

# *Total Tax Contribution Enel Américas in 2019*



May 2020





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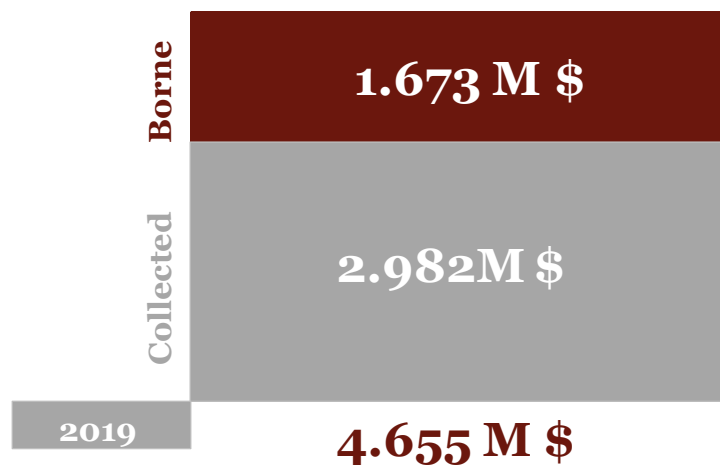
An aerial photograph of a large, modern building courtyard. The courtyard is paved with light-colored tiles in a geometric pattern. Several people are walking around. The building has many windows and a modern design. A red semi-transparent overlay covers the left side of the image, containing the title text.

# *1. Executive Summary*

## 1. Executive Summary

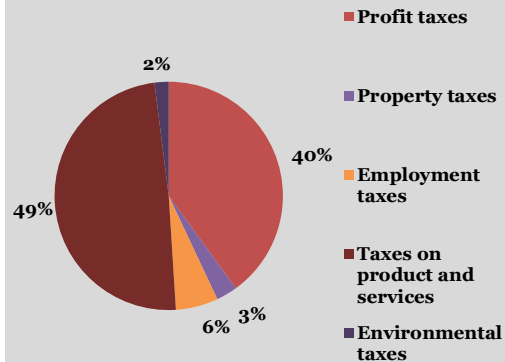
Enel Américas' **Total Tax Contribution**<sup>1</sup> in 2019 amounted to **4.655 million US dollars**, with an increase of 10% compared with 2018, in which Enel had a Total Tax Contribution of **4.221 million US**. In 2019 **36%** of the Total Tax Contribution corresponds to Taxes Borne and the remaining **64%** to Taxes Collected.

### Total Tax Contribution in 2019



Source: Enel Américas

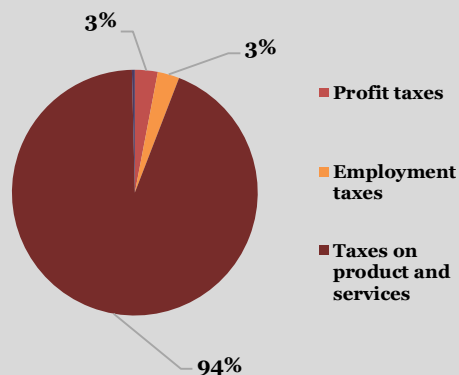
### Taxes Borne in 2019



**Taxes Borne** by Enel Américas in 2019 amounted to **1.673 million US dollars**. Most of this amount corresponds to **taxes on products and services**, which represent **49% of Taxes Borne**. Taxes on products and services are followed by **Profit Tax**, which represents **40%** of Taxes Borne.

Source: Enel Américas

### Taxes Collected in 2019



**Taxes Collected** by Enel Américas in 2019 amounted to **2.982 million US dollars**. Most of this corresponds to **taxes on product and services** which represents **94%** of Taxes Collected.

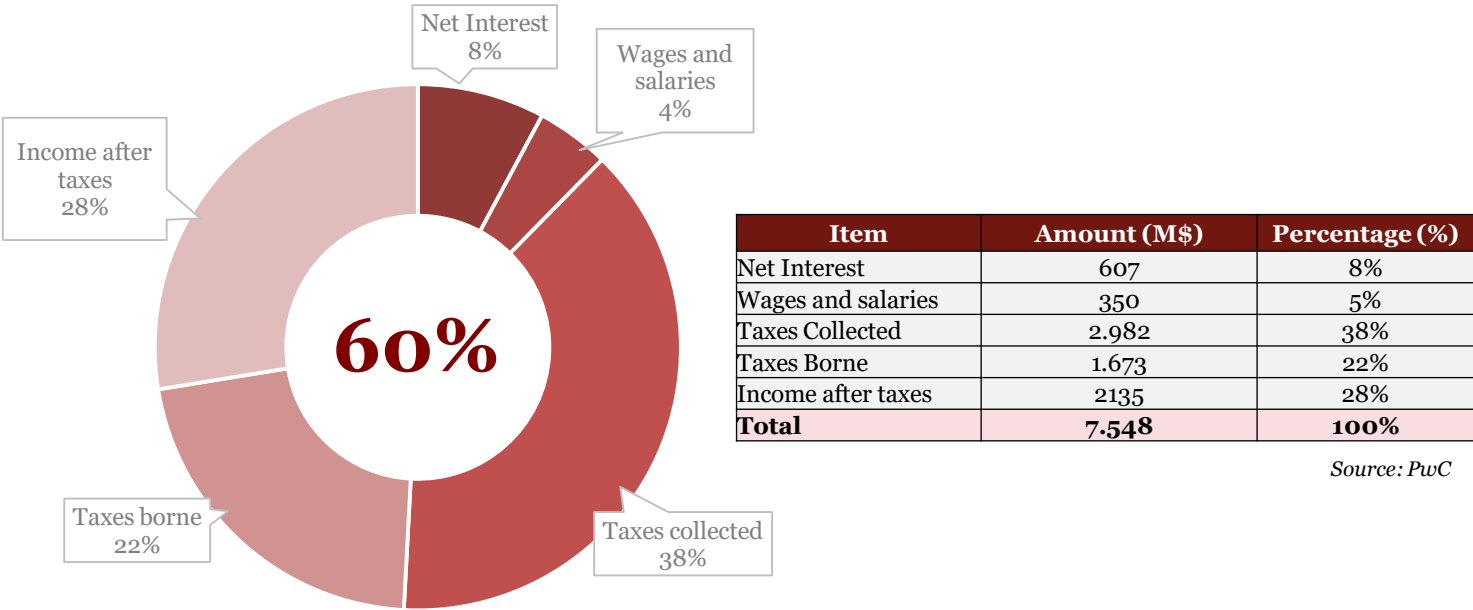
Source: Enel Américas

<sup>[1]</sup> Total Tax Contribution considers the total amount of taxes paid in 2019 on cash basis, as opposed to the other components of the economic value distributed that follow an accrual basis. Please refer to the following slides.



# 1. Executive Summary

## Distributed Tax Value\* in 2019

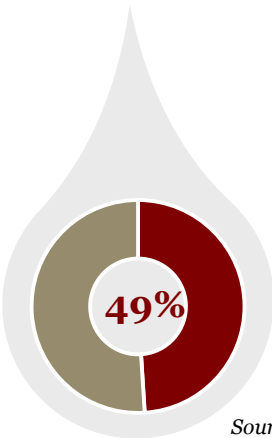


Enel Américas has paid to the Public Administration around **60% of the Total Economic Value Generated** in 2019, due to Borne and Collected Taxes.

For every **100 US dollars** of generated value, **60 US dollars** were used for tax payments each year.

***\*Concept explained on page 38.***

## Total Tax Contribution Rate (TTCR) in 2019

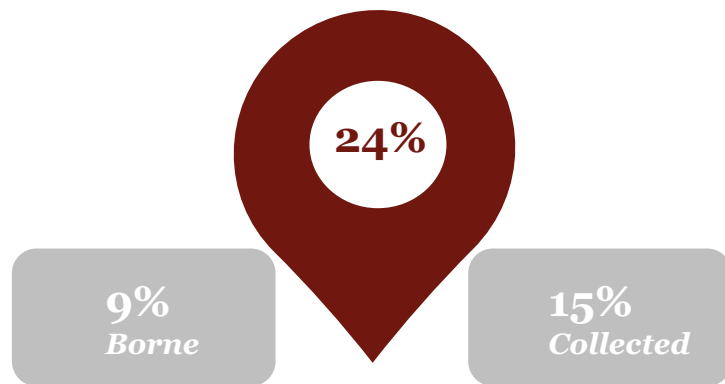


**Enel Américas has a TTCR of 49% in 2019.** TTCR shows the share of Taxes Borne in relation to the total income before borne taxes.

**Enel Américas TTCR in 2018 was 53%.**

## 1. Executive Summary

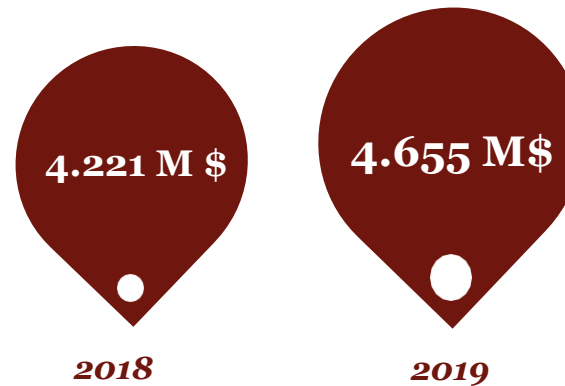
### Tax Contribution of Enel Américas with respect to turnover in 2019



Source: Enel Américas

In 2019, the **Total Tax Contribution** to the Public Authorities represented **24%** of the total generated revenues. For every **100 US dollars of generated revenues**, **24 US dollars** were used to pay taxes.

### Trend in TTC 2018-2019

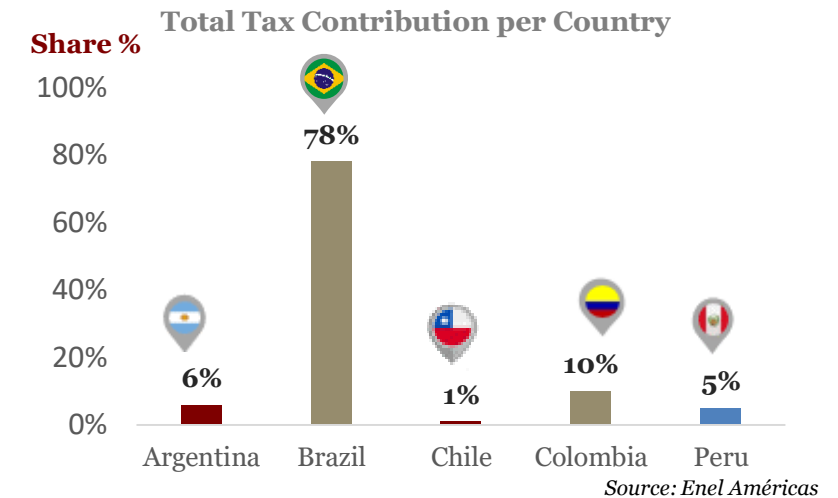


Source: Enel Américas

In 2019, Enel Américas' **tax contribution** increased **10% compared with 2018**.

This trend is entirely due to the **10% increase in Enel Brazil's Total Tax Contribution**.

### Geographic Distribution of Total Tax Contribution of Enel Américas in 2019



In 2019, Tax contribution in **Brazil** amounted to **3.636 million US dollars**, equivalent to **78% of the Total Tax Contribution** of Enel Américas.

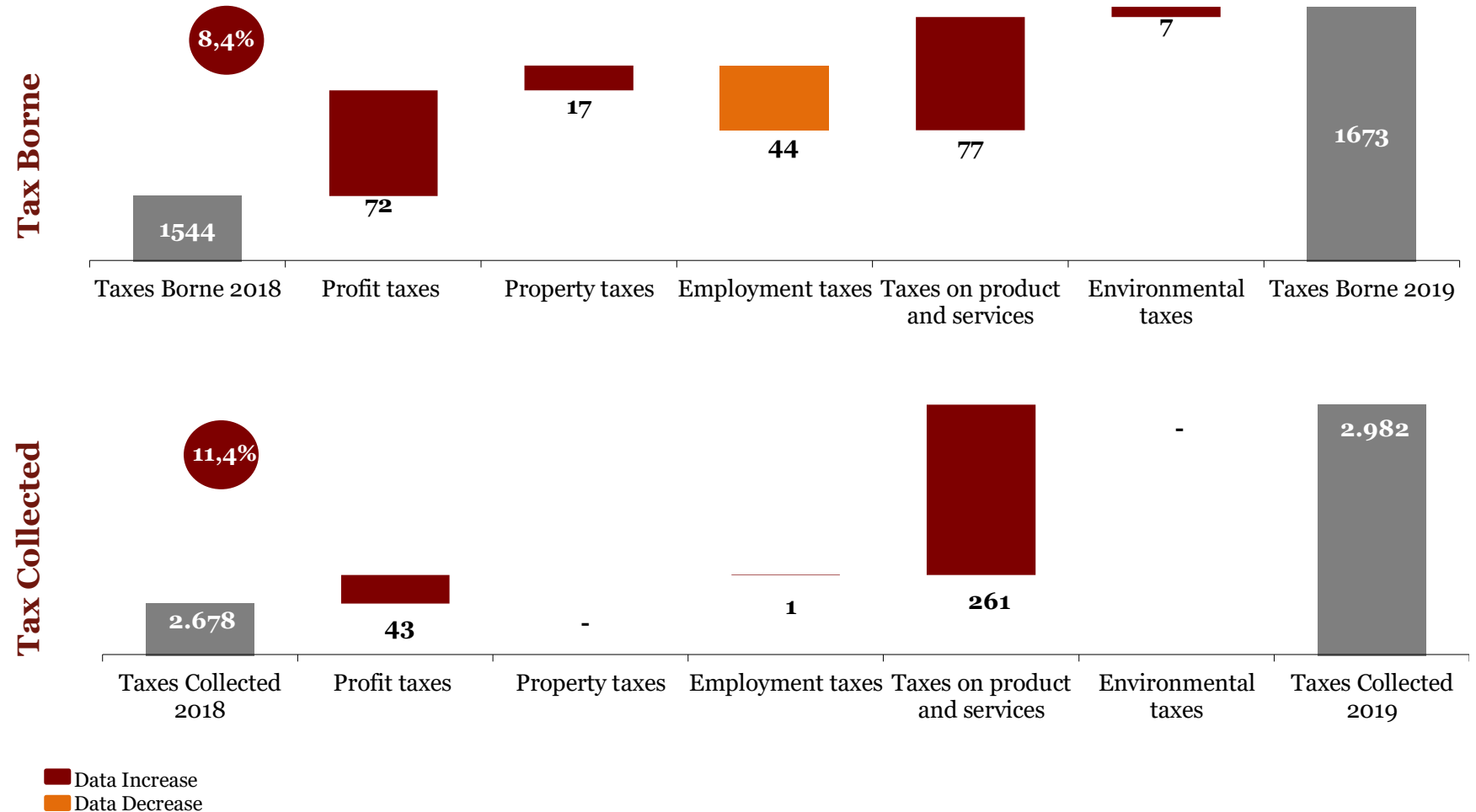
## 1. Executive Summary

### Tax Borne and Collected trend respect with 2018

There were no significant changes on **the Taxes Borne and Collected**. This could be considered as a normal variation from one year to the other.

