OPEN POWER FOR A BRIGHTER FUTURE.

WE EMPOWER SUSTAINABLE PROGRESS.

REPORT AND FINANCIAL STATEMENTS OF ENEL SPA AT DECEMBER 31, 2020

enel

OPEN POWER
FOR A BRIGHTER
FUTURE.

REPORT AND FINANCIAL STATEMENTS OF ENEL SPA AT DECEMBER 31, 2020

ENEL IS OPEN POWER

VISION

Open Power to tackle some of the world's biggest challenges.

POSITIONING

Open Power

PURPOSE

MISSION

> Open access to electricity for more people.
> Open the world of energy to new tecnology.
> Open up to new uses of energy.
> Open up to new ways of managing energy for people.
> Open up to new partnerships.

E-MARKET SDIR CERTIFIED

PRINCIPLES OF CONDUCT

- Make desitions in daily activities and take responsability for them.
- Share information, being willing to collaborate and open to the contribution of others.
- Follow trough with commitments, pursuing activities with determination and passion.
- Change priorities rapidly if the situation evolves.
- Get results by aiming for excellence.
- Adopt and promote safe behavior and move pro-actively to improve conditions for health, safety and well-being.
- Work for the integration of all, recognizing and leveraging individual diversity (culture, gender, age, disabilities, personality etc.).
- Work focusing on satisfying customers and/or co-workers, acting affectively and rapidly.
- Propose new solution and do not give up when faced with obstacles or failure.
- Recognize merit in co-workers and give feedback that can improve their contribution.

Open power for a brighter future.

We empower sustainable progress.

VALUES

- Trust
- Proactivity
- Responsibility
- Innovation

Michele Crisostomo

Chairman of the Board of Directors

Francesco Starace

Chief Executive Officer and General Manager

Letter to shareholders and other stakeholders

Dear shareholders and stakeholders,

Our sustainable and fully integrated business model has enabled allowed us to maximize shared value with all our stakeholders, even during a year characterized by the global recession triggered by the COVID-19 pandemic, confirming our leading role in the energy transition.

We are the largest private renewable energy operator in the world, with 49 GW of managed capacity, and the largest private electricity distribution company globally, with 74 million end users connected to the world's most advanced digitalized grids. We manage the largest customer base in the world among private companies, with approximately 70 million customers.

Our strategy of basing all our business on digital platforms, together with industrial leadership, allows us to optimally seize opportunities arising from the energy transition now under way around the globe.

END USERS
74
million

MANAGED RENEWABLES CAPACITY
49
GW

Our solid financial and sustainability performance in recent years have enhanced investor confidence in us. This is demonstrated by the 17% increase in the Enel stock price during the year, outperforming both the sector index (EURO STOXX Utilities: +10%) and the general Italian index (FTSE-MIB: -5%).

Enel's leadership in sustainability is also confirmed worldwide by the Group's presence in a number of important sustainability ratings, indices and rankings, including the AAA rating from MSCI and confirmation of our presence in the MSCI ESG Leaders Index, the Dow Jones World and Europe sustainability indices, the CDP Climate "A" List, the Vigeo Eiris rating in which the Group is ranked first in all sectors and the Euronext Vigeo Eiris 120 index, the ESG rating of Refinitiv and the FTSE4Good index, being the sector leader in both cases. Enel is also present in the three main indices that monitor corporate gender diversity performance: Bloomberg Gender Equality Index, Refinitiv Top 100 Diversity and Inclusion Index, and Equileap Gender Equality Top 100 ranking.

In 2020 we confirmed ourselves as the leading European utility by market capitalization and the second in the world.

The macroeconomic environment

The global economic environment in 2020 was characterized by an unprecedented recession, caused by the COVID-19 pandemic. The health crisis and the resulting restrictions have had a negative impact on supply and demand, leading to a contraction in world GDP estimated at around 3.7% in 2020.

The waves of the pandemic had a strong impact on the euro area, with GDP contracting by about 6.8% during the year, and on the United States, where the contraction in GDP was 3.5%.

In response to the recession, the European Central Bank has pursued an expansionary monetary policy, keeping its main interest rates at very low levels through the Pandemic Emergency Purchase Program. For its part, the European Commission is using the Next Generation EU program to channel €750 billion, divided into loans and subsidies, to the Member States.

The US government has also adopted major expansionary fiscal policies to support families and firms, and the Fed has implemented an unlimited public and private debt purchase program.

In Latin America, economic developments were highly influenced by the pandemic and the consequent responses of the individual countries, which varied considerably and in some cases exacerbated existing structural problems. The Chilean economy was among the most resilient thanks to its considerable openness, with exports driven by the Chinese recovery (GDP -6.1%), while in Brazil economic activity in 2020 was supported by a broad fiscal stimulus program in support of families (GDP -4.4%).

During 2020, the oil market was characterized by sharp volatility, with oil prices collapsing during the 1st Quarter due to weak demand, followed by a sharp rise in the 2nd Half of the year thanks to the reopening of the main world economies.

The gas market also experienced by strong volatility during 2020. During the 1st Half of the year, the benchmarks of all the main European hubs contracted by almost 50% compared with the same period of 2019, while prices in the last quarter returned to the average levels seen in 2019.

The price of CO_2 displayed excellent resilience. Recent statements by the European Commission about the central role of the ETS in achieving decarbonization and climate neutrality goals have supported the market, leaving prices on a gradually rising path towards long-term equilibrium.

Performance

Performance achieved in 2020, which was also the fruit of our business model, based on the central role of digitalization and platforms, key tools in dealing with the pandemic emergency, underscored the resilience of the Group from both an operational and financial point of view. Despite the economic crisis, the Group continued its growth path by continuing to generate value.

The 2020 financial year closed with ordinary EBITDA of €17.9 billion, in line with last year's results. Ordinary net income, on which the dividend is calculated, reached €5.2 billion, up 9% compared with the previous year. The dividend for 2020 amounts to about €0.36 per share, up 8% compared with 2019. The FFO/net debt ratio, an indicator of financial strength, reached 25% at the end of the year. Net debt is equal to €45.4 billion, lower than the forecasts previously provided to the market.

Main developments

As in previous years, Enel reached a new record for renewable generation capacity in 2020, adding 3,106 MW of new renewables capacity globally, while at the same time increasing our pipeline of future renewables projects, reaching 180 GW worldwide at the end of the year.

The consolidated installed renewables capacity reached 45 GW, again exceeding thermal generation capacity, which fell to about 36 GW (-3.3 GW compared with 2019). Furthermore, 2020 was the first year in which consolidated renewables generation also surpassed thermal output, with 105.4 TWh. This is an important step in the Group's journey towards a cleaner and more sustainable energy mix and an acceleration of the decarbonization process, which was also underscored by the rapid decline in specific CO_2 emissions, which reached 214 gCO_{2eq}/kWh, a decrease of 28% compared with 2019.

Thanks to our investments in grids and the simultaneous focus on the digitization of systems and processes, we continued to improve the quality of the service offered to our customers, reducing the average per-customer duration of outages by 12% compared with the previous year, registering a global SAIDI of 258.9 minutes. Furthermore, with the Grid Blue Sky project, we are completely overhauling the operating model of the distribution grids. The goal is to create a single global operating platform by 2022, which will enable the efficient integrated management of our grids in all the geographical areas in which we operate, supporting the sustainable development of the asset portfolio in order to maximize value. The benefits associated with the project are manifold. These include increasing the value of our services for customers, the rapid implementation of innovative solutions, an increase in the efficiency of our processes and the creation of shared value in the communities in which we operate.

During 2020, the development of public and private charging infrastructure for electric vehicles continued and, thanks in part to interoperability agreements, we have exceeded 185,000 charging points worldwide. The Group has also supported the electrification of public transport thanks to the supply of charging stations for electric buses, with Enel X closing 2020 with over 900 electric buses managed globally. We were once again the leader in terms of the number of lighting points operated, at 2.8 million worldwide. We also confirmed our ability to assist industrial customers in using energy more efficiently, bringing active demand management capacity to 6.0 GW and total battery capacity installed at those customers or directly connected distribution and transmission grids to 123 MW.

With regard to the digital transformation, the decision to migrate 100% of applications to the cloud has enabled Enel to guarantee the continuity of supply of essential services even during the pandemic. The digitalization of plants and grids has enabled remote operation of our infrastructure, significantly reducing the number of interventions in the field. The complete transition to the cloud has also facilitated the adoption of continuous flexible working measures for all employees whose activities can be managed remotely. Between April and December 2020, approximately 53% of personnel worked remotely, supported by the robustness and resilience of the Group's digital infrastructures and the enhanced IT equipment swiftly made available to those without appropriate devices, enabling a massive transition to working from home.

Among extraordinary corporate transactions, in December 2020, the Extraordinary Shareholders' Meeting of Enel Américas approved the merger of EGP Américas into Enel Américas, as well as the removal of the limits in that company's articles of association that currently do not permit a single shareholder to own more than 65% of shares with voting rights. In 2020, as part of the restructuring of the joint venture with General Electric, Enel Green Power North America closed the sale of 255 MW of hydroelectric capacity and 27 MW of wind capacity in Canada and 25 MW of hydroelectric capacity in the United States.

From a financial point of view, on September 1, 2020, an equity-accounted perpetual hybrid bond of €600 million was issued, the first of its kind for an Italian industrial group. At the same time, Enel also launched a voluntary purchase offer for hybrid bonds maturing in 2076 with a nominal value of £250 million.

In October, after the issue in 2019 of the world's first general-purpose bonds linked to the United Nations Sustainable Development Goals (SDGs), Enel successfully launched a £500 million "Sustainability-Linked Bond", the first of its kind in that currency. The issue is linked to the achievement of a target for the percentage of consolidated installed renewables capacity, in line with the commitment to achieve the United Nations SDGs. Thanks to its success on the market, Enel has obtained savings of about 15 basis points compared with financial instruments with the same characteristics but not linked to the pursuit of the SDGs.

Strategy and forecasts for 2021-2023

The energy transition, driven by the fight against climate change and facilitated by decarbonization, the electrification of energy consumption and digitalization, is revolutionizing not only the energy sector but all areas of the economy, in a world in which the role of electricity will be increasingly significant.

In this context, it is essential to extend the time horizon of our strategic vision to the medium and long term. Guided by this intuition, in November 2020 the Group presented the new Strategic Plan with a vision that reaches 2030, placing the acceleration of the energy transition at the center of the strategy, which, in enabling sustainable and profitable growth, offers the concrete prospect of simultaneously generating significant shared value for all stakeholders and a satisfactory return for shareholders.

With the new Strategic Plan, the Group has indicated its direction for the next ten years, mobilizing approximately €190 billion between direct and third-party investments, in order to achieve our objectives in a decade that promises to be full of opportunities, to be seized through two complementary business models: the traditional Ownership model, based on direct investments to support long-term sustainable development, in which platforms contribute to business growth and value maximization; and a new Stewardship model, in which the use of platforms enables new services, products and know-how by catalyzing third-party investments.

The 2021-2023 Strategic Plan is ideally placed as the first step in a growth path that spans the entire coming decade. The Group's ambitions are reflected in a marked increase in investments, both direct and indirect, to enable the acceleration of trends in decarbonization and electrification.

In period 2021-2023, the Group expects to directly invest around €40 billion, of which €38 billion through the Ownership model, mainly in expanding and upgrading grids and developing renewables, and around €2 billion through the Stewardship model, while mobilizing an additional €8 billion in investment by third parties.

These investments will allow the Group to increase the renewables capacity it manages from around 49 GW in 2020 to around 68 GW at the end of 2023, with renewables capacity reaching around 70% of the total by the end of 2023.

The Group also plans to invest in improving the service quality and resilience of our distribution grids, in new connections and digitalization. The acceleration of investment will grow the Group's regulatory asset base (RAB) by 14% to about €48 billion in 2023.

The remainder of the investments envisaged in the plan will be allocated to the retail businesses and Enel X, to support the electrification of consumption by offering new "beyond commodity" services through platforms, generating an increase in the value of B2C and B2B customers of 30% and 45%, respectively, and supporting the decarbonization of cities. In support of these objectives, by 2023 the Group plans to achieve some 780,000 recharging points, 10.6 GW of active demand management capacity and 5,500 electric buses globally.

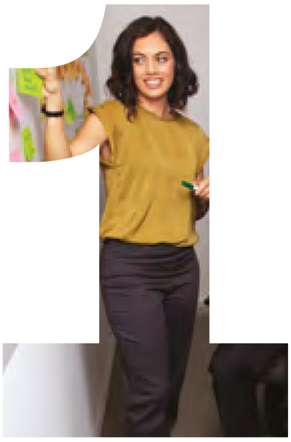
About 90% of 2021-2023 consolidated investment is in line with the United Nations SDGs and it is estimated that between 80% and 90% of this investment will be aligned with the criteria of the European taxonomy, given their substantial contribution to climate change mitigation.

This testifies to how sustainable development represents the intrinsic basis of our strategy, helping to direct all our actions towards increasingly sustainable and consequently less risky choices and approaches.

The Group's strategy is aligned with a target of reducing direct CO_2 emissions to 82 gCO_{2eq}/kWh by 2030, down 80% compared with 2017 in accordance with a scenario that limits global warming to 1.5 °C compared with pre-industrial levels, as certified by the Science Based Targets initiative (SBTi), and achieving carbon neutrality by 2050.

As for performance, the Group expects that ordinary EBITDA will reach between €20.7 and 21.3 billion by 2023, with a CAGR of 5%-6% over the results achieved in 2020. At the same time, ordinary net income is expected to reach between €6.5 and 6.7 billion, with a CAGR of between 8% and 9%. The intrinsic sustainability of our business model, combined with a determination to achieve strategic objectives, has enabled Enel to establish a guaranteed fixed dividend per share that will increase over the Plan period to €0.43 per share in 2023.

CONTENTS



REPORT ON OPERATIONS

CORPORATE GOVERNANCE

SEPARATE FINANCIAL STATEMENTS

REPORTS

1
REPORT ON OPERATIONS

Dividend policy
Enel has adopted a simple, predictable and attractive dividend policy, producing a guaranteed fixed and increasing dividend until 2023.

Corporate reorganization of investments
Consistent with the process of simplifying and optimizing the Group's structure, we rationalized our investments in Italy, North America and Central and South America.

Sustainable financing
Consistent with its "Sustainability-Linked Financing Framework", greater recourse is being made to sustainable finance tools with KPIs linked to the achievement of the Sustainable Development Goals (SDGs).

E-MARKET SDIR CERTIFIED

ENEL ORGANIZATIONAL MODEL

The Enel Group structure is organized into a matrix that comprises:

> four Global Business Lines, which are responsible in all the geographic areas in which the Group operates for developing, building, operating and maintaining assets, engaging in trading activities, as well as developing and managing the portfolio of new products and services (in addition to commodities);
> four Areas and two Countries, which are responsible for managing relations with customers, institutions and regulatory authorities, sales of electricity, gas and new products and services at the Country level; providing staff services and activities to the Global Business Lines present in the Country, integrating the activities of the Business Lines present in the Countries;
> two Global Service Functions, which are responsible for the integrated management of all Group activities relating to the development and governance of digital solutions and procurement.

The Holding Company is focused on activities involving a significant degree of policy-making, coordination and control for the Group as a whole.

Operating through Administration, Finance and Control, People and Organization, Communications, Legal and Corporate Affairs, Innovation and Sustainability, and Audit functions, the Holding Company seeks to:

> manage activities with significant value creation potential for the Group;
> manage activities aimed at protecting the Group from events that could have a negative impact on its financial position, image or business continuity;
> support top management and the Business Lines/Functions/Areas/Countries in key strategic decisions concerning those activities and related strategic control issues.

The Holding Company exercises its policy-making, coordination and control role in essentially two ways:

> direct management: in which, in addition to performing the policy-making, coordination and control role, it also has total or prevalent responsibility for performing the associated activities (e.g. finance, M&A, etc.).
> indirect management: in which it plays a policy-making and supervisory role, while execution of operations is essentially delegated to the Business Lines/Functions/Areas/Countries on the basis of policies, processes and guidelines. The supervisory role is exercised by way of ex-post control processes.

Furthermore, in order to ensure the effective coordination and development of our activities, a reporting system has been established between the Holding Company functions indicated above and the corresponding staff functions at the Business Lines/Function/Area/Country level. This reporting connection envisages that the Head of the Holding Company function and the Head of the Business Line/Function/Area/Country jointly manage the appointment, evaluation and development of the head of the corresponding Holding Company function at the Business Line/Function/Area/Country level.

Each Holding Company function is responsible for defining policies, processes, procedures and organizational structures, within the scope of their remit, for the entire Group.

The Holding Company functions are also charged with managing and supervising the professional families in their respective functions at the Business Line/Function/Area/Country level.

The following summarizes the main responsibilities attributed to the Holding Company, which are exercised by the latter in compliance with company law and the management autonomy of the listed subsidiaries and/or those subject to functional separation, in force in the various countries in which we operate.

Administration, Finance and Control

The Administration, Finance and Control function has the mission of:

> managing the strategic planning, industrial planning, budgeting and reporting processes for the Group; monitoring the evolution of the Group's operating and financial results, identifying any deviations and suggesting possible corrective actions;
> supporting the Group Investment Committee in evaluating investment proposals;
> conducting M&A operations;
> defining the optimal structure of Group capital and the composition of debt, managing loans, liquidity and relations with the international banking system, financial institutions, investors and analysts and managing financial risk and insurance coverage for the entire Group;
> preparing the financial statements of Enel SpA and setting the guidelines and policies for the preparation of the financial statements of the Group companies;
> ensuring tax compliance for Enel SpA and tax planning, guidelines and policies for the Group;
> monitoring and managing commodity, financial and strategic risks as well as any other risk that could potentially affect the Group's value, with a view to optimizing or minimizing their impact.

People and Organization

The People and Organization function has the mission of:

> defining organizational arrangements in line with Group strategies, guiding change management programs;

> managing the function's budget and the long-term plan at the Group level, defining guidelines and objectives; defining the Group's guidelines for the compensation and benefit process; managing industrial relations;

> developing the Group's technical, professional and managerial skills in accordance with the needs of the business, promoting integration across the business and cultures;

> defining the Group's strategies and guidelines for managing health, safety, the environment, quality and security, ensuring their implementation at the Group level.

Communications

The Communications function has the mission of:

> developing and managing the global Enel brand identity, leveraging the Group's resources, skills and operational excellence;

> managing relations with global media;

> developing and managing internal communication of local and global content and defining the guidelines to be applied at the Country level;

> managing and optimizing the Group's online communication channels, including the Group's websites and social network presence.

Legal and Corporate Affairs

The Legal and Corporate Affairs function has the mission of:

> providing legal assistance and support to the entire Group, identifying and managing legal issues and litigation and ensuring the compliance of activities carried out by Group companies with applicable laws and regulations;

> managing the corporate governance system and advising on the related issues (including relations with the financial market regulatory authorities and managing the corporate bodies and the system of delegated powers).

Innovation and Sustainability

The Innovation and Sustainability function has the mission of:

> promoting the sharing and development of new ideas for possible business approaches and new technologies, providing structured monitoring of the proposals from their reception to the incubation of an idea through to its ultimate deployment, coordinating the various Global Business Lines and Service Functions;

> promoting and identifying potential start-ups and partnerships, in collaboration with the Global Business Lines and Countries;

> promoting, coordinating and supporting innovative projects among the Global Business Lines;

> promoting and consolidating the Group's strategy for innovation and fostering appropriate reporting on innovation activities within the Group;

> defining the Group's Sustainability Plan, setting specific objectives and monitoring the achievement of those objectives; handling the Group's relations with international bodies on CSR issues, managing CSR/CSV projects at the Group level.

Audit

The Audit function has the mission of:

> systematically and independently assessing the effectiveness and adequacy of the Enel Group's internal control system;

> supporting each part of the Group in monitoring risks and identifying mitigation actions.

ENEL SHAREHOLDERS

At December 31, 2020, the fully subscribed and paid-up share capital of Enel SpA ("Enel" or the "Company") totaled €10,166,679,946, represented by the same number of ordinary shares with a par value of €1.00 each. Share capital is unchanged compared with that registered at December 31, 2019. In 2020 the Company purchased a total of 1,720,000 treasury shares to support the 2020 Long-Term Incentive plan (LTI Plan) for the management of Enel and/or its subsidiaries pursuant to Article 2359 of the Italian Civil Code. Considering the number of treasury shares already owned, Enel holds a total of 3,269,152 treasury shares, all supporting the 2019 and 2020 LTI Plans.

Significant shareholders

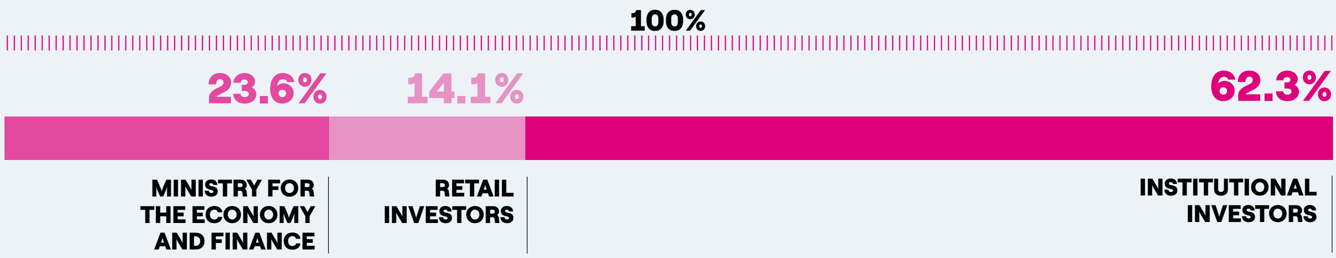
At December 31, 2020, based on the shareholders register and the notices submitted to CONSOB and received by the Company pursuant to Article 120 of Legislative Decree 58 of February 24, 1998, as well as other available information, shareholders with an interest of greater than 3% in the Company's share capital included the Ministry for the Economy and Finance (with a 23.585% stake), BlackRock Inc. (with a stake of 5.081% held for asset management purposes) and Capital Research and Management Company (with a 5.029% stake held for asset management purposes).

Composition of shareholder base

Since 1999, Enel has been listed on the Mercato Telematico Azionario organized and operated by Borsa Italiana SpA. Enel's shareholders include leading international investment funds, insurance companies, pension funds and ethical funds.

The number of Environmental, Social and Governance (ESG) investors in Enel has been rising steadily: At December 31, 2020, socially responsible investors (SRIs) held around 14.6% of the share capital (compared with 10.8% at December 31, 2019), while investors who have signed the Principles for Responsible Investment represent 47.8% of the share capital (compared with 43% at December 31, 2019).

Composition of shareholders base at December 2020



CORPORATE BOARDS

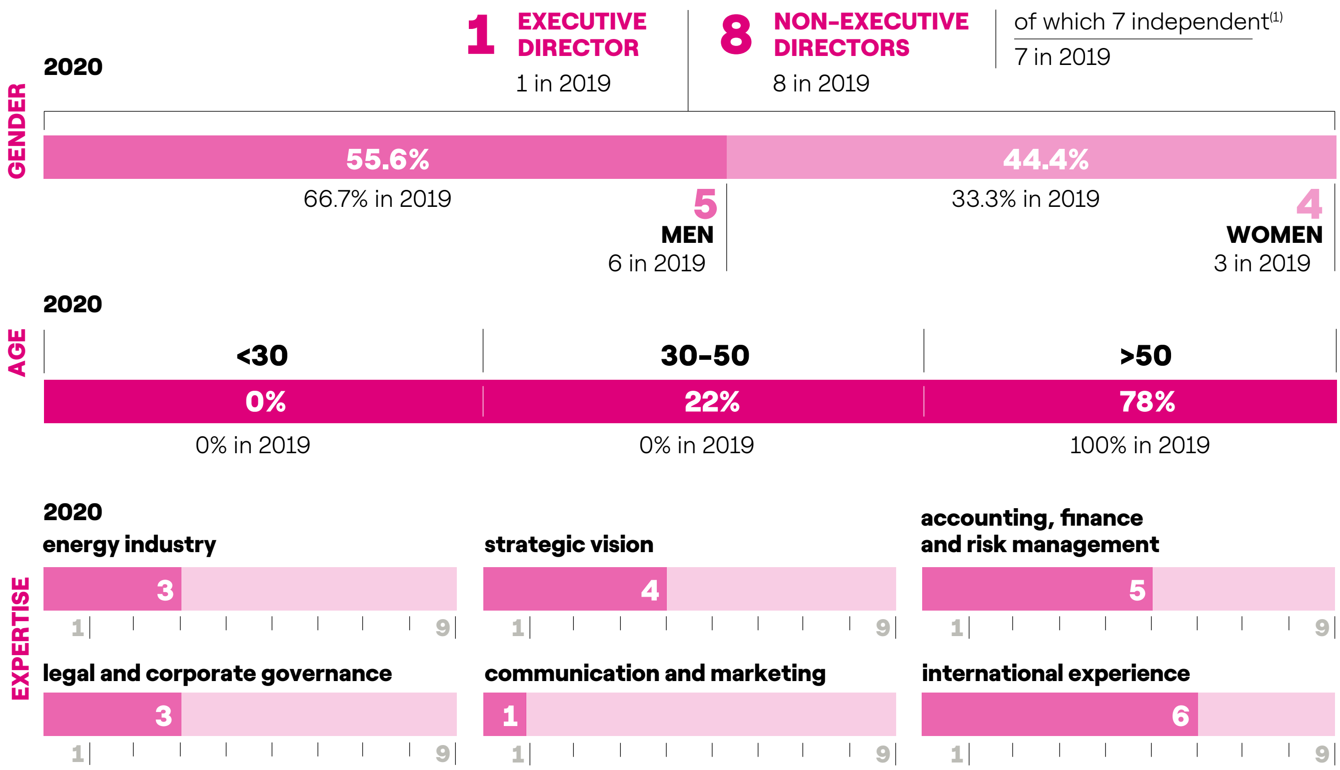
Board of Directors

CHAIRMAN
Michele Crisostomo

CHIEF EXECUTIVE OFFICER AND GENERAL MANAGER
Francesco Starace

SECRETARY
Silvia Alessandra Fappani

DIRECTORS
Cesare Calari
Costanza Esclapon de Villeneuve
Samuel Leupold
Alberto Marchi
Mariana Mazzucato
Mirella Pellegrini
Anna Chiara Svelto



(1) The figures for 2020 and 2019 refer to directors qualifying as independent pursuant to the Corporate Governance Code (2018 edition).

Board of Statutory Auditors

CHAIRMAN
Barbara Tadolini

AUDITORS
Romina Guglielmetti
Claudio Sottoriva

ALTERNATE AUDITORS
Maurizio De Filippo
Francesca Di Donato
Piera Vitali

Audit Firm

KPMG SpA

POWERS

Board of Directors

The Board is vested by the bylaws with the broadest powers for the ordinary and extraordinary management of the Company, and specifically has the power to carry out all the actions it deems advisable to implement and attain the corporate purpose.

Chairman of the Board of Directors

The Chairman is vested by the bylaws with the powers to represent the Company and to sign on its behalf, presides over Shareholders' Meetings, convenes and presides over the Board of Directors, and ascertains that the Board's resolutions are carried out. Pursuant to a Board resolution of May 15, 2020, the Chairman has been vested with a number of additional non-executive powers.

Chief Executive Officer

The Chief Executive Officer is also vested by the bylaws with the powers to represent the Company and to sign on its behalf, and in addition is vested by a Board resolution of May 15, 2020 with all powers for managing the Company, with the exception of those that are otherwise assigned by law or the bylaws or that the aforesaid resolution reserves for the Board of Directors.

E-MARKET SDIR CERTIFIED

ENEL SHARES

Enel and the financial markets

	2020	2019
Gross operating profit per share (euro)	1.65	1.74
Operating profit per share (euro)	0.82	0.68
Group net earnings per share (euro)	0.26	0.21
Group net ordinary earnings per share (euro)	0.51	0.47
Dividend per share (euro)	0.358	0.328
Group equity per share (euro)	2.79	2.99
Share price - 12-month high (euro)	8.57	7.21
Share price - 12-month low (euro)	5.23	5.08
Average share price in December (euro)	8.17	6.89
Market capitalization (millions of euro) (1)	83,110	70,047
No. of shares outstanding at December 31 (millions) (2)	10,167	10,167

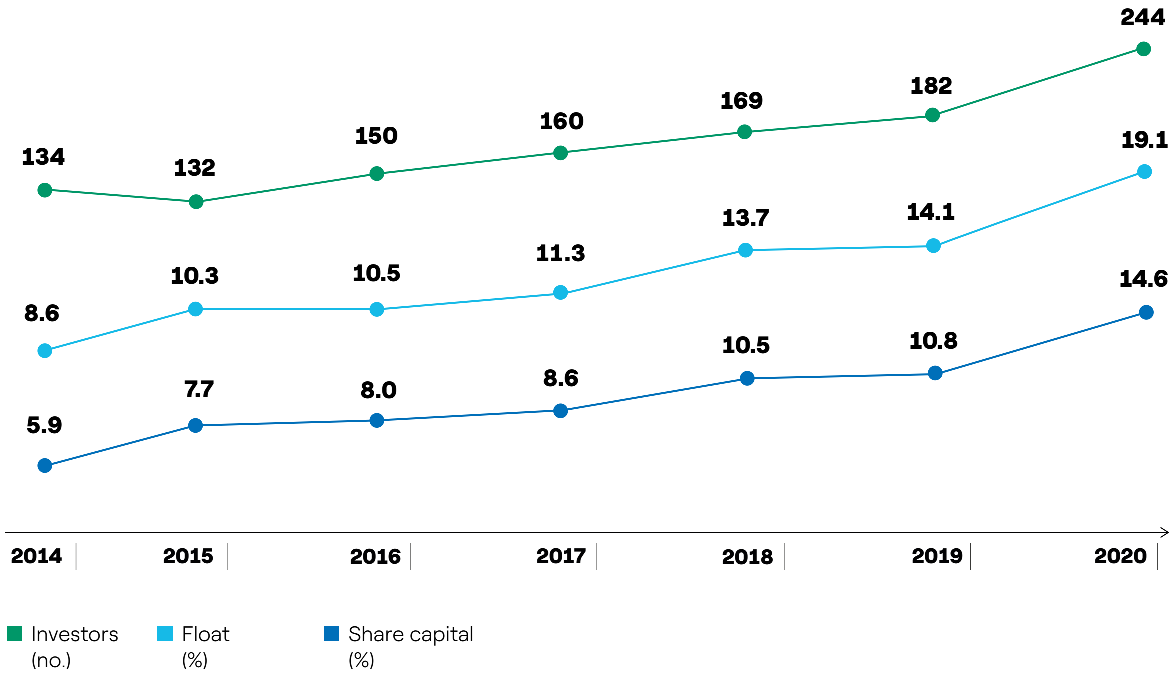
(1) Calculated on average share price in December.
(2) The number of shares includes 3,269,152 treasury shares in 2020 and 1,549,152 treasury shares in 2019.

		Current (1)	at Dec. 31, 2020	at Dec. 31, 2019	at Dec. 31, 2018
Rating					
Standard & Poor's	Outlook	STABLE	STABLE	STABLE	STABLE
	Medium/long-term	BBB+	BBB+	BBB+	BBB+
	Short-term	-	-	-	-
Moody's	Outlook	STABLE	POSITIVE	POSITIVE	STABLE
	Medium/long-term	Baa1	Baa2	Baa2	Baa2
	Short-term	-	-	-	-
Fitch	Outlook	STABLE	STABLE	STABLE	STABLE
	Medium/long-term	A-	A-	A-	BBB+
	Short-term	F2	F2	F2	F2

(1) Figures updated to January 29, 2021.

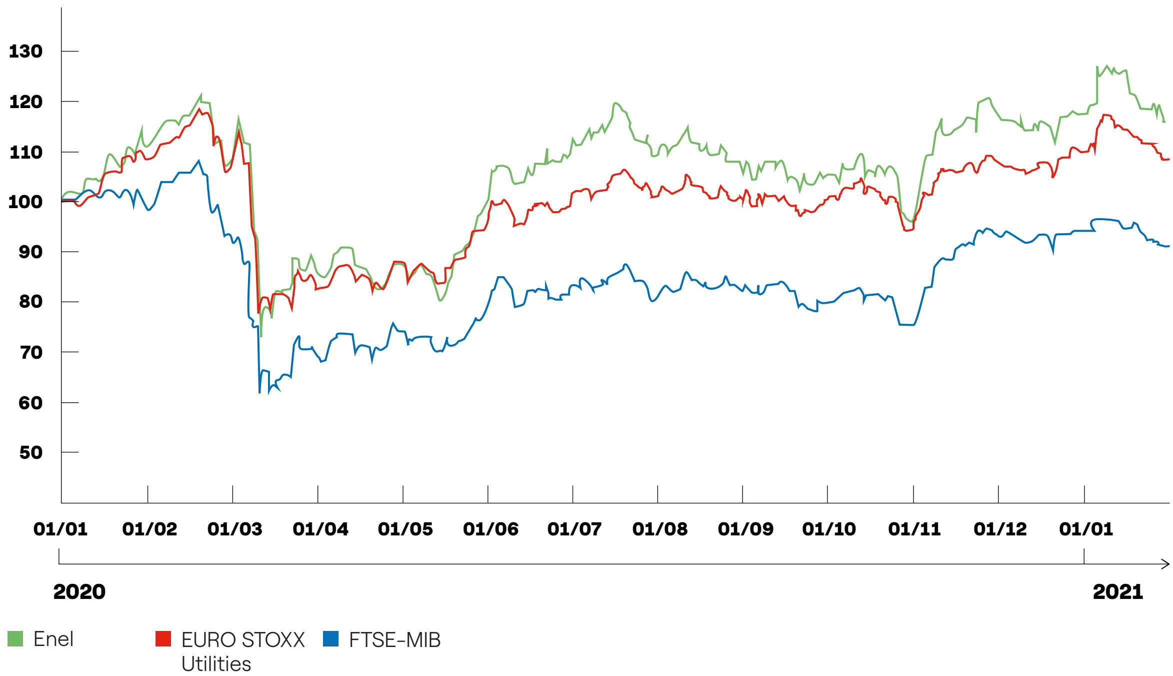
The global economic context in 2020 was strongly impacted by the COVID-19 pandemic and the consequent restrictions on mobility, production and services. All of this caused a worldwide recession of unprecedented severity in recent history, leading to an estimated 4% contraction in world GDP on an annual basis in 2020.
The specter of the crisis prompted the world's governments to adopt accommodative fiscal and monetary measures to support the various productive sectors, the labor market and domestic demand.
In particular, the United States experienced a contraction of 3.5% in GDP and an increase in the unemployment rate of over 8 percentage points, reaching the record levels registered during the 2008-2009 financial crisis. In response to this recession, the government adopted major expansionary fiscal policies to support families and businesses.
In the euro area, the pandemic caused an estimated fall in GDP of 6.8% and inflation stood at 0.3% on an annual basis in 2020, leaving many countries experiencing deflation. The labor market, however, proved more resilient thanks to subsidies from many governments.
Both the Fed and the ECB intend to keep their main interest rates low until inflation stabilizes at around 2%. Furthermore, in July the European Council reached an agreement on the Next Generation EU, a recovery plan that includes €750 billion in funding.
As for Latin America, the pandemic crisis and the various responses of individual governments have created rather diverse macroeconomic picture.
The world economic outlook for 2021 is more optimistic, albeit still burdened by the COVID-19 pandemic. Growth projections will depend significantly on the development of new vaccines and the speed of vaccination campaigns in different countries.
The crisis has also impacted the financial markets. The main European equity indices closed 2020 with losses. The Italian FTSE-MIB index slipped 5.4%, the Spanish Ibex35 index declined 15.5%, and the French CAC40 index was down 7.1%. By contrast the German DAX30 rose 3.5%.
The euro-area Utilities sector (EURO STOXX Utilities) closed the year with an increase of 9.8%.
Finally, as regards the Enel stock, 2020 ended with a price of €8.276 per share, an increase of 17.0% compared with the previous year, outperforming both the European and Italian sector indices.
At the end of 2020 Enel had a weight of 14.9% in the FTSE-MIB and 21.7% in the EURO STOXX Utilities.
On January 22, 2020 Enel paid an interim dividend of €0.16 per share from 2019 profits and on July 22, 2020, it paid the balance of the dividend for that year in the amount of €0.168. Total dividends distributed in 2020 amounted to €0.328 per share, about 17% higher than the €0.28 per share distributed in 2019.
In relation to ordinary profit for 2020, on January 20, 2021 an interim dividend of €0.175 was paid, while the balance of the dividend is scheduled for payment on July 21, 2021.
The outlook for investors is changing rapidly: the changes taking place and the challenges the world presents us today are also impacting the way we invest. Companies are no longer seen as closed systems, but rather as open systems that generate wealth through interaction with the environment and the communities in which they operate, and towards which they are accountable.
In this context, Enel's pursuit of a strategy that, through decarbonization and seizing the opportunities offered by electrification, seeks to create value for customers, society and the environment has been understood and appreciated by institutional investors, whose stake in Enel at December 31, 2020 reached an all-time high of 62.3% (compared with 60.3% at December 31, 2019), while the share of individual investors has fallen to a record low of 14.1% (compared with 16.1% at December 31, 2019). The interest of the Ministry for the Economy and Finance was unchanged at 23.6%.
The number of Environmental, Social and Governance (ESG) investors continued to rise steadily: at December 31, 2020, social responsible investors (SRIs) held about 14.6% of share capital (against 10.8% at December 31, 2019), while investors who have signed the Principles for Responsible Investment represent 47.8% of share capital (43% at December 31, 2019).
For further information we invite you to visit the Investor Relations section of our corporate website (http://www.enel.com/investors) and download the "Enel Investor Relations" app, which contains financial data, presentations, real-time updates of the share price, information on the composition of corporate bodies and the rules of shareholders' meetings, as well as periodic updates on corporate governance issues.

Developments in ESG investors



We have also created contact centers for private investors (which can be reached by phone at +39-0683054000 or by e-mail at azionisti.retail@enel.com) and for institutional investors (phone: +39-0683051; e-mail: investor.relations@enel.com).

Performance of Enel share price and the EURO STOXX Utilities and FTSE-MIB indices from January 1, 2020 to January 31, 2021



Source: Bloomberg.

ACTIVITIES OF ENEL SPA

Enel SpA, in its capacity as an industrial holding company, determines strategic objectives for the Group and the subsidiaries, coordinating their activity. The activities that Enel SpA performs as part of its policy-making and coordination function in respect of the other Group companies, as reflected in the organizational structure adopted by the Company, can be summarized as follows:

> Holding Company functions, connected with the coordination of governance processes at the Group level:
  - Administration, Finance and Control;
  - People and Organization;
  - Communications;
  - Legal and Corporate Affairs;
  - Innovation and Sustainability;
  - Audit.

Enel SpA meets the Group's liquidity requirements, mainly using the cash flows generated by ordinary operations and a range of funding sources, appropriately managing any excess liquidity.

SIGNIFICANT EVENTS IN 2020

Corporate reorganization of Italian companies

On January 1, 2020, the reorganization of Enel's holdings in Italian companies was carried out with the transfer of the "Enel Italy" business unit. In line with the process for the simplification and optimization of the Group's corporate structure already concluded or under way in the main countries in which we operate, the operation is intended to rationalize the corporate structure of the Enel Group in Italy, separating the resources dedicated to the management of various Italian businesses from the global functions and companies outside of Italy.

With the completion of the project, Enel SpA directly controls an Italian sub-holding – a role played by the Enel Italia SpA – which in turn holds all other shareholdings within Italy.

More specifically, Enel has transferred to Enel Italia a business unit consisting of the equity investments in Enel Energia SpA, Servizio Elettrico Nazionale SpA, e-distribuzione SpA and, excluding of the global business units transferred through spin-offs, the equity investments in Enel Produzione SpA and Enel Green Power Italia Srl (a newly established company holding the Italian operations of the spun-off Enel Green Power SpA).

The transferred business, with a total value of €12,147 million, also includes staff employees and those involved in providing financial services for of the Italian subsidiaries, a portion of the debt in respect of Enel Finance International NV necessary to provide Enel Italia with a balanced financial structure, and the contracts, receivables and payables associated with the components of the above business unit.

Partial spin-off of Enel Green Power SpA to Enel SpA

In accordance with the demerger plan approved by the Extraordinary Shareholders' Meeting of the demerged company on October 3, 2019 and by the Board of Directors of the beneficiary company on October 24, 2019, the partial demerger of Enel Green Power SpA (EGP) to Enel SpA was finalized on January 17, 2020.

The demerged business involved the transfer to Enel (i) of the 100% equity interests held by EGP in Enel North America Inc. and Enel Green Power Development North America LLC, representing the entire share capital of the latter and (ii) of an intercompany loan agreement with Enel Finance International NV.

The spin-off, which took effect for legal, accounting and tax purposes as from February 1, 2020, reduced the equity of the spun-off company at the recognition date by €1 million, equal to the net book value of the demerged business at June 30 2019.

The demerger took effect for legal, accounting and tax purposes as from February 1, 2020.

Enel Board authorizes the issue of hybrid bonds in the maximum amount of €1.5 billion

On June 10, 2020, the Board of Directors of Enel SpA authorized the issue by Enel, by December 31, 2021, of one or more hybrid non-convertible subordinated bonds in the maximum amount of €1.5 billion, to be placed exclusively with EU and non-EU institutional investors, including through private placements.

The new issues are intended to refinance outstanding hybrid bonds for which early repayment options may be exercised as from this year, thus allowing the Enel Group to maintain a financial structure that is consistent with the assessment criteria of rating agencies and to actively manage maturities and the cost of debt.

Enel increases interest in Chilean subsidiary Enel Chile SA

On July 7, 2020, Enel SpA announced that it had increased its stake in its Chilean subsidiary Enel Chile SA to 64.9% of the company's share capital, settling two share swap transactions entered into in December 2019 with a financial institution to acquire up to 3% of the share capital of Enel Chile, as announced to the financial markets at the time.

The above transactions are in line with the announced goal of the Enel Group to increase its shareholding in the Group companies operating in South America, thus reducing the presence of minority shareholders.

Enel increases interest in Chilean subsidiary Enel Américas SA

In August 2020, Enel SpA increased its stake in the Chilean subsidiary Enel Américas SA to 65% of its share capital, following the settlement of two share swap transactions agreed in April 2020 with a financial institution for the acquisition of up to 2.7% of the share capital of Enel Américas SA, as announced to the financial markets at the time.

The above transactions are in line with the announced goal of the Enel Group to increase its shareholding in the Group companies operating in South America, thus reducing the presence of minority shareholders.

Enel launches sustainability-linked share buyback program supporting its 2020 Long-Term Incentive Plan

On July 29, 2020, the Board of Directors of the Company, implementing the authorization granted by the Shareholders' Meeting held on May 14, 2020 and in compliance with the terms disclosed to the market, approved the launch of a share buyback program involving 1.72 million shares (the Program), equal to about 0.017% of Enel's share capital.

The purpose of the Program was to support the 2020 Long-Term Incentive Plan for the management of Enel and/or its subsidiaries pursuant to Article 2359 of the Italian Civil Code (2020 LTI Plan), which was also approved by the Shareholders' Meeting held on May 14, 2020.

In line with Enel's commitment to a sustainable development model, the engagement granted to the financial intermediary also provided for a reward mechanism – reflected in the price at which the Company repurchases the shares from the intermediary – linked to the achievement by the Enel Group of the performance target of the 2020 LTI Plan represented by the ratio between consolidated net installed renewables capacity and total consolidated net installed capacity at the end of 2022.

The Program involved the purchase of a total of 1,720,000 Enel shares (equal to 0.016918% of share capital), at a volume-weighted average price of €7.4366 per share for a total of €12,790,870.154.

Considering the treasury shares already held in its portfolio, at October 28, 2020, Enel holds a total of 3,269,152 treasury shares, equal to 0.032156% of share capital.

Enel completes refinancing of hybrid bonds

In execution of the June 10, 2020 resolution of the Enel SpA Board of Directors, on September 1, 2020, Enel successfully launched a euro-denominated, non-convertible bond for institutional investors on the European market in the form of a subordinated perpetual hybrid bond, with an aggregate principal amount of €600 million. The transaction was oversubscribed by more than six times, with total orders of more than €3.7 billion.

At the same time, Enel launched of a non-binding voluntary offer of (the Tender Offer) to repurchase, and subsequently cancel, hybrid notes due in 2076.

Following the conclusion of the offer of September 8, the Company repurchased the aforementioned hybrid bonds in cash for a total £250 million.

The transactions are in line with the Group's financial strategy outlined in the 2020-2022 Strategic Plan, which provides for the refinancing of €13.8 billion of debt by 2022, including with the issue of hybrid bonds.

Participation of the Enel Group in the Group VAT mechanism for 2021-2023

In September 2020, the Enel Group exercised the option to establish the Enel VAT Group with the tax authorities. From January 1, 2021, all the Italian companies of the Enel Group connected by a relationship of control pursuant to Article 2359, paragraph 1, number 1, of the Italian Civil Code – from at least July 1, 2020, joined the Group VAT mechanism. This mechanism involved the creation of a new autonomous taxable entity for value added tax purposes, replacing the individual Group companies for all obligations pertaining to this tax.

The Parent, Enel SpA, exercised the three-year option for the VAT Group for the period 2021-2023. The option is automatically renewed for each subsequent year, unless revoked.

Relations between Enel SpA and all the companies participating in the VAT mechanism are governed by specific rules.

Reorganization of renewables business in Central and South America

On September 22, 2020, Enel SpA announced that the Board of Directors of its Chilean listed subsidiary Enel Américas SA had resolved to commence the process to approve a merger as part of a corporate reorganization of the Enel Group's shareholdings, with the intention of integrating the non-conventional renewable energy businesses of the Enel Group in Central and South America (except Chile) into Enel Américas SA. The transaction, consistent with Enel's strategic objectives, will further simplify the Group's corporate structure and align the structure of Enel Américas SA's business with the rest of the Group.

The corporate reorganization provides for the integration in Enel Américas SA of the current non-conventional renewable assets of the Enel Group in Argentina, Brazil, Colombia, Costa Rica, Guatemala, Panama and Peru, through a series of transactions culminating in a merger of those assets into Enel Américas. The merger, which will increase Enel's stake in Enel Américas SA, will require the amendment of the latter's bylaws by its Shareholders' Meeting to remove the existing limitation whereby a single shareholder may not hold more than 65% of the voting rights. That Shareholders' Meeting will also be asked to approve the merger as transaction with related parties in compliance with applicable Chilean law.

Enel has given Enel Américas SA a favorable preliminary opinion on the reorganization provided that it:

> is carried out on market terms and conditions;
> ensures that Enel Américas SA has a financial position that supports the future development of the renewables business and the growth prospects of the company.

The favorable preliminary opinion is subject to an assessment by Enel of the final terms and conditions to be submitted for approval of the Shareholders' Meeting of Enel Américas SA.

On December 18, 2020, Enel announced that the Extraordinary Shareholders' Meeting of the listed Chilean subsidiary Enel Américas SA adopted resolutions concerning the implementation of the corporate reorganization intended to integrate the non-conventional renewable business of the Enel Group in Central and South America (excluding Chile) into Enel Américas.

On December 17, 2020, Enel announced that as part of the corporate reorganization intended to integrate the non-conventional renewable energy business of the Enel Group in Central and South America (excluding Chile) into the listed Chilean subsidiary Enel Américas SA, it would launch a voluntary partial public tender offer for the acquisition of the shares and American Depositary Shares (ADSs) of Enel Américas representing up to a maximum of 10% of its current share capital (the Offer), at a price of 140 Chilean pesos per share (or its equivalent in US dollars at the time of settlement in the case of ADSs). The Offer was carried out in March this year. The Offer is also subject to Chilean, US and any other applicable regulations.

As announced on November 13, 2020, the Extraordinary Shareholders' Meeting of Enel Américas was called for December 18, 2020 to resolve on (i) the merger of EGP Américas SpA into Enel Américas with a consequent increase in the share capital of Enel Américas in support of the merger, and (ii) the amendment of the bylaws of Enel Américas in order to remove the limits that currently do not allow a single shareholder to own more than 65% of shares with voting rights. The Offer is an opportunity for minority shareholders who wish to reduce their ownership interest in Enel Américas after the merger is completed. In this respect, the Offer provides shareholders an opportunity to sell shares for more than the price of 109.8 Chilean pesos per share that Enel Américas will offer in accordance with Chilean law to dissenting shareholders who intend to exercise their withdrawal rights. The Offer will not be launched if the merger of EGP Américas SpA into Enel Américas and the amendment of the bylaws of Enel Américas do not take effect by December 31, 2021. The total price to be paid under the Offer, which is expected to amount to up to €1.2 billion (calculated at the exchange rate on December 16, 2020 of 895 Chilean pesos to the euro), will be funded through internally generated cash flow and existing borrowing capacity.

Enel Board of Directors votes to sell 40%-50% of OpEn Fiber to Macquarie

On September 17, 2020, Enel's Board of Directors received notice of a binding offer submitted by Macquarie Infrastructure & Real Assets (MIRA) for the acquisition of the 50% stake held by Enel in OpEn Fiber SpA.

The offer provides for a price of about €2,650 million, net of debt, for the purchase of the investment, with adjustment and earn out mechanisms.

Enel's Board of Directors acknowledged that it received the notice and is awaiting updates on the details that may emerge following an examination with MIRA of the details of the offer.

On December 17, 2020, the Board of Directors of Enel SpA, meeting under the chairmanship of Michele Crisostomo, resolved to initiate the procedures for the sale of a stake of between 40% and 50% of the share capital of OpEn Fiber SpA to MIRA, giving the CEO specific authority to pursue the transaction.

Based on MIRA's final offer, the price for the sale of 50% of OpEn Fiber is equal to €2,650 million and includes the transfer to MIRA of 100% of Enel's portion of the shareholder loan granted to OpEn Fiber, including accrued interest, amounting to an estimated €270 million at June 30, 2021, the date by which the transaction is expected to close. Should 40% of OpEn Fiber be sold, as MIRA's final offer envisages a proportional reduction of the above values, the price would amount to €2,120 million, Enel's portion of the shareholder loan granted to OpEn Fiber being transferred to MIRA would be equal to 80%, with an estimated value at June 30, 2021 of around €220 million. The above price does not include the potential effects of the earn-out mechanisms described below, as they cannot currently be quantified.

The final offer received from MIRA envisages that, should the transaction close after June 30, 2021, the above price will be increased at a rate of 9% per year calculated from July 1, 2021 and up to the closing itself. The offer also provides for the payment of two different earn-outs in favor of Enel related to future and uncertain events. One earn-out is linked to the positive conclusion, with a final judgment, of the dispute initiated by OpEn Fiber against TIM SpA for anticompetitive conduct by the latter. Specifically, this earn-out will pay Enel of 75% of any net damages that OpEn Fiber should subsequently collect and is expected to be paid to Enel based on the dividends distributed by OpEn Fiber to its shareholders for any reason. The earn-out will be calculated in proportion to the actual stake sold by Enel to MIRA.

The other earn-out is related to the creation of value deriving from the possible implementation of the so-called "single broadband network" between OpEn Fiber and TIM. It is based on investor returns and envisages that, should MIRA's stake in OpEn Fiber be transferred, producing resulting in a return on investment (IRR) greater than 12.5%, Enel will be paid 20% of the value achieved by MIRA exceeding the above threshold, up to a maximum of €500 million should 50% of OpEn Fiber be sold and €400 million should 40% of the company be sold.

The signing of the purchase agreement between the parties is subject to certain conditions, including:

> OpEn Fiber issuing an authorization to MIRA to share the information acquired during the due diligence process with a small number of potential co-investors in order to syndicate the price;
> the non-exercise of the right of pre-emption that the OpEn Fiber bylaws give CDP Equity SpA (CDPE, which is in turn 50% shareholder of OpEn Fiber);
> in the event of the sale of 50% of OpEn Fiber, the agreement between MIRA and CDPE of the modification of certain aspects that currently regulate the governance of OpEn Fiber.

The closing of the transaction is in turn subject to a series of conditions, including:

> OpEn Fiber's lending banks obtaining the waivers required for the transfer of Enel's stake in OpEn Fiber to MIRA;
> obtaining various administrative authorizations needed for the transfer of Enel's stake in OpEn Fiber to MIRA, specifically relating to the golden power procedure with the Presidency of Italy's Council of Ministers and the authorization to be issued by the EU Antitrust Authority.

Issue of a £500 million "Sustainability-Linked Bond"

On October 13, 2020, Enel Finance International NV placed the sterling market's first "Sustainability-Linked Bond", which is linked to the achievement of Enel's sustainable objective for consolidated installed renewable capacity as a percentage of total consolidated installed capacity, in line with the commitment to achieving the United Nations Sustainable Development Goals.

The issue of £500 million (about €550 million), which is guaranteed by Enel, was targeted at institutional investors and was oversubscribed by almost six times, with total orders of approximately £3 billion and the significant participation of Socially Responsible Investors (SRI), allowing the Enel Group to continue to diversify its investor base.

Enel signs contract for a €1 billion "Sustainability-Linked Loan"

On October 16, 2020, Enel SpA signed a €1 billion "Sustainability-Linked Loan" facility agreement with a 6-year term. Structured as a club deal maturing on October 15, 2026, the loan is intended to meet the Group's ordinary financing needs and follows the adoption by Enel of a "Sustainability-Linked Financing Framework" (the Framework), aligned with the International Capital Market Association's (ICMA) "Sustainability-Linked Bond Principles" and Loan Market Association's (LMA) "Sustainability-Linked Loan Principles".

The loan is linked to the key performance indicator (KPI) of Installed Renewable Capacity Percentage (i.e., consolidated installed renewable capacity as a percentage of total consolidated installed capacity) and to the related achievement of a Sustainability Performance Target (SPT) equal to or greater than 60% by December 31, 2022 (as of June 30, 2020, the figure was equal to 51.9%). Based on the achievement of the SPT by the target date, the credit line provides for a step-up/step-down mechanism that will impact the interest spread applied to drawings on the line, thus reflecting the value of sustainability. The loan reflects the commitment of Enel, leading private electricity company in the world by installed renewable capacity, to contribute to the achievement of SDG 7.2, i.e. to "Increase substantially the share of renewable energy in the global energy mix by 2030".

Consent solicitation for holders of certain hybrid bonds

On October 23, 2020, Enel launched a consent solicitation addressed to the holders of a number of subordinated non-convertible hybrid bonds issued by the Company, with a total outstanding amount of about €1,797 million, in order to align the terms and conditions of the bonds with those of the perpetual subordinated, non-convertible hybrid bond launched by Enel on September 1, 2020.

On November 26, 2020, the Noteholders' Meetings approved the proposed changes to the terms and conditions of the bonds.

More specifically, the approved changes establish, inter alia, that:

> the bonds, originally issued with a specified long-term maturity date, will become due and payable and hence have to be repaid by the Company only in the event of winding up or liquidation of the Company;

> the events of default, previously envisaged in the terms and conditions and additional documentation that regulate the bonds, would be eliminated.

Historic milestone for Enel taking top spot in 2020 Dow Jones Sustainability World Index

On November 14, 2020, Enel's global sustainability leadership was acknowledged by a number one ranking in this year's Dow Jones Sustainability World Index (DJSI World), an unprecedented milestone in the Company's seventeen year presence in the index. During the DJSI World selection process, Enel stood out in most of the 27 criteria assessed by SAM (the S&P Global Division in charge of ESG (environmental, social and governance) related research acquired in 2020 from RobecoSAM, an affiliate of asset management firm Robeco).

Specifically, the Company achieved a score higher than 90/100 in more than 70% of the criteria, among which some of the most significant ones are climate strategy and market opportunities, both criteria aimed at assessing the performance of electric utilities on leading the transition towards a low-carbon energy model. Enel also ranks first in DJSI Europe for the "Electric Utilities" sector and second globally in the overall family of Dow Jones Sustainability Indices for the same sector.

Enel also excelled in other criteria focused on assessing responsible business management practices including risk and crisis management, environmental policy and management, operational eco-efficiency, water-related issues, human rights, human capital development as well as transparency on social and environmental performance.

