to eliminate them at the source or, when this is not possible, to minimize them;

- > the promotion of information initiatives to disseminate and consolidate a culture of health, safety and organizational well-being;
- > the adoption of work methods inspired by quality and their dissemination through decisive and effective training that aims to firmly unite technical and safety aspects;
- > managers' direct efforts aimed at strengthening a sound culture of safety leadership;
- > the adoption of safe and responsible conduct at all levels of the organization;
- > the design of workplaces and the provision of equipment and tools suitable for carrying out the work, ensuring the

- best conditions of health, safety, comfort and well-being;
- > stringency in the selection and management of contractors and suppliers, and the promotion of their involvement in programs for the continuous improvement of safety performance;
- > constant attention to local communities and to all those who work or come into contact with the Group's activities by sharing a culture of health and safety protection;
- > annually defining specific and measurable targets and continuously monitoring them to verify that they have been achieved through the involvement of top management.

In implementation of the policy, each Group Division has its own Health and Safety Management System that complies with the BS OHSAS 18001 standard. The systems, which all involve both Enel and contractor personnel working on the Company's plants/sites, include the following common aspects:

- > the preventive assessment of risks and their elimination and/or reduction by applying the most up-to-date technical knowledge;
- > the identification of the necessary prevention measures and the relative implementation program;
- > the adoption of measures to mitigate residual risks, giving priority to collective measures over individual measures;
- > the active, responsible and integrated actions of all individuals involved in safety, involving workers and/or their representatives, starting from the identification of the risk situations up to the choice of solutions to prevent and/or reduce them;
- > the appointment, where required, of an occupational physician and monitoring the health of workers assigned to specific at-risk jobs;
- > the preparation of an information and training program for workers in order to achieve greater awareness in dealing with risk situations;
- > regular maintenance and cleaning of work environments.

The new Global e-Solutions Division was set up in 2017, and it will start the process of preparing and implementing the management system over the course of 2018.

In Enel's organizational model, the Health, Safety, Environment and Quality (HSEQ) unit of the Holding assumes an important role of oversight, direction and coordination, promoting the dissemination and sharing of best practices within the Group and the external comparison in health and safety with the top international players in order to identify opportunities for improvement and ensure the constant commitment to risk

reduction. Alongside the Holding Function, the HSEQ structures of the Global Business Lines direct and support the business on health and safety issues, define improvement plans and monitor their execution.

With regard to accident management, a specific policy has been defined (Policy 106, "Classification, communication, analysis and reporting of incidents"), which defines the roles and procedures to ensure the timely communication of incidents and ensures the cause analysis process, the definition of improvement plans and their monitoring according to the event type. The policy also includes details on the methods of communication and analysis of near misses that have the potential to cause severe damage. According to the aforementioned policy, all severe and fatal injuries to Enel and contractor employees and non-severe events considered significant are investigated by a group of experts. The improvement measures resulting from the analyses are constantly monitored and followed until they are completed; in the event contracting companies commit a breach, the appropriate measures are taken (termination of the contract, suspension of qualification, etc.). In the case of particularly severe and fatal injuries, in order to define further strategic actions for the entire Group, a specific Steering Committee is also set up that involves the competent Company Functions/Divisions. The Steering Committee has the goal of coordinating the improvement measures already identified and defining further strategic actions for the entire Group, to prevent the recurrence of similar events. In addition, the Policy also defines cases of exclusion, i.e. those events that cause damage to people but are not attributable to the typical cases of accidents at work (for example, animal attacks, accidents due to extreme weather conditions, etc.).

In addition, Enel has a shared crisis and critical event management system the various countries where the Group operates. This system provides for the assessment of the impact caused by the critical event through a standard 3-level reference scale. High-impact crises are managed centrally, while those with a medium or low impact level are managed within the specific organization of the individual countries.

Activities and results⁹

In 2017, injury rate (LTIFR - Lost Time Injury Frequency Rate) and absences from work due to accidents (LDR - Lost Day Rate) for the Enel Group's employees amounted to 0.24 and 11.7, respectively (0.25 and 10.1 in 2016). In particular, with a decrease in the number of injuries and consequently also of the LTIFR, there is a slight increase in the number of lost days and consequently an increase in the LDR. As regards contractor's employees, the LTIFR stood at 0.19 (down from 0.21 in 2016), while the LDR rose from 8.48 in 2016 to 9.81 in 2017.

During 2017 there were 2 fatal accidents involving Enel Group employees, 1 in Spain and 1 in Argentina, the first due to crushing and the second due to impact. There were also 11 fatal injuries among contractors, including 3 in Italy, 7 in South

America (1 in Argentina, 4 in Brazil, 1 in Colombia and 1 in Peru) and 1 in Romania. Regarding the causes, 5 accidents were electric, 4 were mechanical and 2 were due to traffic accidents.

In confirmation of the strategy and Enel's safety policies, during 2017 several initiatives were implemented to strengthen the control system, especially regarding contractors, and the integration between the business areas and health and safety Functions in order to identify potential areas of risk and to prevent accidents through the use of innovative technologies.

Safety in procurement processes

Safety is integrated into the procurement processes and the performance of the companies are monitored both in the preventive phase, through the qualification system, and during the execution of the contract, through numerous control processes.

Specific and stringent rules are applied during the supplier qualification and selection process, based on health and safety performance. For high-risk activities, a prequalification audit is also required.

As for the monitoring of activities during the execution of the contract, the vendor rating system is a consolidated process. Health and safety performance levels are measured through a specific index and, since 2015, the global model on the vendor rating index also takes into consideration the impact of any personnel accidents in the assessment of companies.

All companies that work with the Enel Group must share its

health and safety standards. The General Conditions of Contract (GCC), valid for the entire Enel Group, include clauses dedicated to health and safety. They provide for penalties in case of safety rule violations, which may also lead to the termination of the contract and suspension of the qualification.

For this reason, contracting companies are involved in many initiatives aimed at promoting a culture of safety. In particular, an information session is carried out on the specific risks present before contractors' personnel access the worksite. Enel personnel perform this session, which aims to highlight special risks due to the specific nature of plants and the activities present that are not normally present in the Company's business.

Infrastructure safety and technological innovation

Technological innovation can improve all health and safety processes, from personnel training to the implementation of prevention and protection measures, and the execution and analysis of corrective controls.

In 2017, new safety innovation projects were introduced and a number of projects previously launched in 2016 continued.

Intrinsic Safety: a project started in 2016 focused on the design, analysis and possible modification of both new and existing machinery aimed at reducing personnel exposure to risky situations, worksites or activities.

The project is focused on information sharing and alignment between the H&S and Engineering units.

⁹ The rates and figures reported in this chapter do not include the companies acquired in 2017 (EnerNOC, eMotorWerks, Demand Energy Networks, Enel Distribuição Goiás and Tynemouth Energy Storage). Given the small amount of time that has lapsed since their acquisition, it was decided to start consolidation from 2018 in order to allow the alignment of systems and related reporting procedures.

Safety Jacket: a project involving the creation of a work jacket with a built-in airbag that combines the existing protection measures against falls with a new, never-before-seen technology in the industrial field. Developed with a start-up, this project combines innovation and safety to protect personnel from all Business Lines working at height.

Drones: the Company has adopted the use of drones to inspect chimneys, boilers and waterways in order to prevent risks related to workers directly accessing unsafe places.

Virtual Reality: development continued on the 3D virtual reality simulator, a project launched in 2015. In particular, new virtual reality scenarios have been developed, including those

relating to electrical risk, aimed at operational training on both maintenance and safety issues.

Virtual Safety Assistant: an electronic device that maps in real time the surrounding environment and the memorized data related to specific activities, thereby supporting workers in implementing the prevention and protection measures necessary to carry out their work safely.

Health

The Enel Group has defined a structured health management system, based on prevention measures to develop a corporate culture oriented toward the promotion of physical and mental health, organizational well-being and the balance between personal and work life. With this in mind, the Group carries out global and local awareness campaigns to promote healthy lifestyles, sponsors screening programs to prevent the onset of diseases and guarantees the provision of medical services. The global initiatives and program are developed in accordance with the World Health Organization calendar and local needs.

The Enel Group implements a systematic and continuous process of identification and assessment of work-related stress risks in accordance with the “Stress at Work Prevention and Well-being at Work Promotion” policy. This enables the prevention, identification and management of stress in work situations that may affect both individuals and broader sections of the organization, also providing a set of guidelines aimed at promoting a culture of organizational well-being.

Development of a culture of health and safety: training and information

The health and safety awareness campaigns carried out over the course of the year focused on areas of specific attention for the Company. This year the campaigns focused mainly on issues relating to personal health and the most common diseases, such as: hypertension, hepatitis, smoking, risk factors for cardiovascular diseases, skin cancer, etc. The campaigns were based both on the news published on the company intranet and on specific news reports on Enel TV and Enel Radio. With regard to training, in 2017 Enel personnel was provided

with over 430,000 hours of training, in addition to information and coaching on safety, with the aim of increasing workers' knowledge and specific skills throughout the Group. The various issues covered included online training for safely driving both four- and two-wheel vehicles and the “Safety Leadership” training session for managers.

Number of injuries to Enel employees

KPI	UM	2017	2016	2017-2016	%
Injuries by type and gender					
Total injuries	no.	132	146	-14	-10
- men	no.	119	135	-16	-12
- women	no.	13	11	2	18
- fatal	no.	2	-	2	-
- men	no.	2	-	2	-
- women	no.	-	-	-	-
- severe ⁽¹⁾	no.	4	5	-1	-20
- men	no.	4	3	1	33
- women	no.	-	2	-2	-100
- other non-severe injuries	no.	126	141	-15	-11
- men	no.	113	132	-19	-14
- women	no.	13	9	4	44
Injuries by type and geographical area					
Italy	no.	68	73	-5	-7
- fatal	no.	-	-	-	-
- severe	no.	2	2	-	-
- other non-severe injuries	no.	66	71	-5	-7
Iberia	no.	4	4	-	-
- fatal	no.	1	-	1	-
- severe	no.	-	-	-	-
- other non-severe injuries	no.	3	4	-1	-25
South America	no.	57	62	-5	-8
- fatal	no.	1	-	1	-
- severe	no.	1	2	-1	-50
- other non-severe injuries	no.	55	60	-5	-8
North and Central America	no.	1	1	-	-
- fatal	no.	-	-	-	-
- severe	no.	-	-	-	-
- other non-severe injuries	no.	1	1	-	-
Europe and North Africa	no.	2	6	-4	-67
- fatal	no.	-	-	-	-
- severe	no.	1	1	-	-
- other non-severe injuries	no.	1	5	-4	-80
Sub-Saharan Africa and Asia	no.	-	-	-	-
- fatal	no.	-	-	-	-
- severe	no.	-	-	-	-
- other non-severe injuries	no.	-	-	-	-

(1) Injury with an initial prognosis, as shown on the first medical evaluation, exceeding 30 days; or with a guarded prognosis, until the prognosis can be determined; or with an unknown prognosis, which, when first assessed by the Division/Company concerned, is assumed to exceed 30 days. Once the prognosis set, the injuries will be considered severe only if the first prognosis exceeds 30 days. If the prognosis is not set or remains unknown for 30 days from the event, the injury shall be considered severe.

