

Methodological note

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Since 2003 Enel has published an annual Sustainability Report together with the Group's Annual Report.

The 2015 Sustainability Report is aimed at stakeholders in the Enel Group with the purpose of highlighting the action taken in regard to the Group's Sustainability objectives and, thus, responding to the legitimate interests of all the stakeholders.

Compared to the previous years, in particular, the materiality analysis in the 2015 Report is further enhanced and structured, which has enabled the realization of a report that is more focused on key issues for stakeholders in the Group.

Information and further details on the issues and indicators in this Report can be requested from:

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How this Report has been created

The Sustainability Report 2015 has been prepared in compliance with the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI), version G4 “in accordance” – Core option, and the supplement dedicated to the Electric Utilities sector issued in 2013 by the GRI (“Sustainability Reporting Guidelines & Electric Utilities Sector Supplement”). In particular, the process of establishing the contents is based on the principles of materiality, stakeholder inclusiveness, Sustainability context and completeness; with reference to the quality of the information reported, the principles of balance, comparability, accuracy, timeliness, clarity and reliability have been followed.

In addition, this Report conforms to the principles of inclusivity, materiality and responsiveness indicated in AA1000APS (AccountAbility Principles Standard) issued in 2008 by AccountAbility, the international research institute on Sustainability issues.

In reference to the principle of materiality, in particular, the detail in which the various issues are addressed was determined on the basis of their weight in the objectives and strategies of the Enel Group and of their importance for stakeholders, determined through a structured process of materiality analysis.

The materiality analysis 2015

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The materiality analysis was conducted on the basis of the guidelines in AA1000SES, for the stages of mapping and prioritizing stakeholders and analyzing the results, and of the criteria of AccountAbility and of the GRI-G4 for the definition of key issues and the application of the principle of materiality.

The definition of the issues to be analyzed is based on various sources, including the corporate policies and

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principles of conduct, dialogue with stakeholders, the issues of greatest interest for Sustainability rating agencies, and relevant benchmarking studies.

Two aspects were investigated in relation to these issues:

- > on the stakeholder side, the relative importance of each issue in the perception of stakeholders and the “direction” of their expectations (i.e. an expectation of engagement rather than disengagement on the part of Enel);
- > on the Company side, the level of impact of the issues on industrial strategies, determined on the basis of the current and future commitment taken on for each issue.

The importance of issues for stakeholders and the “direction” of their expectations have been photographed through an extensive analysis of the results that emerged from numerous initiatives to listen to, involve and talk to key stakeholders that Enel undertook during 2015, together with a structured analysis of the positions independently expressed by “authoritative” stakeholders, such as national and transnational institutions, authorities, stakeholder associations, and multilateral bodies on sustainability issues. Examples of the sources considered were customer satisfaction and customer complaints, dealings with analysts and investors, questionnaires from sustainability rating agencies, dealings with representative and category associations, institutional relations at national and local level, union relations, media monitoring, and surveys.

The impact of the various issues on Enel's strategies was determined by involving the Strategic Planning unit and other company Functions for analyses on specific issues, and was then confirmed by the Chairman and the Chief Executive Officer. This analysis reflects the strategic guidelines defined by the 2016-2019 Strategic Plan, the objectives of the Functions/Divisions and the commitments taken on by the Group through its policies and conduct criteria.

Analysis of these two aspects enabled the attribution of various priority levels for the issues and their positioning in a matrix, as set out in the specific chapter at page 37. The materiality analysis summarizes the various perspectives and provides an overview of the issues with the greatest potential to influence the actions and performance of Enel and the decisions of its stakeholders, as well as the degree of “alignment” or “misalignment” between the priorities attributed by stakeholders to the various issues and the Group's level of commitment in this regard.

Below is the table of the issues included in the materiality analysis in the “Aspects” of GRI-G4, with the related indication of the internal boundary and of the external boundary within the organization.

ESG category	Issue of materiality analysis	GRI-G4 "Aspects"	Internal environment	External environment
Business & Governance	Creation of economic and financial value	Economic Performance	Group	Investors Customers
	Solid governance	Governance	Group	-
		Labor Practices Grievance Mechanisms		
		Human Rights Grievance Mechanisms		
	Transparent conduct	Ethics and Integrity	Group	Institutions Authorities
		Anti-corruption		
		Anti-competitive Behavior		
		Compliance (Category: Social)		
		Public Policy		
	Traditional technologies	Plant Decommissioning	Group	Community Customers
		System Efficiency		
		Availability and Reliability		
	Renewable energy	Economic Performance	Group	Community Customers
		Availability and Reliability		
	Innovation and operational efficiency	Research and Development	Group	Community Customers
		Availability and Reliability		
		System Efficiency		
	Energy efficiency and services	Demand-side management	Group	Customers
	Quality in customer relationships	Product and Service Labeling	Group	Customers
		Marketing Communications		
Customer Privacy				
Provision of Information				

