

SCOPE

Vigeo Eiris was commissioned to provide an independent opinion on the sustainability credentials and management of the Green Bond (the "Bond") considered to be issued by ENEL Finance International N.V. (the "Issuer" or "EFI") and guaranteed by ENEL – Società per Azioni ("ENEL") under the €35,000,000,000 Euro Medium Term Note Programme, to finance and refinance Renewable Energy, Transmission, Distribution and Smart Grid and Innovative Infrastructure Projects. Our opinion is established according to Vigeo Eiris' Environmental, Social and Governance (ESG) assessment methodology, and to the International Capital Market Association's Green Bond Principles (the "GBP").

The opinion is based on the review of the two following components:

- **ENEL:** we have assessed the sustainability profile of ENEL, its involvement in potential ESG controversies and controversial activities³.
- **Issuance:** we have assessed the coherence of the Bonds, the consistency of the Bonds' use of proceeds, its contribution to sustainability and its alignment with the GBP.

Our sources of information are multichannel, combining data from our general rating database, information provided by the Issuer, press content providers and stakeholders, and complemented by interviews with involved managers, held at the ENEL's offices in Rome (Italy). We carried out our due diligence from 1st to the 20th of December 2018.

We were provided with access to all the appropriate documents and people we solicited. We consider that the provided information enables us to establish our opinion with a reasonable assurance on its relevance, precision and reliability.

VIGEO EIRIS' OPINION

Vigeo Eiris confirms that the Bond considered by the Issuer and ENEL is aligned with the Green Bond Principles.

We express a reasonable⁴ assurance (our highest level of assurance) on the Issuer's commitments and the Bond's contribution to sustainability.

The Eligible Green Projects are likely to contribute to five United Nations' Sustainable Development Goals, namely Goal 3. Good Health and Well-being, Goal 7: Affordable and Clean Energy, Goal 9. Industry, innovation and infrastructure, Goal 11. Sustainable cities and communities and Goal 13: Climate Action.

- 1) **ENEL:** ENEL displays an overall advanced³ ESG performance.
 - ▶ ENEL achieves advanced performance in the Environmental, Social and Governance pillars and ranks fourth in the *Electric & Gas Utilities* Vigeo Eiris sector that covers 60 European companies. Vigeo Eiris' assurance that ENEL's ESG risk factors are adequately managed is reasonable, including reputational, human capital, legal and operational risks.
 - ▶ ENEL faces frequent controversies regarding all sustainability domains. The severity ranges from minor to high. ENEL is overall remediative: it reports transparently in all cases to cooperate with interested parties or to take corrective actions.
 - ▶ ENEL's involvement in Nuclear power is major (due to semi-nuclear and nuclear-related activities) as well as in Fossil Fuels industry and Coal (because of the electricity generation from oil, gas and coal). ENEL is not involved in the other controversial activities analysed under our methodology.

¹ This opinion is to be considered as the "Second Party Opinion" described by the International Capital Market Association (www.icmagroup.org).

² The "Green Bond" is to be considered as the potential forthcoming bond, which issuance is subject to the Issuer discretion.

³ The 15 controversial activities: Alcohol, Animal welfare, Chemicals of concern, Civilian firearms, Fossil Fuels industry, Coal, Tar sands and oil shale, Gambling, Genetic engineering, High interest rate lending, Military, Nuclear power, Pornography, Reproductive medicine, and Tobacco.

⁴ Definition of Vigeo Eiris' scales of assessment (as detailed in the "Methodology section" of this document):

Level of Evaluation: Advanced, Good, Limited, Weak.

Level of Assurance: Reasonable, Moderate, Weak.

- 2) **Issuance:** ENEL has formalized the main characteristics of the Bond through its Green Bond Framework, that the Issuer has committed to make publicly accessible on its website⁵, in line with the good market practices

We are of the opinion that the contemplated Bond is coherent with ENEL's main sustainability priorities and sector issues, contributes to achieving its sustainability commitments.

- ▶ The net proceeds of the Bond will be used to finance and refinance, in whole or in part, Eligible Green Projects, which are expected to contribute to climate change mitigation and protection of natural resources objectives. Objectives and expected environmental benefits associated with the Eligible Green Projects are precise, measurable and relevant. The expected environmental will be assessed and quantified by ENEL.
- ▶ The governance and the process for the evaluation and selection of Eligible Green Projects appear to be documented and relevant. The process relies on explicit eligibility (selection and exclusion) criteria.

The identification and management of the environmental and social risks associated with the Eligible Green Projects are considered to be good.

- ▶ The rules for the management of proceeds are clearly defined by ENEL and would enable a documented and transparent allocation process.
- ▶ ENEL is committed to report annually, publicly and until the Bond maturity. The reporting commitments and process appear to be good, covering the fund allocation and environmental benefits of selected projects (outputs and impacts).

