

- and any loss of know-how, also involving trade unions to make sure that the various expectations of employees are satisfied;
- > promote requalification projects to write new stories of energy conversion, sustainable growth and development of innovative ideas that improve creative thought and promote business initiatives;
- > collaborate with local communities through a multi-stakeholder approach for favoring the creation of shared value along the entire project, from the preliminary interviews with the stakeholders, up to the decision regarding which requalification projects to follow;
- > guarantee the protection of the environment: soil remediation must be carried out according to the highest standards possible;
- > maximize the reuse of divested structures, such as roads, infrastructures, connections to the high-voltage network, buildings, etc. in line with the principles of the circular economy;
- > contribute to the objectives of the Enel Group collaborating with the other Business Lines for the completion of projects such as BESS (Battery Energy Storage System), electric mobility, digitalization or stability of the electricity grid.

The Futur-e initiative was started in 2015 in Italy, with the purpose of giving new life to the power plants being closed (for a total of 13 GW). The approach, which proved to be successful, was therefore extended to the entire Group and will concern a portfolio of more than 40 sites on a global level.

Given the new energy-industry context, Enel's decarbonization strategy is in line with the national, European and global strategies that orient energy development toward sustainable technologies. The Group has expanded the requalification opportunities thanks to the possibility of replacing the thermal energy generation sites mainly with new renewable or hybrid power plants, integrating new business projects with complementary sustainable investments that satisfy the needs of the communities where the structures are located. These projects are located, in particular:

- > in **Italy**, with energy requalification in line with the transition objectives and the Integrated National Energy and Climate Plan (INECP), and in the non-energy area by promoting fair energy transition;
- > on the **Iberian Peninsula** with the progressive transition of coal-fired plants located on the peninsula (for example, Andorra in Teruel (closed in June 2020), Compostilla in León (closed in June 2020), As Pontes in La Coruña

- and Carboneras in Almería;
- > in **South America**, for example, with the power plants of Tarapacá and Bocamina in **Chile**, where Enel is integrating the approach of fair transition, proceeding with the progressive closure of coal-fired generation (Tarapacá and Bocamina I already closed, Bocamina II with closure planned in 2022).

During 2020, Enel also started a collaboration with CSR Europe in order to promote a high-level dialogue for a fair and inclusive transition, which has involved a wide range of key players, such as: the European Commission, environmental organizations and labor institutions, European think tanks, private sector and youth associations. The initiative is targeted toward exploring the challenges related to the transition toward a low-carbon economy, also in light of the impacts deriving from the Covid-19 pandemic, in order to create a roadmap of concrete actions that can be actually used by companies with regard to work and employment, consumption and life style, as well as finance and investments.

## Involvement of the stakeholders in the fight against climate change

Enel promotes the involvement of its main external and internal stakeholders in order to increase their awareness and develop a constructive dialogue that can provide a valuable contribution toward the creation of solutions that mitigate climate change and create value for the Group. The most relevant actions carried out in 2020 include:

- > **materiality analysis:** climate change, in terms of priority for stakeholders and Company performance in the various countries in which it operates, was one of the topics covered when identifying the main priorities for the stakeholders for sustainability planning;
- > **Enel Focus On:** over the last year, two virtual meetings were held with the main players and influencers to start an open dialogue with Group management on the main challenges of energy transition. Various climate related topics were addressed, such as renewable energies and the green technologies to guide the recovery from the economic crisis related to Covid-19 and the role of the circular economy in the sustainable development of cities;

# The Futur-e project for the coal-fired plant in Andorra, Teruel (Spain)



In line with the commitment made for a fair and inclusive transition, Enel is promoting the Futur-e initiative at the coal-fired power plant in Andorra, Teruel (1,101 MW). The project represents an investment of more than 1,487 million euros and has the final objective of installing 1,725 MW of renewable energy, of which 1,585 MW from solar power, constructing the largest plant for this technology in Europe, and 140 MW from wind power. The project also includes a large-scale energy storage system of up to 160 MW.

The Futur-e project for Andorra includes:

- > maintaining the 153 people from the plant in our work force. Since the beginning, the Company has involved trade unions to guarantee that the expectations of personnel are satisfied; therefore together with the trade unions, a decision was reached that those who are interested can be transferred to other company Functions, based on existing open positions and their professional category. These agreements also include economic incentives and requalification opportunities;
- > giving maximum priority to hiring workers coming from existing auxiliary companies to employ in the activities of closing and decommissioning the plant. This could take

between four and six years and create approximately 130 jobs with a maximum of 200 workers employed at peak times. In the following phase, the renewable plants will create approximately 4,000 jobs during construction, and 138 positions for 25 years in operational and maintenance areas;

- > promoting the development of training programs targeted toward local communities in the area, with more than 900 beneficiaries, in order to promote new work opportunities;
- > planning actions for promoting energy efficiency and sustainability of consumption in the towns surrounding the plant.

