SUSTAINABILITY – LINKED FINANCING FRAMEWORK

January 2022



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1. Introduction

1.

Introduction

Enel and its subsidiaries (the "Group" or the "Enel Group") are a multinational energy group deeply committed to the renewable energies sector and to researching and developing new environmentally friendly technologies. In 2021, 52% 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 the target to fully decarbonise its energy mix, while confirming its target for 2030 of reducing direct CO_{2eq} emissions per kWh (Scope 1) by 80% compared with 2017. Enel also announced a 2040 Net Zero target in relation to indirect emissions.

The Enel Group renewables business is operated through Enel Green Power S.p.A. ("EGP") and its subsidiaries, as well as Endesa, Enel Chile and Enel Americas. 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 2021, ~45 million Enel customers (60% of the total) are expected to be digitalized, already leading to a full coverage of end users in Italy and Spain.

In November 2021, Enel presented its new strategic plan and announced an even more ambitious target in terms of GHG emissions reduction by bringing forward to 2040 its Net Zero target. The Group confirmed that it targets an 80% reduction in direct GHG (Scope 1) emissions in 2030 versus 2017 levels (which target has been certified by the Science-Based Targets initiative as in compliance with the 1.5°C pathway). Enel announced the acceleration of its path towards full decarbonisation, introducing a Net Zero emission target by 2040, covering both direct GHG (Scope 1) and indirect GHG (Scope 2 and 3) emissions. Moreover, as soon as practicable, Enel will be asking the SBTi to certify all of its Net Zero targets across all scopes as aligned to the 1.5° degrees scenario according to the SBTi's Net-Zero Standard released in the last quarter of 2021.

The strategic milestones to become Net Zero across Scopes (1, 2 and 3) by 2040



The strategic milestones to become Net 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 Net Zero Targets.

As part of these new announcements, the Group expects to mobilize investments of €210bn in the 2021-2030 period, boosting decarbonisation, electrification of consumption and platforms to create sustainable shared value for all stakeholders and profitability over the medium and long term.

The Enel Group's leadership position in the industry and its journey towards becoming a fully digital company enable the implementation of two business models: the traditional one, called "Ownership", where digital platforms are a business enhancer supporting investment profitability, and the "Stewardship" model, which catalyzes third-party investments in partnership with Enel.

Enel's ~€43bn consolidated investments for the 2022-24 period is expected to be:

- ~94% aligned with the UN Sustainable Development Goals ("SDGs"); and
- more than 85% aligned with criteria set forth in the Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 ("EU Taxonomy Regulation") for its substantial contribution to climate change mitigation¹.

Enel has centered its strategy around the achievement of Sustainable Development Goals ("SDGs") across all of its activities, with SDG 13 on Climate Action as the cornerstone of the strategy.

The Group engages in Decarbonisation of both production and consumption, while pursuing Electrification of end users to tackle climate change as well as providing access to affordable and clean energy, in line with SDG 7, SDG 9 and SDG 11. Digitalisation and Platforms will create new business models and will support ongoing efficiencies across Enel's Global Business Lines, in line with SDG 9 and SDG 9 a

THE GLOBAL GOALS



1. Please note that the EU Taxonomy Regulation is subject to further development by way of the implementation by the European Commission through delegated regulations of technical screening criteria for such objectives have been developed, it is not known whether the Enel Group's renewable energy projects and transmission, distribution and smart grid projects and innovative infrastructural projects will satisfy those criteria. Accordingly, alignment with the EU Taxonomy Regulation, once the technical screening criteria.

In the 2022-2024 period, the Group plans to directly invest around €45bn, of which around €43bn through the Ownership business model and around €2bn through the Stewardship business model, while further catalyzing around €8bn from third parties.

87% of the €43bn euro capex through the Ownership business model is expected to be allocated to renewables and networks, totaling around €37bn in three years, while additional €2bn euros capex are expected to be deployed through the Stewardship business model.

The growth rate in Enel's investments versus the previous plan is set to be around 12%.

In the Renewables business, Enel plans to invest a total of €18.6bn, of which €15.9bn (93%) devoted to the development of new capacity and the hybridization of plants with storage solutions.



Looking at capacity, Enel's asset base is expected to grow from 54 GW to 77 GW thanks to 17 GW of renewables and 2 GW of BESS and ~4 GW to be developed through JVs and partnerships.

