

Communities and value sharing (1/2)

▶ 2017-2019 Plan: **Engaging local communities**

SDGs

Activities

Categories

2017 results

Targets





Inclusive and equitable quality education

Education

Community relations

Partnerships

• ~600 thousand beneficiaries (2015-17) • 400 thousand beneficiaries (2015-20)





Affordable, reliable, sustainable and modern energy

Access to energy

Community relations

Partnerships

• ~1.7 mil beneficiaries (2015-17)

3 mil beneficiaries, mainly in Africa. Asia and Latin America (2015-20)





Sustained, inclusive and sustainable economic growth

Social development

Community relations

Partnerships

• ~1.5 mil beneficiaries (2015-17)

• 1.5 mil beneficiaries (2015-20)



Strengthening of strategic partnerships and promotion of operational partnerships

Partnerships

• Over 600 active partnerships





















▶ 2018-2020 Plan: Engaging local communities

SDGs

Activities

Categories

2020 targets





Inclusive and equitable quality education

S Education

Laucation

S Community relations

G Partnerships

• 800 thousand beneficiaries (2015-20)





Affordable, reliable, sustainable and modern energy

S Access to energy

S Community relations

G Partnerships

 3 mil beneficiaries, mainly in Africa, Asia and Latin America (2015-20)





Sustained, inclusive and sustainable economic growth

S Social development

S Community relations

G Partnerships

• 3 mil beneficiaries (2015-20)



Strengthening of strategic partnerships and promotion of operational partnerships

Partnerships



Communities and value sharing (2/2)

▶ 2017-2019 Plan:

Engaging local communities

SDGs





Categories

2017 results

Targets











Implementation of new projects in support of the communities in which Enel operates in order to create shared value (CSV) and to foster the energy culture

Community relations

Partnerships

• 1,210 projects



Diffusion of the Creating Shared Value (CSV)
model in the operational units (Business Development, Engineering & Construction, Operation & Maintenance)

- Industrial growth
- Community relations
- Issue of CSV procedures at country level
- Development of the "Sustainable Construction Site' model (in REN and TGX^1)























2018-2020 Plan: **Engaging local communities**

SDGs

Activities

Categories

2020 targets











Implementation of new projects in support of the communities in which Enel operates in order to create shared value (CSV) and to foster the energy culture



Community relations



Partnerships



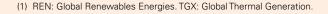
Diffusion of the Creating Shared Value (CSV) model in the operational units (Business Development, Engineering & Construction, Operation & Maintenance)



Industrial growth



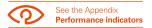
Community relations





Communities and value sharing

102-42	102-43	102-44
103-2	103-3	413-1



Engaging stakeholders, sharing goals and impact assessment

Looking constantly and proactively to the society's needs and priorities, it is possible to take up new challenges and build an increasingly competitive business model.

Operating in a constantly changing world, where global phenomena come face-to-face with very different cultures and socio-economic contexts, is one of the main challenges that multinational groups have to face.

Responsible community relations is a pillar of Enel's Strategic Plan. Looking constantly and proactively to the society's needs and priorities it is possible to take up new challenges and build an increasingly competitive business model, developing new strategies and innovating in processes, partly scaling the solutions adopted up in the countries where Enel operates.

Enel is committed to respecting the rights of communities and contributing to their economic and social progress, interfacing daily with a wide range of stakeholders. Enel stands out for the use of a global and local approach, considering the different specificities of the country, through listening, cooperation and knowledge of local circumstances. Constant dialogue with communities and inclusive involvement of small and medium-sized enterprises and various organizations operating in the territory

allow us to build projects and solutions that respond to common priorities, promote local development and allow the creation of shared value over the long term

Searching for shared value for the Company and its stakeholders provides an opportunity to combine competitiveness with the creation of long-term social value. Operating in such a vast geographical area necessarily requires engagement with different businesses and a thorough knowledge of the local area and the needs of the various stakeholders in order to identify targeted solutions. Local needs are connected to corporate objectives through a specific materiality matrix per site, to identify which projects and initiatives respond to shared priorities.

In 2017, with more than 1,200 projects and over 9 million beneficiaries in the various countries where it is present, Enel has made a concrete contribution to the social and economic development and growth of local areas. Initiatives range from the expansion of infrastructure to education and training programs and from initiatives aimed at

social inclusion to projects supporting cultural and economic life, all in line with the commitments to the United Nations Sustainable Development Goals (SDGs). These projects are mainly carried out through partnerships (over 600 in 2017) with international and local organizations to promote the development of local areas through innovative and tailored actions. Enel adopts an "Open Innovability" approach in which sustainability, innovation and openness to dialogue are at the heart of relations with partners.

The progress made in terms of the Group's contribution to achieving SDGs provides further confirmation of the sustainability of the strategy.

The number of beneficiaries takes into account the activities and projects carried out in all the areas in which the Group operates (including companies consolidated at equity, the Group's foundations and non-profit organizations, and companies for which the BSO - Build, Sell and Operate mechanism has been applied).





¹ Beneficiaries are the persons for whom a project is carried out. Enel considers only the direct beneficiaries for the current year.

