

Eni

Eni's responsible engagement
on climate change within business associations

Assessment of industry associations' climate policy positions



Introduction

Any companies working in the energy sector need a clear and coherent position on all climate related issues. This means clear company positioning on climate policy topics as well as robust internal guidelines for a responsible engagement within business associations.

In this context and with the aim to fulfil the expectations of all the relevant stakeholders, including investors, Eni has decided to publish guidelines on *Eni's responsible engagement on climate change within business associations* (Annex A).

The document identifies the main topics Eni considers essential in the climate-related advocacy, in line with its strategy:

1. Supports the goals of the Paris Agreement
2. Identifies the role of natural gas in the energy mix
3. Backs carbon pricing mechanisms
4. Embraces increasing energy efficiency and low carbon technologies
5. Promotes the role of natural climate solutions
6. Gives support to climate transparency and disclosure

This report shows the result of the assessment, carried out according to the guidelines, of the public positions of the business associations which Eni and its affiliates are a member of, to check the alignment of their positions with Eni's principles on climate-related topics.

For the purpose of this document, reference to "Eni" shall be intended as to Eni s.p.a. or its affiliates, as applicable.

Assessment methodology

In 2019, we made a first selection of 28 business associations. Among all the business associations, we selected the associations and think tanks that are active in the political debate on climate and energy subjects and are more relevant for our stakeholders on the basis of their impact and reputation. These associations are based in Italy, Europe, USA and Australia.

The review of positions was performed considering publically available data such as reports, websites and public statements. More specifically, as a first step, we assessed the alignment of the business associations on each of the six topics and related Eni positions included in the Annex A.

When the business associations' positions were unclear or ambiguous they were classified as 'partially aligned' or 'not aligned". We then checked them with our representatives in those associations and with the associations' management.

As a result of the final evaluation, each association has been assigned with one of following three categories:

Aligned

The stated positions of the association are aligned with the Paris Agreement goals and are not in disagreement with any Eni's position set out in Annex A with reference to the topics from two to six therein.

Partially Aligned

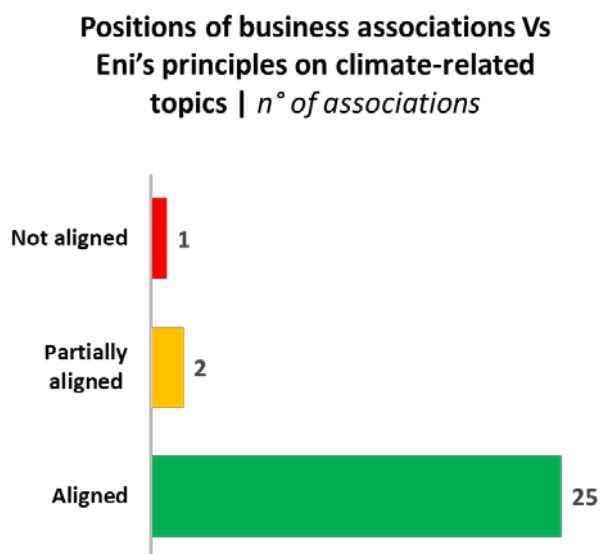
The association does not explicitly support the Paris Agreement goals. Rather, it supports Eni's position set out in Annex A at least for one of the topics from two to six therein.

Not Aligned

The association does not explicitly support the Paris Agreement goals or the public positions of the association which are not aligned with Eni's position set out in Annex A at least for one of the topics from two to six therein.

Assessment's results

Out of 28 business associations assessed, we found that 25 are aligned with Eni's position on climate policy, two of which, the Methanol Institute and National Biodiesel Board, are partially aligned and one, the American Fuel and Petrochemical Manufacturers, is not aligned.



Within the business associations which have been evaluated as partially aligned, Eni will proactively engage with other members in order to drive and influence each entity's positions towards a more positive lobbying vision. Specifically, in any debate on climate and energy subjects, Eni will try to direct and guide the discussions in accordance with Eni's principles and positions stated in Annex A. With regard to the association we found not aligned with our positions, Eni will not renew its membership in 2020.

In the Annex B there is a complete list of the assessed business associations.

Annex A

Eni's responsible engagement on climate change within business associations

Introduction

Eni is an integrated energy company, working in several countries and committed to meet the world's growing energy needs, while respecting the objectives of the Paris Agreement.

Positive dialogue with non-governmental organisations (NGOs), domestic and international regulators, investors and academia serves to enrich our view on how to address the challenges of climate change and the energy transition.