The Group's Spanish subsidiary Endesa has also been included in this year's DJSI World, marking the company's twentieth straight year in the index. Enel and Endesa are two of the eight companies admitted to the index at the global level in the electric utility sector. In addition, the Group's South American subsidiary, Enel Américas, has been confirmed in the Dow Jones Sustainability Emerging Markets Index and Dow Jones Sustainability MILA (Mercado Integrado Latinoamericano) Pacific Alliance Index for the third consecutive year, as well as in the Dow Jones Sustainability Chile Index for the fourth straight year, while Enel's Chilean subsidiary Enel Chile has been confirmed in the three indices for the third time.

Enel recognized as world sustainability leader among all industries in the 2020 edition of Vigeo Eiris Universe

On December 2, 2020, Enel's global sustainability leadership was acknowledged by a number one ranking in this year's Vigeo Eiris (V.E) assessment edition for its first time ever among nearly 5,000 companies that have been assessed. The unprecedented score achieved in the sustainability performance assessment, which doubles the average score, granted Enel to be confirmed in the 2nd Half 2020 review of the Euronext Vigeo Eiris World 120 index. Powered by V.E's data, twice a year, the Euronext Vigeo Eiris World 120 index lists the 120 most sustainable companies out of the 1,500 largest companies in terms of free-float market capitalization in North America, Asia-Pacific and Europe. Enel has also maintained its position in the regional Euronext Vigeo Eiris Europe 120 and Eurozone 120 indices, which respectively list the 120 most sustainable companies out of the 500 largest free-float companies in Europe and the euro area. Endesa, Enel's Spanish subsidiary, has also been included in the latter three indices.

In particular, V.E recognized Enel's outstanding performance in the development of its environmental strategy, including the specific environmental targets set out to limit greenhouse gas emissions and improving air quality, by accelerating the decarbonization of its energy mix and boosting renewables. Enel also excelled in different criteria related to the management of its human capital, including the promotion of labor relations, non-discrimination and diversity. Furthermore, different governance related practices also outstood, among which the role of the Board of Directors in the oversight of the Company's sustainability performance.

COVID-19

The year 2020 was substantially characterized by the spread of the COVID-19 pandemic, with periods of greater spread and mortality accompanied by the imposition of drastic social isolation measures (lockdowns) and total or partial closure of all economic, social and sports activities, as well as the dissemination of new mores of conduct and the systematic and rigorous adoption of personal protective equipment.

The countries most severely affected were initially China, Italy and Spain, gradually followed by the United Kingdom, the other Central European countries, the United States and the countries of South America (in particular Brazil and Chile).

Governments adopted numerous containment measures, essentially intended to restrict the free movement of people, such as selective lockdowns or the early closure of public places to limit crowds. Numerous regulatory measures concerning essential services and public utilities have been implemented, which subsequent sections on the regulatory frameworks adopted in the various countries for the different Business Lines address in more detail.

Already during the 1st Quarter, the Group had issued guidelines aimed at ensuring compliance with the measures introduced at the local level and taken numerous steps to adopt the most suitable procedures to prevent and/or mitigate the effects of contagion in the workplace.

For further information, please see to the section on COVID-19 in note 2 of the separate financial statements.

DEFINITION OF PERFORMANCE INDICATORS

In order to present the results of the Parent and analyze its financial structure, Enel has prepared separate reclassified schedules that differ from those envisaged under the IFRS-EU adopted by the Group and by Enel SpA and presented in the consolidated and separate financial statements. These reclassified schedules contain different performance indicators from those obtained directly from the consolidated and separate financial statements, which management feels are useful in monitoring the performance of the Group and the Parent and representative of the financial performance of the business.

As regards those indicators, on December 3, 2015, CONSOB issued Communication no. 92543/15, which gives force to the Guidelines issued on October 5, 2015, by the European Securities and Markets Authority (ESMA) concerning the presentation of alternative performance measures in regulated information disclosed or prospectuses published as from July 3, 2016. These Guidelines, which update the previous CESR Recommendation (CESR/05-178b), are intended to promote the usefulness and transparency of alternative performance indicators included in regulated information or prospectuses within the scope of application of Directive 2003/71/EC in order to improve their comparability, reliability and comprehensibility.

Accordingly, in line with the regulations cited above, the criteria used to construct these indicators are as follows:

Gross operating profit: an operating performance indicator, calculated as "Operating profit" plus "Depreciation, amortization and impairment losses".

Net non-current assets: calculated as the difference between "Non-current assets" and "Non-current liabilities" with the exception of:

> "Deferred tax assets";
> "Other financial assets" included in "Other non-current financial assets";
> "Long-term borrowings";
> "Employee benefits";
> "Provisions for risks and charges (non-current portion)";
> "Deferred tax liabilities".

Net working capital: calculated as the difference between "Current assets" and "Current liabilities" with the exception of:

> "Long-term loan assets (current portion)", "Cash collateral" and "Other financial assets" included in "Other current financial assets";
> "Cash and cash equivalents";
> "Short-term borrowings" and the "Current portion of long-term borrowings";
> "Provisions for risks and charges" (current portion)";
> "Other borrowings" included in "Other current liabilities".

Gross capital employed: calculated as the algebraic sum of "Net non-current assets" and "Net working capital", "Deferred tax liabilities" and "Deferred tax assets", as well as "Net assets held for sale".

Net capital employed: calculated as the algebraic sum of "Gross capital employed" and "Provisions for risks and charges".

Net financial debt: a financial structure indicator, calculated as:

> "Long-term borrowings" and "Short-term borrowings and the current portion of long-term borrowings", taking account of "Short-term borrowings" included in "Other current liabilities";
> net of "Cash and cash equivalents";
> net of the "Current portion of long-term loan assets", "Cash collateral" and "Other financial assets" included in "Other current financial assets";
> net of "Other financial assets" included in "Other non-current financial assets".

More generally, the net financial debt of the Enel Group is calculated in conformity with paragraph 127 of Recommendation CESR/05-054b implementing Regulation (EC) no. 809/2004 and in line with the CONSOB instructions of July 28, 2006 for the definition of the net financial position, net of non-current loan assets.

PERFORMANCE AND FINANCIAL POSITION OF ENEL SPA

Performance

The performance of Enel SpA in 2020 and 2019 is summarized in the following table.

Millions of euro			
	2020	2019	Change
Revenue			
Revenue from sales and services	116	104	12
Other revenue and income	12	10	2
Total	**128**	**114**	**14**
Costs			
Purchases of consumables	-	-	-
Services, leases and rentals	171	150	21
Personnel expenses	118	111	7
Other operating costs	13	-	13
Total	**302**	**261**	**41**
Gross operating loss	**(174)**	**(147)**	**(27)**
Depreciation, amortization and impairment	189	235	(46)
Operating loss	**(363)**	**(382)**	**19**
Net financial income/(expense) and profit/(expense) from equity investments			
Income from equity investments	3,148	5,548	(2,400)
Financial income	1,591	1,276	315
Financial expense	2,172	1,700	472
Total	**2,567**	**5,124**	**(2,557)**
Pre-tax profit	**2,204**	**4,742**	**(2,538)**
Income taxes	(122)	(50)	(72)
PROFIT FOR THE YEAR	**2,326**	**4,792**	**(2,466)**

Revenue from sales and services regards revenue for management services provided to subsidiaries, revenue for IT assistance services and revenue for other services. The increase of €12 million is attributable to revenue from IT services (equal to €27 million), which offset the reduction in revenue from management services (€10 million) and revenue from other services (€5 million).

Other revenue and income is essentially related – in both the year under review and the previous year – to billings for personnel of Enel SpA seconded to other Group companies.

Costs for *services, leases and rentals* regard services provided by third parties in the amount of €63 million and by Group companies in the amount of €108 million.
Third-party services mainly regard communication services, professional and technical services, strategic consulting, business management and organization, legal and notary services as well as IT services. The charges for services rendered by Group companies essentially refer to the subsidiaries Enel Global Services Srl and Enel Italia SpA and concern system and application assistance services, management services, services related to the management of the motor pool and other personal services, costs for the secondment of personnel from a number of Group companies seconded to Enel SpA.

Other operating costs increased by €13 million in reflection of the effect of the recognition in 2019 of the reversal of part of the provision for disputes and litigation.
The **gross operating loss** was €174 million, a deterioration of €27 million on the previous year, mainly attributable to an increase in costs for services, leases and rentals as well as other operating costs, partially offset by the increase in revenue from sales and services.

Depreciation, amortization and impairment losses amounted to €189 million in 2020, down €46 million on 2019.
The caption main refers to the impairment losses on the investments in the subsidiaries E-Distribuţie Muntenia SA (€97 million) and E-Distribuţie Banat SA (€39 million) to account for changes in their financial position and performance following the distribution of extraordinary dividends during the year. The caption also reflects the writedown of the subsidiaries Enel Global Thermal Generation Srl (€20 million), Enel Power SpA (€3 million), Enel Global Services Srl (€1 million) and Enel Investment Holding BV (€1 million), the impairment losses were recognized in order to reflect the financial position and performance of the companies.
In 2019, depreciation, amortization and impairment losses amounted to €235 million and mainly regarded impairment losses on investments in subsidiaries in Romania and Russia. Depreciation and amortization totaled €28 million, of which depreciation of property, plant and equipment of €4 million and amortization of intangible assets in the amount of €24 million.

The **operating loss** came to €363 million, an improvement of €19 million on 2019. The change is attributable to the decrease in impairment losses on equity investments in 2020.

Income from equity investments amounted to €3,148 million. It comprised dividends approved by subsidiaries and associates in the amount of €3,106 million, joint ventures in the amount of €41 million and other investees in the amount of €1 million. Compared to the previous year, income from equity investments decreased by €2,400 million, due to the transfer of the investments in the Italian operating companies to Enel Italia SpA at the beginning of the year.

Net financial expense amounted to €581 million and essentially reflects net financial expense from derivatives in the amount of €328 million and interest expense on financial debt (€651 million), partly offset by exchange gains (€224 million) and other income from financial assets (€184 million).
Compared with the previous year, net financial expense increased by €157 million, due to the deterioration in the net financial expense from derivatives (€406 million) and the positive change in other net financial expense (€249 million). That change reflected the increase in exchange gains (€220 million) and interest income on financial assets (€26 million) and the reduction in exchange rate losses (€95 million), partially offset by a decrease in other financial income (€71 million) and an increase in other financial expense (€18 million).

Income taxes for the year showed a benefit of €122 million, mainly due to the reduction in the tax base for the corporate income tax (IRES) compared with a pre-tax profit due to the exclusion of 95% of the dividends received from the subsidiaries and the deductibility of Enel SpA's interest expense for the Group under the consolidated taxation mechanism in accordance with corporate income tax law (Article 96 of the Consolidated Income Tax Code).
Compared with the previous year, the improvement of €72 million is mainly due to the decline in estimated taxable income for IRES.

Profit for the year amounted to €2,326 million, compared with profit for the previous year of €4,792 million. The decrease of €2,466 million mainly reflects the decline in income from equity investments following the reorganization of the Italian operating companies transferred to Enel Italia SpA.

Analysis of financial position

Millions of euro			
	at Dec. 31, 2020	at Dec. 31, 2019	Change
Net non-current assets:			
- property, plant and equipment and intangible assets	121	77	44
- equity investments	50,622	47,858	2,764
- net other non-current assets/(liabilities)	(757)	(480)	(277)
Total	**49,986**	**47,455**	**2,531**
Net working capital:			
- trade receivables	241	255	(14)
- other net current assets/(liabilities)	(1,340)	(1,219)	(121)
- trade payables	(92)	(84)	(8)
Total	**(1,191)**	**(1,048)**	**(143)**
Gross capital employed	**48,795**	**46,407**	**2,388**
Provisions:			
- employee benefits	(200)	(216)	16
- provisions for risks and charges and net deferred taxes	162	145	17
- deferred tax assets	337	336	1
Total	**(38)**	**(71)**	**33**
Non-current assets classified as held for sale	669	-	669
Net capital employed	**49,426**	**46,336**	**3,090**
Total equity	**30,743**	**29,586**	**1,157**
NET FINANCIAL DEBT	**18,683**	**16,750**	**1,933**

The increase in **net non-current assets** essentially reflected:

> €2,764 million from an increase in equity investments, essentially attributable to the following transactions: the recapitalization of the subsidiary Enel Green Power SpA in the amount of €4,100 million; an increase in the equity investment in the Chilean subsidiaries Enel Américas SA and Enel Chile SA following the settlement of share swap transactions in the amounts of €876 million and €149 million, respectively. Other factors were impairment losses on the investments in E-Distribuţie Muntenia SA, E-Distribuţie Banat SA, Enel Global Thermal Generation Srl, Enel Power SpA, Enel Global Services Srl, Enel Investment Holding BV and Empresa Propietaria de la Red as well as the reclassification to "non-current assets classified as held for sale" of the investment in the joint venture OpEn Fiber SpA (€556 million at December 31, 2019);

> €44 million from changes in property, plant and equipment and intangible assets, mainly as a result of capital expenditure (totaling €70 million) and depreciation and amortization (€28 million) for the year;

> €277 million from the increase in net non-current assets/(liabilities), which essentially reflected an increase in non-current derivative liabilities (€227 million) and a decrease in non-current derivative assets (€55 million).

Net working capital increased by €143 million on December 31, 2019. The change is attributable to:

> €121 million in respect of an increase in "other net working capital/(liabilities)", largely in reflection of a decrease in amounts due from Group companies;

> €14 million in respect of a decrease in trade receivables

due from Group companies;
> €8 million in respect of an increase trade payables, mainly due to Group companies.

Net capital employed at December 31, 2020, amounted to €49,426 million and was funded by equity of €30,743 million and net financial debt of €18,683 million.
Equity amounted to €30,743 million at December 31, 2020, an increase of €1,157 million on the previous year. The change reflected the recognition of comprehensive income for 2020 (€2,266 million), the distribution of the balance of the dividend for 2019 (totaling €1,708 million), the interim dividend for 2020 (totaling €1,779 million), the issue of perpetual hybrid bonds in the amount of €592 million and the transformation of three outstanding hybrid bonds into hybrid equity instruments with the amendment of their terms and conditions in the amount of €1,794 million, net transaction costs.

Net financial debt amounted to €18,683 million at the end of the year, with a debt/equity ratio of 60.8% (56.6% at the end of 2019).

Analysis of the financial structure

Millions of euro

	at Dec. 31, 2020	at Dec. 31, 2019	Change
Long-term debt:			
- bank borrowings	1,000	402	598
- bonds	5,139	7,707	(2,568)
- other lease financing	1	1	-
- loans from subsidiaries	11,157	6,096	5,061
Long-term debt	*17,297*	*14,206*	*3,091*
Long-term loan assets from third parties	(273)	(194)	(79)
Net long-term debt	**17,024**	**14,012**	**3,012**
Short-term debt/(liquidity):			
- current portion of long-term loans	820	1,102	(282)
- short-term bank borrowings	4	130	(126)
- cash collateral received	242	403	(161)
Short-term debt	*1,066*	*1,635*	*(569)*
- current portion of long-term loan assets	(1)	(1)	-
- other short-term financial receivables	(4)	(3)	(1)
- cash collateral paid	(1,584)	(1,286)	(298)
- net short-term financial position with Group companies	4,309	6,546	(2,237)
- cash and cash equivalents with banks and short term securities	(2,127)	(4,153)	2,026
Net short-term debt	**1,659**	**2,738**	**(1,079)**
NET FINANCIAL DEBT	**18,683**	**16,750**	**1,933**

Net financial debt increased by €1,933 million, the result of an increase of €3,012 million in net long-term debt, partly offset by a decrease of €1,079 million in net short-term financial debt.
The main financial transactions carried out during 2020 were:
> an increase in loans from subsidiaries compared with December 31, 2019, reflecting three new loan agreements with Enel Finance International NV for a total of €6,000 million, the acquisition of loans received by Enel Green Power SpA following the partial spin-off of the North America business unit in the amount of €1,358 million, partially offset by the transfer of loans to Enel Italia SpA of €2,250 million as part of the transfer of the

Italy business unit;

- the repayment at maturity of two bonds in the amount of €410 million and a nominal £400 million (equivalent to €438 million);
- the repayment through a tender offer for a nominal £250 million (equivalent to €274 million) in respect of the repurchase and subsequent cancellation of hybrid bonds maturing in September 2076 in an amount equal to £500 million;
- the repayment of a bank loan at maturity in the amount €150 million;
- the transformation into hybrid equity instruments of three subordinated hybrid bonds, for a total of €1,797 million, which were involved in a consent solicitation aimed at aligning the terms and conditions of these loans with the conditions of the non-convertible subordinated perpetual hybrid bond;
- the receipt of an SDG-Linked bank loan in the amount of €1,000 million falling due in 2026.

Cash and cash equivalents amounted to €2,127 million, an decrease of €2,026 million on December 31, 2019, due to the combined effect of extraordinary transactions during the year involving investments in companies, a reduction in cash inflows from dividends following the transfer of the Italian companies and cash outflows associated with financing activities, partly offset by cash flows generated by ordinary operations.
Please see the section "Cash flows" for more details.

Cash flows

Millions of euro

	2020	2019	Change
Cash and cash equivalents at the beginning of the year	**4,153**	**2,007**	**2,146**
Cash flows from operating activities	4,499	3,995	504
Cash flows used in investing/disinvesting activities	(3,784)	(2,399)	(1,385)
Cash flows from (used in) financing activities	(2,741)	550	(3,291)
Cash and cash equivalents at the end of the year	**2,127**	**4,153**	**(2,026)**

In 2020, financing activities absorbed cash flows of €2,741 million. This mainly reflected the net decrease in borrowings (€5,638 million), the payment of dividends (€3,334 million) and repayments of long-term loans (€1,346 million), partly offset by new long-term borrowing (€7,001 million) and the liquidity generated by the issue of perpetual hybrid bonds (€588 million).

Investing activities absorbed cash flows of €3,784 million and essentially reflected the increase in the equity investments in the Chilean subsidiaries Enel Américas SA and Enel Chile SA following the settlement of share swap transactions (€876 million for Enel Américas SA and €149 million for Enel Chile SA), the recapitalization of Enel Green Power SpA for a total of €4,100 million, capital contributions to the joint venture OpEn Fiber SpA of €113 million, partly offset by the cash flows generated by the reorganization of Italian shareholdings and in North America for a total of €1,525 million.

The cash requirements of financing and investing activities were funded both by the contribution of the cash flows generated by operating activities, which were a positive €4,499 million (€3,995 million in 2019) and essentially reflected the receipt of dividends from investees (€3,139 million), which decreased compared with 2019 as a result of the transfer of the interests in the Italian companies, and the use of cash and cash equivalents, which at December 31, 2020 amounted to €2,127 million (€4,153 million at January 1, 2020).

PERFORMANCE OF THE MAIN SUBSIDIARIES

Millions of euro	Financial statements	Revenue		Costs		Gross operating profit/(loss)	
		2020	2019	2020	2019	2020	2019
Enel Produzione SpA	Separate	4,461	5,743	3,711	5,083	750	660
e-distribuzione SpA	Separate	7,511	7,661	3,680	3,751	3,831	3,910
Servizio Elettrico Nazionale SpA	Separate	6,248	7,790	5,779	7,395	469	395
Enel Global Trading SpA	Separate	13,173	24,944	12,884	24,966	289	(22)
Enel Green Power SpA	Separate	239	1,205	283	803	(44)	402
Enel X Srl	Separate	101	67	124	98	(23)	(31)
Enel Investment Holding BV	Separate	2	2	2	3	-	(1)
Enelpower SpA	Separate	-	-	-	1	-	(1)
Enel Global Thermal Generation Srl	Separate	127	36	130	40	(3)	(4)
Enel Energia SpA	Separate	13,272	14,047	11,379	12,127	1,893	1,920
Enel Iberia SLU	Separate	31	27	43	26	(12)	1
Endesa SA	Consolidated	17,579	20,158	13,796	16,317	3,783	3,841
Enel Italia SpA	Separate	770	1,396	698	1,222	72	174
Enel Innovation Hubs Srl	Separate	7	5	6	5	1	-
Enel Global Infrastructure and Networks Srl	Separate	396	62	389	80	7	(18)
Enel Global Services Srl	Separate	828	-	762	-	66	-
Enel Finance International NV	Separate	-	-	5	3	(5)	(3)
Enel Holding Finance Srl	Separate	-	-	-	-	-	-
Enel Rinnovabili Srl	Separate	-	-	-	-	-	-
Enel North America Inc.	Consolidated	1,291	976	595	346	696	630
Enel Américas SA	Consolidated	10,679	12,787	7,917	9,219	2,762	3,568
Enel Chile SA	Consolidated	2,863	3,523	1,857	2,183	1,006	1,339
E-Distribuţie Banat SA	Separate	111	110	75	81	36	29
E-Distribuţie Dobrogea SA	Separate	104	99	66	72	38	27
E-Distribuţie Muntenia SA	Separate	185	183	124	129	61	54
Enel Energie Muntenia SA	Separate	585	585	539	577	46	8
Enel Energie SA	Separate	596	572	549	558	47	14
Enel Romania SA	Separate	13	16	12	14	1	2
Enel Russia PJSC	Consolidated	539	913	427	704	112	209
Enel Insurance NV	Separate	118	119	123	116	(5)	3

Depreciation, amortization and impairment losses		Operating profit/(loss)		Net financial income/(expense) and profit/(expense) from equity investments		Pre-tax profit/(loss)		Income taxes		Profit/(Loss) for the year	
2020	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
687	1,621	63	(961)	(524)	(143)	(461)	(1,104)	73	(318)	(534)	(786)
1,460	1,280	2,371	2,630	(388)	(391)	1,983	2,239	530	653	1,453	1,586
226	211	243	184	(19)	(15)	224	169	74	53	150	116
15	8	274	(30)	(5)	1	269	(66)	80	(20)	189	(46)
388	320	(432)	82	(27)	(45)	(459)	37	(30)	(9)	(429)	46
10	10	(33)	(41)	(1)	10	(34)	(31)	(10)	(5)	(24)	(26)
–	–	–	(1)	–	–	–	(1)	–	–	–	(1)
–	–	–	(1)	–	–	–	(1)	–	–	–	(1)
5	1	(8)	(5)	–	–	(8)	(5)	2	–	(10)	(5)
598	706	1,295	1,214	(24)	(47)	1,271	1,379	380	352	891	1,027
–	–	(12)	1	1,061	865	1,049	866	(136)	(170)	1,185	1,036
1,897	3,453	1,886	388	(98)	(169)	1,788	230	388	50	1,400	180
69	149	3	25	2,656	(4)	2,659	21	21	18	2,638	3
–	–	1	–	–	–	1	–	–	–	1	–
2	1	5	(19)	(1)	–	5	(19)	5	(1)	–	(18)
61	–	5	–	(3)	–	2	–	4	–	(2)	–
–	–	(5)	(3)	300	152	295	149	78	69	217	80
–	–	–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–	–	–
342	286	354	344	(134)	(217)	220	128	64	(16)	156	144
964	1,095	1,798	2,473	(267)	(337)	1,531	2,149	496	211	1,035	1,938
1,044	671	(38)	669	(110)	(189)	(148)	480	(90)	78	(58)	402
19	24	17	5	1	5	18	10	3	3	15	7
18	21	20	6	(1)	2	19	8	3	3	16	5
46	50	15	4	2	8	17	12	4	2	13	10
19	16	27	(8)	–	(2)	27	(10)	5	–	22	(10)
16	16	31	(2)	1	1	32	(1)	5	2	27	(3)
–	1	1	1	–	(1)	1	–	–	–	1	–
42	179	70	30	–	1	70	31	10	22	60	9
–	(1)	(5)	4	1	6	(4)	10	(1)	4	(3)	6

Millions of euro	Financial statements	Non-current assets		Current assets	
		at Dec. 31, 2020	at Dec. 31, 2019	**at Dec. 31, 2020**	at Dec. 31, 2019
Enel Produzione SpA	Separate	6,186	7,030	1,631	1,544
e-distribuzione SpA	Separate	19,922	19,201	4,685	5,132
Servizio Elettrico Nazionale SpA	Separate	172	178	2,389	2,863
Enel Global Trading SpA	Separate	371	185	6,566	7,827
Enel Green Power SpA	Separate	2,200	12,271	907	1,327
Enel X Srl	Separate	419	665	109	88
Enel Investment Holding BV	Separate	1	1	6	7
Enelpower SpA	Separate	3	3	38	39
Enel Global Thermal Generation Srl	Separate	14	9	153	51
Enel Energia SpA	Separate	882	825	3,577	3,971
Enel Iberia Srl	Separate	20,555	20,579	1,497	1,455
Endesa SA	Consolidated	25,828	25,881	6,234	6,100
Enel Italia Srl	Separate	24,788	771	3,676	885
Enel Innovation Hubs Srl	Separate	-	-	26	24
Enel Global Infrastructure and Networks Srl	Separate	13	10	408	77
Enel Global Services Srl	Separate	196	-	470	-
Enel Finance International NV	Separate	31,843	25,327	5,005	11,972
Enel Holding Finance Srl	Separate	1,798	1,974	2	2
Enel Rinnovabli Srl	Separate	3,765	-	904	-
Enel North America Inc.	Consolidated	8,361	6,529	577	401
Enel Américas SA	Consolidated	16,915	20,654	5,036	5,860
Enel Chile SA	Consolidated	7,890	8,103	1,177	1,206
E-Distribuţie Banat SA	Separate	382	356	108	300
E-Distribuţie Dobrogea SA	Separate	358	340	44	148
E-Distribuţie Muntenia SA	Separate	918	885	244	581
Enel Energiie Muntenia SA	Separate	75	76	167	224
Enel Energie SA	Separate	26	22	185	202
Enel Romania SA	Separate	5	14	17	18
Enel Russia PJSC	Consolidated	648	665	227	376
Enel Insurance NV	Separate	466	516	337	353

Total assets		Non-current liabilities		Current liabilities		Equity		Total equity and liabilities	
at Dec. 31, 2020	at Dec. 31, 2019	at Dec. 31, 2020	at Dec. 31, 2019	at Dec. 31, 2020	at Dec. 31, 2019	at Dec. 31, 2020	at Dec. 31, 2019	at Dec. 31, 2020	at Dec. 31, 2019
7,817	8,574	3,513	1,399	1,573	3,902	2,731	3,274	7,817	8,574
24,607	24,333	12,461	12,669	7,593	6,962	4,553	4,702	24,607	24,333
2,561	3,041	53	87	2,280	2,760	228	194	2,561	3,041
6,937	8,012	444	154	6,126	7,288	367	570	6,937	8,012
3,107	13,598	2,303	4,495	296	3,034	508	6,069	3,107	13,598
528	753	7	4	335	222	186	525	528	753
7	8	-	-	-	-	7	8	7	8
41	41	5	5	9	9	27	27	41	41
167	60	29	6	122	47	16	7	167	60
4,459	4,796	88	111	3,107	3,299	1,264	1,386	4,459	4,796
22,052	22,035	3,765	4,110	1,377	1,217	16,910	16,708	22,052	22,035
32,062	31,981	16,042	15,679	8,555	8,465	7,465	7,837	32,062	31,981
28,464	1,656	9,328	422	4,256	798	14,881	436	28,464	1,656
26	24	-	-	3	2	23	22	26	24
421	87	24	14	368	62	29	11	421	87
666	-	23	-	609	-	34	-	666	-
36,848	37,299	30,448	30,975	4,284	4,454	2,116	1,870	36,848	37,299
1,800	1,976	-	-	-	-	1,800	1,976	1,800	1,976
4,669	-	1	-	-	-	4,668	-	4,669	-
8,938	6,930	2,766	2,165	2,461	1,433	3,711	3,332	8,938	6,930
21,951	26,514	7,598	9,612	5,931	5,998	8,422	10,904	21,951	26,514
9,067	9,309	3,745	3,636	1,199	1,234	4,123	4,439	9,067	9,309
490	656	137	124	54	57	299	475	490	656
402	488	130	122	45	45	227	321	402	488
1,162	1,467	341	318	139	139	682	1,010	1,162	1,467
242	300	15	12	84	146	143	141	242	300
211	224	6	4	88	127	117	93	211	224
22	32	3	12	15	17	4	3	22	32
875	1,041	274	262	160	239	441	541	875	1,041
803	869	289	300	246	296	268	273	803	869

E-MARKET SDIR CERTIFIED

PEOPLE CENTRICITY

Enel SpA employees at December 31, 2020 numbered 762. The balance between new hires and terminations at the end of the year was positive, with an increase of 11 employees.

The following table reports the average number of employees by category with comparative figures for the previous year, as well as the headcount at December 31, 2020.

No.		Average workforce		Headcount
	2020	2019	Change	at Dec. 31, 2020
Senior managers	147	146	1	143
Middle managers	352	345	7	400
Office staff	226	250	(24)	219
Total	**725**	**741**	**(16)**	**762**

The following table reports changes in the workforce during the year.

Headcount at Dec. 31, 2019	New hires	Terminations	Inward transfers	Outward transfers	Headcount at Dec. 31, 2020
751	49	15	105	128	762

Training and development

In response to the COVID-19 emergency, Enel promptly intervened with appropriate measures to ensure the safety of personnel and at the same time activating flexible working approaches for over 37,000 people in the countries in which the Group is present. This global-scale response was made possible by the flexible working experience gained in Italy since as early as 2016 and then gradually extended throughout the Group and by the technological transformation launched in 2014, which led to the integration of digitalization into corporate strategy, making Enel the first utility company to fully operate in the cloud.
The adoption of flexible working has also meant giving people the tools they need to work from home, ensuring the circulation of information and the effective organization of activities. Initiatives were also launched to support the transition to the new digital reality, promote a work culture based on autonomy, delegation and trust, and encourage better time management by supporting the well-being of people and their families.
Growing automation and technological evolution open up new scenarios for the Group and its people and are driving the need for new technical and professional expertise and the simultaneous waning of other skills.
In this context, the targeted reskilling and upskilling programs have therefore been strengthened, the former to learn skills and expertise that enable people to fill new positions and roles, while the latter involve the development of training and empowerment courses that enable employees to improve their performance in their job, increasing the skills available to them their current position. In particular, Enel signed an agreement with the trade unions in December 2020 for the implementation of an upskilling and reskilling training plan in Italy, which includes over 40 training courses and the involvement of more than 20,000 people. The planned initiatives range from digital transformation for operational and commercial personnel, to job shadowing projects as an innovative learning method, passing through reskilling activities involving technical-professional and cultural skills.

External skilling initiatives were also undertaken, from the perspective of stewardship – responsible management of relations with Enel's external stakeholders, which provide for the accompaniment and growth of people outside the Company (institutions, external entities, suppliers) for the acquisition of new skills. These include initiatives aimed at female students in the last two years of high school in order to promote a culture of STEM studies.

Enel promotes training activities for its people as a key element in ensuring their constant development. We have developed career paths to foster the evolution of our talent, the valorization of passions and personal aptitude and the development of new languages, also promoting the formation of internal trainers ("train the trainer"). In 2020, more than 2.7 million hours of training were provided, a slight increase compared with the previous year despite the fact that almost all training was delivered remotely due to the COVID-19 pandemic. This was made possible by the upgrading of digital tools and the E-Ducation platform, which ensured broad access to content and expanded the culture of digitalization for learning. The training courses covered issues related to conduct, technical issues, safety, new skills and digital culture.

Total Group training costs in 2020 amounted to more than €18 million[1].

In a rapidly changing work environment, accelerated by the pandemic crisis, the Group has set itself the ambitious goal of promoting digital sustainability in the coming years through a series of training initiatives that illustrate all those technologies that enable our people to work and coexist sustainably with the surrounding environment.

With regard to personal development activities, the quantitative and qualitative Performance Assessment process in 2020 involved the various levels of Group personnel in a fluid process. More specifically, 100% of eligible employees were involved in the 2019 Performance Evaluation Campaign, which was completed in July 2020. A review of the process has been planned for the upcoming 2020 Campaign – to be conducted between the 2020 and 2021 calendar years – that will enhance the specific features of individuals and leverage people's talents and inclinations.

Listening and improvement of organizational well-being

In light of the digitalization of relations as a result of the COVID-19 pandemic, the Listening Channel has undergone a review. Accordingly, in 2020 a project was launched to make direct involvement approaches more constant and dynamic, for the definition of action plans aimed at improving organizational well-being. The Open Listening survey was also launched. This interview is intended to help build our future, with 70% of personnel responding. People were asked to imagine the future of work in the "new normal" era: from ways of working remotely to workspaces, new technologies, psychological and physical well-being and new models for the leadership of the future. Of total respondents, 93.5% declared a high level of involvement (People Engagement rate). In the course of 2021, global and specific action plans will be prepared for the various targets populations identified.

Diversity and inclusion

Enel's commitment to promoting diversity and inclusion is a process that started in 2013 with the adoption of our policy on human rights, followed in 2015 by our global diversity and inclusion policy, published in conjunction with Enel's adoption of the Women's Empowerment Principles (WEP) promoted by the UN Global Compact and UN Women and in line with the UN Sustainable Development Goals. In 2019, the global workplace harassment policy was published. It sets out the principle of respect for integrity and dignity of the individual in the workplace and addresses the issue of sexual harassment and harassment connected with discrimination, the principles of which are delineated in the Statement against Harassment in the Workplace.

Enel's approach is based on the fundamental principles, enunciated in the diversity and inclusion policy, of non-discrimination, equal opportunities and human dignity in all its forms, inclusion and promoting work-life balance. The application of this policy has enabled the development of global and local projects that focus on diversity in terms of gender, disability, age, nationality and disseminating the culture of inclusion at all levels of the organization.

(1) The cost calculation takes account of the specific training account in the New Primo system. This includes all external training costs and is currently the only form of certified information on training costs available.

The progress of D&I policies is monitored periodically through a global reporting process that measures the performance of a comprehensive set of KPIs on all dimensions for internal and external purposes. In particular, with regard to gender, Enel has set itself two public objectives: to ensure equal representation of the two genders in the initial stages of the selection processes (50% by 2021) and to increase the number of female managers and middle managers. In 2020, women represented 44% of people involved in the selection process, an increase on previous years (42% in 2019), while the number of female managers and middle managers increased by 6%.
The steady increase in female managers in recent years has been accompanied by a simultaneous increase in the Equal Remuneration Ratio[2] (ERR), which in 2020 was equal to 83.3%, a slight improvement on the 83.2% registered in 2019 (equal to 82.4% on a unchanged euro exchange rate basis). These results are evidence of the management actions taken to valorize the presence of women in top positions, the effects of which will be fully appreciable in the medium-long term, taking due account of generational dynamics.

Workplace health and safety

Enel considers employee health, safety and general well-being to be its the most valuable asset, one to be preserved both at work and at home. We are therefore committed to developing and promoting a strong culture of safety that ensures a healthy work environment and protection for all those working with and for the Group. Safeguarding our own health and safety and that of the people with whom we interact is the responsibility of everyone who works for Enel. For this reason, as provided for in the Group "Stop Work Policy", everyone is required to promptly report and halt any situation of risk or unsafe behavior. The constant commitment of us all, the integration of safety both in corporate processes and training, the reporting and detailed analysis of all information, near misses, safety warnings, non-compliance, controls, rigor in the selection and management of contractors, the sharing of experience and best practices throughout the Group as well as benchmarking against the leading international players are all cornerstones of Enel's culture of safety. These values are part of the SHE project, launched in 2018 and further strengthened in 2020.The project involves the Group's people and suppliers with initiatives regarding safety, health and the environment. It is aimed at fostering continuous growth with our contractors, operational improvements and safety with equipment, tools and processes.
Safety is closely integrated into tender processes, and we closely monitor our contractors' performance both upstream with our qualification system and ongoing as the contracts progress through numerous control processes and tools such as the Supplier Performance Management (SPM) system. During 2020, we further improved and integrated the HSE Terms into all contracts. These are binding conditions that companies must agree to when contracts are awarded. The document, unique for the Group, defines the requirements regarding health, safety and significant environmental aspects that the contractor must comply with and enforce with their subcontractors during the execution of works. In addition, during the year considerable impulse was given to the "Safety Supplier Assessment", specific audits on safety issues to be undertaken at the supplier's premises and their worksites. The audits are performed during the qualification phase for each new supplier in cases where critical issues have emerged (severe or fatal injuries) or where the supplier has received a low SPM rating. In 2020, despite the COVID emergency, a total of 1,185 contractor assessments were performed.
In 2020, the injury frequency rate for Enel employees declined to about 0.599 injuries for every million hours worked (-33.4 compared with 2019), confirming the effectiveness of the safety strategy and policies implemented in the Group. In 2020, 1 fatal accident in Brazil involved an Enel Group employee, and 8 fatal accidents involved contractors (5 in Brazil and one each in Italy, Spain and Colombia). The causes of these nine fatal accidents were mainly associated with electrical incidents. Also in 2020, 3 "high consequence" accidents occurred involving employees of the Enel Group, while 20 such accidents involved contractors. They were mainly of a mechanical nature.
Training and awareness-raising activities concerning issues relating to the protection of health and safety are a key element of Enel's safety culture. A number of communication campaigns were carried out during the year in areas of specific importance for the Company. At the same time, some 903,802 hours of training on safety issues were

(2) ERR (Equal Remuneration Ratio) = fixed + variable remuneration of female managers/fixed + variable remuneration of male managers.

provided to Enel personnel.
The Enel Group has established a structured health management system, based on prevention measures to develop a corporate culture that promotes psycho-physical health, organizational wellbeing and a balance between personal and professional life. With this in mind, the Group conducts global and local awareness campaigns to promote healthy lifestyles, sponsors screening programs aimed at preventing the onset of diseases and guarantees the provision of medical services. More specifically, we have a policy for the prevention of local diseases and provide support in the event of diseases or accidents abroad. A smartphone application is also available with travel information and guidelines on vaccinations, while a new global insurance policy has been taken out for all employees traveling abroad. The Enel Group has a systematic and ongoing process for identifying and assessing work-related stress risks, in accordance with the "Stress at Work Prevention and Wellbeing at Work Promotion" policy, for the prevention, identification and management of stress in work situations, also providing recommendations aimed at promoting a culture of organizational wellbeing.
The Group also constantly monitors epidemiological and health developments in order to implement preventive and protective measures for the health of employees and those who work with the Group, both locally and globally. Since the outset of the COVID-19 emergency in February 2020, Enel has taken steps to protect the health of all workers and ensure the continuity of electricity supply to the communities in which it operates. A global task force has been created, as well as local task forces in each country where Enel is present, to monitor the progress of the pandemic with dedicated indicators and immediately take all necessary prevention measures. Given the persistence of the COVID-19 emergency and its spread on a global scale, at the end of 2020 a HSE Emergency Management unit was set up within the Parent's HSEQ department, with a focus on health, safety and environmental emergencies, with the objective of integrating the HSE emergency management process into the company organization and ensuring the integration and continuous alignment of strategy and the management of emergency events at the Business Line and Country level.
Since the beginning of the pandemic, new operating models have been activated to minimize the risk of contagion and specific prevention protocols have been implemented, dynamically adapting the activity plan and the measures defined in response to developments in the pandemic at a global level. For all personnel whose jobs could be done remotely have been working using flexible working arrangements since the beginning of the emergency. For operational units (about 13,000 employees), who necessarily work in the field, stringent measures to contain the spread of the disease were applied through the division of teams into smaller nuclei (elementary cells) and the adoption of temporal and/or physical segregation measures. Stress tests were conducted for critical infrastructures with the aim of verifying their operation in various possible contagion scenarios. Information and training initiatives were launched for employees on the prevention measures to be adopted. Enel also invited its suppliers on a global scale to take all actions deemed appropriate to ensure the protection of the health of their workers and the limitation of the spread of the disease. Influenza vaccination programs were implemented as a preventive health measure in all the main countries in which Enel operates.

Responsible relations with communities

Last year was marked by the health emergency, which had sweeping socio-economic consequences at a global level. The economic effects of the crisis have also increased vulnerability and inequality in the communities in which the Group operates, but thanks to our strong and extensive roots in those communities we have been able to identify measures to provide immediate support to address health and socio-economic emergencies. From Europe to Latin America, Asia, Africa and Australia, the Enel Group implemented about 450 sustainability projects as an immediate response in two main areas:

- containment of the health emergency with aid initiatives for hospitals and people working on the front line;
- support for the economic revitalization of communities, through programs to support food security, development of micro-entrepreneurship, services for vulnerable customers and professional and educational distance training.

Our knowledge of specific local circumstances and constant listening to the needs of stakeholders have also made it possible to develop concrete responses to the new context delineated by restrictions such as social distancing and travel bans and the multiplicity of economic, social and cultural realities in which Enel operates and of which it is an integral part in the operation of our assets. Specific initiatives have focused on local socio-economic development plans, with targeted solutions to stimulate economic recovery through the development of local markets, specific services dedicated to vulnerable customers and actions aimed at combating energy poverty and ensuring social inclusion for the weakest categories of the population by leveraging access to new technologies and circular economy approaches.

The continuous attention to social and environmental factors, combined with the objective of contributing to the economic and social progress of the communities, makes it possible to create long-term value for the Company and for the communities in which it operates, promoting a new balanced development model that leaves no one behind. This model has been incorporated along the entire value chain: analyzing the needs of communities right from the development phases of new activities; taking account of social and environmental factors in the establishment of sustainable worksites; managing assets and plants to make them sustainable development platforms to the benefit of the territories in which they are located. Another development was the extension of this approach to the design, development and supply of energy services and products, helping to build increasingly sustainable communities.

In 2020, Enel developed over 2,100 projects with 8 million beneficiaries(3), concretely contributing to the development and social and economic growth of local communities. The projects to ensure access to affordable, reliable, sustainable and modern energy (SDG 7) have involved 9.8 million people to date(4), those to foster the economic and social development of communities (SDG 8) have reached 3 million beneficiaries(5), while initiatives to promote quality education (SDG 4) have benefited 2.3 million people(6).

A fundamental lever in implementing these projects is the use of about 1,000 partnerships with social enterprises, non-profit organizations, startups and institutions operat-

(3) Beneficiaries are the people for which a project is implemented. Enel only considers direct beneficiaries in the current year. The number of beneficiaries includes the activities and projects carried out in all the areas in which the Group operates (for companies within the scope of the Non-Financial Statement, the number of beneficiaries does not include companies accounted for using the equity method, Group foundations and non-profit organizations and companies operating within the Build, Sell and Operate mechanism).
(4) Cumulative 2015-2020 figures for total number of SDG 7 beneficiaries to date.
(5) Cumulative 2015-2020 figures for total number of SDG 8 beneficiaries to date.
(6) Cumulative 2015-2020 figures for total number of SDG 4 beneficiaries to date.

ing both locally and internationally that promote the development of the territory through innovative and tailor-made interventions. The search for social innovation ideas and solutions through the Open Innovability® ecosystem is constant, based on openness and sharing through various tools such as, for example, crowdsourcing platforms (openinnovability.com) and the Innovation Hub network.
The progress in terms of the Group's contribution to achieving the United Nations Sustainable Development Goals (SDGs) has also enabled Enel to revise its 2030 goals, doubling the number of people it intends to benefit from through projects to ensure quality education (SDG 4: target of 5 million beneficiaries by 2030) and access to energy (SDG 7: target of 20 million beneficiaries by 2030). The commitment to initiatives to promote long-lasting, inclusive and sustainable economic growth has also been confirmed (SDG 8: target of 8 million beneficiaries by 2030).

Sustainable supply chain

In addition to meeting certain quality standards, the services of our vendors must also go hand in hand with the adoption of best practices in terms of human rights and working conditions, health and safety and environmental and ethical responsibility. Our procurement procedures are designed to guarantee service quality in full respect of the principles of economy, effectiveness, timeliness, fairness and transparency. The procurement process plays a central role in value creation in its various forms (safety, savings, timeliness, quality, earnings, revenue, flexibility) as a result of ever-greater interaction and integration with the outside world and the different parts of the company organization. In 2020, we signed agreements with a total of more than 24,000 vendors.
Vendor management involves three essential stages, which integrate social, environmental and governance issues, the qualification system; the definition of general terms and conditions of contract and the Supplier Performance Management (SPM) system in the evaluation process. Enel's global vendor qualification system (with about 12,000 active qualifications as at December 31, 2020) enables us to accurately assess businesses that intend to participate in tender processes through the analysis of compliance with technical, financial, legal, environmental, health and safety, human and ethical rights and integrity requirements, representing a guarantee for the Company. As regards the tendering and bargaining process, Enel's continued to introduce aspects related to sustainability in tendering processes, with the introduction of a specific "K for sustainability" factor, which takes account of environmental and social factors and supplier safety. Furthermore, specific contractual clauses regarding sustainability are envisaged in all contracts for works, services and supplies, including respect for and protection of human rights and compliance with ethical and social obligations. The SPM system is designed to monitor vendor services in terms of the quality, timeliness and sustainability of contract execution.
Furthermore, we continued working on those activities that enable the ever-greater integration of environmental, social and governance issues in the supply chain strategy, creating shared value with vendors. These include meetings and information initiatives with contractors on sustainability issues, with specific regard to safeguarding health and safety.

RESEARCH AND DEVELOPMENT

Enel SpA does not directly engage in research and development, as within the Group those activities are performed by a number of subsidiaries and associates.

Innovation and digitalization

For Enel, innovation and digitalization are key pillars of its strategy to grow in a rapidly changing context while ensuring high safety standards, business continuity and operational efficiency, and thus enabling new uses of energy and new ways of managing it, making it accessible to an ever larger number of people.
In particular, data management plays a fundamental role in supporting the decision-making process with the development and application of advanced analytics and in creating new synergies. Enel's digital transformation is based on pillars (assets, customers, people), enablers (platforms, cloud, cybersecurity) and approaches to connect pillars and enablers (agile, data-driven). Robotics, artificial intelligence, cyber security, big data and the cloud are some of the main areas in which Enel is investing, thus confirming digitalization as one of the key dimensions of the 2021-2023 Strategic Plan to support business development. The digital strategy is moving towards maximizing margins and reducing operating costs, to facilitate the energy transition.
Enel also operates through an Open Innovability® model, a consensus-based ecosystem that makes it possible to connect all areas of the Company with startups, industrial partners, small and medium-sized enterprises, research centers and universities through a variety of system, such as crowdsourcing platforms and the Innovation Hub network. The Company has numerous innovation partnership agreements that, in addition to Enel's traditional lines of business in the renewables and conventional generation sectors, have promoted the development of new solutions for e-mobility, microgrids, energy efficiency and the industrial Internet of Things (IoT).
Enel's innovation strategy leverages the online crowdsourcing platform openinnovability.com and a global network of 10 Innovation Hubs (of which 3 are also Labs) and 22 Labs (of which 3 are dedicated to startups), which consolidates the new model of collaboration with startups and SMEs. The latter offer innovative solutions and new business models, and Enel makes its skills, testing facilities and a global network of partners available to support their development and possible scale-up. The Hubs are located in the most important innovation ecosystems for the Group (Catania, Pisa, Milan, Silicon Valley, Boston, Rio de Janeiro, Madrid, Moscow, Santiago de Chile and Tel Aviv), they manage relationships with all the players involved in innovation activities and are the main source of scouting for innovative startups and SMEs. The Labs (among which those in Milan, Pisa, Catania, San Paolo, Haifa and Be'er Sheva are the most representative) allow startups to develop and test their solutions together with the Business Lines.
During 2020, thanks to the Group's positioning in innovative ecosystems and the consolidation of the Hub and Lab network, more than 40 bootcamps were organized in different technological areas and startup scouting activities expanded to two new areas (Canada and Australia). A new FinSec Lab was opened in Be'er Sheva (Israel), thanks to Enel X and Mastercard, and is aimed at the development of early stage startups in the FinTech and cyber security fields. All this has enabled Enel to meet more than 2,600 startups and to launch more than 70 new collaborative relationships despite the pandemic.
Every increasing importance is begin taken on by activities to promote and develop the culture of innovation and entrepreneurship within the Company, working through the Innovation Academies and the Innovation Ambassadors project. Furthermore, in 2020 the activities of the innovation communities continued, involving different areas and skills within the Company. Energy storage, blockchain, drones, augmented and virtual reality, additive manufacturing, artificial intelligence, wearables, robotics and green hydrogen are the areas and technologies addressed within these communities. In one example, in recent years Enel has intensified the use of drones in the monitoring and maintenance of its assets, inspecting solar fields, wind farms, dams and hydroelectric reservoirs, closed components in traditional plants and distribution lines with the aim of increasing the efficiency of operational and maintenance processes and above all reduce workers' exposure to risks. Furthermore, storage systems, in addition to guaranteeing ongoing support for current business activities, pave the way to new frontiers of sustainable business.
As of 2020, €111 million (including personnel expenses) have been invested in innovation (R&D spending).

MAIN RISKS AND OPPORTUNITIES

In its capacity as an industrial holding company, Enel SpA is essentially exposed to the same risks associated with the Group's business, as well as to more specific financial risks related to the central treasury function it performs for the Group.

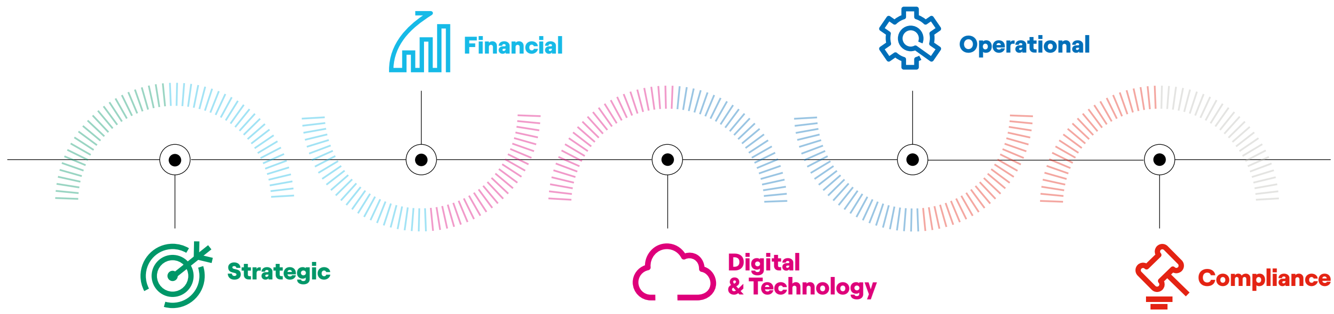
The risk governance model adopted by Enel SpA is in line with the most accredited models at the international level and has the following objectives:

> the implementation of an integrated and comprehensive system for risk management and control (ISRM);
> the organic and univocal representation of the main risks (risk catalog);
> the adoption of processes, tools and methods that enable informed decisions that take account of the nature and level of risks and, at the same time, make it possible to seize any associated opportunities.

Within the Group's risk catalog, risks are classified into six categories: strategic, financial, operational, governance & culture, digital technology and compliance.

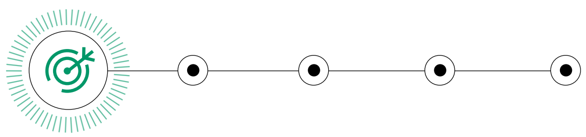
To limit or optimize the exposure to these risks, Enel SpA performs a range of analysis, measurement, monitoring and management activities.

The main types of risk to which Enel SpA is exposed are described below.



Strategic risks

This category comprises the following risks.



Legislative and regulatory developments

The Group operates in regulated markets and changes in the rules governing the operation of the various systems, as well as the requirements and obligations that characterize them, impact the operations and performance of the Holding Company.

In order to manage the risks associated with regulatory factors, Enel has intensified its relationships with local governance and regulatory bodies, adopting a transparent, collaborative and proactive approach in addressing and eliminating sources of instability in the regulatory framework. Enel has also established specific corporate units that monitor the relevant issues associated with the evolution of legislation and regulations at the local, national and international levels.

Macroeconomic and geopolitical developments

The Group has a major international presence, with some 50% of its revenue being generated abroad in a variety of currencies. In addition to changes in global macroeconomic and financial conditions, cash flows and corporate assets are also exposed to idiosyncratic risk factors, such as exchange rate volatility and changes in the economic, political, social and financial conditions in the various countries in which Enel operates. Global risks related to possible pandemics, such as the 2020 COVID-19 emergency, which rapidly spread worldwide, significantly deteriorating the short/medium-term outlook for growth, or other crises that may impact the continuity of the supply of materials or commodities, migratory flows or economic activity in individual countries are also considered given the impacts that depend so closely economic, social and even energy conditions in individual countries.

Climate change

In order to identify the main types of risks and opportunities and the associated business impacts in a structured manner consistent with the recommendations of the TCFD, a framework has been adopted which explicitly represents the main relationships between scenario variables and types of risks and opportunities, indicating the strategic and operational management approaches to be adopted, also considering the appropriate mitigation and adaptation measures.

Two main macro-categories of risks/opportunities have been specified: those deriving from the evolution of physical variables and those deriving from the evolution of transition scenarios.

Physical risks deriving from climate change can be classified as acute (i.e. extreme events) and chronic phenomena: the former are linked to the occurrence of extremely intense weather-climate conditions, the latter to gradual but structural changes in climate conditions. Extreme events could expose Enel to the potential unavailability of assets and infrastructure, restoration costs, inconvenience to customers, etc. On the other hand, chronic changes in climate conditions could expose the Group to other risks or opportunities: for example, structural variations in temperature could cause variations in electricity demand or impact generation, while variations in rainfall or wind conditions could impact the Group's business by increasing or decreasing potential output.

With regard to the energy transition towards a more sustainable model characterized by progressive electrification and the reduction of CO_2 emissions, in line with the Group's decarbonization strategy, there are risks but above all opportunities linked to both changes in the regulatory and legislative framework and to trends in technological development, electrification and the consequent market developments, with potential effects the prices of commodities and energy as well.

Competitive environment

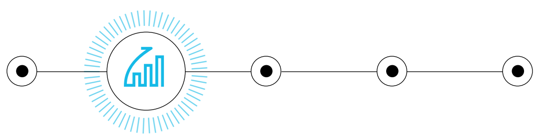
The markets and businesses in which the Group is operates are exposed to steadily growing competition and evolution, from both a technological and regulatory point of view, with the timing of these developments varying from country to country.

As a result of these processes, Enel is exposed to growing competitive pressure and, as electricity is this century's the energy vector, competition driven by contiguous sectors is also rising, although this offers utilities the opportunity to move into new businesses.

Enel is present along the entire electricity value chain and has a diversified business portfolio in terms of its generation technologies and the geographical areas, sectors and markets in which it operates. As this diversification is such an important factor in risk mitigation, it is constantly monitored in order to direct and support the direction of our strategic development.

Financial risks

As part of its operations, the Company is exposed to a variety of financial risks – partly reflecting the central treasury function it performs for the Group – that, if not appropriately mitigated, can directly impact our performance. These include currency risk, interest rate risk, credit and counterparty risk and liquidity risk.



The financial risk governance arrangements adopted by Enel establish specific internal committees that are responsible for policy setting and supervision of risk management, as well as the definition and application of specific policies that establish the roles and responsibilities for risk management, monitoring and control processes, ensuring compliance with the principle of organizational separation of units responsible for operations and those in charge of monitoring and managing risk.

The financial risk governance system also defines a system of operating limits for each risk, which are monitored periodically by risk management units. The system of limits constitutes a tool supporting management decisions to achieve its objectives while constantly bearing in mind

the risk/opportunity tradeoff.
For more information on the management of financial risks, please see note 33 "Risk management" to the separate financial statements.

Interest rate risk

The Company is exposed to the risk that changes in the level of interest rates could produce unexpected changes in net financial expense or the value of financial assets and liabilities measured at fair value.
The exposure to interest rate risk derives mainly from the variability of the terms of financing, in the case of new debt, and from the variability of the cash flows in respect of interest on floating-rate debt.
The policy for managing interest rate risk seeks to contain financial expense and its volatility by optimizing the portfolio of financial liabilities and by obtaining financial derivatives on OTC markets.
Managing risk through specific processes and indicators makes it possible to limit potential adverse financial impacts and, at the same time, to optimize the structure of the debt with an adequate degree of flexibility that preserves the soundness and balance of the financial structure.

Currency risk

In view of its geographical diversification and access to international markets for the issuance of debt instruments, the Company is exposed to the risk that changes in exchange rates between the currency of account and other currencies could generate unexpected changes in the performance and financial position aggregates in their respective financial statements.
The exposure to currency risk is mainly linked to the US dollar and is attributable to cash flows in respect of investments, dividends from foreign subsidiaries or the purchase or sale of equity investments and financial assets and liabilities.
The currency risk management policy is oriented towards the systematic hedging of the exposures of the Company. Appropriate operational processes ensure the definition and implementation of appropriate hedging strategies, which typically provide for the use of financial derivatives obtained on OTC markets.
Managing risk through specific processes and indicators makes it possible to limit potential adverse financial impacts and, at the same time, to optimize the management of cash flows from the portfolios.

