



**The materiality analysis process
and the results for 2021**





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WE EMPOWER SUSTAINABLE PROGRESS.





The materiality analysis process and the results for 2021

What is material for us?

Sustainability context

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As part of the broader materiality analysis process, we have identified and analyzed the main current and future ESG megatrends, to identify their risks, limit their impacts and take full advantage of their opportunities.

The digital revolution, definition of new governance models, climate and demographic change, resources preservation are the main megatrends that are currently influencing and will continue to influence the economic, social and environmental dimensions of sustainable development.

These identified **megatrends** were brought to the attention of a group of national and international stakeholders that are strategic for Enel, through a specific questionnaire. The analysis confirmed that the main ESG megatrends are **climate change**, the **digital revolution** and **resources preservation**, and highlighted **increasing inequalities** as a further priority area to be taken into consideration.

These phenomena often influence each other and act in combination with each other, reinforcing their individual impact. The technological revolution and digitalization have in several cases accentuated income inequality and the consequent increase in inequalities. Climate change is contributing to displacement from rural to urban areas, and therefore to demographic changes in countries. Resources preservation entails the need to use and adopt technologies with a lower environmental impact.

The Covid-19 pandemic has made this scenario more complex, accentuating the existing inequalities between and within Countries, with a greater impact on the most fragile social groups that are less able to protect themselves.

Addressing these challenges required **global coordination and joint efforts, underlining the vital importance of multilateral consensus and collaboration.**

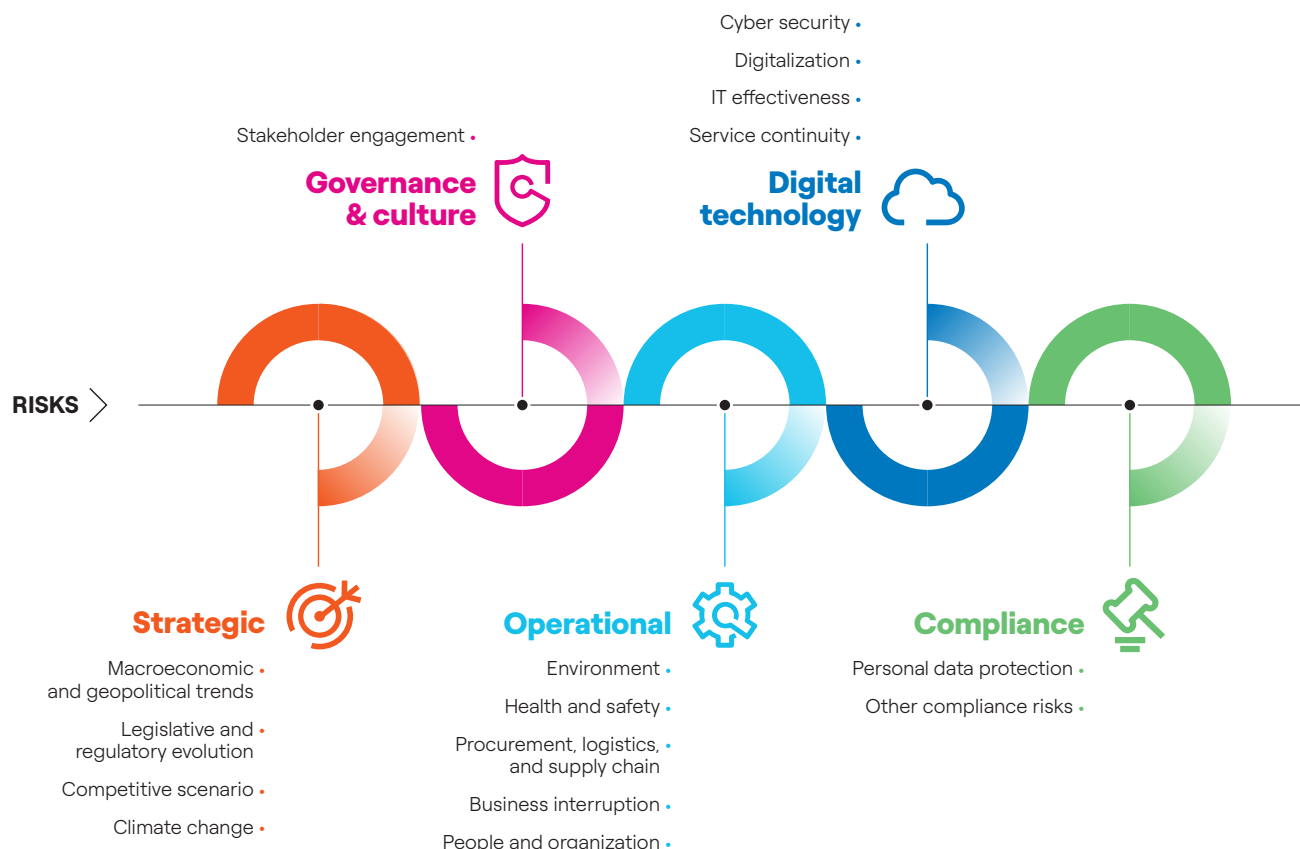


Main types of risk

| 102-11 | 102-15 | 102-29 | 102-30 | 103-2 | 103-3 | 201-2 |

Due to the nature of its business and its geographical distribution, the Enel Group is exposed to various types of ESG risk, identified within the reference framework relating to the risk categories adopted by Enel, which provides

for six categories: **strategic, financial, operational, governance & culture, digital technology, and compliance.** The main ESG risks identified are listed below:



The identified risks are in line with the context described by the ESG megatrends analysis and consistent with what is reported by the World Economic Forum (Global Risks Report 2022), according to which the risk of climate and extreme events and the loss of biodiversity are considered as the 3 most significant risks for the next decade, followed by the social risks associated with the loss of social cohesion, the depletion of livelihoods and the risk of infectious diseases.

For further details and a description of the actions intended to mitigate their effects and ensure their correct management, please refer to “The path to Net-zero” chapter of this document, and for the risks associated with climate change to the “Sound governance” chapter of this document. Furthermore, a more detailed analysis of the additional strategic and financial risks is contained in the Annual Report for 2021, which is available to the public at the registered office and on the Company’s website (www.enel.com).

The materiality analysis process and the results for 2021

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The materiality analysis identifies aspects of the sustainable business model that are most relevant to the Company and its stakeholders, highlighting the interconnections with the 17 Sustainable Development Goals of the 2030 Agenda.