Rates of injury to Enel employees by gender and geographical area

KPI	UM	2017	2016	2017-2016	%
LTIFR ⁽¹⁾	r	0.24	0.25	-0.01	-4.2
by gender:					
- men	r	0.27	0.29	-0.02	-7.0
- women	r	0.13	0.10	0.03	27.8
by geographical area:					
Italy	r	0.25	0.26	-0.01	-4.3
Iberia	r	0.05	0.05	-	-
South America	r	0.43	0.47	-0.04	-8.5
North and Central America	r	0.09	0.12	-0.02	-20.6
Europe and North Africa	r	0.04	0.08	-0.04	-50.8
Sub-Saharan Africa and Asia	r	-	-	-	-
LDR ⁽²⁾	r	11.70	10.10	1.60	15.9
by gender:					
- men	r	13.20	11.30	1.91	16.9
- women	r	4.77	4.71	0.06	1.4
by geographical area:					
Italy	r	13.92	10.48	3.44	32.8
Iberia	r	1.28	4.63	-3.35	-72.3
South America	r	17.84	16.35	1.50	9.2
North and Central America	r	0.37	1.18	-0.80	-68.2
Europe and North Africa	r	2.14	4.78	-2.64	-55.2
Sub-Saharan Africa and Asia	r	-	-	-	-
Occupational disease rate (ODR) ⁽³⁾⁽⁴⁾	r	0.01	0.01	-	-
by gender:					
- men	r	0.01	0.01	-	-
- women	r	-	-	-	-
by geographical area:					
Italy	r	-	-	-	-
Iberia	r	-	-	-	-
South America	r	0.03	0.01	0.02	-
North and Central America	r	-	0.35	-0.35	-100.0
Europe and North Africa	r	-	-	-	-
Sub-Saharan Africa and Asia	r	-	-	-	-
Absentee rate (AR) ⁽⁵⁾	r	5,768	5,594	174	3.1
by geographical area ⁽⁶⁾:					
Italy	r	5,987	6,311	-324	-5.1
Iberia	r	5,786	6,217	-431	-6.9
South America	r	5,302	4,425	877	19.8
Europe and North Africa	r	5,815	4,395	1,420	32.3
Sub-Saharan Africa and Asia	r	4,491	1,833	2,658	-

(1) The LTIFR (Lost Time Injury Frequency Rate) is calculated by comparing the number of injuries with the hours worked/200,000. The rate calculation by country considers the total number of injuries involving men and women compared to the sum of hours worked by men and women; the rate calculation by gender considers the number of injuries compared to the hours worked by the gender in question (either only men or only women). Cases requiring first aid are not included in the rate calculation.

(2) The LDR (Lost Day Rate) is calculated by comparing the number of days of absence due to injuries with the hours worked/200,000. It is based on the number of calendar days being considered starting from the day following the accident.

(3) The Occupational Disease Rate (ODR) is calculated by comparing the number of occupational disease cases that occurred during the year with the total hours worked/200,000.

(4) In 2017, 4 new confirmed cases of occupational disease occurred in South America.

(5) The AR (Absentee Rate) is calculated as the ratio between the number of days lost (due to occupational and non-occupational disease, injury, etc.) and days worked*200,000. The following are excluded: vacation days, family issues, maternity leave, study leave, time off, strikes, military service and paid leave.

(6) This figure does not include information relating to North and Central America due to local regulations.

Injury and accident rates for contractors

KPI	UM	2017	2016	2017-2016	%
Injuries by type and gender					
Total injuries	no.	206	224	-18	-8
- men	no.	189	208	-19	-9
- women	no.	17	16	1	6
- fatal	no.	11	5	6	-
- men	no.	11	5	6	-
- women	no.	-	-	-	-
- severe	no.	9	7	2	29
- men	no.	9	7	2	29
- women	no.	-	-	-	-
- other non-severe injuries	no.	186	212	-26	-12
- men	no.	169	196	-27	-14
- women	no.	17	16	1	6
Injuries by type and geographical area					
Italy	no.	60	52	8	15
- fatal	no.	3	1	2	-
- severe	no.	-	1	-1	-100
- other non-severe injuries	no.	57	50	7	14
Iberia	no.	31	46	-15	-33
- fatal	no.	-	1	-1	-100
- severe	no.	3	3	-	-
- other non-severe injuries	no.	28	42	-14	-33
South America	no.	100	118	-18	-15
- fatal	no.	7	3	4	-
- severe	no.	3	3	-	-
- other non-severe injuries	no.	90	112	-22	-20
North and Central America	no.	10	4	6	-
- fatal	no.	-	-	-	-
- severe	no.	3	-	3	-
- other non-severe injuries	no.	7	4	3	75
Europe and North Africa	no.	5	4	1	25
- fatal	no.	1	-	1	-
- severe	no.	-	-	-	-
- other non-severe injuries	no.	4	4	-	-
Sub-Saharan Africa and Asia	no.	-	-	-	-
- fatal	no.	-	-	-	-
- severe	no.	-	-	-	-
- other non-severe injuries	no.	-	-	-	-
LTIFR ⁽¹⁾	r	0.19	0.21	-0.01	-5.3
by geographical area:					
Italy	r	0.31	0.30	0.01	3.7
Iberia	r	0.20	0.30	-0.10	-32.4
South America	r	0.17	0.20	-0.03	-15.9
North and Central America	r	0.25	0.09	0.16	-
Europe and North Africa	r	0.07	0.04	0.03	84.8
Sub-Saharan Africa and Asia	r	-	-	-	-

(1) The LTIFR (Lost Time Injury Frequency Rate) is calculated by comparing the number of injuries with the hours worked/200,000. The rate calculation by country considers the total number of injuries involving men and women in proportion to the sum of hours worked by men and women; the rate calculation by gender considers the number of injuries in proportion to the hours worked by the gender in question (either only men or only women). Cases requiring first aid are not included in the rate calculation.

Scope of Annual Financial Report and Sustainability Report (see reading guide on page 5)
Number of injuries and related rates for Enel and contractor employees

KPI	UM	2017	2016 ⁽³⁾	2017-2016	%
Total Enel injuries	no.	133	147	-14	-10
Enel severe and fatal injuries	no.	6	5	1	20
- fatal	no.	2	-	2	-
- severe	no.	4	5	-1	-20
Enel LTIFR⁽¹⁾	r	0.24	0.25	-0.01	-4.2
Enel LDR⁽²⁾	r	11.65	10.02	1.63	16.3
Total injuries involving contractors	no.	209	228	-19	-8
Total severe and fatal injuries for contractors	no.	20	12	8	67
- fatal	no.	11	5	6	-
- severe	no.	9	7	2	29
Contractors LTIFR⁽¹⁾	r	0.19	0.21	-0.02	-5.6
Contractors LDR⁽²⁾	r	9.86	8.53	1.34	15.7

(1) The LTIFR (Lost Time Injury Frequency Rate) is calculated by comparing the number of injuries with the hours worked/200,000. The rate calculation by country considers the total number of injuries involving men and women in proportion to the sum of hours worked by men and women; the rate calculation by gender considers the number of injuries in proportion to the hours worked by the gender in question (either only men or only women). Cases requiring first aid are not included in the rate calculation.

(2) The LDR (Lost Day Rate) is calculated by comparing the number of days of absence due to injuries with the hours worked/200,000. It is based on the number of calendar days being considered starting from the day following the accident.

(3) The 2016 figures have been recalculated following a detailed redefinition due to Slovenské elektrárne's removal from the scope.

the different specificities of a country through listening, cooperation and knowledge of the context in question. Constant dialogue with the communities and inclusive involvement of SME (Small and Medium Entrepreneurs) owners and various organizations operating on the ground allow for the shared creation of projects and solutions responding to shared priorities, promoting local development and allowing for the creation of shared value in the long term.

The search for shared value for the Company and its stakeholders represents an opportunity to combine competitiveness with the creation of long-term social value. Operating in such a vast geographical area by its very nature involves facing different realities and an in-depth knowledge of the territory and of the needs of the various stakeholders, so as to identify targeted solutions. Each infrastructure project therefore faces assessment by the communities and the stakeholders involved.

which could result in criticism or partial sharing, especially in cases of resettlement. In the latter case, the Group could be exposed to reputational risks, also in relation to interacting with local suppliers, as well as operational risks linked to delays in projects, or even their closure, with possible repercussions on the supply chain.

The existing Compliance Programs (Code of Ethics, ZTC Plan, Organization and Management Model pursuant to Italian Legislative Decree 231/01 and equivalents, EGCP and Human Rights Policy) provide evidence of Enel's way of operating based on principles of ethics, transparency, inclusiveness, respect for human rights and maximum attention to safety.

at www.enel.com.

Responsible relations with communities constitute a pillar of Enel's Strategic Plan. Constantly and proactively looking at society needs and priorities makes it possible to accept new challenges and redefine an increasingly competitive business model, developing new strategies and innovating processes. Since 2015, a creating shared value (CSV) model has been adopted that integrates social and environmental factors into business processes along the entire value chain. The dissemination of this model has required a path of definition and consolidation within the Company at a cultural as well as operational level.

In 2016, policy no. 211, "CSV Process definition and management", was published. It defines how sustainability must permeate company processes across the board, making it a shared responsibility. The CSV model has 6 phases that correspond to specific support applications:

1. context analysis, which analyses the main elements that characterize the social, economic and environmental aspects of the country in question and communities;
2. stakeholder identification, where the main stakeholders are mapped and weighted and the different needs and requirements are identified;
3. analysis of priorities and potential risks/opportunities, where local needs are linked to Company objectives through a site-specific materiality matrix;
4. definition of the CSV plan, which identifies all those projects and initiatives that correspond to the shared priorities;
5. execution of the CSV plan, also with local partners on the ground;
6. process monitoring, impact assessment and reporting of key indicators.