**The increase on taxes borne on products and services** for **77 million US dollars** can be explained due to higher revenues obtained in Brazil which increased by approximately 6.027 million us dollars compared with 2018, meaning a higher Federal Sales Tax (PIS and COFINS).

**The increase on taxes collected on products and services** are related directly with the increase of this item in Brazil. Keep in mind that **Brazil TTC represents 78% of the Total Tax Contribution of Enel Américas**.

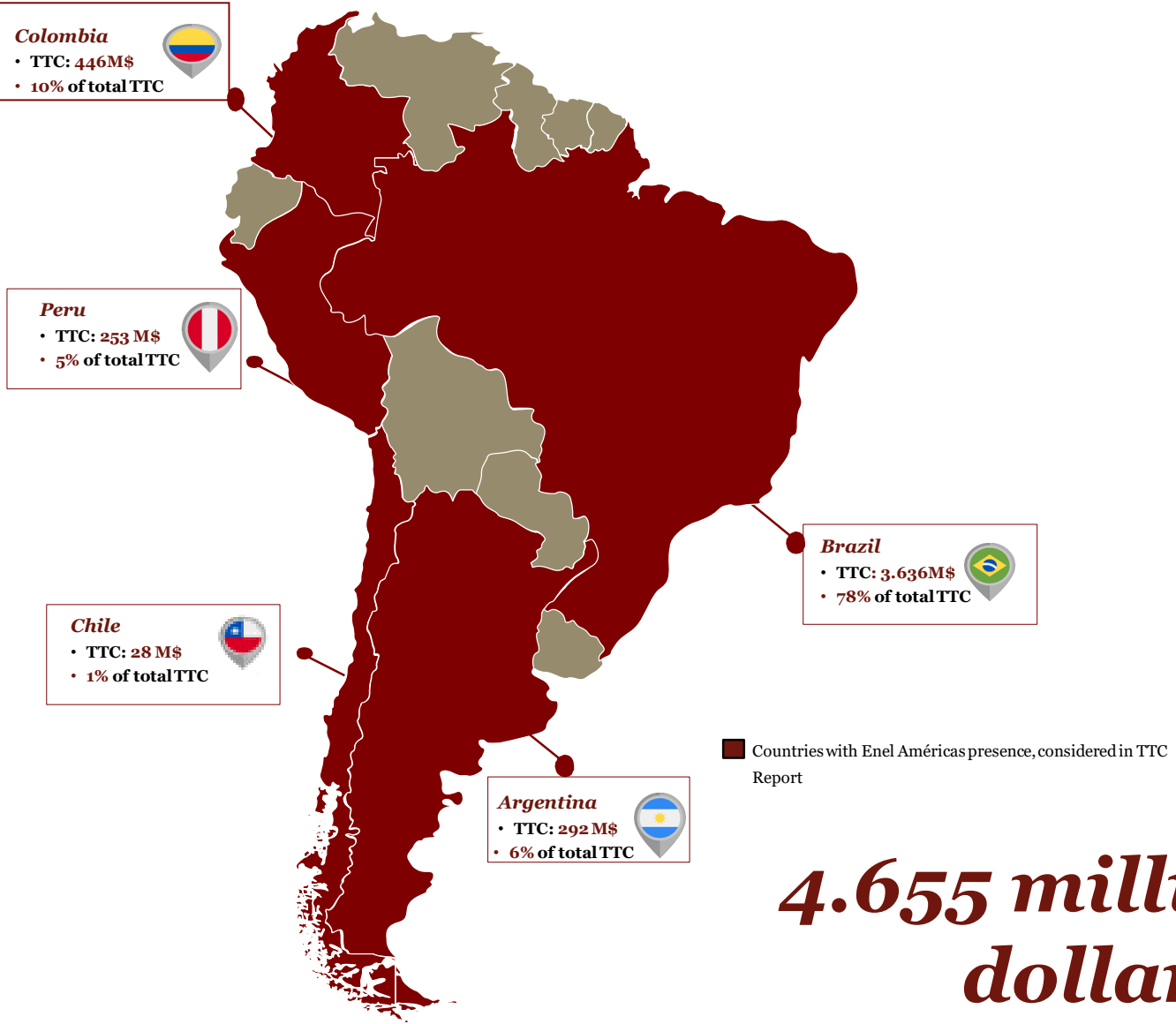


An aerial photograph of a large, paved public square. The square is divided into sections by wide, light-colored stone steps that curve around the perimeter. Numerous people are scattered throughout the square, some walking, some standing in groups, and some pushing a stroller. Two green lampposts are visible. The scene is brightly lit, suggesting a sunny day. A large, semi-transparent red rectangle is overlaid on the left side of the image, containing white text.

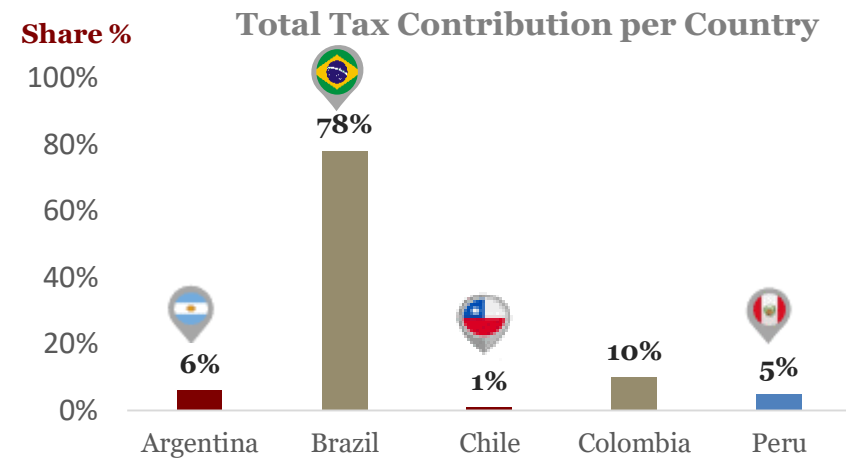
## 2. Total Tax Contribution *of Enel Américas*



## 2. Total Tax Contribution of Enel Américas in 2019



TTC of **Brazil** represents **78%** of the total tax contribution of Enel Américas

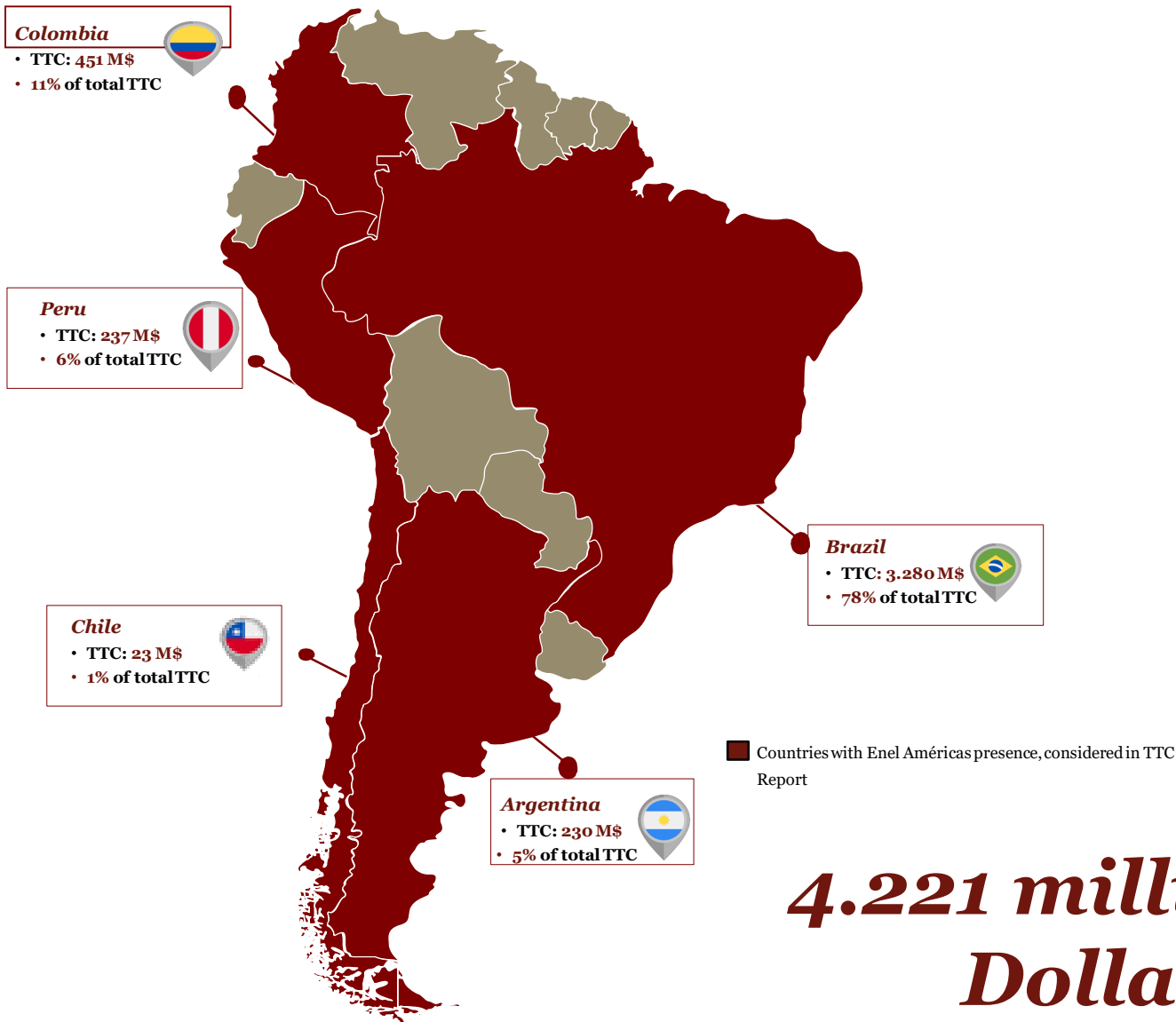


Source: Enel Américas

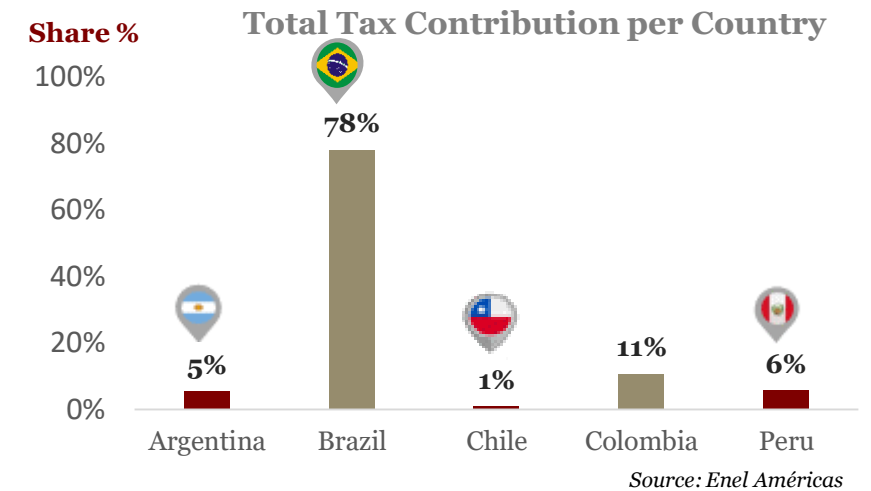
**4.655 million US dollars**

*of Total Tax Contribution in 2019*

## 2. Total Tax Contribution of Enel Américas in 2018



TTC of **Brazil**, represents **78%** of the total tax contribution of Enel Américas



**4.221 million US Dollars**  
of Total Tax Contribution in 2018



An aerial photograph of a modern urban plaza. On the right, a curved glass building with multiple floors is visible, with people walking on its exterior walkways. A large, grey, cylindrical sculpture stands in the center of the plaza. The ground is paved with grey tiles, and there are several trees and green spaces interspersed throughout the area. People are seen walking in various directions across the plaza. A dark red rectangular overlay covers the left side of the image, containing white text.

