The events in Europe in 2022, correlated to Russia’s invasion of Ukraine, have brought energy security and energy costs into focus as essential elements for our communities to be pursued alongside decarbonization. The challenge at the heart of the public debate is to find adequate answers to this trilemma in a context of extreme volatility, uncertainty and growing imbalances.

In this scenario, Eni has worked to contribute to European energy security. The company has pursued its path of transformation towards the decarbonization of products and services, leveraging a distinctive strategy based on geographical and technological diversification of energy sources, working with its stakeholders, and considering gas as a “bridge” energy source in the heart of the public debate.

In this regard, Eni, in the last quarter of 2022, achieved the first delivery of LNG produced by the Coral South field in Mozambique was completed, and we expect the first delivery of LNG from Congo as early as the end of this year. At the same time, we remained firm in our commitment to our targeted goals in 2022 to support the just transition and work towards excellence in the operational model exemplified in our financial model.

We strongly believe in technological innovation as a driver to achieve our short-, medium- and long-term goals: proprietary technologies matured within traditional and breakthrough technologies play a central role in Eni’s decarbonization strategy.

The company, through its Ecofining facilities, enables us to produce biofuels from biological origins, waste and raw materials that do not compete with food use. In contrast, reservoir and storage technologies are used in synergy with depleted oil fields to develop effective CO2 capture and storage solutions. In addition, we connected the first system for generating electricity from wave power, another potentially inexhaustible energy source, to the island of Pantelleria’s electricity grid.

Eni’s Sustainable Mobility became operational, offering progressively decarbonized products and services to reduce Scope 3 emissions in mobility. Working alongside Plenitude, focused on increasing renewable capacity and providing decarbonized energy to end customers. With different purposes, the satellite system was deployed in some E&P geographic areas, through business combinations that resulted in deconsolidated companies whose significant investments are financed autonomously, freeing up financial resources to benefit energy security and sustainability.

To provide effective answers to the energy trilemma and contribute to providing abundant, affordable and environmentally sustainable energy, Eni has developed an innovative business and financial model that allows us to solve the problem of capital allocation, striking the right balance between investments and returns. The satellite business model envisages the creation of dedicated companies capable of independently accessing capital markets to finance their growth and ability to exploit each business fully. These companies can access specialised capital pools, optimising Eni’s financial structure while exploiting the technologies, know-how and services that Eni itself offers.

In early 2023, Eni Sustainable Mobility became operational, offering progressively decarbonized products and services to reduce Scope 3 emissions in mobility, working alongside Plenitude, focused on increasing renewable capacity and providing decarbonized energy to end customers. With different purposes, the satellite system was deployed in some E&P geographic areas, through business combinations that resulted in deconsolidated companies whose significant investments are financed autonomously, freeing up financial resources to benefit energy security and sustainability.

The successful key to this strategy is the ability to combine the company’s proprietary technologies with external partners, leveraging the company’s technological expertise and capabilities to develop innovative solutions. Eni is working with leading research institutes. More than ever, the company is committed to supporting the development of innovative technologies, such as fusion, whose development and commercialisation have the potential to revolutionise the energy sector.

In this regard, Eni has entered into partnerships with the Massachusetts Institute of Technology (MIT) to support the Just Transition Fund, a major financial instrument that aims to support the Just Transition Fund’s goals. With this in mind, Eni is working with leading research institutes. More than ever, the company is committed to supporting the development of innovative technologies, such as fusion, whose development and commercialisation have the potential to revolutionise the energy sector.

Furthermore, the Joint Declaration with UNIDO signed to strengthen collaboration in areas of common interest, such as economic diversification and renewable energy, in line with SDG 9 (Industry, Innovation and Infrastructure).

To protect and respect human rights, we promote a structured and rigorous approach, constantly monitoring activities and projects to assess their impacts and outcomes in line with the highest standards. Among them, the Guiding Principles on Business and Human Rights (UNGPs), the 10 Principles of the Global Compact and the OECD Guidelines for Multinational Enterprises are vital references to guide our business and corporate practices.

In managing the difficult challenges that Eni faces, we keep our priorities firmly on track with an ongoing commitment to protecting the health and safety of our people, safeguarding the integrity of our assets, and protecting the environment, biodiversity and water resources. We value a culture of diversity and inclusivity as a strength for addressing change and are committed to promoting gender equality and women’s empowerment in the workplace and communities.

The success of our strategy can only be achieved with the collaboration of our stakeholders: from private, public, international and civil society organisations to research institutes. More than ever, there is a need to pool resources and human capital with a broad view to align on common goals to reduce geographical gaps and promote global human progress.

Claudio Descalzi
Chief Executive Officer
Eni in the world

Eni is an integrated energy company with a global presence, employing over 32,000 people, that aims to achieve Carbon Neutrality by 2050 satisfying the three fundamental energy goals: environmental sustainability, energy security and accessibility. Beyond environmental sustainability, Eni’s commitment to a socially just and equitable energy transition, as stated in the Company’s Mission, includes concrete actions to promote access to efficient and sustainable energy for all, reducing emissions related to its activities and to the whole supply chain of energy products sold, focusing on innovative and proprietary technological solutions, diversifying energy sources and creating at the same time long-term shared value.

The path towards a Just Transition starts with a strong commitment from top management, but it necessarily requires the involvement of every Eni person in the world through the constant dissemination of strong values related to ethical and a socially Just Transition.

62 Countries of presence

€164 mln total expenditure on Research and Development

29.9 mln tonnes of CO2eq. Net Carbon Footprint Eni (Scope 1+2)

1,796 persons hired

90% reuse of freshwater

ENI FOR 2022 A JUST TRANSITION

INTRODUCTION

OPERATIONAL EXCELLENCE

CARBON NEUTRALITY

ALLIANCES FOR DEVELOPMENT

HOME
Eni’s activities: the value chain

Eni is a global energy company with a high technological content, engaged along the entire value chain: from the exploration, development and extraction of oil and natural gas, to the generation of electricity from cogeneration and renewable sources, traditional and biorefining and chemicals, and the development of circular economy processes. Eni extends its reach to end markets, marketing gas, power and products to local markets and to retail and business customers, also offering services of energy efficiency and sustainable mobility. Consolidated expertise, geographical and technological diversification of energy sources, alliances for development, as well as new business and financial models are Eni levers to meet each of the essential pillars of the energy trilemma, achieving environmental sustainability, side-by-side with energy security and affordability, while also maintaining a strong focus on value creation for shareholders. Along this path, Eni is committed to become a leading company in the production and sale of decarbonized energy products and increasingly customer-oriented. Eni’s strategy to reach Carbon Neutrality by 2050 leverages on an industrial transformation to be implemented by strengthening available and economically sustainable technologies such as:

- Progressive growth of the gas component as a bridge energy source in the transition, flanked by investments to reduce emissions;
- Bioenergy through the development of biomethane and biofuels, by increasing feedstocks of bio and renewable raw materials, waste and residues and of an integrated agri-feedstock production chain not in competition with food production;
- Renewables through increased capacity and integration with the retail business;
- Carbon Capture Storage (CCS) through the development of hubs for the storage of the CO₂ from hard-to-abate emissions generated by Eni’s and third parties’ industrial plants.

The scale use of these solutions together with research into breakthrough technologies, such as magnetic confinement fusion, can support the revolution of the energy sector. Residual emissions, i.e. those that cannot be reduced due to technical and economic constraints, will be offset through high quality carbon offsets, mainly deriving from Natural Climate Solutions.