The model applies to the entire value chain, with particular reference to business development, engineering and construction

operations, as well as asset management and maintenance.

It represents an inclusive approach towards the stakeholders which also translates into circular economy solutions: for example, the infrastructure of power plants being decommissioned can be converted for other purposes by involving various stakeholders, advancing the region. An example is the Futur-e Project, in Italy, which aims to turn 23 power stations into eco-sustainable sites dedicated to science, art, culture, tourism, or new industrial activities. For maximum transparency, more details on the project are available at the dedicated site <https://corporate.enel.it/en/futur-e>. The definition and dissemination of guidelines for the use of CSV applications, the development and assessment of sustainability projects, the management of Group-level projects and the dissemination of best practices in the countries where Enel operates are guaranteed by the organizational structure of Innovation and Sustainability Holding and the related sustainability structures in the various countries of operation. Each Country and Business Line issues and adopts organizational documents (organizational procedures, operating instructions) which, at the local level, describe the methods of application of the CSV model and define the global policy based on the different characteristics of the business and the context.

Activities and operating results

With more than 1,000 projects and almost 9 million beneficiaries in the various countries where it operates, in 2017 Enel concretely contributed to the development and social and economic growth of its regions, including the expansion of infrastructure, education and training programs, initiatives aimed at social inclusion, and projects supporting cultural and economic life in line with the SDGs. Partnerships with organizations operating at the local level that promote regional development through innovative and tailored interventions are a fundamental tool for achieving these projects.

The strategy's sustainability is also demonstrated through the Group's contribution to the achievement of the 17 United Nations Sustainable Development Goals (SDGs). In 2017 the Group obtained the following results:

- > **SDG 4** - supported projects to ensure an inclusive and equi-





table quality education, in which over 0.2 million beneficiaries were involved (0.2 million in 2016);

- > **SDG 7** - made progress in providing access to affordable, reliable, sustainable and modern energy in South America and Africa for 0.5 million beneficiaries (0.7 million in 2016);
- > **SDG 8** - promoted sustained, inclusive and sustainable economic growth with projects involving 0.3 million beneficiaries (0.7 million in 2016).

In 2017, the CSV¹⁰ model was applied 354 times at the various stages of the value chain: Business Development – BD, Engineering & Construction – E&C, Operation & Maintenance – O&M.

¹⁰ Over the course of 2017, a new method for identifying CSV applications for the various assets was created. Therefore the comparison of the two years will be available starting from the 2018 fiscal year. Application means the use of at least one CSV tool in relation to an asset at any stage of the value chain and in any Business Line. CSV applications in the BD phase include applications carried out for development opportunities (even in early stages) and business projects that came out of the pipeline in 2017. They can also pertain to assets in O&M in the case of modernization projects. CSV applications in the E&C phase can refer to assets that move on to the O&M phase at the end of the year.

CSV model application in the Group

	 Thermal generation	 Renewable energies	 Infrastructure and networks	
BD				
Business Development	CSV Applications 6	CSV Applications 83	CSV Applications 3	CSV Applications 92
E&C				
Engineering & Construction	CSV Applications 3	CSV Applications 24	CSV Applications -	CSV Applications 27
O&M				
Operation & Maintenance	CSV Applications 39	CSV Applications 199	CSV Applications 52	CSV Applications 293⁽¹⁾
				TOTAL 412

(1) Includes 3 CSV applications related to Retail.

Scope of Annual Financial Report and Sustainability Report (see reading guide on page 5)¹

In 2017, Enel developed more than 1,200 projects with over 9 million beneficiaries. Below are the beneficiaries of the projects concerning SDGs 4, 7 and 8 for 2016 and 2017:

- > SDG 4 - Inclusive and equitable quality education: 0.2 million beneficiaries in 2016 and 0.3 in 2017;
- > SDG 7 - Affordable, reliable, sustainable and modern energy in South America and Africa: 0.7 million beneficiaries in 2016 and 0.5 in 2017;
- > SDG 8 - Sustained, inclusive and sustainable economic growth: 0.7 million beneficiaries in 2016 and 0.4 in 2017.

In 2017, the CSV model applications totaled 412, 92 of which were in BD, 27 in E&C, 290 in O&M and 3 in the Market area.

(1) The number of beneficiaries and applications of the CSV model take into account the activities and projects carried out in all the areas in which the Group operates (including companies consolidated using the equity method, the Group's foundations and non-profit organizations, and companies for which the BSO [Build, Sell and Operate] mechanism has been applied).

Environmental sustainability



102-2	102-15	103-2	103-3
302-1	302-3	302-4	303-1
303-3	305-1	305-2	305-3
	305-4	305-7	306-2

The fight against climate change and environmental protection are among the responsibilities of a large global energy company such as Enel, who is aiming to achieve the complete decarbonization of electricity production by 2050, contributing to achieving United Nations SDG 13. This reflects a strategy based on a long-term vision that translates into concrete objectives. In addition to the actions that leverage the gene-

ration mix, Enel is active in innovation, digitalization, electric mobility, energy efficiency, etc. In this scenario, Enel's commitment to circular economy, which combines innovation, competitiveness and environmental sustainability, involves all the Group's activities focused on these objectives.

Main risks

In the current climate scenario, extreme weather events, natural disasters, as well as the failure of climate change mitigation and adaptation measures expose the Group to operational and regulatory risks, especially as regards asset and infrastructure damage that could result in prolonged unavailability.

The Group signed the letter of support for the implementation of the voluntary guidelines from the Task Force on Climate-related Financial Disclosures (TCFD), which prepared the recommendations for the disclosure of financial impacts related to "non-financial" variables concerning climate change pre-

sented in 2017. Enel has therefore launched a working group that is adopting the recommendations. Its work has three main areas of focus:

- > development of long-term climate models;
- > mapping of risks and opportunities related to climate change;
- > financial reporting associated with climate change.

For further details, see the "Corporate governance system - Main risk types" paragraph in this Statement.

Policies and management approach

The protection of the environment and natural resources, the fight against climate change and the contribution to sustainable economic development are strategic factors in the planning, operation and development of Enel's activities, as well as determining factors to strengthen the Company's leadership in energy markets. In 1996, Enel began applying a Group environmental policy which is based on four key pillars:

1. protecting the environment by preventing impacts to it;
2. improving and promoting the environmental sustainability of products and services;

3. creating shared value for the Company and the stakeholders;
4. complying with legal obligations and voluntary commitments, promoting ambitious environmental management practices;

and pursues ten strategic objectives:

1. organization-wide application of internationally recognized Environmental Management Systems (EMSs) based on the principle of continuous improvement and the adoption of environmental indicators to measure the environmental performance of the entire organization;

2. reducing environmental impact by applying the best available technologies and best practice in the stages of plant construction, operation and decommissioning;
3. siting industrial plants, infrastructure and buildings, while safeguarding the territory and biodiversity;
4. leadership in renewables and in low-carbon electricity generation and efficient use of energy, water resources and raw materials;
5. optimal management of waste and wastewaters;
6. development of innovative technologies for the environment;
7. report transparently on the Company's environmental results to citizens, institutions and other stakeholders;
8. employee training and awareness-raising on environmental issues;
9. promotion of sustainable environmental practices among suppliers, contractors and customers;

10. complying with legal obligations and voluntary commitments.

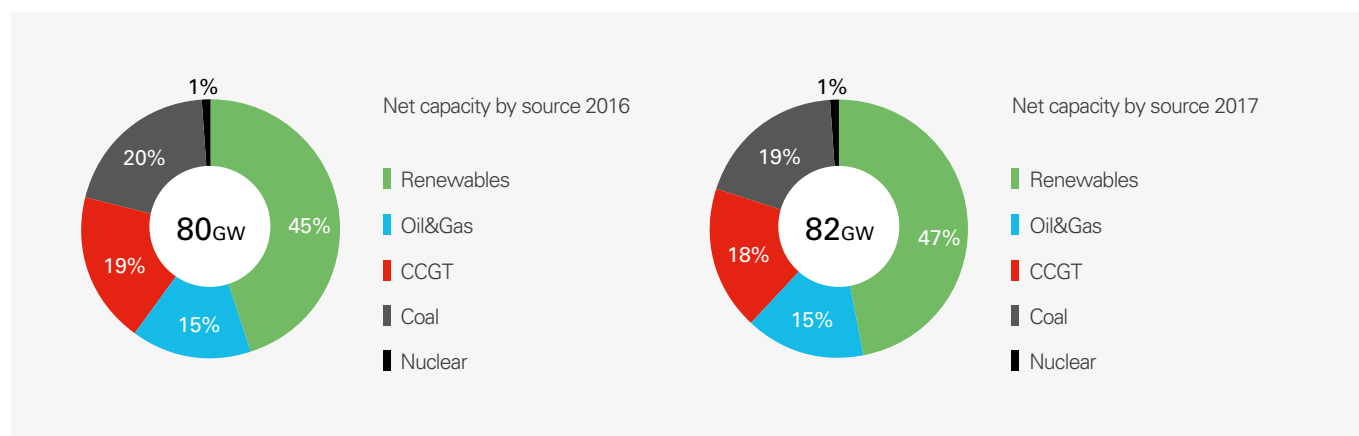
A key element of the environmental policy is the application of ISO 14001-compliant EMSs to all of the Enel Group's activities.

Environmental activities are carried out through a widespread organization of operating units, which is harmonized through a central Holding unit in terms of general environmental policy guidelines. In the Business Lines and Global Service Divisions there are structures and figures in charge at various levels.

Activities and results¹¹

At the end of December 2017, the Group's net installed capacity amounted to approximately 82 GW, up by around 2 GW compared to 2016, mainly due to the entry into operation of new renewable hydroelectric, wind and solar plants in Brazil, solar plants in Peru and wind farms in the United States.

Throughout the world, today the Group can rely on plants powered by renewable sources for around 38 GW of net efficient power, which make up 47% of the Group's total power generation capacity.



