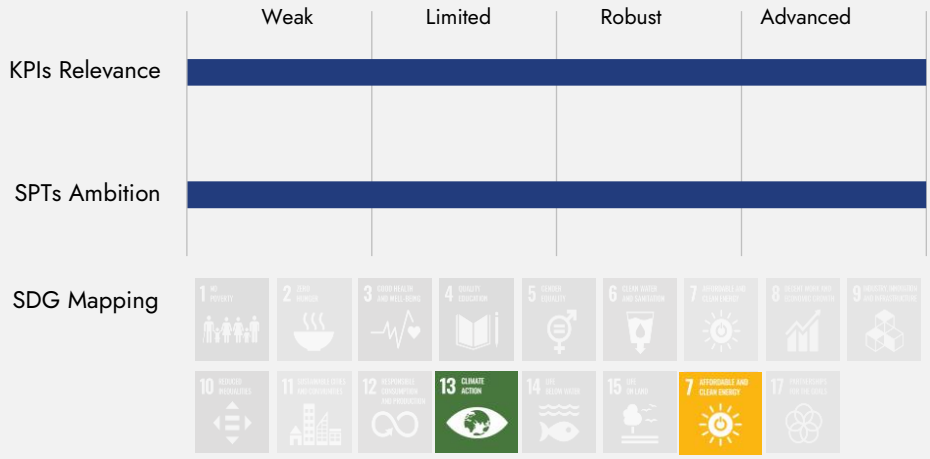
January 2021

SECOND PARTY OPINION

on Enel's Sustainability-Linked Financing Framework

V.E is of the opinion that Enel's Sustainability-Linked Financing Framework* is **aligned** with the core components of the Sustainability-Linked Bond Principles (SLBP), Sustainability-Linked Loan Principles (SLLP) 2020 and is in line with **best practices** identified by V.E.

Framework



Characteristics	
Audit of the data	Yes
Three-year historical data	Yes
Nature of the impacts on the bond/loan's characteristics	Financial
Disclosure of means for achieving the SPTs	Yes

*It is to be noted that the Framework refers to Enel's 2021 Sustainability-Linked Financing Framework published in January / February 2021.

Sustainability Performance Targets (SPTs)

KPI 1: Direct GHG Emissions Amount (Scope 1)

- SPT 1: 64% reduction of direct GHG emissions per kWh by 2023, equivalent to around 148 gCO_2eq by kWh, compared with 2017 levels
- SPT 2: 80% reduction of direct GHG emissions per kWh by 2030, equivalent to around 82 gCO_2eq by kWh, compared with 2017 levels
- SPT 3: 100% reduction of direct GHG emissions per kWh by 2050, equivalent to 0 gCO_2eq by kWh

KPI 2: Renewable Installed Capacity Percentage

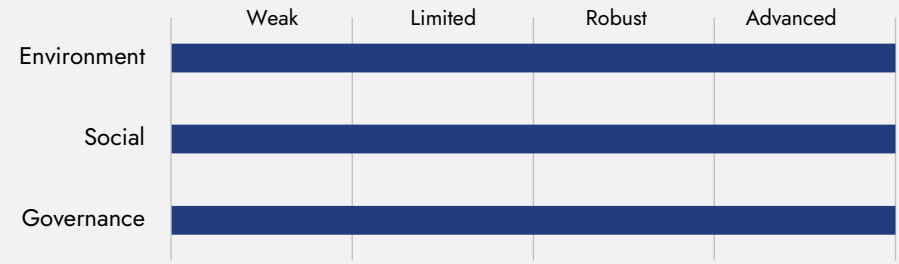
- SPT 1: 55% of renewable installed capacity by 2021
- SPT 2: 60% of renewable installed capacity by 2022
- SPT 3: 65% of renewable installed capacity by 2023

Baseline	2021	2022	2023	2030	2050
KPI 1 :2017	N/A	N/A	148 gCO_2eq/ kWh*	82 gCO_2eq/ kWh*	0gCO_2eq/ kWh*
KPI 2 :N/A	55%*	60%*	65%*	N/A	N/A

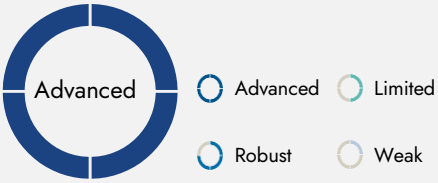
*Trigger event

Issuer

ESG performance as of September 2020



Controversies	
Number of controversies	5
Frequency	Isolated
Severity	High
Responsiveness	Reactive



Controversial Activities

☐ Animal welfare	☒ Fossil Fuels industry	☐ High interest rate lending	☐ Pornography
☐ Cannabis	☒ Coal	☐ Human Embryonic Stem Cells	☐ Reproductive medicine
☐ Chemicals of concern	☐ Gambling	☐ Military	☐ Tar sands and oil shale
☐ Civilian firearms	☐ Genetic engineering	☒ Nuclear power	☐ Tobacco
☐ Alcohol			

Keys findings

V.E is of the opinion that Enel's Sustainability-Linked Financing Framework[1] is **aligned** with the core components of the Sustainability-Linked Bond Principles (SLBP) and Sustainability-Linked Loan Principles (SLLP) 2020.

Selection of Key Performance Indicators (KPIs) –aligned with SLBP and best practices identified by V.E

- The KPIs are relevant and material from an environmental standpoint
- The KPIs are measurable, externally verifiable and can be benchmarked
- The KPIs' definition, the rationale behind their selection, the calculation methodologies and perimeter of reporting are clearly defined

Calibration of Sustainability Performance Targets (SPTs) –aligned with SLBP and best practices identified by V.E

- The SPTs demonstrate an advanced level of ambition
- The timeline, baseline and trigger events are clearly disclosed
- The means to achieve the SPTs are clearly disclosed

Bond Characteristics –aligned with SLBP

- The nature of the bond/loan's characteristics' variation is clearly disclosed
- The Issuer commits to disclose the actual financial impact in the bond/loan documentation for each issuance

Reporting–aligned with SLBP and best practices identified by V.E

- The internal control and reporting processes are relevant, transparent and support the provision of reliable data
- The Issuer commits to annual reporting on all relevant information related to the KPIs and its associated SPTs, including results, underlying methodologies and assumptions

Verification–aligned with SLBP and best practices identified by V.E

- The KPIs will be externally and independently verified at least on an annual basis
- The achievement of the SPTs will be externally and independently verified at least on an annual basis and the verification assurance reports will be made publicly available

Scope of External Reviews

☒	Pre-issuance Second Party Opinion	☒	Independent verification of KPI(s) reported data
☒	Independent verification of SPT(s) achievement		

Contact

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[1] It is to be noted that the Framework refers to Enel's 2021 Sustainability-Linked Financing Framework published in January / February 2021.

