OPEN POWER FOR A BRIGHTER FUTURE.

WE EMPOWER SUSTAINABLE PROGRESS.

TAX TRANSPARENCY APPROACH

OPEN POWER
FOR A BRIGHTER
FUTURE.

TAX TRANSPARENCY APPROACH

TRANSPARENCY

TAX TRANSPARENCY APPROACH

| 207-1 | 207-2 | 207-3 |

Enel is an industrial group whose main activity involves energy generation, distribution and sales. The choice of countries where the Group operates is guided by business assessments and not by tax reasons.

Tax strategy

Since 2017, the Enel Group has adopted a tax strategy, as a set of principles and guidelines inspired by values of transparency and legality, which is published on the website: www.enel.com. The Group's subsidiaries are required to adopt the tax strategy approved by the Parent Company, thereby assuming the responsibility of ensuring it is acknowledged and applied.

Tax strategy objectives

Enel SpA's Board of Directors sets out the tax strategy of the entire Group, with the aim of ensuring uniform tax management for all entities involved. The strategy is underpinned by the following approach:

> correct and timely determination and settlement of taxes due under the law and implementation of the respective obligations;
> correct management of the tax risk, which is the risk incurred for the violation of tax rules or abuse of the principles and purposes of the tax system.

Tax strategy principles

The tax strategy principles are the guidelines for Group companies, underpinning their business operations when managing the fiscal variable. The principles also require suitable processes to be adopted to ensure their effectiveness and application.

Values: in line with its sustainability strategy, the Group acts in accordance with the values of honesty and integrity in its tax management, being well aware that tax revenue is one of the main sources of contribution to economic and social development of the countries where it operates.

Legality: the Group pursues behavior geared towards compliance with the applicable tax rules and is committed to interpreting them in a way that respects both the substance and form.

Tone at the top: the Board of Directors has the role and responsibility of leading the dissemination of a corporate culture based on the values of honesty and integrity and the principle of legality.

Transparency: the Group maintains collaborative and transparent relations with tax authorities, enabling them – among other things – to gain a full understand-

ing of the facts underlying the application of tax rules.
Shareholder value: the Group considers tax to be a business cost and, as such, believes that it must be managed in compliance with the principle of legality, with the aim of safeguarding the Group's assets and pursuing the primary interest of creating value for shareholders in the medium to long term.

Governance

Enel SpA ensures that the tax strategy is acknowledged and applied within the Company through the governance bodies. Its interpretation is left to the Parent Company, through the Tax unit, which also manages its periodic updates.

Compliance

The Group entities must respect the principle of legality, by swiftly applying the tax laws of the countries where the Group operates, to ensure that the wording, spirit and purpose of the applicable tax rule or system is respected. Moreover, the Enel Group does not undertake behaviors or domestic or cross-border operations that result in purely artificial constructions, that do not reflect the economic reality and from which it is reasonable to expect undue tax advantages, where they conflict with the purpose or spirit of tax provisions or system in question and give rise to double deduction, deduction/non-inclusion or double non-taxation, including as a result of any divergence between the tax systems of different jurisdictions.

Intercompany transactions

All intercompany transactions follow a transfer pricing policy, which has been adopted by the Enel Group in line with the arm's length principle, an international standard established by the Model Tax Convention and referred to in the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations (hereinafter also referred to as the "OECD Guidelines"). Intercompany relations are structured at market prices and conditions, ensuring value creation in the places where the Group conducts its business. In order to minimize tax risks, and in line with the applicable regulations, the Enel Group encourages the signing of rulings (Advance Pricing Agreements – APAs) with local tax authorities on establishing transfer pricing determination methods, on attributing gains and losses to permanent establishments and on applying rules on cross-border flows between Group entities.
For **intercompany financial transactions**, the Enel Group has adopted a centralized finance model for its subsidiaries, which requires the Group's two financial companies, Enel Finance International (EFI) and Enel Finance America (EFA), to centralize part of the treasury activities and access to financial markets, and to act as the primary point of reference for the management of the financial or liquidity needs generated by operating entities.
These intercompany payables may be recorded either at amortized cost, using the effective interest rate method, or at fair value as required by IFRS 13.
Based on the OECD Guidelines, the pricing method to be used to test the arm's length nature of a transaction between associated companies is one which is based on the facts and circumstances of the transaction under analysis and which is able to provide the most reliable measure in line with the market.
Where transactions with comparable characteristics can be identified on the open market (e.g. indexation, maturity, amortization schedule), the comparable uncontrolled price (CUP) method is the most direct and reliable method for applying the arm's length principle. This method is therefore preferred over any other in such cases.
As such, the Group has put internal policies in place to support the methods set out in the OECD Guidelines, whereby the CUP method is applied in the first instance.

Low-tax jurisdictions

The Group does not invest in or through countries considered to be tax havens for the sole purpose of reducing its tax burden. Such investments may only be proposed if they are supported by sound economic/strategic reasons and have the aim of developing the activities included in the Group's corporate purpose.
If, in circumstantial situations (for example, in the event of third-party purchases of a group of companies), structures were found to have been created for the sole purpose of reducing the tax burden or in areas deemed to be tax havens, the Group – failing any viable economic/strategic reasons other than mere tax savings – will commit to removing such structures as quickly as possible.

Tax incentives

Tax incentives are a key, development-oriented mechanism for economic policy, which countries use to stimulate growth and attract investment to support the national policy. The use of tax incentives generally results in a reduction of long-term tax liabilities. Some countries where the Enel Group operates offer various incentives. The Enel Group only uses widely applicable tax incentives for all operators, respecting all specific regulations, where the incentives are in line with its industrial and operational objectives and are consistent with the economic substance of its investments.

Tax governance, control and risk management

Governance body

In Enel's organizational model, the Holding Company's Tax Affairs unit is tasked – among other things – with developing the Group's tax strategy, identifying, analyzing and managing the various optimization initiatives, monitoring the key tax issues and providing its support to the various Business Lines. Alongside the Holding Function, the Tax Affairs units of the various countries – acting in accordance with the values and principles of the tax strategy set out by the Holding Company – are responsible for managing compliance, tax planning and tax monitoring at local level.

Organization

The Enel Group has adopted a set of rules, procedures and standards which are part of the Group's wider organization and control system and which are considered key points of reference that all parties, depending on their type of relationship with the Group, are required to observe[1]. The various policies and procedures applicable both at Group level and country level govern the activities, as well as their management procedures and Tax Affairs responsibilities including in relation to other corporate Functions. These documents are published on the company Intranet and are accessible to all Enel people; they form the general rules of conduct applicable within the Group when carrying out activities. Specifically in relation to taxation, in addition to the tax strategy there are specific organizational documents – both at global and local level – regarding the processes of tax compliance, tax planning, tax monitoring, transfer pricing and tax risk management.
The general principle is that the Tax units must be the appropriate size and equipped with the necessary skills to perform the role of a decision-making analysis centre within the governance and business processes, in addition to the role of overseeing performance. For this purpose, specific and ongoing training initiatives on tax issues at both country and global level are set up, with recurring meetings between all of the Group's Tax Managers in order to ensure the appropriate alignment.

(1) For example: Code of Ethics; Zero Tolerance of Corruption Plan; Enel Global Compliance Program (EGCP), corporate policies, models and procedures; the tax strategy; the Internal Control and Risk Management System; the proxy system; the sanctions system referred to in the applicable CCNL (national collective bargaining agreement); any other documentation relating to the current control systems; the relevant accounting standards; procedures and IT applications.

