Report and financial statements of Enel SpA at December 31, 2021

enel

OPEN POWER FOR A BRIGHTER FUTURE.

WE EMPOWER SUSTAINABLE PROGRESS.

enel

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This document has been prepared in PDF format in order to facilitate readers of the financial statements. This document is a supplementary variant of the official version compliant with the provisions of Commission Delegated Regulation (EU) 2019/815 (the ESEF Regulation - European Single Electronic Format) available on the Company's website (www.enel.com) and at the authorized storage mechanism "eMarket STORAGE" (www.emarketstorage.com).

Enel is Open Power

POSITIONING
Open Power

VISION
Open Power
to tackle some
of the world's
biggest challenges.

MISSION

- Open access to electricity for more people.
- Open the world of energy to new technology.
- Open up to new uses of energy.
- Open up to new ways of managing energy for people.
- Open up to new partnerships.

PRINCIPLES OF CONDUCT

- Make decisions in daily activities and take responsibility for them.
- Share information, being willing to collaborate and open to the contribution of others.
- Follow through with commitments, pursuing activities with determination and passion.
- Change priorities rapidly if the situation evolves.
- Get results by aiming for excellence.
- Adopt and promote safe behavior and move pro-actively to improve conditions for health, safety and well-being.
- Work for the integration of all, recognizing and leveraging individual diversity (culture, gender, age, disabilities, personality, etc.).
- Work focusing on satisfying customers and/or co-workers, acting effectively and rapidly.
- Propose new solution and do not give up when faced with obstacles or failure.
- Recognize merit in co-workers and give feedback that can improve their contribution.

VALUES

- Trust
- Proactivity
- Responsibility
- Innovation

Letter to shareholders and other stakeholders

Michele Crisostomo

Chairman

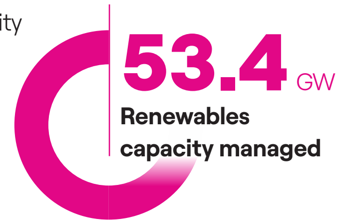
Francesco Starace

Chief Executive Officer
and General Manager

Dear shareholders and stakeholders,

2021 was the year in which the Enel Group sharply accelerated its energy transition strategy towards a decarbonized, customer-centric business model.
We are the largest private renewable energy operator in the world, with 53.4 GW of managed capacity, and the largest private-sector electricity distribution company globally, with more than 75 million end users connected to our grids, the world's most advanced digitalized networks. We also manage the largest customer base in the world among private-sector companies, with more than 69 million customers.
Our business model, which is entirely based on digital platforms, enables us to optimally seize the opportunities offered by the energy transition now under way around the globe.

The solid economic and financial performance of the Enel Group in 2021 made it possible to achieve the objectives we announced to the market, including our targets for EBITDA and ordinary profit.
The Group's leadership in sustainability was once again recognized at the international level by our continuing presence in a number of important sustainability ratings, indices and rankings. In addition, Enel was again included in the main indices that monitor corporate gender diversity performance.
In 2021 we were again the leading utility by market capitalization in Europe and the second in the world.



The macroeconomic environment

The global economy in 2021 experienced a generalized recovery on a global scale, with estimated world GDP growth of about 5.8% on an annual basis, sustained by government fiscal policies and strong monetary stimulus from central banks, as well as by the effective vaccination campaign implemented in many countries starting from the 2nd Quarter of the year.
In the United States, GDP expanded by an annual 5.7% in 2021, although the decline in private consumption and industrial production, shortages of raw materials and sharply rising energy prices slowed the economy in the final months of the year.
In the euro area, the real economy registered a substantial recovery in 2021, with GDP growing by 5.2% on an annual basis, driven by a strong recovery in the 2nd and 3rd Quarters, although growth slowed in the 4th Quarter due to a rapid increase in energy prices and the introduction of restrictions on economic activity and mobility in response to the spread of the Omicron variant.

The pattern was similar in Latin America, where economic developments in 2021 were strongly influenced by the progress of national vaccination campaigns, with an average increase in GDP of almost 10% compared with the previous year in the main countries in which we operate.
The broad-based recovery and the reopening of commercial activities at the beginning of 2021 generated large imbalances between supply and demand, creating severe distortions in supply chains and consequently triggering inflationary pressures that subsequently impacted the prices of intermediate and consumer goods.
During 2021, the oil market experienced rapid growth in its indices, reflecting optimism about the recovery in economic activity, combined with the precautionary measures of OPEC regarding production cuts. Considerable volatility was registered in the European gas market, caused by both supply and demand factors, contributing to a sharp increase in prices in the 4th Quarter of 2021. CO_2 prices also increased, responding to the strong commitment expressed by the European authorities, who expressed their intention to reduce CO_2 emissions by at least 55% by 2030, causing the price of the commodity to rise above €80/ton at the end of December.
The bullish performance of the commodity markets in 2021 led to a sharp increase in power prices across Europe, which exceeded 220% compared with 2020 in Italy and Spain.
The year 2021 was also characterized by large increases in the prices of the main industrial metals. The resumption of economic

activity and the revival of investment have driven demand, while supply has been challenged by availability issues and logistical bottlenecks, generating scarcity on the market with a consequent sharp rise in prices.
The world scenario, already characterized by high price volatility, was further shaken in February 2022 by the Russian military intervention in Ukraine.
The conflict is dramatic in its impact on the civilian population and its profound effect on the world's geopolitical, economic and energy balance, with major repercussions for the energy security of the European Union countries in particular.
In this constantly evolving environment, the Group is carefully monitoring international developments, promptly assessing the impacts on its business activities, financial situation and performance in the main euro-area countries in which it operates, with particular regard to the shortage of raw materials from the areas affected by the conflict and the generalized increase in commodity prices.

Performance

Ordinary net profit

€5.6
billion

+8%
on 2020

The Enel Group continued to grow in 2021, hitting all the objectives announced to the financial community despite the continuing instability associated with the COVID-19 pandemic and the uncertainty engendered by the volatility in commodity prices.
In particular, the 2021 financial year closed with ordinary EBITDA of €19.2 billion, with an increase of 6.7% compared with 2020. Ordinary profit, on which the dividend is calculated, reached €5.6 billion, an increase of 8% compared with the previous year.
The dividend for 2021 amounts to €0.38 per share, an increase of 6.1% compared with 2020. In terms of cash generation, FFO in 2021 were about 3% greater than the previous year despite the impact on working capital of the still unstable macroeconomic situation. Net debt is equal to €52.0 billion, lower than the forecasts previously provided to investors.

Main developments

As in previous years, Enel reached a new record for renewables generation capacity in 2021, adding 5,120 MW of new renewables capacity globally, which includes 220 MW of battery storage for the first time, while continuing to grow our project pipeline to 370 GW worldwide.
Installed renewables capacity reached 53.4 GW, taking an important step towards the complete decarbonization of the generation mix and divesting 1,983 MW of installed coal-fired capacity.[1]
For the second consecutive year, 2021 posted a record for renewables generation, with about 118 TWh of output, equal to 51% of the total Group production.
As a result, the Group reduced specific CO_2 emissions to 227 gCO_{2eq}/kWh, a decrease of 45% compared with 2017, continuing progress along the path towards the SBTi certified target of 82 gCO_{2eq}/kWh by 2030.
Thanks to investments in grids and the simultaneous effort to digitalize systems and processes, we have reached 75 million customers connected to our grids, 60% of which are equipped with smart meters. At the same time, we have exceeded 1 million prosumers (customers who are both consumers and electricity producers) connected to the Group's grids.
Furthermore, the volume of electricity distributed over our grids around the world reached 510 TWh in 2021, surpassing the levels recorded in the pre-pandemic period.
In order to meet the new demands on the grid and the new role of distribution system operators (DSOs), the Grid Futurability® project was launched in 2021 within the

(1) 1,120 MW Litoral (Andalusia, Spain), 548 MW La Spezia (Liguria, Italy) and 315 MW units 1 and 2 of Fusina (Veneto, Italy).

scope of COP26, with which the Global Infrastructure and Networks (GI&N) area has delineated a path to 2030 for the renovation, upgrading, digitalization and expansion of power grids.

The year 2021 was also crucial for the progress of the Grid Blue Sky project, which seeks to redesign the operating model from a platform standpoint, making grid operations significantly more efficient and enabling new services for customers.

Furthermore, 2021 saw the launch of Gridspertise, a company born from the Group's successful experience in the field of technological and digital innovation of distribution grids, with the aim of making innovative solutions available to third-party distribution companies to accelerate the energy transition.

The Group confirmed its leadership in managing the largest customer base in the world, with 16 retailers, 69 million commodity customers and 7 million beyond-commodity customers.

In order to simplify the customer experience and maximize their satisfaction, in April the Global Customer Operations Service Functions was created. It is responsible for managing and optimizing the activation, billing, credit and customer care processes, leveraging the platform operating model.

Furthermore, in order to seize the incredible opportunities offered by the electrification process that will characterize the coming decade, a new global organizational unit named Enel X Global Retail was created with the job of creating a single commercial and marketing strategy directed at end users, integrating the commodity market with the beyond-commodity solutions offered by the Enel X businesses. Our leadership has grown stronger in the business-to-government segment, in active demand management services for our industrial customers and in energy storage solutions in the business-to-business segment.

In order to further accelerate the electrification of transport, we have launched the new Enel X Way in order to lend even more energy to the development of electric mobility, a key business for the energy transition.

Among extraordinary corporate transactions during the year, the sale of 50% of the share capital of Open Fiber, held by Enel, to Macquarie Infrastructure and Real Assets and CDP Equity (40% and 10% respectively) closed in December 2021.

From a financial point of view, on March 4, 2021, an equity-accounted perpetual hybrid bond was issued in the amount of €2.25 billion. The transaction increased the Group's hybrid bond portfolio, bringing it to about €5.6 billion, further strengthening and optimizing the Group's financial structure.

Between June and September 2021, Enel issued sustainability-linked bonds denominated in euros and US dollars in the total equivalent amount of about €10.1 billion. These issues are linked to the achievement of Enel's sustainability target for the reduction of direct greenhouse gas emissions (Scope 1) and are consistent with the Group's Sustainability-Linked Financing Framework, updated to January 2021.

€10.1 billion

Sustainability-linked bonds issued between June and September 2021

At the same time, Enel repurchased and cancelled outstanding bonds not linked to the pursuit of SDG objectives through two voluntary purchase offers and the exercise of repurchase options for a total amount of about €7.4 billion.

The bond issue and repurchase programs made it possible to achieve a ratio between sustainable sources of financing and the Group's total gross debt of about 55%, simultaneously reducing the cost of the Group's debt to its current 3.5%.

55 %

Ratio between sustainable sources of financing and the Group's total gross debt

Furthermore, on March 5, 2021, Enel obtained a revolving 5-year credit line from a pool of banks in the amount of €10 billion. The credit line is linked to the key performance indicator (KPI) for direct greenhouse gas emissions.

Strategy and forecasts for 2022-2024

Over the past decade we have seen how the development of renewables has been the dominant trend in energy generation thanks to cost reductions, allowing decarbonization to proceed more rapidly.
Similarly, we expect the electrification process to characterize the current decade, emerging as a crucial factor for avoiding the grave consequences of a temperature increase above 1.5 °C compared with pre-industrial levels.

€210 billion
Direct and third-party investments to 2030

With electrification, customers will gradually convert their energy consumption to electricity, with gains in terms of cost, efficiency, emissions and price stability.
With the new Strategic Plan, the Group has confirmed the path towards 2030 already under way, increasing investments envisaged in the previous Business Plan by 6% to around €210 billion in direct and third-party investments.
The Group confirmed the use of two different business models (Ownership and Stewardship) to achieve the objectives we have set, which will be deployed depending on geographical area and operating conditions.
The strategy and positioning of the Group envisaged for 2030 have made it possible to bring forward the "Net-Zero" commitment for both direct and indirect emissions by 10 years from 2050 to 2040. With regard to the generation of energy and the sale of electricity and natural gas to end users, Enel is committed to achieving zero emissions without resorting to CO_2 capture techniques or nature-based solutions such as reforestation.
The Plan underpinning the early achievement of this ambitious goal is based on the implementation of certain key strategic steps: (i) the plan to abandon coal and gas generation by 2027 and 2040 respectively, replacing the thermal generation portfolio with new renewables capacity and exploiting the hybridization of renewables with storage solutions; (ii) by 2040, 100% of the electricity sold by the Group will be generated from renewables and by the same year the Group will exit the retail gas sales business.
In support of our long-term targets, in 2022-2024 the Group expects to directly invest around €45 billion, of which €43 billion through the Ownership model, mainly in expanding and upgrading grids and in developing renewables and about €2 billion through the Stewardship model, while mobilizing €8 billion in investment from third parties.
About 94% of 2022-2024 consolidated investment is in line with the United Nations Sustainable Development Goals (SDGs) and it is estimated that more than 85% of this investment will be aligned with the criteria of the European taxonomy.
The Group expects to increase the renewables capacity it manages to some 77 GW by the end of 2024, with zero-emission output reaching about 77% of the total, with a decrease in specific greenhouse gas emissions of more than 35% in the same period.
In distribution grids, the acceleration of investment, thanks in part to the opportunities created with the National Recovery and Resilience Plans launched by the European Union, will expand the Group's regulatory asset base (RAB) by 14% to about €49 billion in 2024, making it possible to reach a total of some 81 million customers served, 4 million of which through the Stewardship model.
The central role of our customers in the Group's business model makes the integrated margin a pillar of our Plan. This is

the margin from the sale of power generated and purchased, the correct management of which requires the joint optimization of both sales and provisioning. Compared with 2021, we expect the integrated margin to grow 1.6 times by 2024. This will be accompanied by a decrease of about 15% in the total cost of electricity sold compared with 2021.
On the performance front, the Group expects ordinary EBITDA to reach between €21.0 and 21.6 billion by 2024, an increase of about 11% compared with 2021. At the same time, ordinary profit is forecast to rise by about 20% from €5.6 billion in 2021 to between €6.7 and 6.9 billion in 2024.
Enel’s dividend policy for the period remains simple, predictable and attractive. Shareholders should receive a fixed dividend per share (DPS) that is expected to increase by 13% between 2021 and 2024, reaching €0.43 per share.

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BS Statement of Financial Position

CF Statement of Cash Flows

EO Statement of Changes in Equity

OCI Statement of Comprehensive Income

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1. Report on Operations

Dividend policy

Enel's dividend policy for the year remains simple, predictable and attractive. Shareholders will receive a fixed dividend per share that is expected to rise by 13% from 2021 to 2024, reaching €0.43 per share.

Sale of 50% of Open Fiber

As part of extraordinary corporate transactions, the sale of Enel's 50% stake in Open Fiber SpA to Macquarie Asset Management and CDP Equity SpA closed in December 2021.

Expansion of sustainable sources of financing

In line with the Sustainability-Linked Financing Framework and with a view to achieving Enel's sustainability objective for the reduction of direct greenhouse gas emissions (Scope 1), we are steadily expanding our use of sustainable funding instruments.

Enel organizational model

The Enel Group structure is organized into a matrix that comprises:

- five Global Business Lines, which are responsible in all the geographic areas in which the Group operates for developing, building, operating and maintaining assets, engaging in trading activities, as well as developing and managing the portfolio of new products and services (in addition to commodities);
- four areas and two countries, which are responsible for managing relations with customers, institutions and regulatory authorities, sales of electricity, gas and new products and services at the country level; providing staff services and activities to the Global Business Lines present in the country, integrating the activities of the Business Lines present in the countries;
- three Global Service Functions, which are responsible for the integrated management of all Group activities relating to the development and governance of digital solutions, procurement and customer processes.

The Holding Company is focused on activities involving a significant degree of policy-making, coordination and control for the Group as a whole.

Operating through Administration, Finance and Control, People and Organization, Communications, Legal and Corporate Affairs, Innovability (Innovation and Sustainability) and Audit functions, the Holding Company seeks to:

- manage activities with significant value creation potential for the Group;
- manage activities aimed at protecting the Group from events that could have a negative impact on its financial position, image or business continuity;
- support top management and the Business Lines/functions/areas/countries in key strategic decisions concerning those activities and related strategic control issues.

The Holding Company exercises its policy-making, coordination and control role in essentially two ways:

- direct management in which, in addition to performing the policy-making, coordination and control role, it also has total or prevalent responsibility for performing the associated activities (e.g., finance, M&A, etc.);
- indirect management in which it plays a policy-making and supervisory role, while execution of operations is essentially delegated to the Business Lines/functions/areas/countries on the basis of policies, processes and guidelines. The supervisory role is exercised by way of ex-post control processes.

Furthermore, in order to ensure the effective coordination and development of our activities, a reporting system has been established between the Holding Company functions indicated above and the corresponding staff functions at the Business Line/function/area/country level. This reporting connection envisages that the Head of the Holding Company function and the Head of the Business Line/function/area/country jointly manage the appointment, evaluation and development of the head of the corresponding Holding Company function at the Business Line/function/area/country level.

Each Holding Company function is responsible for defining policies, processes, procedures and organizational structures, within the scope of their remit, for the entire Group.

The Holding Company functions are also charged with managing and supervising the professional families in their respective functions at the Business Line/function/area/country level.

The following summarizes the main responsibilities attributed to the Holding Company, which are exercised by the latter in compliance with company law and the management autonomy of the listed subsidiaries and/or those subject to functional separation, in force in the various countries in which we operate.

Administration, Finance and Control

The Administration, Finance and Control function has the mission of:

- managing the strategic planning, industrial planning, budgeting and reporting processes for the Group; monitoring the evolution of the Group's operating and financial results, identifying any deviations and suggesting possible corrective actions;
- supporting the Group Investment Committee in evaluating investment proposals;
- conducting M&A operations;
- defining the optimal structure of Group capital and the composition of debt, managing loans, liquidity and relations with the international banking system, financial institutions, investors and analysts and managing financial risk and insurance coverage for the entire Group;
- preparing the financial statements of Enel SpA and setting the guidelines and policies for the preparation of the financial statements of the Group companies;
- ensuring tax compliance for Enel SpA and tax planning, guidelines and policies for the Group;
- monitoring and managing commodity, financial and strategic risks as well as any other risk that could potentially affect the Group's value, with a view to optimizing or minimizing their impact.

People and Organization

The People and Organization function has the mission of:

- defining organizational arrangements in line with Group strategies, guiding change management programs;
- managing the function's budget and the long-term plan at the Group level, defining guidelines and objectives; defining the Group's guidelines for the compensation and benefit process; managing industrial relations;
- developing the Group's technical, professional and managerial skills in accordance with the needs of the business, promoting integration across the business and cultures;
- defining the Group's strategies and guidelines for managing health, safety, the environment, quality and security, ensuring their implementation at the Group level.

Communications

The Communications function has the mission of:

- developing and managing the global Enel brand identity, leveraging the Group's resources, skills and operational excellence;
- managing relations with global media;
- developing and managing internal communication of local and global content and defining the guidelines to be applied at the country level;
- managing and optimizing the Group's online communication channels, including the Group's websites and social network presence.

Legal and Corporate Affairs

The Legal and Corporate Affairs function has the mission of:

- providing legal assistance and support to the entire Group, identifying and managing legal issues and litigation and ensuring the compliance of activities carried out by Group companies with applicable laws and regulations;
- managing the corporate governance system and advising on the related issues (including relations with the financial market regulatory authorities and managing the corporate bodies and the system of delegated powers).

Innovability (Innovation and Sustainability)

The Innovability (Innovation and Sustainability) function has the mission of:

- promoting the sharing and development of new ideas for possible business approaches and new technologies, providing structured monitoring of the proposals from their reception to the incubation of an idea through to its ultimate deployment, coordinating the various Global Business Lines and Service Functions;
- promoting and identifying potential start-ups and partnerships, in collaboration with the Global Business Lines and countries;
- promoting, coordinating and supporting innovative projects among the Global Business Lines;
- promoting and consolidating the Group's strategy for innovation and providing appropriate reporting on innovation activities within the Group;
- defining the Group's Sustainability Plan, setting specific objectives and monitoring the achievement of those objectives; handling the Group's relations with international bodies on CSR issues, managing CSR/CSV projects at the Group level.

Audit

The Audit function has the mission of:

- systematically and independently assessing the effectiveness and adequacy of the Enel Group's internal control system;
- supporting each part of the Group in monitoring risks and identifying mitigation actions.

Enel shareholders

At December 31, 2021, the fully subscribed and paid-up share capital of Enel SpA totaled €10,166,679,946, represented by the same number of ordinary shares with a par value of €1.00 each. Share capital is unchanged compared with that registered at December 31, 2020. In 2021 the Company purchased a total of 1,620,000 treasury shares to support the 2021 Long-Term Incentive plan (LTI Plan) for the management of Enel and/or its subsidiaries pursuant to Article 2359 of the Italian Civil Code. Considering the number of treasury shares already owned, Enel SpA holds a total of 4,889,152 treasury shares, all supporting the 2019, 2020 and 2021 LTI Plans.

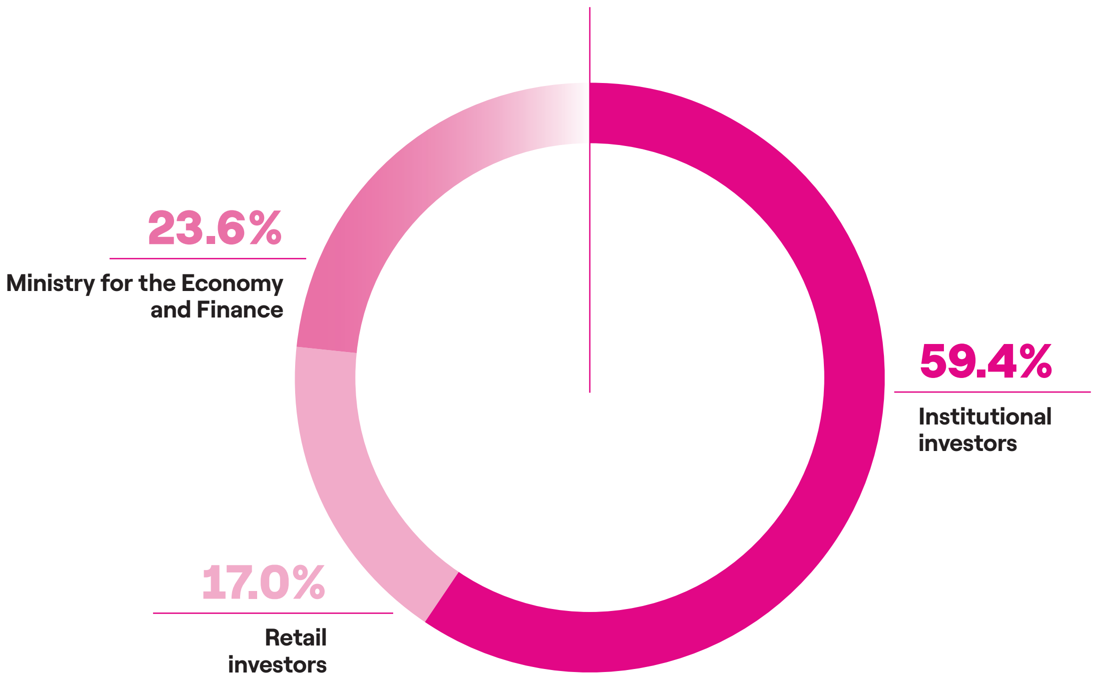
Significant shareholders

At December 31, 2021, based on the shareholders register and the notices submitted to CONSOB and received by the Company pursuant to Article 120 of Legislative Decree 58 of February 24, 1998, as well as other available information, shareholders with an interest of greater than 3% in the Company's share capital included the Ministry for the Economy and Finance (with a 23.585% stake), BlackRock Inc. (with a stake of 5.000% held for asset management purposes) and Capital Research and Management Company (with a 5.000% stake held for asset management purposes).

Composition of shareholder base

Since 1999, Enel has been listed on Euronext Milan market (formerly the Mercato Telematico Azionario) organized and operated by Borsa Italiana SpA. Enel's shareholders include leading international investment funds, insurance companies, pension funds and ethical funds.

With regard to Environmental, Social and Governance (ESG) investors in Enel, at December 31, 2021, socially responsible investors (SRIs) held around 14.6% of the share capital (in line with December 31, 2020), while investors who have signed the Principles for Responsible Investment represent 46.6% of the share capital (compared with 47.8 at December 31, 2020).



Corporate boards

Board of Directors

CHAIRMAN
Michele Crisostomo

CHIEF EXECUTIVE OFFICER AND GENERAL MANAGER
Francesco Starace

SECRETARY
Silvia Alessandra Fappani

DIRECTORS
Cesare Calari
Costanza Esclapon de Villeneuve
Samuel Leupold
Alberto Marchi
Mariana Mazzucato
Mirella Pellegrini
Anna Chiara Svelto

Board of Statutory Auditors

CHAIRMAN
Barbara Tadolini

AUDITORS
Romina Guglielmetti
Claudio Sottoriva

ALTERNATE AUDITORS
Maurizio De Filippo
Francesca Di Donato
Piera Vitali

Audit Firm

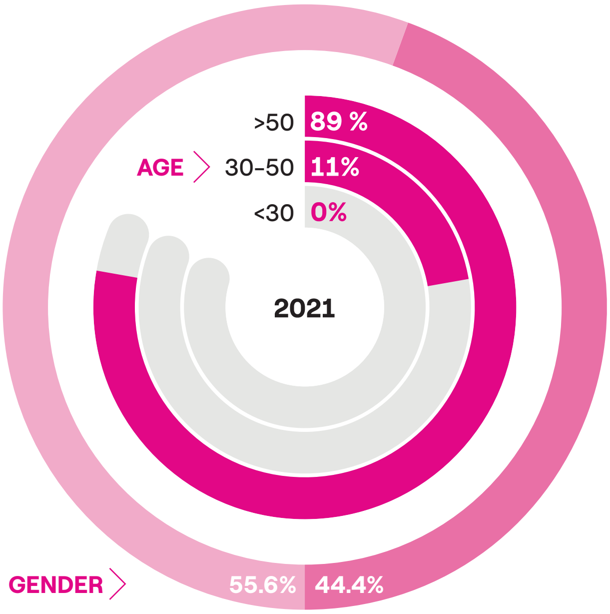
KPMG SpA

Composition of the Board of Directors

1 executive director
1 in 2020

8 non-executive directors
8 in 2020

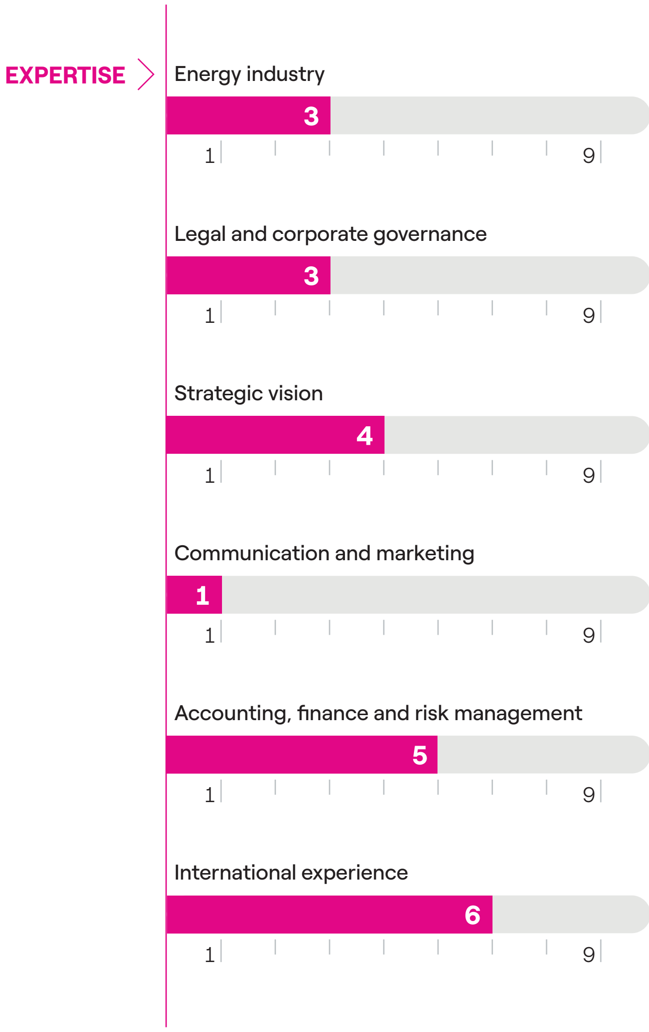
of which 8 independent(1)
7 in 2020



55.6% in 2020 | 44.4% in 2020

5 Men
5 in 2020

4 Women
4 in 2020



(1) The figures for 2020 refer to directors qualifying as independent pursuant to the Corporate Governance Code for Italian listed companies (2018 edition). The figures for 2021 refer to directors qualifying as independent pursuant to the Italian Corporate Governance Code (2020 edition).

Powers

Board of Directors

The Board is vested by the bylaws with the broadest powers for the ordinary and extraordinary management of the Company, and specifically has the power to carry out all the actions it deems advisable to implement and attain the corporate purpose.

Chairman of the Board of Directors

The Chairman is vested by the bylaws with the powers to represent the Company and to sign on its behalf, presides over Shareholders' Meetings, convenes and presides over the Board of Directors, and ascertains that the Board's resolutions are carried out. Pursuant to a Board resolution of May 15, 2020, the Chairman has been vested with a number of additional non-executive powers.

Chief Executive Officer

The Chief Executive Officer is also vested by the bylaws with the powers to represent the Company and to sign on its behalf, and in addition is vested by a Board resolution of May 15, 2020 with all powers for managing the Company, with the exception of those that are otherwise assigned by law or the bylaws or that the aforesaid resolution reserves for the Board of Directors.

Enel shares

Enel and the financial markets

	2021	2020
Gross operating profit per share (euro)(1)	1.73	1.66
Operating profit per share (euro)(1)	0.76	0.83
Group profit per share (euro)	0.31	0.26
Group ordinary profit per share (euro)	0.55	0.51
Dividend per share (euro)(2)	0.38	0.358
Group equity per share (euro)	2.92	2.79
Share price - 12-month high (euro)	8.95	8.57
Share price - 12-month low (euro)	6.53	5.23
Average share price in December (euro)	6.77	8.17
Market capitalization (millions of euro)(3)	68,804	83,110
No. of shares outstanding at December 31 (millions)(4)	**10,167**	**10,167**

(1) For comparative purposes only, €87 million in 2020 in respect of the component recognized through profit or loss deriving from the remeasurement at fair value of the financial assets connected with service concession arrangements involving distribution operations in Brazil falling within the scope of IFRIC 12 have been reclassified from financial income to revenue. The latter classification had an impact of the same amount on operating profit. For more details, please see note 7 to the 2021 consolidated financial statements.
(2) Dividend approved by the Enel SpA Shareholders' Meeting of May 19, 2022 at single call. The amount includes the interim dividend of €0.19 per share approved by the Board of Directors on November 4, 2021 and paid as from January 26, 2022.
(3) Calculated on average share price in December.
(4) The number of shares includes 4,889,152 treasury shares in 2021 and 3,269,152 treasury shares in 2020.

		Current(1)	at Dec. 31, 2021	at Dec. 31, 2020
Rating				
Standard & Poor's	Outlook	STABLE	STABLE	STABLE
	Medium/long-term	BBB+	BBB+	BBB+
	Short-term	A-2	A-2	A-2
Moody's	Outlook	STABLE	POSITIVE	POSITIVE
	Medium/long-term	Baa1	Baa1	Baa2
	Short-term	-	-	-
Fitch	Outlook	STABLE	STABLE	STABLE
	Medium/long-term	BBB+	A-	A-
	Short-term	F2	F2	F2

(1) Figures updated to January 31, 2022.

The world economy in 2021 was characterized by a generalized recovery, with estimated world GDP growth of about 5.8% on an annual basis. The rebound was made possible, especially in the more developed countries, by significant government fiscal support and the rapid and effective roll-out of vaccination campaigns.
However, the reopening of economic activity at the beginning of 2021 generated sharp imbalances between supply and demand on a global scale, causing severe distortions in supply chains and, consequently, pushing up the prices of raw materials and intermediate and consumer goods,
In the 2nd Half of 2021, US GDP, which increased by 5.7% year-on-year in the year as a whole, grew more slowly than anticipated at the beginning of the year.
In the euro area, the real economy posted a clear recovery in both the 2nd and 3rd Quarters of 2021, with annual GDP estimated to have grown by 5.2%. However, the economic recovery slowed in the 4th Quarter due to rapid increases in energy prices and a surge in Omicron-related COVID cases, which prompted many countries to reintroduce business closures and mobility restrictions.
In Latin America, the reopening of national economies coincided with a global increase in food and energy prices against a background of weak local currencies and periods of severe drought in many large relevant areas of the continent. These developments pushed up inflation, which in many cases was well above the targets of local central banks.

The economic recovery also impacted financial markets. The main European equity indices closed 2021 with gains. The Italian FTSE-MIB rose 23.0%, the Spanish Ibex35 gained 7.9%, the German DAX30 increased 15.8% and the French CAC40 jumped 28.9%.

The euro-area utilities sector (EURO STOXX Utilities) closed the year with an increase of 3.6%.

Finally, as regards the Enel stock, 2021 ended with a price of €7.046 per share, a decline of 14.9% on the previous year.

On January 20, 2021 Enel paid an interim dividend of €0.175 per share from 2020 profits and on July 21, 2021 it paid the balance of the dividend for that year in the amount of €0.183. Total dividends distributed in 2021 amounted to €0.358 per share, about 9% higher than the €0.328 per share distributed in 2020.

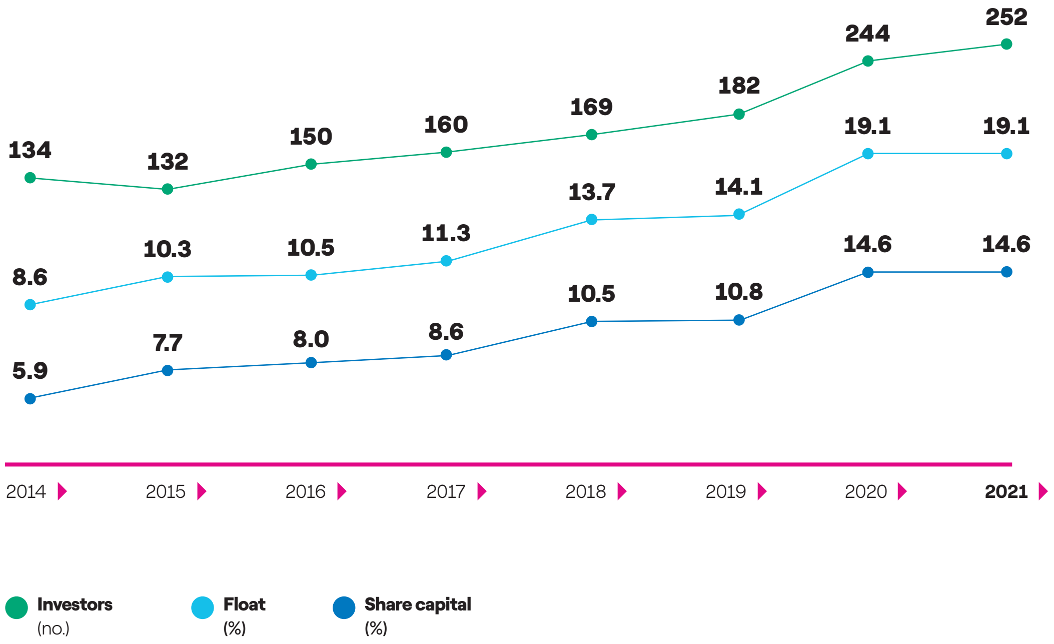
In relation to ordinary profit for 2021, on January 26, 2022 an interim dividend of €0.19 was paid, while the balance of the dividend is scheduled for payment on July 20, 2022.

At December 31, 2021, institutional investors had reduced their position in Enel to 59.4% of share capital (compared with 62.3% at December 31, 2020), while the share of individual investors rose to 17.0% (as against 14.1% at December 31, 2020). The interest of the Ministry for the Economy and Finance was unchanged at 23.6%. Socially responsible investors (SRIs) held about 14.6% of share capital (essentially unchanged on December 31, 2020) and represent 24.6% of institutional investors (23.4% at December 31, 2020). Investors who have signed the Principles for Responsible Investment represent 46.6% of share capital (47.8% at December 31, 2020).

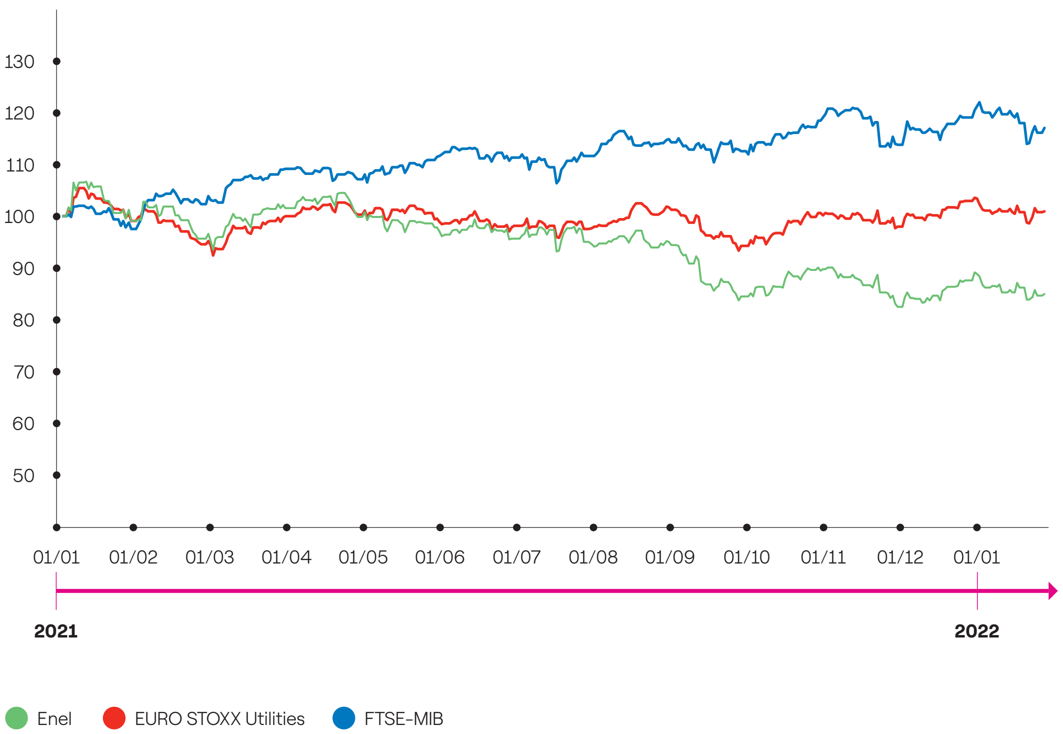
For further information we invite you to visit the Investor Relations section of our corporate website (http://www.enel.com/investors/overview) and download the "Enel Investor" app, which contains both economic and financial information (annual reports, semi-annual and quarterly reports, presentations to the financial community, analyst estimates and stock market trading trends involving the shares issued by Enel and its main listed subsidiaries, ratings and outlooks assigned by rating agencies) and up-to-date data and documentation of interest to shareholders and bondholders in general (price sensitive press releases, outstanding bonds, bond issue programs, composition of Enel's corporate bodies, bylaws and regulations of Shareholders' Meetings, information and documentation relating to Shareholders' Meetings, procedures and other documentation concerning corporate governance, the Code of Ethics and organizational and management arrangements).

We have also created contact centers for private investors (which can be reached by phone at +39-0683054000 or by e-mail at azionisti.retail@enel.com) and for institutional investors (phone: +39-0683051; e-mail: investor.relations@enel.com).

Developments in ESG investors



Performance of Enel share price and the EURO STOXX Utilities and FTSE-MIB indices from January 1, 2021 to January 31, 2022



Activities of Enel SpA

Enel SpA, in its capacity as an industrial holding company, determines strategic objectives for the Group and the subsidiaries, coordinating their activity. The activities that Enel SpA performs as part of its policy-making and coordination function in respect of the other Group companies, as reflected in the organizational structure adopted by the Company, can be summarized as follows:

- Holding Company functions, connected with the coordination of governance processes at the Group level:
  - Administration, Finance and Control;
  - People and Organization;
  - Communications;
  - Legal and Corporate Affairs;
  - Innovability (Innovation and Sustainability);
  - Audit.

Enel SpA meets the Group's liquidity requirements, mainly using the cash flows generated by ordinary operations and a range of funding sources, appropriately managing any excess liquidity.

Significant events in 2021

Moody's upgrades Enel's long-term rating to "Baa1"

On January 15, 2021, Moody's Investors Service (Moody's) announced that it had upgraded its long-term rating of Enel SpA to "Baa1" from the previous level of "Baa2". Among the rating drivers prompting the upgrade, Moody's cited:

- low earnings volatility driven by large scale and geographical diversification;
- stable earnings stemming from regulated networks and contracted generation, which account for 80% of the Group's EBITDA;
- solid financial profile, with funds from operations/net debt in excess of 20%.

Merger of EGP Américas SpA into Enel Américas SA

As part of the corporate reorganization aimed at integrating the non-conventional renewable generation activities of the Enel Group in Central and South America (excluding Chile), on February 1, 2021 the wholly-owned subsidiary Enel Rinnovabili Srl was merged into the wholly-owned Chilean subsidiary of Enel SpA, EGP Américas SpA.

On April 1, 2021, EGP Américas SpA was merged into Enel Américas SA.

Issue of new hybrid bonds totaling €2.25 billion

On March 4, 2021, the Company successfully issued a multi-tranche non-convertible subordinated perpetual hybrid bond denominated in euros for institutional investors on the European market in the total amount of €2.25 billion (the "New Bonds").

The new issue strengthens and optimizes the Group's capital structure with an incremental component of hybrid bonds, thus helping to support the growth of the Group delineated in the 2021-2023 Strategic Plan, which provides for direct investments of around €40 billion in that period.

The issue was carried out in execution of the resolution of February 25, 2021 of the Company's Board of Directors, which authorized the issue by Enel, by December 31, 2021, of one or more non-convertible subordinated hybrid bonds in the maximum amount of €3 billion.

Enel agrees the largest ever sustainability-linked revolving credit facility

On March 5, 2021, Enel SpA and its Dutch subsidiary Enel Finance International NV (EFI) signed the largest ever sustainability-linked revolving credit facility in the amount of €10 billion, with a term of five years.

The facility, which will be used to meet the Group's financial requirements, is linked to a key performance indicator consisting of direct greenhouse gas emissions (i.e., Group Scope 1 CO_2 equivalent emissions from the production of electricity and heat), contributing to the achievement of the United Nations Sustainable Development Goal (SDG) 13 "Climate Action" and in line with the Group's Sustainability-Linked Financing Framework, for which Vigeo Eiris provided a second-party opinion. The facility replaces the previous €10 billion revolving credit line obtained by Enel and EFI in December 2017 and has a lower all-in cost than the earlier facility.

Voluntary partial public tender offer for the shares and American Depositary Shares of Enel Américas SA

As part of the process of corporate reorganization aimed at integrating the non-conventional renewable energy business of the Enel Group in Central and South America (excluding Chile) into the listed Chilean subsidiary Enel Américas SA, on March 15, 2021, the Company, as previously announced to investors, launched a voluntary partial public tender offer for Enel Américas common stock and American Depositary Shares (ADSs) up to a maximum overall amount of 7,608,631,104 shares (including the shares represented by ADSs), equal to 10% of the company's outstanding share capital at that date (the Offer).
The Offer was structured as a voluntary public tender offer in the United States and a voluntary public tender offer in Chile.
The Offer period ran from March 15 to April 13, 2021.
The Offer was conditional upon the effectiveness of the merger of EGP Américas SpA into Enel Américas SA, which occurred on April 1, 2021.
The total outlay of 1,065.2 billion Chilean pesos (equal to around €1.3 billion, calculated at the exchange rate prevailing on April 15, 2021 of 847.87 Chilean pesos for 1 euro) was funded through internally generated cash flows and existing borrowing capacity.
Following completion of the voluntary partial public tender offer and the merger of EGP Américas, Enel holds about 82.3% of Enel Américas' currently outstanding share capital.

Issue of a €3.25 billion sustainability-linked bond

On June 8, 2021, Enel Finance International NV (EFI) issued a triple-tranche sustainability-linked bond for institutional investors on the eurobond market totaling €3.25 billion. The bond is linked to the achievement of Enel's sustainable objective related to the reduction of direct greenhouse gas emissions (Scope 1), contributing to the United Nations Sustainable Development Goal (SDG) 13 "Climate Action" and in line with the Group's "Sustainability-Linked Financing Framework".
At the same time, EFI launched a non-binding voluntary tender offer for the repurchase of four outstanding series of conventional bonds, which was completed on June 15, 2021.
With the completion of the non-binding tender offer launched on June 8, 2021, EFI repurchased in cash conventional euro-denominated bonds with a total nominal value of €1,069,426,000.
Consistent with the current Group Strategic Plan, the liability management operation and the newly issued multi-tranche sustainability-linked bond of June 8 last will further accelerate achievement of the Group's goals for increasing the ratio of sustainable finance sources as a proportion of the Group's total gross debt, a target set at 48% by 2023 and more than 70% by 2030.

Sustainability-linked purchase of treasury shares serving the 2021 Long-Term Incentive Plan

On June 17, 2021, Enel SpA announced that the Board of Directors of the Company, implementing the authorization granted by the Shareholders' Meeting held on May 20, 2021, had approved the launch of a share buyback program for 1.62 million shares (the Program), equivalent to about 0.016% of Enel's share capital.
The Program, which began on June 18, 2021 and was completed on July 21, 2021, was introduced to serve the 2021 Long-Term Incentive Plan for the management of Enel and/or of its subsidiaries pursuant to Article 2359 of the Italian Civil Code (2021 LTI Plan) which was also approved by Enel's Shareholders' Meeting of May 20, 2021.
Over the course of the Program, a total of 1,620,000 Enel shares (equal to 0.015934% of the share capital) were acquired at a volume-weighted average price of €7.8737 per share, for a total of €12,755,459. Considering the treasury shares already owned, as of December 31, 2021, Enel held 4,889,152 treasury shares, equal to 0.048090% of the share capital.

Enel Finance International repurchases bonds with a total nominal value of $6 billion

With settlement date of 23 July, Enel Finance International NV, the Dutch finance subsidiary of Enel SpA, repurchased in cash four of its conventional bonds, guaranteed by Enel, with a total nominal value of $6 billion, following the exercise of the repayment option provided for in the offer documents of the bonds.
The repurchase was carried out as part of the Enel Group's strategy to further accelerate the achievement of its goals for increasing the ratio of sustainable finance sources as a proportion of the Group's total gross debt, a target set at 48% by 2023 and more than 70% by 2030, and for optimizing the structure of the Group's liabilities through the active management of maturities and the cost of borrowing.

Enel successfully places a €3.5 billion triple-tranche sustainability-linked bond on the eurobond market, while launching a tender offer for conventional bonds denominated in US dollars

On September 21, 2021, Enel Finance International NV (EFI) launched a €3.5 billion triple-tranche sustainability-linked bond for institutional investors on the eurobond market. The bond is linked to the achievement of Enel's sustainability objective related to the reduction of direct greenhouse gas emissions (Scope 1), contributing to the United Nations Sustainable Development Goal (SDG) 13 "Climate Action", in line with the Group's Sustainability-Linked Financing Framework. At the same time, EFI launched a non-binding voluntary tender offer for the partial repurchase of three series of outstanding conventional bonds, which was completed on October 4, 2021 in the overall amount of about $1.47 billion, thereby accelerating achievement of the Group's goals for increasing the ratio of sustainable finance sources as a proportion of the Group's total gross debt.
On October 5, 2021, following the results at the Early Expiry Date of the tender offer launched on September 21, EFI repurchased and canceled conventional bonds in the total amount of $1.47 billion.

Sale of 50% of Open Fiber for €2,650 million

In implementation of the resolutions of the Board of Directors of December 17, 2020 and April 30, 2021, on December 3, 2021 Enel SpA finalized the sale of its entire investment in Open Fiber SpA, equal to 50% of that company's share capital, to Macquarie Asset Management and CDP Equity SpA (CDPE), following satisfaction of all the conditions set out in the contracts agreed with them.
More specifically, 40% of the share capital of Open Fiber was sold to Macquarie Asset Management for about €2,199 million, of which some €79 million as a ticking fee, calculated from July 1, 2021 until the closing of the transaction. This price includes the transfer of 80% of Enel's share of the shareholder loan granted to Open Fiber, including accrued interest, equal to about €248 million.
At the same time, 10% of the share capital of Open Fiber was sold to CDPE for about €534 million, of which about €4 million as a ticking fee, calculated from November 1, 2021 until November 30, 2021. This price includes the transfer of 20% of Enel's share of the shareholder loan granted to Open Fiber, including accrued interest, equal to about €62 million.
The total proceeds received by Enel therefore amounted to about €2,733 million, and resulted in the recognition of income of €1,629 million.

Consent solicitation for hybrid bond holders

On October 28, 2021, Enel SpA launched a consent solicitation aimed at holders of a non-convertible subordinated hybrid bond issued by the Company in the amount of €900 million, seeking to align its terms and conditions with those of bonds issued in 2020 and 2021. On December 9, 2021, the Noteholders' Meeting approved the proposed changes to the terms and conditions of the bond. More specifically, the approved changes establish, *inter alia*, that:

- the bond, initially issued with a specified long-term maturity date, will become due and payable and hence will have to be repaid by Enel only in the event of the winding up or liquidation of the Company;
- the events of default previously envisaged in the terms and conditions and additional documentation that govern the bond are eliminated.

Enel Board approves issue of hybrid bonds of up to €3 billion

On December 16, 2021, the Board of Directors of Enel SpA authorized Enel to issue, by December 31, 2022, one or more non-convertible subordinated hybrid bonds, including perpetual bonds, in the maximum amount of up to €3 billion. These bonds are to be placed exclusively with European and non-European institutional investors, including through private placements.
With the same resolution, the Board of Directors also revoked the previous resolution of February 25, 2021, concerning the issue of one or more bonds by the Company, for the portion not yet implemented, amounting to about €0.75 billion, without prejudice to all effects arising from issues already carried out.
The new bonds, if issued, are intended to further strengthen the Group's financial structure and/or refinancing outstanding Enel hybrid bonds.
The Board of Directors also charged the Chief Executive Officer with the task of deciding the issue of the new bonds and their respective characteristics and, therefore, taking account of market developments, determining the timing, amount, currency, interest rate and additional terms and conditions of the issues, as well as the methods of placement and any listing of the notes on regulated markets or multilateral trading facilities.

Enel joins forces with Intesa Sanpaolo to acquire Mooney and create a European fintech company

On December 23, 2021, Enel SpA, acting through its wholly-owned subsidiary Enel X Srl, and Intesa Sanpaolo SpA, acting through its subsidiary Banca 5 SpA, signed an agreement with Schumann Investments SA, a company controlled by the international private equity fund CVC Capital Partners Fund VI, to acquire 70% of Mooney Group SpA, a fintech company operating in proximity banking and payments. Specifically, Enel X will acquire 50% of Mooney's share capital, while Banca 5, which currently holds a 30% stake in Mooney, will increase its interest to 50%, putting the payments company under the joint control of both parties.

The agreement, based on an enterprise value for 100% of Mooney of €1,385 million, provides for Enel X to pay between €334 million and €361 million at closing. The price consists of €220 million for the equity and a variable component linked to a price adjustment mechanism at closing. At the same time, Intesa Sanpaolo will pay between €88 million and €94 million at closing. That price consists of €88 million for the equity and a variable component linked to a price adjustment mechanism at closing.

Definition of performance indicators

In order to present the results of the Parent and analyze its financial structure, Enel has prepared separate reclassified schedules that differ from those envisaged under the IFRS-EU adopted by the Group and by Enel SpA and presented in the consolidated and separate financial statements. These reclassified schedules contain different performance indicators from those obtained directly from the consolidated and separate financial statements, which management feels are useful in monitoring the performance of the Group and the Parent and representative of the financial performance of the business.
With regard to those indicators, on April 29, 2021, CONSOB issued warning notice no. 5/21, which gives force to the Guidelines issued on March 4, 2021 by the European Securities and Markets Authority (ESMA) on disclosure requirements under Regulation (EU) 2017/1129 (the Prospectus Regulation), which took effect on May 5, 2021.
The Guidelines update the previous CESR Recommendations (ESMA/2013/319, in the revised version of March 20, 2013) with the exception of those concerning the special issuers referred to in Annex no. 29 of Delegated Regulation (EU) 2019/980, which were not converted into Guidelines and remain applicable.
Accordingly, as from May 5, 2021, the references to the above CESR Recommendations contained in previous CONSOB communications shall be considered to have been replaced by references to the ESMA Guidelines cited above, including the references in Communication no. DEM/6064293 of July 28, 2006 regarding the net financial position.
The Guidelines are intended to promote the usefulness and transparency of alternative performance indicators included in regulated information or prospectuses within the scope of application of Directive 2003/71/EC in order to improve their comparability, reliability and comprehensibility.
Accordingly, in line with the regulations cited above, the criteria used to construct these indicators are as follows.

Gross operating profit: an operating performance indicator, calculated as "Operating profit" plus "Depreciation, amortization and impairment losses".

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Net non-current assets: calculated as the difference between "Non-current assets" and "Non-current liabilities" with the exception of:

- "Deferred tax assets";
- "Other financial assets" included in "Other non-current financial assets";
- "Long-term borrowings";
- "Employee benefits";
- "Provisions for risks and charges (non-current portion)";
- "Deferred tax liabilities".

Net working capital: calculated as the difference between "Current assets" and "Current liabilities" with the exception of:

- "Long-term loan assets (current portion)", "Cash collateral" and "Other financial assets" included in "Other current financial assets";
- "Cash and cash equivalents";
- "Short-term borrowings" and the "Current portion of long-term borrowings";
- "Provisions for risks and charges (current portion)";
- "Other borrowings" included in "Other current liabilities".

Gross capital employed: calculated as the algebraic sum of "Net non-current assets" and "Net working capital", "Deferred tax liabilities" and "Deferred tax assets", as well as "Net assets held for sale".

Net capital employed: calculated as the algebraic sum of "Gross capital employed" and "Provisions for risks and charges".

Net financial debt: a financial structure indicator, calculated as:

- "Long-term borrowings", "Short-term borrowings" and the "Current portion of long-term borrowings", taking account of "Short-term borrowings" included in "Other current liabilities";
- net of "Cash and cash equivalents";
- net of the "Current portion of long-term loan assets", "Cash collateral" and "Other financial assets" included in "Other current financial assets";
- net of "Other financial assets" included in "Other non-current financial assets".

Performance and financial position of Enel SpA

Performance

The performance of Enel SpA in 2021 and 2020 is summarized in the following table.

Millions of euro

	2021	2020	Change
Revenue			
Revenue from sales and services	125	116	9
Other income	1,644	12	1,632
Total	**1,769**	**128**	**1,641**
Costs			
Purchases of consumables	1	-	1
Services, leases and rentals	197	171	26
Personnel expenses	179	118	61
Other operating costs	14	13	1
Total	**391**	**302**	**89**
Gross operating profit/(loss)	**1,378**	**(174)**	**1,552**
Depreciation, amortization and impairment losses	734	189	545
Operating profit/(loss)	**644**	**(363)**	**1,007**
Net financial income/(expense) and profit/(expense) from equity investments			
Income from equity investments	4,451	3,148	1,303
Financial income	1,313	1,591	(278)
Financial expense	1,760	2,172	(412)
Total	**4,004**	**2,567**	**1,437**
Pre-tax profit	**4,648**	**2,204**	**2,444**
Income taxes	(114)	(122)	8
PROFIT FOR THE YEAR	**4,762**	**2,326**	**2,436**

Revenue from sales and services regards revenue for management services provided to subsidiaries, revenue for IT assistance services and revenue for other services. The increase of €9 million is attributable to an increase in revenue from IT services (€16 million), which offset the reduction in revenue from other services (€4 million) and revenue from management services (€3 million).

Other income includes the capital gain of €1,629 million from the sale of the entire 50% investment held in the joint venture Open Fiber SpA to Macquarie Asset Management (40%) and CDP Equity SpA (10%), and billings for personnel of Enel SpA seconded to other Group companies (€14 million).

Costs for *purchases of consumables* were virtually unchanged on the previous year.