Continuous monitoring of stakeholder expectations ("dynamic materiality"⁽⁶⁾) allows the evolution of material issues to be tracked over time, identifying ESG objectives aimed at creating long-term sustainable value and defining the contents to be included in Corporate Reporting documents.

Within this dynamic framework, the materiality process is conducted according to:

- a **"single materiality" view**, which allows you to identify and evaluate the priority issues for the Company (Y axis) and its main stakeholders (X axis), leading to the representation of the Group's materiality matrix (see the "Priorities' Matrix (single materiality)" paragraph in this chapter);
- a **"double materiality" view**, i.e. the union of two perspectives of equal importance:
 - potential and actual impacts suffered by the Company (**financial materiality**). The material issues are those that generate risks or opportunities for the Company, influencing its future cash flows and therefore the enterprise value in the short, medium or long term;
 - potential and actual impacts generated by the Company (**impact materiality**). The material issues are those for which the Company generates significant actual or potential impacts on society and the surrounding environment in the short, medium or long term (see the "Assessment of impacts generated and suffered" paragraph in this chapter).

The Holding's Sustainability Planning and Performance Management and Human Rights unit, as part of the Innovability® Function, is responsible for analyzing materiality at Group level and plays a guidance and coordination role, providing guidelines and methodological support for the country, company and site level analysis conducted by local managers, with the involvement of stakeholders and



the main key figures at company level.

The materiality analysis is subject to specific examination by the Corporate Governance and Sustainability Committee, set up within the Board of Directors, when examining the guidelines of the Sustainability Plan. Furthermore, the Corporate Governance and Sustainability Committee and the Control and Risks Committee issue prior opinions on the Sustainability Report, which includes the materiality analysis, and submit them to the Board of Directors' meeting called to approve the Report.

The materiality analysis has been developed in accordance with the guidelines of the most recent publications issued by international standards, including the GRI, EFRAG, and the AccountAbility AA1000 Stakeholder Engagement Standard (AA1000SES), regarding the principles of inclusiveness, materiality, responsiveness and impact⁽⁷⁾. The Value Reporting Foundation – SASB and Compass SDG, which supports companies in adapting their strategies to

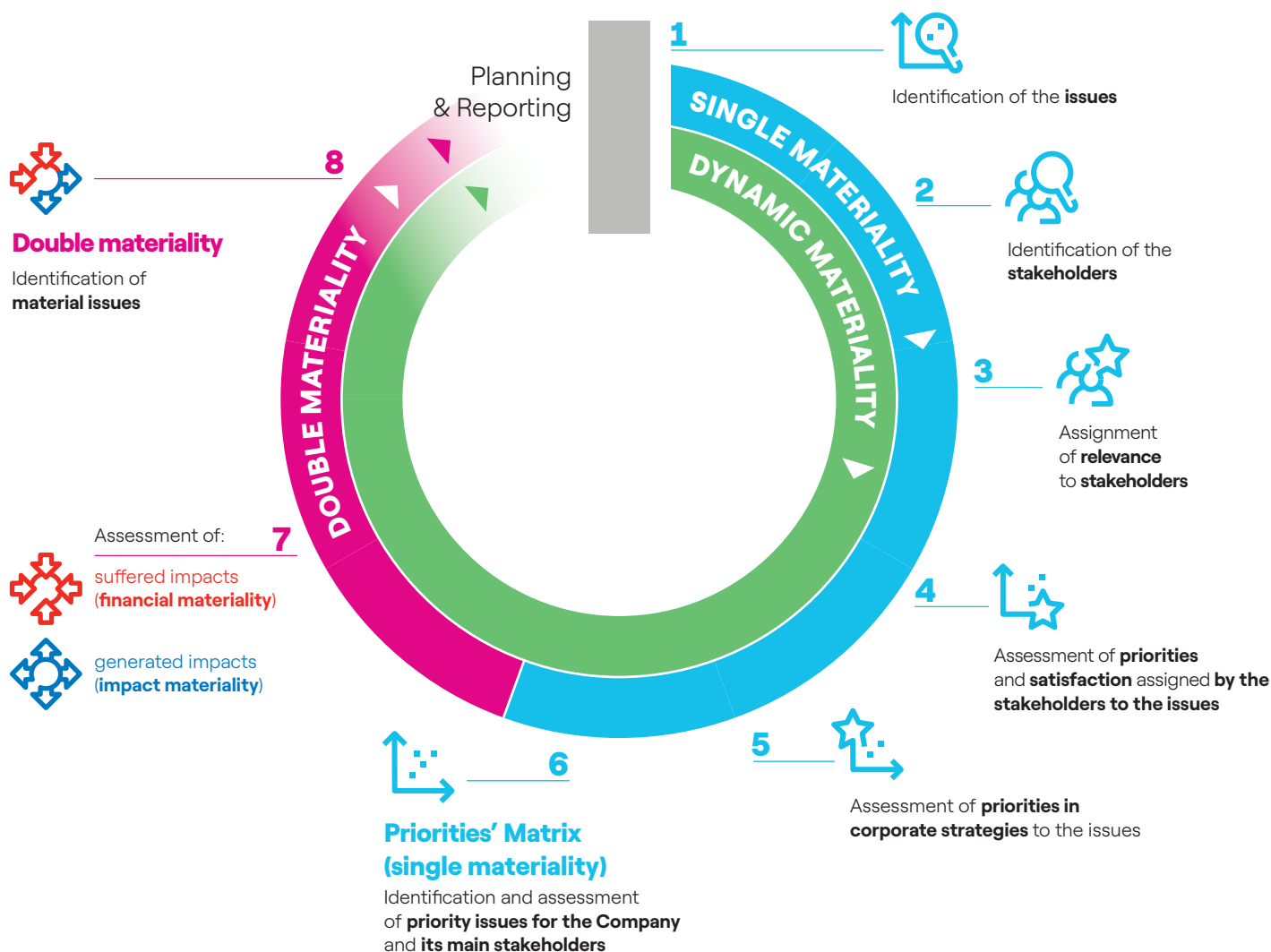
(6) The concept of dynamic materiality, announced in 2020 by the World Economic Forum in the document entitled "Embracing the new age of materiality" – represents materiality as a dynamic process according to which what may be financially immaterial today can become material tomorrow.