SCOPE

V.E was commissioned to provide an independent opinion (thereafter "Second Party Opinion" or "SPO") on the integration of two environmental factors to the Sustainability-Linked Instruments (the "Instruments") issued by Enel Group (the "Issuer" or "Enel") in compliance with its 2021 Sustainability-Linked Financing Framework (the "Framework") created to govern their issuances[2]. The 2021 Framework aims to highlight both the Issuer's sustainability strategy and sustainable finance strategy while demonstrating its alignment to the LMA's Sustainability-Linked Loan Principles and ICMA's Sustainability-Linked Bond Principles. In addition, the Framework includes the Issuer's commitment to achieve specific targets ("Sustainability Performance Targets" or "SPTs") regarding two environmental key performance indicators (hereafter the "KPIs") already included in its Group's sustainability strategy.

The debt instruments included in the 2021 Framework are intended to finance general corporate purposes, as opposed to other sustainable financial instruments such as sustainable bonds and loans. The facilities are agnostic on how funds are used. The main feature of these financial instruments is the variation of the bond/loan's financial and/or structural characteristics, depending on whether the Issuer achieves predefined sustainability performance objectives.

For these so-called Sustainability-Linked Instruments, the selected KPIs to be linked to the variation of the bond/loan's financial and/or structural characteristics are the following:

- KPI 1: Direct Green House Gas Emissions Amount (Scope 1), with the following target and trigger events:
    - SPT 1: Decrease Enel's direct greenhouse gas emissions by 64% by 2023 compared with 2017 levels, equivalent to around 148 gCO_2eq by kWh
    - SPT 2: Decrease Enel's direct greenhouse gas emissions by 80% by 2030 compared with 2017 levels, equivalent to around 82 gCO_2eq per kWh
    - SPT 3: Decrease Enel's direct greenhouse gas emissions by 100% by 2050 compared with 2017 levels, equivalent to around 0 gCO_2eq per kWh

- KPI 2: Renewable Installed Capacity Percentage, with the following targets and trigger events:
    - SPT 1: Reach 55% of renewable installed capacity[3] by 2021
    - SPT 2: Reach 60% of renewable installed capacity by 2022
    - SPT 3: Reach 65% of renewable installed capacity by 2023

Our opinion is established using V.E's Environmental, Social and Governance ("ESG") assessment methodology, the Loan Market Association's Sustainability-Linked Loan Principles ("SLLP"), edited in May 2020 and the International Capital Market Association's (ICMA) Sustainability-Linked Bond Principles ("SLBP"), voluntary guidelines, published in June 2020. This opinion is strictly limited to the integration of two environmental factors in the Instruments. This opinion does not cover the integration of broader sustainability factors (i.e. social and governance), or the labelling of the instruments where the final decision is left to Enel. This opinion does not constitute a verification or certification.

[2] The Issuer reports that issuances will include bonds, commercial papers (without financial adjustments) and credit lines.

[3] The Issuer reports that renewable energy installed capacity encompasses only electricity generation facility exclusively using any (or a combination) of the following technologies: wind, solar, hydro and geothermal and any other non-fossil fuel source of generation deriving from natural resources (excluding, from the avoidance of doubt, nuclear energy).

Our opinion is built on the review of the following components:

1) **Issuer**: we assessed the Issuer's ESG performance[4], its management of potential stakeholder-related ESG controversies and its involvement in controversial activities.[5]

2) **Framework**: we assessed the Framework's alignment with the core components of the SLLP and SLBP 2020.

Our sources of information are multichannel, combining data from (i) information gathered from public sources, press content providers and stakeholders, (ii) information from V.E's exclusive ESG rating database, and (iii) information provided by the Issuer.

We carried out our due diligence assessment from September 22nd, 2020 to January 29th, 2021 and consider that we were provided with access to all of the documents we requested. We took reasonable efforts to verify the data accuracy.

[4]The Issuer's ESG performance was assessed in September 2020 by a complete process of rating and benchmark developed by V.E. All potential evolutions and data published after this date are not included in the rating.

[5]The 17 controversial activities screened by V.E are: Alcohol, Animal welfare, Cannabis, Chemicals of concern, Civilian firearms, Fossil Fuels industry, Coal, Gambling, Genetic engineering, High interest rate lending, Human Embryonic Stem Cells, Military, Nuclear power, Pornography, Reproductive medicine, Tar sands and oil shale, and Tobacco.

FRAMEWORK

The Issuer has described the main characteristics of the Instruments within a formalised framework which covers the core components of the SLLP and SLBP 2020 (the last updated version was provided to V.E on January 15th, 2021). The Issuer has committed to make this document publicly accessible on its website, in line with good market practices.

Alignment with the Sustainability-Linked Bond Principles

Selection of Key Performance Indicators (KPIs)

Not Aligned	Partially Aligned	Aligned	Best Practices

COHERENCE

V.E considers that the KPIs selected are coherent with Enel Group's strategy and priorities in terms of sustainability.

Enel aims to develop a business model aligned with the objectives of the Paris Agreement (COP21) to maintain the average global temperature increase well below 2 °C compared with pre-industrial levels. Enel demonstrates its efforts to limit this increase to 1.5 °C, notably by responding, in 2019, to the call to action from the United Nations, being the first Italian company that signed the pledge to limit the rise in global temperatures to 1.5° and to achieving net zero emissions by 2050. According to the IPCC models, to limit global warming to below 1.5°C, CO_2 emissions should decline by 45% from 2010 levels by 2030 and reach net zero around 2050. To stay below 2°C, CO_2 emissions should decline by 25% by 2030 and reach net zero around 2070. Enel's 2020-2022 strategy was to reduce its carbon dioxide emissions by 70% (kWh) by 2030 vs 2017 levels and reach full decarbonisation by 2050, a target which is certified by the Science Based Target initiative (SBTi) as compliant with the Well Below 2°C scenario.

