

## CHAPTER EIGHT

# Enel: CSR and Performance Measurement<sup>1</sup>

**Anna Pistoni and Lucrezia Songini, SDA Bocconi**

### CSR IN ENEL

#### Introduction

Since 2003, Enel has had an on-going dialogue with its stakeholders, informing them of the concrete actions that demonstrate the company's commitment to fulfilling its economic, social and environmental responsibility. We have consequently adopted the most stringent international criteria when collecting data, commenting on them and making them available to the public. In the process, completeness and transparency have been our priorities. During the past five years, this commitment has gained international recognition in a number of ways. We have been admitted to the most important indexes that measure corporate social responsibility and growth sustainability and, over time, have improved our position in the ranking of companies that are most engaged with this issue (e.g., AccountAbility's worldwide ranking for Fortune magazine places us sixth). Socially responsible and ethical mutual funds are increasingly interested in Enel shares.

Piero Gnudi, Chairman, and Fulvio Conti, CEO,  
Letter to our Stakeholders, the Enel 2006 Sustainability Report

In 2007, Enel was Italy's largest power company and Europe's second largest listed utility in terms of installed capacity. Listed on the Milan and New York stock exchanges since 1999, it had some 1.7 million shareholders, the largest number of any Italian company. Enel also had a significant presence in Spain, France, Slovakia, Romania, Bulgaria, Russia, and North and Latin America. However:

As 2007 began, Enel seemed a fading national champion, reliant on a domestic market where it faced the steady erosion of its position under the challenge of its smaller and more dynamic rival, Edison, backed by EDF of France. Its efforts to break out of that trap, such as its overture to the Franco-Belgian utility Suez, had been rebuffed. While the European energy industry was restructuring under pressure from a new push from the European Union to liberalize markets and strengthen competition, Enel seemed to have been left behind. By his dramatic intervention in the long-running takeover battle for Endesa, Spain's biggest electricity company, Mr Conti (Enel's CEO) changed all that. The deal leaves several questions unanswered. But it has made the point that Enel has a role to play in reshaping Europe's energy industry, in the most dramatic way possible.

Crooks, 2007

As a consequence of the acquisition of Endesa, the partnership with Acciona and the acquisition of OGK-5 in Russia in 2007, Enel would operate in 22 countries, had 75 000 MW of

<sup>1</sup>Copyright EABIS. Reproduced with permission.

## 98 Part Three Accounting

generating capacity and more than 50 million electricity customers. In 2007, the company had 73 500 employees and posted revenues of more than €43.7 billion and a group net income of €4 billion. With 30 000 MW in plants using renewable energy resources (hydro, geothermal, wind, solar and biomass) across the world, Enel was a world leader in the sector. Its electricity came mainly from fossil fuels (73%), while 21% was produced from renewable energy sources or from natural inputs (plus 6% from hydro sources from pumped inputs). In March 2007, the Ministry of the Economy and Finance owned 21.12% of the share capital of Enel SpA and the Cassa Depositi e Prestiti (a corporation controlled by this Ministry) owned 10.15%, leaving free-floating shares of some 68.80% to the market (32.90% held by institutional investors and 35.70% by retail investors). Shareholders included leading international investment funds, insurance companies, pension funds and ethical funds, along with Italian retail investors<sup>2</sup>.

### The Company History

The electricity industry has played a key role in Italy's economic and social growth, reflecting key events in the country's history. After a long parliamentary debate, the Italian Chamber of Deputies adopted legislation to nationalize the country's electricity system on 27 November, 1962. The law gave Enel the sole right to generate, import, export, transport, transform, distribute and sell electricity. Enel started operations in 1963 by gradually absorbing the existing power companies. Under the National Energy Plan, presented in July 1975 by the Minister of Industry, Enel was summoned to 'call for tenders for the construction of eight nuclear power plants of the 1000 MW type'. However, on 8 November, 1987, a large majority of Italians rejected nuclear energy in a national referendum. In the 1990s, the power industry embarked on a process of liberalization that reduced the scope of Enel's core business, prompting the company to pursue a diversification strategy and develop new lines of business.

There was a radical change in the legal-institutional structure of Italy's national electricity sector via Legislative Decree no. 333 of 11 July, 1992, which was converted into Law no. 359 on 8 August; it made Enel a joint stock company – the first step towards privatization. On 19 February, 1999, the Council of Ministers approved a bill to liberalize Italy's electricity market. Known as the 'Bersani Decree', this legislation, which came into effect on 1 April, 1999, required Enel to be broken up into separate units for the generation, transmission, distribution and sales of electricity to 'eligible' customers. Enel was also required to reduce its generating capacity by hiving off 'not less than 15 000 MW' by the end of 2002.

As such, in 1999, Enel was privatized, by placing more than 3.8 billion shares (which became 1.9 after the reverse stock split of 9 July, 2001), which accounted for 31.74% of the share capital, for a counter value of €16.55 billion. It was the biggest quotation in Europe and the second largest worldwide, both in terms of the value and the number of underwriters. Consequently, Enel shares have been quoted on both the New York Stock Exchange and the Italian Stock Exchange since 2 November, 1999. From 20 December, 1999, Enel shares have formed part of the MIB30 index. In November 2002, following a diversification phase during which it developed new businesses, the company initiated a process of refocusing on the energy sector: it aimed to become the leading producer and distributor of electricity and gas. Enel has actively sought international expansion in the power and gas market since 2006.

## The CSR Project

The adoption of corporate social responsibility (CSR) and its implementation in all activities and functions were directly sponsored by the CEO. In 2002, the CSR project was launched. The Identity and Image Unit within the Corporate Communication Department was in charge of CSR compliance. The task force operated between September 2002 and April 2004, when a Corporate Social Responsibility department was established. Internal communication played an important role in informing the employees and making the sustainability approach visible within the company. The top management's commitment and support played a significant role in the data gathering and CSR reporting at different organizational levels. The manager in charge of the Corporate Social Responsibility Unit described the context that favoured the adoption of CSR at Enel as follows:

It is important to point out that the CSR adoption was a final step in a process, which began with the adoption of the ethical code and of other self-discipline codes<sup>3</sup>. The ethical code was approved and adopted in March 2001, just before the Chairman (Chicco Testa) and CEO (Franco Tatò), who had managed the process of Enel's privatization and quotation, came to the end of their terms in office. At the end of May 2002, a new Board of Directors was appointed, as well as a new Chairman, Piero Gnudi, and a new CEO, Paolo Scaroni. During one of the first meetings aimed at verifying and understanding the company's situation, the new CEO and the new manager in charge of the Corporate Communication Department pointed out the need to launch a CSR policy. A first check of the project feasibility showed that Enel was prepared to embed CSR into its strategy, organization and managerial mechanisms.

## Embedding CSR and the Impacts on Organization and Managerial Systems

The values and principles of the Enel organizational culture, the communication policy, the managerial systems, particularly the planning and control ones, the organizational structure and the roles (Figure 8.1) allowed CSR to spread throughout the company.

In 1996, the first Environmental Report was published; in 1999, it summarized the principles and objectives of the Enel environmental policy for the first time. The focus was on the improvement of the plants' environmental performance; consequently, environmental Key Performance Indicators (KPIs) were developed. In addition, Enel established its Environmental Policy Unit, which is part of the Parent Company's Department of Institutional and Regulatory Affairs. There were about 200 full-time employees exclusively dedicated to examining and implementing the company's environmental plans.

In 2001, the Enel Board of Directors decided to initiate a process of reflection on the system of values that characterized and governed its business activities. Enel thus gradually adopted a plan of action in support of CSR. This plan provided for the elaboration and implementation of the Code of Ethics and for making it known inside and outside the company. Adopted in 2002 and then revised in 2004, the ethical code represented an essential component of the Enel corporate governance system. In order to foster the integration of respect for the environment and society into its business activities, Enel ensured that its Board of Directors assumed responsibility for environmental and social sustainability and for the integration of planning and audit processes with sustainability objectives and indicators.

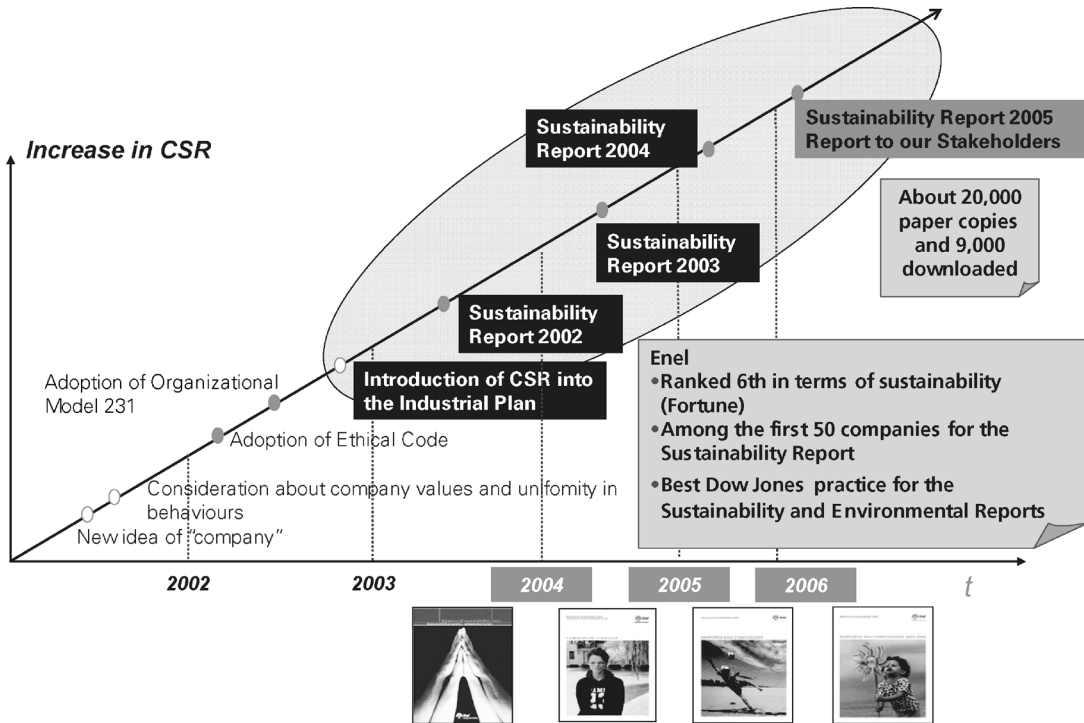


Figure 8.1 Spreading CSR throughout Enel

In 2002, two new organizational departments were established: the Corporate Social Responsibility Unit, within the Corporate Communication Department, and the EnelDATA Unit, within the Corporate Administration, Finance and Control Department. The Corporate Social Responsibility unit was in charge of CSR implementation and stakeholder engagement, as well as the communication and coordination of CSR initiatives. It communicated Enel's commitment to sustainability, organized the Sustainability Report, managed its relationship with rating agencies and assisted with the definition of CSR objectives.

EnelDATA was in charge of the CSR planning and control process, participated in defining CSR objectives, evaluated CSR projects and compiled managerial reports for top management. Within the Corporate Administration, Finance and Control Department, a new role was established: the CSR controller. The controller was in charge of CSR reporting and fell under the Planning and Control Unit, as well as the CSR Unit. Furthermore, approximately 50 'data owners' were identified to be in charge of and manage KPIs for the Sustainability Report and rating agencies' questionnaires.

In May 2003, the 2002 Sustainability Report was approved as a means through which the company would publicize its efforts; the report highlighted the content and quality of the relations it had built with each stakeholder in the three areas of responsibility: economic, environmental and social.

In July 2003, social and environmental questions arising from business activities and relations with stakeholders were translated into a set of CSR objectives and incorporated as an integral part of the Company Business Plan, as well as the budgeting and reporting systems. Among the initiatives undertaken by Enel in terms of corporate social responsibility, was its participation in the United Nations Global Compact initiative, which was formalized in February 2004.

In October 2004, the Domestic Infrastructure and Networks Division's distribution network obtained an ISO 14001 environmental certification. One hundred and thirty plants (approximately 43% of Enel's net production installed capacity) obtained an EMAS registration. By 2009, Enel plans to have an ISO 14001 environmental certification and an EMAS registration for all of Italian hydro plants.

In parallel, the company also developed its internal MBO system, which identified personal CSR goals that were in line with the CSR KPIs of the Sustainability Scorecard. In 2005, out of a sample of 25% of employees involved in the MBO system, 100% listed performance as linked to environmental responsibility and social responsibility.

On 14 March 2006, the Enel Internal Audit Committee formally approved a specific provision specifying the anti-corruption measures adopted by the company: the Zero Tolerance against Corruption Plan (ZTC Plan). It gave substance to Enel's membership of the Global Compact in addition to fulfilling the commitment undertaken at the Davos Forum (in January 2005), when – together with more than 60 multinational companies – Enel signed the Pact Against Corruption Initiative (PACI).

In 2005 and 2006, training activities were developed specifically for people involved in data gathering and CSR reporting. In 2005, the CSR Unit, together with the Personnel and Organization Department, promoted a course for supervisors (about 4000 people) with the objective of explaining the value of CSR. The CSR principles and practices involved the Safety Department at both the corporate and divisional levels.

In addition, work started on the development of a policy on *Human Rights and Equal Opportunity*, which was completed at the end of 2006. This policy applied to all Enel activities throughout the world and was developed in cooperation with the Prince of Wales International Business Leaders Forum (IBLF). With regard to *diversity* during the last 15 years, the number of women employed by Enel had significantly increased and the ethnic range of its employees became more diverse. Moreover, employment at Enel was distinguished by the institution of a system of 'internal welfare' based on activities, initiatives and services ranging from complementary pensions and supplementary health care to cultural and sports activities, loans to personnel at special interest rates and special maternity benefits.

Since 2002, therefore, Enel had specifically focused on gaining international and national acknowledgment for CSR and sustainability. In November 2002, the company passed the ethical screening process of E. Capital Partners and was admitted to its Socially Responsible Indexes: Ethical Index EURO and Ethical Index GLOBAL®. On 21 March 2003, before publishing its first sustainability report, Enel was admitted to the sustainability indexes of the Financial Times Stock

## 102 Part Three Accounting

Exchange (FTSE4Good) in London. The company was the first utility admitted to the FTSE4Good 100 and the FTSE4GOOD EUROPE 50. In September 2003, Enel was also admitted to the Advanced Sustainable Performance Index on the basis of evaluations made by Vigeo. In 2003, it was successfully screened for the Dow Jones Sustainability Index (DJSI), Enel stock being added to the DJSI in September 2004.

In September 2005, Enel was re-confirmed in DJSI World and admitted to DJSI STOXX. In the same month, and despite an EIRIS alert that a Colombian company owned by Enel did not meet human rights criteria, it was confirmed for the third year running in the FTSE4Good Index Series, the FTSE4GOOD GLOBAL 100 and the FTSE4GOOD EUROPE 50. The warning was, in fact, a mix-up of the name of the enterprise owned by Enel, Carbones Colombianos del Cerrejon, with another. Although Enel had nothing to do with this second firm, it had to sell the company it owned to be re-confirmed in the FTSE4GOOD. In October 2006, Enel was admitted to the 'Top Ten' of the Accountability Global 50+; it was placed sixth in the industry ranking and third in the utilities ranking. It was the only Italian company in this ranking and improved on its previous position.

In September 2006, Enel was removed from the FTSE4GOOD Index Series, as a result of its acquisition of 66% of Slovenske Elektrarne, which operated nuclear power stations. The CEO commented on Enel's deletion:

We have the major ethical funds of the world investing in our company, as a result of Enel's listing on the major sustainability indexes. While we are happy about this, we simultaneously feel that some of the standards that define CSR will have to be readjusted. This definitely applies to our investments in nuclear power, which some of the indexes have used to lower our rating. I do not think that this is currently appropriate: when a company follows a policy of investing in different energy sources, this does not mean that it is abandoning its code of conduct and sustainability, but is a guarantee that it is a viable and environmental friendly energy provider that is not dependent on other countries for raw materials.

### Enel Stakeholders

Since 1963, when the Italian energy companies were nationalized, and Enel became a monopoly, it has developed a consolidated relationship with its stakeholders. In the 60s and 70s, Enel pursued a mission to electrify the whole country, especially Southern Italy, and support Italian industrial development. In this period, it had to cope with relationships with local institutions, mainly in those areas where new power plants had to be built. The relationship with local communities was based more on dialogue than on conflict. Enel also devoted its attention to the environment to cope with the impact that its power plants had on local areas. The relationship with stakeholders was based on an exchange of economic returns for local communities, which received a part of the plant power revenues for renewable energies and social investments. At the end of the 70s, a new phase in the stakeholder dialogue opened. It was based on the confrontation and negotiation between Enel and its stakeholders, mainly local institutions that represented the community's interests. Enel coped with these stakeholder engagements by lobbying them. A 'one-way communication' was thus developed between the company and its stakeholders. By mainly paying attention to local institutions, Enel was able to influence its stakeholders and to ensure that their expectations would be aligned with the company's objectives. In the 1990s, a new category of stakeholders emerged: associations representing interests. Enel reacted to these new stakeholders' pressures by partially changing its communication. An 'asymmetrical,



two-way communication' was developed, based on communicating something to the stakeholders, listening to them, but not giving them channels and instruments to dialogue with the company at the same level.

Roberto Zangrandi, Enel CSR Manager, 2006

In the Letter from the Chairman, which introduced Enel's first Sustainability Report in 2002, Piero Gnudi presented the Enel definition of CSR and stakeholders for the first time:

Enel intends to base its business strategy not only on economic considerations, but also on environmental and social ones, because we are convinced this will help make us competitive and boost our reputation. Our fundamental objective remains that of ensuring the long-term creation of value for our shareholders. Given its size and the kind of business in which it is engaged, Enel interacts intensely with society and consequently aspires to maintain and develop a solid relationship of trust with its stakeholders. With its shareholders first of all, because, with two and a half million of them, Enel has far more investors than any other Italian company, but also with its 30 million customers, its employees and others who work for it, its suppliers, associations, and local communities.

In the 2003 Sustainability Report, Piero Gnudi pointed out:

The objective remains the same: to improve our shareholders' return, carry out the fundamental points of our mission and lower the company's risk profile in order to make it an attractive investment with steady growth and low volatility. At the beginning of this path, there were about 20 socially responsible specialized investment funds present among our shareholders. Now there are 32 of them, controlling more than 16% of the shares held by institutional investors, and we are committed to attracting an increasing number of this kind of investment.

