



**REPORT ON CORPORATE GOVERNANCE
AND OWNERSHIP STRUCTURE**

(approved by the Board of Directors of Enel S.p.A. on March 16, 2017)

- YEAR 2016 -
www.enel.com

(Drawn up pursuant to Articles 123-*bis* of the Consolidated Financial Act
and 144-*decies* of CONSOB Issuers' Regulation)

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Report on corporate governance and ownership structure

ENEL: CORPORATE GOVERNANCE PROFILE AND STRUCTURE

Enel S.p.A. (“Enel” or the “Company”) is the parent company of a multinational group that is one of the worldwide leaders in the electricity and gas sector, with a particular focus on Europe and Latin America (the “Enel Group” or the “Group”). The Group operates in more than 30 countries (in 4 continents),

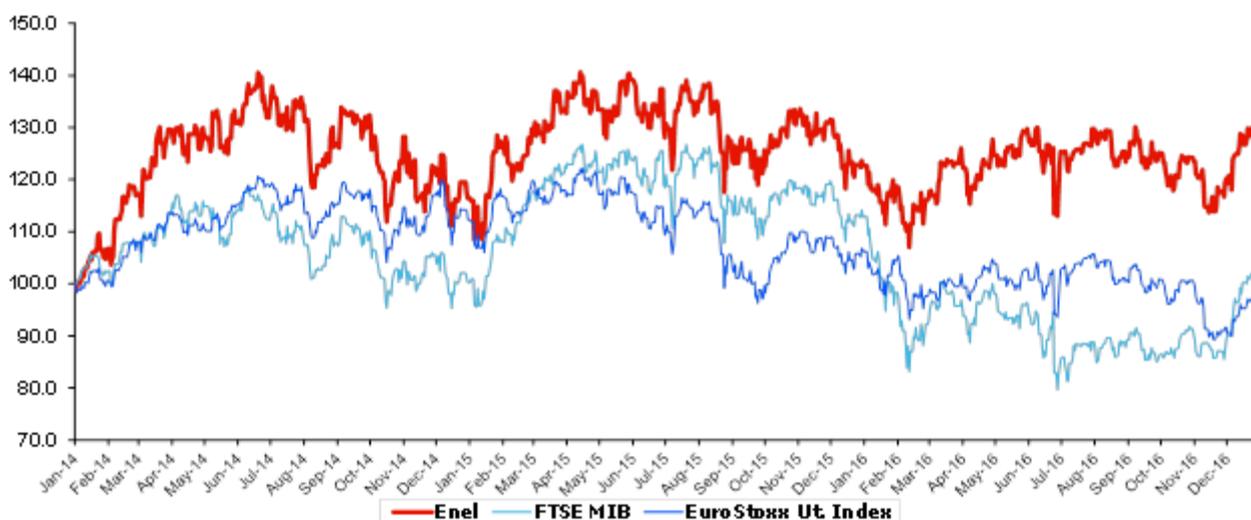
producing energy through a net installed capacity of about 83 GW and distributing electricity on a network of approximately 1.9 million kilometres. The Group has the largest customer base among European operators in the sector with approximately 62 million customers throughout the world.

A. KEY DATA OF THE ENEL GROUP

(in millions of euros)

Data	2016	2015	Change
EBITDA	15,276	15,297	-0.14%
Group net income	2,570	2,196	+17.03%
Net financial debt (as of December 31)	37,553	37,545	+0.02%
Capitalisation (as of December 31)	40,910	37,220	+9.91%
Employees (as of December 31)	62,080	67,914	-8.59%

Performance of Enel’s stock compared to the FTSE MIB index and Euro Stoxx Utilities Index from January 1, 2014 to December 31, 2016 (base 100)



Source: Bloomberg data

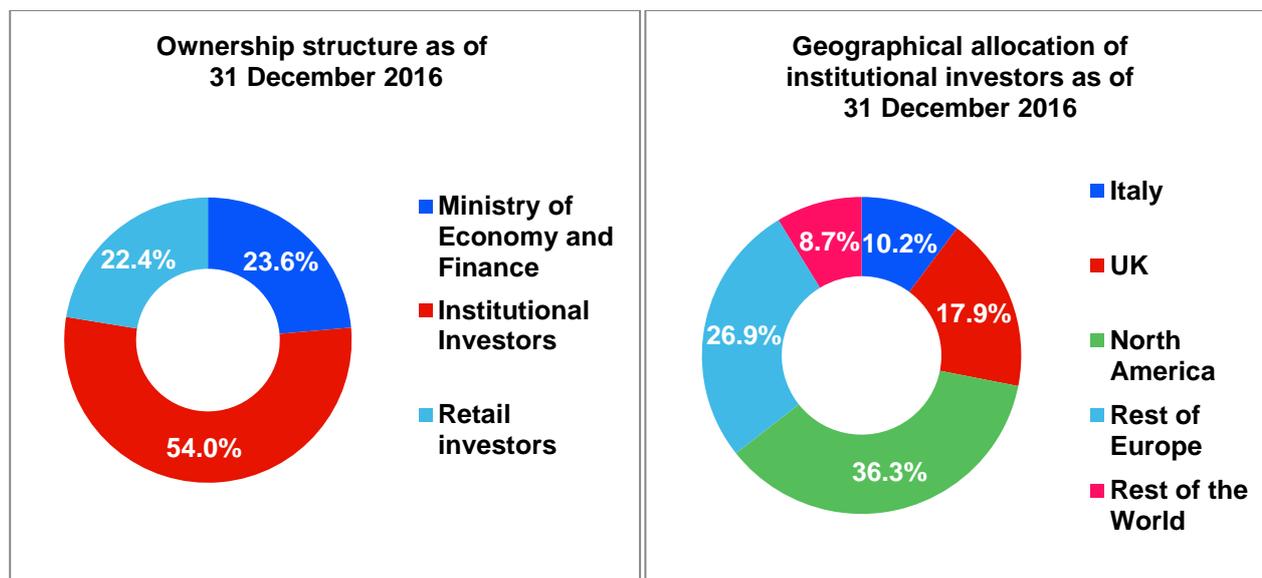
B. Ownership structure

Since 1999 Enel is listed on the Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A. and has the highest number of shareholders of all Italian companies (over 950,000 counting both retail and institutional investors). Enel’s shareholders include the most important international investment funds, insurance companies, pension funds and

ethical funds, also thanks to the implementation by Enel and the Group of the best international practices on transparency and corporate governance.

In addition, as of the date of this report, the Enel Group includes 13 listed companies whose shares are

listed on the Argentine, Brazilian, Chilean, Peruvian, Russian, Spanish and United States Stock Exchanges.



C. Corporate governance model

The corporate governance structure of Enel complies with the principles set forth in the Corporate Governance Code for listed companies ⁽¹⁾ (the “Corporate Governance Code”), as last amended in July 2015, adopted by the Company. The aforementioned corporate governance structure is also inspired by CONSOB’s recommendations on this matter and, more generally, international best practice.

The corporate governance system adopted by Enel and its Group is essentially aimed at creating value for the shareholders over the medium-long term, taking into account the social importance of the Group’s business operations and the consequent need, in conducting such operations, to adequately consider all the interests involved.

In compliance with the current legal framework applicable in Italy to listed companies, the organizational structure of the Company includes:

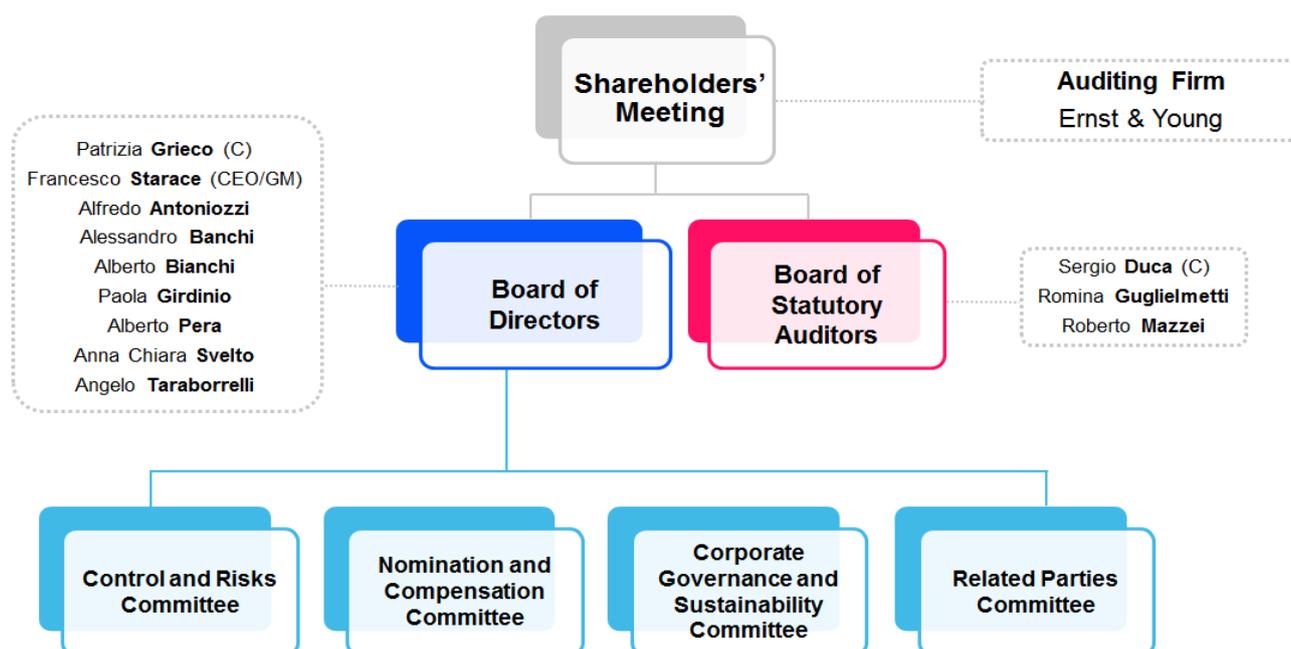
- a board of directors responsible for managing the Company;
- a board of statutory auditors responsible for monitoring (i) the Company’s compliance with the law and bylaws, as well as compliance with proper management principles in the carrying out of the Company’s activities, (ii) the process

of financial disclosure and the adequacy of the Company’s organizational structure, internal auditing system, and administration and accounting system, (iii) the audit of the stand-alone and the consolidated financial statements and the independence of the external auditing firm and, lastly (iv) how the corporate governance rules provided by the Corporate Governance Code are actually implemented;

- a shareholders’ meetings, called to resolve – in either an ordinary or extraordinary session – among other things, upon: (i) the appointment or removal of members of the board of directors and the board of statutory auditors, as well as their compensation and responsibilities, (ii) the approval of financial statements and the allocation of net earnings, (iii) the purchase and sale of treasury shares, (iv) stock-based compensation plans, (v) amendments to the Company’s bylaws, and (vi) the issue of convertible bonds.

The external audit of the accounts is entrusted to a specialized firm enrolled in the relevant registry and appointed by the shareholders’ meeting, upon a reasoned proposal by the board of statutory auditors.

⁽¹⁾ The code is available in its current edition on Borsa Italiana’s website (<http://www.borsaitaliana.it/comitato-corporate-governance/codice/2015engclean.en.pdf>).



D. Composition of the board of directors and the committees

The following tables set forth, in short, the main data on the composition of the current² board of directors and board committees.

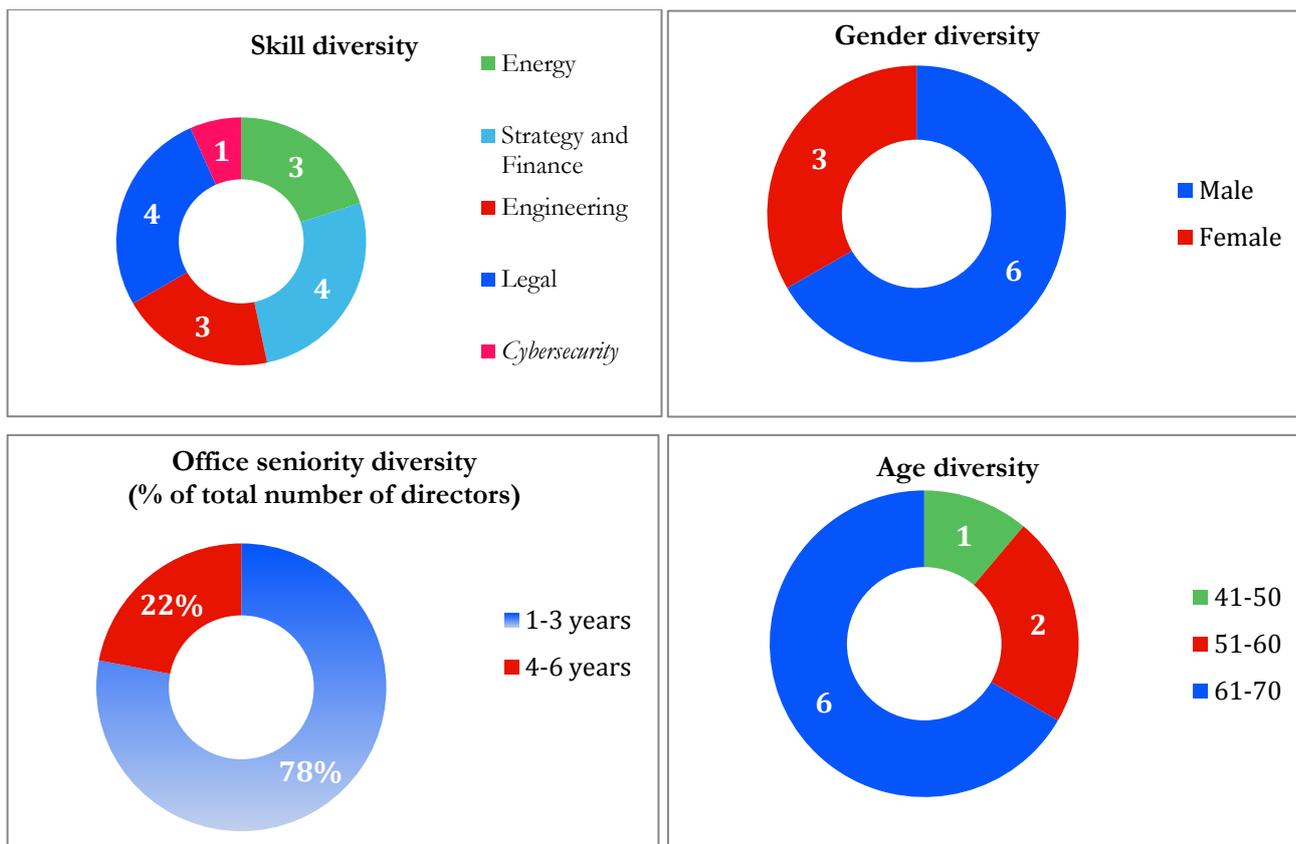
Composition of the current Board of Directors							
Director	Office	Role	M/m	CRC	NCC	RPC	CGSC
Patrizia Grieco	Chairman	Non-executive	M				✓ (C)
Francesco Starace	CEO/GM	Executive	M				
Alfredo Antoniozzi	Director	Independent	(²)			✓	✓
Alessandro Banchi	Director	Independent	m		✓ (C)	✓	
Alberto Bianchi	Director	Independent	M			✓ (C)	✓
Paola Girdinio	Director	Independent	M	✓	✓		
Alberto Pera	Director	Independent	M	✓	✓		
Anna Chiara Svelto	Director	Independent	m	✓	✓		
Angelo Taraborrelli	Director	Independent	m	✓ (C)		✓	

CEO/GM: Chief Executive Officer/General Manager
M/m: Drawn from the Majority/minority slate
CRC: Control and Risk Committee
C: Chairman of the Committee

NCC: Nomination and Compensation Committee
RPC: Related Parties Committee
CGSC: Corporate Governance and Sustainability Committee

² It should be noted that, following the resignation submitted by director Salvatore Mancuso (appointed by the shareholders' meeting held on May 22 2014 based on the slate presented by the Ministry of Economy and Finance in its capacity as shareholder) in the month of November 2014, the shareholders' meeting held

on May 28, 2015 appointed Mr. Alfredo Antoniozzi, pursuant to Article 2386 of the Italian Civil Code, as member of the board of directors, upon proposal of the same shareholders Ministry of Economy and Finance.



Changes with respect to the previous mandate			
	Current mandate	Previous mandate	FTSE/MIB ¹
Number of directors	9	9	12.8
Directors designated by the minority	3 (33.3%)	3 (33.3%)	2.3 (18.8%)
Female members of the B.o.D.	3 (33.3%)	0	32.0% ²
Independent directors under the Corporate Governance Code	7 (77.7%) ³	6 (66.6%)	6.1 (47.6%)
Average age of directors	62	61	59.3
Seniority in office (in years)	3.6	6	N.A.
Executive status of the Chairman	no	yes	-
Lead independent director	no	no	-

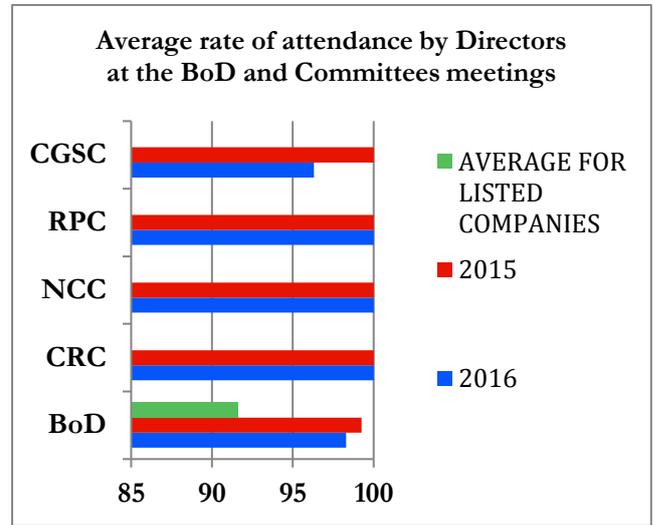
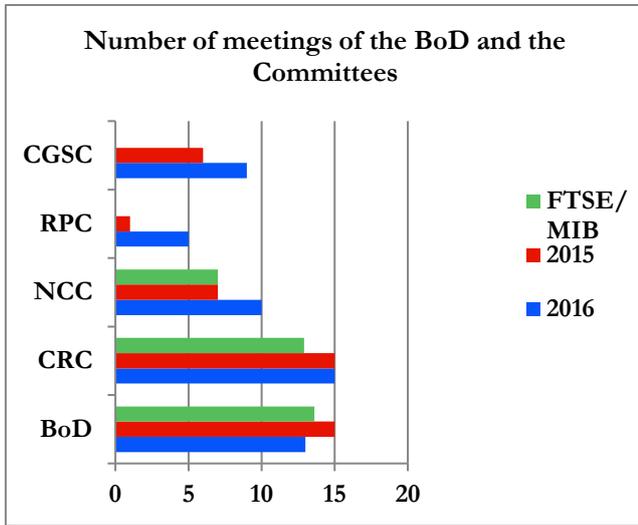
¹ Source: Assonime, Note Studi 18/2016, “La Corporate Governance in Italia: autodisciplina, remunerazioni e comply-or-explain (anno 2016) - Corporate Governance in Italy: Compliance, Remunerations and Quality of the Comply-or-Explain (Year 2016)”, November 2016.

² Source: Consob, “Report on corporate governance of Italian listed companies”, December 2016.

³ It should be noted that the number of directors who are independent under the Consolidated Financial Act is equal to 8.

E. Functioning of the board of directors and committees

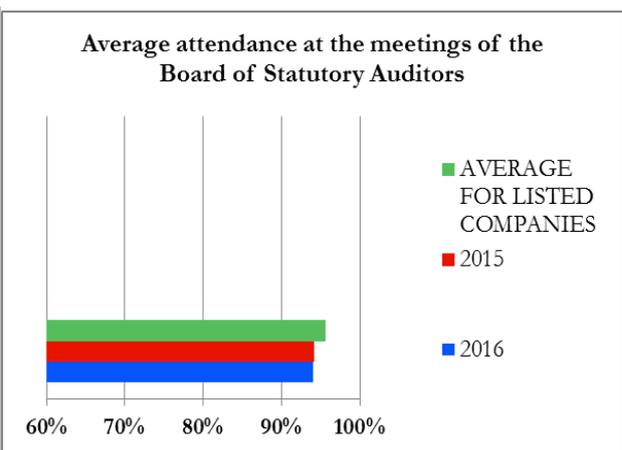
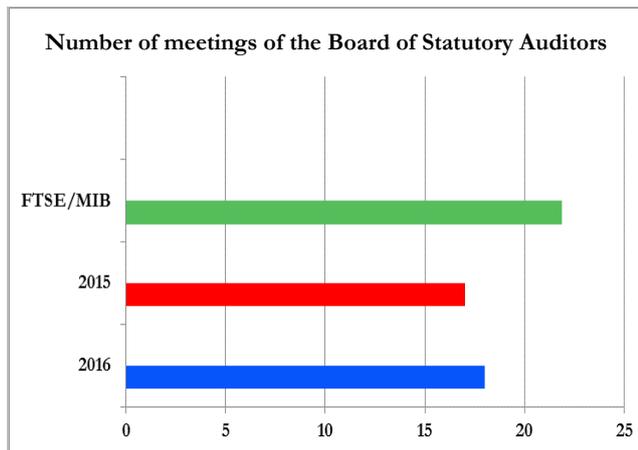
The following graphs provide a summary of the main data on the functioning of the board of directors and the board committees during 2016.