Tax risks

The Group has a Tax Control Framework (TCF) whose main aim is to provide the Tax units with a single and consistent set of guidance for adopting a correct and effective approach to tax risk management within the Group. The framework sets out guidelines and methodological rules so as to consistently assess, monitor and manage the relevant tax risk for the Group companies, in accordance with the principles and guidelines set out by the tax strategy and Tax Risk Policy, and in the awareness that the Group companies operating in different jurisdictions must adopt the TCF with respect for the specific corporate context and domestic regulations of each individual country in question.
In this regard, the Group has adopted a Tax Risk Policy whose main objective is to provide unambiguous and consistent guidance to the tax units when implementing the TCF at local level.
In accordance with the established principles and guidelines, the Enel Group aims to proactively manage the tax risk and believes that adopting a TCF can ensure the timely detection, correct measurement and control of the risk tax. The task of the TCF is to identify the sources of tax risk for the purpose of compliance interpreting tax regulations, while mapping out the respective processes and activities in order to form a network of risk detectors, to be associated with the resulting control measures. In particular, as the set of detectors and control measures identify sources of risk, the TCF can perform a broad spectrum of control. As such, any materialization of the tax risk can be intercepted and managed by each Tax unit in question.
The effectiveness and ongoing updates of the TCF are ensured through periodic monitoring of the risk mapping, regular internal audit processes, as well as through the tax authority systems set out under cooperative compliance regimes (where implemented).
The results from the monitoring of tax risks are periodically brought to the attention of the competent Functions and corporate bodies, including to establish the most appropriate way to mitigate such risks. With regard to significant uncertain tax positions, reference should be made to the information and comments provided in the Integrated Annual Report 2020.

Mechanism for stakeholder reports

For the Enel Group, tax compliance is considered a key aspect of the Company's ethical and responsible management. As such, the violations that can be reported through the Company's internal channels also include those relating to tax. The Group's Code of Ethics is the framework of "ethical management" in which Enel operates, also tying in fully with the tax strategy. There are appropriate provisions on Code of Ethics violations to ensure its effective implementation, and these requirements must also be considered to cover the provisions of the tax strategy.

Transparent relationship with stakeholders

The Enel Group ensures transparency and integrity in its relations with tax authorities, in the event of audits on both the Group companies and third parties. To consolidate this transparency with tax authorities, the Enel Group promotes engagement in co-operative compliance schemes for companies that integrate the requirements of their respective domestic regulations in order to reinforce their relations. It also complies with the transfer pricing documentation provisions in accordance with OECD Guidelines, taking the "three-tiered approach" which is divided into: Master File, Local File and Country-by-Country Report. Moreover, to avoid double taxation, the Group promotes mutual agreement procedures for the settlement of international disputes (Mutual Agreement Procedure – MAP), which have the direct involvement of tax authorities from the contracting countries. Lastly, Enel consistently acts with a transparent and collaborative approach with all institutions and associations to support the development of effective tax systems in the various countries where it operates.
In 2019, Enel joined the European Business Tax Forum (EBTF), an association operating since 2017 that aims to open up a public debate on taxation by providing a balanced and comprehensive perspective of the taxes paid by companies. In view of this objective, tax information is provided to the various stakeholders. The Forum has published two studies relating to the EU/EFTA Total Tax Contribution for the years 2018 and 2019, which are available on the association's website (https://ebtforum.org) and which report the aggregate data for the various types of taxes paid by the largest European multinational companies by turnover and/

or by stock market capitalization, as well as, for the year 2019, a dedicated section with Country-by-Country Reporting.

Reporting

Acting with honesty and integrity is one of the main cornerstones of our tax strategy, as is our commitment to transparency.

The publication of Country-by-Country Reporting[2] integrated with the detail of our overall tax contribution in the main economies in which the Group operates (hereafter also "Tax Transparency Report"), underlines the importance that the Group attributes to tax related topics, to their social role and, in general, to transparency as a factor that facilitates sustainable development.

The approach followed also aims to eliminate potential ambiguities that may derive from complex accounting and tax treatments, while supporting and, at the same time, improving other annual financial information and continuing along a pathway targeted at supplying an increasingly in-depth and clear vision of our tax position.

As of 2018 (2018-2017), we have adopted a Total Tax Contribution model for the main countries where we operate, providing evidence of taxes paid and withheld.

Beginning 2020, on the other hand, we adopted an integrated model: the Tax Transparency Report. This is prepared consistently with the rules provided for under OSCE Country-by-Country Reporting[3] and includes information and data for Total Tax Contributions in the main countries where we are present.

The integrated model of the Tax Transparency Report is available on our site (https://www.enel.com/en/investors1/sustainability-performance). The Group believes that this model ensures a broad vision and a detailed measurement of the organization's contributions to economic and social development in the regions/countries in which it operates.

Tax Transparency Report – principles

The Tax Transparency Report adopts the **cash criterion** as a general principle for representing tax data, considering it to be the most adequate for disclosing the actual tax contribution.

More specifically, the total tax data, as defined and detailed in what follows, is determined through the various taxes paid[4] by all the entities in the scope of each tax jurisdiction in the year subject to reporting, regardless of the tax year to which the taxes refer.

As anticipated previously, on applying an approach adopted by the OCSE[5], the Tax Transparency Report classifies the different taxes into categories and distinguishes them between those that constitute an expense for a company (**taxes borne**) and those that the company pays due to rebate mechanisms, substitution etc. (**taxes collected**) but that, at any rate, are the result of the company's own economic activities.

Specifically, taxes, both borne and collected, are classified into the following five macro categories.

- **Profit – Income taxes**[6]: this category includes taxes on company profits that can be both borne (e.g. corporate income tax that may be levied on State or local level, trade tax on business profits, solidarity surcharge, as well as taxes withheld at source) and collected, in the case where they are applied to a third party or to a physical person (e.g. withholding taxes on interest income, royalties, subcontractors and suppliers).
- **Property – Property taxes**: taxes on the ownership, use or transfer of tangible or intangible property. This category includes both taxes borne (e.g. taxes on ownership and use of property; capital tax levied on share capital increase, transfer taxes on the acquisition or disposal of assets, net wealth and capital transactions; registration

(2) See the circular Assonime (Association of Italian Joint Stock Companies) no. 1/2021. Gli obblighi di trasparenza in materia di tassazione nelle dichiarazioni non finanziarie secondo lo standard GRI 207 (Transparency obligations in the matter of taxation in Non Financial Disclosures according to standard GRI 207), in which it is clarified that it is possible to make reference to Country-by-Country reports sent to the Agenzie delle Entrate (Italian Revenue Agency) made public voluntarily, even if they are related to the preceding tax period with respect to the time period considered in the Non-Financial Disclosure. In this regard, the Group has decided to report the information for the current year, prepared consistently with the rules provided for under OSCE Country-by-Country Reporting, actually anticipating by a year the activities required for tax reporting.

(3) Beginning 2018, the Enel Group presented the Country-by-Country Reports for the years 2016, 2017, 2018 and 2019. This was by way of transmission thereof to the Italian Agenzia delle Entrate which in turn supplied them to the other States with which an agreement is in force for the exchange of information, in compliance with the indications of Action 13 of the BEPS project, as amended. Action 13 is a project in which the OCSE and the countries of the G20 have participated to reply in a coordinated and shared manner to the strategies of aggressive tax planning put in place by multinational companies with a view to "artificially shifting" profits in jurisdictions characterized as tax havens.