The 2004 Sustainability Report specifically highlighted that:

Corporate social responsibility or CSR comprises:

- *economic responsibility*: all the activities that have an economic or financial origin or impact;
- *environmental responsibility*: the degree to which a company is able to govern the environmental variables and impact of its activities;
- *social responsibility*: the company's actions with regard to individuals and communities, interest groups and the people who work for it.

These three components and the company's ability to balance them efficiently and honourably create the sustainability concept.

The report also presented, for the first time, a list of major reasons – based on socio-demographic and market surveys – for Enel stakeholders to invest in the company:

- *Shareholders*:
  1. positive performance of Enel shares on the stock market;
  2. fiduciary relationship and transparent communication;

## 104 Part Three Accounting

3. control of economic, environmental and social risks;
  4. effective corporate governance;
  5. long-term investment in sustainability.
- *Lenders:*
    1. debt volume, use and quality;
    2. confidence of the financial and final markets;
    3. short and long-term perspectives.
  - *Human resources:*
    1. management according to ethical principles and observance of the Code of Ethics;
    2. equal opportunity for professional development;
    3. job satisfaction;
    4. pay in line with role;
    5. on-the-job training, health and safety;
    6. fair industrial relations;
    7. widespread, effective and transparent internal communication.
  - *Customers:*
    1. awareness of needs;
    2. quality and modernity of service;
    3. service continuity;
    4. fair and transparent rates;
    5. transparent, clear and widespread communication;
    6. new services.
  - *Suppliers:*
    1. increased orders;
    2. quality of relationship;
    3. punctual payments;
    4. fast, clear and transparent procedures.
  - *Institutions:*
    1. fairness and transparency in carrying out activities;
    2. participatory and concrete dialogue.
  - *Future generations:*
    1. social and environmental sustainability of development strategies;
    2. effective environmental governance;
    3. environmental education;
    4. reduction of all emissions;
    5. waste recovery;
    6. reduction of internal consumption of energy and water;



7. reduction of raw material use;
  8. development of research;
  9. increased energy efficiency;
  10. development of renewable energy sources;
  11. respect for biodiversity.
- **Communities:**
    1. transparency and punctuality of communication;
    2. social and environmental sustainability of industrial installations;
    3. availability of channels for direct dialogue with the company;
    4. relations with interest groups;
    5. initiatives in favour of communities;
    6. redistribution of income to social projects and corporate philanthropy;
    7. relations with local, national, and international institutions;
    8. media relations.

During February and March 2006, when preparing the 2005 Sustainability Report, the company launched a large-scale qualitative and quantitative survey of its CSR activities. The objective was to explore how the different Enel stakeholders perceived the company's corporate social responsibility by showing the quality of their relationship with Enel and the possible areas of improvement for each specific target investigated. The results of this survey are summarized in Figure 8.2, which lists the stakeholders and compares them in respect of the 38 areas of interest that they consider to be of prime importance. According to CSR Manager, Roberto Zangrandi:

In the near future, this system could be useful to define strategic planning targets by basing them on the stakeholders' expectations and perceptions.

In 2006, Enel continued to develop a relationship of trust with its stakeholders. In the view of CEO Fulvio Conti:

Stakeholders are those who make investments tied to Enel activities, meaning, first and foremost, the shareholders, followed by the staff members, clients, suppliers and business partners. In a broader sense, the term refers to all those individuals or groups, whose interests are directly or indirectly affected by Enel activities: this encompasses the local and national communities in which Enel operates, as well as environmentalist associations, future generations, etc. Over the years, Enel has consolidated its ability to listen to associations that represent interests, which include consumers, environmental organizations, the world of small and medium-sized firms, and public bodies. However, Enel cannot overlook the fact that in the company's day-to-day operations there is a privileged relationship between the management and shareholders, and that managers have different and more compelling obligations to shareholders than to other stakeholders, who also represent legitimate interests.

In order to promote a symmetrical, two-way and transparent communication with its stakeholders, Enel revised the structure and contents of its homepage in the spring of 2007. In the Letter to

**STAKEHOLDER INTERESTS** (Level of interest: ● high; ◻ medium; ● nil)

	Shareholders ▼ Financial analysts	Lenders ▼ Financial analysts Rating agencies	Human Resources ▼ Union organizations	Customers ▼ Consumer associations	Suppliers ▼ Business associations	Institutions ▼ Governments (foreign, national, local)	Future Generations ▼ Environmental associations	Communities ▼ Local interest groups
Share performance on stock market	●	●	●	◻	●	●	●	◻
Fiduciary relationship and widespread, clear, and transparent communication	●	●	●	●	●	●	●	●
Control of economic, environmental, and social risk	●	●	●	●	●	●	●	●
Effective corporate governance	●	●	●	●	●	●	●	●
Long-term sustainability of stock investment	●	●	●	◻	◻	●	●	◻
Volume, use, and quality of debt	●	●	●	◻	◻	●	●	●
Management according to ethical principles and observance of Ethical Code	●	●	●	●	●	●	●	●
Equal opportunity for professional development of employees	◻	◻	●	●	●	●	●	●
Employee job satisfaction	◻	◻	●	◻	●	●	◻	●
Pay raise for employees	●	●	●	◻	●	●	◻	●
Training	◻	◻	●	◻	●	●	●	●
Safety and health protection	●	●	●	●	◻	●	●	●
Social institutions for employees	◻	◻	●	◻	●	●	◻	●
Fair industrial relations	◻	◻	●	◻	●	●	◻	●
Transparent, effective, and widespread internal communication	◻	◻	●	●	●	◻	◻	◻
Service quality and modernity	●	●	●	●	◻	●	●	●
Fair (low) and transparent rates	●	●	◻	●	●	●	●	●
Proposals for new services for customers	●	●	●	●	◻	●	●	●
Increase in orders for suppliers	●	●	●	●	◻	◻	●	●
Punctuality in paying suppliers	●	●	●	●	●	●	●	●
Rapidity, clarity, and transparency of procurement procedures	◻	◻	●	◻	●	●	●	●
Environmental and social sustainability of growth strategies	●	●	●	●	◻	●	●	●
Effective environmental governance	●	●	●	●	◻	●	●	●
Reduction of all emissions	●	●	●	●	◻	●	●	●
Waste recovery	●	●	●	●	◻	●	●	●
Reduction of internal consumption of energy and water	●	●	●	●	◻	●	●	●
Reduction of use of raw materials	●	●	●	●	◻	●	●	●
Development of research	●	●	●	●	●	●	●	●
Increased energy efficiency	●	●	●	●	●	●	●	●
Development of renewable energy sources	◻	◻	●	●	●	●	●	●
Respect for biodiversity	◻	◻	●	●	◻	●	●	●
Social and environmental sustainability of industrial installations	●	●	●	●	◻	●	●	●
Availability of channels for direct dialogue with Company	●	●	●	●	●	●	●	●
Relations with associations representing interest groups	●	●	●	●	●	●	◻	●
Initiatives in favor of communities	◻	◻	●	●	◻	●	●	●
Charity	◻	◻	●	◻	◻	●	●	●
Relations with international, national, and local institutions	●	●	●	◻	◻	●	●	●
Relations with the media	●	●	●	◻	●	●	◻	●

Figure 8.2 The stakeholder interests map

our Stakeholders, which introduced the Enel 2006 Sustainability Report, the Chairman and CEO stated that:

We have decided to change the way we tell you about our commitment to sustainability and social responsibility, in order to improve the channels of communication with you. We have consequently created a website ([http://www.enel.it/azienda\\_en/sostenibilita/](http://www.enel.it/azienda_en/sostenibilita/)) that will present even more information on our social responsibility policy. This site is an instrument with which everyone can directly evaluate and analyse our actions, thus contributing to the interactive communication of our sustainability plans.

The new homepage put more emphasis on the stakeholder dialogue and allowed a more direct engagement of stakeholders. Stakeholders could participate in a survey that was directly linked to the Enel homepage and could offer their opinion on 24 'hot' CSR issues (the Sustainability Meter tool can be accessed at <http://csr-meter.palomarlab.net/>). Based on their answers, stakeholders were positioned according to the emphasis that they allocated to the different CSR dimensions: economic, social and environmental responsibility. From this survey, it was possible to map stakeholders' priorities. By comparing these priorities with the Enel top management's emphasis of the various dimensions, the gap between the stakeholder priorities and Enel's expectations could be derived and the way to reduce this gap identified.

### Suggested Questions for Discussion

1. What are the particular features of the CSR concept and definition of stakeholders adopted by Enel and why?
2. What CSR implementation changes have been introduced into Enel's organizational structure and managerial mechanisms?
3. Considering Enel's approach to CSR, how would you design the structure of a performance measurement system both for external reporting and for managerial reporting (e.g., performance areas, KPIs, etc.)?
4. What are the strategic benefits to Enel in developing a comprehensive CSR framework, and how does this help the company to mitigate traditional risks in its industry?

## CSR PERFORMANCE MEASUREMENT AND EVALUATION

### Introduction

The objective to compile the Sustainability Report (ready for issuing with the Consolidated Financial Statement at the General Shareholders Assembly in 2003) led to the debate on the key driver for CSR – whether it would be an instrument to improve company image or a strategic and managerial philosophy – going out of the window. The 2003 Sustainability Report reached an important conclusion: Enel publicly stated its commitment to CSR.

Roberto Zangrandi, CSR Manager, Enel

In 2002, a team under the Corporate Communication Unit carried out a feasibility analysis of CSR disclosure. Enel, they concluded, was better equipped to produce a comprehensive sustainability report than most other big companies.

## 108 Part Three Accounting

Publication of the Sustainability Report, they argued, would signal Enel's involvement in and commitment to a CSR strategy and was designed to communicate it both externally and internally. The report had three objectives: to provide a complete picture of the company's financial, environmental and social performance; to highlight the results achieved; and to support dialogue with Enel's main stakeholders.

Adopting a top-down approach, the entire company became engaged in the reporting process. The Sustainability Report was prepared in accordance with the AccountAbility 1000 (AA1000) principles, which included information of:

- *significance*: of interest to stakeholders;
- *response*: on the ways in which the firm intended to satisfy stakeholders' legitimate requests;
- *completeness*: on all the company's significant activities and performance.

Methodological sources taken into consideration were the principles of the Global Reporting Initiative (GRI), which were recognized as the principal basis of the Sustainability Report. In addition, Enel managers analysed approaches suggested by OCSE, ILO, Business in the Community, the UN Global Compact and by the CSR-SC project of the Italian Work and Social Policies Ministry. Moreover, the questionnaires of rating agencies and socially responsible investment funds analysts played a fundamental role in the process.

Future Sustainability Reports, to appear each year, were to be delivered by the Corporate Social Responsibility Unit, situated in the Corporate Communication Unit. The data would come primarily from the departmental units and business divisions. The Report was to be submitted to the Board of Directors as well as the Internal Audit Committee for appraisal and to the Internal Audit Unit for control. Its procedural conformity would then be certified by an external auditing firm. It was to be published together with the Consolidated Financial Statement.

### Stakeholder Engagement

Until 2004, stakeholder engagement was limited to a few focus groups, which severely narrowed the range of stakeholders consulted. To remedy this, in support of the 2005 Sustainability Report the company launched a large-scale qualitative and quantitative survey of its CSR activities. The objective was to explore stakeholder perceptions of Enel as a 'responsible' firm, highlighting both current CSR performance and indicating possible areas of improvement.

The qualitative study was based on interviews with 18 suppliers, lenders and institutions as well as three focus groups. The study was conducted by Enel supervisors in close collaboration with external researchers and psychologists. Its questions aimed to evaluate the quality of each stakeholder's relationship with Enel, their attitudes and opinions on corporate social responsibility within the company and their expectations and evaluation of the Enel 2004 Sustainability Report. The quantitative survey was carried out through interviews with 4040 Enel customers,

728 'future generation' representatives aged between 14 and 25 years, and 99 retail investors (Figure 8.2).

Efforts to enhance the participation of stakeholders in CSR performance measurement continued. In order to promote two-way, transparent communication with its stakeholders, Enel revised the structure and contents of its website homepage in the spring of 2007. The new homepage put more emphasis on dialogue, enabling stakeholders to participate in a survey as well as offer their opinions on 24 'hot' CSR issues (access the tool at <http://csrmeter.palomar-lab.net/>). From this survey, it became possible to create the map of stakeholders' priorities shown in Figure 8.2. By comparing these with senior management's own emphasis on the various issues, the gap between stakeholder priorities and Enel's internal expectations could be delineated.

### The Sustainability Report Framework

The Enel Sustainability Report was organized in descriptive and quantitative sections. The descriptive section offered extensive documentation of Enel's goals, initiatives, results, projects and targets for corporate social responsibility. The quantitative section covered the CSR Key Performance Indicators (KPIs).

With reference to the descriptive section, the *stakeholder interests map* outlined the expectations and priorities of the various stakeholder groups (shareholders, investors, employees, customers, suppliers, institutions, future generations, local communities).

This map showed stakeholders' views on the 38 areas that they considered most important, according to a social and demographic survey carried out in 2005. Each stakeholder category's greater or lesser concern with each of the areas was presented graphically, and the resulting table also clearly portrayed the stakeholders' conflict of interests. The most important questions that concerned all categories of stakeholders can be summarized in four areas:

- communication, ethics and fiduciary relations;
- professional competence and good governance;
- development of research and energy efficiency;
- responsibility regarding economic, social and (especially) environmental risks.

In the second section, the sustainability KPIs represented the priority measures of Enel's sustainability strategy. The process of selecting the relevant KPIs was developed over a number of years. During the start-up phase, approximately 700 KPIs were selected from those featured in widely recognized frameworks, such as the GRI, SA 8000 and AA 1000. In 2002, approximately 130 of these, which were immediately available and easy to calculate, were published. By 2003, the number of reported KPIs grew to approximately 200, a growth that reflected information requirements from sustainability rating agencies. Soon after 2004, the number of core KPIs reached 314. Finally, each group had a comment added to facilitate its interpretation. Although there were other Italian firms that compiled large numbers of KPIs, Enel became a benchmark company in the CSR field and its example encouraged other companies to increase their KPI disclosures.

## 110 Part Three Accounting

The KPIs were grouped into categories that reflected the stakeholder concerns and critical performance areas. Each KPI was also classified according to its adherence to the CSR and social commitment principles developed by the Italian Ministry of Labour and Social Policies, as well as to the requirements of the SAM (Zurich) and EIRIS research institutes, which evaluated companies on behalf of the Dow Jones (DJSI) and Financial Times (FTSE4GOOD) international sustainability indexes, respectively.

The metrics aggregated performance across all business units, with the exception of indicators related to customers, which reported separately in each business division and for each market segment. Exhibit 8.1 provides the entire list of KPIs from the Enel Sustainability Report 2003.

In 2006, to improve the communication of the Sustainability Report, its results were displayed on part of the official company website ([http://www.enel.it/azienda\\_en/sostenibilita/](http://www.enel.it/azienda_en/sostenibilita/)). It presented both more information and facilitated access to it in an interactive format. In addition, the website included detailed information regarding the methodology behind the KPIs, in accordance with the Sustainability Reporting Guidelines in the Global Reporting Initiative (GRI-G3). Where applicable, it also followed the GRI Boundary Protocol and the Indicator Protocols. Although the data for 2006 were not always comparable with those of previous years, they were calculated on the basis of the entries in Enel's financial accounting system and other information systems<sup>4</sup>. The GRI's additional performance indicators were also adopted.

According to the GRI-G3 standard, the KPIs are representative of the aspects shown in Table 8.1.

Under the area of economic performance, there were nine quantitative and qualitative indicators. Of these, the principal metric was the *value-added per stakeholder*, which indicated the economic value generated from the operations and its distributions among the different stakeholder categories.

Environmental performance was measured by 30 indicators, most of which were disaggregated for plant or other relevant dimensions, such as the type of waste water, emissions into the atmosphere or materials used.

Forty social performance metrics were used, of which 14 evaluated Enel's treatment of its employees, nine monitored human rights, eight covered the relationship with the society and nine assessed product responsibility.

A final section of the Sustainability Report 2006, entitled 'These are the numbers', compared the data of the same KPIs with those of previous years.

### **Internal Performance Measurement and Evaluation: CSR Planning and Control Mechanisms**

To ensure that sustainability became part of everyday business decisions, CSR managerial control at Enel was integrated into not only the managerial level, but also – more importantly perhaps – the operational one.



# EXHIBIT 8.1 SUSTAINABILITY KPIS 2003

## Who we are

**Corporate governance**

■ sense of socially responsible investors (SRI) in Enel's share capital

Number, percent	2003
SRI* funds with Enel shares	33
Enel shares held by SRI funds out of total institutional shareholders	16.2%

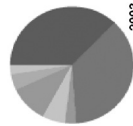
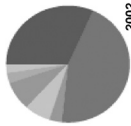
In barely 12 months the CSR strategy has increased interest in Enel on the part of the institutional investors called socially responsible \*socially responsible investment

## Economic responsibility

Gross operating margin Percent

	2002	2003
■ Generation and Energy Management	31.63	37.11
■ Market, Infrastructure and Networks	44.98	36.85
■ International	3.29	2.81
■ Terna	6.82	6.00
■ Telecommunications	7.98	10.26
■ Business Services and Diversified Activities	2.83	4.37
■ Parent Company	2.47	2.60

The gross operating margin (the difference between the revenues and the operating costs) of the Enel Group in 2003 shows an increase of about 28% with respect to 2002 (restated on a pro forma basis). The Generation and Energy Management Division made a decisive contribution to this increase thanks to a rise in production and the related revenues, achieved in the presence of a containment of operating costs. The Market, Infrastructure and Network Divisions record an overall increase of the gross operating margin deriving almost entirely from the business expansion of the Gas area, given the fall in the volume of electricity sold following the liberalization of the market initiated by the Bersani Decree in 2001. The Telecommunications Division shows a substantial increase in the gross operating margin with respect to the previous year due to the rise in revenue from mobile telephony in the presence of practically stable operating costs. Also significant is the contribution of the Business Services and Diversified Activities Division, deriving from the increase in margins achieved in the engineering and construction business.



