



## PRESS RELEASE

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## ENEL: GREATER FOCUS ON SUSTAINABILITY OBJECTIVES IN REMUNERATION POLICY FOR 2020

- *The weight of sustainability objectives increases from 25% to 30% for the short-term variable component and from 10% to 25% for the long-term component. Management commitment to achieve financial targets remains unchanged*
- *The Chief Executive Officer and top management reporting directly to him have pledged to donate an amount corresponding to the remuneration of two months, equal to the lockdown period in Italy, to support solidarity initiatives undertaken in response to the COVID-19 emergency*

**Rome, April 29<sup>th</sup>, 2020** – The Board of Directors of Enel S.p.A. (“Enel” or the “Company”), which met today under the chairmanship of Patrizia Grieco, upon proposal of the Nomination and Compensation Committee, has amended and integrated certain elements of the remuneration policy for 2020, subject to a binding vote of the Ordinary Shareholders’ Meeting convened on single call on May 14<sup>th</sup>, 2020 in order to increase the focus on the sustainability objectives to which the short-term variable component of the remuneration of the Chief Executive Officer/General Manager of the Company and the long-term variable component of the remuneration of the top management of the Enel Group is linked.

The health emergency connected to the COVID-19 pandemic - characterized by the rapid spread of the disease around the world beginning last March - has given rise to a series of complex short and medium-term scenarios that make it appropriate to give proper priority to the new operational challenges that the Group is facing in a profoundly modified socio-economic environment.

The safety and health of workers and a sustainable development model have always been among the priorities of the Enel Group. In light of the ongoing health emergency, it is therefore essential that the commitment to ensuring safety in the workplace and to fostering an economic recovery based on sustainable investment plans is appropriately reflected in management’s objectives.

To meet these needs as well as ensure business continuity in the short and medium term, a new sustainability objective has therefore been introduced in the short-term variable remuneration of the Chief Executive Officer/General Manager of Enel to measure the effectiveness of the actions taken by the Enel Group to deal with the ongoing health emergency. This objective, in particular, measures the Group’s ability to manage company operations remotely, wherever possible, and with innovative as well as safe means of operations in all other circumstances, therefore ensuring service continuity as well as excellent levels of operational efficiency. This new objective was assigned a weight equal to 15% of the total; moreover, it has been deemed appropriate to accompany the introduction of the aforementioned objective by an increase from 10% to 15% in the total weight of the objective linked to safety, which in the new scenario generated by the ongoing health emergency has acquired on an even more important role.



At the same time, it has been deemed that the economic recovery of the countries in which the Enel Group operates must be focused on sustainable development of which investments in renewable energy will be a fundamental driver. It was therefore considered appropriate to shift the objective represented by the ratio between the net consolidated installed capacity of renewable sources and the total net consolidated installed capacity to the long-term objectives of the variable remuneration of the top management of the Enel Group, assigning it a weight equal to 15% of the total. This objective, together with that related to the reduction of CO<sub>2</sub> emissions from the production plants of the Group (whose weight has been maintained at 10% of the total), is designed to spur the Group's effort in the decarbonization process, in line with the objectives set forth by the 2020-2022 Strategic Plan.

Therefore, the objectives connected with economic, social and environmental sustainability are given an overall weight of:

- 30% of the total within the short-term variable component of the remuneration of the Chief Executive Officer/General Manager of Enel; and
- 25% of the total within the long-term variable components of the remuneration of the top management of the Enel Group.

The above changes are described in detail in the tables presented below.

Taking account of the new operational challenges that the Enel Group is facing in a socio-economic context profoundly modified due to the health emergency connected with the COVID-19 pandemic, the rules of the short-term variable incentive program for 2020 reserved to the Chief Executive Officer/General Manager of the Company and of the long-term incentive plan for 2020-2022 reserved to the top management of the Enel Group have been amended to allow, during the final assessment of the respective objectives, the Board of Directors to evaluate, following an adequate analysis, whether to sterilize the effects of the pandemic on the achievement of the relevant objectives. This change makes it possible to pursue the objectives assigned in full compliance with the ethical values and sustainability principles that inspire Enel's action.

It should be noted that, in relation to items 9 and 10 on the agenda of the Ordinary Shareholders' Meeting convened for May 14<sup>th</sup>, 2020 on a single call, the updated text, respectively, (i) of the information document on the Long-Term Incentive Plan 2020 of Enel and (ii) of the Report on the remuneration policy for 2020 and compensations paid in 2019, highlighting the changes made to these documents, will be made available to the public at the Enel registered office, on the Company's website ([www.enel.com](http://www.enel.com)), and on the authorized storage mechanism called "eMarket STORAGE" ([www.emarketstorage.com](http://www.emarketstorage.com)).

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The Board of Directors also acknowledged and welcomed the commitment undertaken by Enel's CEO and General Manager Francesco Starace, as well as by the top managers reporting directly to him, to donate an amount corresponding to the remuneration of a two-month period, equal to the lockdown period imposed in Italy in response to the ongoing health crisis (equivalent to about 15% of annual remuneration). The funds will go towards supporting solidarity initiatives undertaken in response to the COVID-19 emergency. A similar pledge was made by Michele Crisostomo, whose appointment as Chair of the Enel Board of Directors was proposed by the shareholder Italian Ministry of Economy and Finance when presenting its slate of candidates for the Board of Directors in view of the Ordinary Shareholders' Meeting convened for May 14<sup>th</sup>, 2020.