(4) The data for taxes paid includes payments on account, taxes related for previous years, including after assessments, net of refunds obtained. Interest and penalties are not considered.

(5) Working Paper no. 32, "Legal tax liability remittance responsibility and tax incidence".

(6) In line with the reporting criteria applied to Revenues and to Profit (Loss) before taxes explained below, the data solely for income taxes paid excludes the portion of same concerning dividends paid by the companies within the scope, as also indicated by the OCSE in the report "Guidance on the Implementation of Country-by-Country Reporting" published in December 2019, point II,7.

duties; stamp duties related to transfer of real estate; stamp duty on share transfers; tax on financial operation sleviedon transactions involving foreign loans or financing, etc.), and taxes collected (e.g. rental of business duty collected by the leaser and paid to the government).

- **Employment tax**: this category generally includes taxes on employment, including those on income tax and social security paiments. Taxes levied on the employer are considered taxes borne (e.g. social security contributions, health insurance, pensions, disabilement contributions), while taxes levied on the employee are considered as taxes collected (e.g. personal income tax or social security contributions levied on the employee which are normally withheld by the employer).
- **Products - Taxes on products and services**: indirect taxes levied on production, sale or use of goods and services, including taxes and duties levied on international trade and transactions. This category includes taxes that can be paid by businesses with reference to their own consumption of goods and services, notwithstanding that these may be paid to the supplier of the goods and services, rather than directly to the government. This category includes both taxes borne (e.g. consumption tax; tuornover tax; excise duties; customs duties; import duties; taxes on insurance contracts; taxes on the use and ownership of motor vehicles; unrecoverable VAT) and taxes collected (e.g. net VAT paid).
- **Planet - Environmental taxes**: taxes levied on the supply, use or consumption of goods and services considered harmful to the environment. Examples of taxes borne are: taxes on the value of the electricity production, taxes on the production of nuclear fuels and carbon tax and of taxes collected: tax on electricity and tax on hydrocarbons.

Furthermore, the financial-equity data represented follow the **accounting requirements** below.

Source of the data: the data represented in the report are expressed on the basis of IFRS-EU accounting principles adopted by the Group and are at stand-alone entity level. Subsequently, these are aggregated by tax jurisdiction.

To take account of intercompany relations, the data are represented according to logic of aggregation by tax jurisdiction (that is, the Country in which the entities are resident for tax purposes and with fiscal autonomy) and not a logic of consolidation.

Entities within the scope: falling within the scope of the report are all those companies consolidated using the full consolidation method or the proportional method (hereafter also "entity within the scope") on the basis of accounting principles used for the drafting of the Consolidated Financial Statements on the part of the Ultimate Parent Entity (Enel SpA)[7].

With reference to the list of companies in the Group and their activities, please refer to the specific prospectus in the Integrated Annual Report 2020[8].

Currency: the report considers the euro as the currency of reference in that it is the one used by the Parent Company. Since IFRS-EU accounting data are extracted in local currencies, economic data (such as revenues, pre-tax profit, taxes accrued and taxes paid) have been converted into euro at the average exchange rate of the currency, while balance sheet data (tangible fixed assets) have been converted into the euro at the exchange rate in force at year's end.

(7) However, the companies consolidated using the equity method are excluded. Furthermore, the data of Permanent Establishments are reported in the jurisdiction of their operations and not in the jurisdiction of residence of associated companies. Therefore, the data of the latter do not include the data of the Permanent Establishment. Finally, all Stateless companies of the Enel Group are flow-through entities incorporated in the same Country in which income is imputed and is effectively taxed in the partner company (e.g. the United States).

(8) See Assonime circular no. 1/2021, Gli obblighi di trasparenza in materia di tassazione nelle dichiarazioni non finanziarie secondo lo standard GRI 207 (Transparency obligations in the matter of taxation in Non-Financial Disclosures according to standard GRI 207), where it is clarified that it is possible to make reference to other sources (known as "incorporation by reference") such as the Directors' Report in the Consolidated Financial Statements or in the annexes for the list of Group companies and their main activities, and the Directors' Report or other sections of the NFD with regard to information already contained therein on uncertain tax positions and on any other information relevant for the purposes of GRI 207.

Third party revenues: the sum of revenues from third parties accounted for by the entities within the scope in the pertinent tax jurisdiction in the year of reference.
The term "revenues" is understood in the broadest possible[9] sense to include all revenues, including those from extraordinary operations.
Cross-border intercompany revenues: the sum of revenues from transactions carried out between entities within the scope resident in different jurisdictions in the tax year of reference, including income from extraordinary operations and excluding dividends[10].
Profit (Loss) before income taxes: the sum of Profits (Losses) before income taxes generated in the year of reference and of all entities within the scope in each tax jurisdiction. The Profits (Losses) before income taxes must include all items involving revenues and extraordinary expenses[11].
Corporate income tax accrued (current taxes): the sum of current taxes (i.e. for the current year) on taxable income in the year of reference of all entities within the scope in each tax jurisdiction, independent of whether they have been paid. The data for these does not take account of provisions for tax debts that are not yet certain as regards either their amount or existence, of adjustment of current taxes for previous years and of prepaid and deferred taxes.
Tangible assets: the sum of net accountable values of tangible fixed assets resulting from the balance sheet, of all entities within the scope in each tax jurisdiction[12].
Number of employees and remuneration: the number of employees at the end of the period considering all the entities within the scope; conversely, as regards their remuneration, please see the Sustainability Report as well as the Tax Transparency Report.

(9) Specifically, also included are (i) other income, (ii) all extraordinary income (e.g. capital gains from the sale of real estate, unrealized capital gains/capital losses and (iii) financial income (with the exception of dividends from other companies within the scope) or any extraordinary item. Revenues from income taxes (deriving from deferred tax liabilities or from tax consolidation) are excluded.

(10) Revenues do not include payments received from other entities within the scope that are considered dividends in the tax jurisdiction of the paying subject.

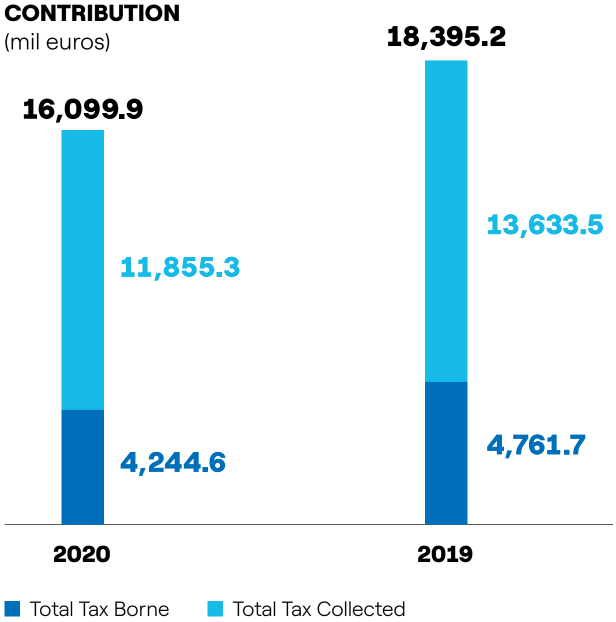
(11) Consistent with the reporting criteria applied to Revenues, Profits (Losses) before income taxes are indicated net of dividends paid by the companies within the scope (as also indicated by the OCSE in the report "Guidance on the Implementation of Country-by-Country Reporting" published in 2019, point II,7).

(12) Tangible fixed assets do not include cash and cash equivalents, intangible assets or financial assets.