The project for Andorra will also include an investment of 294 million euros for the installation of a 60 MW electrolyzer that generates renewable hydrogen. This project is included in the 23 initiatives presented to the Ministry of Ecological Transition for the development of this technology in Spain. A part of the renewable capacity that will be placed in operation in Teruel could therefore be dedicated to the generation of hydrogen, which would involve the creation of 144 jobs during the construction of the electrolyzer and 65 permanent positions for operation and maintenance.

- > **social media:** Enel has continued using social media to raise public awareness about topics related to climate change, including decarbonization, renewable energies, electrification, electric mobility and responsible energy consumption;
- > **Twenergy:** a digital ecosystem launched by Endesa, Group subsidiary operating in Spain, with the objective

of encouraging responsible energy consumption by collecting the opinions of experts on energy efficiency through articles, digital meetings and by supporting various sector initiatives;

- > **raising the awareness of local communities:** with the Creating Shared Value (CSV) model, Enel is involving local communities, making them aware of topics con-

nected to climate change and explaining how renewables are an extremely effective solution, with benefits not only for the environment but also for the creation of new jobs and for social-economic development;

- > **raising the awareness of our people:** Enel involves all the people that work for the Company in awareness activities in order to increase their involvement in climate change aspects and promote a culture of innovation and business entrepreneurship on a global level to overcome the energy challenges. Enel Days 2020, which are annual company events, promoted discussions and exchanges about topics such as electrification, decarbonization, digitalization and urbanization. The main priorities of the Strategic Plan for the next three years were presented, in line with what was communicated to the financial community during the Capital Markets Day.

## Enel's advocacy activities for the climate

Within its advocacy on climate change the Enel Group is firmly committed to:

- > **ambitious climate and decarbonization targets** consistent with the goals set forth by the Paris Agreement, for instance through initiatives like the "Campaign on Business Ambition for 1.5°" promoted by the UN Global Compact and the global campaign Race To Zero, launched in 2020 from UNFCCC and High Level Champion for Climate Ambition, as a clear sign from the international community to the governments for reaching the Paris Agreement goals in view of the COP 26, in which they will be called to review the agreement conditions;
- > **effective and efficient implementation policy mechanisms** able to harness market dynamics and in doing so it fully supports putting a price on carbon;
- > **wide stakeholder engagement on climate issues** by actively contributing to multi-stakeholder coalitions such as the UN Global Compact and the World Bank's Carbon Pricing Leadership Coalition;
- > **private sector leadership on decarbonization** through its continued participation in private sector initiatives such as WEF CEO Climate Leaders Alliance, IETA (International Emissions Trading Association), WBCSD (World Business Council on Sustainable Development), region-

al and national trade associations.

**Enel's policy advocacy aims to promote the decarbonization strategy of the Group and pursue the Paris Agreement goals**, engaging institutional stakeholders, trade associations, non-governmental organizations and academia in order to promote our view on climate and low-carbon policies. The engagement activity with stakeholders contributes to the evolution of the regulatory frameworks towards ambitious climate goals and promotes an economy where the EU ETS drives long term investment. To do so Enel interacts directly with policy makers, contributes to the positioning of trade association, interacts with a wider set of stakeholder to create consensus and support on specific policy proposals.

According to this policy, the Group has signed the "Uniting Business and Governments to Recover Better" statement in 2020, a call that gathers the signatories from SBTi and Business Ambition for 1.5 to encourage governments to prioritize the climate emergency despite of the economic and health crisis.

As a strong supporter of carbon pricing, Enel advocates for its integration in policy making throughout the countries in which it operates. In doing so it emphasizes the importance of well-functioning carbon tax and emission trading mechanisms able to deliver short to medium term predictability supporting market efficiency as well as strong long term price signals to support long term investments and innovation.

**Global coordination of Enel's global public policy positioning on climate is ensured through the Energy and Low-Carbon Policy Unit.** Such unit has the responsibility of developing global outlooks and position papers on climate policies. The latter serve as guidance for Enel's national and local advocacy as well as engagement with institutions and the wider range of stakeholders active within the climate debate. In such respect Enel is also committed at working to ensure continued and full alignment with the goals of the Paris Agreement of any association of which it is a member.

