



SCOPE

Vigeo Eiris was commissioned to provide an independent opinion on the sustainability credentials and management of the Green Bond (the "Bond") considered to be issued by ENEL Finance International N.V. (the "Issuer" or "EFI") and guaranteed by ENEL – Società per Azioni ("ENEL") under the €35,000,000,000 Euro Medium Term Note Programme, according to Vigeo Eiris' Environmental, Social and Governance (ESG) assessment methodology, and on the alignment with the Green Bond Principles voluntary guidelines (the "GBP").

The opinion is based on the review of the two following components:

- ENEL: document-based evaluation of ENEL's ESG performance, controversies and capacity to mitigate these risks.
- Issuance: analysis of the coherence between the Bond Framework and ENEL's strategy and commitments, and document-based evaluation of the Bond Framework

Vigeo Eiris' sources of information are gathered from our Issuers' rating database, ENEL, press content providers and stakeholders, complemented by interviews with involved managers, held at the ENEL's offices in Rome (Italy). Vigeo Eiris has carried out its due diligence from 1st of December 2017 to the 4th of January 2018.

We were able to access to all appropriate documents and to meet all solicited people. We consider that the provided information allows the delivery of an opinion with a reasonable level of assurance on their completeness, precision and reliability.

VIGEO EIRIS' OPINION

Vigeo Eiris confirms that the Bond considered by the Issuer and ENEL is a "Green Bond" with positive contribution to sustainable development, aligned with the Green Bond Principles.

Vigeo Eiris reaches a reasonable³ level of assurance on the Bond's contribution to sustainability.

- **ENEL:** ENEL displays an overall advanced³ ESG performance (see Part I).
 - ▶ ENEL ranks first in the *Electric & Gas Utilities* Vigeo Eiris sector that covers 48 European companies and achieves advanced performance in the Environmental, Social and Governance pillars.
 - ▶ Vigeo Eiris' assurance that ENEL's ESG risk factors are adequately managed is reasonable, including reputational, human capital, legal and operational risks.
 - ▶ ENEL faces frequent controversies⁴ regarding all sustainability domains. The severity ranges from minor to high. ENEL is overall remediative: it reports transparently in all cases to cooperate with interested parties or to take corrective actions.
 - ▶ Regarding the 15 controversial activities analysed by Vigeo Eiris⁵, ENEL's involvement in Nuclear energy is major (due to semi-nuclear and nuclear-related activities) as well as in Fossil Fuels industry and Coal (because of the electricity generation from oil, gas and coal).
- **Issuance:** ENEL's Green Bond Framework is coherent with its main strategic priorities and is considered to be good (see Part II). ENEL is committed to make its Green Bond Framework and this Second Party Opinion publicly accessible on its website⁶.

¹ Second Party Opinion – Green Bond Principles: This opinion is to be considered as the "Second Party Opinion" described by the Green Bond Principles (2017 edition in the 'External Review' section). The Green Bond Principles include the Voluntary Process Guidelines for Issuing Green Bonds and the Guidance for Borrowers of Social Bonds (see: www.icmagroup.org/Regulatory-Policy-and-Market-Practice/green-Bonds/)

² The "Green Bond" is to be considered as the potential forthcoming bond, which issuance is subject to market conditions.

³ Definition of Vigeo Eiris' scales of assessment (as detailed in the "Methodology section" of this document):

Level of Evaluation: Advanced, Good, Limited, Weak.
Level of Assurance: Reasonable, Moderate, Weak.

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

⁵ The 15 controversial activities analysed by Vigeo Eiris are: Alcohol, Animal welfare, Chemicals of concern, Civilian firearms, Fossil Fuels industry, Coal, Tar sands and oil shale, Gambling, Genetic engineering, High interest rate lending, Military, Nuclear power, Pornography, Reproductive medicine, 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 Vigeo Eiris.

- ▶ The net proceeds of the Bond issuance will be used to finance and refinance, in whole or in part, Eligible Green Projects, which contribute to climate change mitigation and protection of natural resources, in line with four United Nations Sustainable Development Goals. Objectives and expected environmental benefits associated with the Eligible Green Projects are defined, precise, relevant and measurable. The expected environmental will be assessed and quantified by ENEL.
- ▶ The process for project evaluation and selection is clearly defined, is considered to be good in terms of transparency and governance, and relies on relevant eligibility criteria. The integration of environmental and social factors in the process is good, covering the management of the main ESG risks associated with the Eligible Green Projects.
- ▶ The rules for the management of proceeds are clearly defined by ENEL and would enable a documented and transparent allocation process, based on good management of proceeds commitments.
- ▶ ENEL is committed to report annually, publically and until the Bond maturity. The reporting commitments and process are good, covering the fund allocation and environmental benefits of selected projects (outputs and impacts), reaching an overall reasonable level of assurance on its capacity to report on the Green Bond's use and impacts. In addition, ENEL will report at corporate level on ESG risk management. We have recommended using defined indicators to report at project level on the ESG risk management of the projects.