This document describes the principles that will guide Eni's membership and participation in business associations, advocacy initiatives and think tanks in regards to climate-related matters.

Eni acknowledges the value of actively participating in the work of business associations and its membership of various organisations is driven by Eni's climate policy vision alongside the willingness to support the achievement of the goals of the Paris Agreement.

Eni's Climate Strategy

Eni has published a climate strategy that foresees an integrated energy transition plan via a series of short, medium and long term targets.¹

The strategy is based on the **reduction of the carbon footprint** of Eni's activities by:

- Increasing efficiency to minimize direct CO2 emissions at its industrial assets
- Increasing the amount of natural gas in its portfolio
- Developing renewables and green businesses, with a circular approach that maximizes the use of waste as feedstock and the recovery of disused or reclaimed assets
- Deploying new technologies aimed at capturing and using carbon emissions (CCUS)
- Developing forestry conservation projects

Eni recognises the need to be clear, consistent and transparent in its advocacy activities addressing climate change and the energy transition. Eni has been at the forefront in the definition and implementation of the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD). We acknowledge the need to be transparent in financial disclosure to ensure clear, complete and consistent reporting of internal processes, practices and company performances.

The value of business associations

Eni takes part in several business associations at domestic and international level. Our membership and participation in these organisations allows us to:

- Develop, share and promote best practices and standards with our peers
- Contribute to drafting advocacy positions on climate policies and regulations
- Identify new approaches to meet the stakeholders' expectations
- Participate in collective sectorial actions for climate mitigation and energy transition

¹ <https://www.eni.com/dist/infographics/eni-for-2018/index.html>

The main topics, principles and positions of Eni's climate advocacy

The main topics we consider essential in the climate-related advocacy, in line with our strategy are:

- Support the goals of the Paris Agreement
- Identify the role of natural gas in the energy mix
- Back carbon pricing mechanisms
- Embrace increasing energy efficiency and low carbon technologies
- Support the role of a natural climate solutions
- Support climate transparency and disclosure

Our role in business associations

When Eni becomes a member of a business association, our representatives are committed to be active and influential in any internal debates that might be relevant for climate and business strategies.

We share our vision with other members and always strive to drive the discussion in accordance with our principles. We respect the viewpoints of other members and always comply with any relevant antitrust and competition laws.

Sometimes a particular position a business association may take is a compromise between the different, yet legitimate, views of its members. As such, Eni's position cannot always be fully reflected in any final outcome documents.

Assessment of alignment with our vision and counter-measures

Although Eni already has an internal process of annual review of memberships, further investigations may be needed. To achieve this, a task force led by Eni's department in charge of climate strategy will undertake a periodic assessment of the consistency between the various positions of business associations and any subsequent campaigns, on one side, and Eni's vision, on the other.

If the assessment believes that the views of any organisations that we join to contradicted any aspect of Eni's climate strategy, we will disassociate ourselves from said views and any associated campaigns. Furthermore, if these views contradict any of the main principles of our climate strategy, Eni will seriously consider withdrawing from the association.

The results of any assessment will be presented to our board and will be publicly disclosed. Our position on each of the main topics are:

1) Support to the goals of the Paris Agreement

Eni supports the goals of the Paris Agreement to limit temperature increases to well below 2°C. Eni recognises the Intergovernmental Panel on Climate Change (IPCC) as the most prominent scientific body on climate change.

2) The role of natural gas

Even the most challenging scenarios see an important role for natural gas in meeting the commitments towards the goals laid out in the Paris Agreement. Therefore, European and international policies should continue to recognise the opportunities that natural gas can provide in displacing more carbon intensive fuels and improving air quality.

Towards 2050, innovative gas technologies such as natural gas-to-hydrogen, power-to-gas, and CCUS (Carbon Capture, Utilization and Storage) will further contribute towards the substantial decarbonisation of the European and international energy systems.

As an integrated energy provider, Eni is targeting a significant increase in natural gas production to help the transition to a progressively decarbonised portfolio.

3) Carbon pricing

Eni signed the participant statement on carbon pricing titled 'The Energy Transition & Care for our Common Home' at the Vatican on 14 June 2019. In line with that statement, we agree that:

- Reliable and economically meaningful carbon pricing regimes, whether based on tax, trading mechanisms or other market-based measures, should be set by governments. The level at which it is set should incentivise good business practices, consumer behaviours, research, and investment to significantly advance the energy transition while minimising the costs to vulnerable communities thus supporting economic growth and human prosperity.
- The combination of policies and carbon pricing mechanisms should be designed in a way that simultaneously delivers innovation and investment in low carbon solutions while assisting those who are least able to pay. This requires addressing the social, economic, and cross-border impacts within the overall policy design.
- Achieving government policy changes for effective carbon pricing requires transparency, the advocacy and ongoing engagement of the energy sector, the investment community, political leaders, energy consumers, and civil society.

