

Ordinary Shareholders' Meeting of Eni SpA

May 12, 2021

Questions to answers received during the Shareholders' Meeting through the Shareholders' Representative pursuant to Article 135-undecies of the TUF



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¹ The English text is a translation of the Italian. For any conflict or discrepancy between the two texts the Italian text shall prevail.

1. Isn't CCS worse than renewables with storage from the point of view of energy return?

On the well-known online newspaper Quali Energia, Alessandro Codegoni reports that an international study compares the EROEI - energy returned on energy invested - of fossil plants equipped with CCS with those using renewable sources equipped with storage systems. According to this study ("Comparative net energy analysis of renewable electricity and carbon capture and storage"), conducted by a group of researchers from Arab, British, American and Italian universities, including Ugo Bardi, chemist at the University of Florence, and published in Nature Energy, the answer is a clear "No!".

Bardi and colleagues tried to estimate the EROEI of fossil-fired plants equipped with CCS, and renewable plants equipped with storage systems, so that they can provide programmable energy like the former. The EROEI (Energy Returned On Energy Invested) is an index that measures how much energy is produced during the useful life of a power plant, compared to that spent to build and operate it. The higher the index, the more energy-efficient the plant.

"A decidedly complex calculation, both because, as mentioned, still do not have large-scale CCS plants to be used as a reference, and because there are many different types of storage plants for renewables, from batteries to pumped hydroelectric storage, each with its own limitations and advantages and that even some of these do not yet exist on a large scale."

"It is however certain - explains Bardi - that today's prevalent CCS technology, which separates CO₂ from the fumes by absorption in amines, which are then regenerated, then liquifies it, and finally transports it by pipes or trucks to the wells where it is pumped, is very expensive in energy terms, and therefore greatly worsens the EROEI of the power plants to which it is applied".

However, the same can be said for electricity storage systems, which require the construction of complex devices, as batteries, industrial plants, such as those for the production of hydrogen, or hydroelectric basins, and those based on pumping. of water at different heights.

After complex hypotheses, reasoning and calculations, the researchers come to the conclusions that the average EROEI of new fossil-fired power plants equipped with CCS varies between 6.6 for gasified coal and up to 21.3 for natural gas and combined cycle ones.

In the case of renewables, on the other hand, the EROEI with different types of storage (among which hydroelectric pumping certainly has best return on the initial

energy investment, while batteries, with the conversion into hydrogen at a intermediate value has the worst) varies from 9 to 25 for PV, and from 20 to 30 for wind, in areas with medium abundance of sunshine or wind.

To get a more realistic picture, researchers then applied their model to a hypothetical 100% renewable energy system for Europe, including a mix of renewable sources and storage systems: in this case the overall EROEI is 21.9, always better than that of gas-fired combined cycle plants with CCS, with the further advantage that the renewable system would also free us from dependence on a limited, largely imported and increasingly expensive resource.

“In short, in almost all conditions, starting today to build fossil power plants with CO₂ capture, is energetically more inefficient than building renewable power plants with storage systems. So, if we want to maximize the chances of being able to contain climate change, it is better to invest all resources on renewables”, summarizes Bardi.

- Does Eni share these scientific findings or does it contest them? Which of the two technologies does your investment strategy favour or has favoured? In terms of public subsidies, which of the two is the most “in need” of aid? Is it true that Eni will develop this technology in Italy even in the absence of public subsidies? In this case, will there be losses unless assets are protected?

Answer

- The aforementioned study refers to the construction of new plants equipped with CCS or new renewable plants equipped with storage systems. One of the main advantages of the CCS is precisely that of being applicable to existing plants with minimal modifications, and therefore allowing their decarbonisation, bearing only the cost of carrying out the capture and storage process without having to replace the plant. The Ravenna CCS project is based on this type of development hypothesis regarding the capture, among other things, of CO₂ from combined gas cycles of existing power plants.
- Eni agrees that coal is the first fossil energy source to be abandoned. Eni's strategy towards energy transition is based on a robust and resilient multidisciplinary approach, which envisages a five-fold increase in the production capacity of its [biorefineries](#) by 2050, the development of the use of [biogas](#), an increase in [energy efficiency](#) and digitalization of operations and customer services, the increase in [production from renewable sources](#) up to 60 GW, the development of [green and blue hydrogen](#) supply chains for powering bio-refineries and third-party industrial activities, the offsetting of over 40 million tonnes of CO₂ through [REDD + forestry initiatives](#) and the development of a total storage capacity of 50 million tonnes through CCS.
- CCS must be seen as a tool to decarbonise the "hard to abate" sector (steel mills, cement plants, refineries, paper mills, industry, chemicals, glass and ceramics, etc.) which accounted only in Italy in 2019 (ISPRA 2021 report) for 67 million tons of emissions (about 20% of the total and 42% of the industrial sector alone). In this context, the CCS is also

applicable with "retrofitting" to existing industrial plants, for which there are currently no other immediately viable solutions with the same decarbonisation effectiveness. The most significant example is that of cement, where about two thirds of the emissions come from the limestone calcination process and therefore could in no way be avoided with the use of renewable energy.

- CCS technology is therefore one of the most economically competitive options for the rapid decarbonisation of some sectors, as is happening in the Netherlands with the SDE++ support mechanisms (Stimulation of Sustainable Energy Transition Subsidy Scheme). These incentives aim to promote the production of renewable energy and the reduction of greenhouse gas emissions and are awarded through a competitive mechanism based on the cost per ton of avoided CO₂. In this context, CCS technologies for the "hard to abate" sectors proved to be the most competitive, in line with the principle of technological neutrality which provides for the use of the most effective solution in terms of decarbonisation and more efficient in terms of implementation times and costs for each sector. A further example is that of the United Kingdom, which is investing over 1 billion pounds to support the construction of at least 4 CCS Hubs over the next 10 years in order to avoid 10 million tons of CO₂ per year by 2030. In its report "Electricity Generation Costs 2020", the same Department of Energy, Business and Industrial Strategy (BEIS - UK) recognizes that gas-fired combined cycle plants equipped with CCS are competitive with respect to wind and solar renewables. To achieve the decarbonisation objectives of the entire energy and industrial system it is thus necessary to resort to all available solutions, from renewables, to energy efficiency, to low carbon carriers, to the energy mix and CCUS, as well as Natural Climate Solutions, including forest conservation projects.