Board review process	Completion	Type of evaluation	Reviewer
Board review 2016	Yes	Independent	Management Search

F. Control and risk system

The following tables provide a summary of the main data on the functioning of the board of statutory auditors during 2016.



Main elements of the risk control system	Yes/No
Existence of a document setting forth the guidelines of the internal control and risk management system	Yes
Existence of a Mandate of the Audit Function approved by the Board of Directors	Yes
Existence of special organizational structures in charge of risk management activities	Yes
Annual assessment on the compatibility of the business risks with a management of the business that is consistent with the strategic objectives identified	Yes
Preparation of specific compliance programs (231 Model, Zero Tolerance for Corruption, Human Rights Policy, <i>etc.</i>)	Yes
Preparation of a contingency plan in order to ensure the normal management of the Company in the event of “crisis management” (<i>i.e.</i> early cessation of the Chief Executive Officer before the expiry of the ordinary term of office)	Yes

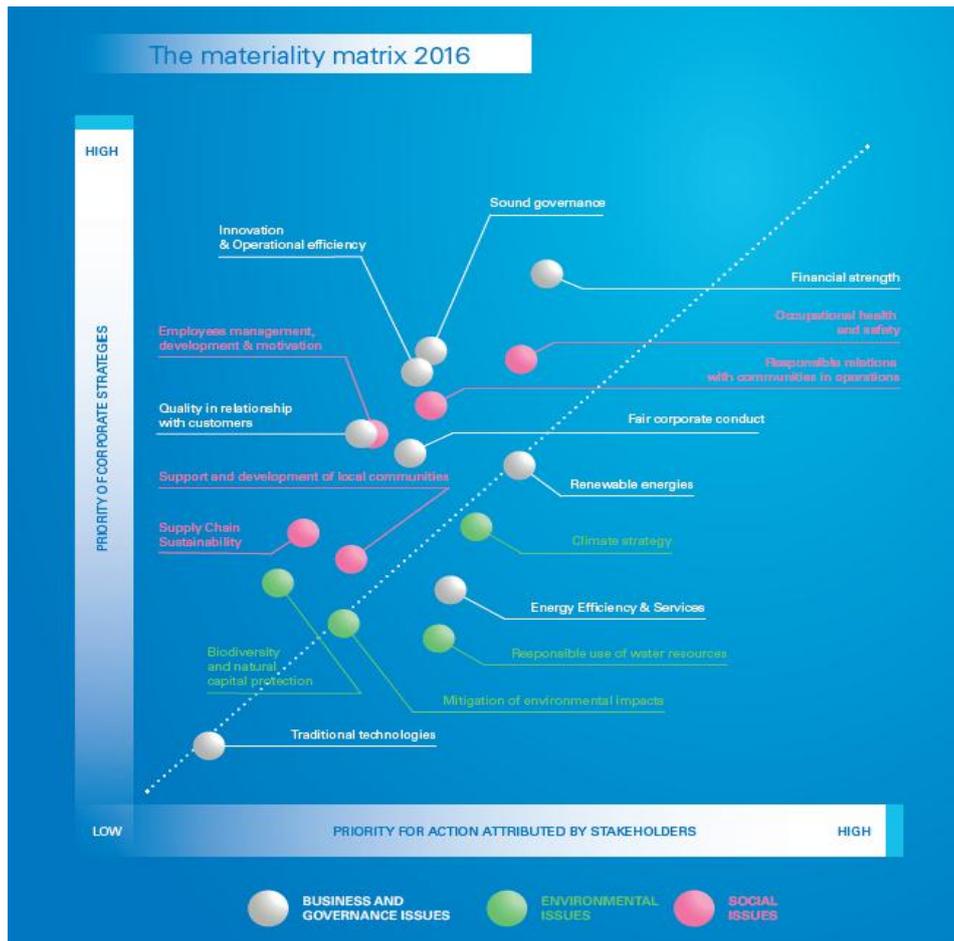
The following chart identifies and summarizes the main risks to which the Enel Group is exposed, as well as of the main activities carried out to mitigate their effects and ensure that they are adequately managed. For a more detailed analysis, please refer to the 2016 Annual Report, which is available at the company’s registered office and on the corporate website (www.enel.com).

Enel – report on corporate governance and ownership structure for year 2016

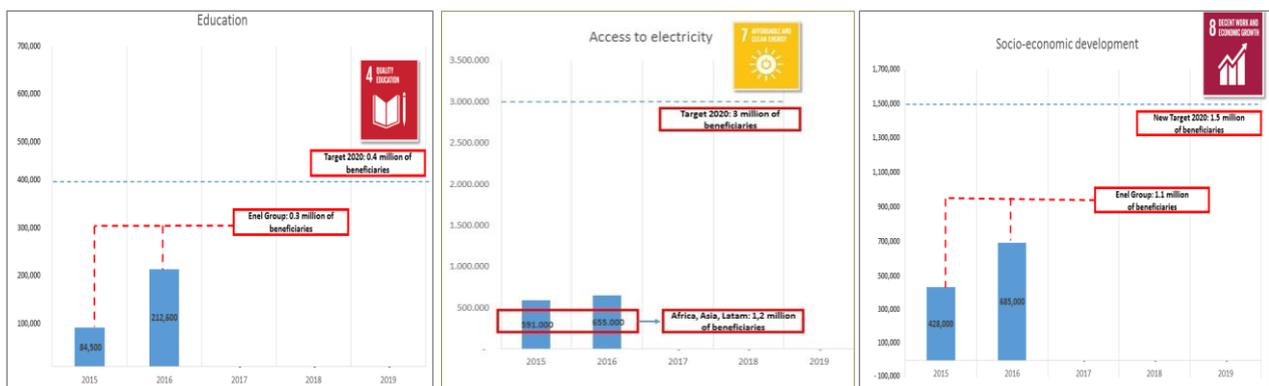
MAIN RISKS	BASELINE SCENARIO AND RISK DESCRIPTION	MITIGATION ACTIONS AND RELATED STRATEGIC OBJECTIVES
Risks connected with the processes of market liberalization and with the regulatory changes	Gradual liberalization in the electricity and natural gas trading business. Increasing of the competitive pressure, with a potential loss of market stocks. Regulated regimes concerning the distribution and transmission businesses. Exposure to non-favourable regulatory changes and, more in general, to the instability of the regulatory framework, which may jeopardize the expected investment return or limit their realization.	Expanding the range of value-added products and services with a greater drive for technological innovation. Managing carefully the relationship with government and regulatory bodies to remove the sources of instability in the regulatory framework, and preserving the value of assets and securing an adequate investment return.
Risks connected with CO ₂ emissions	Regulatory approach increasingly restrictive and uncertainty on future legal framework changes. Increase of burdens for the electricity market, according to the regulation concerning the CO ₂ emission.	Monitoring the development and implementation of European and Italian Legislation. Upgrading the environmental performance of the plants, increasing their efficiency. Diversification of the mix production to encourage the use of technologies and sources with low-emission levels (ex. renewables energies).
Risks connected with commodity prices and supply continuity	Exposure to the prices volatility of energy commodities and electricity on international markets, which may significantly affect the business results.	The commodity risk management policy aims at protecting margins by: - using derivative instruments to hedge against such exposure; - contracting in advance the sourcing of fuels and the sales of electricity and gas to clients; - diversifying the supply sources, in terms of suppliers and geographical areas.
Exchange rate risk	Exposure to several currencies other than euro due to: - geographical diversification of the Group; - access to international financial markets by issuing debt instruments in foreign currencies; - exposure to commodities with different currencies.	The exchange rate risk management policy envisages to ensure the systematic coverage of exposures through hedging strategies that typically involve the use of derivatives.
Interest rate risk	Exposure to volatility of interest rates and of credit spreads volatility on international markets arising from: - variability of the funding conditions for new debts; - variability of interest rates related to floating rate indebtedness.	The interest rate risk management policy aims at limiting the costs of funding and its volatility over time, even through contextual or early hedging of exposures by derivative instruments.
Credit risk	Exposure arising from changes in the creditworthiness of counterparties which cause: - an increase in the average payment times for trade receivables or insolvency and payment default (default risk); - deterioration of the market value of the creditor position (spread risk).	The credit risk management policy provides for: - a preliminary evaluation of the creditworthiness of counterparties, a continuous supervision on current exposures and adoption of portfolio diversification strategies; - adoption of instruments for risks mitigation, such as the acquisition of collateral securities and guarantees, and execution of assignments of receivables for specific segments of clients; - adoption of standard framework agreements and application of netting agreements for counterparties in financial instruments.
Liquidity risk	Risk that the Enel Group, although solvent, could not promptly fulfil its obligations except if at unfavourable economic conditions due to situations of financial distress or systemic crisis (e.g. credit crunch, sovereign debt crisis) or to changed perception by the market about Group riskiness.	The liquidity risk management policy provides for: - the maintenance of an adequate level of promptly available resources; - the diversification of the funding sources and the maintenance of a balanced profile of debt maturities.
Rating-related risks	The risk of limited access to capital markets and/or of increase of the funding costs due to a possible downgrading of credit rating by specialized credit rating agencies.	Continuous effort by the Enel Group to strengthen its capacity to generate cash and maintain a sustainable level of net financial indebtedness in order to ensure the maintenance of an adequate credit rating.
Country risk	The strong international presence of the Group - with revenues which come from foreign countries for more than 50% by now - exposes the Group itself to possible negative impacts over income flows and over the protection of company's assets arising from macro-economic, financial, geo-politics and social risks connected with the operations in a specific Country.	Definition and implementation of a strategy for the geographical diversification, also supported by econometric models for the evaluation of the Country risk.
Industrial and environmental risks	Risks connected to: - extreme climatic events; - problems related to the steps of construction and operation of the assets.	Use of adequate prevention and protection strategies, such as: - adoption of policies and internal procedures; - implementation of the Environmental Management Systems (EMS); - plants certifications according to the international standards (ISO14001 and EMAS).

G. Analysis of priorities and determination of sustainability targets

In order to identify the Group’s priority actions on sustainability, over the last several years Enel has been carrying out an analysis of priorities (the so called “materiality analysis”), based on the guidelines laid down by the most used international standards such as the Global Reporting Initiative. The aim is to map and assess priorities among those matters of interest for the Enel Group’s main stakeholders, crossing them with the business strategy and the priority actions of the Group itself. The targets to be included in the Group’s Strategic Plan are determined based on the results of the materiality analysis; activities and projects developed by the corporate functions of the Group, as detailed in the Sustainability Plan, contribute to the achievement of such targets. The following schedule shows the priorities matrix as reported in 2016 Sustainability Report.



Enel’s commitment in relation to United Nations Sustainable Development Goals



SECTION I: OWNERSHIP STRUCTURE

1. Ownership structure

1.1 Share capital structure

The Company’s share capital consists exclusively of ordinary shares with full voting rights at both ordinary and extraordinary shareholders’ meetings. At the end of 2016 (and as of the date of this report), Enel’s share capital amounted to Euro 10,166,679,946, comprised of the same number of ordinary shares having a par value of Euro 1 each, which are listed on the Mercato Telematico Azionario organized and managed by Borsa Italiana.

1.2 Major shareholdings and shareholders’ agreements

Based upon the entries in Enel’s shareholders’ ledger, reports made to CONSOB and received by the Company, and other available information, as of the date of this report the Company’s shareholders holding a stake exceeding 3% of the Company’s share capital are:

Principal shareholders	% of the share capital
Ministry of the Economy and Finance	23.59%
BlackRock Inc.	5.05%

To the Company’s knowledge, no shareholders’ agreements referred to in the Consolidated Financial Act exist with regard to Enel’s shares.

The Company is subject to the *de facto* control of the Ministry of the Economy and Finance, which has sufficient votes to exercise a dominant influence at Enel’s ordinary shareholders’ meetings; however, the above-mentioned Ministry is not in any way involved in managing and coordinating the Company, since the Company makes its management decisions on a fully independent basis in accordance with the structure of duties and responsibilities assigned to its corporate bodies; the foregoing is confirmed by Article 19, paragraph 6, of Law Decree No. 78/2009 (subsequently converted into Law No. 102/2009), which clarified that the regulations contained in the Italian Civil Code regarding the management and coordination of companies do not apply to the Italian Government.

1.3 Limit on the ownership of shares and voting rights

In implementing the provisions of the legal framework on privatizations, the Company bylaws provide that with the exception of the government, public bodies, and parties subject to their respective control, no shareholder may own, directly or indirectly, Enel shares representing more than 3% of its share capital.

The voting rights attaching to the shares owned in excess of the aforesaid limit of 3% may not be exercised, and the voting rights to which each of the parties affected by the limit on share ownership would have been entitled will be proportionately reduced, unless there are prior joint instructions from the shareholders involved. In the event of non-compliance, resolutions passed by shareholders’ meetings may be challenged in court if it is found that the majority required would not have been attained without the votes expressed in excess of the above-mentioned limit.

Under the legal framework on privatizations, as subsequently amended, the provisions of the bylaws concerning the limit on share ownership and voting rights will no longer be effective if the 3% limit is exceeded following a takeover bid following which the bidder holds shares representing at least 75% of the capital with the right to vote on resolutions regarding the appointment and removal of directors.

There are no restrictions in relation to the transfer of Enel shares, such as the necessity to obtain a prior approval by the Company or other holders of securities.

1.4 Special powers of the Italian Government

On the basis of the provisions of Presidential Decrees No. 85 and No. 86 issued on March 25, 2014, the legal framework on the special powers of the Italian Government in strategic sectors (set forth in Law Decree No. 21 of March 15, 2012, converted into law with modifications by Law No. 56 of May 11, 2012) does not apply to Enel, since the latter and the companies of its Group as of the date hereof do not possess any of the assets qualified as strategic under such Presidential Decrees.

During 2014, the clause set forth in Article 6.2 of the Company bylaws therefore ceased to be effective (and was deleted). Previously such clause assigned to the Minister of the Economy and Finance, in agreement with the Minister of Industry, certain special powers provided under the legal framework on privatizations.

1.5 Employee-shareholdings: mechanism for exercising voting rights

The Consolidated Financial Act recommends that the bylaws of listed companies contain provisions aimed at simplifying the exercise of voting rights through proxy by employee-shareholders, thus fostering their participation in the decision-making process at shareholders’ meetings.

In such respect, since 1999, Enel bylaws expressly provide that for purposes of simplifying the collection of proxies by the employee-shareholders

of the Company and its subsidiaries, who are affiliated with shareholders' associations which comply with the requirements imposed under applicable laws, areas for communication and for the collection of proxies shall be made available to such associations, pursuant to the terms and modalities to be agreed upon from time to time with their legal representatives.

In March 2008, the Company was informed of the establishment of an employee-shareholders' association called *A.D.I.G.E. – Associazione Azionisti Dipendenti Gruppo Enel* (Association of Employee-Shareholders of Enel Group), which meets the requirements set forth in the Consolidated Financial Act and is subject to the above-mentioned bylaws provisions.

1.6 Appointment and replacement of directors and amendments of the bylaws

The rules that regulate the appointment and replacement of directors are examined in the second section of this document (under "Board of Directors – Appointment and replacement").

With regard to the rules applicable to amendments to the bylaws, extraordinary shareholders' meeting resolve on the same, in accordance with the relevant majorities provided for by law.

As permitted by law, however, the Company bylaws assign to the board of directors' authority on all resolutions concerning:

- mergers by incorporation of wholly-owned or at least 90% owned companies, as well as demergers of such companies;
- the establishment or closing of secondary offices/branches;
- the selection of directors with powers to represent the Company;
- the reduction of the share capital in the event that one or more shareholders should withdraw;
- the harmonization of the bylaws with applicable provisions of law;
- moving the registered office to a different location within Italy.

1.7 Authorizations to increase the share capital and to buy back shares

As of the date of this report, the board of directors has not been authorized to increase the share capital nor has it been authorized to issue participating financial instruments or to buy back shares.

1.8 Change-of-control clauses

A) The Forward Start Facility Agreement

In February 2013, Enel and its subsidiary Enel Finance International N.V. entered into a credit line agreement with a pool of banks for a total amount of Euro 9.44 billion, which became available in March 2014 following the simultaneous cancellation of the Revolving Credit Facility Agreement entered into in April 2010. In February 2015, the above credit line agreement was amended and the relative expiration date was set in February 2020. As of December 2016, the above credit line had not been used.

The agreement makes specific provisions for events of change of control in which (i) control of Enel is acquired by one or more parties other than the Italian Government or (ii) Enel or any of its subsidiaries contributes (including through mergers) a substantial portion of the assets of the Group to parties that are not part of the latter, such that the Group's creditworthiness is significantly compromised in the opinion of the aforementioned pool of banks. Specifically, if one of such hypothetical change of control events should occur:

- each bank belonging to the pool may propose to renegotiate the terms and conditions of the agreement or communicate its intention to withdraw from the agreement;
- Enel and its subsidiary Enel Finance International N.V. may decide to repay in advance the sums received and to cancel, without incurring any penalties, the entire financial commitment assumed by each bank belonging to the pool (i) with which the renegotiation of the terms and conditions of the credit agreement has not been successful or (ii) that has notified its intention to withdraw from the agreement;
- each of the latter banks belonging to the pool may demand the early repayment of the sums disbursed and the cancellation of the entire financial commitment undertaken;
- in the event that none of the banks belonging to the pool either proposes to renegotiate the terms and conditions of the agreement or communicates its intention to withdraw from the contract, the Forward Start Facility Agreement shall remain in full force and effect in accordance with the terms and conditions originally agreed.

B) The credit facility agreements entered into with Unicredit S.p.A.

In July 2013, Enel entered into a revolving credit facility agreement with Unicredit S.p.A. for a total amount of Euro 800 million, divided into two tranches, of which Tranche A, for a maximum amount equal to Euro 400 million and falling due at

24 months, and Tranche B, also for a maximum amount equal to Euro 400 million and falling due at 36 months.

In April 2014 and July 2015, the above Tranche A and B were cancelled and replaced by two new revolving credit facility agreements for an amount equal to Euro 550 million with expiration date in April 2018 and Euro 450 million with expiration date in July 2020 respectively. As of December 2016, these credit lines had not been used.

In July 2016, Enel and Unicredit S.p.A. entered into a medium/long-term credit facility agreement in cash for a maximum amount of Euro 500 million overall with expiration date in July 2020. As of December 2016, such credit line has been used for Euro 50 million.

All the above mentioned agreements provide that in the event that control over Enel is acquired by one or more parties other than the Italian Government, such change of control over Enel shall be timely notified to Unicredit S.p.A. In the event that Unicredit S.p.A. deems that the change of control may adversely affect Enel's capacity to fulfil its obligations under the revolving credit facility agreement, it has the right to prevent Enel from using the funds provided under the facility agreement and the reimbursement of the amounts already drawn.

C) The EIB loan to Enel Produzione

In order to increase its investment in the field of renewable energy and environmental protection, in June 2007, the subsidiary Enel Produzione S.p.A. entered into a loan agreement with the European Investment Bank ("EIB") for up to Euro 450 million (amount that the parties subsequently agreed to reduce to Euro 400 million), which expires in July 2027. As of December 2016, following the reimbursements paid, the outstanding loan results to be equal to Euro 293 million.

This agreement provides that both Enel Produzione S.p.A. and Enel are obliged to inform the EIB of any changes in their control. If it deems that such changes could have negative consequences on the creditworthiness of Enel Produzione S.p.A. or Enel, EIB may demand additional guarantees, changes in the agreement, or alternative measures that it considers satisfactory. If Enel Produzione S.p.A. does not accept the solutions proposed, EIB shall be entitled to unilaterally terminate such loan agreement.

D) The EIB loans to Enel Distribuzione

In order to develop the process of making its electricity grid more efficient, in November 2006 the

subsidiary Enel Distribuzione S.p.A. entered into a loan agreement with the EIB for an amount of Euro 600 million, which expires in December 2026. As of December 2016, following the reimbursements paid, the outstanding loan results to be equal to Euro 400 million.

Such agreement is backed by a guarantee agreement entered into by the EIB and Enel, which provides that Enel, in its capacity as guarantor of the loan, is obliged to inform the EIB of any changes in its control structure. After receiving such notification, the EIB will examine the new circumstances in order to decide upon a possible change in the conditions governing such loan to Enel Distribuzione S.p.A.