Enel's commitment to the SDGs

Goals Targets Progress



Quality education



800 thousand beneficiaries (2015-2020)

Approximately 600 thousand beneficiaries by 2017



Affordable and clean energy



3 million beneficiaries, mainly in Africa, Asia and Latin America (2015-2020)

Approximately 1.7 million beneficiaries by 2017



Decent work and economic growth



3 million beneficiaries (2015-2020)

Approximately 1.5 million beneficiaries by 2017



The Creating Shared Value model

A Creating Shared Value (CSV) model has been in place since 2015, integrating social and environmental factors into business processes and throughout the entire value chain. For the model to be implemented, it had to be defined and established within the Company at both cultural and operational level. In 2016, Policy no. 211 "CSV Process definition and management" was published. It defines how sustainability must permeate company processes across the board,

making it a shared responsibility. Furthermore, in 2017, the individual Group countries implemented the Group policy within specific organizational documents, defining the application methods of the CSV model based on their specific business characteristics and the context in which they operate.

The CSV model has 6 phases, that correspond to specific supporting applications, as shown below.

The CSV model tools and the site ma-

CSV model (Creating Shared Value)

Identification of key factors relating to the social, economic and environmental aspects of the communities Monitoring of the process, Mapping and weighting Context analysis measurement of the impacts of the main stakeholders and reporting of the key and recording their needs indicators and rooming Svalluation . ding of the short the short the A Share on the policy of the share of the sh Definition of Implementation of actions Identification of priority the CSV Plan defined in the CSV Plan, issues if necessary with the for stakeholders and for collaboration of strategic the Company, identification partners of potential Definition of an action plan for the creation of risks/opportunities shared value (CSV) in line with the priority issues which emerged and with impact analyses



teriality matrix mean it is possible to identify short-, medium- and long-term actions that combine the Company's perspective with the needs of local communities through concrete and recognized initiatives. There is a particular focus at all times on identifying and protecting the local communities involved in the projects, in compliance not only with Convention 169 of the International Labour Organization and local regulations, but above all with the relevant traditions and cultures.

The model applies to the entire value chain, including business development, engineering and construction, and asset management and maintenance.

In order to boost the diffusion of the Creating Shared Value model, 2017 saw a number of internal workshops in which colleagues from various countries looked at practical cases. Thanks to the proactive approach taken, this generated new solutions and ways to apply the integrated model to the business and to the local environment.

An inclusive approach towards the stakeholders also means circular economy solutions: infrastructure of decommissioned power plants can be can transformed into other ways to benefit the community, while involving various stakeholders. An example is the Futur-e project in Italy, which aims to turn 23 power stations into eco-sustainable places dedicated to science, art, culture or tourism, and new industrial activities. Further details on the project are available at https://corporate.enel.it/en/ futur-e, in a bid to provide maximum transparency to all information concerning the program.

In 2017, there were 412 new applications² of the CSV model across the various stages of the value chain: Business Development (BD), Engineering and Construction (E&C), Operation & Maintenance (O&M).

2 An application is the use of at least one CSV tool in relation to an asset, at any stage of the value chain and in any Business Line. CSV applications in the BD phase include applications relating to BD opportunities (also in initial stages) and business projects leaving the pipeline in 2017. They can also be related to assets in O&M if modernization projects are under way. CSV applications in the E&C phase may relate to assets transferred to the O&M phase at the end of the year. The number of CSV applications in Infrastructure & Networks (I&N) can refer to the concession area but also to areas identified by municipalities and substations. The applications of the CSV model take into account the activities and projects carried out in all the areas in which the Group operates (including companies consolidated at equity, the Group's foundations and non-profit organizations, and companies for which the BSO - Build, Sell and Operate mechanism has been applied).



generation	energies	Infrastrucure and networks	
CSV 6 Applications	CSV 83 Applications	CSV 3 Applications	CSV 92 Applications
CSV 3 Applications	CSV 24 Applications	CSV - Applications	CSV 27 Applications
CSV 39 Applications	CSV 199 Applications	CSV 52 Applications	CSV 29 3 Applications
	Applications CSV 3 Applications CSV 39	Applications CSV 3 CSV 24 Applications CSV 39 CSV 199	Applications Applications Applications CSV 3 CSV 24 Applications Applications CSV 4 Applications CSV 39 CSV 199 CSV 52

Below are some examples of CSV projects that have involved various business areas in a number of countries where Enel operates.

Transforming waste into something of value

ARGENTINA: Infrastructures and Networks - O&M phase

In Argentina, a circular economy initiative called "Social Recycling" is now underway for the reuse of disused material from distribution network maintenance activities. The initiative supplies wooden materials (such as cable reels, pallets, etc.) to a local foundation that produces furniture from recycled material. This furniture is then sold at cheap

prices, so low-income families to buy it. Furthermore, it was possible to equip a school canteen to the south of Buenos Aires thanks to a specific agreement, creating a comfortable environment for students, most of whom come from foreign families and/or families with financial difficulties. The project enables the inclusion and integration of vulnerable

sections of the population, while creating new jobs and developing specific technical skills.



BRAZIL: Renewable Energies - E&C phase

In 2017, Enel launched two solar photovoltaic plants in Brazil, with the Ituverava and Nova Olinda parks – the two largest photovoltaic parks currently operating in South America. Ituverava is located in the municipality of Tabocas do Brejo Velho, in the north-eastern state of Bahia; a region with a population of only 13 thousand inhabitants, characterized by a rich natural diversity and strong sunlight that makes the area particularly hot. To rec-

oncile business development and the needs of local communities, Enel has launched initiatives in the areas near the plant, including creative recycling workshops to produce furniture and objects commonly used with construction materials, such as pallets and reels. Some local carpentry workshops opened after these training activities came to an end. The project is therefore an example of a circular economy, giving new life to

waste materials, and opening dialogue with the communities involved, allowing the growth of specific skills and the improvement of the economic conditions in those communities.