View from above of the Porto Torres plant.
Business model

Eni’s business model is aimed at creating long-term value for all stakeholders through a strong presence along the entire energy value chain. The core is represented by Eni’s mission, inspired by the United Nations 2030 Agenda, whose foundations are embodied in Eni’s distinctive approach, which permeates all activities. Eni is committed to fulfilling the essential pillars of the energy system triad, pursuing environmental sustainability together with energy security and affordability. These goals leverage the diversified geographical presence and a diversified mix of energy sources, which, together with a portfolio of new technologies and their fast-track development, will create a diversified energy mix for energy transition supporting energy security, progressing in value creation and breakthrough opportunities, while recognising the essential role of partnerships and alliances with stakeholders, to ensure their active involvement in the transformation of the energy system. The agile and innovative business model leverages proprietary technologies at the base of traditional businesses for the development of a satellite model of creating dedicated entities capable of independently accessing capital markets to fund their growth and to reveal the real value of each business. This integrated business model is supported by a Corporate Governance system inspired by the principles of transparency and integrity, an Integrated Risk Management Model ensuring, through the assessment and analysis of the risks and opportunities of the reference scenario, informed and strategic decisions, as well as materiality analysis to examine the most significant impacts generated by Eni on the economy, environment and people, including those on human rights. The operation of the business model is focused on the best possible use of all the resources (in-erated by Eni on the economy, environment and people, including those on human rights. The operation of the business model is focused on the best possible use of all the resources (in-

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Eni also organically integrates its business plan with the principles of environmental and social sustainability, deploying its actions along three levers:

**OPERATIONAL EXCELLENCE**: Eni’s business is aimed to operational excellence through the continuous commitment in the enhancement, health and safety of people, assets integrity, environmental protection, respect for human rights, resilience and diversification of activities and financial soundness. These elements allow Eni to seize the opportunities deriving from the possible developments in the energy market and to progress its transformation path.

**CARBON NEUTRALITY BY 2050**: Eni’s business model envisages a decarbonization path towards Carbon Neutrality by 2050 based on an approach oriented to emissions generated throughout the life cycle of energy products. This path, achieved through existing technologies, will allow Eni to totally reduce its carbon footprint, both in terms of net emissions and in terms of net carbon intensity. In this context gas figure as a bridge energy source in transition.

**ALLIANCES FOR THE PROMOTION OF DEVELOPMENT**: Eni is committed to reduce energy poverty in the Countries where it operates through the development of infrastructures linked to traditional business but also to the new frontiers of renewables with the aim of generating value in the long-term by transforming its know how and skills to local partners (so called ‘Dual Flag’ approach). In these Countries, Eni promotes initiatives to support local communities accessing to energy, to diversify economy, training and health of community, access to water and sanitation, and protection of the territory in collaboration with international players and in line with the National Development Plans and the United Nations 2030 Agenda.

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**VALUE CREATION FOR STAKEHOLDERS**

Through an integrated presence all along the energy value chain

**INPUT**(*)

- 516.5 mln total GJ energy consumption
- 32,188 employees
- over 300,000 km² oil & gas exploration/ development licences
- 10.1 mln customers
- €67 bn capital employed
- ~8,000 licences
- €76.4 mln investments for local development
- €8.2 bn net capex

**OPERATIONAL EXCELLENCE**

- Approach to lead the transformation

**CARBON NEUTRALITY BY 2050**

- Products and processes decarbonization

**ALLIANCES FOR DEVELOPMENT**

- Value creation shared with host Countries

**OUTPUT**(*)

- -8% Net GHG Lifecycle Emissions (Scope 1+2+3)
- 0.41 TRIR (recordable injuries /hours worked)
- 2.3 GW renewable capacity

**Sustainable biofuels**

- €5.4 bln shareholders remuneration
- €20.4 bln organic cash flow
- 13% leverage
- access of 120 thousand people to health services
- €8.5 bln taxes paid
- ~750 mln boe new resources

(*) In 2022, unless stated otherwise.
Towards a Just Transition: scenario and global challenges

Eni intends to play a defining role in the path towards a just energy transition

The challenges facing the world energy system, both now and in the coming years, appear increasingly complex and articulated as the goals and targets, after the outbreak of the war in Ukraine, the key objectives for the coming decades were the fight against climate change and universal access to energy, after the outbreak of the war, the complexity of energy systems grows exponentially, with disruptive dynamics in the oil and gas markets, highlighting a weakness in the current energy system and re-awakening demands for the most polluting fuel, coal. These events led to the urgency to take concrete actions to mitigate the effects of such turbulence immediately and over time for consumers and the global economic system. The sharp contraction/disappearance of oil, gas and coal flows from Russia, on which the European market has historically depended, has brought to everyone's attention the urgency of adding a fundamental pillar to future goals: energy security. Over the next three decades, energy demand will continue to grow, driven by the needs of emerging economies, while industrialised Countries will see a gradual slowdown in consumption, mainly driven by energy efficiency and energy saving processes. Fossil sources will continue to play an essential role in the energy mix (also thanks to CCUS, which allows for a lower emission profile). However, their share is expected to decrease compared to today. This is mainly due to the lower coal input, to be replaced by sources with a lower environmental impact (gas and renewables). Breakthrough technologies such as nuclear fusion will enter the mix and, together with new sources/vectors, will help reduce the world's energy system footprint.

with forecasting logic that, based on economic and demographic drivers, incorporate the policies implement-
ed and planned by Governments (STEPS - Stated Policies Scenario, to which is associated a temperature increase of about 2.5 °C in 2100), and the achievement within the stated timeframe of the Net Zero targets announced by Governments (APS - Announced Pledges Scenario, to which is associated a temperature increase of about 1.7 °C in 2100). STEPS draws an energy landscape to 2050 in which energy demand grows at a rate close to 1% per year on average, reflecting population and economic dynamics, tempered by the push for energy efficiency. Fossil fuels, particularly gas and oil, still play a central role in the mix (47% of the total vs. 52% today) and intermittent renewables (solar and wind) increase their role (12% to 2050 vs. 2% today). In the APS, energy demand in 2050 remains in line with current levels. The mix shifts in favor of low carbon sources, with an increasing share of nuclear (9% to 2050 vs. 5% in 2021), renewable sources (24% to 2050 vs. 2% in 2021), fossil sources, while decreasing, still maintain a prominent role in the energy mix (oil & Gas equal to 31% of the mix in 2050 vs. 52% in 2021), natural gas, despite its lower emission intensity among fossil fuels, reduces its weight in the overall energy mix (14% in 2050 vs. 23% today), penalized by the energy crisis that is slowing the exit of more polluting sources (e.g. coal), with negative emission impacts in the short-term. In such a scenario, although oil demand is expected to fall (to 57 Mbd in 2050 vs. about 95 Mbd in 2021), there remains a need for upstream investments to compensate for declining production from existing fields, also in light of the sector slowing down in recent years.

UNIVERSAL ACCESS TO ENERGY

In 2021, about 750 million people – about 10% of the world’s population – had no access to electricity, mainly in Sub-Saharan Africa and South East Asia. While the last 20 years have seen huge improvements, especially in India, the pandemic followed by the energy crisis has reversed several years of progress. Indeed, the global energy crisis is also undermining efforts to ensure universal access to safe and affordable energy, especially in developing Countries where populations without access to electricity are on the rise after years of decline (~+20 million in 2022 vs. 2021), particularly in Sub-Saharan Africa, where the number of people without access has almost returned to its 2013 peak.

The historical link with Africa inevitably strengthens as we face the challenge of security of supply in a transition context. Energy transition and security are precisely the two dimensions we must continue to work on through our partnerships.