As for electricity production, 38% of the energy produced by the Group in 2017 created zero emissions. Amounting to approximately 229 TWh, production in 2017 showed a decrease of about 12 TWh compared to 2016, mainly due to the removal of the Slovakia plants (including 2 nuclear, 2 thermal and various hydroelectric plants), 1 plant in Belgium (CCGT) and

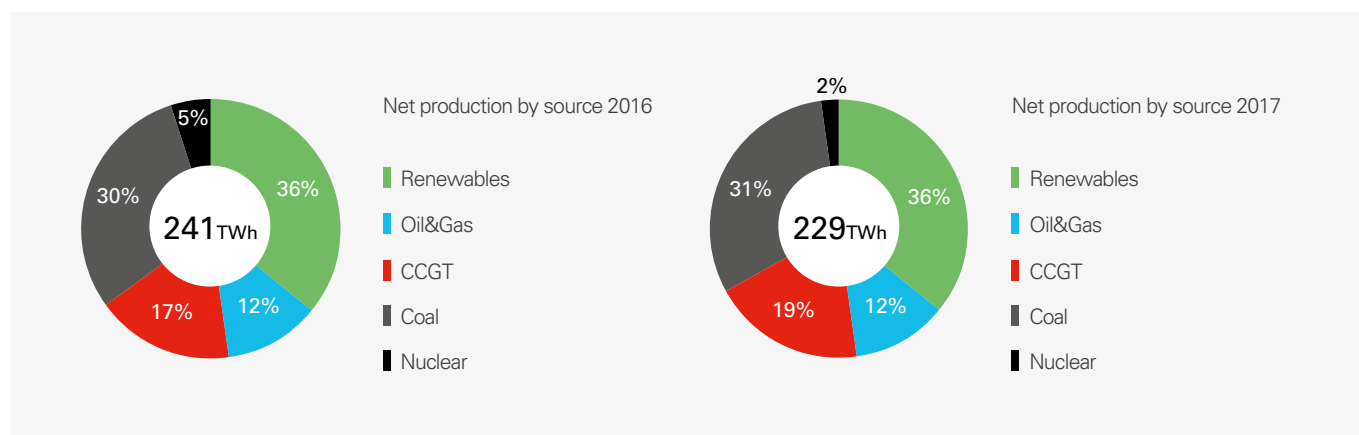
several plants in the United States (hydroelectric, wind and geothermal) from the Group's consolidated scope.

With regard to non-renewable sources, thermoelectric power generation fell slightly (-0.7 TWh compared to 2016) due to the removal of the thermoelectric plants in Belgium and Slovakia from the scope; within this category, there was an increase

¹¹ The rates and figures reported in this chapter on greenhouse gas emissions and waste do not include the companies acquired in 2017 (EnerNOC, eMotorWerks, Demand Energy Networks, Enel Distribuição Goiás and Tynemouth Energy Storage). Given the small amount of time that has lapsed since their acquisition, it was decided to start consolidation from 2018 in order to allow for the alignment of systems and related reporting procedures..

in the use of combined cycles (+4.1 TWh compared to 2016), which partly offset the lower coal and oil + gas production. In the renewables sector there was a decrease in hydroelectric production (-4.7 TWh compared to 2016) mainly due to lower water availability in Europe (Italy and Spain), as well as to the aforementioned removal of hydroelectric plants in Slo-

vakia and in the United States. Production from other renewable sources, on the other hand, recorded an overall increase of 1.5% over the previous year due to higher wind and solar inputs in Brazil and Chile and solar in South Africa.



Scope of Annual Financial Report and Sustainability Report (see reading guide on page 5)

KPI	UM	2017	2016	2017-2016	%
Total net installed capacity	GW	84.9	82.7	2.2	2.7
Total net production	TWh	249.9	261.8	-11.9	-4.6

Greenhouse gas emissions

Specific emissions of CO₂ in 2017 amounted to 447 g/kWh_{eq}, up 4% on the previous year, due to a reduction in the Group's

total net production.

Specific emissions

KPI	UM	2017	2016	2017-2016	%
Specific CO ₂ emissions from total net production ⁽¹⁾	g/kWh eq	447	428	19	4.4

(1) Specific emissions are calculated considering the total emissions from the individual and combined thermoelectric production of electricity and heat, in proportion to the total of renewable, nuclear, individual and combined thermoelectric power and heat generation (including the contribution of heat in MWh_{eq}).

In 2017, direct CO₂-equivalent emissions (Scope 1), amounting to 105.5 million tons, decreased by about 1% compared to 2016, a result due to a slightly lower thermoelectric power generation and, as part of this, increased production from combined cycles.

Scope 2 emissions (about 0.4 million equivalent tons, down by

about 33% compared to 2016) relate to indirect emissions deriving from the generation of electricity purchased and consumed by the Company. This definition includes CO₂ emissions associated with the consumption of electricity purchased on the grid for civil uses and for pumping in hydroelectric plants.

Scope 3 emissions are generated as a result of the Company's activities and are not derived from sources controlled or owned by the Company itself. For Enel, this value is mainly linked to coal mining and the transportation of fuels used to power its

plants. 2017 recorded a value of approximately 7.1 million equivalent tons, down by about 2% compared to 2016, due to a slight decrease in coal-fired thermal power generation.

Direct and indirect greenhouse gas emissions (Scope 1, 2 and 3)

KPI	UM	2017	2016	2017-2016	%
CO ₂ emissions from the production of electricity and heat	mil t	105.20	106.29	-1.09	-1.0
Total direct emissions (Scope 1) ⁽¹⁾	mil t eq	105.51	106.73	-1.22	-1.1
Total indirect emissions (Scope 2) ⁽²⁾	mil t eq	0.39	0.58	-0.19	-33.4
Total indirect emissions (Scope 3) ⁽³⁾	mil t eq	7.13	7.25	-0.12	-1.7

(1) Scope 1: in addition to CO₂ emissions from the production of electricity and heat, also includes SF₆ expressed as tons of CO₂ equivalents (23,500 - Global Warming Potential).

(2) Scope 2: indirect CO₂ emissions in 2017 due to electricity consumption for electricity distribution, fuel handling, property management and electricity purchased from the grid by hydroelectric plants are estimated as a product of electricity consumption, including grid losses, multiplied by the weighted specific emission coefficients of the entire generation mix of the countries where the Enel Group operates (source: Enerdata - <http://services.enerdata.eu>).

(3) Scope 3: indirect CO₂ emissions for 2017 coming from the transport of coal by sea are estimated based on the quantity transported (equivalent to 66.6% of the total coal used in the year), considering Panamax ships with capacities of 67,600 tons, which cover average distances of 700 nautical miles travelled in 22 days, with a consumption of 35 tons of fuel oil per day and an emission coefficient of 3.2 kg of CO₂ for every liter of oil burned; a three day break for unloading, which is associated with a consumption of 5 tons of fuel oil is also considered. Indirect CO₂ emissions from the rail transport of coal is estimated based on the amount transported (equivalent to 33.4% of coal used) and taking into consideration trains with capacities of 1,100 tons, covering average distances of 1,400 km with a consumption of 6.9 kWh/t for every 100 km transported and an emission coefficient equal to Enel's global average. Indirect CO₂ emissions from the transport of consumables, fuel oil, diesel, solid biomass, refuse-derived fuel (RDF) and waste are estimated based on the transported quantities of raw materials, considering trucks carrying loads of 28 tons, covering average round-trip distances of 75 km with a consumption of 1 liter of diesel for every 3 km travelled and an emission coefficient of 3 kg of CO₂ for every liter of diesel burned. This figure is an approximate estimate of fugitive methane emissions (CH₄) from imported coal that the Enel Group uses for thermoelectric power generation. This figure does not take into account emissions due to the transport of lignite.

Scope of Annual Financial Report and Sustainability Report (see reading guide on page 5)					
KPI	UM	2017	2016	2017-2016	%
Specific CO ₂ emissions from total net production ⁽¹⁾	g/kWh eq	411	395	16	4.1

(1) Specific emissions are calculated considering the total emissions from the individual and combined thermoelectric production of electricity and heat, in proportion to the total of renewable, nuclear, single and combined thermoelectric power and heat generation (including the contribution of heat in MWh_{eq}).

SO₂, NO_x and dust emissions

The greatest atmospheric pollutants associated with thermoelectric power generation are sulfur oxides (SO₂), nitrogen oxides (NO_x) and dust. Emissions are measured at the chimney, which in most large plants takes place through continuous monitoring systems, as required by national legislation.

As for CO₂, SO₂ and NO_x, 2017 recorded almost stable values compared to the previous year. Dust instead showed a growth (about 14%) due to higher production from coal in Russia.

The amounts of specific emissions are increasing because of the decrease in total production linked to the aforementioned

change in the consolidated scope.

In line with the objectives of reducing specific atmospheric emissions, Enel is committed to carrying out a series of actions on the entire power generation fleet to align plants with best practices in the sector. It will entail the installation or improvement of pollutant abatement systems and the gradual decommissioning of less efficient plants.

Other atmospheric emissions

KPI	UM	2017	2016	2017-2016	%
SO ₂ emissions	t	214,057	220,746	-6,689	-3.0
NO _x emissions	t	203,329	200,660	2,669	1.3
Dust emissions	t	68,095	59,627	8,468	14.2
Specific emissions compared to total net production ⁽¹⁾					
SO ₂ emissions	g/kWh eq	0.91	0.89	0.02	2.3
NO _x emissions	g/kWh eq	0.86	0.81	0.06	6.9
Dust emissions	g/kWh eq	0.29	0.24	0.05	20.5

(1) Specific emissions from the total net production are calculated considering the total emissions in proportion to the total amount of renewable, nuclear, single and combined thermoelectric power and heat (including the contribution of heat in MWh_{eq}).

Scope of Annual Financial Report and Sustainability Report (see reading guide on page 5)					
KPI	UM	2017	2016	2017-2016	%
Specific emissions compared to total net production ⁽¹⁾					
SO ₂ emissions	g/kWh eq	0.84	0.82	0.02	2.4
NO _x emissions	g/kWh eq	0.79	0.75	0.04	5.3
Dust emissions	g/kWh eq	0.27	0.22	0.05	22.7

(1) Specific emissions from the total net production are calculated considering the total emissions in proportion to the total amount of renewable, nuclear, individual and combined thermoelectric power and heat (including the contribution of heat in MWh_{eq}).

Consumption and energy efficiency

For Enel, using energy efficiently means, on the one hand, maximizing the efficiency of the mix of sources (thermoelectric, nuclear and renewable) and, on the other, making the distribution network increasingly efficient. The strategy to reduce Enel's energy consumption therefore includes investments to increase efficiency in all the Group's activities, from production to distribution, and also aims to spread greater more conscious

behaviors. In 2017, improvement of process efficiency and the implementation of operational excellence programs continued by optimizing the production load distribution.