(7) As part of the AccountAbility AA1000AP (2018) standard, according to the AA1000SES standard, the principle of:

- inclusiveness means that people should have a say in the decisions that affect them;
- materiality means that decision makers should identify and be clear about the main sustainability issues;
- responsiveness means that organizations must act transparently with regard to the relevant sustainability areas and their impact;
- impact means that organizations must monitor, measure and take responsibility for their actions that affect wider ecosystems.

the United Nations SDGs, were also considered as a reference for the analysis.
In particular, eight main stages are envisaged, summarized

in the diagram below and described in the following paragraphs of this chapter.



The collection, aggregation and processing of data and information are managed through a dedicated computer system ("E-mia: Engagement – materiality & impact analysis"), which also allows the best practices of engagement to be shared within the Group and stakeholders to be monitored in line with the corporate organizational model. The results, which are updated annually, are presented at both Group and individual company, Business Line/Corporate Function and site (intended as potential or actual operating site) level, as well as for the different categories of stakeholders.

Every two years, an analysis is carried out aimed at potentially reviewing the issues and categories of stakeholders, in order to take into account any significant changes in the internal and external context of the Company. In 2021, the scope of the materiality analysis included 21 countries, covering all continents where the Group is present. In particular, over the past year, 3 new countries (India, Panama and Costa Rica) were added along with sites in Iberia, India and Chile, with an ever-greater integration of the results deriving from the application of the Creating Shared Value (CSV) tools on the Group's assets.

1. Identification of the issues

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The issues subject to the 2021 analysis are classified into three categories: business and governance issues, social issues and environmental issues, divided into three levels to cover all the different cases (see the Methodological note “List of 1st and 2nd Level issues” in the annex). The identification of the issues took into consideration company policies and principles of conduct, stakeholder engagement initiatives, the issues of greatest interest to

sustainability rating agencies, sector benchmarking studies, the strategic direction of the Company, as well as the indications of experts both internal and external to the organization.

In accordance with the methodology, in 2021 the issues were reviewed and updated to take into consideration the reference context; in particular, the reviews carried out on the first level are shown below.

2020 Materiality analysis	2021 Materiality analysis	Objective of the update
“Ecosystems and platforms”	“Products and services for electrification and digitalization”	Emphasize the presence of new technologies within electrification services
“Innovation and digital transformation”	“Innovation, circular economy and digital transformation”	Highlight the key role of the circular economy in the business model
“Energy distribution”	“Infrastructure and Networks”	Attribute appropriate visibility to the topic of network management
“Environmental management”	“Conservation of ecosystems and environmental management”	Highlight the importance of ecosystem conservation and biodiversity
“Engaging local communities”	“Engaging local and global communities”	Highlight the importance of ecosystem conservation and biodiversity

2. Identification of the stakeholders

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The stakeholders involved in the 2021 materiality analysis process are grouped into categories, classified on three levels, in line with the structure of the issues analyzed. The first level stakeholder categories are the following:

- Businesses and trade associations
- Customers
- Financial community
- Institutions
- Civil society and local and global communities
- Media
- Employees
- Suppliers and contractors

(see the table in the “Assessment of priorities and satisfaction assigned by the stakeholders to the issues” paragraph, which shows the first level stakeholder categories with their respective degree of relevance)

The various units responsible for stakeholder relations, which are involved in the analysis process every year, are tasked with identifying and updating the list of relevant stakeholder categories every two years, in order to define a complete list of current and potential stakeholders and to always be aligned with the sustainability context in which Enel operates.

In accordance with the methodology, in 2021 the list of stakeholders was updated to take into account the changes in the reference context. The revision carried out at the first level is shown below.

2020 Materiality analysis	2021 Materiality analysis	Objective of the update
Civil society and local communities	Civil society and local and global communities	Include the global view in which the communities of the local context operate

3. Assignment of relevance to stakeholders

| 102-42 | 102-43 |

The process provides for the continuous and direct involvement of the stakeholders, both external and internal to the Company, by the different company units, whose methods of involvement (interviews, questionnaires, etc.) and frequency (daily, monthly, weekly, etc.) are defined based on their individual relevance, as required by the ref-

erence standards.

In 2021, activities at Group level saw the involvement of the Top Management of all the Business Lines, who assessed, through a specific questionnaire, **the relevance** of the categories based on the following parameters.

Dependence	Importance of the relationship for the stakeholder, indicating groups or individuals who directly or indirectly depend on the activities, products or services and associated services, or on which the organization depends in order to operate
Influence	Importance of the relationship for the Company, indicating groups or individuals that may have an impact on the organization or on a stakeholder for strategic or operational decision-making
Tension	Temporal dimension of the relationship, indicating groups or individuals who require the immediate attention of the organization on broader financial, economic, social or environmental issues

(see the table in the "Assessment of priorities and satisfaction assigned by the stakeholders to the issues" paragraph, which shows the stakeholder categories with their respective degree of significance)

In particular, the analysis carried out at Group level, shows that the relevance of the "Customers" stakeholder has grown over the last year, particularly given the awareness of their key role in managing the "electrification decade".

However, the importance of the "Employees" stakeholder remains constant, particularly given the persistence of the Covid-19 pandemic.

4. Assessment of priorities and satisfaction assigned by the stakeholders to the issues

| 102-40 | 102-43 | 102-46 | 102-47 | 103-1 |

















Once the issues and stakeholder categories have been identified, weighted according to their respective relevance, the materiality analysis process proceeds with an **assessment of the priorities assigned to the issues by stakeholders**, i.e. the relative relevance of each issue for the stakeholders (horizontal axis of the materiality and expectations matrix) (see the "2021 Priorities' Matrix" and "Expectations Matrix 2021" graphs).

In 2021, the priorities attributed to the issues were identified thanks to the implementation of approximately **480 engagement initiatives** with stakeholders relevant to the Group. Only 2% of the assessments were carried out indirectly, through interviews with the business units responsible for the relationship with the reference stakeholder

("self-assessment"), demonstrating the ever-greater objectivity of the analyses carried out. The engagement initiatives are part of the various listening initiatives carried out during the year by the various units of the Group, including customer satisfaction surveys, the "Open Listening - Future Way of Working" survey, intended to gather the perceptions and expectations of Enel people regarding the future post-Covid working model, questionnaires from sustainability rating agencies, customer complaints, relations with analysts and investors, representative and trade associations, institutional relations at national and local level, as well as with trade unions, media monitoring and opinion polls. In some cases, where necessary, *ad hoc* materiality analysis initiatives were implemented, including an online questionnaire for suppliers or focus groups aimed at specific categories of stakeholders.