Customer focus and engagement

CHILE: Infrastructure & Networks and Market

Transparency, effectiveness and proximity are key elements of customer relationships. The "Enel Chile in your neighborhood" initiative involves customers in specific projects and initiatives, including the construction of mobile offices in the most deprived areas of Santiago with high populations

and limited access to services.

These offices mean customers can save costs and time in paying bills, obtain additional information on the services offered by the company and report any network failures.

This is an inclusive and shared value approach that allows the company to

have direct contact with customers and to promote new, more efficient consumption models and solutions that are increasingly sustainable from an economic, social and environmental point of view.



PERU: Market

Many customers in Peru live in poor socio-economic conditions. Enel Perú has therefore decided to launch the "Enel Seguros" program in collaboration with the main insurance companies of the country, offering packages at affordable prices, covering the subject in the event of fire, accidental deaths, partial and permanent disability and assistance legal and home care. Coverage and assistance are provided both for the person who has taken out the policy and for their spouse/cohabitant. In the event of the death of an insured family member, the policy also guarantees payment of electricity bills for one year following the

This model creates value for all parties involved as it improves the quality of life of those facing difficult economic conditions (200 thousand policies provided so far). It also allows insurance companies

that have joined the initiative to reach a type of clientele they might not usually be able to attract with their standard offers, opening up Enel to new businesses and insuring against the risk of non-payment of bills.





Local entrepreneurship development

RUSSIA: thermal generation - O&M phase

The Group company that operates four thermal power plants in Russia, Enel Russia, has launched a project for collaboration and engagement with local stakeholders in recent years, with a view to strengthening relations with the communities living in areas close to the plants. After a local materiality analysis carried out through interviews with citizens and local organizations, Enel Russia started specific collaborations with a number of local social centers. These centers support people involved in cases of domestic abuse, child exploitation and disability, and provide support for families. A model of social entrepreneurship was born from this collaboration which provides support in the creation of goods, products and works of art and their sale, including through courses and events in the area.

The project offers people in difficulty a



greater opportunity for integration into society through the creation of small businesses. At the same time, the company has been able to benefit from the collaboration with the centers by involving staff in voluntary activities and cultural exchanges, and taking advantage

of the additional services offered by the centers themselves such as courses for employees, street art, etc.



Futur-e

ITALY: the Santa Barbara project

The former Santa Barbara mining area is an area of about 1,600 hectares near the Santa Barbara thermal power plant, in the Municipality of Cavriglia in Tuscany. Since 1994, it has been out of use following the depletion of the lignite mining basin. This area has been included in the Futur-e project (https://corporate.enel.it/en/futur-e) transformation program, under which it is to be converted from an unused mine to provide opportunities for land development.

In 2017, Enel launched a project for the recovery and redevelopment of the area together with citizens, institutions, universities and local and national companies. The first meeting attracted about 70 people including representatives of institutions, experts, entrepreneurs, local associations, key local figures and Enel's people. A number of urban plans were identified based on various studies of the local economic context, the expectations of the local communities

and some possible planning scenarios for the development of the area. An international team of 60 students enrolled in their fourth and fifth years at the faculties of architecture and urban planning at Milan Polytechnic and the University of Florence is working on these development scenarios.

A number of international competitions will be launched based on the scenarios defined in the first phase of the project. These will feature a main theme of the



search for a perfect balance between social, environmental and economic sustainability, while focusing on the issue of employment. Enel, institutions and the academic world will assess the proposals to check whether they are suited to the expectations of the local communities and to ensure the sustainable development of the area and the scope for integration with the existing redevelopment project.



Protection of biodiversity and power lines

ROMANIA: Infrastructures & Networks - O&M phase

Enel Romania is the Group company that manages the distribution network in three main areas of Romania, covering one third of the country's energy distribution. The country has a lot of white storks, which often build their nests on low-voltage power-line pylons, causing injury to themselves due to electrocution and damaging the electricity grid, with consequent interruptions of the electric service.

In 2017, Enel Romania launched a pilot project in collaboration with the Ornithological Society of Romania (SOR) and with the other distribution companies of the country. The aim was to conduct a census of the population of white storks in the country, to collect data and information on the number and location of the nests near the network, and to adopt measures for the protection of the birds and the power lines involved. The company developed a smartphone app to facilitate the collection of this information which involved not only Enel's people but also local communities.

During the pilot stork census campaign, more than 2,800 nests were found in just under a month, most of them located on power-line pylons. Thanks to the information obtained, it was possible to map the areas and power lines at risk, in turn allowing adequate protection measures to be adopted. Specific nest supports were built and installed on the poles concerned and electrical cables were covered with an insulator, ensuring not only the protection of biodiversity but also service improvement thanks to the reduction in the number of repairs on power lines. The initiative is part of the project that has been in place at Enel Romania since 2010 and has seen the installation of over 650 support platforms for the nests to date and the use of more than 3,800 insulation sheets on cables and electric poles of the network.





