

Sustainability Rating

Summary



***Preliminary note:** This is a reprint of the February 2022 analysis of Eni Gas e Luce, in order to align it with its new identity, "ENI Plenitude SpA Società Benefit". The company has confirmed that no meaningful changes have occurred in its policies, organisation and performance since our analysis, which remains current. We have updated references to the company throughout.*

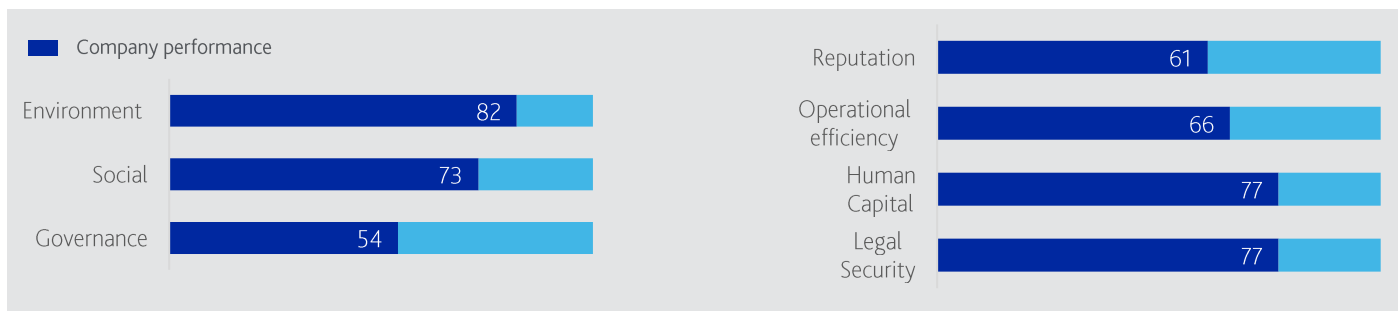
We assessed Eni Plenitude Spa Società Benefit (Plenitude) at its request in line with our standard rating methodology. This assessment results in an absolute score of 70/100. Since Plenitude is not part of our listed issuers universe, this assessment, which benefits from an active dialogue with the company, is not presented in a ranking against these other listed companies, as they may not have benefited from such dialogue. Therefore, the relative A1 Rating serves an indicative purpose only. Moreover, the company was assessed under the following assumptions:

- all Eni SpA's policies, designed to be implemented throughout the Eni group, fully apply to Plenitude, and will continue to do so,
- all the measures and initiatives implemented by Eni SpA, in every sustainability domain, that apply to the industrial assets transferred from Eni SpA to Plenitude, are and will continue to be implemented also by Plenitude.

As of January 2022, Plenitude obtains an A1 rating, based on an overall score of 70/100. The company, relying on its parent company's organisational resources, displays an advanced willingness and capacity to integrate ESG factors into its strategy and operations, as well as a comprehensive coverage of sustainability-related risks. Plenitude shows an advanced performance on issues related to reputation, operational efficiency, human capital and legal security.

Plenitude is an energy company which engages in the production of renewable energy and in the sale of gas, electricity and energy efficiency solutions to retail and industrial customers. It operates mainly in Italy and France and is 100% controlled by Eni SpA. The company is headquartered in San Donato Milanese, Italy. Plenitude has recently unveiled expansion plans ahead of an intended IPO, communicating to the markets the ambition of supplying 100% decarbonized energy to all its customers before 2040. In 2021 it has also obtained the status of "Benefit Corporation".

ESG AND RISKS MANAGEMENT PERFORMANCE (../100)



STRENGTHS

- ▶ Outstanding environmental strategy
- ▶ Advanced management and promotion of labour relations at a group's level

WEAKNESSES

- ▶ The company does not have nomination, remuneration and audit committees, and relies on those of Eni SpA
- ▶ Information disclosed on executive remuneration is limited

KEY TAKEAWAYS

Impacts: Plenitude displays an advanced energy transition score. The outcomes of energy demand-side management show an improving trend, while the development of renewable energy generation cannot be meaningfully assessed as of now, as the company has only received its industrial assets in July 2021. KPIs demonstrating its social footprint (in terms of diversity, training and health and safety) reveal positive trends.

Risks: Plenitude's risk management system has yet to be designed. As of now, the company relies on the system of its parent group, which appears comprehensive, covering its most material ESG risks. The company displays advanced capacity to safeguard and enhance its reputation, human capital cohesion, operational efficiency, and legal security.

Management: Plenitude's CSR approach is supported by quantified targets and strong cooperation with employee representatives. Comprehensive means and processes address the most material challenges. Moreover, the company does not face any controversies.