EXTERNAL REVIEW

ENEL's Green Bond issuance is supported by external reviews:

- 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 the key features of a Green Bond, in line with the four core components of the Green Bonds Principles.
- An annual assurance report 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.

This Opinion is valid as of the date of issuance limited to ENEL's 2018 first Green Bond.

Milan, January 8th 2018



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Disclaimer

Transparency on the relation between Vigeo Eiris and the Issuer: Vigeo Eiris has executed other 2 consultancy activities for ENEL Group in 2013 and 2014 and an audit mission in 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 analyzed by Vigeo Eiris. Providing this opinion does not mean that Vigeo Eiris certifies the materiality, the excellence or the irreversibility of the projects 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 its 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. The opinion delivered on stakeholder-related ESG controversies is not a conclusion on the creditworthiness of ENEL or its financial obligations. We do not express an opinion as a score when controversial activities, products and services are not prohibited by international standards or treaties. The controversial activities research provides screening on companies to identify involvement in business activities that are subject to philosophical or moral beliefs: it consists exclusively in highlighting the involvement of companies in a given activity and in qualifying the threshold of involvement without inferring any opinion. The information does not suggest any approval or disapproval on their content from Vigeo Eiris.

Restriction on distribution and use of this Opinion: the opinion is provided by Vigeo Eiris to ENEL and can only be used by ENEL. The distribution and publication is at the discretion of ENEL, submitted to Vigeo Eiris approval.

DETAILED RESULTS

Part I. ISSUER

Level of ENEL's ESG performance

As of December 2017, ENEL's overall approach to manage ESG related issues is advanced.

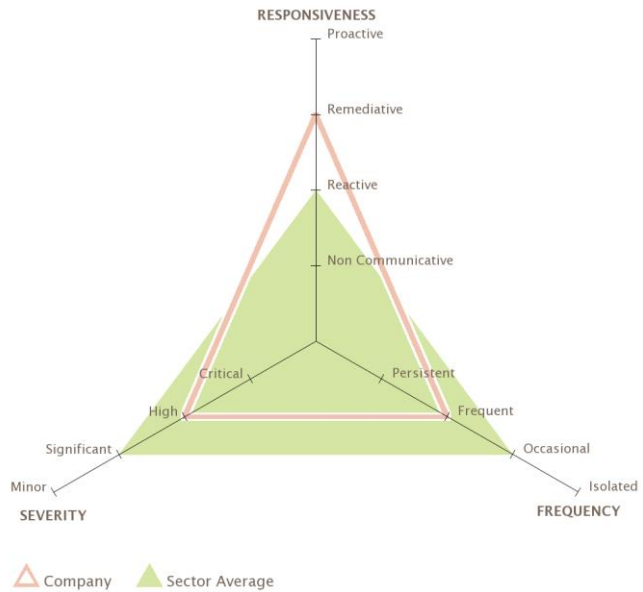
Domain	Comments	Opinion
Environment	<p>ENEL's performance in the Environment domain is advanced.</p> <p>ENEL's environmental strategy is considered comprehensive thanks to several quantified targets regarding air emissions as well as waste generation and water usage. ENEL has set quantified targets in terms of developing renewable energy, and these targets are ambitious relative to the sector. ENEL plans to produce 48 GW from renewables by 2020, emitting less than 350 gCO₂/kWh_{eq} for a total of 55% of production emission free. The certified environmental management system has a vast coverage.</p> <p>Energy demand-side management is advanced. Nevertheless, ENEL'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.</p>	Advanced
		Good
		Limited
		Weak
Social	<p>ENEL's performance in the Social domain is advanced.</p> <p>ENEL's human rights policy addresses all major sector issues and a due diligence and risk-monitoring process is conducted in several locations. Nevertheless, ENEL 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.</p> <p>ENEL's human resources performance is advanced. Extensive means are allocated to support the international mobility of young employees. 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.</p> <p>ENEL 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. ENEL's performance in customer relations remains advanced.</p> <p>ENEL'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, ENEL puts in place preventive means, such as social impact assessments, to analyse community concerns throughout its operations.</p>	Advanced
		Good
		Limited
		Weak
Governance	<p>ENEL's performance in the Governance pillar is advanced.</p> <p>ENEL has implemented good 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.</p> <p>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).</p>	Advanced
		Good
		Limited
		Weak