Credit and counterparty risk

The Company is exposed to credit and counterparty risk, i.e. the possibility of a deterioration in the creditworthiness of our counterparties in financial transactions that could have an adverse impact on the expected value of the creditor position.
The exposure to credit and counterparty risk is essentially attributable to trading in derivatives, bank deposits and, more generally, financial instruments.
Risk mitigation is pursued through the diversification of the portfolio (preferring counterparties with a high credit standing) and the adoption of specific standardized contractual frameworks that contain risk mitigation clauses (e.g. netting arrangements) and possibly the exchange of cash collateral.
Managing risk based on specific risk indicators, and where possible limits, ensures that the economic and financial impacts associated with a possible deterioration in creditworthiness are contained within sustainable levels. At the same time, the necessary flexibility to optimize portfolio management is preserved.
Thanks to the risk management and monitoring policy adopted by Enel, there has been no significant changes in the financial exposure and credit standing of counterparties attributable to the COVID-19 emergency.

Liquidity risk

Liquidity risk is the risk that the Company, while solvent, would not be able to discharge its obligations in a timely manner or would only be able to do so on unfavorable terms owing to situations of tension or systemic crises (credit crunches, sovereign debt crises, etc.) or changes in the perception of its riskiness by the market.
Among the factors that define the risk perceived by the market, the credit rating assigned to Enel by rating agencies plays a decisive role, since it influences its ability to access sources of financing and the related financial terms of that financing. A deterioration in the credit rating could therefore restrict access to the capital market and/or increase of the cost of funding, with consequent negative effects on the performance and financial situation of the Company.
In 2020, there were no changes in Enel's risk profile compared with 2019. Accordingly, at the end of the year, Enel's rating was: (i) "BBB+" with a stable outlook for Standard & Poor's; (ii) "A-" with a stable outlook for Fitch; and (iii) "Baa2" with a positive outlook for Moody's. On January 15, 2021, Moody's increased its Enel rating to Baa1. The upgrade reflected the progress achieved in improving the Group's risk profile, the result of constant investment in grids and renewable energy, greater geographical diversification and

a focus on centralized financing.

Enel's liquidity risk management policies are designed to maintain a level of liquidity sufficient to meet its obligations over a specified time horizon without having recourse to additional sources of financing as well as to maintain a prudential liquidity buffer sufficient to meet unexpected obligations. In addition, in order to ensure that it can discharge its medium and long-term commitments, Enel pursues a borrowing strategy that provides for a diversified structure of financing sources to which it can turn and a balanced maturity profile.

As regards the impact of COVID-19, Enel's liquidity risk indices remained within the limits established for 2020.

Digital technology

The risks within this category are described in the following sections.

Cyber security

The speed of technological developments that constantly generate new challenges, the ever increasing frequency and intensity of cyber attacks and the attraction of critical infrastructures and strategic industrial sectors as targets underscore the potential risk that, in extreme cases, normal company operations could grind to a halt.

In this context, cyber security risk represents the possibility that cyber attacks could compromise corporate information systems (both management and industrial systems), with the main consequence being the interruption of services and the theft of sensitive information, with both financial and reputational impacts.

Cyber attacks have evolved dramatically in recent years: their number has grown exponentially, as has their complexity and impact, making it increasingly difficult to promptly identify the source of threats. In the case of Enel, this exposure reflects the many environments in which it operates (data, industry and people), a circumstance that accompanies the intrinsic complexity and interconnection of the resources that over the years have been increasingly integrated into daily operating processes.

Enel has adopted a holistic governance approach to cyber security that is applied to all the sectors of IT (Information Technology), OT (Operational Technology) and IoT (Internet of Things). The framework is based on the commitment of top management, on global strategic management, on the involvement of all business areas as well as on the units involved in the design and management of our systems. Enel seeks to use cutting edge technologies, to design ad hoc business processes, to strengthen people's IT awareness and to implement regulatory requirements for IT security.

In addition, Enel has developed a IT risk management methodology founded on "risk-based" and "cyber security by design" approaches, thus integrating the analysis of business risks into all strategic decisions. Enel has also created its own Cyber Emergency Readiness Team (CERT) in order to proactively respond to any IT security incidents.

Digitalization, IT effectiveness and service continuity

Enel is carrying out a complete digital transformation of how it manages the entire energy value chain, developing new business models and digitizing its business processes. A consequence of this digital transformation is that Enel is increasingly exposed to risks related to the functioning of the IT systems implemented throughout the Company, which could lead to service interruptions or data losses and a consequent increase in operating costs, with significant reputational and financial impacts.

These risks are managed using a series of internal measures developed by the Global Digital Solutions unit, which is responsible for guiding Enel's digital transformation. It has set up an internal control system that introduces control points along the entire IT value chain, enabling us to prevent the emergence of risks engendered by such issues as the creation of services that do not meet business needs, the failure to implement adequate security measures and service interruptions. The internal control system of the Global Digital Solutions unit oversees both the activities performed in-house and those outsourced to external associates and service providers. Furthermore, Enel is promoting the dissemination of a digital culture and digital skills in order to successfully guide the digital transformation and minimize the associated risks.

Operational risks

The operational risks that Enel SpA faces are connected with:

> People and organization;
> Environment;
> Procurement, logistics and supply chain.

People and organization

The profound transformations of the energy sector, which has experienced sweeping technological developments, require companies in the industry to recruit people with new experience and professional skills, as well as imposing the need for major cultural and organizational changes. Organizations must move to adopt new agile and flexible business models. Policies to enhance diversity and to manage and promote talent have become key factors for companies that are managing the transition and have a widespread geographical presence.
Enel places the people who work for it at the center of its business model: the management of human capital is a priority for which specific objectives have been established. The main goals include: the development of the digital capabilities and skills made necessary by the Fourth Industrial Revolution, as well as the promotion of reskilling and upskilling programs for employees in order to support the energy transition; the effective involvement of employees in the pursuit of the corporate purpose, which ensures the achievement of better results while offering greater satisfaction to our people; the development of systems for evaluating the working environment and performance; the dissemination of diversity and inclusion policies, as well as instilling an inclusive organizational culture based on the principles of non-discrimination and equal opportunity, a key driver in ensuring that everyone can make an effective contribution.
Enel's commitment to developing and disseminating the flexible approaches within company processes, which have been effectively tested in past years, has helped to enhance the resilience and flexibility of the organization in responding to the COVID-19 pandemic.

Environment

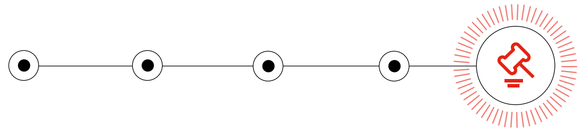
The last year has seen the continuation of the growth in the sensitivity of the entire community to risks connected with development models that generate environmental impacts and exploit scarce natural resources (including many raw materials and water).
In response to these needs, governments have imposed increasingly restrictive environmental regulations, placing ever more stringent constraints on the development of new industrial initiatives and, in the most impactful industries, incentivizing or requiring the elimination of technologies no longer considered sustainable.
In this context, companies in every sector, and above all industry leaders, are ever more aware that environmental risks are increasingly economic risks. As a result, they are called upon to increase their commitment and accountability for developing and adopting innovative and sustainable technical solutions and development models.
Enel has made the effective prevention and minimization of environmental impacts and risks a foundational element of each project across its entire life cycle.
The adoption of ISO 14001-certified environmental management systems certified in all Group divisions ensure the implementation of structured policies and procedures to identify and manage the environmental risks and opportunities associated with all corporate activities. A structured control plan combined with improvement actions and objectives inspired by the best environmental practices, with requirements exceeding those for simple environmental regulatory compliance, mitigate the risk of adverse impacts on the environment and ecosystems and the associated risk of reputational damage and litigation.
Also contributing are the multitude of actions to achieve the challenging environmental improvement objectives set by Enel, such as, for example, those regarding atmospheric emissions, waste production and water consumption, especially in areas with high water stress.
The risk of water scarcity is directly mitigated by Enel's development strategy, which is based on the growth of generation from renewable sources that are essentially not dependent on the availability of water for their operation. Special attention is also devoted to assets in areas with a high level of water stress, in order to develop technological solutions to reduce consumption.
Finally, ongoing collaboration with local river basin management authorities enables us to adopt the most effective shared strategies for the sustainable management of hydroelectric generation assets.

Procurement, logistics and supply chain

Purchasing processes and the associated governance documents form a structured system of rules and control points that make it possible to combine the achievement

of strategic objectives with full compliance with the fundamental principles set out in the Code of Ethics, the Enel Global Compliance Program, the Zero Tolerance Plan and the Human Rights Policy, without renouncing the promotion of initiatives for sustainable economic development.
The procedures governing procurement processes are all designed to ensure conduct imbued with the utmost respect for key values such as loyalty, professionalism, collaboration, transparency and traceability of decision-making processes.
These principles have been incorporated into the organizational processes and controls that Enel has voluntarily decided to adopt in order to establish relationships of trust with all its stakeholders and define stable and constructive relationships to ensure financial competitiveness while safeguarding child labor, occupational health and safety and environmental responsibility.
In this sense, the procurement procedural system systematically adopts tender procedures, ensuring maximum competition and equal access opportunities for all vendors meeting the specified technical, economic/financial, environmental, safety, human rights, legal and ethical requirements.
Direct procurement without a competitive tender can only be used in exceptional cases, duly motivated, in compliance with applicable legislation.
The supplier qualification system is a guarantee for the procurement process, as it makes it possible to verify that its potential suppliers are reliable, consistent with Enel's strategic vision and inspired by the same values.
The qualification procedure is completed by the Supplier Performance Management process, which monitors supplier performance with regard to the appropriateness of their conduct during the tender, quality, punctuality and sustainability in the execution of the contract.
The effectiveness of supply chain risk management is monitored using a number of performance indicators for which thresholds are specified that guide the definition of the procurement strategy.

Compliance



Risks connected with the protection of personal data

In the era of the digitalization and globalization of markets, Enel's business strategy has focused on accelerating the transformation towards a business model based on a digital platform, using a data-driven and customer-centric approach implemented along the entire value chain.
This naturally exposes Enel to the risks connected with the protection of personal data, an issue that must also take account of the substantial growth in privacy legislation. Inadequate implementation of such protection could cause financial losses and reputational harm.
In order to manage and mitigate this risk, Enel has adopted a model for the global governance of personal data that provides for the establishment of positions responsible for privacy issues at all levels (including the appointment of Data Protection Officers at the global and country levels) and digital compliance tools to map applications and processes and manage risks with an impact on protecting personal data, in compliance with specific local regulations in this field.

OUTLOOK

The COVID-19 pandemic has profoundly impacted not only economic activity around the world, but also the way people lived and worked during 2020.

In this context, the geographical diversification of the Group, its integrated business model along the entire value chain, a sound financial structure and a high level of digitalization have enabled Enel to display considerable resilience, which is reflected in our performance and financial position for the year.

In November 2020, the Group presented the Strategic Plan, providing a vision of the evolution of the business over the next ten years.

In particular, the new Strategic Plan describes the adoption of two business models: a traditional "Ownership" model, in which digital platforms are promoters of the business to support the profitability of investments, and a "Stewardship" model, which catalyzes investments by third parties in collaboration with Enel or in the context of business-generating platforms.

Through these two business models, in 2021-2030 Enel will invest over €150 billion through the Ownership business model and an additional €10 billion through the Stewardship business model, while at the same time mobilizing some €30 billion in additional third-party investment.

With these investments, it is expected that between 2020 and 2030 the Group's ordinary EBITDA will grow at a CAGR of 5% -6%, with an ordinary net income growing at a CAGR of 6% -7%.

By promoting decarbonization, electrification and platform migration processes, the Group also plans to create shared and sustainable value for all stakeholders, for example:

> pursuing an 80% reduction in direct CO_2 emissions compared with 2017 in a strategy that will reduce extraction by about 200 million barrels of oil equivalent;

> saving consumers about 25% on their total energy bills while simultaneously reducing their emissions;

> investing in digitalization and the creation of platforms to offer a level of service three times higher than the current level, with a system average duration interruption index (SAIDI) falling to about 100 minutes in the 2030;

> generating over €240 billion of gross domestic product in the countries in which the Group operates, through local investments in generation and electrification.

In 2021-2023, the Group expects to invest around €40 billion directly, of which €38 billion through the Ownership business model and around €2 billion through the Stewardship business model, while mobilizing €8 billion in investment from third parties.

With regard to the investments planned within the framework of the Ownership business model:

> more than half will be dedicated to Global Power Generation, with approximately €17 billion allocated to increasing renewable generation capacity, which will rise to 60 GW on a consolidated basis in 2023;

> about 43% will be dedicated to Infrastructure and Networks. The acceleration of investments is expected to lead to an increase in the Group's RAB, which will reach €48 billion in 2023;

> the remainder will be dedicated to the Customers business: the customer value of the business-to-consumer segment is expected to increase by about 30%, compared with an increase of some 45% in the business-to-business segment, thanks to the elimination of regulated rates, mainly in Italy, and the trend of electrification of energy consumption, which will promote "beyond commodity" services.

Investments under the Stewardship business model will mainly be dedicated to renewable energy, as well as to fiber optics, e-transport and flexibility services.

Over 90% of Enel's investments on a consolidated basis will be in line with the United Nations Sustainable Development Goals (SDGs). Furthermore, according to Enel's initial calculations, between 80% and 90% of its investments on a consolidated basis will be aligned with the European taxonomy criteria thanks to its substantial contribution to climate change mitigation.

Furthermore, over the period covered by the Plan, Enel will implement a simple, predictable and attractive dividend policy: shareholders will receive a fixed, guaranteed and increasing dividend per share (DPS) over the next three years, with the aim of reaching €0.43 per share by 2023.

In 2021, the following are expected:

> an acceleration of investments in renewable energy, especially in Latin America and North America, to support industrial growth and as part of the decarbonization policies followed by the Group;

> an increase in investments to improve the quality and resilience of distribution networks, especially in Italy and Latin America, as well as their further digitalization;

> an increase in investments dedicated to the electrification of energy consumption, especially in Italy, with the aim of enhancing the growth of the customer base and achieving continuous efficiency gains, supported by the creation of global business platforms.

Based on the foregoing, the financial targets on which the Group's 2021-2023 Plan is based are reported below.

FINANCIAL TARGETS

	2020[1]	2021	2022	2023	CAGR 2020-2023
Ordinary EBITDA (€ billions)	17.9	18.7-19.3	19.7-20.3	20.7-21.3	+5%/+6%
Ordinary net income (€ billions)	5.2	5.4-5.6	5.9-6.1	6.5-6.7	+8%/+9%
Dividend per share (€)	0.358	0.38	0.40	0.43	~6%

(1) The dividend policy for 2020 provides for the payment of a dividend equal to the higher of €0.358 per share and 70% of the Group's ordinary net income.

OTHER INFORMATION

Non-EU subsidiaries

At the date of approval by the Board of Directors of the separate financial statements of Enel SpA for 2020 – March 18, 2021 – the Enel Group meets the "conditions for the listing of shares of companies with control of over companies established and regulated under the law of non-EU countries" (hereinafter "non-EU subsidiaries") established by CONSOB with Article 15 of the Markets Regulation (approved with Resolution no. 20249 of December 28, 2017).

Specifically, we report that:

> in application of the materiality criteria for the purposes of consolidation referred to in Article 15, paragraph 2, of the CONSOB Market Regulation, 40 non-EU subsidiaries of the Enel Group have been identified to which the rules in question apply on the basis of the consolidated accounts of the Enel Group at December 31, 2019;

> they are: 1) Ampla Energia e Serviços SA (a Brazilian company belonging to Enel Américas); 2) Celg Distribuição SA - Celg D (a Brazilian company belonging to Enel Américas); 3) Cimarron Bend Wind Holdings I LLC (a United States company belonging to Enel North America); 4) Codensa SA ESP (a Colombian company belonging to Enel Américas); 5) Companhia Energética do Ceará - Coelce (a Brazilian company belonging to Enel Américas); 6) EGPNA Preferred Wind Holdings LLC (a United States company belonging to Enel North America); 7) Eletropaulo Metropolitana Eletricidade de São Paulo SA (a Brazilian company belonging to Enel Américas); 8) Emgesa SA ESP (a Colombian company belonging to Enel Américas); 9) Empresa Distribuidora Sur SA - Edesur (an Argentine company belonging to Enel Américas); 10) Empresa Eléctrica Panguipulli SA (a company merged on July 1, 2020 into Parque Eólico Taltal SpA, which on August 1, 2020 was in turn merged into Almeyda Solar SpA, which on January 1, 2021 was merged into Enel Green Power Chile SA); 11) Enel Américas SA (a Chilean company directly controlled by Enel SpA); 12) Enel Brasil SA (a Brazilian company belonging to Enel Américas); 13) Enel Chile SA (a Chilean company directly controlled by Enel SpA); 14) Enel Distribución Chile SA (a Chilean company belonging to Enel Chile); 15) Enel Distribución Perú SAA (a Peruvian company belonging to Enel Américas); 16) Enel Finance America LLC (a United States company belonging to Enel North America); 17) Enel Fortuna SA (a Panamanian company belonging to EGP Américas); 18) Enel Generación Chile SA (a Chilean company belonging to Enel Chile); 19) Enel Generación Costanera SA (an Argentine company belonging to Enel Américas); 20) Enel Generación El Chocón SA (an Argentine company belonging to Enel Américas); 21) Enel Generación Perú SAA (a Peruvian company belonging to Enel Américas); 22) Enel Green Power Brasil Participações Ltda (a Brazilian company belonging to EGP Américas); 23) Enel Green Power Chile SA (a company merged on March 4, 2020 into Enel Green Power del Sur SpA, now renamed Enel Green Power Chile SA); 24) Enel Green Power Chile SA (formerly Enel Green Power del Sur SpA, a Chilean company belonging to Enel Chile); 25) Enel Green Power Diamond Vista Wind Project LLC (a United States company belonging to Enel North America); 26) Enel Green Power México S de RL de Cv (a Mexican company belonging to Enel Green Power); 27) Enel Green Power Perú SAC (a Peruvian company belonging to EGP Américas); 28) Enel Green Power Rattlesnake Creek Wind Project LLC (a United States company belonging to Enel North America); 29) Enel Green Power RSA (Pty) Ltd (a South African company belonging to Enel Green Power); 30) Enel Green Power RSA 2 (RF) (Pty) Ltd (a South African company belonging to Enel Green Power); 31) Enel Kansas LLC (a United States company belonging to Enel North America); 32) Enel North America Inc. (a United States company directly controlled by Enel SpA); 33) Enel Perú SAC (a Peruvian company belonging to Enel Américas); 34) Enel Russia PJSC (a Russian company directly controlled by Enel SpA); 35) Enel X North America Inc. (a United States company belonging to Enel North America); 36) Geotérmica del Norte SA (a Chilean company belonging to Enel Chile); 37) High Lonesome Wind Power LLC (a United States company belonging to Enel North America); 38) Red Dirt Wind Project LLC (a United States company belonging to Enel North America); 39) Rock Creek Wind Project LLC (a United States company belonging to Enel North America); 40) Thunder Ranch Wind Project LLC (a United States company belonging to Enel North America);

> the statement of financial position and income statement of the above companies included in the reporting package used for the purpose of preparing the 2020 consolidated financial statements of the Enel Group will be made available to the public by Enel SpA (pursuant to Article 15, paragraph 1a) of the Market Regulation) at least 15 days prior to the day scheduled for the Ordinary Shareholders' Meeting called to approve the 2020 financial statements of Enel SpA together with the summary statements showing the essential data of the latest annual financial statements of subsidiaries and associated

companies (pursuant to the applicable provisions of Article 77, paragraph 2-*bis*, of the CONSOB Issuers Regulation approved with Resolution no. 11971 of May 14, 1999);
> the articles of association and composition and powers of the control bodies from all the above subsidiaries have been obtained by Enel SpA and are available in updated form to CONSOB where the latter should request such information for supervisory purposes (pursuant to Article 15, paragraph 1b) of the Markets Regulation);
> Enel SpA has verified that the above subsidiaries:
  - provide the auditor of the Parent, Enel SpA, with information necessary to perform annual and interim audits of Enel SpA (pursuant to Article 15, paragraph 1 (letter c-i) of the Markets Regulation);
  - use an administrative and accounting system appropriate for regular reporting to the management and auditor of the Parent, Enel SpA, of income statement, statement of financial position and financial data necessary for preparation of the consolidated financial statements (pursuant to Article 15, paragraph 1 (letter c-ii) of the Markets Regulation).

Approval of the separate financial statements

The Shareholders' Meeting called to approve the separate financial statements, as provided for by Article 9.2 of the bylaws of Enel SpA, shall be called within 180 days of the close of the financial year. The use of that time limit rather than the ordinary limit of 120 days from the close of the financial year, permitted under Article 2364, paragraph 2, of the Italian Civil Code, is justified by the fact that the Company is required to prepare consolidated financial statements.

Disclosures on financial instruments

The disclosures on financial instruments required by Article 2428, paragraph 2, no. 6-*bis* of the Civil Code are reported in note 32 "Financial instruments", note 33 "Risk management", note 34 "Derivatives and hedge accounting" and note 35 "Fair value measurement" to the separate financial statements of Enel SpA.

Transactions with related parties

For more information on transactions with related parties, please see note 37.

Own shares

As of December 31, 2020, treasury shares comprised 3,269,152 ordinary shares of Enel SpA with a par value of €1.00 each (1,549,152 shares at December 31, 2019), acquired through an authorized intermediary for a total value of €23 million.

Atypical or unusual operations

Pursuant to the CONSOB Notice of July 28, 2006, Enel did not carry out any atypical or unusual operations in 2020. Such operations include transactions whose significance, size, nature of the counterparties, object, method for calculating the transfer price or timing could give rise to doubts concerning the propriety and/or completeness of disclosure, conflicts of interest, preservation of company assets or protection of minority shareholders.

Subsequent events

Significant events following the close of the year are discussed in note 42.

INCENTIVE SYSTEM

Enel's remuneration policy for 2020, which was adopted by the Board of Directors acting on a proposal of the Nomination and Compensation Committee and approved by the Shareholders' Meeting of May 14, 2020, was formulated on the basis of national and international best practice, the guidance provided by the favorable vote of the Shareholders' Meeting of May 16, 2020 on the remuneration policy for 2019 as well as the results of a benchmarking exercise on the remuneration of the Chairman of the Board of Directors, the Chief Executive Officer/General Manager and the non-executive directors of Enel for the 2017-2019 term conducted by the independent consultant Willis Towers Watson.

In line with the recommendations of the Corporate Governance Code for listed companies (2018 edition), Enel's remuneration policy for 2020 is designed to attract, motivate and retain personnel possessing the professional skills most suitable to successfully managing the Company, incentivizing achievement of our strategic objectives and ensuring sustainable growth. It is also structured so as to align the interests of management with the priority objective of creating sustainable value for shareholders in the medium/long term and promoting the Enel mission and our corporate values.

The 2020 remuneration policy adopted for the Chief Executive Officer/General Manager and key management personnel envisages:

- a fixed component;
- a short-term variable component (MBO) that will be paid out on the basis of achievement of specific performance objectives. More specifically:
  - for the Chief Executive Officer/General Manager, the 2020 MBO establishes the following annual objectives:
    - consolidated ordinary profit;
    - group opex;
    - funds from operations/consolidated net financial debt;
    - managing COVID-19 emergency: remote operations;
    - workplace safety;
  - for key management personnel, the associated MBOs establish objective annual goals connected with their business area, differentiated by the functions and responsibilities assigned to them;
- a long-term variable component linked to participation in specific long-term incentive plans. In particular, for 2020 that component is linked to participation in specific long-term incentive plans (LTI Plans). The adoption of long-term incentive plans for the management personnel of Enel SpA and/or its subsidiaries pursuant to Article 2359 of the Civil Code ("2020 LTI Plan") has been approved annually by the Shareholders' Meeting of Enel SpA since 2019. Each of the incentive plans approved envisages, subject to the achievement of specific performance targets, the grant of ordinary shares of the Company (Shares) to the respective beneficiaries, as discussed in note 49 of the consolidated financial statements, which readers are invited to consult for more information on incentive plans and the share buyback programs in support of those plans. For 2020, this component is linked to participation in the 2020 LTI Plan.

For more information on the 2020 Remuneration Policy, please see Enel's Report on Remuneration Policy for 2020 and Compensation Paid in 2019, which is available on the corporate website (www.enel.com).

For more information on the LTI Plans, please see the information document prepared pursuant to Article 84-*bis* of the CONSOB Regulation issued with Resolution no. 11971 of May 14, 1999 (the "Issuers Regulation"), which is available to the public in the section of Enel's website (www.enel.com/) dedicated, respectively, to the Shareholders' Meeting of May 14, 2020 (2020 LTI Plan) and that of May 16, 2019 (2019 LTI Plan).

2
CORPORATE GOVERNANCE


enel

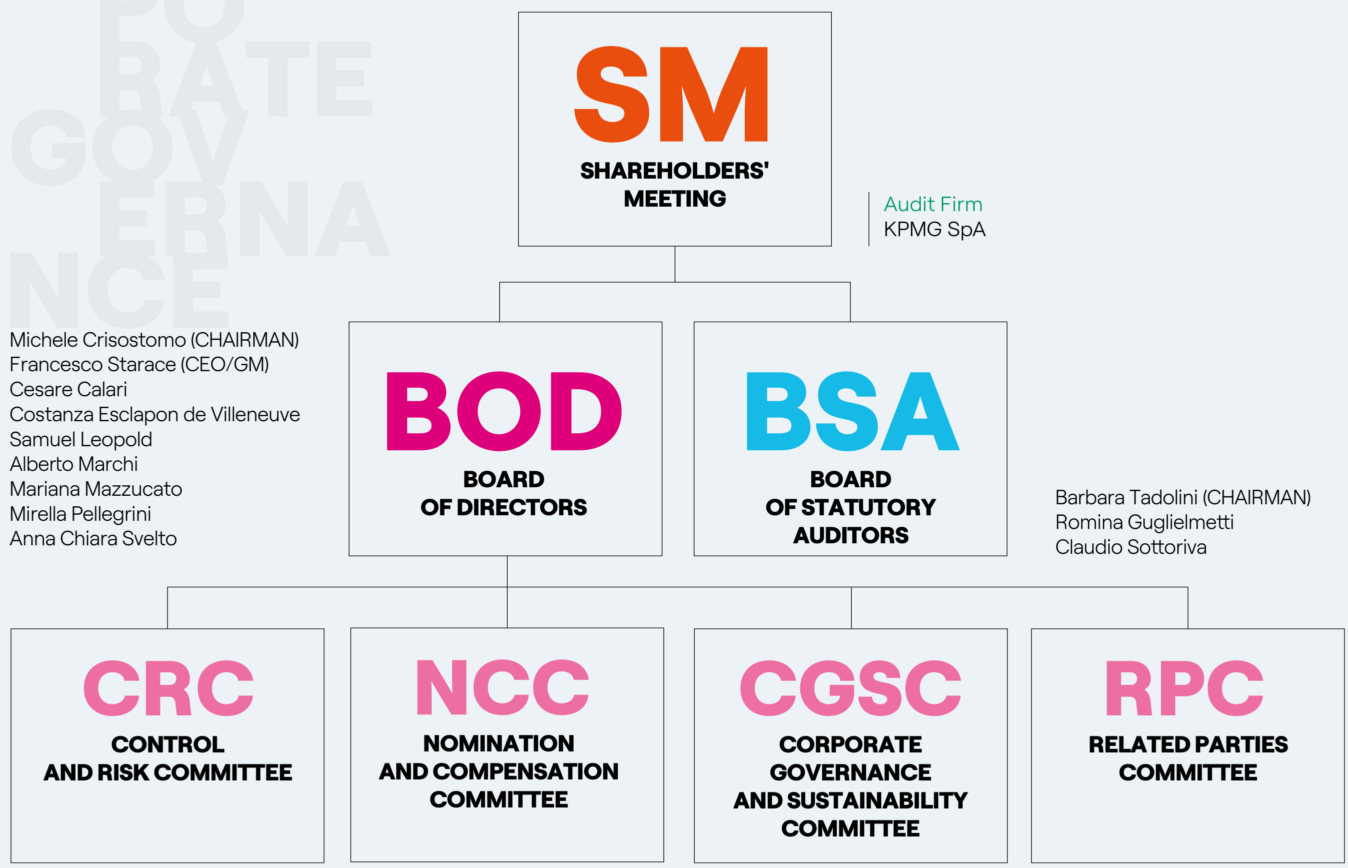
REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

During 2020, the corporate governance system of Enel SpA complied with the principles set forth in the July 2018 edition of the Corporate Governance Code for listed companies,[1] which has been adopted by the Company, and with international best practice.

The corporate governance system adopted by Enel and the Group is essentially aimed at creating value for the shareholders over the 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 provisions of Italian law governing companies with listed shares, the Company's organization is characterized by:

> a Board of Directors charged with managing the Company;
> a Board of Statutory Auditors charged with monitoring: (i) compliance with the law and the bylaws, and with the principles of sound administration in the performance of company business; (ii) the financial reporting process, as well as the adequacy of the organizational



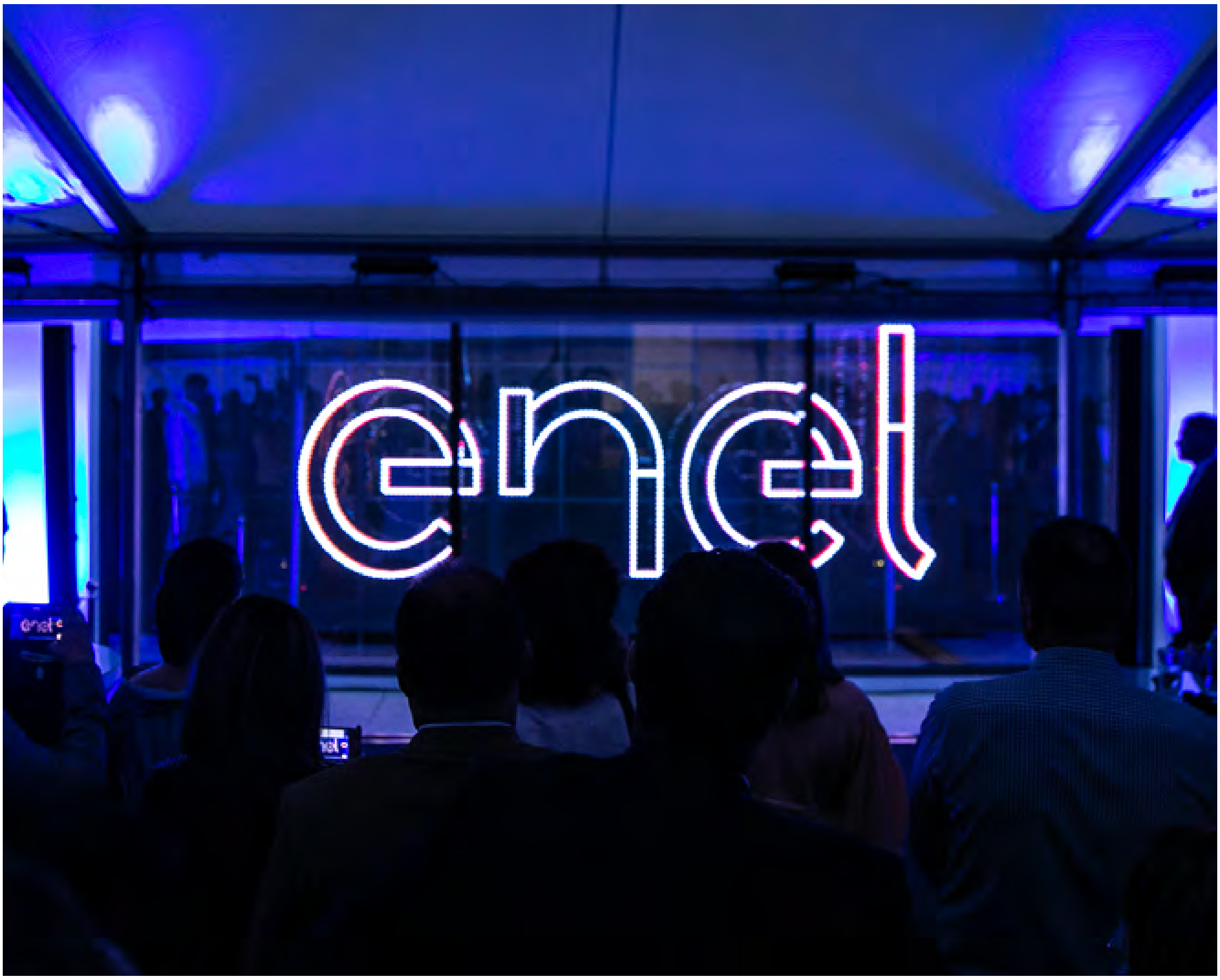
(1) Available on the website of Borsa Italiana (https://www.borsaitaliana.it/comitato-corporate-governance/codice/2018clean.pdf).

structure, the internal control system and the administrative-accounting system of the Company; (iii) the statutory auditing of the annual accounts and the consolidated accounts, as well as the independence of the Audit Firm; and (iv) the manner in which the corporate governance rules set out in the Corporate Governance Code are actually implemented;

> a Shareholders' Meeting, which is competent to take decisions concerning, among other issues – in ordinary or extraordinary session: (i) the appointment and termination of members of the Board of Directors and the Board of Statutory Auditors and their compensation and any stockholders' suits; (ii) the approval of the separate financial statements and allocation of profit; (iii) the purchase and sale of treasury shares; (iv) remuneration policy and its implementation; (v) stock-based compensation plans; (vi) amendments of the bylaws; (vii) mergers and demergers; and (viii) the issue of convertible bonds.

The statutory auditing of the accounts is performed by a specialized firm entered in the appropriate official register. It was engaged by the Shareholders' Meeting on the basis of a reasoned proposal of the Board of Statutory Auditors.

For more detailed information on the corporate governance system, please see the Report on Corporate Governance and Ownership Structure of Enel, which has been published on the Company's website (http://www.enel.com, in the "Governance" section).



3

SEPARATE FINANCIAL STATEMENTS

Profit for the year at €2,326 million
Performance reflects a decline in income from investments as a result of the re-organization of investment in the Italian operating companies transferred to Enel Italia SpA.

Interim dividend for 2020 equal to €1,779 million
In line with the dividend policy announced to investors for 2020 setting a dividend of €0.358 per share, the interim dividend was equal to €0.175 per share.

Perpetual hybrid bonds
Issue of the new perpetual hybrid bond of €600 million and transformation into equity instruments of three existing bonds totaling €1,797 million.

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SEPARATE FINANCIAL STATEMENTS

Income statement

Euro	Notes	2020		2019	
			of which with related parties		*of which with related parties*
Revenue					
Revenue from sales and services	4.a	116,175,032	*116,162,588*	104,504,176	*104,492,126*
Other revenue and income	4.b	11,642,191	*11,317,703*	9,589,158	*9,091,161*
	[Subtotal]	**127,817,223**		**114,093,334**	
Costs					
Purchase of consumables		672,725	*647,536*	487,991	*349,025*
Services, leases and rentals	5.a	171,405,582	*108,524,257*	150,449,539	*85,349,767*
Personnel expenses	5.b	117,733,791		110,633,596	
Depreciation, amortization and impairment losses	5.c	188,690,503		234,691,731	
Other operating costs	5.d	12,595,075	*576,583*	393,616	*1,431,265*
	[Subtotal]	**491,097,676**		**496,656,473**	
Operating loss		**(363,280,453)**		**(382,563,139)**	
Income from equity investments	6	3,148,370,771	*3,147,532,252*	5,548,170,676	*5,547,425,512*
Financial income from derivatives	7	1,143,550,898	*557,110,979*	1,002,848,044	*369,421,833*
Other financial income	8	446,954,283	*221,164,853*	272,744,977	*262,878,487*
Financial expense from derivatives	7	1,472,211,436	*336,785,118*	924,758,695	*313,240,676*
Other financial expense	8	699,775,150	*152,072,619*	774,794,614	*133,846,909*
	[Subtotal]	**2,566,889,366**		**5,124,210,388**	
Pre-tax profit		**2,203,608,913**		**4,741,647,249**	
Income taxes	9	(122,351,614)		(49,946,780)	
PROFIT FOR THE YEAR		**2,325,960,527**		**4,791,594,029**	

Statement of comprehensive income

Euro	Notes	2020	2019
Profit for the year		**2,325,960,527**	**4,791,594,029**
Other comprehensive income (expense) that may be subsequently reclassified to profit or loss (net of taxes)			
Effective portion of change in the fair value of cash flow hedges		(52,894,590)	(114,549,683)
Change in fair value of hedging costs		5,991,685	30,359,461
Other comprehensive income (expense) that may be subsequently reclassified to profit or loss		**(46,902,905)**	**(84,190,222)**
Other comprehensive income (expense) that may not be subsequently reclassified to profit or loss (net of taxes)			
Change in fair value of equity investments in other companies		(11,462,237)	-
Remeasurement of employee benefit liabilities		(1,525,965)	(5,165,403)
Other comprehensive income (expense) that may not be subsequently reclassified profit or loss		**(12,988,202)**	**(5,165,403)**
Total other comprehensive income	23	**(59,891,107)**	**(89,355,625)**
COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**2,266,069,420**	**4,702,238,404**

Statement of financial position

Euro	Notes				
ASSETS		**at Dec. 31, 2020**		**at Dec. 31, 2019**	
			of which with related parties		*of which with related parties*
Non-current assets					
Property, plant and equipment	10	7,949,635		10,154,014	
Intangible assets	11	113,303,284		67,472,830	
Deferred tax assets	12	336,886,263		336,116,632	
Equity investments	13	50,622,587,197		47,858,258,402	
Non-current financial derivative assets	14	890,373,351	*318,976,872*	944,746,850	*331,507,012*
Other non-current financial assets	15	280,263,365	*270,460,845*	199,542,903	*191,250,000*
Other non-current assets	16	127,590,612	*107,775,760*	127,202,083	*118,441,604*
	[Total]	**52,378,953,707**		**49,543,493,714**	
Current assets					
Trade receivables	17	240,797,578	*241,790,428*	255,376,422	*256,545,598*
Income tax assets	18	197,139,713		162,234,654	
Current financial derivative assets	14	128,419,355	*117,568,211*	142,921,282	*15,663,520*
Other current financial assets	19	2,649,954,133	*1,023,712,279*	2,882,607,896	*1,552,107,943*
Other current assets	20	660,655,255	*620,672,572*	795,766,151	*758,688,886*
Cash and cash equivalents	21	2,126,512,961		4,152,553,138	
	[Total]	**6,003,478,995**		**8,391,459,543**	
Non-current assets classified as held for sale	22	**668,617,876**		**-**	
TOTAL ASSETS		**59,051,050,578**		**57,934,953,257**	

Euro	Notes				
LIABILITIES AND EQUITY		**at Dec. 31, 2020**		**at Dec. 31, 2019**	
			of which with related parties		*of which with related parties*
Equity					
Share capital		10,166,679,946		10,166,679,946	
Treasury share reserve		(3,269,152)		(1,549,152)	
Equity instruments - perpetual hybrid bonds		2,385,529,628		-	
Other reserves		11,300,253,202		11,366,383,938	
Retained earnings/(Loss carried forward)		6,346,833,602		4,889,078,236	
Profit for the year (1)		546,791,537		3,164,925,237	
TOTAL EQUITY	23	**30,742,818,763**		**29,585,518,205**	
Non-current liabilities					
Long-term borrowings	24	17,296,666,278	*11,156,597,285*	14,205,554,748	*6,095,372,221*
Employee benefits	25	200,000,795		216,400,519	
Provisions for risks and charges	26	14,665,522		18,467,326	
Deferred tax liabilities	12	149,176,256		162,935,484	
Non-current financial derivative liabilities	14	1,762,837,887	*4,390,181*	1,536,090,045	*8,893,614*
Other non-current liabilities	27	19,218,194	*8,453,536*	21,485,222	*8,433,792*
	[Subtotal]	**19,442,564,932**		**16,160,933,344**	
Current liabilities					
Short-term borrowings	24	5,303,284,362	*5,057,198,692*	8,367,245,530	*7,833,812,748*
Current portion of long-term borrowings	24	820,437,782	*46,307,451*	1,102,224,916	*46,307,116*
Provision for risks and charges	26	10,709,189		9,569,605	
Trade payables	28	91,990,760	*49,542,499*	83,699,918	*41,438,261*
Current financial derivative liabilities	14	257,732,025	*10,848,849*	182,695,923	*75,705,470*
Other current financial liabilities	29	228,295,701	*52,919,651*	233,773,304	*22,585,007*
Other current liabilities	31	2,153,217,064	*157,694,024*	2,209,292,512	*159,554,006*
	[Subtotal]	**8,865,666,883**		**12,188,501,708**	
TOTAL LIABILITIES		**28,308,231,815**		**28,349,435,052**	
TOTAL LIABILITIES AND EQUITY		**59,051,050,578**		**57,934,953,257**	

(1) Profit for the year of €2,326 million (€4,792 million in 2019) is reported net of the interim dividend of €1,779 million (€1,627 million in 2019).

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Statement of changes in equity

	Share capital and reserves (note 23)					
Euro	Share capital	Share premium reserve	Treasury share reserve	Equity instruments - perpetual hybrid bonds	Legal reserve	Reserve pursuant to Law 292/1993
At January 1, 2019	**10,166,679,946**	**7,496,016,063**	**-**	**-**	**2,033,335,988**	**2,215,444,500**
Purchase of treasury shares	-	(8,950,847)	(1,549,152)	-	-	-
Allocation of 2018 profit:						
- distribution of dividends	-	-	-	-	-	-
- retaining earnings	-	-	-	-	-	-
2019 interim dividend [(1)]	-	-	-	-	-	-
Comprehensive income for the year:						
- other comprehensive income	-	-	-	-	-	-
- other changes	-	-	-	-	-	-
- profit for the year	-	-	-	-	-	-
At December 31, 2019	**10,166,679,946**	**7,487,065,216**	**(1,549,152)**	**-**	**2,033,335,988**	**2,215,444,500**
At January 1, 2020	**10,166,679,946**	**7,487,065,216**	**(1,549,152)**	**-**	**2,033,335,988**	**2,215,444,500**
Purchase of treasury shares	-	(11,070,869)	(1,720,000)	-	-	-
Equity instruments - perpetual hybrid bonds	-	-	-	2,385,529,628	-	-
Allocation of 2019 profit:						
- distribution of dividends	-	-	-	-	-	-
- retaining earnings	-	-	-	-	-	-
2020 interim dividend [(2)]	-	-	-	-	-	-
Comprehensive income for the year:						
- other comprehensive income	-	-	-	-	-	-
- other changes	-	-	-	-	-	-
- profit for the year	-	-	-	-	-	-
Total at December 31, 2020	**10,166,679,946**	**7,475,994,347**	**(3,269,152)**	**2,385,529,628**	**2,033,335,988**	**2,215,444,500**

(1) Approved by the Board of Directors on November 12, 2019 and paid as from January 22, 2020.
(2) Approved by the Board of Directors on November 5, 2020 and paid as from January 20, 2021.

Other sundry reserves	Actuarial reserve	Hedging reserve	Hedging costs reserve	Reserve from measurement of financial assets at FVOCI	Retained earnings	Profit for the year	Total equity
68,290,139	**(32,550,876)**	**(275,210,488)**	**(52,328,932)**	**11,342,491**	**4,279,339,236**	**2,032,826,328**	**27,943,184,395**
-	-	-	-	-	-	-	**(10,499,999)**
-	-	-	-	-	-	(1,423,335,193)	**(1,423,335,193)**
-	-	-	-	-	609,491,136	(609,491,136)	-
-	-	-	-	-	247,864	(1,626,668,791)	**(1,626,420,927)**
-	(5,165,403)	(114,549,683)	30,359,461	-	-	-	**(89,355,625)**
351,525	-	-	-	-	-	-	**351,525**
-	-	-	-	-	-	4,791,594,029	**4,791,594,029**
68,641,664	**(37,716,279)**	**(389,760,171)**	**(21,969,471)**	**11,342,491**	**4,889,078,236**	**3,164,925,237**	**29,585,518,205**
68,641,664	**(37,716,279)**	**(389,760,171)**	**(21,969,471)**	**11,342,491**	**4,889,078,236**	**3,164,925,237**	**29,585,518,205**
-	-	-	-	-	-	-	**(12,790,869)**
-	-	-	-	-	-	-	**2,385,529,628**
-	-	-	-	-	260,258	(1,708,002,231)	**(1,707,741,973)**
-	-	-	-	-	1,456,923,006	(1,456,923,006)	-
-	-	-	-	-	572,102	(1,779,168,990)	**(1,778,596,888)**
-	(1,525,965)	(52,894,590)	5,991,685	(11,462,237)	-	-	**(59,891,107)**
4,831,240	-	-	-	-	-	-	**4,831,240**
-	-	-	-	-	-	2,325,960,527	**2,325,960,527**
73,472,804	**(39,242,244)**	**(442,654,761)**	**(15,977,786)**	**(119,746)**	**6,346,833,602**	**546,791,537**	**30,742,818,763**

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Statement of cash flows

Euro	Notes	2020	of which with related parties	2019	of which with related parties
Pre-tax profit		**2,203,608,913**		**4,741,647,249**	
Adjustments for:					
Depreciation, amortization and impairment losses	5.c	187,393,237		234,691,731	
Exchange gains (losses) on foreign currency assets and liabilities		(161,484,379)		107,461,448	
Accruals to provisions		24,741,690		5,934,471	
Dividends from subsidiaries, associates and other companies	6	(3,148,370,772)	*(3,147,532,252)*	(5,548,170,676)	*(5,547,425,512)*
Net financial (income)/expense		738,983,753	*(289,418,094)*	310,383,994	*(186,189,129)*
Cash flows from operating activities before changes in net working capital		**(155,127,558)**		**(148,051,783)**	
Increase/(Decrease) in provisions		37,477,938		(37,912,022)	
(Increase)/Decrease in trade receivables	17	15,517,789	*14,755,171*	(64,493,367)	*(67,233,076)*
(Increase)/Decrease in other financial and non-financial assets/liabilities		2,678,635,243	*(11,892,687)*	424,428,904	*(496,710,339)*
Increase/(Decrease) in trade payables	28	(72,990,729)	*(41,438,261)*	1,321,014	*(1,792,384)*
Interest income and other financial income collected		938,590,213	*495,343,556*	607,913,769	*422,500,856*
Interest expense and other financial expense paid		(1,295,589,597)	*(345,716,038)*	(1,229,947,164)	*(301,313,857)*
Dividends from subsidiaries, associates and other companies	6	3,139,090,049	*3,138,318,088*	5,012,873,210	*5,012,128,046*
Income taxes paid (consolidated taxation mechanism)		(786,689,066)		(571,067,083)	
Cash flows from operating activities (a)		**4,498,914,282**		**3,995,065,478**	
Investments in property, plant and equipment and intangible assets	10-11	(71,186,806)		(48,040,125)	
Investments in equity investments	13	(5,237,814,213)	*(5,226,214,213)*	(2,351,358,222)	*(2,351,358,222)*
Disinvestments from extraordinary transactions		1,525,290,346		-	
Cash flows used in investing/disinvesting activities (b)		**(3,783,710,673)**		**(2,399,398,347)**	
New long-term borrowing	24	7,001,087,179	*6,000,010,907*	3,843,950,000	*3,500,000,000*
Repayments of borrowings	24	(1,345,935,177)	*(46,318,097)*	(2,813,331,892)	*(1,500,000,000)*
Net change in long-term borrowings/(loan assets)		(2,534,914,450)	*(2,833,455,259)*	(352,054,165)	*(178,003,827)*
Net change in short-term borrowings/(loans assets)		(3,102,612,039)	*(2,217,883,412)*	2,727,456,229	*2,255,855,395*
Dividends and interim dividends paid	23	(3,334,165,058)		(2,845,332,266)	
Issue of equity instruments	23	588,086,628		-	
Reduction of capital and reserves for purchase of treasury shares	23	(12,790,869)		(10,499,999)	
Cash flows from (used in) financing activities (c)		**(2,741,243,786)**		**550,187,907**	
Increase/(Decrease) in cash and cash equivalents (a+b+c)		**(2,026,040,177)**		**2,145,855,038**	
Cash and cash equivalents at the beginning of the year	21	4,152,553,138		2,006,698,099	
Cash and cash equivalents at the end of the year	21	**2,126,512,961**		**4,152,553,137**	

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

1. Form and content of the separate financial statements

Enel SpA has its registered office in Viale Regina Margherita 137, Rome, Italy, and since 1999 has been listed on the Mercato Telematico Azionario (Electronic Stock Exchange) organized and operated by Borsa Italiana SpA.
Enel is an energy multinational and is one of the world's leading integrated operators in the electricity and gas industries, with a special focus on Europe and Latin America.
As the Parent, Enel SpA has prepared the consolidated financial statements of the Enel Group as at and for the year ended December 31, 2020, which are published in a separate document.
The publication of these separate financial statements was approved by the Board of Directors on March 18, 2021.
These separate financial statements have been audited by KPMG SpA.

Basis of presentation

These separate financial statements for the year ended December 31, 2020 represent the separate financial statements of the Parent, Enel SpA, and have been prepared in accordance with international accounting standards (*International Accounting Standards* - IAS and *International Financial Reporting Standards* - IFRS) issued by the International Accounting Standards Board (IASB), the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), recognized in the European Union pursuant to Regulation (EC) no. 1606/2002 and in effect as of the close of the year. All of these standards and interpretations are hereinafter referred to as the "IFRS-EU".
These separate financial statements have also been prepared in conformity with measures issued in implementation of Article 9, paragraph 3, of Legislative Decree 38 of February 28, 2005.
The separate financial statements consist of the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the statement of cash flows and the related notes.
The assets and liabilities reported in the statement of financial position are classified on a "current/non-current basis", with separate reporting of assets held for sale and liabilities included in disposal groups classified as held for sale. Current assets, which include cash and cash equivalents, are assets that are intended to be realized, sold or consumed during the normal operating cycle of the Company or in the 12 months following the close of the financial year; current liabilities are liabilities that are expected to be settled during the normal operating cycle of the Company or within the 12 months following the close of the financial year.
The income statement classifies costs on the basis of their nature, with separate reporting of profit (loss) from continuing operations and profit (loss) from discontinued operations.
The statement of cash flows is prepared using the indirect method, with separate reporting of any cash flows by operating, investing and financing activities associated with discontinued operations.
For more information on cash flows in the statement of cash flows, please see the section "Cash flows" in the Report on Operations.
The separate financial statements have been prepared on a going concern basis using the cost method, with the exception of items measured at fair value in accordance with IFRS, as explained in the measurement criteria for the individual items, and non-current assets and disposal groups classified as held for sale, which are measured at the lower between their carrying amount and the fair value less costs to sell.
The separate financial statements are presented in euro, the functional currency of the Company, and the figures shown in the notes are reported in millions of euro unless stated otherwise.
The separate financial statements provide comparative information in respect of the previous year.

2. Accounting policies

2.1 Focus on non-financial issues

Disclosures on climate change

The Group is moving forward in its commitment to lead the energy transition, in line with the objectives of the Paris Agreement (COP21) and the Sustainable Development Goals set by the United Nations.

In particular, the Group is fully committed to the development of a long-term sustainable business model, consistent with the objectives of the Paris Agreement to achieve a reduction in CO_2 emissions and to limit the average increase in global temperature to below 2 °C compared with pre-industrial levels. Since 2019, the Group has officially reaffirmed this commitment, responding to the United Nations call for action and is the only Italian company to have signed the commitment to limit the increase in global temperatures to 1.5 °C and to achieve zero emissions by 2050. These objectives form the basis for the 2021-2030 Strategic Plan presented in November 2020. It is founded on the Group's leadership in the energy transition process through the decarbonization of its generation mix, the electrification of energy consumption and the creation of digital platforms for the development of new business and operational models.

For further details on the financial implications of issues related to climate change, please see note 2.2 "Use of estimates and management judgment" and in the notes to specific items.

Disclosures concerning the COVID-19 pandemic

In view of the complexity of the current situation, the Company has carefully monitored the evolution of the COVID-19 pandemic with regard to the main areas and countries in which we operate, in line with the recommendations of ESMA in the public statements[1] published in March, May, July and October 2020, and of CONSOB in its warning notices nos. 6/20 of April 9, 2020, 8/20 of July 16, 2020 and 1/21 of February 16, 2021.

The Company has analyzed the impacts of COVID-19 on business operations, the financial position and performance, which are also reflected in the assumptions underlying the Group's business plan, also identifying the main risks and uncertainties to which it is exposed, as reported in the "Main risks and opportunities" section of the Report on Operations.

Consistent with the disclosures provided in the earlier sections of the Report on Operations, the separate financial statements at December 31, 2020 offer additional specific information regarding the COVID-19 pandemic, based on specific company circumstances and on the availability of reliable information, in order to highlight its impact on the financial position and performance of the Company at that date.

In this regard, additional information on the financial implications of the COVID-19 pandemic is available in note 2.2 "Use of estimates and management judgment" and in the notes to specific items.

2.2 Use of estimates and management judgments

Preparing these separate financial statements under IFRS-EU requires management to take decisions and make estimates and assumptions that may impact the carrying amounts of revenue, costs, assets and liabilities and the related disclosures concerning the items involved as well as contingent assets and liabilities at the reporting date. The estimates and management's judgments are based on previous experience and other factors considered reasonable in the circumstances. They are formulated when the carrying amount of assets and liabilities is not easily determined from other sources. The actual results may therefore differ from these estimates. The estimates and assumptions are periodically revised and the effects of any changes are reflected through profit or loss if they only involve that period. If the revision involves both the current and future periods, the change is recognized in the year in which the revision is made and in the related future periods.

In order to enhance understanding of the separate financial statements, the following sections examine the main items affected by the use of estimates and the cases that reflect management judgments to a significant degree,

(1) ESMA 71-99-1290 of March 11, 2020; ESMA 32-63-951 of March 25, 2020; ESMA 31-67-742 of March 27, 2020; ESMA 32-63-972 of May 20, 2020; ESMA 32-61-417 of July 21, 2020 and ESMA 32-63-1041 of October 28, 2020.

underscoring the main assumptions used by management in measuring these items in compliance with the IFRS-EU. The critical element of such valuations is the use of assumptions and professional judgments concerning issues that are by their very nature uncertain.
Changes in the conditions underlying the assumptions and judgments could have a substantial impact on future results.
In addition, as regards the impact of the COVID-19 pandemic, the forecasts for future developments in the macroeconomic, financial and business environment in which the Company operates are characterized by a high degree of uncertainty, which is reflected in the assessments and the estimates produced by management regarding the carrying amounts of the assets and liabilities affected by greater volatility. In this regard, the following sections provide specific information on the estimates and judgments used in the areas of the separate financial statements most affected by the COVID-19 pandemic, drawing on the information available at December 31, 2020 and considering the constantly evolving scenario.
With regard to the effects of climate change issues, the Company believes that climate change represents an implicit element in the application of the methodologies and models used to perform estimates in the valuation and/or measurement of certain accounting items. Furthermore, it has taken account of the impact of climate change in the significant judgments made by management.

Use of estimates

Recoverability of equity investments

The Company assesses the presence of evidence of impairment of each equity investment at least once a year, consistent with its strategy for managing the legal entities within the Group. If such evidence is found, the assets involved undergo impairment testing. The processes and procedures for determining the recoverable amount of each equity investment are based on assumptions that can be complex and whose nature requires management to use its judgment, especially as regards the identification of evidence of impairment, the forecasting of future profitability over the horizon of the Group business plan, the determination of the normalized cash flows underlying the estimation of terminal value and the determination of long-term growth rates and discount rates applied to forecasts of future cash flows.

