

## Operational risks

The risks discussed in this section are as follows:



- Health and safety
- Environment
- Procurement, logistics and supply chain
- People and organization

### Health and safety

Generating a strong and sustainable safety culture shared by all members of the organization is a strategic objective. For this reason, Enel is committed to developing increasingly sound and safe processes, conditions and working environments for its employees, for the companies that work with it, for its customers and for all the other communities with which it interacts every day, promoting dedicated training courses as well.

The main health and safety risks to which the employees of Enel and its contractors are exposed are attributable to performing operational activities at the Group's sites and assets. These risks may vary or even change depending on economic and social trends, as well as the introduction of digitalization into operational processes and activities. Another type of health and safety risk is connected with non-compliance with applicable laws and regulations. This can impact on health and safety and lead to administrative or judicial penalties, and thus produce financial and reputational impacts on the Enel Group.

For this reason, each Group business line had adopted its own Health and Safety Management System compli-

ant with the international UNI ISO 45001 standard, which also considers the rigor employed in the selection and management of contractors and suppliers. The management system is based on the identification of threats, the qualitative and quantitative assessment of risks, including financial and reputational risks, the planning and implementation of prevention and protection measures, the verification of the effectiveness of such measures and any corrective actions. These systems make it possible to ensure regulatory compliance, to verify the effectiveness of processes and related remedial actions and, finally, to ensure the dissemination of a "risk-based" approach as well as a robust organizational and individual culture in health and safety issues. The key documentation of these systems is represented by the Group's Health and Safety Policy, developed in cooperation with the Board of Directors and signed by the CEO. It sets out the guiding principles, strategic objectives, approach and action lines and priorities for continuous improvement of workplace health and safety performance.

From an operational standpoint, health and safety risks are assessed specifically for each site or asset on the basis of

the activities performed by workers and external environmental conditions. This assessment enables us to identify prevention and protection measures for safety in the workplace and to plan their implementation, improvement and control in order to verify their effectiveness and efficiency. At Group level, an analysis of events in the last three years shows that, in terms of probability of occurrence, mechanical incidents (falls, collisions, crushing and cuts) are the most common, while the most severe in terms of potential associated impact are electrical incidents, which may involve fatalities, life changing accidents or high-potential incidents, the latter of which differ from fatal and life changing events only in their outcome for the worker but not their dynamics.

Enel uses an inspection process to conduct the continuous monitoring of behavior and compliance with procedures and work methods in the field to ensure the effective management of risks to the workplace health and safety of both internal staff and external contractors. The process is managed both by internal staff and certified third-party companies and is designed to identify risk situations (non-compliance) and the related plans containing remedial actions, including training courses, coaching and dissemination of the safety culture.

As regards contractors specifically, Enel's approach is to consider them as partners in embracing the key principles of health and safety for its workers, who are therefore considered on a par with internal employees in the application of these principles and in their attention to workplace health and safety issues. Therefore, safety is integrated into the procurement process, and contractor performance is monitored both in the preliminary phase, using the qualification system, and in the contract execution phase, through numerous control processes and tools such as the Contractor Assessment (analyses of

contractors in the qualification phase or in cases where critical issues or low scores emerge in the evaluation of the indicators) or the Evaluation Groups (periodic inter-functional meetings conducted across all global business lines and geographical areas in order to evaluate the safety performance of suppliers and decide consequence management actions).

In addition to procedural and operational aspects, another important driver in the correct management of health and safety risks is linked to training, awareness and information activities. To encourage the growth of technical skills and a safety culture, supporting change processes and responding in a timely manner to the needs that emerge from the business, the Enel Group has developed a structured training management process, which is designed to transform knowledge into skills and therefore into behavior.

Enel also fosters the systematic dissemination of information and awareness among personnel through a variety of company channels, such as news on the intranet, information emails, newsletters and magazines. We periodically conduct surveys to collect feedback from our people on process improvement and undertake communication initiatives to raise awareness among all workers about the observance of safety procedures and to create moments of collective reflection on the dynamics and causes of serious or fatal accidents.

Finally, Enel is also constantly engaged in dialogue with international top players in the energy sector and beyond, through participation in inter-company working groups to ensure continuous improvement by sharing best practices in the health and safety field, examining both operational processes and innovative initiatives.