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

- Euronext Vigeo Eiris World 120
- Euronext Vigeo Eiris Europe 120
- Euronext Vigeo Eiris Eurozone 120

Stakeholder-related ESG controversies and Involvement in controversial activities

- **Frequency:** As of January 4th 2018, ENEL faces frequent allegations: it is involved in 24 stakeholder-related ESG controversies, on all domains:
 - Business Behavior, 11 cases especially customers relations, corruption and anti-competitive practices
 - Environment, 7 cases especially on biodiversity industrial accidents, pollution and air emissions
 - Human Resources, 2 cases especially on health & safety and management of restructurings
 - Community Involvement, 7 cases on social and economic development
 - Corporate Governance, 3 cases especially on audit & internal control
 - Human Rights, 1 case related on property rights



- **Severity:** The level of severity ranges from minor to high based on the analysis of their impact on ENEL and its stakeholders: it faces 11 cases of minor severity, 9 cases of significant severity and 4 cases of high severity (related to customer relations, health & safety and supply chain).
- **Responsiveness:** ENEL is overall remediative: it is proactive in 3 cases, implements remedial actions for 8 cases (including 2 cases with high severity and 2 significant), and reports transparently in all cases.

Regarding the 15 controversial activities analysed by Vigeo Eiris, and based on an estimation of the level and type of company involvement, ENEL has a major involvement in

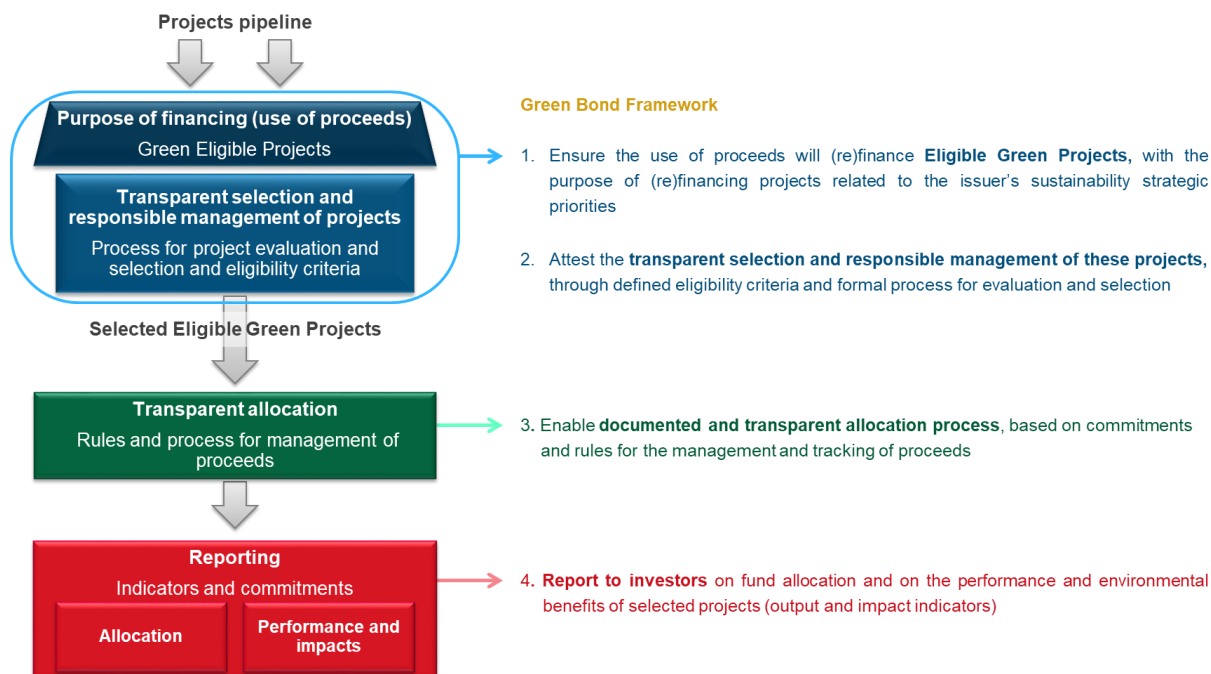
- Nuclear energy: ENEL is involved in nuclear-related activities (nuclear power represents 10% of ENEL's total power generation fuel mix and ENEL has a minority stake in Slovenske Elektrarne, to be sold in coming years).
- Coal: ENEL has an estimated net production from coal that is between 20-33% in terms of net production.
- Fossil Fuels industry: ENEL has an estimated net production from fossil fuels that is greater than or equal to 50% of total net production.