Costs for services, leases and rentals regard services provided by third parties in the amount of €67 million and by Group companies in the amount of €130 million.
Third-party services mainly regard communication services, professional and technical services, strategic consulting, business management and organization, legal and

notary services as well as IT services. The charges for services rendered by Group companies essentially refer to the subsidiaries Enel Global Services Srl and Enel Italia SpA and concern system and application assistance services, management services, management administrative services, personnel management services and services related to the management of the motor pool and other personal services.

Personnel expenses totaled €179 million, up €61 million on 2020, mainly reflecting costs for the early termination incentive plans adopted by the Company.

Other operating costs did not change significantly compared with 2020.

Gross operating profit came to €1,378 million, an improvement of €1,552 million on the previous year, reflecting the positive change in other income, partially offset by the increase in personnel expenses and costs for services, leases and rentals.

Depreciation, amortization and impairment losses amounted to €734 million, an increase of €545 million on the previous year.
The item reports the impairment losses recognized on the investments in the subsidiaries Enel Green Power SpA (€497 million), E-Distribuţie Muntenia SA (€145 million), E-Distribuţie Banat SA (€65 million), E-Distribuţie Dobrogea SA (€60 million), Enel Global Thermal Generation Srl (€19 million), Enel Investment Holding BV (€1 million) and Enelpower SpA (€1 million).
The item also includes reversals of impairment losses on the investments in the subsidiaries Enel Global Trading SpA (€43 million), Enel Italia SpA (€41 million) and Enel Innovation Hubs Srl (€7 million).
Depreciation and amortization amounted to €37 million, of which €4 million in depreciation and €33 million in amortization.
In 2020, depreciation, amortization and impairment losses amounted to €189 million and mainly regarded impairment losses on the investments held in the Romanian subsidiaries.

Operating profit came to €644 million, an improvement of €1,007 million on 2020. The change mainly regarded the recognition under "Other income" of the capital gain on the sale of the investment in the joint venture Open Fiber SpA, partly offset by the increase in impairment losses recognized in 2021 on equity investments and the increase in personnel expenses and costs for services, leases and rentals.

Income from equity investments amounted to €4,451 million. It comprised dividends approved by subsidiaries and associates in the amount of €4,409 million, by joint ventures in the amount of €41 million and by other investees in the amount of €1 million. Compared with the previous year, income from equity investments increased by €1,303 million, essentially reflecting an increase in dividends distributed by the subsidiary Enel Italia SpA following the transfer of investments held in Italian subsidiaries to that company at the start of 2020.

Net financial expense amounted to €447 million and essentially reflects interest expense on financial debt (€619 million), partly offset by net financial income from derivatives (€182 million).
Compared with the previous year, net financial expense decreased by €134 million, reflecting the improvement in net financial income from derivatives (€510 million), partly offset by other financial expense from adverse exchange rate developments (€376 million).

Income taxes for the year showed a benefit of €114 million, mainly due to the reduction in the tax base for corporate income tax (IRES) compared with a pre-tax profit due to the exclusion of 95% of the dividends received from the subsidiaries and the capital gain realized on the sale of Open Fiber SpA, and to the deductibility of Enel SpA's interest expense for the Group under the consolidated taxation mechanism in accordance with corporate income tax law (Article 96 of the Consolidated Income Tax Code).
Compared with the previous year, the improvement of €8 million is mainly due to the decline in estimated taxable income for IRES.

Profit for the year amounted to €4,762 million, compared with profit for the previous year of €2,326 million. The increase of €2,436 million mainly reflects the increase in other income, income from equity investments and the impairment adjustments on equity investments referred to above.

Analysis of financial position

Millions of euro			
	at Dec. 31, 2021	at Dec. 31, 2020	Change
Net non-current assets:			
- property, plant and equipment and intangible assets	155	121	34
- equity investments	60,269	50,622	9,647
- net other non-current assets/(liabilities)	(465)	(757)	292
Total	**59,959**	**49,986**	**9,973**
Net working capital:			
- trade receivables	275	241	34
- net other current assets/(liabilities)	(1,818)	(1,340)	(478)
- trade payables	(167)	(92)	(75)
Total	**(1,710)**	**(1,191)**	**(519)**
Gross capital employed	**58,249**	**48,795**	**9,454**
Provisions:			
- employee benefits	(172)	(200)	28
- provisions for risks and charges and net deferred taxes	89	162	(73)
- deferred tax assets	299	337	(38)
Total	**(83)**	**(38)**	**(45)**
Non-current assets classified as held for sale	-	669	(669)
Net capital employed	**58,166**	**49,426**	**8,740**
Total equity	**34,967**	**30,743**	**4,224**
NET FINANCIAL DEBT	**23,199**	**18,683**	**4,516**

The increase in **net non-current assets** essentially reflected:

- € 9,647 million from an increase in the value of the investments in subsidiaries, which was basically attributable to the following transactions: the recapitalization of the subsidiaries Enel Holding Finance Srl (€6,075 million) and Enel Finance International NV (€2,025 million); an increase in the investment in the Chilean subsidiary Enel Américas SA following completion of the voluntary tender offer (€1,273 million); capital contributions to the subsidiaries Enel North America Inc. (€665 million), Enel Insurance NV (€250 million), Enel Global Services Srl (€30 million) and Enel Global Thermal Generation Srl (€20 million). Another factor was the impairment recognized on the investments in Enel Green Power SpA, E-Distribuţie Muntenia SA, E-Distribuţie Banat SA, E-Distribuţie Dobrogea SA, Enel Global Thermal Generation Srl, Enel Investment Holding BV, and Enelpower SpA totaling €788 million and the revaluation of the investments in Enel Global Trading SpA, Enel Italia SpA and Enel Innovation Hubs Srl in the total amount of €91 million;
- €34 million from changes in property, plant and equipment and intangible assets, the net result of capital expenditure and depreciation and amortization for the year;
- €292 million from the decrease in "Net other non-current assets/(liabilities)" which essentially reflected a decrease in non-current derivative liabilities (€463 million) and in non-current derivative assets (€137 million).

Net working capital increased by €519 million on December 31, 2020. The change is attributable to:

- €478 million in respect of an increase in "Net other current assets/(liabilities)" reflecting an increase in other current liabilities, notably tax liabilities (€367 million) and the liability to shareholders for the 2021 interim dividend (€199 million), partly offset by the decrease in current derivative liabilities (€127 million);
- €34 million in respect of an increase in trade receivables, of which €33 million due from Group companies;
- €75 million in respect of an increase in trade payables, of which €67 million due to Group companies..

Net capital employed at December 31, 2021 amounted to €58,166 million and was funded by equity of €34,967 million and net financial debt of €23,199 million.

Equity amounted to €34,967 million, an increase of €4,224 million on the previous year. The change reflected the recognition of comprehensive income for 2021 (€4,907 million), the distribution of the balance of the dividend for 2020 (totaling €1,861 million), the interim dividend for 2021 (totaling €1,932 million), the issue of perpetual hybrid bonds in the amount of €2,214 million and the transformation of an outstanding hybrid bond into a hybrid equity instrument with the amendment of its terms and conditions in the amount of €967 million, net transaction costs.

Net financial debt amounted to €23,199 million at the end of the year, with a debt/equity ratio of 66.3% (60.8% at the end of 2020).

Analysis of the financial structure

Millions of euro	at Dec. 31, 2021	at Dec. 31, 2020	Change
Long-term debt:			
- bank borrowings	2,508	1,000	1,508
- bonds	4,324	5,139	(815)
- other lease financing	1	1	-
- loans from subsidiaries	18,739	11,157	7,582
Long-term debt	*25,572*	*17,297*	*8,275*
Long-term loan assets from third parties	(3)	(273)	270
Net long-term debt	**25,569**	**17,024**	**8,545**
Short-term debt/(liquidity):			
- current portion of long-term loans	216	820	(604)
- short-term bank borrowings	640	4	636
- cash collateral received	298	242	56
Short-term debt	*1,154*	*1,066*	*88*
- current portion of long-term loan assets	-	(1)	1
- other short-term financial receivables	(9)	(4)	(5)
- cash collateral paid	(1,077)	(1,584)	507
- net short-term financial position with Group companies	(1,486)	4,309	(5,795)
- cash and cash equivalents with banks and short-term securities	(952)	(2,127)	1,175
Net short-term debt	**(2,370)**	**1,659**	**(4,029)**
NET FINANCIAL DEBT	**23,199**	**18,683**	**4,516**

Net financial debt increased by €4,516 million, the result of an increase of €8,545 million in net long-term debt, partly offset by a decrease of €4,029 million in net short-term financial debt.

The main financial transactions increasing financial debt carried out during 2021 were:

- an increase in loans from subsidiaries compared with December 31, 2020, reflecting two new loan agreements with Enel Finance International NV for a total of €7,700 million, only partially offset by repayments of intercompany loans during the year;
- two new long-term floating rate bank borrowings totaling €502 million;
- the drawing of €1,000 million on a revolving bank credit facility;
- the repayment of two bank borrowings that had fallen due, amounting to €200 million and $227 million (equal to €196 million);
- the transformation of an outstanding subordinated hybrid bond into a hybrid equity instrument in the amount of €900 million as a result of the consent solicitation undertaken by the Company with a view to aligning the terms and conditions of that bond with those on new issues.

Cash and cash equivalents amounted to €952 million, a decrease of €1,175 million on December 31, 2020, essentially reflecting extraordinary transactions during the year involving investments in companies.
Please see the following section "Cash flows" for more details.

Cash flows

Millions of euro

	2021	2020	Change
Cash and cash equivalents at the beginning of the year	**2,127**	**4,153**	**(2,026)**
Cash flows from operating activities	6,687	4,499	2,188
Cash flows used in investing activities	(9,739)	(3,784)	(5,955)
Cash flows from/(used in) financing activities	1,877	(2,741)	4,618
Cash and cash equivalents at the end of the year	**952**	**2,127**	**(1,175)**

Cash flows from operating activities in 2021 were a positive €6,687 million, up €2,188 million compared with the previous year, mainly reflecting an increase in dividends received, a decline in payments on account in respect of IRES for the Group companies participating in the national consolidated taxation mechanism, a reduction in the use of funds and the effects connected with adverse exchange rate developments.

During the year, financing activities generated cash flows of €1,877 million. This mainly reflected the liquidity generated by new long-term borrowings (€9,203 million), the issue of perpetual hybrid bonds in the amount of €2,213 million, net of transaction costs connected with the issue and the transaction costs relating to the consent solicitation, partially offset by the net reduction in short-term financial debt (€5,200 million), the payment of dividends (€3,664 million) and repayments of long-term borrowings (€847 million).

Investing activities absorbed cash flows of €9,739 million, essentially reflecting capital contributions to Enel Holding Finance (€6,075 million), Enel Finance International NV (€2,025 million), Enel North America (€665 million) and Enel Insurance NV (€250 million), the voluntary public tender offer for the ordinary shares and American Depositary Shares of Enel Américas (€1,273 million), and the recapitalization of Enel Global Services Srl (€30 million) and Enel Global Thermal Generation Srl (€20 million), partly offset by the liquidity of €669 million generated by the sale of the investment in Open Fiber.

The cash requirements of investing activities were primarily funded by the contribution of the cash flows generated by operating activities, which were a positive €6,687 million, and the liquidity generated by financing activities in the amount of €1,877 million, as well as the use of cash and cash equivalents, which at December 31, 2021 amounted to €952 million (€2,127 million at January 1, 2021).

Performance of the main subsidiaries

Millions of euro	Financial statements	Revenue		Costs		Gross operating profit/(loss)	
		at Dec. 31, 2021	at Dec. 31, 2020	at Dec. 31, 2021	at Dec. 31, 2020	at Dec. 31, 2021	at Dec. 31, 2020
Endesa SA	Consolidated	20,899	17,050	16,621	13,241	4,278	3,809
Enel Américas SA	Consolidated	13,689	10,765	10,221	7,917	3,468	2,848
Enel Chile SA	Consolidated	3,180	2,863	2,599	1,857	581	1,006
Enel Italia SpA	Consolidated	790	770	843	698	(53)	72
Enel North America Inc.	Consolidated	1,477	1,291	867	595	610	696
Enel Russia PJSC	Consolidated	564	539	475	427	89	112
Enel Energie Muntenia SA	Separate	682	585	715	539	(33)	46
Enel Energie SA	Separate	700	596	699	549	1	47
Enel Finance International NV	Separate	1,012	1,793	2,113	1,454	(1,101)	339
Enel Global Infrastructure and Networks Srl	Separate	504	396	511	389	(7)	7
Enel Global Services Srl	Separate	959	828	936	762	23	66
Enel Global Thermal Generation Srl	Separate	116	127	133	130	(17)	(3)
Enel Global Trading SpA	Separate	23,680	13,173	23,547	12,884	133	289
Enel Green Power SpA	Separate	286	239	288	283	(2)	(44)
Enel Holding Finance Srl	Separate	-	-	-	-	-	-
Enel Iberia SLU	Separate	33	31	37	43	(4)	(12)
Enel Innovation Hubs Srl	Separate	6	7	6	6	-	1
Enel Insurance NV	Separate	119	118	106	123	13	(5)
Enel Investment Holding BV	Separate	2	2	3	2	(1)	-
Enel Romania SA	Separate	15	13	13	12	2	1
Enel X Srl	Separate	112	95	118	117	(5)	(22)
Enelpower SpA	Separate	-	-	-	-	-	-
E-Distribuţie Banat SA	Separate	116	111	96	75	20	36
E-Distribuţie Dobrogea SA	Separate	108	104	85	66	23	38
E-Distribuţie Muntenia SA	Separate	194	185	149	124	45	61

Amortization, depreciation and impairment losses		Operating profit/(loss)		Net financial income/(expense) and profit/(expense) from equity investments		Pre-tax profit/(loss)		Income taxes		Profit/(Loss) for the year	
at Dec. 31, 2021	at Dec. 31, 2020	at Dec. 31, 2021	at Dec. 31, 2020	at Dec. 31, 2021	at Dec. 31, 2020	at Dec. 31, 2021	at Dec. 31, 2020	at Dec. 31, 2021	at Dec. 31, 2020	at Dec. 31, 2021	at Dec. 31, 2020
2,322	1,897	1,956	1,912	(32)	(124)	1,924	1,788	467	388	1,457	1,400
1,217	964	2,251	1,884	(611)	(353)	1,640	1,531	682	496	958	1,035
293	1,044	288	(38)	(160)	(110)	128	(148)	17	(90)	111	(58)
119	69	(172)	3	2,270	2,656	2,098	2,659	(12)	21	2,110	2,638
337	342	273	354	(132)	(134)	141	220	28	64	113	156
35	42	54	70	–	–	54	70	–	10	54	60
12	19	(45)	27	1	–	(44)	27	(6)	5	(38)	22
13	16	(12)	31	2	1	(10)	32	(1)	5	(9)	27
–	–	(1,101)	339	186	(44)	(915)	295	(175)	78	(740)	217
–	2	(7)	5	(1)	(1)	(8)	5	(5)	5	(3)	–
64	61	(41)	5	(3)	(3)	(44)	2	(9)	4	(35)	(2)
1	5	(18)	(8)	(1)	–	(19)	(8)	(1)	2	(18)	(10)
23	15	110	274	(56)	(5)	54	269	57	80	(3)	189
(40)	388	38	(432)	(39)	(27)	(1)	(459)	(11)	(30)	10	(429)
–	–	–	–	–	–	–	–	–	–	–	–
(1)	–	(3)	(12)	7,706	1,061	7,703	1,049	83	(136)	7,620	1,185
–	–	–	1	–	–	–	1	–	–	–	1
–	–	13	(5)	8	1	21	(4)	5	(1)	16	(3)
–	–	(1)	–	–	–	(1)	–	–	–	(1)	–
1	–	1	1	–	–	1	1	–	–	1	1
13	12	(18)	(34)	(4)	(1)	(22)	(35)	(5)	(10)	(17)	(25)
–	–	–	–	–	–	–	–	–	–	–	–
23	19	(3)	17	–	1	(3)	18	–	3	(3)	15
19	18	4	20	–	(1)	4	19	1	3	3	16
48	46	(3)	15	1	2	(2)	17	1	4	(3)	13

Millions of euro	Financial statements	Non-current assets		Current assets	
		at Dec. 31, 2021	at Dec. 31, 2020	at Dec. 31, 2021	at Dec. 31, 2020
Endesa SA	Consolidated	28,316	25,828	11,652	6,234
Enel Américas SA	Consolidated	24,630	16,915	6,235	5,036
Enel Chile SA	Consolidated	8,534	7,890	1,315	1,177
Enel Italia SpA	Consolidated	20,010	24,788	9,821	3,676
Enel North America Inc.	Consolidated	11,295	8,361	1,198	577
Enel Russia PJSC	Consolidated	900	648	223	227
Enel Energie Muntenia SA	Separate	84	75	260	167
Enel Energie SA	Separate	33	26	290	185
Enel Finance International NV	Separate	40,869	31,843	8,793	5,005
Enel Global Infrastructure and Networks Srl	Separate	190	13	403	408
Enel Global Services Srl	Separate	189	196	568	470
Enel Global Thermal Generation Srl	Separate	16	14	146	153
Enel Global Trading SpA	Separate	914	371	44,129	6,566
Enel Green Power SpA	Separate	2,153	2,200	1,029	907
Enel Holding Finance Srl	Separate	7,872	1,798	2	2
Enel Iberia SLU	Separate	26,599	20,555	1,136	1,497
Enel Innovation Hubs Srl	Separate	-	-	26	26
Enel Insurance NV	Separate	453	466	640	337
Enel Investment Holding BV	Separate	1	1	5	6
Enel Romania SA	Separate	5	5	21	17
Enel X Srl	Separate	526	443	198	105
Enelpower SpA	Separate	3	3	38	38
E-Distribuţie Banat SA	Separate	399	382	87	108
E-Distribuţie Dobrogea SA	Separate	359	358	53	44
E-Distribuţie Muntenia SA	Separate	940	918	217	244

Total assets		Non-current liabilities		Current liabilities		Equity		Total equity and liabilities	
at Dec. 31, 2021	at Dec. 31, 2020	at Dec. 31, 2021	at Dec. 31, 2020	at Dec. 31, 2021	at Dec. 31, 2020	at Dec. 31, 2021	at Dec. 31, 2020	at Dec. 31, 2021	at Dec. 31, 2020
39,968	32,062	18,602	16,042	15,822	8,555	5,544	7,465	39,968	32,062
30,865	21,951	10,712	7,598	6,883	5,931	13,270	8,422	30,865	21,951
9,849	9,067	4,169	3,745	2,211	1,199	3,469	4,123	9,849	9,067
29,831	28,464	9,317	9,328	6,134	4,256	14,380	14,881	29,831	28,464
12,493	8,938	3,671	2,766	4,408	2,461	4,414	3,711	12,493	8,938
1,123	875	418	274	193	160	512	441	1,123	875
344	242	17	15	234	84	93	143	344	242
323	211	7	6	214	88	102	117	323	211
49,662	36,848	31,259	30,448	8,339	4,284	10,064	2,116	49,662	36,848
593	421	49	24	519	368	25	29	593	421
757	666	57	23	669	609	31	34	757	666
162	167	41	29	103	122	18	16	162	167
45,043	6,937	912	444	44,714	6,126	(583)	367	45,043	6,937
3,182	3,107	2,023	2,303	623	296	536	508	3,182	3,107
7,874	1,800	-	-	-	-	7,874	1,800	7,874	1,800
27,735	22,052	3,409	3,765	971	1,377	23,355	16,910	27,735	22,052
26	26	-	-	3	3	23	23	26	26
1,093	803	307	289	252	246	534	268	1,093	803
6	7	-	-	-	-	6	7	6	7
26	22	3	3	18	15	5	4	26	22
724	548	114	31	438	335	172	182	724	548
41	41	6	5	9	9	26	27	41	41
486	490	146	137	64	54	276	299	486	490
412	402	135	130	50	45	227	227	412	402
1,157	1,162	365	341	158	139	634	682	1,157	1,162

People centricity

Enel SpA employees at December 31, 2021 numbered 834. In 2021, the number of employees increased by 72, reflecting the net balance between new hires and terminations.

The following table reports the average number of employees by category with comparative figures for the previous year, as well as the headcount at December 31, 2021.

	Average workforce			Headcount
	2021	2020	Change	at Dec. 31, 2021
Senior managers	148	147	1	148
Middle managers	417	352	65	439
Office staff	246	226	20	247
Total	**811**	**725**	**86**	**834**

The following table reports changes in the workforce during the year.

Headcount at Dec. 31, 2020	New hires	Terminations	Inward transfers	Outward transfers	Balance at Dec. 31, 2021
762	57	16	126	95	834

Training and development

As the COVID-19 emergency evolved, personnel safety was guaranteed by continuing to adopt the flexible working measures implemented in 2020. In 2021, remote working was used by more than 39 thousand employees in the countries in which the Group operates. This capacity for flexibility and resilience leverages our consolidated experience with flexible working, which began in Italy as early as 2016 and then gradually spread throughout the Group, and the technological and digital transformation of corporate strategy that has made Enel the first public utility completely resident in the cloud.
The new approach to work has benefited from the numerous tools and support services made available to our people, an essential prerequisite for working from home, ensuring the circulation and sharing of information and the effective organization of activities. Training and awareness-raising initiatives continue to accompany the adoption of fully digital working methods and the promotion of a work culture based on independence, delegation and trust, and attention to the well-being of our people and their families.

In this context, the targeted reskilling and upskilling programs have therefore been strengthened, the former to learn skills and expertise that enable people to fill new positions and roles, while the latter involve the development of training and empowerment courses that enable employees to improve their performance in their job, increasing the skills available to them in their current position.
During 2021, dissemination efforts concerning upskilling and reskilling issues were launched with the involvement of all the Group's countries and Business Lines: these included a global challenge and 36 interviews with senior executives on current and future skills. A working group was also formed to draft guidelines and map projects, adopting a common taxonomy in which upskilling, reskilling and external skilling are considered as an integrated set of initiatives that include training, development and the Enel ecosystem as a whole.
European networking on upskilling and reskilling issues was expanded by joining the Upskill4the future initiative of CSR Europe with the People Business Partner R-evolution project of e-distribuzione, targeted at People Business Partners, the first facilitators of the energy transition in accompanying people along their professional growth path, who contributed to the drafting of the Joint Statement on the Just Transition of the European social partners, signed in November.

Enel promotes training activities for its people as a key element in ensuring their constant development. We have developed career paths to foster the evolution of our talent, the valorization of passions and personal aptitude and the development of new languages, also promoting the formation of internal trainers ("train the trainer"). In 2021, about 3 million hours of training were provided, an increase compared with the previous year, with 20%

provided in person and the remainder delivered remotely. This was made possible by the upgrading of digital tools and the E-Ducation platform, which ensured broad access to content and expanded the culture of digitalization for learning. The training courses covered issues related to conduct, technical issues, safety, new skills and digital culture.

Total Group training costs in 2021 amounted to €23 million.[(2)]

In a rapidly changing work environment, accelerated by the pandemic crisis, the Group has set itself the ambitious goal of promoting digital sustainability in the coming years through a series of training initiatives that illustrate all those technologies that enable our people to work and coexist sustainably with the surrounding environment.

With regard to people development initiatives, in 2021 a new performance appraisal model was developed and extended to the entire Group: the Open Feedback Evaluation (OFE). The program, which involves 100% of the Group's eligible employees, has significant distinctive features compared with past iterations. More specifically, in order to forge a constant dialogue between and with people, the evaluation has been made continuous and omni-comprehensive, with three moments of communication between managers and personnel during the year. The new OFE model consists of three interdependent dimensions: "Talent", which consists in highlighting a worker's individual skills based on the 15 Soft Skills Model linked to the 4 Open Power values of Trust, Responsibility, Innovation and Proactivity; "Generosity", understood as an aptitude to enter into relationships with others, dedicating time to recognizing the talents of colleagues and in turn getting involved by requesting feedback on one's own performance, generating a mechanism for individual and collective growth; and, finally, "Action", i.e., the ability of employees to achieve professional goals, as assessed by their managers.

Listening and improvement of organizational well-being

Following earlier initiatives conducted by Enel to ensure we are constantly listening to our people, which over the years have led to the development of specific action plans for individual holding functions, Business Lines and geographical areas, producing answers to the main needs that emerged from the process (meritocracy, personal development, work-life balance, etc.), at the end of 2020 a global "Open Listening - interview to build our future" program was launched. This global initiative, which saw the active participation of 70% of employees, provided important feedback on the internal climate but also on working conditions, asking our people to imagine the future in the "Next Normal" era: from remote working methods to spaces, innovative technologies and the new leadership models of the future.

Furthermore, during 2021 Enel and our people also developed a global well-being model based on eight pillars that impact general satisfaction: psychological, physical, social, ethical, economic and cultural well-being, work-life harmony and a feeling of protection. To measure well-being and identify the most important initiatives for people, a global well-being survey was conducted. The findings of the survey will enable the development of a Global Wellness Program in 2022, with the involvement of an international, diverse and multicultural team.

Finally, 2021 saw another important listening moment aimed at identifying, among other things, the aspects of the work environment that our personnel recognize as most valuable and distinctive of the Group: the "Employer Value Proposition Survey". Thanks to this project, which involved employees from around the world, a Net Promoter Score – an indicator measuring the employee satisfaction – was also analyzed, assessing the main attributes associated with the Enel brand in its position as an "employer of choice". Sustainability, innovation, safety at work and work-life balance are the main attributes that emerged, factors that also match the main preferences declared by people when they choose where they want to work.

(2) The cost calculation takes account of the specific training account in the New Primo system. This includes all external training costs and is currently the only form of certified information on training costs available.

Diversity in Enel

The inclusion of diversity and the valorization of people's multiple and unique talents are essential factors of Enel's approach for creating long-term sustainable value for all stakeholders.

Enel's commitment to promoting diversity and inclusion is a process that started in 2013 with the adoption of our Policy on Human Rights, followed in 2015 by our Global Diversity and Inclusion Policy, published in conjunction with Enel's adoption of the Women's Empowerment Principles (WEP) promoted by the UN Global Compact and UN Women and in line with the United Nations Sustainable Development Goals. In 2019, the Global Workplace Harassment Policy was published. It sets out the principle of respect for the integrity and dignity of the individual in the workplace and addresses the issue of sexual harassment and harassment connected with discrimination in the workplace. In 2020, these principles were delineated in the Statement against Harassment. Finally, with a focus on the inclusion of everyone and with a view to ensuring equal opportunities for access to information and digital systems, a global digital accessibility policy was issued in 2021.

Our approach to diversity and inclusion is based on the principles of non-discrimination, equal opportunities, dignity and inclusion of every person regardless of differences, and work-life balance. It is embodied in a comprehensive set of actions that promote the care and expression of the uniqueness of each person, an inclusive and prejudice-free organizational culture, and a coherent mix of skills, qualities and experiences that create value for people and the business.

Among the most important initiatives pursued in 2021 are dedicated actions to systematically impact the various aspects of the gender gap and the inclusion of disability, the specific listening and support services made available to people in the context of the pandemic emergency, projects dedicated to people with vulnerabilities, awareness-raising initiatives on LGBTQ+ issues and cultural diversity.
In recent years, an intense awareness-raising effort has helped spread and strengthen the culture of inclusion at every level and in every organizational context, using communication campaigns and dedicated global and local events. In 2021, two global awareness campaigns on workplace bias and harassment were launched for all employees.

The progress of D&I policies is monitored periodically through a global reporting process that measures the performance of an extensive set of KPIs on all dimensions for internal and external purposes. In particular, with regard to gender, Enel has set itself two public objectives: to ensure equal balance of the two genders in the initial stages of the selection processes and to increase the representation of women in senior and middle management. In 2021, women represented 52.1% of people involved in the selection process, an increase on 2020 (44%), while women accounted for 23.6% of senior managers (21.6% in 2020) and 31.4% of middle managers (30.4% in 2020).

With this in mind, a new performance target in the 2021 Long-Term Incentive Plan has been introduced, with a weight equal to 5% of the total, represented by the "percentage of women in management succession plans" at the end of 2023.
This represents an objective for all managers of Enel and/or its subsidiaries, including the General Manager (as well as Chief Executive Officer) of Enel, who hold top positions and/or positions of strategic interest for the Group. It also underscores the strong commitment of the Enel Group to ensuring equal representation of women in the areas that feed management succession plans and emphasizes the increasing attention being paid to the issue of gender equality.

As part of the Value for Disability project, the actions envisaged in the associated action plan continued with the issuance of a global policy on digital accessibility and numerous awareness-raising initiatives aimed at spreading a new approach to the inclusion of colleagues with disabilities and promoting their effective participation. In Italy, the roll out of new services for people with chronic disease and the vulnerable also continues.

For the purposes of monitoring pay equality, in 2021 a 2% increase in the percentage of female managers (from 21.6% to 23.6%) produced a slight decrease in the Equal Remuneration Ratio (ERR), which slipped from 83.3% to 81.1%.
All the actions taken to valorize the presence of women in the Group continued, whether for those in top positions or otherwise, the effects of which will be fully appreciable in the medium/long term, taking due account of generational dynamics.

The following table demonstrates Enel's commitment to diversity and inclusion, showing the proportion of disabled personnel, the number of women in senior or middle management positions and the ratio of the average basic remuneration of women to that for men.

Diversity and inclusion

		2021	2020	Change	
Disabled personnel or personnel belonging the protected categories	%	**3.2**	**3.3**	**-0.1**	**-3.0%**
Women senior and middle managers	no.	**4,163**	**3,825**	**338**	**8.8%**
Ratio of base salary to remuneration					
Ratio of base salary women/men:	%	**104.8**	**108.1**	**-3.3**	**-3.1%**
- senior manager	%	84.6	86.7	-2.1	-2.4%
- middle manager	%	94.2	96.5	-2.3	-2.4%
- office staff	%	88.4	90.2	-1.8	-2.0%
- blue collar	%	111.2	77.0	34.2	44.4%
Ratio of base remuneration women/men:	%	**105.1**	**108.3**	**-3.2**	**-3.0%**
- senior manager	%	81.1	83.3	-2.2	-2.6%
- middle manager	%	93.2	95.7	-2.5	-2.6%
- office staff	%	88.4	90.3	-1.9	-2.1%
- blue collar	%	112.0	77.8	34.2	44.0%

Workplace health and safety

Enel considers employee health, safety and general well-being to be its most valuable asset, one to be preserved both at work and at home. We are therefore committed to developing and promoting a strong culture of safety that ensures a healthy work environment and protection for all those working with and for the Group. Safeguarding our own health and safety and that of the people with whom we interact is the responsibility of everyone who works for Enel. For this reason, as provided for in the Group "Stop Work Policy", everyone is required to promptly report and halt any situation of risk or unsafe behavior. The constant commitment of us all, the integration of safety both in corporate processes and training, the reporting and detailed analysis of all information, near misses, safety warnings, non-compliance, controls, rigor in the selection and management of contractors, the sharing of experience and best practices throughout the Group as well as benchmarking against the leading international players are all cornerstones of Enel's culture of safety. During 2021, the "Data Driven Safety" approach was further developed. It seeks to develop "selective prevention" safety indicators that help identify the country, technology and area at greatest risk of fatal events in order to direct prevention and protection interventions for internal employees and contractors.

The Group's approach to suppliers is to consider each of them as a partner with whom the key principles of safety and the environment are to be shared. These include the Zero Accidents goal and the importance of the Stop Work Policy, tools that make it possible to promptly report and halt any situation of risk that could harm people or the environment. At all stages, from qualification to contract award, the Group has adopted specific tools to monitor the management of Health, Safety and Environmental requirements. Accurate monitoring is associated with a continuous process of on-site inspections and consequence management, defined on the basis of the supplier's safety and environmental risk profile, with a view to improving performance.

In addition, during 2021 the Contractor Safety Partnership program continued. It is based on sharing Enel's core values for safety. In particular, the Safety Support process proposes lines of improvement and internal experience is made available to suppliers to support the training of contractor staff, while keeping the responsibilities of the contractor well separated from Enel.

Enel is committed to increasing safety and environmental skills both in terms of technical know-how and cultural approach, all with a view to promoting a new way of working that is safer for people and more sustainable for the environment. To this end, in 2021 the SHE Factory unit expanded its effort in the production, distribution and provision of courses and training material for Enel staff and contractors.

The following table reports the main workplace safety indicators.

		2021	2020	Change	
Hours worked	millions of hours	**423.362**	**403.333**	**20.028**	**5.0%**
Enel	millions of hours	123.421	125.264	(1.843)	-1.5%
Contractors[1]	millions of hours	299.940	278.069	21.871	7.9%
Total injuries (TRI)	no.	**1,212**	**1,308**	**(96)**	**-7.3%**
Enel	no.	156	196	(40)	-20.4%
Contractors	no.	1,056	1,112	(56)	-5.0%
Injury frequency rate (TRI)[2]	i	**2.863**	**3.243**	**(0.380)**	**-11.7%**
Enel	i	1.264	1.565	(0.301)	-19.2%
Contractors	i	3.521	3.999	(0.478)	-12.0%
Fatal injuries	no.	**9**	**9**	**-**	**-**
Enel	no.	3	1	2	-
Contractors	no.	6	8	(2)	-25.0%
Fatal injury frequency rate	i	**0.021**	**0.022**	**(0.001)**	**-3.4%**
Enel	i	0.024	0.008	0.016	-
Contractors	i	0.020	0.029	(0.009)	-31.0%
"Life changing" injuries[3]	no.	**4**	**-**	**4**	**-**
Enel	no.	1	-	1	-
Contractors	no.	3	-	3	-
"Life changing" injury frequency rate	i	**0.009**	**-**	**0.009**	**-**
Enel	i	0.008	-	0.008	-
Contractors	i	0.010	-	0.010	-

(1) The 2020 figures reflect a more accurate calculation.
(2) This index is calculated as the ratio between the number of injuries (all injury events including those with three or fewer missed days of work) and hours worked/1,000,000.
(3) Injuries whose consequences caused permanent changes in the life of the individual (amputation of a limb, paralysis, neurological damage, etc.).

In 2021, the total recordable injury frequency rate (TRIFR) declined by 7.3% compared with 2020, with 2.9 injuries for every million hours worked. The decline was found for both Enel employees (-20.4%) and contractor employees (-5.0%). In 2021, there were:

- 9 fatal accidents, of which 3 involving Enel Group employees (2 in Italy and 1 in Brazil), and 6 fatal accidents involving contractors (2 in Brazil, 2 in Chile, 1 in Italy and 1 in Spain);
- 4 "life changing" accidents, of which 1 involving an Enel employee in Brazil and 3 involving contractors (1 each in Brazil, Colombia and Spain).

The causes of these fatal accidents were mainly associated with electrical (7), mechanical (5) and chemical (1) incidents.

The Enel Group has established a structured health management system, based on prevention measures to develop a corporate culture that promotes psycho-physical health, organizational well-being and a balance between personal and professional life. With this in mind, the Group conducts global and local awareness campaigns to promote healthy lifestyles, sponsors screening programs aimed at preventing the onset of diseases and guarantees the provision of medical services. The Enel Group has a systematic and ongoing process for identifying and assessing work-related stress risks, in accordance with the Stress at Work Prevention and Well-being at Work Promotion policy, for the prevention, identification and management of stress in work situations, also providing recommendations aimed at promoting a culture of organizational well-being.

In 2021, the Enel Group focused on strengthening the measures and programs targeting well-being issues, which are increasingly vital in ensuring not only the well-being of its workers in the context of a pandemic but also looking to the future and to new ways of working.

The Group also constantly monitors epidemiological and health developments in order to implement preventive and protective measures for the health of employees and those who work with the Group, both locally and globally. Since the outset of the COVID-19 emergency in February

2020, Enel has taken steps to protect the health of all workers and ensure the continuity of electricity supply to the communities in which it operates, primarily by setting up specific global and country task forces and, subsequently, establishing a unit responsible for overseeing this process. The purpose of this Pandemic Emergency Management unit is to monitor emergencies, define strategy and global policies and their adoption in every area of the Group and direct, integrate and monitor all prevention, protection, safeguard and response actions intended to protect the health of its employees and contractors, also in relation to external health risk factors not strictly related to work.

Responsible relations with communities

Establishing solid and lasting relationships with local communities in the countries in which Enel operates is a fundamental pillar of the Group's strategy. This, together with devoting unswerving attention to social and environmental factors, has enabled Enel, on the one hand, to implement a new balanced model of equitable development that leaves no one behind and, on the other, to create long-term shared value for all stakeholders.
This model has been incorporated along the entire value chain: from proactive analysis of the needs of communities right from the development phases of new business to the establishment of sustainable worksites and plants, managing assets and plants to make them sustainable development platforms to the benefit of the territories in which they are located. A further evolution is the extension of this approach to the design, development and supply of energy services and products, as well as process innovation, leveraging new technologies and helping to build increasingly circular, inclusive and sustainable communities.
In line with the Sustainable Development Goals (SDGs), Enel makes a concrete contribution to the sustainable progress of the territories in which it operates. This commitment is fully integrated into our purpose and corporate values, from the expansion of infrastructure to education and vocational training programs, and projects to support cultural and economic activities. Specific initiatives have been designed to promote access to energy and rural and suburban electrification, addressing energy poverty and promoting social inclusion for the most vulnerable segments of the population, also using new technologies and circular economy approaches and adopting a strategy that fully incorporates sustainability into our business model and activities. Various initiatives have been developed globally for the protection of biodiversity, in line with the Group's decarbonization strategy.

There are two major challenges in particular: the equitable and sustainable energy transition and the post-pandemic recovery.

The energy transition represents an important accelerator of growth and modernization of industry, thanks to the potential it offers in terms of economic development, well-being, quality of life and equality. Far-sighted policies are necessary to seize these opportunities, ensuring a just and inclusive transition and taking particular account of the needs of the social categories most exposed to change. Enel is convinced that, in order to generate lasting profit, value must be shared with the entire environment in which it operates.
With the continuation of the COVID-19 pandemic, our commitment to support communities has also continued, with the activation of specific initiatives to sustain socio-economic recovery through the development of local marketplaces, facilitating access to credit and promoting inclusive business models to support the weaker segments of the population, with particular attention to people in physically, socially and economically vulnerable positions. Many digitalization projects have also been undertaken to support connectivity in rural areas, computer literacy, the participation of women in STEM fields, e-commerce platforms and online or offline solutions with a positive impact on local economies.
In 2021, Enel developed over 2,400 sustainability projects involving more than 7.5 million beneficiaries in the countries in which Enel operates. Projects to ensure access to affordable, reliable, sustainable and modern energy (SDG 7) have involved 13.2 million people to date,[3] those to foster the economic and social development of communities (SDG 8) have reached 3.7 million beneficiaries,[4] while initiatives to promote quality education (SDG 4) have benefited 3 million people.[5]

In order to identify the best ideas for each area, the process involves sharing with local communities and listening to stakeholders, leading to the identification of effective measures to respond to local needs in synergy with company objectives.

(3) Cumulative 2015-2021 figures for total number of SDG 7 beneficiaries to date.
(4) Cumulative 2015-2021 figures for total number of SDG 8 beneficiaries to date.
(5) Cumulative 2015-2021 figures for total number of SDG 4 beneficiaries to date.

The ideas that emerged from stakeholder engagement and constant dialogue with communities represent the basis for the construction of long-term partnerships with the active involvement of non-governmental organizations and startups, companies and institutions rooted in the territory. An approach that leads to the implementation of a wide range of projects in different areas, thanks in part to the activation of virtuous ecosystems such as the Open Innovability® platform, which is based on openness and sharing, facilitating and promoting the identification of innovative social ideas and solutions. In 2021, over 580 partnerships were active at an international level, fostered in part by a range of tools such as, for example, crowdsourcing platforms (openinnovability.com) and the Innovation Hub network.

Sustainable supply chain

In addition to meeting certain quality standards, the services of our vendors must also go hand in hand with the adoption of best practices in terms of human rights and working conditions, health and safety and environmental and ethical responsibility. Our procurement procedures are designed to guarantee service quality in full respect of the principles of economy, effectiveness, timeliness, fairness and transparency. The procurement process plays a central role in value creation in its various forms (safety, savings, timeliness, quality, earnings, revenue, flexibility) as a result of ever-greater interaction and integration with the outside world and the different parts of the company organization. In 2021, we signed agreements with a total of more than 6,100 vendors.

Vendor management involves three essential stages, which integrate social, environmental and governance issues: the qualification system, the definition of general terms and conditions of contract, and the Supplier Performance Management (SPM) system in the evaluation process. Enel's global vendor qualification system (with about 24,000 active qualifications at December 31, 2021) enables us to accurately assess businesses that intend to participate in tender processes through the analysis of compliance with technical, financial, legal, environmental, health and safety, human and ethical rights and integrity requirements, representing a guarantee for the Company. As regards the tendering and bargaining process, Enel continued to introduce aspects related to sustainability in tendering processes, not only with the introduction of a specific "K for sustainability" factor, but also through the use of mandatory sustainability requirements that take account of the environmental, social and safety characteristics of suppliers. To facilitate the application and monitoring of these requirements, in 2021 the first version of the sustainability requirements library was implemented on the WeBUY purchasing portal, a coded list of sustainability actions that buyers can apply as mandatory requirements in the tender phase. In the early months of 2021, all the standards (Product Category Rules) necessary to obtain the "Environmental Product Declaration" were published. This certification seeks to quantify, certify and communicate the impacts generated during the entire life cycle of a supply relationship (in terms of CO_2 emissions, water consumption, impact on the soil, recycled material, etc.). This process enables us to obtain a sector benchmark and define improvement plans with the suppliers involved (more than 200 in 13 strategic product categories that account for some 50% of the Group's annual spending on supplies). Furthermore, specific contractual clauses regarding sustainability are also envisaged in all contracts for works, services and supplies, including respect for and protection of human rights and compliance with ethical and social obligations. The SPM system is designed to monitor vendor services in terms of the quality, timeliness and sustainability of contract execution.

We also continued working on those activities that enable the ever-greater integration of environmental, social and governance issues in the supply chain strategy, creating shared value with vendors. These include meetings and information initiatives with contractors on sustainability issues, with specific regard to safeguarding health and safety.

Research and development

Enel SpA does not directly engage in research and development, as within the Group those activities are performed by a number of subsidiaries and associates.

Innovation and digitalization

For Enel, innovation and digitalization are key pillars of its strategy to grow in a rapidly changing context while ensuring high safety standards, business continuity and operational efficiency, and thus enabling new uses of energy and new ways of managing it, making it accessible to an ever-larger number of people.

Enel also operates through an Open Innovability® model, a consensus-based ecosystem that makes it possible to connect all areas of the Company with startups, industrial partners, small and medium-sized enterprises, research centers and universities through a variety of system, such as crowdsourcing platforms and the Innovation Hub network. The Company has numerous innovation partnership agreements that, in addition to Enel's traditional lines of business in the renewables and conventional generation sectors, have promoted the development of new solutions for e-mobility, microgrids, energy efficiency and the industrial Internet of Things (IoT).
Enel's innovation strategy leverages the online crowdsourcing platform (openinnovability.com) and a global network of 10 Innovation Hubs (of which 3 are also Labs) and 22 Labs (of which 3 are dedicated to startups), which consolidates the new model of collaboration with startups and SMEs. The latter offer innovative solutions and new business models, and Enel makes its skills, testing facilities and a global network of partners available to support their development and possible scale-up. The Hubs are located in the most important innovation ecosystems for the Group (Catania, Pisa, Milan, Silicon Valley, Boston, Rio de Janeiro, Madrid, Moscow, Santiago de Chile and Tel Aviv), they manage relationships with all the players involved in innovation activities and are the main source of scouting for innovative startups and SMEs. The Labs (among which those in Milan, Pisa, Catania, São Paulo, Tel Aviv and Be'er Sheva are the most representative) allow startups to develop and test their solutions together with the Business Lines.
In 2021, thanks to the Group's stable positioning in innovative ecosystems and the extensive use of the Hub and Lab network, more than 90 scouting initiatives were launched (more than half of which in the form of virtual bootcamps) in various technological areas. This enabled Enel to meet more than 2,000 startups and to begin more than 100 new collaborative relationships.
The community of 500,000 solvers gave Enel a global crowdsourcing presence in 2021 as well, with over 27 innovation and sustainability challenges launched on openinnovability.com. In 2021, Enel reached a total of over 177 challenges launched since the platform was created, 44,000 users registered on the site (about 400,000 potential solvers from partner platforms) and about €650,000 in monetary prizes paid to the winners.

In 2021, the integration of Open Innovation Culture and Agile Transformation was launched at the Group level with the aim of providing the business with comprehensive support, from the generation of the idea to the implementation of projects, using Innovation and Agile approaches as a key driver to create competitive advantage and optimize costs over time.

Ever increasing importance is being taken on by activities to promote and develop the culture of innovation and entrepreneurship within the Company, through multiple initiatives such as the training of personnel in courses provided through the Innovation Academy (many of which are run with internal instructors), the project involving Innovation Ambassadors, who are people passionate about innovation and creativity who voluntarily dedicate part of their working time to support activities in solving business challenges with a co-creative and innovative approach, and finally the "Make it Happen!" entrepreneurship project, a company contest in which employees can propose innovative business projects or process efficiency projects directly to Company top management.

During 2021, Enel also continued to implement We4U, the World energy 4 Universities partnership program with national and international universities and research centers, with the aim of maintaining a constant and multidisciplinary dialogue focused on the challenges of the energy transition.

The activities of the innovation communities also continued, involving different areas and skills within the Company.

In addition to the existing communities addressing energy storage, blockchain, drones, augmented and virtual reality, additive manufacturing, artificial intelligence, wearables, robotics and green hydrogen, four other communities on sensors, materials, computer generative design and data monetization were added in 2021. While for the most cutting-edge technologies the role of the communities is exploratory, researching possible use cases and applications, others play a role in sharing and disseminating best practices that can enable technologies to scale and expand their impact on the business: this is the case of drones, with possibilities opened by regulatory developments concerning flights beyond the visual line of sight (BVLOS), robotic solutions, especially in the field of legged-robots and autonomous missions, virtual and augmented reality and artificial intelligence applications.
In 2021, €130 million (including personnel expenses) were invested in innovation, research and development.

In 2021, cyber security innovation work benefited from the network of Innovation Hubs, as well as from their startup portfolio and the partnerships agreed at the Group level.
These interconnections have fostered the sharing of best practices and operating approaches, as well as the establishment and expansion of info-sharing channels. In particular, the services provided by more than 20 startups were analyzed and proof-of-concept activities were performed, some of which are still in progress while others have been internalized, addressing the issues summarized below.

The following technological areas were investigated:
- cyber protection and detection services in the field of micro-services, in particular for containers and serverless instances in the DevSecOps field;
- specific solutions for the protection of industrial systems (OT), which owing to their scope of applicability often have low computational capacity and are linked to legacy systems;
- services for identifying vulnerabilities in third-party assets and services used by the organization that can undermine the security of the organization itself (external attack surface);
- solutions that exploit the greater potential of artificial intelligence and machine learning, helping to enhance capabilities for the detection of cyber threats and the automation of analysis, correlation and response to incidents;
- solutions to identify the vulnerabilities of assets and devices (mobile devices, IoT, web applications, etc.) with the use of innovative techniques;
- services that enable analysis of the firmware of IoT devices within a few hours and the rapid identification of key vulnerabilities, optimizing execution times compared with manual processes.

Main risks and opportunities

In its capacity as an industrial holding company, Enel SpA is essentially exposed to the same risks associated with the Group's business, as well as to more specific financial risks related to the central treasury function it performs for the Group.

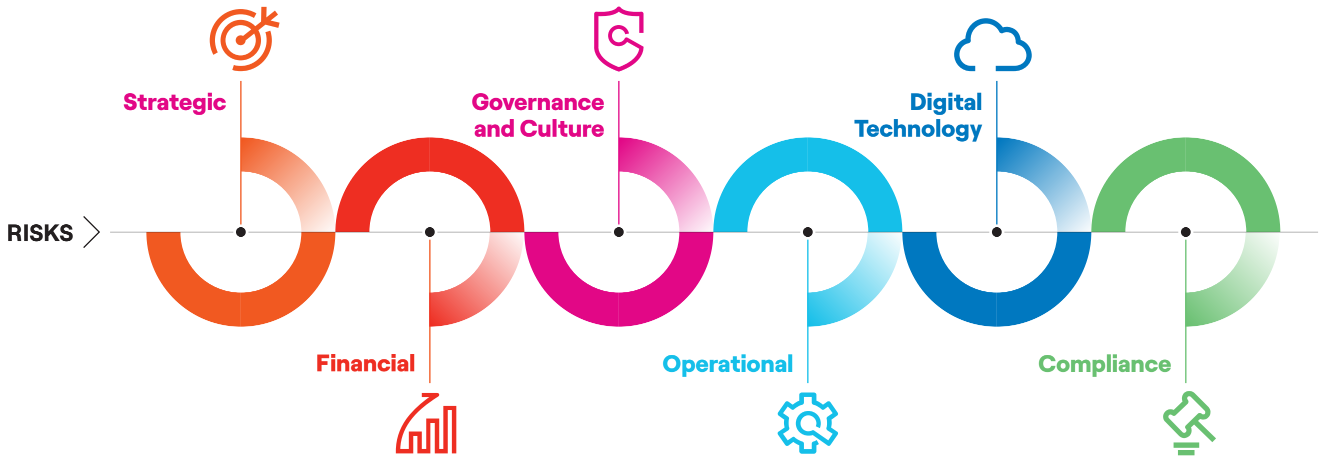
The risk governance model adopted by Enel SpA is in line with the most accredited models at the international level and has the following objectives:

- the implementation of an integrated and comprehensive system for risk management and control (ISRM);
- the organic and univocal representation of the main risks (risk catalog);
- the adoption of processes, tools and methods that enable informed decisions that take account of the nature and level of risks and, at the same time, make it possible to seize any associated opportunities.

Within the Group's risk catalog, risks are classified into six categories: Strategic, Financial, Operational, Governance and Culture, Digital Technology and Compliance.

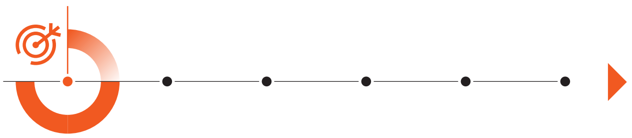
To limit or optimize the exposure to these risks, Enel SpA performs a range of analysis, measurement, monitoring and management activities.

The main types of risk to which Enel SpA is exposed are described below.



Strategic risks

This category comprises the risks described in the following sections.



- Legislative and regulatory developments
- Macroeconomic and geopolitical trends
- Climate change
- Competitive environment

Legislative and regulatory developments

The Group operates in regulated markets and changes in the rules governing the operation of the various systems, as well as the requirements and obligations that characterize them, impact the operations and performance of the Holding Company.

In order to manage the risks associated with regulatory factors, Enel has intensified its relationships with local governance and regulatory bodies, adopting a transparent, collaborative and proactive approach in addressing and eliminating sources of instability in the regulatory framework. Enel has also established specific corporate units that monitor the relevant issues associated with the evolution of legislation and regulations at the local, national and international levels.

Macroeconomic and geopolitical developments

The Group has a major international presence, with some 50% of its revenue being generated abroad in a variety of currencies. In addition to changes in global macroeconomic and financial conditions, cash flows and corporate assets are also exposed to idiosyncratic risk factors, such as exchange rate volatility and changes in the economic, political, social and financial conditions in the various countries in which Enel operates. Global risks related to possible pandemics, such as the 2020 COVID-19 emergency, which rapidly spread worldwide, significantly deteriorating the short/medium-term outlook for growth, or other crises that may impact the continuity of the supply of materials or commodities, migratory flows or economic activity in individual countries are also considered, given the impacts that depend so closely on economic, social and even energy conditions in individual countries.

Climate change

In order to identify the main types of risks and opportunities and the associated business impacts in a structured manner consistent with the recommendations of the TCFD, a framework has been adopted which explicitly represents the main relationships between scenario variables and types of risks and opportunities, indicating the strategic and operational management approaches to be adopted, also considering the appropriate mitigation and adaptation measures.

Two main macro-categories of risks/opportunities have been specified: those deriving from the evolution of physical variables and those deriving from the evolution of transition scenarios.

Physical risks deriving from climate change can be classified as acute (i.e., extreme events) and chronic phenomena: the former are linked to the occurrence of extremely intense weather-climate conditions, the latter to gradual but structural changes in climate conditions. Extreme events could expose Enel to the potential unavailability of assets and infrastructure, restoration costs, inconvenience to customers, etc. On the other hand, chronic changes in climate conditions could expose the Group to other risks or opportunities: for example, structural variations in temperature could cause variations in electricity demand or impact generation, while variations in rainfall or wind conditions could impact the Group's business by increasing or decreasing potential output.

With regard to the energy transition towards a more sustainable model characterized by progressive electrification and the reduction of CO_2 emissions, in line with the Group's decarbonization strategy, there are risks but above all opportunities linked to both changes in the regulatory and legislative framework and to trends in technological development, electrification and the consequent market developments, with potential effects on the prices of commodities and energy as well.

Competitive environment

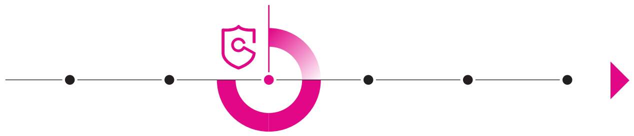
The markets and businesses in which the Group operates are exposed to steadily growing competition and evolution, from both a technological and regulatory point of view, with the timing of these developments varying from country to country.

As a result of these processes, Enel is exposed to growing competitive pressure and, as electricity is this century's energy vector, competition driven by contiguous sectors is also rising, although this offers utilities the opportunity to move into new businesses.

Enel is present along the entire electricity value chain and has a diversified business portfolio in terms of its generation technologies and the geographical areas, sectors and markets in which it operates. As this diversification is such an important factor in risk mitigation, it is constantly monitored in order to direct and support the direction of our strategic development.

Financial risks

As part of its operations, the Company is exposed to a variety of financial risks – partly reflecting the central treasury function it performs for the Group – that, if not appropriately mitigated, can directly impact our performance. These include currency risk, interest rate risk, credit and counterparty risk and liquidity risk.



- Interest rate risk
- Currency risk
- Credit and counterparty risk
- Liquidity risk

The financial risk governance arrangements adopted by Enel establish specific internal committees that are responsible for policy setting and supervision of risk management, as well as the definition and application of specific policies that establish the roles and responsibilities for risk management, monitoring and control processes, ensuring compliance with the principle of organizational separation of units responsible for operations and those in charge of monitoring and managing risk.

The financial risk governance system also defines a system of operating limits for each risk, which are monitored periodically by risk management units. The system of limits constitutes a tool supporting management decisions to achieve its objectives while constantly bearing in mind the risk/opportunity tradeoff.

For more information on the management of financial risks, please see note 33 "Risk management" to the separate financial statements.

Interest rate risk

The Company is exposed to the risk that changes in the level of interest rates could produce unexpected changes in net financial expense or financial assets and liabilities measured at fair value.

The exposure to interest rate risk derives mainly from the variability of the terms of financing, in the case of new debt, and from the variability of the cash flows in respect of interest on floating-rate debt.

The policy for managing interest rate risk seeks to contain financial expense and its volatility by optimizing the portfolio of financial liabilities and by obtaining financial derivatives on OTC markets.

Managing risk through specific processes and indicators makes it possible to limit potential adverse financial impacts and, at the same time, to optimize the structure of the debt with an adequate degree of flexibility that preserves the soundness and balance of the financial structure.

The volatility that characterized the financial markets from the outset of the pandemic has in many cases returned to pre-COVID 19 levels and was offset by risk mitigation actions using derivative financial instruments.

Currency risk

In view of its geographical diversification and access to international markets for the issuance of debt instruments, the Company is exposed to the risk that changes in exchange rates between the presentation currency and other currencies could generate unexpected changes in the performance and financial aggregates in their respective financial statements.

The exposure to currency risk is mainly linked to the US dollar and is attributable to cash flows in respect of investments, dividends from foreign subsidiaries or the purchase or sale of equity investments and financial assets and liabilities.

The currency risk management policy is oriented towards the systematic hedging of the exposures to which the Company is exposed.

Appropriate operational processes ensure the definition and implementation of appropriate hedging strategies, which typically provide for the use of financial derivatives obtained on OTC markets.

