

The strategy to tackle climate change

Enel's efforts to fight against climate change are one of the key pillars of the Group's strategy in the short and long term. On the one hand, Enel plays its part in driving the global energy transition towards a zero-emission model as a **mitigation** lever and, on the other hand, by setting up the best **adaptation** measures in order to adapt to changes that will eventually take place, in greater or lesser frequency and intensity.

Mitigation includes all initiatives intended to minimize the direct and indirect impact of the Group's activities on climate change, that is, first and foremost, all measures taken to reduce greenhouse gas emissions.

Adaptation, instead, includes all the initiatives that Enel intends to implement so as to make its assets more resilient, increase its capacity to react to extreme climatic events, and come up with strategic options and business models that will address various needs as the climate changes.

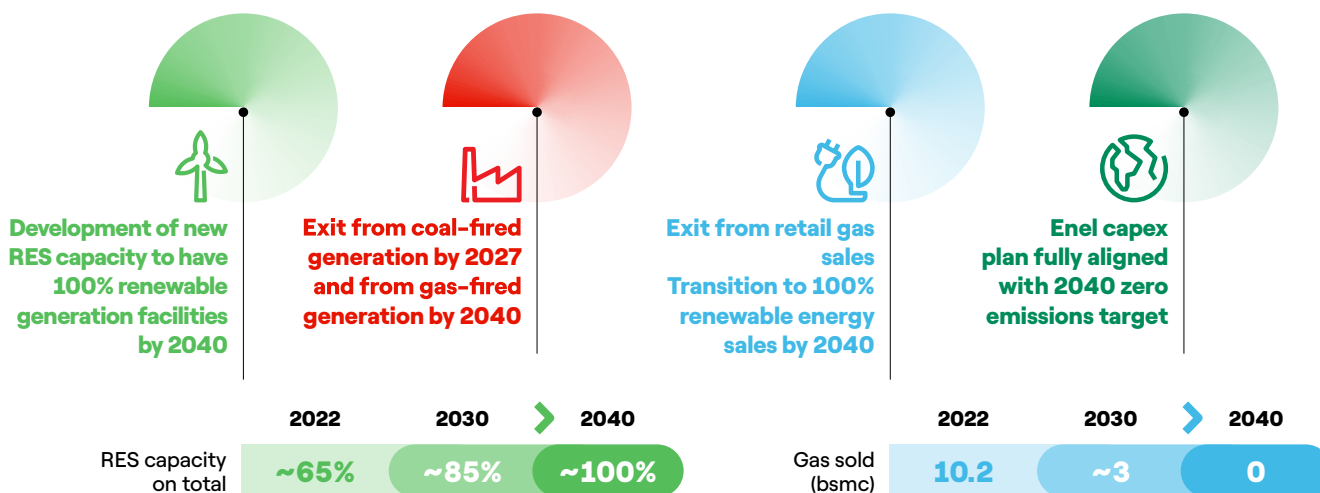
In each of these two areas, there are challenges but also opportunities that the Group is aiming to seize through its strategy. According to Enel's vision, adapting to climate change also entails exploring new business opportunities associated with the changed environment, developing new technologies and creating value from acquired skills.

The impact of climate change can also be mitigated by researching breakthrough technologies that allow for a greener economy by design or which, for example, simply improve performance and circularity.

Medium and long-term strategy

The Group's decarbonization strategy, combined with its drive toward electrification, once again reaffirms its commitment to achieving zero emissions by 2040. In this respect, goals have also been set with regard to both direct and indirect emissions throughout the Group's value chain. Specifically, the strategy is based on:

- **the decarbonization of the generation mix**, by progressively developing renewable energy while ceasing to produce electricity from thermal power sources;
- **the electrification of final energy consumption**, by promoting new products and services for customers while gradually exiting the business of gas sales to end consumers (to be completed by 2040);
- **the digitalization and upgrade of distribution network**, so as to tackle the ongoing energy transition and ensure service quality for customers.



Energy mix decarbonization:

Enel expects to reach about 85% of its installed capacity from renewable sources by 2030, compared to around 65% in 2022, also considering the managed and not consolidated capacity (63.3%, considering only the consolidated capacity). In addition, it promotes a gradual reduction in the share of thermoelectric capacity in its energy mix, aiming to phase out coal-fired generation by 2027 and gas by 2040, thus achieving a 100% renewable, zero-emission energy mix by 2040.