### *3. Total Tax Contribution per Country in 2019*



6%

Share in Total  
Tax Contribution



15  
entities



4.245  
Employees



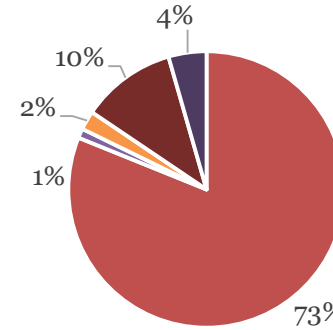
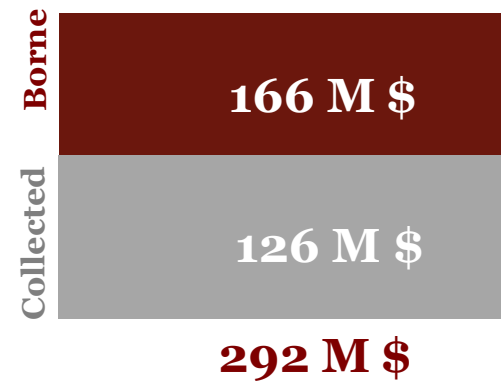
17.269 \$  
of wages per  
employee



9.579 \$  
of taxes per  
employee

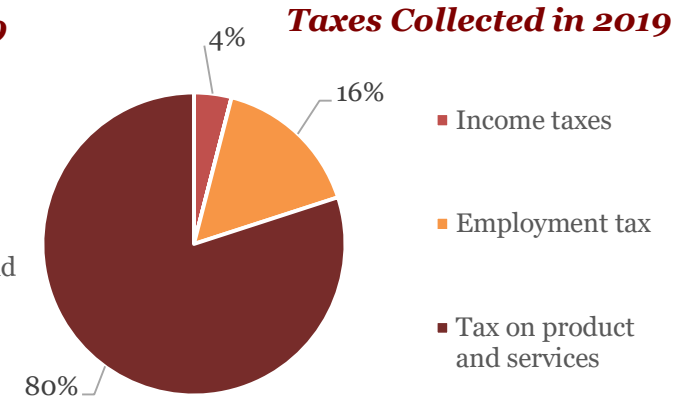
### 3. Total Tax Contribution in Argentina in 2019

#### Total Tax Contribution Indicators



#### Taxes Borne in 2019

- Profit tax
- Property tax
- Employment tax
- Tax on product and services
- Environmental taxes



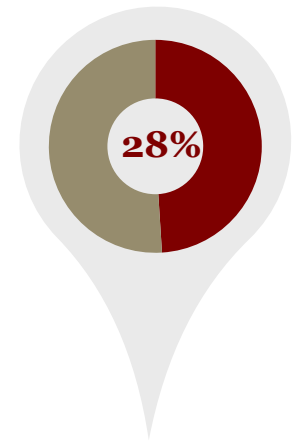
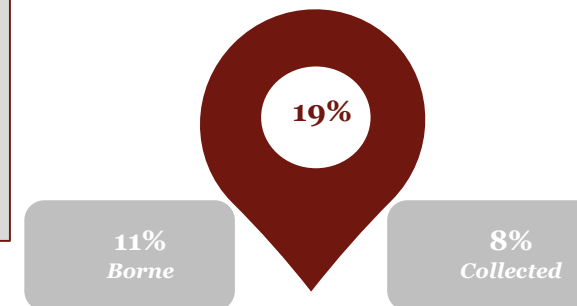
#### Taxes Collected in 2019

- Income taxes
- Employment tax
- Tax on product and services

Enel Argentina contributed **6% of the Group's entire TTC**, which amounted to **292 million US dollars**. **57%** of the Total Tax Contribution corresponds to Taxes Borne, while the remaining **43%** corresponds to Taxes Collected.

In Argentina, the **profit taxes borne** correspond to approximately **42%** of the Total Tax Contribution.

#### TTC Turnover



**TTCR of Enel Argentina  
in 2019**

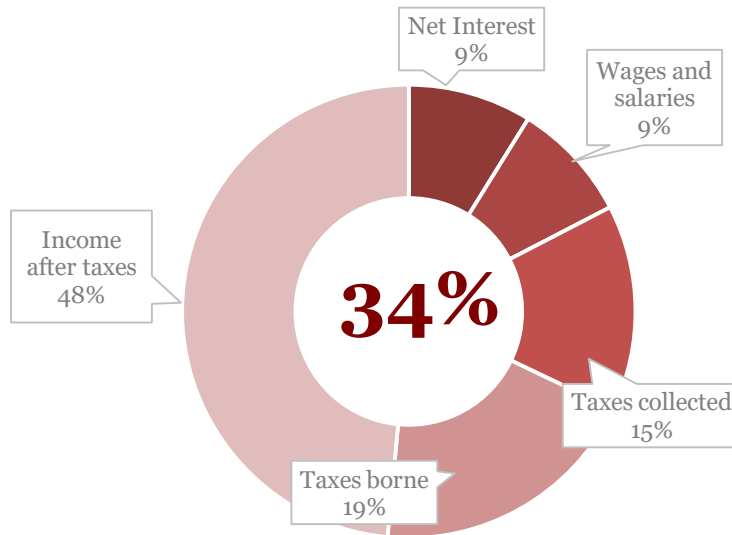


### 3. Total Tax Contribution in Argentina in 2019



#### Distributed Tax Value and Effective Tax Rate of Enel Argentina

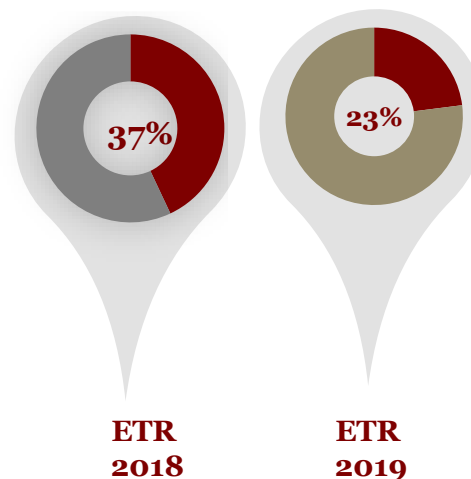
##### Tax Value Distributed by Enel Argentina in 2019



In 2019, the total economic value distributed amounted to **856 million US dollars**, of which **292 million US dollars** were paid to different public administrations in the form of borne and collected taxes.

As can be seen from the chart, **34%** of the economic value generated by Enel Américas in Argentina benefits society through the payment of Borne and Collected Taxes.

##### Effective Tax Rate of Enel Argentina



The Effective Tax Rate (ETR) of Enel Argentina was **23%** in **2019** and **37%** in **2018**, which has been determined on an accounting or accrual basis.

This trend is mainly due to the fact that in 2019, Enel Argentina made use of the tax revaluation benefit, which generated a higher deferred tax asset.

This tax revaluation allows companies to benefit from higher tax depreciation of assets in the future and to record a deferred tax asset for the revalued amount at the time of the option.

*The Effective Tax Rate of Enel Argentina in 2019 was 23%, being lower than the Argentinian nominal income tax rate for the same period, which is 30%.*

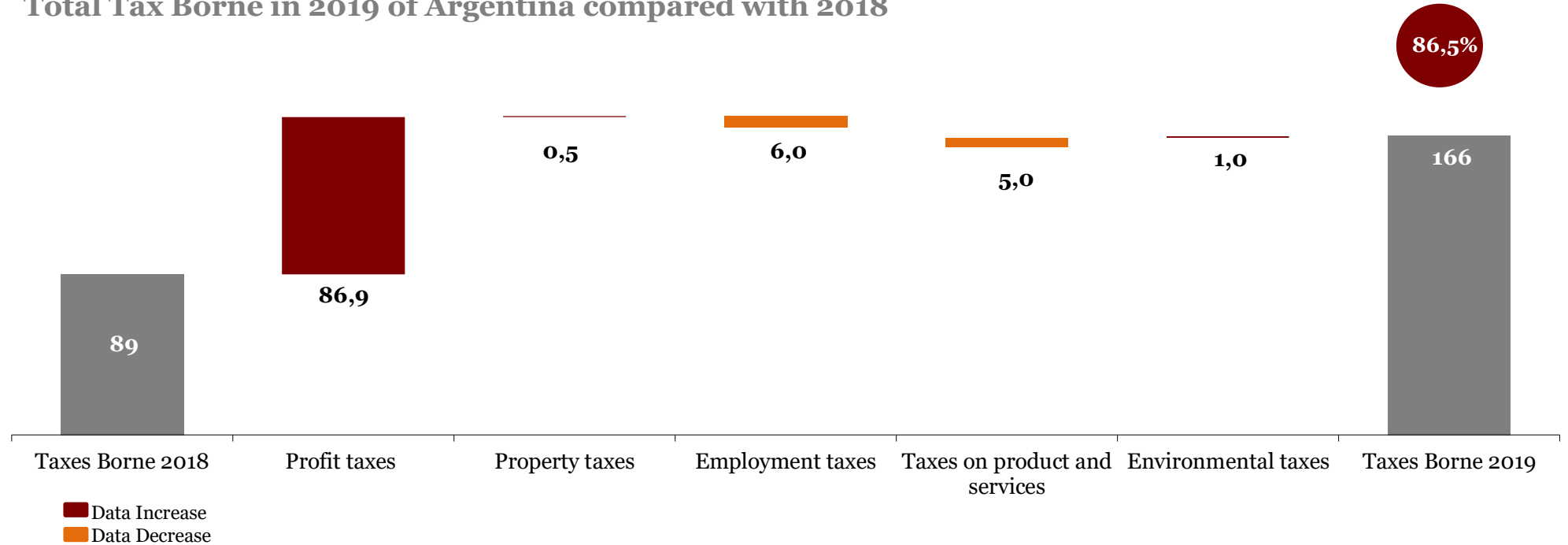
Source: PwC



*The lead factor behind the increase in the Taxes Borne, in absolute terms, is the increase in the income tax item, which grew by 77 million US dollars compared with 2018.*

### 3. Total Tax Contribution in Argentina in 2019

Total Tax Borne in 2019 of Argentina compared with 2018



- In 2019 total **Taxes Borne** increased by **86,5 %** compared with 2018.
- This increase is represented by the higher amount of profit taxes borne (increased by 87 million US dollars) mainly explained by the following:
  - A significant impact has been generated as the tariff of the generators as well as its receivables are stated in US Dollars.
  - The distribution tariffs for electric power were adjusted, that generated higher income.

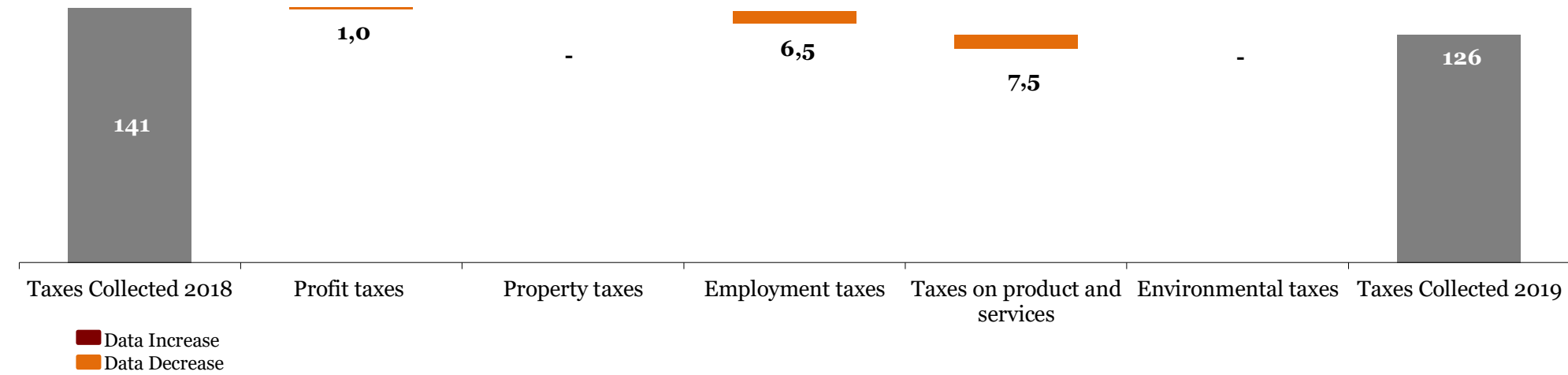




### 3. Total Tax Contribution in Argentina in 2019

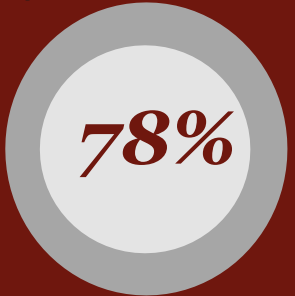
Total Tax Collected in 2019 of Argentina compared with 2018

10,6%



- Enel Argentina increased the **taxes collected for products and services in 2019** due to the adjustment of electricity rates, however this increase was offset by the devaluation of the local currency.

*Taxes Collected during fiscal year 2019 decreased in absolute terms by 15 million US dollars , compared with 2018.*



Share in Total Tax Contribution



13 entities



10.479 Employees



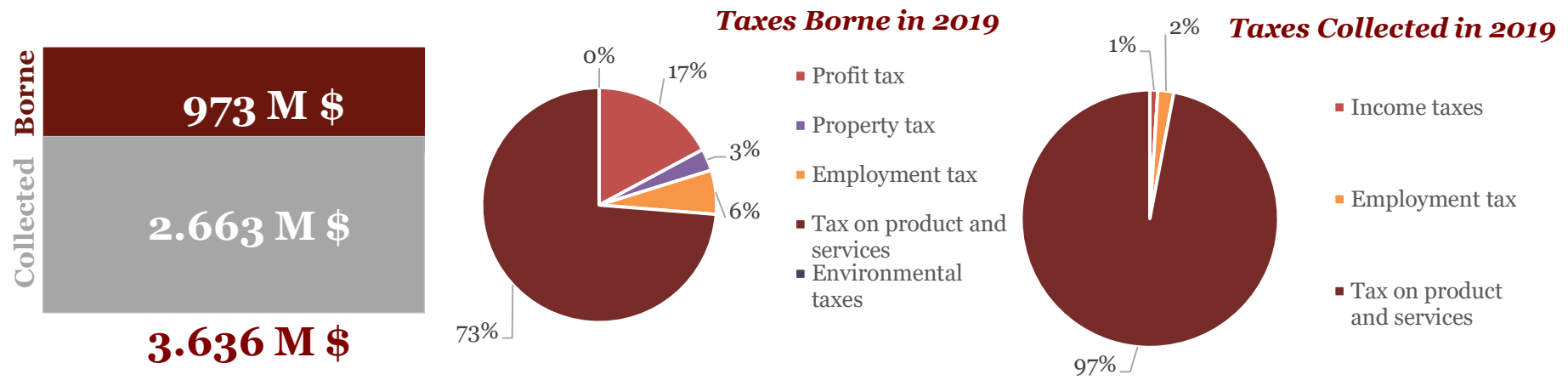
13.408 \$ of wages per employee



10.010 \$ of taxes per employee

### 3. Total Tax Contribution in Brazil in 2019

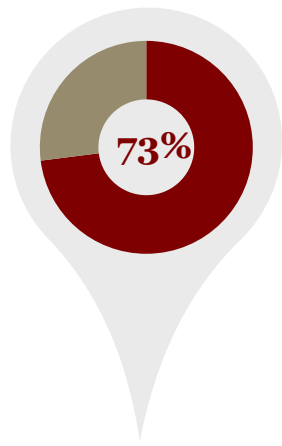
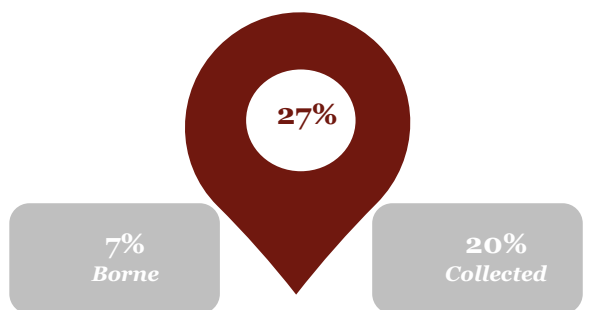
#### Total Tax Contribution Indicators



**Enel Brazil** contributed **78% of the Group's entire TTC**, which amounted to **3.636 million US dollars**. **73** of the Total Tax Contribution corresponds to Taxes Collected, while the remaining **27%** corresponds to taxes borne.