Sustainable construction site

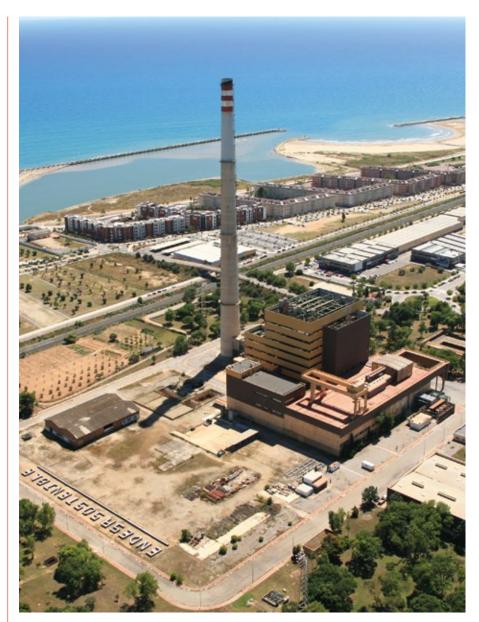
SPAIN: thermal generation - E&C phase

The Foix power plant, located in Cubelles, near the city of Barcelona in Spain, is a former oil-gas power plant consisting of a 520 MW unit, which was in service from 1979 to 2010. In 2015, the national administration authorized its closedown and decided to dismantle it by March 2019. Decommissioning and dismantling of the power plant began in March 2017 and will last for approximately 21 months. The site is managed according to Enel's "Sustainable Construction Site", which includes actions to reduce the impact on the environment and the preservation of natural resources, including the collection and reuse of

rainwater, the use of solar energy and LED lighting in construction sites, the use of low-emission vehicles and sustainable materials, such as biodegradable oil, and the prevalent use of local suppliers to foster economic development. Enel's aim with the sustainable site approach is to foster integration and collaboration with contractors, local suppliers and community members

to achieve common goals.

In accordance with circular-economy principles, the dismantling of the plant, including the demolition of the chimney (about 180 meters high), is carried out through a selective demolition process that optimizes the separation of different materials to maximize their reuse and recycling. More than 70% of all demolished materials are expected to be recovered, including more than 24 thousand tons of metallic material, more than 47 thousand tons of concrete and about 6 thousand tons of special waste. In addition, about 40



tons of materials in the disused plant were donated and sold as second-hand parts. This included different machinery and laboratory instruments donated to the local scientific community, part of the 300 m² ceramic mural by local artist Pedro Llorente, installed on the facade of the turbine building, donated to the Municipality of Cubelles, as well as books, an early 20th century

Sustainability Report 2017

press that still had the anchor symbol of the port. The Foix site is the first example of large-scale application of the selective demolition technique in Enel.





Main ongoing projects and relocation management

Enel's 2018-2020 Strategic Plan focuses increasingly on the growth of renewables and the development of low-carbon technologies, including the digitalization of networks, the installation of charging stations, software platforms and public lighting, thus abandoning investments in coal plants and the construction of large infrastructure projects with a high environmental impact. This strategy allows the Group to be more flexible and to minimize the impact on the ecosystem, local area and community.

Operating across such a vast geographical area necessarily implies engagement with different entities and an in-depth knowledge of the local area and the needs of the various stakeholders, in order to identify targeted solutions. Each infrastructure project is therefore considered in view of observations from the communities and the stakeholders involved, which in some cases (mainly involving relocations) can result in criticism or partial uptake. In the latter cases, the Group could be exposed to reputational risks, also in relation to interaction with local suppliers, as well as operational risks linked to delays in the execution of projects or their closure, with possible repercussions also on the supply chain. The involvement of stakeholders in planning processes and in the development of infrastructure is extremely important, especially for those cases in which the construction of a new plant involves the relocation of a part of the population residing in the surrounding areas. Relocation management cannot be separated from the involvement of the populations and the people concerned - or from a careful assessment of the psychological and social problems that can occur at individual and collective level. The approach in selecting potential sites is therefore to minimize the need for relocation of the population as much as possible through an analysis of the economic, political, cultural and socio-demographic aspects, including analysis of the daily life of the communities living in the area of influence, the distribution of the population, organizational forms, the levels of employment and pay. In cases where the relocation option goes ahead, the plan is developed in compliance with international standards on the subject, taking into consideration any impacts on the different forms of physical, human, economic, environmental and cultural resources of the populations concerned. Where it is necessary to implement resettlement projects, these are implemented in compliance with the legislation in force in the country involved and with any local regulations that specify the relocation conditions and the methods for calculating the related economic compensation. Enel's sensitivity on this issue is also reflected in the Human Rights Policy which was approved by the Board of Directors in 2013. Below are the most significant cases underway, the positive and/or negative impacts on the territory (actual or 'feared') and the manner in which the Group companies involved are promoting a proactive dialogue to achieve solutions that are as widely shared as possible in relation to plants built in the past but which have remaining issues.



Bocamina plant (Chile)

The Bocamina II plant is a 350 MW coal-fired thermal power plant, built since 2007 in the Municipality of Coronel, Bío Bío Region, Chile. The plant is part of the Bocamina coal-fired power plant complex, whose first unit of 128 MW was built in the 1960s and put into operation in 1970. Construc-

tion of the second unit took place in an area adjacent to the first, where about 1,300 families were living.

Since the construction of the second unit, the first agreements with local communities have been signed in the Municipality of Coronel to manage the relocation processes of families living in the central area. At the end of 2017, 1,099 out of a total of 1,337 families have been relocated. Specific areas requiring attention emerged during the process, including the need to rebuild the school and church that were present in the original site in the new area or any defects in the con-

struction of about 200 houses, which made such a relocation more difficult for families.