E) The Cassa Depositi e Prestiti loan to Enel Distribuzione

In April 2009, Enel Distribuzione S.p.A. entered into a framework loan agreement with Cassa Depositi e Prestiti S.p.A. ("CDP") for an amount of Euro 800 million, which will expire in December 2028. The aforementioned agreement is also aimed at developing the process of making the power grid of such subsidiary more efficient. In 2011, the parties entered into two extensions to the framework loan agreement for a total amount of Euro 540 million. As of December 2016, following the reimbursements paid, the outstanding loan results to be equal to Euro 1,072 million.

This agreement is also accompanied by a guarantee agreement entered into by CDP and Enel, according to which Enel, as guarantor of the aforesaid loan, is obliged to inform CDP (i) of any change in the composition of the capital of Enel Distribuzione S.p.A. that could entail the loss of control of said company, as well as (ii) of any significant deterioration in Enel Distribuzione S.p.A.'s and/or Enel's financial condition, balance sheet, income statement, cash flow, or operations or prospects. The occurrence of any of such circumstances may give rise to an obligation for Enel Distribuzione S.p.A. to repay immediately to CDP the loan received.

1.9 Compensation owed to directors in the event of early termination of the relationship, including as the result of a takeover bid

The payment package due to the chief executive officer (that is also the general manager) of Enel includes an end of mandate severance indemnity, which is also granted in the event of early termination of the directorship relationship following resignation for cause or revocation without cause.

For a detailed description of such payment please see the first section of the remuneration report available

to the public at the Company's registered office and on the Company's website (www.enel.com), in compliance with the terms of applicable laws.

No specific indemnities are otherwise due in the event that the relationship with any member of the board of directors should terminate following a takeover bid.

SECTION II: IMPLEMENTATION OF THE RECOMMENDATIONS OF THE CORPORATE GOVERNANCE CODE AND ADDITIONAL INFORMATION

1. Board of Directors



From left: Alessandro Banchi, Paola Girdinio, Angelo Taraborrelli, Patrizia Grieco, Francesco Starace, Alberto Bianchi, Anna Chiara Svelto, Alberto Pera and Alfredo Antoniozzi

1.1 Current composition and term

The board of directors in force as of the date of this report, elected by the ordinary shareholders' meeting on May 22, 2014 and integrated by the ordinary shareholders' meeting on May 28, 2015, is composed of the following nine members:

- Patrizia Grieco, chairman;
- Francesco Starace, chief executive officer and general manager;
- Alfredo Antoniozzi;
- Alessandro Banchi;
- Alberto Bianchi;
- Paola Girdinio;
- Alberto Pera;
- Anna Chiara Svelto;
- Angelo Taraborrelli.

Patrizia Grieco, Francesco Starace, Alberto Bianchi, Paola Girdinio and Alberto Pera were drawn from the slate submitted by the shareholder Ministry of the Economy and Finance (at that time holding the 31.24% of the Company's share capital) and voted by the majority of the share capital represented at the meeting (approximately the 60.13% of the Company's voting share capital), while Alessandro Banchi, Anna Chiara Svelto and Angelo Taraborrelli were drawn from the slate submitted by a group of 19 institutional investors (at the time holding in the aggregate the 1.26% of the Company's share capital) and voted by the minority of the share capital

represented at the meeting (approximately the 39.25% of the Company's voting share capital).

Following Salvatore Mancuso's resignation in November 2014 (who had been elected by the shareholders' meeting on May 22, 2014 from the slate submitted by the shareholder Ministry of the Economy and Finance), on May 28, 2015, the shareholders' meeting appointed Alfredo Antoniozzi as member of the board of directors, pursuant to Article 2386 of the Italian Civil Code upon proposal of the same shareholders Ministry of the Economy and Finance.

The term of office of the current board of directors will expire with the approval of the annual financial statements for the year 2016.

A brief professional profile of the above-mentioned Company's directors is provided in Schedule 1 to this report.

1.2 Appointment and replacement and contingency plan

Pursuant to the provisions of the Company's bylaws, the board of directors consists of three to nine members who are appointed by an ordinary shareholders' meeting (which determines their number subject to such limits) for a term not exceeding three financial years and may be reappointed at the expiration of their term of office.

Under the current legal framework, all of the directors must meet the integrity requirements imposed upon statutory auditors of listed companies. In addition, directors must meet the additional integrity requirements provided under Article 14-*bis* of the bylaws as approved by the extraordinary shareholders' meeting held on May 22, 2014 and amended by the extraordinary shareholders' meeting held on May 28, 2015.

In compliance with the legal framework governing privatizations and in accordance with the amendments subsequently made to the Consolidated Financial Act, the bylaws provide that the appointment of the entire board of directors must take place in accordance with the slate voting system aimed at allowing the presence on the board of directors of members appointed by minority shareholders totalling three-tenths of the directors to be elected. In the event this number is a fraction, it is to be rounded up to the nearest integer.

The extraordinary shareholders' meeting of May 26, 2016 resolved to introduce in the Corporate Bylaws a specific provision pursuant to which should the slate that obtained the majority of the votes not have a suitable number of candidates in order to achieve the seven-tenths of directors to be elected (rounding down any fraction to the unit), the other candidates

necessary to complete the Board of Directors shall be drawn from the minority slates, if the capacity of such slates is sufficient. Each slate must include at least two candidates meeting the independence requisites established by law (*i.e.*, those applicable to the statutory auditors of listed companies), distinctly mentioning such candidates and listing one of them as the first name on the slate.

Further, at the first three renewals of the board of directors following August 12, 2012, those slates which contain a number of candidates equal to or over three shall also include candidates belonging to different genders, as indicated in the notice of call. With regard to the modalities for the appointment of the board of directors, the Company bylaws provide for a specific correction mechanism (“sliding clause”) to be used in the event that, following the vote, a balance between genders, as required under the applicable legal framework, is not achieved.

The slates must list the candidates in progressive order and may be presented by the outgoing board of directors or by shareholders who, individually or together with other shareholders, own the minimum percentage of the share capital of the Company indicated by CONSOB with regulation (*i.e.*, considering Enel’s market capitalization, as of the date of this report, the minimum percentage required is at least 0.5% of the share capital). The slates must be filed at the Company’s registered office, by those who submit them, at least 25 days before the date on which the shareholders’ meeting called to resolve upon the appointment of the members of the board of directors is scheduled. Such slates shall be published by the Company on its internet website (www.enel.com) and shall also be made available to the public at Enel’s registered office at least 21 days before the date of the meeting, so as to ensure a transparent process for the appointment of the board of directors.

A report containing exhaustive information on the personal and professional qualifications of the candidates, accompanied by a statement as to whether or not they qualify as independent under the applicable provisions of law and/or the Corporate Governance Code, must be filed at the Company’s registered office together with the slates, and must also be published promptly on the Company’s website (www.enel.com).

For purposes of identifying the directors to be elected, candidates listed on slates that receive a number of votes amounting to less than half the percentage required for presenting the aforesaid slates are not taken into account (*i.e.*, as of the date of this report, 0.25% of the share capital).

For the appointment of directors who, for whatever reason, are not elected in accordance with the slate voting system, the shareholders’ meeting resolves in accordance with the majorities required by the law, ensuring in any case:

- the presence of the necessary number of directors meeting the independence requisites established by law (*i.e.*, at least one director if the board consists of no more than seven members or two directors if the board consists of more than seven members);
- compliance with the applicable laws on balance between genders; and
- the principle of a proportional representation of minorities on the board of directors.

The replacement of directors is regulated by applicable provisions of law. In addition to such provisions, the bylaws provide that:

- if one or more of the directors terminating their office were drawn from a slate also containing candidates who were not elected, the replacement by the board of directors must be made by appointing, in progressive order, persons drawn from the slate to which the directors in question belonged, provided that said persons are still eligible for election and willing to accept the office;
- in any case, in replacing directors who terminate their office, the board of directors must ensure the presence of the necessary number of directors meeting the independence requisites established by the law, and ensuring the compliance with the applicable laws on balance between genders;
- if the majority of the directors appointed by a shareholders’ meeting terminates the office, the entire board is to be deemed to have resigned and the directors still in office must promptly call a shareholders’ meeting to elect a new board.

With regard to succession plans for executive directors, the board of directors – being aware of the fact that, due to Enel’s ownership structure, executive directors have so far always been appointed upon indication or proposal of the reference shareholder, the Ministry of the Economy and Finance – has completed in 2016 its evaluations taking into account the wishes resulting from the 2014 board review. More specifically, in September 2016, the board of directors upon proposal of the nomination and compensation committee, together with the corporate governance and sustainability committee, shared the contents of a specific contingency plan, aimed at regulating the steps to be

taken to ensure that the Company's activities are regularly managed in the event of early cessation of the chief executive officer before the expiry of the ordinary term of office (the so-called "crisis management" case). Based on such "contingency plan", if a crisis management case occurs:

- the chairman of the board of directors shall assume the powers for the management of the Company with the same limits previously envisaged in relation to the chief executive officer, and convene the board of directors without delay for the ratification of such powers and the consequent activities;
- taking into account the Company's ownership structure, it is deemed appropriate to acquire in advance specific instructions on the replacement of the chief executive officer by those shareholders from whose slate the chief executive officer who early terminated its office was drawn. Such instructions will be evaluated by the board of directors in autonomy and with independent judgment;
- in the event that the shareholders from whose slate the chief executive officer who early terminated its office was drawn not provided any instruction on the relevant replacement within 15 days from the termination of the office, the board of directors shall convene a specific ordinary shareholders' meeting in order to appoint the director intended to be entrusted with the role of chief executive officer;
- should no candidacies be submitted at the shareholders' meeting lastly mentioned here above nor any of the candidacies submitted by the shareholders reach the majority of the share capital represented at the meeting, the board of directors shall promptly start a process firstly aimed at selecting, with the support of a consulting firm specialized in this field, a list of candidates, from which the same board of directors shall then select the person deemed the most suitable for the role of chief executive officer, co-opting such person, appointing him/her as chief executive officer and entrusting him/her with the appropriate delegated managerial powers.

In order to ensure an adequate appreciation of merit and a governance process consistent with the corporate values, the Enel Group has also adopted a system for the management of development plans aimed at fostering an approach focused on identifying and differentiating the profiles for successions in the managerial positions.

The process is aimed at ensuring appropriate organizational safeguards, identifying the most strategic positions and providing for each of them a list of potential successors and the necessary development actions in order to support their managerial growth, taking also into account the Enel Group's commitments on diversity and inclusion.

1.3 Role and functions

The board of directors has a central role in the Company's governance structure, since it has powers over the strategic, organizational and control guidelines for the Company and the Group. In consideration of its role, the board of directors meets regularly and endeavours to ensure the effective performance of its duties.

In particular, and in accordance with the legal framework and specific resolutions of the Board itself (and, in particular, the one adopted in May 2014), the board of directors:

- establishes the corporate governance system for the Company and the Group. On this regard, it should be noted that in July 2015, the board of directors approved some recommendations aimed at strengthening the corporate governance of Enel's subsidiaries whose shares are listed on regulated markets (currently 13 issuers) and ensuring that all such companies comply with the best practices;
- constitutes the Board's internal committees, with consultative and proposing powers, appoints their members and, by approving their internal rules, defines their duties. It should be noted that following the shareholders' meeting held on May 22, 2014, the board of directors, in June 2014, re-established the following committees: the control and risk committee; the nomination and compensation committee; the related parties committee; and the corporate governance committee. In February 2016, the board of directors approved some amendments to the regulations of the control and risk committee, of the nomination and compensation committee, as well as of the corporate governance committee (on that occasion renamed as the corporate governance and sustainability committee) which essentially aim to ensure that the above regulations are consistent with the changes to the Corporate Governance Code made in July 2015 (for an analysis on the composition and responsibilities of such committees as well as the activities carried out, see the paragraph entitled "Committees" of this section of the document);
- delegates and revokes the powers of the chief executive officer, defining their content, limits,

and the procedures, if any, for exercising them. In accordance with the powers in force, granted by the board of directors in May 2014, the chief executive officer is vested with the broadest powers for the management of the Company, with the exception of those powers that are assigned otherwise by legal or regulatory provisions or by the Company bylaws or which are reserved to the board of directors according to resolutions of the latter, which are described below;

- receives, as well as the board of statutory auditors does, information from the chief executive officer regarding the activities carried out in the exercise of his powers, which are summarized in a special quarterly report. In particular, with regard to all the most significant transactions carried out using the powers of his office (including any atypical or unusual transactions or ones with related parties whose approval resulted not to be reserved to the board of directors), the chief executive officer reports to the board on (i) the features of the transactions, (ii) the parties concerned and any relation they might have with the Group companies, (iii) the procedures for determining the considerations concerned, and (iv) the related effects on the income statement and the balance sheet;
- determines, based on the analyses and proposals of the relevant committee, the remuneration policy of the directors and of the executives with strategic responsibilities; in implementing such policy, it determines, based on proposals of the committee and after consulting with the board of statutory auditors, the compensation of the chief executive officer and the other directors who hold specific offices and resolves upon the adoption of incentive plans aimed at the general management. In this respect, please note that the board of directors during the period between the months of February and April 2016 has approved the remuneration policy and the incentive plan for the chief executive officer/general manager, and for the top management;
- on the basis of the information received, evaluates the adequacy of the Company's and the Group's organisational, administrative, and accounting structure. Such evaluation was carried out in March 2016 and, lastly, in March 2017;
- resolves on changes to the general organisational structure proposed by the chief executive officer. It should be noted that in July 2014 the board of

directors examined and approved the new Group organizational structure and in March 2016 agreed upon certain amendments;

- examines and approves the strategic, business and financial plans of the Company and of the Group, whose implementation monitors periodically. It should be noted that the approval of the 2017-2021 business plan took place in November 2016. In this regard, the current division of powers within the Company specifically provides that the board of directors resolves upon the approval of:
 - the annual budget and the business plan of the Group (which incorporate the annual budgets and long-term plans drafted by the Group companies);
 - strategic agreements, also defining – upon proposal by the chief executive officer – the Company's and the Group's strategic objectives;
- examines and approves in advance the transactions of the Company and of the Group that have a significant impact on their strategy, balance sheets, income statements, or cash flows, particularly in cases where they are concluded with related parties or otherwise characterized by a potential conflict of interests.

In particular, all financial transactions of a significant size (meaning: (i) the Company's contracting of loans for an amount exceeding Euro 75 million and the issuance of bonds by the Company; (ii) the issuance of bonds or the entering into loans by subsidiaries where, in both cases, the grant of a guarantee by Enel is required or the transaction's amount exceeds Euro 300 million; and (iii) the grant of guarantees by Enel, in the interest of subsidiaries or third parties, in both cases, where such guarantees cover amounts exceeding Euro 50 million) must be approved in advance (if they concern the Company) or evaluated (if they regard other Group companies) by the board of directors.

In addition, acquisitions and disposals of equity investments amounting to more than Euro 50 million must be approved in advance (if they are carried out directly by the Company) or evaluated (if they concern other Group companies) by the same board of directors;

- provides guidance and assessments on the adequacy of the internal control and risk management system, defining the nature and level of risk that is compatible with the Company's and the Group's strategic objectives, in line with the prerogatives set forth in such

regard in the Corporate Governance Code. In the first place, the board of directors identifies within the board one or more directors in charge of establishing and maintaining an effective internal control and risk management system (in May 2014 the board confirmed such assignment on the chief executive officer). In addition, the board of directors, having obtained the control and risk committee's opinion:

- defines the guidelines of the internal control and risk management system so that the main risks regarding the Company and its subsidiaries – including those risks that might have an impact in the light of a medium-long term sustainability perspective – are correctly identified and properly measured, managed, and monitored, determining, moreover, the level of compatibility of such risks with the management of the company in a manner consistent with its strategic objectives. It should be observed in this regard that in November 2013, the board of directors has determined and formalized the guidelines of the internal control and risk management system (such document was last updated in February 2016 to ensure that its content is consistent with the amendments to the Corporate Governance Code made in July 2015). Furthermore, in November 2016, the board of directors has assessed the compatibility of the main risks related to the strategic objectives set forth in the 2017-2021 business plan with a management of the Company that is in line with such targets;
- evaluates, at least on an annual basis, the adequacy of the internal control and risk management system taking into account the characteristics of the Company's business and the types of risks taken, as well as its effectiveness. It should be noted that in February 2017, the board of directors expressed a positive evaluation in this respect with reference to the year 2016;
- approves, at least on an annual basis, the work plan prepared by the head of the Audit Function, after consulting with the board of statutory auditors and the director in charge of the internal control and risk management system. It should be noted in this regard that in February 2016, the board of directors approved the audit plan for the same year;
- assesses, after consulting with the board of statutory auditors, the results published by the auditing firm in its management letter, if any, and in the report on the key issues arising over the course of the audit. It should be noted that the auditing firm has not prepared the management letter concerning 2015 financial statements (both statutory and consolidated), while in May 2016 the board of directors assessed the report on the key issues arising from the legal audit carried out in 2015;
- on the basis of a proposal formulated by the director in charge of the internal control and risk management system in accordance with the chairman, and after consulting with the board of statutory auditors, appoints and removes the head of the Audit Function and determines his/her compensation in accordance with the Company's policies; furthermore the board of directors verifies that the person in question is endowed with resources adequate for the performance of his/her duties. It should be noted that in accordance with such procedure, in the month of July 2014, the board of directors appointed Silvia Fiori as the head of the Audit Function;
- provides for the exercise of voting rights at the shareholders' meetings of the main companies of the Group and designates the directors and statutory auditors of such companies;
- appoints the general manager and grants the related powers. It should be noted that in the month of May 2014, the board of directors appointed Francesco Starace as the Company's general manager;
- evaluates the general performance of the Company and the Group, using the information received from the chief executive officer, and verifies periodically the achievement of the objectives set;
- formulates proposals to submit to shareholders' meetings and reports at such meetings on the activities carried out and planned, ensuring that shareholders have adequate information on the elements necessary to enable them to participate in a well-informed manner in the decisions taken in such meetings.

The directors perform their duties with full knowledge of the facts and in complete autonomy, pursuing the primary objective of creating value for shareholders over the medium-long term. They are aware of the responsibilities resting with the office they hold and they are, like the statutory auditors, informed on an on-going basis by the relevant corporate functions on the most important legislative

and self-regulatory changes concerning the Company and the performance of their duties.

In particular, the Company organized, also in 2016, a special induction program aimed at providing the directors with adequate knowledge of the business sectors in which the Group operates, as well as of the Company's dynamics and of the relevant developments, of the markets trends and of the relevant legal framework; the statutory auditors also took part in this program. More specifically, the 2016 induction initiatives, which took place after the board meetings, concerned the activities of some companies comparable to Enel considering the nature and volumes of the business carried out, the analysis of business sectors strictly close to Enel's ones, as well as the organization and the activities performed by the global business lines "Infrastructures and Networks" and Generation". For the 2017 induction program it is envisaged also an analysis of the principles for a correct risk management system and of their relevant implementation within the Company and the Group; such initiative, initially scheduled at the end of 2016, has been delayed to 2017 due to the turnover of the Head of the risk control unit. During February 2017, the Company also organized a meeting aimed at deepening the issues of corporate responsibility pursuant to Legislative Decree no. 231/2001. In addition to the initiatives launched within the Company, also in 2016 the non-executive directors and the statutory auditors were offered the possibility of taking part, at the Company's expenses, in a training course organized by Assogestioni and Assonime about the duties and responsibilities of members of management and control bodies of listed companies, with in-depth analysis specifically focused on disclosure obligations and financial reports, as well as on risk management in listed companies.

Furthermore, continuing an initiative introduced after the first board review (conducted in 2004), an annual strategic meeting was organized in 2016, which took place in October, focused on an analysis and in-depth study by the members of the board of directors and board of statutory auditors of the medium/long-term strategies across the Group's various business sectors, in view of the drafting of the business plan.

1.4 Board meetings

The following table illustrates the calendar of the board meetings held during the year 2016.

J	F	M	A	M	J	J	A	S	O	N	D
•	•	••	•	•	•	••		•	•	•	•
Total											13
Average duration											3h 10m
Meetings scheduled for 2017									15 (4 of which have already been held)		

The directors' participation was regular and the meetings were also attended by the board of statutory auditors and by a magistrate representing the Italian Court of Auditors (*Corte dei Conti*).

During 2016 the heads of the corporate functions in charge of the various matters related to the items on the agenda have been constantly invited to attend the meetings of the board of directors and, upon invitation by the chief executive officer, they have brought to the discussion their valuable contribution.

1.5 Chairman

In May 2014, the shareholders' meeting appointed Patrizia Grieco as chairman of Enel's board of directors.