## Shareholders

Geographical distribution of socially responsible investors that hold Enel shares Percent

	2003
USA	9.9
UK	30.4
Rest of Europe	21.4
Italy	20.3
Benelux	18.0

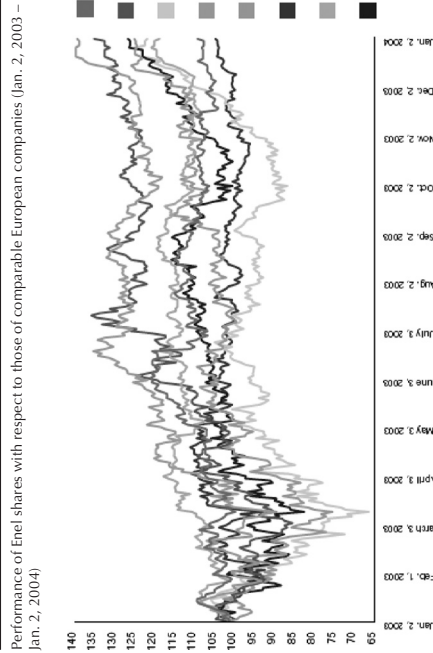
Enel's socially responsible investors are mainly European. The United Kingdom and Italy stand out with respect to the USA component.

## Shareholders

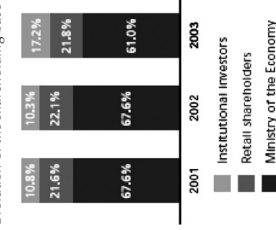
Weight of Enel shares in the main stock-market indices

Number, Percent	2001	2002	2003
FTSE Eurotop 100	0.373	0.434	0.411
MIBTEL	6.821	6.614	6.766
MIB 30	8.781	8.346	8.578
Milan Index His.	6.858	6.614	6.766
Milan Public Utilities	21.345	22.779	27.807
Bloomberg Europe	0.569	0.640	0.637
BE500 Electric	17.978	19.941	17.056
DJ Euro STOXX 50	0.679	0.849	0.928
DJ Euro STOXX	0.463	0.545	0.597
DJ Euro Utilities	7.838	8.817	9.209

Structural evolution of the respective baskets.

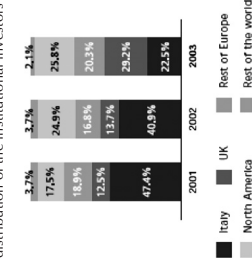


## Evolution of the shareholding base



The percentage owned by the Ministry of the Economy decreases with respect to 2002 following the placement of the second tranche, while the percentage owned by the institutional investors increases thanks in part to the action of the Department of Investor Relations.

## Evolution of the geographical distribution of the institutional investors



In 2003 the percentage owned by the Italian institutional investors falls with respect to the other components. The UK and the rest of Europe increase in particular, in part thanks to the ad hoc initiatives carried out by the Department of Investor Relations.

(Continued)

## EXHIBIT 8.1 (CONTINUED)

### Shareholders

Distribution of institutional investors by investment style

Percent	2001	2002	2003
GARP	34.7%	37.4%	16.0%
Growth	7.6%	15.5%	25.6%
Index	38.4%	26.5%	16.6%
Value	18.2%	19.3%	20.8%
Hedge	n.a.	n.a.	19.1%
Other	1.1%	1.4%	1.9%

Ad hoc initiatives carried out by the Department of Investor Relations with regard to the most important institutional shareholders.

### Lenders

Encounters of the top management/ Department of Investor Relations with institutional investors

Number	2002	2003
Encounters with investors	9	93
Number of which dedicated space to CSR issues	n.a.	n.a.

The encounters (conference calls, collective and individual encounters) in 2002 regard those that took place during the last quarter. In 2003 there were no encounters with investors in which CSR issues were discussed. The integration of CSR initiatives with the policies of the Department of Investor Relations took place in early 2004.

Evolution of debt  
Millions of euros

	2001	2002	2003
Net financial debt	21,930	24,467	24,174
Ratio net financial debt/ shareholders' equity	1.04	1.17	1.13

In 2003 net financial debt decreased by about 290 million euros because of the combined effect of an increase of about 2,200 million euros in net long-term financial debt and a reduction of about 2,490 million euros in net short-term financial debt. The debt/equity ratio consequently fell from 1.17 to 1.13. The main financial transactions carried out during 2003 were characterized by: bond issues, the establishment of revolving credit lines, loans granted by the EIB, and the refinancing of a loan granted in 2001.

### Customers – Gas market

Breakdown of customers in the gas\* market

Thousands	2002	2003
Business customers	1.2	1.6
Household customers	1,720.3	1,794.0
Total	1,721.4	1,795.7
Transport	0.5	2.2

The expansion of both the business and household markets is the result of the acquisition of both single customers and groups of customers. \*Data regarding Enel Gas.

Volumes sold on the gas market  
Millions of m<sup>3</sup>

	2002	2003
Business customers	1,501.9	1,780.5
Household customers	2,355.1	2,655.0
Total	3,856.9	4,445.4
Transport	49.0	88.9

Gas distribution and sales improve substantially in 2003. In order to reinforce its market position Enel signed an agreement with British Gas for a 50-50 joint venture regarding the construction and operation of a plant (with an annual capacity of 8 billion m<sup>3</sup> of gas) for the regasification of liquid natural gas located in Brindisi.

### Customers – Electricity market

Breakdown of customers in the electricity market

Thousands	2002	2003
Customers regulated market		
> private	22,653.8	22,513.5
> other uses	6,475.5	6,400.9
Total	29,129.3	28,914.4
Customers free market	5.3	4.1

The downward trend in the number of customers is a consequence of the Bersani Decree on the liberalization of Italian electricity market. In 2003 the process of selling distribution networks to local public utilities interested in their acquisition continued. A distribution network serving 46 municipalities and about 96,200 customers was sold to Asm Brescia.

### Telecommunications

Volume sold in the telephony market  
Millions of minutes

	2002	2003
Mobile	7,771.8	9,492.5
Fixed-line	17,711.8	15,035.1
Total	25,483.6	24,527.6

The decrease in voice traffic in fixed-line telephony is connected mainly with the process of replacing fixed-line traffic with mobile and the consolidation of the leadership of the dominant company. Mobile telephony grew by 22%, with an increase of 36.5% in SMS volume with respect to 2002. Finally, profitability per customer also increased, with monthly ARPU (average revenue per user) amounting to 22.2 euros, against 19.6 euros the previous year.

### Suppliers

Breakdown of the fuels purchased  
Millions of euros

	2002	2003
Gas	754	1,183
Oil	1,475	1,014
Coal	488	412
Services	688	575
Total	3,405	3,184

There was a slight decrease (-6%) with respect to 2002; determined by a reduction of the consumption of oil, a large increase in gas due to the aggregation in the last quarter of 2003 of an annual supply contract, and the general effect of the euro/dollar exchange rate.

Total duration of interruptions per customer in the regulated market

Minutes	2001	2002	2003*
2001	125	103	88

The substantial improvement in the technical quality of the service in the regulated market was achieved thanks to the investment made in the electricity distribution networks and to better management of the material used in plant construction.

\*Figure that must be validated by Electricity and Gas Authority.

Volumes sold on the electricity market  
TWh

	2002	2003*
Customers regulated market		
> private	51.3	51.7
> other uses	99.2	89.4
Total	150.5	141.1
Customers free market	30.4	10.7

Among the causes that determined the considerable reduction in the volumes of electricity sold on the free market mention should be made of the repositioning of Enel in this area through selective focusing on large and medium-sized eligible customers with the most value added.

\*Net of Deval.

**Environmental responsibility**

Specific atmospheric emissions of SO<sub>2</sub> and NO<sub>x</sub> from thermal production

net g/kWh - plants in Italy					
	1999	2000	2001	2002	2003
SO <sub>2</sub>	2.9	2.5	2.4	1.9	0.9
NO <sub>x</sub>	1.1	0.9	0.8	0.7	0.6

Sulfur dioxide (SO<sub>2</sub>) and nitrogen oxides (NO<sub>x</sub>) are created by combustion in thermal plants. The quantities indicated show a substantial reduction, thanks mainly to the use of advanced combustion systems, the improvement of abatement systems, and the use of superior fuels.

Specific atmospheric emissions of particulates from thermal production

net g/kWh - plants in Italy					
	1999	2000	2001	2002	2003
Particulates	0.11	0.10	0.09	0.06	0.03

Particulates show an appreciable reduction thanks to the adoption of abatement systems.

Fuel consumption

Millions of toe - plants in Italy			Millions of toe - plants abroad 2003		
	2002	2003			
Natural gas	7.6	9.4	Natural gas		0.08
Fuel oil	8.1	6.4	Fuel oil		0.07
Orimulsion	1.1	1.0	Orimulsion		0
Coal	7.0	6.4	Coal		1.15
<b>Total</b>	<b>23.8</b>	<b>23.2</b>	<b>Total</b>		<b>1.30</b>

The breakdown of fuel consumption in toe (tons of oil equivalent) shows the large use of natural gas and to a lesser extent of coal and fuel oil. Specifically, there is an appreciable reduction in the use of high- and medium-sulfur oil in favor of low-sulfur and sulfur-free oil, in accordance with EU directives regarding air quality and pollution produced by industrial plants.

In addition to the extensive use of coal for plants abroad, a significant amount of electricity is generated from renewable sources such as water, wind and biomass.

Emissions of carbon dioxide from thermal production

Plants in Italy					
	1999	2000	2001	2002	2003
CO <sub>2</sub>	696	692	707	720	670

specific emissions (net g/kWh)  
CO<sub>2</sub> 95 98 84 75 71.5  
absolute emissions (millions of tons)  
The specific and absolute emissions of carbon dioxide (CO<sub>2</sub>), typical of combustion, show an appreciable reduction in 2003, thanks mainly to the sharp decrease in the use of fuel oil and the process of making production plants more efficient.

Waste produced

Thousands of tons - plants in Italy					
	1999	2000	2001	2002	2003
	1,440	1,577	1,605	2,090	1,808

The residues of industrial activities show a reduction in 2003 due mainly to the use of superior fuels (less ash produced) and the generalized application of advanced technologies for abating particulates (more light ash trapped). The share of waste reclaimed expresses the percentage of the quantity to be reclaimed (delivered to an authorized company) and the quantity produced.

Non-hazardous special waste

Percentage of the quantity produced by plants in Italy 2003					
	1999	2000	2001	2002	2003
Coal ash	106	101	93	94	99
Gypsum from desulfuration	99	102	91	94	97
Other non-hazardous special waste	n.a.	n.a.	n.a.	n.a.	57

Electricity production (net)

Millions of kWh - plants in Italy			Millions of kWh - plants abroad and before EUFR		
	2002*	2003			2003
Thermal	104,735	106,670	Thermal		7,427
Hydro (from natural flows)	27,942	26,012	Hydro (from natural flows)		2,881
Geothermal	4,382	5,036	Other sources		235
Other sources	53	77	<b>Total</b>		<b>10,543</b>
<b>Total</b>	<b>137,112</b>	<b>137,795</b>			

Net production is up by 0.5% with respect to 2002, with the largest increase in the summer months. The significant increase in geothermal production is due to new plants. With respect to 2002, thermal production was characterized by a substantial reduction of the use of fuel oil and by considerable use of natural gas.  
\* Production regarding Enel plant as of 12.31.2002.  
The increase in the net production of electricity abroad stems from the increase recorded by the American companies (+25%) and the good performance of Maritza East III Power Company AD, the Bulgarian operating company acquired by Enel in March 2003.

Percentage of production from renewable sources other than hydro

Percentage of electricity produced in Italy					
	1999	2000	2001	2002	2003
	2.3	2.4	2.7	3.2	3.8

The increase over these years in production from renewable resources is due to the gradual growth of the geothermal (+15%, with respect to 2002), wind (5 new plants in 2003) and solar contributions.

(Continued)

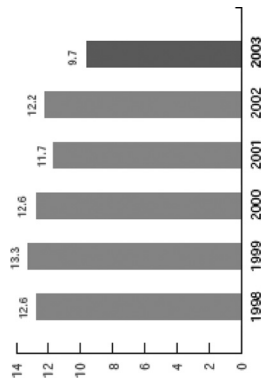
## EXHIBIT 8.1 (CONTINUED)

Social responsibility

People who work at Enel

	as of Dec. 31, 2003	as of Dec. 31, 2002	Change
Parent Company	522	0.8%	0.7%
Generation and Energy Management - Italy	10,318	15.9%	-1,759
Market, Infrastructure and Networks - Italy	36,424	56.2%	-3,065
Terna	2,821	4.4%	-285
Telecommunications	8,769	13.5%	167
Business Services and Diversified Activities	4,206	6.5%	-1,559
Abroad	1,710	2.6%	72
<b>Total</b>	<b>64,770</b>	<b>100%</b>	<b>-6,434</b>

Number of injuries to Enel human resources per million hours worked from 1998 to 2003 (rate of frequency)



Job status (as of Dec. 31)

	2002	2003
Executives	891	785
Supervisors	5,402	4,979
White-collar worker	42,380	39,409
Blue-collar worker	22,531	19,597
<b>Total</b>	<b>71,204</b>	<b>64,770</b>

All the projects developed in 2003 aimed at bringing out more and more of the potential of internal resources and consolidating professional and managerial capabilities. During the year the process of management review was initiated and the new system of capability assessment was designed and implemented.

Education

	2002	2003
University degree	7,263	7,008
High school diploma	29,051	26,691
Other	34,890	31,071
<b>Total</b>	<b>71,204</b>	<b>64,770</b>

Considering that fewer people are now working at Enel, there is a slight increase in the percentage of university and high school graduates among Enel's human resources.

Hours of training per person

Number	2002	2003
Generation and Energy Management	17	21
Market, Infrastructure and Networks	18.4	25
Terna	34.3	30.9
Business Services	19.1	24
Parent Company	14.7	22
Average*	19	25

The number of hours of training per person increased with respect to 2002, thanks to the 75% increase in distance training (+ 54,000 hours) and the 20% one in traditional training (+ 214,000 hours). Distance training provided courses to many people on the subjects of safety and sustainability, while traditionally offered courses in institutional training were perceived. As far as telecommunications are concerned, mention should be made of the substantial increase in the number of hours provided.

\* Weighted.

Share of distance training

Percent	2002	2003
Generation and Energy Management	7	3
Market, Infrastructure and Networks	4.3	10.3
Terna	10.5	9.3
Business Services	14.9	8.7
Parent Company	8	6.6
Average*	6.2	8.9

2003 should be considered an exceptional year as far as the use of distance training is concerned. Important distance-training projects were initiated: for example, Ethical Code and Information Classification. Access from home to the corporate distance-training channel [EDSL, Enel Distance Learning System] is gradually increasing and can be improved thanks to the development of broadband. The areas of managerial, personal and professional development, as well as foreign languages and safety, were particularly emphasized.

\* Weighted.

Sustainability training

	2002	2003
Total cost of sustainability training (euros)	574,870	574,286
Cost per person of sustainability training (euros)	9.56	10.01

Expenditure on sustainability training was stable even though the average number of human resources fell by about 4.6%. This fact translates into an increase in expenditure per person, from 9.56 euros in 2002 to 10.01 euros in 2003.

(The data do not include Wind and foreign companies.)

Source: Sustainability Report 2003

Table 8.1 Aspects Represented by KPIs

Area	Aspect
<b><i>Economic performance indicators</i></b>	Economic performance Market presence Indirect economic impacts
<b><i>Environmental performance indicators</i></b>	Materials Energy Water Biodiversity Emissions, effluents and wastes Products and services Transport Overall
<b><i>Social performance indicators</i></b>	
<i>Labour practices and decent work performance indicators</i>	Employment Labour/management relations Occupational health and safety Training and education Diversity and equal opportunity
<i>Human rights performance indicators</i>	Investment and procurement practices Non-discrimination Freedom of association and collective bargaining Child labour Forced and compulsory labour Security practices Indigenous rights
<i>Society performance</i>	Community Corruption Public policy Anti-competitive behaviour Compliance
<i>Product responsibility performance indicators</i>	Customer health and safety Product and service labelling Marketing communication Customer privacy Compliance

First, CSR policy formed an integral part of the Enel Business Plan, which charted the path of Enel's economic growth within a strategic framework of environmental protection and social development. Second, Enel set up a planning and control process that combined economic, environmental and social results based on a system of KPI data collection at quarterly intervals<sup>5</sup>; it was designed to:

- illustrate the main actions being undertaken for improvement, in effect guaranteeing information flow to stakeholders;
- indicate, in the case of shortcomings, where corrective action should be taken.



**Figure 8.3** The five criteria of the sustainability database in order of priority

The gathering and processing of financial and non-financial data required the involvement of both the Corporate area and of Divisions/Companies; the former addressed broad cross-cutting concerns, whereas the latter covered specific business issues. The various corporate and professional bodies employed CSR reporters and data managers, who gathered, verified and processed data in their respective areas every three months. In cooperation with the CSR Unit, the Enel S.p.A. Planning and Control Unit consolidated the results, coordinated the reporting process and provided commentary.

In addition, an environmental accounting system, linked to the cost accounting system, enabled the Corporate Environmental Policy Unit to monitor related expenses. A new unit, called Business Planning and CSR Control (which was situated within the Accounting, Planning and Control Department) developed the sustainability reporting model. This unit cooperated with EnelDATA with a mandate to coordinate the CSR planning and control process; it also ensured the full integration of the sustainability targets into the strategic plan.

Figure 8.3 shows how the sustainability database was specifically designed according to five criteria in order of priority.

### ***Sustainability Data and Platforms for Measurement***

Data represented the centrepiece of the sustainability planning and control system, which contained the entire year's guidelines for the CSR planning and control activities, such as the timing, contents and people involved in the process. It also presented the appropriate formats for data collection and the list of sustainability KPIs.



In 2006, of the total 314 KPIs, developed 156 were related to the firm's financial performance, 67 to the environmental perspective and 91 to the social goals. From the stakeholder perspective, 24% of KPIs concerned the employees, 22% the future generations, 16% the shareholders, 26% the customers, 5% the suppliers, 3% the lenders and the remaining 4% the wider community.

The current structure was defined in 2005. Between 2004 and 2005 the financial KPIs had grown from 90 to 156, expanding in the following areas:

- *Shareholders:*
  - risk exposure
  - operating performance (efficiency)
  - investment.
- *Tri-Lateral market Coupling (TLC), electricity and gas market:*
  - customer satisfaction
  - service quality
  - service level
  - call centre.