The Group will significantly decarbonise its generation mix over the next three years and beyond. Overall production is expected to increase by 18% to 257 TWh in 2024:

- the share of renewable production growing from 52% (expected in 2021) to 65% in 2024;
- the production from conventional generation decreasing by 13 percentage points, with coal generation accounting for less that 1% of the overall production in 2024.

The sustainability of Enel's generation portfolio is expected to increase drastically with the share of emission free production reaching 77% and GHG specific emissions decreasing by over 35%, positioning the Group optimally towards its targets of GHG Scope 1 emissions per kWh equal or



1. It includes renewable managed production and nuclear production; 2. Scope 1 emissions.

less than 140g/kWh by 2024, 82g/kWh by 2030 and zero in 2040.

Over networks investments, the new 2022–2024 plan considers an increase by 12% of investments compared to the previous' topping EUR 18bn. Around two third of the investment is dedicated to quality and resiliency of the grid. Digitalization of grid customers is expected to reach 63% in 2024.

A VISION FOR THE FUTURE, THE JOURNEY TO 2030

Over a decade that will be characterized by the ever-increasing growth of renewables, electrification and digitalization of infrastructure, Enel is placing at the core of its strategy:

- the acceleration of the electrification of consumption by its customers, leveraging on an integrated presence in its core countries;
- the deployment of renewables also in consideration of the gradual phase out of its thermal generation;
- sustainable and profitable growth.

All of the above continues to bring significant value shared with all stakeholders as well as attractive returns for shareholders over time.

During this decade, utilities, through platform-based models, will enhance their role as conductors of complex systems, encompassing a multitude of distributed generation assets, which involve the increasingly active role of customers. A platform-based, multi-layered digital model connecting data and solutions will be key to navigate this period of transformation.

Against this backdrop, today the Group can leverage on the strength of its position, as:

- the world's leading private renewable player with around 54 GW of total capacity globally;
- the world's biggest private network operator with over 75 million grid customers;
- the private operator with the largest customer base serving around 69 million power and gas customers around the world.

As for €170bn investments planned under the Ownership and Stewardship business model in the 2021-2030 period:

- Around 43% are expected to be devoted to Renewables, leading to, roughly, an overall 154 GW of installed renewable capacity by 2030, tripling the Group's current portfolio and confirming its role as renewables super major.
- The Group plans to add some 105 GW, well balanced between solar and wind. To accomplish this, the Group will leverage on the world's largest renewable gross pipeline of over 370 GW.
- The Group expects to reach a total grid customers of 86 mn of which 5 mn managed through the stewardship business model enabled by platforms.
- To contribute to electrification trends of its customers, the Group will deploy a reinforced commercial offering that is expected to result in an increase of about 30% in electricity sold coupled with new services managed through the stewardship business model, such as public electric mobility or behind the meter storage.





1. It includes RES capacity and BESS; 2. Power free + regulated + wholesales + PPAs

The Group's investments are expected to drive the share of sales covered by its own generation to 70% of the total in 2030, up by 10 percentage points despite the significant growth in electricity sales.

By 2030, renewables will reduce the cost of energy produced by 50%. This also reflects the substitution effect from the phase out of the thermal assets.

As a consequence, the cost of energy sold is expected to go down by 40% and will be far less volatile thanks to a reduced dependency on commodities due to a lower proportional share of energy acquired in the market to cover our entire sales portfolio.

THE VALUE OF SUSTAINABLE CHOICES

Utilities play a fundamental role in developing sustainable business models that support societal development and low carbon solutions. Our integrated approach, that places sustainability at the core of our strategy, has allowed us to become the world's leading private operator of renewables and networks, boosting the largest retail customer base and positioning us as an early leader of the energy transition.

Our model is based on a long-term vision that aims to support the achievement of the Sustainable Development Goals (SDGs) and generate value through our Ownership and Stewardship business models by leading the energy transition in three main areas: (i) the decarbonisation of generation capacity; (ii) electrification of energy consumption; and (iii) digital and platform development. We believe that through sustainability we are able to achieve better and more predictable financial results while minimizing risks. We entered in a revolution that will affect all sectors and since for us sustainability is "value", we will continue to pursuit the opportunities offered by the expanding value pool associated with the acceleration of this transition.

At Group level, over the 2022-2024 Strategic Plan period, the aggregated effects of our business models will impact value creation substantially, with ordinary EBITDA expected to reach in 2024 between 21 and 21.6 €bn, and Net Ordinary Income between 6.7 and 6.9 €bn in 2024. Looking forward to 2030 Enel plans to invest around €170bn through our Ownership and Stewardship models, catalyzing additional 40 €bn of third party investments. Group ordinary EBITDA is expected to increase at a 5%-6% CAGR while Net Ordinary Income at a 6%-7% CAGR between 2020 and 2030.

