

Information and in-depth analyses on the issues and indicators presented in this Report can be requested from:

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# METHODOLOGICAL NOTE

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Since 2003 Enel has been publishing a Sustainability Report each year, at the same time as the Group Consolidated Annual Report.

In compliance with the requirements of Italian Legislative Decree 254 of December 30, 2016, "Implementation of Directive 2014/95/EU of the European Parliament and of the Council of October 22, 2014, amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large companies and groups", Enel has been publishing a Consolidated Non-Financial Statement (NFS) since 2017. The Sustainability Report will constitute Enel's NFS with effect from the 2019 financial year. Accordingly, from that financial year on, the NFS is no longer published as a separate document. This Report of the Enel Group at December 31, 2020 was therefore drawn up in compliance with Legislative Decree 254/16 and the 2019 Budget Act and it is a separate document with respect to the Report on Operations. The document is published in the "Investors" section of Enel's website ([www.enel.com](http://www.enel.com)).

The 2020 Sustainability Report is addressed to the Enel Group's stakeholders and is designed to present the actions taken in pursuit of the Group's sustainability goals and thus to respond to the legitimate expectations of all stakeholders. The document structure has been revised compared to previous years, with the inclusion in the appendix of reconciliation statements that consider the indicators proposed by the white paper "Toward Common Metrics and Consistent Reporting of Sustainable Value Creation", issued by the World Economic Forum (WEF), and the indicators of the "SASB", which gives an overview of the main indicators required by the aforementioned standard in relation to Enel's core business sector: "Electric Utilities & Power Generators".

To the extent necessary to ensure an understanding of the Company's activities, performance, results and impact, this document covers environmental, social, labor, human rights and active and passive anti-corruption topics that are material to Enel, in view of the Company's activities and characteristics, according to the process described below (see the section "The 2020 materiality analysis"). The following table shows the areas required by Legislative Decree 254/16, specifying the document chapter in which they are discussed.

Topic of the Report/ Legislative Decree 254/16	Issue of the materiality analysis	Report chapter	Risks	Policies and management model	Activities and results
Environment	Decarbonization of the energy mix	Net-zero ambition	"Net-zero ambition" chapter	"Net-zero ambition" chapter	"Net-zero ambition" chapter
	Environmental management	Environmental sustainability	"Sound governance" chapter	"Environmental sustainability" chapter	"Environmental sustainability" chapter
Social	Engaging local communities	Local and global communities	"Sound governance" chapter	"Local and global communities" chapter	"Local and global communities" chapter
	Sustainable supply chain	Sustainable supply chain	"Sound governance" chapter	"Sustainable supply chain" chapter	"Sustainable supply chain" chapter
Employment and labor-related	People management, development and motivation	Our people	"Sound governance" chapter	"Our people" chapter	"Our people" chapter
	Occupational health and safety	Occupational health and safety	"Sound governance" chapter	"Occupational health and safety" chapter	"Occupational health and safety" chapter
Human rights	Sound governance and fair corporate conduct	Sound governance	"Sound governance" chapter	"Sound governance" chapter	"Sound governance" chapter
	People management, development and motivation				
	Engaging local communities				
Fight against corruption	Sound governance and fair corporate conduct	Sound governance	"Sound governance" chapter	"Sound governance" chapter	"Sound governance" chapter

## How this document has been constructed

The Sustainability Report was prepared in compliance with the Sustainability Reporting Standards set down by GRI in 2016 – in accordance with the Core option – and also considering the Electric Utilities Disclosure supplement dedicated to the sector issued in 2013, again by GRI and still applicable today; this document was also prepared in consideration of the following more recently issued GRI standards:

- > GRI 403 – Occupational Health and Safety (applied from 2018);
- > GRI 303 – Water and effluents (applied from 2018);
- > GRI 207 – Tax (applied from 2020);
- > GRI 306 – Waste (applied from 2020).