The following table shows, for each first-level stakeholder category identified, the respective degree of relevance,

the channels of involvement used, the material topics and the Company's response methods.

Relevance	PARAMETERS:			
	Dependence importance of the relationship for the stakeholder	Influence importance of the relationship for the Company	Tension temporal dimension of the relationship	
Businesses and trade associations	Channels and type of communication and engagement ⁽¹⁾	Average frequency of engagement per channel/type	Main high/very high priority issues for stakeholders	Our response to stakeholders in the CHAPTERS/paragraphs of the Report
	 Direct contact	daily	• Occupational health and safety	• ESG BACKBONES - Occupational health and safety
	 Forums	monthly	• Decarbonization of the energy mix	• THE PATH TO NET-ZERO
	 Working groups	monthly	• Infrastructure and Networks	• THE DECADE OF ELECTRIFICATION AND CUSTOMER CENTRICITY
Customers	 Dedicated meetings	weekly		
	 Agents	daily	• Health and safety	• ESG BACKBONES - Occupational health and safety
	 Mobile app	continuous	• Customer engagement	• THE DECADE OF ELECTRIFICATION AND CUSTOMER CENTRICITY
	 Web channel	continuous	• Decarbonization of the energy mix	• THE PATH TO NET-ZERO
	 Forums	monthly		
	 Working groups	monthly		
	 Official stores and sales offices	daily		
	 Social media	continuous		
Financial community	 Survey	twice a year		
	 Web channel	continuous	• Decarbonization of the energy mix	• THE PATH TO NET-ZERO
	 Direct contact	daily	• Infrastructure and Networks	• THE DECADE OF ELECTRIFICATION AND CUSTOMER CENTRICITY
	 Investor Day	once a year	• Occupational health and safety	• ESG BACKBONES - Occupational health and safety
Financial community	 Roadshow	4 times a year		

(1) Due to the Covid-19 emergency, communication and involvement that normally take place face-to-face (such as "direct contact" or "dedicated contact") took place remotely (meetings via Teams, Skype, etc.).