Claudio desCalzi – Chief Executive Officer of Eni

THE DIFFERENT ENERGY SCENARIOS

The need to implement plans and actions to limit the global average temperature increase to within 1.5°C is supported by the Intergovernmental Panel on Climate Change (IPCC), a United Nations organization responsible for providing scientific evidence on climate change. In its recent report (AR6), the IPCC reaffirms the importance of limiting the temperature increase to 1.5°C relative to pre-industrial levels by the end of the century. In addition, IPCC underlines that achieving this goal requires immediate and rapid reductions in global GHG emissions and achieving Net Zero for CO2 emissions around 2050. The evolutionary pathways compatible with this goal are many. For example, in the global energy landscape, the International Energy Agency (IEA) targets Net Zero emissions by 2050 (jointly with full access to energy by 2030) in its NZE pathway constructed with a backcasting logic, i.e., identifying in reverse what is needed for the achievement. To this end, according to the Agency, it is already necessary in the immediate term to adapt/modify existing energy systems or build new ones, requiring major investments. In this path, even with a population increase of about 2 billion and a global economy growing at an average rate of 3% per year, global energy demand in 2050 decreases compared to today (-15% vs. 2021). Within the WEO - World Energy Outlook, the IEA also publishes two scenarios constructed...
What does a Just Transition mean in concrete terms?

In promoting a Just Transition, it is crucial to take a different approach between Countries with advanced economies and Countries with emerging economies. In Countries with developed economies there are two aspects of the transition to be adequately managed: “Transition-Out”, i.e. the need to convert and close specific sites or sectors of activity, and “Transition-In”, i.e. the development of new businesses, infrastructures, products. The people potentially negatively impacted by the Transition-Out may not be the same as those who benefit from the Transition-In. Similarly, it is necessary to ensure that the new “low carbon” sectors are characterised by decent jobs and positive impacts on the communities is necessary. In Countries with emerging economies, on the other hand, the need to reconcile the right to development and access to energy with the global need to reduce emissions must remain a priority, taking into account the principle of “common but differentiated responsibilities”.

The very concept of “Transition-Out” is challenging to apply in Countries that have consistently experienced energy poverty and low per capita emissions levels. The Just Transition in these areas will, therefore, be primarily concerned with overcoming energy poverty, also through solid international coordination, to support these Countries in their industrial and technological evolution towards clean energy infrastructures. Furthermore, the potential retributive effects on a global scale linked to the expansion of new sectors, such as the production of plant-based energy feedstocks or the extraction of minerals used in the low carbon energy chain, need to be evaluated and managed so that they do not translate into a further expansion of existing inequalities.

**ENERGY PER CAPITA PER REGION IN THE IEA STEPS AND APS SCENARIOS, 2021 AND 2030 (minder per persons)**

- **2021**
  - No access to modern energy: 1,922
  - Access to modern energy: 1,937
  - STEPS 2030: 3,385
  - APS 2030: 3,363

- **2030**
  - No access to modern energy: 2,000
  - Access to modern energy: 2,000
  - STEPS 2030: 4,628
  - APS 2030: 4,656


How a Just Transition could be effectively pursued? What challenges do you see and how to overcome them?

How an energy company like Eni could face such challenges?

The Just Energy Transition Framework for Company Action focuses on the private sector’s role, offering the first guide for companies on concrete actions they can take to implement an energy transition that advances both environmental and social goals with a focus on workers, customers, and communities. We are working with Council members like Eni to share examples of how they are doing this work in practice. Making transitions just will require trade-offs—such as developing responsible strategies to convert, retrain, or sell carbon-intensive assets—as well as risk taking to pursue new business strategies and cross-sectoral partnerships. But companies can and already are stepping up, and innovative approaches will lead to more responsible production and consumption, meeting consumers’ needs while better allocating resources and creating jobs.
ENI FRAMEWORK FOR JUST TRANSITION

Based on this scenario and in line with the guidelines of the emerging frameworks, Eni is sharing its transition pathway with all its stakeholders, particularly with four main categories: workers, suppliers and business partners, communities and consumers. The dialogue will make it possible to systematise the commitments and actions already put in place, defining strategies, targets and indicators to be monitored over time to assess the effectiveness of the path undertaken. The starting point and linking element between Eni’s strategy and the management of the social repercussions and opportunities brought by this path is the Human rights management model, which over the last five years has been successfully developed and consolidated within Eni’s main processes.

THE BENEFITS OF A JUST TRANSITION

In December 2022, Eni published a focus report on Eni and the people-centric transition, which describes the company’s commitments to workers, suppliers, communities and consumers. These commitments, and the resulting actions, are aligned with the principles of a Just Transition set out in the Paris Agreement, the 2015 ILO Guidelines for a Just Transition, the “Supporting the Conditions for a Just Transition Internationally” Declaration signed by 14 Governments and the European Commission, during COP26, and the recommendations of the IEA’s “Global Commission on People-Centred Clean Energy Transition”.

THE HYNET NORTH WEST PROJECT

Project: HyNet North West is an integrated project for the capture of emissions from hard-to-abate energy-intensive industries, the development of low carbon hydrogen, and the creation of the first CO2 capture and storage infrastructure in the UK.

Benefits: HyNet will create opportunities to attract internal investments, with the potentiality to generate up to £2.8 billion of gross value added in the period 2022-2030, and protect 350,000 existing jobs in hard-to-abate sectors in the North West of the UK. It has been estimated that by 2030 HyNet NW will reduce carbon emissions by up to 10 million tonnes of carbon per year, equivalent to the emissions produced today by around four million cars.

THE DEVELOPMENT OF AGROBUSINESS PROJECTS

Project: Eni is developing the biofuel chain to contribute to its own bioeconomy system in the coming years. These productions are based on new circular economy models: agri-hubs to convert locally produced raw materials into plant oil and proteins used for animal food and biofuels. Eni plans to harvest over one million hectares in Kenya, Congo (where projects have already started), Angola, Mozambique, Ivory Coast, Kazakhstan and Italy.

Benefits: these projects will make a decisive contribution to the development of local communities through the creation of new jobs, the development of agricultural activities (without impacting existing ones and the food chain) and market access for small farmers, promoting economic diversification and the generation of additional sources of income. The benefits will affect over one million families on the African continent.

THE TRANSFORMATION OF REFINERIES INTO BIOREFINERIES

Project: Eni has reconverted the traditional refineries in Venice and Genoa into bio refineries for the transformation of raw materials of biological origin into high-quality, low-emission biofuels. The bio refineries are already palm oil free, ahead of forecasts and regulations, and are fuelled mainly by “Waste and Residues” (used cooking oil, animal fats, waste from agri-food processes, etc.) and vegetable oils from degraded crops.

Benefits: the sites’ transformation was conducted by mitigating in every way the reduction in the workforce through retraining of people, job change incentives for professional diversification and early retirement, directly involving trade unions and workers.

TRANSFORMATION IN THE CHEMICAL SECTOR

Project: in Porto Marghera Eni’s transformation plan, aims to convert production with a view to specialisation and circularity, including the creation of a pole dedicated to advanced mechanical recycling of plastics. In Desenzano, the plant, which is specialised in producing bioethanol from lignocellulosic biomass was reconfigured to produce advanced bioethanol.

Benefits: with the Porto Marghera transformation, more than 600,000 tonnes/year of CO2 emissions will be cut, about 25% of the annual emissions produced by Versalis, Eni’s chemical company which contributes to the energy transition with the circular and sustainable chemistry, in Italy. The project is based on retraining employees’ skills through technical training activities that will enhance and enrich their professional know-how. In Crescentino initiatives have also been implemented to support other companies operating in the area, e.g. the procurement of raw material from residual biomass with a certified short supply chain (±70 km).

RAVENNA, A MODEL FOR ENERGY TRANSITION

Project: Eni has built the main Italian Energy District in Ravenna, central to Eni’s and the Country’s decarbonization and to CO2 storage. The production of thermal energy and electricity, chemicals, area remediation and productive redevelopment up to photovoltaics and the circular economy, have been added to the initial methane extraction and upstream development.