The environment area had increased from 60 to 67 KPIs, largely due to additional measurements regarding a thermoelectric park. Social responsibility KPIs grew from 68 to 91, with increases in the following areas:

- *Personal development and satisfaction:*
  - knowledge management
  - internal communication.
- *Safety:*
  - accidents at work.
- *Relationship with the associations, institutions and media:*
  - company image
  - legal questions regarding institutions and the community.

Among stakeholders, the customer portion became the primary area of focus, with its weight growing from 11% in 2004 to 26% in 2005.

### ***Categorizing Key Performance Indicators***

KPIs were classified into three categories: *Strategic KPIs*, which represented specific CSR objectives as defined by the Enel Divisions; *Non-strategic KPIs*, which were subordinate to strategic KPIs; and *Financial KPIs*, which referred to the corporation's overall business responsibilities. Each KPI was compiled by both the owner and EnelDATA.

## 118 Part Three Accounting

For each KPI, Sustainability Data provided:

- its code;
- its unit of measurement;
- a brief description;
- its GRI code;
- the area involved;
- its related critical success factor for the company;
- the weight of its critical success factor;
- its weight in the Sustainability Scorecard.

### ***The Enel CSR Plan***

The CSR Plan formalized the objectives and action plans required for the development and implementation of the sustainability strategy during the specific budget period as well as the following three years. It also included a set of 99 selected KPIs linked to the strategic CSR objectives. The finalized objective schedule defined the action plan and targets for the following five years. (See Exhibit 8.2 for an extract from the Sustainability Report 2006, including a synthesis of the CSR Plan 2006–2010.)

### ***The Quarterly Scorecard***

The most important CSR reporting document was the Quarterly Scorecard (April, July, October and February), first published in 2006 and addressed to the Chief Executive Officer. It was divided into a qualitative and quantitative section, the former containing highlights of the most relevant CSR facts of the quarter and the latter reporting on those KPIs that had not reached their target value or were experiencing delays in doing so. The document also indicated corrective actions to be taken or revised KPI targets.

### ***The Business Review***

The Business Review was prepared every six months, also addressed to the CEO and the Board of Directors. It was an information kit on the progress of all sustainability projects regarding the current CSR situation, describing the initiatives planned over the next 12 months. It also contained a wider set of KPIs than the Quarterly Scorecard.

### ***The Sustainability Scorecard***

Unlike the deadline-driven Quarterly Scorecard and the Business Review, the *Sustainability Scorecard* monitored CSR results on a continuous basis (see Exhibit 8.3). First produced in 2006, it highlighted the gaps between expected results and the actual performance of approximately 100 KPIs (out of the 314 total KPIs being monitored within the company) in accordance with the triple bottom line approach; that is, those taken into consideration in the CSR Plan. These KPIs reflected the 11 critical CSR success factors as identified in Enel's strategic map – each KPI was linked to a specific critical success factor<sup>6</sup>.



## EXHIBIT 8.2 (CONTINUED)

LENDERS		UM	2005	2004	2005-2004	Companies	GRI	CSR-SC	SAM	EIRIS
Magnitude recorded										
<b>Lenders</b>										
<b>Debt</b>										
Total debt	(mil €)	12,312	24,296	-49%	Enel	EC6	5; 5.1-5.3	-	-	-
Debt to equity ratio	(#)	0.63	1.16	-45%	Enel	EC6	5	-	-	-
<b>Rating</b>										
S&P:	(Index)	A+	A+	-	Enel	-	2.4	-	-	-
> Outlook	(Index)	Stable	Stable	-	Enel	-	2.4	-	-	-
Moody's:	(Index)	Aa3	A1	-	Enel	-	2.4	-	-	-
> Outlook	(Index)	Stable	Stable	-	Enel	-	2.4	-	-	-
<b>Grants</b>										
Total grants during the year	(mil €)	25.5	32.7	-22%	Enel	EC9	6.4	-	-	-
> Energy networks	(%)	60.1	59.7	1%	Enel	-	6.4	-	-	-
> R&D	(%)	5.8	7.0	-17%	Enel	-	-	-	-	-
> Renewable energy	(%)	28.8	32.8	-12%	Enel	-	-	-	-	-
> Other	(%)	5.3	0.5	958%	Enel	-	-	-	-	-
Total number of projects receiving grants	(#)	76	69	10%	Enel	EC9	6.4	-	-	-
<b>Loans granted by the EIB and others</b>										
Remaining debt regarding EIB and other loans	(mil €)	2,422	3,574	-32%	Enel	EC9	6.4	-	-	-
> Energy networks	(%)	64.0	68.5	-7%	Enel	-	-	-	-	-
> R&D	(%)	0.7	0.6	11%	Enel	-	-	-	-	-
> Renewable energy	(%)	14.6	12.0	22%	Enel	-	-	-	-	-
> Other	(%)	20.7	18.9	9%	Enel	-	-	-	-	-
Approved projects in progress with EIB loans	(#)	18	24	-25%	Enel	EC9	6.4	-	-	-

SHAREHOLDERS		UM	2005	2004	2005-2004	Companies	GRI	CSR-SC	SAM	EIRIS
Magnitude recorded										
<b>Shareholders</b>										
<b>Composition of shareholder base*</b>										
Ministry of the Economy	(%)	21.4	31.5	-32%	Enel SpA	-	2.1	-	-	-
Cassa Depositi e Prestiti	(%)	10.2	10.3	-1%	Enel SpA	-	-	-	-	-
Retail shareholders	(%)	38.9	28.5	37%	Enel SpA	-	-	-	-	-
Institutional investors	(%)	29.5	29.7	-1%	Enel SpA	-	2.1	-	-	-
<b>Location of institutional investors</b>										
> Italy	(%)	22.8	31.5	-28%	Enel SpA	-	2.1.2	-	-	-
> UK	(%)	24.7	26.0	-5%	Enel SpA	-	2.1.2	-	-	-
> Rest of Europe	(%)	26.6	19.9	34%	Enel SpA	-	2.1.2	-	-	-
> North America	(%)	24.4	22.1	10%	Enel SpA	-	2.1.2	-	-	-
> Rest of the world	(%)	1.6	0.5	220%	Enel SpA	-	2.1.2	-	-	-
Concentration index (Top 50)	(%)	30.8	34.2	-10%	Enel SpA	-	2.1.1	-	-	-
Investment style of institutional investors										
> GARP	(%)	21.7	19.7	10%	Enel SpA	-	-	-	-	-
> Growth	(%)	33.0	32.4	2%	Enel SpA	-	-	-	-	-
> Index	(%)	16.4	15.9	3%	Enel SpA	-	-	-	-	-
> Value	(%)	15.9	19.0	-16%	Enel SpA	-	-	-	-	-
> Hedge	(%)	4.0	11.8	-66%	Enel SpA	-	-	-	-	-
> Other	(%)	9.0	1.2	650%	Enel SpA	-	-	-	-	-
<b>Socially Responsible Investors (SRI)</b>										
Presence of SRI funds	(#)	45	47	-4%	Enel SpA	-	-	-	-	-
Enel shares held by SRI funds	(mil)	409.4	360.1	14%	Enel SpA	-	-	-	-	-
Weight of SRI in institutional funds	(%)	22.6	19.9	13%	Enel SpA	-	-	-	-	-
<b>Geographical breakdown of SRI</b>										
> Italy	(%)	18.9	32.1	-41%	Enel SpA	-	-	-	-	-
> UK	(%)	43.5	35.0	24%	Enel SpA	-	-	-	-	-
> Rest of Europe	(%)	27.9	25.3	10%	Enel SpA	-	-	-	-	-
> North America	(%)	9.7	7.6	28%	Enel SpA	-	-	-	-	-
Presence of SRI in the top 10 funds	(#)	2.0	2.0	n.a.	Enel SpA	-	-	-	-	-

\*Data processed by external firm from market surveys carried out in September 2005.

Institutional investors: the percentages of the Treasury Ministry and Cassa Depositi e Prestiti and the number of floating shares are as of December 28, 2005. All the other percentages refer to the third quarter of 2005. No later figures are available. For this reason, the total of the shares in circulation is not 100%. N.B. The retail percentage has been increased by 0.51% as the computation of the Bonus shares.

Location of institutional investors: the data refer to the third quarter of 2005. No later data are available at the moment.

Total debt: the change shown by the indexes of total debt is connected mainly with the change in the composition of the Group that took place in 2005.

Grants obtained during the year: of the 76 projects that received funding in 2005, 17 did so for the first time. The change shown by the indexes of total debt is connected mainly with the change in the composition of the Group that took place in 2005.

Remaining debt regarding BEI and other loans: the 32% decrease in the amount owed the BEI is due to the repayment of loans by Enel Distribuzione in the amount of about 63 million euro and Enel Produzione in the amount of about 37 million euro.



SHAREHOLDERS				SHAREHOLDERS			
Magnitude recorded	UM	2004	2005-2004	Companies	GRI	CSR-SC	SAM EIRIS
<b>Share performance</b>							
Financial performance of shares	(%)	-5.7	40.7	-11.4%	Enel SpA	-	2.3
Dividend Yield	(%)	8.3	9.8	-15%	Enel SpA	-	2.3
Enel in the MIB30 (and other world stock indexes)	(%)						
>E100	(%)	0.7	1.0	-23%	Enel SpA	-	2.2.1
> MIBTEL	(%)	6.3	7.9	-21%	Enel SpA	-	-
> MIB30	(%)	8.8	10.5	-16%	Enel SpA	-	-
> MIBHIS	(%)	6.3	7.9	-21%	Enel SpA	-	-
> MIBPUBLIH	(%)	3.7.4	28.5	31%	Enel SpA	-	-
> BE500	(%)	0.6	0.8	-21%	Enel SpA	-	-
>BEELECT	(%)	14.7	18.6	-21%	Enel SpA	-	-
>SX5E	(%)	1.5	1.7	-9%	Enel SpA	-	-
>SXXE	(%)	0.9	1.1	-11%	Enel SpA	-	-
>SX6E	(%)	11.4	14.4	-21%	Enel SpA	-	-
Enel in the FTSE4GOOD sustainability index	(index)	SI	SI		Enel SpA	-	-
Enel's position in the DJSI (index)	(index)	B	B		Enel SpA	-	-
<b>Shareholder return</b>							
EPS	(€€)	63.3	43.1	47%	Enel SpA	-	2.2.3
DPS	(€€)	55.0	69.0	-20%	Enel SpA	-	2.2.3
TSR since the IPO	(%)	2.5	3.2	-21%	Enel SpA	-	2.2.1
TSR in the last 2 years	(%)	21.3	31.0	-31%	Enel SpA	-	2.71
<b>Communication with shareholders</b>							
Meetings with investors	(#)	260	257	1%	Enel SpA	-	2.7.1-2.7.6
Information about CSR	(#)	31	29	7%	Enel SpA	-	-
Retail shareholder requests for information	(#)	683	623	10%	Enel SpA	-	2.71
<b>Economic performance</b>							
Revenue	(mil €)	34,059	31,011	10%	Enel	EC1	-
EBITDA	(mil €)	7,745	8,071	-4%	Enel	EC1	-
> EBITDA GEM	(%)	47.8	46.8	2%	Enel	EC7	-
> EBITDA MIR	(%)	48.3	43.7	10%	Enel	-	-
> EBITDA other	(%)	3.9	9.4	-58%	Enel	-	-
EBIT	(mil €)	5,538	5,870	-6%	Enel	EC7	-
EBT	(mil €)	4,794	5,018	-4%	Enel	EC7	-
Group net income	(mil €)	3,895	2,631	48%	Enel	EC7	-
ROACE	(%)	17.7	19.1	-7%	Enel	EC7	-
> Revenue	(mil €)	34,059	31,011	10%	Enel	-	-
> External costs	(mil €)	23,034	19,222	20%	Enel	-	-
> Gross value added of continuing operations	(mil €)	11,025	11,789	-6%	Enel	-	-
> Gross value added of discontinued operations	(mil €)	2,952	3,482	-15%	Enel	-	-
> Total gross value added	(mil €)	13,977	15,271	-8%	Enel	-	-
> Shareholders	(mil €)	3,472	4,256	-18%	Enel	-	-
> Lenders	(mil €)	984	1,297	-24%	Enel	-	-
> Employees	(mil €)	3,100	3,793	-18%	Enel	-	-
> Government	(mil €)	2,480	1,828	36%	Enel	-	-
> Enterprise system	(mil €)	3,941	4,097	-4%	Enel	-	-

Requests for information by retail shareholders: it is evident that there was a significant increase in the number of questions asked by retail shareholders in the second half, and especially in the third quarter, of 2005. However, the overall figures are in line with those of the previous year. The breakdown of the requests for all of 2005 – keeping in mind that these refer only to written requests, to which about 380 phone calls must be added – is as follows:

- a) performance of Enel shares: 43
  - b) requests for accounting documents: 55
  - c) information on dividends, shares, and bonds: 168
  - d) information on activities of the Enel Group: 7
  - e) information on Shareholders' Meetings: 13
  - f) information on CSR: 0
  - g) other: 397 (especially: the Public Offering)
- Requests from Italy: 616  
Requests from abroad: 67  
Investment: the 26% decrease in investment is mainly connected with the change in the composition of the Group.

(Continued)



## EXHIBIT 8.2 (CONTINUED)

SUPPLIERS		ELECTRICITY MARKET ITALY			
Magnitude recorded	UM	2005	2004	2005-2004	Companies GRI CSR-SC SAM EIRIS
Suppliers					EC3 4
<b>Number of suppliers</b>					
Number of suppliers	(#)	17,707	19,723	-10%	Enel
Concentration of suppliers (top 15)	(%)	22.8	32.0	-29%	Enel
<b>Procurement and fuels</b>					
Purchases of materials and service	(mil €)	3,014	5,086	-41%	Enel
> Supplies	(mil €)	1,284	2,861	-55%	Enel
> Contract work	(mil €)	919	717	28%	Enel
> Services	(mil €)	811	1,508	-46%	Enel
Fuel purchases	(mil €)	2,694	3,454	-22%	Enel
> Gas	(mil €)	720	1,054	-32%	Enel
> Oil	(mil €)	851	1,116	-24%	Enel
> Coal	(mil €)	549	560	-2%	Enel
> Services	(mil €)	574	724	-21%	Enel
<b>Management instruments</b>					
Active qualifications	(#)	2,960	2,663	11%	Enel
Online tenders	(%)	92	32	188%	Enel
Online purchases	(%)	98	84	17%	Enel
<b>Litigation with suppliers</b>					
Total proceedings	(#)	590	629	-6%	Enel
Incidence of proceedings as defendant	(%)	81.7	72.8	12%	Enel

Suppliers: the decrease in the number of suppliers and the procurement portfolio with respect to the previous year is due to the change in the composition of the Group that took place in 2005. If Terna and Wind are excluded in 2004 as well, the decrease in purchases of materials and services amounts to 3%.

The procurement data regard relations based on contracts (the value of the commitments assumed by Enel according to binding contracts, including those with terms of more than one year) and do not include intra-Group contracts.

Number of suppliers with contracts: the total number of suppliers who were awarded orders decreased by 10% with respect to 2004. The analysis regards networks and generation, and thus excludes telecommunications (Wind), fuels (Enel Trade), and contracts for the transportation and purchase of energy. The 2005 data do not include suppliers of Terna.

Concentration of Suppliers (top 15): the numbers shown refer to the percentage of contract sums out of the total, obtained by aggregating the top fifteen suppliers. The analysis regards networks and generation, and thus excludes telecommunications (Wind), fuels, (Enel Trade), and contracts for the transportation and purchase of energy. The 2005 data do not include suppliers of Terna.

Purchases of materials and services: the data refer to sums based on contracts (the value of the commitments assumed by Enel according to binding contracts, including those with terms of more than one year) and do not include intra-Group contracts. The decrease in the procurement portfolio (-41%) with respect to the previous year is due to the change in the composition of the Group that took place during 2005. In effect, the 2005 data do not contain the sum of the Terna and Wind contracts. A comparison of the data regarding the same composition of the Group shows a decrease of 3% (3,014 billion euro against 3,096 billion euro).

Fuel purchases: with respect to 2004, the sum of contracts for fuels shows a total reduction of 22%, with marked decreases for gas (-32%) and oil (-24%).

SUPPLIERS		ELECTRICITY MARKET ITALY			
Magnitude recorded	UM	2005	2004	2005-2004	Companies GRI CSR-SC SAM EIRIS
Suppliers					EC1 3
<b>Electricity market Italy</b>					
Electricity sales	(mil €)	16,994.4	16,576.6	3%	Enel
Volume of electricity sold	(TWh)	148.2	157.0	-6%	Enel
> Regulated market	(TWh)	129.6	136.1	-5%	Enel
> Regulated market – consumers	(TWh)	52.1	53.8	-3%	Enel
> Regulated market – other uses	(TWh)	77.5	82.3	-6%	Enel
> Free market	(TWh)	18.5	20.9	-11%	Enel
> Free market – business	(TWh)	8.5	7.5	13%	Enel
> Free market – top	(TWh)	10.1	13.4	-25%	Enel
Electricity customers	(,000)	30,029.6	29,654.3	1%	Enel
> Business customers	(,000)	6,456.0	6,429.5	0%	Enel
> Consumer customers	(,000)	23,573.3	23,224.4	2%	Enel
Market share	(%)	48.0	52.3	-7%	Enel
<b>Customer value</b>					
Sales revenue per customer <sup>(1)</sup>	(€/month)	47.5	47.2	1%	Enel
<b>Sales network</b>					
<b>Regulated market</b>					
Contact points	(#)	1,005	1,089	-8%	Enel
> Qui Enel in Enel.si	(#)	325	527	-38%	Enel
> Qui Enel in Wind	(#)	289	353	-18%	Enel
> Qui Enel in city halls	(#)	170	104	63%	Enel
> Qui Enel in post offices	(#)	193	105	84%	Enel
> Other indirect	(#)	28	0	-	Enel
<b>Free market</b>					
> Sales outlets – indirect channel	(,000)	58	15	287%	Enel
Outbound network	(#)	70	0	-	Enel
Average training indirect network	(d)	70	6	1067%	Enel
<b>Supply activation</b>					
Execution of simple jobs	(d)	8.6	8.9	-3%	Enel
Supply activation	(d)	1.5	1.9	-21%	Enel
<b>Service management</b>					
Productivity of indirect channel	(,000)	2,491	1,377	81%	Enel
Productivity of portal	(,000)	2,372	984	141%	Enel
<b>Call Center – regulated market</b>					
Service level	(%)	90	84	7%	Enel
IVR effectiveness (calls automatically answered)	(%)	50	68	-26%	Enel
Average waiting time	(sec)	139	180	-23%	Enel
Effectiveness	(%)	84	92	-10%	Enel
Average training of operators	(h per emp)	25	31	-21%	Enel
Calls answered	(,000)	16,753	13,305	26%	Enel

(1) The value regarding 2004 published last year was not calculated on a monthly basis.