ENEL is not involved in any of the 12 other controversial activities analysed by Vigeo Eiris.

Part II. ISSUANCE

ENEL has established a Green Bond Framework that applies to the contemplated Bond issuance. ENEL is committed to make its Green Bond Framework and this Second Party Opinion publicly accessible on its website.

The Framework is composed of four steps, aligned with the GBP, as presented in the following process:



Coherence of the issuance

ENEL's Green Bond Framework is coherent with ENEL's main ESG strategic priorities, and contributes to achieve its commitments and objectives. Vigeo Eiris has a reasonable level of assurance on ENEL's commitment and capacity to integrate relevant issues in terms of environmental responsibility in the projects targeted by the issuance.

ENEL and its subsidiaries are committed to the renewable energies sector and to researching and developing new environmentally friendly technologies. In 2016, approximately half of the electricity the ENEL Group produced was free of carbon dioxide emissions, making it one of the world's major producers of clean energy. Further, ENEL has committed to decarbonize its energy mix by 2050.

ENEL Strategic Plan 2018-20 clearly states that the Group's model is fit for a low carbon model and is driven by the main sector trends: Decarbonization, Electrification Storage & Demand Response and Urbanization.

The Strategic Plan has defined the targets to increase renewables production capacity from 40.5 GW to 47.7 GW and to reduce installed thermal generation from 46.6 GW to 39.2 GW by 2020, leading to an increase of the percentage of emission free production from 43% to 55% by 2020.

Concerning the Sustainable Development Goals, the Group confirms and accelerates its specific commitment, undertaken in September 2015, on the following targets:

- SDG 4 (high quality, inclusive and fair education): 800,000 beneficiaries by 2020, up twofold from the previous 400,000;
- SDG 7 (affordable and clean energy): 3 million beneficiaries by 2020, mainly in Africa, Asia and Latin America;
- SDG 8 (employment and sustainable and inclusive economic growth): 3 million beneficiaries by 2020, up twofold from the previous 1.5 million;
- SDG 13 (climate action): less than 350gCO₂ eq/KWh by 2020 (specific emissions) target.

Besides the formal commitment to reducing the Group's CO₂ specific emissions, ENEL has implemented several actions to mitigate the impact of its industrial activities on the environment. Namely:

- reducing SO₂ specific emissions by ~30% by 2020 (vs 2010);
- reducing NO_x specific emissions by ~30% by 2020 (vs 2010);
- reducing particulates specific emissions by ~70% by 2020 (vs 2010)
- reducing water specific consumption by ~30% by 2020 (vs 2010)
- reducing waste produced by ~20% by 2020 (vs 2015)

ENEL's Green Bond Framework appears to be an integral part of the long-term sustainability vision of ENEL and contributes to achieve its commitments. By issuing a Green Bond to finance and refinance, in whole or in part, the defined Eligible Green Projects, ENEL coherently responds to its commitment to the above-mentioned targets.

Use of proceeds

Vigeo Eiris estimates that the definition of the Eligible Green Projects categories is clear. We consider that the objectives and expected benefits associated with the Eligible Green Projects are defined, precise, measurable and relevant, aligned with the Green Bond Principles. The expected environmental benefits will be assessed and quantified by ENEL.

Vigeo Eiris considers that the Eligible Green Projects' contribution to sustainable development is positive due to the expected environmental benefits, associated with the defined categories, on Climate change mitigation and Protection of Natural Resources.

The net proceeds of the Green Bond will be used to finance and refinance, in whole or in part, Eligible Green Projects included in three categories:

- Renewable Energy Projects,
- Transmission, Distribution and Smart Grid Projects
- Other Projects, such as - but not limited to - Clean Transportation Projects, Green Buildings and Decarbonising Technologies

Eligible Green Projects will meet a set of eligibility criteria defined by ENEL.

