

# THE SUSTAINABILITY CONTEXT

The global context in which the Group operates has been characterized over the past 12 months by interlocking events that have caused turmoil at all levels. In addition to the post-pandemic geopolitical events, there was a significant rise in interest rates and inflation with a corresponding downward revision of GDP growth in many countries. Moreover, the prolonged military conflict between Russia and Ukraine, the more recent conflict in the Middle East, the unstable relationship between the US and China, and the resulting uncertainty on a global scale continued to exacerbate energy, raw materials and food markets, slowing the process of normalizing inflationary pressures on a global scale. At the same time, the state of the art of the Paris Agreement targets calls for an acceleration of the energy transition to limit the increase in average global warming to within 1.5 °C compared to pre-industrial levels. At the recent COP 28 on climate change held in Dubai, a target was set to transition away gradually from fossil fuels by 2050 and to triple renewable capacity by 2030 (11 TW vs 3.6 TW in 2022).

The **path towards achieving the UN Sustainable Development Goals** is significantly behind, with only 15% currently on track, due to various interconnected crises and tensions. In response, the UN Global Compact launched the “**Forward Faster**” campaign in September 2023, urging companies to accelerate their efforts, particularly in Climate action, Finance and investment, Water resilience, Gender equality and Living wage.

Governments and regulators have well understood the need to pursue ever greater energy independence through energy generated from renewable sources. This is a context in which the role of distribution networks will be crucial in meeting demand and accommodating new capacity from renewables, along with that of energy storage systems, which in turn will be crucial in ensuring not only the penetration of renewables, but also a stable and reliable supply.

**Climate, human rights and just transition** are global **priorities** for action. Tackling the climate crisis has significant social impacts, and the imperatives of a just transition and respect for human rights must be taken into account in business practices, as reaffirmed by the Paris Agreement and COP 28, putting people at the center to ensure support and engagement.



For further details see the chapters “**Zero emissions ambition and just transition**” and “**Managing human rights**” of this Report.

**There is also a growing focus on issues related to nature and in particular biodiversity.** The recently announced commitment at the World Economic Forum to start making nature-related disclosures, building on the Recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD) published in September 2023, underlines the crucial turning point on this topic for the private sector and reiterates the importance of considering the synergies between people, nature and climate. In line with this trend, even leading ESG ratings demand commitments from companies on biodiversity conservation.

**Digitalization** driven by artificial intelligence offers opportunities and challenges, eliciting responses from regulators, but also raises concerns about the ethics of artificial intelligence and its implications for the workforce. Considering the growing need to ensure that artificial intelligence is used responsibly and safely, the European Union has approved a draft law on the subject that would regulate the use of large language models and generative artificial intelligence.

Finally, **mandatory sustainability reporting**, spearheaded by the European CSRD (Corporate Social Responsibility Directive) and the International Sustainability Standard Board, is progressively imposing itself globally, requiring increasing cooperation and collaboration between the various institutions and regulators in different countries. The various regulations and mandatory requirements are, however, faced with the growing risk of anti-ESG sentiment, which may delay their adoption in some regional contexts.

The sustainability landscape is constantly evolving and, in order to meet challenges and seize opportunities, constant monitoring of trends is required along with joint action by the different stakeholders to weigh up needs while aiming at sustainable progress. Companies can play a crucial role by promoting a fair and sustainable transition through concrete and credible commitments in line with the context.

# Enel's participation in sustainability networks

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## 1. United Nations Global Compact

In 2004 Enel joined the United Nations Global Compact by committing to its ten founding principles on human rights, labor standards, environmental protection and anti-corruption. In 2023 Enel continued its commitment in the area of sustainable finance, co-chairing the "[CFO Coalition for the SDGs](#)", being part of the new Advisory Board and contributing to the preparation of various reports. The Group was also member of the [Think Lab on Just Transition](#), it has

continued its commitment as a patron of [Transformational Governance](#) and has participated in the [Business & Human Rights Accelerator](#). In 2023, Enel was among the early mover companies of the [Forward Faster Campaign](#) – the initiative that urges the private sector to act with more ambitious goals for reaching the SDGs in five areas of priority – committing specifically to the targets of Climate action and Finance & investment.

## 2. Sustainable Energy for All



Enel's collaboration with Sustainable Energy for All (SEforALL), which started in 2011 and continued over the years, becoming a Member of the Board between 2014 and 2018 and Chairman of the Administrative Board from 2020 to May 2023, has also continued this year with the commitments made through the [Energy Compacts](#). In fact, the Group also contributed to the [Energy Compacts Progress Report 2023](#), promoted by SEforALL, which collects the progress of the commitments to SDG 7 – clean and affordable energy for all – whose results include Enel's three

Energy Compacts: [Enel's Energy Compact](#); [Santiago Energy Compact](#); [Electrification of Sardinia](#). Furthermore, since 2021 SEforALL co-manages with the Enel Foundation the [Open Africa Power](#) program – created by the Enel Foundation itself in 2018 and run with the support of MAECI and in collaboration with prestigious Italian and African academic institutions – dedicated to providing training in the area of energy transition to African master's and PhD students, which has a community of more than 500 alumni.