Therefore, in January 2017, Enel decided to start a detailed analysis, taking the main international relocation standards into account, including the IFC standard no. 5 "Land Acquisition and Involuntary Resettlement", to define a specific action plan aimed at creating an ever-greater integration between the Company and the Coronel community.

The main actions undertaken concerned:

- the creation of a joint technical working group (community, company and CITEC - University of Bío Bío) aimed at carrying out a census of houses that require improvements and to draw up the relevant plans;
- the creation of a dashboard summarizing the impacts on the quality of life of families because of the constructive defects of the houses in which they lived since 2010 and the quantification of the related compensation;
- > the reconstruction of the school and the church in the new neighborhoods;
- the launch of the project "Mi barrio, nuestro barrio" ("My neighbourhood, our neighbourhood") which includes redevelopment projects for new and pre-existing neighbourhoods.

A project was started in the Cerro Obligado community in collaboration with a local NGO to combine economic-social development and circular economy with the aim of training 4 women in eco-sustainable construction techniques. Thanks to this project, each of them opened their own neighbourhood carpentry shop where they recycle pallets and other materi-



als for the construction of ecological objects and furniture. The carpentry shop is also equipped with electric vehicles for the deliveries of the works carried out.

Furthermore casa abierta Coronel is present, a reference point for the whole community, in line with the Open Power vision of the Group, where it is possible to openly dialogue with the company, receive information, communicate any complaints and evaluate solutions with a group of experts. The basic criteria are transparency, fairness and non-discrimination.

Finally, Enel has invested in environmental projects related to the plant in recent years, including the construction of two "domes" (unique in the country), covering the coal storage area. In mid-2017, it also launched a pilot project to transmit the CO₂ emissions data of the Bocamina I plant in real time to the *Superintendencia del Medio Ambiente* (SMA). Bocamina I is

the first plant in Chile to carry out this activity.

Further information is available in the Sustainability Report of Enel Generación Chile (www.enelgeneracion.cl).





Alto Bío Bío plants (Ralco, Pangue and Palmucho - Chile)

Enel Generación Chile manages 3 hydroelectric plants in the Alto Bío Bío area (Ralco, Pangue and Palmucho), an area that is characterized by the historical presence of Pehuenche indigenous

peoples. Numerically, the Pehuenche population in the area of influence of the plants totals about 3 thousand people, made up of 800 families in 10 communities (Pitril, Callagui, El Avellano,

Aukiñ Wallmapu, Quepuca Ralco, Ralco Lepoy, El Barco, Guayalí, Pewen Mapu and Ayin Mapu).



Agreement with Alto Bío Bío families

In February 2017, an important collaboration agreement was signed with 25 families from the Aukiñ Wallmapu community to start local development projects. The agreement settles the conflict related to the impacts generated during the construction of the Ralco plant.

In March 2017, Enel Generación Chile officially handed over its ancestral cem-

etery to the community of El Barco. The handover took place thanks to the support of the *Director General de la Corporación Nacional de Desarollo Indigena* (CONADI) of the Bío Bío Region, thus solidifying the response to a commitment that the Company had taken with the community following the construction of the Pangue power plant.

In June 2017, Enel Generación Chile signed two agreements with the El Avellano and Quepuca Ralco communities. The agreement settles the conflict caused by the impacts on these communities of the construction of the Ralco plant.



Diversification program for products derived from

hazelnut processing, Alto Bío Bío

Following requests made mainly by the El Avellano community, a project is now underway to develop Chilean hazelnut-based products. Enel Generación Chile has promoted this project together with the University of Concepción, the El Avellano community, the Alto Bío Bío Municipality and the Pehuen Foun-

dation, thus allowing a historical activity to become a micro-entrepreneurial activity.

Shared and sustainable water management

The Ministry of Public Works and Enel Generación Chile signed an agreement, subsequently ratified also with the local associations that manage the irrigation channels of the Saltos del Laja area, in the Bío Bío Region. The aim of the agreement is to improve the flexibility in the use of water, ensuring the supply to families and the production of energy. The initiative is the result of the joint work of the Canalistas de Laja and Canalistas Zanartu associations, Dirección de

Obras Hidráulicas, Dirección General de Aguas, Enel Generación Chile, Ministerio de Agricultura, Ministerio de Energía and Comisión Nacional de Riego.

In December 2017, an agreement was also signed with the Municipality of Antuco to start a pilot project to promote tourism in the area of Salto del Trubunleo during the summer.

To manage contingent or emergency situations in a rapid and coordinated manner, a specific communication system has been set up between the Enel Generación Chile Pangue and Ralco power plants, the Angostura power plant in Colbún, the Municipalities of Alto Bío, Quilaco and Santa Bárbara and the Ministerio del Interior y Seguridad Pública (ONEMI) and the Ministry of Energy. Further information is available on the Enel Generación Chile Sustainability Report (www.enelgeneracion.cl).



El Quimbo plant (Colombia)

El Quimbo is the most impressive engineering work carried out by the Enel Group in recent years and one of the largest hydroelectric investments in South America. With an installed capacity of 400 MW, the plant is set in the Huila region, about 350 km south-west of Bogotá. The project involved a total investment of about 1.2 billion US dol-

lars, accompanied by a major assistance plan for local populations, including the construction of new housing units, the construction of new bridges, including the longest rural viaduct of the country, and initiatives to protect biodiversity in the area, such as the restoration of over 11 thousand hectares of tropical vegetation on the left bank of the reservoir

and the construction of veterinary rescue centers.

