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**Enel's commitment to a just and inclusive transition and the action plan**





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The achievement of the goals set by the 2015 Paris Agreement has led governments around the world to intensify their efforts to fight climate change and adopt strategies to transform energy consumption and power generation patterns. The entire world is committed to an ambitious path of decarbonizing the economy, and all of the most recently published scenarios are unanimous in saying that achieving ambitious climate goals requires accelerating the electrification of energy consumption, along with massive use of energy generated from zero-emission sources. The change in customer consumption habits, in terms of greater awareness and efficiency in energy use and in terms of adopting technologies powered by electricity will be a key element along this path. In order to take full advantage of the opportunities offered by this transformation and find the balance between the right to a safe, clean, healthy and sustainable environment and respect for the rights of the stakeholders involved, forward-looking policies will be required that take into account the fact that the transition to a decarbonized economy can be an important accelerator of growth and technological advancement in the energy sector, with positive environmental, social and economic impacts. If, on the one hand, the transition entails a reduction of jobs in some generation sectors, on the other it will open up new opportunities for employment and retraining of people and local communities. This will only be possible by taking into account the needs and priorities of all stakeholders involved, so that the transition is just and inclusive and pays particular attention to the most exposed social groups, of which communities that have based their economy on coal mining are an example.

**In this context, Enel fully supports the principles of a just transition, so that**

In addition, Enel plays an active role in the

**no one is left behind even in the short term, and recognizes the relevance for its business of the social impacts arising from its climate strategy, aimed at the progressive reduction of greenhouse gas emissions, in line with the Paris Agreement. Therefore, Enel's action in this sense is not only related to the energy transition but reflects a broader commitment, which is part of the Group's approach to respect human rights along the entire value chain, as also defined by the Human Rights Policy.**

## **In 2019, Enel signed the UNSG Summit Pledge Letter in which the United Nations**

asked companies around the world to commit to a just transition and the creation of decent green jobs. The commitments in the letter define the conditions necessary for the transformation: the transition must be just, jobs must be sustainable and decent, greenhouse gas emissions must be zeroed out, poverty must be eliminated, and communities must thrive and be resilient. In fact, companies committed to the decarbonisation process will be the first to combine good growth in economic results with better social inclusion and will be the first to seize the opportunities offered by the new economic model aimed at a zero-emission world through the creation of new jobs and employee training. By signing this letter, the Group has committed in particular to:

- **promoting negotiations with workers and union representatives**, in compliance with workers' rights, encouraging social protection (including pensions and health-care) and salary guarantees, as established by the International Labour Organization (ILO);
- **collaborating with suppliers** who respect these standards, at the same time contributing toward the social-economic development of the local communities most exposed to the passage from fossil fuels to renewables.

**Sectoral Social Dialog Committees**, in which



it participates as a representative of the Italian employers' association (Elettricità Futura) and of which it held the chair in 2020, which will also hold for 2022. In this context, in November 2021, the European social partners-Eurelectric, IndustriALL and EPSU-officially signed a **joint statement on just energy transition**, which includes concrete demands, including adequate funding and better authorization procedures for coal phase-out programs and to meet the growing demand for electricity, as well as consistent social policies that ensure that no one is left behind, in line with the principles of the **ILO's Just Transition Guidelines**. Enel also maintains a high-profile social dialog through the

**European Works Council**, a worker representation body introduced by European Directive 94/45/EC and implemented in Enel most recently with the union agreement of July 13, 2016 for the purpose of transnational "information and consultation" of workers in European-sized companies and groups.

In this regard, a plenary meeting was held on March 15 and 16, 2022, attended by several representatives of Enel's management, sharing the Group's positioning on the issue and the various initiatives under way in the Company to ensure a just energy transition and a workforce increasingly prepared for change.