- The study mentioned in the question, the comparison is based on the EROI index which expresses the energy return per unit of energy invested. While this is an index that deserves attention, the enormous effort required to decarbonise the world energy system cannot ignore economic considerations as well. As clearly indicated by Bui et al in "Energy & Environmental Science (2018) - Carbon capture and storage (CCS): the way forward", the investment cost for a given type of low-carbon energy source increases as we try to further reduce the carbon intensity of the network by using the same source. The principle is valid for renewables as well as CCS plants, and once again demonstrates that a holistic and flexible approach is more robust, effective and resilient than focusing everything on one or a few solutions. In this regard, the United Nations Economic Commission for Europe (UNECE), the International Energy Agency (IEA) and the European Community also support this holistic approach, underlining that CCS represents an indispensable tool in achieving the objectives identified at the *Paris* climate conference (COP 21).
- Even with the introduction of storage systems, it remains to be proved that an electricity network based only on non-programmable renewable energy is sufficiently robust and in any case would be able to meet all the needs of complex and diversified energy and industrial systems such as the current ones. It is therefore essential to consider different low carbon energy generation systems and in the energy mix.
- From an economic point of view, a recent assessment by Terna upon the presentation of the Irex 2021 report, shows that renewables with storage have the potential to provide grid services equivalent to those of gas plants, but currently at a cost approximately 4 times higher.
- In the article Professor Bardi himself declares that CCS: "*... can have a function to remove CO₂ from the atmosphere, if, as it seems probable to me, we are unable to act quickly enough to avoid exceeding the threshold beyond which we risk a global climate catastrophe. In that case, we could find that thousands of plants for the removal, liquefaction and pumping of CO₂ underground, obviously powered by renewables, are useful to us*".
- The public incentive mechanisms will play a key role in accelerating the energy transition and should therefore be based on the same principle of technological neutrality, referred to above, in the selection of technologies to be supported and developed. As regards the Ravenna CCS project, Eni is evaluating various financing possibilities both through internal lines, partnerships and with public funds should they become available.
- In analogy with what has been done or is to be done for other energy sources and carriers and in line with the projects in other countries, including the Netherlands, Norway and Great Britain, it is necessary to complete the regulatory framework and define the business

models.

2. The website of the well-known NGO Global Witness reports:

"World cannot meet climate targets relying on carbon capture and storage".

CCS is presented like a solution to push energy transition from the "fossil fuel industry" forward: ***"Unable to ignore the catastrophic emissions produced by burning fossil fuels, the fossil fuel industry has turned to carbon capture and storage (CCS) as a solution that allows them to carry on business as usual."***

Several well-known associations have thus commissioned a study to the Tyndall Center in Manchester to evaluate the role of "fossil fuel-based Carbon Capture and Storage (CCS)" and its effects on the global energy system.

(<https://www.globalwitness.org/en/campaigns/fossil-gas/world-cannot-meet-climate-targets-relying-carbon-capture-and-storage/>)

"Global Witness and Friends of the Earth Scotland have commissioned world-renowned climate scientists at the Tyndall Centre in Manchester to assess the role of fossil fuel-based Carbon Capture and Storage (CCS) in the energy system, and its ability to help to achieve the Paris Agreement goal of limiting global average temperature increases to 1.5°C."

The evaluation of this study on CCS was very negative.

It highlights several critical aspects which exclude any usefulness of this technology in the pursuit of a serious and productive Climate Change policy:

"This ground-breaking research finds that CCS cannot be relied on to deliver global 2030 emissions reductions, whilst the majority of existing CCS is being used to extract more oil."

Also:

Current status of fossil fuel-based CCS in the energy system:

- ***The scale of deployment of CCS to date is significantly less than proponents have predicted, with only 26 CCS plants currently in operation globally.***

- **Global operational CCS capacity is currently 39MtCO₂ per year, this is about 0.1% of annual global emissions from fossil fuels and less than Scotland's territorial emissions in 2018. There is no operational CCS capacity in the UK or the EU at all.**
- **81% of carbon captured to date has been used to extract more oil via the process of Enhanced Oil Recovery (EOR). This means CCS is being predominantly used for carbon-emitting oil extraction that wouldn't have otherwise been possible.**
- **Current CCS projects usually target 90% capture at peak capacity. The Petra Nova facility missed capture targets by around 17% between starting in 2017 and its mothballing in May 2020."**

It also points out:

- **"Fossil fuel-based CCS is not capable of operating with zero emissions. Many projections assume a capture rate for CCS of 95%, however, capture rates at that level are unproven in practice.**
- **Fossil fuel-based CCS will continue to entail residual, process and supply chain greenhouse gas emissions. There must be consideration of whether fossil fuel hydrogen with CCS is sufficiently low-carbon relative to remaining carbon budgets.**
- **Even if the technology is to become economically and technically viable at scale, optimistic forecasts do not anticipate significant CCS capacity until at least the 2030s.**
- **A focus on CCS will not help achieve 2030 CO₂ emission reduction targets being adopted by Governments, which have to be met if we are to prevent a climate catastrophe. The research emphasises the real danger of reliance on CCS in energy for delivering these vital emission reductions, given they cannot be expected to any degree until at least 2030.**

- What is ENI's position in relation to all these highlighted criticalities? Is it worthwhile in terms of corporate image to invest a lot in this technology also and above all on the front of the search for public funding?

Answer

- In the past, CCUS has mainly been applied in the US for the purpose of increasing oil production, with only 5 plants out of the 26 of industrial size dedicated to the permanent storage of CO₂. Today, thanks to a stronger push towards decarbonisation and the active support of governments and international bodies (UN, IEA, European Community) this relationship has totally changed in the plants under construction, so much so that, out of 37

