



SECOND PARTY¹ OPINION ON THE SUSTAINABILITY OF ENEL'S GREEN BOND²

Issued in December 2016

SCOPE

Vigeo Eiris was commissioned to provide an independent opinion on the sustainability credentials and management of the Green Bond (the “Bond”) considered by ENEL (the “Issuer”, through its subsidiary ENEL Finance International) according to the Vigeo Eiris Environmental, Social and Governance (ESG) assessment methodology. The opinion is based on the review of the three components of a sustainable green transaction, in line with the Green Bond Principles:

- Issuer: document-based and on-the-spot evaluation of ENEL's ESG performance, controversies and capacity to mitigate these risks.
- Project: document-based analysis of the Eligible Project categories and expected sustainability benefits (use of proceeds), the evaluation and selection process and the ESG integration.
- Reporting: document-based assessment of reporting commitments for projects fund allocation, sustainability benefits and ESG project management.

Vigeo Eiris' sources of information are gathered from the Issuer, press content providers and stakeholders. Vigeo Eiris has carried out its due diligences from the 21st of September to the 7th of December 2016, complemented by interviews of ENEL's managers, held at the Issuer's headquarter in Rome (Italy) and through conference calls, and completed by workshop meeting.

VIGEO EIRIS OPINION

Vigeo Eiris confirms that the bond considered by ENEL is a “Green Bond”, aligned with the Green Bond Principles and Vigeo Eiris' level of assurance on the sustainability of the Green Bond is reasonable³:

- ENEL displays an overall advanced³ ESG performance (see Part I.).
- The framework defined by ENEL for this Green Bond is considered to be robust² (see Part II.):
 - The net proceeds of the issuance will be used to (re)finance Eligible Projects, with environmental objectives, which contribute to the climate change mitigation and protection of natural resources.
 - In addition, Eligible Projects meet additional ESG criteria, which cover specific ESG risks for defined Eligible Projects attesting their responsible management.
- The Issuer's reporting commitments and processes are robust, covering the fund allocation, environmental benefits, and ESG management of the (re)financed projects, reaching an overall reasonable level of assurance on its capacity to account on the Green Bond's use and impacts (see Part III.).

¹ Second Party Opinion – Green Bond Principles: This opinion is to be considered as the “Second Party Opinion” described by the Green Bond Principles (2016 edition in the ‘External Review’ section). The Green Bond Principles include the Voluntary Process Guidelines for Issuing Green Bonds and the Guidance for Issuers of Social Bonds. <http://www.icmagroup.org/Regulatory-Policy-and-Market-Practice/green-bonds/>

² The “Green Bond” is to be considered as the potential forthcoming operation, which issuance is subject to market conditions.

³ Vigeo Eiris' scales of assessment (detailed definitions are available on page 15):

Performance: Advanced, Robust, Limited, Weak.
Level of Assurance: Reasonable, Moderate, Weak.

Part I. ISSUER

Level of the Issuer's ESG performance:

As of October 2016, ENEL's overall ESG performance is advanced.

With an advanced and stable overall ESG performance score, ENEL leads the sector out of 48 companies in the Electric & Gas Utilities Vigeo Eiris sector (Europe). The Company addresses all of its ESG impacts rather homogeneously, since its approaches to Environmental, Social and Governance pillars are all advanced, above average scores in all domains. It reports on convincing commitments and means to address most of the relevant topics under review.

ESG risk mitigation:

Vigeo Eiris' level of assurance on ENEL management of the ESG risk factors of the company is reasonable regarding its human capital, operational efficiency, legal security and reputational risks.

Stakeholder-related ESG controversies⁴ and controversial activities⁵:

As of November 24th 2016, ENEL is involved in persistent allegations in all ESG domains, with three cases with high level of severity. ENEL's responsiveness ranges from reactive to remediative: the company has remained transparent on all controversies and is overall remediative, including in cases with high level of severity.

Regarding the 9 disputable activities analysed by Vigeo Eiris, ENEL's involvement in Nuclear energy is major (due to nuclear-related and semi-nuclear activities). ENEL is not involved in any of the 8 other disputable activities analysed by Vigeo Eiris.

Part II. PROJECT FRAMEWORK

Use of proceeds:

In line with ENEL's 2017-2019 strategic plan and its Sustainability Plan, the net proceeds of the Green Bond issuance will be used to (re)finance Eligible Projects, included in the following Project Categories:

1. Renewable Energy Projects
2. Transmission, Distribution and Smart Grid Projects
3. Other Projects, including, inter alia, Clean Transportation Projects, Green Buildings and Decarbonising Technologies.

Eligible Projects' contribution to sustainable development is positive, due to expected environmental benefits on the climate change mitigation (Categories 1., 2. and 3.) and protection of natural resources (Category 3.).