Institutions



Civil society and local and global communities



Media



Employees



Suppliers and contractors

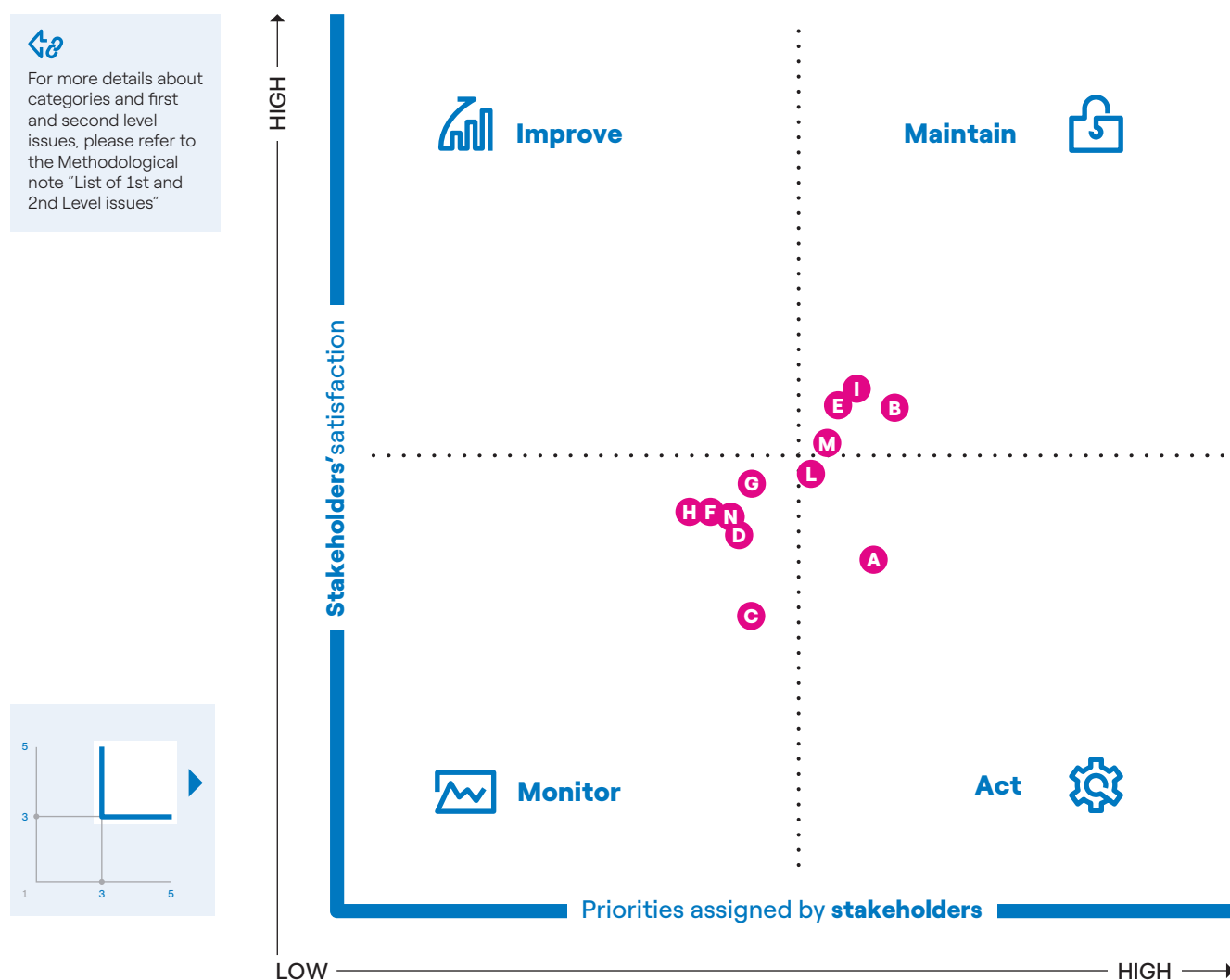


Channels and type of communication and engagement ⁽¹⁾	Average frequency of engagement per channel/type	Main high/very high priority issues for stakeholders	Our response to stakeholders in the CHAPTERS/paragraphs of the Report
Reporting channel Web channel Press releases Direct contact Social media	continuous continuous weekly daily continuous	<ul style="list-style-type: none"> Infrastructure and Networks Decarbonization of the energy mix Occupational health and safety 	<ul style="list-style-type: none"> THE DECADE OF ELECTRIFICATION AND CUSTOMER CENTRICITY THE PATH TO NET-ZERO ESG BACKBONES - Occupational health and safety
Reporting channel Web channel Press releases Direct contact Social media	continuous continuous weekly daily continuous	<ul style="list-style-type: none"> Infrastructure and Networks Occupational health and safety Sustainable supply chain 	<ul style="list-style-type: none"> THE DECADE OF ELECTRIFICATION AND CUSTOMER CENTRICITY ESG BACKBONES - Occupational health and safety PROGRESS STARTS WITH PEOPLE - Suppliers
Press releases Direct contact Dedicated meetings Roadshow Social media	weekly daily weekly 4 times a year continuous	<ul style="list-style-type: none"> Decarbonization of the energy mix Economic and financial value creation Sound governance and fair corporate conduct 	<ul style="list-style-type: none"> THE PATH TO NET-ZERO ESG BACKBONES - Sound governance
Reporting channel Forums Working groups Fact-finding interviews Intranet Newsletter Company magazine Survey	continuous monthly monthly weekly continuous every 2 weeks every 2-3 months twice a year	<ul style="list-style-type: none"> Conservation of ecosystems and environmental management Decarbonization of the energy mix Customer engagement 	<ul style="list-style-type: none"> TOWARDS A "NATURE-BASED" MODEL THE PATH TO NET-ZERO THE DECADE OF ELECTRIFICATION AND CUSTOMER CENTRICITY
Web channel Direct contact Forums Working groups Dedicated meetings	continuous daily monthly monthly weekly	<ul style="list-style-type: none"> Sound governance and fair corporate conduct Occupational health and safety Conservation of ecosystems and environmental management 	<ul style="list-style-type: none"> ESG BACKBONES - Sound governance ESG BACKBONES - Occupational health and safety TOWARDS A "NATURE-BASED" MODEL

Since 2016, Enel has combined the assessment of priorities by stakeholders with an **analysis of their satisfaction** with the identified issues (vertical axis of the expectations matrix), in order to identify more precisely the issues on which the Company needs to focus. The 2021 results, as represented in the “**Expectations Matrix**”,

show a substantial alignment between the priority assigned by the stakeholders and their level of satisfaction (“Maintain” quadrant). It is worth noting, however, that there has been an increase in satisfaction regarding the “Customer engagement” issue compared to 2020, in line with the actions taken by the Company.

2021 Expectations Matrix



Business and governance issues

- A** Infrastructure and Networks
- B** Decarbonization of the energy mix
- C** Customer engagement
- D** Products and services for electrification and digitalization
- E** Sound governance and fair corporate conduct
- F** Economic and financial value creation
- N** Innovation, circular economy and digital transformation

Social issues

- G** Engaging the local and global communities
- H** Employees management, development & motivation
- I** Occupational health and safety
- L** Sustainable supply chain

Environmental issues

- B** Decarbonization of the energy mix
- M** Ecosystems preservation and environmental management



5. Assessment of priorities in corporate strategies to the issues

| 102-15 | 102-43 |

For the purposes of drawing up the 2021 materiality matrix, Enel evaluates the priority of the issues in its strategies (vertical axis of the Priorities' Matrix), taking into account the guidelines set by the Strategic Plan, the objectives of the Departments/Business Lines and the commitments

made by the Group through its own policies and conduct criteria. This analysis involves the Company's various departments and top management (Chief Executive Officer and Chairman) through *ad hoc* interviews and specific questionnaires.



6. Priorities' Matrix (single materiality)

| 102-46 | 102-47 |

The dimensions investigated in the previous paragraphs, i.e. the priority of issues for stakeholders and in corporate strategies, contribute to the developing the matrix of priorities ("single materiality").

The priorities' matrix, which gives a comprehensive view of all the Company's stakeholders, provides a complete sustainability disclosure, as well as an integrated representation of the Company's contribution to sustainable development. Furthermore, applying the so-called "primary user" filter to the overall materiality analysis, corresponding to the "financial community"⁽⁸⁾, highlights the issues that have a greater direct impact on the value of the company.

The result of the analysis therefore supports the identification and definition of the objectives to be included in the Strategic Plan and the Sustainability Plan, to the achievement of which the various Departments and Business Lines of the Group contribute, and of the issues covered by the

Sustainability Report and other Corporate Reporting documents.

The process allows the priorities for the Group as a whole and for each country, down to the individual Business Line/Corporate Function and individual assets (understood as a potential or effective operating site), to be identified.

In 2021, the analysis covered **21 countries, 67 companies and 31 sites** and considered **479 engagement initiatives involving stakeholders** relevant to the Group.

Shown below are:

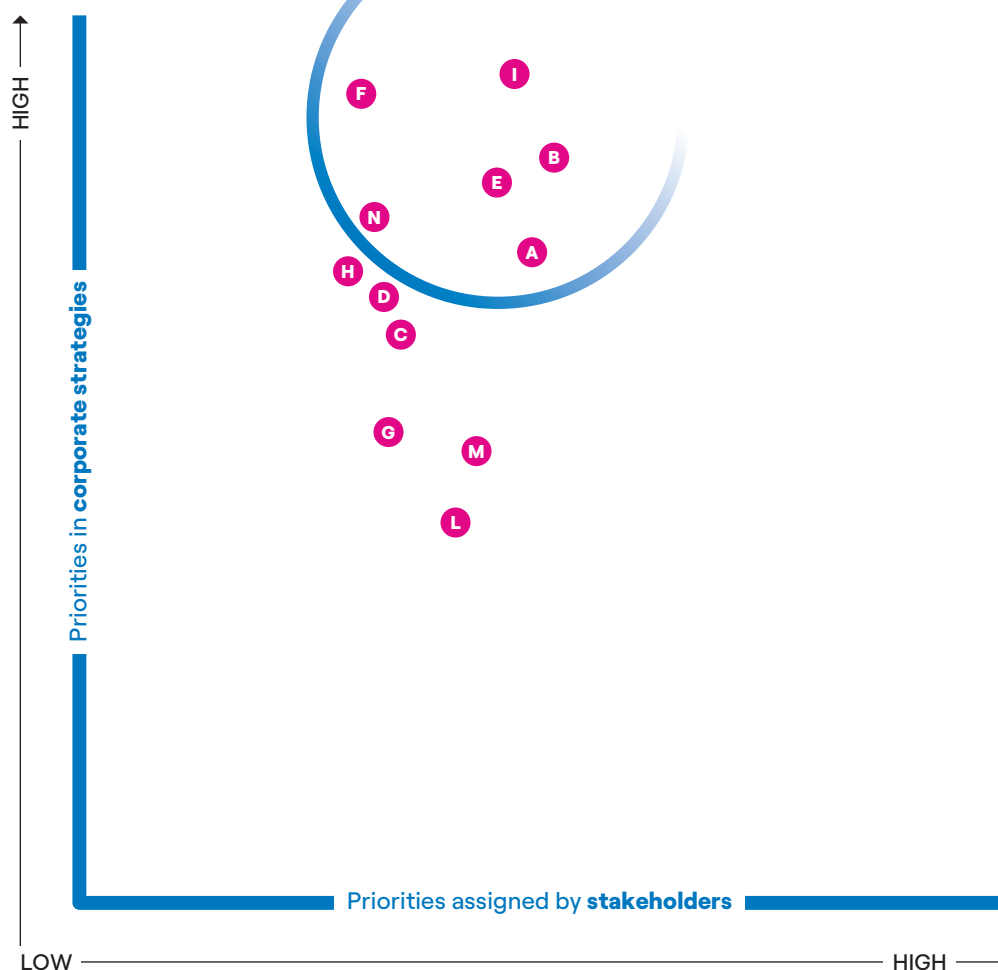
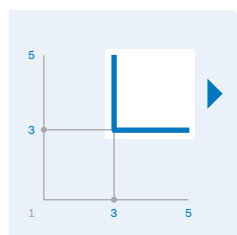
- the 2021 priorities' matrix of the Enel Group, which considers the contributions of the main companies involved in the process, weighted according to their relevance in relation to the type of business in which they operate;
- the main 2021 priorities of some of the main companies participating in the materiality analysis process.