The definition of each Eligible Green Projects' category, related objectives and expected environmental benefits have been evaluated in the table below:

Eligible Projects' categories	Definition	Objectives	Environmental benefits	Vigeo Eiris' analysis
Renewable Energy Projects	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: (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. (* Hydro projects up to 25 MW in installed capacity or, if larger than 25 MW, satisfying the International Finance Corporation (IFC) Standards	- Increase of electricity production capacity from renewable sources	Climate change mitigation GHG emissions avoidance (<i>renewable electricity generation</i>)	The definition is clear and the content is relevant, in line with ENELs strategy, including selection criteria for large hydro projects. The objectives are visible, precise, relevant and measurable.
Transmission, Distribution and Smart Grid Projects	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.	- Integration of renewable energy production units - Improvement of demand-size management, energy efficiency and access to electricity.	Climate change mitigation GHG emissions avoidance (<i>energy savings</i>)	The definition is clear and the content is relevant, in line with ENELs strategy. The objectives are visible, precise, relevant and measurable.
Other Projects	Projects which meet a set of environmental and social criteria, which may include, inter alia: - 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, - Green Buildings which consist in financing or refinancing of, or investments in the renovation of existing buildings and efficiency improvements; and - Decarbonising Technologies which consist in financing or refinancing of, or investments in reduction of CO ₂ emissions.	- Reduce environmental impacts from transportation - Increase environmental efficiency of buildings and cities	Climate change mitigation GHG emissions reduction and avoidance (<i>energy savings, alternative/renewable energy use, GHG reduction/substitution technologies</i>) Protection of Natural Resources Energy, resources, water savings, efficient land use	The definition is clear and the content is relevant, in line with ENELs strategy. The objectives are visible, relevant and measurable but partially precise due to the lack of quantitative targets.

In addition, Vigeo Eiris considers that the Eligible Green Projects categories align with the four following United Nations Sustainable Development Goals (UN SDGs):

Eligible Green Projects	UN SDGs
Renewable Energy Projects	<ul style="list-style-type: none"> - UN SGD 7. Affordable and clean energy - UN SDG 13. Climate action
Transmission, Distribution and Smart Grid Projects	<ul style="list-style-type: none"> - UN SDG 9. Industry, innovation and infrastructure - UN SDG 13. Climate action
Other Projects	<ul style="list-style-type: none"> - UN SDG 9. Industry, innovation and infrastructure - UN SDG 11. Sustainable cities and communities

Contribution to achieving the UN SDG 7. Affordable and clean energy



The UN SDG 7 consists in ensuring access to affordable, reliable, sustainable and modern energy for all, with targets by 2030 on the share of renewable energy in the global energy mix and the promotion of investment in energy infrastructure and clean energy technology. By using the Green Bond proceeds to (re)finance defined Renewable Energy projects, ENEL is contributing to the UN SDG 7, with regards to the above-mentioned targets.

Contribution to achieving the UN SDG 9. Industry, innovation and infrastructure



The UN SDG 9 consists in building resilient infrastructure, promoting sustainable industrialization and fostering innovation, with targets by 2030 on the development of quality, reliable, sustainable and resilient infrastructure, to support economic development, with a focus on affordable and equitable access for all, the promotion of inclusive and sustainable industrialization, the upgrade of infrastructure and the retrofit of industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies. By using the Green Bond proceeds to (re)finance defined Transmission, Distribution and Smart Grid and Other projects, ENEL is contributing to the UN SDG 9, with regards to the above-mentioned targets.

Contribution to achieving the UN SDG 11. Sustainable cities and communities



The UN SDG 11 consists in making cities and human settlements inclusive, safe, resilient and sustainable. Companies from the Electric & Gas utilities sector can contribute to this goal by increasing the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to climate change, resilience to disasters, improving their energy efficiency, reducing the carbon footprint of their products, services and processes, setting GHG emissions reductions targets. By using the Green Bond proceeds to (re)finance defined Eligible Green Other projects, ENEL is contributing to the UN SDG 11, with regards to the above-mentioned targets.

Contribution to achieving the UN SDG 13. Climate action



The UN SDG 13 consists in taking urgent action to combat climate change and its impacts. Companies from the Electric & Gas utilities sector can contribute to this goal by improving their energy efficiency, reducing the carbon footprint of their products, services and processes, setting GHG emissions reductions targets. By using the Green Bond proceeds to (re)finance defined Renewable Energy projects and Transmission, Distribution and Smart Grid projects, ENEL is contributing to the UN SDG 13, with regards to the above-mentioned targets.

Process for project evaluation and selection

Vigeo Eiris estimates that the process for project evaluation and selection is clearly defined. The process is good in terms of transparency and governance, and relies on relevant eligibility criteria. As a result, the process is considered aligned with the Green Bond Principles.