Impacts

VALUE CREATION AND SHARING

<p>Share of investments dedicated to activities likely to generate sustainable value and/or to products with measurable green, social or sustainable goals [Major, Significant, Limited, None, Unclear]</p>	<p>Major</p>	<p>The company plans to invest financial resources to foster its commercial growth and to increase its renewable energy production capacity. Plenitude targets around EUR 7.2 billion of cumulated capital expenditure between 2022 and 2025 of which EUR 6.3 billion are likely to generate sustainable value:</p> <ul style="list-style-type: none"> ➤ Around EUR 6bn will be devoted to the development/acquisition of renewable energy production assets. However, further details on future investments (location, nature of the project, etc) are not disclosed. ➤ Around EUR 300mn will be invested in the development of the e-mobility segment. <p>Consequently, Moody's ESG Solutions (MESG) considers that 87.5% of Plenitude's capital expenditure will be dedicated to activities with measurable green goals.</p>
<p>Investments in innovation [Major, Significant, Limited, None, Unclear]</p>	<p>Limited</p>	<p>Plenitude specifies that R&D activities are managed in a centralised manner by a dedicated R&D Department of Eni SpA which serves the whole group. This will continue after the IPO.</p> <p>For the year 2021, Plenitude has spent EUR 0.9mn (around 0.01% of its 2020 revenues) received from Eni SpA for R&D expenses connected to renewable energy.</p>
<p>Ratio of employee wages and benefits vs shareholder dividends [Increase, Stable or No Clear Trend, Decrease]</p>	<p>Decrease</p>	<p>Between 2019 and 2020 the ratio of employee wages and benefits vs shareholder dividends decreased by 7%, from 0.9 to 0.84.</p> <p>Over the same period, employee wages and benefits increased by 13%, from EUR 135m in 2019 to EUR155 m in 2020.</p> <p>Dividends paid to Eni Spa amounted to EUR 150m in 2019 and to EUR 184.5 m in 2020. This represents an increase of 22.9%. Plenitude did not pay any dividend in 2018.</p>
<p>Transparency on tax payments [Major, Significant, Limited, None]</p>	<p>Major</p>	<p>Plenitude reports transparently on taxes paid . Reporting covers:</p> <ul style="list-style-type: none"> ▶ taxes paid in key regions of operations ▶ sales per zone ▶ number of employees per zone ▶ explanation for significant differences between tax rate actually paid and expected tax rate.
<p>Operations in offshore financial centres (OFC), including non-compliant OECD jurisdictions [No Operation in OFC, Justified Operations in OFC, Unjustified Operations in OFC]</p>	<p>Justified Operations in some Partially-compliant countries</p>	<p>The company does not operate in any IMF off-shore financial center.</p> <p>However, Plenitude has operations in Kazakhstan which is considered as "partially-compliant" against the EOIR (Exchange of Information on Request) standard by the OECD World Forum. The presence is considered justified as the company reports that the country hosts two of its wind power plants, for a total of 72 MW, and will soon host a solar power plant too.</p>

SOCIAL & ENVIRONMENTAL IMPACTS

Environmental impacts:

MESG considers Plenitude's direct carbon footprint to be low. The company was therefore granted a A grade (the lowest notch on a four-level scale) in this regard. Plenitude obtains an energy transition score of 75/100, which is significantly above the average performance of the electric and gas utilities sector (40/100). This performance results from our assessment of Plenitude's efforts to develop renewable energy, improve demand side-management, contributing to spread more conscious consumption patterns among its customers, and to promote access to energy, particularly in developing countries.

<p>Evolution of the installed capacity in renewable energy [Decrease, Stable or No Clear Trend, Increase]</p>	<p>No clear trend</p>	<p>Plenitude received all of its renewable energy-producing assets in July 2021, from its parent company Eni SpA. It is therefore too early for us to meaningfully assess its own impact on the development of its installed capacity.</p> <p>Of note, Plenitude reports having 1.2 GW of installed power as of December 2021 and has set relevant targets for the future. The company aims at exceeding 6 GW of renewable installed capacity by 2025 and 15 GW by 2030.</p>
<p>Outcomes of energy demand-side management [Decrease, Stable or No Clear Trend, Increase]</p>	<p>Increase</p>	<p>The company states that sales of energy efficiency products and services have saved 8 tonnes of CO2 emissions in 2018, 14 tonnes in 2019 and 542 tonnes in 2020.</p>

Social impacts:

<p>Organic growth of employment [Positive, Stable, Negative, Undisclosed]</p>	<p>Undisclosed</p>	<p>In 2020, Plenitude acquired 70% of Evolvere SpA Società Benefit and 25% of Ovo Energy France SAS. However, the number of concerned employees is unknown.</p> <p>Of note, the company employed 1579 people in 2018, 1547 in 2019 and 1573 in 2020.</p>
<p>Percentage and trends of women in management [Increase, Stable or Unclear, Decrease or Undisclosed]</p>	<p>Increase</p>	<p>The share of women in management positions has increased by 4 percentage points from 31% in 2018 to 35% in 2020.</p> <p>This is far above the sector average, which stood at 24.6% for fiscal year 2020 (41 companies out of 64 in the Electric & Gas Utilities sector reported on this indicator).</p>
<p>Average annual training budget per employee [Increase, Stable, Decrease or Undisclosed]</p>	<p>Increase</p>	<p>The company's annual training budget per employee has increased by 73% between 2018 and 2020, from EUR 0.7 k in 2018 to EUR 1.2 k in 2020.</p> <p>The performance proves better than the sector average, which stood at EUR 1k for the year 2020 (17 companies out of 64 in the Electric & Gas Utilities sector reported on this indicator).</p>
<p>Injury frequency rate [Decrease, Stable or Unclear, Increase or Undisclosed, None]</p>	<p>Decrease</p>	<p>The company's lost-time injury frequency rate has been decreasing between 2018 and 2020, from 0.094 accidents per 200,000 hours worked in 2018 to zero in 2020.</p> <p>The sector average stood at 0.81 for the year 2020 (19 companies out of 64 in the Electric & Gas Utilities sector reported on this indicator).</p>
<p>Absenteeism rate [Decrease, Stable or Unclear, Increase or Undisclosed]</p>	<p>Undisclosed</p>	<p>The company does not disclose information on its absenteeism rate. Of note, the sector average stood at 3.45% for the year 2020 (30 companies out of 64 in the Electric & Gas Utilities sector reported on this indicator).</p>

IMPACTS OF PRODUCTS & SERVICES

Plenitude is considered to have a minor percentage of products and services contributing to sustainable development (less than 20% of revenues in 2020). The company's activities appear to contribute to the UN Sustainable Development Goals N°7 (Clean Energy at affordable price) and N°13 (Climate Action).

<p>Share of services contributing to sustainable development in total assets</p> <p>[Major, Significant, Minor, Inexistent or Undisclosed]</p>	<p>Undisclosed</p>	<p>Generation and sale of renewable energy:</p> <ul style="list-style-type: none"> ▶ The company has 1.2 GW of installed renewable capacity and plans to reach over 6 GW by 2025, 15 GW by 2030 and 60 GW by 2050. Technologies used include photovoltaic, off-shore and on-shore wind. The company's renewable development strategy is mainly based on organic growth (in-house development or development agreements), complemented by some M&A. Of the 2021 installed capacity, Plenitude states to have acquired 80% of it from third parties. The share of Plenitude's revenues related to the company's generation activities is not known to M ESG. ▶ The company states that most of its supply agreements with retail customers provide for 100% renewable energy. However, more precise figures were not disclosed. Finally, the company has communicated to the markets its ambition of supplying 100% decarbonized energy to all its customers before 2040. ▶ The company sells and installs solar panels, heat pumps and storage systems to its retail customers. Thanks to the acquisition of the company "Evolvere", Plenitude now owns and manages around 11k photovoltaic systems for a total of 57 MW. The share of revenues coming from these activities is not clear. <p>Energy efficiency:</p> <ul style="list-style-type: none"> ▶ Plenitude offers a service to improve thermal insulation of walls which, according to government-sponsored research, leads to a reduction in consumption between 30 and 50%. ▶ The company has developed the app "Genius" which, aside from monitoring consumption and allowing comparisons with similar households, gives tailor-made tips to the customer to improve energy efficiency. <p>However, the share of revenues coming from energy efficiency activities is not clear.</p> <p>E-mobility:</p> <ul style="list-style-type: none"> ▶ Plenitude strives to strengthen its position in the Italian e-mobility market and to expand abroad. To this end, the company has installed 6,500 charging points in Italy and plans to reach 27,000 at a European level by 2025. ▶ The company also sells e-mobility solutions to its retail and business customers, such as normal and high-speed charging devices for electric vehicles. <p>The share of revenues coming from this business segment is not clear.</p>
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Risks

RISK FACTORS

Plenitude's most material risk and opportunity factors relate to:

- Board of Directors
- Energy demand-side management
- Local social and economic development
- Business ethics
- Health and safety
- Fundamental labour rights and labour relations

Our analysis reveals that Plenitude has comprehensively addressed all these challenges, except for those related to the Board of Directors.

Board of Directors

The composition of the Board of Directors (including the diversity, independence and competence level of its members), as well as its functioning rules (including Board members' training and performance evaluation, the frequency of their elections, etc.) could impact its ability to exercise control over the management and foster the company's long-term competitiveness and profitability, as well as shareholders' and other stakeholders' interests. In the light of the upcoming IPO, the Board's functioning acquires even more importance with regards to the representation of the future shareholders.

The composition and governing rules of Plenitude's Board lead to a limited performance. Overall, the Board's structure and functioning heavily relies on its parent company's resources and committees. Plenitude, as of now, does not have its own committees for what relates to the nomination and remuneration of Directors, nor its own Audit committee. As all the directors are Eni SpA's employees, no members of the five-member Board are considered independent. Moreover, their status as top managers for the parent company and their involvement in Eni's operations mark them all out as executive directors.