ENEL's Green Bond issuance is supported by external reviews:

- The pre-issuance consultant review in the form of Second Party Opinions delivered by Vigeo Eiris on the sustainability credentials of the Program and of the contemplated bond, based on pre-issuance commitments and covering all the features of the Bond.
- An annual assurance report performed by the third-party auditor, covering the tracking Bond proceeds and the reporting metrics, during the fund allocation process, until the maturity date of the Bond.

This Opinion is valid as of the date of issuance limited to ENEL's 2019 first Green Bond.

Milan, December 24th 2018



Stefano Isolica

Senior Sustainability Consultant

Project manager



Carlos Araujo

Sustainability Consultant



Laurie Chesné

Senior Sustainability Consultant
Head of Sustainability Bond

Services

⁵ <https://www.enel.com/it/investors1/obbligazioni/main-programs/green-bond>

DETAILED RESULTS

Part I. ISSUER

ENEL is a multinational energy company with over 62,500 employees and a global integrated operator in the electricity and gas industries with a focus on Europe and Latin America. The Company generates, transmits, distributes, transports, purchases, and sells electricity and natural gas.

Level of ENEL's ESG performance

As of October 2018, ENEL's overall approach to manage ESG related issues is advanced.

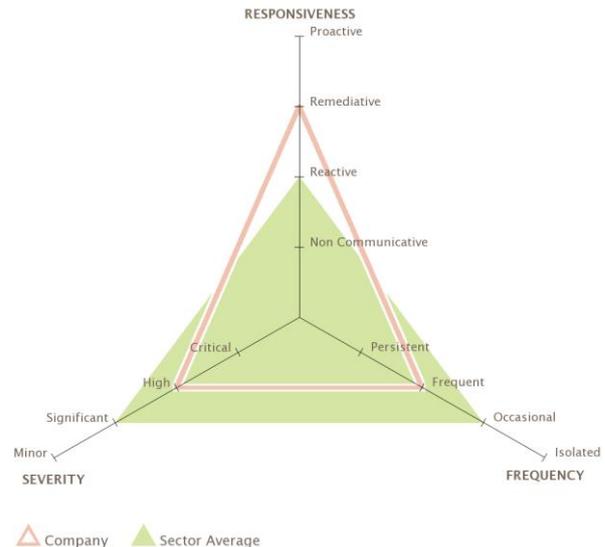
Domain	Comments	Opinion
Environment	ENEL's performance in the Environment domain is advanced.	Advanced Good Limited Weak
	ENEL's environmental strategy is considered comprehensive thanks to several quantified targets and a vast coverage of its certified environmental management system.	
	Energy demand-side management is advanced, as well as development of renewable energy sources, which are core elements of the Company's strategic plan.	
	Enel Group develops principles and guidelines inspired by the internationally recognized Environmental Management standards, oriented towards continuous improvement and using the best available technologies and best practices. These principles and guidelines, which addresses all the relevant environmental impacts, are duly implemented in all business operations.	
Social	ENEL promotes sustainable environmental practices among suppliers, contractors and customers throughout comprehensive activities.	Advanced Good Limited Weak
	Furthermore, indicators on GHG emissions, other air emissions, and customer's energy efficiency showed improvements over the past years.	
	ENEL's performance in the Social domain is advanced.	
	ENEL's human rights policy addresses all major sector issues and a due diligence and risk monitoring process is conducted in several locations. The Company discloses the results on external audits. Enel has adopted diversity-related targets and extensive measures such as flexitime initiatives and day-care centres are in place to promote diversity. ENEL has formalised its commitment to labour rights, i.e. freedom of association and collective bargaining, in a Global Framework Agreement.	
Governance	ENEL's human resources performance is advanced. Extensive means are allocated to support the international mobility of young employees and early retirement or internal mobility to all its personnel concerned by reorganisations. Finally, significant means are disclosed regarding health, safety and stress prevention and quantified indicators demonstrate positive results in this field, despite investigations and proceedings in Italy.	Advanced Good Limited Weak
	The Company has issued a formalised commitment to including social factors in supply chain management in its Code of Ethics. Through the Vendor Rating System, social audits are included in the rating of suppliers, which are subjects to audits and receive support to improve their performances. The Company's performance in sustainable procurement is robust with a clear policy, comprehensive measures and quantified reporting on results. ENEL's performance in customer relations remains advanced.	
	"The Company's community involvement performance is advanced. ENEL allocates extensive means to address fuel poverty through financial support, energy demand-side management and customer assistance accessible to vulnerable clients in a majority of countries of operation. Moreover, the Company puts in place preventive means, such as social impact assessments, to analyse community concerns throughout its operations.	
	Enel has reported significantly on taxes paid.	
Governance	ENEL's performance in the Governance pillar is advanced.	Advanced Good Limited Weak
	ENEL has implemented robust business behaviour processes to comply with international requirements on the prevention of corruption and for procurements. Strong internal and external audit processes and means allow an advanced performance in this domain. More limited performances are present for the prevention of anticompetitive practices and transparency and integrity of influence strategies and practices.	
	Regarding corporate governance, ENEL's performance is advanced. Eight out of nine Board members, including its Chairman, are independent, which results in 100% independence of its committees. The internal control system appears to cover a number of ESG risks, such as climate change, pollution and corruption. Main concerns are related to shareholder rights, since no shareholder may own more than 3% of ENEL shares (voting rights attributable to shares held in excess of this limit may not be exercised). Relevant CSR issues have been reported to be discussed at Board level, and its CSR strategy has been revealed to its shareholders.	

