



**REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE**  
(approved by Enel Green Power S.p.A. Board of Directors on April 2, 2013, available  
on the internet website [www.enelgreenpower.com](http://www.enelgreenpower.com))

YEAR 2012

(Drawn up pursuant to Articles 123-*bis* of the Consolidated Financial Act and 89-*bis* and 144-*decies* of CONSOB's Issuers Regulation)

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## **CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURES REPORT**

### **SECTION I: GOVERNANCE AND OWNERSHIP STRUCTURES**

#### ***Introduction***

The corporate governance system of Enel Green Power S.p.A. (hereinafter, also referred to as “Enel Green Power” or the “Company”) and the corporate group headed by the latter (hereinafter, in short, “the Enel Green Power Group” or, more simply, the “Group”) complies with the standards contained in the Corporate Governance Code of listed companies<sup>1</sup> (hereinafter, in short, the “Corporate Governance Code”) implemented by the Company. The above-mentioned corporate governance system is also inspired by the recommendations made in this regard by the CONSOB and, more generally, international best practice.

In December 2012, Enel Green Power’s Board of Directors ordered the implementation of recommendations set forth in the edition of the Corporate Governance Code published in December 2011 (and prepared by the Corporate Governance Committee promoted by Abi, Ania, Assogestioni, Assonime, Borsa Italiana and Confindustria), in accordance with the timeframe provided under the applicable transitional provisions. Until such time, over the course of 2012, the corporate governance system of the Company and the Group was in line with the recommendations set forth in the edition of the Corporate Governance Code published in March 2006 (and prepared by the Corporate Governance Committee promoted by Borsa Italiana), as well as the amendments on directors’ remuneration made to art. 7 of the Code in March 2010.

Such corporate governance system is oriented towards the goal of creating value for the shareholders, over the medium-long term, being fully aware of the social importance of the company’s operations and the consequent need to consider all the interests involved in the conduct of such operations.

#### **Ownership structure**

##### **Share capital structure**

The Company’s share capital consists exclusively of registered ordinary shares fully paid-up, with full voting rights in both Ordinary and Extraordinary Shareholders’ Meetings. As of December 31, 2012 (and still as of the date of this report), Enel Green Power’s subscribed and paid-up share capital amounted to Euro 1,000,000,000, consisting of 5,000,000,000 ordinary shares with a par value of euro 0.20 each.

Since November 4, 2010, the Company’s shares have been listed on the Mercato Telematico Azionario organized and managed by Borsa Italiana S.p.A., on the Spanish regulated markets (Madrid, Barcelona, Bilbao, Valencia) and on the SIBE system.

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<sup>1</sup> Available in its various editions on Borsa Italiana’s website (at the website: [www.borsaitaliana.it](http://www.borsaitaliana.it)).

## **Major Shareholdings and Shareholders' agreements**

Based upon the entries in Enel Green Power's shareholders' ledger, the reports made to the CONSOB and the information available to the Company, as of the date of this report, no shareholder – with the exception of Enel S.p.A., which owns 68.29% of the share capital – owns more than 2% of the Company's share capital, nor, to the Company's knowledge, do any Shareholders' agreements pursuant to Article 122 of the Legislative Decree No. 58 of 24 February 1998 (hereinafter also referred to as "Consolidated Financial Act") regarding Enel Green Power's shares exist. The Company is therefore subject to the *de jure* control of Enel S.p.A., which directs and coordinates the Company pursuant to Articles 2497 *et seq.* of the Civil Code.

## **Limits on the transfer of the shares**

The Company's bylaws (the "Bylaws") do not provide for any limitation on the transfer of the shares of the Company.

## **Securities which confer special rights of control**

The Company has not issued any securities which confer special control rights.

## **Employee shareholdings: voting mechanisms**

The Consolidated Financial Act, provides for specific rules regarding voting proxies, which differ partially for listed companies with respect to the provisions of the Civil Code and which have been significantly amended following the implementation in Italy of Directive 2007/36/EC - relating to the exercise of certain rights of the shareholders of listed companies by Legislative Decree No. 27 of 27 January, 2010 ("Legislative Decree 27/2010"). In such respect, a specific legal framework is provided for the solicitation of voting proxies, which term refers to the request for voting proxies (i) addressed to more than two-hundred shareholders, on specific voting proposal, or (ii) accompanied by recommendations, declarations and other indication suitable for the purpose of influencing the vote.

Under the Consolidated Financial Act, requests for proxies accompanied by recommendations, declarations and other indications capable of influencing the vote, submitted by associations of shareholders to its affiliates – including those associations which group together employee shareholders – does not constitute a solicitation where (i) they are formalized in the form of an authenticated private deed, (ii) they do not conduct business operations, with the exception of those operations that are directly aimed at pursuing the association's purpose, and (iii) they are formed by at least 50 individuals, each of whom has shares not exceeding 0.1% of the company's voting share capital.

At the same time, the Consolidated Financial Act continues to recommend that Bylaws of listed companies contain provisions aimed at facilitating the exercise of voting rights through proxy by the employee shareholders, thus fostering their participation in decision-making processes at shareholders' meetings.

In such respect, a specific provision (Article 10.1) was introduced to the Bylaws of the Company, providing that, for purposes of simplifying the collection of proxies from the employee-shareholders of the Company and its subsidiaries, who are members of shareholders' associations which comply with the requirements prescribed by applicable laws, areas be made available to such

associations to be used for communications and the collection of proxies, pursuant to the terms and modalities to be agreed upon from time to time with their legal representatives.  
As of the date of this report, no establishment of any employee-shareholders' association has been notified to the Company.

### **Restrictions on voting rights**

The Bylaws of Enel Green Power does not provide for any restrictions on voting rights.

### **Mandates to increase the share capital and authorizations to issue equity financial instruments or the purchase of the Company's treasury shares**

As of the date of this report, no mandates to increase the share capital pursuant to Article 2443 of the Civil Code or authorizations to issue equity financial instruments or to purchase the Company's treasury shares pursuant to Articles 2357 *et seq.* Of the Civil Code have been given to the Board of Directors.

### **Change-of-control clauses and bylaws provisions regarding takeover bids**

#### **A) The EIB Loan**

On December 9, 2010, in order to develop its investments in Italy in wind and photovoltaic technologies, the Company entered into a loan agreement with the European Investment Bank (hereinafter, "EIB") in the total amount of Euro 440 million with the possibility of entering into a subsequent loan agreement for an additional Euro 160 million for the development of the same projects.

In November 2012, the second loan agreement in the amount of Euro 160 million was entered into. As of 31 December 2012, the total amount of the EIB loans in the amount of Euro 600 million has been disbursed in full.

Both agreements provide that Enel Green Power shall notify EIB of any change regarding its control structure. If EIB deems that any such change may adversely affect the financial reliability of Enel Green Power, it may request additional guarantees or amendments to the agreement or other measures deemed appropriate.

If the requests of EIB are not accepted by Enel Green Power, EIB may unilaterally terminate the said loan agreement.

#### **B) The EIB Loan resulting from the demerger of Enel Produzione**

The Company is party to a loan agreement entered into with EIB by Enel Produzione in 2002, for an initial amount of Euro 300 million, and subsequently assigned to the Company as the result of the de-merger of Enel Produzione S.p.A. in December 2008. The agreement will expire on December 15, 2016.

Such agreement provides that Enel Green Power shall notify EIB of any change regarding its controlling structure. If EIB deems that any such change may adversely affect the financial reliability of Enel Green Power, it may request additional guarantees or amendments to the agreement or other measures deemed appropriate.

If the solutions proposed by EIB are not accepted by Enel Green Power, EIB may unilaterally terminate the loan agreement.

#### **C) Agreement with EKF for the financing of wind projects in Romania**

On October 19, 2011, Enel Green Power, through its subsidiary Enel Green Power International B.V. (hereinafter, "EGPI BV"), entered into a financing agreement having a term of 12 years for an amount of Euro 112 million, guaranteed by Enel Green Power itself, with the Export Credit Agency of the Danish government (hereinafter, "EKF") and Citigroup, the latter in the capacity of "agent" and "arranger".

The agreement provides that, in the event of loss of control of Enel S.p.A. over Enel Green Power or EGPI BV or in case of loss of control of the Ministry of Economy and Finance over Enel S.p.A., EGPI BV shall immediately reimburse the amounts drawn under the agreement (after the termination of the consultations with EKF that, in any case, shall not last longer than 45 days).

#### **D) Agreement with EKF for the financing of wind projects in Brazil, North America and Romania**

At the end of April 2012, Enel Green Power, through its subsidiary EGPI BV, entered into with EKF and Citigroup, the latter in the capacity of "agent" and "arranger", a loan agreement for a term of 12 years in the amount of Euro 180 million, guaranteed by Enel Green Power.

The agreement provides that, in the event of loss of control of Enel S.p.A. over Enel Green Power or EGPI BV or in case of loss of control of the Ministry of Economy and Finance over Enel S.p.A., the lender, upon the conclusion of the consultations with EGPI B.V., which may last for up to 45 days, may request in writing, within five days, the immediate reimbursement of the principal, interest and all other costs accrued.

#### **E) Agreement with EKF for the financing of wind projects Chile**

In November 2012, Enel Green Power, through its subsidiary EGPI BV, entered into with EKF and Citigroup, the latter in the capacity of "agent" and "arranger", a loan agreement for a term of 12 years in the amount of Euro 110 million, guaranteed by Enel Green Power.

The agreement provides that, in the event of loss of control of Enel S.p.A. over Enel Green Power or EGPI BV or in case of loss of control of the Ministry of Economy and Finance over Enel S.p.A., the lender, upon the conclusion of the consultations with EGPI B.V., which may last for up to 45 days, may request in writing, within five days, the immediate reimbursement of the principal, interest and all other costs accrued.

#### **F) Revolving credit facility agreement with Enel S.p.A.**

The Company entered into an agreement with Enel S.p.A., with effect as of January 1, 2009, for a line of credit of an overall amount – as of December 31, 2012 – of euro 2 billion.

The agreement has a one-year term and is subject to automatic renewal if not terminated upon three months advance notice prior to its expiry. Enel S.p.A. may terminate the agreement and request the anticipated reimbursement of the line of credit in case of loss of control over the Company.

#### **G) Loan Facility Agreement of EGPI BV**

On July 13, 2010, EGPI BV entered into an agreement with Enel Finance International NV for a long-term multicurrency and multirate line of credit for a value of euro 2.5 billion, expiring on 31 March 2018.

The agreement provides that in the event of loss of control by Enel S.p.A. over EGPI BV or mergers or sales which may entail, in the opinion of Enel Finance International N.V., the material

reduction of the creditworthiness of EGPI BV, EGPI BV shall immediately reimburse the amounts drawn under the agreement.

#### **Q) Revolving facility Agreement of EGPI BV**

On July 1, 2010, EGPI BV entered into an agreement with Enel Finance International NV for a short-term multicurrency and multirate line of credit for a value of euro 1.2 billion, with an annual term, renewable upon EGPI BV's request.

The agreement provides that in the event of loss of control by Enel S.p.A. over EGPI BV, the latter shall immediately reimburse the amounts drawn under the agreement.

With regard to the statutory regulations concerning takeover bids, it should be noted that the Bylaws of Enel Green Power do not contain any exemptions from the passivity rule set forth under Article 104, par. 1 and 1-*bis*, of the Consolidated Financial Act and does not provide for the application of the neutralization rules set forth under Article 104-*bis*, paragraphs 2 and 3, of the Consolidated Financial Act.

#### **Direction and coordination activities**

Enel Green Power is subject to direction and coordination of Enel S.p.A. pursuant to Articles 2497 *et seq.* of the Civil Code.

#### **Appointment and replacement of Directors and amendments to the bylaws**

The rules governing the appointment and replacement of Directors are examined in Section II below (under "Board of Directors – Appointment, replacement, composition and term").

As regards the rules applicable to amendments of the Bylaws, extraordinary Shareholders Meetings resolve on such matters with the voting majorities provided by law.

As allowed by law, however, the Bylaws reserve to the Board of Directors all resolutions concerning:

- > mergers and de-mergers in the circumstances provided for by law;
- > the establishment or closing of secondary branches;
- > the designation of Directors who are granted powers to represent the Company;
- > the reduction of the share capital in the event of withdrawal on the part of one or more shareholders;
- > the harmonization of the Bylaws to comply with applicable provisions of law;
- > the transfer of the registered office within Italy.

#### **Compensation of the Directors in the event of early termination of the relationship, including as the result of a takeover bid**

The pay package granted to the Chief Executive Officer (and the General Manager) of Enel Green Power provides for compensation in the event of early termination of the management relationship due to resignation for just cause or early termination or revocation of the Chief Executive Officer mandate without just cause.

For a precise description of the terms governing such indemnity, see Section I of the Remuneration Report approved by the Company's Board of Directors on 2 April 2013, available at the company's headquarters and on the Company's website ([www.enelgreenpower.com](http://www.enelgreenpower.com)).

It should be noted that there are no agreements in place with the Company which provide for:

- (i) the award or maintenance of non-monetary benefits in favour of former Directors, or
- (ii) the execution of consultancy agreements for the period following the termination of the relationship;

No specific compensation is envisaged in the event that the relationship of any member of the Board of Directors is terminated, including as the result of a takeover bid.

A description of the overall pay package granted to the members of the Board of Directors and the members of the related Committees, as well as the Chairman and the Chief Executive Officer/General Manager is set forth in the first section of the above-mentioned Company Report on Remuneration.

### **The Company's Organization**

In compliance with the Italian legal framework applicable to listed companies, the Company's organization is comprised of the following elements:

- > a Board of Directors appointed to manage the company;
- > a Board of Statutory Auditors in charge of overseeing (i) compliance with the law and the Bylaws, and also the compliance with the standards of proper management in the conduct of Company's business operations, (ii) the adequacy of the Company's organizational structure, internal auditing system and administrative-accounting system, as well as its reliability in correctly representing the Company's operations and performance; (iii) the financial disclosure process, the effectiveness of the internal control, internal auditing and, if applicable, risk management systems, the legal auditing of annual accounts and consolidated accounts and the independence of the auditing firm; (iv) the effective implementation methods followed to implement the corporate governance rules set forth in the Corporate Governance Code; (v) the adequacy of the instructions given by the Company to its subsidiaries in accordance with the legal framework on communications to the public.
- > a Shareholder's Meeting, which is competent to resolve – in ordinary or extraordinary sessions - *inter alia*, upon: (i) the appointment and removal of members of the Board of Directors and the Board of Statutory Auditors and their remuneration and responsibilities; (ii) the approval of the financial statements and the distribution of dividends; (iii) the purchase and alienation of treasury shares; (iv) the shareholders' plans; (v) the amendments to the Bylaws; (vi) the issuance of convertible bonds.

Upon a justified proposal of the Board of Statutory Auditors, the mandate for the audit of the accounts has been assigned to a duly registered auditing firm, pursuant to the applicable laws.



## **Section II: implementation of the recommendations set forth in the Corporate Governance Code and further information**

### ***Board of Directors***

#### **Role and functions**

The Board of Directors plays a central role in the Company's governance structure, being granted to the Board the powers concerning the strategic, organizational and controlling guidelines of the Company and of the Group. In consideration of its role, the Board of Directors meets regularly and endeavours to ensure the effective performance of its duties.

