Sustainability - Linked Financing Framework

February 2023

enel

Contents:

This Sustainability-Linked Financing Framework (the "Framework", "SLFF") is aimed to provide guidelines on Enel S.p.A.'s sustainability strategy and targets to foster the best markets practices, presenting an unified and coherent suite of sustainability linked financing instruments. The Framework outlines, among other things, the Key Performance Indicators (KPIs) embedded by Enel in its financial transactions and associated, among others, to SDGs relating to climate change or environmental degradation, namely SDG 7 (Ensure access to affordable, reliable, sustainable and modern energy for all) and SDG 13 (Take urgent action to combat climate change and its impacts), as well as to the environmental objectives set out by the European Union in the EU Taxonomy Regulation, with a particular focus on the climate mitigation objective.

01 Introduction

Who we are

Enel S.p.A. ("Enel") and its subsidiaries (the "Group" or the "Enel Group") are a multinational integrated energy group deeply committed to the energy transition through the development of renewable capacity and the progressive electrification of customers' uses.

In 2022, 51% of the consolidated electricity production the Enel Group produced is expected to be from renewable sources, making it one of the world's major producers of clean energy.

In November 2021, Enel further enhanced its commitment by bringing forward from 2050 to 2040 its decarbonization target, covering both direct and indirect emissions.

In December 2022, Enel's commitment to fight against climate change achieved a new historic milestone as its comprehensive decarbonization roadmap was certified by the Science Based Targets initiative ("SBTi") as consistent with limiting global warming to 1.5°C, hence aligned to the most ambitious temperature goal of the Paris Agreement adopted by the United Nations in 2015.

The strategic milestones to become Zero across all Scopes by 2040 are:

- The deployment of new renewable capacity to have a 100% renewable fleet by 2040;
- The exit from coal-based generation by 2027 and from gas-based generation by 2040;
- The exit from the gas retail business by 2040 and the achievement of 100% electricity sold to customers from renewable energy by 2040;
- The roll out of a capex plan in full alignment with the 2040 Zero Targets.

The Enel Group renewables business is operated through Enel Green Power S.p.A. ("EGP") and its subsidiaries, as well as Endesa S.A., Enel Chile S.A. and Enel Américas S.A.. The Enel Group has developed and maintained the largest and most diversified portfolio of quality investment opportunities in the renewable energy business.

Enel is the first utility in the world that has replaced conventional electromechanical meters with so-called "smart meters", being modern electronic meters that enable consumption levels to be read in real time and contracts to be managed remotely. At the end of 2022, 60% of Enel customers are expected to be digitalized, already leading to a full coverage of end users in Italy and Spain.

Our strategy[1]

In recent years, the world has experienced the Covid-19 pandemic, quickly followed by a precarious geopolitical situation and, concomitantly, a worsening of the extreme weather events that are directly related to climate change.

In the energy sector, therefore, the global need to guarantee secure (i.e., minimally exposed to international crises), affordable and sustainable energy supplies, while keeping the impact on the environment to a minimum, has never been greater.

Accelerating the transition toward renewable sources is therefore a top priority if we're to protect the climate and reduce the dependence of individual countries on imported fossil fuels. To enable the development of clean energies, it is essential to drive forward the digitalization of power grids and the rebalancing of supply chains. In this context, the Enel Group has identified three strategic pillars for the 2023-2025 three-year period.

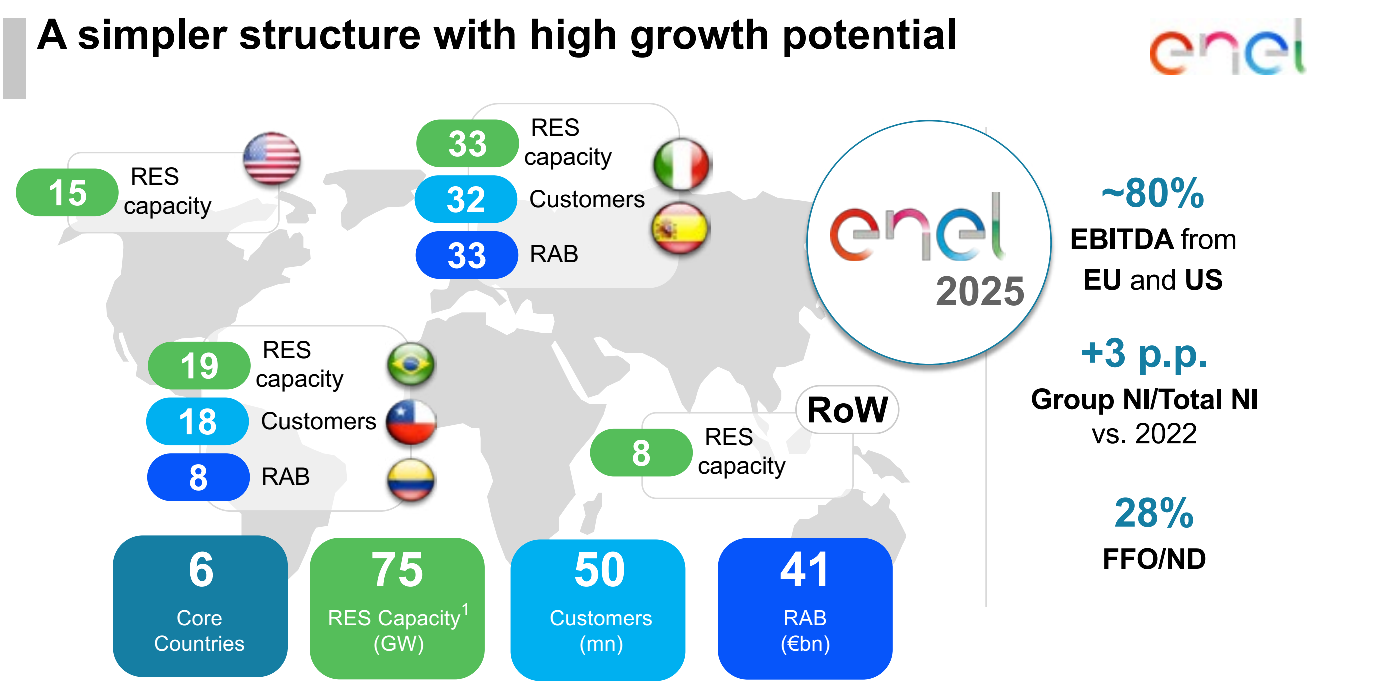
1. Firstly, there's the need to continue the program of sustainable electrification that has characterized the Group's activities in recent years, both in terms of zero-emissions electricity generation and digitalization: the objective is to be generating 75% of electricity from renewable sources and to have digitalized approximately 80% of customers on the grid by 2025.

2. Regarding its geographical scope, the Group aims to create a more agile corporate structure, focusing on six core countries: Italy, Spain, the United States, Brazil, Chile, and Colombia.

3. Finally, Enel is renewing its commitment to ensuring growth and financial strength, and therefore to enhancing its ability to create value for all stakeholders.