Managing risk through specific processes and indicators makes it possible to limit potential adverse financial impacts and, at the same time, to optimize the management of cash flows from the portfolios.

The volatility that characterized the financial markets during the initial phase of the pandemic has in many cases returned to pre-COVID 19 levels and was offset by risk mitigation actions using derivative financial instruments.

Credit and counterparty risk

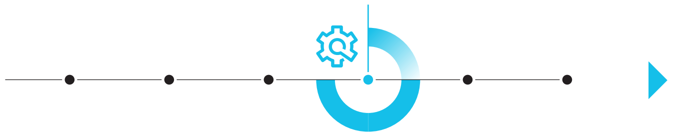
The Company is exposed to credit and counterparty risk, i.e., the possibility of a deterioration in the creditworthiness of our counterparties in financial transactions that could have an adverse impact on the expected value of the creditor position.
The exposure to credit and counterparty risk is essentially attributable to trading in derivatives, bank deposits and, more generally, financial instruments.
Risk mitigation is pursued through the diversification of the portfolio (preferring counterparties with a high credit standing) and the adoption of specific standardized contractual frameworks that contain risk mitigation clauses (e.g., netting arrangements) and possibly the exchange of cash collateral.
Managing risk based on specific risk indicators, and where possible limits, ensures that the economic and financial impacts associated with a possible deterioration in creditworthiness are contained within sustainable levels. At the same time, the necessary flexibility to optimize portfolio management is preserved.
Thanks to the risk management and monitoring policy adopted by Enel, there has been no significant changes in the financial exposure and credit standing of counterparties attributable to the COVID-19 emergency.

Liquidity risk

Liquidity risk is the risk that the Company, while solvent, would not be able to discharge its obligations in a timely manner or would only be able to do so on unfavorable terms owing to situations of tension or systemic crises (credit crunches, sovereign debt crises, etc.) or changes in the perception of its riskiness by the market.
Among the factors that define the risk perceived by the market, the credit rating assigned to Enel by rating agencies plays a decisive role, since it influences its ability to access sources of financing and the related financial terms of that financing. A deterioration in the credit rating could therefore restrict access to the capital market and/or increase the cost of funding, with consequent negative effects on the performance and financial situation of the Company.
In 2021, Enel's risk profile only changed compared with 2020 for Moody's, whose rating went from "Baa2" with a positive outlook to "Baa1" with a stable outlook. Enel's rating remained "BBB+" with a stable outlook for Standard & Poor's and "A-" with a stable outlook for Fitch.
Enel's liquidity risk management policies are designed to maintain a level of liquidity sufficient to meet its obligations over a specified time horizon without having recourse to additional sources of financing as well as to maintain a prudential liquidity buffer sufficient to meet unexpected obligations. In addition, in order to ensure that it can discharge its medium and long-term commitments, Enel pursues a borrowing strategy that provides for a diversified structure of financing sources to which it can turn and a balanced maturity profile.
As regards the impact of COVID-19, Enel's liquidity risk indices remained within the limits established for 2021.

Digital Technology risks

The risks within this category are described in the following sections.



- Cyber security
- Digitalization, IT effectiveness and service continuity

Cyber security

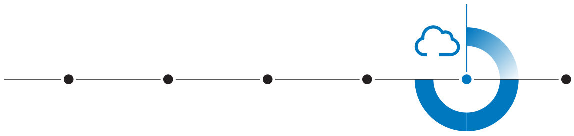
The speed of technological developments that constantly generate new challenges, the ever increasing frequency and intensity of cyber-attacks and the attraction of critical infrastructures and strategic industrial sectors as targets underscore the potential risk that, in extreme cases, normal company operations could grind to a halt.
In this context, cyber security risk represents the possibility that cyber-attacks could compromise corporate information systems (both management and industrial systems), with the main consequence being the interruption of services and the theft of sensitive information, with both financial and reputational impacts.
Cyber-attacks have evolved dramatically in recent years: their number has grown exponentially, as has their complexity and impact, making it increasingly difficult to promptly identify the source of threats. In the case of Enel, this exposure reflects the many environments in which it operates (data, industry and people), a circumstance that accompanies the intrinsic complexity and interconnection of the resources that over the years have been increasingly integrated into daily operating processes.
Enel has adopted a holistic governance approach to cyber security that is applied to all the sectors of IT (Information Technology), OT (Operational Technology) and IoT (Internet of Things). The framework is based on the commitment of top management, on global strategic management, on the involvement of all business areas as well as of the units involved in the design and management of our systems. Enel seeks to use cutting edge technologies, to design *ad hoc* business processes, to strengthen people's IT awareness and to implement regulatory requirements for IT security.
In addition, Enel has developed an IT risk management methodology founded on "risk-based" and "cyber security by design" approaches, thus integrating the analysis of business risks into all strategic decisions. Enel has also created its own Cyber Emergency Readiness Team (CERT) in order to proactively respond to any IT security incidents.

Digitalization, IT effectiveness and service continuity

Enel is carrying out a complete digital transformation of how it manages the entire energy value chain, developing new business models and digitizing its business processes. A consequence of this digital transformation is that Enel is increasingly exposed to risks related to the functioning of the IT systems implemented throughout the Company, which could lead to service interruptions or data losses and a consequent increase in operating costs, with significant reputational and financial impacts.
These risks are managed using a series of internal measures developed by the Global Digital Solutions unit, which is responsible for guiding Enel's digital transformation. It has set up an internal control system that introduces control points along the entire IT value chain, enabling us to prevent the emergence of risks engendered by such issues as the creation of services that do not meet business needs, the failure to implement adequate security measures and service interruptions. The internal control system of the Global Digital Solutions unit oversees both the activities performed in-house and those outsourced to external associates and service providers. Furthermore, Enel is promoting the dissemination of a digital culture and digital skills in order to successfully guide the digital transformation and minimize the associated risks.

Operational risks

The operational risks that Enel SpA faces are connected with:



- People and organization
- Environment
- Procurement, logistics and supply chain

People and organization

The profound transformations of the energy sector, which has experienced sweeping technological developments, require companies in the industry to recruit people with new experience and professional skills, as well as imposing the need for major cultural and organizational changes. Organizations must move to adopt new agile and flexible business models. Policies to enhance diversity and to manage and promote talent have become key factors for companies that are managing the transition and have a widespread geographical presence.
Enel places the people who work for it at the center of its business model: the management of human capital is a priority for which specific objectives have been established. The main goals include: the development of the digital capabilities and skills made necessary by the Fourth Industrial Revolution, as well as the promotion of reskilling and upskilling programs for employees in order to support the energy transition; the effective involvement of employees in the pursuit of the corporate purpose, which ensures the achievement of better results while offering greater satisfaction to our people; the development of systems for evaluating the working environment and performance; the dissemination of diversity and inclusion policies, as well as instilling an inclusive organizational culture based on the principles of non-discrimination and equal opportunity, a key driver in ensuring that everyone can make an effective contribution.
Enel's commitment to developing and disseminating the flexible approaches within company processes, which have been effectively tested in past years, has helped to enhance the resilience and flexibility of the organization in responding to the COVID-19 pandemic.

Environment

The last year has seen the continuation of the growth in the sensitivity of the entire community to risks connected with development models that generate environmental impacts and exploit scarce natural resources (including many raw materials and water).
In response to these needs, governments have imposed increasingly restrictive environmental regulations, placing ever more stringent constraints on the development of new industrial initiatives and, in the most impactful industries, incentivizing or requiring the elimination of technologies no longer considered sustainable.
In this context, companies in every sector, and above all industry leaders, are ever more aware that environmental risks are increasingly economic risks. As a result, they are called upon to increase their commitment and accountability for developing and adopting innovative and sustainable technical solutions and development models.
Enel has made the effective prevention and minimization of environmental impacts and risks a foundational element of each project across its entire life cycle.
The adoption of ISO 14001-certified environmental management systems in all Group divisions ensure the implementation of structured policies and procedures to identify and manage the environmental risks and opportunities associated with all corporate activities. A structured control plan combined with improvement actions and objectives inspired by the best environmental practices, with requirements exceeding those for simple environmental regulatory compliance, mitigates the risk of adverse impacts on the environment and ecosystems and the associated risk of reputational damage and litigation. Also contributing are the multitude of actions to achieve the challenging environmental improvement objectives set by Enel, such as, for example, those regarding atmospheric emissions, waste production and water consumption, especially in areas with high water stress.
The risk of water scarcity is directly mitigated by Enel's development strategy, which is based on the growth of

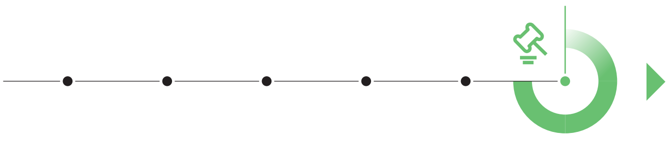
generation from renewable sources that are essentially not dependent on the availability of water for their operation. Special attention is also devoted to assets in areas with a high level of water stress, in order to develop technological solutions to reduce consumption.

Finally, ongoing collaboration with local river basin management authorities enables us to adopt the most effective shared strategies for the sustainable management of hydroelectric generation assets.

Procurement, logistics and supply chain

Purchasing processes and the associated governance documents form a structured system of rules and control points that make it possible to combine the achievement of strategic objectives with full compliance with the fundamental principles set out in the Code of Ethics, the Enel Global Compliance Program, the Zero-Tolerance-of-Corruption Plan and the Human Rights Policy, without renouncing the promotion of initiatives for sustainable economic development.
The procedures governing procurement processes are all designed to ensure conduct imbued with the utmost respect for key values such as loyalty, professionalism, collaboration, transparency and traceability of decision-making processes. These principles have been incorporated into the organizational processes and controls that Enel has voluntarily decided to adopt in order to establish relationships of trust with all its stakeholders and define stable and constructive relationships to ensure financial competitiveness while safeguarding child labor, occupational health and safety and environmental responsibility.
In this sense, the procurement procedural system systematically adopts tender procedures, ensuring maximum competition and equal access opportunities for all vendors meeting the specified technical, economic/financial, environmental, safety, human rights, legal and ethical requirements.
Direct procurement without a competitive tender can only be used in exceptional cases, duly motivated, in compliance with applicable legislation.
The supplier qualification system is a guarantee for the procurement process, as it makes it possible to verify that its potential suppliers are reliable, consistent with Enel's strategic vision and inspired by the same values.
The qualification procedure is completed by the Supplier Performance Management process, which monitors supplier performance with regard to the appropriateness of their conduct during the tender, quality, punctuality and sustainability in the execution of the contract.
The effectiveness of supply chain risk management is monitored using a number of performance indicators for which thresholds are specified that guide the definition of the procurement strategy.

Compliance risks



- Risks connected with the protection of personal data

Risks connected with the protection of personal data

In the era of the digitalization and globalization of markets, Enel's business strategy has focused on accelerating the transformation towards a business model based on a digital platform, using a data-driven and customer-centric approach implemented along the entire value chain.
This naturally exposes Enel to the risks connected with the protection of personal data, an issue that must also take account of the substantial growth in privacy legislation. Inadequate implementation of such protection could cause financial losses and reputational harm.

In order to manage and mitigate this risk, Enel has adopted a model for the global governance of personal data that provides for the establishment of positions responsible for privacy issues at all levels (including the appointment of Data Protection Officers at the global and country levels) and digital compliance tools to map applications and processes and manage risks with an impact on protecting personal data, in compliance with specific local regulations in this field.

Outlook

The progressive roll-out of COVID-19 vaccines in 2021 created the conditions for strong growth at a global level. In this environment, the Group experienced a sound recovery in operating indicators in terms of generation, distribution and sales to end users of electricity. In particular, the Enel Group accelerated the construction of new renewables capacity during the year, with over 5 GW of new installed capacity worldwide, representing the absolute record for the Group, with an increase of more than 2 GW on the new capacity installed in 2020.

At the same time, macroeconomic conditions were sharply influenced by strong growth in the prices of commodities, such as gas and coal, which have a direct impact on the price of electricity. This prompted the authorities of some European countries to intervene in an attempt to calm the increase in electricity prices for consumers, with measures that in some cases penalized companies operating in electricity generation and sales.

In this context, the geographical diversification of the Group, its integrated business model along the entire value chain, a sound financial structure and a high degree of digitalization have enabled Enel to display considerable resilience, which is reflected in our performance and financial position.

In November 2021, the Group presented its new Strategic Plan, also providing a vision of the evolution of the business in this decade.

More specifically, the Strategic Plan focuses on four strategic lines of action.

- **Allocate capital to support the supply of decarbonized electricity.**
  Between 2021 and 2030, the Enel Group plans to mobilize investments totaling €210 billion, of which €170 billion invested directly by the Group (an increase of 6% compared with the previous Plan) and €40 billion catalyzed by third parties.
  With these investments, the Enel Group expects to achieve total renewables capacity of about 154 GW by 2030, tripling the Group's renewables portfolio compared with 2020, as well as increasing the grid's customer base by 12 million and promoting the electrification of energy consumption, increasing the volume of electricity sold by almost 30% while at the same time focusing on the development of "beyond commodity" services, such as public electric mobility or behind-the-meter storage, in collaboration with partners.

- **Enable the electrification of customer energy demand.**
  The Group's strategic actions will seek to increase value for customers in the business-to-consumer (B2C), business-to-business (B2B) and business-to-government (B2G) segments, increasing the level of electrification of these customers while simultaneously improving the services we deliver. In "Tier 1" countries,[6] it is expected that this targeted strategy, combined with investments in the basic asset, will increase the Group's integrated margin by to 2.6 times between 2021 and 2030, with the support of a unified platform capable of managing the world's largest customer base among private operators.

- **Leverage the creation of value throughout the value chain.**
  In order to enhance the strategy of focusing on customers through the use of platforms, in 2021 the Group created the Global Customer Operations Business Line, which is responsible for defining the commercial strategy and for directing the allocation of capital towards customer needs, leveraging electrification while achieving excellent service levels.
  The refocusing of the Group will go hand in hand with the simplification and rebalancing of its portfolio, through:
  - a focus on "Tier 1" countries;
  - using resources made available from the disposal of assets that no longer support the Group's strategy; and
  - mergers and acquisitions designed to improve positioning, acquire skills or generate synergies.

- **Achieve sustainable Net-Zero objectives in advance.**
  The Group has moved its "Net-Zero" commitment forward by 10 years, from 2050 to 2040, for all emissions along the value chain. The Group plans to abandon thermal generation by 2040, replacing it with new renewables capacity and hybridize renewables with storage solutions. Furthermore, we expect that by 2040 the electricity sold by the Group will be generated entirely from renewables and, by the same year, the Group will exit the retail gas sales business.

As a result of the strategic lines of action described above, between 2020 and 2030 the Group's ordinary EBITDA is expected to increase at a compound annual growth rate of 5-6%, with the ordinary profit of the Group expected to increase at a compound annual rate of 6-7%.

(6) Italy, Spain, Romania, United States Brazil, Chile, Peru and Colombia.

With regard to the period covered by the 2022-2024 Plan, in 2024 the Group's ordinary EBITDA is forecast to reach €21-21.6 billion, compared with €19.2 billion in 2021.
The Group's ordinary profit is expected to rise to €6.7-6.9 billion in 2024, compared with €5.6 billion in 2021.
Enel's dividend policy for the 2022-2024 period remains simple, predictable and attractive. Shareholders should receive a fixed dividend per share (DPS) that is expected to increase by 13% between 2021 and 2024, reaching €0.43 per share.

The following developments are expected in 2022:

- an acceleration of investments in renewable energy, especially in Iberia and North America, to support industrial growth and as part of the Group's decarbonization policies;
- an increase in investments in distribution grids, especially in Italy, with the aim of further improving service quality and increasing the flexibility and resilience of the grid;
- an increase in investments dedicated to the electrification of consumption, with the aim of leveraging the growth of the customer base, and to achieving continuous efficiency gains, supported by the development of global business platforms.

Based on the foregoing, the financial targets on which the Group's 2022-2024 Plan is based are reported below.

Financial targets				
	2021	**2022**	**2023**	**2024**
Profit growth				
Ordinary EBITDA (€ billions)	19.2	19-19.6	20-20.6	21-21.6
Ordinary profit (€ billions)	5.6	5.6-5.8	6.1-6.3	6.7-6.9
Value creation				
Dividend per share (€)	0.38	0.40	0.43	0.43

Other information

Non-EU subsidiaries

At the date of approval by the Board of Directors of the financial statements of Enel SpA for 2021 – March 17, 2022 – the Enel Group meets the "conditions for the listing of shares of companies with control over companies established and regulated under the law of non-EU countries" (hereinafter "non-EU subsidiaries") established by CONSOB with Article 15 of the Markets Regulation (approved with Resolution no. 20249 of December 28, 2017).
Specifically, we report that:

- in application of the materiality criteria for the purposes of consolidation referred to in Article 15, paragraph 2, of the CONSOB Markets Regulation, 44 non-EU subsidiaries of the Enel Group have been identified to which the rules in question apply on the basis of the consolidated accounts of the Enel Group at December 31, 2020;
- they are: 1) Almeyda Solar SpA (a Chilean company merged into Enel Green Power Chile SA on January 1, 2021); 2) Ampla Energia e Serviços SA (a Brazilian company belonging to Enel Américas SA); 3) Aurora Wind Project LLC (a United States company belonging to Enel North America Inc.); 4) Celg Distribuição SA - Celg D (a Brazilian company belonging to Enel Américas SA); 5) Cimarron Bend Wind Holdings I LLC (a United States company belonging to Enel North America Inc.); 6) Codensa SA ESP (a Colombian company merged into Emgesa SA ESP on March 1, 2022); 7) Companhia Energética do Ceará - Coelce (a Brazilian company belonging to Enel Américas SA); 8) Dolores Wind SA de Cv (a Mexican company belonging to Enel Green Power SpA); 9) EGPNA Preferred Wind Holdings LLC (a United States company belonging to Enel North America Inc.); 10) Eletropaulo Metropolitana Eletricidade de São Paulo SA (a Brazilian company belonging to Enel Américas SA); 11) Emgesa SA ESP (a Colombian company belonging to Enel Américas SA, renamed Enel Colombia SA ESP on March 1, 2022); 12) Empresa Distribuidora Sur SA - Edesur (an Argentine company belonging to Enel Américas SA); 13) Enel Américas SA (a Chilean company directly controlled by Enel SpA); 14) Enel Brasil SA (a Brazilian company belonging to Enel Américas SA); 15) Enel Chile SA (a Chilean company directly controlled by Enel SpA); 16) Enel Distribución Chile SA (a Chilean company belonging to Enel Chile SA); 17) Enel Distribución Perú SAA (a Peruvian company belonging to Enel Américas SA); 18) Enel Finance America LLC (a United States company belonging to Enel North America Inc.); 19) Enel Fortuna SA (a Panamanian company belonging to Enel Américas SA); 20) Enel Generación Chile SA (a Chilean company belonging to Enel Chile SA); 21) Enel Generación Perú SAA (a Peruvian company belonging to Enel Américas SA); 22) Enel Green Power Brasil Participações Ltda (a Brazilian company merged into Enel Brasil SA on November 4, 2021); 23) Enel Green Power Cachoeira Dourada SA (a Brazilian company belonging to Enel Américas SA); 24) Enel Green Power Chile SA (a Chilean company belonging to Enel Chile); 25) Enel Green Power Diamond Vista Wind Project LLC (a United States company belonging to Enel North America Inc.); 26) Enel Green Power México S de RL de Cv (a Mexican company belonging to Enel Green Power SpA); 27) Enel Green Power North America Inc. (a United States company belonging to Enel North America Inc.); 28) Enel Green Power Perú SAC (a Peruvian company belonging to Enel Américas SA); 29) Enel Green Power Rattlesnake Creek Wind Project LLC (a United States company belonging to Enel North America Inc.); 30) Enel Green Power RSA (Pty) Ltd (a South African company belonging to Enel Green Power SpA); 31) Enel Green Power RSA 2 (RF) (Pty) Ltd (a South African company belonging to Enel Green Power SpA); 32) Enel Kansas LLC (a United States company belonging to Enel North America Inc.); 33) Enel North America Inc. (a United States company directly controlled by Enel SpA); 34) Enel Perú SAC (a Peruvian company belonging to Enel Américas SA); 35) Enel Rinnovabile SA de Cv (a Mexican company belonging to Enel Green Power SpA); 36) Enel Russia PJSC (a Russian company directly controlled by Enel SpA); 37) Enel X North America Inc. (a United States company belonging to Enel North America Inc.); 38) Geotérmica del Norte SA (a Chilean company belonging to Enel Chile SA); 39) High Lonesome Wind Power LLC (a United States company belonging to Enel North America Inc.); 40) Red Dirt Wind Project LLC (a United States company belonging to Enel North America Inc.); 41) Rock Creek Wind Project LLC (a United States company belonging to Enel North America Inc.); 42) Thunder Ranch Wind Project LLC (a United States company belonging to Enel North America Inc.); 43) Tradewind Energy Inc. (a United States company

belonging to Enel North America Inc.); 44) White Cloud Wind Project LLC (a United States company belonging to Enel North America Inc.);
- the balance sheet and income statement of the above companies included in the reporting package used for the purpose of preparing the 2021 consolidated financial statements of the Enel Group will be made available to the public by Enel SpA (pursuant to Article 15, paragraph 1a) of the Markets Regulation) at least 15 days prior to the day scheduled for the Ordinary Shareholders' Meeting called to approve the 2021 financial statements of Enel SpA together with the summary statements showing the essential data of the latest annual financial statements of subsidiaries and associated companies (pursuant to the applicable provisions of Article 77, paragraph 2-*bis*, of the CONSOB Issuers Regulation approved with Resolution no. 11971 of May 14, 1999);
- the articles of association and composition and powers of the control bodies from all the above subsidiaries have been obtained by Enel SpA and are available in updated form to CONSOB where the latter should request such information for supervisory purposes (pursuant to Article 15, paragraph 1b) of the Markets Regulation);
- Enel SpA has verified that the above subsidiaries:
  - provide the auditor of the Parent, Enel SpA, with information necessary to perform annual and interim audits of Enel SpA (pursuant to Article 15, paragraph 1 (letter c-i) of the Markets Regulation);
  - use an administrative and accounting system appropriate for regular reporting to the management and auditor of the Parent, Enel SpA, of income statement, balance sheet and financial data necessary for preparation of the consolidated financial statements (pursuant to Article 15, paragraph 1 (letter c-ii) of the Markets Regulation).

Approval of the separate financial statements

The Shareholders' Meeting called to approve the separate financial statements, as provided for by Article 9.2 of the bylaws of Enel SpA, shall be called within 180 days of the close of the financial year. The use of that time limit rather than the ordinary limit of 120 days from the close of the financial year, permitted under Article 2364, paragraph 2, of the Italian Civil Code, is justified by the fact that the Company is required to prepare consolidated financial statements.

Disclosures on financial instruments

The disclosures on financial instruments required by Article 2428, paragraph 2, no. 6-*bis* of the Italian Civil Code are reported in note 32 "Financial instruments", note 33 "Risk management", note 34 "Derivatives and hedge accounting" and note 35 "Fair value measurement" to the separate financial statements of Enel SpA.

Transactions with related parties

For more information on transactions with related parties, please see note 37.

Own shares

As of December 31, 2021, treasury shares comprised 4,889,152 ordinary shares of Enel SpA with a par value of €1.00 each (3,269,152 shares at December 31, 2020), acquired through an authorized intermediary for a total of €36 million.

Atypical or unusual operations

Pursuant to the CONSOB Notice of July 28, 2006, Enel did not carry out any atypical or unusual operations in 2021. Such operations include transactions whose significance, size, nature of the counterparties, object, method for calculating the transfer price or timing could give rise to doubts concerning the propriety and/or completeness of disclosure, conflicts of interest, preservation of company assets or protection of minority shareholders.

Subsequent events

Significant events following the close of the year are discussed in note 42.

Incentive system

Enel's remuneration policy for 2021, which was adopted by the Board of Directors acting on a proposal of the Nomination and Compensation Committee and approved by the Shareholders' Meeting of May 20, 2021, was formulated on the basis of: (i) the recommendations of the Italian Corporate Governance Code published on January 31, 2020; (ii) national and international best practice; (iii) the guidance provided by the favorable vote of the Shareholders' Meeting of May 14, 2020 on the remuneration policy for 2020; (iv) the results of the engagement activity on corporate governance issues pursued by the Company between January and March 2021 with the leading proxy advisors and Enel's institutional investors; and (v) the findings of the benchmark analysis of the remuneration of the Chairman of the Board of Directors, the Chief Executive Officer/General Manager and the non-executive directors of Enel for 2020, which was performed by the independent consultant Mercer.
This policy is intended to: (i) foster Enel's sustainable success, which takes the form of creating long-term value for the benefit of shareholders, taking due consideration of the interests of other key stakeholders, so as to incentivize the achievement of strategic objectives; (ii) attract, retain and motivate personnel with the professional skills and experience required by the sensitive managerial duties entrusted to them, taking into account the remuneration and working conditions of the employees of the Company and the Enel Group; and (iii) promote the corporate mission and values.
The 2021 remuneration policy adopted for the Chief Executive Officer/General Manager and key management personnel envisages:

- a fixed component;
- a short-term variable component (MBO) that will be paid out on the basis of achievement of specific performance objectives. Namely:
  - for the CEO/General Manager, annual objectives have been set for the following components:
    - consolidated net ordinary profit;
    - Group opex;
    - funds from operations/consolidated net financial debt;
    - System Average Interruption Duration Index (SAIDI);
    - workplace safety;
  - for key management personnel, objective annual goals connected with their business area have been set in their MBO mechanism, differentiated by the functions and responsibilities assigned to them;
- a long-term variable component linked to participation in specific long-term incentive plans. In particular, for 2021 this component is linked to participation in the 2021 Long-Term Incentive Plan for the management of Enel SpA and/or its subsidiaries pursuant to Article 2359 of the Italian Civil Code (2021 LTI Plan), which establishes three-year performance targets for the following:
  - Enel's average TSR (Total Shareholder Return) compared with the average TSR for the EURO STOXX Utilities - EMU index for the 2021-2023 period;
  - ROACE (Return on Average Capital Employed), cumulative for 2021-2023;
  - consolidated net installed renewables capacity/consolidated net installed total capacity at the end of 2023;
  - grams of Scope 1 GHG emissions per equivalent kWh generated by the Group in 2023;
  - percentage of women in management succession plans at the end of 2023.

The 2021 LTI Plan establishes that any bonus accrued is represented by an equity component, which can be supplemented – depending on the level of achievement of the various targets – by a cash component. More specifically, the Plan envisages that 100% of the basic bonus of the Chief Executive Officer/General Manager (compared with a maximum of 280% of the basic bonus) and 50% of the basic bonus of key management personnel (compared with a maximum of 180% of the basic bonus) will be paid in Enel shares previously acquired by the Company. In addition, the disbursement of a significant portion of long-term variable remuneration (70% of the total) is deferred to the second year following the three-year performance period covered by the 2021 LTI Plan.
For more information on the remuneration policy for 2021, please see Enel's "Report on the remuneration policy for 2021 and compensation paid in 2020", which is available on the Company's website (www.enel.com).

2. Corporate governance

Report on corporate governance and ownership structure

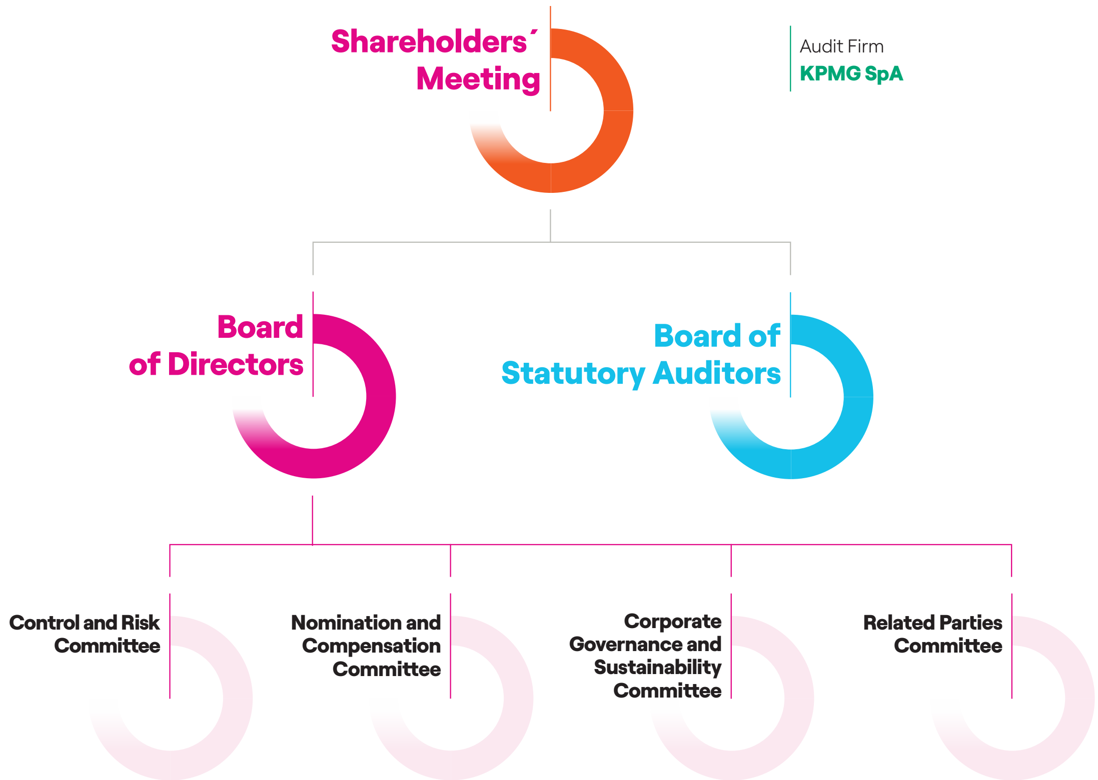
The corporate governance system of Enel SpA complies with the principles set forth in the January 2020 edition of the Italian Corporate Governance Code for listed companies,[7] which has been adopted by the Company, and with international best practice.

The corporate governance system adopted by Enel and the Group is essentially aimed at achieving sustainable success, as it seeks to create value for the shareholders over the long term, taking into account the environmental and social importance of the Group's business operations and the consequent need, in conducting such operations, to adequately consider all the interests involved.

In compliance with the provisions of Italian law governing companies with listed shares, the Company's organization is characterized by:

- a Board of Directors charged with managing the Company, which has established (i) internal Board committees whose functions include the preliminary analysis of issues, the development of recommendations and the performance of advisory functions, in order to ensure the adequate internal allocation of its functions, as well as (ii) a committee for transactions with related parties, which performs the functions envisaged by applicable legislation and specific company procedure;
- a Board of Statutory Auditors charged with monitoring: (i) compliance with the law and the bylaws, and with the principles of sound administration in the performance of company business; (ii) the financial reporting process, as well as the adequacy of the organizational structure, the internal control system and the administrative-accounting system of the Company; (iii) the statutory auditing of the annual accounts and the consolidated accounts, as well as the independence of the Audit Firm; and (iv) the manner in which the corporate governance rules set out in the Corporate Governance Code are actually implemented;
- a Shareholders' Meeting, which is competent to take decisions concerning, among other issues – in ordinary or extraordinary session: (i) the appointment and termination of members of the Board of Directors and the Board of Statutory Auditors and their compensation and any stockholders' suits; (ii) the approval of the separate financial statements and allocation of profit; (iii) the purchase and sale of treasury shares; (iv) remuneration policy and its implementation; (v) stock-based compensation plans; (vi) amendments of the bylaws; (vii) mergers and demergers; and (viii) the issue of convertible bonds.

The statutory auditing of the accounts is performed by a specialized firm entered in the appropriate official register. It was engaged by the Shareholders' Meeting on the basis of a reasoned proposal of the Board of Statutory Auditors.



For more detailed information on the corporate governance system, please see the Report on Corporate Governance and Ownership Structure of Enel, which has been published on the Company's website (http://www.enel.com), in the "Governance" section).

(7) Available from the website of Borsa Italiana (at https://www.borsaitaliana.it/comitato-corporate-governance/codice/2020.pdf).

3. Separate financial statements

Profit for the year reaches €4,762 million

This performance benefited from the increase in other income and income from equity investments.
Profit increased by €2,436 million over the previous year.

Interim dividend for 2021 equal to €1,932 million

In line with the dividend policy announced to investors, which provides for a full-year dividend of €0.38 per share for 2021, the interim dividend was equal to €0.19 per share.

Perpetual hybrid bonds

Issues of new perpetual hybrid bonds totaling €2.25 billion and conversion of an existing €900 million bond into equity instruments.


09:41
smart home
preferences
lights
power
heating
locks
doors

Separate financial statements

Income Statement

Euro	Notes	2021		2020	
			of which with related parties		*of which with related parties*
Revenue					
Revenue from sales and services	4.a	125,426,702	*125,382,065*	116,175,032	*116,162,588*
Other income	4.b	1,643,537,558	*14,038,934*	11,642,191	*11,317,703*
	[Subtotal]	**1,768,964,260**		**127,817,223**	
Costs					
Purchase of consumables	5.a	523,948	*366,196*	672,725	*647,536*
Services, leases and rentals	5.b	196,758,516	*129,741,926*	171,405,582	*108,524,257*
Personnel expenses	5.c	178,564,663		117,733,791	
Depreciation, amortization and impairment losses	5.d	734,099,075		188,690,503	
Other operating costs	5.e	13,637,338	*680,506*	12,595,075	*576,583*
	[Subtotal]	**1,123,583,540**		**491,097,676**	
Operating profit		**645,380,720**		**(363,280,453)**	
Income from equity investments	6	4,450,596,876	*4,449,822,148*	3,148,370,771	*3,147,532,252*
Financial income from derivatives	7	1,072,689,763	*253,243,181*	1,143,550,898	*557,110,979*
Other financial income	8	239,976,218	*237,221,205*	446,954,283	*221,164,853*
Financial expense from derivatives	7	891,233,492	*505,710,198*	1,472,211,436	*336,785,118*
Other financial expense	8	869,140,792	*203,472,671*	699,775,150	*152,072,619*
	[Subtotal]	**4,002,888,573**		**2,566,889,366**	
Pre-tax profit		**4,648,269,293**		**2,203,608,913**	
Income taxes	9	(114,212,964)		(122,351,614)	
PROFIT FOR THE YEAR		**4,762,482,257**		**2,325,960,527**	

Statement of Comprehensive Income

Euro	Notes	2021	2020
Profit for the year		**4,762,482,257**	**2,325,960,527**
Other comprehensive income/(expense) that may be subsequently reclassified to profit or loss (net of taxes)			
Effective portion of change in the fair value of cash flow hedges		124,454,364	(52,894,590)
Change in the fair value of hedging costs		15,717,853	5,991,685
Other comprehensive income/(expense) that may not be subsequently reclassified to profit or loss			
Remeasurement of net liabilities/(assets) for defined benefit plans		4,564,511	(1,525,965)
Change in the fair value of equity investments in other companies		–	(11,462,237)
Total other comprehensive income/(expense) for the year	23	**144,736,728**	**(59,891,107)**
Comprehensive income/(expense) for the year		**4,907,218,985**	**2,266,069,420**

Statement of Financial Position

Euro	Notes				
ASSETS		**at Dec. 31, 2021**		**at Dec. 31, 2020**	
			of which with related parties		*of which with related parties*
Non-current assets					
Property, plant and equipment	10	11,735,807		7,949,635	
Intangible assets	11	143,456,537		113,303,284	
Deferred tax assets	12	298,539,457		336,886,263	
Equity investments	13	60,268,990,442		50,622,587,197	
Non-current financial derivative assets	14	753,312,462	*153,244,028*	890,373,351	*318,976,872*
Other non-current financial assets	15	15,417,338		280,263,365	*270,460,845*
Other non-current assets	16	99,043,140	*86,843,927*	127,590,612	*107,775,760*
	[Total]	**61,590,495,183**		**52,378,953,707**	
Current assets					
Trade receivables	17	275,247,959	*276,190,306*	240,797,578	*241,790,428*
Income tax assets	18	141,877,919		197,139,713	
Current financial derivative assets	14	59,972,681	*23,256,617*	128,419,355	*117,568,211*
Other current financial assets	19	8,257,266,476	*7,133,865,088*	2,649,954,133	*1,023,712,279*
Other current assets	20	1,063,147,760	*1,044,515,604*	660,655,255	*620,672,572*
Cash and cash equivalents	21	952,254,599		2,126,512,961	
	[Total]	**10,749,767,394**		**6,003,478,995**	
Non-current assets classified as held for sale	22	**-**		**668,617,876**	
TOTAL ASSETS		**72,340,262,577**		**59,051,050,578**	

Euro	Notes				
LIABILITIES AND EQUITY		**at Dec. 31, 2021**		**at Dec. 31, 2020**	
			of which with related parties		*of which with related parties*
Equity					
Share capital		10,166,679,946		10,166,679,946	
Treasury share reserve		(36,046,337)		(3,269,152)	
Equity instruments – perpetual hybrid bonds		5,567,477,464		2,385,529,628	
Other reserves		11,510,379,340		11,300,253,202	
Retained earnings		4,928,260,660		6,346,833,602	
Profit for the year(1)		2,830,813,067		546,791,537	
TOTAL EQUITY	23	**34,967,564,140**		**30,742,818,763**	
Non-current liabilities					
Long-term borrowings	24	25,572,039,327	*18,738,942,712*	17,296,666,278	*11,156,597,285*
Employee benefits	25	171,939,929		200,000,795	
Provisions for risks and charges (non-current portion)	26	49,212,156		14,665,522	
Deferred tax liabilities	12	149,317,756		149,176,256	
Non-current financial derivative liabilities	14	1,300,244,640	*25,575,645*	1,762,837,887	*4,390,181*
Other non-current liabilities	27	29,470,863	*8,473,280*	19,218,194	*8,453,536*
	[Subtotal]	**27,272,224,671**		**19,442,564,932**	
Current liabilities					
Short-term borrowings	24	6,563,294,343	*5,624,719,235*	5,303,284,362	*5,057,198,692*
Current portion of long-term borrowings	24	215,621,277	*117,654,573*	820,437,782	*46,307,451*
Provisions for risks and charges (current portion)	26	12,122,617		10,709,189	
Trade payables	28	167,020,616	*116,525,041*	91,990,760	*49,542,499*
Current financial derivative liabilities	14	130,821,277	*36,532,890*	257,732,025	*10,848,849*
Other current financial liabilities	29	226,570,923	*70,929,839*	228,295,701	*52,919,651*
Other current liabilities	31	2,785,022,713	*220,243,966*	2,153,217,064	*157,694,024*
	[Subtotal]	**10,100,473,766**		**8,865,666,883**	
TOTAL LIABILITIES		**37,372,698,437**		**28,308,231,815**	
TOTAL LIABILITIES AND EQUITY		**72,340,262,577**		**59,051,050,578**	

(1) Profit for the year of €4,762 million (€2,326 million in 2020) is reported net of the interim dividend of €1,932 million (€1,779 million in 2020).

Statement of Changes in Equity (note 23)

Euro	Share capital	Share premium reserve	Negative treasury share reserve	Equity instruments reserve – perpetual hybrid bonds	Legal reserve	Reserve pursuant to Law 292/1993
At January 1, 2020	**10,166,679,946**	**7,487,065,216**	**(1,549,152)**	**-**	**2,033,335,988**	**2,215,444,500**
Purchase of treasury shares	-	(11,070,869)	(1,720,000)	-	-	-
Equity instruments – perpetual hybrid bonds	-	-	-	2,385,529,628	-	-
Allocation of 2019 profit						
Distribution of dividends	-	-	-	-	-	-
Retaining earnings	-	-	-	-	-	-
2020 interim dividend[1]	-	-	-	-	-	-
Comprehensive income for the year						
Other comprehensive income	-	-	-	-	-	-
Other changes	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-
Total at December 31, 2020	**10,166,679,946**	**7,475,994,347**	**(3,269,152)**	**2,385,529,628**	**2,033,335,988**	**2,215,444,500**
Other changes	-	20,021,716	(20,021,716)	-	-	-
Purchase of treasury shares	-	(42,879)	(12,755,469)	-	-	-
Equity instruments – perpetual hybrid bonds	-	-	-	3,181,947,836	-	-
Coupons paid to holders of perpetual hybrid bonds	-	-	-	-	-	-
Allocation of 2020 profit						
Distribution of dividends	-	-	-	-	-	-
Retaining earnings	-	-	-	-	-	-
2021 interim dividend[2]	-	-	-	-	-	-
Comprehensive income for the year						
Other comprehensive income	-	-	-	-	-	-
Reserve for share-based payments (LTI)	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-
At December 31, 2021	**10,166,679,946**	**7,495,973,184**	**(36,046,337)**	**5,567,477,464**	**2,033,335,988**	**2,215,444,500**

(1) Approved by the Board of Directors on November 5, 2020 and paid as from January 20, 2021.
(2) Approved by the Board of Directors on November 4, 2021 and paid as from January 26, 2022.

Other reserves	Hedging reserve	Hedging costs reserve	Reserve from measurement of financial instruments at FVOCI	Actuarial reserve	Retained earnings	Profit for the year	Total equity
68,641,664	**(389,760,171)**	**(21,969,471)**	**11,342,491**	**(37,716,279)**	**4,889,078,236**	**3,164,925,237**	**29,585,518,205**
–	–	–	–	–	–	–	**(12,790,869)**
–	–	–	–	–	–	–	**2,385,529,628**
–	–	–	–	–	260,258	(1,708,002,231)	**(1,707,741,973)**
–	–	–	–	–	1,456,923,006	(1,456,923,006)	**-**
–	–	–	–	–	572,102	(1,779,168,990)	**(1,778,596,888)**
–	(52,894,590)	5,991,685	(11,462,237)	(1,525,965)	–	–	**(59,891,107)**
4,831,240	–	–	–	–	–	–	**4,831,240**
–	–	–	–	–	–	2,325,960,527	**2,325,960,527**
73,472,904	**(442,654,761)**	**(15,977,786)**	**(119,746)**	**(39,242,244)**	**6,346,833,602**	**546,791,537**	**30,742,818,763**
–	–	–	–	–	–	–	**-**
36,046,337	–	–	–	–	(36,046,337)	–	**(12,798,348)**
–	–	–	–	–	–	–	**3,181,947,836**
–	–	–	–	–	(70,554,749)	–	**(70,554,749)**
–	–	–	–	–	(1,321,668,393)	(538,834,037)	**(1,860,502,430)**
–	–	–	–	–	8,767,598	(7,957,500)	**810,098**
–	–	–	–	–	928,939	(1,931,669,190)	**(1,930,740,251)**
–	124,454,364	15,717,853	–	4,564,511	–	–	**144,736,728**
9,364,236	–	–	–	–	–	–	**9,364,236**
–	–	–	–	–	–	4,762,482,257	**4,762,482,257**
118,883,477	**(318,200,397)**	**(259,933)**	**(119,746)**	**(34,677,733)**	**4,928,260,660**	**2,830,813,067**	**34,967,564,140**

Statement of Cash Flows

Euro	Notes	2021		2020	
			of which with related parties		*of which with related parties*
Pre-tax profit		**4,648,269,293**		**2,203,608,913**	
Adjustments for:					
Depreciation, amortization and impairment losses	5.d	733,837,566		187,393,237	
Exchange gains/(losses) on foreign currency assets and liabilities		136,964,008		(161,484,379)	
Accruals to provisions		57,484,302		24,741,690	
Dividends from subsidiaries, associates and other companies	6	(4,450,596,876)	*(4,449,822,148)*	(3,148,370,772)	*(3,147,532,252)*
Net financial expense		307,629,019	*218,718,799*	738,983,753	*(289,418,094)*
Cash flows from operating activities before changes in net working capital		**1,433,587,312**		**(155,127,558)**	
Increase/(Decrease) in provisions		(49,585,106)		37,477,938	
(Increase)/Decrease in trade receivables	17	(35,635,336)	*(34,399,878)*	15,517,789	*14,755,171*
(Increase)/Decrease in financial and non-financial assets/liabilities		1,383,188,146	*(77,967,325)*	2,678,635,243	*(11,892,687)*
Increase/(Decrease) in trade payables	28	75,029,856	*66,982,542*	(72,990,729)	*(41,438,261)*
Interest income and other financial income collected		984,985,579	*709,947,923*	938,590,213	*495,343,556*
Interest expense and other financial expense paid		(1,101,636,478)	*(351,708,683)*	(1,295,589,597)	*(345,716,038)*
Dividends collected from subsidiaries, associates and other companies	6	4,550,337,971	*4,549,614,807*	3,139,090,049	*3,138,318,088*
Income taxes paid		(552,962,935)		(786,689,066)	
Cash flows from operating activities (a)		**6,687,309,009**		**4,498,914,282**	
Investments in property, plant and equipment and intangible assets	10-11	(69,732,442)		(71,186,806)	
Investments in equity investments	13	(10,338,316,034)	*(10,338,316,034)*	(5,237,814,213)	*(5,226,214,213)*
Disinvestments from extraordinary transactions		668,617,876	*668,617,876*	1,525,290,346	
Cash flows used in investing activities (b)		**(9,739,430,600)**		**(3,783,710,673)**	
New long-term borrowings	24	9,203,788,683	*7,700,000,000*	7,001,087,179	*6,000,010,907*
Repayments of borrowings	24	(846,996,081)	*(46,307,451)*	(1,345,935,177)	*(46,318,097)*
Net change in long-term borrowings/(loan assets)		183,426,475	*886,526,527*	(2,534,914,450)	*(2,833,455,259)*
Net change in short-term borrowings/(loan assets)		(5,199,163,804)	*(5,453,274,956)*	(3,102,612,039)	*(2,217,883,412)*
Dividends and interim dividends paid	23	(3,664,298,335)		(3,334,165,058)	
Issue/(Redemption) of hybrid bonds	23	2,213,861,760		588,086,628	
Purchase of treasury shares	23	(12,755,469)		(12,790,869)	
Cash flows from/(used in) financing activities (c)		**1,877,863,229**		**(2,741,243,786)**	
Increase/(Decrease) in cash and cash equivalents (a+b+c)		**(1,174,258,362)**		**(2,026,040,177)**	
Cash and cash equivalents at the beginning of the year	21	2,126,512,961		4,152,553,138	
Cash and cash equivalents at the end of the year	21	**952,254,599**		**2,126,512,961**	

Notes to the separate financial statements

1. Form and content of the separate financial statements

Enel SpA has its registered office in Viale Regina Margherita 137, Rome, Italy, and since 1999 has been listed on the Mercato Telematico Azionario (Electronic Stock Exchange) organized and operated by Borsa Italiana SpA. Enel is an energy multinational and is one of the world's leading integrated operators in the electricity and gas industries, with a special focus on Europe and Latin America.
As the Parent, Enel SpA has prepared the consolidated financial statements of the Enel Group as at and for the year ended December 31, 2021, which are published in a separate document.
The publication of these separate financial statements was approved by the Board of Directors on March 17, 2022.
These separate financial statements have been audited by KPMG SpA.

Basis of presentation

These separate financial statements for the year ended December 31, 2021 represent the separate financial statements of the Parent, Enel SpA, and have been prepared in accordance with international accounting standards (International Accounting Standards - IAS and International Financial Reporting Standards - IFRS) issued by the International Accounting Standards Board (IASB), the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), recognized in the European Union pursuant to Regulation (EC) no. 1606/2002 and in effect as of the close of the year. All of these standards and interpretations are hereinafter referred to as the "IFRS-EU".
These separate financial statements have also been prepared in conformity with measures issued in implementation of Article 9, paragraph 3, of Legislative Decree 38 of February 28, 2005.
The separate financial statements consist of the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the statement of cash flows and the related notes.
The assets and liabilities reported in the statement of financial position are classified on a "current/non-current basis", with separate reporting of assets classified as held for sale and liabilities included in disposal groups classified as held for sale. Current assets, which include cash and cash equivalents, are assets that are intended to be realized, sold or consumed during the normal operating cycle of the Company or in the 12 months following the close of the financial year; current liabilities are liabilities that are expected to be settled during the normal operating cycle of the Company or within the 12 months following the close of the financial year.
The income statement classifies costs on the basis of their nature, with separate reporting of profit/(loss) from continuing operations and profit/(loss) from discontinued operations.
The statement of cash flows is prepared using the indirect method, with separate reporting of any cash flows by operating, investing and financing activities associated with discontinued operations.
For more information on cash flows in the statement of cash flows, please see the section "Cash flows" in the Report on Operations.
The separate financial statements have been prepared on a going concern basis using the cost method, with the exception of items measured at fair value in accordance with IFRS, as explained in the measurement criteria for the individual items, and non-current assets and disposal groups classified as held for sale, which are measured at the lower between their carrying amount and the fair value less costs to sell.
The separate financial statements are presented in euro, the functional currency of the Company, and the figures shown in the notes are reported in millions of euro unless stated otherwise.
The separate financial statements provide comparative information in respect of the previous year.

2. Accounting policies

2.1 Focus on non-financial issues

Climate change disclosures

The move towards "net zero" is under way worldwide and the processes of decarbonization and electrification of the global economy are crucial to avoiding the serious consequences of an increase in temperatures of over 1.5 °C.
With this outlook, the Group has set its strategic guidelines as follows:

- allocate capital to support a decarbonized electricity supply;
- enable the electrification of customers' energy demand;
- leverage the creation of value along the value chain;
- bring forward achievement of the sustainable "net-zero" goals to 2040.

Considering the risks related to climate change and the provisions of the Paris Agreement, the Group has decided to achieve the carbon neutrality objectives in advance and reflect its impact in assets, liabilities, and profit and loss, highlighting the significant and foreseeable impacts as required under the Conceptual Framework of the IFRS.

COVID-19 disclosures

In view of the challenges posed by current circumstances, the Group carefully monitors the evolution of the COVID-19 pandemic with regard to the main areas and countries in which it operates, in line with the recommendations of ESMA contained in the public statements[8] published in March, May, July and October 2020, and of CONSOB in its warning notices nos. 6/2020 of April 9, 2020, 8/2020 of July 16, 2020 and 1/2021 of February 16, 2021.
As regards the impacts of COVID-19, the forecasts concerning the future evolution of the macroeconomic, financial and business environment in which the Group operates, despite the climate of uncertainty that surrounds them, have been internalized in the models and scenarios adopted in the assessments and estimates made by management concerning the carrying amount of the income statement items, assets and liabilities that experience the greatest volatility (including revenue and costs, property, plant and equipment, intangible assets, goodwill, employee benefits, and financial instruments).

2.2 Use of estimates and management judgments

Preparing these separate financial statements under IFRS-EU requires management to take decisions and make estimates and assumptions that may impact the carrying amounts of revenue, costs, assets and liabilities and the related disclosures concerning the items involved as well as contingent assets and liabilities at the reporting date. The estimates and management's judgments are based on previous experience and other factors considered reasonable in the circumstances. They are formulated when the carrying amount of assets and liabilities is not easily determined from other sources. The actual results may therefore differ from these estimates. The estimates and assumptions are periodically revised and the effects of any changes are reflected through profit or loss if they only involve that period. If the revision involves both the current and future periods, the change is recognized in the year in which the revision is made and in the related future periods.
In order to enhance understanding of the separate financial statements, the following sections examine the main items affected by the use of estimates and the cases that reflect management judgments to a significant degree, underscoring the main assumptions used by management in measuring these items in compliance with the IFRS-EU. The critical element of such valuations is the use of assumptions and professional judgments concerning issues that are by their very nature uncertain.
Changes in the conditions underlying the assumptions and judgments could have a substantial impact on future results.
In addition, as regards the impact of the COVID-19 pandemic, the forecasts for future developments in the macroeconomic, financial and business environment in which the Company operates are characterized by a high degree of uncertainty, which is reflected in the assessments and the estimates produced by management regarding the carrying amounts of the assets and liabilities affected by greater volatility. In this regard, the following sections pro-

(8) ESMA 71-99-1290 of March 11, 2020; ESMA 32-63-951 of March 25, 2020; ESMA 31-67-742 of March 27, 2020; ESMA 32-63-972 of May 20, 2020; ESMA 32-61-417 of July 21, 2020 and ESMA 32-63-1041 of October 28, 2020.

vide specific information on the estimates and judgments used in the areas of the separate financial statements most affected by the COVID-19 pandemic, drawing on the information available at December 31, 2021 and considering the constantly evolving scenario.
With regard to the effects of climate change issues, the Company believes that climate change represents an implicit element in the application of the methodologies and models used to perform estimates in the valuation and/or measurement of certain accounting items. Furthermore, the Company has taken account of the impact of climate change in the significant judgments made by management.

Use of estimates

Recoverability of equity investments

The Company assesses the presence of evidence of impairment of each equity investment at least once a year, consistent with its strategy for managing the legal entities within the Group. If such evidence is found, the assets involved undergo impairment testing. The processes and procedures for determining the recoverable amount of each equity investment are based on assumptions that can be complex and whose nature requires management to use its judgment, especially as regards the identification of evidence of impairment, the forecasting of future profitability over the horizon of the Group Business Plan, the determination of the normalized cash flows underlying the estimation of terminal value and the determination of long-term growth rates and discount rates applied to forecasts of future cash flows.

Impairment of non-financial assets

Assets such as property, plant and machinery and intangible assets are adjusted for impairment when their carrying amount exceeds their recoverable amount, represented by the higher of their fair value less costs to sell and their value in use.
The recoverable amount is assessed in accordance with the criteria established by IAS 36, which are discussed in greater detail in the appropriate notes to the separate financial statements.
In determining the recoverable amount, the Company generally applies the value in use criterion. Value in use is the present value of the future cash flows that are expected to be derived from the asset, discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset.
Future cash flows used to determine value in use are based on the most recent Business Plan, approved by the management, containing forecasts for volumes, revenue, operating costs and investments. These projections cover the next three years. For subsequent years, account is taken of:

- assumptions concerning the long-term evolution of the main variables considered in the calculation of cash flows, as well as the average residual useful life of the assets or the duration of the concessions, based on the specific characteristics of the businesses;
- a long-term growth rate equal to the long-term growth of electricity demand and/or inflation (depending on the country and business) that does not in any case exceed the average long-term growth rate of the market involved.

The recoverable amount is sensitive to the estimates and assumptions used in the calculation of cash flows and the discount rates applied. Nevertheless, possible changes in the underlying assumptions on which the calculation of such amounts is based could generate different recoverable amounts. The analysis of each group of non-financial assets is unique and requires management to use estimates and assumptions considered prudent and reasonable in the specific circumstances.
In the current scenario, the analysis of impairment indicators has become even more important as an attempt was also made to assess whether the impact of the COVID-19 pandemic could reduce the carrying amount of certain non-financial assets as at December 31, 2021. For this reason, the Company has carefully considered the effects of the COVID-19 pandemic in determining the existence of impairment indicators for non-financial assets.
Furthermore, in line with its business model and in the context of the acceleration of the decarbonization of the generation mix and driving the energy transition process, the Company has also carefully assessed whether climate change issues have affected the reasonable and supportable assumption used to estimate expected cash flows. In this regard, where necessary, the Company has also taken account of the long-term impact of climate change, in particular by considering in the estimation of the terminal value a long-term growth rate in line with the change in electricity demand determined using energy models for each country.
Information on the main assumptions used to estimate the recoverable amount of assets with reference to the impacts relating to the COVID-19 pandemic and climate change, as well as information on changes in these assumptions, is provided in the applicable notes.

Expected credit losses on financial assets

At each reporting date, the Company recognizes a loss allowance for expected credit losses on trade receivables and other financial assets measured at amortized cost, debt instruments measured at fair value through other comprehensive income, contract assets and all other assets in the scope.