ENEL is included in the following Vigeo Eiris Indices (as the date of publication):

- Euronext Vigeo Eiris World 120
- Euronext Vigeo Eiris Europe 120
- Euronext Vigeo Eiris Eurozone 120

Stakeholder-related ESG controversies

- **Frequency:** ENEL faces frequent allegations, it is involved in 12 stakeholder-related ESG controversies, on all domains:
 - Business Behavior, 7 cases especially on customers relations, anti-competitive practices and corruption
 - Environment, 3 cases especially on biodiversity and industrial accidents
 - Human Resources, 1 cases on health & safety
 - Community Involvement, 2 cases on social and economic development
 - Corporate Governance, 1 cases on audit & internal control
 - Human Rights, 1 case related to property rights



- **Severity:** The level of severity ranges from minor to high based on the analysis of their impact on ENEL and its stakeholders: it faces 3 cases of minor severity, 4 cases of significant severity and 4 cases of high severity (related to customer relations, health & safety and social factors in the supply chain).
- **Responsiveness:** ENEL is overall remediative: it is proactive in 1 case, implements remedial actions for 3 cases (including on cases with high severity), and reports transparently in all cases.

Involvement in controversial activities

Regarding the 15 controversial activities screened under our methodology, and based on an estimation of the level and type of company involvement, ENEL has a major involvement in:

- Nuclear power: ENEL is involved in nuclear-related activities (nuclear power represents 10% of ENEL's total power generation fuel mix and ENEL has a minority stake in Slovenske Elektrarne, said to be sold in coming years).
- Coal: ENEL has an estimated net production from coal that is between 20-33% in terms of net production. Enel has an estimated turnover from coal which is between 10% and 20% of total turnover.
- Fossil Fuels industry: ENEL has an estimated turnover from fossil fuels which is between 20% and 33% of total turnover. fossil fuels represented 57% of the Company's 2017 power generation fuel mix.

ENEL is not involved in any of the 12 other controversial activities screened under our methodology, namely: Alcohol, Animal welfare, Chemicals of concern, Civilian firearms, Tar sands and oil shale, Gambling, Genetic engineering, High interest rate lending, Military, Pornography, and Reproductive Medicine.

The controversial activities research provides screening on companies to identify involvement in business activities that are subject to philosophical or moral beliefs. The information does not suggest any approval or disapproval on their content from Vigeo Eiris.

Part II. ISSUANCE

Coherence of the issuance

We are of the opinion that the contemplated Bond is coherent with ENEL's main sustainability priorities and sector issues, contributes to achieving its sustainability commitments.

The Electric & Gas Utilities sector has a major role to play with regard to climate change and energy efficiency through the promotion of renewable energy sources. These companies' main challenges are the protection of biodiversity, health and safety protection and the promotion of sustainable relations with the communities where they operate. Energy companies can contribute to the climate change mitigation and energy transition by increasing the development of renewable energy production and reduction of their greenhouse gas (GHG) emissions.

ENEL and its subsidiaries to acknowledge its responsibility in committing to the renewable energies sector and to researching and developing new environmentally friendly technologies. In 2017, ENEL Group energy production was 43% free of carbon dioxide emissions, making it one of the world's major producers of clean energy. Further, ENEL has committed to decarbonize its energy mix by 2050.

ENEL Strategic Plan 2019-21 clearly states that the Group's model is fit for a low carbon model and is driven by the main sector trends: Decarbonization, Electrification Storage & Demand Response and Urbanization.

The Strategic Plan has defined the targets to increase renewables production capacity⁶ from 42.9 GW to 53.9 GW and to reduce installed thermal generation from 46.5 GW to 39.5 GW by 2021, leading to an increase of the percentage of emission free production⁷ from 48% to 62% by 2021.

Concerning the Sustainable Development Goals, the Group confirms and accelerates its specific commitment, undertaken in September 2015, on the following targets:

- SDG 4 (high quality, inclusive and fair education): 2.5 million beneficiaries by 2030, from the previous 400,000;
- SDG 7 (affordable and clean energy): 10 million beneficiaries by 2030, mainly in Africa, Asia and Latin America;
- SDG 8 (employment and sustainable and inclusive economic growth): 8 million beneficiaries by 2030, from the previous 1.5 million;
- SDG 9 (industry, innovation and infrastructure) and SDG 11 (sustainable cities and communities): 46.9 million Smart Meters installed in 2021 (including replacement of Smart Meters); EUR 5.4bn Digitalization Capex (2019-2021); and 455.000 Charging points (public and private) installed in 2021.
- SDG 13 (climate action): less than 230gCO₂ eq/KWh by 2030 (specific emissions) target.