ELECTRICITY MARKET ITALY		UM	2005	2004	2005-2004	Companies	GRI	CSR-SC	SAM	ERIS
Magnitude recorded										
<b>Technical quality</b>										
Service continuity index	(min)	57	60	-7%	Enel					
Investment in quality	(mil €)	222	333	-33%	Enel					
Awards/penalties for service	(mil €)	63	203	-69%	Enel					
<b>Customer satisfaction and customer loyalty – regulated market</b>										
Complaints and written requests for information – electricity	(,000)	93.2	268.8	-65%	Enel	EC1	3.3.1-3.3.2			
Written complaint answering time	(d)	21.6	14.0	54%	Enel	EC1	3.3.1			
<b>Litigation with electricity customers</b>										
Total proceedings	(#)	59,753	23,378	156%	Enel					
Incidence of litigation as defendant	(%)	84.2	59.3	42%	Enel					
<p>Execution of simple jobs: the increase in the average time for supply activation is due to the fact that, as from August 2005, the Authority's reporting excludes services performed without the involvement of a technician.</p> <p>Productivity of indirect channel: the growth in transactions at QuiFuels continued during 2005; in part thanks to the rationalization of the QuiFuels network and the partner expansion.</p> <p>IVR effectiveness: the data refer to requests for readings, payments declared, and domiciliation successfully handled by the Enel Distribuzione Call Center's automatic services.</p> <p>Call center effectiveness: the data refer to the requests via telephone satisfied without intermediary stages (openings-closings) and without having to leave the matter in the back office to wait for further handling.</p> <p>Technical quality: the index of service continuity shows the average number of minutes wasted per low-voltage customer because of long and unannounced interruptions. If the data regarding interruptions due to external causes are added, the index amounts to 62 minutes in 2005 and 73 minutes in 2004.</p> <p>As far as the bonuses regarding service continuity awarded by the Ministry are concerned, the data shown are based on when the bonuses were collected. The decrease is due to the Electricity and Gas Authority's reformulation of the parameters and objectives in 2005.</p> <p>Answering time for written complaints: the average answering time for written complaints and requests for information increased, partly because of the effect of the handling of matters dating to before 2005.</p> <p>Litigation with customers in the Italian electricity market: Litigation with customers increased by 156% with respect to 2004 because of the requests made during the year for damages regarding the blackout of 2003.</p>										

GAS MARKET		UM	2005	2004	2005-2004	Companies	GRI	CSR-SC	SAM	ERIS
Magnitude recorded										
<b>Gas market</b>										
Revenue from natural gas sales to end customers	(mil €)	1,556	1,390	12%	Enel	EC1	3.1-3.1.2			
Volume sold	(mil cm)	5,089	5,186	-2%	Enel	EC1				
> Consumer customers	(mil cm)	3,021	2,782	9%	Enel					
> Business customers	(mil cm)	2,067	2,404	-14%	Enel					
> Resellers	(mil cm)	1,617	1,667	-3%	Enel					
Total customers	(,000)	2,143	1,966	9%	Enel	EC1	3.2			
> Consumer customers	(,000)	2,141	1,964	9%	Enel					
> Business customers	(,000)	2.1	2.0	6%	Enel					
Dual fuel customers	(#)	1,993	0		Enel		3.2.2			
Growth of customer base	(#)	15,942	15,093	6%	Enel	EC1	3.2.2			
Switching rate	(%)	8.0	8.4	-5%	Enel		3			
Market share	(%)	9.7	10.2	-5%	Enel	EC1	3			
<b>Customer value</b>						EC1, PR1, PR2	3.4-3.6			
Revenue per customer <sup>(1)</sup>	(€/month)	63.1	61.6	2%	Enel					
<b>Sales network</b>										
Contact points	(#)	88	75	17%	Enel	EC2				
Average training indirect network <sup>(2)</sup>	(h)	141	52	171%	Enel	EC2				
Outbound network <sup>(3)</sup>	(#)	71	38	87%	Enel	EC2				
Effectiveness outbound network <sup>(4)</sup>	(,000)	137.1	45.0	204%	Enel	EC2				
<b>Supply activation</b>										
Execution of simple jobs	(d)	9.5	7.1	34%	Enel					
Supply activation	(d)	2.5	2.6	-4%	Enel					
<b>Service management</b>										
Productivity of indirect channel	(,000)	19.8	14.2	40%	Enel	EC1				
Productivity of portal	(,000)	292	90	225%	Enel					
<b>Call Center</b>										
Service level	(%)	83	84	-1%	Enel					
IVR effectiveness	(%)	40	32	24%	Enel					
Average waiting time <sup>(5)</sup>	(sec)	137	65	111%	Enel					
Effectiveness	(%)	98	99	-1%	Enel					
Average training of operators	(h per emp)	30	270	-89%	Enel					
Calls answered	(,000)	1,465	1,447	1%	Enel					
<b>Customer satisfaction and customer loyalty</b>										
Customer satisfaction index <sup>(6)</sup>	(index)	7.7	7.7	-	Enel	EC2	3.3.1-3.3.2			
Written complaints	(,000)	2,448	896	173%	Enel	EC2	3.3.1			
Written complaint average answering time	(d)	17.7	9.4	88%	Enel	EC2	3.3.1			
<b>Litigation with gas customers</b>										
Total proceedings	(#)	1,264	1,938	-35%	Enel					
<p>(1) The value regarding 2004 published last year was not calculated on a monthly basis.</p> <p>(2) The hours of indirect training increased in connection with the growth of the sales agency network that took place in 2005.</p> <p>(3) Number of reselling and door-to-door sales agencies.</p> <p>(4) New customers acquired per month by door-to-door network.</p> <p>(5) This value recorded a physiological increase in consequence of the introduction of the IVR (automatic answer).</p> <p>(6) This indicator, which expresses from 1 to 10 the degree of customer satisfaction, did not change with respect to 2004 in spite of the increase in written complaints caused by the introduction of the Electricity and Gas Authority's resolution 40/04, because the 2005 survey ended in June, before the impact of the resolution was felt.</p> <p>Contact points: In addition to its QuiGas shops inside the Enel-Si stores, Enel Gas is present throughout Italy with its Customer Assistance Centers. Of the 88 Centers, 51 are for management, 35 are for acquisitions, and 2 are for both.</p>										

(Continued)

## EXHIBIT 8.2 (CONTINUED)

ENVIRONMENTAL MANAGEMENT SYSTEMS		UM	2003	2004	2005-2004	Companies	GRI	CSR-SC	SAM	EIRIS
Magnitude recorded	Environmental Management System									
	<b>Environmental certification</b>									
	ISO 14001 certifications <sup>(1)</sup>	(#)	26	20	30%	Italy	-	8.2	•	•
	EMAS certifications <sup>(1)</sup>	(#)	14	10	40%	Italy	-	8.2	•	•
	% installed power ISO 14001 certified	(%)	77	70	11%	Italy	-	8.2	•	•
	% installed power EMAS certified	(%)	43	28	54%	Italy	-	8.2	•	•
	<b>Research and innovation</b>									
	Research expenditure	(mil€)	20	20	-3%	Italy	EN35	8.2	•	•
	Research personnel	(#)	155	161	-3%	Italy	EN35	8.2	•	•
	<b>Environmental expenditure</b>									
	Environmental expenditure	(mil €)	444	587	-24%	Italy	EN35	8.2	•	•
	> Total current expense <sup>(2,3)</sup>	(mil €)	344	495	-31%	Italy	EN35; EN27; EN29	8.2	•	•
	> Total environmental investment	(mil €)	100	92	9%	Italy	EN35	8.2	•	•
	Personnel dedicated to environmental issues <sup>(4)</sup>	(#)	197	216	-9%	Italy	EN34	8.2	•	•
	<b>Safety systems</b>									
	Inspections on ships transporting oil products	(%)	100	100	-	Italy	EN34	-	•	•
	> Oil products	(%)	100	100	-	Italy	EN34	-	•	•
	> Coal <sup>(5)</sup>	(%)	100	100	-	Italy	EN34	-	•	•

(1) The increase in the ISO 14001/EMAS certified organizations is due to the continuation of Enel's environmental certification program.

(2) The value regarding 2005, reclassified according to the ISTAT criteria, does not include taxes and the minimum vital flow, amounting to 106 million euro. The value regarding 2004, on the other hand, was stated according to the guidelines of the FEEM (Enrico Mattel Foundation).

(3) Included is an estimate (amounting to 263 million euro) of the additional cost of purchasing the sulfur-free and low-sulfur fuels used instead of more polluting fuels (with average sulfur content), calculated on the consumption of all oil and gas plants in the period January-December 2005. The decrease in the value with respect to 2004 is mainly due to the reduction in the expense of personnel dedicated to environmental tasks following a change in the criterion for calculating such expenses and the merger of Enel Green Power into Enel Produzione, which allowed the use of personnel dedicated to environmental aspects to be rationalized.

(4) The decrease in personnel used is due mainly to the rationalization of the personnel dedicated to the environment following the merger of Enel Green Power into Enel Produzione.

(5) The value regarding 2004 published last year included only inspections carried out by Enel (10%). This value now also includes the inspections performed by third parties and acquired by Enel.

ENERGY EFFICIENCY OF GENERATING PLANTS		UM	2005	2004	2005-2004	Companies	GRI	CSR-SC	SAM	EIRIS
Magnitude recorded	Energy efficiency of generating plants									
	<b>Generating plants</b>									
	Total net efficient power	(MW)	42,216	42,047	0%	Italy	EN14	8.1.1	•	•
	Total net production	(TWh)	112.1	125.9	-11%	Italy	-	8.1.1	•	•
	Net thermal production	(TWh)	81.8	91.9	-11%	Italy	-	8.1.1	•	•
	> Coal	(TWh)	30.0	31.5	-5%	Italy	-	-	•	•
	> CCGT	(TWh)	22.2	32.1	-31%	Italy	-	-	•	•
	> Oil/gas	(TWh)	29.3	28.1	4%	Italy	-	-	•	•
	> Other	(TWh)	0.3	0.1	167%	Italy	-	-	•	•
	Net renewable production	(TWh)	30.3	34.0	-11%	Italy	-	8.1.1	•	•
	> Hydro	(TWh)	24.9	28.7	-13%	Italy	-	-	•	•
	> Wind and other	(TWh)	0.4	0.2	86%	Italy	-	-	•	•
	> Geothermal	(TWh)	5.0	5.1	-2%	Italy	-	-	•	•
	Number of thermal plants	(#)	161	159	1%	Italy	-	-	•	•
	> Coal units	(#)	18	17	6%	Italy	-	-	•	•
	> CCGT units	(#)	14	14	-	Italy	-	-	•	•
	> Oil/gas units	(#)	49	51	-4%	Italy	-	-	•	•
	> Turbogas units	(#)	28	28	-	Italy	-	-	•	•
	> Diesel units	(#)	52	49	6%	Italy	-	-	•	•
	Number of plants using renewable energy	(#)	554	549	1%	Italy	-	-	•	•
	> Hydro plants	(#)	500	495	1%	Italy	-	-	•	•
	> Wind plants	(#)	17	18	-6%	Italy	-	-	•	•
	> Photovoltaic plants	(#)	4	5	-20%	Italy	-	-	•	•
	> Geothermal plants	(#)	32	31	3%	Italy	-	-	•	•
	> Biomass plants	(#)	1	0	-	Italy	-	-	•	•
	<b>Thermal plants</b>									
	Net efficient thermal power	(MW)	26,902	26,837	0%	Italy	-	8.1.1	•	•
	> Coal	(MW)	4,939	4,616	7%	Italy	-	-	•	•
	> CCGT	(MW)	5,005	5,005	-	Italy	-	-	•	•
	> Oil/gas	(MW)	14,826	15,086	-2%	Italy	-	-	•	•
	> Other	(MW)	2,132	2,130	-	Italy	-	-	•	•
	CCGT incidence (power)	(%)	18.6	18.6	-	Italy	-	-	•	•
	CCGT plant yield	(%)	53.0	52.4	1%	Italy	-	-	•	•
	Unavailability for call into service - coal plants	(%)	3.6	4.8	-25%	Italy	-	-	•	•
	Investment in efficiency	(mil €)	232	214	8%	Italy	EN19	8.1.1	•	•
	Environmental investment	(mil €)	52	37	43%	Italy	EN19	8.1.1	•	•
	<b>Green Energy</b>									
	Net efficient power from renewable energy	(MW)	15,314	15,210	1%	Italy	-	-	•	•
	> Hydro	(MW)	14,363	14,318	12%	Italy	-	-	•	•
	> Wind	(MW)	277	247	4%	Italy	-	-	•	•
	> Geothermal	(MW)	671	642	4%	Italy	-	-	•	•
	> Other	(MW)	4	4	-	Italy	-	-	•	•
	Development of renewable energy (net of divestments) <sup>(6)</sup>	(MW)	104	83	25%	Italy	-	-	•	•
	Green-certificate production	(TWh)	1.3	1.4	-4%	Italy	-	-	•	•
	Green-certificate coverage requirements	(%)	60.9	64.6	-6%	Italy	-	-	•	•
	"Green Energy" sales	(GWh)	216.2	67.2	222%	Italy	-	-	•	•
	Investment in renewable energy	(mil €)	262	335	-22%	Italy	EN17	-	•	•

(6) The value regarding 2004 published last year did not take into account divested capacity, amounting for 2004 to 42.5 MW.



ENVIRONMENTAL PERFORMANCE									
Magnitude recorded	UM	2005	2004	2005-2004	Companies	GRI	CSR-SC	SAM	ERIS
<b>ENVIRONMENTAL PERFORMANCE</b>									
Magnitude recorded									
<b>Environmental performance</b>									
<b>Resources used in productive process</b>									
<b>Fuels</b>									
Consumption of fossil fuels	(Mtoe)	18.0	20.1	-11%	Italy	EN3	-	-	8.1
Coal	(%)	39.6	37.6	5%	Italy	EN3	-	-	-
Oil	(%)	20.6	24.3	-15%	Italy	EN3	-	-	-
Gas	(%)	39.8	38.1	4%	Italy	EN3	-	-	-
Geothermal fluid	(mil t)	45.8	-	-	Italy	-	-	-	-
Geothermal fluid	(MWh)	0.54	0.52	2%	Italy	EN5	8.1.2	-	-
<b>Water</b>									
Specific requirements for thermal production	(MWh)	219.4	263.8	-17%	Italy	-	8.1	-	-
<b>Materials consumed</b>	(000 t)	162.4	211.8	-23%	Italy	-	8.1	-	-
> Limestone	(000 t)	19.7	22.3	-12%	Italy	-	8.1	-	-
> Ammonia	(000 t)	9.2	9.9	-7%	Italy	-	8.1	-	-
> Caustic soda	(000 t)	8.4	9.2	-8%	Italy	-	8.1	-	-
> Lime	(000 t)	6.5	5.8	13%	Italy	-	8.1	-	-
> Sulfuric/hydrochloric acid	(000 t)	13.2	4.9	170%	Italy	-	8.1	-	-
> Other	(000 t)	-	-	-	-	-	-	-	-
<b>Polluting emissions</b>									
<b>Atmospheric emissions</b>									
Net specific emissions of SO <sub>2</sub> (1)	(g/kWh)	0.89	1.02	-12%	Italy	EN10	8.1.4	-	-
Net specific emissions of NO <sub>x</sub>	(g/kWh)	0.60	0.61	-2%	Italy	EN10	8.1.4	-	-
Net specific emissions of H <sub>2</sub> S	(g/kWh)	4.61	4.59	1%	Italy	EN10	8.1.4	-	-
Emissions of particulate	(g/kWh)	0.032	0.037	-14%	Italy	EN10	8.1.4	-	-
Emissions of greenhouse gases (CO <sub>2</sub> )	(g/kWh)	687.1	691.1	-1%	Italy	EN10	8.1.4	-	-
Emission of greenhouse gases (CO <sub>2</sub> ) <sup>(2)</sup>	(mil t)	56.2	63.4	-11%	Italy	-	-	-	-
Emissions avoided <sup>(3)</sup>	(mil t)	16.2	18.3	-12%	Italy	-	8.1.4	-	-
Emissions of other greenhouse gases (SF <sub>6</sub> )	(000 kg)	4.2	4.2	1%	Italy	EN30	8.1.4	-	-
Other productive cycles (CH <sub>4</sub> )	(000 t)	13.0	6.6	99%	Italy	EN30	8.1.4	-	-
Other productive cycles (CO <sub>2</sub> )	(000 t)	24.4	30.0	-19%	Italy	-	-	-	-
Asbestos disposal	(t)	3,376.0	2,047.5	65%	Italy	-	-	-	-
<b>Emissions into water</b>									
>COD	(t)	390.6	430.0	-9%	Italy	EN2	8.1.5	-	-
>BOD	(t)	76.6	71.2	8%	Italy	EN2	8.1.5	-	-
>Nitrogen	(t)	105.7	60.6	74%	Italy	EN2	8.1.5	-	-
>Metals	(t)	3.2	5.4	-40%	Italy	EN2	8.1.5	-	-
<b>Waste management</b>									
Waste produced	(000 t)	1,801	1,906	-5%	Italy	EN2	8.1.6	-	-
> Total hazardous waste	(000 t)	45.4	36.1	26%	Italy	-	-	-	-
Waste recovery	(%)	90.4	95.1	-5%	Italy	EN31	8.1.6	-	-
<b>Environmental litigation in Italy</b>									
Environmental proceedings as defendant <sup>(4)</sup>	(#)	275	274	-	Italy	EN16	-	-	-

NETWORK ENERGY EFFICIENCY									
Magnitude recorded	UM	2005	2004	2005-2004	Companies	GRI	CSR-SC	SAM	ERIS
<b>NETWORK ENERGY EFFICIENCY</b>									
Magnitude recorded									
<b>Network energy efficiency</b>									
<b>Electricity distribution</b>									
Energy transported	(TWh)	251.0	250.7	-	Italy	-	-	-	-
Municipalities served	(#)	8,010	7,933	1%	Italy	-	-	-	-
<b>Extension of power lines</b>									
Total LV lines	(000 km)	1,090.1	1,089.8	0%	Italy	-	-	-	-
Total MV lines	(000 km)	736.0	734.9	0%	Italy	-	-	-	-
Total HV lines	(000 km)	335.2	335.8	0%	Italy	-	-	-	-
% lines in underground cables	(%)	19.0	19.1	-1%	Italy	-	-	-	-
% LV lines in underground cables	(%)	69.6	69.0	1%	Italy	-	-	-	-
% MV lines in underground cables	(%)	83.2	82.8	1%	Italy	-	-	-	-
% HV lines in underground cables	(%)	39.7	39.0	2%	Italy	-	-	-	-
Equipment and transformers with PCB/total <sup>(5)</sup>	(%)	7.1	8.7	-19%	Italy	-	-	-	-
<b>Gas distribution</b>									
Gas leaks <sup>(6)</sup>	(#)	433	498	-13%	Italy	EN13	-	-	-
Kilometers of network	(000 km)	29.4	29.4	0%	Italy	-	-	-	-
Network inspected	(%)	53.4	50	7%	Italy	-	-	-	-
Remote-controlled substations <sup>(9)</sup>	(#)	800	199	302%	Italy	-	-	-	-

RATIONAL USE OF ENERGY									
Magnitude recorded	UM	2005	2004	2005-2004	Companies	GRI	CSR-SC	SAM	ERIS
<b>RATIONAL USE OF ENERGY</b>									
Magnitude recorded									
<b>Rational use of energy</b>									
<b>Promotion of energy efficiency</b>									
Titles of energy efficiency <sup>(10)</sup>	(#)	51,408	0	-	Italy	EN17	8.1.1	-	-
Micro-generation	(kW)	1,890	1,890	-	Italy	EN17	-	-	-
Digital meters installed	(000)	26,954	20,801	30%	Italy	EN17	-	-	-
Customers with differentiated rates	(000)	540	18	2986%	Italy	-	-	-	-

(7) The decrease in equipment containing PCB is consistent with the process of PCB disposal in accordance with the requirements of the environmental regulations in force.