ENEL is committed to attest the transparency and efficiency of selection process and the responsible management of the proceeds and financed projects, through defined process and eligibility criteria as defined within the existing Green Bond Framework, which have been evaluated by Vigeo Eiris.

The process is good, regarding the transparency, governance and relevance of the defined internal process, in line with the Green Bond Principles guidelines.

The process for project evaluation and selection is clearly defined and formalised in ENEL's Green Bond Framework.

ENEL's process is reasonably structured:

- The evaluation and selection process is based on relevant internal expertise, internal roles and responsibilities are well-defined
 - ▶ ENEL has formally established a Green Bond Committee with the aim of:
 - ▶ overseeing the ENEL Green Bond implementation and allocation process;
 - ▶ reviewing the allocation to the projects to ensure it meets the Environmental and Social Criteria set forth in the ENEL Green Bond Framework;
 - ▶ validating the annual reporting referring to Eligible Green Project;
 - ▶ ensuring the appointment of an independent auditor to provide an annual assurance report.
 - ▶ The Committee consists of:
 - ▶ The Head of Finance and Insurance Holding, acting as Chairman;
 - ▶ The Head of Capital Markets;
 - ▶ The Head of Financial Governance;
 - ▶ The Head of Group Consolidation, ENEL S.p.A. and the Netherlands' Administration;
 - ▶ The Head of Sustainability & Other Countries Investor Relations Holding;
 - ▶ The Head of Sustainability Planning and Performance Sustainability Holding;
 - ▶ The Head of Planning & Control of the relevant Global Business Line from time to time involved in each project;
 - ▶ The Chief Operating Officer of ENEL Finance International.

The process relies on the following relevant eligibility criteria.

- The Eligible Green Projects shall:
 - ▶ be included in the investment plan, which is driven by the Strategic Plan 2018-20
 - ▶ belong to one of the identified Eligible Green Projects' categories
 - ▶ exclude any project related to nuclear energy
- A set of ESG criteria have been integrated in projects evaluation and selection.
- The verification and traceability is ensured throughout the process. The above mentioned process will be monitored along the entire period in which the expected capex/opex will be incurred. The Green Bond Committee will review the allocation to the projects to ensure it meets the Environmental and Social Criteria set forth in the Green Bond Framework.

The integration of environmental and social factors in the process is good, in line with ENEL's ESG performance, covering the management of the main ESG risks associated with the Eligible Green Projects.

- Relevant criteria and commitments have been defined within the ESG eligibility grid regarding:
 - ▶ ENVIRONMENT
 - Environmental strategy and Eco-design
 - 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
 - Respect for human rights standards and prevention of violations
 - Respect for labour rights
 - Employment conditions (labour relations, training, health and safety, respect of working hours)
 - Promotion of local social and economic development
 - Societal impacts of project
 - ▶ PROJECT GOVERNANCE - BUSINESS BEHAVIOR
 - Integration of environmental and social factors in the supply chain - Responsible procurement
 - Business ethics (prevention of corruption and money laundering, fraud, anti-competitive practices)
 - Audit & internal control

Management of proceeds:

Vigeo Eiris considers that ENEL’s rules for management of proceeds are clearly defined and would enable a documented and formalized transparent allocation process, aligned with the Green Bond Principles.

- EFI, the Issuer, will grant an amount equal to the net proceeds to ENEL’s subsidiaries in charge for the Eligible Green Projects via intercompany loans, with the purpose to (re)finance the disbursements in connection with the Eligible Green Projects.
- The Issuer expects to allocate the Green Bond proceeds towards Eligible Green Projects in a two-year period from the issue date of each Green Bond issuance.
- The overall share of refinancing (i.e. refinancing of projects disbursed within past 24 months prior to issuance) will be disclosed for each reporting.
- Pending the allocation, the net proceeds not yet allocated to Eligible Green Projects will be held temporarily by the Issuer in form of Cash, Time Deposit with Banks or Other form of available short term funding sources (i.e. Commercial Paper Programme, Bank Credit Line).
- ENEL will track investments of the proceeds allocated to Eligible Green Projects. This tracking is integrated into the annual financial reporting process.
- In the case of divestment or if a project no longer meets the eligibility criteria, the funds will be reallocated to other Eligible Green Projects.
- All the management of proceeds (allocation process) will be reviewed annually by external auditor until the maturity of the Bond.

Monitoring & Reporting

The process for monitoring and reporting has been clearly defined in the Green Bond Framework, including relevant people from across the Group, including at project level.