In Brazil, **VAT collected** corresponds to approximately **71%** of the Total Tax Contribution.

#### TTC Turnover



TTCR of Enel Brazil in 2019

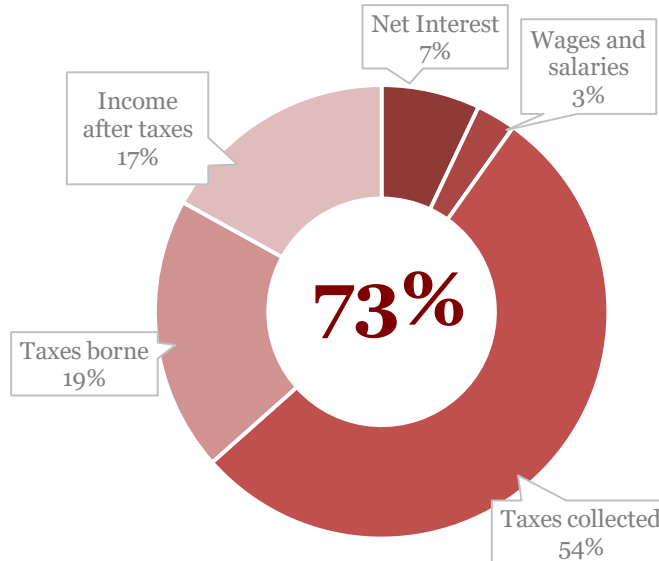


### 3. Total Tax Contribution in Brazil in 2019



#### Distributed Tax Value and Effective Tax Rate of Enel Brazil

##### Tax Value Distributed by Enel Brazil in 2019



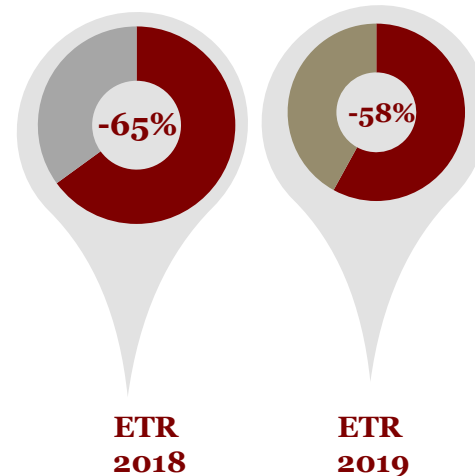
Item	Amount (M \$)	Percentage (%)
Net Interest	350	7%
Wages and salaries	141	3%
Taxes Collected	2.663	54%
Taxes Borne	973	19%
Income after taxes	844	17%
Total	4.970	100%

Source: PwC

In 2019, the total distributed economic value amounted to **4.970 million US dollars**, of which **3.636 million US dollars** were paid to different public administrations in the form of borne and collected taxes.

As can be seen from the chart, **73%** of the economic value generated by Enel Americas in Brazil benefits society through the payment of borne and collected taxes.

##### Effective Tax Rate of Enel Brazil



The **ETR** of Enel Brazil was **-58%** in **2019**, and **-65%** in **2018**.

The calculation of the ETR includes the effects of the deferred tax, which is a consequence of the difference between the tax base and the accounting base generated in the merger of ENEL SP and the effects derived from the tax losses of previous years.

If these effects are not considered, the ETR increases to 43% in 2019 and 32% in 2018.

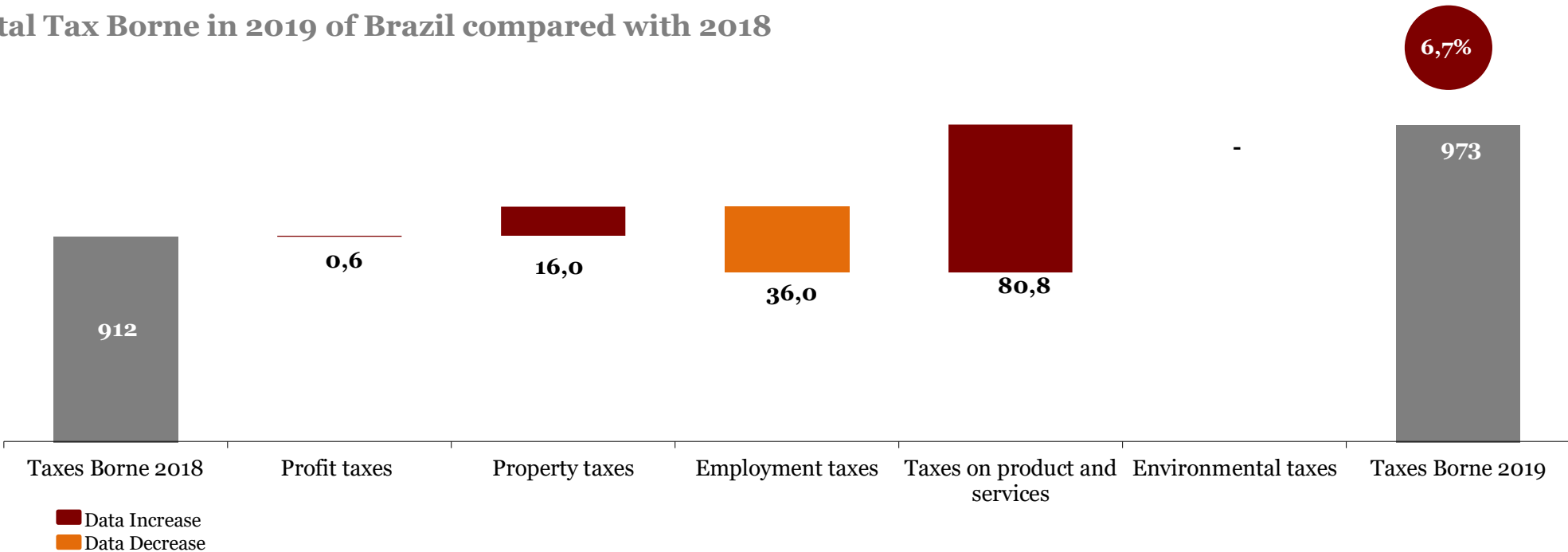
Please note that the nominal tax rate is 34%.

*If the effect of deferred taxes on assets were not considered, Enel Brazil's ETR in 2019 would be 43%, which is higher than the nominal corporate income tax rate, which is 34%.*



### 3. Total Tax Contribution in Brazil in 2019

Total Tax Borne in 2019 of Brazil compared with 2018



- **In 2019 total Tax Borne increased by 6,7% compared with 2018.**
- The increase on product and services, which is equal to 81 million US dollars, is related to the payment of PIS and COFINS over revenues, due to an increase of 6.027 million US dollars.
- The increase in property taxes borne, that is equal to 16 million US dollars is related to the increase of Financial Tax (IOF) on loan payments and also the increase in Municipal tax on properties (IPTU).
- The decrease in employment taxes borne, which is equal to 36 million US dollars, is mainly explained by the reduction of labor charges (FGTS and INSS) due to the reduction of the Brazilian headcount.

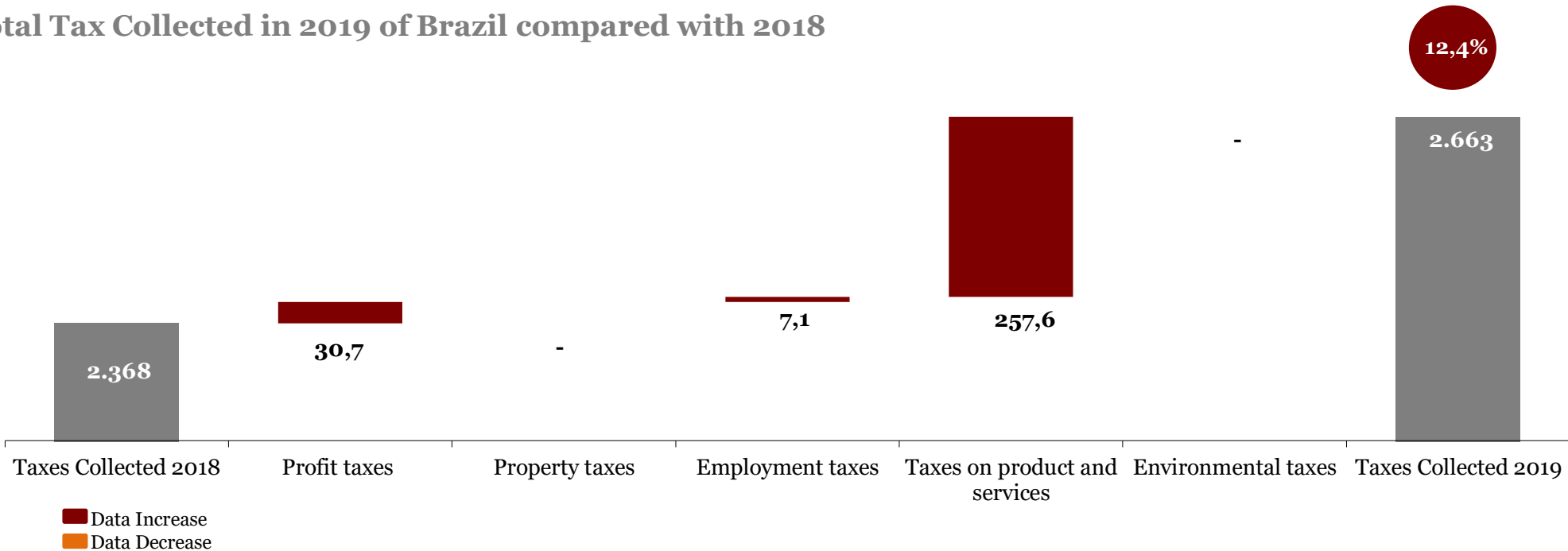
*Taxes Borne reflect an upward trend over the past year, having risen by approximately 61 million US dollars, which represents an increase in relative terms of 6,7%.*





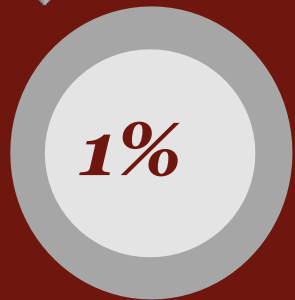
### 3. Total Tax Contribution in Brazil in 2019

Total Tax Collected in 2019 of Brazil compared with 2018



*Taxes Collected reflect an upward trend over the past year, having risen by approximately 295 million US dollars, which represents an increase in relative terms of 12,4%.*

- In 2019 total Tax Collected increased by 12,4 % compared with 2018.
- The 258 million US dollars increase in tax on products and services collected is due to the increased payment of ICMS (similar to VAT) attributable to higher revenues in Brazil (increased by 11% compared with 2018).
- The increase in income Taxes Collected, which is equal to 30 million US dollars, is related to the increase WHT on interest payments.



Share in Total Tax Contribution



1 entity



53 Employees



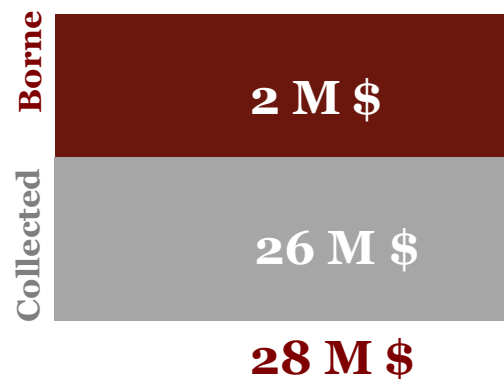
120.123\$ of wages per employee



28.692\$ of taxes per employee

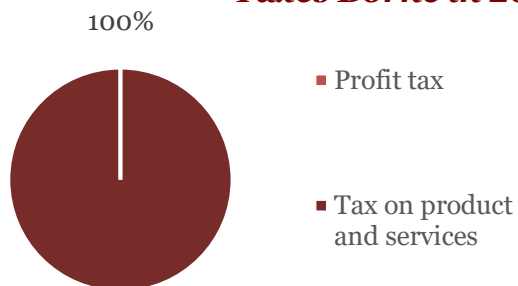
### 3. Total Tax Contribution of Enel Américas in Chile in 2019

#### Total Tax Contribution Indicators

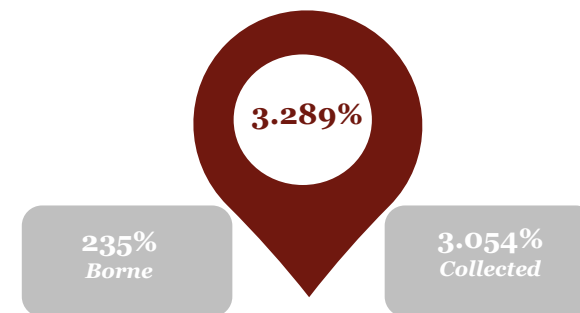


**Enel Américas in Chile** contributed **1% of the Group's entire TTC**, which amounted to **25 million US dollars**. 7% of the Total Tax Contribution corresponds to taxes borne, while the remaining **93%** corresponds to Taxes Collected.