On the other hand, the Board's diversity appears advanced, as three out of five directors are women, while the majority of its members have developed a long and relevant experience in the company's sector. Each Board member, as an Eni employee, is evaluated every year based on "Management by Objective" plans, which currently account for sustainability objectives for at least 20% on the overall evaluation. During 2021, 12 Board meetings were held and the attendance rate was 98.3%. Board members are eligible for re-election following three-year terms and are said to receive training both upon joining the Board and through regular updates, which also cover sustainability issues.

Given that the actual configuration reflects the presence of a unique shareholder, MESH expects the composition and functioning of the Board of Directors to undergo important changes following the IPO. The company states that by the time of the IPO a "Control and Risks Committee" and a "Nomination and Remuneration Committee" will be established at Board level.

Energy demand-side management

With an ever-growing global energy demand and GHG emissions on the rise, a crucial role in the fight against climate change is played by demand-side management. Reducing energy use is the most immediate and effective action to preserve the climate and utilities can play a significant role in spreading more sustainable consumption patterns. Not working towards a sound energy demand-side management could damage Plenitude's reputation, making it perceive as a non-sustainable company and therefore impacting its business results as well.

Plenitude's demand side management appears to be advanced, which may help the company improving its reputation and fostering its business activities, particularly in those markets where consumers display greater attention to environmental matters.

The company's commitment to energy demand-side management is contained in its bylaws and is complemented by a set of comprehensive measures. These includes, but are not limited to, awareness raising campaigns, the promotion of energy-efficient appliances and smart metering. Moreover, Plenitude developed the app "Genius" which, aside from monitoring consumption and allowing comparisons with similar households, gives tailor-made tips to the customer to improve energy efficiency. Energy demand-side management programmes are said to cover households, industrial clients and small businesses. Finally, the company states that sales of energy efficiency products and services have saved 8 tonnes of CO₂ emissions in 2018, 14 in 2019 and 542 in 2020.

Local social and economic development

Plenitude has operations and renewable energy-producing assets in many different countries, some being developing economies. To ensure that local communities are well represented and can benefit from the presence of Plenitude, a strong and transparent relationship with the company appears crucial, together with a commitment by the enterprise towards local social and economic development.

Plenitude's advanced management of social and economic development is likely to contribute to protecting its reputation and strengthening the relationships with local communities, especially in the context of its future ambitious developments in generation capacity. In line with its parent group, Plenitude formally commits to all the responsibilities our analysis addresses as most relevant in terms of social and economic development. The company may also benefit, in some of its locations, from Local Development Programmes, in line with the United Nations 2030 Agenda, managed by Eni SpA. Moreover, the group reports having achieved construction of infrastructures in Kazakhstan and Pakistan (schools and hospitals).

To address social and economic development, the company has adopted significant measures, including social development and capacity building programmes and grievance mechanisms.

Business ethics

The current situation of high energy prices further increases the competitiveness of the sector, leading to increased risks of price-fixing, cartels creation, market segmentation or other kinds of anti-competitive behaviour. Operating in developing countries, often characterised by higher corruption levels and weaker judicial systems, exposes the company to further risks. A set of comprehensive policies, coupled with appropriate preventive and corrective measures, appears essential in protecting Plenitude's reputation and operational continuity at all locations.

The company's performance with respect to business ethics is considered advanced. The processes and measures established by the company seem appropriate to face the risks coming from the sector in which it operates on an international scale. Plenitude, through the implementation of its parent company's policies, formally commits to preventing corruption and anti-competitive practices.

Eni SpA contributes to several working groups on corruption prevention, including the World Economic Forum and the Global Compact and ensures that relevant employees of the group are made personally responsible for the issue. Moreover, a set of internal and external controls are in place at Plenitude to prevent corruption, including dedicated whistleblowing channels, internal audits carried out by Eni SpA's department, approval procedures for gifts and external independent audits. Measures are implemented company-wide and also extended to business partners. The company states that no corruption incidents were internally reported during the last three years, focus of our review.

For what concerns anti-competitive practices, although the company does not make relevant employees personally liable on the topic, it reports having set up specific formal training programs for exposed personnel. Means allocated to fight anti-competitive practices appear extensive and include whistleblowing channels, also available anonymously to third parties, risk assessment activities, internal audits and external investigation of allegations. With regards to anti-competitive practices, however, coverage is limited to the company's operations (i.e. does not extend to its business partners). The company's and group's efforts on this matter are corroborated by the lack of reported incidents over the past seven years.

Health and safety

Talent retention relies on several factors that include the company's ability to promote employees' health and safety. As company's activities mainly involve white collar employees, health and safety-related risks mainly concern mental health and stress prevention. Nevertheless, the installation and the management of wind power plants, solar power plants and rooftop solar panels entails serious risks of injury that must be comprehensively addressed.

The company's performance with regards to health and safety is advanced, which may help in retaining its workers and attracting new ones.