1. For further information https://www.enel.com/investors/strategy/strategic-plan-2023-2025

A simpler structure with high growth potential



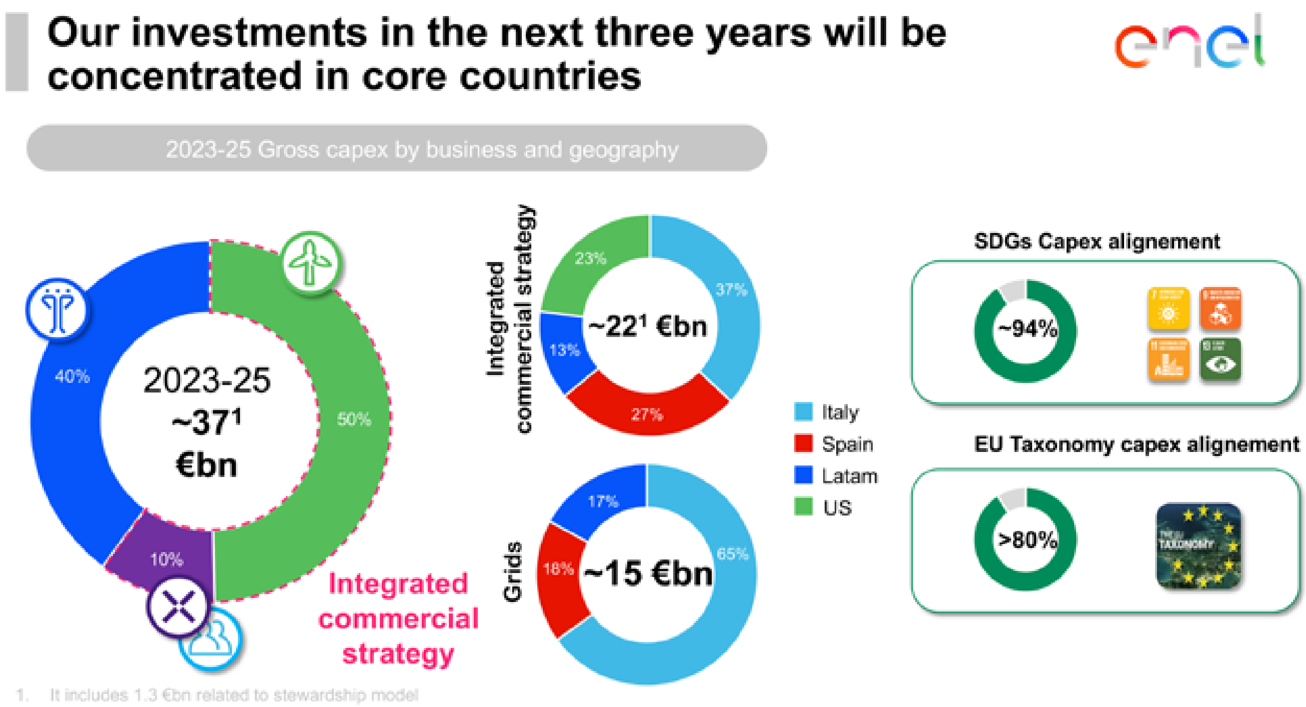
1. It includes around 4 GW of BESS capacity

Taken together, these directions will help make the Group's activities even more resilient, while simultaneously confirming the profound and now structured integration of sustainability at all levels of its strategy.

Our plan[2]

Over the 2023-2025 period, **the Group plans to invest a total of approximately €37 billion**, **around 50% of which will be to support electricity generation**, around **10% will be for customers and services**, as part of an integrated business strategy, while around **40% will be aimed at power grids**.

The Group plans to invest around **€22 billion in its integrated business strategy** (i.e. generation, customers and services), **with approximately 84% of that amount being invested in Italy**, **Spain and the United States**, countries where the regulatory framework facilitates and supports sustainable electrification.



2. For further information https://www.enel.com/investors/strategy/strategic-plan-2023-2025

With respect to the development of renewables in particular, in Italy and Spain the Plan focuses on longer-term fixed-price contracts, and in the United States and Latin America on long-term Power Purchase Agreements (PPAs), which offer high visibility on returns.

The Group plans to invest approximately €15 billion in power grids, more than 80% of which will be in Europe.

The Stewardship business model will also continue to be implemented, aimed at taking advantage of potential further opportunities in non-core countries and at maximizing value creation globally. Under this model, the plan is to mobilize investments by the Group and third parties totaling around €15 billion, in order to add further renewable generation, new infrastructure and services.

Enel strategic actions

Pursue an **integrated position** across the **value chain** to serve our **customers** in their **electrification journey**

1. Balance customers' demand and supply to optimize the risk/return profile
2. Decarbonization to ensure competitiveness, sustainability and security
3. Reinforce, grow and digitize networks to enable the transition
4. Streamline our portfolio of businesses and geographies

The Plan will focus on **four lines of action**:

1. **balancing customer demand and supply to optimize the risk/return profile**. By 2025, in the core countries, the Group plans to sell approximately 80% of its electricity under fixed-price contracts, with fixed-price sales fully covered by the Group's own generation, 90% of which will be from zero-emission sources: this will enable the Group to implement a stable, long-term business strategy, thus reducing the short-term risks associated with external volatility. To facilitate customers playing a central role in the energy transition process, over the next three years the Group also aims to accelerate the roll-out of value-added services: electric vehicle charging points will increase from approximately 500,000 in 2022E to 1.4 million, behind-the-meter storage systems from about 99 MW to 352 MW, while demand response will account for 12.4 GW, up from 8.4 GW.

2. **resolutely continuing on the path toward decarbonization**, **to ensure competitiveness**, **sustainability and security in the core countries**. By 2025, the Group plans to add around 21 GW of installed renewable capacity, including approximately 19 GW in the core countries, reaching a total managed capacity of around 75 GW (including around 4 GW from BESS - Battery Energy Storage Systems, i.e., batteries for storing electricity): the percentage generated from zero-emission sources will rise to around 83%. This will mark a further significant step by the Group toward achieving its decarbonization goals, in line with the 1.5 °C objective established by the Paris Agreement. The goal remains to have, by 2040, an electricity generation mix that's entirely derived from zero-emission sources.

3. **strengthening**, **developing and digitalizing the grids to enable the energy transition process**. With respect to power grids, the Plan focuses on the five countries (Italy, Spain, Brazil, Chile, and Colombia) where the Group has an integrated position and envisages increasing its investment per customer by around 30% compared to its estimates for the 2020-2022 period. This increase is aimed at achieving a variety of objectives: to improve the quality and resilience of the grids to enable them to support load growth and to cope with the challenges

posed by climate change-related events; to continue the process of digitalization in order to improve efficiency and reduce grid outages by a further 35% with respect to 2022 estimates (SAIDI – the System Average Interruption Duration Index - is expected to fall to around 150 minutes in 2025); to increase the number of digitalized grid customers to 80%; and to increase connections so as to accommodate the expected increase in distributed electricity generation and the expansion of urban grids.

4. **streamlining the portfolio of business and geographical areas**. The Group's intention to streamline the geographical areas it encompasses will continue in the new Plan as it withdraws, commencing in 2023, from certain areas that are no longer aligned with the Group's strategy (Romania, Peru and Argentina). As a result, its European activities will be concentrated in Italy and Spain, while in Latin America further streamlining is planned in Brazil with the focus turning toward the country's megacities (Rio and São Paulo). Other geographical regions (such as Australia and Greece) will be transferred to come under the scope of the Stewardship model. In terms of business areas, under the Plan the Group will commence its withdrawal from the gas sector: a choice that's in line with the objective of abandoning its carbon-intensive activities, and which has been accelerated by the current market context. The Group expects to complete divestments totaling €21 billion.

Prioritizing sustainability[3]

This new Plan underlines the Group's commitment to prioritizing sustainability principles: approximately **94% of the planned investments are fully aligned with the UN's Sustainable Development Goals ("SDGs")**.

In particular, they directly contribute to achieving **SDGs 7** ("Affordable and clean energy"), **9** ("Industry, innovation and infrastructure") and **11** ("Sustainable cities and communities"), all of which directly contribute to **SDG 13** ("Climate action").

Furthermore, due to their substantial contribution in terms of mitigating climate change, more than **80% of the planned investments are aligned with the European Union Taxonomy criteria**.

Value creation for all of our stakeholders

Financial community	Value creation spread	~350
Clients	Reduction of household power price[1]	-20%
Planet	Scope 1 Generation GHG emission intensity[2]	-44%
Communities	Cumulated GDP created by local investments	~70 €bn
Employees	Upskilling and reskilling programs on overall training[3]	40%
Suppliers	Supplies' value covered by Carbon Footprint certification[3]	75%
Partners	Transition investments through partnerships	~15 €bn

1. Re-pricing 2025 vs 2023. Fixed price offered to free market clients. 2. Target does not include M&A plan 3. In 2025

3. For further information https://www.enel.com/investors/strategy/strategic-plan-2023-2025

The **Group's business strategy is expected to contribute to an overall increase of approximately €70 billion in terms of Gross Domestic Product in the countries in which it operates** and is expected to enable its customers to reduce their total household energy costs by about 20%, in addition to improving service quality.

Sustainable finance will remain at the core of the Group's financial strategy: by 2025, the share of the total gross debt coming from sustainable financing sources is expected to increase to 70% from the estimated 60% in 2022.

In the longer term, the Enel Group’s climate strategy will leverage on decarbonization of the generation mix as well as the electrification of end customers’ uses, partnering with all relevant stakeholders in the fight against climate change.

02 Rationale for establishing a Sustainability-Linked Financing (SLF) Framework

2. Rationale for establishing a Sustainability-Linked Financing (SLF) Framework

Over the years, Enel has been a leading player in sustainable finance and has led key innovation over recent years.