## Stakeholder engagement

Enel promotes **a broad engagement of stakeholders, internal and external, with a fully Open Power approach**, in order to increase their awareness and develop a constructive dialog that can provide a valuable contribution to the fair transition. The most relevant actions carried out in 2021 include:

- **materiality analysis:** among the topics addressed during the identification of the main priorities for stakeholders in sustainability planning there are: climate change, engaging local communities, management, development and motivation of people and a sustainable supply chain, in terms of priorities for stakeholders and performance of the Company in the different countries where it operates;
- **social media:** Enel continued to raise awareness of climate change and just transition issues through social media;

- **raising the awareness of local communities:** with the Creating Shared Value (CSV) model, Enel is involving local communities, making them aware of issues related to climate change and explaining how renewables are an extremely effective solution, with benefits not only for the environment but also for the creation of new jobs and for social-economic development;
- **raising the awareness of our people:** Enel aims to achieve an ever-increasing engagement of the people who work in the Company through awareness campaigns on the topic. The Company's annual events, debates and discussions on topics related to a just transition were promoted during the Enel Digital Days 2021.



## Enel's advocacy activities

The Group acts at different institutional levels to support a green, digital and just transition. Public policies can have positive impacts on workers, industries and end customers. There are four areas that Enel actively promotes, also through advocacy activities:

- **safeguard industrial competitiveness**, taking into account the possible risk of "carbon leakage", i.e. the risk of relocation outside national borders of generation activities, to countries that do not apply a price to emissions (so-called "carbon pricing mechanisms") or that apply a low price to emissions. The transition will create new jobs and industries while gradually eliminating others;
- **safeguard employment** by focusing on upskilling and reskilling. Social security measures should be in place for workers who cannot be reintegrated into the labor

market;

- **manage impacts on utility bills**: policies, laws and regulations should avoid inequitable redistribution of costs and safeguard customers, with particular attention to low-income customers;
- **empower customers**: customers should be aware of both the costs and opportunities associated with the energy transition and can be guided to identify and implement consumption policies that aim at energy efficiency and cost optimization through a process of progressive electrification.

For climate change advocacy activities, please refer to the section of the chapter "Enel's advocacy activities for the climate".

## Participation in just and inclusive transition initiatives

In the last two years, Enel has been a promoter, together with CSR Europe, of multi-stakeholder initiatives and negotiation on a just and inclusive transition and the future of work, which has seen a wide engagement of key stakeholders such as: the European Commission, environmental organizations and labor institutions, European think tanks, private sector and youth associations.

During 2021, the Group also contributed to various debates of the European Round Table on Climate Change and Sustainable Transition on the need for a just transition and the

evolution and prospects of international climate change negotiations, and participated in the working group on just transition of the WBCSD's "Business Commission to Tackle Inequality" platform, which brings together business leaders and key stakeholders with the overall objective of building a new common narrative on the role of business in tackling inequality.

For further discussion, see the chapters "Our Strategy for Sustainable Progress", "Enel People," and "The Path to Net-Zero".

## The strategy towards Net-Zero and the approach and action plan for a just transition

The strategy developed in recent years has enabled the Group to set out a **vision of the future and progress centered on sustainability**, as a key and essential element to face the global challenges of the transition to a decarbonized economy. **The Group's strategy is articulated around the core concept of contributing to building a fairer and more inclusive society throughout the entire value chain, protecting the environment in which we live and creating opportunities for the future for the Company and for stakeholders, without leaving anyone behind.**

Taking into account the results of the materiality analysis and in synergy with the Strategic Plan, our **Sustainability Plan** was set out, divided into specific objectives

in the short, medium and long term, to make our journey towards sustainable progress more transparent and verifiable (**see the Sustainability Plan 2022-2024**).

Just Transition plans are, therefore, developed consistently with the principles of the ILO's Just Transition Guidelines and with the Group's strategy aimed at the decarbonization of its power generation capacity, in line with the objectives of the Paris Agreement, involving, where necessary, the various stakeholders, such as employees, trade unions, local communities, suppliers, institutional stakeholders, trade associations, non-governmental organizations and investors.