Process for project evaluation and selection:

The process for evaluation and selection of Eligible Projects is defined and available to investors through the hereby document, and relies on exhaustive criteria, including:

- Use of proceeds criteria, based on the definition of each Eligible Projects Category
- Additional ESG selection criteria, evaluated only for the first Project Category according to material sustainability issues for Renewable Energy Projects Category, efficiently implemented at project level. ENEL is committed to attest the responsible management of the (re)financed projects, through these additional ESG selection criteria

The process is supported by internal and external expertise: the evaluation and selection of the Eligible Projects belonging to Renewable Energy Projects Category are conducted by ENEL's Business Development team, based on external expertise for assessment and impact studies, and validated at ENEL's Investments Committee level. The evaluation and selection of the Eligible Projects belonging to Transmission, Distribution and Smart Grid Projects Category and Other Projects Category are conducted and validated at ENEL's Investments Committee level.

Vigeo Eiris considers that the evaluation and selection process of Eligible Projects belonging to Renewable Energy Projects Category is clearly defined, in line with ENEL's 2017-2019 strategic plan, and that the integration of ESG issues in the Issuer's commitments is robust for Renewable Energy Projects Category.

⁴ The opinion delivered on stakeholder-related ESG controversies is not a conclusion on the creditworthiness of ENEL or its financial obligations.

⁵ The 9 controversial activities analysed by Vigeo Eiris are: Alcohol, Animal maltreatment, Armament, Hazardous chemicals, Gambling, Genetically Modified Organisms in food & feed, Nuclear energy, Sex industry, Tobacco. The controversial activities research provides screening on companies to identify involvement in business activities that are subject to philosophical or moral beliefs.

Management of proceeds

The rules for the management of proceeds are clearly defined by the Issuer and would enable a documented transparent allocation process.

The net proceeds of the bonds will be managed within the Issuer's treasury liquidity portfolio, in cash or other liquidity instruments that do not include Greenhouse Gas (GHG) intensive activities nor any disputable activity.

The overall share of refinancing is expected to be 0% in the first allocation to Renewable Energy Projects.

Part III. REPORTING FRAMEWORK

ENEL commits to report annually and publicly on its website www.enel.com or within ENEL's annual Sustainability report until the maturity of the Bond issued, on:

- Use of the Green Bond proceeds: list of (re)financed projects, with related description, and fund allocation until the maturity of the bond.
- Environmental benefits: annual estimates and/or assessment of major benefits of each Eligible Project financed by the bond, then aggregated at bond level (when relevant and feasible), until the term of the bond.
- Responsible management: additional ESG indicators collected at project level and aggregated at category/bond level (when relevant and feasible), until the term of the bond.

Conditions and process for monitoring and data collection are clearly defined and selected reporting indicators are relevant on the use of proceeds and sustainability benefits.

ENEL's reporting commitments comply with the Green Bond Principles guidelines. We have recommended to reinforce some indicators related to projects ESG management.

Vigeo Eiris considers that ENEL's overall reporting commitments are robust, providing a reasonable level of assurance on ENEL's capacity to report regularly and transparently on fund allocation, management and impacts of (re)financed projects.

EXTERNAL REVIEW

ENEL's Green Bond issuance is supported by external review provided by:

- The sustainability consultant review, i.e. the hereby Second Party opinion performed by Vigeo Eiris, on the sustainability credentials of the Green Bond, based on pre-issuance commitments and covering all the bond dimensions, i.e. Issuer commitments, project (use of proceeds and ESG integration) and reporting (processes and KPIs).
- An annual verification provided by the Third Party auditor, covering the tracking Bond proceeds and the reporting metrics, during the fund allocation process, until the maturity date of the bond

Vigeo Eiris assessment relies on the information regarding the first Project Category - Renewable Energy Projects, provided by the Issuer at Group level and at project level.

This opinion is valid as of the date of issuance limited to ENEL's first 2017 Green Bond.

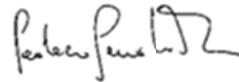
Milan, December 22th 2016



Muriel Caton
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Disclaimer

Transparency on the relation between Vigeo Eiris and the Issuer: Vigeo Eiris has executed other consultancy activities for ENEL Group in 2013, 2014 and 2016. No established relationship (financial or others) exists between Vigeo Eiris and ENEL.

This opinion aims to explain for investors why the Green Bond is considered as sustainable and responsible, based on the information which has been made available to Vigeo Eiris and which has been analysed by Vigeo Eiris. Providing this opinion does not mean that Vigeo Eiris certifies the materiality, the excellence or the irreversibility of the projects (re)financed by the Green Bond. ENEL is fully responsible for attesting the compliance with its commitments defined in its policies, for their implementation and their monitoring. The opinion delivered by Vigeo Eiris neither focuses on financial performance of the Green Bond, nor on the effective allocation of funds' use of proceeds. Vigeo Eiris 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.

DETAILED RESULTS

Part I. ISSUER

Level of ENEL's ESG performance:

As of October 2016, ENEL displays an overall advanced ESG performance.