ENEL’s reporting commitments comply with the Green Bond Principles, covering both fund allocation and environmental benefits of financed projects. Vigeo Eiris considers that ENEL’s overall reporting commitments are good, leading to a reasonable level of assurance on ENEL’s capacity to regularly report on the Green Bond use and impacts.

The process for monitoring is clearly defined. The process for data collection, consolidation and reporting will rely on internal expertise, including relevant people from across ENEL, and has been defined in the responsibility matrix governing the Green Bond Committee.

The Planning & Control unit will manage the process of monitoring the progress status of Eligible Green Projects.

Annually and until the maturity of the Green Bond issued, ENEL is committed to make its Bond’s reporting publicly accessible, aligned with the Green Bond Principles.

- The reporting will be performed through ENEL’s website or ENEL’s Sustainability Report.
- The Green Bond Committee will review and approve the reporting.
- Reporting indicators and calculation methodologies will be defined and made publically available for each reporting.
- Projects will be added to the report once ENEL has approved and determined a project as an Eligible Green Project.

The selected reporting indicators related to the use of proceeds and the environmental benefits are relevant for the defined Eligible Green Projects categories, consisting in:

- Use of proceeds

Reporting indicators at project level	Reporting indicators at Bond level
<ul style="list-style-type: none"> - Project description, location, amount of allocated proceeds 	<ul style="list-style-type: none"> - Division of the allocation between financing and refinancing (i.e. share of refinancing) - Division of the allocation by category - The balance of unallocated cash and/or cash equivalent still held by the Issuer

- Environmental benefits:

Eligible Green Projects	Outputs reporting indicators	Impacts reporting indicators
Renewable Energy Projects	<ul style="list-style-type: none"> - Installed capacity (MW) - Electricity produced from renewable sources (MWh) 	<ul style="list-style-type: none"> - Greenhouse gases emissions avoided
Transmission, Distribution and Smart Grid Projects	<ul style="list-style-type: none"> - Number of smart meters installed - Number of renewable energy production units connected to the network - Storage capacity (GW) - Demand Response (GW) 	<ul style="list-style-type: none"> - Number of new users connected to the network - Reduction of grid losses and Greenhouse gases emissions avoided
Other Projects	<p>The KPI for this category will be identified according to the projects actually financed. Some examples of possible indicators are:</p> <ul style="list-style-type: none"> - Number of Public charging stations installed - Number of buildings renovated 	<p>The Issuer commits to report on the impact. Relevant indicators will be identified depending on the project.</p>

In order to report on the projects' benefits, ENEL may select alternative quantitative or qualitative indicators, to remain relevant to the selected Eligible Green Projects.

- Any major controversy (according to internal methodology based on severity, exposure and frequency of the case) on an Eligible Green Project related to ESG matters and information on key issues at stake and actions put in place by ENEL.
- Regarding monitoring and reporting on ESG management (i.e. additional ESG indicators) of each project, ENEL will report at corporate level on ESG risk management, through its annual Sustainability Report.
- Sustainability Planning and Performance Management, in coordination with Country Sustainability, collects the KPIs and consolidates the information at corporate level.
- Eligible Green Projects are fully integrated in each business unit, covered by the overall annual group reporting, which is disclosed in the annual Sustainability Report or through dedicated web pages, available on ENEL's website.
- Vigeo Eiris has recommended using defined qualitative and quantitative indicators to report at project level on the environmental and social risk management of the projects, depending on the available information and ESG matters relevance.

METHODOLOGY

In Vigeo Eiris' 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 organization, activity or transaction. In this sense, Vigeo Eiris writes an opinion on the Issuer's Corporate Social Responsibility as an organization, and on the objectives, management and reporting of the projects to be (re)financed by this transaction.

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

Vigeo Eiris reviewed information provided by ENEL, 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 will be considered as long as they are public, documented and traceable. Vigeo Eiris has reviewed documents and websites of the Issuer (Green Bond Framework, Strategic Plan 2018-20 presentation, Green Bond Committee's Organizational Communication and minutes of the first meeting, Global Infrastructure and Networks Guidelines on Integrated Management System, Code of Ethics, Human Rights Policy, Sustainability Report 2016, Sustainability Plan), related to the Bond evaluation and interviewed members from several departments of the Issuer.

Our research and rating procedures are subject to internal quality control at three levels (analysts, heads of cluster sectors, internal review by the audit department for second party opinions) complemented by a final review and validation by the Direction of Methods. A right of complaint and recourse is guaranteed to all companies under our review, including three levels: first, the team linked to the company, then the Direction of Methods, and finally Vigeo Eiris' Scientific Council. All collaborators are signatories of Vigeo Eiris' Code of Ethics.