Loss allowances for financial assets are based on assumptions about risk of default and on the measurement of expected credit losses. Management uses judgement in making these assumptions and selecting the inputs for the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.
The expected credit loss (ECL) – determined considering probability of default (PD), loss given default (LGD), and exposure at default (EAD) – is the difference between all contractual cash flows that are due in accordance with the contract and all cash flows that are expected to be received (including shortfalls) discounted at the original effective interest rate.
In particular, for trade receivables, contract assets and right-of-use assets, including those with a significant financial component, the Company applies the simplified approach, determining expected credit losses over a period corresponding to the entire life of the asset, generally equal to 12 months.
Based on the specific reference market and the regulatory context of the sector, as well as expectations of recovery after 90 days, for such assets, the Company mainly applies a default definition of 180 days past due to determine expected credit losses, as this is considered an effective indication of a significant increase in credit risk. Accordingly, financial assets that are more than 90 days past due are generally not considered to be in default, except for some specific regulated markets.
For trade receivables and contract assets the Company mainly applies a collective approach based on grouping the receivables into specific clusters. Only if the trade receivables are deemed to be individually significant by management and there is specific information about any significant increase in credit risk, does the Company apply an analytical approach.
In case of individual assessment, PD is mainly obtained from external providers.
Conversely, for collective assessment, trade receivables are grouped based on shared credit risk characteristics and past due information, considering a specific definition of default.
The contract assets are considered to have substantially the same risk characteristics as trade receivables for the same types of contracts.
In order to measure the ECL for trade receivables on a collective basis, as well as for contract assets, the Company considers the following assumptions related to ECL parameters:

- PD, assumed as to be the average default rate, is calculated on a cluster basis and taking into consideration a minimum of 24 months of historical data;
- LGD is a function of the default bucket's recovery rates, discounted at the effective interest rate;
- EAD is estimated as the carrying exposure at the reporting date net of cash deposits, including invoices issued but not expired and invoices to be issued.

Based on specific management evaluations, the forward-looking adjustment can be applied considering qualitative and quantitative information in order to reflect possible future events and macroeconomic scenarios, which may affect the risk of the portfolio or the financial instrument.
For additional details on the key assumptions and inputs used, please see note 32 "Financial instruments".

Determining the fair value of financial instruments

The fair value of financial instruments is determined on the basis of prices directly observable in the market, where available, or, for unlisted financial instruments, using specific valuation techniques (mainly based on present value) that maximize the use of observable market inputs. In rare circumstances where this is not possible, the inputs are estimated by management taking due account of the characteristics of the instruments being measured.
In accordance with IFRS 13, the Company includes a measurement of credit risk, both of the counterparty (Credit Valuation Adjustment or CVA) and its own (Debit Valuation Adjustment or DVA), in order to adjust the fair value of financial instruments for the corresponding amount of counterparty risk, applying the method indicated in note 35 "Fair value measurement". Changes in the assumptions made in estimating the input date could have an impact on the fair value recognized for those instruments, especially in current conditions, where markets are volatile and highly uncertain and subject to rapid change.

Pensions and other post-employment benefits

Some of the Company's employees participate in pension plans offering benefits based on their wage history and years of service. Certain employees are also eligible for other post-employment benefit schemes.
The expenses and liabilities of such plans are calculated on the basis of estimates carried out by consulting actuaries, who use a combination of statistical and actuarial elements in their calculations, including statistical data on past years and forecasts of future costs. Other components of the estimation that are considered include mortality and retirement rates as well as assumptions concerning future developments in discount rates, the rate of wage increases, the inflation rate and trends in healthcare cost.
These estimates can differ significantly from actual developments owing to changes in economic and market conditions, increases or decreases in retirement rates and the lifespan of participants, as well as changes in the effective cost of healthcare.

Such differences can have a substantial impact on the quantification of pension costs and other related expenses. With regard to the COVID-19 pandemic, the Company has carefully analyzed the possible impacts of the economic crisis generated by the emergency on the actuarial assumptions used in the measurement of the actuarial liabilities and assets serving the plans.

Provisions for risks and charges

Provisions are recognized where there is a legal or constructive obligation as a result of a past event at the end of the reporting period, the settlement of which is expected to result in an outflow of resources whose amount can be reliably estimated. Where the impact is significant, the accruals are determined by discounting expected future cash flows using a pre-tax discount rate that reflects the current market assessment of the time value of money and, if applicable, the risks specific to the liability.
If the provision is discounted, the periodic adjustment of the present value for the time factor is recognized as a financial expense.
When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain.
Provisions do not include liabilities to reflect uncertainties in income tax treatments that are recognized as tax liabilities.
In the case of contracts in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it (onerous contracts), the Company recognizes a provision as the lower of the costs of fulfilling the obligation that exceed the economic benefits expected to be received under the contract and any compensation or penalty arising from failure to fulfil it.
Changes in estimates of accruals to the provision are recognized in the income statement in the year in which the changes occur.
For more details on provisions for risks and charges, please see note 26 "Provisions for risks and charges".
Note 40 "Contingent assets and liabilities" also provides information regarding the most significant contingent liabilities for the Company.

Litigation

The Company is involved in various civil, administrative and tax disputes connected with the normal pursuit of its activities that could give rise to significant liabilities. It is not always objectively possible to predict the outcome of these disputes. The assessment of the risks associated with this litigation is based on complex factors whose very nature requires recourse to management judgments, even when taking account of the contribution of external advisors assisting the Company, about whether to classify them as contingent liabilities or liabilities.
Provisions have been recognized to cover all significant liabilities for cases in which legal counsel feels an adverse outcome is likely and a reasonable estimate of the amount of the loss can be made. Note 40 provides disclosures on the Company's most significant contingent liabilities.

Leases

When the interest rate implicit in the lease cannot be readily determined, the Company uses the incremental borrowing rate (IBR) at the lease commencement date to calculate the present value of the lease payments. This is the interest rate that the lessee would have to pay to borrow over a similar term, and with similar security, the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment.
When no observable inputs are available, the Company estimates the IBR making assumptions to reflect the terms and conditions of the lease and certain entity-specific estimates.
One of the most significant judgments for Company in adopting IFRS 16 is determining this IBR necessary to calculate the present value of the lease payments required to be paid to the lessor. The Company's approach to determining an IBR is based on the assessment of the following three key components: the risk-free rate, which considers the cash flows of the lease payments, the economic environment where the lease contract has been negotiated and the lease term; the credit spread adjustment, in order to calculate an IBR that is specific for the lessee considering any underlying Parent or other guarantee; and the lease-related adjustments, in order to reflect in the IBR calculation the fact that the discount rate is directly linked to the type of the underlying asset, rather than being a general incremental borrowing rate. In particular, the risk of default is mitigated for the lessors as they have the right to reclaim the underlying asset itself.

Recovery of deferred tax assets

At December 31, 2021, the separate financial statements report deferred tax assets in respect of tax losses or tax credits to be reversed in subsequent years and income components whose deductibility is deferred in an amount whose recovery is considered by management to be highly probable.
The recoverability of such assets is subject to the achievement of future income sufficient to absorb such tax losses and to use the benefits of the other deferred tax assets.
Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future

taxable income together with future tax planning strategies and the tax rates applicable at the date of reversal. However, where the Company should become aware that it is unable to recover all or part of recognized tax assets in future years, the consequent adjustment would be taken to the income statement in the year in which this circumstance arises.
The recoverability of deferred tax assets is reviewed at the end of each period. Deferred tax assets not recognized are reassessed at each reporting date in order to verify the conditions for their recognition.
Where required, the Company monitored the recovery times of deferred tax assets as well as those relating to the reversal of deductible temporary differences, if any, as a result of the greater uncertainty caused by the COVID-19 pandemic.

Management judgment

Determining the useful life of non-financial assets

In determining the useful life of property, plant and equipment and intangible assets with a finite useful life, the Company considers not only the future economic benefits – contained in the assets – obtained through their use, but also many other factors, such as physical wear and tear, the technical, commercial or other obsolescence of the product or service produced with the asset, legal or similar limits (e.g., safety, environmental or other restrictions) on the use of the asset, if the useful life of the asset depends on the useful life of other assets.
Furthermore, in estimating the useful lives of the assets concerned, the Company has taken account of its commitment under the Paris Agreement.

Determination of the existence of control

Under the provisions of IFRS 10, control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Power is defined as the current ability to direct the relevant activities of the investee based on existing substantive rights.
The existence of control does not depend solely on ownership of a majority investment, but rather it arises from substantive rights that each investor holds over the investee. Consequently, management must use its judgment in assessing whether specific situations determine substantive rights that give the Company the power to direct the relevant activities of the investee in order to affect its returns.
For the purpose of assessing control, management analyses all facts and circumstances including any agreements with other investors, rights arising from other contractual arrangements and potential voting rights (call options, warrants, put options granted to non-controlling shareholders, etc.). These other facts and circumstances could be especially significant in such assessment when the Company holds less than a majority of voting rights, or similar rights, in the investee.
Furthermore, even if it holds more than half of the voting rights in another entity, the Company considers all the relevant facts and circumstances in assessing whether it controls the investee.
The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements considered in verifying the existence of control.
Finally, the assessment of the existence of control did not find any situations of *de facto* control.

Determination of the existence of joint control and of the type of joint arrangement

Under the provisions of IFRS 11, a joint arrangement is an agreement where two or more parties have joint control.
Joint control only exists when the decisions over the relevant activities require the unanimous consent of the parties that share control.
A joint arrangement can be configured as a joint venture or a joint operation. Joint ventures are joint arrangements whereby the parties that have joint control have rights to the net assets of the arrangement. Conversely, joint operations are joint arrangements whereby the parties that have joint control have rights to the assets and obligations for the liabilities relating to the arrangement.
In order to determine the existence of the joint control and the type of joint arrangement, management must apply judgment and assess its rights and obligations arising from the arrangement. For this purpose, the management considers the structure and legal form of the arrangement, the terms agreed by the parties in the contractual arrangement and, when relevant, other facts and circumstances.
The Company re-assesses whether or not it has joint control if facts and circumstances indicate that changes have occurred in one or more of the elements considered in verifying the existence of joint control and the type of the joint arrangement.

Determination of the existence of significant influence over an associate

Associates are those in which the Company exercises significant influence, i.e., the power to participate in the financial and operating policy decisions of the investee but not exercise control or joint control over those policies. In general, it is presumed that the Company has a significant influence when it has an ownership interest of 20% or more.
In order to determine the existence of significant influence,

management must apply judgment and consider all facts and circumstances.

Classification and measurement of financial assets

At initial recognition, in order to classify financial assets as financial assets at amortized cost, at fair value through other comprehensive income and at fair value through profit or loss, management assesses both the contractual cash flow characteristics of the instrument and the business model for managing financial assets in order to generate cash flows.
For the purpose of evaluating the contractual cash flow characteristics of the instrument, management performs the SPPI test at an instrument level, in order to determine if it gives rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding, performing specific assessment on the contractual clauses of the financial instruments, as well as quantitative analysis, if required.
The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.
For more details, please see note 32 "Financial instruments".

Hedge accounting

Hedge accounting is applied to derivatives in order to reflect into the financial statements the effect of risk management strategies.
Accordingly, at the inception of the transaction the Company documents the hedge relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy. The Company also assesses, both at hedge inception and on an ongoing basis, whether hedging instruments are highly effective in offsetting changes in the fair values or cash flows of hedged items.
On the basis of management's judgment, the effectiveness assessment based on the existence of an economic relationship between the hedging instruments and the hedged items, the dominance of credit risk in the changes in fair value and the hedge ratio, as well as the measurement of the ineffectiveness, is evaluated through a qualitative assessment or a quantitative computation, depending on the specific facts and circumstances and on the characteristics of the hedged items and the hedging instruments.
For cash flow hedges of forecast transactions designated as hedged items, management assesses and documents that they are highly probable and present an exposure to changes in cash flows that affect profit or loss.
Furthermore, during the year, the Company carefully monitored the possible effects of the uncertainties linked to the COVID-19 pandemic on its hedging relationships.
For more details on the key assumptions used in assessing effectiveness and measuring the ineffective portion of hedges, see note 34.1 "Hedge accounting".

Leases

The complexity of the assessment of the lease contracts, and also their long-term expiring date, requires considerable professional judgments for the IFRS 16 application. In particular, for:

- the application of the definition of a lease to the cases typical of the sectors in which the Company operates;
- the identification of the non-lease component in the lease;
- the evaluation of any renewable and termination options included in the lease in order to determine the term of leases, also considering the probability of their exercise and any significant leasehold improvements on the underlying asset;
- the identification of any variable lease payments that depend on an index or a rate to determine where the changes of the latter impact the future lease payments and also the amount of the right-of-use asset;
- the estimate of the discount rate to calculate the present value of the lease payments; further details on assumptions about this rate are provided in the paragraph "Use of estimates".

Uncertainty over income tax treatments

The Company determines whether to consider each uncertain income tax treatment separately or together with one or more other uncertain tax treatments as well as whether to reflect the effect of uncertainty by using the most likely amount or the expected value method, based on which approach better predicts the resolution of the uncertainty for each uncertain tax treatments.
The Company makes significant use of professional judgment in identifying uncertainties about income tax treatments and reviews the judgments and estimates made in the event of a change in facts and circumstances that could change its assessment of the acceptability of a specific tax treatment or the estimate of the effects of uncertainty, or both.

2.3 Significant accounting policies

Related parties

Related parties are mainly those that share the same parent with Enel SpA, the companies that directly or indirectly are controlled by Enel SpA, the associates or joint ventures (including their subsidiaries) of Enel SpA, or the associates or joint ventures (including their subsidiaries) of any Group company.
Related parties also include entities that operate post-employment benefit plans for employees of Enel SpA or its associates (specifically, the FOPEN and FONDENEL pension funds), as well as the members of the boards of statutory auditors, and their immediate family, and the key management personnel, and their immediate family, of Enel SpA and its subsidiaries. Key management personnel comprises management personnel who have the power and direct or indirect responsibility for the planning, management and control of the activities of the company. They include directors (whether executive or not).

Subsidiaries, associates and joint ventures

The Company controls an entity when it is exposed to or has rights to variable returns deriving from its involvement, regardless of the nature of their formal relationship, and has the ability, through the exercise of its power over the investee, to affect its returns.
Associates comprise those entities in which the Company has a significant influence. Significant influence is the power to participate in the financial and operating policy decisions of investees but not exercise control or joint control over those entities.
Joint ventures are joint arrangements over which the Company exercises joint control and has rights to the net assets of the arrangement. Joint control means sharing control of an arrangement, which only exists when the decisions over the relevant activities require the unanimous consent of all the parties that share control.
Equity investments in subsidiaries, associates and joint ventures are measured at cost. Cost is adjusted for any impairment losses, which are reversed where the reasons for their recognition no longer obtain. The carrying amount resulting from the reversal may not exceed the original cost.
Where the loss pertaining to Enel SpA exceeds the carrying amount of the investment and the Company is obligated to perform the legal or constructive obligations of the investee or in any event to cover its losses, the excess with respect to the carrying amount is recognized in liabilities in the provision for risks and charges.
In the case of a disposal, without economic substance, of an investment to an entity under common control, any difference between the consideration received and the carrying amount of the investment is recognized in equity.

Translation of foreign currency items

Transactions in currencies other than the functional currency are initially recognized at the spot exchange rate prevailing on the date of the transaction.
Monetary assets and liabilities denominated in a foreign currency other than the functional currency are subsequently translated using the closing exchange rate (i.e., the spot exchange rate prevailing at the reporting date).
Non-monetary assets and liabilities denominated in foreign currency that are recognized at historical cost are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities in foreign currency measured at fair value are translated using the exchange rate at the date the fair value was determined.
Any exchange differences are recognized through profit or loss.
In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration in foreign currency paid or received, the date of the transaction is the date on which the Company initially recognizes the non-monetary asset or non-monetary liability associated with the advance consideration.
If there are multiple advance payments or receipts, the Company determines the transaction date for each payment or receipt of advance consideration.

Fair value measurement

For all fair value measurements and disclosures of fair value, that are either required or permitted by the IFRS, the Company applies IFRS 13.
Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability, in an orderly transaction, between market participants, at the measurement date (i.e., an exit price).
The fair value measurement assumes that the transaction to sell an asset or transfer a liability takes place in the

principal market, i.e., the market with the greatest volume and level of activity for the asset or liability. In the absence of a principal market, it is assumed that the transaction takes place in the most advantageous market to which the Company has access, i.e., the market that maximizes the amount that would be received to sell the asset or minimizes the amount that would be paid to transfer the liability.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. Market participants are independent, knowledgeable sellers and buyers who are able to enter into a transaction for the asset or the liability and who are motivated but not forced or otherwise compelled to do so.
When measuring fair value, the Company considers the characteristics of the asset or liability, in particular:

- for a non-financial asset, a fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use;
- for liabilities and own equity instruments, the fair value reflects the effect of non-performance risk, i.e., the risk that an entity will not fulfill an obligation, including among others the credit risk of the Company itself;
- in the case of groups of financial assets and financial liabilities with offsetting positions in market risk or credit risk, managed on the basis of an entity's net exposure to such risks, it is permitted to measure fair value on a net basis.

In measuring the fair value of assets and liabilities, the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes expenses directly attributable to bringing the asset to the location and condition necessary for its intended use.
Subsequent costs are recognized as an increase in the carrying amount of the asset when it is probable that future economic benefits associated with the cost incurred to replace a part of the asset will flow to the Company and the cost of the item can be measured reliably. All other costs are recognized in profit or loss as incurred.
Property, plant and equipment, net of its residual value, is depreciated on a straight-line basis over its estimated useful life, which is reviewed annually and, if appropriate, adjusted prospectively. Depreciation begins when the asset is available for use.

The estimated useful life of the main items of property, plant and equipment is as follows:

	Depreciation period
Leasehold improvements	Shorter of the term of the contract and residual useful life
Civil buildings	40 years
Other assets	7 years

Land is not depreciated as it has an indefinite useful life.
Assets recognized under property, plant and equipment are derecognized either upon their disposal (i.e., at the date the recipient obtains control) or when no future economic benefit is expected from their use or disposal.

Leases

The Company holds property, plant and equipment for its various activities under lease contracts. At inception of a contract, the Company assesses whether a contract is, or contains, a lease.
For contracts entered into or changed on or after January 1, 2019, the Company has applied the definition of a lease under IFRS 16, that is met if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
Conversely, for contracts entered into before January 1, 2019, the Company determined whether the arrangement was or contained a lease under IFRIC 4.
At commencement or on modification of a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.
The Company recognizes a right-of-use asset and a lease liability at the commencement date of the lease (i.e., the date the underlying asset is available for use).
The right-of-use asset represents a lessee's right to use an underlying asset for the lease term; it is initially measured at cost, which includes the initial amount of lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset and to restore the underlying asset or the site on which it is located.
The lease liability is initially measured at the present value of lease payments to be made over the lease term. In

calculating the present value of lease payments, the Company uses the lessee's incremental borrowing rate at the lease commencement date when the interest rate implicit in the lease is not readily determinable.
Variable lease payments that do not depend on an index or a rate are recognized as expenses in the year in which the event or condition that triggers the payment occurs.
After the commencement date, the lease liability is measured at amortized cost using the effective interest method and is remeasured upon the occurrence of certain events.
The Company applies the short-term lease recognition exemption to its lease contracts that have a lease term of 12 months or less from the commencement date. It also applies the low-value assets recognition exemption to lease contracts for which the underlying asset is of low-value whose amount is estimated not material. For example, the Company has leases of certain office equipment (i.e., personal computers, printing and photocopying machines) that are considered of low-value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.
The Company presents right-of-use assets that do not meet the definition of investment property in "Property, plant and equipment" and lease liabilities in "Borrowings".
Consistent with the requirement of the standard, the Company presents separately the interest expense on lease liabilities under "Other financial expense" and the depreciation charge on the right-of-use assets under "Depreciation, amortization and impairment losses".

Intangible assets

Intangible assets are identifiable assets without physical substance controlled by the Company and capable of generating future economic benefits. They are measured at purchase or internal development cost when it is probable that the use of such assets will generate future economic benefits and the related cost can be reliably determined.
The cost includes any directly attributable expenses necessary to make the assets ready for their intended use.
Development expenditure is recognized as an intangible asset only when the Company can demonstrate the technical feasibility of completing the intangible asset and that it has intention, ability and resources to complete the asset in order to use or sell it.
Research costs are recognized as expenses.
Intangible assets with a finite useful life are recognized net of accumulated amortization and any impairment losses.
Amortization is calculated on a straight-line basis over the asset's estimated useful life, which is reassessed at least annually; any changes in amortization policies are reflected on a prospective basis. Amortization commences when the asset is ready for use.
Consequently, intangible assets not yet available for use are not amortized, but are tested for impairment at least annually.
The Company's intangible assets have a finite useful life.
Intangible assets comprise application software owned by the Company with an expected useful life of between three and five years.
Intangible assets are derecognized either at the time of their disposal (at the date when the recipient obtains control) or when no future economic benefit is expected from their use or disposal. Any gain or loss, recognized through profit or loss, is calculated as the difference between the net consideration received in the disposal, determined in accordance with the provisions of IFRS 15 concerning the transaction price, and the carrying amount of the derecognized assets.

Impairment of non-financial assets

At each reporting date, non-financial assets are reviewed to determine whether there is evidence of impairment.
Intangible assets with an indefinite useful life and intangible assets not yet available for use are tested for impairment annually or more frequently if there is evidence suggesting that the assets may be impaired.
If such evidence exists, the recoverable amount of each asset involved is estimated on the basis of the use of the asset and its future disposal, in accordance with the most recent Group Business Plan. For more on the estimation of the recoverable amount, please see the section "Use of estimates".
The recoverable amount is calculated for an individual asset, unless that asset is not capable of generating incoming cash flows that are largely independent of those generated by other assets or groups of assets.
If the carrying amount of an asset is greater than its recoverable amount, an impairment loss is recognized in profit or loss under "Depreciation, amortization and impairment losses".
If the reasons for a previously recognized impairment loss no longer obtain, the carrying amount of the asset is restored through profit or loss, under "Depreciation, amortization and impairment losses", in an amount that shall not exceed the carrying amount that the asset would have had if the impairment loss had not been recognized and depreciation or amortization had been performed.

Financial instruments

Financial instruments are any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity; they are recognized and measured in accordance with IAS 32 and IFRS 9.

A financial asset or liability is recognized when, and only when, the Company becomes party to the contractual provision of the instrument (trade date).
Trade receivables arising from contracts with customers, in the scope of IFRS 15, are initially measured at their transaction price (as defined in IFRS 15) if such receivables do not contain a significant financing component or when the Company applies the practical expedient allowed by IFRS 15.
Conversely, the Company initially measures financial assets other than the trade receivables noted above at their fair value plus, in the case of a financial asset not recognized at fair value through profit or loss, transaction costs.
Financial assets are classified at initial recognition as financial assets at amortized cost, at fair value through other comprehensive income and at fair value through profit or loss, on the basis of both Company's business model and the contractual cash flow characteristics of the instrument. For this purpose, the assessment to determine whether the instrument gives rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding is referred to as the SPPI test and is performed at an instrument level.
The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.
For purposes of subsequent measurement, financial assets are classified in three categories:

- financial assets measured at amortized cost (debt instruments);
- financial assets designated as at fair value through OCI with no reclassification of cumulative gains and losses upon derecognition (equity instruments); and
- financial assets at fair value through profit or loss.

Financial assets measured at amortized cost

This category mainly includes trade receivables, other financial assets and loan assets.
Financial assets at amortized cost are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and whose contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.
Such assets are initially recognized at fair value, adjusted for any transaction costs, and subsequently measured at amortized cost using the effective interest method and are subject to impairment.
Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial assets at fair value through other comprehensive income (FVOCI) – Equity instruments

This category includes mainly equity investments in other entities irrevocably designated as such upon initial recognition.
Gains and losses on these financial assets are never reclassified to profit or loss. The Company may transfer the cumulative gain or loss within equity.
Equity instruments designated at fair value through OCI are not subject to impairment testing.
Dividends on such investments are recognized in profit or loss unless they clearly represent a recovery of a part of the cost of the investment.

Financial assets at fair value through profit or loss

This category mainly includes: securities, equity investments in other companies, financial investment in fund held for trading and financial assets designated as at fair value through profit or loss at initial recognition.
Financial assets at fair value through profit or loss are:

- financial assets with cash flows that are not solely payments of principal and interest, irrespective of the business model;
- financial assets held for trading because acquired or incurred principally for the purpose of selling or repurchasing in the short term;
- debt instruments designated upon initial recognition, under the option allowed by IFRS 9 (fair value option) if doing so eliminates, or significantly reduces, an accounting mismatch;
- derivatives, including separated embedded derivatives, held for trading or not designated as effective hedging instruments.

Such financial assets are initially recognized at fair value with subsequent gains and losses from changes in their fair value recognized through profit or loss.
This category also includes listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognized as other income in the income statement when the right of payment has been established.
Financial assets that qualify as contingent consideration are also measured at fair value through profit or loss.

Impairment of financial assets

At each reporting date, the Company recognizes a loss allowance for expected credit losses on trade receivables and other financial assets measured at amortized cost, debt instruments measured at fair value through other comprehensive income (FVOCI), contract assets and all other assets within the scope of IFRS 9.

In compliance with IFRS 9, since January 1, 2018, the Company has adopted a new impairment model based on the determination of expected credit losses (ECL) using a forward-looking approach. In essence, the model provides for:

- the application of a single framework for all financial assets;
- the recognition of expected credit losses on an ongoing basis and the updating of the amount of such losses at the end of each reporting period, reflecting changes in the credit risk of the financial instrument;
- the measurement of expected losses on the basis of reasonable information, obtainable without undue cost, about past events, current conditions and forecasts of future conditions.

For trade receivables, contract assets and lease receivables, including those with a significant financial component, the Company adopts the simplified approach, determining expected credit losses over a period corresponding to the entire life of the receivable, generally equal to 12 months.

For all financial assets other than trade receivables, contract assets and lease receivables, the Company applies the general approach under IFRS 9, based on the assessment of a significant increase in credit risk since initial recognition. Under this approach, a loss allowance on financial assets is recognized at an amount equal to the lifetime expected credit losses, if the credit risk on those financial assets has increased significantly, since initial recognition, considering all reasonable and supportable information, including also forward-looking inputs.

If at the reporting date the credit risk on financial assets has not increased significantly since initial recognition, the Company measures the loss allowance for those financial assets at an amount equal to 12-month expected credit losses.

For financial assets on which a loss allowance equal to lifetime expected credit losses has been recognized in the previous reporting period, the Company measures the loss allowance at an amount equal to 12-month expected credit losses when the condition regarding a significant increase in credit risk is no longer met.

The Company recognizes in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized in accordance with IFRS 9.

Cash and cash equivalents

This category includes deposits that are available on demand or at very short term, as well as highly liquid financial investments that are readily convertible into a known amount of cash and which are subject to insignificant risk of changes in value.

Financial liabilities at amortized cost

This category mainly includes borrowings, trade payables, lease liabilities and debt instruments.

Financial liabilities, other than derivatives, are recognized when the Company becomes a party to the contractual clauses of the instrument and are initially measured at fair value adjusted for directly attributable transaction costs. Financial liabilities are subsequently measured at amortized cost using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the carrying amount of the financial asset or liability.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as at fair value through profit or loss unless they are designated as effective hedging instruments.

Gains or losses on liabilities at fair value through profit or loss are recognized in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, only if the criteria in IFRS 9 are satisfied.

In this case, the portion of the change in fair value attributable to own credit risk is recognized in OCI.

The Company has not designated any financial liability as at fair value through profit or loss, upon initial recognition.

Financial liabilities that qualify as contingent consideration are also measured at fair value through profit or loss.

Derecognition of financial assets and liabilities

Financial assets are derecognized whenever one of the following conditions is met:
- the contractual right to receive the cash flows associated with the asset expires;
- the Company has transferred substantially all the risks and rewards associated with the asset, transferring its rights to receive the cash flows of the asset or assuming a contractual obligation to pay such cash flows to one or more beneficiaries under a contract that meets the requirements provided by IFRS 9 (the "pass through test");
- the Company has not transferred or retained substantially all the risks and rewards associated with the asset but has transferred control over the asset.

Financial liabilities are derecognized when they are extinguished, i.e., when the contractual obligation has been discharged, cancelled or expired.
When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

Derivative financial instruments

A derivative is a financial instrument or another contract:
- whose value changes in response to the changes in an underlying variable such as an interest rate, commodity or security price, foreign exchange rate, a price or rate index, a credit rating or other variable;
- that requires no initial net investment, or one that is smaller than would be required for a contract with similar response to changes in market factors;
- that is settled at a future date.

Derivative instruments are classified as financial assets or liabilities depending on the positive or negative fair value and they are classified as "held for trading" within "Other business models" and measured at fair value through profit or loss, except for those designated as effective hedging instruments.
All derivatives held for trading are classified as current assets or liabilities.
Derivatives not held for trading purposes, but measured at fair value through profit or loss since they do not qualify for hedge accounting, and derivative designated as effective hedging instruments are classified as current or not current on the basis of their maturity date and the Company intention to hold the financial instrument until maturity or not.

For more details about derivatives and hedge accounting, please see note 34.1 "Hedge accounting".

Offsetting financial assets and liabilities

The Company offsets financial assets and liabilities when:
- there is a legally enforceable right to set off the recognized amounts; and
- there is the intention of either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Non-current assets (or disposal groups) classified as held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, rather than through continuing use.
This classification criterion is applicable only when non-current assets (or disposal groups) are available in their present condition for immediate sale and the sale is highly probable.
If the Company is committed to a sale plan involving loss of the asset and the requirements provided for under IFRS 5 are met, all the assets and liabilities of that subsidiary are classified as held for sale when the classification criteria are met, regardless of whether the Company will retain a non-controlling interest in its former subsidiary after the sale.
The Company applies these classification criteria as envisaged in IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale is accounted for using the equity method until disposal of the portion that is classified as held for sale takes place.
Non-current assets (or disposal groups) and liabilities of disposal groups classified as held for sale are presented separately from other assets and liabilities in the statement of financial position.
The amounts presented for non-current assets or for the assets and liabilities of disposal groups classified as held for sale are not reclassified or re-presented for prior periods presented.
Immediately before the initial classification of non-current assets (or disposal groups) as held for sale, the carrying amounts of such assets (or disposal groups) are measured in accordance with the accounting standard applicable to those assets or liabilities. Non-current assets (or disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair

value less costs to sell. Impairment losses for any initial or subsequent write-down of the assets (or disposal groups) to fair value less costs to sell and gains for their reversals are recognized in profit or loss from continuing operations.

If the classification criteria are no longer met, the Company ceases to classify the non-current assets (or disposal groups) as held for sale. In this case they are measured at the lower of:

- the carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortization or reversals of impairment losses that would have been recognized if the asset (or disposal group) had not been classified as held for sale; and
- the recoverable amount, which is equal to the greater of its fair value net of costs to sell and its value in use, as calculated at the date of the subsequent decision not to sell.

Any adjustment to the carrying amount of a non-current asset that ceases to be classified as held for sale is included in profit or loss from continuing operations.

A discontinued operation is a component of the Company that either has been disposed of, or is classified as held for sale, and:

- represents a separate major business line or geographical segment;
- is part of a single coordinated plan to dispose of a separate major business line or geographical segment; or
- is a subsidiary acquired exclusively with a view to resale.

The Company presents, in a separate line item of the income statement, a single amount comprising the total of:

- the post-tax profit or loss of discontinued operations; and
- the post-tax gain or loss recognized on the measurement to fair value less costs to sell or on the disposal of the assets or disposal groups constituting the discontinued operation.

The corresponding amount is restated in the income statement for prior periods presented in the financial statements, so that the disclosures relate to all operations that are discontinued by the end of the current reporting period. If the Company ceases to classify a component as held for sale, the results of the component previously presented in discontinued operations are reclassified and included in profit or loss from continuing operations for all periods presented.

Employee benefits

Liabilities related to employee benefits paid upon or after ceasing employment in connection with defined benefit plans or other long-term benefits accrued during the employment period are determined separately for each plan, using actuarial assumptions to estimate the amount of the future benefits that employees have accrued at the reporting date (using the projected unit credit method). More specifically, the present value of the defined benefit obligation is calculated by using a discount rate determined on the basis of market yields at the end of the reporting period on high-quality corporate bonds. If there is no deep market for high-quality corporate bonds in the currency in which the bonds are denominated, the corresponding yield of government securities is used.

The liability, net of any plan assets, is recognized on an accruals basis over the vesting period of the related rights. These appraisals are performed by independent actuaries.

If the plan assets exceed the present value of the related defined benefit obligation, the surplus (up to the limit of any cap) is recognized as an asset.

As regards the liabilities/(assets) of defined benefit plans, the cumulative actuarial gains and losses from the actuarial measurement of the liabilities, the return on the plan assets (net of the associated interest income) and the effect of the asset ceiling (net of the associated interest) are recognized in other comprehensive income when they occur. For other long-term benefits, the related actuarial gains and losses are recognized through profit or loss.

In the event of a change being made to an existing defined benefit plan or the introduction of a new plan, any past service cost is recognized immediately in profit or loss.

The Company is also involved in defined contribution plans under which it pays fixed contributions to a separate entity (a fund) and has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Such plans are usually aimed to supplement pension benefits due to employees post-employment. The related costs are recognized in profit or loss on the basis of the amount of contributions paid in the year.

Termination benefits

Liabilities for benefits due to employees for the early termination of employee service arise out of the Company's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment. The event that gives rise to an obligation is the termination of employment rather than employee service. Termination benefits are recognized at the earlier of the following dates:

- when the Company can no longer withdraw its offer of benefits; and
- when the Company recognizes a cost for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits.

The liabilities are measured on the basis of the nature of the employee benefits. More specifically, when the benefits represent an enhancement of other post-employment benefits, the associated liability is measured in accordance with the rules governing that type of benefits. Otherwise, if the termination benefits due to employees are expected to be fully settled within 12 months of the close of the year in which those benefits are recognized, the Company measures the liability in accordance with the requirements for short-term employee benefits; if they are not expected to be fully settled within 12 months of the close of the year in which those benefits are recognized, the Company measures the liability in accordance with the requirements for other long-term employee benefits.

Share-based payments

The Company undertakes share-based payment transactions settled with equity instruments as part of the remuneration policy adopted for the Chief Executive Officer and General Manager and for key management personnel.
The most recent long-term incentive plans provide for the grant to recipients of an incentive represented by an equity component and a monetary component.
In order to settle the equity component through the bonus award of Enel shares, a program for the purchase of treasury shares to support these plans was approved. For more details on share-based incentive plans, please see note 36 "Share-based payments".
The Company recognizes the services rendered by employees as personnel expenses and indirectly estimates their value, and the corresponding increase in equity, on the basis of the fair value of the equity instruments (i.e., Enel shares) at the grant date.
This fair value is based on the observable market price of Enel shares (on the Mercato Telematico Azionario organized and operated by Borsa Italiana SpA), taking account of the terms and conditions under which the shares were granted (with the exception of vesting conditions excluded from the measurement of fair value).
The cost of these equity-settled share-based payment transactions is recognized through profit or loss, with a balancing entry in a specific equity item, over the year in which the service and return performance conditions are met (vesting period).
The overall expense recognized is adjusted at each reporting date until the vesting date to reflect the best estimate available to the Company of the number of equity instruments for which the service and performance conditions other than market conditions will be satisfied, so that the amount recognized at the end is based on the effective number of equity instruments that satisfy the service and performance conditions other than market conditions at the vesting date.
No expense is recognized for awards which ultimately do not vest because the performance conditions other than market conditions and/or the service conditions have not been satisfied. Conversely, the transactions are considered to have vested irrespective of whether the market or non-vesting conditions are satisfied, provided that all the other performance and/or service conditions are satisfied.

Provisions for risks and charges

Provisions are recognized where there is a legal or constructive obligation as a result of a past event at the end of the reporting period, the settlement of which is expected to result in an outflow of resources whose amount can be reliably estimated. Where the impact is significant, the accruals are determined by discounting expected future cash flows using a pre-tax discount rate that reflects the current market assessment of the time value of money and, if applicable, the risks specific to the liability.
If the provision is discounted, the periodic adjustment of the present value for the time factor is recognized as a financial expense.
When the Company expects some or all charges to be reimbursed, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain.
Provisions do not include liabilities to reflect uncertainties in income tax treatments that are recognized as tax liabilities.
In the case of contracts in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it (onerous contracts), the Company recognizes a provision as the lower of the costs of fulfilling the obligation that exceed the economic benefits expected to be received under the contract and any compensation or penalty arising from failure to fulfil it.
Changes in estimates of accruals to the provision are recognized in the income statement in the year in which the changes occur.

Revenue from contracts with customers

The Company recognizes revenue from contracts with customers so as to faithfully represent the transfer of promised goods or services to customers at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.
The Company applies this core principle using a five-step model provided for in IFRS 15:

- identify the contract with the customer (step 1);
- identify the performance obligations in the contract (step 2);
- determine the transaction price (step 3);
- allocate the transaction price (step 4);
- recognize revenue (step 5).

The Company recognizes revenue when (or as) each performance obligation is satisfied by transferring the promised good or service to the customer, which is when the customer obtains control of the good or service.

Financial income and expense from derivatives

Financial income and expense from derivatives include:

- income and expense from derivatives measured at fair value through profit or loss on interest rate and currency risks;
- income and expense from fair value hedge derivatives on interest rate risk;
- income and expense from cash flow hedge derivatives on interest rate and currency risks.

Other financial income and expense

For all financial assets and liabilities measured at amortized cost and interest-bearing financial assets classified as at fair value through other comprehensive income, interest income and expense are recognized using the effective interest rate method.
Interest income is recognized to the extent that it is probable that the economic benefits will flow to the Company and the amount can be reliably measured.
Other financial income and expense include also changes in the fair value of financial instruments other than derivatives.

Dividends

Dividends are recognized when the unconditional right to receive payment is established.
Dividends and interim dividends payable to the Company's shareholders are recognized as changes in equity in the period in which they are approved by the Shareholders' Meeting and the Board of Directors, respectively.

Income taxes

Current income taxes

Current income taxes for the year, which are recognized under "income tax liabilities" net of payments on account, or under "tax assets" where there is a credit balance, are determined using an estimate of taxable income and in conformity with the applicable regulations.
Such liabilities and assets are determined using the tax rates and tax laws that are enacted or substantively enacted by the end of the reporting period in the countries where taxable income has been generated.
Current income taxes are recognized in profit or loss with the exception of current income taxes related to items recognized outside profit or loss that are recognized in equity.

Deferred tax liabilities and assets

Deferred tax liabilities and assets are calculated on the temporary differences between the carrying amounts of liabilities and assets in the financial statements and their corresponding amounts recognized for tax purposes on the basis of tax rates in effect on the date the temporary difference will reverse, which is determined on the basis of tax rates that are enacted or substantively enacted as at end of the reporting period.
Deferred tax liabilities are recognized for all taxable temporary differences, except when such liability arises from the initial recognition of goodwill or in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the Company can control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.
Deferred tax assets are recognized for all deductible temporary differences, the carryforward of tax losses and unused tax credits. For more information concerning the recoverability of such assets, please see the appropriate section of the discussion of estimates.

Deferred taxes and liabilities are recognized in profit or loss, with the exception of those in respect of items recognized outside profit or loss that are recognized in equity. Deferred tax assets and deferred tax liabilities are offset only if there is a legally enforceable right to offset current tax assets with current tax liabilities and when they relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Uncertainty over income tax treatments

In defining "uncertainty", it shall be considered whether a particular tax treatment will be accepted by the relevant taxation authority. If is deemed probable that the tax treatment will be accepted (where the term "probable" is defined as "more likely than not"), then the Company recognizes and measures its current/deferred tax assets or liabilities applying the requirements in IAS 12.

Conversely when the Company feels that it is not likely that the taxation authority will accept the tax treatment for income tax purposes, the Company reflects the uncertainty in the manner that best predicts the resolution of the uncertain tax treatment. The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments based on which approach provides better predictions of the resolution of the uncertainty. In assessing whether and how the uncertainty affects the tax treatment, the Company assumes that a taxation authority will accept or not an uncertain tax treatment supposing that the taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations. The Company reflects the effect of uncertainty in accounting for current and deferred tax using the expected value or the most likely amount, whichever method better predicts the resolution of the uncertainty.

Since uncertain income tax positions meet the definition of income taxes, the Company presents uncertain tax liabilities/assets as current tax liabilities/assets or deferred tax liabilities/assets.

3. New and amended standards and interpretations

The Company has applied the following standards, interpretations and amendments that took effect as from January 1, 2021:

- *"Amendments to IFRS 9, IAS 39, IFRS 7, and IFRS 16 – Interest Rate Benchmark Reform – Phase 2"*, issued in August 2020. The amendments supplement those issued in 2019 (Interest Rate Benchmark Reform - Phase 1) and address issues that could affect financial reporting after a benchmark has been reformed or replaced with an alternative benchmark rate. The objectives of the Phase 2 amendments are to assist companies: (i) in applying the IFRSs when changes occur in contractual cash flows or hedge relationships due to the reform of the benchmarks for determining interest rates; and (ii) in providing information to users of financial statements.
  In addition, when the Phase 1 exemptions cease to apply, companies are required to amend the documentation of hedge relationship to reflect the changes required under the IBOR reform by the end of the year in which the changes are made (such changes do not constitute the discontinuation of the hedge relationship). When the description of a hedged element in the documentation of the hedge relationship is changed, the amounts accumulated in the hedging reserve shall be considered to be based on the alternative benchmark rate on the basis of which the future hedged cash flows will be determined.
  The amendments will require providing additional disclosures about the entity's exposure to the risks arising from the interest rate benchmark reform and related risk management activities.
- *"Amendment to IFRS 16: COVID 19-related rent concessions beyond 30 June 2021"*, issued on May 28, 2020 in order to permit lessees to not account for rent concessions (rent payment holidays, deferral of lease payments, reductions in rent for a period of time, possibly followed by rent increases in future periods) as lease modifications if they are a direct consequence of the COVID-19 pandemic and meet certain conditions. According to IFRS 16, a lease modification is a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease. Accordingly, rent concessions would represent lease modifications unless they were provided for in the original lease agreement. The amendment applies only to lessees, while lessors are required to apply the current provisions of IFRS 16.
  The amendment was to be applied until June 30, 2021 but, in consideration of the persistence of the impacts of the COVID-19 pandemic, on March 31, 2021, the IASB extended the period of application of the practical expedient to June 30, 2022.

The application of these amendments did not have a material impact on these separate financial statements.

Information on the income statement

Revenue

4.a Revenue from sales and services – €125 million

Revenue from sales and services breaks down as follows:

Millions of euro			
	2021	**2020**	**Change**
Revenue from sales and services			
Group companies	125	116	9
Third parties	-	-	-
Total revenue from sales and services	**125**	**116**	**9**

Revenue from sales and services includes revenue from management services provided to the subsidiaries (€78 million), revenue from IT services (€43 million) and revenue from other services (€4 million). The increase of €9 million reflected the increase in revenue from IT services (€16 million), which offset the decline in revenue from other services (€4 million) and revenue from management services (€3 million).

Revenue from sales and services breaks down by geographical segment as follows:

- €59 million in Italy (€64 million in 2020);
- €24 million in the European Union (€29 million in 2020);
- €2 million in non-EU Europe (€1 million in 2020);
- €40 million in other countries (€22 million in 2020).

4.b Other income – €1,644 million

"Other income" includes the capital gain of €1,629 million on the sale of the entire 50% stake in Open Fiber SpA to Macquarie Asset Management (40%) and CDP Equity SpA (10%) and the billing of costs for Enel SpA personnel seconded to other Group companies (€14 million).

Costs

5.a Purchase of consumables – €1 million

Costs for the purchase of consumables did not change significantly on the previous year.

5.b Services, leases and rentals – €197 million

Costs for services, leases and rentals break down as follows:

Millions of euro	2021	2020	Change
Services	192	165	27
Leases and rentals	5	6	(1)
Total services, leases and rentals	**197**	**171**	**26**

Costs for services include costs for services provided by third parties in the amount of €67 million (€62 million in 2020) and costs for services provided by Group companies in the amount of €125 million (€103 million in 2020).
Costs for services provided by Group companies rose by €22 million, essentially reflecting €13 million attributable to costs for management services and €6 million to costs for system services, while costs provided by third parties increased by €5 million, largely attributable to an increase in costs for professional services and communication costs.
Costs for leases and rentals mainly concern costs for leasing assets from the subsidiary Enel Italia SpA.

5.c Personnel expenses – €179 million

Personnel expenses break down as follows:

Millions of euro	Notes	2021	2020	Change
Wages and salaries		76	68	8
Social security contributions		25	22	3
Post-employment benefits	25	6	6	-
Other long-term benefits	25	8	14	(6)
Share-based payments		4	2	2
Other costs and other incentive plans		60	6	54
Total personnel expenses		**179**	**118**	**61**

Personnel expenses totaled €179 million, an increase of €61 million compared with 2020, mainly attributable to costs for early termination incentive plans adopted by the Company. The cost of €4 million in respect of share-based payments refers to the stock component of the 2019, 2020 and 2021 long-term incentive plans granted by the Company to its employees.

The table below shows the average number of employees by category, compared with the previous year, and the actual number of employees at December 31, 2021.

No.	Average number			Headcount
	2021	2020	Change	at Dec. 31, 2021
Senior managers	148	147	1	148
Middle managers	417	352	65	439
Office staff	246	226	20	247
Total	**811**	**725**	**86**	**834**

5.d Depreciation, amortization and impairment losses – €734 million

Millions of euro			
	2021	2020	Change
Depreciation	5	4	1
Amortization	32	24	8
Impairment losses	788	161	627
Reversals of impairment losses	91	-	91
Total depreciation, amortization and impairment losses	**734**	**189**	**545**

Impairment losses include impairment losses on the equity investments held in the subsidiaries Enel Green Power SpA (€497 million), E-Distribuţie Muntenia SA (€145 million), E-Distribuţie Banat SA (€65 million), E-Distribuţie Dobrogea SA (€60 million), Enel Global Thermal Generation Srl (€19 million), Enel Investment Holding BV (€1 million) and Enelpower SpA (€1 million).
Reversals of impairment losses regarded the investments in the subsidiaries Enel Global Trading SpA (€43 million), Enel Italia SpA (€41 million) and Enel Innovation Hubs Srl (€7 million).
Depreciation and amortization amounted to €37 million, of which €5 million in depreciation and €32 million in amortization.
In 2020, depreciation, amortization and impairment losses totaled €189 million, mainly regarding impairment losses recognized on Romanian subsidiaries (E-Distribuţie Muntenia SA for €97 million and E-Distribuţie Banat SA for €39 million).

For details on the criteria used to determine the impairment losses on the investments held in Enel Green Power SpA, E-Distribuţie Muntenia SA, E-Distribuţie Banat SA and E-Distribuţie Dobrogea SA, see note 13 "Equity investments" below.

5.e Other operating costs – €14 million

Other operating costs did not change significantly compared with the previous year.

6. Income from equity investments – €4,451 million

Income from equity investments amounted to €4,451 million in 2021 and regards dividends and interim dividends approved in 2021 by subsidiaries and associates in the amount of €4,409 million, by joint ventures in the amount of €41 million and by other companies in the amount of €1 million.
The increase of €1,303 million on the previous year is mainly attributable to an increase in the distribution of dividends by Enel Italia SpA following the transfer of the investments held in Italian subsidiaries to that company as part of the reorganization of Italian investments at the start of 2020.
At the end of the year, outstanding interim dividends for 2021 included those approved by the subsidiaries Enel Iberia SLU (€300 million), Enel Américas SA (€64 million) and Enel Chile SA (€4 million), which were received in full in early 2022.

Millions of euro			
	2021	**2020**	**Change**
Dividends from subsidiaries and associates	**4,409**	**3,106**	**1,303**
Enel Américas SA	303	440	(137)
Enel Chile SA	168	185	(17)
Enel Energie Muntenia SA	6	14	(8)
Enel Energie SA	2	-	2
Enel Global Trading SpA	86	-	86
Enel Green Power SpA	-	667	(667)
Enel Iberia SLU	1,175	983	192
Enel Italia SpA	2,609	392	2,217
Enel Rinnovabili Srl	25	-	25
Enel Russia PJSC	-	20	(20)
E-Distribuţie Banat SA	8	95	(87)
E-Distribuţie Dobrogea SA	-	54	(54)
E-Distribuţie Muntenia SA	27	256	(229)
Dividends from joint ventures	**41**	**41**	**-**
Rusenergosbyt LLC	41	41	-
Dividends from other companies	**1**	**1**	**-**
Empresa Propietaria de la Red SA	1	1	-
Total income from equity investments	**4,451**	**3,148**	**1,303**

7. Net financial income/(expense) from derivatives – €182 million

This item breaks down as follows:

Millions of euro			
	2021	**2020**	**Change**
Income from derivatives:			
- on behalf of Group companies:	**786**	**978**	**(192)**
- income from derivatives at fair value through profit or loss	786	978	(192)
- on behalf of Enel SpA:	**287**	**166**	**121**
- income from cash flow hedge derivatives	246	71	175
- income from derivatives at fair value through profit or loss	41	95	(54)
Total income from derivatives	**1,073**	**1,144**	**(71)**
Expense from derivatives:			
- on behalf of Group companies:	**785**	**860**	**(75)**
- expense from derivatives at fair value through profit or loss	785	860	(75)
- on behalf of Enel SpA:	**106**	**612**	**(506)**
- expense from cash flow hedge derivatives	86	277	(191)
- expense from derivatives at fair value through profit or loss	20	335	(315)
Total expense from derivatives	**891**	**1,472**	**(581)**
TOTAL FINANCIAL INCOME/(EXPENSE) FROM DERIVATIVES	**182**	**(328)**	**510**

Net financial income from derivatives amounted to €182 million (€328 million in net financial expense in 2020) and essentially reflects developments in the exchange rate of the euro against the US dollar and the pound sterling.
The improvement of €510 million compared with the previous year was due to the decrease in net financial expense from derivatives entered into on behalf of Enel SpA, including both cash flow hedge derivatives (€366 million) and derivatives at fair value through profit or loss (€261 million) on interest rates and exchange rates, offset in part by an increase in net financial expense from derivatives entered into on behalf of Group companies (€117 million).

For more details on derivatives, see note 32 "Financial instruments" and note 34 "Derivatives and hedge accounting".

8. Net other financial income/(expense) – €(629) million

This item breaks down as follows:

Millions of euro			
	2021	**2020**	**Change**
Other financial income			
Interest income			
Interest income on non-current loan assets	15	13	2
Interest income on current loan assets	27	26	1
Total	**42**	**39**	**3**
Exchange gains	1	224	(223)
Other	197	184	13
Total other financial income	**240**	**447**	**(207)**
Other financial expense			
Interest expense			
Interest expense on bank borrowings	51	45	6
Interest expense on bonds	365	453	(88)
Interest expense on other borrowings	203	153	50
Total	**619**	**651**	**(32)**
Exchange losses	179	26	153
Interest expense on defined benefit plans and other long-term employee benefits	1	1	-
Financial expense on debt management transactions	68	-	68
Other	2	22	(20)
Total other financial expense	**869**	**700**	**169**
NET OTHER FINANCIAL INCOME/(EXPENSE)	**(629)**	**(253)**	**(376)**

Other financial income amounted to €240 million, a decrease of €207 million compared with the previous year. The decrease mainly reflected:

- a reduction of €223 million in exchange gains, which mainly reflected developments in exchange rates associated with net debt in currencies other than the euro;
- an increase of €13 million in other income in respect of commissions on guarantees issued in the interest of other Group companies.

Other financial expense amounted to €869 million, an increase of €169 million compared with 2020, essentially reflecting the following developments:

- an increase of €153 million in exchange losses, which mainly reflected developments in exchange rates associated with net debt in currencies other than the euro;
- an increase of €68 million in financial expense on debt management transactions connected with the consent solicitation undertaken by the Company in December, which resulted in the transformation of a bond maturing on May 25, 2080, with an outstanding amount of €900 million, into a hybrid equity instrument with the amendment of its terms and conditions. The expense regards the difference between the fair value of the hybrid instrument and the carrying amount of the bond;
- a reduction of €32 million in interest expense on financial debt, essentially reflecting the decrease of €88 million in interest on bonds as a result of the Company's finance strategy to actively manage maturities and the cost of borrowing, partially offset by an increase in interest expense on bank borrowings (€6 million) and on loans received from Enel Finance International NV (€50 million);
- a decrease in other expense (€20 million), which the previous year had been impacted by fees and commissions associated with the tender offer for the repurchase and subsequent cancellation of hybrid bonds denominated in pounds sterling.

9. Income taxes – €(114) million

Millions of euro			
	2021	2020	Change
Current taxes	(107)	(122)	15
Deferred tax income	(5)	4	(9)
Deferred tax expense	(2)	(4)	2
Total taxes	**(114)**	**(122)**	**8**

Income taxes for 2021 showed a benefit of €114 million, mainly as a result of the reduction in the tax base for the corporate income tax (IRES) compared with pre-tax profit due to the exclusion of 95% of the dividends received from the subsidiaries and the capital gain on the sale of Open Fiber SpA, and to the deductibility of Enel SpA's interest expense for the Group in accordance with corporate income tax law (Article 96 of the Consolidated Income Tax Code).

The following table reconciles the theoretical tax rate with the effective tax rate.

Millions of euro				
	2021	% rate	2020	% rate
Pre-tax profit	4,648		2,204	
Theoretical corporate income taxes (IRES)	**1,116**	**24.0%**	**529**	**24.0%**
Tax decreases:				
- dividends on equity investments, collected	(1,015)	-21.8%	(718)	-32.6%
- dividends on equity investments, not collected	(4)	-0.1%	(6)	-0.3%
- uses of provisions	(13)	-0.3%	(12)	-0.5%
- other	(48)	-1.0%	(3)	-0.1%
- Open Fiber capital gain	(371)	-8.0%		
Tax increases:				
- impairment losses/(gains) for the year	189	4.1%	39	1.8%
- accruals to provisions	18	0.4%	9	0.4%
- prior-year expense	1	-	8	0.4%
- other	8	0.2%	14	0.6%
Total current corporate income taxes (IRES)	**(119)**	**-2.5%**	**(140)**	**-6.4%**
IRAP	**-**	**-**	**-**	**-**
Foreign taxes	**24**	**0.5%**	**1**	**-**
Difference on estimated income taxes from prior years	**(12)**	**-0.3%**	**(11)**	**-0.5%**
Definitive withholdings on dividends from foreign investees	**-**	**-**	**28**	**1.3%**
Total deferred tax items	**(7)**	**-0.2%**	**-**	**-**
- of which impact of change in tax rate	*-*		*-*	
- of which changes for the year	*(7)*		*(1)*	
- of which difference of prior-year estimates	*-*		*1*	
TOTAL INCOME TAXES	**(114)**	**-2.5%**	**(122)**	**-5.5%**

Information on the statement of financial position

Assets

10. Property, plant and equipment – €12 million

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Developments in property, plant and equipment for 2020 and 2021 are set out in the table below.

Millions of euro	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Leasehold improvements	Assets under construction and advances	Total
Cost	1	5	3	5	27	41	1	83
Accumulated depreciation	–	(2)	(3)	(5)	(22)	(41)	–	(73)
Balance at Dec. 31, 2019	**1**	**3**	**–**	**–**	**5**	**–**	**1**	**10**
Capital expenditure	–	–	–	–	–	–	–	–
Depreciation	–	(1)	–	–	(1)	–	–	(2)
Total changes	**–**	**(1)**	**–**	**–**	**(1)**	**–**	**–**	**(2)**
Cost	1	5	3	5	27	41	1	83
Accumulated depreciation	–	(3)	(3)	(5)	(23)	(41)	–	(75)
Balance at Dec. 31, 2020	**1**	**2**	**–**	**–**	**4**	**–**	**1**	**8**
Capital expenditure	–	1	–	–	6	–	–	7
Entry into service	–	–	–	–	–	1	(1)	–
Depreciation	–	(1)	–	–	(2)	–	–	(3)
Total changes	**–**	**–**	**–**	**–**	**4**	**1**	**(1)**	**4**
Cost	1	6	3	5	33	42	–	90
Accumulated depreciation	–	(4)	(3)	(5)	(25)	(41)	–	(78)
Balance at Dec. 31, 2021	**1**	**2**	**–**	**–**	**8**	**1**	**–**	**12**

Property, plant and equipment totaled €12 million, an increase of €4 million compared with December 31, 2020, reflecting the positive balance between capital expenditure for 2021 (€7 million) and depreciation recognized for the same period (€3 million).

11. Intangible assets – €143 million

Intangible assets, all of which have a finite useful life, break down as follows.