**At the national level, Enel's commitment on public advocacy is pursued through specific advocacy activities as well as wider stakeholder engagement on the themes of decarbonization and the energy transition.** The approach is similar to the one adopted at the global level. **Advocacy goals include the promotion of greater climate ambition, carbon pricing**, the accelerated penetration of RES technologies, infrastructure development and upgrade through smart grid technologies to support the energy transition, electrification as a mean of decarbonizing final energy uses. Furthermore, through its "Energy Transition Road-

map" engagement platforms Enel engages with a wide range of stakeholders on the actions needed at the national level to pursue the goals of the Paris Agreement. Such platforms assume as a starting point decarbonization in line with the Paris Agreement by 2050, they then proceed in identifying the technological mix necessary to achieve such long term target in 2050 as well as the medium term one of 2030, to then proceed in developing specific policy recommendation aimed at achieving such transformation. All of such activities are supported by a continuous engagement with a wide set of stakeholders.

## Enel's positioning on the main climate related policies and frameworks

Several regulatory and legislative events occurred in 2020 are relevant for Enel's business and advocacy actions. In light of the increased streamlining of the climate challenge within wider global, national, regional and local policy and regulation, the number of dossiers within which Enel focuses its climate advocacy has been increasing every year. Enel's positioning on such main dossiers is presented below.

- > **The Enel Group strongly promotes throughout the countries in which it operates an increased climate ambition in line with the Paris Agreement.** Having adopted as a company SBTi targets aligned with the Paris Agreement, Enel supports public policies aimed at upscaling climate action and implementing decarbonization policies within a just transition framework. Enel's advocacy in such area is implemented through *ad hoc* engagement on specific legislative proposals (e.g. the EU Climate Law), but also through a wider stakeholder engagement at the national level through Enel's "Energy Transition Roadmap" platform (see above). Through such platforms, Enel advocates for NDCs fully reflecting the highest possible climate ambition and fully in line with the requirements of the Paris Agreement.
- > **Within the Paris Agreement's debate on international cooperation, Enel strongly supports a swift finalization of Article 6 implementing provisions.** Such position is in line with the fact that Enel supports carbon pricing mechanisms implementation worldwide. The adoption of carbon pricing should involve Cap and Trade system in industrialized economies and in sectors where the economic barriers are relevant and price signals are valued by economic agents. Carbon

pricing should take the form of environmental taxation in countries with weaker institutional and sectors characterized by distributed emission sources and where non-economic barriers are relevant. The Enel Group strongly supports carbon pricing as a means to efficiently and effectively decarbonize economic systems around the globe. Enel views on the implementation of carbon pricing have been conveyed directly and through the participation in the activities of IETA, CPLC, Eurelectric and WBCSD (World Business Council on Sustainable Development). In 2020 specific streams of activities have been devoted to analysis and advocacy on carbon pricing, at global, regional (EU and Latin America), and national levels (EU Member States, Chile, Colombia, and Peru).

- > **Within the EU, the European Green Deal is a unique opportunity to accelerate the EU's journey towards a fully decarbonized and sustainable economy especially if aligned with the mobilization of significant resources to ensure a swift recovery from the ongoing pandemic.** Achieving EU's climate and environmental goals requires a new industrial strategy for reaching climate neutrality and a circular economy action plan, pursuing the decarbonization of each sector. The power sector shall aim to be completely decarbonize and ensure the decarbonization of the other sectors of the economy through direct and indirect electrification. The study "Sustainable paths for EU increased climate and energy ambition" supported by the Enel Foundation and other sources point out the fact that electrification of end uses is necessary for a full decarbonization.
- > **The EU Climate Law should enshrine the climate and other environmental-related challenges at the core of EU vision** and its inclusive and sustainable growth strategy. It should establish the long-term target of carbon neutrality at 2050 as well as the mid-term target of at least 55% reduction of GHG as the guiding objective for all other EU policies. The Law should also set a guiding vision and a governance to ensure that all EU policies, actions and strategies are aligned with the climate objective, including education, financing, R&D, innovation, fiscal policies, labor and social policies. In doing so the Law should set a principle foreseeing that all policies are designed and assessed based on a careful evaluation of their full impact. Such assessment should include the full range of multiple benefits arising including the ones on air quality, circular economy, energy efficiency. Overall, it is critical for EU's sustainable decarbonization, that the Law incorporates in a systematic way the full range of "just transition" principles, establishing that EU national