Tax Transparency Report – general analysis

The total tax contribution (TTC)[13] with respect to all the countries in which we operate in 2020 was **16,099.9 million euros**, down **2,295.3 million euros** (-12.5%) compared to 2019.

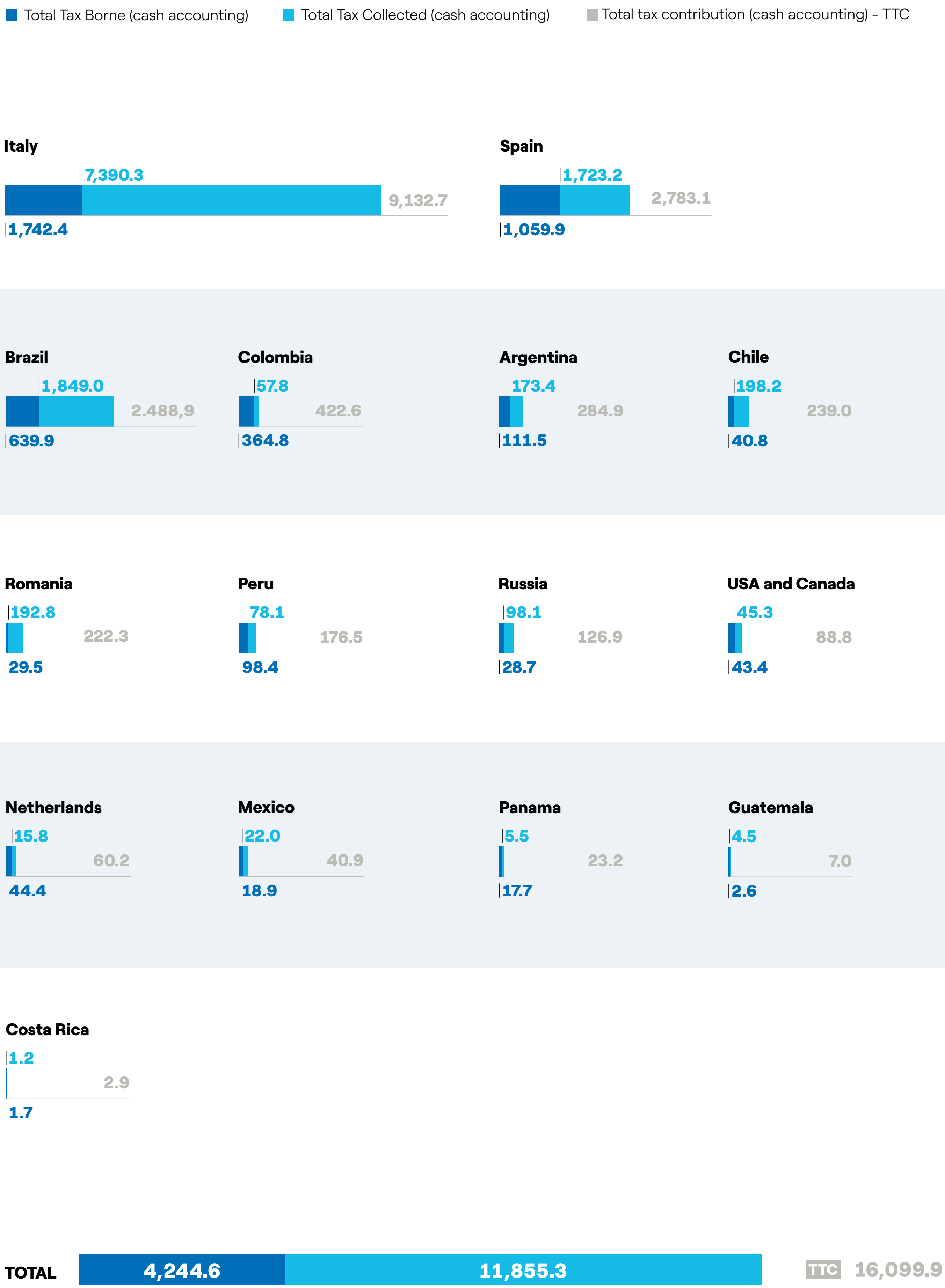
TOTAL TAX CONTRIBUTION
(mil euros)



The distribution of the overall contribution in the various countries in which the Group operates is given in the following table, with 89% concentrated in Italy, Spain and Brazil, which represent about 80% of Group revenues.

(13) The total tax contribution has been calculated considering the main countries in which the Group is present. These represent more than 98% of revenues and 99% of income taxes paid. For all the other countries the income taxes of the companies have, nonetheless, been indicated in detail. The following countries are included: Italy, Spain, Brazil, Chile, Colombia, Argentina, Guatemala, Peru, Costa Rica, Panama, Romania, Russia, Mexico, the Netherlands, the United States and Canada.

TOTAL TAX CONTRIBUTION BY COUNTRY
(mil euros)



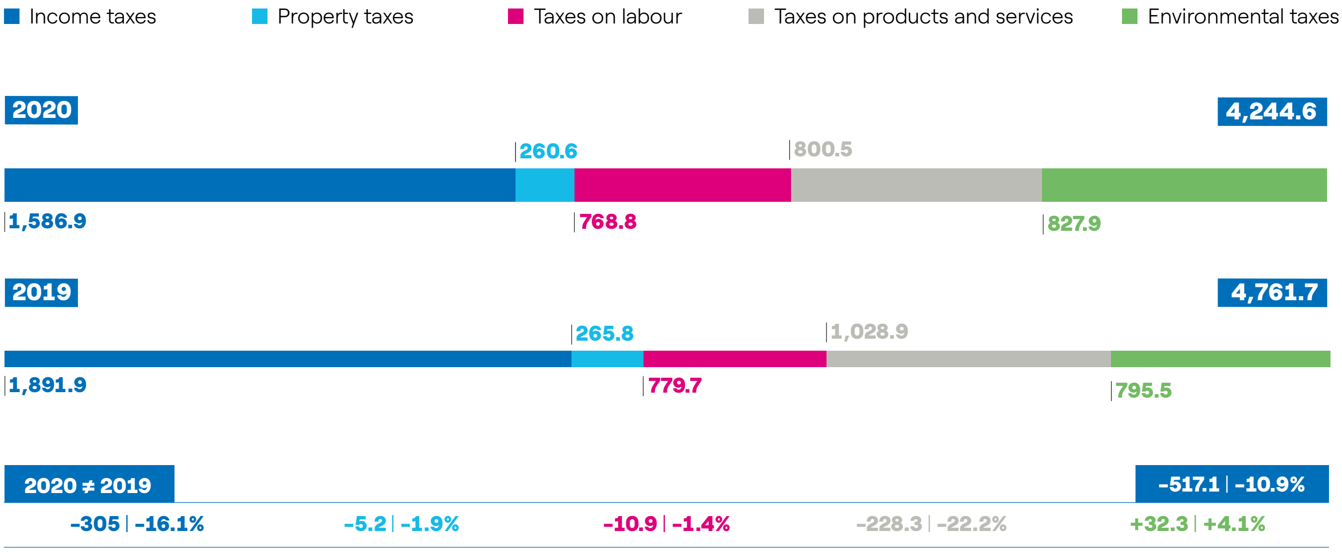
The effects of the Covid-19 pandemic have influenced the demand for electricity and gas and, consequently, the total tax contribution. Despite the difficult economic conditions, the results of the analysis show that the tax contribution of the Enel Group in the main countries in which it is present remain very significant.