- new projects, 24 will be exclusively dedicated to storage instead of EOR operations.
- The situation today has therefore changed radically and we are not only in the condition but also in the need to introduce the CCUS together with other solutions such as hydrogen, biomethane and fuel cells, which obviously must not be evaluated on the number of past applications but on the environmental cost-benefit analysis they can bring in the current economic and industrial context.
 - As regards Petra Nova, according to a report of the American Department Of Energy (DOE) also mentioned as a source in the Tyndall Center report, the plant captured 92.4% of the emissions at full operation, showing a high efficiency and effectiveness. It should be noted that the Petra Nova plant is used to produce hydrocarbons to increase their recovery through the injection of CO₂ (EOR). Since the process is of a commercial nature, the shutdowns of the capture plant are exclusively linked to reasons of economic convenience associated with oil price cycles.
 - Vice versa, as previously mentioned, most of the CCS projects that will be implemented will have an environmental purpose as they will make it possible to avoid CO₂ emissions associated with the "hard to abate" industrial sectors. Without CCS, the CO₂ emissions of these sectors, which account only in Italy in 2019 for about 67 million tons per year (20% of the total and 42% of the industrial sector - ISPRA 2021 report) will continue to go into the atmosphere, compromising the achievement of the objectives as early as 2030.
 - Eni does not believe that the CCUS alone can allow to achieve corporate or global decarbonisation objectives, and supports an integrated approach based on technological neutrality among the various solutions available. The development of CCUS in this decade is, however, indispensable to provide the basis for the future development of this large-scale process in light of the decisive role it will play in achieving carbon neutrality by 2050. This is in line with the recent statements of the US President's Special Climate Envoy John Kerry: "It's not enough to say 'zero emissions in 2050'. We must do the things now that will make it possible to achieve what we need in 2050. "
 - The CCUS offers other benefits in addition to the decarbonisation of the current energy and industrial system. For example, it will play a fundamental role in paving the way for the future application of "carbon removal" technologies such as BECCS (Bio-energy with CCS) to capture emissions in energy production using sustainable biomass in order to achieve a net decrease of CO₂ levels in the atmosphere and the DAC (Direct Air Capture) where the process is based on the artificial separation of carbon dioxide directly from the air. These technologies will provide a decisive contribution in maintaining carbon neutrality even in the long term.
 - As regards the efficiency of CCS, as also shown by the DOE report on Petra Nova, the 95% capture efficiency limit is technologically plausible in the short term. Being able to reduce up to 95% of CO₂ emissions of the "hard to abate" sectors (accounting for 20% of CO₂ emissions in Italy in 2019) represents a fundamental step forward in the fight against climate change. As already mentioned, without the CCS, significant quantities of CO₂ would be released into the atmosphere, which would affect the achievement of climate objectives, frustrating the

action policies of the various countries to contain the rise in temperatures as indicated in the COP 21 Paris agreements.

- 3. Eni's Board of Directors resolved to submit the proposal to authorize the purchase of treasury shares to the shareholders' meeting of May 12, for a period of 18 months. This proposal, a note specifies, concerns the purchase of treasury shares for a maximum outlay of €1,600 million and for a maximum number of shares equal to 7% of the ordinary shares into which Eni's share capital is divided. The purchases will be subject to the occurrence of the Brent scenario conditions envisaged by the shareholder remuneration policy established with the 2021-2024 Strategic Plan. The reference scenario for the current year will be defined and communicated to the market in July 2021, on the occasion of the presentation of the six-month interim financial results.**

The authorization to purchase treasury shares is functional to the possible restart of the buyback program in accordance with the provisions of Eni's Strategic Plan presented to the financial community on February 19, 2021.

The buyback plan is aimed at offering the company, it is specified, a flexible option to pay shareholders an additional remuneration with respect to the distribution of dividends, subject to the occurrence of the conditions set out in the 2021-2024 Strategic Plan.

- **Doesn't this risk to cause the loss of future financial resources that could have been allocated to the current conversion plan, whose implementation is uncertain both in the medium and in especially the long term, considering the very high number and the relevance of the variables involved in all the fields in which the reconversion wants to take place (from energy storage, to CCS, to the installation of relevant off-shore wind farms, to the implementation of solar energy, biogas, etc.)?**

Answer

The buyback program is an integral part of the 2021-2024 Strategic Plan ("Plan") and is subject to the occurrence of certain Brent scenario conditions, as specified on the occasion of the strategic presentation in February 2021.

The resources allocated to the buyback come from the availability of additional cash after having financed the investments to support development. Therefore, the restart of the program will not erode resources already allocated to the initiatives envisaged in the Plan to support Eni's transition and the soundness of the financial structure.

Finally, the repurchase of treasury shares represents a flexible tool commonly used in the sector to pay shareholders an additional remuneration compared to the distribution of dividends.

- 4. The Antitrust Authority has imposed a total fine of €12.5 million on the electricity**

companies Enel Energia (€4 million), the subsidiary Servizio Elettrico Nazionale Sen (€3.5 million) and Eni Gas e Luce (€5 million), after having "ascertained the unjustified rejection of the two-year prescription requests submitted by consumers, due to the late billing of electricity and gas consumption, in the absence of suitable elements to prove that the delay was due consumer responsibility". The most common cause of the delay was the failure to read the meter. According to the electricity companies, the meter reader found doors closed, gates locked, meters locked.

The companies charged users with the responsibility of not reading the meters against the reading attempts declared by the distributor; attempts to read the meter were not documented by the companies or even denied by consumers. Many consumers appealed against invoices aged over two years. The three companies reject the accusations and announce appeals against the penalty; on the other hand, some of the major consumers associations, such as the UNC and the ADUC, rejoice.

- Was the sanctioned conduct qualified as competition-restricting agreements or as an abuse of a dominant position, or both?

According to Article 135, Code of Administrative Procedure, this is under the jurisdiction of the administrative judge.

- Have the announced appeals already been filed to the TAR? If so, has there been a motion to suspend the effectiveness of the sanctions?

The previous point may entail changes in the accounting of large current or potential liabilities deriving from ongoing disputes. It is believed that these sums have probably already been set aside, but in any case (considering that the timing of events is not known in detail) we would like to know if the amounts related to the sanction have been accounted for in some way to date (even in the form of a simple annotation in the explanatory note).

- Is it possible to have a copy of the resolution of the Antitrust Authority, given that a copy of the same cannot be found on its website?

- If the appeal has already been lodged or will be lodged, what are the chances of a successful outcome?

- Has this matter been sufficiently and adequately assessed in terms of possible damage to Eni's image, especially in the Italian market?

Answer

[With regard to the decision number PS11569, which can be consulted on the AGCM \(Italian Antitrust](#)

Authority) website at the following link <https://www.agcm.it/dotcmsdoc/allegati-news/PS11569%20provv%20ENI.pdf>, it should be noted that the procedure does not concern any violations of competition law (i.e. agreements and/or abuses); the conduct was instead assessed under the Consumer Code. With regard to the fine, amounting to €5 million, Eni gas e luce specifies that these amounts and other charges that could arise from the decision in question have been set aside in the 2020 financial statements.

Eni gas e luce confirms that it has appealed to the TAR against the decision of the AGCM and that at the moment the TAR has ordered the suspension of the decision in the part in which it provides for the publication of an extract of the same decision on the EGL website. In particular, the TAR in the order with which it partially upheld the application for suspension, recognized the validity of EGL's appeal but given this, it is not, at the moment, possible to formulate predictions on the outcome of the appeal.

With regard to the reputational damage, considering that EGL has timely put in place the appropriate initiatives showing attention to the concerned customers and, pending the definitive outcome of the appeal regarding the Authority's decisions, we deem that impact was negligible.