Impairment of non-financial assets

Assets such as property, plant and machinery and intangible assets are adjusted for impairment when their carrying amount exceeds their recoverable amount, represented by the higher of their fair value less costs to sell and their value in use.
The recoverable amount is assessed in accordance with the criteria established by IAS 36, which are discussed in greater detail in the appropriate notes to the separate financial statements.
In determining the recoverable amount, the Company generally applies the value in use criterion. Value in use is the present value of the future cash flows that are expected to be derived from the asset, discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset.
Future cash flows used to determine value in use are based on the most recent business plan, approved by the management, containing forecasts for volumes, revenue, operating costs and investments. These projections cover the next three years. For subsequent years, account is taken of:

> assumptions concerning the long-term evolution of the main variables considered in the calculation of cash flows, as well as the average residual useful life of the assets or the duration of the concessions, based on the specific characteristics of the businesses;
> a long-term growth rate equal to the long-term growth of electricity demand and/or inflation (depending on the country and business) that does not in any case exceed the average long-term growth rate of the market involved.

The recoverable amount is sensitive to the estimates and assumptions used in the calculation of cash flows and the discount rates applied. Nevertheless, possible changes in the underlying assumptions on which the calculation of such amounts is based could generate different recoverable amounts. The analysis of each group of non-financial assets is unique and requires management to use estimates and assumptions considered prudent and reasonable in the specific circumstances.
In the current scenario, the analysis of impairment indicators has become even more important as an attempt was also made to assess whether the impact of the COVID-19 pandemic could reduce the carrying amount of certain non-financial assets as at December 31, 2020. For this reason, the Company has carefully considered the effects of the COVID-19 pandemic in determining the existence of impairment indicators for non-financial assets.
Furthermore, in line with its business model and in the context of the acceleration of the decarbonization of the generation mix and driving the energy transition process, the Company has also carefully assessed whether climate change issues have affected the reasonable and supportable assumption used to estimate expected cash flows.
Information on the main assumptions used to estimate the recoverable amount of assets with reference to the

impacts relating to the COVID-19 pandemic and climate change, as well as information on changes in these assumptions, is provided in the applicable notes.

Expected credit losses on financial assets

At each reporting date, the Company recognizes a loss allowance for expected credit losses on trade receivables and other financial assets measured at amortized cost, debt instruments measured at fair value through other comprehensive income, contract assets and all other assets in the scope.

Loss allowances for financial assets are based on assumptions about risk of default and on the measurement of expected credit losses. Management uses judgement in making these assumptions and selecting the inputs for the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The expected credit loss (ECL) – determined considering probability of default (PD), loss given default (LGD), and exposure at default (EAD) – is the difference between all contractual cash flows that are due in accordance with the contract and all cash flows that are expected to be received (including shortfalls) discounted at the original effective interest rate.

In particular, for trade receivables, contract assets and right-of-use assets, including those with a significant financial component, the Company applies the simplified approach, determining expected credit losses over a period corresponding to the residual life of the asset, generally equal to 12 months.

Based on the specific reference market and the regulatory context of the sector, as well as expectations of recovery after 90 days, for such assets, the Company mainly applies a default definition of 180 days past due to determine expected credit losses, as this is considered an effective indication of a significant increase in credit risk. Accordingly, financial assets that are more than 90 days past due are generally not considered to be in default, except for some specific regulated markets.

For trade receivables and contract assets the Company mainly applies a collective approach based on grouping the receivables into specific clusters. Only if the trade receivables are deemed to be individually significant by management and there is specific information about any significant increase in credit risk does the Company apply an analytical approach.

In case of individual assessment, PD is mainly obtained from external providers.

Conversely, for collective assessment, trade receivables are grouped based on shared credit risk characteristics and past due information, considering a specific definition of default.

The contract assets are considered to have substantially the same risk characteristics as trade receivables for the same types of contracts.

In order to measure the ECL for trade receivables on a collective basis, as well as for contract assets, the Company considers the following assumptions related to ECL parameters:

- PD, assumed as to be the average default rate, is calculated on a cluster basis and taking into consideration a minimum of 24 months of historical data;
- LGD is function of the default bucket's recovery rates, discounted at the effective interest rate;
- EAD is estimated as the carrying exposure at the reporting date net of cash deposits, including invoices issued but not expired and invoices to be issued.

For additional details on the key assumptions and inputs used please see note 32 "Financial instruments".

Determining the fair value of financial instruments

The fair value of financial instruments is determined on the basis of prices directly observable in the market, where available, or, for unlisted financial instruments, using specific valuation techniques (mainly based on present value) that maximize the use of observable market inputs. In rare circumstances were this is not possible, the inputs are estimated by management taking due account of the characteristics of the instruments being measured.

In accordance with IFRS 13, the Company includes a measurement of credit risk, both of the counterparty (Credit Valuation Adjustment or CVA) and its own (Debit Valuation Adjustment or DVA), in order to adjust the fair value of financial instruments for the corresponding amount of counterparty risk, applying the method indicated in note 35 "Fair value measurement". Changes in the assumptions made in estimating the input date could have an impact on the fair value recognized for those instruments, especially in current conditions, where markets are volatile and the highly uncertain economic outlook can change rapidly due to the uncertainty of the economic impact of the COVID-19 pandemic.

Pensions and other post-employment benefits

Some of the Company's employees participate in pension plans offering benefits based on their wage history and years of service. Certain employees are also eligible for

other post-employment benefit schemes.
The expenses and liabilities of such plans are calculated on the basis of estimates carried out by consulting actuaries, who use a combination of statistical and actuarial elements in their calculations, including statistical data on past years and forecasts of future costs. Other components of the estimation that are considered include mortality and retirement rates as well as assumptions concerning future developments in discount rates, the rate of wage increases, the inflation rate and trends in healthcare cost.
These estimates can differ significantly from actual developments owing to changes in economic and market conditions, increases or decreases in retirement rates and the lifespan of participants, as well as changes in the effective cost of healthcare.
Such differences can have a substantial impact on the quantification of pension costs and other related expenses.
With regard to the COVID-19 pandemic, the Company has carefully analyzed the possible impacts of the economic crisis generated by the emergency on the actuarial assumptions used in the measurement of the actuarial liabilities and assets serving the plans.

Provisions for risks and charges

Provisions are recognized where there is a legal or constructive obligation as a result of a past event at the end of the reporting period, the settlement of which is expected to result in an outflow of resources whose amount can be reliably estimated. Where the impact is significant, the accruals are determined by discounting expected future cash flows using a pre-tax discount rate that reflects the current market assessment of the time value of money and, if applicable, the risks specific to the liability.
If the provision is discounted, the periodic adjustment of the present value for the time factor is recognized as a financial expense.
When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain.
Provisions do not include liabilities to reflect uncertainties in income tax treatments that are recognized as tax liabilities.
In the case of contracts in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it (onerous contracts), the Company recognizes a provision as the lower of the costs of fulfilling the obligation that exceed the economic benefits expected to be received under the contract and any compensation or penalty arising from failure to fulfil it.
Changes in estimates of accruals to the provision are recognized in the income statement in the year in which the changes occur.
For more details on provisions for risks and charges, please see note 26 “Provisions for risks and charges”.
Note 40 “Contingent assets and liabilities” also provides information regarding the most significant contingent liabilities for the Company.

Litigation

The Company is involved in various civil, administrative and tax disputes connected with the normal pursuit of its activities that could give rise to significant liabilities. It is not always objectively possible to predict the outcome of these disputes. The assessment of the risks associated with this litigation is based on complex factors whose very nature requires recourse to management judgments, even when taking account of the contribution of external advisors assisting the Company, about whether to classify them as contingent liabilities or liabilities.
Provisions have been recognized to cover all significant liabilities for cases in which legal counsel feels an adverse outcome is likely and a reasonable estimate of the amount of the loss can be made. Note 40 provides disclosures on the Company’s most significant contingent liabilities.

Leases

When the interest rate implicit in the lease cannot be readily determined, the Company uses the incremental borrowing rate (IBR) at the lease commencement date to calculate the present value of the lease payments. This is the interest rate that the lessee would have to pay to borrow over a similar term, and with similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. When no observable inputs are available, the Company estimates the IBR making assumptions to reflect the terms and conditions of the lease and certain entity-specific estimates.
One of the most significant judgments for Company in adopting IFRS 16 is determining this IBR necessary to calculate the present value of the lease payments required to be paid to the lessor. The Company’s approach to determining an IBR is based on the assessment of the following three key components: the risk-free rate, which considers the cash flows of the lease payments, the economic environment where the lease contract has been negotiated and the lease term; he credit spread adjustment, in order to calculate an IBR that is specific for the lessee considering any underlying Parent or other guarantee; and the lease-related adjustments, in order to reflect in the IBR calculation the fact that the discount rate is directly linked to the type of the underlying asset, rather than being a general incremental borrowing rate. In particular, the risk of

default is mitigated for the lessors as they have the right to reclaim the underlying asset itself.

Recovery of deferred tax assets

At December 31, 2020, the separate financial statements report deferred tax assets in respect of tax losses or tax credits to be reversed in subsequent years and income components whose deductibility is deferred in an amount whose recovery is considered by management to be highly probable.
The recoverability of such assets is subject to the achievement of future income sufficient to absorb such tax losses and to use the benefits of the other deferred tax assets.
Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable income together with future tax planning strategies and the tax rates applicable at the date of reversal. However, where the Company should become aware that it is unable to recover all or part of recognized tax assets in future years, the consequent adjustment would be taken to the income statement in the year in which this circumstance arises.
The recoverability of deferred tax assets is reviewed at the end of each period. Deferred tax assets not recognized are reassessed at each reporting date in order to verify the conditions for their recognition.
Where required, the Company monitored the recovery times of deferred tax assets as well as those relating to the reversal of deductible temporary differences, if any, as a result of the greater uncertainty caused by the COVID-19 pandemic.

Management judgment

Determination of the existence of control

Under the provisions of IFRS 10, control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Power is defined as the current ability to direct the relevant activities of the investee based on existing substantive rights.
The existence of control does not depend solely on ownership of a majority investment, but rather it arises from substantive rights that each investor holds over the investee. Consequently, management must use its judgment in assessing whether specific situations determine substantive rights that give the Company the power to direct the relevant activities of the investee in order to affect its returns.
For the purpose of assessing control, management analyses all facts and circumstances including any agreements with other investors, rights arising from other contractual arrangements and potential voting rights (call options, warrants, put options granted to non-controlling shareholders, etc.). These other facts and circumstances could be especially significant in such assessment when the Company holds less than a majority of voting rights, or similar rights, in the investee.
Furthermore, even if it holds more than half of the voting rights in another entity, the Company considers all the relevant facts and circumstances in assessing whether it controls the investee.
The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements considered in verifying the existence of control.
Finally, the assessment of the existence of control did not find any situations of de facto control.

Determination of the existence of joint control and of the type of joint arrangement

Under the provisions of IFRS 11, a joint arrangement is an agreement where two or more parties have joint control.
Joint control exists only when the decisions over the relevant activities require the unanimous consent of all the parties that share control.
A joint arrangement can be configured as a joint venture or a joint operation. Joint ventures are joint arrangements whereby the parties that have joint control have rights to the net assets of the arrangement. Conversely, joint operations are joint arrangements whereby the parties that have joint control have rights to the assets and obligations for the liabilities relating to the arrangement.
In order to determine the existence of the joint control and the type of joint arrangement, management must apply judgment and assess its rights and obligations arising from the arrangement. For this purpose, the management considers the structure and legal form of the arrangement, the terms agreed by the parties in the contractual arrangement and, when relevant, other facts and circumstances.
The Company re-assesses whether or not it has joint control if facts and circumstances indicate that changes have occurred in one or more of the elements considered in verifying the existence of joint control and the type of the joint arrangement.

Determination of the existence of significant influence over an associate

Associates are those in which the Company exercises significant influence, i.e. the power to participate in the financial and operating policy decisions of the investee but not exercise control or joint control over those policies. In general, it is presumed that the Company has a significant influence when it has an ownership interest of 20% or more.
In order to determine the existence of significant influence, management must apply judgment and consider all facts and circumstances.

Classification and measurement of financial assets

At initial recognition, in order to classify financial assets as financial assets at amortized cost, at fair value through other comprehensive income and at fair value through profit or loss, management assesses both the contractual cash-flow characteristics of the instrument and the business model for managing financial assets in order to generate cash flows.
For the purpose of evaluating the contractual cash-flow characteristics of the instrument, management performs the SPPI test at an instrument level, in order to determine if it gives rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding, performing specific assessment on the contractual clauses of the financial instruments, as well as quantitative analysis, if required.
The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.
For more details, please see note 32. "Financial instruments".

Hedge accounting

Hedge accounting is applied to derivatives in order to reflect into the financial statements the effect of risk management strategies.
Accordingly, at the inception of the transaction the Company documents the hedge relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy. The Company also assesses, both at hedge inception and on an ongoing basis, whether hedging instruments are highly effective in offsetting changes in the fair values or cash flows of hedged items.
On the basis of management's judgment, the effectiveness assessment based on the existence of an economic relationship between the hedging instruments and the hedged items, the dominance of credit risk in the changes in fair value and the hedge ratio, as well as the measurement of the ineffectiveness, is evaluated through a qualitative assessment or a quantitative computation, depending on the specific facts and circumstances and on the characteristics of the hedged items and the hedging instruments.
For cash flow hedges of forecast transactions designated as hedged items, management assesses and documents that they are highly probable and present an exposure to changes in cash flows that affect profit or loss.
Furthermore, during the year, the Company carefully monitored the possible effects of the uncertainties linked to the COVID-19 pandemic on its hedging relationships.
For more details on the key assumptions used in assessing effectiveness and measuring the ineffective portion of hedges, see note 34 "Hedge accounting".

Leases

The complexity of the assessment of the lease contracts, and also their long term expiring date, requires a strong professional judgments for the IFRS 16 application. In particular, for:

> the application of the definition of a lease to the cases typical of the sectors in which the Company operates;
> the identification of the non-lease component in the lease;
> the evaluation of any renewable and termination options included in the lease in order to determine the term of leases, also considering the probability of their exercise and any significant leasehold improvements on the underlying asset;
> the identification of any variable lease payments that depend on an index or a rate to determine where the changes of the latter impact the future lease payments and also the amount of the right-of-use asset;
> the estimate of the discount rate to calculate the present value of the lease payments; further details on assumptions about this rate are provided in the paragraph "Use of estimates".

Uncertainty over income tax treatments

The Company determines whether to consider each uncertain income tax treatment separately or together with one or more other uncertain tax treatments as well as whether to reflect the effect of uncertainty by using the most likely amount or the expected value method, based on which approach better predicts the resolution of the uncertainty for each uncertain tax treatments.
The Company makes significant use of professional judgment in identifying uncertainties about income tax treatments and reviews the judgments and estimates made in the event of a change in facts and circumstances that could change its assessment of the acceptability of a specific tax treatment or the estimate of the effects of uncertainty, or both.

2.3 Significant accounting policies

Related parties

Related parties are mainly parties that have the same parent as Enel SpA, companies that directly or indirectly through one or more intermediaries control, are controlled or are subject to the joint control of Enel SpA and in which the latter has a holding that enables it to exercise a significant influence. Related parties also include entities that operating post-employment benefit plans for employees of Enel SpA or its associates (specifically, the FOPEN and FONDENEL pension funds), as well as the members of the boards of statutory auditors, and their immediate family, and the key management personnel, and their immediate family, of Enel SpA and its subsidiaries. Key management personnel comprises management personnel who have the power and direct or indirect responsibility for the planning, management and control of the activities of the company. They include directors.

Subsidiaries, associates and joint ventures

The Company controls an entity when it is exposed to or has rights to variable returns deriving from its involvement, regardless of the nature of their formal relationship, and has the ability, through the exercise of its power over the investee, to affect its returns.
Associates comprise those entities in which the Company has a significant influence. Significant influence is the power to participate in the financial and operating policy decisions of investees but not exercise control or joint control over those entities.
Joint ventures are joint arrangements over which the Company exercises joint control and has rights to the net assets of the arrangement. Joint control means sharing control of an arrangement, which only exists when the decisions over the relevant activities require the unanimous consent of all the parties that share control.
Equity investments in subsidiaries, associates and joint ventures are measured at cost. Cost is adjusted for any impairment losses, which are reversed where the reasons for their recognition no longer obtain. The carrying amount resulting from the reversal may not exceed the original cost.
Where the loss pertaining to Enel SpA exceeds the carrying amount of the investment and the Company is obligated to perform the legal or constructive obligations of the investee or in any event to cover its losses, the excess with respect to the carrying amount is recognized in liabilities in the provision for risks and charges.
In the case of a disposal, without economic substance, of an investment to an entity under common control, any difference between the consideration received and the carrying amount of the investment is recognized in equity.

Translation of foreign currency items

Transactions in currencies other than the functional currency are initially recognized at the spot exchange rate prevailing on the date of the transaction.
Monetary assets and liabilities denominated in a foreign currency other than the functional currency are subsequently translated using the closing exchange rate (i.e. the spot exchange rate prevailing at the reporting date).
Non-monetary assets and liabilities denominated in foreign currency that are recognized at historical cost are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities in foreign currency measured at fair value are translated using the exchange rate at the date that the fair value was determined.
Any exchange differences are recognized through profit or loss.
In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration in foreign currency paid or received, the date of the transaction is the date on which the Group initially recognizes the non-monetary asset or non-monetary liability associated with the advance consideration.
If there are multiple advance payments or receipts, the Company determines the transaction date for each payment or receipt of advance consideration.

Fair value measurement

For all fair value measurements and disclosures of fair value, that are either required or permitted by the IFRS, the Company applies IFRS 13.
Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability, in an orderly transaction, between market participants, at the measurement date (i.e. an exit price).
The fair value measurement assumes that the transaction to sell an asset or transfer a liability takes place in the principal market, i.e. the market with the greatest volume and level of activity for the asset or liability. In the absence of a principal market, it is assumed that the transaction takes place in the most advantageous market to which the Company has access, i.e. the market that maximizes the

amount that would be received to sell the asset or minimizes the amount that would be paid to transfer the liability.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. Market participants are independent, knowledgeable sellers and buyers who are able to enter into a transaction for the asset or the liability and who are motivated but not forced or otherwise compelled to do so.
When measuring fair value, the Company takes into account the characteristics of the asset or liability, in particular:

> for a non-financial asset, a fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use;
> for liabilities and own equity instruments, the fair value reflects the effect of non-performance risk, i.e. the risk that an entity will not fulfill an obligation, including among others the credit risk of the Company itself;
> in the case of groups of financial assets and financial liabilities with offsetting positions in market risk or credit risk, managed on the basis of an entity's net exposure to such risks, it is permitted to measure fair value on a net basis.

In measuring the fair value of assets and liabilities, the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes expenses directly attributable to bringing the asset to the location and condition necessary for its intended use.
Subsequent costs are recognized as an increase in the carrying amount of the asset when it is probable that future economic benefits associated with the cost incurred to replace a part of the asset will flow to the Company and the cost of the item can be measured reliably. All other costs are recognized in profit or loss as incurred.
Property, plant and equipment, net of its residual value, is depreciated on a straight-line basis over its estimated useful life, which is reviewed annually and, if appropriate, adjusted prospectively. Depreciation begins when the asset is available for use.
The estimated useful life of the main items of property, plant and equipment is as follows:

	Depreciation period
Leasehold improvements	Shorter of the term of the contract and residual useful life
Civil buildings	40 years
Other assets	7 years

Land is not depreciated as it has an indefinite useful life.
Assets recognized under property, plant and equipment are derecognized either upon their disposal (i.e., at the date the recipient obtains control) or when no future economic benefit is expected from their use or disposal.

Leases

The Company holds property, plant and equipment for its various activities under lease contracts. At inception of a contract, the Company assesses whether a contract is, or contains, a lease.
For contracts entered into or changed on or after January 1, 2019, the Company has applied the definition of a lease under IFRS 16, that is met if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
Conversely, for contracts entered into before January 1, 2019, the Company determined whether the arrangement was or contained a lease under IFRIC 4.
At commencement or on modification of a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.
The Company recognizes a right-of-use asset and a lease liability at the commencement date of the lease (i.e., the date the underlying asset is available for use).
The right-of-use asset represents a lessee's right to use an underlying asset for the lease term; it is initially measured at cost, which includes the initial amount of lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset and to restore the underlying asset or the site on which it is located.
The lease liability is initially measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Company uses the lessee's incremental borrowing rate at the lease commencement date when the interest rate implicit in the lease is not readily determinable.
Variable lease payments that do not depend on an index or a rate are recognized as expenses in the year in which the event or condition that triggers the payment occurs.

After the commencement date, the lease liability is measured at amortized cost using the effective interest method and is remeasured upon the occurrence of certain events.
The Company applies the short-term lease recognition exemption to its lease contracts that have a lease term of 12 months or less from the commencement date. It also applies the low-value assets recognition exemption to lease contracts for which the underlying asset is of low-value whose amount is estimated not material. As example, the Company has leases of certain office equipment (i.e., personal computers, printing and photocopying machines) that are considered of low-value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.
The Company presents right-of-use assets that do not meet the definition of investment property in "Property, plant and equipment" and lease liabilities in "Borrowings". Consistent with the requirement of the standard, the Company presents separately the interest expense on lease liabilities under "Other financial expense" and the depreciation charge on the right-of-use assets under "Depreciation, amortization and impairment losses".

Intangible assets

Intangible assets are identifiable assets without physical substance controlled by the Company and capable of generating future economic benefits. They are measured at purchase or internal development cost when it is probable that the use of such assets will generate future economic benefits and the related cost can be reliably determined.
The cost includes any directly attributable expenses necessary to make the assets ready for their intended use.
Development expenditure is recognized as an intangible asset only when the Company can demonstrate the technical feasibility of completing the intangible asset and that it has intention, ability and resources to complete the asset in order to use or sell it.
Research costs are recognized as expenses.
Intangible assets with a finite useful life are recognized net of accumulated amortization and any impairment losses.
Amortization is calculated on a straight-line basis over the item's estimated useful life, which is reassessed at least annually; any changes in amortization policies are reflected on a prospective basis. Amortization commences when the asset is ready for use.
Consequently, intangible assets not yet available for use are not amortized, but are tested for impairment at least annually.
The Company's intangible assets have a finite useful life.
Intangible assets comprise application software owned by the Company with an expected useful life of between three and five years.
Intangible assets are derecognized either at the time of their disposal (at the date when the recipient obtains control) or when no future economic benefit is expected from their use or disposal. Any gain or loss, recognized through profit or loss, is calculated as the difference between the net consideration received in the disposal, determined in accordance with the provisions of IFRS 15 concerning the transaction price, and carrying amount of the derecognized assets.

Impairment of non-financial assets

At each reporting date, non-financial assets are reviewed to determine whether there is evidence of impairment.
Intangible assets with an indefinite useful life and intangible assets not yet available for use are tested for impairment annually or more frequently if there is evidence suggesting that the assets may be impaired.
If such evidence exists, the recoverable amount of each asset involved is estimated on the basis of the use of the asset and its future disposal, in accordance with the most recent Group business plan. For more on the estimation of the recoverable amount, please see the section "Use of estimates".
The recoverable amount is calculated for an individual asset unless that asset is not capable of generating incoming cash flows that are largely independent of those generated by other assets or groups of assets.
If the carrying amount of an asset is greater than its recoverable amount, an impairment loss is recognized in profit or loss under "Depreciation, amortization and impairment losses".
If the reasons for a previously recognized impairment loss no longer obtain, the carrying amount of the asset is restored through profit or loss, under "Depreciation, amortization and impairment losses", in an amount that shall not exceed the carrying amount that the asset would have had if the impairment loss had not been recognized and depreciation or amortization had been performed.

Financial instruments

Financial instruments are any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity; they are recognized and measured in accordance with IAS 32 and IFRS 9.

A financial asset or liability is recognized when, and only when, the Company becomes party to the contractual provision of the instrument (trade date).

Trade receivables arising from contracts with customers, in the scope of IFRS 15, are initially measured at their transaction price (as defined in IFRS 15) if such receivables do not contain a significant financing component or when the Company applies the practical expedient allowed by IFRS 15.

Conversely, the Company initially measures financial assets other than receivables noted above at their fair value plus, in the case of a financial asset not measured at fair value through profit or loss, transaction costs.

Financial assets are classified at initial recognition as financial assets at amortized cost, at fair value through other comprehensive income and at fair value through profit or loss, on the basis of both Company's business model and the contractual cash-flow characteristics of the instrument.

For this purpose, the assessment to determine whether the instrument gives rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding, is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

For purposes of subsequent measurement, financial assets are classified in three categories:

- financial assets at amortized cost (debt instruments);
- financial assets designated as at fair value through OCI with no reclassification of cumulative gains and losses upon derecognition (equity instruments); and
- financial assets at fair value through profit or loss.

Financial assets measured at amortized cost

This category mainly includes trade receivables, other financial assets and loan assets.

Financial assets at amortized cost are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and whose contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such assets are initially recognized at fair value, adjusted for any transaction costs, and subsequently measured at amortized cost using the effective interest method and are subject to impairment.

Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial assets at fair value through other comprehensive income (FVOCI) - equity instruments

This category includes mainly equity investments in unlisted entities irrevocably designated as such upon initial recognition.

Gains and losses on these financial assets are never reclassified to profit or loss. The Company may transfer the cumulative gain or loss within equity.

Equity instruments designated at fair value through OCI are not subject to impairment testing.

Dividends on such investments are recognized in profit or loss unless they clearly represent a recovery of a part of the cost of the investment.

Financial assets at fair value through profit or loss

This category mainly includes: securities, equity investments in other companies, financial investment in fund held for trading and financial assets designated as at fair value through profit or loss at initial recognition.

Financial assets at fair value through profit or loss are:

- financial assets with cash flows that are not solely payments of principal and interest, irrespective of the business model;
- financial assets held for trading because acquired or incurred principally for the purpose of selling or repurchasing in short term;
- debt instruments designated upon initial recognition, under the option allowed by IFRS 9 (fair value option) if doing so eliminates, or significantly reduces, an accounting mismatch;
- derivatives, including separated embedded derivatives, held for trading or not designated as effective hedging instruments.

Such financial assets are initially recognized at fair value with subsequent gains and losses from changes in their fair value recognized through profit or loss.

This category also includes listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognized as other income in the income statement when the right of payment has been established.

Financial assets that qualify as contingent consideration are also measured at fair value through profit or loss.

Impairment of financial assets

At each reporting date, the Company recognizes a loss allowance for expected credit losses on trade receivables and other financial assets measured at amortized cost, debt instruments measured at fair value through other comprehensive income, contract assets and all other assets in scope.

In compliance with IFRS 9, since January 1, 2018, the Company has adopted a new impairment model based on the determination of expected credit losses (ECL) using a forward-looking approach. In essence, the model provides for:

> the application of a single framework for all financial assets;
> the recognition of expected credit losses on an ongoing basis and the updating of the amount of such losses at the end of each reporting period, reflecting changes in the credit risk of the financial instrument;
> the measurement of expected losses on the basis of reasonable information, obtainable without undue cost, about past events, current conditions and forecasts of future conditions.

For trade receivables, contract assets and lease receivables, including those with a significant financial component, the Company adopts the simplified approach, determining expected credit losses over a period corresponding to the entire life of the receivable, generally equal to 12 months.

For all financial assets other than trade receivables, contract assets and lease receivables, the Company applies the general approach under IFRS 9, based on the assessment of a significant increase in credit risk since initial recognition. Under such approach, a loss allowance on financial assets is recognized at an amount equal to the lifetime expected credit losses, if the credit risk on those financial assets has increased significantly, since initial recognition, considering all reasonable and supportable information, including also forward-looking inputs.

If at the reporting date, the credit risk on financial assets has not increased significantly since initial recognition, the Company measures the loss allowance for those financial assets at an amount equal to 12-month expected credit losses.

For financial assets on which a loss allowance equal to lifetime expected credit losses has been recognized in the previous reporting period, the Company measures the loss allowance at an amount equal to 12-month expected credit losses when the condition regarding a significant increase in credit risk is no longer met.

The Company recognizes in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized in accordance with IFRS 9.

Cash and cash equivalents

This category includes deposits that are available on demand or at very short term, as well as highly liquid financial investments that are readily convertible into a known amount of cash and which are subject to insignificant risk of changes in value.

Financial liabilities at amortized cost

This category mainly includes borrowings, trade payables, lease liabilities and debt instruments.

Financial liabilities, other than derivatives, are recognized when the Company becomes a party to the contractual clauses of the instrument and are initially measured at fair value adjusted for directly attributable transaction costs. Financial liabilities are subsequently measured at amortized cost using the effective interest rate method.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as at fair value through profit or loss unless they are designated as effective hedging instruments.

Gains or losses on liabilities at fair value through profit or loss are recognized in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, only if the criteria in IFRS 9 are satisfied.

In this case, the portion of the change in fair value attributable to own credit risk is recognized in OCI.

The Company has not designated any financial liability as at fair value through profit or loss, upon initial recognition.

Financial liabilities that qualify as contingent consideration are also measured at fair value through profit or loss.

Derecognition of financial assets and liabilities

Financial assets are derecognized whenever one of the following conditions is met:

> the contractual right to receive the cash flows associated with the asset expires;

> the Company has transferred substantially all the risks and rewards associated with the asset, transferring its rights to receive the cash flows of the asset or assuming a contractual obligation to pay such cash flows to one or more beneficiaries under a contract that meets the requirements provided by IFRS 9 (the "pass through test");

> the Company has not transferred or retained substantially all the risks and rewards associated with the asset but has transferred control over the asset.

Financial liabilities are derecognized when they are extinguished, i.e. when the contractual obligation has been discharged, cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

Derivative financial instruments

A derivative is a financial instrument or another contract:

> whose value changes in response to the changes in an underlying variable such as an interest rate, commodity or security price, foreign exchange rate, a price or rate index, a credit rating or other variable;

> that requires no initial net investment, or one that is smaller than would be required for a contract with similar response to changes in market factors;

> that is settled at a future date.

Derivative instruments are classified as financial assets or liabilities depending on the positive or negative fair value and they are classified as "held for trading" within "Other business models" and measured at fair value through profit or loss, except for those designated as effective hedging instruments.

For more details about hedge accounting, please refer to the note 34.1 "Hedge accounting".

All derivatives held for trading are classified as current assets or liabilities.

Derivatives not held for trading purposes, but measured at fair value through profit or loss since they do not qualify for hedge accounting and derivative designated as effective hedging instruments are classified as current or not current on the basis of their maturity date and the Company intention to hold the financial instrument till maturity or not.

Offsetting financial assets and liabilities

The Company offsets financial assets and liabilities when:

> there is a legally enforceable right to set off the recognized amounts, and

> there is the intention of either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Non-current assets (or disposal groups) classified as held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, rather than through continuing use.

This classification criterion is applicable only when non-current assets (or disposal groups) are available in their present condition for immediate sale and the sale is highly probable.

If the Company is committed to a sale plan involving loss of the asset and the requirements provided for under IFRS 5 are met, all the assets and liabilities of that subsidiary are classified as held for sale when the classification criteria are met, regardless of whether the Company will retain a non-controlling interest in its former subsidiary after the sale.

The Company applies these classification criteria as envisaged in IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale is accounted for using the equity method until disposal of the portion that is classified as held for sale takes place.

Non-current assets (or disposal groups) and liabilities of disposal groups classified as held for sale are presented separately from other assets and liabilities in the statement of financial position.

The amounts presented for non-current assets or for the assets and liabilities of disposal groups classified as held for sale are not reclassified or re-presented for prior periods presented.

Immediately before the initial classification of non-current assets (or disposal groups) as held for sale, the carrying amounts of such assets (or disposal groups) are measured in accordance with the accounting standard applicable to those assets or liabilities. Non-current assets (or disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses for any initial or subsequent writedown of the assets (or disposal groups) to fair value less costs to sell and gains for their reversals are recognized in profit or loss from continuing operations.

If the classification criteria are no longer met, the Company ceases to classify the non-current assets (or disposal group) as held for sale. In this case they are measured at the lower of:

> the carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortization or reversals of impairment losses that would have been recognized if the asset (or disposal group) had not been classified as held for sale; and
> the recoverable amount, which is equal to the greater of its fair value net of costs to sell and its value in use, as calculated at the date of the subsequent decision not to sell.

Any adjustment to the carrying amount of a non-current asset that ceases to be classified as held for sale is included in profit or loss from continuing operations.

A discontinued operation is a component of the Company that either has been disposed of, or is classified as held for sale, and:

> represents a separate major Business Line or geographical segment;
> is part of a single coordinated plan to dispose of a separate major Business Line or geographical segment; or
> is a subsidiary acquired exclusively with a view to resale.

The Company presents, in a separate line item of the income statement, a single amount comprising the total of:

> the post-tax profit or loss of discontinued operations; and
> the post-tax gain or loss recognized on the measurement to fair value less costs to sell or on the disposal of the assets or disposal groups constituting the discontinued operation.

The corresponding amount is restated in the income statement for prior periods presented in the financial statements, so that the disclosures relate to all operations that are discontinued by the end of the current reporting period. If the Company ceases to classify a component as held for sale, the results of the component previously presented in discontinued operations are reclassified and included in profit or loss from continuing operations for all periods presented.

Employee benefits

Liabilities related to employee benefits paid upon or after ceasing employment in connection with defined benefit plans or other long-term benefits accrued during the employment period are determined separately for each plan, using actuarial assumptions to estimate the amount of the future benefits that employees have accrued at the reporting date (using the projected unit credit method). More specifically, the present value of the defined benefit obligation is calculated by using a discount rate determined on the basis of market yields at the end of the reporting period on high-quality corporate bonds. If there is no deep market for high-quality corporate bonds in the currency in which the bond is denominated, the corresponding yield of government securities is used.

The liability, net of any plan assets, is recognized on an accruals basis over the vesting period of the related rights. These appraisals are performed by independent actuaries.

If the plan assets exceed the present value of the related defined benefit obligation, the surplus (up to the limit of any cap) is recognized as an asset.

As regards the liabilities (assets) of defined benefit plans, the cumulative actuarial gains and losses from the actuarial measurement of the liabilities, the return on the plan assets (net of the associated interest income) and the effect of the asset ceiling (net of the associated interest) are recognized in other comprehensive income when they occur. For other long-term benefits, the related actuarial gains and losses are recognized through profit or loss.

In the event of a change being made to an existing defined benefit plan or the introduction of a new plan, any past service cost is recognized immediately in profit or loss.

The Company is also involved in defined contribution plans under which it pays fixed contributions to a separate entity (a fund) and has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Such plans are usually aimed to supplement pension benefits due to employees post-employment. The related costs are recognized in profit or loss on the basis of the amount of contributions paid in the year.

Termination benefits

Liabilities for benefits due to employees for the early termination of employee service arise out of the Company's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment. The event that gives rise to an obligation is the termination of employment rather than employee service. Termination benefits are recognized at the earlier of the following dates:

- when the Company can no longer withdraw its offer of benefits; and
- when the Company recognizes a cost for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits.

The liabilities are measured on the basis of the nature of the employee benefits. More specifically, when the benefits represent an enhancement of other post-employment benefits, the associated liability is measured in accordance with the rules governing that type of benefits. Otherwise, if the termination benefits due to employees are expected to be settled wholly before 12 months after the end of the reporting period, the Company measures the liability in accordance with the requirements for short-term employee benefits; if they are not expected to be settled wholly within 12 months of the end of the annual reporting period, the Company measures the liability in accordance with the requirements for other long-term employee benefits.

Share-based payments

The Company undertakes share-based payment transactions settled with equity instruments as part of the remuneration policy adopted for the Chief Executive Officer and General Manager and for key management personnel.
The most recent long-term incentive plans provide for the grant to recipients of an incentive represented by an equity component and a monetary component.
In order to settle the equity component through the bonus award of Enel shares, a program for the purchase of treasury shares to support these plans was approved.
For more details on share-based incentive plans, please see note 36 "Share-based payments".
The Company recognizes the services rendered by employees as personnel expenses and indirectly estimates their value, and the corresponding increase in equity, on the basis of the fair value of the equity instruments (i.e., Enel shares) at the grant date.
This fair value is based on the observable market price of Enel shares (on the Milan stock exchange), taking account of the terms and conditions under which the shares were granted (with the exception of vesting conditions excluded from the measurement of fair value).
The cost of these share-based payment transactions is recognized through profit or loss, with a corresponding entry in a specific equity item, over the year in which the service and return performance conditions are met (vesting period).
The overall expense recognized is adjusted at each reporting date until the vesting date to reflect the best estimate available to the Company of the number of equity instruments for which the service and performance conditions other than market conditions will be satisfied, so that the amount recognized at the end is based on the effective number of equity instruments that satisfy the service and performance conditions other than market conditions at the vesting date.
No expense is recognized for awards which ultimately do not vest because the performance conditions other than market conditions and/or the service conditions have not been satisfied. Conversely, the transactions are considered to have vested irrespective of whether the market or non-vesting conditions are satisfied, provided that all the other performance and/or service conditions are satisfied.

Provisions for risks and charges

Provisions are recognized where there is a legal or constructive obligation as a result of a past event at the end of the reporting period, the settlement of which is expected to result in an outflow of resources whose amount can be reliably estimated. Where the impact is significant, the accruals are determined by discounting expected future cash flows using a pre-tax discount rate that reflects the current market assessment of the time value of money and, if applicable, the risks specific to the liability.
If the provision is discounted, the periodic adjustment of the present value for the time factor is recognized as a financial expense.
When the Company expects some or all charges to be reimbursed, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain.
Provisions do not include liabilities to reflect uncertainties in income tax treatments that are recognized as tax liabilities.
In the case of contracts in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it (onerous contracts), the Company recognizes a provision as the lower of the costs of fulfilling the obligation that exceed the economic benefits expected to be received un-

der the contract and any compensation or penalty arising from failure to fulfil it.
Changes in estimates of accruals to the provision are recognized in the income statement in the year in which the changes occur.

Revenue from contracts with customers

The Company recognizes revenue from contracts with customers so as to faithfully represent the transfer of promised goods or services to customers at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.
The Company applies this core principle using a five-step model provided for in IFRS 15:

- identify the contract with the customer (step 1);
- identify the performance obligations in the contract (step 2);
- determine the transaction price (step 3);
- allocate the transaction price (step 4);
- recognize revenue (step 5).

The Company recognizes revenue when (or as) each performance obligation is satisfied by transferring the promised good or service to the customer, which is when the customer obtains control of the good or service.

Financial income and expense from derivatives

Financial income and expense from derivatives include:

- income and expense from derivatives measured at fair value through profit or loss on interest rate and currency risk;
- income and expense from fair value hedge derivatives on interest rate risk;
- income and expense from cash flow hedge derivatives on interest rate and currency risks.

Other financial income and expense

For all financial assets and liabilities measured at amortized cost and interest-bearing financial assets classified as at fair value through other comprehensive income, interest income and expense are recognized using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.
Interest income is recognized to the extent that it is probable that the economic benefits will flow to the Company and the amount can be reliably measured.
Other financial income and expense include also changes in the fair value of financial instruments other than derivatives.

Dividends

Dividends are recognized when the unconditional right to receive payment is established.
Dividends and interim dividends payable to the Company's shareholders are recognized as changes in equity in the period in which they are approved by the Shareholders and the Board of Directors, respectively.

Income taxes

Current income taxes

Current income taxes for the year, which are recognized under "income tax liabilities" net of payments on account, or under "tax assets" where there is a credit balance, are determined using an estimate of taxable income and in conformity with the applicable regulations.
In particular, such liabilities and assets are determined using the tax rates and tax laws that are enacted or substantively enacted by the end of the reporting period in the countries where taxable income has been generated.
Current income taxes are recognized in profit or loss with the exception of current income taxes related to items recognized outside profit or loss that are recognized in equity.

Deferred tax liabilities and assets

Deferred tax liabilities and assets are calculated on the temporary differences between the carrying amounts of liabilities and assets in the financial statements and their corresponding amounts recognized for tax purposes on the basis of tax rates in effect on the date the temporary difference will reverse, which is determined on the basis of tax rates that are enacted or substantively enacted as at end of the reporting period.
Deferred tax liabilities are recognized for all taxable temporary differences, except when such liability arises from the initial recognition of goodwill or in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the Company can control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.
Deferred tax assets are recognized for all deductible

temporary differences, the carryforward of tax losses and unused tax credits. For more information concerning the recoverability of such assets, please see the appropriate section of the discussion of estimates.
Deferred taxes and liabilities are recognized in profit or loss, with the exception of those in respect of items recognized outside profit or loss that are recognized in equity.
Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right to offset current tax assets with current tax liabilities and when they relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Uncertainty over income tax treatments

In defining 'uncertainty', it shall be considered whether a particular tax treatment will be accepted by the relevant taxation authority. If is deemed probable that the tax treatment will be accepted (where the term 'probable' is defined as 'more likely than not'), then the Company recognizes and measures its current/deferred tax asset or liabilities applying the requirements in IAS 12.
Conversely when the Company feels that it is not likely that the taxation authority will accept the tax treatment for income tax purposes, the Company reflects the uncertainty in the manner that best predicts the resolution of the uncertain tax treatment. The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments based on which approach provides better predictions of the resolution of the uncertainty. In assessing whether and how the uncertainty affects the tax treatment, the Company assumes that a taxation authority will accept or not an uncertain tax treatment supposing that the taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations. The Company reflects the effect of uncertainty in accounting for current and deferred tax, using the expected value or the most likely amount, whichever method better predicts the resolution of the uncertainty.
Since uncertain income tax positions meet the definition of income taxes, the Company presents uncertain tax liabilities/assets as current tax liabilities/assets or deferred tax liabilities/assets.

3. New and amended standards and interpretations

The Company has applied the following standards, interpretations and amendments that took effect as from January 1, 2020:

- "*Amendments to IFRS 3 - Definition of a Business*", issued in October 2018, is intended to assist companies in determining whether an integrated set of activities and assets is a business. More specifically, the amendments clarify that a business, considered as an integrated set of activities and assets, must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. Accordingly, the amendments clarify that a business cannot exist without including the inputs and substantive processes necessary to produce outputs. The definition of "output", as modified by these amendments, focuses on the goods and services delivered to customers, on investment income and other revenue and excludes returns in the form of lower costs or other economic benefits.
- "*Amendments to IAS 1 and IAS 8 - Definition of Material*", issued in October 2018, to align the definition of "material" between the accounting standards and the *Conceptual Framework for Financial Reporting* and clarify a number of aspects. The definition of material is as follows: "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." More specifically, the amendments clarify that:
  - "obscuring information" regards situations for which the effect for users of financial statements is similar to the omission or misstatement of information whose materiality is assessed in the context of the financial statements taken as a whole;
  - "primary users of financial statements", to whom general purpose financial statements are directed, are "existing and potential investors, lenders and other creditors" who must rely on general purpose financial statements for much of the financial information they need; and

- "materiality" depends on the nature or magnitude of information, or both. An entity assesses whether information, either individually or in combination with other information, is material in the context of its financial statements taken as a whole. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users of the financial statements.

> "*Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark Reform*", issued in September 2019. The amendments: (i) provide for temporary exceptions that enable hedging relationships to continue during the period of uncertainty until alterative risk-free rates are established with the interbank offered rates (IBORs) reform; and (ii) require additional disclosures on hedging relationships directly affected by the uncertainty. In this regard, note that the reform will impact fair value measurement, the effects of hedge accounting and the net financial income or expense when the alterative rates are defined.

> "*Amendments to References to the Conceptual Framework in IFRS Standards*", issued in March 2018. The document sets out the amendments to affected standards in order to update references to the revised *Conceptual Framework*. These amendments accompany the latest version of the *Revised Conceptual Framework for Financial Reporting*, issued in March 2018 and in effect as from January 1, 2020, which includes some new concepts, provides updated definitions and recognition criteria and clarifies some important concepts. The main amendments include:
  - an increase in the importance of management's stewardship of economic resources for financial reporting purposes;
  - the restoration of prudence as an element supporting neutrality;
  - the definition of reporting entity, which may be a legal entity or a portion of that entity;
  - the revision of the definitions of assets and liabilities;
  - elimination of the probability threshold in recognition and the addition of guidelines for derecognition;
  - the addition of guidelines on various measurement bases; and
  - the affirmation that profit or loss is the primary indicator of performance and that, in principle, income and expenses included in other comprehensive income shall be reclassified to profit or loss when doing so results in the income statement providing more relevant information or a more faithful representation.

The application of these amendments did not have a material impact on these separate financial statements.

Information on the income statement

Revenue

4.a Revenue from sales and services – *€116 million*

Revenue from sales and services breaks down as follows.

Millions of euro	2020	2019	Change
Revenue from sales and services			
Group companies	116	104	12
Third parties	-	-	-
Total revenue from sales and services	**116**	**104**	**12**

Revenue from sales and services refers to assistance and advisory services provided to subsidiaries and the billing of costs of various nature incurred in relation to subsidiaries. The increase of €12 million è is attributable to revenue from IT services (€27 million), which offset the decrease in revenue from management services (€10 million) and revenue from other services (€5 million).

Revenue from sales and services can be broken down by geographical segment as follows:

- €64 million in Italy (€70 million in 2019);
- €29 million in the European Union (€17 million in 2019);
- €1 million in non-EU Europe (€2 million in 2019);
- €22 million in other countries (€15 million in 2019).

4.b Other revenue and income – *€12 million*

Other revenue and income are essentially related to seconded personnel in both the year under review and the previous year.

Costs

5.a Services, leases and rentals – *€171 million*

Costs for services, leases and rentals break down as follows.

Millions of euro	2020	2019	Change
Services	165	140	25
Leases and rentals	6	10	(4)
Total services, leases and rentals	**171**	**150**	**21**

Costs for services include costs for services provided by third parties in the amount of €62 million (€64 million in 2019) and costs for services provided by Group companies in the amount of €103 million (€76 million in 2019).
Costs for services provided by Group companies rose by €27 million, of which €21 million in costs for system and applications services and €3 million in costs for management services.
Costs for leases and rentals mainly concern costs for leasing assets from the subsidiary Enel Italia SpA.

5.b Personnel expenses – *€118 million*

Personnel expenses break down as follows.

Millions of euro	Notes	2020	2019	Change
Wages and salaries		68	66	2
Social security contributions		22	22	-
Post-employment benefits	25	6	6	-
Other long-term benefits	25	14	7	7
Share-based payments		2	-	2
Other costs and other incentive plans		6	10	(4)
Total personnel expenses		**118**	**111**	**7**

Personnel expenses totaled €118 million, an increase of €7 million compared with 2019, mainly attributable to costs for long-term benefit plans for employees. The cost of €2 million in respect of share-based payments refers to the stock component of the 2019 and 2020 Long-Term Incentive Plans granted by the Company to its employees. The table below shows the average number of employees by category, compared with the previous year, and the actual number of employees at December 31, 2020.

No.	Average number			Headcount
	2020	2019	Change	at Dec. 31, 2020
Senior managers	147	146	1	143
Middle managers	352	345	7	400
Office staff	226	250	(24)	219
Total	**725**	**741**	**(16)**	**762**

5.c Depreciation, amortization and impairment losses – *€189 million*

Millions of euro	2020	2019	Change
Depreciation	4	5	(1)
Amortization	24	22	2
Impairment losses	161	211	(50)
Reversals of impairment losses	-	3	(3)
Total depreciation, amortization, and impairment losses	**189**	**235**	**(46)**

Impairment losses include impairment losses on the equity investments held in the subsidiaries E-Distribuţie Muntenia SA (€97 million) and E-Distribuţie Banat SA (€39 million) to take account of the changes in their financial position and performance following the distribution of extraordinary dividends, as well as the impairment losses on the subsidiaries Enel Global Thermal Generation Srl (€20 million), Enel Power SpA (€3 million), Enel Global Services Srl (€1 million euros) and Enel Investment Holding BV (€1 million euros) to take account of the current financial position and performance of the companies.

In 2019 reversals of impairment losses regarded the investment in the subsidiary Enel Global Trading SpA (€3 million).

For details on the criteria used to determine the impairment losses on the investments held in E-Distribuţie Muntenia SA and E-Distribuţie Banat SA, see note 13 "Equity investments" below.

5.d Other operating costs - *€13 million*

Other operating costs increased by €13 million compared with 2019. This rise reflected the impact of the recognition in the previous year of the release of part of the provision for disputes and litigation.

6. Income from equity investments - *€3,148 million*

Income from equity investments amounted to €3,148 million in 2020 and regards dividends and interim dividends approved in 2020 by subsidiaries and associates in the amount of €3,106 million, by joint ventures in the amount of €41 million and by other companies in the amount of €1 million.

Compared with the previous year, income from equity investments decreased by €2,400 million due to the transfer of the Italian companies to Enel Italia SpA at the beginning of the year.

At the end of the year, outstanding interim dividends for 2020 included those approved by the subsidiaries Enel Iberia SLU (€475 million) and Enel Américas SA (€39 million), which were received in full in January and February 2021.

Millions of euro

	2020	2019	Change
Dividends from subsidiaries and associates	**3,106**	**5,506**	**(2,400)**
Enel Iberia SLU	983	1,245	(262)
Enel Green Power SpA	667	237	430
Enel Américas SA	440	270	170
Enel Italia SpA	392	15	377
E-Distribuţie Muntenia SA	256	-	256
Enel Chile SA	185	175	10
E-Distribuţie Banat SA	95	-	95
E-Distribuţie Dobrogea SA	54	-	54
Enel Russia PJSC	20	39	(19)
Enel Energie Muntenia SA	14	-	14
Enel Produzione SpA	-	245	(245)
e-distribuzione SpA	-	1,507	(1,507)
Enel Energia SpA	-	1,698	(1,698)
Servizio Elettrico Nazionale SpA	-	75	(75)
Dividends from joint ventures	**41**	**41**	-
Rusenergosbyt LLC	41	41	-
Dividends from other companies	**1**	**1**	-
Empresa Propietaria de la Red SA	1	1	-
Total income from equity investments	**3,148**	**5,548**	**(2,400)**

7. Net financial income/(expense) from derivatives - *€(328) million*

This item breaks down as follows.

Millions of euro	2020	2019	Change
Income from derivatives:			
- on behalf of Group companies:	**978**	**661**	**317**
- income from derivatives at fair value through profit or loss	978	661	317
- on behalf of Enel SpA:	**166**	**342**	**(176)**
- income from cash flow hedge derivatives	71	208	(137)
- income from derivatives at fair value through profit or loss	95	134	(39)
Total income from derivatives	**1,144**	**1,003**	**141**
Expense from derivatives:			
- on behalf of Group companies:	**860**	**666**	**194**
- expense from derivatives at fair value through profit or loss	860	666	194
- on behalf of Enel SpA:	**612**	**259**	**353**
- expense from cash flow hedge derivatives	277	77	200
- expense from derivatives at fair value through profit or loss	335	182	153
Total expense from derivatives	**1,472**	**925**	**547**
TOTAL FINANCIAL INCOME/(EXPENSE) FROM DERIVATIVES	**(328)**	**78**	**(406)**

The net financial expense from derivatives on interest rates and exchange rates essentially represents the net financial expense from derivatives entered into on behalf of Enel SpA.

The deterioration of €406 million compared with the previous year was due to the increase in net financial expense from derivatives entered into on behalf of Enel SpA, including both cash flow hedge derivatives (€337 million) and derivatives at fair value through profit or loss (€192 million) on interest rates and exchange rates, offset in part by an increase in net financial income from derivatives entered into on behalf of Group companies (€123 million).

The net balances recognized in 2020 on both hedging and trading derivatives mainly reflect the hedging of currency risk.

For more details on derivatives, see note 32 "Financial instruments" and note 34 "Derivatives and hedge accounting".

8. Net other financial income/(expense) – *€(253) million*

This item breaks down as follows.

Millions of euro			
	2020	**2019**	**Change**
Other financial income			
Interest income			
Interest income on non-current loan assets	13	10	3
Interest income on current loan assets	26	3	23
Total	**39**	**13**	**26**
Exchange gains	224	4	220
Income on fair value hedges - post-hedge adjustment	-	1	(1)
Other	184	255	(71)
Total other financial income	**447**	**273**	**174**
Other financial expense			
Interest expense			
Interest expense on bank borrowings	45	21	24
Interest expense on bonds	453	493	(40)
Interest expense on other borrowings	153	133	20
Total	**651**	**647**	**4**
Exchange losses	26	121	(95)
Interest expense on defined benefit plans and other long-term employee benefits	1	3	(2)
Other	22	4	18
Total other financial expense	**700**	**775**	**(75)**
NET OTHER FINANCIAL INCOME/(EXPENSE)	**(253)**	**(502)**	**249**

Net other net financial expense essentially reflects interest expense on financial debt of €651 million and exchange losses of €26 million, partly offset by exchange gains of €224 million, other financial income from guarantees issued to other Group companies in the amount of €184 million and interest income on current and non-current loans assets totaling €39 million.

The decrease in net other financial expense of €249 million was mainly attributable to the increase in exchange gains (€220 million) and in interest income on loan assets (€26 million) together with a decrease in exchange losses (€95 million), partly offset by a decline in other financial income (€71 million) and an increase in other financial expense (€18 million).

9. Income taxes – *€(122) million*

Millions of euro	2020	2019	Change
Current taxes	(122)	(60)	(62)
Deferred tax income	4	6	(2)
Deferred tax expense	(4)	4	(8)
Total taxes	**(122)**	**(50)**	**(72)**

Income taxes for 2020 showed a benefit of €122 million, mainly as a result in the reduction in the tax base for the corporate income tax (IRES) compared with pre-tax profit due to the exclusion of 95% of the dividends received from the subsidiaries and the deductibility of Enel SpA's interest expense for the Group in accordance with corporate income tax law (Article 96 of the Consolidated Income Tax Code).

The following table reconciles the theoretical tax rate with the effective tax rate.

Millions of euro	2020	% rate	2019	% rate
Pre-tax profit	2,204		4,742	
Theoretical corporate income taxes (IRES)	**529**	**24.0%**	**1,138**	**24.0%**
Tax decreases:				
– dividends on equity investments, collected	(718)	-32.6%	(1,265)	-26.7%
– dividends on equity investments, not collected	(6)	-0.3%	(7)	-0.1%
– uses of provisions	(12)	-0.5%	(16)	-0.3%
– other	(3)	-0.1%	-	-
Tax increases:				
– impairment losses (gains) for the year	39	1.8%	50	1.1%
– accruals to provisions	9	0.4%	9	0.2%
– prior-year expense	8	0.4%	1	-
– other	14	0.6%	7	0.1%
Total current corporate income taxes (IRES)	**(140)**	**-6.4%**	**(83)**	**-1.8%**
IRAP	**-**	**-**	**-**	**-**
Foreign taxes	**1**	**-**	**2**	**-**
Difference on estimated income taxes from prior years	**(11)**	**-0.5%**	**(5)**	**-0.1%**
Definitive withholdings on dividends from foreign investees	**28**	**1.3%**	**26**	**0.5%**
Total deferred tax items	**-**	**-**	**10**	**0.2%**
– of which impact of change in tax rate	*-*	-	*-*	-
– of which changes for the year	*(1)*	-	*12*	-
– of which difference of prior-year estimates	*1*	-	*(2)*	-
TOTAL INCOME TAXES	**(122)**	**-5.5%**	**(50)**	**-1.1%**

Information on the statement of financial position

Assets

10. Property, plant and equipment – *€8 million*

Developments in property, plant and equipment for 2019 and 2020 are set out in the table below.

Millions of euro	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Leasehold improvements	Assets under construction and advances	Total
Cost	1	3	3	5	26	41	1	80
Accumulated depreciation	-	(2)	(3)	(5)	(21)	(40)	-	(71)
Balance at Dec. 31, 2018	**1**	**1**	**-**	**-**	**5**	**1**	**1**	**9**
IFRS 16 at January 1, 2019	-	2	-	-	1	-	-	3
Capital expenditure	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	(1)	(1)	-	(2)
Total changes	-	2	-	-	-	(1)	-	**1**
Cost	1	5	3	5	27	41	1	83
Accumulated depreciation	-	(2)	(3)	(5)	(22)	(41)	-	(73)
Balance at Dec. 31, 2019	1	3	-	-	5	-	1	**10**
Capital expenditure	-	-	-	-	-	-	-	-
Depreciation	-	(1)	-	-	(1)	-	-	(2)
Total changes	**-**	**(1)**	**-**	**-**	**(1)**	**-**	**-**	**(2)**
Cost	1	5	3	5	27	41	1	83
Accumulated depreciation	-	(3)	(3)	(5)	(23)	(41)	-	(75)
Balance at Dec. 31, 2020	**1**	**2**	**-**	**-**	**4**	**-**	**1**	**8**

Property, plant and equipment totaled €8 million, a decrease of €2 million compared with December 31, 2019, reflecting depreciation for the year.