In particular and in accordance with the provisions of the law and its own specific resolutions (and in particular the latest one, adopted on December 19, 2012) the Board of Directors,:

- > defines the corporate governance system of the Company and the Group and establishes and identifies the functions of the Internal Board Committees, the appointment of their members and the approval of the related rules;
- > delegates and revokes the powers of the Chief Executive Officer, defining their content, limits, and procedures, if any, for their exercise. Under mandates currently in force, the Chief Executive Officer is vested with the broadest powers for the management of the Company, with the exception of those powers that are otherwise assigned by law or by the Company's Bylaws or which are reserved to the Board of Directors under its own resolutions, as better described below;
- > receives, as does the Board of Statutory Auditors, continuous, exhaustive updates from the Chief Executive Officer on the activities carried out in the exercise of his delegated powers, in a specific quarterly report and with regard to the main transactions concluded by the Company and by the companies of the Enel Green Power Group, including transactions which are atypical, unusual or with related parties;
- > upon the opinion issued by the specific Committee,
  - i) defines the guidelines for the internal auditing system and the risk management system of the Company and the Enel Green Power Group, determining the level of compatibility of such risks with management of the business that is consistent with the strategic objectives identified, and also making sure that the main company risks are identified, measured and managed in an adequate manner and that the necessary controls exist to monitor the Company and the Enel Green Power Group progress;
  - ii) periodically assesses the adequacy of the above-mentioned internal control and risk management system taking into account the characteristics of the business and the risks assumed, as well as its effectiveness;
  - iii) approves on at least an annual basis the work plan prepared by the Head of the Audit Function, after consulting with the Board of Statutory Auditors and the Director in charge of the internal control and risk management system;
  - iv) after consulting with the Board of Statutory Auditors, assesses the risks presented by the legal auditor in its letter of suggestions and in the report on fundamental issues that emerge over the course of the legal audit;
- > identifies within the Board one or more directors in charge of the internal control and risk management system, in accordance with the Corporate Governance Code for listed companies;

- > at the proposal of the Director in charge of the internal control and risk management system, in agreement with the Chairman of the Board of Directors, upon a favourable opinion of the specific Committee, after consulting with the Board of Statutory Auditors, appoints and revokes the Head of the Audit Function, and establishes his compensation in accordance with the company's policies;
- > at the proposal of the Director in charge of the internal control and risk management system, upon receiving the Committee's favourable opinion, and after consulting with the Board of Statutory Auditors, ensures that the Head of the Audit Function is endowed with adequate resources for the performance of its duties;
- > defines, at the specific Committee's proposal, a policy for the compensation of the directors, the General Manager and executives with strategic responsibilities. In accordance with such policy:
  - i) determines, based on the proposals made by the Committee and having consulted the Board of Statutory Auditors, the remuneration of the Chief Executive Officer and of the other directors having particular roles;
  - ii) approves the long-term incentive plans for management in general;
- > assesses the suitability of the Company's and Group's administrative, organizational and accounting structure and, upon the Chief Executive Officer's proposal, approves and changes the Company's basic organizational structure, and issues resolutions on changes to be made to the general organizational structure of the Enel Green Power Group;
- > based on information received from the Chief Executive Officer, it assesses the general management trends of the Company and of the Enel Green Power Group, with particular regard to conflicts of interest situations, and regularly checks that planned results have been achieved;
- > appoints the General Manager and confers relevant powers;
- > defines the Group's corporate structure, checking its suitability;
- > at the Chief Executive Officer's proposal:
  - i) defines the strategic objectives of the Company and the Enel Green Power Group;
  - ii) examines and approves the Business Plan, accompanied by the Investment Plan and the Annual Budget of the Company and the Enel Green Power Group, periodically monitoring the implementation of the same; and defines the risks compatible with the strategic objectives set forth in the Business Plan;
- > examines and approves beforehand the Company's and Enel Green Power Group's transactions of significant strategic, economic, and financial importance, especially if concluded with related parties. Particularly, the Board of Directors resolves upon:
  - the issuance of bonds;
  - the execution of medium/long-term loan agreements for an amount exceeding Euro 25 million;
  - the issuance of guarantees and of loans in the interest of companies of the Enel Green Power Group which are controlled or participated, for an amount exceeding euro 25 million;
  - strategic agreements;
  - agreements with public or government entities (with Ministries, local authorities, public entities etc.) which entail undertakings exceeding Euro 10 million;
  - transactions relating to the establishment of companies, the acquisition or sale (also by way of contribution) of interests in companies or going concerns, if the value of the transaction exceeds euro 10 million;

- > formulates proposals to be submitted to the Shareholders' Meetings and reports to the meetings on planned and completed activities, endeavouring to ensure that the shareholders have sufficient information on necessary elements enabling them to take part in the Shareholders Meetings' decision-making process in an informed manner;
- > provides guidance and assesses the adequacy of the internal control and risk management system, fulfilling the prerogatives set forth in the Corporate Governance Code (as described in greater detail below in the paragraph entitled "Internal control and risk management system");
- > approves proposals on exercising voting rights during the Shareholders' Meetings of the main subsidiaries and the appointment of members of their administrative and control bodies.

It should be noted, lastly, that the Shareholders' Meeting has not authorized, on a general and *ex ante* basis, any exemptions from the competition restriction provided under art. 2390 of the Civil Code.

### **Appointment, replacement, composition and duration**

According to the provisions of the Bylaws the Board of Directors is comprised of seven to thirteen members, appointed by the ordinary Shareholders' Meeting (that determines the number of members within the said limits) for a period of maximum three financial years and who can be re-elected at the end of their mandate.

Based on the applicable laws, all the Directors shall have the requisites of honourableness provided for the statutory auditors of listed companies.

In implementing the Consolidated Financial Act, the Bylaws also foresee that the appointment of the entire Board of Directors takes place according to the "slate-vote" mechanism, aimed at guaranteeing a presence of members appointed by minority shareholders on the board, in the proportion of three-tenths of the Directors to be elected, to be rounded up, in the event this number is a fraction, to the higher unit.

Each slate must include at least two candidates with the requisites of independence as established by law, mentioning such candidates separately and indicating one of them in first position on the slate.

Furthermore – pursuant to the amendments of the Consolidated Financial Act introduced in July 2011, aiming at ensuring the balance between genders in managing and supervisory boards of companies with listed shares, and to the relevant implementing measures adopted by CONSOB through regulation, and in compliance with the Bylaws amendments resolved by the Extraordinary Shareholders' Meeting held on 27 April 2012 – on the occasion of the next three renewals of the board of directors following to August 12, 2012, those slates which contain a number of candidates equal to or above three shall also include candidates belonging to different genders, as indicated in the notice of the Shareholders' Meeting. With regard to the modalities of appointment of the board of directors, the above-mentioned bylaws amendments provide for a correction mechanism within the slates ("sliding clause") to be used in the event that, following the vote, the balance between genders, as provided for by the applicable laws, is not fulfilled.

The slates, in which the candidates are to be listed by progressive number, can be submitted by the outgoing Board of Directors or by shareholders who, alone or together with other shareholders, are the holders of the minimum shareholding in the corporate capital established by CONSOB with regulation (i.e., considering the Enel Green Power's stock capitalization, currently the minimum percentage required is equal to 1% of the Company's share capital).

The slates must be deposited at the corporate registered office at least 25 days before the date set for the shareholders' meeting convened to resolve upon the appointment of the members of the

Board of Directors; such slates are available at the registered office of the Company, published by the Company on its website at least 21 days before the date of the said meeting, so as to ensure a transparent process for the appointment of the Board of Directors.

A report with exhaustive information about the personal and professional characteristics of the candidates - accompanied by an indication of the possible suitability of the candidates to qualify themselves as independent, pursuant to the law and/or the Corporate Governance Code – is to be deposited at the Company's registered office, and is timely published on the website of the Company.

For the purposes of identifying the Directors to be elected, the candidates indicated in slates that have obtained a number of votes below half the percentage required to present the slates themselves (i.e., as of the date of this report, 0.5% of the share capital) are not taken into consideration.

To appoint Directors who, for any reason, have not been elected according to the "slate-voting" system, the shareholders' meeting decides with legal majorities and so that:

- the necessary number of Directors with the requisites of independence established by the applicable regulations (i.e. the majority of the Directors, in consideration of the status of Enel Green Power as listed company subject to direction and coordination of another listed company) is however guaranteed;
- the compliance with the applicable laws on balance between genders; and
- the principle of a proportional representation of minorities in the Board of Directors.

The substitution of Directors is regulated by legal dispositions. In addition to what is set out in the said dispositions, the Bylaws states that:

- > if one or more of the Directors who have ceased to hold office was taken from a slate containing names of non-elected candidates, substitution must be made by appointing, following a progressive order, people from the slate, to which the retiring Director belonged, and who can still be elected and are willing to accept the office;
- > in any case, substitution of the Directors leaving their office vacant must be made by the Board of Directors, ensuring the presence of the necessary number of Directors with the requisites of independence as established by the law and, in any case, ensuring the compliance with the applicable laws on balance between genders;
- > if the majority of the Directors appointed by the shareholders' meeting is no longer available, the entire Board is considered to have resigned and the shareholders' meeting must be convened without delay by the Directors who have maintained their office, to re-elect the Board.

With regard to the adoption of a succession plan for the only Executive Director of the Company, it is specified that the Board of Directors has not evaluated whether or not to adopt such plan on account of the imminent expiry of the Board's mandate, including that of the Chief Executive Officer.

In consideration of the above, it is specified that, at the date of the Report, the Company has not adopted a specific plan for the succession of the Chief Executive Officer.

Please note that the Bylaws do not contain any disposition different from those provided by the applicable laws with regard to bylaws amendments.

It is also specified that the Board of Directors, in compliance with the provision contained in art. 2365 of the Civil Code, is empowered by the Bylaws to resolve upon the harmonization of the Bylaws with the applicable laws.

Following the resolution adopted by the ordinary Shareholders' Meeting of the Company on April 27, 2011, the Board of Directors in office is composed of ten members.

In particular, on October 5, 2010, before the admission of the Company's shares to the listing on the Mercato Telematico Azionario organized and managed by Borsa Italiana and on the Spanish Stock Exchanges, the ordinary Shareholder's meeting resolved upon the appointment of a Board of Directors made of seven members, in office for three financial years, and thus until the approval of the financial statements of the Company of the financial year 2012. At the same meeting the following Directors have been appointed: Luigi Ferraris, Francesco Starace, Carlo Angelici, Andrea Brentan, Giovanni Battista Lombardo, Carlo Tamburi and Luciana Tarozzi. The appointment of such Directors has been carried out without recurring to the "slate-voting" mechanism mentioned above. In such regard, it should be noted that Luigi Ferraris, Francesco Starace, Andrea Brentan and Carlo Tamburi have been members of the Company's Board of Directors since the Company's establishment by partial demerger from Enel Produzione S.p.A., with effect as of 1 December 2008.

Subsequently, in compliance with the obligations undertaken during the listing, the Company and the controlling company Enel S.p.A., each one within its specific competence, determined the integration of the Board of Directors with three new Independent Directors designated by the shares minorities by the first Shareholders' meeting held after the listing of the Company.

Therefore, on April 27, 2011, the ordinary Shareholders' meeting resolved to raise the number of members of the Board of Directors from seven to ten and appointed three new members, resulting from the vote expressed by the shares minorities, who will terminate the mandate together with the other Directors already in office. During this Shareholders' Meeting, the following Directors have been appointed: Luca Anderlini, Giovanni Pietro Malagnino and Daniele Umberto Santosuosso. The appointment of such Directors has been carried out without recurring to the "slate-voting" mechanism as described above, because such mechanism, pursuant to Article 13.3, letter d), of the Bylaws, applies only in case of renewal of the entire Board of Directors.

A brief summary of the professional profile of the members of the Board of Directors, together with the provenance of the candidatures of the Directors appointed by the Shareholders' meeting, held on April 27, 2011 can be find below. Such candidatures have been presented by a group of 5 institutional investors and by the ENPAM foundation.

**Luigi Ferraris**, Chairman. A graduate in Economics and Business Studies, he joined Enel in 1999 as Chief Financial Officer of Eurogen, Elettrogen and Interpower, generating companies which are designated for the sale within the process of Italian electric market liberalization.

Subsequently he held the office of Responsible of Planning, Control, Administration and Service of the departments "Infrastructures and Networks" and "Market", Group Controller and Director of the Administration, Planning and Control department. Currently, he is the Head of Administration, Finance and Control department of the Enel Group. Luigi Ferraris started his professional career at Price Waterhouse in 1988. He subsequently held several management roles in primary industrial companies such as Agusta, Piaggio VE and Sasib Beverage.

Between 1996 and 1999 he was the Europe Area Controller of Eltag Bailey Process Automation, a company belonging to the Finmeccanica Group and listed on NYSE. Currently he is also Chairman of Enel Servizi and Enel Factor SpA., director of Endesa S.A., Enel Distribuzione S.p.A., Enel Produzione S.p.A., Enel Investment Holding BV and Fondazione Enel S.p.A.. Previously, he was Director of WIND, Weather Investments, Aviso Energia S.p.A., Enel Viesgo Generación SL, Electra di Viesgo Distribución SL, Enel Energia S.p.A., Enel Energy Europe S.r.l., Enel Rete Gas S.p.A., Enel.si S.r.l., Enel Trade S.p.A., Deval S.p.A., CISE, Enel Capital S.r.l., Sfera, OGG5, Enel Ingegneria e Innovazione S.p.A. and member of the Supervisory board of Slovenke Elektrarne

A.s.. Among other activities, he is professor at the Department of Economics at the LUISS University, tenured professor of the “Corporate Strategies” course.

**Francesco Starace**, Chief Executive Officer and General Manager – He graduated in Nuclear Engineering at the Milan Polytechnic Institute. From 1982 to 1987, he held several executive management positions in Italy, the United States, Saudi Arabia, Egypt and the Arab Emirates, in the company Sae Sadelmi, which is part of the General Electric group. From 1987 to 2000, he worked for ABB and then Alstom Powers Corporation, where he was also Chief Executive Officer of the company ABB Combustion Engineering Italia and later in Zurich where he was global and turnkey systems sales manager for the gas turbine division. He joined the Enel Group in 2000 as manager of Energy Management at Enel Produzione S.p.A.. He was the Market Division Director from 2005 to 2008.

**Luca Anderlini**, Director (candidature presented by institutional investors) – Graduated in Statistics and Demographic Sciences, with a focus on economics, at “La Sapienza” University of Rome, he obtained the Ph.D and a Master degree in Economics at the Faculty of Economics and Politics of Cambridge University. Since 2001 he has been a tenured professor of Economics at Georgetown University. From 1999 to 2001 he was tenured professor of Economics at Southampton University and from 1990 to 1999 he was associate professor of Economics at the Faculty of Economics and Politics of Cambridge University. From 1986 to 1999 he was associate professor of Economics at Cambridge University, St. Johns College, from 1986 to 1988 researcher at Cambridge University, Department of Applied Economics. Since 2009 he is the Director of the Ph.D. program in Economics at Georgetown University. From 1988 to 1989 he was member of the “College Council” of St. John’s College, Cambridge. Furthermore, he held several academic positions, in particular at the Einaudi Institute for Economics and Finance, International University College, Carlo Alberto College, the LUISS Guido Carli University, the London School of Economics, Georgetown University, the University of Pennsylvania, Yale University and also Harvard University. He is the author of numerous scientific publications and took part in several international research projects. Over the period 2008-2010, he was independent director of Saipem S.p.A.

**Carlo Angelici**, Director. He graduated in law at “La Sapienza” University of Rome in the academic year 1966/67. Since 1974, he has held several teaching roles (banking law, bankruptcy law, industrial law, commercial law and insurance law) at several Italian Universities. He is full professor in commercial law since 1983. He is currently the tenured Professor of commercial law at the Faculty of Law at “La Sapienza” University in Rome. He was appointed Head of the Law Faculty at “La Sapienza” University in Rome in 1995, and held this position until 2009. He is the author of several scientific works on corporate, trade and insurance matters. He was also a lecturer of historiography of the French Revolution at the Human Sciences Faculty of “La Sapienza” University of Rome. He collaborated on the reform of Italian corporate law, taking part in several government commissions (“Mirone” commission in 1998, “Vietti” commission in 2001, and the coordination commission in 2003) that dealt with the subject. He was legal advisor of the Treasury Ministry during the period 1999-2000. He was appointed as member of the Board of Directors of ENEL S.p.A. from 1999 to 2002, as secretary of the Board of directors at Alitalia S.p.A. during the period 2001-2003, as director of Telecom Italia Mobile S.p.A. from 2004 to 2005, of Stretto di Messina S.p.A. from 2005 to 2008 and of SACE BT from 2007 to 2010, as well as member of the board of directors of Pirelli & Co. S.p.A. from 2004 to 2010.

**Andrea Brentan**, Director. He graduated in Mechanical Engineering at the Milan Polytechnic Institute and earned a Master Degree in Applied Science at New York University.

He was Financial Director, General Manager and Chief Executive Officer of Sae Sadelmi, a Milan company belonging to the ABB Group (1991-1999) and head of the international business sector of ALSTOM conventional power stations (2000-2002). He joined ENEL Group in November 2002 as head of the Department of International Activities and Business Development in the Energy Management and Generation Division. Currently he is Chief Executive Officer of Endesa S.A., Vice President of Enersis S.A., Chief Executive Officer of Enel Energy Europe S.r.l. and head of the Iberia & Latin America Division and Director of Enel Investment Holding B.V..