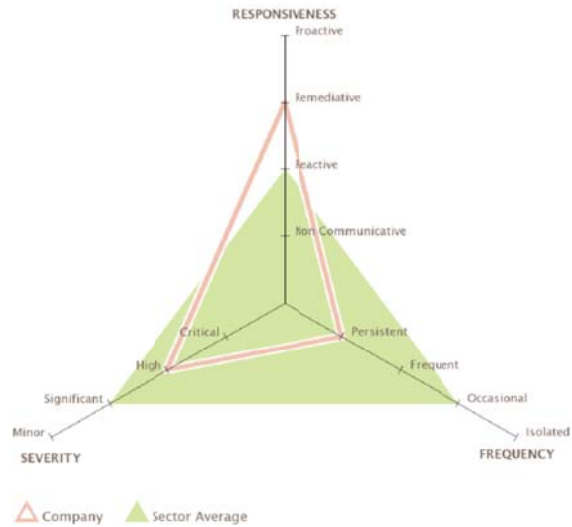
Domain	Comments	Opinion assessment level
Environment	ENEL's performance in the Environment domain is advanced.	Advanced
	ENEL's environmental strategy is considered comprehensive thanks to several quantified targets and a vast coverage of its certified environmental management system. Energy demand-side management is advanced. Nevertheless, the Company's performances linked to pollution, biodiversity and GHG emissions of distribution activities are limited, due to the existence of nuclear safety anomalies, allegations concerning negative impact on ecosystems and an absence of quantified targets on the latter topic.	Robust
		Limited
		Weak
Social	ENEL's performance in the Social domain is advanced.	Advanced
	ENEL's human rights policy addresses all major sector issues and a due diligence and risk monitoring process is conducted in several locations. Nevertheless, the Company has faced allegations of indigenous rights violations during its hydroelectric operations in Guatemala and Chile. ENEL has formalised its commitment to labor rights, i.e. freedom of association and collective bargaining, in a Global Framework Agreement.	Robust
		Limited
	ENEL's human resources performance is advanced. Extensive means are allocated to support the international mobility of young employees and early retirement or internal mobility to all of its personnel concerned by reorganisations. Finally, significant means are disclosed regarding health, safety and stress prevention and quantified indicators demonstrate positive results in this field, despite investigations and proceedings in Italy.	Weak
The Company has issued a formalised commitment to including social factors in supply chain management in its Code of Ethics. Through the Vendor Rating System, social audits are included in the rating of suppliers, which are subjects to audits and receive support to improve their performances. The Company's performance in sustainable procurement is robust with a clear policy, comprehensive measures and quantified reporting on results. ENEL's performance in customer relations remains advanced.		
The Company's community involvement performance is advanced. ENEL allocates extensive means to address fuel poverty through financial support, energy demand-side management and customer assistance accessible to vulnerable clients in a majority of countries of operation. Moreover, the Company puts in place preventive means, such as social impact assessments, to analyse community concerns throughout its operations.		
Governance	ENEL's performance in the Governance pillar is advanced.	Advanced
	ENEL has implemented robust business behavior processes to comply with international requirements on the prevention of corruption and for procurements. Strong internal and external audit processes and means allow an advanced performance in this domain. More limited performances are present for the prevention of anticompetitive practices and transparency and integrity of influence strategies and practices.	Robust
		Limited
	Regarding the corporate governance, ENEL's performance is advanced. Eight out of nine Board members, including its Chairman, are independent, which results in 100% independence of its committees. The internal control system appears to cover a number of ESG risks, such as climate change, pollution and corruption. Main concerns are related to shareholder rights, since no shareholder may own more than 3% of ENEL shares (voting rights attributable to shares held in excess of this limit may not be exercised).	Weak

ENEL is included in the following Vigeo Eiris Indices (as the date of publication):

- Euronext Vigeo Eiris World I20
- Euronext Vigeo Eiris Europe I20
- Euronext Vigeo Eiris Eurozone I20

Stakeholder-related ESG controversies:

- **Frequency:** As of November 24th 2016, ENEL faces persistent allegations: the Company is involved in 35 stakeholder-related ESG controversies, regarding all domains, some of them impacting more than one domain:
 - Business Behavior (13 cases especially on customer relations and anti-competitive practices)
 - Community Involvement (13 cases on social and economic development).
 - Environment (10 cases especially on biodiversity and pollution)
 - Corporate Governance (5 cases especially on audit & internal control)
 - Human resources (3 cases especially on health and safety)
 - Human Rights (2 cases on fundamental human rights)
- **Severity:** The level of severity ranges from minor to high: the company faces 19 cases of minor severity, 13 cases of significant severity and 3 cases of high severity (related to social standards in the supply chain, customer relations and social and economic development - the same controversy impacts also on health & safety).
- **Responsiveness:** ENEL is overall remediative: the company reports transparently in all cases, and remedial actions have been taken for other cases, especially for cases with high level of severity.