#### Taxes Borne in 2019



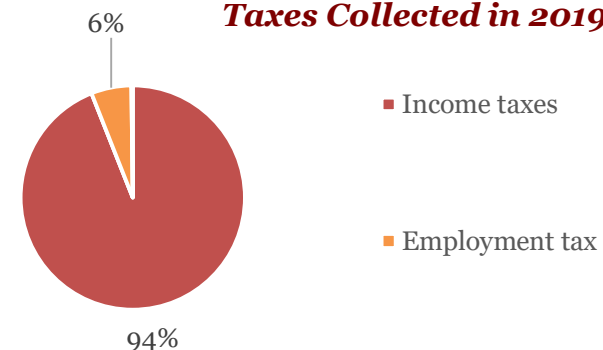
#### TTC Turnover



Most of the **borne taxes** correspond to non-recoverable VAT.

On the other hand, most of the **collected taxes** correspond to WHT on payments to non-residents.

#### Taxes Collected in 2019

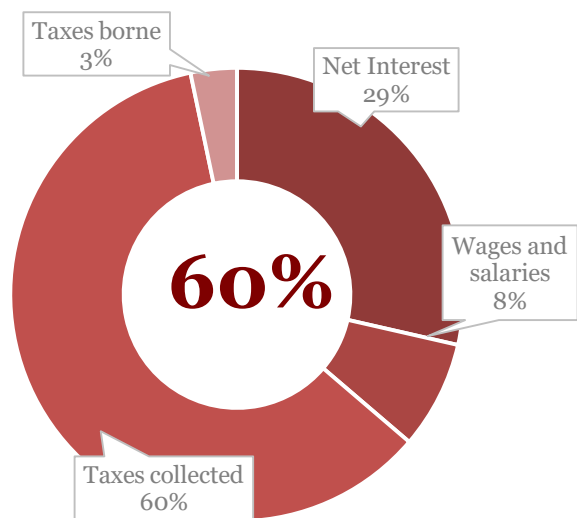


### 3. Total Tax Contribution of Enel Américas in Chile in 2019



#### Distributed Tax Value and Effective Tax Rate of Enel Américas in Chile

##### Tax Value Distributed by Enel Américas in Chile in 2019



Item	Amount (M \$)	Percentage (%)
Net Interest	12	26%
Wages and salaries	6	14%
Taxes Collected	26	55%
Taxes Borne	2	5%
Total	47	100%

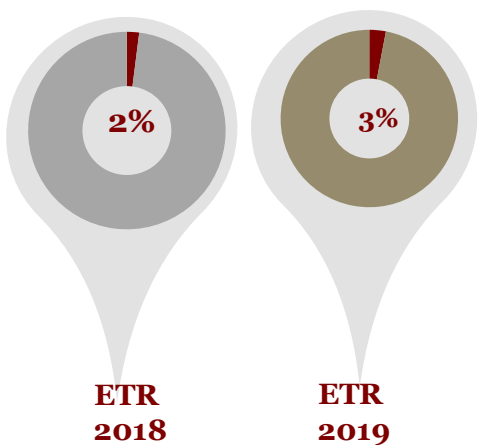
Source: PwC

In 2019, the total distributed economic value amounted to **47 million US dollars**, of which **30 million** were paid to different public administrations in the form of borne and collected taxes.

As can be seen in the chart, **60%** of the economic value generated by Enel in Chile benefits society through the payment of borne and collected taxes.

As reference, in 2018 the total distributed economic value amounted to **44 million US dollars**, of which **62%** came from collected taxes.

##### Effective Tax Rate of Enel Américas in Chile



Given the above, this report does not show the Enel Americas TTCR in Chile.

In 2019, Enel Americas had a negative ETR because the calculation does not include dividends received from Enel Latam entities, which has a misleading effect.

If these dividends are considered, the ETR increases to 3% in 2019 and 2% in 2018.

*The total value contributed in Chile to society amounted to 47 millions US dollars, of which 60% was made through collected taxes.*





### 3. Total Tax Contribution of Enel Américas in Chile in 2019

Total Tax Borne in 2019 of Enel Americas in Chile compared with 2018

83,3%



Higher payment in 2018 due to profits received from a corporate reorganization which could not be offset against tax credit.

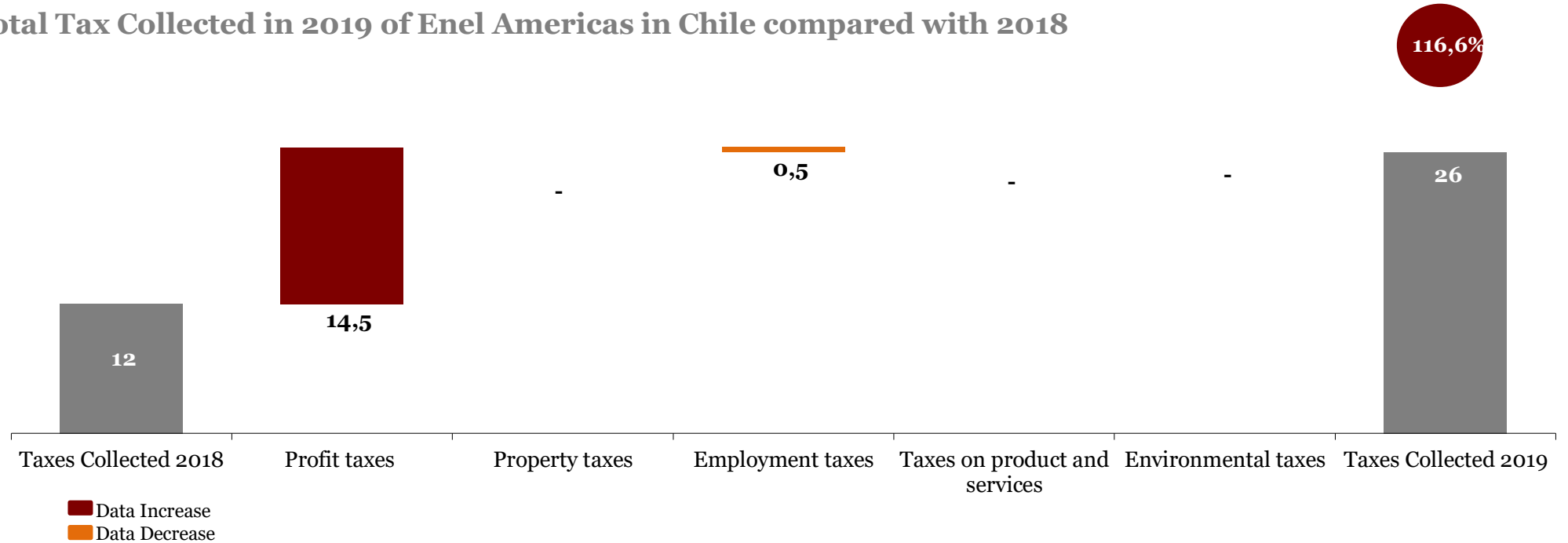
In 2019, the income tax was covered by the fiscal credit.

*Taxes Borne have decrease in comparison to the past year by approximately 10 million US dollars.*



### 3. Total Tax Contribution of Enel Américas in Chile in 2019

Total Tax Collected in 2019 of Enel Americas in Chile compared with 2018



Profit taxes are comprised of WHT on payments made to non-residents and have increased in comparison to the previous year in a 157%, which amounts to \$24,3 million US dollars.

Enel Americas paid WHT 14,5 million US dollars more in 2019, due to lower credits available to be offset against the shareholders final taxation.

**Taxes Collected during 2019 have increased in absolute terms by approximately 14 million US dollars. This represents a increase of 116,6%, compared with 2018.**



10%

Share in Total  
Tax Contribution



5  
entities



2.135  
Employees



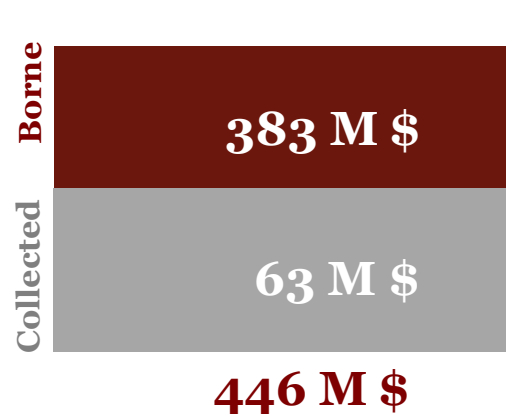
39.068 \$  
of wages per  
employee



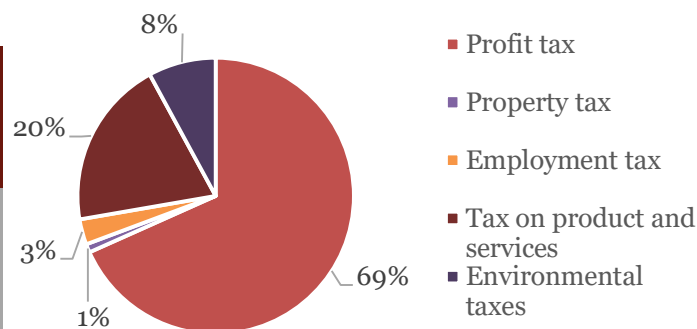
10.313 \$  
of taxes per  
employee

### 3. Total Tax Contribution in Colombia in 2019

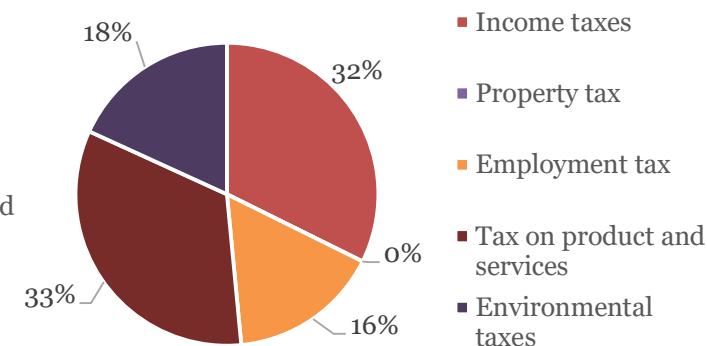
#### Total Tax Contribution Indicators



#### Taxes Borne in 2019



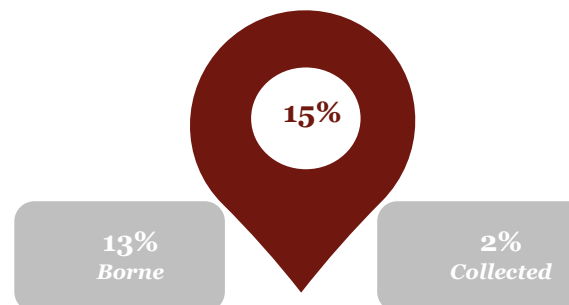
#### Taxes Collected in 2019



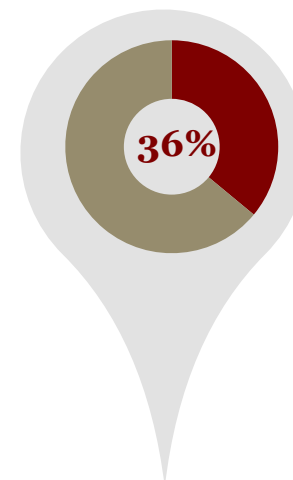
**Enel Colombia** contributed a **10% of the Group's entire TTC**, which amounted to **446 million US dollars**. **86%** of the Total Tax Contribution corresponds to taxes borne, while the remaining **14%** corresponds to Taxes Collected.

In Colombia, **corporate income taxes borne** corresponds to approximately **54%** of the total tax contribution.

#### TTC Turnover



#### TTCR of Enel Colombia in 2019



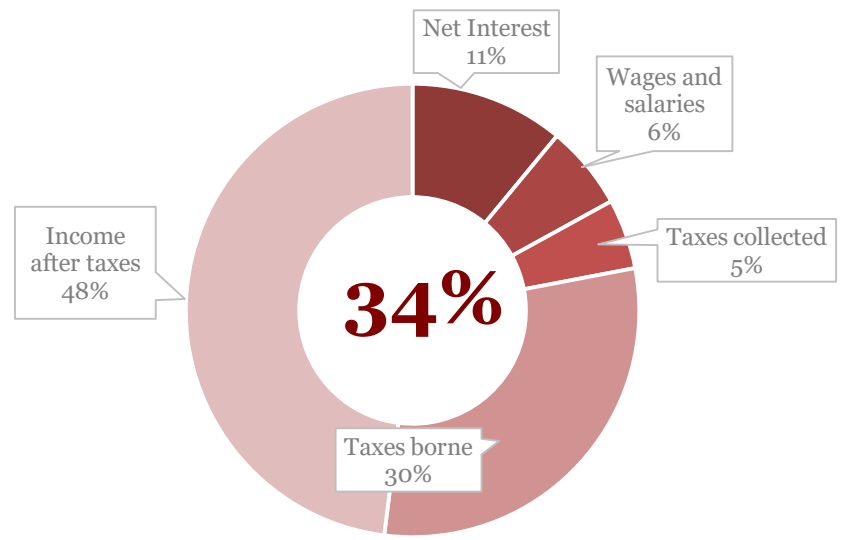


### 3. Total Tax Contribution in Colombia in 2019



#### Distributed Tax Value and Effective Tax Rate of Enel Colombia

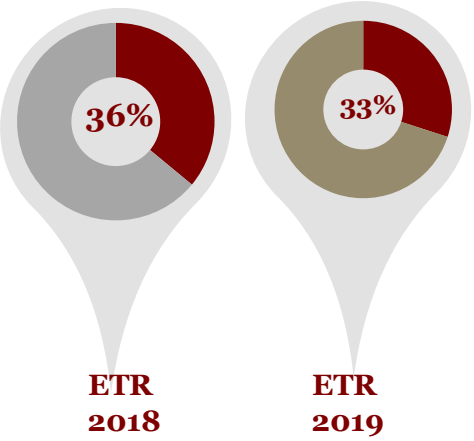
#### Tax Value Distributed by Enel Colombia in 2019



In 2019, the total distributed economic value amounted to **1.295 million US dollars**, of which **446 million US dollars** were paid to different public administrations in the form of borne and collected taxes.

As can be seen from the chart, **34%** of the economic value generated by Enel Américas in Colombia benefits society through the payment of Taxes Borne and Collected.

#### Effective Tax Rate of Enel Colombia



The effective tax rate of Enel Colombia was 33% in 2019 and 36% in 2018.

This is in line with the country's nominal income tax rate, which was 33% in 2019 and 37% in 2018.

The ETR has been determined under an accounting or accrued basis.