## Environment

Over the past few years, society has acquired a growing awareness of the risks deriving from development models that generate impacts on the environment and ecosystems, with a particular emphasis on global warming and ever-increasing exploitation and degradation of water resources. These impacts have triggered increased concern for environmental quality and ecosystem health, with greater awareness of the associated risks.

An analysis of environmental risks connected with Enel's activities was conducted using an integrated and multi-functional approach, based on the results of the materiality analysis for impacts and dependencies. The assessment helped identify the main operational and financial risks associated with the environmental and social impacts of the

various activities and technologies involved in our business, including the impact of the occupation of land and the transformation of ecosystems, the depletion of natural resources, including the impact of water scarcity, and the pollution of environmental matrices.

In addition to operational risks, the assessment also regarded reputational and transitional risks resulting from possible changes to the regulatory, technological or market framework and the associated opportunities.

Enel is committed to the prevention and minimization of environmental impacts and risks in all its operations and over the entire life cycle of projects. The adoption of ISO 14001-certified environmental management systems across the entire Group ensures the implementation of

structured policies and procedures to identify and manage environmental risks and opportunities. A structured control plan combined with improvement actions and objectives inspired by the best environmental practices mitigates the potential impacts on the environment and consequent reputational damage and litigation. Enel has also undertaken a multitude of actions to achieve challenging environmental improvement objectives, such as those regarding atmospheric emissions, waste production and water consumption, especially in areas with high water stress, and impacts on natural habitats and species. The impact on areas of high water stress is directly mitigated by Enel's development strategy, which is based on the growth of generation from renewable sources that are essentially not dependent on the availability of water for

their operation, as well as the adoption of advanced solutions to reduce consumption in traditional thermal plants. As regards ecosystems, Enel adopts measures to protect and conserve biodiversity and natural habitats, following the mitigation hierarchy (avoid, minimize, restore and offset) and monitoring the effectiveness of the actions. Collaboration with local water basin management authorities fosters the adoption of shared strategies for the sustainable management of hydroelectric generation assets. Enel also actively participates in the international debate on nature and biodiversity issues with influential stakeholders and networks, such as Business for Nature, the Taskforce on Nature-related Financial Disclosure, the World Business Council for Sustainable Development and Science Based Targets for Nature.

## Procurement, logistics and supply chain

The purchasing processes of Global Procurement and the associated governance documents form a structured system of rules and control points that make it possible to combine the achievement of economic business objectives with full compliance with the fundamental principles set out in the Code of Ethics, the Enel Global Compliance Program, the "Zero-Tolerance-of-Corruption" Plan and the Human Rights Policy, without renouncing the promotion of initiatives for sustainable economic development. These principles have been incorporated into the organizational processes and controls that Enel has voluntarily decided to adopt in order to establish relationships of trust with all its stakeholders, as well as define stable and constructive relationships that are not based exclusively on ensuring financial competitiveness but also take account of best practices in essential areas for the Group, such as the avoidance of child labor, occupational health and safety and environmental responsibility. Thanks to the greater interaction and integration with the outside world and with the different parts of the corporate organization, the procurement process has assumed an increasingly central role in the creation of value.

Global Procurement contributes to create a resilient and sustainable supply chain, calling on all of us to think from a circular economy perspective and fostering innovation, sharing the Group's values and objectives with suppliers who thereby become enablers of the achievement of Enel's targets. More specifically, tenders can incorporate incentives or mandatory requirements to produce virtuous behavior on the part of our suppliers. These include: 1) incentives connected with the measurement and reduction of the carbon footprint of suppliers, which encourage them to undertake improvements; 2) incentives connected with social aspects, such as the training and employment of people belonging to local communities and ac-

tions aimed at respecting gender diversity; 3) mandatory requirements concerning human rights, which involves mapping the potential supply chain involved in the supply of strategic product categories.

From the point of view of the procurement process, the various units adopt the tender mechanism, thus ensuring maximum competition and equal access opportunities for all operators who are in possession of the technical, economic/financial and environmental requirements, security, human, legal and ethical rights. Procurement with direct assignment and without a competitive procedure can only take place in exceptional cases, duly motivated, in compliance with current legislation on the matter.

Furthermore, the single global supplier qualification system for the entire Enel Group, even before the procurement process begins, verifies that potential suppliers who intend to participate in procurement procedures are aligned with the Company's strategic vision and policies.