In this context, characterized by a slow-down in growth in economies the world over and by the increase in the rate of unemployment, taxes linked to revenues/profits go down before those linked to property and employment, the latter also due to unemployment benefits introduced by many governments.

From the general analysis of the data of the total contribution of the Group divided into the five tax categories, the following can be highlighted: a tendential stability in property taxes and taxes on employment, the latter also underlining the stable approach that the Company has had towards its employees in this particular historical period; a reduction of income taxes and taxes on products and services, since these are linked to revenues and to production and consumption, all down in the same period. Environmental taxes remain stable despite the reduction in production and consumption of commodities due to increases decided upon by different governments in the context of their respective tax rates.

In general, the significant value of taxes paid highlights once again the importance of the Group's tax contribution to the communities in which it operates as support for their stability and resilience, an element that is even more necessary to meet the new needs that have emerged due to Covid-19.

TAXES BORNE
(mil euros)



In 2020, the **Total Taxes Borne**[14] amounted to **4,244.6**[15] **million euros**, down by **517.1 million euros** (-10,9%) overall compared to 2019, essentially due to the reduction of income taxes and taxes on products and services, respectively **305.0** and **228.3 million euros** in 2020. In contrast, an increase in environmental taxes is registered (**32.3 million euros)** prevalently due to the introduction of new types of such taxes and to the increase in the rates of those already existing.

The payment of income taxes is down overall by **305.0 million euros**. The most significant reductions are in Spain (**348.7 million euros**) and Chile (**110.3 million euros**) due to the effect of (i) refunds obtained for excess taxes prepaid in previous financial years, (ii) write-downs due mainly to the process of decarbonization not deducted fiscally in 2019 in Spain[16], and (iii) tax measures introduced by local authorities to support companies following Covid-19 in Chile; furthermore, there were reductions in Mexico (**92.5 million euros**), where in 2019 one-off taxes on extraordinary transactions were paid. There were further reductions in income taxes in Peru, Panama and Russia (for an overall total of **68.6 million euros**) mainly due to the reduction in income due to Covid-19. This was partially offset by an increase in

(14) axes Borne are taxes that constitute a cost for a company.

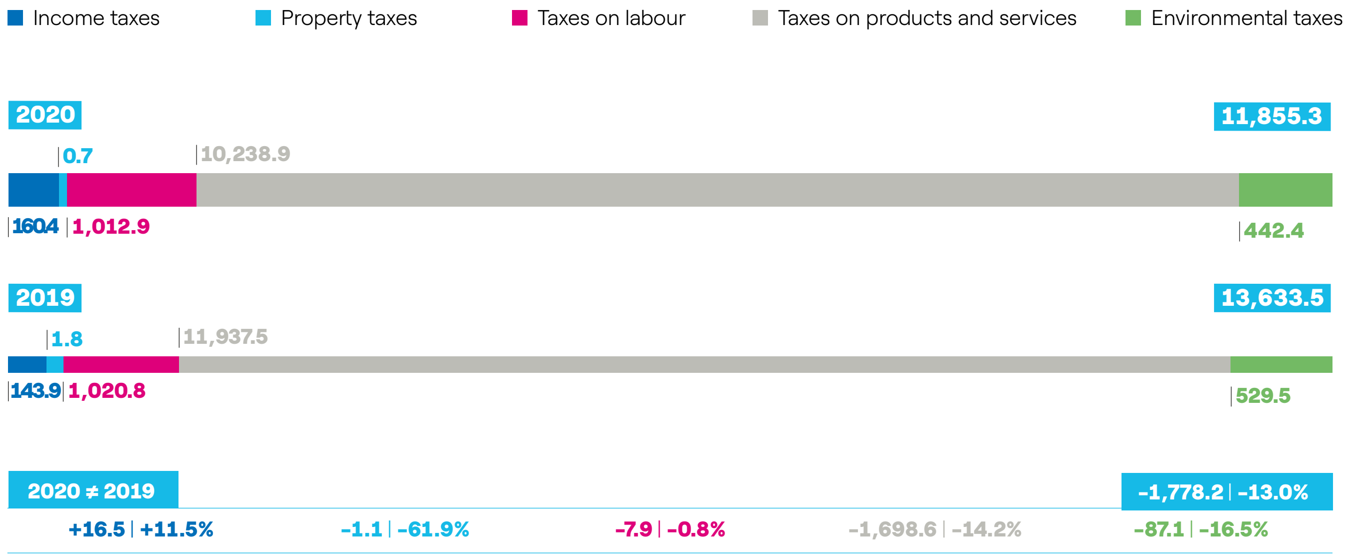
(15) Taxes Borne include taxes of 1,540.5 million euros paid on the income of companies in 2020 and 1,828.1 million euros in 2019.

(16) As a result of the strategy of progressive abandonment of coal production, Spain in 2019 saw significant write-downs to the value of plants, which, on the basis of the Country's tax regulations, were not deducted, but will be in subsequent years during the useful residual life of the plants.

income taxes in Italy of **284.3 million euros**, due mainly to greater advance taxes paid in 2020 compared to 2019[17]. The reduction in taxes on products and services amounts overall to **228.3 million euros**. The main reductions are in Brazil (**236.5 million euros**) on account of the presence of tax credits due to greater payments[18] made in previous years and in Spain (**27.7 million euros**) due to a fall in electricity and gas sales linked to the already mentioned slowdown in economic activity. This was partially offset by an increase of these taxes in Italy of **32.3 million euros**, which can be explained exclusively by the significant increase in excise duty on coal destined for electricity production, partially offset by the decrease in the consumption of coal as a consequence of the Group's decarbonization program.

Total Taxes Collected amount to **11,855.3 million euros**, down **1,778.2 million euros** (-13.0%). This reduction is due essentially to lower indirect taxes paid on account of the drop in sales and consumption of electricity caused by Covid-19. More specifically, taxes are down on products and services in Italy, Brazil and Spain, respectively by **741.9**, **622.1** and **316.1 million euros** and environmental taxes in Spain of **103.2 million euros**.

TAXES COLLECTED
(mil euros)



(17) Prepaid taxes in 2020 were calculated using the historical method and are up due to the increase in taxable income between 2018 and 2019.

(18) These are taxes destined for the Program of Social Integration (PIS) and COFINS (Contribution for the Financing of Social Security) in Brazil.

A representative global and concise index of the **Group's tax contribution** from a cash perspective is:

TTC Rate

52.3%

The **Total Tax Contribution (TTC rate)** index provides a concise and complete measurement of the burden for all taxes that the business has effectively paid and is calculated as a percentage of taxes borne in relation to profit before said taxes. the TTC rate went from 63.5% in 2019 to 52.3% in 2020; the difference of 11.1% is the result both of the reduction in 2020 of **Total Taxes Borne** of **517.1 million euros** and of the increase in the same year of **EBT** ante **Tax Borne** of **608.6 million euros**, the latter connected mainly to the effect of greater impairments due to the process of decarbonization carried out on plants in 2019.

A concise indicator for **corporate income is represented by**:

Current Income Tax Rate

39.7%

At Group level, in FY2020 the **Current Income Tax Rate** determined as the ratio between corporate income taxes accrued on profits/losses (2.15 billion euros) and profit before income taxes (5.41 billion euros) is **39.7%**, greater than the average rate of the member States of the OCSE (23.27%)[1].

(1) Source OECD Stat, "Table II.1. Statutory corporate income tax rate" – Combined corporate income tax rate.