The Group is also committed to managing the transition at an individual country level by activating solid periodic

negotiations with trade unions in order to put into practice the principles of a just transition with all the players most directly involved in the process, particularly in the conversion of sites and coal-fired power plants.

The Group follows the “think globally, act locally” approach, based on which the **Futur-e initiative has been developed, which promotes an inclusive transition in the areas surrounding the power plants that are undergoing this energy transition**. Futur-e is the first example in the world of requalification on a large scale of an industrial area that uses an approach based on the circular economy; a vast and unique program designed to find new uses for obsolete power plants. New, innovative and sustainable uses that reuse existing structures, infrastructures and connections, with the engagement of local stakeholders to create value for local communities through sustainable economic growth and the creation of jobs.

**A strategy is being prepared for the in line regeneration of over 40 sites to be reconverted, in compliance with the following fundamental principles:**

- **integrating site personnel** through a process of re-assignment within the Group in order to avoid redundancies and any loss of know-how, also involving trade unions to make sure that the various expectations of employees are satisfied;
- **promote requalification projects** to write new stories of energy conversion, sustainable growth and development of innovative ideas that improve creative thought and promote business initiatives;
- **collaborate with local communities** through a multi-stakeholder approach for favoring the creation of shared value along the entire project, from the preliminary interviews with the stakeholders, up to the decision regarding which requalification projects to follow;
- **guarantee the protection of the environment:** soil remediation must be carried out according to the highest standards possible;
- **maximize the reuse of divested structures**, such as roads, infrastructures, connections to the high-voltage network, buildings, etc. in line with the principles of the circular economy;
- **contribute to the objectives of the Enel Group** collaborating with the other Business Lines for the completion of projects such as BESS (Battery Energy Storage System), electric mobility, digitalization or stability of the electricity grid.

The Futur-e initiative was launched in 2015 in Italy and subsequently extended to the Group's other countries, with the aim of giving new life to thermoelectric power plants that are no longer competitive on the market, totalling 13 GW. Since 2019, the project has evolved by combining the requalification of third parties in non-energy

areas with the development of opportunities to replace thermoelectric plants with new hybrid and/or renewable generation, in line with the Enel Group's objective.

In a perspective of circular economy and sustainability, the development of new generation capacity has therefore started with the reuse of existing plant spaces, infrastructures and connections, as well as investing in the areas hosting plants undergoing decommissioning, actively involving the local areas and stakeholders and creating value for local communities through sustainable economic growth and job creation.

Given the new energy-industry context, and Enel's decarbonization strategy – in line with the national, European and global strategies that orient energy development toward sustainable technologies – **the Group has expanded the requalification opportunities thanks to the possibility of replacing the thermal power generation plants mainly with new renewable or hybrid power plants, integrating new business projects with complementary sustainable investments** that satisfy the needs of the communities where the facilities are located. These projects are located, in particular:

- in **Italy**, with energy requalification in line with the transition objectives and the Integrated National Energy and Climate Plan (INECP). With a view to circular economy and sustainability, the development of new generation capacity is achieved through the reuse of plant spaces, infrastructure and connections already in place, as well as by investing in the areas hosting the decommissioned plants, actively involving the local areas and stakeholders and creating value for local communities through sustainable economic growth and job creation;
- on the **Iberian Peninsula** with the progressive transition of coal-fired plants located on the peninsula, for example, **Andorra in Teruel** and Compostilla in León (closed in June 2020), and Carboneras in Almería (closed in December 2021);
- in **Latin America**, for example, with the power plants of **Tarapacá and Bocamina in Chile**, where Enel is proceeding with the progressive closure of coal-fired generation (Tarapacá and Bocamina I already closed, and Bocamina II scheduled for closure in May 2022), with employees, contractors, suppliers and communities integrated into the transition process. In the case of employees, a plan has been agreed to transfer people from coal-fired plants to other areas of the Company. Specifically, for the Tarapacá power plant out of a total of 50 employees it has been possible to relocate 26 people internally in thermal generation, 9 people in renewable energy (of which 2 in wind, 2 in solar, 2 in geothermal, 1 in Engineering and Construction, 1 in Business Development and 1 in technical support), 2 people in sales, 1 person in Infrastructure and Networks