In performing her role as coordinator of the board of directors' activities and providing proactive guidance on the functioning of the board, the chairman calls the meetings of the board, establishes their agenda, presides over them, and endeavours to ensure that the documentation related to the items on the agenda is circulated to the directors and statutory auditors in due advance prior to the date of each meeting; in this regard, it should be noted that the board of directors confirmed its policy according to which, as a general rule, an advance notice of three days is congruous to send the relevant board of directors documentation, acknowledging however that such term could be increased or decreased, respectively, in cases where the documentation is particularly important and/or complex or in the event of urgent transactions or transactions in progress; in 2016, such term was generally complied with, and whenever this was not possible in relation to extraordinary operations underway, the Chairman still ensured that adequate and accurate in-depth analyses were carried out during the board's meetings.

The chairman also ascertains whether the Boards' resolutions are implemented, chairs shareholders' meetings, and – like the chief executive officer – is authorized to legally represent the Company.

In addition to the powers provided by law and by the bylaws regarding the functioning of the corporate bodies (the shareholders' meeting and the board of directors), the chairman is also entrusted with the

duties of (i) participating, jointly with the chief executive officer, in formulating to the board of directors proposals on the appointment, revocation and compensation of the head of the Company's Audit Function, which reports hierarchically to the board of directors and on which the chairman exercises a supervisory role, and (ii) performing a proactive and supervisory role in the application of corporate governance rules concerning the board of directors' activities.

Finally, in agreement and coordination with the chief executive officer, the chairman maintains relations with institutional bodies and authorities.

1.6 Chief Executive Officer

In May 2014, the board of directors appointed Francesco Starace as chief executive officer, granting him all the powers to manage the Company, with the exception of those otherwise assigned according to legal or regulatory provisions, Company bylaws or the structure of powers approved in May 2014 (as regards the matters which under such structure are reserved to the board of directors, see the paragraph entitled "Board of directors – Role and functions" below).

The chief executive officer is also ascribed the role of the director in charge of the internal control and risk management system, pursuant to the Corporate Governance Code (for a detailed description of the tasks that such role entails please see the Guidelines of the Internal Control and Risk Management System, available on the Company's website).

The chief executive officer reports to the board of directors and to the board of statutory auditors, at least quarterly and in any case during the board of directors meetings, on the operations, the general trend of the Company's results and on its predictable evolution, as well as on the most relevant transactions under any economic, financial, patrimonial aspects or on transactions which are material with regard to their size or characteristics, carried out by the Company and its subsidiaries.

1.7 Executive and Non-executive directors

The board of directors consists of executive and non-executive directors.

In accordance with the recommendations set forth in the Corporate Governance Code, the following directors are considered executive directors:

- the chief executive officer of the Company (or of subsidiaries having strategic relevance), including the relevant chairman when he/she is granted individual management powers or when

he/she plays a specific role in the definition of the business strategies;

- directors who hold executive positions in the Company (or in subsidiaries having strategic relevance) or in the controlling entity, if the position also regards the Company.

Directors who do not fall under any of the abovementioned categories are qualified as non-executive.

According to the analysis carried out by the board of directors in February 2016 and January 2017, with the exception of the chief executive officer/general manager, all of the other members of the same board of directors (Patrizia Grieco, Alfredo Antoniozzi, Alessandro Banchi, Alberto Bianchi, Paola Girdinio, Alberto Pera, Anna Chiara Svelto and Angelo Taraborrelli) are non-executive directors.

The number, expertise, professionalism, authoritativeness, and availability of the non-executive directors are therefore appropriate to ensure that their judgment can have a significant influence on the decisions made by the board.

The non-executive directors bring their specific expertise to the board's discussions, so as to facilitate an examination of the issues under discussion from different perspectives and consequently the adoption of reasoned and well-informed decisions that correspond with corporate interests.

1.8 Independent directors

In February 2016 and January 2017, on the basis of the information provided by the single persons concerned or otherwise available to the Company, the board of directors verified and confirmed that directors Alfredo Antoniozzi, Alessandro Banchi, Alberto Bianchi, Paola Girdinio, Alberto Pera, Anna Chiara Svelto and Angelo Taraborrelli are independent pursuant to the Corporate Governance Code. As regards to Patrizia Grieco, it should be noted that the independence requisite envisaged under the Corporate Governance Code was not ascertained since such Code does not consider the chairman of the board of directors as independent, it being a "top level exponent/executive" of the Company.

Specifically, directors were considered independent if they neither are part nor have recently been part to relationships, even indirectly, with the Company or with parties related to the Company that could currently compromise their autonomy of judgment.

As usual, the procedure followed by the board of directors began with an examination of an information document indicating the offices held

and the relationships maintained by non-executive directors that could be deemed relevant for purposes of assessing their respective independence; this phase was followed by the self-assessment carried out by each of the non-executive directors regarding his personal position (also based on the execution of a specific statement from each of the relevant directors), after which the final assessment was made collectively by the board of directors, with the abstention, in turn, of the individual members whose position was under examination.

In evaluating the independence of the non-executive directors, the board of directors took into account the cases in which, according to the Corporate Governance Code, the requisites of independence should be considered lacking and, in this regard, applied the principle of the prevalence of substance over form recommended by such Code.

In order to assess the independence of directors, the board of directors has continued to refer to specific quantitative parameters applicable to the commercial, financial, or professional relations that may take place, directly or indirectly, between directors and the Company; unless there are specific circumstances, to be evaluated on a case-by-case basis, the exceeding of such parameters (specified in the Table 1 attached to the present report, together with the cases in which, according to the Corporate Governance Code, the requisites of independence must be considered lacking) precludes, in principle, the relevant non-executive director's satisfaction of the independence requisites provided under such Code. In this regard, it should be noted that during the above-mentioned evaluations on the independence of the non-executive directors, lastly in January 2017, the board of directors acknowledged that none of such parameters had been exceeded.

During the above-mentioned evaluations, the board of directors also ascertained that all of the non-executive directors – *i.e.* Patrizia Grieco, Alfredo Antoniozzi, Alessandro Bianchi, Alberto Bianchi, Paola Girdinio, Alberto Pera, Anna Chiara Svelto and Angelo Taraborrelli – also met the requisites of independence provided for by the law (namely by the Consolidated Financial Act) for the statutory auditors of listed companies (such requisites are also clearly specified in Table 1 attached to this report).

During the months of February 2016 and March 2017, the board of statutory auditors established that the board of directors, in carrying out the aforesaid evaluations, correctly applied the criteria recommended by the Corporate Governance Code, following for such purpose a transparent assessment procedure that enabled the board to learn about

relations that were potentially relevant for purposes of the independence evaluation.

Even though independence of judgment characterises the activities of all directors, both executive and non-executive, an adequate presence of directors (both with respect to their number and skills) who can be qualified as independent according to the foregoing definition – having a significant role in the board of directors as well as in the committees – ensures a proper balance of the interests of all shareholders.

The independent directors held a specific meeting in December 2016, without the attendance of the other directors. On this occasion, they unanimously expressed their satisfaction with the peaceful and transparent climate established within the board of directors that endured also over 2016, as well as their appreciation for the accurate follow-up granted by the Company (also thanks to the commitment of the chairman of the board of directors), in relation to a more timely transmission of the board documentation concerning the most relevant operations, as wished for in the past by the same independent directors. At the same meeting, the independent directors also observed that the board of directors has primarily considered, in its decisions, the evolution of the main corporate governance and sustainability issues, considered as fundamental elements for a strategy of creating long-term value.

1.9 Limit on the number of offices held by directors

The directors accept and maintain their office provided they expect to be in a position to devote the necessary time to the diligent performance of their duties, taking into account of both the number and nature of the offices they hold on the boards of directors and the boards of statutory auditors of other companies of significant size and the commitment required by the other functions or professional activities they carry out and the offices they hold in associations.

In this regard, it should be noted that since 2006 the board of directors approved a policy regarding the maximum number of offices that its members may hold on the boards of directors and the boards of statutory auditors of other companies of significant size in order to ensure that the persons concerned have enough time to effectively perform their duties on the board of directors of Enel, also taking into account their participation in committees established within the board.

In accordance with the recommendations of the Corporate Governance Code, such policy considers significant, in this regard, only those offices held on

the boards of directors and the boards of statutory auditors of the following categories of companies:

- a) companies with shares listed on regulated markets, including foreign ones;
- b) Italian and foreign companies with shares not listed on regulated markets and operating in the fields of insurance, banking, securities intermediation, asset management, or finance;
- c) Italian and foreign companies other than those specified under letters a) and b) above, that have assets exceeding Euro 1 billion and/or revenues exceeding Euro 1.7 billion, based upon their most recent approved annual financial statements.

In accordance with the recommendations of the Corporate Governance Code, the policy adopted by the board of directors establishes differentiated limits upon the number of offices (made measurable by a system of specific “weights” for each kind of office), depending on (i) the commitment connected with the role performed by each person involved, both on Enel’s board of directors and on the boards of directors and the boards of statutory auditors of other companies of significant size, as well as (ii) the nature of the companies where the other roles are performed, excluding from the related calculation those performed within Enel’s subsidiaries and affiliates.

It is also expressly provided – in line with the recommendations of the Corporate Governance Code – that unless otherwise decided in accordance with a reasoned opinion expressed by the board of directors, Enel’s chief executive officer may not hold the role of director of another company with listed shares outside the Enel Group and where one of Enel’s directors acts as chief executive officer (referred to as an “interlocking directorate”).

On the basis of the information provided by the directors of the Company upon implementation of the aforesaid policy – and taking into account the inquiry carried out by the board of directors most recently in January 2017 – the number of offices that each of Enel’s directors currently holds in the boards of directors or boards of statutory auditors of other companies of significant size is compatible with the limit established under such policy.

1.10 Evaluation of the functioning of the Board of Directors and its Committees

Towards the end of 2016, the board of directors, with the assistance of Management Search S.r.l., a specialized consultancy firm which does not have any other professional or business relationships with Enel or with the other companies belonging to the

Enel Group, began - and completed in March 2017 – an evaluation of the size, composition, and functioning of the board itself and its committees (board review), in compliance with the most advanced corporate governance practices followed abroad that have been adopted under the Corporate Governance Code. This board review follows similar initiatives that have been conducted on an annual basis by the board of directors since 2004.

The board review was conducted by means of a questionnaire filled out by each member of the board of directors, followed by individual interviews performed by the consultancy firm, in order to carry out an in-depth analysis of the most important issues; the members of the board of statutory auditors were also involved in this activity, as observers, in order to enrich the board of directors’ evaluation process with an additional point of view.

In particular, the questionnaire and the interviews concerned: (i) the structure and composition of the board of directors; (ii) the organization and conduct of board meetings, with particular regard to the thoroughness and promptness of the related information flows and the decision-making processes followed; (iii) the frequency, contents and usefulness of the induction activities, as well as the strategic annual summit; (iv) the role played by the chairman and the relationships between the board of directors, the chief executive officer and the top management; (v) the participation of the board of directors in defining strategic objectives; (vi) the perception on the efficiency and effectiveness of the internal control and risk management system; (vii) the composition and functioning of the committees and the effectiveness of their activities in supporting the board of directors; (viii) the knowledge of the corporate structure by the members of the board of directors; and (ix) the level and modalities for implementing the sustainability principles within the Company’s and the Group’s business practices and policies.

Within the board review process, the consulting firm also reviewed the corporate documentation consisting mainly of the minutes of the board of directors’ meetings and committee meetings, in order to verify that the practices followed by such bodies complied with the legal framework applicable to the Company and the internal rules adopted by the Company; the consulting firm also conducted a benchmarking analysis, which compared Enel with other leading listed Italian and foreign companies with regard both to the modalities in which the board review is conducted, and the level of transparency in disclosing the relevant results to the market as well as to the composition and functioning of the board of directors.

The results of the board review for the year 2016 confirm a very positive overall picture of the conduct of the board of directors and of the committees, demonstrating that these bodies operate effectively and transparently, in strict compliance with the best corporate governance practices, as confirmed by the consulting firm.

The results of the board review also show the quality and effectiveness of the board of director's activity across the three-years term of office in terms of contribution to achieving the Group's overall results. In particular, such results highlight the following strengths: (i) the board of directors confirms to have an adequate balance in terms of professional expertise, tenure and gender diversity of its members, has a clear organisational structure and organizes the meetings so as to ensure an effective discussion among all the members; (ii) the quality, completeness and timeliness of the delivery of the board documentation are appropriate for deciding; (iii) the chairman effectively carries out the fundamental role of promoting the operation of the board of directors, carefully managing the discussions within the board and taking care of the comprehension of the items on the agenda by all directors; (iv) the management functions are centralized in the chief executive officer/general manager figure, who operates in a context in which the non-executive directors play an active role in discussions and monitoring activities; (v) the quality of the debate, as resulting from the minutes, shows the contribution of the different professional skills to the board's resolutions and reveals the cooperative atmosphere existing within the board of directors; (vi) the interaction of the board of directors with the top management of the Company and the Group is adequate, as may be inferred from the ongoing involvement of key managers during the meetings; (vii) the quality of the committees' work and their proposing and consultative support to the activities of board of directors result to be of a high level; (viii) the minutes both of the board meetings and of the committee meetings accurately and precisely record the conduct of the meeting and the resolutions passed.

Within the items included in the board review, no relevant issues in relation to which the directors were not in full agreement or which required specific improvement have been detected. Following the recommendations arisen from the previous year board review, in 2016 a survey on the corporate climate has been carried out, which involved the Company's and the Group's entire work-force, with a significant participation rate (84%). This survey was meant to measure both how much some essential aspects of the company's strategy are shared by the work-force and how some particularly relevant

indicators of the working conditions are perceived. Overall, the answers to the survey have shown a significant consent within the company on the several aspects which were the subject of the corporate climate survey.

Eventually, it should be mentioned that, at the end of the board review for 2016, and in compliance with the recommendations of the Corporate Governance Code, in March 2017 the board of directors, after having heard the nomination and compensation committee and the corporate governance and sustainability committee, decided to express to the shareholders of Enel its guidelines on the optimal size and composition of the board of directors in view of the upcoming renewal of this body, summarized in a specific document published on the Company's website (www.enel.com).

Such guidelines identify the managerial and professional characteristics considered most suited for the different roles within the board of directors. Specifically, this document wishes, under a general point of view, that for the renewal of the board of directors, Enel's shareholders consider the advantages that may result from the presence within the board of members of different genders, ages and tenure as well as of directors with an adequate international experience.

1.11 Remuneration

Shareholders' meetings determine the remuneration of the members of the board of directors; the board of directors sets the additional remuneration for the members of the committees with consultative and proposing functions instituted within the board of directors, upon a proposal submitted by the nomination and compensation committee, after consulting the board of statutory auditors; the total remuneration for the chairman and for the chief executive officer/general manager is also established by the board of directors, upon a proposal submitted by the nomination and compensation committee and after consulting the board of statutory auditors.

For a detailed description of the structure and of the amount of the above-mentioned remuneration for financial year 2016, please see the remuneration report available to the public at the Company's registered office and on the Company's website (www.enel.com), in compliance with the applicable law.

2. Committees

2.1 Organizational and functioning rules

The board of directors set up within the board itself the following four committees:

- the nomination and compensation committee;

- the control and risk committee;
- the corporate governance and sustainability committee; and
- the related parties committee.

It should be noted that the responsibilities related to compensation and nomination have thus been jointly assigned to the same committee. Such unification, in line with recommendations set forth under the Corporate Governance Code, complies with the composition requisites provided under the Code for both committees and ensures the proper performance of the relevant tasks in an effective and efficient manner.

Special organizational regulations approved by the board of directors govern the composition, tasks, and functioning of the committees.

In particular, the organizational regulations provide that:

- the nomination and compensation committee and the control and risk committee are comprised of non-executive directors, the majority of whom (including the chairman) are independent³;
- the corporate governance and sustainability committee is comprised of a majority of independent directors; and
- the related parties committee is comprised exclusively of independent directors.

In carrying out their duties, the committees in question are empowered to access the information and corporate functions necessary to perform their respective tasks and may avail themselves of external consultants at the Company's expense subject to the limits of the budget approved, for each committee, by the board of directors (except for the related parties committee that is not subject to budget limits in retaining external consultants). In this regard, it should be noted that in the event that the nomination and compensation committee decides to avail itself of external consultants in order to obtain information on market practices concerning remuneration policies, it previously verifies that the consultant is not in any situation which may effectively compromise his independence of judgment, while the related parties committee ascertains the independence and the absence of conflicts of interest, as well as the professional competence and skills of the consultant in relation to

the subject matters concerning the transactions in which respect the committee shall issue its opinion.

Each committee appoints a secretary, who can also not be one of its members, who is assigned the task of drafting the meeting minutes. According to an amendment introduced to their respective organizational regulations in February 2016, the chairmen of the nomination and compensation committee, of the control and risk committee and of the corporate governance and sustainability committee inform the board of directors on the matters discussed by each committee within their respective meetings, during the first available meeting of the board of directors following the committees' meetings.

The chairman of the board of statutory auditors, or another designated auditor, attends the meetings of each committee (the other regular statutory auditors are also entitled to attend) and, upon invitation by the chairman of the relevant committee, meetings may also be attended by other members of the board of directors or representatives of the company's functions or third parties whose presence may support the performance of the committee's duties. The meetings of the control and risk committee are also normally attended by the head of the Audit Function, and the meetings of the nomination and compensation committee are also normally attended by the head of the "Human Resources and Organization" Function; no directors may attend those meetings of the nomination and compensation committee that are called to resolve upon proposals regarding their own compensation, to be submitted to the board of directors, except in the case of proposals concerning all the members of the committees established within the board of directors.

2.2 Nomination and Compensation Committee

Composition

In 2016, the nomination and compensation committee was comprised of Alessandro Banchi (chairman), Paola Girdinio, Alberto Pera and Anna Chiara Svelto, all of whom directors meeting the independence requisites. The board of directors verified that Alessandro Banchi has adequate experience and expertise in financial matters.

Tasks

The nomination and compensation committee is responsible for supporting the board of directors, through proper inquiry, the assessments and decisions of the board on the size and composition

³ Please note that, since June 2014, the nomination and compensation committee and the control and risk committee are entirely composed of independent directors.

of the board itself, as well as the compensation of the executive directors and of the executives with strategic responsibilities.

Specifically, in compliance with the organizational regulation lastly amended in March 2016, the nomination and compensation committee is entrusted with the following consultative and proposing tasks:

- formulating opinions to the board of directors on the size and composition of the board and expressing recommendations on the managerial and professional profiles whose participation on the board would be deemed advisable;
- expressing recommendations to the board of directors on the contents of the policy on the maximum number of offices within boards of directors and control of other companies of significant size which could be considered compatible with an effective performance of the office of director of the Company;
- expressing recommendations to the board of directors on possible controversial issues related to the application of the restriction on competition imposed upon directors pursuant to article 2390 of the Italian Civil Code, if the shareholders' meeting, for organizational reasons, has authorized on a general and preliminary basis exemptions from such restriction;
- proposing to the board of directors candidates for the role of director, taking into account possible reports received from the shareholders:
 - in the event of co-optation, if it is necessary to replace independent directors;
 - if, in the event of the renewal of the board of directors, it is envisaged that it will not be possible to draw from the lists submitted by the shareholders the required number of directors, such that the outgoing board may in this case express its own candidatures to be submitted to the shareholders' meeting;
 - if, in the case of a renewal of the board of directors, the outgoing board decides to avail itself of the right provided under the bylaws to submit its own slate;
- in cooperation with the corporate governance and sustainability committee, assisting the

board of directors in drafting a contingency plan, which shall provide for the steps to be taken to ensure that the Company's activities are regularly managed in the event of early cessation of the chief executive officer before the expiry of the ordinary term of office;

- in the event of early cessation of the chief executive officer before the expiry of the ordinary term of office, proposing to the board of directors the new chief executive officer in accordance with the corporate governance and sustainability committee, taking also into consideration any indications provided by those shareholders that submitted the slate from which the outgoing chief executive office was drawn;
- submitting to the board of directors proposals for the compensation of the directors and of the executives with strategic responsibilities, evaluating periodically the adequacy, overall consistency and actual application of the adopted policy, also on the basis of information provided by the chief executive officer concerning the implementation of such policy with respect to the executives with strategic responsibilities;
- submitting to the board of directors proposals for or expressing opinions on the remuneration of the executive directors and the other directors who hold particular offices, as well as the identification of performance targets related to the variable component of such remuneration, monitoring the implementation of the resolutions adopted by the board and verifying, in particular, the actual achievement of performance targets;
- examining in advance the annual remuneration report to be made available to the public in view of the annual shareholders' meeting called for the approval of the financial statements.

As part of its duties, the nomination and compensation committee also plays a central role in elaborating and monitoring the performance of incentive systems (including stock-based plans, if any), addressed to the management and conceived as instruments aimed at attracting and motivating resources with appropriate abilities and experience, developing their sense of belonging and ensuring their constant, enduring effort to create value.