In 2040 100% of the electricity that Enel will generate is expected to come from renewable sources. Electrification will progress across customer segments , thus achieving 100% smart meters coverage by 2030, enabling new services and supporting efficiencies. The path of Group's transformation will create also value for customers, who will enjoy a sharp improvement in quality of service while, at the same time, enjoying a 40% reduction in energy spending², with an expected 80% GHG emissions household reduction³.



2. 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, Enel decided to issue in 2019 an innovative general corporate purpose financing product which creates 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 (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 borrowers globally, it is also important to note that, as of January 1, 2021, bonds with coupon structures linked to certain sustainability performance targets could 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.

Since 2019, Enel expanded the range of its Sustainability-Linked Financing instruments with SDG-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 subsidized and development financing space. Enel has thus decided to establish a Sustainability-Linked Financing Framework. 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.

Sustainable finance sources now represent half of Enel's Gross Debt. These include, among others, Sustainability–Linked bonds, Green Bonds, sustainable loans and other forms of subsidized 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 ~65% in 2024 and more than 70% in 2030.



...supported by sustainable finance at the core of our financial strategy...

1. As of November 17th 2021 - Enel, EFI, EFA, Endesa and Enel Chile; 2. Nominal values, inclusive of undrawn notionals

3.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 version⁴, 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 of climate change
- 3. Its 'Science-based' transition approach, including targets and pathways
- 4. Implementation transparency

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

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

4. Alignment with Sustainability–Linked Bond Principles 2020 and Sustainability–Linked Loan Principles 2021

4.

Alignment with Sustainability-Linked Bond Principles 2020 and Sustainability-Linked Loan Principles 2021

This Framework has been established in accordance with the Sustainability-Linked Principles (SLBP) 2020 as administered by ICMA⁵.

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

- 1. Selection of Key Performance Indicators (KPIs)
- 2. Calibration of Sustainability Performance Targets (SPTs)
- 3. Financial characteristics
- 4. Reporting on the above
- 5. Independent verification of the components listed in points 1-4

Substantially similar core components are outlined under the Sustainability Linked Loan Principles 2021, published by the LMA in connection with Sustainability-Linked Loans⁶.

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.

For the avoidance of doubt, please note that the above mentioned 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 in the Enel's website.

4.1 Key Performance Indicators (KPIs)

Enel has selected the following two KPIs, which are core, relevant, and material to their business and measure the sustainability improvements of the Group.

- International Capital Market Association SLB 2020 : <u>https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2020/Sustainability-Linked-Bond-</u> PrinciplesJune-2020-100620.pdf
- 6. Loan Market Association SLLP 2021: https://www.lma.eu.com/application/files/8416/2210/4806/Sustainability_Linked_Loan_Principles.pdf

These two 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 two selected KPIs contribute to the EU Environmental Objective of Climate Change Mitigation, as defined in the EU Taxonomy Regulation⁷.

KPI #1: Direct Greenhouse Gas Emissions Amount (Scope 1)

Scope 1 greenhouse gas (GHG) emissions (measured in grams of CO, per kWh)

Definition/Methodology:

Group Scope 1 CO_2 equivalent emissions (grams per kWh), as defined and detailed in the documentation of the relevant sustainability-linked transactions.

Rationale:

Enel's carbon footprint is key to measure Enel's path towards full decarbonisation by 2040. Scope 1 intensity in 2021 is expected to be equal to 219 gCO_{2eq}/kWh .

Intermediate and long-term goals:

The first GHG Scope 1 emissions reduction target was set in 2015:

 GHG Scope 1 emissions per kWh reduction by 25% by 2020 with respect to 2007 baseline, therefore reaching a carbon intensity lower than 350 gCO_{2eq}/kWh. The target was certified by SBTi.

In 2019 the target was accomplished in advance and two new targets were set within the 2020-2022 Strategic Plan:

- GHG Scope 1 emissions per kWh equal or less than 254 gCO_{2ed}/kWh by 2020
- GHG Scope 1 emissions per kWh equal or less than 220 gCO_{2eg}/kWh by 2022.

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

Furthermore, a new target was announced in 2019:

 GHG Scope 1 emissions per kWh reduction by 70% by 2030 with respect to 2017 baseline, reaching a carbon intensity lower than 125 gCO_{2eq}/kWh. The target had been certified by SBTi as compliant with the Well Below 2°C pathway.