5. Art. 83-duodecies of the TUF governs the procedure for shareholders' identification. This procedure could (optionally) be included in ENI By-laws. The TUF states:

- 1. Where envisaged by the By-laws, Italian issuers with shares admitted to trading on Italian regulated markets or those of other Member States of the European Union are entitled to request, at any time and at their own expense, the intermediaries, through (a central depository), to provide the identification data of the shareholders who have not expressly forbidden the communication of the same, together with the number of shares registered on accounts in their name.**
- 2. The disclosures indicated in paragraph 1 are received by the issuer within ten trading days from the day of request, or within a different term established by Consob rules in agreement with the Bank of Italy.**
- 3. In the event that the By-laws provide for the option referred to in paragraph 1, the Company is required to make the request at the request of many shareholders representing at least half of the minimum shareholding established by Consob pursuant to Article 147-ter, paragraph 1. The related costs are divided between the Company and the requesting shareholders according to the criteria established by Consob's regulation, having regard to the need not to encourage the use of this provision for purposes not consistent with the objective of facilitating coordination between the shareholders themselves in order to exercise the rights that require qualified participation.**
- 4. Issuers shall publish promptly, according to the procedures and within the terms established in Article 114, paragraph 1, a press release confirming that a request for identification has been made, providing reasons if the request is**

made pursuant to paragraph 1, or the identity and total investment of requesting shareholders, for requests made pursuant to paragraph 3. The data received shall be made available to shareholders on a commonly-used electronic storage device free of charge, without prejudice to the obligation to update the shareholders' register.

It can therefore be seen that the request for identification (if the By-laws provide for it) can also be made by the Issuer at the request of the non-controlling shareholders and that disclosure of the request is also necessary.

- What does Eni think of this rule?

- Could an amendment to the By-laws of this kind be useful to implement transparency on the shareholdings also by subjects not participating in shareholders' meetings (at the last Eni Shareholders' Meeting in 2020, attending shareholders did not exceed 58%), in all phases of the life of the Company and not only in case of extraordinary transactions, especially given the composition of ENI shareholder base?

We provide an example of implementation of the rule by another listed company:

https://www.restart-group.com/wp-content/uploads/2020/11/2020.11.24_Restart-Precisazioni-su-istanza-ex-art-83-duodecies-TUF.pdf

Answer

The aforementioned Article was amended by Legislative Decree 49/2019 implementing the so-called second Shareholders' Directive no. 2017/828. On that occasion, among other things, a threshold was introduced that limits the identification to shareholders holding a certain minimum stake equal to 0.5% of the share capital. This threshold severely limits the tool for identifying shareholders for Eni and for many large listed companies, and nullifies its usefulness, which was intended to facilitate communication between issuers and shareholders, considering that shareholders with a stake of at least 0.5% are in any case known to the company.

Shareholder DIANA BETTINI

- 1. I have not been able to examine neither the financial statements of Eni SpA, nor that of the subsidiary Costiero Gas Livorno SpA because the request sent to you, Ms. Chairman, on April 1, 2021 by registered mail with return receipt, received by you on April 2, 2021 has to date remained unanswered. This is why I will stick to general considerations, although I plan to renew the requests.**

Answer

Eni, through its institutional Investor Relations and Shareholders' P.O.Box services, promptly processes all requests for documentation received by the Company. Alternatively, the corporate documentation is available in real time on the Company's website www.eni.com.

- 2. Can you Chairmen explain in plain words what you think Shareholders are: very small, small, medium or large owners or just "cows to be milked" when necessary to repair damage. The most recurring achievement of management in recent years is, in fact, non-return on capital (low dividends) combined with a lack of value creation (it hurts my heart to see on my account securities with a book value of about €12 and a fair value of about €10), but not a reduction of employee benefits. Can I propose a golden rule? Low dividend to shareholders, only contractual pay for employees, collaborators and managers.**

Answer

The variable components of the remuneration of managers and employees are connected to the level of work performance defined with respect to pre-established targets, challenging but achievable in the reference scenario.

In particular, Eni's management and employees counteracted the effects of the pandemic through extraordinary actions to reduce investments (-35%) and costs (€1.9 billion, 30% of which are structural), safeguarding the robustness of the financial statements and laying the foundations for Eni's subsequent performance (Eni's TSR from 1 January to date has increased by over 21%, ranking 2nd among European O&G companies) .

Furthermore, in the face of the crisis caused by the pandemic, the management has decided to defer to 2022 a significant portion of the monetary incentives accrued in 2020 with a cash saving of over €42 million.

As regards the remuneration of shareholders, which Eni defines in a perspective of long-term economic-financial sustainability, at the beginning of 2021 we announced a significant improvement in the policy. This increase is the result of the strategic and structural actions undertaken during the pandemic and confirms Eni's desire to offer a competitive dividend distribution with respect to the Peer sector.

The new policy provides for a 9% increase in dividend for each price level, compared with the previous formula; we also announced that the €300 million/year buyback plan shall start from a Brent price of \$56/barrel (instead of the previous \$61/barrel).

- 3. Ms. Chairman I would like to ask you why speaking with people in charge of our Company's relations with Shareholders is, at least for me, practically impossible? In case of need, I have had to spend hours talking with switchboard operators who did not know how to put me in contact with the responsible figures, because (as they said) "He is not in the phone book" (I underline that your secretary Dr. Mattia also answered in this way).**

Answer

As reported in the Corporate Governance Report at page 149, relations with shareholders other than institutional investors are managed by the Corporate Secretariat. Information of interest to shareholders is available on the Eni website in the Governance section, which also contains the relevant contacts: by e-mail at segreteria.societaria.azionisti@eni.com, by telephone at the toll-free number 800940924 (from abroad: 80011223456).

- 4. I would also like to tell you that when I ask to access to all documents used in the preparation of the draft financial statements to be approved by us, I do not do it for a personal whim but because I would like to verify that: You chairmen have controlled, at least on sample basis, that expenses made with company credit cards do not include personal expenses such as grocery bills, supermarkets, clothing stores, petrol stations or anything else not attributable to business needs. It may seem a far-fetched doubt but, believe me, this has happened in the past and in other companies!**

Answer

The travel reporting process is regulated through a specific operating procedure that regulates spending limits and possibilities in a timely manner. Business trips are systematically checked in order to ensure compliance with the provisions and the resolution of any anomalies. The anomalous expenses incurred in violation of the company provisions are contested and sanctioned according to the provisions of the applicable national collective bargaining agreement and applicable laws.



- 5. Have you chairmen verified that there have been no illegal financing to parties, political movements, trade unions or associations, perhaps using the old trick of hiring personnel in subsidiaries with immediate secondment at a headquarters of the organizations mentioned above.**

Answer

Eni does not make any illegal financing. The personnel selection processes are regulated through a specific procedure which provides for the tracing of all the phases of the process. Eni complies with the provisions of law and collective bargaining applicable to its workers called to elected public offices or trade union positions.

