



IMPACT STORY

The experience of Enel Chile working with the Alliance for Integrity

Introduction

Enel Chile is the leading electricity holding of the country, active in the generation and distribution of electricity. It is part of the multinational Enel Spa, operating in 30 countries across all continents. Enel Chile produces energy from wind, hydro, solar and thermal power plants. Environmental, Social and Governance (ESG) principles are embedded through all Enel's activities. Transparency, equity, ethical conduct, responsibility, and accountability are explicit fundamental pillars of the company's governance culture and deemed essential factors to reaching business objectives and to operationalizing Enel's commitment to environmental and social issues. In an Interview held in April 2023, Juan Díaz Valenzuela (Head of Internal Audit & Compliance) and Pablo Ignacio Martel Bosse (Head of Audit Staff and Compliance) reflected on the collaboration between Enel Chile and the Alliance for Integrity (Afln).

Actively promoting integrity throughout the electricity value chain and beyond

The company has been a leader in the fight against corruption in Chile since long. Initially established in 1943 as the state-owned enterprise *Empresa Nacional de Electricidad S.A.* (Endesa), the company was privatized in 1989 and was restructured as Enel Chile in 2016. Since then, it has stepped up efforts to systematically promote integrity in the company, the relationships with business associates, the industry and beyond. The Enel Group is a member of the Alliance for Integrity (Afln) and has been particularly active in Afln's initiatives in Latin America. Enel Chile began implementing activities together with Afln in 2021. The Alliance's programme *De Empresas para Empresas (DEPE)* has been instrumental in operationalising the corporate core principle "Zero Tolerance for Corruption" in Chile. Through DEPE, a training programme targeted specially to small and medium contractors and providers, Enel took a more active role in raising awareness among stakeholders and in providing them with tools to promote transparency and integrity in their business practices. Mr. Díaz Valenzuela and Mr. Martel Bosse consider reaching out to the smaller contractors and providers crucial to achieving systemic changes in the electricity sector and in society in general. In their view, the private sector has a catalytic role in the fight against corruption, which in Chile has been positively influenced by regulatory changes associated to the OECD assessment process. Fostering integrity requires working together from different roles and mandates to ensure that actions taken reinforce each other. According to Mr. Díaz Valenzuela working with Afln *"facilitated going beyond the company's boundaries and moving from a focus on communicating our code of ethics and improving internal processes to actively strengthening the whole company's ecosystem in favour of integrity"*. The opportunity to exchange with industry peers has been another great benefit of working with the Alliance because exchanging experiences is essential to arriving at solutions for shared challenges.

Forms of Collective action is *"a collaborative and sustained process of cooperation between stakeholders. It increases the impact and credibility of individual action, brings vulnerable individual players into an alliance of like-minded organisations and levels the playing field between competitors"*.

(World Bank Institute, 2008)



Raising awareness about the many faces of corruption and promoting integrity at all levels

The DEPE trainings conducted by AfIn and Enel started in Chile and expanded to other locations of the Enel Group in Latin America. Mr. Martel Bosse underscores that the trainings are not a prerequisite to working with Enel but rather an offer to providers and contractors, specially designed to reaching those stakeholders, which might otherwise have limited access to knowledge and mechanisms for ensuring integrity and transparency in their operations. The trainings are provided at no cost to the SMEs targeted by the programme: *“the idea is not to raise the costs of working with Enel by requiring providers to go through a mandatory training or to have a particular compliance programme, that approach would hurt the smaller providers and curtail competition. Our aim is providing tools to strengthening integrity in the whole industry and in society in general”*. Other examples of this holistic approach to integrity are the publications of the “No Excuses!” booklet promoted by the Alliance and of the “Dictionary of Corruption” launched by Chile Transparente, a non-profit organisation operating as the Chilean Chapter of Transparency International. The publications illustrate the many forms that corruption can take: *“It is important to raise awareness about ‘everyday corruption’, beyond the Hollywood-style big cases mostly associated with the term, and to speak about integrity in understandable terms and not only in corporate jargon”*.

Integrity as a path and not a destination

Promoting integrity is a permanent task. Providing safe spaces to discuss openly not only about the accomplishments but also about the challenges and pitfalls in fighting unethical behavior is essential. This requires building the necessary trust to share both success stories and lessons learned. Providing such a safe space is another valuable contribution of the Alliance for Integrity. During the “Integrity Week” once a year, the Enel subsidiaries in Latin America bring together employees of all levels and diverse stakeholders to reflect upon what has been achieved and about the path ahead. Measuring success in the fight against corruption and misconduct remain a difficult task. According to Mr. Díaz Valenzuela there is a growing recognition that the number of complaints should not be seen as a metric of success in the quest for integrity but rather one to understand where the problems are and effectively tackling them. Comparing the number of complaints among different companies in an industry is of little value without looking at the different reporting mechanisms. Making platforms to file complaints more user friendly and strengthening whistleblowing-systems can lead to significant