Millions of euro	Industrial patents and intellectual property rights	Other intangible assets under development	Total
Balance at Dec. 31, 2019	**55**	**12**	**67**
Investments	23	47	70
Assets entering service	-	-	-
Amortization	(24)	-	(24)
Total changes	**(1)**	**47**	**46**
Balance at Dec. 31, 2020	**54**	**59**	**113**
Investments	42	20	62
Assets entering service	24	(24)	-
Amortization	(32)	-	(32)
Total changes	**34**	**(4)**	**30**
Balance at Dec. 31, 2021	**88**	**55**	**143**

Industrial patents and intellectual property rights, in the amount of €88 million (€54 million at December 31, 2020), mainly regard costs incurred in purchasing applications software as well as related evolutionary maintenance. Amortization is calculated on a straight-line basis over the item's residual useful life (three years on average). The investments of €43 million concerned information-technology projects related to digital development projects for the computerization of business processes, compliance and reporting of Holding Company functions, in particular in the areas of Administration, Finance and Control, Legal and Corporate Affairs, Health and Safety, Communications, Innovability and Audit.

Other intangible assets under development mainly regarded the evolution of IT systems for Enel SpA's corporate functions. In 2021, they amounted to €55 million, a decrease of €4 million reflecting the net negative balance between investments during the year and the value of assets entering service.

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12. Deferred tax assets and liabilities – €299 million and €149 million

Changes in deferred tax assets and deferred tax liabilities, grouped by type of timing difference, are shown below.

Millions of euro	at Dec. 31, 2020	Increase/ (Decrease) taken to profit or loss	Increase/ (Decrease) taken to equity	at Dec. 31, 2021
	Total			Total
Deferred tax assets				
Nature of temporary differences:				
- provisions for risks and charges and impairment losses	3	-	-	3
- derivatives	287	-	(42)	245
- other items	47	6	(2)	51
Total deferred tax assets	**337**	**6**	**(44)**	**299**
Deferred tax liabilities				
Nature of temporary differences:				
- measurement of financial instruments	143	-	2	145
- other items	6	(2)	-	4
Total deferred tax liabilities	**149**	**(2)**	**2**	**149**
Excess net deferred IRES tax assets after any offsetting	**188**	**-**	**-**	**150**

Deferred tax assets totaled €299 million (€337 million at December 31, 2020) and essentially regard deferred tax assets on the fair value measurement of cash flow hedges. Deferred tax liabilities came to €149 million (€149 million at December 31, 2020), unchanged on 2020. They mainly regard deferred taxes on the fair value measurement of cash flow hedge instruments.
The amount of deferred tax assets and liabilities was determined by applying a rate of 24% for IRES.

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13. Equity investments – €60,269 million

The table below shows the changes during the year for each investment, with the corresponding carrying amounts at the beginning and end of the year, as well as the list of investments held in subsidiaries, joint ventures, associates and other companies.

Millions of euro	Original cost	Impairment (losses)/gains	Other changes - IFRIC 11 & IFRS 2	Carrying amount	% holding	Capital contributions and loss coverage	Acquisitions/ (Disposals)/ (Liquidations)/ (Repayments)
			at Dec. 31, 2020				
A) Subsidiaries							
Enel Global Infrastructure and Networks Srl	59	-	-	59	100.0	-	-
Enel Global Services Srl	40	(1)	-	39	100.0	30	-
Enel Global Thermal Generation Srl	37	(20)	-	17	100.0	20	-
Enel Global Trading SpA	1,401	(205)	1	1,197	100.0	-	-
Enel Green Power SpA	2,006	-	2	2,008	100.0	-	-
Enel Holding Finance Srl	1,800	-	-	1,800	100.0	6,075	-
Enel Iberia SLU	13,713	-	-	13,713	100.0	-	-
Enel Innovation Hubs Srl	70	(54)	-	16	100.0	-	-
Enel Insurance NV	252	-	-	252	100.0	250	-
Enel Investment Holding BV	4,497	(4,489)	-	8	100.0	-	-
Enel Italia SpA	12,790	(41)	3	12,752	100.0	-	-
Enel North America Inc.	2,490	-	-	2,490	100.0	665	-
Enel Romania SA	15	-	-	15	100.0	-	-
Enel X Srl	270	-	-	270	100.0	-	-
Enelpower SpA	189	(162)	-	27	100.0	-	-
Vektör Enerjí Üretim AŞ	-	-	-	-	100.0	-	-
Enel Américas SA	5,715	-	-	5,715	65.0	-	1,273
E-Distribuţie Muntenia SA	952	(97)	-	855	78.0	-	-
Enel Energie Muntenia SA	330	-	-	330	78.0	-	-
Enel Chile SA	2,671	-	-	2,671	64.9	-	-
Enel Russia PJSC	442	(110)	-	332	56.4	-	-
E-Distribuţie Banat SA	421	(171)	-	250	51.0	-	-
E-Distribuţie Dobrogea SA	261	-	-	261	51.0	-	-
Enel Energie SA	208	-	-	208	51.0	-	-
Enel Finance International NV	599	-	-	599	25.0	2,025	-
Enel Green Power Chile SA	-	-	-	-	-	-	-
EGP Américas SpA	-	-	-	-	100.0	-	-
Enel Rinnovabili Srl	4,669	-	-	4,669	100.0	-	-
Total subsidiaries	**55,897**	**(5,350)**	**6**	**50,553**		**9,065**	**1,273**
B) Joint ventures							
Rusenergosbyt LLC	41	-	-	41	49.5	-	-
Total joint ventures	**41**	**-**	**-**	**41**		**-**	**-**
C) Associates							
CESI SpA	23	-	-	23	42.7	-	-
Total associates	**23**	**-**	**-**	**23**		**-**	**-**
D) Other companies							
Compañía de Trasmisión del Mercosur Ltda	-	-	-	-	-	-	-
Elcogas SA	5	(5)	-	-	4.3	-	-
Empresa Propietaria de la Red SA	5	-	-	5	11.1	-	-
Idrosicilia SpA	-	-	-	-	1.0	-	-
Red Centroamericana de Telecomunicaciones SA	-	-	-	-	11.1	-	-
Total other companies	**10**	**(5)**	**-**	**5**		**-**	**-**
TOTAL EQUITY INVESTMENTS	**55,971**	**(5,355)**	**6**	**50,622**		**9,065**	**1,273**

Mergers/ Spin-offs	Value adjustments	Net change	Original cost	Impairment (losses)/gains	Other changes - IFRIC 11 & IFRS 2	Carrying amount	% holding
Changes in 2021			at Dec. 31, 2021				
–	–	–	59	–	1	60	100.0
–	–	30	70	(1)	–	69	100.0
–	(19)	1	57	(39)	–	18	100.0
–	43	43	1,401	(162)	2	1,241	100.0
–	(497)	(497)	2,006	(497)	3	1,512	100.0
–	–	6,075	7,875	–	–	7,875	100.0
–	–	–	13,713	–	–	13,713	100.0
–	7	7	70	(47)	–	23	100.0
–	–	250	502	–	–	502	100.0
–	(1)	(1)	4,497	(4,490)	–	7	100.0
–	41	41	12,790	–	4	12,794	100.0
–	–	665	3,155	–	–	3,155	100.0
–	–	–	15	–	–	15	100.0
–	–	–	270	–	2	272	100.0
–	(1)	(1)	189	(163)	–	26	100.0
–	–	–	–	–	–	–	100.0
4,669	–	5,942	11,657	–	–	11,657	82.3
–	(145)	(145)	952	(242)	–	710	78.0
–	–	–	330	–	–	330	78.0
–	–	–	2,671	–	–	2,671	64.9
–	–	–	442	(110)	–	332	56.4
–	(65)	(65)	421	(236)	–	185	51.0
–	(60)	(60)	261	(60)	–	201	51.0
–	–	–	208	–	–	208	51.0
–	–	2,025	2,624	–	–	2,624	25.0
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
(4,669)	–	(4,669)	–	–	–	–	–
-	**(697)**	**9,641**	**66,235**	**(6,047)**	**12**	**60,200**	
–	–	–	41	–	–	41	49.5
-	**-**	**-**	**41**	**-**	**-**	**41**	
–	–	–	23	–	–	23	42.7
-	**-**	**-**	**23**	**-**	**-**	**23**	
–	–	–	–	–	–	–	–
–	–	–	5	(5)	–	–	4.3
–	–	–	5	–	–	5	11.1
–	–	–	–	–	–	–	1.0
–	–	–	–	–	–	–	11.1
-	**-**	**-**	**10**	**(5)**	**-**	**5**	
-	**(697)**	**9,641**	**66,309**	**(6,052)**	**12**	**60,269**	

The table below reports changes in equity investments in 2021.

Millions of euro	
Increases	
Merger of Enel Rinnovabili Srl into EGP Américas SpA	4,669
Merger of EGP Américas SpA into Enel Américas SA	4,669
Partial voluntary tender offer for shares of Enel Américas SA	1,273
Capital contribution to Enel Insurance NV	250
Recapitalization of Enel Finance International NV	2,025
Recapitalization of Enel Holding Finance Srl	6,075
Capital contribution to Enel North America Inc.	665
Recapitalization of Enel Global Services Srl	30
Recapitalization of Enel Global Thermal Generation Srl	20
Reversal of impairment loss on Enel Global Trading SpA	43
Reversal of impairment loss on Enel Innovation Hubs Srl	7
Reversal of impairment loss on Enel Italia SpA	41
Total increases	**19,767**
Decreases	
Merger of Enel Rinnovabili Srl into EGP Américas SpA	(4,669)
Merger of EGP Américas SpA into Enel Américas SA	(4,669)
Impairment loss on the investment in Enel Green Power SpA	(497)
Impairment loss on the investment in E-Distribuţie Muntenia SA	(145)
Impairment loss on the investment in E-Distribuţie Banat SA	(65)
Impairment loss on the investment in E-Distribuţie Dobrogea SA	(60)
Impairment loss on the investment in Enel Global Thermal Generation Srl	(19)
Impairment loss on the investment in Enelpower SpA	(1)
Impairment loss on the investment in Enel Investment Holding BV	(1)
Total decreases	**(10,126)**
NET CHANGE	**9,641**

In 2021, the carrying amount of investments in subsidiaries, joint ventures, associates and other companies increased by €9,641 million as a result of:

- the partial voluntary tender offer, launched on March 15, 2021, for the ordinary shares and the American Depositary Shares (ADS) of Enel Américas, up to a maximum of 7,608,631,104 shares (including the shares represented by the ADSs), equal to 10% of the share capital of the latter company at that date. This transaction was part of the corporate reorganization to integrate the non-conventional renewable generation activities of the Enel Group in Central and South America (excluding Chile) into the listed Chilean subsidiary Enel Américas SA. The offer period began on March 15 and ended on April 13, 2021 and was organized as a voluntary tender offer in the United States and a voluntary tender offer in Chile.
  The offer was subject to the completion of the merger of EGP Américas SpA into Enel Américas SA, which took place on April 1, 2021. The operation also included the cross-border merger on February 1, 2021 of Enel Rinnovabili Srl into the Chilean company EGP Américas SpA, also wholly owned by Enel SpA, which was subsequently folded into Enel Américas as described above. At the effective date of the merger, the carrying amount value of Enel SpA's investment in EGP Américas SpA was €4,669 million.
  On the basis of the final data for the offers, with the application of an allotment mechanism, Enel agreed to purchase 6,903,312,254 shares as part of the Chilean Offer at a price of 140 Chilean pesos per share in cash, payable in pesos, and 14,104,937 ADSs representing 705,246,850 shares as part of the US Offer at a price of 7,000 Chilean pesos per ADS in cash, payable in US dollars, interest-free and net of withholding tax and any applicable distribution fees.
  The total price of €1,271 million was financed by cash flows from current operations and by existing borrowing capacity. Additional charges of €2 million were capitalized on the value of the investment.

Following the completion of the voluntary partial tender offer and completion of the merger of EGP Américas, Enel owns about 82.3% of the outstanding share capital of Enel Américas;

- the capital contribution, on June 28, 2021, to Enel Insurance NV, the Group's captive insurance company, in the amount of €250 million to support reinsurance business with the Group companies in a market characterized by steadily rising prices;
- the capital contributions, on October 6, 2021, to Enel Finance International NV, a Dutch finance company, in the amount of €2,025 million, and to the subsidiary Enel Holding Finance Srl, owner of 75% of Enel Finance International NV in the amount of €6,075 million for use in a concomitant capital contribution of the same amount to Enel Finance International NV in order to strengthen its financial structure;
- the capital contributions, on November 29, 2021 and December 10, 2021, to the subsidiary Enel North America Inc., in the total amount of €665 million to support the business requirements of the subsidiaries;
- the recapitalization, on December 22, 2021, of the subsidiary Enel Global Services Srl by means of the waiver of part of a loan asset in respect of that company on the intercompany current account in the amount of €30 million;
- the recapitalization, on December 22, 2021, of the subsidiary Enel Global Thermal Generation Srl by means of the waiver of part of a loan asset in respect of that company on the intercompany current account in the amount of €20 million;
- the impairment loss on the investment in the subsidiary Enel Green Power SpA in the amount of €497 million to take account of the assumptions in the new business plan of the subsidiary;
- the impairment loss on the investment in the subsidiary E-Distribuţie Muntenia SA in the amount of €145 million to take account of the assumptions in the new business plan;
- the impairment loss on the investment in the subsidiary E-Distribuţie Banat SA in the amount of €65 million to take account of the assumptions in the new business plan;
- the impairment loss on the investment in the subsidiary E-Distribuţie Dobrogea SA in the amount of €60 million to take account of the assumptions in the new business plan;
- the impairment loss on the investment in the subsidiary Enel Global Thermal Generation Srl in the amount of 19 million to take account of the performance and financial position of the company;
- the impairment loss on the investment in the subsidiary Enelpower SpA in the amount of €1 million to take account of the performance and financial position of the company;
- the impairment loss on the investment in the subsidiary Enel Investment Holding BV in the amount of €1 million to take account of the performance and financial position of the company;
- the reversal in the amount of €43 million of the impairment loss recognized on the investment in Enel Global Trading SpA to take account of the assumptions in the new business plan;
- the reversal in the amount of €41 million of the impairment loss recognized on the investment in Enel Italia SpA to take account of the increase in the value of the company following the consolidation of the new corporate structure implemented as part of the reorganization in 2020 with the transfer to that company of the investments in the Italian operating companies;
- the reversal in the amount of €7 million of the impairment loss recognized on the investment in Enel Innovation Hubs Srl to take account of the performance and financial position of the company.

In accordance with IFRS 2, the carrying amount of investments in the subsidiaries involved in the Long-Term Incentive Plan for 2019, 2020 and 2021 has also been increased by the fair value of the equity component for the year, recognized in specific equity reserves, in the overall amount of €6 million. In the case of the award of equity instruments to the employees of indirect subsidiaries, the carrying amount of the equity investment in the direct subsidiary was increased.

The following table shows the assumptions used in determining the impairment loss on the investments held in Enel Green Power SpA, E-Distribuţie Muntenia SA, E-Distribuţie Banat SA and E-Distribuţie Dobrogea SA and the reversal of the impairment loss recognized on the investment in Enel Global Trading SpA.

Millions of euro	Original cost	Growth rate[1]	Pre-tax WACC discount rate[2]	Explicit period of cash flows	Terminal value[3]	Original cost	Growth rate[1]	Pre-tax WACC discount rate[2]	Explicit period of cash flows	Terminal value[3]
	at Dec. 31, 2021					at Dec. 31, 2020				
E-Distribuţie Muntenia SA	855	2.7%	6.2%	3 years	Perpetuity	952	2.7%	7.0%	3 years	Perpetuity
E-Distribuţie Banat SA	250	2.7%	6.2%	3 years	Perpetuity	289	2.7%	7.0%	3 years	Perpetuity
E-Distribuţie Dobrogea SA	261	2.7%	6.2%	3 years	Perpetuity	n.a.	n.a.	n.a.	n.a.	n.a.
Enel Green Power SpA	2,008	1.7%	7.6%	3 years	Annuity/ 24 years	n.a.	n.a.	n.a.	n.a.	n.a.
Enel Global Trading SpA	1,198	1.7%	6.3%	3 years	Perpetuity	n.a.	n.a.	n.a.	n.a.	n.a.

(1) Perpetual growth rate for cash flows after the explicit forecast period.
(2) Pre-tax WACC calculated using the iterative method: the discount rate that ensures that the value in use calculated with pre-tax cash flows is equal to that calculated with post-tax cash flows discounted with the post-tax WACC.
(3) The terminal value has been estimated on the basis of a perpetuity or an annuity with a rising yield for the years indicated in the column.

The recoverable amount of the equity investments recognized through the impairment tests was estimated by calculating the equity value of the investments through an estimate of their value in use using discounted cash flow models, which involve estimating expected future cash flows and applying an appropriate discount rate, selected on the basis of market inputs such as risk-free rates, betas and market risk premiums. For the purpose of comparing the carrying amount of the investments, the enterprise value resulting from the estimation of future cash flows was converted into the equity value by subtracting the net financial position of the investee. Cash flows were determined on the basis of the best information available at the time of the estimate and drawn for the explicit period from the 2022-2024 Business Plan approved by the Board of Directors of the Company on November 23, 2021, containing forecasts for volumes, revenue, operating costs, capital expenditure, industrial and commercial organization and developments in the main macroeconomic variables (inflation, nominal interest rates and exchange rates) and commodity prices. The explicit period of cash flows considered in impairment testing for these equity investments differs in accordance with the specific features and business cycles of the various companies. The terminal value, on the other hand, was calculated as a perpetuity or annuity with a nominal growth rate equal to the long-term rate of growth in electricity demand and/or inflation (depending on the country and business involved) and in any case no higher than the average long-term growth rate of the reference market.

With regard to the investments held in the companies Enel Global Services Srl, Enel North America Inc., Enel Américas SA, Enel Energie Muntenia SA, Enel Energie SA, Enel Romania SA, Enel Russia PJSC, Enel Global Infrastructure and Networks Srl, Enel X Srl and Rusenergosbyt, the carrying amount is deemed to be recoverable even if individually greater than equity at December 31, 2021, for each investee. This circumstance is not felt to represent an impairment loss in respect of the investment but rather a temporary mismatch between the two amounts. More specifically, for the companies Enel Global Sevices Srl, Enel North America Inc., Enel Américas SA, Enel Energie Muntenia SA, Enel Energie SA, Enel Romania SA, Enel Russia PJSC, Rusenergosbyt LLC, Enel Global Infrastructure and Networks Srl, Enel X Srl and Rusenergosbyt, the negative difference between the carrying amount of the investments and their equity represented a trigger event, following which the equity value of the investments in consideration of their expected future cash flows was determined by means of an impairment test. As a result of this test, a greater value emerged that was not reflected in equity to an extent necessary to confirm the full recoverability of the value of the investments.
It should also be noted that these investments have passed their related impairment tests.

The share certificates for Enel SpA's investments in Italian subsidiaries are held in custody at Monte dei Paschi di Siena.
The following table reports the share capital and equity of the investments in subsidiaries, joint ventures, associates and other investees at December 31, 2021.

	Registered office	Currency	Share capital	Equity (millions of euro)	Prior year profit/(loss) (millions of euro)	% holding	Carrying amount (millions of euro)
A) Subsidiaries							
Enel Global Infrastructure and Networks Srl	Rome	EUR	10,100,000	25	(3)	100.0	60
Enel Global Services Srl	Rome	EUR	10,000	31	(35)	100.0	69
Enel Global Thermal Generation Srl	Rome	EUR	11,000,000	18	(18)	100.0	18
Enel Global Trading SpA	Rome	EUR	90,885,000	(583)	(3)	100.0	1,241
Enel Green Power SpA	Rome	EUR	272,000,000	536	10	100.0	1,512
Enel Holding Finance Srl	Rome	EUR	10,000	7,874	-	100.0	7,875
Enel Iberia SLU	Madrid	EUR	336,142,500	23,355	7,620	100.0	13,713
Enel Innovation Hubs Srl	Rome	EUR	1,100,000	23	-	100.0	23
Enel Insurance NV	Amsterdam	EUR	60,000	534	16	100.0	502
Enel Investment Holding BV	Amsterdam	EUR	1,000,000	7	(1)	100.0	7
Enel Italia SpA	Rome	EUR	100,000,000	14,380	2,110	100.0	12,794
Enel North America Inc.	Andover	USD	50	4,414	113	100.0	3,155
Enel Romania SA	Buftea, Ilfov County	RON	200,000	5	1	100.0	15
Enel X Srl	Rome	EUR	1,050,000	172	(17)	100.0	272
Enelpower SpA	Milan	EUR	2,000,000	26	-	100.0	26
Vektör Enerjí Üretim AŞ	Istanbul	TRY	3,500,000	(8)	(5)	100.0	-
Enel Américas SA	Santiago	USD	15,799,498,545	13,270	958	82.3	11,657
E-Distribuţie Muntenia SA	Bucharest	RON	271,635,250	634	(3)	78.0	710
Enel Energie Muntenia SA	Bucharest	RON	37,004,350	93	(38)	78.0	330
Enel Chile SA	Santiago	CLP	3,882,103,470,184	3,469	111	64.9	2,671
Enel Russia PJSC	Yekaterinburg	RUB	35,371,898,370	512	54	56.4	332
E-Distribuţie Banat SA	Timisoara	RON	382,158,580	276	(3)	51.0	185
E-Distribuţie Dobrogea SA	Costanta	RON	280,285,560	227	3	51.0	201
Enel Energie SA	Bucharest	RON	140,000,000	102	(9)	51.0	208
Enel Finance International NV	Amsterdam	EUR	1,478,810,371	10,064	(740)	25.0	2,624
Enel Green Power Chile SA	Santiago	USD	842,121,531	1,105	32	-	-
B) Joint ventures							
Rusenersgobyt LLC	Moscow	RUB	18,000,000	24	90	49.5	41
C) Associates							
Cesi SpA(1)	Milan	EUR	8,550,000	113	(10)	42.7	23
D) Other companies							
Compañía de Trasmisión del Mercosur Ltda	Buenos Aires	ARS	2,025,191,313	-	2	-	-
Elcogas SA in liquidation	Puertollano	EUR	809,690	(113)	(1)	4.3	-
Empresa Propietaria de la Red SA	Panama	USD	58,500,000	134	11	11.1	5
Idrosicilia SpA	Milan	EUR	22,520,000	-	-	1.0	-
Red Centroamericana de Telecomunicaciones SA	Panama	USD	2,700,000	(7)	(2)	11.1	-

(1) The values for share capital, equity and profit/(loss) for the year are those reported in the financial statements at December 31, 2020.

Equity investments in other companies at December 31, 2021 are all related to unlisted companies. During the transition to IFRS 9, the option of measuring these financial assets at fair value through other comprehensive income was applied.

The investment in Elcogas SA was completely written off in 2014 and since January 1, 2015 the company, in which Enel has a stake of 4.3%, is still in liquidation. The profit participation loan of €6 million granted in 2014 has also been written down to take account of accumulated losses.

Millions of euro		
	at Dec. 31, 2021	at Dec. 31, 2020
Equity investments in unlisted companies measured at FVOCI	**5**	**5**
Empresa Propietaria de la Red SA	5	5
Red Centroamericana de Telecomunicaciones SA	-	-
Compañía de Trasmisión del Mercosur Ltda	-	-
Elcogas SA in liquidation	-	-
Idrosicilia SpA	-	-

14. Derivatives – €753 million, €60 million, €1,300 million, €131 million

Millions of euro	Non-current		Current	
	at Dec. 31, 2021	at Dec. 31, 2020	at Dec. 31, 2021	at Dec. 31, 2020
Derivative financial assets	753	890	60	128
Derivative financial liabilities	1,300	1,763	131	258

For more details about the nature, recognition and classification of derivative financial assets and liabilities, please see notes 32, "Financial instruments", and 34, "Derivatives and hedge accounting".

15. Other non-current financial assets – €16 million

This item breaks down as follows:

Millions of euro				
	Notes	at Dec. 31, 2021	at Dec. 31, 2020	Change
Financial prepayments		13	7	6
Other non-current financial assets included in debt	15.1	3	273	(270)
Total		**16**	**280**	**(264)**

Financial prepayments refers to the remaining portion of the transaction costs on the €10 billion revolving credit line, established on December 18, 2017, and with a five-year term, between Enel SpA, Enel Finance International NV and Mediobanca. The item reports the non-current portion of those costs, and their reversal through profit or loss depends on the type of fee involved and the maturity of the credit line.

15.1 Other non-current financial assets included in debt – €3 million

Millions of euro				
	Notes	at Dec. 31, 2021	at Dec. 31, 2020	Change
Loan assets	32.1.1	-	270	(270)
Other loan assets		3	3	-
Total		**3**	**273**	**(270)**

The previous year, the item "Loan assets" included loans granted to the joint venture Open Fiber SpA, which was sold in December 2021.

Other loan assets, equal to €3 million, are entirely accounted for by loans to employees.

16. Other non-current assets – €99 million

This item breaks down as follows:

Millions of euro			
	at Dec. 31, 2021	at Dec. 31, 2020	Change
Tax assets	12	20	(8)
Amounts due from subsidiaries for assumption of supplementary pension plan liabilities	87	108	(21)
Total other non-current assets	**99**	**128**	**(29)**

Tax assets include the residual amount due in respect of the claim for reimbursement for excess income tax paid as a result of not partially deducting IRAP in calculating taxable income for IRES purposes. These claims were submitted by Enel SpA on its own behalf for 2003 and on its own behalf and as the consolidating company for 2004-2011.
Tax assets also include the asset of €3 million arising from the definitive calculation of the withholding tax levied on the dividends of Enel Américas SA pertaining to 2021.
The previous year, the asset arising from the definitive calculation of the withholding tax on the dividends of Enel Américas SA pertaining to 2019 and paid in 2020 was €11 million. In 2021, this asset was reclassified under "Income tax assets", as the reimbursement is expected to be paid within the 1st Half of 2022.
Amounts due from subsidiaries for assumption of supplementary pension plan liabilities refer to amounts due in respect of the assumption by Group companies of their share of the supplementary pension plan. The terms of the agreement state that the Group companies concerned are to reimburse the costs of extinguishing defined benefit obligations of the Parent, which are recognized under employee benefits.
On the basis of actuarial forecasts made using current assumptions, the portion due beyond five years of these amounts due from subsidiaries for assumption of supplementary pension plan liabilities came to €25 million (€40 million at December 31, 2020).

17. Trade receivables – €275 million

This item breaks down as follows:

Millions of euro			
	at Dec. 31, 2021	at Dec. 31, 2020	Change
Trade receivables:			
- due from subsidiaries	260	227	33
- due from third-party customers	15	14	1
Total	**275**	**241**	**34**

Trade receivables due from subsidiaries primarily regard the management and coordination services and other activities performed by Enel SpA on behalf of Group companies. Trade receivables from third-party customers concern services of various types.

Trade receivables due from subsidiaries break down as follows.

Millions of euro	at Dec. 31, 2021	at Dec. 31, 2020	Change
Subsidiaries			
Edistribución Redes Digitales SL	7	8	(1)
e-distribuzione SpA	22	26	(4)
Endesa Energía SA	3	3	-
Endesa Generación SA	2	2	-
Endesa SA	10	6	4
Enel Américas SA	5	4	1
Enel Brasil SA	70	42	28
Enel Chile SA	7	4	3
Enel Distribución Chile SA	5	6	(1)
Enel Distribución Perú SAA	3	3	-
Enel Energia SpA	9	10	(1)
Enel Generación Chile SA	4	2	2
Enel Generación Perú SAA	2	3	(1)
Enel Global Infrastructure and Networks Srl	4	3	1
Enel Global Services Srl	12	12	-
Enel Green Power Chile SA	1	2	(1)
Enel Green Power Hellas SA	2	6	(4)
Enel Green Power Italia Srl	4	5	(1)
Enel Green Power North America Inc.	5	2	3
Enel Green Power SpA	3	6	(3)
Enel Italia SpA	-	2	(2)
Enel North America Inc.	7	5	2
Enel Produzione SpA	4	5	(1)
Enel Romania Srl	5	4	1
Enel Russia PJSC	9	7	2
Enel X Srl	5	1	4
E-Distribuţie Banat SA	6	6	-
E-Distribuţie Dobrogea SA	3	5	(2)
E-Distribuţie Muntenia SA	9	9	-
Gas y Electricidad Generación SAU	2	2	-
Servizio Elettrico Nazionale SpA	2	2	-
Vektör Enerjí Üretim AŞ	8	8	-
Other	20	16	4
Total	**260**	**227**	**33**

Trade receivables by geographical segment are shown below.

Millions of euro	at Dec. 31, 2021	at Dec. 31, 2020	Change
Italy	70	73	(3)
EU	70	70	-
Non-EU Europe	10	9	1
Other	125	89	36
Total	**275**	**241**	**34**

18. Income tax assets – €142 million

Income tax assets at December 31, 2021 amounted to €142 million and essentially regard the Company's IRES credit for estimated current taxes for 2021 (€119 million) and the receivable for withholding tax on dividends of Enel Américas SA and Enel Chile SA (€16 million).

19. Other current financial assets – €8,257 million

This item breaks down as follows.

Millions of euro	Notes	at Dec. 31, 2021	at Dec. 31, 2020	Change
Other current financial assets included in debt	19.1	8,197	2,337	5,860
Other sundry current financial assets		60	313	(253)
Total		**8,257**	**2,650**	**5,607**

For more information on "Other current financial assets included in debt", please see note 19.1.
"Other current financial assets" essentially refer to receivables in respect of Group companies for interest and other fees deriving from financial services contracts amounting to €15 million (€239 million at December 31, 2020), current accrued financial income of €37 million (€61 million at December 31, 2020) and current financial prepaid expense of €5 million (€11 million at December 31, 2020).

19.1 Other current financial assets included in debt – €8,197 million

Millions of euro	Notes	at Dec. 31, 2021	at Dec. 31, 2020	Change
Loan assets due from Group companies:				
- short-term loan assets (intercompany current accounts)	32.1.1	7,111	748	6,363
Loan assets due from others:				
- current portion of long-term loan assets		-	1	(1)
- other loan assets		9	4	5
- cash collateral for margin agreements on OTC derivatives	32.1.1	1,077	1,584	(507)
Total		**8,197**	**2,337**	**5,860**

20. Other current assets – €1,063 million

At December 31, 2021, the item broke down as follows.

Millions of euro	at Dec. 31, 2021	at Dec. 31, 2020	Change
Tax assets	4	27	(23)
Other amounts due from Group companies	1,044	621	423
Other amounts due	15	13	2
Total	**1,063**	**661**	**402**

Tax assets amounted to €4 million and regard prior-year income taxes.
In 2020, the item included the remaining asset for prepaid VAT for 2020 in the amount of €22 million. The change on the previous year is essentially due to the non-payment of the VAT payment on account in 2021, in line with the clarifications issued by the Revenue Agency, which ruled that in the first year of establishment of the

single VAT payer the payment on account is not due given the absence of information on which to calculate the payment itself.
Other amounts due from Group companies essentially regard receivables for the interim dividend approved in 2021 by the subsidiaries Enel Iberia SLU, Enel Américas SA and Enel Chile SA (€300 million, €64 million and €4 million, respectively) and collected in early 2022, IRES assets in respect of the Group companies participating in the consolidated taxation mechanism (€129 million) and VAT assets in respect of companies participating in the Group VAT mechanism (€547 million).
Other amounts due, equal to €15 million at December 31, 2021, increased by €2 million compared with 2020.

21. Cash and cash equivalents – €952 million

Cash and cash equivalents break down as follows.

Millions of euro	at Dec. 31, 2021	at Dec. 31, 2020	Change
Bank and post office deposits	952	2,127	(1,175)
Cash and cash equivalents on hand	-	-	-
Total	**952**	**2,127**	**(1,175)**

Cash and cash equivalents amounted to €952 million, a decrease of €1,175 million on December 31, 2020, reflecting the joint effect of extraordinary corporate operations in the period involving investments in companies, partly offset by cash flows generated by ordinary operations.

Cash flows from operating activities in 2021 were a positive €6,687 million, up €2,188 million compared with the previous year, mainly reflecting an increase in dividends received, a decline in payments on account in respect of IRES for the Group companies participating in the national consolidated taxation mechanism, a reduction in the use of funds and the effects connected with adverse exchange rate developments.

During the year, financing activities generated cash flows of €1,877 million. This mainly reflected the liquidity generated by new long-term borrowings (€9,203 million) and the issue of perpetual hybrid bonds in the amount of €2,213 million, net of transaction costs connected with the issue and transaction costs relating to the consent solicitation, partially offset by the net reduction in short-term financial debt (€5,200 million), the payment of dividends (€3,664 million) and repayments of long-term borrowings (€847 million).

Investing activities absorbed cash flows of €9,739 million, essentially reflecting capital contributions to Enel Holding Finance (€6,075 million), Enel Finance International NV (€2,025 million), Enel North America (€665 million) and Enel Insurance NV (€250 million), the voluntary public tender offer for the ordinary shares and American Depositary Shares of Enel Américas (€1,273 million), and the recapitalization of Enel Global Services Srl (€30 million) and Enel Global Thermal Generation Srl (€20 million), partly offset by the liquidity of €669 million generated by the sale of the investment in Open Fiber.

The cash requirements of investing activities were primarily funded by the contribution of the cash flows generated by operating activities, which were a positive €6,687 million, and the liquidity generated by financing activities in the amount of €1,877 million, as well as the use of cash and cash equivalents, which at December 31, 2021 amounted to €952 million (€2,127 million at January 1, 2021).

22. Non-current assets classified as held for sale

At December 31, 2020, non-current assets classified as held for sale included the investment held in the joint venture Open Fiber in the amount of €669 million. It was reclassified to this item following receipt of a binding offer from Macquarie Infrastructure and Real Assets for the purchase of 50% of the share capital of Open Fiber SpA held by Enel.
On December 3, 2021, following satisfaction of all of the conditions provided for in the contracts, the sale of the entire stake was completed, with the transfer of 40% to Macquarie Asset Management and 10% to CDP Equity SpA. The total price amounted to about €2,733 million and involved the recognition of income of €1,629 million.

Liabilities and equity

IBS CF EO OCI

23. Equity – €34,967 million

Equity amounted to €34,967 million, up €4,224 million compared with December 31, 2020.
The change is mainly attributable to:

- profit for the year (€4,907 million);
- the distribution of the balance of the dividend for 2020 in the amount of €0.183 per share (for a total of €1,861 million), as approved by the shareholders on May 20, 2021, and the interim dividend for 2021 approved by the Board of Directors on November 4, 2021, and paid as from January 26, 2022 (€0.19 per share, for a total of €1,932 million);
- the issue of perpetual hybrid bonds in the amount of €2,214 million and the transformation of an outstanding hybrid bond into a hybrid equity instrument by way of amendments to its terms and conditions in the amount of €967 million, net of transaction costs.

Share capital – €10,167 million

At December 31, 2021, the fully subscribed and paid-up share capital of Enel SpA totaled €10,166,679,946, represented by the same number of ordinary shares with a par value of €1.00 each.
The share capital is unchanged compared with the amount reported at December 31, 2020.
At December 31, 2021, based on the shareholders register and the notices submitted to CONSOB and received by the Company pursuant to Article 120 of Legislative Decree 58 of February 24, 1998, as well as other available information, shareholders with interests of greater than 3% in the Company's share capital were the Ministry for the Economy and Finance (with a 23.585% stake), BlackRock Inc. (with a 5.000% stake held for asset management purposes) and Capital Research and Management Company (with a 5.000% stake held for asset management purposes).

Negative treasury share reserve – €(36) million

At December 31, 2021, treasury shares are represented by 4,889,152 ordinary shares of Enel SpA with a par value of €1.00 each (3,269,152 at December 31, 2020), purchased through a qualified intermediary for a total amount of about €36 million.
On June 17, 2021, the Board of Directors of the Company, implementing the authorization granted by the Shareholders' Meeting held on May 20, 2021, approved the launch of a share buyback program for 1.62 million shares, equivalent to about 0.016% of Enel's share capital.
The program, which began on June 18, 2021 and was completed on July 21, 2021, was introduced to serve the 2021 Long-Term Incentive Plan for the management of Enel and/or of its subsidiaries pursuant to Article 2359 of the Italian Civil Code (2021 LTI Plan) which was also approved by Enel's Shareholders' Meeting of May 20, 2021.
As a result of these transactions, a total of 1,620,000 Enel shares (equal to 0.015934% of share capital) were acquired at a volume-weighted average price of €7.8737 per share, for a total of €12,755,469. Considering the treasury shares already owned, as of December 31, 2021 Enel held 4,889,152 treasury shares, equal to 0.048090% of share capital, serving the long-term incentive plans (the LTI Plans for 2019, 2020 and 2021).
In accordance with Article 2357-*ter*, paragraph 2, of the Italian Civil Code, treasury shares do not participate in the distribution of the dividend.

Perpetual hybrid bonds – €5,567 million

The item includes the nominal value, net of transaction costs, of non-convertible subordinated perpetual hybrid bonds denominated in euros intended for institutional investors.
On March 4, 2021, the Company issued a multi-tranche non-convertible subordinated perpetual hybrid bond loan denominated in euros for institutional investors with a total nominal value of €2,250 million.
Those bonds have been recognized, net of transaction costs, in the amount of €2,214 million.
The issue was carried out in execution of the resolution of February 25, 2021 of the Board of Directors of the Company, which authorized the issue by the Company, by December 31, 2021, of one or more non-convertible subordinated hybrid bonds in the maximum amount of €3 billion.
The bonds are listed on the Irish Stock Exchange.
On December 9, 2021, following the launch of a consent solicitation in October, the Meeting of Noteholders of the non-convertible subordinated hybrid bond issued by the Company maturing on May 25, 2080 with an outstanding amount of €900 million approved the proposed amendments to the terms and conditions of the bond, which are intended to align the latter with the terms and conditions of the non-convertible subordinated perpetual hybrid bonds issued by Enel in 2020 and 2021.
In particular, the amendments establish that the bond, which was initially issued with a specified long-term maturity date, will become due and payable and hence will have to be repaid by Enel only in the event of the winding up or liquidation of the Company, and that the events of default previously envisaged in the terms and conditions and additional documentation that govern the bond are eliminated.
The bond was recognized at fair value net of transaction costs in the total value of €967 million.

Other reserves – €11,511 million

Share premium reserve – €7,496 million

The share premium reserve at December 31, 2021 was equal to €7,496 million, an increase of €20 million on the previous year, reflecting differences in the presentation of reserves for the purchase of treasury shares.

Legal reserve – €2,034 million

The legal reserve, equal to 20.0% of share capital, is unchanged compared with the previous year.

Reserve pursuant to Law 292/1993 – €2,215 million

The reserve shows the remaining portion of the adjustments carried out when Enel was transformed from a public entity to a joint-stock company.
In the case of a distribution of this reserve, the tax treatment for capital reserves as defined by Article 47 of the Consolidated Income Tax Code shall apply.

Other reserves – €119 million

Other reserves include €19 million related to the reserve for grants related to assets, which reflects 50% of the grants received from Italian public entities and EU bodies in application of related laws for new works (pursuant to Article 55 of Presidential Decree 917/1986), which is recognized in equity in order to take advantage of tax deferment benefits.

The item also includes the unavailable reserve established for the purchase of treasury shares in the amount of €36 million in execution of the resolutions of the Ordinary Shareholders' Meeting of Enel SpA and the reserves established to recognize the value of the equity component granted to the management of the Company and the subsidiaries as part of the 2019, 2020 and 2021 Long-Term Incentive Plans in the amount of €15 million. For further details, please see note 36 "Share-based payments".
It also includes €29 million in respect of the stock option reserve and €20 million for other reserves.

Hedging reserve – €(318) million

At December 31, 2021, the hedging reserve amounted to a negative €318 million (net of the positive tax effect of €100 million).

Actuarial reserve – €(35) million

At December 31, 2021, the actuarial reserve amounted to €35 million (net of the positive tax effect of €8 million). The reserve includes actuarial gains and losses recognized directly in equity, as the corridor approach is no longer permitted under the new version of "IAS 19 - Employee Benefits".

The table below provides a breakdown of changes in the hedging and actuarial reserves in 2020 and 2021.

Millions of euro	at Jan. 1, 2020	Gross gains/(losses) recognized in equity during the year	Gross released to profit or loss	Taxes	Other changes	at Dec. 31, 2020	Gross gains/(losses) recognized in equity during the year	Gross released to profit or loss	Taxes	Other changes	at Dec. 31, 2021
Hedging reserve	(390)	(214)	147	17	(3)	(443)	347	(169)	(39)	(14)	(318)
Hedging costs reserve	(22)	8	(2)	-	-	(16)	21	-	(5)	-	-
Reserve from measurement of financial instruments at FVOCI	11	-	-	-	(11)	-	-	-	-	-	-
Actuarial reserve	(37)	(2)	-	-	-	(39)	6	-	(2)	-	(35)
Gains/(Losses) recognized directly in equity	**(438)**	**(208)**	**145**	**17**	**(14)**	**(498)**	**374**	**(169)**	**(46)**	**(14)**	**(353)**

Retained earnings – €4,928 million

For 2021, the item shows a decrease of €1,418 million, reflecting:

- the resolution of the Shareholders' Meeting of May 20, 2021, which provided for the distribution to shareholders of the balance of the dividend in the amount of €1,322 million and the allocation to this reserve of the remainder of the profit for the year in the total amount of €10 million, including the undistributed portion of the dividend in respect of the treasury shares held at the record date of July 20, 2021;
- the payment of coupons in the total amount of €71 million to the holders of perpetual hybrid bonds;
- the use of this reserve for the purchase of treasury shares (€36 million).

Profit for the year – €2,830 million

Profit for 2021, net of the interim dividend for 2021 of €0.19 per share (for a total of €1,932 million), amounted to €2,830 million.

The table below shows the availability of reserves for distribution.

Millions of euro	at Dec. 31, 2021	Possible uses	Amount available
Share capital	10,167		
Capital reserves:			
- share premium reserve	7,496	ABC	7,496
- equity instruments - perpetual hybrid bonds	5,567		
Income reserves:			
- legal reserve	2,034	B	
- negative treasury share reserve	(36)		
- reserve pursuant to Law 292/1993	2,215	ABC	2,215
- hedging reserve	(318)		
- reserve from measurement of financial instruments at FVOCI	-		
- reserve for capital grants	19	ABC	19
- stock option reserve	29	ABC	29 (1)(2)
- actuarial reserve	(35)		
- reserve for share-based payments (LTI)	15		
- other	56	ABC	20
Retained earnings/(Loss carried forward)	4,928	ABC	4,928
Total	**32,137**		**14,707**
of which amount available for distribution			*14,704*

A: for capital increases.
B: to cover losses.
C: for distribution to shareholders.
(1) Regards lapsed options.
(2) Not distributable in the amount of €3 million regarding options granted by the Parent to employees of subsidiaries that have lapsed.

There are no restrictions on the distribution of the reserves pursuant to Article 2426, paragraph 1(5), of the Italian Civil Code since there are no unamortized start-up and expansion costs or research and development expenditure, or departures pursuant to Article 2423, paragraph 4, of the Italian Civil Code.

It should be noted that, in the three previous years, the available reserve denominated "retained earnings" has been used in the amount of €1,322 million for the distribution of dividends to shareholders.

23.1 Dividends

The table below shows the dividends paid by the Company in 2020 and 2021.

	Amount distributed (in millions of euro)	Dividend per share (in euro)
Dividends distributed in 2020		
Dividends for 2019	3,334	0.328
Interim dividend for 2020(1)	-	-
Special dividends	-	-
Total dividends distributed in 2020	**3,334**	**0.328**
Dividends distributed in 2021		
Dividends for 2020	3,638	0.358
Interim dividend for 2021(2)	-	-
Special dividends	-	-
Total dividends distributed in 2021	**3,638**	**0.358**

(1) Approved by the Board of Directors on November 5, 2020, and paid as from January 20, 2021 (interim dividend per share of €0.175 for a total of €1,779 million).
(2) Approved by the Board of Directors on November 4, 2021, and paid as from January 26, 2022 (interim dividend per share of €0.19 for a total of €1,932 million).

Dividends distributed are shown net of the amounts attributable to treasury shares held at the respective record dates. The Company waived collection of dividends on these shares, which were recognized under retained earnings.
The dividend for 2021, equal to €0.38 per share, amounting to a total of €3,863 million (of which €0.19 per share, for a total of €1,932 million already paid as an interim dividend), was approved by the Shareholders' Meeting of May 19, 2022, at a single call.
These separate financial statements do not reflect the effects of the distribution of this dividend for 2021 to shareholders, with the exception of liabilities due to shareholders for the 2021 interim dividend approved by the Board of Directors on November 4, 2021, in the maximum potential amount of €1,932 million, and paid as from January 26, 2022, net of the amount pertaining to the 4,889,152 treasury shares held as at the record date of January 25, 2022.
During the year, the Company also paid coupons totaling €71 million to the holders of perpetual hybrid bonds.

23.2 Capital management

The Company's objectives for managing capital comprise safeguarding the business as a going concern, creating value for stakeholders and supporting the development of the Group. In particular, the Company seeks to maintain an adequate capitalization that enables it to achieve a satisfactory return for shareholders and ensure access to external sources of financing, in part by maintaining an adequate rating.
In this context, the Company manages its capital structure and adjusts that structure when changes in economic conditions so require. There were no substantive changes in objectives, policies or processes in 2021.
To this end, the Company constantly monitors developments in the level of its debt in relation to equity.

The situation at December 31, 2021 and 2020 is summarized in the following table.

Millions of euro			
	at Dec. 31, 2021	at Dec. 31, 2020	Change
Non-current financial debt	(25,572)	(17,297)	(8,275)
Net current financial debt	2,370	(1,659)	4,029
Non-current financial assets and long-term securities	3	273	(270)
Net financial debt	**(23,199)**	**(18,683)**	**(4,516)**
Equity	**34,967**	**30,743**	**4,224**
Debt/equity ratio	**(0.66)**	**(0.61)**	**(0.05)**

24. Borrowings – €25,572 million, €216 million, €6,563 million

Millions of euro	Non-current		Current	
	at Dec. 31, 2021	at Dec. 31, 2020	at Dec. 31, 2021	at Dec. 31, 2020
Long-term borrowings	25,572	17,297	216	820
Short-term borrowings	-	-	6,563	5,303

For more details about the nature, recognition and classification of borrowings, please see note 32 "Financial instruments".

25. Employee benefits – €172 million

The Company provides its employees with a variety of benefits, including deferred compensation benefits, additional months' pay, indemnities in lieu of notice, loyalty bonuses, supplementary pension plans, supplementary healthcare plans, additional indemnity for FOPEN pension contributions, FOPEN pension contributions in excess of deductible amount and personnel incentive plans.
The item includes accruals made to cover post-employment benefits under defined benefit plans and other long-term benefits to which employees are entitled by law, by contract, or under other forms of employee incentive schemes.
These obligations, in accordance with IAS 19, were determined using the projected unit credit method.

The following table reports the change during the year in the defined benefit obligation, as well as a reconciliation of the defined benefit obligation with the obligation recognized at December 31, 2021 and December 31, 2020.

Millions of euro	2021				2020			
	Pension benefits	Health insurance	Other benefits	Total	Pension benefits	Health insurance	Other benefits	Total
CHANGES IN ACTUARIAL OBLIGATION								
Actuarial obligation at January 1	**151**	**32**	**17**	**200**	**166**	**35**	**15**	**216**
Current service cost	-	1	8	**9**	-	1	14	**15**
Interest expense	-	-	-	**-**	1	-	-	**1**
Actuarial (gains)/losses arising from changes in demographic assumptions	(9)	(2)	-	**(11)**	1	-	-	**1**
Actuarial (gains)/losses arising from changes in financial assumptions	-	3	-	**3**	1	-	-	**1**
Experience adjustments	-	2	-	**2**	2	(2)	-	**-**
Past service cost	(1)	-	-	**(1)**	-	-	-	**-**
(Gains)/Losses arising from settlements	-	-	-	**-**	-	-	-	**-**
Employer contributions	-	-	-	**-**	-	-	-	**-**
Contributions from plan participants	-	-	-	**-**	-	-	-	**-**
Payments for closures	-	-	-	**-**	-	-	-	**-**
Other payments	(18)	(2)	(11)	**(31)**	(20)	(2)	(10)	**(32)**
Other changes	-	-	1	**1**	-	-	(2)	**(2)**
Actuarial obligation at December 31	**123**	**34**	**15**	**172**	**151**	**32**	**17**	**200**

Millions of euro		
	2021	**2020**
(Gains)/Losses taken to profit or loss		
Service cost	9	14
Interest expense	-	1
(Gains)/Losses arising from settlements	-	-
Total	**9**	**15**

Millions of euro		
	2021	**2020**
Remeasurement (gains)/losses in OCI		
Actuarial (gains)/losses on defined benefit plans	(6)	2
Other changes	-	-
Total	**(6)**	**2**

The current service cost for employee benefits in 2021 amounted to €9 million (€15 million in 2020).

The main actuarial assumptions used to calculate the liabilities arising from employee benefits, which are consistent with those used the previous year, are set out below.

	2021	**2020**
Discount rate	0.00%-0.80%	0.00%-0.50%
Rate of wage increases	0.80%-1.80%	0.50%-2.50%
Rate of increase in healthcare costs	2.50%	1.50%

The following table reports the outcome of a sensitivity analysis that demonstrates the effects on the liability for healthcare plans as a result of changes reasonably possible at the end of the year in the actuarial assumptions used in estimating the obligation.

Millions of euro	**An increase of 0.5% in discount rate**	**A decrease of 0.5% in discount rate**	**An increase of 0.5% in inflation rate**	**An increase of 0.5% in remuneration**	**An increase of 0.5% in pensions currently being paid**	**An increase of 1% in healthcare costs**	**An increase of 1 year in life expectancy of active and retired employees**
Healthcare plans: ASEM	(2)	2	(2)			5	36

26. Provisions for risks and charges – €61 million

Provisions for risks and charges cover probable potential liabilities that could arise from legal proceedings and other disputes, without considering the effects of rulings that are expected to be in the Company's favor and those for which any charge cannot be quantified with reasonable certainty. In determining the balance of the provision, we have taken account of both the charges that are expected to result from court rulings and other dispute settlements for the year and an update of the estimates for positions arising in previous years. The following table shows changes in provisions for risks and charges.

Millions of euro	at Dec. 31, 2020	Taken to profit or loss: Accruals	Taken to profit or loss: Reversals	Utilization	Other changes	Total at Dec. 31, 2021	*of which current portion*
Provision for litigation and other risks and charges:							
- litigation	5	3	(4)	(1)	-	3	*1*
- other	6	-	-	-	-	6	*3*
Total	**11**	**3**	**(4)**	**(1)**	**-**	**9**	***4***
Provision for early retirement incentives	14	44	-	(6)	-	52	*8*
TOTAL PROVISIONS FOR RISKS AND CHARGES	**25**	**47**	**(4)**	**(7)**	**-**	**61**	***12***

The €2 million decrease in the provision for litigation mainly reflects releases to profit or loss following the settlement of a number of disputes. The provision mainly refers to labor disputes.
The provision for other risks and charges, equal to €6 million, is unchanged on the previous year.
The increase of €38 million in the provision for early retirement incentive plans adopted by the Company reflects the provision for the year of €44 million net of uses for the period of €6 million.

27. Other non-current liabilities – €30 million

Other non-current liabilities amounted to €30 million (€19 million at December 31, 2020). They regard the debt towards Group companies that initially arose following Enel SpA's application (submitted in its capacity as the consolidating company) for reimbursement for 2004-2011 of the additional income taxes paid as a result of not deducting part of IRAP in computing taxable income for IRES purposes. The liability in respect of the subsidiaries is balanced by the recognition of non-current tax assets (note 16).
The item also includes the liability to employees (€14 million) for early termination incentive plans adopted by the Company and the non-current portion of deferred income in respect of up-front fees made at the time of the establishment of a number of hedging derivative positions in the amount of €7 million (€8 million at December 31, 2020) in previous years, which are released to profit or loss on the basis of the amortization plan for the entire duration of the derivative itself.

28. Trade payables – €167 million

Millions of euro	at Dec. 31, 2021	at Dec. 31, 2020	Change
Trade payables:			
- due to third parties	51	43	8
- due to Group companies	116	49	67
Total	**167**	**92**	**75**

Trade payables mainly include payables for the provision of services and other activities performed in 2021, and comprise payables due to third parties of €51 million (€43 million at December 31, 2020) and payables due to Group companies of €116 million (€49 million at December 31, 2020).

Trade payables due to subsidiaries at December 31, 2021 break down as follows.

Millions of euro			
	at Dec. 31, 2021	**at Dec. 31, 2020**	**Change**
Subsidiaries			
Endesa SA	1	2	(1)
Enel Global Infrastructure and Networks Srl	22	6	16
Enel Global Services Srl	62	5	57
Enel Global Trading SpA	1	1	-
Enel Green Power SpA	4	4	-
Enel Iberia SLU	5	4	1
Enel Innovation Hubs Srl	4	6	(2)
Enel Italia SpA	5	7	(2)
Enel Produzione SpA	1	1	-
Other	11	13	(2)
Total	**116**	**49**	**67**

Trade payables break down by geographical segment as follows.

Millions of euro			
	at Dec. 31, 2021	**at Dec. 31, 2020**	**Change**
Suppliers			
Italy	145	68	77
EU	16	19	(3)
Non-EU Europe	2	1	1
Other	4	4	-
Total	**167**	**92**	**75**

29. Other current financial liabilities – €227 million

Other current financial liabilities mainly regard interest expense accrued on debt outstanding at year end.

Millions of euro	at Dec. 31, 2021	at Dec. 31, 2020	Change
Deferred financial liabilities	215	216	(1)
Other items	12	12	-
Total	**227**	**228**	**(1)**

More specifically, deferred financial liabilities mainly consist of interest expense accrued on financial debt, while the other items include amounts due to banks and Group companies that accrued as of December 31, 2021, but were to be settled in the following year, comprising financial expense on hedge derivatives on commodity exchange rates entered into on behalf of Group companies.

30. Net financial position and long-term financial assets and securities – €23,199 million

The following table shows the net financial position and long-term financial assets and securities on the basis of the items on the statement of financial position.

Millions of euro	Notes	at Dec. 31, 2021	at Dec. 31, 2020	Change
Long-term borrowings	24	25,572	17,297	8,275
Short-term borrowings	24	6,563	5,303	1,260
Current portion of long-term borrowings	24	216	820	(604)
Other non-current financial assets included in debt	15.1	3	273	(270)
Other current financial assets included in debt	19.1	8,197	2,337	5,860
Cash and cash equivalents	21	952	2,127	(1,175)
Total		**23,199**	**18,683**	**4,516**

The net financial debt at December 31, 2021 and December 31, 2020 is reported below in accordance with Guideline 39, issued on March 4, 2021, by ESMA, applicable as from May 5, 2021, and with warning notice no. 5/2021 issued by CONSOB on April 29, 2021, reconciled with net financial debt as provided for in the presentation methods of the Enel Group.

The references to the CESR Recommendations contained in previous CONSOB communications shall be considered to have been replaced by references to the ESMA Guideline cited above, including the references in Communication no. DEM/6064293 of July 28, 2006 regarding the net financial position.

Millions of euro					
	at Dec. 31, 2021		at Dec. 31, 2020		Change
		of which with related parties		*of which with related parties*	
Liquidity					
Bank and post office deposits	952		2,127		(1,175)
Liquid assets	**952**		**2,127**		**(1,175)**
Cash equivalents	**-**		**-**		**-**
Short-term loan assets	8,197		2,336		5,861
Current portion of long-term loan assets	-		1		(1)
Other current financial assets	**8,197**	*7,111*	**2,337**	*748*	**5,860**
Liquidity	**9,149**		**4,464**		**4,685**
Current financial debt					
Current bank debt	(640)		(4)		(636)
Other short-term borrowings	(5,923)	*(5,625)*	(5,299)	*(5,057)*	(624)
Current financial debt (including debt instruments)	**(6,563)**		**(5,303)**		**(1,260)**
Current portion of long-term bank borrowings	(216)		(820)		604
Non-current financial debt (current portion)	**(216)**		**(820)**		**604**
Current financial debt	**(6,779)**		**(6,123)**		**(656)**
Net current financial debt	**2,370**		**(1,659)**		**4,029**
Non-current financial debt					
Long-term bank borrowings	(2,508)		(1,000)		(1,508)
Non-bank financing (leases)	(1)		(1)		-
Other long-term borrowings	(18,739)		(11,157)		(7,582)
Non-current financial debt (excluding current portion and debt instruments)	**(21,248)**		**(12,158)**		**(9,090)**
Bonds	**(4,324)**		**(5,139)**		**815**
Trade payables and other non-interest-bearing non-current liabilities with a significant financing component	**-**		**-**		**-**
Non-current financial debt	**(25,572)**		**(17,297)**		**(8,275)**
Net financial debt as per CONSOB instructions	**(23,202)**		**(18,956)**		**(4,246)**
Long-term loan assets	**3**	-	**273**	*270*	**(270)**
NET FINANCIAL DEBT	**(23,199)**		**(18,683)**		**(4,516)**

This statement of the net financial position does not include financial assets and liabilities in respect of derivatives, since derivative contracts, even if not designated as hedges for hedge accounting purposes, are in any case entered into by the Company for hedging purposes.