**Giovanni Battista Lombardo**, Director. He graduated in law at the University of Trieste. He has been Section Manager at the Ministry of Finance, Direct Taxes – Corporate Income Headquarters. After his early experience in a district office and then in a department inspectorate, he became a direct collaborator of the pro-tempore General Manager, Dr. Monacchi, working on the drafting of legislative texts, circulars and resolutions (1969-1983). He held the role of Tax Office Manager at Ania (National Association of Insurance Companies), reporting directly to the General Manager (1983 - 1985). He was also Tax Service manager at IRI, then Central Co-Director at the head of the Group's Tax Affairs Unit; he actively took part in the carrying out of extraordinary transactions finalized to privatize the subsidiary companies (1985 - 1998). He was Enel Tax Manager since the beginning of the phase of the transformation into a company of the holding company Enel S.p.A. and the subsequent listing on the stock market of its shares (1998 - 2003). Over the years, he has been Director of the boards of important stock companies, like Finmeccanica (listed company), Cementir (listed company), Finmare, Lloyd Triestino di Navigazione, Terni Acciai Speciali, Sogei. In 1997, he was named by the Minister of Finance at such time member of the Ministerial Commission in charge of formulating implementing provisions for Law no. 662 of 23 December 1996 on organic income taxation reforms.

He has held various academic positions at the Central Tax School "E. Vanoni". He has also been a member of the tax committees of Confindustria and Assonime.

**Giovanni Pietro Malagnino**, Director (candidature presented by ENPAM Foundation) – He graduated in Medicine and Surgery in 1978 at the University of Perugia and specialized in odontostomatology in 1980 at "La Sapienza" University of Rome. Since 1980 he works as a Dentist, specialized in endodontics. Since 1983 he is active member of the Italian Endodontic Association and since 1985 of the American Association of Endodontics. He is also honorary member of the Société Française d'Endodontie since 1987. He was member of the managing department of SIE (1984-1986), member of the Managing Board of the National Association of Italian Dentists (1986-1988), and General Secretary (1989-1991) and National Chairman (1992-1995) of ANDI. He also held the role of Deputy Chairman of the Coordination Committee of Scientific Dental Societies (1996-2000) and he was member of the Central Committee of the National Federation of Doctors' and Dentists' Associations (1998-2000). Since 1997, he has been a member of the expert Commission for the sector studies at SOSE and since 2002 he is the coordinator of the medical professions in the commission of experts of SOSE. From 2000 until 2012, he has been Vice President of the National Authority of Welfare and Assistance for doctors and dentists and since 2012 he has been alternate Vice President of the same Foundation. Since 2010, he has been alternate Vice President of the Private Welfare Funds Association (ADEPP).

**Daniele Umberto Santosuosso**, Director (candidature presented by institutional investors) – He graduated in law at “La Sapienza” University of Rome in the academic year 1986/87. From 1993 to 1998 he was University researcher at the University of Perugia and in 1998 he became associate professor of commercial law at “La Sapienza” University. Since 2000, he has been full professor of commercial law at “La Sapienza” University of Rome, Faculty of Economics, where he teaches commercial law and international commercial law. He is also coordinator of the postgraduate Master program in International Commercial Law and member of the board of professors of a Ph.D. in commercial law, organized by several associated universities. He carried out several activities as visiting scholar and professor at various foreign universities including the London School of Economics, the Heidelberg University and the School of Law of U.C., Berkeley. He is author of volumes and essays and papers in national and international conferences, and member and collaborator of scientific journals. He is founder and Director of the Journal “Rivista di Diritto Societario”. He collaborates with the daily newspaper Sole 24 Ore. He is member and consultant of associations, also of specific categories and study centres, research and educational training in national and international contexts. He is member of the Corporate Studies Commission for the National Notary Board; of the Corporate and commercial law Commission of the Bar Association of Rome, for which he coordinates “Seminars of corporate law”; of the Notary School “Anselmo Anselmi” of Rome, where he teaches “extraordinary corporate transactions”. From 1999 to 2002, he was member of the Board of Directors of the Interfaculty Organization Unit of “La Sapienza” University of Rome, and currently member of the Scientific Committee of “La Sapienza” University of Rome, so called Spin-off Committee, in charge of the establishment of limited liability companies with the purpose of entrepreneurial utilization, in innovative contexts, of the results of university researches and the development of new products and services. Consultant from 1995 to 1996 of the Ministry of Post and Telecommunication. Effective member of the I and II Governative Commission “Vietti” (2001-2004); of the study group of the permanent ministerial committee for the reform of Microcredit and Microfinance (from 2005). Appointed by Consob, member of the working table for the “Regulation of the discipline concerning related parties” (2010), and for the “Simplification of regulation of financial market” (2011). He was independent director, chairman of the internal control committee and of the compensation committee of the listed company Kinexia S.p.A.. With his law firm, he practices law with a focus on commercial and corporate, bankruptcy, contracts and arbitration.

**Carlo Tamburi**, Director. He graduated in Statistics at “La Sapienza University” of Rome in 1982. He has held several positions in the last 30 years at Citibank N.A., IRI and the Ministry of Economics and Finance. He was Chairman of Tirrenia di Navigazione S.p.A. and a member of the Boards of several Italian companies, including Finmeccanica, Enel, Wind and Alitalia. He joined the Enel Group on operative level in 2002, and is currently in charge as Manager of the International Division.

**Luciana Tarozzi**, Director. She worked in Enel’s administration department in several roles from 1965 to 2005. In particular, she was Director – Manager of Corporate Administration from 1997 to 2005; Head of Group Control and Reporting from 1996 to 1997; Economic-Finance Planning Sector Manager in the Administration Department from 1994-1996; Head of the Budget Service at the Economic-Finance Planning sector from 1990 to 1994; Executive Manager at the Central Administration Department from 1988 to 1990. During the period 2000-2005, she was a member of the Board of Directors (without powers of attorney) in a number of companies belonging to the Enel Group.



The Directors are aware of the duties and responsibilities inherent in the positions held by them, and are kept constantly informed by the relevant corporate departments on the main new legislative and regulatory matters concerning the Company and the carrying out of their own offices, also taking part in initiatives aimed at increasing knowledge of Company situation and dynamics, in order to carry out their roles even more efficiently. In particular, in 2012 and over the first few months of 2013, the non-executive directors and auditors took part in a training program organized by Assogestioni and Assonime on the duties and responsibilities inherent in the office of member of management and control bodies of listed companies, in light of the new provisions introduced to the 2011 edition of the Corporate Governance Code. In December 2012, the Company organized a strategic summit dedicated to the analysis and in-depth review by the members of the Board of Directors of the strategies followed within the Group's various business segments.

The Directors perform their duties autonomously and in full knowledge of facts, pursuing the main objective of creating value for the shareholders over the medium/long- term.

### **Remuneration**

The remuneration of the members of the Board of Directors is decided by the shareholders' meeting; additional remuneration to members of advisory and proposal Committees that are part of the Board of Directors is set by the Board itself, after consulting the Board of Statutory Auditors; the overall economic remuneration of the Chief Executive Officer/General Manager is also determined by the Board of Directors, upon proposal by the Appointments and Compensation Committee and consultation with the Board of Statutory Auditors.

For a detailed description of the structure and limits of such compensations here above related to the financial year 2012, reference is made to the second section of the Remuneration Report approved by the Board of Directors on April 2, 2013, upon the Appointments and Compensation Committee's proposal, which is available at the Company's registered office and also on the Company's website.

### **Limits on the number of offices held by the Directors**

The Directors accept the office and maintain it when they deem that they can devote the necessary time to the diligent performance of their duties, considering the number and quality of appointments they hold in the administration and control bodies of other important companies, and their commitment in the performance of other work and professional activities and other positions held.

On this matter, we would like to point out that in June 2010, the Board of Directors approved (and formalized it within a specific document that was amended and updated in December 2012) a policy concerning the maximum number of offices that the members of the Board can hold in the control and administration bodies of other large companies, in order to ensure a suitable availability of time for those involved which is fit for the purpose of ensuring an efficient carrying out of the role they hold in the Enel Green Power's Board of Directors, which takes into account the related participation in Committees established within the Board.

Following the indications by the Corporate Governance Code, and for this purpose, the above policy only considers roles in the administration and control bodies of the following types of companies:

- a) Listed companies in regulated markets, also foreign companies;
- b) Italian or foreign companies, with stocks that are not listed on regulated markets and that operate in the insurance, banking, investment brokerage, managed savings or financial sectors;
- c) other Italian or foreign companies with stocks that are not listed in regulated market and which, while operating in sectors other than the ones indicated in letter b) above, have a net equity worth of more than euro 1 billion, or revenues exceeding euro 1.7 billion according to the last approved financial statements.

In accordance with the recommendations of the Corporate Governance Code, the policy drawn up by the Board of Directors identifies different limits to the number of offices (measurable by using a system of specific “weights” for each type of office), depending on (i) the commitment for the role performed by each Director in both the Enel Green Power’s Board of Directors (including any participation in Committees established within such Board) and in the administration and control bodies of other large companies, and (ii) on the type of companies where they carry out their other positions, excluding those held in subsidiaries or participated companies of Enel Green Power, in companies that control Enel Green Power or that manage or coordinate Enel Green Power or in companies that share the same controlling company as Enel Green Power.

On the occasion of the amendments made to the policy in question in December 2012, it was expressly provided – in line with the recommendations introduced to the 2011 edition of the Corporate Governance Code – that, unless the Board of Directors expresses a different, justified opinion in such regard, the Chief Executive Officer of Enel Green Power may not hold the role of director in another large company that does not belong to the Enel Green Power Group and the chief executive officer of which is one of Enel Green Power’s directors.

Based on the communications made by the Company’s Directors, as well as the inquiry carried out by the Board of Directors, most recently in February 2013, it was ascertained that each of the Enel Green Power’s Directors currently holds a number of offices in the administration and control bodies of other large companies that is compatible with the limits imposed by the policy.

### **Board Meetings and the Chairman’s role**

During 2012, the Board of Directors held 16 meetings, lasting on average about 2 hours and 15 minutes each, with the regular participation of the various Directors and the presence of the Board of Statutory Auditors. As far as 2013 is concerned, 13 Board meetings have been scheduled, 4 of which have already been held.

The heads of the corporate functions in charge of the various matters on agenda are regularly invited to take part in the Board of Directors’ meetings, and provide all appropriate in-depth information on the matters under discussion.

The activities of the Board of Directors are coordinated by the Chairman, who has a proactive role in the functioning of the Board. In particular, the chairman calls the Board meetings, sets the agenda and leads the meeting itself, making every endeavour to ensure that the Directors promptly receive the necessary documents and information – except for cases of need and urgency – for being able to express themselves with full knowledge of the matters being discussed.

The Chairman has the powers foreseen by law and the Bylaws regarding the functioning of the corporate bodies (shareholders’ meeting and Board of Directors), and the legal representation and corporate signatory powers of the Company. In addition, based upon the board resolution passed on 5 October 2010 (as amended on 19 December 2012), the Chairman verifies the implementation of the Board of Directors’ resolutions.

## **Evaluation of the functioning of the Board of Directors and its Committees**

During January and February 2013 the Board of Directors, in accordance with the most advanced corporate governance practices followed in Italy and abroad, implemented by the Corporate Governance Code, with the assistance of a company qualified in the specific sector, which does not have any other professional or business relationship with Enel Green Power or with the other companies of the Group has performed an assessment on the functioning of the Board and its Committees, and on their size and composition, also taking into account elements such as the professional qualifications, experience (including managerial experience) and gender of its members, as well as their seniority in their roles (known as the “board review”).

Conducted by means of a questionnaire filled out by each Director during individual interviews carried out by the consultancy firm, the analysis focused on the most significant issues regarding the board of directors, such as: (i) the composition, role, and responsibilities of such body; (ii) the organization and conduct of Board meetings, the related flows of information and the decision-making processes adopted; (iii) the composition and functioning of the Committees instituted within the Board; (iv) the adequacy of the organizational structures that support the works of the board of directors and of its Committees; (v) the induction meetings on the key strategic and operating matters.

Among the strengths that emerged from the 2012 board review are pointed out, first and foremost, a cooperative climate and a positive working atmosphere within the board; the composition and the size of the Board of Directors are considered to be appropriate in consideration of the Company’s needs; as well as the frequency and duration of the meetings; the in-depth discussion sessions on matters such as risks, strategies, financial requirements and corporate sustainability were met with particular favour, as well as the transparency and modalities through which the preparation and analysis of strategies are conducted in the interest of all of the shareholders. The contributes and the analysis on the most significant issues which have been provided by the top management during the Board’s meetings are considered to be of a high quality. With regard to the Committees set up within the board, it has been expressed a large consensus on the adequacy of their composition, their role and the effectiveness of the activities carried out. The overall picture described above shows the satisfaction with and appreciation of the Board of Directors and points out that, the Board’s functioning modalities have improved. A greater awareness and knowledge of the business has encouraged greater participation on the part of the directors and improved the quality of discussions.

The Chairman performs his role effectively and is viewed favourably by the directors.

Among the areas of improvement pointed out by some directors, it has been suggested the opportunity to ensure a more timely delivery of the documents submitted to the Board’s attention and of the drafting of the minutes of the Board of Directors; the need to analyse and further review on an in-depth basis the developments in the legal and regulatory framework applicable to the sector, as well as analyse risk management and the need to improve its understanding of the key business factors.

Moreover, taking into account the results of the board review, the Board of Directors, in light of the imminent expiry of its mandate and in view of the Shareholders’ Meeting called to approve the 2012 financial statement and the renewal of the Board, has expressed, based upon recommendations formulated by the Appointments and Compensation Committee its views on the professional figures deemed advisable within the Board. These views have been stated in the Board of Directors’ report dedicated to the point on the agenda on the Shareholders’ Meeting for the renewal of the Board of Directors.

## **Executive and non-executive Directors**

The Board of Directors comprises executive and non-executive Directors.

In accordance with the contents of the Corporate Governance Code, the following are considered executive Directors:

- > the Chief Executive Officer of the Company (or of companies with strategic relevance belonging to the Enel Green Power Group) and the Chairman to whom individual management proxies have been attributed or who has a specific role in the drawing up of company strategies;
- > the Directors who hold management positions in the Company (or in companies with strategic relevance belonging to the Enel Green Power Group) or with the controlling company, when the position also concerns the Company.

Directors who do not correspond to any of the aforesaid categories qualify as non-executive Directors.

According to the analysis carried out by the Board of Directors in October 2010 and lastly in February 2013, considering the power organizational set up described above, only the Chief Executive Officer qualifies as an executive Director. Therefore, the Chairman (Luigi Ferraris) and other 8 Directors currently in charge (Luca Anderlini, Carlo Angelici, Andrea Brentan, Giovanni Battista Lombardo, Giovanni Pietro Malagnino, Carlo Tamburi, Daniele Umberto Santosuosso e Luciana Tarozzi), are qualified as non-executive Directors.

As regards the Chief Executive Officer, the latter has been granted all powers related to the management of the Company, with the exception of those otherwise assigned by laws or regulations, by the By-laws or by the structure of powers last amended in December 2012, in order to implement the new recommendations of the Corporate Governance Code, 2011 edition (as regards the matters which under such structure would be reserved to the Board of Directors, reference is made to the paragraph of this section entitled "Board of Directors – Role and functions").

The number, expertise, professionalism, authority and availability of time of the non-executive Directors therefore capable of ensuring that their opinion can have a significant influence in the Board's decision-making process.

Non-executive Directors bring their specific skills to the Board's discussions, in order to facilitate an examination of the matters being discussed from different perspectives and a consequent adoption of well-considered and well-informed decisions, that are in line with the Company's interests.

## **Independent Directors**

Based on the information provided by the individual parties or in any case available to the Company, immediately after the appointment of each Director (October 2010 and May 2011 and January 2012), and most recently in February 2013, the Board of Directors attested the existence of the requisites of independence considered in the Corporate Governance Code concerning the Directors Luca Anderlini, Carlo Angelici, Giovanni Battista Lombardo, Giovanni Pietro Malagnino, Daniele Umberto Santosuosso and Luciana Tarozzi.

In particular, Directors who do not have, or have not recently had, even indirectly, relations with the Company or with subjects connected to the Company that could currently affect their autonomy of judgement, are considered as independent.