ENEL's Green Bond Framework appears to be an integral part of the long-term sustainability vision of ENEL and contributes to achieve its commitments. By issuing a Green Bond to finance and refinance, in whole or in part, the defined Eligible Green Projects, ENEL coherently responds to its commitment to the above-mentioned targets, as well as to the main issues of the sector in terms of environmental responsibility.

⁶ Including managed capacity

⁷ Emission free production includes nuclear generation

Use of proceeds

The net proceeds of the Bond will be used to finance and refinance, in whole or in part, Eligible Green Projects, which are expected to contribute to climate change mitigation and protection of natural resources objectives. Objectives and expected environmental benefits associated with the Eligible Green Projects are precise, measurable and relevant. The expected environmental will be assessed and quantified by ENEL.

The net proceeds of the Green Bond will be used to finance and refinance, in whole or in part, Eligible Green Projects included in three categories:

- Renewable Energy Projects,
- Transmission, Distribution and Smart Grid Projects
- Innovative Infrastructure Projects, including Clean Transportation Projects, Smart Lightning and Energy Efficiency Projects

Eligible Green Projects will meet a set of eligibility criteria defined by ENEL.

The definition of each Eligible Green Projects' category, related objectives and expected environmental benefits have been evaluated in the table below:

Eligible Green Projects' categories	Definition	Objectives	Environmental benefits	Vigeo Eiris' analysis
Renewable Energy Projects	The financing or refinancing of, or investments in the development, the construction, repowering and the installation and the maintenance of renewable energy production units for the production of energy through: (i) renewable non-fossil sources and (ii) hydro (*), geothermal, wind, solar, waves and other renewable energy sources. Energy production units include small-scale energy generation systems and utility scale or centralised power generation systems. (*) Hydro projects up to 25 MW in installed capacity or, if larger than 25 MW, satisfying the International Finance Corporation (IFC) Standards	- Increase of electricity production capacity from renewable sources	Climate change mitigation GHG emissions avoidance (<i>renewable electricity generation</i>)	The definition is clear and the content is relevant, in line with ENELs strategy, including selection criteria for large hydro projects. The objectives and benefits are precise, measurable and relevant.
Transmission, Distribution and Smart Grid Projects	The financing or refinancing of, or investments in the building, the operation and the maintenance of electric power distribution, transmission networks and smart metering systems, that contribute to: (i) connecting renewable energy production units to the general network and (ii) improving networks in terms of demand-size management, energy efficiency and access to electricity.	- Integration of renewable energy production units - Improvement of demand-size management, energy efficiency and access to electricity.	Climate change mitigation GHG emissions avoidance (<i>energy savings</i>)	The definition is clear and the content is relevant, in line with ENELs strategy. The objectives and benefits are precise, measurable and relevant.
Innovative Infrastructure Projects	The financing or refinancing of, or investments in the development, the construction, the installation and the maintenance of: (i) clean transportation projects which consist in electric, hybrid, public, rail, non-motorised, multi-modal transportation, public and private infrastructures and charging stations for clean energy vehicles and related services. (ii) smart lightning and energy efficiency projects which consist in public lightning, renovation of existing buildings and efficiency improvements, demand response and demand side management and related services.	- Reduce environmental impacts from transportation - Improve demand response - Increase environmental efficiency of buildings and cities	Climate change mitigation GHG emissions reduction and avoidance (<i>energy savings, alternative/renewable energy use, GHG reduction/substitution technologies</i>)	The definition is partially clear and the content is relevant for the clean transportation subcategory. The objectives and benefits for this subcategory are precise, measurable and relevant. The definition is clear and the content is relevant for the smart lightning and energy efficiency subcategory, in line with ENELs strategy. The objectives and benefits for this subcategory are precise and relevant, but partially measurable in the case of demand side management and related services.

In addition, the Eligible Green Projects are likely to contribute to five United Nations Sustainable Development Goals (UN SDGs).

Eligible Green Projects	UN SDGs	Targets
Renewable Energy Projects	<ul style="list-style-type: none"> • 7. Affordable and clean energy • 13. Climate action 	<ul style="list-style-type: none"> • 7.2 • 13.1
Transmission, Distribution and Smart Grid Projects	<ul style="list-style-type: none"> • 9. Industry, innovation and infrastructure • 13. Climate action 	<ul style="list-style-type: none"> • 9.4 • 13.1
Innovative Infrastructure Projects	<ul style="list-style-type: none"> • 7. Affordable and clean energy • 9. Industry, innovation and infrastructure • 11. Sustainable cities and communities • 13. Climate action 	<ul style="list-style-type: none"> • 7.1 • 9.4 • 11.2, 11.6 • 13.1



The UN SDG 7 consists in ensuring access to affordable, reliable, sustainable and modern energy for all, and the promotion of investment in energy infrastructure and clean energy technology. More precisely, SDG 7 targets include:

- 7.1 ensure universal access to affordable, reliable and modern energy services.
- 7.2 increase substantially the share of renewable energy in the global energy mix.