In the last years, the Enel Group has substantially simplified the mechanisms for reporting fraud or other forms of unethical conduct. Employees, clients, suppliers, or any other stakeholder can confidentially and anonymously report any transgression or suspected transgression to Enel’ Code of Conduct by staff members or any group counterpart using the **Ethics Channel** (Buzón Ético in Chile) either via telephone or

increases in the number of complaints. This must be seen as a necessary step and be contrasted with the results of investigating the complaints and the corrective measures taken. When stakeholders believe that companies are serious about integrity, they are more vigilant and dare to report unethical conduct. The nature of complaints has changed over time. While initially these mostly focused on accounting fraud, complaints are increasingly encompassing other forms of misbehavior such as harassment in the workplace.



Involving civil society more intensively and reaching out to a wider audience

While collective action efforts to promote integrity have been effective in bringing the public sector and the private sector together and in connecting large companies and SMEs to foster transparency and ethical behavior, there is ample scope to reach out to other actors, specially to civil society, according to Mr. Díaz Valenzuela: *"our efforts are too concentrated in certain niches, and we must avoid the risk of talking only to ourselves and to those already committed to integrity... A lot can be achieved by incorporating civil society more decisively in AfIn initiatives... The public is little aware of all the efforts and seriousness with which many companies are fighting corruption and misconduct. In Chile there is an unhealthy level of mistrust against companies. An invoicing error is too often seen as a grifting attempt by companies. Changing this mistaken perception and fostering mutual trust is also an important aspect in promoting integrity and transparency."* Mr. Martel Bosse fully subscribes this view and sees also a potential in tailoring the offer of AfIn to the needs of specific sectors and specific communities: *"we need to reach out a lot more widely but to do that, we need to make sure we use the right language. If we keep on using official or corporate language in the fight against corruption and unethical behavior, we miss the opportunity of involving civil society and communities in solutions to ethical challenges. This will take some time. It also took some time to tailor messages and systems to reach small companies, but the sooner we start to diversify and tailor our initiatives to promote integrity by reaching a more diverse audience and other stakeholders, the better."* Both consider using additional and new communication formats and channels a promising way to bring the message and products of the Alliance for Integrity to a larger audience.

Ensuring the continuity of the Alliance

AfIn' Secretariat plays an essential role in coordinating and articulating initiatives, in the generation of products and in fostering exchange among members. Currently the Alliance is supported entirely with funding from the Federal Ministry for International Cooperation and Development. Mr. Díaz Valenzuela considers a mixed model, through which AfIn would be partly funded by private companies, a viable option. He does not share the opinion that private funding could compromise the legitimacy of the Alliance. In his view there are corporate governance structures that would allow effectively combining different forms of private and public funding, including in-kind and financial contributions. Being open and creative to new forms of cooperation and new structures for ensuring financial sustainability are important elements in charting the future path of the Alliance.



The [Alliance for Integrity](#) is a business-driven, multi-stakeholder initiative seeking to promote transparency and integrity in the economic system. To achieve this goal, it fosters collective action of all relevant actors from the private sector, the public sector and civil society. The Alliance for Integrity is a platform that offers practical solutions to strengthen the compliance capacities of companies and their supply chains. In addition, the Alliance for Integrity contributes to the improvement of framework conditions by fostering dialogue between the public and private sectors. For these reasons the Alliance for Integrity is the global contact point for businesses aiming at countering corruption collectively.

[Enel Chile](#) is the most important electricity holding company in the country, it was incorporated under the corporate name of Enersis Chile S.A. in March 2016. In October of that same year, the Company was renamed Enel Chile S.A., a part of Enel SpA, a multinational electric company, and a leading integrated player in the global energy market with operations in 30 countries and with headquarters in Italy. Enel Chile has operations in the segments of generation, distribution, and other electricity related businesses with a net installed generation capacity throughout the country of 8,408 MW as of 2022 and distributes energy to more than 2 million customers.

In its [Sustainability Report 2022](#), Enel Chile underscores the importance of its promoting integrity throughout its value chain and providing tools to promote integrity if its suppliers and business associates: *"We promote crime prevention and the fight against corruption through specific trainings to the stakeholders of our supply chain, since the condition of provider or contractor implies adherence to the General Conditions of Contract, incorporated in the Code of Ethics, Zero Tolerance Plan with Corruption, among others. We also have protocols to guarantee and validate the integrity and consistency of the services contracted and implemented, especially in the area of consulting and professional services, which are communicated and trained to strengthen the commitment to integrity and Open Power values of the company"*