The procedure followed by the Board of Directors for this matter began with an examination of an information document in which the positions held and the relationships of the members of the Board of Directors that are liable to being significant for evaluating his relative independence are listed; this phase was followed by a self-assessment carried out by each Director involved on his/her own personal position, followed by a final assessment carried out jointly by the Board of Directors with the abstention, in turn, of the individual members whose position was under examination.

When formulating an evaluation of the independence of non-executive Directors, the Board of Directors considered, in particular, the cases in which, according to the Corporate Governance Code, the requisites of independence should be considered as lacking and thus applied the principle of prevalence of the substance over the form indicated in the Code.

In carrying out the assessments in October 2010, May 2011, January 2012 and most recently February 2013, the Board of Directors also verified for the six above-mentioned Directors – *i.e.* Luca Anderlini, Carlo Angelici, Giovanni Battista Lombardo, Giovanni Pietro Malagnino, Daniele Umberto Santosuosso and Luciana Tarozzi – the requisites of independence foreseen by law (in particular by the Unified Finance Act and the related implementing regulations) for the statutory auditors of listed companies (such requisites are indicated in Table 1, attached hereto).

During the months of December 2010, May 2011, February 2012 and, most recently, February 2013, the Board of Statutory Auditors established that, in carrying out the aforesaid evaluations of the independence of its non-executive members, the Board of Directors correctly applied the criteria recommended by the Corporate Governance Code, following to that end a transparent assessment procedure that enabled the Board to learn about relations that were potentially significant for the purpose of the evaluation of independence.

The Independent Directors have met, without the presence of the other Directors, in October 2012; on that occasion they evaluated, *inter alia*, the Company's organizational structure and certain aspects of the implementation of the Corporate Governance Code, including the timeframe for disclosure prior to meetings and the role of the Board of Directors in the adoption of a plan for the succession of the executive director.

Due to the fact that the Chairman of the Board of Directors of the Company is not the main responsible for the management of the Company (Chief Executive Officer) and does not own a controlling participation in the Company, there are not the conditions set forth by the Corporate Governance Code for the appointment of the lead independent director. It should also be noted that as of the date of this report, the independent directors have not availed themselves of the right to request the appointment of a lead independent director as envisaged under the Corporate Governance Code for issuers included on the FTSE-Mib.

It should be noted that the Company, as issuing company subject to direction and coordination of another listed company, has a Board of Directors mainly made up of Directors who may be qualified as independent according to the above meaning, in compliance with the applicable laws. The role of such Directors is important in the Board of Directors as well as in the Committees.

Without prejudice to the foregoing, independence in judgment characterizes the activities of all of the Directors, including those who are not qualified as independent directors.

## **Committees**

In June 2010, the Board of Directors, in order to guarantee efficient carrying out of its functions, has set up a Compensation Committee and an Internal Control Committee. These committees

have a consulting and constructive role, appointed to handle delicate matters which may be a source of possible conflicts of interest. The Internal Control Committee acts also as Committee for the transactions with related parties. In line with the recommendations introduced in the 2011 edition of the Corporate Governance Code, in December 2012, the Board of Directors amended the responsibilities of both Committees, as well as their names to, respectively, the Appointments and Compensation Committee and the Control and Risks Committee. In this context, moreover, it maintained under the latter committee its functions as the related parties Committee. According to the applicable laws, such Committees are exclusively comprised of Independent Directors appointed by the Board of Directors, which also appoints a chairman and determines the tasks of the committees themselves with a specific resolution.

In June 2010, the Board of Directors approved specific organizational regulations that govern the composition, the tasks and function modalities of each Committee. Subsequently, in December 2011, the Board of Directors approved some amendments to the Regulation of the Compensation Committee (now called the Appointments and Compensation Committee), in order to conform it to the amendments to art. 7 of the Corporate Governance Code introduced in March 2010. Lastly, in December 2012, the Board of Directors made new amendments to the rules governing both Committees aimed at, inter alia, implementing the recommendations introduced in the 2011 edition of the Corporate Governance Code.

When carrying out their functions, the Committees in question have the faculty to access information and company departments required for the carrying out of their respective tasks, and can also use external consultants paid for by the Company within the limits of budget approved by the Board of Directors. On this regard it should be noted that, in the event that the Appointments and Compensation Committee decides to avail itself of external consultants in order to obtain information on the market practices concerning remuneration policies, it previously verifies that the consultant is not in any situation which may effectively jeopardize his independence in judgment.

Each Committee appoints a secretary, who can also be not a member of the committee, who has the task of drawing up the minutes of the meetings.

The meetings of each committee may be attended by the chairman of the Board of Statutory Auditors, or another designated Auditor (in this regard, it should be noted that starting in December 2012 and in line with the recommendations introduced in the 2011 edition of the Corporate Governance Code, the other acting auditors are also entitled to attend), and by other members of the Board of Directors or representatives of the Company's functions or third parties whose presence may support the better performance of the Committee's duties, who have been expressly invited by the respective chairman. The meetings of the Appointments and Compensation Committee are normally attended also by the head of the "Human Resources and Organization" function, and the meetings of the Control and Risks Committee are also attended by the Head of the Audit Function.

### **Nomination and Compensation Committee**

The Nomination and Compensation Committee (which, until December 2012 acted with the name and the functions of Remuneration Committee) has the task of assisting the Board of Directors with review functions, of a propositive and advisory nature, in assessments and decisions concerning the size and composition of the Board as well as the compensation of the Directors and Executives with strategic responsibilities.

The compensation paid to Directors and Executives with strategic responsibilities is established in an amount that is sufficient to attract, maintain and motivate persons endowed with the professional qualities required for the successful management of the Company.

In this regard, the Committee is in charge of making every endeavour to ensure that the compensation of executive directors and executives with strategic responsibilities is established so as to align their interests with the pursuit of the priority objective of creating value for shareholders over the medium/long-term. In particular, a significant portion of the compensation granted to the executive Director and the Executives with strategic responsibilities is linked to the achievement of specific performance objectives, which are not necessarily economic in nature, that are indicated in advance and determined in accordance with the guidelines set forth in the remuneration policy.

The compensation of non-executive Directors is commensurate with the commitment requested of each of them, taking into account their participation in Committees. It should be noted, in this regard, that in line with the recommendations set forth in the Corporate Governance Code, such compensation is not in any respect linked with the economic results attained by the Company or by the Group and the non-executive Directors are not the recipients of stock-based incentive plans.

No Director may take attend the Committee meetings during which proposals are formulated for the Board of Directors in connection with their own emoluments, except if such proposals concern all of the members of the Committees established within the Board of Directors.

Following the amendments of the organizational Rules introduced in December 2011, such Committee is granted the following proactive and advisory tasks:

- > to present proposals to the Board of Directors concerning the general remuneration policy of the executive Directors, the other Directors with specific offices and the Executives with strategic responsibilities, periodically evaluating the adequacy, the global consistency and the concrete application of the adopted policy and making use of the information provided by the Chief Executive Officer in relation to the implementation of such policy with regard to the Executives with strategic responsibilities;
- > to submit proposals or express opinions to the Board of Directors concerning the remuneration of the executive Directors and the other directors with special offices, as well as the fixing of the performance objectives connected to the variable part of such remuneration, monitoring the application of the Board's decisions and verifying, in particular, the concrete achievement of the performance objectives;
- > to previously examine the annual Report on remuneration that shall be made available to the public prior to the annual Shareholders' Meeting called for the approval of the financial statements.

As part of the implementation of the new recommendations of the 2011 edition of the Corporate Governance Code, as already illustrated, the Board of Directors has assigned to the Committee new functions and has changed its name of Compensation Committee into Nomination and Compensation Committee. Specifically, the Committee, in addition to having essentially maintained its previous substantive responsibilities:

- formulates opinions to the Board of Directors on the size and composition of the Board and expresses recommendations on the professional figures whose presence on the Board is considered advisable;
- expresses recommendations to the Board of Directors on the maximum number of positions on management or control bodies of other companies listed on regulated markets, financial firms, banks, insurance companies or large companies that may be considered compatible with effectively performing the role of Director of the Company;

- expresses recommendations to the Board of Directors on any problematic issues related to the application of the restriction on competition imposed upon Directors under art. 2390 of the Civil Code, if the Shareholders' Meeting, for organizational reasons, has authorized in advance exemptions from such restriction on a general basis;
- proposes to the Board of Directors candidates for the role of Director, taking into account any referrals received from shareholders:
  - i) in the event of co-optation, if it is necessary to replace independent Directors;
  - ii) if, in the event of renewal of the Board of Directors, it is envisaged that it will not be possible to attain, using the lists submitted by the shareholders, the number of Directors required, such that the exiting Board may express candidatures to be submitted to the Shareholders' Meeting;
  - iii) if, in the event of renewal of the Board of Directors, the exiting Board were to decide to avail itself of the right, provided under art. 13.3 of the By-laws, to submit its own list.

As part of its duties, the Nomination and Compensation Committee also plays a primary role in the drawing up and verification of developments in long-term incentive systems for the executive management, intended to be tools for attracting and motivating resources of a suitable level and experience, for developing a sense of belonging and for ensuring constant attention to the creation of value over time.

The Nomination and Compensation Committee is currently composed of the independent Directors Carlo Angelici (acting as chairman), Daniele Umberto Santosuosso and Luca Anderlini, appointed by the Board of Directors on May 10, 2011. The Director Luca Anderlini has an adequate professional expertise and experience in the financial discipline, as verified by the Board of Directors at the appointment. Previously, the Committee was composed of the Directors Carlo Angelici (as chairman), Giovanni Battista Lombardo and Luciana Tarozzi.

During 2012, the Committee held 5 meetings, that were duly documented in minutes, characterized by the regular attendance of its members (as well as of the Chairman of the Board of Statutory Auditors) and lasted on average 2 hours and 30 minutes each; the Committee also availed itself of an external consultant, at the Company's expense.

During 2012, the Committee – in addition to elaborating the contents of the long-term incentive plans – defined the operative aspects of the variable part of the remuneration of the Chief Executive Officer, in particular identifying the objectives to be assigned to him and verifying the achievement of the objectives regarding the previous financial year. During 2012, moreover, the Compensation Committee defined during the first few months the contents of the remuneration policy for the directors and the executives with strategic responsibilities for 2012. Such policy was approved by the Board of Directors on 2 April 2012 and was then submitted to the ordinary Shareholders' Meeting held on 27 April 2012 for a consultative vote, which voted in favour of the same. The Committee, in addition to elaborating the contents of the long-term incentive plan for year 2012 and conducting a general review of the progress of the incentive plans in place, has handled the operating aspects of the variable component of the compensation paid to the Chief Executive Officer/General Manager, identifying in particular the annual economic-performance objectives assigned to the same and verifying the achievement of the objectives for the previous year. Lastly, the Committee analysed the progress in the compensation policy concerning management and commenced toward the end of the year the preparation of the policy for the remuneration of Directors and Executives with strategic responsibilities for 2013, which following its preparation by the Committee was approved by the Board of Directors on 2 April 2013.



## **Control and Risks Committee**

The Control and Risk Committee (which, until December 2012 acted under the name of Internal Control Committee and according to the activity due, in line with the recommendations introduced to the edition of the Corporate Governance Code published in March 2006) has the task of supporting, with adequate review activities, the assessments and decisions of the Board of Directors, related to the internal control and risk management system, as well as those related to the approval of periodic financial reports. In particular, the Control and Risks Committee has the following consultative and proposing tasks (as recently defined by the Board of Directors in December 2012) that enlarged the tasks already due as Internal Control Committee:

- > supporting the Board of Directors, by formulating specific opinions, in the performance of its tasks concerning internal control and risk management imposed under the Corporate Governance Code (it should be noted that such tasks are analysed below in this section, in the paragraph entitled “Internal control and risk management system”);
- > evaluating, together with the Executive in charge of drawing up corporate accounting documents and after consulting with the external auditors and the Board of Statutory Auditors, the correct use of accounting principles and the homogeneity of the latter for purposes of preparing the consolidated periodic financial reports;
- > expressing opinions on specific aspects concerning the identification of the Company’s main risks;
- > examining the periodic reports concerning the assessment of the internal control and risk management system and the particularly important reports prepared by the “Audit” function”;
- > monitoring the independence, adequacy, effectiveness and efficiency of the “Audit” function;
- > carrying out further tasks assigned to it by the Board of Directors, with particular reference to;
- > reviewing the Company’s main rules and procedures related to the internal control and risk management system and those which are relevant to stakeholders, with particular reference to the Organizational and Operating Model prepared pursuant to Legislative Decree no. 231/2001, the Ethics Code, the “zero tolerance for corruption” Plan, submitting such documents to the Board of Directors for approval and assessing possible amendments and supplements to the same;
- > reporting to the Board of Directors, at least every six months, when deciding on the approval of the financial reports and half-year financial report, on the activities carried out and the suitability of the internal control and risk management system.

The Committee in question may also ask the “Audit” function to perform verifications on specific operating areas, by providing simultaneous notice to the Chairman of the Board of Statutory Auditors, the Chairman of the Board of Directors, and the Director in charge of the internal control and risk management system, except in situations in which the subject matter of the request for verification pertains specifically to such persons’ activities.

In December 2010, following the adoption by the Company of a new procedure for the discipline of the transactions with related parties, pursuant to Article 2391-*bis* of the Civil Code, the regulation adopted by CONSOB through decision No. 17221/2010 and subsequent amendments and integrations (hereinafter, the “Procedure”), such Committee has been vested with the functions of the related parties Committee and, therefore, it is entrusted with the power to express a preventive opinion in relation to the transactions of the Company with one or more related parties (as identified by the Procedure) according to the terms and conditions provided under the Procedure.

The Procedure was adopted in December 2010, came into force as of 1 January, 2011 and was amended in December 2012.

The Committee is currently comprised of the Independent Directors Giovanni Battista Lombardo (as chairman), Luciana Tarozzi and Giovanni Pietro Malagnino, appointed by the Board of Directors of May 10, 2011. Previously, the Committee was composed of the Directors Giovanni Battista Lombardo (as chairman), Luciana Tarozzi and Carlo Angelici, appointed by the Board of Directors of October 5, 2010, which also verified that Directors Giovanni Battista Lombardo and Luciana Tarozzi have an adequate experience in accounting and finance matters.

During 2012, the Committee held thirteen meetings which were duly documented through minutes, with an average duration of two hours and thirty minutes, and were characterized by the regular attendance of its members and the Chairman of the Board of Statutory Auditors. Three of the meetings of the Committee were held in its function as Related parties Committee pursuant to the Procedure for the governance of related party transactions.

During 2012, the activities of such Committee mainly focused on the evaluation of (i) the working plan drafted by the head of the Audit Function and the results of the audit carried out in the previous year; (ii) conducted an assessment on the organization, accounting and administrative structures, and the internal control structures of a number of companies of the Enel Green Power Group considered particularly important; and (iii) monitored the compliance with the organizational and operating model adopted pursuant to Legislative Decree No. 231 of 8 June 2001, providing also for the update of such model; (iv) conducted a review process on the modalities for the implementation of the new recommendations of the Corporate Governance Code published in December 2011, finding then ways of implementation by the Company of the recommendations therein contained, that had been previously approved by the Board of Directors on the December 2012 as well as the related proposals for the amendments of the powers' structure and of some of the procedures and internal regulations concerning corporate governance.

During the period in question, the Committee expressed its favourable opinion, within its competence, with regard to the assignment of specific additional mandates to the main external auditor of the Group in accordance with the specific procedure, adopted in June 2010, concerning the assignment of mandates to the external auditors that are working for the Group; in such regard, it should be noted that such procedure was replaced by a new procedure adopted by the Board of Directors at the meeting held on 19 December 2012 which no longer assigns specific responsibilities to the Committee.

The Committee has evaluated the reports received over the course of 2012 in compliance with the provisions of the Code of Ethics, has examined a number of transactions with related parties and expressed, within the scope of its responsibilities, a positive evaluation with regard to the adequacy, effectiveness and the effective functioning of the internal control system during the previous financial year.

In 2012, the Committee, during the execution of its duties, held some meetings with the heads of some corporate functions.

The Committee has also monitored the continuous compliance, within the Enel Green Power Group, with the legislation concerning the accounting transparency, the adequacy of the organization structure and of the internal control system of the subsidiaries established and governed by laws of non EU countries.