Benefits: the Ponticelle enhancement and productive redevelopment plan includes a photovoltaic plant with a storage lab for energy storage, a platform for bioremediation of hydrocarbon-contaminated soil, and a multifunctional platform for pretreatment of waste from industrial and environmental activities. Eni, with Distretto Centro Settentrionale - Upstream has launched a project to build a CO2 capture and storage (CCS) hub, using existing gas extraction infrastructure, which will be converted to the reverse process of CO2 injection, in offshore depleted gas fields in the Ravenna area with a potential of 500 million tonnes of storage.
Eni’s approach to the SDGs

Eni supports the UN’s 2030 Agenda for Sustainable Development, signed in 2015 by the Governments of the 193 UN member Countries, contributing directly or indirectly through its activities to achieving the Sustainable Development Goals (SDGs) included in the 2030 Agenda. In the transformation path that Eni has embarked on, the SDGs are an important reference in solving today’s complex challenges and conducting its activities in the Countries where it operates.

Eni draws inspiration from the 17 Sustainable Development Goals in its principles and values, integrating the SDGs into its governance, business activities and local development projects, financial instruments and training activities to spread and promote awareness of the SDGs. Furthermore, Eni participates in international sustainability initiatives and has entered into partnerships both locally and with international bodies to further the achievement of the SDGs.

Eni’s commitment to the SDGs

Eni incorporates the SDGs into its mission, business strategy and in its sustainability governance model.

Eni’s sustainable finance

• Eni’s mission is inspired by the United Nations 2030 Agenda and represents Eni’s path to respond to global challenges, contributing to the achievement of the SDGs.
• The values that inspire Eni’s mission are reflected in its business model, based on the three pillars: Carbon Neutrality by 2050, Operational Excellence and Local Alliances for Development.
• Eni’s Corporate Governance system is based on the principles of integrity and transparency and reflects the desire to integrate sustainability into all of Eni’s business activities.
• Eni’s Code of Ethics enhances the company’s commitments and promotes the behaviour Eni people and all stakeholders must ensure. Each chapter of the Code of Ethics corresponds to a principle in line with the SDG that inspired it.
• Eni intends to involve its supply chain in its journey to support a low carbon and socially just energy transition by sharing the principles expressed in the Supplier Code of Conduct.

Tools for integrating the SDGs into business activities

• Integration of the SDGs into the 2022-2026 Strategic Plan
• Integration of the SDGs into industrial projects
• Alignment of Local Development Projects to the SDGs
• Internal and external training activities
• Sustainable finance instruments

Participation in external SDGs initiatives

Eni participates in many international sustainability initiatives aimed at achieving the objectives of the 2030 Agenda.

Partnerships for the SDGs

Eni undertakes development actions in collaboration with various players in the territories.

Reporting on the SDGs

Eni integrates the SDGs into sustainability reporting.

Eni’s sustainability initiatives

• Since 2017, Eni has integrated the SDGs into its sustainability reporting, starting with the correlation of each material topic identified to which it associates the SDGs to which the company contributes through its activities, detailed in each dedicated section. Furthermore, Eni also identifies the reference target for the key performance indicators.

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Eni’s mission clearly expresses Eni’s commitment to achieving zero net emissions by 2050 through a “Just Transition” approach, i.e. sharing social and economic benefits with workers, the supply chain, communities and customers in an inclusive, transparent and socially equitable manner, contributing to the achievement of the Sustainable Development Goals (SDGs).

**Commitments**

**Carbon Neutrality by 2050**

- Eni has defined a medium-long term plan to take full advantage of the opportunities offered by the energy transition and progressively reduce the carbon footprint of its activities, committing to achieve total decarbonization of all its products and processes by 2030.

**Themes**

- **Operational Excellence**
  - Eni’s mission clearly expresses Eni’s commitment to achieving zero net emissions by 2050 through a “Just Transition” approach, i.e. sharing social and economic benefits with workers, the supply chain, communities and customers in an inclusive, transparent and socially equitable manner, contributing to the achievement of the Sustainable Development Goals (SDGs).

**Main Results 2022**

- -3% Net Carbon Footprint UPS vs 19% Net Carbon Footprint Eni vs 2018
- -17% Net GHG Lifecycle Emissions vs 2018
- -3% Net Carbon Intensity vs. 2018

**Main Commitments and Targets**

- -43 p.p. of women employees vs. 2020 by 2030
- -1% female replacement rate by 2025
- -3 p.p. population under 30 vs. 2021 by 2025
- -7 p.p. non-Italian employees in positions of responsibility vs. 2021 by 2030
- -20% hours of training vs. 2022 in 2026

**People**

- Eni is committed to supporting the ‘Just Transition’ process by consolidating and developing skills, enhancing all (professional and non-professional) aspects of its people and recognizing the values of diversity and inclusion of all diversities.

**Health**

- Eni considers protecting the health of its people, workers, families and communities in the Countries where it operates a fundamental human right and promotes their psycho-physical and social well-being by placing it at the centre of its operating models.

**Safety**

- Eni believes that safety at work is an essential value shared by employees, contractors and local stakeholders to prevent accidents and protect the integrity of assets.

**Respect for the Environment**

- Eni promotes the protection of the environment and biodiversity, the efficient management of natural resources actions aimed at improving energy efficiency and the transition to a circular economy, identifying potential impacts and mitigation actions.

**Human Rights**

- Eni is committed to respecting Human Rights (HRs) in its activities and to promoting their respect with partners and stakeholders. This commitment is based on the dignity of every human being and the responsibility of businesses to contribute to the well-being of individuals and local communities.

**Suppliers**

- Eni is committed to sustainability develop its supply chain, involving and supporting companies with concrete tools to facilitate growth and improvement on ESG dimensions.

**Transparency, Anti-Corruption and Tax Strategy**

- Eni carries out its business activities with loyalty, fairness, transparency, honesty, integrity and in compliance with the laws.

**Alliances for Development**

- The alliances for Development represent Eni’s commitment to an equitable transition with a broad portfolio of community-based initiatives.

**Technological Innovation**

- For Eni, research, development and rapid implementation of new technologies are an important strategic lever to drive business transformation.

**Eni’s commitments**

- Eni’s mission clearly expresses Eni’s commitment to achieving zero net emissions by 2050 through a “Just Transition” approach, i.e. sharing social and economic benefits with workers, the supply chain, communities and customers in an inclusive, transparent and socially equitable manner, contributing to the achievement of the Sustainable Development Goals (SDGs).
Sustainability governance

Eni applies the Corporate Governance Code introducing the concept of sustainable success

The Board of Directors (BoD) has decided to reserve to its exclusive competence, with the aim of further consolidating its tasks in line with national and international best practices and with the company’s and the Group’s transformation process resulting from the transition path undertaken. Moreover, since 2006 Eni has considered the interest of stakeholders other than shareholders as one of the necessary references that Directors must assess when making informed decisions. At the same time, in compliance with the Code, the BoD has also approved, on the proposal of the Chairman and in agreement with the Chief Executive Officer (CEO), a policy for dialogue with shareholders. The BoD has a central role in defining, on the proposal of the Chief Executive Officer (CEO), the strategic guidelines and objectives of the company and the group, pursuing their sustainable success and monitoring their implementation. In performing its tasks concerning sustainability, the BoD is supported by the Board Committees, each within their competence, under the investigative, propositional and advisory functions assigned to them.

BoD has a central role in defining, on the proposal of the Chief Executive Officer (CEO), the strategic guidelines and objectives of the company and the group, pursuing their sustainable success and monitoring their implementation. In performing its tasks concerning sustainability, the BoD is supported by the Board Committees, each within their competence, under the investigative, propositional and advisory functions assigned to them.