Moreover, for comprehensive reporting in relation to the material topics identified following the materiality analysis, the directors deemed it necessary to include several additional disclosures, as more fully specified in this document. In compliance with standard GRI 101, the disclosures in question were subjected to the same technical rigor required by the reporting standard adopted.

The reporting standards adopted, as described above, comply with the disclosure obligations pursuant to Italian Legislative Decree 254/16 art. 1 letter "f" and art. 3, par. 3, which the directors decided to adopt organically in order to fully represent the social and environmental topics – in compliance with the mentioned decree – of significance for the Enel Group in consideration of the Group structure, the specific business sectors, and the reference geographical areas.

Furthermore, the appendix to the Sustainability Report contains specific tables of reconciliation with indicators proposed by the WEF white paper "Toward Common Metrics and Consistent Reporting of Sustainable Value Creation" and, starting from 2020, with the indicators proposed by the Sustainability Accounting Standards Board (SASB – in relation to Enel's core business area in the Electric Utilities & Power Generators Sector). The 2020 Sustainability Report also complies with the qualitative indicators of the Task Force on Climate-related Financial Disclosures (TCFD) and of the UN Guiding Principles Reporting Framework.

The Sustainability Report is part of the Enel corporate reporting system, and the information it provides is more detailed than and supplementary to the annexed documents cross referenced in the Report.

## Corporate reporting framework

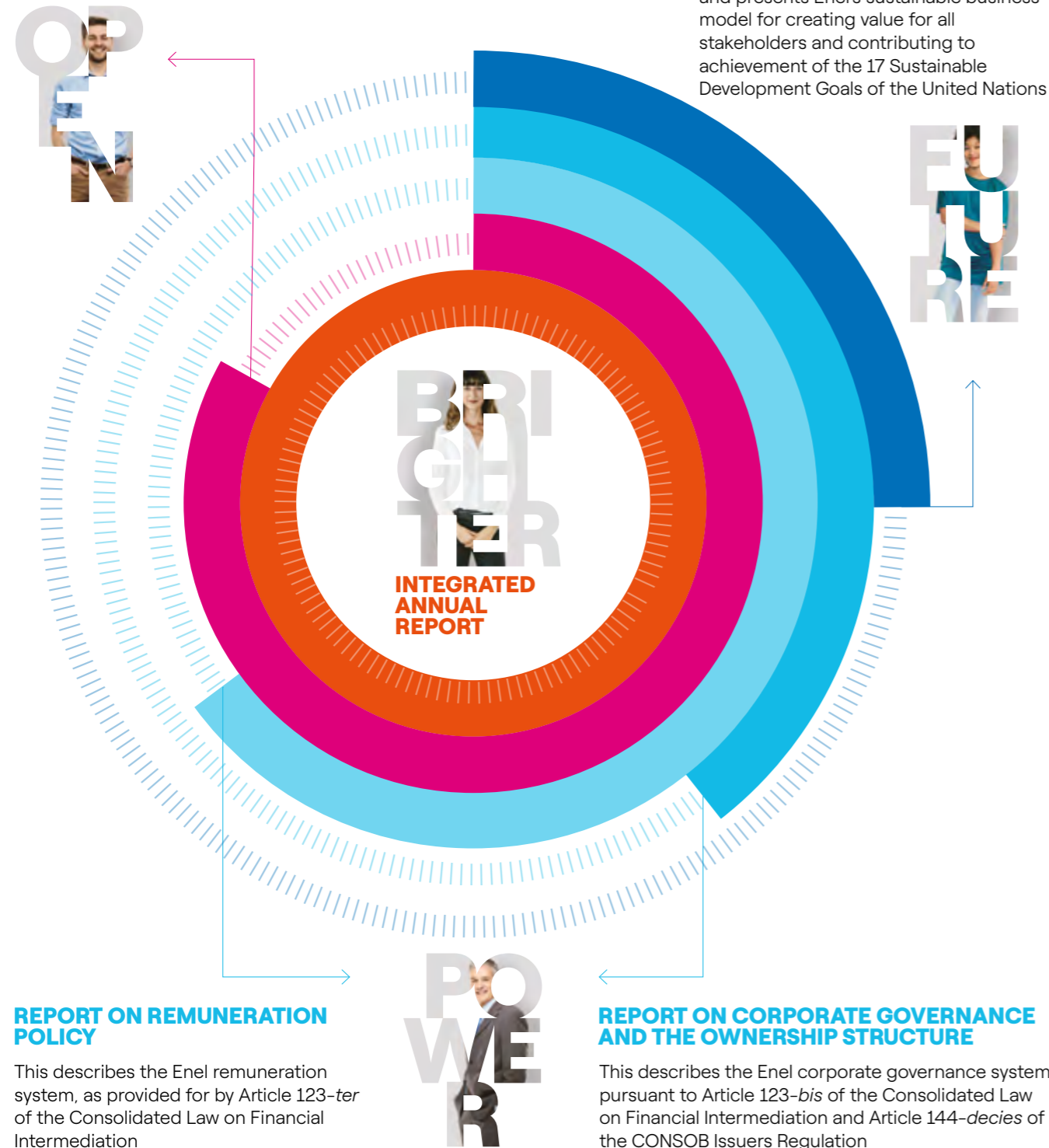
The CORE&MORE approach of the Enel Group