In October 2020, new targets were announced as part of the 2021-2023 Strategic Plan:

- GHG Scope 1 emissions per kWh reduction by 80% by 2030 with respect to the 2017 baseline, reaching a carbon intensity lower than 82gCO_{2eq}/kWh. The targets is certified by SBTi as compliant with the 1.5°C pathway
- The expected path to 2030 target also now includes a target of GHG Scope 1 emissions per kWh equal or less than 148gCO_{2en}/kWh by 2023.

In November 2021, Enel announced the acceleration of its decarbonisation plan and brought forward its decarbonisation target to 2040, confirming at the same time its 2030 target of GHG Scope 1 emissions per kWh reduction by 80% by 2030 with respect to the 2017:

 The expected path to 2030 target also now includes a target of GHG Scope 1 emissions per kWh equal or less than 140gCO_{2eq}/kWh by 2024

The ultimate goal is now to reach the full decarbonisation of Enel's energy mix by 2040

Contribution to EU Environnemental Objective:

Climate Change Mitigation

Contribution to UN SDGs :

• SDG 13 : Take urgent action to combat climate change and its impacts



Enel's Historical Scope 1, 2, and 3 GHG Emissions (2018–2020) Performance

KPI	UM	December 2020	December 2019	December 2018	2020-2019	%	Scope
EMISSIONS							
Avoided emissions ⁽¹⁾	(mil t)	74.8	77.1	78.5	-2.3	-3.0	Enel
Direct greenhouse gas emissions (Scope 1)							
CO ₂ emissions from the electricity						1000	
production and heat	(mil t)	44.67	69.39	94,44	-24.72	-35.6	Enel
production and other activities ⁽²⁾	(mil t _{eq})	0.59	0.59	0.79		-	Enel
of which: emission from losses of SF ₆ from energy production	(mil t _{eq})	0.02	0.03	0.23	-0.01	-20.0	Enel
of which: emission from losses of ${\rm SF}_{\rm g}$ from energy distribution	(milt_)	0.13	0.16	0.15	-0.03	-18.8	Enel
Total direct emissions (Scope 1)	(milt_)	45.26	69.98	95.23	-24.72	-35.3	Enel
Specific emissions							
Specific CO ₂ emissions from total net production ⁽²⁾	(g/kWh)	211	296	369	-85	-28.7	Enel
Specific CO _{2xq} emissions from Scope 1	(gCO _{2eq} / kWh)	214	298	372	-84	-28.2	Enel
Indirect greenhouse gas emissions (Scope 2)							
Purchased electricity from the grid (4)							_
Fuel and stock management	(mil t_q)	0.001	0.001	0.002	-	-	Enel
Electricity distribution	(mil t_)	0.152	0.149	0.168	0.003	2.0	Enel
Real estate	(mil t_)	0.060	0.081	0.106	-0.021	-25.9	Enel
Mining	(mil t _{eq})	-	0.003	0.001	-0.003	-86.7	Enel
Energy production (thermal and hydroelectric plant)	(mil t _{eq})	1.216	1.316	1.122	-0.100	-7.6	
Total indirect emissions (Scope 2, location based)	(mil t _{eq})	1.430	1.547	1.399	-0.118	-7.6	Enel
Total indirect emissions (Scope 2,	2010-000 2010-000	in the second	2000	in the second			10077
market based)	(mil t _{eq})	2.285	2.301	2.107	-0.016	-0.7	Enel
Distribution and transmission system: energy losses ⁽⁵⁾							
Emissions due to energy losses (location based)	(mil t _{eq})	3.56	3.82	3.68	-0.26	-6.7	Enel
Emissions due to energy losses (market based)	(mil t _{eq})	5.57	6.00	5.37	-0.30	-7.2	Enel
Other indirect greenhouse emissions (Scope 3) (6)							
Coal mining	(mil t_)	1.06	3.33	5.60	-2.27	-68.1	Enel
Transport of coal by sea	(mil t_)	0.10	0.29	0.80	-0.19	-64.1	Enel
Transport of coal by train	(mil t _{eq})	-	0.22	0.33	-0.22	-100.0	Enel
Transport of fuel (gas oil, biomass, WDF)	(mil t _{eq})	0.01	0.01	0.01	-	-11.1	Enel
Transport of raw materials and waste	(mil t _{eq})	0.01	0.01	0.03	2	-64.3	Enel
End consumers of the purchased electricity	(milt)	25.04	28.98	27.39	-3.94	-13.6	Enel
End consumers of the purchased gas	(mil t_)	21.48	23.92	25.41	-2.44	-10.2	Enel
Total indirect emissions (Scope 3)	(mil t_)	47.70	56.92	59.56	-9.22	-16.2	Enel

"Source: Enel 2020 Sustainability Report, page 339"

Enel's Historical Scope 1, 2, and 3 GHG Emissions (2018-2020) Performance



1. It includes all scope1 emissions

KPI #2: Renewable Installed Capacity Percentage

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

Definition/Methodology:

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

Terms referring to the KPI #2 and the SPT #2 are detailed in the documentation of the relevant sustainability-linked transactions.

