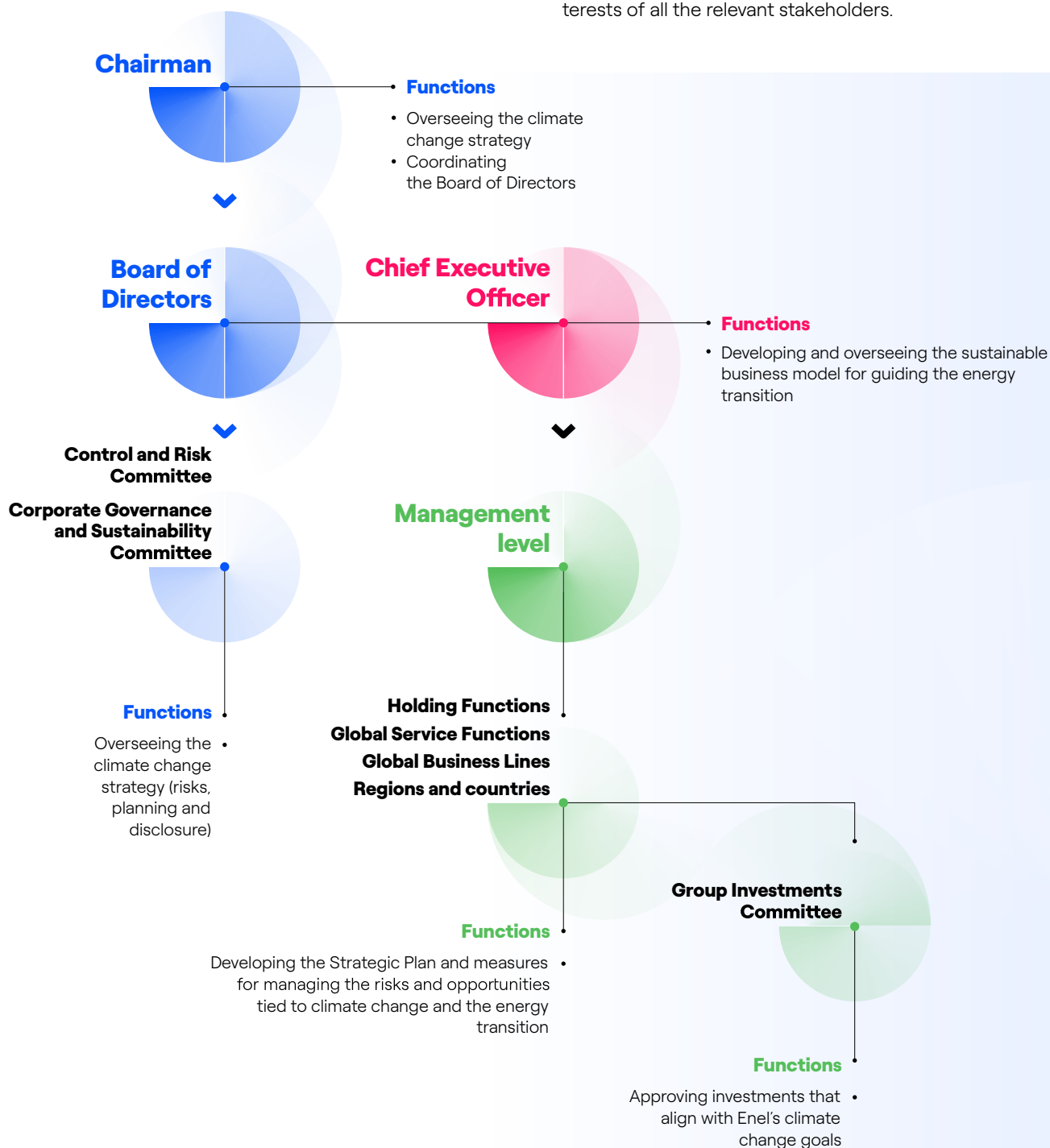


Enel's governance model to face climate change

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Competences of corporate bodies

The corporate governance system adopted by Enel is oriented toward the goal of sustainable success, as it aims to create value for shareholders over the long term, promote awareness of the importance of the Enel Group's operating activities, from an environmental and social point of view, and the consequent need to adequately consider the interests of all the relevant stakeholders.



