



**REPORT OF THE BOARD OF DIRECTORS  
ON THE SOLE ITEM ON THE AGENDA OF THE EXTRAORDINARY MEETING**

**Amendment of Article 14.3 of the Corporate Bylaws. Integration of the provisions concerning the appointment of the Board of Directors by slate voting.**

Dear Shareholders,

You have been called in extraordinary meeting in order to discuss and resolve upon some amendment proposals of Article 14.3 of the Corporate Bylaws, concerning the appointment procedure of the members of the Board of Directors by slate voting mechanism.

This proposal follows an analysis conducted over the evolution of the Company's shareholding structure and over the voting trend of the last Shareholders' Meetings, and, with specific regards to the appointment of the member of the Board of Directors, aims at facilitating the Shareholders' Meetings operations, allowing the quick completion of the relevant activities.

More specifically, with particular regard to the last four years, the shareholding structure of the Company has been distinguished for a gradual reduction of the stock held by its main shareholder, the Ministry of the Economy and Finance, that has changed its percentage from 31.24% in 2013 to 23.585% as of the date hereof. Along with this change, a proportional increase of the stocks held by institutional investors has been registered, also due to a gradual reduction of the shares directly held by retail investors.

Consistently to what happened in other companies, the changes within the Enel's shareholding are also going along with a constant increase of the shareholders attendance at the Meetings, in particular with regard to institutional investors, which became more active on this regard. If the attendance at the Meeting in 2013 was equal to 46% of the share capital, at the beginning of the current year, during the Shareholder's Meeting called to resolve upon the reorganization which involved the



subsidiary Enel Green Power S.p.A., the attendance at the Shareholders' Meeting was equal to 53% of the share capital.

According to the provisions concerning the protection of the minority shareholders, as set forth in the Legislative Decree no. 58 of February 24, 1998, the provision of the Corporate Bylaws that currently regulates the slate voting mechanism is consistent with a ownership structure where, at least as of the date hereof, the main shareholder that has submitted the slate with a number of candidates equal to the majority of the places available within the Board of Directors has obtained with such slate the majority of the votes at the Meeting and, as a consequence, the candidates numbered in such list have obtained the majority of the places available within the Board. On the other side, the slate jointly submitted by minority shareholders, gathered for such purpose, containing a limited number of candidates, has obtained a lower consensus compared to the first slate and, as a consequence, the minority slate has occupied within the Board the remaining places reserved to minority shareholders.

The abovementioned evolution trend of the ownership structure is now subject to developing different scenarios, in which the main shareholder, even if submitting a slate with a number of candidates able to cover the majority of the places available in the Board, it could not obtain the majority of the votes expressed by the Shareholders' Meeting.

In this case – if the slate submitted by institutional investors achieved the relative majority of the votes at the Shareholders' Meeting but, in the meantime, such slate had a number of candidates lower than the number reserved to the slate that has obtained the majority of the votes according to Article 14.3 letter a) of the Corporate Bylaws – the entire Board could not be appointed. This could create objective difficulties in the Shareholders' Meeting activities, since it could require additional voting sessions, pursuant to Article 14.3 letter d) of the Corporate Bylaws.

Furthermore, in such a case, shareholders attending the Meeting by proxy could not be able to properly express their votes in the Meeting, due to the proxy-mechanisms by which they give their voting instructions to their representatives.



In consideration of the above, in order to ensure an easier and more organized execution of the procedures for the appointment of the Board of Directors, it is hereby proposed to amend Article 14.3 of the Corporate Bylaws, as indicated in the chart below, that is aimed at quickly solve the possible situation described here above.

This amendment proposal preserves the Corporate Bylaws structure, providing only with the addition of some specific provisions in Article 14, paragraph 3, by introducing the new letter *b-bis*), in order to accelerate the identification of the candidates to be nominated and their appointment.