During the year there was a slight increase (+1%) in energy consumption of fuel linked to the increased thermoelectric production of gas combined-cycle methods compared to the previous year.

Consumption ⁽¹⁾ of fuel by primary source

KPI	UM	2017	2016	2017-2016	%
From non-renewable sources	TJ	1,454,201	1,432,386	21,815.1	1.5
Coal	TJ	686,761	708,322	-21,561.2	-3.0
Lignite	TJ	25,121	27,674	-2,553.2	-9.2
Fuel oil	TJ	69,668	84,782	-15,113.6	-17.8
Natural gas	TJ	525,904	500,825	25,078.9	5.0
Diesel	TJ	84,071	52,461	31,609.9	60.3
Uranium	TJ	62,676	58,322	4,354.3	7.5
From renewable sources	TJ	59,034	61,672	-2,637.7	-4.3
Biomass, biogas and waste	TJ	5,945	7,829	-1,884	-24.1
Geothermal fluid	TJ	53,089	53,842	-753.6	-1.4
Total direct consumption	TJ	1,513,235	1,494,058	19,177.4	1.3

(1) Energy consumption relating to the real estate sector is not included. The resulting indirect emissions from the purchase of grid electricity are, however, reported in the calculation of Scope 2, which is performed as indicated in note 2 of Scope 2.

The Group's energy intensity, which provides a measure of its operating efficiency, amounted to 6.4 MJ/kWh_{eq} in 2017. Compared to a nearly stable total energy consumption (+1.3%) in

2016, this figure rose due to the decrease in the Group's production linked to the change in consolidated scope in 2016.

Energy intensity

KPI	UM	2017	2016	2017-2016	%
Total energy consumption	TJ	1,513,235	1,494,058	19,177	1.3
Energy intensity ⁽¹⁾	MJ/kWh eq	6.4	6.0	0.4	6.8

(1) Energy intensity is calculated considering the total energy consumption in proportion to the total amount of renewable, nuclear, single and combined thermoelectric power and heat (including the contribution of heat in MWh_{eq}).

Scope of Annual Financial Report and Sustainability Report (see reading guide on page 5)					
KPI	UM	2017	2016	2017-2016	%
Total energy consumption	TJ	1,730,698	1,711,395	19,303	1.1
Energy intensity ⁽¹⁾	MJ/kWh eq	6.8	6.4	0.4	6.2

(1) Energy intensity is calculated considering the total energy consumption from primary sources in proportion to the total amount of renewable, nuclear, single and combined thermoelectric power and heat (including the contribution of heat in MWh_{eq}).

CO₂ emissions avoided thanks to zero-emissions production from renewable sources and nuclear power amounted to approximately 56 Mt in 2017. In addition to a reduction in hydroelectric production due to lower water availability in Europe, the

decrease compared to 2016 is also linked to the lack of nuclear and renewable production of Slovakia and the removal from the scope of several renewable plants in the United States.

Avoided emissions

KPI	UM	2017	2016	2017-2016	%
Avoided emissions ⁽¹⁾	mil t	56.5	69.1	-12.5	-18.1

(1) Avoided emissions are calculated as the sum of the emissions avoided in the different regions, using the CO₂ specific emissions of the individual country's thermoelectric power generation as reference, taken from the Enerdata database (<http://services.enerdata.eu>). The resulting figure is the product of the amount of electricity produced from renewable or nuclear sources and CO₂ emissions from the amount of thermoelectric power generated in the country where Enel is present.

Scope of Annual Financial Report and Sustainability Report (see reading guide on page 5)					
KPI	UM	2017	2016	2017-2016	%
Avoided emissions ⁽¹⁾	mil t	71.3	83.8	-12.5	-14.9

(1) Avoided emissions are calculated as the sum of the emissions avoided in the different regions, using the CO₂ specific emissions of the individual country's thermoelectric power generation as reference, taken from the Enerdata database (<http://services.enerdata.eu>). The resulting figure is the product of the amount of electricity produced from renewable or nuclear sources and CO₂ emissions from the amount of thermoelectric power generated in the country where Enel is present.

Responsible management of water resources

Water is an essential element for the production of energy and Enel is aware of the fact that the availability of this resource is considered a critical factor in future energy scenarios. Enel is traditionally involved in the efficient management of water resources, one that employs and constantly monitors all produc-

tion sites that are in areas at risk of water shortages through the following levels of analysis:

- > periodic mapping of all production sites to identify possible risks related to the availability of water resources;
- > assessment of freshwater consumption;

- > measures to optimize the use of sea water and waste water;
- > monitoring of sites' climate and plant data.

About 10% of the total energy produced by the Group used and/or consumed freshwater in water stressed areas¹².

In 2017, the total water requirement amounted to approximately 111 million m³, about 16% lower than in 2016, due to

the removal of the Slovakian thermoelectric and nuclear power plants from the scope. The percentage of recycled water exceeded 6%, an increase compared to the previous year. The specific needs for 2017 amounted to 0.47 l/kWh_{eq}, 11% lower than in 2016.

Volume of water consumed by production process and source

KPI	UM	2017	2016	2017-2016	%
Volume of water consumed by production process					
Consumption for thermoelectric production	mil m ³	110.4	110.4	-0.1	-0.1
Consumption for nuclear production	mil m ³	0.4	21.3	-21.0	-98.2
Consumption for geothermal electric production and fuel storage and transport	mil m ³	-	-	-	-
Total consumption for production processes	mil m³	110.8	131.8	-21.0	-16.0
Consumption for other industrial uses	mil m ³	0.1	0.3	-0.2	-76.7
Total consumption of water	mil m³	110.8	132.1	-21.3	-16.1
Specific consumption by production process					
Specific consumption for thermoelectric production ⁽¹⁾	l/kWh eq	0.75	0.74	0.01	0.8
Specific consumption for nuclear production ⁽²⁾	l/kWh eq	0.06	1.61	-1.55	-96.0
Specific consumption for overall prod. from production processes ⁽³⁾	l/kWh eq	0.47	0.53	-0.06	-11.3
Volume of water used by source					
From scarce sources	mil m³	96.1	118.0	-21.9	-18.6
Surface water (wetlands, lakes, rivers)	mil m ³	78.0	99.9	-21.9	-22.0
Groundwater (from wells)	mil m ³	11.3	11.1	0.2	2.0
Water from aqueducts (industrial and civil)	mil m ³	6.8	7.0	-0.2	-2.5
From non-scarce sources	mil m³	14.7	14.1	0.6	4.2
Sea water (used as is and desalinated)	mil m ³	7.8	7.8	-	-
from wastewater (amount used inside plants)	mil m ³	6.8	6.2	0.6	9.7
Total	mil m³	110.8	132.1	-21.3	-16.1
Percentage of recycled and reused water	%	6.2	4.7	1.5	-
Water effluent					
Wastewater (amount disposed of)	mil m³	106.5	109.9	-3.4	-3.1
from thermoelectric production	mil m ³	106.1	104.5	1.6	1.5
from nuclear production	mil m ³	0.4	5.3	-5.0	-93.1
for storage and transport of fuel oil	mil m ³	0.01	0.06	-0.05	-86.2

(1) Specific consumption for thermoelectric production is calculated considering the total consumption of water from individual thermoelectric production and combined electricity and heat production in proportion to the total of single and combined thermoelectric production of electricity and heat (including the contribution of heat in MWh_{eq}).

(2) The specific consumption for nuclear production is calculated considering the total consumption of water from nuclear production in proportion to the total nuclear production.

(3) Specific production consumption is calculated considering the total consumption of water from individual thermoelectric production, combined electricity and heat, and nuclear power, in proportion to the total of single and combined thermoelectric production of electricity and heat (including the contribution of heat in MWh_{eq}), as well as renewable and nuclear production.

12 A water stressed area is an area where the annual availability of water *per capita* is less than 1,700 m³.

Scope of Annual Financial Report and Sustainability Report (see reading guide on page 5)

KPI	UM	2017	2016	2017-2016	%
Volume of water consumed by production process					
Total consumption for production processes	mil m ³	126.0	148.6	-22.6	-15.2
Total consumption of water	mil m ³	126.0	148.9	-22.9	-15.4
Specific consumption by production process					
Specific consumption for thermoelectric production ⁽¹⁾	l/kWh eq	0.75	0.74	0.01	0.8
Specific consumption for nuclear production ⁽²⁾	l/kWh eq	0.59	1.61	-1.02	-63.4
Specific consumption for overall prod. from production processes ⁽³⁾	l/kWh eq	0.49	0.55	-0.06	-10.9
Volume of water used by source					
From scarce sources	mil m ³	111.4	134.8	-23.4	-0.2
From non-scarce sources	mil m ³	14.7	14.1	0.6	4.2
Percentage of recycled and reused water	%	5.4	4.2	1.2	-
Water effluent					
Wastewater (amount disposed of)	mil m ³	107.8	111.5	-3.7	3.3

- (1) Specific consumption for thermoelectric production is calculated considering the total consumption of water from individual thermoelectric production and combined electricity and heat production in proportion to the total of single and combined thermoelectric production of electricity and heat (including the contribution of heat in MWh_{eq}).
- (2) The specific consumption for nuclear production is calculated considering the total consumption of water from nuclear production in proportion to the total nuclear production.
- (3) Specific production consumption is calculated considering the total consumption of water from individual thermoelectric production, combined electricity and heat, and nuclear power, in proportion to the total of single and combined thermoelectric production of electricity and heat (including the contribution of heat in MWh_{eq}), as well as renewable and nuclear production.

Waste

Below are the main reference figures.