The company's commitment is comprehensive and covers sub-contracted workforce. Moreover, employee representatives are involved at a group level in the oversight and implementation of the company's policies. Significant measures address health and safety adequately and also cover suppliers. Measures include thorough trainings, risk assessment and H&S competitions. The company is ISO 45001 certified.

The problem of stress is also tackled by appropriate means, namely the identification and monitoring of stress sources, specific training for managers and measures to improve ergonomics, although no examples of the latter are disclosed. The company's efforts to build a safer working environment have so far proven successful as the accident frequency rate has been decreasing between 2018 and 2020, from 0.094 accidents per 200,000 hours worked in 2018 to zero in 2020. The accident severity rate also shows a favorable trend, with the indicator decreasing from 0.0014 days lost per 200,000 hours worked in 2018 to zero in 2020. Finally, LTIFR (Lost-Time Injury Frequency Rate) and TRIFR (Total Recordable Injury Frequency Rate) for Plenitude's contractors stood at zero between 2018 and 2020.

Fundamental labour rights and labour relations

The geographical locations where the company operates expose the company to potential violations of fundamental labour rights, such as freedom of association, the right to collective bargaining and the elimination of forced and child labour. Plenitude is present in countries such as Spain, Kazakhstan, the United Kingdom and Australia, where, according to the International Trade Union Confederation, regular or repeated violations of these rights are registered. The company also has operations in Greece, where there is no guarantee of fundamental labour rights and in the U.S, where violations are considered systematic.

The company's performance on fundamental labour rights is considered advanced, which could help the company retain its workers, prevent damage to its reputation and contribute to a better working environment.

Plenitude, as part of the Eni group, is part of an agreement about fundamental labour rights signed between Eni SpA and several unions including the "IndustriALL Global Union". To ensure that freedom of association is respected throughout its operations, the company mainly relies on monitoring and cooperation with workers' representatives. Moreover, all Eni's group employees worldwide must undergo a mandatory one-hour e-learning module on the "Global Framework Agreement on International Industrial Relations and Corporate Social Responsibility" to familiarise themselves with its main topics.

At a global level, over 75% of the company's employees are covered by collective agreements on working conditions dealing with all the relevant subjects, including the quality of the working environment. Although detailed data isn't disclosed, the company employs more than 5% of its total workforce in countries considered as applying restrictive labour rights legislations such as: Spain, Kazakhstan and Greece. Plenitude communicates that its workers in Greece are covered by a National General Collective Agreement and are represented by a local trade union. As far as Spain and Kazakhstan are concerned, no details were disclosed.

RISK MANAGEMENT

Plenitude, as of today, does not have a risk management department and thus fully relies on that of Eni SpA. MESH understands that the parent company has delegated to a specific team the operational risk management of that subsidiary. ESG risks remain also mainly monitored at Eni SpA level.

Overall, Plenitude's most material CSR risks appear to be comprehensively covered. Company representatives have communicated to MESH that, following the IPO, the present situation is likely to undergo substantial changes, allowing for the creation of a separate relevant department within Plenitude that will allow a higher degree of independence from Eni SpA.

- ▶ In its current, pre-IPO organisation, Eni SpA's Board of Directors defines the principles for risk management and determines the risk profile of Plenitude. The highest relevant decision-making body is a managerial Risk Committee chaired by the CEO of Eni SpA and to which the Chairman of the Board of that same company is also usually invited. Risk management is based on the "three lines of defence" principle: risk owners, risk management department and internal audit.
- ▶ Eni SpA's risk management department reports directly to its CEO, while MESH understands that for Plenitude the same department, following its creation, will likely report to its CFO. However, details on the financial or human resources dedicated to the future risk management department of the company are as yet undisclosed.
- ▶ Risk mapping is conducted twice a year by Eni SpA's Risk Department in collaboration with the personnel dedicated to Plenitude. Company representatives report that, during the second quarter of each year, the risks that could prevent the company from reaching its targets are assessed through a risk-probability matrix. The company communicates that the main risks identified by the personnel of Plenitude are regulatory risks, volume risk, operations' risk and risks related to permits. Aside from what concerns relationships with stakeholders, all ESG risks, including climate change, are said to be analysed at Eni SpA's level. Consequently, Plenitude states that the present risk dashboard mainly has an operational nature. However, the risk matrix has not been disclosed to MESH.
- ▶ Main ESG risks monitored include, but are not limited to: climate change, waste management, political and social instability, human rights, health and safety for employees and contractors, privacy, anti-bribery and cybersecurity.
- ▶ Plenitude doesn't currently have an audit department of its own, so the mitigation measures implemented with regards to the identified risks are assessed by Eni SpA's audit resources. Mitigation measures, for which Plenitude's line managers are responsible, are reported to the Risk Committee and the Board of Directors of Eni SpA twice a year.
- ▶ Of note, the company's Board of Directors, on January 17th 2022, has deliberated the creation of an Internal Audit Function reporting to the Chairman of the Board of Directors. Company representatives state that the creation of the new department will be formalised from February 1st 2022. Furthermore, the company states that by the time of the IPO the company will have in place a "Control and Risks Committee" at Board level.