### REPORT AND FINANCIAL STATEMENTS OF ENEL SPA

This is prepared in conformity with Article 9, paragraph 3, of Legislative Decree 38 of February 28, 2005

### SUSTAINABILITY REPORT

This includes the Consolidated Non-Financial Statement prepared pursuant to Legislative Decree 254/2016 and presents Enel's sustainable business model for creating value for all stakeholders and contributing to achievement of the 17 Sustainable Development Goals of the United Nations



### REPORT ON REMUNERATION POLICY

This describes the Enel remuneration system, as provided for by Article 123-ter of the Consolidated Law on Financial Intermediation

### REPORT ON CORPORATE GOVERNANCE AND THE OWNERSHIP STRUCTURE

This describes the Enel corporate governance system pursuant to Article 123-bis of the Consolidated Law on Financial Intermediation and Article 144-decies of the CONSOB Issuers Regulation

The non-financial information to be presented within the various corporate reporting system documents is selected based on the materiality analysis results and considering the approach set down in "Reporting on enterprise value", released in December 2020 by the main reference international organizations (CDP, CDSB, GRI and SASB). Specifically, the process of defining the contents of the Sustainability Report is based on materiality principles, stakeholder inclusivity, sustainability context, and completeness of data and information.

Enel provides concise information on its sustainability performance in specific sections of the Sustainability Report (see "At a Glance" and "Our ESG performances"); these chapters contain descriptions also of the goals and associated progress referred to the Sustainable Development Goals (SDGs), in order to provide full disclosure of all relevant information in the reporting period, together with reliable estimates for the future. The quality of information reported is assured by proceeding in compliance with the principles of balance, comparability, accuracy, timeliness, clarity, and verifiability.

This Sustainability Report is also compliant with the principles of inclusivity, materiality and responsiveness set out in AA1000APS (AccountAbility Principles Standard) issued in 2018 by AccountAbility, an international applied research institution focusing on sustainability issues. With regard to the materiality principle, in particular, the depth in which the various subjects are discussed in the Report has been determined according to their incidence in relation to the Group's goals and strategies and their relevance for stakeholders, established by means of a structured materiality analysis process.

Finally, the main UN SDGs are referenced in the various chapters, in accordance with the instructions in "Linking the SDGs and the GRI standards" published by GRI in January 2021, and the SDGs Compass, the guide, published in November 2015, developed by GRI, UN Global Compact and the World Business Council for Sustainable Development (WBCSD) to help companies align their strategies with the SDGs and measure and manage their contribution to the goals.