(8) This is the number of leaks detected during the planned inspection campaigns carried out during the year.

(9) The increase of remote-controlled substations is the result of the substation installation project initiated in 2004 and carried out mainly in 2005.

(10) Certificates representing the units of primary energy saved (1 title = 1 toe of certified energy saving). These certificates, which are valid for ascertaining the attainment of the energy saving objectives set by the ministerial decrees for obligatory parties, are negotiable.

(11) The reduction in this value with respect to 2004 is due mainly to the decrease in production with coal and fuel oil.

(12) Value calculated with regard to specific plant factors of emission and certified pursuant to the emission trading regulations, while in the 2005 Consolidated Financial Statements the recorded value, amounting to 56.8 million tons, is an estimate based on standard factors of emission.

(13) The decrease in the value with respect to 2004 is due to the reduction in the total net production of electricity.

(14) The environmental proceedings are described on page 120 of the present Sustainability Report.

(Continued)



## EXHIBIT 8.2 (CONTINUED)

PERSONNEL NUMBER AND COMPOSITION		PROFESSIONAL SATISFACTION		GRI		CSR-SC		SAM		ERIS							
Magnitude recorded	UM	2005	2004	2005-2004	Companies	GRI	CSR-SC	SAM	ERIS	2005	2004	2005-2004	Companies	GRI	CSR-SC	SAM	ERIS
<b>PERSONNEL NUMBER AND COMPOSITION</b>																	
Magnitude recorded																	
<b>Personnel number and composition</b>																	
<b>Number</b>	(#)	51,778	61,898	-16%	Enel	LA1	1.1	•	•	51.8	53.3	-3%	Enel	EC5	1.6.1	•	•
Employees	(mil h)	87.8	103.9	-16%	Enel	LA1	1.1	•	•	5.2	4.5	15%	Italy	EC12	1.6.1	•	•
Hours worked										85	90	-6%	Enel	LA12	1.6.3	•	•
<b>Breakdown by geographical area</b>																	
Italy	(%)	90.1	97.1	-7%	Enel	LA1	1.1.4	-	-	632	4,256	-85%	Italy	-	-	-	-
Rest of Europe	(%)	9.2	2.1	345%	Enel	LA1	1.1.4	-	-	1.3	6.8	-81%	Italy	-	-	-	-
North America	(%)	0.4	0.3	33%	Enel	LA1	1.1.4	-	-	79.0	68.4	15%	Italy	-	-	-	-
South America	(%)	0.3	0.4	-20%	Enel	LA1	1.1.4	-	-	12.9	12.6	3%	Italy	-	-	-	-
Africa	(%)	0.0	0.2	-	Enel	LA1	1.1.4	-	-	17.3	25.0	-32%	Italy	-	-	-	-
Asia	(%)	0.1	0.0	-	Enel	LA1	1.1.4	-	-	4.5	4.5	-	Italy	-	-	-	-
Oceania	(%)	0.0	0.0	-	Enel	LA1	1.1.4	-	-	75.4	61.1	24%	Enel	LA17	1.4	•	•
<b>Composition</b>																	
Breakdown by professional status	(%)	1.1	1.1	-5%	Enel	LA1	1.1	•	-	5.493	5.446	1%	Italy	LA17	1.4	•	•
> Executives	(%)	7.9	7.8	1%	Enel	LA1	-	-	-	9.5	3.4	179%	Italy	LA17	1.4	•	•
> Supervisors	(%)	55.0	61.4	-10%	Enel	LA1	-	-	-	5,192	4,872	7%	Enel	LA17	1.4	•	•
> White-collar	(%)	36.0	29.6	22%	Enel	LA1	-	-	-	57.2	84.1	-32%	Enel	LA17	1.4	•	•
> Blue-collar	(%)																
Education	(%)	11.3	11.3	-	Enel	LA1	-	-	-								
> University graduate	(%)	41.9	43.3	-3%	Enel	LA1	-	-	-								
> High school graduate	(%)	46.8	45.4	3%	Enel	LA1	-	-	-								
> Other	(years)	45.2	44.1	2%	Enel	LA1	1.1.2	•	-								
Average age	(%)	13.2	19.5	-32%	Enel	-	-	-	-								
> Under 35	(%)	27.0	26.7	1%	Enel	-	-	-	-								
> From 35 to 44	(%)	48.5	44.7	8%	Enel	-	-	-	-								
> From 45 to 54	(%)	10.6	8.5	25%	Enel	-	-	-	-								
> From 55 to 59	(%)	0.8	0.6	29%	Enel	-	-	-	-								
> Over 60	(years)	20.7	19.2	8%	Enel	LA1	1.1.3	•	-								
Average number of years at Company	(%)	17.6	25.8	-32%	Enel	-	-	-	-								
> Less than 10	(%)	26.4	23.0	15%	Enel	-	-	-	-								
> From 10 to 19	(%)	32.2	35.2	-9%	Enel	-	-	-	-								
> From 20 to 29	(%)	21.4	14.0	53%	Enel	-	-	-	-								
> From 30 to 34	(%)	2.4	2.0	19%	Enel	-	-	-	-								
> More than 35	(%)																
<b>Flexible labor: relations and modes</b>																	
Fixed-term contracts	(%)	0.2	0.1	112%	Enel	LA1	1.1.6	•	-								
Utilization of part-time	(%)	2.1	3.5	-41%	Enel	LA1	1.1.6	•	-								
Utilization of overtime	(%)	5.9	5.0	18%	Enel	LA1	1.1.6,1.1.5	•	-								
Interns at Enel	(#)	96	159	-40	Enel	LA1	1.4.3	•	-								
<b>Changes in number</b>																	
New hires	(#)	839	1,256	-33%	Enel	LA2	-	-	-								
Terminations	(#)	3,316	3,214	3%	Enel	LA2	1.2.3	•	-								
Personnel turnover	(%)	5.4	5.0	8%	Enel	LA2	1.2.1	•	-								
Utilization of internal mobility	(#)	7,201	1,364	428%	Italy	LA2	1.2.1	•	-								

Professional development: the number of expertise and performance evaluations decreased by 85% with respect to 2004, because they last two years and in 2005 were performed only for supervisors and executives.

Litigation with employees: labor litigation in which Enel is the defendant includes 1,763 lawsuits regarding economic matters and 61 regarding disciplinary matters and firings, while there are 25 proceedings in which Enel is the plaintiff.

(1) The value for 2004 published last year (amounting to 93.4%) regarded only supervisors and executives, while the figure for 2005 regards all Enel employees.

(2) The value for 2004, excluding Terna and Wind, amounts to 16 hours per employee.

(3) Regards only GEM and MIR personnel.

Professional development: the number of expertise and performance evaluations decreased by 85% with respect to 2004, because they last two years and in 2005 were performed only for supervisors and executives.

Litigation with employees: labor litigation in which Enel is the defendant includes 1,763 lawsuits regarding economic matters and 61 regarding disciplinary matters and firings, while there are 25 proceedings in which Enel is the plaintiff.



EQUAL OPPORTUNITY		UM	2005	2004	2005-2004	Companies	GRI	CSR-SC	SAM	EIRIS
Magnitude recorded							LA10	1.3	•	•
<b>Equal Opportunity</b>							LA10	1.3	•	•
Female employees		(#)	7,959	11,463	-31%	Enel	LA11	1.3.1	•	•
> Executives		(#)	59	67	-12%	Enel	LA11	1.3.1	•	•
> Supervisors		(#)	723	798	-9%	Enel	LA11	1.3.1	•	•
> White-collar		(#)	6,829	10,567	-35%	Enel	-	-	-	-
> Blue-collar		(#)	348	31	1,023%	Enel	-	-	-	-
Incidence of female employees (%)		(%)	15.4	18.5	-17%	Enel	LA11	1.3.1	•	•
Female supervisors and executives		(%)	16.8	15.6	8%	Enel	LA11	1.3.1	•	•
Pay of female employees		(%)	86.0	89.5	-4%	Italy	LA11	1.3.2	•	•
<b>The disabled</b>							LA10	1.3.3	•	-
Disabled employees / protected categories		(#)	2,900	3,484	-17%	Italy	LA11	1.3.3	•	-

Equal Opportunity: the reduction in female personnel is in line with the decrease in total GEM personnel, which is due to both retirements and employee transfers to the Parent Company.

The decrease of female personnel, amounting to 3,504 employees, is mainly due to transfers.

SAFETY		UM	2005	2004	2005-2004	Companies	GRI	CSR-SC	SAM	EIRIS
Magnitude recorded							LA5;LA7	1.1.1	•	•
<b>Safety</b>							LA7	1.1.1	•	•
<b>Serious and fatal employee on-the-job accidents</b>							LA7	1.1.1	•	•
Employee on-the-job accidents (#)		(#)	15	13	15%	Enel	LA7	1.1.1	•	•
> Fatal accidents		(#)	4	3	33%	Enel	-	1.1.1	-	-
> Serious accidents		(#)	11	10	10%	Enel	-	1.1.1	-	-
Index of accident frequency		(#)	8.2	9.5	-14%	Enel	LA7	1.1.1	•	•
Index of accident seriousness		(#)	0.27	0.30	-11%	Enel	LA7	1.1.1	-	-
Expenditure on safety per employee		(€)	842	796	6%	Enel excl. executives	LA5;LA7	1.1.1	-	-
Medical checks		(#)	23,760	22,058	8%	Enel	LA5;LA7	1.1.1	-	-
<b>On-the-job accidents of contractor workers</b>							LA7	1.1.1	•	•
Total on-the-job accidents of contractor firms		(#)	19	38	-50%	Enel	LA7	1.1.1	•	•
Accidents involving third parties		(#)	76	56	36%	Enel	LA7	1.1.1	•	•
<b>Certifications</b>							LA6; LA14;LA15	1.1.1	-	-
OHSAS 18001 certified sites		(#)	70.2	83.0	15%	Enel	-	1.1.1	-	-

Employee on-the-job accidents: the seriousness and frequency indexes for all accidents are decreasing.

RELATIONS WITH TRADE UNIONS		UM	2005	2004	2005-2004	Companies	GRI	CSR-SC	SAM	EIRIS
Magnitude recorded							LA3	1.9	•	•
<b>Relations with Trade Unions</b>							LA3	1.9	•	•
Rate of union membership among electricity workers (%)		(%)	74.2	73.9	-	Electr. workers Italy	LA3;LA4; LA13	1.9.2;1.9.3	•	•
<b>ASSOCIATIONS, INSTITUTIONS, AND MEDIA</b>										
Magnitude recorded		UM	2005	2004	2005-2004	Companies	GRI	CSR-SC	SAM	EIRIS
<b>Extent of phenomenon</b>										
Meetings with associations		(#)	461	197	134%	Enel	SO1	7.3;7.4	•	•
Subjects discussed with associations		(#)	31	38	-18%	Enel	-	-	•	-
<b>Relations with institutions</b>										
Taxes paid		(mil €)	2,480	1,828	36%	Enel	EC8	-	-	-
> IRES, IRAP, and other taxes		(mil €)	2,104	1,476	43%	Enel	EC8	-	-	-
> Foreign taxes		(mil €)	43	22	95%	Enel	EC8	-	-	-
> Other taxes and duties		(mil €)	184	195	-6%	Enel	EC8	-	-	-
> Fees net of contributions received		(mil €)	149	135	10%	Enel	EC8	-	-	-
<b>Corporate image</b>							PR9	-	-	-
Presence index		(#)	3,372	4,495	-25%	Enel	-	7.4	-	-
Global visibility index		(,000)	1,330	1,486	-11%	Enel	PR9	7.4	-	-
Qualitative index of visibility (from -1 to +1)		(index)	0.9	0.8	11%	Enel	PR9	7.4	-	-
Image profile (from 1 to 5)		(index)	3.7	3.4	11%	Enel	PR9	-	-	-
<b>INITIATIVES IN FAVOR OF COMMUNITIES</b>										
Magnitude recorded		UM	2005	2004	2005-2004	Companies	GRI	CSR-SC	SAM	EIRIS
<b>Initiatives in favor of communities</b>							EC10	7	•	•
<b>LBG approach</b>							EC10;SO1	7.2	•	•
% of EBT donated to social initiatives		(%)	0.50	0.45	11%	Enel	-	-	-	-
Largesse		(mil €)	8.6	8.1	6%	Enel	SO1	7	•	•
Investment in communities		(mil €)	12.4	10.5	18%	Enel	SO1	7	•	•
Business initiatives with social impact		(mil €)	2.1	2.2	-5%	Enel	SO1	7	•	•
Socially sustainable business initiatives		(mil €)	0.8	1.8	-57%	Enel	SO1	7	•	•

Initiatives in favor of communities: for the projects carried out in 2005 and those for 2006 approved by the Board of Enel Cuore Onlus, see the related Report published on the website: [www.enelcuore.org](http://www.enelcuore.org).

(Continued)

## EXHIBIT 8.2 (CONTINUED)

ENERGY EFFICIENCY OF PLANTS ABROAD							
Magnitude recorded	UM	2005	2004	2005-2004	Companies GRI CSR-SC SAM EIRIS		
<b>Generating plants</b>							
Total net efficient power	(MW)	3,786	3,688	3%	Enel	8.1.1	•
> Spain	(%)	69.6	69.8	0%	Enel	-	-
> Eastern Europe	(%)	14.5	14.9	-2%	Enel	-	-
> Latin America	(%)	5.2	5.2	0.7%	Enel	-	-
> North America	(%)	10.6	10.1	5%	Enel	-	-
Total net production	(TWh)	13.6	12.3	11%	Enel	8.1.1	•
> Spain	(%)	62.0	56.1	10%	Enel	-	-
> Eastern Europe	(%)	22.1	26.1	-15%	Enel	-	-
> Latin America	(%)	6.5	7.5	-14%	Enel	-	-
> North America	(%)	9.4	10.3	-8%	Enel	-	-
Net thermal production <sup>(1)</sup>	(TWh)	9.6	8.4	15%	Enel	8.1.1	•
> Coal	(TWh)	8.3	7.5	11%	Enel	-	-
> Oil/gas	(TWh)	1.0	0.7	57%	Enel	-	-
> Other (co-generation, etc.)	(TWh)	0.3	0.2	50%	Enel	-	-
Net renewable production (including biomass) <sup>(1)</sup>	(TWh)	4.0	3.9	2%	Enel	8.1.1	•
> Hydro	(TWh)	2.9	2.9	-	Enel	-	-
> Wind	(TWh)	0.9	0.8	22%	Enel	-	-
> Biomass	(TWh)	0.2	0.2	-5%	Enel	-	-
<b>Thermal generating plants</b>							
Net efficient thermal production (MW)		2,215	2,214	-	Enel	8.1.1	•
> Coal	(MW)	1,410	1,410	-	Enel	-	-
> Oil/gas	(MW)	731	731	-	Enel	-	-
> Other (co-generation, biomass, etc.)	(MW)	74	73	2%	Enel	-	-
Coal plant yield	(%)	31.1	31.3	-	Enel	-	•
<b>Green Energy</b>							
Net efficient renewable power (MW)		1,571	1,474	7%	Enel	-	•
> Hydro	(MW)	1,159	1,128	3%	Enel	-	•
> Wind	(MW)	412	346	19%	Enel	-	•

(1) The value regarding 2004 published last year classified production from biomass as thermal, while this year it has been classified as renewable.