Sources: Factiva research and Company's sources

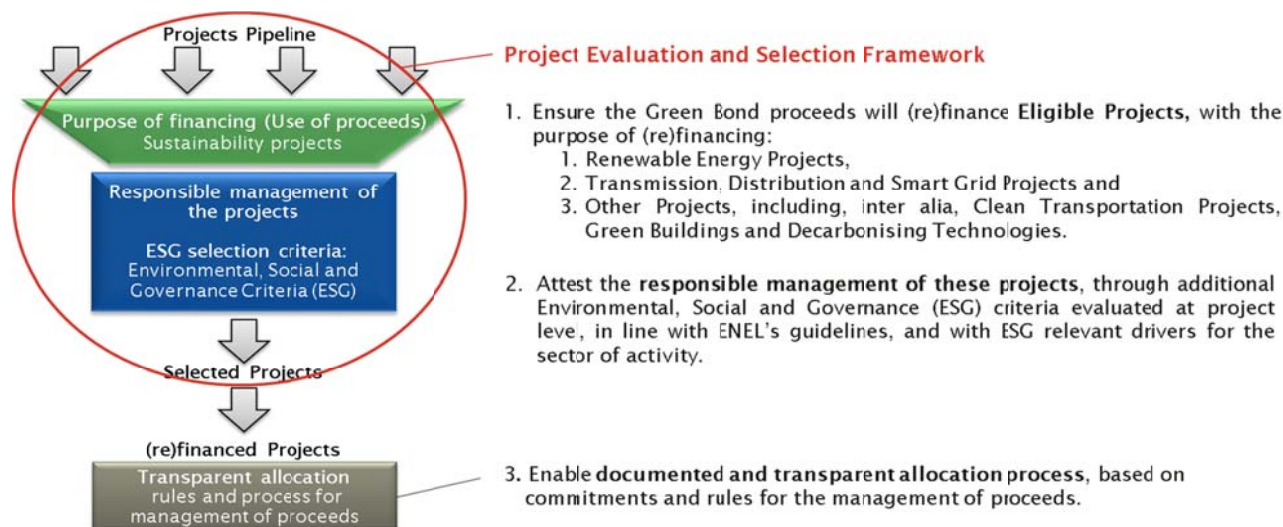
Involvement in disputable activities

ENEL's level of involvement in nuclear energy is major. Vigeo Eiris estimates that the Company derives 5-10% of its revenues from this disputable activity. ENEL is involved in both nuclear-related (in 2015, 14% of ENEL's production and 8.6% of revenues) and semi-nuclear activities (involvement in the construction of two new reactors at the Mochovce plant in Slovakia, to be sold in coming years).

ENEL is not involved in any of the 8 other disputable activities analysed by Vigeo Eiris: Alcohol, Animal maltreatment, Armament, Hazardous chemicals, Gambling, Genetically Modified Organisms in food & feed, Sex industry, Tobacco.

Sources: Factiva research and Company's sources

Part II. PROJECT FRAMEWORK



ENEL's evaluation and selection framework is clearly defined and reasonably structured. The process is based on internal and external expertise:

- This evaluation and selection process consists in different ESG assessments and due diligences, which have been / will be conducted for each project, such as exploratory studies on sites with high potentials for renewable energy generation, E&S impact assessment and risk categorization, preliminary E&S studies, validations by the Screening and Investment Committee.
- The Eligible Projects belonging to category 1. Renewable Energy Projects have not been disclosed by ENEL but they have reached the Finalization phase in the Business Development Process and they have been / will be validated by ENEL Investment Committee.
- ENEL Investment Committee is in charge of the validation of all Eligible Projects (Categories 1., 2., 3.).

ENEL commits to establishing a Green Bond Committee, in charge of Eligible Projects selection and monitoring, by June 2017.

Use of proceeds:

The net proceeds of the Green Bond issuance will be used to (re)finance, in whole or in part, eligible green projects, as defined by the use of proceeds requirements below (the "Eligible Projects"), which correspond to one of the three defined Eligible Project Categories, and meet ENEL's Environmental, Social and Governance (ESG) selection criteria evaluated by Vigeo Eiris.