In October 2020, Enel announced[6] an even more ambitious GHG emissions reduction target by 2030, as part of its 2021-2023 Strategic Plan[7]. The Group announced that it targets an 80% reduction of direct GHG (Scope 1) emissions in 2030 versus 2017 levels, reaching around 82 gCO_2eq/kWh (Science-Based Targets initiative (SBTi)[8] certified), and in compliance with the 1.5°C pathway. As part of its Strategic Plan, Enel has also committed to a 16% reduction of indirect emissions (scope 3 related to gas retail activities) and has brought forward its commitment to exit from coal to 2027, from 2030.

Enel's 2021-2023 Sustainability Plan has SDG 7 on Affordable and Clean Energy and SDG13 on Climate Action as its cornerstones and is predicated upon decarbonization, electrification of consumption and platforms. According to the Issuer, the strategy to decarbonize electricity generation combines two of its priorities: the acceleration of renewable development and the reduction of thermal capacity by accelerating the coal phase out. The Plan, under the Ownership Business model, includes a total investment of around €17 billion towards the increase of the Group's renewable capacity, which will lead to an overall installed consolidated renewable capacity of 60 GW by 2023, representing 65% of renewable installed capacity, supporting the Group's target to fully decarbonise its technology mix by 2050. Moreover, emission free production is expected to reach around 85% in 2030 from approximately 66% estimated in 2020.

In addition, the Group reports expecting to mobilize investments of €190 billion in the 2021-2030 period, boosting decarbonization, electrification of consumption and platforms to create sustainable shared value for all stakeholders and profitability over the medium and long term.

[6] https://www.enel.com/media/explore/search-press-releases/press/2020/10/enel-boosts-its-2030-greenhouse-gas-emission-reduction-target-to-80-from-70-sbti-certified

[7] https://corporate.enel.it/en/media/press/d/2020/11/enels-2030-vision-in-20212023-strategic-plan-a-decade-of-opportunities-

[8] https://sciencebasedtargets.org/

SDG CONTRIBUTION

The selected KPIs are likely to contribute to two of the United Nations' Sustainable Development Goals ("SDGs"), namely: Goal 7. Affordable and Clean energy and Goal 13. Climate Action.

KPI	SDG	SDG TARGETS
DIRECT GREEN HOUSE GAS EMISSIONS AMOUNT (SCOPE 1)		Assets are likely to contribute to SDG 13 which consists in adopting urgent measures to combat climate change and its effects.
& RENEWABLE INSTALLED CAPACITY PERCENTAGE		7.2. Increase substantially the share of renewable energy in the global energy mix.

KPI 1: DIRECT GREEN HOUSE GAS EMISSIONS AMOUNT (SCOPE 1)	KPI 2: RENEWABLE INSTALLED CAPACITY PERCENTAGE

MATERIALITY

V.E considers that the selected KPIs reflect the Issuer's most material sustainability issues as well as the most material challenges for its sector.

The Electric & Gas Utilities sector has a major role to play regarding climate change and energy efficiency through the promotion of renewable energy sources, energy efficiency and reduction in greenhouse gas emissions from power plants. Companies are expected to set ambitious climate change strategies, backed by relevant targets and widespread environmental management systems. Indeed, with two-thirds of greenhouse gas (GHG) emissions coming from the energy sector, the Intergovernmental Panel on Climate Change (IPCC) highlights the need for a transformation of the world's energy system with an immediate, large-scale shift to renewable energy and energy efficiency. Companies are also expected to dismiss their carbon-intensive means of production, meaning dismissing their fossil fuel powered plants. One of the major environmental issue for the electricity production sector is Scope 1 GHG emissions linked to the production of electricity through the combustion of fossil fuels (coal, gas and oil).

The Paris Agreement sets out a global framework to avoid dangerous climate change by limiting global warming to well below 2°C and pursuing efforts to limit it to 1.5°C. It also aims to strengthen companies' ability to deal with the impacts of climate change and support them in their efforts. The Paris Agreement is the first-ever universal, legally binding global climate change agreement, adopted at the Paris climate conference (COP21) in December 2015.

In addition, according to a report[9] published by the International Renewable Energy Agency (IRENA), the rapid adoption of renewable energy combined with energy efficiency strategies is a reliable pathway to achieve over 90% of energy-related CO_2 emissions reductions needed to meet National climate pledges.

Enel annually conducts a materiality analysis crossing the company and its stakeholder's priorities', which is disclosed in its Sustainability Reports. The 2019 materiality matrix has identified decarbonization of the energy mix as one of the main environmental priority for the Issuer and its stakeholders.

In addition, the main objectives of Enel's decarbonization plan will be achieved through (i) an acceleration of renewables development and (ii) the progressive decommissioning of coal-fired plants, which are both appropriately reflected by the two selected KPIs.

[9] https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2019/Jun/IRENA_G20_climate_sustainability_2019.pdf

Enel is committed to reduce its direct CO_2 emissions by 80% by 2030 to reach full decarbonisation by 2050 and meet recognized climate pledges.	Enel is committed to increase its renewable installed capacity to reach 65% by the end of 2023 and meet recognized climate pledges. It should be noted that the installed capacity is the maximum output of electricity that can be produced under ideal conditions. It is commonly observed that the share of energy generation from renewables is significantly lower than the share of installed net capacity from renewables, which can be due to intermittency, or inefficient or non-operational installed capacity. Thus, considering renewable installed capacity alone without considering the actual generation of this new build capacity could overestimate the environmental impact of the indicator. However, a comprehensive analysis of Enel's strategy which includes both production targets and a goal of full decarbonization by 2050, allows to properly assess the Issuer's management of possible risks associated to the KPI. The Issuer reports that from its strategic commitment to increase its renewable installed capacity will result in the increase of its renewable energy production, with an overall growth expected to be around 50 TWh, driven by renewables, which will account in 2023 for around 67% of total production, including managed production. This growth demonstrates that Enel forecasts only a minor gap between renewable energy in the total installed capacity and in the generation mix. Enel has set a commitment to report to investors on the share of renewable generation and its performance in terms of decarbonisation. In addition, the calculation of the selected KPI considers different types of renewable energies, which includes large hydropower. Although hydropower dams can produce power with low greenhouse gas emissions, adverse social and environmental externalities of large dams can result in substantial physical transformation of rivers, riverine ecosystems impact, displacement, loss of livelihood and loss of cultural heritage are some of the worst impacts. As a result, an area for improvement consists in excluding large hydropower from the perimeter of the collected KPI to improve its relevance from a sustainability perspective. Enel is transparent on this issue and reports that 100% of its hydropower plants are ISO 14001 certified, while working to integrate local communities' expectations in the development of their projects. In addition, Enel reports that the share of hydropower within its renewable's portfolio will decrease to 30% of total installed capacity in 2023, representing 26% of total energy production. The Issuer discloses a commitment to report annually on the breakdown by technology of its renewable installed capacity.