Sustainability Topics Addressed by the BoD and/or by the Sustainability and Scenarios Committee in 2022

- Energy, climate and technology scenarios and risks related to climate change
- Four-year and long-term plan (including sustainability objectives)
- Performance and prospects of the renewable energy sector
- Sustainable finance instruments
- Just Transition
- Updates on Research and Development activities to support Energy Transition
- Sustainable mobility
- Agri-feedback activities and sustainability projects for the development of agricultural chains
- Carbon pricing systems
- Analysis of Eni’s positioning in relation to peers concerning climate objectives and strategies, climate resolutions and disclosures in the shareholders’ meeting
- Energy Cooperation Initiatives
- Updates on Carbon Capture and Storage (CCS), Carbon Offset Nature & Technology Based projects

Reporting and Monitoring

- Approval of Eni’s annual report
- Approval of Eni’s sustainability report
- Approval of Eni’s Statement per the “Modern Slavery Act”
- Investment plan for local development and Non-Profit budget
- Initiatives in Africa related to forestry, agriculture, circular economy, technological innovation
- Insight into HSE results

Competencies and Knowledge of the Board

Regarding the composition of the BoD, based on the self-assessment conducted, about 90% of the Directors expressed their positive opinion on the professionalism within the Board in terms of knowledge, experience and skills concerning sustainability and energy transition and in terms of participation in governmental and non-governmental, national and international bodies active on these topics, and on the personal contribution that individual Directors in supporting the Board. The centrality of these skills is also emphasised in the Guidance to Shareholders on the Optimum Composition of the Future BoD, which stresses the importance of ensuring knowledge of issues related to sustainability and the control of climate and environmental risks gained in managerial or entrepreneurial roles and acquired in industrial contexts comparable to those in which the company operates. Immediately after the appointment of the Board of Directors and the Board of Statutory Auditors, a board induction programme was implemented, which covered, among other topics, issues related to the decarbonization process and the environmental and social sustainability of Eni’s activities. Induction and ongoing training activities represent a well-established tool to ensure immediate and full knowledge of Eni’s strategic policies and objectives, as well as to delve into specific issues related to the company’s mission.

Self-Assessment of Overall Skills, Knowledge and Experience of the Board of Directors

Evaluation and strategic orientation
- Energy transition
- Ways and opportunities to create value for Eni and the risks associated with its activities
- Business judgement and analysis and decision-making skills
- Public relations
- Eni’s main businesses, scenarios and O&G sector strategies
- Experience with international businesses and/or multinational organisations
- Sustainability
- Digital & information technology and cyber security
- Risk Management
- Financial expertise and extraordinary transactions
- Accounting experience
Climate governance

**ROLES AND RESPONSIBILITIES OF THE BOD:** Eni’s decarbonization strategy is an integral part of the company’s strategy. It is implemented through a structured Corporate Governance system, where the BOD and the CEO play a central role in managing key climate change issues. In particular, the BOD examines and approves, on the proposal of the CEO, the Strategic Plan, which sets out strategies and targets, including those related to climate change and energy transition and, since 2019, it has also examined and approved Eni’s Medium/Long-Term Plan, aimed at outlining and monitoring the evolution of decarbonization objectives and their economic and business sustainability on a time frame up to 2050. In carrying out these activities, the BOD is supported by the Sustainability and Scenarios Committee (SSC), which during 2022 has had the opportunity to analyse in-depth issues related to climate change.

**SCENARIOS AND EVALUATION OF ECONOMIC AND FINANCIAL EXPOSURE:** Eni’s economic and financial exposure to the risks deriving from introducing new carbon pricing mechanisms is examined by the BOD both in the phase leading up to the authorisation of each investment and in the following half-year monitoring of the entire project portfolio. The BOD is also informed annually on the results of the impairment test carried out on the main Cash Generating Units in the E&P sector. Since 2021, the IEA’s Net Zero Emissions (NZE) scenario has been included in the scenarios for portfolio evaluations. Finally, the BOD is informed on a quarterly basis on the results of the risk assessment and monitoring activities related to Eni’s top risks, including climate change.

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**REMUNERATION LINKED TO SUSTAINABILITY OBJECTIVES**

In continuity with previous years, the Plan includes a target related to the incremental installed capacity of renewable sources (weighting 12.5%), as well as environmental sustainability and human capital objectives associated with the reduction of net (i.e. upstream) emissions (Scope 1 and 2 equity weighting 12.5%) and personnel safety (weighting 12.5%), through the Severity Accident Rate (SAR) index, which focuses on the reduction of the most severe accidents.

The Plan supports the implementation of the strategy through a specific objective concerning sustainability topics, broken down into a series of targets related to the processes of decarbonization, energy transition, and circular economy, with an overall weighting of 35%, for both the CEO and all Eni’s management recipients of the Plan.

**ROLE OF MANAGEMENT IN SUSTAINABILITY ISSUES**

All company structures are involved in the definition or implementation of the carbon neutrality strategy that is reflected in Eni’s organisational structure with two business Directions: Natural Resources, active in the optimisation and progressive decarbonization of the Upstream portfolio, in Natural Climate Solutions initiatives and CO₂ storage projects, and Energy Evolution, active in the expansion of bio, renewable and circular economy activities and the offer of new energy solutions and services. Since 2019, issues relating to climate strategy, an integral part of long-term planning, have been managed by the CFO area through dedicated structures to supervise the process of defining Eni’s climate strategy and the related portfolio of initiatives, in line with international climate agreements, in coordination with all businesses and transversal functions, including Sustainability. Since 2006, Eni has established a Sustainability unit that coordinates and supervises activities related to the main sustainability issues (for example, the overall approach to sustainable development and local development, human rights, related national and international collaborations, and partnerships, sustainability disclosure and reporting), in collaboration with the various central and local staff and business functions. The top management of the companies at the local level, responsible, among others, for defining the Countries’ development plans according to local needs, is supported both by the sustainability reference contacts present in the area and by the central Sustainability function.

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**2022 Key facts**

**JANUARY**
- Eni included for the first time in the Bloomberg Gender Equality Index 2022
- Memorandum of Understanding signed with UNESCO for local development in Mexico

**FEBRUARY**
- Project launched with the European Union and UNICEF to improve water quality for 300,000 people in Basra, Iraq
- Agreement with the Republic of Mozambique for joint initiatives to produce agri-biofeedstock for biorefineries

**MARCH**
- Agreement with the Government of Benni on agri-industrial initiatives for biofining
- Second 48 MW wind farm in Kazakhstan inaugurated
- Ventures and Novamont partnership: strengthening green chemistry
- 11 solar-powered water plants delivered in Nigeria with NNPC and FAB

**APRIL**
- “Prosumer Road” launched: a cycle of meetings with consumer associations, institutions and Confindustria representatives on energy transition and circular economy
- Agreement with the Government of Rwanda to collaborate on the circular economy and decarbonization
- GreenIT (LV Plenitude and CDQ Equity) and Copenhagen Infrastructure Partner together to build 750 MW offshore wind farms in Italy

**MAY**
- Ventures rated “Platinum” by EcoVadis for sustainability
- Solena, Eni-Sonangol Joint Venture, starts work on first photovoltaic power plant in Angola

**JUNE**
- Cooperation with UNIDO strengthened in the areas of energy, youth employment and agriculture
- Eni enters the world’s largest LNG project in Qatar

**JULY**
- New 6 billion Euro sustainability-linked credit line signed
- First vegetable oil production for biofining started in Kenya
- Ivory Coast: Balne is the first Net Zero (Scope 1+2) development project in Africa

**AUGUST**
- Eni for Human Rights 2021 focus report published
- Eniverse Ventures launched to exploit proprietary technologies in new businesses

**SEPTEMBER**
- Plenitude’s “Re Charge” project selected by the EU to build one of the largest high-speed charging networks in Europe
- Plenitude starts partnership with Infrastructure S.p.A. for 1.5 GW solar and wind projects in Italy and Spain
- Application submitted for a C₀₂ storage licence at the Hewett reservoir in the UK
- Procurement of palm oil to produce biofuels in the Venice and Gela biorefineries concluded

**OCTOBER**
- First vegetable oil production despatched from Kenya to the Gela biorefinery
- Plenitude inaugurates a new 104.5 MW wind farm in Spain

**NOVEMBER**
- Inauguration of the Solar Lab with Sonatrach and laying of the first stone of a 10 MW photovoltaic plant in Algeria
- First load of LNG produced by the Coral Sul FLNG plant in Mozambique despatched
- Activities in Rwanda strengthened to create an innovative transition hub

**DECEMBER**
- JV launched with Snam to develop and manage Italy’s first CO₂ capture and storage project
- Studies started with Eugenio and Petronas to assess the possibility of a biorefinery in Malaysia
- Eni launches a new company: Sustainable Mobility
- Plenitude: an 81 MW photovoltaic plant in Texas and 100% of PLT have been acquired, strengthening its presence in Italy and Spain
Material topics for Eni

Materiality analysis aims to identify the sustainability issues most relevant to Eni and its stakeholders. In 2022, the analysis was updated based on the new GRI Standard 5, which provides the framework for analyzing materiality of topics. The approach involves identifying the sustainability risks and opportunities that significantly influence the company’s operations and the environment, people, and communities. The analysis considers the impact on the company’s financial performance and its reputation.