More precisely, the amendment proposal provides that, if the slate that have obtained the majority of the votes – the “Majority Slate” – does not contain a number of candidates able to cover the seven/tenth of the places available for such slate pursuant to Article 14.3 letter a), all the candidates listed in such slate shall be drawn. The remaining directors shall be then drawn from the Minority Slates, pursuant to letter b) above, for a number of places equal to three/tenths of the overall places available, reserved for such Slates.

Lastly, for the places not covered by the Majority Slate, the remaining directors shall be drawn by the Minority Slate that has obtained the highest number of votes among the Minority Slates (the “First Minority Slate”) according to the capacity of such Slate. In case of insufficient capacity of such Slate, the remaining directors shall be drawn with the same modalities from the following slate and so on, based on the number of votes and on the capacities of such slates.

Should the overall number of the candidates within all the submitted slates be lower than the number of the directors to be appointed, the residual provision set forth in Article 14, paragraph 3, letter d) of the Corporate Bylaws would apply.

Therefore, it is proposed to amend Article 14.3 of the Corporate Bylaws as follows:

Current Wording	Proposed Wording
- <i>omissis</i> -  The procedure for electing the Directors is to be as follows: a) seven-tenths of the Directors to be	- <i>omissis</i> -  The procedure for electing the Directors is to be as follows: a) seven-tenths of the Directors to be



elected, rounding down any fraction to the unit, shall be drawn from the slate that has obtained the most votes cast in the order in which they are listed on the slate;

b) the remaining Directors shall be drawn from the other slates; for this purpose, the votes obtained by these slates shall be divided successively by one, two, three and so forth according to the number of Directors to be elected. The numbers obtained in this way shall be attributed to the candidates of such slates in the order in which they rank in the slate. The numbers thus attributed to the candidates of the various slates shall be arranged in decreasing order in a single ranking. The candidates who have obtained the highest numbers shall become Directors.

In the event that more than one candidate has obtained the same number, the candidate of the slate that has not yet elected a Director or that has elected the fewest Directors shall be appointed Director.

In the event that no Director has been elected yet from any of these slates or that the same number of Directors has been elected from each slate, the candidate of the slate that has obtained the most votes shall be appointed Director. If there is a tie in terms of both numbers assigned and votes obtained by each slate, the entire Shareholders' Meeting shall vote again and the candidate who obtains a simple majority of the votes will be appointed Director;

elected, rounding down any fraction to the unit, shall be drawn from the slate that has obtained the most votes cast **(the "Majority Slate")** in the order in which they are listed on the slate;

b) the remaining Directors shall be drawn from the other slates **(the "Minority Slates")**; for this purpose, the votes obtained by these slates shall be divided successively by one, two, three and so forth according to the number of Directors to be elected. The numbers obtained in this way shall be attributed to the candidates of such slates in the order in which they rank in the slate. The numbers thus attributed to the candidates of the various slates shall be arranged in decreasing order in a single ranking. The candidates who have obtained the highest numbers shall become Directors.

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In the event that no Director has been elected yet from any of these slates or that the same number of Directors has been elected from each slate, the candidate of the slate that has obtained the most votes shall be appointed Director. If there is a tie in terms of both numbers assigned and votes obtained by each slate, the entire Shareholders' Meeting shall vote again and the candidate who obtains a simple majority of the votes will be appointed Director;

**b-bis) if the Majority Slate does not have a suitable number of candidates in order to achieve the number of directors to be elected pursuant to letter a) above, all candidates shall be drawn from the same Slate in the progressive order in which they are listed on this Slate;**