Lastly, during the meetings in its role as Related Parties Committee, the Committee (i) agreed upon a number of proposals for the amendment of the corporate procedure for the governance of related parties transactions and the organizational rules of the Committee, essentially in order to update the contents while implementing the same, of the recommendations set forth in the edition

of the Corporate Governance Code published in December 2011, and (ii) expressed a reasoned opinion on such related party transactions, assessing, for each of them, Enel Green Power's interest in concluding the transaction, as well as the advantageousness and substantive properness of the related terms.

### **Board of Statutory Auditors**

According to the law and the Company's Bylaws, the Board of Statutory Auditors comprises three regular Statutory Auditors and two alternate Statutory Auditors, appointed by the shareholders' ordinary meeting for a period of three financial years and who can be re-elected when their mandate expires.

Besides held the duties assigned by law (and listed in the first section of this document under "Company's Organization"), in compliance with Corporate Governance provisions, Statutory Auditors provides that:

- Statutory Auditors, even individually from the other, may ask Company's "Audit" Function verifications on specific areas or company's operations;
- May transmit and/or requests timely relevant information with Control and Risks Committee for the perform of its duties.

Under the legal framework currently in force, the members of the Board of Statutory Auditors must meet the integrity, independence, professionalism requisites required of statutory auditors of listed companies, as supplemented by the specific provisions of the Bylaws.

According to the content the Unified Finance Act, the limits to the number of administrative and control offices that the members of the Board of Statutory Auditors can hold in Italian companies have been identified by CONSOB, with specific regulation.

Similar to the provisions applicable to the Board of Directors – and in accordance with the provisions of the Consolidated Financial Act – the Bylaws provide that the appointment of the entire Board of Statutory Auditors takes place according to the "slate-voting" mechanism, aimed at guaranteeing the presence of a regular statutory auditor in the control body (who becomes the president) and an alternate statutory auditor (destined to substitute the president if he resigns in advance from his position) appointed by the minority shareholders.

This election system foresees that the slates in which the candidates must appear following a progressive numbering, can be submitted by shareholders who, alone or together with other shareholders, hold a minimum amount of shares in the corporate capital, as set out by CONSOB through the regulation concerning the submission of slates of candidates for the appointment of the Board of Directors (*i.e.*, considering the stock capitalization of the shares of Enel Green Power, currently the percentage required is equal to 1% of the share capital). Moreover – in implementing the amendments to the Consolidated Financial Act introduced in July 2011 with the purpose to ensure the balance between genders in the management and control bodies of listed companies, as well as in compliance with the relevant CONSOB's regulations, and according to the amendments to the bylaws resolved upon by the extraordinary Shareholders' Meeting held on 27 April 2012 – at the first three renewals of the board of statutory auditors subsequent to August 12, 2012, the slates that contain an overall number of candidates (both regular and alternate members) equal or higher than three shall include, both in the first two positions of the list's section related to the regular auditors and in the first two positions of the slate's section related to alternate auditors, candidates of different genders.

The slates must be filed, by those who present them, at the Company's registered offices and published in compliance with the applicable laws at least 25 days before the date set for the

Shareholders' Meeting convened to resolve upon the appointment of the members of the Board of Statutory Auditors and shall be published by the Company on its internet website and made available to the public at its registered office, at least 21 days before the date of the meeting, together with an exhaustive information report on the personal and professional characteristics of the candidates so as to ensure a transparent process for the appointment of the Board of Statutory Auditors.

For any Statutory Auditors appointed other than in the event of renewal of the entire Board of Statutory Auditors, the Shareholders' Meeting resolves in accordance with the majorities required by the law and without observing the procedure stated above. It however ensures (i) that the principle of representation of the minority shareholders within the Board of Statutory Auditors is observed; and (ii) the observance of the applicable laws concerning the balance of genders.

In any case, the Statutory Auditors act autonomously and independently, also with regards to the shareholders who elected them.

The current Board of Statutory Auditors was appointed by the general Shareholder's meeting of April 27, 2011 and will remain in its office until the date of the ordinary shareholders' meeting that will be convened for the approval of the financial statements as of 31 December 2013. Such Board of Statutory Auditors is comprised of the acting Statutory Auditors Franco Fontana (Chairman), Giuseppe Ascoli and Leonardo Perrone. The Alternate Auditors appointed by the ordinary Shareholders' Meeting held on 27 April 2011 are Giulio Monti and Pierpaolo Singer.

It is described here below a brief personal summary of the effective statutory auditors currently in office, with the indication of the lists of provenance. The slate have been presented by Enel S.p.A. (which, at the date of presentation of the slate, owned the 69.17% of the corporate capital) and, jointly, by Fondazione ENPAM and INARCASSA (which, at the date of presentation of the slate, jointly owned the 1.50% of the corporate capital).

**Franco Fontana**, Chairman (designated in the slate presented by Fondazione ENPAM and INARCASSA) – Graduated in Business and Economics at the University Cattolica of Milan. He is a chartered accountant, enrolled in the List of chartered accountants and in the External auditors' register. Since 1986, he is a full professor of "Economy and business administration" at the faculty of Economy at the LUISS Guido Carli University. He is the Director of the LUISS Business School and from 1995 to 2010 he was Chairman of the Faculty of Economics of the LUISS Guido Carli University. From 1994 until 1997, he was Chairman of the Cassa di Risparmio of l'Aquila. He held the office of Statutory Auditor and Chairman of the Board of Statutory Auditors in various Italian companies, a number of which are part of international groups. From 2001 until 2010 he was Statutory Auditor and then Chairman of the Board of Statutory Auditors of Enel S.p.A.. He is author of several publications on matters regarding management and corporate strategies and organization.

**Giuseppe Ascoli**, effective statutory auditor (designated in the slate presented by Enel S.p.A.) - Born in Rome on 1954. He is a chartered accountant and external auditor. He is partner in the legal-tax practice "Adonnino Ascoli & Cavasola Scamoni", an inter-professional association that is part of the international alliance CMS. He is the president of the Consulting Commission for International Tax Matters to the List of Chartered Accountants of Rome. He has been an appraiser for the courts of Rome, assessing companies. He has been appointed by public and private bodies for the assessment of companies and for corporate, contractual and tax consultancy and assistance. He is a statutory auditor, and also the Chairman of Board of Statutory Auditors in companies belonging to national and international groups such as: Enel Group, Ford Group,

Groupama, PPG Group, Alliance Group, Linde Group, Allergan Group, Fideuram Group. He has been a Director in the company MEDIOCREDITO in Rome, also as a member of the Executive Committee. He publishes articles for magazines specialized in tax matters. He teaches specialization courses organized by universities or by professional orders. He has been a speaker at several national and international conferences.

**Leonardo Perrone**, Effective auditor (designated in the slate presented by Enel S.p.A.). He earned a degree in law at the La Sapienza University of Rome in 1965. He is a Supreme Court lawyer specialized in tax and corporate law and is enrolled with the register of Certified Auditors of Accounts. Since 1970, he has been a professor of “Tax Law” at the University of Macerata. He is full professor of “Tax Law” since January 1, 1976, at the University of Catania, then in Perugia and, finally, since November 1, 1982 on the Faculty of Economics of La Sapienza University in Rome. He has been a member of the Boards of Statutory Auditors and the Boards of Directors of various companies and entities, at the national level, with financial and business responsibilities. He is a member of the “Technical Committee for the implementation of the tax Reform” and the “Superior Council of Finance”. He has been presented at numerous national and international conferences in Italy and abroad. He has taught for more than 20 years at the Financial Police’s Tax Squad and for several years in the Tax law Masters Course at the Economic and Finance Institute. He has published several documents, working especially on tax and corporate law matters, representing several important national and international clients in court proceedings and out-of-court proceedings.

The remuneration of the effective members of the Board of Statutory Auditors has been determined by the ordinary Shareholder’s meeting which elected them and it is equal to euro 60,000 per year (gross figure) for the Chairman of the Board of Statutory Auditors and euro 45,000 per year (gross figure) for each of the Effective statutory auditors, in addition to the reimbursement of costs required to carry out the relative duties.

During the financial year 2012, the Board of Statutory Auditors held 15 meetings. The meetings had an average duration of 2 hours and 30 minutes each and were regularly attended by the acting Statutory Auditors.

In February 2013, the Board of Statutory Auditors established for each of the Statutory Auditors the existence of the requisites of independence provided under the Corporate Governance Code for the Directors and art. 148, paragraph 3 of the Consolidated Financial Act.

The Board of Statutory Auditors, moreover, supervised the independence requirements of the external auditor, verifying the observance of the applicable laws, as well as the nature and entity of the services different from the auditing services provided to the Company and to its subsidiaries by the same external auditor and by the entities belonging to the same network. Furthermore, the Board of Statutory Auditors has worked together with the Internal Control Committee (now called the Control and Risks Committee) by organizing jointly meetings during which they have promptly shared that information which is important for the execution of the relative mandates. The Board of Statutory Auditors has also received from the Audit Function the updates concerning the inspections over specific operative areas.

### **Auditing firm**

Audits of Enel Green Power’s financial statements and of the group’s consolidated financial

statements are entrusted to Reconta Ernst & Young S.p.A. The appointment was awarded to this auditing firm by the Shareholders' Meeting of April 27, 2011, upon proposal of the Board of Statutory Auditors for the financial years from 2011 to 2019 and for a total consideration of 1.86 million euro.

Starting in June 2010, in order to preserve the independence of the auditing firms that operate within the Group, a specific procedure was completed that governs the granting of mandates to auditing firms or to the entities belonging to their related networks by companies belonging to the Group. In accordance with the amendments to this procedure, in December 2012, the Board of Statutory Auditors expresses a prior binding opinion (or, in cases in which they do not compromise in any manner whatsoever the independence of the auditor, receives periodic disclosure/reporting) on the grant of additional mandates by companies belonging to the Group, therefore other than the main auditing mandate for which no condition of legal incompatibility applies – to the Group's main external auditor or to entities belonging to the auditor's network; the assignment of such additional task is only allowed only in certain circumstances, of demonstrated necessity (from a legal, economic or service quality point of view).

### **Executive Manager in charge of drawing up corporate accounts documents**

During 2012, the executive manager in charge of drawing up Enel Green Power corporate accounts documents had been carried out by the Head of the Company's Administration, Finance and Control Department, Mr Alberto De Paoli, appointed by the Board of Directors, subject to the opinion provided by the Board of Statutory Auditors.

In June 2010, the Board of Directors, subject to an opinion provided by the Board of Statutory Auditors, and with effects from the commencement date of trading of the Company's shares on the Mercato Telematico Azionario organized and managed by Borsa Italiana S.p.A. and on the Spanish regulated markets (Madrid, Barcelona, Bilbao, Valencia) and on the SIBE system, on November 4, 2010.

Starting on 1 May 2012, such office was taken over by Giulio Antonio Carone, who also held the role of Head of the Administration, Finance and Control Department of Enel Green Power. As verified by the Board of Directors, Alberto de Paoli, over the period in which he held such role, met the professionalism requisites provided under the Company's Bylaws. Similarly, the Board of Directors was able to verify that Giulio Antonio Carone also met such requisites.

The Executive in charge of the preparation of the company's accounting/financial documents has the task of preparing suitable administrative and accounting procedures for the drawing up of the financial statements and of the consolidated financial reports, and of any further financial communication.

The Board of Directors verifies that this manager has suitable powers and means and also supervises the actual compliance with the administrative and accounting procedures set up by the said manager.

The said manager issues a declaration that accompanies Company's documents and communications distributed to the market, regarding accounting information, also during the year, which certifies that such documents and communications correspond to the documents results, the accounting books and entries.

Together with the Chief Executive Officer, the same manager also certifies through a specific report regarding the financial statements, consolidated financial statements and the half-year financial report: (i) the suitability and actual application of administrative and accounting procedures as indicated above in the financial year statements, during the period to which the

documents refer to; (ii) the conformity of the said documents' content with the international accounting principles applicable within the European Community; (iii) the correspondence of the said documents with the information contained in the accounting books and documents and their suitability for the purpose of providing a true and correct representation of the Company's and Enel Green Power Group's economic and financial position; (iv) that the management report on the financial statements and consolidated financial reports contains a reliable analysis of management trends and results, in addition to the Company's and Enel Green Power Group's situation, together with the description of the main risks and uncertainties to which they are subject to; (v) that the interim directors' report included in the half-year financial report contains indications of the more significant events occurring in the first six months of the financial year and their impact on the simplified half-yearly financial report, together with a description of the main risks and uncertainties faced in the remaining six months of the year.

The contents of said report are governed by CONSOB through a specific regulation.

### **Internal control and risk management system**

On the matter of internal control and risk management, the Group has in place a specific system consisting in a set of rules, procedures and organizational structures aimed at allowing for the identification, measurement, management and monitoring of the company's main risks. Such system's mission is that of (i) verifying the suitability of the various Company's processes as to their efficacy, efficiency and economic nature and (ii) guaranteeing reliability and fairness/accuracy of accounting documents and the safeguarding of the corporate assets and (iii) ensuring conformity of the operational procedures to internal and external regulations and to the Company's directives and guidelines having the purpose to ensure a sound and efficient management.

The internal control and risk management system is structured through three separate categories of activities within the Enel Green Power Group:

- > "Line control" (or "first level"), comprising all the control activities that the single operational units or companies of the Enel Green Power Group carry out on their own processes. These control activities are carried out primarily by the operational management and are considered to be an integral part of every company process;
- > the "second level" controls, which are assigned to (i) the management control function (which is part of Enel Green Power's "Administration, Finance and Control" function) with regard to the monitoring of the business-financial trend of the Company and of the Group, and (ii) the Company's Risk Management function with regard to elaboration of policies aimed at managing the main risks (concerning, for example, the interest and exchange rates and the commodities risk);
- > Internal audit, meaning the activities of general verification on the structure and functioning of internal controls, is assigned to the Company's specialized "Audit" function; such activities are aimed mainly at identifying and limiting the Company's risks of any kind by monitoring line controls, both with regard to the adequacy of the controls and by looking at the results actually achieved through the relevant application. The activity in question therefore includes all processes of the Company and the other companies of the Enel Green Power Group and the responsible managers must indicate any corrective actions considered to be necessary and carry out any follow-up activity intended to verify the results of suggested actions.

The responsibility for adopting an adequate internal control and risk management system, consistent with existing national and international reference models and best practices lies with the Board of Directors.

- > Based upon the arrangements made in December 2012 during the implementation within the company of the important new elements concerning the internal control and risk management system set forth in the Corporate Governance Code published in December 2011, the Board of Directors, first of all, identifies from among its members one or more directors to be placed in charge of the establishment and maintenance of an effective internal control and risk management system. In particular, in December 2012, the Board of Directors confirmed that such role would be assigned to the Chief Executive Officer (who already acted in the role of sole executive director in charge of overseeing the functioning of the internal control system). In addition, the Board of Directors, upon receiving an opinion from the Control and Risks Committee:
  - Defines the guidelines for the internal control and risk management system of the Company and the Enel Green Power Group, determining the level of compatibility of such risks with a management of the business that is consistent with the strategic objectives identified, and also ensuring that the main corporate risks are identified, measured and managed in an adequate manner and that the necessary controls are in place in order to monitor the performance of the Company and the Enel Green Power Group; it should be noted in this regard that in February 2013, the Board of Directors, after examining the contents of an analysis document prepared by the “Administration, Finance and Control” Department of the Company with support from the “Risk Management” function and having acknowledged the opinion expressed in such regard by the Control and Risk Committee, defined the level of compatibility of the main risks pertaining to the Company and its subsidiaries related to the strategic objectives identified in the guidelines of the 2013-2022 business plan with management of the business in line with the same objectives;
  - > evaluates, at least once a year, the suitability of the internal control and risk management system with respect to the characteristics of the business and the risk assumed, as well as its effectiveness. It should be noted that, in February 2012, and more recently in February 2013, the Board of Directors has expressed its positive evaluation;
  - > approves, on at least an annual basis, the work plan prepared by the head of “Audit”, after consulting with the Board of Statutory Auditors and the Director in charge of the internal control and risk management system. It should be noted, in such regard, that in February 2013, the Board of Directors approved the audit plan for the same year; as regards 2012, the audit plan was reviewed by the Internal Control Committee, in accordance with the recommendations set forth in the edition of the Corporate Governance Code published in March 2006;
  - > assesses, after consulting with the Board of Statutory Auditors, the results expressed by the auditing firm in its management letter and in the report on fundamental issues that emerged over the course of the legal audit. In such regard, it should be noted that in 2012, the management letter issued by the auditing firm referring to the financial statements of the Company and the Group for year 2011 was assessed by the Internal Control Committee, in accordance with the recommendations set forth in the edition of the Corporate Governance Code published in March 2006; starting in 2013, both the management letter and the report on fundamental issues that emerged over the course of the legal audit will be assessed by the Board of Directors, after hearing the opinion of the Control and Risks Committee and after consulting with the Board of Statutory Auditors.