- 6. For Shareholders' peace of mind, can all of you Chairmen make available to this Meeting a list of all the entrances of trade union managers with indication of only the initials of the organization they belong to and of the Entity that took charge of them, so as to check all visits, certainly institutional, and length of stay.**

Answer

All entrances to company sites are registered in compliance with current legislation, including on privacy matters. Eni does not carry out and does not arrange entry checks based on the union affiliation of its workers. Trade union representatives of workers freely exercise their trade union role and control actions could be configured as conduct in violation of trade union freedoms.

- 7. Can you chairmen report to this Meeting about derivative actions that have begun after convictions and/or settlements for harmful conduct or omission of the Company's interests. How many and against whom are you going to proceed or want to proceed to request precautionary seizures of assets to safeguard the Shareholders interests of Us?**

Answer

The competent corporate functions, whenever harmful or omissive behaviors to the Company's interests by employees are ascertained, initiate the assessment procedures required by law and when the conditions are met, the Company acts in court. Eni strongly pursues the protection of the social interest.

- 8. Can you chairmen testify that your people's behavior pursuant to law (Legislative decree 231/2001 as amended) comply with law and procedures, and above all are in line with, and only with, the pursuit of shareholders' interest?**



Answer

Eni SpA has adopted its own Model 231 consisting of a general part, which details the requirements of Legislative Decree 231/2001 (including the disciplinary system, training and indications relating to the composition of the Supervisory Body) and a special part that identifies sensitive activities for the purposes of the same decree and lists the related control measures.

Both documents are constantly updated in order to adapt them to regulatory changes that occur over time and to organizational changes that involve the Company.

Specifically, in order to ensure the correct implementation of the principles set out in Model 231 and in order to mitigate the risk of crime that could arise in the performance of company processes, the 231 control standards are "declined" within the regulatory instruments, which makes them actual rules of conduct that all those who carry out those activities must follow.



Shareholder FLAVIO BOTTA

1. Good morning.

I have been a small shareholder of Eni ever since it was listed on the stock exchange in 1995. The recent pandemic created great difficulties for the oil sector. And yet, as the management has undoubtedly noted, is also generated a significant opportunity for Eni that competitors have, in whole or in part, already exploited in much less favorable moments and which is hinged on two facts: 1) the exceptionally low prices of the security 2) bond rates dropped to negligible levels, even for securities with poor ratings. On the other hand, Eni has an "investment grade" rating of appreciable quality. Indeed, during the placement (I think in November) of a difficult hybrid subordinated bond (if I am not mistaken an Upper Tier which is considered much more risky than a senior bond because in the event of the issuer's bankruptcy it is repaid later, together with the shares), against an already huge offer of 3 billion, the institutional market made a spectacular demand of 14 billion. I do not deny that I was impressed.

Therefore, the company could reasonably have issued bonds in several tranches up to a total of 15 billion without stressing its credit watch, with which it then could carry out a significant and progressive buyback, repurchasing its own shares in a massive way. With 15 billion at those prices, the stock could be traded for a buyback of about 2 billion shares with two immediate consequences: 1) at current rates, the interest payment on the ten-year senior bonds would have been around 150-165 million/year (considering a rate between 0.8-1.1% for this type of bond, very different from hybrid subordinates). On the other hand, the Company would have saved approximately 550 million/year in dividends (a €0.36). In addition, the prices would have reasonably gained between 10 and 15%. Large investors, especially large pension funds, would have appreciated the initiative. Which, however, had to be announced and started when Brent was at \$45/50, as the operation would already cost a few billion more, now. My question is, what has kept the management from taking this initiative, in whole or in part, which not only was at no cost but even resulted in a gain, thanks to significant savings on the dividend?

Thank you for your kind attention and cordially greet you



Answer

At the end of July 2020, as part of the initiatives to combat the effects related to the COVID-19 pandemic Eni's management has adopted a series of measures to preserve the Company's liquidity and the ability to meet expiring financial obligations, and to mitigate the impact of the crisis on the Group's net financial position.

Among these initiatives we point out (i) the withdrawal of the proposed purchase of 2020 treasury shares for a value of €400 million and, at the same time, the definition of a buyback plan of €400 million, with a Brent price higher than \$61/bbl, and €800 million, with a Brent price above \$65/bbl; and (ii) the definition of a new dividend policy which provided for a dividend consisting of a dividend floor of €0.36 per share with an annual Brent price level of at least \$45/bbl and an increasing variable component with a Brent price between \$45/bbl and \$60/bbl.

Thanks to these, and to the other actions implemented, the Company has overcome the most acute phase of the crisis without tensions, avoiding an excessive debt burden.

In line with this strategy, on October 1, 2020 Eni's Board of Directors approved a hybrid bond issue plan for a total maximum amount of €5 billion, aimed in particular at further diversifying Eni's financial deposits by using a new instrument, strengthen the capital structure and financial flexibility of the company and support Eni's rating given that, as was later confirmed by the rating agencies, hybrid issues are considered by them as 50% equity.

In February 2021, Eni's Board of Directors approved an improvement in the remuneration policy, structuring it in the following way:

- a dividend floor €0.36 per share with a Brent price of \$43/bbl, \$2 lower than the previous one, to be increased with an increasing percentage between 30 and 45% of the incremental Free Cash Flow generated by a scenario between \$43/bbl and \$65/bbl;
- a buyback program of €300 million/year with a Brent price of \$56/bbl, a level lower than the previous triggering threshold, rising to €400 million/year from \$61/bbl and €800 million/year from \$66/bbl.

In line with best market practices, in order to preserve the financial soundness of the company, the remuneration to shareholders is linked to the company's income and cash generation capacity, and for Eni it is linked to the Brent price.

On the other hand, financing shareholders' remuneration through the issuance of debt financial



instruments (both senior or subordinated, as is the case of hybrid bonds) would mean on the one hand remunerating shareholders with the loans of debt investors and not with the result of the management, and on the other hand increase the credit exposure of the company, worsening its credit ratios.



Shareholder CLIMATE ACTION 100+

Chair and members of the Board, Eni Shareholders.

We make this statement as shareholders and shareholder representatives of Eni and as supporters of the Climate Action 100+, an investor initiative that aims to work with companies to enhance corporate governance of climate change, curb emissions and strengthen climate-related financial disclosures at companies with great opportunities to tackle climate change. To date, over 545 institutional investors with over \$52 trillion in assets under management across 33 markets have signed up to support the initiative. We must first acknowledge the extraordinary year of 2020, in which the energy sector faced challenges of a global pandemic and associated volatile commodity prices, as well as mounting climate pressures. We would like to thank the company for the continued open and constructive dialogue of senior management with Climate Action 100+ over the last year.