Since the beginning of the project, the Group's generation company in Colombia, Emgesa, has shown its absolute willingness to engage with regional and national stakeholders and has developed a specific socio-environmental management plan. Specific initiatives





for families who live or own property in the area of influence of the project, as well as for those who work or have commercial activities and services in this area, have been agreed in an open, collaborative manner. The program also addresses those who carried out non-formal economic activities locally. The families surveyed and in possession of the requisites envisaged were given the opportunity to decide between relo-

cation (collective/individual) and the sale of their land.

Of the 152 families who opted for relocation, 40 chose individual relocation, or receiving land for a business project or a home. The remaining 112 families opted for relocation to the 4 collective settlements (Montea, Santiago y Palacio, Llano de la Virgen, San José de Belén), with new homes equipped with essential services and located in an urban context

with schools, churches, multifunctional sports facilities, football fields, green areas, waste collection centers and waste water treatment plants.



Social and cultural management



515

psychological, family and community support actions for relocated families 157

collective training courses

183

individual advice sessions on the realization of agricultural-zootechnical production projects (PPA - proyectos productivos agropecuarios)

As part of these activities, specific training courses have been developed and agreements with institutions and other local entities involving one or more areas have been established, including: basic accounting, measurement methods, techniques for improving pastures and treatments for disease prevention in cattle.

Through the initiative "Sembrando va-

lores, cosechando lideres" ("Sowing values, creating leaders"), Emgesa has developed actions to promote positive values and attitudes in the management of children and young people of resettled populations, and to strengthen the sense of local belonging by giving value to each family member.

In 2017, the company finalized the activ-

ities associated with the "salud y saneamiento básico" program, dedicated to health issues with a positive impact on the communities. In the same way, it also promoted the expansion of communication channels between municipal and regional authorities in response to public health events. In particular, the following activities were carried out:

68

training courses on health

72

courses on healthy lifestyles

75

activities to promote healthy living conditions



Preparation and publication of a brochure to promote awareness and healthy lifestyles Part of the resettlement and recovery process also involves strengthening social and community organizations. Training and institutionalization work in 2017 was carried out on organizations such as the "Junta de Acción Comunal

de Garzón" and the "asociaciones de usuarios", who will have to administer and manage irrigation districts. Similarly, Emgesa has promoted institutional alliances with the municipal administrations, the government of Huila, the

"Agencia de Desarrollo Rural y Asojuntas Garzón", to support community associations and sustainable development processes.



Local economic development

100%

of the families of collective resettlements in Nuevo Veracruz and Santiago y Palacio have an agricultural production plan 17 PPAs

closed in 2017, after 100% of the agreed investments had been completed and their objectives achieved over 1,500

technical assistance sessions

In 2017, several training sessions were held aimed at providing tools to achieve a self-sufficient productive economy. These had three fundamental aspects: rational use and management of water for consumption and irrigation; production, marketing and industrial development techniques; administration and organization of producers in order to promote production and marketing.

The Sirolli "Enterprise Facilitation®" methodology was also adopted, which involves an inclusive, bottom-up and collaborative approach aimed at creating a network of skills (technical, managerial and marketing) to launch new businesses. The project includes periodic meetings and panels organized by a facilitator to promote and enhance business ideas and opportunities by involving potential

entrepreneurs and interested stakeholders. After just one year, more than 170 local business initiatives have been launched thanks to this approach.



Environmental management

In 2017, programs continued with a view to preventing, managing and monitoring the environmental impact associated with the project. In accordance with the provisions of the Environmental Authorization, the following have been established: 1. a wildlife management plan, which has enabled over 33 thousand animals to be rescued and treated; 2. a management program for fish and fisheries; 3. a habitat recovery plan for wild fauna, which calls for the planting of almost 7 thousand plants and the in-

stallation of various structures for the protection of fauna. Emgesa has also built a research center, whose work continued during the year for the breeding of native species for repopulation. It is also home to a laboratory specialized in forestry seeds, an arboretum and an environmental classroom. More than 1,500 people attended the 120 guided tours of the research center during the year. In July 2017, the "Cerro Matambo" Civil Society Natural Reserve (RNSC) was also set up within the natural na-

tional parks of Colombia. With an area of over 900 hectares, it is the largest park in the Huila Department and the second largest reserve in the dry tropical forests above the Magdalena river basin. In the largest part of the reserve (about 600 hectares), conservation and monitoring activities of natural assets are being developed, while the rest is used for ecological recovery through the reforestation of native species.





Communication channels

Emgesa has established specific communication channels to inform and answer all questions of the community about the project (dedicated web page, Twitter channel, official channel on YouTube, periodic magazine). Monthly meetings were held with national and

international interest groups, as were periodic monitoring meetings with the Huila government, municipalities, environmental authorities, control bodies and representatives of the company, and guided tours of the project were offered.

Further initiatives and information are available in the Emgesa Sustainability Report 2017 (www.emgesa.com.co/en) and on the project website (http://www.proyectoelquimboemgesa.com.co/site/default.aspx).