The Board of Directors, lastly, upon a proposal by the Director in charge of the internal control and risk management system, in agreement with the Chairman of the Board of Directors and upon a favourable opinion from the Control and Risks Committee, and after consulting with the Board of Statutory Auditors, appoints and revokes the head of the “Audit” function. In addition,



at the proposal of the Director in charge of the internal control and risk management system, upon receiving the favourable opinion of the Control and Risks Committee, and after consulting with the Board of Statutory Auditors, the Board ensures that the person in charge of the “Audit” function is endowed with adequate resources for purposes of performing his responsibilities.

The executive Director in charge of the internal control and risk management system, in turn:

- > identifies the Company’s main risks, bearing in mind the characteristics of the activities carried out by the Company and its subsidiaries and submits them for their regular examination by the Board of Directors;
- > implements the guidelines defined by the Board of Directors, managing the planning, implementation and management of the internal control and risk management system, and constantly checks its overall suitability, efficacy and efficiency;
- > handles the adaptation of the internal control and risk management system to the dynamics of the operating conditions and the legislative and regulatory framework;
- > may ask the head of the “Audit” function to perform verifications on specific operating areas and on the compliance with internal rules and procedures in the performance of company transactions, providing simultaneous reporting on the same to the Chairman of the Board of Directors and the Chairman of the Control and Risks Committee and the Chairman of the Board of Statutory Auditors;
- > reports in a timely manner to the Board of Directors on problematic issues and criticalities that may emerge over the course of his activities which may come to his attention, such that the Board may take the appropriate initiatives.

The person in charge of the “Audit” function (which function was held by Silvia Fiori during 2012), on his part:

- > has the task of checking, on an on-going basis both with regard to specific requirements and in compliance with international standards, the functioning and suitability of the internal control and risk management system, through an audit plan approved by the Board of Directors and based upon a structured process of analyses and identification of the priorities of the main risks;
- > is not responsible for any operating area and reports hierarchically to the Board of Directors. Without prejudice to such hierarchical reporting, the Board of Directors has assigned to the Director in charge of the internal control and risk management system the task of managing the functioning relationship with the head of the “Audit” function;
- > has direct access to all the information useful for the purpose of carrying out his role;
- > prepares periodic reports containing adequate information on his activities, on the modalities used to manage risks and on the compliance with plans defined for their containment. The periodic reports contain an opinion on the suitability of the internal control and risk management system;
- > prepares in a timely manner reports on events of particular importance;
- > sends the reports referred to in the previous two points to the Chairmen of the Board of Statutory Auditors, the Control and Risks Committee and the Board of Director, and to the Director in charge of the internal control and risk management system;
- > verifies, as part of the audit plan, the reliability of the IT systems, including the accounting systems.

In compliance with the most advanced international governance practices since December 2011 Enel Green Power has a specific “Risk Management” function in order to ensure within the entire Group an effective management of all the risks which may have a significant financial, operative, strategic and business impact and of the principal risks that, for any reason, may affect the

economical, financial and patrimonial results of the Enel Green Power Group.

The most significant tasks assigned to the function include, *inter alia*, the following:

- > identifying, monitoring and assessment the exposure to risks and possible mitigation actions for the entire Enel Green Power Group;
- > Managing the insurance processes and claims for all of the Group's Areas/Divisions.

In 2012, the Function implemented the structure for the control of exposure to risk by creating a unit dedicated to the analyses and monitoring of business risks, and reinforcing the infrastructure for monitoring financial risks.

Within the management of the risks, the Control and Risks Committee, through periodic meetings, provides to top management an all-encompassing vision of the Group's exposure to risks and guarantees the definition and optimal management of the main risks, taking into account both the current situation and expected future developments.

### **The financial disclosure risk management and internal control system**

The Enel Green Power Group has had for several years a special system of internal control regarding the process of financial disclosure which oversees the preparation of the financial statement and has the objective of ensuring the reliability of financial disclosure and the capacity of the process of drafting the financial statement to produce disclosure in accordance with commonly accepted accounting standards (referred to collectively in this paragraph, in short, as the "System").

Overall, this System is defined as the set of activities intended to identify and assess the actions or events whose materialization or absence could compromise, partially or entirely, the achievement of the objectives of the control system (hereinafter, the "Risk Management System"), supplemented by the subsequent activities of identifying the controls and defining the procedures that ensure the achievement of the objectives of credibility<sup>2</sup>, accuracy, reliability, and timeliness of financial disclosure (hereinafter, the "Internal Control System").

The Executive in charge of preparing the corporate accounting documents has adopted a specific procedural body – of which all the personnel concerned has been informed – which records the methods adopted and the responsibilities of the aforesaid personnel as part of the activities of maintaining, and monitoring the System in question. Specifically, the Enel Green Power Group issued a procedure describing the process of assessing the internal system for controlling financial information, which defines roles and responsibilities within the Company's organization, also providing for a specific flow of internal certifications.

The controls instituted have been monitored to check both their "design" (i.e., that the control is potentially structured to mitigate the identified risk in an acceptable way) and their actual "effectiveness".

The management in charge of the processes and controls is also in charge of periodically verifying the System.

The System's structure is defined in line with the model "Internal Controls – Integrated Framework" issued by the Committee of Sponsoring Organizations of the Tradeway Commission (the so-called "COSO Report"), which provides for five components (control environment, risk assessment, control activities, IT systems and communication flows; monitoring activities) which, depending upon their characteristics, operate at the level of the organizational entity and at the operating

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<sup>2</sup> Reliability (of the disclosure) refers to disclosure that possesses the characteristics of fairness/accuracy and conformity with the generally accepted accounting principles and the requirements by the applicable laws and regulations.

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

The financial disclosure internal control process, which is progressively extended to newly acquired subsidiaries of a material significance, is divided into the following phases:

- > definition of the perimeter and identification of the risks;
- > assessment of the design and effectiveness of the controls (the so-called “line” monitoring);
- > “independent” monitoring;
- > reporting, internal certifications, consolidation, and summary of the assessments;
- > certification of the Chief Executive Officer and of the manager in charge of preparing the corporate accounting documents regarding the Financial Statements, the Consolidated Financial Statements, and the half-year Financial Report.

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

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

Risks are identified at both the entity level and the process level. In the former, the risks identified are considered in any case to have a significant impact on financial disclosure, regardless of the probability that they will occur. Process-level risks, on the other hand, are assessed assuming the absence of controls (so called “valutazione a livello inerente”), in terms of potential impact and the probability of occurrence, on the basis of both qualitative and quantitative elements.

Following the identification and assessment of the risks, controls were established that are aimed at reducing to an acceptable level the risk connected with the failure to achieve the objectives of the System, at both the entity and the process level.

The structure of the entity-level controls provides for “Entity/Company Level Controls” meaning control instruments defined on a central basis that is commonly applied within the Group or within a specific area and which allow the controlling company to direct, define and monitor, albeit at a high level, the design and operations of the subsidiaries’ System, or control instruments that operate transversally throughout a single company or Area or country. This category includes, *inter alia*, the Ethics Code, Corporate Governance and the Group’s guidelines.

Controls at entity level are catalogued in specific check lists, in compliance with the five sections provided in the COSO Report: control environment, risk assessment, control activities, information systems and communication flows, monitoring activities.

The structure of the process level controls provides for specific controls or monitoring controls, meaning the set of activities, which may be either manual or automated, aimed at preventing, identifying and correcting errors or irregularities that may occur over the course of operating activities.

In order to improve the efficiency of the system and its sustainability over time, the controls are sub-divided into standard controls and key controls, the latter referring to controls that are decisive for purposes of preventing false information from being included in the financial statement.

Within the companies identified as significant, the processes at greatest risk were then defined and assessed and it was applied the Top-Down Risk-Based Approach. In accordance with this approach, the Company then identified and assessed the risks having the greatest impact and the

related controls, both general and specific, aimed at reducing the likelihood of occurrence of the aforesaid risks to an acceptable level.

Within the System, pervasive controls are also identified. Such term refers to structure elements of the control system aimed at defining a general context that promotes the proper execution and control of operating activities. In particular, pervasive controls are those related to the segregation of incompatible activities (Segregation of Duties) that aims to ensure that a single person is not assigned a concentration of tasks and duties that could facilitate the realization and/or concealment of frauds/errors. Where the activities are performed with the support of IT systems, the proper segregation is verified also with regard to the professional figures and the usernames assigned.

In order to assess the adequacy of the System, provision has been made for a specific monitoring to be carried out every six months by the process managers (that is, the individuals in charge of the processes and controls) aimed at testing the design and effectiveness of each of the controls identified.

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

The independent monitoring activity, for 2012, was assigned pursuant to a service agreement to the Audit Internal Control over Financial Reporting of Enel S.p.A. and, with specific regard to Enel Green Power Espana SL, to an external consultancy company, since the processes related to Enel Green Power Espana SL were subjected to a new mapping following the implementation and start-up of the new SAP system.

The results of the line monitoring and the independent monitoring are communicated to the Executive in charge of preparing the corporate accounting documents through specific periodic flows of summarized information (so called "reporting"), which classify any deficiencies in the effectiveness and/or design of the controls – for the purposes of their potential impact on financial disclosure – into simple deficiencies, significant weaknesses, or material deficiencies.

In the event that the assessments conducted lead to the detection of deficiencies, the aforesaid information flows also report the corrective actions that have been or will be undertaken to achieve the objectives of credibility, accuracy, reliability, and timeliness of financial disclosure.

These flows are also used for the periodic information on the adequacy of the System, provided by the manager in charge of preparing the Company's financial documents to the subjects responsible for the internal controls of the Company.

On the basis of the aforesaid reports, and taking into account the certification issued by the heads of each corporate unit concerned, the Executive in charge of preparing the Company's financial documents, together with the Chief Executive Officer, in turn issues special certification regarding the adequacy and actual application of the administrative and accounting procedures established for the preparation of the financial statements, the consolidated financial statements, or the half-year report (according to the document concerned each time).

### **Regulation on non-EU foreign subsidiaries**

With the reference to 2012 financial year, during the month of February 2013, the Control and Risks Committee checked that the Enel Green Power Group was consistently complying with the regulations established by CONSOB as part of its Market Regulation (approved through decision N. 16191 of 29 October, 2007, as subsequently amended), regarding accounting transparency, as well as the adequacy of the organizational structure, and the internal control systems of

subsidiaries set up and regulated under the law of non-EU countries (hereinafter referred to as “non-European Union foreign subsidiaries”).

In particular, the following should be noted in this regard:

a) according to the data contained in the financial report as of December 31, 2011 and in application of the parameters concerning material significance for consolidation purposes provided by Article 36. paragraph 2, of the CONSOB Market Regulation, 37 non-EU foreign subsidiaries were identified within the Enel Green Power Group to which the regulations apply for the 2012 financial year.

Specifically, these companies are: 1) (i) Enel Fortuna SA; 2) Enel Green Power North America Inc.; 3) Essex Company; 4) Enel Geotermal LLC; 5) Enel Brasil Participacoes Ltda; 6) Renovables de Guatemala SA; 7) Smoky Hills Wind Project II LLC; 8) Texcan Wind LLC; 9) Enel Green Power Canada Inc.; 10) Nevkan Renewables LLC; 11) Enel Panama SA; 12) Enel Latin America (Chile) Ltda; 13) Enel Stillwater LLC; 14) Smoky Hills Wind Farm LLC; 15) Empresa Electrica Panguipulli SA; 16) Hydro Development Group Inc.; 17) Empresa Electrica Puyehue SA; 18) Geotermica Del Norte SA; 19) Snyder Wind Farm LLC; 20) Enel Kansas LLC; 21) Enel Nevkan Inc.; 22) Enel Texkan Inc.; 23) Chi Hydroelectric Company Inc.; 24) Enel Salt Wells; 25) Primavera Energia SA; 26) Padoma Wind Power LLC; 27) Isamu Ikeda Energia SA; 28) Generadora De Occidente Ltda; 29) Impulsora Nacional De Electricidad Srl De Cv; 30) Boot Hydropower Inc.; 31) Mexicana De Hidroelectricidad Mexihidro Srl De Cv; 32) Enel De Costa Rica SA; 33) Energia Alerce Ltda; 34) Enel Cove Fort LLC; 35) Canastota Wind Powers LLC; 36) Apiacas Energia SA; 37) Proveedora De Electricidad De Occidente Srl De Cv;

b) the Balance Sheet and Income Statement for 2012 of all the above companies, as included in the reporting package used for the preparation of the Enel Green Power Group’s consolidated financial statements, will be made available to the public by Enel Green Power at the Company’s registered office and on its website at least 15 days before the date set for the Shareholders’ Meeting convened for the approval of the 2012 civil law financial statement of the Company, at the same time as the summary reports regarding the main data of the last financial statements of the subsidiaries and affiliated companies;

c) the bylaws and the composition and powers of the corporate bodies of the above companies were obtained by Enel Green Power (in accordance with Article 36, paragraph 1, letter b) of the CONSOB’s Market Regulation) and are available to the CONSOB, in updated form, where the latter should so request for supervisory purposes;

d) Enel Green Power has ensured that all the above companies: (i) provide the external auditor of Enel Green Power with the information necessary to perform the annual and interim audits of Enel Green Power (pursuant to article 36, paragraph 1, letter c), i) of the of the CONSOB’s Market Regulation); (ii) use an administrative and accounting system appropriate for regular reporting to the management and the external auditor of Enel Green Power of the income statement, balance sheet and financial data necessary for the preparation of the Consolidated Financial statements of Enel Green Power (pursuant to article 36, paragraph 1, letter c), ii) of the of the CONSOB’s Market Regulation).

#### **Statement of the Board of Directors with respect to the fulfilment of the conditions provided for under Article 37 of CONSOB’s Market Regulation No. 16191/07**

The Board of Directors certifies that Enel Green Power meets the conditions required for the listing of shares of subsidiary companies subject to the management and coordination of another listed company, provided by Article 37, paragraph 1, of CONSOB’s Market Regulation (approved through

decision No. 16191 of October, 29 2007, as subsequently amended). In particular, it should be noted that Enel Green Power, as a subsidiary subject to direction and coordination on the part of another company:

- a) has fulfilled and regularly fulfils the publicity obligations provided for under Article 2497-bis of the Civil Code;
- b) is autonomous in negotiating with its clients and suppliers;
- c) has a relationship with Enel S.p.A. for the purpose of the latter to provide a centralized treasury management, which is in line with the corporate interest as it ensures a better capacity of planning, monitoring and covering of the financial needs and thus an optimization of the management of the cash and, moreover, allows for the attainment of competitive service terms, through the specialized experience of the controlling company in providing the above services and an effective capacity to access the banking and financial system, as verified by the Board of Statutory Auditors;
- d) has a Control and Risks Committee (formerly the Internal Control) that also carries out, within Enel Green Power, the functions of the Related Parties Committee and an Appointments and Compensation Committee (formerly the Compensation Committee) comprised exclusively of independent Directors (as defined by par. 1-*bis* of Article 37 of Consob's Market Regulation). Enel Green Power, as a subsidiary subject to direction and coordination by another Italian company with shares listed on a regulated market, has also a Board of Directors comprised mainly of independent directors.

### **Transactions with related parties**

Over the course of 2012, a procedure aimed at governing the approval and execution of transactions with related parties realized by Enel Green Power, directly or through subsidiaries, applied at the Group level, in order to ensure the transparency and fairness, both substantive and procedural, of the transactions. Such procedure was adopted by the Board of Directors in December 2010, in compliance with the requisites indicated by CONSOB with a specific regulation approved in March 2010.