**TOPIC**

<table>
<thead>
<tr>
<th>Topic</th>
<th>Trend Compared to 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conducting climate change</td>
<td>up</td>
</tr>
<tr>
<td>Development of human capital</td>
<td>up</td>
</tr>
<tr>
<td>Diversity, inclusion and work-life balance</td>
<td>up</td>
</tr>
<tr>
<td>Health and safety of workers</td>
<td>up</td>
</tr>
<tr>
<td>Asset integrity</td>
<td>up</td>
</tr>
<tr>
<td>Reduction of environmental impacts</td>
<td>up</td>
</tr>
<tr>
<td>Circular economy</td>
<td>up</td>
</tr>
<tr>
<td>Protection of human rights</td>
<td>up</td>
</tr>
<tr>
<td>Responsible supply chain management</td>
<td>up</td>
</tr>
<tr>
<td>Customer relations</td>
<td>up</td>
</tr>
<tr>
<td>Transparency, anticorruption and tax strategy</td>
<td>up</td>
</tr>
<tr>
<td>Closure and rehabilitation</td>
<td>New</td>
</tr>
<tr>
<td>Local development</td>
<td>up</td>
</tr>
<tr>
<td>Access to energy</td>
<td>up</td>
</tr>
<tr>
<td>Innovation</td>
<td>up</td>
</tr>
<tr>
<td>Digitalization and Cyber Security</td>
<td>–</td>
</tr>
<tr>
<td>Carbon neutrality by 2050</td>
<td>Operational excellence</td>
</tr>
<tr>
<td>Alliances for development</td>
<td>Transversal themes</td>
</tr>
<tr>
<td>Upstream</td>
<td>Mid-downstream</td>
</tr>
</tbody>
</table>

**IMPACT MATERIALITY**

<table>
<thead>
<tr>
<th>Topic</th>
<th>Impact Materiality</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positive impacts</td>
<td>Negative impacts</td>
</tr>
<tr>
<td>Expanding employees’ skills and improving career opportunities through continuous training</td>
<td>Climate changing emissions in the course of their activities or along the value chain</td>
</tr>
<tr>
<td>Inadequate employee training, non-compliance with contractual rules, freedom of association and collective bargaining, job insecurity</td>
<td></td>
</tr>
<tr>
<td>Increase employee well-being through adequate welfare and equal opportunity plans</td>
<td>Worsening well-being of workers and their families and cases of discrimination</td>
</tr>
<tr>
<td>Training and awareness-raising activities on health and safety, reduction of accidents and injuries thanks to the use of technology</td>
<td>Injuries, occupational disease and damage to health due to non-compliance with regulations; breakdown and/or malfunction of company facilities and assets; exposure to hazardous substances; etc.</td>
</tr>
<tr>
<td>Service reliability through proper maintenance and constant monitoring of infrastructure and asset integrity</td>
<td>Business disruptions caused by infrastructure and asset failure</td>
</tr>
<tr>
<td>Creation of new natural habitats through the use of abandoned structures, land conservation projects, land restoration and forest conservation</td>
<td>Environmental damage; loss of biodiversity and increased risk of droughts</td>
</tr>
<tr>
<td>Reducing the use of natural resources through business practices and processes aimed at recycling and recovery</td>
<td>Loss of the human rights of workers, local communities and indigenous peoples</td>
</tr>
<tr>
<td>Protection and respect of human rights through due diligence on corporate activities and those of suppliers and business partners</td>
<td>Suppliers’ violation of workers’ rights and negative environmental impact due to Eni’s failure to monitor them</td>
</tr>
<tr>
<td>Spreading environmental and social sustainability principles through the involvement of suppliers and supply chain partners</td>
<td>Intemperate of the service offered (e.g., energy supply) to customers for reasons attributable to Eni</td>
</tr>
<tr>
<td>Fostering strong customer relationships through engagement, listening and customer care</td>
<td>Incidents of corruption and illegal conduct with possible economic repercussions on contractors and companies conductive to tax evasion, monopolistic policies and lobbying practices</td>
</tr>
<tr>
<td>Countering the spread of illicit practices with partners and transparency in anti-corruption, creation of economic value in the territories of presence with investments, payment of taxes and royalties</td>
<td>Loss of jobs and failure to upgrade employees’ skills due to plant or site closures</td>
</tr>
<tr>
<td>No use of abandoned natural facilities, materials and plants for the benefit of local communities and the circular economy</td>
<td>Loss of community rights and welfare and involuntary resettlement; unequal compensation and exploitation of natural resources to the detriment of local communities</td>
</tr>
<tr>
<td>Development of communities and local entrepreneurship through initiatives in various policy areas, including partnerships and business agreements with local suppliers</td>
<td>Dispersion and inefficiency in the distribution network with effects on the community and environment</td>
</tr>
<tr>
<td>Building infrastructure and improving service quality in remote areas</td>
<td>Loss of data and personal information of employees, customers, partners, etc.</td>
</tr>
<tr>
<td>Development and transformation initiatives, also involving supply chain companies and partners</td>
<td>(1) Compared to previous analysis, three topics were merged into existing topics in 2022: “Low carbon technological” with “Combating Climate change”; “Biodiversity” with “Reduction of environmental impacts” and “Local content” with “Local development.”</td>
</tr>
</tbody>
</table>
**Stakeholder engagement activity**

Eni considers stakeholder engagement a key fundamental and strategic lever to pursue a just, responsible and sustainable transition. Participation supports maximising the long-term value creation for both the company and its stakeholders while reducing corporate risks. Also in line with the Code of Ethics, Eni maintains relations based on principles such as fairness, legality, transparency, traceability, respect for human rights, inclusion, gender equality and protection of the environment and communities. Participation in and sharing of company choices, objectives and results fosters solid relationships and mutual trust and are even a vital component of the materiality process. In 2022, about 3,000 stakeholders were engaged in the materiality analysis that steers corporate strategy and guides the definition of the Strategic Plan. The continuous dialogue, that touches all corporate functions with different roles, levels of involvement and responsibilities, allows to understand the expectations and needs of Eni’s stakeholders, present in 62 Countries with very different characteristics and contexts. To support the relationship with local stakeholders, Eni uses the company’s “Stakeholder Management System” (SMS) application, which maps some 5,300 stakeholders. This application allows constant and timely management of grievances and requests.