## The 2020 priorities' analysis

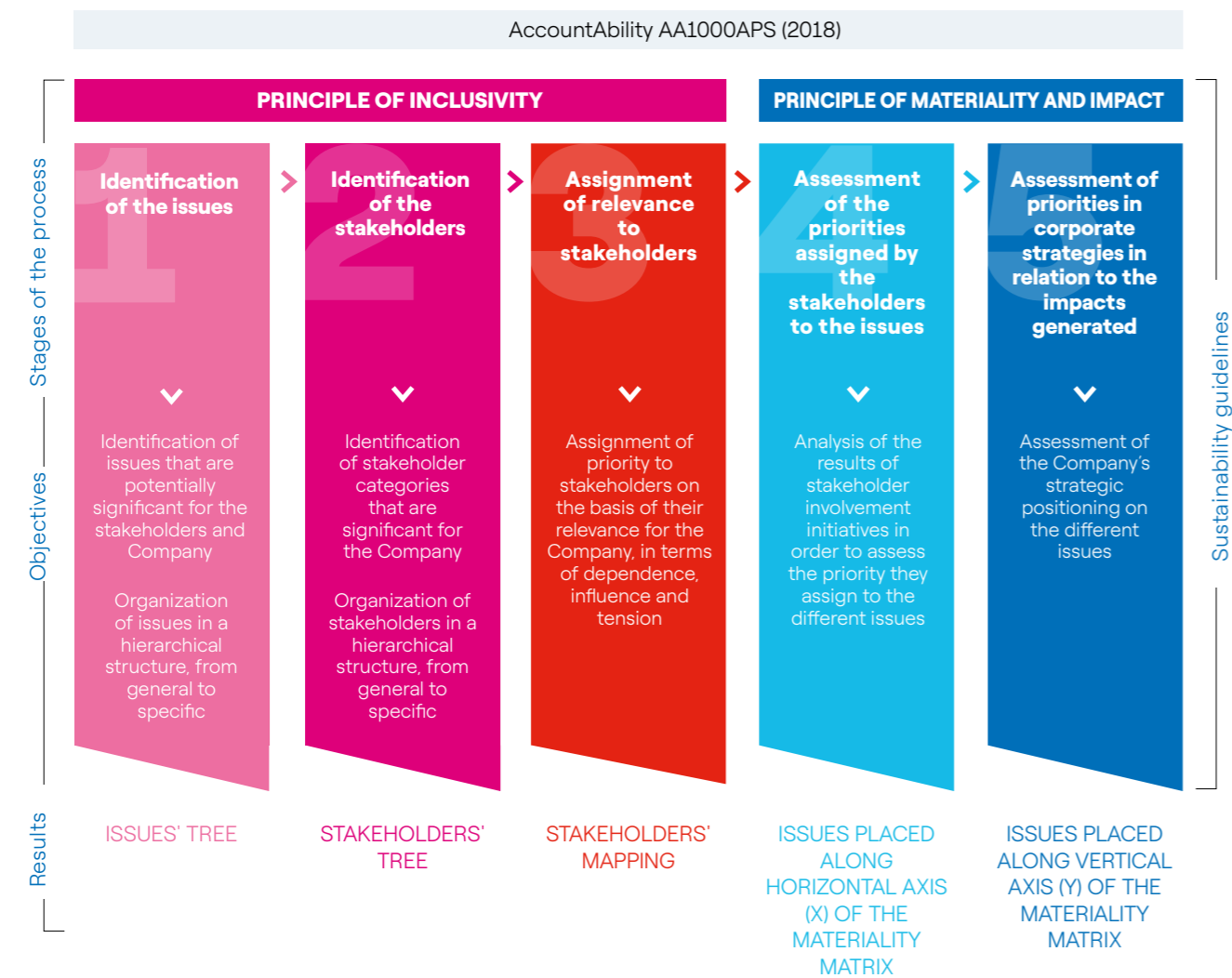
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In line with the provisions of AccountAbility standard AA1000APS (2018) and with the principles of inclusivity, materiality, responsiveness, and impact, Enel has defined a materiality analysis process made up of five main phases, as shown in the following chart.