REPUTATION

REPUTATION (/100)	
Respect for human rights standards and prevention of violations	61
Integration of social factors in the supply chain	86
Protection of biodiversity	75
Promotion of the local social and economic development	65
Promotion of access to energy and prevention of fuel poverty	62
Transparency and integrity of influence strategies and practices	57
Executives' remuneration	52
	29

OPERATIONAL EFFICIENCY

OPERATIONS (/100)	
Development of renewable energy	66
Environmental strategy	95
Energy demand side management	93
Responsible customer relations	73
Board of directors	72
Audit and internal controls	48
	16

HUMAN CAPITAL

HUMAN CAPITAL (/100)	
Promotion of labour relations	77
Career management and promotion of employability	86
Improvement of health and safety conditions	85
Non-discrimination and diversity	82
Respect for freedom of association and the right for collective bargaining	79
Responsible management of reorganisations	77
	52

LEGAL SECURITY

LEGAL SECURITY (/100)	
Prevention of corruption	77
Pollution prevention and control	89
Prevention of anti-competitive practices	77
	66

Weak: from 0 to 29

Limited: from 30 to 49

Robust: from 50 to 59

Advanced: from 60 to 100

Management

INTEGRATION OF ESG FACTORS INTO CORPORATE GOVERNANCE

Most factors under review demonstrate Plenitude's advanced willingness to integrate ESG factors into its governance structure and decision-making processes. However, the capacity to integrate those factors and to deliver high CSR performances cannot be comprehensively assessed now, due to the period of transition that the company is undergoing. Plenitude is in the midst of a comprehensive reorganisation ahead of its listing and of the potential transfer of many key functions still operated at Eni SpA's level.

- ▶ At board level, Plenitude does not appear to have implemented an ESG Committee. The company states that such Committee only exists at Eni SpA's level. The Board of Directors of Eni SpA created a Sustainability and Scenarios Committee (SSC) in May 2014. Of note, company representatives report that the company, by the time of its IPO, will have in place a Sustainability Committee at its own Board Level.
- ▶ At executive level, Plenitude shows a higher degree of independence from Eni SpA for what concerns the management of ESG issues. In August 2021, Plenitude established a Sustainability Committee, chaired by its CEO, which is composed of the Heads of the following functions:
 - Sustainability, Identity & Digitalization
 - Human Capital & Services
 - Legal, Regulatory and Compliance Affairs
 - Planning, Accounting and Control
 - International Markets and Business Development

The Sustainability Committee, starting from January 2022, has increased its meeting frequency from every other month to monthly. According to company representatives, Plenitude has conducted a comprehensive analysis to update its own ESG risk matrix. To this end, the Committee has submitted questionnaires to all employees, to clusters of clients, to commercial partners, universities, trade unions, banks, regulatory authorities, gas & power distribution companies, customer's associations and sales representatives.

- ▶ The Head of Sustainability, Identity & Digitalization, whose department was also established in August 2021, includes an "ESG and Sustainability" unit, for which neither the number of resources, nor the budget are known. The Head of Sustainability, Identity & Digitalization makes regular reports to the CEO on ESG issues. However, the detail of the matters discussed is not disclosed.
- ▶ M ESG positively assess the fact that, on July 1st 2021, Plenitude updated its Articles of Association to the "Benefit Corporation" status (introduced in Italy by the law n. 208 of 2015). By becoming a Benefit Corporation, the company takes up a formal commitment to its shareholders to balance their interests with those of all its other stakeholders. Benefit Corporations are also required to draw up an annual impact report that has to be added to the financial statements and published on their website. Plenitude plans to start publishing such reports in 2022.
- ▶ The definition of Plenitude's CSR strategy, as of now, appears to be handled by its parent company, although its implementation is delegated to the Sustainability Committee of Plenitude and to its Sustainability, Identity & Digitalization department. M ESG understands that the company is now building a new risk matrix and new internal processes to achieve a higher degree of operational and brand independence. The degree of independence that will be reached following the IPO will depend on the composition of its shareholders and on the design of its governance. M ESG expects that, in the short term, the parent company will continue to have a leading role in strategic decisions.
- ▶ The company has received, in December 2021, the ISO26000:2010 certification, which focuses on social responsibility.
- ▶ Executive remuneration is not disclosed. However, Plenitude reports that, as far as short-term compensation is concerned, for its CEO and its executive team, 25% of it is linked to Environmental sustainability and Human Capital criteria. With regards to the long term, 15% is linked to Decarbonization targets, 10% to Energy Transition and 10% to Circular Economy objectives. The company states that, following the IPO, a Remuneration Report will be published in 2023, for the fiscal year 2022.