Enel was an early issuer of green bonds and was amongst the largest corporate issuers of green bonds at the time. Enel placed very successful green bonds and met continuous growing investor demand for its green bonds.

Nevertheless, as a company whose strategy and business model are clearly sustainable, in 2019 Enel decided to issue an innovative general corporate purpose financing product which created financial incentives for the company to fulfil its sustainable business in order to progress the evolution of sustainable capital markets.

The approach consisted in linking the sustainability strategy of Enel (and/or its subsidiaries) as issuer or borrower to the terms of general corporate purposes debt, incentivizing the achievement of pre-determined Sustainability Performance Targets (SPTs) within a pre-determined timeline.

Enel's SDG-Linked Bonds issued in September 2019 marked the beginning of the Sustainability-Linked Bond market, and following the issuance of Sustainability-Linked Bonds by a variety of issuers globally, it is also important to note that, as of January 1, 2021, bonds with coupon structures linked to certain sustainability performance targets can be considered eligible by the European Central Bank (i) as collateral for Eurosystem credit operations and also (ii) for outright purchases in Eurosystem monetary policy operations, provided that they comply with all other eligibility criteria set forth by European Central Bank for debt instruments.

Since 2019, Enel has expanded the range of its Sustainability-Linked Financing instruments with Sustainability-Linked Loans and Revolving Credit Facilities, Sustainability-Linked Foreign Exchange and Rates Derivatives and Guarantees; moreover, Enel has established two SDG Commercial Paper Programmes, demonstrating how sustainability can be integrated across the financing and risk management tools of the company.

Enel wishes to foster best market practices and present a unified and coherent suite of Sustainability-Linked Financing instruments to the market and to the public finance domain, most notably for the subsidized and development financing space. Enel thus decided to establish a Sustainability-Linked Financing Framework in 2021.

Enel's instruments under this Framework will be focused on contributing to SDG 7 (Ensure access to affordable, reliable, sustainable and modern energy for all) and SDG 13 (Take urgent action to combat climate change and its impacts), both relating to climate change or environmental degradation. They will also contribute to the environmental objectives set out by the European Union in the EU Taxonomy Regulation, with a particular focus on the climate mitigation objective.

Sustainable finance sources now represent c.60% of Enel's Gross Debt. These include, among others, Sustainability-Linked Bonds, Green Bonds, Sustainability-Linked Loans and other forms of sustainable and development financings. The Group's path towards increasing sustainable finance shows how much it can be instrumental to support the organic growth of a sustainable company: the aim is to progressively refinance upcoming maturities and raise new funding via Sustainability-Linked instruments.

All of this is made possible by Enel's capital allocation and customer commercial strategy which aim at accelerating our own decarbonisation and that of our customers by speeding up their electrification.

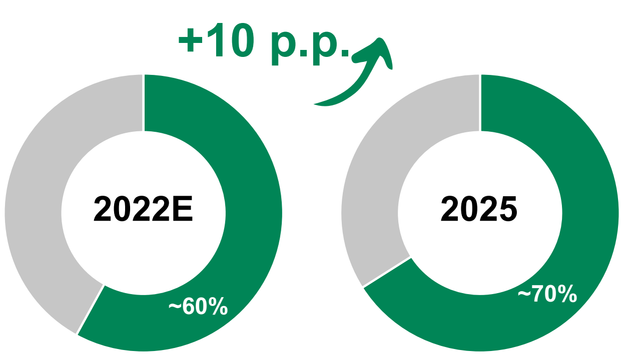
Over the plan the share of sustainable finance sources on total gross debt is expected to increase to ~70% in 2025.

Our sustainable finance is at the core of our financial strategy

Sustainable finance sources (€bn)[1]

	Total amount[2]	Drawn amount[2]	KPIs[3]
Bonds	30	30	
Loans	13	12	
RCFs	20	-	
CPs	18	6	
Total	81	48	

Sustainable sources on total



1. 2022E. Enel, EFI, EFA, Endesa and Enel Chile 2.Nominal values of the Programs, it includes, Sustainability-Linked instruments,.Green bonds and subsidized finance 3. KPIs refer only to Sustaibalility-Linked instruments

03 ICMA Climate Transition Finance Handbook

3. ICMA Climate Transition Finance Handbook

Enel will also follow, on a best effort basis, the disclosure guidelines found in the Climate Transition Finance Handbook, 2020 version[4], as administered by ICMA.

As such, Enel will be transparent with regards to:

1. Its climate transition strategy and governance
2. The business model environmental materiality focused on climate change
3. Its 'Science-based' transition approach, including targets and pathways
4. Implementation transparency

Relevant disclosures will be included in Enel's annual report, sustainability report, annual reporting, or investor presentation, or any other publicly accessible document for investors.

4. https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/Climate-Transition-Finance-Handbook-December-2020-091220.pdf

04 Alignment with Sustainability-Linked Bond Principles 2020 and Sustainability-Linked Loan Principles 2022

4. Alignment with Sustainability-Linked Bond Principles 2020 and Sustainability-Linked Loan Principles 2022

This Sustainability-Linked Financing Framework has been established in accordance with the Sustainability-Linked Principles (SLBP) 2020 as administered by ICMA[5].

The following five components form the basis of Enel's SLFF:

1. selection of Key Performance Indicators (KPIs);
2. calibration of Sustainability Performance Targets (SPTs);
3. financial characteristics;
4. reporting on the above, and
5. independent verification of the components listed in points 1-4.

Substantially similar core components are outlined under the Sustainability Linked Loan Principles 2022, published, among others, by the LMA in connection with Sustainability-Linked Loans[6].

This Framework covers the following financing and risk management instruments: Sustainability-Linked Bonds, Sustainability-Linked Loans,

Sustainability-Linked Foreign Exchange Derivatives, Sustainability-Linked Rates Derivatives and Sustainability-Linked Guarantees, as well as SDG Commercial Paper Programmes (together the "Sustainability-Linked Financing Instruments").

For the avoidance of doubt, please note that the abovementioned financing instruments falling within this version of the Framework will be those issued and/or executed after the publication of this version of the Framework on Enel's website.

5. International Capital Market Association SLB Principles 2020 : https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2020/Sustainability-Linked-Bond-PrinciplesJune-2020-100620.pdf

6. Sustainability-Linked Loan Principles (SLLP) published by the Loan Market Association, the Asia Pacific Loan Market Association and the Loan Syndications & Trading Association: https://www.lsta.org/content/sustainability-linked-loan-principles-sllp/

4.1 Key Performance Indicators (KPIs)

Enel has selected the following five KPIs, which are core, relevant, and material to its business and able to measure the sustainability improvements of the Group:

1. Scope 1 GHG emissions Intensity relating to Power Generation (gCO_{2eq}/kWh)
2. Scope 1 and 3 GHG emissions Intensity relating to Integrated Power (gCO_{2eq}/kWh)
3. Absolute Scope 3 GHG emissions relating to Gas Retail (MtCO_{2eq})
4. Renewable Installed Capacity Percentage (%)
5. Proportion of CAPEX aligned to the EU Taxonomy (%).

These five KPIs contribute to SDG 7 (Ensure access to affordable, reliable, sustainable and modern energy for all) and SDG 13 (Take urgent action to combat climate change and its impacts), both relating to climate change or environmental degradation, which are – amongst others – acceptable environmental goals to which coupon structures may be linked in order for sustainability-linked bonds to be considered eligible by the European Central Bank as collateral for Eurosystem credit operations and for outright purchases in Eurosystem monetary policy operations, provided that all other eligibility criteria are met.

In addition, the five selected KPIs contribute to the EU Environmental Objective of Climate Change Mitigation, as defined in the EU Taxonomy Regulation[7].

7. Taxonomy Regulation (EU) 2020 /852: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32020R0852

KPI #1:
Scope 1 GHG emissions Intensity relating to Power Generation (gCO_{2eq}/kWh)[8]

Group Scope 1 greenhouse gas emissions (GHG) intensity (gCO_{2eq}/kWh).

- **Definition/Methodology**: Group Scope 1 greenhouse gas emissions (including CO_2, CH_4 and N_2O) from power generation measured in grams of CO_{2eq} per kWh, as defined and detailed in the documentation of the relevant sustainability-linked transactions and in line with the GHG Protocol[9].