Electrification:

Electric mobility is one of the top priorities in the field of electrification. Expanding the electric vehicle charging infrastructure is one of the prerequisites for achieving widespread use of electric cars and is therefore absolutely essential for the transition to zero-emission mobility. Enel X Way shares the same goal and is currently expanding its charging network even further, with the aim of having more than 4 million charging points by 2030.

Another key aspect is the electrification of residential consumption, which Enel will be encouraging by promoting heat pumps for domestic heating and induction cooktops in kitchens, resulting in an increased electrification rate of Enel's customers from 17% today to around 20% in 2025 and 30% in 2030. This will allow them to reduce their total energy expenditure by 5% by 2025 and by around 20% by 2030, as well as their carbon footprint by 2030 as a result of a reduction in gas sales from approximately 10 bcm today to around 3 bcm in 2030, and then down to zero in 2040.

Distribution grids:

Moreover, Enel will support electrification also by investing in infrastructure, since grids are the key enablers of the energy transition. Out of the total amount to be invested in grids over the next few years, an increasingly large portion will be spent on expanding the number of connections with new users and on increasing the flexibility and capacity of the grid so that it can handle a growing share of distributed generation. Smart grids, clean energy, and energy efficiency are accessible to Enel customers through new features in each smart meter. The Group has already installed 46 million electronic meters to date and expects to reach 80 million units by 2030.

Short-term strategy - Investment Plan 2023-2025

The Group's investments in 2023-2025, totaling approximately 37 billion euros, will be primarily aimed at promoting **an integrated industrial supply chain to achieve sustainable electrification**, which is becoming more and more necessary in global energy systems. This will involve supplying around 90% of fixed-price sales in "core" countries (Italy, Spain, the United States, Chile, Brazil and Colombia) with carbon-free electricity in 2025 (compared to 70% in 2022), increasing generation from renewable sources to about 75% of the total, as well as achieving a digitalization rate of grid customers of around 80%. Specifically:

- The Group intends to add around 21 GW of installed renewable capacity (of which around 19 GW in "core" countries) by 2025, so it is well on track to meet its decarbonization targets, in line with the Paris Agreement. The Group intends to develop this renewable capacity through a market-leading pipeline of around 455 GW. Ultimately, the Group is planning to reduce installed thermoelectric capacity by 42% in 2025 (16 GW) compared to 2022 values (27.7 GW).
- As for **end customers**, it plans to accelerate the provision of value-added services and the implementation of a state-of-the-art infrastructure over the next three years, in particular:
 - charging points for electric vehicles (from approximately 0.3 million in 2022 to approximately 1.4 million in 2025);
 - behind-the-meter storage systems (from around 75 MW in 2022 to around 352 MW in 2025);
 - demand response (from around 8.5 GW estimated in 2022 to around 12.4 GW in 2025).
- As for **the grids**, the Group is planning to invest approximately 15 billion euros in the 2023-2025 period, mostly in Europe (more than 80% of investments), since the Group now has a more geographically balanced presence and the regulatory frameworks are favorable, so as to promote the role of grids as enablers of the energy transition and as a driving force in the fight against climate change.

By adopting the **Stewardship business model**, Enel will also be mobilizing Group and third-party investments worth a total of approximately 15 billion euros. Such resources are instrumental in adding new generation from renewable sources, as well as a new infrastructure and services to accelerate the electrification process for the Group's customers.

Around 94% of the Group's total investments in 2023–2025 are in line with the United Nations Sustainable Development Goals ("SDGs"), directly pursuing SDGs 7 ("Affordable and clean energy"), 9 ("Industry, innovation and infrastructure") and 11 ("Sustainable cities and communities"), all of which are functional to SDG 13 ("Climate action"). The investments envisaged in the Group's Strategic Plan are in line with the decarbonization and greenhouse gas reduction targets, based on a specific methodology whereby investments made in renewables and retail pow-

er inherently fall under SDG 7, investments in the distribution network fall under SDG 9, and investments in Enel X are related to SDG 11. Therefore, the 94% referred to above does not include investments in conventional generation (including investments in maintenance) and in retail gas.

In addition, over 80% of the Group's investments in the 2023–2025 period will be aligned with the EU Taxonomy criteria due to their substantial contribution to climate change mitigation.