The UN SDG 9 consists in building resilient infrastructure, promoting sustainable industrialization and fostering innovation. More precisely, SDG 9 targets by 2030 include:

- 9.4 Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.



The UN SDG 11 consists in making cities inclusive, safe, resilient and sustainable. More precisely, SDG 11 targets by 2030 include:

- 11.2 provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
- 11.6 Reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.



The UN SDG 13 consists in taking urgent action to combat climate change and its impacts. Companies from the Electric & Gas utilities sector can contribute to this goal by improving their energy efficiency, reducing the carbon footprint of their products, services and processes, setting GHG emissions reductions targets. More precisely, SDG 3 targets by 2030 include:

- 13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.

Process for project evaluation and selection

The governance and the process for the evaluation and selection of Eligible Green Projects appear to be documented and relevant.

ENEL is committed to attest the transparency and efficiency of selection process and the responsible management of the proceeds and financed projects, through defined process and eligibility criteria as defined within the existing Green Bond Framework, which have been evaluated by Vigeo Eiris.

The process is relevant, regarding the transparency and the governance of the defined internal process, in line with the Green Bond Principles guidelines.

The process for project evaluation and selection is clearly defined and formalised in ENEL's Green Bond Framework.

ENEL's process is reasonably structured:

- The evaluation and selection process is based on relevant internal expertise, internal roles and responsibilities are well-defined:
 - ENEL has formally established a Green Bond Committee with the aim of:
 - overseeing the ENEL Green Bond implementation and allocation process;
 - reviewing the allocation to the projects to ensure it meets the Environmental and Social Criteria set forth in the ENEL Green Bond Framework;
 - validating the annual reporting referring to Eligible Green Project;
 - ensuring the appointment of an independent auditor to provide an annual assurance report.
 - The Committee consists of:
 - The Head of Finance and Insurance Holding, acting as Chairman;
 - The Head of Capital Markets;
 - The Head of Financial Governance;
 - The Head of Group Consolidation, ENEL S.p.A. and the Netherlands' Administration;
 - The Head of Sustainability & Other Countries Investor Relations Holding;
 - The Head of Sustainability Planning and Performance Management Holding;
 - The Head of Planning & Control of the relevant Global Business Line from time to time involved in each project;
 - The Chief Operating Officer of ENEL Finance International.

The process relies on explicit eligibility (selection and exclusion) criteria.

- The Eligible Green Projects shall:
 - be included in the investment plan, which is driven by the Strategic Plan 2019-2021
 - belong to one of the identified Eligible Green Projects' categories
 - exclude any project related to nuclear energy
- A set of ESG criteria have been integrated in projects evaluation and selection.
- The verification and traceability are ensured throughout the process. The above-mentioned process will be monitored along the entire period in which the expected capex/opex will be incurred. The Green Bond Committee will review the allocation to the projects to ensure it meets the Environmental and Social Criteria set forth in the Green Bond Framework.

The identification and management of the environmental and social risks associated with the Eligible Green Projects are considered to be good.

- Relevant criteria and commitments have been defined within the ESG eligibility grid regarding the identification and management of ESG risks, covering the main material issues:
 - ENVIRONMENT
 - Environmental strategy and Eco-design
 - Protection of biodiversity
 - Pollution prevention and control throughout the project life-cycle (air, soils, water resources, transportation)
 - Management of environmental impact from end-of-life equipment / dismantling

- ▶ SOCIAL ISSUES
 - Respect for human rights standards and prevention of violations
 - Respect for labour rights
 - Employment conditions (labour relations, training, health and safety, respect of working hours)
 - Promotion of local social and economic development
 - Societal impacts of project
- ▶ PROJECT GOVERNANCE - BUSINESS BEHAVIOR
 - Integration of environmental and social factors in the supply chain - Responsible procurement
 - Business ethics (prevention of corruption and money laundering, fraud, anti-competitive practices)
 - Audit & internal control

Management of proceeds:

- **The rules for the management of proceeds are clearly defined by ENEL and would enable a documented and transparent allocation process.** ENEL, the Issuer, will grant an amount equal to the net proceeds to ENEL's subsidiaries in charge for the Eligible Green Projects via intercompany loans, with the purpose to (re)finance the disbursements in connection with the Eligible Green Projects.
- The Issuer expects to allocate the Green Bond proceeds towards Eligible Green Projects in a two-year period from the issue date of each Green Bond issuance.
- The overall share of refinancing (i.e. refinancing of projects disbursed within past 24 months prior to issuance) will be disclosed for each reporting.
- Pending the allocation, the net proceeds not yet allocated to Eligible Green Projects will be held temporarily by the Issuer in form of Cash, Time Deposit with Banks or Other forms of available short-term funding sources (i.e. Commercial Paper Programme, Bank Credit Line).
- ENEL will track investments of the proceeds allocated to Eligible Green Projects. This tracking is integrated into the annual financial reporting process.
- In the case of divestment or if a project no longer meets the eligibility criteria, the funds will be reallocated to other Eligible Green Projects.
- All the management of proceeds (allocation process) will be reviewed annually by external auditor until the maturity of the Bond.