- **Rationale**: The KPI measures Enel's performance on decarbonizing its energy production mix, which will be fully accomplished by 2040, while mitigating direct emissions from its most relevant Scope 1 source, which represents more than 99% of total Scope 1 emissions.

- **Materiality**: In 2021, KPI#1 Scope 1 GHG emissions Intensity relating to Power Generation represented 35.6% of Enel's total carbon footprint with 39.1$MtCO_{2eq}$[10].

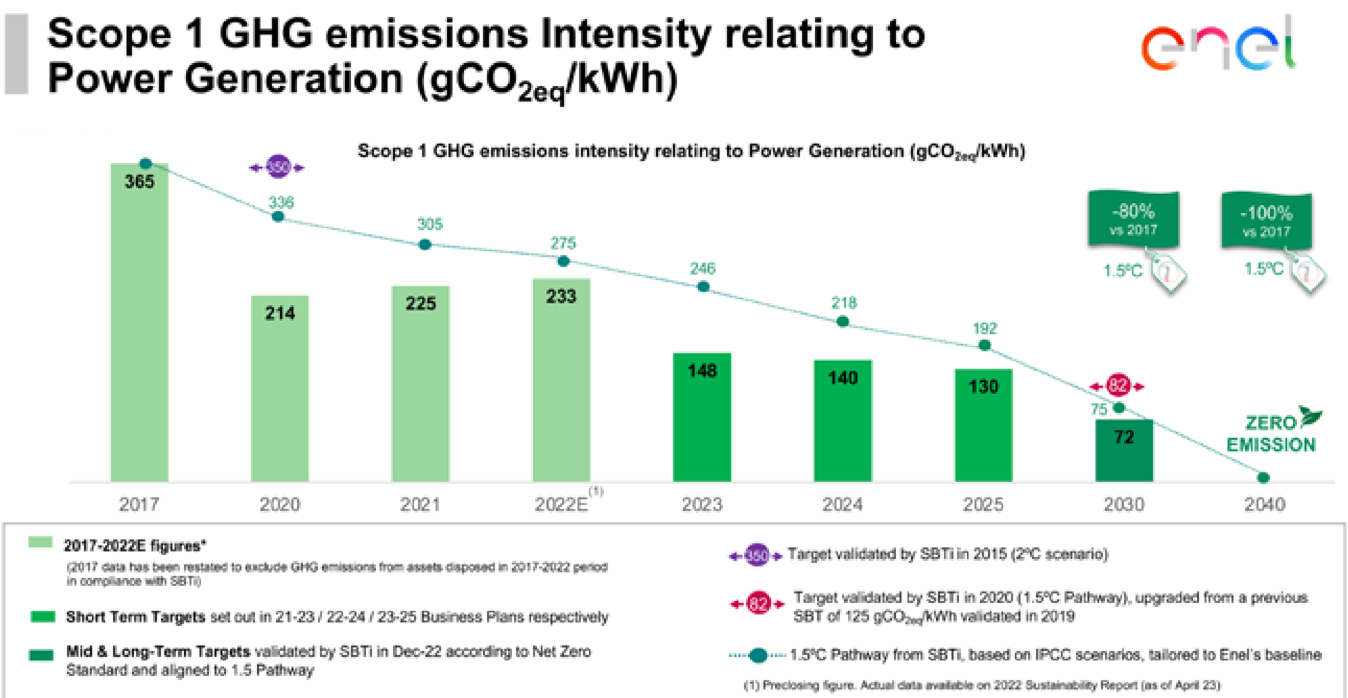
- **Intermediate and long-term goals**: Since 2015 Enel has set various targets to reduce its direct greenhouse gas emissions from its power generation activity, increasing the level of ambition in each upgrade performed and always seeking alignment to the most ambitious climate scenario available at any time.
  Thus, Enel set up its first science-based target aligned to a 2 degrees scenario in 2015, aimed at reducing its carbon intensity by 25% with respect to 2007 (reaching 350 gCO_{2eq}/kWh).

8. Please consider that in previous versions of Enel's Sustainability-Linked Financing Framework KPI #1: Scope 1 GHG emissions Intensity relating to Power Generation (gCO2eq/kWh) was defined as "Direct Greenhouse Gas Emissions Amount (Scope 1)
9. The GHG Protocol supplies the world's most widely used greenhouse gas accounting standards (https://ghgprotocol.org/)
10. Restated figure. It excludes GHG scope 1 emissions from assets disposed in 2022, in compliance with SBTi validation process.

In 2019, once the 2020 target was already accomplished one year ahead, Enel announced a new science-based target for 2030 aligned to a well below 2 degrees scenario that was upgraded one year later from 70% to 80% reduction with respect to 2017 (from 125 gCO_{2eq}/kWh down to 82 gCO_{2eq}/kWh), now aligned to a 1.5 degrees pathway. In 2021, Enel brought forward its full energy mix decarbonization goal from 2050 to 2040, which was certified by SBTi in 2022 along with a new upgrade of the 2030 target that increased the ambition, from 82 gCO_{2eq}/kWh down to 72 gCO_{2eq}/kWh.
In parallel, since 2020 Enel has defined short term targets every year in each business plan update to increase the ambition over time and showcase alignment with the ultimate decarbonization goal. These targets set in different business plan upgrades envisaged the following thresholds: 148 gCO_{2eq}/kWh by 2023, 140 gCO_{2eq}/kWh by 2024 and 130 gCO_{2eq}/kWh by 2025.

- **Contribution to EU Environmental Objective**: Climate Change Mitigation.

- **Contribution to UN SDGs**: SDG 13: Take urgent action to combat climate change and its impacts.



KPI #2:

Scope 1 and 3 GHG emissions Intensity relating to Integrated Power (gCO_{2eq}/kWh)

Combined Group Scope 1 greenhouse gas emissions (including CO_2, CH_4 and N_2O) from power generation and Group Scope 3 greenhouse gas emissions from the generation of purchased electricity that is sold to end customers measured in grams of CO_{2eq} per kWh.

- **Definition/Methodology**: Intensity metric calculated as the combination of Group Scope 1 greenhouse gas emissions (including CO_2, CH_4 and N_2O) (measured in gCO_{2eq}) and Group Scope 3 greenhouse gas emissions from the generation of purchased electricity that is sold to end customers (measured in gCO_{2eq}) (which constitutes an element of subcategory 3-Fuel and Energy Related Activities of GHG protocol-Scope 3 standard), divided by electricity production (measured in kWh) and purchased electricity (measured in kWh). The methodology is defined and detailed in the documentation of the relevant sustainability-linked transactions and in line with the GHG Protocol.

- **Rationale**: The KPI #2 covers all electricity sold by Enel to end customers, sourced by both Enel's own production and by electricity purchases made to third parties in countries in which the Group falls short in production.