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11. Intangible assets - *€113 million*

Intangible assets, all of which have a finite useful life, break down as follows.

Millions of euro	Industrial patents and intellectual property rights	Other intangible assets under development	Total
Balance at Dec. 31, 2018	**30**	**17**	**47**
Investments	30	12	42
Assets entering service	17	(17)	-
Amortization	(22)	-	(22)
Total changes	**25**	**(5)**	**20**
Balance at Dec. 31, 2019	**55**	**12**	**67**
Investments	23	47	70
Assets entering service	-	-	-
Amortization	(24)	-	(24)
Total changes	**(1)**	**47**	**46**
Balance at Dec. 31, 2020	**54**	**59**	**113**

Industrial patents and intellectual property rights, in the amount of €54 million (€55 million at December 31, 2019), mainly regard costs incurred in purchasing applications software as well as related evolutionary maintenance. Amortization is calculated on a straight-line basis over the item's residual useful life (three years on average). The investments of €23 million concerned information-technology projects related to digital development projects for the computerization of business processes, compliance and reporting of Holding Company functions, in particular in the areas of Administration, Finance and Control, Legal and Corporate Affairs, Health and Safety, Communications, Innovation and Sustainability, and Audit. Other intangible assets under development amounted to €59 million, an increase of €47 million due to investments during the year.

12. Deferred tax assets and liabilities – *€337 million and €149 million*

Changes in deferred tax assets and deferred tax liabilities, grouped by type of timing difference, are shown below.

Millions of euro	at Dec. 31, 2019	Increase/(Decrease) taken to profit or loss	Increase/ (Decrease) taken to equity	at Dec. 31, 2020
	Total			Total
Deferred tax assets				
Nature of temporary differences:				
- provisions for risks and charges and impairment losses	3	-	-	3
- derivatives	282	-	5	287
- other items	51	(5)	1	47
Total deferred tax assets	**336**	**(5)**	**6**	**337**
Deferred tax liabilities				
Nature of temporary differences:				
- measurement of financial instruments	153	-	(10)	143
- other items	10	(4)	-	6
Total deferred tax liabilities	**163**	**(4)**	**(10)**	**149**
Excess net deferred IRES tax assets after any offsetting	**173**	**-**	**-**	**188**

Deferred tax assets totaled €337 million (€336 million at December 31, 2019) and essentially regard deferred tax assets on the fair value measurement of cash flow hedges. Deferred tax liabilities came to €149 million (€163 million at December 31, 2019) and decreased by €14 million, essentially due to the recognition of deferred taxes on the fair value measurement of cash flow hedge instruments.

The amount of deferred tax assets and liabilities was determined by applying a rate of 24% for IRES.

13. Equity investments – *€50,622 million*

The table below shows the changes during the year for each investment, with the corresponding carrying amounts at the beginning and end of the year, as well as the list of investments held in subsidiaries, joint ventures, associates and other companies.

Millions of euro	Original cost	Impairment (losses)/gains	Other changes - IFRIC 11 & IFRS 2	Carrying amount	% holding	Capital contributions and loss coverage	Acquisitions/ (Disposals)/ (Liquidations)/ (Repayments)
			At Dec. 31, 2019				
A) Subsidiaries							
Enel Produzione SpA	4,978	(676)	5	4,307	100.0	-	-
e-distribuzione SpA	6,329	-	2	6,331	100.0	-	-
Servizio Elettrico Nazionale SpA	110	-	-	110	100.0	-	-
Enel Global Trading SpA	1,401	(205)	1	1,197	100.0	-	-
Enel Green Power SpA	6,467	-	2	6,469	100.0	4,100	-
Enel X Srl	588	-	-	588	100.0	-	-
Enel Investment Holding BV	4,497	(4,488)	-	9	100.0	-	-
Enelpower SpA	189	(159)	-	30	100.0	-	-
Enel Global Thermal Generation Srl	16	-	-	16	100.0	-	-
Enel Energia SpA	1,321	(8)	-	1,313	100.0	-	-
Enel Iberia SLU	13,713	-	-	13,713	100.0	-	-
Enel Italia SpA	543	(41)	3	505	100.0	-	-
Enel Innovation Hubs Srl	70	(54)	-	16	100.0	-	-
Enel Global Infrastructure and Networks Srl	42	-	-	42	100.0	-	-
Enel Finance International NV	599	-	-	599	25.0	-	-
Enel Holding Finance Srl	1,976	-	-	1,976	100.0	-	-
Enel Américas SA	4,839	-	-	4,839	57.3	-	876
Enel Chile SA	2,522	-	-	2,522	61.9	-	149
E-Distribuţie Banat SA	421	(132)	-	289	51.0	-	-
E-Distribuţie Dobrogea SA	261	-	-	261	51.0	-	-
E-Distribuţie Muntenia SA	952	-	-	952	78.0	-	-
Enel Energie Muntenia SA	330	-	-	330	78.0	-	-
Enel Energie SA	208	-	-	208	51.0	-	-
Enel Romania SA	15	-	-	15	100.0	-	-
Enel Russia PJSC	442	(110)	-	332	56.4	-	-
Enel Insurance NV	252	-	-	252	100.0	-	-
Enel Green Power Chile SA	-	-	-	-	-	-	-
Enel Global Services Srl	-	-	-	-	100.0	-	-
Enel Green Power Italia Srl	-	-	-	-	100.0	-	-
Enel North America Inc.	-	-	-	-	-	-	-
Enel Green Power North America Development LLC	-	-	-	-	-	-	-
Vektör Enerjí Üretím AŞ	-	-	-	-	100.0	-	-
EGP Américas SpA	-	-	-	-	-	-	-
Enel Rinnovabili Srl	-	-	-	-	-	-	-
Total subsidiaries	**53,081**	**(5,873)**	**13**	**47,221**		**4,100**	**1,025**
B) Joint ventures							
OpEn Fiber SpA	556	-	-	556	50.0	113	-
Rusenergosbyt LLC	41	-	-	41	49.5	-	-
Total joint ventures	**597**	**-**	**-**	**597**		**113**	**-**
C) Associates							
CESI SpA	23	-	-	23	42.7	-	-
Total associates	**23**	**-**	**-**	**23**		**-**	**-**
D) Other companies							
Empresa Propietaria de la Red SA	5	12	-	17	11.1	-	-
Red Centroamericana de Telecomunicaciones SA	-	-	-	-	11.1	-	-
Compañía de Transmisión del Mercosur Ltda.	-	-	-	-	-	-	-
Elcogas SA in liquidation	5	(5)	-	-	4.3	-	-
Idrosicilia SpA	-	-	-	-	1.0	-	-
Total other companies	**10**	**7**	**-**	**17**		**-**	**-**
TOTAL EQUITY INVESTMENTS	**53,711**	**(5,866)**	**13**	**47,858**		**4,213**	**1,025**

New cos. Transfers	Mergers Spin-offs	Reclassifications	Adjustments	Net change	Original cost	Impairment (losses)/ gains	Other changes - IFRIC 11 & IFRS 2	Carrying amount	% holding
Changes in 2020							At Dec. 31, 2020		
(4,287)	(20)	–	–	(4,307)	671	(676)	5	–	–
(6,331)	–	–	–	(6,331)	(2)	–	2	–	–
(110)	–	–	–	(110)	–	–	–	–	–
–	–	–	–	–	1,401	(205)	1	1,197	100.0
–	(8,561)	–	–	(4,461)	2,006	–	2	2,008	100.0
–	(318)	–	–	(318)	270	–	–	270	100.0
–	–	–	(1)	(1)	4,497	(4,489)	–	8	100.0
–	–	–	(3)	(3)	189	(162)	–	27	100.0
–	21	–	(20)	1	37	(20)	–	17	100.0
(1,313)	–	–	–	(1,313)	8	(8)	–	–	–
–	–	–	–	–	13,713	–	–	13,713	100.0
12,147	100	–	–	12,247	12,790	(41)	3	12,752	100.0
–	–	–	–	–	70	(54)	–	16	100.0
–	17	–	–	17	59	–	–	59	100.0
–	–	–	–	–	599	–	–	599	25.0
–	(176)	–	–	(176)	1,800	–	–	1,800	100.0
–	–	–	–	876	5,715	–	–	5,715	65.0
–	–	–	–	149	2,671	–	–	2,671	64.9
–	–	–	(39)	(39)	421	(171)	–	250	51.0
–	–	–	–	–	261	–	–	261	51.0
–	–	–	(97)	(97)	952	(97)	–	855	78.0
–	–	–	–	–	330	–	–	330	78.0
–	–	–	–	–	208	–	–	208	51.0
–	–	–	–	–	15	–	–	15	100.0
–	–	–	–	–	442	(110)	–	332	56.4
–	–	–	–	–	252	–	–	252	100.0
–	–	–	–	–	–	–	–	–	–
–	40	–	(1)	39	40	(1)	–	39	100.0
(3,852)	3,852	–	–	–	–	–	–	–	–
–	2,490	–	–	2,490	2,490	–	–	2,490	100.0
(95)	95	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	100.0
–	–	–	–	–	–	–	–	–	100.0
–	4,669	–	–	4,669	4,669	–	–	4,669	100.0
(3,841)	**2,209**	**–**	**(161)**	**3,332**	**56,574**	**(6,034)**	**13**	**50,553**	
–	–	(669)	–	(556)	–	–	–	–	50.0
–	–	–	–	–	41	–	–	41	49.5
–	**–**	**(669)**	**–**	**(556)**	**41**	**–**	–	**41**	
–	–	–	–	–	23	–	–	23	42.7
–	**–**	**–**	**–**	**–**	**23**	**–**	**–**	**23**	
–	–	–	(12)	(12)	5	–	–	5	11.1
–	–	–	–	–	–	–	–	–	11.1
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	5	(5)	–	–	4.3
–	–	–	–	–	–	–	–	–	1.0
–	**–**	**–**	**(12)**	**(12)**	**10**	**(5)**	–	**5**	
(3,841)	**2,209**	**(669)**	**(173)**	**2,764**	**56,648**	**(6,039)**	**13**	**50,622**	

The table below reports changes in equity investments in 2020.

Millions of euro	
Increases	
Partial spin-off from Enel Green Power SpA to Enel Green Power Italia Srl	3,852
Partial spin-off from Enel X SpA to Enel Italia SpA	149
Partial spin-off from Enel Produzione SpA to Enel Global Thermal Generation SpA	20
Partial spin-off from Enel Italia SpA to Enel Global Services Srl	40
Partial spin-off from Enel Italia SpA to Enel X Srl	32
Partial spin-off from Enel Italia SpA to Enel Global Infrastructure and Networks Srl	17
Partial spin-off from Enel Italia SpA to Enel Green Power SpA	9
Partial spin-off from Enel Italia SpA to Enel Global Thermal Generation SpA	1
Capital increase at Enel Italia SpA	12,147
Partial spin-off from Enel Green Power SpA to Enel North America Inc.	2,018
Partial spin-off from Enel Green Power SpA to Enel Green Power Development NA LLC	95
Transfer from Enel Green Power Development NA LLC to Enel North America Inc.	95
Increase in the interest in Enel Américas SA through share swap transaction	876
Increase in the interest in Enel Chile SA through share swap transaction	149
Partial spin-off from Enel Holding Finance Srl to Enel North America Inc.	176
Partial spin-off from Enel X Srl to Enel North America Inc.	200
Capital contribution to OpEn Fiber SpA	113
Capital contribution to Enel Green Power SpA	4,100
Partial spin-off from Enel Green Power SpA to Enel Green Power Italia Srl	49
Partial spin-off from Enel Green Power SpA to Enel Rinnovabili Srl	4,669
Total increases	**28,807**
Decreases	
Partial spin-off from Enel Green Power SpA to Enel Green Power Italia Srl	(3,852)
Partial spin-off from Enel X SpA to Enel Italia SpA	(149)
Partial spin-off from Enel Produzione SpA to Enel Global Thermal Generation SpA	(20)
Partial spin-off from Enel Italia SpA to Enel Global Services Srl	(39)
Partial spin-off from Enel Italia SpA to Enel X Srl	(32)
Partial spin-off from Enel Italia SpA to Enel Global Infrastructure and Networks Srl	(17)
Partial spin-off from Enel Italia SpA to Enel Green Power SpA	(9)
Partial spin-off from Enel Italia SpA to Enel Global Thermal Generation SpA	(1)
Transfer to Enel Italia SpA of the interest in e-distribuzione SpA	(6,331)
Transfer to Enel Italia SpA of the interest in Enel Produzione SpA	(4,287)
Transfer to Enel Italia SpA of the interest in Enel Green Power Italia Srl	(3,852)
Transfer to Enel Italia SpA of the interest in Enel Energia SpA	(1,313)
Transfer to Enel Italia SpA of the interest in Servizio Elettrico Nazionale SpA	(110)
Partial spin-off from Enel Green Power SpA to Enel Green Power Development NA LLC	(95)
Partial spin-off from Enel Holding Finance Srl to Enel North America Inc.	(176)
Partial spin-off from Enel X Srl to Enel North America Inc.	(200)
Partial spin-off from Enel Green Power SpA to Enel Green Power Italia Srl	49
Partial spin-off from Enel Green Power SpA to Enel Rinnovabili Srl	(4,669)
Impairment loss on the investment in E-Distribuţie Banat SA	(39)
Impairment loss on the investment in E-Distribuţie Muntenia SA	(97)
Impairment loss on the investment in Enel Global Thermal Generation Srl	(20)
Impairment loss on the investment in Enel Global Service Srl	(1)
Impairment loss on the investment in Enel Power SpA	(3)
Impairment loss on the investment in Enel Investment Holding BV	(1)
Impairment loss on the investment in Empresa Propietaria de la Red SA	(12)
Reclassification of OpEn Fiber SpA to "Non-current assets classified as held for sale"	(669)
Total decreases	**(26,043)**
NET CHANGE	**2,764**

In 2020, the carrying amount of investments in subsidiaries, joint ventures, associates and other companies increased by €2,764 million as a result of:

> the transfer on January 1, 2020, to the subsidiary Enel Italia SpA of the business unit denominated "Enel Italia", which involved:
  - the partial spin-off on January 1, 2020, from Enel Green Power SpA to Enel Green Power Italia Srl of Italian operations in the amount of €3,852 million;
  - the partial spin-off on January 1, 2020, from Enel X SpA to Enel Italia SpA of Italian operations in the amount of €149 million;
  - the partial spin-off on January 1, 2020 in order to separate Italian operations from global operations from Enel Produzione SpA of the "Engineering and Construction" and "Innovability" units to Enel Global Thermal Generation Srl in the amount of €20 million;
  - the spin-off of the Global Digital Solutions and Global Procurement units from Enel Italia SpA, in the total amount of €98 million, to Enel Global Infrastructure and Networks Srl (€17 million), Enel Global Services Srl (€40 million), Enel X Srl (€32 million), Enel Green Power SpA (€9 million), Enel Global Thermal Generation Srl and Enel Global Trading SpA;
  - the transfer to Enel Italia SpA of the 100% interests in e-distribuzione SpA (€6,331 million), Enel Energia SpA (€1,313 million), Servizio Elettrico Nazionale SpA (€110 million) and, excluding the global business units transferred in the spin-offs described above, the investments in Enel Produzione SpA (€4,287 million) and Enel Green Power Italia Srl (€3,852 million);
  - a capital increase at Enel Italia SpA, in the total amount of €12,147 million. This transaction, consistent with the corporate simplification and optimization process involving the Group companies already completed or under way in the main countries in which we operate, gives Enel SpA direct control of the Italian sub-holding – a role filled by Enel Italia SpA – which in turn holds all Italian companies;

> the partial spin-off from Enel Green Power SpA to Enel SpA, on February 1, 2020, of the 100% equity investments held in Enel North America Inc. (until October 8, 2019 called Enel Green Power North America Inc.), in the amount of €2,018 million, and in Enel Green Power Development North America LLC, in the amount of €95 million, representing the entire share capital of the latter;

> the transfer on March 1, 2020 to Enel North America Inc. of the investment in Enel Green Power Development North America LLC in the amount of €95 million;

> the increase in the equity investment in the listed Chilean subsidiary Enel Américas SA to 65% from the previous 57.26%, following the completion of share swap transactions entered into with a financial institution in June 2019 to acquire up to a maximum of 5% of the capital of Enel Américas, as announced to investors at the time, and the settlement of the share swap transactions entered into in 2020 for the acquisition of a further 2.7% of capital in order to achieve the maximum interest currently permitted under the bylaws of Enel Américas, equal to 65%, for a total price of €876 million;

> the increase in the equity investment in the listed Chilean subsidiary Enel Chile SA to 64.93% from the previous 61.93%, in the amount of €149 million, following the settlement of two share swap transactions entered into in December 2019 with a financial institution for the acquisition of up to 3% of the share capital of Enel Chile, as announced to investors at the time;

> the partial cross-border spin-off, on June 1, 2020, of Enel Holding Finance Srl through the transfer to Enel North America Inc. of the 100% interest held in Enel Finance America LLC in the amount of €176 million;

> the partial cross-border spin-off, on June 1, 2020, of Enel X Srl through the transfer to Enel North America Inc. of the interests held in the US company Enel X North America Inc. and the Canadian company Enel X Canada Ltd in the total amount of €200 million.

> the capital contribution to OpEn Fiber SpA, a joint venture with CDP Equity SpA, in the total amount of €113 million, in order to sustain the investments needed to implement the company's business plan;

> the recapitalization of the subsidiary Enel Green Power SpA on August 1, 2020 in the amount of €3,200 million and on September 29, 2020 in the amount of €900 million in cash to be allocated to a specific available equity reserve;

> the partial spin-off, on October 1, 2020, of Enel Green Power SpA through the transfer of the business unit comprising the assets and liabilities associated with a number of plants for the production of electricity from renewable sources (wind and hydroelectric) to Enel Green Power Italia Srl, a subsidiary of Enel Italia SpA, for a total of €49 million;

> the partial spin-off, on December 14, 2020, of Enel Green Power SpA through the transfer of the demerged business represented by a number of equity investments in Central and South America to Enel Rinnovabili Srl, a company incorporated under Italian

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law wholly owned by Enel SpA originating as a result the spin-off, in the total amount of €4,669 million;
> the impairment loss on the equity investment in E-Distribuţie Muntenia SA in the amount of €97 million to take account of changes in the financial position and performance of the company following the distribution of extraordinary dividends;
> the impairment loss on the equity investment in E-Distribuţie Banat SA in the amount of €39 million to take account of changes in the financial position and performance of the company following the distribution of extraordinary dividends;
> the impairment loss on the equity investment in Enel Global Thermal Generation Srl in the amount of €20 million to take account of the current financial position and performance of the company;
> the impairment loss on the equity investment in Enel Power SpA in the amount of €3 million on December 31, 2020 to take account of the current financial position and performance of the company;
> the impairment loss on the equity investment in Enel Global Services Srl in the amount of €1 million on December 31, 2020 to take account of the current financial position and performance of the company;
> the impairment loss on the equity investment in Enel Investment Holding BV in the amount of €1 million on December 31, 2020 to take account of the current financial position and performance of the company;
> the adjustment of the fair value of the equity investment held in Empresa Propietaria de la Red SA in the amount of €12 million to take account of developments in financial projections for the 2021-2042 period;
> the reclassification under "non-current assets classified as held for sale" of the equity investment held in the joint venture OpEn Fiber in the amount of €669 million following receipt of a binding offer from Macquarie Infrastructure & Real Assets (MIRA) for the purchase of the 50% of the share capital of OpEn Fiber SpA owned by Enel in respect of which the Board of Directors resolved to initiate procedures for the sale of between 40% and 50% of the capital held.

In accordance with IFRS 2, the carrying amount of investments in the subsidiaries involved in the Long-term Incentive Plan for 2019 and 2020 has been increased by the fair value of the equity component for the year, recognized in specific equity reserves. In the case of the award of equity instruments to the employees of indirect subsidiaries, the carrying amount of the equity investment in the direct subsidiary was increased.

The following table shows the previous assumptions used in determining the impairment loss on the investments held in E-Distribuţie Muntenia SA, E-Distribuţie Banat SA and Empresa Propietaria de la Red SA.

Millions of euro	Original cost	Growth rate [1]	Pre-tax WACC discount rate [2]	Explicit period of cash flows	Terminal value [3]	Original cost	Growth rate [1]	Pre-tax WACC discount rate [2]	Explicit period of cash flows	Terminal value [3]
	at Dec. 31, 2020					at Dec. 31, 2019				
E-Distribuţie Muntenia SA	952	2.70%	7.00%	3 years	Perpetuity	n.a.	n.a.	n.a.	n.a.	n.a.
E-Distribuţie Banat SA	289	2.70%	7.00%	3 years	Perpetuity	421	2,6%	6,3%	5 years	Perpetuity
Empresa Propietaria de la Red SA	18	2.00%	10.20%	22 years	Perpetuity	n.a.	n.a.	n.a.	n.a.	n.a.

(1) Perpetual growth rate for cash flows after the explicit forecast period.
(2) Pre-tax WACC calculated using the iterative method: the discount rate that ensures that the value in use calculated with pre-tax cash flows is equal to that calculated with post-tax cash flows discounted with the post-tax WACC.
(3) The terminal value has been estimated on the basis of a perpetuity or an annuity with a rising yield for the years indicated in the column.

The recoverable amount of the equity investments recognized through the impairment tests was estimated by calculating the equity value of the investments through an estimate of their value in use using discounted cash flow models, which involve estimating expected future cash flows and applying an appropriate discount rate, selected on the basis of market inputs such as risk-free rates, betas and market risk premiums. For the purpose of comparing the carrying amount of the investments, the enterprise value resulting from the estimation of future cash flows was converted into the equity value by subtracting the net financial position of the investee. Cash flows were determined on the basis of the best information available at the time of the estimate and drawn for the explicit period from the 2021-2023 business plan approved by the Board of Directors of the Company on November 23, 2020, containing forecasts for volumes, revenue, operating costs, capital expenditure, industrial and commercial organization and developments in the main macroeconomic variables (inflation, nominal interest rates and exchange rates) and commodity prices. The explicit period of cash flows considered in impairment testing for these equity investments differs in accordance with the specific features and business cycles of the various companies. The terminal value, on the other hand, was calculated as a perpetuity or annuity with a nominal growth rate equal to the long-term rate of growth in electricity demand and/or inflation (depending on the country and business involved) and in any case no higher than the average long-term growth rate of the reference market.

With regard to the investments held in the companies Enel Green Power SpA, E-Distribuţie Dobrogea SA, Enel Energie Muntenia SA, Enel Energie SA, Enel Romania SA, Enel Russia PJSC, Rusenergosbyt LLC, Enel Global Infrastructure and Networks Srl, Enel X Srl, Enel Global Trading SpA and OpEn Fiber SpA, the carrying amount is deemed to be recoverable even if individually greater than equity at December 31, 2020, for each investee. This circumstance is not felt to represent an impairment loss in respect of the investment but rather a temporary mismatch between the two amounts. More specifically, for the companies Enel Green Power SpA, E-Distribuţie Dobrogea SA, Enel Energie Muntenia SA, Enel Energie SA, Enel Romania SA, Enel Russia PJSC, Rusenergosbyt LLC, Enel Global Infrastructure and Networks Srl, Enel X Srl, Enel Global Trading SpA and OpEn Fiber SpA, the negative difference between the carrying amount of the investments and their equity represented a trigger event, following which the equity value of the investments in consideration of their expected future cash flows was determined by means of an impairment test. As a result of this test, a greater value emerged that was not reflected in equity to an extent necessary to confirm the full recoverability of the value of the investments.

It should also be noted that these investments have passed their related impairment tests.

The share certificates for Enel SpA's investments in Italian subsidiaries are held in custody at Monte dei Paschi di Siena.

The following table reports the share capital and equity of the investments in subsidiaries, joint ventures, associates and other investees at December 31, 2020.

	Registered office	Currency	Share capital	Equity (millions of euro)	Prior year profit/(loss) (millions of euro)	% holding	Carrying amount (millions of euro)
A) Subsidiaries							
Enel Global Trading SpA	Rome	EUR	90,885,000	367	189	100.0	1,197
Enel Green Power SpA	Rome	EUR	272,000,000	508	(429)	100.0	2,008
Enel X Srl	Rome	EUR	1,050,000	186	(24)	100.0	270
Enel Investment Holding BV	Amsterdam	EUR	1,000,000	7	-	100.0	8
Enelpower SpA	Milan	EUR	2,000,000	27	-	100.0	27
Enel Global Thermal Generation Srl	Rome	EUR	11,000,000	16	(10)	100.0	17
Enel Iberia SLU	Madrid	EUR	336,142,500	16,910	1,185	100.0	13,713
Enel Italia SpA	Rome	EUR	100,000,000	14,881	2,638	100.0	12,752
Enel Innovation Hubs Srl	Rome	EUR	1,100,000	23	1	100.0	16
Enel Global Infrastructure and Networks Srl	Rome	EUR	10,100,000	29	-	100.0	59
Enel Finance International NV	Amsterdam	EUR	1,478,810,371	2,116	217	25.0	599
Enel Holding Finance Srl	Rome	EUR	10,000	1,800	-	100.0	1,800
Enel Américas SA	Santiago	USD	9,783,875,314	8,422	1,035	65.0	5,715
Enel Chile SA	Santiago	CLP	3,882,103,470,184	4,123	(58)	64.9	2,671
E-Distribuţie Banat SA	Timisoara	RON	382,158,580	490	15	51.0	250
E-Distribuţie Dobrogea SA	Costanza	RON	280,285,560	402	16	51.0	261
E-Distribuţie Muntenia SA	Bucharest	RON	271,635,250	1,162	13	78.0	855
Enel Energie Muntenia SA	Bucharest	RON	37,004,350	242	22	78.0	330
Enel Energie SA	Bucharest	RON	140,000,000	211	27	51.0	208
Enel Romania SA	Judetul Ilfov	RON	200,000	22	1	100.0	15
Enel Russia PJSC	Ekaterinburg	RUB	35,371,898,370	441	60	56.4	332
Enel Insurance NV	Amsterdam	EUR	60,000	268	(3)	100.0	252
Enel Green Power Chile SA	Santiago	USD	1,197,691,313	808	38	-	-
Enel Global Services Srl	Rome	EUR	10,000	34	(2)	100.0	39
Enel North America Inc.	Andover	USD	50	3,711	156	100.0	2,490
Vektör Enerjí Üretím AŞ	Istanbul	TRY	3,500,000	(7)	(2)	100.0	-
EGP Américas SpA	Santiago	USD	12,000	-	-	100.0	-
Enel Rinnovabili Srl	Rome	EUR	10,000	4,668	-	100.0	4,669
B) Joint ventures							
OpEn Fiber SpA	Milan	EUR	250,000,000	978	4	50.0	-
Rusenersgobyt LLC	Moscow	RUB	18,000,000	15	90	49.5	41
C) Associates							
CESI SpA	Milan	EUR	8,550,000	118	(16)	42.7	23
D) Other companies							
Empresa Propietaria de la Red SA	Panama	USD	58,500,000	126	7	11.1	5
Red Centroamericana de Telecomunicaciones SA	Panama	USD	2,700,000	(4)	(2)	11.1	-
Compañía de Transmisión del Mercosur SA	Buenos Aires	ARS	2,025,191,313	-	2	-	-
Elcogas SA in liquidation	Puertollano	EUR	809,690	(113)	5	4.3	-
Idrosicilia SpA	Milan	EUR	22,520,000	-	-	1.0	-

Equity investments in other companies at December 31, 2020, are all related to unlisted companies. During the transition to IFRS 9, the option of measuring these financial assets at fair value through other comprehensive income was applied.

The investment in Elcogas SA was completely written off in 2014 and since January 1, 2015, the company, in which Enel has a stake of 4.3%, is still in liquidation. The profit participation loan of €6 million granted in 2014 has also been written down to take account of accumulated losses.

Millions of euro	at Dec. 31, 2020	at Dec. 31, 2019
Equity investments in unlisted companies measured at FVOCI	**5**	**17**
Empresa Propietaria de la Red SA	5	17
Red Centroamericana de Telecomunicaciones SA	-	-
Compañía de Transmisión del Mercosur SA	-	-
Elcogas SA in liquidation	-	-
Idrosicilia SpA	-	-

14. Derivatives - *€890 million, €128 million, €1,763 million, €258 million*

Millions of euro	Non-current		Current	
	at Dec. 31, 2020	at Dec. 31, 2019	at Dec. 31, 2020	at Dec. 31, 2019
Derivative financial assets	890	945	128	143
Derivative financial liabilities	1,763	1,536	258	183

For more details about the nature, recognition and classification of derivative financial assets and liabilities, please see notes 32 "Financial instruments", and 34 "Derivatives and hedge accounting".

15. Other non-current financial assets - *€280 million*

This item is composed of the following:

Millions of euro	Notes	at Dec. 31, 2020	at Dec. 31, 2019	Change
Financial prepayments		7	6	1
Other non-current financial assets included in debt	15.1	273	194	79
Total		**280**	**200**	**80**

Financial prepayments refers to the remaining portion of the transaction costs on the €10 billion revolving credit line, established on December 18, 2017, and with a five-year term, between Enel SpA, Enel Finance International NV, and Mediobanca. The item reports the non-current portion of those costs, and their reversal through profit or loss depends on the type of fee involved and the maturity of the credit line.

15.1 Other non-current financial assets included in debt - €273 *million*

Millions of euro	Notes	at Dec. 31, 2020	at Dec. 31, 2019	Change
Loan assets	32.1.1	270	191	79
Other loan assets		3	3	-
Total		**273**	**194**	**79**

The increase in other non-current financial assets included in debt was mainly due to the grant of a new loan to the joint venture OpEn Fiber SpA, in order to provide the company with the funds needed to carry out the investments provided for in its business plan in relation to the national project for the development of an ultra-broadband fiber-optic network.

16. Other non-current assets - *€128 million*

This item breaks down as follows.

Millions of euro			
	at Dec. 31, 2020	at Dec. 31, 2019	Change
Tax assets	20	9	11
Amounts due from subsidiaries for assumption of supplementary pension plan liabilities	108	118	(10)
Total other non-current assets	**128**	**127**	**1**

Tax assets mainly include the receivable of €11 million deriving from the definitive calculation of withholding tax applied to the dividends of Enel Américas SA for 2019 and paid in 2020, together with the residual amount due in respect of the claim for reimbursement for excess income tax paid as a result of not partially deducting IRAP in calculating taxable income for IRES purposes. These claims were submitted by Enel SpA on its own behalf for 2003 and on its own behalf and as the consolidating company for 2004-2011.

Amounts due from subsidiaries for assumption of supplementary pension plan liabilities refer to amounts due in respect of the assumption by Group companies of their share of the supplementary pension plan. The terms of the agreement state that the Group companies concerned are to reimburse the costs of extinguishing defined benefit obligations of the Parent, which are recognized under employee benefits.

On the basis of actuarial forecasts made using current assumptions, the portion due beyond five years of these amounts due from subsidiaries for assumption of supplementary pension plan liabilities came to €40 million (€53 million at December 31, 2019).

17. Trade receivables - *€241 million*

The item breaks down as follows.

Millions of euro			
	at Dec. 31, 2020	at Dec. 31, 2019	Change
Trade receivables:			
- due from subsidiaries	227	238	(11)
- due from third-party customers	14	17	(3)
Total	241	255	(14)

Trade receivables due from subsidiaries primarily regard the management and coordination services and other activities performed by Enel SpA on behalf of Group companies. Trade receivables from third-party customers concern services of various types.

Trade receivables due from subsidiaries break down as follows.

Millions of euro			
	at Dec. 31, 2020	at Dec. 31, 2019	Change
Subsidiaries			
Enel Brasil SA	42	33	9
e-distribuzione SpA	26	23	3
Enel Global Services Srl	12	-	12
Enel Energia SpA	10	8	2
E-Distribuţie Muntenia SA	9	9	-
EDistribución Redes Digitales SL	8	27	(19)
Vektör Enerjí Üretím AŞ	8	8	-
Enel Russia PJSC	7	13	(6)
E-Distribuţie Banat SA	6	5	1
Endesa SA	6	7	(1)
Enel Green Power SpA	6	13	(7)
Enel Green Power Hellas SA	6	4	2
Enel Distribución Chile SA	6	4	2
E-Distribuţie Dobrogea SA	5	4	1
Enel Green Power Italia Srl	5	-	5
Enel North America Inc.	5	1	4
Enel Produzione SpA	5	6	(1)
Enel Chile SA	4	3	1
Enel Romania Srl	4	4	-
Enel Américas SA	4	6	(2)
Endesa Energía SA	3	3	-
Enel Distribución Perú SAA	3	6	(3)
Enel Generación Perú SAA	3	6	(3)
Enel Global Infrastructure and Networks Srl	3	2	1
Servizio Elettrico Nazionale SpA	2	3	(1)
Endesa Generación SA	2	-	2
Enel Generación Chile SA	2	4	(2)
Enel Green Power Chile SA	2	-	2
Enel Green Power North America Inc.	2	-	2
Enel Italia SpA	2	20	(18)
Gas y Electricidad Generación SAU	2	2	-
Other	17	14	3
Total	**227**	**238**	**(11)**

Trade receivables by geographical segment are shown below.

Millions of euro			
	at Dec. 31, 2020	at Dec. 31, 2019	Change
Italy	73	79	(6)
EU	70	84	(14)
Non-EU Europe	9	14	(5)
Other	89	78	11
Total	**241**	**255**	**(14)**

18. Income tax assets – *€197 million*

Income tax assets at December 31, 2020 amounted to €197 million and essentially regard the Company's IRES credit for estimated current taxes for 2020 (€140 million).

19. Other current financial assets – *€2,650 million*

This item breaks down as follows:

Millions of euro

	Notes	at Dec. 31, 2020	at Dec. 31, 2019	Change
Other current financial assets included in net financial debt	19.1	2,337	2,578	(241)
Other sundry current financial assets		313	305	8
Total		**2,650**	**2,883**	**(233)**

For more information on "other current financial assets included in debt", please see note 19.1.

"Other current financial assets" essentially refer to receivables in respect of Group companies for interest and other fees deriving from financial services contracts amounting to €239 million (€240 million at December 31, 2019), current accrued financial income of €61 million (€48 million at December 31, 2019) and current financial prepaid expense of €11 million (€3 million at December 31, 2019).

19.1 Other current financial assets included in debt – *€2,337 million*

Millions of euro

	Notes	at Dec. 31, 2020	at Dec. 31, 2019	Change
Loan assets due from Group companies:				
- short-term loan assets (intercompany current accounts)	32.1.1	748	1,288	(540)
Loan assets due from others:				
- current portion of long-term loan assets		1	1	-
- other loan assets		4	3	1
- cash collateral for margin agreements on OTC derivatives	32.1.1	1,584	1,286	298
Total		**2,337**	**2,578**	**(241)**

20. Other current assets – *€661 million*

At December 31, 2020, the item broke down as follows.

Millions of euro

	at Dec. 31, 2020	at Dec. 31, 2019	Change
Tax assets	27	21	6
Other amounts due from Group companies	621	758	(137)
Other amounts due	13	17	(4)
Total	**661**	**796**	**(135)**

Tax assets amounted to €27 million and essentially regarded the remaining asset for prepaid VAT for 2020 in the amount of €22 million and assets with respect to prior-year income taxes of €4 million.
Other amounts due from Group companies essentially regard receivables for the interim dividend approved in 2020 by the subsidiaries Enel Iberia SLU and Enel Américas SA (€475 million and €39 million, respectively) and collected in January and February 2021, IRES assets in respect of the Group companies participating in the consolidated taxation mechanism (€77 million) and VAT assets in respect of companies participating in the Group VAT mechanism (€29 million).
Other amounts due, equal to €13 million at December 31, 2020, decreased by €4 million compared with 2019 (€17 million).

21. Cash and cash equivalents - *€2,127 million*

Cash and cash equivalents break down as follows.

Millions of euro	at Dec. 31, 2020	at Dec. 31, 2019	Change
Bank and post office deposits	2,127	4,153	(2,026)
Cash and cash equivalents on hand	-	-	-
Total	**2,127**	**4,153**	**(2,026)**

Cash and cash equivalents amounted to €2,127 million, a decrease of €2,026 million compared with December 31, 2019, due to the combined effect of extraordinary transactions during the year involving investments in companies, a reduction in cash inflows from dividends following the transfer of the Italian companies and cash outflows associated with financing activities, partly offset by cash flows generated by ordinary operations.

In 2020, financing activities absorbed cash flows of €2,741 million. This mainly reflected the net decrease in borrowings (€5,638 million), the payment of dividends (€3,334 million) and repayments of long-term loans (€1,346 million), partly offset by new long-term borrowing (€7,001 million) and the liquidity generated by the issue of perpetual hybrid bonds (€588 million).

Investing activities absorbed liquidity of €3,784 million and essentially reflected the increase in the equity investments in the Chilean subsidiaries Enel Américas SA and Enel Chile SA following the settlement of share swap transactions (€876 million for Enel Américas SA and €149 million for Enel Chile SA), the recapitalization of Enel Green Power SpA for a total of €4,100 million, capital contributions to the joint venture OpEn Fiber SpA of €113 million, partly offset by the liquidity generated by the reorganization of Italian investments and in North America for a total of €1,525 million.

The cash requirements of financing and investing activities were funded both by the contribution of the cash flows generated by operating activities, which were a positive €4,499 million (€3,995 million in 2019) and essentially reflected the receipt of dividends from investees (€3,139 million), which decreased compared with 2019 as a result of the transfer of the interests in the Italian companies, and the use of cash and cash equivalents, which at December 31, 2020 amounted to €2,127 million (€4,153 million at January 1, 2020).

22. Non-current assets classified as held for sale - *€669 million*

Non-current assets classified as held for sale include the investment held in the joint venture OpEn Fiber in the amount of €669 million. It was reclassified to this item following receipt of a binding offer from Macquarie Infrastructure & Real Assets (MIRA) for the purchase 50% of the share capital of OpEn Fiber SpA held by Enel.
The Company's Board of Directors, which met on 17 December, resolved to initiate procedures for the sale of between 40% and 50% of the capital held.

Liabilities and equity

23. Equity - *€30,743 million*

Equity amounted to €30,743 million, up €1,157 million compared with December 31, 2019.

The change is mainly attributable to:

> profit for the year (€2,266 million);
> the distribution of the balance of the dividend for 2019 in the amount of €0.168 per share (for a total of €1,708 million), as approved by the shareholders on May 14, 2020, and the interim dividend for 2020 approved by the Board of Directors on November 5, 2020, and paid as from January 20, 2021 (€0.175 per share, for a total of €1,779 million);
> the issue of perpetual hybrid bonds in the amount of €592 million and the transformation of three outstanding hybrid bonds into hybrid equity instruments by way of amendments to their terms and conditions in the amount of €1,794 million, net of transaction costs.

Share capital - *€10,167 million*

At December 31, 2020, the fully subscribed and paid-up share capital of Enel SpA totaled €10,166,679,946, represented by the same number of ordinary shares with a par value of €1.00 each.

The share capital is unchanged compared with the amount reported at December 31, 2019.

At December 31, 2020, based on the shareholders register and the notices submitted to CONSOB and received by the Company pursuant to Article 120 of Legislative Decree 58 of February 24, 1998, as well as other available information, shareholders with interests of greater than 3% in the Company's share capital were the Ministry for the Economy and Finance (with a 23.585% stake), BlackRock Inc. (with a 5.081% stake held for asset management purposes) and Capital Research and Management Company (with a 5.029% stake held for asset management purposes).

Treasury share reserve - *€(3) million*

At December 31, 2020, treasury shares are represented by 3,269,152 ordinary shares of Enel SpA with a par value of €1.00 each (1,549,152 at December 31, 2019), purchased through a qualified intermediary for a total amount of €23 million.

The difference between the price paid and the par value is recognized as a reduction in equity through the share premium reserve.

On May 14, 2020, the Shareholders approved the Long-Term Incentive Plan for 2020 (2020 LTI Plan) intended for the management of Enel SpA and/or its subsidiaries pursuant to Article 2359 of the Civil Code, granting the Board of Directors all the powers necessary to implement the Plan.

On July 29, 2020, the Company's Board of Directors, in implementation of the authorization granted and in compliance with the terms and conditions, approved the start of a share buyback program for 1,720,000 shares in support of the 2020 LTI Plan, equal to 0.016918% of Enel's share capital. In the year from September 3 to October 28, 2020, the Company acquired those shares at a weighted average price of €7.4366 per share for a total amount of about €13 million.

The treasury shares purchased to serve the 2020 LTI Plan join the shares purchased to serve the 2019 Long-Term Incentive Plan, which numbered 1,549,152 at a weighted average price of €6.7779 per share for a total of €10 million.

In accordance with Article 2357-*ter*, paragraph 2, of the Civil Code, treasury shares do not participate in the distribution of the dividend.

Perpetual hybrid bonds - *€2,386 million*

The item comprises the nominal value, net of transaction costs, of the non-convertible subordinated perpetual hybrid bond denominated in euros intended for institutional investors, issued in September in the total amount of €592 million.

It also includes the non-convertible subordinated hybrid bonds issued by the Company that were involved in the consent solicitation operation launched in October and concluded in November in order to align the terms and conditions of these bonds with the terms and conditions of the non-convertible subordinated perpetual hybrid bond indicated above.

These bonds, which can be classified as equity instruments, are recognized net of transaction costs in the total amount of €1,794 million.

Other reserves - *€11,300 million*

Share premium reserve - *€7,476 million*

The share premium reserve at December 31, 2020, was equal to €7,476 million, a decrease of €11 million on the previous year, reflecting the purchase of treasury shares to serve the 2020 LTI Plan.

Legal reserve - *€2,034 million*

The legal reserve, equal to 20.0% of share capital, is unchanged compared with the previous year.

Reserve pursuant to Law 292/1993 – *€2,215 million*

The reserve shows the remaining portion of the adjustments carried out when Enel was transformed from a public entity to a joint-stock company.

In the case of a distribution of this reserve, the tax treatment for capital reserves as defined by Article 47 of the Consolidated Income Tax Code shall apply.

Other sundry reserves – *€73 million*

Other reserves include €19 million related to the reserve for capital grants, which reflects 50% of the grants received from Italian public entities and EU bodies in application of related laws for new works (pursuant to Article 55 of Presidential Decree 917/1986), which is recognized in equity in order to take advantage of tax deferment benefits. It also includes €29 million in respect of the stock option reserve and €20 million for other reserves.

The item also includes the reserves established to recognize the value of the share component assigned to employees of the Company and its subsidiaries under the 2019 and 2020 Long Term Incentive Plans in the amount of €5 million.

Hedging reserves – *€(459) million*

At December 31, 2020, these reserves include the hedging reserve and the hedging costs reserve and amounted to €459 million (net of the positive tax effect of €145 million).

Actuarial reserve – *€(39) million*

At December 31, 2020, actuarial reserve amounted to €39 million (net of the positive tax effect of €10 million). The reserve includes actuarial gains and losses recognized directly in equity, as the corridor approach is no longer permitted under the new version of "IAS 19 – Employee Benefits".

The table below provides a breakdown of changes in the hedging and actuarial reserves in 2019 and 2020.

Millions of euro	at Jan. 1, 2019	Gross gains/(losses) recognized in equity during the year	Gross released to profit or loss	Taxes	Other changes	at Dec. 31, 2019	Gross gains/(losses) recognized in equity during the year	Gross released to profit or loss	Taxes	Other changes	at Dec. 31, 2020
Hedging reserve	(275)	205	(328)	20	(12)	(390)	(214)	17	147	(3)	**(443)**
Hedging costs reserve	(53)	23	-	8	-	(22)	8	(2)	-	-	**(16)**
Reserve from measurement of financial assets at FVOCI	11	-	-	-	-	11	-	-	-	(11)	**-**
Actuarial reserve	(32)	(7)	-	2	-	(37)	(2)	-	-	-	**(39)**
Gains/(Losses) recognized directly in equity	**(349)**	**221**	**(328)**	**30**	**(12)**	**(438)**	**(527)**	**15**	**147**	**(14)**	**(498)**

Retained earnings – *€6,346 million*

For 2020, the item shows an increase of €1,457 million, reflecting the resolution of the Shareholders' Meeting of May 14, 2020, which provided for the allocation to retained earnings of the remainder of the profit for 2019.

Profit for the year – €547 million

Profit for 2020, net of the interim dividend for 2020 of €0.175 per share (for a total of €1,779 million), amounted to €547 million.

The table below shows the availability of reserves for distribution.

Millions of euro			
	at Dec. 31, 2020	Possible uses	Amount available
Share capital	10,167		
Capital reserves:			
– share premium reserve	7,476	ABC	7,476
– treasury share reserve	(3)		
– equity instruments – perpetual hybrid bonds	2,386		
Income reserves:			
– legal reserve	2,034	B	
– reserve pursuant to Law 292/1993	2,215	ABC	2,215
– hedging reserve	(459)		
– reserve from measurement of financial assets at FVOCI	-		
– reserve for capital grants	19	ABC	19
– stock option reserve	29	ABC	29 [(1)(2)]
– reserve for share component of LTI	5		
– actuarial reserve	(39)		
– other	20	ABC	20
Retained earnings/(Loss carried forward)	6,346	ABC	6,346
Total	**30,196**		**16,105**
of which amount available for distribution			*16,102*

A: for capital increases.
B: to cover losses.
C: for distribution to shareholders.
(1) Regards lapsed options.
(2) Not distributable in the amount of €3 million regarding options granted by the Parent to employees of subsidiaries that have lapsed.

There are no restrictions on the distribution of the reserves pursuant to Article 2426, paragraph 1(5), of the Italian Civil Code since there are no unamortized start-up and expansion costs or research and development expenditure, or departures pursuant to Article 2423, paragraph 4, of the Civil Code.

It should be noted that, in the three previous years, the available reserve denominated "retained earnings" has been used in the amount of €142 million for the distribution of dividends to shareholders.

Enel's goals in capital management are focused on the creation of value for shareholders, safeguarding the interests of stakeholders and ensuring business continuity, as well as on maintaining sufficient capitalization to ensure cost-effective access to outside sources of financing, so as to adequately support growth in the Group's business.

23.1 Dividends

The table below shows the dividends paid by the Company in 2019 and 2020.

	Amount distributed (in millions of euro)	Dividend per share (in euro)
Dividends paid in 2019		
Dividends for 2018	2,847	0.28
Interim dividend for 2019 (1)	-	-
Special dividends	-	-
Total dividends paid in 2019	**2,847**	**0.28**
Dividends paid in 2020		
Dividends for 2019	3,334	0.328
Interim dividend for 2020 (2)	-	-
Special dividends	-	-
Total dividends paid in 2020	**3,334**	**0.328**

(1) Approved by the Board of Directors on November 12, 2019, and paid as from January 22, 2020 (interim dividend per share of €0.16 for a total of €1,627 million).
(2) Approved by the Board of Directors on November 5, 2020, and paid as from January 20, 2021 (interim dividend per share of €0.175 for a total of €1,779 million).

The dividend for 2020, equal to €0.358 per share, amounting to a total of €3,640 million (of which €0.175 per share, for a total of €1,779 million as an interim dividend), is to be proposed at the Shareholders' Meeting of May 20, 2021, at a single call.
These separate financial statements do not reflect the effects of the distribution of this dividend for 2020 to shareholders, with the exception of liabilities due to shareholders for the 2020 interim dividend approved by the Board of Directors on November 5, 2020, in the maximum potential amount of €1,779 million and paid as from January 20, 2021, net of the amount pertaining to the 3,269,152 treasury shares held as at the record date of January 19, 2021.

23.2 Capital management

The Company's objectives for managing capital comprise safeguarding the business as a going concern, creating value for stakeholders and supporting the development of the Group. In particular, the Company seeks to maintain an adequate capitalization that enables it to achieve a satisfactory return for shareholders and ensure access to external sources of financing, in part by maintaining an adequate rating.
In this context, the Company manages its capital structure and adjusts that structure when changes in economic conditions so require. There were no substantive changes in objectives, policies or processes in 2020.
To this end, the Company constantly monitors developments in the level of its debt in relation to equity. The situation at December 31, 2020 and 2019, is summarized in the following table.

Millions of euro	at Dec. 31, 2020	at Dec. 31, 2019	Change
Non-current financial debt	(17,297)	(14,206)	(3,091)
Net current financial debt	(1,659)	(2,738)	1,079
Non-current financial assets and long-term securities	273	194	79
Net financial debt	**(18,683)**	**(16,750)**	**(1,933)**
Equity	**30,743**	**29,586**	**1,157**
Debt/equity ratio	**(0.61)**	**(0.57)**	**(0.04)**

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24. Borrowings - *€17,297 million, €820 million, €5,303 million*

Millions of euro	Non-current		Current	
	at Dec. 31, 2020	at Dec. 31, 2019	at Dec. 31, 2020	at Dec. 31, 2019
Long-term borrowings	17,297	14,206	820	1,102
Short-term borrowings	-	-	5,303	8,367

For more details about the nature, recognition and classification of borrowings, please see note 32. "Financial instruments".

25. Employee benefits - *€200 million*

The Company provides its employees with a variety of benefits, including deferred compensation benefits, additional months' pay, indemnities in lieu of notice, loyalty bonuses, supplementary pension plans, supplementary healthcare plans, additional indemnity for FOPEN pension contributions, FOPEN pension contributions in excess of deductible amount and personnel incentive plans.

The item includes accruals made to cover post-employment benefits under defined benefit plans and other long-term benefits to which employees are entitled by law, by contract, or under other forms of employee incentive schemes.

These obligations, in accordance with IAS 19, were determined using the projected unit credit method.

The following table reports the change during the year in the defined benefit obligation, as well as a reconciliation of the defined benefit obligation with the obligation recognized at December 31, 2020 and December 31, 2019.

Millions of euro	2020				2019			
	Pension benefits	Health insurance	Other benefits	Total	Pension benefits	Health insurance	Other benefits	Total
CHANGES IN ACTUARIAL OBLIGATION								
Actuarial obligation at January 1	**166**	**35**	**15**	**216**	**174**	**40**	**17**	**231**
Current service cost	-	1	14	**15**	-	-	7	**7**
Interest expense	1	-	-	**1**	2	-	-	**2**
Actuarial (gains)/losses arising from changes in demographic assumptions	1	-	-	**1**	-	-	-	**-**
Actuarial (gains)/losses arising from changes in financial assumptions	1	-	-	**1**	6	-	-	**6**
Experience adjustments	2	(2)	-	**-**	5	(3)	-	**2**
Past service cost	-	-	-	**-**	-	-	-	**-**
(Gains)/Losses arising from settlements	-	-	-	**-**	-	-	-	**-**
Employer contributions	-	-	-	**-**	-	-	-	**-**
Contributions from plan participants	-	-	-	**-**	-	-	-	**-**
Payments for closures	-	-	-	**-**	-	-	-	**-**
Other payments	(20)	(2)	(10)	**(32)**	(21)	(2)	(9)	**(32)**
Other changes	-	-	(2)	**(2)**	-	-	-	**-**
Actuarial obligation at December 31	**151**	**32**	**17**	**200**	**166**	**35**	**15**	**216**

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Millions of euro		
	2020	**2019**
(Gains)/Losses taken to profit or loss		
Service cost	15	7
Interest expense	1	2
(Gains)/Losses arising from settlements	-	-
Total	**16**	**9**

Millions of euro		
	2020	**2019**
Remeasurement (gains)/losses in OCI		
Actuarial (gains)/losses on defined benefit plans	2	8
Other changes	-	-
Total	**2**	**8**

The current service cost for employee benefits in 2020 amounted to €15 million (€7 million in 2019), recognized under personnel expenses, while the interest expense from the discounting of the liability amounted to €1 million (€2 million in 2019). These costs decreased with respect to 2019, mainly due to the transfer of the "Italy" business unit on January 1, 2020.

The main actuarial assumptions used to calculate the liabilities arising from employee benefits, which are consistent with those used the previous year, are set out below.

	2020	**2019**
Discount rate	0.00 %-0.50 %	0.00 %-0.70 %
Rate of wage increases	0.50 %-2.50 %	0.70 %-2.70 %
Rate of increase in healthcare costs	1.50 %	2.50 %

The following table reports the outcome of a sensitivity analysis that demonstrates the effects on the liability for healthcare plans as a result of changes reasonably possible at the end of the year in the actuarial assumptions used in estimating the obligation.

Millions of euro

	An increase of 0.5% in discount rate	**A decrease of 0.5% in discount rate**	**An increase of 0.5% in inflation rate**	**An increase of 0.5% in remuneration**	**An increase of 0.5% in pensions currently being paid**	**An increase of 1% in healthcare costs**	**An increase of 1 year in life expectancy of active and retired employees**
Healthcare plans: ASEM	(2)	2	(2)	-	-	5	34

26. Provisions for risks and charges - *€25 million*

Provisions for risks and charges cover probable potential liabilities that could arise from legal proceedings and other disputes, without considering the effects of rulings that are expected to be in the Company's favor and those for which any charge cannot be quantified with reasonable certainty. In determining the balance of the provision, we have taken account of both the charges that are expected to result from court rulings and other dispute settlements for the year and an update of the estimates for positions arising in previous years.

The following table shows changes in provisions for risks and charges.

Millions of euro	at Dec. 31, 2019	Taken to profit or loss: Accruals	Taken to profit or loss: Reversals	Utilization	Other changes	Total at Dec. 31, 2020	*of which current portion*
Provision for litigation, risks and other charges:							
- litigation	4	2	(1)	-	-	5	*2*
- other	6	-	-	-	-	6	*4*
Total	**10**	**2**	**(1)**	**-**	**-**	**11**	***6***
Provision for early retirement incentives	18	2	-	(6)	-	14	*5*
TOTAL PROVISIONS FOR RISKS AND CHARGES	**28**	**4**	**(1)**	**(6)**	**-**	**25**	***11***

The increase in the provision for litigation, in the amount of €1 million, essentially reflects the estimated charge for litigation arising during the year and the updating of existing positions from previous years.
This provision mainly regards labor disputes.
Other provisions for risks and charges, equal to €6 million, are unchanged on the previous year.
The decrease in the provision for early retirement incentives, equal to €4 million, reflects uses during the year.

27. Other non-current liabilities - *€19 million*

Other non-current liabilities amounted to €19 million (€21 million at December 31, 2019). They essentially regard the debt towards Group companies that initially arose following Enel SpA's application (submitted in its capacity as the consolidating company) for reimbursement for 2004-2011 of the additional income taxes paid as a result of not deducting part of IRAP in computing taxable income for IRES purposes. The liability in respect of the subsidiaries is balanced by the recognition of non-current tax assets (note 16).
The item also includes the non-current portion of deferred income in respect of up-fronts made at the time of the establishment of a number of hedging derivative positions in the amount of €8 million (€10 million at December 31, 2019) in previous years, which are released to profit or loss on the basis of the amortization plan for the entire duration of the derivative itself.

28. Trade payables - *€92 million*

Millions of euro	at Dec. 31, 2020	at Dec. 31, 2019	Change
Trade payables:			
- due to third parties	43	43	-
- due to Group companies	49	41	8
Total	**92**	**84**	**8**

Trade payables mainly include payables for the provision of services and other activities performed in 2020, and comprise payables due to third parties of €43 million (€43 million at December 31, 2019) and payables due to Group companies of €49 million (€41 million at December 31, 2019).
Trade payables due to subsidiaries at December 31, 2020 break down as follows.

Millions of euro	at Dec. 31, 2020	at Dec. 31, 2019	Change
Subsidiaries			
Enel Italia SpA	7	10	(3)
Enel Global Infrastructure and Networks Srl	6	3	3
Enel Innovation Hubs Srl	6	-	6
Enel Global Services Srl	5	-	5
Enel Green Power SpA	4	1	3
Enel Iberia Srl	4	4	-
Endesa SA	2	4	(2)
Enel Global Trading SpA	1	9	(8)
Enel Produzione SpA	1	1	-
Other	13	9	4
Total	**49**	**41**	**8**

Trade payables break down by geographical segment as follows.

Millions of euro	at Dec. 31, 2020	at Dec. 31, 2019	Change
Suppliers:			
Italy	68	63	5
EU	19	15	4
Non-EU Europe	1	1	-
Other	4	5	(1)
Total	**92**	**84**	**8**

29. Other current financial liabilities – *€228 million*

Other current financial liabilities mainly regard interest expense accrued on debt outstanding at year end.