*The Effective Tax Rate of Enel Colombia in 2019 was 33%, which is in line with the Colombian nominal tax rate on income for the same period.*

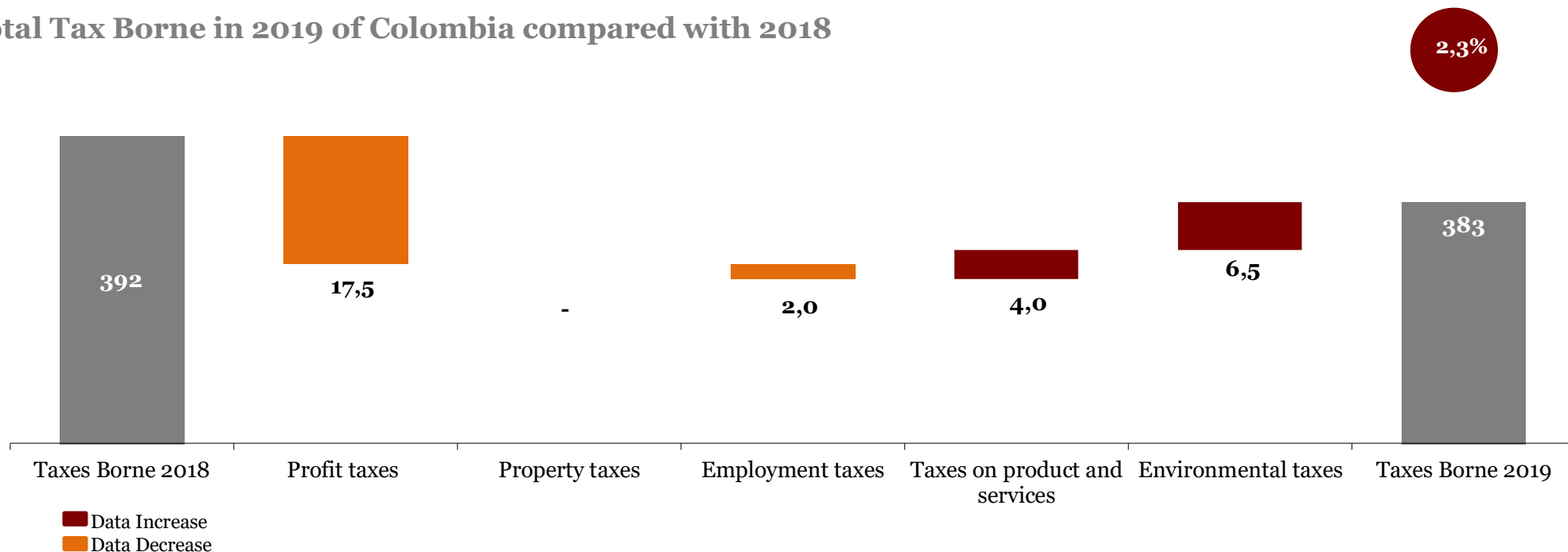
Item	Amount (M \$)	Percentage (%)
Net Interest	139	11%
Wages and salaries	83	6%
Taxes Collected	63	5%
Taxes Borne	383	30%
Income after taxes	627	48%
Total	1.295	100%

Source: PwC



### 3. Total Tax Contribution in Colombia in 2019

Total Tax Borne in 2019 of Colombia compared with 2018



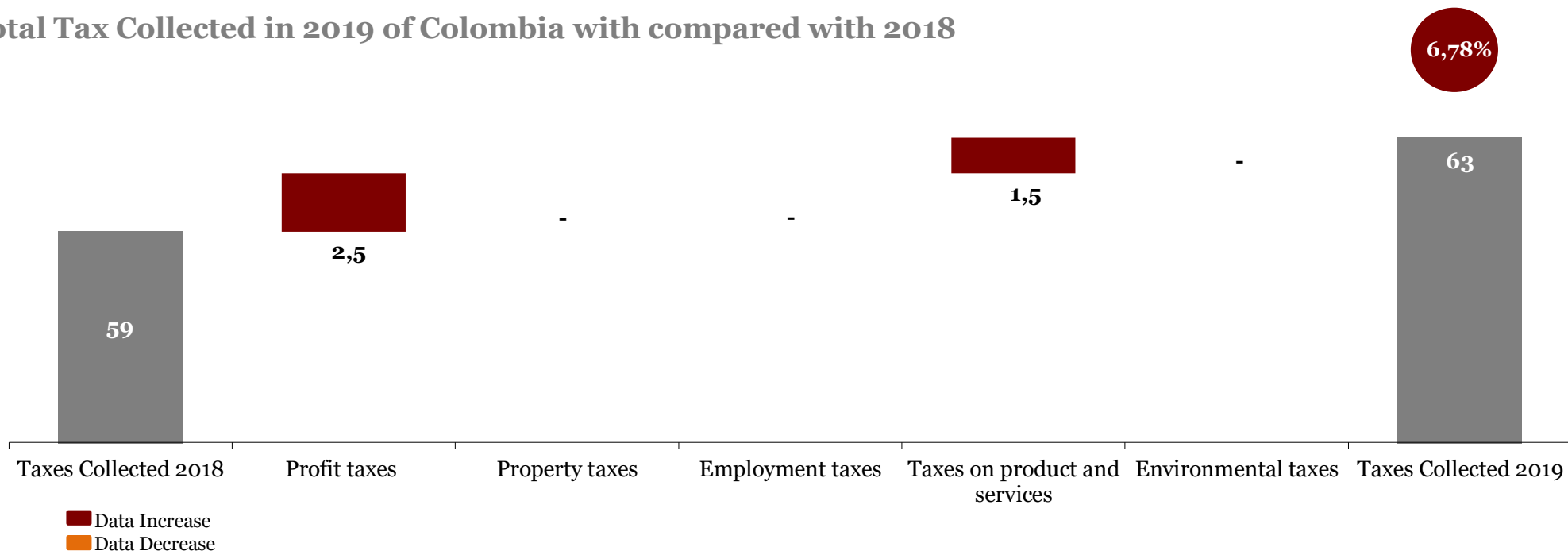
The reduction on profit taxes is a consequence of the reduction of the nominal income tax rate in 2018 , from 40% in 2017 to 37% in 2018.

**Taxes Borne have decrease in comparison to the past year by approximately 9 million US dollars, which represents a decrease in relative terms of 2,3% in 2019 in compared with 2018.**



### 3. Total Tax Contribution in Colombia in 2019

Total Tax Collected in 2019 of Colombia with compared with 2018



In 2019 total Taxes Collected increased by approximately 6,78%.

This is mainly due to the increase in profit taxes withheld and taxes collected on products and services. The reason of such increase mainly arises from an additional VAT due to the growth in the collection agreements, that generates higher income from commissions charged with VAT. Collection agreements are those signed with strategic partners to collect within the energy bill some payments such as insurances.

Also, there was additional VAT derived from new transactions entered into with Enel's business partners.

**Taxes Collected during 2019 have increased in absolute terms by approximately 4 million US dollars.**





5%

Share in Total  
Tax Contribution



7  
entities



913  
Employees



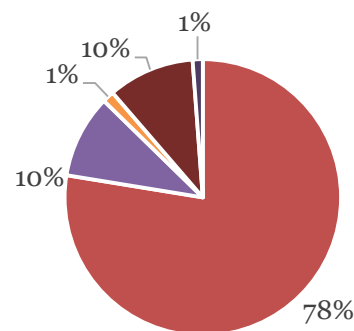
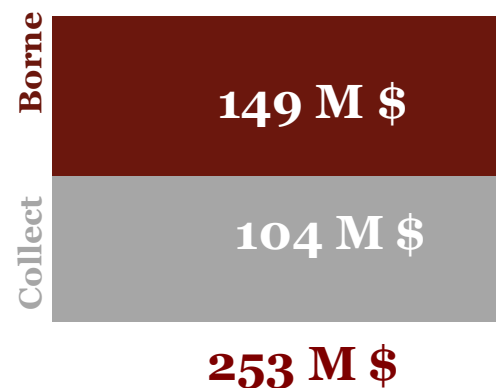
51.352 \$  
of wages per  
employee



11.939 \$  
of taxes per  
employee

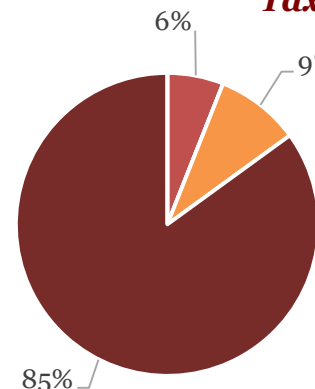
### 3. Total Tax Contribution in Peru in 2019

#### Total Tax Contribution Indicators



#### Taxes Borne in 2019

- Profit tax
- Property tax
- Employment tax
- Tax on product and services
- Environmental taxes



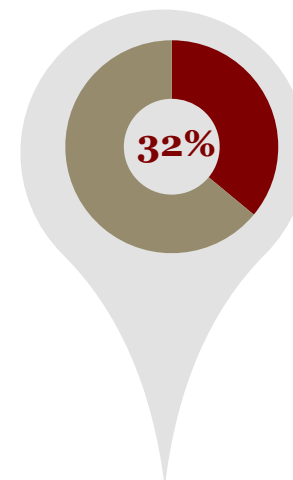
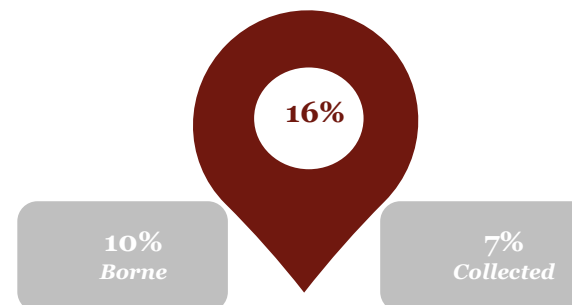
#### Taxes Collected in 2019

- Income taxes
- Employment tax
- Tax on product and services

**Enel Peru** contributed to a **total of 5% of the Group's entire TTC**, which amounted to **253 million US dollars**. **59%** of the Total Tax Contribution corresponds to Taxes Borne, while the remaining **41%** corresponds to collected taxes.

In Peru, **Corporate income tax borne** corresponds to approximately **46%** of the Total Tax Contribution.

#### TTC Turnover



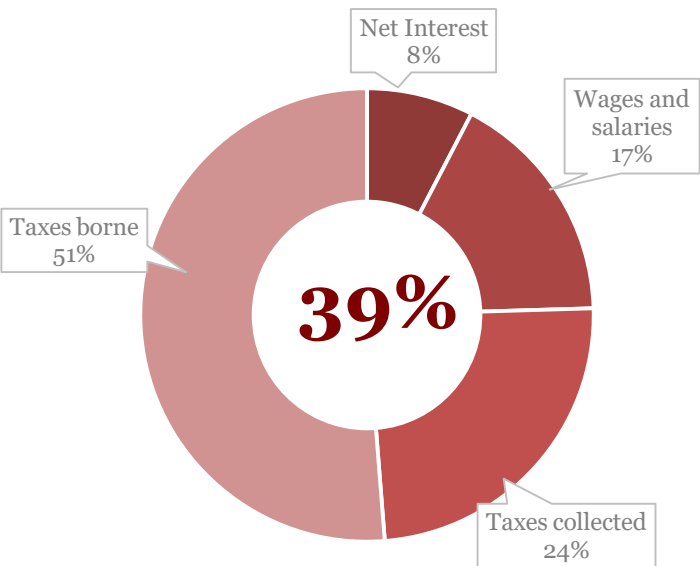
**TTCR of Enel Peru  
in 2019**

### 3. Total Tax Contribution in Peru in 2019



#### Distributed Tax Value and Effective Tax Rate of Enel Peru

##### Tax Value Distributed by Enel Peru in 2019



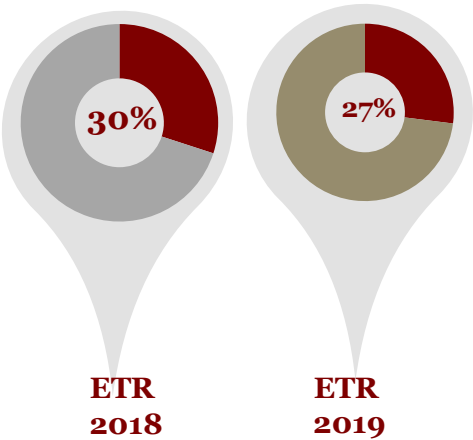
Item	Amount (M \$)	Percentage (%)
Wages and salaries	47	8%
Taxes Collected	104	17%
Taxes Borne	149	24%
Income after taxes	315	51%
Total	615	100%

Source: PwC

In 2019, the total distributed economic value amounted to **US dollars 615 million**, of which **253 million US dollars** were paid to different public administrations in the form of borne and collected taxes.

As can be seen from the chart, **39%** of the economic value generated by Enel Américas in Peru benefits society through the payment of borne and collected taxes.

##### Effective Tax Rate of Enel Peru



The effective tax rate of Enel Peru was **27%** in **2019** and **30%** in **2018**.

This is in line with the country's nominal income tax rate, which was 29.5% in both 2019 and 2018.