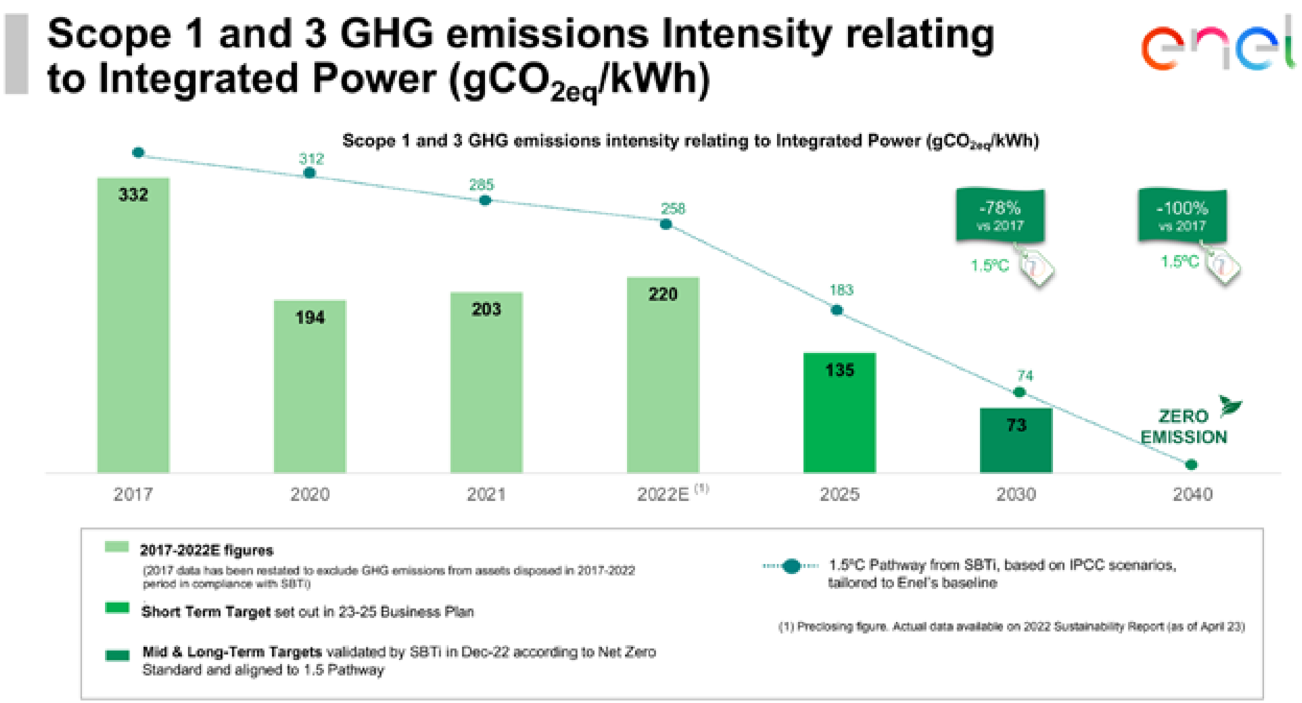
- **Materiality**: In 2021, KPI #2 Scope 1 and 3 GHG emissions Intensity relating to Integrated Power represented 57% of Enel's total carbon footprint with $63.0MtCO_{2eq}$[11], of which Group Scope 1 CO_2 equivalent emissions from power generation accounted for 35.6% and $39.1MtCO_{2eq}$[11], and Group Scope 3 CO_2 equivalent emissions from the generation of purchased electricity accounted for 21.8% and $23.9MtCO_{2eq}$.

11. Restated figure. It excludes GHG scope 1 emissions from assets disposed in 2022, in compliance with SBTi validation process

- **Intermediate and long-term goals**: In November 2022, Enel announced a target to reduce GHG intensity in Integrated power to 135gCO_{2eq}/kWh by 2025.
  In December 2022, SBTi validated the following commitments for 2030 and 2040 for being consistent with the 1.5°C climate goal: reduce 100% of direct GHG emissions (Scope 1) from power generation and indirect GHG emissions (Scope 3) from fuel and energy-related activities, covering all sold electricity per kWh by 2040 from a 2017 base year (332 gCO_{2eq}/kWh), with a mid-term target of 78% reduction by 2030 (73 gCO_{2eq}/kWh).

- **Contribution to EU Environmental Objective**: Climate Change Mitigation.

- **Contribution to UN SDGs**: SDG 13: Take urgent action to combat climate change and its impacts.



KPI #3:
Absolute Scope 3 GHG emissions relating to Gas Retail ($MtCO_{2eq}$)

Group Absolute Scope 3 greenhouse gas emissions (GHG) from the use of the gas sold by Enel Group to its end customers (measured in $MtCO_{2eq}$).

- **Definition/Methodology**: Group Absolute Scope 3 CO_2 equivalent emissions from use of sold gas by the Group to its end customers, as defined and detailed in the documentation of the relevant sustainability-linked transactions and in line with the GHG Protocol.

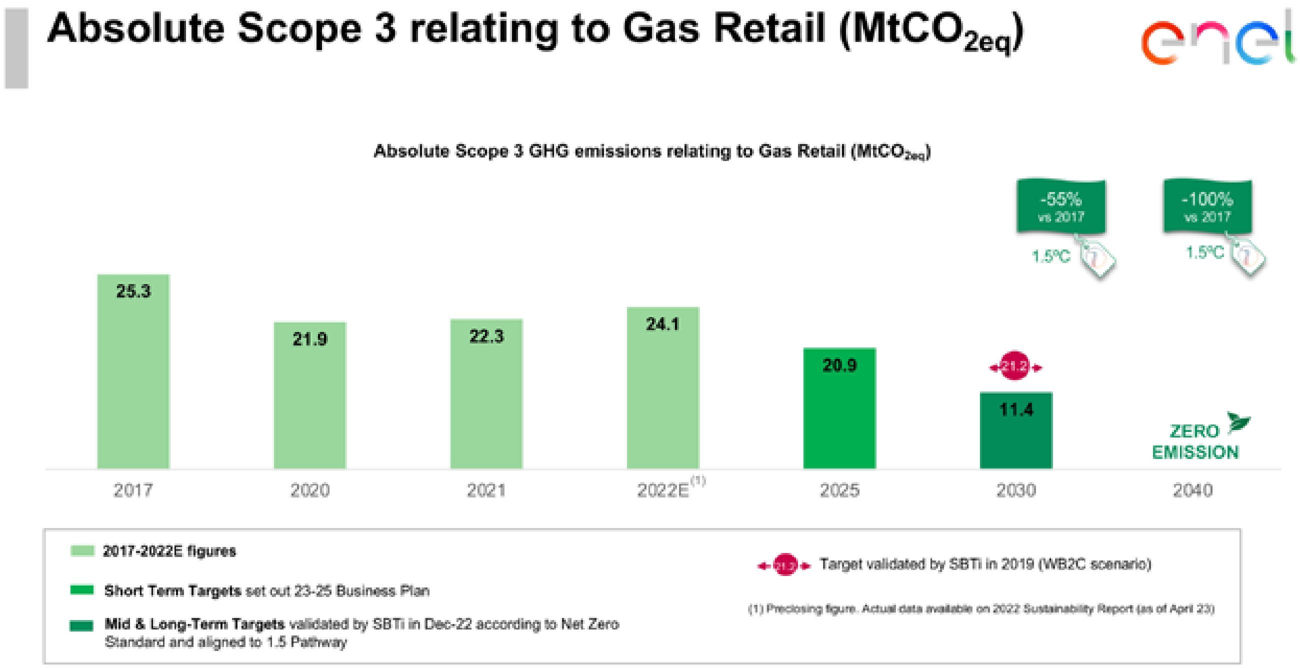
- **Rationale**: The KPI #3 supports Enel's target to fully decarbonize, including the value chain of the Gas Retail business.

- **Materiality**: In 2021, KPI #3 Absolute Scope 3 GHG emissions relating to Gas Retail represented 20.2% of Enel's total carbon footprint with 22.3$MtCO_{2eq}$.

- **Intermediate and long-term goals**: In November 2022, Enel announced targets to reduce absolute Group Scope 3 GHG emissions from Gas Retail to 20.9$MtCO_2$ by 2025 and 11.4$MtCO_2$ by 2030.
  In December 2022, SBTi validated the following commitments for 2030 and 2040 for being consistent with the 1.5°C climate goal: reduce 100% of absolute indirect Group GHG emissions (Scope 3) from the use of sold products by 2040 from a 2017 base year (25.3 $MtCO_{2eq}$), with a mid-term target of 55% by 2030 (11.4 $MtCO_{2eq}$).

- **Contribution to EU Environmental Objective**: Climate Change Mitigation.

- **Contribution to UN SDGs**: SDG 13: Take urgent action to combat climate change and its impacts.


Absolute Scope 3 relating to Gas Retail (MtCO2eq)
enel
Absolute Scope 3 GHG emissions relating to Gas Retail (MtCO2eq)
-55%
vs 2017
1.5°C
-100%
vs 2017
1.5°C
25.3
21.9
22.3
24.1
20.9
21.2
11.4
ZERO
EMISSION
2017
2020
2021
2022E(1)
2025
2030
2040
2017-2022E figures
Short Term Targets set out 23-25 Business Plan
Mid & Long-Term Targets validated by SBTi in Dec-22 according to Net Zero Standard and aligned to 1.5 Pathway
Target validated by SBTi in 2019 (WB2C scenario)
(1) Preclosing figure. Actual data available on 2022 Sustainability Report (as of April 23)


13
CLIMATE
ACTION


TARGET 13.A
UNFCCC
IMPLEMENT THE UN FRAMEWORK CONVENTION ON CLIMATE CHANGE


TARGET 13.B
PROMOTE MECHANISMS TO RAISE CAPACITY FOR CLIMATE PLANNING AND MANAGEMENT


TARGET 13.1
STRENGTHEN RESILIENCE AND ADAPTIVE CAPACITY TO CLIMATE RELATED DISASTERS


TARGET 13.2
INTEGRATE CLIMATE CHANGE MEASURES INTO POLICIES AND PLANNING


TARGET 13.3
BUILD KNOWLEDGE AND CAPACITY TO MEET CLIMATE CHANGE

KPI #4:
Renewable Installed Capacity Percentage (%)

Proportion that Renewable Energy Installed Capacity represents of Total Installed Capacity (expressed as a percentage).