### Categories

#### Eni’s People and National and International Unions
- Combating climate change
- Health and safety of workers
- Development of human capital
- Diversity, inclusion and work-life balance
- Reduction of environmental impacts
- Protection of human rights
- Privacy and data protection

#### Local Development
- Combating climate change
- Protection of human rights
- Local development
- Health and safety of workers
- Innovation
- Circular economy
- Transparency, anti-corruption and tax strategy

#### Economic and Financial Strategy and Performance
- Combating climate change
- Protection of human rights
- Reducing environmental impacts
- Transparency, anti-corruption and tax strategy
- Circular economy

#### Financial Community
- Combating climate change
- Protection of human rights
- Reducing environmental impacts
- Access to energy
- Responsible supply chain management
- Digitalisation and Cyber security

#### Local Communities and Community-Based Organisations
- Combating climate change
- Protection of human rights
- Development of human capital
- Diversity, inclusion and work-life balance
- Digitalisation and Cyber security

#### Contractors, Suppliers and Commercial Partners
- Health and safety of workers
- Combating climate change
- Protection of human rights
- Development of human capital
- Diversity, inclusion and work-life balance
- Digitalisation and Cyber security

#### Customers and Consumers
- Combating climate change
- Circular economy
- Innovation
- Transparency, anti-corruption and tax strategy
- Access to energy
- Responsible supply chain management
- Digitalisation and Cyber security

#### National, European and International Institutions
- Combating climate change
- Protection of human rights
- Development of human capital
- Diversity, inclusion and work-life balance
- Digitalisation and Cyber security

#### Universities, Research Centres and Innovation Hubs
- Combating climate change
- Innovation
- Energy Security(*)
- Reduction of environmental impacts
- Protection of human rights

#### Voluntary Advocacy and Category Organisations and Industry Associations
- Combating climate change
- Innovation
- Access to energy
- Health and safety of workers

#### Organisations for Development Cooperation
- Local development
- Combating climate change
- Circular economy
- Access to energy
- Innovation
- Health and safety of workers

### 2022 Main Engagement Activities

- Professional and training paths on emerging skills related to business strategies and entrepreneurship development.
- Training relating to sustainability and inclusion of the view of all stakeholders.
- Engagement to support employment and reputation of the company.
- Internal initiatives to support talent building, mobility and training to foster internationalisation.
- Finalisation and/or signing of agreements with trade unions, including the one for Smart Working in Italy and gender extension abroad (for Eni people welling initiatives). The 2022-2025 expansion contract and renewal of the sector’s collective bargaining agreements.
- Capital Matters Day (2022-2023) Strategic Plan and long-term Plan to 2030) and virtual Roadshow on the main financial exchanges.
- Roadshows with investors and proxy advisors on executive remuneration.
- Conference call on the quarterly results.
- Participation of Top Management in thematic conferences organised by banks.
- Participation in theme conferences and ongoing engagement with institutional investors and leading ESG rating agencies.

### The Year in Numbers

- 360 meetings/calls with investors and agencies
- 1,200 people involved in Social and Human Rights Impact Assessment
- 341 requests and grievances handled
- >10,000 companies participating at Open-es
- >500 Consumer Association representatives met
- ~200 university scholarships awarded
- 55 scholarships funded by Eni for PhDs
- 24 joint research projects launched
- >100 incubated/accelerated innovative start-ups
- 30 agreements signed for social and economic development and health initiatives.
### Risk Management Model

**Integrated Risk Management Model**

Integrated Risk Management (IRM) aims to support the main decision-making processes of the Company’s management and bodies, ensuring risk-informed decisions. In particular, in the context of the energy transition path defined by the company, it contributes to the pursuit of a ‘Just Transition’ by promoting an integrated, comprehensive and prospective vision of the risk portfolio, which contemplates simultaneously economic as well as environmental, health and safety, social and reputational impacts, facilitating the identification of the most appropriate de-risking actions from a sustainable perspective.

Eni has developed and adopted an Integrated Risk Management Model aimed at ensuring that management makes risk-informed decisions, through the assessment and analysis of risks, including short, medium and long-term risks, carried out with an integrated, comprehensive and forward-looking vision. Risk Governance assigns a central role to the BoD, which defines the nature and level of risk compatible with the strategic objectives and assesses all risks that may have relevance for medium-to-long-term business sustainability. Risks are (i) assessed with quantitative and qualitative tools considering both the probability of occurrence and the impacts (economic, operational, HSE, social, reputational) that would take place in a given time frame if the risk occurs; (ii) represented, based on the probability of occurrence and impact, on matrices that allow comparison and classification by relevance.

In 2022, two assessment cycles were undertaken: in the first half of the year, the Annual Risk Profile Assessment was carried out, involving 134 subsidiaries in 45 Countries, while in the second half the Interim Top Risk Assessment was carried out, entailing the revision of assessments and treatment of Eni’s top risks and of the main business risks. Three monitoring cycles were then performed on Eni’s top risks to analyse their progress and the status of implementation of the respective mitigation actions. The results were presented to the Management and Control bodies in March, July and October 2022. Eni’s Top Risk portfolio consists of external, strategic and operational risks. In particular, in terms of portfolio evolution, Biological Risk is confirmed as a key risk area, with a medium-to-long-term business sustainability perspective. Risks are (i) assessed with quantitative and qualitative tools considering both the probability of occurrence and the impacts (economic, operational, HSE, social, reputational) that would take place in a given time frame if the risk occurs, (ii) represented, based on the probability of occurrence and impact, on matrices that allow comparison and classification by relevance.

**Focus on...**

**Risks linked to climate change**

Climate Change risk is confirmed among Eni’s “Top Risks”: in the evolution of the international scenario, the Company’s strategy to ensure the energy system’s security and sustainability, maintains a clear focus on a fair energy transition and the creation of value for stakeholders. Risks related to climate change are assessed, managed and monitored through an integrated, cross-functional approach involving business lines and specialist functions and encompassing opportunity considerations. The analysis is conducted in accordance with the recommendations issued by the Task Force on Climate-related Financial Disclosures (TCFD), applicable to both energy transition risks (market scenarios, reputational risks, technological developments, compliance with the legislative framework) and physical risks (acute and chronic) related to climate change.

### ENI’s Risk-Based Process

#### 1. Risk Governance, Methodologies and Tools

- Risks associated with research and development activities
- Cyber Security
- Relationship with local stakeholders
- Political and social instability and global security risk
- Risks connected with Corporate Governance

#### 2. Risk Strategy

- Climate change risk: • energy transition risks
- • physical risks

#### 3. Integrated Risk Management

- Biological risk, i.e. the spread of pandemics and epidemics with potential impacts on people, health systems and business
- Risks regarding human health and safety:
  - • injuries involving workers and contractors
  - • process safety and asset integrity incidents
- Risks related to the portfolio of skills
- Energy sector regulatory risk
- Permitting
- Environmental risks (e.g. water scarcity, oil spills, waste, biodiversity)
- Involvement in HSE disputes and investigations
- Violation of human rights, well-being and involuntary resettlement; unequal compensation; and exploitation of natural resources to the detriment of local communities
- Compliance risks (anti-bribery, privacy, etc.)
- Risks connected with local content

#### 4. Risk Knowledge, Training and Communication

- Risk awareness and training
- Risk communication

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**The Integrated Risk Management Model ensures that management makes informed decisions within an organic and overall vision.**

**[GRAZIA FIMIANI - DIRECTOR OF INTEGRATED RISK MANAGEMENT AT ENI]**
**Technological and digital innovation**

**WHY IS IT IMPORTANT TO ENI?**

Innovation processes are realised thanks to the great wealth of expertise of Eni people and the synergy between internal research, advanced engineering skills, digital instruments using our big data and the great computing power of Eni’s supercomputers. 

Expertise and innovative projects are enhanced by a network of 70 national and international Universities and Research Centres and by opening up to the market and startups in Italy and abroad through Open Innovation activities.

**2022 PROGRESS vs. Eni for 2021 commitments**

<table>
<thead>
<tr>
<th>COMMITMENTS BY 2030</th>
<th>2022 PROGRESS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ensure that 70% of R&amp;D expenditure is spent on decarbonization issues each year for the 2023-2026 four-year period and maintain the same level also on the long-term</td>
<td>€164 million spent on research and development, of which 70% on decarbonization (towards a 70% target)</td>
</tr>
<tr>
<td>€900 million planned expenditure in R&amp;D over the 2023-2026 period</td>
<td>23 new first patent filing applications, of which 13 related to renewable sources</td>
</tr>
</tbody>
</table>

**DIGITALISATION - SMART WORKING**

Flexible working models promoted with specific interventions and digital instruments

**DIGITAL SUSTAINABILITY**

Spreading digital and sustainability culture with associations and Think Tanks

**OPEN INNOVATION**

Eniverse Ventures starts.