MEASURABILITY AND VERIFICATION

Both KPIs are externally and independently verified and measurable on a consistent methodological basis. The selected KPIs and their associated targets are included in the yearly Sustainability Report, which has been externally and independently audited since 2009.

The Issuer commits to review the 2021 Framework in case of material changes in the perimeter, methodology, and in particular KPIs and/or the SPTs' calibration.

CLARITY

The definition, perimeter and underlying methodologies for the selected KPI is defined in the 2021 Framework and in internal documentation. The Issuer refers to the GHG Protocol[10] and to the Global Reporting Initiative (GRI). The KPI's definition relies on external references and allows its benchmark. In particular, Enel refers to the GRI 305 Emissions[11] and to the Disclosure 305-1 Direct (Scope 1) GHG emissions. The rationale and process for the selection of the KPI is considered relevant and is clearly disclosed within Enel's Framework.	The definition, perimeter and underlying methodologies for the selected KPI is defined in the 2021 Framework and in internal documentation. The Issuer refers to the Global Reporting Initiative (GRI). The KPI's definition relies on external references and allows its benchmark. In particular, Enel refers to the GRI sectorial indicator EU1 [12] (GRI-G4-Electric-Utilities-Sector-Disclosures), which sets global standards to measure installed capacity, broken down by primary energy source. The rationale and process for the selection of the KPI is considered relevant and is clearly disclosed within Enel's Framework.

EXHAUSTIVENESS

The Issuer reports that the perimeter of reporting for both KPIs cover the whole electricity generation business activity of the Group (covering conventional generation and renewables through Enel Green Power), whose revenues accounted for 49.5% out of total Group Revenues in 2019 (including Trading activities). The Issuer reports that this perimeter will not be subject to modifications.

BEST PRACTICES

⇒ The selected KPIs reflect material ESG challenges for the sector and the Issuer has disclosed its materiality matrix

⇒ The KPIs are measurable or quantifiable on a consistent methodological basis and the Issuer commits to review the Framework in case of material changes in the perimeter, methodology, and in particular KPIs and/or the SPTs' calibration

⇒ The KPIs were previously disclosed and have historical externally verified KPI values covering at least the previous 3 years

⇒ The KPIs definition rely on external references (GRI, GHG protocol etc.) allowing their benchmark

⇒ The rationale and process for the KPIs selected is clearly disclosed in the Framework

[10] https://www.enel.com/content/dam/enel-com/documenti/investitori/sostenibilita/ghg-inventory-2019.
[11] https://www.globalreporting.org/standards/media/1012/gri-305-emissions-2016.pdf
[12] https://www.globalreporting.org/Documents/ResourceArchives/GRI-G4-Electric-Utilities-Sector-Disclosures.pdf

Calibration of Sustainability Performance Targets (SPTs)

Not Aligned	Partially Aligned	Aligned	Best Practices

AMBITION

KPI 1: DIRECT GREEN HOUSE GAS EMISSIONS AMOUNT (SCOPE 1)

By using the percentage of direct GHG emissions reduction over the years, the data set should fairly reflect positive or negative KPI's trends of the Issuer's commitment to fight climate change, thus enabling the investors to make an appropriate assessment of the overall environmental performance.

Table 2 –Direct GHG emissions (measured in grams per kWh)

	REPORTED DATA						FORECAST OBJECTIVES		
Scope 1 GHG emissions	**2015**	**2016**	**2017 (Baseline)**	**2018**	**2019**	**2020***	**2023**	**2030****	**2050**
	409	395	414	369	298	218	148	82	0
Annual variation (%)		-3.4%	+4.8%	-10.9%	-19.2%	-26.8%	N/A		
Average annual variation (%)	-11.1%						6.4%		N/A
Expected variation (%)							-45%		N/A
				-80%					
				-100%					
Scope 3 GHG emissions (use of sold products)				-16%					

*To be noted that this data is considered by the Issuer to be the expected performance for 2020.

**Enel's 2030 target has been certified by the SBTi.

Based on several points of comparison, we consider that Enel's targets demonstrate an advanced[13] level of ambition.

The objective is to reach an 80% CO_2eq emissions reduction per kWh by 2030, compared to a 2017 baseline, to reach 100% reduction in 2050. This means decreasing CO_2eq emissions from 414 g/kWh reported in 2017 to 82g/kWh in 2030. Enel plans to reduce by 45% its CO_2eq emissions between 2023 and 2030. The Issuer has set an intermediary target demonstrating a CO_2 emissions reduction of more than 30% between 2020 and 2023.

In addition, the Issuer has provided historical data showing that, between 2015 and 2020 the KPI's annual average variation is of -11.1% while its annual average variation between 2023 and 2030 would be of -6.4% which is lower than the company's *Business as Usual*. However, V.E considers that the Issuer's plan to reduce by 45% its CO_2eq emissions between 2023 and 2030 demonstrates a high level of ambition.

The Issuer reports that the target of reduction of direct emissions from electricity production by 2020, which was set in 2015 at 350 g/kWheq of CO_2, with a 25% reduction compared with 2007, was achieved in 2019 with a reduction of 36%, to 298 g/ kWheq of CO_2. As a result, the reduction target for 2020 and 2022 has been upgraded in the new 2020-2022 Strategic Plan to 254 g/kWheq of CO_2 by 2020 and 220 g/kWh by 2022. Both targets are expected to be achieved in advanced with CO_2 direct emissions expected to reach 218 g/kWheq in 2020. As a consequence, new targets for 2023 and 2030 were announced as part of Enel's 2021-2023 Strategic Plan.