In addition to those recommended by the Corporate Governance Code, the nomination and compensation committee may eventually perform the task of assisting the chief executive officer and the relevant corporate functions in developing the

potential of the Company’s managerial resources, recruiting talented people, and promoting related initiatives with universities.

Committee’s activities in 2016

The following table illustrates the calendar of the nomination and compensation committee’s meetings held during year 2016:

J	F	M	A	M	J	J	A	S	O	N	D
	••	•	•		•	•		•	•	•	•
Total											10
Average duration											1h 30m

During these meetings, attended by all of its members (as well as by the chairman of the board of statutory auditors or by another statutory auditor designated by the latter), the nomination and compensation committee, also availing itself of external consultants (at the Company’s expense) has among others:

- assessed the adequacy, the overall consistency and the effective application of the remuneration policy adopted in 2015;
- defined the proposal for the remuneration policy for directors and executives with strategic responsibilities for 2016, as well as the draft of the compensation report;
- defined the proposal (i) for the short-term incentive plan (MBO) for the chief executive officer/general manager and (ii) for the long-term incentive plan (LTI) for the chief executive officer/general manager and for the top management with reference to year 2016;
- verified the level of achievement of the performance targets under the existing incentive plans;
- supported the board of directors, together with the corporate governance and sustainability committee, in preparing a contingency plan providing the activities to be carried out in order to guarantee the proper management of the Company in case of early cessation of the chief executive officer before the expiry of the ordinary term of office (the so-called “crisis management” case);
- analysed the pleasing outcomes of the shareholders’ meeting vote upon the 2016 remuneration report and the long term incentive plan (LTI) for the chief executive officer/general manager and for the top management with reference to year 2016, and, based on this analysis,

started: (i) the preparation of the remuneration policy for directors and executives with strategic responsibilities for 2017; (ii) the definition of the short-term incentive plan (MBO) for the chief executive officer/general manager and of the LTI plan for the chief executive officer/general manager and for the top management with reference to year 2017.

2.3 Control and Risk Committee

Composition

In 2016, the control and risk committee was comprised of Angelo Taraborrelli (chairman), Paola Girdinio, Alberto Pera and Anna Chiara Svelto, all of whom directors meeting the independence requisites. The board of directors ascertained that director Angelo Taraborrelli has an appropriate experience in accounting and finance.

Tasks

The control and risk committee has the task of supporting, through an adequate review process, the assessments and decisions of the board of directors regarding the internal control and risk management system and the approval of periodic financial reports.

Specifically, in compliance with the organizational regulation last amended in February 2016, the control and risk committee is entrusted with the following consultative and proposing tasks:

- supporting the board of directors, by formulating specific opinions in connection with the performance of the tasks regarding internal control and risk management matters assigned to the board by the Corporate Governance Code (such tasks are analysed in the paragraph entitled “Board of directors – Role and functions” above);
- assessing, together with the executive in charge of preparing the corporate accounting documents, after consulting with the auditing firm and the board of statutory auditors, the proper application of accounting principles and their consistency for purposes of preparing the periodic financial reports;
- expressing opinions on specific aspects regarding the identification of the Company’s main risks;
- reviewing the periodic reports concerning the assessment of the internal control and risk management system, as well as the other reports prepared by the Audit Function that are particularly significant;

- monitoring the independence, adequacy, effectiveness and efficiency of the Audit Function;
- performing the additional tasks assigned to the committee by the board of directors, with particular regard to:
 - reviewing the contents of the sustainability report that are relevant for purposes of the internal control and risk management system, issuing in such regard a prior opinion to the board of directors called to approve such report;
 - reviewing, together with the corporate governance and sustainability committee, the main corporate rules and procedures related to the internal control and risk management system which are relevant for stakeholders – namely the Compliance Program prepared pursuant to Legislative Decree No. 231/2001, the Code of Ethics, the “Zero Tolerance for Corruption” Plan and the Human Rights Policies – submitting such documents to the board of directors for approval and assessing any possible subsequent amendments or supplements to the same;
- reporting to the board of directors, at least once every six months, on the activity carried out and on the adequacy of the internal control and risk management system;
- carry out any preliminary activity to support the board of directors in its evaluations and decisions regarding the management of risks arising from events that are potentially damaging in relation to which the board has become aware of.

The committee may also ask the Audit Function to perform checks on specific operating areas, giving simultaneous notice to the chairman of the board of statutory auditors and, except where the subject matter of the request specifically concerns such persons’ activity, to the chairman of the board of directors and the director in charge of the internal control and risk management system.

Committee’s activities in 2016

The following table illustrates the calendar of the control and risk committee meetings held during the year 2016:

J	F	M	A	M	J	J	A	S	O	N	D
•	•	•	•	•	•	••		•	•	•	•
	•		•			•					
Total											15
Average duration											2h

During such meetings, which were attended by all of its members (as well as by the chairman of the board of statutory auditors) and have often been held in joint session with the board of statutory auditors, the control and risk committee has, among others:

- evaluated the work plan prepared by the head of the Audit Function for 2016, expressing, within the scope of its responsibilities, a specific favourable opinion and monitored the work in progress of such plan;
- assessed the results of the auditing activities performed during 2015 providing – based upon these results and within the scope of its responsibilities – a positive assessment of the adequacy and effectiveness of the internal control and risk management system during the year 2015;
- assessed, in view of the approval of the business plan 2017-2021, the compatibility of the main business risks with a management of the company consistent with the strategic targets under such plan;
- met the Enel Supervisory Body (“SB”) in order to examine the monitoring and supervisory activities carried out by the latter in 2015 on the compliance with the organizational and management model set forth under Legislative Decree no. 231/2001, having acknowledged the regular functioning of the SB and the evaluation expressed by the latter on the adequacy of Enel’s internal control system to prevent the commission of the offences provided for by the same model with reference to the time period considered. During the meetings with the SB, the committee also examined and approved certain proposals aimed at updating the aforesaid organizational model, as well as the Global Compliance Program’s text intended to replace the “231 Guidelines” within the Enel Group foreign companies and to integrate the local risk prevention models, if any;
- analysed the main accounting decisions, the most important accounting standards and the impact of new international accounting standards on Enel Group’s consolidated financial statements for 2015, half-year report for 2016, and interim reports as of March 31, 2016 and September 30,

2016, also reviewing the impairment test procedure in the consolidated financial statements for 2015 on which it has expressed, within the scope of its responsibilities, a favourable opinion;

- reviewed the 2015 sustainability report expressing, within the scope of its responsibilities, a favourable opinion on the contents of the same report relevant for the purposes of internal auditing and risk management system;
- monitored the independence, adequacy, effectiveness and efficiency of the Audit Function. In this regard, the committee took note of the certification of “general compliance with the international standards on professional internal auditing activities” - equivalent to the highest rating – obtained by the Audit Function during 2015, following the external quality assessment conducted by an independent qualified company in accordance with the international standards issued by the Institute of Internal Auditors;
- assessed the reports received during the previous financial year and the first semester of 2016 on the basis of the provisions of the Code of Ethics;
- acknowledged the Group’s on-going compliance with the laws and regulations on accounting transparency, adequacy of the organizational structure and the internal control systems of the subsidiaries established under and governed by the laws of non-EU countries;
- supported the board of directors in evaluating the adequacy of the organizational, administrative and accounting structure of the Company and the Group;
- met the managers (i) of the Country “Italy” and of the Region “Eastern Europe”, (ii) of the Global Business Lines “Generation”, “Infrastructures and Networks”, “Renewable Energies”, “Trading and Upstream Gas”, (iii) as well as of the Holding Functions “European Affairs”, “Communications”, “Innovation and Sustainability”, and “Human Resources and Organisation”, as well as of the Global ICT Function for an update on the activities carried out in these areas, on the existing risks and on the instruments used to mitigate their effects.

2.4 Related Parties Committee

Composition

In 2016, the related parties committee was comprised of Alberto Bianchi (chairman), Alfredo Antoniozzi, Alessandro Banchi and Angelo Taraborrelli, all of

whom directors meeting the independence requisites.

Tasks

The related parties committee was established pursuant to the procedure on related party transactions, adopted by the board of directors in the month of November 2010. Such committee has been assigned with the essential task of issuing reasoned opinions on the interest of Enel - as well as of the companies that Enel controls, either directly or indirectly, and that may be involved in the transactions - in the completion of transactions with related parties, expressing an assessment on the advantageousness and substantial fairness of the relevant conditions, after receiving timely and adequate information in advance. In connection with transactions of major importance (as defined in the aforementioned procedure), such committee may also request information and make comments to the chief executive officer and those persons in charge of the negotiations or the inquiry on matters related to the information received. Lastly, the committee decides upon those cases, submitted to its attention by the advisory board established pursuant to the same procedure, in which the identification of a related party or the ordinary nature of a transaction is disputed.

For a more detailed analysis of the provisions of the above-mentioned corporate procedure, please refer to paragraph “Transactions with related parties” of this section of this document.

Committee’s activities in 2016

The following table illustrates the calendar of the committee meetings held during the year 2016.

J	F	M	A	M	J	J	A	S	O	N	D
				••		••					•
Total											5
Average duration											1h 20m

During such meetings, which were attended by all of its members (and by the chairman of the board of statutory auditors), the related parties committee has:

- examined the integration project of the subsidiary Enel OpEn Fiber with Metroweb, issuing a specific favourable opinion on Enel’s interest upon the completion of the transaction as well as on the convenience and the substantial correctness of the terms and conditions of the same transaction;
- examined the main guidelines expressed by CONSOB based on the application experience

accrued on the regulation of related parties transactions, and unanimously deemed an update of the existing company procedure on related parties transactions not to be necessary;

- analysed the information, prepared on the basis of the periodic financial documents, concerning the related party transactions excluded from the application of the specific corporate procedure because of ordinary nature and executed at market-equivalent conditions or at standard terms.

2.5 Corporate Governance and Sustainability Committee

Composition

In 2016, the corporate governance and sustainability committee was comprised of Patrizia Grieco (chairman), Alfredo Antoniozzi and Alberto Bianchi, all of whom directors meeting the independence requisites provided under the Consolidated Financial Act and of whom Alfredo Antoniozzi and Alberto Bianchi are also independent under the Corporate Governance Code.

Tasks

The corporate governance and sustainability committee assists with preliminary functions, both proposing and consultative in nature, the board of directors on its assessments and decisions related to the corporate governance of the Company and the Group and to sustainability issues. In this regard, in accordance with the organizational regulation last amended in March 2016, the corporate governance and sustainability committee has the following specific tasks:

- monitoring the evolution of the legal framework, as well as national and international best practices, in relation to corporate governance, updating the board of directors in case of significant changes;
- verifying that the corporate governance system adopted by the Company and the Group is compliant with applicable laws, recommendations set forth under the Corporate Governance Code and national and international best practices;
- submitting to the board of directors proposals for amendments of the aforementioned corporate governance system, if it is deemed necessary or appropriate;
- preparing the board review process, for the conduct of which this committee formulates to the board of directors proposals on the grant of the mandate to a firm specialized in the sector, identifying the matters to be assessed and defining the modalities and timeframes to be followed in such regard;
- supporting the board of directors, together with the nomination and compensation committee, in preparing a contingency plan providing the activities to be carried out in order to guarantee the proper management of the Company in case of early cessation of the chief executive officer before the expiry of the ordinary term of office (the so-called “crisis management” case);
- in the event of early cessation of the chief executive officer before the expiry of the ordinary term of office, proposing to the board of directors the new chief executive officer in accordance with the nomination and compensation committee, taking also into consideration any indications provided by those shareholders that submitted the slate from which the outgoing chief executive officer was drawn;
- examining in advance the annual report on corporate governance to be included in the documentation of the annual financial statements;
- monitoring on sustainability-related issues in connection with the Company’s business and the interaction dynamics between the latter and its stakeholders;
- examining the guidelines set forth under the sustainability plan and the implementation modalities of the sustainability policy;
- monitoring the inclusion of the Company in the main sustainability indexes, as well as its participation to the most relevant international events on this matter;
- examining the general structure of the sustainability report and the structure of its contents, as well as the completeness and transparency of the disclosure provided through such report, issuing in such regard a prior opinion to the board of directors called upon to approve such document;
- examining the main corporate rules and procedures that might be relevant for stakeholders – together with the control and risk committee whenever such rules and procedures are related to the internal control and risk management system – and submitting these documents for approval to the board of directors, evaluating whether they should subsequently be amended or supplemented;

- performing additional tasks assigned it by the board of directors.

Committee’s activities in 2016

The following table illustrates the calendar of the corporate governance and sustainability committee meetings held during year 2016:

J	F	M	A	M	J	J	A	S	O	N	D
	••	•	•			••		•		•	•
Total											9
Average duration											1h 40m

During such meetings which were duly attended by its members (as well as by the chairman of the board of statutory auditors) the corporate governance and sustainability committee has:

- prepared the board review process, confirming the appointment of the consultancy firm engaged to support the board of directors and its committees in the self-assessment procedure for the financial year 2016;
- reviewed the structure and contents of the corporate governance report and the ownership structures for the year 2015;
- reviewed the guidelines of the 2016-2020 sustainability plan as well as (preliminarily) those of the 2017-2021 sustainability plan;
- reviewed the 2015 sustainability report expressing, within the scope of its responsibilities, a favourable opinion on the general structure, the organization of the relative contents, as well as the completeness and transparency of the information provided thereby;
- monitored the main activities carried out on sustainability by the Enel Group in 2016, as well as the inclusion of Enel in the main sustainability indexes;
- met the supervisory board of Enel in order to examine certain proposals to update the organizational and management model set forth under Legislative Decree no. 231/2001, as well as to analyse the Global Compliance Program intended to replace the “231 Guidelines” within the Enel Group foreign companies and to integrate the local risk prevention models, if any;
- supported the board of directors, together with the nomination and compensation

committee, in preparing a contingency plan providing for the activities to be carried out in order to guarantee the proper management of the Company in case of early cessation of the chief executive officer before the expiry of the ordinary term of office (the so-called “crisis management” case);

- analysed the developments in the national and EU legal frameworks on corporate law and corporate governance (with particular reference to (i) the amendments introduced on EU market abuse regulation, their implementation in Italy and the relevant effects for the company; (ii) the rules on “benefit” companies; (iii) the new regulation on corporate transparency introduced by Legislative Decree no. 25/2016; (iv) the new regulation provided by Consob on interim “additional” financial reports, proposing to the board of directors the adoption of a policy on contents, approval and disclosure of the operating, economic and financial results referred to the first and third quarter of the financial year);
- examined the possible contents of the amendments to be introduced in the clause of the Corporate Bylaws concerning the election of the members of the board of directors by slate voting, in order to facilitate the Shareholders’ Meetings operations should the slate that obtained the majority of the votes not have a suitable number of candidates in order to achieve the seven-tenths of directors to be elected (rounding down any fraction to the unit). Subsequently, the committee has analysed the pleasing outcomes of the shareholders’ meeting vote obtained on the Bylaws amendment proposal here above;
- monitored the status of implementation of the recommendations approved by the board of directors aimed at strengthening the corporate governance of Enel’s subsidiaries whose shares are listed on regulated markets.

3. Board of statutory auditors



From the left: Romina Guglielmetti, Sergio Duca and Roberto Mazzei

3.1 Current composition and term

The board of statutory auditors in force as of the date hereof, appointed by the ordinary shareholders' meeting of May 26, 2016, is composed of the following regular members:

- Sergio Duca, chairman;
- Romina Guglielmetti;
- Roberto Mazzei.

Sergio Duca was drawn from the slate submitted by an aggregation of 16 investment management companies and other institutional investors (at the time holding in the aggregate 2.15% of the Company's share capital) and voted by the minority of the share capital represented at the meeting (approximately the 14.50% of the voting capital), while Romina Guglielmetti and Roberto Mazzei were drawn from the slate submitted by the shareholder Ministry of the Economy and Finance (at the time holding 23.59% of the Company's share capital) and voted by the majority of the share capital represented at the meeting (approximately the 84.92% of the voting capital).

A brief professional profile of the abovementioned regular statutory auditors is provided in Schedule 2 to this report.

The term of office of the current board of statutory auditors will expire with the approval of the annual financial statements for the year 2018.

3.2 Appointment and replacement

According to the provisions of the law and the Company bylaws, the board of statutory auditors consists of three regular auditors and three alternate auditors who are appointed by an ordinary shareholders' meeting for a period of three accounting periods and may be re-appointed when

their term expires. Similar to the bylaws provisions applicable to the board of directors – and in compliance with the Consolidated Financial Act – the bylaws provide that the appointment of the entire board of statutory auditors must take place in accordance with a slate voting system, which aims to allow the presence on the board of a regular auditor (who is entitled to the office of chairman) and an alternate auditor (who will take the office of chairman if the incumbent leaves before the end of his term) designated by minority shareholders.

This election system provides that the slates, in which the candidates must be listed in progressive order, may be presented by shareholders which, either alone or together with other shareholders, own the minimum equity interest in the Company, as determined by CONSOB through a regulation, for the presentation of slates of candidates for the office of director (specifically, based upon Enel's market capitalization, at the date of this report, the equity interest required is at least 0.5% of the share capital).

Moreover, at the first three renewals of the board of statutory auditors following August 12, 2012, the slates containing an overall number of candidates (considering both regular and alternate members) equal to or higher than three shall include candidates of different genders in the first two positions of the slate's section related to regular auditors and the first two positions of the slate's section related to alternate auditors.

The slates of candidates to the office of statutory auditor (as for the slates of candidates to the office of director) must be filed at the Company's registered office by those submitting them, at least 25 days before the date of the shareholders' meeting convened to resolve upon the election of the members of the board of statutory auditors. Such slates are then published by the Company on its website (www.enel.com), and filed at the Company's registered office at least 21 days before the date scheduled for the shareholders' meeting, together with exhaustive information on the personal and professional characteristics of the candidates, in order to guarantee a clear procedure for the election of the auditing body.

When less than the entire board of statutory auditors is being elected, the shareholders' meeting resolves in accordance with the majorities required by law and without the need to follow the foregoing procedure, but in any case in such a way as to ensure:

- the observance of the principle of the representation of minority shareholders on the board of statutory auditors; as well as

- the observance of the applicable laws on gender balance.

According to the legislation in force, the members of the board of statutory auditors must possess the requisites of integrity, professionalism and independence imposed upon the statutory auditors of listed companies, as supplemented (only as regards the professionalism requisites) by specific provisions of the bylaws. They must also comply with the limits concerning the number of offices on boards of directors and boards of statutory auditors of Italian companies as established by CONSOB through a specific regulation.

In February 2016, June 2016 (*i.e.* during the establishment of the members appointed by the ordinary shareholders’ meeting of May 26, 2016) and, lastly, in March 2017, the board of statutory auditors has also verified that all its regular members possess the requisites of independence set out under the Corporate Governance Code for directors. In any case, the statutory auditors act autonomously and independently, including with regard to the shareholders who elected them.

3.3 Tasks and prerogatives

As part of the tasks assigned to it by law (and indicated in the first part of this report entitled “Corporate Governance Model”), and in compliance with the recommendations set forth in the Corporate Governance Code, the board of statutory auditors has:

- the power, which may also be exercised individually by the statutory auditors, to request the Company’s Audit Function to perform checks on specific corporate operating areas or transactions;
- the power to promptly exchange information relevant for performing their respective duties with the control and risk committee.

The board of statutory auditors also act as “internal control and audit committee” pursuant to the regulation in force on statutory audit. In February 2017, the same board received a complete update on the significant amendments introduced to such regulation by Regulation (EU) no. 537/2014 and Legislative Decree no. 135/2016.

3.4 Meetings

The following table illustrates the calendar of the board of statutory auditors’ meetings held during the year 2016.

J	F	M	A	M	J	J	A	S	O	N	D
•	••	•	•••	•	•	•		•	•	•	•
	•		•		•	•					
Total											18
Average duration											2h 30m

The meetings were duly attended by the regular auditors and the magistrate representing the Italian Court of Auditors (*Corte dei Conti*).

3.5 Remuneration

The shareholders’ meeting determines the remuneration of the regular members of the board of statutory auditors, taking into account the effort required to them, the importance of their role and the dimensional and business sector characteristics of Enel. Specifically, in May 2016 the ordinary shareholders’ meeting set the gross remuneration to which the chairman of the board of statutory auditors is entitled at euro 85,000 a year and the gross remuneration to which each of the other regular statutory auditors is entitled at euro 75,000 a year, in addition to the reimbursement of the expenses necessary for the performance of their duties.

4. The internal control and risk management system

The internal control and risk management system (“SCIGR”) of Enel and of the Group consists of the set of rules, procedures, and organizational entities aimed at allowing the main corporate risks within the Group to be identified, measured, managed, and monitored.