**THE FOUR PLATFORMS OF TECHNOLOGICAL INNOVATION FOR ENI**

**DECARBONIZATION OF PROCESSES**

Work continued on the development of biofuels and CO2-related technologies. For CO2 capture, transport, storage and utilisation technologies, Eni worked to enhance the entire technology chain, and to identify (and provide the business with) a portfolio of options that can adapt to different operating and industrial conditions.

**CIRCULAR ECONOMY AND BIOPRODUCTS**

For biofuels, feedstock pretreatment technologies were further developed and additional bio-feedstocks from by-products of the circular economy, waste and residues, and non-edible vegetable oils were introduced.

**RENEWABLES AND NEW FORMS OF ENERGY**

To support the development of renewable energy, work continued on solar (conventional, advanced and concentrating), wave energy, wind energy and energy storage.

**OPERATIONAL EXCELLENCE**

In traditional business, the development of technologies to increase understanding of the subsoil, improve exploration and production performance and reduce risk continues.

**R&D EXPENDITURE (€ mln)**

<table>
<thead>
<tr>
<th>Energy storage and fusion</th>
<th>Chemistry from renewable sources</th>
<th>Hydrogen and new energy carriers</th>
<th>Development of energy carriers</th>
</tr>
</thead>
<tbody>
<tr>
<td>16</td>
<td>23</td>
<td>14</td>
<td>13</td>
</tr>
<tr>
<td>Other</td>
<td>other including operational efficiency</td>
<td>other including operational efficiency</td>
<td>other including operational efficiency</td>
</tr>
<tr>
<td>46</td>
<td>46</td>
<td>46</td>
<td>46</td>
</tr>
</tbody>
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**DIGITAL INNOVATION**

Digital innovation at Eni pervades the entire company and plays a decisive role: it accelerates the transformation towards carbon neutrality through technology, new skills and increasingly smart and integrated ways of working. The Digital Competence Centres (DCCs) promote the development of digital know-how inside and outside the company, e.g. by collaborating on research and fusion projects to accelerate the validation and prototyping phases through Digital Twin demonstration facilities and with training projects to deliver educational workshops dedicated to Data Science, Design Thinking and Agile. The Green Data Centre is confirmed as among the best in Europe for efficiency, while supercomputing increasingly supports the research for future energies. Since 2022, Eni participates in the National Centre for High-Performance Computing. Big Data and Quantum Computing and collaborates with PASQAL for the development of quantum computing solutions for the energy sector. Data, computing power and artificial intelligence enable operational excellence of assets by optimising their performances and energy efficiency. Many innovation initiatives were launched in 2022 such as the use of legged robots and computer vision algorithms for inspections at industrial sites, the use of analytics to search for marginal land and biocultures for biofuel production and for the digitalisation of Carbon Offset processes to support decision-making on REDD+ projects and, concerning agri-feedstocks, to support the first agri-hub in Kenya.
**Eni’s approach to Open Innovation**

Eni manages Open Innovation processes in line with its innovation strategy for energy transition, enhancing its technologies and supporting young talents in developing sustainability and circularity projects and high-potential startups to create game-changing technologies. In 2022, Eni was confirmed as one of the 100 TOP Corporate Startup Stars, falling into the category of 50 companies recognised with the “Open Innovation Champions” award. The Open Innovation approach includes diversified activities with four areas of interest:

- **Technology Validation and Engineering of Innovation**
  - To encourage the adoption of the best technologies available or emerging on the market, for several years Eni has had its own validation methodology (“Technology Validation”), which assesses benefits and potential areas for improvement before adopting them in its development projects or operational assets. Eni defines any further verification or in-depth analyses to assess mitigating actions if a technological risk is identified. In 2022, innovative technologies were validated in the following areas: renewable energy production, electricity storage, CO2 capture, blue or green hydrogen production, circular economy processes, and asset integrity solutions. Innovation is also a driving force in the activities of EniProgetti. Eni’s engineering company, engaged in developing projects to enhance natural resources in the downstream area and for decarbonization. In the latter area, EniProgetti’s engineering activities in 2022 focused on the CCS Liverpool Bay project in the UK and on the Gela biorefinery for the realisation of a project that will enable the production of “Eni Biojet” and the production of an additional 150,000 tonnes/year of Sustainable Aviation Fuels (SAF) from 100% renewable raw materials. Activities in the field of robotics, mechatronics and automation included the development of an innovative nanosensor system developed to detect potentially emissive points in congested areas or areas difficult to reach by personnel or other robotic means, and the optimisation of the Clean Sea submarine robotic system, that can also be used for monitoring offshore fields for CCS. With a longer-term perspective, EniProgetti is ones studying robotic applications for the maintenance of future energy production plants from magnetic confinement fusion.

- **Cyber Security**
  - The cyber security risk is considered high in Eni due to the geopolitical context in which Eni operates and the constantly growing trend of cyber attacks. For this reason, Eni has put in place, in a risk-based approach, defence measures to prevent and contain impacts, such as enhancing the Cyber Security Defence. In 2022, the Cyber Security Culture programme continued with more than 80 initiatives, to strengthen corporate culture on correct behaviour. Collaborations with Organisations, Universities and Institutions continued to develop guidelines, such as the collaboration with the World Economic Forum (WEF). Among the initiatives aimed at third parties, workshops on Cyber Risk Management in the Supply Chain for Small and Medium Enterprises were provided. The training offered to teachers and students in primary and secondary schools was expanded with 20 in-person and online initiatives.

- **Fusion Energy**
  - **Objective:** The development of fusion energy, once brought to an industrial level, will make it possible to generate large amounts of zero-emission energy with a safe and virtually unlimited process. Eni sees this as a strategic challenge and has long since initiated a fusion program that envisages commitments at the Italian and international level.
  - **Collaborations in Italy:** (i) participation in the Divertor Tokamak Test facility (DTT) project with ENEA and other academic and research entities to build an experimental machine for the management of excess heat developed in a fusion machine; (ii) with CNR to support the growth of specific expertise on fusion through the Joint Research Centre in Gela; (iii) with Italian research bodies and universities, enabling in 2022 the activation of 16 new PhDs on fusion and also making the supercomputers of its Green Data Centre available to researchers; (iv) with Italian companies, to develop the fusion value chain.
  - **International Collaborations:** (i) with industry associations; (ii) with the Massachusetts Institute of Technology (MIT) in the Laboratory for Innovation in Fusion Technology (LIFT) science program; and (iii) with Commonwealth Fusion Systems (CFS) to accelerate the industrialisation of magnetic confinement fusion. In the CFS roadmap, the construction of the first power plant, capable of feeding energy into the grid, is planned for the early 2030s, while the completion of the technical demonstration is scheduled for 2025.

- **Eni’s Green Data Center**
  - The Eni Green Data Center, 70 million billion calculations a second, done with minimal environmental impact.

- **Open Innovation & Ecosystems Development**
  - Develops ecosystems and technological innovation hubs with which to invest in start-ups with high potential for the creation of game-changing technologies. Eni’s owned (100%) Company is the Corporate Venture Builder (CFS) roadmap, the construction of the first power plant, capable of feeding energy into the grid, is planned for the early 2030s, while the completion of the technical demonstration is scheduled for 2025.

- **EniNext**
  - Eni’s owned (100%) Company is the Corporate Venture Builder that invests in start-ups with high potential for the creation of game-changing technologies.

- **Eniverse Ventures**
  - Eni’s owned (100%) Company is the Corporate Venture Builder that enhances innovative technologies starting from those owned by Eni to create new Eni ventures in support of a just transition.