Source: Sustainability Report 2005

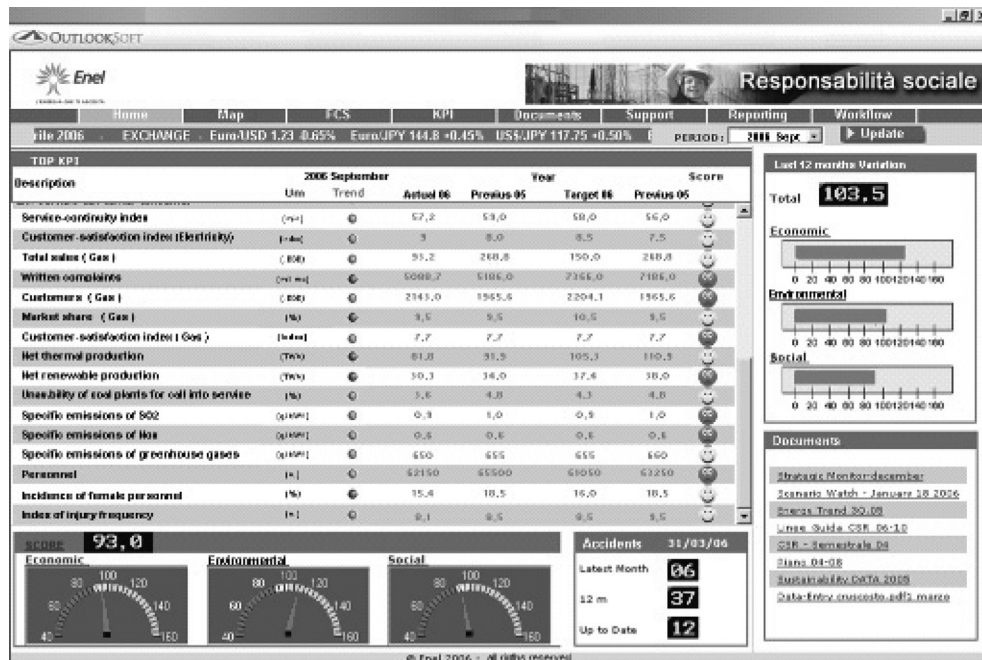
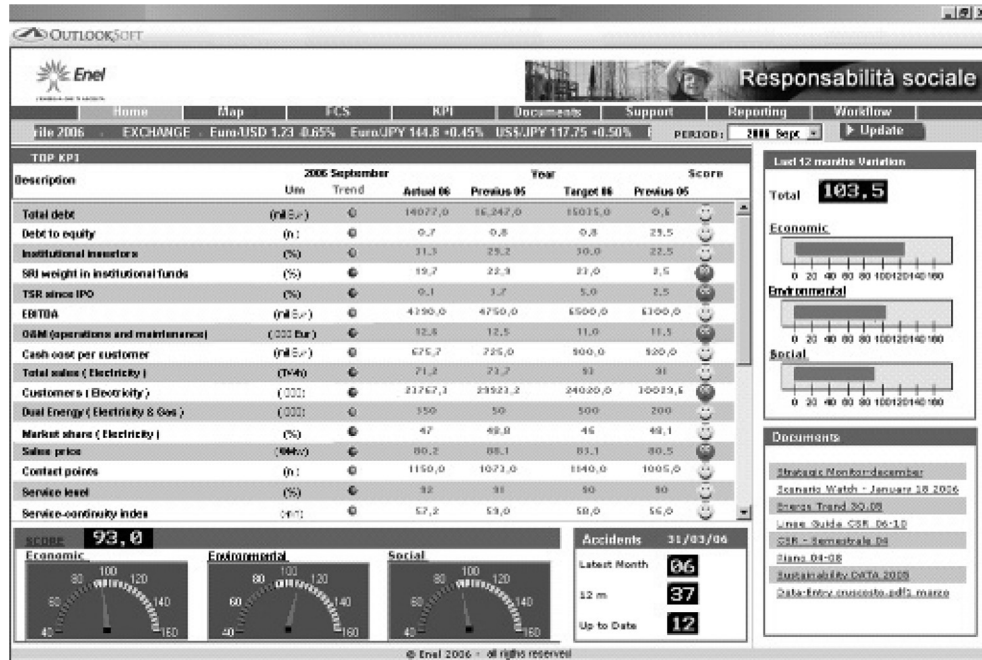
FOREIGN PLANT CERTIFICATION							
Magnitude recorded	UM	2005	2004	2005-2004	Companies GRI CSR-SC SAM EIRIS		
<b>Environmental certification</b>							
ISO-certified organizations	(#)	15	6	150%	Enel	8.2	•
% installed power ISO14001-certified	(%)	20.4	3.4	499%	Enel	8.2	•
<b>EFFICIENCY OF NETWORKS ABROAD</b>							
Magnitude recorded	UM	2005	2004	2005-2004	Companies GRI CSR-SC SAM EIRIS		
<b>Electricity distribution</b>							
% of network cabled							
> Spain	(%)	67.3	67.2	-	Enel	-	-
> Romania	(%)	37.6	n.a.	-	Enel	-	-
<b>ENVIRONMENTAL PERFORMANCE OF PLANTS ABROAD</b>							
Magnitude recorded	UM	2005	2004	2005-2004	Companies GRI CSR-SC SAM EIRIS		
<b>Fuels</b>							
Consumption of fossil fuels (Mtoe)		2.7	2.4	14%	Enel	-	•
> Coal	(%)	84.3	86.7	-3%	Enel	-	-
> Oil	(%)	10.2	9.0	14%	Enel	-	-
> Gas	(%)	5.5	4.3	27%	Enel	-	-
<b>Atmospheric emissions <sup>(2)</sup></b>							
Emissions of SO <sub>2</sub> (,000 t)		284	286	-1%	Enel	EN10	8.1.4
Emissions of NO <sub>x</sub> (,000 t)		28	27	1%	Enel	EN10	8.1.4
Emission of CO <sub>2</sub> (mil t)		10.5	10.0	5%	Enel	EN30	8.1.4
Emissions of particulates (,000 t)		8	8	2%	Enel	EN10	8.1.4
<b>Waste management</b>							
Waste produced (,000 t)		1,799	1,961	-8%	Enel	EN2	8.1.6
> Total hazardous waste (,000 t)		13.3	3.6	270%	Enel	EN2	8.1.6
Waste recovery (%)		37.1	47.9	-23%	Enel	EN31	8.1.6

(2) The unit of measurement of this index has been changed from gr/kWh (used for 2004) to absolute values.

FOREIGN ELECTRICITY MARKET							
Magnitude recorded	UM	2005	2004	2005-2004	Companies GRI CSR-SC SAM EIRIS		
<b>Customer portfolio</b>							
Volume sold abroad (TWh)		11.4	4.5	155%	Enel	EC1	3.1;3.1.2
Customers abroad (,000)		2,065.9	611.0	238%	Enel	EC1	-



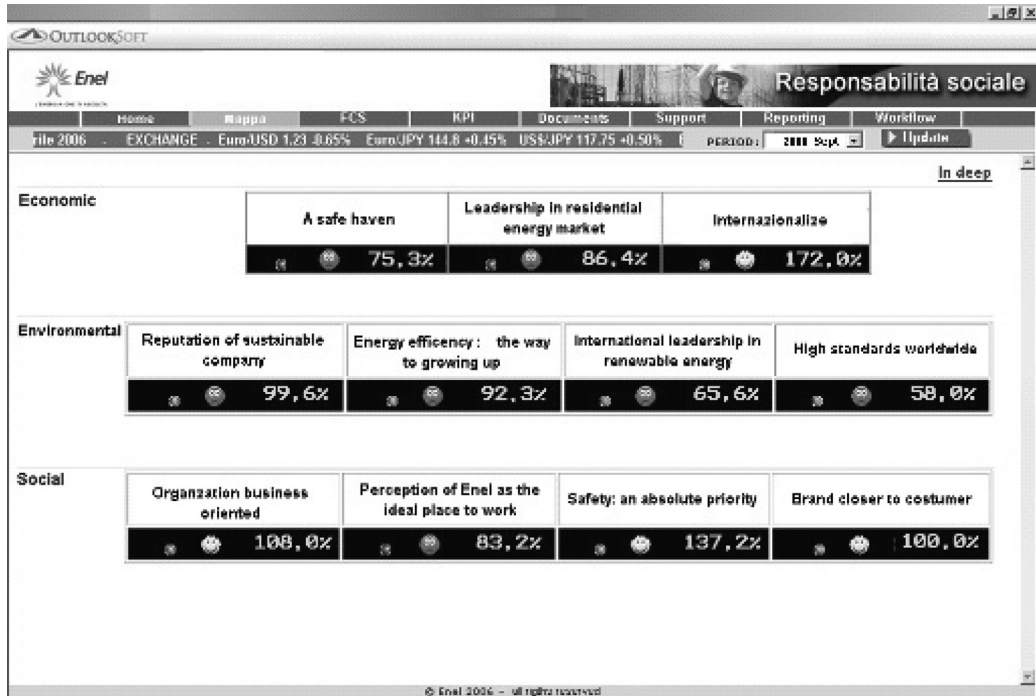
EXHIBIT 8.3 SUSTAINABILITY SCORECARD

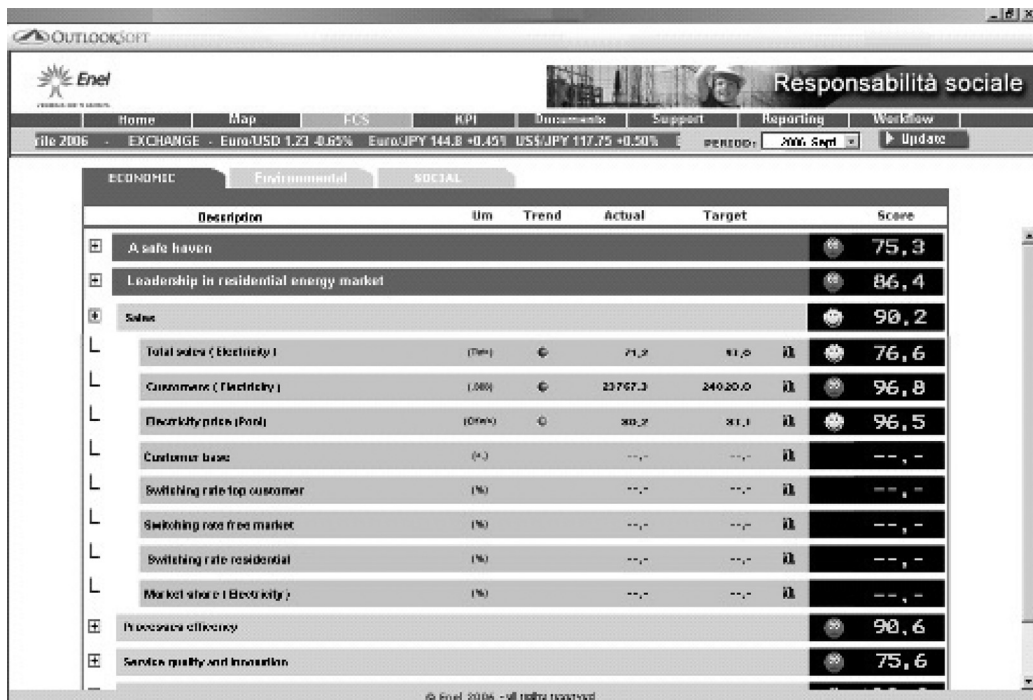
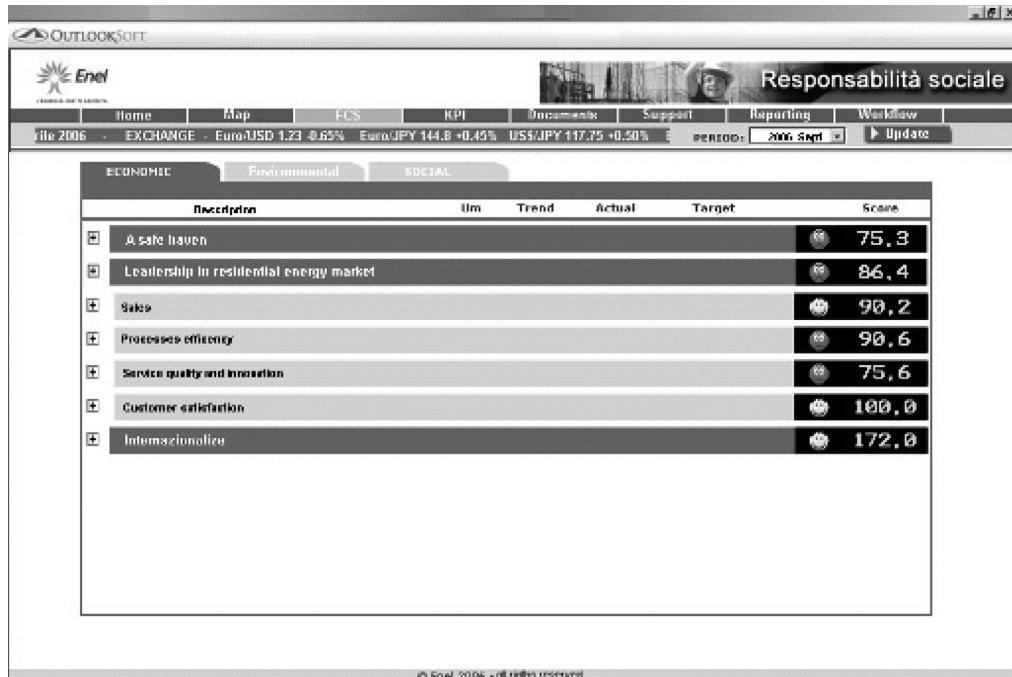


(Continued)



EXHIBIT 8.3 (CONTINUED)





(Continued)

EXHIBIT 8.3 (CONTINUED)

OUTLOOKSOFT

Enel  
L'ENERGIA CHE TI ASSICURA

Responsabilità sociale

Home Map FCS KPI Documents Support Reporting Workflow

file 2006 - EXCHANGE - Euro/USD 1.23 -0.65% Euro/JPY 144.8 +0.45% US\$/JPY 117.75 +0.50% PERIOD: 2006 Sept Update

ECONOMIC Environmental SOCIAL

Description	Um	Trend	Actual	Target	Score
Organization business oriented					108,0
Perception of Enel as the ideal place to work					83,2
Safety : an absolute priority					137,2
Brand closer to customer					100,0

© Enel 2006 - all rights reserved

OUTLOOKSOFT

Enel  
L'ENERGIA CHE TI ASSICURA

Responsabilità sociale

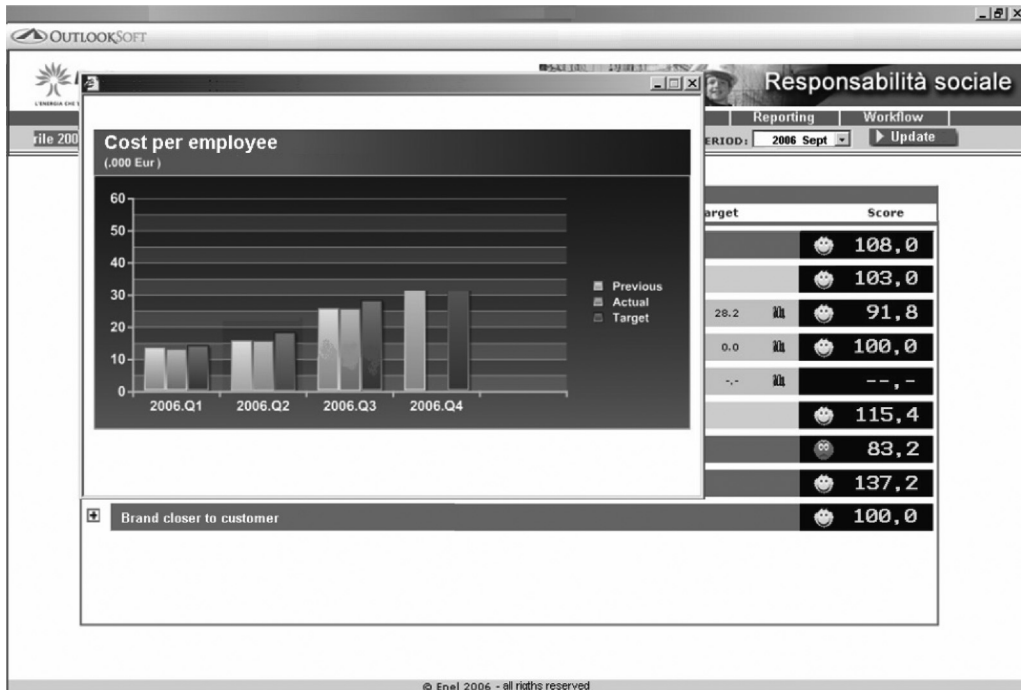
Home Map FCS KPI Documents Support Reporting Workflow

file 2006 - EXCHANGE - Euro/USD 1.23 -0.65% Euro/JPY 144.8 +0.45% US\$/JPY 117.75 +0.50% PERIOD: 2006 Sept Update

ECONOMIC Environmental SOCIAL

Description	Um	Trend	Actual	Target	Score
Organization business oriented					108,0
Satisfaction and development					103,0
Cost per employee	(.000 Euro)		25.6	28.2	91,8
Incidence of variable pay	(%)		5.0	0.0	100,0
Diffusion of individual incentives	(%)		--	--	--,-
Adjust the organization to the business					115,4
Perception of Enel as the ideal place to work					83,2
Safety : an absolute priority					137,2
Brand closer to customer					100,0

© Enel 2006 - all rights reserved



**Enel** Responsabilità sociale

Home | Map | FCS | KPI | Documents | Support | Reporting | Workflow

file 2006 - EXCHANGE - Euro/USD 1.23 -0.65% Euro/JPY 144.8 +0.45% US\$/JPY 117.75 +0.50% | PERIOD: 2006 Sept | Update

**Banner**  
6 Aprile 2006 - EXCHANGE - Euro/USD 1.23 -0.65% Euro/JPY 144.8 +0.45% US\$/JPY 117.75 +0.50% | Modify

**Fatal injuries**  
Latest Month: 6  
12 m: 37  
Up to Date: 12 | Modify

**DATA ENTRY**

Versione Italiana	English Version
Scheda di Input - Dati di Consuntivo	Input Schedule - Actual Data
Scheda di Input - Dati di Budget e Piano	Input Schedule - Budget and Plan Data

**REPORT**  
Report di Auditing

© Enel 2006 - all rights reserved

(Continued)

EXHIBIT 8.3 (CONTINUED)

ATI	Contribuzione			
	I term.	II term.	III term.	IV term.
[E8.1] Portafoglio Clienti	2005	0,00	0,00	0,00
	2005	0,00	0,00	0,00
A (N)		0,00	0,00	0,00
[E8.1.1] Riserve GAS naturale, Liberatoria fir per Enel	2005	0,00	0,00	0,00
	2005	0,00	0,00	0,00
A (N)		0,00	0,00	0,00
[E8.1.1.1] Wholesale GAS	2005	0,00	0,00	0,00
	2005	0,00	0,00	0,00
A (N)		0,00	0,00	0,00
[E8.1.1.2] Retail GAS	2005	0,00	0,00	0,00
	2005	0,00	0,00	0,00
A (N)		0,00	0,00	0,00

The screenshot displays the OutlookSoft 'Responsabilità sociale' application. At the top, the Enel logo and 'Responsabilità sociale' title are visible. The interface includes a navigation menu (Home, Map, FCS, KPI, Documents, Support, Reporting, Workflow) and a status bar showing exchange rates (Euro/USD 1.23 -0.65%, Euro/JPY 144.8 +0.45%, US\$/JPY 117.75 +0.50%) and a 'PERIOD: 2006 Sept' dropdown. The main area is divided into 'DATA ENTRY' and 'REPORT' sections. The 'DATA ENTRY' section shows a 'Version' dropdown set to 'TAS' and a 'Scheda di Input' for 'BOOK KPI PER IL 2006'. The 'REPORT' section displays a table of KPIs with columns for 'Cod.', 'KPI', 'Periodicità', 'UM', and performance data for the years 2006, 2005, 2004, and 2007. The table includes rows for environmental and social metrics such as 'Sistemi di gestione ambientale', 'Degrado di certificazioni ISO', and 'Spesa per la ricerca'.