Data collection, aggregation and processing of information are managed using a dedicated IT system in order to share best stakeholder engagement and monitoring practices and allow a level of coverage consistent with the Company's organizational model. The system allows specific views to be obtained, not only at the level of the Group and individual companies, but also by Business Line/Company Function and individual asset (i.e. potential or actual operating site).

The Holding Company's Sustainability Planning, Performance Management and Human Rights unit, in charge of the materiality analysis at Group level, plays a steering and coordination role, providing guidelines and methodological support for analysis at the country, company, and asset level, carried out by local managers with the involvement of stakeholders and key people at the Company level. The results achieved for individual companies and/or countries are then consolidated by the Holding Company to prepare the Group's materiality matrix (see "Our priorities" section for detailed information on analysis results).

The scope of the 2020 materiality analysis has been further enhanced, notably through the inclusion of new assets in Colombia, Peru, Italy, and South Africa, and together with ever greater integration of results deriving from the application of CSV tools to Group assets.



## 1 Identification of issues and stakeholders

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The issues subject to the 2020 materiality analysis were defined on the basis of several aspects, including company policies and rules of conduct, stakeholder feedback initiatives, the issues of greatest interest for sustainability rating agencies, industry benchmarking studies and the Company's strategic orientation.

The various units responsible for relations with stakeholders, involved in the analysis process each year, are tasked with identifying and updating the list of significant stakeholder categories to draw up a complete list of current and potential stakeholders and to ensure constant alignment with the sustainability context in which Enel operates. The methodology adopted involves an annual update to

the results achieved in the previous year and, every two years, an analysis to determine a possible revision of the issues and categories of stakeholders subject to analysis, to take account of any changes in the context in which the Company operates.

## 3 Assignment of relevance to stakeholders

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The process involves constant, direct participation by the Company's external and internal stakeholders, including its top managers, through one-on-one interviews, surveys and other tools.

In 2020, the stakeholder categories identification and prioritization process benefited from the involvement of top

management of all the Business Lines, which evaluated the relevance of the categories by means of a survey administered by the Holding Company's Sustainability unit, based on the following parameters:

- > **dependence** – importance of the relationship for the stakeholder – indicating groups or individuals that depend directly or indirectly on the activities, products or associated services and operations, or on which the organization relies in order to conduct its operations;
- > **influence** – importance of the relationship for the Company – indicating groups or individuals that can affect the organization or a stakeholder for the strategic or operational decisional process;
- > **urgency** – temporal dimension of the relationship – indicating groups or individuals requiring the immediate attention of the organization in relation to broader financial, economic, social, or environmental issues.

Specifically, from the analysis conducted at Group level, the "Employees" stakeholder achieved a high rating in terms of significance, considering the contingent pandemic crisis. For further details concerning the analysis results, refer to the tables reported in the section "Our priorities".

In addition, the various units involved each year in the analysis process and those responsible for relations with stakeholders are tasked with engaging them according to the most appropriate methods in view of the communications channels (generic, specific and participatory), the type of relations with the group concerned, and the reference context.

## 4 Assessment of the priorities assigned by the stakeholders to the issues

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The aspects investigated within the context of the materiality analysis are, from the stakeholders' perspective, the relative importance of each issue in their perceptions and the 'direction' of their expectations (expectations of engagement, rather than disengagement, by Enel), and, from the Company's perspective, the level of the impact of the issues on its business strategies.