Legal proceedings

In relation to the El Quimbo project for the construction of a 400 MW hydroelectric plant by Emgesa in the Huila region (Colombia), the Ministerio de Minas y Energía and the AUNAP (Agriculture and Fisheries Authority) jointly presented a protection agreement on December 24, 2015 before the criminal court requesting authorization as a precautionary measure. On January 8, 2016, the criminal court decided to accept the precautionary measure requested by the Ministry and AUNAP, and provisionally authorized the El Quimbo to begin operation with immediate effect. The precautionary measure granted by the criminal court would remain in force until the judge of the Huila dealt with the merits of the matter, namely the revocation or confirmation of the precautionary measure previously issued by the local administrative court. In a ruling of February 22, 2016, the Huila judge initially ruled on the merits by provisionally authorizing production for a period of six months. Pending the proceedings, the same judge asked Emgesa to prepare a technical project to ensure compliance with oxygen levels and the issue of a guarantee of about 20,000,000,000 Colombian pesos (about 5.5 million euro). With the ruling of April 11, 2016, the Huila Administrative Court again confirmed the temporary withdrawal of the precautionary measure until August 2017. Therefore, in the absence of contrary legal measures, the Quimbo plant is continuing to produce energy since the oxygenation system adopted by Emgesa has so far allowed the oxygen levels imposed by the Court to be achieved. The proceeding is currently at a standstill due to the Court's assessment of a settlement proposal between the parties, presented on November 27, 2017, and of which the competent authorities were also informed. On January 24, 2018, the Huila Court delivered a judgment opposing the acceptance of the settlement agreement that was challenged by the parties.

For more details, please refer to the description contained in the Enel SpA Annual Report at December 31, 2017 available on the website www.enel.com.



Other significant facts

HidroAysén (Chile)

HidroAysén is a partnership between Endesa Chile (now Enel Generación Chile) and the Chilean company Colbún for the development of a hydroelectric project with a capacity of 2,750 MW. In 2014, the Chilean government revoked the project license after protests by environmental groups. In line with the strategy adopted, Enel declared at the

beginning of 2015 that the project is not part of the project portfolio under development. In November 2017, Enel and Colbún officially ended operations and proceeded to close the partnership.



Bayan (Indonesia)

As part of the low-carbon strategy and the protection of human rights, in October 2017, Enel sold its 10% stake in the Indonesian coal producer

PT Bayan Resources Tbk ("Bayan"), currently held through Enel's fully-owned subsidiary Enel Investment Holding BV, to Bayan's controlling shareholder Mr. Dato' Low Tuck Kwong.



Western Sahara Project

In March 2016, a consortium of three companies - Enel Green Power, Siemens Wind Power and the Moroccan energy company Nareva - won a bid for the development, construction and operation of five wind farms with a total capacity of 850 MW. Three of the plants will be developed on Moroccan territory (Midelt, Tanger and Jbel Lahdid), the remaining two in Western Sahara, where the Tiskrad wind farm will be developed in Laâyoune, with a potential installed capacity of 300 MW, and the Boujdour wind power plant, in the province of the same name, with an installed potential capacity of about 100 MW. It is expected that all five plants will be built and completed in the period 2018-2021. Their construction will require a total investment of around 1 billion euro.

Currently, Enel Green Power and Nareva are finalizing the contract with ONEE (Office National de l'Électricité et de l'Eau potable) for the final recognition of the best offer. The construction of the first plant located in Midelt will begin during the second half of 2018. According to the updated tender schedule, the Boujdour wind farm will be the second project to be developed and construction should begin in 2019.

In preparing the tender described above, Enel conducted a preliminary analysis of the social, economic and environmental context ("SEECA") with the help of external specialists in the areas where it planned to build the plants.

The SEECA identified the relevant socio-economic issues and specific needs of local communities which are, among others: infrastructure development, education development, health care, service development, poverty, social services, land ownership and the use and protection of cultural heritage.

In particular, an assessment of the environmental and social impact (Environmental Social Impact Assessment - ESIA) has been carried out, in line with the standards of the International Finance Corporation (IFC) and the guidelines of the European Investment Bank for the Midelt project and is underway for the Boujdour project, while it will be developed and subsequently implemented for the remaining projects.

A stakeholder consultation process was conducted in Midelt, Boujdour and Jbel Lahdid. A question and answer session was held at the end of every consultation. The process of analyzing the impacts and benefits of the project for local stakeholders will guide the definition and implementation of the Sustainability Plan for each project.

Enel Green Power operates in full compliance with laws applicable to the investment in question. Furthermore, the investment does not involve extractive activities, and the use of local renewable resources will support the social, economic and environmental development of the various areas involved.

Finally, the investment respects the

principles adopted by the international community in relation to the protection of the environment and the reduction of emissions deriving from coal.

Enel Green Power plans to carry out a process to identify which areas require the development of possible actions starting from a socio-anthropological analysis of the territorial context and the definition of a specific Sustainability Plan for each project through the application of the sustainable construction site. Everything is developed and followed while taking into consideration activities that the Company carries out for the protection and respect of human rights in line with international standards such as the relevant due diligence process (for further details see the chapter "Getting to know Enel - Values and pillars of company ethics").