- **Definition/Methodology**: Terms referring to the KPI #4 and the SPT #4 are detailed in the documentation of the relevant sustainability-linked transactions.

	Calculation
Renewable Energy Installed Capacity	(a) MW
Total Installed Capacity	(b) MW
Renewable Installed Capacity Percentage	(a) / (b) %

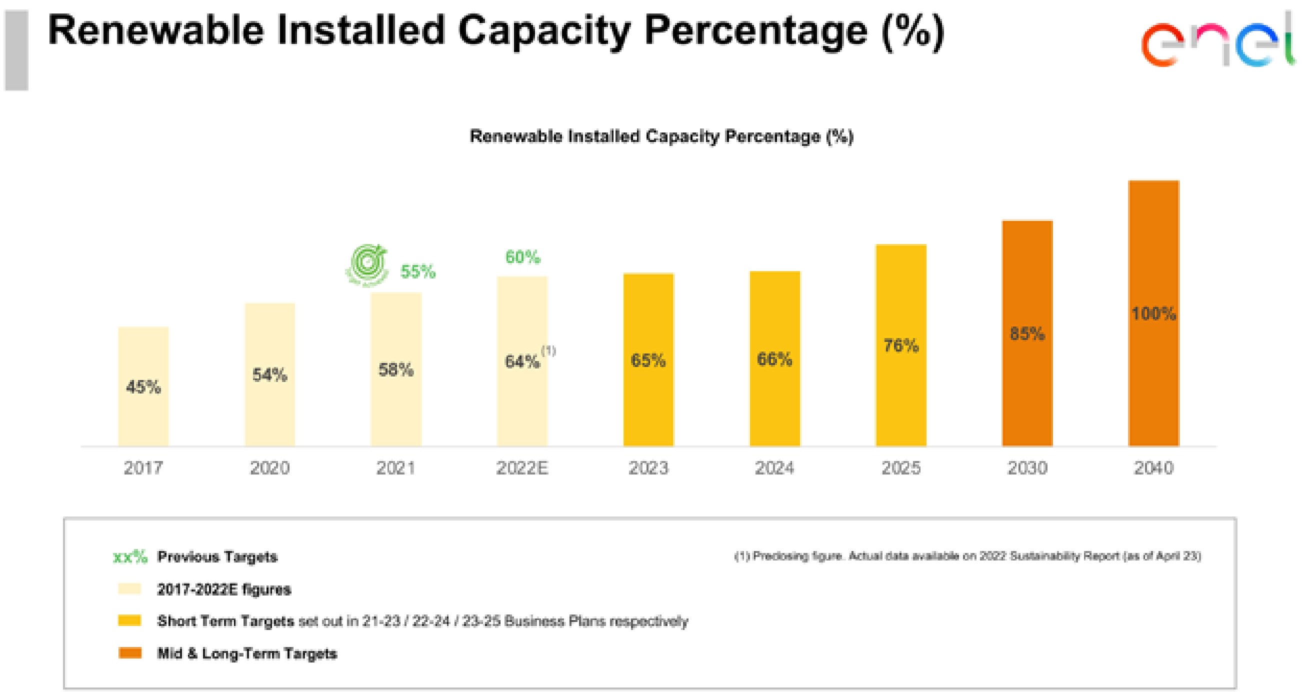
- **Rationale**: The KPI #4 supports Enel's target to fully decarbonize its technology mix by 2040.

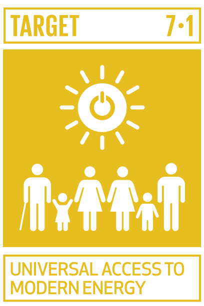
- **Materiality**: The KPI #4 provides a global representation of the decarbonization process of the Group's power fleet, towards 100% renewables by 2040.

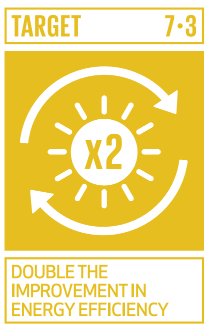
- **Intermediate and long-term goals**: In November 2022, Enel reinforced its objective to reach 76% of total net efficient installed capacity from renewables by the end of 2025.
  The Group plans to add around +21 GW to its installed capacity in the 2023-2025 period, in line with the achievement of its decarbonization targets aligned with the Paris agreement. Consolidated renewable capacity is expected to amount at 2025 to ~61 GW, equal to 76% of the Group's total consolidated generation, with consolidated renewable production expected to reach 70%. By 2030 the Group's consolidated renewable capacity percentage will be equal to 85%, and equal to 100% by 2040.

- **Contribution to EU Environmental Objective**: Climate Change Mitigation.

- **Contribution to UN SDGs**: SDG 7: Ensure access to affordable, reliable, sustainable, and modern energy for all.







KPI #5:

Proportion of CAPEX aligned to the EU Taxonomy (%)

Proportion of total Capital Expenditure accounted over a stated period in activities that qualify as environmentally sustainable according to the criteria set out in article 3 of EU Taxonomy Regulation (2020/852) (expressed as a percentage).

- **Definition/Methodology**: Terms referring to the KPI #5 and the SPT #5 are detailed in the documentation of the relevant sustainability-linked transactions and in the annual report/consolidated non-financial statements.

	Calculation
Capital Expenditures aligned with the EU Taxonomy	(a) EURbn
Total Capital Expenditures	(b) EURbn
Proportion of CAPEX aligned to the EU Taxonomy Percentage	(a) / (b) %

- **Rationale**: KPI #5 supports Enel's strategic plan to invest to decarbonize Group activities.

- **Materiality**: Transitioning to zero GHG emissions by 2040 will require substantial investments by Enel in the coming two decades. The share of Enel's total capital expenditures which are aligned with the EU Taxonomy is the key measure showcasing how much Enel is investing towards a carbon free business model.

- **Intermediate and long-term goals**: In November 2022, Enel announced targets to align at least 80% of Capital Expenditure in the three year period 2023-2025 with the EU Taxonomy.

- **Contribution to EU Environmental Objective**: All six environmental objectives defined in EU Taxonomy Regulation, with a particular focus on Climate Change Mitigation.

- **Contribution to UN SDGs**: SDG 13 : Take urgent action to combat climate change and its impacts.

EUROPEAN COMMISSION

EU TAXONOMY – WHAT IS IT?

The EU Taxonomy Regulation adopted in June 2020 is a tool that will help investors, industry and researchers to navigate the transition to a sustainable economy by providing a science-based classification system to determine whether an economic activity is environmentally sustainable.

The EU Taxonomy creates a common language that can be used to invest in projects and economic activities that have a substantial positive impact on climate and the environment.

The EU Taxonomy is one of the most significant EU policy developments to date to mobilise and guide environmentally sustainable investment and contribute to the European Green Deal objectives, transforming the EU into a resource-efficient and competitive economy where there are no net emissions of greenhouse gases in 2050 and where the environment is protected.

- Climate change mitigation
- Climate change adaptation
- Sustainable use and protection of water and marine resources
- Transition to a circular economy
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems

4.2 Sustainability Performance Target (SPTs)

SPT #1:

Scope 1 GHG emissions Intensity relating to Power Generation (gCO_{2eq}/kWh)

The amount of Group Scope 1 greenhouse gas emissions (including CO_2, CH_4 and N_2O) from power generation, measured in gCO_{2eq} per kWh, as defined above, as of the relevant date was equal to or lower than the relevant threshold, as applicable.

The relevant threshold will be specified in the relevant documentation of the specific transaction, as applicable (e.g. in the Final Terms of the relevant Sustainability Linked Bond or in the facility agreement of the relevant Sustainability-Linked Loan).
Factors that support and/or might put at risk the achievement of the targets might be disclosed in the relevant documentation of the sustainability-linked transactions, in line with applicable regulation.