In addition, the Science Based Target Initiative (SBTi) has assessed Enel's Scope 1 target ambition and has concluded that it is in line with the 1.5°C pathway trajectory[14], being the highest level of SBTi's assessment scale.

The SBTi is a collaboration between CDP, the United Nations Global Compact, World Resources Institute and the Worldwide Fund for Nature (WWF). The SBTi defines and promotes best practices in science-based target setting and independently assesses companies' targets. Enel signed up to the Science Based Targets initiative (SBTi) to ensure that the methodology set for its carbon SPTs is ambitious and externally approved to be in line with the Paris Agreement. As explained by the SBTi, "targets adopted by companies to reduce greenhouse gas (GHG) emissions are considered "science-based" if they are in line with what the latest climate science says is necessary to meet the goals of the Paris Agreement – to limit global warming to well-below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C." The validation of Enel's 2030 SPT by the SBTi contributes to the level of assurance regarding its ambition.

Enel's SPTs appear to be consistent with the targets of Electric and Gas Utility companies in Europe (with the top performers according the V.E's rating methodology). For instance, Iberdrola aims to reduce its global CO_2 emissions by 86 % which represents 50g/kWh by 2030 from a 2017 base-year and to be carbon neutral by 2050. In addition, Energias de Portugal aims to reduce specific CO_2 emissions by 75% between 2015 and 2030 and to be carbon neutral by 2050. In contrast, Engie has committed to reduce the intensity of its direct emissions by 85% by 2050 from a 2017 base year, which is less ambitious than Enel's SPTs.

In addition to its Scope 1 Direct GHG emissions reduction, Enel has also committed to reduce its absolute scope 3 GHG emissions for the use of sold products by 16% by 2030 from a 2017 base year.

[13] VE scale of assessment: Weak / Limited / Robust / Advanced

[14] SBTi's scale of assessment: 2°C alignment / well-below2°C alignment / 1.5°C alignment.

MEANS FOR ACHIEVEMENT

The means for achievement of the SPTs are credible and disclosed in the 2021 Framework. The SPTs will be achieved through two main measures:

- Decarbonisation: Enel is planning to increase the Group's renewable capacity, while progressively replacing its conventional generation fleet and supporting Enel's target to fully decarbonise its technology mix by 2050. More specifically, €16.8bn will be invested in renewables (through its Ownership Business Model in the 2021-2023 period), with €15.7bn addressing growth of capacity, which is set to increase by 15.4 GW by 2023, reaching around 60 GW of total consolidated capacity. In addition, through its Stewardship Business Model, Enel is expected to mobilize, in the 2021-23 period, around 3.8 €bn capex (of which around 0.5 €bn direct investments by Enel), leading renewable capacity managed by Enel (though not consolidated) to reach around 8 GW in 2023. Moreover, by 2027 Enel is expected to exit from coal-based generation.

- Electrification: Enel is planning to invest ~€1.7bn in the electrification of consumption, through its Ownership Business Model in the 2021-2023 period. To that, cumulated capex for 4.3 €bn will be mobilized by Enel through its Stewardship Business Model, with Enel's share representing around 26%. The capex related to the Stewardship Business Model will address "new" services such as: charging points for electric mobility, demand response, electricity storage and electric bus services.

KPI 2: RENEWABLE INSTALLED CAPACITY PERCENTAGE

By using the percentage of renewable installed capacity in relation to total installed capacity over the years, the data set should fairly reflect positive or negative KPI's trends of the Issuer's commitment to fight climate change, thus enabling the investors to make an appropriate assessment of the overall environmental performance.

Table 2 – Enel's percentage of renewable installed capacity (%)

	REPORTED DATA						FORECAST OBJECTIVES		
KPI	**2015**	**2016**	**2017**	**2018**	**2019**	**2020***	**2021**	**2022**	**2023**
	41.3%	43.4%	45.1%	45.8%	50%	54%	55%*	60%	65%
Annual variation (% points)		+2.1	+1.7	+0.7	+4.2	+4	+10		
Average annual variation (% points)		+2.5					+3.3		
Total renewable capacity (GW)	37.0	35.9	38.3	39.2	42.1	45	50.1	54.2	60
Variation total renewable capacity (%)	N/A						+30%		

*To be noted that this data is considered by the Issuer to be the expected performance for 2020.

Based on several points of comparison, we consider that Enel's target shows an advanced[15] level of ambition.

The objective is to reach 65% of total installed capacity from renewables by the end of 2023. This represents an increase of more than 30% in renewable installed capacity in relation to 2020, from a total renewable capacity of around 45 GW by the end of 2020 to 60 GW capacity in 2023 (around +15 GW).

Therefore, the percentage of renewable installed capacity, in relation to total installed capacity would increase of 11 percentage points, from 54% in 2020 to 65% in 2023.

This foreseen annual variation over 2021-2023 would be higher than the reported annual increase over the 2015-2020 period, therefore we consider that the SPTs represent a material improvement compared to the company's *Business as Usual*.

In addition, Enel reports that reaching 65% of renewable installed capacity by 2023 would allow to cover 67% of its production from renewable sources, including managed capacity, compared to 54% expected in 2020.

[15] VE scale of assessment: Weak / Limited / Robust / Advanced

IRENA estimates that in order to meet the objectives of the Paris Climate Agreement, the share of renewable energy in the power sector would need to increase from 25% in 2017 to 86% in 2050. According to the International Energy Agency (IEA), renewable power capacity is set to expand by 50% between 2019 and 2024, led by solar PV[16]. The IEA reports that, overall, the share of renewables in worldwide power generation is expected to increase from 26% in 2019 to 30% in 2024[17] (five-year period). As mentioned above, Enel reports an expected increase to 65% of its power generation from renewables in 2023, which is higher than the IEA's expectations. Of note, the evolution in Enel's expected power generation from renewables would represent an increase of around 50% from 2020 to 2023.

It should be noted that in order to evaluate whether the target set by Enel is consistent with the above-mentioned targets, V.E had to rely on complementary data, notably its renewable generation production estimates as the selected KPI itself did not enable an appropriate comparison.

