



Enel's reply to Business and Human Rights Resource Centre Invitation to respond to demands calling on companies to commit to apply a single global standard in terms of rejection of forced labor

Thank you for inviting us to reply on the subject of the requirements included in the recently introduced U.S. Uyghur Forced Labor Prevention Act (UFLPA) which gives us an opportunity to illustrate how we approach the management of human rights and business at Enel.

Since 2013, our commitment against forced or compulsory labor and any form of slavery and human trafficking has been formally set out in Section 2.1.1 of our [Human Rights Policy](#).¹ Enel's Human Rights Policy is grounded in the main reference international standards, set out in Section 1.1 of the Policy, including, the United Nations "Protect, Respect and Remedy" framework, the OECD Guidelines for Multinational Enterprises, the ILO Conventions and the United Nations Global Compact.

We have also committed to monitoring the implementation of the Policy through a specific voluntary due diligence process², as required by the UN Guiding Principles on Business and Human Rights and by the OECD Due Diligence Guidance for Responsible Business Conduct, that covers the entire value chain across our geographic footprint and aims at identifying if any of our operating procedures and processes require an improvement plan to strengthen the management system³ that ensures our compliance with the commitments undertaken in our Human Rights Policy.

We are committed to contributing to reaching ambitious climate targets, which implies the need to electrify end-consumption as much as possible while supporting such electrification with a massive deployment of renewable energy production.

Photovoltaics (PV) represents a key technology to enable the energy transition in the European Union (EU) and worldwide, and we believe the EU needs to have strategic PV production inside its borders and to build the related supply chain. We are convinced that if we leverage on the momentum for renewables, thanks to the existing R&D and industrial know-how still present in the EU and with support from the EU itself, a new roadmap can be created toward a European industry for solar panels. That is why we welcome the launch in January by the European Commission of a public consultation on the EU solar energy strategy. The consultation is seeking input on the main bottlenecks and barriers to investment under existing rules. It looks at policy measures with, among its objectives, that of "ensuring secure supplies of affordable and sustainable solar energy products through supply-side measures, including high sustainability standards and global PV supply chain resilience"⁴.

In addition, the EU Industrial Strategy published by the European Commission in Spring 2021 identifies solar as one of the key industrial ecosystems. The European supply chain will thus need

¹ See <https://www.enel.com/investors/sustainability/daily-commitment/human-rights>

² In the context of the Guiding Principles on Business and Human Rights (Principles 17-21), this term refers to a continuously evolving management system implemented by a company, in accordance with the sector in which it works, its operating contexts, its organizational structure, to ensure it is not involved in human rights violations. This implies "identifying, preventing, mitigating and reporting" potential negative impacts deriving from the Company's business activities. See https://www.ohchr.org/sites/default/files/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

³ See, p. 324 of the 2021 Sustainability Report (available at https://www.enel.com/content/dam/enel-com/documenti/investitori/sostenibilita/2021/sustainability-report_2021.pdf)

⁴ See: <https://ec.europa.eu/info/news/public-consultation-feed-new-eu-strategy-solar-energy-2022-jan-18>



to be strengthened in order to facilitate access to rapidly growing markets within the continent and globally.

To this end, we are working to increase the geographic diversification of our PV sourcing and are boosting our internal production. We will boost our internal production by expanding the capacity of 3Sun, our PV modules producing factory in Catania, Sicily, which is a European leader in the manufacturing of innovative bifacial cells and panels. Our plans are to expand from the current 200 MW capacity to roughly 3,000 MW per year by 2024, through an investment of around 600 million euros, of which nearly 118 million contributed by the EU's Innovation Fund. We are working to secure the necessary polysilicon from locations that can guarantee responsible sourcing. This investment will and foster next generation high-efficiency solar technology in Europe. It will also contribute to the reduction of the continent's energy dependency and is expected to increase local direct and indirect employment by approximately 1,000 jobs by 2024, while acting as a catalyst for the relaunch of a European PV value chain. In a nutshell, the EU is laying the grounds for the creation of a sound solar value chain within its borders which will support diversification away from the current scenario.

Aware of the challenge ahead of us and of expectations around business contribution to human development also through the UN's 2030 Agenda for Sustainable Development, which go beyond specific legislation, Enel's supplier qualification and contract-awarding processes include rigorous technical, financial, legal, environmental, health and safety, human rights and ethical integrity requirements, applied consistently in all markets. Moreover, we are pushing for the suppliers to adopt a 'digital' traceability system to collect information on the supply chain, as well as seeking to visit the companies involved along the supply chain. Finally, we carry out a number of initiatives to improve transparency across the supply chain both individually and working jointly with other utilities, our suppliers and sector associations (i.e., Global Alliance for Sustainable Energy and Solar Power Europe, to name a few).

The issue of re-export of UFLPA-detained goods does not apply to Enel, since we are not the importer of record, and we acquire our PV modules from third-party vendors only after due customs clearance in each relevant country.

These, in a nutshell, are the voluntary actions we are carrying out to drive responsible business conduct across our value chain in all the countries where we operate.

A more extensive exposition is included in our [2021 Sustainability Report](#)⁵.

⁵ See, p. 200 of the 2021 Sustainability Report for a more detailed description of the actions we are taking to meet the commitment to reject forced labor expressed in our Human Rights Policy and to p. 323 of the 2021 Sustainability Report for a more detailed description on our human rights management system (available at https://www.enel.com/content/dam/enel-com/documenti/investitori/sostenibilita/2021/sustainability-report_2021.pdf).