

MSCI ESG Controversies

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Alleged controversies in Nigeria

NAOC sale

With regard to the “controversies” mentioning Nigerian Agip Oil Company Ltd (“NAOC”), we point out that in 2024 Eni completed the sale of NAOC to Oando PLC, Nigeria’s leading energy Company (whose shares are listed in both Lagos and Johannesburg). A transfer that was supported by the Nigerian government as part of a policy to increase the involvement of local companies in the management of onshore assets, leveraging the local expertise acquired over time and, in this specific case, Oando’s role as a partner in the NAOC JV since 2014. The sale was preceded by an in-depth assessment of Oando’s financial and operational capabilities, conducted by Eni and, most recently, verified by the Nigerian Upstream Petroleum Regulatory Commission (NUPRC), which recognised Oando as a responsible operator in the local market capable of fulfilling its role in compliance with applicable regulations, both in terms of safety and environmental compliance. The transaction was structured to facilitate continuity in the conduct of business, retaining the same personnel, suppliers and operating tools. The sale of NAOC took place in compliance with the Petroleum Industry Act (PIA), introduced in 2021 by the Nigerian government to regulate roles and responsibilities for the decommissioning and abandonment of oil and gas sector sites, with a focus on environmental sustainability and community involvement. In accordance with the PIA, a Decommissioning & Abandonment Plan was prepared prior to the divestment, reviewed and approved by NUPRC with the support of independent experts.

<https://www.eni.com/en-IT/media/press-release/2024/08/pr-eni-closing-NAOC.html>

Cabo Delgado, Mozambique: NGOs alleged environmental rights violations in LNG projects

Rovuma LNG Project is an onshore project participated by MRV (70%), XRG P.J.S.C. (10%), Kogas (10%) and ENH (10%). Rovuma LNG Project (RLNG) is led by ExxonMobil, currently still in Force Majeure due to the security situation in Cabo Delgado. Eni has never stated that it was expecting to begin production from Rovuma by 2025. All the onshore activities for RLNG are operated by ExxonMobil Moçambique Limitada (EMML), including the resettlement. Mozambique LNG Project is not an A4 Project, but rather an onshore A1 JV Project Lead by Total Energies with no Eni involvement. For Coral South project led by Eni, all socio-economic impacts are assessed during the environmental impact assessment process, made public and discussed with local stakeholders. In line with national and international standards, and to ensure full compliance to all environmental and social applicable standards, a detailed monitoring plan (ESMP) have been developed, implemented, and constantly monitored.

Cabo Delgado, Mozambique: NGOs alleged human rights violations in LNG projects

Coral South FLNG is an A4 Offshore project, participated by MRV (70%), XRG P.J.S.C. (10%), Kogas (10%) and ENH (10%) and led by Eni, which began production in 2022. The project was acknowledged from recognized international analysts, and in the public declarations of the Mozambican Government, as likely to produce substantial positive impacts to the country economy growth. It has contributed to 50% of Mozambique’s GDP growth in 2023 and is projected to represent 70% of GDP growth in 2024 according to the International Monetary Fund. The recently approved Coral North Plan of Development by the Government of Mozambique can further increase such benefits.

The Coral South Environmental and Social Monitoring Plan monitoring has clearly showed no presence or interaction with artisanal fishing nor with commercial fisheries. In addition, there is no resettlement of local population and no direct human rights impacts associated with the loss or limitations and/or restrictions to the use of natural resources (land, food, or livelihoods), nor community health, education, or any other social and/or public service. The lack of a physical onshore presence significantly lessens the threat of insurgent attacks and possible consequential threat and harm to adjacent communities.

With reference to the allegation of being responsible for increasing COVID-19 cases, Eni does not operate on shore activities, nevertheless it applies to all personnel rigorous health protocols on epidemics prevention and management, in line with National and International standards.

The project leads to the creation of a considerable number of direct and indirect jobs, with increased induced employment. To date, the project has contributed about USD 220 million in government intake, an amount used to support the establishment of Mozambique's sovereign fund. It has also created approximately 1,400 direct and indirect jobs, prioritizing local employment and more than 200 young Mozambicans have received specialized training, building a foundation for a more skilled and competitive workforce. Equally significant is Coral South's impact on the local private sector. The project has awarded more than USD 800 million in contracts to Mozambican suppliers, helping to boost small and medium-sized enterprises (SMEs) and integrate them into the oil and gas value chain.

As part of its Coral South's sustainability plan, Eni, on behalf of area 4 partners, is implementing various local development projects in partnership with local authorities, academic institutions, NGOs and communities, aimed at improving the quality of life of local communities, such as contributing to access to basic services (energy, education, water, sanitation and health) and enhancing local economic diversification, including those focused on Emergency Response and Resilience towards Climate change effects.

Eni's strong stance and established policies such as "Respect for Human Rights in Eni", aligned with Voluntary Principles on Security and Human Rights, as well as Eni's "Supplier Code of Conduct" addresses the risk of human rights violations and identifies proper risk treatment actions. Accountability processes, including the Grievance Mechanism, are in place to ensure that complaints are properly addressed.

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United States: Lawsuits over alleged contribution to climate change

On 27th August 2024, both companies of the Eni group involved in the climate lawsuits in California were definitively dismissed from all the proceedings due to plaintiffs' decision. The proceedings were therefore concluded in favour of Eni, definitively and without any admission of liability on the part of the Company and waiving the possibility of re-filing the same cases against Eni.

Gela, Sicily: Claims and lawsuits over alleged serious health problems allegedly due to pollution from refinery operations; claims-related lawsuit still pending

As for the controversy at hand, there are currently four pending litigations. In relation to these litigations, to date, lower and appeal courts have already ruled out the existence of a causal link between pathologies and industrial pollution. However, it should be noted that these rulings are not definitive and are currently being challenged by the plaintiffs.

On 24 March 2025, the Caltanissetta Court of Appeal pronounced a ruling in the case arising from the appeal against the first instance ruling in favour of the Eni Group companies, confirming the rejection of the claims for damages and confirming the lack of a causal link between the pathologies complained of by the plaintiffs and the pollution of industrial origin. In May 2025, the Court of Cassation, ruling on an appeal brought against one of the sentences of the Court of Appeal of Caltanissetta, rejected the appeal, confirming the lack of causal link.

Kazakhstan: Government-instigated arbitration proceedings against oilfield developers over disputes in production-sharing agreements

The arbitrations referred to in the media are commercial arbitrations commenced under the production sharing contracts for Kashagan and Karachaganak. These arbitrations are confidential and therefore we cannot comment on the details. However, the claims made in each arbitration are solely contractual and commercial in nature. Some media articles also referred to certain activities being tainted by corruption. However, the most recent bribery or corruption investigation in relation to the Kashagan or Karachaganak projects were conducted by the Kazakh and Italian authorities concluded in 2016. Such investigations fully exonerated Eni and concluded that the allegations against Eni were "baseless". As reported by Reuters on 17 April 2024 in its article titled "Kazakhstan claims against Kashagan oil firms top \$150 bln, Bloomberg reports", whilst we are reviewing the complex allegations, we do not believe (as a general comment) the basis for the claims or the specific amounts of compensation requested to be reasonably substantiated or credible.