Use of proceeds requirements and expected environmental and social benefits have been defined in the table below:

Definition of Eligible Projects	Examples of Eligible Projects (but not limited to)	Sustainability benefits
<p>Renewable Energy Projects</p> <p>Means the financing or refinancing of, or investments in the development, the construction, repowering and the installation of renewable energy production units for the production of energy through:</p> <ul style="list-style-type: none"> (i) renewable non-fossil sources and (ii) hydro (*), geothermal, wind, solar, waves and other renewable energy sources. Energy production units include small-scale energy generation systems and utility scale or centralised power generation systems. <p>(*): Hydro projects up to 25 MW in installed capacity or, if larger than 25 MW, satisfying the following international sustainability best practice:</p> <ul style="list-style-type: none"> • International Finance Corporation (IFC) Standards – Publicly stated commitment to meet the requirements outlined by all eight IFC performance standards 	<ul style="list-style-type: none"> - Dominica Wind Farm (Mexico): installed capacity of 200 MW from 100 wind turbines, each with 2 MW, and is capable of generating up to 510 GWh per year. - Adams PV Plant (South Africa): 82.5 MW solar PV plant under construction. 	<p>Climate change mitigation</p> <p>Energy savings and GHG emissions reduction / avoidance</p>

Definition of Eligible Projects	Examples of Eligible Projects (but not limited to)	Sustainability benefits
<p>2. Transmission, Distribution and Smart Grid Projects</p> <p>Means the financing or refinancing of, or investments in the building, the operation and the maintenance of electric power distribution, transmission networks and smart metering systems, that contribute to: (i) connecting renewable energy production units to the general network and (ii) improving networks in terms of demand-size management, energy efficiency and access to electricity.</p>	<ul style="list-style-type: none"> - Italy (2G meters installed by 2019) - Iberia (100% of the customers by 2018) - Latam (18% by 2019) - Romania (51% by 2019) 	<p>Climate change mitigation Energy savings and GHG emissions reduction / avoidance</p>
<p>3. Other Projects</p> <p>Means any projects which meet a set of environmental and social criteria, which prior to the relevant Issue Date will be (i) approved both by the relevant Issuer and, where applicable, the Guarantor and by a reputed sustainability rating agency, and (ii) made available on ENEL's website (www.enel.com) in the investor relations section and may include, inter alia:</p> <ul style="list-style-type: none"> (i) Clean Transportation Projects which consist in financing or refinancing of, or investments in the electric, hybrid, public, rail, non-motorised, multi-modal transportation, infrastructure for clean energy vehicles and reduction of harmful emissions, (ii) Green Buildings which consist in financing or refinancing of, or investments in the renovation of existing buildings and efficiency improvements; and (iii) Decarbonising Technologies which consist in financing or refinancing of, or investments in reduction of CO2 emissions. 	<ul style="list-style-type: none"> - "Zem2All" (Zero Emissions Mobility to all), which introduced a fleet of 200 electric vehicles in Malaga and the development of the necessary recharging infrastructure - "Electric transport in Santiago del Chile" program, for the realization of recharging infrastructure in collaboration with the public authorities 	<p>Climate change mitigation Energy savings and GHG emissions reduction / avoidance</p> <p>Protection of Natural Resources Energy, resources, water savings, efficient land use</p>

The Eligible Projects' contribution to sustainable development is positive, due to expected environmental benefits on the climate change mitigation (category 1, 2 and 3) and the protection of natural resources (category 3), thanks to the production of electricity from renewable energy, GHG emissions reduction and optimization of the distribution network.

Vigeo Eiris considers that the objectives and expected benefits associated with the Eligible Projects belonging to the Project Category 1 and 2 are relevant, measurable, precise and visible.

Regarding the Eligible Projects belonging to Project Category 3, the objectives and expected benefits associated are relevant but partially measurable, precise and visible.

The benefits have been described and will be assessed and quantified annually, using impact reporting (see Part III.).

Process for project evaluation and selection:

ENEL has committed to ensure the responsible management of the (re)financed projects belonging to Project Category 1. Renewable Energy Projects through the integration of Environmental, Social and Governance Selection Criteria at project level, which have been assessed by Vigeo Eiris regarding the exhaustiveness and relevance of these criteria and associated commitments implemented at project level.

Vigeo Eiris considers that ENEL's commitment and capacity to integrate ESG factors in its process for evaluating and selecting projects belonging to Project Category 1. Renewable Energy Projects are robust.

Regarding relevant international standards in terms of sustainability and Vigeo Eiris sector framework, ESG criteria are exhaustive and precise, considering the detailed supporting elements used for the evaluation and selection.