## 3. CSR Europe



Since 2005, Enel has been part of CSR Europe, and is currently a Board member. In 2023 it participated in "Leadership Hub Materials and Markets", which focused on the human rights due diligence and the potential environmental and social impacts associated to raw materials sourcing and on European sustainability reporting standards; this has led to the preparation of a [position](#)

[paper](#) and a [letter](#) addressed to European institutions regarding the new European standards (ESRS – European Sustainability Reporting Standards). In 2023 the [European Business Toolbox for Just Transition](#), a tool that provides guidelines for a just transition strategy to companies, was launched. The Group also participated in the [Collaborative Platform on Tax Responsibility and Transparency](#).

## 4. World Business Council for Sustainable Development



Since 2016, Enel has been a member of the World Business Council for Sustainable Development and is represented both on the Board, and at Liaison Delegate level. In 2023, the Group continued to be involved in multiple programs and projects, including the Energy Pathway, for which it is also a member of the Leadership Group. Since 2022 Enel

has been part of the [Business Commission to Tackle Inequality](#), in which it is a Commissioner and participates in various working groups. The Group has also played an active role in the projects: "Nature-based solutions", "Transport & Mobility", "Carbon Capture Storage and Removals".

## 5. Global Reporting Initiative



Member of the Global Reporting Initiative since 2006 and the GRI Community since 2016, in 2023 Enel continued to engage with the other members of the Global Sustainability Standards Board, once again confirming its efforts to

achieve the Sustainable Development Goals, while demonstrating commitment, accountability and transparency through corporate disclosure.

## 6. IFRS Sustainability Alliance



In 2023 Enel continued its commitment to the IFRS Sustainability Alliance to promote transparent, reliable and

comparable reporting on environmental, social and governance issues.

## 7. Global Investors for Sustainable Development (GISD) Alliance



In 2023, Enel continued its participation in the Global Investors for Sustainable Development (GISD) Alliance, an integral part of the [UN Strategy for Financing the 2030 Agenda for](#)

[Sustainable Development](#). Enel actively contributed to the Alliance debates on mobilizing investments to support sustainable development.

## 8. Science Based Targets Network (SBTN) for Nature

After joining the [Science Based Targets Network's Corporate Engagement Program](#) in 2021, Enel again committed to SBTN's goals and vision and contributed to the development of methods and tools. SBTN – a unique collabo-

ration of not-for-profit and world-leading organizations – provides companies with guidance to set science-based goals for nature, including freshwater, oceans, land and biodiversity.

## 9. Taskforce on Nature-related Financial Disclosures (TNFD) Forum



After becoming a member of the Forum in 2021, in 2023 Enel's collaboration with the Taskforce on Nature-related Financial Disclosures (TNFD) continued. In particular, Enel participated in the [TNFD Pilot Program](#), which tested the new TNFD Framework and contributed to the publication of the [TNFD recommendations](#) for facilitating companies

and financial institutions in the assessment and reporting of risks and opportunities related to nature and biodiversity. Finally, in January 2024, Enel became part of the group of [TNFD early adopters](#), committing to start publishing the first TNFD-aligned disclosure for the 2025 financial year.

## 10. First Movers Coalition



In 2023 Enel confirmed its commitment to the working group dedicated to steel of the [First Movers Coalition](#), contributing to the definition of positioning and identification of policy asks for the steel sector. The coalition is

guided by the Chairman and the Department of State of the United States, in close collaboration with the [World Economic Forum](#), and has the objective of decarbonizing hard to abate industrial sectors.

## 11. Sustainable Stock Exchanges Initiative



In 2023 Enel participated in the Sustainable Stock Exchanges Initiative as an Official Supporter. Furthermore, as member of the Advisory Board dedicated to the Voluntary Carbon Markets, Enel contributed to the preparation of

the guide lines: “[How exchanges can maximize the opportunities of carbon markets – An action framework to guide exchanges](#)”.

## 12. World Climate Foundation



In 2023 Enel was member of the World Climate Foundation, a multi-stakeholder and multi-sector network to promote the transition to a zero-emission and nature-positive

planet through multilateral dialogue and agreements, as well as investment in sustainable solutions.

## 13. CLEANaction



Since 2023 Enel has been member of the [Coalition Linking Energy And Nature for action](#) (CLEANaction), promoted by WWF, which involves electrical companies and sector as-

sociations with the objective of assessing and mitigating the impacts and potential risks that new renewable energy generation projects could have on biodiversity and nature.

## 14. We Mean Business Coalition

Enel collaborates with the We Mean Business Coalition through initiatives and campaigns targeted toward accelerating a just transition and toward a world aligned with the climatic goal of 1.5 °C. In April 2023 the Group became part of the Energy Advisory Group of the coalition that provides guidelines and advice on the most recent de-

velopments in terms of challenges and opportunities for the energy sector. In addition, Enel also contributed to the [Corporate Climate Stocktake \(CCST\) report](#), which records the progress, challenges and opportunities of the private sector for reaching the Net Zero target.

## 15. GreenBiz Executive Network Europe



In 2023, Enel continued its partnership with the [European GreenBiz executive network](#), which supports large companies toward achieving an even more deep-rooted sus-

tainable transformation and increasingly ambitious development goals.



For more information on Enel's participation in the sustainability networks, refer to the dedicated chapters in the **Sustainability Report**.