With regard to the **corporate income tax accrued on profits/losses** and in line with the best practices indicated by the OSCE[19], in addition to the data for taxes paid in cash the following tables also provide the data for current taxes accounted for on an accrual basis Country by Country.

Current taxes represent taxes calculated on the basis of income produced in the year following the tax rules of each country and normally deviate from taxes paid in the same year in so far as the definitive payment of the balance is made in the year following that in which they matured. The trends of the two values are destined to boardly realign over time. In 2020, current taxes at Group level were 2.15 billion euros and differ from taxes paid by 0.6 billion euros, mainly due to rebates in Spain and Chile as a consequence of excess taxes paid with respect to income produced in preceding years, as already mentioned in the paragraph on taxes borne.

(19) For the purposes of Country-by-Country Reporting (BEPS Project - Action 13).

Tax Transparency Report – tables by geographical area

To ensure greater legibility and transparency, below are given the data of the single countries.

EUROPE - MAIN COUTRIES

	UM	Italy	Spain	Russia	Romania	Netherlands	2020	2019	2020-2019	%
Taxes Borne (cash accounting)	**mil euros**	**1,742.4**	**1,059.9**	**28.7**	**29.5**	**44.4**	**2,905.0**	**2,939.2**	**-34.2**	**-1.2**
Profit taxes	mil euros	1,025.4	-112.2	13.2	21.1	43.4	**990.9**	**1,067.6**	**-76.8**	**-7.2**
Income tax	mil euros	1,025.4	-136.2	13.2	21.1	43.4	**966.9**	**1,036.9**	**-70.0**	**-6.7**
Property taxes	mil euros	129.9	69.7	5.6	4.1	-	**209.4**	**204.0**	**5.4**	**2.6**
Employment Taxes	mil euros	523.2	137.7	9.9	1.9	0.2	**672.9**	**670.1**	**2.8**	**0.4**
Taxes on products and services	mil euros	57.9	201.3	0.0	2.4	0.9	**262.5**	**257.8**	**4.7**	**1.8**
Planet/Environmental Taxes	mil euros	6.0	763.3	0.0	0.0	-	**769.3**	**739.7**	**29.6**	**4.0**
Taxes Collected (cash accounting)	**mil euros**	**7,390.3**	**1,723.2**	**98.1**	**192.8**	**15.8**	**9,420.2**	**10,512.4**	**-1,092.1**	**-10.4**
Profit taxes	mil euros	2.6	74.4	0.0	-	-	**77.1**	**74.5**	**2.6**	**3.4**
Property Taxes	mil euros	-	-	-	-	-	**-**	**-**	**-**	**-**
Employment Taxes	mil euros	581.1	259.0	5.3	34.1	0.5	**880.0**	**872.5**	**7.6**	**0.9**
Taxes on products and services	mil euros	6,806.5	973.5	92.9	158.7	-	**8,031.6**	**9,045.9**	**-1,014.3**	**-11.2**
Planet/Environmental Taxes	mil euros	-	416.3	-	-	15.3	**431.5**	**519.4**	**-87.9**	**-16.9**
Total Tax Contibution (cash accounting)	**mil euros**	**9,132.7**	**2,783.1**	**126.9**	**222.3**	**60.2**	**12,325.2**	**13,451.6**	**-1,126.4**	**-8.4**
Economic data	**UM**	**Italy**	**Spain**	**Russia**	**Romania**	**Netherlands**	**2020**	**2019**	**2020-2019**	**%**
Revenues Unrelated	mil euros	40,231.6	15,761.0	547.6	1,401.3	2,209.8	**60,151.3**	**70,670.3**	**-10,518.9**	**-14.9**
Revenue related cross border	mil euros	2,088.8	1,032.4	5.5	4.9	1,531.0	**4,662.6**	**4,101.5**	**561.1**	**13.7**
Profit (Loss) before income tax	mil euros	1,532.8	1,637.3	52.3	223.3	301.4	**3,747.0**	**1,659.5**	**2,087.5**	**125.8**
Income tax accrued	mil euros	1,038.0	120.0	10.7	23.8	75.2	**1,267.8**	**1,358.7**	**-90.9**	**-6.7**
Tangible assets other than cash and cash equivalents	mil euros	28,235.7	22,958.2	606.5	1,993.0	0.1	**53,793.4**	**52,949.5**	**844.0**	**1.6**
Number of employees	no.	29,777	9,659	1,475	3,248	20	**44,179**	**45,464**	**-1,285**	**-2.8**

EUROPE - MINOR COUNTRIES[1]

Economic data	UM	Bulgaria	France	Germany	Greece	Ireland	Norway	Poland	Portugal	Slovakia	Turkey	United King-dom	2020	2019	2020-2019	%
Revenues Unrelated	mil euros	9.2	277.7	223.2	111.9	8.9	0.2	2.5	973.1	0.1	0.1	11.1	**1,618.0**	**1,697.3**	**-79.4**	**-4.7**
Revenue related cross border	mil euros	0.1	30.0	37.1	3.6	3.0	0.1	-	108.1	-	1.9	1.0	**184.8**	**195.5**	**-10.6**	**-5.4**
Profit (Loss) before income tax	mil euros	4.1	-6.7	-19.9	27.9	1.0	-0.9	-2.1	63.6	-1.4	-2.4	-1.2	**61.8**	**48.5**	**13.4**	**27.6**
Income tax accrued	mil euros	0.4	0.1	-0.9	6.0	0.0	-	-	-9.1	-	0.0	0.3	**-3.2**	**6.7**	**-9.9**	**-147.5**
Income tax paid	mil euros	0.4	1.6	-0.3	0.3	0.0	-	-	10.6	-	0.0	0.1	**12.7**	**1.2**	**11.4**	**916.3**
Tangible assets other than cash and cash equivalents	mil euros	31.4	23.0	0.7	628.8	1.6	0.1	0.0	16.5	0.0	0.1	9.1	**711.3**	**688.2**	**23.1**	**3.4**
Number of employees	no.	6	57	23	114	52	11	13	61	1	2	25	**365**	**329**	**36**	**10.9**

(1) Beyond what is shown, in some tax jurisdictions the Group is present through entities in pre-operations phase and/or in liquidation and whose overall values are immaterial. For this reason, these countries are not represented in the report. They are: Croatia, Serbia and Sweden.