The SCIGR is an integral part of the more general organizational and corporate governance structures adopted by the Company and by the Group and is based on Italian and international best practices. In particular, the system takes into account the recommendations of the Corporate Governance Code and is consistent with the “Internal Controls – Integrated Framework” model issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO Report”), which constitutes the internationally recognized benchmark for the analysis and integrated assessment of the effectiveness of the SCIGR.

An effective SCIGR contributes to corporate management consistent with the corporate targets determined by the board of directors, because it allows the major risks to be identified, assessed, managed, and monitored with regard to their ability to influence the achievement of the aforesaid targets.

In particular, the SCIGR contributes to ensuring the safeguard of corporate assets, the efficiency and effectiveness of corporate processes, the reliability of information provided to the corporate bodies and the market, compliance with laws and regulations, as well as with the corporate bylaws and internal procedures.

Therefore, the SCIGR plays a major role in the corporate organization, contributing to decision-making that is well informed and consistent with the propensity for risk, as well as to the dissemination of appropriate information regarding risks, the law, and corporate values. In effect, the culture of control occupies a significant position on the Group's scale of values, involving the entire corporate organization in the development and application of methods for identifying, measuring, managing, and monitoring risks.

More specifically, the SCIGR:

- provides for control actions at every operating level and clearly identifies duties and responsibilities, so as to avoid duplications of tasks and ensure coordination among the persons involved in the SCIGR itself;
- provides for the separation of duties and responsibilities among distinct organizational units or within the same, in order to prevent incompatible tasks being concentrated under common responsibilities; in particular, it ensures the necessary separation of operating and control activities, so as to prevent or – if that is not possible – attenuate conflicts of interest;
- is integrated, providing for the dissemination of a common language, the adoption of complementary methods and instruments for measuring and assessing risks, as well as information flows among the different functions with regard to the results of the tasks respectively entrusted to them;
- aims to ensure information systems that are reliable and appropriate for the reporting processes at the different levels to which control functions are entrusted;
- guarantees the traceability of the tasks of identifying, assessing, managing, and monitoring risks, ensuring over time the reconstruction of the sources and elements of information that support such tasks;
- is endowed with whistle-blowing procedures consistent with national and international best practices that allow employees (as well as third parties in general) to report possible

irregularities or violations of the applicable law provisions and/or of internal procedures. Such whistle-blowing procedures are characterized by the existence of specific information channels aimed at ensuring the reporting persons to remain anonymous;

- reveals abnormal situations that may constitute indicators of inefficiency in the systems for measuring and controlling risks;
- ensures that the anomalies observed are promptly brought to the attention of appropriate levels of corporate responsibility, which are able to effectively implement suitable corrective measures.

The SCIGR consists of three distinct kinds of activities:

- “line” or “first-level” control, consisting in all the control tasks that the individual operating units or companies of the Group perform on their processes in order to ensure that operations are carried out properly. Such control tasks are entrusted to the primary responsibility of operating management and are considered an integral part of every corporate process;
- “second-level” controls, which are entrusted to specific corporate functions and aimed at managing and monitoring typical categories of risk, including – by way merely of example – operating risks, market risks (such as commodity risk and financial risks), credit risks, strategic risks, legal risks and the risk of (non) compliance. A description of the main corporate risks of the Enel Group, as well as of the targets and of the financial risks management policies for 2016 is available to the public at the registered office and on the Company's website (www.enel.com);
- internal audit (“third-level” controls), aimed at checking the structure and overall functionality of the SCIGR, including by monitoring the line controls, as well as the second-level ones.

The SCIGR is subject to periodical tests and checks, taking into account the evolution of corporate operations and the situation in question, as well as both Italian and international best practices.

For a detailed description of the tasks and responsibilities of the main persons involved in the SCIGR, as well as the coordination among such persons, please see the Guidelines of the internal control and risk management system available on the Company's website (www.enel.com), while for a

description of the activities carried out during 2016 by the board of directors and by the control and risk committee regarding the SCIGR please see the paragraphs “Board of Directors – Role and Functions” and “Committees – Control and Risk Committee” of this section of the document.

5. Executive in charge of preparing the corporate accounting documents

In 2016, the role of executive in charge of preparing Enel’s corporate accounting documents was held by the head of the “Administration, Finance and Control” Function (*i.e.* Alberto De Paoli). The executive in question is appointed to such position by the board of directors after consultation with the board of statutory auditors and meets the professional qualification requisites provided under the Company bylaws.

For a description of the activities of such executive in charge, please make reference to the “Guidelines of the internal control and risk management system”.

5.1 The system of risk management and internal control of financial information

The executive in charge of preparing the corporate accounting documents has implemented in the context of both the Company and the Group a specific internal control and risk management system focusing on financial disclosure (the “System of ICFR”) which governs the preparation of the Company’s annual financial statements, the Group’s consolidated financial statements and the Group’s consolidated half-year report; the purpose of such System is to ensure the reliability of the financial disclosure and the adequacy of the process of drafting the mentioned financial documents in order to have a disclosure compliant with the international auditing standards accepted in the European Union.

The ICFR System is defined as the set of activities intended to identify and assess the actions or events whose materialization or absence could compromise, partially or entirely, the achievement of the objectives of the control system, supplemented by the subsequent activities of identifying the controls and defining the procedures that ensure the achievement of the objectives of credibility, accuracy, reliability, and timeliness of financial information.

The executive in charge of preparing the corporate accounting documents supervised the development and execution of a special set of procedures – which all the personnel concerned has been informed of – which records the methods adopted and the responsibilities of the aforesaid personnel as part of

the activities of maintaining and monitoring the System of ICFR. Specifically, the Group set a procedure that regulates the reference model and a procedure that describes the process of managing such System, which defines the roles and responsibilities within the Company’s organization, providing for a specific flow of internal certifications.

The controls put in place have been monitored to check both their “design” (*i.e.*, that the control, if operating, is adequate to mitigate the identified risk in an acceptable way) and their actual “effectiveness”.

The System of ICFR is structured in accordance with the “Internal Controls – Integrated Framework” model issued by the Committee of Sponsoring Organizations of the Treadway Commission (the “COSO Report”), which consists of five components (environmental control, risk assessment, control activities, disclosure systems and information flows, monitoring activities) which, depending upon their characteristics, operate at both the entity level and the operating process level.



The COSO Report has been supplemented with regard to IT aspects by the model “Control Objectives for Information and related Technology” (the so-called “COBIT”)

Further, the internal controls concerning proper book keeping provided for in Section 404 of the Sarbanes-Oxley Act are applied by some Latin-American companies of the Group having American Depositary Shares (“ADS”) listed on the New York Stock Exchange.

The process of defining, implementing and managing the System of ICFR, which is progressively extended to cover newly acquired material companies, is carried out under the responsibility of the executive in charge of preparing the corporate accounting documents and is divided into the following phases:

- definition of the perimeter of the companies, processes, risks and controls and communication of the methodologies and instructions to the management involved;

- mapping and updating of processes, risk assessment and definition of controls, quality assurance and identification and updating of Primary Key Controls (using the Top-Down Risk-Based Approach);
- assessment of the design and effectiveness of the controls (referred to as “line monitoring”) carried out by the related management and executed through self-assessment;
- implementation of the independent testing activity by an external consulting firm, except for the Information Technology General Controls, which are subject to the “independent” monitoring of the Company’s Audit Function;
- assessment of gaps, approval and monitoring of corrective measures;
- consolidation of results and overall assessment of the System of ICFR, in order to finalize the final certification letters to be issued by the chief executive officer and by the executive in charge of preparing the corporate accounting documents regarding stand-alone financial statements, consolidated financial statements and the half-year financial report, supported by a reporting flow of internal certifications;
- arrangement and publication of administrative and accounting procedures.

The perimeter of the Group companies to be included in the assessment is determined with regard to the specific level of risk, in both quantitative terms (for the level of materiality of the potential impact on the consolidated financial statements) and qualitative terms (taking into account the specific risks connected with the business or the process).

For the definition of the system, first of all a Group-level risk assessment was carried out in order to identify and evaluate the actions or events whose materialization or absence could compromise the achievement of the control system’s objectives (for example, claims in the financial statements and other control objectives connected with financial information). The risk assessment was also conducted with regard to the risks of fraud.

Risks are identified at both entity level and process level. On the one hand, the risks identified are considered in any case to have a significant impact on financial information, regardless of the likelihood of their occurrence. Process-level risks, on the other hand, are assessed – regardless of relevant controls (known as the “*valutazione a livello inerente*”) - in terms of potential impact and the probability of

occurrence, on the basis of both qualitative and quantitative elements.

Following the identification and assessment of the risks, controls were established that are aimed at reducing to an acceptable level the possibility that risks may materialize, at both the entity and process levels.

In particular, the structure of controls for companies or group of companies provides for “Entity/Company Level Controls”, as control instruments determined on a central level and of common application in the context of the Group or of a specific area, which allow to the controlling company to address, determine and monitor the design and the effectiveness of the System of ICFR of controlled companies, or as control instruments which operate in transverse manner in respect of a single company or business line.

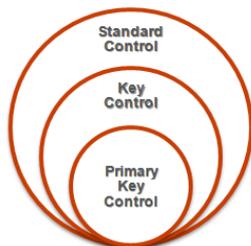
Entity level controls are classified in compliance with the five above-mentioned components referred to in the COSO Report.

The structure of controls in a process level provides instead specific or monitoring controls, as a set of activities, manual or automated, with the purpose of prevent, identify and correct any errors or irregularities that could occur during the carrying out of the operative activities.

In order to improve the efficiency of the System of ICFR and its sustainability over time, the controls have been sub-divided into standard controls and key controls, these latter meaning controls that are decisive for purposes of preventing false representations in accounting documents. Over-arching structural controls are also identified, meaning structural elements of the System of ICFR aimed at defining a general context that promotes the proper execution and control of operating activities. In particular, over-arching structural controls are those related to the segregation of incompatible activities and responsibilities (the so-called “Segregation of Duties”), which aims to ensure that tasks and duties that could facilitate the commission and/or concealment of frauds/errors are not concentrated with the same person. Where activities are carried out with the support of IT systems, the proper segregation is verified also with regard to the assigned roles and usernames.

Within the scope of the companies identified as significant, the processes at greatest risk were defined and assessed and the top-down risk-based approach was applied. In accordance with this approach, the Company then has identified and assessed the risks with the greatest impact and the related controls (referred to as primary key controls), both with

regard to general monitoring and specific controls, aimed at reducing the possibility of the aforesaid risks occurring to an acceptable level.



In order to assess the appropriateness of the process, risks and controls of financial information, every six months a specific monitoring is conducted by the process managers (that is, the individuals in charge of the activities, risks and controls) aimed at testing the design and effectiveness of the relevant process and controls.

For each corporate process assessed, an appropriate documentation (referred to as “administrative and accounting procedures”) is kept for the purpose of describing roles and responsibilities and the flows of data and information, as well as the key points of control.

The findings of the assessments performed are notified to the executive in charge of preparing the corporate accounting documents through specific periodic reporting, which classify any possible deficiencies in the effectiveness and/or design of the controls – with regard to their potential impact on financial information – into simple deficiencies, significant weaknesses, or material deficiencies.

In the event the assessments carried out reveal deficiencies, the aforesaid information flows also report the corrective actions that have been or will be undertaken to allow the objectives of the credibility, accuracy, reliability, and timeliness of financial information to be achieved.

These flows are also used for the periodic disclosure/updates on the adequacy of the System of ICFR, provided by the executive in charge of preparing the corporate accounting documents to the board of statutory auditors, the control and risk committee, and to the auditing firm.

On the basis of the aforesaid reports, and taking into account the certification issued by the heads of each corporate unit concerned, the executive in charge of preparing corporate accounting documents, together with the chief executive officer, issues a special certification regarding the adequacy and actual application of the administrative and accounting procedures established for the preparation of the stand-alone financial statements, the consolidated financial statements, or the half-year report

(depending upon the relevant document in question from time to time).

Following the monitoring activities performed by the persons handling the processes, aimed at verifying the structure and functioning of the processes/sub-processes assigned to them, and the related controls identified, the documents comprising the administrative and accounting procedures (narratives, flow charts and list of controls) are extracted from the support system in order to proceed with the formalization of the same.

The administrative and accounting procedures are then issued by the executive in charge of preparing corporate accounting documents and are published on the Company’s intranet.

In order to ensure the proper application of the methodology described above, specific training sessions are periodically held, aimed at both the local structures that handle the internal controls over the Group’s financial disclosure and the persons who handle the processes involved in the line monitoring.

6. External controls

6.1 Auditing firm

The auditing firm Ernst & Young S.p.A. has been entrusted with the legal audit of Enel’s financial statements and of the Group’s consolidated financial statements.

The assignment was awarded to such firm by the ordinary shareholders’ meeting of April 29, 2011, upon proposal of the board of statutory auditors, with reference to the fiscal years from 2011 until 2019 and for a total consideration of euro 3.5 million.

For purposes of preserving the independence of auditing firms that do business within the Group, a specific procedure was adopted to govern the assignments to such auditing firms or entities belonging to their networks by companies belonging to the Group. In accordance with this procedure – which is currently being updated as of the date of this report to implement the amendments introduced on statutory audit within the European Union – the board of statutory auditors expresses a preliminary binding opinion (or, in situations in which such appointments in no way compromise the auditing firm’s independence, receives periodic updates) on the assignment by companies belonging to the Group of additional mandates – other than the main auditing mandate and which would not be found incompatible by law – to the Group’s main external auditor or to entities belonging to the auditor’s network; the assignment of such additional mandates is allowed only in certain circumstances of proven

necessity (from a legal, economic or service quality standpoint).

6.2 Oversight of the Italian Court of Auditors (*Corte dei Conti*)

The Italian Court of Auditors (*Corte dei Conti*) oversees the financial management of Enel, availing itself for this purpose of an appointed magistrate. During 2016, this role was performed by the delegated judge Francesco Paolo Romanelli.

The judge appointed by the Italian Court of Auditors (*Corte dei Conti*) attends the meetings of the board of directors and of the board of statutory auditors. In this respect, the board of directors resolved to pay this judge an attendance allowance of Euro 1,000 for each meeting of corporate bodies attended.

The Italian Court of Auditors (*Corte dei Conti*) presents annually to the Presidency of the Senate of the Republic (*Senato della Repubblica*) and to the Presidency of the House of Representatives (*Camera dei Deputati*) a report on the results of the oversight performed.

7. Relations with institutional investors and shareholders in general

Ever since the listing of its shares on the stock market, the Company has deemed it in line with its own specific interest – as well as with its duty towards the market – to establish an ongoing dialogue based on mutual understanding of their respective roles, with its shareholders in general, as well as with institutional investors. Such dialogue, in any case, was to take place in accordance with the rules and procedures that regulate the dissemination of inside information.

In this regard, also in consideration of the size of the Group, it was deemed that such dialogue could be facilitated by the creation of dedicated corporate units.

The Company therefore created (i) an investor relations unit, which is part of its “Administration, Finance, and Control” Function, and (ii) a unit within the “Legal and Corporate Affairs” Function in charge of communicating with shareholders in general.

It was also decided to further enhance communication with investors through the creation of a special section of the Company’s website (www.enel.com, section “Investors” and sub-section “Governance”), providing both economic/financial information (financial statements, half-year and quarterly reports, presentations to the financial community, analysts’ estimates, and information on trading of the shares issued by Enel and its main

listed subsidiaries) and up-to-date data and documents of interest to shareholders in general (press releases, composition of Enel’s corporate bodies, the Company’s bylaws and shareholders’ meetings regulations, information and documents regarding shareholders’ meetings, other documents regarding its corporate governance and code of ethics).

8. Shareholders’ Meetings

The recommendation contained in the Corporate Governance Code to consider shareholders’ meetings as important occasions for discussion between a company’s shareholders and its board of directors was carefully assessed and fully accepted by the Company, which, in addition to ensuring the regular attendance of its directors at shareholders’ meetings, deemed it advisable to adopt specific measures to adequately enhance such meetings; in particular, reference is made to the provision of the Company bylaws aimed at enhancing proxy solicitation among the employee shareholders of the Company and its subsidiaries and at facilitating their participation in the decision-making process at shareholders’ meetings (this provision is specifically described in the first part of the report, under “Ownership structure” – “Employee-shareholdings: mechanism for exercising voting rights”).

The applicable law regarding the functioning of shareholders’ meetings of listed companies, provided in the Italian Civil Code, in the Consolidated Financial Act and in the implementing regulations adopted by CONSOB, was significantly amended in the last years essentially to ease the exercise of some of the rights of the shareholders of listed companies.

It should be noted that the shareholders’ meeting is competent to resolve, in both ordinary and extraordinary sessions, upon, among other things: (i) the appointment and removal of members of the board of directors and of the board of statutory auditors, determining their compensation and liability, if any; (ii) the approval of the financial statements and the allocation of the net income; (iii) the purchase and sale of own shares; (iv) stock-based compensation plans; (v) amendments to the Company bylaws; (vi) the issue of convertible bonds.

On the basis of Enel’s bylaws, ordinary and extraordinary shareholders’ meetings are held, as a general rule, on single call (provided however that the board of directors may establish, where deemed advisable and providing express notice in such regard in the notice of call, that the shareholders’ meeting are held following more than one call), are constituted and resolve with the majorities

prescribed by applicable laws and are held in the municipality where the Company's registered office is located (unless otherwise decided by the board of directors, and provided that the venue is in Italy).

The ordinary shareholders' meeting must be convened at least once per year within 180 days after the end of the accounting period, for the approval of the financial statements.

The Consolidated Financial Act provides that entitlement to attend and vote in the shareholders' meeting must be certified by a communication sent to the issuer by the intermediary in the interest of the person entitled to vote, and issued on the basis of the accounting records at the end of the seventh trading day prior to the scheduled date of the shareholders' meeting ("record date").

Those entitled to vote may:

- ask questions on the items on the agenda, also before the shareholders' meeting by the deadline indicated in the notice of call; such questions will be answered no later than during the meeting;
- notify also electronically their proxies to the Company, by sending the proxies through the specific section of the Company's website indicated in the notice of call;
- grant proxies, even to proxy-holders in conflict of interest, provided that the latter has communicated in writing to the shareholder the circumstances giving rise to the conflict of interest and that specific voting instructions were given for each resolution in respect of which the proxy-holder has to vote on behalf of the shareholder;
- grant to a representative appointed by the Company a proxy with voting instructions upon all or some of the items on the agenda, that must be sent to the interested person no later than the end of the second trading day before the date set for the shareholders' meeting; this proxy, the costs of which shall not be borne by the shareholders and which must be filled out through a schedule prepared by CONSOB, is valid only for those proposals in relation to which voting instructions were given.

On the basis of the Consolidated Financial Act and the related implementing provisions issued by CONSOB, Enel bylaws empower the board of directors to provide for, with respect to single shareholders' meetings, the possibility of participating by electronic means, specifying the conditions for such participation in the notice of call.

Shareholders' meetings are governed, in addition to the law and corporate bylaws, by specific rules that are available on the Company's website (www.enel.com).

Shareholders' meetings shall be chaired by the chairman of the board of directors or, in the event of his absence or impediment, by the deputy chairman, if appointed, or if both are absent, by a person designated by the board of directors; lacking a designation, the meeting shall elect its own chairman. The chairman of a shareholders' meeting shall be assisted by a secretary, whose presence may be waived if the drafting of the minutes is entrusted to a notary public. The chairman of the shareholders' meeting, among other things, verifies that the meeting is duly constituted, and verifies the identity and entitlement of those attending, regulates the proceedings and ascertains the voting results.

As regards the right of each shareholder to request to speak on the items on the agenda, the shareholders' meetings rules provide that the chairman, taking into account the nature and the importance of the specific matters under discussion, as well as the number of those requesting to take floor and the questions, if any, asked by shareholders before the shareholders' meeting to which no reply was given by the Company, shall predetermine the time limits for speaking from the floor and for rejoinders – normally no more than ten minutes for the former and five minutes for the latter – in order to ensure that the meeting is able to conclude its business at one sitting. All those entitled to vote may request the floor to speak on each of the matters under discussion only once, making observations, requesting information and making proposals. Requests for the floor may be presented from the time the quorum is determined and – unless the chairman sets a different deadline – until the chairman closes the discussions on the matter in question. The chairman and, at his or her request, those who assist him or her, shall reply to participants who speak on matters being discussed after all of them have spoken or after each one has spoken. Those who have requested the floor shall be entitled to a brief rejoinder.

The resolutions of the meeting shall be recorded in minutes signed by the chairman and the secretary or notary public. The minutes of extraordinary shareholders' meetings shall be drafted by a notary public.

9. Other corporate governance procedures

9.1 Transactions with related parties

A procedure has been implemented within the Group, adopted by the board of directors in

compliance with CONSOB regulation, aimed at governing the approval and conclusion of related party transactions carried out by Enel, either directly or through its subsidiaries, in order to ensure the transparency and fairness of such transactions from both a substantive and formal standpoint; such procedure is available on the Company's website (www.enel.com).