Cod.	KPI	Periodicità	UM	2006 Dicembre ACTUAL	2005 Dicembre ACTUAL	2004 Dicembre ACTUAL	2007 TARGET	A.C. vs A.P.	A.C. vs DDG
A1	Sistemi di gestione ambientale AMBIENTALE								
A1.1	Certificazione ambientale								
A1.1.1	Degrado di certificazioni ISO	T	(n-1)	0,0	0,0	0,0	0,0		
A1.1.1.1	Degrado di certificazioni ISO 14001	T	(n-1)	0,0	0,0	0,0	0,0		
A1.1.1.2	Degrado di certificazioni EMAS	T	(n-1)	0,0	0,0	0,0	0,0		
A1.1.1.4	Totale organizzazioni	T	(n-1)	0,0	0,0	0,0	0,0		
A1.1.2	Degrado di certificazioni certificazioni EMAS	T	(n-1)	0,0	0,0	0,0	0,0		
A1.1.2.1	Potenza registrata EMAS	T	(MW)	0,0	0,0	0,0	0,0		
A1.1.2.2	% potenza registrata EMAS	T	(%)	0,0	0,0	0,0	0,0		
A1.1.2.3	% Degrado di certificazioni ISO 14001	T	(%)	0,0	0,0	0,0	0,0		
A1.1.3	Degrado di certificazioni ISO 14001	T	(n-1)	0,0	0,0	0,0	0,0		
A1.1.3.1	Potenza certificata ISO 14001	T	(MW)	0,0	0,0	0,0	0,0		
A1.3	Ricerca e innovazione								
A1.3.1	Spesa per la ricerca	T	(mill Euro)	0,0	0,0	0,0	0,0		
A1.3.2	Personale ricerca	T	(n-1)	0,0	0,0	0,0	0,0		

The critical CSR success factors and associated weights were identified as follows:

- *Financial perspective* (60% weight):
  - shareholder value (30% weight)
  - leadership position in the domestic energy market (40% weight)
  - development of overseas and gas markets (30% weight).
- *Environmental perspective* (25% weight):
  - image as a sustainable firm (15% weight)
  - growth through energy efficiency (35% weight)
  - worldwide leadership in respect of renewable power sources (35% weight)
  - guaranteed high standard of all assets (15% weight).
- *Social perspective* (15% weight):
  - organization's adaptation to the business (30% weight)
  - organization as an ideal place for the development of expertise (25% weight)
  - total work safety: towards zero injuries (40% weight)
  - well-known and familiar brand (5% weight).



## 136 Part Three Accounting

A set of objectives, ranging from a minimum of two to a maximum of eight, was associated with each critical success factor.

In the economic area, for example, objectives for success regarding 'shareholder value' included: shareholder return, profitability growth, fit between growth and sustainability, and growth of the shareholder base. For 'leadership position in the domestic energy market', success factors included: sales, processes efficiency, service quality, innovation, and customer satisfaction. To gauge the meeting of the company's sales goal, eight KPIs were monitored: total sales, number of customers, electricity price, customer base, switching rate of the top customers, switching rate of the free market, switching rate of the residential and market share.

Success in the environmental domain – its 'image as a sustainable firm' – included six specific objectives: environmental governance, decrease in emissions, waste and water consumption, improved performance in respect of the Kyoto standard, impact on the landscape and attention to energy saving, and research and innovation.

Finally, regarding the social scale, success in 'the organization's adaptation to the business' included two related objectives: satisfaction and development as well as adjustment of the organization to the business. With reference to the first item, the associated metrics were: cost per employee, incidence of variable pay and diffusion of individual incentives.

With each goal assigned to a group of KPIs, the total number of KPIs was approximately 100. The actual value, target and trend of each KPI were measured by a score that reflected the degree of variance between their targets and the actual values realized. A red, yellow or green signal indicated the degree of success. (See Exhibit 8.4, perhaps 8.2? for an example of the links between the critical success factors, objectives and KPIs.)

The Business Planning and CSR Control manager, both of the financial department, developed the Sustainability Scorecard, with the help of IT resources. The Scorecard was available on-line, based on an internal database and with an Excel front-end user platform. The data owner was responsible for the input.

The Business Planning and Control Unit was mandated to facilitate the diffusion and the use of the Sustainability Scorecard to support target setting and to ensure coherence between the monitored KPIs and the company's priorities.

### Functional KPIs

In addition to the changes introduced to the managerial reporting system, the CSR approach also had a direct impact upon the reporting mechanisms managed by the company's functional units, including:

- *Human Resources.* The CSR approach enhanced the relevance of KPIs as applied to employees. Previously only publicized on an ad-hoc basis, by 2006 employee-related KPIs were compiled in a single report, which enabled managers to analysis their performance in this area, first by the identification of gaps and then the development of a corrective action plan.



## EXHIBIT 8.4 SUSTAINABILITY PLAN 2006–2010

Guidelines by Division	Generation and Energy Management	Market	Infrastructure and Networks	International	Common Guidelines	Corporate Atmosphere	The Individual	Health and Safety
<p>Objectives</p> <ul style="list-style-type: none"> <li>&gt; Attain positions of international leadership in energy efficiency</li> <li>&gt; Optimize thermal power plants</li> <li>&gt; Leadership in renewable energy</li> <li>&gt; Minimize environmental and litigation risks</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Strengthen customer trust and loyalty</li> <li>&gt; Continue the promotion of informed consumption</li> <li>&gt; Personalization of service with customers</li> <li>&gt; Complete and accurate information</li> <li>&gt; Further improvement of service standards and their assessment</li> <li>&gt; Become a European reference model</li> <li>&gt; Development of socially responsible products</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Expand call center activity to assist linguistic minorities in Italy</li> <li>&gt; Dissemination of high-efficiency products for civil and industrial use</li> <li>&gt; Promotion of differentiated rates and related savings</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Ensure satisfaction of the demand for electricity</li> <li>&gt; Minimize network leakage</li> <li>&gt; Further reduction of supply interruptions</li> <li>&gt; Rationalize network, including in cooperation with local governments</li> <li>&gt; Continue adapting plants to preserve/enhance the environment and landscape</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Search for new opportunities for growth in renewable energy</li> <li>&gt; Bring the performance of the foreign subsidiaries up to the general Group standards</li> <li>&gt; Develop the environmental management system and complete the process of environmental certification of plants</li> <li>&gt; Bring the standards of environmental safety up to the general Group level</li> </ul>	<p>Objectives</p> <ul style="list-style-type: none"> <li>&gt; Attraction and retention of the most talented human resources</li> <li>&gt; Equal opportunity</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Create a corporate atmosphere based on shared values</li> <li>&gt; Implement a policy on human rights</li> <li>&gt; Plan and communicate the Company's values and objectives aimed at the entire Group</li> <li>&gt; Continually promote a policy of equal opportunity</li> <li>&gt; Develop systems for assessing the corporate atmosphere</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Improve and intensify training</li> <li>&gt; Disseminate systems of knowledge management</li> <li>&gt; Expand education processes</li> <li>&gt; "Professionalized" professional development paths</li> <li>&gt; Install the culture of sustainability</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Maintain high standards of on-the-job health and safety</li> <li>&gt; Continue promoting safety for contracting companies and third parties</li> </ul>
<p>Action areas</p> <ul style="list-style-type: none"> <li>&gt; Optimization of technology and fuel mix</li> <li>&gt; Continual research and development for adoption of clean technologies (clean coal and hydrogen)</li> <li>&gt; Development of renewable energy</li> <li>&gt; Environmental certification</li> <li>&gt; Protection of tangible and intangible corporate assets</li> <li>&gt; Further reduction of emissions</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Upgrade level of offer and services to customers in the distribution companies acquired abroad</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Improve level of service quality</li> <li>&gt; Promote energy efficiency in final uses</li> <li>&gt; Extend to the gas network the certification systems that already exist for the electricity network</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Promote the dissemination of the Ethical Code and the culture of sustainability</li> <li>&gt; Develop training plans and disseminate the instruments of knowledge management</li> <li>&gt; Ensure the safeguard of the rights of all employees</li> <li>&gt; Make the improvement of environmental safety and health standards a priority</li> <li>&gt; Implement measures of risk prevention through a system of inspections at contracting companies</li> </ul>	<p>Action areas</p> <ul style="list-style-type: none"> <li>&gt; Promote the dissemination of the Ethical Code and the culture of sustainability</li> <li>&gt; Develop training plans and disseminate the instruments of knowledge management</li> <li>&gt; Ensure the safeguard of the rights of all employees</li> <li>&gt; Make the improvement of environmental safety and health standards a priority</li> <li>&gt; Implement measures of risk prevention through a system of inspections at contracting companies</li> </ul>	<p>Commitments</p> <ul style="list-style-type: none"> <li>&gt; Extend to all levels policies to make the most of business practice as a daily professional expertise, respect differences, and ensure equal opportunity objectives</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Disseminate corporate responsibility as a daily business practice and continue to include CSR goals in management by objectives</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Continue pursuing the objective of "zero accidents"</li> </ul>	
<p>Challenges</p> <ul style="list-style-type: none"> <li>&gt; Put Enel's strategic decisions in appropriate perspective (focusing them on stakeholders and obtaining the necessary operating legitimization)</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Transform "customer value" into "value for the customer"</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Maximize the synergy deriving from the integrated management of the gas and electricity networks</li> <li>&gt; Ensure constant recourse to innovation and development in the areas of efficiency recovery</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Be an engine of development in the countries in which Enel operates by contributing to the dissemination of a corporate culture respectful of the relation with stakeholders</li> </ul>	<p>Challenges</p> <ul style="list-style-type: none"> <li>&gt; Achieve equal quality in industrial relations in all the foreign affiliates of the Group</li> </ul>	<p>Challenges</p> <ul style="list-style-type: none"> <li>&gt; Complete the preparation of the policy on human rights and equal opportunity valid for Group companies both in Italy and abroad</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Align policies regarding on-the-job health and safety for employees, whether direct or not, in all foreign affiliates</li> </ul>		

Also for 2006, the operating heads of the Enel Divisions received the Chief Executive Officer's "Plan Letter", which contains the guidelines for developing the sustainability plan. The Letter contains the objectives that the Divisions must set for themselves individually, and specifies the areas of general action. Similarly, it specifies several common assumptions that must be followed. The Letter is the basis for the specific action plans for sustainability drawn up by the operating units. The latter are then included in Enel's sustainability auditing system. This table contains a summary of the goals for 2006. They do not differ essentially from those for 2005, because the plan is a five-year one; that is, every year the five subsequent ones are taken into consideration. The duration of the action plans varies from a few months to the entire five-year period.

Source: Sustainability Report n°2.2006

## 138 Part Three Accounting

- *Market Divisions.* The CSR approach renewed company focus on the measurement of customer satisfaction. KPIs in this area included: the number of switches from constrained to free markets, the number and the type of commercial channels and selling points, telemarketing, the number of days devoted to the development of business and consumer customers, the ratio between calls answered and received by the call centre, and the level of service supplied.
- *Safety.* Always considered to be a key area for measurement and control, safety data were not only requested by the stakeholders, but also by officially recognized companies, mostly for purposes of international certification. The principal safety-related KPIs covered: accidents at work, particularly the frequency and gravity of these, but also labour-hours lost and training expenditures. Since 2005, a specific section on safety has been incorporated into the Environmental Report, compiled on a quarterly and, by 2007, a monthly basis rather than the previous annual survey.
- *Environment.* The emphasis on the environmental impact of Enel's plants and related KPIs had not substantially changed over time. A new project would be undertaken to develop an environmental accounting system, with industrial accounting as a starting point that distinguished environmental costs (such as plant adaptation, new plant installation, and so on) from other costs.

### The CSR Planning and Control Process: Key Actors and Phases

As coordinator of the entire CSR planning and control process, EnelDATA, produced sustainability data annually at the end of December.

#### Actors

There were three important categories of actors involved in the CSR planning and control process: the Area Coordinators, the Line Coordinators and the Data Owner.

The *Area Coordinators* were the CSR representatives inside the divisions. They reported to the planning and control unit of every Business Area in order to:

- ensure integration of CSR into the divisional industrial plans;
- coordinate the entire process of data collecting;
- determine, with the support of the line coordinator, the objectives and define the contents of the Business Review;
- guarantee compliance with the schedule as well as the reliability and completeness of the information provided.

Soon, Area Coordinators would take over the preparation of the CSR reports from EnelDATA.

The *Line Coordinators* were the CSR representatives inside functional departments. They were mandated to:

- ensure coherence between CSR and business objectives relative to the process managed in their specific area;
- collaborate with the Area Coordinators in the preparation of the objectives as determined in the Business Review.

The *Data Owners*, of whom there were approximately 50, were responsible for information availability and reliability in their data domains. They supplied KPI data to the Area Coordinators on deadline and maintained quality standards. Each Data Owner managed three or four employee data specialists as well.

### **Key Phases**

To begin the CSR planning and control process, the CEO proposed guideline definitions; that is, the critical success factors and objectives for each business area. Next, The Planning and Control Unit (under the Corporate Administration, Finance and Control Department) and CSR (under the Corporate Communication Department) helped the CEO to refine his proposals. The result was then sent to the directors of the business divisions.

Each division director, with assistants responsible for the functional areas, processed the preliminary data, converting the guidelines and the objectives into specific actions, key variables and indicators. With the aid of the Line and the Area Coordinators' contributions, EnelDATA collected the information, which it checked to guarantee the coherence between the business and CSR objectives. The objectives were merged into the next CSR three-year Plan. The divisions then submitted their CSR Plan proposals, together with the industrial plan, to the CEO.

After approval of the plan proposals, the Area Coordinators confirmed the time schedule and the modes defined in the Sustainability Data to EnelDATA. The Line Coordinators simultaneously submitted their plans, which had already been approved at the Corporate level. EnelDATA consolidated and prepared the final CSR Plan, with the support of the Line and Area Coordinators and, if required, the Data Owners. The CSR Plan preparation was carried out between August and September of each year.

The last step was the presentation of the CSR Plan for approval, first to the Corporate Administration, Finance and Control, and Communication department managers, as well as the CEO. In addition, the CSR Plan was submitted for approval to the Audit Committee and to the Management Committee. Following those consultations, it was then submitted to the Board of Directors.

CSR reporting represented a standardized process to achieve the strategic objectives, closely related to the industrial plan, which were systematically formalized in documents. The feedback process was carried out by an analysis of the Quarterly Scorecard, which identified missed targets and also noted the corrective actions taken in consequence.

The Business Review was then prepared and sent to EnelDATA by the Corporate departments and divisions. It was finalized to highlight the progress of open projects and to describe the initiatives scheduled for the following 12 months.

### Conclusion: Benefits Obtained and Problems Incurred

On the positive side, Enel's CSR planning and control system succeeded in standardizing KPIs across the business divisions and corporate units. The process increased the visibility of Enel's CSR mission to top management, engendering sponsorship and greater collaboration. Moreover, because each KPI had a specific 'owner', who became committed to the process, which, many argued, enhanced the system's capacity to represent the Enel's CSR impact in great detail.

On the other hand, it was difficult to involve business units that were not accustomed to reporting CSR-specific indicators. There was also great resistance to fulfilling the new requirements. Furthermore, standardizing the data from various units and departments was both methodologically complex and extremely time-consuming. Finally, information was often difficult to acquire in a timely manner.

In order to overcome these obstacles, the CSR team focused first on data reliability and on the effectiveness of the collection, processing and communication of the data. Thereafter their attention shifted to the control activity. Another important step was the appointment of Area and Line Coordinators as well as a CSR representative for each area (business divisions and corporate departments). They were chosen from inside the control department. To support their work, a new IT platform devoted to CSR monitoring was put in place that was designed to reduce structural strain and reduce errors and data collection time. Finally, an extensive training project was launched, which included all 5000 middle managers and all other employees involved in the CSR process.

### Suggested Questions for Discussion

1. What were the motives for Enel engaging in a CSR measurement and reporting process?
2. What principles do you apply to the development of a set of KPIs and why?
3. Are the contents and structure of the Sustainability Report aligned with the CSR approach adopted by Enel and with the stakeholders' information needs?
4. Do you consider the CSR planning and control system to be effective enough to support the CSR implementation?

### NOTES

2. At the end of 2007, socially responsible investors owned 388 millions of shares, equivalent to 18.3% of the stocks held by investment funds, and there were 45 socially responsible investors (33 in 2003).
3. These codes were the Management and Organization Model provided for by Legislative Decree no. 231 and the 'Codice Preda', the self-discipline code for companies quoted on the Italian Stock Exchange.
4. The financial data in respect of the economic performance area were taken from the Consolidated Financial Statement, which was prepared according to the IAS/IFRS principles.

## Chapter 8 Enel: CSR and Performance Measurement 141

5. The planning and control mechanisms consisted of: 1) the Sustainability Data; 2) the CSR Plan; 3) the Quarterly Scorecard; 4) the Business Review; 5) the Sustainability Scorecard.
6. All 314 KPIs monitored and described in the Sustainability Data are associated with a specific critical success factor.

### REFERENCE

Crooks, E. (2007) CEO interview: Triumph for a fading national champion, 19 June. Available at [www.ft.com](http://www.ft.com): [http://search.ft.com/ftArticle?queryText=Triumph+for+a+fading+national+champion&aje=true&id=070619000979&ct=0&nclick\\_check=1](http://search.ft.com/ftArticle?queryText=Triumph+for+a+fading+national+champion&aje=true&id=070619000979&ct=0&nclick_check=1) (accessed 4 March 2009).