and, finally, 12 people have opted for a voluntary resignation by taking advantage of the economic, training and health insurance package offered by the Group. For the Bocamina I Plant, out of a total of 28 employees, 17 were relocated internally to various areas including Engineering and Construction, Renewable Energy, Health and Safety, Environment and Quality (HSEQ); 9 people took advantage of retirement plans and the remaining 2 people decided to leave the Company.

Regarding the Bocamina II Plant, in 2021 the negotiations with unions and workers continued in order to elaborate the options for people working at this plant, which will be presented during 2022, the date on which the Company has committed to providing an internal relocation plan for employees.

## ● The Futur-e project for the coal-fired plant in Andorra, Teruel (Spain)

In line with the commitment made for a just and inclusive transition, **Enel is promoting the Futur-e initiative at the coal-fired power plant in Andorra, Teruel (1,101 MW)**. The project represents an investment of more than 1,487 million euros and has the final objective of installing 1,725 MW of renewable energy, of which 1,585 MW from solar power, constructing the largest plant for this technology in Europe, and 140 MW from wind power. The project also includes a large-scale energy storage system of up to 160 MW. The Futur-e project for Andorra includes:

- **creation of new jobs:** by the end of 2021, 449 jobs had been created, 153 of which local (34%), specifically in the municipalities of Alcañiz, Alcorisa, Alloza, Andorra, Calanda, Utrillas, Albalate del Arzobispo, Ariño and Mas de las Matas. Since the beginning, the Company has involved trade unions to guarantee that the expectations of personnel are satisfied; therefore together with the trade unions, a decision was reached that those who are interested can be transferred to other company functions, based on existing open positions and their professional category. These agreements also include economic incentives and requalification opportunities;
- **the hiring of new recruits from existing auxiliary companies** for employment in the closing and decommissioning of the plant, as a top priority. In the following phase, the renewable plants will create approximately 4,000 jobs during construction, and 138 positions for 25 years in operational and maintenance areas;
- **the development of training programs targeted toward local communities in the area**, with more than 900 beneficiaries, in order to promote new work



opportunities. Specifically, 4 health and safety courses already finalized for 200 beneficiaries and 18 technical courses for over 700 beneficiaries are to be conducted in 2022;

- **the planning of actions for promoting energy efficiency and sustainability of consumption** in the towns surrounding the plant.

The project for Andorra will also include **an investment of 294 million euros for the installation of a 60 MW electrolyzer that generates renewable hydrogen**. This project is included in the 23 initiatives presented to the Ministry of Ecological Transition for the development of this technology in Spain. A part of the renewable capacity that will be placed in operation in Teruel could therefore be dedicated to the generation of hydrogen, which would involve the creation of 144 jobs during the construction of the electrolyzer and 65 permanent positions for operation and maintenance.

For more information and updates on the project see: **Futur-e in Teruel-Endesa ([endesa.com](https://www.endesa.com))**.



## Respect for labor rights

(for further information see the chapter “Progress starts with people – Enel people”)

As stated in the Group’s Human Rights Policy, everyone who works with Enel **is entitled to conditions that respect health, safety, welfare and dignity, a cap on working hours, rest periods during the day and week, and paid vacations.** The remuneration of the Group’s employees takes into consideration the principle of **fair pay** for work and **equal pay** between male and female labor for work of equal value, based on an objective assessment of the work to be performed. The minimum payment made to Group employees cannot be lower than the level established by the collective bargaining agreements and legislative and regulatory texts in force in the various countries, in line with the provisions of the ILO Conventions. The transition to a Net-Zero economy will bring about a shift in sectors and jobs, and thus in the skills and competencies of the workforce. In addition to the creation of new types of jobs, e.g. climate change experts, Big Data, digital transformation and artificial intelligence specialists, the transition to a Net-Zero economy will likely result in the gradual disappearance of some types of jobs (such as technical skills in the thermoelectric sector) and changes in the content of most others. It is therefore necessary to have company programs aimed both at developing existing professional skills to improve the performance of one’s current role (upskilling) and at learning new ones (reskilling).