Part I. ISSUER

NB: ENEL's performances, 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. Furthermore, this assessment has been completed by Vigeo Eiris Enterprise based on additional public information and stakeholders' views and opinion collected from public documentation.

Level of ENEL's ESG performance

ENEL has been evaluated by Vigeo Eiris on its Corporate Social Responsibility (CSR) performance, based on 25 relevant ESG drivers organized in the 6 sustainability domains. ENEL's performance has been assessed by Vigeo Eiris 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.
 - Scale for assessment of ESG performance: Advanced, Good, 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 3 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).

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, 15 controversial 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 controversial activity is based on:

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

Part II. ISSUANCE

The Green Bond framework has been evaluated by Vigeo Eiris according to the Green Bond Principles and our methodology based on international standards and sector guidelines applying in terms of ESG management and assessment.

Use of proceeds

The use of proceeds requirements are defined to ensure that the funds raised are used to finance and/or refinance, in whole or in part, an Eligible Green Project and are traceable within the issuing organisation. Each Eligible Green Project endorsed shall comply with at least one of the Eligible Green Projects category definition in order to be considered as an Eligible Green Project. Vigeo Eiris evaluates the relevance, visibility, and measurability of the associated environmental and/or social objectives. The sustainability purpose of the Green Bond related Eligible Green Projects has been precisely defined, with regard to ENEL's commitments, and assessed based on the described and estimated benefits of Eligible Green Projects. The contribution of Eligible Green Projects to sustainable development is evaluated based on the United Nations Sustainable Development Goals.

Process for project evaluation and selection

The evaluation and selection process has been assessed by Vigeo Eiris regarding its transparency, governance and efficiency. The relevance and exhaustiveness of selection criteria and associated supporting elements integrated in the Green Bond framework, and the coherence of the process are analysed based on material issues considered in Vigeo Eiris' methodology.

Management of proceeds

The rules for the management of proceeds and the allocation process have been evaluated by Vigeo Eiris regarding their transparency, coherence and efficiency.

Reporting

Reporting indicators, processes and methodologies are defined by the Issuer to enable annual reporting on fund allocation, environmental benefits (output and impact indicators) and on the responsible management of the Eligible Projects financed by the Green Bond proceeds, collected at project level and potentially aggregated at Bond level. Vigeo Eiris has evaluated the relevance of the reporting framework according to three principles: transparency, exhaustiveness and effectiveness.

- Scale of assessment for processes and commitments: Weak, Limited, Good, Advanced.
- Scale of level of assurance on Issuer's capacity: Reasonable, Moderate, Weak.

VIGEO EIRIS' ASSESSMENT SCALES

Performance evaluation		Level of assurance	
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.	Reasonable	Able to convincingly conform to the prescribed principles and objectives of the evaluation framework
Good	Convincing commitment; significant and consistent evidence of command over the issues. Reasonable level of risk management.	Moderate	Compatibility or partial convergence with the prescribed principles and objectives of the evaluation framework
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	Lack or unawareness of, or incompatibility with the prescribed principles and objectives of the evaluation framework
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.		



vigeo eiris
Rating

vigeo eiris
Enterprise

Vigeo Eiris is a global provider of environmental, social and governance (ESG) research to investors and public and private corporates. The agency evaluates the level of integration of sustainability factors into organisations' strategy and operations, and undertakes a risk assessment to assist investors and companies' decision-making

Vigeo Eiris offers two types of services through separate business units

- ▶ **Vigeo Eiris rating** offers databases, sector-based analyses, ratings, benchmarks and portfolio screening, to serve all ethical and responsible investment strategies.
- ▶ **Vigeo Eiris enterprise** works with organisations of all sizes, from all sectors, public and private in order to support them in the integration of ESG criteria into their business functions and strategic operations.

Vigeo Eiris methodologies and rating services adhere to the strictest quality standards and have been certified to the independent ARISTA® standard. Vigeo Eiris is an approved verifier for CBI (Climate Bond Initiative). Vigeo Eiris' research is referenced in several international scientific publications.

Vigeo Eiris is present in Paris, London, Boston, Brussels, Casablanca, Milan, Montreal, Santiago, Stockholm and Tokyo and has a team of 200. The agency works with partners through its Vigeo Eiris Global Network.

For more information: www.vigeo-eiris.com