ESG MATERIALITY AND PERFORMANCE MATRIX



ENVIRONMENT

Strengths	Areas for improvement
<p>Plenitude's commitment towards environmental protection is complemented by relevant targets in terms of GHG emission reductions and installed renewable capacity. Furthermore, its parent company Eni SpA is a signatory of the Global Compact, and reports some of Plenitude's data as part of its related communication. Said commitments could enhance the company's reputation amongst the public and increase its attractiveness in the space of Sustainable Finance.</p> <p>Extensive measures address the demand-side management, to which the company formally commits in its bylaws. Plenitude, among other things, works on advertising campaigns on the issue, has developed a relevant App to help its users monitor and reduce consumption, has developed smart metering systems, and allows retail customers to enter gas supply agreements that include CO2 offsets. MESH believes that these initiatives can strengthen the company's credibility, which could in turn increase customer attraction and retention.</p> <p>Plenitude has only received recently (in July 2021) its renewable energy-producing assets from its parent company Eni SpA. The energy it produces is reportedly fully generated from renewable sources (wind and solar).</p>	<p>The commitment towards biodiversity protection, published by Eni Spa, only addresses some of the relevant impacts of the company's activities.</p>

SOCIAL

Strengths	Areas for improvement
<p>The highly relevant commitments expressed in the social agreement signed with local and global trade unions towards a wide scope of subjects (non-discrimination, freedom of association and collective bargaining, stress prevention) may constitute a solid basis to ensure a fruitful employee-management dialogue.</p> <p>The group reports on extensive measures to prevent discrimination and promote diversity, while the company displays positive trends for the share of women in management positions and for gender balance.</p> <p>The company states that no incidents were reported internally neither related to corruption nor to anti-competitive practices.</p>	<p>Despite having in place measures to address the issue, the company does not appear to have a policy on the responsible management of reorganisations.</p>

GOVERNANCE

Strengths	Areas for improvement
<p>Plenitude's Board of Directors shows good diversity. Three members of the five-member Board are women and most of Directors benefit from long and relevant experiences in the company's sector of activity.</p> <p>The frequency of the Board's meetings (12 during 2021) and the high attendance rates (over 98%) are likely to preserve control over the top management and preserve long-term profitability.</p>	<p>The company does not have its own Audit, Remuneration and Compensation Committees, and relies on those of its parent company.</p> <p>All the current members of Plenitude's Board of Directors are Eni SpA's employees and their involvement in the parent company's daily activities also qualifies them as Executive Directors. As a result, the Board's independence appears compromised. MESH expects that, following the IPO, the membership of the Board will undergo significant changes to better represent its more varied shareholders.</p> <p>Information disclosed on executive remuneration appears limited, impacting total transparency performance.</p> <p>At the moment, Plenitude does not have its own internal control systems, and relies on those of Eni Spa.</p>

DETAILED EXPOSURE TO CONTROVERSIES

ESG Issues: Generic Name	Number of companies facing associated cases within the sector	Company exposure	Company reactivity
Responsible customer relations	12	No	N/A
Integration of social standards in the supply chain	5	No	N/A
Prevention of corruption	4	No	N/A
Anti-competitive practices	12	No	N/A
Responsible Lobbying	1	No	N/A
Respect for human rights standards and prevention of violations	4	No	N/A
Fundamental labour rights	0	No	N/A
Non-discrimination and diversity	2	No	N/A
Environmental strategy	1	No	N/A
Pollution prevention and control (soil,accident)	5	No	N/A
Development of renewable energy	1	No	N/A
Protection of biodiversity	5	No	N/A
Energy demand-side management	0	No	N/A
Promotion of the local social and economic development	11	No	N/A
Promotion of the access to energy	0	No	N/A
Board of Directors	0	No	N/A
Audit & internal controls	2	No	N/A
Executive remuneration	0	No	N/A
Promotion of labour relations	1	No	N/A
Responsible management of reorganisations	2	No	N/A
Career management and promotion of employability	0	No	N/A
Improvement of health and safety conditions	3	No	N/A

CONTROVERSY MANAGEMENT

No controversy has been identified for Plenitude over the past four years. This strengthens M ESG's assurance on the company's ability to manage its relations with stakeholders, on all CSR issues concerned by its activity.

Methodology

Corporate Rating Scale

Our consolidated rating scale ranges from A1 to D3.

- The consolidated rating translates the overall and relative ESG performance of an issuer according to its quartile performance and position within this quartile.



Positions the issuer's overall ESG performance within our research universe, on a 12-level scale:

- The **letter** (A, B, C or D) positions the issuer's ESG score within one of the four quartiles of our overall research universe
- The **number** (1, 2 or 3) positions the issuer's ESG score in relation to its' peers within the same quartile.

Definition of Strategic Assets

Each sustainability criterion of our rating framework affects issuers' non-material strategic assets with a different intensity. We have categorized these non-material assets into 4 classes: reputation, human capital cohesion, operational efficiency and legal security. The intensity of each sustainability driver on each asset class translates into a weight from 0 to 3.