At December 31, 2021, those financial assets and liabilities are reported separately in the statement of financial position under the following items: "Non-current financial derivative assets" in the amount of €753 million (€890 million at December 31, 2020), "Current financial derivative assets" in the amount of €60 million (€128 million at December 31, 2020), "Non-current financial derivative liabilities" in the amount of €1,300 million (€1,763 million at 31 December, 2020) and "Current financial derivative liabilities" in the amount of €131 million (€258 million at December 31, 2020).

31. Other current liabilities – €2,785 million

Millions of euro	at Dec. 31, 2021	at Dec. 31, 2020	Change
Tax liabilities	551	184	367
Amounts due to Group companies	220	158	62
Amounts due to employees, recreational/assistance associations	18	17	1
Amounts due to social security institutions	8	7	1
Amounts due to customers for security deposits and reimbursements	2	1	1
Other	1,986	1,787	199
Total	**2,785**	**2,154**	**631**

Tax liabilities amounted to €551 million and essentially regard amounts due to tax authorities for corporate income tax (IRES) of the companies participating in the national consolidated taxation mechanism (€250 million) and Group VAT for the 4th Quarter of 2021 (€296 million).
Amounts due to Group companies amounted to €220 million. They consist of €86 million in payables in respect of the IRES liability under the consolidated taxation mechanism (€106 million at December 31, 2020) and €134 million in respect of Group VAT (€51 million at December 31, 2020). The increase of €62 million reflects developments in the debtor positions noted above.
The item "Other", equal to €1,986 million, includes the liability for dividends to be paid to shareholders, essentially represented by the liability for the interim dividend for 2021 in the amount of €1,932 million, which was approved by the Board of Directors of Enel SpA on November 4, 2021 and paid as from January 26, 2022 (€0.19 per share for 2021 and €0.175 per share for 2020).

32. Financial instruments

32.1 Financial assets by category

The following table shows the carrying amount for each category of financial assets provided by IFRS 9, broken down into current and non-current financial assets, showing separately hedging derivatives and derivatives measured at fair value through profit or loss.

Millions of euro		Non-current		Current	
	Notes	at Dec. 31, 2021	at Dec. 31, 2020	at Dec. 31, 2021	at Dec. 31, 2020
Financial assets at amortized cost	32.1.1	**3**	**273**	**9,812**	**5,460**
Financial assets at FVOCI					
Equity investments in other companies	32.1.2	5	5	-	-
Total financial assets at FVOCI		**5**	**5**	**-**	**-**
Financial assets at FVTPL					
Derivative financial assets at FVTPL	34	178	323	60	128
Total financial assets at FVTPL		**178**	**323**	**60**	**128**
Derivative financial assets designated as hedging instruments					
Cash flow hedge derivatives	34	575	567	-	-
Total derivative financial assets designated as hedging instruments		**575**	**567**	**-**	**-**
TOTAL		**761**	**1,168**	**9,872**	**5,588**

For more details on the recognition and classification of current and non-current derivative financial assets, please see note 34 "Derivatives and hedge accounting".

32.1.1 Financial assets at amortized cost

The following table shows financial assets measured at amortized cost by nature, broken down into current and non-current financial assets.

Millions of euro		Non-current			Current	
	Notes	at Dec. 31, 2021	at Dec. 31, 2020	Notes	at Dec. 31, 2021	at Dec. 31, 2020
Cash and cash equivalents		**-**	**-**	21	**952**	**2,127**
Trade receivables		**-**	**-**	17	**275**	**241**
Loan assets from Group companies						
Loan assets on intercompany current accounts		-	-	19.1	7,111	748
Other financial assets		-	-		14	239
Total financial assets from Group companies		**-**	**-**		**7,125**	**987**
Loan assets from others						
Loan assets	15.1	-	270		-	-
Current portion of long-term loan assets		-	-		-	1
Cash collateral for margin agreements on OTC derivatives		-	-	19.1	1,077	1,584
Other financial assets		3	3		13	5
Total financial assets from others		**3**	**273**		**1,090**	**1,590**
Other financial assets		**-**	**-**		**370**	**515**
TOTAL		**3**	**273**		**9,812**	**5,460**

The main changes compared with 2020 regarded:

- a decrease of €1,175 million in cash and cash equivalents, reflecting the joint impact of extraordinary corporate transactions during the year, involving equity investments, partly offset by cash flows generated by ordinary operating activities;
- an increase of €6,138 million in loan assets from Group companies, mainly reflecting the increase in loan assets on the intercompany current account held with Group companies (€6,363 million), partly offset by a decrease in other financial assets (€225 million) attributable to the shareholders' loan to Open Fiber, which was transferred following the closure of the sale of the investment on December 3, 2021;
- a decrease of €507 million in cash collateral paid to counterparties in derivatives transactions;
- a decrease of €145 million in other financial assets, reflecting a reduction in dividends authorized by subsidiaries and still outstanding at December 31, 2021.

Impairment losses on financial assets at amortized cost

Financial assets measured at amortized cost at December 31, 2021 amounted to €9,815 million and are recognized net of loss allowances for expected credit losses, which totaled €12 million at December 31, 2021.

No significant expected loss was found in the impairment testing of cash and cash equivalents and other financial assets.

The expected credit loss (ECL) – determined considering probability of default (PD), loss given default (LGD), and exposure at default (EAD) – is the difference between all contractual cash flows that are due in accordance with the contract and all cash flows that are expected to be received (i.e., all shortfalls) discounted at the original effective interest rate.

The assessment of the increase in credit risk may be performed on:

- an individual basis, if the assets have been individually identified for impairment based on available information;
- a collective basis on other cases.

The following table shows the expected losses for each class of financial asset measured at amortized cost.

Millions of euro						
	at Dec. 31, 2021			at Dec. 31, 2020		
	Gross carrying amount	Loss allowance for expected credit losses	Total	Gross carrying amount	Loss allowance for expected credit losses	Total
Cash and cash equivalents	952	-	952	2,127	-	2,127
Trade receivables	282	7	275	246	5	241
Loan assets from Group companies	7,125	-	7,125	987	-	987
Loan assets from others	1,098	5	1,093	1,869	6	1,863
Other receivables	370	-	370	515	-	515
Total	**9,827**	**12**	**9,815**	**5,744**	**11**	**5,733**

The following table shows changes in the loss allowance for expected credit losses on financial assets and trade receivables.

Millions of euro	Loss allowance for expected credit losses					
	Financial assets			Trade receivables		
	Individual	Collective	Total	Individual	Collective	Total
Jan. 1, 2020 IFRS 9	**7**	**-**	**7**	**-**	**5**	**5**
Impairment losses	-	-	-	-	1	1
Utilization	-	-	-	-	-	-
Reversals	2	-	2	-	-	-
Total at Dec. 31, 2020 IFRS 9	**5**	**-**	**5**	**-**	**6**	**6**
Impairment losses	-	-	-	1	-	1
Utilization	-	-	-	-	-	-
Reversals	-	-	-	-	-	-
Total at Dec. 31, 2021 IFRS 9	**5**	**-**	**5**	**1**	**6**	**7**

32.1.2 Financial assets at fair value through other comprehensive income (FVOCI)

This category mainly includes equity investments in unlisted companies irrevocably designated as such at the time of initial recognition.

Equity investments in other companies, equal to €5 million, are essentially represented by the equity investment held by Enel SpA in Empresa Propietaria de la Red SA.

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32.1.3 Financial assets at fair value through profit or loss (FVTPL)

This category exclusively includes current and non-current derivatives used mainly to hedge the debt of the Group companies. See note 34.2 "Derivatives at fair value through profit or loss" for more information.

32.2 Financial liabilities by category

The following table shows the carrying amount for each category of financial liabilities provided by IFRS 9, broken down into current and non-current financial liabilities, showing separately hedging derivatives and derivatives measured at fair value through profit or loss.

Millions of euro		Non-current		Current	
	Notes	**at Dec. 31, 2021**	**at Dec. 31, 2020**	**at Dec. 31, 2021**	**at Dec. 31, 2020**
Financial liabilities measured at amortized cost	32.2.1	**25,572**	**17,297**	**8,935**	**8,007**
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities at FVTPL	34	180	324	131	218
Total		**180**	**324**	**131**	**218**
Derivative financial liabilities designated as hedging instruments					
Cash flow hedge derivatives	34	1,120	1,439	-	40
Total		**1,120**	**1,439**	**-**	**40**
TOTAL		**26,872**	**19,060**	**9,066**	**8,265**

For more details on the recognition and classification of current and non-current derivative financial liabilities, please see note 34 “Derivatives and hedge accounting”.
For more details about fair value measurement, please see note 35 “Fair value measurement”.

32.2.1 Financial liabilities measured at amortized cost

The following table shows financial liabilities at amortized cost by nature, broken down into current and non-current financial liabilities.

Millions of euro		Non-current			Current	
	Notes	**at Dec. 31, 2021**	**at Dec. 31, 2020**	**Notes**	**at Dec. 31, 2021**	**at Dec. 31, 2020**
Long-term borrowings	24	25,572	17,297		216	820
Short-term borrowings		-	-	24	6,563	5,303
Trade payables		-	-	28	167	92
Other current financial liabilities		-	-	31	1,989	1,792
Total		**25,572**	**17,297**		**8,935**	**8,007**

Other current financial liabilities include the liability for the dividend to be paid to shareholders, essentially represented by the liability for the interim dividend for 2020 amounting to €1,932 million, which was approved by the Board of Directors of Enel SpA on November 4, 2021 and paid as from January 26, 2022 (€0.19 per share for 2021 and €0.175 per share for 2020).

Borrowings

Long-term borrowings (including the portion falling due within 12 months) – €25,788 million

Long-term borrowings, which refer to bonds, bank borrowings and loans from Group companies, denominated in euros and other currencies, including the portion falling due within 12 months (equal to €216 million), amounted to €25,788 million at December 31, 2021.
The following table shows the nominal values, carrying amounts and fair values of long-term borrowings at December 31, 2021, including the portion falling due within 12 months, grouped by type of borrowing and type of interest rate. For listed debt instruments, the fair value is given by official prices. For unlisted debt instruments, fair value is determined using valuation techniques appropriate for each category of financial instrument and the associated market data for the reporting date, including the credit spreads of the Group.

Millions of euro	Nominal value	Carrying amount	Current portion	Portion due in more than 12 months	Fair value	Nominal value	Carrying amount	Current portion	Portion due in more than 12 months	Fair value	Carrying amount
	at Dec. 31, 2021					at Dec. 31, 2020					Change
Bonds:											
- fixed rate	3,571	3,549	-	3,549	4,378	4,619	4,545	278	4,267	5,804	(996)
- floating rate	872	872	97	775	944	982	982	110	872	1,047	(110)
Total	**4,443**	**4,421**	**97**	**4,324**	**5,322**	**5,601**	**5,527**	**388**	**5,139**	**6,851**	**(1,106)**
Bank borrowings:											
- floating rate	2,508	2,508	-	2,508	2,539	1,385	1,385	385	1,000	1,398	1,123
Total	**2,508**	**2,508**	**-**	**2,508**	**2,539**	**1,385**	**1,385**	**385**	**1,000**	**1,398**	**1,123**
Non-bank financing:											
- under fixed-rate leases	2	2	1	1	2	2	2	1	1	2	-
Total	**2**	**2**	**1**	**1**	**2**	**2**	**2**	**1**	**1**	**2**	**-**
Loans from Group companies:											
- fixed rate	13,258	13,258	72	13,186	13,768	5,558	5,558	-	5,558	5,992	7,700
- floating rate	5,599	5,599	46	5,553	5,924	5,645	5,645	46	5,599	5,706	(46)
Total	**18,857**	**18,857**	**118**	**18,739**	**19,692**	**11,203**	**11,203**	**46**	**11,157**	**11,698**	**7,654**
Total fixed-rate borrowings	**16,831**	**16,809**	**73**	**16,736**	**18,148**	**10,179**	**10,105**	**279**	**9,826**	**11,798**	**6,704**
Total floating-rate borrowings	**8,979**	**8,979**	**143**	**8,836**	**9,407**	**8,012**	**8,012**	**541**	**7,471**	**8,151**	**967**
TOTAL	**25,810**	**25,788**	**216**	**25,572**	**27,555**	**18,191**	**18,117**	**820**	**17,297**	**19,949**	**7,671**

For more details about the maturity analysis of borrowings, please see note 33 "Risk management", while for more about fair value measurement inputs, please see note 35 "Fair value measurement".

The table below shows long-term borrowings by currency and interest rate.

Long-term borrowings by currency and interest rate

Millions of euro	Carrying amount		Nominal value	Current average nominal interest rate	Current effective interest rate
	at Dec. 31, 2020	at Dec. 31, 2021	at Dec. 31, 2021		
Euro	**15,996**	**23,689**	**23,695**	**1.7%**	**1.7%**
US dollar	1,197	1,406	1,412	7.0%	7.4%
Pound sterling	924	692	702	5.7%	5.9%
Other currencies	-	1	1	-	-
Total non-euro currencies	**2,121**	**2,099**	**2,115**		
TOTAL	**18,117**	**25,788**	**25,810**		

The table below reports changes in the nominal value of long-term debt.

Millions of euro	Nominal value	Repayments	New borrowings	Other	Exchange differences	Nominal value
	at Dec. 31, 2020					at Dec. 31, 2021
Bonds	5,601	(403)	-	(900)	145	4,443
Bank borrowings	1,385	(396)	1,502	-	17	2,508
Non-bank financing	2	(2)	2	-	-	2
Loans from Group companies	11,203	(46)	7,700	-	-	18,857
Total	**18,191**	**(847)**	**9,204**	**(900)**	**162**	**25,810**

Compared with December 31, 2020, the nominal value of long-term debt shows an overall increase of €7,619 million, mainly due to:

- an increase in bank borrowings generated by three new floating-rate loans of €200 million, €300 million and €1,000 million, the latter regarding a revolving credit line, all of which are linked to sustainability goals, only partially offset by the repayment of a €200 million floating-rate loan in June 2021 and a floating-rate loan denominated in US dollars in October 2021;
- an increase in loans from Group companies as a result of two new loan agreements with Enel Finance International in the total amount of €7,700 million, only partially offset by repayments of intercompany loans during the year.

Note that other changes amounting to €900 million regarded a non-convertible subordinated hybrid bond in euros that was involved in a consent solicitation in December 2021 to align the terms and conditions of that bond with those of the non-convertible subordinated perpetual hybrid bond issued in 2020 and 2021. The modification of the terms and conditions led to a change in the accounting treatment of the bond, which is no longer recognized as debt but rather as an equity instrument.

The following table reports the characteristics of the bank borrowings obtained in 2021, converted into euros at the exchange rate prevailing on December 31, 2021.

New borrowings

Type of loan	Issuer	Issue date	Amount financed (millions of euro)	Currency	Interest rate (%)	Type of interest rate	Due date
Bank borrowings							
	Enel SpA	05.05.2021	200	EUR	Euribor 6M + 0.3%	Floating rate	03.05.2024
	Enel SpA	12.10.2021	308	USD	USD SOFR 3M CMP 5LB + 0.7%	Floating rate	12.10.2025
	Enel SpA	30.12.2021	1,000	EUR	Euribor 6M + 0.4%	Floating rate	05.03.2026
Total			**1,508**				

In March 2021, Enel and its subsidiary Enel Finance International (EFI) agreed a sustainability-linked revolving credit line in the amount of €10,000 million with a term of five years.

The credit line replaces the earlier revolving credit line obtained by Enel and EFI in December 2017 and is linked to the key performance indicator for direct greenhouse gas emissions (Scope 1 CO_2 equivalent emissions of the Group deriving from the production of electricity and heat), contributing to the achievement of the United Nations Sustainable Development Goal (SDG) 13 "Climate Action" and in line with the Group's Sustainability-Linked Financing Framework, for which Vigeo Eiris released a second-party opinion, both updated to January 2021.

The transaction is part of Enel's financial strategy, which is increasingly geared towards sustainability-linked funding and is in line with the goal of achieving a share of sustainable financing sources – as a proportion of the Group's total gross debt – of 48% by 2023 and more than 70% by 2030, as provided for in the Group Strategic Plan.

Finally, the new bank loans obtained during the year include one denominated in a foreign currency (US dollars), on which an exchange loss of €6 million was recognized at the end of 2021.

The main long-term borrowings of Enel SpA are governed by covenants that are commonly adopted in international business practice. These borrowings are mainly represented by the bond issues carried out within the framework of the Global/Euro Medium Term Notes program, issues of subordinated unconvertible hybrid bonds, the Revolving Facility Agreement obtained on March 5, 2021 by Enel SpA and Enel Finance International NV from a pool of banks of up to €10 billion, the Sustainability-Linked Loan Facility Agreement obtained by Enel SpA on October 15, 2020 from a pool of banks in the amount of up to €1 billion, the loans granted to Enel SpA by UniCredit SpA and the Facility Agreement obtained on October 5, 2021 by Enel SpA from Bank of America Europe Designated Activity Company in the amount of $348,750,000 (equal to €300 million at the signing date).

The main covenants in respect of the bond issues in the Global/Euro Medium Term Notes program of Enel SpA and Enel Finance International NV (including the green bonds of Enel Finance International NV guaranteed by Enel SpA, which are used to finance the Group's eligible green projects) and those related to bonds issued by Enel Finance International NV on the American market can be summarized as follows:

- negative pledge clauses under which the issuer and the guarantor may not establish or maintain (except under statutory requirement) mortgages, liens or other encumbrances on all or part of its assets or revenue, to secure certain financial borrowings, unless the same restrictions are extended equally or *pro rata* to the bonds in question;
- *pari passu* clauses, under which bonds and the associated guarantees constitute a direct, unconditional and unsecured obligation of the issuer and the guarantor, do not grant preferential rights among them and have at least the same seniority as other present and future unsubordinated and unsecured bonds of the issuer and the guarantor;
- cross-default clauses, under which the occurrence of a default event in respect of a specified financial liability (above a threshold level) of the issuer, the guarantor or significant subsidiaries constitutes a default in respect of the liabilities in question, which may become immediately repayable.

Since 2019, Enel Finance International NV has issued a number of "sustainable" bonds on the European market (as part of the Euro Medium Term Notes - EMTN bond issue program) and on the American market, both guaranteed by Enel SpA, linked to the achievement of a number of the Sustainable Development Goals (SDGs) of the United Nations that contain the same covenants as other bonds of the same type.

The main covenants covering the hybrid bonds of Enel SpA, including the perpetual hybrid bonds that will only be repaid in the event of the dissolution or liquidation of the Company, can be summarized as follows:

- subordination clauses: each hybrid bond is subordinate to all other bonds of the issuer and has the same seniority as other hybrid financial instruments issued and greater seniority than equity instruments;
- prohibition on mergers with other companies, the sale or leasing of all or a substantial part of the company's assets to another company, unless the latter succeeds in all obligations of the issuer.

The main covenants for the Revolving Facility Agreement and other loan agreements signed by Enel SpA are substantially similar and can be summarized as follows:

- negative pledge clauses, under which the borrower and, in some cases, significant subsidiaries may not establish mortgages, liens or other encumbrances on all or part of their respective assets to secure certain financial liabilities, with the exception of expressly permitted encumbrances;
- disposals clauses, under which the borrower and, in some cases, the subsidiaries of Enel may not dispose of their assets or a significant portion of their assets or operations, with the exception of expressly permitted disposals;
- *pari passu* clauses, under which the payment undertakings of the borrower have the same seniority as its other unsecured and unsubordinated payment obligations;
- change-of-control clauses, which are triggered in the event that (i) control of Enel is acquired by one or more parties other than the Italian State or (ii) Enel or any of its subsidiaries transfer a substantial portion of the Group's assets to parties outside the Group such that the financial reliability of the Group is significantly compromised. The occurrence of one of the two circumstances may give rise to (a) the renegotiation of the terms and conditions of the financing or (b) compulsory early repayment of the financing by the borrower;
- cross-default clauses, under which the occurrence of a default event in respect of a specified financial liability (above a threshold level) of the borrower or significant subsidiaries constitutes a default in respect of the liabilities in question, which may become immediately repayable.

The borrowings considered specify events of default typical of international business practice, such as, for example, insolvency, bankruptcy proceedings or the entity ceasing trading.

None of the covenants indicated above has been triggered to date.

Lastly, it should be noted that Enel SpA issued certain guarantees in the interest of a number of Group companies in relation to the commitments undertaken within the context of the loan agreements. These guarantees and the associated loan contracts include certain covenants and events of default, some borne by Enel SpA as the guarantor, typical of international business practice.

Debt structure after hedging

The following table shows the effect of the hedges of currency risk on the gross long-term debt structure (including portions maturing in the next 12 months).

Millions of euro	at Dec. 31, 2021					at Dec. 31, 2020				
	Initial debt structure			Hedged debt	Debt structure after hedging	Initial debt structure			Hedged debt	Debt structure after hedging
	Carrying amount	Nominal value	%			Carrying amount	Nominal value	%		
Euro	**23,690**	**23,696**	**91.8%**	**2,114**	**25,810**	**15,996**	**16,052**	**88.2%**	**2,139**	**18,191**
US dollar	1,406	1,412	5.5%	(1,412)	-	1,197	1,204	6.6%	(1,204)	-
Pound sterling	692	702	2.7%	(702)	-	924	935	5.2%	(935)	-
Total	**25,788**	**25,810**	**100.0%**	**-**	**25,810**	**18,117**	**18,191**		**-**	**18,191**

The following table shows the effect of the hedges of interest rate risk on the gross long-term debt outstanding at the reporting date.

Gross long-term debt

%	at Dec. 31, 2021		at Dec. 31, 2020	
	Before hedging	After hedging	Before hedging	After hedging
Floating rate	34.8	29.8	44.0	37.0
Fixed rate	65.2	70.2	56.0	63.0
Total	**100.0**	**100.0**	**100.0**	**100.0**

Short-term borrowings – €6,563 million

The following table shows short-term borrowings at December 31, 2021, by type.

Millions of euro	at Dec. 31, 2021	at Dec. 31, 2020	Change
Loans from third parties			
Bank borrowings	590	-	590
Bank borrowings (ordinary current account)	50	4	46
Cash collateral for CSAs on OTC derivatives received	298	242	56
Total	**938**	**246**	**692**
Borrowings from Group counterparties			
Short-term borrowings from Group companies (on intercompany current account)	5,625	5,057	568
Total	**5,625**	**5,057**	**568**
TOTAL	**6,563**	**5,303**	**1,260**

It should be specified that the fair value of current borrowings equals their carrying amount as the impact of discounting is not significant.

32.2.2 Financial liabilities at fair value through profit or loss (FVTPL)

This category includes solely current and non-current derivative financial liabilities relating mainly to hedges of the debt of Group companies. More information is given in note 34.2 "Derivatives at fair value through profit or loss".

32.2.3 Net gains and losses

The following table shows net gains and losses by category of financial instruments, excluding derivatives.

Millions of euro	Net gains/(losses)		*of which: impairment loss/ gain*
	at Dec. 31, 2021	at Dec. 31, 2020	at Dec. 31, 2021
Financial assets at amortized cost	232	234	-
Financial assets at FVOCI	1	1	-
Financial liabilities measured at amortized cost	(743)	(505)	-

For more details on net gains and losses on derivatives, please see note 7 "Net financial income/(expense) from derivatives".

33. Risk management

Financial risks

As part of its operations, the Company is exposed to a variety of financial risks, notably interest rate risk, currency risk, credit and counterparty risk and liquidity risk.
Enel SpA has adopted a system for governing financial risks comprising internal committees, dedicated policies and operating limits. The goal is to appropriately mitigate financial risks in order to prevent unexpected variations in financial performance, without ruling out the possibility of seizing any opportunities that may arise.

Interest rate risk and currency risk

As part of its operations as an industrial holding company, Enel SpA is exposed to different market risks, notably the risk of changes in interest rates and exchange rates.
Interest rate risk and currency risk are primarily generated by the presence of financial instruments.
The main financial liabilities held by the Company include bonds, bank borrowings, other borrowings, derivatives, cash collateral for derivatives transactions and trade payables. The main purpose of those financial instruments is to finance the operations of the Company. The main financial assets held by the Company include loan assets, derivatives, cash deposits provided as collateral for derivatives contracts, cash and cash equivalents and short-term deposits, as well as trade receivables. For more details, please see note 32 "Financial instruments".
The source of exposure to interest rate risk and currency risk did not change with respect to the previous year.
As the Parent, Enel SpA centralizes some treasury management functions and access to financial markets with regard to financial derivatives contracts on interest rates and exchange rates. As part of this activity, Enel SpA acts as an intermediary for Group companies with the market, taking positions that, while they can be substantial, do not however represent an exposure to the above risks for Enel SpA.

In 2021, the Group was positioned below the clearing thresholds for all asset classes established under the EMIR (Regulation (EU) no. 648/2012), maintaining its classification as a non-financial counterparty.
The volume of transactions in financial derivatives outstanding at December 31, 2021 is reported below, with specification of the notional amount of each class of instrument.
The notional amount of a derivative contract is the amount on which cash flows are exchanged. This amount can be expressed as a value or a quantity (for example tons, converted into euros by multiplying the notional amount by the agreed price).
The notional amounts of derivatives reported here do not represent amounts exchanged between the parties and therefore are not a measure of the Company's credit risk exposure.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.
Interest rate risk for the Company manifests itself as a change in the flows associated with interest payments on floating-rate financial liabilities, a change in financial terms and conditions in negotiating new debt instruments or as an adverse change in the value of financial assets/liabilities measured at fair value, which are typically fixed-rate debt instruments.
Interest rate risk is managed with the dual goals of reducing the amount of debt exposed to interest rate fluctuations and containing the cost of funds, limiting the volatility of results.
This goal is pursued through the strategic diversification of the portfolio of financial liabilities by contract type, maturity and interest rate, and modifying the risk profile of specific exposures using OTC derivatives, mainly interest rate swaps.

The notional amount of outstanding contracts is reported below.

Millions of euro	Notional amount	
	at Dec. 31, 2021	at Dec. 31, 2020
Interest rate derivatives		
Interest rate swaps	6,699	7,061
Total	**6,699**	**7,061**

The term of such contracts does not exceed the maturity of the underlying financial liability, so that any change in the fair value and/or cash flows of such contracts is offset by a corresponding change in the fair value and/or cash flows of the underlying position.

Interest rate swaps normally provide for the periodic exchange of floating-rate interest flows for fixed-rate interest flows, both of which are calculated on the basis of the notional principal amount.
The notional amount of open interest rate swaps at the

end of the year was €6,699 million (€7,061 million at December 31, 2020), of which €2,540 million in respect of hedges of the Company's share of debt, and €4,159 million in respect of hedges of the debt of Group companies with the market intermediated in the same notional amount with those companies. The decrease in the overall notional amount is mainly attributable to the normal decline in the residual principal amount of amortizing instruments on interest rates.

For more details on interest rate derivatives, please see note 34 "Derivatives and hedge accounting".

The amount of floating-rate debt that is not hedged against interest rate risk is the main risk factor that could impact the income statement (raising borrowing costs) in the event of an increase in market interest rates.

At December 31, 2021, 34.8% of gross long-term financial debt was floating rate (44% at December 31, 2020). Taking account of hedges of interest rates considered effective pursuant to IFRS 9, 70.2% of gross long-term financial debt was hedged at December 31, 2021 (63% at December 31, 2020). Including derivatives treated as hedges for management purposes but ineligible for hedge accounting, the ratio is essentially unchanged.

Interest rate risk sensitivity analysis

The Company analyses the sensitivity of its exposure by estimating the effects of a change in interest rates on the portfolio of financial instruments.

More specifically, sensitivity analysis measures the potential impact of market scenarios on equity, for the cash flow hedge component, and on profit or loss, for the fair value hedge component on the fair value of financial derivatives and the portion of gross long-term debt not hedged using financial derivatives.

These scenarios are represented by parallel increases and decreases in the yield curve as at the reporting date.

There were no changes in the methods and assumptions used in the sensitivity analysis compared with the previous year.

Millions of euro									
		at Dec. 31, 2021				at Dec. 31, 2020			
		Pre-tax impact on profit or loss		Pre-tax impact on equity		Pre-tax impact on profit or loss		Pre-tax impact on equity	
	Basis points	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
Change in financial expense on gross long-term floating-rate debt in foreign currency	25	19	(19)	-	-	17	(17)	-	-
Change in fair value of derivatives classified as non-hedging instruments	25	4	(4)	-	-	6	(6)	-	-
Change in fair value of derivatives designated as hedging instruments									
Cash flow hedges	25	-	-	48	(48)	-	-	52	(52)
Fair value hedges	25	-	-	-	-	-	-	-	-

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in exchange rates.

For Enel SpA, the main source of currency risk is the presence of monetary financial instruments denominated in a currency other than the euro, mainly bonds denominated in foreign currency.

The exposure to currency risk did not change with respect to the previous year.

For more details, please see note 32 "Financial instruments".

In order to minimize exposure to changes in exchange rates, the Company normally uses a variety of OTC derivatives such as currency forwards and cross currency interest rate swaps. The term of such contracts does not exceed the maturity of the underlying exposure.

Currency forwards are contracts in which the counterparties agree to exchange principal amounts denominated in different currencies at a specified future date and exchange rate (the strike). Such contracts may call for the actual exchange of the two amounts (deliverable forwards) or payment of the difference between the strike exchange rate and the prevailing exchange rate at maturity (non-deliverable forwards).

Cross currency interest rate swaps are used to transform a long-term fixed- or floating-rate liability in foreign currency into an equivalent floating- or fixed-rate liability in euros. In addition to having notionals denominated in different currencies, these instruments differ from interest rate swaps in that they provide both for the periodic exchange of cash flows and the final exchange of principal.

The following table reports the notional amount of transactions outstanding at December 31, 2021 and December 31, 2020, broken down by type of hedged item.

Millions of euro	Notional amount	
	at Dec. 31, 2021	**at Dec. 31, 2020**
Foreign exchange derivatives		
Currency forwards:	7,894	5,164
- hedging currency risk on commodities	5,216	4,472
- hedging future cash flows	2,347	389
- other currency forwards	331	303
Cross currency interest rate swaps	3,078	3,050
Total	**10,972**	**8,214**

More specifically, these include:

- currency forward contracts with a total notional amount of €5,216 million, of which €2,608 million to hedge the currency risk associated with purchases of energy commodities by Group companies, with matching transactions with the market;
- currency forward contracts with a notional amount of €2,347 million, to hedge the currency risk associated with other expected cash flows in currencies other than the euro, of which €1,176 million in market transactions;
- currency forward contracts with a notional amount of €331 million, of which €165 million in market transactions to hedge the currency risk on investment spending (€145 million) and, to a lesser extent, operating expenditure;
- cross currency interest rate swaps with a notional amount of €3,078 million to hedge the currency risk on the debt of Enel SpA or other Group companies denominated in currencies other than the euro.

For more details, please see note 34 "Derivatives and hedge accounting".

An analysis of the Group's debt shows that 8.2% of gross medium and long-term debt is denominated in currencies other than the euro.

Considering exchange rate hedges and the portion of debt in foreign currency that is denominated in the presentation currency or the functional currency of the Company, the debt is fully hedged using cross currency interest rate swaps.

Currency risk sensitivity analysis

The Company analyses the sensitivity of its exposure by estimating the effects of a change in exchange rates on the portfolio of financial instruments.

More specifically, sensitivity analysis measures the potential impact of market scenarios on equity, for the cash flow hedge component, and on profit or loss, for the fair value hedge component on the fair value of financial derivatives and the portion of gross long-term debt not hedged using financial derivatives.

These scenarios are represented by the appreciation/depreciation of the euro against all of the foreign currencies compared with the value observed as at the reporting date.

There were no changes in the methods and assumptions used in the sensitivity analysis compared with the previous year.

With all other variables held constant, pre-tax profit would be affected as follows.

Millions of euro									
		at Dec. 31, 2021				at Dec. 31, 2020			
		Pre-tax impact on profit or loss		Pre-tax impact		Pre-tax impact on profit or loss		Pre-tax impact on equity	
	Exchange rate	Appreciation of euro	Depreciation of euro	Appreciation of euro	Depreciation of euro	Appreciation of euro	Depreciation of euro	Appreciation of euro	Depreciation of euro
Change in financial expense on gross long-term floating-rate debt in foreign currency after hedging	10%	-	-	-	-	-	-	-	-
Change in fair value of derivatives classified as non-hedging instruments	10%	(3)	3	-	-	3	(3)	-	-
Change in fair value of derivatives designated as hedging instruments									
Cash flow hedges	10%	-	-	(254)	310	-	-	(271)	331
Fair value hedges	10%	-	-	-	-	-	-	-	-

Credit and counterparty risk

Credit risk is represented by the possibility of a deterioration in the creditworthiness of a counterparty in a financial transaction that could have an adverse impact on the creditor position. The Company is exposed to credit risk from its financial activities, including transactions in derivatives (typically on financial underlyings), deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The sources of exposure to credit risk did not change with respect to the previous year.

The Company's management of credit risk is based on the selection of counterparties from among leading Italian and international financial institutions with high credit standing considered solvent both by the market and on the basis of internal assessments, diversifying the exposure among them. Credit exposures and associated credit risk are regularly monitored by the departments responsible for monitoring risks under the policies and procedures outlined in the governance rules for managing the Group's risks, which are also designed to ensure prompt identification of possible mitigation actions to be taken.

Within this general framework, Enel SpA entered into margin agreements with the leading financial institutions with which it operates that call for the exchange of cash collateral, which significantly mitigates the exposure to counterparty risk.

Loan assets

Millions of euro					
Staging	**Basis for recognizing expected credit loss allowance**	**Average loss rate (PD*LGD)**	**Gross carrying amount**	**Expected credit loss allowance**	**Carrying amount**
	at Dec. 31, 2021				
Performing	12 m ECL	0.06%	8,219	5	8,214
Underperforming	Lifetime ECL		-	-	-
Non-performing			-	-	-
Total			**8,219**	**5**	**8,214**

Trade receivables and other financial assets: collective measurement

Millions of euro	at Dec. 31, 2021			
	Average loss rate (PD*LGD)	**Gross carrying amount**	**Expected credit loss allowance**	**Carrying amount**
Trade receivables				
Trade receivables not past due		64	-	64
Trade receivables past due:				
- more than 180 days (credit impaired)	3.21%	218	7	211
Total trade receivables		**282**	**7**	**275**
Other financial assets				
Other financial assets not past due		370	-	370
Other financial assets past due		-	-	-
Total other financial assets		**370**	**-**	**370**
TOTAL		**652**	**7**	**645**

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The objectives of liquidity risk management policies are:

- ensuring an appropriate level of liquidity for the Company, minimizing the associated opportunity cost;
- maintaining a balanced debt structure in terms of the maturity profile and funding sources.

In the short term, liquidity risk is mitigated by maintaining an appropriate level of unconditionally available resources, including cash and short-term deposits, available committed credit lines and a portfolio of highly liquid assets.

In the long term, liquidity risk is mitigated by maintaining a balanced debt maturity profile and diversifying funding sources in terms of instruments, markets/currencies and counterparties.

At December 31, 2021 Enel SpA had a total of €952 million in cash or cash equivalents (€2,127 million at December 31, 2020), and committed lines of credit amounting to €5,500 million, all of which maturing in more than one year (€9,208 million at December 31, 2020).

Maturity analysis

The table below summarizes the maturity profile of the Company's long-term debt.

Millions of euro	Maturing in				
	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Bonds:					
- fixed rate	-	-	1,098	747	1,704
- floating rate	-	97	97	291	387
Total	**-**	**97**	**1,195**	**1,038**	**2,091**
Bank borrowings:					
- fixed rate	-	-	-	2,508	-
Total	**-**	**-**	**-**	**2,508**	**-**
Non-bank financing:					
- under fixed-rate leases	-	1	1	-	-
Total	**-**	**1**	**1**	**-**	**-**
Loans from Group companies:					
- fixed rate	36	36	1,286	258	11,642
- floating rate	23	23	46	138	5,369
Total	**59**	**59**	**1,332**	**396**	**17,011**
TOTAL	**59**	**157**	**2,528**	**3,942**	**19,102**

Offsetting financial assets and financial liabilities

The following table reports the net financial assets and liabilities. More specifically, it shows that there are no netting arrangements for derivatives in the separate financial statements since the Company does not plan to offset assets and liabilities. As envisaged by current market regulations and to guarantee transactions involving derivatives, Enel SpA has entered into margin agreements with leading financial institutions that call for the exchange of cash collateral, broken down as shown in the table.

Millions of euro						at Dec. 31, 2021
	(a)	(b)	(c)=(a)-(b)	(d)		(e)=(c)-(d)
				Correlated amounts not offset in the financial statements		
				(d)(i),(d)(ii)	(d)(iii)	
	Gross amounts of recognized financial assets/ (liabilities)	Gross amounts of recognized financial assets/ (liabilities) offset in the statement of financial position	Net amounts of financial assets/ (liabilities) presented in the statement of financial position	Financial instruments	Net portion of financial assets/ (liabilities) guaranteed with cash collateral	Net amount of financial assets/ (liabilities)
FINANCIAL ASSETS						
Derivative assets:						
- on interest rate risk	153	-	153	-	(392)	(239)
- on currency risk	660	-	660	-	(277)	383
Total derivative assets	**813**	**-**	**813**	**-**	**(669)**	**144**
TOTAL FINANCIAL ASSETS	**813**	**-**	**813**	**-**	**(669)**	**144**
FINANCIAL LIABILITIES						
Derivative liabilities:						
- on interest rate risk	(564)	-	(564)	-	622	58
- on currency risk	(867)	-	(867)	-	826	(41)
Total derivative liabilities	**(1,431)**	**-**	**(1,431)**	**-**	**1,448**	**17**
TOTAL FINANCIAL LIABILITIES	**(1,431)**	**-**	**(1,431)**	**-**	**1,448**	**17**
TOTAL NET FINANCIAL ASSETS/ (LIABILITIES)	**(618)**	**-**	**(618)**	**-**	**779**	**161**

34. Derivatives and hedge accounting

The following tables report the notional amount and fair value of derivative financial assets and liabilities by type of hedge relationship and hedged risk, broken down into current and non-current derivative financial assets and liabilities.

The notional amount of a derivative contract is the amount on the basis of which cash flows are exchanged. This amount can be expressed as a value or a quantity (for example tons, converted into euros by multiplying the notional amount by the agreed price). Amounts denominated in currencies other than the euro are translated at the closing year exchange rates provided by the World Markets Refinitiv (WMR) Company.

Millions of euro	Non-current					Current				
	Notional amount		Fair value			Notional amount		Fair value		
DERIVATIVE ASSETS	at Dec. 31, 2021	at Dec. 31, 2020	at Dec. 31, 2021	at Dec. 31, 2020	Change	at Dec. 31, 2021	at Dec. 31, 2020	at Dec. 31, 2021	at Dec. 31, 2020	Change
Derivatives designated as hedging instruments										
Cash flow hedges:										
- on currency risk	2,114	1,473	575	567	8	-	-	-	-	-
Total cash flow hedges	**2,114**	**1,473**	**575**	**567**	**8**	**-**	**-**	**-**	**-**	**-**
Derivatives at FVTPL:										
- on interest rate risk	2,080	2,261	153	254	(101)	-	-	-	-	-
- on currency risk	642	896	25	69	(44)	3,411	1,786	60	128	(68)
Total derivatives at FVTPL	**2,722**	**3,157**	**178**	**323**	**(145)**	**3,411**	**1,786**	**60**	**128**	**(68)**
TOTAL DERIVATIVE ASSETS	**4,836**	**4,630**	**753**	**890**	**(137)**	**3,411**	**1,786**	**60**	**128**	**(68)**

Millions of euro	Non-current					Current				
	Notional amount		Fair value			Notional amount		Fair value		
DERIVATIVE LIABILITIES	at Dec. 31, 2021	at Dec. 31, 2020	at Dec. 31, 2021	at Dec. 31, 2020	Change	at Dec. 31, 2021	at Dec. 31, 2020	at Dec. 31, 2021	at Dec. 31, 2020	Change
Derivatives designated as hedging instruments										
Cash flow hedges:										
- on interest rate risk	2,440	2,440	339	469	(130)	-	-	-	-	-
- on currency risk	712	670	781	970	(189)	-	463	-	40	(40)
Total cash flow hedges	**3,152**	**3,110**	**1,120**	**1,439**	**(319)**	**-**	**463**	**-**	**40**	**(40)**
Derivatives at FVTPL:										
- on interest rate risk	2,080	2,261	154	255	(101)	100	100	71	87	(16)
- on currency risk	660	896	26	69	(43)	3,433	1,826	60	131	(71)
- on commodity price risk	-	-	-	-	-	-	-	-	-	-
Total derivatives at FVTPL	**2,740**	**3,157**	**180**	**324**	**(144)**	**3,533**	**1,926**	**131**	**218**	**(87)**
TOTAL DERIVATIVE LIABILITIES	**5,892**	**6,267**	**1,300**	**1,763**	**(463)**	**3,533**	**2,389**	**131**	**258**	**(127)**

34.1 Hedge accounting

Derivatives are initially recognized at fair value on the trade date of the contract and are subsequently re-measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, on the nature of the item being hedged.
Hedge accounting is applied to derivatives entered into in order to reduce risks such as interest rate risk, currency risk and commodity price risk when all the criteria provided by IFRS 9 are met.
At the inception of the transaction, the Company documents the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether hedging instruments are highly effective in offsetting changes in fair values or cash flows of hedged items.
For cash flow hedges of forecast transactions designated as hedged items, the Company assesses and documents that they are highly probable and present an exposure to changes in cash flows that affect profit or loss.
Depending on the nature of the risk exposure, the Company designates derivatives as either:

- fair value hedges;
- cash flow hedges.

For more details about the nature and the extent of risks arising from financial instruments to which the Company is exposed, please refer the note 33 "Risk management".
To be effective a hedging relationship shall meet all of the following criteria:

- existence of an economic relationship between hedging instrument and hedged item;
- the effect of credit risk does not dominate the value changes resulting from the economic relationship;
- the hedge ratio defined at designation resulting equal to the one used for risk management purposes (i.e., same quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge the quantity of the hedged item).

Based on the IFRS 9 requirements, the existence of an economic relationship is evaluated by the Company through a qualitative assessment or a quantitative computation, depending on the following circumstances:

- if the underlying risk of the hedging instrument and the hedged item is the same, the existence of an economic relationship will be provided through a qualitative analysis;
- on the other hand, if the underlying risk of the hedging instrument and the hedged item is not the same, the existence of the economic relationship will be demonstrated through a quantitative method in addition to a qualitative analysis of the nature of the economic relationship (i.e., linear regression).

In order to demonstrate that the behavior of the hedging instrument is in line with those of the hedged item, different scenarios will be analyzed.
For hedging of commodity price risk, the existence of an economic relationship is deduced from a ranking matrix that defines, for each possible risk component, a set of all standard derivatives available in the market whose ranking is based on their effectiveness in hedging the considered risk.
In order to evaluate the credit risk effects, the Company considers the existence of risk mitigating measures (collateral, mutual break-up clauses, netting agreements, etc.).

The Company has established a hedge ratio of 1:1 for all the hedging relationships (including commodity price risk hedging) as the underlying risk of the hedging derivative is identical to the hedged risk, in order to minimize hedging ineffectiveness.
The hedge ineffectiveness will be evaluated through a qualitative assessment or a quantitative computation, depending on the following circumstances:

- if the critical terms of the hedged item and hedging instrument match and there are no other sources of ineffectiveness included the credit risk adjustment on the hedging derivative, the hedge relationship will be considered fully effective on the basis of a qualitative assessment;
- if the critical terms of the hedged item and hedging instrument do not match or there is at least one source of ineffectiveness, the hedge ineffectiveness will be quantified applying the dollar offset cumulative method with hypothetical derivative. This method compares changes in fair values of the hedging instrument and the hypothetical derivative between the reporting date and the inception date.

The main causes of hedge ineffectiveness may be the following:

- basis differences (i.e., the fair value or cash flows of the hedged item depend on a variable that is different from the variable that causes the fair value or cash flows of the hedging instrument to change);
- timing differences (i.e., the hedged item and hedging instrument occur or are settled at different dates);
- quantity or notional amount differences (i.e., the hedged item and hedging instrument are based on different quantities or notional amounts);
- other risks (i.e., changes in the fair value or cash flows of a derivative hedging instrument or hedged item relate to risks other than the specific risk being hedged);
- credit risk (i.e., the counterparty credit risk differently impacts the changes in the fair value of the hedging instruments and hedged items).

Cash flow hedges

Cash flow hedges are applied in order to hedge the Company exposure to changes in future cash flows that are attributable to a particular risk associated with a recognized asset or liability or a highly probable transaction that could affect profit or loss.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the income statement.

Amounts accumulated in equity are reclassified to profit or loss in the years when the hedged item affects profit or loss (for example, when the hedged forecast sale takes place).

If the hedged item results in the recognition of a non-financial asset (i.e., property, plant and equipment or inventories, etc.) or a non-financial liability, or a hedged forecast transaction for a non-financial asset or a non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the amount accumulated in equity (i.e., hedging reserve) shall be removed and included in the initial amount (cost or other carrying amount) of the asset or the liability hedged (i.e., "basis adjustment").

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

For hedging relationships using forwards as a hedging instrument, where only the change in the value of the spot element is designated as the hedging instrument, accounting for the forward element (profit or loss vs. OCI) is defined case by case. This approach is actually applied by the Company for hedging of currency risk on renewables assets.

Conversely, for hedge relationships using cross currency interest rate swaps as hedging instruments, the Company separates foreign currency basis spreads, in designating the hedging derivative, and presents them in other comprehensive income (OCI) in the hedging costs reserve.

With specific regard to cash flow hedges of commodity risk, in order to improve their consistency with the risk management strategy, the Company applies a dynamic hedge accounting approach based on specific liquidity requirements (the so-called "liquidity-based approach").

This approach requires the designation of hedges through the use of the most liquid derivatives available on the market and replacing them with others that are more effective in covering the risk in question.

Consistent with the risk management strategy, the liquidity-based approach allows the roll-over of a derivative by replacing it with a new derivative, not only in the event of expiry but also during the hedging relationship, if and only if the new derivative meets both of the following requirements:

- it represents a best proxy of the old derivative in terms of ranking;
- it meets specific liquidity requirements.

Satisfaction of these requirements is verified quarterly.

At the roll-over date, the hedging relationship is not discontinued. Therefore, starting from that date, changes in the effective fair value of the new derivative will be recognized in equity (the hedging reserve), while changes in the fair value of the old derivative are recognized through profit or loss.

The Company currently uses these hedge relationships to minimize the volatility of profit or loss.

Reform of benchmarks for the determination of interest rates – IBOR reform

Overview

Interbank Offered Rates ("IBORs") are benchmark rates at which banks can borrow funds on the interbank market on an unsecured basis for a given period ranging from overnight to 12 months, in a specific currency.

In recent years there have been a number of cases of manipulation of these rates by the banks contributing to their calculation. For this reason, regulators around the world have begun a sweeping reform of interest rate benchmarks that includes the replacement of some benchmarks with alternative risk-free rates (the IBOR reform).

The Company's main exposure is based on Euribor.

Euribor is still considered compliant with the European Benchmarks Regulation (BMR) and this permits market participants to continue to use it for both existing and new contracts.

In line with the most recent guidance issued by the major regulatory bodies:

- the 1-month, 3-month and 6-month USD LIBOR benchmarks will become unrepresentative after June 30, 2023 and the alternative reference rate will be the Secured Overnight Financing Rate (SOFR);
- the 1-month, 3-month and 6-month GBP LIBOR benchmarks will become unrepresentative after December 31, 2021 and the alternative reference rate will be the Sterling Overnight Index Average (SONIA).

As a result of the IBOR reform, a number of temporary exceptions to the rules on hedge relationships have been allowed in implementation of the amendments to IFRS 9 issued in September 2019 (Phase 1) and August 2020 (Phase 2) to address, respectively:

- pre-replacement issues that impact financial reporting in the period preceding the replacement of an existing interest rate benchmark with an alternative risk-free rate (Phase 1); and

- post-replacement issues that could impact financial reporting when an existing interest rate benchmark is reformed or replaced and there is there no longer any initial uncertainty, but hedge contracts and relationships still need to be updated to reflect the new benchmark rates (Phase 2).

Impact of the IBOR reform

In a context of uncertainty regarding the IBOR transition in the various countries, the Company has determined the overall number and nominal value of the contracts impacted by the reform. In addition, a number of contractual amendments have already been implemented in contracts previously indexed to GBP LIBOR and others will be amended in 2022-2023 on the basis of the evolution of the IBOR reform and best market practice.

Debt and derivatives

The Company's floating rate debt is mainly benchmarked against Euribor and USD LIBOR and is largely hedged using financial derivatives.
At the reporting date, the Company is planning to take no action with regard to Euribor since, as stated above, this benchmark has been comprehensively reformed to comply with the European Benchmarks Regulation. Despite the continuity with Euribor, replacement clauses may be required and could therefore be implemented by the Company in the new contracts in accordance with the evolution of accepted market practice.
During 2021, the Company obtained new US dollar loans indexed to SOFR and proactively changed its existing exposure in derivatives by switching from GPB LIBOR to SONIA. The main focus over the coming months will be how to use the new, alternative risk-free rates for new financial transactions.
The Company's derivative instruments are managed through contracts that are mainly based on framework agreements defined by the International Swaps and Derivatives Association (ISDA).
The ISDA has revised its standardized contracts in light of the IBOR reform and amended the choices for floating rates within the 2006 ISDA definitions to include replacement clauses that would apply upon the permanent discontinuation of specific key benchmarks. These changes took effect on January 25, 2021. Transactions represented in the 2006 ISDA definitions carried out on January 25, 2021 or later include adjusted floating-rate options (e.g., the choice of floating rate with replacement clause), while transactions completed before that date (previous derivative contracts) continue to be based on the 2006 ISDA definitions.
For this reason, the ISDA published an IBOR Fallback Protocol to facilitate multilateral amendments to include the amended definitions.
The Company is assessing whether to: (i) adopt that protocol in the light of its exposure and developments in the IBOR reform or (ii) adjust in advance any contracts impacted bilaterally by the reform.

Hedge relationships

At the reporting date, hedged items and hedging instruments are primarily indexed to Euribor.
The Company has assessed the impact of uncertainty engendered by the IBOR reform on hedge relationships at December 31, 2021 with reference to both hedging instruments and hedged items. Both the hedged items and the hedging instruments will change their parameterization from interbank market-based benchmarks (IBORs) to alternative risk-free rates (RFRs) as a result of the contractual amendments that will take effect in the coming years.
The Company manages the uncertainty associated with these hedge relationships by continuing to apply the temporary exceptions provided for in the amendments to IFRS 9 issued in September 2019 (Phase 1). It was therefore felt that the benchmark indices for determining the interest rates on which the cash flows of the hedged items or the hedging instruments are based would not change as a consequence of the IBOR reform. The exception was applied for the following hedge relationship requirements:

- determine if a forecast transaction is highly probable;
- establish whether the future hedged cash flows will arise in a discontinued cash flow hedge relationship;
- assess the economic relationship between the hedged item and the hedging instrument.

The hedge relationships impacted may become ineffective attributable to different replacements of existing benchmarks with alternative risk-free benchmarks. In any case, the Company will seek to implement the replacements at the same time.
In addition, the Company changed the reference to GBP LIBOR in its interest rate hedging instruments used in cash flow hedge relationships with the new, economically equivalent, SONIA benchmark at the end of 2021. There is therefore no longer any uncertainty as to how and when the replacement can take place both with reference to the hedged items and the hedging instruments. Consequently, the Company no longer applies the amendments to IFRS 9 issued in September 2019 (Phase 1) to these hedge relationships and, consequently, has begun to apply the amendments to IFRS 9 issued in August 2020 (Phase 2), modifying the formal designation of the hedge relationship as required by the IBOR reform and without considering this event as a termination of the hedge relationship. Furthermore, for cash flow hedge relationships, in modifying the description of the hedged item in the hedge relationship, the amounts accumulated in the hedging reserve were considered on the basis of the alternative benchmark index in relation to which the future hedged cash flows are determined.
The following table provides details of the notional amounts

of the hedging instruments for which the amendments to IFRS 9 (both Phase 1 and Phase 2) were applied as at December 31, 2021, broken down by the alternative benchmark index used for determining the interest rate.

Millions of euro	Notional amount	
	at Dec. 31, 2021	
Hedging instruments(1)	**Phase 1**	**Phase 2**
USD LIBOR/SOFR	-	-
GBP LIBOR/SONIA	-	1,309
Total	**-**	**1,309**

(1) Since the hedge relationships mentioned are considered highly effective, the amounts specified in the table as *de facto* "hedging instruments" represent the equivalent amounts of the associated hedged items.

Unamended contracts including those with specific replacement clauses

The Company is monitoring the evolution of the transition from the old interest rate benchmarks to the new rates, reviewing the overall amounts of contracts that have not yet been indexed to the new benchmark rates and, among these, the amounts of contracts which already include specific replacement clauses. The Company considers a contract to have not yet incorporated an alternative benchmark rate when the interest rate of the contract is indexed to an interest rate benchmark still involved in the IBOR reform and, therefore, when uncertainties still exist as to how and when replacement with the new benchmark will take place.

Fair value hedges

Fair value hedges are used to protect the Company against exposures to changes in the fair value of assets, liabilities or firm commitment attributable to a particular risk that could affect profit or loss.
Changes in the fair value of derivatives that qualify and are designated as hedging instruments are recognized in the income statement, together with changes in the fair value of the hedged item that are attributable to the hedged risk.
If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest rate method is used is amortized to profit or loss over the year to maturity.
The Company does not currently use such hedging relationships.

For more information on fair value measurement, please see note 35 "Fair value measurement".

34.1.1 Hedge relationship by type of credit risk

Interest rate risk

The following table shows the notional amount and the average rate on instruments hedging interest rate risk on transactions outstanding at December 31, 2021 and December 31, 2020, broken down by maturity.

Millions of euro							
At Dec. 31, 2021	**2022**	**2023**	**2024**	**2025**	**2026**	**Beyond**	**Total**
Interest rate swaps							
Notional amount	-	-	-	500	500	1,440	2,440
Average IRS rate	-	-	-	1.63	1.78	2.35	

Millions of euro							
At Dec. 31, 2020	**2021**	**2022**	**2023**	**2024**	**2025**	**Beyond**	**Total**
Interest rate swaps							
Notional amount	-	-	-	-	500	1,940	2,440
Average IRS rate	-	-	-	-	1.63	2.20(1)	

(1) The figure has been restated from that published in the financial statements for 2020.

The interest rate swaps outstanding at the end of the year and designated as hedging instruments function as a cash flow hedge and fair value hedge for the hedged item. The cash flow hedge derivatives refer exclusively to the hedging of certain floating-rate bonds issued since 2001 and floating-rate bank loans obtained in 2020.

The following table shows the notional amount and the fair value of hedging derivatives on interest rate risk as at December 31, 2021 and December 31, 2020.

Millions of euro	Notional amount		Fair value assets		Notional amount		Fair value liabilities	
	at Dec. 31, 2021	at Dec. 31, 2020	at Dec. 31, 2021	at Dec. 31, 2020	at Dec. 31, 2021	at Dec. 31, 2020	at Dec. 31, 2021	at Dec. 31, 2020
Cash flow hedge derivatives	**-**	**-**	**-**	**-**	**2,440**	**2,440**	**(339)**	**(469)**
Interest rate swaps	-	-	-	-	2,440	2,440	(339)	(469)

The improvement in the fair value of derivatives compared with the previous year is mainly attributable to the general rise in the yield curve over the course of 2021.

The following table shows the cash flows expected in coming years from cash flow hedge derivatives hedging interest rate risk.