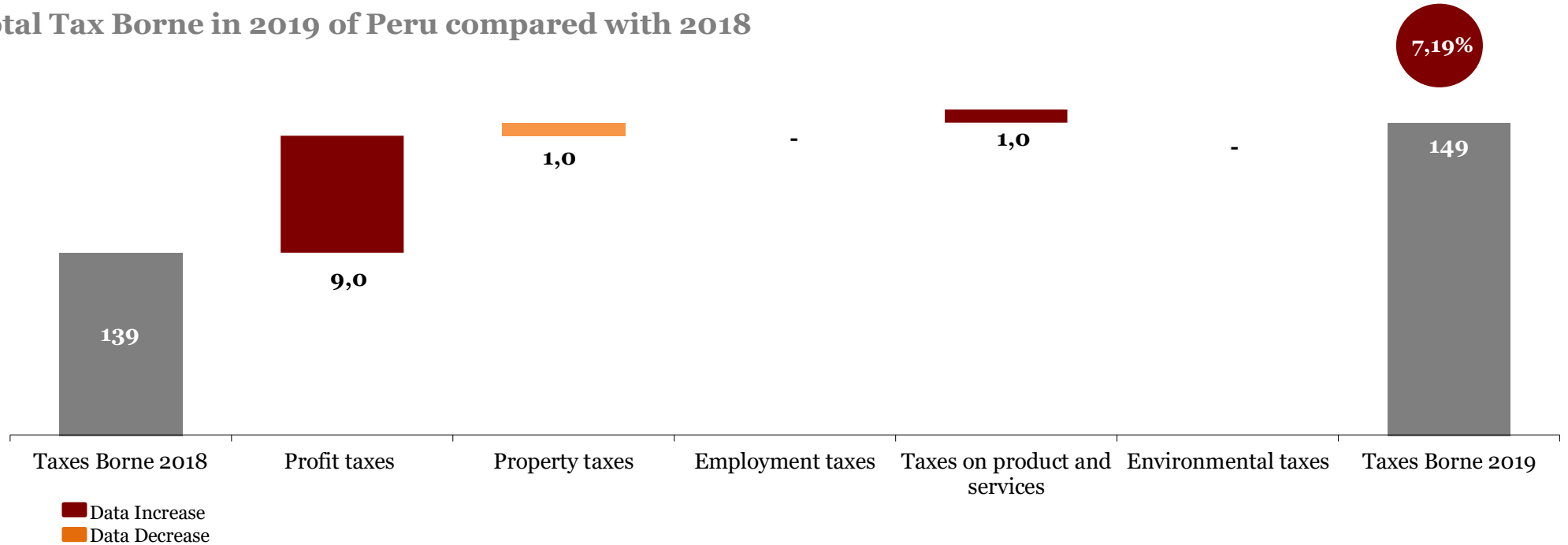
The ETR has been determined under an accounting or accrued basis.

*The Effective Tax Rate of Enel Peru in 2019 was 27% which is lower than 29,5% of the Peruvian nominal tax rate on income for the same period.*



### 3. Total Tax Contribution in Peru in 2019

Total Tax Borne in 2019 of Peru compared with 2018



The trend is mainly explained by the increase in profit taxes by 9 million US dollars. This is due to the fact that:

- The taxable amount in 2017 (for which the tax was paid in 2018) was lower than the amount considered in the advance payments of that year, that resulted in the tax refund in 2018;
- In 2019 the higher amount of taxable income increased the amount of advance payments made.

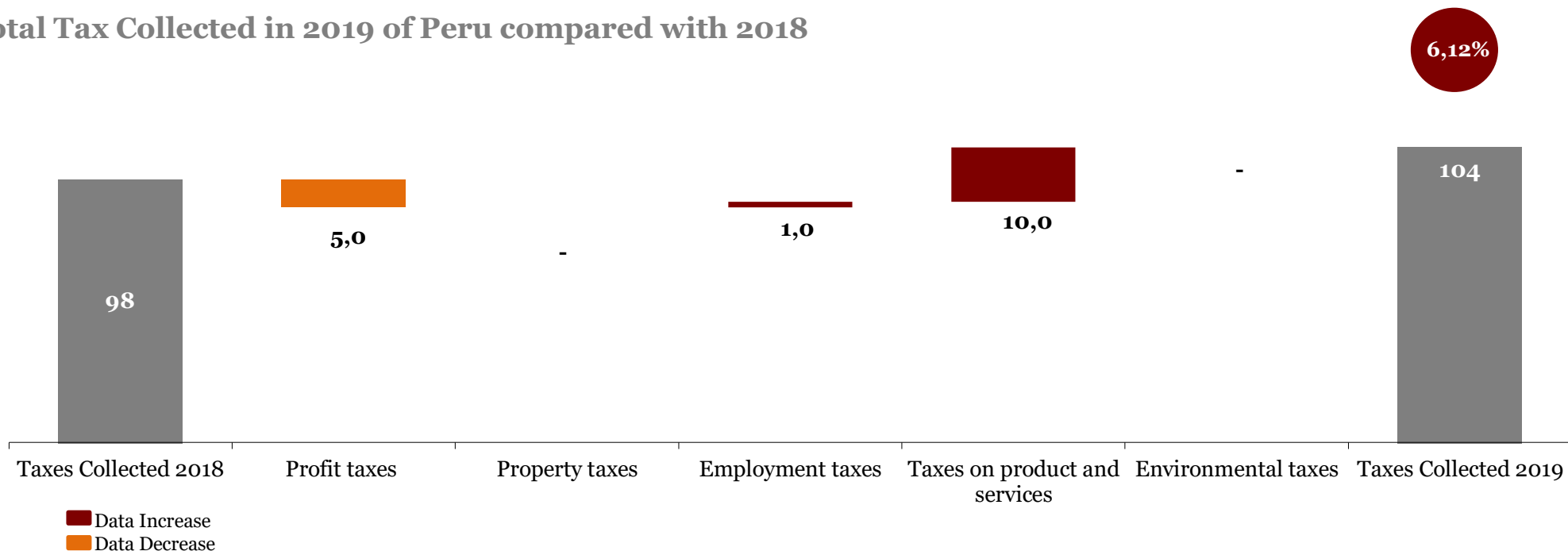
**Taxes Borne have increased in comparison to the past year by approximately 10 million US dollars, which represents an increase in relative terms of 7,19%.**





### 3. Total Tax Contribution in Peru in 2019

Total Tax Collected in 2019 of Peru compared with 2018



The main increase in taxes on product and services by 10 million US dollars, was due to the higher amount of VAT collected which is in line with the increased revenue of Enel in Peru, and also the fact that in 2018 the higher amount of tax credit was applied.

Also, the amount of profit Taxes Collected decreased by 5 million US dollars compared with 2018, mainly explained by the fact that unlike 2019, extraordinary dividends were distributed and subject to withholding tax in 2018.

**Taxes Collected during 2019 increased by approximately 6 million US dollars. This represents an increase, of 6,12% compared with 2018.**

A photograph of a modern building with a large, curved glass facade and a light-colored stone or concrete upper section. The building is viewed from a low angle, emphasizing its height and architectural details. A dark red rectangular overlay is positioned on the left side of the image, containing white text.

## *4. Background and the purpose of this report*

***“Enel Américas,  
in the spirit of its  
sustainability  
strategy,  
manages its tax-  
related activities  
in accordance  
with values  
of honesty and  
integrity.”***

## ***5. Background and the purpose of this report***

### **Purpose and scope of the report**

The aim of this report is to obtain and analyse the Total Tax Contribution data of Enel Américas for the 2019 financial year, taking into account the territories in which Enel Américas has a strong presence in Latin America, Argentina, Brazil, Chile, Colombia and Peru. The data that has been included in this report corresponds to Enel Américas perimeter Financial Statement

The contribution made by multinational companies to the public purse in the jurisdictions in which they are present, and the way in which their tax contribution is distributed, is currently a central topic of socio-economic debate.

In this context, regarding the tax strategy of Enel which is declared to the public and shared in the official website of the company, compliance with the tax legislations in which Enel operates carries an utmost importance for the Group.

Fully aware of the fact that tax revenue is one of the main contributor for economic and social development in the regions in which the Group operates, Enel gives great importance to tax reporting and transparency.

Enel Américas has decided to publish this Total Tax Contribution Report to show the importance the Group attaches to tax matters and the extent of its commitment to its main stakeholders. Information available in this report renders it possible to identify, measure and communicate the business asset, which is Enel's tax contribution, so that it can have a significant impact on its reputational value. The purpose of this report is to enlarge the concept of Corporate Social Responsibility and to reveal the value of the social function deriving from Enel's tax contribution.

The way in which the tax information provided in this report intends to make it more versatile and facilitate its integration so that it can be presented in accordance with the different parameters required by different stakeholders.



## 5. Background and the purpose of this report

The data compiled by PwC includes information received from Enel Américas, obtained from its own IT system and its internal working procedures. PwC has analysed the information supplied by Enel and has verified the consistency of the trends and figures reflected. Their origin has neither been verified nor audited.

In relation to the above, this report is based on the tax contribution figures provided as at **April 9, 2019**. Our fieldwork was concluded on **May 4 2019**, and there could be significant events that have taken place since this date, which would not be reflected in this report.



### TTC Methodology

Total Tax Framework provides information on all the taxes companies pay. The framework is straightforward in concept, not tax technical and therefore relatively easy for those who have limited knowledge of tax complexities to understand.

TTC is a universal framework that aims to provide a concise and immediate overview of the taxes paid by the Group in the jurisdictions where it operates and it is pursued through the preparation of reports which contain indicators and benchmarks explaining the overall and significant tax contributions of the Group.

The Framework is built around two essential criteria: the definition of a tax and the distinction between taxes that are the company's costs (**Taxes Borne**) and taxes that the Company collects on behalf of the governments of the jurisdictions in which it operates (**Taxes Collected**). The framework can also extend to cover "**other payments**" to governments.

The key points to be borne in mind in relation to this methodology are:

#### **1. The definition of tax and separation of taxes which are a cost to Enel Américas and Taxes Collected by Enel Américas**

**Taxes Borne** are direct costs to Enel, which are the taxes that Enel has paid to the tax authorities of various jurisdictions, i.e. profit taxes, social contributions, property taxes, etc.

**Taxes Collected** are the taxes that have been paid as a result of economic activities of Enel, they are not the own costs of Enel. Here the company is collecting taxes from others, on behalf of government, i.e. income Taxes Collected from employees under a payroll system.



## 5. Background and the purpose of this report

Nevertheless, these taxes should be taken into consideration during the calculation of Total Tax Contribution of Enel Américas, considering these amounts result from the activities of the Group.

Some taxes appear both as Taxes Borne and Taxes Collected either from their nature (i.e. irrecoverable VAT is considered as a Tax Borne and net VAT, which accounts for taxes incurred on products/services supplied by Enel, is considered as a tax collected) or from their incidence (i.e. stamp duty paid by the company is a Tax Borne, while stamp duty withheld from customers of a company is a tax collected).

In this respect, PwC's TTC methodology adheres to the approach adopted by the OECD, which highlights the relevance of the role played by business groups in the taxation system, both as contributors of taxes which imply a cost ("Legal Tax Liability") and as "collectors" of taxes on behalf of the others ("Legal Remittance Responsibility"). "Legal tax liability, remittance responsibility and tax incidence<sup>1</sup>".

### 2. TTC Framework classifies taxes under 5 categories for clarification purposes:

Total tax contribution has been used by companies in different jurisdictions. Since taxes have different names in different countries, PwC has identified five tax bases under which Taxes Borne and collected can be categorized – **"the five P's"**.



**(i) Profit taxes:** These include taxes on company profits that are borne (for instance: corporate income tax that may be levied on Federal, State or local level, trade tax on business profits, solidarity surcharge etc.) and collected (such as withholding tax on dividends, interest, royalties, subcontractors, suppliers etc.)



**(ii) Property taxes:** Taxes on the ownership, use or transfer of tangible or intangible property. This may include Taxes Borne (e.g. taxes on the ownership and use of property; capital tax levied on share capital increase, transfer taxes on the acquisition or disposal of assets, net wealth and capital transactions; registration duties; stamp duties related to transfer of real estate; stamp duty on share transfers; tax on financial operations levied on transactions involving foreign loans or financing, etc.) and Taxes Collected (e.g. rental of business duty collected by the leaser and paid to the Government).

<sup>[1]</sup> <http://www.oecd-ilibrary.org/docserver/download/e7ced3ea-en.pdf> expires=1518608619&id=id&accname=guest&checksum=F8B98F3CB2D74B6C44A7DB049DF7A63B

## 5. Background and the purpose of this report



**(iii) People (or Employment) Taxes:** These generally include taxes on employment (including income tax and social security payments). Taxes levied on the employer are considered Taxes Borne (e.g. social security contributions, health insurance / pension / disablement contributions, payroll tax), and taxes levied on the employee are considered as taxes collected (personal income tax or social security contributions levied on the employees which are normally withheld by the employer).



**(iv) Taxes on Products and Services:** Indirect taxes and duties levied on the production, sale or use of goods and services, including taxes and duties levied on international trade and transactions. It includes taxes and duties, which are borne by companies in relation to their own consumption of goods and services, notwithstanding that these may be paid to the supplier of the goods or services, rather than directly to Government. This section includes Taxes Borne (e.g. consumption tax; turnover tax; excise duties; custom duties; import duties; taxes on insurance contracts; taxes on use and ownership of motor vehicles; unrecoverable VAT , etc.) and Taxes Collected (VAT, goods & services tax, etc.).



**(v) Planet (Environmental Taxes):** Taxes and duties levied on the supply, use or consumption of goods and services that are considered harmful to the environment. Examples of Taxes Borne: tax on value of electricity production, tax on the production of nuclear fuel, carbon taxes, etc. Taxes Collected (tax on electricity, tax on hydrocarbons, etc.).

The classification of taxes as environmental is based on the definition agreed upon for the purposes of the harmonized statistical framework developed jointly, in 1997, by Eurostat, the European Commission, the Organization for Economic Cooperation and Development (OECD), and the International Energy Agency (IEA), according to which environmental taxes *"are taxes whose base is a physical unit (or a proxy of a physical unit) of something that has a proven, specific, negative impact on the environment. All taxes on energy and transport are included and all value-added-type taxes are excluded<sup>1</sup>".*

### 3. It includes all tax payments made to Public Administrations.

When considering the figures reflected in this report, it should be borne in mind that they include tax payments made to Public Administrations in respect of items which, given their characteristics, are in fact taxes even though, for historic or circumstantial reasons, they are not classed as such.

### 4. The special characteristics of Value Added Tax and equivalent taxes are taken into account.

**Value added tax (and equivalent taxes)** is classed as a tax on products and services collected, and its amounts reflects the net payments made by Enel to the tax authorities in the corresponding period.

[1] <https://stats.oecd.org/glossary/detail.asp?ID=6437>

## 5. Background and the purpose of this report

In view of the way in which VAT works, the figure presented in this report includes the positive amount paid to the corresponding budget, less VAT received from the budget.

Amounts of VAT which are not recoverable because the continuation of the value chain through the charging of output tax is not possible, are regarded as taxes on product and services borne, since they represent a cost for the Group.

### 5. Main Assumptions made during the preparation of this report

**(i)Perimeter:** This report takes into account 100% of the tax contribution made by companies worldwide whose accounts are consolidated with those of the parent company by the full consolidation method, provided that it has been possible to obtain the necessary information. In particular, this report considers the tax contributions made by 256 entities in 2017 and 261 entities in 2018.