Sustainability Criteria	Commitment in Renewable Energy Projects
Environment	Robust
Environmental strategy and Eco-design	<p>An Environmental Impact Assessment (EIA) and Life Cycle Assessment (LCA) are carried out for each project, with associated compensation and reduction action plan, including the protection of biodiversity. During the construction and operating phases, the Eligible Projects consumptions of natural resources (water and energy) are monitored and managed in order to minimise their use, waste & water recycling measures are carried out and as well as the promotion of the reuse/recycling of material after revamping of existing plants. Solar panels containing cadmium are not used and a plan for recycling those installed will be launched in 2017.</p>
Protection of biodiversity	
Pollution prevention and control throughout the project life-cycle (air, soils, water resources, transportation)	
Management of environmental impact from end of life equipment / dismantling	
Social issues	Robust
Respect for human rights standards and prevention of violations	<p>Before any investment, a country risk assessment, including political and civil rights, is carried out. Employees receive human rights training and on-site controls are undertaken for sensitive projects. Suppliers are requested to comply with ENEL Code of Ethics and Human Rights Policy and a confidential system to report grievances is in place.</p> <p>Health & Safety (H&S) conditions for workers are managed by a dedicated H&S manager on each site, coordinating the activities among different contractors.</p> <p>Social Impact Assessment studies (compliant with IFC requirements), with associated compensation and reduction action plans are executed to assess, monitor and manage all the social impacts of projects all along their life time.</p> <p>The Eligible Projects support entrepreneurial activities in the community (support to local agriculture, entrepreneurs, employment...) and aims to improve local living conditions (health, education...), contributing to local communities access to basic infrastructures (roads, water, electric power grid,...).</p> <p>A regular dialogue takes place with local communities and vulnerable customer groups are considered (electric/gas bonus in different countries).</p>
Respect for labour rights	
Employment conditions (labour relations, training, health and safety conditions, respect of working hours)	
Promotion of local social and economic development – Local consultation	
Societal impacts of project	
Project Governance – Business Behaviour	Robust
Integration of environmental and social factors in the supply chain - Responsible procurement	<p>The corporate policies and practices in terms of prevention of corruption and money laundering appear to be implemented at project level. Effective audit and internal control systems include ESG risk management at project level. Social and environmental factors are considered in screening suppliers and contractors.</p>
Business ethics (Prevention of corruption and money laundering, fraud, anti-competitive practices)	
Audit & internal control	

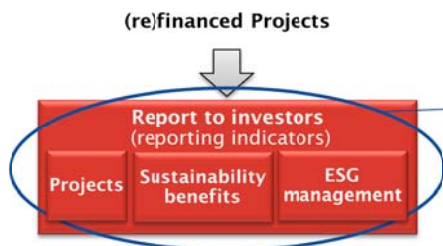
Management of proceeds:

The rules for the management of proceeds are clearly defined by the Issuer and would enable a documented transparent allocation process.

- The Issuer is ENEL Finance International, subsidiary of ENEL S.p.A. and the net proceeds of the bond issuance will be managed within the Issuer's treasury liquidity portfolio in cash, time deposit with Banks or other form of available short term funding sources (e.g. commercial paper programme, bank credit line), that do not include GHG intensive activities nor any disputable activity.
- Pending the allocation, the proceeds cannot be invested in other purpose but the Eligible Projects of this green bond. These funds can only be transferred as concessional loans either to ENEL or its controlled companies in charge of the development of the Eligible Projects (e.g. equity, SPVs). Funds transferred will be in cash and won't be involved in GHG intensive activities or in disputable activities.

- For the first issuance, the bond proceeds will be invested in Eligible Projects, only belonging to the Project Category 1. Renewable Energy Projects. Regarding the whole Euro Medium Term Note Programme:
 - (i) 0-100% of the proceeds will be used to (re)finance new Eligible Projects, belonging to Project Category 1. Renewable Energy Projects
 - (ii) 0-50% to (re)finance new Eligible Projects, belonging to Project Category 2. Transmission, Distribution and Smart Grid Projects
 - (iii) 0-50% to (re)finance new Eligible Projects, belonging to category 3. Other Projects.
- In the framework of the Euro Medium Term Note Programme Green Bond, refinancing may occur regarding Eligible Projects with disbursements occurred during the past 24 months preceding the issue date of the Green Bond.
- Proceeds will be allocated on pro-rata basis to selected projects.
- In case of asset divestment or if a project no longer meets the eligibility criteria, ENEL will use the net proceeds of this issuance to finance other Eligible Projects which are compliant with the eligibility criteria and process of the current Green Bond Framework and corresponding to the Project Category 1. Renewable Energy Projects.
- The Issuer will track the investments of the proceeds allocated to Eligible Projects, through the review of the external auditor. This tracking of the funds is integrated into the annual financial reporting and in its closing process.

Part III. REPORTING FRAMEWORK



Reporting Framework

4. Report to investors on the (re)financed projects, sustainability benefits and responsible management, via reporting indicators.

ENEL commits to report annually and publicly until the maturity of the Bond issued, on:

- Use of Proceeds: list of (re)financed projects, with related description and compliance with the above eligibility framework, progress and fund allocation, until the maturity of the bond.
- Environmental benefits: annual estimates and/or assessment of major sustainability benefits at bond level as well as at project level (when feasible and relevant), with detailed methodology, until the term of the bond.
- Responsible management: additional ESG indicators collected at bond level and at project level (when feasible and relevant), until the term of the bond.

Projects will be added to the report once the Issuer has approved and determined an asset as an Eligible Project.

The reporting will be performed on an annual basis, until the maturity date of the bond, publically available in ENEL’s public reporting (ENEL’s annual Sustainability report and corporate website⁶) and verified by annual external auditors.