Millions of euro	Fair value	Distribution of expected cash flows					
Cash flow hedge derivatives on interest rates	at Dec. 31, 2021	2022	2023	2024	2025	2026	Beyond
Positive fair value	-	-	-	-	-	-	-
Negative fair value	(339)	(40)	(53)	(47)	(40)	(36)	(131)

The following table shows the impact of interest rate hedge derivatives on the statement of financial position.

Millions of euro	Notional amount	Carrying amount	Fair value used to measure ineffectiveness in the year
At December 31, 2021			
Interest rate swaps	2,440	(339)	(339)
At December 31, 2020			
Interest rate swaps	2,440	(469)	(469)

The following table shows the impact of hedged items exposed to interest rate risk on the statement of financial position.

Millions of euro	Fair value used to measure ineffectiveness in the year	Hedging reserve	Hedging costs reserve	Fair value used to measure ineffectiveness in the year	Hedging reserve	Hedging costs reserve
	2021			2020		
Floating-rate borrowings	252	(252)	-	469	(469)	-
Total	**252**	**(252)**	**-**	**469**	**(469)**	**-**

The following table shows the impact of cash flow hedges on interest rate risk on profit or loss and on other comprehensive income.

Millions of euro	Total other comprehensive income/ (expense)	Ineffective portion recognized in profit or loss	Income statement item	Hedging costs	Amount reclassified from OCI to profit or loss	Income statement item
At December 31, 2021						
Floating-rate borrowings	112	-		-	(13)	Financial income
Total at December 31, 2021	**112**	**-**		**-**	**(13)**	
At December 31, 2020						
Floating-rate borrowings	(88)	-		-	9	Financial expense
Total at December 31, 2020	**(88)**	**-**		**-**	**9**	

Currency risk

The following table shows the notional amount and the average rate on instruments hedging currency risk on transactions outstanding as at December 31, 2021 and December 31, 2020, broken down by maturity.

Millions of euro							
At Dec. 31, 2021	**2022**	**2023**	**2024**	**2025**	**2026**	**Beyond**	**Total**
Cross currency interest rate swaps							
Notional amount total	**-**	**1,103**	**-**	**308**	**-**	**1,415**	**2,826**
Notional amount CCS EUR/USD	-	1,103	-	308	-	-	1,411
Average contractual exchange rate EUR/USD		*1.33*		*1.16*			
Notional amount CCS EUR/GBP	-	-	-	-	-	1,415	1,415
Average contractual exchange rate EUR/GBP						*0.68*	

Millions of euro							
At Dec. 31, 2020	**2021**	**2022**	**2023**	**2024**	**2025**	**Beyond**	**Total**
Cross currency interest rate swaps							
Notional amount total	**463**	**-**	**1,019**	**-**	**-**	**1,327**	**2,809**
Notional amount CCS EUR/USD	185	-	1,019	-	-	-	1,204
Average contractual exchange rate EUR/USD	*1.13*		*1.34*				
Notional amount CCS EUR/GBP	278	-	-	-	-	1,327	1,605
Average contractual exchange rate EUR/GBP	*0.82*					*0.68*	

The following table shows the notional amount and the fair value of instruments hedging currency risk on transactions outstanding as at December 31, 2021 and December 31, 2020, broken down by type of hedged item.

Millions of euro		Fair value		Notional amount	Fair value		Notional amount
		Assets	Liabilities		Assets	Liabilities	
Hedging instrument	**Hedged item**	**at Dec. 31, 2021**			**at Dec. 31, 2020**		
Cross currency interest rate swaps	Fixed-rate borrowings in foreign currency	339	(553)	2,518	567	(995)	2,624
Cross currency interest rate swaps	Floating-rate borrowings in foreign currency	8	-	308	-	(15)	185
Total		**347**	**(553)**	**2,826**	**567**	**(1,010)**	**2,809**

The cross currency interest rate swaps outstanding at the end of the year and designated as hedging instruments function as a cash flow hedge for the hedged item. More specifically, these derivatives hedge fixed-rate bonds denominated in foreign currencies and a floating-rate borrowing in US dollars that fell due and was renewed with Bank of America in 2021.

The following table shows the notional amount and the fair value of derivatives on currency risk as at December 31, 2021 and December 31, 2020, broken down by type of hedge.

Millions of euro	Notional amount		Fair value assets		Notional amount		Fair value liabilities	
	at Dec. 31, 2021	at Dec. 31, 2020	at Dec. 31, 2021	at Dec. 31, 2020	at Dec. 31, 2021	at Dec. 31, 2020	at Dec. 31, 2021	at Dec. 31, 2020
Cash flow hedge derivatives	**2,114**	**1,676**	**575**	**567**	**712**	**1,133**	**(781)**	**(1,010)**
Cross currency interest rate swaps	2,114	1,676	575	567	712	1,133	(781)	(1,010)

At December 31, 2021, cross currency interest rate swaps had a notional amount of €2,826 million (€2,809 million at December 31, 2020) and an overall negative fair value of €206 million (a negative €443 million at December 31, 2020).

The slight increase in notional amount (€17 million) mainly reflected the following developments:

- €463 million of cross currency interest rate swaps reaching their normal expiry;
- €308 million for the renewal of a cross currency interest rate swap and the associated floating-rate borrowing denominated in US dollars;
- an increase of €172 million that mainly reflects developments in the exchange rate of the euro against the US dollar and the pound sterling.

The following table reports the impact on the statement of financial position of instruments hedging currency risk.

Millions of euro	Notional amount	Carrying amount	Fair value used to measure ineffectiveness in the year
At December 31, 2021			
Cross currency interest rate swaps	2,826	(206)	(206)
At December 31, 2020			
Cross currency interest rate swaps	2,809	(443)	(431)

The following table reports the impact on the statement of financial position of hedged items exposed to currency risk.

Millions of euro	Fair value used to measure ineffectiveness in the year	Hedging reserve	Hedging costs reserve	Fair value used to measure ineffectiveness in the year	Hedging reserve	Hedging costs reserve
	2021			2020		
Fixed-rate borrowings in foreign currency	213	(213)	-	(407)	(407)	(21)
Floating-rate borrowings in foreign currency	(8)	8	-	(15)	(15)	-
Total	**206**	**(206)**	**-**	**(422)**	**(422)**	**(21)**

The following table shows the impact of cash flow hedges on currency risk on profit or loss and on other comprehensive income.

Millions of euro	Total other comprehensive income/ (expense)	Ineffective portion recognized in profit or loss	Income statement item	Hedging costs	Amount reclassified from OCI to profit or loss	Income statement item
At December 31, 2021						
Fixed-rate borrowings in foreign currency	251	-		21	(196)	Financial expense
Floating-rate borrowings in foreign currency	(15)	-		-	15	Financial income
Total at December 31, 2021	**236**	**-**		**21**	**(181)**	
At December 31, 2020						
Fixed-rate borrowings in foreign currency	(123)	-		8	123	Financial income
Floating-rate borrowings in foreign currency	(12)	-		-	12	Financial income
Total at December 31, 2020	**(135)**	**-**		**8**	**135**	

The following table shows the cash flows expected in coming years from cash flow hedge derivatives on currency risk.

Millions of euro	Fair value	Distribution of expected cash flows					
Cash flow hedge derivatives on exchange rates	**at Dec. 31, 2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**Beyond**
Positive fair value	575	59	219	31	39	28	301
Negative fair value	(781)	(39)	(35)	(35)	(36)	(37)	(545)

34.1.2 Impact of cash flow hedge derivatives on equity gross of tax effects

Millions of euro	Hedging costs	Gross change in fair value recognized in OCI	Gross change in fair value recognized in profit or loss	Gross change in fair value recognized in profit or loss – Ineffective portion	Hedging costs	Gross change in fair value recognized in OCI	Gross change in fair value recognized in profit or loss	Gross change in fair value recognized in profit or loss – Ineffective portion
	at Dec. 31, 2021				at Dec. 31, 2020			
Interest rate hedges	-	112	(13)	-	-	(88)	9	-
Exchange rate hedges	21	236	(181)	-	17	(135)	136	-
Hedging derivatives	**21**	**348**	**(194)**	**-**	**17**	**(223)**	**145**	**-**

34.2 Derivatives at fair value through profit or loss

The following table shows the notional amount and the fair value of derivatives at FVTPL as at December 31, 2021 and December 31, 2020.

Millions of euro	Notional amount		Fair value assets		Notional amount		Fair value liabilities	
	at Dec. 31, 2021	at Dec. 31, 2020	at Dec. 31, 2021	at Dec. 31, 2020	at Dec. 31, 2021	at Dec. 31, 2020	at Dec. 31, 2021	at Dec. 31, 2020
Derivatives at FVTPL on interest rates	**2,080**	**2,261**	**153**	**254**	**2,180**	**2,361**	**(225)**	**(342)**
Interest rate swaps	2,080	2,261	153	254	2,180	2,361	(225)	(342)
Derivatives at FVTPL on exchange rates	**4,053**	**2,682**	**85**	**197**	**4,093**	**2,722**	**(86)**	**(199)**
Forwards	3,927	2,562	72	193	3,967	2,602	(73)	(195)
Cross currency interest rate swaps	126	120	13	4	126	120	(13)	(4)
Total derivatives at FVTPL	**6,133**	**4,943**	**238**	**451**	**6,273**	**5,083**	**(311)**	**(541)**

At December 31, 2021 the notional amount of derivatives at fair value through profit or loss on interest rates, exchange rates and other came to €12,406 million (€10,026 million at December 31, 2020) with a negative fair value of €72 million (a negative €90 million at December 31, 2020).

Interest rate swaps at the end of the year amounted to €4,260 million. They refer primarily to hedges of the debt of the Group companies with the market (€2,180 million) and intermediated with those companies (€2,080 million).
The overall notional amount shows a decline of €362 million on the previous year, due overall to the decline in the outstanding principal amount of amortizing interest rate swaps.

Forward contracts hedging currency risk had a notional amount of €7,894 million (€5,164 million at December 31, 2020). Currency forwards with external counterparties amounted to €3,949 million (€2,602 million at December 31, 2020) and related mainly to OTC derivatives entered into to mitigate the currency risk associated with the prices of energy commodities within the provisioning process of Group companies and matched with market transactions. They also hedge the expected cash flows in currencies other than the currency of account connected with the acquisition of non-energy commodities and investment goods in the sectors of renewable energy and infrastructure and networks (new generation digital meters), the expected cash flows in currencies other than the euro connected with operating costs for the provision of cloud services and the expected cash flows in foreign currency in respect of interim dividends authorized by the subsidiaries. The change in the notional amount and the fair value as compared with the previous year is associated with normal operations.
Cross currency interest rate swaps, with a notional amount of €126 million (€120 million at December 31, 2020), relate to hedges of currency risk on the debt of the Group companies denominated in currencies other than the euro and matched with market transactions.

35. Fair value measurement

The Company measures fair value in accordance with IFRS 13 whenever required by the IFRS.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability. The best estimate is the market price, i.e., its current price, publicly available and effectively traded on an active, liquid market.

The fair value of assets and liabilities is categorized into a fair value hierarchy that provides three levels defined as follows on the basis of the inputs to valuation techniques used to measure fair value:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities to which the Company has access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

In this note, the relevant disclosures are provided in order to assess the following:

- for assets and liabilities that are measured at fair value on a recurring or non-recurring basis in the statement of financial position after initial recognition, the valuation techniques and inputs used to develop those measurements; and
- for recurring fair value measurements using significant unobservable inputs (Level 3), the effect of the measurements on profit or loss or other comprehensive income for the year.

For this purpose:

- recurring fair value measurements are those that the IFRSs require or permit in the statement of financial position at the end of each reporting period;
- non-recurring fair value measurements are those that the IFRSs require or permit in the statement of financial position in particular circumstances.

The fair value of derivative contracts is determined using the official prices for instruments traded on regulated markets. The fair value of instruments not listed on a regulated market is determined using valuation methods appropriate for each type of financial instrument and market data as of the close of the reporting period (such as interest rates, exchange rates, volatility), discounting expected future cash flows on the basis of the market yield curve and translating amounts in currencies other than the euro using exchange rates provided by World Markets Refinitiv (WMR) Company. For contracts involving commodities, the measurement is conducted using prices, where available, for the same instruments on both regulated and unregulated markets.

In accordance with the new IFRS, in 2013 the Company included a measurement of credit risk, both of the counterparty (Credit Valuation Adjustment or CVA) and its own (Debit Valuation Adjustment or DVA), in order to adjust the fair value of financial instruments for the corresponding amount of counterparty risk.

More specifically, the Company measures CVA/DVA using a Potential Future Exposure valuation technique for the net exposure of the position and subsequently allocating the adjustment to the individual financial instruments that make up the overall portfolio. All of the inputs used in this technique are observable on the market. Changes in the assumptions underlying the estimated inputs could have an effect on the fair value reported for such instruments.

The notional amount of a derivative contract is the amount on which cash flows are exchanged. This amount can be expressed as a value or a quantity (for example tons, converted into euros by multiplying the notional amount by the agreed price).

Amounts denominated in currencies other than the euro are translated into euros at the official exchange rates provided by World Markets Refinitiv (WMR) Company.

The notional amounts of derivatives reported here do not necessarily represent amounts exchanged between the parties and therefore are not a measure of the Company's credit risk exposure.

For listed debt instruments, the fair value is given by official prices. For unlisted instruments the fair value is determined using appropriate valuation techniques for each category of financial instrument and market data at the reporting date, including the credit spreads of Enel.

35.1 Assets measured at fair value in the statement of financial position

The following table shows, for each class of assets measured at fair value on a recurring or non-recurring basis in the statement of financial position, the fair value measurement at the end of the reporting period and the level in the fair value hierarchy into which the fair value measurements are categorized.

Millions of euro		Non-current assets				Current assets			
	Notes	Fair value at Dec. 31, 2021	Level 1	Level 2	Level 3	Fair value at Dec. 31, 2021	Level 1	Level 2	Level 3
Derivatives									
Cash flow hedge derivatives:									
- on currency risk	34	575	-	575	-	-	-	-	-
Total cash flow hedges		**575**	**-**	**575**	**-**	**-**	**-**	**-**	**-**
Fair value through profit or loss:									
- on interest rate risk	34	153	-	153	-	-	-	-	-
- on currency risk	34	25	-	25	-	60	-	60	-
Total fair value through profit or loss		**178**	**-**	**178**	**-**	**60**	**-**	**60**	**-**
TOTAL		**753**	**-**	**753**	**-**	**60**	**-**	**60**	**-**

35.2 Liabilities measured at fair value in the statement of financial position

The following table reports, for each class of liabilities measured at fair value on a recurring or non-recurring basis in the statement of financial position, the fair value measurement at the end of the reporting period and the level in the fair value hierarchy into which the fair value measurements are categorized.

Millions of euro		Non-current liabilities				Current liabilities			
	Notes	Fair value at Dec. 31, 2021	Level 1	Level 2	Level 3	Fair value at Dec. 31, 2021	Level 1	Level 2	Level 3
Derivatives									
Cash flow hedge derivatives:									
- on interest rate risk	34	339	-	339	-	-	-	-	-
- on currency risk	34	781	-	781	-	-	-	-	-
Total cash flow hedges		**1,120**	**-**	**1,120**	**-**	**-**	**-**	**-**	**-**
Fair value through profit or loss:									
- on interest rate risk	34	154	-	154	-	71	-	71	-
- on currency risk	34	26	-	26	-	60	-	60	-
Total fair value through profit or loss		**180**	**-**	**180**	**-**	**131**	**-**	**131**	**-**
TOTAL		**1,300**	**-**	**1,300**	**-**	**131**	**-**	**131**	**-**

35.3 Liabilities not measured at fair value in the statement of financial position

The following table shows, for each class of liabilities not measured at fair value in the statement of financial position but for which the fair value shall be disclosed, the fair value at the end of the reporting period and the level in the fair value hierarchy into which the fair value measurements are categorized.

Millions of euro		LIABILITIES			
	Notes	Fair value at Dec. 31, 2021	Level 1	Level 2	Level 3
Bonds:					
- fixed rate	32.2.1	4,378	4,378	-	-
- floating rate	32.2.1	944	52	892	-
Total		**5,322**	**4,430**	**892**	**-**
Bank borrowings:					
- floating rate	32.2.1	2,539	-	2,539	-
Total		**2,539**	**-**	**2,539**	**-**
Non-bank financing:					
- under fixed-rate leases	32.2.1	2	-	2	-
Total		**2**	**-**	**2**	**-**
Loans from Group companies:					
- fixed rate	32.2.1	13,768	-	13,768	-
- floating rate	32.2.1	5,924	-	5,924	-
Total		**19,692**	**-**	**19,692**	**-**
TOTAL		**27,555**	**4,430**	**23,125**	**-**

36. Share-based payments

Starting in 2019, the Shareholders' Meeting of Enel SpA ("Enel" or the "Company") has each year approved the adoption of long-term share-based incentive plans for the management of Enel and/or its subsidiaries pursuant to Article 2359 of the Italian Civil Code. Each of the incentive plans approved (the 2019 Long-Term Incentive Plan, the 2020 Long-Term Incentive Plan and the 2021 Long-Term Incentive Plan; referred to hereinafter, respectively, the "2019 LTI Plan", "2020 LTI Plan" and "2021 LTI Plan" and, jointly, the "Plans") provides for the grant of ordinary Company shares ("Shares") to the respective beneficiaries subject to the achievement of specific performance targets.
Plan beneficiaries are the Chief Executive Officer/General Manager of Enel and Enel Group managers in the positions most directly responsible for company performance or considered to be of strategic interest. The Plans provide for the award to the beneficiaries of an incentive consisting of a monetary component and an equity component. This incentive – determined, at the time of the award, as a base value calculated in relation to the fixed remuneration of the individual beneficiary – may vary depending on the degree of achievement of each of the three-year performance targets of the Plans, ranging from zero up to a maximum of 280% or 180% of the base value in the case, respectively, of the Chief Executive Officer/General Manager or the other beneficiaries.
The Plans establish that, of the total incentive effectively vested, the bonus will be fully paid in shares in the amount of (i) up to 100% of the base value for the Chief Executive Officer/General Manager and (ii) up to 50% of the base value for the other beneficiaries.
The actual award of the bonus under the Plans is subject to the achievement of specific performance targets during the three year performance period. If these targets are achieved, 30% of both the equity and cash components of the incentive will be paid in the first year following the end of the performance period and the remaining 70% will be paid in the second year following the end of the performance period. The payment of a substantial portion of long-term variable remuneration (70% of the total) is therefore deferred to the second year following the end of the performance period of the individual Plans.
The following table provides information on the 2019 LTI Plan, the 2020 LTI Plan and the 2021 LTI Plan.
For more information on the characteristics of the Plans, please see the information documents prepared pursuant to Article 84-*bis* of the CONSOB Regulation issued with Resolution no. 11971 of May 14, 1999 (the Issuers Regulation), which are available to the public in the section of Enel's website (www.enel.com) dedicated to the Shareholders' Meetings held respectively on May 16, 2019, May 14, 2020 and May 20, 2021.

	Grant date	Performance period	Verification of achievement of targets	Payout
2019 LTI Plan	12.11.2019(9)	2019-2021	2022(10)	2022-2023
2020 LTI Plan	17.09.2020(11)	2020-2022	2023(12)	2023-2024
2021 LTI Plan	16.09.2021(13)	2021-2023	2024(14)	2024-2025

In implementation of the authorizations granted by the Shareholders' Meetings held on May 16, 2019, May 14, 2020 and May 20, 2021 and in compliance with the associated terms and conditions, the Board of Directors approved – at its meetings of September 19, 2019, July 29, 2020 and June 17, 2021 – the launch of share buyback programs to serve the 2019 LTI Plan, the 2020 LTI Plan and the 2021 LTI Plan respectively. The number of Shares whose purchase was authorized by the Board of Directors for each Plan, the actual number of Shares purchased, the associated weighted average price and total value are shown below.

	Purchases authorized by the Board of Directors	Actual purchases		
	Number of shares	Number of shares	Weighted average price (euros per share)	Total value (euros)
2019 LTI Plan	No more than 2,500,000 for a maximum amount of €10,500,000 million	1,549,152(15)	6.7779	10,499,999
2020 LTI Plan	1,720,000	1,720,000(16)	7.4366	12,790,870
2021 LTI Plan	1,620,000	1,620,000(17)	7.8737	12,755,459

(9) The date on which the Board of Directors approved the procedures and timing for granting the 2019 LTI Plan to the beneficiaries (taking account of the proposal issued by the Nomination and Compensation Committee at its meeting of November 11, 2019).
(10) On the occasion of the approval of the consolidated financial statements of the Enel Group at December 31, 2021, the Board of Directors will verify the level of achievement of the performance targets of the 2019 LTI Plan.
(11) The date on which the Board of Directors approved the procedures and timing for granting the 2020 LTI Plan to the beneficiaries (taking account of the proposal issued by the Nomination and Compensation Committee at its meeting of September 16, 2020).
(12) On the occasion of the approval of the consolidated financial statements of the Enel Group at December 31, 2022, the Board of Directors will verify the level of achievement of the performance targets of the 2020 LTI Plan.
(13) The date on which the Board of Directors approved the procedures and timing for granting the 2021 LTI Plan to the beneficiaries (taking account of the proposal issued by the Nomination and Compensation Committee at its meeting of June 9, 2021).
(14) On the occasion of the approval of the consolidated financial statements of the Enel Group at December 31, 2023, the Board of Directors will verify the level of achievement of the performance targets of the 2021 LTI Plan.
(15) Shares purchased in the period between September 23 and December 2, 2019, equal to about 0.015% of share capital.
(16) Shares purchased in the period between September 3 and October 28, 2020, equal to about 0.017% of share capital.
(17) Shares purchased in the period between June 18 and July 21, 2021, equal to about 0.016% of share capital.

As a result of the purchases made to support the 2019 LTI Plan, the 2020 LTI Plan and the 2021 LTI Plan, at December 31, 2021 Enel holds a total of 4,889,152 treasury shares, equal to about 0.048% of share capital.

The following information concerns the equity instruments granted in 2019, 2020 and 2021.

	2021			2020			2019		
	Number of shares granted at the grant date	Fair value per share at the grant date	Number of shares potentially available for award	Number of shares granted at the grant date	Fair value per share at the grant date	Number of shares potentially available for award	Number of shares granted at the grant date	Fair value per share at the grant date	Number of shares potentially available for award
2019 LTI Plan			1,529,182			1,529,182	1,538,547	6,983	1,538,547
2020 LTI Plan			1,638,775	1,638,775[18]	7.38	1,638,775[19]			
2021 LTI Plan	1,577,773	7,001	1,577,773						

The fair value of those equity instruments is measured on the basis of the market price of Enel Shares at the grant date.[20]

The cost of the equity component is determined on the basis of the fair value of the equity instruments granted and is recognized over the duration of the vesting period through an equity reserve.

The total costs recognized by the Group through profit or loss amounted to €9 million in 2021 (€5 million in 2020).

There have been no terminations or amendments involving the 2019 LTI Plan, the 2020 LTI Plan or the 2021 LTI Plan.

37. Related parties

Related parties have been identified on the basis of the provisions of the IFRS and the applicable CONSOB measures.

The transactions Enel SpA entered into with its subsidiaries mainly involved the provision of services, the sourcing and employment of financial resources, insurance coverage, human resource management and organization, legal and corporate services, and the planning and coordination of tax and administrative activities.

All the transactions are part of routine operations, are carried out in the interest of the Company and are settled on an arm's length basis, i.e., on the same market terms as agreements entered into between two independent parties.

Finally, the Enel Group's corporate governance rules, which are discussed in greater detail in the Report on Corporate Governance and Ownership Structure available on the Company's website (www.enel.com), establish conditions for ensuring that transactions with related parties are performed with transparency and procedural and substantive propriety.

(18) The figure has been restated from that published in the 2020 financial statements.
(19) The figure has been restated from that published in the 2020 financial statements.
(20) For the 2019 LTI Plan, the grant date is November 12, 2019, i.e. the date of the meeting of the Board of Directors that approved the procedures and timing of the grant under the 2019 LTI Plan to the beneficiaries.
For the 2020 LTI Plan, the grant date is September 17, 2020, i.e. the date of the meeting of the Board of Directors that approved the procedures and timing of the grant under the 2020 LTI Plan to the beneficiaries.
For the 2021 LTI Plan, the grant date is September 16, 2021, i.e. the date of the meeting of the Board of Directors that approved the procedures and timing of the grant under the 2021 LTI Plan to the beneficiaries.

The following tables provide the disclosures on the remuneration of key management personnel required under IAS 24.

Millions of euro				
	2021	**2020**	**Change**	
Remuneration of members of the Board of Directors and Board of Statutory Auditors and the General Manager				
Short-term employee benefits	5	6	(1)	-16.7%
Other long-term benefits	1	4	(3)	-75.0%
Total	**6**	**10**	**(4)**	**-40.0%**

Millions of euro				
	2021	**2020**	**Change**	
Remuneration of key management personnel				
Short-term employee benefits	13	13	-	-
Other long-term benefits	4	8	(4)	-50.0%
Total	**17**	**21**	**(4)**	**-19.0%**

In November 2010, the Board of Directors of Enel SpA approved a procedure governing the approval and execution of transactions with related parties carried out by Enel SpA directly or through subsidiaries. The procedure (both the version in effect until June 30, 2021 and the version amended by the Board of Directors in June 2021 and in effect from July 1, 2021 are available at https://www.enel.com/investors/governance/bylaws-rules-policies/) sets out rules designed to ensure the transparency and procedural and substantive propriety of transactions with related parties. It was adopted in implementation of the provisions of Article 2391-bis of the Italian Civil Code and the implementing regulations issued by CONSOB. In 2021, no transactions were carried out for which it was necessary to make the disclosures required in the rules on transactions with related parties adopted with CONSOB Resolution no. 17221 of March 12, 2010, as amended.

The following tables summarize commercial, financial and other relationships between the Company and related parties.

Commercial and other transactions

2021

Millions of euro	Trade receivables at Dec. 31, 2021	Trade payables at Dec. 31, 2021	Costs Goods 2021	Costs Services 2021	Revenue Goods 2021	Revenue Services 2021
Subsidiaries, joint ventures and associates						
Celg Distribuição SA	1	–	–	–	–	–
Central Geradora Termelétrica Fortaleza SA	1	–	–	–	–	–
Codensa SA ESP	1	–	–	–	–	2
Edistribución Redes Digitales SL	7	1	–	–	–	5
e-distribuzione SpA	102	49	–	–	–	25
Emgesa SA	1	–	–	–	–	1
Empresa Distribuidora Sur SA - Edesur	1	–	–	–	–	1
Endesa Energía SA	3	2	–	–	–	2
Endesa Generación SA	2	1	–	–	–	3
Endesa Medios y Sistemas SL	1	–	–	–	–	1
Endesa Operaciones y Servicios Comerciales SL	–	–	–	–	–	1
Endesa SA	10	1	–	–	–	7
Enel Américas SA	69	–	–	–	–	1
Enel Brasil SA	69	1	–	–	–	27
Enel Chile SA	11	–	–	–	–	3
Enel Distribución Chile SA	5	–	–	–	–	2
Enel Distribución Perú SAA	3	–	–	–	–	2
Enel Energía SA de Cv	1	–	–	–	–	1
Enel Energia SpA	431	–	–	–	–	8
Enel Energie Muntenia SA	1	–	–	–	–	1
Enel Finance America LLC	2	–	–	–	–	–
Enel Generación Chile SA	4	–	–	–	–	3
Enel Generación Costanera SA	1	–	–	–	–	–
Enel Generación Perú SA	2	–	–	–	–	1
Enel Global Infrastructure and Networks Srl	7	22	–	19	–	4
Enel Global Services Srl	12	86	–	66	–	1
Enel Global Thermal Generation Srl	–	3	–	1	–	1
Enel Global Trading SpA	5	9	–	–	–	1
Enel Green Power Chile SA	2	–	–	–	–	–
Enel Green Power España SL	2	–	–	–	–	1
Enel Green Power Hellas SA	2	–	–	–	–	–
Enel Green Power India Private Limited	1	–	–	–	–	–
Enel Green Power Italia Srl	4	9	–	–	–	4
Enel Green Power North America Inc.	5	–	–	–	–	3
Enel Green Power Romania Srl	1	1	–	–	–	–
Enel Green Power Rus LLC	1	–	–	–	–	–
Enel Green Power SpA	3	13	–	3	–	2
Enel Iberia SLU	300	6	–	5	–	–
Enel Innovation Hubs Srl	–	4	–	6	–	–
Enel Italia SpA	4	20	–	28	–	3
Enel North America Inc.	7	1	–	–	–	2
Enel Produzione SpA	59	62	–	–	–	4
Enel Romania Srl	4	3	–	3	–	1
Enel Russia PJSC	9	–	–	–	–	2
Enel Servicii Comune SA	1	–	–	–	–	1
Enel Sole Srl	1	4	–	–	–	1
Enel Trading Argentina Srl	1	–	–	–	–	–
Enel X Financial Services Srl	–	4	–	–	–	–
Enel X Italia SpA	11	3	–	–	–	–
Enel X Mobility Srl	–	3	–	–	–	–
Enel X North America Inc.	1	–	–	–	–	–
Enel X Srl	5	3	–	–	–	5
Energía Nueva Energía Limpia México S de RL de Cv	1	–	–	–	–	–
E-Distribuţie Banat SA	6	–	–	–	–	–
E-Distribuţie Dobrogea SA	3	–	–	–	–	–
E-Distribuţie Muntenia SA	9	–	–	–	–	1
Gas y Electricidad Generación SAU	2	–	–	–	–	–
Gridspertise Srl	4	–	–	–	–	–
Rusenergosbyt LLC	1	–	–	–	–	–
Servizio Elettrico Nazionale SpA	180	32	–	–	–	2
Slovenské elektrárne AS	13	–	–	–	–	1
Società Elettrica Trigno Srl	–	1	–	–	–	–
Unión Eléctrica de Canarias Generación SAU	1	1	–	–	–	–
Vektör Enerjí Üretim AŞ	8	–	–	–	–	–
Total	**1,405**	**345**	**–**	**131**	**–**	**137**
Other related parties						
Cesi SpA	–	–	–		–	1
Fondazione Centro Studi Enel	2	–	–	–	–	1
GSE	1	–	–	–	–	–
Total	**3**	**–**	**–**	**–**	**–**	**2**
TOTAL	**1,408**	**345**	**–**	**131**	**–**	**139**

2020

Millions of euro	Trade receivables	Trade payables	Costs		Revenue	
			Goods	Services	Goods	Services
	at Dec. 31, 2020	at Dec. 31, 2020	2020		2020	
Subsidiaries, joint ventures and associates						
Central Geradora Termelétrica Fortaleza SA	1	-	-	-	-	-
Codensa SA ESP	1	-	-	-	-	1
Edistribución Redes Digitales SL	8	3	-	-	-	7
e-distribuzione SpA	119	67	-	-	-	25
Emgesa SA	-	-	-	-	-	1
Endesa Energía SA	3	3	-	1	-	3
Endesa Generación SA	2	1	-	-	-	3
Endesa Medios y Sistemas SL	1	-	-	1	-	1
Endesa Operaciones y Servicios Comerciales SL	-	-	-	-	-	1
Endesa Red SA	1	-	-	-	-	-
Endesa SA	6	2	-	-	-	7
Enel Américas SA	43	-	-	-	-	1
Enel Brasil SA	42	1	-	1	-	11
Enel Chile SA	4	-	-	-	-	1
Enel Distribución Chile SA	6	-	-	-	-	1
Enel Distribución Perú SAA	3	-	-	-	-	1
Enel Energía SA de Cv	1	-	-	-	-	-
Enel Energia SpA	24	26	-	-	-	9
Enel Finance America LLC	1	-	-	-	-	-
Enel Generación Chile SA	2	-	-	-	-	2
Enel Generación Costanera SA	1	-	-	-	-	1
Enel Generación Perú SAC	3	-	-	-	-	1
Enel Generación Piura SA	1	-	-	-	-	-
Enel Global Infrastructure and Networks Srl	8	6	-	3	-	1
Enel Global Services Srl	14	5	-	63	-	1
Enel Global Thermal Generation Srl	4	1	-	1	-	-
Enel Global Trading SpA	32	4	-	-	-	1
Enel Green Power Chile SA	2	-	-	-	-	-
Enel Green Power España SL	1	-	-	-	-	1
Enel Green Power Hellas SA	6	-	-	-	-	1
Enel Green Power Italia Srl	6	1	-	-	-	5
Enel Green Power North America Inc.	2	-	-	-	-	2
Enel Green Power Romania Srl	1	1	-	-	-	1
Enel Green Power Rus LLC	1	-	-	-	-	-
Enel Green Power SpA	7	22	-	3	-	7
Enel Iberia SLU	476	5	-	3	-	1
Enel Innovation Hubs Srl	-	6	-	7	-	-
Enel Italia SpA	16	7	-	27	-	2
Enel North America Inc.	5	1	-	-	-	3
Enel Produzione SpA	43	20	-	-	-	4
Enel Romania Srl	4	2	-	-	-	2
Enel Russia PJSC	7	1	-	-	-	1
Enel Servicii Comune SA	1	-	-	-	-	1
Enel Sole Srl	-	-	-	-	-	1
Enel X Italia SpA	-	-	-	-	-	1
Enel X Mobility Srl	-	2	-	-	-	-
Enel X Srl	2	5	-	-	-	4
Enel.si Srl	-	2	-	-	-	-
Energía Nueva Energía Limpia México S de RL de Cv	1	-	-	-	-	1
E-Distribuţie Banat SA	6	-	-	-	-	1
E-Distribuţie Dobrogea SA	5	-	-	-	-	1
E-Distribuţie Muntenia SA	9	-	-	-	-	1
Gas y Electricidad Generación SAU	2	-	-	-	-	-
Rusenergosbyt LLC	1	-	-	-	-	1
Servizio Elettrico Nazionale SpA	12	21	-	-	-	2
Slovenské elektrárne AS	13	-	-	-	-	1
Unión Eléctrica de Canarias Generación SAU	1	1	-	-	-	1
Vektör Enerjí Üretim AŞ	8	-	-	-	-	-
Total	**969**	**216**	**-**	**110**	**-**	**126**
Other related parties						
Fondazione Centro Studi Enel	1	-	-	-	-	1
GSE	1	-	-	-	-	-
Total	**2**	**-**	**-**	**-**	**-**	**-**
TOTAL	**971**	**216**	**-**	**110**	**-**	**127**

Financial transactions

2021

Millions of euro	Loan assets	Borrowings	Guarantees	Costs	Revenue	Dividends
	at Dec. 31, 2021			2021		
Subsidiaries, joint ventures and associates						
Concert Srl	-	2	-	-	-	-
e-distribuzione SpA	-	-	3,960	-	8	-
Enel Américas SA	-	-	-	-	-	303
Enel Brasil SA	103	-	2,204	-	3	-
Enel Chile SA	-	-	-	-	-	168
Enel Energia SpA	-	-	809	-	2	-
Enel Energie Muntenia SA	-	-	-	-	-	6
Enel Energie SA	-	-	-	-	-	2
Enel Finance America LLC	-	-	3,035	-	2	-
Enel Finance International NV	1	24,247	45,640	215	66	-
Enel Global Infrastructure and Networks Srl	300	-	7	-	1	-
Enel Global Services Srl	204	1	5	5	3	-
Enel Global Thermal Generation Srl	52	-	11	-	1	-
Enel Global Trading SpA	4,471	39	2,422	355	197	86
Enel Green Power Australia (Pty) Ltd	2	-	37	-	1	-
Enel Green Power Brasil Participações Ltd	-	-	-	-	18	-
Enel Green Power Chile Ltda	-	-	1	-	-	-
Enel Green Power Colombia SAS	2	-	315	-	2	-
Enel Green Power Costa Rica SA	-	-	8	-	-	-
Enel Green Power Development Srl	1	1	-	1	2	-
Enel Green Power Hellas SA	-	-	60	-	1	-
Enel Green Power India Private Limited	-	-	149	-	1	-
Enel Green Power Italia Srl	-	-	472	-	2	-
Enel Green Power México S de RL de Cv	68	-	964	-	25	-
Enel Green Power Panama SA	-	-	5	-	-	-
Enel Green Power Perú SAC	11	-	87	4	6	-
Enel Green Power Romania Srl	1	-	117	-	-	-
Enel Green Power RSA (Pty) Ltd	39	-	104	-	7	-
Enel Green Power RUS LLC	-	-	-	-	1	-
Enel Green Power South Africa	-	-	843	-	-	-
Enel Green Power SpA	254	-	555	13	14	-
Enel Holding Finance Srl	-	1	-	-	-	-
Enel Iberia SLU	-	-	-	-	-	1,175
Enel Innovation Hubs Srl	-	21	1	-	-	-
Enel Insurance NV	-	250	94	-	-	-
Enel Investment Holding BV	-	2	-	-	-	-
Enel Italia SpA	1,417	8	3,496	110	68	2,609
Enel North America Inc.	35	-	14,557	-	34	-
Enel Produzione SpA	-	-	651	-	1	-
Enel Rinnovabili Srl	-	-	-	-	-	25
Enel Sole Srl	-	-	284	-	1	-
Enel Trade Energy Srl	-	-	4	-	-	-
Enel X Australia Pty Ltd	-	-	3	-	-	-
Enel X International Srl	47	-	-	-	-	-
Enel X Italia SpA	-	-	16	-	-	-
Enel X Mobility Srl	-	-	53	-	-	-
Enel X North America Inc.	-	-	36	-	-	-
Enel X Polska Sp. zo.o.	-	-	15	-	-	-
Enel X Srl	280	-	1	-	2	-
Enel X UK Limited	-	-	15	-	-	-
Enelpower SpA	-	37	-	-	-	-
EnerNOC Ireland Limited	-	-	5	-	-	-
E-Distribuţie Banat SA	-	-	-	-	-	8
E-Distribuţie Muntenia SA	-	-	-	-	-	27
Generadora Montecristo SA	-	-	2	-	-	-
Gridspertise Srl	-	5	29	6	-	-
Nuove Energie Srl	21	-	85	-	1	-
Open Fiber SpA	-	-	-	-	15	-
Parque Eólico Pampa SA	1	-	-	-	-	-
Rusenergosbyt LLC	-	-	-	-	-	41
Servizio Elettrico Nazionale SpA	-	-	1,193	-	5	-
Total	**7,310**	**24,614**	**82,350**	**709**	**490**	**4,450**

2020

Millions of euro	Loan assets	Borrowings	Guarantees	Costs	Revenue	Dividends
	at Dec. 31, 2020			2020		
Subsidiaries, joint ventures and associates						
Concert Srl	-	1	-	-	-	-
e-distribuzione SpA	12	-	4,115	-	14	-
Empresa Propietaria de la Red SA	-	-	-	-	-	1
Enel Américas SA	-	-	-	-	-	440
Enel Chile SA	-	-	-	-	-	185
Enel Energia SpA	4	-	1,379	-	4	-
Enel Energie Muntenia SA	-	-	-	-	-	14
Enel Finance America LLC	-	-	1,251	-	1	-
Enel Finance International NV	63	13,532	39,044	254	186	-
Enel Global Infrastructure and Networks Srl	39	-	23	-	1	-
Enel Global Services Srl	226	-	2	3	9	-
Enel Global Thermal Generation Srl	79	-	7	-	-	-
Enel Global Trading SpA	188	166	1,506	209	349	-
Enel Green Power Australia (Pty) Ltd	1	-	33	-	-	-
Enel Green Power Brasil Participações Ltd	82	-	2,523	-	(4)	-
Enel Green Power Chile Ltda	-	-	1	-	-	-
Enel Green Power Colombia SAS	3	-	133	-	2	-
Enel Green Power Costa Rica SA	-	-	7	-	-	-
Enel Green Power Development Srl	-	2	-	-	-	-
Enel Green Power Hellas SA	-	-	60	-	1	-
Enel Green Power Italia Srl	2	-	634	-	2	-
Enel Green Power México S de RL de Cv	71	-	2,150	-	33	-
Enel Green Power Panama SA	-	-	8	-	-	-
Enel Green Power Perú SAC	19	-	87	-	7	-
Enel Green Power Romania Srl	1	-	29	-	-	-
Enel Green Power RSA (Pty) Ltd	31	-	-	-	9	-
Enel Green Power RUS LLC	-	-	50	-	-	-
Enel Green Power South Africa	-	-	876	-	-	-
Enel Green Power SpA	28	177	847	19	24	667
Enel Holding Finance Srl	-	2	-	-	-	-
Enel Iberia SLU	-	-	-	-	-	983
Enel Innovation Hubs Srl	-	19	1	-	-	-
Enel Italia SpA(1)	255	1,495	2,319	4	80	392
Enel North America Inc.	29	-	11,686	-	29	-
Enel Produzione SpA	6	-	1,214	-	8	-
Enel Rinnovabili Srl	-	897	-	-	-	-
Enel Russia PJSC	-	-	-	-	-	20
Enel Sole Srl	1	-	296	-	1	-
Enel X International Srl	30	-	-	-	-	-
Enel X Italia SpA	-	-	2	-	-	-
Enel X Mobility Srl	-	-	53	-	-	-
Enel X North America Inc.	1	-	36	-	-	-
Enel X Polska Sp. zo.o.	-	-	16	-	-	-
Enel X Srl	241	-	-	-	1	-
Enel X UK Limited	-	-	9	-	-	-
Enel.si Srl	1	-	15	-	-	-
Enelpower SpA	-	37	-	-	-	-
EnerNOC Ireland Limited	-	-	5	-	-	-
E-Distribuţie Banat SA	-	-	-	-	-	95
E-Distribuţie Dobrogea SA	-	-	-	-	-	54
E-Distribuţie Muntenia SA	-	-	-	-	-	256
Nuove Energie Srl	16	-	85	-	1	-
Open Fiber SpA	295	-	16	-	13	-
Parque Eólico Pampa SA	1	-	20	-	1	-
Rusenergosbyt LLC	-	-	-	-	-	41
Servizio Elettrico Nazionale SpA	6	-	1,197	-	6	-
Total	**1,731**	**16,328**	**71,735**	**489**	**778**	**3,148**

(1) The figure for guarantees has been restated from that published in the financial statements for 2020.

The impact of transactions with related parties on the statement of financial position, income statement and statement of cash flows is reported in the following tables.

Impact on the statement of financial position

Millions of euro	Total	Related parties	% of total	Total	Related parties	% of total
	at Dec. 31, 2021			at Dec. 31, 2020		
Assets						
Derivatives - non-current	753	153	20.3%	890	319	35.8%
Other non-current financial assets	16	-	-	280	270	96.4%
Other non-current assets	99	87	87.9%	128	108	84.4%
Trade receivables	275	276	-	241	242	-
Derivatives - current	60	23	38.3%	128	118	92.2%
Other current financial assets	8,257	7,134	86.4%	2,650	1,024	38.6%
Other current assets	1,063	1,045	98.3%	661	621	93.9%
Liabilities						
Long-term borrowings	25,572	18,739	73.3%	17,297	11,157	64.5%
Derivatives - non-current	1,300	25	1.9%	1,763	4	0.2%
Other non-current liabilities	30	8	26.7%	19	8	42.1%
Short-term borrowings	6,563	5,625	85.7%	5,303	5,057	95.4%
Current portion of long-term borrowings	216	118	54.6%	820	46	5.6%
Trade payables	167	117	70.1%	92	50	54.3%
Derivatives - current	131	36	27.5%	258	11	4.3%
Other current financial liabilities	227	71	31.3%	228	53	23.2%
Other current liabilities	2,785	220	7.9%	2,154	158	7.3%

Impact on the income statement

Millions of euro	Total	Related parties	% of total	Total	Related parties	% of total
	2021			2020		
Revenue	1,769	139	7.9%	128	127	99.2%
Services and other operating costs	390	131	33.6%	302	110	36.4%
Income from equity investments	4,451	4,450	-	3,148	3,148	-
Financial income from derivatives	1,073	253	23.6%	1,144	557	48.7%
Other financial income	240	237	98.8%	447	221	49.4%
Financial expense from derivatives	891	506	56.8%	1,472	337	22.9%
Other financial expense	869	203	23.4%	700	152	21.7%

Impact on cash flows

Millions of euro	Total	Related parties	% of total	Total	Related parties	% of total
	2021			2020		
Cash flows from/(used in) operating activities	6,687	632	9.5%	4,499	(188)	-4.2%
Cash flows used in investing activities	(9,739)	(9,669)	99.3%	(3,784)	(5,226)	-
Cash flows from/(used in) financing activities	1,877	3,088	-	(2,741)	903	-32.9%

38. Government grants – Disclosure pursuant to Article 1, paragraphs 125-129, of Law 124/2017

Pursuant to Article 1, paragraphs 125-129, of Law 124/2017 as amended, the following provides information on grants received from Italian public agencies and bodies, as well as donations by Enel SpA to companies, individuals and public and private entities. The disclosure comprises: (i) grants received from Italian public entities/State entities; and (ii) donations made by Enel SpA to public or private parties resident or established in Italy.

The following disclosure includes payments in excess of €10,000 made by the same grantor/donor during 2021, even if made through multiple financial transactions. They are recognized on a cash basis.

As far as donations made are concerned, the material cases are listed below.

Euro

Beneficiary	**Amount**	**Description of donation**
Enel Cuore Onlus	40,000	2021 donation
OECD International Energy Agency (IEA)	75,000	2021 donation
Ashoka Italy Onlus	20,000	2021 donation
European University Institute	100,000	2021 donation to support research
Università Commerciale Luigi Bocconi	65,000	2021 donation to fund study grants
Total	**300,000**	

39. Contractual commitments and guarantees

Millions of euro

	at Dec. 31, 2021	**at Dec. 31, 2020**	**Change**
Sureties and guarantees given:			
- third parties	18	18	-
- subsidiaries	82,350	71,735	10,615
Total	**82,368**	**71,753**	**10,615**

Sureties granted to third parties essentially regard a bank surety issued in favor of Banco Centroamericano de Integración Económica (BCIE) in an amount equivalent to €17 million, acquired following the merger of Enel South America Srl into Enel SpA in 2017.

Other sureties and guarantees issued on behalf of subsidiaries include:

- €40,537 million issued on behalf of Enel Finance International NV securing bonds issued in European and other international markets;
- €19,443 million issued on behalf of various renewable energy companies for the development of new projects under the Business Plan;
- €5,103 million issued on behalf of Enel Finance International NV to back the euro commercial paper program;
- €3,553 million issued to the European Investment Bank (EIB) for loans granted to e-distribuzione SpA, Enel Produzione SpA, Enel Green Power SpA, Enel Green Power Italia Srl, Enel Green Power Perú SAC, Enel Sole Srl and Enel X Mobility Srl;
- €2,714 million on behalf of the US company Enel Finance America LLC to secure the commercial paper program on the US market;
- €1,407 million in favor of Cassa Depositi e Prestiti issued on behalf of e-distribuzione SpA, which received the Enel Grid Efficiency II loan;
- €1,150 million issued by Enel SpA to the Single Buyer on behalf of Servizio Elettrico Nazionale for obligations under the electricity purchase contract;
- €939 million issued to INPS on behalf of various Group companies whose employees elected to participate in the structural staff reduction plan (Article 4 of Law 92/2012);
- €795 million issued to Terna on behalf of e-distribuzione SpA, Enel Global Trading SpA, Enel Produzione SpA, Enel X Italia SpA, Enel Green Power Italia Srl and Enel Energia SpA, in respect of agreements for electricity transmission services;
- €295 million issued to Snam Rete Gas on behalf of Enel Global Trading SpA, Enel X Italia Srl, Enel Produzione SpA and Nuove Energie Srl for gas transport capacity;
- €750 million as counter-guarantees in favor of the banks that guaranteed the Energy Markets Operator on behalf of Enel Global Trading SpA and Enel Produzione SpA;
- €67 million issued to the tax authorities to secure participation in the Group VAT mechanism on behalf of Enel Produzione SpA;

- €50 million issued to RWE Supply & Trading GmbH on behalf of Enel Global Trading SpA for electricity purchases;
- €50 million issued to E.ON Energy Trading on behalf of Enel Global Trading SpA for trading on the electricity market;
- €37 million issued on behalf of Enel Italia SpA to Excelsia Nove for the performance of obligations under rental contracts;
- €33 million issued to Wingas GmbH & CO.KG on behalf of Enel Global Trading SpA for the supply of gas;
- €5,427 million issued to various beneficiaries as part of financial support activities by the Parent on behalf of subsidiaries.

Compared with December 31, 2020, the increase in other sureties and guarantees issued on behalf of subsidiaries is mainly attributable to the issue of bonds as part of the Enel Group's financing strategy and the refinancing strategy for consolidated debt.
Specifically, Enel Finance International NV placed sustainability-linked bond issues on the market for a total amount equivalent to about €10.1 billion at an average borrowing cost of 0.5%. This program, together with the repurchase of conventional bonds, made it possible to achieve a ratio between sustainable financing sources and the Group's total gross debt of about 50%, simultaneously reducing the cost of the Group's borrowing.
These bonds, aimed at institutional investors, are guaranteed by Enel SpA itself.
In its capacity as the Parent, Enel SpA has also granted letters of patronage to a number of Group companies, essentially for assignments of receivables.

40. Contingent assets and liabilities

Enel, Enel Energia and Servizio Elettrico Nazionale antitrust proceeding - Italy

On May 11, 2017, the Competition Authority announced the beginning of proceedings for alleged abuse of a dominant position against Enel SpA (Enel), Enel Energia SpA (EE) and Servizio Elettrico Nazionale SpA (SEN), with the concomitant performance of inspections. The proceeding was initiated on the basis of complaints filed by the Italian Association of Energy Wholesalers and Traders (AIGET) and the company Green Network SpA (GN), as well as a number of complaints from individual consumers.
On December 20, 2018 the Competition Authority issued its final ruling, with which it levied a fine on Enel SpA, SEN and EE of €93,084,790.50, for abuse of a dominant position in violation of Article 102 of the Treaty on the Functioning of the European Union (TFEU).

The disputed conduct consisted in the adoption of a strategy to exclude competitors from the free market for retail power supply on the part of the Group's operating companies, in particular EE, who allegedly used the privacy consent given by consumers to channel their offers within the Group in order to contact SEN customers who were still being served on the regulated market.
With regard to other allegations made with the measure to initiate the proceeding, concerning the organization and performance of sales activities at physical locations (Enel Points and Enel Point Partner Shops) and winback policies reported by GN, the Competition Authority reached the conclusion that the preliminary findings did not provide sufficient evidence of any abusive conduct on the part of Enel Group companies.
The companies involved challenged the measures of the Competition Authority and filed an appeal to void the ruling before the Lazio Regional Administrative Court. The decision of that court, filed on October 17, 2019, partially upheld the appeals filed by SEN and EE, declaring that the abusive conduct had been engaged in for a period of 1 year and 9 months, rather than the original period of 5 years and 5 months, and requiring the Authority to recalculate the penalty in accordance with the criteria specified in the ruling. With the same ruling, the Regional Administrative Court denied Enel's appeal – which challenged the joint and several liability of the Parent with SEN and EE. The ruling had no autonomous financial impact on the Competition Authority's obligation to recalculate the penalty. With a measure dated November 27, 2019, the Competition Authority set the recalculated penalty at €27,529,786.46.
The rulings of the Regional Administrative Court were challenged on appeal before the Council of State by the three Enel Group companies and a precautionary request was presented at the same time asking for the suspension of the measure for recalculating the penalty levied by the Competition Authority. With an order of July 20, 2020, the Council of State, after the joinder of the three appeals, suspended the ruling and ordered that the issue be submitted for a preliminary ruling before the Court of Justice of the European Union (CJEU) pursuant to Article 267 of the TFEU, formulating a number of questions aimed at clarifying the interpretation of the concept of "abuse of a dominant position" to be applied to the present case. On September 11 and 18, 2020, the CJEU notified EE and SEN and Enel, respectively, of the initiation of a proceeding pursuant to Article 267 of the TFEU. The companies then filed briefs and, subsequently, EE and SEN participated at a hearing on September 9, 2021. At the following hearing of December 9, 2021, the conclusions of the Advocate General were presented to the CJEU.
Pending the opening of the proceedings before the CJEU, Enel, EE and SEN filed an additional precautionary petition to the Council of State asking for the suspension of

the enforceability of the contested ruling of the Regional Administrative Court and the measure recalculating the penalty.
With three separate orders with identical content – published on November 16, 2020 – the Council of State granted the request for suspension filed by the Enel companies and, as a guarantee of payment of the penalty in the event of an unfavorable final ruling, required the issue of a first demand surety in favor of the Competition Authority in an amount equal to that of the recalculated penalty suspended with the precautionary orders. The guarantee was duly provided.
With a separate ruling, the Council of State also set the date of the final trial session of the appeal for November 11, 2021. That hearing was postponed pending a decision from the CJEU.

BEG litigation - Italy, France, the Netherlands, Luxembourg

Following an arbitration proceeding initiated by BEG SpA (BEG) in Italy, Enelpower SpA (Enelpower) obtained a ruling in its favor in 2002, which was upheld by the Court of Cassation in 2010, which entirely rejected the petition for damages with regard to alleged breach by Enelpower of an agreement concerning the construction of a hydroelectric power station in Albania. Subsequently, BEG, acting through its subsidiary Albania BEG Ambient, filed suit against Enelpower and Enel SpA (Enel) in Albania concerning the matter, obtaining a ruling from the District Court of Tirana on March 24, 2009, upheld by the Albanian Court of Cassation, ordering Enelpower and Enel to pay tortious damages of about €25 million for 2004 as well as an unspecified amount of tortious damages for subsequent years. Following the ruling, Albania BEG Ambient demanded payment of more than €430 million from Enel.
With a ruling of June 16, 2015, the first level was completed in the additional suit lodged by Enelpower SpA and Enel SpA with the Court of Rome asking the Court to ascertain the liability of BEG SpA for having evaded compliance with the arbitration ruling issued in Italy in favor of Enelpower SpA through the legal action taken by Albania BEG Ambient Shpk. With this action, Enelpower SpA and Enel SpA asked the Court to find BEG liable and order it to pay damages in the amount that the other could be required to pay to Albania BEG Ambient Shpk in the event of the enforcement of the ruling issued by the Albanian courts. With the ruling, the Court of Rome found that BEG SpA did not have standing to be sued, or alternatively, that the request was not admissible for lack of an interest for Enel SpA and Enelpower SpA to sue, as the Albanian ruling had not yet been declared enforceable in any court. The Court ordered the setting off of court costs. Enel SpA and Enelpower SpA appealed the ruling before the Rome Court of Appeal, asking that it be overturned in full. The ruling is at the decision stage.
On November 5, 2016, Enel SpA and Enelpower SpA filed a petition with the Albanian Court of Cassation, asking for the ruling issued by the District Court of Tirana on March 24, 2009 to be voided. The proceeding is still pending.
On May 20, 2021, the European Court of Human Rights (ECHR) issued a ruling with which it decided the appeal brought by BEG against the Italian State for violation of Article 6.1 of the European Convention on Human Rights. With this decision, the Court denied BEG's request to reopen the arbitration proceedings, and also rejected BEG's claim for pecuniary damages amounting to about €1.2 billion due to the absence of a causal link with the disputed conduct, granting it only €15,000.00 in non-pecuniary damages.
Nonetheless, on December 29, 2021, BEG, with an action that the Company and its legal counsel deem unfounded and specious, also decided to sue the Italian State before the Court of Milan, to demand, as a consequence of the ECHR ruling, damages for tortious liability in an amount of about €1.8 billion. In this case, BEG also involved Enel and Enelpower by way of a claim of joint and several liability. The initial hearing is currently scheduled for April 27, 2022. Enel and Enelpower are preparing their defense for the appearance in court.