Millions of euro	Notes	at Dec. 31, 2020	at Dec. 31, 2019	Change
Deferred financial liabilities	32.2.1	216	225	(9)
Other items	32.2.1	12	9	3
Total		**228**	**234**	**(6)**

More specifically, deferred financial liabilities mainly consist of interest expense accrued on financial debt, while the other items essentially include amounts due to banks and Group companies that accrued as of December 31, 2020, but were to be settled in the following year, comprising financial expense on hedge derivatives on commodity exchange rates entered into on behalf of Group companies.

30. Net financial position and long-term financial assets and securities - *€18,683 million*

The following table shows the net financial position and long-term financial assets and securities on the basis of the items on the statement of financial position.

Millions of euro	Notes	at Dec. 31, 2020	at Dec. 31, 2019	Change
Long-term borrowings	24	17,297	14,206	3,091
Short-term borrowings	24	5,303	8,367	(3,064)
Current portion of long-term borrowings	24	820	1,102	(282)
Other non-current financial assets included in debt	15.1	273	194	79
Other current financial assets included in debt	19.1	2,337	2,578	(241)
Cash and cash equivalents	21	2,127	4,153	(2,026)
Total		**18,683**	**16,750**	**1,933**

Pursuant to the CONSOB instructions of July 28, 2006, the following table reports the net financial debt at December 31, 2020, reconciled with net financial debt as reported in the Report on Operations.

Millions of euro	at Dec. 31, 2020		at Dec. 31, 2019		Change
		of which with related parties		*of which with related parties*	
Bank and post office deposits	2,127		4,153		(2,026)
Liquidity	**2,127**		**4,153**		**(2,026)**
Current loan assets	**2,337**	***748***	**2,578**	***1,288***	**(241)**
Short-term bank borrowings	(4)		(130)		126
Current portion of long-term bank borrowings	(820)		(1,102)		282
Other short-term borrowings	(5,299)	*(5,057)*	(8,237)	*(7,834)*	2,938
Current financial debt	**(6,123)**		**(9,469)**		**3,346**
Net current financial debt	**(1,659)**		**(2,738)**		**1,079**
Long-term bank borrowings	(1,000)		(402)		(598)
Bonds	(5,139)		(7,707)		2,568
Non-bank financing (leases)	(1)		(1)		-
Other long-term borrowings	(11,157)		(6,096)		(5,061)
Long-term borrowings	**(17,297)**		**(14,206)**		**(3,091)**
Non-current financial debt	**(17,297)**		**(14,206)**		**(3,091)**
NET FINANCIAL DEBT as per CONSOB instructions	**(18,956)**		**(16,944)**		**(2,012)**
Non-current financial assets	**273**	***270***	**194**	***191***	**79**
NET FINANCIAL DEBT	**(18,683)**		**(16,750)**		**(1,933)**

31. Other current liabilities - *€2,154 million*

Millions of euro	at Dec. 31, 2020	at Dec. 31, 2019	Change
Tax liabilities	184	337	(153)
Amounts due to Group companies	158	159	(1)
Amounts due to employees, recreational/assistance associations	17	17	-
Amounts due to social security institutions	7	7	-
Amounts due to customers for security deposits and reimbursements	1	2	(1)
Other	1,787	1,687	100
Total	**2,154**	**2,209**	**(55)**

Tax liabilities amounted to €184 million and essentially regard amounts due to tax authorities for consolidated IRES (€179 million).

Amounts due to Group companies amounted to €158 million. They consist of €106 million in payables in respect of the IRES liability under the consolidated taxation mechanism (€44 million at December 31, 2019) and €51 million in respect of Group VAT (€110 million at December 31, 2019). The decrease of €1 million reflects developments in the debtor positions noted above.

The item "other", equal to €1,787 million, includes the liability for dividends to be paid to shareholders in the amount of €1,779 million, due essentially to the liability for the interim dividend for 2020, which was approved by the Board of Directors of Enel SpA on November 5, 2020 and paid as from January 20, 2021 (€0.175 per share for 2020 and €0.16 per share for 2019).

32. Financial instruments

32.1 Financial assets by category

The following table shows the carrying amount for each category of financial assets provided by IFRS 9, broken down into current and non-current financial assets, showing separately hedging derivatives and derivatives measured at fair value through profit or loss.

Millions of euro		Non-current		Current	
	Notes	at Dec. 31, 2020	at Dec. 31, 2019	at Dec. 31, 2020	at Dec. 31, 2019
Financial assets at amortized cost	32.1.1	**273**	**194**	**5,460**	**7,793**
Financial assets at FVOCI	32.1.2				
Equity investments in other companies		5	17	-	-
Total Financial assets at FVOCI		**5**	**17**	**-**	**-**
Financial assets at FVTPL					
Derivative financial assets at FVTPL	34	323	340	128	143
Total financial assets at FVTPL		**323**	**340**	**128**	**143**
Derivative financial assets designated as hedging instruments					
Cash flow hedge derivatives	34	567	605	-	-
Total derivative financial assets designated as hedging instruments		**567**	**605**	**-**	**-**
TOTAL		**1,168**	**1,156**	**5,588**	**7,936**

For more details on the recognition and classification of current and non-current derivative financial assets, please see note 34 "Derivatives and hedge accounting".

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32.1.1 Financial assets at amortized cost

The following table shows loans assets and financial assets by nature, broken down into current and non-current financial assets.

Millions of euro		Non-current			Current	
	Notes	at Dec. 31, 2020	at Dec. 31, 2019	Notes	at Dec. 31, 2020	at Dec. 31, 2019
Cash and cash equivalents		**-**	**-**	21	**2,127**	**4,153**
Trade receivables		**-**	**-**	17	**241**	**255**
Loan assets from Group companies						
Loan assets on intercompany current accounts		-	-	19.1	748	1,288
Other financial assets		-	-		239	240
Total financial assets from Group companies		**-**	**-**		**987**	**1,528**
Loan assets from others						
Loan assets	15.1	270	191		-	-
Current portion of long-term loan assets		-	-		1	1
Cash collateral for margin agreements on OTC derivatives		-	-	19.1	1,584	1,286
Other financial assets		3	3		5	10
Total financial assets from others		**273**	**194**		**1,590**	**1,297**
Other financial assets		**-**	**-**		**515**	**560**
TOTAL		**273**	**194**		**5,460**	**7,793**

The main changes compared with 2019 regarded:

> a decrease of €2,026 million in cash and cash equivalents, due to the combined effect of extraordinary transactions during the year involving investments in companies, a reduction in cash inflows from dividends following the transfer of the Italian companies and cash outflows associated with financing activities, partly offset by cash flows generated by ordinary operations;
> a decrease of €541 million in loans assets from Group companies, reflecting the change in loan assets on the intercompany current account held with Group companies;
> an increase of €298 million in cash collateral paid to counterparties in derivatives transactions;
> a decrease of €45 million in other financial assets, reflecting the change in dividends to be collected from subsidiaries.

Impairment losses on financial assets at amortized cost

Financial assets measured at amortized cost at December 31, 2020 amounted to €5,733 million and are recognized net of allowances for expected credit losses, which totaled €11 million at December 31, 2020.

No significant expected loss was found in the impairment testing of cash and cash equivalents and other financial assets.

The expected credit loss (ECL) – determined considering probability of default (PD), loss given default (LGD), and exposure at default (EAD) – is the difference between all contractual cash flows that are due in accordance with the contract and all cash flows that are expected to be received (i.e., all shortfalls) discounted at the original effective interest rate.

The assessment of the increase in credit risk may be performed on:

> an individual basis, if the assets have been individually identified for impairment based on available information;
> a collective basis on other cases.

The following table shows the expected losses for each class of financial asset measured at amortized cost.

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Millions of euro						
	at Dec. 31, 2020			at Dec. 31, 2019		
	Gross carrying amount	Allowance for credit expected losses	Total	Gross carrying amount	Allowance for expected credit losses	Total
Cash and cash equivalents	2,127	-	2,127	4,153	-	4,153
Trade receivables	246	5	241	260	5	255
Loan assets from Group companies	987	-	987	1,529	1	1,528
Loan assets from others	1,869	6	1,863	1,497	6	1,491
Other receivables	515	-	515	560	-	560
Total	**5,744**	**11**	**5,733**	**7,999**	**12**	**7,987**

The following table shows changes in the allowance for expected credit losses on financial assets and trade receivables.

Millions of euro	Allowance for expected losses					
	Financial assets			Trade receivables		
	Individual	Collective	Total	Individual	Collective	Total
Jan. 1, 2019 IFRS 9	**7**	**-**	**7**	**-**	**5**	**5**
Impairment losses	-	-	-	-	-	-
Utilization	-	-	-	-	-	-
Reversals	-	-	-	-	-	-
Total at Dec. 31, 2019 IFRS 9	**7**	**-**	**7**	**-**	**5**	**5**
Impairment losses	-	-	-	-	1	1
Utilization	-	-	-	-	-	-
Reversals	2	-	2	-	-	-
Total at Dec. 31, 2020 IFRS 9	**5**	**-**	**5**	**-**	**6**	**6**

32.1.2 Financial assets at fair value through other comprehensive income (FVOCI)

This category mainly includes equity investments in unlisted companies irrevocably designated as such at the time of initial recognition.

Equity investments in other companies, equal to €5 million, are essentially represented by the equity investment held by Enel SpA in Empresa Propietaria de la Red SA.

At December 31, 2020 the fair value of the investment was impaired by €12 million to take account of developments in financial projections for 2021-2042.

32.1.3 Financial assets at fair value through to profit or loss (FVTPL)

This category exclusively includes current and non-current derivatives used mainly to hedge the debt of the Group companies. See note 34.2 "Derivatives at fair value through profit or loss" for more information.

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32.2 Financial liabilities by category

The following table shows the carrying amount for each category of financial liabilities provided by IFRS 9, broken down into current and non-current financial liabilities, showing separately hedging derivatives and derivatives measured at fair value through profit or loss.

Millions of euro		Non-current		Current	
	Notes	at Dec. 31, 2020	at Dec. 31, 2019	at Dec. 31, 2020	at Dec. 31, 2019
Financial liabilities measured at amortized cost	32.2.1	**17,297**	**14,206**	**8.007**	**11,192**
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities at FVTPL	34	324	342	218	178
Total		**324**	**342**	**218**	**178**
Derivative financial liabilities designated as hedging instruments					
Cash flow hedge derivatives	34	1,439	1,194	40	5
Total		**1,439**	**1,194**	**40**	**5**
TOTAL		**19,060**	**15,742**	**8,265**	**11,375**

For more details on the recognition and classification of current and non-current derivative financial liabilities, please see note 34 "Derivatives and hedge accounting".

For more details about fair value measurement, please see note 35 "Fair value measurement".

32.2.1 Financial liabilities measured at amortized cost

The following table shows financial liabilities at amortized cost by nature, broken down into current and non-current financial liabilities.

Millions of euro		Non-current			Current	
	Notes	at Dec. 31, 2020	at Dec. 31, 2019	Notes	at Dec. 31, 2020	at Dec. 31, 2019
Long-term borrowings	24	17,297	14,206		820	1,102
Short-term borrowings		-	-	24	5,303	8,367
Trade payables		-	-	28	92	84
Other current liabilities		-	-	31	1,792	1,639
Total		**17,297**	**14,206**		**8,007**	**11,192**

Other current liabilities include the liability for the interim dividend to be paid to shareholders in the amount of €1,779 million, due essentially to the liability for the interim dividend for 2020, which was approved by the Board of Directors of Enel SpA on November 5, 2020 and paid as from January 20, 2021 (€0.175 per share for 2020 and €0.16 per share for 2019).

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Borrowings

Long-term borrowings (including the portion falling due within 12 months) - *€18,117 million*

Long-term borrowings, which refer to bonds, bank borrowings and loans from Group companies, denominated in euros and other currencies, including the portion falling due within 12 months (equal to €820 million), amounted to €18,117 million at December 31, 2020.

The following table shows the nominal values, carrying amounts and fair values of long-term borrowings at December 31, 2020, including the portion falling due within 12 months, grouped by type of borrowing and type of interest rate. For listed debt instruments, the fair value is given by official prices. For unlisted debt instruments, fair value is determined using valuation techniques appropriate for each category of financial instrument and the associated market data for the reporting date, including the credit spreads of the Group.

Millions of euro	Nominal value	Carrying amount	Current portion	Portion due in more than 12 months	Fair value	Nominal value	Carrying amount	Current portion	Portion due in more than 12 months	Fair value	Carrying amount
	at Dec. 31, 2020					at Dec. 31, 2019					Change
Bonds:											
- fixed rate	4,619	4,545	278	4,267	5,804	7,735	7,602	878	6,725	9,073	(3,057)
- floating rate	982	982	110	872	1,047	1,010	1,010	27	982	966	(28)
Total	**5,601**	**5,527**	**388**	**5,139**	**6,851**	**8,745**	**8,612**	**905**	**7,707**	**10,039**	**(3,085)**
Bank borrowings:											
- fixed rate	-	-	-	-	-	-	-	-	-	-	-
- floating rate	1,385	1,385	385	1,000	1,398	552	552	150	402	554	833
Total	**1,385**	**1,385**	**385**	**1,000**	**1,398**	**552**	**552**	**150**	**402**	**554**	**833**
Other financing:											
- under fixed-rate leases	2	2	1	1	2	2	2	1	1	2	-
Total	**2**	**2**	**1**	**1**	**2**	**2**	**2**	**1**	**1**	**2**	**-**
Loans from Group companies:											
- fixed rate	5,558	5,558	-	5,558	5,992	2,300	2,300	-	2,300	2,655	3,258
- floating rate	5,645	5,645	46	5,599	5,706	3,841	3,841	46	3,796	4,023	1,804
- under fixed-rate leases	-	-	-	-	-	1	1	-	-	1	(1)
Total	**11,203**	**11,203**	**46**	**11,157**	**11,698**	**6,142**	**6,142**	**46**	**6,096**	**6,679**	**5,061**
Total fixed-rate borrowings	**10,179**	**10,105**	**279**	**9,826**	**11,796**	**10,038**	**9,905**	**879**	**9,026**	**11,731**	**200**
Total floating-rate borrowings	**8,012**	**8,012**	**541**	**7,471**	**8,151**	**5,403**	**5,403**	**223**	**5,180**	**5,543**	**2,609**
TOTAL	**18,191**	**18,117**	**820**	**17,297**	**19,949**	**15,441**	**15,308**	**1,102**	**14,206**	**17,274**	**2,809**

For more details about the maturity analysis of borrowings, please see note 33 "Risk management", while for more about fair value measurement inputs, please see note 35 "Fair value measurement".

The table below shows long-term borrowings by currency and interest rate.

LONG-TERM BORROWINGS BY CURRENCY AND INTEREST RATE

Millions of euro		Carrying amount	Nominal value	Current average nominal interest rate	Current effective interest rate
	at Dec. 31, 2019	at Dec. 31, 2020			at Dec. 31, 2020
Euro	**12,268**	**15,996**	**16,052**	**2.2%**	**2.2%**
US dollar	1,305	1,197	1,204	7.6%	8.0%
Pound sterling	1,735	924	935	6.0%	6.2%
Total non-euro currencies	**3,040**	**2,121**	**2,139**		
TOTAL	**15,308**	**18,117**	**18,191**		

The table below reports changes in the nominal value of long-term debt.

Millions of euro	Nominal value	Repayments	New borrowing	Other	Exchange differences	Nominal value
	at Dec. 31, 2019					at Dec. 31, 2020
Bonds	8,745	(1,148)	-	(1,797)	(199)	5,601
Bank borrowings	552	(150)	1,000	-	(17)	1,385
Non-bank financing	2	(1)	1	-	-	2
Loans from Group companies	6,142	(46)	6,000	(893)	-	11,203
Total	**15,441**	**(1,345)**	**7,001**	**(2,690)**	**(216)**	**18,191**

Compared with December 31, 2020, the nominal value of long-term debt shows an overall increase of €2,750 million, mainly due to:

> an increase in bank borrowings generated by the signing of a new loan agreement of €1,000 million, in line with the "Sustainability-Linked Financing Framework", only partially offset by the repayment of a €150 million floating-rate loan falling due in April 2020;

> an increase in loans from Group companies for three new loan agreements with Enel Finance International in the total amount of €6,000 million, only partially offset by other changes in intercompany loans. Other changes regard the transfer of loans to Enel Italia SpA in the amount of €2,250 million as part of the transfer of the Italy business unit, net of the acquisition of loans from Enel Green Power SpA following the partial spin-off of the North America business unit.

Note that other changes amounting to €1,797 million regard three non-convertible subordinated hybrid bonds in euro, issued by the Company in 2013 and 2018, that in 2020 were involved in the consent solicitation transaction to align the terms and conditions of these bonds with those of the non-convertible subordinated perpetual hybrid bond issued by Enel on September 1, 2020. The modification of the terms and conditions led to a change in the accounting treatment of these bonds, which are now recognized as equity instruments.
The table below reports the characteristics of the bank borrowings obtained in 2020.

NEW BORROWINGS

Type of loan	Issuer	Issue date	Amount financed (millions of euro)	Currency	Interest rate (%)	Type of interest rate	Due date
Bank borrowings							
	Enel SpA	26.10.2020	500	€	Euribor 6M + 1%	Floating rate	15.10.2026
	Enel SpA	27.11.2020	500	€	Euribor 6M + 1%	Floating rate	15.10.2026
Total			**1,000**				

In October 2020, Enel signed a €1,000 million loan agreement with a pool of banks for a 6-year "Sustainability-Linked Loan" linked to the achievement of the Group's sustainability target for installed renewables capacity as a proportion of total installed capacity.

The main long-term borrowings of Enel SpA are governed by covenants that are commonly adopted in international business practice. These borrowings are mainly represented by the bond issues carried out within the framework of the Global/Euro Medium-Term Notes program, issues of subordinated unconvertible hybrid bonds, the Revolving Facility Agreement agreed on December 18, 2017 by Enel SpA and Enel Finance International NV with a pool of banks of up to €10 billion, the Sustainability-Linked Loan facility agreements obtained by Enel SpA on May 15, 2020 and October 15, 2020 from a pool of banks in the amounts of up to €5 billion and up to €1 billion, respectively, and the loans granted to Enel SpA by UniCredit SpA.

The main covenants in respect of the bond issues in the Global/Euro Medium-Term Notes program of Enel SpA and Enel Finance International NV (including the green bonds of Enel Finance International NV guaranteed by Enel SpA, which are used to finance the Group's eligible green projects) and those related to bonds issued by Enel Finance International NV on the American market can be summarized as follows:

- negative pledge clauses under which the issuer and the guarantor may not establish or maintain (except under statutory requirement) mortgages, liens or other encumbrances on all or part of its assets or revenue, to secure certain financial borrowings, unless the same restrictions are extended equally or pro rata to the bonds in question;
- *pari passu* clauses, under which bonds and the associated guarantees constitute a direct, unconditional and unsecured obligation of the issuer and the guarantor, do not grant preferential rights among them and have at least the same seniority as other present and future unsubordinated and unsecured bonds of the issuer and the guarantor;
- cross-default clauses, under which the occurrence of a default event in respect of a specified financial liability (above a threshold level) of the issuer, the guarantor or significant subsidiaries constitutes a default in respect of the liabilities in question, which may become immediately repayable.

Since 2019, Enel Finance International NV has issued a number of "sustainable" bonds on the European market (as part of the Euro Medium Term Notes - EMTN bond issue program) and on the American market, both guaranteed by Enel SpA, linked to the achievement of a number of the Sustainable Development Goals (SDGs) of the United Nations that contain the same covenants as other bonds of the same type.

The main covenants covering the hybrid bonds of Enel SpA, including the perpetual hybrid bond issued in September 2020, which will only be repaid in the event of the dissolution or liquidation of the Company, can be summarized as follows:

- subordination clauses: each hybrid bond is subordinate to all other bonds of the issuer and has the same seniority as other hybrid financial instruments issued and greater seniority than equity instruments;
- prohibition on mergers with other companies, the sale or leasing of all or a substantial part of the company's assets to another company, unless the latter succeeds in all obligations of the issuer.

The main covenants for the Revolving Facility Agreement and other loan agreements signed by Enel SpA are substantially similar and can be summarized as follows:

- negative pledge clauses, under which the borrower and, in some cases, significant subsidiaries may not establish mortgages, liens or other encumbrances on all or part of their respective assets to secure certain financial liabilities, with the exception of expressly permitted encumbrances;
- disposals clauses, under which the borrower and, in some cases, the subsidiaries of Enel may not dispose of their assets or a significant portion of their assets or operations, with the exception of expressly permitted disposals;
- *pari passu* clauses, under which the payment undertakings of the borrower have the same seniority as its other unsecured and unsubordinated payment obligations;
- change-of-control clauses, which are triggered in the event (i) control of Enel is acquired by one or more par-

ties other than the Italian State or (ii) Enel or any of its subsidiaries transfer a substantial portion of the Group's assets to parties outside the Group such that the financial reliability of the Group is significantly compromised. The occurrence of one of the two circumstances may give rise to (a) the renegotiation of the terms and conditions of the financing or (b) compulsory early repayment of the financing by the borrower;

> cross-default clauses, under which the occurrence of a default event in respect of a specified financial liability (above a threshold level) of the borrower or significant subsidiaries constitutes a default in respect of the liabilities in question, which may become immediately repayable.

All the borrowings considered specify events of default typical of international business practice, such as, for example, insolvency, bankruptcy proceedings or the entity ceases trading.

None of the covenants indicated above has been triggered to date.

Lastly, it should be noted that Enel SpA issued certain guarantees in the interest of Enel Green Power and its subsidiaries in relation to the commitments undertaken within the context of the loan agreements. These guarantees and the associated loan contracts include certain covenants and events of default, some borne by Enel SpA as the guarantor, typical of international business practice.

Debt structure after hedging

The following table shows the effect of the hedges of currency risk on the gross long-term debt structure (including portions maturing in the next 12 months).

Millions of euro	at Dec. 31, 2020					at Dec. 31, 2019				
	Initial debt structure			Hedged debt	Debt structure after hedging	Initial debt structure			Hedged debt	Debt structure after hedging
	Carrying amount	Nominal value	%			Carrying amount	Nominal value	%		
Euro	15,996	16,052	88.2%	2,139	18,191	12,268	12,376	80.2%	3,065	15,441
US dollar	1,197	1,204	6.6%	(1,204)	-	1,305	1,315	8.5%	(1,315)	-
Pound sterling	924	935	5.2%	(935)	-	1,735	1,750	11.3%	(1,750)	-
Total	**18,117**	**18,191**	**100.0%**	**-**	**18,191**	**15,308**	**15,441**	**100.0%**	**-**	**15,441**

The following table shows the effect of the hedges of interest rate risk on the gross long-term debt outstanding at the reporting date.

GROSS LONG-TERM DEBT

	at Dec. 31, 2020		at Dec. 31, 2019	
	Before hedging	After hedging	Before hedging	After hedging
%				
Floating rate	44.0%	37.0%	35.0%	26.3%
Fixed rate	56.0%	63.0%	65.0%	73.7%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Short-term borrowings - *€5,303 million*

The following table shows short-term borrowings at December 31, 2020, by type.

Millions of euro			
	at Dec. 31, 2020	at Dec. 31, 2019	Change
Loans from third parties			
Bank borrowings (ordinary current account)	4	130	(126)
Cash collateral for CSAs on OTC derivatives received	242	403	(161)
Total	**246**	**533**	**(287)**
Borrowings from Group counterparties			
Short-term borrowings from Group companies (on intercompany current account)	5,057	7,834	(2,777)
Total	**5,057**	**7,834**	**(2,777)**
TOTAL	**5,303**	**8,367**	**(3,064)**

It should be specified that the fair value of current borrowings equals their carrying amount as the impact of discounting is not significant.

32.2.2 Financial liabilities at fair value through profit or loss (FVTPL)

This category includes solely current and non-current derivative financial liabilities relating mainly to hedges of the debt of Group companies. More information is given in note 34.2 "Derivatives at fair value through profit or loss".

32.2.3 Net gains and losses

The following table shows net gains and losses by category of financial instruments, excluding derivatives:

Millions of euro	Net gains/(losses)		of which: Impairment loss/gain
	at Dec. 31, 2020	at Dec. 31, 2019	at Dec. 31, 2020
Financial assets at amortized cost	234	252	-
Financial assets at FVOCI	1	1	-
Financial liabilities measured at amortized cost	(505)	(747)	-

For more details on net gains and losses on derivatives, please see note 7 "Net financial income/(expense) from derivatives.

33. Risk management

Financial risks

As part of its operations, the Company is exposed to a variety of financial risks, notably interest rate risk, currency risk, credit and counterparty risk and liquidity risk.
Enel SpA has adopted a system for governing financial risks comprising internal committees, dedicated policies and operating limits. The goal is to appropriately mitigate financial risks in order to prevent unexpected variations in financial performance, without ruling out the possibility of seizing any opportunities that may arise.

Interest rate risk and currency risk

As part of its operations as an industrial holding company, Enel SpA is exposed to different market risks, notably the risk of changes in interest rates and exchange rates.
Interest rate risk and currency risk are primarily generated by the presence of financial instruments.
The main financial liabilities, held by the Company include bonds, bank borrowings, other borrowings, derivatives, cash collateral for derivatives transactions and trade payables. The main purpose of those financial instruments is to finance the operations of the Company. The main financial assets held by the Company include loan assets, derivatives, cash deposits provided as collateral for derivatives contracts, cash and cash equivalents and short-term deposits, as well as trade receivables. For more details, please see note 32 "Financial instruments".
The source of exposure to interest rate risk and currency risk did not change with respect to the previous year.
As the Parent, Enel SpA centralizes some treasury management functions and access to financial markets with regard to financial derivatives contracts on interest rates and exchange rates. As part of this activity, Enel SpA acts as an intermediary for Group companies with the market, taking positions that, while they can be substantial, do not however represent an exposure to the above risks for Enel SpA.
During 2020, no overshoots of the threshold values set by regulators for the activation of clearing obligations (EMIR – European Market Infrastructure Regulation – no. 648/2012 of the European Parliament) were detected.
The volume of transactions in financial derivatives outstanding at December 31, 2020, is reported below, with specification of the notional amount of each class of instrument.
The notional amount of a derivative contract is the amount on which cash flows are exchanged. This amount can be expressed as a value or a quantity (for example tons, converted into euro by multiplying the notional amount by the agreed price).
The notional amounts of derivatives reported here do not represent amounts exchanged between the parties and therefore are not a measure of the Company's credit risk exposure.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.
Interest rate risk for the Company manifests itself as a change in the flows associated with interest payments on floating-rate financial liabilities, a change in financial terms and conditions in negotiating new debt instruments or as an adverse change in the value of financial assets/liabilities measured at fair value, which are typically fixed-rate debt instruments.
Interest rate risk is managed with the dual goals of reducing the amount of debt exposed to interest rate fluctuations and containing the cost of funds, limiting the volatility of results.
This goal is pursued through the strategic diversification of the portfolio of financial liabilities by contract type, maturity and interest rate, and modifying the risk profile of specific exposures using OTC derivatives, mainly interest rate swaps.
The notional amount of outstanding contracts is reported below.

Millions of euro	Notional amount	
	at Dec. 31, 2020	**at Dec. 31, 2019**
Interest rate derivatives		
Interest rate swaps	7,061	8,470
Total	**7,061**	**8,470**

The term of such contracts does not exceed the maturity of the underlying financial liability, so that any change in the fair value and/or cash flows of such contracts is offset by a corresponding change in the fair value and/or cash flows of the underlying position.
Interest rate swaps normally provide for the periodic exchange of floating-rate interest flows for fixed-rate interest flows, both of which are calculated on the basis of the notional principal amount.
The notional amount of open interest rate swaps at the end of the year was €7,061 million (€8,470 million at December 31, 2019), of which €2,540 million in respect of hedges of the Company's share of debt, and €4,521 million in respect of hedges of the debt of Group companies with the market intermediated in the same notional amount with those companies. The decrease in the overall nominal amount is mainly attributable to the following factors:

> the early termination of pre-hedge interest rate swaps obtained on behalf of Enel Finance International in the amount of €1,000 million;
> €409 million in respect of interest rate swaps reaching their expiry date or decreasing as a result of amortization.

For more details on interest rate derivatives, please see note 34 "Derivatives and hedge accounting".
The amount of floating-rate debt that is not hedged against interest rate risk is the main risk factor that could impact the income statement (raising borrowing costs) in the event of an increase in market interest rates.
At December 31, 2020, 44% of gross long-term financial debt was floating rate (35% at December 31, 2019). Taking account of hedges of interest rates considered effective pursuant to IFRS 9, 63% of gross long-term financial debt was hedged at December 31, 2020 (73.7% at December 31, 2019). Including derivatives treated as hedges for management purposes but ineligible for hedge accounting, the ratio is essentially unchanged.

Interest rate risk sensitivity analysis

The Company analyses the sensitivity of its exposure by estimating the effects of a change in interest rates on the portfolio of financial instruments.
More specifically, sensitivity analysis measures the potential impact of market scenarios on equity, for the cash flow hedge component, and on profit or loss, for the fair value hedge component on the fair value of financial derivatives and the portion of gross long-term debt not hedged using financial derivatives.
These scenarios are represented by parallel increases and decreases in the yield curve as at the reporting date.
There were no changes in the methods and assumptions used in the sensitivity analysis compared with the previous year.
With all other variables held constant, the Company's pre-tax profit would be affected as follows:

Millions of euro		at Dec. 31, 2020				at Dec. 31, 2019			
		Pre-tax impact on profit or loss		Pre-tax impact on equity		Pre-tax impact on profit or loss		Pre-tax impact on equity	
	Basis points	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
Change in financial expense on gross long-term floating-rate debt in foreign currency	25	17	(17)	-	-	10	(10)	-	-
Change in fair value of derivatives classified as non-hedging instruments	25	6	(6)	-	-	30	(30)	-	-
Change in fair value of derivatives designated as hedging instruments									
Cash flow hedges	25	-	-	52	(52)	-	-	39	(39)
Fair value hedges	25	-	-	-	-	-	-	-	-

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in exchange rates.

For Enel SpA, the main source of currency risk is the presence of monetary financial instruments denominated in a currency other than the euro, mainly bonds denominated in foreign currency.

The exposure to currency risk did not change with respect to the previous year.

For more details, please see note 31 "Financial instruments".

In order to minimize exposure to changes in exchange rates, the Company normally uses a variety of OTC derivatives such as currency forwards and cross currency interest rate swaps. The term of such contracts does not exceed the maturity of the underlying exposure.

Currency forwards are contracts in which the counterparties agree to exchange principal amounts denominated in different currencies at a specified future date and exchange rate (the strike). Such contracts may call for the actual exchange of the two amounts (deliverable forwards) or payment of the difference between the strike exchange rate and the prevailing exchange rate at maturity (non-deliverable forwards).

Cross currency interest rate swaps are used to transform a long-term fixed- or floating-rate liability in foreign currency into an equivalent floating- or fixed-rate liability in euros. In addition to having notionals denominated in different currencies, these instruments differ from interest rate swaps in that they provide both for the periodic exchange of cash flows and the final exchange of principal.

The following table reports the notional amount of transactions outstanding at December 31, 2020 and December 31, 2019, broken down by type of hedged item.

Millions of euro	Notional amount	
	at Dec. 31, 2020	at Dec. 31, 2019
Foreign exchange derivatives		
Currency forwards:	5,164	6,064
- hedging currency risk on commodities	4,472	4,225
- hedging future cash flows	389	1,146
- other currency forwards	303	693
Cross currency interest rate swaps	3,050	4,193
Total	**8,214**	**10,257**

More specifically, these include:

> currency forward contracts with a total notional amount of €4,472 million, of which €2,236 million to hedge the currency risk associated with purchases of energy commodities by Group companies, with matching transactions with the market;
> currency forward contracts with a notional amount of €389 million, to hedge the currency risk associated with other expected cash flows in currencies other than the euro, of which €214 million in market transactions;
> currency forward contracts with a notional amount of €303 million, of which €152 million in market transactions to hedge the currency risk on investment spending (€121 million) and, to a lesser extent, operating expenditure;
> cross currency interest rate swaps with a notional amount of €3,050 million to hedge the currency risk on the debt of Enel SpA or other Group companies denominated in currencies other than the euro.

For more details, please see note 34 "Derivatives and hedge accounting".

An analysis of the Group's debt shows that 11.8% of gross medium and long-term debt is denominated in currencies other than the euro.

Considering exchange rate hedges and the portion of debt in foreign currency that is denominated in the presentation currency of or the functional currency of the Company, the debt is fully hedged using cross currency interest rate swaps.

Currency risk sensitivity analysis

The Company analyses the sensitivity of its exposure by estimating the effects of a change in exchange rates on the portfolio of financial instruments.

More specifically, sensitivity analysis measures the potential impact of market scenarios on equity, for the cash flow hedge component, and on profit or loss, for the fair value hedge component on the fair value of financial derivatives and the portion of gross long-term debt not hedged using financial derivatives.

These scenarios are represented by the appreciation/depreciation of the euro against all of the foreign currencies compared with the value observed as at the reporting date.

There were no changes in the methods and assumptions used in the sensitivity analysis compared with the previous year.

With all other variables held constant, pre-tax profit would be affected as follows.

Millions of euro

		at Dec. 31, 2020				at Dec. 31, 2019			
		Pre-tax impact on profit or loss		Pre-tax impact on equity		Pre-tax impact on profit or loss		Pre-tax impact on equity	
	Exchange rate	Appreciation of euro	Depreciation of euro	Appreciation of euro	Depreciation of euro	Appreciation of euro	Depreciation of euro	Appreciation of euro	Depreciation of euro
Change in financial expense on gross long-term floating-rate debt in foreign currency after hedging	10%	-	-	-	-	-	-	-	-
Change in fair value of derivatives classified as non-hedging instruments	10%	3	(3)	-	-	(9)	11	-	-
Change in fair value of derivatives designated as hedging instruments									
Cash flow hedges	10%	-	-	(271)	331	-	-	(364)	445
Fair value hedges	10%	-	-	-	-	-	-	-	-

Credit and counterparty risk

Credit risk is represented by the possibility of a deterioration in the creditworthiness of a counterparty in a financial transaction that could have an adverse impact on the creditor position. The Company is exposed to credit risk from its financial activities, including transactions in derivatives (typically on financial underlyings), deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The sources of exposure to credit risk did not change with respect to the previous year.

The Company's management of credit risk is based on the selection of counterparties from among leading Italian and international financial institutions with high credit standing considered solvent both by the market and on the basis of internal assessments, diversifying the exposure among them. Credit exposures and associated credit risk are regularly monitored by the departments responsible for monitoring risks under the policies and procedures outlined in the governance rules for managing the Group's risks, which are also designed to ensure prompt identification of possible mitigation actions to be taken.

Within this general framework, Enel SpA entered into margin agreements with the leading financial institutions with which it operates that call for the exchange of cash collateral, which significantly mitigates the exposure to counterparty risk.

LOAN ASSETS

Millions of euro

Staging	Basis for recognizing expected credit loss allowance	Average loss rate (PD*LGD)	Gross carrying amount	Expected credit loss allowance	Carrying amount
	at Dec. 31, 2020				
Performing	12 m ECL	0.18%	2,857	5	2,852
Underperforming	Lifetime ECL	-	-	-	-
Non-performing		-	-	-	-
Total			**2,857**	**5**	**2,852**

TRADE RECEIVABLES AND OTHER RECEIVABLES: COLLECTIVE MEASUREMENT

Millions of euro	at Dec. 31, 2020			
	Average loss rate (PD*LGD)	Gross carrying amount	Expected credit loss allowance	Carrying amount
Trade receivables:				
Trade receivables not past due		-	-	-
Trade receivables past due:				
- more than 180 days (credit impaired)	2.44%	246	6	240
Total trade receivables		**246**	**6**	**240**
Other financial assets				
Other financial assets not past due		515	-	515
Other financial assets past due		-	-	-
Total other financial assets		**515**	**-**	**515**
TOTAL		**761**	**6**	**755**

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The objectives of liquidity risk management policies are:

> ensuring an appropriate level of liquidity for the Company, minimizing the associated opportunity cost;

> maintaining a balanced debt structure in terms of the maturity profile and funding sources.

In the short term, liquidity risk is mitigated by maintaining an appropriate level of unconditionally available resources, including cash and short-term deposits, available committed credit lines and a portfolio of highly liquid assets.

In the long term, liquidity risk is mitigated by maintaining a balanced debt maturity profile and diversifying funding sources in terms of instruments, markets/currencies and counterparties.

At December 31, 2020 Enel SpA had a total of €2,127 million in cash or cash equivalents (€4,153 million at December 31, 2019), and committed lines of credit amounting to €9,208 million (of which none had been drawn), of which €6,350 million maturing in more than one year (€6,350 million at December 31, 2019).

Maturity analysis

The table below summarizes the maturity profile of the Company's long-term debt.

Millions of euro	Maturing in				
	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Bonds:					
- fixed rate	-	278	-	2,609	1,658
- floating rate	-	110	97	291	484
Total	**-**	**388**	**97**	**2,900**	**2,142**
Bank borrowings					
- fixed rate	-	-	-	-	-
- floating rate	-	385	-	-	1,000
Total	**-**	**385**	**-**	**-**	**1,000**
Non-bank financing:					
- under fixed-rate leases	-	1	1	-	-
Total	**-**	**1**	**1**	**-**	**-**
Loans from Group companies					
- fixed rate	-	-	71	1,460	4,027
- floating rate	23	23	46	138	5,415
- under fixed-rate leases	-	-	-	-	-
Total	**23**	**23**	**117**	**1,598**	**9,442**
TOTAL	**23**	**797**	**215**	**4,498**	**12,584**

Offsetting financial assets and financial liabilities

The following table reports the net financial assets and liabilities. More specifically, it shows that there are no netting arrangements for derivatives in the separate financial statements since the Company does not plan to offset assets and liabilities. As envisaged by current market regulations and to guarantee transactions involving derivatives, Enel SpA has entered into margin agreements with leading financial institutions that call for the exchange of cash collateral, broken down as shown in the table.

Millions of euro						**at Dec. 31, 2020**
	(a)	(b)	(c)=(a)-(b)	(d)		(e)=(c)-(d)
				Correlated amounts not offset in the financial statements		
				(d)(i),(d)(ii)	(d)(iii)	
	Gross amounts of recognized financial assets/ (liabilities)	Gross amounts of recognized financial assets/ (liabilities) offset in the statement of financial position	Net amounts of financial assets/ (liabilities) presented in the statement of financial position	Financial instruments	Net portion of financial assets/ (liabilities) guaranteed with cash collateral	Net amount of financial assets/ (liabilities)
FINANCIAL ASSETS						
Derivative assets:						
- on interest rate risk	254		254		(455)	(201)
- on currency risk	765		765		(133)	632
- other	5		5			5
Total derivative assets	**1,024**	**-**	**1,024**	**-**	**(588)**	**436**
TOTAL FINANCIAL ASSETS	**1,024**	**-**	**1,024**	**-**	**(588)**	**436**
FINANCIAL LIABILITIES						
Derivative liabilities:						
- on interest rate risk	(811)		(811)		783	(28)
- on currency risk	(1,210)		(1,210)		1,147	(63)
Total derivative liabilities	**(2,021)**	**-**	**(2,021)**	**-**	**1,930**	**(91)**
TOTAL FINANCIAL LIABILITIES	**(2,021)**	**-**	**(2,021)**	**-**	**1,930**	**(91)**
TOTAL NET FINANCIAL ASSETS/(LIABILITIES)	**(997)**	**-**	**(997)**	**-**	**1,342**	**345**

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34. Derivatives and hedge accounting

The following tables report the notional amount and fair value of derivative financial assets and liabilities by type of hedge relationship and hedged risk, broken down into current and non-current derivative financial assets and liabilities.

The notional amount of a derivative contract is the amount on the basis of which cash flows are exchanged. This amount can be expressed as a value or a quantity (for example tons, converted into euros by multiplying the notional amount by the agreed price). Amounts denominated in currencies other than the euro are translated at the closing year exchange rates provided by the World Markets Refinitiv (WMR) Company.

Millions of euro	Non-current					Current				
	Notional amount		Fair value			Notional amount		Fair value		
DERIVATIVE ASSETS	**at Dec. 31, 2020**	**at Dec. 31, 2019**	**at Dec. 31, 2020**	**at Dec. 31, 2019**	**Change**	**at Dec. 31, 2020**	**at Dec. 31, 2019**	**at Dec. 31, 2020**	**at Dec. 31, 2019**	**Change**
Derivatives designated as hedging instruments										
Cash flow hedges:										
- on currency risk	1,473	2,008	567	605	(38)	-	-	-	-	-
Total cash flow hedges	**1,473**	**2,008**	**567**	**605**	**(38)**	**-**	**-**	**-**	**-**	**-**
Derivatives at FVTPL:										
- on interest rate risk	2,261	3,452	254	329	(75)	-	13	-	-	-
- on currency risk	896	484	69	11	58	1,786	2,546	128	90	38
- other	-	-	-	-	-	-	358	-	53	(53)
Total derivatives at FVTPL	**3,157**	**3,936**	**323**	**340**	**(17)**	**1,786**	**2,917**	**128**	**143**	**(15)**
TOTAL DERIVATIVE ASSETS	**4,630**	**5,944**	**890**	**945**	**(55)**	**1,786**	**2,917**	**128**	**143**	**(15)**

Millions of euro	Non-current					Current				
	Notional amount		Fair value			Notional amount		Fair value		
DERIVATIVE LIABILITIES	**at Dec. 31, 2020**	**at Dec. 31, 2019**	**at Dec. 31, 2020**	**at Dec. 31, 2019**	**Change**	**at Dec. 31, 2020**	**at Dec. 31, 2019**	**at Dec. 31, 2020**	**at Dec. 31, 2019**	**Change**
Derivatives designated as hedging instruments										
Cash flow hedges:										
- on interest rate risk	2,440	1,440	469	284	185	-	-	-	-	-
- on currency risk	670	1,291	970	910	60	463	470	40	5	35
Total cash flow hedges	**3,110**	**2,731**	**1,439**	**1,194**	**245**	**463**	**470**	**40**	**5**	**35**
Derivatives at FVTPL:										
- on interest rate risk	2,261	3,452	255	330	(75)	100	113	87	79	8
- on currency risk	896	495	69	12	57	1,826	2,962	131	99	32
Total derivatives at FVTPL	**3,157**	**3,947**	**324**	**342**	**(18)**	**1,926**	**3,075**	**218**	**178**	**40**
TOTAL DERIVATIVE LIABILITIES	**6,267**	**6,678**	**1,763**	**1,536**	**227**	**2,389**	**3,545**	**258**	**183**	**75**

34.1 Hedge accounting

Derivatives are initially recognized at fair value, on the trade date of the contract and are subsequently re-measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Hedge accounting is applied to derivatives entered into in order to reduce risks such as interest rate risk, currency risk and commodity price risk when all the criteria provided by IFRS 9 are met.

At the inception of the transaction, the Company documents the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether hedging instruments are highly effective in offsetting changes in fair values or cash flows of hedged items.

For cash flow hedges of forecast transactions designated as hedged items, the Company assesses and documents that they are highly probable and present an exposure to changes in cash flows that affect profit or loss.

Depending on the nature of the risk exposure, the Company designates derivatives as either:

> fair value hedges;
> cash flow hedges.

For more details about the nature and the extent of risks arising from financial instruments to which the Company is exposed, please refer the note 33 "Risk management".

To be effective a hedging relationship shall meet all of the following criteria:

> existence of an economic relationship between hedging instrument and hedged item;
> the effect of credit risk does not dominate the value changes resulting from the economic relationship;
> the hedge ratio defined at designation resulting equal to the one used for risk management purposes (i.e. same quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge the quantity of the hedged item).

Based on the IFRS 9 requirements, the existence of an economic relationship is evaluated by the Company through a qualitative assessment or a quantitative computation, depending on the following circumstances:

> if the underlying risk of the hedging instrument and the hedged item is the same, the existence of an economic relationship will be provided through a qualitative analysis;
> on the other hand, if the underling risk of the hedging instrument and the hedged item is not the same, the existence of the economic relationship will be demonstrated through a quantitative method in addition to a qualitative analysis of the nature of the economic relationship (i.e. linear regression).

In order to demonstrate that the behavior of the hedging instrument is in line with those of the hedged item, different scenarios will be analyzed.

For hedging of commodity price risk, the existence of an economic relationship is deduced from a ranking matrix that defines, for each possible risk component a set of all standard derivatives available in the market whose ranking is based on their effectiveness in hedging the considered risk.

In order to evaluate the credit risk effects, the Company considers the existence of risk mitigating measures (collateral, mutual break-up clauses, netting agreements, etc.).

The Company has established a hedge ratio of 1:1 for all the hedging relationships (including commodity price risk hedging) as the underlying risk of the hedging derivative is identical to the hedged risk, in order to minimize hedging ineffectiveness.

The hedge ineffectiveness will be evaluated through a qualitative assessment or a quantitative computation, depending on the following circumstances:

> if the critical terms of the hedged item and hedging instrument match and there are no other sources of ineffectiveness included the credit risk adjustment on the hedging derivative, the hedge relationship will be considered fully effective on the basis of a qualitative assessment;
> if the critical terms of the hedged item and hedging instrument do not match or there is at least one source of ineffectiveness, the hedge ineffectiveness will be quantified applying the dollar offset cumulative method with hypothetical derivative. This method compares changes in fair values of the hedging instrument and the hypothetical derivative between the reporting date and the inception date.

The main causes of hedge ineffectiveness may be the following:

> basis differences (i.e. the fair value or cash flows of the hedged item depend on a variable that is different from the variable that causes the fair value or cash flows of the hedging instrument to change);
> timing differences (i.e. the hedged item and hedging instrument occur or are settled at different dates);
> quantity or notional amount differences (i.e. the

hedged item and hedging instrument are based on different quantities or notional amounts);

- other risks (i.e. changes in the fair value or cash flows of a derivative hedging instrument or hedged item relate to risks other than the specific risk being hedged);
- credit risk (i.e. the counterparty credit risk differently impacts the changes in the fair value of the hedging instruments and hedged items).

Cash flow hedges

Cash flow hedges are applied in order to hedge the Company exposure to changes in future cash flows that are attributable to a particular risk associated with a recognized asset or liability or a highly probable transaction that could affect profit or loss.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the income statement.

Amounts accumulated in equity are reclassified to profit or loss in the years when the hedged item affects profit or loss (for example, when the hedged forecast sale takes place).

If the hedged item results in the recognition of a non-financial asset (i.e. property, plant and equipment or inventories, etc.) or a non-financial liability, or a hedged forecast transaction for a non-financial asset or a non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the amount accumulated in equity (i.e. hedging reserve) shall be removed and included in the initial amount(cost or other carrying amount) of the asset or the liability hedged (i.e. "basis adjustment").

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

For hedging relationships using forwards as a hedging instrument, where only the change in the value of the spot element is designated as the hedging instrument, accounting for the forward element (profit or loss vs OCI) is defined case by case. This approach is actually applied by the Company for hedging of currency risk on renewables assets.

Conversely, hedging relationships using cross currency interest rate swaps as hedging instruments, the Company separates foreign currency basis spreads, in designating the hedging derivative, and presents them in other comprehensive income (OCI) in the hedging costs reserve.

With specific regard to cash flow hedges of commodity risk, in order to improve their consistency with the risk management strategy, the Company applies a dynamic hedge accounting approach based on specific liquidity requirements (the so-called liquidity-based approach).

This approach requires the designation of hedges through the use of the most liquid derivatives available on the market and replacing them with others that are more effective in covering the risk in question.

Consistent with the risk management strategy, the liquidity-based approach allows the roll-over of a derivative by replacing it with a new derivative, not only in the event of expiry but also during the hedging relationship, if and only if the new derivative meets both of the following requirements:

- it represents a best proxy of the old derivative in terms of ranking;
- it meets specific liquidity requirements.

Satisfaction of these requirements is verified quarterly.

At the roll-over date, the hedging relationship is not discontinued. Therefore, starting from that date, changes in the effective fair value of the new derivative will be recognized in equity (the hedging reserve), while changes in the fair value of the old derivative are recognized through profit or loss.

The Company currently uses these hedge relationships to minimize the volatility of profit or loss.

Reform of benchmarks for the determination of interest rates and the associated risk

Overview

Interbank Offered Rates (IBORs) are benchmark rates at which banks can borrow funds on the interbank market on an unsecured basis for a given period ranging from overnight to 12 months, in a specific currency.

In recent years there have been a number of cases of manipulation of these rates by the banks contributing to their calculation. For this reason, regulators around the world have begun a sweeping reform of the benchmarks for the determination of interest rates that includes the replace-

ment of some benchmark indices with alternative risk-free reference rates (the IBOR reform).
In a context of significant uncertainty regarding the timing and transition procedures in the various countries, the Company is finalizing an assessment of the impact of the reform on contracts after having delineated their global scope in terms of their number and nominal value through a census based on data collection from Countries and Business Lines. In addition, contractual amendments are beginning to be implemented gradually in a process that will continue in 2021, although this may vary depending on developments in the reform of benchmarks for determining interest rates and alternative risk-free reference rates associated with market liquidity.

Derivatives

For risk management purposes, the Company holds interest rate swaps and cross currency interest rate swaps that are mostly designated as cash flow hedging relationships, with only a minority portion designated as fair value hedges.
Interest rate swaps and cross currency interest rate swaps are essentially indexed to either Euribor or LIBOR in dollars or pounds. The Company's derivative instruments are managed through contracts that are mainly based on framework agreements defined by the International Swaps and Derivatives Association (ISDA).
The ISDA has revised its standardized contracts in light of the benchmark reform and plans to amend the 2006 ISDA definitions relating to floating rates to include replacement clauses (fallbacks) that would apply upon the permanent discontinuation of certain key IBORs. The ISDA has published a supplement to amend the ISDA 2006 definitions (the ISDA Fallback Supplement) and a protocol to facilitate multilateral amendments to include the amended floating-rate options in derivative transactions entered into prior to the entry into force of the supplement (ISDA Fallback Protocol). The Company is evaluating whether or not to adopt to this protocol, monitoring whether other counterparties are doing so. In the event of a change in the plan or if certain counterparties do not adopt the protocol, the Company would negotiate bilaterally with them about the inclusion of new fallback clauses.

Hedging relationships

The Company has assessed the impact of uncertainty engendered by the IBOR reform on hedging relationships at December 31, 2020 with reference to both hedging instruments and hedged items. Both the hedged items and the Company's hedging instruments will change their parameterization from interbank market-based benchmarks (IBORs) to alternative risk-free rates (RFRs) as a result of the contractual amendments that will take effect in 2021. More specifically, for hedging instruments indexed to Euribor, the replacement rate will be based on the Euro STR (Euro Short-Term Rate), while those indexed to LIBOR in dollars and pounds will be indexed to SOFR (Secured Overnight Financing Rate) and SONIA (Sterling Overnight Index Average), respectively.
The most significant exposure of the Company is to Euribor, together with significant exposures to LIBOR in pounds and dollars as well. However, it is certainly on the euro side that the uncertainty surrounding the replacement process is greatest.
However, even if the Company expects the benchmark rates based on interbank markets to be discontinued after the end of 2021, there is uncertainty about the timing and procedures for replacing these indices for both hedged items and hedging instruments. The Company is therefore applying the amendments to IFRS 9 issued in September 2019 to hedging relationships directly impacted by the IBOR reform.
The hedging relationships affected by the IBOR reform could become ineffective owing to the expectations of market players regarding the moment in which the transition from the benchmarks for determining interest rates based on interbank markets to alternative rates will take place. This transition could occur at different times for hedged items and hedging instruments and lead to ineffectiveness. In any case, the Company will work to implement the replacements at the same time.

The exposure of the Company to hedging relationships impacted by the IBOR reform, for which the exceptions provided for in the amendments to IFRS 9 issued in September 2019 were applied, amounts to €3,952 million in terms of the notional amount of the hedging instruments at December 31, 2020. The following table provides a breakdown of the notional amounts of the hedging instruments by IBOR rate.

Millions of euro	Notional amount
	at Dec. 31, 2020
Hedging instruments	
GBP LIBOR	1,225
USD LIBOR	185
Euribor	2,542
Total	**3,952**

Fair value hedges

Fair value hedges are used to protect the Company against exposures to changes in the fair value of assets, liabilities or firm commitment attributable to a particular risk that could affect profit or loss.

Changes in fair value of derivatives that qualify and are designated as hedging instruments are recognized in the income statement, together with changes in the fair value of the hedged item that are attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest rate method is used is amortized to profit or loss over the year to maturity.

The Company does not currently use such hedging relationships.

For more information on fair value measurement, please see note 35 "Fair value measurement".

34.1.1 Hedge relationship by type of credit risk

Interest rate risk

The following table shows the notional amount and the average rate on instruments hedging interest rate risk on transactions outstanding at December 31, 2020 and December 31, 2019, broken down by maturity.

Millions of euro							
At Dec. 31, 2020	**2021**	**2022**	**2023**	**2024**	**2025**	**Beyond**	**Total**
Interest rate swaps							
Notional amount	-	-	-	-	500	1,940	2,440
Average IRS rate					1.63	1.22	

Millions of euro							
At Dec. 31, 2019	**2020**	**2021**	**2022**	**2023**	**2024**	**Beyond**	**Total**
Interest rate swaps							
Notional amount	-	-	-	-	-	1,440	1,440
Average IRS rate						2.32	

The interest rate swaps outstanding at the end of the year and designated as hedging instruments function as a cash flow hedge and fair value hedge for the hedged item. The cash flow hedge derivatives refer to the hedging of certain floating-rate bonds issued since 2001 and floating-rate bank loans obtained in 2020.

The following table shows the notional amount and the fair value of hedging derivatives on interest rate risk as at December 31, 2020 and December 31, 2019.

Millions of euro	Notional amount		Fair value assets		Notional amount		Fair value liabilities	
	at Dec. 31, 2020	at Dec. 31, 2019	at Dec. 31, 2020	at Dec. 31, 2019	at Dec. 31, 2020	at Dec. 31, 2019	at Dec. 31, 2020	at Dec. 31, 2019
Cash flow hedge derivatives	**-**	**-**	**-**	**-**	**2,440**	**1,440**	**(469)**	**(284)**
Interest rate swaps	-	-	-	-	2,440	1,440	(469)	(284)

The deterioration in the fair value of derivatives compared with the previous year is mainly attributable to the general decline in the long-term segment of the yield curve over the course of 2020.

The following table shows the cash flows expected in coming years from cash flow hedge derivatives hedging interest rate risk.

Millions of euro	Fair value	Distribution of expected cash flows					
Cash flow hedge derivatives	**at Dec. 31, 2020**	**2021**	2022	2023	2024	2025	Beyond
Positive fair value	-	-	-	-	-	-	-
Negative fair value	(469)	(38)	(41)	(61)	(60)	(52)	(215)

The following table shows the impact of interest rate hedge derivatives on the statement of financial position.

Millions of euro	Notional amount	Carrying amount	Fair value used to measure ineffectiveness in the year
At December 31, 2020			
Interest rate swaps	2,440	(469)	(469)
At December 31, 2019			
Interest rate swaps	1,440	(284)	(284)

The following table shows the impact of hedged items exposed to interest rate risk on the statement of financial position.

Millions of euro	Fair value used to measure ineffectiveness in the year	Hedging reserve	Hedging costs reserve	Fair value used to measure ineffectiveness in the year	Hedging reserve	Hedging costs reserve
	2020			2019		
Floating-rate borrowings	469	(469)	-	284	(284)	-
Total	**469**	**(469)**	**-**	**284**	**(284)**	**-**

The following table shows the impact of cash flow hedges on interest rate risk on profit or loss and on other comprehensive income.