With regard to the risk governance system, Global Procurement is focused on the application of metrics that indicate the level of risk before and after the mitigation action, in order to implement precautionary measures to reduce uncertainty to a tolerable level or mitigate any impacts in all business, technological and geographical areas.

The effectiveness of supply chain risk management is monitored through specific indicators that assess a variety of factors – including the probability of insolvency, the concentration of contracts with individual suppliers or industrial groups, the supplier's dependence on Enel, a performance indicator for the correctness of conduct during the tender, quality, punctuality and sustainability in the execution of the contract, country risk, etc. – for which

thresholds have been specified to guide the definition of the procurement, negotiation and tender award strategy, enabling informed choices of risk and potential benefit.

In order to counter the consequences of the geopolitical situation in Ukraine, which has increased market volatility and further stressed the supply chain, already strained during the COVID-19 pandemic, during which Enel worked

## People and organization

The profound social, economic, demographic and cultural transformations we are experiencing, from the energy transition to the processes of digitalization and technological innovation and the rapid diffusion of artificial intelligence systems, also have a profound effect on the world of work, renewing its paradigms and imposing major cultural and organizational changes, which require new professional qualifications and skills.

In order to deal with change, it is essential to act inclusively, placing the Person at the center in his or her social and work dimension, with adequate tools to cope with this epochal transformation.

Organizations are increasingly called upon to move towards new agile and flexible work and business models that are sustainable along the entire value chain. It is also essential to adopt policies to enhance the diversity and talents of each person, understanding that the contribution of the individual represents an essential element for the creation of widespread and shared value.

The centrality of the Person, constant listening, sharing, enhancement of the entrepreneurial capacities of individuals, involvement, are some of the keywords that guide our way of working and experiencing the Company.

Thanks to an ever more efficient and streamlined organization and operational simplification, the management of human capital and the centrality of the Person are playing a key role in the implementation of the Group's industrial strategy, acting as an enabling factor to which specific

to differentiate supply sources to avoid interruptions in the supply chain, Global Procurement constantly monitors activities related to the supply/logistics chain, with the active participation of our suppliers, through a specific contractual monitoring obligation, to mitigate the risks associated with market shortages, logistical issues and business interruptions.

objectives are linked, including: the ongoing development of skills and competences; the promotion of reskilling and upskilling for our people (continuous, personalized, flexible, accessible and transversal) in order to enable each of us to effect change and be a protagonist with our distinctive contribution to achieving results while guaranteeing greater satisfaction for people, understood as motivation and well-being; the development of systems for evaluating the working environment and performance; the dissemination and rigorous assessment of the effects of diversity and inclusion policies in all countries in which the Group operates, as well as instilling an inclusive organizational culture based on the principles of non-discrimination and equal opportunity, key drivers for attracting and retaining talent.

The Group is involved in enhancing the resilience and flexibility of organizational models through organizational and procedural simplification and the digitalization of processes in order to enable the autonomy and accountability of individuals and teams by strengthening people empowerment processes and fostering an entrepreneurial approach that values people's talents, attitudes and aspirations. The hybrid working method and the promotion of internal mobility, as well as the use of innovative and flexible organizational models, are tools aimed precisely at supporting this evolution of organizational culture on the basis of trust and responsibility, proactiveness and entrepreneurship.

# Compliance risks

The risks discussed in this section are as follows:



- Data protection

## Risks connected with the protection of personal data

The Group, which is present in more than 43 countries, has the largest customer base in the public services sector (more than 70 million customers), and currently employs about 61,000 people. Consequently, the Group's business model requires the management of an increasingly large and growing volume of personal data in order to achieve the financial and business results envisaged in the 2024–2026 Strategic Plan.

This exposes Enel to the risks connected with the protection of personal data. These risks may result in the loss of confidentiality, integrity or availability of the personal information of our customers, employees and others, with

the risk of incurring fines determined on the basis of global turnover, the prohibition of the use of certain processes and consequent financial losses and reputational harm.

In order to manage and mitigate this risk, Enel has adopted a model for the global governance of personal data, with the appointment of personnel responsible for privacy issues at all levels (including the appointment of Data Protection Officers at the global and country levels) and digital compliance tools to map applications and processes and manage risks with an impact on protecting personal data, in compliance with specific local regulations in this field.