Proceedings undertaken by Albania BEG Ambient Shpk (ABA) to obtain enforcement of the ruling of the District Court of Tirana of March 24, 2009

France

In February 2012, ABA filed suit against Enel and Enelpower with the *Tribunal de Grande Instance* in Paris in order to render the ruling of the Albanian court enforceable in France. Enel SpA and Enelpower SpA challenged the suit. Following the beginning of the case before the *Tribunal de Grande Instance*, between 2012 and 2013 Enel France was served with a number of "*Saise Conservatoire de Créances*" (orders for the precautionary attachment of receivables) in favor of ABA to conserve any receivables of Enel in respect of Enel France.
On January 29, 2018, the *Tribunal de Grande Instance* issued a ruling in favor of Enel and Enelpower, denying ABA the recognition and enforcement of the Tirana court's ruling in France for lack of the requirements under French law for the purposes of granting *exequatur*. Among other issues, the *Tribunal de Grande Instance* ruled that: (i) the Albanian ruling conflicted with an existing decision (the arbitration ruling of 2002); and (ii) the fact that BEG sought to obtain in Albania what it was not able to ob-

tain in the Italian arbitration proceeding, resubmitting the same claim through ABA, represented fraud.
ABA appealed that ruling. With a ruling of May 4, 2021, the Paris Court of Appeal denied the appeal by ABA in full, ordering it to reimburse Enel and Enelpower €200,000.00 each for legal costs. In particular, the Court of Appeal fully upheld the ruling of the *Tribunal de Grande Instance* with regard to the conflict of the Albanian ruling with the 2002 arbitration award, which, having the value of *res judicata* under French law, does not require the court to assess the issue raised.
On June 21, 2021, ABA filed an appeal with the Cour de Cassation against the ruling of the Paris Court of Appeal. Enel and Enelpower are preparing their defense for the appearance before the Cour de Cassation. Finally, Enel and Enelpower initiated a separate proceeding to obtain release of the precautionary attachments granted to ABA and which are no longer valid as a result of the appeal ruling.

The Netherlands

At the end of July 2014, ABA filed suit with the Court of Amsterdam to render the ruling of the Albanian court enforceable in the Netherlands. With a ruling of June 29, 2016, the trial court recognized the Albanian ruling in the Netherlands and therefore ordered Enel and Enelpower to pay €433,091,870.00 to ABA, in addition to costs and ancillary charges of €60,673.78. With the same ruling, the Court of Amsterdam denied ABA's request to declare the ruling provisionally enforceable.
In a ruling of July 17, 2018, the Amsterdam Court of Appeal upheld the appeal advanced by Enel and Enelpower, ruling that the Albanian judgment cannot be recognized and enforced in the Netherlands. The Court of Appeal found that the Albanian decision was arbitrary and manifestly unreasonable and therefore contrary to Dutch public order.
The proceeding before the Court of Appeal continued with regard to the subordinate question raised by ABA with which it asked the Dutch court to rule on the merits of the dispute in Albania and in particular the alleged tortious liability of Enel and Enelpower in the failure to build the power plant in Albania.
On December 3, 2019, the Amsterdam Court of Appeal issued a definitive ruling in which it fully quashed the trial court judgment of June 29, 2016, rejecting any claim made by ABA. The Court came to this conclusion after affirming its jurisdiction over ABA's subordinate claim and re-analyzing the merits of the case under Albanian law, finding no tortious liability on the part of Enel and Enelpower. Accordingly, Enel and Enelpower are therefore not liable to pay any amount to ABA, which was in fact ordered by the Court of Appeal to reimburse the companies for the losses incurred in illegitimate conservative seizures, to be quantified as part of a specific procedure, and the costs of the trial and appeal proceedings. ABA filed an appeal of the ruling with the Supreme Court of the Netherlands. Following the filing of the opinion of the Advocate General, who ruled in favor of Enel and Enelpower, requesting the denial of the appeal lodged by ABA, on July 16, 2021 the Supreme Court completely rejected ABA's claims, ordering it to reimburse court costs. The decision of the Court of Appeal has thus become final and, therefore, no more proceedings are pending in the Netherlands.

Luxembourg

In Luxembourg, again at the initiative of ABA, J.P. Morgan Bank Luxembourg SA was also served with an order for a number of precautionary seizures of any receivables of both Enel Group companies in respect of the bank.
In parallel ABA filed a claim to obtain enforcement of the ruling of the Court of Tirana in Luxembourg. The proceeding is still in the initial stages and no ruling has been issued.

United States and Ireland

In 2014, ABA had initiated two proceedings requesting execution of the Albanian ruling before the courts of the State of New York and Ireland, which both ruled in favor of Enel and Enelpower, respectively, on February 23 and February 26, 2018. Accordingly, there are no lawsuits pending in Ireland or New York State.

Kino arbitration - Mexico

On September 16, 2020, Kino Contractor SA de Cv (Kino Contractor), Kino Facilities Manager SA de Cv (Kino Facilities) and Enel SpA (Enel) were notified of a request for arbitration filed by Parque Solar Don José SA de Cv, Villanueva Solar SA de Cv and Parque Solar Villanueva Tres SA de Cv (together, "Project Companies") in which the Project Companies alleged the violation (i) by Kino Contractor of certain provisions of the EPC Contract and (ii) by Kino Facilities of certain provisions of the Asset Management Agreement, both contracts concerning solar projects owned by the three companies filing for arbitration.
Enel – which is the guarantor of the obligations assumed by Kino Contractor and Kino Facilities under the above contracts – has also been called into the arbitration proceeding, but no specific claims have been filed against it for the moment.
The Project Companies, in which Enel Green Power SpA is a non-controlling shareholder, are controlled by CDPQ Infraestructura Participación SA de Cv (which is controlled by Caisse de Dépôt et Placement du Québec) and CKD Infraestructura México SA de Cv.
After the request for arbitration and the related response from the defendants, the parties exchanged further introductory briefs, in which the financial claim of the counterparties was quantified at about $140 million, while Kino Fa-

cilities quantified its own counterclaim at about $3.3 million. The document production phase is currently under way.

41. Future accounting standards

The following provides a list of accounting standards, amendments and interpretations that will take effect for the Company after December 31, 2021.

- "*Amendments to IAS 1 - Classification of Liabilities as Current or Non-current*", issued in January 2020. The amendments regard the provisions of IAS 1 concerning the presentation of liabilities. More specifically, the changes clarify:
  - the criteria to adopt in classifying a liability as current or non-current, specifying the meaning of right of an entity to defer settlement and that that right must exist at the end of the reporting period;
  - that the classification is unaffected by the intentions or expectations of management about when the entity will exercise its right to defer settlement of a liability;
  - that the right to defer exists if and only if the entity satisfies the terms of the loan at the end of the reporting period, even if the creditor does not verify compliance until later; and
  - that settlement regards the transfer to the counterparty of cash, equity instruments, other assets or services.

  The amendments will take effect, subject to endorsement, for annual periods beginning on or after January 1, 2023, with earlier application permitted.
- "*Amendments to IFRS 3 - Reference to the Conceptual Framework*" issued in May 2020. The amendments are intended to replace a reference to the definitions of assets and liabilities provided by the Revised Conceptual Framework for Financial Reporting issued in March 2018 (Conceptual Framework) without significantly changing its provisions.
  The amendments also add to IFRS 3 a requirement that, for transactions and other events within the scope of "IAS 37 - Provisions, contingent liabilities and contingent assets" or "IFRIC 21 - Levies", an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination.
  Finally, the amendments clarify the existing guidelines in IFRS 3 for contingent assets acquired in a business combination, specifying that, if it is not sure that an asset exists at the acquisition date, the contingent asset shall not be recognized.
  The amendments will take effect for annual periods beginning on or after January 1, 2022.
- "*Amendments to IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use*", issued in May 2020. The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss. The amendments will take effect for annual periods beginning on or after January 1, 2022. Early application is permitted.
- "*Amendments to IAS 37 - Onerous Contracts - Costs of Fulfilling a Contract*", issued in May 2020. The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. To this end, the cost of fulfilling a contract comprises the costs that relate directly to the contract. These consist of the incremental costs of fulfilling that contract or the allotment of other costs that relate directly to fulfilling contracts. The amendments will take effect for annual periods beginning on or after January 1, 2022. Early application is permitted.
- "*Annual improvements to IFRS Standards 2018-2020*", issued in May 2020. The document mainly comprises amendments to the following standards:
  - "*IFRS 1 - First-Time Adoption of International Financial Reporting Standards*"; the amendment simplifies the application of IFRS 1 by an investee (subsidiary, associate or joint venture) that becomes a first-time adopter of IFRS Standards after its parent has already adopted them. More specifically, if the investee adopts the IFRSs after its parent and applies IFRS 1.D16 (a), then the investee can elect to measure the cumulative translation differences for all foreign operations at the amounts that would be included in the parent's consolidated financial statements, based on parent's date of transition to the IFRSs;
  - "*IFRS 9 - Financial Instruments*"; with regard to fees included in the "10 per cent" test for derecognition of financial liabilities, the amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. In determining those fees paid net of fees received, the borrower shall include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other party's behalf;
  - "*IFRS 16 - Leases"; the International Accounting Standards Board amended Illustrative Example 13 accompanying*" IFRS 16 - Leases". Specifically, the amendment eliminates the potential for confusion in the application of IFRS 16 created by the way in which Illustrative Example 13 had illustrated the requirements for lease incentives. The example had included a reimbursement relating to leasehold improvements without explaining whether the reimbursement qual-

ified as a lease incentive. The amendment removes the illustration of a reimbursement relating to leasehold improvements from the example;

– "*IAS 41 - Agriculture*"; the amendment removes the requirement for entities to exclude cash flows for taxation when measuring fair value. Accordingly, entities shall use pre-tax cash flows and a pre-tax rate to discount those cash flows.

The amendments shall be applied prospectively for annual periods beginning on or after January 1, 2022. Early application is permitted.

- "*Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies*", issued in February 2021. The amendments are intended to support entities in deciding which accounting policies to disclose in the financial statements. The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. A guide on how to apply the concept of materiality to disclosures on accounting policies is provided in the amendments to IFRS Practice Statement 2. The amendments will take effect for annual periods beginning on or after January 1, 2023. Early application is permitted.
- "*Amendments to IAS 8 - Definition of Accounting Estimates*", issued in February 2021. The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. The definition of changes in accounting estimates has been replaced with a definition of accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". The amendments will take effect, subject to endorsement, for annual periods beginning on or after January 1, 2023. Early application is permitted.
- "*Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction*", issued in May 2021. The amendments require entities to recognize deferred tax on transactions that at initial recognition give rise to equal taxable and deductible temporary differences. The amendments will take effect for annual periods beginning on or after January 1, 2023. Early application is permitted.
- "*Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*", issued in September 2014. The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the assets sold or contributed to an associate or joint venture constitute a "business" (as defined in IFRS 3). The IASB has deferred the effective date of these amendments indefinitely.
- "*IFRS 17 - Insurance Contracts*", issued in May 2017. The standard will take effect for annual periods beginning on or after January 1, 2023, with earlier application permitted.

The Group is assessing the potential impact of the future application of the new provisions.

42. Events after the reporting period

Enel places a €2.75 billion "sustainability-linked bond" in three tranches on the eurobond market

On January 10, 2022, Enel Finance International NV, the Dutch-registered finance company controlled by Enel SpA, placed a €2.75 billion "sustainability-linked bond" in three tranches, linked to the achievement of Enel's sustainability objective for the reduction of direct greenhouse gas emissions (Scope 1), contributing to the achievement of the United Nations Sustainable Development Goal (SDG) 13 "Climate Action" and in line with the Group's "Sustainability-Linked Financing Framework".

Fitch revises Enel's long-term rating to "BBB+" and makes no change to the short-term rating of "F-2". The outlook is stable

On February 4, 2022, Fitch Ratings announced that it has revised Enel SpA's long-term rating to "BBB+" from the previous "A-". The agency also confirmed Enel's short-term rating at "F-2". The outlook remains stable.
According to the agency, the change in Enel's rating mainly reflects the expected increase in financial leverage in the medium term due to the investment opportunities that have prompted Enel to gradually expand its capital expenditure plans in response to the energy transition.

Russia-Ukraine conflict

On February 24, 2022, the Russian President announced "a special military operation" in Ukrainian territory that led to the outbreak of conflict between the two countries.
In the previous weeks, various attempts had been made to achieve a diplomatic solution to the strains between Russia and Ukraine that, following extensive and prolonged military maneuvers by the Russian armed forces along the Ukrainian border, had persisted for some time. As the days went by, hostilities escalated, with an intensification of clashes.
The Russian military intervention in Ukraine triggered prompt reactions from various countries and internation-

al organizations. The European Council called on Russia to immediately cease hostilities and withdraw its armed forces from Ukraine in compliance with international law. The United Nations General Assembly, meeting in an emergency session, also approved a resolution condemning the Russian military action in Ukraine, asking Russia to withdraw the army.
At the same time, the European Commission is addressing the humanitarian crisis engendered by the conflict in Ukraine, with the deployment of humanitarian aid and emergency aid programs, including increased financial support to Ukraine.
Negotiations are under way between the parties involved to seek a diplomatic solution that will prevent the situation from becoming a threat to international peace and security.
The European Union and other countries (e.g., the United States, the United Kingdom, Australia, Japan, Switzerland and others) have imposed severe sanctions on Russia, which, although of varying effectiveness, have impacted strategic sectors of the Russian economy and the financial sector and imposed personal restrictions on the Russian President and other political and business figures. The main European sanctions involve:

- freezing Russian assets in the euro area;
- blocking the access of Russian banks to European financial markets;
- imposing export control measures (including a ban on the export of goods to Russia and Belarus in the aviation, maritime, space, technology and "dual-use" sectors);
- freezing commercial transactions with the Ukrainian regions of Donetsk and Luhansk;
- excluding major Russian banks from the international SWIFT transaction system;
- blocking current accounts with the Sberbank banking group;
- closing airspace to Russian flights;
- freezing the personal assets of the Russian President, oligarchs, politicians and senior executives of the Russian companies that support him.

These sanctions have had an initial impact on the exchange rate of the ruble, which has depreciated sharply against the euro and the US dollar, on local interest rates (which were increased to 20% by the Russian Central Bank) and on the share prices of companies listed on the Moscow Stock Exchange (with a significant decline being recorded in March).
Financial difficulties have also been associated with an increased level of IT risk, to which businesses and governments are exposed, making it necessary to adopt adequate defense measures and stringent internal controls to safeguard their digital infrastructure.
Considering this background, the Enel Group has activated a task force to carefully monitor the status and evolution of current developments and manage potential risks.
Today, the Enel Group is present in Russia with a number of companies in which it holds control or joint control with other investors.
More specifically, Enel SpA controls 56.43% of Enel Russia PJSC, a company listed on the Moscow Stock Exchange that generates electricity, mainly with three thermal generation plants, and holds 100% stakes in three renewable generation companies.
In addition, the Company also directly holds an investment of 49.5% in the joint venture Rusenergosbyt LLC operating in the End-user Markets Business Line.
At the end of 2021, the three thermal generation plants operating in Russia had an installed capacity of 5,276 MW, while renewables installed wind capacity was equal to 228 MW (including 138 MW of partial additional capacity of the Murmansk Kolskaya Wind Farm plant, which is under construction).
The contribution of the Russian companies to the main consolidated performance aggregates in 2021 (considering the average 2021 euro/ruble exchange rate of 87.18) is not significant and includes revenue of €564 million (0.6% of the total consolidated revenue of the Enel Group), operating profit of €51 million (0.7% of total Enel Group operating profit) and net profit of €64 million (2.0% of Enel Group profit).
The Enel Group is constantly monitoring the impact of the international crisis on its operations in Russia (with particular regard to the procurement of materials, services and labor) and evaluating developments in market variables (exchange rates, interest rates), first and foremost taking consideration of the potential effects on performance and financial position of the depreciation of the ruble against the euro. Furthermore, the Enel Group is also assessing developments associated with the counter-sanctions being deployed by Russia against investments in the country.

The Enel Group is conducting analyses to assess the indirect impacts of the war in Ukraine on operations, the financial situation and performance in the main euro-area countries in which it operates, with particular regard to shortages of raw materials from the areas affected by the conflict and the generalized increase in commodity prices.
The Enel Group does not have gas supply contracts (pipeline and LNG) with Russia, but in Italy measures are being evaluated at the regulatory level to reduce the demand for gas and to contain price volatility on the markets. In Spain (where the Group is present with its subsidiary Endesa SA) in addition to regulatory developments, we are analyzing the effects on nuclear fuel orders from Russia.

Particular attention is also paid to the impacts of the war on activities in Slovakia, where the Enel Group is present with the jointly controlled company Slovenské elektrárne AS (SE), of which Enel SpA indirectly holds 33%. It operates in the generation of electricity from nuclear, thermal and hydroelectric sources with an installed capacity of 4 GW. SE's nuclear plants have links with Russia involving technical-operational activities (supply of nuclear fuel and technology), investments (Russian suppliers involved in the construction of the MO3/4 plant who are currently not targeted by the sanctions) and loans (SE's debt exposure to Sberbank).

In this highly fluid situation, characterized by considerable regulatory uncertainty and high and volatile prices, the Enel Group is carefully monitoring macroeconomic and business variables in order to develop the most accurate real-time estimates of impacts connected with regulatory changes, sanctions and restrictions on assets, as well as on suppliers and contracts applicable to the Enel Group, taking due account of the recommendations issued by national and supranational organizations on this issue.[21]

43. Fees of the audit firm pursuant to Article 149-*duodecies* of the CONSOB Issuers Regulation

Fees pertaining to 2021 paid by Enel SpA and its subsidiaries at December 31, 2021 to the audit firm and entities belonging to its network for services are summarized in the following table, pursuant to the provisions of Article 149-*duodecies* of the CONSOB Issuers Regulation.

Type of service	Entity providing the service	Fees (millions of euro)
Enel SpA		
Auditing	of which:	
	- KPMG SpA	0.4
	- entities of KPMG network	-
Certification services	of which:	
	- KPMG SpA	1.1
	- entities of KPMG network	-
Other services	of which:	
	- KPMG SpA	-
	- entities of KPMG network	-
Total		**1.5**
Enel SpA subsidiaries		
Auditing	of which:	
	- KPMG SpA	3.5
	- entities of KPMG network	7.6
Certification services	of which:	
	- KPMG SpA	1.2
	- entities of KPMG network	1.0
Other services	of which:	
	- KPMG SpA	0.1
	- entities of KPMG network	-
Total		**13.4**
TOTAL		**14.9**

(21) ESMA no. 71-99-1864 of March 14, 2022; CONSOB warning notice in the weekly bulletin of March 9-14, 2022.

Declaration of the Chief Executive Officer and the officer in charge of financial reporting of Enel SpA at December 31, 2021, pursuant to the provisions of Article 154-*bis*, paragraph 5, of Legislative Decree 58 of February 24, 1998 and Article 81-*ter* of CONSOB Regulation no. 11971 of May 14, 1999

1. The undersigned Francesco Starace and Alberto De Paoli, in their respective capacities as Chief Executive Officer and officer in charge of financial reporting of Enel SpA, hereby certify, taking account of the provisions of Article 154-*bis*, paragraphs 3 and 4, of Legislative Decree 58 of February 24, 1998:
   a. the appropriateness with respect to the characteristics of the Company and
   b. the effective adoption of the administrative and accounting procedures for the preparation of the separate financial statements of Enel SpA in the period between January 1, 2021 and December 31, 2021.

2. In this regard, we report that:
   a. the appropriateness of the administrative and accounting procedures used in the preparation of the separate financial statements of Enel SpA has been verified in an assessment of the internal control system for financial reporting. The assessment was carried out on the basis of the guidelines set out in the "Internal Controls - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO);
   b. the assessment of the internal control system for financial reporting did not identify any material issues.

3. In addition, we certify that separate financial statements of Enel SpA at December 31, 2021:
   a. have been prepared in compliance with the International Financial Reporting Standards recognized in the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of July 19, 2002;
   b. correspond to the information in the books and other accounting records;
   c. provide a true and fair representation of the financial position, financial performance and cash flows of the issuer.

4. Finally, we certify that the Report on Operations accompanying the separate financial statements of Enel SpA at December 31, 2021 contains a reliable analysis of operations and performance, as well as the situation of the issuer, together with a description of the main risks and uncertainties to which it is exposed.

Rome, March 17, 2022

Francesco Starace	Alberto De Paoli
Chief Executive Officer of Enel SpA	Officer in charge of financial reporting of Enel SpA

4. Reports

Report of the Board of Statutory Auditors to the Shareholders' Meeting of Enel SpA

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS' MEETING OF ENEL SpA CALLED TO APPROVE THE FINANCIAL STATEMENTS FOR 2021
(pursuant to Article 153 of Legislative Decree 58/1998)

Shareholders,
During the year ended December 31, 2021 we performed the oversight activities envisaged by law at Enel SpA (hereinafter also "Enel" or the "Company"). In particular, pursuant to the provisions of Article 149, paragraph 1, of Legislative Decree 58 of February 24, 1998 (hereinafter the "Consolidated Law on Financial Intermediation") and Article 19, paragraph 1 of Legislative Decree 39 of January 27, 2010 (hereinafter "Decree 39/2010"), we monitored:

- compliance with the law and the corporate bylaws as well as compliance with the principles of sound administration in the performance of the Company's business;
- the Company's financial reporting process and the adequacy of the administrative and accounting system, as well as the reliability of the latter in representing operational events;
- the statutory audit of the annual statutory and consolidated accounts and the independence of the audit firm;
- the adequacy and effectiveness of the internal control and risk management system;
- the adequacy of the organizational structure of the Company, within the scope of our responsibilities;
- the implementation of the corporate governance rules as provided for by the 2020 edition of the Italian Corporate Governance Code (hereinafter, the "Corporate Governance Code"), which the Company adopted during the year;(1)
- the appropriateness of the instructions given by the Company to its subsidiaries to enable Enel to meet statutory public disclosure requirements.

In performing our checks and assessments of the above issues, we did not find any particular issues to report.
In compliance with the instructions issued by Consob with Communication no. DEM/1025564 of April 6, 2001, as amended, we report the following:

- we monitored compliance with the law and the bylaws and we have no issues to report;
- on a quarterly basis, we received adequate information from the Chief Executive Officer, as well as through our participation in the meetings of the Board of Directors

(1) In March 2021, the Board of Directors completed the adoption of measures to ensure that Enel had implemented the amendments to the Italian Corporate Governance Code. Until that time, the Company had adopted the corporate governance rules provided for in the 2018 edition of the Corporate Governance Code for listed companies.

of Enel, on activities performed, general developments in operations and the outlook, and on transactions with the most significant impact on performance or the financial position carried out by the Company and its subsidiaries. We report that the actions approved and implemented were in compliance with the law and the bylaws and were not manifestly imprudent, risky, in potential conflict of interest or in contrast with the resolutions of the Shareholders' Meeting or otherwise prejudicial to the integrity of the Company's assets. For a discussion of the features of the most significant transactions, please see the report on operations accompanying the separate financial statements of the Company and the consolidated financial statements of the Enel Group for 2021 (in the section "Significant events in 2021");

- we did not find any atypical or unusual transactions conducted with third parties, Group companies or other related parties;
- in the section "Related parties" of the notes to the separate financial statements for 2021 of the Company, the directors describe the main transactions with related-parties – the latter being identified on the basis of international accounting standards and the instructions of Consob – carried out by the Company, to which readers may refer for details on the transactions and their financial impact. They also detail the procedures adopted to ensure that related-party transactions are carried out in accordance with the principles of transparency and procedural and substantive fairness. The transactions were carried out in compliance with the approval and execution processes set out in the related procedure – adopted in compliance with the provisions of Article 2391-bis of the Italian Civil Code and the implementing regulations issued by Consob – described in the report on corporate governance and ownership structure for 2021. All transactions with related parties reported in the notes to the separate financial statements for 2021 of the Company were executed as part of ordinary operations in the interest of the Company and settled on market terms and conditions;
- the Company declares that it has prepared its separate financial statements for 2021 on the basis of international accounting standards (IAS/IFRS) – and the interpretations issued by the IFRIC and the SIC – endorsed by the European Union pursuant to Regulation (EC) no. 1606/2002 and in force at the close of 2021, as well as the provisions of Legislative Decree 38 of February 28, 2005 and its related implementing measures, as it did the previous year. The Company's separate financial statements for 2021 have been prepared on a going-concern basis using the cost method, with the exception of items that are measured at fair value under the IFRS-EU, as indicated in the accounting policies for the individual items of the financial statements. The notes to the separate financial statements give detailed information on the accounting standards and measurement criteria adopted, accompanied by an indication of the standards applied for the first time in 2021,

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which as indicated in the notes did not have a significant impact in the year under review;

- the separate financial statements for 2021 of the Company underwent the statutory audit by the audit firm, KPMG SpA, which issued an unqualified opinion, including with regard to the consistency of the report on operations and certain information in the report on corporate governance and ownership structure of the Company with the financial statements, as well as compliance with the provisions of law, pursuant to Article 14 of Decree 39/2010 and Article 10 of Regulation (EU) no. 537/2014. The report of KPMG SpA also includes:
  - a discussion of key aspects of the audit report on the separate financial statements; and
  - the declaration provided pursuant to Article 14, paragraph 2(e) of Decree 39/2010 stating that the audit firm did not identify any significant errors in the contents of the report on operations;
- the Company declares that it has also prepared the consolidated financial statements of the Enel Group for 2021 on the basis of international accounting standards (IAS/IFRS) – and the interpretations issued by the IFRIC and the SIC – endorsed by the European Union pursuant to Regulation (EC) no. 1606/2002 and in force at the close of 2021, as well as the provisions of Legislative Decree 38 of February 28, 2005 and its related implementing measures, as it did the previous year. The 2021 consolidated financial statements of the Enel Group are also prepared on a going-concern basis using the cost method, with the exception of items that are measured at fair value under the IFRS-EU (as indicated in the discussion of measurement criteria for the individual items) and non-current assets (or disposal groups) classified as held for sale, which are measured at the lower of carrying amount and fair value less costs to sell. The notes to the consolidated financial statements provide a detailed discussion of the accounting standards and measurement criteria adopted, accompanied by an indication of standards applied for the first time in 2021, which did not have a significant impact in the year under review. Note also that, starting from 2021, in compliance with the provisions of Delegated Regulation (EU) 2019/815 of December 17, 2018 (the "ESEF Regulation"), the Company has (i) drawn up its entire Annual Financial Report (including the separate financial statements and the consolidated financial statements, the respective reports on operations and the associated certifications pursuant to Article 154-bis, paragraph 5, of the Consolidated Law on Financial Intermediation) in the single electronic reporting format XHTML (Extensible Hypertext Markup Language), and (ii) marked up (with specific tags) the schedules of the consolidated financial statements and the related explanatory notes using the iXBRL markup language (Inline eXtensible Business Reporting Language),

in accordance with the ESEF taxonomy issued annually by ESMA, in order to facilitate the accessibility, analysis and comparability of the annual financial reports;

- the consolidated financial statements for 2021 of the Enel Group underwent statutory audit by the audit firm KPMG SpA, which issued an unqualified opinion, including with regard to the consistency of the consistency of the report on operations and certain information in the report on corporate governance and ownership structure with the consolidated financial statements, as well as compliance with the provisions of law, pursuant to Article 14 of Decree 39/2010 and Article 10 of Regulation (EU) no. 537/2014. The report of KPMG SpA also includes:
  - a discussion of key aspects of the audit report on the consolidated financial statements; and
  - the declaration provided pursuant to Article 14, paragraph 2(e) of Decree 39/2010 and Article 4 of Consob Regulation no. 20267 (implementing Legislative Decree 254 of December 30, 2016) concerning, respectively, a statement that the audit firm did not identify any significant errors in the contents of the report on operations and that it verified that the Board of Directors had approved the consolidated non-financial statement;

  Under the terms of its engagement, KPMG SpA also issued unqualified opinions on the financial statements for 2021 of the most significant Italian companies of the Enel Group. Moreover, during periodic meetings with the representatives of the audit firm, KPMG SpA, the latter did not raise any issues concerning the reporting packages of the main foreign companies of the Enel Group, selected by the auditors on the basis of the work plan established for the auditing of the consolidated financial statements of the Enel Group, that would have a sufficiently material impact to be reported in the opinion on those financial statements;
- taking due account of the recommendations of the European Securities and Markets Authority issued on January 21, 2013, and most recently confirmed with the Public Statement of October 29, 2021, to ensure appropriate transparency concerning the methods used by listed companies in testing goodwill for impairment, in line with the recommendations contained in the joint Bank of Italy – Consob – ISVAP document no. 4 of March 3, 2010, and in the light of indications of Consob in its Communication no. 7780 of January 28, 2016, the compliance of the impairment testing procedure with the provisions of IAS 36 was expressly approved by the Board of Directors of the Company, having obtained a favorable opinion in this regard from the Control and Risk Committee in February 2022, i.e. prior to the date of approval of the financial statements for 2021;
- we examined the Board of Directors’ proposal for the allocation of net profit for 2021 and the distribution of available reserves and have no comments in this regard;

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- we note that the Board of Directors of the Company certified, following appropriate checks by the Control and Risk Committee and the Board of Statutory Auditors in March 2022, that as at the date on which the 2021 financial statements were approved, the Enel Group continued to meet the conditions established by Consob (set out in Article 15 of the Market Rules, approved with Resolution no. 20249 of December 28, 2017) concerning the accounting transparency and adequacy of the organizational structures and internal control systems that subsidiaries established and regulated under the law of non-EU countries must comply with so that Enel shares can continue to be listed on regulated markets in Italy;
- we monitored, within the scope of our responsibilities, the adequacy of the organizational structure of the Company (and the Enel Group as a whole), obtaining information from department heads and in meetings with the boards of auditors or equivalent bodies of a number of the main Enel Group companies in Italy and abroad, for the purpose of the reciprocal exchange of material information. As from the second half of 2014, the organizational structure of the Enel Group is based on a matrix of global business lines and geographical areas. Taking account of the changes implemented most recently in 2021 and the early months of 2022, it is organized into: (i) global business lines*,* which are responsible for managing and developing assets, optimizing their performance and the return on capital employed in the various geographical areas in which the Group operates. The global business lines are: Enel Green Power, and Thermal Generation, Global Energy and Commodity Management, Global Infrastructure and Networks, Enel X Global Retail and Global E-Mobility*;* (ii) regions and countries, which are responsible for managing relationships with local institutional bodies, regulatory authorities, the media and other local stakeholders, as well as optimizing the customer portfolio and generation assets, pursuing the best integrated margin, while also providing staff and other service support to the global business lines and adopting appropriate security, safety and environmental standards. Regions and countries comprise: Italy, Iberia, Europe, Latin America, North America, and Africa, Asia and Oceania; (iii) global service functions, which are responsible for managing information and communication technology activities (Global Digital Solutions), procurement at the Group level (Global Procurement) and invoicing, credit and customer care processes (Global Customer Operations); and (iv) holding company functions, which among other things are responsible for managing governance processes at the Group level. They include: Administration, Finance and Control, Personnel and Organization, Communication, Legal and Corporate Affairs, Audit, and Innovation and Sustainability. The Board of Statutory Auditors feels that the organizational system described above is adequate to support the strategic development of the Company and the Enel Group and is also consistent with control requirements;

- during meetings with the boards of auditors or equivalent bodies of a number of the Group's main companies in Italy and abroad, no material issues emerged that would require reporting here;
- we monitored the independence of the audit firm, having received today from KPMG specific written confirmation that they met that requirement (pursuant to the provisions of Article 6, paragraph 2(a), of Regulation (EU) 537/2014) and paragraph 17 of international standard on auditing (ISA Italia) 260 and having discussed the substance of that declaration with the audit partner. In this regard, we also monitored – as provided for under Article 19, paragraph 1(e), of Decree 39/2010 – the nature and the scale of non-audit services provided to the Company and other Enel Group companies by KPMG SpA and the entities belonging to its network. The fees due to KPMG SpA and the entities belonging to its network are reported in the notes to the separate financial statements of the Company. Following our examinations, the Board of Statutory Auditors feels that there are no critical issues concerning the independence of KPMG SpA.

  We held periodic meetings with the representatives of the audit firm, pursuant to Article 150, paragraph 3, of the Consolidated Law on Financial Intermediation, and no material issues emerged that would require mention in this report.

  With specific regard to the provisions of Article 11 of Regulation (EU) 537/2014, KPMG SpA today provided the Board of Statutory Auditors with the "additional report" for 2021 on the results of the statutory audit carried out, which indicates no significant difficulties encountered during the audit or any significant shortcomings in the internal control system for financial reporting or the Enel accounting system that would raise issues requiring mention in the opinion on the separate and consolidated financial statements. The Board of Statutory Auditors will transmit that report to the Board of Directors promptly, accompanied by any comments it may have, in accordance with Article 19, paragraph 1(a), of Decree 39/2010.

  As at the date of this report, the audit firm also reported that it did not prepare any management letter for 2021;
- we monitored the financial reporting process, the appropriateness of the administrative and accounting system and its reliability in representing operational events, as well as compliance with the principles of sound administration in the performance of the Company's business and we have no comments in that regard. We conducted our checks by obtaining information from the head of the Administration, Finance and Control department (taking due account of the head's role as the officer responsible for the preparation of the Company's financial reports), examining Company documentation and analyzing the findings of the examinations performed by KPMG SpA. The Chief Executive Officer and the officer responsible for the preparation of the financial reports of Enel issued a statement (regarding the

Company’s 2021 separate financial statements) certifying (i) the appropriateness with respect to the characteristics of the Company and the effective adoption of the administrative and accounting procedures used in the preparation of the financial statements; (ii) the compliance of the content of the financial reports with international accounting standards endorsed by the European Union pursuant to Regulation (EC) no. 1606/2002; (iii) the correspondence of the financial statements with the information in the books and other accounting records and their ability to provide a true and fair representation of the performance and financial position of the Company; and (iv) that the report on operations accompanying the financial statements contains a reliable analysis of operations and performance, as well as the situation of the issuer, together with a description of the main risks and uncertainties to which it is exposed. The statement also affirmed that the appropriateness of the administrative and accounting procedures used in the preparation of the separate financial statements of the Company had been verified in an assessment of the internal control system for financial reporting (supported by the findings of the independent testing performed by a qualified external advisor) and that the assessment of the internal control system did not identify any material issues. An analogous statement was prepared for the consolidated financial statements for 2021 of the Enel Group.;

- we monitored the adequacy and effectiveness of the internal control system, primarily through constant participation of the head of the Audit department of the Company in the meetings of the Board of Statutory Auditors and holding about half of the meetings jointly with the Control and Risk Committee, as well as through periodic meetings with the body charged with overseeing the operation of and compliance with the organizational and management model adopted by the Company pursuant to Legislative Decree 231/2001. In the light of our examination and in the absence of significant issues, the internal control and risk management system can be considered adequate and effective. In February 2022, the Board of Directors of the Company expressed an analogous assessment of the situation and also noted, in November 2021, that the main risks associated with the strategic targets set out in the 2022-2024 Business Plan were compatible with the management of the Company in a manner consistent with those targets;
- in 2021 no petitions were received by the Board of Auditors nor did we receive any complaints concerning circumstances deemed censurable pursuant to Article 2408 of the Italian Civil Code;
- we monitored the effective implementation of the Corporate Governance Code, verifying the compliance of Enel’s corporate governance arrangements with the recommendations of the Code. Detailed information on the Company’s corporate

governance system can be found in the report on corporate governance and ownership structure for 2021.

In June 2021, the Board of Statutory Auditors verified that the Board of Directors, in evaluating the independence of non-executive directors, correctly applied the assessment criteria specified in the Corporate Governance Code and the principle of the priority of substance over form that must inform the application of the Code's recommendations in general, adopting a transparent procedure, the details of which are discussed in the report on corporate governance and ownership structure for 2021.

With regard to the so-called "self-assessment" of the independence of its members, the Board of Statutory Auditors - in June 2021 and February 2022 - ascertained that all standing statutory auditors met the relevant requirements set out in the Consolidated Law on Financial Intermediation and in the Corporate Governance Code.

In the final part of 2021 and during the first two months of 2022, the Board of Statutory Auditors, with the support of an independent advisory firm, conducted a board review assessing the size, composition and functioning of the Board of Statutory Auditors, as has been done since 2018, similar to the review conducted for the Board of Directors since 2004. This is a best practice that the Board of Statutory Auditors intended to adopt even in the absence of a specific recommendation of the Corporate Governance Code, a "peer-to-peer review" approach, i.e. the assessment not only of the functioning of the body as a whole, but also of the style and content of the contribution provided by each of the auditors. The approach adopted in performing the board review for 2021 and the findings of that review are described in detail in the report on corporate governance and ownership structure for 2021, revealing the unanimous agreement of the members of the Board of Statutory Auditors concerning the complete adequacy of its size, membership and functioning. Compared with 2020, it was confirmed that the oversight body has adopted effective and efficient operating methods that comply with the reference regulatory framework.

Note also that, based on the findings of the board review and taking account of the provisions of the policy on the diversity of its members (approved on January 29, 2018), the Board of Statutory Auditors - in view of the election of a new Board of Statutory Auditors following the expiry of its term, scheduled for the Shareholders' Meeting called to approve the separate financial statements of the Company for 2021 – issued specific guidance for the shareholders (available on the company website) regarding the qualifications that the members of the Board of Statutory Auditors should possess;

- During 2021, the Board of Statutory Auditors also participated in an induction program, characterized by specific studies to update directors and statutory auditors on corporate governance and climate change issues, with the aim of further developing their skills with the support of a qualified external expert;
- we monitored the application of the provisions of Legislative Decree 254 of December 30, 2016 (hereinafter "Decree 254) concerning the disclosure of non-financial and diversity information by certain large undertakings and groups. In performing that activity, we monitored the adequacy of the organizational, administrative, reporting and control system established by the Company in order to enable the accurate representation in the consolidated non-financial statement for 2021 of the activity of the Enel Group, its results and its impacts in the non-financial areas referred to in Article 3, paragraph 1, of Decree 254, and have no comments in this regard. The audit firm, KPMG SpA, has issued, pursuant to Article 3, paragraph 10, of Decree 254 and Article 5 of Consob Regulation no. 20267 of January 18, 2018, its certification of the conformity of the information provided in the consolidated non-financial statement with the requirements of applicable law;
- since the listing of its shares, the Company has adopted specific rules (most recently amended in September 2018) for the internal management and processing of confidential information, which also set out the procedures for the disclosure of documentation and information concerning the Company and the Group, with specific regard to inside information. Those rules (which can be consulted on the corporate website) contain appropriate provisions directed at subsidiaries to enable Enel to comply with statutory public disclosure requirements, pursuant to Article 114, paragraph 2, of the Consolidated Law on Financial Intermediation ;
- in 2002 the Company also adopted (and has subsequently updated, most recently in February 2021) a Code of Ethics (also available on the corporate website) that expresses the commitments and ethical responsibilities involved in the conduct of business, regulating and harmonizing corporate conduct in accordance with standards of maximum transparency and fairness with respect to all stakeholders;
- with regard to the provisions of Legislative Decree 231 of June 8, 2001 - which introduced into Italian law a system of administrative (in fact criminal) liability for companies for certain types of offences committed by its directors, managers or employees on behalf of or to the benefit of the company - since July 2002 Enel has adopted a compliance program consisting of a "general part" and various "special parts" concerning the difference offences specified by Legislative Decree 231/2001 that the program is intended to prevent. For a description of the manner in which the model has been adapted to the characteristics of the various Italian companies of the Group, as well as a description of the purposes of the "Enel Global Compliance Program" for the Group's foreign companies, please see the report on corporate

governance and ownership structure for 2021. The structure that monitors the operation and compliance with the program and is responsible for updating it is a collegial body. This body, appointed in July 2020, is still composed of three external members who jointly have specific professional expertise on corporate organization matters and corporate criminal law. The Board of Statutory Auditors received adequate information on the main activities carried out in 2021 by that body, including in meetings with its members. Our examination of those activities found no facts or situations that would require mention in this report;

- in 2021, the Board of Statutory Auditors issued a favorable opinion (at the meeting of February 3, 2021) on the 2021 Audit Plan, in accordance with the provisions of Article 7.C.1, letter c) of the Corporate Governance Code for listed companies (which the Company still applied as at that date);
- a report on the fixed and variable compensation accrued by those who served as Chairman of the Board of Directors, the Chief Executive Officer/General Manager and other directors in 2021 for their respective positions and any compensation instruments awarded to them is contained in the second section of the Report on Remuneration Policy for 2022 and Remuneration Paid in 2021 referred to in Article 123-ter of the Consolidated Law on Financial Intermediation (for the sake of brevity, "Remuneration Report" hereinafter), approved by the Board of Directors, acting on a proposal of the Nomination and Compensation Committee on April 6, 2022, which will be published in compliance with the time limits established by law. The design of these remuneration instruments is in line with best practices as it complies with the principle of establishing a link with appropriate financial and non-financial performance targets and pursuing the creation of shareholder value over the medium and long term. The proposals to the Board of Directors concerning such forms of compensation and the determination of the associated parameters were prepared by the Nomination and Compensation Committee, which is made up entirely of independent directors, drawing on the findings of benchmark analyses, including at the international level, conducted by an independent consulting firm. In addition, the second section of the Remuneration Report contains, in compliance with the applicable Consob regulations, specific disclosures on the remuneration received in 2021 by the members of the oversight body and by key management personnel (in aggregate form for the latter).

  The Board of Statutory Auditors also supervised the process of preparing the remuneration policy for 2022 – described in full in the first section of the Remuneration Report, without finding any critical issues. In particular, oversight activity examined the consistency of the various measures envisaged by that policy with (i) the provisions of Directive (EU) 2017/828 as transposed into Italian law, with (ii) the recommendations of the Italian Corporate Governance Code, as well as with

(iii) the results of the benchmark analysis carried out, including at the international level, by an independent consulting firm that the Nomination and Compensation Committee elected to engage.

As indicated in the first section of the Remuneration Report, during the preparation of the remuneration policy for 2022, the Board of Statutory Auditors - taking account of the recommendations in this regard by the Corporate Governance Code – asked the independent consulting firm to conduct an additional benchmark analysis to ascertain the adequacy of the remuneration paid to the members of the oversight body. This analysis was performed on the basis of the data reported in the documentation published on the occasion of 2021 shareholders' meetings by issuers belonging to a peer group composed - unlike that used for the analogous analysis concerning the Board of Directors - exclusively of Italian companies belonging the FTSE MIB index ([2]). The functions that the Italian legal system assigns to the Board of Statutory Auditors differentiate the latter from the bodies with oversight functions provided for in the one-tier and two-tier governance systems commonly adopted in other countries. For the purpose of identifying the peer group, the consultant, in agreement with the Board of Statutory Auditors, decided to exclude certain industrial companies belonging to the FTSE MIB index that have concentrated ownership structures, while evaluating some companies in the FTSE MIB index operating in the financial services industry.

The analysis showed that, on the basis of the data as at December 31, 2020, Enel exceeds the peer group in terms of capitalization, is above the ninth decile in terms of revenue and slightly below the ninth decile in terms of number of employees.

The same analysis also found that – against Enel's very high positioning compared with the companies included in the panel in terms of capitalization, revenue and number of employees - the remuneration of the Chairman of the Board of Statutory Auditors and of the other Statutory Auditors is just under the peer group median for the Chairman and in line with the median for the other standing Statutory Auditors. The analysis also found that in 2020, on average, the boards of statutory auditors of the companies belonging to the panel were composed of four standing auditors compared with the three standing members of Enel's Board of Statutory Auditors, and held 25 meetings compared with the 27 meetings held by Enel's Board of Statutory Auditors.

On the basis of the analysis, it therefore emerged that the competitiveness of the remuneration envisaged for the Chairman and the other standing members of Enel's Board of Statutory Auditors is similar to the positioning of the non-executive directors

([2]) The peer group consists of the following 19 companies: A2A, Atlantia, Assicurazioni Generali, Banco BPM, BPER Banca, Eni, Hera, Leonardo, Mediobanca, Nexi, Pirelli, Poste Italiane, Prysmian, Saipem, Snam, Terna, TIM, Unicredit and Unipol.

of Enel with regard to the remuneration paid to them in their capacity as directors. (net of attendance fees, which at Enel are not envisaged for participation in board meetings but are paid by some of the peer group companies used for the purpose of preparing the 2022 policy for directors' remuneration).

However, the consultant noted that to correctly assess the appropriateness of the remuneration paid to the members of the Board of Statutory Auditors, it would be advisable to assess its amount in the light of the overall effort required by the position, taking due consideration of the fact that the members of the Board of Statutory Auditors also participate in the meetings of the Board committees (a practice that enables them to perform their oversight of the effective implementation of the recommendations of the Corporate Governance Code within Enel) without receiving any additional remuneration for this activity.

Finally, it should be noted that the benchmark analysis found a clear correlation between the competitiveness of the remuneration offered by the peer group companies to their respective boards of statutory auditors and the different work load required of them, as indicated by the number of meetings held in 2020. Accordingly, the analysis noted that companies in the financial services industry offer higher remuneration on average to the chairman and the standing members of their boards of statutory auditors, taking account of the greater number of meetings held. The analysis also found that the amount of remuneration paid to the Chairman and the standing members of Enel's Board of Statutory Auditors is substantially in line with that currently paid by the larger of the peer group companies in which the Ministry for the Economy and Finance holds a significant direct and/or indirect investment.

The Board of Statutory Auditors' oversight activity in 2021 was carried out in 28 meetings and with participation in the 16 meetings of the Board of Directors and participation in the annual Shareholders' Meeting, and, through the chairman or one or more of its members, in the 17 meetings of the Control and Risk Committee (16 of which held jointly with the Board of Statutory Auditors), in the 12 meetings of the Nomination and Compensation Committee, in the 7 meetings of the Related Parties Committee and in the 5 meetings of the Corporate Governance and Sustainability Committee, for a total of 86 meetings. The delegated magistrate of the State Audit Court participated in the meetings of the Board of Statutory Auditors and those of the Board of Directors.

During the course of this activity and on the basis of information obtained from KPMG SpA, no omissions, censurable facts, irregularities or other significant developments were found that would require reporting to the regulatory authorities or mention in this report.

Finally, the Board of Statutory Auditors notes that in 2021 and until March 31, 2022, the health emergency associated with the COVID-19 pandemic was still under way in Italy. Through that date, Italian authorities maintained a number of limitations on freedom of movement within the country to contain the contagion, among other things imposing bans on gatherings.

In this context, the Board of Statutory Auditors, in the light of the measures to contain the COVID-19 pandemic, held many of its meetings in 2021 exclusively with the use of audio/video conference systems by all participants, which nevertheless ensured their identification and the exchange of documentation - in accordance with the provisions of Article 25.4 of the Bylaws – and, more generally, the full performance of the oversight body’s functions.

The Board of Statutory Auditors also notes that the Company's Board of Directors has called the ordinary Shareholders' Meeting for May 19, 2022 in a single call, establishing that – in the light of the uncertain developments in the COVID-19 pandemic and taking account of the continuing need to reduce travel and the risks associated with in-person participation at events and considering the provisions concerning the holding of company meetings in Article 106, paragraph 4, of Decree Law 18 of March 17, 2020, ratified with amendments by Law 27 of April 24, 2020(3) - it will be conducted in a manner that enables shareholders to participate exclusively through the shareholders’ representative designated by the Company referred to in Article 135-undecies of the Consolidated Law on Financial Intermediation, to whom shareholders may also confer proxies or sub-proxies pursuant to Article 135-novies of the Consolidated Law, also in derogation from the provisions of Article 135-undecies, paragraph 4, of the Consolidated Law. The Board of Statutory Auditors will ensure that the rights of the Shareholders can be exercised on the occasion of the aforementioned Shareholders' Meeting – as occurred on the occasion of the Enel Shareholders’ Meetings held using similar procedures on May 14, 2020 and May 20, 2021 - within the limits permitted by the special procedures envisaged for holding the Meeting.

The Board of Statutory Auditors will continue to carry out its oversight activity until the expiry of its term in close coordination with the Board of Directors and the audit firm to monitor the impact – including economic and financial repercussions - of the COVID-19 pandemic, and more recently the sensitive geopolitical situation, on the Company and the Enel Group. In this latter regard, in performing its statutory oversight activities the Board of Statutory Auditors took due account of the recommendations contained in the joint Bank of Italy - Consob - IVASS - UIF press release of March 7, 2022, as well as

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(3) Whose validity was extended until July 31, 2022 by Article 3, paragraph 1, of Decree Law 228 of December 30, 2021, ratified with amendments by Law 15 of February 25, 2022.

Consob's warning notice of March 18, 2022, regarding the possible impact of the Russia-Ukraine conflict on the operations of listed companies.

Based on the oversight activity performed and the information exchanged with the independent auditors KPMG SpA, we recommend that you approve the Company's financial statements for the year ended December 31, 2021 in conformity with the proposals of the Board of Directors.

Rome, April 14, 2022

The Board of Auditors

[signed]

Barbara Tadolini - Chairman

[signed]

Romina Guglielmetti - Auditor

[signed]

Claudio Sottoriva - Auditor

Report of the Audit Firm

KPMG S.p.A.
Revisione e organizzazione contabile
Via Curtatone, 3
00185 ROMA RM
Telefono +39 06 80961.1
Email it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537 of 16 April 2014

To the shareholders of
Enel S.p.A.

Report on the audit of the separate financial statements

Opinion

We have audited the separate financial statements of Enel S.p.A. (the "company"), which comprise the statement of financial position as at 31 December 2021, the income statement and the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the separate financial statements give a true and fair view of the financial position of Enel S.p.A. as at 31 December 2021 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the separate financial statements*" section of our report. We are independent of the company in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Partita IVA 00709600159
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20124 Milano MI ITALIA

Key audit matters

There are no key audit matters to report.

Responsibilities of the company's directors and board of statutory auditors ("Collegio Sindacale") for the separate financial statements

The directors are responsible for the preparation of separate financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the company's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the company or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the company's financial reporting process.

Auditors' responsibilities for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report

to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern;

— evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other information required by article 10 of Regulation (EU) no. 537/14

On 16 May 2019, the company's shareholders appointed us to perform the statutory audit of its separate and consolidated financial statements as at and for the years ending from 31 December 2020 to 31 December 2028.

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537/14 and that we remained independent of the company in conducting the statutory audit.

We confirm that the opinion on the separate financial statements expressed herein is consistent with the additional report to the *Collegio Sindacale*, in its capacity as audit committee, prepared in accordance with article 11 of the Regulation mentioned above.

Report on other legal and regulatory requirements

Opinion on the compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The company's directors are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (ESEF) to the separate financial statements to be included in the annual financial report.

We have performed the procedures required by Standard on Auditing (SA Italia) 700B in order to express an opinion on the compliance of the separate financial statements with Commission Delegated Regulation (EU) 2019/815.

In our opinion, the separate financial statements have been prepared in XHTML format in compliance with the provisions of Commission Delegated Regulation (EU) 2019/815.

Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98

The company's directors are responsible for the preparation of the reports on operation and on corporate governance and ownership structure at 31 December 2021 and for the consistency of such reports with the related separate financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the report on operations and the specific information presented in the report on corporate governance and ownership structure indicated by article 123-bis.4 of Legislative decree no. 58/98 with the company's separate financial statements at 31 December 2021 and their compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the report on operations and the specific information presented in the report on corporate governance and ownership structure referred to above are consistent with the company's separate financial statements at 31 December 2021 and have been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Rome, 14 April 2022

KPMG S.p.A.

(signed on the original)

Renato Naschi
Director of Audit

Summary of the resolutions of the Ordinary Shareholders' Meeting of May 19, 2022

The Ordinary Shareholders' Meeting of Enel SpA held in single call on May 19, 2022, in Rome, Via Pietro de Coubertin no. 30, adopted the following resolutions:

1. approved the financial statements of Enel SpA for the year ended on December 31, 2021, having acknowledged the results of the consolidated financial statements of the Enel Group, which closed with Group's net income amounting to approximately €3,189 million, together with the consolidated non-financial statement, both referred to the financial year 2021;
2. resolved:
   i. to allocate Enel SpA's net income for the year 2021, amounting to €4,762,482,257.12, as follows:
      a. to earmark for distribution to shareholders:
         - €0.19 for each of the 10,161,790,794 ordinary shares in circulation on the ex-dividend date (considering the 4,889,152 treasury shares held by the Company at the "record date" indicated under this specific bullet point), to cover the interim dividend paid from January 26, 2022, with the ex-dividend date of coupon no. 35 falling on January 24, 2022 and the "record date" (i.e. the date of the title to the payment of the dividend) falling on January 25, 2022, for an overall amount of €1,930,740,250.86;
         - €0.19 for each of the 10,166,679,946 ordinary shares in circulation on July 18, 2022 (i.e. on the ex-dividend date), net of the treasury shares that will be held by Enel SpA at the "record date" indicated under point (ii) below, as the balance of the dividend, for an overall maximum amount of €1,931,669,189.74;
      b. to earmark for the reserve named "retained earnings" an overall amount of €70,554,748.57, to cover the amounts paid in 2021, at the maturity of the respective coupons, to the holders of the non-convertible subordinated hybrid bonds with a so-called "perpetual" duration issued by Enel SpA;
      c. to earmark for the same reserve named "retained earnings" the remaining part of the net income, for an overall minimum amount of €829,518,067.95, which might increase consistently with the balance of the dividend not paid due to the number of treasury shares that will be held by Enel SpA at the "record date" indicated under point (ii) below;
   ii. to pay, before withholding tax, if any, the balance of the dividend of €0.19 per ordinary share – net of the treasury shares that will be held by Enel SpA at the "record date" indicated here below – as from July 20, 2022, with the ex-dividend date of coupon no. 36 falling on July 18, 2022 and the "record date" (i.e. the date of the title to the payment of the dividend) falling on July 19, 2022;
3. resolved:
   i. to revoke the resolution concerning the authorization for the acquisition and the disposal of treasury shares approved by the ordinary Shareholders' Meeting held on May 20, 2021, without prejudice to the effects of the latter in relation to the acts performed and/or related and consequential thereto;
   ii. to authorize the Board of Directors to purchase, in one or more instalments and for a period of eighteen months starting from the date of the Shareholders' Meeting resolution, a maximum number of 500 million ordinary shares of the Company, representing approximately 4.92% of the share capital of Enel SpA, for a maximum outlay of €2 billion; and
   iii. to authorize the Board of Directors to dispose, in one or more instalments and for an unlimited period of time, of all or part of the treasury shares held in portfolio, also before having reached the maximum amount of shares that can be purchased, as well as, as the case may be, to buy-back the shares, provided that the treasury shares held by the Company and, if applicable, by its subsidiaries, do not exceed the limit set by above-mentioned authorization to the purchase;
4. appointed the new Board of Statutory Auditors, which will remain in office until the approval of the 2024 financial statements, in the persons of:
   - Barbara Tadolini - Chair;
   - Maura Campra - Regular Statutory Auditor;
   - Luigi Borré - Regular Statutory Auditor;
   - Tiziano Onesti - Alternate Statutory Auditor;
   - Carolyn A. Dittmeier - Alternate Statutory Auditor;
   - Piera Vitali - Alternate Statutory Auditor;

confirming a remuneration of €85,000 gross per year for the Chair and of €75,000 gross per year for each of the other Regular Statutory Auditors, in addition to the reimbursement of properly documented travel and living expenses incurred in performing the duties of the office;

5. approved the 2022 Long-Term Incentive Plan reserved to the management of Enel SpA and/or of its subsidiaries pursuant to Article 2359 of the Italian Civil Code, whose features are described in the relevant information document prepared pursuant to Article 84-*bis*, paragraph 1, of the Issuers' Regulation adopted by CONSOB with resolution 11971/1999, and to grant the Board of Directors, with the faculty to sub-delegate, all powers necessary for the actual implementation of the aforesaid Plan;
6. with reference to the "Report on the remuneration policy for 2022 and compensations paid in 2021" of Enel SpA, with two separate and distinct votes, approved:
   - with a binding resolution, the first section of the aforementioned Report, drawn up by the Company's Board of Directors pursuant to Article 123-*ter*, paragraph 3, of Legislative Decree 58 of February 24, 1998, containing the description of the Company's policy for the remuneration of the members of the Board of Directors, the General Manager, the executives with strategic responsibilities and the members of the Board of Statutory Auditors for the financial year 2022, as well as the procedures used for the adoption and implementation of such policy;
   - with a non-binding resolution, the second section of the aforementioned Report, drawn up by the Company's Board of Directors pursuant to Article 123-*ter*, paragraph 4, of Legislative Decree 58 of February 24, 1998 containing the description of the compensations of the members of the Board of Directors and the Board of Statutory Auditors, of the General Manager and the executives with strategic responsibilities (for the latter, in aggregate form) related to the financial year 2021.

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Enel
Società per azioni
Registered Office 00198 Rome - Italy
Viale Regina Margherita, 137
Stock Capital Euro 10,166,679,946 fully paid-in
Companies Register of Rome and Tax I.D. 00811720580
R.E.A. of Rome 756032 VAT Code 15844561009

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