In accordance with such procedure, transactions with related parties concluded directly by Enel may be sub-divided into the following three categories:

- transactions of “major importance”, which are those exceeding a specific quantitative threshold (equal to 5%) of three relevance indexes, that take into account the equivalent-value of the transaction, of the assets of the entity which is the target of the transaction and of the liabilities of the entity acquired. Such transactions, if not subject to the approval of the shareholders' meeting pursuant to the applicable laws or the bylaws, are necessarily subject to the board of director's approval;
- transactions of “minor importance”, which are defined as those transactions other than the transactions of major importance and transactions for small amounts;
- transactions for “small amounts”, that are those characterized by an equivalent-value lower than specific thresholds, distinguished depending on the category of related parties with whom the transactions are executed. The procedure does not apply to transactions for small amounts.

In order to allow the related parties committee to express a previous reasoned opinion on Enel's interest in the completion of such transactions, as well as the advantageousness and substantial fairness of the relevant conditions, the procedure determines specific information flows that for “major importance” transactions cover also their preliminary inquiry.

With regard to the effectiveness of the opinion issued by the related parties committee, the procedure provides that:

- for the transactions of minor importance, such opinion is not binding. Nevertheless, Enel shall make available to the public, within fifteen days after the close of each quarter, a document containing an indication of the counterpart, of the object and the consideration of the transactions of minor importance approved in the reference quarter

in the presence of a negative opinion of the related parties committee, as well as of the reasons why it was deemed suitable not to follow that opinion;

- for the transactions of major importance, if the related parties committee issues a negative opinion, the board of directors of the Company, if set forth in the bylaws of the Company (as it actually is), may submit the transaction of major importance to the ordinary shareholders' meeting for its authorization. The shareholders' meeting, without prejudice to the majorities required by law, bylaws and provisions applicable in case of conflict of interest, approves its resolution with the favourable vote of at least half of the voting unrelated shareholders (“whitewash”). In any case, the completion of transactions of major importance is prevented only if the unrelated shareholders present at the shareholders' meeting represent at least 10% of the share capital with voting rights.

In compliance with applicable laws, if the relation exists with a director of the Company or with a party related through him/her, the interested director shall promptly notify the other directors and the statutory auditors of the nature, the terms, the origin and the range of his/her interest. If, on the other hand, the relation exists with the Company's chief executive officer or with a related party linked to him/her, in addition to the above, he/she will abstain from the execution of the transaction, and entrust the board of directors with executing the transaction.

If the relation exists with one of the regular statutory auditors of the Company or with a related party linked to him/her, the interested auditor promptly notifies the other auditors and the chairman of the board of directors of the nature, the terms, the origin and the range of his/her interest.

Further, the procedure sets that the chief executive officer of the Company, in the periodical report concerning the activities carried out in execution of the powers granted to him/her, provides the board of directors and the board of statutory auditors, at least quarterly, with specific information regarding the execution of transactions with related parties of both “major importance” and “minor importance”.

A specific procedure is prescribed for transactions with related parties carried out by Enel not directly but through subsidiaries. In such cases it is set forth that the board of directors of the Company, or the competent delegated body on the basis of the structure of powers in force from time to time, makes - with the prior non-binding opinion of the related parties committee - a previous assessment of

the transactions with related parties carried out by companies directly and/or indirectly controlled by Enel which fall within one or more of the following categories:

- atypical or unusual transactions;
- transactions whose equivalent-value exceeds Euro 10 million, with the exception of those transactions excluded from the scope of application of the procedure.

As observed above with reference to the transactions of “minor importance” carried out directly by Enel, also for the transactions carried out through subsidiaries it is provided that, if the board of directors of the Company, or the competent delegated body on the basis of the applicable structure of powers in force from time to time, has issued a favourable opinion concerning the carrying out of transactions of subsidiaries which are relevant for the purposes of the procedure, although the related parties committee issued a negative opinion, Enel shall make available to the public a specific document containing the reasons for disregarding such opinion.

The procedure does not apply to specific types of related parties transactions identified by CONSOB, among which the main are the regular transactions completed at market-equivalent or standard terms and the transactions with or between companies controlled, even jointly, by Enel, as well as transactions with companies affiliated with Enel, provided that in the controlled or affiliated companies that are counterparties to the transaction no significant interests (as identified in the procedure) of another Enel’s related party exist.

A simplified procedure is then provided in the event of urgency for the approval of related parties transactions that are not attributed to the shareholders’ meeting, it being understood that a subsequent non-binding vote concerning such transactions by the next ordinary shareholders’ meeting of the Company is required.

Finally, please note that, in January 2015, the board of directors approved a specific best practice guideline on corporate governance pursuant to which:

- Enel and other companies of the Group shall abstain from granting any form of financing to directors (or to either natural or legal persons referable to directors as related parties); and
- the directors shall immediately inform the board of directors and the related parties committee about any professional engagement or commercial relationships

(other than ordinary relationships concerning the supply of electricity and/or gas) with Enel or other companies of the Group, even where the envisaged considerations are lower than the minimum threshold (*i.e.*, EUR 50,000 aggregated on an annual basis) established by the aforesaid company procedure on related parties transactions.

9.2 Processing of corporate information

The Group applies special rules for the internal management and processing of confidential information, under which the directors and statutory auditors are required to keep confidential the documents and information acquired in carrying out their duties.

Such rules – updated in March 2017 in order to include the amendments introduced on market abuse – are aimed at keeping secret the confidential information, while at the same time ensuring that the corporate data and information disclosed to the market are correct, complete, adequate, timely, and non-selective.

The rules entrust the Company’s chief executive officer and the chief executive officers of the Group companies with the general responsibility of managing the confidential information concerning their respective spheres of authority, establishing that the dissemination of confidential information regarding individual subsidiaries must in any case be agreed upon with Enel’s chief executive officer.

The rules also establish specific procedures to be followed in circulating company documents and information outside the Group – providing for specific rules for the disclosure of inside information and financial information – and carefully regulate the ways in which the company representatives enter into contact with the press and other mass media, as well as financial analysts and institutional investors.

Such rules are available to the public on the Company’s website (www.enel.com)

In 2016, in compliance with the European and national regulation on market abuse, Enel has:

- kept regularly updated the register for all individuals and legal entities with access to inside information through the exercise of his or her employment, profession or duties on behalf of the Company or the other companies belonging to the Group;
- applied to the Group the rules on internal dealing, concerning the transparency of transactions involving the shares or bonds issued by the Company, derivatives or other related financial instruments linked thereto

carried out by major shareholders, representatives/exponents of the company, and persons closely associated with them. In particular, in 2016, the legal framework on internal dealing applied to the types of transactions identified by the relevant EU laws, insofar as they concerned the shares or bonds issued by Enel, derivatives or other related financial instruments, and carried out by “relevant persons”. This category includes shareholders who own at least 10% of the Company’s share capital, the directors and regular statutory auditors of Enel, as well as 10 other managerial positions identified within Enel by the chief executive officer in accordance with the criteria indicated in the relevant regulations, since they have regular access to inside information and the power to take managerial decisions that could affect the future developments and business prospects of the Company. Please note that in March 2017, the board of directors of Enel, having acknowledged the material amendments introduced in 2016 by the relevant EU regulation, has deemed appropriate to approve a specific company regulation on internal dealing, that is available to the public at the Company’s website (www.enel.com).

9.3 Code of Ethics

Awareness of the social and environmental effects that accompany the activities carried out by the Group, as well as consideration of the importance of both a cooperative approach with stakeholders and the good reputation of the Group itself (in both internal and external relations) inspired the drawing up of the Group’s code of ethics, which was approved by the Company’s board of directors since March 2002.

The code (updated several times and most recently in December 2013) expresses the commitments and ethical responsibilities involved in the conduct of business, regulating and harmonizing corporate behaviour in accordance with standards calling for maximum transparency and fairness for all stakeholders. Specifically, the code of ethics consists of:

- general principles regarding relations with stakeholders, which define the principal values guiding the Group in the conduct of its operations. Among the aforesaid principles, specific mention should be made of the following: honesty, impartiality, confidentiality, the creation of value for shareholders, the value of human resources, the transparency and completeness of

information, service quality, and the protection of the environment;

- criteria of behaviour towards each class of stakeholders, which specify the guidelines and rules that Enel’s officers and employees must follow in order to ensure observance of the general principles and prevent the risk of unethical actions;
- implementation mechanisms, which describe the control system devised to ensure observance of the code of ethics and its continual improvement.

9.4 Organizational and management Model

Since July 2002, the Company’s board of directors has adopted an organizational and management model (the “Model”) in accordance with the requirements of Legislative Decree no. 231 of June 8, 2001, which introduced into the Italian legal system a regime of administrative (but in fact criminal) liability with respect to companies for several kinds of crimes committed by their directors, executives, or employees in the interest of or to the benefit of the companies themselves.

The Model consists of a “general part” and separate “special parts”, supplemented and updated from time to time in order to reflect the development both of the business organizational structure and of the different kinds of crimes that fall under Legislative Decree no. 231/2001, which the aforesaid Model aims to prevent.

At the same time, Enel encourages, from a general standpoint, the activities aimed at updating the organisational and management model adopted by the other Italian companies of the Group, in order to foster a correct and uniform implementation of the relevant guidelines, ensuring at the same time that the their contents always comply with the organizational and operational structure of the single companies concerned.

In September 2016, Enel’s board of directors has also approved the “Enel Global Compliance Program” (“EGCP”), a document addressed to the foreign companies of the Group which replaces the former “231 Guidelines”, that were inspired by the Italian legislation on corporate liability as per the aforesaid Legislative Decree no. 231/2001. Differently, the EGCP is, more generally, a governance tool aimed at strengthening the ethical and professional commitment of the Group to prevent the commission of crimes abroad (such as by way of example offences against the public administration, fraudulent accounting, money laundering, crimes committed in violation of the

rules on work-place safety, environmental crimes) which may trigger the company's criminal liability and the related reputation risks.

The EGCP has been prepared in light of the main and leading international sources on the matter (*i.e.*, main international conventions to combat corruption, British Bribery Act, the United States Foreign Corrupt Practices Act), as well as taking into account the current organizational structure of the Group and the specific relevant regulation applicable within the legal frameworks in which the various companies of the Group operate.

Enel has appointed a body to supervise the functioning and observance of the Model and to update it (the “supervisory body” or, merely, “SB”). In particular, such supervisory body can be comprised of a number of members ranging between three and five, who are appointed by the board of directors. Such members may be chosen either from within or outside the Company or the Group, with specific expertise and professional experience (in any case it is requested the presence of the Head of the Audit Function of the Company). During 2016, the SB was composed of two external members with expertise on corporate organization matters, Matteo Giuliano Caroli (who is also chairman of the body) and Nicola Nicoletti, as well as of the heads of the Audit and of the Legal and Corporate Affairs Functions and of the Secretary of the board of directors of Enel, all of them having specific professional expertise regarding the application of the Model and not being directly involved in any operational activity. The duration of the office of the members of the SB is aligned to the office of the board of directors of the Company and therefore their term will expire at the date of approval of the 2016 financial statements.

During 2016, the SB, in carrying out its activities aimed at verifying the compliance of the effective corporate conducts with those set forth under the aforesaid organizational and management model:

- held 12 meetings, during which it discussed the analysis - carried out also with the assistance of the relevant management - of the main business areas of the Company which are significant for the model and the exam of the control procedures of such areas;
- held meetings with supervisory bodies (or similar bodies) of the other companies of the Group, in order to strengthen the monitoring upon control and defence procedures implemented by the said companies;

- encouraged the updating of the organizational and management model in order to take into account the specific law amendments and the changes in the organizational structure. Such updating specifically concerned the “general part”, as well as the special parts “G” (the crime of receiving stolen goods, money-laundering and use of cash, goods or other benefits of illegal origin), “H” (computer-related crimes and unlawful processing of data) and “L” (environmental crimes) of the same model;
- promoted training initiatives, differentiated according to the recipients and necessary to ensure a constant updating of the personnel on the contents of the Model;
- constantly reported its activities to the chairman of the board of directors and to the chief executive officer and, on a regular basis, to the board of directors (through the control and risk committee) and to the board of statutory auditors.

9.5 “Zero tolerance for corruption” plan

The Company has enacted since 2006 the “zero tolerance for corruption” plan - ZTC (“ZTC plan”) in order to give substance to Enel’s adherence to the Global Compact (an action program sponsored by the U.N. in 2000) and to the PACI – Partnership Against Corruption Initiative (sponsored by the Davos World Economic Forum in 2005).

The ZTC plan supplements the Code of Ethics and the organizational and management model adopted pursuant to Legislative Decree No. 231/2001, representing a more significant step regarding corruption and aimed at adopting a series of recommendations for the implementation of the principles formulated by Transparency International.

9.6 Human Rights Policy

The Company enacted in 2013 a policy on human rights that reflects the “Guidelines on Business and Human Rights” issued by the U.N., and corroborates and deepens the commitments already provided for under the code of ethics, the compliance program of Legislative Decree No. 231/2001 and the ZTC (“zero tolerance for corruption”) plan with regard to human rights matters.

SCHEDULE 1: Biography of the members of the Board of Directors



Patrizia Grieco

Year of birth: 1952

Office: Chairman

Participation in committees: Corporate Governance and Sustainability Committee (Chairman)

In office since: May 2014

Number of offices held in other relevant companies: 3

Slate of origin: Majority

She graduated in law at the University of Milan and she started her career in 1977 at the legal and general affairs directorate of Italtel, where she became the chief in 1994. In 1999 she was appointed general manager of Italtel to re-organize and reposition the company, in which she became chief executive officer in 2002. From September 2003 to January 2006 she was the chief executive officer of Siemens Informatica, which is the controlling entity in Italy of Siemens Business Services, becoming member of the executive council of the abovementioned group at worldwide level. From February 2006 she became partner of Value Partners and chief executive officer of the Group Value Team (today NTT Data), which provides IT consultancy and services in Italy and abroad, office that she performed until September 2008. She has held at Olivetti the office of chief executive officer from November 2008 up to March 2013, that of chairman from June 2011 up to June 2014 and that of director from June 2014 up to October 2014. She was director of Fiat Industrial (today CNHI) from April 2012 to April 2016. She is currently director of Anima Holding (from March 2014), Ferrari (from April 2016) and Amplifon (from April 2016) and is also a member of the steering committee and the general council of Assonime (from September 2014), of the board of directors of Bocconi University (from November 2014) and of Italian Foundation MAXXI – National Museum of XXI Century Arts (from February 2016).



Francesco Starace

Year of birth: 1955

Office: Chief Executive Officer e General Manager

Participation in committees: -

In office since: May 2014

Number of offices held in other relevant companies: 0

Slate of origin: Majority

He graduated in nuclear engineering at the Polytechnic Institute of Milan. He began his career as a security analyst for electronuclear plants at Nira Ansaldo (from 1981 until 1982) and then, from 1982 until 1987, held numerous management roles in Italy, the United States, Saudi Arabia, Egypt and United Arab Emirates for Sae Sadelmi, which at the time belonged to the General Electric group. From 1987 until 2000, he worked at ABB and later at Alstom Power Corporation, where he was also Chief Executive Officer of ABB Combustion Engineering Italia (from 1997 until 1998) and later (from 1998 until 2000), senior vice president of global sales and turnkey plants for the gas turbine division. He joined Enel Group in 2000, where he held several key management positions, including head of the “power” business area (from July 2002 until October 2005), head of the “market” division (from November 2005 until September 2008) and, lastly, the role of Chief Executive Officer and General Manager of Enel Green Power (from October 2008 until May 2014). In May 2015, he was appointed in the board of directors of the United Nations Global Compact. Furthermore, in January 2016 he was appointed co-chair of the World Economic Forum’s Energy Utilities and Energy Technologies Community. In October 2016, he was finally appointed co-chair of the B20 Climate & Resource Efficiency Task Force.



Alfredo Antoniozzi

Year of birth: 1956

Office: Independent Director

Participation in committees: Corporate Governance and Sustainability Committee and Related Parties Committee

In office since: May 2015

Number of offices held in other relevant companies: 0

Slate of origin: appointed by the shareholders' meeting on 28 May 2015 pursuant to Article 2386 of the Italian Civil Code, upon proposal of the shareholder Ministry of the Economy and Finance

He graduated in law at the University “La Sapienza” of Rome in 1980 and then achieved a specialization in labour law, practicing his activity in a law firm. From 1981 to 1990 he was City Councilman at the Municipality of Rome, taking on the office as Counsellor for the Educational Politics; later, he held the office of Counsellor for General Affairs with delegated powers concerning the institutional and international relations for the Municipality of Rome. From 1990 to 2004 he was Region Councilman at the Lazio Region, where he held the office as Counsellor for Transport. Furthermore, from 2008 to 2012 he held the office as Counsellor for Heritage and Special Projects at the Municipality of Rome. From 2004 to 2014 he was Member of the European Parliament, where he was a member of the Justice Commission, Legal Commission and Constitutional Affairs Commission. During the same period he also took part in the Delegations for European relationships with the United States of America and the Arabic Peninsula and Central America; he was also a member of the Delegation at Parliamentary Committee on relationships EU-Mexico.



Alessandro Banchi

Year of birth: 1946

Office: Independent Director

Participation in committees: Nomination and Compensation Committee (chairman) and Related Parties Committee

In office since: May 2011

No. of offices in other relevant companies: 2

Slate of origin: Minority

He graduated in Chemical Engineering at the University of Bologna in 1969, then he started his professional career in the pharmacology industry in 1971. In 1973, he joined the Italian branch office of the chemical-pharmaceutical multinational Boehringer Ingelheim, holding different management positions both in Italy and abroad, and became Italy's country manager from 1992 until 1999. In the Boehringer Ingelheim group, he held the office of managing director of Pharma Marketing and Sales (which operates worldwide) from 2000 until 2008, where he also held the office of Chairman (and CEO) of its executive committee starting from 2004. In 2009 he left the Boehringer Ingelheim group to carry out professional advice on pharmaceutical matters. Officer of the Republic of Italy, he held offices in Italian and foreign sector associations of chemical and pharmaceutical industry; in this regard, he was chairman of AESGP and ANIFA (respectively, European and Italian Associations of pharmaceutical industries of counter products), member of the board of directors of Federchimica and of the Board of Farmindustria, as well as in the G10 at the European Commission in Brussels. Currently he is also the chairman of the supervisory board of the German company Biotest as well as member of the board of director of the Spanish company Esteve.



Alberto Bianchi

Year of birth: 1954

Office: Independent director

Participation in committees: Related Parties Committee (Chairman) and Corporate Governance and Sustainability Committee

In office since: May 2014

Number of offices held in other relevant companies: 0

Slate of origin: Majority

After the graduation in law and the admission to the Italian bar, he started to practice the profession of lawyer in 1986 in administrative, commercial, corporate and bankruptcy law. Among these areas, initially he carried out his activity in the law firm of Professor Alberto Predieri (from 1983 to 2001); after the death of the owner (August 2001), he founded the law firm Bianchi and Associates, with main office in Florence and subsidiary offices in Rome and Milan. From 2001 to 2007 he was liquidator of EFIM (body of loan for the manufacturing industries); after the suppression of the abovementioned body, he has been appointed (in July 2007) by the Minister of Economy and Finance as commissioner “*ad acta*” for the compulsory winding up of the companies managed by Ligestra (company of the Fintecna Group), office that he holds as of the date hereof. He was also member of the liquidator board of Finanziaria Ernesto Breda (from 1994 to 2001), director of Rai New Media, chairman of Firenze Fiera (from 2002 to 2006) and of Dada (internet company listed in the stock exchange from 2011 to 2013). Currently he is chairman of the board of directors of “Edizioni di Storia e Letteratura”, and director and accounting auditor of several associations and foundations. From March 2016, he is member of the Steering Committee of the Ente Cassa di Risparmio of Florence.



Paola Girdinio

Year of birth: 1956

Office: Independent director

Participation in committees: Nomination and Compensation Committee and Control and Risk Committee

In office since: May 2014

Number of offices held in other relevant companies: 1

Slate of origin: Majority

She graduated in physics science at the University of Genova, in which she was at the beginning researcher (from 1983 to 1987) then she became, first, associate professor (from 1987 to 2000) and then full professor (from 2000 as of today) of electro technology in the engineering department. At the same University of Genova she has been also headmaster of the faculty of electrical engineering (from 2001 to 2007), member of the executive board of the centre of the permanent training (from 2006 to 2008), chief of the department of electrical engineering (from 2007 to 2008), headmaster of the faculty of engineering (from 2008 to 2012) and member of the board of directors of the university (from 2012 to 2016). She is the author of several scientific publications on national and international magazines, in which she specialized in electromagnetic events and the related industrial compatibility. Member of the board of director of Ansaldo STS (Finmeccanica Group) from 2011 to 2014, and of Ansaldo Energia (from 2014 to 2016), of the “Distretto ligure delle tecnologie marine” (from 2010 to 2016), now she is in charge of the same office at Banca Carige (since 2016), and at the company D’Appolonia of the Rina Group (from 2011). She has been a member of the regency board of Genova of the Bank of Italy (from 2011 to 2016), and she is currently president of the scientific committee for the project “smart city” made by Comune di Genova (from 2011), and member of the scientific committee of Eurispes (from 2013). From 2015 she is the chairman of the National Observatory for the Cyber Security, Resilience & Business Continuity of Electrical Systems to which belong certain of the most important national companies operating in this field.