Enel's SPT appears to be consistent with the performances of Electric and Gas Utility companies in Europe (with the top performers according the V.E's rating methodology). For instance, Iberdrola commits to a 60 GW renewable installed capacity in 2025, after achieving 44 GW installed power in 2022, which is less ambitious than Enel's SPTs. In contrast, Energias de Portugal has set a target of 78% of renewables in its net installed capacity in 2022, which is more ambitious than Enel's SPTs.

It should be noted that Enel has one of the world's largest renewable installed capacity, representing a total of around 45 GW of consolidated renewable capacity expected in 2020, with more than 3 GW expected to be built over the last year. This puts the Issuer above relevant competitors such as the already mentioned Iberdrola (32 GW in 2019) and EDP (19.6 GW in 2019).

MEANS FOR ACHIEVEMENT

Measures disclosed for KPI 1 apply for KPI 2. Please refer to the KPI 1 analysis on p.10.

BEST MARKET PRACTICES

⇒ The SPTs show an advanced level of ambition compared to sector standards and compared to sector peers

⇒ The means for achieving the SPTs are disclosed as well as their respective contribution in quantitative terms to the SPTs

[16] https://www.iea.org/reports/renewables-2019

[17] https://www.iea.org/news/global-solar-pv-market-set-for-spectacular-growth-over-next-5-years

Bond Characteristics

Not Aligned	Partially Aligned	Aligned	Best Practices

Enel confirms that the instruments issued under this Framework will be subject to variations in their financial characteristics depending on the achievement of the defined trigger events. The actual financial impacts (e.g. step-up margins or margin adjustments) will be directly defined and indicated in the relevant financial documentation.

The communicated trigger events are the following:

1. Decrease Enel's direct GHG emissions per kWh by 64% by 2023, equivalent to a 148 g of CO_2eq per kWh, from a 2017 base year
2. Decrease Enel's direct GHG emissions per kWh by 80% by 2030, equivalent to a 82 g of CO_2eq per kWh, from a 2017 base year
3. Decrease Enel's direct GHG emissions per kWh by 100% by 2050, equivalent to a 0 g of CO_2eq per kWh, from a 2017 base year
4. Increase Enel's renewable installed capacity to 55% by 2021
5. Increase Enel's renewable installed capacity to 60% by 2022
6. Increase Enel's renewable installed capacity to 65% by 2023

If the SPTs are not met as of the reference date (i.e. being the date on which the relevant target should be achieved), it will trigger a step-up margin or margin adjustment, as applicable, bringing to an increase in the interest rate applicable to interest periods following such reference date.

In addition, if the SPTs are achieved as of the reference date (i.e. being the date on which the relevant target should be achieved), it might trigger a margin adjustment applicable to interest period following such reference date.

V.E considers that, as of today, there is no sufficient information nor precedents in the market to appropriately assess the meaningfulness of the bond/loan characteristics' variation and the potential best practices.

Reporting

Not Aligned	Partially Aligned	Aligned	Best Practices

KPI 1: DIRECT GREEN HOUSE GAS EMISSIONS AMOUNT (SCOPE 1)	KPI 2: RENEWABLE INSTALLED CAPACITY PERCENTAGE
REPORTING	
The Issuer commits to report at least on an annual basis on both KPIs. KPI 1 will be reported within its yearly Sustainability Report - Non-Financial Statement and KPI 2 will be reported on its website and in its Annual Reports. The Issuer commits to review the Framework (which is publicly available) in case of material changes in the perimeter, methodology, and in particular KPIs and/or the SPTs' calibration. Considering the last available public source (1999 Environmental Report), Enel has been monitoring and reporting on both KPIs since 1999. Calculations methodologies have not evolved.	
The Issuer reports that CO_2eq emissions from electricity generation are collected on an annual basis, and on any occasion of specific investigation campaigns, in "Enel Data on Environment" (E.D.E.N). For each technology, data are entered in E.D.E.N directly from the organisational levels responsible for the data (plant or country), manually or automatically. CO_2eq emissions, express in Tons, are calculated on the basis of formulas in the "Sustainability Report" sheets of E.D.E.N present for each plant technology and for offices with respect to any Country of presence.	The Issuer reports that the official source of information for the Net Installed Capacity is the corporate reporting tool "Planning & Reporting Integrated Model" (P.R.I.M.O.), based in Oracle[18]. The Issuer reports that at legal entity level, the Planning and Control Department receives data from operative lines and uploads it in the P.R.I.M.O tool. At global business line level, the Planning and Control Department verifies and validates the business KPIs in their own perimeter[19]. Finally, at shareholding structures level, the Planning and Control Department verifies data consistency. Data is updated monthly in management reporting and quarterly in analyst presentations.
CONTROL	
The selected KPI is internally verified through formal controls and consistency assessments and a validation is conducted by the global business lines through an HSQE validation chain. Enel's annual GHG Inventory, carried out in compliance with the GHG Protocol, is externally verified by DNV-GL Business Assurance Italia S.r.l or such other qualified provider of third-party assurance or attestation services appointed by Enel. In addition, ENEL's 2030 SPT has been certified by the SBTi as compliant with the 1.5° scenario.	The selected KPI is internally verified by the Global Power Generation Planning & Control at global level, which is responsible for the monitoring and control of financial and operational KPIs for the Global Power Generation Business Line. In addition, two specific assurance reports will be issued at least annually by an external verifier, namely: "Independent Auditors' report on the Statement of Renewable Energy Installed Capacity percentage".

[18] Oracle is a computer technology corporation that provides database software technology, cloud engineered systems and enterprise software products, including database management systems.

[19] Here the perimeter refers to all the business activities related to electricity production including production from renewables, thermal and nuclear technologies.

ACCESSIBILITY OF RESULTS

The Issuer's reporting will include, at least, (i) up-to-date information on the performance of the selected KPIs, including baselines where relevant, (ii) a verification assurance report relative to the SPT outlining the performance against the SPTs and the related impact, and timing of such impact, on the Sustainability-Linked instruments' financial and/or structural characteristics, and (iii) any relevant information enabling investors to monitor the progress of the SPTs.

