

Enel Green Power

Response received by BHRRRC from Enel Green Power regarding assessment of exposure to and steps taken in response to forced labour issues in XUAR as documented by Sheffield Hallam University, among others, 11 August 2023.

(1) Assessment of exposure

“ Since 2013, Enel’s commitment against forced or compulsory labor and any form of slavery and human trafficking has been formally set out in principle 2.1.1 Rejection of forced and compulsory labor and of child labor in the Group Human Rights Policy which is grounded, amongst other, into the International Bill of Human Rights, the ILO Conventions underlying the Tripartite Declaration, the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines for multinational enterprises.

As required by the same standards, alongside the OECD Due Diligence Guidance for Responsible Business Conduct, in order to ensure that commitments undertaken in its Human Rights Policy are properly embedded, Enel is committed to monitoring the implementation of the Policy through a specific due diligence process¹ that aims at identifying if any of our operating procedures and processes require an improvement plan to strengthen the management system² in place.

Enel is committed to contributing to reaching ambitious climate targets, which implies the need to electrify end uses 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 Enel believes the EU needs to have strategic PV production inside its borders and to build the related supply chain. 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, in line with the main international reference standards (like UNGPs and OECD Guidelines to Multinational Enterprises) on potential indirect links to an enterprise’s operations, products or services, setting that the enterprise should seek, to the extent possible, to use its leverage to effect change, individually or in collaboration with others, Enel is pushing for the suppliers to adopt a traceability system to collect information on the supply chain, as well as seeking to visit the companies involved along the supply chain. Finally, Enel carries 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).

Enel is also working to increase the geographic diversification of its PV sourcing and is boosting its internal production. Indeed, its 3SUN photovoltaic module factory in Catania, established in 2010 and continuously growing, is preparing to become a true Gigafactory. By July 2024, 3SUN will see its annual

¹ 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

² 2022 Sustainability report, pp. 356 – 359

(https://www.enel.com/content/dam/enelcom/documenti/investitori/sostenibilita/2022/sustainability-report_2022.pdf).

generation capacity grow 15-fold, from the current 200 MW to 3 GW, becoming the largest photovoltaic panel factory in Europe. Enel expects an investment of around 600 million euros, of which almost 118 million euros from the EU Innovation Fund, which identified TANGO, i.e. iTaliAN Giga factOry, as one of the seven initiatives selected. The project has been included in funding requests for Italy's National Recovery and Resilience Plan and, if awarded, the total project funding could reach up to 188 million euros. The selection process to recruit more than 500 secondary school graduates for technical and operational positions in the areas of generation, maintenance, auxiliary services, product quality and plant management has just begun. In 2022, 50 graduates were hired and the process to select another 100 is currently underway.³ “

(2) Steps taken in response

“Notably the main international reference standards (like UNGPs and OECD Guidelines to Multinational Enterprises) on potential indirect links to an enterprise's operations, products or services, set that the enterprise should seek, to the extent possible, to use its leverage to effect change, individually or in collaboration with others. In line with them, Enel includes specific clauses in all contracts for works, services and supplies, which are updated periodically to take account of the various regulatory changes and align with international best practices. The general terms and conditions refer to the current regulations on remuneration, contributions, insurance and tax, with reference to all workers employed for any reason in the execution of the contract by the supplier. In addition, the principles set forth in the ILO Conventions and legal obligations regarding child and women's labor, equal treatment, prohibition of discrimination, abuse and harassment, freedom of trade unions, association and representation, rejection of forced labor, safety and environmental protection, and sanitary conditions are explicitly recalled. In the event of conflict between the latter and the ILO Conventions, the more restrictive standards will prevail. The clauses also require suppliers to undertake to prevent all forms of corruption (Art. 29.1.3 and Art. 29.1.4 of the General Terms and Conditions). In addition to the legal provisions, the contractual conditions require that our suppliers:

- recognize the “ten principles” of the United Nations Global Compact and declare that they manage their business activities and operations in order to meet these fundamental responsibilities in the fields of human rights, labor, the environment and the fight against corruption (Art. 28 of the General Terms and Conditions);
- acknowledge the commitments Enel has made in the principles listed in the documents below and refer to them in the execution of the contract: The Policy on Human Rights, which also includes a principle relating to respect for biodiversity; the Code of Ethics; Zero Tolerance of Corruption Plan; and the global models for the prevention of criminal risks (Art. 29.1.1 of the General Terms and Conditions);
- adopt suitable conduct to avoid the emergence of conflicts of interest throughout the entire term of the contract and undertake to notify us promptly in writing if any such circumstances arise (Art. 29.2 of the General Terms and Conditions).

Enel reserves the right to carry out any control and monitoring activity to check compliance with the obligations set out above by both the supplier and any of its subcontractors, and to terminate the contract immediately if any breach is ascertained.

Moreover, Enel requires information about the country of origin and the quantities of each material composing the product, including recycled and recyclable material. This stimulates a circular culture

³ 2022 Sustainability report, pp. 169 (Chapter ‘Clean electrification’) ; pp. 206 (Chapter ‘Our commitment to a just transition : leaving no one behind’) ; pp. 360 (Chapter ‘Managing Human rights’).

and promotes supply chain transparency and traceability aimed at minimizing potential ESG impacts of some products production processes.⁴ “

⁴ 2022 Sustainability report, pp. 243 (Chapter ‘Sustainable Supply chain).