Waste produced

KPI	UM	2017	2016	2017-2016	%
Non-hazardous waste	t	9,313,953	9,072,632	241,321	2.7
Hazardous waste	t	67,227	69,905	-2,678	-3.8
Total waste produced	t	9,381,180	9,142,537	238,643	2.6
Total waste sent for recovery	%	22.5	25.7	-3.2	-
Non-hazardous waste by disposal method					
Non-hazardous waste recycled or sent for recovery	t	2,081,760	2,316,015	-234,255	-10.1
Non-hazardous waste sent to landfill	t	7,232,193	6,756,617	475,576	7.0
Hazardous waste by disposal method					
Hazardous waste recycled or sent for recovery	t	26,358	29,191	-2,833	-9.7
Hazardous waste sent to landfill	t	40,869	40,714	155	0.4

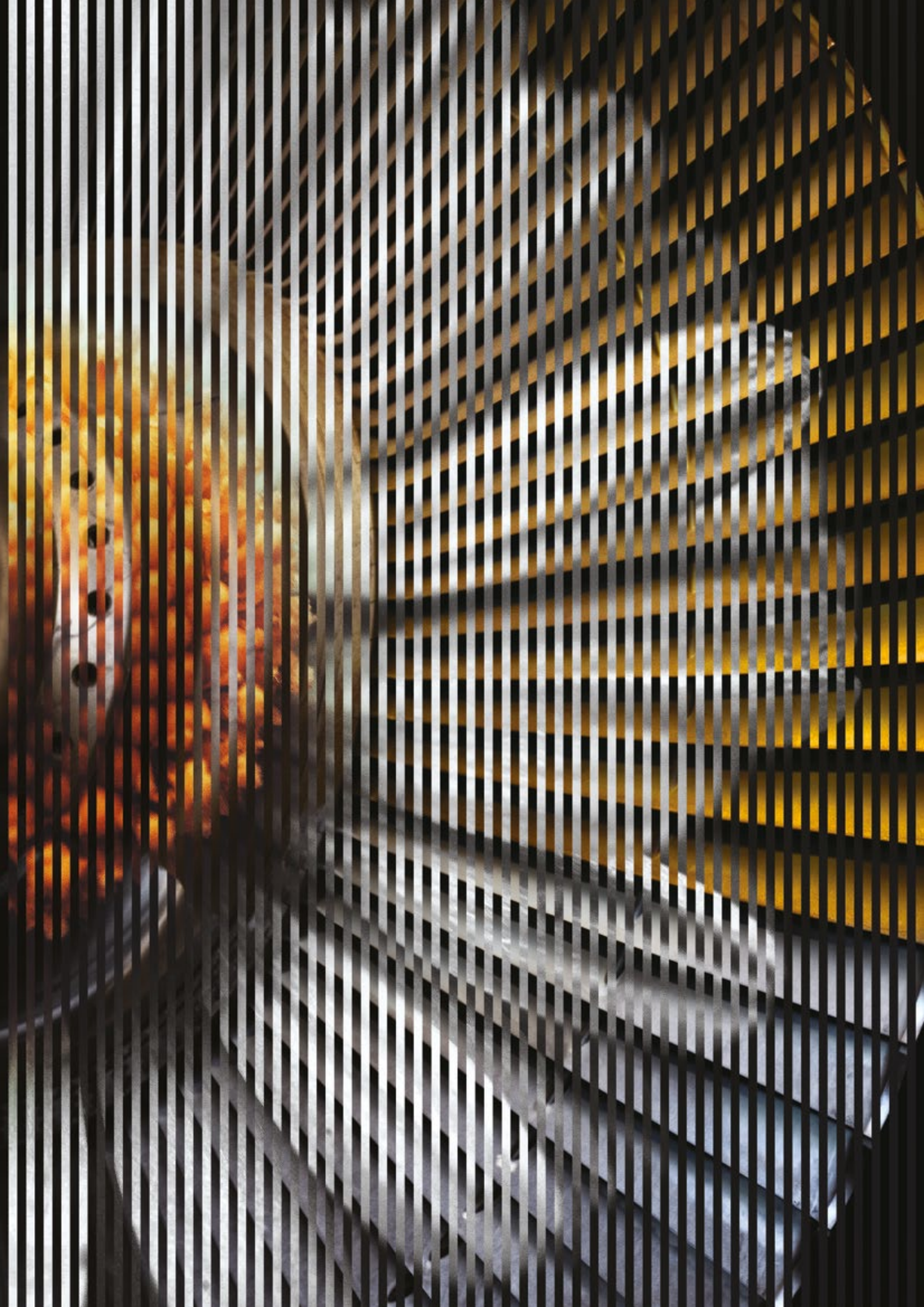
Scope of Annual Financial Report and Sustainability Report (see reading guide on page 5)

KPI	UM	2017	2016	2017-2016	%
Non-hazardous waste	t	9,315,552	9,074,122	241,430	2.7
Hazardous waste	t	67,453	70,060	-2,607	-3.7
Total waste produced	t	9,383,005	10,642,698	-1,259,693	-11.8
Total waste sent for recovery	%	22.5	25.7	-3.2	-





Appendix



Methodological note

101	102-1	102-3	102-5
102-45	102-46	102-47	102-50
102-51	102-52	102-53	102-54
	102-55	102-56	103-1

As a public interest entity in accordance with Article 16, paragraph 1, of Italian Legislative Decree 39 of January 27, 2010, Enel is subject to Italian Legislative Decree 254 of December 30, 2016, entitled "Implementation of Directive 2014/95/EU of the European Parliament and of the Council of October 22, 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups" (Italian Legislative Decree 254/16). This Enel Consolidated Non-financial Statement (NFS) as at December 31, 2017 has been prepared in accordance with Italian Legislative Decree 254/16 and is a separate document from the Management Report. This document was prepared for the first time starting from the 2017 fiscal year and will be published annually in compliance with the requirements of Italian Legislative Decree 254/16). The Statement is published in the "Investors" section of the Enel website (www.enel.com). To the extent necessary to ensure the understanding of the Company's activities, its progress, its results and the impact it produces, this Statement covers environmental, social, employee-related and human rights issues, and the anti-corruption and bribery matters as relevant to Enel, taking into account the Company's activities and characteristics, according to the process described below (see the "2017 materiality assessment" paragraph). The issues covered therein are shown in the following table with an indication of the specific chapter of the document where they are discussed.

Information and clarifications on the issues and indicators set out in this document may be requested from:

**Enel SpA - Innovability Function
(Innovation and Sustainability)
Sustainability**

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Tel +39 06 8305 1

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Web <https://www.enel.com/investors>

Statement/decreed topic	Materiality assessment topic	Statement chapter	Main risks	Policies and management approach	Activities and operating results
Environment	Decarbonization of the energy mix	Environmental sustainability	Pg. 16-17 Pg. 53	Pg. 53-54	Pg. 54-60
	Environmental compliance and management				
Social	Engaging local communities	Responsible relations with communities	Pg. 50	Pg. 50-51	Pg. 51-52
Employee-related	People management, development and motivation	People management, development and motivation	Pg. 33	Pg. 33-34	Pg. 34-41
	Occupational health and safety	Occupational health and safety	Pg. 42	Pg. 42-43	Pg. 44-49
Human rights	Sound governance and fair corporate conduct	Values and pillars of company ethics	Pg. 29-30	Pg. 28-29	Pg. 28-30
	People management, development and motivation				
	Engaging local communities				
Anti-corruption and bribery matters	Sound governance and fair corporate conduct	Values and pillars of company ethics	Pg. 26-27	Pg. 26-27	Pg. 26-27

In line with previous years, Enel also publishes the Sustainability Report.

Report boundaries

The information and data reported in the Statement refer to Enel SpA and the companies included in the consolidated scope as at December 31, 2017. This scope differs from the Group's consolidated financial scope due to the exclusion of the company Asociación Nuclear Ascó-Vandellós II AIE (ANA CNVII AIE), which owns the two nuclear plants Ascó and Vandellós in Spain. The company is considered a joint operation, in line with accounting standard IFRS11¹³ and is therefore included in the Group's consolidated financial scope according to the proportional method. However, in order to ensure consistency with the representation of the company in the Annual Report and the Group Sustainability Report, and given the significant nature in terms of operations and related non-

financial information, the data referring to the extended consolidated scope for the most significant KPIs are also reported in the Statement.

The only exception to the full consolidated scope is seen in the companies acquired in 2017¹⁴. In line with the prevailing trend, as also expressed by the Consob report dated January 19, 2018¹⁵, in some of the areas covered by this document for these companies it was deemed necessary to start consolidation from the 2018 fiscal year in light of the short time since the acquisition. The areas of exclusion have been indicated directly in the specific chapters.

In this Statement, "Corporate", "Holding" or "Parent Company" means Enel SpA, while "Group" or "Enel" refers to the

¹³ A joint operation is a joint control agreement in which the parties that hold joint control have rights relating to assets and obligations for the liabilities related to the agreement.

¹⁴ EnerNOC, eMotorWerks, Demand Energy Networks, Enel Distribuição Goiás and Tynemouth Energy Storage.

¹⁵ Explanatory report on the results of the review, the consequences of the regulation, the activities of companies and operators and the interests of investors and savers.

whole of Enel SpA and its fully consolidated subsidiaries.

Details on the companies included in the full consolidated scope are provided in the 2017 Financial Report. A more detailed disclosure of changes is provided in the 2017 Consolidated Financial Statements in the "Main changes in the consolidated scope" and "Significant events in 2017" paragraphs.

The data are calculated in detail on the basis of Enel's accounting, non-accounting and other information systems, and are validated by the relevant managers. Estimate-based data

and the relative calculation method are explicitly indicated.

For a time comparison of the data, please note that the differences between 2017 and 2016, in absolute value and in percentage value, are calculated using decimals that are sometimes not visible when printed. In the tables showing quantitative data, any percentage variations exceeding |100%| are indicated by "-".

How the Statement was prepared

The Statement was prepared according to the GRI Sustainability Reporting Standards (2016) of the Global Reporting Initiative (GRI) - Core option. Starting from the current year, Enel has made the transition from the GRI G4 Guidelines to the GRI Standards, reporting the results of its sustainability performance from the last two years, in line with the process adopted for the Financial Report. The GRI Content Index, shown at the end of this document beginning on page 70, contains the precise references to the 2017 Statement.

In particular, the content creation process was based on principles of relevance (or "materiality"), stakeholder inclusiveness, sustainability context, and completeness of data and information; with reference to the quality of the reported information, the principles of balance, comparability, accuracy, timeliness, clarity and reliability were followed.

This document also reflects Enel's adherence with the principles of inclusivity, materiality and responsiveness indicated in

the AA1000APS (AccountAbility Principles Standard) issued in 2008 by AccountAbility, an international institute of applied research on sustainability issues. With reference to the materiality principle in particular, the degree of detail with which the various issues are covered in reporting was determined according to their weight in the Enel Group's objectives and strategies and their relevance to the stakeholders, as determined through a structured materiality assessment.