This commitment, which follows up on a specific recommendation of the Nomination and Compensation Committee in the context of the remuneration policy for 2020, makes it possible to begin raising funds to



be disbursed to non-profit associations especially active in supporting those most affected by the social emergency caused by COVID-19. This crowdfunding initiative, announced by Enel on April 15<sup>th</sup>, will be progressively expanded to all Group personnel and will be supported by the Enel Cuore non-profit organization, which will match the funds raised. The food bank Fondazione Banco Alimentare Onlus, Caritas Italiana, the Community of Sant'Egidio ACAP Onlus, Italy's National Federation of Professional Nursing Orders (FNOPI) and the Italian Federation for Overcoming Disabilities (FISH) will benefit in particular from this initiative.



## Short-term variable remuneration of the CEO/General Manager of Enel

### Performance objectives <sup>(1)</sup>

Objectives set by the Enel Board on February 27 <sup>th</sup> , 2020	
Objective	Weight
Ordinary consolidated net income	35%
Group Opex	20%
Funds from operations/Consolidated net financial debt	<b>20%</b>
<b>Renewable sources net consolidated installed capacity/Total net consolidated installed capacity</b>	15%
Safety – Reduction of the work-related accident frequency index and simultaneous reduction of fatal accidents in 2020 vs the lower value between (i) the average of the result of the previous three-year period and (ii) the target of the previous year for each of the aforesaid criteria	<b>10%</b>

Amendments made by the Enel Board on April 29 <sup>th</sup> , 2020	
Objective	Weight
Ordinary consolidated net income	35%
Group Opex	20%
Funds from operations/Consolidated net financial debt	<b>15%</b>
<b>Managing COVID-19 emergency: remote management of operations</b>	15%
Safety – Reduction of the work-related accident frequency index and simultaneous reduction of fatal accidents in 2020 vs the lower value between (i) the average of the result of the previous three-year period and (ii) the target of the previous year for each of the aforesaid criteria	<b>15%</b>

### Performance scale

The performance scale of the objectives concerning Ordinary consolidated net income, Group Opex, Funds from operations/Consolidated net financial debt and Safety remains unchanged compared with that indicated in the Report on the remuneration policy for 2020 and compensations paid in 2019 currently published. The new objective connected with the management of the COVID-19 emergency will be measured in accordance with the following performance scale (with linear interpolation):

Objective	Measurement	Access threshold	Target	Overperformance
Management of COVID-19 emergency: remote management of operations	Average daily log-ins in the period March-December 2020 to the 10 main IT applications used within the Enel Group compared with the period January-February 2020	80%	84%	88%

<sup>(1)</sup> The amendments are shown in bold.



**Long-term variable remuneration of the CEO/General Manager of Enel  
and the top management of the Enel Group**

**Performance objectives <sup>(2)</sup>**

<b>Objectives set by the Enel Board on March 19<sup>th</sup>, 2020</b>	
<b>Objective</b>	<b>Weight</b>
Average TSR Enel vs. average TSR of EUROSTOXX Utilities Index - EMU in the 3-year period 2020-2022	50%
ROACE ( <i>return on average capital employed</i> ) cumulative for the 3-year period 2020-2022	<b>40%</b>
-	-
CO <sub>2</sub> grams emissions per equivalent KWh produced by the Group in 2022	10%

<b>Amendments made by the Enel Board on April 29<sup>th</sup>, 2020</b>	
<b>Objective</b>	<b>Weight</b>
Average TSR Enel vs. average TSR of EUROSTOXX Utilities Index - EMU in the 3-year period 2020-2022	50%
ROACE ( <i>return on average capital employed</i> ) cumulative for the 3-year period 2020-2022	<b>25%</b>
<b>Renewable sources net consolidated installed capacity/Total net consolidated installed capacity <sup>(3)</sup></b>	<b>15%</b>
CO <sub>2</sub> grams emissions per equivalent KWh produced by the Group in 2022	10%

**Performance scale**

The performance scale of the following objectives: Average TSR Enel vs. average TSR of EUROSTOXX Utilities Index - EMU in the 3-year period 2020-2022, ROACE cumulative for the 3-year period 2020-2022 and CO<sub>2</sub> grams emissions per equivalent KWh produced by the Group in 2022 remains unchanged compared with that indicated in the Report on the remuneration policy for 2020 and compensations paid in 2019, as well as in the information document on the Long-Term Incentive Plan 2020 of Enel currently published. The objective related to the ratio between the net consolidated installed capacity of renewable sources and the total net consolidated installed capacity will be measured in accordance with the following performance scale (with linear interpolation).

<b>Objective</b>	<b>Target</b>	<b>Overperformance I</b>	<b>Overperformance II</b>
Renewable sources net consolidated installed capacity/Total net consolidated installed capacity	59.7%	59.9%	60.0%

<sup>(2)</sup> The amendments are shown in bold.

<sup>(3)</sup> Objective previously included in those for the short-term variable remuneration of the CEO/General Manager of Enel.