Rationale:

The KPI #2 supports Enel's target to fully decarbonise its technology mix by 2040

Intermediate and long-term goals:

In November 2021, Enel reinforced its objective to reach 66% of total net efficient installed capacity from renewables by the end of 2024, compared to 58% expected in 2021.

- Previous objective was to reach 65% of total net efficient installed capacity from renewables by the end of 2023, compared to the 2020 baseline
- This new objective represents an increase of over 31% in renewable net efficient installed capacity compared to 2021, from a total renewable capacity of ~51 GW in 2021 to ~67 GW capacity in 2024 (+ ~16GW).
- Therefore, the percentage of renewable net efficient installed capacity, in relation to total net efficient installed capacity would increase of 8 percentage points, from 58% expected in 2021 to 66% in 2024

Contribution to EU Environnemental Objective:

Climate Change Mitigation

Contribution to UN SDGs:

SDG 7: Ensure access to affordable, reliable, sustainable, and modern energy for all





Enel's Historical Scope 1, 2, and 3 GHG Emissions (2018–2020) Performance

4.2 Sustainability Performance Target (SPTs)

SPT #1: Direct Greenhouse Gas Emissions Amount

The amount of Direct Greenhouse Gas Emissions, as defined above, as of the relevant date was equal to or lower than the relevant Direct Greenhouse Gas Emissions Amount Intermediate Threshold, or the relevant Direct Greenhouse Gas Emissions Amount Full Threshold, as applicable

The "Direct Greenhouse Gas Emissions Amount Intermediate Threshold" or "Direct Greenhouse Gas Emissions Amount Full Threshold" will be specified in the relevant documentation of the specific transaction, as applicable (e.g. Final Terms of the Sustainability Linked Bond or facility agreement of the Sustainability-Linked Loan).

In October 2020, Enel announced further commitments that led to the revisions of its the Group's Scope 1 direct GHG emissions per kWheq for 2030, at 80% compared with 2017 as certified by the Science-Based Targets initiative ("SBTi") and complying with the 1.5°C pathway. Enel's Direct Greenhouse Gas Emissions Amount Full Threshold by 2030 has been updated to 82gCO_{2eq}/kWh. In November 2021, the 2022-2024 strategic plan introduced the path towards full decarbonisation by 2040.

Enel's Direct Greenhouse Gas Emissions Amount Full Threshold by 2023 has been announced at 148 grams by kWh_{ea} by 2023. In 2021, the threshold was furthered to 140gCO_{2ea}/kWh by 2024.

Enel's Direct Greenhouse Gas Emissions Amount Full Threshold by 2040: full decarbonisation.

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	2030	2040	
SPT	148 gCO _{2eq} /kWh*	140 gCO _{2eq} /kWh**	82 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 decarbonisation by 2040 SPT announced on Enel's Capital Market Day of November 2021, in the context of 2022-2024 Strategic Plan

*** 2030 SPT announced on October 30th

SPT #2: Renewable Installed Capacity Percentage

The Renewable Installed Capacity Percentage, as defined above, was equal to or exceeded the relevant Renewable Installed Capacity Percentage Threshold

The applicable **"Renewable Installed Capacity Percentage Threshold"** will be specified in the documentation of the specific transaction, as applicable (e.g. Final Terms of the Sustainability Linked Bond or facility agreement of the Sustainability-Linked Loan). Enel will announce its updated Renewable Installed Capacity Percentage Thresholds annually, and include it in its Sustainability-Linked instruments issued or executed thereafter⁸.

Any such updated Renewable Installed Capacity Percentage Threshold might be included in the Sustainable Development Goal ("SDG") 7 (Affordable and Clean Energy) Target Guaranteed Euro-Commercial Paper Programme as amended or established thereafter.