4) Regulatory frameworks for increasing energy efficiency and deploying low carbon technologies

Eni welcomes policies, actions and tools to foster innovation in low-carbon technologies and clean processes in energy intensive industries. We also promote a shift from a linear to a circular model.

Eni considers governments to be key partners for the industry in enabling technologies. The type of support they can offer will depend on the level of technological and commercial maturity of each identifiable solution.

Eni believes that any eligible innovations should only be selected after strict technology neutrality criteria has been applied as well as other considerations such as greenhouse gas (GHG) abatement potential and sustainability of the entire value chain.

5) Natural Climate Solutions

Eni recognises the important role of natural climate solutions (NCS) for limiting global warming to well below 2°C and the additional benefits that these measures can provide for the protection of biodiversity and ecosystems and in fostering sustainable economic growth.

However, in order to unlock carbon finance, it is crucial to incentivise private sector engagement in NCS projects. In Eni's view, carbon credits generated by NCS activities, if properly addressed to ensure high environmental integrity, could offer opportunities for compensating emissions that are hard to abate with the currently available technologies.

Consistently with this vision, in order to reduce emissions from Deforestation and Forest degradation², Eni works with both domestic and international institutions to enforce the national REDD+ framework and with key local communities to foster sustainable economic growth, providing them with alternatives to the drivers for deforestation.

² the so-called REDD+ framework, designed by United Nations Framework Convention on Climate Change (UNFCCC)

6) Climate Transparency and Disclosure

Eni has long been committed to promoting comprehensive and effective climate change disclosure, and in this respect confirms its commitment to implementing the recommendations of the aforementioned TCFD that was published in 2017. Disclosure on the path to decarbonisation is structured around the four topic areas covered by the TCFD recommendations: governance, risk management, strategy and metrics and targets.

Annex B

Results of our review

<p>Associazione Mineraria Italiana (ASSOMINERARIA) Associazione Nazionale Industriali Gas (ANIGAS) Australian Petroleum Production & Exploration Association (APPEA) Confindustria Confindustria Energia Bio-based Industries Consortium (BIC) Business Europe Carbon Capture and Storage Association (CCSA) Elettricità Futura European Biodiesel Board (EBB) European Chemical Industry Council (CEPIC) European Petroleum Refiners Association European Roundtable on Climate Change and Sustainable Transition (ERCST) European Union Natural Gas Industry (EUROGAS) Federazione Nazionale dell'Industria Chimica (FEDERCHIMICA) International Association of Oil & Gas Producers (IOGP) International Bunker Industry Association (IBIA) International Emissions Trading Association (IETA) IPIECA NGVA Europe - Natural Gas Vehicle Association Europe Oil & Gas UK Unione Petrolifera World Energy Council (WEC) World Economic Forum (WEF) World Business Council for Sustainable Development (WBCSD)</p>	<p>Aligned</p> <p>Our analysis indicates the public positions of these associations are aligned with the Paris Agreement goals and are not in disagreement with Eni's position as set out in Annex A with reference to the topics from 2 to 6 therein.</p> <p>We will maintain our membership of these associations and we will continue to promote our positions on climate matters.</p>
<p>Methanol Institute The National Biodiesel Board</p>	<p>Partially Aligned</p> <p>Our analysis indicates that these associations do not explicitly support the Paris Agreement goals, but they support Eni's position set out in Annex A at least for one of the topics from 2 to 6 therein.</p> <p>Eni will work for a positive lobbying activity and we will have a proactive engagement:</p> <ul style="list-style-type: none"> ▪ remaining in these associations and asking a public position on climate matters; ▪ continuing our commitment to promoting our climate-related positions. <p>Eni will subsequently reassess the alignment status of the associations concerned.</p>

American Fuel & Petrochemical Manufacturers (AFPM)

Not Aligned

Our analysis reveals that this association does not explicitly support the goals of the Paris Agreement and it is expressly not in favour of applying carbon price mechanisms as a means to deliver innovation and investment in low carbon solutions.

We will not renew our membership in 2020.