NORTH AMERICA

	UM	USA & Canada	Mexico	2020	2019	2020-2019	%
Taxes Borne (cash accounting)	**mil euros**	**43.4**	**18.9**	**62.3**	**153.0**	**-90.7**	**-59.3**
Profit taxes	mil euros	3.5	15.4	**19.0**	**111.3**	**-92.4**	**-83.0**
Income tax	mil euros	3.5	15.4	**19.0**	**111.3**	**-92.4**	**-83.0**
Property taxes	mil euros	32.9	0.2	**33.1**	**26.6**	**6.5**	**24.5**
Employment Taxes	mil euros	6.6	1.9	**8.6**	**14.5**	**-6.0**	**-41.1**
Taxes on products and services	mil euros	0.3	1.3	**1.7**	**0.6**	**1.1**	**187.5**
Planet/Environmental Taxes	mil euros	-	-	-	-	-	-
Taxes Collected (cash accounting)	**mil euros**	**45.3**	**22.0**	**67.3**	**66.9**	**0.4**	**0.6**
Profit taxes	mil euros	-	0.6	**0.6**	**0.0**	**0.6**	**13,013.3**
Property Taxes	mil euros	-	0.7	**0.7**	**1.8**	**-1.1**	**-61.9**
Employment Taxes	mil euros	44.7	4.1	**48.9**	**48.2**	**0.7**	**1.4**
Taxes on products and services	mil euros	0.6	16.6	**17.2**	**17.0**	**0.2**	**1.3**
Planet/Environmental Taxes	mil euros	-	-	**-**	**-**	**-**	**-**
Total Tax Contibution (cash accounting) - TTC	**mil euros**	**88.8**	**40.9**	**129.6**	**219.9**	**-90.3**	**-41.1**
Economic data	**UM**	**USA e Canada**	**Messico**	**2020**	**2019**	**2020-2019**	**%**
Revenues Unrelated	mil euros	1,271.0	164.6	**1,435.6**	**2,340.5**	**-904.9**	**-38.7**
Revenue related cross border	mil euros	24.6	3.0	**27.7**	**40.5**	**-12.8**	**-31.6**
Profit (Loss) before income tax	mil euros	201.6	-32.8	**168.9**	**424.2**	**-255.4**	**-60.2**
Income tax accrued	mil euros	0.0	8.7	**8.7**	**14.7**	**-6.0**	**-40.6**
Tangible assets other than cash and cash equivalents	mil euros	7,305.7	1,207.0	**8,512.7**	**13,470.2**	**-4,957.6**	**-36.8**
Number of employees	no.	1,306	333	**1,639**	**1,639**	**-**	**0.0**

LATIN AMERICA[1]

	UM	Brazil	Chile	Colombia	Argentina	Peru	Panama	Guatemala	Costa Rica	2020	2019	2020-2019	%
Taxes Borne (cash accounting)	**mil euros**	**639.9**	**40.8**	**364.8**	**111.5**	**98.4**	**17.7**	**2.6**	**1.7**	**1,277.4**	**1,669.5**	**-392.1**	**-23.5**
Profit taxes	mil euros	141.4	3.2	249.2	83.5	80.8	15.9	2.2	0.9	**577.0**	**712.9**	**-135.9**	**-19.1**
Income tax	mil euros	141.4	3.2	233.1	79.6	79.2	15.9	1.9	0.4	**554.6**	**679.8**	**-125.2**	**-18.4**
Property taxes	mil euros	10.9	2.8	1.5	1.0	1.3	0.2	0.2	0.2	**18.1**	**35.2**	**-17.1**	**-48.5**
Employment Taxes	mil euros	56.3	-	12.7	15.1	1.9	0.6	0.2	0.5	**87.3**	**95.1**	**-7.8**	**-8.2**
Taxes on products and services	mil euros	430.8	6.2	79.1	7.7	12.7	0.0	0.0	-	**536.4**	**770.5**	**-234.1**	**-30.4**
Planet/Environmental Taxes	mil euros	0.4	28.7	22.3	4.3	1.7	1.1	-	-	**58.5**	**55.8**	**2.7**	**4.9**
Taxes Collected (cash accounting)	**mil euros**	**1,849.0**	**198.2**	**57.8**	**173.4**	**78.1**	**5.5**	**4.5**	**1.2**	**2,367.8**	**3,054.2**	**-686.4**	**-22.5**
Profit taxes	mil euros	19.3	34.1	15.6	7.0	1.6	4.5	0.6	0.0	**82.8**	**69.4**	**13.3**	**19.2**
Property Taxes	mil euros	-	-	-	-	-	-	-	-	**-**	**-**	**-**	**-**
Employment Taxes	mil euros	32.3	16.9	10.0	15.9	8.1	0.7	0.1	0.0	**84.0**	**100.1**	**-16.1**	**-16.1**
Taxes on products and services	mil euros	1,797.4	147.2	21.4	150.5	68.5	0.3	3.7	1.2	**2,190.2**	**2,874.6**	**-684.4**	**-23.8**
Planet/Environmental Taxes	mil euros	-	-	10.9	-	-	-	-	-	**10.9**	**10.0**	**0.8**	**8.1**
Total Tax Contibution (cash accounting) - TTC	**mil euros**	**2,488.9**	**239.0**	**422.6**	**284.9**	**176.5**	**23.2**	**7.0**	**2.9**	**3,645.1**	**4,723.7**	**-1,078.6**	**-22.8**
Economic data	**UM**	**Brazil**	**Chile**	**Colombia**	**Argentina**	**Peru**	**Panama**	**Guatemala**	**Costa Rica**	**2020**	**2019**	**2020-2019**	**%**
Revenues Unrelated	mil euros	7,298.1	3,188.6	2,079.7	1,586.4	1,171.9	136.7	45.2	21.9	**15,528.5**	**18,871.1**	**-3,342.6**	**-17.7**
Revenue related cross border	mil euros	39.5	144.9	7.1	62.5	0.0	0.5	0.9	0.4	**255.8**	**240.2**	**15.6**	**6.5**
Profit (Loss) before income tax	mil euros	286.7	-40.0	740.1	140.8	269.0	83.4	16.7	-5.3	**1,491.4**	**2,485.4**	**-993.9**	**-40.0**
Income tax accrued	mil euros	112.4	343.7	237.4	52.4	96.5	26.9	2.1	1.3	**872.6**	**856.8**	**15.9**	**1.9**
Tangible assets other than cash and cash equivalents	mil euros	2,602.5	5,998.5	3,652.0	1,287.7	2,275.9	339.2	309.8	145.3	**16,610.8**	**18,391.0**	**-1,780.2**	**-9.7**
Number of employees	no.	10,137	2,259	2,191	4,074	954	99	86	37	**19,837**	**20,238**	**-401**	**-2.0**

(1) Beyond what is shown, in some tax jurisdictions the Group is present through entities in pre-operations phase and/or in liquidation and whose overall values are immaterial. For this reason, these countries are not represented in the report. They are: Uruguay, El Salvador.

AFRICA AND OCEANIA[1]

Economic data	UM	Kenya	Marocco	Zambia	Australia	Algeria	New Zealand	Egypt	South Africa	2020	2019	2020-2019	%
Revenues Unrelated	mil euros	0.0	5.5	6.1	13.6	0.5	5.1	-	83.5	**114.2**	**145.6**	**-31.4**	**-21.6**
Revenue related cross border	mil euros	-	-	-	2.1	-	0.8	-	0.3	**3.2**	**24.0**	**-20.9**	**-86.9**
Profit (Loss) before income tax	mil euros	-0.5	2.0	-9.4	-44.2	-0.2	0.8	-0.1	-0.0	**-51.6**	**-7.9**	**-43.6**	**550.1**
Income tax accrued	mil euros	-	0.7	-	-0.2	-	0.2	-	-	**0.8**	**0.2**	**0.6**	**298.8**
Income tax paid	mil euros	-	0.8	-	0.7	-	-	-	0.3	**1.7**	**-0.6**	**2.4**	**-367.6**
Tangible assets other than cash and cash equivalents	mil euros	0.0	1.2	21.4	23.5	0.0	0.0	-	1,147.4	**1,193.6**	**951.9**	**241.6**	**25.4**
Number of employees	no.	2	31	6	85	1	9	-	166	**300**	**262**	**38**	**14.5**

(1) Oltre a quanto rappresentato, in alcune giurisdizioni fiscali, il Gruppo è presente tramite entità in fase pre-operativa e/o in liquidazione che presentano valori complessivamente immateriali. Per questo motivo tali Paesi non sono rappresentati all'interno del report: Arabia Saudita, Etiopia e Namibia.