(8) It includes: financial institutions and related governance bodies; investors and shareholders; rating agencies and analysts in the fields of finance and sustainability.

2021 Priorities' Matrix



For more details about categories and first and second level issues, please refer to the Methodological note "List of 1st and 2nd Level issues"



Business and governance issues

- A** Infrastructure and Networks
- B** Decarbonization of the energy mix
- C** Customer engagement
- D** Products and services for electrification and digitalization
- E** Sound governance and fair corporate conduct
- F** Economic and financial value creation
- N** Innovation, circular economy and digital transformation

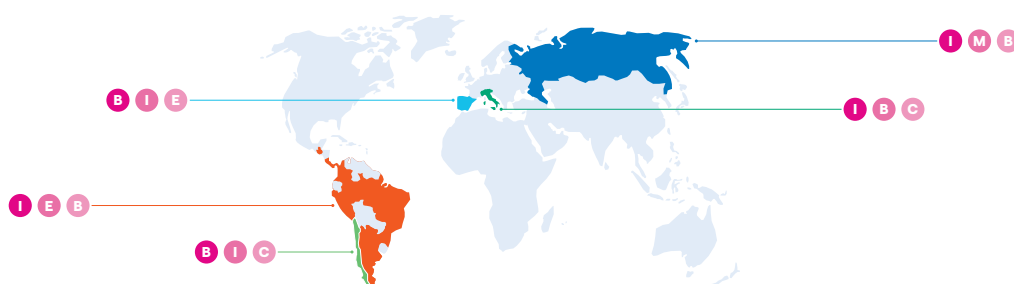
Social issues

- G** Engaging the local and global communities
- H** Employees management, development & motivation
- I** Occupational health and safety
- L** Sustainable supply chain

Environmental issues

- B** Decarbonization of the energy mix
- M** Ecosystems preservation and environmental management

2021 Top priorities for the Countries⁽¹⁾



(1) The 2021 materiality analysis covered 21 Countries. This graphic shows data for only some of the main companies that participated in the process. Regarding Enel Américas, Uruguay did not participate in the materiality analysis process in 2021.

The material issues and the related management methods concern the following areas.

- **Occupational health and safety** – Enel considers the health, safety, mental and physical integrity of people to be among the Group's main priorities. Optimal management of this issue helps to generate trust and boost the commitment of people in relation to the work they perform, also helping to improve performance and raise productivity and efficiency. As a confirmation of Enel's constant commitment to safety in 2021, the Total Recordable Injury Frequency Rate (TRI FR) for Enel and contractor companies combined was down by 11.7% compared to 2020.
- **Decarbonization of the energy mix** – Abating climate change is one of the main challenges for companies. In the utilities sector in particular, this has led to the development of regulations and public policies aimed at promoting a global zero emissions economy, in which electrification of the energy demand plays a key role. Institutional investors are devoting ever-greater attention to the management and results of companies in relation to climate change. In this context, Enel has set specific objectives for the reduction of greenhouse gas (GHG) emissions, focusing on the growth of renewable capacity and the gradual closure of coal plants (see the paragraph on the "Sustainability Plan 2022-2024" and the "The path to Net zero" chapter of this document).
- **Infrastructure and Networks** – Enel works constantly to develop and improve the efficiency of the distribution network, carrying out maintenance and modernization work on existing infrastructure in all countries. This network management and development activity allows it to reduce the number and duration of service interruptions, guaranteeing its customers an adequate and constantly reliable service. Considering the key role of intelligent infrastructure in the energy transition, the Group has included achieving 48.4 million end users with active smart meters by 2024 and approximately 81 million by 2030 as one of the objectives of its 2022-2024 Sustainability Plan.
- **Sound governance and fair corporate conduct** – Enel has established a system of rules, models and control mechanisms inspired by the highest standards of transparency and fairness in the management of the business, both internally and externally. This model generates trust in its stakeholders, which is also reflected in the financial results achieved and in the excellent position in the main ESG ratings and sustainability indices confirmed for 2021.
- **Economic and financial value creation** – Creating economic value is a fundamental objective to guarantee sustainable long-term economic growth. The Group's financial performance is among the material topics for both stakeholders and the Company. In 2021, Enel achieved an ordinary EBITDA of 19.2 billion euros and



a fixed dividend per share ("DPS") of 0.38 euros, up by 6.1% compared with 2020.

- **Innovation, circular economy and digital transformation** – Digitalization and the dissemination of new technologies are accelerating the transformation of many sectors. This offers new opportunities based on the development of energy solutions that promote sustainability and the circular economy, and allow diversification of the range of products and services offered by the Group to its customers, both by influencing traditional business and by encouraging the creation of new models. Innovation of products, services or processes is a strategic priority that guarantees the Company's long-term success against the background of an increasingly competitive and demanding market. In this respect, the Group has included in its Sustainability Plan 2022-2024 clear and precise objectives intended to create an innovative ecosystem that can offer and develop cutting-edge technological solutions for business and all the main stakeholders. In particular, the Group is pursuing the goal of adopting 137 innovative business solutions through collaboration with start-ups, technology communities and strategic partners, in order to promote solutions that fulfil the internal and external needs of the Company.