Monitoring & Reporting

ENEL is committed to report annually, publicly and until the Bond maturity. The reporting commitments and process appear to be good, covering the fund allocation and environmental benefits of selected projects (outputs and impacts).

The process for monitoring is clearly defined. The process for data collection, consolidation and reporting will rely on internal expertise, including relevant people from across ENEL, and has been defined in the responsibility matrix governing the Green Bond Committee.

The Planning & Control unit will manage the process of monitoring the progress status of Eligible Green Projects.

Annually and until the maturity of the Green Bond issued, ENEL is committed to make its Bond's reporting publicly accessible, aligned with the Green Bond Principles.

- The reporting will be performed through ENEL's website and ENEL's Sustainability Report.
- The Green Bond Committee will review and approve the reporting.
- Reporting indicators and calculation methodologies will be defined and made publicly available for each reporting.
- Projects will be added to the report once ENEL has approved and determined a project as an Eligible Green Project.

The selected reporting indicators related to the use of proceeds and the environmental benefits are relevant for the defined Eligible Green Projects categories, consisting in:

- Use of proceeds

Reporting indicators at project level	Reporting indicators at Bond level
<ul style="list-style-type: none"> - Project description, location, amount of allocated proceeds 	<ul style="list-style-type: none"> - Division of the allocation between financing and refinancing (i.e. share of refinancing) - Division of the allocation by category - The balance of unallocated cash and/or cash equivalent still held by the Issuer

- Environmental benefits:

Eligible Green Projects	Outputs reporting indicators	Impacts reporting indicators
Renewable Energy Projects	<ul style="list-style-type: none"> - Installed capacity (MW) - Electricity produced from renewable sources (MWh) 	<ul style="list-style-type: none"> - Greenhouse gases emissions avoided (tCO2e)
Transmission, Distribution and Smart Grid Projects	<ul style="list-style-type: none"> - Number of smart meters installed - Number of renewable energy production units connected to the network - Storage capacity (GW) 	<ul style="list-style-type: none"> - Number of new users connected to the network - Reduction of grid losses (kWh) and Greenhouse gases emissions avoided (tCO2e)
Innovative Infrastructure Projects	<p>Clean transportation</p> <ul style="list-style-type: none"> - Number of public Electric Vehicles (EV) charging stations installed <p>Smart lighting (public and private)</p> <ul style="list-style-type: none"> - Number of lighting systems installed - Number of upgrading intervention on lighting systems - Energy savings (MWh) <p>Demand response and storage</p> <ul style="list-style-type: none"> - Battery storage installed capacity (MW) - Demand Response (GW) <p>Energy dispatched (MWh)</p> <p>Energy efficiency</p> <ul style="list-style-type: none"> - Number of heat pumps, HVAC installed and CHP - Energy savings (MWh) 	<p>Clean transportation</p> <ul style="list-style-type: none"> - CO2 emissions avoided (tCO2e) <p>Smart lighting (public and private)</p> <ul style="list-style-type: none"> - CO2 emissions avoided (tCO2e) <p>Demand response and storage</p> <p><i>We have recommended to identify impact indicators for this sub-category</i></p> <p>Energy efficiency</p> <ul style="list-style-type: none"> - CO2 emissions avoided (tCO2e)

In order to report on the projects' benefits, ENEL may select alternative quantitative or qualitative indicators, to remain relevant to the selected Eligible Green Projects. Furthermore, the research on innovative projects like demand response management may lead to new methodologies for impact assessment, which can be adopted.

- Any major controversy (according to internal methodology based on severity, exposure and frequency of the case) on an Eligible Green Project related to ESG matters and information on key issues at stake and actions put in place by ENEL.
- Regarding monitoring and reporting on ESG management (i.e. additional ESG indicators) of each project, ENEL will report at corporate level on ESG risk management, through its annual Sustainability Report.
- Sustainability Planning and Performance Management, in coordination with Country Sustainability, collects the KPIs and consolidates the information at corporate level.
- Eligible Green Projects are fully integrated in each business unit, covered by the overall annual group reporting, which is disclosed in the annual Sustainability Report or through dedicated web pages, available on ENEL's website.

We have suggested using defined qualitative and quantitative indicators to report at project level on the environmental and social risk management of the projects, depending on the available information and ESG matters relevance.

METHODOLOGY

In Vigeo Eiris' view, Environmental, Social and Governance (ESG) factors are intertwined and complementary. As such they cannot be separated in the assessment of ESG management in any organization, activity or transaction. In this sense, Vigeo Eiris writes an opinion on the Issuer's Corporate Social Responsibility as an organization, and on the objectives, management and reporting of the projects to be (re)financed by this transaction.