In addition, Enel's reporting may include qualitative or quantitative explanation of the contribution of the main factors, including M&A activities, behind the evolution of the performance/KPI on an annual basis, illustration of the positive sustainability impacts of the performance improvement and/or any re-assessments of KPIs and/or restatement of the SPT and/or pro-forma adjustments of baselines or KPI scope, if relevant.

BEST MARKET PRACTICES

⇒ The reporting will be published at least annually, and the Issuer commits to review the Framework (which is publicly available) in case of material changes in the perimeter, methodology, and in particular KPIs and/or the SPTs' calibration

Verification

Not Aligned	Partially Aligned	Aligned	**Best Practices**

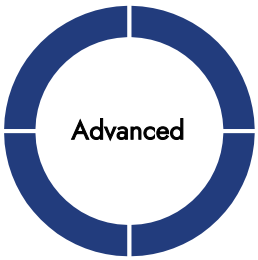
The performance level against each SPT for each KPI will be externally verified at least annually until the last SPT trigger event and in any case for any date/period relevant for assessing the SPT performance leading to a potential adjustment of the bond/loan's financial and/or structural characteristics.

The verification assurance reports will be made publicly available on Enel's website and in its yearly sustainability reports.

BEST MARKET PRACTICES

⇒ The verification will be conducted at least annually for each SPT for each KPI

ISSUER



Enel is a multinational energy company and a global integrated operator in the electricity and gas industries with a focus on Europe and Latin America. The company transports electricity through a network of over 2.2 million kilometres. The Group is present in 48 countries with power generation plants of all types and supplies energy to cities in South America and Europe.

Level of ESG performance

The Issuer's ESG performance was assessed through a complete process of rating and benchmarking.

As of September 2020, Enel displays an advanced ESG performance. Enel's performance is advanced in the Environment, Social and Governance pillars.

DOMAIN	COMMENTS	OPINION
Environment	**Enel's performance in the Environmental pillar is considered advanced.** Enel's environmental strategy is considered comprehensive with several quantified targets and comprehensive coverage of its certified environmental management system (i.e. 100% of the company's installed capacity is ISO 14001 certified). Enel addresses pollution control and prevention through control audits, risks assessments, trainings and risk prevention procedures. Regarding biodiversity protection, Enel has implemented exhaustive measures including environmental impact assessments, monitoring systems, bird and fish protection programmes and land remediation actions. Additionally, indicators on nuclear waste, air emissions related to fossil fuel generation and customer's energy efficiency show a positive trend.	Advanced Robust Limited Weak
Social	**Enel's performance in the Social pillar is considered advanced.** Enel's performance on human rights domain is advanced. Enel has a specific policy that addresses human rights protection and refers to relevant international standards. The Company reports on training programmes, internal audits, and a permanent system in place, with third party audits, to ensure respect of human rights. In addition, extensive measures are in place to address non-discrimination, and the Company monitors fundamental labour rights within its operations. Enel's performance on human resources is advanced. Enel's collective agreement, health and safety policy and human resources policy cover all relevant issues for the sector. All sites hold OHSAS certification and extensive measures are allocated to reduce stress and maintain safety at work.	Advanced Robust

	Safety indicators show positive results for employees and contractors. Additionally, the Issuer reports on extensive measures to manage reorganizations responsibly. Enel's performance in Community Involvement is advanced. Enel reports on its commitments and measures to promote access to energy and address fuel poverty and related indicators show improving trends. On local social and economic development, Enel implements social impact assessments, to analyse community concerns throughout its operations, and indicators on investment in communities have increased. Additionally, Enel reports transparently on taxes paid. Enel's performance in the integration of social issues in the supply chain is advanced. The Issuer has a formalized commitment towards this issue backed up by relevant targets and has extensive measures that include social factors in supply chain management such as risk assessments, supplier questionnaires and training, non-compliance procedure for suppliers, and the integration of social issues in its contractual clauses.	Limited Weak
Governance	**Enel's performance in the Governance pillar is considered advanced.** During 2019, 14 meetings were held by the board of directors, and the attendance rate reached 100%. All the board committees are 100% independent. Enel respects the one share-one vote principle, and all major items are voted upon in separate resolutions. Additionally, the internal control system appears to cover all CSR risks, and CSR performance metrics are linked to variable remuneration of executives. Enel's performance in Business Behavior is advanced. Enel's Code of Ethics addresses prevention of corruption and anti-competitive practices, supported by measures such as training programmes, whistleblowing systems and external audits. In 2019, Enel reported that 35 corruption cases were internally reported through its reporting systems. Out of all the cases, only 8 were reported to have constituted a violation and the Issuer reported transparently on how they were handled. Internal controls including a confidential reporting system are in place to prevent compliance issues. Additionally, Enel reports transparently on its lobbying budget.	Advanced Robust Limited Weak

Management of ESG Controversies

As of December 2020, Enel faces five stakeholder-related ESG controversies, linked to one of the six domains we analyse:

- Business Behaviour, in the criteria of "Responsible Customer Relations" and "Anti-Competitive Practices".

Frequency: The frequency of the controversies faced are considered overall "isolated"[20], in line with the sector average.

Severity: The severity of the cases, based on the analysis of the impact on both the Issuer and its stakeholders, is considered overall "high"[21], below the sector average, which is considered "significant".

Responsiveness: Enel is considered overall "reactive" [22], in line with the sector average.

[20] VE scale of assessment: Isolated / Occasional / Frequent / Persistent.
[21] VE scale of assessment: Minor / Significant / High / Critical.
[22] VE scale of assessment: Non-communicative / Reactive / Remediative / Proactive.

Involvement in Controversial Activities

Enel is involved in three of the 17 controversial activities screened under our methodology namely:

- Major involvement in Fossil Fuels Industry[23]: Enel has an estimated turnover from fossil fuels which is between 20% and 33% of total turnover. This turnover is derived from fossil fuel-powered electricity generation.
- Major involvement in Coal: Enel has an estimated turnover from coal which is less than 10% of total turnover. This turnover is derived from coal-powered electricity generation.
- Minor involvement in Nuclear Power: Enel has an estimated turnover from involvement in nuclear power which is less than 5% of total turnover. This turnover is primarily derived from nuclear-powered electricity generation, as well as from services provided to the nuclear power industry.