7. Assessment of impacts generated and suffered

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In the materiality analysis process, Enel combines “single materiality” with “double materiality”, where the impacts suffered (financial materiality) and the impacts generated (impact materiality) each represent a materiality perspective of equal importance.

In order to provide a holistic view of the impacts, risks and opportunities related to the company’s activities and guarantee that they are all covered, the analysis was conducted taking into consideration the most recent publications by the main international standards, including GRI, EFRAG and Value Reporting Foundation – SASB, and attributing specific materiality levels to each ESG dimension and issue according to a high, medium, low scale.

With regard to financial materiality:

Enel conducted an analysis intended to identify the impacts suffered by the Company, considering the financial relevance of ESG issues according to the SASB Standard for the Electric Utilities sector and the ESG issues included in the Group’s financial reporting, evaluating the priority attributed to ESG issues by the financial community, as well as analyzing the risk suffered associated with company activities. The significant aspects giving rise to the risks and opportunities that contribute negatively or positively to the creation/maintenance of enterprise value, in the short, medium and long term, were thus analyzed.



With regard to impact materiality:

In 2021, Enel strengthened the methodology for analyzing the impacts generated by the Company to bring it into line with the main international standards (GRI, EFRAG). Following the “Impact Evaluation” pilot project launched in 2019 and its completion in 2020, with the involvement of all the Countries participating in the process, this year the Group conducted the analysis on impact materiality, identifying the impacts generated by the Company on the economy, on the environment and on people, considering any violations of human rights among the negative impacts, and the contribution to sustainable development among the positive impacts. The project, extended to all 21 Countries that carry out the materiality analysis, was implemented by each local Sustainability unit, which, considering the internal company context, including organizational activities, the main stakeholders, as well as the best practices dictated by the due diligence process, assessed the (current and potential) positive and negative impacts generated by the Company. The main impacts identified, both negative and positive, were considered respectively according to their degree of severity or magnitude and probability, in the case of potential impacts. Additionally, each positive

impact was analyzed according to its direct and indirect contribution to the SDGs, in line with the commitment made by the Group, and with respect to the management instruments put in place to monitor the objectives set.

Once the main impacts were identified according to the financial and impact materiality criteria, the relative level of double materiality was attributed to each issue as a holistic combination of the two views.

The table on pages 38–39 shows the results of the double relevance analysis, representing for each ESG issue:

- the main negative and positive impacts generated directly and indirectly by the Company on the external context;
- the relative impact materiality;
- the reference SDGs for the impacts that create added value to the community and/or the environment;
- the relative level of financial materiality;
- the resulting level of double materiality;
- the strategies and performances adopted by the Company, in line with the due diligence process aimed at mitigating and preventing negative impacts.

8. Double materiality

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Based on the double materiality, once the significant impacts for each ESG issue were identified, Enel then ordered the material issues according to the value attributed in terms of double materiality.

According to this criterion, **the most material issues** are therefore:

- Decarbonization of the energy mix;
- Products and services for electrification and digitalization;

- Conservation of ecosystems and environmental management;
- Occupational health and safety;
- Sound governance and fair corporate conduct.

This result shows a substantial alignment between the priority issues defined according to the “single materiality” approach and those identified as material from the point of view of double materiality.

Materiality analysis: Table of impacts



Value
chain

Material issues

I Level Issues



Impact
materiality



Financial
materiality



Double
materiality

Main impact generated (potential/actual)	Type of impact	Impact materiality level (Severity/ Magnitude)	Main reference SDG for positive impacts	Financial materiality level (impact suffered)	Double materiality level	Strategy and performance (Ref. CHAPTERS/ paragraphs of Report)
Reduction of emissions through improvement of the national energy mix by increasing the installed renewable capacity	+	Low	7 13	Low	Low	THE PATH TO NET ZERO
Failure to reduce emissions due to the ongoing process of shutting down thermoelectric power plants	-	Low		Low	Low	
Promotion of energy efficiency to reduce energy consumption	+	Low	7 12	Low	Low	TOWARDS A "NATURE-BASED" MODEL
Increased noise pollution which contributes to loss of biodiversity in the surrounding area	-	Low		Low	Low	
Increased attention to health and safety issues within the company thanks to preventive actions	+	Low	3	Low	Low	ESG BACKBONES – Occupational health and safety
Increase in the rate of accidents due to a failure to disseminate a health and safety culture in the community in which the Company operates	-	Low		Low	Low	
Social and economic development of the communities in which the Company operates by actively listening to them	+	Low	8	Low	Low	PROGRESS STARTS WITH PEOPLE – Local and global communities
Insufficient attention paid to preventing social conflicts within local communities	-	Low		Low	Low	
Guarantee of stable and decent work for our people	+	Low	8	Low	Low	PROGRESS STARTS WITH PEOPLE – Enel people
Reduction of job opportunities offered due to inadequate institutional support	-	Low		Low	Low	
Promotion of Circular Economy principles among small and medium-sized suppliers	+	Low	12	Low	Low	PROGRESS STARTS WITH PEOPLE – Suppliers
Increase in environmental impacts due to a failure to adopt environmental management policies by the suppliers with whom the Company operates	-	Low		Low	Low	



PLANET



PEOPLE

Type of impact: + Positive - Negative

Materiality level: Low Medium High



Value
chain

Material issues

I Level Issues



Impact
materiality



Financial
materiality



Double
materiality

Main impact
generated
(potential/actual)

Type of
impact

Impact
materiality
level
(Severity/
Magnitude)

Main reference
SDG for positive
impacts

Financial
materiality
level
(impact suffered)

Double
materiality
level

Strategy and
performance
(Ref. CHAPTERS/
paragraphs of Report)

Products and
services for
electrification and
digitalization

Electrification of cities
through electric mobility



7 11



THE DECADE
OF ELECTRI-
FICATION AND
CUSTOMER
CENTRICITY

Increase in environmental
impacts due to a failure to
implement innovative digital
services in customer service



Infrastructure
and Networks

Guarantee of access to elec-
tricity in rural areas thanks to
service quality improvements