In the course of the dialogue with Eni's management, EOS at Federated Hermes, UBS Asset Management and other signatories to Climate Action 100+ have encouraged your company to set a long-term decarbonisation pathway in line with the goals of the Paris Agreement. We therefore welcome the company's new climate ambitions linked to the 2021-2024 Strategic Plan to achieve net-zero emissions by 2050 both in absolute and intensity terms across the entire value chain. We appreciate the focus on absolute emissions reductions, vital for keeping emissions within a finite carbon budget, and the interim absolute targets for 2030 and 2040.

This March, the Climate Action 100+ Net-Zero Company Benchmark was published, offering the first detailed and comprehensive assessment of individual focus company performance against the initiative's three high-level commitment goals.

We believe that Eni is showing leadership in the energy transition in a number of key areas as reflected in the CA100 + benchmark which positions the company amongst the top performers in tackling climate change risks and opportunities in the oil and gas sector. The company was recognized for its progress to date on climate governance and strategy, trade association alignment and TCFD reporting. We note this was also before Eni's latest strategy update.



The focus of our engagement now turns to the delivery of the strategy. We wish to see progress each year against the key leading and lagging indicators of the transition, and alignment of all key areas of governance and reports with the strategy.

Going forward, we ask the company to confirm and disclose:

- 1. The methodology used to ensure each new material capital expenditure is consistent with the goals of the Paris agreement and the company's own net zero targets. This framework should include investment hurdles, carbon criteria and consideration of other climate-related risks and opportunities. Annual disclosure should also evidence its application and consequent alignment of investment. This area was the main gap for Eni under the net zero benchmark.**

Answer

Eni applies a rigorous methodology to ensure that each of its significant investments is compatible with Net Zero's corporate targets for 2050 and with the objectives of the Paris Agreement. In particular:

- 1) Eni has built a resilient Oil & Gas portfolio, capable of containing the risk of stranded assets.** Eni's decarbonisation strategy is based on an Oil & Gas portfolio characterized by conventional and low-carbon projects.
- 2) The exposure of Eni's portfolio to climate-related risks is subject to an annual review** in relation to changes in greenhouse gas regulations, the evolution of consumer habits, technological developments and the physical characteristics of the assets in order to identify any emerging risks.
- 3) Eni, in collaboration with the academic world, has developed a distinctive methodology for a complete reporting of GHG emissions** deriving from each project. This methodology considers Scope 1, 2 and 3 emissions, both in absolute terms and in terms of intensity, relating to the energy products sold, whether they are derived from own assets or purchased from third parties.

Each significant investment decision includes an assessment of the GHG lifecycle emissions of the project over the entire useful life of the asset, in order to identify the potential impacts on the achievement of Eni's medium/long-term GHG emission reduction targets.

The planning process and the internal authorization procedures of each E&P project include



multiple moments of verification in which it may be required to present plans for the minimization of GHG emissions and energy efficiency, to deal with potential risks of insufficient performance due to scenarios of adoption of global or regional carbon pricing mechanisms. This authorization process and internal controls can lead to the suspension of projects, the modification of their design and the identification of the need for additional investments for emission mitigation, in anticipation of the new economic conditions imposed by the carbon pricing mechanisms.

The methodology applied to test the resilience of new investment projects includes assessing the impact of the potential costs associated with GHG emissions on project returns. The internal rates of return of new projects are subject to stress tests on the basis of two sets of assumptions: i) Eni's estimate of the cost per ton of CO₂, applied to the total direct emissions of each investment over its life cycle, considering the Eni scenario of hydrocarbon prices; and ii) hydrocarbon and CO₂ prices adopted in the Sustainable Development Scenario (IEA SDS) published by the IEA in WEO 2020. This stress test is performed periodically to monitor the progress and risks associated with each project. The review carried out at the end of 2020 indicates that the aggregate internal rates of return of Eni projects should not be significantly impacted by the adoption of carbon pricing, even in the hypothesis that the costs are not recoverable from oil cost or costs not deductible from profit before taxes. In addition, management carried out a sensitivity analysis on the book values of Eni's Oil & Gas assets based on the assumptions envisaged by the IEA SDS WEO 2020 scenario, to assess the reasonableness of the outcome of the impairment review of these assets in the base scenario, as well as risks of stranded assets.



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2. How the company's financial reports and accounts are being guided by the net zero targets and how the company's latest commodities price assumptions align with the targets and the assumptions included in low carbon scenarios.

Answer

Progress towards Eni's long-term carbon neutrality goals is monitored through the GHG lifecycle indicators (Scope 1 + 2 + 3), accounted for on an equity basis, the results of which are published annually in Eni's financial report and verified by a independent auditor.

Eni is committed to providing complete disclosure on climate change, aligned with the most important reporting standards and frameworks. In fact, every year Eni publishes a report dedicated to its decarbonisation process, in line with the recommendations of the TCFD (Eni for Carbon Neutrality at 2050), which includes the Eni Statement on GHG accounting and reporting, subject to a specific third party assurance, with the aim of guaranteeing an ever greater solidity of these data of strategic importance for Eni.

In line with our commitment to transparency, we ensure that the material climate risks associated with the transition to a Net Zero path by 2050 are properly incorporated into the financial statements. In particular, in line with our decarbonisation strategy, our long-term price assumptions for hydrocarbons - fundamental inputs for capital allocation decisions and for assessing the recoverability of assets according to the International Reporting Standard IAS36 - are subject to periodic review (at least annually) to verify its consistency with the external context and with decarbonisation trends. Our price deck estimates are compared with the latest forecasts of the main investment banks, reaching a reasonable degree of consistency.

We believe that the current Eni scenario adopted for financial reporting:

- **Considers the possible risks of accelerating the energy transition**, including the green guidelines that governments are applying to fiscal policies for post-pandemic economic recovery.
- **Is broadly aligned with price assumptions of our European peers**, as indicated in the communication of results and financial reports.
- **Is broadly aligned with the crude oil price assumptions of the IEA SDS WEO 2020 low-carbon scenario**, in which we only detected a slight divergence over the long term (beyond 2035), when we expect to have low amounts of reserves in the portfolio .