Enel appears to not be involved in any of the other 14 controversial activities screened under our methodology, namely: Alcohol, Animal welfare, Cannabis, Chemicals of concern, Civilian firearms, Gambling, Genetic engineering, High interest rate lending, Human Embryonic Stem Cells, Military, Pornography, Reproductive medicine, Tar sands and oil shale, and Tobacco.

The controversial activities research provides screening on companies to identify involvement in business activities that are subject to philosophical or moral beliefs. The information does not suggest any approval or disapproval on their content from V.E.

[23] Of note, due to different calculation methods, Enel reports the following data in its Sustainability Report:
- 12.8% of turnover derived from fossil fuels- powered generation
- 3.5% of turnover derived from coal-powered generation
- 1.6% of turnover derived from nuclear-powered generation

METHODOLOGY

In V.E's view, Environmental, Social and Governance (ESG) factors are intertwined and complementary. As such they cannot be separated in the assessment of ESG management in any organisation, activity or transaction. In this sense, V.E provides an opinion on the Issuer's ESG performance as an organisation, and on the processes and commitments applicable to the intended issuance.

Our Second Party Opinions (SPOs) are subject to internal quality control at three levels (Analyst, Project Manager and Quality Reviewer). If necessary, this process is complemented by a final review and validation by the Expertise Committee and Supervisor. A right of complaint and recourse is guaranteed to all companies under our review, following three levels: first, the team in contact with the company; then the Executive Director in charge of Methods, Innovation & Quality; and finally, V.E's Scientific Council. All employees are signatories of V.E's Code of Conduct, and all consultants have also signed its add-on covering financial rules of confidentiality.

FRAMEWORK

Alignment with the Sustainability-Linked Bond Principles

Scale of assessment: Not aligned, Partially aligned, Aligned, Best Practices

The Framework has been evaluated by V.E according to the LMA's Sustainability-Linked Loan Principles – May 2020 ("SLLP") and the ICMA's Sustainability-Linked Bond Principles - June 2020 ("SLBP") and on our methodology based on international standards and sector guidelines applicable in terms of ESG management and assessment.

Selection of Key Performance Indicators (KPIs)

KPI's materiality and coherence with the Issuer overall sustainability strategy, KPI's measurability and clarity, internal and external control over the KPI's data, exhaustiveness of the perimeter.

Calibration of Sustainability Performance Targets (SPTs)

Coherence of the SPTs with the overall sustainability strategy, ambition of the SPTs (compared the Issuer's own performance, sector peers and relevant international standards), trigger events' disclosure, means credibility (including scope and geographical coverage of the means).

Bond characteristics

Disclosure of the bond characteristics' variation, meaningfulness of these variation.

Reporting

Reporting process formalisation and verification, data's accessibility.

Verification

Verification of the performance against the SPTs.

ISSUER

Issuer's ESG performance

Scale of assessment of ESG performance: Weak, Limited, Robust, Advanced

NB: The Issuer's level of ESG performance (i.e. commitments, processes, results of the Issuer related to ESG issues), has been assessed through a complete process of rating and benchmarking developed by V.E.

The Issuers ESG performance has been assessed by V.E on the basis of its:

- Leadership: relevance of the commitments (content, visibility and ownership).
- Implementation: coherence of the implementation (process, means, control/reporting).
- Results: indicators, stakeholders' feedbacks and controversies.

Management of stakeholder-related ESG controversies

A controversy is an information, a flow of information, or a contradictory opinion that is public, documented and traceable, allegation against an Issuer on corporate responsibility issues. Such allegations can relate to tangible facts, be an interpretation of these facts, or constitute an allegation based on unproven facts.

V.E reviewed information provided by the Issuer, press content providers and stakeholders (partnership with Factiva Dow Jones: access to the content of 28,500 publications worldwide from reference financial newspapers to sector-focused magazines, local publications or Non-Government Organizations). Information gathered from these sources is considered as long as it is public, documented and traceable.

V.E provides an opinion on companies' controversies risks mitigation based on the analysis of 3 factors:

- Frequency: reflects for each ESG challenge the number of controversies that the Issuer has faced. At corporate level, this factor reflects on the overall number of controversies that the Issuer has faced and the scope of ESG issues impacted (scale: Isolated, Occasional, Frequent, Persistent).
- Severity: the more a controversy is related to stakeholders' fundamental interests, proves actual corporate responsibility in its occurrence, and have caused adverse impacts for stakeholders and the company, the higher its severity is. Severity assigned at the corporate level will reflect the highest severity of all cases faced by the company (scale: Minor, Significant, High, Critical).
- Responsiveness: ability demonstrated by an Issuer to dialogue with its stakeholders in a risk management perspective and based on explanatory, preventative, remediating or corrective measures. At corporate level, this factor will reflect the overall responsiveness of the company for all cases faced (scale: Proactive, Remediate, Reactive, Non- Communicative).

The impact of a controversy on a company's reputation reduces with time, depending on the severity of the event and the company's responsiveness to this event. Conventionally, V.E's controversy database covers any controversy with Minor or Significant severity during 24 months after the last event registered and during 48 months for High and Critical controversies.

Involvement in controversial activities

17 controversial activities have been analysed following 30 parameters to screen the company's involvement in any of them. The company's level of involvement (Major, Minor, No) in a controversial activity is based on:

- An estimation of the revenues derived from controversial products or services.
- The specific nature of the controversial products or services provided by the company.

DISCLAIMERS

Transparency on the relation between V.E and the Issuer: V.E has executed seven audit missions for Enel until so far. No established relation (financial or commercial) exists between V.E and the Issuer.

This opinion aims at providing an independent opinion on the sustainability credentials and management of the Instruments, based on the information which has been made available to V.E. V.E has neither interviewed stakeholders out of the Issuer's employees, nor performed an on-site audit nor other test to check the accuracy of the information provided by the Issuer. The accuracy, comprehensiveness and trustworthiness of the information collected are a responsibility of the Issuer. The Issuer is fully responsible for attesting the compliance with its commitments defined in its policies, for their implementation and their monitoring. The opinion delivered by V.E neither focuses on the financial performance of the Instruments, nor on the effective allocation of its proceeds. V.E is not liable for the induced consequences when third parties use this opinion either to make investments decisions or to make any kind of business transaction.

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