Vigeo Eiris considers that the monitoring and reporting commitments and process to be implemented for this Green Bond and for the associated projects are clearly defined and robust. The selected reporting indicators related to the fund allocation and environmental benefits are relevant.

In order to report on the projects’ benefits or their responsible management, the indicators proposed are not necessarily relevant for all Eligible Projects. ENEL may substitute the identified indicators with alternate quantitative or qualitative indicators, to remain relevant to the Eligible Projects evolution and may integrate additional qualitative or quantitative indicators as considered appropriate to disclose relevant performances or details on responsible management.

Fund allocation (for all categories):

Indicators reported at category and project levels	Indicators aggregated at bond level
<ul style="list-style-type: none"> - Signed amount: <ul style="list-style-type: none"> - Total amount approved, currency, and share of each project (in %) - Description of each project - Project lifetime (in years) - Allocated amount (in k€): <ul style="list-style-type: none"> - Amount eligible for disbursement, for each project/category - Progress of the project (in %) 	<ul style="list-style-type: none"> - Total allocated amount, vs. total amount of proceeds (in %) - Balance of unallocated proceeds and use

⁶ www.enel.com

Sustainability benefits:

Category	Benefits	Reporting indicators
1. Renewable Energy Projects	Climate change mitigation	<ul style="list-style-type: none"> - Installed capacity of the renewable energy plant (in MW) - Annual renewable energy produced (in MWh per year) - Annual GHG emissions avoided (in tCO₂e)
2. Transmission, Distribution and Smart Grid Projects	Climate change mitigation	<ul style="list-style-type: none"> - # of smart meters installed - Efficiency level of networks (leakage measurement before and after investment) - Grid efficiency: Annual GHG emissions avoided (in tCO₂e)
3. Other Projects	Climate change mitigation	<ul style="list-style-type: none"> - # of car charging stations installed - Annual GHG emissions avoided (in tCO₂e)
	Protection of natural resources	<ul style="list-style-type: none"> - Water savings in m³ - Energy savings in MWh - % of recycling (including specific scope)

ESG management

Domain	Criteria	Reporting indicators for Renewable Energy Projects
Environment	Environmental strategy and Eco-design	<ul style="list-style-type: none"> - Total quantity of energy consumption per project (MW) - Water consumption (m³) - Waste production and waste recycled (t)
	Protection of biodiversity	<ul style="list-style-type: none"> - Number and description of action to protect/restore biodiversity
	Pollution prevention and control throughout the project life-cycle (air, soils, water resources, transportation)	<ul style="list-style-type: none"> - Number of plant shutdown or site stop due to environmental issue - Number of significant incidents (soil contamination) per reporting period
	Management of environmental impact from end of life equipment / dismantling	<ul style="list-style-type: none"> - Tons of material reused/recycled after revamping
Social Issues	Respect for human rights standards and prevention of violations	<ul style="list-style-type: none"> - Number and description of controversies identified by ENEL monitoring systems - Results of Country Risk assessment on Human Rights
	Respect for labour rights	<ul style="list-style-type: none"> - Number and description of controversies identified by ENEL monitoring systems - Results of Country Risk assessment on Human Rights
	Employment conditions (labour relations, training, health and safety conditions, respect of working hours)	<ul style="list-style-type: none"> - Number of accidents (fatal and severe)
	Promotion of local social and economic development – Local consultation	<ul style="list-style-type: none"> - Number of social actions implemented (per reporting period) - Number of beneficiaries of the social actions (per reporting period)
	Societal impacts of project	<ul style="list-style-type: none"> - % and number of users equipped with smart meters - Number of beneficiaries of the projects of energy access

Domain	Criteria	Reporting indicators for Renewable Energy Projects
Project Governance – Business Behaviour	Integration of environmental and social factors in the supply chain - Responsible procurement	<ul style="list-style-type: none"> - % of suppliers screened on environmental and social issues during qualification or tenders - Ethical clauses in suppliers contracts
	Business ethics (Prevention of corruption and money laundering, fraud, anti-competitive practices)	<ul style="list-style-type: none"> - Report on annual monitoring on 231 Compliance Program - Number and description of controversies identified by ENEL monitoring systems - Business Ethics training provided to employees worldwide
	Audit & Internal Control	<ul style="list-style-type: none"> - % Area/Country Processes covered by internal audit activities

METHODOLOGY

In Vigeo Eiris' view, Environmental, Social and Governance factors are intertwined and complementary and cannot be separated when assessing the management of ESG in any organization or in any activity, including the issuance of fund raising. In this sense, Vigeo Eiris writes an opinion on the Issuer's corporate responsibility as an organisation, and on the objectives, the management and the reporting of the projects (re)financed by this transaction.

Vigeo Eiris' methodology to define and to assess corporate ESG performance is based on criteria aligned with public international standards, in compliance with the ISO 26000 guidelines, and organised in 6 domains: Environment, Human Resources, Human Rights, Community Involvement, Business Behavior and Corporate Governance. The evaluation framework has been customised regarding material issues, based on the Real Estate assessment framework, project specificities and emerging issues.