Metrics / Year	2023	2024	2025	2030	2040
SPT	148 gCO_{2eq}/kWh*	140 gCO_{2eq}/kWh**	130 gCO_{2eq}/kWh***	72 gCO_{2eq}/kWh****	0 gCO_{2eq}/kWh**

* 2023 SPT announced on Enel's Capital Markets Day of November 2020, in the context of 2021-2023 Strategic Plan
** 2024 and full decarbonization by 2040 SPT announced on Enel's Capital Market Day of November 2021, in the context of 2022-2024 Strategic Plan. The 2040 target has been validated by SBTi in December 2022
*** 2025 SPT announced on Enel's Capital Markets Day of November 2022, in the context of 2023-2025 Strategic Plan
**** 2030 SPT announced in December 2022 on the back of validation by SBTi

SPT #2:

Scope 1 and 3 GHG emissions Intensity relating to Integrated Power (gCO_{2eq}/kWh)

The amount of combined Group Scope 1 greenhouse gas emissions (including CO_2, CH_4 and N_2O) from power generation and Group Scope 3 greenhouse gas emissions from the generation of purchased electricity that is sold to end customers, measured in gCO_{2eq}/kWh, as defined above, as of the relevant date was equal to or lower than the relevant threshold, as applicable.

The relevant threshold will be specified in the relevant documentation of the specific transaction, as applicable (e.g. in the Final Terms of the relevant Sustainability-Linked Bond or in the facility agreement of the relevant Sustainability-Linked Loan).
Factors that support and/or might put at risk the achievement of the targets might be disclosed in the relevant documentation of the sustainability-linked transactions, in line with applicable regulation.

Metrics / Year	2025	2030	2040
SPT	135 gCO_{2eq}/kWh*	73 gCO_{2eq}/kWh**	0 gCO_{2eq}/kWh*

* 2025 and 2040 SPT announced on Enel's Capital Markets Day of November 2022, in the context of 2023-2025 Strategic Plan. The 2040 target has been validated by SBTi in December 2022

** 2030 SPT announced in December 2022 on the back of validation by SBTi

SPT #3:
Absolute Scope 3 GHG emissions relating to Gas Retail ($MtCO_{2eq}$)

The amount of Group Absolute Scope 3 CO_2 equivalent emissions from use of sold gas by the Group to its end customers, measured in $MtCO_{2eq}$, as defined above, as of the relevant date was equal to or lower than the relevant threshold, as applicable.

The relevant threshold will be specified in the relevant documentation of the specific transaction, as applicable (e.g. in the Final Terms of the relevant Sustainability Linked Bond or in the facility agreement of the relevant Sustainability-Linked Loan).
Factors that support and/or might put at risk the achievement of the targets might be disclosed in the relevant documentation of the sustainability-linked transactions, in line with applicable regulation.

Metrics / Year	2025	2030	2040
SPT	20.9 $MtCO_{2eq}$*	11.4 $MtCO_{2eq}$*	0 $MtCO_{2eq}$*

* 2025, 2030 and 2040 SPT announced on Enel's Capital Markets Day of November 2022, in the context of 2023-2025 Strategic Plan

SPT #4:
Renewable Installed Capacity Percentage (%)

The Renewable Installed Capacity Percentage, as defined above, is equal to or exceeded the relevant threshold.

The relevant threshold will be specified in the documentation of the specific transaction, as applicable (e.g. in the Final Terms of the relevant Sustainability Linked Bond or in the facility agreement of the relevant Sustainability-Linked Loan).
Factors that support and/or might put at risk the achievement of the Targets might be disclosed in the relevant documentation of the sustainability-linked transactions, according to applicable regulation.

Metrics / Year	2023	2024	2025	2030	2040
SPT	65 %*	66 %**	76 %***	85 %***	100 %**

* 2023 SPT announced on Enel's Capital Markets Day of November 2020, in the context of 2021-2023 Strategic Plan

** 2024 and 2040 SPTs announced on Enel's Capital Market Day of November 2021, in the context of 2022-2024 Strategic Plan

*** 2025 and 2030 SPT announced on Enel's Capital Markets Day of November 2022, in the context of 2023-2025 Strategic Plan

SPT #5:
Proportion of CAPEX aligned to the EU Taxonomy (%)

The Proportion of total Capital Expenditure accounted over a stated period in activities that qualify as environmentally sustainable according to the criteria set out in article 3 of EU Taxonomy Regulation (2020/852), as defined above, was equal to or higher than the relevant threshold, as applicable.

Factors that support and/or might put at risk the achievement of the targets might be disclosed in the relevant documentation of the sustainability-linked transactions, in line with applicable regulation.

Metrics / Year	2023 - 2025
SPT	80 %*

* 2023-2025 SPT announced on Enel's Capital Markets Day of November 2022, in the context of 2023-2025 Strategic Plan

4.3 Financial Characteristics

The proceeds of Enel's Sustainability-Linked Financing Instruments will be used for general corporate purposes.
This section of the Framework only applies to Sustainability-Linked Bonds, Sustainability-Linked Loans, Sustainability-Linked Foreign Exchange Derivatives, Sustainability-Linked Rates Derivatives and Sustainability-Linked Guarantees.

For Sustainability-Linked Bonds and Sustainability-Linked Loans, a step-up margin will be specified in the relevant documentation of the specific transaction (e.g. in the Final Terms of the relevant Sustainability Linked Bond or the facility agreement of the relevant Sustainability-Linked Loan). Although this Framework defines several KPIs and SPTs, the choice of KPI(s) and SPT(s) for a given transaction will be specified in the relevant documentation. Step-down margin provisions might be included and will be applicable in case the relevant SPTs are timely reached by the Enel Group.

Each Sustainability-Linked transaction may be linked to one or more KPIs and SPTs and also in such case the financial characteristics are detailed in the relevant contractual documentation.

The relevant documentation might provide that the SPTs may be subject to recalculation based on specific circumstances, such as changes in the calculation methodology or major events having a material impact on the Enel Group's structure and / or might provide certain events, outside Enel's control, resulting in the step-up not being triggered.

The failure[13] by Enel to satisfy one or more of the SPTs as of the relevant target date (identified in the contractual documentation) could trigger a step-up margin

13. See page 42 for further details

adjustment, that in case of utilization of more than one SPTs may be cumulative or not, leading to an increase in the interest rate applicable to interest periods following such reference date. The relevant documentation might provide for certain events, outside Enel's control, resulting in the step-up not being triggered.

The achievement by Enel of one or more of the SPTs as of the relevant target date (identified in the contractual documentation) might trigger a step-down margin adjustment, that in case of utilization of more than one SPTs may be cumulative or not, leading to a decrease in the interest applicable to interest periods following such reference date[14].

For Sustainability-Linked Foreign Exchange Derivatives, Sustainability-Linked Rates Derivatives and for Sustainability-Linked Guarantees, an adjustment to the overall cost of the transaction (also in the form of an additional flow) will derive from Enel's transactions according to the performance over the relevant KPI, as applicable and specified in the relevant documentation of the specific transaction (e.g. Derivative's bilateral confirmation and FX's bilateral agreement).

For the avoidance of doubt, the SDG Commercial Paper Programmes (CPPs) documentation include the company's commitment to achieve certain SPTs in respect of related KPIs. However, the achievement or not of such targets will not impact the financial characteristics of the CPPs.

14. A similar adjustment mechanism might apply to other financial terms of the transaction as well

4.4 Reporting

Enel will annually report on its performance on five KPIs defined in section 4.1 in its Annual Report and/or Sustainability Report – Non Financial Statement and/or its website, as the case may be and as defined and detailed in the documentation of the relevant sustainability-linked transactions.

Reporting may include:

i. Up-to-date information on the performance of the selected KPI(s), including the baseline where relevant;
ii. A verification assurance report relative to the SPT(s) outlining the performance against the SPT and the related impact, and timing of such impact, on a financial instrument performance; and
iii. Any relevant information enabling investors to monitor the progress of the SPT(s).

Information may also include when feasible and possible:

i. Qualitative or quantitative explanation of the contribution of the main factors, including M&A activities, behind the evolution of the performance/KPI on an annual basis;
ii. Illustration of the positive sustainability impacts of the performance improvement; and/or
iii. Any re-assessments of KPIs and/or restatement of the SPT and/or pro-forma adjustments of baselines or KPI scope, if relevant.