Value for countries and local areas

103-2 103-3 203-1

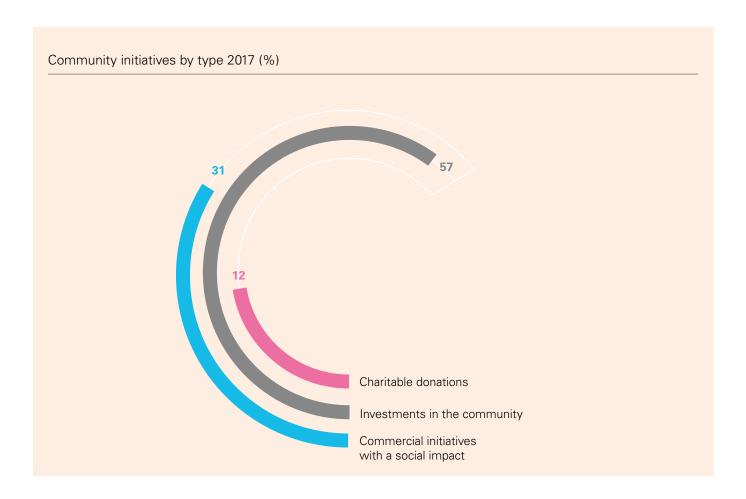
Enel makes a tangible contribution to the social and economic development and growth of the local areas and communities in which it operates through various types of interventions, from the expansion of infrastructure to education and training programs, from initiatives aimed at social inclusion to projects supporting cultural and economic life. The London Benchmarking Group (LBG) method, defined by a working group of over 100 international companies, identifies a measurement model that allows for clear determination and classifica-

tion of the Company's contributions to the development of the communities in which it is present.

According to the LBG standard, community spending can be distinguished as:

- > charitable donations: donations made pro bono and without obligations for the beneficiaries, except to allocate the donation for charitable purposes and non-profit associations. This item for Enel includes all monetary and "in-kind" donations, including those for philanthropy and solidarity activities;
- medium-long term involvement in community support projects, also in partnership with local organizations, aimed at tackling significant problems both for the local area and for the Company. For example, projects linked to a wider strategy for the benefit of the community, such as "Access to electricity", or specific

- initiatives dedicated to communities close to the plants are included in this category;
- > commercial initiatives with a social impact: contributions to activities related to the "core business", in which the Company promotes its own brand and its own "corporate identity". Examples of such initiatives are marketing campaigns that also provide benefits for the community or that include charitable contributions. In 2017, Enel's overall contribution to the communities in which it operates was over 90 million euro.



Enel Cuore Onlus

Enel Cuore Onlus was founded in 2003 by Enel's desire to express its commitment to social solidarity in a transparent manner, support to communities not just through philanthropy but as part of a broader concept of the corporate social role towards which Enel aims. The year 2017 was one in which natural events, in Italy and abroad, had a decisive influ-

ence on the choices of the non-profit organization. Faced with the earthquake that hit Central Italy in August 2016, the earthquake in Mexico and the devastating flooding of Peru, Enel Cuore has immediately committed itself to supporting the affected populations, combining its economic contributions with those of the Enel Group for the reconstruction of schools and meeting places for the affected communities. Enel Cuore's commitment to the issue of unaccompanied foreign minors arriving in Italy on the run from countries at war was strongly felt. As part of the European EPIM (Europe-

an Programme for Integration and Migration) initiative, Enel Cuore committed to enhancing and innovating the methods for taking care of minors and unaccompanied young foreigners in Italy in collaboration with the European foundations and the leading Italian banking foundations, through the "Never Alone, for a possible tomorrow" campaign to support non-profit organizations. Below are some examples of projects. For further information, please see the website www.enelcuore.it.







"Fare scuola" Project

Intervening and improving the quality of some places related to different school environments over a period of 3 years in 60 nurseries and primary schools in Italy. The territories are identified in such a way as to favor those schools which, in a context of major economic, social and cultural disadvantages, represent a point of reference for the communi-

ties. The project was developed in the 2015-2017 and achieved the intended objective through the implementation of interventions aimed at improving and qualifying the school environments in 60 schools distributed throughout Italy. Furthermore, new types of interventions were started in the schools identified in 2017. These interventions involved

children with severe disabilities and children with special educational needs.

Project carried out in collaboration with the "Reggio Children Foundation - Loris Malaguzzi Centre".



"Viva gli anziani! Una città per gli anziani, una città per tutti" Project

Preventing and combating social isolation and improving the care and quality of life of the elderly. The project developed in 2016-2017 was aimed at an elderly population aged over 75 in 15 cities. The project aims to offer an alternative to traditional residential solutions. In particular it intends to

promote the use of the sharing economy as a multiplier of resources, to enhance mutual aid systems and to create an integrated network of services, which are an important resource for the quality of life of the elderly.

The growing response received meant the project was extended for 2018.

Project carried out in collaboration with the Comunità di Sant'Egidio.



2 calls to action to invest in disability: "Mettiamo su casa" and "BES - Bisogni Educativi Speciali"

Support and stimulate the third sector in collaboration with other partners by launching two campaigns on their site. The first campaign "Let's make a home!", in collaboration with FISH Onlus (Italian Federation for the Overcoming of Handicap Onlus) and with the National Council of Architects, Planners, Landscapers and Conservatories, aims to build active and positive customized life paths which will gradually accompany the person with intellectual and relational disability towards living and working autono-

my, involving the whole family in this delicate process. Enel Cuore and its partners have given priority to the proposals that envisage innovative and participatory living life models (for example, flexible residency, co-housing, condominium) with attention to home automation, design and the social context of reference. With the second campaign, "School inclusion of children with special educational needs (BES)", Enel Cuore has decided to support and promote the third sector in partnership with schools throughout

Italy to promote and implement projects that specifically deal with children with special educational needs.





Seeding Energies. The Power of Being.

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

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

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

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

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

Because together we have the power to be sustainable.