According to such procedure, the transactions with related parties concluded directly by Enel Green Power can be divided in the following three categories:

- transactions of "major importance", which are those exceeding a specific quantitative threshold (equal, respectively 2.5% and to 5% depending on the related party which is party to the transaction) of three relevance indexes, that take into account the equivalent-value of the transaction, of the assets of the entity in the transaction and of the liabilities of the entity acquired. If such transactions do not fall under the shareholder's competence according to the Bylaws or applicable laws, they are necessarily subject to the Boards of Director's examination and approval;
- transactions of "minor importance", which are defined as those transactions other than the transactions of "major importance" and transactions for "small amounts". If such transactions do not fall under the shareholder's competence according to the Bylaws or applicable laws, they fall under the structure of decision-making powers in force from time to time within the Company;
- transactions for "small amounts", that are those characterized by an equivalent-value lower than specific thresholds, distinguished depending on the category of related parties with whom the transactions are executed. The procedure does not apply to transactions for "small amounts".

In order to allow the related parties Committee to express a previous reasoned opinion on Enel

Green Power's interest in the completion of transactions with related parties, as well as the advantageousness and substantial fairness of the relevant conditions, the procedure determines specific information flow. In particular:

- for transactions of "minor importance" the Company's Chief Executive Officer or the proposing function, through the Corporate and Legal Affairs Department, provide the Related Parties Committee, in reasonable advance and, in any case, in general, at least 10 days before the date of the issue of the opinion released by the committee itself, with complete and adequate information on each transaction of minor importance, providing any appropriate updates thereof;
- for transactions of "major importance" the Company's Chief Executive Officer, through the Corporate and Legal Affairs Department, provides the related parties Committee, promptly – and, in any case within the day following the date in which the Board of Directors of Enel Green Power has been informed for first time – complete and adequate information regarding each transaction of "major importance", providing any appropriate updates thereof. The Related Parties Committee, or one or more of its delegated members, may require information and make comments to the Chief Executive Officer of the Company and to those persons in charge of the negotiations or the inquiry regarding aspects which are subject to the information flows, as well as require any other information deemed to be useful for the assessment of the transaction prior to the subsequent final review of the same by the Board of Directors.

With regard to the nature of the opinion issued by the related parties Committee the procedure provides that:

- for the transactions of "minor importance", such opinion is not binding. Nevertheless, Enel Green Power shall make available to the public, within fifteen days after the close of each quarter, a document containing an indication of the counterpart, of the object and the consideration of the transactions of "minor importance" approved in the reference quarter in the presence of a negative opinion of the related parties Committee, as well as of the reasons why it was deemed suitable not to share that opinion;
- for the transactions of "major importance", if the related parties Committee issues a negative opinion, the Board of Directors of the Company, if set forth in the bylaws of the Company (introduced during the extraordinary Shareholder's Meeting of April 27, 2011), may submit the transaction of major importance to the ordinary shareholders' meeting for its authorization. The Shareholders' Meeting, without prejudice to the majorities required by law, Bylaws and provisions applicable in case of conflict of interest, approves its resolution with the favourable vote of at least half of the voting unrelated shareholders (so called "whitewash"). In any case, the completion of the major importance transactions is prevented only if the unrelated shareholders present at the shareholders' meeting represent at least 10% of the share capital with voting rights.

In compliance with applicable laws, if the relation exists with a director of the Company or with a party related by means of him, the interested director shall promptly notify the other Directors and Statutory Auditors of the nature, the terms, the origin and the scope of his interest.

If the relation exists with the Company's Chief Executive Officer or with a related through him, in addition to the above he will abstain from the execution of the transaction, and appoints the Board of Directors with its execution.

If the relation exists with one of the Company's acting Statutory Auditors or with a related party through them, the interested Auditor promptly gives notice of such relation.

The procedure provides that the minutes of the resolutions with which the Board of Directors of the

Company approves the transactions with related parties, both of “major importance” and of “minor importance” – or, in the latter case, the decisions of the competent delegated body – shall set forth adequate underlying the advantageousness for Enel Green Power deriving from the completion of the transactions and the advantageousness and substantial fairness of their underlying terms.

Furthermore, the procedure sets that the Company’s Chief Executive Officer, in the periodical report concerning the activity carried out in the execution of the powers of attorney, shall provide the Board of Directors and the Board of Statutory Auditors, at least quarterly, with specific information regarding the execution of transactions both of “major importance” and of “minor importance”.

A specific procedure is prescribed for transactions with related parties carried out by Enel Green Power not directly but through controlled companies. In such cases it is provided that the Board of Directors of the Company or the competent delegated body deriving from the powers structure in force from time to time provide for - with the prior non binding opinion of the Related Parties Committee – the previous assessment of the transactions with related parties carried out by companies directly and/or indirectly controlled by Enel Green Power which fall within one or more of the following categories:

- atypical or unusual transactions, by which is meant ones that because of their significance/importance, nature of the counterparties, their object, the way in which the transfer price is determined, the timing of the events (i.e. proximity of the closing of the financial year) may give rise to doubts with regard to the accuracy/completeness of the information in the financial statements, conflicts of interest, the safeguard of the Company’s assets, or the protection of minority shareholders of Enel Green Power;
- transactions whose equivalent-value exceeds 20 million euro, with the exception of those transactions excluded from the scope of application of the procedure (details follow below). As observed above with reference to the transactions of “minor importance” carried out directly by Enel Green Power, also for the transactions carried out through controlled companies it is provided that, if the Board of Directors of the Company or the competent delegated body within the applicable powers’ structure in force from time to time have issued a favourable opinion concerning the carrying out of transactions of controlled companies as of the procedure, although the Related Parties Committee issued a negative opinion, Enel Green Power shall make available to the public a specific document containing the reasons for disregarding such opinion.

In observance of the CONSOB regulations, the following transactions with related parties are excluded from the scope of application of the procedure:

- a) shareholders’ resolutions in relation to the establishment of the compensation due to all the members of the Board of Directors and of the Board of Statutory Auditors;
- b) the transactions for “small amounts”, as identified in the procedure itself;
- c) the remuneration plans based on financial instruments, approved by the Shareholders’ Meeting pursuant to the provisions of the Consolidated Financial Act and their executive operations;
- d) resolutions other than those indicated under letter a), in relation to the remuneration of the Company’s directors holding a special office, together with the remuneration of executives with strategic responsibilities of companies of the Group, provided that:
  - Enel Green Power has adopted a remuneration policy;
  - in the definition of the remuneration policy, a committee consisting solely of non-executive directors – the majority of whom shall be independent - has been involved;



- a report illustrating the remuneration policy has been submitted for advisory vote of the Shareholders' Meeting of Enel Green Power;
  - the remuneration awarded is consistent with this policy;
- e) regular transactions completed at market-equivalent or standard terms;
- f) transactions with or between companies controlled, even jointly, by Enel Green Power, as well as transactions with companies affiliated with Enel Green Power, provided that in the controlled or affiliated companies that are counterparties to the transaction no significant interests (as identified in the procedure) of another Enel Green Power's related party exist.

Lastly, is also provided a simplified procedure in case of urgency for the approval of related parties transactions that are not attributed to the shareholders' meeting, it being understood that it requires a posterior not binding vote concerning such transactions by the first ordinary Shareholders' Meeting of the Company.

### **Handling of corporate information**

Over the course of 2012, specific rules for the management and handling of reserved information applied at the Group-wide level, which rules also contained the procedures for external communications of documents and information concerning the Company and the Enel Green Power Group, with particular reference to confidential information. In accordance with such regulations, approved by the Board of Directors since June 2010 (at last amended in December 2012), the Directors and the Statutory Auditors must abide with the provisions contained in such regulations and maintain the confidentiality of the documents and information acquired while carrying out their duties.

The regulations are aimed at preserving the confidentiality of reserved information, while at the same time ensuring that information on Company's data provided to the market is correct, complete, adequate, prompt and non-selective.

The regulations generally place the responsibility for management of reserved information with the Chief Executive Officer and relevant heads of the companies belonging to the Enel Green Power Group, ordering that the diffusion of information concerning each subsidiary must take place on agreement with the Chief Executive Officer of the company concerned.

The regulations also sets out specifications for procedures to be observed concerning the external diffusion of Company's documents and information – in particular concerning the disclosure of inside information – and carefully governs the modes used by Company representatives for contacting the press and other mass communication media (i.e. with financial analysts and institutional investors).

Over the course of 2012, to implement the provisions of the Consolidated Financial Act and the Issuers Regulation issued by CONSOB, the Company regularly kept updated the Register of the Enel Green Power Group, in which are listed the individual and legal entities that have access to inside information because of their working or professional activity or because of the functions carried out on behalf of the company or other companies of the Group. This register aims to make the subjects contained therein aware of the value of the inside information that are available to them and, at the same time, helping CONSOB to carry out its supervision activities, in observance of the laws set to protect market integrity.

In 2012, implementing the provisions of the Consolidated Financial Act and the Issuers Regulation issued by CONSOB, the provisions on internal dealing, or in other words concerning the transparency of transactions involving the Company's shares and financial instrument related to

them concluded by major shareholders, company exponents and persons strictly related to them was applied within the company. In particular, in 2012, the internal dealing provisions applied to transactions involving the purchase, sale, underwriting and exchange of Enel Green Power's shares, i.e. of financial instruments connected to them that have been carried out by "important subjects". This latter category includes those subjects who directly and/or indirectly hold shares amounting to at least 10% of the corporate capital, the Enel Green Power Directors and regular Statutory Auditors and another 5 executive managers who are currently identified according to the reference legislation, as they have regular access to inside information and have the power to make managerial decisions that are liable to affect the evolution and future prospects of Enel Green Power and the Group. Obligations of transparency are, moreover, applied to all the above-indicated transactions, whose equivalent value is at least euro on an annual basis, even if conducted by people with close connections to "important persons/parties"; following each notification, any transactions having a total amount falling under euro 5,000 on an annual basis are not reported.

When issuing the implementation measures for the reference legislation on this matter, the Board of Directors considered it necessary to foresee the obligation of abstention for "important subjects" (other than shareholders with 10% or more of the corporate capital) from carrying out transactions that are subject to the internal dealing rules during the two blocking periods of approximately one month each, which will take place after approval of the financial year statement and the six-monthly financial report by the same Board of Directors.

This initiative was inspired by the desire to raise the Company's governance standards compared to the reference regulations and the general understanding was to prevent the carrying out of operations by important subjects that the market may perceive as suspect, as carried out during periods of the year that are especially delicate for corporate information.

### **Relations with institutional investors and shareholders in general**

In addition to being a duty towards the market, the Company believes that the setting up of a continuous dialogue, based on the mutual understanding of roles, with the shareholders and institutional investors is in its own specific interest. This dialogue will be carried out in full respect of the laws and procedures that govern the disclosure of confidential information.

The Company therefore created (i) an Investor Relations unit, which is currently part of its Accounting, Finance, and Control Department, and (ii) a unit within the Corporate Governance, M&A and Finance Unit in charge of communicating with shareholders in general.

It was also decided to further facilitate communication with investors through the creation of a special section of the Company's website ([www.enelgreenpower.com](http://www.enelgreenpower.com)), providing both financial disclosure (financial statements, half-year and quarterly reports, presentations to the financial community, analysts' estimates, and information on trading of the shares issued by the Company) and up-to-date data and documents of interest to shareholders in general (press releases, the members of Enel Green Power's Boards, the Company's Bylaws and Shareholders'-Meeting regulations, information and documents regarding Shareholders' Meetings, documents regarding corporate governance, the Code of Ethics, and the compliance program pursuant to Legislative Decree No. 231/2001).

### **Shareholders' Meetings**

The reference made in the Corporate Governance Code about considering the shareholders'

meeting to be an important opportunity for comparison between shareholders and the Board of Directors (although there is a broad diversification in communication modes for listed companies with its own shareholders, institutional investors and the market) has been carefully assessed and fully shared by the Company, which has decided – in addition to guaranteeing the regular participation of its Directors in the shareholders’ meetings’ works - to adopt specific measures to optimize the shareholders’ meetings’ value; in particular, reference is made to the provision of the Company’s Bylaws aimed at easing the proxy solicitation among the employee-shareholders of the Company and its subsidiaries and at facilitating their participation in the decisional process of the Shareholders’ Meeting (this provision is specifically described in the first part of the report, under “ownership structure” – “employee shareholdings: mechanism for exercising voting rights”).

The applicable law regarding the functioning of the Shareholders’ Meetings of listed companies, provided in the Civil Code, in the Consolidated Financial Act and in the secondary regulations adopted by CONSOB, was significantly amended after the enactment of Legislative Decree No. 27 of January 27, 2010, which implemented in Italy the Directive 2007/36/EC (concerning the enforcement of certain shareholders’ rights in listed companies) and the subsequent corrections approved under Legislative Decree no. 91 of 18 June 2012. Such measures amended, among other things, the laws regarding the terms of calling the Shareholders’ Meetings, the number of the meetings, the *quorum*, the exercise of the right to call the meetings and to put items on the agenda by the minority shareholding, the information before the meeting, the representation at the Meeting, the identification of the shareholders and the introduction of the record date with the aim of identifying the title to participate and vote in the Meeting.

Some of the most significant new regulations introduced by Legislative Decrees No. 27/2010 and No. 91/2012 are briefly illustrated below, together with some Articles of Enel Green Power’s Bylaws dedicated to shareholders’ meetings.

In particular, it should be noted that, the ordinary and extraordinary shareholders’ meetings are competent to decide, *inter alia*, on (i) the appointment and removal of the members of the Board of Directors and of the Board of Statutory Auditors and on their relative remuneration and responsibilities; (ii) the approval of the financial statements and the allocation of profits; (iii) the purchase and alienation of their treasury shares; (iv) shareholders’ plans; (v) amendments to the corporate Bylaws, (vi) the issuance of convertible bonds.

On the basis of the Company’s Bylaws, the ordinary and extraordinary shareholders’ meetings are convened and resolve, both in first, second or third call, with the majorities prescribed by applicable laws and are usually held in the municipality where the Company has its registered office, except where otherwise decided by the Board of Directors and on the condition that it is in Italy or in a Country where the Company carries out its business, either directly or through its subsidiaries or associated companies.

In relation to such provision, it should be noted that Legislative Decree No. 91 of 18 June 2012 – which introduced a number of amendments and supplements to the above-mentioned Legislative Decree No. 27 of 27 January 2012 – amended, *inter alia*, the second sentence of the first paragraph of art. 2369 of the Civil Code concerning the modalities to be followed for purposes of calling the shareholders’ meeting. Under the new provision, it is now provided that, unless the by-laws otherwise provides, shareholders’ meetings of companies that avail themselves of risk capital markets must be held upon a single call.

In consideration of this amendment, the Company’s Board of Directors intends to submit to the extraordinary Shareholders’ Meeting called for 24 April 2013, on first call, and if need be for 25 April 2013 on second call, an amendment to the current bylaws provision (namely, art. 12.2) in order to provide that the Company’s Shareholders’ Meeting be held, as a rule, following a single

call, unless with regard to specific shareholders' meetings the Board of Directors should deem it advisable to envisage more than one call, in such case giving express notice in such regard in the notice of call.

Since the Company is required to draw up the consolidated financial statement, the ordinary Shareholders' meeting must be called at least once a year for the approval of the financial report within 180 days from the end of the financial year, for the approval of the financial statements.

The Consolidated Financial Act provides that the title to participate and to vote in the Shareholders' meeting must be certified by a statement in favour of the person entitled to vote, sent to the issuer by the intermediary and issued on the basis of the accounting records at the end of the seventh trading day prior to the date set for the Shareholders' meeting (so-called "record date").

Those who have voting rights may ask questions on the items on the agenda before the Shareholders' meeting by the deadline indicated in the notice of call; questions submitted before the meeting will be answered no later than during the meeting.

Shareholders may also notify electronically their proxies to the Company, by sending the proxies through the specific section of the Company's website indicated in the notice of the meeting. Shareholders may also be represented in the Meeting by a representative in conflict of interest, provided that the latter has communicated in writing to the shareholder the circumstances giving rise to the conflict of interest and specific voting instructions were given for each resolution in respect of which the representative has to vote on behalf of the shareholder.

Pursuant to the Consolidated Financial Act and the Enel Green Power's Bylaws, shareholders are also entitled to grant to a representative appointed by the Company a proxy with voting instructions upon all or specific items on the agenda, that must be sent to the interested person no later than the end of the second trading day before the date set for the Shareholders' meeting; this proxy, whose costs shall not be borne by the shareholders and that must be filled out through a schedule prepared by CONSOB, is valid only for those proposals in relation to which voting instructions were given.