We believe that a correlation exists between an issuer's level of commitment towards each of the sustainability criteria analysed and its ability to protect and develop these 4 classes of strategic assets.

From the ESG scores obtained by an issuer on different sustainability criteria, we infer a level of risk mitigation of these strategic assets. This level is given a score which is calculated using the following formula:

- "R": Level of risk mitigation
- "Y": Asset under review (reputation, human capital cohesion, legal security, operational efficiency)
- "S": Sustainability criteria score for which the weight of the asset X is weighted at 2 or 3
- "W": Weight allocated to the asset under review within each sustainability driver

$$R_y = \frac{\sum(S_y \times W_y)}{\sum W_y}$$

Controversies

We continuously monitor controversies involving the social responsibility of the issuers we assess. We promptly disseminate our detailed opinion on the severity and possible consequences of the controversies in question. This service is designed to inform investors and asset managers about unexpected changes in issuers' risk profiles and enable them to make informed decisions.

We assess issuers' capacity to mitigate risks arising from allegations, media campaigns, lawsuits, or social movements related to environmental, social, ethical, supply chain, human rights and governance issues, which involve their products, services or behaviours. We provide an opinion on issuers' controversy risk mitigation based on the analysis of three systematic factors: the **severity** of the controversy regarding the social responsibility norms and standards applicable to the issuer and the rights and expectations of its stakeholders; the **frequency** of similar allegations involving the issuer; the issuer's **responsiveness** and its ability to take appropriate, corrective and preventive measures. Depending on their topic, controversies are categorized into 106 different themes.

This service provides access to our Controversy Journal, which is permanently available and categorizes entries by social responsibility theme and factor, company, sector, and country. It also offers a "Warning List", identifying companies involved in the most critical controversies which, due to the frequency of allegations to which they are subject and/ or their weak level of responsiveness, require issuers to be more vigilant. The reference universe for our controversy analysis is based on our exclusive research. The Controversy Database is updated daily and involves correspondence with issuers.

Risk Typology – The Four Main Categories

Reputation	<ol style="list-style-type: none"> 1. Brand recognition, level and variation of brand image and organization, its leaders and consulting shareholders 2. Outbreak, persistence, reduction or elimination of rumours, allegations and controversies 3. Licence to operate, degree of social acceptability (approval of the implementation and/ or extension of the company, receipt and maintenance of operational permits and licences from public authorities or ordering parties) 4. Talent attraction 5. Variation of levels of shareholder support and satisfaction
Human Capital Cohesion	<ol style="list-style-type: none"> 1. Stability of labour relations and social conflict mitigation 2. Retention of skills and know how; skills development 3. Attraction and mobilization of core skills 4. Company culture and values
Operational Efficiency	<ol style="list-style-type: none"> 1. Production cost management (work accidents, competencies, reducing energy consumption etc) 2. Competitiveness of products and services (training, waste reduction, employee training and participation) 3. Organizational and process effectiveness (audits and control mechanisms, environmental strategies etc) 4. Innovation and preventing production and organizational process techniques from becoming obsolete; prevention of technological obsolescence 5. Security and quality of supplies and revenues
Legal Security	<ol style="list-style-type: none"> 1. Recourse and complaints, litigation, legal proceedings, trials and fines

Energy Transition Strategy Score

By considering the size, sector of activity and nature of its products and services, we assess a company's willingness and capacity to adopt a clear, documented and measurable transformation strategy regarding its behaviour, products and services; with the objective of reducing its carbon footprint and creating sustainable value based on low-carbon activities that are in line with international climate objectives such as the 2 degrees policy.

Each issuer receives an Energy Transition Strategy score resulting from the analysis of criteria defining its responsibilities regarding the fight against climate change. These criteria stem from an authoritative framework of international norms and standards and consider the best practices that make up our Equitics© framework: green products, energy, atmospheric emissions, transportation, use and disposal of products, and societal impacts of products & services. The reference universe is based on our exclusive research and is updated at the same time.

Carbon Footprint

A COMPANY's carbon footprint is the total volume of Greenhouse Gas (GHG) emissions in tonnes of CO2 equivalent (Scope 1 + Scope 2) emitted by the issuer.

Emissions

- Scope 1 covers direct GHG emissions originating from sources that are owned or controlled by the issuer.
- Scope 2 covers indirect GHG emissions caused by the organization's consumption of electricity, heat, cooling or steam purchased or brought into its reporting perimeter.
- Scope 3 covers other indirect emissions (not included in Scope 2) from the entire value chain, both upstream and downstream.

Data

The main source of GHG emissions data is the Carbon Disclosure Project (CDP) and Vigeo Eiris' own company research. When data is not available via these two processes, we estimate the Carbon Footprint of the company based on the size and the nature of the issuer's activities, using three main modeling processes: regression analysis, sector-specific factors and average sector emission ratios. The research on non-sovereign issuers is updated twice a year.

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