<p>c) for the purposes of the identifying the Directors to be elected, the candidates designated on the slates that have obtained a number of votes amounting to less than half of the percentage required for the presentation of the same slates shall not be taken into account;</p> <p>c-bis) if, following the vote and the above procedure, the applicable laws on balance between genders are not complied with, candidates which would result to be elected in the various slates are disposed in one single decreasing ranking list, to be formed in compliance with the quotient system indicated under letter b). The candidate in such</p>	<p><u>after having drawn the other directors from the Minority Slates pursuant to letter b) above, according to the number of places reserved to such slates - that is equal to three/tenths of the total - the remaining directors shall be drawn, for the places not covered by the Majority Slate, from the Minority Slate that has obtained the highest number of votes among the Minority Slates (the “First Minority Slate”) in relation to the capacity of such Slate. Should the capacity of the Slate be insufficient, the remaining directors shall be drawn, with the same modalities, from the following slate and so forth, if the case, according to the number of votes and to the capacity of such Slates. Lastly, if the overall number of candidates within the submitted Slates, both the Majority and the Minority ones, is lower than the number of directors to be elected, the remaining directors shall be appointed by a shareholders’ meeting resolution pursuant to letter d) below.</u></p> <p>c) for the purposes of the identifying the Directors to be elected, the candidates designated on the slates that have obtained a number of votes amounting to less than half of the percentage required for the presentation of the same slates shall not be taken into account;</p> <p>c-bis) if, following the vote and the above procedure, the applicable laws on balance between genders are not complied with, candidates which would result to be elected in the various slates are disposed in one single decreasing ranking list, to be formed in compliance with the quotient system indicated under letter b). The candidate in such ranking list belonging to the most</p>
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ranking list belonging to the most represented gender having the lowest quotient is therefore replaced with the first candidate of the less represented gender belonging to the same slate which would result not elected. In the event that in such slate there are no other candidates, the replacement here above is carried out by the Shareholders' meeting with the majorities provided for under the law, as provided for under the following point d) and in compliance with the principle of a proportional representation of minority shareholders in the Board of Directors. In case of a tie between quotients, the replacement is made in favor of the candidate drawn from the slate which has obtained the highest number of votes. If the replacement of the candidate of the most represented gender having the lowest quotient in the ranking list does not allow, in any case, to reach the minimum threshold provided for under the applicable laws on balance between genders, the above said replacement procedure is carried out also with reference to the candidate belonging to the most represented gender having the second last quotient, and so forth, starting from the end of the ranking list.

*c-ter)* the president of the meeting, at the end of the above procedures, declares the elected members;

d) for the appointment of the Directors who, for whatever reason, are not elected pursuant to the procedures specified above, the Shareholders' Meeting will resolve according to the majorities provided for by the law, ensuring in any case the presence of the necessary number of Directors possessing the requirements of independence established by the law, and the compliance with the applicable laws on balance between genders. The

represented gender having the lowest quotient is therefore replaced with the first candidate of the less represented gender belonging to the same slate which would result not elected. In the event that in such slate there are no other candidates, the replacement here above is carried out by the Shareholders' meeting with the majorities provided for under the law, as provided for under the following point d) and in compliance with the principle of a proportional representation of minority shareholders in the Board of Directors. In case of a tie between quotients, the replacement is made in favor of the candidate drawn from the slate which has obtained the highest number of votes. If the replacement of the candidate of the most represented gender having the lowest quotient in the ranking list does not allow, in any case, to reach the minimum threshold provided for under the applicable laws on balance between genders, the above said replacement procedure is carried out also with reference to the candidate belonging to the most represented gender having the second last quotient, and so forth, starting from the end of the ranking list.

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Please note that the proposed amendments to the Corporate Bylaws do not trigger a right of withdrawal in favor of the shareholders who do not contribute to the approval of the resolution, as they do not fall into any of the cases set out under Article 2437 of the Italian Civil Code.

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In light of the above, we therefore submit to Your approval the following

### **Agenda**

The Shareholders Meeting of Enel S.p.A., having examined the explanatory report of the Board of Directors,

### **resolves**

to approve the amendment proposal of Article 14.3 of the Corporate Bylaws, according to the wording indicated in the explanatory report of the Board of Directors on the first and only item on the agenda of this extraordinary Shareholders' Meeting, granting the Chairman of the Board of Directors and the Chief Executive Officer, on a several basis, with the powers to approve and introduce in this resolution any amendment, supplement and deletion which may be deemed necessary for the purpose of the relevant filing with the companies' register.