The Board of Directors of Enel SpA:

- Pursuant to the Articles of Association, the Board of Directors of Enel SpA is endowed with broad power for the **ordinary and extraordinary administration** of the Company and has the authority to carry out any action deemed appropriate for the implementation and achievement of the corporate purpose.
- It plays a **central role in corporate governance** as the body vested with powers related to the strategic, organizational and control policies of the Company and the Group, the sustainable success of which it pursues. In this context, the Board examines and approves the Company's strategy, including the annual budget and the Business Plan (which incorporate the main objectives and actions planned, including with regard to sustainability issues, to drive the energy transition and tackle climate change), taking into consideration the analysis of issues relevant to the generation of long-term value and thus promoting a sustainable business model.
- It plays a **guidance role and provides an assessment of the adequacy of the Internal Control and Risk Management System** (so-called "ICRMS"). In this regard the Board defines the nature and level of risk compatible with the strategic objectives of the Company and the Group, including in its assessments any elements that may be relevant in the perspective of the Company's sustainable success. The ICRMS consists of the set of rules, procedures and organizational structures aimed at enabling the identification, measurement, management and monitoring of the main corporate risks, including risks related to climate change and, more generally, risks that the Group's activities may determine in the fields of environment society, personnel and human rights.
- The Board **defines the remuneration policy** for Directors, Auditors and Key management personnel, based on the pursuit of the Company's sustainable success and considering the need to arrange, retain and motivate people with the skills and professionalism required by the role covered, submitting this policy to the Shareholders' Meeting for approval.
- During 2022, the Board addressed **climate-related issues**, reflected in the strategies and related implementation methods in **12 of the 16 meetings held**, in particular during: (i) the review and approval of the Business Plan of the Company and the Group; (ii) the definition of Enel's remuneration policy for 2022; (iii) the review of the contents of the Sustainability Report for the 2021 financial year, coinciding with the Consolidated Non-Financial Statement pursuant to Legislative Decree no. 254/2016 for the same year. In addition, it discussed climate-re-

lated issues as part of the in-depth studies dedicated to operations related to the decarbonization strategy and sustainable finance, as well as in relation to investor dialog activities.

In accordance with the provisions of the Italian Civil Code, the Board of Directors has delegated part of its management responsibilities to the Chief Executive Officer and based on the recommendations of the Italian Corporate Governance Code, and provided for under the relevant CONSOB regulations, has appointed the following Board Committees which provide recommendations and advice.

The Corporate Governance and Sustainability Committee:

- **Assists the Board of Directors in assessment and decision-making activities concerning the Company's and Group's corporate governance** and sustainability, including climate change issues and the dynamics of the Company's interaction with all the stakeholders.
- With regard to sustainability issues, it **examines, *inter alia***, (i) the guidelines of the **Sustainability Plan, including the climate objectives** defined therein, as well as the Priorities' Matrix, which identifies the priority issues for stakeholders in light of the Group's industrial strategies; (ii) **the methods for implementing the sustainability policy**; (iii) **the general approach and structure of the contents of the Non-Financial Statement and the Sustainability Report** (possibly as a single document), as well as the completeness and transparency of the information contained therein, including on climate change, and their consistency with the principles laid down by the reporting standard used, issuing a prior opinion on this matter to the Board of Directors called upon to approve these documents.
- During 2022, the Board dealt with **climate-related issues**, reflected in the strategies and related implementation methods in **3 of the 6 meetings held**, in particular during the review of: (i) the Sustainability Report for the 2021 financial year, coinciding with the Consolidated Non-Financial Statement pursuant to Legislative Decree no. 254/2016 for the same year; (ii) the materiality analysis and the guidelines of the Sustainability Plan 2023-2025; (iii) updates on the main activities carried out in 2022 by the Enel Group in the field of sustainability, on the status of implementation of the Sustainability Plan 2022-2024 and regarding Enel's inclusion in the main sustainability indices.

The Control and Risk Committee:

- The Committee has the task of **supporting the Board of Directors' assessments and decisions relating to the ICRMS**, also as concerns climate risks and those relating to the approval of periodic annual and interim financial and non-financial reports.
- **It assesses the suitability of annual and interim financial and non-financial information** to represent correctly the business model, the strategies of the Company and the Group it heads, the impact of the Company's activities and achievements, coordinating with the Corporate Governance and Sustainability Committee as regards periodic non-financial information.
- **It examines the relevant issues for the purposes of the ICRMS dealt with in the Non-Financial Statement and the Sustainability Report** (possibly as a single document) and containing the Company's climate disclosure, issuing a prior opinion on the matter to the Board of Directors, which is called upon to approve these documents.
- During 2022, the Board dealt with **climate-related issues**, reflected in the strategies and related implementation methods in **8 of the 14 meetings held**, in particular during the review of: (i) assessment of the relevant issues for the purposes of the ICRMS dealt with in the Sustainability Report for the 2021 financial year, coinciding with the Consolidated Non-Financial Statement pursuant to Legislative Decree no. 254/2016 for the same year; (ii) the in-depth analysis of investor dialog activities; (iii) meetings with the Heads of the Enel Green Power and Thermal Generation and Enel Grids Global Business Lines and the Europe and North America Regions in relation to the activities carried out and the existing risks in the respective remits, and to the tools used to mitigate their effects; (iv) the analysis of the degree of compatibility of the main risks related to the strategic objectives of the Business Plan.