**Enel believes that professional guidance and training are important for the development of people and their skills, particularly in situations affected by the energy transition, and is committed to implementing requalification programs for workers affected by the ongoing decarbonization process.** Both for plants closed during 2021 and in previous years, and for those that will be progressively affected by the path towards decarbonization in the coming years, Enel’s commitment with all its employees affected, without distinction of job title, level of responsibility or gender, is to support them, including with the initial engagement of the unions, in the development of new skills and/or retraining of technical competencies, through:

- redeployment and upskilling/reskilling processes of people working in coal-fired power generation plants;
- voluntary early retirement plans;
- upskilling/reskilling programs to acquire new skills and support generational mixing and knowledge sharing.

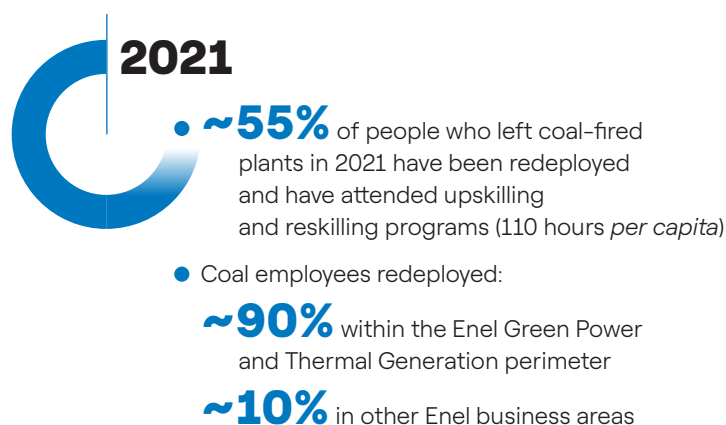
**Upskilling/reskilling programs** are developed based on the timeline of the plant closure plan and redeployment

plan and **are broken down into several phases:**

1. **identification of training needs and mapping of resources;**
2. **design of a training plan** to reduce the skills gap compared to the required job profile;
3. **execution of the training plan and monitoring of activities;**
4. **rotation in the new position.**

The programs are generically structured by a portion of “traditional technical training” (classroom and online) and a portion of “on-the-job training”, more targeted to the specific nature of the role. In cases in which the persons concerned already possess advanced technical knowledge on topics that are part of the programs (educational qualifications, training plans after joining Enel and/or previous experience), the courses are not assigned, since no skill gap is detected.

In the last two years, the pandemic has put a strain on programs already started and to be started, although online training has not negatively impacted the achievement of goals.





In December 2020 in Italy, Enel signed an agreement with trade unions to implement an upskilling and reskilling training plan, involving more than 20 thousand people. Initiatives range from digital transformation of operational and commercial staff to retraining activities involving technical-professional and cultural skills.

### **Customer centricity**

*(for further details see the chapter “The decade of electrification and customer centricity”)*

The next decade will be characterized by increasing interventions in favor of electrification, through which customers will gradually convert their energy consumption to electricity, with improvements in spending, efficiency, emissions and price stability: already by 2024 it is expected that in Tier 1 countries the electricity from renewable sources sold to Enel customers will grow as a result of: i) the increase in the percentage of generation from renewables on the total and ii) the increase in the share of elec-

tricity generated directly by the Group on total sales to end customers.