7 9



THE DECADE
OF ELECTRI-
FICATION AND
CUSTOMER
CENTRICITY

Reduction of national net-
work reliability due to delayed
maintenance



Economic and
financial value
creation

Increase in investments in-
tended to promote the ener-
gy transition



8



All chapters of
the Report

Reduction of investments
in maintenance activities on
existing assets



Innovation,
circular economy
and digital
transformation

Social and economic devel-
opment in the territories in
which the company operates
by supporting local start-ups
intended to promote the cir-
cular economy



8 12



GROWTH
ACCELERATORS

Reduction of raw materials
used in the value chain due
to their non-reuse



Customer
engagement

Increase in the quality of in-
novative and sustainable ser-
vices provided to customers



11



THE DECADE
OF ELECTRI-
FICATION AND
CUSTOMER
CENTRICITY

Lack of clear, transparent and
inclusive communication on
business information



PRINCIPLES OF
GOVERNANCE

Sound
governance and
fair corporate
conduct

Guarantee of transparent
communication of informa-
tion relating to the Compa-
ny's work



16



ESG
BACKBONES –
Sound
governance

Lack of socio-economic
development of the com-
munities in which the Com-
pany operates due to the
sub-optimal management of
disputes and potential cor-
ruption events



Type of impact: Positive Negative

Materiality level: Low Medium High

List of 1st and 2nd Level issues

ESG categories	I Level	II Level
Business & Governance	Economic and financial value creation	Group efficiencies ⁽¹⁾
		Extraordinary operations
		Stock's value and dividend policy
		Capital structure balance
		Investment attraction
		Strategy to value creation in the long term
	Sound governance and fair corporate conduct	Anti-corruption
		Board of Directors and Top Management structure
		Fair competition
		Tax transparency
		Fairness and transparency in communication
		Fairness in management conduct
		Sound Organizational Model and Compliance Programs ⁽²⁾
		Transparency in relations with institutions
		Legal affairs management
	Customer engagement	Capacity to meet customer needs ⁽³⁾
		Quality in relationship with customers
	Products and services for electrification and digitalization	New technologies and solutions for homes and condominiums
		New technologies and solutions for cities
		New technologies and solutions for industry
		New technologies and solutions for financial services
		Electric-mobility ⁽⁴⁾
		Ultra Broadband (UBB) connectivity solutions
	Decarbonization of the energy mix	Renewable expansion and management
		Traditional technologies ⁽⁵⁾
		Climate change ⁽⁶⁾
	Innovation, circular economy and digital transformation	Digitalization and cyber security ⁽⁷⁾
		Ecosystem of innovation and sustainability ⁽⁸⁾
		Circular economy
	Infrastructure and Networks	Network improvement and development ⁽⁹⁾
		Networks operational management ⁽¹⁰⁾
Environmental	Ecosystems preservation and environmental management	Waste management
		Water management
		Biodiversity and natural capital protection ⁽¹¹⁾
		Environmental governance
		Atmospheric emissions (CO ₂ excluded) ⁽¹²⁾
		Energy use ⁽¹³⁾
		Soil, subsoil and groundwater ⁽¹⁴⁾

ESG categories	I Level	II Level
Social	Employees management, development & motivation	People development ⁽¹⁵⁾
		Quality of corporate life ⁽¹⁶⁾
		Human rights respect for employees ⁽¹⁷⁾
		Valorization of employees diversities ⁽¹⁸⁾
	Occupational health and safety	Employees' health promotion and well-being
		Employees' safety
		Safety of contractors' employees operating at Enel's sites
		Human rights respect on occupational health and safety ⁽¹⁹⁾
	Sustainable supply chain	Responsible management in the procurement of goods, services and works
		Responsible management of relations with fuel suppliers
		Human rights respect in the supply chain ⁽²⁰⁾
	Engaging the local and global communities	Access to electricity ⁽²¹⁾
		Community consultation in new projects' development
		Evaluation of operations' impacts on the local community
		Mitigation of operations' impacts on the local community
		Protecting the health and safety of local communities
		Respect for the human rights of communities, indigenous, tribal and traditional local people
		Social and economic development of local communities
		Support for local communities

(1) Meaning the maximization of synergies within the Group's Business Lines and the optimization of the organizational structure.

(2) Including the Code of Ethics, the Human Rights Policy and the Zero Tolerance for Corruption Plan.

(3) The ability to meet customer needs by improving, for example, the affordability of tariffs and flexibility of payments, the optimization of products and services, and the quality and timeliness of commercial assistance.

(4) Private and public.

(5) Includes management, reconversion and closure of power plants related to traditional technologies.

(6) Includes, for example, activities aimed at reducing CO₂ emissions (Scope 1, Scope 2 and Scope 3) as well as adaptation to extreme and chronic weather phenomena.

(7) Includes digitalization of assets, customers and people and the activities and set of means, technologies and procedures aimed at ensuring cyber security.

(8) Includes activities to promote partnerships, development of Innovation Hubs&Labs, support and relationship management with start-ups, and protection of intellectual property.

(9) Includes activities such as the deployment of smart meters, the improvement of quality in energy distribution, the reliability and continuity of power supply and the expansion and modernization of grids.

(11) Including, for example, preservation and promotion of the local natural heritage.

(10) Includes activities such as security, operational management in energy distribution, maintenance of grids and activities aimed at reducing CO₂ emissions.

(12) Includes activities to reduce SO₂, NO_x and dust emissions.

(13) Includes activities aimed at reducing power consumption as well as energy efficiency in buildings and business activities.

(14) Includes activities such as protection, monitoring and remediation of soil, subsoil and groundwater, and management of discharges.

(15) Includes, for example, recruitment and remuneration policies, skills and job evaluation, recognition and meritocracy as well as upskilling, reskilling, education and training.

(16) Includes, for instance, corporate welfare, work-life balance, and promotion and dissemination of an internal culture.

(17) Including, for example, freedom of association and collective bargaining, fair and favorable working conditions and the rejection of forced or compulsory labor and child labor.

(18) All activities aimed at valuing diversity in terms of age, gender, culture, religious beliefs and ethics, as well as the inclusion of people with disabilities.

(19) Meaning respect for and protection of health and safety in the working environment throughout the Company.

(20) Including respect for and protection of human rights on the part of our suppliers, contractors and subcontractors.

(21) Including initiatives aimed at vulnerable customers and against energy poverty, rural electrification activities, promotion of energy efficiency and promotion of energy awareness.





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WE EMPOWER SUSTAINABLE PROGRESS.

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