

## ENEL FURTHER STRENGTHENS ITS CORPORATE GOVERNANCE

*After having adopted organisational measures to prevent corporate misconduct, the Corporate Governance Code and a strict Code of Ethics, the energy company has continued its efforts to bolster corporate controls to ensure maximum transparency and propriety.*

*The Board of Directors approves a code of conduct on internal dealing that envisages a reporting threshold that is half the level established by the Italian Stock Exchange.*

*The Chairman and the Managing Director assigned joint responsibility for overseeing internal auditing activities.*

**Rome, December 12, 2002** – Continuing its efforts to develop and strengthen its modern corporate governance structures, the ENEL Board of Directors met today under the chairmanship of Piero Gnudi to approve new measures regarding disclosure requirements for internal dealing, extend responsibility for overseeing internal auditing activities to the Chairman, affirm the independent and non-executive role of directors and supplement corporate governance structures.

The objective of these measures is to ensure transparency and propriety in the administration and management of the firm.

ENEL was the first company in Italy to adopt the **Organisational Model** set out in Legislative Decree 231/2001, which establishes the administrative responsibility (essentially criminal liability) of companies in order to prevent violations of company law and offences against the public administration. This year the company has adopted a **Code of Ethics** that, for example, prohibits Group companies from engaging the Group's external auditor or any member of the auditor's network to provide consulting services, and has also adopted the **corporate governance rules** set out in the Stock Exchange's Corporate Governance Code for listed companies (the "Preda Code").

Today's meeting of the ENEL Board focused on strengthening and supplementing these instruments.

### INTERNAL DEALING

The Board of Directors approved a code of conduct for the ENEL Group regarding internal dealing, in compliance with the regulatory provisions established by the Italian Stock Exchange and incorporated in the Corporate Governance Code.

These provisions establish that as from 1 January 2003 all listed companies shall disclose significant transactions involving financial instruments issued by such companies or their subsidiaries carried out by persons with significant decision-making powers in the company and who have access to price-sensitive information (so-called "relevant persons").

Compared with the rules established by the Stock Exchange, the ENEL Group's code of conduct stands out for the following provisions:

- the application of disclosure requirements regarding internal dealing for about 25 relevant persons in the Group (in addition to the directors, acting statutory auditors and the parent company's General Manager). In order to ensure a sufficiently flexible definition of relevant persons, the disclosure requirements can be extended to other persons that the Chairman or the Managing Director of ENEL S.p.A. may indicate;
- the reduction of the threshold for significant transactions to be reported to the market on a quarterly basis (from €50,000 to €25,000) and for those to be reported immediately (from €250,000 to €125,000);
- the application of disclosure requirements for the exercise of stock options or pre-emption rights by relevant persons;
- the prohibition of relevant persons from carrying out transactions (other than those involving stock options or pre-emption rights) in the 30 days preceding the approval of the annual and half-year financial statements by the company's Board of Directors. The Board may also establish other blocking periods during the year in concomitance with other significant events;
- the establishment of an appropriate system of penalties for relevant persons who violate the provisions of the code of conduct.

## **RESPONSIBILITIES OF THE CHAIRMAN WITH REGARD TO AUDITING ACTIVITIES**

The Chairman - who acts as guarantor of the implementation of an effective corporate governance system - was assigned joint responsibility with the Managing Director for overseeing the auditing system, which among other duties is charged with monitoring the operation of and compliance with the Organisational Model.

## **CODE OF CONDUCT**

The recommendations introduced with the Corporate Governance Code last July have been incorporated in the corporate governance structures of the parent company and the Group.

The Board acknowledged the non-executive role of all directors, with the exception of the Managing Director, and affirmed that such directors meet the requirements for independence (pursuant to the definition of non-executive and independent directors set out in articles 2 and 3 of the Corporate Governance Code).

It also redefined the responsibilities of the Internal Control Committee in line with the new provisions of article 10 of the Corporate Governance Code, assigning the Committee the additional duty of assessing the adequacy of the accounting principles adopted and their homogeneity for the purposes of drawing up the consolidated financial statements.

Finally, the Board ascertained that the principles of corporate governance adopted by ENEL are in conformity with the principles of substantive and procedural propriety recommended in article 11 of the Corporate Governance Code regarding transactions with related parties.

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