Vigeo Eiris' methodology to define and to assess corporate's ESG performance is based on criteria aligned with public international standards, in compliance with the ISO 26000 guidelines, and organized in 6 domains: Environment, Human Resources, Human Rights, Community Involvement, Business Behavior and Corporate Governance. The evaluation framework has been customized regarding material issues, based on the Electric & Gas Utilities assessment framework, projects specificities and emerging issues.

Vigeo Eiris reviewed information provided by ENEL, press content providers and stakeholders (partnership with Factiva Dow Jones: access to the content of 28,500 publications worldwide from reference financial newspapers to sector-focused magazines, local publications or Non-Government Organizations). Information gathered from these sources will be considered as long as they are public, documented and traceable. Vigeo Eiris has reviewed documents and websites of the Issuer (Green Bond Framework, Strategic Plan 2018-20 presentation, Green Bond Committee's Organizational Communication and minutes of the first meeting, Global Infrastructure and Networks Guidelines on Integrated Management System, Code of Ethics, Human Rights Policy, Sustainability Report 2016, Sustainability Plan), related to the Bond evaluation and interviewed members from several departments of the Issuer.

Our research and rating procedures are subject to internal quality control at three levels (analysts, heads of cluster sectors, internal review by the audit department for second party opinions) complemented by a final review and validation by the Direction of Methods. A right of complaint and recourse is guaranteed to all companies under our review, including three levels: first, the team linked to the company, then the Direction of Methods, and finally Vigeo Eiris' Scientific Council. All collaborators are signatories of Vigeo Eiris' Code of Ethics.

Part I. ISSUER

NB: ENEL's performances, i.e., commitments, processes, results of the Issuer, related to ESG issues have been assessed through a complete process of rating and benchmark developed by Vigeo Eiris. Furthermore, this assessment has been completed based on additional public information and stakeholders' views and opinion collected from public documentation.

Level of ENEL's ESG performance

ENEL has been evaluated by Vigeo Eiris on its Corporate Social Responsibility (CSR) performance, based on 25 relevant ESG drivers organized in the 6 sustainability domains. ENEL's performance has been assessed by Vigeo Eiris on the basis of its:

- Leadership: relevance of the commitments (content, visibility and ownership).
- Implementation: coherence of the implementation (process, means, control/reporting).
- Results: indicators, stakeholders' feedbacks and controversies.
 - Scale for assessment of ESG performance: Advanced, Good, Limited, Weak.

Stakeholder-related ESG controversies and involvement in controversial activities

A controversy is an information, a flow of information, or a contradictory opinion that is public, documented and traceable, allegation against an Issuer on corporate responsibility issues. Such allegations can relate to tangible facts, be an interpretation of these facts, or constitute an allegation on unproven facts.

Vigeo Eiris provides an opinion on companies' controversies risks mitigation based on the analysis of 3 factors:

- Severity: the more a controversy will relate to stakeholders' fundamental interests, will prove actual corporate responsibility in its occurrence, and will have adverse impacts for stakeholders and the company, the highest its severity. Severity assigned at corporate level will reflect the highest severity of all cases faced by the company (scale: Minor, Significant, High, Critical).
- Responsiveness: ability demonstrated by an Issuer to dialogue with its stakeholders in a risk management perspective and based on explanatory, preventative, remediating or corrective measures. At corporate level, this factor will reflect the overall responsiveness of the company for all cases faced (scale: Proactive, Remediate, Reactive, Non-Communicative).
- Frequency: reflects for each ESG challenge the number of controversies faced. At corporate level, this factor reflects on the overall number of controversies faced and scope of ESG issues impacted (scale: Isolated, Occasional, Frequent, Persistent).

The impact of a controversy on a company's reputation reduces with time, depending on the severity of the event and the company's responsiveness to this event. Conventionally, Vigeo Eiris' controversy database covers any controversy with Minor or Significant severity during 24 months after the last event registered and during 48 months for High and Critical controversies.

In addition, 15 controversial activities have been analysed following 30 parameters to verify if the company is involved in any of them. The company's level of involvement (Major, Minor, No) in a controversial activity is based on:

- An estimation of the revenues derived from controversial products or services.
- The precise nature of the controversial products or services provided by the company.

Part II. ISSUANCE

The Green Bond framework has been evaluated by Vigeo Eiris according to the Green Bond Principles and our methodology based on international standards and sector guidelines applying in terms of ESG management and assessment.

Use of proceeds

The use of proceeds requirements are defined to ensure that the funds raised are used to finance and/or refinance, in whole or in part, an Eligible Green Project and are traceable within the issuing organization. Each Eligible Green Project endorsed shall comply with at least one of the Eligible Green Projects category definition in order to be considered as an Eligible Green Project. Vigeo Eiris evaluates the relevance, visibility, and measurability of the associated environmental and/or social objectives. The sustainability purpose of the Green Bond related Eligible Green Projects has been precisely defined, with regard to ENEL's commitments, and assessed based on the described and estimated benefits of Eligible Green Projects. The contribution of Eligible Green Projects to sustainable development is evaluated based on the United Nations Sustainable Development Goals.