ASIA

Economic data	UM	Indonesia	China	Israel	Singapore	Japan	India	South Korea	Taiwan	2020	2019	2020-2019	%
Revenues Unrelated	mil euros	0.0	0.0	0.1	-0.1	8.0	15.1	24.8	0.1	**48.0**	**53.4**	**-5.4**	**-10.2**
Revenue related cross border	mil euros	-	-	0.5	0.0	0.2	5.9	0.0	-	**6.7**	**4.6**	**2.1**	**46.0**
Profit (Loss) before income tax	mil euros	-0.3	-0.8	-0.2	-2.7	-1.0	3.7	-2.5	-0.7	**-4.7**	**-8.9**	**4.2**	**-47.3**
Income tax accrued	mil euros	-	-	0.0	-	0.0	-	-	-	**0.0**	**0.1**	**-0.1**	**-84.9**
Income tax paid	mil euros	-	-	-	0.0	0.0	0.1	-	-	**0.1**	**0.2**	**-0.0**	**-16.2**
Tangible assets other than cash and cash equivalents	mil euros	0.9	0.1	0.0	0.2	0.3	116.0	1.6	0.2	**119.4**	**78.1**	**41.3**	**52.8**
Number of employees	no.	1	6	1	3	19	322	38	6	**396**	**318**	**78**	**24.5**

Reconciliations with the Integrated Annual Report 2020

In the following paragraphs, a reconciliation of data represented in the Tax Transparency Report is made with respect to the contents of the Integrated Annual Report 2020.
This reconciliation is necessary given the different methods for drafting the Tax Transparency Report – which have been changed by the OSCE rules for Country-by-Country Reporting – with respect to the principles adopted for the drafting of the Consolidated Financial Statements.

Items subject to reconciliation	Tax Transparency Report	Consolidated Financial Statements	Difference to be reconciled
Third party revenues	78,896	64,985	13,911
Profit (Loss) before taxes	5,413	5,462	- 50
Tangible assets	80,941	79,602	1,339
Taxes paid	1,555	1,575	- 21

Third party revenues

The main deviations between the data given in the Tax Transparency Report and the data in the Integrated Annual Report 2020 are:

(i) **Commodity management without physical delivery** (**-4,980 billion euros**): according to international accounting principles, derivatives on commodities without physical delivery are represented in the balance sheet on the basis of net movements (revenues/expenses), while for the purposes of the Tax Transparency Report they are represented in open items;

(ii) **Financial income (-4,607 billion euros)**: economic data for financial income is treated in a specific line of profit and loss and not among revenues, as required, con-

(iii) **Wheeling system charges** (**-4,409 billion euros**): for the purposes of the Integrated Annual Report, system charges are the responsibility of the distributing companies (taken directly to the balance sheet) while in the individual financial statements of the countries that operate on the market they are recognized in profit and loss;

(iv) **Dividends from Companies accounted for using the equity method (70 million euros)**: for the purposes of the Integrated Annual Report, dividends received from companies consolidated using the full consolidation, proportional or equity method are eliminated;

(v) **Other consolidation adjustments** made on the basis of the application of international accounting principles (**156 million euros**)[21].

Third party revenues Tax Transparency Report	**78,895**
Commodity management without physical delivery	-4,980
Financial income	-4,607
Wheeling	-4,409
Dividends from companies accounted for using the equity method	-70
Other consolidation adjustments	156
Revenues Consolidated Financial Statements	64,985

(20) For the purposes of Country-by-Country Reporting (BEPS Project - Action 13).

(21) They include the following specific situations listed by way of non exhaustive example only: (i) elimination of intercompany margins and gains, (ii) recognition of any negative goodwill following M&A transactions and (iii) capitalizations of financial expenses in cases of equity injection.

Profit (Loss) before income taxes

The main deviations between the data given in the Tax Transparency Report and the data in the Integrated Annual Report 2020 are:

(i) for the purposes of the Integrated Annual Report the following items are subject to elimination/elision while they are considered at the level of individual financial statements:
   a. **Impairment on consolidated equity investments using the full consolidation method (1.3. billion euros)**;
   b. **Release of funds to profit and loss** (–**34 million euros**);
   c. **Intercompany gains** (**–1.5 million euros**);
   d. **Dividends from companies accounted for using the equity method (–70 million euros)**;

(ii) **Result of companies accounted for using the equity method** (**–332 million euros**): equity investments in joint ventures/associates accounted for using the equity method;

(iii) **Other consolidation adjustments** made on the basis of the application of international accounting principles (**–836 million euros**)[22];

(iv) **Other minor adjustments (2 million euros)**.

Profit (Loss) before income taxes Tax Transparency Report	**5,413**
Impairment on consolidated equity investments using the full consolidation method	1,321
Results of companies accounted for using the equity method	-332
Release of funds to profit and loss	-34
Intercompany gains	-1
Dividends from companies accounted for using the equity method	-70
Other consolidation adjustments	-836
Other minor adjustments	-2
Profit (Loss) before taxes Integrated Annual Report	-5,462

(22) They include the following specific situations listed by way of non exhaustive example only: (i) adjustments for adaptation of value following impairment tests and consequent adjustments of depreciation and amortization, (ii) elimination of gains from intercompany sales of assets and consequent adjustments of depreciation and amortization and (iii) accounting records for management of derivatives, at the reversal of the Cash Flow Hedge reserve for a possibly different qualification of the transaction between the stand-alone view of the companies and that of the Group.

Tangible assets

The main deviations between the data given in the Tax Transparency Report and the data in the Integrated Annual Report 2020 are due to **Adjustments from consolidation (1.3 billion euros)**[23].

Tangible assets Tax Transparency Report	**80,941**
Adjustments from consolidation	1,339
Tangible assets Integrated Annual Report	79,602

Income taxes paid

The data of income taxes paid for the purposes of the Integrated Annual Report is determined through the method of indirect recognition, provided for under international accounting principle IAS 7.
Contrarily, the Tax Transparency Report recognizes the data for income taxes paid on the basis of information collected from the individual companies in the different tax jurisdictions, consistent with the rules laid down by the OSCE for Country-by-Country Reporting.
The deviation is due to the different methods of recognizing the data and to the principles to which they refer[24].

Taxes paid Tax Transparency Report	**1,555**
Difference due to the different methods of recognition	**21**
Taxes paid Integrated Annual Report	**1,575**

Tax Rate

With reference to the reconciliation between the theoretical and actual tax rate for financial year income taxes, please refer to the analysis contained in the Integrated Annual Report 2020.

(23) Adjustments due to the effects of (i) Purchase Price Allocations made during acquisition of controlling interests in companies, (ii) impairment of cash generating units, (iii) capitalizations of financial expenses of fixed assets realized internally, (iv) elimination of any gains during the sale of intercompany fixed assets.

(24 By way of non exhaustive example only, the differences can be related to: (i) changes during the year in the scope of consolidation, (ii) conversion of the data from a local currency to the euro in countries subject to hyperinflation and (iii) inclusion in the data of the Integrated Annual Report of taxes on dividends (but excluded from the data of the Tax Transparency Report).

Concept design and realization
HNTO

Copy editing
postScriptum di Paola Urbani

Publication not for sale

By
Enel Communications

Enel
Società per azioni
Sede legale 00198 Roma
Viale Regina Margherita, 137
Capitale sociale Euro 10.166.679.946 i.v.
Registro Imprese di Roma, Codice Fiscale 00811720580
R.E.A. 756032 Partita IVA 15844561009

OPEN POWER
FOR A BRIGHTER
FUTURE.

enel.com