

Enel

ACKNOWLEDGE
PRIORITISE
SET STRATEGY & GOALS
TRACK

GHG EMISSIONS



Background on Enel

Enel is a multinational utility providing electricity and gas in 30 countries globally. Headquartered in Italy, Enel started life in 1962 as a public entity before being privatised in 1992. The Italian government still retains a 25.5% equity stake in the company. Enel is a highly technologically diversified energy company and currently generates energy with a net installed capacity of around 83 GW of which 36 GW come from renewable energy sources (water, wind, geothermal, solar, and biomass)¹. Enel employs nearly 62,000 people and had recorded revenues of €70 billion in 2016. It is publicly traded on the Italian Stock Exchange (Borsa Italiana).

How did Enel come to start thinking about context?

Enel had been actively monitoring its GHG emissions performance and after having signed, in 2009, the [Eurelectric initiative](#), which aims to transform the European electricity sector into a carbon 'neutral' industry by 2050, Enel committed in 2014 to decarbonising its generation mix^{2,3}. Also in 2009, the European Commission's Climate and Energy Package issued a Directive that set out the European energy policy for combatting climate change to 2020. This directive included a European Union target for reducing GHG emissions by 20% from 1990 levels².

In 2014, Enel joined the [Caring for Climate](#) initiative (United Nations) and the [Put a Price on Carbon Statement](#) (World Bank). Together, both initiatives committed Enel to demonstrating leadership through its actions in addressing climate change³. In late 2015, Enel had its current

¹ Lischio, P. (2017, 13 April). Personal communication with Enel.

² Enel (2009). Sustainability Report. Accessed at: https://www.enel.com/content/dam/enel-com/governance_pdf/reports/annual-financial-report/2009/101025_Environmental_Report_2009.pdf

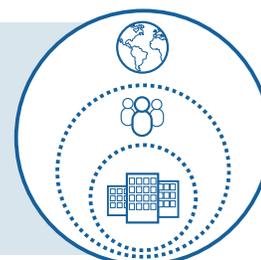
³ Enel (2015). Climate Strategy. Accessed at: <http://sustainabilityreport2014.enel.com/en/environment/climate-strategy#start>

2020 GHG emissions goal assessed by the [Science-based Targets](#) initiative⁴. Enel notes that by setting contextual GHG emissions goals it can better support global efforts to combat climate change and at the same time create long-term value and a more resilient business model⁵. By 2016, Enel had already reduced its GHG emissions by 36% from a 1990 baseline⁶. It also reported that 46% of its total global power generation came from carbon free sources⁶. Enel expects this figure to rise to 56% at the end of 2019 because of plans to increase its renewable capacity of 8 GW⁷.

What does context look like at Enel?

1 ACKNOWLEDGE the need to operate within global, regional, and/or local socio-ecological thresholds.

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GHG emissions: As a large global energy provider, Enel acknowledges that taking steps to combat climate change is not only a priority for it but also one of its responsibilities⁶. As a business, climate change is a source of regulatory risk for Enel⁸. While Enel has yet to formally commit to operating within the GHG emissions threshold, Enel have signalled its shift in approach by halting all new investments in coal electricity generation and have begun decommissioning a 13 GW fossil fuel power plant in Italy⁹.

Other thresholds: Enel acknowledges the importance of other socio-ecological issues including water, air pollution, waste, biodiversity and diversity and inclusion but does not yet discuss the associated thresholds. Enel did launch its [Sustainable Supply Chain](#) initiative in 2015, which sets out plans to better assess the level of maturity of its value chain in regards to key socio-ecological trends and to help foster shared values between Enel and its value chain⁸.

⁴ Science-Based Targets (2015). Press Release: Companies Commit to Set Ambitious Science-Based Emissions Reduction Targets, Surpassing Goal. Accessed at: <http://sciencebasedtargets.org/2015/12/08/114-companies-commit-to-set-ambitious-science-based-emissions-reduction-targets-surpassing-goal/>

⁵ Thompson Reuters (2017). Executive Perspective: Enel, Climate Leader and Energy Producer. Accessed at: <http://sustainability.thomsonreuters.com/2017/02/22/executive-perspective-enel-climate-leader-and-energy-producer/>

⁶ Enel (2016). Sustainability Report. Accessed at: https://www.enel.com/content/dam/enel-com/investors/2017/ENG_BDS2016_20170502_4WEB.pdf

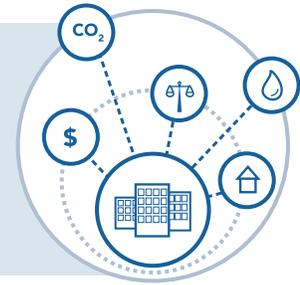
⁷ Enel (n.d.). Enel Strategic Plan 2017-2019. Accessed at: <http://strategy2016.enel.com/>

⁸ Enel (2015). Sustainability Report 2015. Accessed at: https://www.enel.com/content/dam/enel-com/governance_pdf/reports/annual-financial-report/2015/bds_2015en.pdf

⁹ Enel (n.d.). Futur-e project. Accessed at <https://www.enel.it/en/futur-e.html>

2 Transparently understand and **PRIORITISE** a set of focus areas in relation to key socio-ecological trends at the global, regional, and/or local level.