Process for project evaluation and selection

The evaluation and selection process has been assessed by Vigeo Eiris regarding its transparency, governance and efficiency. The relevance and exhaustiveness of selection criteria and associated supporting elements integrated in the Green Bond framework, and the coherence of the process are analysed based on material issues considered in Vigeo Eiris' methodology.

Management of proceeds

The rules for the management of proceeds and the allocation process have been evaluated by Vigeo Eiris regarding their transparency, coherence and efficiency.

Reporting

Reporting indicators, processes and methodologies are defined by the Issuer to enable annual reporting on fund allocation, environmental benefits (output and impact indicators) and on the responsible management of the Eligible Green Projects financed by the Green Bond proceeds, collected at project level and potentially aggregated at Bond level. Vigeo Eiris has evaluated the relevance of the reporting framework according to three principles: transparency, exhaustiveness and effectiveness.

- Scale of assessment for processes and commitments: Weak, Limited, Good, Advanced.
- Scale of level of assurance on Issuer's capacity: Reasonable, Moderate, Weak.

VIGEO EIRIS' ASSESSMENT SCALES

Performance evaluation	
Advanced	Advanced commitment; strong evidence of command over the issues dedicated to achieving the objective of social responsibility. Reasonable level of risk management and using innovative methods to anticipate emerging risks.
Good	Convincing commitment; significant and consistent evidence of command over the issues. Reasonable level of risk management.
Limited	Commitment to the objective of social responsibility has been initiated or partially achieved; fragmentary evidence of command over the issues. Limited to weak level of risk management.
Weak	Commitment to social responsibility is non-tangible; no evidence of command over the issues. Level of insurance of risk management is weak to very weak.

Level of assurance	
Reasonable	Able to convincingly conform to the prescribed principles and objectives of the evaluation framework
Moderate	Compatibility or partial convergence with the prescribed principles and objectives of the evaluation framework
Weak	Lack or unawareness of, or incompatibility with the prescribed principles and objectives of the evaluation framework

Vigeo Eiris is an independent international provider of environmental, social and governance (ESG) research and services for investors and public & private organisations. We undertake risk assessments and evaluate the level of integration of sustainability factors within the strategy and operations of organisations.

Vigeo Eiris offers a wide range of services:

- **For investors:** decision-making support covering all sustainable and ethical investment approaches (including ratings, databases, sector analyses, portfolio analyses, structured products, indices and more)
- **For companies & organisations:** supporting the integration of ESG criteria into business functions and strategic operations (including sustainable bonds, corporate ratings, CSR evaluations and more).

Vigeo Eiris methodology and rating services adhere to the highest quality standards.

With a team of more than 240 experts of 28 different nationalities, Vigeo Eiris is present in Paris, London, Boston, Brussels, Casablanca, Hong Kong, Milan, Montreal, Rabat, Santiago and Stockholm.

The Vigeo Eiris Global Network, comprising 6 exclusive research partners, is present in Australia, Brazil, Germany, Israel, Japan and Spain.

For more information: www.vigeo-eiris.com

Disclaimer

Transparency on the relation between Vigeo Eiris and the Issuer: Vigeo Eiris has executed other 2 consultancy activities for ENEL Group in 2013 and 2014, an audit mission in 2016 and in 2017. No established relationship (financial or others) exists between Vigeo Eiris and ENEL.

This opinion aims to explain for investors why the Green Bond is considered as sustainable and responsible, based on the information which has been made available to Vigeo Eiris and which has been analyzed by Vigeo Eiris. Providing this opinion does not mean that Vigeo Eiris certifies the materiality, the excellence or the irreversibility of the projects financed by the Green Bond. ENEL is fully responsible for attesting the compliance with its commitments defined in its policies, for their implementation and their monitoring. The opinion delivered by Vigeo Eiris neither focuses on financial performance of the Green Bond, nor on the effective allocation of its proceeds. Vigeo Eiris is not liable for the induced consequences when third parties use this opinion either to make investments decisions or to make any kind of business transaction. The opinion delivered on stakeholder-related ESG controversies is not a conclusion on the creditworthiness of ENEL or its financial obligations. We do not express an opinion as a score when controversial activities, products and services are not prohibited by international standards or treaties. The controversial activities research provides screening on companies to identify involvement in business activities that are subject to philosophical or moral beliefs: it consists exclusively

in highlighting the involvement of companies in a given activity and in qualifying the threshold of involvement without inferring any opinion. The information does not suggest any approval or disapproval on their content from Vigeo Eiris.
Restriction on distribution and use of this Opinion: the opinion is provided by Vigeo Eiris to ENEL and can only be used by ENEL. The distribution and publication is at the discretion of ENEL, submitted to Vigeo Eiris approval.