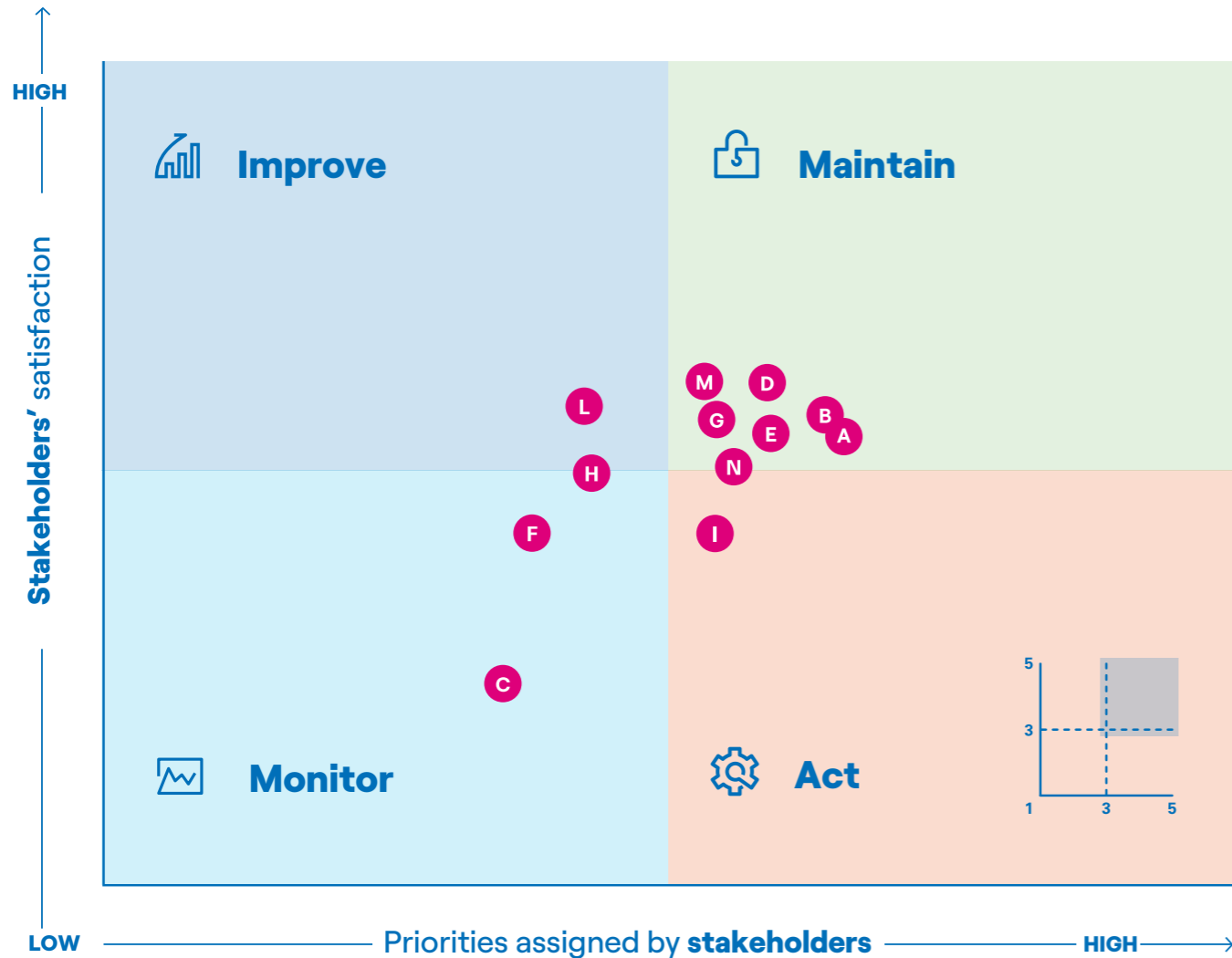
Since 2016, Enel has integrated the process of assessing the level of stakeholder satisfaction in relation to their expectations with respect to the issues subject to analysis: the results achieved, compared with the priorities assigned by stakeholders, allow us to obtain an overview of stakehold-



er expectations and help to identify the issues on which the Company needs to focus. These results are shown in the following "Expectations Matrix" which, for most of the issues addressed, reflects a high degree of alignment between the priorities assigned by stakeholders and their level of satisfaction ("maintain" area). An exception is represented by the "Customer focus" issue, for which the Company monitors evolution of the priority and satisfaction level among stakeholders by means of tools such as customer satisfaction surveys carried out by the different Market areas.