On the basis of the Consolidated Financial Act and in the secondary regulations adopted by CONSOB, the Bylaws of the Company allow the Board of Directors of the Company to provide, with reference to single Shareholder's meetings, in consideration of the evolution and reliability of technical devices, the possibility to participate to the Meeting by electronic means, identifying the specific modalities in the notice of the meeting.

The Shareholders' meetings are governed by the law, the Bylaws and by specific rules the contents of which are in line with the most advanced models for companies with listed shares expressly drawn up by several professional associations (Assonime and ABI). The Regulation is available on the Company's web site at the following address <http://www.enelgreenpower.com/en-GB/company/governance/meetings/>.

The Shareholders' meeting is chaired by the Chairman of the Board of Directors or, should he be absent or impeded, by the Chief Executive Officer, or in the event of unavailability of both, by another person delegated by the Board of Directors; in other circumstances, the Shareholders' meeting will elect its own chairman. The Chairman is aided by a secretary, who may also not be a shareholder, appointed by the persons present and may appoint one or more observers.

The Chairman of the Shareholders' meeting checks that the meeting has been correctly constituted, the identity and legitimate presence of the persons in attendance, governs the conduct of discussions and verifies the voting results.

Shareholders' resolutions are included in the minutes signed by the Chairman of the Shareholders' Meeting and the secretary. The minutes of extraordinary shareholders' meetings must be drawn up by a notary public.

With regards to each shareholder's right to speak about the items on the agenda, the Shareholders' meeting regulations provide that the Chairman of the Shareholders' Meeting, considering the subject and relevance of the items discussed and the number of people who requested to speak and any questions put forward by the shareholders prior to the meeting that have not yet been answered by the Company, establishes a time frame for each speech and reply – generally no more than ten minutes for each speech and five minutes for replies - in order to make sure that the shareholders' meeting can complete its work in a single meeting. Those entitled to vote can ask to speak about the items discussed once only, making comments, asking for information and making proposals. A request to speak can be made from the moment in which the shareholders' meeting is constituted and – save for any other deadline set by the chairman – until the Chairman of the Shareholders' Meeting declares that the discussion on the items on the agenda is closed. The Chairman of the Shareholders' Meeting and, on his invitation, those assisting him, will answer to the speakers at the end of all the speeches or after each speech. Those requesting to speak will have the right to give a short reply.

### **Code of Ethics**

The awareness of the corporate and environmental consequences that go with the Group's activities, together with the consideration of the importance of both a cooperative approach with the stakeholders and the Group's good reputation (in both internal and external relations), have inspired the drafting of the Code of Ethics of the Enel Group, the implementation of which was approved by the Company's Board of Directors since December 2008.

This Code expresses the undertakings and ethical responsibilities in carrying out business, regulating and modelling company's conducts to standards set for the utmost transparency and fairness towards all stakeholders. In particular, the Code of Ethics is organized into:

- > general principles in the relations with stakeholders, which define the values of reference that guide the Group in carrying out its various activities. In the context of such principles, the following can be mentioned: honesty, impartiality, confidentiality, optimization of corporate investments, human resources value, transparency and completeness of information, quality of the services and safeguarding of the environment;
- > conduct criteria for each class of stakeholders, which provide the guidelines and rules that Enel Green Power's collaborators must abide with to ensure the respect of the general principles and to prevent the risk of unethical conducts;
- > implementation mechanisms that describe the control system aimed at ensuring the compliance with the code of ethics and its continuous improvement.

The Ethics Code, updated over time, takes into account the amendments in the legal framework and the organizational changes that take place from time to time, as well as the intention to further align its contents to best practice at the international level. The most important changes made at such time include (i) updating of the Company's mission, (ii) incorporation of the prohibition on intimidation, mobbing and stalking in the workplace, (iii) the express obligation for suppliers to comply with the legal framework on health and safety in the workplace, and (iv) the exclusion, in principle, of any possibility for companies belonging to the Enel Group to agree to requests for contributions in areas in which Enel Cuore Onlus operates.

## Organizational and Operating model

On December 1, 2008, the Company, through the transposition by the Board of Directors of the Enel S.p.A. Organizational and Operating Model, adopted the compliance program corresponding to the requisites contained in Legislative Decree No. 231 of June 8, 2001, which introduced into the Italian legal system a system of administrative responsibility for companies (which is actually a criminal matter), for certain type of crimes committed by its directors, executive managers or employees in the interest of or to the advantage of the companies themselves.

The content of this model is consistent with the guidelines drawn up on the matter by trade associations and with USA best practices and is another step towards the severity, transparency and sense of responsibility in internal and external relations, at the same time offering stakeholders suitable guarantees about an efficient and correct management of the Company.

This Organizational and Operating Model comprises a “general part” (describing, *inter alia*, the contents of Legislative Decree No. 231/2001, the goals and functioning of the program, the duties of the body which will supervise functions and observance of the program and its regular updating, information flows, employees education and training, penalty systems) and separate “special parts” that concern the various types of crimes foreseen by Legislative Decree No. 231/2001 and which the model intends to prevent.

Specifically, the “special parts” elaborated so far concern crimes against the public administration, corporate crimes, crimes related to terrorism or subversion of the democratic order, crimes against individuals, market abuse crimes and administrative torts, manslaughter and serious or very serious injuries committed by breaching the applicable laws on protection of health and safety at work, crimes of receiving stolen goods, money laundering and using of laundered money, illegal goods or utilities the origin of which is unknown, computer crimes and illegal data handling and organized crimes and environmental crimes.

Over the years, the Organizational and Operating Model has been periodically amended and adjusted in order to consider, mainly (i) the new cases introduced by the legislation as “condition” crimes (*reati “presupposto”*) of the liability regulated under the Legislative Decree 231/2001, (ii) the application experience achieved and the developments in the Company’s organizational structure, (iii) case law on this matter, (iv) amendments of the law provisions, and, lastly (v) the need to rationalize some contents of the compliance model and to coordinate the different “special” parts.

The Enel Green Power Organizational and Operating Model is adopted also by the Company’s subsidiaries subject to Italian law, which shall be directly responsible for the transposition of the Organizational and Operating Model in consideration of the specific activities carried out by the single companies.

Enel Green Power has also drafted specific “guidelines” with the purpose to make the principles of the Organizational and Operating Model applicable also within the most significant international subsidiaries of the Group (identified also in consideration of the kind of activity carried out) in order to (i) to make such companies understand and be aware of the importance of granting correct and transparent in carrying out their business, and (ii) to prevent the risk of administrative liability of Enel Green Power pursuant to the Legislative Decree no. 231/2001 because of illegal conducts within their business activities carried out by the same companies.

The body in charge of overseeing the functioning of and compliance with the model and to managing the updating of the same, (hereinafter, the “Supervisory Body”), is comprised of between three and five members appointed by the Board of Directors. Such members may be chosen either from within or outside the Company or the Group, with specific expertise and professional experience (in any case it is requested the presence of the Head of the Internal Audit Function). During 2012, the Supervisory Body was comprised of the heads of the following functions: Audit,

Legal and Corporate Affairs, and the Corporate Governance, M&A and Finance Unit, since they have specific professional expertise regarding the application of the compliance model and are not directly involved in operating activities. The term of office of the members of the Supervisory Body is in line with that of the office of the Board of Directors of the Company and therefore the expiration date will occur at the date of approval of the financial statements 2012. During 2012 the Supervisory Body oversaw, as usual, the functioning and the observance of the Organizational and Operating Model and specifically:

- held 17 meetings, during which the following matters were addressed (i) approval of the monitoring and supervision activity plan for the year 2012 and of the activities effectively carried out and, over the year, the results of the main verification activities conducted in accordance with the approved annual works plan, (ii) on proposals for updates and amendments to be made to the organizational model, (iii) analysis of the principal business areas of the company considered significant for the organization model and the control procedures for the oversight of such areas;
- promoted the update of the organization model, with particular regard to the “general part” and to the special parts dedicated to preventing organized crimes and environmental crimes;
- promoted training initiatives, differentiated according to the recipients and necessary to ensure a constant updating of the personnel on the contents of the organization model;
- constantly reported its activities to the Chief Executive Officer and, on a regular basis, to the Internal Control Committee and to the Board of Statutory Auditors.

The Organizational and Operating Model pursuant to Legislative Decree no. 231 of 8 June 2001 of Enel Green Power S.p.A. is available on the Company’s website at the following address: <http://www.enelgreenpower.com/en-GB/company/governance/model/>.

#### **“Zero tolerance of corruption” plan**

On 1 December 2008, the Board of Directors approved the “Zero tolerance of corruption - TZC” plan, in order to substantiate Enel Green Power’s signing of the Global Compact (action programme promoted by the UN in 2000) and of the PACI – partnership against corruption initiative (an initiative sponsored by the World Economic Forum in Davos in 2005).

The ZTC plan integrates the Code of Ethics and the Company’s Organizational and Operating Model adopted pursuant to the Legislative Decree No. 231/2001, but is an in-depth consideration of the matter of corruption with the aim at including a series of recommendations for the implementation of the principles formulated on this matter by Transparency International.

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Two tables summarizing some of the most important information contained in the second section of this document concerning the structure and functioning of the Board of Directors and Committees and the structure of the Board of Statutory Auditors during the year 2012 are attached below.

**TABLE 1: Structure of Enel Green Power's Board of Directors and Committees**

Board of Directors										Internal control committee <sup>(1)</sup>		Compensation Committee <sup>(2)</sup>		Possible Appointments Committee		Possible Executive Committee	
Office	Members	Executive	Non-executive	In office since	In office until	Independent directors		***	Other offices*	**	***	**	***	**	***	**	***
						TUF****	C.A.*****										
Chairman	Luigi Ferraris		X	01/2012	12/2012			100%	-								
CEO/General Manager	Francesco Starace	X		01/2012	12/2012			100%	-								
Director	Luca Anderlini		X	01/2012	12/2012	X	X	100%	-			X	100%				
Director	Carlo Angelici		X	01/2012	12/2012	X	X	93%	-			X	100%				
Director	Andrea Brentan		X	01/2012	12/2012			50%	-								
Director	Giovanni Battista Lombardo		X	01/2012	12/2012	X	X	100%	-	X	100%						
Director	Giovanni Pietro Malagnino		X	01/2012	12/2012	X	X	80%	-	X	85%						
Director	Carlo Tamburi		X	01/2012	12/2012			44%	-								
Director	Daniele Umberto Santosuosso		X	01/2012	12/2012	X	X	100%	-			X	100%				
Director	Luciana Tarozzi		X	01/2012	12/2012	X	X	100%	-	X	100%						

(3)

Non-existing

Quorum required for the submission of lists for the appointment of the Board of Directors: 1% of the share capital

Number of meetings held in 2012	BoD: <b>16</b>	Internal control committee: <b>13<sup>(1)</sup></b> 48	Compensation committee: <b>5</b>	Appointments Committee <sup>(3)</sup> : <b>N.A.</b>	Executive Committee: <b>N.A.</b>
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## NOTES

- (1) It should be noted that starting on 19 December 2012, the Internal Control Committee has taken on the name and functions of the Control and Risks Committee; such Committee has not held any meetings as of the end of year 2012. It should be noted that the Internal Control Committee also acts as the Related Parties Committee and, over the course of 2012, it held three meetings in that capacity.
- (2) It should be noted that starting on 19 December 2012, the Compensation Committee took on the name and functions of the Appointments and Compensation Committee; this Committee has not held any meetings as of the end of 2012.
- (3) Enel Green Power did not have an Appointments Committee until 19 December 2012; on such date, the Company's Board of Directors passed a resolution assigning the functions of the Appointments Committee to the Compensation Committee which took on the name Appointments and Compensation Committee. Such Committee has not held any meetings as of the end of 2012.

\* This column shows the number of offices held by the person concerned in boards of directors or board of statutory auditors of other companies of significant size, as defined by the related policy established by the Board of Directors.

\*\* In these columns, an "X" indicates the Committees of which each Director is a member.

\*\*\* These columns show the percentage of meetings of, respectively, the Board of Directors and the Committee(s) attended by each Director. All absences have been adequately justified.

\*\*\*\* In this column, an "X" indicates the possess of the requirements of independence provided for the statutory auditors of listed companies by Article 148, paragraph 3, of the Consolidated Financial Act, applicable to Directors pursuant to Article 147-ter, paragraph 4, of the Consolidated Financial Act. Pursuant to the provisions of Article 148, paragraph 3, of the Consolidated Financial Act, the following subjects can not be qualified as independent:

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

\*\*\*\*\* In this column, an "X" indicates the possess of the requisite of independence provided for by Article 3 of the Corporate Governance Code. Specifically, according to applicative criterion 3.C.1 of the Corporate Governance Code, a Director should normally be considered lacking the requisites of independence in the following cases:

- a) if, directly or indirectly – including through subsidiaries, fiduciaries, or third parties, he or she controls the issuer or is able to exercise considerable influence on it or has entered into a shareholders' agreement through which one or more persons can exercise control or considerable influence on the issuer;
- b) if he or she is, or during the three preceding accounting periods has been, an important representative of the issuer, a strategically important subsidiary, or a company under common control along with the issuer or of a company or an organization that, even together with others through a shareholders' agreement, controls the issuer or is able to exercise considerable influence on it; in this regard, it should be noted that pursuant to the provisions of the application criterion 3.C.2 of the Corporate Governance Code, "important exponents" of a company or entity (also for purposes of the indications set forth in the additional letters of the application criterion 3.C.1): the chairman of the entity, the chairman of the board of directors, the executive directors and executives with strategic responsibilities of the company or entity in question.
- c) if, directly or indirectly (for example, through subsidiaries or companies of which he or she is an important representative or as a partner in a professional firm or consultancy) he or she has, or had in the preceding accounting period, a significant commercial, financial, or professional relationship:
  - with the issuer, a subsidiary of it, or any of the related important representatives;
  - with a party who, even together with others through a shareholders' agreement, controls the issuer or – if it is a company or an organization – with the related important representatives;

or is, or during the three preceding accounting periods was, an employee of one of the aforesaid entities;

- d) if he or she receives, or has received in the three preceding accounting periods, from the issuer or from a subsidiary or controlling company significant additional compensation with respect to his or her “fixed” pay as a non-executive Director of the issuer, and the compensation for participation in committees recommended under this Code) also in the form of participation in incentive plans connected with the company’s performance, including those involving stock based plans;
- e) if he or she has been a Director of the issuer for more than nine years in the last twelve years;
- f) if he or she holds the office of chief executive officer in another company in which an executive Director of the issuer holds a Directorship;
- g) if he or she is a shareholder or a Director of a company or an organization belonging to the network of the firm entrusted with the external audit of the issuer;
- h) if he or she is a close family member of a person who is in one of the conditions referred to in the preceding items. In this regard, the comment to art. 3 of the Corporate Governance Code states that “in principle, the parents, children, spouse who is not legally separated, cohabitee and cohabiting relatives of a person who may not be considered an independent director should be considered as non-independent”.

**TABLE 2: Enel Green Power's Statutory Board of Auditors**

Statutory Board of Auditors in office during 2012						
Office	Members	In office since	In office until	List (M/m)*	(**)	Number of offices***
Chairman	Franco Fontana	01/2012	12/2012	m	100%	-
Regular auditor	Giuseppe Ascoli	01/2012	12/2012	M	93%	-
Regular auditor	Leonardo Perrone	01/2012	12/2012	M	100%	-
Alternate Auditor	Giulio Monti	01/2012	12/2012	M	N.A.	-
Alternate Author	Pierpaolo Singer	01/2012	12/2012	m	N.A.	-
Number of meetings held in 2012 over the period of reference: 15						
Quorum required for the submission of lists for the appointment of the Board of Statutory Auditors: 1% of the share capital.						

**NOTES**

\* In this column indicates M/m to indicate whether the Auditor has been designated from a majority voting list (M) or from a minority voting list (m).

\*\* This column indicates the participation percentage of each acting Auditor at the meetings of the Board of Statutory Auditors. All absences were adequately justified.

\*\*\* This column indicates the number of offices as director or auditor held by the person in question that are considered material/relevant pursuant to articles 144-*duodecies et seq.* of the Issuers Regulation (limit on the accumulation of offices). Under the above-mentioned provisions, the members of control bodies are not subject to a limit on the accumulation of offices when that hold the office of member of the control body of a single issuer. As indicated in the table, in February 2013, the acting Auditors of Enel Green Power did not hold any office as member of any control body of any other issuers.