Lastly, the various chapters included reference to the United Nations' main Sustainable Development Goals (SDGs), in line with the guidelines of the SDG Compass, the guide published in November 2015 and developed by GRI, UN Global Compact and the World Business Council for Sustainable Development (WBCSD) with the aim of supporting companies in aligning their strategy with the SDGs and measuring and managing their contribution to these objectives.

2017 materiality assessment

In the process followed for the 2017 materiality assessment, the issues and categories of stakeholders subject to the assessment were reviewed following guidelines and suggestions received from internal and external stakeholders; new initiatives to involve and listen to stakeholders were also implemented. This path is consistent with the adopted methodology, which provides for an annual update of the results obtained the previous year and the implementation every two years of new initiatives for listening to and involving stakehol-

ders. This would take place in parallel with a possible revision of the issues and the categories of stakeholders involved in the analysis, with the aim of incorporating any transformation to the sustainability scenario the Company operates in.

The materiality assessment is based on AA1000SES guidelines, for the phases of mapping, stakeholder prioritization and analysis of the results of involvement. The AccountAbility and GRI Standards criteria are used to define the material issues and the application of the principle of materiality. The choice

of issues to be analyzed is based on various sources, including company policies and principles of corporate conduct, initiatives based on stakeholder consultation, issues having a significant impact on the sustainability rating agencies and industry benchmarking studies.

The dimensions investigated for the issues being analyzed are:

- > on the stakeholders' side, the relative importance of each issue according to their perceptions and the "direction" of their expectations (expectations of Enel's engagement as opposed to disengagement);
- > on the Company's side, the issues' level of impact on business strategies, determined based on the current and future commitment made on each issue.



The materiality of the various issues in Enel's strategies was assessed by involving the Company's Functions and submitted such information to the Chairman and Chief Executive Of-

ficer. This analysis reflects the strategic guidelines defined by the 2018-2020 Strategic Plan, the objectives of the Functions/ Divisions and the commitments undertaken by the Group through its policies and its own criteria of conduct.

Through its representation in the materiality matrix from the "Materiality assessment" paragraph, the joint analysis of the two dimensions expresses how "aligned" or "misaligned" the intervention priorities as indicated by the stakeholders in relation to the various issues are compared to the Group's relative degree of commitment.

Below is the transcoding table for the issues included in the materiality assessment (as detailed in the Non-Financial Statement) under the GRI Standards indicators, with the associated indication of the internal and external scope of the organization and the limitation of scope.

ESG category	Materiality assessment topic	GRI Standards	Internal scope	External scope	Reporting limitations on internal scope	Reporting limitations on external scope
Business & Governance	Sound governance and fair corporate conduct	GRI 205: Anti-corruption	Group		-	-
		GRI 406: Non-discrimination				
		GRI 415: Public Policy				
	Decarbonization of the energy mix	GRI 305: Emissions	Group		-	-
Environmental	Environmental compliance and management	GRI 302: Energy	Group		-	-
		GRI 303: Water				
		GRI 305: Emissions				
		GRI 306: Effluents and Waste				
Social	People management, development and motivation	GRI 401: Employment	Group		-	-
		GRI 402: Labor/Management Relations				
		GRI 404: Training and Education				
		GRI 405: Diversity and Equal Opportunity				
		GRI 407: Freedom of Association and Collective Bargaining				
		GRI 408: Child Labor				
		GRI 409: Forced or Compulsory Labor				
		GRI 410: Security Practices				
		GRI 412: Human Rights Assessment				
	Occupational health and safety	GRI 403: Occupational Health and Safety	Group	Suppliers	-	Reporting partially extended to suppliers
	Engaging local communities	GRI 411: Rights of Indigenous Peoples	Group		-	-
		GRI 413: Local Communities				
		GRI 414: Supplier Social Assessment				



Drafting and assurance process

The process of reporting and monitoring the Key Performance Indicators (KPIs) relevant to sustainability involves the Holding in terms of cross-functional issues, and all the Business Lines, Global Functions and Companies of the Group for the specific issues and indicators for their various sectors of activity.

The managers in charge of collecting, checking and processing the KPIs under their responsibility are identified within the structures involved. The Sustainability unit, which is part of the Innovation and Sustainability Function, is responsible for consolidating information and coordinating the entire Statement drafting process.

In this process, the Administration, Finance and Control Function ensures consistency of the quantitative data present in the Group consolidation system between the Sustainability Report and the other reporting documents.

The Statement is submitted to the analysis and assessment of the Enel Control and Risks Committee and the Enel Corporate Governance and Sustainability Committee on March 21,

2018 and approved by the Board of Directors on March 22. The resulting document is presented to the Shareholders' General Meeting in conjunction with the Group's Consolidated Financial Statements.

The Statement underwent limited assurance by an independent company, EY SpA, the auditor that is also in charge of auditing the Enel Group's Consolidated Financial Statements. The limited assurance was carried out according to the ISAE 3000 (Revised)¹⁶ international standard and, consequently, to the Code of Ethics for Professional Accountants, including professional independence and verification that there are no conflicts of interest that may affect the ethical principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behavior. The audit report describing the details of the principles adopted, the activities carried out and the related conclusions is included at the end of this Statement.

¹⁶ International Standard on Assurance Engagements ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

Units of measure

%	percentage
g/kWh eq	grams per kilowatt hour equivalent
dd	days
GWh	gigawatt hours
h/pro-cap	hours <i>per capita</i>
km	kilometers
l/kWh eq	equivalent liters per kilowatt hour equivalent
mil euros	millions of euros
mil m ³	millions of cubic meters
mil t	millions of tons
mil t eq	equivalent million ton
MJ/kWh eq	Megajoule per kilowatt hour equivalent
MW	Megawatts
MWh	Megawatt hours
no.	number
r	rate
t	tons
TJ	Terajoule
TWh	Terawatt hours

Acronyms

BoD	Board of Directors
CCGT	Combined Cycle Gas Turbine
CERT	Cyber Emergency Readiness Team
CSV	Creating Shared Value
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization
ESG	Environmental, Social and Governance
SCIGR	Internal Control and Risk Management System
SDG	Sustainable Development Goal
SRI	Socially Responsible Investor
TCFD	Task Force on Climate-related Financial Disclosure
UN	United Nations

GRI Content Index

GRI Standards	Disclosure	Page number(s) and/or URL(s)	Omission		
			Part Omitted	Reason	Explanation
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	102-8 Information on employees and other workers	37-39			
	102-9 Supply chain	7			
	102-10 Significant changes to the organization and its supply chain	8			
	102-11 Precautionary Principle or approach	15-17			
	102-12 External initiatives	10			
	102-13 Membership of associations	10			
	STRATEGY				
	102-14 Statement from senior decision-maker	4			
	ETHICS AND INTEGRITY				
	102-16 Values, principles, standards, and norms of behavior	25-26			
	102-17 Mechanisms for advice and concerns about ethics	25-26			
	GOVERNANCE				
	102-18 Governance structure	11-15			
	102-22 Composition of the highest governance body and its committees	12-15			
	102-24 Nominating and selecting the highest governance body	12-15			

GRI Standards	Disclosure	Page number(s) and/or URL(s)	Omission		
			Part Omitted	Reason	Explanation
GRI 102: General Disclosures 2016	STAKEHOLDER ENGAGEMENT				
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	102-41 Collective bargaining agreements	35-36			
	102-42 Identifying and selecting stakeholders	19-20			
	102-43 Approach to stakeholder engagement	20			
	102-44 Key topics and concerns raised	20-21			
	REPORTING PRACTICES				
	102-45 Entities included in the consolidated financial statements	65-66			
	102-46 Defining report content and topic boundaries	18-19; 65-68			
	102-47 List of material topics	20-21; 65-68			
	102-48 Restatements of information	64 First release of the document			
	102-49 Changes in reporting	64 First release of the document			
	102-50 Reporting period	64			
	102-51 Date of most recent report	64			
	102-52 Reporting cycle	64			
	102-53 Contact point for questions regarding the report	64			
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	103-3 Evaluation of the management approach	26-27			
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	26-28			
GRI 300 Environmental Standards Series					
GRI 103: Management Approach 2016	ENERGY				
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	103-2 The management approach and its components	53-54			
	103-3 Evaluation of the management approach	53-54			

GRI Standards	Disclosure	Page number(s) and/or URL(s)	Omission		
			Part Omitted	Reason	Explanation
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	302-3 Energy intensity	58			
	302-4 Reduction of energy consumption	57-58			
GRI 103: Management Approach 2016	WATER				
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	103-2 The management approach and its components	53-54; 58-60			
	103-3 Evaluation of the management approach	53-54; 58-60			
GRI 303: Water 2016	303-1 Water withdrawal by source	59			
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GRI 300 Environmental Standards Series					
GRI 103: Management Approach 2016	EMISSIONS				
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	103-2 The management approach and its components	53-54			
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GRI 103: Management Approach 2016	EFFLUENTS AND WASTE				
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GRI 103: Management Approach 2016	EMPLOYMENT				
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	103-3 Evaluation of the management approach	33-34			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	37-38			

GRI Standards	Disclosure	Page number(s) and/or URL(s)	Omission		
			Part Omitted	Reason	Explanation
GRI 103: Management Approach 2016	LABOR/MANAGEMENT RELATIONS				
	103-1 Explanation of the material topic and its boundary	20-21; 66-67			
	103-2 The management approach and its components	33-35			
	103-3 Evaluation of the management approach	33-35			
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	36			
GRI 103: Management Approach 2016	OCCUPATIONAL HEALTH AND SAFETY				
	103-1 Explanation of the material topic and its boundary	20-21; 66-67			
	103-2 The management approach and its components	33-34; 42-44			
	103-3 Evaluation of the management approach	33-34; 42-44			
GRI 403: Occupational Health and Safety 2016	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	44; 46-48	Contractor H&S rates by gender, employee absentee rate (AR) by gender	Figure not available	Figure not available in the actual monitoring system. Data will be reported starting from 2018
GRI 103: Management Approach 2016	TRAINING AND EDUCATION				
	103-1 Explanation of the material topic and its boundary	20-21; 66-67			
	103-2 The management approach and its components	33-34			
	103-3 Evaluation of the management approach	33-34			
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	40			
	404-3 Percentage of employees receiving regular performance and career development reviews	40			
GRI 103: Management Approach 2016	DIVERSITY AND EQUAL OPPORTUNITY				
	103-1 Explanation of the material topic and its boundary	20-21; 66-67			
	103-2 The management approach and its components	28-30; 33-35			
	103-3 Evaluation of the management approach	28-30; 33-35			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	14; 40			
GRI 103: Management Approach 2016	NON-DISCRIMINATION				
	103-1 Explanation of the material topic and its boundary	20-21; 66-67			
	103-2 The management approach and its components	28-30; 33-35			
	103-3 Evaluation of the management approach	28-30; 33-35			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	32			