GHG EMISSIONS

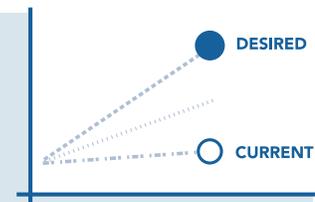


Enel currently employs what we describe as ‘classic’ approach to materiality to identify “the issues around which to plan sustainability initiatives and structure their reporting”¹⁰. To better align its work with wider sustainable development initiatives, Enel has used the UN Sustainable Development Goals (SDGs) as a guide to implement projects that aim to provide wider access to energy, transfer skills to local populations, and broaden educational and entrepreneurial activities⁸. Enel has yet to comment if its consideration of the SDGs will change or influence the way in which it prioritises its key socio-ecological issues.

GHG emissions: Through this process, Enel has identified climate change as one of its key environmental issues and discusses why its views GHG emissions as a strategic concern for its business. Enel also outline what its believes to be its responsibilities and the actions that it will be taking through its Climate Strategy³. Enel has yet to outline its approach to GHG emissions within its value chain or among its consumers.

3 SET STRATEGY AND GOALS by transparently articulating the current performance gap and what portion of this gap the business will address.

GHG EMISSIONS



GHG emissions: Enel has committed to reducing GHG emissions by 25% per kilowatt hour (kWh) by 2020, from a 2007 baseline and has set a long-term goal to achieve decarbonisation by 2050¹¹. Enel developed this goal by comparing its GHG emissions to a decarbonisation trend developed for the electricity generation sector and based on scenarios developed by the [International Energy Agency \(IEA\)](#) and the [International Panel on Climate Change \(IPCC\)](#)⁸. Enel’s emissions reduction trajectory currently falls below this trend, as illustrated in Figure 1. Enel is also beginning to explore ways it can help end users of its electricity reduce their levels of consumption.

¹⁰ Enel (2015). Press Release: Enel’s 2014 Sustainability Report meets top transparency and accuracy standards. Accessed at: <https://www.enel.com/en/media/press/d201508-enels-2014-sustainability-report-meets-top-transparency-and-accuracy-standards.html>

¹¹ Science-Based Targets (n.d.). Companies taking action. Accessed at: <http://sciencebasedtargets.org/companies-taking-action/>

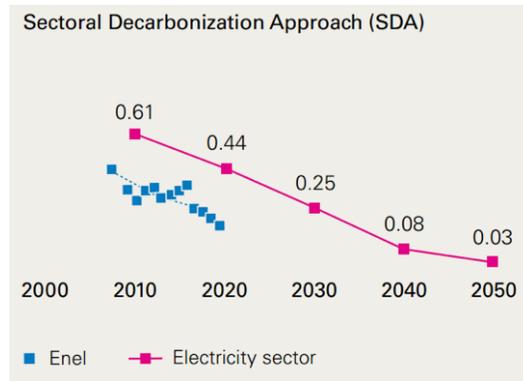


Figure 1: Enel’s Scope 1 emissions reductions progress compared to the decarbonisation trend for the electricity generation sector and based on 14 scenarios developed by the IEA and IPCC⁸.

Other thresholds: Enel has not yet set contextual goals in relation to any other thresholds.

4 Transparently TRACK performance against realistic trajectory targets.

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GHG emissions: Enel refers to its contextual goal for 2020 as a medium-term target towards achieving its long-term goal of decarbonisation by 2050. In its 2014 Sustainability Report, Enel noted that its current GHG emissions reductions were expected to exceed its previously set medium-term 2020 target and this led the company to redefine this target to be a reduction of 18% in GHG emissions from a 2007 baseline³. This trajectory target of 18% was again revised in 2015 to the company’s current target of a 25% reduction in GHG emissions by 2020 from a 2007 baseline⁸. Enel also actively communicates (Figure 2) the progress it is making in GHG emissions reductions and any adjusted trajectory targets alongside its long-term trajectory towards decarbonisation by 2050. Enel has yet to commit to setting metrics aimed at assessing its influence within its value chain and among end-user customer.

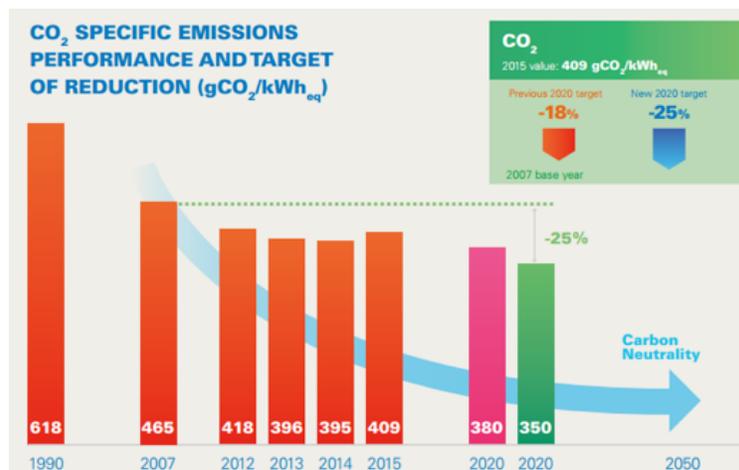


Figure 2: Enel’s specific emissions performance and target reductions⁸.

Other thresholds: Enel reports its performance against other socio-ecological issues including water, air pollution, waste, biodiversity, and diversity and inclusion but does not yet report its progress in conjunction with their associated thresholds.

What is the road ahead for context at Enel?

Enel's commitment to decarbonisation has been in place since 2014 but company has only recently begun using a contextual approach to develop its trajectory targets. Enel is anticipating that by using a contextual approach it will need to adapt its current business model and activities¹². A key next step for Enel will be to begin to understand how other socio-economic thresholds apply to its business activities.

¹² Enel (2015). COP21: Enel Joins the "Science-Based Targets" Initiative. Accessed at: <https://www.enel.com/en/media/news/d201512-cop21-enel-joins-the-science-based-targets-initiative.html>