In 2020, the results of a number of engagement initiatives carried out by Enel in relation to significant Group stakeholders, namely business community, customers, financial community, national and international institutions, civil society and local communities, media, suppliers and contractors, and Enel people have been assessed. There was found an increasing level of capitalization of feedback initiatives to monitor the results of operations by the Company and its Business Lines. Examples include the customer satisfaction surveys carried out by the various Market areas, the #Iworkfromhome survey conducted by the Global People and Organization Function, designed to test the perception of Enel people in relation to post-Covid smart working experience, and the sustainability rating agency questionnaires administered by the Holding unit. Furthermore, various *ad hoc* initiatives were carried out for the materiality analysis, such as the online survey addressed to suppliers and carried out by the Global Procurement Function. Other sources considered in the analysis are complaints from customers, relations with analysts and investors, relations with representative and trade associations, institutional relations at the national and local level, trade union relations, media monitoring and opinion polls. Each unit responsible for relations with stakeholders in the countries of presence seeks to engage an increasing-

## 2020 Expectations matrix



### BUSINESS AND GOVERNANCE ISSUES

- A** Energy distribution
- B** Decarbonization of the energy mix
- C** Customer focus
- D** Ecosystems and platforms<sup>1</sup>
- E** Sound governance and fair corporate conduct
- F** Economic and financial value creation
- N** Innovation and digital transformation

### SOCIAL ISSUES

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

### ENVIRONMENTAL ISSUES

- B** Decarbonization of the energy mix
- M** Environmental management

(1) Includes the following issues: "New technologies and solutions for Homes and Condominiums"; "New technologies and solutions for Cities"; "New technologies and solutions for Industries"; "Electric mobility".

ly large number of stakeholders, while selecting those are most relevant to the activities pertaining to the unit itself. Specifically, in the context of the Global Power Generation Business Line, in 2020 the Argentinian Sustainability unit carried out engagement initiatives, especially in relation to civil society and local communities; conversely, the Endesa SA Sustainability unit focused on the use of surveys aimed at engaging suppliers and contractors. In some cases, where necessary, stakeholder engagement is carried out *ad hoc* for execution of the materiality analysis.

## 5 Assessment of priorities to the issues in company strategies in relation to the impacts generated







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The materiality of the various issues in Enel's strategies was assessed through the involvement of the various company Functions and submitted to the Chairman and Chief Executive Officer by means of a specific interview and administration of a dedicated online survey. This analysis reflects the guidelines set down in the 2021-2023 Strategic Plan, the goals of the Functions/Business Lines, and the commitments assumed by the Group through its policies and rules of conduct.

Further to the "Impact Evaluation" pilot project launched in 2019, in 2020 the analysis was completed in order to identify the impacts generated by the Company on the economy, the environment, and people, considering possible violations of human rights in relation to negative impacts, and assessing the contribution to sustainable development in relation to positive impacts. The project, which was rolled out in all the 18 countries that carry out the materiality analysis, was conducted by each local Sustainability unit which, in line with the requirements of the main reference standards (notably the "Exposure Draft" document published by GRI in June 2020), identified the main positive and negative impacts starting from an external context analysis, i.e. considering the highest priority issues for stakeholders; moreover, each impact was analyzed in accordance with its direct and indirect contribution to the SDGs, in line with the commitment assumed by the Group, and with respect to the management tools implemented to monitor the set objectives.

In addition to this project, the "Actual Response" evaluation activity, concerning all the countries involved in the materiality analysis process, was carried out also in 2020. The evaluation was designed to collect and process the measures implemented by Group companies to manage the highest priority issues, such as risk analysis, definition of targets, and study of performance achieved, in order to make a comparative assessment of the Company's level of coverage of the issues in question.