GRI Standards	Disclosure	Page number(s) and/or URL(s)	Omission		
			Part Omitted	Reason	Explanation
GRI 103: Management Approach 2016	FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING				
	103-1 Explanation of the material topic and its boundary	20-21; 66-67			
	103-2 The management approach and its components	28-30			
	103-3 Evaluation of the management approach	28-30			
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	28-30 As part of the human rights due diligence process, a Group-wide assessment is carried out on the entire value chain and, to ensure a thorough analysis, detailed information is provided at the country level and not at the level of individual operations			
GRI 103: Management Approach 2016	CHILD LABOR				
	103-1 Explanation of the material topic and its boundary	20-21; 66-67			
	103-2 The management approach and its components	28-30			
	103-3 Evaluation of the management approach	28-30			
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	28-30 As part of the human rights due diligence process, a Group-wide assessment is carried out on the entire value chain and, to ensure a thorough analysis, detailed information is provided at the country level and not at the level of individual operations			
GRI 103: Management Approach 2016	FORCED OR COMPULSORY LABOR				
	103-1 Explanation of the material topic and its boundary	20-21; 66-67			
	103-2 The management approach and its components	28-30			
	103-3 Evaluation of the management approach	28-30			
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	28-30 As part of the human rights due diligence process, a Group-wide assessment is carried out on the entire value chain and, to ensure a thorough analysis, detailed information is provided at the country level and not at the level of individual operations			
GRI 103: Management Approach 2016	SECURITY PRACTICES				
	103-1 Explanation of the material topic and its boundary	20-21; 66-67			
	103-2 The management approach and its components	28-29; 31			
	103-3 Evaluation of the management approach	28-29; 31			

GRI Standards	Disclosure	Page number(s) and/or URL(s)	Omission		
			Part Omitted	Reason	Explanation
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	All Enel people is involved in training about sustainability issues, of which human rights are a fundamental element. All suppliers sign specific clauses concerning human rights and commit to complying with the associated policy			
RIGHTS OF INDIGENOUS PEOPLES					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	20-21; 66-67			
	103-2 The management approach and its components	28-29; 50-51			
	103-3 Evaluation of the management approach	28-29; 50-51			
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	No violations of the rights of indigenous peoples have been reported			
HUMAN RIGHTS ASSESSMENT					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	20-21; 66-67			
	103-2 The management approach and its components	28-29			
	103-3 Evaluation of the management approach	28-29			
GRI 412: Human Rights Assessment 2016	412-1 Operations that have been subject to human rights reviews or impact assessments	28-30 As part of the human rights due diligence process, a Group-wide assessment is carried out on the entire value chain and, to ensure a thorough analysis, detailed information is provided at the country level and not at the level of individual operations			
	412-2 Employee training on human rights policies or procedures	31			
LOCAL COMMUNITIES					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	20-21; 66-67			
	103-2 The management approach and its components	28-30; 50-51			
	103-3 Evaluation of the management approach	28-30; 50-51			
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	51-52	% of total Group operations	Figure not available	Figure not available in the actual monitoring system
SUPPLIER SOCIAL ASSESSMENT					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	20-21; 66-67			
	103-2 The management approach and its components	31			
	103-3 Evaluation of the management approach	31			
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	31			

GRI Standards	Disclosure	Page number(s) and/or URL(s)	Omission		
			Part Omitted	Reason	Explanation
GRI 103: Management Approach 2016	PUBLIC POLICY				
	103-1 Explanation of the material topic and its boundary	20-21; 66-67			
	103-2 The management approach and its components	25-27			
	103-3 Evaluation of the management approach	25-27			
GRI 415: Public Policy 2016	415-1 Political contributions	Enel does not have direct relations with political parties and does not provide funding of any kind, as explicitly established at point 2.2 of the Zero Tolerance of Corruption Plan and at point 3.26 of the Group's Code of Ethics. Some exceptions can be found in some countries following the local law and subject to analysis by the due bodies			

Independent auditors' report on the consolidated non-financial statement in accordance with article 3, paragraph 10 of Legislative Decree December 30, 2016, n. 254 and with article 5 of Consob Regulation adopted with Resolution 20267

(Translation from the original Italian text)

To the Board of Directors of
Enel S.p.A.

We have performed a limited assurance engagement pursuant to article 3, paragraph 10 of Legislative Decree December 30, 2016, n. 254 (the Decree) and article 5 of Consob Regulation adopted with Resolution 20267, on the consolidated non-financial statement of Enel S.p.A. and its subsidiaries (the Group) for the year ended on December 31, 2017 pursuant to article 4 of the Decree and approved by the Board of Directors on March 22, 2018 (the NFS).

Responsibilities of directors and board of statutory auditors for the NFS

The directors are responsible for the preparation of the NFS in accordance with the requirements of articles 3 and 4 of the Decree and the Global Reporting Initiative Sustainability Reporting Standards defined in 2016 by GRI - Global Reporting Initiative (the GRI Standards), identified by them as a reporting standard.

The directors are also responsible, within the terms provided by law, for that part of internal control that they consider necessary in order to allow the preparation of the NFS that is free from material misstatements caused by fraud or non-intentional behaviors or events.

The directors are also responsible for identifying the contents of the NFS within the matters mentioned in article 3, paragraph 1 of the Decree, considering the business and the characteristics of the Group and to the extent deemed necessary to ensure the understanding of the Group's business, its performance, its results and its impact.

The directors are also responsible for defining the Group's management and organization business model, as well as with reference to the matters identified and reported in the NFS, for the policies applied by the Group and for identifying and managing the risks generated or incurred by the Group.

The board of statutory auditors is responsible, within the terms provided by the law, for overseeing the compliance with the requirements of the Decree.

Auditors' independence and quality control

We are independent in accordance with the ethics and independence principles of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants,

based on fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behavior. Our audit firm applies the International Standard on Quality Control 1 (ISQC Italia 1) and, as a result, maintains a quality control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable laws and regulations.

Auditors' responsibility

It is our responsibility to express, on the basis of the procedures performed, a conclusion about the compliance of the NFS with the requirements of the Decree and of the GRI Standards. Our work has been performed in accordance with the principle of "International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (the ISAE 3000 Revised), issued by the International Auditing and Assurance Standards Board (the IAASB) for limited assurance engagements. This standard requires the planning and execution of work in order to obtain a limited assurance that the NFS is free from material misstatements. Therefore, the extent of work performed in our examination was lower than that required for a full examination according to the ISAE 3000 Revised ("reasonable assurance engagement") and, hence, it does not provide assurance that we have become aware of all significant matters and events that would be identified during a reasonable assurance engagement.

The procedures performed on the NFS were based on our professional judgment and included inquiries, primarily with company's personnel responsible for the preparation of the information included in the NFS, documents analysis, recalculations and other procedures in order to obtain evidences considered appropriate.

In particular, we have performed the following procedures:

1. analysis of the relevant topics in relation to the activities and characteristics of the Group reported in the NFS, in order to assess the reasonableness of the selection process applied in accordance with the provisions of article 3 of the Decree and considering the reporting standard applied;
2. analysis and evaluation of the criteria for identifying the consolidation area in order to evaluate its compliance with the provisions of the Decree;
3. comparison of the economic and financial data and information included in the NFS with those included in the Enel Group's consolidated financial statements for the year ended on December 31, 2017;
4. understanding of the following aspects:
 - o group's management and organization business model, with reference to the management of the topics indicated in article 3 of the Decree;
 - o policies adopted by the Group related to the matters indicated in article 3 of the Decree, results achieved and related key performance indicators;
 - o main risks, generated or suffered related to the matters indicated in the article 3 of the Decree.

With regards to these aspects, we obtained the documentation supporting the information contained in the NFS and performed the procedures described in item 5. a) below.

5. understanding of the processes that lead to the generation, detection and management of significant qualitative and quantitative information included in the NFS.

In particular, we have conducted interviews and discussions with the management of Enel S.p.A. and with the personnel of Enel Russia PJSC, e-distribuzione S.p.A., Enel Produzione S.p.A., and Enel Green Power S.p.A. and we have performed limited documentary evidence procedures, in order to collect information about the processes and procedures that support the collection, aggregation, processing and transmission of non-financial data and information to the management responsible for the preparation of the NFS.

Furthermore, for significant information, considering the Group activities and characteristics:

- at Group level,
 - a) with reference to the qualitative information included in the NFS, and in particular to the business model, the policies implemented and the main risks, we carried out inquiries and acquired supporting documentation to verify its consistency with the available evidence and
 - b) with reference to quantitative information, we have performed both analytical procedures and limited assurance procedures to ascertain on a sample basis the correct aggregation of data;
- for the Konakovskaya GRES thermal power plant of Enel Russia PJSC, for the Fusina thermal power plant and for the Nove hydro power plant, both of Enel Produzione S.p.A., that we have selected based on their activities, relevance to the consolidated performance indicators and locations, we have carried out site visits during which we have had discussions with management and have obtained evidence about the appropriate application of the procedures and the calculation methods used to determine the indicators.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the consolidated non-financial statement of the Enel Group for the year ended on December 31, 2017 has not been prepared, in all material aspects, in accordance with the requirements of articles 3 and 4 of the Decree and the GRI Standards.

Other Information


The Group has prepared the Sustainability Report for the year ended December 31, 2016; such data are presented for comparative purposes in the NFS. This document has been subject to voluntary limited assurance procedures in accordance with ISAE 3000 by us, on which we have expressed an unqualified conclusion.

Rome, April 17, 2018

EY S.p.A.

Signed by: Massimo Antonelli, Partner

This report has been translated into the English language solely for the convenience of international readers.



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Seeding Energies. The Power of Being.

We are the energy to express the full potential of each of us.

We are the environment in which we live and the change to which we are devoted, every day.

For this we undertake to safeguard our planet and promote social development.

With passion and innovation. 365 days a year. In more than 30 countries.

We are the communities in which we work and with which we grow.

Because together we have the power to be sustainable.