The Nomination and Compensation Committee:

- **Supports the Board of Directors, *inter alia*, in its assessments and decisions relating to the size and optimal composition of the Board itself and its Committees, as well as the remuneration of Directors and Key management personnel.** In this regard, compensation policy for 2022 specifies that a sizeable portion of the variable compensation, both short and long term, of the Chief Executive Officer/General Manager and Key management personnel is connected, *inter alia*, to performance objectives concerning sustainability and climate.

The Chairman of the Board of Directors:

- In exercising the function of stimulating and coordinating the activities of the Board of Directors, plays a **pro-active role in the process of approving and monitoring corporate and sustainability strategies**, which are strongly oriented toward decarbonization and the electrification of consumption.
- During 2022, the Chairman also chaired the Corporate Governance and Sustainability Committee.

The Chief Executive Officer:

- In exercising the power he/she holds, the CEO **has defined a sustainable business model** by identifying a strategy targeted toward guiding the energy transition toward a low-carbon model; furthermore, within the scope of the powers assigned, the CEO manages the business activities connected to Enel's commitment to combating climate change.
- **He/she reports to the Board of Directors on the activities carried out when exercising proxies**, including the business activities aimed at maintaining Enel's commitment to tackling climate change.
- **He/she represents Enel in various initiatives dealing with sustainability**, holding relevant positions in institutions of international importance such as the Global Investors for Sustainable Development (GISD) Alliance launched by the United Nations in 2019.
- As the person primarily responsible for the management of the Company, **he/she is the person most empowered to deal with institutional investors**, providing them with any appropriate clarifications on matters falling within the management powers entrusted to him/her, in line with the Policy for the management of engagement with institutional investors and with the generality of Enel's shareholders and bondholders.
- **He/she holds the role of Director in charge of setting up and maintaining the ICRMS.**

Enel's organizational model

Enel has a management team that assigns the responsibilities related to climate issues to the specific Functions that contribute toward guiding Enel's leadership in energy transition. Each area is responsible for managing the risks and opportunities related to climate change for their own area of competence.

- **The Holding Functions** are responsible for consolidating the scenario analysis and the management of the stra-

tegic and financial planning process aimed at promoting the decarbonization of the energy mix and the electrification of energy demand, as key actions in combating climate change.

- **The Global Business Lines** are responsible for the development of activities related to promoting renewable generation, the optimization of heat capacity, the digitalization of the electricity grid and the development of business solutions that enable energy transition and combating climate change.
- **The Global Service Functions** are responsible for adopting sustainable criteria, including climate change, in supply chain management and developing digital solutions that support the development of technologies enabling energy transition and combating climate change.
- On a local level, **the Regions and Countries** have the task of promoting decarbonization and guiding the energy transition toward a low-carbon business model, within their areas of responsibility. Furthermore, the Europe and Euro-Mediterranean Affairs Function is responsible for defining the Group's position on climate change, low-carbon policies and the regulation of the international carbon market on a European level.

Additionally, **the Group Investments Committee**, chaired by the Chief Executive Officer, grants approval for the expenses for investments related to business development. This committee also has the task of guaranteeing that all investments are fully in line with the Group's commitment to promoting a low-carbon business model and reaching decarbonization by 2040.

Incentive system

The remuneration policy for 2022 provides that a significant portion of the short- and long-term variable remuneration of the Chief Executive Officer/General Manager and Key management personnel will be tied to performance objectives concerning sustainability, including in relation to climate change. Specifically, with regard to:

- the **long-term variable remuneration** of the Chief Executive Officer/General Manager and Key management personnel, for which a performance objective is set, including, since 2018, with regard to the reduction of "Scope 1" greenhouse gas emissions by the Enel Group over the next three years (with a weighting of 10% of the total long-term variable remuneration), deemed suitable to adequately support the achievement of the climate change-related targets in the 2022-2024 Strategic Plan;
- **variable short-term remuneration** (MBO), the targets can include those relating to the specific company Function of each manager. For example, they include objectives related to the introduction of innovative products and services into the business for managers within Holding Functions, the development of renewable energy for managers within the Enel Green Power and Thermal Generation Global Business Line or related to energy transition solutions within the Enel X Global Retail Business Line.

For further details, see "[The Enel governance model for sustainability](#)" section of the 2022 Sustainability Report.