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	2021	2022	2023	2024	2030	2040
SPT	55%*	60%**	65%***	66%****	80%****	100%****

* 2021 SPT announced on Enel's Capital Markets Day of November 2018, in the context of 2019-2021 Strategic Plan

** 2022 SPT announced on Enel's Capital Markets Day of November 2019, in the context of 2020-2022 Strategic Plan

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

**** 2024, 2030 and 2040 SPTs announced on Enel's Capital Market Day of November 2021, in the context of 2022-2024 Strategic Plan

^{8.} For the sake of clarity, any updated threshold or target will not impact the terms of financial instruments and loans already issued and/or executed if based on previous thresholds, even the instruments are still outstanding

Financial Characteristic 4.3

The proceeds of Enel's Sustainability-Linked 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. Final Terms of the Sustainability Linked Bond, the Facility Agreement of the 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. Certain Sustainability-Linked Loans might include also step-down margin provisions applicable in case the relevant SPTs are timely reached by the Enel Group.

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.

KPI #1: Direct Greenhouse Gas Emissions Amount

The failure⁹ by Enel to satisfy SPT #1 as of the relevant target date (identified in the contractual documentation) will trigger a step-up margin, bringing 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 direct control, resulting in the step-up not being triggered.

For certain loan transactions, the achievement by Enel of SPT #1 as of the relevant target date (identified in the contractual documentation) might trigger a step-down margin adjustment applicable to interest periods following such reference date¹⁰.

KPI #2: Renewable Installed Capacity Percentage

The failure by Enel to satisfy SPT #2 as of as of the relevant target date (identified in the contractual documentation) will trigger a step-up margin, bringing 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 direct control, resulting in the step-up not being triggered.

For certain loan transactions, the achievement by Enel of SPT #2 as of the relevant target date (identified in the contractual documentation) might trigger a step-down margin adjustment applicable to interest period following such reference date¹¹.

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 this target will not impact the financial characteristics of the CPPs.

4.4 Reporting

The Direct Greenhouse Gas Emissions will be reported by Enel on an annual basis in its website and in its Annual Report and/or Sustainability Report – Non Financial Statement. The Renewable Installed Capacity Percentage will be reported by Enel at least on an annual basis on its website and in its Annual Report and/or Sustainability Report – Non Financial Statement.

Reporting may include:

- i. Up-to-date information on the performance of the selected KPI, including the baseline where relevant
- **ii.** A verification assurance report relative to the SPT 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

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 KPI #1 and KPI #2 according to SPT #1 and SPT #2 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, to review Enel's statement of the Renewable Installed Capacity Percentage; and
- 2. DNV GL Business Assurance Italia S.r.l. or such other qualified provider of third party assurance or attestation services appointed by Enel, to review Enel's statement of the Direct Greenhouse Gas Emissions Amount.

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

Additional KPIs/SPTs may be added over time and other SPTs for KPI 1 and 2 will be added over time.

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 presented for approval to V.E 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 direct control may not result in stepup 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.

Disclaimer

This Sustainability-Linked Financing Framework (the "Framework") contains certain forwardlooking 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 forwardlooking 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 forwardlooking 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.

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Appendix

Appendix I: SBTi assessment of SPT #1



info@sciencebasedtargets.org www.sciencebasedtargets.org

October 16, 2020



Dear ENEL SPA

Thank you for submitting your greenhouse gas emission reduction target(s) to the Science Based Targets initiative (SBTi) for an official validation using the voluntary ambition update process.

Our team has assessed your target(s) against the <u>SBTi criteria (version 4)</u> and, after careful review, we are happy to inform you that your submitted target(s) have been approved and the scope 1 and 2 portion of your targets are aligned with a 1.5°C pathway. The ambition of your scope 3 targets has been updated through the voluntary process, although they are not currently classified.

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:

"Multinational energy company Enel commits to reduce scope 1 GHG emissions 80% per kWh by 2030 from a 2017 base year, limiting them to 82 gCO2/kWheq, and achieve full decarbonization by 2050. Enel SpA also commits to reduce absolute scope 3 GHG emissions for the use of sold products 16% by 2030 from a 2017 base year."

The SBTi plans to publish your approved target wording and temperature alignment on our website one month from this date, on November 12. Please let the communications team know if your company would like to request a different publication date. The SBTi requires approved target(s) to be published within six months from the date of this official target approval letter, to ensure targets published on the website are in line with the latest SBTi criteria and recommendations.

Congratulations on your approved science-based targets and increasing your target ambition!

Kind regards,

The Science Based Targets initiative's Steering Committee





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