**The aim of the Group is to be close to customers, improving and maintaining access to electricity in the most disadvantaged areas and among people on lower incomes.**

Indeed, to facilitate equal access to energy, in all countries in which the Group operates forms of support are available for certain segments of the population to assist them in the payment of utility bills, as well as a wide range of products with high energy performance to ensure savings in terms of both consumption and emissions. In addition, with the aim of promoting social inclusion, in Colombia Enel has developed a financial product aimed at the most vulnerable categories of the population who do not have access to credit through traditional banking channels: hence the **Codensa Easy Credit credit card**, aimed at Enel customers in the city of Bogotá and the department of Cundinamarca. At the end of 2021, the beneficiaries of this option exceeded 75,000, over 50% of whom were women.

## Engaging local communities

*(for more detailed analysis see the chapter “Progress starts with people – Local and global communities”)*

Enel promotes the engagement of local communities in order to gather their needs related to the transition from thermal generation to generation from renewable sources, as well as to raise their awareness on issues related to climate change, explaining to them how the development of renewables provides benefits not only for the environment but also for the creation of new jobs and for the socio-economic development of the communities involved.

The Group contributes to the achievement of various types of intervention, ranging from the expansion of infrastructure to education and training programs, from initiatives targeting social inclusion initiatives to projects supporting local cultural life. For example, several projects have been implemented, such as “Access to electricity”, as well as specific initiatives dedicated to communities close to the power plants. **In 2021, the overall contribution of Enel to the communities in which the Group operates was 91 million euros, of which about 5 million euros for in-kind giving activities.** The model includes the development and use of quantitative KPIs, such as the number of beneficiaries, which **in the period 2015–2030 is estimated to be:**

- **5 million beneficiaries of quality education (SDG 4);**
- **20 million beneficiaries of clean and affordable energy (SDG 7.1);**
- **8 million beneficiaries of decent work and sustained, long-lasting, inclusive, and sustainable economic growth (SDG 8).**

## Engaging suppliers

*(for more details see the chapter “Progress starts with people – Suppliers”)*

In order to make the supply chain increasingly resilient, Enel has launched several initiatives.

Specifically, in Italy the process of supplier growth is assisted by the Supplier Development Program. Through signing agreements with the main players, **Enel guarantees favourable conditions compared to those of the market** and a contribution to cover partially the services offered within the framework of the program, including financial instruments

that can facilitate access to liquidity and managerial and technical training programs to encourage business reversion. Particular attention is paid to initiatives to **support the reversion and diversification of business** such as the “Sportello imprese” (business desk), which consists of periodic meetings with individual traditional power generation companies aimed at accompanying them in processes of growth and requalification towards areas in expansion, such as renewables or new services related to energy efficiency.

**Furthermore, in 2021 Enel applied in Italy the social clause beyond the limits of the law (*extra legem*), allowing more than 1,900 workers to keep their jobs despite the change of contract.**

With the aim of contributing to the reskilling and/or upskilling of workers with professional skills that risk becoming obsolete, to the creation of entrepreneurship and to the strengthening of Italy's productive and economic fabric, **Enel has also created the following professionalizing courses, involving its supply chain:**

- for photovoltaic panel installers, designed with the Sostenibile CNA of Viterbo, local employers' associations and the Municipality, with the aim of reskilling workers in the Civitavecchia and Montalto di Castro supply chain by training 120 technicians to be employed on worksites for the construction of solar photovoltaic plants. This is a concrete contribution to companies that, as part of the path of energy transition taking place in northern Lazio, have decided to convert to the renewables business. In 2022, the course will be repeated in Brindisi.
- for welders, designed with colleagues from the Civitavecchia plant and in partnership with the employment agency Umana Forma, Unindustria and a local company that has provided the workshop and teaching staff;
- for fiber technicians, a project aimed at 150 unemployed Abruzzo residents, identified in collaboration with the Abruzzo Regional Authority, to enable them to find employment thanks to what is now a highly sought after professional training.

In the early months of 2022, “Energie per Crescere” (Energy for Growth) was launched, a program devised in conjunction with the ELIS training body, to include about 5,500 young people onto the labour market within the next two years and create, in the various local communities, a pool of professionals available for Enel's network of supplier companies.









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