Vigeo Eiris 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 Organisations). Information gathered from these sources will be considered as long as they are public, documented and traceable. In total, Vigeo Eiris has reviewed documents and websites of ENEL related to the Green Bond evaluation (Sustainability policies, environmental management plan of projects, environmental evaluation reports,...) and interviewed members from several services of the Issuer.

Part I. ISSUER

NB: The Issuer performance, i.e., commitments, processes, results of the Issuer, related to ESG issues have been assessed through a complete process of rating and benchmark developed by Vigeo Eiris Rating.

Level of the Issuer's ESG performance:

ENEL has been evaluated by Vigeo Eiris as at October 2016 on its social responsibility performance, based on 25 relevant ESG drivers organised in the 6 sustainability domains. ENEL's ESG performance has been assessed by Vigeo Eiris on the basis of three "items":

- Leadership: relevance of the commitments (content, visibility and ownership)
 - Implementation: coherence of the implementation (process, means, control/reporting)
 - Results: indicators, stakeholders feedbacks and controversies
- Scale for assessment of ESG performance: Advanced, Robust, Limited, Weak.

Stakeholder-related ESG controversies and involvement in controversial activities:

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 on unproven facts.

Vigeo Eiris provides an opinion on companies' controversies risks mitigation based on the analysis of three factors:

- Severity: the more a controversy will relate to stakeholders' fundamental interests, will prove actual corporate responsibility in its occurrence, and will have adverse impacts for stakeholders and the Company, the highest its severity. Severity assigned at 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);
 - Frequency: reflects for each ESG challenge the number of controversies faced. At Corporate level, this factor reflects on the overall number of controversies faced and scope of ESG issues impacted (scale: Isolated, Occasional, Frequent, Persistent).
- Scale for assessment of ability to mitigate stakeholder-related ESG controversies: Advanced, Robust, Limited, Weak.

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, Vigeo Eiris' 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.

In addition, 9 disputable activities have been analysed following 30 parameters to verify if the company is involved in any of them. The company's level of involvement (Major, Minor, No) in a disputable activity is based on:

- An estimation of the revenues derived from disputable products or services
- The precise nature of the disputable products or services provided by the company

Part II. PROJECT FRAMEWORK

Use of proceeds:

The use of proceeds requirements are defined to ensure that the funds raised are used to finance and/or refinance an Eligible Project and are traceable within the issuing organisation, and include management of proceeds. Each project endorsed shall comply with all of the Eligible Project criteria in order to be Eligible. The sustainability purpose of the Green Bond's associated Eligible Projects has been precisely defined, with regard to ENEL's commitments, and assessed regarding described and estimated benefits of the Eligible Projects. The contribution of Eligible Projects to Sustainable Development is evaluated regarding the UN Sustainable Development Goals.

Process for project evaluation and selection:

NB: Vigeo Eiris assessment relies on the information regarding category I. Renewable Energy Projects provided by the Issuer at Group level and at project level.

The evaluation and selection process has been assessed by Vigeo Eiris regarding the exhaustiveness and relevance of ESG selection criteria and associated supporting elements integrated in the Green Bond framework, and the coherence of the process. The analysis was conducted focusing on the most relevant drivers regarding projects issues - based on 12 relevant ESG drivers, aligned with public international standards - and on the evaluation methodology.

- Scale for assessing ESG integration in the selection process: Advanced, Robust, Limited, Weak.

Part III. REPORTING FRAMEWORK

Reporting indicators are selected from existing indicators to enable annual reporting on fund allocation, environmental benefits and on the responsible management of project (re)financed by the Green Bond proceeds, collected at project level and aggregated at transaction level. Vigeo Eiris has evaluated the relevance of these indicators according to three principles: transparency, exhaustiveness and effectiveness.

- Scale of level of assurance on reporting on the project: Reasonable, Moderate, Weak

VIGEO EIRIS'S ASSESSMENT SCALES

Performance evaluation	
Advanced	Advanced commitment; strong evidence of command over the issues dedicated to achieving the objective of social responsibility. Reasonable level of risk management and using innovative methods to anticipate emerging risks.
Robust	Convincing commitment; significant and consistent evidence of command over the issues. Reasonable level of risk management.
Limited	Commitment to the objective of social responsibility has been initiated or partially achieved; fragmentary evidence of command over the issues. Limited to weak level of risk management.
Weak	Commitment to social responsibility is non-tangible; no evidence of command over the issues. Level of insurance of risk management is weak to very weak.

Level of assurance	
Reasonable	Able to convincingly conform to the prescribed principles and objectives of the evaluation framework
Moderate	Compatibility or partial convergence with the prescribed principles and objectives of the evaluation framework
Weak	Lack or unawareness of, or incompatibility with the prescribed principles and objectives of the evaluation framework

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