In relation to the activities described above, the following table summarizes the results, representing, for the three material issues identified by stakeholders, the main risks borne, the main positive and negative impacts generated by the Company in relation to the external context, the reference SDGs for impacts that create value for the community and/or the environment, and the strategies and performance adopted by the Company. We have included, by way of example, several cases that emerged from the analysis thanks to the contribution of the local Sustainability units. As regards the "Energy distribution" issue, Romania identified a potential negative impact concerning the increase of noise and environmental pollution as a result of new investments in the network, which could generate repercussions in the short term in relation to various stakeholder categories, including employees, communities, and suppliers. Concerning the "Decarbonization of the energy mix" issue, Russia too identified a potential negative impact associated with the increased local unemployment rate caused by the closure of conventional power plants, which could have short term effects from the economic and social perspectives in relation to the local communities surrounding the plants in question. Finally, in relation to the issue of "Sound governance and fair corporate conduct", Argentina recorded a positive impact due to the Company's adoption of measures and standards (e.g. ISO 37001) designed to mitigate corruption problems at the local level, generating a direct and immediate effect on the community in question and also contributing to SDG 16 (Peace, justice and strong institutions).

Materiality issues for stakeholders	Area of risk	Main impact incurred	Main impact generated	Impact classification	Reference SDG for positive impacts	Strategy and performance (Ref. Report chapter)
ENERGY DISTRIBUTION	Service quality management	Potential reputational, economic or financial losses due to failure to achieve the required and agreed service levels	Reduction of network reliability due to delayed maintenance	⊖	-	"Electrification, digital and platforms"
			Guarantee of access to electricity in rural areas thanks to service quality improvements	⊕	  	"Local and global communities"
SOUND GOVERNANCE AND FAIR CORPORATE CONDUCT	Compliance with laws and regulations	The practices adopted by the company do not comply with the internal procedures and/or policies and/or with the law and external regulations	Aid/fail to help reduce corruption at local level through the adoption of measures and standards by the Company (e.g. ISO 37001)	⊖		"Sound governance"
				⊕		
DECARBONIZATION OF THE ENERGY MIX	Climate change	Inadequate definition of the Group strategy due to errors in estimating the effect of ongoing climate change on Group operations and/or due to estimates based on unrealistic/unreliable data	Redeployment of local personnel due to closure of conventional power plants	⊖	-	"Our people"
			Increase in installed renewable capacity in order to make the national energy mix more sustainable and reduce GHG emissions	⊕	 	"Net-zero ambition"

Impact classification ⊕ Positive ⊖ Negative

## Reconciliation of the issues of the materiality analysis and GRI Standards

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Thanks to its representation in the materiality matrix in the "At a Glance" chapter (with reference to the "Our priorities" section), joint analysis of stakeholder and Company aspects

has made it possible to assess the degree of "alignment" or "misalignment" between the priority of action assigned by the stakeholders to the various issues and the degree of commitment assumed by the Group in relation to the same issues. The following table contains the codes for the issues included in the materiality analysis as established in the GRI Standards or the "Aspects" of the GRI supplement dedicated to the electric utilities sector ("Electric Utilities Sector Disclosures") of reference, along with an indication of the context internal and external to the organization and the limitations on the scope.

ESG category	2020 materiality assessment issue	GRI Standard or Electric Utilities Sector Disclosures Aspect	Internal boundary	External boundary	Reporting limitations on internal boundary	Reporting limitations on external boundary
BUSINESS & GOVERNANCE	Economic and financial value creation	GRI 201: Economic performance	Group	-	-	-
		GRI 205: Anti-corruption				
	Sound governance and fair corporate conduct	GRI 206: Anti-competitive behavior	Group	-	-	-
		GRI 207: Taxes				
		GRI 406: Non-discrimination				
	Decarbonization of the energy mix	GRI 201: Economic performance	Group	-	-	-
		GRI 305: Emissions				
	Customer focus	System efficiency	Group	-	-	-
		GRI 417: Marketing and labelling				
	Ecosystems and platforms <sup>1</sup>	GRI 418: Customer privacy	Group	-	-	-
Provision of information						
Energy distribution	Research & Development	Group	-	-	-	
	Access					
	System efficiency					
Innovation and digital transformation	Demand management	Group	-	-	-	
	Research & Development					

(1) Includes the following issues: "New technologies and solutions for Homes and Condominiums"; "New technologies and solutions for Cities"; "New technologies and solutions for Industries"; "Electric mobility".