Alberto Pera

Year of birth: 1949

Office: Independent director

Participation in committees: Nomination and Compensation Committee and Control and Risk Committee

In office since: May 2014

Number of offices held in other relevant companies: 2

Slate of origin: Majority

He graduated in economics at the University “La Sapienza” of Rome and in law at the University of Macerata, he became lawyer and he earned the master's degree of science in economics at the London School of Economics. After a period as a researcher at the Faculty of Economics, University of Rome (1974-1978), he started his career as chief of the analysis of the monetary markets at the Banca Nazionale del Lavoro (from 1978 to 1979), he has been also economist at the division of the international markets of capitals of the International Monetary Fund (from 1980 to 1985). Chief of the economics studies of IRI (from 1985 to 1990, in which he also studied the items related to the privatizations of the companies controlled by IRI and he studied the liberalization of the markets), he has been also advisor of the Minister of Industry for the industrial policies of competition (from 1986 to 1990, minding the first Italian antitrust law); in this period he has been member of the board of directors of Italcable (STET Group, from 1986 to 1990) and chairman of Seleco (from 1988 to 1990). From 1987 to 1991 he was a professor of public company economics at the “Catholic” University in Milan. First Secretary General of the Authority of the Competition and the Market (from 1990 to 2000), he has represented the abovementioned Authority at the meetings of the general managers of the competition of the European Union members. From 2001 to 2014 he was partner at the Gianni, Origoni, Grippo, Cappelli & Partners Law Firm, in which he has founded the antitrust and regulation department, and where he is now of counsel from January 2015. He is currently chairman of the board of directors of Bancapulia (since September 2016) and member of the board of directors of the parent company Veneto Banca (since August 2016).



Anna Chiara Svelto

Year of birth: 1968

Office: Independent director

Participation on committees: Nomination and Compensation Committee and Control and Risk Committee

In office since: May 2014

Number of offices held in other relevant companies: 1

Slate of origin: Minority

She graduated in law at the University of Milan, she became lawyer in September 1995. From March 1996 to February 1998 she worked at the legal affairs directorate of Edison, becoming later chief of the legal and corporate affairs directorate of Shell Italia from March 1998 to September 2000. Then she joined the Pirelli Group, in which she worked until May 2016, holding several managerial positions in the parent company, and specifically acting as chief of corporate affairs and compliance department, secretary of the board of directors and secretary of the advisory committees instituted inside the board of directors. From April 2013 to February 2014 she has been director and member of the control and risk and corporate governance committee of Prelios, while from April 2016 she is independent director and member of the remuneration committee of ASTM. From June 2016 she joined UBI Banca, as chief general counsel.



Angelo Taraborrelli

Year of birth: 1948

Office: Independent Director

Participation in committees: Control and Risk Committee (Chairman) and Related Parties Committee

In office since: May 2011

No. of offices in other relevant companies: 0

Slate of origin: Minority

After the graduation with honors in Law at the University of Siena in 1971, he obtained a master degree in hydrocarbon business at the High School of Hydrocarbon “Enrico Mattei”. He began his professional activity at Eni in 1973, where he held various management offices, up to the role of Director of Planning and Control of Saipem in 1992. Then he held the office of the holding’s deputy Head of Strategic control and Up-stream development and Gas (in 1996) and, subsequently (in 1998), the office of deputy head of Planning and Industrial Control. Subsequently he held the office of deputy Chairman of Snamprogetti (from 2001 until 2002) and has been chief executive officer for AgipPetroli’s business (2002). From the beginning of 2003, after the incorporation of the aforementioned company in the holding, he was deputy general manager of the marketing area at the Refining & Marketing Division. From 2004 until 2007 he was general manager of Eni responsible for the Refining & Marketing Division. Until September 2007, he was director of Galp (a Portuguese oil company), deputy Chairman of Unione Petrolifera (association of the oil companies operating in Italy), director of Eni Foundation and Chairman of Eni Trading & Shipping. From 2007 until 2009 he held the office of chief executive officer and general manager of Syndial, Eni’s company operating in chemicals and environmental intervention fields. In 2009 he left Eni in order to carry out consultancy in oil industry matters; then he was appointed as distinguished associate of Energy Market Consultants (consultancy firm in oil industry matters with registered office in London) in 2010.

SCHEDULE 2: Biography of the standing members of the board of statutory auditors



Sergio Duca

Year of birth: 1947

Office: Chairman of the Board of Statutory Auditors

In office since: April 2010

No. of offices in other relevant companies: 0

Slate of origin: Minority

He graduated with honors in Economics and Business from the “Bocconi” University in Milan. Certified chartered accountant and auditor, as well as auditor authorized by the U.K. Department of Trade and Industry, he acquired broad experience through the PricewaterhouseCoopers network as external auditor of important Italian listed companies (including Fiat, Telecom Italia and Sanpaolo IMI). Chairman of PricewaterhouseCoopers S.p.A. since 1997, in July 2007 he resigned from his office and ceased to be partner of this firm because he had reached the age limit provided for by the bylaws. After serving as, among other things, member of the Edison Foundation’s advisory board and the Bocconi University’s development committee, as well as chairman of the Bocconi Alumni Association’s board of auditors and a member of the board of auditors of the ANDAF (Italian Association of Chief Financial Officers), he was chairman of the board of statutory auditors and then regular auditor of Exor until January 2016 and of GTech until April 2015, chairman of the board of statutory auditors of Compagnia di San Paolo and of Silvio Tronchetti Provera Foundation, chairman of the board of statutory auditors of Tosetti Value SIM, as well as chairman of the board of directors of Orizzonte SGR until October 2016 and independent director of Autostrade Torino-Milano and Sella Gestione SGR. Member of the Ned Community, an association of non-executive directors, he currently holds high offices on the boards of directors and the boards of statutory auditors of important Italian and foreign companies, associations, and foundations, serving as chairman of the board of auditors of the Foundation for the School of the Compagnia di San Paolo and of ISPI (Institute for the Study of International Politics), as well as member of the board of directors, chairman of the audit committee and financial expert of Ferrari and member of the board of auditors of the Intesa San Paolo Foundation Onlus.



Romina Guglielmetti

Year of birth: 1973

Office: Statutory Auditor

In office since: June 2016

No. of offices in other relevant companies: 0

Slate of origin: Majority

After the graduation in law and becoming a lawyer, she has started to practice the profession of lawyer. She was senior associate of Bonelli Erede law firm and of counsel of Marchetti notary office; she cooperated from 2007 to 2013 with Santa Maria law firm (in which she was also partner) and she is currently founding partner of Starlex – Guglielmetti associated law firm. During her professional activity she has in particular deepened the subjects of corporate governance, corporate law and financial intermediaries. From years she is specialized in corporate governance of listed and public companies, with specific regard to the profiles of controls, gender diversity and succession plans. She is associate of NedCommunity (the Italian association of non-executive directors) and PWA (Professional Women Association) and she was an advisor of the Ministry of Equal Opportunities from 2013 to 2015 in the context of the first application of the Law no. 120/2011 on the gender quotas; she was and still is panellist in several conferences in the subject of corporate law and banking law, with particular regard to issues concerning corporate governance and control system. She is currently member of the board of directors of important companies, also listed, holding in particular the office of director (and, usually, also of member of the committees with consultative and proposing functions established within the same management bodies) of Tod’s, Servizi Italia, Esperia Bank, Compass Bank, NTV – Nuovo Trasporto Viaggiatori, MBFacta.



Roberto Mazzei

Year of birth: 1962

Office: Statutory Auditor

In office since: June 2016

No. of offices in other relevant companies: 2

Slate of origin: Majority

After he graduated in 1986 in business administration at the “Bocconi” University of Milan, he continued his academic activity at the same university, where he was professor of the department of corporate and real estate finance at the management school from 1988 to 2006 and, subsequently, full professor. He is currently associate professor of corporate finance at the University of Sassari, while he was researcher at the Cattolica University of Milan. He is author of several scientific publications on the subject of corporate finance and from 1999 he is also chartered accountant and auditor, activity in which context he provides in particular advice on valuation of companies, intangible assets and impairment. During the nineties he dealt with consulting projects for the World Bank and for the European Bank for Reconstruction and Development in relation to reconstruction measures in certain Eastern-Europe countries. In 1995 he was one of the founding partner of Medinvest, company that during the following years provided financial advice in several relevant extraordinary financial transactions involving some listed companies; the activity of Medinvest, starting from 2000, developed also in the field of “merchant banking” with the incorporation of Medinvest International, of which Professor Mazzei is still the managing shareholder. At the end of 2009 the activity of financial advice of Medinvest was transferred to Centrobanca. Furthermore, during the period 2004-2007 he monitored, with Pirelli Re and Lehman, the incorporation of the real estate fund Diomira and the following acquisition of the real estate portfolios of ENPAM and UBI Banca. From 2010 to 2014 he was partner and chairman of Principa SGR, one of the main Italian venture capital companies, that he left at the beginning of 2015. He held and currently holds several offices on the board of directors and on the board of statutory auditors of important companies, also listed, belonging to private or public groups. In particular he was chairman of the board of directors of the Istituto Poligrafico e Zecca dello Stato (from 2009 to 2011), director of Alenia Aeronautica (from 2003 to 2012), founding shareholder and (from 2006 to 2009) director of Banzai, director of Ansaldo Breda (from 2012 to 2013), as well as statutory auditor of Snam (from 2006 to 2012) and Eni Power (from 2006 to 2009). He is currently chairman of the board of directors of GWM Capital Management and director of Bridge Management and Ki Group (companies listed on AIM Italia market), Finanziaria Tosinvest, Im3D (technological start-up in diagnosis in medical imaging), as well as chairman of the board of statutory auditors of Biancamano (company listed on the MTA of Borsa Italiana).

Enel – report on corporate governance and ownership structure for the year 2016

TABLE 1: Structure of Enel’s Board of Directors and Committees

Board of Directors													Control and Risk Committee		Nomination and Compensation Committee		Related Parties Committee		Corporate Governance and Sustainability Committee		
Office	Members	Year of birth	Date of first appointment *	In office since	In office until	Slate **	Exec.	Non-exec.	Indep. under Corporate Governance Code ***	Indep. under TUF ****	No. of other offices *****	(*)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)	
Chairman	Grieco Patrizia	1952	2014	1/2016	12/2016	M		✓		✓	3	13/13								9/9	C
CEO/GM ◊	Starace Francesco	1955	2014	1/2016	12/2016	M	✓				-	13/13									
Director	Antoniozzi Alfredo	1956	2015	1/2016	12/2016	**		✓	✓	✓	-	12/13						5/5	M	9/9	M
Director	Banchi Alessandro	1946	2011	1/2016	12/2016	m		✓	✓	✓	2	12/13			10/10	C		5/5	M		
Director	Bianchi Alberto	1954	2014	1/2016	12/2016	M		✓	✓	✓	-	13/13						5/5	C	8/9	M
Director	Girdinio Paola	1956	2014	1/2016	12/2016	M		✓	✓	✓	1	13/13	15/15	M	10/10	M					
Director	Pera Alberto	1949	2014	1/2016	12/2016	M		✓	✓	✓	2	13/13	15/15	M	10/10	M					
Director	Svelto Anna Chiara	1968	2014	1/2016	12/2016	m		✓	✓	✓	1	13/13	15/15	M	10/10	M					
Director	Taraborrelli Angelo	1948	2011	1/2016	12/2016	m		✓	✓	✓	-	13/13	15/15	C				5/5	M		
No. of meetings held in year 2016		Board of Directors: 13			Control and Risk Committee: 15			Nomination and Compensation Committee: 10			Related Parties Committee: 5			Corporate Governance and Sustainability Committee: 9							
Quorum required for the submission of slates for the election of the Board of Directors (pursuant to art. 147-ter of the Consolidated Financial Act): 0.5% of share capital																					

NOTES

• This symbol indicates the director in charge of the internal control and risk management system.

◊ This symbol indicates the main person in charge of managing the issuer (*Chief Executive Officer* or CEO).

* The phrase “date of first appointment” of each director means the date on which the director was appointed for the very first time to the Board of Directors.

** This column shows M/m depending on whether the director has been drawn from the slate voted by the majority (M) or by the minority (m) of the share capital represented at the Meeting. Mr Antoniozzi was appointed, pursuant to Article 2386 of the Italian Civil Code, by the ordinary shareholders’ meeting held on 28 May 2015, upon proposal of the shareholder Ministry of the Economy and Finance.

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*** In this column, a “✓” indicates the possess of the requisite of independence provided by Article 3 of the Corporate Governance Code for listed companies. Specifically, according to applicative criterion 3.C.1 of the Corporate Governance Code, a director should normally be considered lacking the requisites of independence in the following cases:

- a) if directly or indirectly, including through subsidiaries, fiduciaries or third parties, he or she controls the issuer or is able to exercise considerable influence on it, or has entered into a shareholders’ agreement through which one or more persons can exercise control or considerable influence on the issuer;
- b) if he/she is, or has been in the preceding three fiscal years, a significant representative⁽⁴⁾ of the issuer, of a subsidiary having strategic relevance or of a company under common control with the issuer, or of a company or entity controlling the issuer or able to exercise over the same a considerable influence, also jointly with others through a shareholders’ agreement;
- c) if he/she has, or had in the preceding fiscal year, directly or indirectly (e.g. through subsidiaries or companies of which he is a significant representative, or in the capacity as partner of a professional firm or of a consulting company) a significant commercial, financial or professional relationship:
 - with the issuer, one of its subsidiaries, or any of its significant representatives;
 - with a subject who, also jointly with others through a shareholders’ agreement, controls the issuer, or – in case of a company or an entity – with the relevant significant representatives;or is, or has been in the preceding three fiscal years, an employee of the above-mentioned subjects.

In this regard, in February 2010 the Company’s Board of Directors established the following quantitative criteria applicable to the aforesaid commercial, financial, or professional relations:

- **commercial or financial relations:** (i) 5% of the annual turnover of the company or organisation of which the Director has control or is an important representative, or of the professional or consulting firm of which he is a partner, and/or (ii) 5% of the annual costs incurred by the Enel Group through the same kind of contractual relations;
- **professional services:** (i) 5% of the annual turnover of the company or organisation of which the Director has the control or is an important representative or of the professional or consulting firm of which he is a partner, and/or (ii) 2.5% of the annual costs incurred by the Enel Group through similar assignments.

In principle, unless there are specific circumstances that should be concretely examined, exceeding these limits should mean that the non-executive director to whom they apply does not possess the requisites of independence provided for by the Corporate Governance Code;

- d) if he/she receives, or has received in the three preceding accounting periods, from the issuer or from a subsidiary or controlling company, significant additional compensation with respect to his or her “fixed” pay as a non-executive director of the issuer and compensation for participation on the committees with consultative and proposing functions established within the board of directors, also in the form of participation in incentive plans connected with the company’s performance, including those involving stock based plans;
- e) if he/she was a director of the issuer for more than nine years in the last twelve years;
- f) if he/she is vested with the executive director office in another company in which an executive director of the issuer holds the office of director;
- g) if he/she is shareholder or quotaholder or director of a legal entity belonging to the same network as the company appointed for the auditing of the issuer;
- h) if he/she is a close relative⁽⁵⁾ of a person who is in any of the positions listed in the above paragraphs.

**** In this column, a “✓” indicates the possess of the requisites of independence provided for the statutory auditors of listed companies by Article 148, paragraph 3, of the Consolidated Financial Act, applicable to the directors pursuant to Article 147-ter, paragraph 4, of the Consolidated Financial Act. Pursuant to the provisions of Article 148, paragraph 3, of the Consolidated Financial Act, the following do not qualify as independent:

- a) persons who are in the situations provided for by Article 2382 of the Civil Code (that is, in the state of incapacitation, disqualification, or bankruptcy or who have been sentenced to a punishment that entails debarment, even temporary, from public offices or incapacitation from performing executive functions);
- b) the spouse, relatives, and in-laws within the fourth degree of the directors of the company, as well as the directors, spouse, relatives, and in-laws within the fourth degree of the directors of its subsidiaries, of the companies of which it is a subsidiary, and of those under common control;
- c) persons who are connected with the company, its subsidiaries, the companies of which it is a subsidiary, or those under common control, or with the directors of the company or the parties referred to under the preceding letter b) by relations as an employee or a self-employed person or other economic or professional relations that could compromise their independence.

***** This column indicates the number of offices held by the person in question on management and control bodies of other large companies, identified on the basis of the policy formulated in such regard by the Board of Directors. In such regard, let us point out that as of the date of this report, the directors of Enel hold the following offices that are considered relevant for such purpose:

- 1) Patrizia Grieco: independent director of Ferrari N.V., Anima Holding S.p.A. and Amplifon S.p.A.;
- 2) Alessandro Banchi: chairman of the supervisory board of Biotest A.G., non-executive director of Esteve S.A.;
- 3) Paola Girdinio: independent director of Banca Carige S.p.A.

⁽⁴⁾ It should be noted that, according to applicative criterion 3.C.2 of the Corporate Governance Code, the following are to be considered “significant representatives” of a company or an organisation (including for the purposes of the provisions of the other letters of applicative criterion 3.C.1): the chairman of the entity, the chairman of the Board of Directors, the executive directors and key management personnel of the relevant company or entity.

⁽⁵⁾ The comment on Article 3 of the Corporate Governance Code states in this regard that “parents, children, the spouse who is not legally separated, the companion living together and family members living together with a person, who could not be considered as an independent director, should be judged theoretically as being not independent”.

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- 4) Alberto Pera: non-executive director of Veneto Banca S.p.A.; chairman of the board of directors of Bancapulia S.p.A.;
- 5) Annachiara Svelto: independent director of ASTM S.p.A.

(*) This column indicates the directors' attendance at meetings of, respectively, the Board of Directors and the committees (specifically, the number of meetings attended by the person in question out of the total number of meetings that he/she could have attended). All absences were adequately justified.

(**) This column indicates the role of the director on the committee: "C": chairman; "M": member.

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TABLE 2: Structure of Enel’s Board of Statutory Auditors

Office	Members	Year of birth	Date of first appointment *	In office since	In office until	Slate (*)	Independence under the Corporate Governance Code	Attendance of meetings of the board of statutory auditors (**)	Number of other offices (***)
Chairman	Duca Sergio	1947	2010	1/2016	12/2016	m	✓	18/18	-
Regular auditor	D’Alessio Lidia	1946	2013	1/2016	5/2016	M	✓	9/10	-
Regular auditor	Guglielmetti Romina	1973	2016	6/2016	12/2016	M	✓	8/8	-
Regular auditor	Mariconda Gennaro	1942	2007	1/2016	5/2016	M	✓	8/10	-
Regular auditor	Mazzei Roberto	1962	2016	6/2016	12/2016	M	✓	8/8	2
Alternate auditor	Barbiero Michela	1969	2016	6/2016	12/2016	M	-	-	-
Alternate auditor	De Martino Giulia	1978	2013	1/2016	5/2016	M	-	-	-
Alternate auditor	Tono Alfonso	1971	2016	6/2016	12/2016	M	-	-	-
Alternate auditor	Tutino Franco	1947	2010	1/2016	12/2016	m	-	-	-
Alternate auditor	Singer Pierpaolo	1961	2013	1/2016	5/2016	M	-	-	-
Number of meetings held in year 2016: 18									
Quorum required for the submission of slates for the election of the board of statutory auditors (pursuant to art. 148 of the Consolidated Financial Act): 0.5% of the share capital									

NOTES

* The phrase “date of first appointment” of each auditor means the date on which the auditor was appointed for the very first time to the board of statutory auditors.

(*) This column shows M/m depending on whether the auditor has been drawn from the slate voted by the majority (M) or by the minority (m) of the share capital represented at the Meeting.

(**) This column indicates the auditors’ attendance of meetings of the board of statutory auditors (specifically, the number of meetings attended by the person in question out of the total number of meetings that he/she could have attended). All absences were adequately justified.

(***) This column shows the number of offices that the person concerned has declared to Consob to hold on the boards of directors or the boards of statutory auditors of Italian corporations pursuant to Article 148-*bis* of the Consolidated Financial Act. The entire list of the offices is published by CONSOB and is available on its internet website, pursuant to Article 144-*quinquiesdecies* of CONSOB’s Issuers’ Regulation.