- Furthermore, as part of the activities to check the reasonableness of our price assumptions and the outcome of the impairment test of the E&P activities, we regularly carry out stress tests of our base scenario, using the most relevant alternative scenarios available on the market. In line with what has been done since 2017, in the 2020 annual report we communicate the results of the sensitivity analysis relating to the fair value of E&P activities compared to the most stringent low-carbon scenario. The sensitivity analysis carried out according to the IEA SDS hypothesis, applying the cost of CO₂ estimated by the IEA for advanced economies to all our oil & gas assets, confirmed the resilience of our portfolio, reporting an 11% reduction in the total value of all Eni Oil & Gas CGUs compared to the result of the impairment review carried out by the company in preparation of the 2020 financial statements, using the Eni scenario. This impact is reduced to 5% assuming the transferability of CO₂ costs to oil costs or the deductibility from taxable income.

Finally, the auditing firm, currently PWC, tests Eni's price assumptions by performing a series of assessments and reviews, including the independent development of a wide range of forecasts based on different scenarios provided by third parties, peer information and market analysis, with particular attention to the forecasts of third parties consistent with the achievement of the goals of the Paris Agreement.

- 3. Please could the Board address at the annual meeting whether it is committed to review and consider the upcoming IEA net zero 2050 scenario prices in its stress testing, and the results of this in the financial reporting as well as action plans and capital allocation decisions consistent with its commitment to support the goals of the Paris agreement?**

**Answer**

In October 2018, the Intergovernmental Panel on Climate Change (IPCC) stated that, in order to reduce the risks of irreversible ecosystem changes, the global economy must limit the increase in Earth's temperatures to 1.5 °C. In its World Energy Outlook 2020 (WEO), the IEA introduced the NZE2050 scenario (Net Zero Emissions) which, compared to the SDS scenario, provides for much more incisive measures in order to reach Net Zero Emissions by 2050 and limit the global warming to 1.5 °C by the end of the century.

Our commitment to carbon neutrality by 2050 is in line with the more ambitious goals of the Paris Agreement to limit the temperature increase to 1.5° C by the end of the century. In this perspective, we are carefully evaluating the most challenging decarbonization path foreseen by the "NZE2050" scenario, which seem to imply a high level of diffusion of low-carbon technologies, an increase in the capital stock, innovation and changes in consumer behavior, which at present are still theoretical and not supported by any price hypothesis.

Once the IEA provides a quantitative set of price variables, we are ready to consider these assumptions among the third-party information we use as a reference for our scenario analysis. In this regard, a report dedicated to the NZE2050 scenario of the IEA is expected for next 18 May.



Azionista Fondazione FINANZA ETICA

(as founding member of the European Network of active shareholders SfC - Shareholders for Change), on behalf of Greenpeace Italy and Re:Common.

Questions on the first item on the agenda: Financial statements at December 31, 2020 of Eni SpA.

1. 2020 performance

- 1.1 The 2020 Annual Report (page 17) reports the "Net GHG Lifecycle Emissions". Emissions for 2018 are equal to 505 Mt, while the 2018 baseline, indicated by Eni in February 2020, was 537 Mt.**

How can this difference be explained? Has the 2018 baseline been reclassified?

Answer

Eni's medium-long term decarbonisation targets refer to a distinctive method for accounting GHG emissions along the entire supply chain of energy products sold. In fact, Eni has adopted an approach inspired by lifecycle analyzes as the most appropriate and representative tool for tracing the path towards carbon neutrality. The methodology was developed in 2020 with the collaboration of independent experts and the resulting indicators are subject to annual publication with attached certification by the auditor. In the absence of an industry standard, Eni's methodology is subject to progressive improvement to reflect the most recent developments in terms of reporting standards and frameworks associated with GHG emissions. In particular, the reporting model was refined in 2021 to better represent the non-energy destination (eg petrochemicals) of part of the volumes of hydrocarbons sold to the market. Following this methodological review, 2018 and 2019 data have been updated.

Further details are available in the Statement on GHG accounting and reporting, attached to Eni for Carbon Neutrality at 2050 and subject to verification by the independent auditing company.

- 1.2 In 2020, "Net GHG Lifecycle Emissions" dropped to 439 Mt, compared to 501 Mt in 2019.**

What is the cause of this significant decline? The cut in production due to the Covid-19 emergency?



Can "Net GHG Lifecycle Emissions" be expected to rise again to a level close to 500 Mt in 2021, with the gradual overcoming of the Covid-19 emergency?

Answer

The Net GHG Lifecycle Emissions indicator refers to direct and indirect GHG Scope emissions (so-called Scope 1 + 2 + 3) associated with the activities and products sold by Eni, along their value chain, net of carbon sinks.

In 2020 there was an annual reduction of the indicator of about 12%, which was mainly affected by the decline in production and sales in the Upstream, GGP and refining businesses, connected to the health emergency.

Starting from 2021, with the gradual return of production activities to full capacity, an increase in emissions associated with the indicator is expected, which will however remain well below 500 MtCO₂eq, in line with the path to achieve Eni medium- long term goal.

2. 2021 - 2024 Strategic plan and decarbonization plan to 2050

2.1 To what extent (in percentage and in MW) the new installed capacity in renewable energy from 2021 (included) to 2024 will be due to organic growth or external growth (acquisition of interest in projects, mergers, joint ventures, etc.?)

2.2 To what extent (in percentage and in MW) the new installed capacity in renewable energy from 2024 onwards will be due to organic growth or external growth (acquisition of shares in projects, mergers, joint ventures, etc.? If it is not yet possible to provide a figure, could Eni indicate at least one trend: preference for external vs organic growth? Reasons?)

Answer to questions 2.1 and 2.2

Our medium/long-term growth will largely take place through organic lines, i.e. through the development of greenfield projects since the feasibility study phase, as well as through the acquisition of projects that have already obtained part or all of the necessary authorizations and that Eni undertakes to build and operate, also in collaboration with strategic partners.



However, we do not exclude the use of selective M&A of already operational assets if consistent with our strategies and if they represent an opportunity for accelerated development in the renewable energy business.

Further questions

Answer to question 2.8.12

During 2020, Eni evaluated three CSS (secondary solid fuel) and plasmix gasification plants in Venice, Livorno and Taranto.

- 1. There is no indication of the date by which the construction of the aforementioned plants is expected.**

Answer

As of today the construction of these plant is not in the Plan.

- 2. It would also be appropriate to clarify which type of materials (plasmix, CSS or both) will be used in the individual plants in Venice, Livorno and Taranto and with what type of energy they will be powered.**

Answer

The study carried out in 2020 provided for:

- a. power supply systems with a mix of plasmix and CSS
- b. supply of:
 - electricity, through connection to the national grid and from the internal grid in case of availability from self-generation;
 - methane: national network.