ESG category	Issue of materiality analysis	GRI-G4 "Aspects"	Internal environment	External environment
Environmental	Climate strategy	Emissions	Group	-
	Mitigation of environmental impacts	Materials	Group	-
		Energy		
		Emissions		
		Effluents and Waste		
		Transport		
		Overall		
	Responsible use of water resources	Water	Group	-
		Effluents and Waste		
	Biodiversity and protection of natural capital	Biodiversity	Group	-
Social	Management, development and motivation of people	Employment	Group	-
		Labor/Management Relations		
		Training and Education		
		Diversity and Equal Opportunity		
		Equal Remuneration for Women and Men		
		Freedom of Association and Collective Bargaining		
	Occupational health and safety	Occupational health and safety	Group	Suppliers
Responsible relationships with communities in operations	Indigenous Rights	Group	Community	
	Local Communities			
	Grievance Mechanisms for Impacts on Society			
	Disaster/Emergency Planning and Response			
Support and development of local communities	Local Communities	Group	Community	
	Access			
Sustainability of the supply chain	Procurement Practices	Group	Community	
	Supplier Assessment for Labor Practices			
	Supplier Human Rights Assessment			
	Supplier Environmental Assessment			

The reporting mix

On the basis of the results of the materiality analysis it was possible to define the structure of the Sustainability Report 2015 by focusing it more on material issues to which specific chapters have been dedicated. In the same way the level of materiality of the issues, which are in their turn broken down into detailed sub-issues, influenced the level of analysis applied to the individual issues and the reporting of the related GRI indicators (G4 and EUSS) in order to be “in accordance” – Core option, as well as the choice of the most suitable reporting tool to represent them (Group Annual Report 2015 and attached reports), to which reference has been made to address or analyze more specific issues, respectively, on economic performance and governance or on environmental management. In addition, the materiality analysis was the basis for defining Enel’s Sustainability objectives for 2016-2020, as illustrated in the Sustainability Plan (see page 48). The GRI Content Index, which is set out as an Appendix, contains references to the Sustainability Report 2015 and to other reporting instruments used in the Group. Please consult www.enel.com for further information, for example, on the innovation projects or the activities of the Enel Foundations. Please consult the *Informe de Sostenibilidad* 2015 of Endesa and Enersis for further details on initiatives dedicated to customers and local communities in Spain and Latin America.

Process of drafting and assurance

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The process of reporting and monitoring Key Performance Indicators (KPIs) for sustainability involves the Parent Company as regards the cross-cutting issues, and all the Group’s Business Lines, Global Functions and companies for the specific issues and indicators of the differing business sectors.

In the areas involved, individuals have been identified to collect, check and process the relevant KPIs. The Sustainability unit, which is part of the Innovation and Sustainability Function, is responsible for consolidating the information, as well as coordinating the whole drafting process for the Sustainability Report. In this process, the Administration,

Finance and Control Function guarantees the coherence, between the Sustainability Report and the other reporting documents, of the quantitative data in the Group consolidation system.

The Sustainability Report is analyzed and assessed by the Control and Risks Committee and the Corporate Governance and Sustainability Committee which check its completeness and reliability; the document is then approved by the Board of Directors and finally presented at the Annual General Meeting together with the Group Annual Report.

The Sustainability Report is subject to limited audit by an independent auditor, Reconta Ernst & Young SpA, which is also engaged to audit the Enel Group Annual Report. The work undertaken during the audit envisages the application of the criteria indicated in ISAE 3000⁽¹⁾ and, consequently, of the Code of Ethics for Professional Accountants, including professional independence and verification of the absence of conflicts of interest which may invalidate the ethical principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. The report, which describes the principles adopted, the activities undertaken and the related conclusions, is set out in the Appendix.

Parameters of the report

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The data and information contained in the Sustainability Report 2015 regard Enel SpA and the consolidated companies for the year ended December 31, 2015. In the text and in the Appendix to the Sustainability Report, “Parent Company” means Enel SpA, while “Group” or “Enel” means the set of subsidiaries.

The data in the Sustainability Report, in particular, refer to the companies included on a line-by-line basis in the scope of consolidation of the Annual Report at December 31, 2015. The associated companies (which in the Annual Report are valued using the equity method) and the other entities over which Enel exercises significant influence (including joint ventures) are included in the calculation of the data, where available, in proportion to Enel’s equity interest and are mentioned in the text where they produce significant impacts. In particular, the Slovak companies and the Italian plants that are

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being dismissed are not included in the scope as regards the financial and economic data, while they are included in the environmental and operating indicators, unless otherwise specified.

For details on the subsidiaries in the scope of consolidation, readers can refer to the Annual Report 2015.

Some divergences from the KPIs and information in the Sustainability Report 2014 can be ascribed to changes in the Group’s scope of consolidation. For more detailed information on the changes, refer to the Annual Report 2015 in the sections “Main changes in the scope of consolidation” and “Significant events in 2015”.

The effect of the changes in the scope of consolidation and

any significant changes or limitations in the scope or in the means of calculating the individual indicators compared to 2014 are expressly indicated in the text and/or in Appendix, together with the effects produced on the related data. The reader can refer to the notes in the tables in the Appendix for all other details on adjustments to the previously published data, the means of calculation, the key assumptions and limitations in the reported indicators.

The calculations are made on the basis of the accounting and non-accounting results and of Enel’s other information systems and are verified by the managers responsible for them. There is an explicit indication of data which come from estimates and the related calculation method.

(1) International Standard on Assurance Engagements (ISAE) 3000, “Assurance Engagements Other than Audits or Reviews of Historical Financial Information”