Millions of euro	Total other comprehensive income (expense)	Ineffective portion recognized in profit or loss	Income statement item	Hedging costs	Amount reclassified from OCI to profit or loss	Income statement item
At December 31, 2020						
Floating-rate borrowings	(88)	-		-	9	Financial expense
Total at December 31, 2020	**(88)**	**-**		**-**	**9**	
At December 31, 2019						
Floating-rate borrowings	(139)	-		-	11	Financial expense
Total at December 31, 2019	**(139)**	**-**		**-**	**11**	

Currency risk

The following table shows the notional amount and the average rate on instruments hedging currency risk on transactions outstanding as at December 31, 2020 and December 31, 2019, broken down by maturity

Millions of euro							
At Dec. 31, 2020	**2021**	**2022**	**2023**	**2024**	**2025**	**Beyond**	**Total**
Cross currency interest rate swaps							
Notional amount total	**463**	**-**	**1,019**	**-**	**-**	**1,327**	**2,809**
Notional amount CCS EUR-USD	185	-	1,019	-	-	-	1,204
Average contractual exchange rate EUR/USD	*1.13*		*1.34*				
Notional amount CCS EUR-GBP	278	-	-		-	1,327	1,605
Average contractual exchange rate EUR/GBP	*0.82*					*0.68*	

Millions of euro							
At Dec. 31, 2019	**2020**	**2021**	**2022**	**2023**	**2024**	**Beyond**	**Total**
Cross currency interest rate swaps							
Notional amount total	**470**	**202**	**-**	**1,113**	**-**	**1,637**	**3,422**
Notional amount CCS EUR-USD	-	202	-	1,113	-	-	1,315
Average contractual exchange rate EUR/USD		*1.13*		*1.34*			
Notional amount CCS EUR-GBP	470	587	-	-	-	1,397	2,454
Average contractual exchange rate EUR/GBP	*0.85*	*0.82*				*0.69*	

The following table shows the notional amount and the fair value of instruments hedging currency risk on transactions outstanding as at December 31, 2020 and December 31, 2019, broken down by type of hedged item..

Millions of euro		Fair value		Notional amount	Fair value		Notional amount
		Assets	Liabilities		Assets	Liabilities	
Hedging instrument	**Hedged item**	**at Dec. 31, 2020**			at Dec. 31, 2019		
Cross currency interest rate swaps	Fixed-rate borrowings in foreign currency	567	(995)	2,624	602	(915)	3,567
Cross currency interest rate swaps	Floating-rate borrowings in foreign currency	-	(15)	185	3	-	202
Total		**567**	**(1,010)**	**2,809**	**605**	**(915)**	**3,769**

The cross currency interest rate swaps outstanding at the end of the year and designated as hedging instruments function as a cash flow hedge for the hedged item. More specifically, these derivatives hedge fixed-rate bonds denominated in foreign currencies and floating-rate borrowing in US dollars obtained from Bank of America in 2017.

The following table shows the notional amount and the fair value of derivatives on currency risk as at December 31, 2020 and December 31, 2019, broken down by type of hedge.

Millions of euro	Notional amount		Fair value assets		Notional amount		Fair value liabilities	
	at Dec. 31, 2020	at Dec. 31, 2019	**at Dec. 31, 2020**	at Dec. 31, 2019	**at Dec. 31, 2020**	at Dec. 31, 2019	**at Dec. 31, 2020**	at Dec. 31, 2019
Cash flow hedge derivatives	**1,676**	**2,008**	**567**	**605**	**1,133**	**1,761**	**(1,010)**	**(915)**
Cross currency interest rate swaps	1,676	2,008	567	605	1,133	1,761	(1,010)	(915)

The notional amount of the cross current interest rate swaps at December 31, 2020 came to €2,809 million (€3,769 million at December 31, 2019) with a corresponding negative fair value of €443 million (a negative €310 million at December 31, 2019).
The decrease in the notional amount, equal to €960 million, mainly reflects the ordinary expiry of cross currency interest rate swaps in the amount of €470 million, the early termination of cross currency interest rate swaps in the amount of €294 million and developments in the exchange rate of the euro against the US dollar and the pound sterling.
The following table reports the impact on the statement of financial position of instruments hedging currency risk.

Millions of euro	Notional amount	Carrying amount	Fair value used to measure ineffectiveness in the year
At December 31, 2020			
Cross currency interest rate swaps	2,809	(443)	(431)
At December 31, 2019			
Cross currency interest rate swaps	3,769	(310)	(281)

The following table reports the impact on the statement of financial position of hedged items exposed to currency risk.

Millions of euro	Fair value used to measure ineffectiveness in the year	Hedging reserve	Hedging costs reserve	Fair value used to measure ineffectiveness in the year	Hedging reserve	Hedging costs reserve
	2020			2019		
Fixed-rate borrowings in foreign currency	407	(407)	(21)	283	(283)	(30)
Floating-rate borrowings in foreign currency	15	(15)	-	(2)	2	1
Total	**422**	**(422)**	**(21)**	**281**	**(281)**	**(29)**

The following table shows the impact of cash flow hedges on currency risk on profit or loss and on other comprehensive income.

Millions of euro	Total other comprehensive income (expense)	Ineffective portion recognized in profit or loss	Income statement item	Hedging costs	Amount reclassified from OCI to profit or loss	Income statement item
At December 31, 2020						
Fixed-rate borrowings in foreign currency	(123)	-		8	123	Financial income
Floating-rate borrowings in foreign currency	(12)	-		-	12	Financial income
Total at December 31, 2020	**(135)**	-		**8**	**136**	
At December 31, 2019						
Fixed-rate borrowings in foreign currency	341	-		23	(329)	Financial income
Floating-rate borrowings in foreign currency	4	-		-	(10)	Financial income
Total at December 31, 2019	**345**	**-**		**23**	**(339)**	

The following table shows the cash flows expected in coming years from cash flow hedge derivatives on currency risk.

Millions of euro	Fair value	Distribution of expected cash flows					
Cash flow hedge derivatives on exchange rates:	**at Dec. 31, 2020**	2021	2022	2023	2024	2025	Beyond
Positive fair value	567	53	52	134	32	32	334
Negative fair value	(1,010)	(83)	(45)	(44)	(44)	(43)	(664)

34.1.2 Impact of cash flow hedge derivatives on equity gross of tax effects

Millions of euro	Hedging costs	Gross change in fair value recognized in OCI	Gross change in fair value recognized in profit or loss	Gross change in fair value recognized in profit or loss -Ineffective portion	Hedging costs	Gross change in fair value recognized in OCI	Gross change in fair value recognized in profit or loss	Gross change in fair value recognized in profit or loss -Ineffective portion
	at Dec. 31, 2020				at Dec. 31, 2019			
Interest rate hedges	-	(88)	9	-	-	(139)	11	-
Exchange rate hedges	17	(135)	136	-	23	345	(339)	-
Hedging derivatives	**17**	**(223)**	**145**	**-**	**23**	**206**	**(328)**	**-**

34.2 Derivatives at fair value through profit or loss

The following table shows the notional amount and the fair value of derivatives at FVTPL as at December 31, 2020 and December 31, 2019.

Millions of euro	Notional amount		Fair value assets		Notional amount		Fair value liabilities	
	at Dec. 31, 2020	at Dec. 31, 2019	**at Dec. 31, 2020**	at Dec. 31, 2019	**at Dec. 31, 2020**	at Dec. 31, 2019	**at Dec. 31, 2020**	at Dec. 31, 2019
Derivatives at FVTPL on interest rates	**2,261**	**3,465**	**254**	**329**	**2,361**	**3,565**	**(342)**	**(410)**
Interest rate swaps	2,261	3,465	254	329	2,361	3,565	(342)	(410)
Derivatives at FVTPL on exchange rates	**2,682**	**3,030**	**197**	**100**	**2,722**	**3,457**	**(199)**	**(111)**
Forwards	2,562	2,818	193	87	2,602	3,245	(195)	(96)
Cross currency interest rate swaps	120	212	4	13	120	212	(4)	(15)
Derivatives at FVTPL on other	**-**	**358**	**-**	**53**	**-**	**-**	**-**	**-**
Equity swaps	-	358	-	53	-		-	
Total derivatives at FVTPL	**4,943**	**6,853**	**451**	**482**	**5,083**	**7,022**	**(541)**	**(521)**

At December 31, 2020 the notional amount of derivatives at fair value through profit or loss on interest rates, exchange rates and other came to €10,026 million (€13,875 million at December 31, 2019) with a negative fair value of €90 million (a negative €39 million at December 31, 2019). Interest rate swaps at the end of the year amounted to €4,622 million. They refer primarily to hedges of the debt of the Group companies with the market (€2,361 million) and intermediated with those companies (€2,261 million).

The overall notional amount shows a decline of €2,408 million on the previous year. More specifically, the decline of €1,204 million in transactions with the market is mainly attributable to the following developments:

> the reclassification of a notional €1,000 million from

"Financial liabilities - trading derivatives" to "Financial liabilities - cash flow hedge derivatives" in respect of interest rate swaps hedging a new bank loan obtained in 2020;

- €204 million in respect of interest rate swaps reaching their natural expiry date or decreasing as a result of amortization.

Forward contracts with the market, with a notional amount of €2,602 million (€3,242 million at December 31, 2019), relate mainly to OTC derivatives entered into to mitigate the currency risk associated with the prices of energy commodities within the provisioning process of Group companies and matched with market transactions. They also hedge the expected cash flows in currencies other than the presentation currency connected with the acquisition of non-energy commodities and investment goods in the sectors of renewable energy sector and infrastructure and networks (new generation digital meters), the expected cash flows in currencies other than the euro connected with operating costs for the provision of cloud services and the expected cash flows in foreign currency in respect of interim dividends authorized by the subsidiaries. The change in the notional amount and the fair value as compared with the previous year is associated with normal operations.

Cross currency interest rate swaps, with a notional amount of €120 million (€212 million at December 31, 2019), relate to hedges of currency risk on the debt of the Group companies denominated in currencies other than the euro and matched with market transactions. The decrease in the notional amount of cross currency interest rate swaps of €92 million is almost entirely due to cross currency interest rate swaps that reached their expiry date in June 2020.

35. Fair value measurement

The Company measures fair value in accordance with IFRS 13 whenever required by the IFRS.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability. The best estimate is the market price, i.e. its current price, publicly available and effectively traded on an active, liquid market.

The fair value of assets and liabilities is categorized into a fair value hierarchy that provides three levels defined as follows on the basis of the inputs to valuation techniques used to measure fair value:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities to which the Company has access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

In this note, the relevant disclosures are provided in order to assess the following:

- for assets and liabilities that are measured at fair value on a recurring or non-recurring basis in the statement of financial position after initial recognition, the valuation techniques and inputs used to develop those measurements; and
- for recurring fair value measurements using significant unobservable inputs (Level 3), the effect of the measurements on profit or loss or other comprehensive income for the year.

For this purpose:

- recurring fair value measurements are those that the IFRSs require or permit in the statement of financial position at the end of each reporting period;
- non-recurring fair value measurements are those that the IFRSs require or permit in the statement of financial position in particular circumstances.

The fair value of derivative contracts is determined using the official prices for instruments traded on regulated markets. The fair value of instruments not listed on a regulated market is determined using valuation methods appropriate for each type of financial instrument and market data as of the close of the reporting period (such as interest rates, exchange rates, volatility), discounting expected future cash flows on the basis of the market yield curve and translating amounts in currencies other than the euro using exchange rates provided by World Markets Refinitiv (WMR) Company. For contracts involving commodities, the measurement is conducted using prices, where available, for the same instruments on both regulated and unregulated markets.

In accordance with the new IFRS, in 2013 the Company included a measurement of credit risk, both of the counterparty (Credit Valuation Adjustment or CVA) and its own (Debit Valuation Adjustment or DVA), in order to adjust the fair value of financial instruments for the corresponding amount of counterparty risk.

More specifically, the Company measures CVA/DVA using a Potential Future Exposure valuation technique for the net exposure of the position and subsequently allocating the adjustment to the individual financial instruments that make up the overall portfolio. All of the inputs used in this technique are observable on the market. Changes in the assumptions underlying the estimated inputs could have an effect on the fair value reported for such instruments.

The notional amount of a derivative contract is the amount on which cash flows are exchanged. This amount

can be expressed as a value or a quantity (for example tons, converted into euros by multiplying the notional amount by the agreed price).
Amounts denominated in currencies other than the euro are translated into euros at the official exchange rates provided by World Markets Refinitiv (WMR) Company.
The notional amounts of derivatives reported here do not necessarily represent amounts exchanged between the parties and therefore are not a measure of the Company's credit risk exposure.
For listed debt instruments, the fair value is given by official prices. For unlisted instruments the fair value is determined using appropriate valuation techniques for each category of financial instrument and market data at the reporting date, including the credit spreads of Enel.

35.1 Assets measured at fair value in the statement of financial position

The following table shows, for each class of assets measured at fair value on a recurring or non-recurring basis in the statement of financial position, the fair value measurement at the end of the reporting period and the level in the fair value hierarchy into which the fair value measurements are categorized.

Millions of euro		Non-current assets				Current assets			
	Notes	Fair value at Dec. 31, 2020	Level 1	Level 2	Level 3	Fair value at Dec. 31, 2020	Level 1	Level 2	Level 3
Derivatives									
Cash flow hedge derivatives:									
- on currency risk	34	567	-	567	-	-	-	-	-
Total cash flow hedges		**567**	**-**	**567**	**-**	**-**	**-**	**-**	**-**
Fair value hedge derivatives:									
- on interest rate risk	34	-	-	-	-	-	-	-	-
Total fair value hedges		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Fair value through profit or loss:									
- on interest rate risk	34	254	-	254	-	-	-	-	-
- on currency risk	34	69	-	69	-	128	-	128	-
- other		-	-	-	-	-	-	5	-
Total fair value through profit or loss		**323**	**-**	**323**	**-**	**128**	**-**	**133**	**-**
TOTAL		**890**	**-**	**890**	**-**	**128**	**-**	**133**	**-**

35.2 Liabilities measured at fair value in the statement of financial position

The following table reports, for each class of liabilities measured at fair value on a recurring or non-recurring basis in the statement of financial position, the fair value measurement at the end of the reporting period and the level in the fair value hierarchy into which the fair value measurements are categorized.

Millions of euro		Non-current liabilities				Current liabilities			
	Notes	Fair value at Dec. 31, 2020	Level 1	Level 2	Level 3	Fair value at Dec. 31, 2020	Level 1	Level 2	Level 3
Derivatives									
Cash flow hedge derivatives:									
- on interest rate risk	34	469	-	469	-	-	-	-	-
- on currency risk	34	970	-	970	-	40	-	40	-
Total cash flow hedges		**1,439**	**-**	**1,439**	**-**	**40**	**-**	**40**	**-**
Fair value through profit or loss:									
- on interest rate risk	34	255	-	255	-	87	-	87	-
- on currency risk	34	69	-	69	-	131	-	131	-
Total fair value through profit or loss		**324**	**-**	**324**	**-**	**218**	**-**	**218**	**-**
TOTAL		**1,763**	**-**	**1,763**	**-**	**258**	**-**	**258**	**-**

35.3 Liabilities not measured at fair value in the statement of financial position

The following table shows, for each class of liabilities not measured at fair value in the statement of financial position but for which the fair value shall be disclosed, the fair value at the end of the reporting period and the level in the fair value hierarchy into which the fair value measurements are categorized.

Millions of euro		LIABILITIES			
	Notes	Fair value at Dec. 31, 2020	Level 1	Level 2	Level 3
Bonds:					
- fixed rate	32.2.1	5,804	5,804	-	-
- floating rate	32.2.1	1,047	52	995	-
Total		**6,851**	**5,856**	**995**	**-**
Bank borrowings:					
- fixed rate		-	-	-	-
- floating rate	32.2.1	1,398	-	1,398	-
Total		**1,398**	**-**	**1,398**	**-**
Non-bank financing:					
- under fixed-rate leases		2		2	-
Total		**2**	**-**	**2**	**-**
Loans from Group companies:					
- fixed rate	32.2.1	5,992	-	5,992	-
- floating rate		5,706	-	5,706	-
- under fixed-rate leases		-	-	-	-
Total		**11,698**	**-**	**11,698**	**-**
TOTAL		**19,949**	**5,856**	**14,093**	**-**

36. Share-based payments

Starting with 2019, the shareholders of Enel SpA have each year approved the adoption of long-term incentive plans for the management of Enel and/or its subsidiaries pursuant to Article 2359 of the Italian Civil Code. Each of the incentive plans approved envisages, subject to the achievement of specific performance targets, the grant of ordinary shares of the Company (Shares) to the respective beneficiaries, as illustrated below.

2020 Long-Term Incentive Plan

On May 14, 2020, the Enel Shareholders' Meeting approved the Long-Term Incentive Plan for 2020 (2020 LTI Plan) for the management of Enel and/or its subsidiaries pursuant to Article 2359 of the Civil Code, granting the Board of Directors all the necessary powers to implement the Plan.
More specifically, the beneficiaries of the 2020 LTI Plan are the Chief Executive Officer/General Manager of Enel and the managers of the Enel Group who occupy key positions directly responsible for corporate performance or considered of strategic interest. It provides for the award to the beneficiaries of an incentive consisting of a cash component and a stock component.
This incentive – determined, at the time of the award, on a base value calculated in relation to the fixed remuneration of the individual beneficiary – may vary depending on the degree of achievement of each of the three-year performance targets by the Plan, ranging from zero up to a maximum of 280% or 180% of the base value in the case, respectively, of the Chief Executive Officer/General Manager or the other beneficiaries.
The 2020 LTI Plan also provides that, of the total incentive effectively vested, the bonus will be fully paid in Shares in the amount of (i) up to 100% of the base value granted for the Chief Executive Officer/General Manager and (ii) up to 50% of the base value granted for the other beneficiaries.
The effective award of the incentive connected with the 2020 LTI Plan is subject to achievement of the following performance objectives in 2020-2022 (the performance period).

Performance targets	Weight
Enel's average TSR (1) compared with the average TSR for the EURO STOXX Utilities - EMU index for the 2020-2022 period	50%
Cumulative ROACE in 2020-2022	25%
Consolidated net installed renewables capacity/Total consolidated net installed capacity at the end of 2022	15%
CO_2 emissions in grams per kWh equivalent generated by the Group in 2022 (2)	10%

(1) Average Total Shareholder Return (TSR) of Enel and the EURO STOXX Utilities - EMU index is calculated for the three months preceding the start and end of the performance period (January 1, 2020 - December 31, 2022) in order to neutalize any market volatility.
(2) Emissions from generation by Group plants.

If these targets are achieved, 30% of the stock and cash components of the incentive will be paid to the beneficiaries in 2023 and the remaining 70% in 2024.
For more information on the 2020 LTI Plan, please see the information document prepared pursuant to Article 84-*bis* of the CONSOB Regulation issued with Resolution no. 11971 of May 14, 1999 (the "Issuers Regulation"), which is available to the public in the section of Enel's website (www.enel.com/) dedicated to the Shareholders' Meeting of May 14, 2020.
On July 29, 2020, the Board of Directors, in implementation of the authorization granted by the Shareholders' Meeting of May 14, 2020 and in compliance with the associated terms and conditions, approved the start of a program for the purchase of 1,720,000 treasury Shares supporting the 2020 LTI Plan, equivalent to about 0.017% of Enel's share capital. In the year from September 3 to October 28, 2020, the Company purchased that quantity of treasury Shares at a weighted average price of €7.4366 per Share for a total about €12,790,870. At the grant date of the Plan, 1,635,307 Shares were allotted.

2019 Long-Term Incentive Plan

On May 16, 2019, the Enel Shareholders' Meeting approved the Long-Term Incentive Plan for 2019 (2019 LTI Plan) for the management of Enel and/or its subsidiaries pursuant to Article 2359 of the Civil Code, granting the Board of Directors all the necessary powers to implement the Plan.

The beneficiaries of the 2019 LTI Plan are also the Chief Executive Officer/General Manager of Enel SpA and the managers of the Enel Group who occupy key positions directly responsible for corporate performance or considered of strategic interest. It provides for the award to the beneficiaries of an incentive consisting of a stock component and a cash component.

This incentive – determined, at the time of the award, on a base value calculated in relation to the fixed remuneration of the individual beneficiary – may vary depending on the degree of achievement of each of the three-year performance targets by the Plan, ranging from zero up to a maximum of 280% or 180% of the base value in the case, respectively, of the Chief Executive Officer/General Manager or the other beneficiaries.

The 2019 LTI Plan also provides that, of the total incentive effectively vested, the bonus will be fully paid in Shares in the amount of (i) up to 100% of the base value granted for the Chief Executive Officer/General Manager and (ii) up to 50% of the base value granted for the other beneficiaries.

The effective award of the incentive connected with the 2019 LTI Plan is subject to achievement of the following performance objectives in 2019-2021 (the performance period).

Performance targets	Weight
Enel's average TSR (1) compared with the average TSR for the EURO STOXX Utilities - EMU index for the 2019-2020 period	50%
Cumulative ROACE in 2019-2021	40%
CO_2 emissions in grams per kWh equivalent generated by the Group in 2021 (2)	10%

(1) Average Total Shareholder Return (TSR) of Enel and the EURO STOXX Utilities - EMU index is calculated for the three months preceding the start and end of the performance period (January 1, 2019 - December 31, 2021) in order to neutalize any market volatility.

(2) Emissions from generation by Group plants.

If these targets are achieved, 30% of the stock and cash components of the incentive will be paid to the beneficiaries in 2022 and the remaining 70% in 2023.

For more information on the 2019 LTI Plan, please see the information document prepared pursuant to Article 84-*bis* of the CONSOB Regulation issued with Resolution no. 11971 of May 14, 1999 (the "Issuers Regulation"), which is available to the public in the section of Enel's website (www.enel.com/) dedicated to the Shareholders' Meeting of May 16, 2019.

On September 19, 2019, the Board of Directors, in implementation of the authorization granted by the Shareholders' Meeting of May 16, 2019 and in compliance with the associated terms and conditions, approved the start of a program for the purchase of Shares supporting the 2019 LTI Plan in the maximum amount of €10,500,000 for a maximum of 2,500,000 Shares: in the year from September 23 to December 2, 2019, the Company purchased treasury 1,549,152 Shares (equal to about 0.015% of share capital) at a weighted average price of €6.7779 per Share for a total about €10,499,999. At the grant date of the 2019 LTI Plan, 1,538,547 Shares were allotted.

As a result of the purchases to support the 2019 LTI Plan and the 2020 LTI Plan, at December 31, 2020 Enel held a total of 3,269,152 treasury Shares, equal to about 0.032% of share capital.

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The main characteristics of the 2019 LTI Plan and the 2020 LTI Plan are given below.

Enel 2019 and 2020 share incentive plans

	Grant date	Performance period	Verification of target achievement	Award
2019 LTI Plan	12.11.2019[2]	2019-2021	2022[3]	2022-2023
2020 LTI Plan	17.09.2020[4]	2020-2022	2023[5]	2023-2024

The following information regards the equity instruments granted in 2019 and 2020:

	2020			2019		
	Number of shares granted at the grant date	Fair value per share at the grant date	Number of shares potentially available for award	Number of shares granted at the grant date	Fair value per share at the grant date	Number of shares potentially available for award
2019 LTI Plan	-	-	1,529,182	1,538,547	6.983	1,538,547
2020 LTI Plan	1,635,307	7.380	1,635,307	-	-	-

The fair value of those equity instruments is measured on the basis of the market price of Enel shares at the grant date[6]. The cost of the Plan is determined with reference to the fair value of the equity instruments assigned during the year and is recognized over the duration of the vesting period in equity reserves.

The total costs recognized by the Group through profit or loss amounted to €5 million in 2020 (€0.3 million in 2019). There have been no terminations or amendments involving the 2019 LTI Plan or the 2020 LTI Plan.

(2) The date refers to the meeting of the Board of Directors which approved the procedures and timing for granting the 2019 LTI Plan to the beneficiaries (taking account of the proposal of the Nomination and Compensation Committee at its meeting of November 11, 2019).
(3) On the occasion of the approval of the consolidated financial statements of the Enel Group at December 31, 2021, the Company will proceed to verify the level of achievement of the performance objectives of the 2019 LTI Plan.
(4) The date refers to the meeting of the Board of Directors which approved the procedures and timing for granting the 2020 LTI Plan to the beneficiaries (taking account of the proposal of the Nomination and Compensation Committee at its meeting of September 16, 2020).
(5) On the occasion of the approval of the consolidated financial statements of the Enel Group at December 31, 2022, the Company will verify the level of achievement of the performance targets for the 2020 LTI Plan.
(6) With regard to the 2019 LTI Plan, the grant date refers to November 12, 2019, i.e. the date of the meeting of the Board of Directors which approved the procedures and timing for granting the 2019 LTI Plan to the beneficiaries.
With regard to the 2020 LTI Plan, the grant date refers to September 17, 2020, i.e. the date of the meeting of the Board of Directors which approved the procedures and timing for granting the 2020 LTI Plan to the beneficiaries.

37. Related parties

Related parties have been identified on the basis of the provisions of the IFRS and the applicable CONSOB measures.

The transactions Enel SpA entered into with its subsidiaries mainly involved the provision of services, the sourcing and employment of financial resources, insurance coverage, human resource management and organization, legal and corporate services, and the planning and coordination of tax and administrative activities.

All the transactions are part of routine operations, are carried out in the interest of the Company and are settled on an arm's length basis, i.e. on the same market terms as agreements entered into between two independent parties.

Finally, the Enel Group's corporate governance rules, which are discussed in greater detail in the Report on Corporate Governance and Ownership Structure available on the Company's website (www.enel.com), establish conditions for ensuring that transactions with related parties are performed with transparency and procedural and substantive propriety.

With regard to disclosures on the remuneration of key management personnel, provided for under IAS 24, please see Section I "Remuneration Policy for the Members of the Board of Directors, the General Manager, the Executives with Strategic Responsibilities and the Members of the Board of Statutory Auditors. Procedures for the Adoption and Implementation of the Policy" of the Remuneration Report published on the Enel website at https://www.enel.com/investors/governance/remuneration.

In November 2010, the Board of Directors of Enel SpA approved (and subsequently updated) a procedure governing the approval and execution of transactions with related parties carried out by Enel SpA directly or through subsidiaries. The procedure (available at www.enel.com/investors/bylaws-rules-and-policies/transactions-with-related-parties) sets out rules designed to ensure the transparency and procedural and substantive propriety of transactions with related parties. It was adopted in implementation of the provisions of Article 2391-*bis* of the Italian Civil Code and the implementing regulations issued by CONSOB. In 2020, no transactions were carried out for which it was necessary to make the disclosures required in the rules on transactions with related parties adopted with CONSOB Resolution no. 17221 of March 12, 2010, as amended.

The following tables summarize commercial, financial and other relationships between the Company and related parties.

E-MARKET SDIR CERTIFIED

Commercial and other relationships

2020

Millions of euro	Trade receivables	Trade payables	Costs		Revenue	
			Goods	Services	Goods	Services
	at Dec. 31, 2020	at Dec. 31, 2020	2020		2020	
Subsidiaries, joint ventures and associates						
Central Geradora Termelétrica Fortaleza SA	1	-	-	-	-	-
Codensa SA ESP	1	-	-	-	-	1
E-Distribuţie Banat SA	6	-	-	-	-	1
E-Distribuţie Dobrogea SA	5	-	-	-	-	1
E-Distribuţie Muntenia SA	9	-	-	-	-	1
Edistribución Redes Digitales SL	8	3	-	-	-	7
e-distribuzione SpA	119	67	-	-	-	25
Emgesa SA	-	-	-	-	-	1
Endesa Energía SA	3	3	-	1	-	3
Endesa Generación SA	2	1	-	-	-	3
Endesa Medios y Sistemas SL	1	-	-	1	-	1
Endesa Operaciones y Servicios Comerciales SL	-	-	-	-	-	1
Endesa Red SA	1	-	-	-	-	-
Endesa SA	6	2	-	-	-	7
Enel Américas SA	43	-	-	-	-	1
Enel Brasil SA	42	1	-	1	-	11
Enel Chile SA	4	-	-	-	-	1
Enel Distribución Chile SA	6	-	-	-	-	1
Enel Distribución Perú SAA	3	-	-	-	-	1
Enel Energie SA	1	-	-	-	-	-
Enel Energia SpA	24	26	-	-	-	9
Enel Finance America LCC	1	-	-	-	-	-
Enel Generación Chile SA	2	-	-	-	-	2
Enel Generacion Costanera SA	1	-	-	-	-	1
Enel Generación Perú SAA	3	-	-	-	-	1
Enel Generación Piura SA	1	-	-	-	-	-
Enel Global Infrastructure and Networks Srl	8	6	-	3	-	1
Enel Global Services Srl	14	5	-	63	-	1
Enel Global Thermal Generation Srl	4	1	-	1	-	-
Enel Global Trading SpA	32	4	-	-	-	1
Enel Green Power Chile SA	2	-	-	-	-	-
Enel Green Power España SL	1	-	-	-	-	1
Enel Green Power Hellas SA	6	-	-	-		1
Enel Green Power Italia Srl	6	1	-	-	-	5
Enel Green Power North America Inc.	2	-	-	-	-	2
Enel Green Power Romania Srl	1	1	-	-	-	1
Enel Green Power Rus LLC	1	-	-	-	-	-
Enel Green Power SpA	7	22	-	3	-	7
Enel Iberia SLU	476	5	-	3	-	1
Enel Innovation Hubs Srl	-	6	-	7	-	-
Enel Italia SpA	16	7	-	27	-	2
Enel North America Inc.	5	1	-	-	-	3
Enel Produzione SpA	43	20	-	-	-	4
Enel Romania Srl	4	2	-	-	-	2
Enel Russia PJSC	7	1	-	-	-	1
Enel Servicii Comune SA	1	-	-	-	-	1
Enel Sole Srl	-	-	-	-	-	1
Enel X Italia Srl	-	-	-	-	-	1
Enel X Mobility Srl	-	2	-	-	-	-
Enel X Srl	2	5	-	-	-	4
Enel.si Srl	-	2	-	-	-	-
Energía Nueva Energía Limpia México S de RL de Cv	1	-	-	-	-	1
Gas y Electricidad Generación SAU	2	-	-	-	-	-
Rusenergosbyt LLC	1	-	-	-	-	1
Servizio Elettrico Nazionale SpA	12	21	-	-	-	2
Slovenské elektrárne AS	13	-	-	-	-	1
Unión Eléctrica de Canarias Generación SAU	1	1	-	-	-	1
Vektör Enerjí Üretím AŞ	8	-	-	-	-	-
Total	**969**	**216**	**-**	**110**	**-**	**126**
Other related parties						
Fondazione Centro Studi Enel	1	-	-	-	-	1
GSE	1	-	-	-	-	-
Total	**2**	**-**	**-**	**-**	**-**	**1**
TOTAL	**971**	**216**	**-**	**110**	**-**	**127**

2019

Millions of euro	Trade receivables at Dec. 31, 2019	Trade payables at Dec. 31, 2019	Costs Goods	Costs Services 2019	Revenue Goods	Revenue Services 2019
Subsidiaries, joint ventures and associates						
Central Geradora Termelétrica Fortaleza SA	1	-	-	-	-	-
Codensa SA ESP	-	1	-	-	-	-
E-Distribuţie Banat SA	5	-	-	-	-	1
E-Distribuţie Dobrogea SA	4	-	-	-	-	1
E-Distribuţie Muntenia SA	9	-	-	-	-	1
e-distribuzione SpA	197	6	-	-	-	23
Endesa Distribución Eléctrica SL	27	3	-	-	-	6
Endesa Energía SA	3	2	-	1	-	2
Endesa Generación SA	-	1	-	1	-	1
Endesa Red SA	2	-	-	-	-	-
Endesa SA	7	4	-	-	-	3
Enel Américas SA	69	-	-	-	-	1
Enel Brasil SA	33	-	-	-	-	10
Enel Chile SA	23	-	-	-	-	2
Enel Distribución Chile SA	4	-	-	-	-	2
Enel Distribución Perú SAA	6	-	-	-	-	1
Enel Energia SpA	40	54	-	-	-	10
Enel Generación Chile SA	4	-	-	-	-	2
Enel Generación Costanera SA	1	-	-	-	-	-
Enel Generación Perú SAA	6	-	-	-	-	1
Enel Generación Piura SA	1	-	-	-	-	-
Enel Global Infrastructure and Networks Srl	3	5	-	3	-	1
Enel Global Thermal Generation Srl	1	3	-	2	-	-
Enel Global Trading SpA	1	33	-	-	-	2
Enel Green Power Chile SA	2	-	-	-	-	-
Enel Green Power España SL	1	-	-	-	-	-
Enel Green Power Hellas	4	-	-	-	-	-
Enel Green Power North America Inc.	1	1	-	-	-	1
Enel Green Power Romania Srl	-	1	-	-	-	-
Enel Green Power SpA	13	2	-	1	-	13
Enel Iberia SLU	476	4	-	3	-	-
Enel Innovation Hubs Srl	-	-	-	4	-	-
Enel Italia Srl	25	10	-	70	-	9
Enel Produzione SpA	106	3	-	-	-	6
Enel Romania Srl	4	2	-	-	-	1
Enel Russia PJSC	13	-	-	-	-	3
Enel Sole Srl	(1)	6	-	-	-	-
Enel X Italia Srl	2	9	-	-	-	-
Enel X Srl	3	4	-	-	-	3
Enel.si Srl	-	2	-	-	-	-
Energía Nueva Energía Limpia México S de RL de Cv	1	-	-	-	-	-
Gas y Electricidad Generación SAU	2	-	-	-	-	1
Rusenergosbyt LLC	1	-	-	-	-	-
Servizio Elettrico Nazionale SpA	7	50	-	-	-	3
Slovenské elektrárne AS	16	-	-	-	-	-
Unión Eléctrica de Canarias Generación SAU	1	1	-	1	-	1
Vektör Enerjí Üretím AŞ	8	-	-	-	-	-
Total	**1,132**	**207**	**-**	**86**	**-**	**111**
Other related parties						
Fondazione Centro Studi Enel	1	-	-	-	-	2
GSE	1	1	-	-	-	-
Monte dei Paschi di Siena	-	1	-	1	-	-
Total	2	2	-	1	-	2
TOTAL	**1,134**	**209**	**-**	**87**	**-**	**113**

Financial relationships

2020

Millions of euro	Loan assets	Borrowings	Guarantees	Costs	Revenue	Dividends
	at Dec. 31, 2020			2020		
Subsidiaries, joint ventures and associates						
Concert Srl	–	1	–	–	–	–
E-Distribuţie Banat SA	–	–	–	–	–	95
E-Distribuţie Dobrogea SA	–	–	–	–	–	54
E-Distribuţie Muntenia SA	–	–	–	–	–	256
e-distribuzione SpA	12	–	4,115	–	14	–
Empresa Propietaria de la Red SA	–	–	–	–	–	1
Enel Américas SA	–	–	–	–	–	440
Enel Chile SA	–	–	–	–	–	185
Enel Energia SpA	4	–	1,379	–	4	–
Enel Energie Muntenia SA	–	–	–	–	–	14
Enel Finance America LLC	–	–	1,251	–	1	–
Enel Finance International NV	63	13,532	39,044	254	186	–
Enel Global Infrastructure and Networks Srl	39	–	23	–	1	–
Enel Global Services Srl	226	–	2	3	9	–
Enel Global Thermal Generation Srl	79	–	7	–	–	–
Enel Global Trading SpA	188	166	1,506	209	349	–
Enel Green Power Australia (Pty) Ltd	1	–	33	–	–	–
Enel Green Power Brasil Participações Ltd	82	–	2,523	–	(4)	–
Enel Green Power Chile SA	–	–	1	–	–	–
Enel Green Power Colombia SAS	3	–	133	–	2	–
Enel Green Power Costa Rica SA	–	–	7	–	–	–
Enel Green Power Development Srl	–	2	–	–	–	–
Enel Green Power Hellas SA	–	–	60	–	1	–
Enel Green Power Italia Srl	2	–	634	–	2	–
Enel Green Power International BV	–	–	–	–	–	–
Enel Green Power México S de RL de Cv	71	–	2,150	–	33	–
Enel Green Power Panama SA	–	–	8	–	–	–
Enel Green Power Perú SA	19	–	87	–	7	–
Enel Green Power Romania Srl	1	–	29	–	–	–
Enel Green Power RSA (Pty) Ltd	31	–	–	–	9	–
Enel Green Power RUS LLC	–	–	50	–	–	–
Enel Green Power South Africa	–	–	876	–	–	–
Enel Green Power SpA	28	177	847	19	24	667
Enel Holding Finance Srl	–	2	–	–	–	–
Enel Iberia SLU	–	–		–	–	983
Enel Innovation Hubs Srl	–	19	1	–	–	–
Enel Italia SpA	255	1,495	2,019	4	80	392
Enel North America Inc.	29	–	11,686	–	29	–
Enel Produzione SpA	6	–	1,214	–	8	–
Enel Rinnovabili Srl	–	897	–	–	–	–
Enel Russia PJSC	–	–	–	–	–	20
Enel Sole Srl	1	–	296	–	1	–
Enel X international Srl	30	–	–	–	–	–
Enel X Italia Srl	–	–	2	–	–	–
Enel X Mobility Srl	–	–	53	–	–	–
Enel X North America Inc.	1	–	36	–	–	–
Enel X Polska Sp. Zo.o.	–	–	16	–	–	–
Enel X Srl	241	–	–	–	1	–
Enel X UK Limited	–	–	9	–	–	–
Enel.si Srl	1	–	15	–	–	–
Enelpower SpA	–	37	–	–	–	–
EnerNOC Ireland Limited	–	–	5	–	–	–
Nuove Energie Srl	16	–	85	–	1	–
OpEn Fiber SpA	295	–	16	–	13	–
Parque Eólico Pampa SA	1	–	20	–	1	–
Rusenergosbyt LLC	–	–	–	–	–	41
Servizio Elettrico Nazionale SpA	6	–	1,197	–	6	–
TOTAL	**1,731**	**16,328**	**71,435**	**489**	**778**	**3,148**

2019

Millions of euro	Loan assets	Borrowings	Guarantees	Costs	Revenue	Dividends
			at Dec. 31, 2019			2019
Subsidiaries, joint ventures and associates						
Concert Srl						
e-distribuzione SpA	–	1	–	–	–	–
Enel Américas SA	163	53	4,476	16	104	1,507
Enel Chile SA	–	–	–	–	–	270
Enel Energia SpA	–	–	–	–	–	175
Enel Finance America LLC	8	2,291	1,946	–	8	1,698
Enel Finance International NV	–	–	751	–	–	–
Enel Global Infrastructure and Networks Srl	148	11,307	38,584	207	162	–
Enel Global Thermal Generation Srl	26	–	17	–	1	–
Enel Global Trading SpA	24	–	–	–	–	–
Enel Green Power South Africa	30	230	1,631	160	114	–
Enel Green Power Australia (Pty) Ltd	–	–	1,088	–	–	–
Enel Green Power Brasil Participações Ltd	–	–	35	–	–	–
Enel Green Power Chile SA	85	–	3,370	–	45	–
Enel Green Power Colombia SAS	–	–	2	–	–	–
Enel Green Power Costa Rica SA	–	–	201	–	1	–
Enel Green Power Development Srl	–	–	8	–	–	–
Enel Green Power Hellas SA	–	2	–	1	–	–
Enel Green Power México S de RL de Cv	–	–	93	–	1	–
Enel Green Power North America Inc.	37	–	2,720	–	37	–
Enel Green Power Panama SA	36	–	9,082	–	20	–
Enel Green Power Perú SA	–	–	3	–	–	–
Enel Green Power Romania Srl	13	–	106	–	8	–
Enel Green Power RSA (Pty) Ltd	–	–	30	–	–	–
Enel Green Power RUS LLC	22	–	–	–	11	–
Enel Green Power SpA	–	–	50	–	–	–
Enel Holding Finance Srl	267	–	1,679	12	49	237
Enel Iberia SLU	–	2	–	–	–	–
Enel Innovation Hubs Srl	–	–	–	–	–	1,245
Enel Italia Srl	–	23	1	–	–	–
Enel Produzione SpA	3	42	254	3	5	15
Enel Russia PJSC	658	7	1,548	46	42	245
Enel Sole Srl	–	–	–	–	–	39
Enel Trade Romania Srl	1	16	335	–	1	–
Enel X North America Inc.	–	–	7	–	–	–
Enel X international Srl	–	–	37	–	–	–
Enel X Italia Srl	8	–	–	–	–	–
Enel X Mobility Srl	–	19	6	–	–	–
Enel X Polska Sp. Zo.o.	–	56	53	–	–	–
Enel X Srl	–	–	11	–	–	–
Enel X UK Limited	174	–	–	–	1	–
Enel.si Srl	–	–	13	–	–	–
Enelpower SpA	23	–	19	–	1	–
EnerNOC Ireland Limited	–	34	–	–	–	–
Nuove Energie Srl	–	–	8	–	–	–
OpEn Fiber SpA	12	–	85	–	1	–
Parque Eólico Pampa	207	–	19	–	10	–
Rusenergosbyt LLC	–	–	22	2	4	–
Servizio Elettrico Nazionale SpA	–	–	–	–	–	41
TOTAL	**146**	**–**	**1,217**	**–**	**6**	**75**
	2,091	**14,083**	**69,507**	**447**	**632**	**5,547**

The impact of transactions with related parties on the statement of financial position, income statement and statement of cash flows is reported in the following tables.

IMPACT ON THE STATEMENT OF FINANCIAL POSITION

Millions of euro	Total	Related parties	% of total	Total	Related parties	% of total
	at Dec. 31, 2020			at Dec. 31, 2019		
Assets						
Derivatives - non-current	890	319	35.8%	945	332	35.1%
Other non-current financial assets	280	270	96.4%	200	191	95.5%
Other non-current assets	128	108	84.4%	127	118	92.9%
Trade receivables	241	242	-	255	257	-
Derivatives - current	128	118	92.2%	143	16	11.2%
Other current financial assets	2,650	1,024	38.6%	2,883	1,552	53.8%
Other current assets	661	621	93.9%	796	759	95.4%
Liabilities						
Long-term borrowings	17,297	11,157	64.5%	14,206	6,095	42.9%
Derivatives - non-current	1,763	4	0.2%	1,536	9	0.6%
Other non-current liabilities	19	8	42.1%	21	8	38.1%
Short-term borrowings	5,303	5,057	95.4%	8,367	7,834	93.6%
Trade payables	92	50	54.3%	84	41	48.8%
Derivatives - current	258	11	4.3%	183	76	41.5%
Other current financial liabilities	228	53	23.2%	234	23	9.8%
Other current liabilities	2,154	158	7.3%	2,209	160	7.2%

IMPACT ON THE INCOME STATEMENT

Millions of euro	Total	Related parties	% of total	Total	Related parties	% of total
	2020			2019		
Revenue	128	127	99.2%	114	113	99.1%
Services and other operating costs	302	110	36.4%	261	86	33.0%
Income from equity investments	3,148	3,148	100.0%	5,548	5,547	100.0%
Financial income from derivatives	1,144	557	48.7%	1,003	369	36.8%
Other financial income	447	221	49.4%	273	263	96.3%
Financial expense from derivatives	1,472	337	22.9%	925	313	33.8%
Other financial expense	700	152	21.7%	775	134	17.3%

IMPACT ON CASH FLOWS

Millions of euro	Total	Related parties	% of total	Total	Related parties	% of total
	2020			2019		
Cash flows from (used in) operating activities	4,500	(203)	-4.5%	3,995	(1,098)	-27.5%
Cash flows (used in) investing/disinvesting activities	(3,674)	(5,226)	142.25%	(2,399)	(2,351)	98.0%
Cash flows (used in) financing activities	(2,852)	(5,051)	-	550	578	-

38. Government grants - Disclosure pursuant to Article 1, paragraphs 125-129, of Law 124/2017

Pursuant to Article 1, paragraphs 125-129, of Law 124/2017 as amended, the following provides information on grants received from Italian public agencies and bodies, as well as donations by Enel SpA and the fully consolidated subsidiaries to companies, individuals and public and private entities. The disclosure comprises: (i) grants received from Italian public entities/State entities; and (ii) donations made by Enel SpA and Group subsidiaries to public or private parties resident or established in Italy.

The following disclosure includes payments in excess of €10,000 made by the same grantor/donor during 2020, even if made through multiple financial transactions. They are recognized on a cash basis.

Pursuant to the provisions of Article 3-quater of Decree Law 135 of December 14, 2018, ratified with Law 12 of February 11, 2019, for grants received, please refer to the information contained in the National Register of State Aid referred to in Article 52 of Law 234 of December 24, 2012.

As far as donations made are concerned, the material cases are listed below.

Euro

Beneficiary	**Amount**	**Description of donation**
Elettrici senza frontiere Onlus	40,000	Donation for development energy
Enel Cuore Onlus	1,000,000	2020 donation
European University Institute	105,000	Donation to support research
Fondazione Accademia Nazionale "Santa Cecilia"	650,000	2020 donation for cultural projects
Fondazione Centro Studi Enel	50,000	2020 donation
Fondazione MAXXI	600,000	2020 donation for cultural projects
Fondazione Teatro del Maggio Musicale	400,000	2020 donation for cultural projects
OECD International Energy Agency (IEA)	150,000	2019 and 2020 donation
Responsible Business Alliance Foundation	50,000	2020 donation
Stichting Global Reporting Initiative	40,000	2020 donation
Università Commerciale Luigi Bocconi	130,000	Donation to support study grants
Total	**3,215,000**	

39. Contractual commitments and guarantees

Millions of euro

	at Dec. 31, 2020	**at Dec. 31, 2019**	**Change**
Sureties and guarantees given:			
- third parties	18	25	(7)
- subsidiaries	71,735	69,507	2,228
Total	**71,753**	**69,532**	**2,221**

Sureties granted to third parties essentially regard a bank surety issued in favor of Banco Centroamericano de Integración Económica (BCIE) in an amount equivalent to €18 million, acquired following the merger of Enel South America into Enel SpA in 2017.

Other sureties and guarantees issued on behalf of subsidiaries include:

- €36,305 million issued on behalf of Enel Finance International NV securing bonds issued in European and other international markets;
- €11,686 million on behalf of Enel North America Inc.;
- €6,580 million issued on behalf of various companies controlled by Enel Green Power for the development of new projects under the business plan;
- €3,448 million issued to the European Investment Bank (EIB) for loans granted to e-distribuzione SpA, Enel Produzione SpA, Enel Green Power SpA, Enel Green Power Italia Srl, Enel Green Power Perú Ltd, Enel Sole Srl and Enel X Mobility Srl;
- €2,739 million on behalf of Enel Finance International NV to secure the Euro commercial paper program;
- €955 million on behalf of the US company Enel Finance America LLC to secure the commercial paper program on the US market;
- €1,407 million in favor of Cassa Depositi e Prestiti issued on behalf of e-distribuzione SpA, which received the Enel Grid Efficiency II loan;

- €1,150 million issued by Enel SpA to the Single Buyer on behalf of Servizio Elettrico Nazionale for obligations under the electricity purchase contract;
- €939 million issued to INPS on behalf of various Group companies whose employees elected to participate in the structural staff reduction plan (Article 4 of Law 92/2012);
- €583 million issued to the tax authorities in respect of participation in the Group VAT procedure on behalf of Enel Italia SpA, Enel Global Trading SpA, Enel Produzione SpA, Enel Green Power Italia Srl and Enel Sole Srl;
- €786 million issued to Terna on behalf of e-distribuzione SpA, Enel Global Trading SpA, Enel Produzione SpA, Enel X Italia Srl, Enel Green Power Italia Srl and Enel Energia, in respect of agreements for electricity transmission services;
- €306 million issued to Snam Rete Gas on behalf of Enel Global Trading SpA, Enel.si Srl, Enel Produzione SpA and Nuove Energie Srl for gas transport capacity;
- €300 million as counter-guarantees in favor of the banks that guaranteed the Energy Markets Operator on behalf of Enel Global Trading SpA and Enel Produzione SpA;
- €50 million issued to RWE Supply & Trading GmbH on behalf of Enel Global Trading SpA for electricity purchases;
- €50 million issued to E.ON Energy Trading on behalf of Enel Global Trading SpA for trading on the electricity market;
- €32 million issued to Wingas GmbH & CO.KG on behalf of Enel Global Trading SpA for the supply of gas;
- €37 million issued on behalf of Enel Italia SpA to Excelsia Nove for the performance of obligations under rental contracts;
- €4,383 million issued to various beneficiaries as part of financial support activities by the Parent on behalf of subsidiaries.

Compared with December 31, 2019, the increase in other sureties and guarantees issued on behalf of subsidiaries mainly reflects the increase in commercial paper programs in line with the Company's liquidity targets.
In its capacity as the Parent, Enel SpA has also granted letters of patronage to a number of Group companies, essentially for assignments of receivables.

40. Contingent assets and liabilities

Enel Energia and Servizio Elettrico Nazionale antitrust proceeding

On May 11, 2017, the Competition Authority announced the beginning proceedings for alleged abuse of a dominant position against Enel SpA (Enel), Enel Energia SpA (EE) and Servizio Elettrico Nazionale SpA (SEN), with the concomitant performance of inspections. The proceeding was initiated on the basis of complaints filed by the Italian Association of Energy Wholesalers and Traders (AIGET) and the company Green Network SpA (GN), as well as a number of complaints from individual consumers. According to the charges filed by the Competition Authority, the Enel Group, as an integrated participant in the distribution and sale of power on the regulated market and at a crucial phase of the liberalization of retail markets for residential and non- residential low-voltage customers, engaged in an exclusionary strategy, using a series of non-replicable commercial stratagems capable of hindering its non-integrated competitors to the benefit of the Group's company operating on the free market (EE).
On December 20, 2018 the Competition Authority issued its final ruling, subsequently notified to the parties on January 8, 2019, with which it levied a fine on Enel SpA, SEN and EE of €93,084,790.50, for abuse of a dominant position in violation of Article 102 of the Treaty on the Functioning of the European Union (TFEU).
The disputed conduct consisted in the adoption of a strategy to exclude competitors from the free market for retail power supply on the part of the Group's operating companies, in particular EE, who used the privacy consent given by consumers to channel their offers within the Group in order to contact SEN customers who were still being served on the regulated market.
With regard to other allegations made with the measure to initiate the proceeding, concerning the organization and performance of sales activities at physical locations (Enel Points and Enel Point Partner Shops) and winback policies reported by GN, the Competition Authority reached the conclusion that the preliminary findings did not provide sufficient evidence of any abusive conduct on the part of Enel Group companies.
The companies involved filed an appeal to void the ruling before the Lazio Regional Administrative Court. The decision of that court, filed on October 17, 2019, partially upheld the appeals filed by SEN and EE, declaring that the abusive conduct had been engaged in for a period of 1 year and 9 months, rather than the original period of 5 years and 5

months referred to in the penalty ruling of the Competition Authority and requiring that authority to recalculate the penalty in accordance with the criteria specified in the ruling. At the same time, the Regional Administrative Court denied Enel's appeal concerning solely the reasons for the alleged joint and several liability of the Parent with SEN and EE, therefore without an autonomous financial impact on the recalculation of the penalty. With a measure November 27, 2019, the Competition Authority set the recalculated penalty at €27,529,786.46.

The rulings of the Regional Administrative Court were challenged on appeal before the Council of State by the three Enel Group companies and a precautionary request was presented to the Council of State asking for the suspension of the measure for recalculating the penalty levied by the Competition Authority. At the pre-trial hearing, held on February 20, 2020, this petition was not discussed in consideration of the supervening action of the Council of State to set a date for the hearing of the arguments in the dispute for May 21, 2020.

With an order of July 20, 2020, the Council of State (accepting a subordinate petition from the counsel defending the three companies), after the joinder of the three judgments, suspended the ruling and ordered that the issue be submitted for a preliminary ruling before the Court of Justice of the European Union (CJEU) pursuant to Article 267 of the TFEU, formulating a number of questions aimed at clarifying the interpretation of the concept of "abuse of a dominant position" to be applied to the present case. On September 11 and 18, 2020, the CJEU notified EE and SEN and Enel, respectively, of the initiation of a proceeding pursuant to Article 267 of the TFEU. The companies then filed briefs and are now waiting for the proceeding to continue.

Pending the opening of the proceedings before the CJEU, Enel, EE and SEN filed an additional precautionary petition to the Council of State asking for the suspension of the enforceability of the contested ruling of the Regional Administrative Court and the measure recalculating the penalty.

Following the precautionary hearing on November 11, 2020, with three separate orders with identical content – published on November 16 – the Council of State granted the request for suspension filed by the Enel companies and, as a guarantee of payment of the penalty in the event of an unfavorable final ruling for Enel, required the issue of a first demand surety in favor of the Competition Authority in an amount equal to that of the penalty suspended with the precautionary orders.

Subsequently, with a separate ruling, the Council of State also set the date of the final trial session of the appeal for November 11, 2021, believing that the suspended proceeding could be resumed by that date. The Company is therefore still awaiting the final decision.

BEG litigation

Following an arbitration proceeding initiated by BEG SpA in Italy, Enelpower SpA obtained a ruling in its favor in 2002, which was upheld by the Court of Cassation in 2010, which entirely rejected the claim for damages with regard to alleged breach by Enelpower of an agreement concerning the construction of a hydroelectric power station in Albania. Subsequently, BEG, acting through its subsidiary Albania BEG Ambient Shpk (ABA), an Albanian company, filed suit against Enelpower and Enel SpA concerning the matter, obtaining a ruling from the District Court of Tirana, upheld by the Albanian Court of Cassation, ordering Enelpower and Enel to pay tortious damages of about €25 million for 2004 as well as an unspecified amount of tortious damages for subsequent years. Following the ruling, ABA demanded payment of more than €430 million from Enel.

With a ruling of June 16, 2015, the first level of adjudication was completed in the additional suit lodged by Enelpower and Enel with the Court of Rome asking the Court to ascertain the liability of BEG for having evaded compliance with the arbitration ruling issued in Italy in favor of Enelpower through the legal action taken by ABA. With this action, Enelpower and Enel asked the Court to find BEG liable and order it to pay damages in the amount that they could be required to pay to ABA in the event of the enforcement of the ruling issued by the Albanian courts. With the ruling, the Court of Rome found that BEG did not have standing to be sued, or alternatively, that the request was not admissible for lack of an interest for Enel and Enelpower to sue, as the Albanian ruling had not yet been declared enforceable in any court. The Court ordered the setting off of court costs. Enel and Enelpower appealed the ruling before the Rome Court of Appeal, asking that it be overturned in full. The hearing scheduled for February 18, 2021 was postponed until November 11, 2021.

On November 5, 2016, Enel and Enelpower filed a petition with the Albanian Court of Cassation, asking for the ruling issued by the District Court of Tirana on March 24, 2009 to be voided. The proceeding is still pending.

Proceedings undertaken by Albania BEG Ambient Shpk (ABA) to obtain enforcement of the ruling of the District Court of Tirana of March 24, 2009

ABA had initiated two proceedings requesting recognition and enforcement of the Albanian ruling before the courts of the State of New York and Ireland, which both ruled in favor of Enel and Enelpower, respectively, on February 23 and February 26, 2018. Accordingly, there are no lawsuits pending in Ireland or New York State.

France

In February 2012, ABA filed suit against Enel and Enelpower with the *Tribunal de Grande Instance* in Paris (TGI) in order to render the ruling of the Albanian court enforceable in France. Enel SpA and Enelpower SpA challenged the suit.

Following the beginning of the case before the TGI, again at the initiative of ABA, between 2012 and 2013 Enel France was served with two "*Saise Conservatoire de Créances*" (orders for the precautionary attachment of receivables) to conserve any receivables of Enel in respect of Enel France.

On January 29, 2018, the TGI issued a ruling in favor of Enel and Enelpower, denying ABA the recognition and enforcement of the Tirana court's ruling in France for lack of the requirements under French law for the purposes of granting *exequatur*. Among other issues, the TGI ruled that: (i) the Albanian ruling conflicted with an existing decision, in this case the arbitration ruling of 2002 and that (ii) the fact that BEG sought to obtain in Albania what it was not able to obtain in the Italian arbitration proceeding, resubmitting the same claim through ABA, represented fraud. ABA appealed the ruling. The hearing before the Paris Court of Appeal was held on February 2, 2021 and a ruling is pending.

The Netherlands

At the end of July 2014, ABA filed suit with the Court of Amsterdam to render the ruling of the Albanian court enforceable in the Netherlands. On June 29, 2016, the court filed its judgment, which: (i) ruled that the Albanian ruling meet the requirements for recognition and enforcement in the Netherlands; (ii) ordered Enel and Enelpower to pay €433,091,870.00 to ABA, in addition to costs and ancillary charges of €60,673.78; and (iii) denied ABA's request to declare the ruling provisionally enforceable.