**(ii)Currency:** This report considers Dollar as the currency to be referred. As the local data from Enel offices has been collected in local currencies, report refers to the currency conversion rates that have been taken from the major banking institutes from the countries involved.

### **(iii) Certain Economic Indicators**

**1)Revenues:** The data regarding revenues of individual entities in each country has been provided under local GAAP (Generally Accepted Accounting Principles) or IFRS. For the purposes of this report, such data has been aggregated in order to arrive to an amount at a group level.

The data from consolidated financial statements of Enel has not been used since it includes some countries that are out of the perimeter of this TTC Report (such as Canada, United States of America, South Korea etc.)

**2)Wages and salaries:** The data regarding wages and salaries of individual entities in each country has been provided under local GAAP (Generally Accepted Accounting Principles) or IFRS. For the purposes of this report, such data has been aggregated in order to arrive to an amount at a group level. The amount of total wages and salaries retrieved from the financial statements was generally net of social security contributions, incentives or benefits, severance costs, however the exact principle depends on the accounting standards applied. Where possible, personal taxes were also excluded from wages and salaries for the purpose of calculation.

**3)Profit before Taxes:** Report considers data on profit before taxes, which is provided under local GAAP using the indicator “EBT/ earnings before tax” from the local reporting. For the purposes of this report, such data has been aggregated in order to arrive to an amount at a group level.

The amount of profit before tax excludes intercompany dividends in order to avoid double-counting of the same income of various entities, if that income was distributed as dividends to the other entities of the Group. Such calculation allows to reflect the objective amount of Profit before taxes at country levels, and to calculate the objective ETRs since dividends are usually subject to beneficial tax treatment compared to the other types of income (so-called ‘participation exemption’ regime).

## 5. Background and the purpose of this report

### 4) Total Value Distributed

Total (economic) value distributed to society is composed of:

**1)Net interest**, which is calculated as the net value of interest expense and interest income as per information from financial statements of the entities. This amount represents value distributed to the creditors of the entities included in the TTC perimeter.

**2)Income after tax**, which is the Net income of the company. For the purposes of this report, such data has been aggregated in order to arrive to an amount at a group level.

The data from consolidated financial statements of Enel has not been used since it include some countries that are out of the perimeter of this TTC Report (such as Canada, United States of America, South Korea etc.)

(Similarly to Profit before tax, this amount excludes dividends, where relevant).

**3)Wages and Salaries**, has been calculated as mentioned in the relevant section above.

**4)Taxes Borne and Collected**, as per the Total Tax Contribution Report.

### 5) Effective Tax Rate

Effective Tax Rate (ETR) shall be calculated as the ratio of “Corporate Income Tax expense” divided by “Income before Taxes”. The ETR has been determined under accrued basis.

### 6) Nominal Tax Rate

Nominal tax is the statutory corporate income tax in a country that is levied on the profit a company operating in the country. Nominal tax rate indicates the amount of tax liability relative to taxable income, that is defined by the country’s tax laws.

### iv) Total Tax Contribution Indicators

**1)Total Tax Contribution Rate:** The Total Tax Contribution rate is an indicator of the cost represented by Taxes Borne in relation to profit before taxes borne. The Total Tax Contribution rate is calculated as the percentage of Taxes Borne with respect to profit before such taxes, based on Enel’s activity in the countries which are in the perimeter of this report.

**2)TTC with Respect to Turnover:** TTC with respect to turnover is an indicator that reflects the extent of the contribution made by the Group in relation to the size of its business.

The indicator is calculated as Total Tax Contribution divided by revenues.

**3)Taxes paid in respect of wages and salaries per employee:** Taxes paid in respect of annual wages and salaries per employee is an indicator that relates the level of employment to associated taxes.

This indicator is calculated by dividing total taxes linked to employment (borne and collected) by the average number of employees for the year.



A man in a dark suit and glasses stands in a modern, brightly lit interior space, possibly a train station or airport. He is looking down at a small object in his hands. A black bag sits on the floor next to him. The background features a complex, geometric ceiling structure with many beams and a glass railing. A red semi-transparent overlay covers the left side of the image, containing the text '5. Appendices'.

## *5. Appendices*

## 6. Appendices

### Appendix I: Average Exchange Rates

Currency	Exchange Rates		
	2019	2018	Source
	USD/Currency	USD/Currency	
ARS – Argentine Peso	59,90	37,81	Banco Central de la República Argentina
BRL – Brazilian Real	4,0301	3,8748	Banco Central do Brasil
CLP – Chilean Peso	744,62	649,69	Banco Central de Chile
COP – Colombian Peso	3.277,14	3249,75	Banco de la República de Colombia
PEN – Peruvian Nuevo Sol	3,314	3,379	Superintendencia de Banca, Seguros y AFP

## 6. Appendices

### Appendix II: TTC summaries of Enel Américas in 2019

TOTAL TAX CONTRIBUTION 2019							
	UM	Argentina	Brazil	Chile	Colombia	Peru	TOTAL
<b>Total Tax Borne (on a cash basis)</b>		<b>166</b>	<b>973</b>	<b>2</b>	<b>383</b>	<b>149</b>	<b>1673</b>
Profit tax	\$/mil	122	167	0	263	117	669
Property tax	\$/mil	1	30	0	2	14	48
Employment tax	\$/mil	20	61	0	12	2	95
Tax on product and services	\$/mil	17	715	2	77	15	826
Environmental taxes	\$/mil	6	0	0	29	2	37
<b>Total Tax Collected (on a cash basis)</b>		<b>126</b>	<b>2663</b>	<b>26</b>	<b>63</b>	<b>104</b>	<b>2982</b>
Profit tax	\$/mil	5	34	24	20	6	90
Property tax	\$/mil	0	0	0	0	0	0
Employment tax	\$/mil	20	44	2	10	9	85
Tax on product and services	\$/mil	100	2585	0	21	89	2795
Environmental taxes	\$/mil	0	0	0	11	0	11
<b>Total Tax Contribution (on a cash basis)</b>	\$/mil	<b>292</b>	<b>3636</b>	<b>28</b>	<b>446</b>	<b>253</b>	<b>4655</b>
		<b>6%</b>	<b>78%</b>	<b>1%</b>	<b>10%</b>	<b>5%</b>	
<b>Other regulatory payments (on a cash basis)</b>	\$/mil	-	-	-	-	-	-
<b>Economic data</b>	<b>UM</b>	<b>Argentina</b>	<b>Brazil</b>	<b>Chile</b>	<b>Colombia</b>	<b>Peru</b>	<b>TOTAL</b>
Income/Loss Before Tax (exc dividends)	\$/mil	539	534	-58	930	433	2377
Income/Loss Tax Accrued	\$/mil	123	-310	9	303	117	242
Income After Tax	\$/mil	415	844	-49	627	315	2135
Income Before Tax Borne	\$/mil	598	1340	-56	1070	465	3417
Revenues	\$/mil	1572	13348	1	2916	1538	19376
Wages and salaries	\$/mil	73	141	6	83	47	350
Net Interest	\$/mil	76	350	12	139	31	607
Average number of employees	n.	4245	10479	53	2135	913	17826
<b>TTC Indicators</b>	<b>UM</b>	<b>Argentina</b>	<b>Brazil</b>	<b>Chile</b>	<b>Colombia</b>	<b>Peru</b>	<b>TOTAL</b>
TTC ratio	%	28%	73%	-4%	36%	32%	49%
TTC in relation to Income Before Tax	%	54,21%	680,56%	-48,23%	47,97%	58,48%	196%
TTC in relation to revenues	%	19%	27%	3289%	15%	16%	24%
Tax borne in relation to revenues	%	11%	7%	235%	13%	10%	9%
Tax collected in relation to revenues	%	8%	20%	3054%	2%	7%	15%
Tax value distributed to society	%	34%	73%	60%	34%	39%	60%
Wages and salaries per employee	USD	17.269	13.408	120.123	39.068	51.352	19.663
Taxes paid per employee	USD	9.579	10.010	28.692	10.313	11.939	10.098
Effective Tax Rate	%	23%	-58%	-16%	33%	27%	10%

## 6. Appendices

### Appendix II: TTC summaries of Enel Américas in 2018

#### TOTAL TAX CONTRIBUTION 2018

	UM	Argentina	Brazil	Chile	Colombia	Peru	TOTAL
<b>Total Tax Borne (on a cash basis)</b>		<b>89</b>	<b>912</b>	<b>12</b>	<b>392</b>	<b>139</b>	<b>1,544</b>
Profit tax	\$/mil	35	167	6	281	108	597
Property tax	\$/mil	0	14	-	2	14	30
Employment tax	\$/mil	26	97	-	14	2	139
Tax on product and services	\$/mil	22	634	5	73	14	748
Environmental taxes	\$/mil	5	0,18	-	23	2	30
<b>Total Tax Collected (on a cash basis)</b>		<b>141</b>	<b>2,368</b>	<b>12</b>	<b>59</b>	<b>98</b>	<b>2,678</b>
Profit tax	\$/mil	6	4	9	17	11	47
Property tax	\$/mil	0	-	-	-	-	0
Employment tax	\$/mil	27	37	2	10	8	85
Tax on product and services	\$/mil	108	2,328	0	19	79	2,534
Environmental taxes	\$/mil	-	-	-	12	-	12
<b>Total Tax Contribution (on a cash basis)</b>	\$/mil	<b>230</b>	<b>3,280</b>	<b>24</b>	<b>451</b>	<b>237</b>	<b>4,222</b>

		<b>5%</b>	<b>78%</b>	<b>1%</b>	<b>11%</b>	<b>6%</b>	
<b>Other regulatory payments (on a cash basis)</b>	\$/mil	-	-		-	-	-

<b>Economic data</b>	UM	Argentina	Brazil	Chile	Colombia	Peru	TOTAL
Income/Loss Before Tax (exc dividends)	\$/mil	444	324	-52	784	441	<b>1,940</b>
Income/Loss Tax Accrued	\$/mil	165	-210	7	279	130	<b>372</b>
Income After Tax	\$/mil	279	533	-59	497	286	<b>1,568</b>
Income Before Tax Borne	\$/mil	504	1,069	-47	914	472	<b>2,913</b>
Revenues	\$/mil	1,481	7,321	1	2,702	1,417	<b>12,922</b>
Wages and salaries	\$/mil	104	222	7	73	55	<b>460</b>
Net Interest	\$/mil	121	321	15	148	-	<b>604</b>

Average number of employees	n.	4,374	10,900	53	2,144	915	<b>18,386</b>
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<b>TTC Indicators</b>	UM	Argentina	Brazil	Chile	Colombia	Peru	TOTAL
TTC ratio	%	18%	85%	-26%	43%	29%	53%
TTC in relation to Income Before Tax	%	51,81%	1013,76%	-45,92%	57,55%	53,72%	218%
TTC in relation to revenues	%	16%	45%	1801%	17%	17%	33%
Tax borne in relation to revenues	%	6%	12%	900%	15%	10%	12%
Tax collected in relation to revenues	%	10%	32%	900%	2%	7%	21%
Tax value distributed to society	%	31%	75%	-170%	39%	41%	62%
Wages and salaries per employee	USD	23.843	20.333	126.852	33.934	59.833	25,027
Taxes paid per employee	USD	12.226	12.243	39.851	11.265	10.981	12,142
Effective Tax Rate	%	37%	-65%	2%	36%	30%	19%



## 6. Appendices

### Appendix III: List of consolidated entities

Country	Name of the Company	Currency
Argentina	Edesur S.A	Argentine Peso
Argentina	Enel Generación Costanera S.A.	Argentine Peso
Argentina	Enel Generación El Chocón S.A.	Argentine Peso
Argentina	Central Docks Sud S.A.	Argentine Peso
Argentina	Inversora Dock Sud S.A.	Argentine Peso
Argentina	La Compañía de Transmisión del Mercosur S. A.	Argentine Peso
Argentina	Transportadora de Energía S. A	Argentine Peso
Argentina	Enel Argentina S.A.	Argentine Peso
Argentina	Enel Trading Argentina S.R.L.	Argentine Peso
Argentina	Hidroinvest S.A.	Argentine Peso
Argentina	Distrilec S.A.	Argentine Peso
Argentina	Parque Eólico Pampa S.A.	Argentine Peso
Argentina	Enel X Argentina SAU	Argentine Peso
Argentina	Enel Green Power Argentina	Argentine Peso
Argentina	Gas Atacama	Argentine Peso
Brasil	Enel X Brasil S.A.	Brazilian Real
Brasil	Enel Tecnologia De Redes S.A.	Brazilian Real
Brasil	Enel Cien SA	Brazilian Real
Brasil	Central Geradora Termelétrica Fortaleza SA	Brazilian Real
Brasil	Eletropaulo Metropolitana Eletricidade De Sao Paulo S.A.	Brazilian Real
Brasil	Ampla Energia E Serviços S.A.	Brazilian Real
Brasil	Companhia Energética Do Ceará - Coelce	Brazilian Real
Brasil	Celg Distribuição S.A. – Celg D.	Brazilian Real
Brasil	Enel Brasil S.A	Brazilian Real
Brasil	Enel Green Power Volta Grande S.A.	Brazilian Real
Brasil	Enel Green Power Cachoeira Dourada SA	Brazilian Real
Brasil	Enel Trading Brasil S.A.	Brazilian Real
Brasil	Enel X Brasil Gerenciamento De Energia Ltda	Brazilian Real

Country	Name of the Company	Currency
Colombia	Enel X	Colombian Peso
Colombia	Emgesa	Colombian Peso
Colombia	Codensa	Colombian Peso
Colombia	Inversora Codensa	Colombian Peso
Colombia	Sociedad Portuaria Central Cartagena	Colombian Peso
Chile	Enel Américas S.A.	Chilean Peso
Peru	Enel Generación Perú	Peruvian Nuevo Sol
Peru	Enel Generación Piura	Peruvian Nuevo Sol
Peru	Enel Distribución Perú	Peruvian Nuevo Sol
Peru	Chinango	Peruvian Nuevo Sol
Peru	Veracruz	Peruvian Nuevo Sol
Peru	Enel Perú S.A.C	Peruvian Nuevo Sol



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