4.5 Verification

Enel's performance of the KPIs according to SPTs at the relevant reference date will be verified by an External Verifier.
"External Verifier" means KPMG S.p.A., or any such other qualified provider of third party assurance or attestation services appointed by Enel.

Pre-issuance verification

Enel's Sustainability-Linked Financing Framework has been reviewed by Moody's Investor Services who provided a second party opinion, confirming the alignment of the Framework with the Sustainability-Linked Bond Principles (SLBP) administered by the ICMA and Sustainability-Linked Loan Principles (SLLP), administered by LMA.

Amendments to this Framework

Enel will review this Framework from time to time, including its alignment to updated versions of the relevant principles as and when they are released, with the aim of adhering to best practices in the market. Enel will also review this Framework in case of material changes in the perimeter, methodology, and in particular KPIs and/or the SPT's calibration. Such review may result in this Framework being updated and amended. The updates, if not minor in nature, is expected to be presented for approval to Moody's Investor Services or any such other qualified provider of second party opinion. Any future updated version of this Framework that may exist will either keep or improve the current levels of transparency and reporting disclosures, including the corresponding review by an External Verifier. The updated Framework, if any, will be published on Enel's website and will replace this Framework.

Failure to meet SPTs due to factors outside the company's control may not result in step-up being triggered.

Furthermore, the SPTs may be subject to recalculation based on specific circumstances.

Both relevant factors and circumstances mentioned above are set out further in the relevant documentation of the sustainability-linked transactions.

This Sustainability-Linked Financing Framework (the "Framework") contains certain forward-looking statements that reflect the Enel's management's current views with respect to future events and financial and operational performance of the Enel Group. These forward-looking statements are based on Enel's current expectations and projections about future events. Because these forward-looking statements are subject to risks and uncertainties, actual future results or performance may differ materially from those expressed in or implied by these statements due to any number of different factors, many of which are beyond the ability of Enel to control or estimate precisely. You are cautioned not to place undue reliance on the forward-looking statements (as well as information and opinions) contained herein, which are made only as of the date of this document and are subject to change without notice. Enel does not undertake any obligation or responsibility to release any updates or revisions to any forward-looking statements and/or information to reflect events or circumstances after the date of publication of this Framework. The information contained in this Framework does not purport to be comprehensive and, unless differently specified in this Framework, has not been independently verified by any independent third party. None of the future projections, expectations, estimates or prospects in this Framework should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of assumptions, fully stated in this Framework. No representation is made as to the suitability of any Sustainability-Linked Financing Instruments to fulfil environmental and sustainability criteria required by prospective investors.

This document is not intended to be and should not be construed as providing legal or financial advice.

This Framework does not constitute a recommendation regarding any securities of Enel or any member of the Enel Group. This Framework is not, does not constitute, nor it should be interpreted as, or form part of, any offer or invitation to sell, underwrite, subscribe for or otherwise acquire or dispose of, any solicitation of any offer to sell, underwrite, subscribe for or otherwise acquire or dispose of, any securities or financing instruments issued or to be issued by Enel or any of its subsidiaries in the U.S. or any other jurisdiction. Any decision to buy or invest in securities shall be made solely and exclusively on the basis of the information set out in the pertinent prospectus or equivalent or related documentation filed or otherwise made available to prospective investors by Enel or its subsidiaries. Thus, this Framework does not constitute a prospectus or other offering document and no securities or financing instruments have been or will be registered under the U.S. Securities Act of 1933, as amended, or the securities laws of any state of the U.S. or any other jurisdiction. Any bonds, financing instruments or other debt securities that may be issued by Enel or any of its subsidiaries from time to time, including any Sustainability-Linked Bonds , shall be offered by means of a separate prospectus or offering document in accordance with all applicable laws and regulations, any decision to purchase any such securities *should be made solely on the basis of the information contained in any such prospectus or offering document provided in connection with the offering of such securities, and not on the basis of this Framework.*

Neither this document nor any other related material may be distributed or published in any jurisdiction in which it is unlawful to do so, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession such documents may come must inform themselves about, and observe, any applicable restrictions on distribution.

The information and opinions contained in the Framework are provided as of the date of this Framework and are subject to change without notice. None of Enel or any of its subsidiaries assume any responsibility or obligation to update or revise such statements, regardless of whether those statements are affected by the results of new information, future events or otherwise. This Framework represents current Enel's policy and intent, is subject to change and is not intended to, nor can it be relied on, to create legal relations, rights or obligations. This Framework is intended to provide non-exhaustive, general information. This Framework may contain or incorporate by reference public information not separately reviewed, approved or endorsed by Enel and accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability whatsoever is accepted by Enel or any of its affiliates, representatives, directors, officers and employees have any liability whatsoever (in negligence or otherwise) for any loss or damage howsoever arising from any use of this document or its contents (including, for avoidance of doubt, the fairness, accuracy, reasonableness or completeness of the information contained therein) or otherwise arising in connection with the document or the above mentioned presentation.

This Framework does not create any legally enforceable obligations against Enel or any of its subsidiaries; any such legally enforceable obligations relating to any Sustainability-Linked Financing Instruments are limited to those expressly set forth in the legal documentation governing each such series of Sustainability-Linked Bonds. Therefore, unless expressly set forth in such legal documentation, the Enel's failure to adhere or comply with any terms of this Framework, including, without limitation, failure to achieve any sustainability targets or goals set forth herein, will not constitute an event of default or breach of contractual obligations whatsoever under the terms and conditions of any such Sustainability-Linked Financing Instruments. Factors that may affect the Enel's ability to achieve any sustainability goals or targets set forth herein include (but are not limited to) market, political and economic conditions, changes in government policy (whether with a continuity of the government or on a change in the composition of the government), changes in law, rules or regulations, and other challenges. By possessing or otherwise accessing this Framework, you agree to be bound by the foregoing limitations. Any failure to comply with these restrictions may constitute a violation of any applicable law and regulations.

enel

05 Appendix

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

info@sciencebasedtargets.org
www.sciencebasedtargets.org

/ScienceBasedTargets @sciencetargets

December 16, 2022

Dear Enel S.p.A.,

Thank you for submitting your greenhouse gas emission reduction target(s) to the Science Based Targets initiative (SBTi) for a net-zero validation.

Our team has assessed Enel S.p.A.'s near and long-term target(s) against the SBTi net-zero criteria and criteria (version 5) and after careful review, we are happy to inform you that your submitted target(s) have been approved.

Basic information about your company and the approved target(s) will be listed on the Science Based Targets website. The following agreed target wording will be used:

Overall Net-Zero Target
Enel commits to reach net-zero GHG emissions across the value chain by 2040.

Near-Term Targets

Enel commits to reduce scope 1 from power generation GHG emissions 80% per kWh by 2030 from a 2017 base year. Enel also commits to reduce scope 1 and 3 GHG emissions from fuel and energy related activities covering all sold electricity 78% per kWh by 2030 within the same timeframe. Enel further commits to reduce absolute scope 3 GHG emissions from the use of sold products 55% within the same timeframe. Enel finally commits to reduce absolute scope 1 and 2 non-power generation emissions and scope 3 GHG emissions covering purchased goods and services, capital goods, and all remaining fuel and energy related activities 55% within the same timeframe.*
**The target boundary includes land-related emissions and removals from bioenergy feedstocks.*

Long-Term Targets

Enel commits to reach net-zero GHG emissions across the value chain by 2040.

Enel commits to reduce scope 1 from power generation GHG emissions 100% per kWh by 2040 from a 2017 base year. Enel also commits to reduce scope 1 and 3 GHG emissions from fuel and energy related activities covering all sold electricity 100% per kWh within the same timeframe. Enel further commits to reduce absolute scope 3 GHG emissions from use of sold products 100% within the same timeframe. Enel finally commits to reduce absolute scope 1 and 2 non-power generation emissions and scope 3 GHG emissions covering purchased goods and services, capital goods, and all remaining fuel and energy related activities 90% within the same timeframe.*
**The target boundary includes land-related emissions and removals from bioenergy feedstocks.*

Since your company is in the first group of companies to receive approval for net-zero targets, the feedback report is not yet available at this time and will be sent when finalized internally.

Congratulations on your approved science-based targets!

Kind regards,
The Science Based Targets initiative

An initiative by CDP DISCLOSURE INSIGHT ACTION, UN GLOBAL COMPACT, WORLD RESOURCES INSTITUTE, WWF