- 3. Is an LCA analysis of this type of plant available for each production site?**

Answer

The LCA study was carried out for the Venice and Livorno projects (the evaluation is confidential).

From the answer to questions 2.8.13 and 2.8.13.1 it is clear that only one chemical recycling plant will be built at the Mantua center over the next few years.

- 4. At what other sites will these systems be installed, by what date and with what treatment capacity?**

Answer



The Hoop technology for the chemical recycling of mixed plastics by pyrolysis is an innovative technology, being developed by Versalis in collaboration with an Italian engineering company. To date, there are no instances of application on a large industrial scale. Laboratory tests conducted in the Mantua research center have provided reassuring evidence regarding the ability to treat plastic waste, which is particularly complex due to the variety of composition. It was therefore decided to proceed with the demonstration phase with a 6,000 ton/year plant in Mantua, currently under construction. Once the technology has been fine-tuned, an industrial application plan can be carried out at other Versalis sites, such as Priolo and Brindisi, where there are cracking plants that could be fed with the chemical recycled oil obtained from pyrolysis.

Answer to question 4.1.2.

In what percentage is packaging already produced from renewable sources/post-consumer recycled material?

5. We ask to know the exact sales volumes and the exact percentage of turnover of recycled plastic materials.

Answer

Versalis' portfolio includes "circular" products made with recycled raw materials, of the Versalis Revive® range. In this context, the offer of a new product for food packaging has recently been launched and is made of 75% recycled polystyrene obtained from domestic separate waste collection. Under the Revive brand, post-consumer HDPE polyethylene grades are also available for blow and injection molding applications and LDPE polyethylene grades for film applications. Versalis' sales volumes and turnover are still a minor fraction of the total.

In particular, in 2020 the production of Revive products amounted to about 1,000 tons, almost entirely destined to the packaging sector and to a lesser extent to the thermal insulation sector (building insulation).

Versalis as part of the Circular Plastic Alliance (that includes 277 organizations representing industry, universities and public bodies) is committed to:

- produce up to 100,000 tons of polyolefin-based products containing up to 70% post-consumer PO, for applications that today mainly use virgin polyethylene;



- produce and market up to 20,000 tons of styrene polymers containing up to 50% recycled material, for the packaging and insulation sectors.

- 6. With regard to the spill of about 63 barrels of oil (petroleum and its derivatives) at the Brindisi petrochemical plant, we ask to know the date and time of the spill, mitigation and remediation measures implemented, quantity of oil recovered, quantity dispersed into the environment and whether the spill also affected the marine environment.**

Answer

The indicated oil spill occurred on February 3, 2020, at 00:30, at the pumping station of the tank fleet. The product was completely recovered, partly collected on the pavement of the area and partly removed from the adjacent land by excavation. Analyses to ensure that there was no contamination in the environment were carried out on the ground below and surrounding the excavation area. The spill did not affect the marine environment. The event was promptly communicated to external bodies, which followed all the recovery and restoration activities of the area, until the end of the event, also formalized with a communication from the Ministry of the Environment.

- 7. Questions related to item 1 on the agenda:**

- 1. Shall Eni undertake to submit its 2050 decarbonisation plan to the non-binding vote of all shareholders at the 2022 Shareholders' Meeting?**

- 1.1 If Eni does not intend to do so, could you explain why?**

Answer

This is a relevant issue, and we intend to evaluate how to involve Shareholders, while keeping in mind that corporate strategy does not fall within the responsibility of the General Meeting, which cannot express itself on issues other than those reserved to it by the law. In this context, the climate strategy is not within the responsibility of Shareholders but it is a Board issue, as in general the definition of the company's strategies.

Shareholder Re:common

1. In the Annual Financial Report (page 239), Eni states that: "Unproved mineral interests comprised the Oil Prospecting License 245 property ("OPL 245"), offshore Nigeria, for €800 million corresponding to the price paid in 2011 to the Nigerian Government to acquire a 50% interest in the property, with another international oil company acquiring the remaining 50%. As of December 31, 2020, the net book value of the property amounted to €1,085 million, including capitalized exploration costs and pre-development costs. The acquisition of OPL 245 is subject to judicial proceedings in Italy and in Nigeria for alleged corruption and money laundering in respect of the Resolution Agreement signed on April 29, 2011, relating to the purchase of the license. This proceeding is disclosed in note 27 – Guarantees, Commitments and Risks – legal proceedings. The impairment test of the asset confirmed the book value. The impairment review was based on the assumption that the exploration licence due to expire in May 2021 will be renewed or converted into a mining licence. Eni filed an application for renewal/conversion of the licence in compliance with the contractual terms. Considering the inaction of the Nigerian authorities in charge of the matter towards the legitimate request of the Company and the closeness of the expiry date of the licence, in September 2020 Eni started an arbitration at ICSID, the international centre for settlement of investment disputes, to protect the value of its asset."

The book value for the OPL 245 block reported by Eni in the annual financial report is very relevant for the company's accounts. Since the license was signed on May 11, 2011 and the Nigerian government has effectively rejected the application for conversion to OML, as long as legal proceedings are pending in several jurisdictions, including Nigeria, against the company or its subsidiaries on the alleged corruption allegations regarding the acquisition of the license for the OPL245, can Eni confirm that the license expired on May 11, 2021?

Answer

The expiry date provided for in the documentary title of the license is May 11, 2021. Moreover, it is not correct to state that "**the Nigerian government has in fact rejected the conversion request**". The subsidiary Nigerian Agip Exploration Ltd. has carried out all the activities required for the conversion within the terms established at the time and the Government confirmed the conversion and exercise of the back-in-rights in July 2018: it is legally certain that Eni has accrued the right

to conversion. Any subsequent apparent "suspension" (declared pending the outcome of the proceedings in London and Milan, as is known in favour of Eni) is illegitimate and the subject of ICSID arbitration started as early as 2020. It is also false that any proceedings in Nigeria relating to OPL 245 have been used as basis for the so called "Suspension". Consequently, the formulation of your question is incorrect (factually and legally) **"and the Nigerian government has in fact rejected the request for conversion to OML, as long as legal proceedings are underway in various jurisdictions, including Nigeria"**. For the sake of completeness, it is recalled that the request of the Nigeria civil party in the proceedings in Milan concerned compensation for damages, and certainly not the revocation or declaration of nullity of OPL 245 itself. For the purposes of the financial statements as at December 31, 2020 and approved today, therefore, it is still correct to allocate the book value to the mining title; in the event of prolonged inertia/standstill by the Nigerian government, any different classification of Eni's mining title or the right of a compensatory nature already protected in the ICSID arbitration will be assessed during the drafting of the next financial information.