On June 29, 2016, Enel and Enelpower filed appeals against the first-level ruling of the Court of Amsterdam issued on the same date. On September 27, 2016, ABA also appealed the court's ruling of June 29, 2016, to request the reversal of its partial loss on the merits. On April 11, 2017, the Amsterdam Court of Appeal granted the request of Enel and Enelpower to join to two pending appeals.

In a ruling of July 17, 2018, the Amsterdam Court of Appeal upheld the appeal advanced by Enel and Enelpower, ruling that the Albanian judgment cannot be recognized and enforced in the Netherlands. The Court of Appeal found that the Albanian decision was arbitrary and manifestly unreasonable and therefore contrary to Dutch public order. For these reasons, the court did not consider it necessary to analyze the additional arguments of Enel and Enelpower.

The proceeding before the Court of Appeal continued with regard to the subordinate question raised by ABA in the appeal proceedings, with which it is asking the court to rule on the merits of the dispute in Albania and in particular the alleged non-contractual liability of Enel and Enelpower in the failure to build the plant in Albania. On December 3, 2019, the Amsterdam Court of Appeal issued a ruling in which it quashed the trial court judgment of June 29, 2016, rejecting any claim made by ABA. The Court came to this conclusion after affirming its jurisdiction over ABA's subordinate claim and re-analyzing the merits of the case under Albanian law. Enel and Enelpower are therefore not liable to pay any amount to ABA, which was in fact ordered by the Court of Appeal to reimburse the appellant companies for the losses incurred in illegitimate conservative seizures, to be quantified as part of a specific procedure, and the costs of the trial and appeal proceedings. On March 3, 2020, ABA filed an appeal with the Supreme Court of the Netherlands against the ruling of the Court of Appeal. On April 3, 2020, Enel and Enelpower appeared before the Supreme Court. Following the exchange of briefs between the parties, on July 17, 2020 the Supreme Court ordered the Advocate General to issue an opinion on the case. On February 5, 2021, the Advocate General issued an opinion favorable to Enel and Enelpower, calling for the denial the appeal filed by ABA. On February 19, 2021, ABA submitted a response to the opinion of the Advocate General. The issuance of the decision is pending.

Luxembourg

In Luxembourg, again at the initiative of ABA, J.P. Morgan Bank Luxembourg SA was also served with an order for the precautionary attachment of any receivables of Enel SpA.

In parallel ABA filed a claim to obtain enforcement of the ruling of the Court of Tirana in that country. The proceeding is still under way and briefs are being exchanged between the parties. No ruling has been issued.

Kino arbitration - Mexico

On September 16, 2020, Kino Contractor SA de Cv, Kino Facilities Manager SA de Cv and Enel SpA were notified of a request for arbitration filed by Parque Solar Don José SA de Cv, Villanueva Solar SA de Cv and Parque Solar Villanueva Tres SA de Cv (together, "Project Companies") in which the Project Companies alleged the violation (i) by Kino Contractor of certain provisions of the EPC Contract and (ii) by Kino Facilities of certain provisions of the Asset Management Agreement, both contracts concerning solar projects owned by the three companies filing for arbitration.

Enel SpA – which is the guarantor of the obligations of Kino Contractor and Kino Facilities deriving from the above contracts – has also been called into the arbitration proceeding, but without specific claims being filed against it

The Project Companies, in which Enel Green Power SpA is a non-controlling shareholder, are controlled by Caisse de Dépôt et Placement du Québec and CKD Infraestructura México SA de Cv. The proceeding is in the preliminary phase and the formation of the arbitration panel is in progress. The claim is provisionally quantified at about $140 million, while the Project Companies provisionally quantified their claim at about $15.4 million.

41. Future accounting standards

The following provides a list of accounting standards, amendments and interpretations that will take effect for the Company after December 31, 2020.

> *"Amendment to IFRS 16: COVID 19-related rent concessions",* issued on May 28, 2020 in order to permit lessees to not account for rent concessions (rent payment holidays, deferral of lease payments, reductions in rent for a period of time, possibly followed by rent increases in future periods) as lease modifications if they are a direct consequence of the COVID-19 pandemic and meet certain conditions. According to IFRS 16, a lease modification is a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease. Accordingly, rent concessions would represent lease modifications unless they were provided for in the original lease agreement. The amendment applies only to lessees, while lessors are required to apply the current provisions of IFRS 16. The amendment, which applies retrospectively for annual reporting periods beginning on or after June 1, 2020, was not applied early by the Company.

> *"Amendments to IAS 1 - Classification of Liabilities as Current or Non-current"*, issued in January 2020. The amendments regard the provisions of IAS 1 concerning the presentation of liabilities. More specifically, the changes clarify:
- the criteria to adopt in classifying a liability as current or non-current, specifying the meaning of right of an entity to defer settlement and that that right must exist at the end of the reporting period;
- the classification is unaffected by the intentions or expectations of management about when the entity will exercise its right to defer settlement of a liability;
- that the right to defer exists if and only if the entity satisfies the terms of the loan at the end of the reporting period, even if the creditor does not verify compliance until later; and
- that settlement regards the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments will take effect, subject to endorsement, for annual periods beginning on or after January 1, 2023, with earlier application permitted.

> *"Amendments to IFRS 3 - Reference to the Conceptual Framework"* issued in May 2020. The amendments are intended to replace a reference to the definitions of assets and liabilities provided by the *Revised Conceptual Framework for Financial Reporting* issued in March 2018 (*Conceptual Framework*) without significantly changing its provisions. The amendments also add to IFRS 3 a requirement that, for transactions and other events within the scope of "IAS 37 - Provisions", contingent liabilities and contingent assets or "IFRIC 21 - Levies", an acquirer applies IAS 37 or IFRIC 21 (instead of the *Conceptual Framework*) to identify the liabilities it has assumed in a business combination. Finally, the amendments clarify the existing guidelines in IFRS 3 for contingent assets acquired in a business combination, specifying that, if it is not sure that an asset exists at the acquisition date, the contingent asset shall not be recognized. The amendments will take effect, subject to endorsement, for annual periods beginning on or after January 1, 2022.

> *"Amendments to IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use"*, issued in May 2020. The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss. The

amendments will take effect, subject to endorsement, for annual periods beginning on or after January 1, 2022. Early application is permitted.

> "*Amendments to IAS 37 - Onerous Contracts - Costs of Fulfilling a Contract*", issued in May 2020. The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. To this end, the cost of fulfilling a contract comprises the costs that relate directly to the contract. These consist of the incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts. The amendments will take effect, subject to endorsement, for annual periods beginning on or after January 1, 2022. Early application is permitted.
> "*Annual improvements to IFRS Standards 2018-2020*", issued in May 2020. The document mainly comprises amendments to the following standards:
  - "*IFRS 1 - First-Time Adoption of International Financial Reporting Standards*"; the amendment simplifies the application of IFRS 1 by an investee (subsidiary, associate or joint venture) that becomes a first-time adopter of IFRS Standards after its parent has already adopted them. More specifically, if the investee adopts the IFRSs after its parent and applies IFRS 1.D16 (a), then the investee can elect to measure the cumulative translation differences for all foreign operations at the amounts that would be included in the parent's consolidated financial statements, based on parent's date of transition to the IFRSs;
  - "*IFRS 9 - Financial Instruments*"; with regard to fees included in the '10 per cent' test for derecognition of financial liabilities, the amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. In particular, these include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf;
  - "*IFRS 16 - Leases*"; the International Accounting Standards Board amended Illustrative Example 13 accompanying "IFRS 16 - Leases". Specifically, the amendment eliminates the potential for confusion in the application of IFRS 16 created by the way in which Illustrative Example 13 had illustrated the requirements for lease incentives. The example had included a reimbursement relating to leasehold improvements without explaining whether the reimbursement qualified as a lease incentive. The amendment removes the illustration of a reimbursement relating to leasehold improvements from the example.

The amendments shall be applied prospectively, subject to endorsement, for annual periods beginning on or after January 1, 2022. Early application is permitted.

> "*Amendments to IFRS 9, IAS 39, IFRS 7, and IFRS 16 - Interest Rate Benchmark Reform - Phase 2*", issued in August 2020. The amendments supplement those issued in 2019 (*Interest Rate Benchmark Reform - Phase 1*) and address issues that could affect financial reporting after a benchmark has been reformed or replaced with an alternative benchmark rate. The objectives of the Phase 2 amendments are to assist companies: (i) in applying the IFRSs when changes occur in contractual cash flows or hedging relationships due to the reform of the benchmarks for determining interest rates; and (ii) in providing information to users of financial statements. In addition, when the Phase 1 exemptions cease to apply, companies are required to amend the documentation of hedging relationship to reflect the changes required under the IBOR reform by the end of the year in which the changes are made (such changes do not constitute the discontinuation of the hedging relationship). When the description of a hedged element in the documentation of the hedging relationship is changed, the amounts accumulated in the hedging reserve shall be considered to be based on the alternative benchmark rate on the basis of which the future hedged cash flows will be determined. The amendments will require providing additional disclosures about the entity's exposure to the risks arising from the interest rate benchmark reform and related risk management activities. The amendments will take effect for annual periods beginning on or after January 1, 2021. Early application is permitted.
> "*Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies*", issued in February 2021. The amendments are intended to support entities in deciding which accounting policies to disclose in the separate financial statements. The amendments to IAS 1 require companies to disclose their material accounting policy information rather

than their significant accounting policies. A guide on how to apply the concept of materiality to disclosures on accounting policies is provided in the amendments to IFRS Practice Statement 2. The amendments will take effect, subject to endorsement, for annual periods beginning on or after January 1, 2023. Early application is permitted.

- *"Amendments to IAS 8 - Definition of Accounting Estimates"*, issued in February 2021. The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. The definition of changes in accounting estimates has been replaced with a definition of accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". The amendments will take effect, subject to endorsement, for annual periods beginning on or after January 1, 2023. Early application is permitted.

The Company is assessing the potential impact of the future application of the new provisions.

42. Events after the reporting date

Moody's upgrades Enel's long-term rating to "Baa1"

On January 15, 2021, Moody's Investors Service announced that it had upgraded its rating of the long-term debt of Enel SpA to "Baa1" from the previous level of "Baa2". Among the main key rating drivers for the upgrade, Moody's focused on the following:

- low earnings volatility driven by large scale and geographical diversification;
- stable earnings stemming from regulated networks and contracted generation, which account for 80% of the Group's EBITDA;
- solid financial profile, with funds from operations/net debt in excess of 20%.

Merger of Enel Rinnovabili Srl into EGP Américas SpA

On February 1, 2021, Enel Rinnovabili Srl was merged into Enel SpA's wholly owned Chilean subsidiary EGP Américas SpA.

The merger was part of the broader reorganization of the Enel Group's shareholdings with the aim of integrating the Group's non-conventional renewable operations in Central and South America, excluding Chile, into Enel Américas SA, and is preparatory to the subsequent merger of EGP Américas into Enel Américas SA pursuant to Chilean law.

At the effective date of the merger, the carrying amount of Enel SpA's investment in EGP Américas SpA is equal to €4,669 million.

Enel's Board of Directors approves the issue of hybrid bonds up to a maximum of €3 billion

On February 25, 2021, the Board of Directors of Enel SpA authorized the issue by December 31, 2021, of one or more non-convertible subordinated hybrid bonds, including perpetual bonds, for up to a maximum of €3 billion. The bonds are to be placed exclusively with European and non-European institutional investors, including through private placements.

Issue of new hybrid bonds for a total of €2.25 billion

On March 4, 2021, the Company successfully launched the issue of a multitranche non-convertible subordinated perpetual hybrid bond of €2.25 billion for institutional investors on the European market.

The new issue strengthens and optimizes the Group's capital structure with an incremental hybrid bond component, thus contributing to support the Group's growth set out in the 2021-2023 Strategic Plan, which envisages direct investments of around €40 billion over the year.

The issue was carried out in execution of the resolution of February 25, 2021 of the Company's Board of Directors, which authorized Enel to issue, by December 31, 2021, one or more non-convertible subordinated hybrid bonds in the maximum amount of €3 billion.

Enel signs the largest ever sustainability-linked revolving credit facility

On March 5, 2021, Enel SpA and its Dutch subsidiary Enel Finance International NV (EFI) signed the largest ever sustainability-linked revolving credit facility in the amount of €10 billion, with a term of five years.

The facility, which will be used to meet the Group's financial requirements, is linked to a key performance indicator consisting of direct greenhouse gas emissions (i.e., Group Scope 1 CO_2 equivalent emissions from the production of electricity and heat), contributing to the achievement of the United Nations Sustainable Development Goal (SDG) 13 "Climate Action" and in line with the Group's "Sustainability-Linked Financing Framework", for which Vigeo Eiris provided a second-party opinion.

The facility replaces the previous €10 billion revolving credit line signed by Enel and EFI in December 2017 and has a lower all-in cost than the earlier facility.

Voluntary partial public tender offer for Enel Américas SA shares and American Depositary Shares

As part of the process of corporate reorganization aimed at integrating the non-conventional renewable energy business of the Enel Group in Central and South America (excluding Chile) into the listed Chilean subsidiary Enel Américas SA, on March 15, 2021, Enel SpA, as previously announced to investors, launched a voluntary partial public tender offer for Enel Américas common stock and American Depositary Shares (ADSs) up to a maximum overall amount of 7,608,631,104 shares (including the shares represented by ADSs), equal to 10% of the company's outstanding share capital at that date (the Offer).

The tender is organized as a voluntary public tender offer in the United States and a voluntary public tender offer in Chile.

The Offer period ran from March 15 to April 13, 2021.

The Offer was conditional upon the effectiveness of the merger of EGP Américas SpA into Enel Américas SA, which occurred on April 1, 2021.

The total maximum outlay of approximately 1,065.2 billion Chilean pesos (equal to about €1.2 billion(7)) was funded through internally generated cash flows and existing borrowing capacity.

Following the completion of the voluntary partial public tender offer and the completion of the merger of EGP Américas, Enel owns about 82.3% of the share capital of Enel Américas currently in circulation.

(7) Calculated at the exchange rate prevailing on March 12, 2021 of 853.44 Chilean pesos per euro.

43. Fees of the independent auditors pursuant to Article 149-*duodecies* of the CONSOB Issuers Regulation

Fees pertaining to 2020 paid by Enel SpA and its subsidiaries at December 31, 2020 to the independent auditors and entities belonging to its network for services are summarized in the following table, pursuant to the provisions of Article 149-*duodecies* of the CONSOB Issuers Regulation.

Type of service	Entity providing the service	Fees (millions of euro)
Enel SpA		
Auditing	of which:	
	- KPMG SpA	1.4
	- Entities of KPMG network	-
Certification services	of which:	
	- KPMG SpA	0.8
	- Entities of KPMG network	-
Other services	of which:	
	- KPMG SpA	-
	- Entities of KPMG network	-
Total		**2.2**
Enel SpA subsidiaries		
Auditing	of which:	
	- KPMG SpA	3.3
	- Entities of KPMG network	8.0
Certification services	of which:	
	- KPMG SpA	0.4
	- Entities of KPMG network	0.9
Other services	of which:	
	- KPMG SpA	-
	- Entities of KPMG network	-
Total		**12.6**
TOTAL		**14.8**

Declaration of the Chief Executive Officer and the officer in charge of financial reporting of Enel SpA at December 31, 2020, pursuant to the provisions of Article 154-*bis*, paragraph 5, of Legislative Decree 58 of February 24, 1998 and Article 81-*ter* of CONSOB Regulation no. 11971 of May 14, 1999

1. The undersigned Francesco Starace and Alberto De Paoli, in their respective capacities as Chief Executive Officer and officer responsible for the preparation of the financial reports of Enel SpA, hereby certify, taking account of the provisions of Article 154-bis, paragraphs 3 and 4, of Legislative Decree 58 of February 24, 1998:
   a. the appropriateness with respect to the characteristics of the Company and
   b. the effective adoption of

   the administrative and accounting procedures for the preparation of the separate financial statements of Enel SpA in the period between January 1, 2020 and December 31, 2020.
2. In this regard, we report that:
   a. the appropriateness of the administrative and accounting procedures used in the preparation of the separate financial statements of Enel SpA has been verified in an assessment of the internal control system for financial reporting. The assessment was carried out on the basis of the guidelines set out in the "Internal Controls - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO);
   b. the assessment of the internal control system for financial reporting did not identify any material issues.
3. In addition, we certify that separate financial statements of Enel SpA at December 31, 2020:
   a. have been prepared in compliance with the International Financial Reporting Standards recognized in the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of July 19, 2002;
   b. correspond to the information in the books and other accounting records;
   c. provide a true and fair representation of the financial position, financial performance and cash flows of the issuer.
4. Finally, we certify that the Report on Operations accompanying the separate financial statements of Enel SpA at December 31, 2020, contains a reliable analysis of operations and performance, as well as the situation of the issuer, together with a description of the main risks and uncertainties to which it is exposed.

Rome, March 18, 2021

Francesco Starace
Chief Executive Officer of Enel SpA

Alberto De Paoli
Officer responsible for the preparation

4 REPORTS

Report of the Board of Statutory Auditors to the Shareholders' Meeting of Enel SpA

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS' MEETING OF ENEL SpA CALLED TO APPROVE THE FINANCIAL STATEMENTS FOR 2020
(pursuant to Article 153 of Legislative Decree 58/1998)

Shareholders,
during the year ended December 31, 2020 we performed the oversight activities envisaged by law at Enel SpA (hereinafter also "Enel" or the "Company"). In particular, pursuant to the provisions of Article 149, paragraph 1, of Legislative Decree 58 of February 24, 1998 (hereinafter the "Consolidated Law on Financial Intermediation") and Article 19, paragraph 1 of Legislative Decree 39 of January 27, 2010, as amended by Legislative Decree 135 of July 17, 2016 (hereinafter "Decree 39/2010"), we monitored:

- compliance with the law and the corporate bylaws as well as compliance with the principles of sound administration in the performance of the Company's business;
- the Company's financial reporting process and the adequacy of the administrative and accounting system, as well as the reliability of the latter in representing operational events;
- the statutory audit of the annual statutory and consolidated accounts and the independence of the audit firm;
- the adequacy and effectiveness of the internal control and risk management system;
- the adequacy of the organizational structure of the Company, within the scope of our responsibilities;
- the implementation of the corporate governance rules as provided for by the 2018 edition of the Corporate Governance Code for Listed Companies (hereinafter, the "Corporate Governance Code"), which the Company had adopted until March 2021;[(1)]
- the appropriateness of the instructions given by the Company to its subsidiaries to enable Enel to meet statutory public disclosure requirements.

In performing our checks and assessments of the above issues, we did not find any particular issues to report.
In compliance with the instructions issued by CONSOB with (i) Communication no. DEM/1025564 of April 6, 2001, as amended, and (ii) in warning notice no. 1/2021 of February 16, 2021, we report the following:

([1]) In March 2021, the Board of Directors completed the adoption of measures to ensure that Enel had implemented the amendments to the Italian Corporate Governance Code published in January 2020.

- we monitored compliance with the law and the bylaws and we have no issues to report;
- on a quarterly basis, we received adequate information from the Chief Executive Officer, as well as through our participation in the meetings of the Board of Directors of Enel, on activities performed, general developments in operations and the outlook, and on transactions with the most significant impact on performance or the financial position carried out by the Company and its subsidiaries. We report that the actions approved and implemented were in compliance with the law and the bylaws and were not manifestly imprudent, risky, in potential conflict of interest or in contrast with the resolutions of the Shareholders' Meeting or otherwise prejudicial to the integrity of the Company's assets. For a discussion of the features of the most significant transactions, please see the Report on Operations accompanying the separate financial statements of the Company and the consolidated financial statements of the Enel Group for 2020 (in the section "Significant events in 2020");
- we did not find any atypical or unusual transactions conducted with third parties, Group companies or other related parties;
- in the section "Related parties" of the notes to the separate financial statements for 2020 of the Company, the directors describe the main transactions with related parties – the latter being identified on the basis of international accounting standards and the instructions of CONSOB – carried out by the Company, to which readers may refer for details on the transactions and their financial impact. They also detail the procedures adopted to ensure that related-party transactions are carried out in accordance with the principles of transparency and procedural and substantive fairness. The transactions were carried out in compliance with the approval and execution processes set out in the related procedure – adopted in compliance with the provisions of Article 2391-*bis* of the Italian Civil Code and the implementing regulations issued by CONSOB – described in the Report on Corporate Governance and Ownership Structure for 2020. All transactions with related parties reported in the notes to the separate financial statements for 2020 of the Company were executed as part of ordinary operations in the interest of the Company and settled on market terms and conditions;
- the Company declares that it has prepared its separate financial statements for 2020 on the basis of international accounting standards (IAS/IFRS) – and the interpretations issued by the IFRIC and the SIC – endorsed by the European Union pursuant to Regulation (EC) no. 1606/2002 and in force at the close of 2020, as well as the provisions of Legislative Decree 38 of February 28, 2005 and its related implementing measures, as it did the previous year. The Company's

separate financial statements for 2020 have been prepared on a going-concern basis using the cost method, with the exception of items that are measured at fair value under the IFRS-EU, as indicated in the accounting policies for the individual items of the financial statements. The notes to the separate financial statements give detailed information on the accounting standards and measurement criteria adopted, accompanied by an indication of the standards applied for the first time in 2020, which as indicated in the notes did not have a significant impact in the year under review, and standards that will apply in the future. The separate financial statements for 2020 of the Company underwent the statutory audit by the audit firm, KPMG SpA, which issued an unqualified opinion, including with regard to the consistency of the Report on Operations and certain information in the Report on Corporate Governance and Ownership Structure of the Company with the financial statements, as well as compliance with the provisions of law, pursuant to Article 14 of Legislative Decree 39/2010 and Article 10 of Regulation (EU) no. 537/2014. The report of KPMG SpA also includes:

- a discussion of key aspects of the audit report on the separate financial statements; and
- the declaration provided pursuant to Article 14, paragraph 2(e) of Legislative Decree 39/2010 stating that the audit firm did not identify any significant errors in the contents of the report on operations;

• the Company declares that it has also prepared the consolidated financial statements of the Enel Group for 2020 on the basis of international accounting standards (IAS/IFRS) – and the interpretations issued by the IFRIC and the SIC – endorsed by the European Union pursuant to Regulation (EC) no. 1606/2002 and in force at the close of 2020, as well as the provisions of Legislative Decree 38 of February 28, 2005 and its related implementing measures, as it did the previous year. The 2020 consolidated financial statements of the Enel Group are also prepared on a going-concern basis using the cost method, with the exception of items that are measured at fair value under the IFRS-EU (as indicated in the discussion of measurement criteria for the individual items) and non-current assets (or disposal groups) classified as held for sale, which are measured at the lower of carrying amount and fair value less costs to sell. The notes to the consolidated financial statements provide a detailed discussion of the accounting standards and measurement criteria adopted, accompanied by an indication of standards applied for the first time in 2020, which did not have a significant impact in the year under review. The consolidated financial statements for 2020 of the Enel Group underwent statutory audit by the audit firm KPMG SpA, which issued an unqualified opinion, including with regard to the consistency of the consistency of the Report on Operations and certain information in the Report on

Corporate Governance and Ownership Structure with the consolidated financial statements, as well as compliance with the provisions of law, pursuant to Article 14 of Decree 39/2010 and Article 10 of Regulation (EU) no. 537/2014. The report of KPMG SpA also includes:

- a discussion of key aspects of the audit report on the consolidated financial statements; and
- the declaration provided pursuant to Article 14, paragraph 2(e) of Decree 39/2010 and Article 4 of CONSOB Regulation no. 20267 (implementing Legislative Decree 254 of December 30, 2016) concerning, respectively, a statement that the audit firm did not identify any significant errors in the contents of the Report on Operations and that it verified that the Board of Directors had approved the consolidated non-financial statement.

Under the terms of its engagement, KPMG SpA also issued unqualified opinions on the financial statements for 2020 of the most significant Italian companies of the Enel Group. Moreover, during periodic meetings with the representatives of the audit firm, KPMG SpA, the latter did not raise any issues concerning the reporting packages of the main foreign companies of the Enel Group, selected by the auditors on the basis of the work plan established for the auditing of the consolidated financial statements of the Enel Group that would have a sufficiently material impact to be reported in the opinion on those financial statements;

- taking due account of the recommendations of the European Securities and Markets Authority issued on January 21, 2013, and most recently confirmed with the Public Statement of October 28, 2020, to ensure appropriate transparency concerning the methods used by listed companies in testing goodwill for impairment, in line with the recommendations contained in the joint Bank of Italy-CONSOB-ISVAP document no. 4 of March 3, 2010, and in the light of indications of CONSOB in its Communication no. 7780 of January 28, 2016, the compliance of the impairment testing procedure with the provisions of IAS 36 was expressly approved by the Board of Directors of the Company, having obtained a favorable opinion in this regard from the Control and Risk Committee in February 2021, i.e. prior to the date of approval of the financial statements for 2020;
- we examined the Board of Directors' proposal for the allocation of net profit for 2020 and the distribution of available reserves and have no comments in this regard;
- we note that the Board of Directors of the Company certified, following appropriate checks by the Control and Risk Committee and the Board of Statutory Auditors in March 2021, that as at the date on which the 2020 financial statements were approved, the Enel Group continued to meet the conditions established by CONSOB (set out in Article 15 of the Market Rules, approved with

4

Resolution no. 20249 of December 28, 2017) concerning the accounting transparency and adequacy of the organizational structures and internal control systems that subsidiaries established and regulated under the law of non-EU countries must comply with so that Enel shares can continue to be listed on regulated markets in Italy;

- we monitored, within the scope of our responsibilities, the adequacy of the organizational structure of the Company (and the Enel Group as a whole), obtaining information from department heads and in meetings with the boards of auditors or equivalent bodies of a number of the main Enel Group companies in Italy and abroad, for the purpose of the reciprocal exchange of material information. As from the second half of 2014, the organizational structure of the Enel Group is based on a matrix of global business lines and geographical areas. Taking account of the changes implemented most recently in 2020 and the early months of 2021, it is organized into: (i) Global Business Lines, which are responsible for managing and developing assets, optimizing their performance and the return on capital employed in the various geographical areas in which the Group operates. The Global Business Lines are: Global Power Generation, Global Energy and Commodity Management, Global Infrastructure and Networks and Enel X; (ii) Regions and Countries, which are responsible for managing relationships with local institutional bodies, regulatory authorities, the media and other local stakeholders, as well as the development of the customer base with regard to the sale of electricity and gas, in each of the countries in which the Group is present, while also providing staff and other service support to the Global Business Lines and adopting appropriate security, safety and environmental standards. Regions and Countries comprise: Italy, Iberia, Europe, Latin America, North America, and Africa, Asia and Oceania; (iii) Global Service Functions, which are responsible for managing information and communication technology activities (Global Digital Solutions) and procurement at the Group level (Global Procurement); and (iv) Holding Company Functions, which among other things are responsible for managing governance processes at the Group level. They include: Administration, Finance and Control, Human Resources and Organization, Communication, Legal and Corporate Affairs, Audit, and Innovation and Sustainability. The Board of Statutory Auditors feels that the organizational system described above is adequate to support the strategic development of the Company and the Enel Group and is also consistent with control requirements;
- during meetings with the boards of auditors or equivalent bodies of a number of the Group's main companies in Italy and abroad, no material issues emerged that would require reporting here;

- we monitored the independence of the audit firms, first EY SpA and then its successor during 2020 KPMG SpA, having received today from KPMG (which succeeded EY SpA beginning with the audit activity performed for Enel's consolidated half-year report for 2020) specific written confirmation that they met that requirement (pursuant to the provisions of Article 6, paragraph 2(a), of Regulation (EU) no. 537/2014) and paragraph 17 of international standard on auditing (ISA Italia) 260 and having discussed the substance of that declaration with the audit partner. In this regard, we also monitored – as provided for under Article 19, paragraph 1(e), of Legislative Decree 39/2010 – the nature and the scale of non-audit services provided to the Company and other Enel Group companies by EY SpA and then KPMG SpA and the entities belonging to their respective networks. The fees due to KPMG SpA and the entities belonging to its network are reported in the notes to the separate financial statements of the Company. Following our examinations, the Board of Statutory Auditors feels that there are no critical issues concerning the independence of EY SpA or its successor during the 2020 KPMG SpA.
  We held periodic meetings with the representatives of the audit firms, pursuant to Article 150, paragraph 3, of the Consolidated Law on Financial Intermediation, and no material issues emerged that would require mention in this report.
  With specific regard to the provisions of Article 11 of Regulation (EU) no. 537/2014, KPMG SpA today provided the Board of Statutory Auditors with the "additional report" for 2020 on the results of the statutory audit carried out, which indicates no significant difficulties encountered during the audit or any significant shortcomings in the internal control system for financial reporting or the Enel accounting system that would raise issues requiring mention in the opinion on the separate and consolidated financial statements. The Board of Statutory Auditors will transmit that report to the Board of Directors promptly, accompanied by any comments it may have, in accordance with Article 19, paragraph 1(a), of Legislative Decree 39/2010.
  As at the date of this report, the audit firm also reported that it did not prepare any management letter for 2020;
- we monitored the financial reporting process, the appropriateness of the administrative and accounting system and its reliability in representing operational events, as well as compliance with the principles of sound administration in the performance of the Company's business and we have no comments in that regard. We conducted our checks by obtaining information from the head of the Administration, Finance and Control department (taking due account of the head's role as the officer responsible for the preparation of the Company's financial reports), examining Company documentation and analyzing

the findings of the examinations performed first by EY SpA and then its successor during 2020 KPMG SpA. The Chief Executive Officer and the officer in charge of financial reporting of Enel issued a statement (regarding the Company's 2020 separate financial statements) certifying (i) the appropriateness with respect to the characteristics of the Company and the effective adoption of the administrative and accounting procedures used in the preparation of the financial statements; (ii) the compliance of the content of the financial reports with international accounting standards endorsed by the European Union pursuant to Regulation (EC) no. 1606/2002; (iii) the correspondence of the financial statements with the information in the books and other accounting records and their ability to provide a true and fair representation of the performance and financial position of the Company; and (iv) that the Report on Operations accompanying the financial statements contains a reliable analysis of operations and performance, as well as the situation of the issuer, together with a description of the main risks and uncertainties to which it is exposed. The statement also affirmed that the appropriateness of the administrative and accounting procedures used in the preparation of the separate financial statements of the Company had been verified in an assessment of the internal control system for financial reporting (supported by the findings of the independent testing performed by a qualified external advisor and – only for the Information Technology General Controls – the Company's Audit department) and that the assessment of the internal control system did not identify any material issues. An analogous statement was prepared for the consolidated financial statements for 2020 of the Enel Group;

- we monitored the adequacy and effectiveness of the internal control system, primarily through constant participation of the head of the Audit department of the Company in the meetings of the Board of Statutory Auditors and holding about half of the meetings jointly with the Control and Risk Committee, as well as through periodic meetings with the body charged with overseeing the operation of and compliance with the organizational and management model adopted by the Company pursuant to Legislative Decree 231/2001. In the light of our examination and in the absence of significant issues, the internal control and risk management system can be considered adequate and effective. In February 2021, the Board of Directors of the Company expressed an analogous assessment of the situation and also noted, in November 2020, that the main risks associated with the strategic targets set out in the 2021-2023 Business Plan were compatible with the management of the Company in a manner consistent with those targets;

7

- in 2020 no petitions were received by the Board of Auditors nor did we receive any complaints concerning circumstances deemed censurable pursuant to Article 2408 of the Italian Civil Code;
- we monitored the effective implementation of the Corporate Governance Code, which the Company has adopted, verifying the compliance of Enel's governance arrangements with the recommendations of the Code. Detailed information on the Company's corporate governance system can be found in the Report on Corporate Governance and Ownership Structure for 2020.
  In February and June 2020, the Board of Statutory Auditors verified that the Board of Directors, in evaluating the independence of non-executive directors, correctly applied the assessment criteria specified in the Corporate Governance Code and the principle of the priority of substance over form set out in that Code, adopting a transparent procedure, the details of which are discussed in the Report on Corporate Governance and Ownership Structure for 2020.
  With regard to the so-called "self-assessment" of the independence of its members, the Board of Statutory Auditors – in February 2020 – ascertained that all standing statutory auditors met the relevant requirements set out in the Consolidated Law on Financial Intermediation and in the Corporate Governance Code.
  In the final part of 2020 and during the first two months of 2021, the Board of Statutory Auditors, with the support of an independent advisory firm, conducted a board review assessing the size, composition and functioning of the Board of Statutory Auditors, as was done for 2018 and 2019, similar to the review conducted for the Board of Directors since 2004. This is a best practice that the Board of Statutory Auditors intended to adopt even in the absence of a specific recommendation of the Corporate Governance Code, a "peer-to-peer review" approach, i.e. the assessment not only of the functioning of the body as a whole, but also of the style and content of the contribution provided by each of the auditors. The findings of the board review for 2020 reveal the unanimous agreement of the members of the Board of Statutory Auditors concerning the complete adequacy of its size, membership and functioning. Compared with the previous year, it was confirmed that the oversight body has adopted effective and efficient operating methods that comply with the reference regulatory framework.
  Note that during the assessment phase that preceded the adoption by the Board of Directors of Enel of the measures intended to ensure the implementation of the changes contained in the Italian Corporate Governance Code published in January 2020, the Board of Statutory Auditors, in December 2020, invited the Board of Directors to take account of a number of recommendations intended to ensure the optimal functioning of the Board committees. In particular, the Board of

8

Statutory Auditors recommended that the task of assisting the Board of Directors in implementing the board review should be entrusted to a single Board committee and that the organizational rules of the Committees should limit the number of responsibilities to be exercised jointly to the greatest possible extent.(2) The Board of Directors, when adopting the measures intended to ensure the implementation by Enel of the changes to the Italian Corporate Governance Code published in January 2020, took account of the guidance offered by the Board of Statutory Auditors;

- during 2020, the Board of Statutory Auditors also participated in an induction program, structured into 17 meetings, organized by the Company to provide an adequate understanding of the business sectors in which the Enel Group operates, as well as the company dynamics and their evolution, market trends and the applicable regulatory framework. For an analysis of the issues addressed at the various induction sessions, please see the Report on Corporate Governance and Ownership Structure for 2020;
- we monitored the application of the provisions of Legislative Decree 254 of December 30, 2016 (hereinafter "Decree 254") concerning the disclosure of non-financial and diversity information by certain large undertakings and groups. In performing that activity, we monitored the adequacy of the organizational, administrative, reporting and control system established by the Company in order to enable the accurate representation in the consolidated non-financial statement for 2020 of the activity of the Enel Group, its results and its impacts in the non-financial areas referred to in Article 3, paragraph 1, of Decree 254, and have no comments in this regard. As at the date of this report, the audit firm, KPMG SpA, had not yet issued, pursuant to Article 3, paragraph 10, of Decree 254 and Article 5 of CONSOB Regulation no. 20267 of January 18, 2018, its certification of the conformity of the information provided in the consolidated non-financial statement with the requirements of applicable law. In any event, during meetings with KPMG SpA, the audit firm did not raise any issues in this regard of such significance that they would require mention in this report;
- since the listing of its shares, the Company has adopted specific rules (most recently amended in September 2018) for the internal management and processing of confidential information, which also set out the procedures for the disclosure of documentation and information concerning the Company and the

(2) This is because the assignment of assessment duties jointly to multiple Board committees, the sum of whose members represents more than half of the members of the Board of Directors, may in the opinion of the Board of Statutory Auditors – taking account of the fact that its power is not merely consultative but advisory – have an adverse impact on the evaluative independence of the Board of Directors and, therefore, impede the correct functioning of the collegial method.

Group, with specific regard to inside information. Those rules (which can be consulted on the corporate website) contain appropriate provisions directed at subsidiaries to enable Enel to comply with statutory public disclosure requirements, pursuant to Article 114, paragraph 2, of the Consolidated Law on Financial Intermediation;

- in 2002 the Company also adopted (and has subsequently updated, most recently in February 2021) a Code of Ethics (also available on the corporate website) that expresses the commitments and ethical responsibilities involved in the conduct of business, regulating and harmonizing corporate conduct in accordance with standards of maximum transparency and fairness with respect to all stakeholders;
- with regard to the provisions of Legislative Decree 231 of June 8, 2001 – which introduced into Italian law a system of administrative (in fact criminal) liability for companies for certain types of offences committed by its directors, managers or employees on behalf of or to the benefit of the company – since July 2002 Enel has adopted a compliance program consisting of a "general part" and various "special parts" concerning the difference offences specified by Legislative Decree 231/2001 that the program is intended to prevent. For a description of the manner in which the model has been adapted to the characteristics of the various Italian companies of the Group, as well as a description of the purposes of the "Enel Global Compliance Program" for the Group's foreign companies, please see the Report on Corporate Governance and Ownership Structure for 2020. The structure that monitors the operation and compliance with the program and is responsible for updating it is a collegial body. In July 2020, the Board of Directors again appointed the members of that body, which is still composed of three external members who jointly have specific professional expertise on corporate organization matters and corporate criminal law. The Board of Statutory Auditors received adequate information on the main activities carried out in 2020 by that structure, including in meetings with its members. Our examination of those activities found no facts or situations that would require mention in this report;
- in 2020, the Board of Statutory Auditors issued a the following opinions:
  - a favorable opinion (at the meeting of January 28, 2020) on the 2020 Audit Plan, in accordance with the provisions of Article 7.C.1, letter c) of the Corporate Governance Code;
  - a favorable opinion (at the meeting of July 2, 2020) pursuant to Article 2389, paragraph 3, of the Italian Civil Code, regarding the amount of remuneration to be paid to the members of the various committees established within the Board of Directors, following the appointment of the latter body by the Shareholders' Meeting on May 14, 2020, taking account of the provisions of

Enel's remuneration policy for 2020 approved with a binding vote by the Shareholders' Meeting;

- a favorable opinion (at the same meeting of July 2, 2020) on the attendance fee to be paid to the Magistrate of the Court of Auditors delegated to monitor the financial management of Enel for participation in the meetings of the corporate bodies;
- a favorable opinion (at the meeting of October 7, 2020) pursuant to Article 2389, paragraph 3, of the Civil Code, regarding the decisions concerning the remuneration and terms and conditions of employment for top management, taking account of the provisions of Enel's remuneration policy for 2020 approved with a binding vote by the Shareholders' Meeting of May 14, 2020;

• a report on the fixed and variable compensation accrued by those who served as Chairman of the Board of Directors, the Chief Executive Officer/General Manager and other directors in 2020 for their respective positions and any compensation instruments awarded to them is contained in the second section of the Report on Remuneration Policy for 2021 and Remuneration Paid in 2020 referred to in Article 123-*ter* of the Consolidated Law on Financial Intermediation (for the sake of brevity, "Remuneration Report" hereinafter), approved by the Board of Directors, acting on a proposal of the Nomination and Compensation Committee on April 15, 2021, which will be published in compliance with the time limits established by law. The design of these remuneration instruments is in line with best practices as it complies with the principle of establishing a link with appropriate financial and non-financial performance targets and pursuing the creation of shareholder value over the medium and long term. The proposals to the Board of Directors concerning such forms of compensation and the determination of the associated parameters were prepared by the Nomination and Compensation Committee, which is made up entirely of independent directors, drawing on the findings of benchmark analyses, including at the international level, conducted by an independent consulting firm. In addition, the second section of the Remuneration Report contains, in compliance with the applicable CONSOB regulations, specific disclosures on the remuneration earned in 2020 by the members of the oversight body and by key management personnel (in aggregate form for the latter).

The Board of Statutory Auditors also supervised the process of preparing the remuneration policy for 2021 – described in full in the first section of the Remuneration Report – without finding any critical issues. In particular, oversight activity examined the consistency of the various measures envisaged by that policy with (i) the provisions of Directive (EU) no. 2017/828 as transposed into Italian law, with (ii) the recommendations of the Italian Corporate Governance

Code published in January 2020, as well as with (iii) the results of the benchmark analysis carried out, including at the international level, by an independent consulting firm that the Nomination and Compensation Committee elected to engage.

As indicated in the first section of the Remuneration Report, during the preparation of the remuneration policy for 2021, the Board of Statutory Auditors – taking account of the recommendations in this regard by the Italian Corporate Governance Committee – asked the independent consulting firm to conduct an additional benchmark analysis to ascertain the adequacy of the remuneration paid to the members of the oversight body. This analysis was performed on the basis of the data reported in the documentation published on the occasion of 2020 Shareholders' Meetings by issuers belonging to a peer group composed – unlike that used for the analogous analysis concerning the Board of Directors – exclusively of Italian companies belonging the FTSE-MIB index ([3]). The functions that the Italian legal system assigns to the Board of Statutory Auditors differentiate the latter from the bodies with oversight functions provided for in the one-tier and two-tier governance systems commonly adopted in other countries. For the purpose of identifying the peer group, the consultant, in agreement with the Board of Statutory Auditors, agreed to exclude certain industrial companies belonging to the FTSE-MIB index that have concentrated ownership structures, while evaluating some companies in the FTSE-MIB index operating in the financial services industry.

The analysis showed that, on the basis of the data as at December 31, 2019, Enel exceeds the peer group in terms of capitalization, is above the ninth decile in terms of revenue and slightly below the ninth decile in terms of number of employees.

The same analysis also found that – against Enel's very high positioning compared with the companies included in the panel in terms of capitalization, revenue and number of employees – the remuneration of the Chairman of the Board of Statutory Auditors and of the other Statutory Auditors is just above the peer group median. The analysis also found that in 2019, on average, the boards of statutory auditors of the companies belonging to the panel were composed of four standing auditors compared with the three standing members of Enel's Board of Statutory Auditors, and held 26 meetings compared with the 17 meetings held by Enel's Board of Statutory Auditors. From this last point of view, however, it

([3]) The peer group consists of the following 19 companies: A2A, Atlantia, Banco BPM, BPER Banca, Eni, Generali, Hera, Leonardo, Mediobanca, Nexi, Pirelli, Poste Italiane, Prysmian, Saipem, Snam, Terna, TIM, Unicredit and Unipol.

should be noted that in 2020 the Enel Board of Statutory Auditors held 27 meetings, a significant increase compared with the previous year.

On the basis of the analysis, it therefore emerged that the competitiveness of the remuneration envisaged for the Chairman and the standing members of Enel's Board of Statutory Auditors is substantially similar to that envisaged for non-executive directors with regard to the remuneration paid to them in their capacity as directors. However, the consultant noted that there is a weaker correlation compared with non-executive directors between the remuneration paid to the members of the Board of Statutory Auditors and the volume of work requested of them. In this regard, it should borne in mind that the overall remuneration paid to non-executive directors also takes into account their possible participation on the Board committees, while the members of the Board of Statutory Auditors regularly take part in the meetings of these committees as a necessary part of the performance of the oversight tasks assigned to them by law without being remunerated for this activity.

Finally, it should be noted that the benchmark analysis found a clear correlation between the competitiveness of the remuneration offered by the peer group companies to their respective boards of statutory auditors and the different work load required of them, as indicated by the number of meetings held in 2019. At the same time, the analysis noted that the amount of remuneration paid to the Chairman and the standing members of Enel's Board of Statutory Auditors is substantially in line with that currently paid by most of the peer group companies in which the Ministry for the Economy and Finance holds a significant direct and/or indirect investment.

The Board of Statutory Auditors' oversight activity in 2020 was carried out in 27 meetings (12 of which held jointly with the Control and Risk Committee) and with participation in the 16 meetings of the Board of Directors, and, through the chairman or one or more of its members, in the 12 meetings of the Nomination and Compensation Committee, in the 4 meetings of the Related Parties Committee and in the 11 meetings of the Corporate Governance and Sustainability Committee. The delegated magistrate of the State Audit Court participated in the meetings of the Board of Statutory Auditors and those of the Board of Directors.

During the course of this activity and on the basis of information obtained from KPMG SpA, no omissions, censurable facts, irregularities or other significant developments were found that would require reporting to the regulatory authorities or mention in this report.

Finally, the Board of Statutory Auditors notes that, as at the date of this report, the major global health emergency associated with the COVID-19 pandemic has not ended. Italian authorities have introduced significant limitations on freedom of movement within the country to contain the contagion, among other things imposing bans on gatherings.

In this context, the Board of Statutory Auditors, in compliance with the above measures to contain the COVID-19 pandemic, held nearly all of its meetings – beginning with the meeting of February 26, 2020 – exclusively with the use of audio/video conference systems by all participants, which nevertheless ensured their identification and the exchange of documentation – in accordance with the provisions of Article 25.4 of the bylaws – and, more generally, the full performance of the oversight body's functions.

The Board of Statutory Auditors also notes that the Company's Board of Directors has called the ordinary Shareholders' Meeting for May 20, 2021 in a single call, establishing that – in light of the evolution of the COVID-19 pandemic and taking account of the provisions concerning the holding of company meetings in Article 106, paragraph 4, of Decree Law 18 of March 17, 2020, ratified with amendments by Law 27 of April 24, 2020[(4)] – it will be conducted in a manner that enables shareholders to participate exclusively through the shareholders' representative designated by the Company referred to in Article 135-*undecies* of the Consolidated Law on Financial Intermediation, to whom shareholders may also confer proxies or sub-proxies pursuant to Article 135-*novies* of the Consolidated Law, also in derogation from the provisions of Article 135-*undecies*, paragraph 4, of the Consolidated Law. The Board of Statutory Auditors will ensure that the rights of the shareholders can be exercised on the occasion of the aforementioned Shareholders' Meeting, within the limits permitted by the special procedures envisaged for holding the Meeting.

During 2021, the Board of Statutory Auditors will continue to carry out its oversight activity in close coordination with the Board of Directors and the audit firm to evaluate the impact of the COVID-19 pandemic on the performance and financial position of the Company and the Enel Group.

Based on the oversight activity performed and the information exchanged with the independent auditors KPMG SpA, we recommend that you approve the Company's financial statements for the year ended December 31, 2020 in conformity with the proposals of the Board of Directors.

Rome, April 16, 2021 The Board of Auditors

([4]) Whose validity was extended until July 31, 2021 by Article 3, paragraph 6, of Decree Law 183 of December 31, 2020, ratified with amendments by Law 21 of February 26, 2021.

14

Barbara Tadolini Chairman

Romina Guglielmetti – Auditor

Claudio Sottoriva – Auditor

Disclaimer
This Report issued in Italian has been translated into English solely for the convenience of international reader

15

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Independent auditors’ report

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(Translation from the Italian original which remains the definitive version)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537 of 16 April 2014

To the shareholders of
Enel S.p.A.

Report on the audit of the separate financial statements

Opinion

We have audited the separate financial statements of Enel S.p.A. (the "company"), which comprise the statement of financial position as at 31 December 2020, the income statement and the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the separate financial statements give a true and fair view of the financial position of Enel S.p.A. as at 31 December 2020 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the separate financial statements*" section of our report. We are independent of the company in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters

The company's 2019 separate financial statements were audited by other auditors, who expressed their unqualified opinion thereon on 8 April 2020.

KPMG

Enel S.p.A.
Independent auditors' report
31 December 2020

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the separate financial statements of the current year. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of equity investments

Notes to the separate financial statements: notes 2.2 "Use of estimates and management judgement – Use of estimates – Recoverability of equity investments", 2.3. "Significant accounting policies – Subsidiaries, associates and joint ventures" and 13 "Equity investments"

Key audit matter	**Audit procedures addressing the key audit matter**
The separate financial statements at 31 December 2020 include equity investments of €50,622 million. The directors tested the equity investments for which indicators of impairment had been identified for impairment. The directors have calculated the equity investments' estimated recoverable amount, based on their value in use, using the discounted cash flow model. The model is very complex and entails the use of estimates which, by their very nature, are uncertain and subjective, about: — the expected cash flows, calculated by taking into account the general economic performance and that of the company's sector, the actual cash flows for recent years and the projected growth rates; — the financial parameters used to calculate the discount rate. For the above reasons, we believe that the recoverability of equity investments is a key audit matter.	Our audit procedures included: — understanding the impairment testing procedure approved by the company's board of directors on 25 February 2021; — understanding the process for preparing the business plan approved by the company's board of directors on 23 November 2020 (the "business plan"); — analysing the reasonableness of the key assumptions used by the directors to prepare the business plan; — comparing the cash flows used for impairment testing to the cash flows forecast in the business plan; — analysing the most significant discrepancies between the previous year business plans' figures and actual figures, in order to check the accuracy of the estimation process adopted; — involving experts of the KPMG network in the assessment of the reasonableness of the impairment testing and related assumptions, including by means of a comparison with external data and information; — assessing the appropriateness of the disclosures provided in the notes about equity investments and the related impairment tests.

Responsibilities of the company's directors and board of statutory auditors ("Collegio Sindacale") for the separate financial statements

The directors are responsible for the preparation of separate financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the company's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the separate financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the company or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the company's financial reporting process.

Auditors' responsibilities for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on

the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current year and are, therefore, the key audit matters. We describe these matters in our auditors' report.

Other information required by article 10 of Regulation (EU) no. 537/14

On 16 May 2019, the company's shareholders appointed us to perform the statutory audit of its separate and consolidated financial statements as at and for the years ending from 31 December 2020 to 31 December 2028.

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537/14 and that we remained independent of the company in conducting the statutory audit.

We confirm that the opinion on the separate financial statements expressed herein is consistent with the additional report to the *Collegio Sindacale*, in its capacity as audit committee, prepared in accordance with article 11 of the Regulation mentioned above.

Report on other legal and regulatory requirements

Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98

The company's directors are responsible for the preparation of the reports on operation and on corporate governance and ownership structure at 31 December 2020 and for the consistency of such reports with the related separate financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the report on operations and the specific information presented in the report on corporate governance and ownership structure indicated by article 123-bis.4 of Legislative decree no. 58/98 with the company's separate financial statements at 31 December 2020 and their compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the report on operations and the specific information presented in the report on corporate governance and ownership structure referred to above are consistent with the company's separate financial statements at 31 December 2020 and have been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Rome, 16 April 2021

KPMG S.p.A.

(signed on the original)

Renato Naschi
Director of Audit

Calling of the Ordinary Shareholders' Meeting

An Ordinary Shareholders' Meeting is convened, on single call, on May 20, 2021, at 2:00 pm, in Rome, Via Pietro de Coubertin no. 30, in order to discuss and resolve on the following

AGENDA

1. Financial statements as at December 31, 2020. Reports of the Board of Directors, of the Board of Statutory Auditors and of the Audit Firm. Related resolutions. Presentation of the consolidated financial statements for the year ended December 31, 2020 and of the consolidated non-financial statement for 2020.

2. Allocation of annual net income and distribution of available reserves.

3. Authorization for the acquisition and the disposal of treasury shares, subject to the revocation of the authorization granted by the Ordinary Shareholders' Meeting held on May 14, 2020. Related resolutions.

4. Long-Term Incentive Plan 2021 for the management of Enel SpA and/or of its subsidiaries pursuant to Article 2359 of the Italian Civil Code.

5. Report on the remuneration policy and compensation paid:
   5.1 First section: report on the remuneration policy for 2021 (binding resolution);
   5.2 Second section: report on the compensation paid in 2020 (non-binding resolution).

The Chairman of the Board of Directors
Michele Crisostomo

Allocation of annual net income and distribution of available reserves

Dear shareholders,

The dividend policy contained in the 2020-2022 Strategic Plan (presented to the financial community in November 2019) provides, with specific regard to the 2020 results, for the payment to shareholders of an overall dividend equal to the higher of: either €0.35 per share or 70% of the ordinary net income of Enel Group for 2020, to be paid in two instalments, with the payment of an interim dividend scheduled for January and the payment of the balance of the dividend scheduled for July.

In light of the above, on November 5, 2020 the Board of Directors approved, pursuant to Article 2433-*bis* of the Italian Civil Code and Article 26.3 of the corporate bylaws, the distribution of an interim dividend for 2020 of €0.175 per share, that was paid, gross of any withholding tax, from January 20, 2021. The 3,269,152 treasury shares held by the Company as at January 19, 2021 (the record date) were not considered in determining the interim dividend. Therefore, the interim dividend for 2020 effectively paid to shareholders amounted to €1,778,596,888.95, while €572,101.60 were allocated to the reserve named "retained earnings" in consideration of the number of treasury shares held by Enel SpA at the record date indicated above.

It should be noted that Group ordinary net income for 2020 amounts to approximately €5,197 million (compared with Group net income of approximately €2,610 million. Thereforethe above-mentioned pay-out, equal to 70% of the ordinary net income of the Group, amounts to approximately €3,640 million, equal to a dividend per share of €0.358. This amount therefore exceeds the minimum amount of €0.35 per share envisaged, with regard to the 2020 results, under the said dividend policy. Given the amount of the interim dividend already paid, the Board of Directors proposes a balance of the dividend amounting to €0.183 per share (for an overall maximum amount of approximately €1,861 million, as specified below), to be paid in July 2021.

Also taking into consideration the fact that Enel SpA net income for 2020 amounts to about €2,326 million, it is envisaged to earmark for distribution to shareholders, as the balance of the dividend, a part of the available reserve named "retained earnings" (amounting as at December 31, 2020 to a total of approximately €6,346 million) for an amount equal to approximately €1,322 million.

In light of the foregoing, and considering that the legal reserve is already equal to the maximum amount of one-fifth of the share capital (as provided for by Article 2430, paragraph 1, of the Italian Civil Code), we therefore submit for your approval the following

AGENDA

The Shareholders' Meeting of Enel SpA, having examined the explanatory report of the Board of Directors,

RESOLVES

1. to earmark the net income of Enel SpA for the year 2020, amounting to €2,325,960,527.21, as follows:
   > for distribution to shareholders:
     - €0.175 for each of the 10,163,410,794 ordinary shares in circulation on the ex-dividend date (considering the 3,269,152 treasury shares held by the Company at the record date indicated under this specific bullet point), to cover the interim dividend payable from January 20, 2021, with the ex-dividend date of coupon no. 33 having fallen on January 18, 2021 and the record date (the date of entitlement to the payment of the dividend, pursuant to Article 83-*terdecies* of the Legislative Decree no. 58 of February 24, 1998 and to Article 2.6.6, paragraph 2, of the Rules of the Markets organized and managed by Borsa Italiana SpA) falling on January 19, 2021, for an overall amount of €1,778,596,888.95;
     - €0.053 for each of the 10,166,679,946 ordinary shares in circulation on July 19, 2021 (the ex-dividend date), net of the treasury shares that will be held by Enel SpA at the record date indicated under point 3 of this resolution, as the balance of the dividend, for an overall maximum amount of €538,834,037.14;
   > for the reserve named "retained earnings" the remaining part of net income, for an overall minimum amount of €8,529,601.12, which might increase consistently with the balance of the dividend not paid due to the number of treasury shares that will be held by Enel SpA at the record date indicated under point 3 of this resolution;

2. to earmark for distribution to the shareholders, as the balance of the dividend, also a part of the available reserve named "retained earnings" allocated in the financial statements of Enel SpA (amounting as at December 31, 2020 to a total of approximately €6,346 million), for an amount of €0.130 for each of the 10,166,679,946 ordinary shares in circulation on July 19, 2021 (i.e. on the scheduled ex-dividend date), net of the treasury shares that will be held by Enel SpA at the record date indicated under point 3 of this resolution, for an overall maximum amount equal to €1,321,668,392.98;
3. to pay, before withholding tax, if any, the balance of the dividend of €0.183 per ordinary share (of which €0.053 as distribution of part of the remaining 2020 net income and €0.130 as partial distribution of the available reserve named "retained earnings") – net of the treasury shares that will be held by Enel SpA at the record date indicated here below – as from July 21, 2021, with the ex-dividend date of coupon no. 34 falling on July 19, 2021 and the record date (the date of entitlement to the payment of the dividend, pursuant to Article 83-terdecies of the Legislative Decree no. 58 of February 24, 1998 and to Article 2.6.6, paragraph 2, of the Rules of the Markets organized and managed by Borsa Italiana SpA) falling on July 20, 2021.

Concept design and realization
HNTO

Copy editing
postScriptum di Paola Urbani

This document is an integral part of the annual financial report referred to in Article 154-*ter*, paragraph 1, of the Consolidated Law on Financial Intermediation (Legislative Decree 58 of February 24, 1998).

Publication not for sale
By
Comunicazione Enel

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Stock Capital Euro 10,166,679,946 fully paid-in Companies Register of Rome and Tax I.D. 00811720580
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