



***Enel's Board of Statutory Auditors  
Guidelines to Shareholders on the composition  
of the new Board of Statutory Auditors***

***March 29, 2019***

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composition of the new Board of Statutory Auditors**

**Introduction**

At the end of 2018 and in the first two months of 2019 the Board of Statutory Auditors of Enel S.p.A. ("Enel" or the "Company") carried out, with the support of Korn Ferry International S.r.l. – a company specialized in this area and belonging to a network which, during 2018, did not have any further professional relationship with Enel or other Enel Group's companies – an evaluation of the size, composition and functioning of the board itself (the "board review"), in line with what is done by the Company's Board of Directors since 2004.

The board review is a best practice that the Board of Statutory Auditors intended to adopt for the first time, even in the absence of a specific recommendation of listed companies Corporate Governance Code ("Corporate Governance Code"). The board review was conducted following the "peer-to-peer review" procedure, *i.e.* by assessing not only the functioning of the body as a whole, but also the style and content of the contribution provided by each of the Statutory Auditors.

Such decision also took into account the approaching expiry of the term of office of the Board of Statutory Auditors, scheduled at the Shareholders' Meeting called to approve 2018 financial statements, and the intention of the expiring Board of Statutory Auditors to have an accurate and objective assessment of its "*modus operandi*" on the basis of which it can draw up the guidelines addressed to the Shareholders on the professional figures whose presence in the Board is deemed appropriate.

The expiring Board of Statutory Auditors deems indeed that the recommendation addressed by Art. 1.C.1., letter h) of the Corporate Governance Code to the outgoing Board of Directors – according to which in view of its renewal the same Board of Directors is encouraged to provide the shareholders with "*guidelines on the managerial and professional profiles, deemed appropriate*" – could be similarly applicable in the listed companies also in the event of renewal of the Board of Statutory Auditors.

In the light of the above, the expiring Board of Statutory Auditors with this document – given the approach of its expiry, scheduled at the Shareholders' Meeting called to

approve 2018 financial statements – provides to the Shareholders, on the basis of the results of the abovementioned “board review” (described in Enel’s Report on corporate governance and ownership structure for the financial year 2018), and also taking into account the provisions of the Diversity policy of its members (approved on January 29, 2018), its guidelines on the different professional figures whose presence in the Board is deemed appropriate.

### **Composition of the Board of Statutory Auditors**

The Board of Statutory Auditors – wishing that the renewal will take into account the benefits arising from a composition which ensures continuity in the performance of the delicate supervisory tasks assigned to the Board itself, meeting at the same time the need, underlined by the applicable laws <sup>(1)</sup>, that the Statutory Auditors have, as a whole, adequate competence in the electric power and gas businesses in which Enel Group operates – underlines that the personal and professional skills deemed appropriate for the different roles within the Board of Statutory Auditors, in line with those currently existing, are the following:

**The Chairman** should:

- be a person of such authority as to ensure adequate coordination between the activities of the Board of Statutory Auditors and the activities of other persons involved in various ways in the governance of the internal control system and risk management, in order to maximize the efficiency of the latter and reduce duplication of activities;
- have personal traits which can foster the creation of a strong feeling of cohesion among the members of the Board of Statutory Auditors, in order to ensure an efficient performance of the supervisory duties assigned to the same Board, while representing, just like the other Statutory Auditors, a guarantee for all the Shareholders;
- have a proper competence and experience in the economic and financial area, with particular focus on the financial information process, as well as experience and practice to manage strategic and specific business issues;
- have gained a significant international experience and have an appropriate knowledge of foreign languages, and, particularly, of at least the English language.

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<sup>(1)</sup> Reference is made to Art. 19, paragraph 3, of the Law Decree no. 39 of January 27, 2010.

**The other two regular Statutory Auditors** should be figures with a managerial and/or professional and/or academic and/or institutional profile, in order to create a mix of different and complementary skills and experience, also taking into account the skills and experience actually held by the Chairman. In this respect, it is reminded that:

- at least one regular Statutory Auditor and one alternate Statutory Auditor must be by law <sup>(2)</sup> a registered legal auditor and have practiced the profession of legal auditor for a period of no less than three years;
- pursuant to the other requirements of professionalism set forth by the law <sup>(3)</sup> and Enel's Corporate Bylaws <sup>(4)</sup>, Statutory Auditors who do not meet the requirement described in the previous point of the list must have at least a three-year experience in:
  - a) administration or control activities or executive duties in limited companies with a share capital no lower than Euro 2 million; and/or
  - b) professional or university teaching activities in legal, economic, financial and technical and scientific areas strictly relevant to Enel's business, thus meaning those pertaining to commercial and tax law, business economics and corporate finance, as well as to energy in general, communications, electronic and information technology, and network structures; and/or
  - c) management functions in public institutions or administrations operating in the field of credit, finance and insurance or, anyway, in sectors strictly related to Enel's business, thus meaning fields and sectors of activities related to energy in general, communications, electronic and information technology, and network structures.

With this regard, it should be noted that the above-mentioned board review showed the importance of the presence within the Board of Statutory Auditors of experiences in multinational groups of significant dimensions, as well as skills and experiences related to the financial information process and/or the internal control and risk management system and/or the different profiles of sustainability and/or digitalization. It was also deemed relevant the importance of appropriate knowledge of foreign languages and, particularly, of at least the English language.

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<sup>(2)</sup> As provided for by Article 1, paragraph 1, of Presidential Decree no. 162 of March 30, 2000.

<sup>(3)</sup> As provided for by Article 1, paragraphs 2 and 3, of Presidential Decree no. 162 of March 30, 2000.

<sup>(4)</sup> As provided for by Article 25.1 of Enel's Corporate Bylaws.

Lastly, Shareholders are invited, in preparing the slates of candidates for the renewal of the Board of Statutory Auditors, to consider the need to assure:

- that at least one third of the Board of Statutory Auditors, both at the election and during the term, is composed of regular Statutory Auditors of the less represented gender;
- in addition to what already underlined above, the international outlook of Enel Group activities is duly considered, assuring the presence of at least one regular Statutory Auditor with a suitable experience at international level. Such experience shall be measured on the basis of the managerial, professional, academic or institutional activity carried out by each Statutory Auditor in international contexts;
- a balanced combination of different seniorities of office and ages within the Board of Statutory Auditors, in order to pursue a balance between the needs of continuity and renewal;
- that all the Statutory Auditors reserve a sufficient amount of time to the diligent performance of their duties, considering the number and nature of the offices held in administrative and supervisory bodies of other companies – in compliance with the provisions of the law <sup>(5)</sup> – as well as the commitment they are required for other professional activities and membership offices, so that the Board of Statutory Auditors can carry out its activities in the most effective way.

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<sup>(5)</sup> Reference is made to Article 148-*bis* of Legislative Decree no. 58 of February 24, 1998 and Articles from 144-*duodecies* to 144-*quinquiesdecies* of the Issuers' Regulation approved with Consob's Resolution no. 11971/1999.